Sunnyslope County Water District
BOARD OF DIRECTORS
REGULAR MEETING

District Office Board Room/Teleconference **3570 Airline Hwy., Hollister, CA**

NOTICE & AGENDA

MAY 19, 2026
Regularly Scheduled Board Meeting - 5:15PM

IN PERSON PUBLIC ACCESS TO DISTRICT MEETINGS IS AVAILABLE AND REMOTE ACCESS CAN BE OBTAINED THROUGH THE FOLLOWING ACCESS POINTS:

ZOOM MEETING ACCESS LINK

https://us06web.zoom.us/j/85679568962?pwd=1YIYEzJlVy8b0XRgdwRubdAGC587ah.1
Passcode: SSCWD

Or Telephone: Dial + 1 (669) 444-9171 and when prompted enter Meeting ID: 856 7956 8962
Dial in Passcode: 421242

ADDITIONAL INSTRUCTIONS TO JOIN MEETING

https://us06web.zoom.us/meetings/85679568962/invitations?signature=whIJgIElyPEMkSMIdT1Q8Ols-a2i02yKau3XIZHhSc0

HEALTH AND SAFETY GUIDELINES

Public access to this meeting is provided both in person and through electronic viewing. Virtual meeting access will continue to be provided as a public convenience until further notice. Remote viewing interruptions due to internet quality, power outages or other factors may occur and will not stop the meeting while a quorum is present in the Board Room; To ensure the health, safety, and welfare of those in attendance, all attendees must comply with any procedures/instructions announced by the Board of Directors or as directed by Staff prior to commencement of the meeting. Face coverings will be provided if health concerns dictate and will be made available upon request. The meeting will be available through Zoom for those who wish to join remotely. Anyone requiring accommodation may contact the Main Office at: (831) 637-4670 a minimum of 24 hrs prior to the start of the meeting.

Mission Statement:

"Our Mission is to provide safe, reliable, and high-quality water and wastewater services to our customers and all future generations in an environmentally and financially responsible manner."

A. CALL TO ORDER - ROLL CALL

President Alcorn _____, Vice President Martinez _____, Director Buzzetta _____, Director Brown _____, and Director Perez-Kenny _____.

B. PUBLIC COMMENT ON CLOSED SESSION MATTERS – When agendized, members of the public may address the Board on the item or items listed on the Closed Session agenda, with a time limit of three minutes per speaker.

CLOSED SESSION @ 5:00PM

C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS: None

REGULAR SESSION @ 5:15PM

D. PLEDGE OF ALLEGIANCE

E. REPORT IN OPEN SESSION ACTION TAKEN IN CLOSED SESSION: None

F. APPROVAL OF AGENDA – Any requests to postpone consideration of an agenda item or move an item forward on the agenda will be considered at this time.

G. PUBLIC COMMENTS and AUDIENCE INTRODUCTIONS – The public may comment[1] on any District business, not on the agenda, with a time limit of three minutes per speaker. To make a public comment in person please fill out a "Speaker Card" and return to the Minutes Clerk prior to speaking. When virtual meeting access is provided, please use the "hand-raise" feature and you will be called upon to speak. No action may be taken by the Board during the public comment period.

H. CONSENT AGENDA – Members of the Board and/or members of the public may pull matters from the Consent Agenda. Any matter pulled from the Consent Agenda requiring action shall be moved to New Business and treated as a matter of new business, or for matters needing clarification shall be moved to Staff Reports and addressed by the respective staff. The public may address the Board[2] on these items, not to exceed 3 minutes, when the Board reviews each pulled item.

1. Approve Minutes of the Board
   - Special Board Meeting – District Tour – April 28, 2026 (page 1)
   - Regular Board Meeting – April 28, 2026 (page 2)

2. Receive and Accept Allowance of Claims for Disbursements from April 1, 2026 Through April 30, 2026 (page 9)

3. Receive and Accept Engineering Services Monthly Status Report (page 13)

4. Receive and Accept Finance Manager Monthly Status Reports:
   a) Narrative Report (page 16)
   b) Operation Summary (page 25)
   c) Statement of Income (page 28)
   d) Investment Summary (page 30)
   e) Board Designated Reserves (page 31)

5. Receive and Accept Superintendent Monthly Status Reports:
   a) Maintenance (page 32)
   b) City Meter Reading (page 37)
   c) Groundwater Level Measurement (page 38)

6. Receive and Accept General Manager Monthly Status Report (page 39)

I. NEW BUSINESS – The Board will review and discuss agenda items and take action or direct staff to return to the Board for action at a following meeting. The public may address the Board[2] on these items as the Board reviews each item when directed to do so.

1. Consider Approval and Authorize the General Manager to Execute the Revised Agreement for Legal Services with De Lay & Laredo, Attorneys at Law, and Reappoint Michael D. Laredo the District's General Counsel (Not a project, CEQA Article 20 California Code of Regulations 15378). (page 40)

2. Public Hearing To Discuss Annual Status Of Vacancies, Recruitment, And Retention Pursuant To Government Code Section 3502.3 (Not A Project, CEQA Article 20 California Code of Regulations 15378). (page 46)

3. Provide Direction To The General Manager And Assign The Personnel Committee To Review Board Member Compensation. (page 53)

4. Open a Public Hearing to Review The Raftelis Financial Consultants Report Updated September 2, 2025 And Consider The Proposed Wastewater Flat Rate Sewer Model; And Authorize The Mailing Of A Proposition 218 Notice To All Ridgemark Sewer Customers Pursuant To SSCWD Resolution No. 527 For Tabulation Of Protests In Connection With Fee And Charge Hearings; And Set A Public Hearing To Consider The Rate Change On July 28, 2026. (page 56)

J. STATUS REPORT

1. Governance Committee (MA, DB) – (No Meeting)
2. Water / Wastewater Committee (DB, OM) – (No Meeting)
3. Finance Committee (MA, JB) – (Meeting Held April 30th – Budget Preparation)
4. Policy and Procedure Committee (JB, AP-K)– (No Meeting)
5. Employee and Personnel Committee (DB, MA) – (Meeting Held May 8th, Legal Services Contract Review)
6. Water Resources Association of San Benito County (OM, Alt. DB) – (No Meeting)

K. BOARD and STAFF REPORTS

1. Directors
2. District Counsel
3. General Manager – General Manager Report (Oral Report)

L. FUTURE AGENDA ITEMS

1. FY2026/27 Budget Presentation and Approval
2. July 28, 2026 Public Hearing to accept public input regarding the Ridgemark Sewer Flat Rate.

M. ADJOURNMENT

Upon request, Sunnyslope County Water District (SSCWD) will make a reasonable effort to provide written agenda materials in appropriate alternative formats, languages or disability-related modification or accommodation, including auxiliary aids or services, to enable all individuals to participate in public meetings. SSCWD will also make a reasonable effort to provide translation services upon request. Please submit a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service as soon as possible in advance of the meeting.

Next Regular Board Meeting – June 23rd, 2026 @ 5:15 p.m., District Admin Office

AGENDA DEADLINE: **June 17th @ 12:00 p.m.**

Future Scheduled Committee Meetings

Water Resources Association of San Benito County – June 4th, 2026 @ 4pm

[1] The person speaking is requested to fill out a speaker card stating items on which they wish to comment to be properly recognized during communications from the public and address comments to the Board of Directors. A limit of three (3) minutes per speaker is requested to allow others an opportunity to comment. Board members may ask questions of the speaker, but no action may be taken, and no discussion may be held on non-agenized items raised by the public. The General Manager may refer the matter to the proper personnel for review.
[2] The person speaking is requested to fill out a speaker card stating their name, address, and items on which they wish to comment to be properly recognized during communications from the public and address comments to the Board of Directors. Please limit your comment to three (3) minutes. Please step up to and speak at the podium.

MINUTES
Special Meeting of the Board of Directors
of the
SUNNYSLOPE COUNTY WATER DISTRICT
April 28th, 2026

A. CALL TO ORDER: The meeting was called to order at 2:00 p.m. by Director Brown, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.

ROLL CALL: Present in Person: Director Dee Brown (DB), Director Jerry Buzzetta (JB), Director Alexis Perez-Kenny (APK).

Staff Present for Open Session: In Person: General Manager/Secretary Drew Lander, District Counsel Michael Laredo, Executive Assistant/Stenographer Madison Koester, Assistant Engineer Alvin Do, Account Technician Kristen LaRue, and Billing and Public Relation Specialist Valeria Prado.

B. General Manager Lander conducted a facilities tour of District sites in accordance with the posted agenda, including the Lessalt Treatment Plant, Fairview Tanks, Ridgemark Wastewater Treatment Plant, Well #5, Well #2, and West Hills Treatment Plant. All attendees were able to travel together in a district provided van. Staff provided informational updates and site overviews regarding current operations, ongoing capital improvement projects, treatment processes, infrastructure rehabilitation efforts, plans for maintaining Chome-VI compliance, and regional water system coordination. Board Members received background and information from GM Lander at each location of the tour. No formal action was taken by the Board during the tour.

C. ADJOURNMENT: Director Brown adjourned the meeting at 4:35 p.m. upon returning to the Administration offices.

APPROVED BY THE BOARD: _____
Michael H. Alcorn, President

RESPECTFULLY SUBMITTED: _____
Drew A. Lander, Secretary

MINUTES
Regular Meeting of the Board of Directors
of the
SUNNYSLOPE COUNTY WATER DISTRICT
April 28th, 2026

A. CALL TO ORDER: The meeting was called to order at 5:17 p.m. by President Alcorn, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.

ROLL CALL: Present in Person: President Michael Alcorn (MA), Vice President Orlando Martinez (OM), Director Dee Brown (DB), Director Jerry Buzzetta (JB), Director Alexis Perez-Kenny (APK).

B. PUBLIC COMMENTS ON CLOSED SESSION MATTERS:
No closed session items scheduled for discussion.

C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS:
No items scheduled for discussion.

D. PLEDGE OF ALLEGIANCE:
Director Perez-Kenny led those in attendance in the Pledge of Allegiance.

E. REPORT IN OPEN SESSION ACTION TAKEN IN CLOSED SESSION:
No items on agenda for discussion.

F. APPROVAL OF AGENDA: President Alcorn asked the Board if there were any requests to postpone or modify the agenda. General Manager Lander noted a correction to the agenda under "Future Scheduled Committee Meetings", that the Water Resources Association of San Benito County's next meeting is to be held June 4th, 2026, instead of the posted May 7th, 2026. Upon no further comments or corrections, President Alcorn proceeded with the remainder of the meeting.

G. PUBLIC COMMENTS AND AUDIENCE INTRODUCTIONS: The Board welcomed members of the public and opened the meeting to public comments regarding matters not itemized on the agenda. No public comments were received.

Staff Present for Open Session: In Person: General Manager/Secretary Drew Lander, Executive Assistant/Stenographer Madison Koester, and Assistance Finance Manager Dana Sullivan.

H. CONSENT AGENDA:
1. Approval of Minutes for:
Regular Board Meeting of March 24th, 2026.

2. Allowance of Claims – The Board reviewed the Disbursement Summary (below) for the period of March 1, 2026 through March 31, 2026, totaling $2,578,895.46 includes $770,353.93 for payments to vendors, $415,307.39 for Payroll, and $1,001,780.96 paid to the City of Hollister for collection of City sewer billings (net of our fees).

Date	Number	Name	Amount
3/4/2026	54883	Petty Cash	15.00
3/4/2026	54882	O'Reilly Auto Parts	66.61
3/4/2026	54879	Mc Master-Carr	78.41
3/4/2026	54886	San Benito County Water District	155.50
3/4/2026	54868	Amazon Capital Services	193.20
3/4/2026	54875	Hollister Auto Parts, Inc.	318.94

3/4/2026	54866	Ace Hardware (Johnson Lumber Co.)	413.78
3/4/2026	54881	Monterey Signs, Inc.	580.12
3/4/2026	54880	Mission Uniform Service	598.05
3/4/2026	54885	Ryan Herco Flow Solutions	786.95
3/4/2026	54865	A Tool Shed	1,587.96
3/4/2026	54884	Quinn Company	1,936.26
3/4/2026	54878	Maggiora Bros. Drilling, Inc.	3,037.56
3/4/2026	54873	Dana Sullivan	3,314.44
3/4/2026	54867	Alvin Do	5,250.00
3/4/2026	54876	KB Home- South Bay Division	6,860.35
3/4/2026	54870	Bryan Mailey Electric, Inc	7,444.60
3/4/2026	54889	Twin Oaks Hollister, LLC	10,167.42
3/4/2026	54869	Brenntag Pacific, Inc.	14,147.69
3/4/2026	54877	Lennar Homes	19,454.30
3/4/2026	54874	Geophysical Survey Systems	19,544.23
3/4/2026	54890	Wallace Group	61,505.05
3/4/2026	54887	San Benito County Water District	384,343.59
3/4/2026	54872	City of Hollister-Finance Dept	472,751.16
3/4/2026	54871	City of Hollister-Finance Dept	529,029.80
3/5/2026	ACH3333	Principal	5,220.05
3/5/2026	EFT0000302	Total Tax	19,925.48
3/5/2026	EFT0000301	Net Pay	85,405.93
3/9/2026	ACH3334	Sterling Administration Health	10.00
3/9/2026	54893	MONICA MILLA	57.10
3/9/2026	54891	MARIAN SANCHEZ & WINSTON CHEW	101.98
3/9/2026	54892	JONATHAN PIPITONE & HANNAH SPILMAN	130.81
3/9/2026	ACH3335	iCloud	13,340.91
3/12/2026	54909	O'Reilly Auto Parts	11.45
3/12/2026	ACH3341	CalPERS - Retirement	23.08
3/12/2026	ACH3342	CalPERS - Retirement	23.08
3/12/2026	54894	Ace Hardware (Johnson Lumber Co.)	126.15
3/12/2026	54903	Grainger, Inc.	146.20
3/12/2026	54911	Rexel	155.97
3/12/2026	54917	Transene Company Inc (Shape Products)	170.24
3/12/2026	54895	Amazon Capital Services	176.66
3/12/2026	54913	San Benito County-Mosq Abate. Prgm	177.53
3/12/2026	54920	Wright Bros. Indust. Supply	259.19
3/12/2026	54910	Recology San Benito County	375.19
3/12/2026	54907	Mission Uniform Service	541.83
3/12/2026	ACH3336	CalPERS - Retirement	637.17
3/12/2026	54896	Atlas Copco Compressors LLC	695.00
3/12/2026	54905	John Smith Road Landfill	932.35
3/12/2026	54915	Star Concrete	1,006.19
3/12/2026	54904	Griswold Industries	1,237.50
3/12/2026	54916	Toro Petroleum Corp.	1,360.68
3/12/2026	54914	Shape, Inc.	1,497.87
3/12/2026	54908	NBS Government Finance Group	1,675.00
3/12/2026	54899	Bryan Mailey Electric, Inc	3,330.31
3/12/2026	54897	Auto Tech Service Center, Inc.	3,770.00
3/12/2026	54912	Ruggeri-Jensen-Azar	4,099.50
3/12/2026	54918	U.S. Bank Corporate Payment Systems	5,272.19
3/12/2026	ACH3337	CalPERS - Retirement	7,584.67
3/12/2026	ACH3338	CalPERS - Retirement	10,417.33

3/12/2026	ACH3339	CalPERS - Retirement	12,227.98
3/12/2026	54900	C & N Tractors	12,345.10
3/12/2026	54919	Vertexone Software LLC	16,994.20
3/12/2026	54901	CM Analytical, Inc.	17,957.00
3/12/2026	54898	Brenntag Pacific, Inc.	22,861.07
3/12/2026	ACH3340	CalPERS - Health Insurance	43,533.89
3/12/2026	54906	Maggiora Bros. Drilling, Inc.	52,638.55
3/12/2026	54902	D.R. Horton BAY Inc.	260,509.76
3/16/2026	ACH3343	Sterling Administration Health	35.00
3/16/2026	ACH3344	Sterling Administration Health	148.00
3/17/2026	ACH3345	Colonial Life	2,613.38
3/19/2026	54926	Ferguson Enterprises, Inc.	57.63
3/19/2026	54921	Ace Hardware (Johnson Lumber Co.)	81.22
3/19/2026	54925	EBCO Pest Control	82.00
3/19/2026	54929	Mission Uniform Service	106.10
3/19/2026	54935	Trans Union LLC	187.01
3/19/2026	54934	State Water Resources Control Brd-WWOPCP	201.00
3/19/2026	54928	MBS Business Systems	816.41
3/19/2026	54936	UWUA Local 820	830.88
3/19/2026	54933	Simplot Grower Solutions	1,001.25
3/19/2026	54932	San Benito Tire Pros & Automotive	1,252.26
3/19/2026	54922	B.S.K. Associates	1,448.76
3/19/2026	54924	De Lay & Laredo	2,300.00
3/19/2026	54930	Quinn Company	4,698.42
3/19/2026	54923	CalMutuals	5,000.00
3/19/2026	54931	San Benito County Water District	6,471.21
3/19/2026	54927	Maggiora Bros. Drilling, Inc.	7,989.36
3/19/2026	EFT0000306	Total Tax	19,088.33
3/19/2026	EFT0000305	Net Pay	83,104.02
3/20/2026	ACH3346	CalPERS - Retirement	23.08
3/20/2026	ACH3347	Nationwide Retirements Solutions	1,112.00
3/20/2026	ACH3348	Nationwide Retirements Solutions	1,112.00
3/20/2026	ACH3349	ADP	2,447.86
3/20/2026	ACH3350	CalPERS - Retirement	7,647.17
3/20/2026	ACH3351	CalPERS - Retirement	7,663.12
3/20/2026	ACH3352	Nationwide Retirements Solutions	10,015.72
3/20/2026	ACH3353	Nationwide Retirements Solutions	10,015.73
3/20/2026	ACH3354	CalPERS - Retirement	12,207.83
3/20/2026	ACH3355	CalPERS - Retirement	12,287.29
3/20/2026	ACH3356	P G & E	26,419.66
3/20/2026	ACH3357	CalPERS - Health Insurance	43,533.89
3/23/2026	54938	SAUL CAMARILLO	9.01
3/23/2026	54937	HENRY J, EVANS III	36.56
3/23/2026	54939	HANNA & JACK PAYNE	147.42
3/23/2026	ACH3358	Nationwide Retirements Solutions	1,112.00
3/23/2026	ACH3359	Nationwide Retirements Solutions	10,015.73
3/26/2026	54942	Amazon Capital Services	20.54
3/26/2026	54943	Atlas Copco Compressors LLC	85.47
3/26/2026	54946	ICON Cloud Solutions, LLC	293.21
3/26/2026	54940	A-1 Services	504.00
3/26/2026	54949	Monarch	509.05
3/26/2026	54950	Verizon Wireless	625.74
3/26/2026	54941	ACC Business	1,337.24

3/26/2026	54948	LEHR	1,501.66
3/26/2026	54947	InfoSend	3,342.59
3/26/2026	54944	Brenntag Pacific, Inc.	27,140.54
3/26/2026	54945	Eva Green Power	107,674.00
			-$2,578,895.46

3. Receive Engineering Services Monthly Status Report.

4. Receive Finance Manager Monthly Status Reports: a. Narrative Report, b. Operation Summary, c. Statement of Income, d. Investment Summary, and e. Board Designated Reserves.

5. Receive Superintendent Monthly Status Reports: a. Maintenance, b. City Meter Reading, and c. Groundwater Level Measurement.

6. Receive General Manager Monthly Status Report.

President Alcorn asked for public comment and upon receiving none, requested a motion to approve the Consent Agenda. Upon a motion made by Director Brown to approve the Consent Agenda, seconded by Director Martinez, for which President Alcorn then took a roll call vote as follows: (DB), yes; (APK), yes; (JB), yes; (OM), yes; and (MA) yes; the motion carried 5-0.

I. NEW BUSINESS:

1. **Consider Adopting Resolution No. 616 Proclaiming May 2026, As "Water Awareness Month" (Not A Project Under CEQA Per Article 20, Section 15378).**

   General Manager Drew Lander introduced Lundi Barroso-Osorio, Water Conservation Program Manager with the Water Resources Association of San Benito County, to present information regarding Water Awareness Month and Resolution No. 616 proclaiming May 2026 as Water Awareness Month.

   Ms. Barroso-Osorio shared a Power Point presentation and provided an overview of Water Awareness Month and emphasized the importance of water conservation efforts throughout San Benito County.

   President Alcorn then asked for any public comment. Upon receiving no public comment, President Alcorn requested a motion to approve the item. Director Perez-Kenny made a motion to adopt Resolution No. 616 proclaiming May 2026 as "Water Awareness Month". This motion was seconded by Director Brown for which President Alcorn then took a roll call vote as follows: (DB), yes; (APK), yes; (JB), yes; (OM) yes; and (MA), yes; the motion carried 5-0.

2. **Consider Adoption Of Resolution No. 617 Ordering A District Election, Requesting The County Of San Benito To Conduct The Election, And Authorizing Payment For The Cost Of The Election To Be Budgeted At $50,000. (Not A Project Under CEQA Per Article 20, Section 15378).**

   General Manager Drew Lander presented Resolution No. 617 regarding the District's November 3, 2026 election and clarified revisions to the resolution language to specify that four elective offices would be filled, including seats for Divisions 2, 4, 5 and one at-large position.

   Mr. Lander explained that Directors representing Divisions 2, 4, and 5 would be eligible to run for four-year division seats, while the at-large seat would remain a two-year term through the 2028 election cycle due to a prior appointment occurring during the first half of a term. He further clarified that candidates

running for division seats must reside within the applicable division, while candidates for the at-large seat may reside anywhere within the District boundaries.

The Board discussed election procedures, candidate eligibility, voting boundaries, and the election calendar. GM Lander reviewed filing deadlines and explained that candidate nomination documents would be filed through the San Benito County Elections Office.

President Alcorn then asked for any public comment. Upon receiving no public comment, President Alcorn requested a motion to approve the item. Director Perez-Kenny made a motion to adopt Resolution No. 617 ordering a district election, requesting the County of San Benito to conduct the election, and authorizing payment for the cost of the election to be budgeted at $50,000. This motion was seconded by Director Buzzetta for which President Alcorn then took a roll call vote as follows: (DB), yes; (APK), yes; (JB), yes; (OM) yes; and (MA), yes; the motion carried 5-0.

3. **Consider Assigning One Of The District Committees To Provide Architectural Advice Regarding Colors And Finishes In Preparation Of A Bid Package For Administration Building Updating. (Not A Project Under CEQA)**

General Manager Drew Lander presented the Administration Building update item and explained that staff is preparing to complete renovations and updates to the Administration Building, including interior painting and carpet replacement. Mr. Lander stated that because the building serves as the public face of the District, he wanted Board input regarding building colors, finishes, and overall design choices prior to development of a bid package for the renovations.

District Counsel Michael Laredo recommended formation of an ad hoc committee to provide architectural and design input during the planning process.

Following discussion, President Alcorn then asked for any public comment. Upon receiving no public comment, President Alcorn requested a motion. Director Brown made a motion to appoint an ad hoc committee to assist in the refurbishment of articles of the administration building, referring to the committee as the architectural committee. This motion was seconded by Director Perez-Kenny for which President Alcorn then took a roll call vote as follows: (DB), yes; (APK), yes; (JB), yes; (OM) yes; and (MA), yes; the motion carried 5-0.

President Alcorn then requested volunteers to serve on the ad hoc committee, after which Directors Brown and Perez-Kenny volunteered and were subsequently appointed to the committee by President Alcorn.

4. **Receive A Summary Of The March 27th Finance Committee Meeting Regarding Review Of The CalMutuals Joint Powers Risk And Insurance Policy Renewal (Not A Project Under CEQA).**

General Manager Drew Lander presented a summary of the March 27, 2026 Finance Committee meeting regarding renewal of the District's CalMutuals Joint Powers Risk and Insurance Policy.

This item was presented for informational purposes only to keep the board informed of changes to the policy renewal. The Board received and reviewed the update regarding the District's insurance renewal and related policy adjustments before proceeding with the remainder of the meeting.

5. **Approve Resolution No. 618 Authorizing The General Manager To Surplus The 2009 Kabota L5740 HSTC Tractor And LA854 Loader, And Surplus The 2005 Power Prime Trailer Mounted Diesel Pump. (Not A Project Under CEQA Per Article 20, Section 15378)**

   General Manager Drew Lander presented Resolution No. 618 authorizing the surplus and liquidation of the District's 2009 Kubota L5740 HSTC tractor and LA854 loader, along with the 2005 Power Prime trailer-mounted diesel pump.

   Board members discussed the remaining value of the equipment, maintenance costs associated with retaining the diesel pump, and restrictions imposed by air quality regulations. Mr. Lander noted that staff estimated the combined surplus value of the equipment to be approximately $15,000, with proceeds to be returned to the Capital Replacement Fund.

   President Alcorn then asked for any public comment. Upon receiving no public comment, President Alcorn requested a motion to approve the item. Director Buzzetta made a motion to approve Resolution No. 618 authorizing the General Manager to surplus the 2009 Kubota L5740 HSTC Tractor and LA854 Loader, and surplus the 2005 Power Prime Trailer mounted diesel pump. This motion was seconded by Director Perez-Kenny for which President Alcorn then took a roll call vote as follows: (DB), yes; (APK), yes; (JB), yes; (OM) yes; and (MA), yes; the motion carried 5-0.

6. **Consider Rejecting All Bids For The 2.0MG Fairview Tank Rehabilitation Project (Project CEQA Exempt Title 22, Section 60101, Class 1: Existing Facilities, Class 2: Replacement Or Reconstruction, and CEQA Common Sense Exemption)**

   General Manager Drew Lander presented the item regarding rejection of all bids received for the 2.0MG Fairview Tank Rehabilitation Project. Mr. Lander explained that while rehabilitation of the tank remains part of the District's long-term Capital Improvement Program, the project is not currently urgent, allowing the District flexibility to delay the project until more favorable market conditions exist.

   Mr. Lander stated that the District received multiple bids for the project, all of which exceeded the Engineer's Estimate. Citing opportunities to improve and clarify portions of the bid package based on contractor questions received during the bidding process GM Lander asked that the board reject all bids at this time.

   President Alcorn then asked for any public comment. Upon receiving no public comment, President Alcorn requested a motion to approve the item. Director Martinez made a motion to reject all bids for the 2.0MG Fairview Tank Rehabilitation Project. This motion was seconded by Director Brown for which President Alcorn then took a roll call vote as follows: (DB), yes; (APK), yes; (JB), no; (OM) yes; and (MA), yes; the motion carried 4-1.

J. BOARD COMMITTEE and STATUS REPORTS

1. **Governance Committee:** (No Meeting)
2. **Water/Wastewater Committee:** (No Meeting)
3. **Finance Committee:** (Meeting held March 27th)
4. **Policy and Procedure Committee:** (No Meeting)

5. **Personnel Committee:** (No Meeting)

6. **Water Resources Association of San Benito County (WRA):** (Meeting April 2nd, 2026) President Alcorn was in attendance and reported that the same presentation included in Item I-1 was presented at that time.

K. BOARD and STAFF REPORTS

1. **Directors:** No Report.

2. **District Counsel:** District Counsel Michael Laredo reported that their office will be hosting Ethics training on May 20th and Harassment Prevention training on May 27th, both trainings will be 9:30 AM – 11:30 AM and address the necessary training requirements of the Board.

3. **General Manager:** Drew Lander reported that the Tres Pinos community recently adopted a resolution requesting annexation into the District and abandonment of its potable water system in favor of Sunnyslope County Water District service. He stated that staff would be submitting the annexation materials in the near future and noted that construction activities associated with the project were progressing well. Mr. Lander also provided an update regarding pending easements, stating that remaining easement coordination efforts were ongoing but were not delaying construction activities.

Mr. Lander informed the Board of upcoming Finance Committee and Personnel Committee meetings, including planned budget discussions and review of a potential contract extension with District legal counsel. He also noted that Assistant Engineer Rob Hillebrecht and his family welcomed a baby girl earlier that day.

L. FUTURE AGENDA ITEMS:

M. ADJOURNMENT: President Alcorn adjourned the meeting at 6:29 p.m.

APPROVED BY THE BOARD: _____

Michael H. Alcorn, President

RESPECTFULLY SUBMITTED: _____

Drew A. Lander, Secretary

Sunnyslope Water District

Disbursement Reports FY 25-26

April 1, 2026 through April 30, 2026

Date	Num	Name	Amount	Type
4/2/2026	54951	Ace Hardware (Johnson Lumber Co.)	457.36	Vendors
4/2/2026	54952	Alvin Do	250.00	Payroll
4/2/2026	54953	Amazon Capital Services	1,237.38	Vendors
4/2/2026	54954	Brenntag Pacific, Inc.	19,514.36	Vendors
4/2/2026	54955	Brigantino Irrigation	51.94	Vendors
4/2/2026	ACH3360	CalPERS - Retirement	637.17	Payroll
4/2/2026	ACH3361	CalPERS - Retirement	7,624.64	Payroll
4/2/2026	ACH3362	CalPERS - Retirement	10,417.33	Payroll
4/2/2026	ACH3363	CalPERS - Retirement	12,227.96	Payroll
4/2/2026	54991	DAVID RAMIREZ DBA FIRST VALLEY MTG/REALES	106.96	Customer
4/2/2026	54956	exceedio	6,887.81	Vendors
4/2/2026	54957	Grainger, Inc.	341.00	Vendors
4/2/2026	54958	Itron, Inc.	13,247.69	Vendors
4/2/2026	54990	LYSETTE & SERGIO LOPEZ	121.72	Customer
4/2/2026	54959	Manuel Chavez	85.22	Payroll
4/2/2026	54960	Mission Uniform Service	1,139.88	Vendors
4/2/2026	EFT0000307	Net Pay	85,437.81	Payroll
4/2/2026	54961	O'Reilly Auto Parts	43.68	Vendors
4/2/2026	54962	Postal Graphics	592.40	Vendors
4/2/2026	54963	San Benito County Water District	150.00	San Benito
4/2/2026	54964	San Benito County Water District	360,135.39	San Benito
4/2/2026	54966	Toro Petroleum Corp.	2,228.03	Vendors
4/2/2026	EFT0000308	Total Tax	19,886.03	Payroll
4/2/2026	54967	USA Blue Book	2,105.85	Vendors
4/2/2026	54968	Wallace Group	18,524.14	Vendors
4/3/2026	ACH3364	CalPERS - Retirement	23.08	Payroll
4/6/2026	ACH3366	Nationwide Retirements Solutions	10,015.73	Payroll
4/6/2026	ACH3365	Nationwide Retirements Solutions	1,112.00	Payroll
4/7/2026	54970	DiBuduo & DeFendis Insurance Brokers, LLC	169,755.00	Vendors
4/7/2026	ACH3368	iCloud	14,287.65	Vendors
4/7/2026	54969	John Rocco	9,471.88	Vendors
4/7/2026	ACH3367	Principal	5,220.05	Payroll
4/8/2026	ACH3369	P G & E	28,599.47	Vendors
4/10/2026	54971	Amazon Capital Services	268.83	Vendors
4/10/2026	55031	CARLOS & PATRICIA RODRIGUEZ	162.41	Customer
4/10/2026	54972	Central Ag Supply LLC	654.63	Vendors
4/10/2026	54973	City of Hollister-Finance Dept	498,218.78	Hollister
4/10/2026	54974	EBCO Pest Control	82.00	Vendors
4/10/2026	54975	Hach Company	1,073.86	Vendors
4/10/2026	54976	Harper & Associates Engineering, Inc.	4,900.00	Vendors
4/10/2026	54977	Maggiora Bros. Drilling, Inc.	2,770.45	Vendors
4/10/2026	55030	MANUEL ESTRADA	59.70	Customer
4/10/2026	54978	Mission Uniform Service	1,631.83	Vendors
4/10/2026	54979	Petty Cash	135.00	Vendors
4/10/2026	54980	Recology San Benito County	375.19	Vendors
4/10/2026	55029	RHODA & MARTIN BRESS	80.10	Customer

4/10/2026 54981	San Benito County-Clerk	110.00	Vendors
4/10/2026 54982	State Water Resources Control Board-NPDES	3,945.00	Vendors
4/10/2026 54983	Swedberg Electric	5,150.00	Vendors
4/10/2026 54984	Toro Petroleum Corp.	3,402.92	Vendors
4/10/2026 54985	TPO	630.00	Vendors
4/10/2026 54986	U.S. Bank Corporate Payment Systems	372.56	Vendors
4/10/2026 54987	USA Blue Book	347.36	Vendors
4/10/2026 54988	Veolia Water Technologies, Inc.	74,074.39	Vendors
4/10/2026 54989	Wallace Group	79,500.70	Vendors
4/13/2026 ACH3370	Sterling Administration Health	45.00	Payroll
4/13/2026 ACH3371	Sterling Administration Health	148.00	Payroll
4/14/2026 ACH3372	Colonial Life	2,613.38	Payroll
4/15/2026 MISC0000567	Sterling Correction	-1,681.20	Payroll
4/15/2026 MISC0000566	Sterling Refund_Transaction Error	840.60	Payroll
4/16/2026 ACH3374	CA Dept. of Tax & Fee Administration	2,334.00	Vendors
4/16/2026 ACH3373	Sterling Administration Health	840.60	Payroll
4/17/2026 ACH3376	ADP	2,454.77	Vendors
4/17/2026 EFT0000309	Net Pay	84,288.95	Payroll
4/17/2026 ACH3375	Sterling Administration Health	88.91	Payroll
4/17/2026 EFT0000310	Total Tax	19,449.63	Payroll
4/20/2026 54992	A-1 Services	504.00	Vendors
4/20/2026 54993	ACC Business	1,337.24	Vendors
4/20/2026 54994	Ace Hardware (Johnson Lumber Co.)	451.48	Vendors
4/20/2026 54995	Amazon Capital Services	1,299.75	Vendors
4/20/2026 54996	Atlas Copco Compressors LLC	1,260.00	Vendors
4/20/2026 54997	Brenntag Pacific, Inc.	22,568.48	Vendors
4/20/2026 54998	Brigantino Irrigation	277.79	Vendors
4/20/2026 54999	Calcon System, Inc.	4,545.44	Vendors
4/20/2026 55000	Calgon Carbon Corporation	71,697.79	Vendors
4/20/2026 55001	Central Coast Systems, Inc.	473.00	Vendors
4/20/2026 55002	Enterprise Electrical Services	165.00	Vendors
4/20/2026 55003	Eva Green Power	101,971.60	Vendors
4/20/2026 55004	Extreme Air, Inc.	5,860.00	Vendors
4/20/2026 55005	First Trust Alarm Company	892.02	Vendors
4/20/2026 55006	Hach Company	1,206.00	Vendors
4/20/2026 55007	Harrington Industrial Plastics LLC	2,403.81	Vendors
4/20/2026 55008	Hollister Auto Parts, Inc.	242.64	Vendors
4/20/2026 55009	ICON Cloud Solutions, LLC	292.97	Vendors
4/20/2026 55010	Iconix Waterworks (US) Inc.	4,108.05	Vendors
4/20/2026 55011	InfoSend	3,812.64	Vendors
4/20/2026 55012	Interstate Battery System of San Jose Inc	385.34	Vendors
4/20/2026 55013	Itron, Inc.	9,346.75	Vendors
4/20/2026 55014	John Smith Road Landfill	493.61	Vendors
4/20/2026 55015	Mc Kinnon Lumber Co., Inc.	118.86	Vendors
4/20/2026 55016	Meter, Valve & Control	144,718.41	Vendors
4/20/2026 55017	Mission Uniform Service	541.83	Vendors
4/20/2026 55018	Pacific Engineering Group	950.00	Vendors
4/20/2026 55019	San Benito Engineering & Surveying Inc.	2,300.00	Vendors

Disbursement Reports FY 25-26

4/20/2026 55020	San Benito Tire Pros & Automotive	880.34	Vendors
4/20/2026 55021	SSB Construction	4,926.00	Vendors
4/20/2026 55022	State Water Resources Control Board-DWOCP	130.00	Vendors
4/20/2026 55023	Toro Petroleum Corp.	2,936.87	Vendors
4/20/2026 55024	Trans Union LLC	174.58	Vendors
4/20/2026 55025	Transene Company Inc (Shape Products)	171.35	Vendors
4/20/2026 55026	USA Blue Book	1,547.50	Vendors
4/20/2026 55027	Vector Process Solutions, Inc.	394.67	Vendors
4/20/2026 55028	Waste Resource Recovery, Inc.	4,925.00	Vendors
4/22/2026 ACH3379	CalPERS - Health Insurance	43,533.08	Payroll
4/22/2026 ACH3378	CalPERS - Retirement	12,287.29	Payroll
4/22/2026 ACH3377	CalPERS - Retirement	7,503.81	Payroll
4/22/2026 55032	CINDY DINH	191.46	Customer
4/22/2026 55033	STEPHANIE MARQUEZ MURILLO & JUAN VENCES I	12.90	Customer
4/23/2026 ACH3380	CalPERS - Retirement	23.08	Payroll
4/23/2026 ACH3382	Nationwide Retirements Solutions	10,015.73	Payroll
4/23/2026 ACH3381	Nationwide Retirements Solutions	1,112.00	Payroll
4/27/2026 55034	Ace Hardware (Johnson Lumber Co.)	127.30	Vendors
4/27/2026 55035	Amazon Capital Services	67.66	Vendors
4/27/2026 55036	Brenntag Pacific, Inc.	148,484.77	Vendors
4/27/2026 55037	Brigantino Irrigation	120.50	Vendors
4/27/2026 55038	CM Analytical, Inc.	34,164.50	Vendors
4/27/2026 55040	De Lay & Laredo	2,300.00	Vendors
4/27/2026 55041	exceedio	5,801.81	Vendors
4/27/2026 55042	Hach Company	53.25	Vendors
4/27/2026 55043	Mark Nicholson, Inc.	27,235.50	Vendors
4/27/2026 55044	Mission Uniform Service	632.71	Vendors
4/27/2026 55045	Monterey Bay Air Resources District	5,272.00	Vendors
4/27/2026 55046	Ruggeri-Jensen-Azar	10,490.85	Vendors
4/27/2026 55047	San Benito Tire Pros & Automotive	945.14	Vendors
4/27/2026 55048	Simplot Grower Solutions	1,175.72	Vendors
4/27/2026 55049	SSB Construction	39,738.00	Vendors
4/27/2026 55050	Star Concrete	683.09	Vendors
4/27/2026 55051	State Water Resources Control Board-DWOCP	60.00	Vendors
4/27/2026 55052	USA Blue Book	1,987.70	Vendors
4/27/2026 55054	UWUA Local 820	830.88	Vendors

Disbursement Reports FY 25-26

4/27/2026	55053	UWUA Local 820	830.88	Vendors
4/27/2026	55055	Veolia Water Technologies, Inc.	6,787.28	Vendors
4/27/2026	55056	Verizon Wireless	610.29	Vendors
4/27/2026	55057	Wallace Group	66,839.55	Vendors
4/27/2026	55058	Wright Bros. Indust. Supply	13.55	Vendors
4/29/2026	ACH3383	Sterling Administration Health	9.98	Payroll
4/30/2026	EFT0000311	Net Pay	82,790.71	Payroll
4/30/2026	ACH3384	P G & E	7,822.71	Vendors
4/30/2026	EFT0000312	Total Tax	18,866.90	Payroll
			2,531,038.35	

S U M M A R Y:

Accounts Payable Paid to:	
Vendors	$1,236,085.46
Payroll - Employee	$435,713.47
San Benito County	$360,285.39
City of Hollister for City Billing Collected, Net of Fees	$498,218.78
Customer Refunds & Returned Checks/ACH	$735.25
Debt & Finance	$0.00
Total Disbursements	**$2,531,038.35**

Staff Report

Agenda Item: **H – 3**

DATE: May 15, 2026 (May 19, 2026 Meeting)

TO: Board of Directors

FROM: Assistant Engineer, Alvin Do
Principal Engineer, Rob Hillebrecht P.E.

