OAKDALE IRRIGATION DISTRICT

Water Rate Study

Final Report

June 2025

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1. Introduction

1.1 Introduction

Oakdale Irrigation District (District) retained NBS to prepare a cost allocation study and cost of service studies for domestic water and irrigation water. Phase 1 of this effort was the cost allocation study, with Phase 2 being the irrigation and domestic water rate studies. The District had several objectives and goals in mind for this study including meeting revenue requirements, reviewing the rising costs of providing services, funding capital improvements using non-rate revenue, and complying with certain legal requirements (e.g., California Constitution Article XIII D, Section 6, which is commonly referred to as Proposition 218 [Prop 218]). The District's broader objectives in this study include ensuring adequate funding for operating costs, maintaining reasonable reserves, and ensuring revenue stability in utility rates. The rates resulting from this study were developed in a manner that is consistent with industry standard cost-of-service principles. In addition to documenting the rate study methodology, this report is provided with the intent to assist the District in its continuing effort to maintain transparent communications with the residents and community it serves.

1.2 Purpose

In developing new rates for the District's water utility, NBS worked cooperatively with District staff and the District's Board of Directors (Board) in selecting appropriate rate alternatives that address the District's goals and objectives. Based on input provided by District staff, NBS proposes the rates summarized in this report, which were developed in a manner that is consistent with industry standard cost of service principles. The Board has the final decision regarding the adoption of the proposed rates and whether to proceed with the Prop 218 approval process.

1.3 Overview of the Study

Comprehensive rate studies, such as this one, typically include three components: (1) preparation of a financial plan that identifies the net revenue requirements for the utility; (2) analysis of the cost to serve each customer class, and (3) the rate structure design. These steps are shown in Figure 1 and are intended to follow industry standards and reflect the fundamental principles of cost-of-service rate making embodied in the American Water Works Association's (AWWA) *Principles of Water Rates, Fees, and Charges*,[1] also referred to as Manual M1.

Rate studies also address requirements under Prop 218 that rates not exceed the cost of providing the service and be proportionate to the cost of providing service for all customers. In terms of the chronology of the study, the three steps shown in Figure 1 represent the order in which they were performed in this study.

[1] *Principles of Water Rates, Fees, and Charges*, Manual of Water Supply Practices, Manual M1, American Water Works Association (AWWA), 7th Edition, 2017.

Figure 1. Primary Components of a Rate Study

NBS projected revenues and expenditures, developed net revenue requirements, performed cost-of-service rate analyses, and developed new water rates for the District using this approach. The following sections in this report present an overview of the methodologies, assumptions, and data used along with the financial plans and rates developed. Detailed tables and figures documenting the development of the proposed rates are provided in the Appendices.

The District provided NBS with the data necessary to conduct the study, including historical, current, and projected revenues and expenditures, number of customer accounts, and water consumption data along with other operational and capital cost information.

METHODOLOGY

As a part of the rate study, NBS projected revenues and expenditures on a cash-flow basis for the next five (5) years. The amount of rate revenue required, that will allow reserves to be maintained at the recommended levels, is known as the net revenue requirement. As current rate revenue falls short of the net revenue requirement, rate adjustments – or more accurately, adjustments in the total revenue collected from rates – are recommended. This report presents an overview of the methodologies, assumptions, and data used along with the financial plan and proposed rates developed in this study.[2]

RATE DESIGN CRITERIA

This section covers basic rate design criteria that NBS and District staff considered as a part of their review of the rate structure alternatives. One of the most fundamental points in considering rate structures is the relationship between fixed and variable costs. Fixed costs, such as debt service and a significant amount of the personnel costs, typically do not vary with the amount of water delivered. In contrast, variable costs, such as the electricity for pumping costs, tend to change with the quantity of water sold. Most rate structures contain a fixed, or minimum, charge in combination with a volumetric charge.

[2] The complete financial plan is available in the *Appendices*.

Fixed Charges – Fixed charges, represent a stable revenue source that should cover a significant portion of the District's fixed costs. However, the amount of costs to be recovered by fixed charges is a District choice. Many agencies will pick up a portion of the fixed costs through volumetric charge to send a greater conservation signal. The District utilizes a per acre fixed charges as a component of the rate structure for its Irrigation Rates and Agricultural Improvement District Rates.

Volumetric Charges – The current District volumetric rates include tiered rates. The 2015 San Juan Capistrano court decision held that water agencies may only charge tiered rates if they can show that the rate for each tier is at or below the cost of service for that amount of water use, meaning that caution must be used to ensure that customers are appropriately allocated costs that meet legal requirements. The District utilizes a tiered volumetric charge for its Irrigation Rates and a usage-based volumetric charge for its Domestic System Rates.

Drought Surcharge – A drought surcharge can be used to generate revenue to cover additional costs from a drought or having less water available for sale. When surface water availability is reduced, the District pumps additional groundwater to serve customers. The surcharge is calculated to recover those costs.

KEY FINANCIAL ASSUMPTIONS

The following is a summary of the key financial assumptions used in the analyses. The following operational fund targets reflect input from District staff to meet specific utility objectives.

Cost Allocation Plan – NBS prepared a Cost Allocation Plan (CAP) for the District. A CAP is a financial tool used by agencies to fairly distribute indirect costs across various programs or departments. In this case, selected indirect costs were distributed to the irrigation system, the domestic system, and the improvement districts. While administrative costs have been allocated to the domestic system and improvement districts in the past, the CAP allocates costs in a more prescribed manner.

Reserve Targets – The District has several reserve funds outlined in their policies and procedures. These are described below.

- **Rate Stabilization and Operations Designated Reserve.** This reserve is intended to fund unanticipated operations' expenses such as natural disasters, infrastructure failure, lawsuits, legislative and regulatory requirements, economic downturns, and one-time opportunities, and any other Board approved use of the reserve. The minimum is 20% of the operating expenses budget, with a maximum of 100% of the operating expenses budget.
- **Capital Replacement and Improvement Reserve**. The reserve is intended to fund infrastructure replacement and system improvements as supported by the Water Resource Plan such as modernization projects, regulating reservoirs, and conservation projects. The minimum target reserve shall equal one year of capital replacement spending in the District's annual budget, with a maximum of 50% of the accumulated depreciation balance.
- **Main Canal and Tunnel Replacement/Improvement Project Reserve**. This reserve is intended to fund main canal replacement and improvements. Funds will be allocated when projects are identified and any funds not utilized for the project will be returned to undesignated funds after the close of the project.

- **Building and Facility Improvement Project Reserve**. This reserve is intended to repair, improve, or invest in the assets of the District facilities. The minimum target reserve is the funds required for the following year's District budget, with the maximum not to exceed total accumulated depreciation for vehicles and equipment.
- **Vehicle and Equipment Replacement Reserve.** This reserve is intended to fund planned replacement of vehicles and heavy equipment. This reserve is utilized to cover equipment replacement by smoothing cash flows over a 10-year replacement program.
- **Debt Service Reserve.** This reserve is intended to fund the early redemption of the 2016 COP debt, without premium. This reserve would have a maximum of $21,145,000.
- **Rural water System Capital Replacement and Improvement Reserve.** This reserve is intended to fund the District's rural water system assets replacement and upgrade. This includes funding for engineering costs and property acquisition for new well sites to accommodate the extension of the rural water system. The minimum target reserve is the greater of one year of capital spending on Rural Water Assets as defined in the District's annual budget or the rural water immediate availability fees for the prior year. The maximum is 100% of the accumulated rural water system's depreciation balance. The funding would come from the Rural Water Immediate Availability Charges and connection fees.
- **Joint Canyon Tunnel Project Reserve.** This reserve is intended to fund the Proposed Joint Canyon Tunnel Project in partnership with South San Joaquin Irrigation District (SSJID).
- **Operating Facility Project Reserve.** This reserve is intended to fund the proposed New Operations Facility. All investment earnings will remain in the General Fund for the purpose of the District's annual budget.
- **Municipal Conservation Project Reserve.** This reserve is intended to fund future municipal conservation projects for municipalities located in the District boundaries.
- **Employee Compensation Absences Reserve.** This reserve is intended to fund contractual vacation and sick leave balances of the District's active employees. The reserve level would be 100% of liability.

Capital Improvement Expenditures. In conversations with the District, the District has stated it will not move ahead with capital improvements unless the District has the cash on hand. For this analysis, portions of the Tri-Dam revenue and all of the Local Out of District revenue have been dedicated to capital improvements and placed in capital reserves. Capital improvements are then paid for with reserves.

The Use of Tri-Dam Revenue. The District has utilized Tri-Dam revenues to pay for capital improvements as well as offsetting operating costs. The rate model has been developed using a baseline budgeted amount for Tri-Dam revenue, with 55% of the revenue used for operating costs. The remaining baseline budgeted amount is reserved for capital, as well as any revenue received above the baseline amount.

Inflation Projections – Assumptions were made in the analysis regarding cost inflation to project future revenues and expenses for the study period. The District provided information on Tri-Dam revenue projections. For expenses, NBS used five-year averages from appropriate indices, including CPI, producer price indices, and the Engineering News Record construction cost index.

- Customer growth is estimated at 0.00% per year.
- General cost inflation is set at 3.45% annually.
- Labor cost inflation is set at 3.02% annually.
- Construction cost inflation is set at 3.5% annually.

These inflation factors are based on long-term trends. Given that escalation rates have been volatile recently, the District should continue to re-examine these factors over the rate study period to assess whether short-term trends are a better reflection of the costs going forward.

2. Water Rate Study

2.1 Financial Plan

As a part of the rate study, NBS projected revenues and expenditures for the next five (5) years. The amount of rate revenue required, that will allow reserves to be maintained at the recommended levels, is known as the net revenue requirement. As current rate revenue falls short of the net revenue requirement, rate adjustments – or more accurately, adjustments in the total revenue collected from rates – are recommended. This report presents an overview of the methodologies, assumptions, and data used along with the financial plan and proposed rates developed in this study.[3]

The financial plan, shown in **Figure 2**, shows the revenues and expenses for the District before costs have been allocated to the irrigation system, domestic system, and the improvement districts. The District has a beneficial situation where the non-rate revenues exceed rate revenues. The largest non-rate revenue sources include Tri-Dam revenue, property tax appropriations, Local Out of District revenue, and investment earnings. The largest component of the non-rate revenue is the Tri-Dam revenues. The Tri-Dam revenues have a lot of variability from year to year. On those occasions where the Tri-Dam revenues exceed budgeted amounts, those revenues go towards capital improvements or in the capital improvements reserve fund. Therefore, the revenue requirements show no rate funded capital expenses. For the budgeted Tri-Dam revenues, the rate model prepared for the District lets the District input the amount of Tri-Dam revenue that is used to offset O&M costs versus reserved for capital.

[3] The complete financial plans are available in the *Appendices*.

