SCOTTS VALLEY WATER DISTRICT

AGENDA PACKET

REGULAR BOARD MEETING

6/11/26 at 6:00 p.m.

Santa Margarita Community Room
2 Civic Center Drive, Scotts Valley, California

This meeting is conducted in a hybrid setting.
Public participation is encouraged. Members of the public may attend in person or remotely through this link https://us06web.zoom.us/j/86757235890 or by phone: 253-215-8782 Meeting ID: 867 5723 5890.

The public has opportunities to make comments throughout the meeting: to comment online, use the raise hand option, by phone press *9.

BOARD OF DIRECTORS

Ruth Stiles, President
Bill Ekwall, Vice President
Wade Leishman, Director
Chris Perri, Director
Danny Reber, Director

Dominic Osorio, Associate Director
Demitri Vavaroutsos, Associate Director

David McNair, General Manager

Water Industry Acronyms

AF – Acre Foot
AFY – Acre Foot per Year
ACWA – Association of California Water Agencies
ACWA JPIA – ACWA Joint Powers Insurance Authority
AWWA – American Water Works Association
BMP – Best Management Practices
CCR – Consumer Confidence Report
CD – Certificate of Deposit
CEQA - California Environmental Quality Act
CIP – Capital Improvement Project
CSDA – California Special District Association
DHS – Department of Health Services
DWR – Department of Water Resources
EIR – Environmental Impact Report
EPA – Environmental Protection Agency
FY – Fiscal Year
GASB – Governmental Accounting Standards Board
IRWM – Integrated Regional Water Management
JPA – Joint Powers Agreement
LAIF – Local Agency Investment Fund
LAFCO – Local Agency Formation Commission
LID – Low Impact Development
MCL – Maximum Containment Level
MGD – Million Gallons per Day
MGY – Million Gallons per Year
MOU – Memorandum of Understanding
O&M – Operations and Maintenance
PERS – Public Employees Retirement System
PHG – Public Health Goal
PPB – Parts Per Billion
PRV – Pressure Relief Valve
PVC Pipe – Polyvinyl Chloride Pipe
RWMF – Regional Water Management Foundation
RFP – Request for Proposals
ROW – Right-of-way
RWQCB – Regional Water Quality Control Board
SCADA – Supervisory Control & Date Acquisition
SCWD – Santa Cruz Water Department (City of)
SDWA – Safe Drinking Water Act
SGMA – Sustainable Groundwater Management Act
SLVWD – San Lorenzo Valley Water District
SMGWA – Santa Margarita Groundwater Agency
SqCWD – Soquel Creek Water District
SWRCB – State Water Resources Control Board
TP – Treatment Plant
WY – Water Year

SCOTTS VALLEY WATER DISTRICT

BOARD OF DIRECTORS
PRESIDENT Ruth Stiles
VICE PRESIDENT Bill Ekwall
Wade Leishman
Chris Perri
Danny Reber
ASSOCIATE DIRECTORS
Dominic Osorio
Demitri Vavaroutsos
GENERAL MANAGER
David McNair

Board of Director

Regular Meeting
6/11/26 at 6:00 p.m.
Santa Margarita Community Room
2 Civic Center Drive, Scotts Valley, California

Agenda

This meeting is conducted in a hybrid setting. Public participation is encouraged, members of the public may attend in person, remotely through this link https://us06web.zoom.us/j/86757235890 or by phone: 253-215-8782 Meeting ID: 867 5723 5890. The public has opportunities to make comments throughout the meeting. To comment online, use the raise hand option, by phone press *9. If experiencing technological difficulties online, join the meeting via phone.

1. Convene

1.1. Call to Order and Roll Call

1.2. Pledge of Allegiance and Reflection

1.3. Closed Session Report

1.4. Additions/Deletions to the Agenda

1.5. Oral Communications

2. Presentation (None)

3. Administrative

Items are informational in nature and do not include an agenda report.

3.1. Committee and Other Agency Meeting Reports

Engineering & Water Resource Committee – 5/27/26
Finance & Personnel Committee 5/27/26
Executive & Public Affairs Committee (None)
Santa Margarita Groundwater Agency Board 5/28/26

4. Consent

Items are routine in nature, may include agenda reports and be approved by one motion.

4.1. Approval of Minutes – Regular Board Meeting 5/14/26

Recommendation: Approve the minutes of the 5/14/26 Regular Board Meeting.

5. Public Hearings

Items include an agenda report with recommendations, an oral staff report or presentation.

5.1. Urban Water Management Plan

Recommendation: 1) Open the public hearing, receive public testimony and close the public hearing; 2) Adopt Resolution No. 03-26 approving the 2025 Urban Water Management Plan and authorizing it to be filed with the California Department of Water Resources by 06/31/26.

6. Business

Items are complex in nature, considered individually, and each item includes an agenda report with a recommendation, and an oral staff report or presentation.

6.1. Rate Study and Proposed Rate Increases

Recommendation: Receive the draft report of the Water and Recycled Water Rate Study; authorize the General Manager to issue the notice initiating the 60-day public review period and set the public hearing on recommended water rates for 09/10/26.

6.2. Operating and Projects Budget FY2027

Recommendation: Approve the Budget for Fiscal Year 2027 (FY27), including the FY 2027 Work Plan.

6.3. 11/3/26 General Election

Recommendation: Adopt Resolution No. 04-26 ordering an Election, requesting County Elections to Conduct the Election, and Requesting Consolidation of the Election; authorize the filing of Notice to County Clerk of Elective Offices to be Filled and Transmittal of map and Boundaries

6.4. Conflict of Interest Code Local Agency Biennial Notice 2026

Recommendation: 1) Adopt Resolution No. 05-26 amending the Scotts Valley Water District Conflict of Interest Code and rescinding Resolution No. 04-24; and 2) Authorize the General Manager to file the 2026 Local Agency Biennial Notice with the County of Santa Cruz Board of Supervisors.

6.5. Multijurisdictional Hazard Mitigation Plan

Recommendation: Adopt Resolution No. 06-26 approving the Santa Cruz County Multi-Jurisdictional Hazard Mitigation Plan (SCCMJHMP) 2025 Update, including Volume 1 and the Volume 2 Scotts Valley Water District Annex

7. Staff Reports

7.1. Legal

District Counsel

7.2. Administrative

General Manager – oral

Board Compliance Status & Regulation Review Tracker

7.3. Finance

Finance Manager – oral
Financial Report 07.01.25 – 04.30.26

7.4. Operations
Operations Report – oral Production, Demand & Rainfall

8. Director's Reports

9. Written Correspondence (None)

10. Community Relations
Newsletter

11. Closed Session

11.2. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant exposure to litigation pursuant to Government Code § 54956.9(d)(2): 1 case. Facts and Circumstances (pursuant to § 54956.9(e)(2)):** Sinkhole near southbound entrance to Highway 17 at Scotts Valley Drive.

12. Report on Closed Session and Additional Items

13. Future Items
Development Projects Status Report

14. Meetings and Event Calendar

Board Meetings	Committee Meetings
8/13/26	7/22/26 Finance and Personnel
9/10/26	7/27/26 Engineering and Water Resources
10/8/26	7/22/26 Executive and Public Affairs

Santa Margarita Groundwater Agency
Board Meeting 8/27/26

15. Events
4th of July Parade

16. Adjourn

AVAILABILITY OF PUBLIC RECORDS PROVIDED TO THE BOARD OF DIRECTORS: THE DISTRICT MAKES ANY PUBLIC RECORD PROVIDED TO THE BOARD OF DIRECTORS AVAILABLE FOR PUBLIC REVIEW AT **WWW.SVWD.ORG AND AT THE DISTRICT OFFICE DURING NORMAL BUSINESS HOURS** AT THE SAME TIME IT IS PROVIDED TO THE BOARD OF DIRECTORS.

PUBLIC ACCESS – ACCOMMODATIONS UNDER THE ADA: PURSUANT TO TITLE II OF THE AMERICANS WITH DISABILITIES ACT OF 1990, THE DISTRICT REQUESTS THAT ANY PERSON IN NEED OF ANY TYPE OF SPECIAL EQUIPMENT, ASSISTANCE OR ACCOMMODATION(S) IN ORDER TO EFFECTIVELY COMMUNICATE AT THIS MEETING MAKE A REQUEST AT THE ABOVE ADDRESS OR BY CALLING (831) 438-2363 AT LEAST THREE (3) WORKING DAYS BEFORE THE MEETING TO ALLOW TIME TO MAKE ARRANGEMENTS.

SCOTTS VALLEY WATER DISTRICT

svwd.org svwater

Engineering and Water Resources Committee

District Conference Room

2 Civic Center Drive, Scotts Valley, California

5/27/26 at 2:00 p.m.

Meeting Report

1. Convene

   The meeting convened at 2:06 p.m. in the Conference Room. It was conducted in a hybrid format.

   Present: Committee Members Stiles and Jager

   Staff: General Manager McNair, Operations Manager Gillespie, Board Clerk/Executive Assistant Jensen, Assistant Administrative Analyst Breeden

   Guest: Justin Shobe

2. Oral Communications

   None.

3. Business Items

   1.1. Daft Urban Water Management Plan

   General Manager McNair introduced the item. Justin Shobe with Shobe Engineering presented the item. The committee discussed.

4. Discussion Items

   None.

5. District Updates

   None.

6. Committee Member Reports

   None.

7. Future Agenda Items

8. Adjourn

   The meeting adjourned at 2:33 p.m.

SCOTTS VALLEY WATER DISTRICT

svwd.org svwater

Finance and Personnel Committee
District Conference Room
2 Civic Center Drive, Scotts Valley, California
5/27/26 4:00 p.m.
Meeting Report

1. Convene

   The meeting convened at 4:02 p.m. in the District Conference Room. It was conducted in a hybrid setting.

   Present: Committee Members Leishman, and Stiles

   Staff: General Manager McNair, Customer Service & Finance Manager Dillon, Operations Manager Gillespie, Board Clerk/Executive Assistant Jensen, Assistant Administrative Analyst Breeden

2. Oral Communications

   None.

3. Action Items

   3.1. Proposed Final Budget

   Finance & Customer Service Manager Dillon presented the Proposed Final Budget, the committee discussed.

   3.2. General Election

   General Manager McNair introduced the item, Board Clerk/Executive Assistant Jensen presented. The committee discussed and recommends the Board consider 200 word count limit for candidate statements, and that the District pay the costs for applications.

4. Discussion Items

   4.1. Proposition 218 Notice

   McNair presented past year notices for rate implementations. The committee discussed.

   4.2. Financials 7.1.25 – 4.30.26

   Dillon presented the financial report. Committee received information.

5. District Updates

   None.

6. Reports or Information from Committee Members

   None.

7. Future Agenda Items

8. Adjourn

   The meeting adjourned at 4:54 p.m.

Board of Directors

Regular Meeting

5/14/26 at 6:00 p.m.

Santa Margarita Community Room

2 Civic Center Drive, Scotts Valley, California

Minutes

1. Convene

1.1. Call to Order and Roll Call

President Stiles called the meeting to order at 6:03 p.m. in the Santa Margarita Community Room. The meeting was conducted in a hybrid setting.

Directors	Staff
Danny Reber	Terry Rein, Legal Counsel
Ruth Stiles	Nate Gillespie, Operations Manager
Chris Perri	John Dillon, Finance & Customer Service Manager
Junior Board	David McNair, General Manager
Dominic Osorio	Rahni Jensen, Executive Assistant/Board Clerk
Absent	Guests
Bill Ekwall	Justin Shobe
Wade Leishman	Pete Denehey
Demitri Vavaroutsos	

1.2. Pledge of Allegiance and Invocation

Director Perri led the pledge, and Director Reber led the reflection.

1.3. Closed Session Report

None.

1.4. Additions/Deletions to the Agenda

None.

1.5. Oral Communications

Public hearing item 5.1 will be presented at 6:05 p.m., and public hearing item 5.2 will be presented at 6:20 p.m. as publicly posted.

2. Presentation (None)

3. Administrative

Items are informational in nature and do not include an agenda report.

3.1. Committee and Other Agency Meeting Reports

Engineering & Water Resource Committee 4/27/26

Nothing to add to the written report.

Finance & Personnel Committee 4/22/26
Nothing to add to the written report.

Executive & Public Affairs Committee 4/22/26
Nothing to add to the written report.

Santa Margarita Groundwater Agency Board (None)

4. Consent

Items are routine in nature, may include agenda reports and be approved by one motion.

4.1. Approval of Minutes – Regular Board Meeting 4/9/26
Approved the minutes of the 4/9/26 Regular Board Meeting.

4.2. Approval of Special Minutes – Special Board Meeting 4/15/26
Approved the minutes of the 4/15/26 Special Board Meeting.

4.3. Think Twice and Rebate Program
Approved the Think Twice and Rebate Programs effective 07/01/2026.

4.4. Surplus Vehicle
Declared the following equipment as surplus and authorize the advertisement for vehicle and equipment for public sale: 2011 Ford F350 Super Duty (VIN 1FDRF3ET6BEA16277), 2013 Dodge Journey (VIN 3C4PDCBG6DT626787).

MOTION Perri/Reber, carried to approve consent agenda by unanimous roll call vote, Ekwall and Leishman absent.

5. Public Hearings

Items include an agenda report with recommendation, an oral staff report or presentation.

5.1. AB 2561 Public Hearing – Vacancy Reporting

The public hearing began at 6:05 p.m., Executive Assistant/Board Clerk Jensen presented the Vacancy Report. There was no public comment, the Board received information.

After item 5.1 was presented, item 6.2 was presented, followed by item 7.1.

5.2. Draft 2025 Water Shortage Contingency Plan

The public hearing began at 6:20 p.m. General Manager McNair introduced the item and Justin Shobe with Shobe engineering provided a presentation. There was no public comment.

MOTION Perri/Reber carried to adopt Resolution No 01-26 approving the 2025 Water

Shortage Contingency Plan to be filed with the California Department of Water Resources by 06/31/26 by unanimous roll call vote, Ekwall and Leishman absent.

After item 5.2 was presented, item 6.4 was presented, followed by item 6.1 then 6.3 where the meeting resumed normal order with item 7.2.

6. Business

Items are complex in nature, considered individually, and each item includes an agenda report with recommendation and an oral staff report or presentation.

6.1. Proposed FY27 Budget Review

McNair introduced and Finance & Customer Service Manager Dillon presented the FY27 Budget Review. The Board received information.

6.2. Debt Management Policy

McNair introduced the Debt Management Policy with no changes.

MOTION Reber/Perri carried to adopt Resolution No. 02-26 updating the Debt Management Policy and rescinding Resolution No. 04-21 by unanimous roll call vote, Ekwall and Leishman absent.

6.3. Strategic Work Plan

General Manager McNair presented the updated Management Objectives and FY27 Work Plan

MOTION Reber/Perri carried to approve the updated Management Objectives and accept the FY27 Work Plan by unanimous voice vote, Ekwall and Leishman absent.

6.4. Water Supply Outlook and Demand Strategy

McNair introduced the item and Pete Denehey provided a presentation of current water supply outlook. The Board discussed.

MOTION Perri/Reber carried to continue Stage 1 Water Supply Conditions by unanimous voice vote, Ekwall and Leishman absent.

7. Staff Reports

7.1. Legal

Legal Council Rein provided information about updates to landowner laws regarding special districts.

7.2. Administrative

McNair provided an update regarding recent ACWA conference attendance, and Citizens

Academy.

7.3. Finance
Quarterly Financial Report
Dillon noted that final grant distribution had been received for the Intertie-1 project.

7.4. Operations
Operations Report
Production, Demand & Rainfall
Gillespie provided updates regarding the new Monte Fiore control panel upgrade, a sink hole update, Well 9 has been moved from inactive status to a monitoring well, retaining wall replacement on Granite Creek Road around the booster station, the 2025 Consumer Confidence Report was published, a VFD installation on a Orchard Run Well booster, and a new permit amendment from Division of Drinking Water to remove two chemicals from treatment at El Pueblo treatment plant.

8. Directors Reports
Director Perri and Stiles attended the ACWA conference, Director Stiles highlighted Boards Best Practices changes ahead

9. Written Correspondence (None)

10. Community Relations
Newsletter

11. Closed Session (None)

12. Report on Closed Session and Additional Items (None)

13. Future Items
Multijurisdictional Hazard Mitigation Plan
11/3/26 Election

14. Meetings and Event Calendar

Board Meetings	Committee Meetings
6/11/26	5/27/26 Finance & Personal
7/9/26	5/27/26 Engineering & Water Resource
8/13/26	7/26/26 Executive & Public Affairs

Santa Margarita Groundwater Agency
Board Meeting 5/28/26

15. Events (None)

DRAFT

16. Adjourn

The meeting adjourned at 7:48 p.m

Approved: Attest:

Ruth Stiles, Board President

David McNair, Board Secretary

DRAFT

AGENDA REPORT

Scotts Valley Water District

Date: 06/11/26

To: Board of Directors

Item: Public Hearing 5.1

Subject: **Draft 2025 Urban Water Management Plan (UWMP)**

Reason: Complies with the Urban Water Management Planning Act

SUMMARY

Recommendation: 1) Open the public hearing, receive public testimony and close the public hearing; 2) Adopt Resolution No. 03-26 approving the 2025 Urban Water Management Plan and authorizing it to be filed with the California Department of Water Resources by 06/31/26.

Fiscal Impact: No direct impact from this action.

Previous Related Action: On 06/10/21 the Board adopted Resolution No. 05-21 approving and adopting the 2015 Urban Water Management Plan for Scotts Valley Water District.

On 02/23/26 and 04/27/26 the Engineering and Water Resources Committee reviewed two elements, Water Demand Projections and the Water Shortage Contingency Plan of the Draft 2025 Urban Water Management Plan, concurred with the proposed approach and directed the staff to present final drafts to the Board.

On 03/12/26 Shobe Engineering Provided an UWMP update presentation to the Board. The Board received information and discussed.

On 05/07/26 The Board approved and adopted the 2025 Water Shortage Contingency Plan.

BACKGROUND

The Urban Water Management Planning Act requires water agencies to develop UWMPs that provide framework for long term water planning and inform the public of a supplier's plans for long term resource planning that ensures adequate water supplies for existing and future demands. The WSCP contains details on water shortage contingency planning and shortage response actions.

In the UWMP, urban suppliers provide information on water management specific to their service areas. Other planning processes such as City and County General Plans, Integrated Regional Water Management Plans, Groundwater Management Plans should be integrated and coordinated with the UWMP to accomplish urban planning.

There are specific public hearing and noticing requirements associated with UWMP adoption. The relevant land use jurisdictions, Santa Cruz County, the City of Scotts Valley, and other local jurisdictions were notified on 02/03/26, of the District's intention to hold public hearings and consider adoption of a Draft 2025 UWMP. Newspaper notices were published in the Santa Cruz Sentinel on 05/29/26 through 06/04/26 and on 06/04/26 through 06/11/26 in the Press Banner. The Draft 2020 UWMP was made available on 06/28/26 in hard copy at the District office and online at the District website.

DISCUSSION

The Act requires periodic UWMP updates. The Scotts Valley Water District (SVWD) contracted with Shobe Engineering, Inc. to prepare the document in alignment with the UWMP Guidebook issued by the California Department of Water Resources (DWR).

A WSCP is a document that stands alone, it is created and approved separately from the UWMP and amended as needed without amending the corresponding UWMP. The 2025 WSCP is included as part of the 2025 UWMP when submitted to DWR.

The complete Draft 2025 UWMP without appendices, are enclosed. The Draft UWMP with the appendices can be viewed at www.svwd.org/uwmp

Submitted,

David McNair
General Manager

Enclosed: Resolution No. 03-26
2025 Urban Water Management Plan

RESOLUTION No. 03-26

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SCOTTS VALLEY WATER DISTRICT
ADOPTING THE 2025 URBAN WATER MANAGEMENT PLAN
FOR SCOTTS VALLEY WATER DISTRICT AND SAN LORENZO VALLEY WATER DISTRICT

WHEREAS:

1. The California Urban Water Management Planning Act (Act), Water Code section 10610 et seq. requires every urban water supplier to prepare an Urban Water Management Plan (UWMP) and electronically submit their 2025 UWMP to the California Department of Water Resources by June 30, 2026;

2. The Act requires periodic review and update of the UWMP every five years;

3. Scotts Valley Water District meets the Act's definition of an urban retail water supplier required to submit an UWMP;

4. The Scotts Valley Water District Board of Directors has reviewed the 2025 UWMP, determined that the 2025 UWMP is consistent with the Act and the California Department of Water Resources 2025 UWMP Guidebook, and is an accurate representation of the water system, current and projected water uses, sources of water supply reliability, water shortage contingency planning and demand management measures;

5. On February 3, 2026 the Scotts Valley Water District issued a notice of preparation of the Draft 2025 UWMP for review and comment;

6. On May 28, 2026, the Scotts Valley Water District issued a notice of public hearing and availability of the Draft 2020 UWMP for review and comment;

7. On June 11, 2026, the Board of Directors of the Scotts Valley Water District conducted a public hearing pursuant to California water Code sections 10642 and 10608.26 to consider and receive input on the Draft 2025 UWMP.

THEREFORE, BE IT RESOLVED:

The Scotts Valley Water District Board of Directors hereby adopts the 2025 UWMP for the Scotts Valley Water District and authorizes it to be filed with the California Department of Water Resources.

PASSED AND ADOPTED this 11th day of June 2026, by the following vote:
AYES:
NOES:
ABSENT:

_____
Ruth Stiles, President
Board of Directors

Attest: _____
David McNair, General Manager



SCOTTS VALLEY WATER DISTRICT



Scotts Valley Water District

2025 Urban Water Management Plan

PUBLIC DRAFT



Shobe Engineering
Resilient and Efficient Solutions

May 26, 2026

SCOTTS VALLEY WATER DISTRICT

2025 Urban Water Management Plan (Public Draft)

May 2026

Prepared by Shobe Engineering LLP

Shobe Engineering
Resilient and Efficient Solutions

Acknowledgements

This document was prepared in collaboration with Shobe Engineering LLP, Scotts Valley Water District (SVWD or District), and Montgomery & Associates, the hydrogeologic consultant for the Santa Margarita Groundwater Agency (SMGA).

SVWD Staff

David McNair, General Manager

Nate Gillespie, Operations Manager

John Dillon, Finance/Customer Service Manager

SVWD Board of Directors

Ruth Stiles, President

Bill Ekwall, Vice President

Wade Leishman, Director

Chris Perri, Director

Danny Reber, Director

Montgomery & Associates (SMGA Hydrogeologist)

Pete Dennehy, PG, CHG, Senior Hydrogeologist

Georgina King, PG, CHG, Principal Hydrogeologist

Shobe Engineering LLP

Justin Shobe, PE, Project Manager

Philip L'Amoreaux, PE, Senior Engineer

Lily Camara, GIS & Database Specialist

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ACRONYMS & ABBREVIATIONS

AF	Acre-Feet
AFY	Acre-Feet per Year
AMI	Advanced Metering Infrastructure
AWWA	American Water Works Association
CII	Commercial, Industrial, and Institutional
DRA	Drought Risk Assessment
DWR	California Department of Water Resources
ELWL	Economic Level of Water Loss
GPCD	Gallons per Capita per Day
GPM	Gallons per Minute
GSP	Groundwater Sustainability Plan
MG	Million Gallons
MGD	Million Gallons per Day
RHNA	Regional Housing Needs Allocation
SB 555	Senate Bill 555 (Water Loss Audits and Standards)
SB X7-7	Senate Bill X7-7 (20x2020 Water Conservation Plan)
SMGB	Santa Margarita Groundwater Basin
SMGWA	Santa Margarita Groundwater Agency
SVWD	Scotts Valley Water District
SWRCB	California State Water Resources Control Board
UWMP	Urban Water Management Plan
UWUO	Urban Water Use Objective
WSCP	Water Shortage Contingency Plan

CHAPTER 1 INTRODUCTION

1.1 Background and Purpose

The Urban Water Management Plan (UWMP) is a long-term planning document required by the California Urban Water Management Planning Act (California Water Code Division 6, Part 2.6, Sections § 10610–10657). Urban water suppliers serving more than 3,000 customers or delivering more than 3,000 acre-feet of water annually must prepare and adopt an UWMP every five years and submit it to the California Department of Water Resources (DWR).

The UWMP evaluates current and projected water supplies and demands over a 20-year planning horizon and demonstrates the reliability of water service under normal, single-dry, and multiple dry year conditions. The UWMP also documents water shortage contingency planning, demand management measures, and other elements required by the Water Code.

This 2025 UWMP has been prepared for the Scotts Valley Water District (District or SVWD) in accordance with the DWR 2025 UWMP Guidebook and applicable provisions of the California Water Code. Following adoption by the District, the UWMP will be submitted to DWR for review. DWR reviews UWMPs for completeness and compliance with statutory requirements but does not approve or certify the plans.

1.2 Regulatory Context for 2025 UWMP

State water management regulations have evolved over recent UWMP cycles to place increasing emphasis on water use efficiency, system performance, and long-term sustainability.

Earlier planning efforts included implementation of the Water Conservation Act of 2009 (SB X7-7), which established a target to reduce urban per capita water use by 20 percent by 2020. Subsequent regulatory updates introduced annual water loss audits through Senate Bill 555, requiring urban water suppliers to quantify and report distribution system losses.

More recent legislation, including Senate Bill 606 and Assembly Bill 1668 (“Making Conservation a California Way of Life”), established Urban Water Use Objectives (UWUO) and water loss performance standards administered by the State Water Resources Control Board (SWRCB).

While compliance with UWUO and water loss standards is regulated by the State Water Resources Control Board (SWRCB) and not DWR, the 2025 UWMP incorporates related information to support long-term supply and demand planning. This includes reporting on water loss audit results and progress toward meeting the 2028 water loss performance standards established by the State.

The UWMP serves as both a regulatory requirement and a planning tool to support informed decision-making and communication with customers, governing officials, and regulatory agencies.

1.3 2025 UWMP Organization

The 2025 UWMP is organized into the chapters summarized below (Table 1-1). In the previous UWMP cycle (2020 UWMP), the District prepared as a joint document with its neighboring water supplier, San Lorenzo Valley Water District (SLVWD). The 2025 UWMP has been prepared independently by the Scotts Valley Water District to improve clarity and usability.

For reference, the table below serves as a crosswalk between the 2025 UWMP chapter organization and the corresponding sections of the prior 2020 UWMP.

Table 1-1: Cross-Reference Table for 2025 UWMP and 2020 UWMP Chapters

2025 UWMP Chapters	Title	Description	2020 UWMP Chapter Reference
Chapter 1	**Introduction and Lay Description**	Provides background on the UWMP requirements and an overview of the Chapters	Ch. 1
Chapter 2	**Plan Preparation and Adoption**	Provides an overview of the preparation process including coordination and outreach, public review, and adoption	Ch. 2
Chapter 3	**Service Area Description**	Describes the water system service area, population demographics, climate, and land uses. Establishes the population projections through 2050	Ch. 3
Chapter 4	**Water Use Characterization**	Describes and quantifies current and projected water use through 2050 within the service area by customer category, for potable and raw water, and accounting for water use reductions.	Ch. 4
Chapter 5	**SBX7-7 Baseline, 2020 Target, and 2025 Reporting**	Provides Water Conservation Act of 2009 (SBX7-7) reporting requirements and describes the nexus to other state water efficiency standards	Ch. 6
Chapter 6	**Water Supply Characterization**	Describes Santa Margarita Groundwater Basin, quantifies current and project groundwater supply, and supports the Drought Risk Assessment	Ch. 8, Ch. 9
Chapter 7	**Water Service Reliability & Drought Risk Assessment**	Describes the water supply during normal, single dry, and multiple dry water years through 2050 and includes a Drought Risk Assessment for the next five years	Ch. 11
Chapter 8	**Water Shortage Contingency Plan**	Presents an overview of the revised and adopted Water Shortage Contingency Plan (full version is in Appendix D)	Ch. 13
Chapter 9	**Demand Management Measures**	Describes efforts to promote efficiency water use, reduce water demand, and minimize water waste.	Ch. 14

1.4 UWMP Relationship to Other Planning Efforts

The UWMP is coordinated with the District's broader water resources planning efforts, including water supply planning, capital improvement planning, and drought response planning.

The District's Water Shortage Contingency Plan (WSCP) has been prepared as a standalone document and is included in this UWMP as **Appendix D**. The WSCP establishes a framework for managing water shortages through staged response actions and is designed to be updated as needed to reflect changing conditions and operational considerations.

The UWMP also reflects coordination with regional groundwater management efforts under the Sustainable Groundwater Management Act (SGMA). The District is located within the Santa Margarita Groundwater Basin (SMGB) and participates in regional planning efforts through the Santa Margarita Groundwater Sustainability Agency (GSA). The Groundwater Sustainability Plan (GSP) adopted in 2022 establishes basin management objectives, monitoring programs, and sustainability criteria that inform long-term water supply planning.

Information from the GSP, including groundwater conditions and basin management considerations, has been incorporated into this UWMP as appropriate to support evaluation of water supply reliability and drought response planning.

1.5 Grant and Loan Eligibility

Preparation and adoption of an UWMP is required for eligibility for certain State funding programs administered by DWR and the SWRCB. Maintaining an up-to-date UWMP allows the District to pursue funding opportunities for water supply, infrastructure, and resiliency projects.

CHAPTER 2 PLAN PREPARATION AND ADOPTION

2.1 Basis for Preparing an UWMP

This UWMP was prepared by the Scotts Valley Water District (District or SVWD) in accordance with the California Urban Water Management Planning Act and the California Department of Water Resources (DWR) 2025 UWMP Guidebook (final was released in January 2026). The UWMP must be adopted by the District and submitted to DWR by July 1, 2026 after undergoing public review.

Table 2-1 identifies the District's public water system information as reported to DWR.