SUBJECT: Engineering Services Monthly Status Report

Small Water Systems Consolidation Project
Engineering staff, Wallace Group, and Katch Environmental have been coordinating closely to address concerns early to minimize delays, ensuring the project remains on track. Katch is finishing the installation on Fairview Corners and anticipates testing this segment in June. Work also commenced grubbing and grading the Foxhill Tank site to prepare for the installation of the 0.25MG Foxhill Tank. Meanwhile, Katch has been potholing existing utilities along the new pipe alignment to verify there are no conflicts. Environmental fencing has been maintained and monitored during construction at Fairview Corners by Dudek and the engineering staff. Acquisition of the necessary easements is expected to be finalized by the end of this month.

Best Road Mutual Water Company Consolidation & Well 5/Lessalt Blending Station
The additional funding request which was submitted to the Department of Water Resources (DWR) to cover additional expenses incurred when constructing the John Smith Road pipeline has still not been finalized and remains pending consideration. The improvements to Well 5 and Lessalt Blending Stations to provide operational flexibility towards addressing potential CrVI issues for customers of the Foxhill Zone are progressing. Engineering staff and the Wallace Group are in the design phase of this improvement and anticipate construction on these projects in fall 2026.

Enterprise Garage and Well 7 Booster Station
A design kickoff meeting was held in the third week of May to coordinate all professionals working to design the project. Engineering staff, San Benito Engineering, Christina Perez Architect, and developer Ty Intravia met to allocate work and responsibilities and ensure the District's desires are thoroughly considered during the design phase. The preliminary design submittals are anticipated to be delivered in June.

Lessalt Cathodic Protection System

The project was completed in May. Start up and equipment training sessions were held in the same week with the participation of Corrpro, Operators, and SBCWD's electricians to ensure a seamless transition. The project is funded by SBCWD capital funds and managed by Sunnyslope engineering staff.

Standardized Programable Logic Control (PLC) Panel

The project was completed in the last week of April with detailed standardized PLC designs tailored for Sunnyslope. Sunnyslope could then begin replacing and standardizing existing PLC panels that are near the end of life.

ADRoP

Sunnyslope staff are coordinating efficiently with SBCWD, Kennedy Jenks (Construction Manager), HDR (Design Engineer), and Overaa (General Contractor) to ensure the smooth information exchange during operation and construction to avoid obstructions for all parties. Overaa is currently constructing the new parallel ActiFlo treatment train, 4th filter, caustic storage tank, 3rd drying bed, and filter gallery.

Hexavalent Chromium (CrVI) Response Plan

Sunnyslope staff conducted an experimental study in the first week of May to justify the blending treatment strategy which has been presented to the Department of Drinking Water (DDW) to comply with State water regulations for CrVI. Results have supported engineering calculations. Engineering staff expects to submit the Compliance plan, Operation plan, and Permit Amendment to DDW in June.

Residential Developments

Fairview Corners Phase 1&2

Construction of the residential homes has been underway. Their water infrastructure is now fully connected to Sunnyslope water and sewer system. Staff will conduct a Final Inspection after the developer completes punch list items.

Fairview Corners Phase 3

Fairview Corners Phase 3 is under design phase. Engineering staff have been reviewing the plans, ensuring the District's needs are implemented in the design.

Lands of Lee

Lands of Lee is also under the design phase. Engineering staff have worked closely with developer's engineers to produce plans that implement the District's requirements.

Santana Ranch Phase 10

Santana Ranch Phase 10 completed and hydrostatic tests and bac-T tests according to Sunnyslope's requirements in the first week of May. They are also completely tied into the Sunnyslope system with inspection by the Engineering staff. Staff will conduct a punch list inspection.

West of Fairview Phase 3

Staff conducted a Final Inspection and provided the developer with a Final Punch List of items.

Willow Landing

Developer has been finalizing a Punch List. Engineering staff coordinate with the developer to address the remaining items.

Fulton Way

The 10-unit development at the end of Fulton Way was purchased by another developer to finish. Sunnyslope will be entering into a new agreement with that developer prior to providing water service.

Staff Report

Agenda Item: **H – 4**

DATE: May 12, 2026 (May 19, 2026 Meeting)

TO: Board of Directors

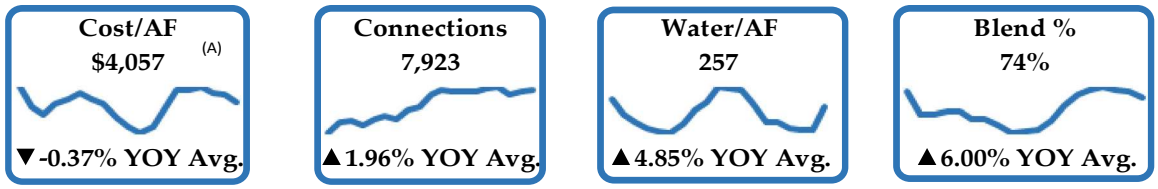
FROM: Finance Dept. Dana Sullivan & Barry Kelly

SUBJECT: Statements of: a. Operations, b. Income, c. Investment, and d. Board Designated Reserves.

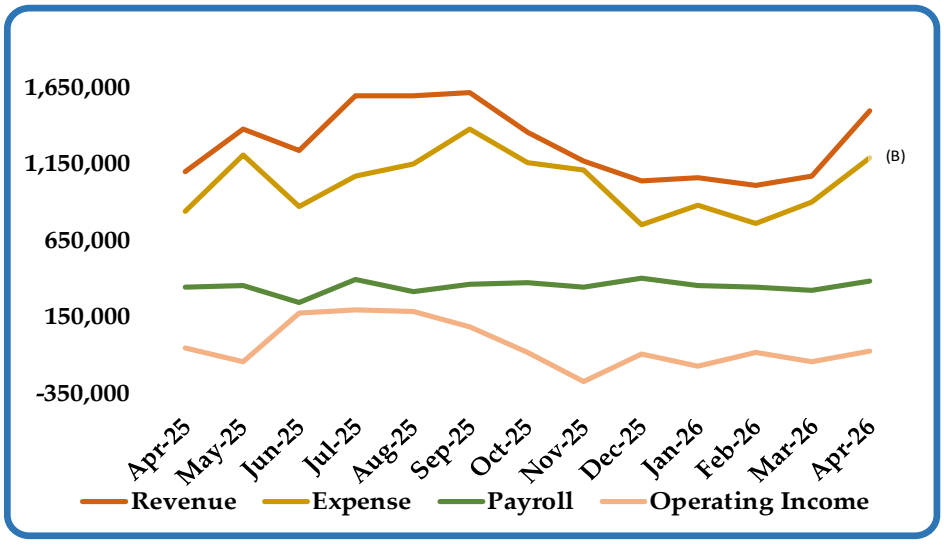
OVERVIEW

(April 2026)

12-Month Rolling Average Trend



Current Year Operations



(A) **Unit cost per AF decreased by ▼-0.37% YOY Avg. Despite inflationary pressures, staff produced 4.85% more water while essentially holding costs flat.**

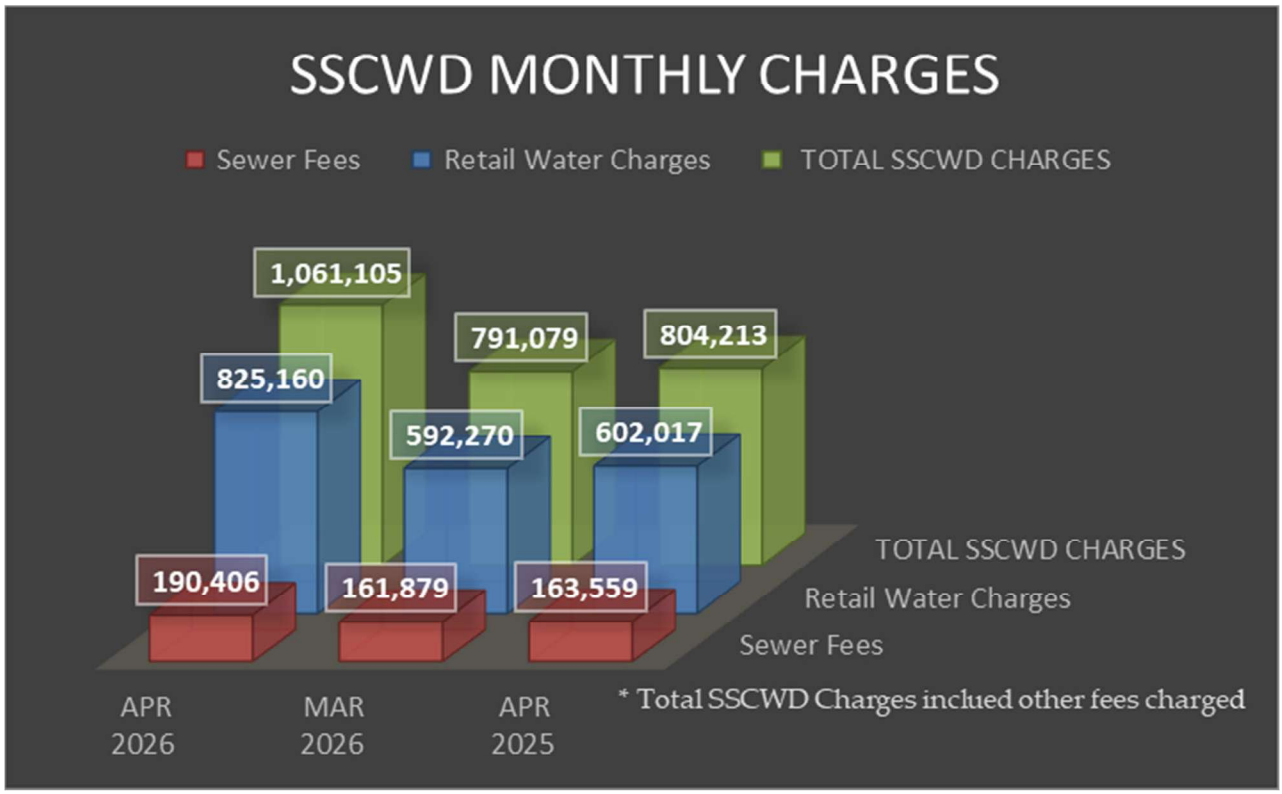
(B) **Operating expenses experienced a temporary increase during April year primarily due to the replacement of GAC media & approx. $124k in Ferric Chloride.**

OPERATIONS SUMMARY (April 2026)

The Operations Summary provides a high-level snapshot of the District's operational activity for the current fiscal year. It is designed to show trends in customer accounts, billing activity, water production and usage, revenue charges, and accounts receivable in a single consolidated view. This report allows readers to understand how the District's systems are performing operationally over time, identify emerging trends, and support financial and operational decision-making without requiring detailed technical knowledge of day-to-day operations.

During April 2026, the District had 27 new water connections, and 22 new Gavilan Sewer Area connections. The District served 7,923 active customers, with 6,288 utilizing online services and electronic payments. Financially, year-to-date revenue for FY 2025-2026 stands at $9.9m. Receivables from operations total $1.5m, with a past due portion of 4%. As of month-end, O&M receivables total $425k.

The District delivered approximately 44.9% more water in April 2026 compared to April 2025. This significant increase is likely attributable to a combination of warmer and drier seasonal conditions, increased outdoor irrigation demand, and continued system growth throughout the District. Historical weather data for Hollister indicates that April marks the beginning of the dry season, with decreasing rainfall and rising average temperatures throughout the month. In addition, the District now serves approximately 152 more customer connections compared to the same period last year, contributing to a higher overall baseline demand. The comparison to April 2025 may also reflect unusually conservative water usage patterns during the prior year, when customers continued drought-conscious consumption habits following recent dry-year conditions.



OPERATING STATISTICS (April 2026)

The Operating Stats section presents key performance indicators that illustrate the District's financial and operational performance over time using rolling averages and trend analysis. This section focuses on operating income, revenue and expense behavior, cost efficiency, and water production characteristics to help identify longer-term patterns rather than month-to-month fluctuations. The charts and trends are intended to support strategic evaluation of rate impacts, cost control efforts, and overall operational sustainability.

The average water operating income has increased year-over-year, reflecting the anticipated income from rate adjustments implemented following the District's Raftelis rate study. These adjustments were designed to gradually realign revenues with the true cost of providing water service. The District's 12-month rolling average cost per acre-foot is approximately $4,057. Unit cost per acre-foot remained relatively stable, dropping by (0.37%), on a YOY average basis. Despite ongoing inflationary pressures affecting utilities such as power, chemicals, and maintenance costs, staff were able to produce and deliver a greater volume of water while maintaining nearly flat production costs.

The average surface water and well water blend over the 12-month period is approximately 74% surface water.

STATEMENT OF INCOME VS BUDGET (April 2026)

The Budget to Actual section compares the District's adopted budget to actual financial results for the current fiscal year. This report highlights how revenues and expenses are tracking against planned expectations, identifies variances as they occur, and provides year-to-date context alongside prior-year comparisons. It is intended to help readers assess financial performance, monitor cost control, and evaluate whether operations are aligning with the approved budget as the fiscal year progresses.

The District's year-to-date (YTD) financial performance for fiscal year 2025–2026 reflects a net operating loss of ($472k), compared to a ($653k) loss for the same period last fiscal year. Despite the loss of the San Benito Foods contract, the District's year-to-date operating performance remains stable. Seasonal factors during the winter months, including reduced water consumption per customer and lower associated revenues, contributed to a temporary operating loss. For the month, combined Water and Wastewater Operations reflected an operating loss of approximately ($70k).

INVESTMENT SUMMARY (April 2026)

The Investment Summary provides an overview of the District's cash and investment holdings for the current fiscal year. This section summarizes where funds are held, the types of investment vehicles utilized, and how balances change over time, along with the interest earned. The District's cash and invested funds total $28.5 million, with $25.8 million earning interest at rates ranging from 1.1% to 4.5%.

Year-to-date income from these investments is $690k. This investment income plays a key role in maintaining the District's present value reserves.

ACCOUNTS RECEIVABLE (April 2026)

The Accounts Receivable report provides a snapshot of outstanding customer balances at a point in time. While this information is not separately reported within the District's formal financial statements, it is included in this report to provide transparency into current billing activity, collection status, and trends in receivables. This information supports operational oversight by highlighting where balances stand, identifying potential collection risks, and helping staff monitor payment behavior as part of ongoing financial management.

As of April 2026, the District is carrying $2.9 million in Other Receivables, which isn't reported on in the Operations Summary report. Much of this balance is tied to large-scale capital and consolidation projects currently in progress. Reimbursement for these expenditures are funded by a State grant managed by the County of San Benito:

Best Roads Consolidation Project: As of April 2026, the District recorded approximately $600k in receivables related to the Best Roads Consolidation Project. On February 3, 2026, the District received a payment of $625k. The remaining balance is expected to be collected over the next several months.

The Small Water Systems Consolidation With Sunnyslope Project: The Small Water Systems Consolidation with Sunnyslope Project currently reflects approximately $1.9 million in receivables. As part of project implementation, the District temporarily carries project-related costs and submits reimbursement requests monthly in accordance with grant requirements.

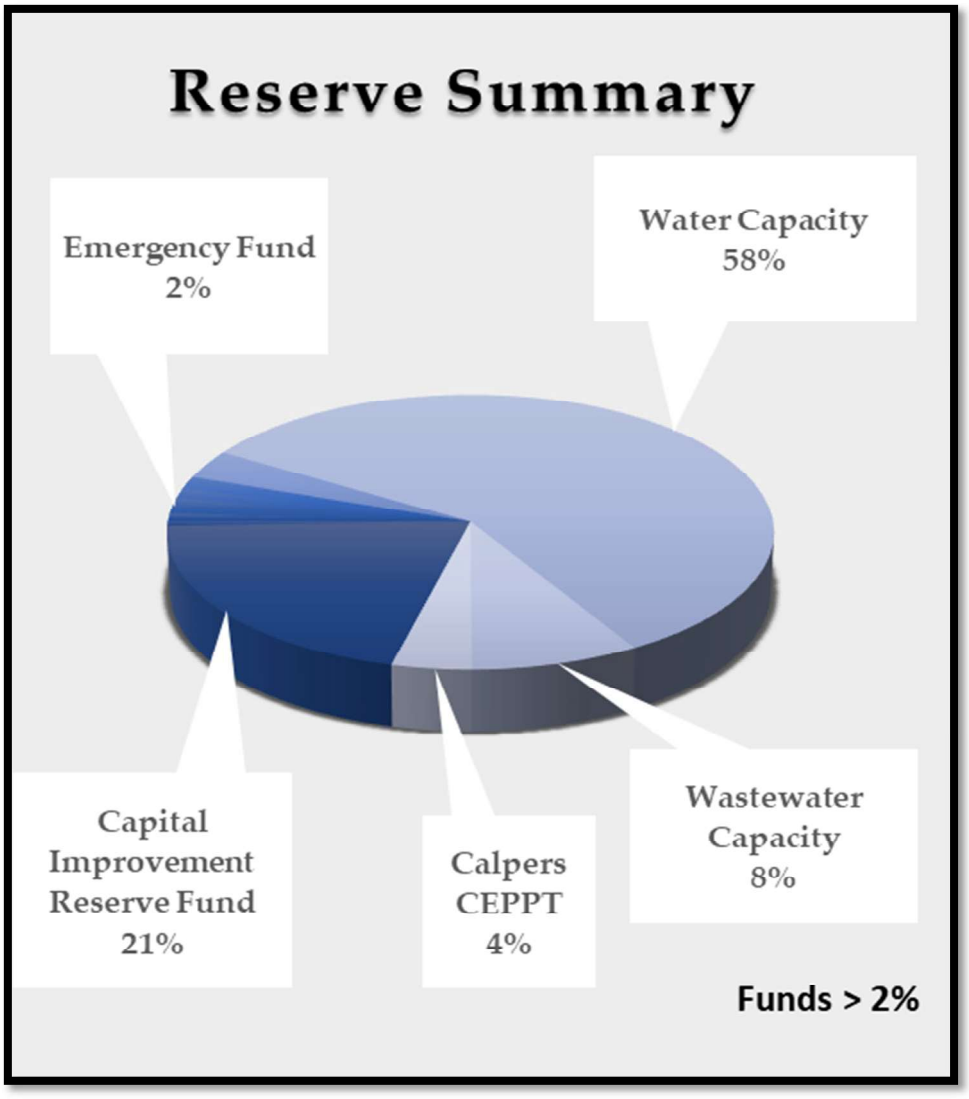
RESERVES (April 2026)

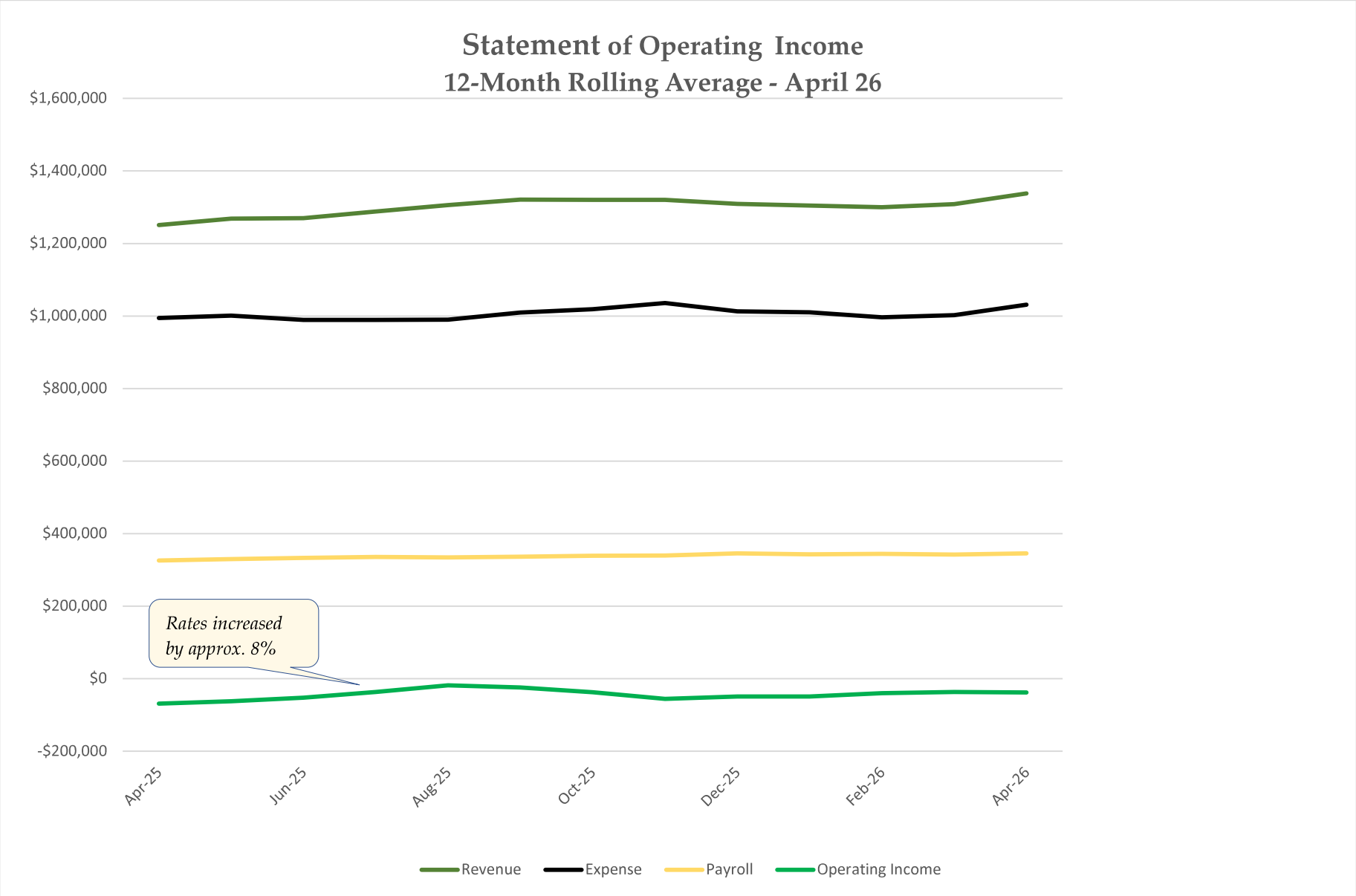
There are three major types of reserve funds: Legally Restricted Reserves, Board Designated Reserves, and Unrestricted Reserves. Legally Restricted Reserves have restrictions imposed by an outside source, such as bond covenants, contractual obligations, or other restrictions. Board Designated Reserves are set aside for a specific purpose as determined by action of the Board of Directors. The Board of Directors has the authority to redirect the use of these reserves as the needs of the District change. Unrestricted Reserves are required for adequate cash flow to meet operating needs, are planned for a source of funding the Capital Improvement Program, and to assist in providing for orderly rate increases. The District's reserves total $26.4m, representing 43.26% of capitalized assets.

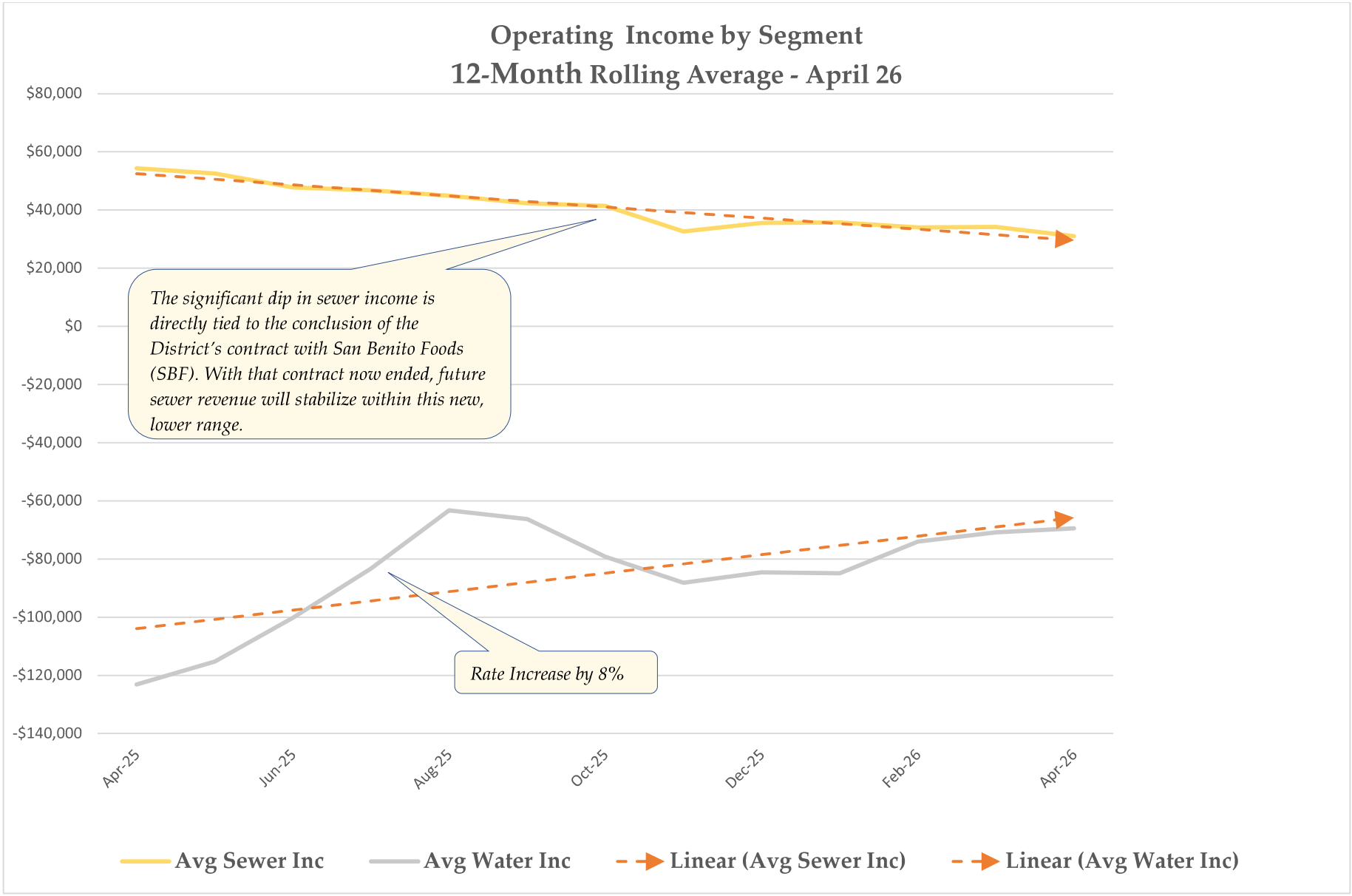
The changes reflected in the Board Designated Reserves are directly tied to the completion and capitalization of approved capital projects during the current fiscal year. Each project highlighted in green within the Board Approved Disbursement Analysis represents a project that has been completed and capitalized. As projects are completed, their total incurred costs are transferred to capital assets and recorded on the District's balance sheet. At that time, the corresponding funding previously set aside in Board Designated Reserves is released, resulting in a decrease in the applicable reserve fund. These

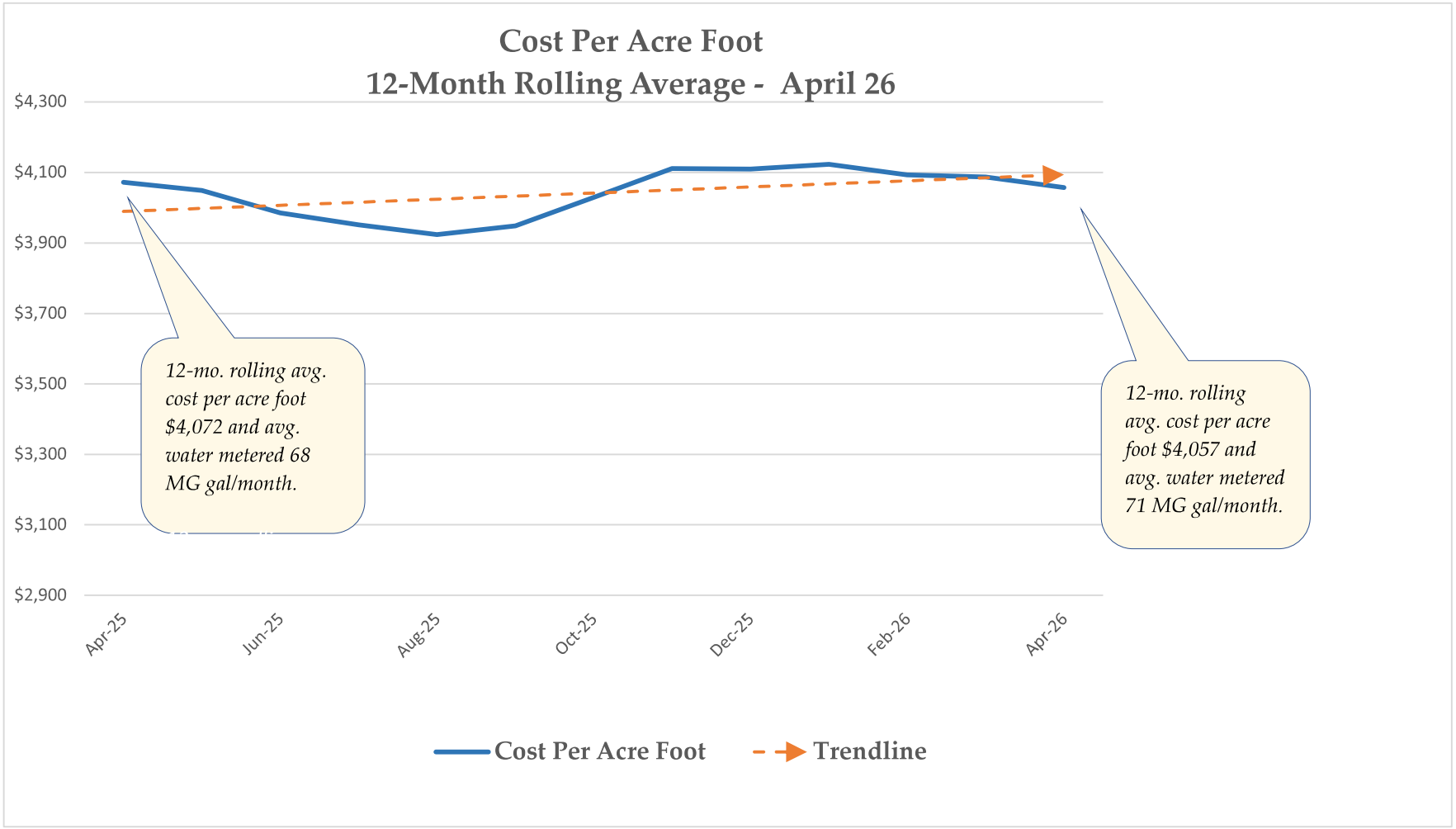
decreases reflect the planned and authorized use of reserves for capital improvements previously approved by the Board of Directors.

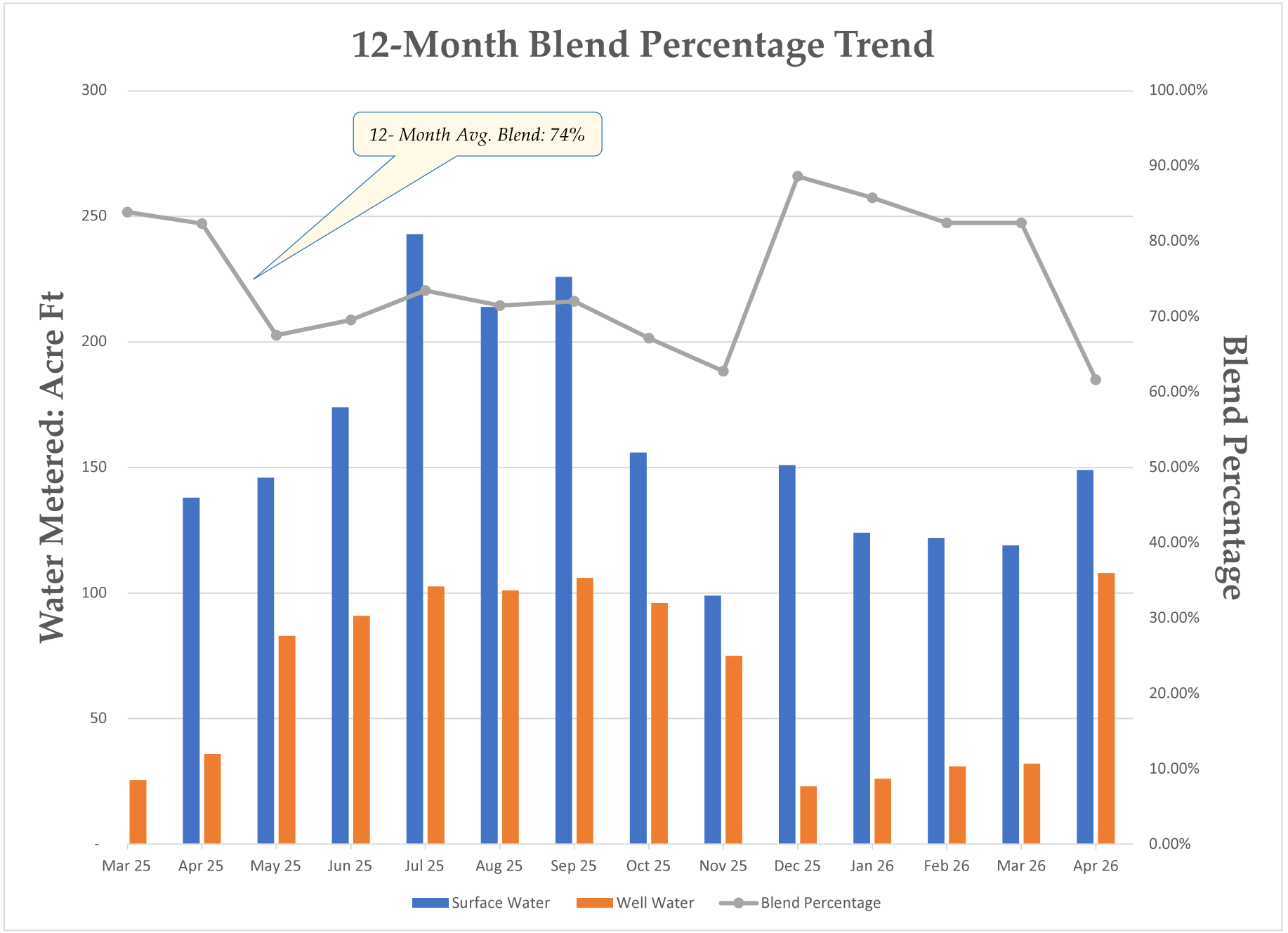
In addition, the Water Capacity Reserve includes activity related to the debt amortization of the associated tranches, which contributes to both increases and decreases within the reserve balance as debt service obligations are recognized. This process ensures alignment between project completion and financial reporting, transparency in the use of reserved funds, and an accurate representation of the District's remaining available reserves.