Figure 2. Financial Plan and Summary of Revenue Requirements

RATE REVENUE REQUIREMENTS SUMMARY	Estimated	5-Year Projected Rate Period				
	2025	2026	2027	2028	2029	2030
Sources of Water Funds [1]						
Operating Revenues						
Agricultural Water Delivery Charges (base rate)	$ 2,385,000	$ 2,385,000	$ 2,385,000	$ 2,385,000	$ 2,385,000	$ 2,385,000
Volumetric Water Sales	1,686,000	1,686,000	1,686,000	1,686,000	1,686,000	1,686,000
Domestic Water	225,000	225,000	225,000	225,000	225,000	225,000
Improvement District Fees	75,000	75,000	75,000	75,000	75,000	75,000
Miscellaneous Revenues	71,000	71,000	71,000	71,000	71,000	71,000
Subtotal: Operating Revenues	$ 4,442,000	$ 4,442,000	$ 4,442,000	$ 4,442,000	$ 4,442,000	$ 4,442,000
Non-Operating Revenues						
County property tax appropriations	$ 3,700,000	$ 3,700,000	$ 3,700,000	$ 3,700,000	$ 3,700,000	$ 3,700,000
District Rental Properties	-	-	-	-	-	-
Contribution Revenue	-	-	-	-	-	-
Investment earnings	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000
Gain (loss) sale of assets	-	-	-	-	-	-
Local out-of-district	1,582,000	1,582,000	1,582,000	1,582,000	1,582,000	1,582,000
Out-of-area	-	-	-	-	-	-
Invstmnt Mkt Value-Gain/(Loss)	-	-	-	-	-	-
Tri-Dam O&M Split	9,350,000	8,800,000	8,250,000	7,700,000	8,250,000	8,250,000
Subtotal: Non-Operating Revenues	$ 15,712,000	$ 15,162,000	$ 14,612,000	$ 14,062,000	$ 14,612,000	$ 14,612,000
Total Sources of Funds:	**$ 20,154,000**	**$ 19,604,000**	**$ 19,054,000**	**$ 18,504,000**	**$ 19,054,000**	**$ 19,054,000**
Uses of Water Funds [1]						
Operating Expenses:						
Maintenance	$ 8,310,000	$ 8,600,850	$ 8,901,880	$ 9,213,445	$ 9,535,916	$ 9,869,673
Water Operations	5,083,500	5,258,881	5,440,312	5,628,003	5,822,169	6,023,034
General, Administration, And Depreciation	8,222,900	8,488,045	8,761,777	9,044,375	9,336,129	9,637,336
Subtotal: Operating Expenses	$ 21,616,400	$ 22,347,775	$ 23,103,968	$ 23,885,824	$ 24,694,214	$ 25,530,043
Other Expenditures:						
Existing Debt Service	$ 1,849,550	$ 1,850,050	$ 1,848,050	$ 1,848,550	$ 1,851,300	$ 1,846,050
New Debt Service	-	-	-	-	-	-
Rate-Funded Capital Expenses	-	-	-	-	-	-
Non-Operating Expenses	56,950	58,915	60,947	63,050	65,225	67,476
Adjustments - Removed Depreciation	(3,772,981)	(3,903,149)	(4,037,807)	(4,177,112)	(4,321,222)	(4,470,304)
Subtotal: Other Expenditures	$ (1,866,481)	$ (1,994,184)	$ (2,128,810)	$ (2,265,512)	$ (2,404,697)	$ (2,556,779)
Total Uses of Water Funds:	**$ 19,749,919**	**$ 20,353,591**	**$ 20,975,158**	**$ 21,620,312**	**$ 22,289,518**	**$ 22,973,265**
plus: Revenue from Rate Increases[2]	-	786,780	1,921,492	3,117,065	3,266,826	3,954,231
Annual Surplus/(Deficit)	**$ 404,081**	**$ 37,189**	**$ 333**	**$ 753**	**$ 31,309**	**$ 34,966**
Net Revenue Req't. *(Total Uses less Non-Rate Revenue)*	**$ 4,037,919**	**$ 5,191,591**	**$ 6,363,158**	**$ 7,558,312**	**$ 7,677,518**	**$ 8,361,265**
Total Rate Revenue After Rate Increases (Water)	**$ 4,371,000**	**$ 5,157,780**	**$ 6,292,492**	**$ 7,488,065**	**$ 7,637,826**	**$ 8,325,231**
Projected Annual Rate Revenue Increase	***0.00%***	***18.00%***	***22.00%***	***19.00%***	***2.00%***	***9.00%***
Cumulative Increase from Annual Revenue Increases	*0.00%*	*18.00%*	*43.96%*	*71.31%*	*74.74%*	*90.47%*

1. Revenue and expenses for 2022 through 2024 provided by the District. Revenues and expenses for all other years are escalated based on the forecasting assumptions in Table 8.

2. Revenue from rate increases assumes an implementation date of January 1, 2026 for new rates. For each year thereafter, the assumption is that new rates will be implemented on January 1st of each year.

Part of the financial plan is to estimate reserve balances. The balances for the Rate Stabilization and Operating Reserve is shown in **Figure 3**.

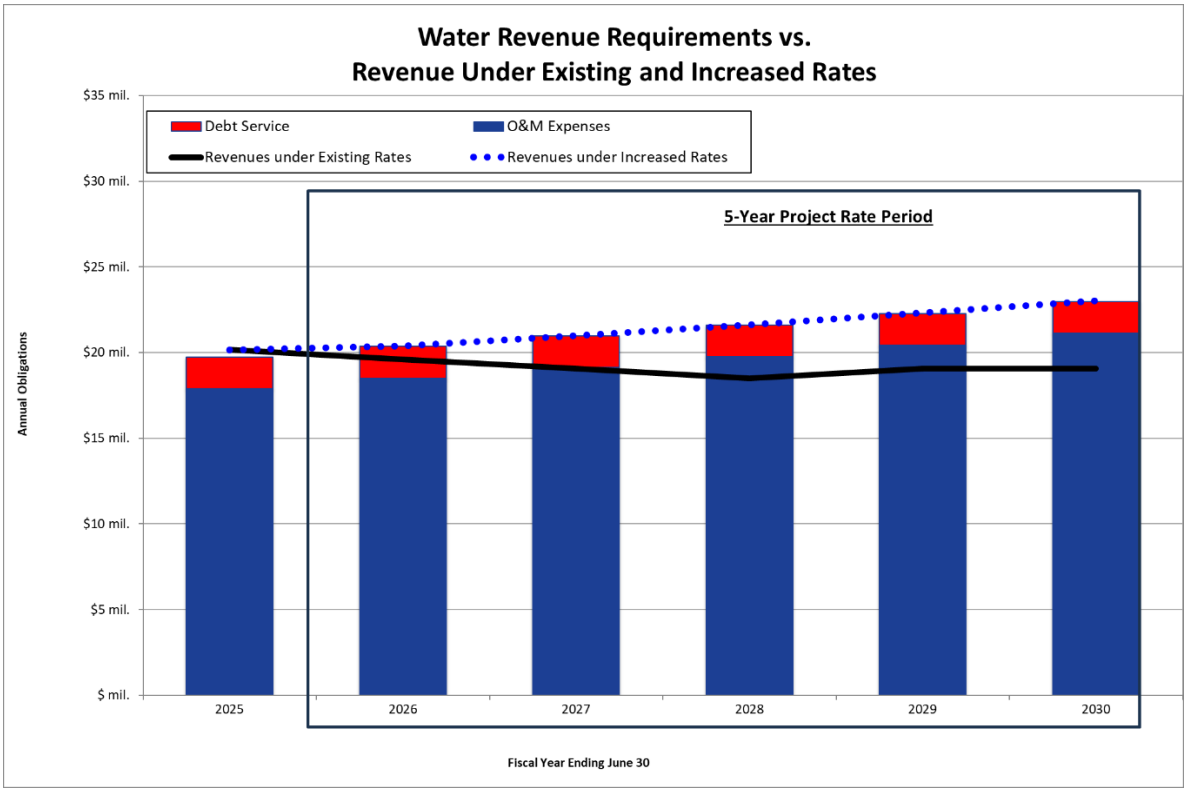
Figure 3. Reserve Balances

SUMMARY OF CASH ACTIVITY	Estimated	5-Year Projected Rate Period				
	2025	2026	2027	2028	2029	2030
Rate Stabilization and Operating Reserve						
Beginning Reserve Balance	$ 3,873,000	$ 4,277,081	$ 4,314,270	$ 4,314,603	$ 4,315,356	$ 4,346,664
Plus: Net Cash Flow (After Rate Increases)	404,081	37,189	333	753	31,309	34,966
Plus: Transfer in of Debt Reserve Surplus	-	-	-	-	-	-
Less: Transfer out to Capital and Infrastructure Reserve	-	-	-	-	-	-
Ending Rate Stabilization and Operating Reserve Balance	***$ 4,277,081***	***$ 4,314,270***	***$ 4,314,603***	***$ 4,315,356***	***$ 4,346,664***	***$ 4,381,630***
Target Ending Balance (20% of Operating Expense Budget)	*$ 4,323,000*	*$ 4,470,000*	*$ 4,621,000*	*$ 4,777,000*	*$ 4,939,000*	*$ 5,106,000*
Annual Interest Earnings Rate [2]	*1.29%*	*1.29%*	*1.29%*	*1.29%*	*1.29%*	*1.29%*

2. Historical interest earning rates are per the average annual yields for funds invested in LAIF (2018-2022). The source is the California State Treasurer's website: *https://www.treasurer.ca.gov/pmia-laif/historical/annual.asp* .

Figure 4 summarizes the sources and uses of funds, net revenue requirements, and the annual percent adjustments in total rate revenue recommended for the next five years.

Figure 4. Water Revenue Requirements vs. Revenue Under Existing and Increased Rates



2.2 Cost-of-Service Analysis

Once the net revenue requirements are determined, the cost-of-service analysis (COSA) proportionately distributes the revenue requirements to the irrigation system, the domestic system, and the improvement districts. The Cost Allocation Plan (CAP) was part of the cost-of-service allocation process.

The Cost Allocation Plan identified three budget categories that were shared across the water systems: Vehicle and Equipment Maintenance, Buildings and Ground Maintenance, and General and Administration. Vehicle and Equipment Maintenance Costs were allocated based on vehicle hours of equipment use per fund. Building and Ground Maintenance were allocated based on the total budgeted expenditures per fund, excluding capital expenditures. General and Administration used a variety of methods—Districtwide Personnel Services and Districtwide General Finance and Administrative Support were allocated based on total budgeted salaries and benefits, Finance Support to Improvement Districts costs were allocated based on a four-year average of actual expenditures per Improvement District, and General Finance and Administrative Support costs were allocated based on total expenditures. Overall, the Irrigation System picked up 94.4% of these costs, the Domestic System picked up 3.4% of these costs, with Improvement Districts picking up 2.1%.

The allocation of all the revenue requirements to irrigation, domestic, and improvement districts is shown in **Figure 5**. This table also shows the application of a portion of the non-rate revenue. (The District has

discretion on how the non-rate revenue is applied.) The result from this cost allocation has 80.8% of the net revenue requirements allocated to irrigation, 11.8% to the domestic system, and 7.4% to improvement districts.

Figure 5. Summary of Net Revenue Requirements by Budget Category

Budget Categories	Total Revenue Requirements	Irrigation	Domestic	Improvement District
	2026	(IRR)	(DOM)	(ID)
Maintenance	$ 8,600,850	$ 8,507,828	$ 47,492	$ 45,529
Water Operations	5,258,881	4,499,883	512,078	246,920
General, Administration, And Depreciation	8,488,045	8,147,702	180,397	159,945
Non-Operating Expenses	58,915	58,717	197	-
Adjustments	(3,903,149)	(3,890,067)	(13,082)	-
Debt Service Payments	1,850,050	1,850,050	-	-
COST OF SERVICE REVENUE REQUIREMENTS	**$ 20,353,591**	**$ 19,174,114**	**$ 727,083**	**$ 452,395**
Allocation of COS Revenue Requirements	**100.0%**	**94.2%**	**3.6%**	**2.2%**
Less: Non-Rate Revenues	(13,580,000)	(13,565,660)	(14,340)	-
NET REVENUE REQUIREMENTS	**$ 6,773,591**	**$ 5,608,454**	**$ 712,743**	**$ 452,395**
Allocation of Net Revenue Requirements	**100.0%**	**82.8%**	**10.5%**	**6.7%**

2.3 Rate Design

Once the revenue requirements for each system are determined by the cost-of-service analysis, the rate design looks at the recovery of costs from either fixed charges or volumetric charges. Fixed charges provide stable revenue, while volumetric charges send a price signal to encourage efficiency.

The rate calculations are prepared from two viewpoints. The first calculation looks at the cost-of-service rates that would be required if non-rate revenues were not applied. The second viewpoint looks at the rates adjusted by applying non-rate revenues. The District has discretion on how those non-rate revenues are applied.

IRRIGATION SYSTEM

The rate design for the water system follows a simple process. First, the District can select the amount of revenue requirements to be recovered by fixed charges, with the remainder to be recovered from a volumetric charge. The revenue requirements to be recovered from fixed charges are then divided by the number of acres for a per acre charge. The revenue requirements from volumetric charges are then spread out over the tiers, then divided by the deliveries in each tier to calculate the tiered rates.

Irrigation Fixed Charges. **Figure 6** shows the calculation of the irrigation system fixed charge. This calculation is based on recovering 21% of the revenue requirements from fixed charges. The fixed cost of service revenue requirements were then adjusted by applying 10% of the non-rate revenues to lower this amount. These revenue requirements were spread over the total acreage of 70,170 acres to calculate a charge per acre.

Figure 6. Calculation of Irrigation System Fixed Charge

Classification Components	Cost-of-Service Revenue Requirements *(2026)*	Fixed Revenue % for COS	Fixed COS Revenue Requirement	Adjusted Fixed Revenue Requirements	Total Acreage	COS Fixed Charge per Acre	Adjusted Fixed Charge per Acre
Total Revenue Requirement	$ 19,174,114	21%	$ 4,026,564	$ 2,669,998	70,171	**$57.38**	**$38.05**
Total Non-Rate Revenue Applied to Irrigation System	**% Split**			**$ (13,565,660)**			
Application of Non-Rate Revenue to Irrigation Fixed Charge	10%			$ (1,356,566)			
Application of Non-Rate Revenue to Irrigation Volumeteric Charge	90%			$ (12,209,094)			

Irrigation Volumetric Charges. The irrigation system revenue requirements to be recovered from volumetric charges are spread over the total amount of water delivered. **Figure 7** shows the cost-of-service revenue requirements for the volumetric rates (79% of the total revenue requirement), as well as the adjusted revenue requirements. **Figure 8** shows the District's projected water use, along with the cost-of-service revenue requirements allocated to each tier or water use based on annual water volume. The cost-of-service volumetric rates were then calculated by dividing the revenue requirements by the annual water volume. These cost-of-service rates were then adjusted for each tier by applying a portion of non-rate revenues to each of the tiers at varying amounts.

