



City Council  
SPECIAL MEETING AGENDA

Tuesday, April 29, 2025, 5:30 p.m.

Council Chambers, 990 Palm Street, San Luis Obispo

**SPECIAL MEETING OF THE CITY COUNCIL**

The Special Meeting will be streamed to the City's website, YouTube Channel, and Channel 20. Attendees of City Council or Advisory Body meetings are eligible to receive one hour of complimentary parking; restrictions apply, visit Parking for Public Meetings for more details.

**INSTRUCTIONS FOR PUBLIC COMMENT:**

**Public Comment prior to the meeting (must be received 3 hours in advance of the meeting):**

**Mail - Delivered by the U.S. Postal Service.** Address letters to the City Clerk's Office at 990 Palm Street, San Luis Obispo, California, 93401.

**Email - Submit Public Comments via email to emailcouncil@slocity.org.** In the body of your email, please include the date of the meeting and the item number (if applicable). Emails will not be read aloud during the meeting.

**Voicemail - Call (805) 781-7164 and leave a voicemail.** Please state and spell your name, the agenda item number you are calling about, and leave your comment. Verbal comments must be limited to 3 minutes. Voicemails will not be played during the meeting.

*\*All correspondence will be archived and distributed to councilmembers, however, submissions received after the deadline may not be processed until the following day.*

**Public Comment during the meeting:**

**Meetings are held in-person.** To provide public comment during the meeting, you must be present at the meeting location. Verbal comments must be limited to 3 minutes and may only address items listed on the agenda.

**1. CLOSED SESSION (5:00 - 5:30 PM)**

**1.a CALL TO ORDER**

Mayor Erica A. Stewart will call the Closed Session of the San Luis Obispo City Council to order at 5:00 p.m. in the Council Hearing Room at City Hall, 990 Palm Street, San Luis Obispo.

**1.b PUBLIC COMMENT FOR CLOSED SESSION ITEMS ONLY**

Public Comment will only be accepted for items listed on the Closed Session agenda.

**1.c CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**

*Pursuant to paragraph (1) of subdivision (d) of California Government Code Section 54956.9.*

Name of case: San Luis Obispo Property and Business Owners Association, Leslie Halls v. City of San Luis Obispo, San Luis Obispo City Council; Smart Share Housing Solutions, a corporation, San Luis Obispo Superior Court Case No. 25CV-0212.

**1.d ADJOURNMENT**

The City Council will hold a Special Meeting on April 29, 2025 at 5:30 p.m. in the Council Chambers at City Hall, 990 Palm Street, San Luis Obispo.

**2. CALL TO ORDER**

Mayor Erica A. Stewart will call the Special Meeting of the San Luis Obispo City Council to order.

**3. PLEDGE OF ALLEGIANCE**

Council Member Mike Boswell will lead the Council in the Pledge of Allegiance.

**4. PRESENTATION**

**4.a NATIONAL DAY OF PRAYER PROCLAMATION**

Mayor Stewart will present a proclamation declaring May 1st as the "National Day of Prayer".

**5. PUBLIC COMMENT FOR ITEMS ON THE AGENDA ONLY**

As this is a Special Meeting, public comment will only be accepted for items listed on the agenda.

**6. CONSENT AGENDA**

**6.a AUTHORIZE A TAX EXCHANGE AGREEMENT WITH THE COUNTY OF SAN LUIS OBISPO TO ADDRESS TAX TRANSFERS FROM SLACK STREET AND HATHWAY DETACHMENT NO. 04 (CAL POLY VISTA MEADOWS)**

5

Recommendation:

Adopt a Draft Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, accepting a negotiated exchange of Tax Revenue and annual tax increment between the County of San Luis Obispo and the City of San Luis Obispo for Detachment #04 (Slack Street and Hathway) from the City of San Luis Obispo."

**7. BUSINESS ITEM**

**7.a INTRODUCTION OF THE 2025-27 WATER AND SEWER RATES AND AUTHORIZATION TO RELEASE THE ASSOCIATED PROPOSITION 218 NOTICE (Estimated Time: 60 minutes)**

17

Recommendation:

1. Direct the publication and mailing of a notice consistent with Article XIII D of the California Constitution and the Proposition 218 Omnibus Implementation Act (Prop 218) as it relates to water and sewer rates; and
2. Set two Public Hearing dates on June 17, 2025, to consider the adoption of updated water and sewer rates if there is no majority protest in accordance with Prop 218.

## 8. ADJOURNMENT

The City Council will hold a Special Closed Session Meeting on April 30, 2025 at 10:00 a.m. in the Council Hearing Room at City Hall. The next Regular Meeting of the City Council will be held on May 6, 2025 at 5:30 p.m. in the Council Chambers at City Hall, 990 Palm Street, San Luis Obispo.

LISTENING ASSISTIVE DEVICES for the hearing impaired - see the Clerk.

The City of San Luis Obispo wishes to make all of its public meetings accessible to the public. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the City Clerk's Office at (805) 781-7114 at least 48 hours before the meeting, if possible. Telecommunications Device for the Deaf (805) 781-7410.

City Council meetings are televised live on Charter Channel 20 and the City's YouTube Channel: [www.youtube.com/CityofSanLuisObispo](http://www.youtube.com/CityofSanLuisObispo). Agenda related writings or documents provided to the City Council are available for public inspection in the City Clerk's Office located at 990 Palm Street, San Luis Obispo, California during normal business hours, and on the City's website <https://www.slocity.org/government/mayor-and-city-council/agendas-and-minutes>. Persons with questions concerning any agenda item may call the City Clerk's Office at (805) 781-7114.



## Council Agenda Report

Item 6a

**Department:** Community Development  
**Cost Center:** 4003  
**For Agenda of:** 4/29/2025  
**Placement:** Consent  
**Estimated Time:** N/A

**FROM:** Timmi Tway, Community Development Director  
and Emily Jackson, Finance Director

**Prepared By:** Callie Taylor, Senior Planner

**SUBJECT:** AUTHORIZE A TAX EXCHANGE AGREEMENT WITH THE COUNTY OF SAN LUIS OBISPO TO ADDRESS TAX TRANSFERS FROM SLACK STREET AND HATHWAY DETACHMENT NO. 04 (CAL POLY VISTA MEADOWS)

### RECOMMENDATION

Adopt a Draft Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, accepting a negotiated exchange of Tax Revenue and annual tax increment between the County of San Luis Obispo and the City of San Luis Obispo for Detachment #04 (Slack Street and Hathway) from the City of San Luis Obispo."

### POLICY CONTEXT

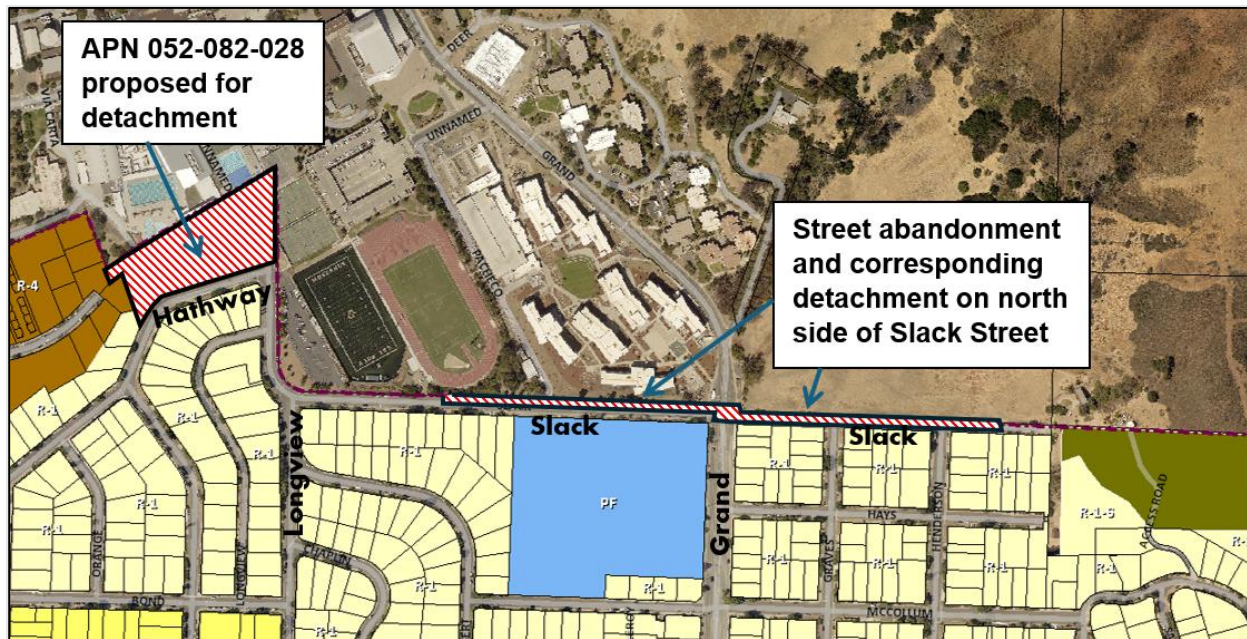
With any change of jurisdictional boundary, a negotiated property tax agreement is required to be approved by Resolution of the affected agencies, which in the case of Detachment No. 04 includes the County of San Luis Obispo Board of Supervisors and the City Council of the City of San Luis Obispo. This process adjusts the Tax Rate Areas associated with the boundary changes of the City and involves the County Auditor/Assessor and the State Board of Equalization. This process must be completed before the Local Agency Formation Commission (LAFCO) application for Detachment No. 04 can be considered by LAFCO, as required by Government Code Section 56810.

### DISCUSSION

#### Background

On November 12, 2024, the City Council approved a street right-of-way abandonment on Slack Street and initiation of a corresponding modification to the City limit line (i.e., detachment) in order to accommodate a faculty and staff housing project (known as Vista Meadows) on the Cal Poly campus. A second detachment area on Hathway was included with the detachment to adjust the City limit line to correct a historical boundary inconsistency at APN 052-082-028, a property which is owned by Cal Poly University and previously developed with campus recreation facilities. The subject areas of the detachment application are shown in Attachment B and Figure 1 below. The Council authorized staff to submit an application for detachment to the Local Agency Formation Commission (LAFCO). The LAFCO detachment application was submitted by the City on December 23, 2024, and is currently being processed.

State law requires that jurisdictions affected by an annexation (in this case, the County, and the City of San Luis Obispo) negotiate an exchange of the taxes paid in the annexation area prior to LAFCO approval of the jurisdictional change.



**Figure 1: Location of Detachment: Slack Street and Hathway**

On January 29, 2025, the County Auditor-Controller provided Notice of Allocation Information pursuant to Revenue and Taxation Code §99(b)(3) for 5-R-24 Detachment No. 04 from the City of San Luis Obispo (Slack Street and Hathway). The Revenue and Taxation Code requires that negotiations be concluded within 60 days, unless extended by mutual agreement between the involved agencies for an additional 30 days, which the County and the City have agreed to. The San Luis Obispo City Council is scheduled to consider the tax exchange agreement on April 29, 2025, within the 90-day timeframe.

### **Tax Exchange History**

In 1996, the City and County adopted a joint resolution, along with several other cities in the County, to establish a county-wide policy regarding tax exchanges. The "master" tax exchange agreement is based on two principles: (1) that the County should not "profit" from annexations, nor should annexations result in a net fiscal loss to the County, and (2), that tax exchange practices should not undermine good land use planning by discouraging cities from pursuing logical and appropriate annexations. These principals serve as the basis for most annexation discussions in the County of San Luis Obispo.

### **Detachment No. 04 Tax Agreement (Slack Street and Hathway)**

The properties proposed for detachment with the current LAFCO application include Slack Street right-of-way along the Cal Poly property frontage and Parcel No. 052-082-028 on Hathway which is currently owned by the State of California. As State owned land, both properties associated with the detachment are exempt from property taxation. The City of San Luis Obispo is currently allocated 14.880123 percent of the property tax generated in the subject property; however, as a State-owned property, no tax is



collected. As shown in the attached draft resolution, the City shall transfer the City's currently allocated percentage of property taxes generated in the subject property to the County of San Luis Obispo.

The areas currently proposed for detachment will remain as State-owned property in perpetuity and therefore do not have potential for current or future sales tax or property tax revenues to either the City or the County. Parcel No. 052-082-028 on Hathway has been developed with Cal Poly student recreational facilities for several decades, including both indoor and outdoor sports courts and swimming pools. The Slack Street right-of-way was approved for abandonment by the City in 2024 in order to facilitate the development of the Vista Meadows faculty and staff housing near the northeast corner of Grand Avenue. A detachment to adjust the City limit line was necessary in conjunction with the right-of-way abandonment because the current City boundary line bisects the new staff housing development, and would create a property with dual jurisdiction if the City limit is not adjusted. Cal Poly University will own the Vista Meadows land and housing units in perpetuity and will lease the homes to faculty and staff. The homes will not be privately owned, and therefore, will not provide any property tax revenues to the City or the County regardless of jurisdiction.

#### **Previous Council or Advisory Body Action**

[June 4, 2024](#): Applications to modify the City limit are referred to City Council for initiation and early consideration prior to staff processing the application. At an initiation meeting, the City Council authorized staff to proceed with processing the detachment application to modify the City limit boundary to accommodate a new Cal Poly faculty and staff housing development known as Vista Meadows, as well as other City limit clean-up areas as needed to correct historical jurisdictional boundary crossings around Cal Poly.

[September 25, 2024](#): The Planning Commission reviewed the request and made a determination of General Plan conformity as well as a recommendation to the City Council to approve abandonment of the public right-of-way and to initiate a detachment.

[October 15, 2024](#): City Council adopted a "Resolution of Intention," which set a public hearing at Council for November 12, 2024 to consider a final "Resolution of Abandonment" for portions of Slack Street.

[November 12, 2024](#): City Council adopted a Resolution to Abandon portions of Slack Street to accommodate Cal Poly faculty and staff housing and adopted a Resolution of Detachment to adjust City limit boundaries near Cal Poly (STAB-0038-2024, ANNEX-0219-2024).

#### **Public Engagement**

At each step in the process for the street abandonment and detachment public hearings, as well as for the current tax exchange agreement review, City staff provided all required notifications in conformance with the Streets and Highways Code and Council noticing policy, including lot postings, legal ads in the newspaper, and neighborhood mailings. For review of the tax exchange agreement, the public has an opportunity to comment on this item at or before the April 29, 2025 City Council meeting.

## CONCURRENCE

The negotiated tax exchange agreement has been reviewed by the City Manager, City Attorney, and all applicable City departments including the Finance Department to confirm concurrence.

## ENVIRONMENTAL REVIEW

The adjustment of City limits (detachment) at the proposed locations on Slack Street and Hathway qualify for a Class 19 CEQA categorical exemption, which exempts annexations containing existing public structures developed to the density allowed by the current zoning. The Notice of Exemption was recorded and sent to [Governor's Office of Planning and Research \(OPR\) \(SCH number 2025021086\)](#). The negotiated tax exchange agreement is a component of the detachment process. Adoption of the resolution accepting a tax exchange agreement with the County of San Luis Obispo addressing tax transfers from the Slack Street and Hathway detachment areas (Attachment A) is consistent with the Class 19 CEQA categorical exemption, would not result in any physical changes to the environment, and does not require any supplemental or subsequent environmental review.

## FISCAL IMPACT

Budgeted: No  
Funding Identified: No

Budget Year: 2024-25

### Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	N/A	N/A	N/A	N/A
State				
Federal				
Fees				
Other:				
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

As State owned land, the Slack Street right-of-way along the Cal Poly property frontage and Parcel No. 052-082-028 on Hathway are exempt from property taxation. The City of San Luis Obispo is currently allocated a percent of the property tax generated from the subject property; however, as a State-owned property, no tax is collected. As shown in the attached draft resolution, the City shall transfer the City's currently allocated percentage (14.880123) of property taxes generated by the subject property to the County of San Luis Obispo. As State owned land, no property tax will be collected, and therefore, there is no fiscal impact from the negotiated tax exchange on the subject sites.



## ALTERNATIVES

***The City Council may direct staff to re-open negotiations with the County with specific negotiating parameters.*** The extended negotiating period for this annexation will expire on April 30, 2025, and, as a State-owned property, there is no property tax collected and therefore no fiscal impacts would result from an alternative agreement.

## ATTACHMENTS

- A - Draft Resolution Accepting County Tax Exchange for Detachment No. 04
- B - Detachment No. 04 Slack Street and Hathway Location Map



RESOLUTION NO. \_\_\_\_\_ (2025 SERIES)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, ACCEPTING A NEGOTIATED EXCHANGE OF TAX REVENUE AND ANNUAL TAX INCREMENT BETWEEN THE COUNTY OF SAN LUIS OBISPO AND THE CITY OF SAN LUIS OBISPO FOR DETACHMENT #04 (SLACK STREET AND HATHWAY) FROM THE CITY OF SAN LUIS OBISPO**

**WHEREAS**, the City of San Luis Obispo, a charter city and municipal corporation, wishes to move forward with the detachment of the Slack Street and Hathway area; and

**WHEREAS**, in the case of a jurisdictional change other than a city incorporation or district formation which will alter the service area or responsibility of a local agency, Revenue and Taxation Code Section 99(a)(1) requires that the amount of property tax revenue to be exchanged, if any, and the amount of annual tax increment to be exchanged among the affected local agencies shall be determined by negotiation; and

**WHEREAS**, Revenue and Taxation Code Section 99(b)(6) requires that each local agency, upon completion of negotiations, adopt resolutions whereby said local agencies agree to accept the negotiated exchange of property tax revenues, if any, and annual tax increment and requires that each local agency transmit a copy of each such resolution to the Executive Officer of the Local Agency Formation Commission; and

**WHEREAS**, no later than the date on which the certificate of completion of the jurisdictional change is recorded with the County Recorder, the Executive Officer shall notify the County Auditor of the exchange of tax revenues by transmitting a copy of said resolutions to him and the County Auditor shall thereafter make the appropriate adjustments as required by law; and

**WHEREAS**, the properties being detached (Slack Street right-of-way and Hathway Parcel No. 052-082-028) are currently owned by the State of California and/or consist of existing right-of-way and are therefore exempt from property taxation; and

**WHEREAS**, the City of San Luis Obispo is currently allocated 14.880123 percent of the property tax generated in the subject property; and

**WHEREAS**, the negotiations have taken place concerning the transfer of tax revenues and annual tax increments between the County of San Luis Obispo and the City of San Luis Obispo pursuant to Section 99(a)(1) for the jurisdictional change designated as Detachment No. 04 from the City of San Luis Obispo (Slack Street and Hathway); and

**WHEREAS**, the negotiating parties, to wit: Lisa Howe, Division Manager, County of San Luis Obispo, on behalf of the County and Emily Jackson, Finance Director, City of San Luis Obispo, on behalf of the City have negotiated the exchange of tax revenue and annual tax increments between such entities as hereinafter set forth; and

R \_\_\_\_\_

**WHEREAS**, it is in the public interest that such a negotiated exchange of tax revenues and annual tax increments be consummated.

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of San Luis Obispo as follows:

**SECTION 1. Agreement.** The City Council agrees to accept the following negotiated exchange of property tax revenues:

1. The City shall transfer the City's currently allocated percent (14.880123) of property taxes generated in the subject property to the County of San Luis Obispo.
2. Annual tax increments shall be transferred from the City of San Luis Obispo to the County of San Luis Obispo effective the roll year specified by the California Board of Equalization, anticipated fiscal year 2025-26, after transfers to the Educational Revenue Augmentation Fund (ERAF).

**SECTION 2. Transmittal.** The City Clerk is authorized and directed to transmit a certified copy of the resolution to the Executive Officer of the San Luis Obispo Local Agency Formation Commission, who shall then distribute copies in the manner prescribed by law:

Upon motion of \_\_\_\_\_, seconded by \_\_\_\_\_, and on the following roll call vote:

AYES:

NOES:

ABSENT:

The foregoing resolution was adopted this \_\_\_\_\_ day of \_\_\_\_\_ 2025.

\_\_\_\_\_  
Mayor Erica A. Stewart

ATTEST:

\_\_\_\_\_  
Teresa Purrington  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
J. Christine Dietrick  
City Attorney

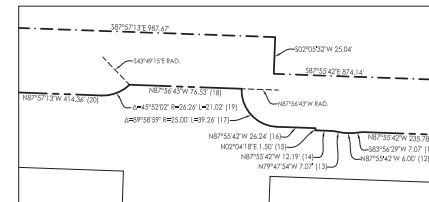
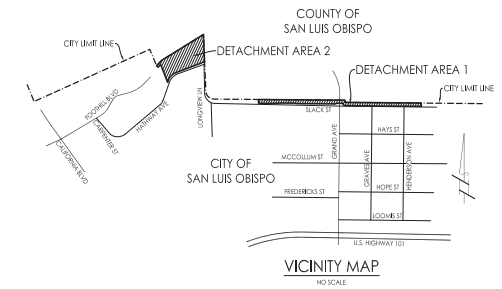
**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, on \_\_\_\_\_.

\_\_\_\_\_  
Teresa Purrington  
City Clerk

R \_\_\_\_\_

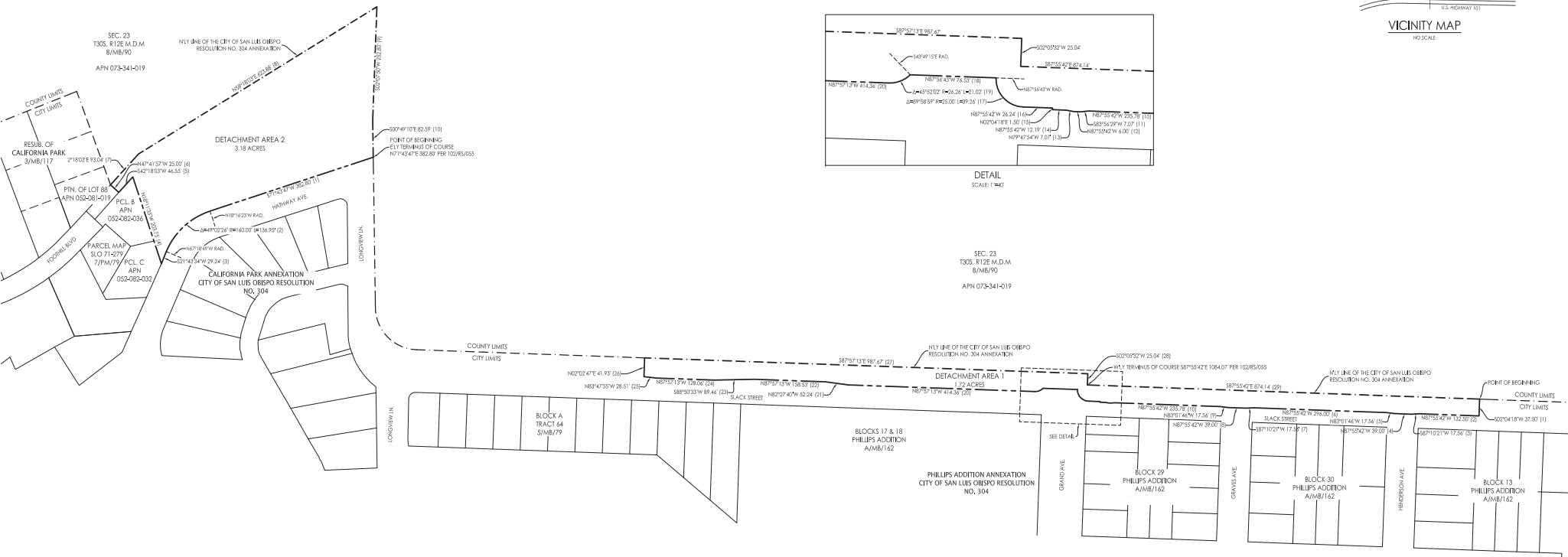






DETAIL  
SCALE: 1"=40'

SEC. 23  
T30S, R12E M.D.M.  
S/MB/90  
APH 073-341-019



## DETACHMENT NO. 4

### FROM THE CITY OF SAN LUIS OBISPO

BEING A PORTION OF THE LAND DESCRIBED IN THE CITY OF SAN LUIS OBISPO ORDINANCE NO. 304 (NEW SERIES) APPROVING THE ANNEXATION OF THE MONTEREY HEIGHTS ET.AL., CITY OF SAN LUIS OBISPO, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA.



SCALE: 1"=100'  
GRAPHIC SCALE

MAP PREPARED ON:  
FEBRUARY 7, 2025

MAP PREPARED BY:  
STEVE WEBSTER: LS 7561  
RRM DESIGN GROUP  
3765 S. HIGUERA ST., STE. 102  
SAN LUIS OBISPO, CA 93401  
PH (805) 543-1794



LEGEND:  
--- PROPOSED ANNEXATION DETACHMENT BOUNDARY  
--- EXISTING CITY/COUNTY LIMIT LINE  
(#) COURSE NUMBER

PROPOSED ANNEXATION DETACHMENT BOUNDARY  
EXISTING CITY/COUNTY LIMIT LINE  
COURSE NUMBER







**Department:** Utilities  
**Cost Center:** Water and Sewer Funds  
**For Agenda of:** 4/29/2025  
**Placement:** Business  
**Estimated Time:** 45 minutes

**FROM:** Aaron Floyd, Utilities Director  
**Prepared By:** Julie Ridgeway, Utilities Business Manager

**SUBJECT:** INTRODUCTION OF THE 2025-27 WATER AND SEWER RATES AND AUTHORIZATION TO RELEASE THE ASSOCIATED PROPOSITION 218 NOTICE

### RECOMMENDATION

1. Direct the publication and mailing of a notice consistent with Article XIII D of the California Constitution and the Proposition 218 Omnibus Implementation Act (Prop 218) as it relates to water and sewer rates; and
2. Set two Public Hearing dates on June 17, 2025, to consider the adoption of updated water and sewer rates if there is no majority protest in accordance with Prop 218.

### REPORT-IN-BRIEF

The City is proposing water and sewer rate increases consistent with the requirements of California Constitution Article XIII C and D, commonly referred to as Proposition 218 ("Prop 218"), the City's Charter and Municipal Code, and City Financial Plan fiscal policies. Rates provide funding to the City's Water Fund and Sewer Fund, for the operation, maintenance, and capital project needs commensurate with the costs to provide adequate water and sewer services to the community. In order to meet projected revenue requirements for operations, maintenance, and capital needs, water rates are proposed to increase 5.5 percent on July 1, 2025, and July 1, 2026, and sewer rates are proposed to increase 6.5 percent on July 1, 2025, and July 1, 2026.

This report is the first of a series of two council items scheduled for April 29, 2025, and June 17, 2025. This item, for the Council meeting scheduled on April 29, 2025, requests Council authorize the release of a public notice (Prop 218 notice) informing property owners and account holders of proposed increases for the City's water and sewer rates and requests that Council authorize staff to set two public hearings for the potential increases on June 17, 2025. This report also provides the constitutional, regulatory, and policy basis for the proposed rates, identifies the rate setting methodology and proposed rates, and summarizes the public outreach that will be conducted to ensure customers are provided timely and comprehensive information regarding the proposed increases and opportunities to engage with staff and submit comments, questions, and written protests.

## POLICY CONTEXT

The City's Water and Sewer Funds utilize rates and fees to fund operating, capital, and debt service expenditures to operate and maintain the City's water and wastewater (sanitary sewer) systems. These funds are treated as enterprise funds, which means they must operate fully on their own and are not subsidized by the City's General Fund. Rates and fees collected from customers make up the primary funding source for both funds and must be developed in compliance with Prop 218.

When proposing increased rates, some of the key Prop 218 requirements include:

1. A noticed public hearing must be held on the proposed rate increases at least 45 days after mailing a written notice to the parcel owner and account holder of record of each parcel subject to the proposed rates.
2. The cost of service shall not exceed the proportional cost of services provided to the corresponding parcel.
3. Revenues generated by the rates must be used solely for the services for which the rates are imposed.
4. Written protests must be submitted by the parcel owner of record or account holder of record that is directly responsible for payment of the utility bill, and must include a signature and identification of the parcel (e.g. service address). Only one protest per parcel is counted and protests must be received before the close of the public hearing to be valid.
5. The proposed rates cannot be adopted if a majority of affected property owners or account holders submit written valid protests opposing the rates before the close of the public hearing.

In addition to Prop 218 requirements, the City aims to set rates that promote the stability and predictability of water and sewer services. No changes to the current *rate structure*, which defines how customers are charged for water and sewer services (i.e. fixed fees and variable charges), are being proposed and the proposed rates are consistent with rate structure prioritization goals previously established by the City Council ([August 15, 2017](#); [January 9, 2018](#)). These prioritized goals include revenue stability and predictability, stability and predictability of the rates, fair allocation of total cost of service among customer classes, and reflection of all present and future costs. The proposed rates are also consistent with policies identified under [Section 3. Enterprise Fund Fees and Rates](#) of the City's Financial Plan, which states that:

*"The City will set fees and rates at levels which fully cover the total direct and indirect costs including operations, capital overlay, and debt service" and "the rate setting process will be in accordance with Proposition 218 and its notification requirements."*

In addition to these policies, the fiscal evaluation includes identification of community needs for essential services (provision of drinking water and treatment of wastewater) and integration of climate risk, climate action, and customer assistance considerations throughout all financial decisions including identification and implementation of resilient

capital projects that equitably provide water and sewer service to the community, consistent with Financial Plan Objectives.

### **AB 2257**

AB 2257 requires ratepayers to raise specific legal objections during the public process before pursuing litigation, establishing a statutory prerequisite to a legal challenge. The process for presenting legal objections and the City's requirement to respond to such comments is similar to the public review process in CEQA. Legal objections are separate from rate protests. If the City complies with the requirements of AB 2257 a potential litigant may only bring litigation if they have submitted a timely written objection. AB 2257 also limits litigation to the administrative records of the proceedings.

Property Owners of record and tenants directly liable to the City for payment of water and/or sewer rates may file legal objections with the City. To be valid, legal objections must be in writing and include the filing parties name, address, signature, and the legal basis for their objection. The legal objection must include sufficient detail to allow the City to substantively respond to the objection. For example, stating that the proposed rates are too high or illegal without further explanation will be deemed insufficient.

Legal objections must be submitted no later than June 16, 2025 to the City Clerk's office. **Failure to submit a valid legal objection bars any right to file a legal challenge to the proposed water and sewage rates.** Legal objections sent electronically will not be accepted.

Any valid legal objections received will be answered in writing. All objections and responses shall be presented to the Council for consideration prior to the hearing. This new legislation formalizes a requirement for potential litigants to exhaust administrative remedies prior to suing the City and establishes the notice and process pre-requisites for both potential litigants and the City.

## **DISCUSSION**

### **Background**

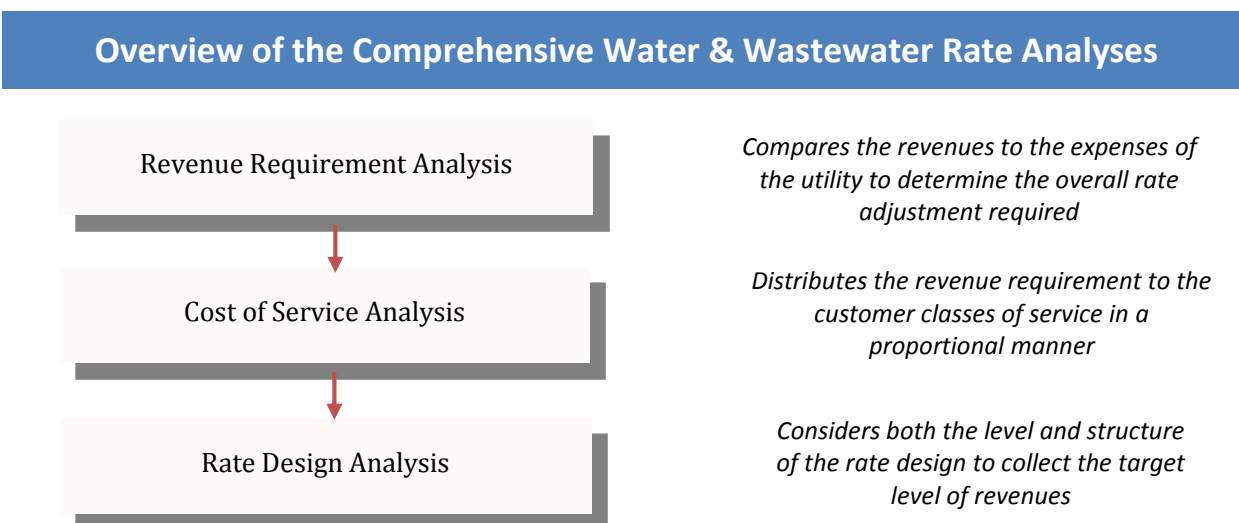
As stated above, the City's Water and Sewer Enterprise Funds are primarily funded through rate revenues paid for by customers of the City's water and wastewater systems. Enterprise funds utilize rates and fees paid for services rendered to fund all operating, capital, and debt service expenditures. Water rates pay for all costs associated with bringing water from surface water reservoirs to the City's water treatment plant and distributing 1.7 billion gallons of drinking water annually to approximately 17,000 service connections. Sewer rates support the activities needed to collect and treat approximately 1.4 billion gallons of wastewater through the City's wastewater collection and treatment facility annually.

### Rate Setting Methodology

The goal of the rate-setting process is to provide suitable funding to the City's Water and Sewer Funds for operation, maintenance, and capital project needs for the City's water and wastewater systems. Rates must be developed that are stable, equitable, and cost-based in compliance with Prop 218.

The City hired HDR Engineering, Inc. (HDR) to assist with reviewing and updating the 2025-27 water and sewer rates and preparing a report of the updated water and wastewater rate study (2025 Rate Study Update; Attachment A). For the *2025 Rate Study Update*, HDR utilized industry-standard methods consistent with the *M1 Manual: Principles of Water Rates, Fees, and Charges* published by the American Water Works Association (AWWA) for setting water rates and the *Manual of Practice No. 27* published by the Water Environment Federation (WEF) for setting sewer rates. The *2025 Rate Study* provides the necessary documentation for the City's proposed water and sewer rates in compliance with Prop 218 Section 6, which regulates property-related fees and charges to which water and sewer rates are bound.

The methodology used for both water and sewer rates includes a revenue requirement analysis, a cost-of-service analysis, and rate design analysis, as outlined in the graphic below (Figure 1). This methodology is consistent with Financial Plan Enterprise Fund Fees and Rates policies for ongoing rate review and cost of service fee assessment. The policies state that the City will review and adjust enterprise fees and rate structures as required to ensure that they remain appropriate and equitable and that the City will treat the water and sewer funds in the same manner as if they were privately owned and operated. This means assessing reasonable cost of service fees while fully recovering service costs.



**Figure 1.** Overview of the three interrelated analyses conducted during a water and/or sewer rate analysis (source: *2025 Rate Study Update*, HDR Engineering, Inc.).



In 2023, the City hired HDR to conduct a comprehensive water and wastewater study, including a full cost of service analysis, to develop a 5-year projection through fiscal year (FY) 2026-27. However, the City's historical practice has been to adopt rates for a 2-year period and conduct an updated analysis with each new financial plan. Given this, the *2025 Rate Study Update* utilized the results of the cost of service analysis from 2023 as the basis for the proposed rates for FY 2025-26 and FY 2026-27. As a part of the 2025 updated analysis, HDR confirmed that the cost of service still reflects the current customer characteristics of the City's customer basis. Therefore, only revenues and expenses, both operating and capital, of the water and wastewater utilities were updated to match the updated customer characteristics and costs of providing water and wastewater services to the City's customers. Rate designs based on a cost-of-service methodology that fairly apportions costs to all customers is in accordance with the provisions of Prop 218. No changes were made to the current rate structure at this time.

This rate setting methodology is consistent with the rate structure goals established by Council, the City Charter, and the San Luis Obispo Municipal Code (SLMC). Specifically, water and sewer rates must be adopted by Council resolution (SLMC [Section 13.04.090](#)), and all revenue generated from these rates is legally restricted to funding the operation, maintenance, improvement, and debt obligations of the respective utility system (SLMC [Section 13.08.410](#); City Charter [Section 806](#)).

### **Study Findings**

As a part of the *2025 Rate Study Update*, and in keeping with the best practices for capital project funding approach, a concerted effort was made to increase the overall level of "pay-as-you-go" (rate) funding and to avoid debt financing to the extent practical. Based on the results of the *2025 Rate Study Update*, HDR concluded that the City will need to adjust the level of water and wastewater rate revenues for the next two financial years (FY 2025-26 and FY 2026-27) in order to meet revenue requirements. These results are summarized below and more detailed information can be found in the full *2025 Rate Study Update* report.

### **Water Rates**

Based on the results of the *2025 Rate Study Update*, water rate revenues are recommended to be adjusted to increase 5.5% in each of the two-year rate setting periods of FY 2025-26 and FY 2026-27. This takes into account updated revenue projections, including projected changes in the number of customer accounts served and water consumption, operation and maintenance costs, including anticipated ongoing costs to operate the City's future groundwater system, and the City's updated capital improvement plan (CIP), including projects that continue to address impacts from the 2023 storms. The rate analysis incorporates anticipated FEMA reimbursement for eligible portions of storm-related projects to avoid overcollection through rates. If reimbursement is not received, adjustments would need to be made to the City's water related CIP and in the next rate analysis to reflect actual funding.

