Pajaro Valley
Water Management Agency

2026 Cost-of-Service Rate Study

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carollo

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Abbreviations

Agency Act	Pajaro Valley Water Management Agency Act
AF	Acre-Feet
AFY	Acre-Feet per Year
AWWA	American Water Works Association
BMP	Basin Management Plan
Board	PV Water Board of Directors
Carollo	Carollo Engineers
CDS	Coastal Distribution System
CIP	Capital Improvement Program
CLIRM	College Lake Integrated Resources Management
COW	City of Watsonville
CWSRF	Clean Water State Revolving Fund
DSCR	Debt Service Coverage Ratio
DWR	Department of Water Resources
DWZ	Delivered Water Zone
Fund 10	General Fund
Fund 20	Special Revenue Fund
Fund 30	Capital Projects Fund
Fund 40	Debt Service Fund
FYE	Fiscal Year Ending
GSP	Groundwater Sustainability Plan
GSU22	Groundwater Sustainability Update 2022
M1 Manual	AWWA Manual of Water Supply Practices M1: Water Rates, Fees, and Charges
MG	Million Gallons
O&M	operating and maintenance
Pajaro Basin	Pajaro Valley Groundwater Basin
PAYGO	pay-as-you-go
Proposition 26	California Constitution Article XIII C
Proposition 218	Article XIII D, Section 6
Pajaro Basin	Pajaro Valley Groundwater Basin
PV Water or Agency	Pajaro Valley Water Management Agency
R.B.	Refunding Bond
RWF	Recycled Water Facility
SGMA	Sustainable Groundwater Management Act
Study	2026 Cost of Service Rate Study
SWRCB	State Water Resource Control Board
USEPA	United States Environmental Protection Agency

WIFIA	Water Infrastructure Finance and Innovation Act
WSS-MAR	Watsonville Slough System Managed Aquifer Recharge & Recovery
WTP	Water Treatment Plant

SECTION 1 INTRODUCTION

1.1 Study Purpose

The purpose of Pajaro Valley Water Management Agency's (PV Water or Agency) 2026 Cost of Service Rate Study (Study) is to assess the Agency's existing and forecasted augmentation and delivered water charges, financial metrics, water demands, and cost allocations, and provide recommendations to adjust each charge starting with Fiscal Year Ending (FYE) 2027 through 2031.[1] The Agency's augmentation charges provide funding for the capital and operating costs of producing supplemental water, which benefits all water users in the Pajaro Valley Groundwater Basin (Pajaro Basin). The delivered water charges, which are assessed to users who receive supplemental water delivered through the Coastal Distribution System, also provide funding for producing supplemental water, in addition to providing funding to deliver that water to the delivered water users. To enhance community involvement and provide input throughout the rate setting effort, the PV Water Board of Directors (Board) voted in favor of forming an Ad Hoc Rate Setting Committee in August 2025. The Board voted in September 2025 to award a contract to Carollo Engineers, Inc. (Carollo) to conduct the 2026 Cost of Service Rate Study. Carollo performed the Agency's last three rate studies, which were completed in 2010, 2015, and 2021. Following the completion of the 2021 study, the Agency's Board of Directors adopted Ordinances 2021-01 and 2021-02, which established rates from FYE 2022 through FYE 2026. The Board later adopted Ordinance 2022-01, which amended the effective date of the delivered water charges and groundwater augmentation rate increases.

The primary purpose of this cost-of-service analysis is to review and provide a rational basis for distributing service costs (Administration, Operations, Metering, Planning, and Capital) to each user category in proportion to the demands they place on the system and benefits received from Agency services, consistent with the cost of service and other substantive requirements of California Constitution Article XIII C (referred to in this Report as Proposition 26) and Article XIII D, Section 6 (referred to in this Report as Proposition 218). This Report provides supporting documentation required by Propositions 26 and 218 and other laws. The Report and analysis build off the Agency's 2021 Cost of Service Rate Study Report and subsequent legal opinions and court decisions that provide a foundation for the augmentation and delivered water charges that fund the Agency's services. The 2021 report[2] is incorporated by reference as part of this 2026 report (except, to the extent there are differences, this 2026 report will govern).

1.2 About Pajaro Valley Water Management Agency

PV Water is a state-chartered water management district, formed in 1984 by the Pajaro Valley Water Management Agency Act (Agency Act) to efficiently and effectively manage existing and supplemental water supplies in the Pajaro Basin. In 2014, the Sustainable Groundwater Management Act (SGMA) became law, and the PV Water Board of Directors, in 2015, voted to become the Groundwater

[1] The Agency's fiscal year begins on July 1 and ends on June 30 of the following year.
[2] The 2021 Cost of Service Rate Study Report is available https://www.pvwater.org/images/2021-Cost-of-Service-Rate-Study-Final_Feb.2021_Final.pdf

Sustainability Agency Pajaro Basin. The Pajaro Basin is located along the Central California coast and runs from the Coastal Range to Monterey Bay. Figure 1 presents a map of the Agency's service area and includes communities located in the Pajaro Valley.

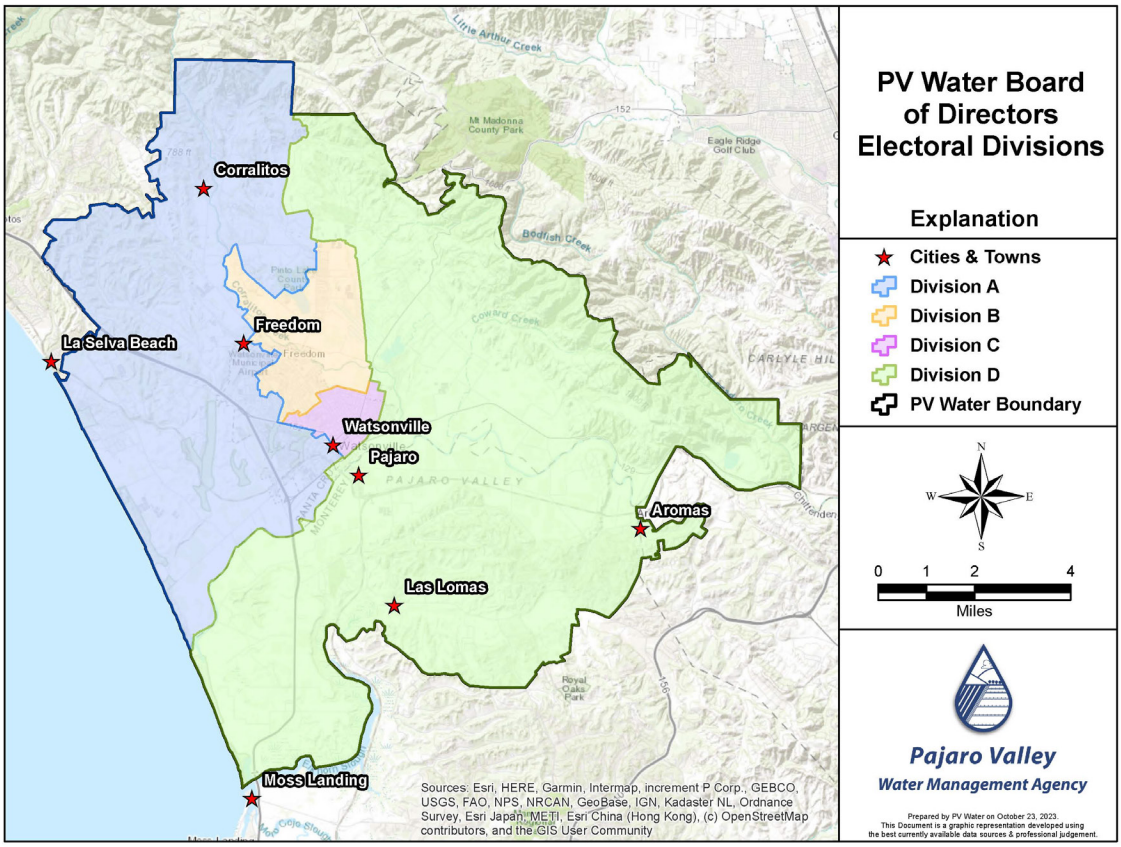

Figure 1 Pajaro Valley Water Management Agency's Service Area

Section 102 of the Agency Act sets forth the following water resource management objectives:

- Local groundwater resources should be managed toward the avoidance and eventual prevention of conditions of long-term overdraft, land subsidence, and water quality degradation.
- Local economies should be built and sustained on reliable, long-term supplies and not long-term overdraft as a source of water supply.
- Water management programs should include reasonable measures to prevent further increases in the amount of long-term overdraft and to accomplish continuing reduction in long-term overdraft, realizing that an immediate reduction in long-term overdraft may cause severe economic loss and hardship.
- Conservation and economically efficient management of water resources are necessary to meet the needs of agriculture, industry, and urban communities. Economic efficiency requires that water users pay their full proportionate share of the costs of developing and delivering water. Property taxes shall not be used for payment of these costs. Agricultural uses shall have priority over other uses under this act within the constraints of state law.

- Water conservation programs appropriately include the ability of a water management agency to recognize existing beneficial uses, and to acquire, buy, and transfer water and water rights in the furtherance of its purposes.
- Efficiently and economically manage existing and supplemental water supplies in order to prevent further increase in, and to accomplish continuing reduction of, long-term overdraft and to provide and ensure sufficient water supplies for present and anticipated needs within the boundaries of the Agency.
- The water management agency should, in an efficient and economically feasible manner, utilize supplemental water and available underground storage and should manage the groundwater supplies to meet the future needs of the basin.

Historic groundwater use has led to serious overdraft conditions in the Pajaro Basin. Over drafting depletes the groundwater supply by extracting more water than is replenished or recharged. The continued overdraft has resulted in seawater intrusion. As groundwater is drawn below sea level, seawater flows into the aquifer rendering the groundwater too saline for agricultural or domestic use. Subsequently, the Agency has focused on halting seawater intrusion by balancing the overdraft conditions in the basin.

Recent levels of consumption have resulted in groundwater levels below sea level across much of the basin. Table 1 summarizes the historical overdraft and the estimated consumption for agricultural and non-agricultural water uses for the ensuing year. As shown in the table, the Pajaro Basin overdraft is expected to continue.

Table 1 Historical and Estimated Groundwater Use in the Pajaro Basin

Description	Amount
Estimated annual overdraft(1) for the current water year (2025)(2)	8,900 AF
Estimated annual overdraft for the ensuing water year (2026)	8,000 AF
Average annual overdraft for the immediate past 10 water years	10,450 AF
Estimated accumulated overdraft(3) as of the last day of the preceding water year (1964 – 2024)	766,890 AF
Estimated accumulated overdraft as of the last day of the current water year (1964 – 2025)	777,340 AF
Total production of water from groundwater supplies for the preceding water year (2024)	41,906 AF
Estimated amount of agricultural water to be withdrawn for the ensuing water year (2026)	36,000 AF
Amount of non-agricultural water to be drawn for the ensuing water year (2026)	8,000 AF
Estimated amount of water necessary for surface distribution for the ensuing water year (2026)	7,100 AFY
Amount of water necessary for the replenishment of the ground water supplies	18,100 AFY
Amount of water the district is obligated by contract to purchase	0 AFY

Notes:
AF – acre-feet; AFY – acre-feet per year
(1) Defined as the amount by which the production of water from groundwater exceeds the natural replenishment (recharge) of the groundwater supplies in the water year. The Pajaro Valley Hydrologic Model report (Hanson et al, 2014) provides estimates of long-term average annual overdraft (12,950 AF over the period 1964 - 2009), recharge, as well as a range of groundwater inflows and outflows. Model data were used in conjunction with measured production to populate the table. A representative long-term average annual recharge volume of 35,000 AF was used. The values presented in this table are estimates and subject to change pending further improvements to the understanding of the hydrologic system. All values were rounded to the nearest ten acre-feet.
(2) Defined as October 1 of one calendar year to September 30 of the following calendar year.
(3) Defined as the total amount of water necessary to be replaced in the intake areas of the groundwater basin to prevent the landward movement of salt water into the fresh groundwater.

Between 2021 and 2025, total annual water consumption in Pajaro Basin has averaged approximately 47,500 AF. Of this total, over 80 percent of Pajaro Basin groundwater is used for agricultural production. As illustrated in Figure 2, water demands are closely correlated with annual rainfall.

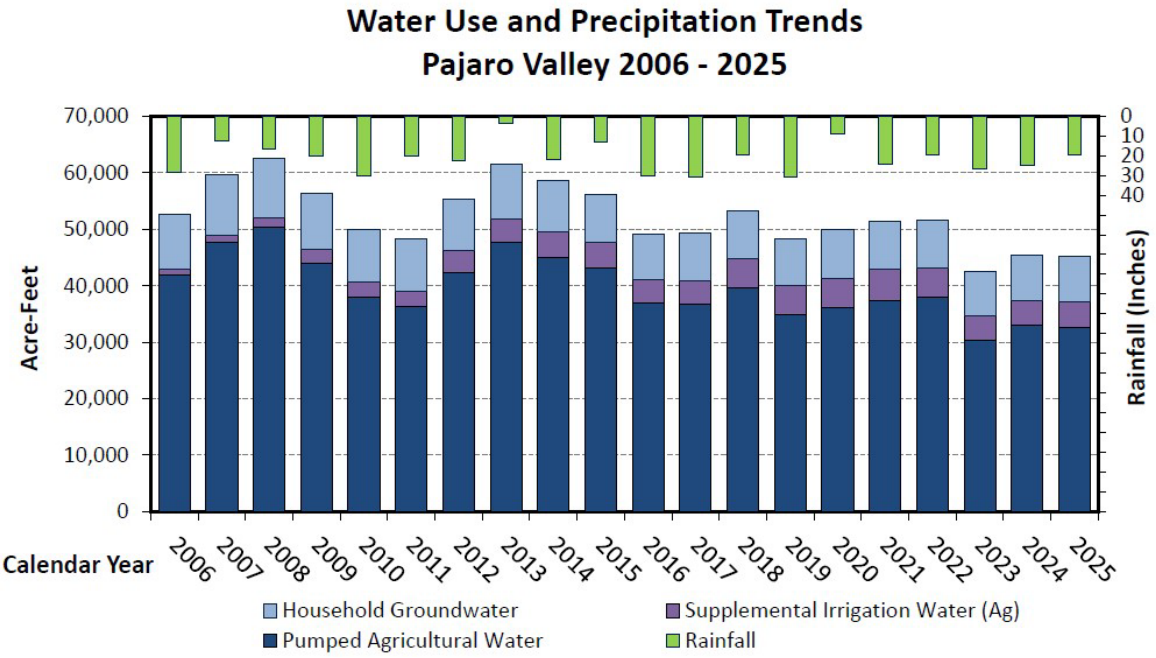

Figure 2 PV Water Consumption and Precipitation Trends, 2006 - 2025

1.2.1 Groundwater Sustainability Plan Alternative

The Agency pursues its state law objectives, guided by a Groundwater Sustainability Plan Alternative (formerly known as a Basin Management Plan [BMP]) and pursuant to the Agency Act, California's AB 3030 Groundwater Management Act, and the SGMA. Originally adopted in 1993, the BMP was revised in 2002 and updated in 2014 (BMP Update). The BMP Update was the product of a two-year process, advised by an Ad-Hoc BMP Committee consisting of three Agency representatives and 18 representatives of diverse customer and community interests. The Agency's Board adopted the BMP Update in April 2014, following a two-year process to complete and certify an accompanying Environmental Impact Report, as required by California law and administrative regulations. In 2014, the PV Water Board directed staff to submit the BMP Update and associated documents to the Department of Water Resources (DWR) as an Alternative to a Groundwater Sustainability Plan (GSP) as provided by SGMA. In 2019, DWR notified PV Water that its GSP-Alternative submittal was approved as a SGMA-compliant plan and functionally equivalent to a SGMA GSP. In December 2021, PV Water submitted the BMP: Groundwater Sustainability Update 2022 (GSU22), the first 5-year update/periodic evaluation of the GSP Alternative, along with other associated documents to DWR.

The GSU22 recommends the following projects and programs to supplement existing facilities and services:[3]

- Conservation: Reduce annual irrigation water use by 5,000 AFY by the end of 2023. PV Water has made significant strides in this area and continues to fund water conservation programs through

[3] These projects and programs are described in more detail in the GSU22.

grants to farmers to continue to reduce irrigation water use. A recent evaluation of water use trends and agricultural conservation through comparing a rolling 5-year annual average to a baseline period annual average (2006-2010) showed that in 2021-2025, agricultural water use was approximately 6,355 AF less per year than the baseline period.

- Increased Recycled Water Storage: construct up to 2 million gallons (MG) of storage at the recycled water facility (RWF) to increase recycled water deliveries by approximately 750 AFY during peak irrigation season. In 2009, the Agency partnered with the City of Watsonville to build a RWF that can deliver tertiary treated disinfected, recycled water for irrigation purposes to users in the coastal area. In the time since, major improvement projects include a 1.5 MG storage tank, improvements to the distribution pump station, construction of a new disk filter facility, and an electrical project to make connecting to a generator simpler and safer.
- College Lake Integrated Resources Management Project[4]: send water from College Lake through a new pipeline directly to the Coastal Distribution System (CDS), with provisions to supply inland users along the new water main pipeline. The water from College Lake will replace groundwater used for agricultural irrigation while reducing the Agency's reliance on potable water currently used for blending[5]. This project was commissioned in 2025 and is nearing completion of construction.
- Watsonville Slough System Managed Aquifer Recharge & Recovery Projects[6]: install new shallow extraction wells at the Agency's recharge basin, upgrade the pump station at the Harkins Slough to improve system operation and construct a new recharge basin; divert water from the Struve Slough to surficial aquifers during winter high flows from December to May. This project has completed the design phase and is currently in the final stage of permitting and procuring property rights. Pending those items and Board action, the project could go out to bid by the end of 2026.
- Murphy Crossing with Recharge Basins: divert water from the Pajaro River between December and May to recharge the basin in the vicinity of Murphy Crossing. No work has commenced on this later phase project.

