

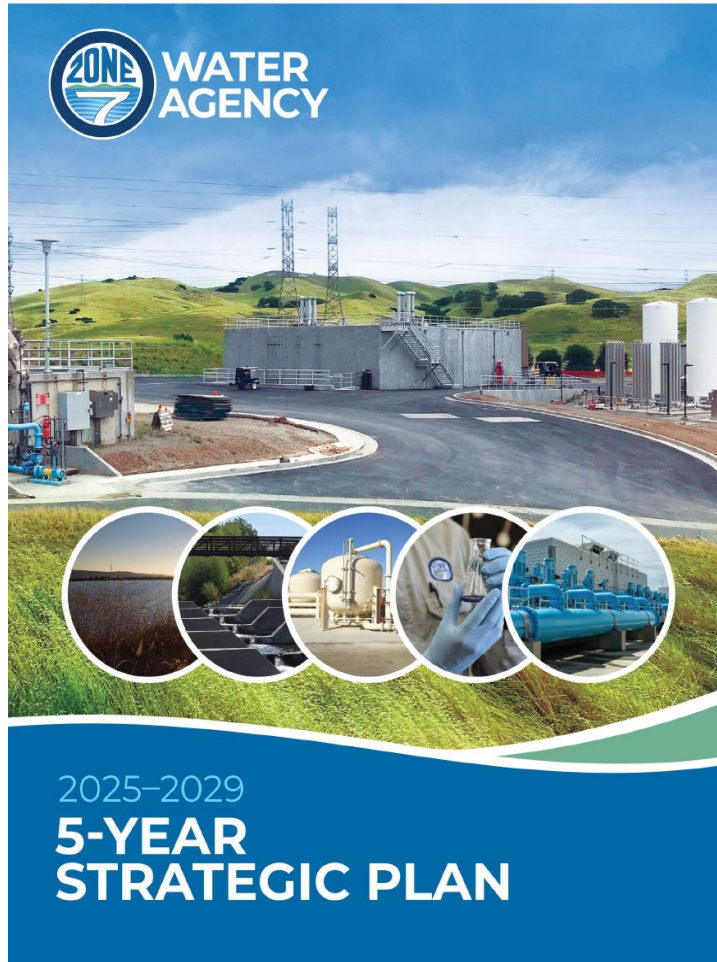


**WATER
AGENCY**

Proposed Untreated Water Rate for Calendar Year 2026

October 15, 2025

Strategic Plan Goals and Initiatives



GOAL H

Fiscal Responsibility

Operate the Agency in a fiscally responsible manner.