Table 2-1: Public Water Systems (DWR 2-1R)

Public Water System Number	Public Water System Name	Number of Municipal Connections 2025	Volume of Water Supplied 2025 (AF)
CA4410013	Scotts Valley Water District	4,029	1,198

The UWMP was developed using available data on water production, consumption, service connections, and population, along with local and regional planning assumptions regarding future growth and water use. The District coordinated internally and with technical consultants to evaluate water demand, water supply availability, and system reliability over the planning horizon.

The UWMP reflects current system conditions and incorporates updated information since the 2020 UWMP, including refinements to population and demand projections, updated water use data, and coordination with groundwater and supply planning efforts.

2.2 Supplier and Plan Information

This is an individual UWMP for the District. The District is not part of a regional UWMP nor a regional alliance (**Table 2-2**). The District is a retail supplier that relies primarily on groundwater. No water is purchased from a wholesale supplier. The units of measure within this UWMP are in acre-feet (AF) unless otherwise noted. Water measurements are reported on a calendar year basis (**Table 2-3**).

Table 2-2: Plan Identification (DWR 2-2)

Select One or Both	Type of Plan	Name of Regional Alliance or RUWMP
☑	**Individual UWMP**	
	☐ Water Supplier is also a member of a SB X7-7 Regional Alliance	
☐	**Regional Urban Water Management Plan (RUWMP)**	

Table 2-3: Supplier Identification (DWR 2-3)

Type of Supplier (select one or both)	
☐	Supplier is a wholesale supplier
☑	Supplier is a retail supplier
Fiscal or Calendar Year (select one)	
☑	UWMP Tables are in calendar years
☐	UWMP Tables are in fiscal years
If using fiscal years provide month and date that the fiscal year begins (mm/dd)	
Units of measure used in UWMP	
Unit	AF

2.3 Coordination and Outreach

Preparation of the UWMP included coordination with local agencies and stakeholders involved in water supply, land use planning, and regional resource management.

Consistent with Water Code §10631, the District provided notification to cities and counties within which it provides water service, as well as other public agencies that may be affected by or have an interest in the UWMP. The notifications were provided at least 60 days in advance of the public hearing to review and adopt the UWMP. These agencies were invited to participate in the UWMP planning process and provide input as appropriate. A full list of recipients names, agencies and departments is included in notification and outreach materials (**Appendix B**).

The District also coordinated, as applicable, with regional planning efforts, including groundwater management activities and related technical studies informing water supply reliability and long-term planning.

Table 2-4: Agency Coordination (DWR 10-1R)

City / Special District / Agency Name	60 Day Notice	Notice of Public Hearing
City of Scotts Valley	Yes	Yes
City of Santa Cruz	Yes	Yes
Big Basin Water Company	Yes	Yes
County Board of Supervisors	Yes	Yes
Mt. Hermon Association	Yes	Yes
Santa Cruz LAFCO	Yes	Yes
San Lorenzo Valley Water District	Yes	Yes
Scotts Valley Fire District	Yes	Yes
Soquel Creek Water District	Yes	Yes
County Name	**60 Day Notice**	**Notice of Public Hearing**
Santa Cruz County	Yes	Yes

2.4 UWMP Adoption, Submittal, and Implementation

2.4.1 Notice of UWMP Adoption

The District is committed to maintaining an open and transparent planning process. The UWMP has been developed with opportunities for public review and input in accordance with the California Water Code.

A draft UWMP will be made available for public review for at least 14 days prior to the public hearing. Notice of the public hearing will be published in a local newspaper in accordance with statutory requirements, including at least two notices not less than five days apart. The notice will include the time and location of the hearing and information on how to access the draft UWMP.

Members of the public will have the opportunity to provide written and oral comments prior to and during the public hearing.

2.4.2 Water Shortage Contingency Plan Adoption

The District has prepared an updated Water Shortage Contingency Plan (WSCP) in accordance with Water Code §10632. The WSCP is included in this UWMP as an appendix and has been prepared as a standalone document specific to the Scotts Valley Water District.

The WSCP will be adopted by the District's Board of Directors in a separate public hearing process prior to the UWMP adoption. Once adopted, the WSCP will serve as the District's operational plan for responding to water shortages and may be updated independently of the UWMP, consistent with applicable Water Code requirements.

2.4.3 Public Hearing and Adoption

The District's Board of Directors will hold a public hearing to review the draft UWMP. After the public hearing, the board may consider adoption of the 2025 UWMP. The board will adopt the UWMP by resolution. Copies of the adopted UWMP and WSCP will be made available to the public and provided to agencies identified in the notification process.

2.4.4 Submittal of the UWMP and WSCP

Following adoption, the UWMP and WSCP will be submitted to the DWR within 30 days through WUE Data Portal, consistent with Water Code §10644. Copies will also be made available on the District website.

2.4.5 Amending the UWMP and WSCP

Amendments to the UWMP and WSCP will be on an as-needed basis, either on the 5-year regulatory cycle or sooner if significant changes occur. Amendments will follow the notice and adoption procedures required in the water code.

CHAPTER 3 SERVICE AREA DESCRIPTION

3.1 General Description

3.1.1 Water Service Area

The District provides potable and recycled water service to the City of Scotts Valley and surrounding areas in Santa Cruz County. The District is located within the Santa Margarita Groundwater Basin and serves a primarily residential community with supporting commercial and institutional uses.

The District's potable water service area generally overlaps with the City of Scotts Valley, with approximately 68 percent of the service area located within City limits. The remaining portions extend into unincorporated areas of Santa Cruz County.

The District operates both potable and recycled water systems. Recycled water is produced by the City of Scotts Valley at the Water Reclamation Facility and delivered by the District to customers for non-potable uses. In addition to serving customers within its potable service area, the District provides recycled water service to the Spring Lakes Mobile Home Park, which is located within the City of Scotts Valley but outside the District's potable service area boundary, within the San Lorenzo Valley Water District service area.

The service area boundary is shown on **Figure 3-1**.

3.1.2 Jurisdictional Boundary Changes

The District's jurisdictional framework includes its service area boundary, Sphere of Influence (SOI), and coordination with adjacent agencies. The potable water service area defines the geographic area in which the District provides retail water service.

The District's service area largely coincides with the City of Scotts Valley boundary, with approximately 68 percent overlap. Areas outside the City limits but within the District are located in unincorporated Santa Cruz County.

The District's Sphere of Influence is established by the Santa Cruz Local Agency Formation Commission (LAFCO) and was most recently updated on April 5, 2023, with minor adjustments.

3.1.3 Potable Water System

The District's potable water system is supplied primarily by local groundwater sources within the Santa Margarita Groundwater Basin. Groundwater is extracted from a series of municipal production wells and conveyed to treatment facilities prior to distribution to customers.

The infrastructure includes five active groundwater wells, three water treatment plants, eight storage tanks operated in eleven pressure zones within a distribution network throughout the service area. The supply infrastructure is designed to meet both average day demands and peak demands, including fire flow requirements.

The District is currently completing the City of Santa Cruz – Scotts Valley Intertie Project. The project will connect the two agencies' treated water systems and provide the District with access to surface water

supplies. Once operational, the intertie will support conjunctive use management of the Santa Margarita Groundwater Basin and improve regional supply reliability.

The District maintains an emergency intertie with the San Lorenzo Valley Water District, which allows for the transfer of water during emergency conditions; however, this connection is not used for routine supply or planned exchanges.

A general overview of the potable water system is shown on **Figure 3-2**.

3.1.4 Recycled Water System

The District operates a recycled water system that provides a supplemental, non-potable water supply for irrigation and other approved uses. Recycled water is produced by the City of Scotts Valley at the Water Reclamation Facility (WRF), where wastewater is treated to Title 22 tertiary standards suitable for unrestricted non-potable use.

Under an existing agreement, the City provides recycled water to the District, which is responsible for the storage, conveyance, and retail distribution of recycled water to customers. The recycled water system includes dedicated pipelines and infrastructure separate from the potable system.

Recycled water is primarily used for landscape irrigation, including commercial, public, and common area landscaping. The system serves a substantial portion of commercial and landscape irrigation demands within the service area and represents approximately 10 percent of total water use.

A general overview of the recycled water system is shown on **Figure 3-3**.

3.2 Service Area Climate

The District is located in the Santa Cruz Mountains and experiences a Mediterranean climate characterized by cool, wet winters and warm, dry summers. Most precipitation occurs between November and April, with limited rainfall during the summer months.

Average annual precipitation in the Scotts Valley area is approximately 25 to 30 inches, with typical monthly rainfall during the wet season ranging from approximately 3 to 4 inches. Temperatures are generally moderate due to coastal influences, with average conditions ranging from approximately 45°F to 75°F and occasional extremes outside this range (Table 3-1).

Precipitation varies from year to year, influencing local hydrologic conditions. The District relies on groundwater from the Santa Margarita Groundwater Basin, which is recharged in part by seasonal rainfall.

Table 3-1: Average Climate

Climate Condition	Value Range
Average Temperatures	45°F – 75°F
Extreme Temperatures	32°F – 90°F
Annual Average Precipitation	25-30 inches
Monthly Average Precipitation (Wet Season)	3-4 inches

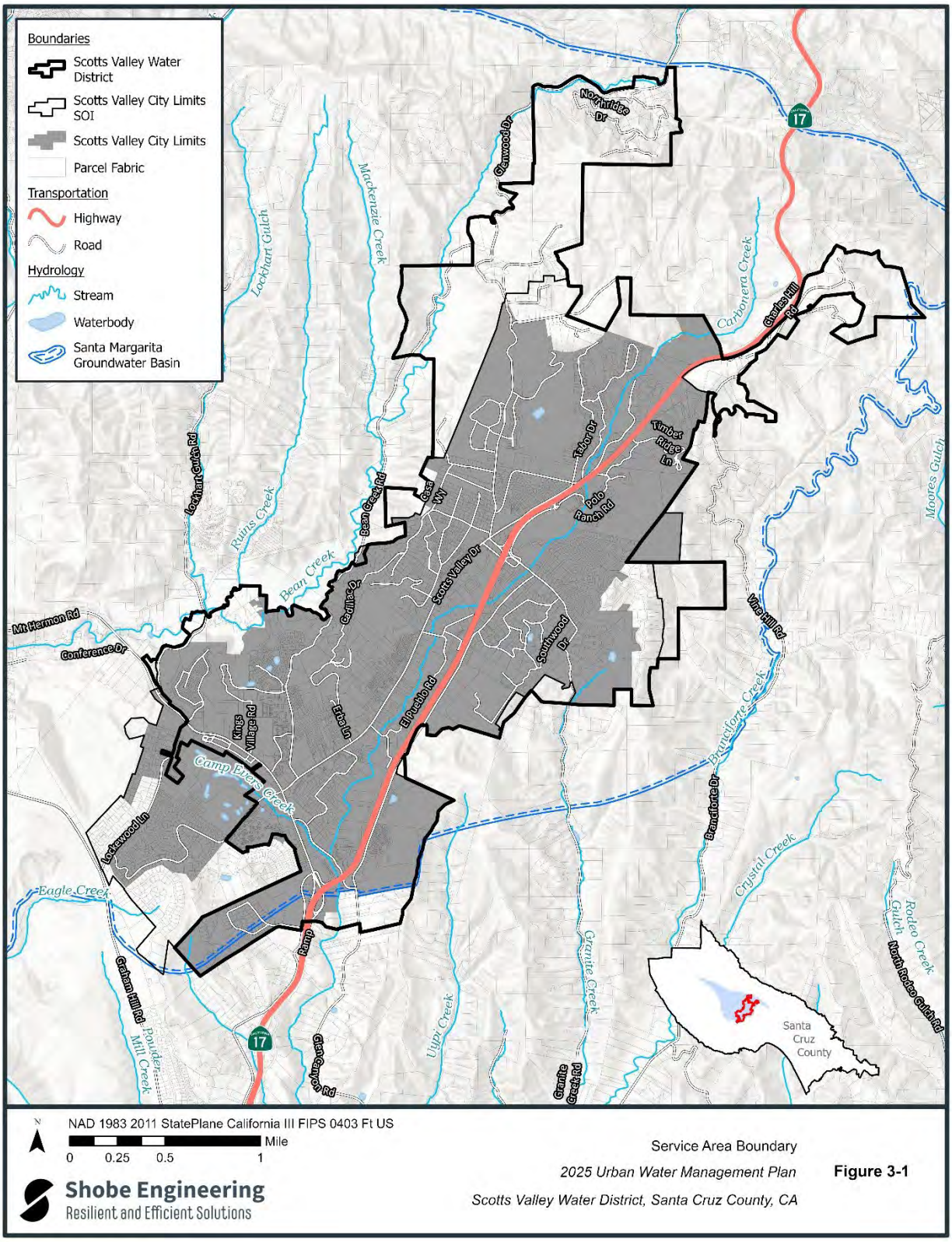


Figure 3-1: Service Area Boundary

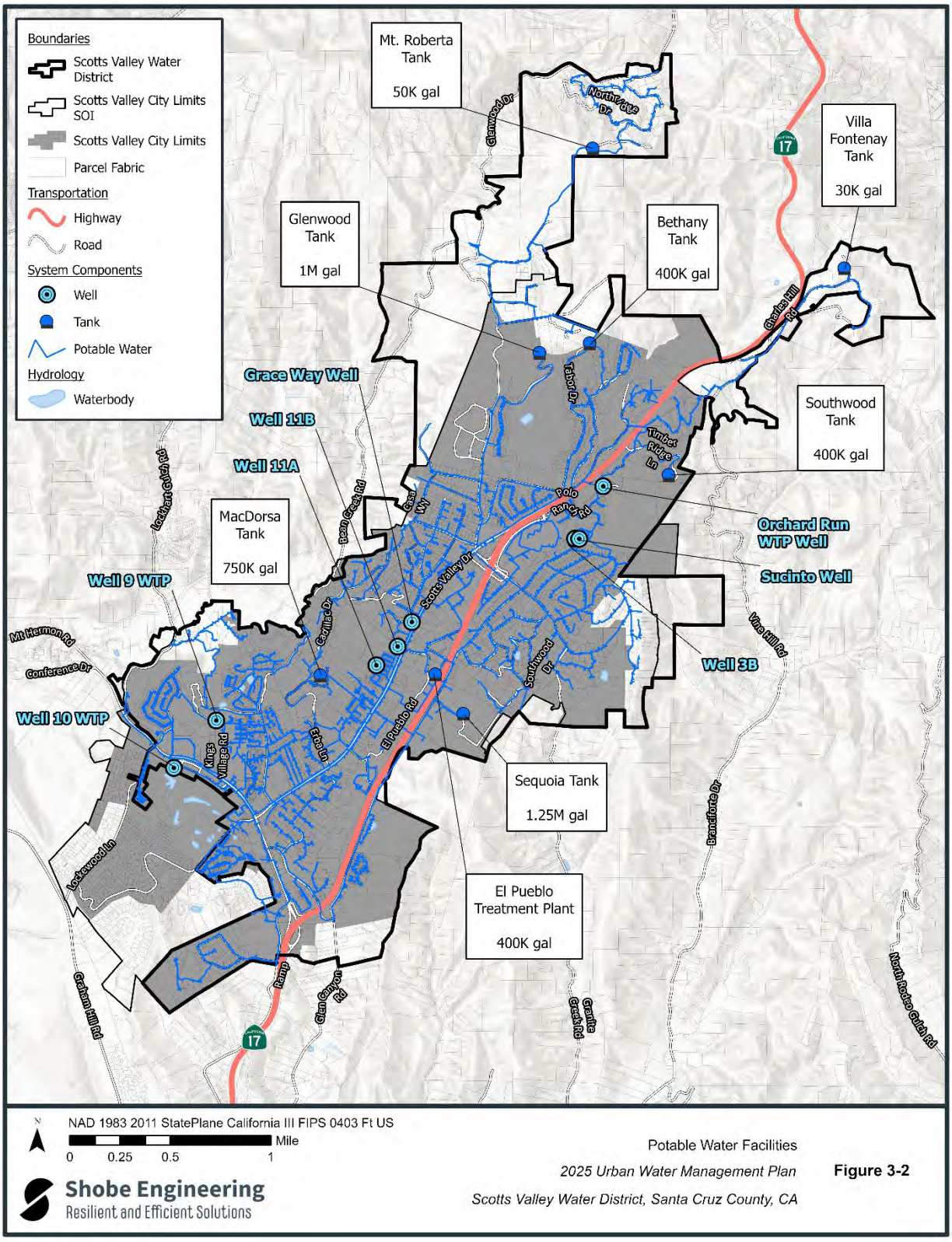


Figure 3-2: Potable water Facilities

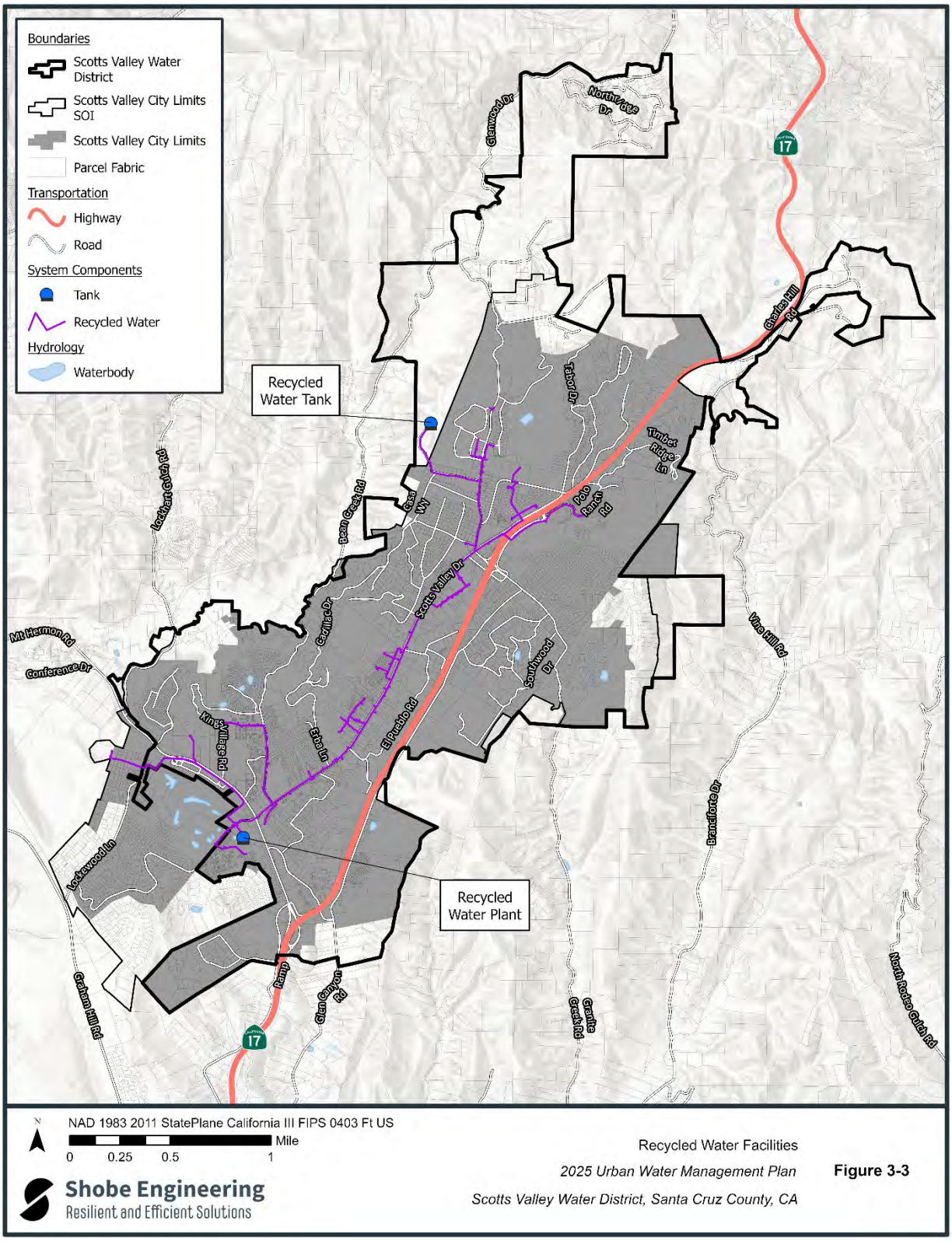


Figure 3-3: Recycled Water Facilities

3.3 Service Area Population and Demographics

3.3.1 Current Population and Service Connections

Population within the District's service area is informed by the City of Scotts Valley General Plan and the number of potable water service connections.

As of 2025, the District serves approximately 3,440 single-family residential connections and 116 multi-family residential connections. Multi-family residential service is primarily provided through master-metered connections, which correspond to approximately 531 multi-family dwelling units. The total number of residential dwelling units within the District is estimated at approximately 3,971 units.

The current population within the District service area is estimated by applying a 2.6 persons-per-household factor from the City of Scotts Valley General Plan (2023), which is derived from U.S. Census data. Appling this to the total number of households results in an estimated current population of approximately 9,924.

3.3.2 Planned Development and Growth Assumptions

Future population growth within the District service area is informed primarily by the City of Scotts Valley General Plan (2023) and Housing Element. The General Plan projects approximately 1,199 additional housing units by 2045, corresponding to an increase of approximately 3,000 residents within the City.

Based on available planning information, approximately 1,000 units are expected to occur within the District's service area, with approximately 200 units identified outside the service area. This establishes growth basis through 2045, beyond which growth is assumed at a rate consistent with historical trends.

Planned development includes a mix of housing types, with emphasis anticipated on higher-density residential, as reflected in the City's Housing Element and identified candidate housing sites.

Table 3-2 provides estimated population from 2025 through 2050.

Table 3-2: Current and Projected Population (DWR 3-1R)

Population Served	2025	2030	2035	2040	2045	2050
	9,924	10,676	11,419	12,162	12,905	13,548

3.3.3 Other Social, Economic, and Demographic Factors

The District's service area is primarily residential, with a stable customer base and limited industrial or large commercial demand. While future development is expected to include a greater proportion of higher-density residential uses, demographic conditions are not anticipated to significantly alter overall water use patterns beyond those reflected in projected population growth and land use.

3.4 Land Uses within the Service Area

3.4.1 Land Use within the Service Area

Land use within the District's service area is predominantly residential, reflecting the character of the City of Scotts Valley. Residential areas consist primarily of single-family development, with multi-family housing located in more concentrated areas of the City. Commercial and institutional uses are generally limited and are distributed along major corridors and within defined commercial areas.

Open space and undeveloped lands are also present within and surrounding the service area, consistent with the City's setting within the Santa Cruz Mountains. These areas contribute to the overall land use pattern but represent a smaller portion of water demand.

Land use within the service area is shown on **Figure 3-4**.

3.4.2 Land Use within the Santa Margarita Groundwater Basin

The District is located within the Santa Margarita Groundwater Basin, which includes a mix of residential, commercial, and open space land uses. Within the basin, development is concentrated within the City of Scotts Valley and surrounding communities, while significant areas remain undeveloped or in open space.

Land use within the basin influences groundwater recharge and overall basin conditions. However, detailed groundwater management and basin conditions are addressed through the Santa Margarita Groundwater Sustainability Plan (GSP).

Land use within the Santa Margarita Groundwater Basin is shown on **Figure 3-5**.

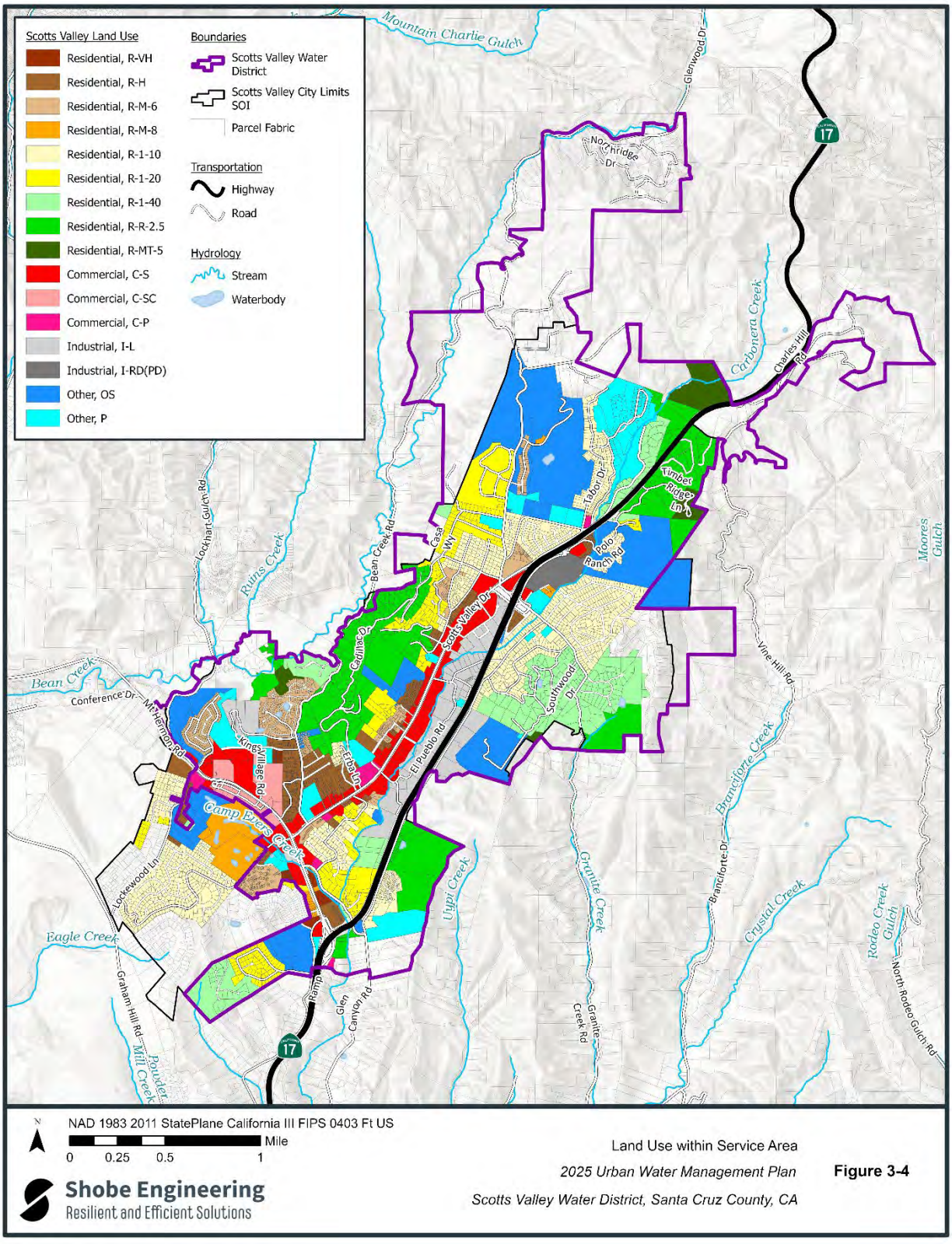


Figure 3-4: Land Use within Service Area

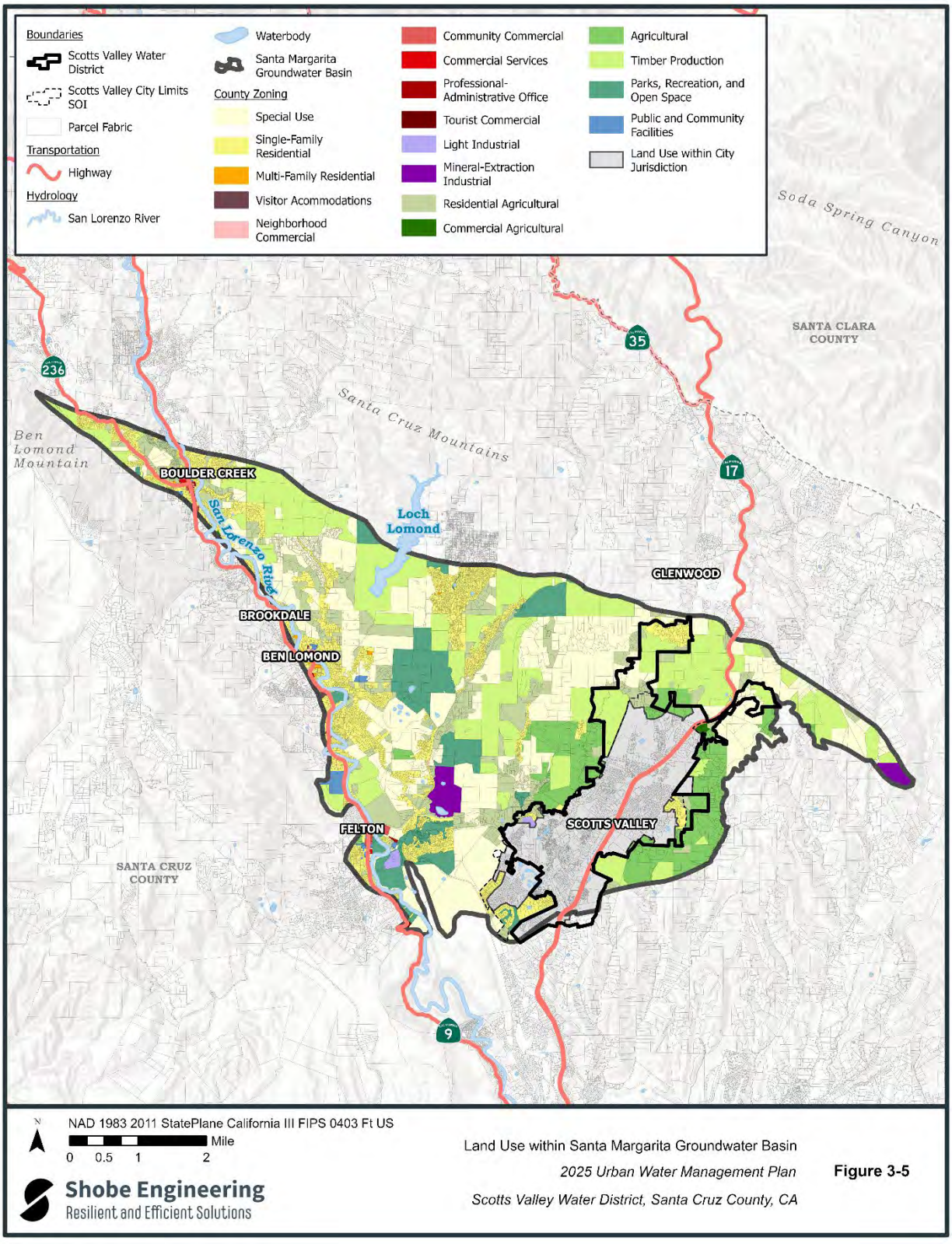


Figure 3-5: Land Use within Santa Margarita Groundwater Basin

CHAPTER 4 WATER USE CHARACTERIZATION

4.1 Non-Potable Versus Potable Water Use

The District supplies water to customers through two distinct systems: a potable water system and a recycled (non-potable) water system. Potable water is supplied from groundwater sources and is used for all indoor uses and a portion of outdoor uses. Recycled water is produced by the City of Scotts Valley at the Water Reclamation Facility and is distributed by the District for approved non-potable uses, primarily landscape irrigation.

