

Water Rate Study Overview

FY 2025-26

July 22, 2025



Water Rate Study Timeline

- **June 2025** Budget approved; rate study begins
- **July 2025** Kick-off meeting with Finance Committee
- **August 2025** IB Consultant presentation and Q&A
- **October 2025** Finalization of Rate Study
- **January 2026** New rates go into effect

Introduction to the Water Rate Study

- **Purpose:** Ensure sustainable funding for operations, capital improvements, and reserves.
- **Consultant:** IB Consulting, LLC.
- **Scope:**
 - Water cost-of-service analysis
 - Long-term financial planning (FY 2026–2030)
- **Compliance:** Proposition 218 – cost-based, equitable rate setting

Financial Challenges & Drivers

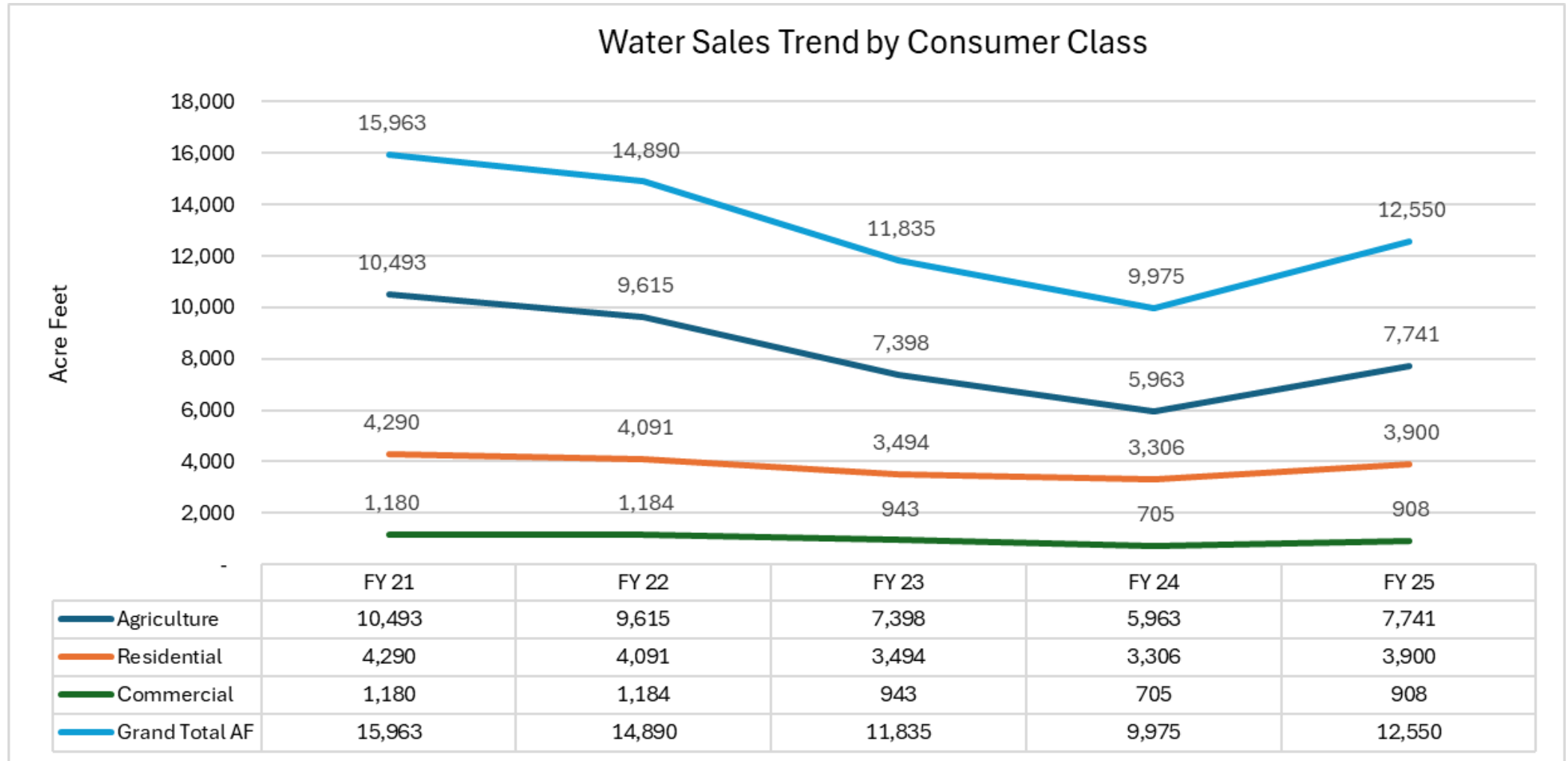
- **Aging Infrastructure:** \$40M in water CIP over the next 5 years (average \$8M/year)
- **Rising Costs:** Inflation, energy, and imported water expenses.
- **Revenue Shortfall:** Without action, reserves would be depleted.
- **Water Sales Decline:** Impacts demand and revenue projections.
- **Goal:** Maintain reliable service, fund critical CIP projects, meet reserve targets, and ensure fair and equitable rates.