To address nationwide cost increases and to maintain the current CIP, which both drive water rate increases, the Department has been focusing on an approach to supplement ratepayer funds through the utilization of grant funding and by exploring short-term non-potable water sales opportunities. Since 2020, the Utilities Department has received over \$2.1 million in grant funding for the Water Fund, which has been utilized for projects that improve resiliency for the community while also decreasing long-term operating costs. The Water Treatment Plant Tesla Battery Pack Project and the Groundwater Contamination Remediation Project are both grant-funded and provide long-term operational cost decreases by reducing electricity usage and allowing for electricity to be utilized during off-peak periods for treatment operations. The Department has also applied for and are waiting to hear back about grant funding to help supplement the City's transition to Advanced Metering Infrastructure (AMI), which will reduce operational costs and improve customer experiences by allowing for increased consumption monitoring and leak detection. These projects, amongst others, focus on utilizing grant opportunities to stabilize or decrease costs that otherwise would drive additional annual rate increases.

In addition to pursuing grant opportunities and increasing operational efficiencies, the City has also been exploring opportunities to sell surplus water supplies that the City is unable to use each year pursuant to policy 1.13.2 of the Land Use Element of the City's General Plan. Surplus water sales programs include the potential to sell short-term non-potable surplus recycled water and surplus water from Nacimiento Reservoir. These water sales programs could result in additional revenue for the Water Fund, without compromising long-term water supply sustainability. However, because surplus water sales have not been negotiated and significant additional work is required to finalize any such agreements, the rate study analysis did not include any projected revenue from potential sales.

Overall, the Water Fund's projected rates are slightly lower than those that were previously projected in the 2023 rate study for FY 2025-26 and are slightly higher in FY 2026-27 and projected future years, as shown in Table 1 below. Since the 2023 study, updated expense and revenue data have resulted in a refinement of the now proposed and projected rate increases. The increases in the proposed water rate adjustments for FY 26 through FY 33 are due primarily to increased costs for capital improvement projects, the addition of new projects as a result of the 2023 storms, increased regulatory compliance costs, inflation, and increased costs of doing business. While there have been changes to the proposed rates since the 2023 rate study, proposed rate increases are more similar to those projected in the previous study than the Utilities Department has seen when there have been significant factors that need to be incorporated, such as those coming out of the 2019 COVID pandemic and/or drought years. This consistency indicates that the City's long-term financial planning approach is working as intended, providing a stable foundation that can absorb moderate cost fluctuations without requiring sharp or unexpected rate adjustments. It also reflects that, while some factors such as the 2023 storms and cost increases have added new cost pressures, the overall financial outlook for the Water Fund remains aligned with prior expectations, supporting the reliability of the City's water system.

**Table 1.** A comparison of proposed and projected water rate percentage increases identified in the 2023 Comprehensive Rates Study compared to the 2025 Rate Study Update.

Water Rate Increases (%)	Proposed		Projected					
	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33
<b>Previous Rate Study (2023)</b>	7.5	4.5	4.5	4.0	4.0	4.0	3.5	3.0
<b>Current Rate Study Update (2025)</b>	5.5	5.5	5.0	5.0	5.0	5.0	4.5	4.5
<b>Difference</b>	(2.0)	1.0	0.5	1.0	1.0	1.0	1.0	1.5

If the recommended 5.5% increase is implemented for each of the next two fiscal years, the City's proposed water rates for 2025-27 would be as shown in Table 2, below.

**Table 2.** Current and proposed water rates for FY 2025-26 and 2026-27.

Summary of the Present and Proposed Water Rates			
Present Rates		Proposed Rates	
Effective 7/1/24		Effective 7/1/25	Effective 7/1/26
<b>Proposed Rate Revenue Adjustment</b>		<b>5.5%</b>	<b>5.5%</b>
<b>Fixed Charge - \$/Month</b>			
<b>Residential</b>	\$30.25	\$31.91	\$33.67
<b>MF / Non-Res / Irr</b>			
3/4" & Less	\$30.25	\$31.91	\$33.67
1"	50.50	53.28	56.21
1 1/2"	100.80	106.34	112.19
2"	161.30	170.17	179.53
3"	302.60	319.24	336.80
4"	504.45	532.19	561.46
6"	1,008.60	1,064.07	1,122.59
8"	1,613.85	1,702.61	1,796.25
Water System Access Charge <sup>1</sup>	\$108.50	\$114.47	\$120.76
<b>Usage Charge – \$/Unit<sup>2</sup></b>			
<b>Residential</b>			
0 – 5 CCF	\$8.54	\$9.01	\$9.51
6 – 12 CCF	9.84	10.38	10.95
12 + CCF	16.97	17.90	18.88
<b>Multi-Family</b>	\$9.58	\$10.11	\$10.67
<b>Non-Residential</b>	\$10.14	\$10.70	\$11.29
<b>Irrigation</b>	\$10.35	\$10.92	\$11.52

<sup>1</sup>One unit of water = 100 cubic feet = 748 gallons

<sup>2</sup>Water System Access Charge applies where the City provides only fire protection to accounts that utilize a private well for domestic purposes.

### Sewer Rates

Based on the results of the *2025 Update*, sewer rate revenues are recommended to be adjusted to increase 6.5% in each of the two-year rate setting period of FY 2025-26 and FY 2026-27. This is moderately higher than what was previously projected for upcoming years as is summarized below (Table 3). Primary changes between the last analysis and this analysis include additional funding for operating the City's new Water Resource Recovery Facility (WRRF), changes of which are primarily regulatory driven, and an expected loss in revenue associated with California Polytechnic State University (Cal Poly) building an on-campus wastewater treatment system.

The loss in revenue from Cal Poly is based on projected flows provided by the University, which drop off significantly starting in FY 2025-26, when the University begins treating a portion of its own wastewater, and then steadily increase as on campus student population projections increase. During FY 2025-26, flows to the City are expected to decrease by approximately 75%, resulting in a projected revenue loss of \$935,268, when compared to what was collected during FY 2023-24. By FY 2026-27 flows, are projected to be 29% of those sent to the City during FY 2023-24, resulting in a projected revenue reduction of \$920,578. The projected reduction in sewer revenue from Cal Poly accounts for approximately 48% of the additional rate revenue that would be generated from the proposed rate increase for FY 2025–26 and 21% of the additional rate revenue that would be generated from the proposed rate increase for FY 2026–27. This relative impact continues to decrease in future years, as the City's overall revenue requirements grow at a faster rate than the revenue loss from Cal Poly. In other words, while the Cal Poly revenue decline is a significant near-term driver of rate adjustments, its proportional influence diminishes over time as other cost drivers, such as capital funding needs and inflation, become more prominent.

As with the Water Fund, staff aim to minimize ongoing expenses and help to offset inflationary increases by pursuing grants, improving operational efficiencies, and exploring infrastructure replacement alternatives within the City's Sewer Fund. Over the past five years, the Sewer Fund has received \$2.6 million in grants to fund capital projects that would have otherwise relied on ratepayer contributions. Capital planning projects, such as the Wastewater Collection System Infrastructure Renewal Strategy, a long-range plan for the City's wastewater collection system, allow staff to be strategic and proactive in infrastructure maintenance and replacement planning. Additionally, staff have applied for Inflation Reduction Act funding associated with work completed during the WRRF upgrade. Although this cannot be factored into the analysis now due to uncertainties in Federal funding, if received, this additional revenue could be used to offset funding that would otherwise be collected by rates or support additional needed projects. Lastly, once the new WRRF facilities stabilize following the completion of construction, staff will be able to evaluate opportunities to further optimize processes to reduce operational expenditures and maximize the utilization of onsite biogas to energy production.

**Table 3.** A comparison of proposed and projected sewer rate percentage increases between the 2023 Comprehensive Rates Study and 2025 Rate Study Update.

Sewer Rate Increases (%)	Proposed		Projected					
	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33
<b>Previous Rate Study (2023)</b>	4.0	4.0	3.5	2.5	2.5	2.5	2.5	2.5
<b>Current Rate Study Update (2025)</b>	6.5	6.5	6.5	6.5	6.5	3.5	3.5	3.5
<b>Difference</b>	2.5	2.5	3.0	4.0	4.0	1.0	1.0	1.0

If the 6.5% increase is implemented for each of the next two fiscal years, the City's proposed sewer rates for 2025-27 would be as shown below in Table 4.

**Table 4.** Current and proposed sewer rates for FY 2025-26 and FY 2026-27.

Summary of the Present and Proposed Sewer Rates			
Present Rates		Proposed Rates	
Effective 7/1/24		Effective 7/1/25	Effective 7/1/26
<b>Proposed Rate Revenue Adjustment</b>		<b>6.5%</b>	<b>6.5%</b>
<b>Fixed Charge - \$/Month</b>			
<b>Residential</b>	\$24.52	\$26.11	\$27.81
<b>MF / Non-Res</b>			
3/4" & Less	\$24.52	\$26.11	\$27.81
1"	40.95	43.61	46.44
1 1/2"	81.65	86.96	92.61
2"	130.70	139.20	148.25
3"	245.21	261.15	278.12
4"	408.76	435.33	463.63
6"	817.28	870.40	926.98
8"	1,307.70	1,392.70	1,483.23
10"	1,880.02	2,002.22	2,132.36
<b>Usage Charge - \$/Unit<sup>1</sup></b>			
<b>Residential / Multi-Family (up to sewer cap)</b>	\$9.82	\$10.46	\$11.14
<b>Non-Residential (all usage)</b>	\$10.27	\$10.94	\$11.65

<sup>1</sup>One unit of water = 100 cubic feet = 748 gallons

Overall, the proposed adjustments for FY 2025-26 and FY 2026-27 for both water and sewer rates reflect a more stable and predictable financial planning environment, following years of uncertainty caused by droughts and the pandemic. While the updated rate study includes an increase in revenue needs due to increased costs and changes to revenue from Cal Poly, the overall revenue requirements remain relatively consistent with prior rate studies. The recommended rate increases are designed to maintain essential services, fund critical infrastructure projects, and reduce reliance on debt, while staff continue to pursue grants and operational efficiencies to help stabilize long-term costs.

### **Customer Assistance and Conservation**

Prop 218 prohibits water providers from imposing fees that exceed the proportional cost of service to a parcel and revenues generated from fees cannot exceed the cost of doing business nor can they be used for an unrelated purpose. Thus, the City is unable to use rate funds to provide low-income customer assistance programs. Given this constraint, the City uses late fees paid by utilities customers who do not make their payments on time, to fund its Customer Assistance Program (CAP). Of the 17,075 active utility accounts, approximately 180 accounts receive reduced rates. However, budgets have historically been underutilized for this program, so the Department plans to recommend that the City Council increase the discount that is offered through this program from 15 percent to 20 percent at the June 17, 2025 City Council meeting to continue to help low income customers with their utility bills. Customers experiencing challenges paying their utility bills also have the ability to set up payment plans.

In addition to discounted rates through the CAP, the City also offers a variety of water conservation measures that help all customers lower their water usage. The City's water conservation program offers complementary water conservation items, discounts on smart sprinkler controllers, high-efficiency toilets and urinals, water-efficient restaurant dipper wells, and assistance with conducting home and business water audits. As part of its ongoing efforts, the City's Water Resources section also monitors customer usage and alerts them to potential water leaks. Building on these efforts, the City is also now transitioning to AMI, which will allow customers the ability to monitor their own water use in real-time and receive automatic alerts for possible water leaks. According to the Alliance for Water Efficiency's [\*Smart Practices to Save Water\*](#) (March 2023), of 16 utilities utilizing AMI, the average reported savings was 7,600 gallons per account, with results varying based on system size, leak thresholds, communication methods, and notifications types.

### **Previous Council or Advisory Body Action**

City Council last approved the now current water and sewer rates on [June 6, 2023](#):

- [Item 7a. Consideration of the 2023-25 Water Rates \(staff report and study\)](#)
- [Item 7b. Consideration of the 2023-25 Sewer Rates \(staff report and study\)](#)

### **Public Engagement**

The City is committed to helping the public understand the recommended water and sewer rates and their right to protest. If directed by Council, and in compliance with Prop 218 noticing requirements for the Public Hearing on June 17, 2025, a public notice (in English and available online in Spanish) will be mailed to every parcel owner and account holder (customer) on record currently receiving water and sewer services from the City of San Luis Obispo. These notices will be mailed at least 45-days prior to the Public Hearing date. The Prop 218 notice (Attachment B) includes the proposed rate increases, a summary of the purpose of the increase, a fee schedule, and instructions on how to protest the proposed increase. The notices also includes the recipients' official protest form. In addition to those that are mailed, notices are also posted to the City's website and extra copies will be made available at the City of San Luis Obispo Clerk's Office and at the public hearing on June 17, 2025.



In addition to the Prop 218 notice, the public will also be notified of the proposed rate adjustments, protest process, and the City's Customer Assistance Program through the following:

- City e-notifications and social media posts;
- At a public informational session scheduled for Wednesday, June 4, 2025, from 5:30 – 7:00 pm at the Ludwick Community Center (864 Santa Rosa Street, San Luis Obispo, CA 93401);
- At the annual Public Works and Utilities Week farmers market event located in downtown San Luis Obispo on Thursday, May 22, 2025 from 6:00 – 9:00 pm;
- Through legal notices of the Public Hearing published in a local newspaper 45 days and 10 days before June 17, 2025, in accordance with Section 1002, Article X of the City's Charter.

Staff also presented to the Chamber of Commerce of April 10, 2025, to inform businesses of the proposed changes and answer questions. Staff have also reached out to the following organizations to see if there is an upcoming meeting staff can come and speak at or share information through their social media platforms:

- Central Coast Commission for Senior Citizens
- CAPSLO
- Latino Outreach Council
- Cal Poly Student Affairs
- Cuesta Student Success and Support Programs

A copy of the full *2025 Rate Study Update* will be made available on the City's website and Frequently Asked Questions (FAQs) and online calculators are available to assist customers' understanding of proposed rate changes are also available on the Department's website ([www.slocity.org/utilityrates](http://www.slocity.org/utilityrates)). Staff also prepared a summary sheet that includes key dates and frequently asked question (FAQs) (Attachment D). Lastly, staff will continue to respond to questions by phone and email on how customer's bills would be affected.

### **CONCURRENCE**

The City Attorney's Office has reviewed and approved the draft Prop 218 notice and the *2025 Rate Study Update*. The City Finance Department concurs with the proposed water and sewer rate increases and the City Clerk's office concurs with associated adherence to Prop 218 required procedures.

### **ENVIRONMENTAL REVIEW**

Modification of rates and charges by public agencies are exempt from the California Environmental Quality Act (CEQA) under Public Resources Code 21083 and 21080(b)(8) and California Code of Regulations Title 14 Section 15273 (Rates, Tolls, Fares, and Charges) because changes in rates and charges is for the purpose of:

- a) Meeting operating expenses;
- b) Purchasing or leasing supplies, equipment, or materials;
- c) Meeting financial reserve needs and requirements;
- d) Obtaining funds for capital projects necessary to maintain service within existing service areas; and
- e) Obtaining funds necessary to maintain such intra-city transfers as authorized by City Charter.

The change in fees is not intended to fund expansion of capital projects not otherwise evaluated under CEQA. Therefore, no environmental review is required for this item.

## FISCAL IMPACT

Budgeted: No

Budget Year: 2025-27

Funding Identified: Yes

## Fiscal Analysis - Water Fund

To meet the rate revenue requirement of the Water Fund detailed in the *2025 Rate Study Update*, the proposed water rates are projected to generate a total of \$1.4 million additional dollars during FY 2025-26. This includes both the 5.5 percent increase in rates as well as projected customer growth (0.8%). Combined with forecasted revenues from current rates and miscellaneous revenues, total revenues for the Water Fund during FY 2025-26 are anticipated to be \$30.3 million. The Water Fund's projected total revenue and revenue requirement for the following fiscal year, FY 2026-27, is \$32.1 million. This is summarized in Table 5. If approved, the proposed rate increase would be implemented on July 1 of each corresponding fiscal year.

**Table 5.** Water Fund forecasted revenues and revenue requirements for FY 2025-2026 and FY 2026-27 (in thousand dollars).

Comprehensive Water Rate Study (in thousands)	FY 2025-26 Forecast	FY 2026-27 Forecast
Rate Revenues Without Proposed Rate Increases	\$25,999	\$26,207
Additional Rate Revenue from Proposed Rate Adjustment (5.5%)	\$1,430	\$2,962
Miscellaneous/Other Revenues <sup>1</sup>	\$2,885	\$2,947
<b>Total Revenues With Proposed Rate Increases</b>	<b>\$30,314</b>	<b>\$32,116</b>
<b>Total Revenue Requirement</b>	<b>\$30,314</b>	<b>\$32,116</b>

<sup>1</sup>Miscellaneous/Other Revenues includes non-rate revenues such as interest earnings, set-up fees, revenue collected from Cal Poly, miscellaneous penalties (including late fees), credit collections, and development review fees.

### Fiscal Analysis - Sewer Fund

To meet the rate revenue requirement of the Sewer Fund detailed in the *2025 Rate Study Update*, the proposed increases in sewer rates are projected to generate an additional \$1.3 million dollars during FY 2025-26. This includes both the 6.5 percent increase in rates as well as projected customer growth (0.8%). The Sewer Fund's projected total revenue and revenue requirement for 2025-26 is \$21.7 million and the total revenue requirement for FY 2026-27 is \$23.3 million. This is further summarized in Table 6. If approved, the proposed rate increase would be implemented on July 1 of the corresponding fiscal year.

**Table 6.** Sewer Fund forecasted revenues and revenue requirements for FY 2025-2026 and FY 2026-27 (in thousand dollars).

<b>Comprehensive Sewer Rate Study (in thousands)</b>	<b>FY 2025-26 Forecast</b>	<b>FY 2026-27 Forecast</b>
Rate Revenues Without Proposed Rate Increases	\$19,294	\$19,448
Additional Rate Revenue from Proposed Rate Adjustment (5.5%)	\$1,254	\$2,610
Miscellaneous/Other Revenues <sup>1</sup>	\$1,216	\$1,256
<b>Total Rate Revenues With Proposed Rate Increases</b>	<b>\$21,764</b>	<b>\$23,314<sup>2</sup></b>
<b>Total Revenue Requirement</b>	<b>\$21,764</b>	<b>\$23,315</b>

<sup>1</sup>Miscellaneous/Other Revenues includes non-rate revenues such as interest earnings, industrial user charges, set-up fees, revenue collected from Cal Poly, miscellaneous penalties (including late fees), credit collections, and development review fees.

<sup>2</sup>Discrepancy between total rate revenue and total revenue requirement in FY 2026-27 is due to rounding. See the *Summary of the Revenue Requirement (Exhibit 1)* in Appendix B for more details.

### NEXT STEPS AND PROTEST PROCEDURES

If directed by City Council, staff will:

1. Set two Public Hearings (one for water and one for sewer) on June 17, 2025, for the proposed water and sewer rates.
2. Release the Prop 218 notice at least 45-days prior to the Public Hearing.

Under Prop 218, property owners and/or customers directly responsible for the payment of the fee subject to proposed rate increase(s) may submit a written protest against the proposed rate increases. If directed by council, the Prop 218 notice, which includes an official ballot form, will be mailed to the mailing address on file for each parcel owner and each utility bill account holder within the City. Protests must be received by the City Clerk at or before the close of the public input portion of the public hearing on June 17, 2025, and must identify whether water and/or sewer is being protested, contain the service address, and include the original signature of the parcel owner or account holder of record. In the event that there is more than one protest submitted for a parcel, only one valid protest will be counted for the parcel.

At the public hearing, Council will consider all objections or protests, and any person shall be permitted to present written or oral testimony. At the conclusion of the public hearing on June 17, 2025, the City Clerk will announce whether a majority protest exists and provide a summary of the protests received. If valid written protests are filed by a majority (50%+1), the proposed water and/or sewer rates may not be imposed. A majority of the City's 17,035 water accounts is 8,518 plus one and a majority of the City's 16,479 sewer accounts is 8,239 plus one. All protests will need to be validated regarding property ownership and duplicate addresses.

The resolutions for adoption of the proposed water and sewer rates and for updating the Customer Assistance Program will be provided at the Public Hearing meeting scheduled for June 17, 2025. If adopted, rates would be implemented July 1 of the corresponding fiscal years.

## ALTERNATIVES

1. ***Council could decide to delay authorization to release the Prop 218 notice and consider water and sewer rate adjustments at a later date.*** If Council directs staff to delay the release of the Prop 218 notice, the required 45-day noticing period would push the rate hearing and adoption beyond the originally planned timeline. This would likely result in any new rates taking effect after the start of the fiscal year (July 1, 2025). Since the proposed rates are based on the assumption that they would be in effect for the full fiscal year, a delay in implementation would reduce projected revenues. To account for the reduced revenue collection period, staff may need to postpone or phase capital projects and work with the consultant to revise the capital improvement plan and proposed rate adjustments accordingly.
2. ***Council could decide not to authorize the release of the Prop 218 notice and direct staff that no rate adjustment be moved forward at this time.*** If Council chooses not to authorize the release of the Prop 218 notice, the City will not proceed with the proposed 2025 water and sewer rate adjustments. As a result, the Prop 218 process will be paused until directed by Council. This would prevent any rate increases from being adopted or implemented for the upcoming two fiscal years. Because the proposed rates were developed with the assumption of a full 12 months of increased revenue starting July 1, 2025, and July 1, 2026, not moving forward with the rate adjustments would create a significant shortfall for the City's water and sewer funds. If this were the case, staff would need to delay or scale back planned capital improvement projects and re-engage the consultant to revise the capital improvement plan based on revenue projection with no rate increases.
3. ***Council could decide not to set the Public Hearing dates for June 17, 2025.*** If Council chooses not to set the public hearing date for June 17, 2025, a new date must still comply with Prop 218 requirements, which mandate that a public hearing occur no sooner than 45 days after the Prop 218 notice is mailed. Council may select an alternate hearing date, but doing so could delay rate adoption and implementation beyond July 1, 2025. As with the alternative to delay the mailing of the Prop 218 notice, a delay would shorten the revenue collection period assumed in the rate analysis and may require staff to adjust the capital improvement plan and revisit the proposed rates with the consultant to ensure financial health of the funds.

4. ***Council could direct modifications to the proposed rates, or to the proposed implementation dates.*** If Council wishes to proceed with modifying the proposed rate adjustments included in the notice, or adjusted the implementation timeline, staff would work with the rate consultant to update the financial analysis and revise the Prop 218 notice accordingly. Modifying the proposed implementation dates, such as phasing in the rate increases or delaying the effective date, would reduce the revenue collected and could impact the timing or scope of planned capital improvement projects. Changes like this would require additional time to prepare updated materials and require staff to delay the mailing of the Prop 218 notice and subsequent public hearings. It is also important to note that the values included in the Prop 218 notice represent the maximum rates that Council may adopt at the public hearing, provided there is no majority protest. However, Council may choose to adopt lower rate increases than those that are included in the Prop 218 notice at the public hearing.

## **ATTACHMENTS**

- A - Draft City of San Luis Obispo Water and Wastewater Rate Study Update Report (March 2025)
- B - Draft Water and Sewer Prop 218 Notice
- C - 45-Day Legal Notice
- D - Informational and FAQ Sheet



## Draft Report



# City of San Luis Obispo

## Water & Wastewater Rate Study Update

March 2025





March 21, 2025

Mr. Aaron Floyd  
Utilities Director  
City of San Luis Obispo  
879 Morro Street  
San Luis Obispo, CA 93401

**Subject: Water & Wastewater Rate Study Update Draft Report**

Dear Mr. Floyd:

HDR Engineering, Inc. (HDR) is pleased to present to the City of San Luis Obispo (City) the draft report for the 2025 Water and Wastewater Rate Study Update (2025 Update). In 2023, the City and HDR developed a comprehensive water and wastewater rate study (2023 Rate Study). Given the development of the 2023 Rate Study - which proposed cost-based rates for the next two-year period - the cost of service results from the 2023 Rate Study were used as the basis for the proposed rates for FY 2023-24 and FY 2024-25. It is important to note that the 2023 Rate Study developed a 5-year projection, however, only the first two years were adopted. For the 2025 Update, the revenues and expense, both operating and capital, of the water and wastewater utilities were updated in order to match the updated customer characteristics and costs of providing water and wastewater services to the City's customers. The 2025 Update outlines the overall approach used to achieve these objectives, along with our findings, conclusions, and recommendations.

The costs associated with providing water and wastewater services to the City's customers was developed based on the City's specific information and is included within the development of the proposed rates. The 2025 Update was developed utilizing generally accepted rate setting principles and methodologies. This report provides the basis for developing and implementing water and wastewater rates which are cost-based and proportional to the City's customers. We appreciate the assistance provided by the City's project team in the development of this study. More importantly, HDR appreciates the opportunity to provide these technical and professional services to the City of San Luis Obispo.

Sincerely,  
HDR Engineering, Inc.

A handwritten signature in black ink that reads 'Josiah Close'.

Josiah Close  
Utility Rates Project Manager

[hdrinc.com](http://hdrinc.com)

900 108<sup>th</sup> Ave NE, Suite 1200, Bellevue, WA 98004  
T 425-450-6200



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# 1 Executive Summary

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## Introduction

HDR Engineering, Inc. (HDR) was retained by the City of San Luis Obispo (City) to conduct a comprehensive water and wastewater rate study update (2025 Update). The objectives of the 2025 Update were to:

- Develop a projection of water and wastewater revenues to support the City's operating and capital costs
- Proposed cost-based and proportional rates for a multi-year time period

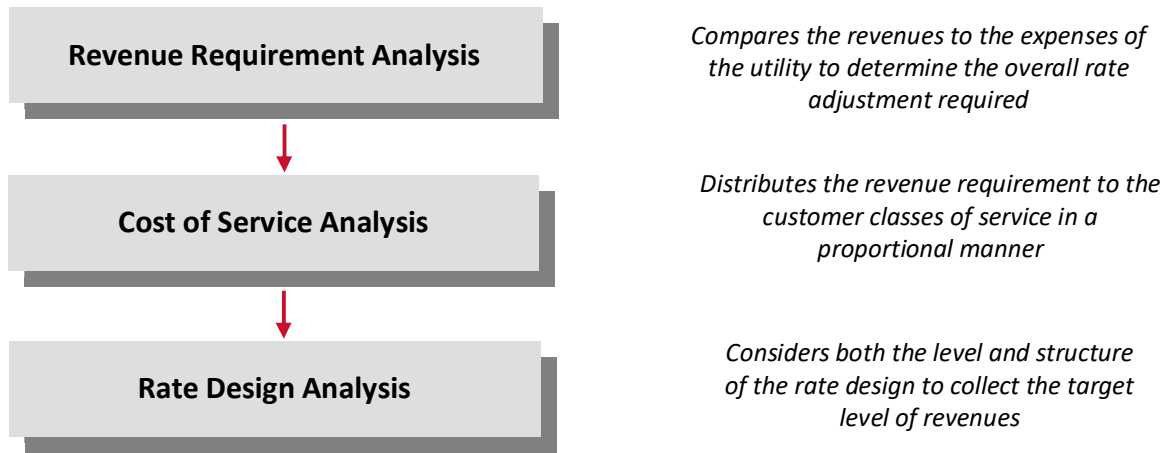
The City owns, operates, and maintains the water and wastewater systems which provide services to its customers. The costs associated with providing water and wastewater services to City's customers has been developed based on the provided information and is included within the development of the proposed rates.

For the 2025 Update, the cost of service results from the 2023 Comprehensive Water and Wastewater Rate Study were utilized, specifically the proportional distribution of costs. The revenues and expense of the water and wastewater utilities were updated in order to match the updated customer characteristics and costs of the utilities. It is important to note that the results shown in this report are based on information available at "a point in time". That is to say that, if the information available at a later date has changed, then the results of the analysis would likely also change or differ from those presented in this report.

## Overview of the Rate Study Process

A comprehensive rate study uses three interrelated analyses to address the adequacy and equity of each utility's rates. These three analyses are a revenue requirement analysis, a cost of service analysis, and a rate design analysis. These three analyses are illustrated below in Figure ES - 1.

## Figure ES – 1 Overview of the Comprehensive Water & Wastewater Rate Analyses



The above basic framework was used in the development of this study for reviewing and evaluating the City’s water and wastewater rates. For the 2025 Update, the revenue requirement and rate design analyses were updated for each utility based on current operating and capital expenses and recent customer characteristics. As noted previously, for the 2025 Update, the cost of service results from the 2023 Rate Study were utilized to establish the proportionality of the City’s water and wastewater rates.

### Key Water & Wastewater Rate Study Results

The water and wastewater study’s technical analyses were developed based on the operating and capital costs necessary to provide service to City’s customers. The analyses performed resulted in the following findings, conclusions, and recommendations.

- A revenue requirement analyses were developed for the water and wastewater utilities over from FY 2024-25 through FY 2034-35
- The City’s adopted FY 2024-25 budget was used as the starting point of the analyses for both utilities
- Operation and maintenance expenses are projected to increase at inflationary levels
- Proposed rates were developed, for each utility reflected the proportionality as developed in the 2023 Rate Study
  - ✓ The proposed water revenue adjustment is 5.5% in FY 2025-26 and FY 2026-27
  - ✓ The proposed wastewater revenue adjustment is 6.5% in FY 2025-26 and FY 2026-27

## Summary of the Water Revenue Requirement Analysis

A revenue requirement analysis is the first analytical step in the development of the water rate study. This analysis determines the adequacy of the level of current water rates for the City. From this analysis, a determination can be made as to the overall level of water revenue adjustments needed to provide adequate and prudent funding for both operating and capital needs.

For the 2025 Update, the revenue requirement was developed based on the adopted FY 2024-25 budget and then projected from FY 2025-26 to FY 2034-35 using a “cash basis” approach. The cash basis approach includes an analysis of O&M expenses, transfers, debt service, rate funded capital, and to/from reserve funding. The primary financial inputs in the development of the revenue requirement analysis were the City’s Water Fund Analysis, historical billed customer and consumption data, and the current water system capital improvement plan.

The operating and maintenance expenses were developed for the projected time period, based on the adopted FY 2024-25 budgeted expenses and historical inflationary factors. The next step was to develop the water capital funding plan. For the 2025 Update, the City developed a capital improvement plan based on the needs of the water system. This plan identified the projects necessary to maintain the water system as well as projects necessary to meet new growth and expansion of the system. It is important to note that the City’s development impact fees will contribute towards the growth related portions of the applicable capital improvement projects. Provided below in Table ES - 1 is a summary of the water capital funding plan over the planning period based on the capital plan at the time of the study development.

Table ES – 1 Summary of the Water Capital Funding Plan (\$000s)						
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
<b>Total Capital Projects</b>	<b>\$24,379</b>	<b>\$7,911</b>	<b>\$5,470</b>	<b>\$12,970</b>	<b>\$6,975</b>	<b>\$17,598</b>
<b>Other Funding Sources</b>						
Reserves	\$19,580	\$4,164	\$1,920	\$3,770	\$0	\$1,198
Grants	3,517	3,748	0	0	0	0
Long-Term Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>9,250</u>
<b>Total Other Funding Sources</b>	<b>\$23,097</b>	<b>\$7,911</b>	<b>\$1,920</b>	<b>\$8,770</b>	<b>\$0</b>	<b>\$10,448</b>
<b>Rate Funded Capital</b>	<b>\$1,282</b>	<b>\$0</b>	<b>\$3,550</b>	<b>\$4,200</b>	<b>\$6,975</b>	<b>\$7,150</b>

The financial plan developed for the City’s water utility has placed the rate funded capital level at \$1.3 million in FY 2024-25 increasing to \$7.2 million by FY 2029-30. This level of funding was calculated based on the long-term need to prudently fund replacement and repair of the existing water system. As can be seen, the difference between annual capital needs and rate funded capital, when apparent, is being funded through other funding sources. The other funding sources include reserve funds and long-term debt issuance; however, the City prefers to limit

debt issuances if at all possible. However, given the nature, and level, of the capital projects, additional long-term debt is projected during the next five-year time period. A more detailed discussion of the capital funding plan can be found in Section 2.2.5 of the report.

The revenue requirement analysis for the City's water utility was developed to determine the necessary revenues to meet the costs of providing water service to the customers based on the specific costs of the water utility. Provided below, in Table ES – 2, is a summary of the water revenue requirement analysis (financial plan).

<b>Table ES - 2</b> <b>Summary of the Water Revenue Requirement (\$000s)</b>						
	<b>FY 2024- 25</b>	<b>FY 2025- 26</b>	<b>FY 2026- 27</b>	<b>FY 2027- 28</b>	<b>FY 2028- 29</b>	<b>FY 2029- 30</b>
<b>Revenues</b>						
Rate Revenues	\$25,793	\$25,999	\$26,207	\$26,417	\$26,628	\$26,841
Other Revenues	<u>2,799</u>	<u>2,885</u>	<u>2,947</u>	<u>3,031</u>	<u>3,118</u>	<u>3,210</u>
<b>Total Revenues</b>	<b>\$28,592</b>	<b>\$28,884</b>	<b>\$29,154</b>	<b>\$29,447</b>	<b>\$29,746</b>	<b>\$30,051</b>
<b>Expenses</b>						
Total O & M	\$25,838	\$30,313	\$27,113	\$28,246	\$27,030	\$28,850
Net Debt Service	1,469	1,466	1,455	1,455	1,778	1,790
Rate Funded Capital	1,282	0	3,550	4,200	6,975	7,150
To / (From) Reserves	<u>3</u>	<u>(1,466)</u>	<u>(3)</u>	<u>2</u>	<u>11</u>	<u>4</u>
<b>Total Revenue Requirement</b>	<b>\$28,592</b>	<b>\$30,314</b>	<b>\$32,116</b>	<b>\$33,903</b>	<b>\$35,794</b>	<b>\$37,794</b>
Total Bal. / (Def.) of Funds	\$0	(\$1,430)	(\$2,962)	(\$4,456)	(\$6,048)	(\$7,743)
Balance a % of Rate Adj. Req'd	0.0%	5.5%	11.3%	16.9%	22.7%	28.8%
<b>Proposed Rate Adjustment</b>	<b>0.0%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>
Add'l Revenue with Rate Adj.	\$0	\$1,430	\$2,962	\$4,456	\$6,048	\$7,743
Bal. / (Def.) After Rate Adj.	\$0	\$0	(\$0)	\$0	\$0	\$0

As can be seen, the water revenue requirement has summed O&M, rate funded capital, net debt service, and transfers to / (from) reserves. It is important to note that the “net” in net debt service refers to the use of development impact fees to pay for debt service which results in a reduction in the total debt serve expense. The total revenue requirement is then compared to the total sources of funds which are the rate revenues, at present rate levels, and other miscellaneous revenues. From this comparison a balance or deficiency of funds in each year can be determined. This deficiency of funds is then compared to the projection of rate revenues, at “normal” consumption levels, to determine the level of revenue adjustment needed to meet the costs of providing water service. It is important to note the “Bal. / (Def.) of Funds” row is cumulative. That is, any adjustments in the initial years will reduce the deficiency in the later years. Over the five-year projected period, rate revenues will need to be adjusted to reflect the projected operating

and capital needs. For the two-year rate setting period of FY 2025-26 and FY 2026-27 rate revenues need to be increased 5.5% in each year. A more detailed analysis of the water revenue requirement can be found in Section 2.2 of this report.

## Summary of the Water Cost of Service Analysis

A cost of service analysis determines the proportional distribution of the revenue requirement costs to the customer classes of service (e.g., residential, multi-family, non-residential, irrigation) and the manner to collect that revenue requirement from each class of service.

Given the development of the cost of service for the 2023 Rate Study, and the implementation of the cost of service results for the FY 2023-24 adopted water rates, the cost of service analysis was not updated as part of the effort for the 2025 Update. Based on the results of the 2023 Rate Study, the proposed water rates maintain the results of the 2023 Rate Study and are cost-based and proportional between the customer classes of service.

## Summary of the Water Rate Design

The final step of the 2025 Update is the development of proposed water rates to collect the desired levels of revenue, based on the results of the previous tasks. The 2023 Rate Study established specific customer classes of service and rates based on the cost of service results for the residential, multi-family, non-residential, and irrigation customers. The rate structure adopted includes a monthly fixed charge that varies by meter size and a consumption charge established through the cost of service analysis for each customer class of service and by tier, where applicable.

Given the implementation of cost of service rates in the 2023 Rate Study, and the projection of rates for the subsequent four-year period, the 2025 Update maintained the existing rate structure and cost of service adjustments as outlined in the 2023 Rate Study, only the level of the proposed rates were revised to reflect the current operating and capital costs. Provided in Table ES - 3 is a summary of the present and proposed water rates for the next two rate setting years.