Potable and recycled water demands are tracked and reported separately, as the two supplies are not interchangeable for all uses and are subject to different regulatory and operational considerations. Recycled water use offsets potable water demand where available and is considered as part of the District's overall water use characterization.

Total potable and non-potable water use are presented in subsequent sections of this chapter.

4.2 Historical Water Use Trend

The District maintains records of potable and recycled water production to evaluate historical demand trends. Figures 4-1 and 4-2 present historical potable and recycled water production, respectively, along with corresponding service connections. These historical trends provide the basis for evaluating current water use characteristics and developing future demand projections.

4.2.1 Historical Potable Water Trends

Overall, the District has experienced a declining trend in water use over time, with some variability reflecting broader economic and hydrologic conditions. Notable fluctuations occurred during the 2008 economic recession and the 2013–2015 drought period.

Since 2017, potable water production has steadily declined from approximately 1,195 acre-feet per year (AFY) to 1,046 AFY in 2025, representing an average reduction of approximately 16 AFY per year (approximately 1.5 percent annually). Over the same period, the number of potable water service connections has increased, primarily within the single-family residential category.

4.2.2 Historical Recycled Water Trends

Recycled water production has remained relatively stable, with a slight decline from approximately 178 AFY in 2017 to approximately 152 AFY in 2025. During this period, the number of recycled water service connections has increased, reflecting gradual expansion of recycled water use within the service area.

Changes in customer classification have also occurred over time. In prior years, recycled water use included a separate customer category for the Spring Lakes Mobile Home Park under a special rate structure. Beginning in October 2024, this category was consolidated into the broader landscape irrigation category. This change in classification may contribute to minor variations in reported recycled water use trends over time.

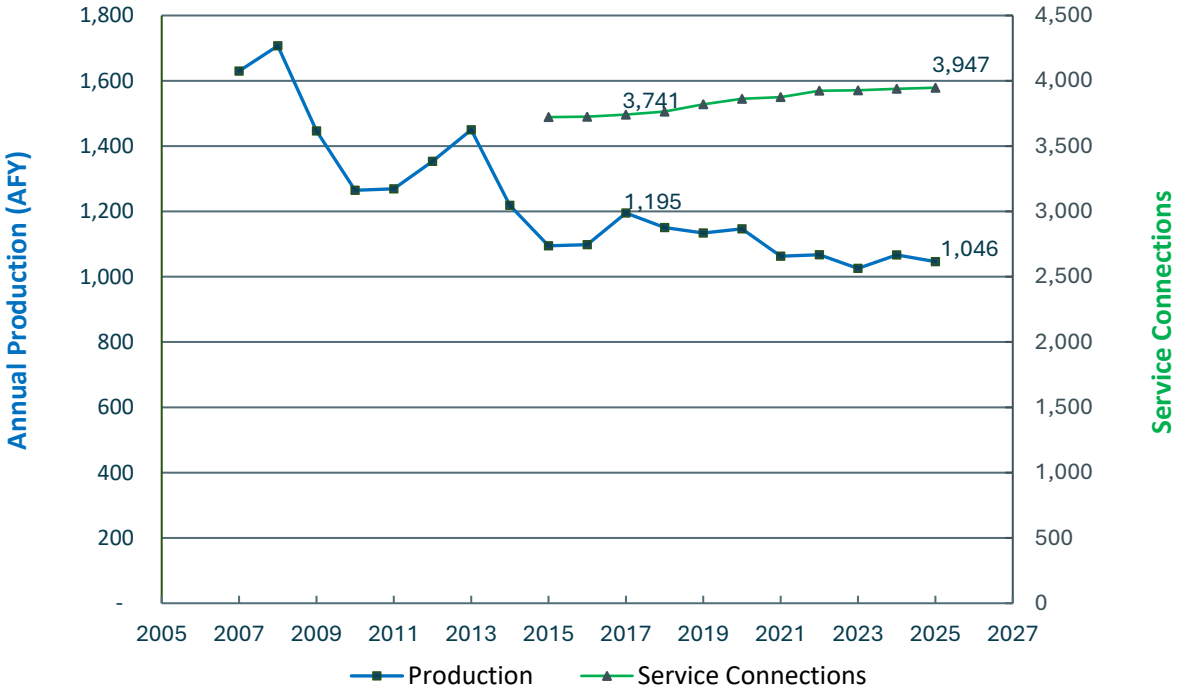


Figure 4-1: Historical Potable Production and Service Connections

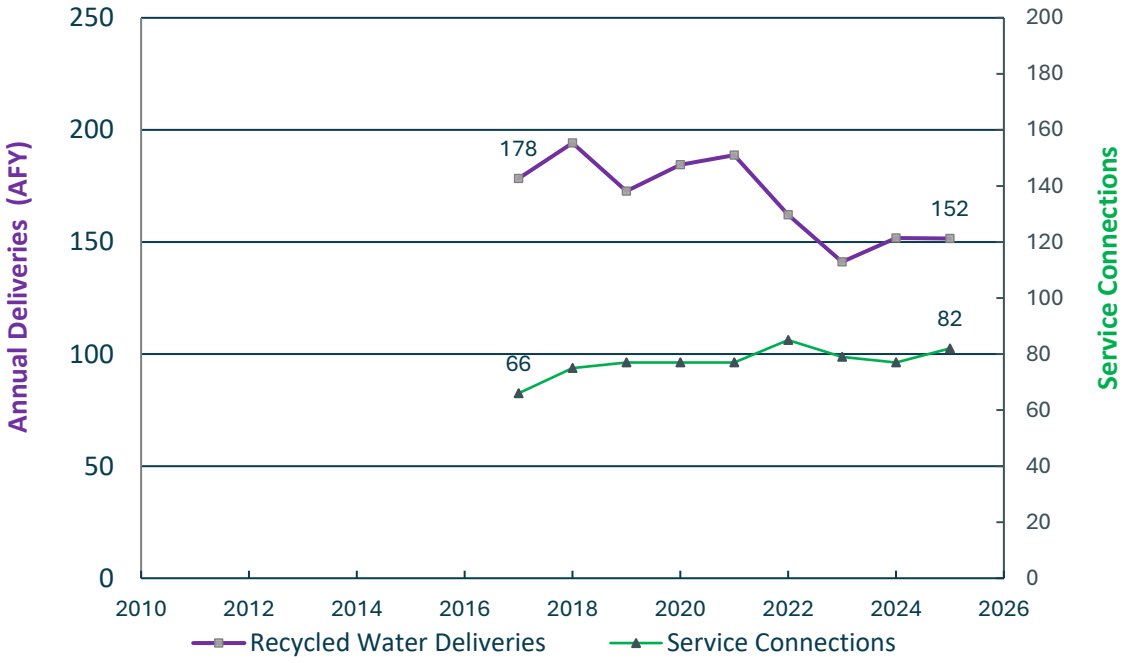


Figure 4-2: Historical Recycled Deliveries and Service Connections

4.3 Current Water Use by Sector

Current water use within the District is characterized by customer category and water type, including both potable and recycled water. **Table 4-1** presents total water use by sector for 2025, including single-family residential, multi-family residential, commercial, institutional, landscape irrigation, and other uses. The proportional distribution of water use by customer category has remained relatively stable over time.

Residential water use represents the largest component of total potable demand, with single-family residential use accounting for approximately 54 percent of potable water use. Multi-family residential demand is comparatively smaller, representing approximately 5 percent of potable use and reflecting higher-density housing served through master-metered connections.

Commercial, institutional, and industrial (CII) uses represent approximately 24 percent of potable demand. Potable landscape irrigation accounts for approximately 6 percent of potable use. Distribution system losses have remained relatively consistent, typically ranging from approximately 8 to 10 percent of potable production. Other potable uses, including bulk water and fire flow, represent a minor component of overall demand.

Recycled water use is primarily associated with landscape irrigation, including commercial, public, and common area landscaping. Recycled water offsets potable demand for outdoor uses where available and is accounted for separately from potable water use. In 2025, recycled water represents approximately 12 percent of total water use within the District.

Table 4-1 summarizes total potable and non-potable water use by sector in acre-feet per year (AFY), consistent with DWR reporting requirements (Table 4-1R).

Table 4-1: 2025 Actual Total Water Use for Potable and Non-Potable (AFY) (DWR 4-1R)

Use Type	Additional Description	Level of Treatment	2025 Volume (AF)
Single Family		Potable	568
Multi-Family		Potable	59
Other (optional)	CII	Potable	252
Landscape		Potable	65
Distribution System Water Loss		Potable	98
Other (optional)	Bulk Stations	Potable	5
Landscape	Recycled System: Landscape	Non-Potable	116
Institutional/Governmental	Recycled System: City Exempt	Non-Potable	35
Other (optional)	Recycled System: Bulk Stations	Non-Potable	1
		Subtotal Potable	1,047
		Subtotal Non-Potable	152
		Total	1,199

4.4 Projected Water Use

Projected water use within the District service area is based on anticipated population growth, historical water use trends, and expected improvements in water use efficiency. Water demand projections are developed separately for existing development and future development to reflect differences in water use characteristics.

Analysis of historical seasonal water use indicates that single-family residential demand averages approximately 59 gallons per capita per day (GPCD), consisting of approximately 49 GPCD of indoor use and 10 GPCD of outdoor use. Consistent with State indoor water use standards, indoor residential demand is projected to decrease to approximately 42 GPCD by 2030. For existing development, this represents a reduction of approximately 7 GPCD, resulting in a total projected demand of approximately 52 GPCD when combined with outdoor use.

For future development, residential water use is projected at a lower level to reflect current building standards, higher-density housing, and the availability of recycled water for outdoor irrigation. New residential development is assumed to achieve indoor water use consistent with State standards, with outdoor irrigation demand substantially offset by recycled water where available. Based on these assumptions, new development is projected at approximately 42 GPCD.

Non-residential demand, including commercial, institutional, and industrial (CII) uses, is projected based on historical usage patterns with an assumed 10 percent improvement in water use efficiency over the planning horizon. Water loss is also projected to improve modestly, with an assumed 2 percent reduction relative to current conditions.

When combined, these assumptions result in a gradual decline in overall water use, with an aggregate residential demand of approximately 49 GPCD by 2050.

Projected water demands by sector are summarized in **Table 4-2** (DWR Table 4-2R). Assumptions used in the development of water use projections are identified in **Table 4-3** (DWR Table 4-3R).

Table 4-2: Projected Water Demands by Sector (AFY) (DWR 4-2R)

Use Type	Additional Description	2030	2035	2040	2045	2050
Single Family		589	610	632	653	671
Multi-Family		59	59	59	59	59
Other (optional)	CII	263	274	285	296	305
Landscape		65	65	65	65	65
Distribution System Water Loss		95	93	90	88	86
Other (optional)	Bulk Stations	5	5	6	6	6
Landscape	Recycled: Landscape	124	132	141	149	156
Institutional/Governmental	Recycled: City Exempt	35	35	35	35	35
Other (optional)	Recycled: Bulk Stations	1	1	1	1	1
	Subtotal Potable	1,076	1,106	1,137	1,167	1,192
	Subtotal Non-Potable	160	168	177	185	192
	Total	1,236	1,275	1,313	1,352	1,384

Table 4-3: Inclusion in Water use Projections (DWR 4-3R)

Are Future Water Savings Included in Projections? (Refer to Appendix K of UWMP Guidebook)	Yes
If "Yes" to above: State the section or page number, in the cell to the right, where citations of the codes, ordinances, or otherwise are utilized in demand projections are found.	Section 4.4
Are Lower Income Residential Demands Included In Projections? (Refer to Appendix K of UWMP Guidebook)	Yes

4.5 Water Loss & Efficiency

The District conducts annual water loss audits in accordance with American Water Works Association (AWWA) standards and reports results to the State Water Resources Control Board (SWRCB). These audits quantify real and apparent water losses and provide the basis for evaluating system performance and compliance with State requirements.

Pursuant to Senate Bill 555 (SB 555), the SWRCB has established water loss performance standards for urban water suppliers, with compliance required beginning in 2028. The District's real water loss standard has been set at 15.6 gallons per service connection per day (gpscd) based on the baseline period of 2017 through 2020.

The established standard reflects the Economic Level of Water Loss (ELWL), which represents the level of leakage at which the cost of additional loss reduction would exceed the value of the water saved. Based on this determination, the District's baseline water loss is consistent with the State-established standard, indicating that the system is operating at an efficient level with respect to real water losses.

Recent water loss audit results indicate continued compliance with the established standard. The District reported a real water loss of approximately 14 gpscd in 2024. Over the past several years, real water loss has generally ranged between approximately 12 and 17 gpscd, remaining at or below the established performance standard.

Water loss audit reporting and progress toward the 2028 performance standard are summarized in **Table 4-4** and **Table 4-5**, respectively.

Table 4-4: Water Loss Audit Reporting (DWR 4-5R)

Public Water System ID # Reported in Table 2-1 R	Reporting Period	Submitted to DWR Water Loss Audit Program (yes/no)
Report submittal status for all five years for each Public Water System as available.		
CA4410013	2020	Yes (WUE Data Portal Link)
	2021	Yes (WUE Data Portal Link)
	2022	Yes (WUE Data Portal Link)
	2023	Yes (WUE Data Portal Link)
	2024	Yes (WUE Data Portal Link)

Table 4-5: Progress Towards 2028 Water Loss Standard (DWR 4-6R)

Public Water System ID	Did SWRCB Calculate a Water Loss Standard for this System?	Real Water Loss				
		SWRCB 2028 Real Water Loss Standard	Units	Most Recent Audit # of Connections	Most Recent Audit Volume of Total Real Losses (AF)	Real Water Loss per Unit
CA4410013	Yes	15.6	Gallons per Service Connection per Day (GPSCD)	4,550	71.1	14.0
		Apparent Water Loss				
		SWRCB 2028 Apparent Water Loss Standard	Units	Most Recent Audit # of Connections	Most Recent Audit Volume of Total Apparent Losses (AF)	Real Water Loss per Unit
		3.8	Gallons per Service Connection per Day (GPSCD)	4,550	13.9	2.7

Water loss is one component of the State's broader urban water use efficiency framework, which also includes indoor, outdoor, and commercial water use objectives. While compliance with Urban Water Use Objectives (UWUO) is regulated separately by the SWRCB and is not a required element of the UWMP, the District's water loss performance contributes to its overall efficiency compliance status. The District's UWUO compliance and related regulatory requirements are discussed further in Chapter 5.

4.6 Lower Income Households

California Water Code Section §10631.1 requires that water demand projections include projected water use for lower-income households, defined as households earning less than 80 percent of the area median income.

Based on the U.S. Census Bureau American Community Survey (ACS) 5-year estimates, approximately 5 percent of the population within the Scotts Valley area is below the federal poverty level. This estimate is consistent with the City of Scotts Valley Housing Element (2023), which identifies a poverty rate of approximately 5.5 percent as of 2020.

For purposes of this UWMP, the District assumes that water use associated with lower-income households is proportionally represented within the overall residential demand. Accordingly, approximately 5 percent of total residential water use is attributed to lower-income households (approximately 31 AFY).

Water demand associated with lower-income households is included within the residential demand projections presented in Table 4-2. No separate demand factor is applied, as residential water use assumptions are applied consistently across all income levels.

4.7 Climate Change Considerations

Climate change has the potential to influence both water supply and demand within the District's service area through changes in temperature, precipitation patterns, and hydrologic conditions.

The District relies on groundwater from the Santa Margarita Groundwater Basin, and therefore long-term water supply reliability is closely tied to basin conditions. Climate-related impacts such as changes in precipitation timing, reduced recharge, and increased variability in hydrologic conditions are addressed through the Santa Margarita Groundwater Sustainability Plan (GSP).

Potential demand-related impacts of climate change include increased outdoor water use during warmer and drier conditions. However, the District's demand projections incorporate ongoing improvements in water use efficiency, changes in development patterns, and the use of recycled water for irrigation where available.

Overall, climate change considerations for water supply reliability and groundwater conditions are addressed in coordination with the GSP and are further discussed in Chapter 6 and Chapter 7 of this UWMP.

CHAPTER 5 SBX7-7 BASELINE, 2020 TARGET, AND 2025 REPORTING

5.1 Background

The Water Conservation Act of 2009 (Senate Bill X7-7) required urban water suppliers to reduce per capita water use by 20 percent by the year 2020. Compliance with SB X7-7 was required to be demonstrated in the 2020 Urban Water Management Plan.

5.2 SBX7-7 Forms and Tables

The District established an individual per capita water use target of 154 gallons per capita per day (GPCD) for 2020. Actual water use in 2020 was 96 GPCD, demonstrating that the District successfully achieved its SB X7-7 target (Table 5-1).

Table 5-1: SBX7-7 2020 Target Progress (DWR 5-1R)

Was Supplier part of a merger or consolidation since 2020?	Regional Alliance Target or Individual Target?	2020 Target GPCD	Actual 2020 GPCD	Did Supplier Achieve Targeted Reduction for 2020?
No	Individual Target	154	96	Yes

5.3 Nexus to SWRCB Urban Water Use Objectives

The State Water Resources Control Board (SWRCB) has adopted the "Making Conservation a California Way of Life" regulation, which establishes Urban Water Use Objectives (UWUO) for urban retail water suppliers. These objectives define water use efficiency targets based on indoor residential use, outdoor residential use, commercial, industrial, and institutional (CII) irrigation, and water loss.

Urban water suppliers are required to annually calculate and report their water use relative to these objectives. Formal compliance will begin in 2028, based on reporting for the 2025–2027 fiscal year.

The Scotts Valley Water District (District) has completed its required UWUO reporting and is currently meeting its calculated objective. For fiscal year 2024–2025, the District's reported water use was approximately 268 million gallons (823 acre-feet) compared to a calculated objective of approximately 408 million gallons (1,253 acre-feet), indicating that current water use is well below the allowable objective.

The District submitted its report on time, with no data quality flags, variances, or temporary provisions. Future projections by the State Water Board indicate the District is expected to remain below its objective as standards become more stringent.

While UWUO compliance is regulated separately from the UWMP, the District's demand projections and efficiency assumptions are consistent with the State's framework, including reductions in indoor water use and improvements in system efficiency.

CHAPTER 6 WATER SUPPLY CHARACTERIZATION

6.1 Overview

The Scotts Valley Water District (District) relies on a diversified water supply portfolio consisting primarily of groundwater, supplemented by recycled water and, in the near term, a new interconnection with the City of Santa Cruz. This chapter describes the sources of water available to the District, including their characteristics, historical use, and projected availability over the planning horizon.

Groundwater from the Santa Margarita Groundwater Basin (SMGB) serves as the District's primary potable water supply. Recycled water, produced by the City of Scotts Valley and distributed by the District, provides a reliable non-potable supply that offsets potable demand for irrigation and other approved uses. In addition, the District is completing the City of Santa Cruz–Scotts Valley Intertie Project, which will provide access to treated surface water supplies and support conjunctive use management of the groundwater basin.

6.2 Groundwater Supply

6.2.1 Basin Overview and Management

The District relies on groundwater from the SMGB as its primary source of potable water supply, which is managed in coordination with the Santa Margarita Groundwater Agency (SMGWA). The SMGB covers approximately 34 square miles (21,760 acres) in the Santa Cruz Mountains and generally forms a triangular area extending from Scotts Valley to the east, Boulder Creek to the northwest, and Felton to the southwest. The basin setting and jurisdictional boundaries are shown in **Figure 6-1** and **Figure 6-2**, respectively.

The basin is bounded by regional geologic features, including the Ben Lomond Fault to the west and the Zayante Fault to the north, and is adjacent to the Santa Cruz Mid-County Basin to the southeast and the West Santa Cruz Terrace Basin to the south. The basin includes the City of Scotts Valley and surrounding communities such as Boulder Creek, Ben Lomond, Felton, and Mount Hermon.

Groundwater within the SMGB is used by multiple purveyors, including the District, the San Lorenzo Valley Water District, and the Mount Hermon Association, as well as small water systems and private well owners.

Under the Sustainable Groundwater Management Act (SGMA), the SMGB is designated as a medium-priority basin. The SMGWA has prepared and adopted a Groundwater Sustainability Plan (GSP) in 2022, which establishes a framework for achieving long-term groundwater sustainability through monitoring, management actions, and implementation of projects.

The GSP establishes a planning horizon to achieve basin sustainability by 2042, with interim milestones to track progress. The District's groundwater supply planning and management are consistent with the GSP and are informed by the basin conditions, water budgets, and sustainable yield estimates developed through that process.

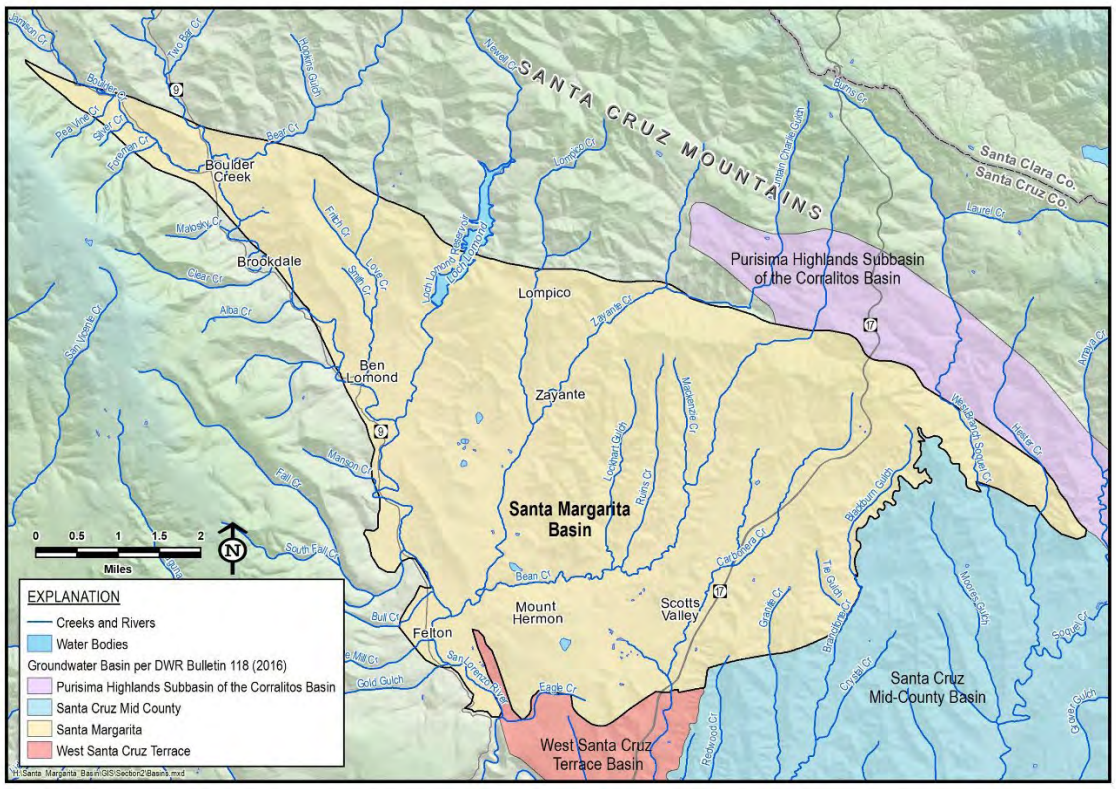


Figure 6-1: Santa Margarita Groundwater Basin and Adjacent Basins (GSP, 2022)

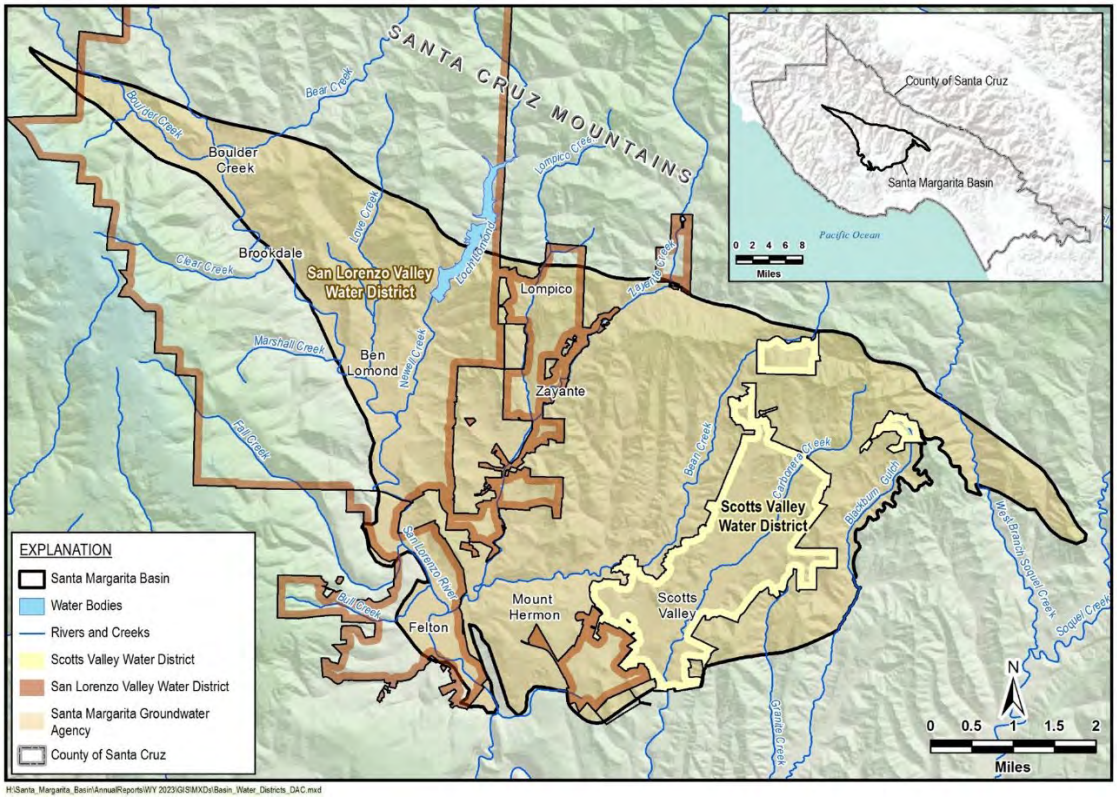


Figure 6-2: Jurisdictional Areas within SMGB (SMGB Annual Report, 2025)

6.2.2 Basin Hydrogeologic Setting

The Santa Margarita Groundwater Basin is a geologically complex system consisting of sedimentary formations underlain by granitic bedrock. Groundwater occurs primarily within sandstone units that function as the principal aquifers supplying municipal, domestic, and small system demands within the basin (SMGWA, 2021).

The primary aquifers within the basin include the Santa Margarita Sandstone, Lompico Sandstone, Butano Formation, and Monterey Formation. These formations vary in depth, hydraulic properties, and recharge characteristics, resulting in differences in groundwater availability and response to hydrologic conditions.

Groundwater recharge within the basin is derived primarily from precipitation, which infiltrates through soils and streambeds to replenish the shallow aquifer systems. Recharge patterns are influenced by seasonal rainfall, with the majority of recharge occurring during winter months. As a result, groundwater conditions within the basin are sensitive to variability in precipitation and extended droughts.

Historically, groundwater levels in portions of the basin declined due to increased pumping and drought conditions. However, reductions in groundwater extraction and implementation of water use efficiency programs have contributed to the stabilization of groundwater levels in recent years. Long-term groundwater conditions and trends are evaluated and managed through the SMGWA GSP.

6.2.3 Aquifers Used Within Service Area

A high-level overview of the aquifers in the SMGB is provided below. More detail can be found in the GSP.

The **Lompico Sandstone** serves as the principal aquifer for the District and provides the majority of groundwater production. Recharge to the Lompico aquifer occurs primarily through percolation from the overlying Santa Margarita Sandstone in areas where the formations are in contact. Due to its relatively limited direct recharge area and confined position beneath other formations, the Lompico aquifer generally responds more slowly to precipitation and recharge events compared to shallower units.

The **Butano Sandstone** is a deeper aquifer that is used in conjunction with the Lompico Sandstone. Wells completed in both formations provide additional production capacity and operational flexibility under varying hydrologic and demand conditions.

The **Santa Margarita Sandstone**, which overlies portions of the basin, plays an important role in groundwater recharge. This formation is typically located at higher elevations and responds relatively rapidly to precipitation, providing recharge to underlying aquifers but also draining more quickly during dry periods.

The **Monterey Formation** is present in portions of the basin and is used primarily by private wells. This formation generally provides limited groundwater supply for municipal use but is considered to be hydraulically connected to the Lompico Sandstone in some areas (SMGWA, 2021).

6.2.4 Water Supply Wells

The District operates six active groundwater production wells that supply potable water to customers within the service area. These wells extract groundwater from the Lompico Sandstone and, in some cases, also the Butano Formation (Table 6-1)

Recent infrastructure improvements include the addition of the Sucinto Well and Grace Way Well, constructed in 2024 and 2025, respectively. Both wells are completed across the Lompico and Butano aquifers. The Orchard Well, constructed in 2017, is also completed in both aquifers. The other active wells (Well 10A, Well 11A, and Well 11B) are completed in the shallower Lompico aquifer and continue to provide reliable production for the system. The total combined production capacity of the District's wells is estimated to be approximately 2,200 gallons per minute (gpm).