Statement of Operating Income
12-Month Rolling Average - April 26
$1,600,000
$1,400,000
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
-$200,000
Rates increased by approx. 8%
Apr-25
Jun-25
Aug-25
Oct-25
Dec-25
Feb-26
Apr-26
Revenue
Expense
Payroll
Operating Income


Operating Income by Segment
12-Month Rolling Average - April 26
$80,000
$60,000
$40,000
$20,000
$0
-$20,000
-$40,000
-$60,000
-$80,000
-$100,000
-$120,000
-$140,000
Apr-25
Jun-25
Aug-25
Oct-25
Dec-25
Feb-26
Apr-26
The significant dip in sewer income is directly tied to the conclusion of the District's contract with San Benito Foods (SBF). With that contract now ended, future sewer revenue will stabilize within this new, lower range.
Rate Increase by 8%
Avg Sewer Inc
Avg Water Inc
Linear (Avg Sewer Inc)
Linear (Avg Water Inc)


Cost Per Acre Foot
12-Month Rolling Average - April 26
$4,300
$4,100
$3,900
$3,700
$3,500
$3,300
$3,100
$2,900
Apr-25
Jun-25
Aug-25
Oct-25
Dec-25
Feb-26
Apr-26
12-mo. rolling avg. cost per acre foot $4,072 and avg. water metered 68 MG gal/month.
12-mo. rolling avg. cost per acre foot $4,057 and avg. water metered 71 MG gal/month.
Cost Per Acre Foot
Trendline


12-Month Blend Percentage Trend
12- Month Avg. Blend: 74%
Water Metered: Acre Ft
Blend Percentage
300
250
200
150
100
50
-
100.00%
90.00%
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
Mar 25
Apr 25
May 25
Jun 25
Jul 25
Aug 25
Sep 25
Oct 25
Nov 25
Dec 25
Jan 26
Feb 26
Mar 26
Apr 26
Surface Water
Well Water
Blend Percentage

Sunnyslope County Water District

2025 / 2026

OPERATION SUMMARY (This Year)

ITEMS	JULY 2025	AUG 2025	SEP 2025	OCT 2025	NOV 2025	DEC 2025	JAN 2026	FEB 2026	MAR 2026	APR 2026	YTD TOTAL/ 12-month AVG
NO. WATER CAPACITY FEE RECD	18	-	-	1	4	10	135	113	5	27	172
NO. WW CAPACITY FEE RECD	-	-	-	1	4	-	4	65	-	22	4
NO. WATER ACCOUNTS	7,900	7,917	7,914	7,913	7,913	7,929	7,936	7,897	7,911	7,923	
NO. SSCWD SEWER ACCTS	1,339	1,337	1,336	1,338	1,338	1,336	1,341	1,426	1,435	1,432	
NO. COH SEWER ACCTS	5,322	5,327	5,343	5,362	5,378	5,379	5,402	5,404	5,424	5,440	
Total WaterSmart / Invoice Cloud	6,172	6,179	6,055	6,475	6,088	6,155	6,391	6,362	6,357	6,288	
NO. E-BILL Invoice Cloud (Paperless)	3,895	3,887	3,896	3,892	3,857	3,843	3,851	3,845	3,842	3,878	
MONTHLY CHARGES											
Retail Water Charges	$ 968,687.83	$ 1,026,072.61	$ 1,016,797.90	$ 863,633.44	$ 666,674.04	$ 668,033.10	$ 592,731.30	$ 594,259.26	$ 592,269.77	$ 825,160.16	$ 7,814,319.41
Sewer Fees	162,779.62	162,442.14	162,832.49	162,579.90	166,045.69	162,754.83	160,816.98	161,999.05	161,878.56	190,405.93	$ 1,654,535.19
Installation Fees	7,290.00	-	-	430.00	1,870.00	4,050.00	54,675.00	49,445.00	2,125.00	10,935.00	$ 130,820.00
Late Fees	6,521.96	10,093.70	8,106.14	7,671.95	7,652.31	6,937.11	7,350.58	5,352.53	6,508.02	6,249.90	$ 72,444.20
Admin. Collection Fees, net	6,110.00	3,370.22	1,320.00	1,380.00	-	-	1,370.00	240.00	810.00	870.00	$ 15,470.22
COH Billing Fees	20,839.34	20,767.34	20,848.34	20,905.34	21,002.35	21,360.39	21,411.39	21,631.43	21,908.47	22,071.48	$ 212,745.87
Other Misc. Fees	7,094.13	5,765.77	5,632.70	5,484.26	5,376.16	4,868.31	4,957.80	5,775.41	5,578.81	5,412.86	$ 55,946.21
TOTAL SSCWD CHARGES	$ 1,179,322.88	$ 1,228,511.78	$ 1,215,537.57	$ 1,062,084.89	$ 868,620.55	$ 868,003.74	$ 843,313.05	$ 838,702.68	$ 791,078.63	$ 1,061,105.33	$ 9,956,281.10
CITY OF HOLLISTER CHARGES											
COH Sewer Fees	483,343.99	485,122.37	486,816.27	487,080.50	489,068.73	490,118.03	491,372.99	492,674.83	494,532.50	496,655.85	$ 4,896,786.06
COH Street Sweeping	11,921.09	11,898.65	11,942.00	11,986.56	11,983.96	11,992.08	11,235.85	11,995.20	12,235.79	12,053.33	$ 119,244.51
COH Senior Discount	(1,616.04)	(1,648.20)	(1,648.20)	(1,648.20)	(1,668.30)	(1,674.33)	(1,707.20)	(1,708.50)	(1,734.35)	(1,721.47)	$ (16,774.79)
Total COH Charges	493,649.04	495,372.82	497,110.07	497,418.86	499,384.39	500,435.78	500,901.64	502,961.53	505,033.94	506,987.71	4,999,255.78
Late Fees **	4,167.56	3,925.74	3,539.67	3,767.89	4,057.17	4,080.10	4,346.53	3,732.15	4,193.08	4,093.55	39,903.44
TOTAL COH CHARGES	$ 497,816.60	$ 499,298.56	$ 500,649.74	$ 501,186.75	$ 503,441.56	$ 504,515.88	$ 505,248.17	$ 506,693.68	$ 509,227.02	$ 511,081.26	$ 5,039,159.22
ACCOUNTS RECEIVABLE - Aged											
A/R for Sunnyslope Water **	$ 1,203,408.29	$ 1,263,981.31	$ 1,260,292.09	$ 1,109,298.44	$ 965,621.45	$ 939,549.50	$ 854,107.53	$ 862,732.56	$ 838,938.08	$ 1,083,326.73	
A/R for City of Hollister **	540,749.59	528,562.73	541,347.18	528,580.63	552,513.24	559,511.79	538,223.22	554,038.39	547,229.93	550,877.85	
Unapplied Payments	(62,651.90)	(55,068.46)	(138,202.35)	(143,167.73)	(142,083.21)	(111,981.01)	(98,424.85)	(93,608.10)	(89,836.28)	(69,200.32)	
Outstanding Bills Owed	$ 1,681,505.98	$ 1,737,475.58	$ 1,663,436.92	$ 1,494,711.34	$ 1,376,051.48	$ 1,387,080.28	$ 1,293,905.90	$ 1,323,162.85	$ 1,296,331.73	$ 1,565,004.26	
Past Due	$ 117,755.72	$ 68,729.38	$ 24,041.93	$ 32,942.32	$ 70,873.82	$ 84,690.47	$ 47,062.88	$ 69,782.98	$ 51,318.84	$ 62,725.21	
% Past Due	7.00%	3.96%	1.45%	2.20%	5.15%	6.11%	3.64%	5.27%	3.96%	4.01%	
SBCWD O&M Owed	$415,019.67	$358,626.27	$389,636.41	$284,017.41	$301,286.02	$167,070.12	$204,996.47	$170,005.75	$278,369.40	$425,060.97	
San Benito Foods Owed	$ 51,810.63	$ 99,633.18	$ 266,710.00	$ 84,760.23	$ 87,777.65	$ 95,582.14	$ -	$ -	$ -	$ -	
WATER METERED											
Cubic Feet	13,693,500	13,528,900	13,227,600	10,737,200	7,340,100	7,368,600	6,124,500	5,955,800	5,866,200	10,097,500	93,939,900
Total SSCWD Gallons	102,427,380	101,196,172	98,942,448	80,314,256	54,903,948	55,117,128	45,811,260	44,549,384	43,879,176	75,529,300	702,670,452
WATER SOURCE											
Well #2 (Southside Road)	14,127,000	8,830,000	7,138,000	2,662,000	1,943,000	1,948,000	1,647,000	3,538,000	3,336,000	8,128,000	53,297,000
Well #5 (Ray Cir/Enterprise)	-	8,329,600	15,242,400	14,508,000	10,815,000	3,439,000	4,413,000	3,715,000	5,278,000	14,659,000	80,399,000
Well #7 (Enterprise Rd)	242,061	949,789	601,772	2,164,292	2,112,516	1,240,297	871,987	2,502,770	1,578,115	7,075,824	19,339,423
Well #8 (Ridgemark)	14,520,651	7,080,630	2,466,915	4,759,361	4,630,190	264,730	1,083,512	280,792	822,996	1,932,480	37,842,257
Well #11 (Southside Road)	15,987,000	16,948,000	18,280,000	12,415,000	10,235,000	4,600,000	3,515,000	4,426,000	3,293,000	14,021,000	103,720,000
Net Well Intertie (Supplied to COH)	(11,438,900)	(9,220,300)	(9,029,500)	(5,388,900)	(5,380,000)	(3,860,800)	(3,204,200)	(4,412,900)	(3,795,300)	(10,669,800)	(66,400,600)
TOTAL from Wells	33,437,812	32,917,719	34,699,587	31,119,753	24,355,706	7,631,227	8,326,299	10,049,662	10,512,811	35,146,504	228,197,080
Lessalt W.T.P. I (High Zone)	34,038,000	29,416,000	26,496,000	15,081,000	8,002,000	20,345,000	15,672,000	17,336,000	15,634,000	20,121,000	202,141,000
Lessalt W.T.P. I (Middle Zone)	15,722,000	12,405,000	16,846,000	14,805,000	7,662,000	12,189,000	13,982,000	10,607,000	12,081,000	15,717,000	132,016,000
West Hills W.T.P (@ Well #2)	15,642,000	12,221,000	13,693,000	11,871,000	11,660,000	13,250,000	9,667,000	7,525,000	8,438,000	7,701,000	111,668,000
West Hills W.T.P (@ Well #11)	27,365,000	28,492,000	32,555,000	21,953,000	13,762,000	13,980,000	11,033,000	11,881,000	10,619,000	12,982,000	184,622,000
West Hills W.T.P (@ COH #2)	10,131,000	11,141,000	13,264,000	12,205,000	11,476,000	13,105,000	10,557,000	11,454,000	11,130,000	11,750,000	116,213,000
West Hills W.T.P (@ COH #4)	14,983,000	16,271,000	19,243,000	20,908,000	19,344,000	19,972,000	16,202,000	18,641,000	18,185,000	18,771,000	182,520,000
West Hills W.T.P (@ COH #5)	14,698,000	15,269,000	18,226,000	20,566,000	18,979,000	19,677,000	15,847,000	18,941,000	18,628,000	18,101,000	178,932,000
TOTAL Surface Water (Plant Production)	132,579,000	125,215,000	140,323,000	117,389,000	90,885,000	112,518,000	92,960,000	96,385,000	94,715,000	105,143,000	1,108,112,000
Plant Production Used by Hollister	53,341,415	55,514,884	66,809,810	66,630,933	58,657,840	63,175,715	52,623,921	56,671,586	55,928,363	56,576,148	585,930,615
SSCWD % of Plant Production	59.77%	55.66%	52.39%	43.24%	35.46%	43.85%	43.39%	41.20%	40.95%	46.19%	47.12%
Estimated Water Gain(Loss)	(10,248,017)	(1,421,663)	(9,270,329)	(1,563,564)	(1,678,918)	(1,856,384)	(2,851,118)	(5,213,692)	(5,420,272)	(8,184,056)	(47,708,013)
Percent Difference	-6.17%	-0.90%	-5.30%	-1.05%	-1.46%	-1.55%	-2.81%	-4.90%	-5.15%	-5.83%	-3.57%
Water Consumption Per Customer	12965	12782	12502	10150	6938	6951	5773	5641	5547	9533	8878
Blend - % Surface	73.51%	71.49%	72.08%	67.18%	62.78%	88.68%	85.81%	82.49%	81.65%	61.66%	74.38%
Cost of Water Produced (Per Acre Foot)	3,312	3,535	3,297	3,969	5,615	5,189	6,349	5,918	6,211	4,330	4,398
Prior YTD Cost	3,029	3,085	3,094	3,167	4,335	5,184	6,058	6,664	6,519	4,930	4,102

Chart Includes: Only Water Metered to SSCWD Customers,
Chart Does Not Include: COH Interties Wholesale Water Flow

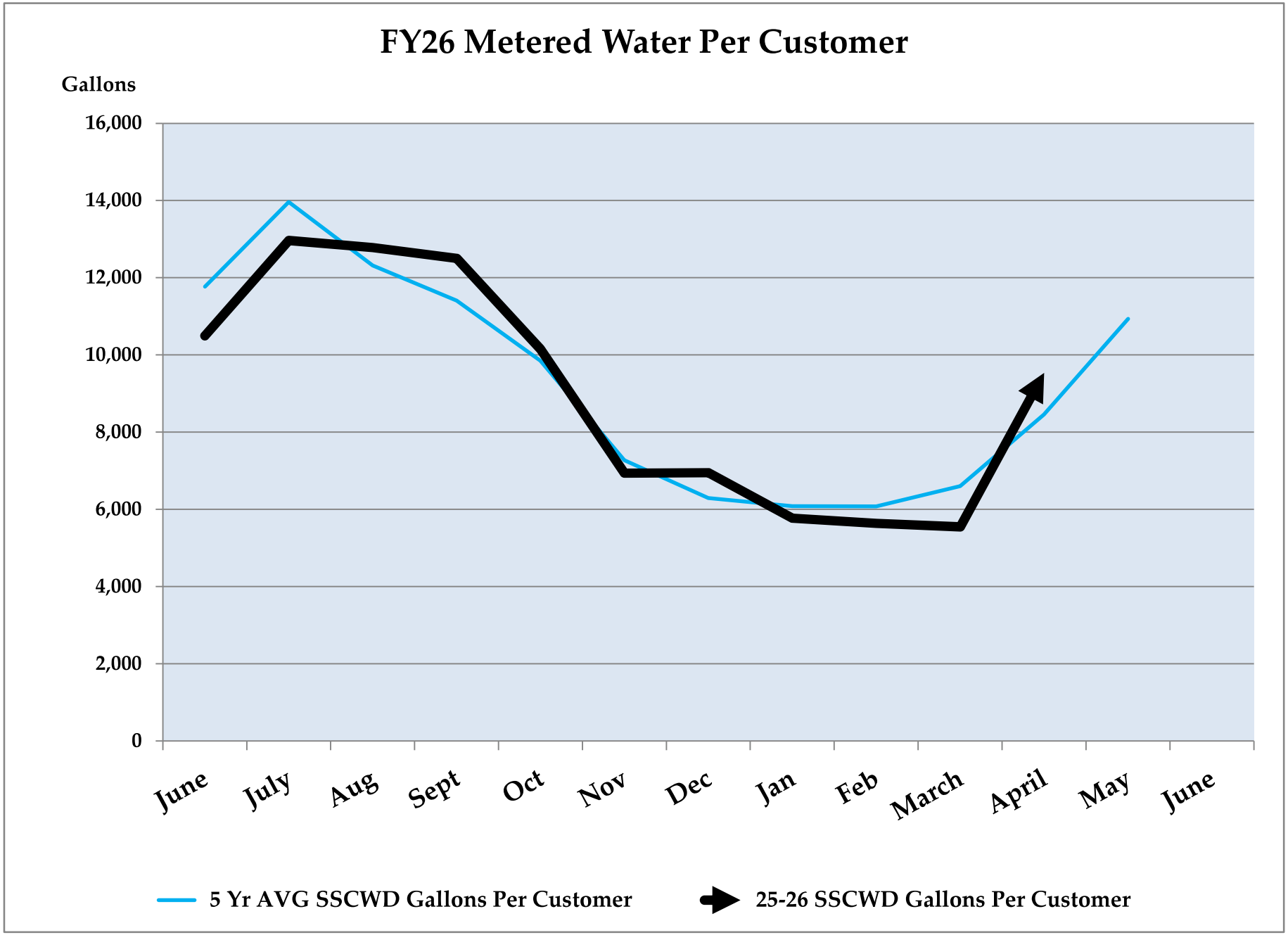
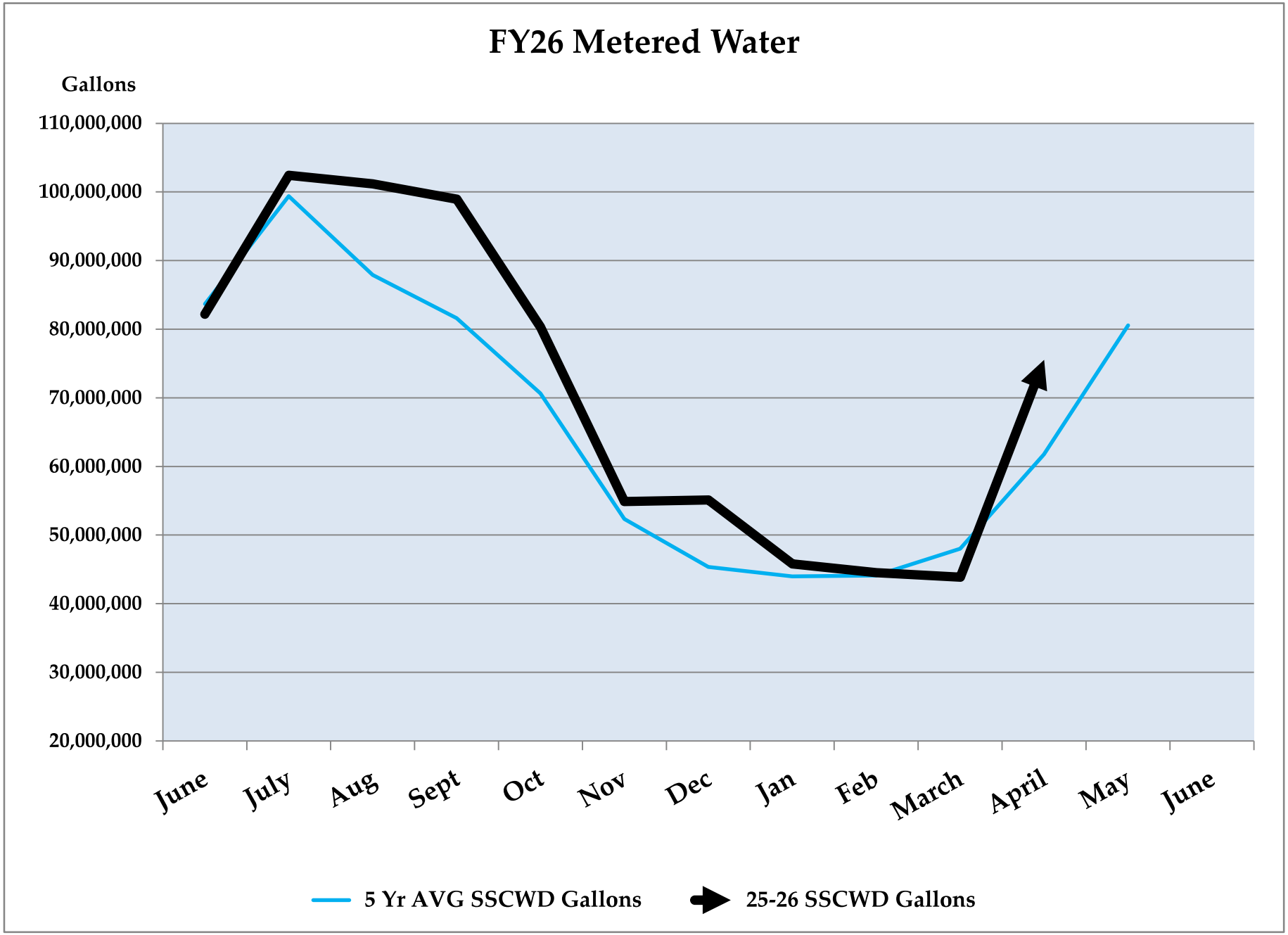


Chart Includes: Only Water Metered to SSCWD Customers,
Chart Does Not Include: COH Interties Wholesale Water Flow



Sunnyslope County Water District

STATEMENT OF INCOME

FOR THE FISCAL YEAR ENDING JUNE 30, 2026 (This Year)

UN-AUDITED 5/12/2026

*** WATER ***	Mar-26	Apr-26	*Variance Over / (Under) Prior Month*		YEAR-TO-DATE	PRIOR YEAR-TO-DATE	PROJECTED 25/26 ACTUAL	FY 25/26 BUDGET
OPERATING REVENUES								
Water Sales	591,988	825,412	233,424		7,814,319	6,959,693	9,792,172	9,356,000
Contracted Services	278,369	425,061	146,692		3,024,088	2,950,098	4,215,000	4,215,000
Installation Fees	2,025	10,935	8,910		128,820	60,780	171,760	100,000
Late Fees	5,682	5,358	(324)		64,058	50,458	85,410	
Other Revenue	25,678	25,423	(256)		249,398	352,564	332,530	150,000
TOTAL OPERATING REVENUES	**903,742**	**1,292,188**	**388,446**		**11,280,683**	**10,373,593**	**14,596,872**	**13,821,000**
OPERATING EXPENSES								
Salaries and Benefits	(294,997)	(344,278)	(49,281)		**(2,968,677)**	**(2,798,491)**	**(3,322,985)**	**(3,056,000)**
Operating Expenses	(819,793)	(1,084,415)	(264,623)		**(9,134,781)**	**(8,780,328)**	**(10,963,180)**	**(11,595,500)**
TOTAL OPERATING EXPENSES	**(1,114,790)**	**(1,428,693)**	**(313,903)**		**(12,103,458)**	**(11,578,818)**	**(14,286,165)**	**(14,651,500)**
NET OPERATING INCOME	**(211,047)**	**(136,505)**	**74,543**		**(822,775)**	**(1,205,226)**	**310,707**	**(830,500)**
NON OPERATING INCOME & (EXPENSES)								
Capacity Fees	41,995	226,773	184,778		**2,781,899**	**2,043,610**	**2,781,899**	
Donated Asset		1,431,490	1,431,490		**1,639,818**	**-**	**1,639,818**	**-**
Miscellaneous Income		2,920	2,920		**2,920**	**-**	**2,920**	**-**
Adjust LAIF Investment to Fair Value			-		**-**	**-**	**-**	**-**
Interest Income	39,605	67,983	28,378		**438,526**	**366,271**	**584,702**	**563,000**
Allocated from G & A (Interest & Sale of Assets)	5,843	40,662	34,818		**192,147**	**454,154**	**181,000**	**181,000**
TOTAL NON OPERATING INCOME & (EXPENSES)	**87,443**	**1,769,828**	**1,682,385**		**5,055,311**	**2,864,035**	**5,190,339**	**744,000**
NET WATER INCOME (LOSS)	**$ (123,605)**	**$ 1,633,323**	**1,756,928**		**$ 4,232,536**	**$ 1,658,809**	**$ 5,501,047**	**$ (86,500)**
NET WATER INCOME (LOSS) Adjusted for Non Budgeted Items	**$ (211,047)**	**$ (133,584)**	**77,463**		**$ (819,855)**	**$ (1,205,226)**	**$ 313,628**	**$ (830,500)**

Sunnyslope County Water District

STATEMENT OF INCOME

FOR THE FISCAL YEAR ENDING JUNE 30, 2026 (This Year)

UN-AUDITED 5/12/2026

*** WASTEWATER ***	Mar-25	Apr-26	Variance Over / (Under) Prior Month		YEAR-TO-DATE	PRIOR YEAR-TO-DATE	PROJECTED ACTUAL	FY 25/26 BUDGET
OPERATING REVENUES								
Sewer Sales	161,879	190,406	28,527		1,654,535	1,648,360	1,979,052	1,981,000
Contracted Services			0		413,695	459,798	585,000	585,000
Installation Fees	-	100	100		2,000	15,300	2,667	
Late Fees	826	892	66		8,386	9,546	11,182	
Other Revenue	2,589	2,932	343		34,735	36,333	46,313	40,000
TOTAL OPERATING REVENUES	**165,294**	**194,330**	**29,036**		**2,113,351**	**2,169,337**	**2,624,213**	**2,606,000**
OPERATING EXPENSES								
Salaries and Benefits	(24,203)	(34,887)	(10,684)		(580,740)	(597,667)	(684,614)	(960,000)
Operating Expenses	(75,025)	(96,352)	(21,328)		(1,185,065)	(1,019,426)	(1,202,069)	(1,596,000)
TOTAL OPERATING EXPENSES	**(99,227)**	**(131,239)**	**(32,012)**		**(1,765,805)**	**(1,617,092)**	**(1,886,683)**	**(2,556,000)**
NET OPERATING INCOME	**66,066**	**63,091**	**(2,976)**		**347,546**	**552,245**	**737,530**	**50,000**
NON OPERATING INCOME & (EXPENSES)								
Capacity Fees	-	4,560	4,560		88,605	11,083	88,605	
Donated Asset- Electric Vans Grant			0		-	-	-	-
Miscellaneous Income			0		-	-	-	
Adjust LAIF Investment to Fair Value			0		-	-	-	
Interest Income	5,733	8,984	3,251		69,823	101,000	93,098	94,000
Allocated from G & A (Interest & Sale of Assets)	689	5,404	4,715		9,227	89,161	74,000	74,000
Shenkman Litigation Expense (Districting)			0		-	0	-	-
TOTAL NON OPERATING INCOME & (EXPENSES)	**6,422**	**18,948**	**12,526**		**167,656**	**201,244**	**255,703**	**168,000**
NET WASTEWATER INCOME (LOSS)	**72,488**	**82,039**	**9,550**		**515,202**	**753,489**	**993,233**	**218,000**
NET WASTEWWATER INCOME (LOSS) Adjusted for Non Budgeted Items	**$ 66,066**	**$ 63,091**	**9,550**		**$ 347,546**	**$ 552,245**	**$ 737,530**	**$ 50,000**

*** WATER & WASTEWATER ***	Mar-25	Apr-26	Variance Over / (Under) Prior Year		YEAR-TO-DATE	PRIOR YEAR-TO-DATE	PROJECTED ACTUAL	FY 25/26 BUDGET
*** COMBINED INCOME (LOSS) WATER & WASTEWATER***	**(51,116)**	**1,715,362**	**1,766,478**		**4,747,593**	**2,412,298**	**6,494,280**	**131,500**
*** COMBINED INCOME (LOSS) WATER & WASTEWATER Adjusted for Non - Budgeted Items*	**$ (144,981)**	**$ (70,494)**	**$ 74,487**		**$ (472,308)**	**$ (652,980)**	**$ 1,051,158**	**$ (780,500)**

Sunnyslope County Water District

Investment Summary

2025 / 2026 (ThisYear)

BANK ACCOUNT	INTEREST RATE	JULY 2025	AUGUST 2025	SEPTEMBER 2025	OCTOBER 2025	NOVEMBER 2025	DECEMBER 2025	JANUARY 2026	FEBRUARY 2026	MARCH 2026	APRIL 2026	MAY 2026	JUNE 2026		JUNE 2025
Heritage Bank of Commerce															
CHECKING ACCOUNT															
Operating - General Fund	0	1,733,363	1,747,111	3,092,899	2,529,902	2,119,843	1,545,607	4,775,756	4,191,242	2,734,781	2,594,533				2,385,322
CHECKING SUBTOTAL		1,733,363	1,747,111	3,092,899	2,529,902	2,119,843	1,545,607	4,775,756	4,191,242	2,734,781	2,594,533	0	0		2,385,322
MONEY MARKET ACCT (MMA)															
Invested - General Fund	0.40%	91,871	91,871	91,904	91,970	91,998	92,031	92,062	92,090	92,090	92,122				91,836
MMA SUBTOTAL		91,871	91,871	91,904	91,970	91,998	92,031	92,062	92,090	92,090	92,122	0	0		91,836
L. A. I. F.															
(Local Agency Investment Fund)	As of: Dec 2025														
General Fund	4.20%	-4,011,546	-4,011,546	-4,011,546	-4,011,546	-4,011,546	-4,011,546	-4,011,546	-11,546	-11,546	-11,546				-408,687
Water Connect. Fee	4.20%	0	0	0	0	0	0	0	0	0	0				0
Sewer Connect. Fee	4.20%	0	0	0	0	0	0	0	0	0	0				0
SRF Loan Reserve	4.20%	869,672	869,672	869,672	879,173	879,173	879,173	888,469	888,469	888,469	894,836				875,072
Board Designated Reserves	4.20%	5,527,775	5,527,775	5,527,775	5,544,338	5,544,338	5,544,338	5,560,546	5,560,546	5,560,546	5,600,313				5,527,537
L.A.I.F. SUBTOTAL		2,385,902	2,385,902	2,385,902	2,411,965	2,411,965	2,411,964	2,437,468	6,437,468	6,437,468	6,483,603	0	0		5,993,922
CEPPT															
(CA Employee Pension Plan Trust)															
Employee Pension Reserve	0	1,040,678	1,040,678	1,040,678	1,040,678	1,040,678	1,040,678	1,040,678	1,040,678	1,040,678	1,040,678				1,040,877
CEPPT SUBTOTAL		1,040,678	1,040,678	1,040,678	1,040,678	1,040,678	1,040,678	1,040,678	1,040,678	1,040,678	1,040,678	0	0		1,040,877
MBS Securites															
(CD Brokerage - Water Capacity Funds)															
Water Connect. Fee	4.00%	14,336,674	14,212,245	13,587,308	13,543,602	13,511,431	13,556,475	14,397,015	15,284,385	15,044,785	15,224,007				13,284,100
Sewer Connect. Fee	4.00%	2,426,423	2,439,273	2,443,347	2,452,803	2,338,847	2,350,316	2,339,225	2,205,881	2,198,197	2,210,218				2,425,609
Board Designated Reserves	4.00%	1,384,494	1,400,828	1,417,049	1,430,913	1,443,396	1,456,857	1,467,332	1,421,980	1,429,195	1,443,045				1,256,705
General Fund	4.00%	2,547,086	2,751,970	3,463,850	3,557,054	3,741,762	3,767,404	68,994	-599,889	-382,701	-525,617				3,685,792
MBS SUBTOTAL		20,694,676	20,804,317	20,911,554	20,984,372	21,035,435	21,131,053	18,272,566	18,312,357	18,289,476	18,351,653	0	0		20,652,206
GRAND TOTAL		25,946,491	26,069,879	27,522,937	27,058,887	26,699,920	26,221,333	26,618,530	30,073,836	28,594,493	28,562,589	0	0		30,164,162
	YTD Total														
* **TOTAL INTEREST RECORDED**	689,997	50,759	37,348	55,149	98,181	76,246	101,646	75,184	26,708	47,774	121,002				874,503

Sunnyslope County Water District

Reserve Summary
As of April 30, 2026

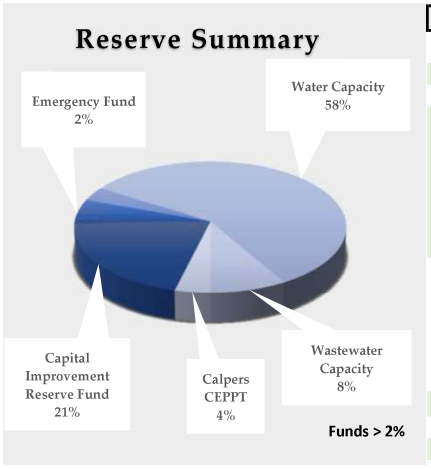
(Policy #8600)

		4/30/2026	Increase	Decrease	6/30/2025	6/30/2024	Change	Board Approval
1	Capital Improvement Reserve Fund	$ 5,468,122	$ 110,237		$ 5,357,885	$ 5,232,576	$ 125,309	Jun-25
2	Rate Stabilization Fund	$ 125,000			125,000	250,000	$ (125,000)	Jun-25
3	Drought Contingency Reserve	250,000			250,000	500,000	(250,000)	Jun-25
4	Emergency Fund	500,000			500,000	1,000,000	(500,000)	Jun-25
5	Vehicle Replacement Fund	316,778	90,000	57,545	284,323	241,930	42,393	Jun-25
6	Office and Misc. Equipment Replacement Fund	383,457			383,457	389,217	(5,760)	Jun-25
	Board Designated Reserves	7,043,358	200,237	57,545	6,900,666	7,613,723	(713,057)	
7	CSWRCB Loan	894,836	25,163		869,673	831,239	38,434	
8	Water Capacity	15,224,006	3,175,352	2,105,312	14,153,966	11,991,492	2,162,474	
9	Wastewater Capacity	2,210,218	157,020	368,235	2,421,434	2,424,120	(2,687)	
10	Calpers CEPPT	1,040,877			1,040,877	899,643	141,234	
	Legally Restricted Reserves	19,369,937	3,357,535	2,473,547	18,544,492	16,146,495	2,339,454	
	TOTAL	**$ 26,413,295**	**$ 3,557,772**	**$ 2,531,092**	**$ 25,445,158**	**$ 23,760,218**	**$ 1,626,397**	

Unreserved Cash	$2,149,294
Percentage of Total Capital Assets	43.26%

Detailed Transactions:

Depr. Expense	$ 90,000	
Interest	$ 610,237	
Debt Amortization		987,227
Water Capacity Fees	2,781,899	
Sewer Capacity Fees	88,605	
Fixed asset Additions	-	1,543,865
FMV YTD	(12,969)	
Transfers		-
Fair Market Value & Misc Adj		-
	$ 3,557,772	**$ 2,531,092**
	-	



Board Approved Disbursement Analysis

Date:	Description:	Vendor	Resolution	# Actual
2/21/2023	Rate Study	Raftelis	110,502	101,088
4/23/2024	BRMWC Consolidation	Wallace Group	3,050,000	2,100,000
6/20/2023	Temetra	Meter Valve & Control, Bı	430,731	530,414
8/15/2023	Initial Voter Districting	LGDR	40,000	19,000
7/23/2024	Itron Meter Purchase	Pace Supply	84,000	80,315
11/19/2024	Well #7 Rehab	Maggiora Bros.	90,000	101,665
12/31/2024	Well #8 Rehab	Maggiora Bros.	75,000	69,057
1/28/2025	SBR Rotary Blower #2	Wallace Group/Atlas	125,000	124,234
1/28/2025	John Smith Rd. Pipeline CM	Wallace Group	246,664	244,518
2/25/2025	Two Electric Vans w/grant	Greenwood Chevy	20,000	7,467
2/25/2025	HD Electric Box Truck	Pheonix EV	115,000	
2/25/2025	MG Segment B - Pipeline	Ruggeri-Jensen-Azar	120,000	86,427
2/25/2025	MG Potholing Contract Amend	Wallace Group	316,250	
2/25/2025	BRMWC Well #5 Improvements	Wallace Group	384,171	59,610
3/25/2024	BRMWC - SCADA Upgrades	Calcon Systems	184,850	157,123
3/13/2025	MG Appraisals	Bender Rosenthal Inc.	32,600	28,800
5/20/2025	Meter Upgrade Project	Meter Valve & Control	1,250,000	619,026
5/20/2025	FY 2025 Audit	McGilloway	33,000	29,841
5/20/2025	2.0 MG Tank Rehab, Design, Insp	Harper & Assosc.	158,410	63,170
5/20/2025	Oak Canyon Abandonment	Kraemer Engineering	180,000	182,753
9/2/2025	Installation Well 7 Sensors	Calcon Systems	38,000	14,925
11/18/2025	Kubota Tractor/Trailer/Attachments	C&N Tractors	86,341	86,872
12/16/2025	Abandonment Well 1 & Well 6	Maggiora Bros.	70,000	55,409
12/16/2025	Small Water Sys. Consolidation	Katch Enviornmental	15,000,000	
1/27/2026	Lessalt Solar	Eva Green Power	289,131	272,975
1/27/2026	Vehicle Purchases	Greenwood Chevy	165,000	57,538
3/24/2026	Design & Permitting Enterprise Facility	Multiple Vendors	120,000	5,250

Complete

Staff Report

Agenda Item: **H – 5**

DATE: May 12, 2026 (May 19, 2026, Meeting)

TO: Board of Directors

FROM: Water/Wastewater Superintendent, Jose J. Rodriguez

SUBJECT: Superintendent Monthly Status Report: a. Maintenance, b. City Meter Reading, and c. Groundwater Level Measurement.

NARRATIVE

1. **Regulatory Reporting**
   All three required water quality reports were completed and successfully submitted by April 9, 2025. This ensures continued compliance with state and federal regulatory requirements.

2. **Water Production Summary – September 2025**
   In April 2026, the Westhills Water Treatment Plant produced a total of 71.19 million gallons, and the Lessalt Water Treatment Plant produced 34.60 million gallons. Combined, the total water produced for the month was 324.68 acre-feet. As of the end of April, there remains a balance of 3,592.88 acre-feet of the 4,200 acre-feet allocation for the 2026–2027 water production year.

3. **Water Valve Exercise and Hydrant Flushing Programs**
   During the month of April, Sunnyslope County Water District staff exercised 81 water valves and flushed 181 fire hydrants. Since July 2025, SSCWD has already surpassed the total number of valves exercised in both 2023 and 2024 combined and is on track to exceed the goal of exercising one-third of the District's valves by the end of the fiscal year. The valve exercising and hydrant flushing program continues to advance the District's preventative maintenance schedule, ensuring that both existing infrastructure and newly integrated assets from the Gavilan College, Cielo Vista, Santana Ranch, and Best Road Water Mutual systems are maintained consistently and proactively.

4. **Meter Replacement – April 2026**
   Implementation of the Meter Replacement Capital Project was consistent throughout the reporting period. In the month of April 2026, a total of 183 new water meters were installed with a total of 1413 since May 2025. During these activities, staff also performed necessary field repairs and addressed issues identified during installation to ensure proper functionality and compliance with District standards. The project remains on schedule and continues to advance

the District's objective of improving metering accuracy, operational efficiency, and long-term asset reliability.

5. **Operations & Maintenance – CMMS Usage**
   The Westhills and Lessalt Water Treatment Plants continue to effectively use the Computerized Maintenance Management System (CMMS) for equipment management and preventative maintenance tracking. During this reporting period, Sunnyslope staff completed 204 maintenance work orders between the two facilities, demonstrating continued dedication to operational efficiency and system reliability.

In addition to the daily, weekly & monthly work schedule, our maintenance personnel also performed these additional special work projects.

Water (5) - Update 5/12/2026

1. Repaired leaking hydrant lateral valve O-rings on Glarner Drive to prevent water loss and maintain proper system operation and availability for emergency situations.
2. Cleared and mowed weeds at Well #7 and the Office/Shop facilities to maintain site accessibility, reduce fire hazards, and improve overall site safety and appearance.
3. Pulled, inspected, and cleaned all well chlorine injectors to ensure proper chemical dosing, maintain disinfection efficiency, and prevent injector fouling or operational issues.
4. Flushed pressure transducers at district wells and tanks to remove buildup and ensure accurate pressure readings for reliable system monitoring and operation.
5. Began weed abatement spraying at district facilities to control vegetation growth, reduce fire hazards, and maintain safe and accessible operating areas.

LESSALT Water Treatment Plant (9) – Updated 5/12/2026.

1. Replaced Sodium Permanganate discharge tubing due to wear and chemical degradation to ensure reliable chemical feed operation and prevent potential leaks or dosing interruptions.
2. Assisted with the carbon exchange in GAC Unit #3 performed by Calgon Carbon to maintain treatment efficiency and ensure continued removal of contaminants within operational standards.
3. Corrpro began installation of cathodic protection systems on the Granular Activated Carbon (GAC) and Greensand Roughing Filters (GRF) filters to help prevent corrosion, extend equipment lifespan, and protect critical treatment infrastructure.
4. Built and installed a new replacement injection line for the sodium permanganate injector fittings to improve chemical feed reliability and address deterioration of the existing injection assembly.

5. Rebuilt leaking pneumatic actuator MF valves with new O-rings to stop air leaks, restore proper valve operation, and improve overall system reliability.
6. Serviced leaking air relief valves on GRF #2 and #3 to eliminate air loss, restore proper pressure control, and ensure reliable filter operation.
7. Performed hydrogen peroxide cleaning and flushing of TOC analyzers to remove buildup, improve measurement accuracy, and maintain reliable instrument performance.
8. Flushed all chemical feed lines connected to the back panel instrument panel to remove potential blockages, maintain proper flow, and ensure accurate chemical delivery and instrument response.
9. Acid cleaned all CL17 chlorine analyzers. Periodic cleanings are required to maintain accurate readings and ensure permit compliance.

West Hills Water Treatment Plant (9) – Updated 5/12/2026.

1. Loaded sludge bins for RJR hauling to John Smith Landfill. Sludge is dried to reduce hauling and disposal costs.
2. Continued clearing overgrown weeds and vegetation around the main treatment plant and raw water pump station perimeter to maintain site access and safety.
3. Atlas Copco technician on-site to perform scheduled servicing and preventative maintenance on the facility air compressors.
4. Maggiora Brothers Drilling Inc. on-site; successfully pulled the fire pump for off-site inspection and repair.
5. Took fire pump exhaust muffler to Wright Brothers Industrial to have new flex joint welded on.
6. Replaced the carbon brushes on Poly Pump #1. Inspected the brushes on Poly Pump #2 (determined to be in acceptable condition).
7. Chlorine System: Replaced the effluent chlorine pump with a new/serviced unit.
8. Filter Effluent: Replaced the faulty pilot valve on the filter effluent valve to restore proper pneumatic/hydraulic control loop operation.
9. Replaced the permanganate injector, along with its dedicated pressure gauge and check valve, to ensure proper chemical dosing.

Project Location	**:** Westhills Waster Treatment Plant
Project	**:** Repair damaged pump shaft
Department	**:** Water Department
Description	**:** Due to excessive and irregular use the fire pump shaft broke causing it to fail and unavailable for routine use. Maggiora Bro. pulled and repaired the motor shaft.

Wastewater/Collections (4) -Updated 5/12/2026.

1. Hydro-Jetting: Hydro-jetted high-priority trouble spots within the collection system to clear grease, grit, and debris buildup.
2. Paullus Lift Station: Pulled and replaced Pump #1 with a new/serviced unit to restore full station capacity and redundancy.
3. Mainline Clearing (Joe's Lane): Snaked a sewer cleanout on Joe's Lane to clear severe root intrusion. Followed up with a closed-circuit television (CCTV) video inspection to verify that the structural integrity of the line is intact and completely clear of obstructions.
   Pond Maintenance: Disced Pond #3 at the Sequence Batch Reactor (SBR) facility to break up the surface crust, improve aeration, and manage weed/vector control.