**Table ES - 3**  
**Summary of the Present and Proposed Water Rates**

	<b>Present Rate</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>
<b><i>Proposed Rate Revenue Adjustment</i></b>		<b>5.5%</b>	<b>5.5%</b>
<b>Fixed Charge - \$/Month</b>			
<b>Residential</b>	\$30.25	\$31.91	\$33.67
<b>MF / Non-Res / Irr</b>			
3/4" & Less	\$30.25	\$31.91	\$33.67
1"	50.50	53.28	56.21
1 1/2"	100.80	106.34	112.19
2"	161.30	170.17	179.53
3"	302.60	319.24	336.80
4"	504.45	532.19	561.46
6"	1,008.60	1,064.07	1,122.59
8"	1,613.85	1,702.61	1,796.25
<b>Usage Charge – \$/Unit</b>			
<b>Residential</b>			
0 – 5 CCF	\$8.54	\$9.01	\$9.51
5 – 12 CCF	9.84	10.38	10.95
12 + CCF	16.97	17.90	18.88
<b>Multi-Family</b>	\$9.58	\$10.11	\$10.67
<b>Non-Residential</b>	\$10.14	\$10.70	\$11.29
<b>Irrigation</b>	\$10.35	\$10.92	\$11.52

Note: 1 unit = 1 CCF = 748 gallons

As can be seen, the rate structure was maintained and only the level of the rates was adjusted. Again, the updated rates reflect the cost of service analysis and proportionality developed in the 2023 Rate Study.

## Summary of the Water Rate Study Update

Based on the results of the 2025 Update, HDR developed the following conclusions and recommendations.

Based on the revenue requirement, HDR concluded that the City will need to adjust the level of water rate revenues. HDR reached this conclusion for the following reasons:

- Revenue adjustments are necessary to meet the operating and capital costs of providing water service to City's customers



- The proposed revenue adjustments maintain the City’s financial health and provide long-term sustainable funding levels

Based on the results of the cost of service analysis, HDR made the following conclusions and provided the following recommendations:

- The 2023 Rate Study cost of service analysis reflects the current customer characteristics
- The proposed cost of service adjustments from the 2023 Rate Study are maintained in the development of the proposed FY 2025-26 and FY 2026-27 water rates

Finally, HDR reached the following conclusions and provided the following recommendations for the proposed water rates:

- The proposed water rates reflect the overall costs of providing water service (i.e., cost-basis)
- The current rate structure reflects contemporary and industry standard approaches
- City should review the water rates biannually in order to assess revenue sufficiency

In summary, HDR recommends the City adopt the proposed water rates for FY 2025-26 and FY 2026-27 as developed in the 2025 Update to provide to provide sufficient funding for the operating expenses and capital improvement program needs for the water utility.

## Summary of the Wastewater Revenue Requirement Analysis

As with the City’s water utility, the wastewater utility revenue requirement analysis is the first analytical step in the process. The revenue requirement analysis determines the adequacy of the current wastewater rates to fund current and future operating and capital needs. From this analysis, a determination can be made as to the overall level of rate revenue adjustments needed to provide adequate and prudent funding for the wastewater system.

For the 2025 Update, the revenue requirement was developed for the time period of FY 2024-25 – FY 2034-35 using a “cash basis” approach. The “cash basis” approach is the most commonly used methodology by municipal utilities to set their revenue requirement and is composed of O&M expenses, transfers, debt service payments, rate funded capital, and to/from reserve funding. The primary financial inputs in the development of the revenue requirement were the City’s FY 2024-25 budget documents, historical billed customer and water consumption data, and the capital improvement plan. Budgeted O&M expenses were projected using inflationary factors for the City’s expenses to provide collection and treatment services over the projected time period.

The proper and adequate funding of capital projects is important to help minimize rate increases over time. As a part of the 2025 Update, and in keeping with the best practices for capital project funding approach, a concerted effort was made to increase the overall level of “pay-as-you-go” (rate) funding and to avoid debt financing to the extent practical. Pay-as-you-go funding from rates refers to spending cash on hand that the utility collects from charging the water rates to it’s customers and is specifically earmarked to fund capital projects, often those deemed as renewal

and replacement. Provided below in Table ES - 4 is a summary of the wastewater capital funding plan for the five-year rate setting period.

<b>Table ES – 4</b> <b>Summary of the Wastewater Capital Funding Plan (\$000s)</b>						
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
<b>Total Capital Projects</b>	<b>\$32,117</b>	<b>\$8,251</b>	<b>\$7,163</b>	<b>\$4,581</b>	<b>\$5,139</b>	<b>\$6,348</b>
<b><i>Less: Other Funding Sources</i></b>						
Capital Reserves	\$31,402	\$8,161	\$6,188	\$2,481	\$1,964	\$1,223
Long-Term Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>\$31,402</b>	<b>\$8,161</b>	<b>\$6,188</b>	<b>\$2,481</b>	<b>\$1,964</b>	<b>\$1,223</b>
<b>Rate Funded Capital</b>	<b>\$715</b>	<b>\$90</b>	<b>\$975</b>	<b>\$2,100</b>	<b>\$3,175</b>	<b>\$5,125</b>

This financial plan has placed the City's rate funding for capital from a low of \$90,000 in FY 2025-26 to a maximum of \$5.1 million in FY 2029-30. This level of rate funded capital over the projected time prudently funds the planned capital replacement needs. Given the level of capital improvements for the wastewater system the City has assumed the need for long-term debt issuances to fund capital improvements. In developing this financial plan. The wastewater capital funding plan is described in further detail in Section 3.2.4 of the report.

Given a projection of operating and capital expenses, a summary of the revenue requirement analysis was developed. Provided below in Table ES - 5 is a summary of the revenue requirement analysis (financial plan) for the City's wastewater utility.

**Table ES - 5**  
**Summary of the Wastewater Revenue Requirement (\$000s)**

	FY 2024- 25	FY 2025- 26	FY 2026- 27	FY 2027- 28	FY 2028- 29	FY 2029- 30
<b>Revenues</b>						
Rate Revenues	\$19,141	\$19,294	\$19,448	\$19,604	\$19,761	\$19,919
Other Revenues	<u>2,092</u>	<u>1,216</u>	<u>1,256</u>	<u>1,260</u>	<u>1,269</u>	<u>1,345</u>
<b>Total Revenues</b>	<b>\$21,233</b>	<b>\$20,510</b>	<b>\$20,705</b>	<b>\$20,864</b>	<b>\$21,030</b>	<b>\$21,264</b>
<b>Expenses</b>						
Total O & M	\$13,809	\$14,994	\$15,483	\$16,029	\$16,632	\$17,260
Rate Funded Capital	715	90	975	2,100	3,175	5,125
Net Debt Service	6,706	6,799	6,790	6,788	6,787	6,170
To / (From) Reserves	<u>3</u>	<u>(119)</u>	<u>67</u>	<u>23</u>	<u>96</u>	<u>80</u>
<b>Total Revenue Requirement</b>	<b>\$21,233</b>	<b>\$21,764</b>	<b>\$23,315</b>	<b>\$24,941</b>	<b>\$26,690</b>	<b>\$28,635</b>
Bal./(Deficiency) of Funds	\$0	(\$1,254)	(\$2,610)	(\$4,077)	(\$5,661)	(\$7,372)
Balance as % of Rev from Rates	0.0%	6.5%	13.4%	20.8%	28.6%	37.0%
<b>Proposed Rate Adjustments</b>	<b>0.0%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>
Add'l Revenue with Rate Adj.	\$0	\$1,254	\$2,610	\$4,077	\$5,661	\$7,372
Bal. / (Def.) After Rate Adj.	\$0	\$0	\$0	\$0	\$0	\$0

As can be seen, the revenue requirement has summed the O&M, rate funded capital, net debt service, and to / (from) reserves. It is important to note that the “net” in net debt service refers to the use of development impact fees to pay for debt service which results in a reduction in the total debt service expense. The total revenue requirement is then compared to the total revenues which include the rate revenues - at present rate levels - and other miscellaneous revenues. From this comparison a balance or deficiency of funds in each year can be determined. This balance or deficiency of funds is then compared to the rate revenues to determine the level of rate adjustment needed to meet the revenue requirement. It is important to note the “Bal. / (Def.) of Funds” row is cumulative. For the two-year rate setting period of FY 2025-26 and FY 2026-27, rate revenues need to be increased 6.5% each year.

## Summary of the Wastewater Cost of Service Analysis

A cost of service analysis determines the proportional distribution of the revenue requirement to the City’s customer classes of service (i.e., residential, multi-family, non-residential). The objective of the cost of service analysis is to determine the proportional manner to collect the revenue requirement based on each customer class’s wastewater characteristics.

Given the development of the cost of service for the 2023 Rate Study, and the implementation of the cost of service results for the FY 2023-24 adopted wastewater rates, the cost of service analysis was not updated. Based on the results of the 2023 Rate Study, the proposed FY 2025-26

and FY 2026-27 rates maintain the results of the 2023 Rate Study and are cost-based and proportional.

## Summary of the Wastewater Rate Design

The final step of the 2025 Update is the development of proposed wastewater rates to collect the desired levels of revenue, based on the results of the previous tasks. The 2023 Rate Study established specific customer classes of service and rates based on the cost of service results for the residential, multi-family, and non-residential customers. The current rate structure includes a monthly fixed charge that varies by meter size and a consumption charge established through the cost of service analysis. Residential and multi-family customers are billed the usage charge up to the customer's average winter water use. Non-residential customers are billed the usage charge on all metered water consumption because separate irrigation meters are, or can be, installed so that the metered water consumption reflects the contributions to the wastewater system.

Given the implementation of cost of service rates in the 2023 Rate Study, and the projection of rates for the subsequent four-year period, the 2025 Update maintained the existing rate structure and cost of service adjustments as outlined in the 2023 Rate Study, and only the level of the rates were updated to reflect updated expenses and revenue projections. Provided in Table ES - 6 is a summary of the present and proposed wastewater rates for the next two rate setting years.

**Table ES – 6**  
**Summary of the Present and Proposed Wastewater Rates**

	Present Rates	FY 2025-26	FY 2026-27
<b>Fixed Charge - \$/Month</b>			
<b>Residential</b>	\$24.52	\$26.11	\$27.81
<b>MF / Non-Res</b>			
3/4" & Less	\$24.52	\$26.11	\$27.81
1"	40.95	43.61	46.44
1 1/2"	81.65	86.96	92.61
2"	130.70	139.20	148.25
3"	245.21	261.15	278.12
4"	408.76	435.33	463.63
6"	817.28	870.40	926.98
8"	1,307.70	1,392.70	1,483.23
10"	1,880.02	2,002.22	2,132.36
<b>Usage Charge - \$/Unit</b>			
<b>Residential / Multi-Family (up to sewer cap)</b>	\$9.82	\$10.46	\$11.14
<b>Non-Residential (all usage)</b>	\$10.27	\$10.94	\$11.65

Note: 1 unit = 1 CCF = 748 gallons

As can be seen, the rate structure has been maintained and only the level of the rates has been adjusted. Again, the updated rates reflect the cost of service analysis results in the 2023 Rate Study and maintain the proportional relationships. The primary difference is the higher overall revenue adjustment necessary to fund operating and capital needs for the next two-year period.

## Summary of the Wastewater Rate Study Update

Based on the results of the 2025 Update, HDR developed the following conclusions and recommendations.

Based on the revenue requirement, HDR concluded that the City will need to adjust the level of wastewater rate revenues. HDR reached this conclusion based on the following:

- Revenue adjustments are necessary to meet the operating costs of providing wastewater service to the City's customers
- Revenue adjustments are necessary to provide adequate funding of the City's capital projects on a "pay-as-you-go" basis for renewal and replacement needs
- The proposed revenue adjustments maintain the City's financial health and provide long-term sustainable funding levels

Based on the results of the cost of service analysis, HDR made the following conclusions and provided the following recommendations:



- The 2023 Rate Study cost of service analysis reflects the current customer characteristics
- The proposed cost of service adjustments from the 2023 Rate Study are maintained in the development of the proposed FY 2025-26 and FY 2026-27 wastewater rates

Finally, HDR has reached the following conclusions and provided the following recommendations for the proposed wastewater rates:

- The proposed rates reflect the overall costs of providing wastewater service (i.e., cost-based)
- The current rate structure reflects contemporary and industry standard approaches
- City should review the wastewater rates biannually in order to assess sufficiency

In summary, HDR recommends the City adopt the proposed wastewater rates for FY 2025-26 and FY 2026-27 as developed in this report to provide sufficient funding for the operating expenses and capital improvement program needs for the wastewater utility.

## 2 Development of the Water Analysis

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### 2.1 Introduction

This section describes the development of the City's water utility 2025 Update. The basis for the study was the City's adopted budget (FY 2024-25), current capital improvement plan, historical customer consumption data, and water system operating characteristics. Based on the City's specific costs, and customer characteristics, cost-based water rates were developed to prudently fund the water utility. Provided in this section is the detailed summary of the 2025 Update for the City's water utility and proposed water rates for FY 2025-26 and FY 2026-27.

### 2.2 Water Revenue Requirement

The City provided detailed revenue and expenses data for the water system that allowed for the development of the revenue requirement. The revenue requirement analysis is the first analytical step in the comprehensive rate study process. This analysis determines the adequacy of the City's overall water rates at current rate levels. From this analysis, a determination can be made as to the overall level of revenue (rate) adjustment needed to provide adequate and prudent funding for operating, debt service, and capital needs over the long-term. HDR developed an independent analysis based on information provided by the City to develop the 2025 Update conclusions and recommendations.

#### 2.2.1 Determining the Water Revenue Requirement

In developing the City's water revenue requirement, the water utility, must financially "stand on its own" and be properly funded. That is, no rate revenues are being transferred from other City funds or enterprises in order to support the water utility. As a result, the water revenue requirement analysis assumes the full and proper funding needed to operate and maintain the water system on a financially sound and prudent basis.

#### 2.2.2 Projecting Rate and Miscellaneous Revenues

The City receives revenue from two primary sources: water rates and other revenues. Water rate revenues are based on the current water rate structure and the current customer data. Other revenue includes items such as interest, recycled water sales, fees, and miscellaneous revenues.

The City is projected to receive approximately \$25.8 million in water rate revenues in FY 2024-25. The projection of revenue is based on the recent customer consumption levels and adopted water rates. HDR worked with the City to update the consumption levels of each customer class of service for the 2025 Update. Over the planning horizon of the 2025 Update, customer growth is expected to be around 0.8% resulting in a slight increase in the projection of water rate revenues to approximately \$26.8 million by FY 2029-30.

In addition to rate revenues, the City also receives a variety of other revenues including significant sources in California Polytechnical State University (Cal Poly) and recycled water sales. Other revenues are projected to be approximately \$2.8 million in FY 2024-25. Other revenues are

expected to increase over the review period and are projected to be approximately \$3.2 million by FY 2029-30.

On a combined basis - taking into account both rate revenues and other revenues - the City's total projected water revenues are projected to be approximately \$28.6 million in FY 2024-25, increasing to approximately \$30.1 million by FY 2029-30. It is important to note that these revenue projections do not include rate revenue adjustment, and the increase is the result of assumed customer growth on the water system as well as interest earned on cash reserves.

### **2.2.3 Projecting Operation and Maintenance Expenses**

Operation and maintenance (O&M) expenses are incurred by the City to operate and maintain the water system. The costs incurred in this area are expensed during the current year and are not capitalized or depreciated. In general, O&M expenses are grouped into a number of different functional categories. To begin the process of projecting O&M expenses over the planning horizon, HDR utilized the future projected expenses from the City's fund analysis for the water utility. Total water O&M expenses for the City are projected to be approximately \$25.8 million in FY 2024-25. Water O&M expenses are projected to increase to approximately \$28.7 million by FY 2029-30 as a result of estimated inflation over the time period as well as capital projects related to the source of supply at Nacimiento, Salinas, and Whale Rock that are expensed annually. The escalation of costs is based on the assumptions from the City's fund analysis.

### **2.2.4 Projection of Debt Service**

Debt can serve a variety of functions for the utility. For example, long-term debt can provide intergenerational equity as the assets purchased with the debt are paid for by the current customers utilizing the services over time. Additionally, issuing long-term debt can help to moderate rate impacts over time lessening the impact of capital projects by spreading the cost out over a longer time period as compared to cash, or pay as you go, financing.

The City's water utility currently has two existing long-term debt issuances and the annual debt service for FY 2024-25 is approximately \$1.9 million in total. Over the review period of FY 2024-25 through FY 2029-30, the City has estimated the need to issue additional long-term debt to fund capital improvement projects. The total debt service increases over the review period and reaches to \$2.5 million by FY 2029-30. It is important to note that there are also debt service costs related to Nacimiento that is included in the water source of supply O&M budget which reflects the City's fund analysis approach. The 2025 Update assumes that \$400,000 of annual development impact fee revenues are used to offset annual debt service payments. This is done in order to offset the impact of new customer growth on the water resources, treatment plant, and distribution system.

As a note, HDR is not acting as a municipal advisor as it relates to bonds, terms, or structures of debt issuance. Rather, the 2025 Update identifies the existing annual debt service payments and projection future funding needs based on the City's projection of long-term borrowing terms and conditions.



### 2.2.5 Projecting Rate Funded Capital

A key component in the development of the water revenue requirement was adequately funding capital replacement needs. One of the major issues facing many utilities across the U.S. is the amount of deferred capital projects and the funding pressure from renewal and replacement of capital infrastructure projects. The proper and adequate funding of capital projects is an important issue for all water utilities and is not just a local issue or concern of the City.

In general, there are three types of capital projects that a utility may need to fund. These include the following types:

- Renewal and replacement projects
- Growth / capacity expansion projects
- Regulatory-related projects

A renewal and replacement project is a project required for maintaining the existing system that is in place today. As the existing plant or pipelines become worn out, obsolete, etc., the utility should be making continuous investments to maintain the integrity of the facilities. To address these needs, the City developed a capital improvement plan (CIP) which aides in identifying and prioritizing capital replacement of the system. The CIP also includes projects to expand the capacity of facilities to accommodate future capacity needs (customers). Finally, certain projects may be a function of a regulatory requirement in which the Federal or State government mandates the need for an improvement to the system to meet a regulatory standard. Understanding these different types of capital projects is important because the way in which projects are funded may vary by the type of capital project. For example, renewal and replacement projects may be paid for via rates and funded on a “pay-as-you-go basis”. In contrast to this, growth or capacity expansion projects may be funded via the collection of development impact fees (i.e. growth-related charges) in which new development pays a proportional share of the cost of facilities necessary to serve their development (impact). Finally, regulatory projects may be funded by a variety of different means, which may include rates, long-term debt, grants, etc.

Provided in Table 2 - 1 is the detail of the capital funding plan for the City’s water system that is included within the development of the proposed revenue requirement.

**Table 2 – 1**  
**Summary of the Water Capital Funding Plan (\$000s)**

	FY 2024- 25	FY 2025- 26	FY 2026- 27	FY 2027- 28	FY 2028- 29	FY 2029- 30
Total Source of Supply	\$1,140	\$2,496	\$159	\$164	\$506	\$1,681
Total Water Treatment	1,675	1,183	819	583	5,121	13,538
Total Water Distribution	4,655	4,116	4,371	12,203	748	2,295
Total Administration	(40)	116	121	20	344	84
CIP Carryover	16,949	0	0	0	0	0
Unidentified Future Capital	0	0	0	0	0	0
Transfer to Cash Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>255</u>	<u>0</u>
<b>Total Capital</b>	<b>\$24,379</b>	<b>\$7,911</b>	<b>\$5,470</b>	<b>\$12,970</b>	<b>\$6,975</b>	<b>\$17,598</b>
<i>Less: Other Funding Sources</i>						
Capital Fund Reserves	\$19,580	\$4,164	\$1,920	\$3,770	\$0	\$1,198
Prop 1B Revenue	3,517	3,748	0	0	0	0
Assumed New Long-Term Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>9,250</u>
<b>Total Other Funding Sources</b>	<b>\$23,097</b>	<b>\$7,911</b>	<b>\$1,920</b>	<b>\$8,770</b>	<b>\$0</b>	<b>\$10,448</b>
<b>Rate Funded Capital</b>	<b>\$1,282</b>	<b>\$0</b>	<b>\$3,550</b>	<b>\$4,200</b>	<b>\$6,975</b>	<b>\$7,150</b>

As can be seen in Table 2 - 1, the funding level for projects vary from year-to-year. While the total amount required to fund a project may vary from year to year, the rate study capital funding plan has attempted to provide a consistent funding source for capital improvements. In this case, rates will annually fund an amount ranging from \$0 in FY 2024-25 to \$7.2 million in FY 2029-30 (as shown in Table 2 - 1). As a point of reference, the City's annual depreciation expense is approximately \$3.3 million for FY 2022-23. A desirable and recommended minimum funding target for rate funded capital is an amount equal to or greater than annual depreciation expense. The level of capital funding through rates has been developed to reflect the capital replacement needs of the City over the review period balanced with the use of available reserves and the issuance of long-term debt. In developing this financial plan, HDR and the City have attempted to minimize rate impacts while funding the planned capital replacement projects of the water system.

### 2.2.6 Summary of the Water Revenue Requirement

Given the above projections of revenues and expenses, a summary of the City's water revenue requirement analysis can be developed. In developing the revenue requirement analysis, consideration was given to the financial planning considerations of the City. In particular, emphasis was placed on minimizing rates yet still having adequate funds to support the operational activities and capital replacement needs throughout the projected time period. Detailed exhibits of this analysis can be found in the Water Technical Appendix Exhibits 1 - 5. Provided in Table 2 – 2 is a summary of the revenue requirement analysis performed for the City's water utility.

**Table 2 - 2**  
**Summary of the Water Revenue Requirement (\$000s)**

	FY 2024- 25	FY 2025- 26	FY 2026- 27	FY 2027- 28	FY 2028- 29	FY 2029- 30
<b>Revenues</b>						
Rate Revenues	\$25,793	\$25,999	\$26,207	\$26,417	\$26,628	\$26,841
Other Revenues	<u>2,799</u>	<u>2,885</u>	<u>2,947</u>	<u>3,031</u>	<u>3,118</u>	<u>3,210</u>
<b>Total Revenues</b>	<b>\$28,592</b>	<b>\$28,884</b>	<b>\$29,154</b>	<b>\$29,447</b>	<b>\$29,746</b>	<b>\$30,051</b>
<b>Expenses</b>						
Total O & M	\$25,838	\$30,313	\$27,113	\$28,246	\$27,030	\$28,850
Net Debt Service	1,469	1,466	1,455	1,455	1,778	1,790
Rate Funded Capital	1,282	0	3,550	4,200	6,975	7,150
To / (From) Reserves	<u>3</u>	<u>(1,466)</u>	<u>(3)</u>	<u>2</u>	<u>11</u>	<u>4</u>
<b>Total Revenue Requirement</b>	<b>\$28,592</b>	<b>\$30,314</b>	<b>\$32,116</b>	<b>\$33,903</b>	<b>\$35,794</b>	<b>\$37,794</b>
Total Bal. / (Def.) of Funds	\$0	(\$1,430)	(\$2,962)	(\$4,456)	(\$6,048)	(\$7,743)
Balance a % of Rate Adj. Req'd	0.0%	5.5%	11.3%	16.9%	22.7%	28.8%
<b>Proposed Rate Adjustment</b>	<b>0.0%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>
Add'l Revenue with Rate Adj.	\$0	\$1,430	\$2,962	\$4,456	\$6,048	\$7,743
Bal. / (Def.) After Rate Adj.	\$0	\$0	(\$0)	\$0	\$0	\$0

The revenue requirement for the City's water utility has summed the O&M, rate funded capital, net debt service, and to / (from) reserves. It is important to note that the "net" in net debt service refers to the use of development impact fees to pay for debt service which results in a reduction in the total debt serve expense. The total revenue requirement is then compared to the total revenues which are the rate revenues, at present rate levels, and other miscellaneous revenues. From this comparison a balance or deficiency of funds in each year can be determined. This balance or deficiency of funds is then compared to the rate revenues to determine the level of rate revenue adjustment needed to meet the revenue requirement.

The revenue requirement developed in Table 2 - 2 was developed to meet financial planning objectives of the City. More specifically, the City's need to adequately and prudently fund water utility operating and capital needs. Table 2 - 2 also includes a set of proposed rate revenue adjustments (blue band) which, based on the study assumptions, are sufficient to meet the total revenue requirement over the projected time period. Over the next two-year period, the period for which rates are being proposed, the total deficiency of revenues is 11.3%. The proposed revenue adjustments are a function of assumed inflation over this time period, coupled with the funding of identified capital improvement needs, and meet minimum reserve and debt service coverage ratio levels. If water revenue adjustments are not implemented, the City will not have sufficient funding to prudently operate and maintain the water system.

### 2.2.7 Reserve Levels

A key component of determining the financial health and long-term sustainability of the City's water utility is to review the level of available reserves after the proposed rate adjustments. Reserves play many different purposes. For the City's water utility, the reserve funds are in place to meet the City's ongoing cash flow needs as well as meeting target minimum levels established by the City's financial policies. For the operating fund, a target of 20% of annual O&M expenses is utilized and is approximately \$5.2 million in FY 2024-25. There is currently no capital component of the target, however, a general rule of thumb is to set a minimum equal to the average annual capital project funding needs, excluding "one-time" major projects (e.g., water treatment plant upgrade). For the review period (FY 2024-25 through FY 2029-30), the average annual capital is approximately \$9.6 million. Over the same time period, the capital fund reserve averages an ending balance of \$9.9 million. The final component of the target for the reserve funds is the rate stabilization component which is 10% of rate revenues and for FY 2024-25 is \$2.6 million. Over the projected time period the City meets the minimum target reserve fund balances. It is important for the City to review the reserve funds annually and maintain target minimums.

### 2.2.8 Consultant's Conclusion of the Revenue Requirement

HDR concludes that the City will need to adjust the level of water rate revenues as noted in Table 2-2. Provided below are the conclusions and recommendations of the water revenue requirement:

- Revenue adjustments are necessary to meet the operating and capital costs of providing water service to City's customers
- The proposed revenue adjustments maintain the water utility's financial health and provide long-term, sustainable funding levels
- The City should review the level of water rate revenues biannually in order to assess sufficiency

The revenue requirement developed above has indicated the need for annual revenue increases to adequately fund the City's operating, debt service, and capital needs for the water utility. The proposed increases are necessary to adequately and prudently fund the City's needs.

## 2.3 Water Cost of Service Analysis Summary

The next step in the 2025 Update is the review of the cost of service analysis. A cost of service analysis proportionally distributes the costs of providing water service between the City's customer classes of service based on the approaches outlined in the American Water Works M1 Manual. The 2023 Rate Study resulted in the establishment of customer classes of service and the City Council adopted rates that included cost of service adjustments.

Given the completion of the comprehensive analysis in the 2023 Rate Study, and the FY 2023-24 water rates adopted by the City Council being based on the cost of service results, the 2025 Update maintained the prior study cost of service relationships for the development of proposed water rates for FY 2025-26 and FY 2026-27.

## 2.4 Water Rate Design

The final step of the 2025 Update is the development of proposed water rates to collect the desired levels of revenue, based on the results of the previous tasks. As noted, the 2023 Rate Study established specific customer classes of service and rates based on the cost of service results for the residential, multi-family, non-residential, and irrigation customers. The 2025 Update is a continuation of the 2023 Rate Study and reflects the updated customer consumption characteristics and projection of revenue needs. Provided below is a discussion of the development of the proposed water rates for FY 2025-26 and FY 2026-27.

### 2.4.1 Development of Cost-Based Water Rates

Developing cost-based and proportional rates is of paramount importance in the development of the proposed water rates. While always a key consideration in developing rates, meeting the legal requirements, and documenting the steps taken to meet the requirements, has been in the forefront with the recent legal challenges in the State of California on utility rates. Given this, the City's proposed water rates have been developed to meet the legal requirements of California constitution article XIII D, section 6 (Article XIII D), or Proposition 218. A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionally allocated among the customer classes of service. The American Water Works Association (AWWA) M1 Manual clearly delineates various methodologies which may be used to establish cost-based rates. HDR reviewed the City's proposed water rates based on the methodologies provided in the AWWA M1 Manual to meet the requirements of Article XIII D and an administrative record of the steps taken to establish the City's water rates.

HDR is of the opinion that the noticed rates comply with legal requirements of Article XIII D. HDR reached this conclusion based upon the following:

- **The revenue derived from water rates does not exceed the funds required to provide the property related service (i.e., water service).** The proposed rates are designed to collect the overall revenue requirements of the City's water utility.
- **The revenues derived from water rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the City's water rates are used exclusively to operate and maintain the City's water system.
- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** The cost of service analysis in the 2023 Rate Study was specifically developed to focus on the issue of proportional assignment of costs to customer classes of service, and this study maintains the cost of service relationships and proportionality. The proposed rates have appropriately grouped customers into customer classes of service (residential, multi-family, commercial, irrigation) that reflect the varying consumption patterns and system requirements of each customer class of service. The grouping of customers and rates into these classes of service creates the equity and proportionality expected under Article XIII D by having differing rates by customer classes of service which reflect both the level of revenue to be collected by the utility, but also the manner in which these costs are incurred and

equitably assigned to customer classes of service based upon their proportional impacts and burdens on the City's water system and/or water resources. The 2025 Update has continued the results of the 2023 Rate Study cost of service results.

### **2.4.2 Overview of the Water Rate Structure**

As mentioned, the 2023 Rate Study established the current rate structure based on the customer classes of service and cost of service results. The rate structure is based on the customer classes of service with each having a unique rate structure.

For residential customers, the structure includes a monthly flat fixed charge and a three-tier consumption charge. As part of the 2025 Update, the tiers were reviewed and compared to recent consumption patterns. It was determined the tiers established in the 2023 Rate Study continue to reflect current consumption patterns. Given this, the sizing of the tiers was maintained and only the pricing of the tiers was adjusted to reflect the overall revenue needs.

The multi-family rate structure includes a monthly fixed based on meter size and a uniform consumption charge. This rate structure reflects the customer characteristics of the multi-family customers.

The non-residential customer rate structure includes a fixed charge that varies by meter size and a uniform consumption charge. However, the consumption charge specifically reflects the characteristics of the non-residential customers and will vary from the multi-family and irrigation customer consumption charges.

Finally, the irrigation customers will have the same fixed meter charge by meter size as multi-family and non-residential but again, the uniform consumption charge will be unique to the irrigation customer class and consumption characteristics.

### **2.4.3 Present and Proposed Water Rates**

Given the implementation of cost of service rates in the 2023 Rate Study, and the 2025 Update projection of rates for the subsequent two-year period (FY 2025-26 through FY 2026-27), the 2025 Update maintains the existing rate structure and cost of service adjustments as outlined in the 2023 Rate Study. Provided in Table 2 - 3 is a summary of the present and proposed water rates for the next two rate setting years.

**Table 2 - 3**  
**Summary of the Present and Proposed Water Rates**

	<b>Present Rate</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>
<b><i>Proposed Rate Revenue Adjustment</i></b>		<b>5.5%</b>	<b>5.5%</b>
<b>Fixed Charge - \$/Month</b>			
<b>Residential</b>	\$30.25	\$31.91	\$33.67
<b>MF / Non-Res / Irr</b>			
3/4" & Less	\$30.25	\$31.91	\$33.67
1"	50.50	53.28	56.21
1 1/2"	100.80	106.34	112.19
2"	161.30	170.17	179.53
3"	302.60	319.24	336.80
4"	504.45	532.19	561.46
6"	1,008.60	1,064.07	1,122.59
8"	1,613.85	1,702.61	1,796.25
<b>Usage Charge – \$/Unit</b>			
<b>Residential</b>			
0 – 5 CCF	\$8.54	\$9.01	\$9.51
5 – 12 CCF	9.84	10.38	10.95
12 + CCF	16.97	17.90	18.88
<b>Multi-Family</b>	\$9.58	\$10.11	\$10.67
<b>Non-Residential</b>	\$10.14	\$10.70	\$11.29
<b>Irrigation</b>	\$10.35	\$10.92	\$11.52

Note: 1 unit = 1 CCF = 748 gallons

As can be seen, the rate structure was maintained and only the level of the rates was adjusted to reflect the 2025 Update revenue needs. Again, the updated rates reflect the proportionality developed in the cost of service analysis as part of the 2023 Rate Study.

## 2.5 Summary of the Water Rate Study Update

Based on the results of the 2025 Update, HDR developed the following conclusions and recommendations.

Based on the revenue requirement, HDR concludes that the City will need to adjust the level of water rate revenues. HDR reached this conclusion for the following reasons:

- Revenue adjustments are necessary to meet the operating and capital costs of providing water service to City's customers

- The proposed revenue adjustments maintain the City’s financial health and provide long-term sustainable funding levels

Based on the results of the cost of service analysis, HDR made the following conclusions and recommends:

- The proposed cost of service adjustments from the 2023 Rate Study are maintained in the development of the proposed FY 2025-26 and FY 2026-27 water rates

Finally, HDR reached the following conclusions and recommends the proposed water rates:

- The proposed water rates reflect the overall costs of providing water service (i.e., cost-based)
- The current rate structure reflects contemporary and industry standard approaches
- City should review the water rates biannually in order to assess sufficiency

In summary, HDR recommends the City adopt the proposed water rates for FY 2025-26 and FY 2026-27 as developed in this 2025 Update to provide to provide sufficient funding for the operating expenses and capital improvement program needs for the water utility.



## 3 Development of the Wastewater Analysis

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### 3.1 Introduction

This section describes the development of the City’s wastewater utility 2025 Update. The basis for the study was the City’s wastewater adopted budget, current capital improvement plan, historical customer data, system operation characteristics, and 2023 Rate Study cost of service results. Based on the City’s specific costs, and customer characteristics, cost-based rates were developed to prudently fund the wastewater utility. Provided in this section is the detailed summary of the City’s wastewater rate study 2025 Update.

### 3.2 Wastewater Revenue Requirement

This section describes the development of the revenue requirement analysis for the City’s wastewater utility. The revenue requirement analysis is the first analytical step in the 2025 Update process. From this analysis, a determination can be made as to the overall level of rate adjustments needed to provide adequate and prudent funding for both the operating and capital needs of the wastewater utility. The primary objective of the 2025 Update is to develop cost-based and proportional rates while attempting to minimize the impacts to the utility’s customers.

#### 3.2.1 Determining the Revenue Requirement

In developing the City’s wastewater revenue requirement, the utility, must financially “stand on its own” and be properly funded. That is, revenues are not being transferred from other City enterprise or general funds to support the wastewater utility. As a result, the revenue requirement analysis assumes the full and proper funding needed to operate and maintain the wastewater system on a financially sound and prudent basis.

#### 3.2.2 Projecting Rate and Other Miscellaneous Revenues

In total, the City’s wastewater utility is projected to receive approximately \$19.1 million in rate revenue in FY 2024-25. Over the review period, the study has assumed 0.8% annual customer growth. Based on current rates, and estimated customer growth, the FY 2029-30 rate revenues are projected to be approximately \$19.9 million.

In addition to rate revenues, the City also receives miscellaneous revenues. These are revenues related to interest income, Cal-Poly charges, fees, permits, etc. In total, the City is projected to receive approximately \$2.1 in FY 2024-25 in miscellaneous revenues. The 2025 Update assumes no growth of other or miscellaneous revenues; however, other revenues do decrease over the review period as the revenues from Cal Poly decrease. In FY 2025-26, it is projected that the City will receive approximately \$1.3 million in other revenues, a reduction of approximately \$800,000 due to the decrease in Cal-Poly wastewater flows to the City.

On a combined basis - taking into account the rate revenues and the miscellaneous revenues - the City’s wastewater utility has total projected revenues of approximately \$21.2 million in FY 2024-25, increasing to approximately \$21.3 million by FY 2029-30 as a result of estimated growth

as noted above. The assumptions used for growth can be found in Exhibit 2 of the Technical Appendix.

### 3.2.3 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are incurred by the City to maintain the wastewater collection and treatment system. The starting point of the projection of O&M expenses was the adopted FY 2024-25 budget. Budgeted O&M expenses were projected over the 2025 Update time period based on the City's wastewater fund analysis. The total O&M expenses budgeted for the wastewater utility are projected to be \$13.8 million in FY 2024-25. Over the review period, the total O&M expenses are projected to increase to approximately \$17.3 million by FY 2029-30 with the expected inflationary impacts.

### 3.2.4 Projecting Capital Funding Needs

A key component in the development of the wastewater revenue requirement was properly and adequately funding capital improvement needs. One of the major issues facing many utilities across the U.S. is the amount of deferred capital projects and the funding pressure from growth/expansion-related and regulatory improvements. The proper and adequate funding of capital projects is an important issue for all utilities and is not just a local issue or concern of the City.

In general, there are three types of capital projects that the City may need to fund. These include the following types:

- Renewal and replacement projects
- Growth/capacity expansion projects
- Regulatory-related projects

A renewal and replacement project is essentially maintaining the existing system that is in place today. As the City's existing wastewater collection system and Water Resource Recovery Facility (WRRF) reaches the end of its useful life, becomes obsolete, etc., the City should be making continuous investments to maintain the integrity of its facilities. Currently, the City has developed capital improvement plan which will help guide and prioritize capital projects over time. Additionally, the City may make capital investments to expand the capacity of facilities to accommodate future customers. The capital improvement plan outlines the City's strategy to address needs systematically, so that timing and necessity of improvements aligns appropriately with other projects throughout the City. Finally, certain projects may be a function of a regulatory requirement in which the Federal or State government mandates the need for an improvement to the system to meet a regulatory standard, such as that of the recent WRRF upgrade project. Understanding these different types of capital projects is important because it helps to explain why costs are increasing and the cost drivers for any needed rate adjustment. In addition, and more importantly, the way in which projects are funded may vary by the type of capital project. For example, renewal and replacement projects may be paid for via rates and funded on a "pay-as-you-go basis". In contrast to this, growth or capacity expansion projects may be funded through the collection of connection fees (i.e., growth-related charges) in which new development pays a proportional and equitable share of the cost of improvements required as a

result of their connection (impact). Finally, regulatory projects may be funded by a variety of different means, which may include rates, long-term debt, grants, etc.