1.2.2 PV Water Services

The Agency's investments in integrated water infrastructure and associated water management programs are intended to protect and enhance the quantity and quality of groundwater resources in the Pajaro Basin by increasing supplemental water supply and water conservation and reducing groundwater pumping. With the completion of several water projects and the planned addition of projects described in GSU22, the Agency provides two types of water service: 1) supplemental water service; and 2) delivered

[4] Known in the GSU22 as "College Lake with Inland Pipeline to CDS."
[5] The RWF produces recycled water with chloride and sodium concentrations above the desired agronomic objective. In order to reduce these constituents and improve the quality of delivered water for irrigation purposes, the recycled water must be blended with higher-quality (lower salinity) water. Therefore, the recycled water project includes the construction, operation, and maintenance of wells that provide lower salinity water to blend with the recycled water. The wells (or another source of lower salinity water) are an essential component of the recycled water project.
[6] Known in the GSU22 as two projects: "Harkins Slough Recharge Facilities Upgrades" and "Watsonville Slough with Recharge Basins."

water service. Supplemental water service is funded by the Agency augmentation charge while delivered water service is funded through the Agency delivered water charge.

1.2.2.1 Supplemental Water Service

The Agency provides supplemental water service to groundwater users throughout the Pajaro Basin. Supplemental water service includes the purchase/acquisition, capture, storage, and distribution of supplemental water through existing facilities, as well as the implementation of projects identified in GSU22 to reduce groundwater overdraft and retard seawater intrusion. Existing facilities include the Watsonville RWF, supplemental wells, the Harkins Slough Project, the College Lake Integrated Resources Management Project, and the CDS. These facilities, and the projects identified in GSU22, are intended to advance the following Agency objectives for the benefit of all groundwater users in the Pajaro Basin.

- Protect and maintain the ability of property owners basin-wide to continue ongoing groundwater extraction.
- Secure the basin water supply.
- Retard seawater intrusion.
- Reduce overdraft.
- Promote water conservation.
- Avoid harsher and stricter groundwater pumping limits that could be imposed by the Agency, State Water Resource Control Board (SWRCB), or court adjudication and order, and thereby protect and preserve the ability of all groundwater pumpers throughout the groundwater basin to continue relying on groundwater resources without regulatory limits.

Supplemental water service also includes (a) the design, construction, operation, maintenance, monitoring, management, repair, replacement and improvement of the existing and planned projects and facilities and water meters, (b) ongoing and future debt service related to the design and construction of the projects and facilities, (c) groundwater monitoring and modeling, water quality monitoring, water resources and groundwater basin planning and management, including periodic updates of the Agency's GSP, as appropriate to evaluate the effectiveness of the existing projects, determine improvements and enhancements, and identify future supplemental water projects that will further reduce groundwater overdraft and retard seawater intrusion, and (d) activities and actions to implement the groundwater management programs as described in GSU22, and (e) activities and actions relating to compliance with and implementation of California Regional Water Quality Control Board permit requirements.

The supplemental water service is funded primarily through an augmentation charge pursuant to Agency Act Section 1001. The augmentation charge is a charge levied on the extraction of groundwater from wells within the Agency's jurisdiction. In order to administer the charge, it is necessary for the Agency to know the actual or reasonable estimate of groundwater extraction from each well. The Agency installs meters on all wells producing 10 or more AFY or serving 15 or more domestic connections. There are several types of production wells within the Agency's jurisdiction: (1) municipal wells operated by retail water providers; (2) agricultural wells; (3) industrial wells; (4) wells that service mutual water companies and small water systems; and 5) wells that serve rural residential parcels that are not connected to a public or community water system. The municipal, agricultural, and industrial wells are metered, and they account for approximately 88 percent of the total Pajaro Basin water use. There are approximately 1,100 wells serving the rural residential parcels, which account for approximately 3 percent of the water

use, and the remaining 10 percent of water use is by delivered water users. Figure 3, below, illustrates the consumption profile by user category from FYE 2025, starting June 1, 2024, through May 31, 2025. For the numerous rural residential wells, with the relatively small quantity of groundwater extraction, the Agency determined that it would not be cost-effective for the Agency or the landowners to install, read, operate, maintain, and repair the approximate 1,100 meters that would be required. The Agency therefore administers the augmentation charge for the rural residential well owners based on a reasonable estimate of extraction. For any rural residential well owner who prefers to be billed on actual usage, the Agency will authorize the installation of a meter at the well owner's expense.

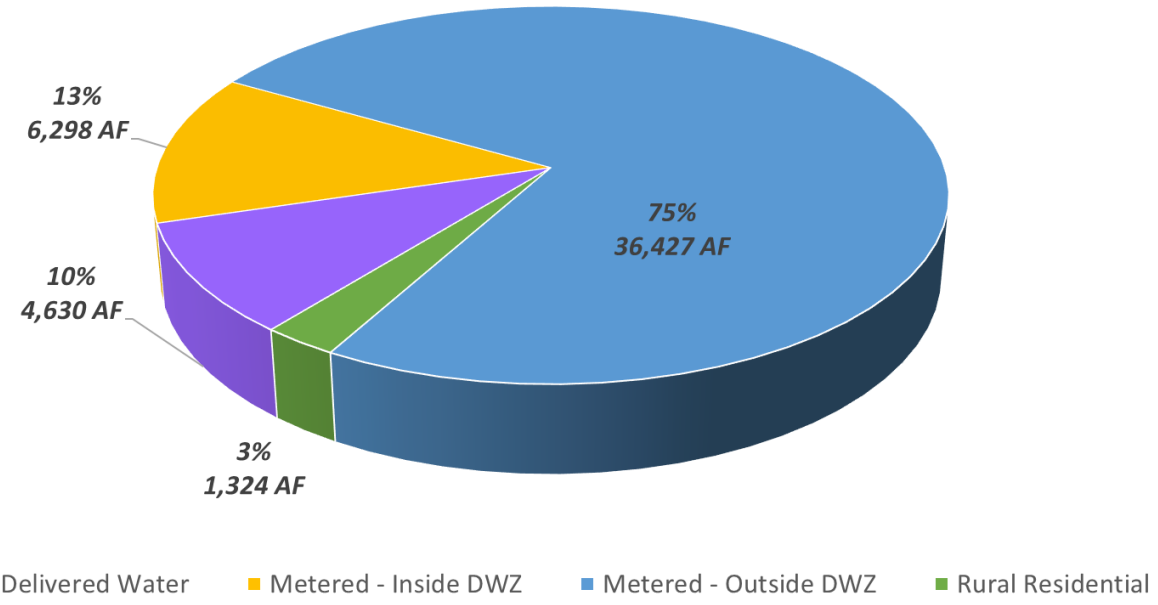

Figure 3 FYE 2025 Consumption Profile by User Category

1.2.2.2 Delivered Water Service

In addition to the supplemental water services provided basin-wide, the Agency supplies delivered water to property owners within the Delivered Water Zone (DWZ) through the CDS. Delivered water is produced by Agency facilities constructed and operated to protect the groundwater basin from overdraft and seawater intrusion. Delivered water service includes the design, construction, operation, maintenance, management, monitoring, repair and replacement of existing facilities, and other facilities identified in the BMP Update that provide irrigation water to delivered water service customers. Existing facilities include the Watsonville RWF, supplemental wells, the Harkins Slough Project, the College Lake Integrated Resources Management Project, the CDS, turnouts, turnout meters, and other facilities that provide for the delivery of water through the CDS for irrigation.

The DWZ delineates those water users able to receive delivered water directly from the Agency (Figure 4). Delivery and use of delivered water in the DWZ helps to preserve the amount and quality of the groundwater underlying the properties in the DWZ. Because of this, groundwater production in the DWZ is subject to a higher augmentation charge, which reflects the higher level of services provided through

the immediate availability of delivered water as an alternative water source, the improved reliability of service, and the benefits to the underlying groundwater.

Similar to supplemental water service, delivered water service includes basin management planning and implementation activities required to effectively manage water supplies in the Pajaro Basin and management activities required to identify supplemental water sources to provide the required delivered water quantity and quality without adverse impact to the Pajaro Basin. This service also includes water quality monitoring and testing of the recycled water to ensure it meets requirements of the Central Coast Regional Water Quality Control Board and Agency customers (e.g., farmers).

Delivered water service includes processing of water delivery orders, scheduling delivery of water, cross connection analysis and backflow prevention device testing, water quality testing, recycled water use training, monitoring and inspection of recycled water use sites, and meter-related activities.

The Agency partially funds this service through a delivered water charge imposed on users of the delivered water service. The only property owners subject to the delivered water charge are those who apply for and receive delivered water from the Agency through the CDS. The charge is authorized by Sections 501, 704, 711, and 714 of the Agency Act.

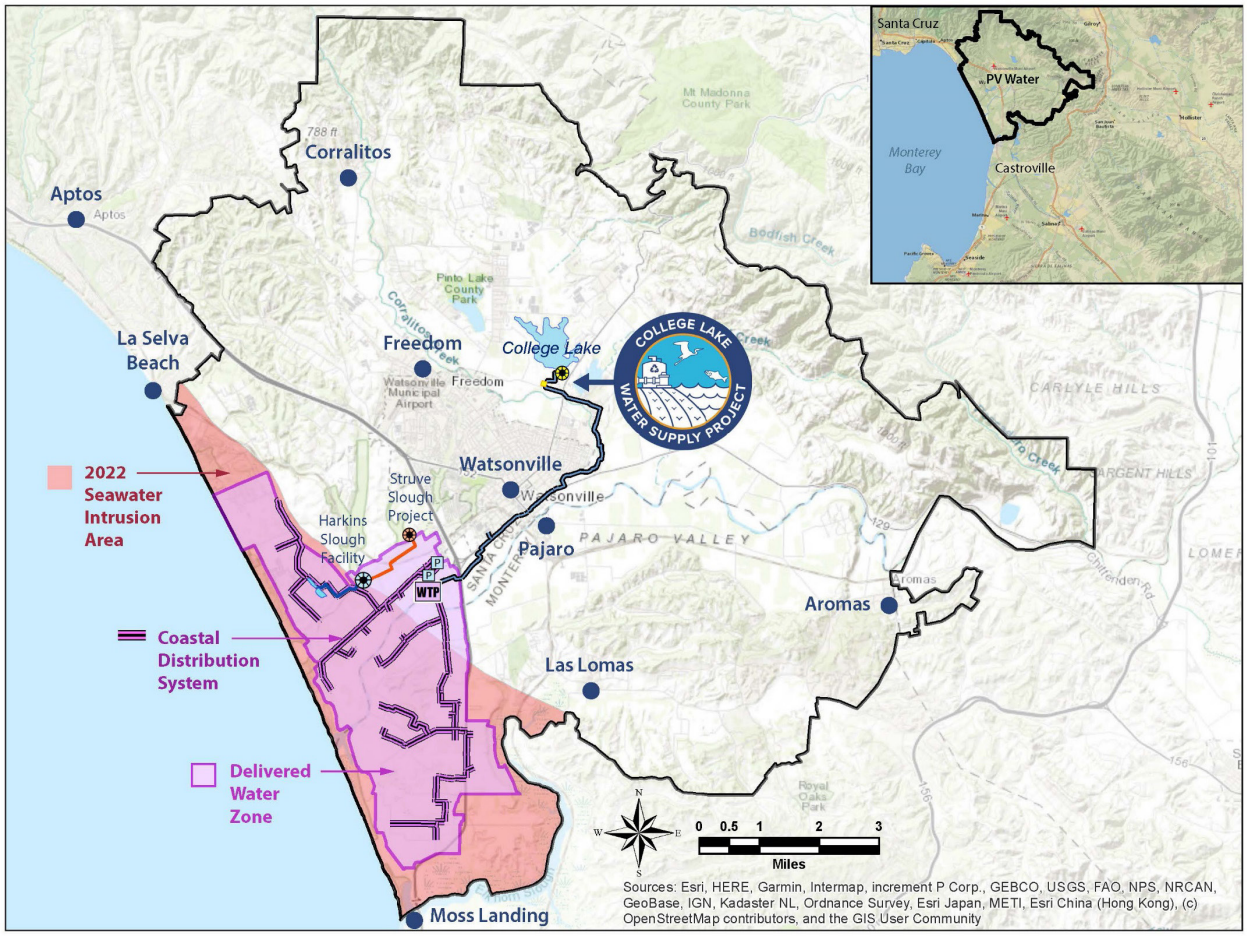

Figure 4 PV Water Rate Zones

1.3 Overview of Rate-Setting Process

Carollo's rate-setting methodology is consistent with California law and industry guidelines established by the *Manual of Water Supply Practices M1: Water Rates, Fees, and Charges (M1 Manual)*, which is published by the American Water Works Association (AWWA), a national industry trade group that makes recommendations on generally accepted practices in the water industry.

In California, water rates must adhere to the cost of service and other requirements imposed by Proposition 26 and Proposition 218 of the State Constitution. Proposition 218 requires that property-related fees and charges, including the Agency's delivered water charge, do not exceed the proportional cost of providing the service. In the California Supreme Court's 2017 ruling in *City of San Buenaventura*,[7] the court ruled that groundwater pumping charges (such as the Agency's augmentation charge) are not property-related fees subject to Proposition 218.[8] As such, they are subject to Proposition 26, which sets forth substantive standards that apply to charges that are not subject to Proposition 218. Proposition 26 states that a groundwater pumping charge must not exceed the reasonable costs to the local government agency of conferring benefits to the payors, that the charge must not exceed the reasonable costs to the local government agency of providing the service to the payors, and that the local government agency bears the burden of proving that the charge is no more than necessary to cover the reasonable costs of the governmental activity and the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the activity.[9] In addition, Article X (2) of the State Constitution establishes the need to preserve the State's water supplies and discourages the wasteful or unreasonable use of water by encouraging conservation.

The cost-of-service allocations and corresponding rates in this Report were developed using guidelines set forth in the Agency Act, the Agency's 2021 Cost of Service Rate Study Report, and detailed information provided by the Agency. The rates presented in this report adhere to Articles X (2), XIII C, and XIII D of the California Constitution and industry standards for utility rate setting established by the AWWA M1 Manual.

1.3.1 Revenue Requirement Analysis

The revenue requirement analysis compares forecasted revenues of the Agency (under existing rates and forecasted water demands) to its forecasted operating, maintenance, and capital costs. This step tests the adequacy of existing rates to recover the Agency's forecasted costs. If there are shortfalls, increases to rate revenue are typically recommended.

1.3.2 Water Demand Analysis

Forecasting water sales and groundwater pumping rates is a critical component in the rate setting process. As part of the budget process, the Agency forecasts expected water usage based on historical

[7] *City of San Buenaventura v. United Water Conservation District* (2017) 3 Cal.5th 1191.
[8] In 2015, because of uncertainty in the law at that time, the Agency conservatively treated the augmentation charge as a property-related service charge subject to Proposition 218. With the Supreme Court clarifying the law in 2017, the Agency is not required to treat the augmentation charge as subject to Proposition 218.
[9] California Constitution, Article XIII C, § 1 (e).

demand, proposed changes to rates, regulatory impacts, weather, water resources and water availability, and other variables. Future demands are based on historic usage and escalated for projected growth (if appropriate) and per capita demand changes. These forecasted water demands are then compared against forecasted revenue requirements, and rates are developed to recover costs.

During the study period, the Agency expects projects such as College Lake Integrated Resources Management Project, Supplemental Well No. 4, Supplemental Well No. 3 Improvement, and Watsonville Slough System Managed Aquifer Recharge & Recovery (WSS-MARR) to be completed and become available. As such, Carollo worked with the Agency to review and revise the usage projection to reflect the anticipated additional supplies provided by those projects.

1.3.3 Cost-of-Service Analysis

The cost-of-service analysis builds a link between the Agency's cost of water service and the proposed rates for each water user. After determining the revenue requirement, this step outlines the cost to deliver each unit of water and to serve each water user. This process allocates capital and operating and maintenance (O&M) costs of providing Agency services to functional cost categories that reflect different service levels attributable to each water user (i.e., metered wells within and outside the DWZ, rural residential wells, and delivered water). Organizing the budget in terms of end function allows the creation of a reasonable relationship between budgeted items and the rate charged to water users. This organization bridges the costs incurred by the Agency and the unique and varied benefits and services delivered to each water user. PV Water identified five functional cost categories for this Study:

- Billing: costs associated with preparing and managing customer bills.
- Metering: costs associated with installing, maintaining, and reading meters.
- Basin Management: costs associated with planning, constructing, operating, and maintaining supplemental water supply facilities.
- Delivered Water Service: costs associated with delivering supplemental water through the CDS to users within the DWZ.
- Additional DWZ Services: costs associated with benefits of the delivered water system for properties in the DWZ that continue to use groundwater wells, including the ability to receive delivered water service, and the reduction of DWZ pumping resulting from the use of delivered water.