Completed This Month	Job Descriptions Updated 4/15/2025	Completed YTD 2025 – 2026 July 1 to June 30	Completed 2024 – 2025 July 1 to June 30	Completed 2023 – 2024 July 1 to June 30	Completed 2022 – 2023 July 1 to June 30
577	Work Orders	5759	6037	4338	2480
30	Temporary Manual Read Water Meters Installed in New Construction Accounts	88	141	171	287
0	Radio Read Meters & ERTs Installed in New Construction Accounts	0	3	5	3
1	Total: Manual Read Meters Replaced with Radio Read Meters & ERT's, including Radio Meters Installed in New Construction Accounts	153 (Total = 7851)	270	216	268
183	Existing Radio Read Meters & ERTs Replaced with New Radio Read Meters & ERTs	1269	524	180	247
81	Valves Exercised (Approx. 2674 in SSCWD System 5/2026)	1097	280	299	528
181	Fire Hydrants Flushed (Approx. 938 in SSCWD System 5/2026)	951	502	466	537
0	Meters on Repair List	245	204	209	250
9	Emergency Calls	125	142	138	158
171	Locates on our Water/Sewer Lines	1530	2002	1722	1512
0	Sewer Inspections	0	0	0	0
14	Shutoff Notices	87	59	23	0
0	Water Services Replaced	14 (Total = 991)	14	17	15

(5/2026 Update Valve and Fire Hydrant Count, Includes Santana Ranch pH 1, Villages, Tyler Knoll, Walnut Park, Creekside)

Sunnyslope County Water District

Hollister/Sunnyslope

Intertie Water Balance

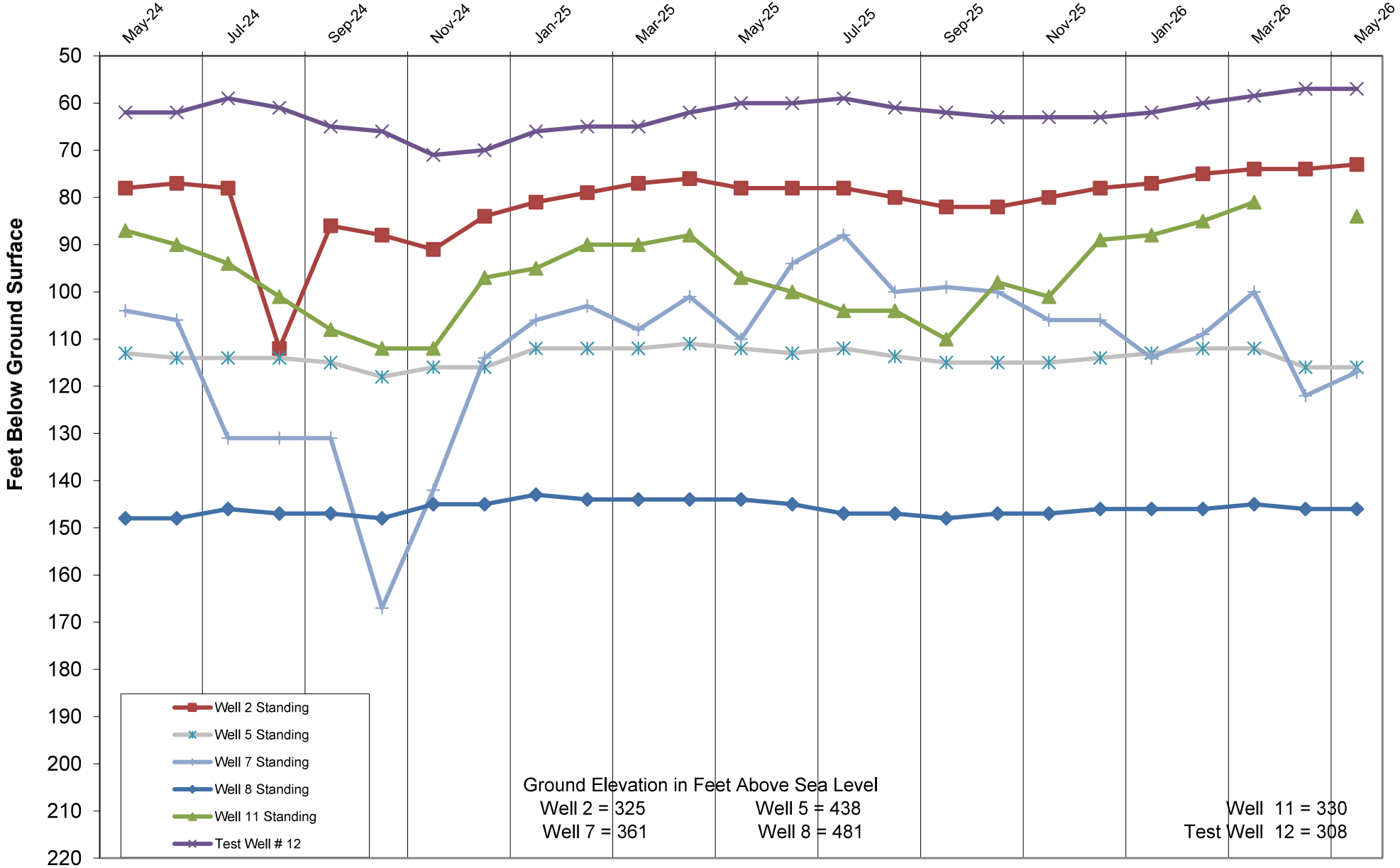
Report Date:	May 1, 2026				
Current Consumption Period:	March 11, 2026	to	April 13, 2026		
Intertie Location	**Groundwater Flow to COH**	**Surface Flow to COH**	**Groundwater Flow to SSCWD**	**Surface Flow to SSCWD**	
	in Gallons				
Southside Road Intertie Water Total Flow	0	2,157,548			
Sunset & Memorial Water Total Flow	5,322,500	2,919,700	0	0	
Sunnyslope & Memorial Water Total Flow	5,044,600	1,565,100	0	0	
Hillcrest and Memorial Water Total Flow	4,000	6,800	700	1,400	
Santa Ana & La Baig Water Total Flow	298,700	1,305,000	0	0	
Intertie Sub-Total Water Flow	**10,669,800**	**7,954,148**	**700**	**1,400**	
Total Combined Surface and Ground Water Intertie Flow	**18,623,948**		**2,100**		
City of Hollister Well 2 Surface Water Total Flow (West Hills)		11,750,000			
City of Hollister Well 4 Surface Water Total Flow (West Hills)		18,771,000			
City of Hollister Well 5 Surface Water Total Flow (West Hills)		18,101,000			
Sunnyslope Well 2 Surface Water Total Flow (West Hills)				7,701,000	
Sunnyslope Well 11 Surface Water Total Flow (West Hills)				12,982,000	
Sunnyslope Surface Water Total Flow (LESSALT)				35,838,000	
Surface Water Flow Sub-Totals		**48,622,000**		**56,521,000**	
Ground Water and Surface Water Flow Totals	**10,669,800**	**56,576,148**	**700**	**56,522,400**	
Current Period: *COH half of Surface Water Flow to Distribution (LESSALT & WH)*		**52,571,500**			
Net Ground/Surface Water Balance Owed to SSCWD (to COH)	**10,669,100**	**4,003,248**			
Beginning Water Balance Owed to SSCWD (to COH)	857,048,100	-246,742,799			
Gallons Billed to COH thru Report Date April 1, 2026	0		Informational Last Month Net Total	610,305,301	
Sub-total Ending Water Balance Owed to SSCWD (to COH)	**867,717,200**	**-242,739,551**	Net Sub Total	624,977,649	
Half of Total Gallons LESSALT Discharge to City of Hollister Wastewater Treatment Plant during the current consumption period			1,519,000		
Exchange Factor; Half of the total gallons discharged to COH WWTP from LESSALT multiplied by a factor of 4				6,076,000.00	
Ending Water Balance Owed to SSCWD (to COH)	**861,641,200**	**-242,739,551**	**Net Total**	**618,901,649**	

Current:	*LESSALT WTP Total Flow to Distribution*	35,838,000			
	Percent of LESSALT Surface Water Received	**COH**	**22.2%**	**SSCWD**	**77.8%**
Current:	*COH half of LESSALT Total Flow to Distribution*	17,919,000			
	Intertie Net Surface Water Total Flow to COH	7,952,748			
	Intertie Net Ground Water Total Flow to COH	10,669,100			
Current:	*West Hills WTP Total Flow to Distribution*	69,305,000			
	Percent of Surface Water Received	**COH**	**70.2%**	**SSCWD**	**29.8%**
Current:	*COH half of West Hills WTP Total Flow to Distribution*	34,652,500			
	West Hills WTP Surface Water Total Flow to COH	48,622,000			

From April 1, 2026 to Present					
YTD	*LESSALT WTP Total Flow to Distribution*	63,553,000			
	West Hills WTP Total Flow to Distribution	136,305,000			
	Surface WTPs Total Flow to Distribution	199,858,000			
	Total YTD Surface Flow to COH/SSCWD	**COH**	**112,499,711**	**SSCWD**	**87,358,289**
	Percent of Surface Water Received	**COH**	**56.3%**	**SSCWD**	**43.7%**

Sunnyslope County Water District

Depth to Standing Water Level Below Ground Surface



Staff Report

Agenda Item: H – 6

DATE: May 15, 2026 (May 19, 2026 Meeting)

TO: Board of Directors

FROM: General Manager, Drew Lander P.E.

SUBJECT: General Manager Monthly Status Report

ACTIVE TASKS:

1. **Tres Pinos/Stonegate Small Water System Consolidation Project –** Construction of the new water facilities is progressing as anticipated. This project has several moving parts that are in motion simultaneously and all parts require significant oversight. To date no significant deviation from the construction plans has occurred. Confidence in the construction plans and specs remains high. The Contractor has installed the Grant Notification signs required by the State Department of Water Resources. The Department of Water Resources staff have requested a day be scheduled in the near future for public officials supporting this effort to gather for a photo opportunity.

2. **Vehicle Update** – The Chevy 3500 work truck ordered at the start of the year is nearing delivery. The truck is expected to be delivered in late June. Also, the electric vehicle (EV) box truck approved last year for purchase with grant funds from Monterey Bay Air Resources District (MBARD) is finally coming to fruition. The original box truck authorized by MBARD was not purchased because the ultimate configuration of the truck was not exactly what the District needed. Additionally, the vender of that truck advised us that the cost of that truck increased by more than 30% pushing the base price of the vehicle over $300,000. This price was unacceptable and the intent to buy a box truck was nearly abandoned. After significant research a new truck was identified which matches our existing truck configuration and also is a full EV. The California Truck and Bus Voucher Incentive Project is also contributing $100,000 towards the purchase of this new vehicle.
   In summary, staff effort to pursue vehicle grant programs has introduced $350,000 in grant funds to assist the District with EV purchases. These efforts are a significant value to the customers of Sunnyslope.

Staff Report

Agenda Item: **I – 1**

DATE: May 8, 2026 (May 19, 2026 Meeting)

TO: Board of Directors

FROM: General Manager, Drew A. Lander

SUBJECT: Consider Approval and Authorize the General Manager to Execute the Revised Agreement for Legal Services with De Lay & Laredo, Attorneys at Law, and Reappoint Michael D. Laredo the District's General Counsel (Not a project, CEQA Article 20 California Code of Regulations 15378)

RECOMMENDATION:
Personnel Committee recommends the Board approve and authorize the General Manager to execute the revised agreement for legal services with De Lay & Laredo, Attorneys at Law, and reappoint Michael D. Laredo the District's General Counsel.

BACKGROUND:
De Lay & Laredo, Attorneys at Law, has been the District's legal counsel since November 2012. The current agreement for District's legal counsel expired in 2020, with De Lay & Laredo continuing as District's General Counsel on a month-to-month basis. The agreement terms and compensation have not been modified or adjusted since 2020.

Mr. Laredo requested some modifications to the De Lay & Laredo contract including a revision to the rates and the term of the contract. All other provisions remain the same.

The proposed agreement is for three years and includes provisions to continue on a month-to-month basis at the end of the three-year term. The proposed agreement will increase the retainer fee by $400 per month and $20 per hour beginning May 1, 2026. On January 1st of each subsequent year, the retainer fee will increase $100 per month and $10 per hour. The retainer fee includes up to 12 hours per month of legal services with additional hours billed at the per hour rate.

The proposed retainer amount reflects a 17% rate increase since the last amendment provided in 2020.

The Personnel Committee met on May 8th to review the proposed revisions and to discuss with Mr. Laredo the revised contract attached.

FISCAL IMPACT:
The financial impact of renewing the agreement for legal services will increase the District's legal costs by approximately $4,800 per year provided legal counsel needs remain the same as they have in the last few years.

ENVIRONMENTAL IMPACT:
The proposed action is not a project as defined by Article 20 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

ATTACHMENTS:
1) DeLay & Laredo Letter of Appreciation
2) Legal Services Agreement

De LAY & LAREDO
ATTORNEYS AT LAW

Michael D. Laredo
David C. Laredo
Frances M. Farina

Paul R. De Lay (1919 – 2018)

Telephone: 831.646.1502
Facsimile: 831.646.0377

March 30, 2026

Sunnyslope County Water District
3570 Airline Hwy.
Hollister, CA 95023

RE: Letter of Appreciation

Dear President Alcorn, Members of the Board, and General Manager Lander,

I appreciate the opportunity to continue providing representation to the Sunnyslope County Water District. De Lay & Laredo has provided General Counsel services to the District since 2012 and I have had the privilege of working with the District since 2015. This continuity has allowed our firm to develop a deep understanding of the District's operations, priorities, and legal needs. I remain committed to supporting the District in achieving its objectives with sound legal advice.

It has been an honor representing Sunnyslope County Water District and I greatly value the collaborative relationship established between the firm, the SSCWD Board, and its Staff. I respectfully welcome the opportunity to continue this partnership through another contract term.

De Lay & Laredo remains dedicated to representing local public agencies. We take pride in the experience and depth of our attorneys, including David Laredo and Fran Farina, who provide attentive, personalized service necessary to manage a full spectrum of complex matters. Our mission is to deliver responsive counsel and strong advocacy tailored to your needs with candor, dedication, and clear, practical guidance at every stage.

Based on our longstanding relationship, institutional knowledge, and commitment to your mission, I am confident that De Lay & Laredo is the right firm for the District. Thank you for considering our continued representation, and we look forward to serving the District into the future.

Sincerely,

Michael D. Laredo

AGREEMENT FOR LEGAL SERVICES

2026 - 2029

THIS AGREEMENT is made and entered into with an effective date of _____, 2026 by and between the Sunnyslope County Water District (hereinafter referred to as "District") and De Lay & Laredo, Attorneys at Law (hereinafter referred to as "General Counsel"). De Lay & Laredo is a legal partnership. For the purpose of further clarification, the term "General Manager" as used herein shall refer to the incumbent Executive Officer of the District.

WHEREAS, the District requires legal services including representation, advice, and consultation as to its powers and duties and as to the rights and obligations of those with whom it deals and/or regulates; and

WHEREAS, General Counsel has civil law experience, has regularly represented local public agencies, and will maintain a civil law office with personnel who are familiar with legal principles applicable to the District.

NOW, THEREFORE, the parties do hereby agree as follows:

1. General Counsel will provide to, or on behalf of the District, retained general counsel services including day-to-day advice, written opinions, legal document review, appearances at all Board meetings, and appearance at committees or subcommittee meetings at the District upon request, not to exceed twelve hours in any single month. Michael D. Laredo is designated as lead attorney; services provided by other firm counsel or non-firm counsel shall be subject to approval. District agrees to pay General Counsel for general retained services on a monthly basis upon invoice from General Counsel, as set forth in paragraph 4 below.

2. In addition to retained services, General Counsel shall also provide special legal services, upon request and subject to direction from the District General Manager, oversight of special counsel, litigation advice or services, services subject to reimbursement by third parties, and bond, audit or financial services. Michael D. Laredo is designated as lead attorney. Special legal services shall also apply to retained services provided in excess of twelve hours in one month. District agrees to pay General Counsel for special legal services upon invoice from General Counsel, upon the basis set forth in paragraph 4.

3. General Counsel's retained engagement shall not include matters relating to conflicts of interest, Fair Political Practice Act issues, or Government Code Section 1090 issues. As to these matters, special advice shall be provided only as to specific matters for which General Counsel has been formally consulted. General Counsel's engagement shall not impose a duty upon De Lay & Laredo or any attorney of that firm, to undertake an independent review or special investigation of

District files, transactions, contractual arrangements, or other affairs for the purpose of those issues, except in response to a specific question or consultation. This engagement also does not require separate inquiry or review of any statement of economic interest (or any inquiry as to the accuracy of such statement), nor does this engagement require an independent assessment as to conflict or self-dealing issues absent a specific written consultation or written question thereon.

4. Upon the effective date of this Agreement, and for Year 2026, General Counsel shall be retained for general counsel services for the monthly fee of $2,700. General Counsel shall provide special legal services at the rate of two-hundred and eighty-five dollars ($285) per hour, upon invoice.

5. Rates each successive year, effective January 1st, and beginning January 1, 2027, shall be as follows:

a. Monthly retainer fee shall increase by $100; and
b. Hourly rates shall increase by $10 per hour.

6. District agrees to reimburse General Counsel for all expenses and reasonable costs incurred by General Counsel relating to the District. District shall reimburse General Counsel all costs incurred on behalf of District including to specialty counsel, appraisers, filing fees, witness fees, transcripts, reporter fees, hearing officer costs, photocopying costs, long distance telephone costs, travel and lodging costs, legal process fees, discovery costs, and jury fees. District travel shall be billed at 50% of service rate, provided however that no travel charge shall be made for General Counsel to attend one meeting per month in Hollister, CA. Costs shall be billed at actual cost (no over-head additions). No cost charge shall be made for communications or deliveries between or among firm counsel.

7. Should a disagreement arise regarding this Agreement, the parties agree to provide each other reasonable written notice thereof, and shall meet in a good faith attempt to mutually resolve any difference.

8. This legal services Agreement shall end on December 31, 2029, provided however that this Agreement may be terminated at any time during its term, without cause, by the affirmative vote of four (4) members of the Board. In the absence of a written renewal, this Agreement shall continue on a monthly basis on January 1, 2030, at then-applicable rates, until modified by written agreement of the parties. The District or General Counsel shall provide thirty (30) days advance notice of any amendment that shall affect the initial Agreement.

9. De Lay & Laredo shall maintain a policy of professional errors and omissions insurance with a minimum of $1,000,000/$1,000,000 limits during the term of this Agreement.

IN WITNESS WHEREOF, Sunnyslope County Water District and General Counsel have executed this Agreement as of the day and year set forth below.

Dated: _____ SUNNYSLOPE COUNTY WATER DISTRICT

_____
Drew Lander
General Manager

Dated: _____ De LAY & LAREDO

_____
Michael D. Laredo, SBN 303934

Staff Report

Agenda Item: I – 2

DATE: May 11, 2026 (May 19, 2026 Meeting)

TO: Board of Directors

FROM: General Manager, Drew A. Lander P.E.
Executive Secretary, Madison Koester

SUBJECT: Public Hearing To Present Annual Status Of Vacancies, Recruitment, And Retention Pursuant To Government Code Section 3502.3 (Not A Project Under Title 14 CEQA Per Article 20, Section 15378).

RECOMMENDATION:
Conduct a public hearing and receive public input regarding the annual status of employment vacancies, recruitment and retention within the district pursuant to Government Code Section 3502.3 and receive the informational report on these efforts for the 2025 calendar year.

BACKGROUND:
Governor Newsom's signing of Assembly Bill 2561, which added Government Code Section 3502.3, introduced new requirements for public agencies to publicly report on staffing vacancies, recruitment efforts, and employee retention. As part of this legislation, if staffing vacancies exceed 20% within a collective bargaining unit inside the public agencies, management must also identify hiring challenges and potential policy obstacles that may hinder the recruitment process.

While recruitment and hiring remain key operational priorities, the district also focuses on long-term retention through incentive programs, internal promotion opportunities, and supporting a positive workplace culture—including professional development support and employee engagement initiatives. All data included in this report reflects activity from January 1, 2025 through December 31, 2025.

As noted by the Legislature in AB 2561, there is a statewide interest in ensuring that public agencies are adequately staffed and that high vacancy rates do not undermine labor relations within the public sector. The critical reporting percentage is 20% vacancy average for the public agency. When a vacancy rate reaches this value significant additional reporting is required.

DISCUSSION:
In calendar year 2025 the district's workforce included 19 employees represented by the Utility Workers Union of America, AFL-CIO, Local 820, as well as 8 employees designated non-represented management staff. At this time, no seasonal, part-time, or temporary positions are included in the district's budget.

Vacancies:

AB 2561 creates a requirement for staff to present annually on the status of vacancies and efforts to recruit and retain staff. Throughout the 2025 calendar year, the district's average vacancy rate was 0.5%. The vacancy rate is calculated monthly as the quantity of vacancies divided by the quantity of positions. The District has had no issues maintaining a full staff roster this year.

2025 Months	# of Union Positions	Filled Positions	Vacancy %	Notes
Jan	17	17	0%	9 UM, 4 WO, 3 AT, 1 BC/R
Feb	17	17	0%	9 UM, 4 WO, 3 AT, 1 BC/R
Mar	17	17	0%	9 UM, 4 WO, 3 AT, 1 BC/R
Apr	17	16	5.9%	9 UM, 4 WO, 3 AT, 1 BC/R **-UM Employee let go for misconduct.**
May	19	18	5.3%	11 UM, 4 WO, 3 AT, 1 BC/R **-Board approved additional UM positions for the Meter Replacement Project.**
Jun	19	19	0%	11 UM, 4 WO, 3 AT, 1 BC/R **-Last UM fill had a delayed start date and began 06/02/2025.**
Jul	19	19	0%	11 UM, 4 WO, 3 AT, 1 BC/R
Aug	19	19	0%	11 UM, 4 WO, 3 AT, 1 BC/R
Sep	19	19	0%	11 UM, 4 WO, 3 AT, 1 BC/R
Oct	19	19	0%	11 UM, 4 WO, 3 AT, 1 BC/R
Nov	19	19	0%	11 UM, 4 WO, 3 AT, 1 BC/R
Dec	19	19	0%	11 UM, 4 WO, 3 AT, 1 BC/R
2025 Vacancy Average %:			0.93%	

*It should be noted that although all positions are filled, the entire 12 months of 2025 included one employee absent due to medical leave. This vacancy does not appear in this chart because the position remains filled until there is a resolution of the medical absence.

Recruitment:

To maintain a strong pipeline of potential candidates, the District utilizes a multi-channel recruitment strategy, including:

- Posting job openings on industry-specific platforms such as AWWA Career Center and CA Water Jobs.

- Advertising on general employment websites like Indeed to reach a broader audience.
- Partnering with the San Benito County Workforce Development program, which prepares and certifies local individuals for roles in the water sector.

These efforts help ensure that when vacancies occur, the District can respond quickly and effectively to recruit qualified professionals and maintain operational excellence.

Retention:

Employee retention is a cornerstone of the District's commitment to maintaining a local skilled and dedicated workforce. Beyond the initial recruitment and onboarding processes, the District emphasizes continuous professional development and support to ensure long-term employee satisfaction and growth.

Key retention strategies include:

- **Comprehensive Training Programs**: The District offers a variety of training opportunities to enhance employee skills and knowledge. This includes on-the-job training, workshops, and access to external courses relevant to the water and wastewater industry.
- **Professional Development Support**: Employees seeking to attend conferences, seminars, or obtain certifications pertinent to their positions can receive support, both in terms of time and funding, to facilitate their professional growth.
- **Clear Advancement Pathways**: The District maintains transparent criteria for promotions and internal transfers, ensuring that employees have clear pathways to advance their careers within the organization.

FINANCIAL IMPACT:

This report does not impose a fiscal impact and any response to this information should be addressed in the annual budget setting process.

ENVIRONMENTAL IMPACT:

This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

ATTACHMENTS:

1. Presentation of Vacancies, Recruitment, and Retention Efforts

Sunnyslope County Water District

Public Hearing AB 2561

May 19th, 2026

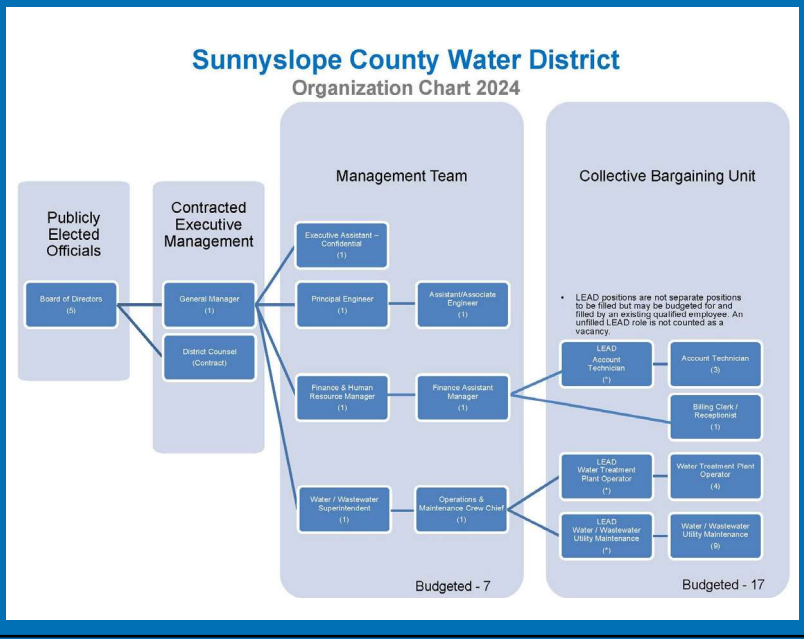
1

California AB 2561

- Enacted September 2024; **adds Government Code Section 3502.3**, relative to public agencies
- Requires local agencies to annually report on vacancies, recruitment, and retention at a public hearing
- Presentation must occur prior to final budget adoption if a budget is being considered
- Additional reporting required if vacancies exceed 20% within a bargaining unit
- Recognized employee organizations must be given an opportunity to present
- Today's presentation is provided in compliance with AB 2561 and in preparation for the FY 2026–2027 Budget

2

2025 Organization Chart



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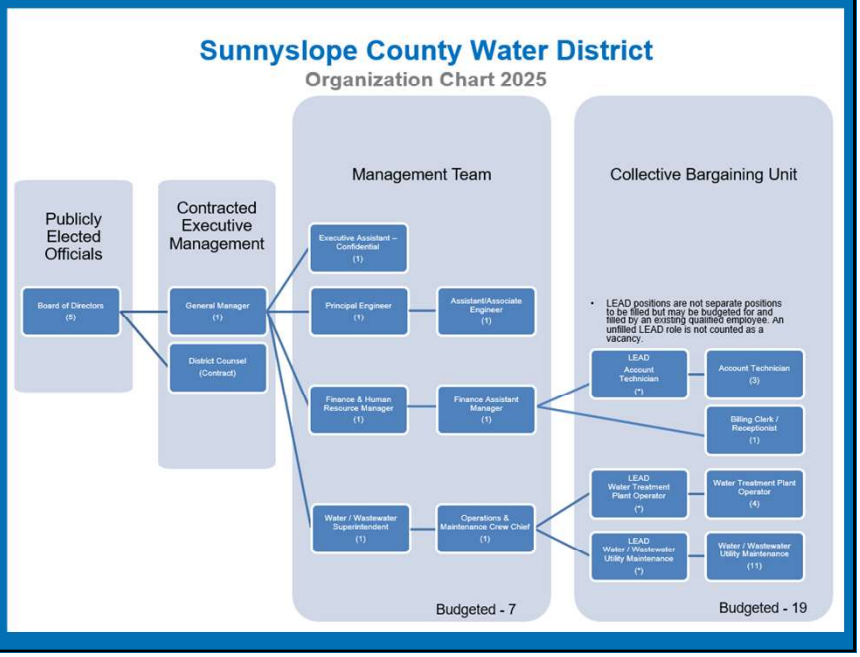
2025 Organization Chart APPROVED May 20th, 2025



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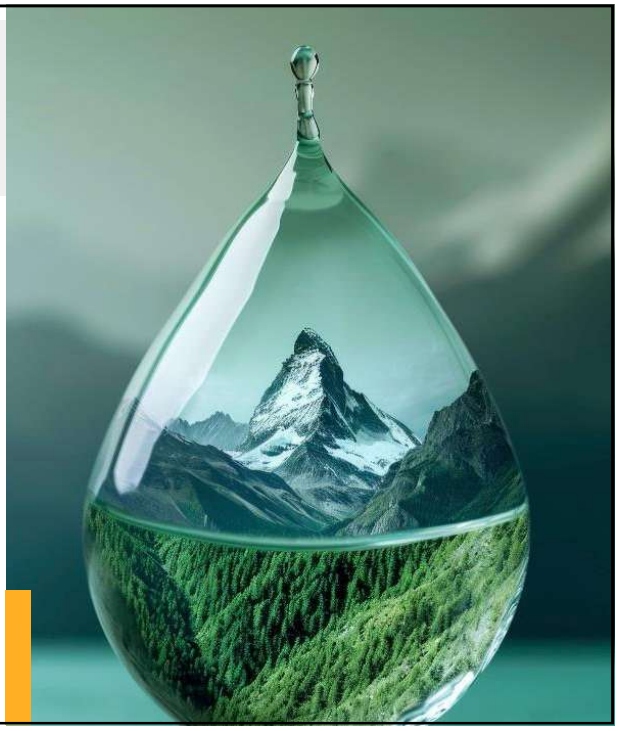
UWUA Local 820-2025 Vacancies

- **17 Total Authorized Positions**
  - 0 vacancies
- **Post May 20th,2025 increase-**
  - **19 Total Authorized Positions**
    - 0 vacancies
- **Water Treatment Plant Operator**
  - As a result of an injury one Water Treatment Plant Operator remained absent for 2025. Qualified Utility Maintenance staff have helped cover this additional workload.



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Remaining Employee Groups-2025 Vacancies

- Non-represented (Management)
  - 0 Vacancies
- Contracted Executive Management
  - 0 Vacancies
- Publicly Elected Officials
  - 0 Vacancies
    - A vacancy on the Board was created following the resignation of a Director in November 2025. The District followed all requirements outlined in Government Code Section 1780 and Board Policy 7080, including public notice and candidate interviews. Four interviews were conducted, and a new Director was appointed at the December 16, 2025, Board meeting.

6

Retention and Workforce Stability: Fully Staffed and Focused on the Future

•The District continues to prioritize:
- Professional development and training
- Opportunities for internal advancement
- A stable, long-term workforce

•Competitive compensation, supportive leadership, and a collaborative work environment remain central to employee retention.

•A fully staffed and well-supported team ensures the continued delivery of high-quality service to the community.

7

Staff Report

Agenda Item: **I – 3**

DATE: May 15, 2026 (May 19, 2026 Meeting)

TO: Board of Directors

FROM: General Manager, Drew Lander P.E.

SUBJECT: Provide Direction To The General Manager And Assign The Personnel Committee To Review Board Member Compensation.

RECOMMENDATION:
Discuss the current Board compensation and provide direction to the General Manager and Personnel Committee to review and return to the Board with a recommendation for consideration.

BACKGROUND:
In 2024 the Board reviewed District Policy #7020 and approved Ordinance No. 84 making changes to Board compensation. Prior to the 2024 adoption, no changes had been made to Board member compensation in over 5 years. District counsel noted at that time that the Water Code confers upon the Board the discretion to increase Board member compensation by five percent for each calendar year since the previous compensation adjustment. At that time the General Manager committed to review Board compensation regularly in the future.

Board service is voluntary, however prior Board discussion noted there has been a lack of local participation in seeking a role as a board member in prior elections, and that maintaining appropriate compensation may help to encourage more customers to run for office and ensure strong local representation of this public utility.

To make any change to compensation the board would direct the General Manager and appropriate committee to prepare a recommendation to update the current ordinance governing the current board compensation policy #7020 and return to the board for adoption of a new ordinance.

FINANCIAL IMPACT:
The Sunnyslope budget for Board compensation would not increase more than 5% per water code regulation. The budget impact is estimated not to exceed $100 per month of additional district expense. FY 2027 budget estimates include this potential increase.

ENVIRONMENTAL IMPACT:
Any action taken on this item is not a project as defined by the California Environmental Quality Act (CEQA) per Article 20, Section 15378.

ATTACHMENT:

1) Current Board Compensation Policy #7020

Sunnyslope County Water District
Board Compensation Policy

7020: Board Compensation

7020.1 Members of the Board of Directors shall receive compensation[1], a "Director's Fee," for each day's attendance at meetings of the Board, Committees, and other duties rendered as a Director by request of the Board. The compensation amounts are as follows:

A. $260 for each day's service attending Board Meetings.

B. $195 for each day's service attending Committee Meetings and other duties rendered by request of the Board.

C. $130 per monthly for weekly check signing duties.

D. Monthly compensation shall not exceed $2,600 per month.

E. Compensation will be paid monthly based on an approved Expense Report, submitted on a monthly basis, and should include a detailed listing of the meetings attended in that month.

F. Any business-related expenses incurred in the performance of his/her duties for items or services appropriately related to District business for expenses while travelling on approved District business should also be included on the monthly Expense Report submitted. See Policy § 8150 Expense Reimbursement for more detail.

Policy Approved:	August 11, 2011	
Policy Amended:	May 13, 2013	
Policy Amended:	April 9, 2014	
Policy Amended:	October 21, 2014	
Policy Amended:	February 19, 2019	
Policy Amended:	November 19, 2024	April 20, 2025
	Date	Effective Date

[1] As established in accordance with California Water Code § 20200 through 20207 for County Water Districts, and Government Code § 6066, and as adopted by District Ordinance No. 84 by the Sunnyslope County Water District Board of Directors and recorded in the minutes dated November 19, 2024.

Staff Report

Agenda Item: I - 3

DATE: May 15, 2026 (May 19, 2006 Board Meeting)

TO: Board of Directors

FROM: General Manager, Drew A. Lander

SUBJECT: **PUBLIC HEARING** – Review The Raftelis Financial Consultants Report Updated September 2, 2025 And Consider The Proposed Wastewater Flat Rate Sewer Model;

And Authorize The Mailing Of A Proposition 218 Notice To All Ridgemark Sewer Customers Pursuant To SSCWD Resolution No. 527 For Tabulation Of Protests In Connection With Fee And Charge Hearings;

And Set A Public Hearing To Consider The Rate Change On July 28, 2026.

RECOMMENDATION:
Receive a staff presentation summarizing the Raftelis Financial Consultants sewer rate model for the Ridgemark sewer collection area, proposing a single flat rate sewer fee and authorize the mailing of the Proposition 218 Notice setting a public hearing on July 28, 2026.

BACKGROUND:
Wastewater Fund Financial Plan and Proposed Wastewater Flat Rate Sewer Model
The proposed sewer rate fee is applicable only to the Ridgemark sewer collection area. The Gavilan College sewer collection area originally adopted the flat rate sewer model when the service areas were provided wastewater services in November of 2024.

Following the completion of the new Ridgemark Wastewater Treatment Plant in 2013 the District adopted a two-component sewer model which was comprised of a flat rate and variable rate. Thes rates increased annually for 5 years to fund the new treatment plant. The flat rate portion increased to $95.93 a month, plus a variable rate of $5.64 multiplied by the average monthly one hundred cubic feet of water use. To avoid charging residents for irrigation water used (since irrigation does not go to the wastewater treatment plant for processing) the district also adopted the policy of reviewing customer water usage during the months of January and February when little to no irrigation would be anticipated, and with that average water use District staff would multiply the one hundred cubic foot average by the $5.64 to obtain the variable portion of the sewer rate.

Between 2019 and 2024 staff analyzed the average water use of Ridgemark customers and found compelling evidence that the variable sewer rate structure did very little to compel water conservation and there were more than a handful of examples where customers artificially reduced water consumption during the months of January and February to obtain a lesser sewer rate, only to use more significant water use the remainder of the year.

Rafelis performed a comprehensive water rate analysis in 2024 and determined that due to the consistent nature of the wastewater plant treatment (and following the installation of the significant solar field at the plant to bring power costs back down) the district had no need for additional revenue until fiscal year 2028 and 2029 when a small increase of 3% may be needed to keep up with inflation. To reduce the additional staff expense of updating sewer rates every year based on water usage a flat fee was proposed. The flat fee does not generate additional revenue but rather averages out all sewer bills and provides a consistent sewer model between Sunnyslope and the City of Hollister. The City also uses the flat rate sewer model which also acknowledged that the fixed costs of the wastewater plant greatly outweigh any variable component.

Page 55 of the Raftelis report includes this summary of the proposed sewer rates.

Table 8-2: Proposed Wastewater Rates

Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Effective Date		8/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
Monthly Fixed, $/mo/du						
Single Family	$95.93/mo/du + $5.64/hcf	$137.25	$137.25	$137.25	$141.37	$145.62
Multifamily	$72.98/mo/du + $5.64/hcf	$89.58	$89.58	$89.58	$92.27	$95.04
Volume Charge (1)						
Cottages, Motels, Trailer Parks, Laundries, etc.	$9.20/hcf	$27.07/hcf	$27.07/hcf	$27.07/hcf	$27.89/hcf	$28.73/hcf
Commercial and Industrial	$12.14/hcf	$27.62/hcf	$27.62/hcf	$27.62/hcf	$28.45/hcf	$29.31/hcf
Minimum Charge	--	$89.58	$89.58	$89.58	$92.27	$95.04

(1) Proposed rates include a minimum charge.

No sewer rate increases are proposed at this time; however customers will acknowledge that in some cases current sewer bills will decrease, and others will increase with this adjustment. After the adjustment to a flat rate the sewer rates will continue to remain the same every month with no changes until the FY 2028 budget process where the Board will consider an increase dependent on inflationary pressures at that time. The FY 2029 budget will do the same.

The wastewater rates are as proposed in the Raftelis Financial Consultants report, and as specified in the attached Proposition 218 notice, which sets a hearing date for the Board's consideration of the proposed wastewater rates on July 28, 2026.

FISCAL IMPACT:

The fiscal impact of adopting the proposed water rates as outlined in the Raftelis Financial Consultants report and as detailed in the draft Proposition 218 notice will result in maintaining current revenues without increase for fiscal years 2025, 2026, and 2027; with a 3% inflation adjustment proposed in 2028, and a 3% inflation adjustment again in 2029.

ENVIRONMENTAL IMPACT:
The establishment of water and wastewater rates is statutorily exempt from CEQA as defined by Article 18 California Code of Regulations 15273 (a) (State CEQA Guidelines) for normal operating activities of operating the water and wastewater system.

ATTACHEMENTS:

1) Raftelis Water/Sewer Rate Analysis

SUNNYSLOPE COUNTY WATER DISTRICT

Water, Wastewater and Capacity Fee Rate Study

REPORT / September 2, 2025

Sunnyslope Water District

RAFTELIS

RAFTELIS

September 2, 2025

Mr. Drew Lander
General Manager
Sunnyslope County Water District
3570 Airline Hwy
Hollister, CA 95023

Subject: Water and Wastewater Rate Study Report

Dear Mr. Lander:

Raftelis is pleased to provide this Water and Wastewater Rate Study report for the Sunnyslope County Water District (District) to address current financial challenges the District is facing and to establish water and wastewater rates that are equitable and align with Proposition 218.