Figure 7. Calculation of Irrigation System Volumetric Revenue Requirements

Classification Components	Cost-of-Service Revenue Requirements *(2026)*	Volumetric Revenue % for COS	Volumetric COS Revenue	Volumetric Adjusted Revenue Requirement
Total Revenue Requirement	$ 19,174,114	79%	$ 15,147,550	$ 2,938,456
Total Non-Rate Revenue Applied to Irrigation System COS	**% Split**			**$ (13,565,660)**
Application of Non-Rate Revenue to Irrigation Fixed Charge	10%			$ (1,356,566)
Application of Non-Rate Revenue to Irrigation Volumeteric Charge	90%			$ (12,209,094)

Figure 8. Calculation of Tiered Rates

Customer Class	Proposed Water Use (Acre/ft)	Percent of Total Volume	Cost of Service Net Rev. Req'ts	Cost of Service Unit Rate	Application of Non Rate Revenue to Tiers	Adjusted Net Revenue Requirements	Adjusted Tier Rates
					($12,209,094)		
Class 1 Volumetric Charge							
Tier 1 - 0-4 acft/acre	149,908	91.63%	$ 13,878,974	$92.58	93.0%	$ 2,524,516	$16.84
Tier 2 - 4.01-6 acft/acre	10,249	6.26%	$ 948,886	$92.58	5.5%	$ 277,386	$27.06
Tier 3 - 6.01+ acft/acre	3,453	2.11%	$ 319,690	$92.58	1.5%	$ 136,554	$39.55
Total	**163,610**	**100%**	**$ 15,147,550**		**100.0%**	**$ 2,938,456**	

1. Source: *OID Sales and CIP.xlsx*

Drought Surcharge. The drought surcharge should be applied to those years with insufficient surface water availability. The surcharge is calculated by estimating the cost of pumping groundwater to make up for surface supply shortfalls. **Figure 9** shows the calculation of the drought surcharge.

Figure 9. Calculation of Drought Surcharge

Based on Cost of Additional Groundnwater Pumping	District Cost to Pump an AF of GW	Amount of GW Pumped	Total Pumping Cost	Total Acreage	Drought Surcharge
Drought Surcharge	$56.14	18,000	$ 1,010,520	70,171	$14.40

DOMESTIC SYSTEM

The calculation of the domestic system rates follows a similar methodology to the irrigation system, except the domestic system has a uniform volumetric rate versus tiered rates.

Domestic System Fixed Charge. **Figure 10** shows the calculation of the domestic system fixed charge. This calculation is based on recovering just 2% of the revenue requirements from fixed charges. The fixed cost-of-service revenue requirements were then adjusted by applying 2% of the non-rate revenue allocated to the domestic system to lower this amount. These revenue requirements were spread over the total number of lots to calculate a charge per lot.

Figure 10. Calculation of Domestic System Fixed Charge

Classification Components	Cost-of-Service Revenue Requirements (2026)	Fixed Revenue % for COS	Fixed COS Revenue Requirement	Adjusted Fixed Revenue Requirements	Total Lots	COS Fixed Charge per Lot	AdjustedFixed Charge per Lot
Total Revenue Requirement	$ 727,083	2%	$ 14,542	$ 14,255	490	**$29.68**	**$29.09**
Total Non-Rate Revenue Applied to Domestic System	**% Split**		**$ (14,340)**				
Application of Non-Rate Revenue to Domestic Fixed Charge	2%		$ (287)				
Application of Non-Rate Revenue to Domestic Volumeteric Charge	98%		$ (14,053)				

Domestic Volumetric Charges. The domestic system revenue requirements to be recovered from volumetric charges are spread over the total amount of water delivered. **Figure 11** shows the cost-of-service revenue requirements for the volumetric rates (98% of the total revenue requirement), as well as the adjusted revenue requirements. **Figure 11** also shows the domestic system's projected water use, along with the cost-of-service revenue requirements allocated to volumetric rates. The cost-of-service volumetric rates were then calculated by dividing the revenue requirements by the annual water volume. These cost-of-service rates were then adjusted by applying a portion of non-rate revenues.

Figure 11. Calculation of Domestic System Volumetric Water Rates

Classification Components	Cost-of-Service Revenue Requirements (2026)	Volumetric Revenue %	Volumetric COS Revenue Requirements	Adjusted Net Revenue Requirements	Total Hundred Cubic Feet (2022)[1]	COS Unit Rates	Adjusted Unit Rates
Total Revenue Requirement (Base Charge)	$ 727,083	98%	$ 712,541	$ 698,488	259,268	**$ 27.48**	**$ 26.94**
Total Revenue Requirement (Per Each Additional 100 c.f.)	$ 712,743	98%	$ 712,541	$ 698,488	259,268	**$ 2.75**	**$ 2.69**
Total Non-Rate Revenue Applied to Domestic System	**% Split**			**$ (14,340)**			
Application of Non-Rate Revenue to Domestic Fixed Charge	2%			$ (287)			
Application of Non-Rate Revenue to Domestic Volumeteric Charge	98%			$ (14,053)			

1. Source file: 15 Water Sales and Accounts.xlsx

IMPROVEMENT DISTRICTS

The basis for the improvement districts charges were based on costs allocated to the districts in the CAP, as well as estimated direct costs for each of the districts. **Figure 12** shows the Budgeted Expenses for each district.

Figure 12. Budgeted Direct Expenses for Improvement Districts

2025						
From CAP	Budgeted Direct Expenses[1]					
ADMIN AND MISC EXPENSE[1]	POWER	WATER QUALITY TESTING	O&M Allowance	Capital & Depreciation Allowance	OTHER	DIRECT EXPENSES SUBTOTAL
$ 203.10	$ -	$ -	$ 300.00	$ 250.00	$ -	$ 753.10
$ 1,051.86	-	-	100.00	100.00	-	1,251.86
$ 788.85	-	-	400.00	150.00	-	1,338.85
$ 274.92	-	-	200.00	150.00	-	624.92
$ 2,105.09	-	-	550.00	550.00	-	3,205.09
$ 235.83	-	-	250.00	200.00	-	685.83
$ 243.39	-	-	200.00	250.00	-	693.39
$ 17,598.28	8,300.00	1,758.00	-	-	-	27,656.28
$ 1,146.69	-	-	-	-	-	1,146.69
$ 2,261.30	-	-	300.00	300.00	605.00	3,466.30
$ 451.86	-	-	150.00	150.00	-	751.86
$ 239.21	-	-	225.00	250.00	-	714.21
$ 2,446.75	-	-	-	-	-	2,446.75
$ 68,504.91	700.00	400.00	-	-	60,100.00	129,704.91
$ 23,479.77	22,827.00	1,816.00	-	-	-	48,122.77
$ 41,666.92	65,000.00	1,016.00	-	-	-	107,682.92
$ 5,954.22	-	-	-	-	2,420.00	8,374.22
$ 36,821.80	52,900.00	900.00	-	-	-	90,621.80
$ 205,474.75	**$ 149,727.00**	**$ 5,890.00**	**$ 2,675.00**	**$ 2,350.00**	**$ 63,125.00**	**$ 429,241.75**

1. Admin and Misc Expenses are from CAP allocations, all other cost items were estimated direct costs for the improvement districts.

The rates for the improvement districts were calculated by dividing the budgeted expenses by the number of acres in the improvement district. For those improvement districts with both a lot and acreage charge, the lot charge was held constant and the acreage charge recovered the remaining costs. The calculated rates for the improvement districts are shown in **Figure 13** and **Figure 14**, respectively.

Figure 13. Current and Proposed Water Rate Schedule-Agricultural Improvement Districts

Agricultural Improvement Districts	Current [1] Rates		Proposed Rates 2026		Proposed Rates 2027	Proposed Rates 2028	Proposed Rates 2029	Proposed Rates 2030
ID No	*Charge Per Acre*	*Total Per ID*	*Charge Per Acre*	*Total Per ID*	*Charge Per Acre*	*Charge Per Acre*	*Charge Per Acre*	*Charge Per Acre*
1	$13.85	$700.81	$14.88	$753.10	$18.16	$21.61	$22.04	$24.02
2	$17.50	$622.30	$35.20	$1,251.86	$42.95	$51.11	$52.13	$56.82
8	$20.00	$1,162.80	$23.03	$1,338.85	$28.09	$33.43	$34.10	$37.17
13	$2.50	$554.03	$2.82	$624.92	$3.44	$4.09	$4.18	$4.55
19	$4.00	$2,851.40	$4.50	$3,205.09	$5.49	$6.53	$6.66	$7.26
20	$15.50	$638.60	$16.66	$685.83	$20.32	$24.18	$24.67	$26.89
21	$34.00	$649.40	$36.30	$693.39	$44.29	$52.71	$53.76	$58.60
26	$69.00	$759.00	$104.24	$1,146.69	$127.18	$151.34	$154.37	$168.26
29	$11.50	$3,079.70	$12.94	$3,466.30	$15.79	$18.79	$19.17	$20.89
31	$3.00	$655.98	$3.44	$751.86	$4.19	$4.99	$5.09	$5.55
36	$15.50	$651.93	$16.98	$714.21	$20.72	$24.65	$25.15	$27.41
38	$7.50	$588.53	$31.18	$2,446.75	$38.04	$45.27	$46.17	$50.33
48	$20.00	$1,890.80	$88.58	$8,374.22	$108.07	$128.60	$131.17	$142.98

1. Source: *12d 2023 Improvement District Ag Rates adopted 10.4.22.pdf*

Figure 14. Current and Proposed Water Rate Schedule -Domestic Improvement Districts

Domestic Improvement Districts	Current Rates[1]			Proposed Rates 2026		
ID No	*Acre Charge*	*Lot Charge*	*Total Per ID*	*Acre Charge*	*Lot Charge*	*Total Per ID*
22	$3.85		$21,173.46	$5.03		$27,656.28
41	$1,500.00		$60,000.00	$3,242.62		$129,704.91
45	$1,173.58	$258.09	$43,875.18	$1,334.13	$258.09	$48,122.77
46	$800.00		$60,496.00	$1,424.00		$107,682.92
51	$700.00		$49,469.00	$1,282.32		$90,621.80

Source: *12b 2023 Improvement District Domestic Rates adopted 10.4.22.pdf*

ID 22 is actually a rate per 100 square feet.

Domestic Improvement Districts	Proposed Rates 2027		Proposed Rates 2028		Proposed Rates 2029		Proposed Rates 2030	
ID No	*Acre Charge*	*Lot Charge*	*Acre Charge*	*Lot Charge*	*Acre Charge*	*Lot Charge*	*Acre Charge*	*Lot Charge*
22	$6.14		$7.30		$7.45		$8.12	
41	$3,956.00		$4,707.64		$4,801.79		$5,233.95	
45	$1,627.64	$258.09	$1,936.90	$258.09	$1,975.63	$258.09	$2,153.44	$258.09
46	$1,737.28		$2,067.36		$2,108.71		$2,298.50	
51	$1,564.43		$1,861.68		$1,898.91		$2,069.81	

CURRENT AND PROPOSED RATES

The current and proposed rates are summarized in **Figure 15** for the irrigation system, and **Figure 16** for the domestic system.

Figure 15. Current and Proposed Water Rate Schedule—Irrigation

		Annual Increases				
		18.0%	*22.0%*	*19.0%*	*2.0%*	*9.0%*
Irrigation Water Rate Schedule	**Current [1] Rates**	**Proposed Rates 2026**	**Proposed Rates 2027**	**Proposed Rates 2028**	**Proposed Rates 2029**	**Proposed Rates 2030**
Irrigation Water User Rates						
Fixed Charge						
Per acre	$34.23	$38.05	$46.42	$55.24	$56.35	$61.42
Class 1 Volumetric Charge						
Tier 1 -0-4 acft/acre	$3.92	$16.84	$20.55	$24.45	$24.94	$27.18
Tier 2 - 4.01-6 acft/acre	$7.81-$10.37	$27.06	$33.02	$39.29	$40.08	$43.69
Tier 3 - 6.01+ acft/acre	$10.37-$25.89	$39.55	$48.25	$57.41	$58.56	$63.83
Drought Surcharge						
Per acre	$7.75	$14.40	$17.57	$20.91	$21.33	$23.24

1. Source: *Annual Volumetric and Fixed Parcel Assessment Rates Trend.xlsx*

Figure 16. Current and Proposed Water Rate Schedule- Domestic System

		Annual Increases				
		18.0%	*22.0%*	*19.0%*	*2.0%*	*9.0%*
Domestic Water Rate Schedule	**Current Rates [1]**	**Proposed Rates 2026**	**Proposed Rates 2027**	**Proposed Rates 2028**	**Proposed Rates 2029**	**Proposed Rates 2030**
DOMESTIC Water User Rates						
Immediate Availability Charge						
Connection Size - 3/4" - 1"	$14.40	$29.09	$35.49	$42.24	$43.08	$46.96
Minimum Monthly Rate Charge						
0-1,000 cubic feet (monthly minimum)	$5.70	$26.94	$32.87	$39.11	$39.89	$43.49
Per each additional 100 cubic feet	$0.52	$2.69	$3.29	$3.91	$3.99	$4.35

1. Source: *Annual Volumetric and Fixed Parcel Assessment Rates Trend.xlsx*

3. Recommendations

3.1 Consultant Recommendations

NBS recommends the District take the following actions:

- **Approve and Accept this Study:** NBS recommends the District Board formally approve and adopt this Study which calculates the rates needed to maintain solvency in water operations. NBS also recommends the District Board provide direction as to the rates to present in the Prop 218 notice. From there, NBS and District staff can proceed with the next steps outlined below to implement the proposed rates. This will provide documentation of the rate study analyses and the basis for analyzing potential changes to future rates.
- **Implement Recommended Levels of Rate Increases and Proposed Rates:** Based on successfully meeting the Prop 218 procedural requirements, the District should proceed with implementing the 5-year schedule of proposed rates and rate increases. This will help ensure the continued financial health of the District's utilities.