1.3.4 Rate Design and Calculation

Rate design involves developing service charges (e.g., augmentation and delivered water charges) that equitably and proportionately recover costs from all water users. This rate equity is built upon each water user's relative use of the system.

Rate design requires a fine balance of objectives. Rates should be resilient and flexible enough to withstand changing cost and demand scenarios while maintaining affordability, equity, and ease of understanding. By collecting different cost drivers from different rate components, the Agency can ideally balance these goals.

The rate calculation provides the reasonable relationship between revenue requirements, functional cost allocation, and final rates charged to water users. The process connects planned and forecasted expenditures to the designed rates by establishing rates that match estimated revenue generation with expenditures.

Figure 5 below illustrates the Agency's methodology for conducting this cost-of-service study and rate-setting process.

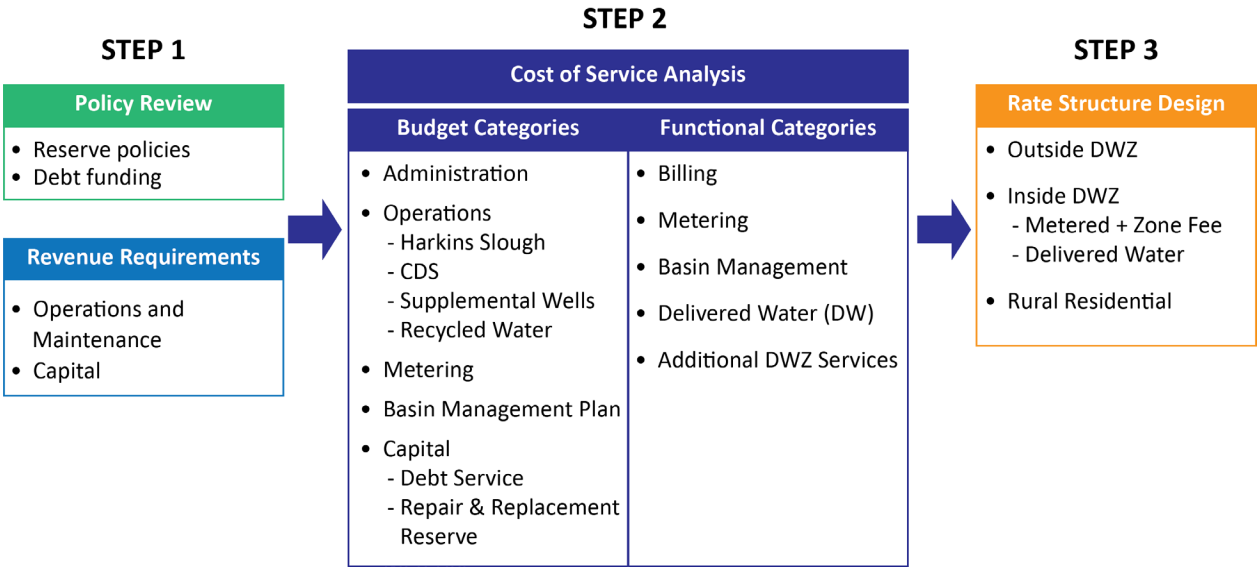

Figure 5 Cost-of-Service Methodology

1.3.5 Rate Adoption Process

Water agencies in California are required to meet procedural requirements for rate adoption or increase under state law. Proposition 218 governs the process for adjusting the delivered water charge. The Agency must hold a public hearing to consider the proposed rates and provide written notice to affected property owners and tenants at least 45 days in advance of the final rate adoption hearing. During this notice period, any property owner or tenant may protest the proposed rate increases. If less than a majority of customers submit written protests to the proposed rates, the Board of Directors may proceed with a vote on adoption of the proposed rates.

The Agency Act and Government Code section 66018 govern the process for adjusting the augmentation charge. The Agency must hold a public hearing to consider the proposed rates and provide 10-day public hearing notice through publication and posting.

The applicable procedures for both charges are set forth in more detail in the Agency Resolution Adopting Procedures for Public Hearing, Notice, and Protest Concerning Proposed Revisions to Augmentation Charge and Delivered Water Charge.

SECTION 2 WATER USERS AND DEMANDS

The Agency recovers capital, operating, and other costs of providing supplemental and delivered water services by imposing service charges on users and beneficiaries based on the following user categories:

- Metered Water Users – Inside the DWZ: includes owners of agricultural wells with meters located within the DWZ. These owners and their tenants have turnouts to the CDS and access to the Agency's supplemental water supply. Well owners are subject to an augmentation charge based on pumping.
- Metered Water Users – Outside the DWZ: includes owners of wells with meters located outside of the DWZ. Water users in this category are subject to an augmentation charge.
- Delivered Water Users: includes property owners and tenants located within the DWZ who receive delivered water service, which includes recycled water, distributed through the CDS. All consumption of delivered water is metered. Water users in this category are subject to a delivered water charge.
- Unmetered Rural Residential Water Users: includes owners of rural residential water wells without meters. Water users in this category are subject to an augmentation charge. Unmetered rural water users are currently billed based on estimated use of 0.5 AF of groundwater per residence per year. Larger residential wells, producing at least 10 AF per year or more, and wells serving 15 or more connections, are metered and charged for their consumption as metered water users.

2.1 Historical Water Consumption Profile

PV Water provided historical water consumption data for FYE 2023 through FYE 2025. Table 2 below summarizes the consumption profile in AF and account data for metered, unmetered, and delivered water users.

Table 2 Summary of Water Consumption and Number of Accounts

Water User	Water Consumption (AF)				Number of Well Owners/ Accounts(1)
	FYE 2023	FYE 2024	FYE 2025	3-Year Average	
Outside DWZ					
Metered	33,372	31,902	36,427	33,900	601
Rural Residential (Unmetered)	1,288	1,292	1,324	1,301	1,533
Subtotal Outside DWZ	**34,660**	**33,194**	**37,750**	**35,201**	**2,134**
Inside DWZ					
Metered	5,940	5,818	6,298	6,019	106
Delivered Water	4,363	4,477	4,630	4,490	54
Subtotal Inside DWZ	**10,304**	**10,295**	**10,928**	**10,509**	**160**
Total	**44,964**	**43,489**	**48,679**	**45,710**	**2,294**

Notes:
** Totals may not tie due to rounding.*
(1) Number of accounts is projected for one year regardless of the billing frequency.

Metered, unmetered rural residential, and delivered water users have different service characteristics, and as such, are the defined user categories considered in the cost-of-service analysis and development of rates. Figure 6 shows historical water consumption from FYE 2016 to FYE 2025. As illustrated, metered water users account for the majority of water consumption within the Pajaro Basin.

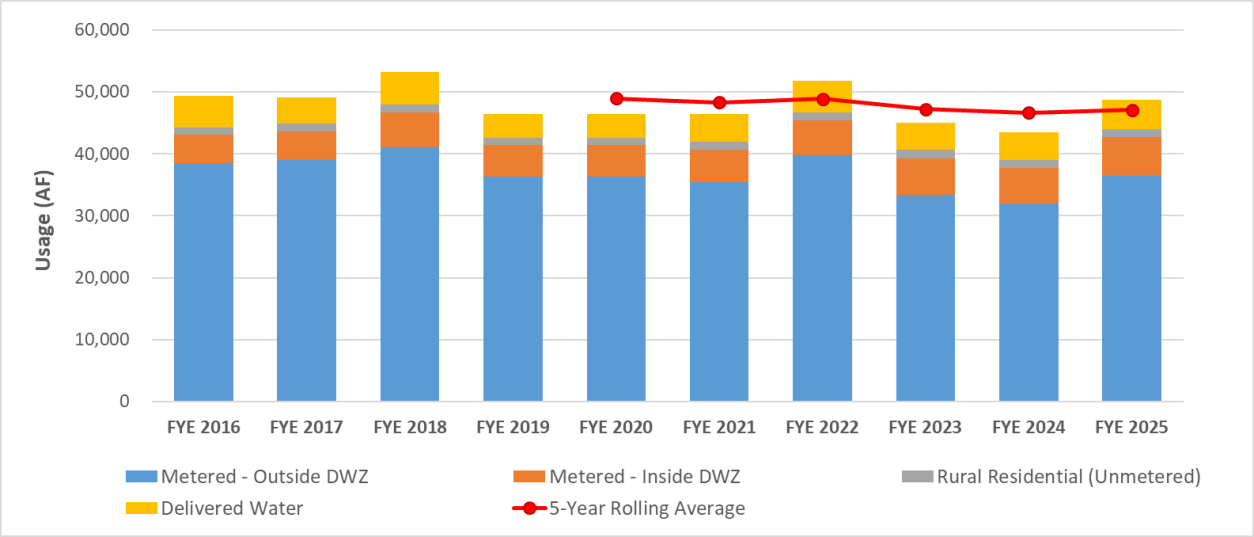

Figure 6 Historical Water Consumption by Fiscal Year for All Users

2.2 Metered Water Users

The metered water user category includes municipal, industrial, and agricultural well owners. Municipal water users include the City of Watsonville, Aromas Water District, California Water Service, and the Pajaro/Sunny Mesa Community Services District. The volume of water consumed[10] by all municipal water users is metered.

The Agency requires metering at all agricultural, industrial, and commercial wells producing at least 10 AFY. A well is required to be metered if it serves 10 acres of orchard, 4 acres of berries or row crops, or 2.5 acres of greenhouse facilities. Metering is optional for all agricultural, industrial, and commercial wells producing less than 10 AFY.

The Agency tracks and bills metered consumption quarterly for metered water users. Figure 7 presents quarterly consumption patterns based on actual metered user billing data.

[10] This report uses "consumption" to refer to both water extracted by groundwater wells (for purposes of the augmentation charge), as well as Agency recycled water delivered to customers from the CDS (for purposes of the delivered water charge).

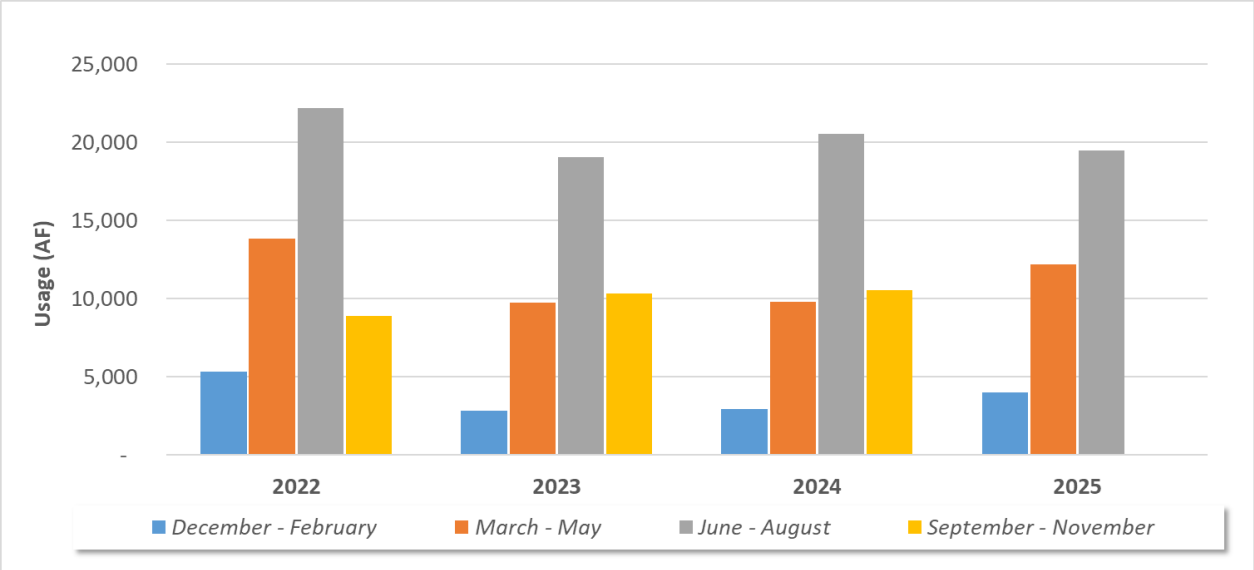

Figure 7 Seasonal Consumption for Metered Users

Metered Water Users in the Delivered Water Zone

Metered water users located within the DWZ have turnouts to access the Agency's supplemental supply of delivered water. Some property owners with wells in the DWZ are not currently connected but have the ability to connect to the CDS to access the Agency's delivered water. This immediate access to the delivered water supply represents a higher level of supplemental water service for well users located inside the DWZ when compared to property owners with wells outside the DWZ. Therefore, well owners located inside the DWZ constitute a distinct level of service and pay a higher augmentation charge.

Water quality regulations prohibit connection of a domestic water supply to the delivered water system, which was established to meet the needs of agricultural water users within the DWZ with recycled water. Therefore, unmetered rural residential water users in the DWZ are excluded from water users receiving access to an alternate water supply.

Table 2 presents the consumption and number of metered and delivered water users in the DWZ. These metered water users have access to services of the CDS and are charged for their share of the additional cost of service, based on the available capacity of the system provided to metered water users subject to the augmentation charge in the DWZ.

2.3 Delivered Water Users

Delivered water users receive a blend of well water, tertiary treated recycled water from the RWF, recovered surface water recharge from the Harkins Slough Facility, and water from the College Lake Integrated Resources Management project. Table 2 presents water consumption and account data for delivered water users.

The Agency tracks delivered water consumption on a quarterly basis for delivered water users. Figure 8 presents the seasonal consumption patterns based on delivered water users billing data.

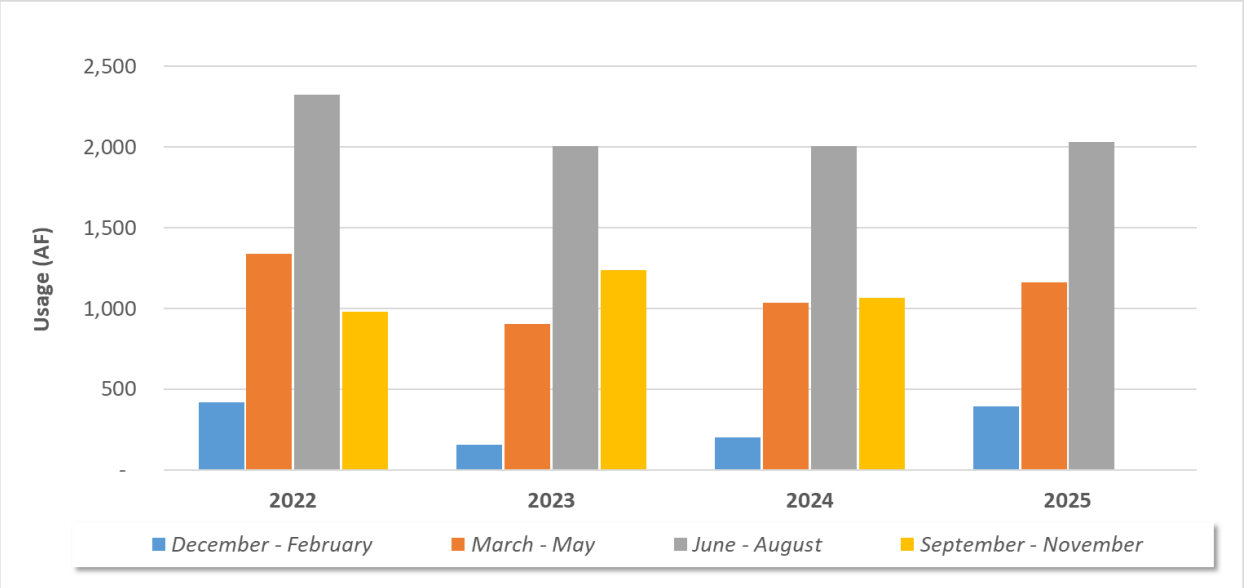

Figure 8 Seasonal Consumption for Delivered Water Users

A customer who has applied for and receives delivered water is subject to the delivered water charge. All consumption of delivered water is metered. Some properties within the DWZ use a combination of delivered water and groundwater. These properties are subject to both the delivered water charge for water delivery to the property and the Inside DWZ augmentation charge for groundwater extracted by the parcel owner.

2.4 Unmetered Rural Residential Water Users

Most rural residential users within the Agency's service area are unmetered. Unmetered water users are currently billed for estimated annual water consumption of 0.5 AF per residence connected to a well.[11] Larger residential wells producing at least 10 AF per year and wells serving 15 or more connections are metered and are charged based on their metered consumption. In addition, unmetered water users are billed annually for their consumption unlike metered and delivered water users who are billed quarterly.

[11] The rationale and basis for this calculation are set forth in the 2015 Agency Proposition 218 Service Charge Report.

2.5 Forecasted Consumption

As the Pajaro Basin has been subject to long-term groundwater overdraft conditions, which have caused seawater intrusion, water quality degradation, and other problems, the Agency has focused on implementing projects to secure additional water supply and achieve sustainable groundwater resources. During this study period, the Agency expects several projects to be completed, resulting in changes to the demand profiles of the different water user types. As such, Carollo worked closely with the Agency to forecast service demands that reflect the additional delivered water supplies and reduced metered water consumption inside the DWZ.

