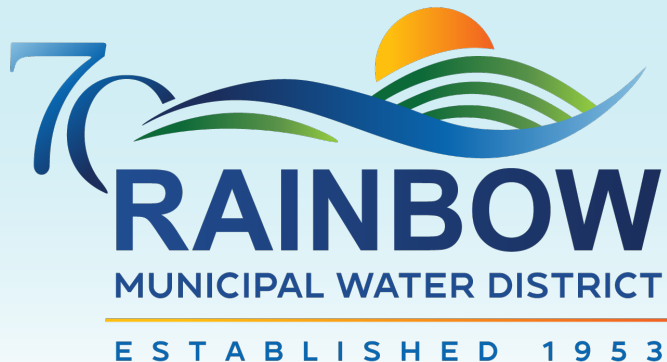


Proposed Water Rate Options – Effective January 1, 2026

October 21, 2025



Background

- RMWD conducts periodic reviews of water rates to ensure revenues recover the full cost of service.
- Costs include imported water, operation & maintenance, capital improvements, and debt service.
- FY 2025/26 budget completed in May 2025.
- IB Consulting updated the water rate model.
- Analysis reviewed fixed and variable rates under Proposition 218 compliance.

Purpose of the Review

- Evaluate water rate adjustment options effective January 1, 2026.
- Incorporate MWD pass-through cost increases.
- Ensure long-term financial sustainability and equitable cost recovery.

Option 1 – Board-Approved 4.0% Increase

- Variable Rates increase by 4%
- Fixed Rates increase by 4%
- Provides sufficient revenue to meet budget projections
- Maintains cost-of-service alignment and equity
- Minimizes future rate increase risks

Residential from \$6.23 to \$6.48, an increase of 0.25 cents per unit.

Agricultural from \$4.91 to \$5.11, an increase 0.20 cents per unit.

Option 1 – 4.0% Increase Fixed Rates

Meter Size inch	AG 4% increase fixed			Residential 4% increase fixed		
	Current Rate	New Rate	Difference	Current Rate	New Rate	Difference
5/8	143.81	149.56	5.75	96.76	100.63	3.87
3/4	143.81	149.56	5.75	96.76	100.63	3.87
1	239.68	249.27	9.59	157.20	163.49	6.29
1.5	479.36	498.53	19.17	308.26	320.60	12.33
2	766.97	797.65	30.68	489.56	509.14	19.58
3	1677.75	1,744.86	67.11	1,063.64	1,106.19	42.55
4	3019.94	3,140.74	120.80	1,909.66	1,986.05	76.39
6	6231.63	6,480.90	249.27	3,934.07	4,091.43	157.36

Option 2 – MWD Pass-Through Variable Only

- Variable Rates increase by an average of 3.46%
- Fixed Rates – no increase
- Reduces FY 25/26 expenditures to offset \$464,000 revenue gap
- Holds fixed charges steady through Jan 2027.

Residential from \$6.23 to \$6.42, an increase of 3.05% or 0.19 cents per unit.
Agricultural from \$4.91 to \$5.10, an increase of 3.87% 0.19 cents per unit.

Strategic Alignment

- Supports Strategic Focus Area Four: Fiscal Responsibility.
- Ensures equitable and cost-justified rates.
- Balances affordability and fiscal health.
- Maintains compliance with Proposition 218.

Staff Recommendation

- Staff recommends Option 2:
 - Provides rate relief to customers.
 - Maintains fiscal stability by recovering pass-through costs.



Questions and Discussion

