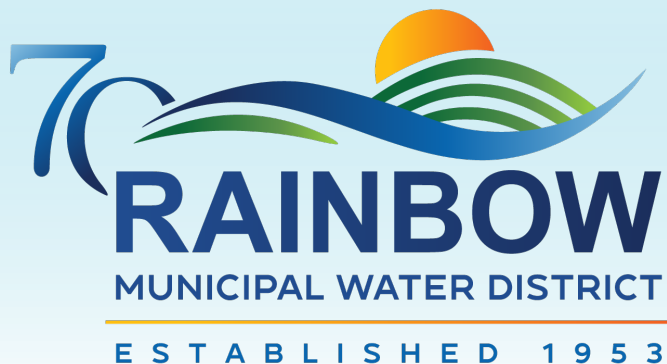


Fee for Service Update FY 2026-2027

Special Board Meeting | June 9, 2026
Board Action Item No 6B



Purpose and Requested Direction

- Annual review of miscellaneous fees charged for services outside normal business operations: :
 - Delinquency-related actions
 - Misuse
 - Damage
 - Tampering
 - Specialized Operational Response
- The goal is to ensure the District fairly recovers costs incurred by individual customers and does not shift those costs to the general rate base.
- Customers who create the need for specific services should bear the related cost.
- No additional revenue is generated for the District; fees are strictly for cost recovery.

Board Direction Requested: Proceed to Public hearing on June 23, 2026 for fees to take effect on July 1, 2026.

Policy Framework: Cost Recovery and Equality

- Legal Basis
 - Gov Code Sec. 66014 allows local agencies to adopt service fees that do not exceed the estimated reasonable cost of providing service.
- Cost-of-service basis
 - Review considers direct labor, materials, equipment, admin support, operational requirements, and applicable indirect costs
- Ratepayer equality
 - Updated fees help avoid shifting delinquency, misuse, and customer-specific service costs to the general rate base

Service Fees and Charges	Current Fees	Proposed FY27 Fees
Delinquency rate	5% for first month, 1.5% thereafter	5% for first month, 1.5% thereafter
Returned Check	\$ 30	\$ 32
Locked Meter Turn-on Fee	\$ 81	\$ 85
After Hours Turn-on Fee	\$ 242	\$ 254
New account set-up	\$ 22	\$ 23
Cut padlock fee	\$ 108	\$ 113
Release of lien	\$ 73	\$ 77
Lien processing	\$ 73	\$ 77
Fire Standby Charge (monthly)	\$ 5	\$ 5
Bypass Meter (monthly)	\$ 10	\$ 10
Fire Service Only Meter	\$ 10	\$ 10
Tax Roll Fee Unpaid Water/Sewer Charges	\$ 98	\$ 103
Backflow Inspections (Non-compliance)	\$ 130	\$ 137
Backflow Testing Monthly Charge - 5/8 - 2"	\$ 5.08	\$ 5.83
Backflow Testing Monthly Charge 3-6"	\$ 8.60	\$ 9.58
Meter Tampering/Unauthorized Reconnection		\$130 first, \$700 second
Water theft/Unauthorized Diversion	\$ 180	\$1,000 first, \$2,000 second
Unauthorized Fire Hydrant Use		\$2,500 first, \$5,000 second
Damage to District Property	\$ 341	\$500 + actual cost in damages
Fire flow test	\$ 428	\$ 450
Meter obstruction	\$ 320	\$ 350

Engineering Services Fees

Developer Plan Review Fees		
Type	Cost Per Sheet	Proposed FY27 Fees
Single Commercial Lot	\$1,200	\$1,600
Residential lots (parcels<5)	\$1,200	\$2,000
Subdivision	\$1,600	\$2,000
Commercial Development Center	\$1,600	\$2,000
Apartment Complex	\$1,600	\$2,000
County Project	\$1,600	\$2,000
As-Builts	\$850	\$1,200
Cost Estimates	\$850	\$1,200
Easements		
Legal Description	\$1,200	\$2,000
Plat Map	\$1,200	\$2,000
Grant of Deed	\$1,200	\$2,000

Material Fees		
Meter Size	Current	Proposed FY27 Fees
5/8"	\$ 241	Market Cost
3/4"	\$ 270	Market Cost
1"	\$ 322	Market Cost
1 1/2"	\$ 701	Market Cost
2"	\$ 753	Market Cost
3"	\$1,928	Market Cost
4"	\$2,987	Market Cost

Project Administration Deposit		
Project Type	Current	Proposed FY27 Fees
Water		
1-5 Meters	\$ 3,500	\$ 5,000
Relocation	\$2,000	\$ 5,000
Fire hydrant/appurtenances	\$3,500	\$ 5,000
Sewer		
1-5 EDUs	\$ 3,500	\$ 5,000

Pumping Zones Variable Charges

		Current Rate	Proposed FY 26-27	Prop 218 FY 26-27	Proposed FY 27-28	Prop 218 FY 27-28
Pump Zone 1	Rainbow Heights	\$ 2.72	\$ 3.17	\$ 3.38	\$ 3.69	\$ 3.69
Pump Zone 2	Impr District U-1	\$ 1.45	\$ 1.69	\$ 1.81	\$ 1.97	\$ 1.98
Pump Zone 3	Vallecitos	\$ 0.27	\$ 0.31	\$ 0.35	\$ 0.37	\$ 0.39
Pump Zone 4	Northside	\$ 0.14	\$ 0.16	\$ 0.19	\$ 0.19	\$ 0.21
Pump Zone 5	Morro Tank	\$ 0.37	\$ 0.43	\$ 0.47	\$ 0.50	\$ 0.52
Pump Zone 6	Huntley	\$ 1.46	\$ 1.70	\$ 1.83	\$ 1.98	\$ 2.00
Pump Zone 7	Magee Tank	\$ 0.74	\$ 0.86	\$ 0.94	\$ 1.00	\$ 1.03

Proposed variable pumping charges reflect zone-specific cost recovery based on water consumption and electricity usage at each pump station, resulting in a more equitable allocation of pumping costs across each pumping zone.

New fees proposed to take effect on July 1, 2027 and July 1, 2028.

Board Options

- **Option 1** - Approve moving forward with the proposed FY 2026-2027 Fee for Service Schedule updates.
 - Supports cost recovery and alignment with estimated reasonable cost.
- **Option 2** - Direct staff to revise the proposed schedule and return to the Board.
 - Allows policy refinement but may delay implementation.
- **Option 3** - Maintain the existing fee schedule
 - May continue under-recovery and shift non-standard service costs to the general rate base