Given the consumption analysis and targeted demand levels within the basin, the Agency forecasted FYE 2026 water demands based on a 2-year rounded average of FYE 2024 and FYE 2025 demands. A recent survey of rural residential water usage in the region indicates a decrease in rural residential water consumption, likely due to increased conservation and the adoption of water efficient devices. As such, rural residential users are estimated to use 0.4 AF per year, a 20-percent decrease from the previous assumption of 0.5 AF per year. The Agency assumes no annual growth but does anticipate a shift in demands between delivered water and metered water inside of DWZ. The forecasted water consumption during the study period is provided by user category numerically in Table 3 and graphically in Figure 9.

Table 3 Forecasted Water Consumption by Water User Category

Water User Category	FYE 2026(1)	FYE 2027(2)	FYE 2028(3)	FYE 2029(4)	FYE 2030	FYE 2031
Outside DWZ						
Metered Groundwater	34,200	34,200	34,200	34,200	34,200	34,200
Rural Residential (Unmetered)	1,052	1,052	1,052	1,052	1,052	1,052
Subtotal Outside DWZ (AF)	**35,252**	**35,252**	**35,252**	**35,252**	**35,252**	**35,252**
Inside DWZ						
Metered Groundwater	6,100	5,020	4,120	3,670	3,670	3,670
Delivered Water	4,600	5,680	6,580	7,030	7,030	7,030
Subtotal Inside DWZ (AF)	**10,700**	**10,700**	**10,700**	**10,700**	**10,700**	**10,700**
Total (AF)	**45,952**	**45,952**	**45,952**	**45,952**	**45,952**	**45,952**

Notes:
** Totals may not tie due to rounding.*
(1) Projection is based on the 2-year rounded average of FYE 2024 and FYE 2025 actual demands. Rural residential is projected based on 0.4 AF annual usage per the updated consumption analysis.
(2) Accounts for additional delivered water supply of 1,200 AF as College Lake project becomes operational.
(3) Accounts for additional delivered water supply of 1,000 AF as Supplemental Well No. 3 project becomes operational.
(4) Accounts for additional delivered water supply of 500 AF as WSS-MARR project becomes operational.

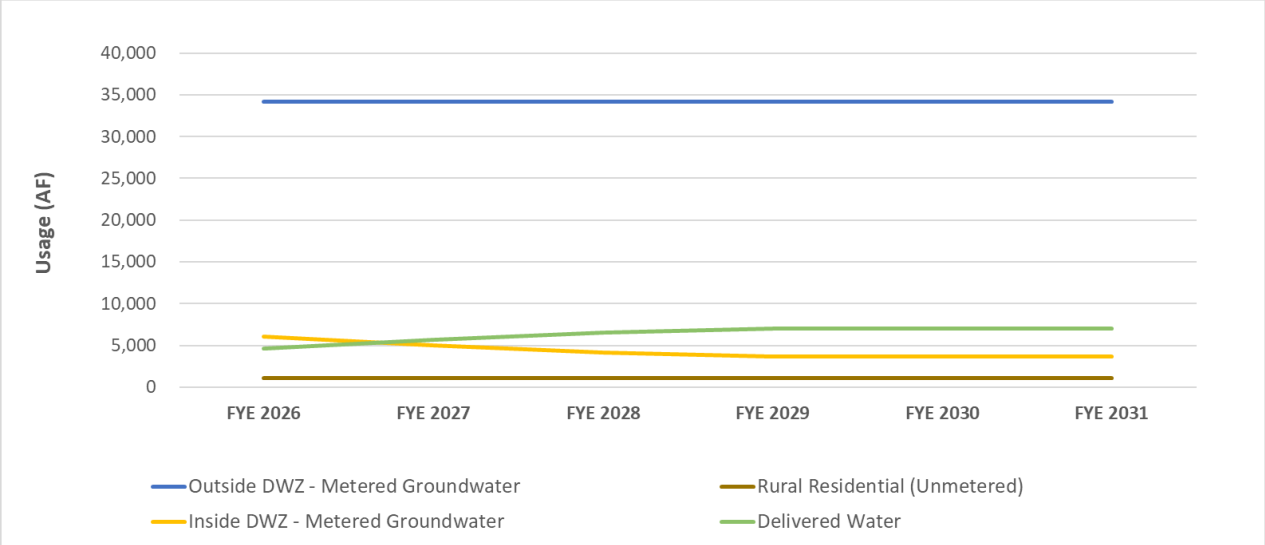

Figure 9 Forecasted Water Consumption by User Category

SECTION 3 REVENUE REQUIREMENT ANALYSIS

The revenue requirement analysis evaluates PV Water's fiscal health, scrutinizing the adequacy of current revenues under existing rates against forecasted funding needs. This evaluation involves a series of tests as the basis for rate planning and reviews the viability of the Agency's revenues against expenses, debts, and reserve policies. Where cash flows and balances are insufficient, the revenue requirement analysis recommends additional cash flows through service charge increases to meet all funding goals.

Carollo compiled the Agency's projected FYE 2026 budget expenses as the base year for O&M costs. Carollo collected actual and budgeted revenues and expenditures, reserve fund balances and policies, budgeted capital expenditures, current and future annual debt service, current and future grant funding, and other relevant financial data to forecast funding needs. Once this forecast was established, the following two tests determined the annual revenues necessary.

- The **Debt Service Coverage Test** assesses a utility's ability to cover debt service payments. Utility bond issuances regularly include a stipulation requiring the agency to maintain sufficient cash flow to meet planned debt service plus an additional percentage of that debt service. The Agency is legally required to maintain a debt service coverage ratio (DSCR) of at least 1.10 times (1.10x) the annual debt service. However, for the purpose of this Study, the target DSCR is 1.20x, which provides financial flexibility and greater ability to handle unexpected expenses or revenue reductions during the study period. If net revenues fall below this ratio, this test recommends additional revenue.
- The **Reserves Target Test** considers PV Water's reserve balances and looks at O&M, repair and replacement, debt service, and rate stabilization funds' performance against the Agency's policy minimums. PV Water's minimum reserve target is 180 days of annual O&M expenses. When the reserves targets are not met, this test recommends additional revenue.

Carollo looked at each test over the Study time horizon to identify years where a revenue adjustment may be needed to meet forecasted Agency expenses.

3.1 Inputs and Assumptions

The escalation factors used in this analysis were based on a review of both long-term and recent cost escalation factors from the Engineering News-Record Index, an industry benchmarking resource and recent cost trends. The escalator used for City of Watsonville (COW) RWF O&M was based on input from Agency staff to reflect realized cost escalations. Table 4 summarizes the assumed escalation factors used in the analysis.

Table 4 Assumed Escalation Factors

Escalation Basis	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
General Inflation	3.00%	3.00%	3.00%	3.00%	3.00%
Labor Inflation	4.00%	4.00%	4.00%	4.00%	4.00%
Utilities Inflation	5.00%	5.00%	5.00%	5.00%	5.00%
COW RWF O&M	5.00%	5.00%	5.00%	5.00%	5.00%
Interest Income	2.00%	2.00%	2.00%	2.00%	2.00%
Customer Growth	0.00%	0.00%	0.00%	0.00%	0.00%
Purchased Water Inflation	5.00%	5.00%	5.00%	5.00%	5.00%

3.2 Projected Revenues

PV Water collects most of its revenue through augmentation and delivered water charges. These items made up 92 percent of revenues in FYE 2025 (exclusive of bond and grant proceeds) and are expected to be approximately 95 percent in FYE 2026. Each revenue item was projected based on an assumed escalator factor as outlined in Table 4.

Table 5, below, summarizes a five-year financial forecast of projected revenues before rate adjustments for the study period, from FYE 2027 through FYE 2031. FYE 2026 budget was used as a basis of this forecast.

Table 5 Projected Revenues before Rate Adjustments ($ millions)

Revenue Item	FYE 2026[2]	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Augmentation Charge	$13.00	$14.62	$14.17	$13.94	$13.94	$13.94
Delivered Water Charge	2.80	2.85	3.30	3.52	3.52	3.52
Management Fees	0.37	0.37	0.37	0.37	0.37	0.37
Interest Income	0.42	0.54	0.63	0.64	0.54	0.60
Other Revenues[(1)]	0.09	0.07	0.08	0.08	0.08	0.08
Total Revenues	**$16.68**	**$18.45**	**$18.54**	**$18.55**	**$18.46**	**$18.52**

Notes:
** Totals may not tie due to rounding.*
(1) Other Revenues include rental income and other miscellaneous revenues.
(2) Based on FYE 2026 working budget.

3.3 Projected Expenditures

The Agency prepares an annual budget organized into the following four main expense groups:

- **General Fund (Fund 10)** includes expenses associated with the daily administration of the Agency, including general Agency management, administrative services, Board support, and general education and public outreach related expenses.
- **Special Revenue Fund (Fund 20)** includes expenses associated with special fund related administration, grant administration, public outreach and education, water conservation programs, facility operations, basin management planning, and regional water management of the supplemental water, delivered water systems, and the College Lake Adaptive Management Plan.
- **Capital Projects Fund (Fund 30)** includes expenses related to planned capital projects. Future capital projects were identified as part of the BMP Update and the RWF Capital Improvements Program (CIP).
- **Debt Service Fund (Fund 40)** includes outstanding debt service payments. These obligations were incurred to enable the Agency to provide the supplemental water service and delivered water service in furtherance of the objectives identified under the Agency Act.

The Agency's FYE 2026 operating budget serves as the foundation for forecasting future operating expenses. Carollo worked closely with the Agency staff to review each budget line item and update them as necessary to appropriately reflect the Agency's future operations. Based on the updated FYE 2026 operating budget, future expenditures were projected using the escalation factors shown in Table 4.

PV Water anticipates additional O&M costs associated with new capital assets from GSU22, primarily for the College Lake Integrated Resources Management Project and the Watsonville Slough System Managed Aquifer Recharge & Recovery Project. These additional O&M costs are forecasted to begin as each capital project completes construction, the earliest of which is forecasted to come online in FYE 2026. In addition, the Agency has included the funding costs for additional staff to further support the facility operations and adjusted the costs for utilities and chemicals to reflect the significantly increased costs in recent years.

Table 6 shows forecasted expenses for the rate study period. These totals include additional O&M and staffing positions as previously mentioned.

Table 6 Projected O&M Expenses ($ millions)

Expense Item	FYE 2026[1]	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Office Administration (10-10)	$0.23	$0.24	$0.25	$0.25	$0.26	$0.27
Board Support (10-11)	0.07	0.04	0.07	0.05	0.08	0.05
Education & Outreach (10-12)	0.03	0.00	0.00	0.00	0.00	0.00
General Administration (20-10)	0.97	1.00	1.12	1.16	1.21	1.25
Public Outreach & Education (20-12)	0.14	0.14	0.16	0.16	0.17	0.17
Grant Administration (20-13)	0.23	0.24	0.25	0.20	0.21	0.21
Conservation (20-14)	0.47	0.69	0.70	0.71	0.73	0.74
Harkins Slough Facility (20-51)	0.28	0.29	0.31	0.32	1.03	1.08
Coastal Distribution System (20-52)	0.70	0.67	0.68	0.80	0.66	0.68
Supplemental Water (In-Basin) (20-53)	0.50	0.53	0.72	0.71	0.74	0.76
Recycled Water Facility (20-54)	3.35	3.52	3.70	3.88	4.08	4.28
Metering Program (20-55)	0.55	0.44	0.45	0.47	0.48	0.50
College Lake WTP (20-56)	1.21	1.66	1.74	1.70	1.67	1.67
Basin Modeling (20-71)	0.12	0.13	0.14	0.14	0.15	0.15
Basin Monitoring (20-72)	0.20	0.20	0.22	0.23	0.23	0.24
In Basin Management (20-73)	0.38	0.20	0.17	0.18	0.18	0.44
Regional Water Management Plan (20-74)	0.99	0.07	0.07	0.07	0.08	0.08
Out of Basin Funding (20-75)	0.12	0.12	0.13	0.14	0.14	0.14
In Basin Funding (20-76)	0.22	0.08	0.09	0.10	0.10	0.31
Total Expenses	**$10.76**	**$10.27**	**$10.98**	**$11.27**	**$12.20**	**$13.04**

Notes:
WTP – water treatment plant
** Totals may not tie due to rounding.*
(1) Based on FYE 2026 working budget.

3.3.1 Debt Service

The Agency currently has six outstanding debt service obligations. Existing debt service includes:

- California DWR Note Payable to be retired in FYE 2028.
- 2015 Water Revenue Refunding Bond (R.B.) to be retired in FYE 2029.
- 2016 Water Revenue R.B. to be retired in FYE 2036.
- 2016 SWRCB Clean Water State Revolving Fund (CWSRF) loan to be retired in FYE 2051.
- 2023 Water Revenue Certificate of Participation to be retired in FYE 2053
- 2024 United States Environmental Protection Agency (USEPA) Water Infrastructure Finance and Innovation Act (WIFIA) loan to be retired in FYE 2060.

In addition, the Agency is anticipating two debt service obligations, a USEPA WIFIA loan and a matching revenue bond issue, to fund the Watsonville Slough System Managed Aquifer Recharge & Recovery (WSS-MARR) project beginning in FYE 2028 with the first payments starting in FYE 2030. Table 6 summarizes existing and anticipated debt service through the five-year rate setting period.

Table 7 Summary of Existing and Anticipated Debt Service ($ millions)

Debt Service	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
DWR Note Payable	$0.25	$0.25	$0.13	$0.00	$0.00	$0.00
2015 Water Revenue R.B.	1.14	1.14	1.14	1.14	0.00	0.00
2016 Water Revenue R.B.	0.81	0.81	0.80	0.80	0.80	0.81
2016 SWRCB CWSRF	0.08	0.08	0.08	0.08	0.08	0.08
2023 Water Revenue COP	1.75	1.75	1.75	1.75	2.23	2.22
2024 USEPA WIFIA (CLIRM)(1)	0.00	2.04	2.04	2.04	2.38	2.38
2024 USEPA WIFIA (WSS-MARR)(2)	0.00	0.00	0.00	0.00	0.95	1.68
2029 Matching Bond(3)	0.00	0.00	0.00	0.00	1.21	1.19
Total Debt Service Obligations	**$4.02**	**$6.06**	**$5.92**	**$5.80**	**$7.65**	**$8.36**

Notes:
CLIRM – College Lake Integrated Resources Management
** Totals may not tie due to rounding.*
(1) Funding to support CLIRM Project.
(2) Funding to support WSS-MARR project. The Agency expects to use 100% of the proceeds in 2028 with the first payment due in 2030.
(3) Additional funding to support WSS-MARR project. The Agency expects to use 100% of the proceeds in 2029 with the first payment due in 2030.

3.3.2 Debt Coverage Requirements

USEPA requires 1.25x coverage and one-year reserve payments on all WIFIA loans. Per the Agency's financial advisor, NHA, PV Water was able to secure a service reserve surety policy to fulfill the debt service reserve requirements for the two WIFIA loans listed above to avoid funding the debt service reserve fund with cash.

The Agency is currently required to legally maintain an annual debt service coverage ratio of at least 1.10x; however, based on discussions with the Agency, Carollo used a target of 1.20x to provide financial flexibility and greater ability to handle unexpected expenses or revenue reductions during the study period. This coverage is calculated as the ratio of net revenues available to total annual debt service requirements.

3.3.3 Forecasted Capital Funding

The Agency is currently completing Phase 1 of GSU22 and may be implementing Phase 2 projects during the study period, if current modeling and monitoring programs show the need. If required, evaluation of additional potential projects will begin around FYE 2035.

PV Water and Carollo continue to work together to estimate costs for the capital improvement plan for the study period, including for the WSS-MARR project and the RWF CIP. Table 8 provides the most up-to-date capital project cost estimates.

Table 8 Projected Capital Expenditures ($ millions)

Capital Project	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
WSS-MARR	$0.30	$6.00	$32.00	$20.20	$0.00	$0.00
Basin Monitoring Wells Expansion Project	0.10	2.50	0.00	0.00	0.00	0.00
Recycled Water Facility CIP	0.35	0.49	1.41	8.54	7.80	0.68
Supplemental Well No. 3 Improvements Project	0.50	1.50	0.00	0.00	0.00	0.00
Meter Shop	0.05	0.05	0.50	0.10	0.00	0.00
College Lake Project	0.50	0.00	0.00	0.00	0.00	0.00
Total Capital Needs	**$1.80**	**$10.54**	**$33.91**	**$28.84**	**$7.80**	**$0.68**

Notes:
** Totals may not tie due to rounding.*

Capital projects can be funded through various sources, including grants, bonds, capital reserves, cash on hand, and rate funded pay-as-you-go (PAYGO) capital. Table 9, below, summarizes the available and anticipated capital funding that is used to offset the remaining capital funding need.

Table 9 Anticipated Capital Funding Sources ($ millions)

Funding Source	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
WIFIA Fund	$0.00	$0.00	$31.10	$0.00	$0.00	$0.00
2029 Matching Bonds	0.00	0.00	0.00	17.53	0.00	0.00
Grants	0.00	0.00	0.00	0.00	0.00	0.00
Additional Bond Proceeds	0.00	0.00	0.00	0.00	0.00	0.00
Cash Reserve(1)	1.80	10.54	2.81	11.30	7.80	0.68
Total Capital Funding	**$1.80**	**$10.54**	**$33.91**	**$28.84**	**$7.80**	**$0.68**

Notes:
** Totals may not tie due to rounding.*
(1) Represents the Agency's cash on hand, excluding restricted reserves. Cash reserve can be used in any fiscal year as needed.