Total Net Revenue Budget FY26

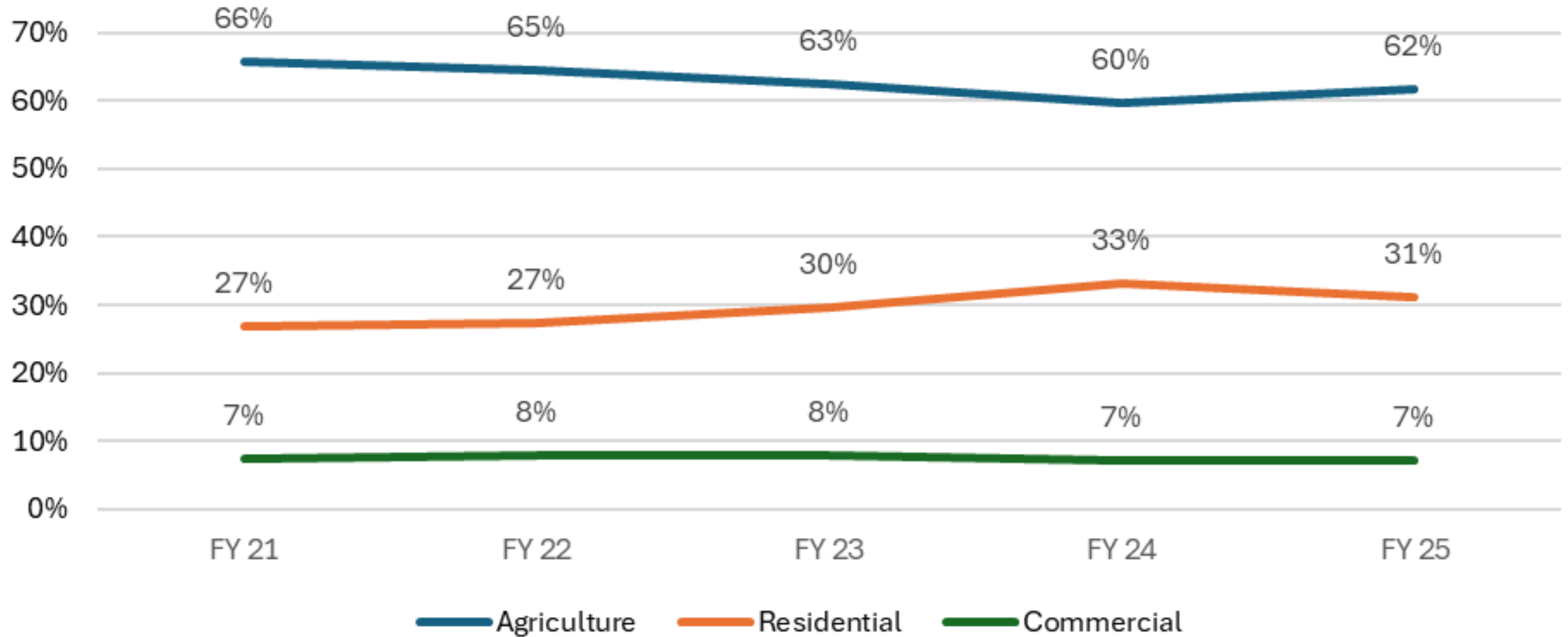
Water Fund (01)