The major objectives of the study include the following:

- Develop financial plans for the water and wastewater enterprises to ensure financial sufficiency, meet operation and maintenance (O&M) costs, ensure sufficient funding for capital replacement and refurbishment (R&R) needs, and improve the financial health of the enterprises
- Develop a cost-of-service analysis for both enterprises
- Review and update current rate structures for the water and wastewater enterprises

This report summarizes the key findings and recommendations related to the development of the financial plans for the water and wastewater enterprises and the development of the updated water and wastewater rates.

It has been a pleasure working with you, and we thank you and the District staff for the support provided during the course of this study.

Sincerely,

Theresa Jurotich, P.E., PMP
Manager

Sudhir Pardiwala, PE
Executive Vice President

Contents

Tables

Figures

Appendices

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1. Executive Summary

1.1. Study Background

In 2022, the Sunnyslope County Water District (District) engaged Raftelis to conduct a Water and Wastewater Rate Study to develop solvent financial plans as well as design rates for the water and wastewater systems. The District's water system is operating in an environment where water revenues from rates will soon be outpaced by water system operating and debt expenditures, caused primarily by significant capital expenditures for necessary upgrades to the water system. For the water system, the increase in operating expenditures from the Lessalt Water Treatment Plant and West Hills Surface Water Treatment Plant, as well as raw water costs, represent the most significant pressure on net revenues. The District last conducted a comprehensive water rate study in 2012 and the rates were last updated in December 2018.

The major objectives of the study include the following:

- Develop financial plans for the water and wastewater systems to ensure financial sufficiency, meet operation and maintenance (O&M) costs, ensure sufficient funding for capital replacement and refurbishment (R&R) needs, and improve the financial health of the enterprises
- Review current rate structures for the water and wastewater enterprises
- Develop a cost-of-service analysis for each enterprise
- Develop fair and equitable water and wastewater rates

1.2. Rate Study Process

The study is informed by the District's policy objectives, the current water and wastewater system rates, and the legal requirements in California (namely, Proposition 218). The resulting cost-of-service analyses and rate design processes consider all these factors and follows four key steps, outlined below, to derive proposed rates that fulfill the District's policy objectives, meet industry standards, and align with Proposition 218.

This study was also conducted using industry-standard principles outlined by the American Water Works Association's Manual M1 and the Water Environment Federation's Financing and Charges for Wastewater Systems. The overall process outlined below applies to the development of both water and wastewater rates.

1. Financial Plan: Develop cash flow projections for the Water and Wastewater Enterprise to determine the amount of revenue required from water and wastewater rates to fully recover the costs of providing service.
2. Cost-of-Service Analysis: Allocate total costs to system components, and then to various user classes, based on customers' unique characteristics.
3. Rate Design: Develop rates for different customers classes and sub-classes, based on cost of service, that generate sufficient revenues to recover costs, and communicate policy preferences of the agency.
4. Report Preparation: Develop a study report to document the underlying inputs, assumptions, analyses, and results of the rate study.
5. Rate Adoption: Proposed rates may be adopted by the District only after holding a public hearing in accordance with Proposition 218 requirements.

1.3. Proposed Water Financial Plan

Raftelis conducted a status quo cash flow analysis to evaluate whether existing water rates adequately fund the Water Enterprise's various expenses over a nine-year planning period. Annual projections of revenues, O&M expenses, debt service payments, and capital expenditures through FY 2032 were developed with District staff. Raftelis projects that with no rate increases over the study period, the Water Enterprise will run out of reserves in FY 2026. The exercise demonstrates a clear need for revenue adjustments (i.e., gross water rate revenue increases relative to existing rate revenues). Table 1-1 shows the proposed revenue adjustments for the rate-setting period.

Table 1-1:Proposed Water Revenue Adjustments

Effective Date	Revenue Adjustment
1-Aug-24	15.0%
1-Jul-25	8.0%
1-Jul-26	8.0%
1-Jul-27	8.0%
1-Jul-28	8.0%

Key factors influencing the need for proposed revenue adjustments include:

- Cost inflation: Operating costs continue to increase year-over-year due to inflationary pressures. The San Francisco-Oakland-Hayward Consumer Price Index has increased almost 19 percent since the District last increased rates.
- Raw water cost increases: Raw water costs are increasing higher than the rate of general inflation
- Planned capital expenditures: capital improvement plan project expenditures through FY 2032

Figure 1-1 shows the proposed capital improvement plan over the study period. Capital projects are assumed to be funded by a mix of revenue bonds, grants, and rate revenue. The use of debt allows for lower rate increases over the long-term by financing significant capital reinvestment and repaying over a longer horizon. The debt issues included in the financing shown below (teal bars) include proceeds of $3.5 million in FY 2026 and $4.25 million in FY 2030. Almost $1.1 million in grant funding is presumed for two well projects (bright blue bars).

Figure 1-1: Water Capital Improvement Plan

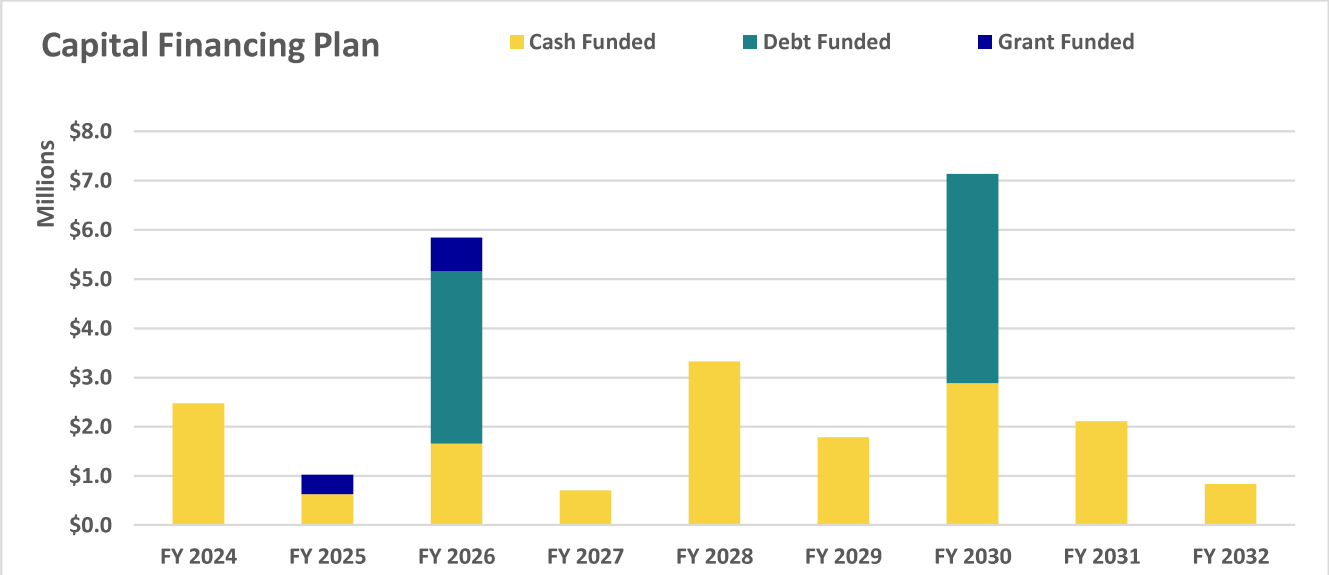


Figure 1-2 shows the proposed versus status quo Water Enterprise operating financial plan. Revenues under the proposed financial plan and status quo financial plan are represented by the black and light blue solid lines, respectively. Revenue requirements including O&M expenses, debt service, and capital projects are represented by the various stacked bars. Revenue adjustments are required to generate additional revenue to recover O&M expenses and debt service payments over the study period while maintaining minimum debt coverage and reserve targets.

Figure 1-2: Proposed vs. Status Quo Water Financial Plan

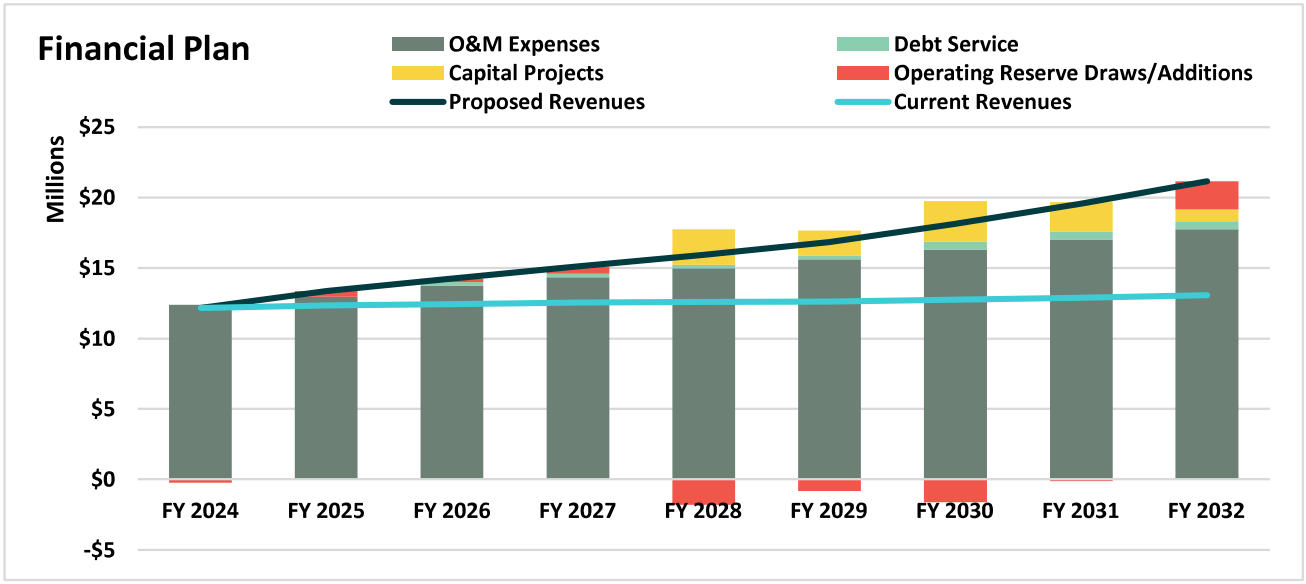


Figure 1-3 shows the Water Enterprise's projected fiscal year-end balance under the proposed financial plan. As a result of increasing revenues by the levels shown on Table 1-1, the water fund balance is slowly drawn down to target minimums by FY 2029, the end of the rate-setting period.

Figure 1-3: Proposed Water Financial Plan – Projected Ending Balance

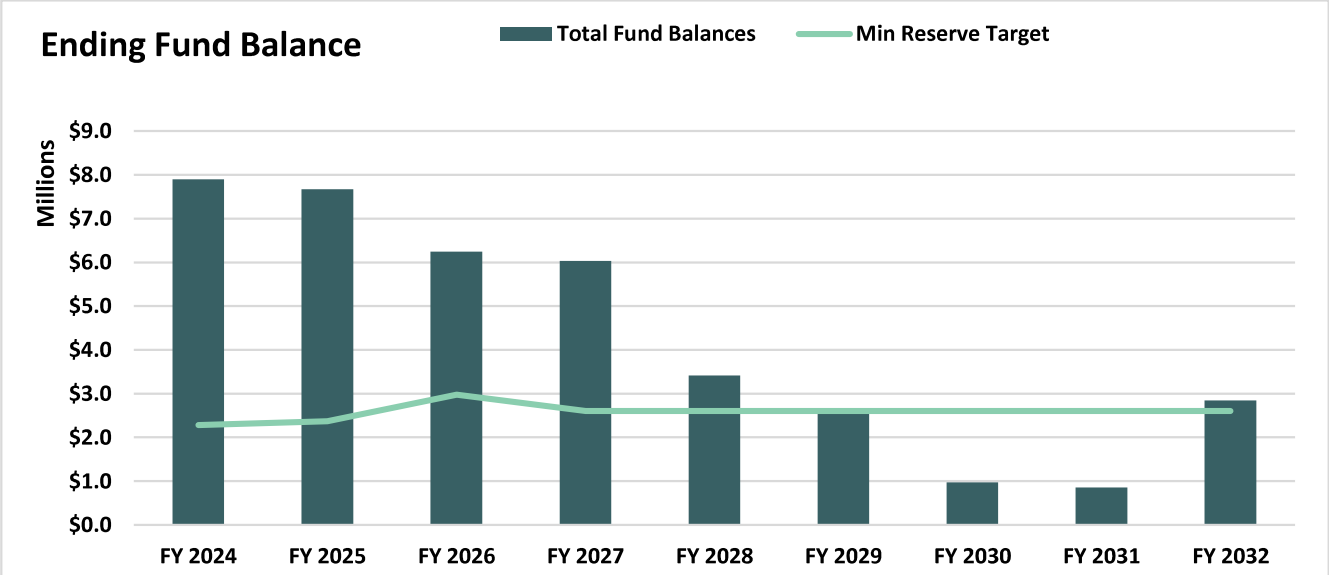
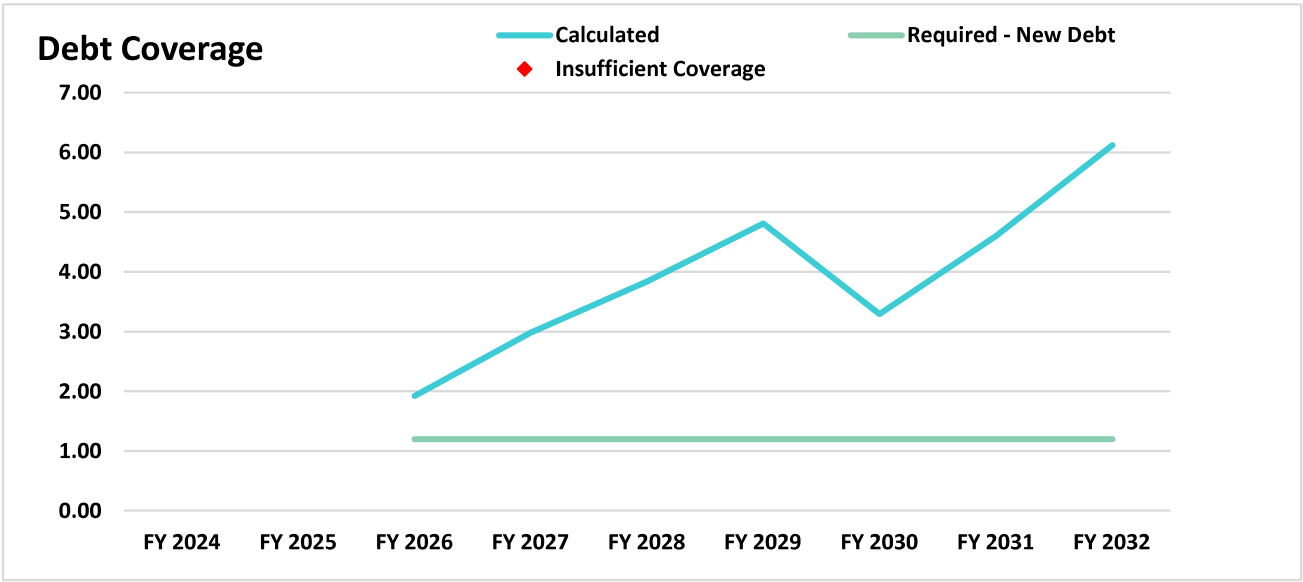


Figure 1 4 displays the debt service coverage for the new bond/loan. Debt coverage is expected to decline in FY 2030 due to a second debt issuance to finance the ASR Pilot project. This demonstrates the need for revenue adjustments early in the study period to ensure sufficient debt capacity with which to finance planned capital. Failure to meet debt service coverage results in a technical default, which without foreseeable remedial action such as implementing rate increases, could result in a downgrade of credit rating, higher costs in future debt issuances, or a denial of credit. The proposed revenue adjustments are sufficient to satisfy debt coverage requirements.

Figure 1-4: Proposed Water Financial Plan – Projected Debt Coverage



1.4. Proposed Water Rates

The District's water rates and charges comprise a fixed monthly charge and a volumetric charge. Private fire protection is charged monthly based on fire connection size. The District's current single-family residential

rate design is a three-tiered inclining water rate structure. Non-single family residential and construction water each have a uniform rate. The District also has two different commodity charges: one for customers inside San Benito County Water District (SBCWD) Zone 3 and one for those outside SBCWD Zone 3. All customers are currently inside Improvement District No. 1.

The proposed rates maintain the fixed and volume charge structure but remove the outside SBCWD Zone 3 volumetric rate. All customers are subject to the same fixed charges based on meter size and the same volume charges depending on class. Table 1-2, Table 1-3, and Table 1-4 show the proposed 5-year schedule of water rates. FY 2025 reflects the cost-of-service analysis. Rates for FY 2026 and beyond equal the prior year rates multiplied by the revenue adjustment. Rates are rounded up to the nearest penny to ensure revenue sufficiency.

Table 1-2: Proposed 5-Year Monthly Water Service Charge Schedule

Monthly Service Charge	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
5/8"	$32.54	$36.21	$39.11	$42.24	$45.62	$49.27
3/4"	$32.54	$36.21	$39.11	$42.24	$45.62	$49.27
1"	$32.54	$36.21	$39.11	$42.24	$45.62	$49.27
1 1/2"	$53.22	$65.91	$71.19	$76.89	$83.05	$89.70
2"	$78.02	$101.55	$109.68	$118.46	$127.94	$138.18
3"	$156.60	$214.43	$231.59	$250.12	$270.13	$291.75
4"	$272.39	$380.77	$411.24	$444.14	$479.68	$518.06
6"	$549.45	$778.80	$841.11	$908.40	$981.08	$1,059.57
8"	$1,004.35	$1,669.92	$1,803.52	$1,947.81	$2,103.64	$2,271.94

Table 1-3: Proposed 5-Year Monthly Private Fireline Charge Schedule

Private Fireline Charges	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
1"	$8.73	$8.27	$8.94	$9.66	$10.44	$11.28
1 1/2"	$11.24	$11.62	$12.55	$13.56	$14.65	$15.83
2"	$18.09	$17.42	$18.82	$20.33	$21.96	$23.72
3"	$68.61	$38.21	$41.27	$44.58	$48.15	$52.01
4"	$87.33	$74.07	$80.00	$86.40	$93.32	$100.79
6"	$130.98	$202.77	$219.00	$236.52	$255.45	$275.89
8"	$180.90	$424.76	$458.75	$495.45	$535.09	$577.90

Table 1-4: Proposed 5-year Volume Charge Schedule, $/hcf

Commodity Charges	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
SFR						
Tier 1: First 1,000 cu ft	$3.17	$3.77	$4.08	$4.41	$4.77	$5.16
Tier 2: 1,100 - 2,000 cu ft	$4.70	$5.78	$6.25	$6.75	$7.29	$7.88
Tier 3: Over 2,100 cu ft	$6.97	$6.99	$7.55	$8.16	$8.82	$9.53
Non-SFR	$4.22	$5.09	$5.50	$5.94	$6.42	$6.94

1.5. Wastewater Summary

Raftelis conducted a status quo cash flow analysis to evaluate whether existing wastewater rates adequately fund the Wastewater Enterprise's various expenses over a nine-year planning period. Annual projections of revenues, O&M expenses, debt service payments, and capital expenditures through FY 2032 were developed with District staff. While an immediate revenue adjustment is not needed, Raftelis recommends starting smaller revenue adjustments in FY 2028 to help mitigate possible larger revenue adjustments due solely to delaying adjustments. Table 1-5 shows the proposed revenue adjustments for the rate-setting period.

Table 1-5: Proposed Wastewater Revenue Adjustments

Effective Date	Revenue Adjustment
1-Aug-24	0.0%
1-Jul-25	0.0%
1-Jul-26	0.0%
1-Jul-27	3.0%
1-Jul-28	3.0%

Key factors influencing the need for proposed revenue adjustments include:

- Cost inflation: Operating costs continue to increase year over year due to inflationary pressures. The San Francisco-Oakland-Hayward Consumer Price Index has increased almost 19 percent since the District last increased rates.
- Planned capital expenditures: capital improvement plan project expenditures through FY 2032
- Draw down of reserves without any revenue adjustments

Figure 1-5 shows the proposed capital improvement plan over the study period. Capital projects are assumed to be funded by cash.

Figure 1-5: Wastewater Capital Improvement Plan

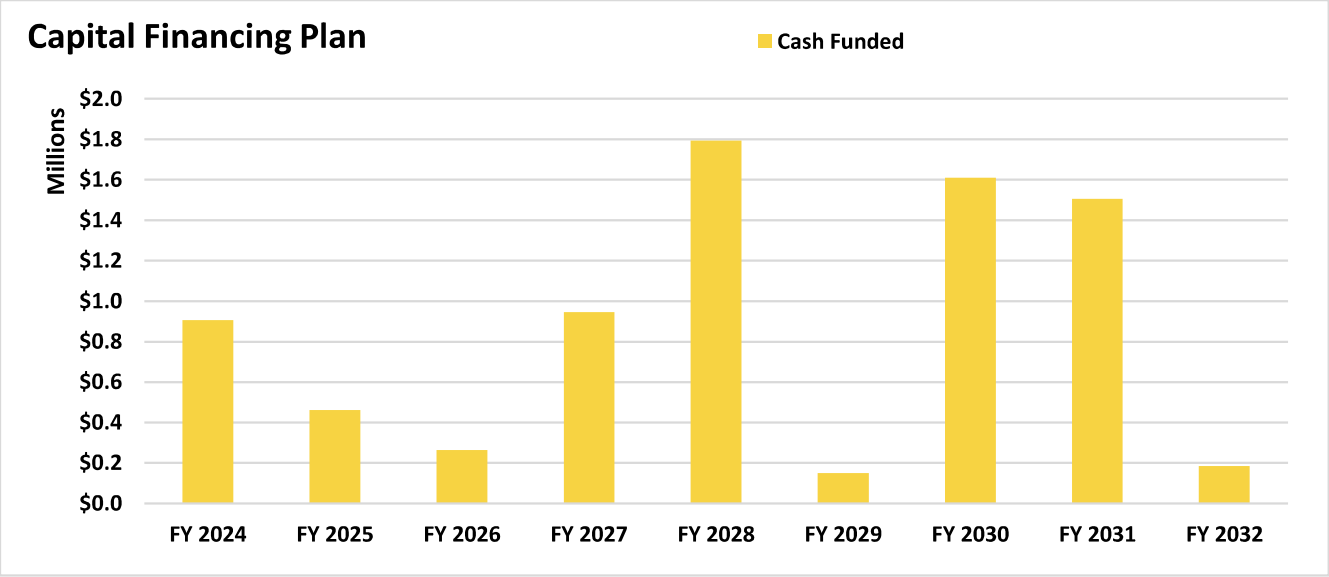


Figure 1-2 shows the proposed versus status quo Wastewater Enterprise operating financial plan. Revenues under the proposed financial plan and status quo financial plan are represented by the black and light blue solid lines, respectively. Revenue requirements including O&M expenses, debt service, and capital projects

are represented by the various stacked bars. Revenue adjustments are recommended to generate additional revenue to recover O&M expenses and debt service payments over the study period while maintaining minimum debt coverage and reserve targets.

Figure 1-6: Proposed vs. Status Quo Wastewater Financial Plan

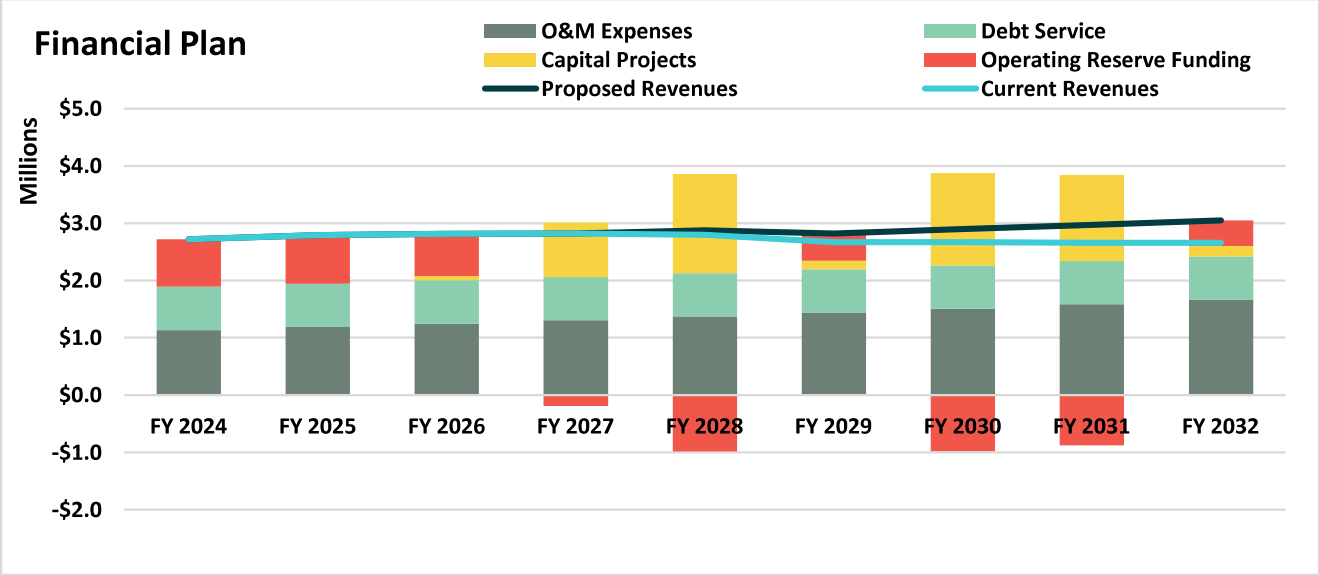


Figure 1-7 shows the Wastewater Enterprise's projected fiscal year-ending balance under the proposed financial plan. As a result of increasing revenues to the level shown on Table 1-5, the wastewater fund balance is expected to stay above the minimum level.

Figure 1-7: Proposed Wastewater Financial Plan – Projected Ending Balance

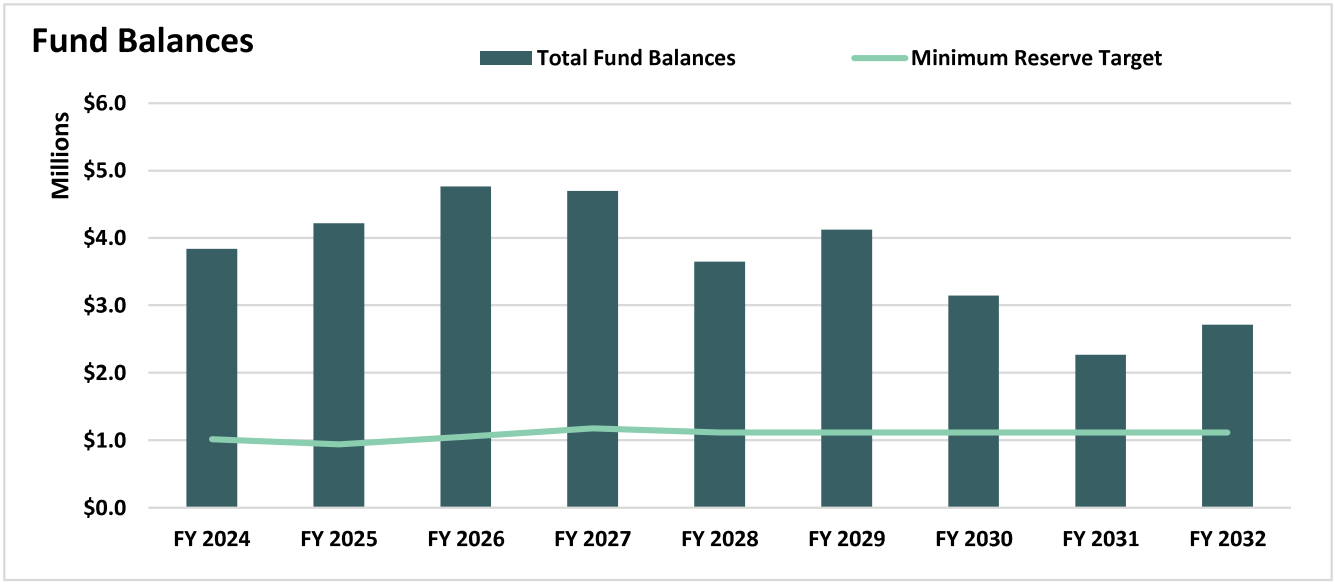
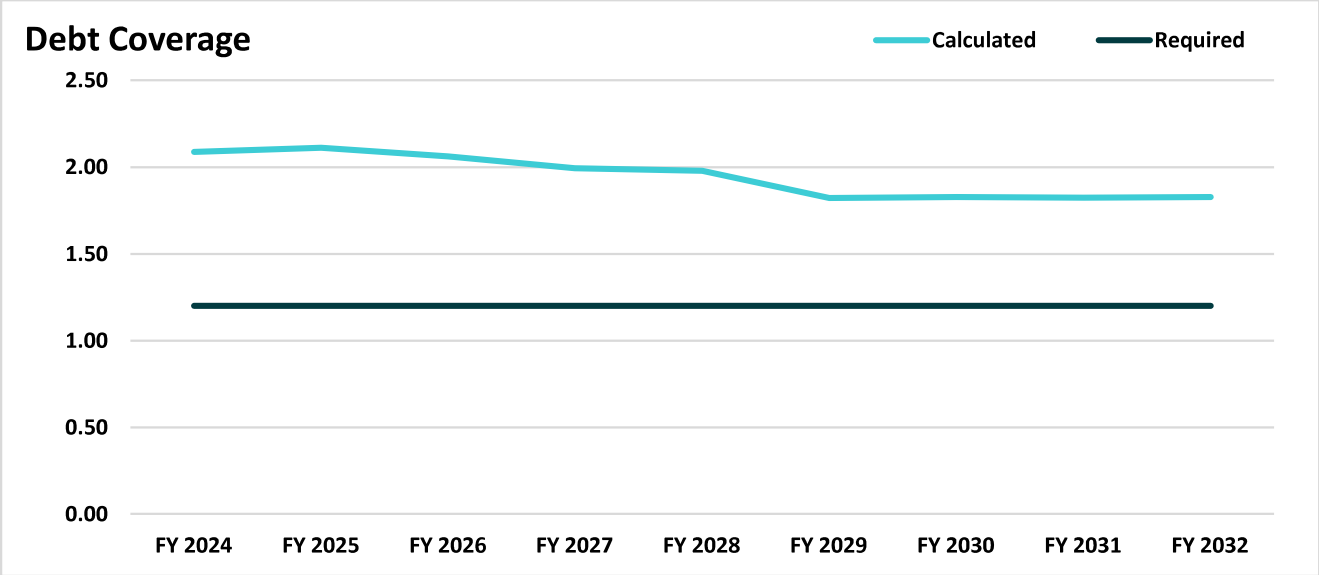


Figure 1-8 displays the debt service coverage ratio for the existing loan. The proposed revenue adjustments are sufficient to satisfy debt coverage requirements and are projected to level out the debt coverage in the later

years. Failure to meet debt service coverage results in a technical default, which without foreseeable remedial action such as implementing rate increases, could result in a downgrade of credit rating, higher costs in future debt issuance, or a denial of credit.

Figure 1-8: Proposed WasteWater Financial Plan – Projected Debt Coverage



1.6. Proposed Wastewater Rates

The District's current wastewater rates and charges comprise a fixed monthly charge per dwelling unit (du) and a consumption rate for residential customers and a consumption-only charge for all the remaining customer types. The consumption rate for residential customers is applied to each customers' average winter water consumption. The consumption rate for non-residential customers is applied to the billed water consumption.

Based on discussions with District staff, to meet the goal of simplifying the wastewater billing, the residential rate has been updated to be a flat monthly fee. Non-residential customs will continue to be billed on water consumption subject to a minimum charge equal to one multifamily unit. Table 1-6 presents the current and proposed rates.

Table 1-6: Proposed 5-Year Wastewater Service Charge Schedule

Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Effective Date		8/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
Monthly Fixed, $/mo/du						
Single Family	$95.93/mo/du + $5.64/hcf	$137.25	$137.25	$137.25	$141.37	$145.62
Multifamily	$72.98/mo/du + $5.64/hcf	$89.58	$89.58	$89.58	$92.27	$95.04
Volume Charge (1)						
Cottages, Motels, Trailer Parks, Laundries, etc.	$9.20/hcf	$18.11/hcf	$18.11/hcf	$18.11/hcf	$18.66/hcf	$19.22/hcf
Commercial and Industrial	$12.14/hcf	$23.77/hcf	$23.77/hcf	$23.77/hcf	$24.49/hcf	$25.23/hcf
Minimum Charge	--	$89.58	$89.58	$89.58	$92.27	$95.04

(1) Proposed rates include a minimum charge.

2. Rate Setting Methodology

This study was conducted using industry-standard principles outlined by the American Water Works Association (AWWA) Manual M1 and Water Environment Federation (WEF) Manual of Practice No. 27. The process and approach Raftelis utilized in the study to determine water and wastewater rates is informed by the District's policy objectives, the current water and wastewater systems and rates, and the legal requirements in California (namely, Proposition 218). The resulting financial plans, cost-of-service analyses, and rate design process follows five key steps, outlined below, to determine proposed rates that fulfill the District's objectives, meet industry standards, and align with relevant regulations.

- **Financial Plan - Projections:** The first step is to develop a multi-year financial plan that projects the District's revenues, expenses, capital project financing, annual debt service, and reserve funding. The financial plan is used to determine the revenue adjustment, which allows the City to recover adequate revenues to fund expenses and reserves.
- **Financial Plan - Revenue Requirement Determination:** After completing the financial plan, the rate-making process begins by determining the revenue requirement for the test year, also known as the rate-setting year. The test year for this study is FY 2025. The revenue requirement should sufficiently fund the District's operating costs, annual debt service (including coverage requirements), capital expenditures, and reserve funding as projected based on the annual budget estimates.
- **Cost-of Service-Analysis:** The annual cost of providing water/wastewater service, or the revenue requirement, is then distributed to customer classes commensurate with their use of and burden on the water/wastewater system. A cost-of-service analysis involves the following steps:
    - **Functionalize costs** – the different components of the revenue requirement are categorized into functions such as supply, transmission/collection, storage, customer service, etc.
    - **Allocate to cost causation components** – the functionalized costs are then allocated to cost causation components such as supply, base delivery, peaking, etc. for water and collection, customer service, etc. for wastewater.
    - **Develop unit costs** – unit costs for each cost causation component are determined using units of service, such as total use, peaking units, equivalent meters, number of customers, etc., for each component.
    - **Distribute cost components** – the cost components are allocated to each customer class using the unit costs in proportion to their units of service (demand and burden on the system).

  A water cost-of-service analysis considers both the average water demand and peak demand using best available data in the rate design process. Peaking costs are incurred during periods of peak consumption, most often coinciding with summer water use. There are additional capacity-related costs associated with designing, constructing, operating, maintaining, and replacing facilities to meet peak demand. Peaking imposes additional costs on a water utility and are used to determine the cost burden of peaking-related facilities.

- **Rate Design:** After allocating the revenue requirement to each customer class, the project team designs and calculates rates. Rates do more than simply recover costs; within the legal framework and industry standards, properly designed rates should support and optimize the District's policy objectives. Rates also act as a public information tool in communicating these policy objectives to customers. This process also includes a rate impact analysis and sample customer bill impacts.

- **Report Preparation and Rate Adoption:** The final step in a rate study is to develop the report in conjunction with the rate adoption process. The report documents the study results and presents the methodologies, rationale, justifications, and calculations used to determine the proposed rates.

Values shown in report tables and figures are rounded to the digit shown. Therefore, any manual reproduction of the calculations shown may not match the precise results displayed in the report.

3. Water Financial Plan

3.1. Water Assumptions

The study period for the rate study is from Fiscal Year (FY) 2024 to 2032. The rate setting period is FY 2025 – FY 2029. The District's fiscal year starts July 1 of each year. Various types of assumptions and inputs were incorporated into this study. These assumptions were based on discussion with and/or direction from District staff, including projected accounts and annual growth rates in accounts, inflationary assumptions, and other miscellaneous assumptions. Table 3-1 presents the inflationary assumptions. The inflation factors for FY 2030 – FY 2032 are the same as shown for FY 2029. Additionally, the District has locked in higher interest rates on reserves in the near term. Therefore the financial plan uses 4 percent per year for interest through FY 2028, then drops to a conservative 1 percent per year. Table 3-2 shows the growth rate and water demand factor assumptions that were applied to the FY 2022 billing data. Demand in FY 2023 decreased from FY 2022 and is expected to return to a level similar to FY 2022 in FY 2024 and then is held constant.

Table 3-1: Inflation Factor Assumptions

Line Item	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029+
General	3%	3%	3%	3%	3%
Salary	6%	6%	6%	6%	6%
Benefits	6%	6%	6%	6%	6%
Utilities	4%	4%	4%	4%	4%
Capital	3%	3%	3%	3%	3%
Water Purchase	7%	15%	5%	5%	5%
Raw Water Power	4%	4%	4%	4%	4%
Chemicals	4%	4%	4%	4%	4%

Table 3-2: Account Growth Rate Assumptions and Water Demand Factor

Line Item	FY 2023	FY 2024	FY 2025+
Single Family Residential	5%	5%	0%
Non-Single Family	0%	0%	0%
Fire Line	0%	0%	0%
Hydrant	0%	0%	0%
Demand	90%	102%	100%

3.2. Water Financial Plan

The District owns and operates a water utility serving approximately 7,300 customers served by five groundwater wells owned and operated by the District. In addition, the District is provided its treated water supply by the Lessalt Surface Water Treatment Plant and West Hills Water Treatment Plant. Both facilities are shared between the City of Hollister and the District.

3.2.1. Projected Revenue

The District's water rates and charges comprise a fixed monthly charge and a volumetric charge. Private fire protection is charged monthly based on fire connection size. The District's current single-family residential rate design is a three-tiered inclining water rate structure. Non-single family residential customers have a uniform rate. The current rates are shown in Table 3-3. The District also has two different commodity charges one for customers inside San Benito County Water District (SBCWD) Zone 3 and those outside SBCWD Zone 3. All customers are currently inside Improvement District No. 1.

Table 3-3: Current Rates

Fixed Monthly Charges, $/mo		
Meter Size	**Water Meter**	**Private Fire Service**
5/8"	$32.54	$8.73
3/4"	$32.54	$8.73
1"	$32.54	$8.73
1 1/2"	$53.22	
2"	$78.02	$18.09
3"	$156.60	
4"	$272.39	$87.33
6"	$549.45	$130.98
8"	$1,004.35	$180.90
Consumption Charge, $/hcf		
Customer Class	**Inside District & SBCWD Zone 3**	**Inside District & Outside SBCWD Zone 3**
Single Family		
Tier 1: First 10 hcf	$3.17	$3.23
Tier 2: 11 - 20 hcf	$4.70	$4.76
Tier 3: > 20 hcf	$6.97	$7.03
Non Single-Family	$4.22	$4.28

Table 3-4 displays the projected revenues for FY 2024 – FY 2032 including the revenue from current rates and other operating and non-operating revenues. The District will receive compensation for operating the Lessalt and West Hills treatment plants from the City of Hollister; this is reflected in the "Revenues from Operating WTPs" line item on Table 3-4. The revenue numbers for the operations of the WTPs were provided by District staff.