Table 6-1: Water Supply Wells

Well Name	Status	Aquifer	Year Drilled	Capacity (gpm)	Total Depth (ft)
Grace Way Well	In-progress	Lompico, Butano	2025	650	960
Sucinto Well	Active	Lompico, Butano	2024	300	1,400
Orchard Well	Active	Lompico, Butano	2017	450	1,460
Well #10A	Active	Lompico	2007	320	450
Well #11A	Active	Lompico	1997	100	518
Well #11B	Active	Lompico	1999	385	537

The District also operates a network of groundwater monitoring wells used to support basin management activities. These monitoring wells are part of the SMGWA monitoring program and are used to track groundwater levels and inform annual groundwater assessments under the Groundwater Sustainability Plan (GSP). The locations of production and monitoring wells are shown in **Figure 6-3**.

6.2.5 Historic Groundwater Pumping

Historical groundwater pumping by the District is summarized in Table 6-2, which presents total groundwater extracted from District production wells based on available records.

The reported values reflect total groundwater extracted, which may differ slightly from potable water production totals presented in earlier chapters. This difference is due to operational flushing from well start-up, maintenance, and filter backwashing cycles, during which water discharged to waste.

The pumping data presented in Table 6-2 were compiled from the District's daily operational records and are reported on a calendar year basis. Groundwater extraction data reported by SMGWA reports are typically presented on a water year basis. As a result, minor differences may exist between the values reported in this UWMP and those presented in GSP reporting; however, the datasets are generally consistent and reflect similar overall trends.

Table 6-2: Groundwater Volume Pumped (DWR 6-1R)

☐	Check the box if the Supplier does not pump groundwater. Proceed to the next table.						
☐	Check the box if all or part of the groundwater described below is desalinated.						
Groundwater Type	Water Type	Location or Basin Name	2021 (AF)	2022 (AF)	2023 (AF)	2024 (AF)	2025 (AF)
Alluvial Basin	Potable	Santa Margarita Groundwater Basin	1,094	1,119	1,057	1,098	1,104
		Total	1,094	1,119	1,057	1,098	1,104

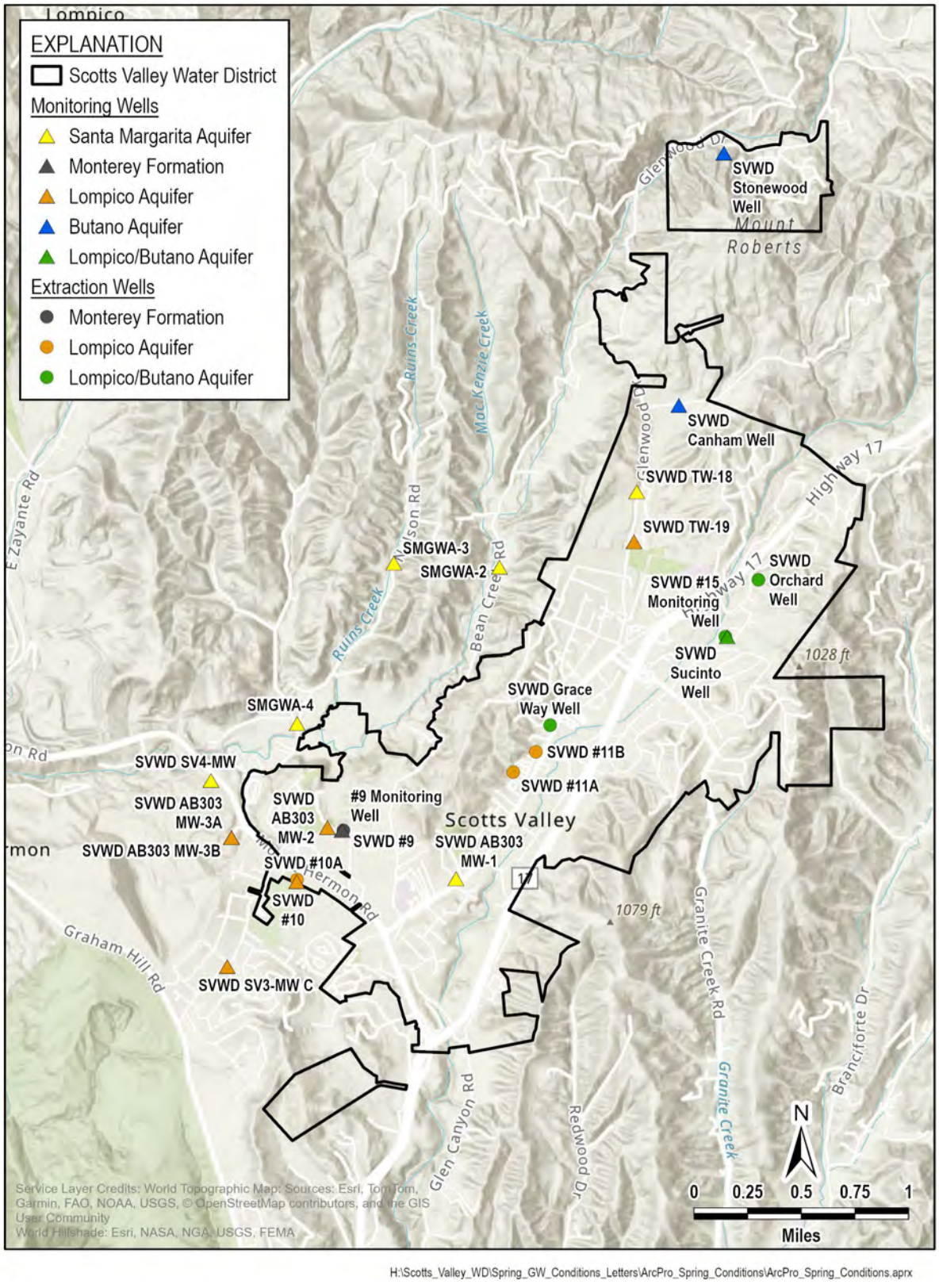


Figure 6-3: Locations of SVWD Extraction and Monitoring Wells (SMGB Annual Report, 2025)

6.2.6 Available Groundwater Supplies

Available groundwater supply for the District is based on the baseline pumping levels established in the Santa Margarita Groundwater Basin Groundwater Sustainability Plan (GSP). These baseline pumping levels represent the long-term average annual extraction that can be sustained while achieving groundwater sustainability under SGMA.

For the District, the GSP identifies a baseline pumping level of approximately 1,300 AFY, as summarized in **Table 6-3**. The District manages groundwater production with the objective of maintaining pumping at or below this level and has generally operated within this range.

The GSP tracks production by aquifer. For the District's wells screened in both the Lompico and Butano aquifers, the GSP assumes that approximately 40 percent of production from those wells is derived from the Lompico aquifer and 60 percent from the Butano aquifer. This allocation is used for GSP accounting and planning purposes and is not based on direct measurement of production from each aquifer interval.

Overall, groundwater supply availability is influenced by basin conditions, recharge variability, and long-term management actions identified in the GSP. Continued coordination with the SMGWA will ensure that groundwater use remains consistent with sustainable management objectives.

Table 6-3: Baseline Pumping Levels (AFY) (GSP)

Santa Margarita Aquifer	Lompico Aquifer	Butano Aquifer	Total
0	950	350	1,300

6.3 Purchased or Imported Water

The District does not currently rely on purchased or imported water as a regular source of supply. Historically, the District has operated as a groundwater-dependent system, with limited interconnections to neighboring agencies used only for emergency purposes.

The District maintains an emergency intertie with the San Lorenzo Valley Water District; however, this connection is not used for routine supply and is reserved for emergency conditions.

The District is currently completing the City of Santa Cruz–Scotts Valley Intertie Project, which will provide the ability to receive treated surface water from the City of Santa Cruz. While this connection represents a future source of supplemental supply, it is not currently considered an established source of purchased or imported water for purposes of this UWMP.

6.4 Surface Water

The District does not currently utilize surface water as a direct source of supply. All potable water demands are met through groundwater production, supplemented by recycled water for non-potable uses.

The District is currently completing the City of Santa Cruz–Scotts Valley Intertie Project, which will provide access to treated surface water supplies from the City of Santa Cruz. Once operational, this connection will allow the District to incorporate surface water into its supply portfolio.

The intertie is intended to support conjunctive use management of the SMGB by allowing the District to reduce groundwater pumping during certain periods and supplement supply during drought or other constrained conditions. The project also enhances regional supply reliability and provides additional operational flexibility.

At the time of this UWMP, the intertie is nearing completion and is expected to become operational in the near term. The role of this supply in future water supply planning is discussed further in Section 6.9.

6.5 Stormwater

The District does not utilize stormwater as a direct source of water supply. Stormwater management within the service area is primarily addressed through local land use planning and development requirements, including low impact development (LID) practices.

Stormwater infiltration contributes to groundwater recharge within the Santa Margarita Groundwater Basin and supports long-term water supply sustainability. The District and other developments within the Scotts Valley area incorporate LID features designed to capture and infiltrate stormwater runoff.

According to the Santa Margarita Groundwater Agency Annual Report, managed aquifer recharge through LID facilities has been implemented at District-managed sites since 2018. In Water Year 2025, approximately 24 AF of recharge was achieved through these practices. The volume of recharge varies with precipitation and is generally correlated with annual rainfall.

6.6 Wastewater and Recycled Water

6.6.1 Recycled Water Partnerships

The District provides recycled water service in partnership with the City of Scotts Valley, which owns and operates the Water Reclamation Facility (WRF). Wastewater collected within the City is treated to Title 22 tertiary standards, making it suitable for unrestricted non-potable reuse.

Under an existing agreement, the City supplies recycled water to the District and the District pays for a portion of operation and maintenance for the WRF. The District is responsible for the storage, conveyance, and retail distribution of recycled water to customers within the service area as well as to customers in the neighboring San Lorenzo Valley Water District service area. This partnership allows the District to offset potable water demand while utilizing locally produced water resources.

6.6.2 Wastewater Collection, Treatment and Disposal

Wastewater generated within the District's service area is collected and conveyed to the City of Scotts Valley Water Reclamation Facility for treatment. The WRF treats wastewater to tertiary standards in accordance with State regulations.

Following treatment, recycled water is made available for beneficial reuse within the District's recycled water system. Excess treated water that is not reused is discharged in accordance with applicable regulatory permits.

Wastewater collection and treatment volumes for 2025 are summarized in **Table 6-4** and **Table 6-5**, consistent with DWR reporting requirements.

Table 6-4: Wastewater Collected Within Service Area in 2025 (DWR 6-2R)

Wastewater Collection			Recipient of Collected Wastewater	
Name of Wastewater Collection Agency	Wastewater Volume Metered	Volume of Wastewater Collected from UWMP Service Area 2025 (AF)	Name of Wastewater Treatment Plant (WWTP) and Place ID Number	Is WWTP Located Within UWMP Area?
City of Scotts Valley	Metered	796	Scotts Valley WWTP, Place ID 256011	Yes

1. The total wastewater collected was 938 AF and 142 AF is estimated to come from outside the SVWD service area in San Lorenzo Valley Water District.
2. A reduction of approximately 10 to 15 percent was applied to the influent volumes to account for internal recirculation flow from the tertiary effluent.

Table 6-5: Wastewater Treatment and Outcomes within Service Area in 2025 (DWR 6-3R)

Wastewater Treatment Plant Name and Place ID Number	Does This Plant Treat Wastewater Generated Outside the UWMP Service Area?	2025 Volume of Wastewater Received from UWMP Service Area (AF)	Total 2025 Volume of Water Treated (AF)	2025 Outcomes of Treated Wastewater				
				Water Recycled Within UWMP Service Area (AF)	Water Recycled Outside of UWMP Service Area (AF)	Effluent Discharge that is not a Permitted Recycled Water Use (AF)	Required Discharge for Instream Flow (AF)	Delivered to Another Entity for Additional Treatment (AF)
Scotts Valley WWTP, Place ID 256011	Yes	796	845	129 (Tertiary)	23 (Tertiary)	429 (Secondary Disinfected -23)	-	208 (Secondary Disinfected -23)
Total		796	845	129	23	429	-	208

1. A portion of secondary effluent is discharged to the ocean following disinfection in accordance with regulatory requirements. A portion of secondary effluent is conveyed to Pasatiempo Golf Course, where it is further treated to tertiary standards prior to reuse.
2. Tertiary treated wastewater is supplied to the District for recycled water use and is accounted for separately in recycled water tables.

Table 6-6: Recycled Water Direct Beneficial Uses Within Service Area (DWR 6-4R)

Use Type	Water Type	Additional Information (as needed)	2025 (AF)	2030 (AF)	2035 (AF)	2040 (AF)	2045 (AF)	2050 (AF)	Potential Recycled Water Use	
									Volume	Page # Ref
Landscape irrigation (excludes golf courses)	Non-Potable	Current and new customers	152	160	168	177	185	192		
Total			152	160	168	177	185	192		0

6.6.3 Recycled Water Use

Recycled water is used within the District primarily for landscape irrigation, including commercial, public, and common area landscaping. The recycled water system offsets potable demand for outdoor uses where available and represents an important component of the District's overall water supply portfolio.

Recycled water use accounts for approximately 10 to 12 percent of total water use within the District. In addition to customers within the District's potable service area, recycled water is also provided to the Spring Lakes Mobile Home Park, which is located within the San Lorenzo Valley Water District service area.

Recycled water deliveries and direct beneficial uses within the service area are summarized in **Table 6-6**.

6.6.4 Actions to Optimize Future Recycled Water Use

The District continues to evaluate opportunities to optimize recycled water use within the service area. Expansion of recycled water infrastructure is generally limited to new development, where installation of recycled water pipelines can be incorporated into project design.

Due to the cost and logistical constraints of retrofitting existing developed areas, expansion of recycled water service to established neighborhoods is limited. However, continued coordination with the City and incorporation of recycled water in new development projects will support incremental increases in recycled water use over time.

A comparison of projected recycled water use from the 2020 UWMP and actual 2025 recycled water use is provided in **Table 6-7**, consistent with DWR reporting requirements.

Table 6-7: 2020 UWMP Recycled Water Use Projection Compared to 2025 Actual (DWR 6-5R)

Use Type	2020 Projection for 2025	2025 Actual Use
	(AF)	(AF)
Landscape irrigation (excluding golf courses)	184	152

6.7 Desalinated Water Opportunities

The District does not currently utilize desalinated water as a source of supply and has not identified desalination as a feasible or cost-effective option within the service area.

Given the District's inland location and reliance on groundwater resources, opportunities for seawater desalination are not applicable. Brackish groundwater desalination has also not been identified as a viable supply option based on current water quality conditions and available supply alternatives.

The District will continue to evaluate potential water supply opportunities as part of its long-term planning efforts; however, desalination is not currently considered a component of the District's water supply portfolio.

6.8 Water Exchanges and Transfers

The District does not currently participate in formal water exchanges or transfer agreements as part of its water supply portfolio.

The District maintains an emergency intertie with the San Lorenzo Valley Water District, which allows for the transfer of water during emergency conditions; however, this connection is not used for routine supply or planned exchanges.

The District is also developing additional interconnections through the Regional Intertie Project that will provide opportunities for future coordination or water transfers and exchanges.

6.9 Future Water Projects

The District is currently completing the City of Santa Cruz–Scotts Valley Intertie Project, a regional infrastructure project that will connect the District's system to the City of Santa Cruz treated water system. Once operational, the intertie will provide the ability to receive treated surface water supplies and support conjunctive use management of the SMGB. The project is expected to enhance supply reliability, particularly during dry periods, and provide additional operational flexibility.

At the time of preparation of this UWMP, the quantity of water supply available through the intertie has not been finalized and remains subject to ongoing coordination between the partnering agencies. As a result, a specific supply volume is not included in **Table 6-8**.

Table 6-8: Expected Future Water Supply Projects or Programs (DWR 6-7R)

☐	Check the box if there are no expected future water supply projects or programs that provide a quantifiable increase to the agency's water supply. Proceed to the next table.						
	Check the box if some or all of the supplier's future water supply projects or programs are not compatible with this table and are described in a narrative format.						
Page 6-7	Provide page location of narrative in the UWMP						
Name of Future Projects or Programs	Joint Project with other suppliers?		Additional Description	Water Type	Planned Implementation Year	Planned for Use in Year Type	Expected Increase in Water Supply to Supplier
	Drop Down List	If Yes, Supplier Name					(AF)
Regional Intertie Project	Yes	City of Santa Cruz		Potable	2027	Average Year	Preliminarily up to 1 MGD

In addition to the intertie project, the District continues to coordinate with the SMGWA on implementation of projects and management actions identified in the GSP. These efforts include basin monitoring, groundwater management strategies, and potential future recharge or aquifer storage and recovery wells (ASR).

6.10 Climate Change Effects

Climate change has the potential to affect water supply availability within the SMGB through changes in precipitation patterns, temperature, and hydrologic conditions. Projected impacts for the region include increased variability in annual precipitation and more frequent and prolonged drought conditions.

Groundwater recharge within the basin is closely tied to precipitation, particularly during the winter months. As a result, changes in the timing, intensity, and duration of rainfall events may influence recharge rates and groundwater levels. The basin's hydrogeologic characteristics, including the relatively slower recharge response of the Lompico aquifer, may further affect how quickly groundwater conditions recover following dry periods.

These potential impacts are addressed through the SMGWA GSP, which incorporates climate variability into its basin management framework. The GSP includes monitoring, adaptive management strategies, and projects intended to maintain groundwater sustainability under changing hydrologic conditions.

Climate change may also influence water demand through increased temperatures and extended dry periods, which can increase outdoor water use. The District's demand projections incorporate ongoing improvements in water use efficiency and the use of recycled water to offset irrigation demands.

6.11 Summary of Water Supplies

Table 6-9: 2025 Actual Water Supplies (DWR 6-8R)

Water Supply	Additional Description (as needed)	2025	
Drop down list		Water Type	Actual Volume (AF)
Groundwater (not desalinated)		Potable	1,047
Recycled Water	City WRF	Non-Potable	152

Table 6-10: Projected Water Supplies (DWR 6-9R)

Water Supply	Water Type	Projected Water Supply (Report to the Extent Practicable)				
		2030 (AF)	2035 (AF)	2040 (AF)	2045 (AF)	2050 (AF)
Groundwater (not desalinated)	Potable	1,300	1,300	1,300	1,300	1,300
Surface Water (not desalinated)	Potable	TDB	TDB	TDB	TDB	TDB
Recycled Water	Non-Potable	160	168	177	185	192
	Subtotal Potable	1,300	1,300	1,300	1,300	1,300
	Subtotal Non-Potable	160	168	177	185	192
	Total	1,460	1,468	1,477	1,485	1,492

CHAPTER 7 WATER SERVICE RELIABILITY AND DROUGHT RISK ASSESSMENT

7.1 Water Service Reliability Assessment

The water service reliability assessment evaluates the District's ability to meet projected water demands over the next 25 years under varying hydrologic conditions, including normal, single dry year, and multiple dry year scenarios.

As described in Chapter 6, the District relies primarily on groundwater supplies from the SMGB. Available supply is based on planning-level estimates presented in the GSP, which indicate that groundwater resources are sufficient to meet projected demands under managed basin conditions. Future supplies associated with the regional intertie project are not included in this assessment, as those volumes have not yet been determined.

7.1.1 Constraints on Water Sources

The primary constraint on the District's water supply is climatic variability, particularly precipitation, which drives groundwater recharge within the SMGB.

The District monitors precipitation and groundwater conditions to assess water supply reliability. Due to basin hydrogeologic characteristics, including the relatively slower recharge response of the Lompico aquifer, groundwater levels may respond gradually to changes in precipitation.

Water supply reliability is supported through active groundwater management under the GSP, which establishes baseline pumping levels and sustainability criteria for the basin. During periods of reduced precipitation or declining groundwater conditions, the District may implement demand management actions in accordance with the WSCP (Chapter 8) to preserve groundwater in storage and maintain long-term supply reliability.

7.1.2 Water Year Type Characterization

The water service reliability assessment evaluates water supply availability under three water year types defined by DWR: normal (average) year, single dry year, and multiple dry years.

- **Normal year** represents hydrologic conditions that approximate long-term average precipitation.
- **Single dry-year** represents conditions corresponding to below-average precipitation in a given year.
- **Multiple dry-years** represent a sequence of consecutive dry years that reflect extended drought conditions.

Water year type characterization in the region is based on the City of Santa Cruz water year classification, which uses total annual runoff in the San Lorenzo River measured at the USGS Big Trees gage, consistent with the GSP. The representative data used for this analysis are summarized in **Table 7-1**.

Consistent with the GSP, sustainable yield is represented by baseline pumping levels, which amount to approximately 1,300 AFY for the District. For purposes of this reliability assessment, this supply is assumed to be available under all water year types.

The District monitors precipitation from its El Pueblo Yard weather station and reviews climate and groundwater conditions with SMGWA in conjunction with the WSCP annual assessments (Chapter 8).

Table 7-1: Basis for Water Year Data (Reliability Assessment) (DWR 7-1R)

Year Type	Base Year	Available Supply if Year Type Repeats	
		Volume Available (AF)	% of Average Supply
Average Year	2002	1,300	100%
Single-Dry Year	2014	1,300	100%
Consecutive Dry Years 1st Year	1987	1,300	100%
Consecutive Dry Years 2nd Year	1988	1,300	100%
Consecutive Dry Years 3rd Year	1989	1,300	100%
Consecutive Dry Years 4th Year	1990	1,300	100%
Consecutive Dry Years 5th Year	1991	1,300	100%

7.1.3 Water Service Reliability

Results of the water supply and demand analysis for normal, single dry, and multiple dry year conditions are presented in **Table 7-2, Table 7-3, and Table 7-4**, respectively. These supply and demand totals consider the combined potable and non-potable totals including the recycled water system.

The District is projected to meet all water demands throughout the planning horizon under all water year scenarios. Available water supply, based on the GSP baseline pumping level of approximately 1,300 AFY, exceeds projected demands in all years evaluated.

Table 7-2: Normal Year Supply and Use Comparison (Potable and Non-Potable) (DWR 7-2R)

	2030	2035	2040	2045	2050
	(AF)	(AF)	(AF)	(AF)	(AF)
Supply totals (autofill from Submittal Table 6-9 R)	1,460	1,468	1,477	1,485	1,492
Use totals (autofill from Submittal Table 4-2 R)	1,236	1,275	1,313	1,352	1,384
Surplus / (shortfall)	224	193	164	133	108

Table 7-3: Single Dry Year Supply and Use Comparison (Potable and Non-Potable) (DWR 7-3R)

	2030	2035	2040	2045	2050
	(AF)	(AF)	(AF)	(AF)	(AF)
Supply totals	1,460	1,468	1,477	1,485	1,492
Use totals	1,236	1,275	1,313	1,352	1,384
Surplus/(shortfall)	224	193	164	133	108

Table 7-4: Multiple Dry Years Supply and Use Comparison (Potable and Non-Potable) (DWR 7-4R)

Consecutive Dry Year Types		2030 (AF)	2035 (AF)	2040 (AF)	2045 (AF)	2050 (AF)
First year	Supply totals	1,460	1,468	1,477	1,485	1,492
	Use totals	1,236	1,275	1,313	1,352	1,384
	Surplus/(shortfall)	224	193	164	133	108
Second year	Supply totals	1,460	1,468	1,477	1,485	1,492
	Use totals	1,236	1,275	1,313	1,352	1,384
	Surplus/(shortfall)	224	193	164	133	108
Third year	Supply totals	1,460	1,468	1,477	1,485	1,492
	Use totals	1,236	1,275	1,313	1,352	1,384
	Surplus/(shortfall)	224	193	164	133	108
Fourth year	Supply totals	1,460	1,468	1,477	1,485	1,492
	Use totals	1,236	1,275	1,313	1,352	1,384
	Surplus/(shortfall)	224	193	164	133	108
Fifth year	Supply totals	1,460	1,468	1,477	1,485	1,492
	Use totals	1,236	1,275	1,313	1,352	1,384
	Surplus/(shortfall)	224	193	164	133	108

7.1.4 Descriptions of Management Tools and Options

The District relies on groundwater from the SMGB as its primary source of supply and implements a combination of supply management and demand management strategies to maintain long-term water supply reliability.

Water supply reliability is supported through active groundwater management under the GSP, which establishes sustainable pumping levels and basin management criteria. The District manages groundwater production to remain consistent with these objectives and works with regional partners to support basin-wide sustainability.

The District also promotes water use efficiency and recycled water use to reduce potable demand and improve overall system resilience. In addition, the District evaluates opportunities for regional projects, including the City of Santa Cruz–SVWD Intertie Project, to enhance supply reliability and operational flexibility.

During periods of reduced precipitation or declining groundwater conditions, the District implements demand management actions in accordance with the WSCP (Chapter 8) to preserve groundwater in storage and maintain reliable service.

The District is committed to providing a safe and reliable water supply to meet both current and future demands.

7.2 Drought Risk Assessment (DRA)

The Drought Risk Assessment (DRA) evaluates the District's ability to meet water demands during a five-year drought scenario, consistent with DWR requirements. The assessment considers projected water demands and available water supplies under extended dry conditions.

7.2.1 DRA Data, Methods, and Basis for Water Shortage Conditions

The DRA uses projected water demand and available groundwater supply as described in Chapters 4 and 6. The five-year drought scenario reflects extended dry conditions consistent with multiple dry year hydrologic conditions described in Section 7.1.

For the District, drought conditions are primarily associated with reduced groundwater recharge due to below-average precipitation, rather than immediate reductions in available supply. As a result, the assessment evaluates drought risk based on the relationship between demand and available supply under sustained dry conditions.

Water shortage conditions are informed by ongoing monitoring of precipitation and groundwater conditions and are managed through implementation of the WSCP (Chapter 8), which establishes trigger-based demand management actions to preserve groundwater in storage.

7.2.2 DRA Water Source Reliability

The District relies on groundwater from the SMGB, which has demonstrated resilience to historical drought conditions under current management practices. Groundwater conditions are actively managed in accordance with the GSP, which establishes sustainable pumping levels and basin management criteria.

For purposes of the DRA, groundwater supply is assumed to remain constant at approximately 1,300 AFY, consistent with baseline pumping levels established in the GSP. This reflects a planning-level assumption that groundwater extraction is managed within sustainable limits and is not reduced in response to short-term hydrologic variability, including extended drought conditions.

While groundwater recharge may be reduced during prolonged dry periods, basin storage and active management allow the District to maintain reliable supply over the duration of the five-year drought scenario.

7.2.3 DRA Total Water Supply and Use Comparison

The five-year drought risk assessment compares projected water demand with available groundwater supply over a continuous five-year dry period. Results of the DRA are summarized in **Table 7-6**.

Based on current projections, the District is able to meet water demands throughout the five-year drought period without a supply shortfall. Available supply exceeds projected demand in each year of the analysis.

The District's ability to meet demands during extended drought conditions is supported by groundwater basin storage, implementation of water use efficiency and recycled water programs, and demand management actions implemented through the WSCP.

Table 7-5: Five-Year Drought Risk Assessment (Potable and Non-Potable) (DWR 7-5R)

2026		Total
Total Water Use	(AF)	1,206
Total Supplies	(AF)	1,454
Surplus/Shortfall w/o WSCP Action		247
2027		**Total**
Total Water Use	(AF)	1,214
Total Supplies	(AF)	1,455
Surplus/Shortfall w/o WSCP Action		241
2028		**Total**
Total Water Use	(AF)	1,221
Total Supplies	(AF)	1,457
Surplus/Shortfall w/o WSCP Action		236
2029		**Total**
Total Water Use	(AF)	1,229
Total Supplies	(AF)	1,458
Surplus/Shortfall w/o WSCP Action		230
2030		**Total**
Total Water Use	(AF)	1,236
Total Supplies	(AF)	1,460
Surplus/Shortfall w/o WSCP Action		224

CHAPTER 8 WATER SHORTAGE CONTINGENCY PLAN

8.1 Revised WSCP Overview

The District has prepared and adopted a Water Shortage Contingency Plan (WSCP) in accordance with Water Code Section §10632. The WSCP was initially adopted in 2021 as part of the 2020 UWMP and established a framework for managing water shortages through defined shortage levels, response actions, and annual water supply and demand assessments.

As part of the 2025 UWMP update, the District reviewed prior WSCP implementation, including annual water shortage assessments submitted to DWR and operational experience during recent drought conditions. Based on this review, the WSCP was updated to better reflect current operations, align with regional planning efforts under the SMGWA GSP, and improve clarity and usability.

The updated WSCP includes the following refinements:

- **Updated Annual Water Shortage Assessment Procedures**
  Procedures for evaluating water supply conditions were refined to incorporate ongoing monitoring of precipitation and groundwater conditions. The assessment framework aligns with current operational practices and supports timely identification of potential shortage conditions.
- **Alignment with GSP and Groundwater Management Practices**
  The WSCP was updated to reflect the District's reliance on groundwater from the SMGB and the role of the GSP in establishing sustainable pumping levels and long-term basin management. The WSCP emphasizes proactive demand management to maintain groundwater in storage during extended dry periods.
- **Refined Shortage Level Descriptions**
  The six standard water shortage levels were retained, with updated descriptions to improve clarity and consistency. The revised structure provides clearer distinctions between moderate and severe shortage conditions.
- **Clarified Response Actions**
  Demand reduction measures and response actions were updated and organized to improve usability and implementation. These include restrictions on non-essential water uses and expanded guidance for managing water use during more severe shortage conditions.

The updated WSCP was adopted in 2026 and is included in this UWMP as **Appendix D**.

The WSCP establishes a structured approach for responding to water shortages through staged demand reduction measures, operational actions, and communication protocols. Because the District relies on groundwater supplies that are managed for long-term sustainability under the GSP, water shortages are addressed proactively through demand management to preserve groundwater storage and maintain reliable service.