	REVENUE	DOLLARS
Variable		26,987,731
Fixed		21,773,357
Other Revenue		1,870,000
Total Revenue		\$50,622,088
EXPENSES		
Water Purchases EMWD		18,273,278
Debt Service		6,340,630
Labor		9,269,056
CalPERS UAL		962,869
O&M		7,496,911
CIP - 5 year (avg)		8,129,344
Cropswap		150,000
TOTAL EXPENSES		\$50,622,088
NET REVENUE		
		\$0

Agriculture 61.7% of Total Water Sales



Consumption Composition by %



Variable Revenue by Customer Class

Revenue is based on 4% increase on January 1, 2026 for all classes.

	Total Var Revenue	Rate 2025	Rate 2026
AG w/Residence	\$7,117,854	\$4.91	\$5.11
AG	\$7,942,993	\$4.91	\$5.11
Commercial	\$1,800,549	\$6.23	\$6.48
Construction	\$343,408	\$6.23	\$6.48
Institutional	\$137,279	\$6.23	\$6.48
Multi-Family	\$788,084	\$6.23	\$6.48
Single Family	\$8,058,075	\$6.23	\$6.48
	\$26,188,242	\$6.23	\$6.48

Water Sales revenue is based on 11,000 AF budgeted projected sales for FY 2025-26.

Fixed Revenue by Customer Class

Revenue is based on 4% increase on January 1, 2026 for all classes.

	Total Fixed Revenue
AG w/Residence	\$4,842,920
AG	\$3,695,839
Commercial	\$1,221,018
Institutional	\$99,577
Multi-Family	\$571,947
Single Family	\$11,197,608
	\$21,628,911

Grand Total Revenue from Water Fund

Revenue is based on 4% increase on January 1, 2026 for all classes.

	Grand Total Revenue FY 25-26
Water Sales Variance	\$26,188,242
Pumping Variance	\$790,489
Meter Fixed Charges	\$21,628,911
Pumping Fixed Charges	\$144,446
	\$48,752,088

Financial Plan & Proposed Adjustments

- **Fixed + Variable Rate Design:**
 - Based on the cost-of-service for each customer class (Prop 218).
 - Alternatives to discuss/consider:
 - Agricultural rate
 - Possible discount rate for lower level of service (reductions due to drought, supply emergencies, etc.)
 - Locked-off meters - stand-by charge
 - Reduced fixed cost due to long-term shutoff status
- **Reserves:**
 - Rebuild to meet targets by FY 2028
 - Operating, Capital Improvements, and Rate Stabilization reserves included

Water Rate Components Overview

- **Fixed Charges:**

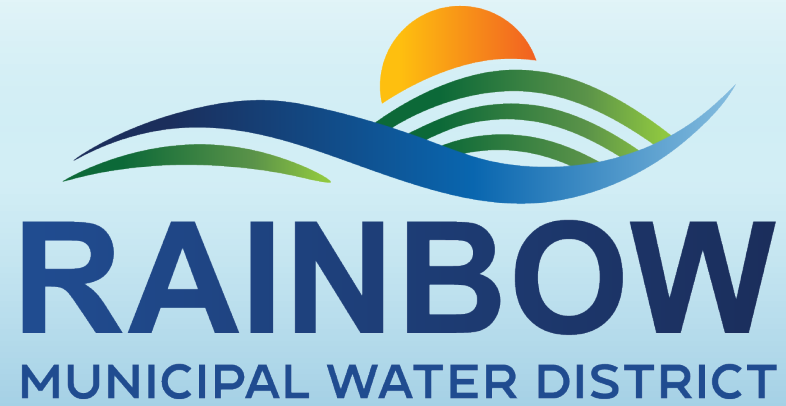
- Based on meter size and customer class
- Includes components for MWD and EMWD fixed costs, account services, capital, etc.

- **Variable Rates:**

- Uniform per HCF (1 HCF = 748 gallons) within each customer class
- Includes cost for purchased water, delivery, and energy (pumping)

- **Pumping Charges:**

- Vary by zone based on energy cost to deliver water to elevation



Questions & Discussion