While the above discussion appears to neatly divide capital projects into three clearly defined categories, the reality of working with specific capital projects may be more complex. For example, a pump may be replaced, but while being replaced, it is up-sized to accommodate greater capacity. There are many projects that share these “joint” characteristics. At the same time, projects may not be “replacement” related, but rather “improvement” related. Provided below in Table 3 - 1 is a summary of the wastewater capital funding Plan.

<b>Table 3 – 1</b> <b>Summary of the Wastewater Capital Funding Plan (\$000s)</b>						
	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>FY 2029-30</b>
Total Wastewater Collection	\$7,487	\$5,432	\$5,164	\$4,453	\$4,654	\$6,179
Total Water Resource Recovery Facility	(6,438)	2,770	1,878	55	56	128
Total Miscellaneous	65	50	121	74	429	42
CIP Carryover	31,003	0	0	0	0	0
Unidentified Future Capital Projects	0	0	0	0	0	0
Transfer to Cash Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>\$32,117</b>	<b>\$8,251</b>	<b>\$7,163</b>	<b>\$4,581</b>	<b>\$5,139</b>	<b>\$6,348</b>
<i>Less: Other Funding</i>						
Capital Reserves	\$31,402	\$8,161	\$6,188	\$2,481	\$1,964	\$1,223
Add'l Long-Term Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>\$31,402</b>	<b>\$8,161</b>	<b>\$6,188</b>	<b>\$2,481</b>	<b>\$1,964</b>	<b>\$1,223</b>
<b>Rate Funded Capital</b>	<b>\$715</b>	<b>\$90</b>	<b>\$975</b>	<b>\$2,100</b>	<b>\$3,175</b>	<b>\$5,125</b>

While the total amount of a project may vary from year to year, this wastewater capital funding plan has attempted to provide a consistent funding source for the replacement fund. In this case, the utility’s rates will annually fund an amount ranging from \$90,000 to \$5.1 million. As a point of reference, the City’s annual depreciation expense is approximately \$2.8 million in FY 2022-23. It is important that in order to minimize rate impacts, wastewater capital has been delayed for several years. A desirable funding target for rate funded capital is an amount equal to or greater than annual depreciation expense. It is important to note and understand that depreciation expense is not the same as replacement cost. Thus, funding an amount which exceeds depreciation expense is both prudent and appropriate. As noted, to help establish a prudent level of annual replacement funding through rates, HDR worked with City staff to develop a funding plan for the capital projects. In developing this financial plan, HDR and the City have attempted to minimize rate impacts while funding the planned capital replacement projects of the City.

### 3.2.5 Projection of Debt Service

The City's wastewater utility currently has four outstanding long-term debt issuances, and one is retired in FY 2028-29. The existing debt service for FY 2024-25 is \$7.0 million, of which \$5.8M is for the City's SRF loan for the WRRF upgrade project. As with the water utility, annual wastewater development impact fee revenues are assumed at \$300,000 to offset the debt service. This is done in order to offset the impact of new customer growth on the wastewater system and results in next debt service of approximately \$6.7 million in FY 2024-25. With the retirement and the addition of future long-term issuances, debt service is expected to decrease slightly and be approximately \$6.5 million by FY 2029-30 with net debt service after development impact fee contribution to \$6.2 million.

### 3.2.6 Summary of the Wastewater Revenue Requirement

Given the above projections of revenues and expenses, a summary of the wastewater revenue requirement analysis can be developed. In developing the revenue requirement analysis, consideration was given to the financial planning considerations of the City. In particular, emphasis was placed on attempting to minimize rates yet still have adequate funds to support the operational activities and capital projects throughout the projected time period. Presented below in Table 3 – 2 is a summary of the City's projected wastewater revenue requirement. Detailed exhibits of this analysis can be found in the Technical Appendix (Exhibits 1 – 5).

Table 3 - 2 Summary of the Wastewater Revenue Requirement (\$000s)						
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
<b>Revenues</b>						
Rate Revenues	\$19,141	\$19,294	\$19,448	\$19,604	\$19,761	\$19,919
Other Revenues	<u>2,092</u>	<u>1,216</u>	<u>1,256</u>	<u>1,260</u>	<u>1,269</u>	<u>1,345</u>
<b>Total Revenues</b>	<b>\$21,233</b>	<b>\$20,510</b>	<b>\$20,705</b>	<b>\$20,864</b>	<b>\$21,030</b>	<b>\$21,264</b>
<b>Expenses</b>						
Total O & M	\$13,809	\$14,994	\$15,483	\$16,029	\$16,632	\$17,260
Rate Funded Capital	715	90	975	2,100	3,175	5,125
Net Debt Service	6,706	6,799	6,790	6,788	6,787	6,170
To / (From) Reserves	<u>3</u>	<u>(119)</u>	<u>67</u>	<u>23</u>	<u>96</u>	<u>80</u>
<b>Total Revenue Requirement</b>	<b>\$21,233</b>	<b>\$21,764</b>	<b>\$23,315</b>	<b>\$24,941</b>	<b>\$26,690</b>	<b>\$28,635</b>
Total Bal. / (Def.) of Funds	\$0	(\$1,254)	(\$2,610)	(\$4,077)	(\$5,661)	(\$7,372)
Balance a % of Rate Adj. Req'd	0.0%	6.5%	13.4%	20.8%	28.6%	37.0%
<b>Proposed Rate Adjustment</b>	<b>0.0%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>
Add'l Revenue with Rate Adj.	\$0	\$1,254	\$2,610	\$4,077	\$5,661	\$7,372
Bal. / (Def.) After Rate Adj.	\$0	(\$0)	\$0	(\$0)	\$0	\$0

As can be seen, the revenue requirement has summed the O&M, rate funded capital, net debt service, and to / (from) reserves. It is important to note that the “net” in net debt service refers to the use of development impact fees to pay for debt service which results in a reduction in the total debt service expense. The total revenue requirement is then compared to the total sources of funds which include the rate revenues, at present rate levels, and other miscellaneous revenues. From this comparison a balance or deficiency of funds in each year can be determined. This balance or deficiency of funds is then compared to the rate revenues to determine the level of rate adjustment needed to meet the revenue requirement. It is important to note the “Bal. / (Def.) of Funds” row is cumulative. That is, adjustments in the initial years will reduce the deficiency in the later years.

The overall level of wastewater rate revenues should be increased to prudently fund the wastewater system operating, debt service, and capital needs. The revenue requirement developed in Table 3 - 2 has been developed to meet financial planning objectives of the City. More specifically, the City desires to adequately and prudently fund its wastewater operating and capital needs. Table 3 - 2 has also included a set of proposed rate revenue adjustments (blue band) which are sufficient to meet the total revenue requirement over the projected time period. Over the next two year period, the period for which rates are being proposed, the total deficiency of revenues is 13.4%. The proposed revenue adjustments are a function of assumed inflation over this time period coupled with the need to fund capital improvement needs (renewal and replacement funding) and meet minimum reserve and debt service coverage ratio levels. If wastewater revenue adjustments are not implemented, the City will not have sufficient funding to prudently operate and maintain the system or meet the financial requirements of issuing long-term debt for the WRRF Project.

### 3.2.7 Reserve Levels

As with the water utility, a key element of determining the financial health and sustainability of the City’s wastewater utility is to review the level of available reserve levels after the proposed revenue adjustments. The reserve funds are established by the City’s financial policies and in place to meet the wastewater utility annual cash flow needs as well as accomplishing a number of target minimum reserve levels. For the operating fund, a target of 20% of annual O&M expenses and is approximately \$2.8 million in FY 2024-25. The capital fund does not currently have an established target, but prudent planning approaches often view an average year of capital expenses as a general rule of thumb. The average capital from FY 2024-25 through FY 2029-30 is approximately \$6.4 million and over this time period the capital fund average balance is about \$11.4 million and is trending down in the last few years. The final component is the rate stabilization fund which has a target of 5.0% of rate revenues and for FY 2024-25 is approximately \$957,000. Over the projected time period the City is meeting the minimum target levels for each of the reserve funds.

### 3.2.8 Consultant's Conclusions

Based on the revenue requirement, HDR concluded that the City will need to adjust the level of wastewater rate revenues over the next two-year period. HDR reached this conclusion for the following reasons:

- Revenue adjustments are necessary to meet the operating and capital costs of providing wastewater service to City's customers
- The proposed revenue adjustments maintain the City's financial health and provide long-term sustainable funding levels
- The City should review the level of wastewater rate revenues biannually in order to assess sufficiency

In reaching this conclusion, HDR recommends that the City adjust revenue levels in FY 2025-26 and FY 2026-27 to provide sufficient funding for annual O&M and the capital improvement program.

## 3.3 Wastewater Cost of Service Analysis Summary

The next step in the 2025 Update is the review of the cost of service analysis. A cost of service analysis proportionally distributes the costs of providing wastewater service between the customer classes of service based on the approaches outlined in the Water Environment Federation Manual of Practice No. 27 (WEF MOP #27). The 2023 Rate Study resulted in the establishment of customer classes of service and the City Council adopted rates that included cost of service adjustments.

Given the completion of the 2023 Rate Study, and the rates adopted by the City Council being based on the cost of service results, this Study maintained the prior cost of service relationships for the development of proposed wastewater rates for FY 2025-26 and FY 2026-27.

## 3.4 Wastewater Rate Design

The final step of the 2025 Update is the development of proposed wastewater rates to collect the desired levels of revenue, based on the results of the previous tasks. The 2023 Rate Study established specific customer classes of service and rates based on the cost of service results for the residential, multi-family, and non-residential customers. The 2025 Update is a continuation of the 2023 Rate Study and reflects the updated customer consumption characteristics and projection of revenue needs. Provided below is a discussion of the development of the proposed wastewater rates for FY 2025-26 and FY 2026-27.

### 3.4.1 Development of Cost-Based Wastewater Rates

Developing cost-based and proportional rates is of paramount importance in the development of the proposed wastewater rates. While always a key consideration in developing rates, meeting the legal requirements, and documenting the steps taken to meet the requirements, has been in the forefront with the recent legal challenges in the State of California on utility rates. Given this, the City's proposed wastewater rates have been developed to meet the legal requirements of California constitution article XIII D, section 6 (Article XIII D), or Proposition 218. A key component

of Article XIII D is the development of rates which reflect the cost of providing service and are proportionally allocated among the customer classes of service. The Water Environment Federation Manual of Practice No. 27 outlines the methodologies which may be used to establish cost-based rates. HDR reviewed the City's proposed wastewater rates based on the methodologies provided in the WEF MOP #27 to meet the requirements of Article XIII D to provide an administrative record of the steps taken to establish the City's wastewater rates given the results and implementation of the 2023 Rate Study.

HDR is of the opinion that the noticed rates comply with legal requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- **The revenue derived from wastewater rates does not exceed the funds required to provide the property related service (i.e., wastewater service).** The proposed rates are designed to collect the overall revenue requirement of the City's wastewater utility.
- **The revenues derived from wastewater rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the City's wastewater rates are used exclusively to operate and maintain the City's wastewater system.
- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** The cost of service analysis in the 2023 Rate Study was specifically developed to focus on the issue of proportional assignment of costs to customer classes of service, and the 2025 Update maintains the cost of service relationships and proportionality. The proposed rates have appropriately grouped customers into customer classes of service (residential, multi-family, non-residential) that reflect the varying consumption patterns and system requirements of each customer class of service. The grouping of customers and rates into these classes of service creates the proportionality expected under Article XIII D by having which reflect both the level of revenue to be collected by the utility, but also the manner in which these costs are incurred and equitably assigned to customer classes of service based upon their proportional impacts and burdens on the City's wastewater system. The 2025 Update is a continuation and based on the results of the 2023 Rate Study.

### 3.4.2 Overview of the Wastewater Rate Structure

As mentioned, the 2023 Rate Study established the proportionality of the current rate structure based on the customer classes of service and cost of service results. The rate structure was based on the characteristics of each customer classes of service.

For residential customers, the structure includes a monthly flat fixed charge, and a volume charge up to each individual customer's average winter water use (also referred to as the "sewer cap"). Since wastewater volumes are not metered, average winter water use is used to reflect the volumes, or amounts, of wastewater contributed to the wastewater system for collection and treatment. In this way, customers are billed for the contributions to the wastewater system and not for outdoor watering amounts in the summer. Annually, the City updates the average winter water consumption for each customer. These values are then used for the subsequent rate year to develop the customer bill.



Multi-family customers includes a monthly fixed charge that varies based on meter size and a volume charge up to each individual customer's average winter water use. Winter water consumption values for each multi-family customer are determined using the same methodology as those for residential customers.

The non-residential rate structure includes a monthly fixed charge that varies based on meter size and a uniform consumption charge based on all metered water consumption. For non-residential customers, separate irrigation meters are, or can be, installed so that the metered water consumption reflects the contributions to the wastewater system similar to the use of average winter water for residential customers.

### 3.4.3 Present and Proposed Wastewater Rates

Given the implementation of cost of service rates in the 2023 Rate Study, the 2025 Update maintained the existing rate structure and cost of service relationships as outlined in the 2023 Rate Study. Provided in Table 3 - 3 is a summary of the present and proposed wastewater rates for the next two rate setting years.

Table 3 – 3 Summary of the Present and Proposed Wastewater Rates			
	Present Rates	FY 2025-26	FY 2026-27
<b>Fixed Charge - \$/Month</b>			
<b>Residential</b>	\$24.52	\$26.11	\$27.81
<b>MF / Non-Res</b>			
3/4" & Less	\$24.52	\$26.11	\$27.81
1"	40.95	43.61	46.44
1 1/2"	81.65	86.96	92.61
2"	130.70	139.20	148.25
3"	245.21	261.15	278.12
4"	408.76	435.33	463.63
6"	817.28	870.40	926.98
8"	1,307.70	1,392.70	1,483.23
10"	1,880.02	2,002.22	2,132.36
<b>Usage Charge - \$/Unit</b>			
<b>Residential / Multi-Family (up to sewer cap)</b>	\$9.82	\$10.46	\$11.14
<b>Non-Residential (all usage)</b>	\$10.27	\$10.94	\$11.65

Note: 1 unit = 1 CCF = 748 gallons



As can be seen, the rate structure has been maintained and only the level of the rates has been adjusted for the 2025 Update. Again, the updated rates reflect the cost of service analysis completed in the 2023 Rate Study and continue the results of the 2023 cost of service results.

### 3.5 Summary of the Wastewater Rate Study Update

Based on the results of the 2025 Update, HDR developed the following conclusions and recommendations.

Based on the revenue requirement, HDR concluded that the City will need to adjust the level of wastewater rate revenues. HDR reached this conclusion for the following reasons:

- Revenue adjustments are necessary to meet the operating, debt service, and capital costs of providing wastewater service to City's customers, of which a large portion is driven by the funding of capital projects related to the WRRF upgrades
- Revenue adjustments are necessary to provide adequate funding of the City's capital projects on a "pay-as-you-go" basis for renewal and replacement needs
- The proposed revenue adjustments maintain the City's financial health and provide long-term sustainable funding levels

Based on the results of the cost of service analysis, HDR has made the following conclusions and recommendations:

- The proposed cost of service adjustments from the 2023 Rate Study are maintained in the development of the proposed FY 2025-26 and FY 2026-27 wastewater rates

Finally, HDR reached the following conclusions and recommendations for the proposed wastewater rates:

- The proposed rates reflect the overall costs of providing wastewater service (i.e., cost-based)
- The current rate structure reflects contemporary and industry standard approaches
- City should review the wastewater rates biannually in order to assess sufficiency

In summary, HDR would recommend that the City adopt the proposed wastewater rates for FY 2025-26 and FY 2026-27 as developed in the 2025 Update to provide to provide sufficient funding for the operating expenses and capital improvement program needs for the wastewater utility.



## Technical Appendix A – Water Analysis

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**City of San Luis Obispo**  
**Water Rate Study**  
**Summary of the Water Revenue Requirement**  
**Exhibit 1**

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35
<b>Revenues</b>											
Rate Revenues	\$25,792,735	\$25,999,077	\$26,207,069	\$26,416,726	\$26,628,060	\$26,841,084	\$27,055,813	\$27,272,259	\$27,490,437	\$27,710,361	\$27,932,044
Miscellaneous Revenues	2,798,852	2,884,739	2,946,793	3,030,697	3,118,440	3,210,210	3,306,207	3,397,471	3,492,518	3,591,516	3,694,639
<b>Total Revenues</b>	<b>\$28,591,587</b>	<b>\$28,883,816</b>	<b>\$29,153,862</b>	<b>\$29,447,423</b>	<b>\$29,746,499</b>	<b>\$30,051,294</b>	<b>\$30,362,019</b>	<b>\$30,669,731</b>	<b>\$30,982,956</b>	<b>\$31,301,877</b>	<b>\$31,626,683</b>
<b>Expenses</b>											
Unfunded Liability	\$996,375	\$959,034	\$1,012,396	\$1,054,947	\$1,099,453	\$1,146,183	\$1,195,250	\$1,246,771	\$1,300,868	\$1,357,669	\$1,417,310
Water Admin / Engineering	4,588,962	5,166,098	5,264,341	5,447,540	5,684,309	5,931,856	6,185,419	6,456,069	6,739,093	7,035,076	7,344,629
Water Source of Supply	13,017,561	16,803,182	13,124,903	13,776,029	12,022,148	13,282,481	13,506,635	13,787,890	13,065,149	13,358,358	13,657,870
Water Treatment	4,292,206	4,290,068	4,497,294	4,706,882	4,864,770	5,028,226	5,197,461	5,372,690	5,554,140	5,742,045	5,936,649
Water Distribution	1,984,884	2,094,442	2,166,829	2,168,206	2,234,024	2,301,855	2,371,762	2,443,808	2,518,060	2,594,587	2,673,459
Water Resources	600,782	637,579	668,611	700,279	721,288	742,926	765,214	788,170	811,815	836,170	861,255
Utility Billing	356,834	362,957	378,706	392,540	404,316	416,446	428,939	441,807	461,559	475,406	489,668
Additional O&M	0	0	0	0	0	0	0	0	0	0	0
<b>Total Operations &amp; Maintenance</b>	<b>\$25,837,604</b>	<b>\$30,313,360</b>	<b>\$27,113,079</b>	<b>\$28,246,424</b>	<b>\$27,030,308</b>	<b>\$28,849,974</b>	<b>\$29,650,680</b>	<b>\$30,537,205</b>	<b>\$30,450,684</b>	<b>\$31,399,311</b>	<b>\$32,380,840</b>
Rate Funded Capital	\$1,282,175	\$0	\$3,550,000	\$4,200,000	\$6,975,000	\$7,150,000	\$7,690,000	\$8,175,000	\$10,050,000	\$11,320,000	\$12,700,000
Net Debt Service	1,468,807	1,465,911	1,455,405	1,454,858	1,778,180	1,789,658	2,380,522	2,970,141	3,346,901	3,362,037	3,359,446
Total To / (From) Reserves	3,000	(1,465,506)	(2,568)	2,015	10,512	4,391	188,512	271,796	258,988	291,389	318,379
<b>Total Revenue Requirement</b>	<b>\$28,591,587</b>	<b>\$30,313,765</b>	<b>\$32,115,916</b>	<b>\$33,903,297</b>	<b>\$35,794,000</b>	<b>\$37,794,023</b>	<b>\$39,909,714</b>	<b>\$41,954,142</b>	<b>\$44,106,573</b>	<b>\$46,372,736</b>	<b>\$48,758,665</b>
Bal. / (Def.) of Funds	\$0	(\$1,429,949)	(\$2,962,054)	(\$4,455,874)	(\$6,047,500)	(\$7,742,729)	(\$9,547,695)	(\$11,284,411)	(\$13,123,617)	(\$15,070,859)	(\$17,131,983)
Balance a % of Rate Adj. Req'd	0.0%	5.5%	11.3%	16.9%	22.7%	28.8%	35.3%	41.4%	47.7%	54.4%	61.3%
<b>Proposed Rate Adjustment</b>	<b>0.0%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>
Add'l Revenue with Rate Adj.	\$0	\$1,429,949	\$2,962,054	\$4,455,874	\$6,047,500	\$7,742,729	\$9,547,695	\$11,284,411	\$13,123,617	\$15,070,859	\$17,131,983
Bal. / (Def.) After Rate Adj.	\$0	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0	(\$0)	\$0	\$0
<b>Additional Rate Adjustment Required</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Average Residential Customer Bill (Base Charge + 6 CCF)</b>	<b>\$82.79</b>	<b>\$87.34</b>	<b>\$92.17</b>	<b>\$96.80</b>	<b>\$101.63</b>	<b>\$106.68</b>	<b>\$112.01</b>	<b>\$117.05</b>	<b>\$122.32</b>	<b>\$127.83</b>	<b>\$133.58</b>
<b>Total Ending Balance</b>	<b>\$23,855,703</b>	<b>\$18,802,287</b>	<b>\$21,627,070</b>	<b>\$18,434,696</b>	<b>\$19,275,993</b>	<b>\$18,657,715</b>	<b>\$14,384,331</b>	<b>\$13,964,443</b>	<b>\$12,399,859</b>	<b>\$12,971,122</b>	<b>\$12,372,537</b>

City of San Luis Obispo  
Water Rate Study  
Escalations  
Exhibit 2

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
<b>Revenues</b>												
Customer Growth	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	
Rate Adjustment	0.0%	5.5%	5.5%	5.0%	5.0%	5.0%	5.0%	4.5%	4.5%	4.5%	4.5%	
Miscellaneous Revenues	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	
<b>Expenses</b>												
CIP	0.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
<b>Interest</b>	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
<b>New Debt Service</b>												
<i>Low Interest Loans</i>												
Term in Years	30	30	30	30	30	30	30	30	30	30	30	
Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
<i>Revenue Bond</i>												
Term in Years	30	30	30	30	30	30	30	30	30	30	30	
Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
<b>Revenues</b>												
<i>Rate Revenues</i>												
Residential	\$13,245,990	\$13,351,958	\$13,458,774	\$13,566,444	\$13,674,976	\$13,784,376	\$13,894,651	\$14,005,808	\$14,117,854	\$14,230,797	\$14,344,643	As Customer Growth
Multi-Family	4,546,687	4,583,061	4,619,725	4,656,683	4,693,937	4,731,488	4,769,340	4,807,495	4,845,955	4,884,722	4,923,800	As Customer Growth
Non-Residential	6,058,007	6,106,471	6,155,322	6,204,565	6,254,201	6,304,235	6,354,669	6,405,506	6,456,750	6,508,404	6,560,472	As Customer Growth
Irrigation	1,942,050	1,957,587	1,973,248	1,989,034	2,004,946	2,020,985	2,037,153	2,053,450	2,069,878	2,086,437	2,103,129	As Customer Growth
<b>Total Rate Revenues</b>	<b>\$25,792,735</b>	<b>\$25,999,077</b>	<b>\$26,207,069</b>	<b>\$26,416,726</b>	<b>\$26,628,060</b>	<b>\$26,841,084</b>	<b>\$27,055,813</b>	<b>\$27,272,259</b>	<b>\$27,490,437</b>	<b>\$27,710,361</b>	<b>\$27,932,044</b>	
<i>Other Revenues</i>												
Interest on Investment	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	
Miscellaneous Penalties	118,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	
Utility Set-up Fees - Distribution	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
Utility Set-up Fees - Utility Billing	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	
Cal Poly Capacity & Resilience - WTP SST Project Payment	86,267	86,267	86,267	86,267	86,267	86,267	86,267	86,267	86,267	86,267	86,267	
Cal Poly Capacity & Resilience	171,175	180,589	190,522	200,048	210,050	220,553	231,580	242,001	252,891	264,272	276,164	As Rate Adjustment
Other Utility Charges	0	0	0	0	0	0	0	0	0	0	0	
Credit Collections	14,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Development Review Fees	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	
Miscellaneous Revenue	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	
Cal Poly	1,183,946	1,249,063	1,317,761	1,383,649	1,452,832	1,525,473	1,601,747	1,673,826	1,749,148	1,827,859	1,910,113	As Rate Adjustment
Recycled Water Sales	1,044,464	1,052,820	1,061,243	1,069,733	1,078,290	1,086,917	1,095,612	1,104,377	1,113,212	1,122,118	1,131,095	As Customer Growth
Low Income Subsidy	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	
Future Unidentified Other Revenue	0	0	0	0	0	0	0	0	0	0	0	
Other City Licenses & Permits	25,000	25,000	0	0	0	0	0	0	0	0	0	
<b>Total Other Revenues</b>	<b>\$2,798,852</b>	<b>\$2,884,739</b>	<b>\$2,946,793</b>	<b>\$3,030,697</b>	<b>\$3,118,440</b>	<b>\$3,210,210</b>	<b>\$3,306,207</b>	<b>\$3,397,471</b>	<b>\$3,492,518</b>	<b>\$3,591,516</b>	<b>\$3,694,639</b>	
<b>Total Revenues</b>	<b>\$28,591,587</b>	<b>\$28,883,816</b>	<b>\$29,153,862</b>	<b>\$29,447,423</b>	<b>\$29,746,499</b>	<b>\$30,051,294</b>	<b>\$30,362,019</b>	<b>\$30,669,731</b>	<b>\$30,982,956</b>	<b>\$31,301,877</b>	<b>\$31,626,683</b>	
<b>Expenses</b>												
<i>Unfunded Liability</i>												
52003-PERS Unfunded Liability - ADP Payments	\$245,418	\$164,840	\$164,840	\$164,840	\$164,840	\$164,840	\$164,840	\$164,840	\$164,840	\$164,840	\$164,840	
52003-PERS Unfunded Liability	750,957	794,194	847,556	890,107	934,613	981,343	1,030,410	1,081,931	1,136,028	1,192,829	1,252,470	
<b>Total Unfunded Liability</b>	<b>\$996,375</b>	<b>\$959,034</b>	<b>\$1,012,396</b>	<b>\$1,054,947</b>	<b>\$1,099,453</b>	<b>\$1,146,183</b>	<b>\$1,195,250</b>	<b>\$1,246,771</b>	<b>\$1,300,868</b>	<b>\$1,357,669</b>	<b>\$1,417,310</b>	

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
<b>Water Admin / Engineering</b>												
51001-Salaries - Regular	\$738,961	\$805,253	\$845,515	\$887,791	\$914,425	\$941,858	\$970,113	\$999,217	\$1,029,193	\$1,060,069	\$1,091,871	
51003-Salaries - Contract	67,819	71,210	74,770	78,509	80,864	83,290	85,789	88,362	91,013	93,744	96,556	
51004-Salaries - Temporary	61,280	129,736	132,953	70,939	73,067	75,259	77,517	79,843	82,238	84,705	87,246	
51010-Overtime	2,500	2,625	2,756	2,894	2,981	3,070	3,162	3,257	3,355	3,456	3,559	
52001-Retirement Contributions	56,293	59,107	62,063	65,166	67,121	69,134	71,208	73,345	75,545	77,811	80,146	
52002-Retirement PARS - 401	894	939	986	1,035	1,067	1,099	1,131	1,165	1,200	1,236	1,274	
53001-Employee Group Insurance	55,897	58,692	61,627	64,708	66,649	68,649	70,708	72,830	75,014	77,265	79,583	
53002-Retiree Healthcare	10,975	11,523	12,099	12,704	13,086	13,478	13,882	14,299	14,728	15,170	15,625	
55001-Medicare	10,508	11,033	11,585	12,164	12,529	12,905	13,292	13,691	14,101	14,525	14,960	
61001-Advertising and Public Outreach	95,000	98,800	102,752	105,835	109,010	112,280	115,648	119,118	122,691	126,372	130,163	
61007-Legal Services	40,000	91,600	43,264	44,562	45,899	47,276	48,694	50,155	51,659	53,209	54,806	
61008-Parking	10,910	11,346	11,800	12,154	12,519	12,894	13,281	13,680	14,090	14,513	14,948	
61013-Other Contract Services	189,995	161,005	84,765	87,308	89,927	92,625	95,404	98,266	101,214	104,250	107,378	
61501-City Water Service	400	416	433	446	459	473	487	502	517	532	548	
61502-City Sewer Service	330	343	357	368	379	390	402	414	426	439	452	
61503-Electric Service	2,800	3,136	3,293	3,457	3,630	3,812	4,002	4,203	4,413	4,633	4,865	
61504-Natural Gas Service	1,100	1,144	1,190	1,225	1,262	1,300	1,339	1,379	1,421	1,463	1,507	
61505-Communication Service	2,800	2,912	3,028	3,119	3,213	3,309	3,409	3,511	3,616	3,725	3,836	
62002-Office Supplies	3,590	3,734	3,883	4,000	4,120	4,243	4,371	4,502	4,637	4,776	4,919	
62003-Postage	200	208	216	223	229	236	243	251	258	266	274	
62004-Publications and Subscriptions	800	2,656	2,762	2,845	2,930	3,018	3,109	3,202	3,298	3,397	3,499	
62007-Employee Recognition	1,250	1,290	1,332	1,364	1,397	1,432	1,467	1,504	1,541	1,580	1,620	
62009-Software Licensing and Maint Agreements	31,520	40,683	42,137	43,243	44,382	45,556	41,493	42,738	44,020	45,341	46,701	
62010-Office Expenses - Other	0	12,500	0	0	0	0	0	0	0	0	0	
62505-Machinery and Equipment	2,750	2,860	2,974	3,064	3,156	3,250	3,348	3,448	3,552	3,658	3,768	
62506-Safety Materials and Supplies	400	416	433	446	459	473	487	502	517	532	548	
62509-Misc Materials and Supplies	1,550	1,612	1,676	1,727	1,779	1,832	1,887	1,943	2,002	2,062	2,124	
63001-Membership and Certifications	8,281	8,613	8,957	9,226	9,502	9,788	10,081	10,384	10,695	11,016	11,346	
63002-Education and Training	18,250	28,980	30,139	31,043	31,975	32,934	33,922	34,940	35,988	37,067	38,179	
63003-Trips and Meetings	500	520	541	557	574	591	609	627	646	665	685	
65013-Credit Cards Merchant Fees	223,992	210,625	216,943	223,452	230,155	237,060	244,172	251,497	259,042	266,813	274,817	
75001-Transfers - Out	1,387,992	1,568,431	1,646,853	1,729,195	1,815,655	1,906,438	2,001,760	2,101,847	2,206,940	2,317,287	2,433,151	
75002-Reimbursement Transfer Out	1,559,425	1,762,150	1,850,258	1,942,771	2,039,909	2,141,905	2,249,000	2,361,450	2,479,522	2,603,498	2,733,673	
<b>Total Water Admin / Engineering</b>	<b>\$4,588,962</b>	<b>\$5,166,098</b>	<b>\$5,264,341</b>	<b>\$5,447,540</b>	<b>\$5,684,309</b>	<b>\$5,931,856</b>	<b>\$6,185,419</b>	<b>\$6,456,069</b>	<b>\$6,739,093</b>	<b>\$7,035,076</b>	<b>\$7,344,629</b>	

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
<b>Water Source of Supply</b>												
51001-Salaries - Regular	\$131,504	\$138,079	\$144,983	\$152,233	\$156,800	\$161,503	\$166,349	\$171,339	\$176,479	\$181,774	\$187,227	
51010-Overtime	400	420	441	463	477	491	506	521	537	553	569	
51018-Call Back	1,000	1,050	1,103	1,158	1,192	1,228	1,265	1,303	1,342	1,382	1,424	
52001-Retirement Contributions	12,641	13,273	13,937	14,634	15,073	15,525	15,991	16,470	16,964	17,473	17,998	
53001-Employee Group Insurance	17,266	18,129	19,035	19,987	20,587	21,204	21,840	22,496	23,171	23,866	24,582	
53002-Retiree Healthcare	2,055	2,157	2,265	2,378	2,450	2,523	2,599	2,677	2,757	2,840	2,925	
55001-Medicare	1,873	1,966	2,065	2,168	2,233	2,300	2,369	2,440	2,513	2,589	2,666	
61012-Water Supply	62,500	64,980	67,579	69,607	71,695	73,846	76,061	78,343	80,693	83,114	85,607	
61013-Other Contract Services	16,500	17,160	17,846	18,382	18,933	19,501	20,086	20,689	21,310	21,949	22,607	
61017-Nacimiento contribution for O & M	1,404,929	1,461,125	1,519,570	1,565,157	1,612,112	1,660,475	1,710,290	1,761,598	1,814,446	1,868,880	1,924,946	
61018-Nacimiento contribution for Electric Service	714,503	953,303	1,273,959	1,681,627	1,765,708	1,853,993	1,946,693	2,044,028	2,146,229	2,253,540	2,366,217	
61019-Nacimiento contribution for Capital Projects	2,503,607	789,896	262,500	273,000	283,920	295,277	307,088	319,371	332,146	345,432	359,249	
61020-Nacimiento contribution for Debt Service	4,621,208	4,622,040	4,615,844	4,621,896	4,622,732	4,617,371	4,612,077	4,626,248	4,616,791	4,621,413	4,620,904	
61021-Salinas contribution for O & M	1,420,351	1,336,541	1,390,003	1,431,703	1,474,654	1,518,893	1,564,460	1,611,394	1,659,736	1,709,528	1,760,814	
61022-Salinas contribution for Electric Service	287,100	275,000	164,594	95,053	99,806	104,796	110,036	115,538	121,315	127,380	133,750	
61023-Salinas contribution for Capital Projects	184,475	5,053,430	1,101,500	745,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	
61024-Whale Rock contribution for O & M	721,170	735,977	758,057	780,798	804,222	828,349	853,199	878,795	905,159	932,314	960,283	
61025-Whale Rock contribution for Electric Service	352,500	306,306	292,383	168,851	177,294	186,158	195,466	205,240	215,502	226,277	237,591	
61026-Whale Rock contribution for Capital Projects	402,694	82,575	539,490	423,885	11,010	1,029,435	1,001,910	1,001,910	11,010	11,010	11,010	
61026-Whale Rock contribution for Capital Projects - Reserves	0	762,357	762,357	1,524,714	189,922	189,922	189,922	189,922	189,922	189,922	189,922	
61503-Electric Service	100,976	113,093	118,747	124,685	130,919	137,465	144,338	151,555	159,133	167,089	175,444	
62501-Chemicals	14,000	14,700	15,435	16,207	16,693	17,194	17,710	18,241	18,788	19,352	19,932	
62503-Equipment Maintenance Supplies	7,000	7,280	7,571	7,798	8,032	8,273	8,521	8,777	9,040	9,312	9,591	
62509-Misc Materials and Supplies	35,510	30,472	31,691	32,642	33,621	34,629	35,668	36,738	37,841	38,976	40,145	
63001-Membership and Certifications	1,800	1,872	1,947	2,005	2,065	2,127	2,191	2,257	2,325	2,394	2,466	
<b>Total Water Source of Supply</b>	<b>\$13,017,561</b>	<b>\$16,803,182</b>	<b>\$13,124,903</b>	<b>\$13,776,029</b>	<b>\$12,022,148</b>	<b>\$13,282,481</b>	<b>\$13,506,635</b>	<b>\$13,787,890</b>	<b>\$13,065,149</b>	<b>\$13,358,358</b>	<b>\$13,657,870</b>	
<b>Water Treatment</b>												
51001-Salaries - Regular	\$1,358,444	\$1,563,097	\$1,641,251	\$1,723,314	\$1,775,013	\$1,828,264	\$1,883,112	\$1,939,605	\$1,997,793	\$2,057,727	\$2,119,459	
51010-Overtime	70,992	74,542	78,269	82,182	84,648	87,187	89,803	92,497	95,272	98,130	101,074	
51017-Standby	19,500	20,475	21,499	22,574	23,251	23,948	24,667	25,407	26,169	26,954	27,763	
51018-Call Back	12,000	5,000	5,250	5,513	5,678	5,848	6,024	6,204	6,390	6,582	6,780	
52001-Retirement Contributions	131,573	138,152	145,060	152,313	156,882	161,589	166,436	171,429	176,572	181,869	187,325	
53001-Employee Group Insurance	215,584	226,363	237,681	249,565	257,052	264,764	272,707	280,888	289,315	297,994	306,934	
53002-Retiree Healthcare	22,322	23,438	24,610	25,840	26,615	27,414	28,236	29,083	29,956	30,855	31,780	
55001-Medicare	20,095	21,100	22,155	23,263	23,961	24,680	25,420	26,183	26,968	27,777	28,610	
61005-Data Processing Services	1,100	1,144	1,190	1,225	1,262	1,300	1,339	1,379	1,421	1,463	1,507	
61013-Other Contract Services	461,098	438,610	456,285	470,112	484,358	499,038	514,164	529,751	545,811	562,360	579,412	
61027-Control Systems	13,792	14,344	14,917	15,365	15,826	16,301	16,790	17,293	17,812	18,347	18,897	
61503-Electric Service	944,179	750,000	787,500	826,875	868,219	911,630	957,211	1,005,072	1,055,325	1,108,092	1,163,496	
61505-Communication Service	8,800	9,152	9,518	9,804	10,098	10,401	10,713	11,034	11,365	11,706	12,057	
61506-Solid Waste Service	6,713	6,981	7,261	7,478	7,703	7,934	8,172	8,417	8,669	8,930	9,197	
62002-Office Supplies	3,100	3,224	3,353	3,454	3,557	3,664	3,774	3,887	4,004	4,124	4,247	
62004-Publications and Subscriptions	1,400	1,456	1,514	1,560	1,606	1,655	1,704	1,755	1,808	1,862	1,918	
62007-Employee Recognition	1,100	1,144	1,190	1,225	1,262	1,300	1,339	1,379	1,421	1,463	1,507	
62009-Software Licensing and Maint Agreements	183	190	198	204	210	216	223	229	236	243	251	
62010-Office Expenses - Other	300	312	324	334	344	355	365	376	387	399	411	
62501-Chemicals	795,819	726,974	763,322	801,488	825,533	850,299	875,808	902,082	929,145	957,019	985,730	
62502-Construction Materials and Supplies	31,400	32,656	33,962	34,981	36,031	37,111	38,225	39,372	40,553	41,769	43,022	
62503-Equipment Maintenance Supplies	71,948	92,964	96,683	99,583	102,571	105,648	108,817	112,082	115,444	118,907	122,475	
62506-Safety Materials and Supplies	26,680	27,747	28,857	29,723	30,614	31,533	32,479	33,453	34,457	35,491	36,555	
62509-Misc Materials and Supplies	49,498	85,435	88,852	91,518	94,263	97,091	100,004	103,004	106,094	109,277	112,555	
63001-Membership and Certifications	3,286	3,417	3,554	3,661	3,771	3,884	4,000	4,120	4,244	4,371	4,502	
63002-Education and Training	21,300	22,152	23,038	23,729	24,441	25,174	25,930	26,707	27,509	28,334	29,184	
<b>Total Water Treatment</b>	<b>\$4,292,206</b>	<b>\$4,290,068</b>	<b>\$4,497,294</b>	<b>\$4,706,882</b>	<b>\$4,864,770</b>	<b>\$5,028,226</b>	<b>\$5,197,461</b>	<b>\$5,372,690</b>	<b>\$5,554,140</b>	<b>\$5,742,045</b>	<b>\$5,936,649</b>	