3.3.4 Reserve Policy

The Agency's reserves are a combination of restricted and unrestricted funds, including cash reserve, capital fund (or repair and replacement reserve), rate stabilization fund, and debt service fund.

At FYE 2025 year-end, the Agency's total cash reserve balance was $27.0 million, which consisted of:

- Cash reserve of $24.3 million.
- Capital reserve (repair and replacement) of $0.9 million.
- Rate stabilization fund of $1.1 million.

Per its policy, the Agency is required to maintain a minimum cash reserve target of 180 days of operating expenses, which equals $5.3 million for FYE 2026. Cash reserves in excess of this target are available to fund engineering, legal, and acquisition costs, and additional capital outlays.

The Agency is also required to reserve 25 percent of annual depreciation expense as capital reserve (repair and replacement). From the FYE 2025 Annual Comprehensive Financial Report, the Agency's annual depreciation expense was $3.3 million resulting in $0.8 million for the capital reserve target.

Lastly, the Agency maintains a rate stabilization fund with a target balance determined by Agency management and the Board. The rate stabilization fund can be used by the Agency to reduce or eliminate the need for a rate increase as a result of unexpected expenses or revenue reductions. In December 2023, the Board voted to increase the rate stabilization fund target from $0.5 million to $1.0 million and directed staff to increase it to $1.5 million by FYE 2029. Consequently, the Agency is building up the fund by transferring $100,000 per year for the next 4 years to meet the new target of $1.5 million by FYE 2029.

3.4 Baseline Revenue Requirements

Using the two tests discussed at the beginning of this section, Carollo evaluated the sufficiency of the Agency's projected annual revenues at the current rates to meet the operating and non-operating expenses, as well as the financial policy requirements, throughout the study period.

Table 10 on the following page summarizes the results of this analysis for FYE 2027 through FYE 2031.

Table 10 Revenue Sufficiency at Current Rates ($ millions)

Description	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Beginning Agency Cash Balance	**$33.16**	**$24.64**	**$23.36**	**$13.44**	**$4.25**
REVENUE					
Augmentation Charge	$14.62	$14.17	$13.94	$13.94	$13.94
Delivered Water Charge	2.85	3.30	3.52	3.52	3.52
Management Fees	0.37	0.37	0.37	0.37	0.37
Interest Income	0.54	0.63	0.64	0.54	0.60
Other Revenues	0.07	0.08	0.08	0.08	0.08
Total Revenues	**$18.45**	**$18.54**	**$18.55**	**$18.46**	**$18.52**
EXPENSES					
Operating Expenses	$10.27	$10.98	$11.27	$12.20	$13.04
Debt Service	6.06	5.92	5.80	7.65	8.36
Policy Expenditures	0.10	0.10	0.10	0.00	0.00
Cash-Funded Capital (PAYGO)	10.54	2.81	11.30	7.80	0.68
Total Expenses	**$26.97**	**$19.81**	**$28.47**	**$27.65**	**$22.08**
Cash Flow Surplus/(Deficit)	***($8.52)***	***($1.27)***	***($9.92)***	***($9.19)***	***($3.56)***
REVENUE SUFFICIENCY TESTS					
Debt Coverage (1.20x)	$1.21	$1.18	$1.16	$1.53	$1.67
Debt Service Coverage Ratio (DSCR)	1.35 x	1.28 x	1.26 x	0.82 x	0.66 x
Debt Service Coverage Surplus/(Deficit)	***$0.91***	***$0.45***	***$0.32***	***($2.92)***	***($4.56)***
Target Cash Reserves (180 days)	$5.06	$5.42	$5.56	$6.02	$6.43
Ending Agency Cash Balance	$24.64	$23.36	$13.44	$4.25	$0.69
Reserve Target Surplus/(Deficit)	***$19.57***	***$17.95***	***$7.89***	***($1.76)***	***($5.74)***
Days of O&M	*876 days*	*777 days*	*436 days*	*127 days*	*19 days*

Notes:
** Totals may not tie due to rounding.*

Table 10 indicates that, without any rate adjustments, the Agency will not meet its debt coverage and reserve requirements in FYE 2030 and FYE 2031.

3.5 Recommended Revenue Requirements

Based on the analysis described in Section 3.4, the Agency needs a 50.4 percent increase in revenues in FYE 2030 to meet its cash reserve target of 180 days of operating expenses and its debt service coverage target of 1.20x. However, to avoid the impact of such a significant revenue increase on rate payers, Carollo recommends annual 5.46 percent revenue increases beginning in FYE 2027 and continuing through FYE 2031. The recommendation assumes the Agency utilizes WIFIA proceeds and matching bonds to support the WSS-MARR project.

The recommended revenue increases are projected to keep the Agency's revenues in line with cost inflation while supporting healthy minimum reserve balances and meeting required debt service coverage ratios. Table 11 summarizes the updated cash flow, debt service coverage, and reserve balances with the recommended revenue increases.

If the Agency opts to forgo the recommended increases, expenses will exceed revenues beginning in FYE 2030. This would jeopardize the Agency's ability to cover its debt obligations and sufficiently fund the capital projects while meeting its financial policy requirements. In addition, it could lead to state intervention of groundwater resources management.

Table 11 Revenue Sufficiency with Recommended Revenue Increases ($ millions)

Description	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Recommended Rate Increase	***5.46%***	***5.46%***	***5.46%***	***5.46%***	***5.46%***
User Charge Revenue	$17.46	$17.46	$17.47	$17.47	$17.47
Revenue from Cumulative Increases	0.32	1.29	2.31	3.39	4.53
Other Revenues	0.98	1.08	1.09	1.01	1.11
Total Revenues	**$18.76**	**$19.83**	**$20.86**	**$21.87**	**$23.11**
Total Expenses	**$26.97**	**$19.82**	**$28.48**	**$27.66**	**$22.11**
Cash Flow Surplus/(Deficit)	***($8.21)***	***$0.01***	***($7.62)***	***($5.80)***	***$1.00***
Target Debt Coverage (1.20x)	$1.21	$1.18	$1.16	$1.53	$1.67
Debt Service Coverage Surplus/(Deficit)	$1.22	$1.74	$2.63	$0.47	$0.00
Debt Service Coverage Ratio (DSCR)	***1.40 x***	***1.49 x***	***1.65 x***	***1.26 x***	***1.20 x***
Target Cash Reserves (180 days)	$5.06	$5.42	$5.56	$6.02	$6.45
Ending Agency Cash Balance	$24.95	$24.96	$17.35	$11.55	$12.55
Reserve Target Surplus/(Deficit)	***$19.89***	***$19.55***	***$11.79***	***$5.53***	***$6.11***
Days of O&M	***887 days***	***830 days***	***562 days***	***345 days***	***351 days***

Notes:
* *Totals may not tie due to rounding.*

SECTION 4 COST-OF-SERVICE ANALYSIS

The principal purpose of a cost-of-service analysis is to provide a rational basis for fairly allocating the full costs of the Agency's services to each user category in proportion to the water users' benefits received from and burdens or demands they place on the system. Carollo developed a detailed cost allocation that serves as the basis for the recommended rate adjustments. This analysis yields an appropriate method for allocating costs, which could be sustained unless substantial changes in cost drivers or customer consumption patterns occur.

To conduct the cost-of-service analysis presented in this report, Carollo reviewed the unique service functions provided by the Agency to its water users that are identified and defined in the 2021 report. Since the last study, the Agency has been implementing BMP Update projects to provide supplemental water and expects the additional supplemental water to become available during the study period.

During this analysis, Carollo worked closely with Agency staff to allocate each budget line item among the five functional categories to reflect the different service levels attributable to the water user groups (i.e., metered water users, unmetered water users, within or outside DWZ, and delivered water users). Table 12 lists the functional categories, the associated services provided by the Agency, and the water users receiving those services.

Table 12 Functional Categories

Functional Category	Services Provided	Water Users	Allocation Basis
Billing	Preparing and managing customer bills	All users	Annual usage
Metering	Installing, maintaining, and reading meters	All metered water users	Meter size
Basin Management	Planning, constructing, operating, and maintaining supplemental water supply facilities	All users	Annual usage
Delivered Water	Delivering supplemental water through the CDS	Delivered water users	Annual usage
Additional DWZ Services(1)	Improved water reliability	Metered water users within the DWZ	Annual usage

Notes:
(1) Cost associated with the higher level of service for metered water users in the DWZ apply to metered Augmentation Charges for water users in the DWZ.

While the Agency provides two distinct services – groundwater basin management and delivered water service – there is only one set of common project facilities that are and will be utilized to provide those services. As in the 2021 Cost of Service Rate Study Report, the costs associated with the Agency's existing and planned water services are attributable to both groundwater users and delivered water service users.

In allocating shared costs between the two services and the delivered water charge and augmentation charge, the Agency has balanced several regulatory objectives.

- The property owners outside the DWZ receive an important service from the supplemental water projects. By installing, operating, and maintaining the supplemental water project facilities, the Agency protects the entire groundwater basin supply, replaces some of the groundwater pumped by extractors, retards seawater intrusion, reduces overdraft, and avoids more strict groundwater regulation by pumping limits – all of which serve the long-term water supply needs of the well owners

throughout the basin, including those inside and outside the DWZ. As such, it is appropriate that the well owners throughout the basin pay for their equitable share of the cost of the Agency's supplemental water service.

- Payment of an augmentation charge on a per AF basis provides an incentive, relative to the consumption of groundwater, for well users to carefully and efficiently manage their use of groundwater. This also furthers the Agency's water conservation efforts, which is the Agency's most economical program for stretching the limited water supply.
- Water users in the DWZ who have access to and use delivered water should pay an equitable proportionate share of the costs of the supplemental water service.
- There is a strong basin-wide interest in maximizing delivered water use (in the DWZ) because greater delivered water use minimizes pumping in that area, enhances groundwater recharge, and retards seawater intrusion, which helps to protect groundwater resources further inland and help to maintain local control and management of groundwater resources in general.
- Groundwater pumpers within the DWZ also have improved water reliability. As pumpers within the DWZ have access to delivered water service, there is a distinct service that is immediately available to those users when compared to groundwater users outside the DWZ. As such, and to encourage full use of delivered water, the rate differential between the augmentation rate inside the DWZ and delivered water charge should encourage delivered water usage and not provide a fiscal incentive to pump groundwater instead of using the available delivered water.

Throughout the cost-of-service analysis, the Agency equitably balanced the allocation of costs in consideration of these factors – recognizing that maximizing the purchase and use of delivered water protects the overall groundwater basin in furtherance of the Agency's supplemental water objectives and serves all groundwater users in the basin.

4.1 Allocation of Costs to Functional Components

The Agency's water system comprises both supplemental and delivered water facilities, which are both necessary to sustain the basin. A detailed functional allocation analysis was prepared by separately identifying the Agency's budget categories (General Fund, Special Revenue Fund, Capital Projects, and Debt Service) and allocating each item to the appropriate functional components based on the specific function provided. This allocation is derived from the Agency's existing factors that were the foundation of the 2021 report.

4.1.1 General Fund

General Fund (Fund 10) includes expenses associated with the daily administration of the Agency, including general Agency management, administrative services, Board services, support services, and general education and public outreach related expenses (as described in GSU22). Fund 10 is largely comprised of salaries, wages, and benefits, which were allocated directly to the functional categories based upon estimated percent of time the position spent on that function. For example, billing received a percent allocation from the following positions: general manager, finance and administrative services manager, financial analyst, executive assistant/board secretary, customer services representative, and accounting clerk.

4.1.2 Special Revenue Fund

Special Revenue Fund (Fund 20) includes expenses associated with special fund related grant administration, grant administration, public outreach and education, water conservation programs, facility operations and maintenance, and basin management planning of the supplemental water and delivered water services. General administration related expenses are allocated to functional categories based on the allocation of staff positions, similar to Fund 10. Other costs include facility operations and basin management planning, as described below:

4.1.2.1 Facility Operations

Well owners throughout the basin, including those outside the DWZ, receive an important service from the supplemental water projects. By constructing, operating, and maintaining the supplemental water project facilities, the Agency protects the groundwater basin water supply, replaces some of the groundwater pumped by extractors, retards seawater intrusion, reduces overdraft, and avoids more strict groundwater regulation by pumping limits – all of which serve the long-term water supply needs of the basin.

In order to allocate facility operations costs to groundwater and delivered water users, the Agency analyzed each facility's operations in terms of providing supplemental supply, reducing groundwater overdraft, and providing delivered water at pressure for irrigation in the DWZ. Facilities operations costs associated with the delivery of water appropriate for irrigation are allocated directly to the delivered water users as the sole recipients of this service. For the remaining facilities, a portion of the energy costs are allocated to delivered water since energy is required to pump supplemental water into the delivered water system. All other costs for the facilities are allocated to basin management to be allocated to all users based on consumption.

Facility operations also includes expenses to operate the Metering Program. These expenses are allocated entirely to metering and are recovered from metered groundwater and delivered water customers based on the size of the meter.

4.1.2.2 Basin Management Planning

The costs associated with implementing GSU22 include basin modeling, basin monitoring, in-basin management, regional water management plan, out-of-basin funding, and in-basin funding. Like other categories, Carollo and the Agency staff reviewed and allocated each line item to the appropriate functional categories. Most of these costs are allocated to basin management, but some are allocated entirely to groundwater or to other categories based on the allocation of staff positions.

4.1.3 Capital Projects

The Agency has identified nearly $82 million in projects to be constructed over the next 5 years. As most of these projects are designed to address the Agency's groundwater concerns and increase the capacity of supplemental water, they are allocated to basin management and additional DWZ services based on the ratio of groundwater, delivered water, and available capacity inside the DWZ. The addition of available capacity inside the DWZ reflects costs associated with providing excess (available) capacity to groundwater pumpers inside the DWZ. Well owners in the DWZ, by definition, have immediate access to the Agency's delivered water supply. As a result, DWZ well owners receive a higher level of service and therefore are allocated an additional equitable share of the cost of the service. With the exception of the Meter Shop project, which is allocated entirely to metering, costs associated with capital projects are allocated mostly to basin management with a small amount allocated to additional services within the DWZ for the partial redundancy provided by the delivered water system to groundwater users within the DWZ. Table 13 summarizes details of allocation to functional categories.

4.1.4 Debt Service

Debt service payments for existing facilities are also allocated to basin management and additional DWZ services based on the ratio of groundwater, delivered water, and available capacity inside the DWZ. Similar to the capital projects, debt service is allocated to basin management and to additional services within the DWZ.

Table 13 details the resulting cost of service allocation percentages for each functional category by budget item. These functional allocations are described in more detail in Appendix A.

Table 13 Allocation to Functional Categories

Budget Item	Billing	Metering	Basin Management	Delivered Water	Additional DWZ Services
General Fund (Fund 10)					
Office Administration (10-10)	13.65%	21.26%	58.97%	5.04%	1.08%
Board Support (10-11)	13.65%	21.26%	58.97%	5.04%	1.08%
Education & Outreach (10-12)	13.65%	21.26%	58.97%	5.04%	1.08%
Special Revenue Fund (Fund 20)					
Administration					
General Administration (20-10)	13.65%	21.26%	58.97%	5.04%	1.08%
Public Outreach & Education (20-12)	13.65%	21.26%	58.97%	5.04%	1.08%
Grant Administration (20-13)	13.65%	21.26%	58.97%	5.04%	1.08%
Conservation (20-14)	0.84%	1.31%	97.47%	0.31%	0.07%
Facility Operations					
Harkins Slough Facility (20-51)	3.14%	4.89%	23.77%	67.94%	0.25%
Coastal Distribution System (20-52)	6.23%	9.71%	81.10%	2.46%	0.50%
Supplemental Water (in-basin) (20-53)	1.62%	2.52%	57.74%	37.99%	0.13%
Recycled Water Facility (20-54)	0.29%	0.45%	86.21%	13.02%	0.02%

Budget Item	Billing	Metering	Basin Management	Delivered Water	Additional DWZ Services
Metering Program (20-55)	0.00%	100.00%	0.00%	0.00%	0.00%
College Lake Project (20-56)	2.61%	4.06%	60.68%	32.45%	0.21%
Basin Management Planning					
Basin Modeling (20-71)	6.94%	10.80%	79.15%	2.56%	0.55%
Basin Monitoring (20-72)	7.06%	10.99%	78.78%	2.61%	0.56%
In-Basin Management (20-73)	5.23%	8.15%	84.27%	1.93%	0.42%
Regional Water Management (20-74)	8.96%	13.95%	73.07%	3.31%	0.71%
Out-Of-Basin Funding (20-75)	5.35%	8.33%	83.92%	1.97%	0.42%
In-Basin Funding (20-76)	9.66%	15.04%	70.96%	3.57%	0.77%
Capital Projects Fund (Fund 30)					
WSS-MARR Project	0.00%	0.00%	95.80%	0.00%	4.20%
Basin Monitoring Wells Expansion Project	0.00%	0.00%	95.80%	0.00%	4.20%
Recycled Water Facility CIP	0.00%	0.00%	95.80%	0.00%	4.20%
Supplemental Well No. 3 Improvements Project	0.00%	0.00%	95.80%	0.00%	4.20%
Water Conservation Program	0.00%	0.00%	95.80%	0.00%	4.20%
Meter Shop	0.00%	100.00%	0.00%	0.00%	0.00%
Debt Service Fund (Fund 40)					
DWR Note Payable	0.00%	0.00%	95.80%	0.00%	4.20%
2015 Water Revenue Refunding Bonds	0.00%	0.00%	95.80%	0.00%	4.20%
2016 Water Revenue Refunding Bonds	0.00%	0.00%	95.80%	0.00%	4.20%
2016 SWRCB CWSRF	0.00%	0.00%	95.80%	0.00%	4.20%
2023 Water Revenue COP (CLIRMP)	0.00%	0.00%	95.80%	0.00%	4.20%
2024 WIFIA (CLIRMP)	0.00%	0.00%	95.80%	0.00%	4.20%
2024 WIFIA (WSS-MARR)	0.00%	0.00%	95.80%	0.00%	4.20%
2029 Matching Bonds	0.00%	0.00%	95.80%	0.00%	4.20%
Resulting Allocation	**1.81%**	**4.99%**	**83.32%**	**7.50%**	**2.39%**

Notes:
(1) Additional details provided in Appendix A.