Table 3-4: Revenues for FY 2024 – FY 2032 Under Existing Rates

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue from Current Rates	$7,470,647	$7,470,647	$7,470,647	$7,470,647	$7,470,647
Revenues from Operating WTPs	$4,261,000	$4,388,830	$4,520,495	$4,656,110	$4,795,793
Other Revenues	$420,796	$463,269	$365,627	$254,537	$180,820
Total Revenues	$12,152,443	$12,322,746	$12,356,769	$12,381,294	$12,447,260
Line Item	**FY 2029**	**FY 2030**	**FY 2031**	**FY 2032**	
Revenue from Current Rates	$7,470,647	$7,470,647	$7,470,647	$7,470,647	
Revenues from Operating WTPs	$4,939,667	$5,087,857	$5,240,493	$5,397,707	
Other Revenues	$180,820	$180,820	$180,820	$180,820	
Total Revenues	$12,591,133	$12,739,323	$12,891,959	$13,049,174	

3.2.2. Projected Operating and Maintenance Expenses

Table 3-5 displays total projected expenses for the study period. Expenses are projected to increase by an average of about 4 percent per year over the rate-setting period.

Table 3-5: O&M Expenses for FY 2023 – FY 2032

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Cost of Goods(1)	$2,660,460	$2,819,233	$2,987,506	$3,165,849	$3,354,866
Raw Water-Related	$2,473,400	$2,640,106	$3,011,595	$3,159,855	$3,315,436
Operational Expenses	$7,279,837	$7,529,442	$7,787,784	$8,055,174	$8,331,936
Non-Operating Expenses	-$21,000	-$21,630	-$22,279	-$22,947	-$23,636
Total	$12,392,697	$12,967,151	$13,764,605	$14,357,931	$14,978,603

Line Item	FY 2029	FY 2030	FY 2031	FY 2032
Cost of Goods(1)	$3,555,196	$3,767,516	$3,992,546	$4,231,047
Raw Water-Related	$3,478,700	$3,650,027	$3,829,815	$4,018,484
Operational Expenses	$8,618,406	$8,914,930	$9,221,868	$9,539,594
Non-Operating Expenses	-$24,345	-$25,075	-$25,827	-$26,602
Total	$15,627,956	$16,307,397	$17,018,402	$17,762,524

(1) Includes salaries and benefits.

3.2.3. Projected Capital Improvement Program

Table 3-6 presents the District's water capital improvement program. The program averages $2.6 million per year over the study period, which includes an expansion of the West Hills water treatment plant in FY 2026. The West Hills expansion project and the ASR Pilot project are presumed to be debt financed. Two well projects are presumed to be 50 percent grant financed. Appendix A shows a listing of the currently planned water projects.

Table 3-6: Capital Expenses for FY 2023 – FY 2032

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Water Supply & Treatment	$0	$0	$3,384,675	$191,008	$151,938
Water Distribution	$499,500	$228,375	$1,460,813	$468,838	$2,443,168
Water Irrigation System	$360,000	$787,500	$981,225	$0	$607,753
Admin Capital - Water Portion	$63,700	$6,825	$17,916	$43,642	$126,413
Total	$923,200	$1,022,700	$5,844,628	$703,489	$3,329,272

Line Item	FY 2029	FY 2030	FY 2031	FY 2032
Water Supply & Treatment	$1,276,282	$5,561,397	$1,407,100	$73,873
Water Distribution	$382,884	$1,521,009	$703,550	$762,367
Water Irrigation System	$0	$0	$0	$0
Admin Capital - Water Portion	$124,437	$52,264	$0	$0
Total	$1,783,603	$7,134,669	$2,110,651	$836,240

3.2.4. Existing and Proposed Debt

The District currently has three debt tranches with SBCWD for the Lessalt and West Hills water treatment plants. Table 3-7 shows the District's existing debt service. Capacity fee revenue has been set aside to pay this debt service; therefore, it will not impact the financial plan.

Table 3-7: Existing Debt Service

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Tranche 1	$395,215	$395,215	$395,215	$395,215	$395,215
Tranche 2	$618,100	$618,100	$618,100	$618,100	$618,100
Tranche 3	$171,357	$171,357	$171,357	$171,357	$171,357
Total	$1,184,672	$1,184,672	$1,184,672	$1,184,672	$1,184,672

Line Item	FY 2029	FY 2030	FY 2031	FY 2032
Tranche 1	$395,215	$395,215	$395,215	$395,215
Tranche 2	$618,100	$618,100	$618,100	$618,100
Tranche 3	$171,357	$171,357	$128,518	$0
Total	$1,184,672	$1,184,672	$1,141,832	$1,013,315

To minimize revenue adjustments, the financial plan proposes two loan issues. The first is $3.5 million for the West Hills treatment plant expansion in FY 2026. The second is $4.25 million in FY 2030 for the ASR Pilot project. The loan terms are presumed to be 3.5 percent over 20 years with a 1.5 percent cost of issuance. As the timing and cost of the expansion and pilot projects become more certain, the District should work with its financial advisor to determine the size, timing, and terms of any bond issue or loan. Table 3-8 shows the presumed annual debt service.

Table 3-8: Proposed Debt Service

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
West Hills			$250,014	$250,014	$250,014
ASR Pilot Project					
Total	$0	$0	$250,014	$250,014	$250,014

Line Item	FY 2029	FY 2030	FY 2031	FY 2032
West Hills	$250,014	$250,014	$250,014	$250,014
ASR Pilot Project		$303,588	$303,588	$303,588
Total	$250,014	$553,602	$553,602	$553,602

3.2.5. Reserve Targets

The District has several reserve funds, which are shown in Table 3-9 along with the minimum combined target level. This list does not include restricted debt service reserves, capacity fund reserves, and CalPERS reserves. The operating-related (i.e., not capital improvement) minimum targets are presumed to be split 65 percent to the water enterprise and 35 percent to the wastewater enterprise based on input from District staff.

Table 3-9: Reserve Funds and Combined Minimum Targets

Fund	Target
Capital Improvement (1)	50% of the 5-year average CIP
Rate Stabilization	Target minimum balance $125,000 per June 2023 Board meeting
Drought Contingency	Intitally funded at 10% of budgeted revenue, presuming target minimum balance of $250,000 per June 2023 Board meeting
Emergency	$500,000 per June 2023 Board meeting
Vehicle	Depreciation plus Board authorized additions. Presume balance (~$394,000) is current minimum.
Office & Misc. Equip	Depreciation plus Board authorized additions. Presume balance (~$421,000) is current minimum.

(1) Based on discussions with District staff. Board policy minimum is currently 2 years of CIP.

3.2.6. Status Quo Operating Financial Plan

Figure 3-1 shows the water operating financial plan without any revenue adjustments (status quo). The different colored stacked columns represent the District's operating and non-operating expenses. The light blue line represents revenues at current rates. Since no revenue adjustments are shown in the status quo scenario, the proposed revenues are the same as the current revenues. The red column displays the revenues that are withdrawn from the fund balance. Without any revenue adjustments, the District will need to draw from available reserves each year.

Figure 3-1: Water Operating Financial Plan - Status Quo

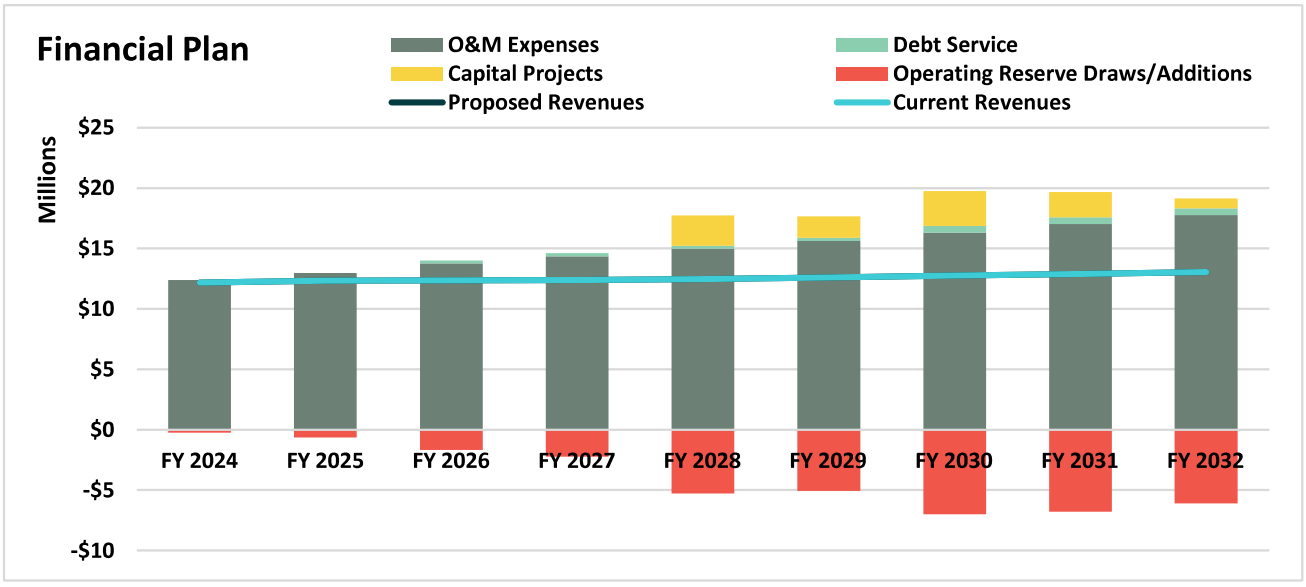
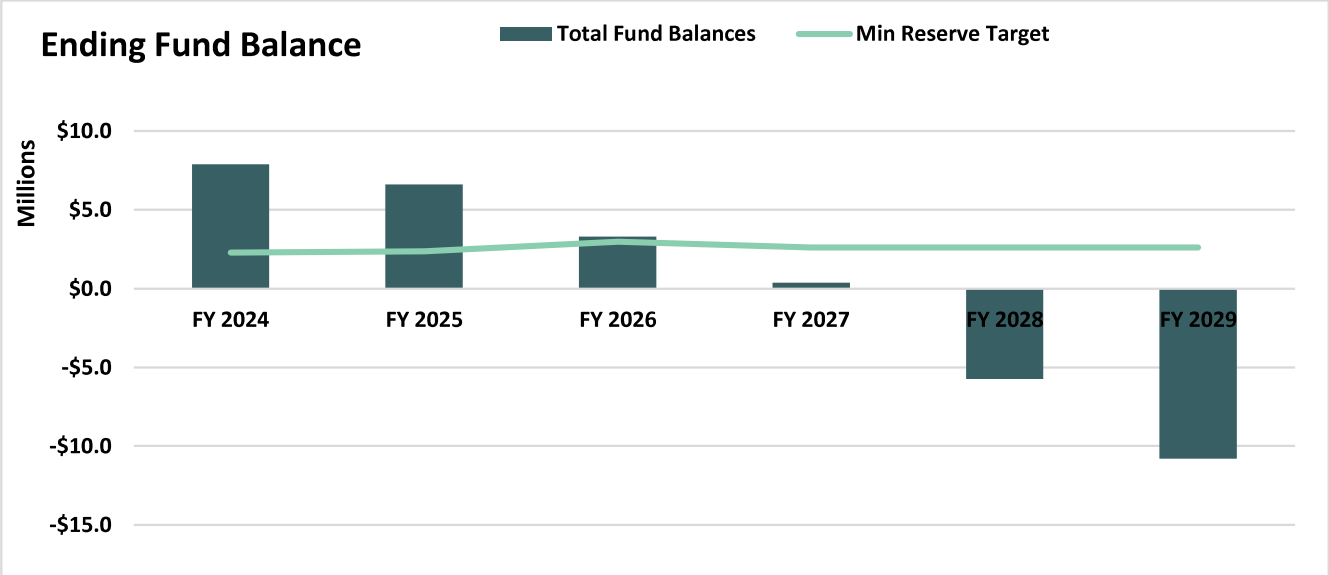


Figure 3-2 displays the amount of cash that the District has available for the water enterprise. The columns show the projected ending balance of the operating and capital reserves. The green line represents the minimum target operating reserves. By the end of FY 2027, the water fund is projected to be below the minimum target.

Figure 3-2: Status Quo Water Fund – Ending Balance



To ensure that the Water Enterprise will have adequate revenues to fund operating expenses, capital expenditures, and meet minimum reserve targets, Raftelis recommends the following water revenue adjustments (Table 3-10). The adjustments for FY 2030 – FY 2032 are for planning purposes only. To keep revenue adjustments at this level, two bond issues are planned. As the timing and cost of the projects are more certain, the District should work with its financial advisor to determine the size, timing, and terms of any bond issue or loan. A detailed discussion of the water financial plan can be seen in the following subsection.

Table 3-10: Proposed Water Revenue Adjustments

Effective Date	Revenue Adjustment
1-Aug-24	15.0%
1-Jul-25	8.0%
1-Jul-26	8.0%
1-Jul-27	8.0%
1-Jul-28	8.0%
1-Jul-29	*10.0%*
1-Jul-30	*10.0%*
1-Jul-31	*10.0%*

3.2.7. Proposed Financial Plan

As mentioned in the previous sections, proposed expenses outpace revenues. To bridge the gap, revenue adjustments as shown in Table 3-10 will be necessary for the District to remain financially solvent. The next four figures graphically display the effects of the proposed revenue adjustments on the District's financial position.

Figure 3-3 displays the debt service coverage for the new bond/loans. The proposed revenue adjustments are sufficient to satisfy debt coverage requirements.

Figure 3-3: Proposed Debt Coverage

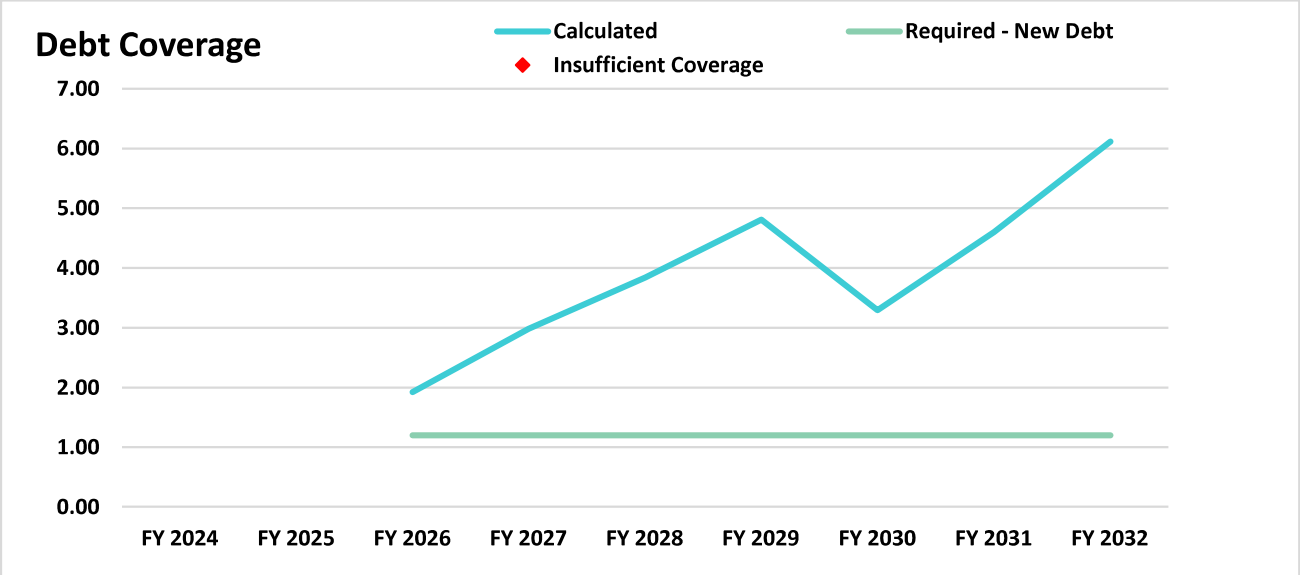


Figure 3-4 displays the proposed operating financial plan. The black line displays the proposed revenues, and the blue line shows projected revenues under existing rates. The red bars show when funds are added to the ending balance (above the $0 line) or drawn down (below the $0 line).

Figure 3-4: Proposed Operating Financial Plan

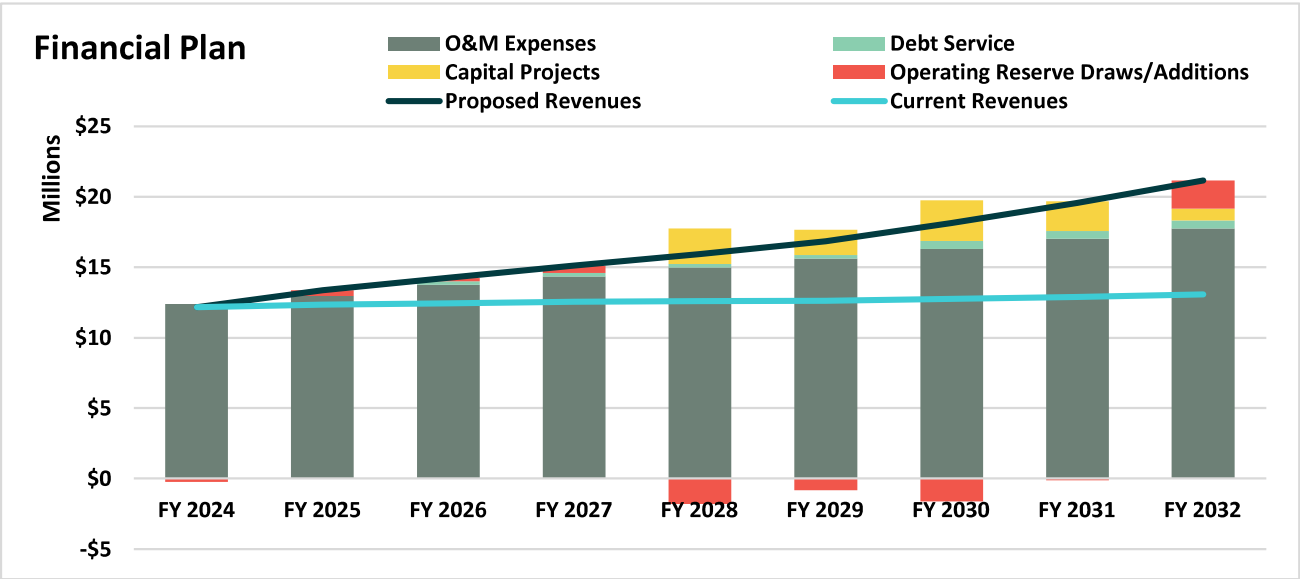


Figure 3-5 displays the capital improvement plan through the study period as well as the sources of funding. The yellow bars display the amount of capital the District will expend per year that is cash funded. The teal bars display the amount of capital that will be debt funded. The bright blue bars show the projected grant funding.

Figure 3-5: Proposed Capital Expenditures

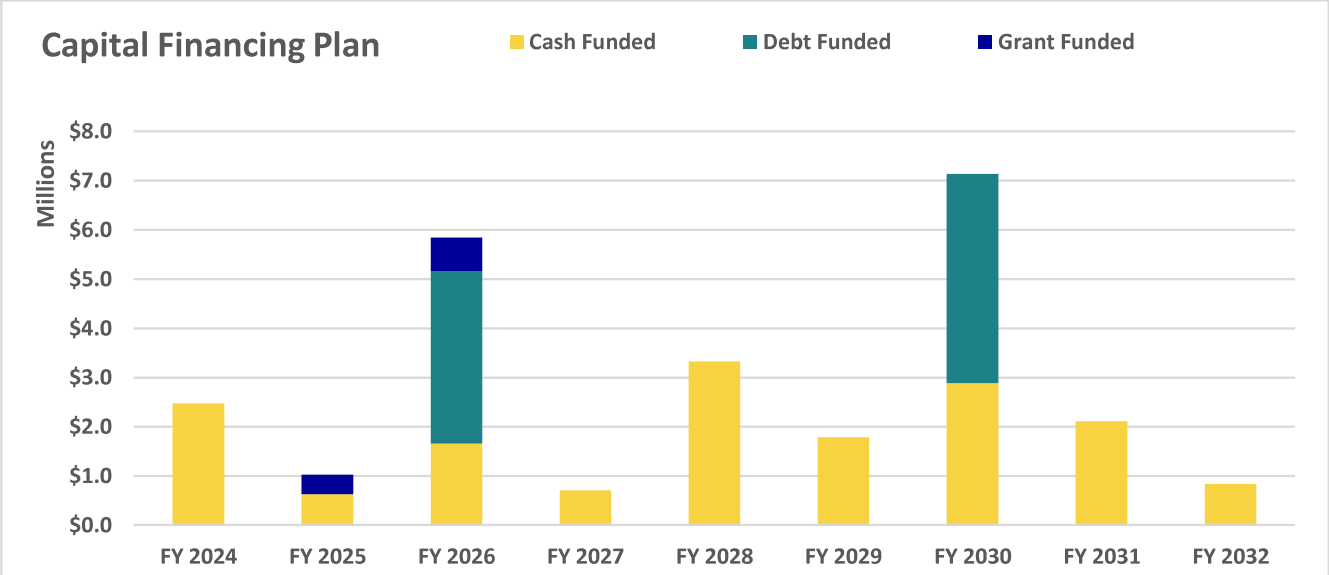


Figure 3-6 displays the projected water fund balance (operating and capital combined). As a result of increasing revenues to the level shown on Figure 3-4, the water fund balance is drawn down to near minimum levels by FY 2029, the end of the rate-setting period.

Figure 3-6: Proposed Water Fund Balance

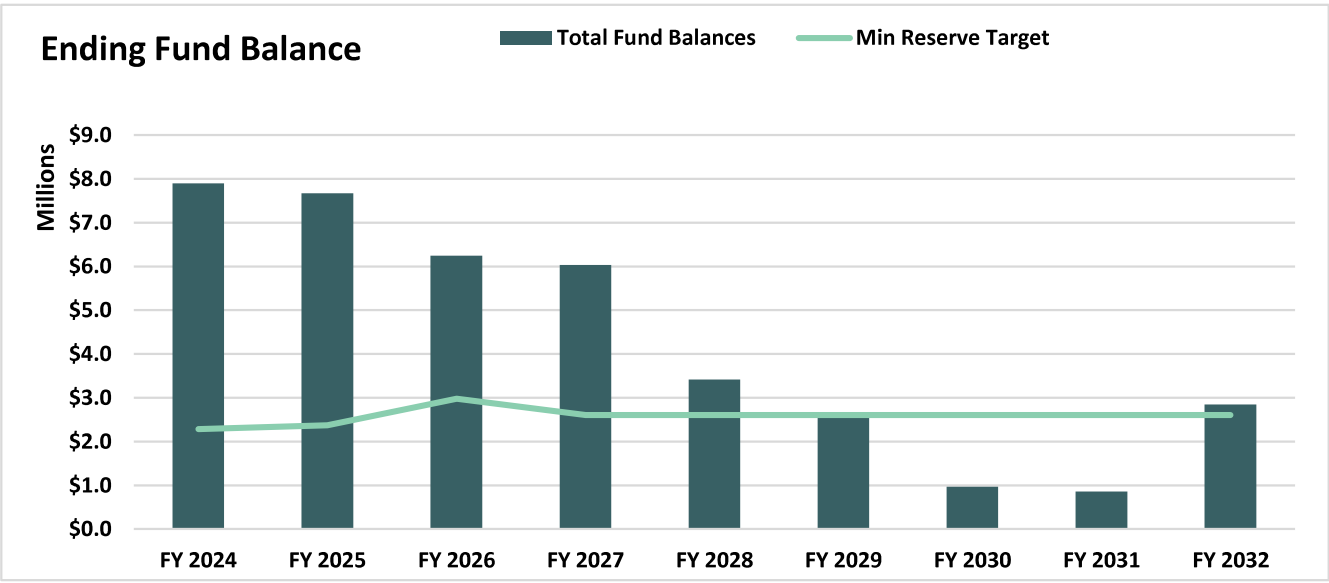


Table 3-11 displays the proposed financial plan scenario cashflow. The Net Revenues line shows that the projected revenue, including the proposed revenue adjustments, is more than sufficient to cover annual operating expenses after FY 2024. The Annual Surplus (Deficit) line shows the draws on or additions to the operating fund after debt service and capital expenditures.

Table 3-11: Proposed Operating Fund Cashflow

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Beginning Operating Balance	$2,828,925	$2,588,670	$2,992,443	$3,222,167	$3,717,567	$1,909,395	$1,077,679	-$538,859	-$657,368
Revenues									
Under Existing Rates	$7,470,647	$7,470,647	$7,470,647	$7,470,647	$7,470,647	$7,470,647	$7,470,647	$7,470,647	$7,470,647
Proposed Revenue Adjustments	$0	$1,027,214	$1,807,896	$2,550,180	$3,351,846	$4,217,645	$5,386,475	$6,672,187	$8,086,470
WTP O&M Revenue	$4,261,000	$4,388,830	$4,520,495	$4,656,110	$4,795,793	$4,939,667	$5,087,857	$5,240,493	$5,397,707
Other Revenues	$180,820	$180,820	$180,820	$180,820	$180,820	$180,820	$180,820	$180,820	$180,820
Interest Income	$239,976	$303,412	$264,486	$245,589	$138,678	$21,079	$3,332	$0	$14,295
Total Revenue	$12,152,443	$13,370,923	$14,244,344	$15,103,345	$15,937,784	$16,829,858	$18,129,131	$19,564,146	$21,149,939
Operating Expenses									
Cost of Goods	$2,660,460	$2,819,233	$2,987,506	$3,165,849	$3,354,866	$3,555,196	$3,767,516	$3,992,546	$4,231,047
Raw Water-Related	$2,473,400	$2,640,106	$3,011,595	$3,159,855	$3,315,436	$3,478,700	$3,650,027	$3,829,815	$4,018,484
Operational Expenses	$7,279,837	$7,529,442	$7,787,784	$8,055,174	$8,331,936	$8,618,406	$8,914,930	$9,221,868	$9,539,594
Non-Operating Expenses	-$21,000	-$21,630	-$22,279	-$22,947	-$23,636	-$24,345	-$25,075	-$25,827	-$26,602
Total Operating	$12,392,697	$12,967,151	$13,764,605	$14,357,931	$14,978,603	$15,627,956	$16,307,397	$17,018,402	$17,762,524
Net Revenues	-$240,254	$403,772	$479,739	$745,414	$959,181	$1,201,902	$1,821,734	$2,545,744	$3,387,415
Debt Service									
Existing (Covered by Capacity Fees)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Proposed	$0	$0	$250,014	$250,014	$250,014	$250,014	$553,602	$553,602	$553,602
Total Debt Service	$0	$0	$250,014	$250,014	$250,014	$250,014	$553,602	$553,602	$553,602
Rate Funded CIP	$0	$0	$0	$0	$2,517,339	$1,783,603	$2,884,669	$2,110,651	$836,240
Annual Surplus (Deficit)	-$240,254	$403,772	$229,725	$495,400	-$1,808,172	-$831,716	-$1,616,538	-$118,509	$1,997,573
Ending Operating Balance	$2,588,670	$2,992,443	$3,222,167	$3,717,567	$1,909,395	$1,077,679	-$538,859	-$657,368	$1,340,205
Minimum Operating Reserve Target	*$2,280,826*	*$2,366,867*	*$2,978,064*	*$2,604,666*	*$2,604,666*	*$2,604,666*	*$2,604,666*	*$2,604,666*	*$2,604,666*
Debt Coverage			1.92	2.98	3.84	4.81	3.29	4.60	6.12

Table 3-12 shows the proposed sources and uses of capital funds, which include a proposed bond/loan in FY 2026 to help fund the West Hills project and another in FY 2030 to help fund the ASR Pilot Project.

Table 3-12: Proposed Capital Sources & Uses of Funds

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Beginning Capital Balance	$3,752,206	$5,306,106	$4,677,156	$3,021,590	$2,318,101	$1,506,168	$1,506,168	$1,506,168	$1,506,168
Sources of Funds									
Rate Funded	$0	$0	$0	$0	$2,517,339	$1,783,603	$2,884,669	$2,110,651	$836,240
Grant Funded	$0	$393,750	$689,063	$0	$0	$0	$0	$0	$0
Capacity Fees	$2,477,100	$0	$0	$0	$0	$0	$0	$0	$0
Debt Funded	$0	$0	$3,500,000	$0	$0	$0	$4,250,000	$0	$0
Total Sources	$2,477,100	$393,750	$4,189,063	$0	$2,517,339	$1,783,603	$7,134,669	$2,110,651	$836,240
Uses of Funds									
Capital	$923,200	$1,022,700	$5,844,628	$703,489	$3,329,272	$1,783,603	$7,134,669	$2,110,651	$836,240
Total Uses	$923,200	$1,022,700	$5,844,628	$703,489	$3,329,272	$1,783,603	$7,134,669	$2,110,651	$836,240
Ending Capital Balance	$5,306,106	$4,677,156	$3,021,590	$2,318,101	$1,506,168	$1,506,168	$1,506,168	$1,506,168	$1,506,168
Minimum Capital Reserve Target	*$1,182,329*	*$1,268,369*	*$1,879,566*	*$1,506,168*	*$1,506,168*	*$1,506,168*	*$1,506,168*	*$1,506,168*	*$1,506,168*

4. Water Cost-of-Service and Rate Design

A cost-of-service analysis distributes a utility's revenue requirement (costs) to each customer class. This section explains the details of the cost-of-service analysis conducted for the District for providing water services to customers.

After determining a utility's revenue requirement, the next step in a cost-of-service analysis is to functionalize its O&M costs to the following functions:

- Supply – cost of purchasing raw water and supplying groundwater
- Treatment – cost of treating water
- Transmission and Distribution (T&D) – cost associated with pipes, pumps, mains, etc
- Storage – cost associated with storing treated water
- Meter service – costs associated with meter maintenance and replacement
- Billing and collection – costs associated with meter reading, billing, and customer service
- Fire protection – costs associated with public fire hydrants

The functionalization of costs allows us to better allocate the costs to the rate components: monthly service charge, monthly CIP component charge, and volumetric charge.

4.1. Revenue Requirement Determination

Table 4-1 shows the net revenue requirement from rates for FY 2025, the test year. The total revenue requirement shown in Line 3 is equal to operating expenses (Table 3-5) and Capital-related expenses (Table 3-12). Other operating revenues, totaled in Line 8, comprise WTP O&M Revenue, miscellaneous revenues, and interest income (Table 3-4) and reduce the total revenue required from rates. The adjustment for operating cash (Line 9) is added to account for the addition to reserves. Line 10 shows the adjustment in the capital fund to cover capital-related costs. The mid-year increase (Line 11) reflects that the FY 2025 revenue adjustment occurs part way through the fiscal year. The revenue required from rates (Line 13) is equal to the total revenue requirements (Line 3) plus total revenue offsets (Line 8) and total adjustments (Line 12).

Table 4-1: Net Revenue Requirements

No.	Revenue Requirement - FY 2025	Operating	Capital-Related	Total
	Revenue Requirements			
1	O&M Expenses	$12,967,151		$12,967,151
2	Capital Reserve Funded CIP		$1,022,700	$1,022,700
3	**Total - Revenue Requirements**	**$12,967,151**	**$1,022,700**	**$13,989,851**
	Revenue Offsets			
4	Other Operating Revenue	-$76,000		-$76,000
5	WTP O&M Revenue	-$4,388,830		-$4,388,830
6	Other Revenue	-$104,820		-$104,820
7	Interest Income	-$303,412		-$303,412
8	**Total - Revenue Offsets**	**-$4,873,062**	**$0**	**-$4,873,062**
	Adjustments			
9	Adjustment for Cash Balance	$403,772		$403,772
10	Adjustment for Capital Cash Balance		-$1,022,700	-$1,022,700
11	Adjustment to Annualize Rate Increase	$93,383		$93,383
12	**Total - Adjustments**	**$497,155**	**-$1,022,700**	**-$525,545**
13	**Total Costs to be Recovered from Rates**	**$8,591,244**	**$0**	**$8,591,244**

4.2. Functionalization of Net Revenue Requirement

Functionalizing expenses allows Raftelis to follow the principles of rate setting theory in which the end goal is to allocate the City's revenue requirements to cost causation components. Table 4-2 shows the resulting functionalization of the City's operating expenses (Line 3, Table 4-1). The functionalization of O&M costs is shown in Appendix B. No costs were directly associated with outside Zone 3 customers.

Table 4-2: Functionalization of O&M Requirements

Function	Amount	Percentage
Supply	$3,802,962	29%
Treatment	$6,885,592	53%
T&D	$1,309,502	10%
Storage	$0	0%
Meters	$436,501	3%
Billing	$532,595	4%
Public Fire	$0	0%
Total	$12,967,151	100%

Table 4-3 shows the functionalization basis for the Operating offsets (Lines 6-9, Table 4-1). Since WTP O&M revenue is specific to the operating and maintenance costs of the two water treatment plants, that offset is allocated like the total allocation of the water treatment plant O&M (see Appendix B).

Table 4-3: Functionalization Basis for Operating Offsets

Line Item	Basis
Other Operating Revenue	Like O&M (Table 4-2)
WTP O&M Revenue	Like WTP O&M
Other Revenue	Like O&M (Table 4-2)
Interest Income	Like O&M (Table 4-2)

4.3. Allocation of Functionalized Net Revenue Requirements to Cost Components

After functionalizing the net revenue requirements, the next step is to allocate the functionalized net revenue requirements to the following cost components.

- Base – fixed costs associated with providing service under average demand conditions
- Peaking (Max Day and Peak Hour) – costs associated with meeting demand in excess of average use
- Customer Service – the costs associated with meter reading, billing, and customer service
- Equivalent Meters – costs associated with meter maintenance and replacement and capacity
- Fire Protection – costs associated with providing and maintaining hydrants

4.3.1. Peaking Factors

Peaking costs are computed for a maximum day and peak hour. The maximum day (max day) demand is the maximum amount of water used in a single day in a year. The peak hour demand is the maximum amount of water used in a single hour on the maximum day. Different facilities, such as distribution and treatment facilities (and the O&M costs associated with those facilities), are designed to meet peak hour and max day demands, respectively. Therefore, extra capacity[1] costs include the O&M and capital costs associated with meeting peak customer demand. This method is consistent with the AWWA Manual M1 and is widely used in the water industry to perform cost-of-service analyses.

Table 4-4 shows the system-wide peaking factors used to derive the cost component allocation bases for base and peaking costs. Base costs represent average daily demand during the year, which is normalized to a factor of 1.00 (Column B, Line 1). The max day demand factor (Column B, Line 2) was provided by City staff. The peak hour demand factor (Column B, Line 3) was estimated based on the City of Hollister's peak hour factor. The allocation bases (Columns C, D, and E) are calculated using the equations outlined below the table.

Table 4-4: Water System Peaking Factors

No.	Cost Component (A)	Demand Factor (B)	Base (C)	Max Day (D)	Peak Hour (E)
1	Base	1.00	100.0%		
2	Max Day	2.00	50.0%	50.0%	
3	Peak Hour	3.50	28.6%	28.6%	42.9%

The max day allocations are calculated as follows:

- Base Delivery: B1 / B2 x 100% = C2
- Max Day: 100% - C2 = D2

[1] The terms extra capacity, peaking and capacity costs are used interchangeably.

The peak hour allocations are calculated as follows:

- Base Delivery: B1 / B3 x 100% = C3
- Max Day: (B2 – B1) / B3 x 100% = D3
- Peak Hour: 100% - C3 – D3 = E3

Table 4-5 shows the customer-specific peaking factors based on the maximum monthly usage divided by average monthly usage for each class and tier. The maximum month peaking factor is used as a proxy for the class and tier specific max day peaking factors. The peaking factors for Single Family customers are based on the tiers. All other customers have a uniform rate; and therefore, have a class-specific peaking factor.

Table 4-5: Customer-Specific Peaking Factors

Class/Tier	Peaking Factor
Single Family	1.39
Tier 1: 0 - 10 hcf	1.15
Tier 2: 11 - 20 hcf	1.76
Tier 3: > 20 hcf	2.13
Non-Single Family	1.55

4.3.2. Operating and Capital Allocation

Table 4-6 shows the system functions, the rationale for allocating each function to the various cost components, and the percentage allocation to each component. Most functions have a one-to-one relationship with a cost component. Supply costs are allocated to the base and max day cost components based on historical weighted average costs of well supply (which are allocated 50/50 base and max day) and water treatment plant supply costs (which are allocated all to base). WTP O&M is comprised of both supply and treatment costs. These costs are allocated using the supply and treatment allocations in the table below to calculate a weighted average allocation of WTP costs to base and max day.

Table 4-6: Allocation of Functions to Cost Components

Functional Allocation	Rationale	Base	Max Day	Max Hour	Meters	Fire Protection	Billing	Total
Supply	Prorated	76.5%	23.5%					100%
Treatment	Max Day	50.0%	50.0%					100%
T&D	Max Hour	28.6%	28.6%	42.9%				100%
Storage	Max Day	50.0%	50.0%					100%
Meters	Meters				80.0%		20.0%	100%
CS/Billing	Billing						100.0%	100%
Public Fire	Fire					100.0%		100%
WTP O&M	Proportional*	58.0%	42.0%					100%

*Proportional to supply and treatment

Table 4-7 shows the detailed, net operating costs by cost component (Table 4-2) allocated to the cost components using the allocations shown in Table 4-6.

Table 4-7: Allocation of Net Operation & Maintenance to Cost Components

Operating Expenses	Base	Max Day	Max Hour	Meters	Fire Protection	Billing	Total
Supply	$2,909,266	$893,696	$0	$0	$0	$0	$3,802,962
Treatment	$3,442,796	$3,442,796	$0	$0	$0	$0	$6,885,592
T&D	$374,143	$374,143	$561,215	$0	$0	$0	$1,309,502
Storage	$0	$0	$0	$0	$0	$0	$0
Meters	$0	$0	$0	$349,200	$0	$87,300	$436,501
CS/Billing	$0	$0	$0	$0	$0	$532,595	$532,595
Public Fire	$0	$0	$0	$0	$0	$0	$0
Total	$6,726,205	$4,710,635	$561,215	$349,200	$0	$619,895	$12,967,151
Allocation %	52%	36%	4%	3%	0%	5%	100%

Table 4-8 shows the allocation of operating offsets (Table 4-1) to the cost components. All lines except WTP O&M Revenue are allocated per the percentages shown at the bottom of Table 4-7. The WTP O&M Revenue offsets are allocated as identified in Table 4-6.