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
<b>Water Distribution</b>												
51001-Salaries - Regular	\$1,050,433	\$1,102,954	\$1,158,102	\$1,216,007	\$1,252,487	\$1,290,062	\$1,328,764	\$1,368,627	\$1,409,685	\$1,451,976	\$1,495,535	
51010-Overtime	18,000	18,900	19,845	20,837	21,462	22,106	22,769	23,453	24,156	24,881	25,627	
51017-Standby	19,000	19,950	20,948	21,995	22,655	23,334	24,034	24,755	25,498	26,263	27,051	
51018-Call Back	45,000	47,250	49,613	52,093	53,656	55,266	56,924	58,631	60,390	62,202	64,068	
52001-Retirement Contributions	101,288	106,353	111,670	117,254	120,771	124,395	128,126	131,970	135,929	140,007	144,207	
53001-Employee Group Insurance	171,150	179,708	188,693	198,128	204,071	210,193	216,499	222,994	229,684	236,575	243,672	
53002-Retiree Healthcare	17,052	17,904	18,800	19,740	20,332	20,942	21,570	22,217	22,884	23,570	24,277	
55001-Medicare	15,072	15,826	16,617	17,448	17,971	18,510	19,065	19,637	20,227	20,833	21,458	
56003-Contingency Expense	87,904	90,541	93,257	0	0	0	0	0	0	0	0	
61005-Data Processing Services	9,300	9,672	10,059	10,361	10,671	10,992	11,321	11,661	12,011	12,371	12,742	
61011-Maintenance	1,000	1,040	1,082	1,114	1,147	1,182	1,217	1,254	1,291	1,330	1,370	
61013-Other Contract Services	133,762	139,112	144,677	149,017	153,488	158,092	162,835	167,720	172,752	177,934	183,272	
61027-Control Systems	22,542	23,444	24,381	25,113	25,866	26,642	27,442	28,265	29,113	29,986	30,886	
61503-Electric Service	41,580	35,000	36,750	38,588	40,517	42,543	44,670	46,903	49,249	51,711	54,296	
61505-Communication Service	18,000	18,720	19,469	20,053	20,654	21,274	21,912	22,570	23,247	23,944	24,662	
62002-Office Supplies	1,550	1,612	1,676	1,727	1,779	1,832	1,887	1,943	2,002	2,062	2,124	
62003-Postage	150	156	162	167	172	177	183	188	194	200	206	
62004-Publications and Subscriptions	500	520	541	557	574	591	609	627	646	665	685	
62007-Employee Recognition	900	927	955	983	1,013	1,043	1,075	1,107	1,140	1,174	1,210	
62008-Furniture and Fixtures	500	520	541	557	574	591	609	627	646	665	685	
62010-Office Expenses - Other	400	416	433	446	459	473	487	502	517	532	548	
62501-Chemicals	300	315	331	347	358	368	379	391	403	415	427	
62502-Construction Materials and Supplies	134,212	139,580	145,163	149,518	154,004	158,624	163,383	168,284	173,333	178,533	183,889	
62503-Equipment Maintenance Supplies	18,000	18,720	19,469	20,053	20,654	21,274	21,912	22,570	23,247	23,944	24,662	
62506-Safety Materials and Supplies	13,590	14,134	14,699	15,140	15,594	16,062	16,544	17,040	17,551	18,078	18,620	
62509-Misc Materials and Supplies	38,300	64,753	41,425	42,668	43,948	45,267	46,625	48,023	49,464	50,948	52,476	
63001-Membership and Certifications	4,400	4,576	4,759	4,902	5,049	5,200	5,356	5,517	5,683	5,853	6,029	
63002-Education and Training	20,500	21,320	22,173	22,838	23,523	24,229	24,956	25,704	26,475	27,270	28,088	
63003-Trips and Meetings	500	520	541	557	574	591	609	627	646	665	685	
<b>Total Water Distribution</b>	<b>\$1,984,884</b>	<b>\$2,094,442</b>	<b>\$2,166,829</b>	<b>\$2,168,206</b>	<b>\$2,234,024</b>	<b>\$2,301,855</b>	<b>\$2,371,762</b>	<b>\$2,443,808</b>	<b>\$2,518,060</b>	<b>\$2,594,587</b>	<b>\$2,673,459</b>	



	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
<b>Water Resources</b>												
51001-Salaries - Regular	\$421,889	\$442,983	\$465,132	\$488,389	\$503,041	\$518,132	\$533,676	\$549,686	\$566,177	\$583,162	\$600,657	
51010-Overtime	5,000	5,250	5,513	5,788	5,962	6,141	6,325	6,515	6,710	6,911	7,119	
52001-Retirement Contributions	36,385	38,204	40,114	42,120	43,383	44,685	46,025	47,406	48,828	50,293	51,802	
53001-Employee Group Insurance	52,068	54,671	57,405	60,275	62,083	63,946	65,864	67,840	69,875	71,972	74,131	
53002-Retiree Healthcare	5,409	5,680	5,964	6,262	6,450	6,643	6,843	7,048	7,260	7,477	7,702	
55001-Medicare	5,782	6,071	6,374	6,693	6,894	7,101	7,314	7,533	7,759	7,992	8,231	
61001-Advertising and Public Outreach	5,250	5,460	5,678	5,849	6,024	6,205	6,391	6,583	6,780	6,984	7,193	
61005-Data Processing Services	6,100	6,344	6,598	6,796	7,000	7,210	7,426	7,649	7,878	8,114	8,358	
61013-Other Contract Services	8,400	16,236	16,885	17,392	17,914	18,451	19,005	19,575	20,162	20,767	21,390	
61505-Communication Service	2,200	2,288	2,380	2,451	2,524	2,600	2,678	2,759	2,841	2,927	3,014	
62001-Print and Reproduction	1,000	1,040	1,082	1,114	1,147	1,182	1,217	1,254	1,291	1,330	1,370	
62002-Office Supplies	600	624	649	668	688	709	730	752	775	798	822	
62003-Postage	2,500	2,600	2,704	2,785	2,869	2,955	3,043	3,135	3,229	3,326	3,425	
62007-Employee Recognition	350	364	379	390	402	414	426	439	452	466	480	
62506-Safety Materials and Supplies	1,450	1,508	1,568	1,615	1,664	1,714	1,765	1,818	1,873	1,929	1,987	
62509-Misc Materials and Supplies	32,700	34,008	35,368	36,429	37,522	38,648	39,807	41,002	42,232	43,499	44,804	
63001-Membership and Certifications	7,700	8,008	8,328	8,578	8,836	9,101	9,374	9,655	9,944	10,243	10,550	
63002-Education and Training	5,000	5,200	5,408	5,570	5,737	5,909	6,087	6,269	6,457	6,651	6,851	
63003-Trips and Meetings	1,000	1,040	1,082	1,114	1,147	1,182	1,217	1,254	1,291	1,330	1,370	
<b>Total Water Resources</b>	<b>\$600,782</b>	<b>\$637,579</b>	<b>\$668,611</b>	<b>\$700,279</b>	<b>\$721,288</b>	<b>\$742,926</b>	<b>\$765,214</b>	<b>\$788,170</b>	<b>\$811,815</b>	<b>\$836,170</b>	<b>\$861,255</b>	
<b>Utility Billing</b>												
51001-Salaries - Regular	\$87,263	\$91,627	\$96,208	\$101,018	\$104,049	\$107,170	\$110,385	\$113,697	\$117,108	\$120,621	\$124,240	
51004-Salaries - Temporary	0	0	0	0	0	0	0	0	0	0	0	
51010-Overtime	1,500	1,575	1,654	1,736	1,789	1,842	1,897	1,954	2,013	2,073	2,136	
52001-Retirement Contributions	8,767	9,205	9,666	10,149	10,453	10,767	11,090	11,423	11,765	12,118	12,482	
53001-Employee Group Insurance	11,738	12,325	12,941	13,588	13,996	14,416	14,849	15,294	15,753	16,225	16,712	
53002-Retiree Healthcare	1,114	1,170	1,229	1,290	1,329	1,369	1,410	1,452	1,496	1,541	1,587	
55001-Medicare	1,776	1,865	1,958	2,056	2,118	2,182	2,247	2,314	2,384	2,455	2,529	
61005-Data Processing Services	30,250	31,460	32,718	33,700	34,711	35,752	36,825	37,930	39,067	40,240	41,447	
61013-Other Contract Services	132,355	128,326	133,459	137,463	141,586	145,834	150,209	154,715	159,357	164,137	169,062	
61028-Personnel Services	0	51	106	110	113	116	120	123	6,624	6,823	7,028	
62001-Print and Reproduction	21,600	22,464	23,363	24,063	24,785	25,529	26,295	27,084	27,896	28,733	29,595	
62002-Office Supplies	250	260	270	279	287	295	304	313	323	333	343	
62003-Postage	57,470	59,768	62,159	64,024	65,945	67,923	69,961	72,060	74,221	76,448	78,741	
62007-Employee Recognition	100	104	108	111	115	118	122	125	129	133	137	
62505-Machinery and Equipment	375	390	406	418	430	443	457	470	484	499	514	
62509-Misc Materials and Supplies	125	130	135	139	143	148	152	157	161	166	171	
63001-Membership and Certifications	50	52	54	56	57	59	61	63	65	67	69	
63002-Education and Training	1,500	1,560	1,622	1,671	1,721	1,773	1,826	1,881	1,937	1,995	2,055	
63003-Trips and Meetings	600	624	649	668	688	709	730	752	775	798	822	
<b>Total Utility Billing</b>	<b>\$356,834</b>	<b>\$362,957</b>	<b>\$378,706</b>	<b>\$392,540</b>	<b>\$404,316</b>	<b>\$416,446</b>	<b>\$428,939</b>	<b>\$441,807</b>	<b>\$461,559</b>	<b>\$475,406</b>	<b>\$489,668</b>	

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
<b>Additional O&amp;M</b>												
Future O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Additional O&amp;M</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Operations &amp; Maintenance</b>	<b>\$25,837,604</b>	<b>\$30,313,360</b>	<b>\$27,113,079</b>	<b>\$28,246,424</b>	<b>\$27,030,308</b>	<b>\$28,849,974</b>	<b>\$29,650,680</b>	<b>\$30,537,205</b>	<b>\$30,450,684</b>	<b>\$31,399,311</b>	<b>\$32,380,840</b>	
<b>Rate Funded Capital</b>	<b>\$1,282,175</b>	<b>\$0</b>	<b>\$3,550,000</b>	<b>\$4,200,000</b>	<b>\$6,975,000</b>	<b>\$7,150,000</b>	<b>\$7,690,000</b>	<b>\$8,175,000</b>	<b>\$10,050,000</b>	<b>\$11,320,000</b>	<b>\$12,700,000</b>	\$3,340,219 FY 2022-23 Dep. Exp.
<b>Debt Service</b>												
2012 Revenue Refunding Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Debt Schedule
2018 Refunding Bond (Water Admin/Eng)	27,327	27,284	20,929	20,829	20,891	20,914	20,900	20,943	20,848	20,742	20,717	Debt Schedule
2018 Refunding Bond (Water Treatment)	888,250	887,250	885,000	886,500	886,500	900,000	891,250	881,250	870,000	887,500	887,250	Debt Schedule
2020 CIEDB (I-Bank) Loan	953,230	951,376	949,476	947,529	945,532	943,486	941,389	939,239	937,036	934,777	932,462	Debt Schedule
Additional Long-Term Debt	0	0	0	0	325,257	325,257	926,983	1,528,709	1,919,017	1,919,017	1,919,017	Calculated @ 5% for 30 yrs
<b>Total Debt Service</b>	<b>\$1,868,807</b>	<b>\$1,865,911</b>	<b>\$1,855,405</b>	<b>\$1,854,858</b>	<b>\$2,178,180</b>	<b>\$2,189,658</b>	<b>\$2,780,522</b>	<b>\$3,370,141</b>	<b>\$3,746,901</b>	<b>\$3,762,037</b>	<b>\$3,759,446</b>	
LESS: Development Impact Fees	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	
<b>Net Debt Service</b>	<b>\$1,468,807</b>	<b>\$1,465,911</b>	<b>\$1,455,405</b>	<b>\$1,454,858</b>	<b>\$1,778,180</b>	<b>\$1,789,658</b>	<b>\$2,380,522</b>	<b>\$2,970,141</b>	<b>\$3,346,901</b>	<b>\$3,362,037</b>	<b>\$3,359,446</b>	
<b>To / (From) Reserves</b>												
To/From Operating Reserve	\$3,000	(\$1,465,506)	(\$2,568)	\$2,015	\$10,512	\$4,391	\$13,512	\$86,796	\$58,988	\$81,389	\$93,379	
To/From Capital Reserve	0	0	0	0	0	0	175,000	185,000	200,000	210,000	225,000	
To/From Bond Reserve	0	0	0	0	0	0	0	0	0	0	0	
<b>Total To / (From) Reserves</b>	<b>\$3,000</b>	<b>(\$1,465,506)</b>	<b>(\$2,568)</b>	<b>\$2,015</b>	<b>\$10,512</b>	<b>\$4,391</b>	<b>\$188,512</b>	<b>\$271,796</b>	<b>\$258,988</b>	<b>\$291,389</b>	<b>\$318,379</b>	
<b>Total Revenue Requirement</b>	<b>\$28,591,587</b>	<b>\$30,313,765</b>	<b>\$32,115,916</b>	<b>\$33,903,297</b>	<b>\$35,794,000</b>	<b>\$37,794,023</b>	<b>\$39,909,714</b>	<b>\$41,954,142</b>	<b>\$44,106,573</b>	<b>\$46,372,736</b>	<b>\$48,758,665</b>	
Bal. / (Def.) of Funds	\$0	(\$1,429,949)	(\$2,962,054)	(\$4,455,874)	(\$6,047,500)	(\$7,742,729)	(\$9,547,695)	(\$11,284,411)	(\$13,123,617)	(\$15,070,859)	(\$17,131,983)	
Balance a % of Rate Adj. Req'd	0.0%	5.5%	11.3%	16.9%	22.7%	28.8%	35.3%	41.4%	47.7%	54.4%	61.3%	
<b>Proposed Rate Adjustment</b>	<b>0.0%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	
Months of Adjustment	12	12	12	12	12	12	12	12	12	12	12	
Add'l Revenue with Rate Adj.	\$0	\$1,429,949	\$2,962,054	\$4,455,874	\$6,047,500	\$7,742,729	\$9,547,695	\$11,284,411	\$13,123,617	\$15,070,859	\$17,131,983	
Bal. / (Def.) After Rate Adj.	\$0	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0	(\$0)	\$0	\$0	
<b>Add'l Rate Adj. Req'd</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
<b>Average Residential Customer Bill</b>	<b>\$82.79</b>	<i>(Base Charge + 6 CCF)</i>										
Customer Bill on Proposed Adjustment		\$87.34	\$92.17	\$96.80	\$101.63	\$106.68	\$112.01	\$117.05	\$122.32	\$127.83	\$133.58	
Bill Difference - Monthly		4.55	4.83	4.63	4.83	5.05	5.33	5.04	5.27	5.50	5.75	
Cumulative Bill Difference		4.55	9.38	14.01	18.84	23.89	29.22	34.26	39.53	45.04	50.79	
<b>Debt Service Coverage Ratio (all debt, without DIF)</b>												
Before Rate Adjustment	1.47	0.00	1.10	0.65	1.25	0.55	0.26	0.04	0.14	0.00	0.00	
After Proposed Rate Adjustment	1.47	0.00	2.70	3.05	4.02	4.08	3.69	3.39	3.64	3.98	4.36	
<b>Debt Service Coverage Ratio (all debt, with DIF)</b>												
Before Rate Adjustment	1.90	0.00	1.53	1.08	1.61	0.91	0.54	0.28	0.36	0.19	0.01	
After Proposed Rate Adjustment	1.90	0.43	3.13	3.48	4.39	4.45	3.98	3.63	3.86	4.19	4.57	
<b>Reserve Funds</b>												
<b>Total Beginning Balance</b>	<b>\$43,032,553</b>	<b>\$23,855,703</b>	<b>\$18,802,287</b>	<b>\$21,627,070</b>	<b>\$18,434,696</b>	<b>\$19,275,993</b>	<b>\$18,657,715</b>	<b>\$14,384,331</b>	<b>\$13,964,443</b>	<b>\$12,399,859</b>	<b>\$12,971,122</b>	
<b>Operating Fund</b>												
<b>Beginning Balance</b>	<b>\$5,167,521</b>	<b>\$6,062,672</b>	<b>\$5,422,616</b>	<b>\$5,649,285</b>	<b>\$5,406,062</b>	<b>\$5,769,995</b>	<b>\$5,930,136</b>	<b>\$6,107,441</b>	<b>\$6,090,137</b>	<b>\$6,279,862</b>	<b>\$6,476,168</b>	20% of O&M
Plus: Additions	3,000	0	0	2,015	10,512	4,391	13,512	86,796	58,988	81,389	93,379	
Less: Uses of Funds	0	(1,465,506)	(2,568)	0	0	0	0	0	0	0	0	
<b>Ending Balance</b>	<b>\$5,170,521</b>	<b>\$4,597,166</b>	<b>\$5,420,048</b>	<b>\$5,651,300</b>	<b>\$5,416,573</b>	<b>\$5,774,385</b>	<b>\$5,943,648</b>	<b>\$6,194,237</b>	<b>\$6,149,125</b>	<b>\$6,361,251</b>	<b>\$6,569,547</b>	
<b>Capital Fund</b>												
<b>Beginning Balance</b>	<b>\$35,110,103</b>	<b>\$15,050,129</b>	<b>\$10,462,758</b>	<b>\$12,890,526</b>	<b>\$9,761,079</b>	<b>\$10,047,617</b>	<b>\$9,067,228</b>	<b>\$4,421,223</b>	<b>\$3,812,901</b>	<b>\$1,841,875</b>	<b>\$1,988,551</b>	Balance of Funds
Plus: Additions	0	0	0	0	255,129	0	175,000	185,000	200,000	210,000	225,000	
Plus: FEMA Reimbursement	0	0	4,171,875	0	0	0	0	0	0	0	0	
Development Impact Fees	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	
Less: Capital Project Funding	(19,979,850)	(4,563,567)	(2,320,179)	(4,170,045)	(400,000)	(1,598,325)	(5,437,552)	(1,667,340)	(2,799,228)	(695,782)	(1,892,620)	
<b>Ending Balance</b>	<b>\$15,930,253</b>	<b>\$11,286,562</b>	<b>\$13,114,454</b>	<b>\$9,520,481</b>	<b>\$10,416,208</b>	<b>\$9,249,292</b>	<b>\$4,604,676</b>	<b>\$3,738,883</b>	<b>\$2,013,673</b>	<b>\$2,156,093</b>	<b>\$1,120,931</b>	
<b>Rate Stabilization</b>												
<b>Beginning Balance</b>	<b>\$2,579,273</b>	<b>\$2,742,903</b>	<b>\$2,916,912</b>	<b>\$3,087,260</b>	<b>\$3,267,556</b>	<b>\$3,458,381</b>	<b>\$3,660,351</b>	<b>\$3,855,667</b>	<b>\$4,061,405</b>	<b>\$4,278,122</b>	<b>\$4,506,403</b>	10% of Rate Revenues
Plus: Additions	0	0	0	0	0	0	0	0	0	0	0	
Less: Capital Project Funding	0	0	0	0	0	0	0	0	0	0	0	
<b>Ending Balance</b>	<b>\$2,579,273</b>	<b>\$2,742,903</b>	<b>\$2,916,912</b>	<b>\$3,087,260</b>	<b>\$3,267,556</b>	<b>\$3,458,381</b>	<b>\$3,660,351</b>	<b>\$3,855,667</b>	<b>\$4,061,405</b>	<b>\$4,278,122</b>	<b>\$4,506,403</b>	
<b>UFL Trust</b>												
<b>Beginning Balance</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	
Plus: Additions	0	0	0	0	0	0	0	0	0	0	0	
Less: Capital Project Funding	0	0	0	0	0	0	0	0	0	0	0	
<b>Ending Balance</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	<b>\$175,656</b>	
<b>Total Ending Balance</b>	<b>\$23,855,703</b>	<b>\$18,802,287</b>	<b>\$21,627,070</b>	<b>\$18,434,696</b>	<b>\$19,275,993</b>	<b>\$18,657,715</b>	<b>\$14,384,331</b>	<b>\$13,964,443</b>	<b>\$12,399,859</b>	<b>\$12,971,122</b>	<b>\$12,372,537</b>	
<i>Days of O&amp;M</i>	337	226	291	238	260	236	177	167	149	151	139	

Capital Improvement Projects	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Total	Notes
<b>Source of Supply</b>													
Salinas Reservoir Transfer of Ownership Plan	\$550,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,304,773	\$1,343,916	\$3,198,690	
SGMA GSP (Groundwater Basin Management)	150,000	156,000	159,135	163,909	168,826	173,891	179,108	184,481	0	0	0	1,335,350	
Groundwater Well Development Program	350,000	2,340,000	0	0	0	0	0	0	0	0	0	2,690,000	
Source Water Strategic Plan	90,000	0	0	0	0	0	298,513	0	0	0	0	388,513	
Future Source Water Strategy	0	0	0	0	337,653	1,507,056	1,552,268	1,598,836	0	0	0	4,995,813	
<b>Total Source of Supply</b>	<b>\$1,140,000</b>	<b>\$2,496,000</b>	<b>\$159,135</b>	<b>\$163,909</b>	<b>\$506,479</b>	<b>\$1,680,947</b>	<b>\$2,029,889</b>	<b>\$1,783,317</b>	<b>\$0</b>	<b>\$1,304,773</b>	<b>\$1,343,916</b>	<b>\$12,608,366</b>	
<b>Water Treatment</b>													
Water Treatment Plant - Major Equipment Maintenance	\$180,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$180,000	
Ozone System Maintenance	0	145,600	148,526	152,982	157,571	162,298	167,167	172,182	177,348	182,668	188,148	1,654,491	
Chemical System Maintenance	0	34,320	35,010	36,060	37,142	38,256	39,404	40,586	41,803	43,058	44,349	389,987	
Air Compressor and Dryer Maintenance	0	7,280	7,426	7,649	7,879	8,115	8,358	8,609	8,867	9,133	9,407	82,725	
Water Treatment Plant - Asset Replacement	0	0	0	0	0	0	53,732	55,344	57,005	58,715	60,476	285,272	
Contact Basin Drain Repair - Ozone System	0	39,520	0	0	0	0	0	0	0	0	0	39,520	
Package Thickener	25,000	0	0	0	540,244	0	0	0	0	0	0	565,244	
Actiflo Poly Blend Units	0	26,000	0	0	0	0	0	0	0	0	0	26,000	
Secondary Transformers and Arc Flash	0	0	0	0	0	0	597,026	0	0	0	0	597,026	
Washwater Reclamation pipe celanag	0	0	0	0	0	44,052	0	0	0	0	0	44,052	
Actiflo Electrical Panel Replacement (Allen Bradley)	0	0	0	0	112,551	0	0	0	0	0	0	112,551	
Cityworks Integration Plan - Implementation	0	0	0	131,127	0	0	0	0	0	0	0	131,127	
Facility Master Plan	0	0	0	0	787,856	1,159,274	597,026	1,229,874	1,266,770	1,304,773	1,343,916	7,689,490	
Effluent Pipe Corrosion Protection	0	52,000	0	0	0	0	0	0	0	0	0	52,000	
Sludge Drying Bed Reconstruction	0	0	0	0	0	69,556	382,097	0	0	0	0	451,653	
Filter Media Replacement and Underdrain Repairs	0	499,200	0	0	0	0	0	0	0	0	0	499,200	
Water Plant - Roof Replacement	0	312,000	0	0	0	0	0	0	0	0	0	312,000	
Water Treatment Plant - Water Meter Replacement	30,000	0	0	0	0	0	0	0	0	0	0	30,000	
Salinas Water Meter	0	52,000	53,045	0	0	0	0	0	0	0	0	105,045	
Drying Bed Meters	0	4,992	0	0	0	0	0	0	0	0	0	4,992	
Effluent Meter Relocation	0	0	33,949	0	0	0	0	0	0	0	0	33,949	
Waterline Replacement: Stenner Canyon at Reservoir	0	0	0	0	90,041	1,275,201	0	0	0	0	0	1,365,242	
Raw Waterline Replacement: 30" (south of bridge)	0	0	0	0	0	0	19,105	196,780	0	0	0	215,885	
Water Storage Tank Major Maintenance	0	0	0	0	0	0	1,313,458	1,352,861	1,393,447	1,435,251	1,478,308	6,973,324	
Edna Tank Internal and External Coatings	0	0	0	0	3,376,526	0	0	0	0	0	0	3,376,526	
Water Reservoir 1	40,000	0	0	49,173	0	0	53,732	0	0	58,715	0	201,620	
Water Reservoir 2	0	0	0	49,173	0	0	53,732	0	0	58,715	0	161,620	
Storage Tanks	0	10,400	10,609	0	11,255	11,593	0	12,299	12,668	0	0	68,823	
T-3 Water Storage Tank Replacement - High Pressure Zone	900,000	0	530,450	0	0	10,723,285	11,044,984	0	0	0	0	23,198,719	Debt Funded
Energy Efficiency Project (SST)	0	0	0	0	0	0	417,918	0	0	0	0	417,918	
Remove Plant Water Generator	500,397	0	0	0	0	0	0	0	0	0	0	500,397	
<b>Fleet - WTP</b>													
1000521-14-WTP 1/2 ton Crew Cab 4X4 Pickup (1004-F150)	0	0	0	74,852	0	0	0	0	0	0	0	74,852	
Service Body Truck (1644)	0	0	0	0	0	0	0	122,987	0	0	0	122,987	
2000521-XX - WTP Utility Cart	0	0	0	0	0	46,371	0	0	0	0	0	46,371	
Water Treatment Plant Forklift (0910)	0	0	0	81,955	0	0	0	0	0	0	0	81,955	
<b>Total Water Treatment</b>	<b>\$1,675,397</b>	<b>\$1,183,312</b>	<b>\$819,015</b>	<b>\$582,970</b>	<b>\$5,121,065</b>	<b>\$13,538,003</b>	<b>\$14,747,740</b>	<b>\$3,191,523</b>	<b>\$2,957,908</b>	<b>\$3,151,027</b>	<b>\$3,124,606</b>	<b>\$50,092,565</b>	

Capital Improvement Projects	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Total	Notes
<b>Water Distribution</b>													
Waterline Replacement (General Distribution)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,935,596	\$2,026,832	\$4,175,274	\$0	\$10,137,703	
Johnson - Iris to Bishop Water Pipeline Replacement	440,000	0	0	0	0	0	0	0	0	0	0	440,000	
Santa Rosa - Stenner Creek to Highland 30" Water Pipeline Rplc	150,000	0	0	10,085,870	0	0	0	0	0	0	0	10,235,870	Debt Funded
Chorro - Highland to Meinecke 24" Water Pipeline Replacement	2,620,000	104,000	0	0	0	0	0	0	0	0	0	2,724,000	
Foothill - Chorro to California 24" Pipeline Inter-tie	0	0	0	0	0	0	3,892,610	0	0	0	0	3,892,610	
Luneta - San Jose to Broad 12" Water Pipeline Replacement	0	0	0	0	0	0	0	0	0	391,432	6,800,217	7,191,649	
Highland and UPRR at Cal Poly Water Pipeline Replacement	0	0	0	0	0	985,383	0	0	0	0	0	985,383	
Rockview - Stoneridge to Broad Water Pipeline Replacement	0	0	0	0	0	0	0	159,884	1,938,158	0	0	2,098,042	
Patricia, Highland, and La Entrada Water Pipeline Replacement	0	0	134,734	138,776	0	0	0	0	0	0	0	273,511	
Craig, Christina, and Jaycee Water Pipeline Replacement	0	0	0	0	0	0	0	0	0	0	174,709	174,709	
California - Stafford to Mill Water Pipeline Replacement	0	1,944,800	0	0	0	0	0	0	0	0	0	1,944,800	
Terrace Hill Booster Pump Station	0	0	0	0	0	0	53,732	184,481	3,204,928	0	0	3,443,142	
Water Distribution System - Point Repairs	0	260,000	0	273,182	0	405,746	0	430,456	443,370	456,671	470,371	2,739,794	
Waterline Abandonment & Connections	50,000	0	53,045	54,636	56,275	57,964	59,703	61,494	63,339	65,239	67,196	588,890	
Water Utility Trench Repair	280,000	353,600	360,706	371,527	382,673	394,153	405,978	418,157	430,702	443,623	456,932	4,298,051	
Water Utility Raise Valve Covers	35,000	296,400	37,132	38,245	39,393	40,575	41,792	43,046	44,337	45,667	47,037	708,623	
Water Meters and Boxes	0	0	0	27,318	28,138	28,982	59,703	61,494	221,685	228,335	235,185	890,839	
AMI Water Meters	460,000	511,680	521,963	0	0	0	0	0	0	0	0	1,493,643	
AMI Radio	360,000	406,640	414,812	0	0	0	0	0	0	0	0	1,181,452	
AMI Meter Box Lids	75,000	78,000	79,568	0	0	0	0	0	0	0	0	232,568	
Fire Hydrants	55,000	57,200	58,350	60,100	61,903	63,760	65,673	67,643	69,672	71,763	73,915	704,979	
Water Distribution System Hydraulic Model & Master Plan Update	0	0	0	131,127	0	0	0	0	0	0	0	131,127	
<b>Recycled Water</b>													
UV Bulb Replacement (annual replacement)	0	0	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	107,778	
Recycled Water Pump Station Maintenance	60,000	0	0	0	0	0	0	0	760,062	782,864	806,350	2,409,276	
RW Pump Upgrade	0	0	0	0	0	52,167	0	0	0	0	0	52,167	
RW Effluent Meter Replacement	0	0	47,741	0	0	0	0	0	0	0	0	47,741	
Chemical Storage Tank Replacement	0	104,000	0	0	0	0	0	0	0	0	0	104,000	
Recycled Water Storage Expansion	0	0	0	0	0	23,185	0	0	0	0	0	23,185	
Orcutt Street - Fernwood to Laurel Pipeline	25,000	0	2,015,710	0	0	0	0	0	0	0	0	2,040,710	
Recycled Waterline at Tank Farm - Long to Innovation Pipeline	0	0	0	0	0	0	29,851	2,121,532	0	0	0	2,151,384	
Recycled Waterline at Broad Street - Tank Farm to Aerovista	0	0	0	0	0	0	59,703	2,631,930	0	0	0	2,691,633	
Recycled Water System Retrofits (potable to recycled)	0	0	0	0	0	0	0	61,494	190,016	0	0	251,509	
Ignition System for Recycled Water System	45,000	0	0	0	0	0	0	0	0	0	0	45,000	
<b>Fleet - Water Distribution</b>													
Dump Truck (0840)	0	0	0	0	0	202,873	0	0	0	0	0	202,873	
Backhoe (0720)	0	0	0	273,182	0	0	0	0	0	97,858	0	371,040	
Service body trucks (0846, 0847)	0	0	636,540	655,636	0	0	0	0	0	0	0	1,292,176	
Medium duty truck with bed & crane	0	0	0	82,501	0	0	0	0	0	0	0	82,501	
Pickup (1629)	0	0	0	0	0	0	94,330	0	0	0	0	94,330	
Water Distribution Pickup (1523)	0	0	0	0	0	0	0	0	0	125,911	0	125,911	
Water Distribution Pickup (1903)	0	0	0	0	0	0	0	0	0	125,911	0	125,911	
Water Distribution Pickup (1908)	0	0	0	0	0	0	0	110,074	0	0	0	110,074	
Trailer (0235)	0	0	0	0	0	28,982	0	0	0	0	0	28,982	
Water Distribution Portable Generator (2007)	0	0	0	0	0	0	0	0	0	0	268,783	268,783	
Water Distribution Portable Generator (1619)	0	0	0	0	0	0	238,810	0	0	0	0	238,810	
Water Distribution Hydro Ex Trailer (1621)	0	0	0	0	168,826	0	0	0	0	0	0	168,826	
<b>Total Water Distribution</b>	<b>\$4,655,000</b>	<b>\$4,116,320</b>	<b>\$4,370,908</b>	<b>\$12,203,029</b>	<b>\$748,463</b>	<b>\$2,295,363</b>	<b>\$5,013,826</b>	<b>\$10,299,579</b>	<b>\$9,405,768</b>	<b>\$7,023,594</b>	<b>\$9,414,134</b>	<b>\$69,545,983</b>	

