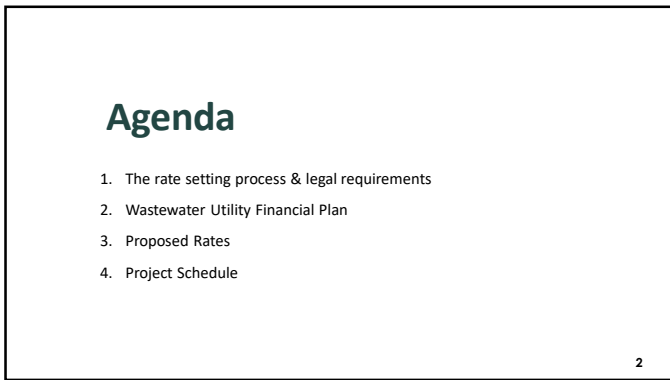
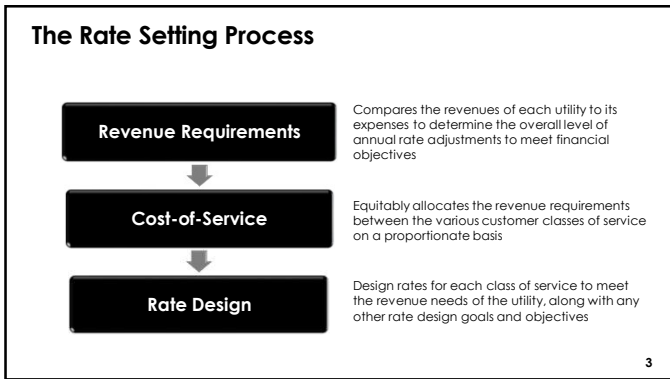




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Legal Requirements
for Setting Water Rates In California

Proposition 218 (Article XIIIID, Section 6 of California Constitution)

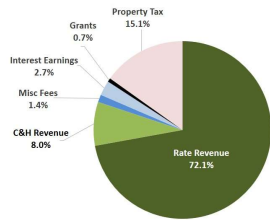
- Revenues shall not exceed funds required to provide service; nor used for another purpose
- Amount shall not exceed the proportional cost of the service attributable to the parcel
- Service must be actually used or immediately available
- Approval process includes 45-day notice, public hearing, and written majority protest. Does not require a voting process (unlike taxes).

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Revenue
FY 2026/27 Budget

Rate Revenue	\$2,002,000
C&H Revenue	\$221,000
Non-Rate Revenue	
Misc Fees	\$38,000
Interest Earnings	\$75,000
Grants	\$19,000
Property Tax	\$420,000
Total:	\$2,775,000

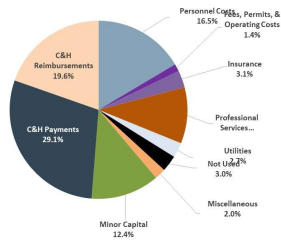


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Operating Expenses & Debt Service
FY 2026/27 Budget*

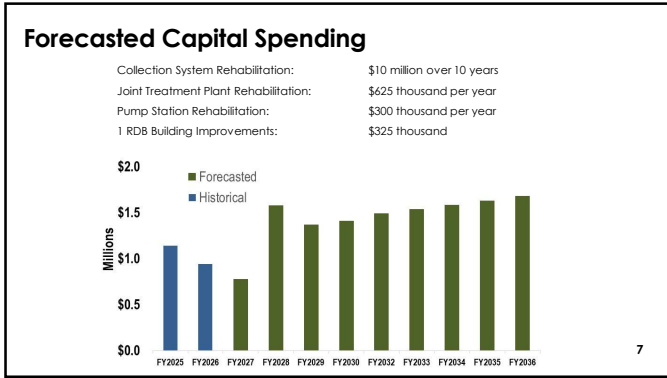
Personnel Costs	\$485,000
Fees, Permits, & Operating Costs	\$40,000
Insurance	\$91,000
Professional Services	\$300,000
Utilities	\$80,000
Not Used	\$87,000
Miscellaneous	\$59,000
Minor Capital	\$366,000
C&H Payments	\$856,000
C&H Reimbursements*	\$578,000
Total Budget:	\$2,942,000



* C&H Reimbursements subject to change

6

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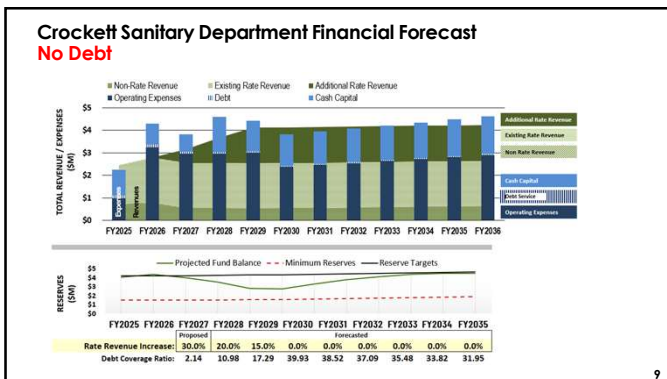
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Proposed Reserve Targets

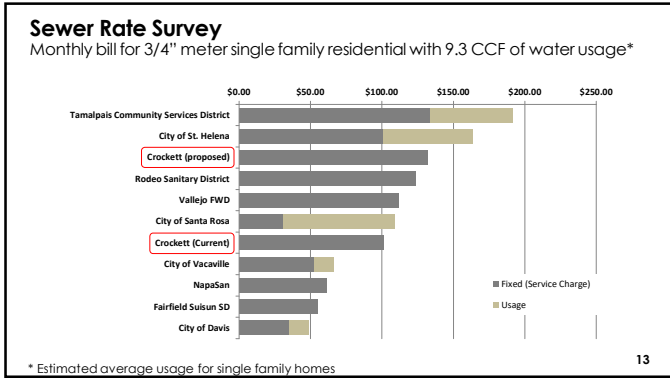
The following reserves are designed to protect the District against unforeseen circumstances and strengthen District's credit rating.

Reserve	Purpose and Target Level	Target
Operating Reserve	Designed to protect the Utility from unexpected changes in operating costs or interruptions in revenue. Proposed Target: 8 months of annual operating and maintenance.	\$1.6 million
Capital Reserve	Designed to provide a financial cushion against the inherently volatile nature of capital spending and also protect the utility in the event of a catastrophic asset failure. Proposed Target: Average annual capital spending	\$1.4 million

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Project Schedule

Early June - Mail 218 Notices
 July 24 - Public Hearing
 Rates will be effective August 1

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