CHAPTER 9 DEMAND MANAGEMENT MEASURES

9.1 Existing Demand Management Measures for Retail

The District implements a range of demand management measures to promote efficient water use, reduce water waste, and support long-term water supply reliability. These measures are implemented through an integrated approach that includes conservation pricing, metering, water waste prevention, public outreach, and incentive-based programs.

The District's water use efficiency efforts are guided by the **Think Twice Water Use Efficiency Program**, which integrates education, rebates, regulatory measures, and enforcement to encourage efficient water use and support long-term groundwater sustainability.

The District has achieved significant reductions in per capita water use over the past decade, supported by these ongoing programs, expansion of recycled water use, and implementation of advanced metering infrastructure.

9.1.1 Water Waste Prevention Ordinance

The District maintains a water waste prevention ordinance (P500-15-1 Water Waste Policy) that prohibits inefficient or wasteful water use practices. The ordinance includes provisions addressing issues such as irrigation runoff, leaks, and other non-essential uses of potable water.

The District actively enforces the ordinance through investigation, customer notification, and corrective actions, with enforcement supported by the District's Water Waste Policy.

9.1.2 Metering

All potable and recycled water use within the District is metered, and customers are billed based on volumetric use.

The District has implemented a system-wide Advanced Metering Infrastructure (AMI), which allows customers to monitor water use, receive leak alerts, and better manage consumption through the WaterSmart customer engagement platform. This system improves customer awareness and supports early detection of leaks and abnormal usage.

9.1.3 Conservation Pricing

The District utilizes a conservation-oriented rate structure designed to encourage efficient water use. Residential customers are served under an increasing block rate structure, while other customer classes are billed based on volumetric use. The District established a new five-year rate schedule effective 2022 and periodically reviews rates through a rate study. This rate schedule is designed to maintain balanced revenue sources that are sufficient for meeting operating and capital needs while providing for adequate reserves.

During extended droughts or extreme water shortages the District enacts add-on drought rates that are established in the WSCP (Appendix D).

9.1.4 Public Education and Outreach

The District conducts public education and outreach activities to promote water use efficiency and inform customers about water supply conditions and conservation practices.

Outreach efforts are implemented primarily through the District's website, WaterSmart platform, newsletters, billing inserts, and digital communications, providing customers with water use information, conservation guidance, and program updates. These efforts are coordinated as part of the District's Think Twice Program.

9.1.5 Programs to Assess and Manage Distribution System Real Loss

The District conducts regular water loss audits in accordance with AWWA methodologies and State requirements and submits annual reports to DWR.

Water loss is actively monitored and managed through leak detection, system maintenance, meter replacement, and infrastructure improvements. These efforts support compliance with SB 555 and ongoing reduction of real losses within the distribution system.

9.1.6 Water Conservation Program Coordination and Staffing Support

Water conservation activities are implemented through District staff and coordinated across functional areas, including operations, customer service, and administration.

Program responsibilities include administration of rebate programs, customer engagement, data analysis, and support for water use efficiency initiatives. The District also coordinates with regional partners on water conservation efforts.

9.1.7 Other Demand Management Measures

9.1.7.1. Rebate Programs

The District administers a comprehensive rebate program to encourage installation of water-efficient fixtures, appliances, and landscape improvements (lawn replacement). The rebate program application is available on the District's website (Scotts Valley Water District - Rebates).

Rebates are available for a range of indoor and outdoor water use efficiency measures, including landscape conversion, irrigation improvements, plumbing fixture upgrades, and water monitoring devices. Program funding levels and rebate categories are reviewed periodically to maximize water savings and program effectiveness.

The District also offers free devices including:

- hose nozzles
- toilet leak detection dye
- high efficiency shower heads
- shower timers
- kitchen faucet aerators
- bathroom faucet aerators
- pan scrapers

9.1.7.2. Additional Water Conservation Efforts

Additional conservation efforts are implemented through the District's Think Twice Program and include:

- Promotion of efficient irrigation practices and watering schedules
- Customer water use monitoring and leak detection support through WaterSmart
- Implementation of water use restrictions during drought conditions
- Coordination with customers to address high water use

These efforts focus on reducing water waste and improving long-term water use efficiency.

9.1.7.3. Recycled Water

The District promotes the use of recycled water for landscape irrigation and other non-potable uses. Recycled water use reduces potable demand and is a key component of the District's water use efficiency strategy. The District prioritizes recycled water service for large landscape irrigation demands and incorporates recycled water use into planning for new development where feasible.

9.2 Reporting Implementation

The District tracks and reports water use efficiency program implementation through internal monitoring and periodic reporting to the Board and State agencies, including required submissions to DWR.

9.3 Implementation Efforts to Achieve Water Use Targets

The District is currently meeting its Urban Water Use Objectives and Water Loss Standards under the SWRCB regulations. The District will continue implementing demand management measures, including conservation pricing, water waste prevention, public outreach, rebate programs, and recycled water use, to support compliance with State water use efficiency requirements and continued reductions in water demand.

These efforts, in combination with ongoing groundwater management under the GSP and demand management through the WSCP, support the District's long-term water supply reliability

CHAPTER 10 REFERENCES

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APPENDIX A

DWR Checklist for the 2025 UWMP

Retail (x = required)	Wholesale (x = required)	Order	2025 Guidebook Location	Water Code Section	Summary as Applies to UWMP	Subject	Relevant Submittal Table	2025 UWMP Location
x	x	1	Chapter 1	10615	A plan shall describe and evaluate sources of supply, reasonable and practical efficient uses, reclamation and demand management activities.	Introduction and overview	n/a	Chapter 1
x	x	1	Chapter 1	10630.5	Each plan shall include a simple description of the Supplier's plan including water availability, future requirements, a strategy for meeting needs, and other pertinent information. Additionally, a Supplier may also choose to include a simple description at the beginning of each chapter.	Plan preparation	n/a	Chapter 1
x	x	2.1	Section 2.1	10620(b)	Every person that becomes a Supplier shall adopt UWMP within one year after it has become a Supplier.	Plan preparation	n/a	N/A
x	n/a	2.5	Section 2.5	10644	Supplier shall report the Public Water Systems number, volume of delivered water, and number of connections that are included in this UWMP.	Plan preparation	2-1	Chapter 2
x	x	2.5	Section 2.5	10644	Supplier shall report if this UWMP is an individual UWMP and whether the Supplier belongs to a regional UWMP or regional alliance.	Plan preparation	2-2	Chapter 2
x	x	2.5	Section 2.5	10644	Supplier shall report whether the data is in fiscal or calendar years and the units of measure used for reporting water volumes.	Plan preparation	2-3	Chapter 2
x	x	2.4	Section 2.4	10642	Provide supporting documentation that the Supplier has encouraged active involvement of diverse social, cultural, and economic elements of the population within the service area prior to and during the preparation of the plan and contingency plan.	Plan preparation	n/a	Chapter 2
x	x	2.4	Section 2.4.2	10620(d)(3)	Coordinate the preparation of its plan with other appropriate agencies in the area, including other Suppliers that share a common source, water management agencies, and relevant public agencies, to the extent practicable.	Plan preparation	n/a	Chapter 2
x	n/a	2.4	Section 2.4.1	10631(h)	Retail Suppliers will include documentation that they have provided their Wholesale Supplier(s)—if any—with water use projections from that source.	Plan preparation	2-4 R	N/A
n/a	x	2.4	Section 2.4.1	10631(h)	Wholesale Suppliers will provide their Suppliers with identification and quantification of the existing and planned sources of water available from the Wholesale Supplier to the Supplier during various water year types.	Plan preparation	2-4 W	N/A
x	x	3	Chapter 3.0	10631(a)	Describe the Supplier service area.	System description	n/a	Chapter 3
x	x	3.3	Section 3.3	10631(a)	Describe the climate of the Supplier's service area.	System description	n/a	Chapter 3
x	x	3.4	Section 3.4.1	10631(a)	Provide the current and projected service area populations for 2030, 2035, 2040, 2045 and optionally 2050.	System description	3-1	Chapter 3
x	x	3.4	Section 3.4.2	10631(a)	Describe other social, economic, and demographic factors affecting the Supplier's water management planning.	System description	n/a	Chapter 3
x	x	3.5	Section 3.5	10631(a)	Describe the land uses within the service area… include the current and projected land uses within the existing or anticipated service area affecting the Supplier's water management planning. Describe the land uses within the service area.	System description and baselines	n/a	Chapter 3
x	Optional	4.2	Sections 4.2.3 and 4.2.4	10631(d)(1)	Quantify past, current, and projected water use, identifying the uses among water use sectors.	System water use	4-1 and 4-2	Chapter 4
x	Optional	4.3	Section 4.3.1	10631(d)(3)(A)	Report the distribution system water loss for each of the five years preceding the plan update.	System water use	4-5	Chapter 4
x	n/a	4.3	Section 4.3.2	10631(d)(3)(C)	Retail Suppliers shall provide data to show the distribution loss standards were met.	System water use	4-6	Chapter 4
x	n/a	4.2	Section 4.2.5.4	10631.1(a)	Include projected water use needed for lower income housing projected in the service area of the Supplier.	System water use	4-3	Chapter 4
x	n/a	4.2	Section 4.2.5.3	10631(d)(4)(A)	In projected water use, include estimates of water savings from adopted codes, plans, and other policies or laws.	System water use	4-3	N/A
x	n/a	4.2	Section 4.2.5.3	10631(d)(4)(B)	Provide citations of codes, standards, ordinances, or plans used to make water use projections.	System water use	4-3	Chapter 4
x	n/a	4.2	Section 4.2.5.3	10631(d)(4)(B)(ii)	To the extent that a Supplier reports the information described in subparagraph (A), an urban water Supplier shall… Indicate the extent that the water use projections consider savings from codes, standards, ordinances, or transportation and land use plans. Water use projections that do not account for these water savings shall be noted of that fact.	System water use	4-3	N/A
x	x	4.2	Section 4.2.5.6	10635(b)	Demands under climate change considerations must be included as part of the drought risk assessment.	System water use	n/a	Chapter 4
n/a	x	5.1	Section 5.1	10608.36	Wholesale Suppliers shall include an assessment of present and proposed future measures, programs, and policies to help their Retail Suppliers achieve targeted water use reductions.	Baselines and targets	n/a	Chapter 5
x	n/a	5.2	Section 5.2	10608.4	Retail Suppliers shall report on their compliance in meeting their water use targets. Reporting requirements will vary depending on whether the Supplier: - Was considered an urban retail water supplier in 2020, - Met its 2020 target in 2020, or - Was part of a merger or consolidation since 2020. Chapter 5 Subsections 5.2.1, 5.2.2, and 5.2.3 address each of these situations.	Baselines and targets	5-1	Chapter 5
x	x	6.1	Section 6.1	10631(b)(2)	When multiple sources of water supply are identified, describe the management of each supply in relationship to other identified supplies.	System supplies	n/a	N/A
x	x	6.1	Sections 6.1 and 6.2	10631(b)(1)	Provide a discussion of anticipated supply availability under a normal, single dry year, and a drought lasting five years, as well as more frequent and severe periods of drought, including changes in supply due to climate change.	System supplies	n/a	Chapter 6
x	x	6.2	Section 6.2.2	10631(b)(4)(C)	Indicate whether groundwater is an existing or planned source of water available to the Supplier. If groundwater is identified as an existing or planned source of water… (include) a detailed description and analysis of the location, amount and sufficiency of groundwater pumped by the Supplier for the past five years.	Water supplies and recycled water	6-1	Chapter 6
x	x	6.2	Section 6.2.2	10631(b)(4)(A)	Indicate whether a groundwater sustainability plan or groundwater management plan has been adopted by the Supplier or if there is any other specific authorization for groundwater management. Include a copy of the plan or authorization.	System supplies	n/a	Chapter 6
x	x	6.2	Section 6.2.2	10631(b)(4)(B)	Describe the groundwater basin.	System supplies	n/a	Chapter 6
x	x	6.2	Section 6.2.2	10631(b)(4)(B)	Indicate if the basin has been adjudicated and include a copy of the court order or decree and a description of the amount of water the Supplier has the legal right to pump.	System supplies	n/a	Chapter 6
x	x	6.2	Section 6.2.2	10631(b)(4)(B)	For unadjudicated basins… (include) information as to whether DWR has identified the basin as a high- or medium-priority basin in the most current official departmental bulletin…	Water supplies and recycled water	n/a	Chapter 6
x	x	6.2	Section 6.2.2	10631(b)(4)(B)	For unadjudicated basins… describe efforts by the Supplier to coordinate with sustainability or groundwater agencies to achieve sustainable groundwater conditions.	Water supplies and recycled water	n/a	Chapter 6
x	x	6.2	Section 6.2.2.	10631(b)(4)(C)	If groundwater is identified as an existing or planned source of water… (include) a detailed description and analysis of the location, amount and sufficiency of groundwater pumped by the Supplier for the past five years.	System supplies	n/a	Chapter 6
x	x	6.2	Section 6.2.2	10631(b)(4)(D)	Provide a detailed description and analysis of the amount and location of groundwater that is projected to be pumped.	System supplies	6-9	Chapter 6
x	x	6.1	Section 6.1	10631(b)	Identify and quantify the existing and planned sources of water available for 2025, 2030, 2035, 2040, 2045 and optionally 2050.	System supplies	6-8 and 6-9	Chapter 6
x	x	6.2	Section 6.2.7	10631(c)	Describe the opportunities for exchanges or transfers of water on a short-term or long-term basis.	System supplies	n/a	Chapter 6
x	n/a	6.2	Section 6.2.5	10633(a)	Describe the wastewater collection and treatment systems in the Supplier's service area with quantified amount of collection and treatment and the disposal methods.	System supplies (recycled water)	6-2	Chapter 6
x	x	6.2	Section 6.2.5	10633(b)	Describe the quantity of treated wastewater that meets recycled water standards, is being discharged, and is otherwise available for use in a recycled water project.	System supplies (recycled water)	6-3	Chapter 6
x	x	6.2	Section 6.2.5	10633(c)	Describe the recycled water currently being used in the Supplier's service area.	System supplies (recycled water)	6-4	Chapter 6
x	x	6.2	Section 6.2.5	10633(d)	Describe and quantify the potential uses of recycled water and provide a determination of the technical and economic feasibility of those uses.	System supplies (recycled water)	6-4	Chapter 6
x	x	6.2	Section 6.2.5	10633(e)	Describe the projected use of recycled water within the Supplier's service area at the end of 5, 10, 15, and 20 years, and describe the actual use of recycled water in comparison to uses previously projected.	System supplies (recycled water)	6-4 and 6-5	Chapter 6
x	x	6.2	Section 6.2.5	10633(f)	Describe the actions that may be taken to encourage the use of recycled water and the projected results of these actions in terms of acre-feet of recycled water used per year.	System supplies (recycled water)	6-6	Chapter 6

x	x	6.2	Section 6.2.5	10633(g)	Provide a plan for optimizing the use of recycled water in the Supplier's service area.	System supplies (recycled water)	n/a	Chapter 6
x	x	6.2	Section 6.2.6	10631(g)	Describe desalinated water project opportunities for long-term supply.	System supplies	6-7	Chapter 6
x	x	6.2	Section 6.2.10	10631(f)	Describe the expected future water supply projects and programs that may be undertaken by the water Supplier to address water supply reliability in average, single-dry, and for a period of drought lasting five consecutive water years.	System supplies	6-7	Chapter 6
x	x	6.3	Section 6.3 and Appendix O	10631.2(a)	The UWMP must include energy information, as stated in the code, that a Supplier can readily obtain.	System suppliers, energy intensity	O-1A, O-1B, O-1C, and O-2	N/A
x		7.1	Section 7.1	10634	Provide information on the quality of existing sources of water available to the Supplier and the manner in which water quality affects water management strategies and supply reliability.	Water supply reliability assessment	n/a	Chapter 7
x	x	7.2	Section 7.2	10635(a)	Service Reliability Assessment: Assess the water supply reliability during normal, dry, and a drought lasting five consecutive water years by comparing the total water supply sources available to the Supplier with the total projected water use over the next 20 years.	Water supply reliability assessment	7-2, 7-3, and 7-4	Chapter 7
x	x	7.2	Section 7.2.3	10620(f)	Describe water management tools and options to maximize resources and minimize the need to import water from other regions.	Water supply reliability assessment	n/a	Chapter 7
x	x	7.3	Section 7.3	10635(b)	Provide a drought risk assessment as part of information considered in developing the demand management measures and water supply projects.	Water supply reliability assessment	n/a	Chapter 7
x	x	7.3	Section 7.3	10635(b)(1)	Include a description of the data, methodology, and basis for one or more supply shortage conditions that are necessary to conduct a drought risk assessment for a drought period that lasts five consecutive years.	Water supply reliability assessment	n/a	Chapter 7
x	x	7.3	Section 7.3	10635(b)(2)	Include a determination of the reliability of each source of supply under a variety of water shortage conditions.	Water supply reliability assessment	n/a	Chapter 7
x	x	7.3	Section 7.3	10635(b)(3)	Include a comparison of the total water supply sources available to the Supplier with the total projected water use for the drought period.	Water supply reliability assessment	7-5	Chapter 7
x	x	7.3	Section 7.3	10635(b)(4)	Include considerations of the historical drought hydrology, plausible changes on projected supplies and demands under climate change conditions, anticipated regulatory changes, and other locally applicable criteria.	Water supply reliability assessment	n/a	Chapter 7
x	x	8	Chapter 8	10632(a)	Provide a water shortage contingency plan (WSCP) with specified elements below.	Water shortage contingency planning	n/a	Chapter 8
x	x	8	Chapter 8	10632(a)(1)	Provide an analysis of water supply reliability (from Guidebook Chapter 7) in the WSCP.	Water shortage contingency planning	n/a	Chapter 8
x	x	8.2	Section 8.2	10632(a)(2)(A)	Provide the written decision-making process and other methods that the Supplier will use each year to determine its water reliability.	Water shortage contingency planning	n/a	Appendix D
x	x	8.2	Section 8.2	10632(a)(2)(B)	Provide data and methodology to evaluate the Supplier's water reliability for the current year and one dry year pursuant to factors in the code.	Water shortage contingency planning	n/a	Appendix D
x	x	8.3	Section 8.3	10632(a)(3)(A)	Define six standard water shortage levels of 10%, 20%, 30%, 40%, 50% shortage, and greater than 50% shortage. These levels shall be based on supply conditions, including percent reductions in supply, changes in groundwater levels, changes in surface elevation, or other conditions. The shortage levels shall also apply to a catastrophic interruption of supply.	Water shortage contingency planning	n/a	Appendix D
x	x	8.3	Section 8.3	10632(a)(3)(B)	Suppliers with an existing WSCP that uses different water shortage levels must cross reference their categories with the six standard categories.	Water shortage contingency planning	8-1	Appendix D
x	x	8.4	Section 8.4	10632(a)(4)(A)	Suppliers with WSCPs that align with the defined shortage levels must specify locally appropriate supply augmentation actions.	Water shortage contingency planning	8-2	Appendix D
x	x	8.4	Section 8.4	10632(a)(4)(B)	Specify locally appropriate demand reduction actions to adequately respond to shortages.	Water shortage contingency planning	8-3	Appendix D
x	x	8.4	Section 8.4	10632(a)(4)(C)	Specify locally appropriate operational changes.	Water shortage contingency planning	8-2	Appendix D
x	x	8.4	Section 8.4	10632(a)(4)(D)	Specify additional mandatory prohibitions against specific water use practices that are in addition to State-mandated prohibitions are appropriate to local conditions.	Water shortage contingency planning	Table 8-3	Appendix D
x	x	8.4	Section 8.4	10632(a)(4)(E)	Estimate the extent to which the gap between supplies and demand will be reduced by implementation of the action.	Water shortage contingency planning	8-2 and 8-3	Appendix D
x	x	8.4	Section 8.4.6	10632.5	The UWMP shall include a seismic risk assessment and mitigation plan.	Water shortage contingency plan	n/a	Appendix D
x	x	8.5	Section 8.5	10632(a)(5)(A)	Suppliers must describe that they will inform customers, the public and others regarding any current or predicted water shortages.	Water shortage contingency planning	n/a	Appendix D
x	x	8.5	Section 8.5	10632(a)(5)(B), 10632(a)(5)(C)	Suppliers must describe that they will inform customers, the public and others regarding any shortage response actions triggered or anticipated to be triggered and other relevant communications.	Water shortage contingency planning	n/a	Appendix D
x	n/a	8.6	Section 8.6	10632(a)(6)	Retail Supplier must describe how it will ensure compliance with and enforce provisions of the WSCP.	Water shortage contingency planning	n/a	Appendix D
x	x	8.7	Section 8.7	10632(a)(7)(A)	Describe the legal authority that empowers the Supplier to enforce shortage response actions.	Water shortage contingency planning	n/a	Appendix D
x	x	8.7	Section 8.7	10632(a)(7)(B)	Provide a statement that the Supplier will declare a water shortage emergency per Water Code Chapter 3, *Water Shortage Emergencies* .	Water shortage contingency planning	n/a	Appendix D
x	x	8.7	Section 8.7	10632(a)(7)(C)	Provide a statement that the Supplier will coordinate with any city or county within which it provides water for the possible proclamation of a local emergency.	Water shortage contingency planning	n/a	Appendix D
x	x	8.8	Section 8.8	10632(a)(8)(A)	Describe the potential revenue reductions and expense increases associated with activated shortage response actions.	Water shortage contingency planning	n/a	Appendix D
x	x	8.8	Section 8.8	10632(a)(8)(B)	Provide a description of mitigation actions needed to address revenue reductions and expense increases associated with activated shortage response actions.	Water shortage contingency planning	n/a	Appendix D
x	n/a	8.8	Section 8.8	10632(a)(8)(C)	Retail Suppliers must describe the cost of compliance with Water Code Chapter 3.3, *Excessive Residential Water Use During Drought* .	Water shortage contingency planning	n/a	Appendix D
x	n/a	8.9	Section 8.9	10632(a)(9)	Retail Suppliers must describe the monitoring and reporting requirements and procedures that ensure appropriate data are collected, tracked, and analyzed for purposes of monitoring customer compliance.	Water shortage contingency planning	n/a	Appendix D
x	x	8.10	Section 8.10	10632(a)(10)	Describe reevaluation and improvement procedures for monitoring and evaluation the WSCP to ensure risk tolerance is adequate and appropriate water shortage mitigation strategies are implemented.	Water shortage contingency planning	n/a	Appendix D
x	n/a	8.11	Section 8.11	10632(b)	Analyze and define water features that are artificially supplied with water, including ponds, lakes, waterfalls, and fountains, separately from swimming pools and spas.	Water shortage contingency planning	n/a	Appendix D
x	x	8.12	Section 8.12	10632(c)	Make available the WSCP to customers and any city or county where it provides water within 30 days after adoption of the plan.	Water shortage contingency planning	n/a	Appendix D
x	n/a	9.1	Sections 9.1	10631(e)(1)	Retail Suppliers shall provide a description of the nature and extent of each demand management measure implemented over the past five years. The description will address specific measures listed in code.	Demand management measures	n/a	Chapter 9
n/a	x	9.2	Sections 9.2	10631(e)(2)	Wholesale Suppliers shall describe specific demand management measures listed in code, their distribution system asset management program, and Supplier assistance program.	Demand management measures	n/a	Chapter 9
x	n/a	10	Chapter 10	10608.26(a)	Retail Suppliers shall conduct a public hearing to discuss adoption, implementation, and economic impact of water use targets (recommended to discuss compliance).	Plan adoption, submittal, and implementation	n/a	Chapter 1
x	x	10.2	Section 10.2.1	10621(b)	Notify, at least 60 days prior to the public hearing, any city or county within which the Supplier provides water that the Supplier will be reviewing the UWMP and considering amendments or changes to the plan.	Plan adoption, submittal, and implementation	10-1	Chapter 1
x	x	10.4	Section 10.4	10621(f)	Each urban water Supplier shall update and submit its 2025 plan to DWR by July 1, 202 6.	Plan adoption, submittal, and implementation	n/a	Chapter 1
x	x	10.2	Sections 10.2.2, 10.3, and 10.5	10642	Provide supporting documentation that the Supplier made the UWMP and WSCP available for public inspection, published notice of the public hearing, and held a public hearing about the UWMP and WSCP.	Plan adoption, submittal, and implementation	n/a	Chapter 1
x	x	10.2	Section 10.2.2	10642	The Supplier is to provide the time and place of the hearing to any city or county within which the Supplier provides water.	Plan adoption, submittal, and implementation	10-1	Chapter 1
x	x	10.3	Section 10.3.2	10642	Provide supporting documentation that the UWMP and WSCP has been adopted as prepared or modified.	Plan adoption, submittal, and implementation	n/a	Chapter 1
x	x	10.4	Section 10.4	10644(a)	Provide supporting documentation that the Supplier has submitted their UWMP to the California State Library.	Plan adoption, submittal, and implementation	n/a	Chapter 1

x	x	10.4	Section 10.4	10644(a)(1)	Provide supporting documentation that the Supplier has submitted their UWMP to any city or county within which the Supplier provides water no later than 30 days after adoption.	Plan adoption, submittal, and implementation	n/a	Chapter 1
x	x	10.4	Sections 10.4.1 and 10.4.2	10644(a)(2)	The UWMP, or amendments to the UWMP, submitted to DWR shall be submitted electronically.	Plan adoption, submittal, and implementation	n/a	Chapter 1
x	x	10.7	Section 10.7.2	10644(b)	If revised, submit a copy of the WSCP to DWR within 30 days of adoption.	Plan adoption, submittal, and implementation	n/a	Chapter 1
x	x	10.5	Section 10.5	10645(a)	Provide supporting documentation that, not later than 30 days after filing a copy of its UWMP with DWR, the Supplier has or will make the plan available for public review during normal business hours.	Plan adoption, submittal, and implementation	n/a	Chapter 1
x	x	10.5	Section 10.5	10645(b)	Provide supporting documentation that, not later than 30 days after filing a copy of its WSCP with DWR, the Supplier has or will make the plan available for public review during normal business hours.	Plan adoption, submittal, and implementation	n/a	Chapter 1
x	x	10.6	Section 10.6	10621(c)	If Supplier is regulated by the Public Utilities Commission, include its plan and contingency plan as part of its general rate case filings.	Plan adoption, submittal, and implementation	n/a	Chapter 1

APPENDIX B

Notification and Outreach Materials

1) Notice of Plan Preparation (60-Day agency letters)
2) Notice of Public Hearing for WSCP (newspaper notices) *
3) Notice of Public Hearing for UWMP (newspaper notices) *

- To be included after Adoption

SCOTTS VALLEY
WATER DISTRICT

February 3, 2026

Delivered Via Email

Subject: **Scotts Valley Water District Intent to Update and Adopt the SVWD 2025 Urban Water Management Plan and Water Shortage Contingency Plan**

To Whom It May Concern:

The Scotts Valley Water District (District) is in the process of preparing its 2025 Urban Water Management Plan (UWMP) and Water Shortage Contingency Plan (WSCP) in accordance with Urban Water Management Planning Act (Water Code §10610 et seq.).

The District intends to update the WSCP and will hold a public hearing to review and adopt the revised WSCP prior to the release of the Draft UWMP. Consistent with the District's adopted WSCP procedures, this letter serves as agency notification at least 60 days in advance of the public hearings for both the WSCP and UWMP. The District anticipates holding:

- A public hearing to review and adopt the updated WSCP in April or May 2026, and
- A public hearing to review and adopt the 2025 UWMP in May or June 2026.

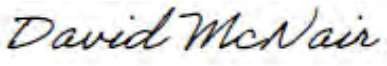
Draft versions of the WSCP and UWMP will be made available for public review at least 14 days prior to their respective hearings. The District will issue public notices specifying the date, time and location of each public hearing, along with a link to the draft plans.

If you have any questions or would like additional information, please contact:

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Sincerely,



David McNair,
General Manager
Scotts Valley Water District

SCOTTS VALLEY WATER DISTRICT

SVWD - 2025 UWMP and WSCP Notification List

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APPENDIX C

Resolutions for Adoption

1.) WSCP Adoption Resolution *
2.) UWMP Adoption Resolution *

- To be included after Adoption

APPENDIX D

Water Shortage Contingency Plan (2026)

Water Shortage Contingency Plan

SCOTTS VALLEY
WATER DISTRICT

April 27, 2026

Prepared by

Shobe Engineering
Resilient and Efficient Solutions

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APPENDICES

Appendix A WSCP Adoption Resolution

SECTION 1 INTRODUCTION

The Water Shortage Contingency Plan (WSCP) outlines procedures and protocols that will be implemented by Scotts Valley Water District (District) in the event of foreseeable or unforeseeable water supply shortages. A water shortage occurs when the water supply is reduced to a level that cannot support demand at any given time due to a range of conditions including extended drought, production capacity limitations, catastrophic supply interruptions, or other unforeseen shortages. The WSCP is intended to protect the integrity of water supply for domestic, public health, essential care, welfare and safety.

This is the first update to the WSCP since it was adopted in 2021. This WSCP is compliant with the California Water Code (CWC) and incorporated guidance from the State of California Department of Water Resources (DWR) UWMP Guidebook (California Department of Water Resources, 2025).

The WSCP includes the following sections:

Water Supply Reliability Analysis	Summarizes the water supply reliability analysis and identifies any key issues that may trigger a shortage condition.
Annual Assessment Procedures	Establishes annual procedures for assessing foreseeable water supply shortage.
Standard Shortage Levels	Establishes water shortage levels to clearly identify and prepare for shortages.
Shortage Response Actions	Describes the response actions that may be implemented or considered for each stage to reduce gaps between supply and demand.
Communication Protocols	Describes communication protocols to ensure customers, the public, and local government agencies are informed of shortage conditions and requirements.
Compliance and Enforcement	Defines compliance and enforcement actions available to administer demand reductions.
Legal Authority	Lists the legal documents that grant the authority to declare a water shortage and implement and enforce response actions.
Financial Consequences of WSCP	Describes the anticipated financial impact of water shortage stages and identifies mitigation strategies to offset financial burdens.
Monitoring and Reporting	Summarizes the monitoring and reporting techniques to evaluate the effectiveness of shortage response actions and overall WSCP implementation.
WSCP Refinement Procedures	Describes factors that may trigger updates to the WSCP and outlines how to complete an update.
Special Water Features Distinctions	Defines considerations and definitions for water use for decorative features versus pools and spas.
Plan Adoption, Submittal, and Availability	Describes the process for the WSCP adoption, submittal, and availability after each revision.