Table 4-8: Allocation of Operating Offsets to Cost Components

Operating Offsets	Base	Max Day	Max Hour	Meters	Billing	Total
Other Operating Revenue	-$39,422	-$27,609	-$3,289	-$2,047	-$3,633	-$76,000
WTP O&M Revenue	-$2,543,754	-$1,845,076	$0	$0	$0	-$4,388,830
Other Revenue	-$54,371	-$38,078	-$4,537	-$2,823	-$5,011	-$104,820
Interest Income	-$25,211	-$17,656	-$2,103	-$1,309	-$2,323	-$48,602
Adjustment for Cash Balance	$77,268	$54,114	$6,447	$4,011	$7,121	$148,962
Adjustment to Annualize Rate Increase	$48,439	$33,924	$4,042	$2,515	$4,464	$93,383
Total Operating Offsets	-$2,537,051	-$1,840,381	$559	$348	$618	-$4,375,907

4.4. Derivation of Units of Service

4.4.1. Equivalent Meters

Equivalent meters (EMs) are used to allocate meter-related costs. Larger meters can impose greater demands on the system and are more expensive to install, maintain, and replace than smaller meters. This study uses a hydraulic capacity (capacity) ratio to calculate equivalent meters. The capacity ratio is based on meter hydraulic capacity and is calculated to represent the potential demand on the water system compared to the base meter size. A ratio of hydraulic capacity is calculated by dividing the capacity of a meter at a given size by the base meter capacity using the maximum safe operating flow rates in gallons per minute (gpm). The base meter used in the study is the 1" meter.

Table 4-9 shows the meter capacity and capacity ratio for each meter size. The capacity in gpm is based on the safe operating flow rates provided in the AWWA Manual M1, except that 5/8" and 3/4" meters are treated like 1" meters as the District installs 1" meters as the minimum size. This is consistent with the methodology used in the last rate study. The capacity ratios (Column C) are calculated by dividing the capacity in gpm (Column B) for each meter size (Column A) by the capacity in gpm for the 1" meter (Column B, Line 3)[2].

[2] Except for meters smaller than 1", which are assigned the same capacity ratio as the 1" meter.

Meter counts (Column D) at each size are multiplied by the capacity ratio (Column C) to arrive at the total number of equivalent meters, shown in Column E.

Table 4-9: Equivalent Meters

No.	Meter Size (A)	Capacity (gpm) (B)	AWWA Ratio (C)	No. of Meters (D)	Equivalent Meters (E)
1	5/8"	20	1.00	5,579	5,579
2	3/4"	30	1.00	3	3
3	1"	50	1.00	2,235	2,235
4	1 1/2"	100	2.00	38	76
5	2"	160	3.20	47	150
6	3"	350	7.00	46	322
7	4"	630	12.60	7	88
8	6"	1,300	26.00	0	0
9	8"	2,800	56.00	0	0
10	Total			7,955	8,454

4.4.2. Allocation of Public and Private Fire Protection Costs

Water systems provide two types of fire protection: public fire protection for firefighting (i.e., fire hydrants) and private fire protection (i.e., fire lines for private structures with sprinkler systems for fire suppression and private fire hydrants). Raftelis performed a fire demand analysis to determine the share of fire protection costs allocated to public versus private fire protection.

Table 4-10 shows the calculation of equivalent fire demand associated with public hydrants and private fire lines. Each connection size has a fire flow demand factor similar to the hydraulic capacity factor of a water meter. The diameter of the connection (in inches) is raised to the 2.63 power to determine the fire demand factor (Column B).[3] Hydrants are presumed to have one 4-inch and two 2-inch openings. The equivalent demand ratio (Column C) takes the relative flow capacity factor at each fire line size (Column A) divided by the 1-inch line flow capacity (Line 1, Column B) to establish each connection on an equivalent basis. The equivalent demand ratio is multiplied by the number of hydrants (Column D) or connections (Column E) at each size and summed to calculate the equivalent number of hydrants (Column D, Line 9) and connections (Column E, Line 9). Line 11 shows the proportional share of equivalent fire connections between public (Column D) and private (Column C).

[3] Hazen-Williams equation and AWWA Manual M1

Table 4-10: Equivalent Fire Connections

No.	Fire Line Size (A)	Relative Flow Capacity Factor (B)	Equivalent Demand Ratio (C)	Public Fire Hydrants (D)	Private Fire Connections (E)
1	1"	1.00	1.00		2
2	1 1/2"	2.90	2.90		0
3	2"	6.19	6.19		1
4	3"	17.98	17.98		0
5	4"	38.32	38.32		0
6	Hydrants	50.70	50.70	965	0
7	6"	111.31	111.31		0
8	8"	237.21	237.21		1
9	Total			965	4
10	Equivalent No. of Connections			48,925	245
11	Proportional Share			99.5%	0.5%

Table 4-11 shows the max day and peak hour extra capacity requirements based on generic fire flow assumptions. The flow rate (Column A) and duration (Column B) are converted to hcf per day to determine max day and peak hour requirements[4]. The max day and peak hour requirements are allocated between public and private using the proportional share shown in Table 4-10.

Table 4-11: Fire Service Share of Peaking Requirements

Line Item	Max Fire Flow (gpm) (A)	Duration (hrs) (B)	Max Day Fire Flow (hcf/day) (C)	Peak Hour Fire Flow (hcf/day) (D)
Total	2,500	2	401	4,813
Public			399	4,789
Private			2	24

4.4.3. Unit Costs of Service

Raftelis calculated unit costs for each cost component by assessing the total water demand, peak demand, meter count, or equivalent meters. Table 4-12 shows the units of service for the water system. The Max Day Capacity Factor (Column C) matches the demand factors shown in Table 4-5, Column B. The Peak Hour Capacity Factor (Column F) is the Max Day Capacity Factor (Column C) multiplied by the ratio of system peak hour and system max day from Table 4-4. Max Day Total Capacity (Column D) is the Average Daily Use (Column B) multiplied by the Max Day Capacity Factor (Column C). Max Day Extra Capacity (Column E) is the difference between the Max Day Total Capacity (Column D) and the Average Daily Use (Column B). Peak Hour Total Capacity (Column G) is the Average Daily Use (Column B) multiplied by the Peak Hour Capacity Factor (Column F). Peak Hour Extra Capacity (Column H) is the difference between the Peak Hour Total Capacity (Column G) and the Max Day Total Capacity (Column D).

[4] For example, max day fire flow = Column A * 60 min/hr * Column B * 1hcf/748gal and the peak hour fire flow = Column A * 60 min/hr * 24hr/day * 1hcf/748gal.

Table 4-12: Units of Service

Customer Class	Annual Use (hcf) (A)	Average Daily Use (hcf/day) (B)	Max Day Peaking Factor (C)	Max Day Total Capacity (hcf/day) (D)	Max Day Extra Capacity (hcf/day) (E)	Peak Hour Peaking Factor (F)	Peak Hour Total Capacity (hcf/day) (G)	Peak Hour Extra Capacity (hcf/day) (H)	Number of Equiv. Meters (I)	Number of Equiv. Fire Lines (J)	Number of Customers (K)	Number of Bills (L)
Single Family	892,328	2,445	1.39	3,402	957	2.43	5,953	2,551	7,567		7,556	90,672
Tier 1: 0 - 10 hcf	598,839	1,641	1.15	1,887	246	2.01	3,302	1,415				
Tier 2: 11 - 20 hcf	195,039	534	1.76	940	406	3.08	1,646	705				
Tier 3: > 20 hcf	98,450	270	2.13	575	305	3.73	1,005	431				
Non-SF	173,712	476	1.55	738	262	2.71	1,291	553	887		399	4,788
Subtotal	1,066,040	2,921		4,139	1,219		7,244	3,105	8,454		7,955	95,460
Private Fire				2	2		24	22		245	4	48
Public Fire				399	399		4789	4390				
Total	1,066,040	2,921			1,620			7,516	8,454	245	7,959	95,508

Table 4-13 shows the total adjusted cost of service and resulting unit costs of service. The totals shown in Line 4 and Line 10 both match the total from the net revenue requirements, Table 4-1. Line 5 reallocates public fire max day and max hour costs to meters because it is common to recover public fire protection costs through a fixed charge in proportion to meter size. This allocation is based on the percent of public fire's proportion of total max day extra capacity and total max hour extra capacity. Line 6 does a similar reallocation as Line 5 for private fire service, moving those extra capacity costs to the private fire protection component. Since a large portion of the District's costs are fixed, a portion of base costs are allocated to meter. Part of the peaking costs are also reallocated to meters as these costs are related to capacity of the water system and bring the percentage of rate-based revenue from fixed charges back to historic levels. The portion of the max day and peak hour costs allocated to the meter component are shown in Lines 8 and 9. Line 10 shows the adjusted cost of service. Line 13 is the adjusted cost of service (Line 10) for each component divided by that component's units of service (Line 11).

Table 4-13: Total Adjusted Cost-of-Service and Units of Service

No.	Revenue Requirement	Base	Max Day	Max Hour	Meters	Private FP	Billing	Total
1	Operating Revenue Requirement	$6,726,205	$4,710,635	$561,215	$349,200	$0	$619,895	$12,967,151
2	Revenue Offsets & Adjustments	-$2,537,051	-$1,840,381	$559	$348	$0	$618	-$4,375,907
3	Capital Revenue Requirement	$0	$0	$0	$0	$0	$0	$0
4	**Total - Cost of Service**	**$4,189,154**	**$2,870,254**	**$561,774**	**$349,548**	**$0**	**$620,512**	**$8,591,244**
5	Allocation of Capacity for Public Fire	$0	-$707,130	-$328,092	$1,035,223	$0	$0	$0
6	Allocation of Capacity for Private Fire	$0	-$3,547	-$1,646	$0	$5,192	$0	$0
7	Reallocation of Base to Meter	-$837,831			$837,831			$0
8	Reallocation of Max Day to Meter		-$755,852		$755,852			$0
9	Reallocation of Peak Hour to Meter			-$34,805	$34,805			$0
10	**Total - Adjusted Cost of Service**	**$3,351,323**	**$1,403,725**	**$197,231**	**$3,013,259**	**$5,192**	**$620,512**	**$8,591,244**
11	Units	1,066,040	1,219	3,105	101,443	2,945	95,508	
12		hcf/yr	hcf/day	hcf/day	EM-yr	Firelines-yr	Annual Bills	
13	Unit Cost, $/unit	$3.14	$1,151.77	$63.53	$29.70	$1.76	$6.50	

5. Proposed Water Rates

5.1. Monthly Service Charge Derivation, Test Year

Using the unit costs in Table 4-13, the proposed fixed monthly service charges are determined for each meter size. Table 5-1 shows the derivation of the monthly service charge. The Meter component (Column C) is the Equivalent Meters unit rate shown in Line 13, Table 4-13. For meters larger than 1", this unit rate is multiplied by the meter ratio (Column B) to derive the meter capacity cost associated with those larger meter sizes. The Billing component (Column D) is equal to the unit rate for the Billing component (Line 13, Table 4-13). As the cost of issuing a bill does not vary by meter size, it remains constant for all meter sizes. The total proposed monthly service charge (Column E) is the sum of Columns C and D rounded up to the nearest cent. The current charge is shown in Column F for comparison.

Table 5-1: Monthly Service Charge Derivation, Test Year

No.	Meter Size (A)	Capacity Ratio (B)	Meter, $/mtr/mo (C)	Billing, $/bill (D)	Proposed Monthly Charge (E)	Current Monthly Charge (F)
1	5/8"	1.00	$29.70	$6.50	$36.21	$32.54
2	3/4"	1.00	$29.70	$6.50	$36.21	$32.54
3	1"	1.00	$29.70	$6.50	$36.21	$32.54
4	1 1/2"	2.00	$59.41	$6.50	$65.91	$53.22
5	2"	3.20	$95.05	$6.50	$101.55	$78.02
6	3"	7.00	$207.93	$6.50	$214.43	$156.60
7	4"	12.60	$374.27	$6.50	$380.77	$272.39
8	6"	26.00	$772.30	$6.50	$778.80	$549.45
9	8"	56.00	$1,663.42	$6.50	$1,669.92	$1,004.35

5.2. Private Fire Service Charge Derivation, Test Year

The derivation of the private fire service charge is shown in Table 5-2. The charge shown for the 1" connection size comes from Line 13 of Table 4-13. For connections larger than 1", this charge is multiplied by the fire ratio (Column B) to derive the cost associated with those larger connections. The fire ratios are used to derive fire service costs by connection size because larger connections are more expensive to install, maintain, and replace than smaller fire lines and have greater potential capacity on the water system. The proposed charge (Column E) is the sum of Columns C and D, rounded up to the nearest cent.

Table 5-2: Monthly Private Fire Service Derivation, Test Year

No.	Fire Connection Size (A)	Capacity Ratio (B)	Fireline, $/line/mo (C)	Billing, $/bill (D)	Proposed Monthly Charge (E)	Current Monthly Charge (F)
1	1"	1.00	$1.76	$6.50	$8.27	$8.73
2	1 1/2"	2.90	$5.12	$6.50	$11.62	--
3	2"	6.19	$10.92	$6.50	$17.42	$18.09
4	3"	17.98	$31.71	$6.50	$38.21	--
5	4"	38.32	$67.57	$6.50	$74.07	$87.33
6	6"	111.31	$196.27	$6.50	$202.77	$130.98
7	8"	237.21	$418.26	$6.50	$424.76	$180.90

5.3. Volumetric Rate Derivation, Test Year

Since costs were not identified specific to serving customers located outside SBCWD Zone 3, the proposed commodity charges are condensed into a single set of charges. The water volumetric rates include the base, max day, and max hour costs from Table 4-13. Since the base cost captures average usage, each customer class is assessed the base unit rate shown in Line 13 of Table 4-13. The max day and max hour unit rates shown in Line 13 of Table 4-13 are applied to the customer classes based on each class's max day and max hour extra capacity (Table 4-12 Column E and Column H, respectively), to derive the max day and peak hour costs for each class shown in Columns D and F of Table 5-3. The max day peaking cost total in Line 6, Column D matches the total shown in Table 4-13, Line 10 for Max Day. The max hour peaking cost total in Line 6, Column F matches the total shown in Table 4-13, Line 10 for Peak Hour. The total peaking cost (Column G) is the sum of Columns D and F. The peaking unit rate, Column H, is the peaking cost in Column G divided by the annual use in Column B for each class or tier.

Table 5-3: Peaking Component of Volumetric Charge

No.	Customer Class (A)	Annual Use (hcf) (B)	Max Day Extra Capacity (C)	Max Day Peaking Cost (D)	Peak Hour Extra Capacity (E)	Peak Hour Cost (F)	Total Peaking Cost (G)	Peaking Unit Cost ($/hcf) (H)
1	SFR							
2	Tier 1	598,839	246	$283,449	1,415	$89,898	$373,347	$0.62
3	Tier 2	195,039	406	$467,744	705	$44,810	$512,554	$2.63
4	Tier 3	98,450	305	$351,047	431	$27,374	$378,421	$3.84
5	Non-SFR	173,712	262	$301,486	553	$35,148	$336,634	$1.94
6	Total	1,066,040		$1,403,725		$197,231	$1,600,956	

Table 5-4 shows the components of the volumetric charge added together to derive the proposed charge. The current charges are also shown for reference. The proposed charge has been rounded up to the nearest cent for revenue sufficiency.

Table 5-4: Commodity Rate Calculation

Customer Class	Base, $/hcf	Peaking, $/hcf	Proposed Charge, $/ccf	Current Charge Inside, $/ccf	Current Charge Outside, $/ccf
SFR					
Tier 1	$3.14	$0.62	$3.77	$3.17	$3.23
Tier 2	$3.14	$2.63	$5.78	$4.70	$4.76
Tier 3	$3.14	$3.84	$6.99	$6.97	$7.03
Non-SFR	$3.14	$1.94	$5.09	$4.22	$4.28

5.4. Proposed 5-Year Water Rate Schedule

Table 5-5, Table 5-6, and Table 5-7 show the proposed 5-year schedule of water rates. FY 2025 reflects the cost-of-service analysis. Rates for FY 2026 and beyond equal the prior year rates multiplied by the revenue adjustment. Rates are rounded up to the nearest penny to ensure revenue sufficiency.

Table 5-5: Proposed 5-Year Monthly Water Service Charge Schedule

Monthly Service Charge	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
5/8"	$32.54	$36.21	$39.11	$42.24	$45.62	$49.27
3/4"	$32.54	$36.21	$39.11	$42.24	$45.62	$49.27
1"	$32.54	$36.21	$39.11	$42.24	$45.62	$49.27
1 1/2"	$53.22	$65.91	$71.19	$76.89	$83.05	$89.70
2"	$78.02	$101.55	$109.68	$118.46	$127.94	$138.18
3"	$156.60	$214.43	$231.59	$250.12	$270.13	$291.75
4"	$272.39	$380.77	$411.24	$444.14	$479.68	$518.06
6"	$549.45	$778.80	$841.11	$908.40	$981.08	$1,059.57
8"	$1,004.35	$1,669.92	$1,803.52	$1,947.81	$2,103.64	$2,271.94

Table 5-6: Proposed 5-Year Monthly Private Fireline Charge Schedule

Private Fireline Charges	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
1"	$8.73	$8.27	$8.94	$9.66	$10.44	$11.28
1 1/2"	$11.24	$11.62	$12.55	$13.56	$14.65	$15.83
2"	$18.09	$17.42	$18.82	$20.33	$21.96	$23.72
3"	$68.61	$38.21	$41.27	$44.58	$48.15	$52.01
4"	$87.33	$74.07	$80.00	$86.40	$93.32	$100.79
6"	$130.98	$202.77	$219.00	$236.52	$255.45	$275.89
8"	$180.90	$424.76	$458.75	$495.45	$535.09	$577.90

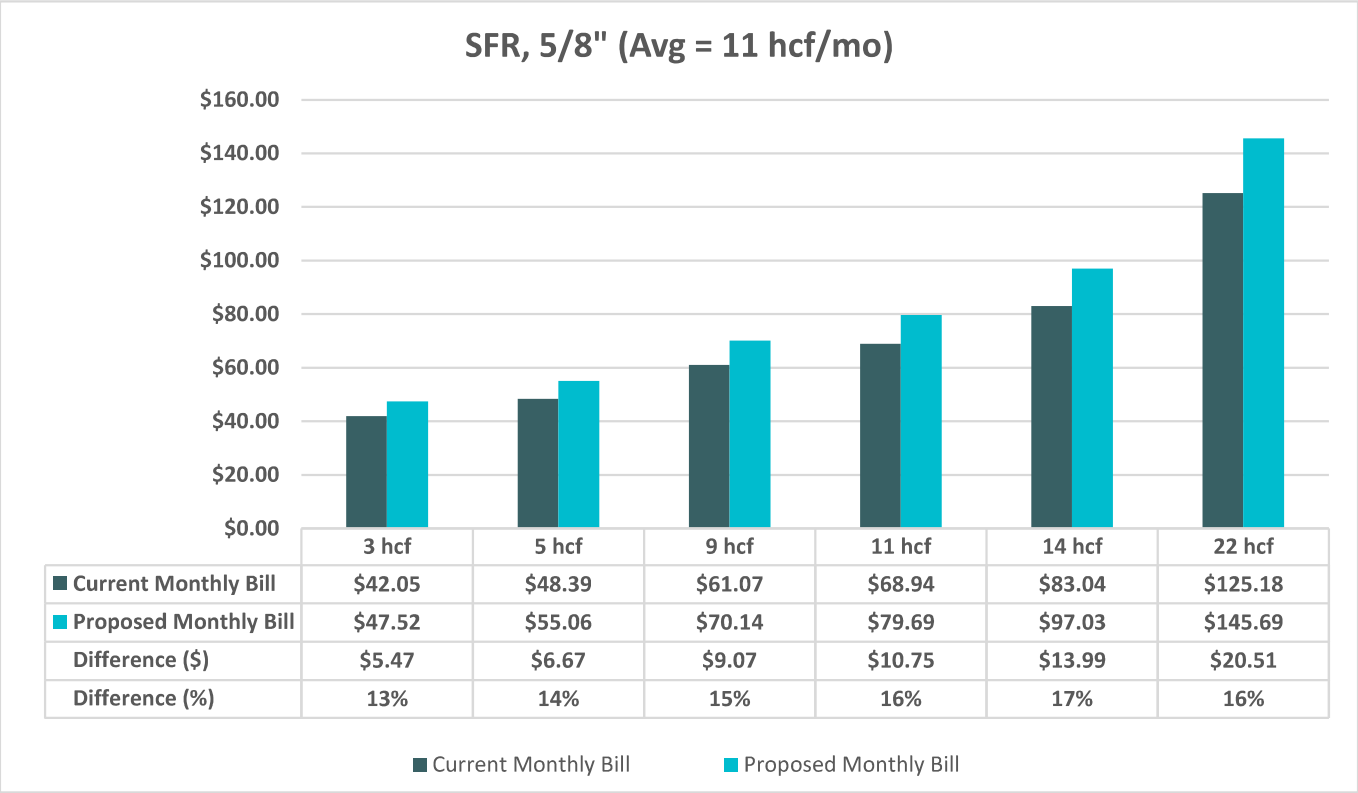
Table 5-7: Proposed 5-year Volume Charge Schedule, $/hcf

Commodity Charges	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
SFR						
Tier 1: First 1,000 cu ft	$3.17	$3.77	$4.08	$4.41	$4.77	$5.16
Tier 2: 1,100 - 2,000 cu ft	$4.70	$5.78	$6.25	$6.75	$7.29	$7.88
Tier 3: Over 2,100 cu ft	$6.97	$6.99	$7.55	$8.16	$8.82	$9.53
Non-SFR	$4.22	$5.09	$5.50	$5.94	$6.42	$6.94

5.5. Single Family Bill Impacts

Figure 5-1 compares the monthly water bill for a single family customer at the current rates and the proposed FY 2025 rates at different usage levels.

Figure 5-1: Single Family Typical Bill, 5/8" Meter



	3 hcf	5 hcf	9 hcf	11 hcf	14 hcf	22 hcf
Current Monthly Bill	$42.05	$48.39	$61.07	$68.94	$83.04	$125.18
Proposed Monthly Bill	$47.52	$55.06	$70.14	$79.69	$97.03	$145.69
Difference ($)	$5.47	$6.67	$9.07	$10.75	$13.99	$20.51
Difference (%)	13%	14%	15%	16%	17%	16%

6. Wastewater Financial Plan

6.1. Wastewater Assumptions

As with the Water enterprise, various types of assumptions and inputs were incorporated into this study. These assumptions were based on discussion with and/or direction from District staff, including projected accounts and annual growth rates in accounts, inflationary assumptions, and other miscellaneous assumptions. Table 6-1 presents the inflationary assumptions. The inflation factors for FY 2030 – FY 2032 are the same as shown for FY 2029. These inflationary assumptions are the same as for the water system. Additionally, the District has locked in higher interest rates on reserves. Therefore the financial plan uses 4 percent per year for interest through FY 2028, then drops to a conservative 1 percent per year.

Table 6-1: Inflation Factor Assumptions

Line Item	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029+
General	3%	3%	3%	3%	3%
Salary	6%	6%	6%	6%	6%
Benefits	6%	6%	6%	6%	6%
Utilities	4%	4%	4%	4%	4%
Capital	3%	3%	3%	3%	3%
Chemicals	4%	4%	4%	4%	4%

Table 6-2 shows the growth rate and water demand factor assumptions that were applied to the FY 2022 billing data. The single family growth rate is based on District staff information on planned additions to the sewer customer base. Water demand in FY 2023 decreased from FY 2022 and is expected to return to a level similar to FY 2022 in FY 2024 and then is held constant except for growth in demand due to new accounts.

Table 6-2: Account Growth Rate Assumptions

Line Item	FY 2023	FY 2024	FY 2025	FY 2026+
Single Family Residential	3.7%	9.5%	5.4%	0.0%
Mutli-Family Residential	0.0%	0.0%	0.0%	0.0%
Cottages, Motels, Trailer Park	0.0%	0.0%	0.0%	0.0%
Commercial and Industrial	0.0%	0.0%	0.0%	0.0%
Demand - Residential	90%	102%	100%	100%

6.2. Wastewater Financial Plan

6.2.1. Projected Revenue

The District's wastewater rates and charges comprise a fixed monthly charge per dwelling unit (du) for residential customers and a consumption charge for all customer types, as shown in Table 6-3. The consumption rate for residential customers is applied to each customers' average winter water consumption. The consumption rate for non-residential customers is applied to the billed water consumption.

Table 6-3: Current Wastewater Charges

Customer Class	Fixed Charge, $/mo/du	Consumption, $/hcf
Single Family Residential	$95.93	$5.64*
Multifamily Residential	$72.98	$5.64*
Cottages, Motels, Trailer Parks, Laundries, etc.	--	$9.20
Commercial and Industrial	--	$12.14

* applied to average winter consumption

Table 6-4 presents the projected revenues under the existing rates plus other revenue and interest income.

Table 6-4: Projected Revenues Under Existing Rates

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue from Current Rates	$2,332,934	$2,457,434	$2,457,434	$2,457,434	$2,457,434
Other Revenue	$231,880	$175,000	$175,000	$175,000	$175,000
Interest Income	$155,093	$161,155	$179,694	$189,254	$165,431
Total Revenues	$2,719,907	$2,793,589	$2,812,128	$2,821,688	$2,797,865

Line Item	FY 2029	FY 2030	FY 2031	FY 2032
Revenue from Current Rates	$2,457,434	$2,457,434	$2,457,434	$2,457,434
Other Revenue	$175,000	$175,000	$175,000	$175,000
Interest Income	$37,351	$32,917	$20,899	$15,153
Total Revenues	$2,669,785	$2,665,351	$2,653,333	$2,647,587

6.2.2. Projected Operating and Maintenance Expense

Table 6-8 displays total projected expenses for the study period. Increases in expenses are projected to average about 4 percent per year over the rate-setting period.

Table 6-5: O&M Expenses for FY 2024 – FY 2032

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Cost of Goods(1)	$669,740	$709,870	$752,407	$797,494	$845,285
Operational Expenses	$472,275	$486,965	$502,117	$517,746	$533,865
Non-Operating Expenses	-$9,000	-$9,270	-$9,548	-$9,835	-$10,130
Total	$1,133,015	$1,187,566	$1,244,976	$1,305,405	$1,369,021

Line Item	FY 2029	FY 2030	FY 2031	FY 2032
Cost of Goods(1)	$895,941	$949,635	$1,006,549	$1,066,875
Operational Expenses	$550,493	$567,643	$585,334	$603,582
Non-Operating Expenses	-$10,433	-$10,746	-$11,069	-$11,401
Total	$1,436,000	$1,506,532	$1,580,813	$1,659,056

(1) Includes salaries and benefits.

6.2.3. Projected Capital Improvement Program

Table 6-6 presents the District's wastewater capital improvement program. The program averages $855,000 per year over the study period. Detailed projects are shown in Appendix C.

Table 6-6: Capital Expenses for FY 2023 – FY 2032

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Wastewater Treatment	$222,500	$39,375	$0	$497,779	$1,215,506
Wastewater Collection	$650,000	$420,000	$253,575	$300,983	$510,513
Admin Capital - WW Portion	$34,300	$3,675	$9,647	$23,500	$68,068
Total	$906,800	$463,050	$263,222	$822,261	$1,794,087
Line Item	**FY 2029**	**FY 2030**	**FY 2031**	**FY 2032**	
Wastewater Treatment	$0	$1,031,874	$0	$110,809	
Wastewater Collection	$82,958	$549,439	$1,505,597	$73,873	
Admin Capital - WW Portion	$67,005	$28,142	$0	$0	
Total	$149,963	$1,609,455	$1,505,597	$184,682	

6.2.4. Existing and Proposed Debt Service

The District currently has a State Revolving Fund loan with annual debt service during the study period, as shown in Table 6-7

Table 6-7: Existing Debt Service

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Principal	$573,031	$587,930	$603,216	$618,900	$634,991
Interest	$115,042	$105,874	$96,467	$86,815	$76,913
Service Charge	$71,901	$66,171	$60,292	$54,260	$48,071
Total	$759,975	$759,975	$759,975	$759,975	$759,975
Line Item	**FY 2029**	**FY 2030**	**FY 2031**	**FY 2032**	
Principal	$651,501	$668,440	$685,819	$703,650	
Interest	$66,753	$56,329	$45,634	$34,661	
Service Charge	$41,721	$35,206	$28,521	$21,663	
Total	$759,975	$759,975	$759,975	$759,975	

Raftelis does not propose any new debt service for the wastewater enterprise during the study period.

6.2.5. Reserve Targets

The District has several reserve funds, which are shown in Table 6-8 along with the minimum combined target level. This list does not include restricted debt service reserves, capacity fund reserves, and CalPERS reserves. The operating-related (i.e., not capital improvement) minimum targets are presumed to be split 65 percent to the water enterprise and 35 percent to the wastewater enterprise based on input from District staff.

Table 6-8: Reserve Funds and Combined Minimum Targets

Fund	Target
Capital Improvement (1)	50% of the 5-year average CIP
Rate Stabilization	No minimum, but presuming current balance ($250,000) is the minimum.
Drought Contingency	Intitally funded at 10% of budgeted revenue, presume current balance ($500,000) is minimum.
Emergency	Initially funded at $250,000.
Vehicle	Depreciation plus Board authorized additions. Presume balance (~$394,000) is current minimum.
Office & Misc. Equip	Depreciation plus Board authorized additions. Presume balance (~$421,000) is current minimum.

(1) Based on discussions with District staff. Board policy minimum is currently 2 years of CIP.

6.2.6. Status Quo Financial Plan

Figure 6-1 displays the status quo operating financial plan. The colored stacked bars represent the District's operating and non-operating expenses. The blue line represents revenues at current rates. Since the status quo plan does not include revenue adjustments, the black line (proposed revenues) is hidden by the blue line. The red bar displays the revenues added to the fund balance (above $0 line) or draws from reserves (below $0 line). In most years, projected revenues are sufficient to meet projected operating and capital costs.

Figure 6-1: Status Quo Operating Financial Plan

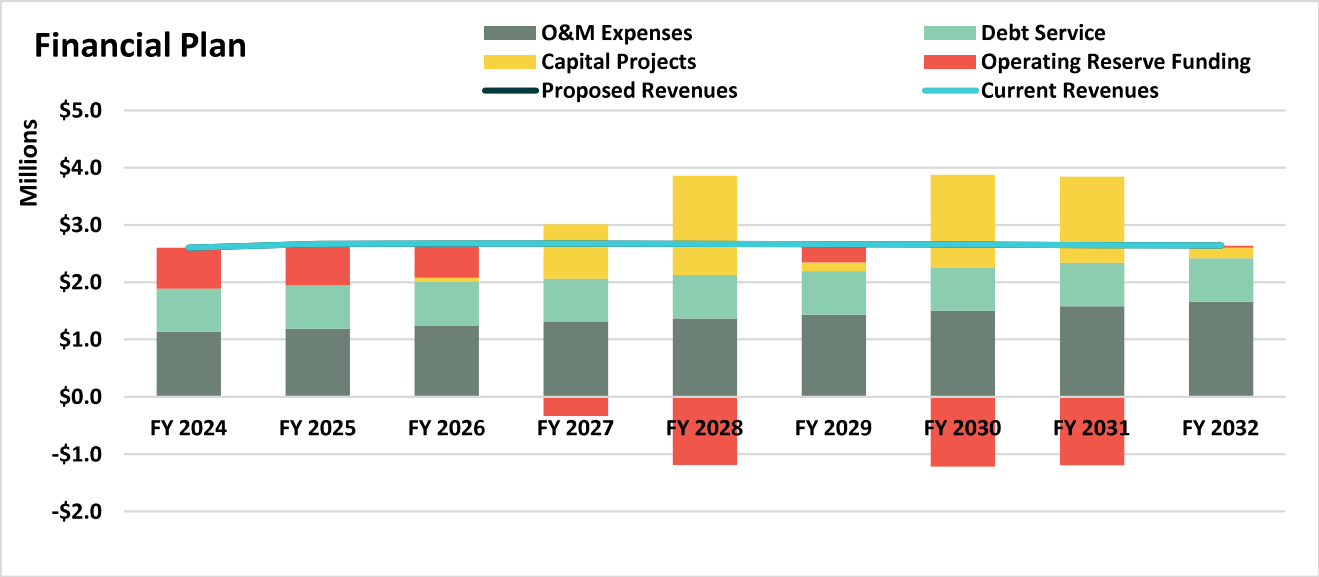
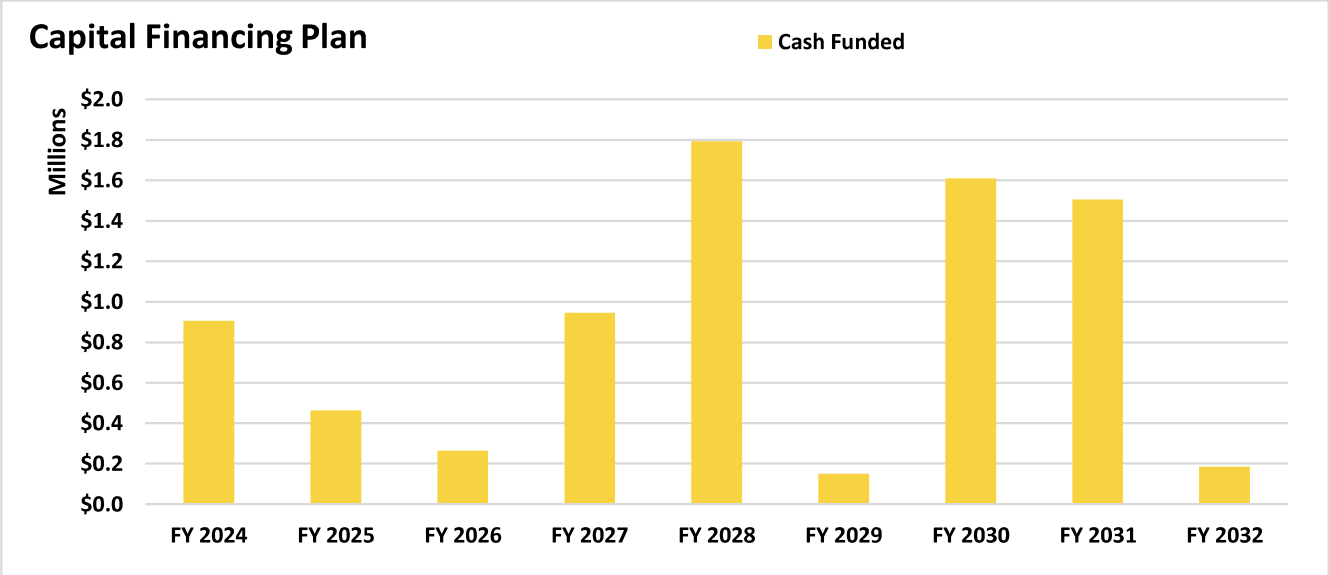


Figure 6-2 displays the capital improvement schedule through the study period. The yellow bars display the amount of capital the District will expend per year that is cash funded. The District does not plan on issuing any debt to finance future capital projects.

Figure 6-2: Status Quo CIP Expenditure



While the District does not expect to add additional debt, it does have existing debt. Figure 6-3 shows the projected debt coverage versus the required debt coverage over the study period under the Status Quo case.

Figure 6-3: Debt Coverage, Wastewater

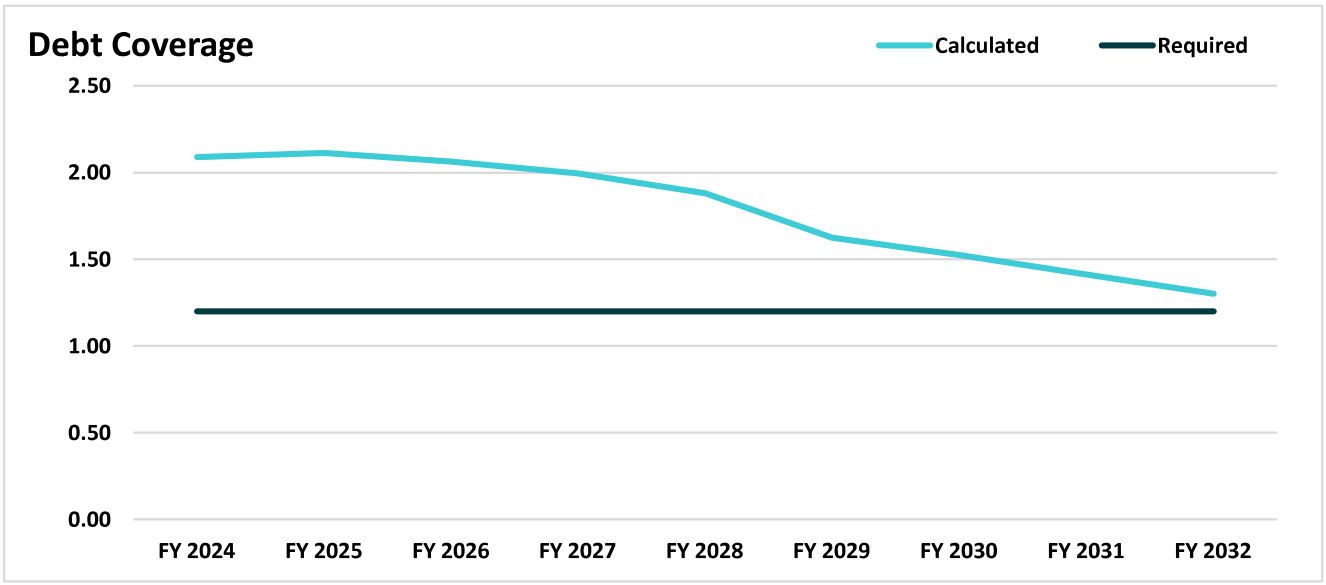
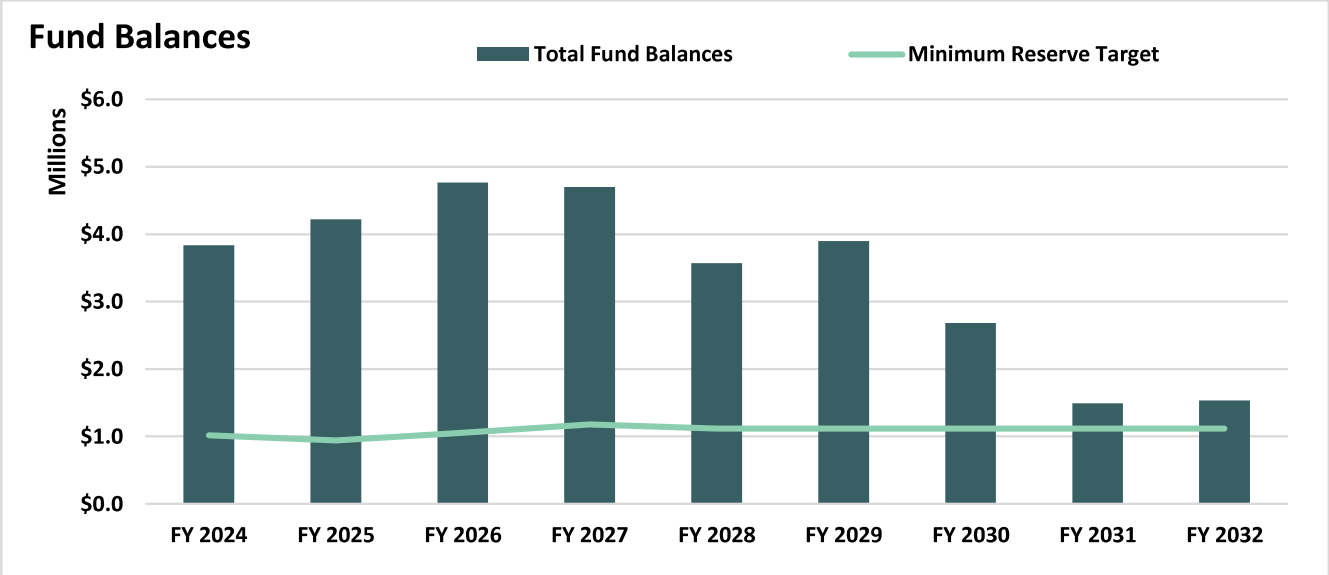


Figure 6-4 displays the combined operating and capital wastewater fund balances. This figure shows the amount of cash that the District has available for the Wastewater Enterprise. The green line indicates the minimum balance the District should have in its Wastewater Fund. Under Status Quo, the wastewater fund is expected to exceed the minimum wastewater reserve targets.