Table 14 summarizes the allocation of net revenue requirements to each functional category for FYE 2027 through FYE 2031.

Table 14 Net Revenue Requirements Allocated to Functional Categories ($ millions)

Functional Category	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Billing	$0.41	$0.41	$0.41	$0.40	$0.40
Metering	1.11	1.12	1.11	1.11	1.10
Basin management	12.76	14.00	15.34	16.78	18.33
Delivered water	2.96	2.70	2.39	2.04	1.65
Additional DWZ services	0.53	0.53	0.53	0.53	0.52
Total Revenue Requirement	**$17.78**	**$18.75**	**$19.78**	**$20.86**	**$22.00**

Notes:
* *Totals may not tie due to rounding.*

4.1.5 Calculation of Units and Unit Costs

The water users from whom the net revenue requirements are recovered include the metered, unmetered, and delivered water users. Table 15 presents a projected FYE 2031 number of service units (acre-feet of water service) associated with the following functional categories:

- **Billing** - total water consumption in the basin (groundwater and delivered water use).
- **Metering** - total number of equivalent meters.
- **Basin Management** - total water consumption in the basin (groundwater and delivered water use).
- **Delivered Water Service** - total delivered water consumption.
- **Additional Service to Metered Users in DWZ** - metered water consumption within the DWZ.

Table 15 Projected FYE 2031 Service Units Associated with Each Functional Category

Water User	Billing (AF/year)	Metering (MEUs)[3]	Basin Management (AF/year)	Delivered Water (AF/year)	Additional DWZ Services (AF/year)
Metered Groundwater[1]	37,870	12,300	37,870	0	3,670
Unmetered Groundwater[1,2]	1,052	0	1,052	0	0
Delivered Water[1]	7,030	1,500	7,030	7,030	0
Total	**45,952**	**13,800**	**45,952**	**7,030**	**3,670**

Notes:
(1) Excludes users east of the San Andreas Fault that are not hydrologically connected to the Pajaro Valley Groundwater Basin.
(2) The number of accounts billed equals the number of rural residential well owners within the Agency.
(3) Metering units are the number of equivalent meters based on the cost of a 1-inch meter as shown Appendix B.

Billing costs are typically allocated to user categories by number of bills. Following the methodology of the 2015 and 2021 reports, the Agency determined that an allocation based on total annual water consumption in the basin was more fair and accurate than an allocation based on the number of bills. Unmetered water users represent approximately 2.7 percent of the water consumption in the basin and are only billed once per year based on estimated consumption. A greater level of billing service is provided to metered and delivered water customers whose bills are prepared using actual consumption data and who are billed quarterly. The larger monetary value of the metered and delivered water user bills also results in increased customer service needs. Therefore, total water consumption was used as the unit of measure for allocating billing costs.

The number of units of consumption shown in Table 15 for the DWZ reflects consumption by metered water users within the DWZ with the ability to immediately connect to the delivered water system as identified through the Agency's Geographic Information System database.

Unit costs for each of these functional categories were developed by dividing the total cost allocated to functional category by the total number of units for that category, including those for metered, unmetered, and delivered water users. The unit costs for each functional category and the allocation of costs for FYE 2031 to each water user category are presented in Table 16.

Table 16 Allocation of FYE 2031 Cost of Service to Water User Categories ($ millions)

Description	FYE 2031 Revenue Requirement	Billing (AF/year)	Metering (MEUs)	Basin Management (AF/year)	Delivered Water (AF/year)	Additional DWZ Services (AF/year)
Total Allocated Costs	**$22.00**	**$0.40**	**$1.10**	**$18.33**	**$1.65**	**$0.52**
Units of Service		45,952	13,800	45,952	7,030	3,670
Unit Costs(1)		$8.66	$79.47	$398.83	$234.56	$142.98
Metered Groundwater Users						
Units of Service		37,870	12,300	37,870	0	0
Allocated Cost	$16.41	$0.33	$0.98	$15.10	$0.00	$0.00
Additional Services in DWZ						
Units of Service		0	0	0	0	3,670
Allocated Cost	$0.52	$0.00	$0.00	$0.00	$0.00	$0.52
Unmetered Groundwater Users						
Units of Service(2)		1,052	0	1,052	0	0
Allocated Cost	$0.43	$0.01	$0.00	$0.42	$0.00	$0.00
Delivered Water Users						
Units of Service		7,030	1,500	7,030	7,030	0
Allocated Cost	$4.63	$0.06	$0.12	$2.80	$1.65	$0.00

Notes:
(1) All unit costs except Metering are provided in $/AF. Metering unit cost is $/MEU/year.
(2) The number of accounts billed equals the number of rural residential well owners within the Agency boundary.

SECTION 5 PROPOSED RATES AND CHARGES

5.1 Rate Design

The water rate design analysis determined how the allocated costs from Table 16 are recovered from each water user category through specified water rates. The focus of this process was to achieve full cost recovery and to substantiate that water users are paying their fair and proportionate share of system costs. The Agency's existing rate structure, developed in the 2015 Study and maintained in the 2021 Study, remained unchanged in this Study.

Carollo calculated the cost-based rates for FYE 2031, the last year of the study period. To avoid significant rate adjustments year-over-year, the rates for FYE 2027 through FYE 2030 are recommended to create a smooth transition from current rates to the calculated FYE 2031 rates. This rate-smoothing is in line with both Proposition 218 and Proposition 26 legal requirements.

5.1.1 Augmentation Charges

The Agency developed rate revenue estimates based on the proposed rates for metered and unmetered groundwater users, and total consumption by each water user group.

The augmentation charge for the metered water users outside the DWZ was calculated by dividing the cost of service by the estimated consumption for metered water users. Appendix C presents detailed calculations.

The augmentation charge for the metered water users inside the DWZ was calculated by adding the charge associated with additional service to metered groundwater users in the DWZ. The metered groundwater users within the DWZ will be levied an additional charge for the availability of the alternate delivered water supply and the increased availability of groundwater resulting from groundwater offsets in the zone that result from the use of delivered water. The cost for the availability of an alternate water supply was developed by dividing the cost of service for the DWZ by the consumption of metered groundwater in the DWZ.

The augmentation charge for the unmetered groundwater extractors (rural residential users) was calculated by dividing the cost of service by the estimated consumption for unmetered water users for the test year. Rural residential users are currently billed at 0.5 AF per year, per residence.[12]

[12] The Rural Residential consumption estimate analysis was developed in the 2015 Cost of Service Report, which is available from the Agency office and at https://www.pvwater.org/ad-hoc-funding-committee.

5.1.2 Delivered Water Charges

Using the cost of service for delivered water users and the total forecasted consumption by this water user group, Carollo determined the cost of service per acre-foot for delivered water service. Appendix C presents detailed calculations for FYE 2031.

5.1.3 Rate Summary

The Agency revenues and expenses were evaluated to determine the net revenue requirements to be recovered from rates. A cost-of-service analysis was conducted to allocate revenue requirements to the Agency's functional cost categories to reflect the different service levels received by the water user groups (i.e., metered, unmetered, and delivered water). Finally, the functional unit costs developed within the analysis were used to calculate updated augmentation and delivered water charges.

Table 17 summarizes the existing and calculated cost-of-service rates (with rate smoothing), the average annual percent increase, and the total five-year rate increase. While a rate per acre-foot is calculated, note that unmetered water users (rural residential) have been charged for an estimated annual consumption of 0.5 AF for each residence served by parcel connected to an unmetered well. A recent survey of rural residential water usage in the region indicates a decrease in rural residential water usage, likely due to increased conservation and the adoption of more water efficient devices. Beginning in FYE 2027, the estimated consumption will be reduced to 0.4 AF per residence per year, pending adoption of the rate-setting ordinances (see Appendix D).

Table 17 Proposed Rates Summary ($/AF)

Charge	Existing Rate FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	5-Year Total	5-Year Avg.
Delivered Water Charge	$501	$526	$552	$580	$609	$639	*27.5%*	*5.0%*
Augmentation Charge – Inside DWZ	$486	$504	$522	$541	$561	$581	*19.5%*	*3.6%*
Augmentation Charge – Outside DWZ	$346	$363	$380	$399	$418	$438	*26.6%*	*4.8%*
Augmentation Charge – Rural Residential	$326	$341	$357	$373	$390	$408	*25.2%*	*4.6%*
Augmentation Charge – Rural Residential ($/residence)	$163	$132	$140	$147	$155	$164	*0.6%*	*0.1%*

The proposed rates reflect the revenue requirements, cost-of-service analysis, and assumptions detailed throughout this report. The proposed rates will recover the forecasted revenue requirements associated with providing supplemental water to help reduce and prevent long-term over-draft and water quality degradation.

APPENDIX A

FUNCTIONAL ALLOCATION

PAJARO VALLEY WATER MANAGEMENT AGENCY

FYE 2025/26 Cost of Service Study

FUNCTIONAL ALLOCATION

COST ALLOCATION BASIS	5-year Average

ALLOCATION INDEX	NOTES	"Customer" BILLING	"Demand" METERING	"Supplemental Water" BASIN MANAGEMENT	"DW Pumping" DELIVERED WATER	"Redundancy" ADDITIONAL DWZ SERVICES	AS ALL OTHERS
Billing Only	*Costs allocated to customer (or billing) purpuses only.*	100.00%					0.00%
Metering Only	*Costs allocated to capacity (or metering) purposes only.*		100.00%				0.00%
Basin Management Only	*Costs allocated to basin management purposes only.*			100.00%			0.00%
Delivered Water Only	*Costs allocated to Delivered Water Users only.*				100.00%		0.00%
Additional DWZ Services Only	*Costs allocated to additional DWZ only.*					100.00%	0.00%
Salaries & Wages	*Based on average salary and benefits allocation. See "Salaries & Benefits Allocation" tab.*	13.65%	21.26%	58.97%	5.04%	1.08%	0.00%
Basin Consumption	*Based on the ratio of consumption within the basin.*			85.48%	14.52%		0.00%
Harkins Slough	*Costs associated with the Harkins Slough. Pumping (power) costs allocated to DW, remainder based on consumption within basin.*			67.18%	32.82%		0.00%
Coastal Distribution	*Costs associated with the CDS. Pumping (power) costs allocated to DW, remainder based on consumption within basin.*			99.96%	0.04%		0.00%
Supplemental Wells	*Costs associated with supplemental wells. Pumping (power) costs allocated to DW, remainder based on consumption within basin.*			81.35%	18.65%		0.00%
Recycled Water Facility	*Costs associated with recycled water. Pumping (power) costs allocated to DW, remainder based on consumption within basin.*			86.66%	13.34%		0.00%
College Lake WTP	*Costs associated with College Lake WTP Pumping (power) costs allocated to DW, remainder based on consumption within basin.*			85.06%	14.94%		0.00%
Facility Operations	*Weighted average of facility operations.*			75.85%	24.15%		0.00%
Existing Debt	*Weighted average of existing debt.*	0.00%	0.00%	95.80%	0.00%	4.20%	0.00%
Capital Projects	*Weighted average of facility-based allocation of CIP.*	0.00%	1.07%	94.78%	0.00%	4.16%	0.00%
Capacity & Demand	*Based on the share of capital between groundwater, delivered water, and within DWZ (redundant capacity).*			95.80%	0.00%	4.20%	0.00%
As All Others	*Weighted average of all other allocated expenditures.*	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
AS O&M	*Weighted average of all O&M expenditures.*	3.91%	10.15%	69.46%	16.17%	0.31%	0.00%
	Resulting Allocation	***1.81%***	***4.99%***	***83.32%***	***7.50%***	***2.39%***	

PAJARO VALLEY WATER MANAGEMENT AGENCY

FYE 2025/26 Cost of Service Study

FUNCTIONAL ALLOCATION

O&M	5-Year Average	ALLOCATION BASIS	BILLING	METERING	ASIN MANAGEMEN	DELIVERED WATER	ITIONAL DWZ SERV	AS ALL OTHERS
OFFICE ADMINISTRATION (10-10)	*2027 - 2031*							
Salaries and Wages	$ 17,553	Salaries & Wages	$ 2,396	$ 3,731	$ 10,351	$ 885	$ 190	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Employee Benefits-Other	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Disability Insurance	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Conferences & Training	2,297	Salaries & Wages	313	488	1,354	116	25	-
Travel/Meals	5,031	Salaries & Wages	687	1,069	2,967	254	55	-
Bank Charges	-	Salaries & Wages	-	-	-	-	-	-
Insurance	13,343	Salaries & Wages	1,821	2,836	7,868	673	145	-
Taxes	219	Salaries & Wages	30	46	129	11	2	-
Legal Notices & Ads	328	Salaries & Wages	45	70	193	17	4	-
Dues & Subscription	34,232	Salaries & Wages	4,672	7,277	20,187	1,726	371	-
Office Expense	656	Salaries & Wages	90	139	387	33	7	-
Postage	109	Salaries & Wages	15	23	64	6	1	-
Printing	984	Salaries & Wages	134	209	580	50	11	-
Utilities	6,498	Salaries & Wages	887	1,381	3,832	328	70	-
Telephone	3,390	Salaries & Wages	463	721	1,999	171	37	-
Office Equipment Leases	328	Salaries & Wages	45	70	193	17	4	-
Legal Services	20,999	Salaries & Wages	2,866	4,464	12,383	1,058	228	-
Outside Services-Operating	-	Salaries & Wages	-	-	-	-	-	-
Professional Services	71,089	Salaries & Wages	9,703	15,111	41,921	3,583	771	-
LAFCO District Fees	17,936	Salaries & Wages	2,448	3,813	10,577	904	194	-
Collection Fee - Management Fee	3,609	Salaries & Wages	493	767	2,128	182	39	-
Facilities Maintenance	50,309	Salaries & Wages	6,867	10,694	29,667	2,536	545	-
IT-Professional Services	6,015	Salaries & Wages	821	1,279	3,547	303	65	-
IT-Equipment	-	Salaries & Wages	-	-	-	-	-	-
IT-Subscriptions	-	Salaries & Wages	-	-	-	-	-	-
BOARD SUPPORT (10-11)								
Salaries and Wages	$ 21,356	Salaries & Wages	$ 2,915	$ 4,539	$ 12,593	$ 1,076	$ 231	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Employee Benefits-Other	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Disability Insurance	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Conferences & Training	5,359	Salaries & Wages	731	1,139	3,160	270	58	-
Travel/Meals	5,140	Salaries & Wages	702	1,093	3,031	259	56	-
Elections	10,932	Salaries & Wages	1,492	2,324	6,447	551	119	-
Legal Services	13,890	Salaries & Wages	1,896	2,953	8,191	700	151	-

PAJARO VALLEY WATER MANAGEMENT AGENCY

FYE 2025/26 Cost of Service Study

FUNCTIONAL ALLOCATION

O&M	5-Year Average	ALLOCATION BASIS	BILLING	METERING	ASIN MANAGEMEN	DELIVERED WATER	ITIONAL DWZ SERV	AS ALL OTHERS
EDUCATION & OUTREACH (10-12)								
Salaries and Wages	$ 4,333	Salaries & Wages	$ 591	$ 921	$ 2,555	$ 218	$ 47	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Employee Benefits-Other	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Disability Insurance	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Conferences & Training	984	Salaries & Wages	134	209	580	50	11	-
Travel/Meals	766	Salaries & Wages	104	163	451	39	8	-
Legal Notices & Ads	766	Salaries & Wages	104	163	451	39	8	-
Dues & Subscription	2,953	Salaries & Wages	403	628	1,741	149	32	-
Office Expense	-	Salaries & Wages	-	-	-	-	-	-
Postage	-	Salaries & Wages	-	-	-	-	-	-
Printing	-	Salaries & Wages	-	-	-	-	-	-
Professional Services	3,018	Salaries & Wages	412	642	1,780	152	33	-
Special Projects Outreach	(16,405)	Salaries & Wages	(2,239)	(3,487)	(9,674)	(827)	(178)	-
GENERAL ADMIN (20-10)								
Salaries and Wages	$ 988,448	Salaries & Wages	$ 134,914	$ 210,112	$ 582,884	$ 49,824	$ 10,714	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Employee Benefits-Other	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Disability Insurance	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Conferences & Training	219	Salaries & Wages	30	46	129	11	2	-
Travel, Mileage, Meals, Lodging	1,969	Salaries & Wages	269	418	1,161	99	21	-
Bank Charges/Bond Fees	14,546	Salaries & Wages	1,985	3,092	8,578	733	158	-
Insurance	-	Salaries & Wages	-	-	-	-	-	-
Taxes	-	Salaries & Wages	-	-	-	-	-	-
Legal Notices & Ads	109	Salaries & Wages	15	23	64	6	1	-
Dues & Subscription	2,078	Salaries & Wages	284	442	1,225	105	23	-
Office Expense	4,484	Salaries & Wages	612	953	2,644	226	49	-
Postage	2,734	Salaries & Wages	373	581	1,612	138	30	-
Printing	9,843	Salaries & Wages	1,344	2,092	5,804	496	107	-
City Connection Water Charges	-	Salaries & Wages	-	-	-	-	-	-
Utilities	18,374	Salaries & Wages	2,508	3,906	10,835	926	199	-
Telephone/Communications	6,234	Salaries & Wages	851	1,325	3,676	314	68	-
Office Equipment Leases	6,453	Salaries & Wages	881	1,372	3,805	325	70	-
Well Leases	-	Salaries & Wages	-	-	-	-	-	-
Field Supplies	-	Salaries & Wages	-	-	-	-	-	-
Elections	-	Salaries & Wages	-	-	-	-	-	-
LAFCO District Fees	-	Salaries & Wages	-	-	-	-	-	-
Licensed Contractors	-	Salaries & Wages	-	-	-	-	-	-
Meters	-	Salaries & Wages	-	-	-	-	-	-
Meter Contractor	-	Salaries & Wages	-	-	-	-	-	-