SECTION 2 WATER SUPPLY RELIABILITY ANALYSIS

This section provides a summary of the water supply reliability analysis as presented in the 2020 and 2025 Urban Water Management Plans (UWMPs) in accordance with CWC Section 10635.

The District relies primarily on groundwater from the Santa Margarita Groundwater Basin (SMGB). Groundwater is a shared resource that is overseen by the Santa Margarita Groundwater Agency (SMGWA) and has adopted a Groundwater Sustainability Plan (GSP) in 2022.

The reliability analysis considered the following year-types: normal year, single-dry year, and five-consecutive-year drought. Pumping in the groundwater basin is currently within the sustainable yield and groundwater conditions are monitored annually. The drought risk assessment considers the District's current water supply facilities and the basin management information from the GSP. The District expects to meet projected annual demands under modeled water year types; however, water shortages may still occur due to groundwater conditions, operational constraints, or regulatory requirements.

While the District has adequate groundwater supply to meet its annual and monthly customer demands, the District's water production facilities (wells, filters, storage tanks) are sized to meet peak demand, such as maximum daily, and peak hour, and fire flow. Water supply reliability considers both the groundwater supply to meet total demand and the infrastructure capacity to meet peak instantaneous demands. A water supply shortage level could be triggered from groundwater supply indicators from the GSP, or on operational factors to maintain an adequate operating buffer. Conditions such as catastrophic events, prolonged drought, or unforeseen impacts to groundwater and supply infrastructure, could require the activation of the WSCP.

SECTION 3 ANNUAL WATER SUPPLY AND DEMAND ASSESSMENT

In accordance with CWC Section 10632 (a)(2), this section provides the procedures to conduct an annual water supply and demand assessment (Annual Assessment). The Annual Assessment will be performed in April of each year to determine if water shortages are anticipated as defined in this WSCP. The Annual Assessment must be submitted to DWR by July 1 of each year.

3.1 Key Data Inputs

The WSCP addresses several types of water supply shortages that could potentially impact the District and its customers:

- Long-term supply shortages due to prolonged drought, contamination, destruction of critical water supply facilities, etc.
- Short-term water supply shortages due to natural or man-made catastrophic emergencies or production capacity limitations.
- Supply shortages due to compliance with Sustainable Management Criteria for the Santa Margarita Groundwater Basin (SMGB) as defined in the SMGB Groundwater Sustainability Plan (GSP) and summarized in this WSCP.

Key data inputs and their sources for the Annual Assessments are summarized in **Table 1** and described in detail in Section 3.2 – Evaluation Criteria.

Evaluation criteria that can be used to determine and declare severity of supply shortages may include any, or combinations, of the following:

- **Rainfall.** Reflects reduction to supply due to decreased groundwater recharge and surface water flows.
- **SMGB Sustainable Management Criteria.** Reflects status of groundwater conditions such as groundwater levels, groundwater quality, depletion of interconnected surface water, or reduction of groundwater in storage.
- **Production Capacity.** Reflects limited production and distribution capacity due to a variety of factors potentially including, but not limited to man-made or natural catastrophic events
- **State Mandates.** Reflects State orders and mandatory compliance with water use efficiency Standards.

Supply shortages affect all users of the SMGB and surrounding region, not just the District's customers. A water shortage emergency may be declared when it is demonstrated that regional water supply conditions or local capacity impacts threaten the ability to provide water for public health, safety, and welfare of the community. Furthermore, compliance with State mandates for water use efficiency can be declared during drought or in preparation for future droughts, such as in response to the Governor's drought declarations in the 2012-2016 drought with a subsequent Executive Order B-37-16 and related legislation for Making Conservation a California Way of Life.

Short-term and long-term supply shortages may be caused by constrained production capacity or natural or man-made catastrophic emergencies and include, but are not limited to, the following events: power outages, winter storms, wildfires, earthquakes, structural failures, contamination, and malevolent acts. These types of emergencies may limit the District's immediate ability to provide adequate water service to meet the requirements for human consumption, sanitation, and fire protection. Impacts of such emergencies vary in duration; thus, shortage response actions and prohibitions may differ for short-term and long-term shortages.

Table 1: Key Data Inputs for the Annual Assessment

Key Data Input	Source
Rainfall	Monthly rainfall data from a weather station at District's El Pueblo Yard.
Groundwater Conditions	Exceed groundwater levels or extraction minimum thresholds defined by the 2022 GSP and any subsequent GSP amendment.
Production Shortfall	District's production data and input from the Operations Manager.
Anticipated Demands	Prior usage trends, changes in population, estimated water reductions from current shortage stages (if any), and input from Operations Manager and Finance Managers.

3.2 Evaluation Criteria

Staff use the key data inputs, evaluation criteria, and Annual Assessment procedures to evaluate supply reliability at the time of the Annual Assessment and into the upcoming summer and fall. Various trigger conditions, which summarize specific evaluation criteria for each shortage stage that can be used to determine a water shortage stage are described in the following sections. Triggers are based on current conditions, and the District evaluates these triggers and may modify as needed.

3.2.1 Rainfall

The SMGB aquifers and surface water sources are vulnerable to drought due to the reliance on rainfall for recharge and flows. Rainfall varies based on the hydrologic conditions of a given year. During the Annual Assessment, rainfall totals can be compared to the rainfall trigger levels identified in **Table 2**.

Table 2: Rainfall Trigger Levels

Stage[1]	Rainfall Trigger[2]
1	Cumulative rainfall over 2 years < 80% of average and/or Single year rainfall < 75% of average
2	Cumulative rainfall over 2 years < 70% of average and/or Single year rainfall < 60% of average
3	Cumulative rainfall over 3 years < 50% of average and/or Single year rainfall < 50% of average
4	Same or worse than Stage 3
5	Same or worse than Stage 3

1. The District may adjust stages up or down based on annual review and other WSCP evaluation criteria.
2. Single year rainfall < 50% of average corresponds to a water shortage of 50%.

3.2.2 Groundwater Conditions

The adopted SMGB GSP has the goal of avoiding undesirable groundwater conditions in the SMGB and achieving groundwater sustainability by January 2042. Reducing groundwater demand by implementing recycled water and water use efficiency programs has stabilized historic long-term declines in groundwater levels in the Scotts Valley area. To prevent continued chronic lowering of groundwater levels, the GSP identifies groundwater level Minimum Thresholds and associated exceedance levels that cause Undesirable Results. Measurable Objectives reflecting SMGWA's goals for groundwater level improvements are also included in the suite of sustainable management criteria.

It is important to note that the SMGWA has until January 2042 to reach its sustainability goal. Therefore, groundwater conditions that exceed the criteria of Undesirable Results are not formally considered Undesirable Results by DWR until after January 2042. It is expected that sustainable management criteria will be revised over the 20-year implementation period of the GSP as monitoring and further studies improve understanding of the SMGB. The criteria to determine water shortage stages will rely on groundwater level Minimum Threshold and Undesirable Results as defined in the 2022 GSP.

Groundwater conditions, as described below, may be considered in conjunction with other criteria to determine water shortage stages.

Minimum Thresholds and Undesirable Results from GSP

- Minimum Thresholds for Representative Monitoring Points (RMPs) are the average of the five lowest groundwater elevations historically measured at the RMPs.
- Santa Margarita aquifer groundwater levels are influenced by rainfall that directly recharges it. Although levels in drought years may fall below RMP Minimum Thresholds, the highly permeable aquifer rebounds levels quickly in above-average rainfall years. There are no SVWD extraction wells in the Santa Margarita aquifer and therefore the Santa Margarita RMPs identified within SVWD's boundaries in the GSP are not evaluated as groundwater conditions triggers.
- The deeper confined aquifers (Lompico and Butano) are more susceptible to prolonged low groundwater levels because of their limited surface exposure to recharge. This characteristic

makes them sensitive to increased pumping in dry years and warrants limiting their pumping to approximately the sustainable yield for that aquifer. Since groundwater levels in the Lompico aquifer are lowered, it is the target of recharge projects to improve groundwater levels and to increase water supply reliability by using the aquifer for water storage. When recharge projects of around 700 AFY are implemented in the Scotts Valley area, groundwater modeling has indicated that Lompico aquifer groundwater levels will increase at least 20 feet above 2022 levels.

- Based on the characteristics described above, the GSP defines Undesirable Results occurring when groundwater levels fall below Minimum Thresholds in two or more consecutive non-drought years. If the lowered levels are caused by emergency operational issues or extended drought those levels are not considered Undesirable Results.

Groundwater Level Trends

- Groundwater level trends will be compiled and considered with the SMGWA hydrogeologist to determine if conditions trigger water shortage conditions based on the following:
    - Hydrographs of groundwater levels to determine trends for both extraction and monitoring wells, and
    - Comparison of groundwater levels against Minimum Thresholds for RMPs.

Five-Year District Pumping Average

- Drought and possible other water shortage conditions impact the purveyors that rely on the SMGB. Reduced recharge in times of extended droughts presents a concern for supply reliability. Since groundwater is shared by all pumpers in the SMGB, pumping within the sustainable yield is the collective responsibility of all SMGB pumpers. The GSP does not apportion the sustainable yield by purveyor as this is more like an adjudication of groundwater use, which is not the intent of the GSP. For purposes of the WSCP, the assessment of groundwater conditions includes comparing average pumping by aquifer over the last five-years to the projected long-term average annual pumping (Baseline Pumping) under groundwater model simulated baseline conditions shown in **Table 3**.

Table 3: District Baseline Pumping (AFY)

Santa Margarita Aquifer	Lompico Aquifer	Butano Aquifer	Total
0	950	350	**1,300**

1. Baseline Pumping is based on groundwater model simulations developed for the SMGB GSP.

Groundwater Condition Triggers

During the Annual Assessment, the District may consider any of, or combinations of, the groundwater triggers identified in **Table 4**. Groundwater triggers are intended to inform WSCP decisions and do not supersede the SMGWA's formal GSP compliance determinations.

Table 4: SMGB Groundwater Condition Triggers

Stage	Groundwater Condition Trigger
1	• Only rainfall trigger applies
2	• One (1) RMP in any of the Monterey, Lompico & Butano aquifers are within 10 feet of Minimum Threshold • Last 5-year District pumping average exceeds District Baseline Pumping by 10% for either aquifer
3	• One (1) RMP in any of the Monterey, Lompico & Butano aquifers have Minimum Threshold exceedance • Overall groundwater level trend over 5 years is declining in 25% of RMPs • Last 5-year District pumping average exceeds District Baseline Pumping by 20% for either aquifer
4	• Three (3) RMP in any of the Monterey, Lompico & Butano aquifers have Minimum Threshold exceedances • Overall groundwater level trend over 5 years is declining in 50% of RMPs • Last 5-year District pumping average exceeds District Baseline Pumping by 30% for either aquifer.
5	• Five (5) RMP in any of the Monterey, Lompico & Butano aquifers have Minimum Threshold exceedances • Overall groundwater level trend over 5 years is declining in 75% of RMPs • Last 5-year District pumping average exceeds District Baseline Pumping by 40% for either aquifer.

1. The District may adjust stages up or down based on annual review and other WSCP evaluation criteria.

3.2.3 Production Capacity (Infrastructure Considerations)

Infrastructure capabilities and overall production are analyzed to determine if a possible outage or deficiency may occur or continue in the coming year due to a variety of factors potentially including, but not limited to, man-made or natural catastrophic events. Man-made events may include routine maintenance or replacements of major water supply facilities (wells, filters, storage tanks). Natural events such as seismic, hurricanes, landslides, wildfires, etc., may also cause outages of major water supply facilities. If the District determines there are limitations to production capacity, a shortage stage declaration and subsequent demand reductions may be required. Triggers may include:

- Loss of key well or treatment facility
- Storage deficit (tank offline)
- Inability to meet peak daily flows or fire flow
- Planned outages (tank replacement, critical supply upgrades, etc.)

3.2.4 State Mandates

The District has historically been required by the State to reduce demand regardless of supply reliability. Compliance with State mandates for water use efficiency can be declared during drought or in preparation for future droughts. Such mandates occurred in response to the Governor's drought declarations in the 2012-2016 drought with a subsequent Executive Order B-37-16 and related legislation for Making Conservation a California Way of Life. The District may consider State mandates and mandatory compliance with water use efficiency standards in determining water shortage stages.

3.3 Annual Assessment Procedures

District staff will perform the Annual Assessment in April of each year following these procedures.

- **The team conducting the Annual Assessment consists of staff performing the following roles:**
    - District staff: gathers key inputs and historical data, analyzes potential supply and demand gaps; provides insight on demand trends and future production capacity.
    - District hydrogeologist consultant(s): provides groundwater condition information.
    - District Board/Committee: Staff presents information and any anticipated water shortages to the District's Board and/or committee and receives their feedback.
- **Each spring, evaluate rainfall for the first part of the water year plus the four prior water years**
    - Determine if there is a rainfall trigger per Table 2.
- **Obtain and review the SMGB Annual Report from the previous water year and consult with District's hydrogeologist(s) to determine if annual conditions trigger water shortage conditions:**
    - Hydrographs of groundwater levels to determine trends for both extraction and monitoring wells,
    - Compare groundwater levels against Minimum Thresholds for RMPs, and
    - Total well pumping data aggregated by aquifer and District.
- **Determine the type of water shortage and corresponding stage.**
- **Develop a recommendation to present to the District Board.**
- **District's Board makes a final determination on which water shortage stage to declare and implement.**
- **Develop and implement appropriate communication protocols and response actions.**
- **Submit Annual Assessment to DWR by July 1**

SECTION 4 STANDARD WATER SHORTAGE LEVELS

The District utilizes five water shortage stages to identify and respond to water shortages. The District encourages water use efficiency efforts year-round, regardless of a shortage stage. The shortage levels for the District WSCP stages are provided in **Table 5.**

Table 5: District Water Shortage Contingency Plan Levels

Stage	Shortage Level	Description
1	0-10%	Mild Water Shortage
2	10%-20%	Moderate Water Shortage
3	20%-30%	Severe Water Shortage
4	30%-50%	Critical Water Shortage
5	Greater than 50%	Catastrophic Water Shortage

The CWC outlines six standard water shortage levels that correspond to a gap in supply compared to normal year availability. The six standard water shortage levels correspond to progressively increasing estimated shortage conditions (up to 10-, 20-, 30-, 40-, 50-percent, and greater than 50-percent shortage compared to the normal reliability condition) and align with the shortage response actions that a water supplier would implement to meet the severity of the impending shortages.

The CWC allows suppliers with an existing water shortage contingency plan that uses different water shortage levels to comply with the six standard levels by developing and including a cross-reference relating its existing shortage categories to the six standard water shortage levels. The District uses a five-shortage stage approach for this WSCP. A cross reference to the six standard stages is shown in **Table 6**.

Table 6: Cross-Reference for Standard vs Supplier Shortage Levels (DWR 8-1)

DWR Standard Shortage Levels	Percent Shortage Range	Supplier Shortage Levels	Percent Shortage Range
1	Up to 10%	1	0-10%
2	Up to 20%	2	10%-20%
3	Up to 30%	3	20%-30%
4	Up to 40%	4	30%-50%
5	Up to 50%	4	30%-50%
6	>50%	5	>50%

SECTION 5 SHORTAGE RESPONSE ACTION

CWC Section 10632(a)(4) requires water suppliers to implement water shortage response actions that align with the water shortage levels and to estimate the water reductions from the action. Actions include demand reduction, supply augmentation, operational changes, and mandatory prohibitions. Actions are selected based on the declared shortage level, current operating conditions, and the state of infrastructure. The actions presented below are intended as a menu of options and are not required to be implemented at each stage. Actions are scalable based on the stages (e.g., actions identified in Stages 1 or 2 may be implemented in Stages 3 or 4 at increasing implementation, etc.).

5.1 Demand Reduction

The optional demand reduction actions and their estimated water savings potential are shown in **Table 7** and **Table 8**. Actions may include, but are not limited to conservation and rebate programs, public information campaigns, leak detection and repair, and prohibitions on potable water use for certain applications (except for health and safety reasons). Although it is difficult to estimate the volume of savings for each action, the District expects to meet its required demand reductions at each shortage stage through a combination of response actions, outreach and communication efforts. The estimated water savings potential summarized in **Table 7** is based on published industry references. **Table 8** includes various possible actions and estimated savings to be submitted in the standard DWR tables as part of the UWMP.

Demand reduction percentages are applied relative to normal-year demand conditions. While variable projected demands will be considered in the Annual Assessment, **Table 7** conservatively assesses the District's ability to reduce demand (as a percentage) of the normal year's production.

Table 7: Estimated Savings by Shortage Stage

Stage	Required Savings[1]	Estimated Savings from Quantifiable Actions[2]	Estimated Savings from Unquantifiable Actions[3]
1	10%	5%	5%
2	20%	5%	15%
3	30%	15%	15%
4 & up	50%	15%	35%

1. Required savings may be met through a combination of quantifiable and unquantifiable actions. The District will only implement measures to the extent necessary to mitigate a water shortage, although estimates may indicate greater savings is obtainable. It is anticipated that some of the required savings will be met through quantifiable shortage response actions and the remaining amount savings will be met through other actions, including communication and outreach efforts.
2. Quantifiable savings are estimated based on various published sources and are provided as a guide. The degree of implementation of actions can vary in each stage and can result in a wide range of savings. For a list of all specific shortage response actions and their potential savings, refer to Table 8.
3. The remaining savings not achieved by quantifiable actions are anticipated to be achieved through unquantifiable communication and outreach efforts.

Table 8: Demand Reduction Actions (DWR 8-3)

Shortage Level	Demand Reduction Actions	Estimated Savings (%)	Additional Explanation	Penalty or Charge
All	Other water feature or swimming pool restriction		All decorative water features must re-circulate water, or users must secure a waiver from the supplier	(1)
All	Other		Washing or hosing down vehicles is prohibited except by use of a hand-held container, hose with an automatic shut off device, or at a commercial car wash	(1)
All	Other - Prohibit use of potable water for washing hard surfaces		Washing hard or paved surfaces is prohibited except to alleviate safety or sanitary hazards using a hand-held container, hose with an automatic shut off device, or a low-volume high pressure cleaning machine that recycles used water	(1)
All	Landscape - Restrict or prohibit runoff from landscape irrigation		Watering vegetated areas in a manner that causes excessive water flow or runoff onto an adjoining sidewalk, driveway, street, alley, gutter, or ditch is prohibited	(1)
All	Landscape - Other landscape restriction or prohibition		Irrigating ornamental turf on public street medians is prohibited	(1)
All	Landscape - Other landscape restriction or prohibition		No landscape watering shall occur within 48 hours after measurable precipitation	(1)
All	Expand Public Information Campaign		Increase public awareness of existing District rebate programs such as for turf replacement and plumbing fixtures	(1)
1	Other - Require automatic shut of hoses	0.1	Use a shutoff nozzle on hoses	(1)
1	CII - Lodging establishment must offer opt out of linen service		Lodging establishments must offer opt out of linen service	(1)
1	CII - Other CII restriction or prohibition		Display by restaurants and hotels of water conservation signs	(1)
1	Other - Prohibit use of potable water for construction and dust control		If recycled water is available, require recycled water use for construction water use and dust control. If recycled water is not available, consult with water supplier on ways to reduce water use and/or use bulk water	(1)
1	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	3	Fix leaks or faulty sprinklers promptly/within the amount of time determined by the water supplier	(1)
1	Increase Water Waste Patrols		Increase water waste education, investigation, and enforcement	(1)

Shortage Level	Demand Reduction Actions	Estimated Savings (%)	Additional Explanation	Penalty or Charge
2	CII - Restaurants may only serve water upon request	0.1	Restaurants may only serve water upon request	(1)
2	Pools and Spas - Require covers for pools and spas	0.1	Require covers for pools and spas	(1)
2	Landscape - Limit landscape irrigation to specific times	0.5	Watering or irrigation with a device that is not continuously attended to is limited to fifteen (15) minutes per day per valve. Low flow drip type systems, water efficient stream rotor systems, and sensor/weather-controlled systems are exempt	(1)
2	Landscape - Limit landscape irrigation to specific days	1	Irrigation for turf watering using potable water shall be limited to a specified number of days per week determined by the supplier depending on the shortage severity. Plant containers, trees, shrubs, and vegetable gardens may be watered additional days using only drip irrigation or hand watering as determined by the supplier depending on the shortage severity	(1)
2	Implement or Modify Drought Rate Structure or Surcharge		Drought Rates and Surcharges may be utilized by supplier	Yes
3	Other water feature or swimming pool restriction	0.1	Existing pools shall not be emptied and refilled using potable water unless required for public health and safety purposes	(1)
3	Landscape - Other landscape restriction or prohibition	4	With the exception of landscapes watered with non-potable water, limit the installation of new landscaping to drought tolerant trees, shrubs, and groundcover. Prohibit installation of new turf or hydroseed. Customers may apply for a waiver to irrigate during an establishment period for the installation of new turf or hydroseed	(1)
3	CII - Commercial kitchens required to use pre-rinse spray valves	5	Food preparation establishments must use water efficient kitchen spray valves	(1)
4	Other		The supplier may set or adjust water allocations in all categories to meet the available water supply	(1)

1. Refer to District Water Waste Policy P500-15-1 for penalties and charges associated water prohibitions.

5.2 Supply Augmentation

Presently, the District relies exclusively only on groundwater as its source of potable water supply. The District plans to address water shortages through extensive communication and outreach efforts and demand reduction actions (**Table 8**). There are no measurable supply augmentation actions at this time. The District will be implementing conjunctive use of surface water through partnership with other local water agencies and the Regional Intertie Project with the City of Santa Cruz. The timing and availability of this supply will depend on project completion and operational agreements.

5.3 Emergency Response Plan

The District utilizes the City of Scotts Valley Emergency Operation Plan, which is compliant with the State's policies on Emergency Response and Planning, the Standardized Emergency Management System Operational Area response, National Incident Management System, and defines the primary and support roles of City personnel and departments in post incident damage assessment and After-Action reporting requirements. These processes address the District's response to extraordinary emergency situations associated with natural disasters, human-caused emergencies, technological, and catastrophic events, which cause widespread damage, loss, or destruction. The plan provides operational concepts relating to the various emergency situations, identifies components of the Emergency Management Organization, and describes the overall responsibilities of the organization for protecting life and property, and assuring the overall well-being of the population. The plan also identifies the sources of outside support that might be provided. The plan details the District's response, personnel, and assistance, which will be provided during a disaster and emergency.

5.4 Seismic Risk Assessment and Mitigation Plan

Disasters, such as earthquakes, can and will occur without notice. The District resides near potentially active faults. Seismic risks and mitigation plans are published in Local Hazard Mitigation Plans (LHMP). The County of Santa Cruz LHMP (County LHMP) was last updated in 2025 and includes section dedicated to the Scotts Valley Water District (Section 5). The County LHMP identifies seismic risks and mitigation actions, such as storage tank hardening, that the District could implement to alleviate seismic risks and increase reliability. Actions include upgrades of water infrastructure, emergency and critical structures and continued preparedness coordination with other local agencies (County of Santa Cruz, 2025).

In addition, the District maintains a Risk and Resiliency Assessment (RRA) and Emergency Response Plan (ERP) that are updated in accordance with America's Water Infrastructure Act and J-100 standards. The RRA and ERP analyze all critical facilities for a seismic event and address mitigation strategies.

5.5 Shortage Response Action Effectiveness

Under normal water supply conditions, water production data is recorded daily. From this information, month to month and year to year statistics are calculated. This data allows the District to determine the effectiveness of the implemented actions. If reduction goals are not being met, the District can make the necessary decisions for corrective action to be taken. Since the District maintains daily production records, more frequent reporting could be provided to assess effectiveness during drought or other water shortage. In addition, the District has implemented Advanced Metering Infrastructure (AMI), which provides additional data and opportunities to effectively monitor and coordinate with customers in near real-time.

During water shortage conditions, savings are measured in comparison to what is considered to be normal year demand (i.e., current customer base with approximately average rainfall), or in reference to a specific base year as may be dictated by Statewide requirements. It is assumed that a given required shortage addressed in each level can be met by quantifiable measures and the remainder of shortage can be addressed by unquantifiable measures. It is expected that response actions effectiveness is also a result of successful communication and outreach efforts.

SECTION 6 COMMUNICATION PROTOCOLS

In accordance with CWC Section 10632(a)(5), this sections describes the communication protocols and procedures to inform customers, the public, and state and local officials of any current or predicted water shortages. When a shortage level is enacted or changed, a notice is published in the local newspaper and on the District website. Based on the severity of the shortage condition, the District may also advertise on the local radio, publish special publications, or send mail notifications to its customers. In the case of an emergency, the District coordinates with the City of Scotts Valley and County of Santa Cruz for the possible proclamation of a local emergency. The District also assigns a Public Information Officer who is responsible for monitoring and controlling the release of information about the event and serves as a point of contact for news media and other appropriate agencies and organizations. This WSCP relies on existing communication plans to provide guidance for efficient communication of declaration of a shortage level, inform restrictions, and provide updates during a water shortage emergency. The District prioritizes effective communication, especially in times of a water shortage emergency. The District routinely communicates to customers about details on when a stage is announced. Communication actions include bill inserts, electronic blasts, newsletters, website and social media postings, customer portal notifications, and other additional methods. The District continues to provide reminders about shortage levels and encourage water use efficiency at all times.

SECTION 7 COMPLIANCE AND ENFORCEMENT

This section is in accordance with CWC Section 10632(a)(6) and describes the compliance and enforcement provisions.

The District has established a Water Waste Policy P500-15-1 (Policy) which outlines the following consequences for violations:

- Initial Notification: Verbal or written explanation of the violation will be communicated to the customer, along with required remediation, and the requirement to respond by the next business day.
- Second Notification: If no response has been received by the next business day, SVWD shall issue a Second Notification in writing.
- Final Notification: If a) no response to the Second Notification has been received, b) satisfactory arrangements have not been made for correction or c) timely verification of correction has not occurred, the customer's potable water service may be disconnected and/or a fine of $100 (or other amount set by State regulations) may be charged for each calendar day in which the violation occurs. All fines must be paid prior to re-connection of service.

The District's Policy provides the power to perform all acts necessary to ensure water resources are put to beneficial use and that waste or unreasonable use of water is prevented.

SECTION 8 LEGAL AUTHORITIES

The District's Board has the legal authority to declare a water shortage stage, associated curtailment target, and set emergency water rates. As noted above, Water Waste Policy P500-15-1, Think Twice Program establishes the rules and regulations for efficient water use and minimizing water waste. In addition, the WSCP was developed and updated in conjunction with the District's UWMP. Resolutions adopting the WSCP, and resolutions enacting selected components of the WSCP, further provide the District with the authority to implement water efficiency efforts.

SECTION 9 FINANCIAL CONSEQUENCES OF WSCP

Significantly reduced demands in response to water shortage conditions often trigger revenue shortfalls. To mitigate the financial impact, the District may implement add-on drought rates during a Stage 2 or Stage 3 water shortage, as provided in **Table 9**.

Table 9: Add-On Monthly Drought Rates

Residential Tiered Rates (per 100 gal)	Stage 2	Stage 3 and Higher
0 to 3,000	$0.00	$0.00
3,001 to 6,000	$0.57	$0.92
6,001 to 7,000	$0.57	$0.92
Over 7,000	$0.57	$0.92

https://www.svwd.org/Rates

The District could also use reserves to minimize the need for additional rate increases while also implementing expense reduction measures in an attempt to match the revenue gap. A full analysis of the water rates based on the financial conditions at the time water reduction would occur and would be presented to the District's Boards for approval.

SECTION 10 MONITORING AND REPORTING

In accordance with CWC Section 10632(a)(9), this section describes the reporting requirements and monitoring procedures to implement the WSCP and track and evaluate the response actions effectiveness.

The District intends to monitor supply and project demand on an annual basis in April of each year and, if triggers identified in this WSCP are met, then the District will consider activation of the WSCP. Monitoring demands is essential to ensure the WSCP response actions are adequately meeting reductions and decreasing the supply/demand gap. This helps to analyze the effectiveness of the WSCP or identify the need to activate additional response actions.

The water savings from implementation of the WSCP are determined based on monthly consumption data which will be compared to the consumption data from prior months, the same period of the prior year, and/ or the allocation. First, the cumulative consumption for the various sectors (e.g., residential, commercial, etc.) will be evaluated to reach the target demand reduction level. Then if needed, individual accounts will be monitored. Weather and other possible influences may be accounted for in the evaluation.

SECTION 11 WSCP REFINEMENT PROCEDURES

The WSCP is best prepared and implemented as an adaptive management plan. The District uses results obtained from the monitoring and reporting program to evaluate any needs for revisions. The WSCP is used to provide guidance to the Board, staff, and the public by identifying response actions to allow for efficient management of any water shortage with predictability and accountability.

To maintain a useful and efficient standard of practice in water shortage conditions, the requirements, criteria, and response actions need to be continually evaluated and improved upon to ensure that its shortage risk tolerance is adequate, and the shortage response actions are effective and up to date based on lessons learned from implementing the WSCP. Potential changes to the WSCP that would warrant an update include, but are not limited to, any changes to shortage level triggers, changes to the shortage level structure, and/or changes to the response actions. Any prospective changes to the WSCP would need to be presented at a public hearing, staff would obtain any comments and adopt the updated WSCP. The steps to formally amend the WSCP are discussed below.