3.2 NBS' Principal Assumptions and Considerations

In preparing this report and the opinions and recommendations included herein, NBS has relied on several principal assumptions and considerations regarding financial matters, conditions, and events that may occur in the future. This information and these assumptions, including the District's budgets, capital improvement costs, customer accounts and consumption, and information from District staff were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report and its recommendations, some assumptions will invariably not materialize as stated herein and may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

Appendix – Water Rate Study Tables & Figures

This Appendix contains:

Water Rate Study Tables and Figures

TABLE 1 : FINANCIAL PLAN AND SUMMARY OF REVENUE REQUIREMENTS

RATE REVENUE REQUIREMENTS SUMMARY	Estimated	5-Year Projected Rate Period				
	2025	2026	2027	2028	2029	2030
Sources of Water Funds [1]						
Operating Revenues						
Agricultural Water Delivery Charges (base rate)	$ 2,385,000	$ 2,385,000	$ 2,385,000	$ 2,385,000	$ 2,385,000	$ 2,385,000
Volumetric Water Sales	1,686,000	1,686,000	1,686,000	1,686,000	1,686,000	1,686,000
Domestic Water	225,000	225,000	225,000	225,000	225,000	225,000
Improvement District Fees	75,000	75,000	75,000	75,000	75,000	75,000
Miscellaneous Revenues	71,000	71,000	71,000	71,000	71,000	71,000
Subtotal: Operating Revenues	$ 4,442,000	$ 4,442,000	$ 4,442,000	$ 4,442,000	$ 4,442,000	$ 4,442,000
Non-Operating Revenues						
County property tax appropriations	$ 3,700,000	$ 3,700,000	$ 3,700,000	$ 3,700,000	$ 3,700,000	$ 3,700,000
District Rental Properties	-	-	-	-	-	-
Contribution Revenue	-	-	-	-	-	-
Investment earnings	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000
Gain (loss) sale of assets	-	-	-	-	-	-
Local out-of-district	1,582,000	1,582,000	1,582,000	1,582,000	1,582,000	1,582,000
Out-of-area	-	-	-	-	-	-
Invstmnt Mkt Value-Gain/(Loss)	-	-	-	-	-	-
Tri-Dam O&M Split	9,350,000	8,800,000	8,250,000	7,700,000	8,250,000	8,250,000
Subtotal: Non-Operating Revenues	$ 15,712,000	$ 15,162,000	$ 14,612,000	$ 14,062,000	$ 14,612,000	$ 14,612,000
Total Sources of Funds:	**$ 20,154,000**	**$ 19,604,000**	**$ 19,054,000**	**$ 18,504,000**	**$ 19,054,000**	**$ 19,054,000**
Uses of Water Funds [1]						
Operating Expenses:						
Maintenance	$ 8,310,000	$ 8,600,850	$ 8,901,880	$ 9,213,445	$ 9,535,916	$ 9,869,673
Water Operations	5,083,500	5,258,881	5,440,312	5,628,003	5,822,169	6,023,034
General, Administration, And Depreciation	8,222,900	8,488,045	8,761,777	9,044,375	9,336,129	9,637,336
Subtotal: Operating Expenses	$ 21,616,400	$ 22,347,775	$ 23,103,968	$ 23,885,824	$ 24,694,214	$ 25,530,043
Other Expenditures:						
Existing Debt Service	$ 1,849,550	$ 1,850,050	$ 1,848,050	$ 1,848,550	$ 1,851,300	$ 1,846,050
New Debt Service	-	-	-	-	-	-
Rate-Funded Capital Expenses	-	-	-	-	-	-
Non-Operating Expenses	56,950	58,915	60,947	63,050	65,225	67,476
Adjustments - Removed Depreciation	(3,772,981)	(3,903,149)	(4,037,807)	(4,177,112)	(4,321,222)	(4,470,304)
Subtotal: Other Expenditures	$ (1,866,481)	$ (1,994,184)	$ (2,128,810)	$ (2,265,512)	$ (2,404,697)	$ (2,556,779)
Total Uses of Water Funds:	**$ 19,749,919**	**$ 20,353,591**	**$ 20,975,158**	**$ 21,620,312**	**$ 22,289,518**	**$ 22,973,265**
plus: Revenue from Rate Increases[2]	-	786,780	1,921,492	3,117,065	3,266,826	3,954,231
Annual Surplus/(Deficit)	**$ 404,081**	**$ 37,189**	**$ 333**	**$ 753**	**$ 31,309**	**$ 34,966**
Net Revenue Req't. *(Total Uses less Non-Rate Revenue)*	**$ 4,037,919**	**$ 5,191,591**	**$ 6,363,158**	**$ 7,558,312**	**$ 7,677,518**	**$ 8,361,265**
Total Rate Revenue After Rate Increases (Water)	**$ 4,371,000**	**$ 5,157,780**	**$ 6,292,492**	**$ 7,488,065**	**$ 7,637,826**	**$ 8,325,231**

Projected Annual Rate Revenue Increase	***0.00%***	***18.00%***	***22.00%***	***19.00%***	***2.00%***	***9.00%***
Cumulative Increase from Annual Revenue Increases	*0.00%*	*18.00%*	*43.96%*	*71.31%*	*74.74%*	*90.47%*

1. Revenue and expenses for 2022 through 2024 provided by the District. Revenues and expenses for all other years are escalated based on the forecasting assumptions in Table 8.

2. Revenue from rate increases assumes an implementation date of January 1, 2026 for new rates. For each year thereafter, the assumption is that new rates will be implemented on January 1st of each year.

Tri-Dam Capital Split	7,650,000	7,200,000	6,750,000	6,300,000	6,750,000	6,750,000

Change in investment in Tri-Dam Project	13,500,000	13,000,000	12,500,000	12,000,000	13,000,000	13,000,000
Change in investment in Tri-Dam Power Authority	3,500,000	3,000,000	2,500,000	2,000,000	2,000,000	2,000,000
Total Tri-Dam Revenue	**$ 17,000,000**	**$ 16,000,000**	**$ 15,000,000**	**$ 14,000,000**	**$ 15,000,000**	**$ 15,000,000**

55% ***<-- Enter Tri-Dam Revenue O&M Split Scenario Here***

3 ***<-- Select Financial Plan Scenario Here***

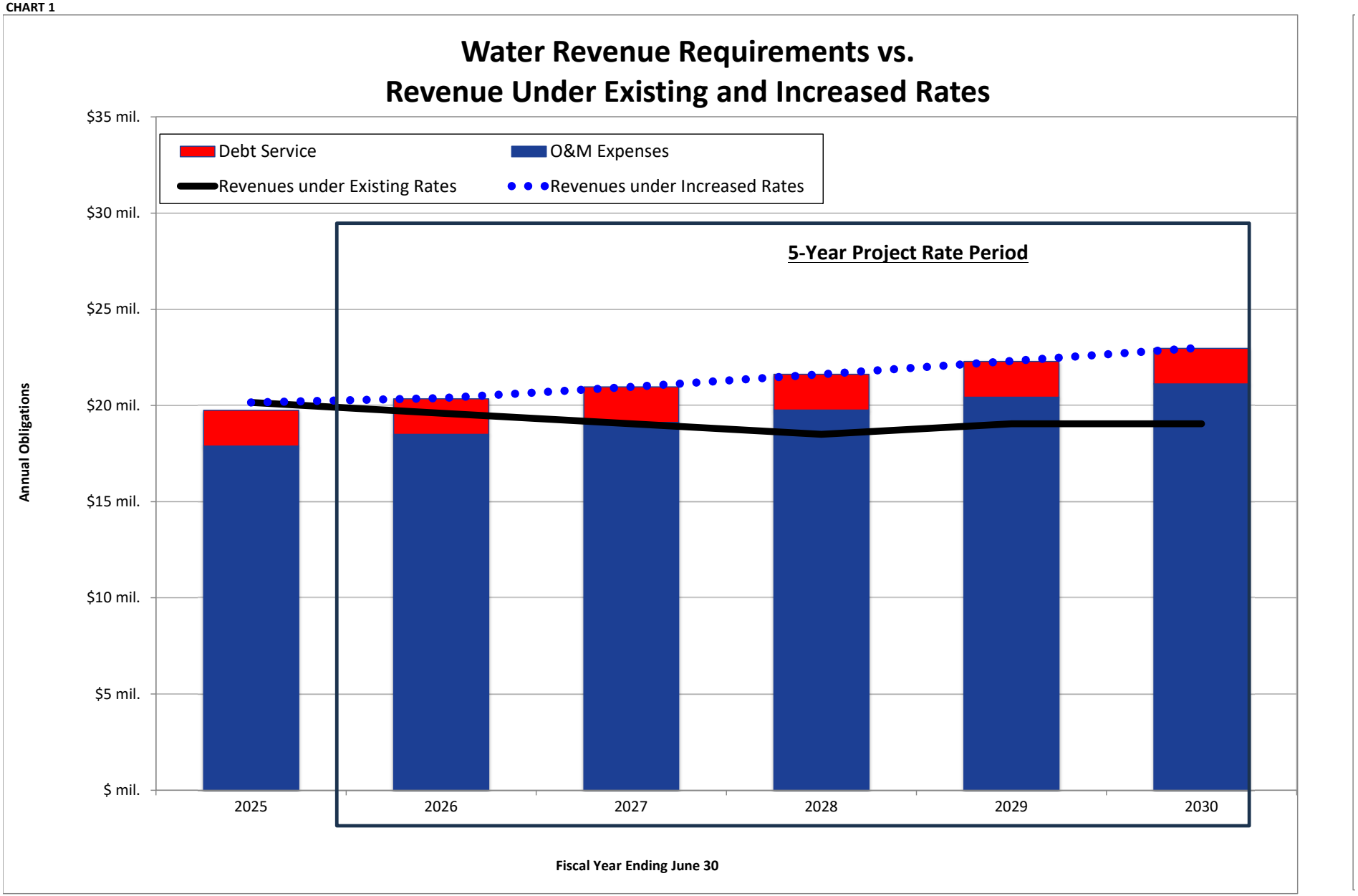
Financial Plan Alternatives		2025	2026	2027	2028	2029	2030
1	Alternative 1	*0.00%*	*8.00%*	*8.00%*	*8.00%*	*8.00%*	*1.00%*
2	Alternative 2	*0.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
3	Alternative 3	*0.00%*	*18.00%*	*22.00%*	*19.00%*	*2.00%*	*9.00%*
4	Alternative 4	*0.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*0.00%*

TABLE 2 : RESERVE FUND SUMMARY

SUMMARY OF CASH ACTIVITY	Estimated	5-Year Projected Rate Period				
	2025	2026	2027	2028	2029	2030
Rate Stabilization and Operating Reserve						
Beginning Reserve Balance	$ 3,873,000	$ 4,277,081	$ 4,314,270	$ 4,314,603	$ 4,315,356	$ 4,346,664
Plus: Net Cash Flow (After Rate Increases)	404,081	37,189	333	753	31,309	34,966
Plus: Transfer in of Debt Reserve Surplus	-	-	-	-	-	-
Less: Transfer out to Capital and Infrastructure Reserve	-	-	-	-	-	-
Ending Rate Stabilization and Operating Reserve Balance	***$ 4,277,081***	***$ 4,314,270***	***$ 4,314,603***	***$ 4,315,356***	***$ 4,346,664***	***$ 4,381,630***
Target Ending Balance (20% of Operating Expense Budget)	*$ 4,323,000*	*$ 4,470,000*	*$ 4,621,000*	*$ 4,777,000*	*$ 4,939,000*	*$ 5,106,000*
Annual Interest Earnings Rate [3]	*1.29%*	*1.29%*	*1.29%*	*1.29%*	*1.29%*	*1.29%*

3. Historical interest earning rates are per the average annual yields for funds invested in LAIF (2018-2022). The source is the California State Treasurer's website: *https://www.treasurer.ca.gov/pmia-laif/historical/annual.asp* .