PAJARO VALLEY WATER MANAGEMENT AGENCY

FYE 2025/26 Cost of Service Study

FUNCTIONAL ALLOCATION

O&M	5-Year Average	ALLOCATION BASIS	BILLING	METERING	ASIN MANAGEMEN	DELIVERED WATER	ITIONAL DWZ SERV	AS ALL OTHERS
Water Sampling	-	Salaries & Wages	-	-	-	-	-	-
Other Fixed Assets	-	Salaries & Wages	-	-	-	-	-	-
Uniforms	4,265	Salaries & Wages	582	907	2,515	215	46	-
Legal Services	32,154	Salaries & Wages	4,389	6,835	18,961	1,621	349	-
Professional Services	21,874	Salaries & Wages	2,986	4,650	12,899	1,103	237	-
Bad Debt	4,593	Salaries & Wages	627	976	2,709	232	50	-
Collection Fee	656	Salaries & Wages	90	139	387	33	7	-
Facilities Maintenance	15,858	Salaries & Wages	2,165	3,371	9,352	799	172	-
Equipment	-	Salaries & Wages	-	-	-	-	-	-
Furniture & Fixtures	-	Salaries & Wages	-	-	-	-	-	-
Building Maintenance	-	Salaries & Wages	-	-	-	-	-	-
IT-Professional Services	14,437	Salaries & Wages	1,970	3,069	8,513	728	156	-
IT-Equipment	-	Salaries & Wages	-	-	-	-	-	-
IT-Subscriptions	-	Salaries & Wages	-	-	-	-	-	-
Vehicle Maintenance	219	Salaries & Wages	30	46	129	11	2	-
Vehicle Purchase	-	Salaries & Wages	-	-	-	-	-	-
Miscellaneous	-	Salaries & Wages	-	-	-	-	-	-
Fund 30 Transfer Out	-	Salaries & Wages	-	-	-	-	-	-
Fund 40 Transfer Out	-	Salaries & Wages	-	-	-	-	-	-
Bond Administration Fee	-	Salaries & Wages	-	-	-	-	-	-
COW Reimbursement O&M	-	Salaries & Wages	-	-	-	-	-	-
Special Projects Outreach	-	Salaries & Wages	-	-	-	-	-	-
Rebates	-	Salaries & Wages	-	-	-	-	-	-
Rebates - ReNeM	-	Salaries & Wages	-	-	-	-	-	-
Land Fallowing	-	Salaries & Wages	-	-	-	-	-	-
Land Acquisition	-	Salaries & Wages	-	-	-	-	-	-
Right of Way	-	Salaries & Wages	-	-	-	-	-	-
Conservation	-	Salaries & Wages	-	-	-	-	-	-
Crop Loss	-	Salaries & Wages	-	-	-	-	-	-
Leases	-	Salaries & Wages	-	-	-	-	-	-
Refunds/Settlement	-	Salaries & Wages	-	-	-	-	-	-
Allowance for Uncollectible Accounts	-	Salaries & Wages	-	-	-	-	-	-
Special Item	-	Salaries & Wages	-	-	-	-	-	-
PUBLIC OUTREACH & EDUCATION (20-12)								
Salaries and Wages	$ 133,705	Salaries & Wages	$ 18,250	$ 28,421	$ 78,845	$ 6,740	$ 1,449	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Conferences & Training	547	Salaries & Wages	75	116	322	28	6	-
Travel/Meals	328	Salaries & Wages	45	70	193	17	4	-
Dues & Subscription	-	Salaries & Wages	-	-	-	-	-	-
Office Expense	437	Salaries & Wages	60	93	258	22	5	-
Postage	-	Salaries & Wages	-	-	-	-	-	-
Printing	5,250	Salaries & Wages	717	1,116	3,096	265	57	-
Telephone	2,297	Salaries & Wages	313	488	1,354	116	25	-
Field Supplies - Equipment	328	Salaries & Wages	45	70	193	17	4	-
Professional Services	10,000	Salaries & Wages	1,365	2,126	5,897	504	108	-

PAJARO VALLEY WATER MANAGEMENT AGENCY

FYE 2025/26 Cost of Service Study

FUNCTIONAL ALLOCATION

O&M	5-Year Average	ALLOCATION BASIS	BILLING	METERING	ASIN MANAGEMEN	DELIVERED WATER	ITIONAL DWZ SERV	AS ALL OTHERS
IT-Professional Services	7,656	Salaries & Wages	1,045	1,627	4,515	386	83	-
IT-Equipment	-	Salaries & Wages	-	-	-	-	-	-
IT-Subscriptions	-	Salaries & Wages	-	-	-	-	-	-
Vehicle Maintenance	547	Salaries & Wages	75	116	322	28	6	-
GRANT ADMINISTRATION (20-13)								
Salaries and Wages	$ 100,451	Salaries & Wages	$ 13,711	$ 21,353	$ 59,236	$ 5,063	$ 1,089	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Travel/Meals	-	Salaries & Wages	-	-	-	-	-	-
Office Expense	-	Salaries & Wages	-	-	-	-	-	-
Postage	547	Salaries & Wages	75	116	322	28	6	-
Legal Services	984	Salaries & Wages	134	209	580	50	11	-
Professional Services	120,000	Salaries & Wages	16,379	25,508	70,764	6,049	1,301	-
CONSERVATION (20-14)								
Salaries and Wages	$ 44,076	Salaries & Wages	$ 6,016	$ 9,369	$ 25,992	$ 2,222	$ 478	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Conferences & Training	-	Basin Management Only	-	-	-	-	-	-
Travel/Meals	109	Basin Management Only	-	-	109	-	-	-
Office Expense	-	Basin Management Only	-	-	-	-	-	-
Printing	-	Basin Management Only	-	-	-	-	-	-
Telephone	2,297	Basin Management Only	-	-	2,297	-	-	-
Field Supplies - Equipment	2,734	Basin Management Only	-	-	2,734	-	-	-
Professional Services	559,999	Basin Management Only	-	-	559,999	-	-	-
IT-Professional Services	6,781	Basin Management Only	-	-	6,781	-	-	-
IT-Equipment	-	Basin Management Only	-	-	-	-	-	-
IT-Subscriptions	-	Basin Management Only	-	-	-	-	-	-
Vehicle Maintenance	219	Basin Management Only	-	-	219	-	-	-
REBATES-General Conservation	-	Basin Management Only	-	-	-	-	-	-
REBATES-Conservation (Frmly ReNeM)	97,500	Basin Management Only	-	-	97,500	-	-	-
Fallow Land Incentive Program	-	Basin Management Only	-	-	-	-	-	-
HARKINS SLOUGH FACILITY (20-51)								
Salaries and Wages	$ 139,743	Salaries & Wages	$ 19,074	$ 29,705	$ 82,406	$ 7,044	$ 1,515	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Employee Benefits-Other	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Disability Insurance	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-

PAJARO VALLEY WATER MANAGEMENT AGENCY

FYE 2025/26 Cost of Service Study

FUNCTIONAL ALLOCATION

O&M	5-Year Average	ALLOCATION BASIS	BILLING	METERING	ASIN MANAGEMEN	DELIVERED WATER	ITIONAL DWZ SERV	AS ALL OTHERS
Bank Charges	3,609	Basin Management Only	-	-	3,609	-	-	-
Insurance	15,640	Basin Management Only	-	-	15,640	-	-	-
Taxes & Fees	1,859	Basin Management Only	-	-	1,859	-	-	-
Dues & Subscription	-	Basin Management Only	-	-	-	-	-	-
Office Expense	-	Basin Management Only	-	-	-	-	-	-
Postage	1,969	Basin Management Only	-	-	1,969	-	-	-
Printing	-	Basin Management Only	-	-	-	-	-	-
Utilities	398,629	Delivered Water Only	-	-	-	398,629	-	-
Telephone	2,844	Basin Management Only	-	-	2,844	-	-	-
Office Equipment Leases	1,641	Basin Management Only	-	-	1,641	-	-	-
Field Supplies - Equipment	2,515	Basin Management Only	-	-	2,515	-	-	-
Professional Services	700	Basin Management Only	-	-	700	-	-	-
Facilities Maintenance	6,890	Delivered Water Only	-	-	-	6,890	-	-
IT-Professional Services	20,233	Basin Management Only	-	-	20,233	-	-	-
IT-Equipment	-	Basin Management Only	-	-	-	-	-	-
IT-Subscriptions	-	Basin Management Only	-	-	-	-	-	-
Licensed Contractors	10,000	Basin Management Only	-	-	10,000	-	-	-
Vehicle Maintenance	219	Basin Management Only	-	-	219	-	-	-
Vehicle Purchase	720	Basin Management Only	-	-	720	-	-	-
Water Sampling	-	Basin Management Only	-	-	-	-	-	-
COASTAL DISTRIBUTION SYSTEM (20-52)								
Salaries and Wages	$ 318,790	Salaries & Wages	$ 43,512	$ 67,764	$ 187,989	$ 16,069	$ 3,456	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Employee Benefits-Other	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Disability Insurance	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Conferences & Training	2,187	Basin Management Only	-	-	2,187	-	-	-
Travel/Meals	1,531	Basin Management Only	-	-	1,531	-	-	-
Bank Charges	3,609	Basin Management Only	-	-	3,609	-	-	-
Insurance	15,640	Basin Management Only	-	-	15,640	-	-	-
Dues & Subscription	656	Basin Management Only	-	-	656	-	-	-
Office Expense	219	Basin Management Only	-	-	219	-	-	-
Postage	1,969	Basin Management Only	-	-	1,969	-	-	-
Printing	109	Basin Management Only	-	-	109	-	-	-
Utilities	580	Delivered Water Only	-	-	-	580	-	-
Telephone	2,953	Basin Management Only	-	-	2,953	-	-	-
Office Equipment Leases	1,641	Basin Management Only	-	-	1,641	-	-	-
Field Supplies - Equipment	19,796	Basin Management Only	-	-	19,796	-	-	-
Professional Services	125,000	Basin Management Only	-	-	125,000	-	-	-
Facilities Maintenance	547	Delivered Water Only	-	-	-	547	-	-
IT-Professional Services	21,217	Basin Management Only	-	-	21,217	-	-	-
IT-Equipment	-	Basin Management Only	-	-	-	-	-	-
IT-Subscriptions	-	Basin Management Only	-	-	-	-	-	-
Licensed Contractors	16,843	Basin Management Only	-	-	16,843	-	-	-
Vehicle Maintenance	8,749	Basin Management Only	-	-	8,749	-	-	-

PAJARO VALLEY WATER MANAGEMENT AGENCY

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FUNCTIONAL ALLOCATION

O&M	5-Year Average	ALLOCATION BASIS	BILLING	METERING	ASIN MANAGEMEN	DELIVERED WATER	ITIONAL DWZ SERV	AS ALL OTHERS
Vehicle Purchase	9,000	Basin Management Only	-	-	9,000	-	-	-
City Connection Water Charges	120,000	Basin Management Only	-	-	120,000	-	-	-
Water Sampling	27,014	Basin Management Only	-	-	27,014	-	-	-
SUPPLEMENTAL WATER (IN-BASIN) (20-53)								
Salaries and Wages	$ 83,025	Salaries & Wages	$ 11,332	$ 17,648	$ 48,959	$ 4,185	$ 900	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Employee Benefits-Other	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Bank Charges	3,609	Basin Management Only	-	-	3,609	-	-	-
Insurance	15,640	Basin Management Only	-	-	15,640	-	-	-
Dues & Subscription	328	Basin Management Only	-	-	328	-	-	-
Office Expense	-	Basin Management Only	-	-	-	-	-	-
Postage	1,969	Basin Management Only	-	-	1,969	-	-	-
Printing	-	Basin Management Only	-	-	-	-	-	-
Utilities	261,086	Delivered Water Only	-	-	-	261,086	-	-
Telephone	2,734	Basin Management Only	-	-	2,734	-	-	-
Office Equipment Leases	1,641	Basin Management Only	-	-	1,641	-	-	-
Project Well Lease	185,712	Basin Management Only	-	-	185,712	-	-	-
Field Supplies - Equipment	2,844	Basin Management Only	-	-	2,844	-	-	-
Legal Services	5,906	Basin Management Only	-	-	5,906	-	-	-
Professional Services	10,000	Basin Management Only	-	-	10,000	-	-	-
Facilities Maintenance	547	Delivered Water Only	-	-	-	547	-	-
IT-Professional Services	18,264	Basin Management Only	-	-	18,264	-	-	-
IT-Equipment	-	Basin Management Only	-	-	-	-	-	-
IT-Subscriptions	-	Basin Management Only	-	-	-	-	-	-
Licensed Contractors	50,000	Basin Management Only	-	-	50,000	-	-	-
Vehicle Maintenance	1,422	Basin Management Only	-	-	1,422	-	-	-
Vehicle Purchase	720	Basin Management Only	-	-	720	-	-	-
ReNeM Rebates	-	Basin Management Only	-	-	-	-	-	-
REBATES (escalate based on revenue increase)	54,428	Basin Management Only	-	-	54,428	-	-	-
RECYCLED WATER FACILITY (20-54)								
Salaries and Wages	$ 83,091	Salaries & Wages	$ 11,341	$ 17,662	$ 48,998	$ 4,188	$ 901	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Employee Benefits-Other	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Disability Insurance	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Taxes & Fees	38,279	Basin Management Only	-	-	38,279	-	-	-
Dues & Subscription	3,500	Basin Management Only	-	-	3,500	-	-	-
Office Expense	-	Basin Management Only	-	-	-	-	-	-
Printing	-	Basin Management Only	-	-	-	-	-	-
Telephone	-	Basin Management Only	-	-	-	-	-	-
Office Equipment Leases	-	Basin Management Only	-	-	-	-	-	-

PAJARO VALLEY WATER MANAGEMENT AGENCY

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FUNCTIONAL ALLOCATION

O&M	5-Year Average	ALLOCATION BASIS	BILLING	METERING	ASIN MANAGEMEN	DELIVERED WATER	ITIONAL DWZ SERV	AS ALL OTHERS
Legal Services	-	Basin Management Only	-	-	-	-	-	-
Professional Services	-	Basin Management Only	-	-	-	-	-	-
Facilities Maintenance	-	Basin Management Only	-	-	-	-	-	-
IT-Professional Services	-	Basin Management Only	-	-	-	-	-	-
IT-Equipment	-	Basin Management Only	-	-	-	-	-	-
IT-Subscriptions	-	Basin Management Only	-	-	-	-	-	-
Licensed Contractor	-	Basin Management Only	-	-	-	-	-	-
Vehicle Maintenance	-	Basin Management Only	-	-	-	-	-	-
COW Reimb RWF O&M	3,771,243	Recycled Water Facility	-	-	3,268,191	503,052	-	-
METERING PROGRAM (20-55)								
Salaries and Wages	$ 337,737	Metering Only	$ -	$ 337,737	$ -	$ -	$ -	$ -
Employee Health Benefits	-	Metering Only	-	-	-	-	-	-
Retirement Benefits	-	Metering Only	-	-	-	-	-	-
Employee Benefits-Other	-	Metering Only	-	-	-	-	-	-
Worker's Comp Insurance	-	Metering Only	-	-	-	-	-	-
Payroll Taxes	-	Metering Only	-	-	-	-	-	-
Disability Insurance	-	Metering Only	-	-	-	-	-	-
Auto Allowance	-	Metering Only	-	-	-	-	-	-
Long Term Disability	-	Metering Only	-	-	-	-	-	-
Conferences & Training	1,641	Metering Only	-	1,641	-	-	-	-
Bank Charges	3,281	Metering Only	-	3,281	-	-	-	-
Insurance	19,686	Metering Only	-	19,686	-	-	-	-
Dues & Subscription	547	Metering Only	-	547	-	-	-	-
Office Expense	547	Metering Only	-	547	-	-	-	-
Postage	2,078	Metering Only	-	2,078	-	-	-	-
Printing	273	Metering Only	-	273	-	-	-	-
Telephone	49,216	Metering Only	-	49,216	-	-	-	-
Office Equipment Leases	1,859	Metering Only	-	1,859	-	-	-	-
Field Supplies - Equipment	3,281	Metering Only	-	3,281	-	-	-	-
Professional Services	437	Metering Only	-	437	-	-	-	-
Meter Contractor	1,094	Metering Only	-	1,094	-	-	-	-
Facilities Maintenance	2,187	Metering Only	-	2,187	-	-	-	-
IT-Professional Services	15,858	Metering Only	-	15,858	-	-	-	-
IT-Equipment	-	Metering Only	-	-	-	-	-	-
IT-Subscriptions	-	Metering Only	-	-	-	-	-	-
Vehicle Maintenance	7,546	Metering Only	-	7,546	-	-	-	-
Vehicle Purchase	720	Metering Only	-	720	-	-	-	-
Meters	22,000	Metering Only	-	22,000	-	-	-	-
COLLEGE LAKE WTP (20-56)								
Salaries and Wages	$ 322,586	Salaries & Wages	$ 44,030	$ 68,571	$ 190,228	$ 16,260	$ 3,497	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Conferences & Training	-	Basin Management Only	-	-	-	-	-	-
Travel/Meals	-	Basin Management Only	-	-	-	-	-	-
Bank Charges	3,281	Basin Management Only	-	-	3,281	-	-	-
Insurance	19,686	Basin Management Only	-	-	19,686	-	-	-
Taxes & Fees	10,937	Basin Management Only	-	-	10,937	-	-	-