Potential refinements will be documented and integrated in the next WSCP update. If new response actions are identified by staff or public, these could be advertised as voluntary actions until these are formally adopted as mandatory.

SECTION 12 SPECIALIZED WATER FEATURE DISTRINCTION

The CWC Section 10623 (b) requires that suppliers analyze and define water features that are artificially supplied with water, including ponds, lakes, waterfalls, and fountains, separately from swimming pools and spas, as defined in subdivision (a) of Section 115921 of the Health and Safety Code. Non-pool or non-spa water features may use or be able to use recycled water, whereas pools and spas must use potable water for health and safety considerations, so limitations to pools and spas may require different considerations compared to non-pool or non-spa water features.

SECTION 13 PLAN ADOPTION, SUBMITTAL, AND AVAILABILITY

Future revisions to the WSCP will follow these revised adoption procedures, which adhere to the requirements of the CWC Section 10642:

Step 1: Prepare an internal administrative draft WSCP reviewed by District staff.

Step 2: Publish the draft WSCP for public review at least 14 days in advance of a public hearing meeting.

Step 3: Publish two notices of the public hearing in a local newspaper at least once a week for two consecutive weeks, with at least 5 days between publications. The notices include:

- Time and place of hearing
- Location of the draft WSCP

Step 3: Hold a public hearing before adopting the WSCP to allow public input.

Step 4: The Board may formally adopt the WSCP if no substantive changes are required. The adoption resolution will be included as an Appendix.

Step 5: Within 30 days of adoption, the WSCP will be posted on the District's website and submitted to DWR via the WUE Data Portal.

Appendix A

Board Resolution for Adoption of the WSCP

(to be included after Board adoption)

AGENDA REPORT

Scotts Valley Water District

Date: 06/11/26

To: Board of Directors

Item: Business 6.1

Subject: **Rate Study and Proposed Rate Increases**

Reason: Supports Strategic Goal No 3 Financial Stewardship

SUMMARY

Recommendation: Receive the draft report of the Water and Recycled Water Rate Study; authorize the General Manager to issue the notice initiating the 60-day public review period and set the public hearing on recommended water rates for 09/10/26.

Fiscal Impact: If the proposed rate schedule is adopted, rate revenue is expected to increase from $8.9M in FY 2026 to $12.2M in FY 2031. The revenue is projected to be sufficient to cover operating expenses, capital expenses, debt service payments and maintain adequate reserves.

Previous Related Action: On 10/14/21 the Board held a public hearing and adopted Resolution No 08-121 establishing a new rate structure, setting rates for potable and recycled water beginning on 01/01/21 through 01/01/26.

On 11/13/25 The Board attended a Rate Study Workshop and received information from rate consultant Water Resources Economics (WRE) and discussed previous studies and current legal challenges to recent studies around California.

On 11/13/25 The Board adopted Resolution 06-25, reducing the scheduled 01/01/26 published rate increases from 7% to 5%.

On 03/12/26 The Board received a presentation from consultant RWE and discussed and provided direction.

On 03/25/26 the Finance and Personnel Committee received a presentation from consultant WRE and provided input on certain aspects of the financial model and rate study.

On 04/15/26 the Board received an update on the work completed: analysis of required revenue and development of the financial plan.

BACKGROUND

The District's Strategic Goal No. 3 comprises a management objective of designing and managing balanced and fair revenue sources that are sufficient for meeting operating and capital needs while providing for adequate reserves.

The District recognizes the challenges as it strives to provide essential services to the community, fully fund the costs of providing and sustaining good service and keep rates and fees fair and

affordable. In October 2025, Water Resources (WRE) was hired to conduct a Water and Recycled Water Rate Study. The study comprises the following tasks:

- Develop a financial plan to determine the District's potable and recycled water revenue requirements
- Conduct potable and recycled water cost of service analyses
- Develop potable and recycled water rate models that demonstrate a clear nexus between District's costs and customer rates
- Create an administrative report that explains the proportionality of the rates to meet the requirements of Proposition 218 (Prop 218).

The legal framework for setting water rates in California is prescribed by Prop 218. Passed by ballot initiative in 1996, Prop 218 was established to protect taxpayers by limiting the methods by which local governments can exact revenue from them without their consent.

District rates include a fixed basic service charge and volumetric water sales charge. The basic service charge is based on the customer's meter size. The volumetric charge for residential customers is a reduced tiered rate structure in which tier thresholds are established based on specific criteria. The volumetric charge for commercial and landscape customers is a uniform rate.

DISCUSSION

The first portion of the study was completed and findings presented to the Board in April. Board was asked to review and provide their input for the financial plan scenarios.

The next phase of the work has been focused on the cost of service and rate development. The cost of service analysis determines the costs of operating and maintaining the water system, including repair, replacement and upgrades of capital assets, debt service requirements, and maintaining the target level of reserve funding. Prop 218 requires that the cost of serving different customer categories is matched with the rate charged to those categories.

Attached presentation includes information on the rate development process, including the cost of service analysis and highlights specific rate design changes for consideration.

Submitted,

David McNair
General Manager

Enclosed: Water Rates Presentation Slides
Water and Recycled Water Rate Study – Draft Report

SCOTTS VALLEY WATER DISTRICT
2026 RATE STUDY

Board Meeting – June 11, 2026

Water Resources Economics

Promoting the Value and Price of Water Service

Agenda

- Rate study overview
- Proposed rate study results
- Next steps

Rate Study Goal

- Currently adopted five-year rate schedule:
  - Spans FY 2022 - FY 2026
  - The final year of adopted rate increases went into effect Jan. 2026
- 2026 Water Rate Study:
  - Goal: Develop a proposed five-year rate schedule for FY 2027 - FY 2031 that:
    - Meets legal requirements
    - Meets the District's funding needs
    - Is consistent with industry standards

Rate Study Schedule

- Prior Board Meetings:
  - Nov. 13, 2025: Initial policy discussion
  - Mar. 12, 2026: Preliminary rate options
  - April 15, 2026: Revised rate options
- ***TODAY*: Board to receive & file rate study report**
- July 10, 2026: Deadline to mail out public hearing notices to all customers
- Sep. 10, 2026: Proposition 218 Public Hearing (special Board Meeting)
- Jan. 1, 2027: New rates effective

Rate Study Overview

Water Resources Economics

Proposition 218 (Article XIIIC and XIIID of California Constitution)

- Applies to Property-related Fees for Service
- Rate Implications:
  - Rates must be proportional to and may not exceed the cost of providing service
  - One customer class (residential, commercial, etc.) may not subsidize another customer class
  - Retail agencies typically conduct a “cost-of-service analysis” at least once every 5 years to ensure a sufficient nexus between rates and costs
- Procedural Requirements



Rate Study Process

Policy Framework	Financial Plan	Cost-of-Service Analysis	Rate Design	Documentation
Identify Key Policy Objectives (Revenue Stability, Customer Affordability, etc.) **What are our priorities and values?**	Develop Multi-year Cash Flow Projections to Determine Annual Rate Revenue Requirement **How much revenue do we need?**	Allocate the Rate Revenue Requirement to Customers in Proportion to Use of and Burden on the Water System **Who should pay for what?**	Identify Appropriate Rate Structure Changes and Calculate Proposed Rates **What are the impacts of the proposed rate structure?**	Develop a Study Report to Provide Transparency and Defensibility **Have we adequately demonstrated the proportionality of the rates?**

Rate Study Report

- Demonstrates proportionality between costs & rates
- Provides transparency to the public
- Critical part of administrative record in event of legal challenge

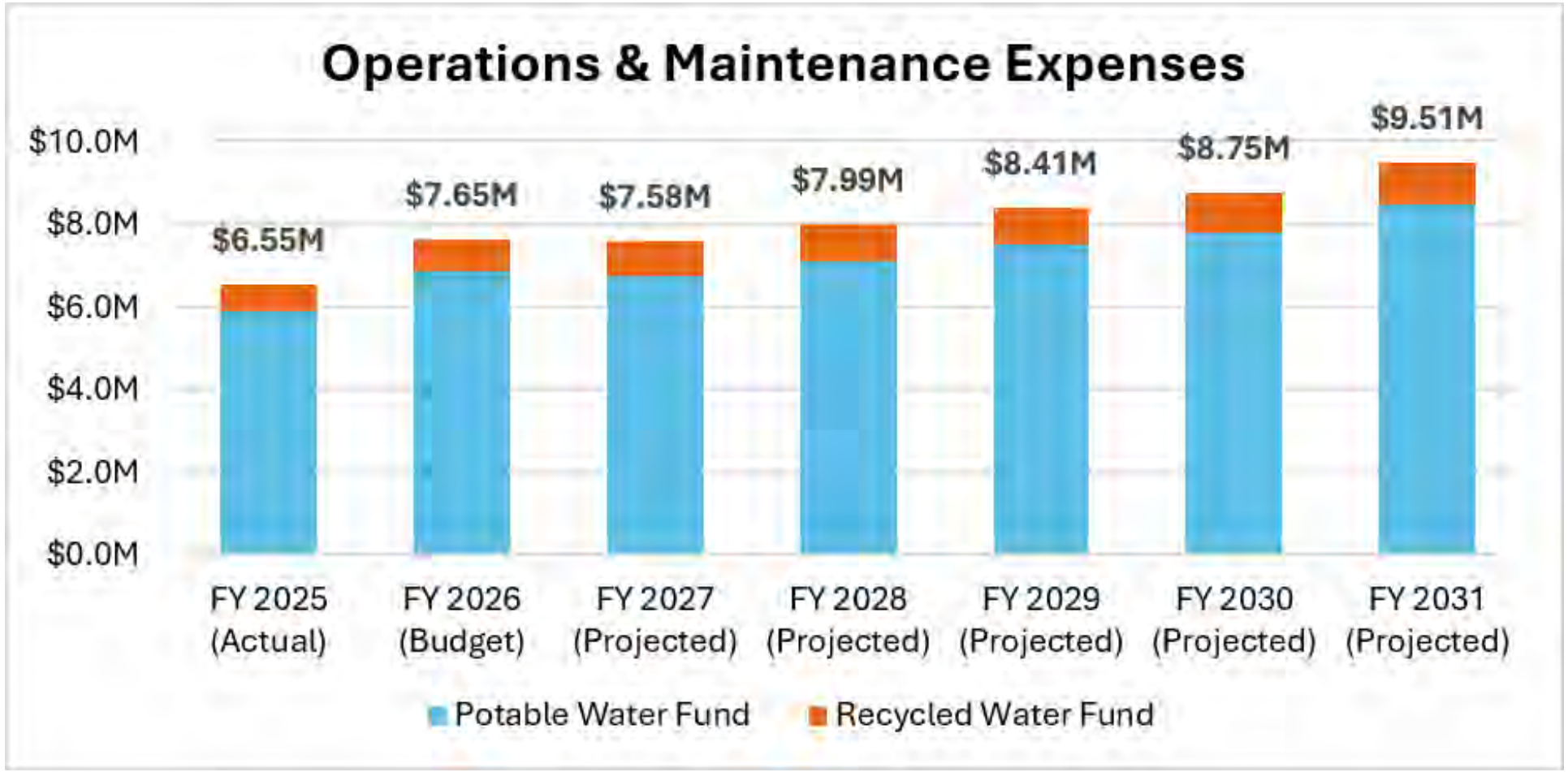
Financial Plan



Water Resources Economics

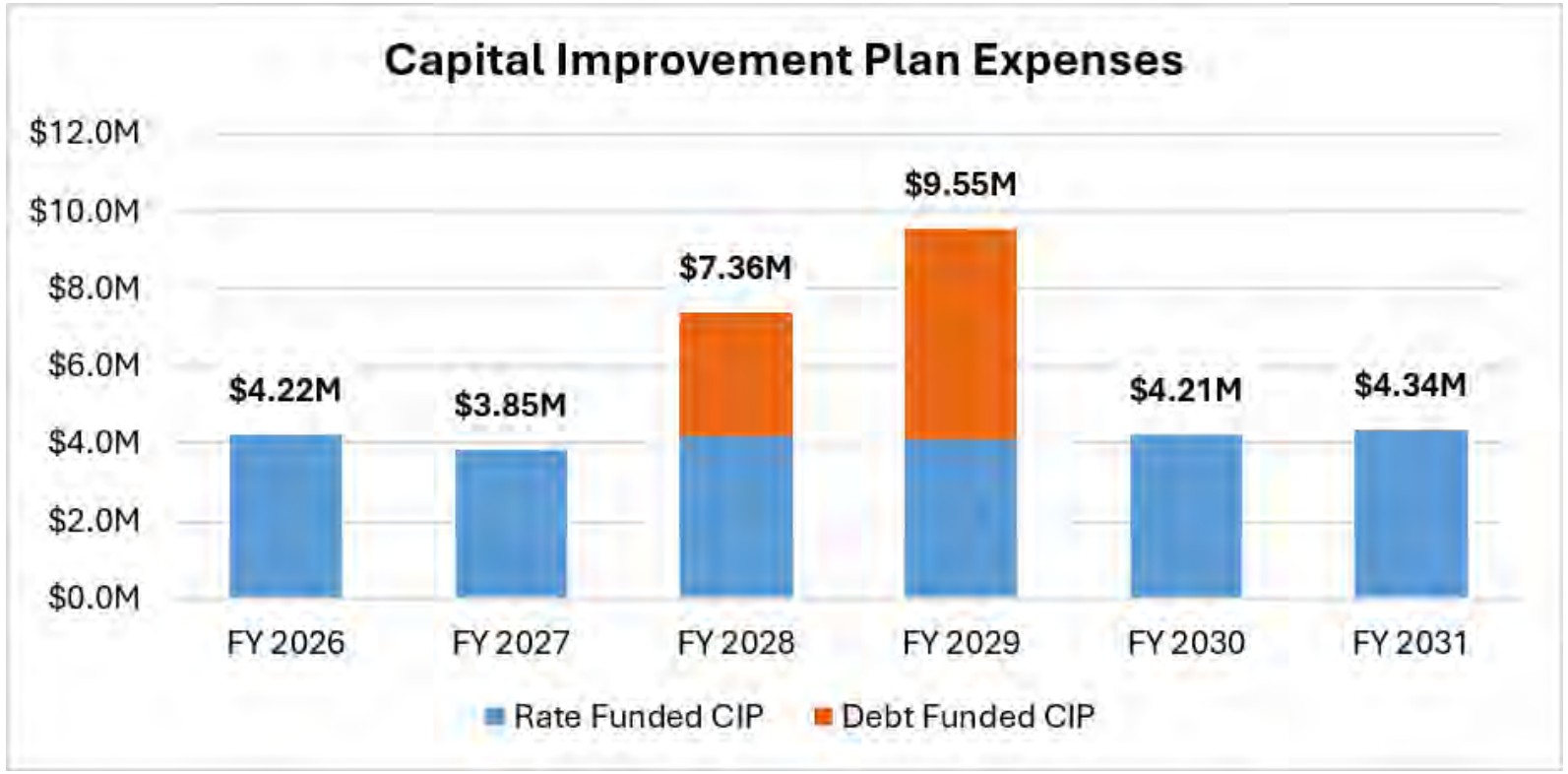
Key Assumptions: Operations & Maintenance Expenses

- O&M expenses projected to increase by 4.5% per year on average



Key Assumptions: Capital Improvement Plan Expenses

- $33.5M in total CIP ($5.6M per year on average)
  - ➢$8.6M in new debt funding for critical tank rehab/replacements
  - ➢All other CIP shown to be cash funded by rates

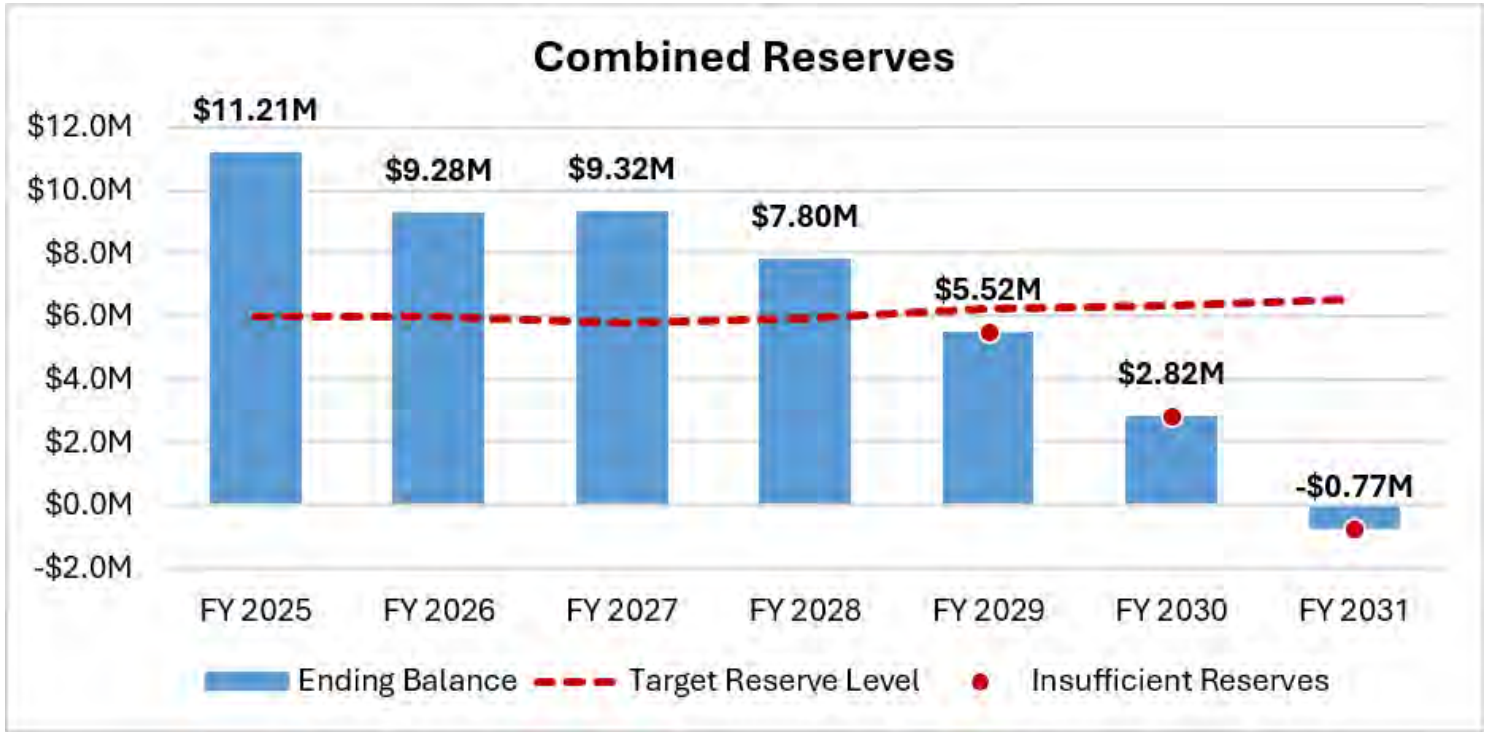


Reserve Policy

- Reserve target (~$6 million in FY 2026):
  - Operating Reserve: 90 days of operating expenses
  - Rate Stabilization Reserve: 20% of volumetric water sales revenue
  - Emergency Reserve: 2.5% of asset valuation
  - Capital Reserve: 1 year of depreciation
  - Debt Service Reserve: 100% of debt service

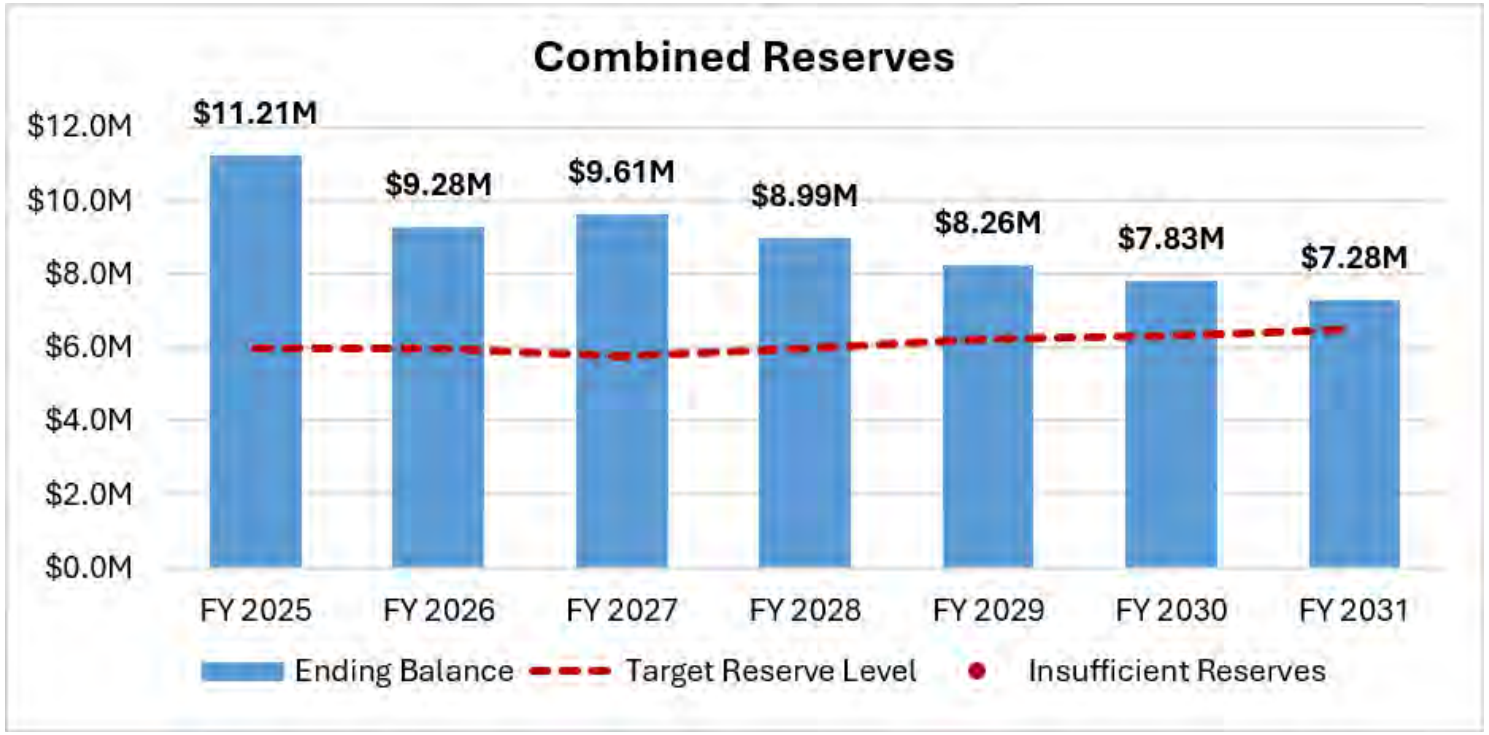
Status Quo Financial Plan:
Potable & Recycled Water Funds Combined

Fiscal Year	Effective Month	Potable Revenue Adjustment	Recycled Revenue Adjustment
FY 2027	Jan. 2027	0.0%	0.0%
FY 2028	Jan. 2028	0.0%	0.0%
FY 2029	Jan. 2029	0.0%	0.0%
FY 2030	Jan. 2030	0.0%	0.0%
FY 2031	Jan. 2031	0.0%	0.0%



Proposed Financial Plan:
Potable & Recycled Water Funds Combined

Fiscal Year	Effective Month	Potable Revenue Adjustment	Recycled Revenue Adjustment
FY 2027	Jan. 2027	6.5%	4.0%
FY 2028	Jan. 2028	6.5%	4.0%
FY 2029	Jan. 2029	6.5%	4.0%
FY 2030	Jan. 2030	6.5%	4.0%
FY 2031	Jan. 2031	6.5%	4.0%



Revenue Adjustment Summary

Fiscal Year	Potable Revenue Adjustments	Recycled Revenue Adjustments
FY 2017 Adopted	25.0%	25.0%
FY 2018 Adopted	15.0%	15.0%
FY 2019 Adopted	10.0%	5.0%
FY 2020 Adopted	10.0%	3.0%
FY 2021 Adopted	10.0%	3.0%
FY 2022 Adopted	5.0%	5.0%
FY 2023 Adopted	5.0%	5.0%
FY 2024 Adopted	***5.0%****	10.0%
FY 2025 Adopted	5.0%	10.0%
FY 2026 Adopted	5.0%	10.0%
FY 2027 Proposed	***6.5%***	***4.0%***
FY 2028 Proposed	***6.5%***	***4.0%***
FY 2029 Proposed	***6.5%***	***4.0%***
FY 2030 Proposed	***6.5%***	***4.0%***
FY 2031 Proposed	***6.5%***	***4.0%***

**Note that 3% potable revenue adjustments were implemented in FY 2024 (lower than the 5% adopted adjustment)*

Rate Design

Water Resources Economics

Current Rate Structure

- 1) Monthly basic meter charge (by meter size)
- 2) Volumetric rates (per 100 gallons)
  - Potable:
    - Residential: 4 tiers
    - Commercial/Industrial/Institutional (CII): Uniform
    - Landscape potable: Uniform
  - Recycled: Uniform

Current Rates	Effective Jan. 2026
Monthly Basic Meter Charge	
5/8-inch	$52.55
5/8-inch Rate Assistance (Residential)	$36.79
5/8-inch Fire Service (Residential/Commercial)	$13.90
3/4-inch (Multi-Residential, incl. Fire Service)	$66.44
3/4-inch	$73.46
1-inch	$115.43
1.5-inch	$229.81
2-inch	$369.92
3-inch	$767.76
4-inch	$1,357.55
6-inch	$2,706.40
Potable Volumetric Rates (per 100 gallons)	
Residential Tiered Rates	
Tier 1	$0.99
Tier 2	$1.58
Tier 3	$2.86
Tier 4	$3.44
Non-Residential Uniform Rates	
Commercial/Industrial/Institutional (CII)	$1.61
Landscape Potable	$2.65
Recycled Volumetric Rates (per 100 gallons)	
Uniform	$2.01

Proposed Rate Structure Changes

- Proposed changes to residential tiered volumetric rates:
  - ➢Reduce from four tiers to three tiers
  - ➢Same tier allotments for single family and multi-family (per dwelling unit)

Monthly Allotment	Current (Single Family Residential)	Current (Multi-Family Residential)	Proposed (Residential)
Tier 1	0-3,000 gallons	0-3,000 gallons	0-3,000 gallons
Tier 2	3,001-6,000 gallons	3,001-3,200 gallons	3,001-6,000 gallons
Tier 3	6,001-7,000 gallons	3,201-7,000 gallons	> 6,000 gallons
Tier 4	> 7,000 gallons	> 7,000 gallons	N/A

Proposed Five-Year Rate Schedule

Proposed Rates	Current (Jan. 2026)	Proposed FY 2027 (Jan. 2027)	Proposed FY 2028 (Jan. 2028)	Proposed FY 2029 (Jan. 2029)	Proposed FY 2030 (Jan. 2030)	Proposed FY 2031 (Jan. 2031)
Monthly Basic Meter Charge						
5/8-inch	$52.55	$55.30	$58.90	$62.73	$66.81	$71.16
5/8-inch Rate Assistance (Residential)	$36.79	$38.71	$41.23	$43.91	$46.77	$49.82
5/8-inch Fire Service (Residential/Commercial)	$13.90	$10.99	$11.71	$12.48	$13.30	$14.17
3/4-inch (Multi-Residential, incl. Fire Service)	$66.44	$66.29	$70.60	$75.19	$80.08	$85.29
3/4-inch	$73.46	$76.15	$81.10	$86.38	$92.00	$97.98
1-inch	$115.43	$117.86	$125.53	$133.69	$142.38	$151.64
1.5-inch	$229.81	$222.11	$236.55	$251.93	$268.31	$285.76
2-inch	$369.92	$347.22	$369.79	$393.83	$419.43	$446.70
3-inch	$767.76	$743.41	$791.74	$843.21	$898.02	$956.40
4-inch	$1,357.55	$1,327.25	$1,413.53	$1,505.41	$1,603.27	$1,707.49
6-inch	$2,706.40	$2,724.32	$2,901.41	$3,090.01	$3,290.87	$3,504.78
Potable Volumetric Rates (per 100 gallons)						
Residential Tiered Rates						
Tier 1	$0.99	$0.97	$1.04	$1.11	$1.19	$1.27
Tier 2	$1.58	$2.49	$2.66	$2.84	$3.03	$3.23
Tier 3	$2.86	$3.37	$3.59	$3.83	$4.08	$4.35
Tier 4	$3.44	***N/A***	***N/A***	***N/A***	***N/A***	***N/A***
Non-Residential Uniform Rates						
Commercial/Industrial/Institutional (CII)	$1.61	$1.71	$1.83	$1.95	$2.08	$2.22
Landscape Potable	$2.65	$2.31	$2.47	$2.64	$2.82	$3.01
Recycled Volumetric Rates (per 100 gallons)						
Uniform	$2.01	$2.11	$2.19	$2.27	$2.35	$2.44

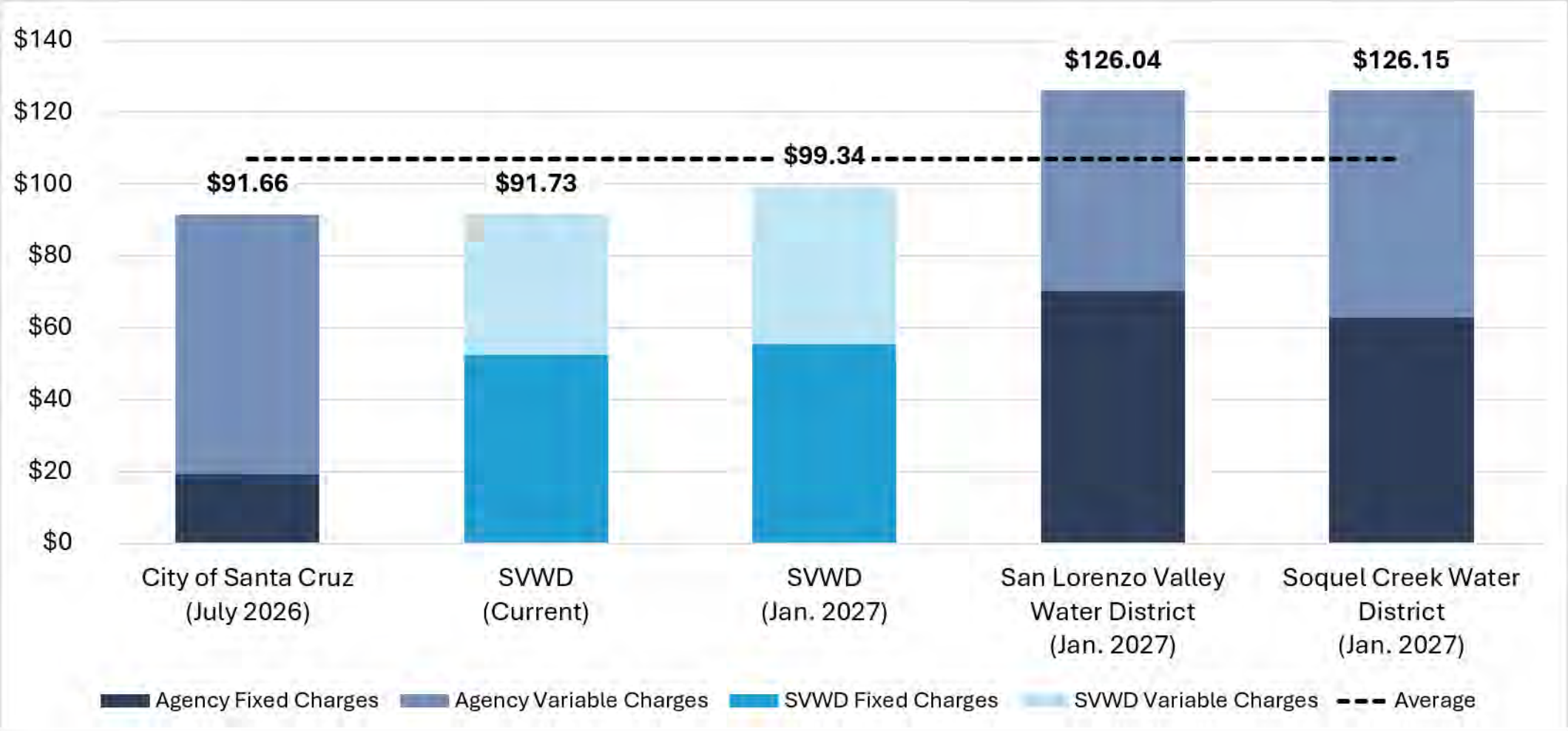
Note: All Rate Assistance (Residential) and Qualifying Medical Needs (Residential) water use is proposed to be charged at the Residential Tier 1 rate; note that Qualifying Medical Needs (Residential) water use is currently charged at the Residential Tier 2 rate.