CHART 1


Water Revenue Requirements vs.
Revenue Under Existing and Increased Rates
$35 mil.
$30 mil.
$25 mil.
$20 mil.
$15 mil.
$10 mil.
$5 mil.
$ mil.
Debt Service
O&M Expenses
Revenues under Existing Rates
Revenues under Increased Rates
5-Year Project Rate Period
Annual Obligations
2025
2026
2027
2028
2029
2030
Fiscal Year Ending June 30

OAKDALE IRRIGATION DISTRICT
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

TABLE 3 : REVENUE FORECAST [1]

DESCRIPTION	Basis	Estimated	5-Year Projected Rate Period				
		2025	2026	2027	2028	2029	2030
OPERATING REVENUES							
Agricultural Water Delivery Charges (base rate)							
Class 1	1	$ 2,117,000	$ 2,117,000	$ 2,117,000	$ 2,117,000	$ 2,117,000	$ 2,117,000
Class 2	1	268,000	268,000	268,000	268,000	268,000	268,000
Volumetric Water Sales							
Class 1	1	759,000	759,000	759,000	759,000	759,000	759,000
Class 2	1	927,000	927,000	927,000	927,000	927,000	927,000
Collections Over/Short Account	1	-	-	-	-	-	-
Domestic Water	1	225,000	225,000	225,000	225,000	225,000	225,000
Improvement District Fees	1	75,000	75,000	75,000	75,000	75,000	75,000
Miscellaneous Revenues	1	71,000	71,000	71,000	71,000	71,000	71,000
SUBTOTAL: OPERATING REVENUES		**$ 4,442,000**	**$ 4,442,000**	**$ 4,442,000**	**$ 4,442,000**	**$ 4,442,000**	**$ 4,442,000**
NON-OPERATING REVENUES							
County property tax appropriations	1	$ 3,700,000	$ 3,700,000	$ 3,700,000	$ 3,700,000	$ 3,700,000	$ 3,700,000
District Rental Properties	1	-	-	-	-	-	-
Contribution Revenue	1	-	-	-	-	-	-
Investment earnings							
Investment earnings	1	800,000	800,000	800,000	800,000	800,000	800,000
Interest income	1	280,000	280,000	280,000	280,000	280,000	280,000
Gain (loss) sale of assets	1	-	-	-	-	-	-
Local out-of-district	1	1,582,000	1,582,000	1,582,000	1,582,000	1,582,000	1,582,000
Out-of-area	1	-	-	-	-	-	-
Invstmnt Mkt Value-Gain/(Loss)	1	-	-	-	-	-	-
Change in investment in Tri-Dam Project[11]	1	13,500,000	13,000,000	12,500,000	12,000,000	13,000,000	13,000,000
Change in investment in Tri-Dam Power Authority[11]	1	3,500,000	3,000,000	2,500,000	2,000,000	2,000,000	2,000,000
SUBTOTAL: NON-OPERATING REVENUES		**$ 23,362,000**	**$ 22,362,000**	**$ 21,362,000**	**$ 20,362,000**	**$ 21,362,000**	**$ 21,362,000**
GRAND TOTAL: REVENUES		**$ 27,804,000**	**$ 26,804,000**	**$ 25,804,000**	**$ 24,804,000**	**$ 25,804,000**	**$ 25,804,000**

TABLE 4 : REVENUE SUMMARY

DESCRIPTION	Basis	Estimated	5-Year Projected Rate Period				
		2025	2026	2027	2028	2029	2030
TOTAL REVENUES							
Agricultural Water Delivery Charges (base rate)		$ 2,385,000	$ 2,385,000	$ 2,385,000	$ 2,385,000	$ 2,385,000	$ 2,385,000
Water Sales		1,686,000	1,686,000	1,686,000	1,686,000	1,686,000	1,686,000
Domestic Water		225,000	225,000	225,000	225,000	225,000	225,000
Improvement District Fees		75,000	75,000	75,000	75,000	75,000	75,000
Miscellaneous Revenues		71,000	71,000	71,000	71,000	71,000	71,000
County Property Tax Appropriations		3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
District Rental Properties		-	-	-	-	-	-
Annexation Revenue		-	-	-	-	-	-
Investment Earnings		800,000	800,000	800,000	800,000	800,000	800,000
Interest Earnings		280,000	280,000	280,000	280,000	280,000	280,000
Gain (loss) on Property and Equipment		-	-	-	-	-	-
One time change in Investment - TDPA Merger		-	-	-	-	-	-
Tri-Dam Project Distributions		13,500,000	13,000,000	12,500,000	12,000,000	13,000,000	13,000,000
Tri-Dam Power Authority Distributions		3,500,000	3,000,000	2,500,000	2,000,000	2,000,000	2,000,000
TOTAL: REVENUES		**$ 26,222,000**	**$ 25,222,000**	**$ 24,222,000**	**$ 23,222,000**	**$ 24,222,000**	**$ 24,222,000**

TABLE 5 : OPERATING EXPENSE FORECAST, cont.[1]

DESCRIPTION	Basis	Estimated 2025	5-Year Projected Rate Period 2026	2027	2028	2029	2030
OPERATING EXPENSES							
MAINTENANCE							
SSJID Main Supply Diversion Works	8	$ 50,000	$ 51,750	$ 53,561	$ 55,436	$ 57,376	$ 59,384
North Main Canal Maintenance	8	773,000	800,055	828,057	857,039	887,035	918,082
South Main Canal Maintenance	8	809,000	837,315	866,621	896,953	928,346	960,838
Irrigation Water Lateral Maintenance - North Side	8	2,450,000	2,535,750	2,624,501	2,716,359	2,811,431	2,909,831
Irrigation Water Lateral Maintenance - South Side	8	1,781,000	1,843,335	1,907,852	1,974,627	2,043,738	2,115,269
Pumping Plant Operations and Maintenance	8	525,000	543,375	562,393	582,077	602,450	623,535
Drainage System Maintenance	8	700,000	724,500	749,857	776,102	803,266	831,380
Building and Grounds Maintenance	8	396,000	409,860	424,205	439,052	454,419	470,324
Vehicle and Equipment Maintenance	8	826,000	854,910	884,832	915,801	947,854	981,029
SUBTOTAL: MAINTENANCE		**$ 8,310,000**	**$ 8,600,850**	**$ 8,901,880**	**$ 9,213,445**	**$ 9,535,916**	**$ 9,869,673**
WATER OPERATIONS							
Domestic Water System Maintenance	2	$ 495,000	$ 512,078	$ 529,744	$ 548,020	$ 566,927	$ 586,486
Irrigation Water Operations - North Division	2	2,296,000	2,375,212	2,457,157	2,541,929	2,629,625	2,720,347
Irrigation Water Operations - South Division	2	2,207,500	2,283,659	2,362,445	2,443,949	2,528,266	2,615,491
Drainage Water Operations	2	60,000	62,070	64,211	66,427	68,718	71,089
Water Measurement Management	2	25,000	25,863	26,755	27,678	28,633	29,621
SUBTOTAL: WATER OPERATIONS		**$ 5,083,500**	**$ 5,258,881**	**$ 5,440,312**	**$ 5,628,003**	**$ 5,822,169**	**$ 6,023,034**
GENERAL, ADMINISTRATION, AND DEPRECIATION							
General and Administration	3	$ 4,312,900	$ 4,443,150	$ 4,577,333	$ 4,715,568	$ 4,857,978	$ 5,004,689
Depreciation and Amortization	2	3,910,000	4,044,895	4,184,444	4,328,807	4,478,151	4,632,647
SUBTOTAL: GENERAL, ADMINISTRATION, AND DEPRECIATION		**$ 8,222,900**	**$ 8,488,045**	**$ 8,761,777**	**$ 9,044,375**	**$ 9,336,129**	**$ 9,637,336**
NON-OPERATING EXPENSES							
Investment and Interest expense	2	$ 56,950	$ 58,915	$ 60,947	$ 63,050	$ 65,225	$ 67,476
SUBTOTAL: NON-OPERATING EXPENSES		**$ 56,950**	**$ 58,915**	**$ 60,947**	**$ 63,050**	**$ 65,225**	**$ 67,476**
TOTAL: WATER EXPENSES		**$ 21,673,350**	**$ 22,406,690**	**$ 23,164,916**	**$ 23,948,874**	**$ 24,759,440**	**$ 25,597,519**
ADJUSTMENTS							
Depreciation and Amortization	2	(3,772,981)	(3,903,149)	(4,037,807)	(4,177,112)	(4,321,222)	(4,470,304)
SUBTOTAL: ADJUSTMENTS		**$ (3,772,981)**	**$ (3,903,149)**	**$ (4,037,807)**	**$ (4,177,112)**	**$ (4,321,222)**	**$ (4,470,304)**
ADJUSTED TOTAL: WATER EXPENSES		**$ 17,900,369**	**$ 18,503,541**	**$ 19,127,108**	**$ 19,771,762**	**$ 20,438,218**	**$ 21,127,215**

TABLE 6 : FORECASTING ASSUMPTIONS

INFLATION FACTORS[2]	Basis	2025	2026	2027	2028	2029	2030
Water Sales Growth[3]	1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General Cost Inflation[4]	2	3.45%	3.45%	3.45%	3.45%	3.45%	3.45%
Labor Cost Inflation[5]	3	3.02%	3.02%	3.02%	3.02%	3.02%	3.02%
Chemicals[6]	4	5.45%	5.45%	5.45%	5.45%	5.45%	5.45%
Energy[7]	5	10.84%	10.84%	10.84%	10.84%	10.84%	10.84%
Electricity[8]	6	8.35%	8.35%	8.35%	8.35%	8.35%	8.35%
Fuel & Utilities[9]	7	7.08%	7.08%	7.08%	7.08%	7.08%	7.08%
Construction Cost Inflation[10]	8	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
No Escalation	9	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

1. Revenue and expense actuals for 2022 through 2023 provided by the District. Revenues and expenses for all other years are escalated based on the forecasting assumptions in Table 8. Source Files: *2023 Budget Adopted 11.1.22 Budget.xlsx*
2. Expenses are inflated each year by the following annual inflation factor categories.
3. Estimated Growth in water sales
4. General cost inflation is based on the 5-year average annual change in the Consumer Price Index for all Urban Consumers in the San Francisco-Oakland-Hayward, CA area.
5. Labor cost inflation is based on the 10-year average annual change in the Quarterly Census of Employment and Wages for San Francisco County, CA.
6. Chemical cost inflation is based on the 5-year average annual change in the Producer Price Index for Chemical Manufacturing.
7. Energy cost inflation is based on the 5-year average annual change in the Consumer Price Index for all Urban Consumers in the San Francisco-Oakland-Hayward, CA area.
8. Electricity cost inflation is based on the 5-year average change in the Consumer Price Index for San Francisco County.
9. Fuel & Utilities cost inflation is based on the 5-year average annual change in the Consumer Price Index - Average Price Data for Fuels and related products and power. This factor is used for utility costs other than electricity.

10. Construction cost Inflation is the 10-year average change in the Construction Cost Index for 2012-2022. Source: Engineering News Record website (*http://enr.construction.com*).
11. Revenues for Tri Dam Authority and Tri Dam Project provided by the district through 2028. Source file: *14 Tri Dam Historical and Forecasted Revenues.xlsx*

TABLE 7 : CAPITAL FUNDING SUMMARY

CAPITAL FUNDING FORECAST	Estimated	5-Year Projected Rate Period				
Funding Sources:	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Grants	$ 12,373,000	$ -	$ -	$ -	$ -	$ -
Use of Building and Facilities Reserve	6,025,000	1,632,000	1,716,000	1,804,000	1,897,000	-
Use of Rural Water and Replacement/Improvement Reserve	1,895,000	250,000	263,000	277,000	291,000	-
Use of Joint Canyon Tunnel Project Reserve	4,000,000	7,300,000	7,300,000	3,858,003	-	-
Use of Operating Facility Project Reserve	5,000,000	-	-	5,000,000	6,000,000	-
Use of Vehicle and Equipment Replacement Reserve	365,000	200,000	210,000	221,000	233,000	-
Tri-Dam Revenue Capital Split	7,650,000	7,200,000	6,750,000	6,300,000	6,750,000	6,750,000
Local out of district revenue funded capital	1,582,000	1,582,000	1,582,000	1,582,000	1,582,000	1,582,000
Total Sources of Capital Funds	**$ 38,890,000**	**$ 18,164,000**	**$ 17,821,000**	**$ 19,042,003**	**$ 16,753,000**	**$ 8,332,000**
Capital Replacement/Improvement Reserve						
Beginning Reserve Balance	$ 12,261,439	$ 23,866,439	$ 32,648,439	$ 40,980,439	$ 48,862,439	$ 57,194,439
Annual Capital Funding Amount	38,890,000	18,164,000	17,821,000	19,042,003	16,753,000	8,332,000
Available for Capital Projects	***$ 51,151,439***	***$ 42,030,439***	***$ 50,469,439***	***$ 60,022,442***	***$ 65,615,439***	***$ 65,526,439***
Target Ending Balance (1 Year of Budgeted CIP)	*$ 27,285,000*	*$ 9,748,836*	*$ 10,245,547*	*$ 12,520,923*	*$ 9,817,322*	*$ 13,923,526*
Uses of Capital Funds						
Total Project Costs	$ 27,285,000	$ 9,382,000	$ 9,489,000	$ 11,160,003	$ 8,421,000	$ 8,332,000
Capital Funding Surplus (Deficiency)	***$ 23,866,439***	***$ 32,648,439***	***$ 40,980,439***	***$ 48,862,439***	***$ 57,194,439***	***$ 57,194,439***
SRF Loan Funding	***$ -***	***$ -***	***$ -***	***$ -***	***$ -***	***$ -***
New Revenue Bond Proceeds	***$ -***	***$ -***	***$ -***	***$ -***	***$ -***	***$ -***