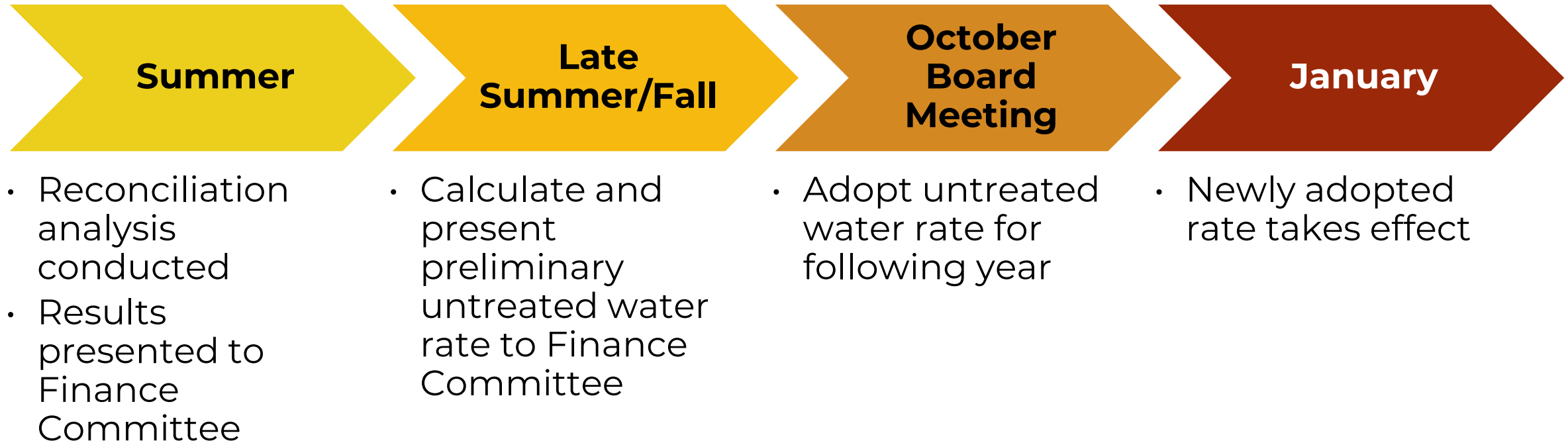
Initiative 21

Continue to effectively manage financial resources for the Agency

Takeaways

1. Rate calculation is compliant with Board policy guidelines for untreated water rates.
2. Calculated untreated water rate for calendar year (CY) 2026 is \$255/AF.
3. Finance Committee recommendation: Modify scheduled reconciliation charge for CY 2026 from \$42/AF to \$32/AF.
4. **CY 2026 proposed untreated water is \$287/AF.**

Annual Untreated Water Rate Setting Process



Background/Objectives

- Rates set in compliance with Board policy guidelines
- Rates based on cost and delivery projections
- Objectives of untreated rate update:
 - › Financial sufficiency for the untreated water program to meet costs
 - › Maintain fairness and equitability of rates while minimizing customer impact