Capital Improvement Projects	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Total	Notes
<b>Admin, IT, &amp; Fleet</b>													
Public Works - Misc	\$0	\$0	\$0	\$0	\$0	\$57,964	\$0	\$55,344	\$0	\$65,239	\$67,196	\$245,743	
Mid-Higuera	45,000	0	0	0	0	0	0	0	0	0	0	45,000	
Buchon/Santa Rosa	(150,000)	0	0	0	0	0	0	0	0	0	0	(150,000)	
Overpass - Elks Lane	0	0	0	0	0	0	59,703	0	0	0	0	59,703	
Prado Bridge Waterline Replacement	0	0	0	0	0	0	35,822	0	0	0	0	35,822	
Pavement Management (Water Fund Contribution)	0	2,080	0	0	0	0	0	0	0	0	0	2,080	
ATP - Higuera Corridor Complete Street Design (Water Fund Contribution)	0	2,080	0	0	0	0	0	0	0	0	0	2,080	
Corp Yard Material Storage Stalls (Water Fund Contribution)	0	0	26,523	0	281,377	0	0	0	0	0	0	307,900	
Corporation Yard Perimeter Fence Replacement (Water Fund Contribution)	0	0	0	0	0	0	0	6,149	76,006	0	0	82,156	
Corporation Yard EV Charging Station (Water Fund Contribution)	0	0	84,872	0	0	0	0	0	0	0	0	84,872	
879 Roofing Project	65,000	78,000	0	0	0	0	0	0	0	0	0	143,000	
<b>Fleet</b>													
Compact Pickup (1613)	\$0	\$0	\$0	\$0	\$0	\$0	\$62,688	\$0	\$0	\$0	\$0	\$62,688	
<b>Shared IT</b>													
Network Firewalls	\$0	\$0	\$0	\$0	\$0	\$22,902	\$0	\$0	\$0	\$0	\$30,779	\$53,681	
Network Security Upgrade	0	0	0	10,690	0	0	12,765	0	0	15,242	0	38,697	
Network Switch Infrastructure Repl.	0	0	0	0	39,113	0	0	0	0	52,565	0	91,678	
Radio Handhelds Repl.	0	0	0	0	0	0	0	83,192	0	0	0	83,192	
UB System Upgrade	0	0	0	0	0	0	0	0	0	0	135,458	135,458	
Uninterruptible Power Supplies (UPS) Battery Replacement	0	0	0	2,344	0	0	2,799	0	0	3,342	0	8,485	
Virtual Private Network Replacement	0	0	0	0	0	3,146	0	0	0	0	4,228	7,374	
City SAN (Network Storage)	0	0	9,727	0	0	0	12,322	0	0	0	15,609	37,657	
Vmware Infrastructure	0	16,455	0	0	19,459	0	0	23,235	0	0	27,744	86,893	
VoIP	0	17,170	0	0	0	0	0	0	0	0	28,950	46,121	
PD/City backup storage, secondary storage	0	0	0	0	3,914	0	0	0	0	0	0	3,914	
Wireless System Citywide	0	0	0	7,103	0	0	0	0	9,546	0	0	16,648	
<b>Total Admin, IT, &amp; Fleet</b>	<b>(\$40,000)</b>	<b>\$115,785</b>	<b>\$121,121</b>	<b>\$20,137</b>	<b>\$343,864</b>	<b>\$84,012</b>	<b>\$186,097</b>	<b>\$167,921</b>	<b>\$85,552</b>	<b>\$136,387</b>	<b>\$309,964</b>	<b>\$1,530,841</b>	
CIP Carryover	\$16,948,799	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,948,799	
Unidentified Future Capital Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Transfer to Cash Reserve	\$0	\$0	\$0	\$0	\$255,129	\$0	\$0	\$0	\$0	\$0	\$0	\$255,129	
<b>Total Capital Improvement Projects</b>	<b>\$24,379,196</b>	<b>\$7,911,417</b>	<b>\$5,470,179</b>	<b>\$12,970,045</b>	<b>\$6,975,000</b>	<b>\$17,598,325</b>	<b>\$21,977,552</b>	<b>\$15,442,340</b>	<b>\$12,449,228</b>	<b>\$11,615,782</b>	<b>\$14,192,620</b>	<b>\$150,981,683</b>	
<b>Less: Outside Funding Sources</b>													
Operating Fund Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Capital Fund Reserves	19,579,850	4,163,567	1,920,179	3,770,045	0	1,198,325	5,037,552	1,267,340	2,399,228	295,782	1,492,620	41,124,488	
Prop 1B Revenue	2,860,000	3,747,850	0	0	0	0	0	0	0	0	0	6,607,850	
State Grants	657,171	0	0	0	0	0	0	0	0	0	0	657,171	
Assumed Debt Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	
Assumed New Long-Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	
Additional Revenue Bonds	0	0	0	5,000,000	0	9,250,000	9,250,000	6,000,000	0	0	0	29,500,000	
<b>Total Funding Sources</b>	<b>\$23,097,021</b>	<b>\$7,911,417</b>	<b>\$1,920,179</b>	<b>\$8,770,045</b>	<b>\$0</b>	<b>\$10,448,325</b>	<b>\$14,287,552</b>	<b>\$7,267,340</b>	<b>\$2,399,228</b>	<b>\$295,782</b>	<b>\$1,492,620</b>	<b>\$77,889,509</b>	
<b>Rate Funded Capital</b>	<b>\$1,282,175</b>	<b>\$0</b>	<b>\$3,550,000</b>	<b>\$4,200,000</b>	<b>\$6,975,000</b>	<b>\$7,150,000</b>	<b>\$7,690,000</b>	<b>\$8,175,000</b>	<b>\$10,050,000</b>	<b>\$11,320,000</b>	<b>\$12,700,000</b>	<b>\$73,092,175</b>	

Effective 7.1.24		Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Total
<b>Residential</b>														
<b>Base Fee</b>	<i>\$ / Acct. / Mo.</i>													
5/8"	\$30.25	4,353	4,353	4,343	4,306	4,300	4,290	4,288	4,279	4,473	4,360	4,284	4,225	4,225
3/4"	30.25	4,795	4,806	4,860	4,836	4,831	4,836	4,914	4,918	5,152	5,120	5,026	5,007	5,007
1"	30.25	4,391	4,399	4,424	4,426	4,429	4,463	4,474	4,521	4,677	4,610	4,593	4,582	4,582
1 1/2"	30.25	28	28	28	28	28	28	28	28	29	28	29	29	29
2"	30.25	19	19	19	19	19	19	19	19	21	20	20	20	20
3"	30.25		1	1	1	1	1	1	1	1	1	1	1	1
8"	30.25	15	15	16	15	15	16	15	15	16	15	15	16	16
		13,601	13,621	13,691	13,631	13,623	13,653	13,739	13,781	14,369	14,154	13,968	13,880	13,880
<b>Volume Charge</b>	<i>\$ / CCF</i>													
0 - 5 CCF	\$8.54	51,288	51,126	43,455	34,672	43,392	45,388	48,087	49,926	50,117	48,122	50,579	50,141	566,292
5 - 12 CCF	9.84	25,666	22,262	9,747	4,041	9,575	11,060	15,855	21,551	23,653	22,258	26,627	22,412	214,708
12 + CCF	16.97	9,075	6,550	1,921	714	1,571	2,715	3,319	6,372	9,803	8,301	16,606	8,737	75,685
		86,029	79,939	55,122	39,427	54,538	59,163	67,261	77,849	83,573	78,681	93,813	81,290	856,685
<b>Revenues</b>														
Base Fee		\$411,430	\$412,035	\$414,153	\$412,338	\$412,096	\$413,003	\$415,605	\$416,875	\$434,662	\$428,159	\$422,532	\$419,870	\$5,012,758
Volume Charge		844,561	766,837	499,605	347,975	491,451	542,519	623,000	746,565	827,103	770,847	975,767	797,002	8,233,233
<b>Total Residential Revenues</b>		<b>\$1,255,991</b>	<b>\$1,178,873</b>	<b>\$913,757</b>	<b>\$760,313</b>	<b>\$903,547</b>	<b>\$955,523</b>	<b>\$1,038,605</b>	<b>\$1,163,440</b>	<b>\$1,261,765</b>	<b>\$1,199,005</b>	<b>\$1,398,299</b>	<b>\$1,216,872</b>	<b>\$13,245,990</b>
<b>Multi-Family</b>														
<b>Base Fee</b>	<i>\$ / Acct. / Mo.</i>													
5/8"	\$30.25	385	383	380	380	378	378	378	377	385	382	376	374	374
3/4"	30.25	251	253	255	255	257	256	257	259	262	263	260	259	259
1"	50.50	232	235	233	233	234	234	233	235	240	234	236	237	237
1 1/2"	100.80	132	133	132	132	132	132	134	132	135	132	132	133	133
2"	161.30	105	104	107	105	105	105	106	106	108	107	106	107	107
3"	302.60	3	3	3	3	3	3	3	3	3	3	3	3	3
4"	504.45	11	11	11	11	11	11	11	11	11	11	11	11	11
6"	1,008.60	6	6	6	6	6	5	5	5	5	5	5	6	6
8"	1,613.85	4	4	4	4	5	5	5	5	5	5	5	5	5
		1,129	1,132	1,131	1,129	1,131	1,129	1,132	1,133	1,154	1,142	1,134	1,135	1,135
<b>Volume Charge</b>	<i>\$ / CCF</i>													
All Use	\$9.58	36,032	34,958	28,778	21,461	29,364	30,713	32,507	32,559	31,230	28,578	32,931	33,903	373,014
		36,032	34,958	28,778	21,461	29,364	30,713	32,507	32,559	31,230	28,578	32,931	33,903	373,014
<b>Revenues</b>														
Base Fee		\$80,161	\$80,252	\$80,504	\$80,181	\$81,845	\$80,807	\$81,149	\$81,079	\$82,289	\$81,462	\$81,129	\$82,360	\$973,218
Volume Charge		345,183	334,896	275,693	205,599	281,306	294,232	311,414	311,915	299,185	273,779	315,474	324,795	3,573,469
<b>Total Multi-Family Revenues</b>		<b>\$425,344</b>	<b>\$415,148</b>	<b>\$356,197</b>	<b>\$285,780</b>	<b>\$363,151</b>	<b>\$375,038</b>	<b>\$392,563</b>	<b>\$392,994</b>	<b>\$381,474</b>	<b>\$355,241</b>	<b>\$396,604</b>	<b>\$407,155</b>	<b>\$4,546,687</b>

Effective 7.1.24		Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Total
<b>Non-Residential</b>														
<b>Base Fee</b>		\$ / Acct. / Mo.												
5/8"	\$30.25	408	405	409	407	403	402	400	400	403	403	410	401	401
3/4"	30.25	561	559	565	564	564	563	567	570	563	570	569	575	575
1"	50.50	348	347	347	352	349	349	351	349	352	351	351	351	351
1 1/2"	100.80	171	172	173	172	171	173	174	173	172	174	172	173	173
2"	161.30	182	181	185	182	184	183	185	183	187	185	184	184	184
3"	302.60	21	21	21	21	22	21	21	21	21	21	22	23	23
4"	504.45	21	21	22	21	21	21	21	21	21	21	21	21	21
6"	1,008.60	7	7	7	7	7	7	7	7	7	7	7	7	7
8"	1,613.85	3	3	3	3	3	3	3	3	3	3	3	3	3
		1,722	1,716	1,732	1,729	1,724	1,722	1,729	1,727	1,729	1,735	1,739	1,738	1,738
<b>Volume Charge</b>		\$ / CCF												
All Use	\$10.14	44,248	42,147	31,922	21,096	30,222	33,995	37,541	40,100	43,072	42,620	45,436	39,444	451,842
		44,248	42,147	31,922	21,096	30,222	33,995	37,541	40,100	43,072	42,620	45,436	39,444	451,842
<b>Revenues</b>														
Base Fee		\$122,329	\$122,067	\$123,620	\$122,693	\$122,945	\$122,622	\$123,207	\$122,773	\$123,348	\$123,388	\$123,509	\$123,822	\$1,476,324
Volume Charge		448,680	427,375	323,686	213,909	306,454	344,705	380,665	406,612	436,749	432,165	460,719	399,963	4,581,683
<b>Total Non-Residential Revenues</b>		<b>\$571,009</b>	<b>\$549,443</b>	<b>\$447,306</b>	<b>\$336,602</b>	<b>\$429,399</b>	<b>\$467,327</b>	<b>\$503,872</b>	<b>\$529,385</b>	<b>\$560,097</b>	<b>\$555,554</b>	<b>\$584,228</b>	<b>\$523,785</b>	<b>\$6,058,007</b>
<b>Irrigation</b>														
<b>Base Fee</b>		\$ / Acct. / Mo.												
5/8"	\$30.25	37	36	36	36	36	36	36	36	37	38	36	36	36
3/4"	30.25	175	176	176	175	176	176	177	175	175	174	175	173	173
1"	50.50	168	170	171	171	171	171	171	171	175	173	175	173	173
1 1/2"	100.80	90	92	91	91	91	90	90	91	91	90	91	91	91
2"	161.30	67	68	67	67	67	66	65	65	65	67	65	65	65
3"	302.60	1	1	1	2	1	1	1	1	1	1	1	1	1
4"	504.45	2	2	2	2	2	2	2	2	2	2	2	2	2
6"	1,008.60	2	2	2	2	2	2	2	2	2	2	2	2	2
8"	1,613.85	1	1	1	1	1	1	1	1	1	1	1	1	1
		543	548	547	547	547	545	545	544	549	548	548	544	544
<b>Volume Charge</b>		\$ / CCF												
All Use	\$10.35	16,188	10,149	2,575	1,172	1,342	4,207	7,652	15,228	19,484	19,150	24,428	19,849	141,426
		16,188	10,149	2,575	1,172	1,342	4,207	7,652	15,228	19,484	19,150	24,428	19,849	141,426
<b>Revenues</b>														
Base Fee		\$39,719	\$40,183	\$39,971	\$40,243	\$39,971	\$39,709	\$39,578	\$39,618	\$39,850	\$39,971	\$39,820	\$39,659	\$478,291
Volume Charge		167,549	105,043	26,655	12,128	13,895	43,541	79,202	157,610	201,663	198,200	252,835	205,438	1,463,759
<b>Total Irrigation Revenues</b>		<b>\$207,268</b>	<b>\$145,226</b>	<b>\$66,626</b>	<b>\$52,371</b>	<b>\$53,866</b>	<b>\$83,250</b>	<b>\$118,779</b>	<b>\$197,228</b>	<b>\$241,514</b>	<b>\$238,171</b>	<b>\$292,655</b>	<b>\$245,097</b>	<b>\$1,942,050</b>



Effective 7.1.24	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Total	
<b>Summary</b>														% of Total
<b>Customers</b>														
Residential	13,601	13,621	13,691	13,631	13,623	13,653	13,739	13,781	14,369	14,154	13,968	13,880	13,880	79.8%
Multi-Family	1,129	1,132	1,131	1,129	1,131	1,129	1,132	1,133	1,154	1,142	1,134	1,135	1,135	6.5%
Non-Residential	1,722	1,716	1,732	1,729	1,724	1,722	1,729	1,727	1,729	1,735	1,739	1,738	1,738	10.0%
Irrigation	543	548	547	547	547	545	545	544	549	548	548	544	544	3.1%
Recycled Water	81	81	84	81	85	85	82	83	86	87	88	88	88	0.5%
<b>Total Number of Customers</b>	<b>17,076</b>	<b>17,098</b>	<b>17,185</b>	<b>17,117</b>	<b>17,110</b>	<b>17,134</b>	<b>17,227</b>	<b>17,268</b>	<b>17,887</b>	<b>17,666</b>	<b>17,477</b>	<b>17,385</b>	<b>17,385</b>	
<b>Consumption</b>														
Residential	86,029	79,939	55,122	39,427	54,538	59,163	67,261	77,849	83,573	78,681	93,813	81,290	856,685	44.3%
Multi-Family	36,032	34,958	28,778	21,461	29,364	30,713	32,507	32,559	31,230	28,578	32,931	33,903	373,014	19.3%
Non-Residential	44,248	42,147	31,922	21,096	30,222	33,995	37,541	40,100	43,072	42,620	45,436	39,444	451,842	23.3%
Irrigation	16,188	10,149	2,575	1,172	1,342	4,207	7,652	15,228	19,484	19,150	24,428	19,849	141,426	7.3%
Recycled Water	12,509	8,671	2,007	865	989	3,617	6,678	13,075	14,587	17,495	17,734	13,900	112,127	5.8%
<b>Total Consumption</b>	<b>195,007</b>	<b>175,864</b>	<b>120,404</b>	<b>84,020</b>	<b>116,456</b>	<b>131,695</b>	<b>151,639</b>	<b>178,811</b>	<b>191,947</b>	<b>186,523</b>	<b>214,341</b>	<b>188,387</b>	<b>1,935,094</b>	
<b>Revenues</b>														
<b>Base Fee</b>	<b>\$653,639</b>	<b>\$654,537</b>	<b>\$658,248</b>	<b>\$655,455</b>	<b>\$656,857</b>	<b>\$656,141</b>	<b>\$659,539</b>	<b>\$660,345</b>	<b>\$680,150</b>	<b>\$672,980</b>	<b>\$666,991</b>	<b>\$665,711</b>	<b>\$7,940,591</b>	<b>29.6%</b>
Residential	411,430	412,035	414,153	412,338	412,096	413,003	415,605	416,875	434,662	428,159	422,532	419,870	5,012,758	18.7%
Multi-Family	80,161	80,252	80,504	80,181	81,845	80,807	81,149	81,079	82,289	81,462	81,129	82,360	973,218	3.6%
Non-Residential	122,329	122,067	123,620	122,693	122,945	122,622	123,207	122,773	123,348	123,388	123,509	123,822	1,476,324	5.5%
Irrigation	39,719	40,183	39,971	40,243	39,971	39,709	39,578	39,618	39,850	39,971	39,820	39,659	478,291	1.8%
Recycled Water	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
<b>Volume Charge</b>	<b>1,922,496</b>	<b>1,714,921</b>	<b>1,144,333</b>	<b>787,670</b>	<b>1,102,321</b>	<b>1,258,691</b>	<b>1,456,490</b>	<b>1,744,493</b>	<b>1,900,576</b>	<b>1,837,956</b>	<b>2,169,983</b>	<b>1,856,678</b>	<b>18,896,608</b>	<b>70.4%</b>
Residential	844,561	766,837	499,605	347,975	491,451	542,519	623,000	746,565	827,103	770,847	975,767	797,002	8,233,233	30.7%
Multi-Family	345,183	334,896	275,693	205,599	281,306	294,232	311,414	311,915	299,185	273,779	315,474	324,795	3,573,469	13.3%
Non-Residential	448,680	427,375	323,686	213,909	306,454	344,705	380,665	406,612	436,749	432,165	460,719	399,963	4,581,683	17.1%
Irrigation	167,549	105,043	26,655	12,128	13,895	43,541	79,202	157,610	201,663	198,200	252,835	205,438	1,463,759	5.5%
Recycled Water	116,522	80,769	18,695	8,060	9,216	33,694	62,210	121,790	135,877	162,965	165,188	129,479	1,044,464	3.9%
<b>Total Revenues</b>	<b>\$2,576,135</b>	<b>\$2,369,458</b>	<b>\$1,802,581</b>	<b>\$1,443,125</b>	<b>\$1,759,178</b>	<b>\$1,914,832</b>	<b>\$2,116,029</b>	<b>\$2,404,838</b>	<b>\$2,580,726</b>	<b>\$2,510,935</b>	<b>\$2,836,974</b>	<b>\$2,522,388</b>	<b>\$26,837,199</b>	
<b>FY 2024-25 Budget</b>													<b>\$26,506,593</b>	
Difference													\$330,606	
Percent													1.2%	
<b>FY 2023-24 Actual</b>													<b>\$24,884,864</b>	
Difference													\$1,952,335	
Percent													7.8%	
<b>Prior Study Rev Req FY 2024-25</b>													<b>\$26,878,210</b>	
Difference													(\$41,011)	
Percent													-0.2%	

**City of San Luis Obispo**  
**Water Rate Study**  
**Residential Rates**

	<i><b>Present Rates</b></i>	<b>FY 2025-26</b>	<b>FY 2026-27</b>
<b>Fixed Charge</b>			
Per Account	\$30.25	\$31.91	\$33.67
<b>Consumption Charge</b>			
0 - 5 CCF	\$8.54	\$9.01	\$9.51
5 - 12 CCF	9.84	10.38	10.95
12 + CCF	16.97	17.90	18.88

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**City of San Luis Obispo  
Water Rate Study  
Multi-Family Rates**

	<i><b>Present Rates</b></i>	<b>FY 2025-26</b>	<b>FY 2026-27</b>
<b>Fixed Charge</b>			
3/4" & Less	\$30.25	\$31.91	\$33.67
1"	50.50	53.28	56.21
1 1/2"	100.80	106.34	112.19
2"	161.30	170.17	179.53
3"	302.60	319.24	336.80
4"	504.45	532.19	561.46
6"	1,008.60	1,064.07	1,122.59
8"	1,613.85	1,702.61	1,796.25
<b>Consumption Charge</b>			
All Use	\$9.58	\$10.11	\$10.67

**City of San Luis Obispo  
Water Rate Study  
Non-Residential Rates**

	<i><b>Present Rates</b></i>	<b>FY 2025-26</b>	<b>FY 2026-27</b>
<b>Fixed Charge</b>			
3/4" & Less	\$30.25	\$31.91	\$33.67
1"	50.50	53.28	56.21
1 1/2"	100.80	106.34	112.19
2"	161.30	170.17	179.53
3"	302.60	319.24	336.80
4"	504.45	532.19	561.46
6"	1,008.60	1,064.07	1,122.59
8"	1,613.85	1,702.61	1,796.25
<b>Consumption Charge</b>			
All Use	\$10.14	\$10.70	\$11.29

**City of San Luis Obispo**  
**Water Rate Study**  
**Irrigation Rates**

	<i><b>Present Rates</b></i>	<b>FY 2025-26</b>	<b>FY 2026-27</b>
<b>Fixed Charge</b>			
3/4" & Less	\$30.25	\$31.91	\$33.67
1"	50.50	53.28	56.21
1 1/2"	100.80	106.34	112.19
2"	161.30	170.17	179.53
3"	302.60	319.24	336.80
4"	504.45	532.19	561.46
6"	1,008.60	1,064.07	1,122.59
8"	1,613.85	1,702.61	1,796.25
<b>Consumption Charge</b>			
All Use	\$10.35	\$10.92	\$11.52



## Technical Appendix B – Wastewater Analysis

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City of San Luis Obispo  
Sewer Rate Study  
Summary of the Revenue Requirement  
Exhibit 1

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35
<b>Revenues</b>											
Rate Revenues	\$19,140,992	\$19,294,120	\$19,448,473	\$19,604,061	\$19,760,893	\$19,918,980	\$20,078,332	\$20,238,959	\$20,400,871	\$20,564,078	\$20,728,590
Miscellaneous Revenues	2,091,847	1,215,587	1,256,106	1,259,935	1,268,705	1,344,541	1,377,303	1,447,686	1,487,260	1,529,448	1,716,724
<b>Total Revenues</b>	<b>\$21,232,839</b>	<b>\$20,509,707</b>	<b>\$20,704,579</b>	<b>\$20,863,995</b>	<b>\$21,029,598</b>	<b>\$21,263,522</b>	<b>\$21,455,635</b>	<b>\$21,686,645</b>	<b>\$21,888,131</b>	<b>\$22,093,526</b>	<b>\$22,445,314</b>
<b>Expenses</b>											
Total Unfunded Liability	\$1,016,890	\$979,538	\$1,033,969	\$1,077,374	\$1,122,772	\$1,170,440	\$1,220,491	\$1,273,044	\$1,328,226	\$1,386,166	\$1,447,003
Total Finance NonDepart	87,904	90,541	93,257	0	0	0	0	0	0	0	0
Total Wastewater Admin and Engineering	5,119,918	5,776,668	5,958,158	6,176,323	6,443,656	6,723,111	7,015,258	7,320,692	7,638,771	7,972,647	8,321,774
Total Wastewater Collection	1,519,166	1,600,108	1,677,309	1,755,343	1,808,995	1,864,307	1,921,330	1,980,119	2,040,728	2,103,216	2,167,643
Total Environmental Programs	415,941	565,915	456,871	477,967	492,306	507,075	522,287	537,956	554,095	570,718	587,839
Total Water Resource Recovery	4,517,815	4,807,649	5,036,357	5,263,892	5,448,357	5,639,683	5,838,143	6,044,020	6,257,610	6,479,221	6,709,175
Total Utility Billing	377,280	384,216	400,810	415,296	427,755	440,587	453,805	467,419	487,939	502,577	517,654
Total Water Quality Lab	753,650	789,109	826,251	862,751	888,634	915,293	942,752	971,034	1,000,165	1,030,170	1,061,075
Total Additional O&M	0	0	0	0	0	0	0	0	0	0	0
<b>Total O&amp;M Expenses</b>	<b>\$13,808,565</b>	<b>\$14,993,745</b>	<b>\$15,482,982</b>	<b>\$16,028,946</b>	<b>\$16,632,474</b>	<b>\$17,260,496</b>	<b>\$17,914,066</b>	<b>\$18,594,284</b>	<b>\$19,307,535</b>	<b>\$20,044,716</b>	<b>\$20,812,165</b>
Rate Funded Capital	\$715,000	\$90,000	\$975,000	\$2,100,000	\$3,175,000	\$5,125,000	\$5,750,000	\$6,375,000	\$7,000,000	\$7,650,000	\$8,450,000
Net Debt Service	6,705,933	6,798,607	6,790,097	6,788,453	6,786,938	6,169,600	6,168,162	6,166,740	6,165,119	6,163,437	6,161,791
Total To / (From) Reserves	3,341	(118,527)	66,971	23,253	96,016	80,174	16,947	15,796	4,337	2,261	23,017
<b>Total Revenue Requirement</b>	<b>\$21,232,839</b>	<b>\$21,763,825</b>	<b>\$23,315,051</b>	<b>\$24,940,652</b>	<b>\$26,690,429</b>	<b>\$28,635,271</b>	<b>\$29,849,175</b>	<b>\$31,151,821</b>	<b>\$32,476,990</b>	<b>\$33,860,413</b>	<b>\$35,446,973</b>
Bal. / (Def.) of Funds	\$0	(\$1,254,118)	(\$2,610,471)	(\$4,076,657)	(\$5,660,831)	(\$7,371,749)	(\$8,393,540)	(\$9,465,176)	(\$10,588,859)	(\$11,766,888)	(\$13,001,659)
Balance a % of Rate Adj. Req'd	0.0%	6.5%	13.4%	20.8%	28.6%	37.0%	41.8%	46.8%	51.9%	57.2%	62.7%
<b>Proposed Rate Adjustment</b>	<b>0.0%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>
Add'l Revenue with Rate Adj.	\$0	\$1,254,118	\$2,610,471	\$4,076,657	\$5,660,831	\$7,371,749	\$8,393,540	\$9,465,176	\$10,588,859	\$11,766,888	\$13,001,659
Bal. / (Def.) After Rate Adj.	\$0	(\$0)	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Additional Rate Adjustment Required</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Average Residential Customer Bill</b>	<b>\$63.80</b> (Base Charge + 6 CCF [4 CCF Cap])										
Customer Bill on Proposed Adjustment		\$67.95	\$72.37	\$77.07	\$82.08	\$87.42	\$90.48	\$93.65	\$96.92	\$100.32	\$103.83
<b>Total Ending Balance</b>	<b>\$37,699,648</b>	<b>\$29,720,133</b>	<b>\$23,898,730</b>	<b>\$21,740,699</b>	<b>\$20,172,595</b>	<b>\$19,329,278</b>	<b>\$17,537,905</b>	<b>\$19,486,827</b>	<b>\$19,076,533</b>	<b>\$20,826,840</b>	<b>\$19,847,479</b>

City of San Luis Obispo  
Sewer Rate Study  
Escalation Factors  
Exhibit 2

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
<b>Revenues</b>												
Customer Growth	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	
Rate Revenue Adjustment	0.0%	6.5%	6.5%	6.5%	6.5%	6.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Miscellaneous Revenues	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	
<b>Expenses</b>												
CIP	0.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
<b>Interest</b>	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
<b>New Debt Service</b>												
<b>Low Interest Loans</b>												
Term in Years	30	30	30	30	30	30	30	30	30	30	30	
Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
<b>Revenue Bond</b>												
Term in Years	30	30	30	30	30	30	30	30	30	30	30	
Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	



	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
<b>Revenues</b>												
<b>Rate Revenues</b>												
Residential	\$9,426,715	\$9,502,129	\$9,578,146	\$9,654,771	\$9,732,009	\$9,809,865	\$9,888,344	\$9,967,451	\$10,047,191	\$10,127,568	\$10,208,589	As Customer Growth
Multi-Family	3,774,251	3,804,445	3,834,880	3,865,559	3,896,484	3,927,656	3,959,077	3,990,750	4,022,676	4,054,857	4,087,296	As Customer Growth
Non-Residential	5,940,026	5,987,546	6,035,447	6,083,730	6,132,400	6,181,459	6,230,911	6,280,758	6,331,004	6,381,652	6,432,706	As Customer Growth
<b>Total Rate Revenues</b>	<b>\$19,140,992</b>	<b>\$19,294,120</b>	<b>\$19,448,473</b>	<b>\$19,604,061</b>	<b>\$19,760,893</b>	<b>\$19,918,980</b>	<b>\$20,078,332</b>	<b>\$20,238,959</b>	<b>\$20,400,871</b>	<b>\$20,564,078</b>	<b>\$20,728,590</b>	
<b>Other Revenues</b>												
Interest on Investment	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	
Industrial User Charges	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	
Miscellaneous Penalties	118,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	
Utility Set-up Fees - Water Distribution	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
Utility Set-up Fees - Utility Billing	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	
Other Utility Charges	0	0	0	0	0	0	0	0	0	0	0	
Low Income Subsidy	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	
Credit Collections	14,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Development Review Related Revenue	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	
Miscellaneous Revenues	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	
Cal Poly	1,246,313	367,053	407,572	411,401	420,171	496,007	528,769	599,152	638,726	680,914	868,190	As Rate Revenue Adjustment
Cal Poly Capacity & Resilience	472,534	472,534	472,534	472,534	472,534	472,534	472,534	472,534	472,534	472,534	472,534	
<b>Total Other Revenues</b>	<b>\$2,091,847</b>	<b>\$1,215,587</b>	<b>\$1,256,106</b>	<b>\$1,259,935</b>	<b>\$1,268,705</b>	<b>\$1,344,541</b>	<b>\$1,377,303</b>	<b>\$1,447,686</b>	<b>\$1,487,260</b>	<b>\$1,529,448</b>	<b>\$1,716,724</b>	
<b>Total Revenues</b>	<b>\$21,232,839</b>	<b>\$20,509,707</b>	<b>\$20,704,579</b>	<b>\$20,863,995</b>	<b>\$21,029,598</b>	<b>\$21,263,522</b>	<b>\$21,455,635</b>	<b>\$21,686,645</b>	<b>\$21,888,131</b>	<b>\$22,093,526</b>	<b>\$22,445,314</b>	
<b>Expenses</b>												
<b>Unfunded Liability</b>												
52003-PERS Unfunded Liability - ADP Payments	\$250,875	\$169,419	\$169,419	\$169,419	\$169,419	\$169,419	\$169,419	\$169,419	\$169,419	\$169,419	\$169,419	
52003-PERS Unfunded Liability	766,015	810,119	864,550	907,955	953,353	1,001,021	1,051,072	1,103,625	1,158,807	1,216,747	1,277,584	
<b>Total Unfunded Liability</b>	<b>\$1,016,890</b>	<b>\$979,538</b>	<b>\$1,033,969</b>	<b>\$1,077,374</b>	<b>\$1,122,772</b>	<b>\$1,170,440</b>	<b>\$1,220,491</b>	<b>\$1,273,044</b>	<b>\$1,328,226</b>	<b>\$1,386,166</b>	<b>\$1,447,003</b>	
<b>Finance NonDepart</b>												
56003-Contingency Expense	\$87,904	\$90,541	\$93,257	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Finance NonDepart</b>	<b>\$87,904</b>	<b>\$90,541</b>	<b>\$93,257</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
<b>Wastewater Admin and Engineering</b>												
51001-Salaries - Regular	\$879,498	\$960,153	\$1,008,161	\$1,058,569	\$1,090,326	\$1,123,035	\$1,156,726	\$1,191,428	\$1,227,171	\$1,263,986	\$1,301,906	
51003-Salaries - Contract	84,774	89,012	93,463	98,136	101,080	104,113	107,236	110,453	113,767	117,180	120,695	
51004-Salaries - Temporary	132,494	204,510	211,466	153,378	157,980	162,719	167,601	172,629	177,807	183,142	188,636	
51010-Overtime	2,500	2,625	2,756	2,894	2,981	3,070	3,162	3,257	3,355	3,456	3,559	
52001-Retirement Contributions	67,856	71,249	74,811	78,552	80,908	83,335	85,835	88,410	91,063	93,795	96,609	
52002-Retirement PARS - 401	1,118	1,174	1,233	1,294	1,333	1,373	1,414	1,457	1,500	1,546	1,592	
53001-Employee Group Insurance	69,363	72,831	76,472	80,296	82,705	85,186	87,741	90,374	93,085	95,877	98,754	
53002-Retiree Healthcare	13,099	13,754	14,442	15,164	15,619	16,087	16,570	17,067	17,579	18,106	18,649	
55001-Medicare	13,123	13,779	14,468	15,192	15,647	16,117	16,600	17,098	17,611	18,140	18,684	
61001-Advertising and Public Outreach	50,000	52,000	54,080	55,702	57,373	59,095	60,868	62,694	64,574	66,512	68,507	
61007-Legal Services	42,058	43,740	45,490	46,854	48,260	49,708	51,199	52,735	54,317	55,947	57,625	
61008-Parking	6,830	7,103	7,387	7,609	7,837	8,072	8,315	8,564	8,821	9,085	9,358	
61013-Other Contract Services	155,315	176,248	100,618	103,636	106,746	109,948	113,246	116,644	120,143	123,747	127,460	
61501-City Water Service	400	416	433	446	459	473	487	502	517	532	548	
61502-City Sewer Service	330	343	357	368	379	390	402	414	426	439	452	
61503-Electric Service	2,800	3,136	3,293	3,457	3,630	3,812	4,002	4,203	4,413	4,633	4,865	
61504-Natural Gas Service	1,100	1,144	1,190	1,225	1,262	1,300	1,339	1,379	1,421	1,463	1,507	
61505-Communication Service	600	624	649	668	688	709	730	752	775	798	822	
62002-Office Supplies	5,363	5,578	5,801	5,975	6,154	6,338	6,529	6,725	6,926	7,134	7,348	
62003-Postage	600	624	649	668	688	709	730	752	775	798	822	
62004-Publications and Subscriptions	800	2,656	2,762	2,845	2,930	3,018	3,109	3,202	3,298	3,397	3,499	
62007-Employee Recognition	1,250	1,280	1,311	1,343	1,376	1,409	1,444	1,480	250	250	250	
62009-Software Licensing and Maint Agreements	31,857	37,244	38,931	40,099	41,302	42,541	43,818	45,132	46,486	47,881	49,317	
62010-Office Expenses - Other	0	12,500	0	0	0	0	0	0	0	0	0	
62505-Machinery and Equipment	2,750	2,860	2,974	3,064	3,156	3,250	3,348	3,448	3,552	3,658	3,768	
62506-Safety Materials and Supplies	600	624	649	668	688	709	730	752	775	798	822	
62509-Misc Materials and Supplies	1,550	1,612	1,676	1,727	1,779	1,832	1,887	1,943	2,002	2,062	2,124	
63001-Membership and Certifications	16,900	17,576	18,279	18,827	19,392	19,974	20,573	21,190	21,826	22,481	23,155	
63002-Education and Training	20,250	31,060	32,302	33,271	34,270	35,298	36,357	37,447	38,571	39,728	40,920	
63003-Trips and Meetings	500	520	541	557	574	591	609	627	646	665	685	
65013-Credit Cards Merchant Fees	223,992	230,711	237,633	244,762	252,104	259,668	267,458	275,481	283,746	292,258	301,026	
75001-Transfers - Out	1,451,616	1,640,326	1,722,342	1,808,460	1,898,882	1,993,827	2,093,518	2,198,194	2,308,104	2,423,509	2,544,684	
75002-Reimbursement Transfer Out	1,838,634	2,077,656	2,181,539	2,290,616	2,405,147	2,525,404	2,651,675	2,784,258	2,923,471	3,069,645	3,223,127	
<b>Total Wastewater Admin and Engineering</b>	<b>\$5,119,918</b>	<b>\$5,776,668</b>	<b>\$5,958,158</b>	<b>\$6,176,323</b>	<b>\$6,443,656</b>	<b>\$6,723,111</b>	<b>\$7,015,258</b>	<b>\$7,320,692</b>	<b>\$7,638,771</b>	<b>\$7,972,647</b>	<b>\$8,321,774</b>	
<b>Wastewater Collection</b>												
51001-Salaries - Regular	\$911,314	\$956,879	\$1,004,723	\$1,054,960	\$1,086,608	\$1,119,207	\$1,152,783	\$1,187,366	\$1,222,987	\$1,259,677	\$1,297,467	
51010-Overtime	6,500	6,825	7,166	7,525	7,750	7,983	8,222	8,469	8,723	8,985	9,254	
51017-Standby	15,000	15,750	16,538	17,364	17,885	18,422	18,975	19,544	20,130	20,734	21,356	
51018-Call Back	30,300	31,815	33,406	35,076	36,128	37,212	38,329	39,478	40,663	41,883	43,139	
52001-Retirement Contributions	89,068	93,522	98,198	103,108	106,201	109,387	112,669	116,049	119,530	123,116	126,809	
53001-Employee Group Insurance	135,777	142,566	149,694	157,179	161,894	166,751	171,753	176,906	182,213	187,679	193,310	
53002-Retiree Healthcare	12,916	13,562	14,240	14,952	15,401	15,863	16,339	16,829	17,334	17,854	18,390	
55001-Medicare	13,139	13,796	14,485	15,210	15,666	16,136	16,620	17,119	17,632	18,161	18,706	
61009-Regulatory Fees	5,000	5,200	5,408	5,570	5,737	5,909	6,087	6,269	6,457	6,651	6,851	
61013-Other Contract Services	45,150	46,956	48,835	50,300	51,809	53,363	54,964	56,613	58,311	60,060	61,862	
61027-Control Systems	12,058	12,540	13,042	13,433	13,836	14,251	14,679	15,119	15,573	16,040	16,521	
61503-Electric Service	35,543	45,000	47,250	49,613	52,093	54,698	57,433	60,304	63,320	66,485	69,810	
61504-Natural Gas Service	600	624	649	668	688	709	730	752	775	798	822	
61505-Communication Service	9,600	9,984	10,383	10,695	11,016	11,346	11,687	12,037	12,398	12,770	13,153	
62002-Office Supplies	2,500	2,600	2,704	2,785	2,869	2,955	3,043	3,135	3,229	3,326	3,425	
62009-Software Licensing and Maint Agreements	30,233	31,442	32,700	33,681	34,691	35,732	36,804	37,908	39,046	40,217	41,423	
62010-Office Expenses - Other	3,500	3,640	3,786	3,899	4,016	4,137	4,261	4,389	4,520	4,656	4,795	
62502-Construction Materials and Supplies	71,480	74,339	77,313	79,632	82,021	84,482	87,016	89,627	92,315	95,085	97,938	
62503-Equipment Maintenance Supplies	31,763	33,033	34,354	35,385	36,446	37,540	38,666	39,826	41,021	42,251	43,519	
62506-Safety Materials and Supplies	12,050	12,532	13,033	13,424	13,827	14,242	14,669	15,109	15,562	16,029	16,510	
62509-Misc Materials and Supplies	27,400	28,496	29,636	30,525	31,441	32,384	33,355	34,356	35,387	36,448	37,542	
63001-Membership and Certifications	5,275	5,486	5,705	5,877	6,053	6,234	6,422	6,614	6,813	7,017	7,227	
63002-Education and Training	12,500	13,000	13,520	13,926	14,343	14,774	15,217	15,673	16,144	16,628	17,127	
63003-Trips and Meetings	500	520	541	557	574	591	609	627	646	665	685	
<b>Total Wastewater Collection</b>	<b>\$1,519,166</b>	<b>\$1,600,108</b>	<b>\$1,677,309</b>	<b>\$1,755,343</b>	<b>\$1,808,995</b>	<b>\$1,864,307</b>	<b>\$1,921,330</b>	<b>\$1,980,119</b>	<b>\$2,040,728</b>	<b>\$2,103,216</b>	<b>\$2,167,643</b>	