1 CAPITAL IMPROVEMENT PROGRAM FUNDING OPTIONS

Policy Choice		2025	2026	2027	2028	2029	2030
1	Alternative 1 - Full Funding of CIP	$ 27,285,000	$ 9,748,836	$ 10,245,547	$ 12,520,923	$ 9,817,322	$ 13,923,526
2	Alternative 2 - 75% Funding of CIP	$ 20,463,750	$ 7,311,627	$ 7,684,160	$ 9,390,692	$ 7,362,992	$ 10,442,644
3	Alternative 3 - 50% Funding of CIP	$ 13,642,500	$ 4,874,418	$ 5,122,773	$ 6,260,462	$ 4,908,661	$ 6,961,763

Insert policy choice in box to right, based on options listed above:

Capital Improvement Program Funding Choice	2025	2026	2027	2028	2029	2030
Effective Annual Funding Amount	$ 27,285,000	$ 9,748,836	$ 10,245,547	$ 12,520,923	$ 9,817,322	$ 13,923,526

OAKDALE IRRIGATION DISTRICT ***EXHIBIT 2***
WATER RATE STUDY
Capital Improvement Plan Expenditures

CAPITAL IMPROVEMENT PROGRAM

TABLE 8 : CAPITAL IMPROVEMENT PROGRAM COSTS (*in Current-Year Dollars*)[1]

Project Description	2025	2026	2027	2028	2029	2030
Capital Improvement Program						
Canal and Lateral Rehabilitation	$ 300,000	$ 315,000	$ 331,000	$ 348,000	$ 366,000	$ -
Domestic Water Projects	895,000	250,000	263,000	277,000	291,000	-
Flow Control and Measurement Structures	30,000	32,000	34,000	36,000	38,000	-
Irrigation Service Turnout Replacement	300,000	315,000	331,000	348,000	366,000	-
RVL Regulating Reservoir	2,000,000	-	-	-	-	-
Groundwater Wells	1,000,000	-	-	-	-	-
Outflow Management Projects	10,000	11,000	12,000	13,000	14,000	-
Pipeline Replacement	865,000	909,000	955,000	1,003,000	1,054,000	-
Reclamation Projects	-	-	-	-	-	-
Two Mile Bar	-	-	-	-	-	-
Tunnel 8 Rehab	-	-	-	-	-	-
Joint Main Canal Stabilization	-	-	-	-	-	-
Joint Canyon Tunnel	4,000,000	7,300,000	7,300,000	3,858,003		-
Joint Long Tunnel	-	-	-	-	-	-
South Main Canal - Segment 4	-	-	-	-	-	-
South Main Canal - Tunnel 9 downstream portal & lining design	1,000,000	-	-	-	-	-
North Main Canal Seepage Mitigation Project (Segment 1)	-	-	-	-	-	-
South Main Canal Segment 3	-	-	-	-	-	-
North Main Tunnels 3 & 4 Rehab	-	-	-	-	-	-
North Main Canal Bridge Replc	-	-	-	-	-	-
Paulsell Lateral Expansion	10,000,000	-	-	-	-	-
NSRR Solar Project	1,170,000	-	-	-	-	-
SCADA Tower Expansion Project- Trinitas	100,000	-	-	-	-	-
SCADA Tower Expansion Project-NSRR	100,000	-	-	-	-	-
Operating Headquarters Phase 1	5,000,000	-	-	-	-	-
Operating Headquarters Phase 2	-	-	-	5,000,000	6,000,000	-
Ag Pump Replacements	150,000	50,000	53,000	56,000	59,000	-
Irrigation Flow Meters	-	-	-	-	-	-
Backhoes / Heavy Eq.	-	-	-	-	-	-
Miscellaneous Construction Equipment	-	-	-	-	-	-
Autos/Pickups/Trucks/ Trailers	345,000	200,000	210,000	221,000	233,000	-
Shop/Warehouse/Yard Buildings	-	-	-	-	-	-
Office and Engineering Equipment	20,000	-	-	-	-	-
Communications Equip	-	-	-	-	-	-
Office Building/Yard	-	-	-	-	-	-
Asset Management Program Implementation	-	-	-	-	-	-
Total: CIP Program Costs (Current-Year Dollars)	**$ 27,285,000**	**$ 9,382,000**	**$ 9,489,000**	**$ 11,160,003**	**$ 8,421,000**	**$ -**

OAKDALE IRRIGATION DISTRICT ***EXHIBIT 2***
WATER RATE STUDY
Capital Improvement Plan Expenditures

TABLE 9 : CAPITAL IMPROVEMENT PROGRAM COSTS (*in Future-Year Dollars*)[2]

Project Description	2025	2026	2027	2028	2029	2030
Capital Improvement Program						
Canal and Lateral Rehabilitation	$ 300,000	$ 327,317	$ 357,390	$ 390,437	$ 426,688	$ -
Domestic Water Projects	895,000	259,775	283,969	310,779	339,252	-
Flow Control and Measurement Structures	30,000	33,251	36,711	40,390	44,301	-
Irrigation Service Turnout Replacement	300,000	327,317	357,390	390,437	426,688	-
RVL Regulating Reservoir	2,000,000	-	-	-	-	-
Groundwater Wells	1,000,000	-	-	-	-	-
Outflow Management Projects	10,000	11,430	12,957	14,585	16,321	-
Pipeline Replacement	865,000	944,542	1,031,141	1,125,312	1,228,768	-
Reclamation Projects	-	-	-	-	-	-
Two Mile Bar	-	-	-	-	-	-
Tunnel 8 Rehab	-	-	-	-	-	-
Joint Main Canal Stabilization	-	-	-	-	-	-
Joint Canyon Tunnel	4,000,000	7,585,430	7,882,020	4,328,472	-	-
Joint Long Tunnel	-	-	-	-	-	-
South Main Canal - Segment 4	-	-	-	-	-	-
South Main Canal - Tunnel 9 downstream portal & lining design	1,000,000	-	-	-	-	-
North Main Canal Seepage Mitigation Project (Segment 1)	-	-	-	-	-	-
South Main Canal Segment 3	-	-	-	-	-	-
North Main Tunnels 3 & 4 Rehab	-	-	-	-	-	-
North Main Canal Bridge Replc	-	-	-	-	-	-
Paulsell Lateral Expansion	10,000,000	-	-	-	-	-
NSRR Solar Project	1,170,000	-	-	-	-	-
SCADA Tower Expansion Project- Trinitas	100,000	-	-	-	-	-
SCADA Tower Expansion Project-NSRR	100,000	-	-	-	-	-
Operating Headquarters Phase 1	5,000,000	-	-	-	-	-
Operating Headquarters Phase 2	-	-	-	5,609,731	6,994,886	-
Ag Pump Replacements	150,000	51,955	57,226	62,829	68,783	-
Irrigation Flow Meters	-	-	-	-	-	-
Backhoes / Heavy Eq.	-	-	-	-	-	-
Miscellaneous Construction Equipment	-	-	-	-	-	-
Autos/Pickups/Trucks/ Trailers	345,000	207,820	226,743	247,950	271,635	-
Shop/Warehouse/Yard Buildings	-	-	-	-	-	-
Office and Engineering Equipment	20,000	-	-	-	-	-
Communications Equip	-	-	-	-	-	-
Office Building/Yard	-	-	-	-	-	-
Asset Management Program Implementation	-	-	-	-	-	-
Future CIP Costs [2]	-	-	-	-	-	13,923,526
Total: CIP Program Costs (Future-Year Dollars)	**$ 27,285,000**	**$ 9,748,836**	**$ 10,245,547**	**$ 12,520,923**	**$ 9,817,322**	**$ 13,923,526**

TABLE 10 : FORECASTING ASSUMPTIONS

Economic Variables	2025	2026	2027	2028	2029	2030
Annual Construction Cost Inflation, Per Engineering News Record[3]	*0.00%*	*3.91%*	*3.91%*	*3.91%*	*3.91%*	*3.91%*
Cumulative Construction Cost Multiplier from 2024	*1.00*	*1.04*	*1.08*	*1.12*	*1.17*	*1.21*

1. Capital project costs were provided by City Staff and assumes Year 1 begins in 2025. Source file: *2023 Budget Adopted 11.1.22*
2. The capital project costs have been inflated using the Construction Cost Index (See Table 13). Website: *http://enr.construction.com* .
3. For reference purposes, the annual Construction Cost Inflation percentage is the 5-year average change in the Construction Cost Index from 2017 to 2022 (3.91%). Source: Engineering News Record website (*http://enr.construction.com*).

TABLE 18 : EXISTING DEBT OBLIGATIONS

EXISTING DEBT OBLIGATIONS	Actual	Actual	Projected	Estimated	5-Year Projected Rate Period				
Annual Repayment Schedules:	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
2016 Bonds ($1,500,000) [1]									
Principal Payment	$ 952,000	$ 920,000	$ 940,000	$ 990,000	$ 1,040,000	$ 1,090,000	$ 1,145,000	$ 1,205,000	$ 1,260,000
Interest Payment	865,000	919,000	906,550	859,550	810,050	758,050	703,550	646,300	586,050
Subtotal: Annual Debt Service	**$ 1,817,000**	**$ 1,839,000**	**$ 1,846,550**	**$ 1,849,550**	**$ 1,850,050**	**$ 1,848,050**	**$ 1,848,550**	**$ 1,851,300**	**$ 1,846,050**
Coverage Requirement ($-Amnt above annual payment)	$ 1,998,700	$ 2,022,900	$ 2,031,205	$ 2,034,505	$ 2,035,055	$ 2,032,855	$ 2,033,405	$ 2,036,430	$ 2,030,655
Reserve Requirement (total fund balance)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Grand Total: Existing Annual Debt Service	**$ 1,817,000**	**$ 1,839,000**	**$ 1,846,550**	**$ 1,849,550**	**$ 1,850,050**	**$ 1,848,050**	**$ 1,848,550**	**$ 1,851,300**	**$ 1,846,050**
Grand Total: Existing Annual Coverage Requirement	**$ 1,998,700**	**$ 2,022,900**	**$ 2,031,205**	**$ 2,034,505**	**$ 2,035,055**	**$ 2,032,855**	**$ 2,033,405**	**$ 2,036,430**	**$ 2,030,655**
Grand Total: Existing Debt Reserve Target	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

1. Debt interest and principal for 2022 through 2023 provided by the District. Source Files: *2023 Budget Adopted 11.1.22 Budget.xlsx*

TABLE 19 : EXISTING ANNUAL DEBT OBLIGATIONS TO BE SATISFIED BY WATER RATES

Annual Obligations	2022	2023	2024	CY 2024/25	CY 2025/26	CY 2026/27	CY 2027/28	CY 2028/29	CY 2029/30
Existing Annual Debt Service	*$ 1,817,000*	*$ 1,839,000*	*$ 1,846,550*	*$ 1,849,550*	*$ 1,850,050*	*$ 1,848,050*	*$ 1,848,550*	*$ 1,851,300*	*$ 1,846,050*
Existing Annual Coverage Requirement	*$ 1,998,700*	*$ 2,022,900*	*$ 2,031,205*	*$ 2,034,505*	*$ 2,035,055*	*$ 2,032,855*	*$ 2,033,405*	*$ 2,036,430*	*$ 2,030,655*
Existing Debt Reserve Target	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*

TABLE 23 : CURRENT WATER RATE SCHEDULE - IRRIGATION

IRRIGATION Water Rate Schedule	Current [1] Rates
IRRIGATION Water User Rates	
Fixed Charge	
Per acre (minimum rate of $68.46)	$34.23
Volumetric Charge	
Tier 1 -0-3 acft/acre	$3.92
Tier 2 - 3.01-5 acft/acre	$7.81
Tier 3 - 5.01-7 acft/acre	$10.37
Tier 4 - 7.01-8 acft/acre	$12.99
Tier 5 - 8.01 and greater	$25.89
Class 2 Annexed Properties Volumetric Charge	
Per acre-foot	$59.04
Drought Surcharge	
Per acre	$7.75