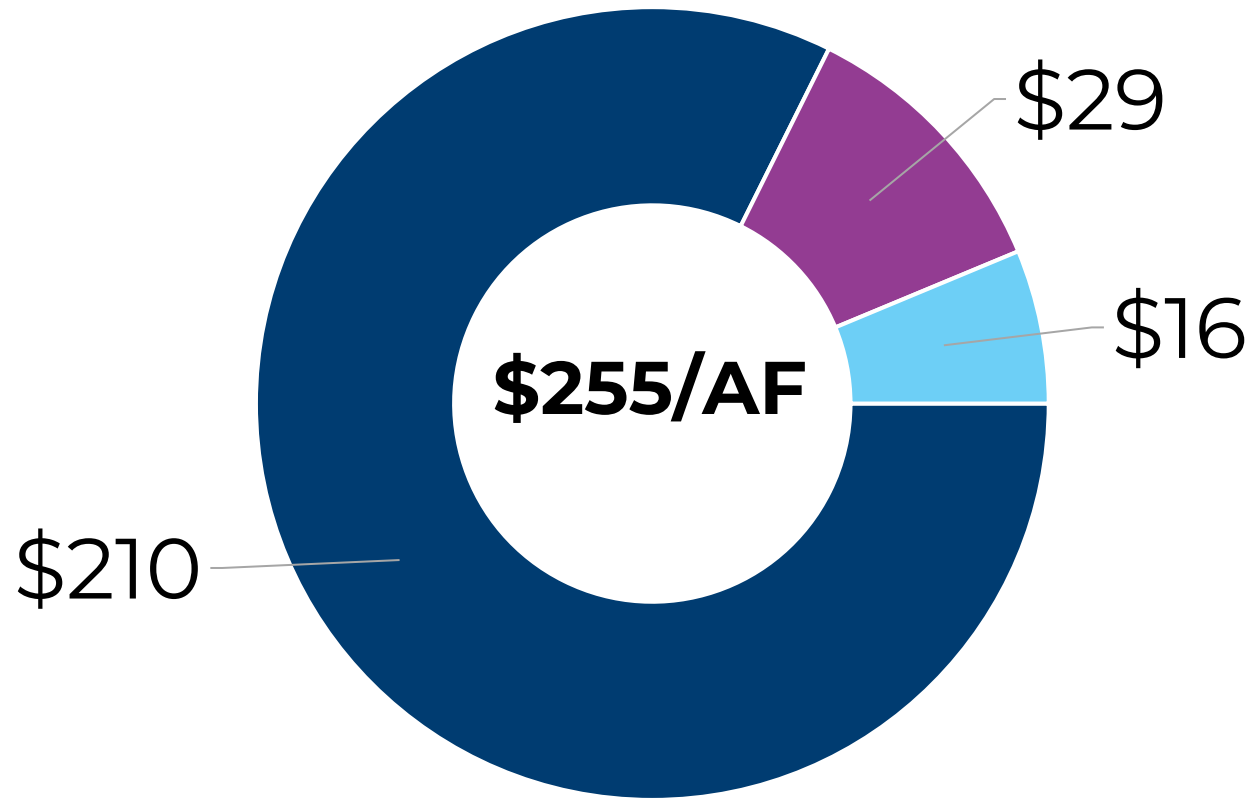


CY 2026 Untreated Rate Calculation



Results of CY 2026 Update

CY 2026 Calculated
Untreated Rate



- **Water Supply Costs (82%)**
 - Based on 5-year historical average
- **Water Service Costs (12%)**
 - Agency staff time to manage water supply portfolio
- **Overhead (6%)**
 - Ongoing costs to run Agency (costs not directly tied to water delivery or water service)

Annual Reconciliation

- Annual reconciliation or “true-up” is performed each year.
- Board selected and approved a five-year collection period via Resolution No. 23-77, dated October 18, 2023.
- CY 2024 reconciliation resulted in a credit of \$368K.
- Outstanding reconciliation balance as of December 2024 is (\$740K).



Finance Committee Recommendation

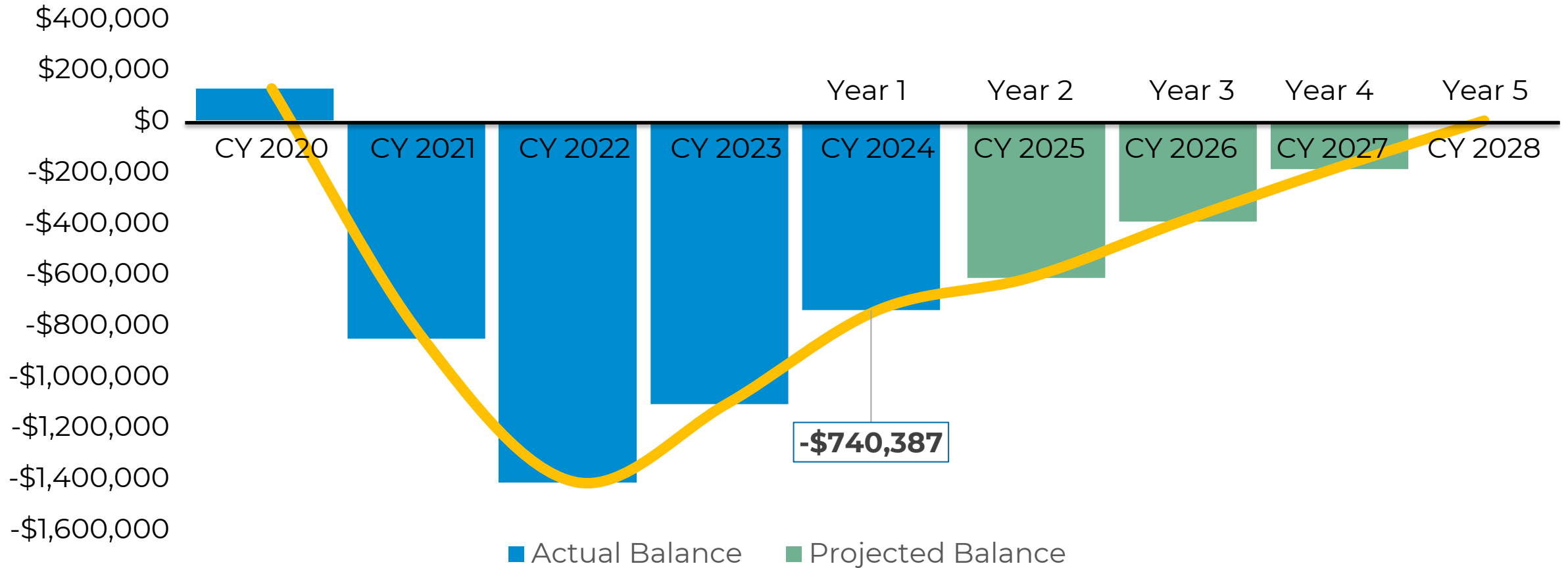
- Recommendation = Reduce CY 2026 reconciliation charge to \$32/AF.