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
<b>Environmental Programs</b>												
51001-Salaries - Regular	\$272,020	\$285,621	\$299,902	\$314,897	\$324,344	\$334,074	\$344,096	\$354,419	\$365,052	\$376,003	\$387,283	
51010-Overtime	1,000	1,050	1,103	1,158	1,192	1,228	1,265	1,303	1,342	1,382	1,424	
51018-Call Back	100	105	110	116	119	123	126	130	134	138	142	
52001-Retirement Contributions	23,522	24,698	25,933	27,229	28,046	28,888	29,754	30,647	31,566	32,513	33,489	
53001-Employee Group Insurance	31,804	33,394	35,064	36,817	37,922	39,060	40,231	41,438	42,681	43,962	45,281	
53002-Retiree Healthcare	2,755	2,893	3,037	3,189	3,285	3,384	3,485	3,590	3,697	3,808	3,922	
55001-Medicare	3,940	4,138	4,344	4,562	4,698	4,839	4,985	5,134	5,288	5,447	5,610	
61005-Data Processing Services	11,000	11,440	11,898	12,255	12,622	13,001	13,391	13,793	14,206	14,633	15,072	
61013-Other Contract Services	46,800	178,672	50,619	52,137	53,702	55,313	56,972	58,681	60,442	62,255	64,122	
61505-Communication Service	2,500	2,600	2,704	2,785	2,869	2,955	3,043	3,135	3,229	3,326	3,425	
62002-Office Supplies	1,750	1,820	1,893	1,950	2,008	2,068	2,130	2,194	2,260	2,328	2,398	
62004-Publications and Subscriptions	250	260	270	279	287	295	304	313	323	333	343	
62007-Employee Recognition	500	520	541	557	574	591	609	627	646	665	685	
62010-Office Expenses - Other	2,000	2,080	2,163	2,228	2,295	2,364	2,435	2,508	2,583	2,660	2,740	
62503-Equipment Maintenance Supplies	1,200	1,248	1,298	1,337	1,377	1,418	1,461	1,505	1,550	1,596	1,644	
62506-Safety Materials and Supplies	1,000	1,040	1,082	1,114	1,147	1,182	1,217	1,254	1,291	1,330	1,370	
62509-Misc Materials and Supplies	3,300	3,432	3,569	3,676	3,787	3,900	4,017	4,138	4,262	4,390	4,521	
63001-Membership and Certifications	1,500	1,545	1,607	1,655	1,705	1,756	1,808	1,863	1,919	1,976	2,035	
63002-Education and Training	8,500	8,840	9,194	9,469	9,753	10,046	10,347	10,658	10,978	11,307	11,646	
63003-Trips and Meetings	500	520	541	557	574	591	609	627	646	665	685	
<b>Total Environmental Programs</b>	<b>\$415,941</b>	<b>\$565,915</b>	<b>\$456,871</b>	<b>\$477,967</b>	<b>\$492,306</b>	<b>\$507,075</b>	<b>\$522,287</b>	<b>\$537,956</b>	<b>\$554,095</b>	<b>\$570,718</b>	<b>\$587,839</b>	
<b>Water Resource Recovery</b>												
51001-Salaries - Regular	\$1,349,832	\$1,417,324	\$1,488,190	\$1,562,599	\$1,609,477	\$1,657,762	\$1,707,495	\$1,758,719	\$1,811,481	\$1,865,826	\$1,921,800	
51010-Overtime	37,000	38,850	40,793	42,832	44,117	45,441	46,804	48,208	49,654	51,144	52,678	
51017-Standby	19,500	20,475	21,499	22,574	23,251	23,948	24,667	25,407	26,169	26,954	27,763	
51018-Call Back	12,500	13,125	13,781	14,470	14,904	15,352	15,812	16,286	16,775	17,278	17,797	
52001-Retirement Contributions	131,754	138,342	145,259	152,522	157,098	161,811	166,665	171,665	176,815	182,119	187,583	
53001-Employee Group Insurance	142,550	149,678	157,162	165,020	169,971	175,070	180,322	185,731	191,303	197,042	202,954	
53002-Retiree Healthcare	23,629	24,810	26,051	27,353	28,174	29,019	29,890	30,786	31,710	32,661	33,641	
55001-Medicare	19,429	20,400	21,420	22,491	23,166	23,861	24,577	25,314	26,073	26,856	27,661	
61009-Regulatory Fees	68,541	71,283	74,134	76,358	78,649	81,008	83,438	85,941	88,520	91,175	93,911	
61011-Maintenance	730	759	789	813	837	862	888	915	942	971	1,000	
61013-Other Contract Services	698,118	726,043	755,084	777,737	801,069	825,101	849,854	875,350	901,610	928,659	956,518	
61027-Control Systems	28,193	29,321	30,494	31,408	32,351	33,321	34,321	35,350	36,411	37,503	38,628	
61501-City Water Service	6,600	6,864	7,139	7,353	7,573	7,800	8,035	8,276	8,524	8,780	9,043	
61502-City Sewer Service	3,000	3,120	3,245	3,342	3,442	3,546	3,652	3,762	3,874	3,991	4,110	
61503-Electric Service	1,075,000	1,204,000	1,264,200	1,327,410	1,393,781	1,463,470	1,536,643	1,613,475	1,694,149	1,778,856	1,867,799	
61504-Natural Gas Service	18,000	18,720	19,469	20,053	20,654	21,274	21,912	22,570	23,247	23,944	24,662	
61505-Communication Service	12,000	12,480	12,979	13,369	13,770	14,183	14,608	15,046	15,498	15,963	16,442	
61506-Solid Waste Service	21,250	22,100	22,984	23,674	24,384	25,115	25,869	26,645	27,444	28,267	29,115	
62002-Office Supplies	8,000	8,320	8,653	8,912	9,180	9,455	9,739	10,031	10,332	10,642	10,961	
62004-Publications and Subscriptions	1,000	1,040	1,082	1,114	1,147	1,182	1,217	1,254	1,291	1,330	1,370	
62007-Employee Recognition	2,000	2,080	2,163	2,228	2,295	2,364	2,435	2,508	2,583	2,660	2,740	
62009-Software Licensing and Maint Agreements	24,196	25,084	26,087	26,870	27,676	28,506	29,361	30,242	31,149	32,084	33,046	
62010-Office Expenses - Other	2,000	2,080	2,163	2,228	2,295	2,364	2,435	2,508	2,583	2,660	2,740	
62501-Chemicals	583,989	613,188	643,848	676,040	696,321	717,211	738,727	760,889	783,716	807,227	831,444	
62502-Construction Materials and Supplies	13,000	13,520	14,061	14,483	14,917	15,365	15,826	16,300	16,789	17,293	17,812	
62503-Equipment Maintenance Supplies	142,348	148,042	153,963	158,582	163,340	168,240	173,287	178,486	183,840	189,355	195,036	
62506-Safety Materials and Supplies	25,056	26,058	27,101	27,914	28,751	29,614	30,502	31,417	32,359	33,330	34,330	
62509-Misc Materials and Supplies	10,600	11,024	11,465	11,809	12,163	12,528	12,904	13,291	13,690	14,100	14,523	
63001-Membership and Certifications	7,000	7,280	7,571	7,798	8,032	8,273	8,521	8,777	9,040	9,312	9,591	
63002-Education and Training	30,500	31,720	32,989	33,978	34,998	36,048	37,129	38,243	39,390	40,572	41,789	
63003-Trips and Meetings	500	520	541	557	574	591	609	627	646	665	685	
<b>Total Water Resource Recovery</b>	<b>\$4,517,815</b>	<b>\$4,807,649</b>	<b>\$5,036,357</b>	<b>\$5,263,892</b>	<b>\$5,448,357</b>	<b>\$5,639,683</b>	<b>\$5,838,143</b>	<b>\$6,044,020</b>	<b>\$6,257,610</b>	<b>\$6,479,221</b>	<b>\$6,709,175</b>	

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
<b>Utility Billing</b>												
51001-Salaries - Regular	\$87,263	\$91,627	\$96,208	\$101,018	\$104,049	\$107,170	\$110,385	\$113,697	\$117,108	\$120,621	\$124,240	
51010-Overtime	1,500	1,575	1,654	1,736	1,789	1,842	1,897	1,954	2,013	2,073	2,136	
52001-Retirement Contributions	8,767	9,205	9,666	10,149	10,453	10,767	11,090	11,423	11,765	12,118	12,482	
53001-Employee Group Insurance	11,738	12,325	12,941	13,588	13,996	14,416	14,849	15,294	15,753	16,225	16,712	
53002-Retiree Healthcare	1,114	1,170	1,229	1,290	1,329	1,369	1,410	1,452	1,496	1,541	1,587	
55001-Medicare	1,255	1,318	1,384	1,453	1,496	1,541	1,587	1,635	1,684	1,735	1,787	
61005-Data Processing Services	30,250	31,460	32,718	33,700	34,711	35,752	36,825	37,930	39,067	40,240	41,447	
61013-Other Contract Services	132,355	128,326	133,459	137,463	141,586	145,834	150,209	154,715	159,357	164,137	169,062	
61028-Personnel Services	0	51	106	110	113	116	120	123	6,624	6,823	7,028	
62001-Print and Reproduction	25,024	26,025	27,066	27,878	28,714	29,575	30,463	31,377	32,318	33,287	34,286	
62002-Office Supplies	250	260	270	279	287	295	304	313	323	333	343	
62003-Postage	75,014	78,014	81,135	83,569	86,076	88,658	91,318	94,058	96,879	99,786	102,779	
62007-Employee Recognition	100	104	108	111	115	118	122	125	129	133	137	
62505-Machinery and Equipment	375	390	406	418	430	443	457	470	484	499	514	
62509-Misc Materials and Supplies	125	130	135	139	143	148	152	157	161	166	171	
63001-Membership and Certifications	50	52	54	56	57	59	61	63	65	67	69	
63002-Education and Training	1,500	1,560	1,622	1,671	1,721	1,773	1,826	1,881	1,937	1,995	2,055	
63003-Trips and Meetings	600	624	649	668	688	709	730	752	775	798	822	
<b>Total Utility Billing</b>	<b>\$377,280</b>	<b>\$384,216</b>	<b>\$400,810</b>	<b>\$415,296</b>	<b>\$427,755</b>	<b>\$440,587</b>	<b>\$453,805</b>	<b>\$467,419</b>	<b>\$487,939</b>	<b>\$502,577</b>	<b>\$517,654</b>	
<b>Water Quality Lab</b>												
51001-Salaries - Regular	\$399,792	\$419,781	\$440,771	\$462,809	\$476,693	\$490,994	\$505,724	\$520,896	\$536,523	\$552,618	\$569,197	
51004-Salaries - Temporary	5,000	5,250	5,513	5,788	5,962	6,141	6,325	6,515	6,710	6,911	7,119	
51010-Overtime	12,000	12,600	13,230	13,892	14,308	14,737	15,180	15,635	16,104	16,587	17,085	
52001-Retirement Contributions	36,404	38,224	40,135	42,142	43,406	44,708	46,050	47,431	48,854	50,320	51,829	
53001-Employee Group Insurance	65,696	68,981	72,430	76,051	78,333	80,683	83,103	85,596	88,164	90,809	93,533	
53002-Retiree Healthcare	6,594	6,924	7,270	7,634	7,863	8,099	8,342	8,592	8,850	9,115	9,389	
55001-Medicare	5,727	6,013	6,314	6,630	6,829	7,034	7,245	7,462	7,686	7,916	8,154	
61009-Regulatory Fees	7,000	7,280	7,571	7,798	8,032	8,273	8,521	8,777	9,040	9,312	9,591	
61013-Other Contract Services	127,372	132,467	137,765	141,898	146,155	150,540	155,056	159,708	164,499	169,434	174,517	
61505-Communication Service	1,800	1,872	1,947	2,005	2,065	2,127	2,191	2,257	2,325	2,394	2,466	
62002-Office Supplies	1,100	1,144	1,190	1,225	1,262	1,300	1,339	1,379	1,421	1,463	1,507	
62004-Publications and Subscriptions	450	468	487	501	516	532	548	564	581	599	617	
62007-Employee Recognition	600	624	649	668	688	709	730	752	775	798	822	
62009-Software Licensing and Maint Agreements	9,000	9,360	9,734	10,026	10,327	10,637	10,956	11,285	11,623	11,972	12,331	
62506-Safety Materials and Supplies	5,550	5,772	6,003	6,183	6,368	6,560	6,756	6,959	7,168	7,383	7,604	
62509-Misc Materials and Supplies	53,589	55,732	57,962	59,701	61,492	63,336	65,236	67,194	69,209	71,286	73,424	
63001-Membership and Certifications	4,877	5,072	5,275	5,433	5,596	5,764	5,937	6,115	6,299	6,488	6,682	
63002-Education and Training	11,100	11,544	12,006	12,366	12,737	13,119	13,513	13,918	14,336	14,766	15,209	
<b>Total Water Quality Lab</b>	<b>\$753,650</b>	<b>\$789,109</b>	<b>\$826,251</b>	<b>\$862,751</b>	<b>\$888,634</b>	<b>\$915,293</b>	<b>\$942,752</b>	<b>\$971,034</b>	<b>\$1,000,165</b>	<b>\$1,030,170</b>	<b>\$1,061,075</b>	

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
<b>Additional O&amp;M</b>												
Future O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Additional O&amp;M</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total O&amp;M Expenses</b>	<b>\$13,808,565</b>	<b>\$14,993,745</b>	<b>\$15,482,982</b>	<b>\$16,028,946</b>	<b>\$16,632,474</b>	<b>\$17,260,496</b>	<b>\$17,914,066</b>	<b>\$18,594,284</b>	<b>\$19,307,535</b>	<b>\$20,044,716</b>	<b>\$20,812,165</b>	
<b>Rate Funded Capital</b>	<b>\$715,000</b>	<b>\$90,000</b>	<b>\$975,000</b>	<b>\$2,100,000</b>	<b>\$3,175,000</b>	<b>\$5,125,000</b>	<b>\$5,750,000</b>	<b>\$6,375,000</b>	<b>\$7,000,000</b>	<b>\$7,650,000</b>	<b>\$8,450,000</b>	\$2,773,962 FY 2023-24 Dep. Exp.
<b>Debt Service</b>												
WRRF Energy Efficiency Project	\$616,939	\$616,711	\$616,477	\$616,236	\$615,987	\$0	\$0	\$0	\$0	\$0	\$0	Debt Schedule
Tank Farm Lift Station - I Bank	549,999	548,786	547,535	546,242	544,908	543,530	542,108	540,639	539,123	537,557	535,940	Debt Schedule
2018 Refunding Bond - Dispatch Center	30,203	30,156	23,132	23,021	23,090	23,116	23,100	23,147	23,042	22,926	22,897	Debt Schedule
2019 SRF Loan - WRRF Upgrade	5,808,792	5,902,954	5,902,954	5,902,954	5,902,954	5,902,954	5,902,954	5,902,954	5,902,954	5,902,954	5,902,954	Debt Schedule
Additional Long-Term Debt	0	0	0	0	0	0	0	0	0	0	0	Calculated @ 5% for 30 yrs
<b>Total Debt Service</b>	<b>\$7,005,933</b>	<b>\$7,098,607</b>	<b>\$7,090,097</b>	<b>\$7,088,453</b>	<b>\$7,086,938</b>	<b>\$6,469,600</b>	<b>\$6,468,162</b>	<b>\$6,466,740</b>	<b>\$6,465,119</b>	<b>\$6,463,437</b>	<b>\$6,461,791</b>	
<i>LESS: Other Funding</i>												
Development Impact Fees	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	
<b>Net Debt Service</b>	<b>\$6,705,933</b>	<b>\$6,798,607</b>	<b>\$6,790,097</b>	<b>\$6,788,453</b>	<b>\$6,786,938</b>	<b>\$6,169,600</b>	<b>\$6,168,162</b>	<b>\$6,166,740</b>	<b>\$6,165,119</b>	<b>\$6,163,437</b>	<b>\$6,161,791</b>	
<b>To / (From) Reserves</b>												
To / (From) Operating Reserve	\$3,341	(\$118,527)	\$66,971	\$23,253	\$96,016	\$80,174	\$16,947	\$15,796	\$4,337	\$2,261	\$23,017	
To / (From) Capital Reserve	0	0	0	0	0	0	0	0	0	0	0	
To / (From) Rate Stabilization Reserve	0	0	0	0	0	0	0	0	0	0	0	
<b>Total To / (From) Reserves</b>	<b>\$3,341</b>	<b>(\$118,527)</b>	<b>\$66,971</b>	<b>\$23,253</b>	<b>\$96,016</b>	<b>\$80,174</b>	<b>\$16,947</b>	<b>\$15,796</b>	<b>\$4,337</b>	<b>\$2,261</b>	<b>\$23,017</b>	
<b>Total Revenue Requirement</b>	<b>\$21,232,839</b>	<b>\$21,763,825</b>	<b>\$23,315,051</b>	<b>\$24,940,652</b>	<b>\$26,690,429</b>	<b>\$28,635,271</b>	<b>\$29,849,175</b>	<b>\$31,151,821</b>	<b>\$32,476,990</b>	<b>\$33,860,413</b>	<b>\$35,446,973</b>	
Bal. / (Def.) of Funds	\$0	(\$1,254,118)	(\$2,610,471)	(\$4,076,657)	(\$5,660,831)	(\$7,371,749)	(\$8,393,540)	(\$9,465,176)	(\$10,588,859)	(\$11,766,888)	(\$13,001,659)	
Balance a % of Rate Adj. Req'd	0.0%	6.5%	13.4%	20.8%	28.6%	37.0%	41.8%	46.8%	51.9%	57.2%	62.7%	
<b>Proposed Rate Adjustment</b>	<b>0.0%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>	
<i>Months of Adjustment</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	
Add'l Revenue with Rate Adj.	\$0	\$1,254,118	\$2,610,471	\$4,076,657	\$5,660,831	\$7,371,749	\$8,393,540	\$9,465,176	\$10,588,859	\$11,766,888	\$13,001,659	
Bal. / (Def.) After Rate Adj.	\$0	(\$0)	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Add'l Rate Adj. Req'd</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
<b>Average Residential Customer Bill</b>												
	\$63.80 (Base Charge + 6 CCF [4 CCF Cap])											
Customer Bill on Proposed Adjustment		\$67.95	\$72.37	\$77.07	\$82.08	\$87.42	\$90.48	\$93.65	\$96.92	\$100.32	\$103.83	
Bill Difference - Monthly		4.15	4.42	4.70	5.01	5.34	3.06	3.17	3.28	3.39	3.51	
Cumulative Bill Difference		4.15	8.57	13.27	18.28	23.62	26.68	29.85	33.12	36.52	40.03	
<b>Debt Service Coverage Ratio (all debt, not including DIF)</b>												
Before Rate Adjustment	1.06	0.78	0.74	0.68	0.62	0.62	0.55	0.48	0.40	0.32	0.25	
After Proposed Rate Adjustment	1.06	0.95	1.10	1.26	1.42	1.76	1.85	1.94	2.04	2.14	2.26	
<b>Debt Service Coverage Ratio (all debt, including DIF)</b>												
Before Rate Adjustment	1.15	0.86	0.82	0.77	0.71	0.71	0.64	0.57	0.49	0.41	0.35	
After Proposed Rate Adjustment	1.15	1.04	1.19	1.34	1.50	1.85	1.94	2.03	2.13	2.23	2.36	
<b>Reserve Funds</b>												
Total Beginning Balance	\$53,797,920	\$37,699,648	\$29,720,133	\$23,898,730	\$21,740,699	\$20,172,595	\$19,329,278	\$17,537,905	\$19,486,827	\$19,076,533	\$20,826,840	
<b>Operating Fund</b>												
Beginning Balance	\$2,761,713	\$2,998,749	\$3,096,596	\$3,205,789	\$3,326,495	\$3,452,099	\$3,582,813	\$3,718,857	\$3,861,507	\$4,008,943	\$4,162,433	20% of O&M
Plus: Additions	3,341	0	66,971	23,253	96,016	80,174	16,947	15,796	4,337	2,261	23,017	
Less: Uses of Funds	0	(118,527)	0	0	0	0	0	0	0	0	0	
Ending Balance	\$2,765,054	\$2,880,222	\$3,163,568	\$3,229,043	\$3,422,511	\$3,532,274	\$3,599,760	\$3,734,653	\$3,865,844	\$4,011,204	\$4,185,450	
<b>Capital Fund</b>												
Beginning Balance	\$43,991,991	\$27,586,321	\$19,433,424	\$13,421,739	\$11,055,952	\$9,268,794	\$8,235,705	\$6,246,676	\$7,988,667	\$7,363,876	\$8,890,729	Balance of Funds
Plus: Additions	0	0	0	0	0	0	0	1,633,125	0	1,448,046	0	
Plus: LTD Proceeds	15,000,000	0	0	0	0	0	0	0	0	0	0	
Development Impact Fees	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	
Less: Capital Project Funding	(31,701,613)	(8,460,987)	(6,488,375)	(2,781,284)	(2,264,120)	(1,523,492)	(2,408,320)	(300,000)	(1,014,630)	(300,000)	(1,602,379)	
Ending Balance	\$27,890,378	\$19,725,334	\$13,545,049	\$11,240,455	\$9,391,832	\$8,345,302	\$6,427,385	\$8,179,801	\$7,574,037	\$9,111,922	\$7,888,350	
<b>Rate Stabilization</b>												
Beginning Balance	\$957,050	\$1,027,412	\$1,102,947	\$1,184,036	\$1,271,086	\$1,364,536	\$1,423,594	\$1,485,207	\$1,549,486	\$1,616,548	\$1,686,512	5% of Rate Revenues
Plus: Additions	0	0	0	0	0	0	0	0	0	0	0	
Less: Capital Project Funding	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance	\$957,050	\$1,027,412	\$1,102,947	\$1,184,036	\$1,271,086	\$1,364,536	\$1,423,594	\$1,485,207	\$1,549,486	\$1,616,548	\$1,686,512	
<b>UFL Trust &amp; SRF Loan</b>												
Beginning Balance	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	
Plus: Additions	0	0	0	0	0	0	0	0	0	0	0	
Less: Capital Project Funding	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	\$6,087,166	
Total Ending Balance	\$37,699,648	\$29,720,133	\$23,898,730	\$21,740,699	\$20,172,595	\$19,329,278	\$17,537,905	\$19,486,827	\$19,076,533	\$20,826,840	\$19,847,479	
Days of O&M	997	723	563	495	443	409	357	383	361	379	348	

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Total	Notes
<b>Wastewater Collection</b>													
Upcoming Pipeline Replacement Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,280,186	\$0	\$2,419,049	\$4,699,236	
Wastewater Collection System - Point Repairs	120,000	353,600	254,616	262,254	0	278,226	0	295,170	0	0	0	1,563,866	
Sewer-main Replacement: Morro, Mill, Santa Rosa, and Chorro	1,100,000	46,800	0	0	0	0	0	0	0	0	0	1,146,800	
Sewer-main Replacement: Henry, and Sierra Way	2,200,000	0	0	0	0	0	0	0	0	0	0	2,200,000	
Sewer-main Replacement: Oceanaire - Cayucos to Froom Road	700,000	36,400	0	0	0	0	0	0	0	0	0	736,400	
Sewer-main Replacement: Islay - Nipomo to Santa Rosa	0	2,184,000	0	0	0	0	0	0	0	0	0	2,184,000	
Sewer-main Replacement: Taft, Hathaway, Phillips, Buena Vista, and Loc	0	343,200	0	0	0	0	0	0	0	0	0	343,200	
Sewer-main Replacement: Serrano, Bressi, Dana and Higuera	(1,275,000)	0	0	0	0	2,196,824	0	0	0	0	0	921,824	
Sewer-main Replacement: Murray, Chorro, and Meinecke	0	270,400	0	0	0	0	0	0	0	0	0	270,400	
Sewer-main Replacement: Chorro - Boysen to Rougeot	250,000	0	2,917,475	0	0	0	0	0	0	0	0	3,167,475	
Sewer-main Replacement: Buchon - Morro to Johnson	0	0	143,222	2,715,427	0	0	0	0	0	0	0	2,858,648	
Sewer-main Replacement: Bee Bee from High Street to South Street	0	0	0	0	0	0	0	24,597	696,724	0	0	721,321	
Sewer-main Replacement: Lincoln, Chorro, Morro, Toro	0	0	0	0	0	0	161,197	3,056,237	0	0	0	3,217,434	
Sewer-main Replacement: Foothill Sewer Siphon	0	0	0	0	168,826	2,260,584	0	0	0	0	0	2,429,411	
Sewer-main Replacement: Broad Street, Sacramento, Capitolio, and Bul	0	0	0	0	0	0	0	0	0	65,239	3,964,553	4,029,792	
Sewer-main Replacement: Oceanaire - Laguna to Cayucos	0	0	0	0	0	115,927	2,364,224	0	0	0	0	2,480,151	
Sewer-main Replacement: Broad, Murray, and Chorro	0	0	0	158,445	0	0	0	0	4,294,351	0	0	4,452,796	
Sewer-main Replacement: San Jose, Ramona, Monte Vista, California	1,225,000	0	328,879	0	0	0	0	0	0	0	0	1,553,879	
Sewer Inflow/Infiltration Reduction	470,000	436,800	445,578	458,945	281,377	289,819	298,513	307,468	0	0	0	2,988,501	
Sewer Utility Trench Repair	25,000	26,000	26,523	27,318	33,765	34,778	35,822	36,896	38,003	39,143	40,317	363,566	
Sewer Maintenance Cover Adjustments	30,000	114,400	31,827	32,782	39,393	40,575	41,792	43,046	44,337	45,667	47,037	510,855	
Flow Study	0	0	0	0	0	0	0	0	0	0	10,536	10,536	
Sewer Lift Station Maintenance	20,000	83,200	0	87,418	0	92,742	0	98,390	0	0	0	381,750	
Laguna Lift Station Upgrades	0	332,800	0	0	0	0	0	0	0	0	0	332,800	
Buckley Sewer Lift Station	150,000	0	0	0	0	0	0	0	0	0	0	150,000	
Foothill Lift Station	0	0	0	0	0	463,710	4,179,183	0	0	0	0	4,642,893	
Airport Lift Station	1,227,000	0	0	0	4,102,480	0	0	0	0	0	0	5,329,480	
Silver City Lift Station	0	208,000	0	0	0	0	0	0	0	0	0	208,000	
Placeholder	0	0	0	54,636	0	57,964	59,703	55,344	0	0	0	227,647	
Foothill and Santa Rosa CalTrans Pipeline Replacement	350,000	0	0	0	0	0	0	0	0	0	0	350,000	
Water Meters and Boxes (sewer fund contribution)	0	0	0	27,318	28,138	28,982	59,703	61,494	221,685	228,335	235,185	890,839	
AMI Water Meters	460,000	511,680	521,963	0	0	0	0	0	0	0	0	1,493,643	
AMI Meter Box Lids	75,000	78,000	79,568	0	0	0	0	0	0	0	0	232,568	
AMI Radio	360,000	406,640	414,812	0	0	0	0	0	0	0	0	1,181,452	
<b>Fleet - WWC</b>													
Wastewater Collections Portable Generator (1620)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$245,975	\$0	\$0	\$0	\$245,975	
Portable Sewage Pump (1730)	0	0	0	0	0	0	0	92,241	0	0	0	92,241	
Caterpillar Mini Escavator	0	0	0	0	0	115,927	0	0	0	0	0	115,927	
Wastewater Collections Truck w/Dump Bed (1811)	0	0	0	0	0	0	0	122,987	0	0	0	122,987	
Wastewater Collections Truck (1631)	0	0	0	0	0	0	0	101,465	0	0	0	101,465	
Wastewater Collections Service Truck (1608)	0	0	0	0	0	0	119,405	0	0	0	0	119,405	
Wastewater Collections Service Truck (1810)	0	0	0	0	0	0	119,405	0	0	0	0	119,405	
Wastewater Collection Van (1643)	0	0	0	0	0	0	149,257	0	0	0	0	149,257	
Wastewater Collections Hydrocleaner (1407)	0	0	0	628,318	0	0	0	0	0	0	0	628,318	
Wastewater Collections Concrete Trailer (1804)	0	0	0	0	0	0	0	0	63,339	0	0	63,339	
Dump Truck (0840)	0	0	0	0	0	202,873	0	0	0	0	0	202,873	
<b>Total Wastewater Collection</b>	<b>\$7,487,000</b>	<b>\$5,431,920</b>	<b>\$5,164,461</b>	<b>\$4,452,863</b>	<b>\$4,653,979</b>	<b>\$6,178,931</b>	<b>\$7,588,202</b>	<b>\$4,541,309</b>	<b>\$7,638,624</b>	<b>\$378,384</b>	<b>\$6,716,679</b>	<b>\$60,232,352</b>	

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Total	Notes
<b>Water Resource Recovery Facility</b>													
WRRF - Asset Replacement	\$0	\$208,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$208,000	
Coating Maintenance	0	0	26,523	0	0	0	0	0	0	0	0	26,523	
Headworks Grit Piping and Blowers	0	0	265,225	0	0	0	0	0	0	0	0	265,225	
Rebuild Influent Storm Pumps	75,000	78,000	0	0	0	0	0	0	0	0	0	153,000	
Membrane Replacement	0	0	0	0	0	0	0	0	0	0	2,687,833	2,687,833	
UV Bulb Replacement (annual replacement)	50,000	0	0	54,636	56,275	57,964	59,703	61,494	0	0	0	340,072	
Cityworks Strategic Plan & Implementation	0	0	21,218	0	0	0	0	0	0	0	0	21,218	
Sludge Drying Bed Polymer Feed and Piping	0	0	0	0	0	69,556	0	0	0	0	0	69,556	
Screw Press	0	208,000	0	0	0	0	0	0	0	0	0	208,000	
WRRF and Wastewater Collection Maintenance Facility	(6,563,331)	0	0	0	0	0	0	0	0	0	0	(6,563,331)	
Lab Admin HVAC	0	156,000	0	0	0	0	0	0	0	0	0	156,000	
WRRF Digester Flare Upgrade	0	0	1,564,828	0	0	0	0	0	0	0	0	1,564,828	
Slurry Seal and Pavement	0	2,080,000	0	0	0	0	0	0	0	0	0	2,080,000	
<b>Fleet - WRRF</b>													
1000521-05-Sewer WRRF Compact Pickup (0851)	0	39,520	0	0	0	0	0	0	0	0	0	39,520	
Compact Pick-up (0851)	0	0	0	0	0	0	94,330	0	0	0	0	94,330	
<b>Total Water Resource Recovery Facility</b>	<b>(\$6,438,331)</b>	<b>\$2,769,520</b>	<b>\$1,877,793</b>	<b>\$54,636</b>	<b>\$56,275</b>	<b>\$127,520</b>	<b>\$154,033</b>	<b>\$61,494</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,687,833</b>	<b>\$1,350,773</b>	
<b>Miscellaneous</b>													
Pavement Management (Sewer Fund Contribution)	\$0	\$8,320	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,320	
ATP - Higuera Corridor Complete Street Design (Sewer Fund Contribution)	0	5,200	0	0	0	0	0	0	0	0	0	5,200	
Corp Yard Material Storage Stalls (Sewer Fund Contribution)	0	0	26,523	0	281,377	0	0	0	0	0	0	307,900	
Corporation Yard Perimeter Fence Replacement (Sewer Fund Contribution)	0	0	0	0	0	0	0	6,149	76,006	0	0	82,156	
Corporation Yard EV Charging Station (Sewer Fund Contribution)	0	0	84,872	0	0	0	0	0	0	0	0	84,872	
<b>Environmental Compliance</b>													
Pickup	\$0	\$0	\$0	\$0	\$51,211	\$0	\$0	\$0	\$0	\$0	\$0	\$51,211	
Sedan	0	0	0	45,895	0	0	0	0	0	0	0	45,895	
<b>Water Quality Lab</b>													
Water Quality Lab SUV	0	0	0	0	0	0	86,569	0	0	0	0	86,569	
<b>Administration</b>													
Roofing Project (Morro Refurbishment)	65,000	0	0	0	0	0	0	0	0	0	0	65,000	
Future Sewer Fund Vehicles	0	0	0	0	0	0	0	0	0	78,286	80,635	158,921	
Future Water Fund Vehicles	0	0	0	0	0	0	0	0	0	130,477	0	130,477	
<b>Shared IT</b>													
Wireless System Citywide	0	0	0	14,203	0	0	0	18,532	0	0	0	32,735	
Server Operating System	0	0	0	0	0	0	0	0	0	0	0	0	
UB System Upgrade	0	0	0	0	0	0	0	0	0	0	135,458	135,458	
Network Firewalls	0	0	0	0	0	24,063	0	0	0	0	32,338	56,401	
Virtual Private Network Replacment	0	0	0	0	0	17,979	0	0	0	0	24,162	42,141	
Network Switch Infrastructure Repl.	0	0	0	0	65,733	0	0	0	0	88,340	0	154,073	
Network Security Upgrade	0	0	0	10,175	0	0	12,149	0	0	14,506	0	36,830	
Radio Handhelds Repl.	0	0	0	0	0	0	0	83,192	0	0	0	83,192	
City SAN (Network Storage)	0	0	9,727	0	0	0	12,322	0	0	0	15,609	37,657	
Security Cameras	0	640	0	0	629	0	851	903	0	845	0	3,868	
Facility Security Citywide Camera Storage added redundancy	0	0	0	0	629	0	0	0	0	845	0	1,474	
Uninterruptible Power Supplies (UPS's Servers and Storage)	0	0	0	3,513	0	0	4,195	0	0	5,009	0	12,716	
PD/City backup storage, secondary storage	0	0	0	0	3,914	0	0	0	0	5,261	0	9,175	
VM Infrastructure	0	21,455	0	0	25,372	0	0	30,296	0	0	36,175	113,298	
<b>Total Miscellaneous</b>	<b>\$65,000</b>	<b>\$49,547</b>	<b>\$121,121</b>	<b>\$73,785</b>	<b>\$428,865</b>	<b>\$42,042</b>	<b>\$116,085</b>	<b>\$139,073</b>	<b>\$76,006</b>	<b>\$323,569</b>	<b>\$347,867</b>	<b>\$1,782,960</b>	



	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Total
CIP Carryover	\$31,002,944	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,002,944
Unidentified Future Capital Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,500,000	\$0	\$5,500,000
Delayed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer to Cash Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,633,125	\$0	\$1,448,046	\$0	\$3,081,171
<b>Total Capital Improvement Projects</b>	<b>\$32,116,613</b>	<b>\$8,250,987</b>	<b>\$7,163,375</b>	<b>\$4,581,284</b>	<b>\$5,139,120</b>	<b>\$6,348,492</b>	<b>\$7,858,320</b>	<b>\$6,375,000</b>	<b>\$7,714,630</b>	<b>\$7,650,000</b>	<b>\$9,752,379</b>	<b>\$102,950,200</b>
<b>Less: Outside Funding Sources</b>												
Operating Fund Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Fund Reserves	31,401,613	8,160,987	6,188,375	2,481,284	1,964,120	1,223,492	2,108,320	0	714,630	0	1,302,379	55,545,200
Grants	0	0	0	0	0	0	0	0	0	0	0	0
WRRF Upgrade Debt	0	0	0	0	0	0	0	0	0	0	0	0
Assumed New Low Interest Loan	0	0	0	0	0	0	0	0	0	0	0	0
Additional Revenue Bonds	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Funding Sources</b>	<b>\$31,401,613</b>	<b>\$8,160,987</b>	<b>\$6,188,375</b>	<b>\$2,481,284</b>	<b>\$1,964,120</b>	<b>\$1,223,492</b>	<b>\$2,108,320</b>	<b>\$0</b>	<b>\$714,630</b>	<b>\$0</b>	<b>\$1,302,379</b>	<b>\$55,545,200</b>
<b>Rate Funded Capital</b>	<b>\$715,000</b>	<b>\$90,000</b>	<b>\$975,000</b>	<b>\$2,100,000</b>	<b>\$3,175,000</b>	<b>\$5,125,000</b>	<b>\$5,750,000</b>	<b>\$6,375,000</b>	<b>\$7,000,000</b>	<b>\$7,650,000</b>	<b>\$8,450,000</b>	<b>\$47,405,000</b>