1. Source: *Annual Volumetric and Fixed Parcel Assessment Rates Trend.xlsx*

TABLE 24 : CURRENT WATER RATE SCHEDULE - DOMESTIC SYSTEM

DOMESTIC Water Rate Schedule	Current [1] Rates
DOMESTIC Water User Rates	
Immediate Availability Charge	
Connection Size - 3/4" - 1"	$14.40
Minimum Monthly Rate Charge	
0-1,000 cubic feet (monthly minimum)	$5.70
Per each additional 100 cubic feet	$0.52

1. Source: *Annual Volumetric and Fixed Parcel Assessment Rates Trend.xlsx*

TABLE 25 : CURRENT WATER RATE SCHEDULE - AGRICULTURAL IMPROVEMENT DISTRICTS

Improvement District Agricultural Water	Current [1] Rates	
ID No	***Charge Per Acre***	***Total Per ID***
1	$13.85	$700.81
2	$17.50	$622.30
8	$20.00	$1,162.80
13	$2.50	$554.03
19	$4.00	$2,851.40
20	$15.50	$638.60
21	$34.00	$649.40
26	$69.00	$759.00
29	$11.50	$3,079.70
31	$3.00	$655.98
36	$15.50	$651.93
38	$7.50	$588.53
48	$20.00	$1,890.80

1. Source: *12d 2023 Improvement District Ag Rates adopted 10.4.22.pdf*

TABLE 23 : CURRENT WATER RATE SCHEDULE - IRRIGATION

TABLE 26 : CURRENT WATER RATE SCHEDULE - DOMESTIC IMPROVEMENT DISTRICTS

Improvement District Domestic Water	Current [1] Rates	
ID No	*Charge*	*Total Per ID*
22	$3.85/100 s.f.	$21,173.46
41	$1,500/lot	$60,000.00
45	$1,173.58/acre & $258.09/lot	$43,875.18
46	$800/acre	$60,496.00
51	$700/acre	$49,469.00

Source: *12b 2023 Improvement District Domestic Rates adopted 10.4.22.pdf*

TABLE 27 : CURRENT WATER RATE SCHEDULE - DOMESTIC IMPROVEMENT DISTRICTS RESERVE CONTRIBUTIONS

Improvement District Domestic Water Reserve Contribution	Current [1] Rates	
ID No	*Charge*	*Total Per ID*
45	$382.12/acre & $196.06/lot	$20,000.16
46	$300/lot	$23,700.00
51	$446.70/acre	$31,568.29

1. Source: *12c 2023 Improvement District Reserve Fund rates adopted 10.4.22.pdf*

TABLE 24 : CLASSIFICATION OF EXPENSES FOR COST OF SERVICE ANALYSIS

Classification of Expenses							
Budget Categories	Total Revenue Requirements	Irrigation	Domestic	Improvement District	Basis of Classification		
	2026	(IRR)	(DOM)	(ID)	(IRR)	(DOM)	(ID)
Operating Expenses							
Maintenance							
SSJID Main Supply Diversion Works	51,750	51,750	-	-	100.0%	0.0%	0.0%
North Main Canal Maintenance	800,055	800,055	-	-	100.0%	0.0%	0.0%
South Main Canal Maintenance	837,315	837,315	-	-	100.0%	0.0%	0.0%
Irrigation Water Lateral Maintenance - North Side	2,535,750	2,535,750	-	-	100.0%	0.0%	0.0%
Irrigation Water Lateral Maintenance - South Side	1,843,335	1,843,335	-	-	100.0%	0.0%	0.0%
Pumping Plant Operations And Maintenance	543,375	543,375	-	-	100.0%	0.0%	0.0%
Drainage System Maintenance	724,500	724,500	-	-	100.0%	0.0%	0.0%
Building And Grounds Maintenance	409,860	379,716	15,390	14,754	92.6%	3.8%	3.6%
Vehicle And Equipment Maintenance	854,910	792,033	32,102	30,775	92.6%	3.8%	3.6%
Subtotal: Maintenance	**$ 8,600,850**	**$ 8,507,828**	**$ 47,492**	**$ 45,529**	**98.9%**	**0.6%**	**0.5%**

TABLE 25 : CLASSIFICATION OF EXPENSES FOR COST OF SERVICE ANALYSIS, cont.

Classification of Expenses, continued							
Budget Categories	Total Revenue Requirements	Irrigation	Domestic	Improvement District	Basis of Classification		
	2026	(IRR)	(DOM)	(ID)	(IRR)	(DOM)	(ID)
Water Operations							
Domestic Water System Maintenance	$ 512,078	$ -	$ 512,078	$ -	0.0%	100.0%	0.0%
Irrigation Water Operations - North Division	2,375,212	2,249,326	-	125,886	94.7%	0.0%	5.3%
Irrigation Water Operations - South Division	2,283,659	2,162,625	-	121,034	94.7%	0.0%	5.3%
Drainage Water Operations	62,070	62,070	-	-	100.0%	0.0%	0.0%
Water Measurement Management	25,863	25,863	-	-	100.0%	0.0%	0.0%
Subtotal: Water Operations	**$ 5,258,881**	**$ 4,499,883**	**$ 512,078**	**$ 246,920**	**85.6%**	**9.7%**	**4.7%**

TABLE 26 : CLASSIFICATION OF EXPENSES FOR COST OF SERVICE ANALYSIS, cont.

Classification of Expenses, continued							
Budget Categories	Total Revenue Requirements	Irrigation	Domestic	Improvement District	Basis of Classification		
	2026	(IRR)	(DOM)	(ID)	(IRR)	(DOM)	(ID)
General, Administration, And Depreciation							
General And Administration	$ 4,443,150	$ 4,116,364	$ 166,840	$ 159,945	92.6%	3.8%	3.6%
Depreciation And Amortization	4,044,895	4,031,338	13,557	-	99.7%	0.3%	0.0%
Subtotal: General, Administration, And Depreciation	**$ 8,488,045**	**$ 8,147,702**	**$ 180,397**	**$ 159,945**	**96.0%**	**2.1%**	**1.9%**

TABLE 27 : CLASSIFICATION OF EXPENSES FOR COST OF SERVICE ANALYSIS, cont.

Classification of Expenses, continued							
Budget Categories	Total Revenue Requirements	Irrigation	Domestic	Improvement District	Basis of Classification		
	2026	(IRR)	(DOM)	(ID)	(IRR)	(DOM)	(ID)
Non-Operating Expenses							
Investment And Interest Expense	$ 58,915	$ 58,717	$ 197	$ -	99.7%	0.3%	0.0%
Subtotal: Non-Operating Expenses	**$ 58,915**	**$ 58,717**	**$ 197**	**$ -**	**99.7%**	**0.3%**	**0.0%**
TOTAL: WATER EXPENSES	**$ 22,406,690**	**$ 21,214,131**	**$ 740,165**	**$ 452,395**	**94.7%**	**3.3%**	**2.0%**

TABLE 28 : CLASSIFICATION OF EXPENSES FOR COST OF SERVICE ANALYSIS, cont.

Classification of Expenses, continued							
Budget Categories	Total Revenue Requirements	Irrigation	Domestic	Improvement District	Basis of Classification		
	2026	(IRR)	(DOM)	(ID)	(IRR)	(DOM)	(ID)
Adjustments							
Depreciation And Amortization	(3,903,149)	(3,890,067)	(13,082)	-	99.7%	0.3%	0.0%
Subtotal: Adjustments	**$ (3,903,149)**	**$ (3,890,067)**	**$ (13,082)**	**$ -**	**99.7%**	**0.3%**	**0.0%**
ADJUSTED TOTAL: WATER EXPENSES	**$ 18,503,541**	**$ 17,324,064**	**$ 727,083**	**$ 452,395**	**93.6%**	**3.9%**	**2.4%**

TABLE 29 : CLASSIFICATION OF EXPENSES FOR COST OF SERVICE ANALYSIS, cont.

Classification of Expenses, cont.							
Budget Categories	Total Revenue Requirements	Irrigation	Domestic	Improvement District	Basis of Classification		
	2026	(IRR)	(DOM)	(ID)	(IRR)	(DOM)	(ID)
Debt Service Payments							
Outstanding Debt	$ 1,850,050	$ 1,850,050	$ -	$ -	100.0%	0.0%	0.0%
New Debt Issue - SRF Loan	-	-	-	-	100.0%	0.0%	0.0%
New Debt Issue - Revenue Bond	-	-	-	-	100.0%	0.0%	0.0%
Total Debt Service Payments	**$ 1,850,050**	**$ 1,850,050**	**$ -**	**$ -**	**100.0%**	**0.0%**	**0.0%**
Capital Expenditures							
Rate Funded Capital Expenses	$ -	$ -	$ -	$ -	99.7%	0.3%	0.0%
TOTAL REVENUE REQUIREMENTS	**$ 20,353,591**	**$ 19,174,114**	**$ 727,083**	**$ 452,395**	**94.2%**	**3.6%**	**2.2%**
Less: Non-Rate Revenues							
NON-RATE REVENUE							
County property tax appropriations	$ (3,700,000)	$ (3,688,900)	$ (11,100)	$ -	99.7%	0.3%	0.0%
District Rental Properties	-	-	-	-	100.0%	0.0%	0.0%
Contribution Revenue	-	-	-	-	0.0%	100.0%	0.0%
Investment earnings	(1,080,000)	(1,076,760)	(3,240)	-	99.7%	0.3%	0.0%
Gain (loss) sale of assets	-	-	-	-	100.0%	0.0%	0.0%
Local out-of-district	-	-	-	-	100.0%	0.0%	0.0%
Out-of-area	-	-	-	-	100.0%	0.0%	0.0%
Invstmnt Mkt Value-Gain/(Loss)	-	-	-	-	100.0%	0.0%	0.0%
Tri-Dam O&M Split	(8,800,000)	(8,800,000)	-	-	100.0%	0.0%	0.0%
NET REVENUE REQUIREMENTS	**$ 6,773,591**	**$ 5,608,454**	**$ 712,743**	**$ 452,395**			
Allocation of Revenue Requirements	**100.0%**	**82.8%**	**10.5%**	**6.7%**			
Net Revenue Req't. Check from Financial Plan	*$ 1,582,000*						

TABLE 30 : SUMMARY OF NET REVENUE REQUIREMENTS BY BUDGET CATEGORY

Budget Categories	Total Revenue Requirements	Irrigation	Domestic	Improvement District
	2026	(IRR)	(DOM)	(ID)
Maintenance	$ 8,600,850	$ 8,507,828	$ 47,492	$ 45,529
Water Operations	5,258,881	4,499,883	512,078	246,920
General, Administration, And Depreciation	8,488,045	8,147,702	180,397	159,945
Non-Operating Expenses	58,915	58,717	197	-
Adjustments	(3,903,149)	(3,890,067)	(13,082)	-
Debt Service Payments	1,850,050	1,850,050	-	-
COST OF SERVICE REVENUE REQUIREMENTS	**$ 20,353,591**	**$ 19,174,114**	**$ 727,083**	**$ 452,395**
Allocation of COS Revenue Requirements	**100.0%**	**94.2%**	**3.6%**	**2.2%**
Less: Non-Rate Revenues	(13,580,000)	(13,565,660)	(14,340)	-
NET REVENUE REQUIREMENTS	**$ 6,773,591**	**$ 5,608,454**	**$ 712,743**	**$ 452,395**
Allocation of Net Revenue Requirements	**100.0%**	**82.8%**	**10.5%**	**6.7%**

TABLE 31 : PROJECTED DISTRICT WATER USE

Customer Class	Proposed Water Use (Acre/ft)	Percent of Total Volume
Volumetric Charge		
Tier 1 -0-4 acft/acre	149,908	84.4%
Tier 2 - 4.01-6 acft/acre	10,249	5.8%
Tier 3 - 6.01+ acft/acre	3,453	1.9%
Class 2 Annexed Properties Volumetric Charge		
Per acre-foot	13,378	7.5%
Rural Water System		
Per cubic feet (converted to acre-feet)	595	0.3%
Total	**177,583**	**100.0%**

1. Source: Water Usage and Rate Analysis. xlsx*, average water use 2020-2024*

TABLE 32 : DEVELOPMENT OF THE FIXED ALLOCATION FACTOR

Customer Class	2023 Total Acres
Fixed Charge	
Per acre	70,171
Total	**70,171**

1. Source: *OID Sales and CIP.xlsx*

TABLE 33 : CALCULATION OF IRRIGATION SYSTEM FIXED CHARGE

Classification Components	Cost-of-Service Revenue Requirements *(2026)*	Fixed Revenue % for COS	Fixed COS Revenue Requirement	Adjusted Fixed Revenue Requirements	Total Acreage	COS Fixed Charge per Acre	Adjusted Fixed Charge per Acre
Total Revenue Requirement	$ 19,174,114	21%	$ 4,026,564	$ 2,669,998	70,171	**$57.38**	**$38.05**
Total Non-Rate Revenue Applied to Irrigation System	**% Split**			**$ (13,565,660)**			
Application of Non-Rate Revenue to Irrigation Fixed Charge	10%			$ (1,356,566)			
Application of Non-Rate Revenue to Irrigation Volumeteric Charge	90%			$ (12,209,094)			