Figure 6-4: Status Quo Wastewater Fund Balance



While the Wastewater enterprise financials are projected to be above minimum reserve levels and meet coverage requirements, coverage ratios drop quickly in the out years. To minimize the need for larger increases later, Raftelis recommends small, regular revenue adjustments starting in FY 2028 as shown in Table 6-9. The adjustments for FY 2030 – FY 2032 are for planning purposes only.

Table 6-9: Proposed Wastewater Revenue Adjustments

Effective Date	Revenue Adjustment
1-Aug-24	0.0%
1-Jul-25	0.0%
1-Jul-26	0.0%
1-Jul-27	3.0%
1-Jul-28	3.0%
1-Jul-29	*3.0%*
1-Jul-30	*3.0%*
1-Jul-31	*3.0%*

6.2.7. Proposed Financial Plan

To prepare for future capital outside the rate-setting period and to make sure debt coverage does not fall below minimum requirements, the revenue adjustments as shown in Table 6-9 will help minimize larger increases later. The next four figures graphically display the effects of the proposed revenue adjustments on the District's financial position.

Figure 6-5 displays the debt service coverage for the existing loan under proposed revenue adjustments. The proposed revenue adjustments level out the coverage in later years and are sufficient to satisfy debt coverage requirements.

Figure 6-5: Proposed Debt Coverage

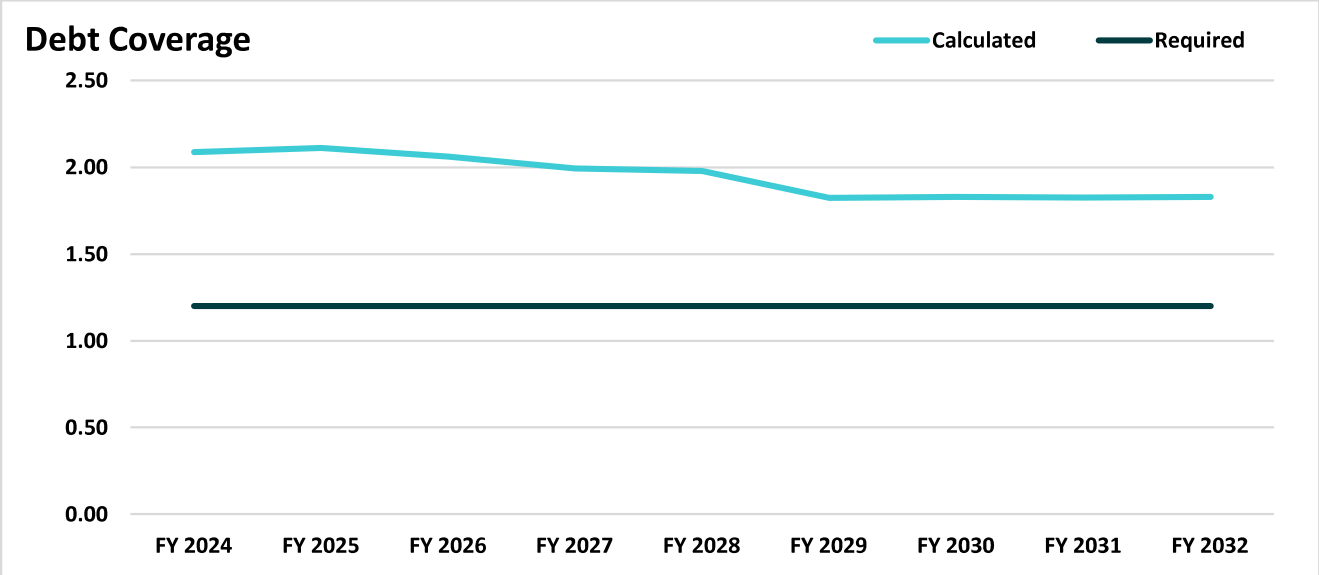


Figure 6-6 displays the proposed operating financial plan. The black line displays the proposed revenues, and the blue line shows projected revenues under existing rates. The red bars show when funds are added to the ending balance (above the $0 line) or reserves are drawn down (below the $0 line).

Figure 6-6: Proposed Operating Financial Plan

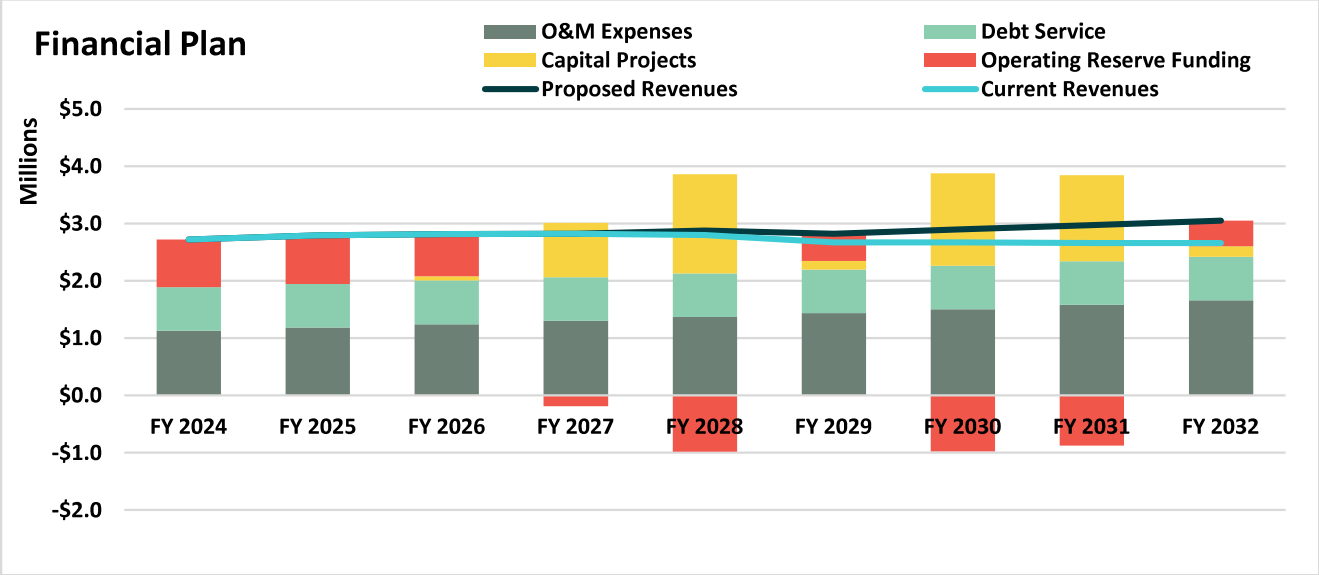


Figure 6-7 displays the capital improvement plan through the study period as well as the sources of funding. The yellow bars display the amount of capital the District will expend per year, which is all cash-funded.

Figure 6-7: Proposed Capital Expenditures

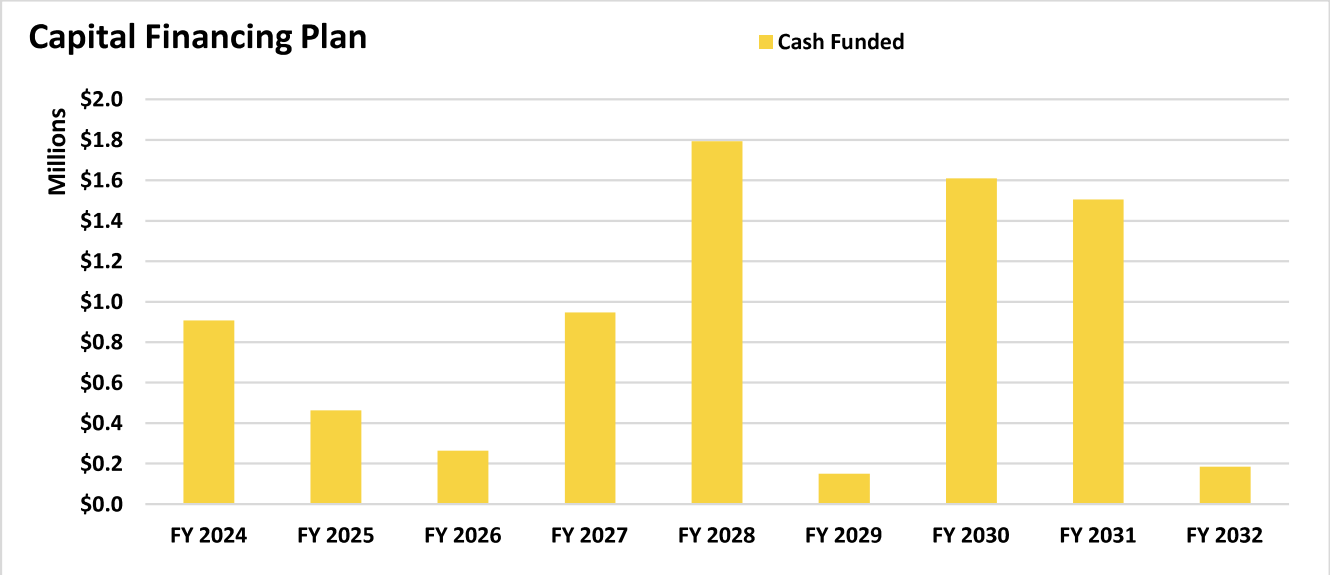


Figure 6-8 displays the projected wastewater fund balance (operating and capital combined). As a result of increasing revenues to the level shown on Figure 6-6, the wastewater fund balance remains above minimum levels through the planning period.

Figure 6-8: Proposed Wastewater Fund Balance

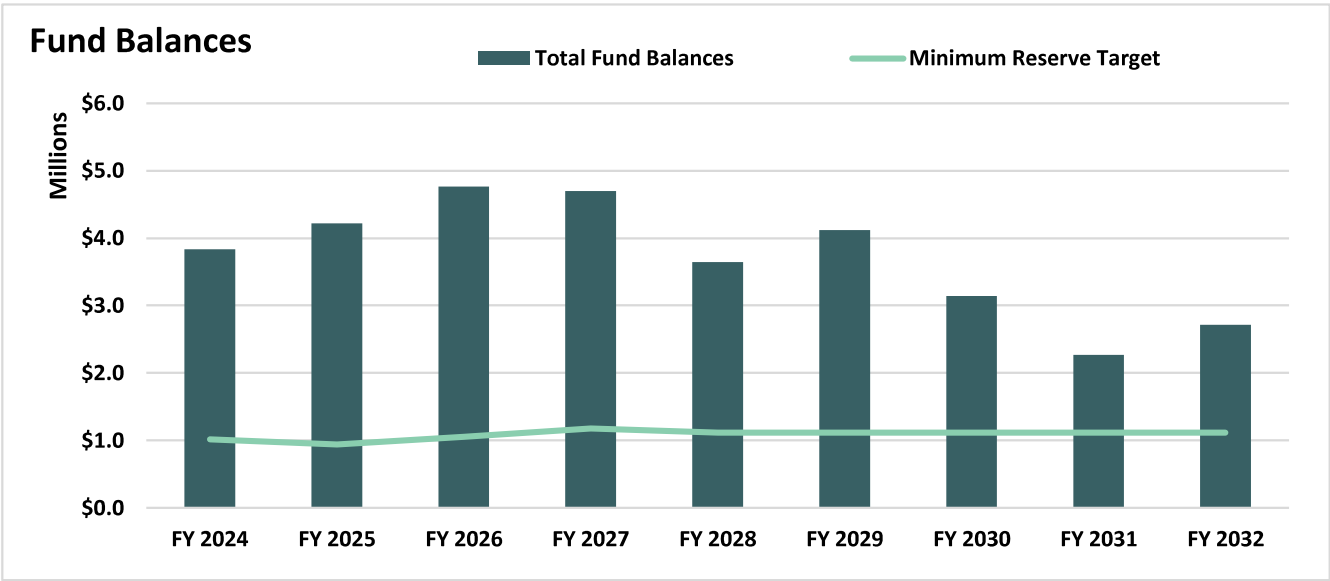


Table 6-10 below displays the projected pro forma cashflow for the wastewater enterprise. The Net Revenues line shows that the proposed revenue, including the proposed revenue adjustments, is sufficient to cover annual operating expenses through the financial planning period. The Annual Surplus (Deficit) line shows the draws on or additions to the operating fund after debt service and capital expenditures.

Table 6-10: Proposed Wastewater Proforma

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Beginning Operating Balance	$1,896,838	$2,723,755	$3,569,804	$4,300,430	$4,110,240	$3,124,008	$3,599,021	$2,619,703	$1,741,230
Revenues									
Under Existing Rates	$2,332,934	$2,457,434	$2,457,434	$2,457,434	$2,457,434	$2,457,434	$2,457,434	$2,457,434	$2,457,434
Proposed Revenue Adjustments	$0	$0	$0	$0	$73,723	$149,658	$227,871	$308,430	$391,406
Other Revenues	$231,880	$175,000	$175,000	$175,000	$175,000	$175,000	$175,000	$175,000	$175,000
Interest Income	$155,093	$161,155	$179,694	$189,254	$166,935	$38,859	$36,337	$27,048	$24,881
Total Revenue	$2,719,907	$2,793,589	$2,812,128	$2,821,688	$2,873,093	$2,820,951	$2,896,642	$2,967,913	$3,048,721
Operating Expenses									
Cost of Goods	$669,740	$709,870	$752,407	$797,494	$845,285	$895,941	$949,635	$1,006,549	$1,066,875
Operational Expenses	$472,275	$486,965	$502,117	$517,746	$533,865	$550,493	$567,643	$585,334	$603,582
Non-Operating Expenses	-$9,000	-$9,270	-$9,548	-$9,835	-$10,130	-$10,433	-$10,746	-$11,069	-$11,401
Total Operating	$1,133,015	$1,187,566	$1,244,976	$1,305,405	$1,369,021	$1,436,000	$1,506,532	$1,580,813	$1,659,056
Net Revenues	$1,586,892	$1,606,024	$1,567,152	$1,516,283	$1,504,072	$1,384,951	$1,390,111	$1,387,099	$1,389,665
Debt Service									
Existing	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975
Proposed	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Debt Service	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975
Rate Funded CIP	$0	$0	$76,552	$946,499	$1,730,329	$149,963	$1,609,455	$1,505,597	$184,682
Annual Surplus (Deficit)	$826,917	$846,049	$730,625	-$190,190	-$986,232	$475,013	-$979,319	-$878,473	$445,009
Ending Operating Balance	$2,723,755	$3,569,804	$4,300,430	$4,110,240	$3,124,008	$3,599,021	$2,619,703	$1,741,230	$2,186,239
Minimum Operating Reserve Target	*$591,499*	*$591,499*	*$591,499*	*$591,499*	*$591,499*	*$591,499*	*$591,499*	*$591,499*	*$591,499*
Debt Coverage	2.09	2.11	2.06	2.00	1.98	1.82	1.83	1.83	1.83

Table 6-11 shows the proposed sources and uses of capital funds for the wastewater enterprise.

Table 6-11: Proposed Wastewater Capital Sources & Uses of Funds

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Beginning Capital Balance	$2,020,418	$1,113,618	$650,568	$463,899	$588,136	$524,378	$524,378	$524,378	$524,378
Sources of Funds									
Rate Funded	$0	$0	$76,552	$946,499	$1,730,329	$149,963	$1,609,455	$1,505,597	$184,682
Debt Funded	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Sources	$0	$0	$76,552	$946,499	$1,730,329	$149,963	$1,609,455	$1,505,597	$184,682
Uses of Funds									
Capital	$906,800	$463,050	$263,222	$822,261	$1,794,087	$149,963	$1,609,455	$1,505,597	$184,682
Total Uses	$906,800	$463,050	$263,222	$822,261	$1,794,087	$149,963	$1,609,455	$1,505,597	$184,682
Ending Capital Balance	$1,113,618	$650,568	$463,899	$588,136	$524,378	$524,378	$524,378	$524,378	$524,378
Minimum Capital Reserve Target	*$424,942*	*$349,258*	*$463,899*	*$588,136*	*$524,378*	*$524,378*	*$524,378*	*$524,378*	*$524,378*

7. Wastewater Cost-of-Service and Proposed Wastewater Rates

The total revenue requirement is, by definition, the net cost of providing service. This cost-of-service is then used as the basis to develop unit rates for the wastewater parameters and to allocate costs to the various user classes. The concept of proportionate allocation to user classes implies that allocations should take into consideration the quantity of wastewater a user contributes as well as the strength (i.e., treatment requirements) of the wastewater.

The cost-of-service analysis and rate calculations consist of the following steps:

1. Determination of the total costs to be recovered from rates (cost-of-service)
2. Determination of the wastewater loadings for each customer class, to ensure costs are allocated to each class proportionately
3. Allocation of the cost-of-service to the loading parameters- Flow, Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS)
4. Calculation of unit costs for the three parameters and the costs to serve the various user classes based on their loadings
5. Calculation of rates for each user class

This section of the report discusses the allocation of operating and capital costs to the Flow, BOD, and TSS parameters, the determination of unit rates, and the calculation of user class cost responsibility.

In this study, wastewater rates were calculated for FY 2025, and accordingly FY 2025 revenue requirements are used in the cost allocation process.

7.1. Costs-of-Service to be Allocated

The annual cost-of-service to be recovered from wastewater rates (i.e., revenue requirement) includes O&M expenses (Table 6-5), capital improvement projects covered through reserves (Table 6-11), and debt service (Table 6-7). O&M expenses include costs directly related to the collection, treatment, and disposal of wastewater and maintenance of system facilities.

The total FY 2025 net cost-of-service to be recovered from the City's wastewater users, is shown Line 11 of Table 7-1. The cost-of-service analysis is based on the need to generate revenues adequate to meet this estimated revenue requirement. As part of the cost-of-service analysis, revenues from sources other than wastewater rates and charges are deducted from the appropriate cost elements (Line 7). Adjustments are also made for transfers to/from reserves (Line 8 and Line 9).

Table 7-1: Allocation of Wastewater Revenue Requirements, Test Year

No.	Line Item	Operating	Capital-Related	Total
	Revenue Requirements			
1	O&M Expenses	$1,187,566		$1,187,566
2	Debt Service		$759,975	$759,975
3	Capital Reserve Funded CIP		$463,050	$463,050
4	Total - Revenue Requirements	$1,187,566	$1,223,025	$2,410,590
	Revenue Offsets			
5	Other Revenue	-$175,000		-$175,000
6	Interest Income	-$161,155		-$161,155
7	Total - Revenue Offsets	-$336,155	$0	-$336,155
	Adjustments			
8	Adjustment for Cash Balance	$846,049		$846,049
9	Adjustment for Cash Balance-Capital		-$463,050	-$463,050
10	Total - Adjustments	$846,049	-$463,050	$382,999
11	Total Revenue to be Recovered from Rates	$1,697,460	$759,975	$2,457,434

To allocate the cost-of-service to the various user classes in proportion to their flow and strength contributions, costs first need to be allocated to selected wastewater cost causation parameters. The following subsection describes the allocation of the operating and capital cost-of-service amounts to the parameters of Flow, BOD, and TSS.

7.2. Cost Allocation to Wastewater Cost Causation Parameters

The cost-of-service allocations in this study are based on Raftelis' experience with wastewater treatment plants and are consistent with the revenue program guidelines of the Water Environment Federation (WEF).

The three main cost causation parameters are Flow, BOD (biological oxygen demand), and TSS (total suspended solids). BOD and TSS constitute the strength components of the wastewater discharge. Additional parameters include infiltration and inflow, customers, and laterals. Costs are assigned based on the parameters that dictate the design of each process. The allocation of costs to the three main parameters involves:

1. Detailed breakdown and functionalization of O&M costs.
2. Itemization of the capital costs by functions such as collection, treatment, outfall, etc.
3. Allocation of the functional costs to the wastewater cost causation parameters.

In the absence of a detailed breakdown of fixed assets by process, the WWTP treatment costs are allocated to flow, BOD, and TSS at 50 percent, 25 percent, and 25 percent, respectively. This allocation is representative of other similar treatment plants. Costs that could not be specifically identified were categorized as general costs. The allocation of O&M functions to cost components is shown in Table 7-2. The allocation of wastewater assets is shown in Table 7-3.

Table 7-2: O&M Cost Category Allocations

Functional Allocation	Rationale	Flow	BOD	TSS	Billing	General	Total
Collection	Flow	100.0%					100.0%
Treatment	Flow & Strength	50.0%	25.0%	25.0%			100.0%
CS/Billing	CS/Billing				100.0%		100.0%
G&A						100.0%	100.0%

Note: CS = customer service

Table 7-3: Asset Allocations

Functional Allocation	Rationale	Flow	BOD	TSS	Billing	General	Total
Buildings	G&A	$0	$0	$0	$0	$714,091	$714,091
Collection	Collection	$718,989	$0	$0	$0	$0	$718,989
Treatment	Treatment	$7,347,253	$3,673,626	$3,673,626	$0	$0	$14,694,506
Land	General	$0	$0	$0	$0	$531,577	$531,577
Mach&Equip	General	$0	$0	$0	$0	$38,551	$38,551
CS/Billing	Billing	$0	$0	$0	$47,741	$0	$47,741
ForceMain/LiftStation	Flow	$226,898	$0	$0	$0	$0	$226,898
G&A	General	$0	$0	$0	$0	$49,048	$49,048
Total		$8,293,140	$3,673,626	$3,673,626	$47,741	$1,333,268	$17,021,402
Percent Allocation		48.7%	21.6%	21.6%	0.3%	7.8%	100.0%

7.3. Unit Cost-of-Service

The next step of the cost-of-service analysis is to calculate unit costs for Flow, BOD, and TSS. The unit costs of service are developed by dividing the total annual costs allocated to each parameter by the total annual loadings for each parameter. Raftelis determined the total billed residential wastewater flow based on District data for the average winter month billed water use. The non-residential flow is presumed to be the billed water times a return-to-sewer factor. Raftelis has used 85 percent for cottages, motels, etc., and 90 percent for commercial and industrial. Inflow and infiltration has been estimated at 1 percent. The plant loadings provide a basis for determining unit costs.

The strength of different types of non-residential customers is based on data from Los Angeles Sanitation. Table 7-4 shows the calculation of the units of service for residential and non-residential customers using the method described above for calendar year 2020.

Table 7-4: Mass Balance Calendar Year 2020

Line Item	WW Flow (hcf/yr)	BOD (lbs/yr)	TSS (lbs/yr)
Total Plant Influent	78,476	119,048	117,088
Estimated I/I	785	980	980
Net Plant	77,691	118,068	116,108
Non-Residential			
Cottages, Motels, Trailer Parks, Laundries, etc.	162	403	338
Commercial and Industrial	989	4,014	3,180
Total Non-Residential	1,151	4,417	3,518
Residential			
Single Family	76,037	112,903	111,850
Multi-Family	504	748	741
Total Residential	76,541	113,651	112,591

The residential and non-residential wastewater loadings are used in Table 7-5 to develop the FY 2025 units of service based on estimated test year flows.

Table 7-5: Units of Service, Test Year

Customer Class	Water Use (hcf)	WW Flow (hcf)	BOD (lb/yr)	TSS (lb/yr)	Accounts or dwelling units	Bills
Residential WW						
Single Family Residential		131,329	194,991	193,171	1,463	17,556
Multi-Family Residential (dwelling units)		703	1,044	1,034	12	12
Cottages, Motels, Trailer Parks, Laundries, etc.	284	241	603	505	2	24
Commercial and Industrial	1,277	1,149	4,663	3,695	8	96

These units of service are then used in Table 7-6 to determine the unit costs (Line 9) for each of the wastewater parameters. These unit costs are then used along with the loadings to develop the cost to be collected from the different customer classes. Note that general costs are reallocated based on the proportions of the other costs.

Table 7-6: Development of Unit Costs

No.	Revenue Requirement	WW Flow	BOD	TSS	Billing	General	Total
1	Net Operating Revenue Requirement	$1,179,022	$209,148	$209,148	$100,141	$0	$1,697,460
2	Net Capital Revenue Requirement	$370,274	$164,021	$164,021	$2,132	$59,528	$759,975
3	**Total - Cost of Service**	**$1,549,295**	**$373,169**	**$373,169**	**$102,273**	**$59,528**	**$2,457,434**
4	Allocation of General Costs - Operating	$0	$0	$0	$0	$0	$0
5	Allocation of General Costs - Capital	$31,468	$13,939	$13,939	$181	-$59,528	$0
6	**Total - Adjusted Cost of Service**	**$1,580,763**	**$387,109**	**$387,109**	**$102,454**	**$0**	**$2,457,434**
7	Units of Service	133,423	201,301	198,405	17,688		
8	Units	hcf/yr	lb/yr	lb/yr	bills/yr		
9	Unit Cost	$11.85	$1.92	$1.95	$5.79		
10		per hcf	per lb	per lb	per bill		

8. Wastewater Rate Derivation

8.1. Proposed Rates

Based on District staff direction, Raftelis has developed a new flat, monthly rate structure for residential customers. Non-residential customers will continue to be charged based on billed water consumption, subject to a minimum monthly charge equal to the Multifamily charge for one dwelling unit.

Table 8-1 shows the derivation of each of the customer-class charges. The total costs allocated to single family and multifamily residential customer classes are divided by the number of dwelling units and adjusted by the equivalent dwelling unit factor to determine the monthly charge per dwelling unit. Based on the 2011 American Community Survey 5-Year data for the Sunnyslope census designated place, multifamily density is about 65 percent of single family density. The non-residential customer rates are based on the total allocated cost divided by the total billed water use.

Table 8-1: Wastewater Rate Derivation, Test Year

Customer Class	Flow	Strength	Customer	Total	Dwelling Units	EDU Ratio	$/EDU/mo	Water Use, hcf	$/hcf
Single Family	$1,555,957	$751,872	$101,689	$2,409,518	1,463	1.00	$137.25		
Multifamily	$8,329	$4,025	$70	$12,424	12	0.65	$89.58		
Cottages, Motels, Trailer Parks, Laundries, etc. (1)	$2,860	$2,144	$139	$5,143				190	$27.07
Commercial and Industrial (1)	$13,617	$16,177	$556	$30,349				1,099	$27.62

(1) Subject to a minimum charge equal to $89.58

Table 8-2 shows the proposed wastewater rates for the next five years. Rates are adjusted by the cost-of-service for FY 2025 and then by the revenue adjustments (starting in FY 2028) on July 1 of each fiscal year through the rate-setting period.

Table 8-2: Proposed Wastewater Rates

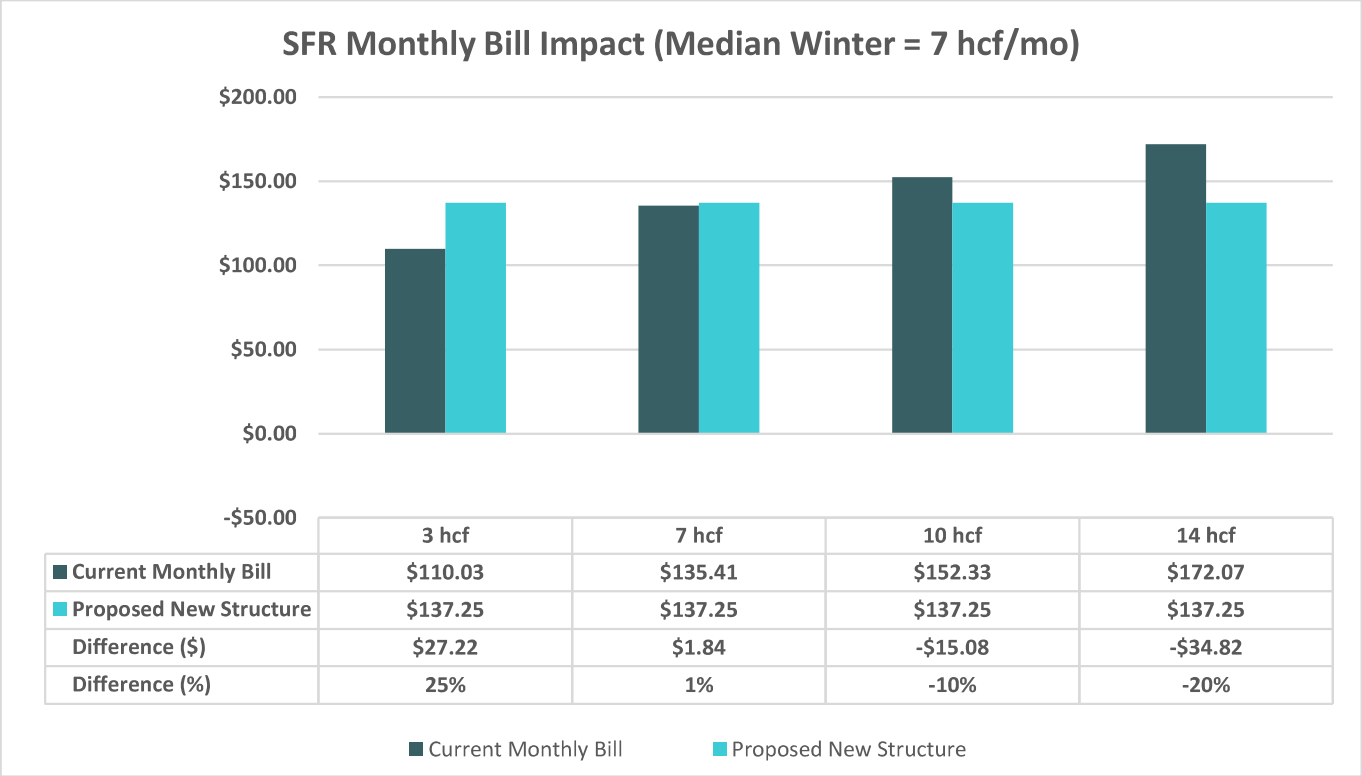
Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Effective Date		8/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
Monthly Fixed, $/mo/du						
Single Family	$95.93/mo/du + $5.64/hcf	$137.25	$137.25	$137.25	$141.37	$145.62
Multifamily	$72.98/mo/du + $5.64/hcf	$89.58	$89.58	$89.58	$92.27	$95.04
Volume Charge (1)						
Cottages, Motels, Trailer Parks, Laundries, etc.	$9.20/hcf	$27.07/hcf	$27.07/hcf	$27.07/hcf	$27.89/hcf	$28.73/hcf
Commercial and Industrial	$12.14/hcf	$27.62/hcf	$27.62/hcf	$27.62/hcf	$28.45/hcf	$29.31/hcf
Minimum Charge	--	$89.58	$89.58	$89.58	$92.27	$95.04

(1) Proposed rates include a minimum charge.

8.2. Wastewater Bill Impacts

Figure 8-1 shows the monthly bill impact of the proposed rates on a residential customer.

Figure 8-1: Residential Wastewater Monthly Rate Impacts at Different Average Winter Usage Amounts



	3 hcf	7 hcf	10 hcf	14 hcf
Current Monthly Bill	$110.03	$135.41	$152.33	$172.07
Proposed New Structure	$137.25	$137.25	$137.25	$137.25
Difference ($)	$27.22	$1.84	-$15.08	-$34.82
Difference (%)	25%	1%	-10%	-20%

APPENDIX A:

Water Capital Improvement Plan

Capital Improvement Plan - Uninflated	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Water Supply & Treatment									
Hollister Urban Area Master Plan Update				$50,000	$25,000				$50,000
West Hills WTP Expansion			$3,000,000						
*Cross Town Pipeline Inspection							$150,000		
Well 2 - Pump Rehabiliation				$35,000					
Well 7 - Pump Rehabilitation			$35,000						
Well 8 - Pump Rehabilitation			$35,000						
Well 12 - Development				$80,000		$1,000,000	$500,000		
Well 12 - Water Quality Treatment					$80,000		$500,000	$1,000,000	
Facility Fencing					$20,000				
ASR Pilot Project							$3,000,000		
Water Distribution									
Union Road Pressure Reducing Station SCADA		$30,000		$75,000					
New Enterprise Booster Station		$100,000	$335,000						
Enterprise Road Garage Facility @ Well #7					$320,000				
Upgrade Airline Highway Booster Station SCADA	$50,000				$100,000				
Rehabilitate 2.0 MG Fairview Tank					$1,500,000				
Rehabilitate 3.5 MG Fairview Tank (painting)							$300,000		
Well 8 Irrigation System Supply			$500,000						
Replace 12" Pipe from Ridgemark Tanks to Georges								$150,000	
Upsize water main from Well 2 to Airline Hwy									$166,000
Water Meter AMI Radio Network and Upgrades (Itron)	$412,000								
Well 2 VFD Electrical Rewiring			$40,000						
Update Water System Model for Fire Flows					$40,000				
Water Main Upgrades for Fire Flows							$300,000	$300,000	
Convert Water Distribution SCADA	$37,500	$37,500							
Replace Cathodic Protection Annodes in Water Tanks							$30,000		
Well 7 - Maintenance and Materials Facility			$450,000						
Tank Asphalt Chip Sealing				$100,000					
Well Head Asphalt Chip Sealing						$150,000			
Properly Abandon and Seal Well 1				$30,000					
Properly Abandon and Seal Well 6				$30,000					
ACP Water Main Replacement							$300,000		
Gate Valve Replacement		$50,000		$50,000		$50,000		$50,000	
Pressure Reducing Valve Replacement					$50,000		$50,000		$50,000
Fire Hydrant Replacement						$100,000			
Ridgemark Tanks Rehabilitation									$300,000
Electric Truck							$75,000		
Electric Truck							$80,000		
Crane Truck, Diesel				$120,000					
Water Irrigation System									
Well 5 Irrigation System Supply		$750,000	$750,000						
Irrigation Line - Fairview Road Extension	$300,000								
Pipe Repair and Replacement			$100,000						
Well 8 Intertie Design and Construction			$40,000		$500,000				
Promontory Landscape Pipeline	$60,000								
Admin Capital - Water Portion									
Replace floor electrical and re-carpet District Office	$44,200			$31,200					
Paint District Office Inside & Outside							$39,000		
Vehicle Replacement					$104,000				
Backhoe						$97,500			
Roof Repair/Gutter Replacement	$9,750		$9,750						
Replacement Electronic Devices/Desktop Computers	$9,750	$6,500	$6,500	$6,500					
Total Project Costs - Uninflated	**$923,200**	**$974,000**	**$5,301,250**	**$607,700**	**$2,739,000**	**$1,397,500**	**$5,324,000**	**$1,500,000**	**$566,000**
Total Project Costs - Inflated	**$923,200**	**$1,022,700**	**$5,844,628**	**$703,489**	**$3,329,272**	**$1,783,603**	**$7,134,669**	**$2,110,651**	**$836,240**

APPENDIX BA:

Water O&M Allocation

O&M Functionalization

O&M Line Item	Test Year	Supply	Treatment	T&D	Storage	Meters	CS/Billing
Water Distribution							
Cost of Goods	$1,472,240			60%		20%	20%
Operating Expenses							
Quality Testing	$42,230		100%				
All Other Operating Expenses	$723,906			60%		20%	20%
Other	$0			60%		20%	20%
Water Production	$968,666	90%					10%
Lessalt TP							
Cost of Goods	$502,380	29%	71%				
Operating Expenses							
Cost of Raw Water	$805,710	100%					
Cost of Raw Water - Power	$139,360	100%					
True-Up Annual Raw Water Cost & Power	$0	100%					
All Other Operating Expenes	$2,355,236		100%				
West Hills TP							
Cost of Goods	$498,416	31%	69%				
Operating Expenses							
Cost of Raw Water	$1,611,420	100%					
Cost of Raw Water - Power	$83,616	100%					
True-Up Annual Raw Water Cost & Power	$0	100%					
All Other Operating Expenes	$3,785,602		100%				
Non-Operating Expenses							
Non-Op Allocation - Water Distribution	-$13,905		2%	59%		20%	20%
Non-Op Allocation - Water Production	-$7,725	90%					10%
Total	$12,967,151	$3,802,962	$6,885,592	$1,309,502	$0	$436,501	$532,595
Allocation		29%	53%	10%	0%	3%	4%

Allocation of WTP O&M Revenue

Treatment Plant O&M	Supply	Treatment
Lessalt TP	$1,088,931	$2,713,755
West Hills TP	$1,849,185	$4,129,869
Total	$2,938,115	$6,843,624
Allocation	30%	70%

Function	WTP O&M Rev	Base	Max Day
Supply	$1,318,261	$1,008,470	$309,791
Treatment	$3,070,569	$1,535,284	$1,535,284
WTP O&M Revenue	$4,388,830	$2,543,754	$1,845,076
Allocation		58%	42%

APPENDIX C:

Wastewater Capital Improvement Plan

Capital Improvement Plan - Uninflated	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Wastewater Treatment									
Pond 6 Lift Station Wet Well, Pump, Electrical	$50,000								
Dredge and Remove Sludge from RM I Pond 1							$750,000		
Replace SBR Monitoring Wells	$50,000								
Facility Fencing							$20,000		
Undesignated Future									$75,000
Wastewater Collection									
New Enterprise Lift Station (replace Oak Canyon)	$100,000								
New Airline/Ridgemark Dr. Lift Station (replace Paullus)		$150,000							
New Force Main Sewer from Main Lift to Vista del Calabria				$150,000					
New Gravity Sewer Everest toward Main Lift				$80,000					
Connection to City Sewer via Lico North				$30,000	$420,000				
Ridgemark Golf Course Sewer Upsizing						$65,000			
Upsizing City Sewer Mains Union/Southside to City WWTP							$60,000	$1,000,000	
Manhole and Sewer Main Repair/Replace from CCTV Inspection	$50,000	$50,000					$50,000	$50,000	$50,000
VCP Sewer Main Replacement							$300,000		
Facility Fencing								$20,000	
SCADA System Upgrade			$80,000						
Vista Del Calabria Pumpstation Cost Share	$200,000								
Pump Station Control Panels	$300,000	$200,000	$150,000						
Admin Capital - WW Portion									
Replace floor electrical and re-carpet District Office	$23,800			$16,800					
Paint District Office Inside & Outside							$21,000		
Vehicle Replacement					$56,000				
Backhoe						$52,500			
Roof Repair/Gutter Replacement	$5,250		$5,250						
Replacement Electronic Devices/Desktop Computers	$5,250	$3,500	$3,500	$3,500					
Total Project Costs - Uninflated	**$906,800**	**$441,000**	**$238,750**	**$710,300**	**$1,476,000**	**$117,500**	**$1,201,000**	**$1,070,000**	**$125,000**
Total Project Costs - Inflated	**$906,800**	**$463,050**	**$263,222**	**$822,261**	**$1,794,087**	**$149,963**	**$1,609,455**	**$1,505,597**	**$184,682**