Effective 7.1.24		Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Total
<b>Residential</b>														
	<b>\$ / Acct.</b>													
<b>Base Fee</b>	<b>\$24.52</b>	<b>12,887</b>	<b>12,948</b>	<b>12,767</b>	<b>12,385</b>	<b>12,754</b>	<b>12,830</b>	<b>12,918</b>	<b>13,130</b>	<b>13,261</b>	<b>12,897</b>	<b>13,003</b>	<b>13,172</b>	12,913
<i>Total Base Fee Revenue</i>		\$315,989	\$317,485	\$313,047	\$303,680	\$312,728	\$314,592	\$316,749	\$321,948	\$325,160	\$316,234	\$318,834	\$322,977	\$3,799,423
	<b>\$ / CCF</b>													
<b>Volume Charge</b>	<b>\$9.82</b>	<b>52,256</b>	<b>52,414</b>	<b>45,975</b>	<b>36,691</b>	<b>46,517</b>	<b>48,161</b>	<b>50,194</b>	<b>51,442</b>	<b>49,840</b>	<b>44,872</b>	<b>46,687</b>	<b>47,995</b>	573,044
<i>Total Volume Charge Revenue</i>		\$513,154	\$514,705	\$451,475	\$360,306	\$456,797	\$472,941	\$492,905	\$505,160	\$489,429	\$440,643	\$458,466	\$471,311	\$5,627,292
<b>Total Residential Revenue</b>		<b>\$829,143</b>	<b>\$832,190</b>	<b>\$764,521</b>	<b>\$663,986</b>	<b>\$769,525</b>	<b>\$787,533</b>	<b>\$809,654</b>	<b>\$827,108</b>	<b>\$814,589</b>	<b>\$756,877</b>	<b>\$777,300</b>	<b>\$794,288</b>	<b>\$9,426,715</b>
<b>Multi-Family</b>														
	<b>\$ / Acct.</b>													
<b>Base Fee</b>														
3/4" or Less	\$24.52	619	622	622	611	618	618	620	627	630	619	622	629	621
1"	40.95	230	232	228	226	228	230	230	232	228	224	228	229	229
1.5"	81.65	130	130	129	129	128	130	129	130	129	129	130	127	129
2"	130.70	104	103	104	104	104	104	104	103	104	103	104	105	104
3"	245.21	3	3	3	3	3	3	3	3	3	3	3	3	3
4"	408.76	10	10	10	10	10	10	10	10	10	10	10	10	10
6"	817.28	6	6	6	6	6	6	6	6	6	6	6	6	6
8"	1,307.70	4	4	4	4	4	4	4	4	4	4	4	4	4
10"	1,880.02	0	0	0	0	0	0	0	0	0	0	0	0	0
		1,106	1,110	1,106	1,093	1,101	1,105	1,106	1,115	1,114	1,098	1,107	1,113	1,106
<i>Total Base Fee Revenue</i>		\$63,761	\$63,786	\$63,671	\$63,320	\$63,492	\$63,737	\$63,704	\$63,909	\$63,868	\$63,303	\$63,753	\$63,851	\$764,156
	<b>\$ / CCF</b>													
<b>Volume Charge</b>	<b>\$9.82</b>	<b>28,565</b>	<b>28,171</b>	<b>25,056</b>	<b>20,717</b>	<b>26,015</b>	<b>26,738</b>	<b>26,786</b>	<b>26,797</b>	<b>25,678</b>	<b>22,457</b>	<b>24,082</b>	<b>25,465</b>	306,527
<i>Total Volume Charge Revenue</i>		28,565	28,171	25,056	20,717	26,015	26,738	26,786	26,797	25,678	22,457	24,082	25,465	306,527
<i>Total Volume Charge Revenue</i>		\$280,508	\$276,639	\$246,050	\$203,441	\$255,467	\$262,567	\$263,039	\$263,147	\$252,158	\$220,528	\$236,485	\$250,066	\$3,010,095
<b>Total Multi-Family Revenue</b>		<b>\$344,270</b>	<b>\$340,425</b>	<b>\$309,721</b>	<b>\$266,761</b>	<b>\$318,959</b>	<b>\$326,304</b>	<b>\$326,743</b>	<b>\$327,055</b>	<b>\$316,026</b>	<b>\$283,831</b>	<b>\$300,238</b>	<b>\$313,918</b>	<b>\$3,774,251</b>

Effective 7.1.24		Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Total
<b>Non-Residential</b>														
<b>Base Fee</b>	<b>\$ / Acct.</b>													
3/4" or Less	\$24.52	761	770	728	658	722	725	737	742	756	737	759	752	737
1"	40.95	315	312	306	293	304	306	317	316	312	311	313	314	310
1.5"	81.65	158	161	157	153	158	156	155	159	159	160	158	158	158
2"	130.70	177	177	174	174	174	178	178	175	181	175	174	177	176
3"	245.21	20	20	20	21	20	20	20	20	19	20	21	19	20
4"	408.76	20	20	20	20	20	21	20	20	20	20	20	20	20
6"	817.28	6	6	6	6	6	6	6	6	6	6	6	6	6
8"	1,307.70	4	3	4	3	4	4	4	4	4	4	3	4	4
10"	1,880.02	0	0	0	0	0	0	0	0	0	0	0	0	0
		1,461	1,469	1,415	1,328	1,408	1,416	1,437	1,442	1,457	1,433	1,454	1,450	1,431
<i>Total Base Fee Revenue</i>		\$90,807	\$89,843	\$89,156	\$85,518	\$89,009	\$89,932	\$90,187	\$90,203	\$90,921	\$89,957	\$89,222	\$90,301	\$1,075,055
<b>Volume Charge</b>	<b>\$ / CCF</b>													
All Consumption	\$10.27	45,840	44,019	34,139	23,061	32,132	36,263	39,504	41,487	46,445	43,999	46,140	40,678	473,707
		45,840	44,019	34,139	23,061	32,132	36,263	39,504	41,487	46,445	43,999	46,140	40,678	473,707
<i>Total Volume Charge Revenue</i>		\$470,777	\$452,075	\$350,608	\$236,836	\$329,996	\$372,421	\$405,706	\$426,071	\$476,990	\$451,870	\$473,858	\$417,763	\$4,864,971
<b>Total Non-Residential Revenue</b>		<b>\$561,584</b>	<b>\$541,918</b>	<b>\$439,764</b>	<b>\$322,355</b>	<b>\$419,004</b>	<b>\$462,353</b>	<b>\$495,893</b>	<b>\$516,274</b>	<b>\$567,911</b>	<b>\$541,827</b>	<b>\$563,080</b>	<b>\$508,064</b>	<b>\$5,940,026</b>

Effective 7.1.24	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Total	% of Total
<b>Summary</b>														
<b>Customers</b>														
Residential	12,887	12,948	12,767	12,385	12,754	12,830	12,918	13,130	13,261	12,897	13,003	13,172	12,913	83.6%
Multi-Family	1,106	1,110	1,106	1,093	1,101	1,105	1,106	1,115	1,114	1,098	1,107	1,113	1,106	7.2%
Non-Residential	1,461	1,469	1,415	1,328	1,408	1,416	1,437	1,442	1,457	1,433	1,454	1,450	1,431	9.3%
<b>Total Number of Customers</b>	<b>15,454</b>	<b>15,527</b>	<b>15,288</b>	<b>14,806</b>	<b>15,263</b>	<b>15,351</b>	<b>15,461</b>	<b>15,687</b>	<b>15,832</b>	<b>15,428</b>	<b>15,564</b>	<b>15,735</b>	<b>15,450</b>	
<b>Consumption</b>														
Residential	52,256	52,414	45,975	36,691	46,517	48,161	50,194	51,442	49,840	44,872	46,687	47,995	573,044	42.3%
Multi-Family	28,565	28,171	25,056	20,717	26,015	26,738	26,786	26,797	25,678	22,457	24,082	25,465	306,527	22.7%
Non-Residential	45,840	44,019	34,139	23,061	32,132	36,263	39,504	41,487	46,445	43,999	46,140	40,678	473,707	35.0%
<b>Total Consumption</b>	<b>126,661</b>	<b>124,604</b>	<b>105,170</b>	<b>80,469</b>	<b>104,664</b>	<b>111,162</b>	<b>116,484</b>	<b>119,726</b>	<b>121,963</b>	<b>111,328</b>	<b>116,909</b>	<b>114,138</b>	<b>1,353,278</b>	
<b>Revenues</b>														
<b>Base Fee</b>	<b>\$470,558</b>	<b>\$471,114</b>	<b>\$465,874</b>	<b>\$452,518</b>	<b>\$465,228</b>	<b>\$468,261</b>	<b>\$470,640</b>	<b>\$476,059</b>	<b>\$479,949</b>	<b>\$469,495</b>	<b>\$471,809</b>	<b>\$477,129</b>	<b>\$5,638,634</b>	<b>29.5%</b>
Residential	315,989	317,485	313,047	303,680	312,728	314,592	316,749	321,948	325,160	316,234	318,834	322,977	3,799,423	19.8%
Multi-Family	63,761	63,786	63,671	63,320	63,492	63,737	63,704	63,909	63,868	63,303	63,753	63,851	764,156	4.0%
Non-Residential	90,807	89,843	89,156	85,518	89,009	89,932	90,187	90,203	90,921	89,957	89,222	90,301	1,075,055	5.6%
<b>Volume Charge</b>	<b>1,264,439</b>	<b>1,243,420</b>	<b>1,048,132</b>	<b>800,583</b>	<b>1,042,260</b>	<b>1,107,929</b>	<b>1,161,650</b>	<b>1,194,378</b>	<b>1,218,577</b>	<b>1,113,041</b>	<b>1,168,809</b>	<b>1,139,140</b>	<b>13,502,358</b>	<b>70.5%</b>
Residential	513,154	514,705	451,475	360,306	456,797	472,941	492,905	505,160	489,429	440,643	458,466	471,311	5,627,292	29.4%
Multi-Family	280,508	276,639	246,050	203,441	255,467	262,567	263,039	263,147	252,158	220,528	236,485	250,066	3,010,095	15.7%
Non-Residential	470,777	452,075	350,608	236,836	329,996	372,421	405,706	426,071	476,990	451,870	473,858	417,763	4,864,971	25.4%
<b>Total Revenues</b>	<b>\$1,734,997</b>	<b>\$1,714,533</b>	<b>\$1,514,006</b>	<b>\$1,253,101</b>	<b>\$1,507,488</b>	<b>\$1,576,190</b>	<b>\$1,632,290</b>	<b>\$1,670,438</b>	<b>\$1,698,525</b>	<b>\$1,582,535</b>	<b>\$1,640,618</b>	<b>\$1,616,270</b>	<b>\$19,140,992</b>	
<b>FY 2024-25 Budget</b>													<b>\$19,551,311</b>	
Difference													(\$410,319)	
Percent													-2.1%	
<b>FY 2023-24 Actual</b>													<b>\$18,613,459</b>	
Difference													\$527,533	
Percent													2.8%	

City of San Luis Obispo  
Sewer Rate Study  
Residential Rates

	<i>Present Rates</i>	<b>FY 2025-26</b>	<b>FY 2026-27</b>
<b>Fixed Charge</b>			
Per Account	\$24.52	\$26.11	\$27.81
<b>Consumption Charge</b>			
Usage up to avg WW	\$9.82	\$10.46	\$11.14

DRAFT

**City of San Luis Obispo  
Sewer Rate Study  
Multi-Family Rates**

	<i><b>Present Rates</b></i>	<b>FY 2025-26</b>	<b>FY 2026-27</b>
<b>Fixed Charge</b>			
3/4" or Less	\$24.52	\$26.11	\$27.81
1"	40.95	43.61	46.44
1.5"	81.65	86.96	92.61
2"	130.70	139.20	148.25
3"	245.21	261.15	278.12
4"	408.76	435.33	463.63
6"	817.28	870.40	926.98
8"	1,307.70	1,392.70	1,483.23
10"	1,880.02	2,002.22	2,132.36
<b>Consumption Charge</b>			
Usage up to avg WW	\$9.82	\$10.46	\$11.14

**City of San Luis Obispo  
Sewer Rate Study  
Non-Residential Rates**

	<i><b>Present Rates</b></i>	<b>FY 2025-26</b>	<b>FY 2026-27</b>
<b>Fixed Charge</b>			
3/4" or Less	\$24.52	\$26.11	\$27.81
1"	40.95	43.61	46.44
1.5"	81.65	86.96	92.61
2"	130.70	139.20	148.25
3"	245.21	261.15	278.12
4"	408.76	435.33	463.63
6"	817.28	870.40	926.98
8"	1,307.70	1,392.70	1,483.23
10"	1,880.02	2,002.22	2,132.36
<b>Consumption Charge</b>			
All Consumption	\$10.27	\$10.94	\$11.65







# Utilities Department

879 Morro Street, San Luis Obispo, CA 93401

## NOTICE OF PUBLIC HEARINGS

### Proposed Water and Sewer Rates for Fiscal Years 2026 and 2027

Every day, the City Utilities Department delivers high-quality drinking water to City of San Luis Obispo customers while protecting the environment and public health by treating wastewater for the community. These water and wastewater systems work 24 hours a day, 7 days a week, 365 days per year. This work is primarily funded by the rates that community members pay. As a public utility, water and sewer rates reflect the cost of operating, maintaining, and upgrading these systems. To continue delivering the services that San Luis Obispo depends on, the City is proposing water and sewer rate increases, effective July 1, 2025 (Fiscal Year 2026) and July 1, 2026 (Fiscal Year 2027).

#### Your Rates Pay For:

- 24/7 Operations
- Routine Maintenance and Emergency Repairs
- Infrastructure Improvements
- Conveyance and Treatment
- Environmental Monitoring

### What Your Rates Pay For

Water and sewer systems are critical to public health. Rates pay for maintaining and replacing critical infrastructure, meeting public health regulations, purchasing and maintaining necessary equipment, paying the people who provide these essential services, and increased costs of doing business.

### Proposed Rates

The proposed rates are calculated to recover the cost of providing water and sewer services and to proportionately allocate the costs among system users. Pursuant to California Constitution Article XIII D, the City may not collect more revenue from water and sewer charges than is necessary to recover the costs of providing water and sewer services. To derive the proportionality, the City completed a comprehensive Cost of Services Study in 2023. The resulting rate structures recognize different customer classes and their proportionate costs associated with water and wastewater operations. Based on an updated rate analysis completed in March 2025, water rates are proposed to increase **5.5 percent** and sewer rates are proposed to increase **6.5 percent** in both FY 2025-26 and FY 2026-27. If approved, the proposed water and sewer rates would become effective on July 1 of each fiscal year.

### Monthly Base Fees

Base fees (fixed charges) are the same every month, regardless of water consumption. Base charges vary by meter size and recover fixed costs, such as fire protection, that benefit all City of San Luis Obispo water and wastewater customers.

### Volumetric Rates

**Single-Family residential volumetric water rates** are billed on metered water usage in “units” and have three tiers. One unit of water is equivalent to 100 cubic feet or 748 gallons. The first 5 units of water per month are billed the first-tier rate, the following 6-12 units of water are billed the second-tier rate, and any additional units are billed the third-tier rate. These tiers reflect the costs needed to reliably serve users 24/7.

**Residential volumetric sewer rates** use average water usage during the winter (December, January, and February) billing periods to determine a customer’s “sewer cap”. This is the basis of the usage portion of the customer’s monthly sewer charges. For more on how the sewer cap is calculated, please visit [www.slocity.org/sewer-cap](http://www.slocity.org/sewer-cap).

**Multi-Family, non-residential, and landscape irrigation water and non-residential sewer volumetric rates** are billed based on a single per unit charge and are not subject to tiered rates.

### How Would the Proposed Rates Impact My Bill?

Under the proposed rate changes, a typical single-family home using five units of water per month can expect the water portion of their monthly bill to increase from \$76.60 to \$80.81 in July 2025, and to \$85.28 in July 2026. This includes the 5 percent utility users’ tax imposed on the water portion of a bill. A typical single family home using the same amount of water, with a sewer cap of four units, can expect the sewer portion of their monthly bill to increase from \$63.80 to \$67.95 in July 2025, and to \$72.37 in July 2026.

### Estimate Your Bill

To calculate how the proposed water and sewer rates would affect your bill, visit [www.slocity.org/utility-rates](http://www.slocity.org/utility-rates) and click on “Calculate My Bill.” Call the Utilities Department at (805) 781-7133 if you need assistance.

### Customer Assistance Program

If you need help paying your bill, visit [www.slocity.org/cap](http://www.slocity.org/cap) to learn about the City’s customer assistance program and see if you are eligible.

Volumetric Water Rates			
Usage (per unit <sup>1</sup> cost)	Current	Proposed	
	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
Single Family Residential			
Tier 1: 0 to 5 units	\$8.54	\$9.01	\$9.51
Tier 2: 6 to 12 units	\$9.84	\$10.38	\$10.95
Tier 3: 13+ units	\$16.97	\$17.90	\$18.88
Multi-Family, Non-Residential, and Landscape Irrigation			
Multi-Family — all use	\$9.58	\$10.11	\$10.67
Non-Residential — all use	\$10.14	\$10.70	\$11.29
Landscape Irrigation — all use	\$10.35	\$10.92	\$11.52
Recycled Water is set at 90% of the landscape irrigation rate (Resolution No. 9386 2002 Series)			

Monthly Water Base Fees			
Base Fees	Current	Proposed	
	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
Single-Family Residential			
Monthly Base Fee	\$30.25	\$31.91	\$33.67
Multi-Family, Non-Residential, and Landscape Irrigation Monthly Base Fee by Water Meter Size			
≤ 0.75-inch meter	\$30.25	\$31.91	\$33.67
1-inch meter	\$50.50	\$53.28	\$56.21
1.5-inch meter	\$100.80	\$106.34	\$112.19
2-inch meter	\$161.30	\$170.17	\$179.53
3-inch meter	\$302.60	\$319.24	\$336.80
4-inch meter	\$504.45	\$532.19	\$561.46
6-inch meter	\$1,008.60	\$1,064.07	\$1,122.59
8-inch meter	\$1,613.85	\$1,702.61	\$1,796.25
Water System Access Charge <sup>2</sup>	\$108.50	\$114.47	\$120.76

Volumetric Sewer Rates			
Usage (per unit <sup>1</sup> cost)	Current	Proposed	
	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
Single-Family and Multi-Family Residential Per Unit Cost (Up to Sewer Cap)	\$9.82	\$10.46	\$11.14
Non-Residential Per Unit Costs (for All Water Consumption)	\$10.27	\$10.94	\$11.65

Monthly Sewer Base Fees			
Base Fees	Current	Proposed	
	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
Single-Family Residential			
Monthly Base Fee	\$24.52	\$26.11	\$27.81
Multi-Family and Non-Residential by Water Meter Size			
≤ 0.75-inch meter	\$24.52	\$26.11	\$27.81
1-inch meter	\$40.95	\$43.61	\$46.44
1.5-inch meter	\$81.65	\$86.96	\$92.61
2-inch meter	\$130.70	\$139.20	\$148.25
3-inch meter	\$245.21	\$261.15	\$278.12
4-inch meter	\$408.76	\$435.33	\$463.63
6-inch meter	\$817.28	\$870.40	\$926.98
8-inch meter	\$1,307.70	\$1,392.70	\$1,483.23
10-inch meter	\$1,880.02	\$2,002.22	\$2,132.36

<sup>1</sup>One unit of water = 100 cubic feet = 748 gallons  
<sup>2</sup>Water System Access Charge applies where the City provides only fire protection to accounts that utilize a private well for domestic purposes.

How to Protest the Proposed Water and/or Sewer Rate Increase


Property owners of record and tenants directly liable to the City for payment of the water and/or sewer rates may submit a written protest against the proposed changes in this notice. The protest form below is your official protest form. Only one protest per affected property will be counted towards the majority protest. If you own multiple properties or have multiple accounts, you will receive separate notices for each. Replacement forms are available at the City Clerk’s Office, as needed.

At the conclusion of the public hearing, the City Clerk will announce whether a majority protest exists. If a majority protest exists, the City cannot proceed with the proposed change(s). If a majority protest does not exist, the City has the authority to adopt the proposed rate(s), which would go into effect on July 1, 2025 and July 1, 2026.

Valid protests must be in writing. Protests must be mailed to City Clerk, 990 Palm Street, San Luis Obispo, CA 93401, or hand delivered to the City Clerk. Protests submitted orally or by email, fax, or text are not valid and will *not* be counted. Protests must be submitted to and received by the City Clerk prior to the close of the public hearing that is the subject of this Notice that will begin at **5:30 p.m. on Tuesday, June 17, 2025.**

Mailed or delivered protests received after the close of the public hearing are not valid and will not be counted, even if postmarked prior to the date of the hearing. Protests must state that the signer opposes the proposed increase in water rates, sewer rates, or both. If a written protest form is used, the box(es) identifying that you are protesting the water and/or sewer rates must be checked. Protests must contain the service address and an original signature by either the owner of record or a tenant directly liable to the City for the rates.

**We Value Your Input.**  
If you have questions or would like more information, please visit [www.slocity.org/utilityrates](http://www.slocity.org/utilityrates) or call (805) 781-7133



**PROTEST FORM for Proposed Water and/or Sewer Rates**

Name (please print clearly): \_\_\_\_\_

Service Address (please print clearly): \_\_\_\_\_

☐ I protest the proposed Sewer Rate (check the box)

☐ I protest the proposed Water Rate (check the box)

☐ Property Owner OR ☐ Account Holder

Signature (must be original)

Date

**INTERNAL USE**

This Notice Was Provided To:

NOTICE OF PUBLIC HEARINGS

Important Information Regarding Water and Sewer Rates Proposed for Fiscal Years 2026 & 2027.  
Get more info at: [www.slocity.org/utilityrates](http://www.slocity.org/utilityrates) or (805) 781-7133.



**City Clerk’s Office**  
990 Palm Street  
San Luis Obispo, CA 93401

AVISO DE AUDIENCIA PÚBLICA

Información importante sobre las tarifas de agua y alcantarillado para los periodos fiscales 2026 & 2027.  
Obtenga mas información en: [www.slocity.org/utilityrates](http://www.slocity.org/utilityrates) o (805) 781-7133.

Why am I Receiving This Notice?

The City’s records indicate that you are an account holder and/or owner of a parcel receiving water and/or sewer services from the City of San Luis Obispo. As an account holder and/or owner of an identified parcel, you have the right to participate in the City’s rate-setting process and, if you choose, to submit a written protest to the proposed increase(s) in rates.

CA Government Code Section 53759 states judicial action shall be commenced within 120 days of the effective date for challenging any adopted increase in fees subject to the notice.

**Legal Objections are Separate from Rate Protests**

**AB 2257 Legal Objection**

Property owners of record and tenants directly liable to the City for payment of water and/or sewer rates may file legal objections with the City. To be valid, legal objections must be in writing and include your name, address, signature, and the legal basis for the objection. The legal objection must include sufficient detail to allow the City to substantively respond to the objection. For example, stating that the proposed rates are too high or illegal without further explanation will be deemed insufficient. Legal objections must be submitted no later than June 16, 2025. Failure to submit a valid legal objection bars any right to file a legal challenge to the proposed water and sewage rates. Legal objections may be mailed or hand delivered to: 990 Palm Street, San Luis Obispo, CA 93401. Legal objections sent electronically will not be accepted.

*This Notice of Public Hearings provides information about proposed increases to the City’s water and sewer rates pursuant to the requirements of California Constitution Article XIII (commonly referred to as Proposition 218). This notice provides information on (1) the amount of the proposed rates to be imposed, (2) the reasons for the rate adjustments, (3) how water and sewer rates are calculated, (4) how customers can receive more information on the effect of the proposed changes to their water and sewer bills, and (5) how to file a protest against the proposed rate increases.*

This notice is provided to all property owners and customers who currently receive water and sewer services from the City of San Luis Obispo. The San Luis Obispo City Council will be holding public hearings to consider proposed increases to water and sewer rates as further described in this notice. The hearings will be held on:

**DATE:** June 17, 2025


**TIME:** 5:30 PM

**PLACE:** City of SLO, Council Chambers  
990 Palm Street,  
San Luis Obispo, CA 93401

The public hearings will cover proposed rate increases for water and sewer services provided to users by the City. If adopted, the proposed rate increases will become effective on July 1, 2025 and July 1, 2026.

**NOTICE OF PUBLIC HEARINGS**

**FOR PROPOSED RATE INCREASES FOR WATER AND SEWER SERVICES**



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**SAN LUIS OBISPO CITY COUNCIL  
NOTICE OF PUBLIC HEARING**

The San Luis Obispo City Council invites all interested persons to participate in a public meeting on **Tuesday, June 17, 2025, at 5:30 p.m. in the Council Chambers** at City Hall, 990 Palm Street, San Luis Obispo. Meetings can be viewed on Government Access Channel 20 or streamed live from the City's YouTube Channel at <http://youtube.slo.city>. Public comment, prior to the start of the meeting, may be submitted in writing via U.S. Mail delivered to the City Clerk's office at 990 Palm Street, San Luis Obispo, CA 93401 or by email to [emailcouncil@slocity.org](mailto:emailcouncil@slocity.org). However, in order for a water or sewer rate protest to be valid, a written protest must be mailed or personally delivered to the City of San Luis Obispo Clerk's Office, 990 Palm Street, San Luis Obispo, CA 93401, or personally delivered to the City Clerk at the noticed hearing prior to the close of the public comment period of the public hearing. Protests submitted orally or by email, fax, or text will not be valid and will not be counted.

**PUBLIC HEARING ITEMS:**

- **2025-26 AND 2026-27 WATER RATE ADOPTION**

A public hearing to consider adopting a Resolution entitled, "A Resolution of the Council of the City of San Luis Obispo, California, establishing Water Rates for Fiscal Years 2025-26 and 2026-27."

On April 30, 2025, all property owners and account holders of record will be mailed a form to protest the proposed water rates, as required under Proposition 218. Signed protests must be received by the City Clerk, 990 Palm Street, San Luis Obispo CA 93401, at or before the time of the protest hearing (June 17, 2025 at 5:30 p.m.).

*For more information, please visit [www.slocity.org/utilityrates](http://www.slocity.org/utilityrates) or contact the City's Utilities Department at (805) 781-7133 or by email at [ub@slocity.org](mailto:ub@slocity.org).*

- **2025-26 AND 2026-27 SEWER RATE ADOPTION**

A public hearing to consider adopting a Resolution entitled, "A Resolution of the Council of the City of San Luis Obispo, California, establishing Sewer Rates for Fiscal Years 2025-26 and 2026-27."

On April 30, 2025, all property owners and account holders of record will be mailed a form to protest the proposed sewer rates, as required under Proposition 218. Signed protests must be received by the City Clerk, 990 Palm Street, San Luis



Obispo CA 93401, at or before the time of the protest hearing (June 17, 2025 at 5:30 p.m.).

*For more information, please visit [www.slocity.org/utilityrates](http://www.slocity.org/utilityrates) or contact the City's Utilities Department at (805) 781-7133 or by email at [ub@slocity.org](mailto:ub@slocity.org).*

The City Council may also discuss other hearings or business items before or after the items listed above. If you challenge the proposed action in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to, the public hearing.

Council Agenda Reports for this meeting will be available for review one week in advance of the meeting date on the City's website, under the Public Meeting Agendas web page: <https://www.slocity.org/government/mayor-and-city-council/agendas-and-minutes>.

Please call the City Clerk's Office at (805) 781-7114 for more information. The City Council meeting will be televised live on Charter Cable Channel 20 and live streaming on the City's YouTube channel <http://youtube.slo.city>.



# City of San Luis Obispo

## Informational and FAQ Sheet: 2025-27 Proposed Water and Sewer Rate

*Prepared by the Utilities Department | April 2025*

This document provides an informational summary of frequently asked questions, key details, important dates, and planned public engagement activities related to the proposed water and sewer rate adjustments for FY 2025-26 and FY 2026-27. Information is current as of **April 18, 2025**. Additional information can be found online at [www.slocity.org/utilityrates](http://www.slocity.org/utilityrates) and in the April 29, 2025, Council Agenda Report.

### Important Dates/Timeline

April 29, 2025 (Tues)	Staff will conduct a presentation introducing the proposed rates and request City Council authorize the mailing of the Prop 218 notice.
April 30, 2025 (Wed)	Anticipated date for Prop 218 notices to be mailed to parcel owner and account holder receiving water and/or sewer services.
May 22, 2025 (Thur)	Utilities Department staff will be at the annual Public Works and Utilities Week farmers market event held in downtown San Luis Obispo from 6:00 – 9:00 pm to provide information and answer questions.
June 4, 2025 (Wed)	A public informational session will be held from 5:30 – 7:00 pm at the Ludwick Community Center (864 Santa Rosa Street, San Luis Obispo, CA 93401). Community members are encouraged to attend to learn more and ask questions.
June 16, 2025 (Mon)	Deadline for “Legal Objections”. Please note that Legal Objections are different than protests, which are due prior to the close of the public hearing on Tues, June 17, 2025.
June 17, 2025 (Tues)	<ul style="list-style-type: none"><li>• Public Rate Hearings are scheduled to be held at the City Council Meeting (5:30 pm start time).</li><li>• Legal objections and the City’s written responses will be presented to Council prior to the Public Hearing for their consideration.</li><li>• Deadline for water and sewer rate protests. Protests are due prior to the <b>close</b> of the public hearing.</li></ul>
July 1, 2025	The first proposed rate increase would take effect.
July 1, 2026	The second proposed rate increase would take effect.

### Frequently Asked Questions (FAQs)

#### How much are the rates increasing by?

Based on the updated rate analysis completed in March 2025,

- **Water** rates are proposed to increase **5.5 percent** in both Fiscal Year 26 and 27
- **Sewer** rates are proposed to increase **6.5 percent** in both Fiscal Year 26 and 27

A breakdown of the current and proposed rates for each customer type can be found at [www.slocity.org/utilityrates](http://www.slocity.org/utilityrates) and will be provided in the Prop 218 notice mailed to every parcel owner and account holder following the authorization of City Council at the April 29, 2025 City Council meeting.

### **When would new rates take effect?**

If approved, the proposed water and sewer rates would become effective on July 1 of each fiscal year.

### **How much would this increase my bill by?**

The City offers an online rate calculator at [www.slocity.org/utilityrates](http://www.slocity.org/utilityrates) to help residential customers estimate how the proposed rate adjustments may impact their bills. Customers in other classes may call (805) 781-7133 for assistance.

### **Why are rates increasing?**

The proposed water and sewer rate changes for the next two years are similar to the rate increases projected for these years when the last rate analysis was conducted in 2023. Water and sewer rates help fund past and future important infrastructure work and allows the City to continue providing essential services without taking on additional debt. Compared to what was previously projected for these years, there has been an increase in sewer rate adjustments due to cost increases and anticipated revenue changes as California Polytechnic State University (Cal Poly) is building its own on-campus wastewater treatment facility. Proposed water rate increases are slightly lower than previously projected for FY 26 and then again increase slightly due to cost increases for FY 27. Cost increases are primarily driven by cost increases associated with regulatory compliance, capital improvement projects, including storm recovery projects, inflation, and increased costs of doing business.

### **What do rates pay for?**

- Conveyance of water from the City's drinking water sources (Whale Rock Reservoir, Salinas Reservoir, and Nacimiento Reservoir) to the Water Treatment Plant where it is treated to drinking water standards and then delivered to a customer's home or business.
- Conveyance of wastewater from a customer's home or business to the City's Water Resource Recovery Facility "WRRF" (Wastewater Treatment Plant) where it is cleaned and discharged following environmental regulatory guidelines.
- Maintenance and replacement of critical infrastructure.
- Purchasing and maintaining necessary equipment.
- Meeting public health regulations and environmental monitoring.
- Emergency repairs.
- Capital projects including the upgrades to the WRRF, implementation of Advanced Metering Infrastructure (AMI), and the City's efforts to bring groundwater online again.
- Paying the people who provide these essential services.

These items are essential to providing essential water and wastewater services twenty-four hours a day, 7 days a week, 365 days a year.

### **What improvements are being planned for the system?**

Major projects for the **Water Fund** over the next two years:

- Continued implementation of Advanced Metering Infrastructure (AMI), which will allow residents to monitor their own water usage remotely and set up leak alerts
- Construction related to the City's groundwater well development project to bring groundwater online
- Maintenance at the Water Treatment Plant including ozone system, filter media, and underdrain maintenance
- Initial environmental studies regarding replacement of one of the City's main water storage tanks
- Water main pipeline replacement on California Street between Taft and Mill
- Construction of a recycled water main pipeline on Orcutt Street between Fernwood to Laurel

Major projects for the **Sewer Fund** over the next two years:

- Finishing of the City's Water Resource Recovery Facility (WRRF) upgrade project
- Sewer main pipeline replacement on Islay Street between Nipomo and Santa Rosa
- Sewer main pipeline replacement on Chorro Street between Boysen and Rougeot
- A flow study and continuation of the City's Inflow/Infiltration reduction program, which provides rebates to community members who replace their private sewer laterals
- Maintenance and improvements at the City's lift stations in the Laguna Lake and Silver City neighborhoods

### **What is the City doing to help balance affordability?**

1. The Utilities Department actively looks for ways to operate more efficiently, minimize ongoing expenses, explore infrastructure replacement alternatives, and to secure alternative funding sources and grant opportunities to help keep costs from rising.
2. The City offers a variety of water conservation measures that help customers lower their water usage. The City's Water Conservation Program offers complementary water conservation items, discounts on smart sprinkler controllers, and assistance with conducting water audits. The City's Water Resources section also monitors customer usage monthly and alerts them to potential water leaks. As the City transitions to AMI, customers will also have the ability to monitor their water use in real-time and set up alerts for suspected water leaks.
3. The City offers a 15% discount to customers who qualify for the City's Customer Assistance Program (CAP), which is funded through late fees. The Utilities Department plans to recommend that City Council increase this from 15% to 20% at the June 17, 2025, public hearing. The City also offers the ability to set up payment plans for customers experiencing challenges paying their utility bills.

### **How are community members notified of the proposed increases?**

- A Prop 218 notice will be mailed to each account holder and parcel owner after the initial City Council meeting on April 29, 2025. This notice is legally required to be sent 45 days prior to the Public Rate Hearings
- A City news release and social media posts will be put out on the City's social media channels.

- A public informational session is scheduled for Wednesday, June 4, 2025, from 5:30 – 7:00 pm at the Ludwick Community Center (864 Santa Rosa Street, San Luis Obispo, CA 93401).
- Staff will be at the annual Public Works and Utilities Week farmers market event held downtown San Luis Obispo on Thursday, May 22, 2025, from 6:00 – 9:00 pm.
- Notification of the Public Hearings will be published 45 days and 10 days before the public hearings in a local newspaper.
- Staff have also reached out to various local organizations to share information and answer questions.

### **What are the instructions/requirements for submitting a protest?**

Property owners of record and tenants directly liable to the City for payment of the water and/or sewer rates may submit a written protest against the proposed changes. The protest form provided with the Prop 218 notice (scheduled to be mailed April 30, 2025) is the official protest form. Only one protest per affected property will be counted towards the majority protest. If a customer or property owner owns multiple properties or has multiple water and/or sewer service accounts, the property owner or account holder will receive separate notices for each. Replacement forms will be available at the City Clerk's Office, as needed.

Protests must be mailed to the City Clerk at 990 Palm Street, San Luis Obispo, CA 93401, or hand delivered to the City Clerk prior to the close of the public hearing. Valid protests must be in writing. Protests submitted orally or by email, fax, or text are not valid and will *not* be counted. Protests must be submitted to and received by the City Clerk prior to the close of the public hearing which will begin at **5:30 p.m. on Tuesday, June 17, 2025**. Mailed or delivered protests received after the close of the public hearing are not valid and will not be counted, even if postmarked prior to the date of the hearing.

Protests must state that the signer opposes the proposed increase in water rates, sewer rates, or both. If a written protest form is used, the box(es) identifying that they are protesting the water and/or sewer rates must be checked. Protests must contain the service address and an original signature by either the property owner of record or a tenant directly liable to the City for the rates.

At the conclusion of the public hearing, the City Clerk will announce whether a majority protest exists. If a majority protest exists, the City cannot proceed with the proposed change(s). If a majority protest does not exist, the City has the authority to adopt the proposed rate(s), which would go into effect on July 1, 2025 and July 1, 2026.

### **Is there any assistance programs for customers struggling to pay their bills?**

The City offers a discount on water and sewer bills through the Customer Assistance Program (CAP). Currently the discount is 15% on each monthly water and sewer bill. The Utilities Department will be recommending that City Council increase this amount to 20% at the June 17, 2025, Public Hearing. For more information, visit [www.slocity.org/cap](http://www.slocity.org/cap).



A customer is eligible for rate assistance if they receive:

- ✓ CalWorks
- ✓ CalFresh (food stamps)
- ✓ Supplemental Social Security and/or State Supplemental Payment
- ✓ Veteran Survivor's Pension Benefits
- ✓ OR, if the customer declares their household income to be less than twice the federal poverty rate.

### **Helpful Resources**

1. Water and Sewer Rates webpage: [www.slocity.org/utilityrates](http://www.slocity.org/utilityrates)
2. Customer Assistance Program webpage: [www.slocity.org/cap](http://www.slocity.org/cap)
3. Rate calculator: <https://www.slocity.org/government/departments-directory/utilities-department/utility-billing/calculate-my-bill>