PAJARO VALLEY WATER MANAGEMENT AGENCY

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FUNCTIONAL ALLOCATION

O&M	5-Year Average	ALLOCATION BASIS	BILLING	METERING	ASIN MANAGEMEN	DELIVERED WATER	ITIONAL DWZ SERV	AS ALL OTHERS
Dues & Subscription	-	Basin Management Only	-	-	-	-	-	-
Office Expense	1,094	Basin Management Only	-	-	1,094	-	-	-
Postage	547	Basin Management Only	-	-	547	-	-	-
Printing	-	Basin Management Only	-	-	-	-	-	-
Utilities	504,766	Delivered Water Only	-	-	-	504,766	-	-
Telephone	2,297	Basin Management Only	-	-	2,297	-	-	-
Office Equipment Leases	-	Basin Management Only	-	-	-	-	-	-
Field Supplies - Equipment	10,937	Basin Management Only	-	-	10,937	-	-	-
Chemicals	266,888	Basin Management Only	-	-	266,888	-	-	-
Professional Services	395,200	Basin Management Only	-	-	395,200	-	-	-
Facilities Maintenance	27,342	Delivered Water Only	-	-	-	27,342	-	-
Information Technology	14,218	Basin Management Only	-	-	14,218	-	-	-
Licensed Contractor	109,368	Basin Management Only	-	-	109,368	-	-	-
Vehicle Maintenance	-	Basin Management Only	-	-	-	-	-	-
Vehicle Purchase	720	Basin Management Only	-	-	720	-	-	-
Water Sampling	-	Basin Management Only	-	-	-	-	-	-
BASIN MODELING (20-71)								
Salaries and Wages	$ 72,225	Salaries & Wages	$ 9,858	$ 15,353	$ 42,591	$ 3,641	$ 783	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Employee Benefits-Other	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Disability Insurance	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Conferences & Training	547	Basin Management Only	-	-	547	-	-	-
Travel/Meals	1,094	Basin Management Only	-	-	1,094	-	-	-
Dues & Subscription	-	Basin Management Only	-	-	-	-	-	-
Postage	-	Basin Management Only	-	-	-	-	-	-
Printing	-	Basin Management Only	-	-	-	-	-	-
Field Supplies-Equipment	-	Basin Management Only	-	-	-	-	-	-
Professional Services	54,684	Basin Management Only	-	-	54,684	-	-	-
IT-Professional Services	13,562	Basin Management Only	-	-	13,562	-	-	-
IT-Equipment	-	Basin Management Only	-	-	-	-	-	-
IT-Subscriptions	-	Basin Management Only	-	-	-	-	-	-
Vehicle Maintenance	-	Basin Management Only	-	-	-	-	-	-
BASIN MONITORING (20-72)								
Salaries and Wages	$ 116,956	Salaries & Wages	$ 15,963	$ 24,861	$ 68,968	$ 5,895	$ 1,268	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Employee Benefits-Other	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Disability Insurance	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Conferences & Training	1,641	Basin Management Only	-	-	1,641	-	-	-
Travel/Meals	1,641	Basin Management Only	-	-	1,641	-	-	-
Dues & Subscription	3,281	Basin Management Only	-	-	3,281	-	-	-

PAJARO VALLEY WATER MANAGEMENT AGENCY

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FUNCTIONAL ALLOCATION

O&M	5-Year Average	ALLOCATION BASIS	BILLING	METERING	ASIN MANAGEMEN	DELIVERED WATER	ITIONAL DWZ SERV	AS ALL OTHERS
Field Supplies - Equipment	16,405	Basin Management Only	-	-	16,405	-	-	-
Professional Services	10,937	Basin Management Only	-	-	10,937	-	-	-
IT-Professional Services	14,546	Basin Management Only	-	-	14,546	-	-	-
IT-Equipment	-	Basin Management Only	-	-	-	-	-	-
IT-Subscriptions	-	Basin Management Only	-	-	-	-	-	-
Licensed Contractor	-	Basin Management Only	-	-	-	-	-	-
Vehicle Maintenance	5,359	Basin Management Only	-	-	5,359	-	-	-
Vehicle Purchase	720	Basin Management Only	-	-	720	-	-	-
Water Sampling	54,684	Basin Management Only	-	-	54,684	-	-	-
IN BASIN MANAGEMENT (20-73)								
Salaries and Wages	$ 89,784	Salaries & Wages	$ 12,255	$ 19,085	$ 52,945	$ 4,526	$ 973	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Employee Benefits-Other	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Disability Insurance	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Legal Notices & Ads	547	Basin Management Only	-	-	547	-	-	-
Legal Services	1,969	Basin Management Only	-	-	1,969	-	-	-
Professional Services	141,938	Basin Management Only	-	-	141,938	-	-	-
REGIONAL WATER MANAGEMENT PLAN (20-74)								
Salaries and Wages	$ 47,772	Salaries & Wages	$ 6,521	$ 10,155	$ 28,171	$ 2,408	$ 518	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Employee Benefits-Other	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Disability Insurance	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Travel/Meals	-	Basin Management Only	-	-	-	-	-	-
Legal Notices & Ads	-	Basin Management Only	-	-	-	-	-	-
Printing	-	Basin Management Only	-	-	-	-	-	-
Professional Services	25,000	Basin Management Only	-	-	25,000	-	-	-
OUT OF BASIN FUNDING (20-75)								
Salaries and Wages	$ 52,845	Salaries & Wages	$ 7,213	$ 11,233	$ 31,162	$ 2,664	$ 573	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Employee Benefits-Other	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Disability Insurance	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Travel/Meals	-	Basin Management Only	-	-	-	-	-	-
Taxes/Fees	-	Basin Management Only	-	-	-	-	-	-
Professional Services	82,026	Basin Management Only	-	-	82,026	-	-	-

PAJARO VALLEY WATER MANAGEMENT AGENCY

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FUNCTIONAL ALLOCATION

O&M	5-Year Average	ALLOCATION BASIS	BILLING	METERING	ASIN MANAGEMEN	DELIVERED WATER	ITIONAL DWZ SERV	AS ALL OTHERS
IN BASIN FUNDING (20-76)								
Salaries and Wages	$ 96,821	Salaries & Wages	$ 13,215	$ 20,581	$ 57,095	$ 4,880	$ 1,050	$ -
Employee Health Benefits	-	Salaries & Wages	-	-	-	-	-	-
Retirement Benefits	-	Salaries & Wages	-	-	-	-	-	-
Employee Benefits-Other	-	Salaries & Wages	-	-	-	-	-	-
Worker's Comp Insurance	-	Salaries & Wages	-	-	-	-	-	-
Payroll Taxes	-	Salaries & Wages	-	-	-	-	-	-
Disability Insurance	-	Salaries & Wages	-	-	-	-	-	-
Auto Allowance	-	Salaries & Wages	-	-	-	-	-	-
Long Term Disability	-	Salaries & Wages	-	-	-	-	-	-
Travel/Meals	-	Basin Management Only	-	-	-	-	-	-
Legal Notices & Ads	-	Basin Management Only	-	-	-	-	-	-
Postage	-	Basin Management Only	-	-	-	-	-	-
Printing	-	Basin Management Only	-	-	-	-	-	-
Elections	-	Basin Management Only	-	-	-	-	-	-
Legal Services	5,000	Basin Management Only	-	-	5,000	-	-	-
Professional Services	35,000	Basin Management Only	-	-	35,000	-	-	-
TOTAL	**$ 11,562,445**		**$ 451,561**	**$ 1,173,239**	**$ 8,031,583**	**$ 1,870,200**	**$ 35,862**	**$ -**

PAJARO VALLEY WATER MANAGEMENT AGENCY

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FUNCTIONAL ALLOCATION

CAPITAL IMPROVEMENT PLAN	ALLOCATION BASIS	BILLING	METERING	BASIN MANAGEMENT	DELIVERED WATER	ADDITIONAL DWZ SERVICES	AS ALL OTHERS
Watsonville Slough System Managed Aquifer Recharge & Recovery Project	Capacity & Demand	$ -	$ -	$ 56,045,403	$ -	$ 2,457,597	$ -
Basin Monitoring Wells Expansion Project	Capacity & Demand	-	-	2,490,779	-	109,221	-
Watsonville Recycled Water Facility CIP	Capacity & Demand	-	-	27,020,163	-	1,184,837	-
Supplemental Well No. 3 Improvements Project	Capacity & Demand	-	-	1,915,984	-	84,016	-
Meter Shop	Metering Only	-	700,000	-	-	-	-
College Lake Project	Capacity & Demand	-	-	478,996	-	21,004	-
TOTAL CAPITAL IMPROVEMENT PLAN		**$ -**	**$ 700,000**	**$ 87,951,325**	**$ -**	**$ 3,856,675**	**$ -**

NON-O&M	5-Year Average	ALLOCATION BASIS	BILLING	METERING	BASIN MANAGEMENT	DELIVERED WATER	ADDITIONAL DWZ SERVICES	AS ALL OTHERS
CAPITAL PROJECTS	*2027 - 2031*							
Watsonville Slough System Managed Aquifer Recharge & F	$ 11,640,000	Capacity & Demand	$ -	$ -	$ 11,151,026	$ -	$ 488,974	$ -
Basin Monitoring Wells Expansion Project	2,500,000	Capacity & Demand	-	-	2,394,980	-	105,020	-
Watsonville Recycled Water Facility CIP	3,782,200	Capacity & Demand	-	-	3,623,317	-	158,883	-
Supplemental Well No. 3 Improvements Project	1,500,000	Capacity & Demand	-	-	1,436,988	-	63,012	-
Water Conservation Program	690,000	Capacity & Demand	-	-	661,014	-	28,986	-
Meter Shop	216,667	Metering Only	-	216,667	-	-	-	-
TOTAL CAPITAL PROJECTS	**$ 20,328,867**		**$ -**	**$ 216,667**	**$ 19,267,326**	**$ -**	**$ 844,874**	**$ -**
DEBT SERVICE								
Department of Water Resources (DWR) Note Payable	$ 75,425	Capacity & Demand	$ -	$ -	$ 72,256	$ -	$ 3,168	$ -
2015 Water Revenue Refunding Bonds	683,000	Capacity & Demand	-	-	654,309	-	28,691	-
2016 Water Revenue Refunding Bonds	803,850	Capacity & Demand	-	-	770,082	-	33,768	-
2016 SWRCB CWSRF	76,206	Capacity & Demand	-	-	73,005	-	3,201	-
2023 Water Revenue COP (CLIRMP)	1,937,575	Capacity & Demand	-	-	1,856,181	-	81,394	-
2024 WIFIA (CLIRMP)	2,176,413	Capacity & Demand	-	-	2,084,987	-	91,427	-
2024 WIFIA (WSS-MARR)	526,198	Capacity & Demand	-	-	504,093	-	22,105	-
2029 Matching Bonds	480,750	Capacity & Demand	-	-	460,555	-	20,195	-
Future Debt Service	-	Capacity & Demand	-	-	-	-	-	-
TOTAL DEBT SERVICE	**$ 6,759,417**		**$ -**	**$ -**	**$ 6,475,467**	**$ -**	**$ 283,950**	**$ -**

PAJARO VALLEY WATER MANAGEMENT AGENCY

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FUNCTIONAL ALLOCATION

RATE REVENUE REQUIREMENT	5-Year Average	ALLOCATION BASIS	BILLING	METERING	BASIN MANAGEMENT	DELIVERED WATER	ADDITIONAL DWZ SERVICES	AS ALL OTHERS
	2027 - 2031							
Operating Expenses	$ 11,562,445	*[As O&M above]*	$ 451,561	$ 1,173,239	$ 8,031,583	$ 1,870,200	$ 35,862	$ -
Debt Service	6,759,417	*[As Debt Service above]*	-	-	6,475,467	-	283,950	-
Cash-Funded Capital (PAYGO)	6,625,444	Capital Projects	-	70,615	6,279,474	-	275,356	-
Transfer to Rate Stabilization Fund	60,000	As All Others	-	-	-	-	-	60,000
Transfer to R&R Fund	-	As All Others	-	-	-	-	-	-
Coverage Driven Increase	-	As All Others	-	-	-	-	-	-
Reserves Driven Increase	-	As All Others	-	-	-	-	-	-
OFFSETTING REVENUES								
Cashflow (Surplus) / Deficit	$ (4,121,703)	As All Others	$ -	$ -	$ -	$ -	$ -	$ (4,121,703)
Management Fees	(370,000)	As All Others	-	-	-	-	-	(370,000)
Interest Income	(605,228)	As All Others	-	-	-	-	-	(605,228)
Other Revenues	(78,526)	As All Others	-	-	-	-	-	(78,526)
TOTAL RATE REVENUE REQUIREMENT	**$ 19,831,848**		**$ 451,561**	**$ 1,243,853**	**$ 20,786,524**	**$ 1,870,200**	**$ 595,167**	**$ (5,115,458)**
		reallocation of As All Others	*$ (92,593)*	*$ (255,053)*	*$ (4,262,287)*	*$ (383,485)*	*$ (122,039)*	
Total Allocation	**$ 19,831,848**		**$ 358,969**	**$ 988,801**	**$ 16,524,237**	**$ 1,486,714**	**$ 473,128**	
		Resulting Allocation	***1.81%***	***4.99%***	***83.32%***	***7.50%***	***2.39%***	

APPENDIX B

MEU RATIOS

Table B.1 Meter Equivalent Ratios

Meter Size	Meter Equivalent Unit 1" Meter Basis
5/8"	0.71
3/4"	0.79
1"	1.00
1.5"	1.29
2"	2.07
3"	7.86
4"	10.00
6"	15.00
8"	20.71
10"	35.23
14"	62.93

APPENDIX C

RATE CALCUATION

Table C.1 Augmentation Charge, Outside DWZ FYE 2031 Rate Calculation

Augmentation Charge - Outside DWZ	FYE 2031
Metered Users Revenue to Recover	$16,556,168
Metered Water Consumption (AF)	37,870 AF
Augmentation Charge – Outside DWZ ($/AF)	**$438/AF**

Table C.2 Augmentation Charge, Inside DWZ FYE 2031 Rate Calculation

Augmentation Charge - Outside DWZ	FYE 2031
Additional DWZ Metered Service Revenue to Recover	$524,752
Metered Water Consumption (AF)	3,670 AF
Additional DWZ Charge ($/AF)	**$143/AF**
Augmentation Charge – Outside DWZ ($/AF)	$438/AF
Total Augmentation Charge – Inside DWZ ($/AF)	**$581/AF**

Table C.3 Delivered Water Charge FYE 2031 Rate Calculation

Augmentation Charge - Outside DWZ	FYE 2031
Delivered Water Revenue to Recover	$4,486,158
Delivered Water Consumption (AF)	7,030 AF
Delivered Water Charge ($/AF)	**$639/AF**

Table C.4 Augmentation Charge – Rural Residential FYE 2031 Rate Calculation

Augmentation Charge - Outside DWZ	FYE 2031
Unmetered Rural Residential Revenue to Recover	$428,689
Unmetered Consumption (AF)	1,052
Augmentation Charge – Rural Residential ($/AF)	**$408/AF**

APPENDIX D

UNMETERED USER CONSUMPTION ESTIMATE

Table D.1 PV Water Proxy Connections

WATER SUPPLIER	NUMBER of Connections
Aromas Water District	972
Central Water District	826
San Andreas Mutual Water Company	135
Total Number Connections	**1,933**

Table D.2 PV Water Proxy Usage

WATER SUPPLIER	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	TOTAL	5-Year Average	Volume per Connection
Aromas Water District	329	334	310	278	292	1,543	309	0.317
Central Water District	412	398	354	377	406	1,947	389	0.471
San Andreas Mutual Water Company	66	59	39	38	41	243	49	0.360
Total Production (AF)	**807**	**792**	**703**	**693**	**738**	**3,733**	**747**	**0.386**