“The Agency’s Board can determine the number of years to phase-in the reconciliation charge based on relevant policy objectives, such as minimizing customer impacts.”

Source: Attachment A – CY 2026 Untreated Water Rate Update

	Year 1 CY 2024	Year 2 CY 2025	Year 3 CY 2026	Year 4 CY 2027	Year 5 CY 2028
Revised Board Approved Schedule (CY 2025)	\$43	\$24	\$42	\$41	\$59
Proposed Revised Schedule	\$43	\$24	\$32	\$41	\$48

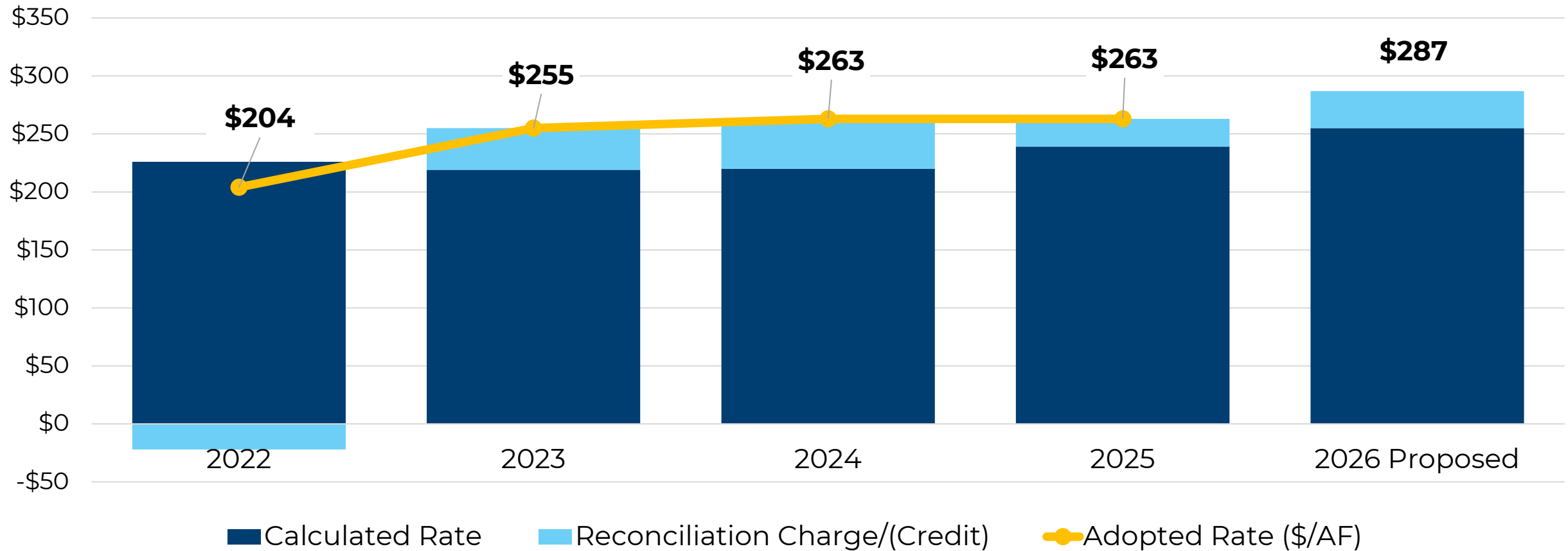
Historical and Projected Reconciliation Balance



CY 2026 Proposed Untreated Rate

Calendar Year	Calculated Rate	Calculated Rate % Change	Reconciliation Charge	Proposed Untreated Rate	Proposed Rate %Change
2025	\$239	6.7%	\$24	\$263	9.1%
2026	\$255		\$32	\$287	

Historical Untreated Water Rates



Recommended Action

Adopt the attached Resolution incorporating the Finance Committee's recommendation and setting untreated water rates for CY 2026.



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Questions?