TABLE 34 : CALCULATION OF DOMESTIC SYSTEM FIXED CHARGE

Classification Components	Cost-of-Service Revenue Requirements (2026)	Fixed Revenue % for COS	Fixed COS Revenue Requirement	Adjusted Fixed Revenue Requirements	Total Lots	COS Fixed Charge per Lot	AdjustedFixed Charge per Lot
Total Revenue Requirement	$ 727,083	2%	$ 14,542	$ 14,255	490	**$29.68**	**$29.09**
Total Non-Rate Revenue Applied to Domestic System	**% Split**		**$ (14,340)**				
Application of Non-Rate Revenue to Domestic Fixed Charge	2%		$ (287)				
Application of Non-Rate Revenue to Domestic Volumeteric Charge	98%		$ (14,053)				

TABLE 35 : CALCULATION OF IMPROVEMENT DISTRICTS RATES

Classification Components	Cost-of-Service Revenue Requirements (2026)	Total Acreage	Total Lots	100 Square Feet	Acreage Rate	Lot Rate	100 Sq Ft Rate
Improvement District 1	$ 753	50.60	-	-	**$14.88**		
Improvement District 2	$ 1,252	35.56	-	-	**$35.20**		
Improvement District 8	$ 1,339	58.14	-	-	**$23.03**		
Improvement District 13	$ 625	221.61	-	-	**$2.82**		
Improvement District 19	$ 3,205	712.85	-	-	**$4.50**		
Improvement District 20	$ 686	41.17	-	-	**$16.66**		
Improvement District 21	$ 693	19.10	-	-	**$36.30**		
Improvement District 22	$ 27,656	-	-	5,499.60			**$5.03**
Improvement District 26	$ 1,147	11.00	-	-	**$104.24**		
Improvement District 29	$ 3,466	267.80	-	-	**$12.94**		
Improvement District 31	$ 752	218.66	-	-	**$3.44**		
Improvement District 36	$ 714	42.06	-	-	**$16.98**		
Improvement District 38	$ 2,447	78.47	-	-	**$31.18**		
Improvement District 41	$ 129,705	40.00	-	-	**$3,242.62**		
Improvement District 45	$ 48,123	26.17	51.00	-	**$1,334.13**	**$258.99**	
Improvement District 46	$ 107,683	75.62	79.00	-	**$1,424.00**		
Improvement District 48	$ 8,374	94.54	-	-	**$88.58**		
Improvement District 51	$ 90,622	70.67	-	-	**$1,282.32**		
Total	**$ 429,242**						

TABLE 39 : CALCULATION OF IRRIGATION SYSTEM VOLUMETRIC REVENUE REQUIREMENTS

Classification Components	Cost-of-Service Revenue Requirements *(2026)*	Volumetric Revenue % for COS	Volumetric COS Revenue	Volumetric Adjusted Revenue Requirement
Total Revenue Requirement	$ 19,174,114	79%	$ 15,147,550	$ 2,938,456
Total Non-Rate Revenue Applied to Irrigation System COS	**% Split**			**$ (13,565,660)**
Application of Non-Rate Revenue to Irrigation Fixed Charge	10%			$ (1,356,566)
Application of Non-Rate Revenue to Irrigation Volumeteric Charge	90%			$ (12,209,094)

TABLE 40 : CALCULATION OF TIERED RATES

Customer Class	Proposed Water Use (Acre/ft)	Percent of Total Volume	Cost of Service Net Rev. Req'ts	Cost of Service Unit Rate	Application of Non Rate Revenue to Tiers	Adjusted Net Revenue Requirements	Adjusted Tier Rates
					($12,209,094)		
Class 1 Volumetric Charge							
Tier 1 - 0-4 acft/acre	149,908	91.63%	$ 13,878,974	$92.58	93.0%	$ 2,524,516	$16.84
Tier 2 - 4.01-6 acft/acre	10,249	6.26%	$ 948,886	$92.58	5.5%	$ 277,386	$27.06
Tier 3 - 6.01+ acft/acre	3,453	2.11%	$ 319,690	$92.58	1.5%	$ 136,554	$39.55
Total	**163,610**	**100%**	**$ 15,147,550**		**100.0%**	**$ 2,938,456**	

1. Source: *OID Sales and CIP.xlsx*

TABLE 41 : DROUGHT SURCHARGE

Based on Cost of Additional Groundnwater Pumping	District Cost to Pump an AF of GW	Amount of GW Pumped	Total Pumping Cost	Total Acreage	Drought Surcharge
Drought Surcharge	$56.14	18,000	$ 1,010,520	70,171	$14.40

TABLE 41 : CALCULATION OF DOMESTIC VOLUMETRIC WATER RATES

Classification Components	Cost-of-Service Revenue Requirements (2026)	Volumetric Revenue %	Volumetric COS Revenue Requirements	Adjusted Net Revenue Requirements	Total Hundred Cubic Feet (2022)[1]	COS Unit Rates	Adjusted Unit Rates
Total Revenue Requirement (Base Charge)	$ 727,083	98%	$ 712,541	$ 698,488	259,268	**$ 27.48**	**$ 26.94**
Total Revenue Requirement (Per Each Additional 100 c.f.)	$ 712,743	98%	$ 712,541	$ 698,488	259,268	**$ 2.75**	**$ 2.69**
Total Non-Rate Revenue Applied to Domestic System	**% Split**			**$ (14,340)**			
Application of Non-Rate Revenue to Domestic Fixed Charge	2%			$ (287)			
Application of Non-Rate Revenue to Domestic Volumeteric Charge	98%			$ (14,053)			

1. Source file: 15 Water Sales and Accounts.xlsx

TABLE 1 : CURRENT AND PROPOSED WATER RATE SCHEDULE - IRRIGATION

		Annual Increases				
		18.0%	***22.0%***	***19.0%***	***2.0%***	***9.0%***
Irrigation Water Rate Schedule	**Current [1] Rates**	**Proposed Rates 2026**	**Proposed Rates 2027**	**Proposed Rates 2028**	**Proposed Rates 2029**	**Proposed Rates 2030**
Irrigation Water User Rates						
Fixed Charge						
Per acre	$34.23	$38.05	$46.42	$55.24	$56.35	$61.42
Class 1 Volumetric Charge						
Tier 1 -0-4 acft/acre	$3.92	$16.84	$20.55	$24.45	$24.94	$27.18
Tier 2 - 4.01-6 acft/acre	$7.81-$10.37	$27.06	$33.02	$39.29	$40.08	$43.69
Tier 3 - 6.01+ acft/acre	$10.37-$25.89	$39.55	$48.25	$57.41	$58.56	$63.83
Drought Surcharge						
Per acre	$7.75	$14.40	$17.57	$20.91	$21.33	$23.24

1. Source: *Annual Volumetric and Fixed Parcel Assessment Rates Trend.xlsx*

TABLE 2 : CURRENT AND PROPOSED WATER RATE SCHEDULE - DOMESTIC SYST

		Annual Increases				
		18.0%	***22.0%***	***19.0%***	***2.0%***	***9.0%***
Domestic Water Rate Schedule	**Current Rates [1]**	**Proposed Rates 2026**	**Proposed Rates 2027**	**Proposed Rates 2028**	**Proposed Rates 2029**	**Proposed Rates 2030**
DOMESTIC Water User Rates						
Immediate Availability Charge						
Connection Size - 3/4" - 1"	$14.40	$29.09	$35.49	$42.24	$43.08	$46.96
Minimum Monthly Rate Charge						
0-1,000 cubic feet (monthly minimum)	$5.70	$26.94	$32.87	$39.11	$39.89	$43.49
Per each additional 100 cubic feet	$0.52	$2.69	$3.29	$3.91	$3.99	$4.35

1. Source: *Annual Volumetric and Fixed Parcel Assessment Rates Trend.xlsx*

TABLE 2 : CURRENT AND PROPOSED WATER RATE SCHEDULE - AGRICULTURAL IMPROVEMENT DISTRICTS

Agricultural Improvement Districts	Current [1] Rates		Proposed Rates 2026		Proposed Rates 2027	Proposed Rates 2028	Proposed Rates 2029	Proposed Rates 2030
ID No	*Charge Per Acre*	*Total Per ID*	*Charge Per Acre*	*Total Per ID*	*Charge Per Acre*	*Charge Per Acre*	*Charge Per Acre*	*Charge Per Acre*
1	$13.85	$700.81	$14.88	$753.10	$18.16	$21.61	$22.04	$24.02
2	$17.50	$622.30	$35.20	$1,251.86	$42.95	$51.11	$52.13	$56.82
8	$20.00	$1,162.80	$23.03	$1,338.85	$28.09	$33.43	$34.10	$37.17
13	$2.50	$554.03	$2.82	$624.92	$3.44	$4.09	$4.18	$4.55
19	$4.00	$2,851.40	$4.50	$3,205.09	$5.49	$6.53	$6.66	$7.26
20	$15.50	$638.60	$16.66	$685.83	$20.32	$24.18	$24.67	$26.89
21	$34.00	$649.40	$36.30	$693.39	$44.29	$52.71	$53.76	$58.60
26	$69.00	$759.00	$104.24	$1,146.69	$127.18	$151.34	$154.37	$168.26
29	$11.50	$3,079.70	$12.94	$3,466.30	$15.79	$18.79	$19.17	$20.89
31	$3.00	$655.98	$3.44	$751.86	$4.19	$4.99	$5.09	$5.55
36	$15.50	$651.93	$16.98	$714.21	$20.72	$24.65	$25.15	$27.41
38	$7.50	$588.53	$31.18	$2,446.75	$38.04	$45.27	$46.17	$50.33
48	$20.00	$1,890.80	$88.58	$8,374.22	$108.07	$128.60	$131.17	$142.98

1. Source: *12d 2023 Improvement District Ag Rates adopted 10.4.22.pdf*

TABLE 4 : CURRENT AND PROPOSED WATER RATE SCHEDULE - DOMESTIC IMPROVEMENT DISTRICTS

Domestic Improvement Districts	Current Rates[1]			Proposed Rates 2026		
ID No	*Acre Charge*	*Lot Charge*	*Total Per ID*	*Acre Charge*	*Lot Charge*	*Total Per ID*
22	$3.85		$21,173.46	$5.03		$27,656.28
41	$1,500.00		$60,000.00	$3,242.62		$129,704.91
45	$1,173.58	$258.09	$43,875.18	$1,334.13	$258.09	$48,122.77
46	$800.00		$60,496.00	$1,424.00		$107,682.92
51	$700.00		$49,469.00	$1,282.32		$90,621.80

Source: *12b 2023 Improvement District Domestic Rates adopted 10.4.22.pdf*
ID 22 is actually a rate per 100 square feet.

Domestic Improvement Districts	Proposed Rates 2027		Proposed Rates 2028		Proposed Rates 2029		Proposed Rates 2030	
ID No	*Acre Charge*	*Lot Charge*	*Acre Charge*	*Lot Charge*	*Acre Charge*	*Lot Charge*	*Acre Charge*	*Lot Charge*
22	$6.14		$7.30		$7.45		$8.12	
41	$3,956.00		$4,707.64		$4,801.79		$5,233.95	
45	$1,627.64	$258.09	$1,936.90	$258.09	$1,975.63	$258.09	$2,153.44	$258.09
46	$1,737.28		$2,067.36		$2,108.71		$2,298.50	
51	$1,564.43		$1,861.68		$1,898.91		$2,069.81	

TABLE 5 : CURRENT AND PROPOSED WATER RATE SCHEDULE - DOMESTIC IMPROVEMENT DISTRICTS RESERVE CONTRIBUTIONS

Domestic Improvement District Reserve Contributions	Current Rates[1]			Proposed Rates 2026		
ID No	*Acre Charge*	*Lot Charge*	*Total Per ID*	*Per Acre Charge*	*Lot Charge*	*Total Per ID*
45	$382.12	$196.06	$20,000.16	$382.15	$196.06	$20,000
46		$300.00	$23,700.00		$300.00	$23,700
51	$446.70		$31,568.29	$460.11		$32,516

1. Source: *12c 2023 Improvement District Reserve Fund rates adopted 10.4.22.pdf*

TABLE 6 : DOMESTIC IMPROVEMENT DISTRICTS: RESERVE CONTRIBUTIONS CALCULATIONS

Improvement District	Necessary Reserves	Accumulated Reserves	Annual Reserve Contributions	Lots	Acres	Revenue from Lot Charge[1]	Charge per Acre	Total Per ID
45	$1,043,444	$201,453	$20,000	51	26.17	$9,999	$382.15	$20,000
46	$1,484,049	$416,621	$23,700	79	75.62	$23,700	$0.00	$23,700
51	$1,641,677	$419,331	$32,516		70.67		$460.11	$32,516

1, Lot Charges are held constant, Acreage Charges vary depending on the revenue amount needed.