Monthly Bill Impacts in First Year: Single Family Residential

Water Use Level	Monthly Water Use (gallons)	Current Monthly Bill	Proposed Monthly Bill (Jan. 2027)	Difference ($)	Difference (%)
Very Low (10th percentile)	1,300	$65.42	$67.91	$2.49	3.8%
Low (25th percentile)	2,300	$75.32	$77.61	$2.29	3.0%
Median	**3,600**	**$91.73**	**$99.34**	**$7.61**	**8.3%**
High (75th percentile)	5,600	$123.33	$149.14	$25.81	20.9%
Very High (90th percentile)	8,800	$220.17	$253.46	$33.29	15.1%

Note: Monthly bills are based on a 5/8-inch meter (most common meter size for single family residential).

Single Family Residential Monthly Bill Comparison



Note: Monthly bills are based on a 5/8-inch meter (most common meter size for single family residential) and 3,600 gallons per month (median water use for single family residential).

Monthly Bill Impacts in First Year: Multi-Family Residential

Water Use Level	Monthly Water Use (gallons)	Current Monthly Bill	Proposed Monthly Bill (Jan. 2027)	Difference ($)	Difference (%)
Very Low (10th percentile)	6,500	$116.90	$118.35	$1.45	1.2%
Low (25th percentile)	9,500	$146.60	$147.45	$0.85	0.6%
Median	**14,500**	**$196.10**	**$195.95**	**($0.15)**	**-0.1%**
High (75th percentile)	18,000	$274.05	$275.50	$1.45	0.5%
Very High (90th percentile)	24,500	$459.95	$437.35	($22.60)	-4.9%

Note: Monthly bills are based on a 5/8-inch meter (most common meter size for multi-family residential) and 5 dwelling units (average # of dwelling units per multi-family connection).

Monthly Bill Impacts in First Year: Commercial/Industrial/Institutional

Water Use Level	Monthly Water Use (gallons)	Current Monthly Bill	Proposed Monthly Bill (Jan. 2027)	Difference ($)	Difference (%)
Very Low (10th percentile)	300	$57.38	$60.43	$3.05	5.3%
Low (25th percentile)	1,700	$79.92	$84.37	$4.45	5.6%
Median	**5,800**	**$145.93**	**$154.48**	**$8.55**	**5.9%**
High (75th percentile)	18,900	$356.84	$378.49	$21.65	6.1%
Very High (90th percentile)	61,700	$1,045.92	$1,110.37	$64.45	6.2%

Note: Monthly bills are based on a 5/8-inch meter (most common meter size for commercial/industrial/institutional).

Monthly Bill Impacts in First Year: Landscape Potable

Water Use Level	Monthly Water Use (100 gallons)	Current Monthly Bill	Proposed Monthly Bill (Jan. 2027)	Difference ($)	Difference (%)
Very Low (10th percentile)	0	$52.55	$55.30	$2.75	5.2%
Low (25th percentile)	0	$52.55	$55.30	$2.75	5.2%
Median	**3,000**	**$132.05**	**$124.60**	**($7.45)**	**-5.6%**
High (75th percentile)	16,600	$492.45	$438.76	($53.69)	-10.9%
Very High (90th percentile)	45,400	$1,255.65	$1,104.04	($151.61)	-12.1%

Note: Monthly bills are based on a 5/8-inch meter (most common meter size for landscape potable).

Monthly Bill Impacts in First Year: Landscape Recycled

Water Use Level	Monthly Water Use (100 gallons)	Current Monthly Bill	Proposed Monthly Bill (Jan. 2027)	Difference ($)	Difference (%)
Very Low (10th percentile)	0	$52.55	$55.30	$2.75	5.2%
Low (25th percentile)	100	$54.56	$57.41	$2.85	5.2%
Median	**6,000**	**$173.15**	**$181.90**	**$8.75**	**5.1%**
High (75th percentile)	39,100	$838.46	$880.31	$41.85	5.0%
Very High (90th percentile)	142,300	$2,912.78	$3,057.83	$145.05	5.0%

Note: Monthly bills are based on a 5/8-inch meter (most common meter size for landscape recycled).

Monthly Bill Impacts over Next Five Years: All Customer Class

Customer Class	Median Monthly Water Use (gallons)	Current Monthly Bill	Proposed Monthly Bill (Jan. 2027)	Proposed Monthly Bill (Jan. 2028)	Proposed Monthly Bill (Jan. 2029)	Proposed Monthly Bill (Jan. 2030)	Proposed Monthly Bill (Jan. 2031)
Single Family Residential	3,600	$91.73	$99.34	$106.06	$113.07	$120.69	$128.64
Multi-Family Residential	14,500	$196.10	$195.95	$209.70	$223.68	$239.36	$255.31
Commercial/Industrial/Institutional	5,800	$145.93	$154.48	$165.04	$175.83	$187.45	$199.92
Landscape Potable	3,000	$132.05	$124.60	$133.00	$141.93	$151.41	$161.46
Landscape Recycled	6,000	$173.15	$181.90	$190.30	$198.93	$207.81	$217.56

Note: Monthly bills are based on a 5/8-inch meter (most common meter size) and median monthly water use for each customer class. Multi-family residential bills are based on 5 dwelling units (average # of dwelling units per multi-family connection).

Discussion & Next Steps

Water Resources Economics

Next Steps

- **TODAY**:
  - **Receive & file rate study report**
  - **Determine whether to authorize staff to develop and mail out public hearing notices**
- July 10, 2026: Deadline to mail out public hearing notices to all customers
- Sep. 10, 2026: Proposition 218 Public Hearing (special Board Meeting)
- Jan. 1, 2027: New rates effective

Water Resources Economics

Sanjay Gaur
Founder / President
sgaur@water-economics.com

water-economics.com

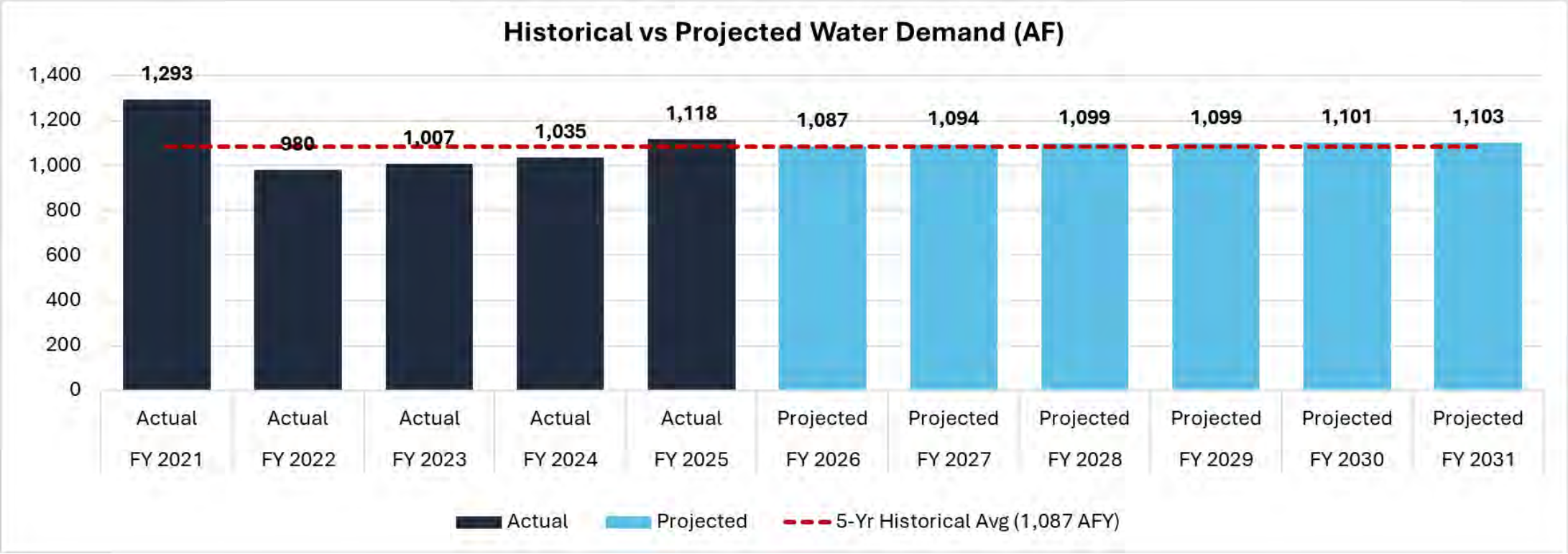
Promoting the Value and Price of Water Service

Back-up Slides

Water Resources Economics

Key Financial Plan Assumptions: Water Demand

- FY 2026 projected water demand set equal to 5-year historical average
- Projected increases in FY 2027-FY 2031 due to new development*



Conservatively assuming 12 new connections per year on average based on planned construction

Key Financial Plan Assumptions: CIP

- Project costs in ***red*** are assumed to be debt financed
- All other project costs are "levelized" on an annual basis and assumed to be cash funded by rates/reserves

CIP Project Costs (Current Dollars*)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
Potable Water Fund							
Bethany Tank Rehabilitation	$481,387		**$3,000,000**	**$3,000,000**			**$6,481,387**
Mt. Roberta Tank Replacement			$100,000	**$1,000,000**			**$1,100,000**
Villa Fontenay Tank Replacement			$100,000	**$1,000,000**			**$1,100,000**
All Other Potable CIP Projects (Levelized)	$3,633,669	$3,633,669	$3,633,669	$3,633,669	$3,633,669	$3,633,669	**$21,802,013**
Subtotal	**$4,115,055**	**$3,633,669**	**$6,833,669**	**$8,633,669**	**$3,633,669**	**$3,633,669**	**$30,483,400**
Recycled Water Fund							
All Recycled Water CIP Projects (Levelized)	$107,500	$107,500	$107,500	$107,500	$107,500	$107,500	**$645,000**
Subtotal	**$107,500**	**$107,500**	**$107,500**	**$107,500**	**$107,500**	**$107,500**	**$645,000**
Total	**$4,222,555**	**$3,741,169**	**$6,941,169**	**$8,741,169**	**$3,741,169**	**$3,741,169**	**$31,128,400**

**Costs shown are in current dollars and do not yet include 3% annual inflationary adjustments*

Exhaustion of Remedies *(Government Code Section 53759.1)*

- Provides ratepayers 45 days to review proposed rate increases & submit a written objection that specifies grounds for alleged noncompliance
- Agency must respond to and consider any written objections
- A legal challenge to the proposed rates is prohibited unless that party submitted a written objection

Scotts Valley Water District

2026 Water Rate Study

Final Report – June 3, 2026

Prepared by: Water Resources Economics, LLC

Water Resources Economics

PROMOTING THE VALUE AND PRICE OF WATER SERVICE

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June 3, 2026

David McNair
General Manager
Scotts Valley Water District
2 Civic Center Drive
Scotts Valley, CA 95066

Subject: Scotts Valley Water District 2026 Water Rate Study Report

Dear Mr. McNair,

Water Resources Economics, LLC (WRE) is pleased to submit this 2026 Water Rate Study Report to the Scotts Valley Water District (District). This report documents the results and recommendations of the District's water rate study. The goal of the study was to develop a five-year schedule of potable and recycled water rates that will sufficiently fund the District's water system expenses, allow the District to meet its financial goals, and comply with cost-of-service principles.

This study utilized industry-standard rate-setting methodology in accordance with guidelines developed by the American Water Works Association and incorporates guidance provided by the District's Board of Directors. Our project team has a proven track record of developing fair and equitable water rates for numerous public water agencies in California over the past 25 years. We are confident in our ability to develop sound water rates that satisfy the requirements of Proposition 218.

It has been a pleasure assisting the District, and we appreciate the support provided by yourself, Mr. John Dillon, Mr. Nate Gillespie, and other District staff during this study.

Sincerely,

Sanjay Gaur
Founder / President

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1. EXECUTIVE SUMMARY

1.1 SYSTEM OVERVIEW

The Scotts Valley Water District (District or SVWD) provides potable water service to over 3,900 metered connections which include Single Family, Multi-Family, CII (Commercial, Industrial, & Institutional), and Landscape customers. The District also provides recycled water service to over 60 metered connections for irrigation purposes. The District's service area covers approximately six square miles including most of the City of Scotts Valley and a portion of the unincorporated area north of the City.

The water system, which is owned and operated by the District, consists of storage tanks and reservoirs, pumping equipment, groundwater wells, and miles of distribution pipelines that deliver water to customers. The District's entire water supply is from groundwater produced by the District's wells.

1.2 RATE STUDY OVERVIEW

In 2021, the District completed a rate study to establish a five-year rate schedule from Fiscal Year (FY) 2022 through FY 2026.[1] The District began the current rate-setting process by engaging Water Resources Economics, LLC (WRE) in 2025 to conduct a comprehensive water rate study. The study has the following objectives:

- Evaluate a six-year financial plan scenario to meet financial targets from FY 2026 to FY 2031
- Conduct a cost-of-service analysis based on the most recent data and customer use characteristics
- Develop a five-year potable and recycled water rate schedule from FY 2027 through FY 2031

1.3 LEGAL REQUIREMENTS[2]

Legal considerations relating to retail water rates in California focus heavily on Proposition 218, which was enacted in 1996 and is now reflected in Article XIII C and Article XIII D of the California Constitution. Proposition 218 states that "property related fees and charges" (which include retail water rates) may not exceed the proportional cost of providing the service to the customer and may not be used for any purpose other than providing said service. The practical implication is that public retail water agencies in California must demonstrate a sufficient nexus between the costs incurred by the agency to provide water service, and the rates charged to customers. The primary means by which retail water agencies address this requirement is by conducting a "cost-of-service analysis."

Proposition 218 also affects the rate adoption process by requiring agencies to hold a public hearing to adopt rates. The agency must mail public hearing notices to all customers no fewer than 45 days prior to the public hearing. The public hearing notices must clearly show all proposed rate changes, provide information on the public hearing date/time/location, and provide instructions on how customers may

[1] FY 2026 is the year starting July 1, 2025 and ending June 30, 2026.
[2] Although this section is named "Legal Requirements" and discusses Proposition 218, WRE is not a law firm and does not provide legal advice.

protest the proposed rate changes. If a majority of customers submit a protest, the proposed rate changes cannot be adopted.

1.4 RATE-SETTING METHODOLOGY

This study was conducted using industry-standard methodology outlined by the American Water Works Association (AWWA) in its *Manual of Water Supply Practices M1: Principles of Water Rates, Fees and Charges, Seventh Edition* (M1 Manual). The rate study process includes the following steps:

1. **Financial Plan**: Annual revenues and expenses are projected over the rate-setting period to determine the magnitude of rate increases needed to maintain financial sufficiency. Financial policies, such as reserve targets, are also evaluated and updated if necessary.
2. **Cost-of-Service Analysis**: Costs are allocated to customers in proportion to use of and burden on the water system. The overall goal is to establish a robust nexus between the costs incurred by an agency and the rates charged to customers, as required by Proposition 218.
3. **Rate Design**: The existing rate structure is evaluated, and potential changes are identified. A multi-year proposed rate schedule is then calculated directly from the results of the financial plan and cost-of-service analysis.
4. **Rate Study Documentation**: A rate study report, or administrative record, is developed to document the proposed rate development process. This provides transparency and enhances legal defensibility in light of Proposition 218 requirements. This document serves as the rate study report and administrative record for this study.

1.5 ADDITIONAL INFORMATION AND DISCLAIMERS

This report summarizes the data, analyses, processes, and results of the District's water rate study. Some important information to keep in mind when reading the report includes the following:

- All study projections are based on the best available data as of April 2026.
- All table values are rounded to the nearest digit shown unless stated otherwise. However, all calculations are based on precise values. Attempting to manually recreate the calculations described in this report from the values displayed in tables may therefore produce slightly different results.
- All current and proposed rates and charges in this report are shown on a monthly basis.

1.6 CURRENT WATER RATES

The District's current water rates include a monthly basic meter charge based on meter size, a volumetric rate based on water usage in hgal (100 gallons), and a monthly basic meter charge for all dedicated private fire service connections.

Potable and recycled customers are charged the same monthly basic meter charge. For potable customers, Single Family[3] and Multi-Family[4] have a four-tiered volumetric rate; all other customers including CII and Landscape have a uniform volumetric rate. All recycled customers have a uniform volumetric rate. Note that the four-tiered volumetric rates for Single Family and Multi-Family customers are the same, although the corresponding tier allotments are different.

The District also has two discount programs for eligible Residential Rate Assistance and Medical Needs customers. Eligible Rate Assistance customers receive 30% off monthly basic meter charges and are charged a uniform volumetric rate based on the Residential Tier 1 rate. Eligible Medical Needs customers are charged a uniform volumetric rate based on the Residential Tier 2 rate.

The current rates are based on the District's most recent water rate study completed in 2021 which established a potable and recycled water rate schedule from FY 2022 through FY 2026, effective in January of each year. The adopted water rate schedule represents the maximum rate that the District can implement each year. The District has discretion to implement lower rates than those adopted. In FY 2024, the District implemented rates that were lower than the maximum rates adopted in the 2021 study. As a result, the District's current rates are lower than those adopted in the 2021 study, except for the recycled water volumetric rate which remains at the adopted rate.

Table 1-1 shows the current monthly basic meter charges (Lines 2-11), monthly basic meter charge for dedicated private fire service connections (Line 14), four-tiered volumetric rates for Single Family (Lines 17-21) and Multi-Family (Lines 23-27), and uniform volumetric rates for all other customer classes (Lines 29-34).

[3] Single Family customers are also known as "Residential Units with Individual Meters."
[4] Multi-Family customers are also known as "Multi-Residential Units with Master Meters."

Table 1-1: Current Water Rates

Line	Current Water Rates	Effective 1/1/2025	Effective 1/1/2026
1	**Basic Meter Charge (per month)**		
2	5/8-inch	$50.05	$52.55
3	5/8-inch Rate Assistance (Residential)	$35.04	$36.79
4	3/4-inch (Multi-Residential, incl. Fire Service)	$63.28	$66.44
5	3/4-inch	$69.96	$73.46
6	1-inch	$109.94	$115.43
7	1.5-inch	$218.87	$229.81
8	2-inch	$352.30	$369.92
9	3-inch	$731.20	$767.76
10	4-inch	$1,292.91	$1,357.55
11	6-inch	$2,577.53	$2,706.40
12			
13	**Basic Meter Charge - Dedicated Fire Service (per month)**		
14	5/8-inch Fire Service (Residential/Commercial)	$13.24	$13.90
15			
16	**Volumetric Rates (per 100 gallons)**		
17	***Tiers for Residential Units with Individual Meters***		
18	Tier 1 (0 to 3,000 gallons)	$0.94	$0.99
19	Tier 2 (3,001 to 6,000 gallons)	$1.50	$1.58
20	Tier 3 (6,001 to 7,000 gallons)	$2.73	$2.86
21	Tier 4 (Over 7,000 gallons)	$3.28	$3.44
22			
23	***Tiers for Multi-Residential Units with Master Meters***		
24	Tier 1 (0 to 3,000 gallons)	$0.94	$0.99
25	Tier 2 (3,001 to 3,200 gallons)	$1.50	$1.58
26	Tier 3 (3,201 to 7,000 gallons)	$2.73	$2.86
27	Tier 4 (Over 7,000 gallons)	$3.28	$3.44
28			
29	**Uniform**		
30	Commercial, Industrial, Institutional (CII)	$1.53	$1.61
31	Landscape Potable	$2.52	$2.65
32	Landscape Recycled	$1.82	$2.01
33	Qualifying Medical Needs Residential	$1.50	$1.58
34	Rate Assistance (Residential)	$0.94	$0.99

1.7 FINANCIAL PLAN

WRE worked closely with District staff and the Board of Directors to determine the financial plan scenario that best suits the District's needs. The results and recommendations of the water rate study are driven by the District's financial performance, input from District staff, and feedback and direction from the Board.

FACTORS AFFECTING FINANCIAL PERFORMANCE

The water system's financial performance is driven by the ability of the current water rates to meet the District's funding needs. To maintain financial sufficiency, water rates must fully fund operations and maintenance (O&M) costs, existing debt service, and capital improvement plan (CIP) expenditures, while allowing the District to meet relevant financial policies, which for this study include target fund balances and debt coverage.

The key factors affecting financial performance include:

- **Substantial capital investment needs over the next five years:** The cost of planned capital projects over the next six years (FY 2026 through FY 2031) is approximately $33.5 million (M), accounting for inflation of project costs over time. Significant projects include the Bethany Tank Rehabilitation (approximately $6.9M in FY 2026 through FY 2029) as well as the Mt. Roberta and Villa Fontenay Tank Replacements (approximately $2.4M in FY 2028 and FY 2029) which are anticipated to be fully debt financed, excluding planning costs. The remaining projects, including water main and well improvements, meter replacements, and other critical CIP, are anticipated to be funded through rates and/or reserves totaling approximately $24.2M.
- **Operating cost increases:** Total O&M expenses are projected to increase by approximately 4.5% per year on average through FY 2031, primarily due to inflation.
- **Fund balance ability to meet reserve policy targets**: The District's current reserve policies include the operating, rate stabilization, emergency, capital, and debt service reserves. These reserve policies were designed to maintain cash on hand to meet short-term cash imbalances, minimize rate impacts during periods of revenue instability, execute CIP projects, respond to unexpected costs efficiently, and reliably meet all debt service requirements. Without additional water rate revenues, the District's projected combined fund balance[5] will not meet the reserve target starting in FY 2028 and will be negative starting in FY 2029.

STATUS QUO FINANCIAL PLAN

The first step in evaluating the District's financial performance is to develop a "status quo financial plan," which is the scenario in which the District does not increase its water rates. This exercise is to determine whether the District's current water rates are sufficient to meet key financial performance metrics. Though the performance of each fund is evaluated separately to determine the need for revenue adjustments, the combined financial plan projections are shown to illustrate District-wide financial performance. This section shows two important metrics: fund balance and debt coverage.

Figure 1-1, **Figure 1-2**, and **Figure 1-3** show the fund balance projections for the potable, recycled, and combined status quo financial plan, respectively. With no new rate revenue or debt, the District's potable and combined ending balance (blue bars) will not meet its current reserve targets (dashed red line) starting in FY 2028 and will be negative starting in FY 2029. The District's recycled ending balance will not meet its current reserve targets starting in FY 2029.

[5] "Combined" refers to the sum of the Potable Water Fund (Fund 01) and Recycled Water Fund (Fund 02).

Figure 1-1: Projected Potable Fund Balances (Status Quo Financial Plan)

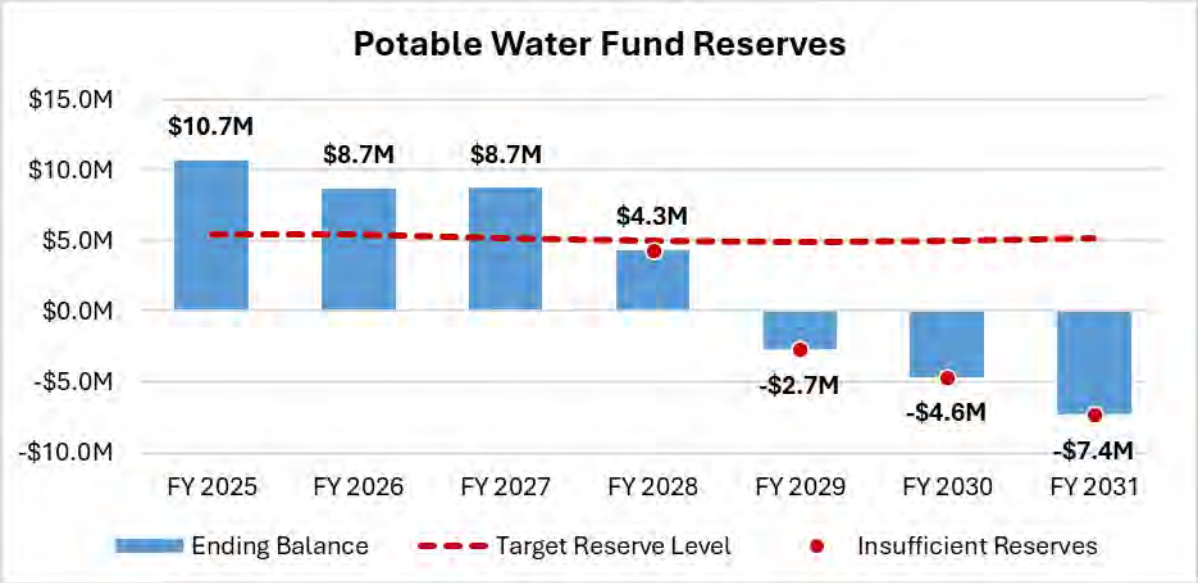


Figure 1-2: Projected Recycled Fund Balances (Status Quo Financial Plan)

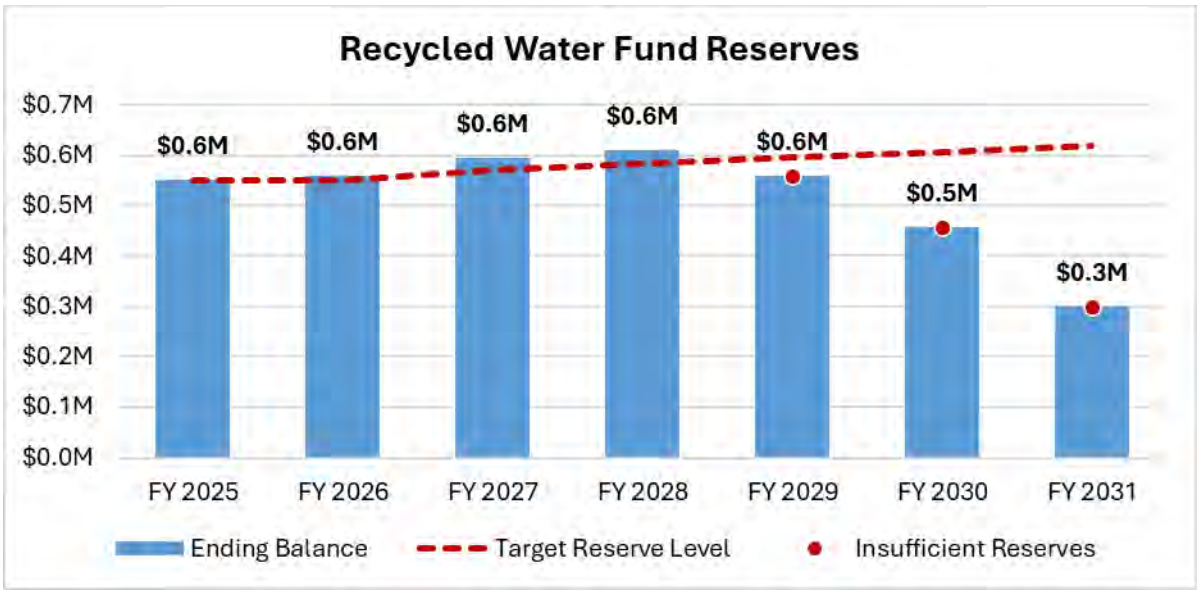


Figure 1-3: Projected Combined Fund Balances (Status Quo Financial Plan)

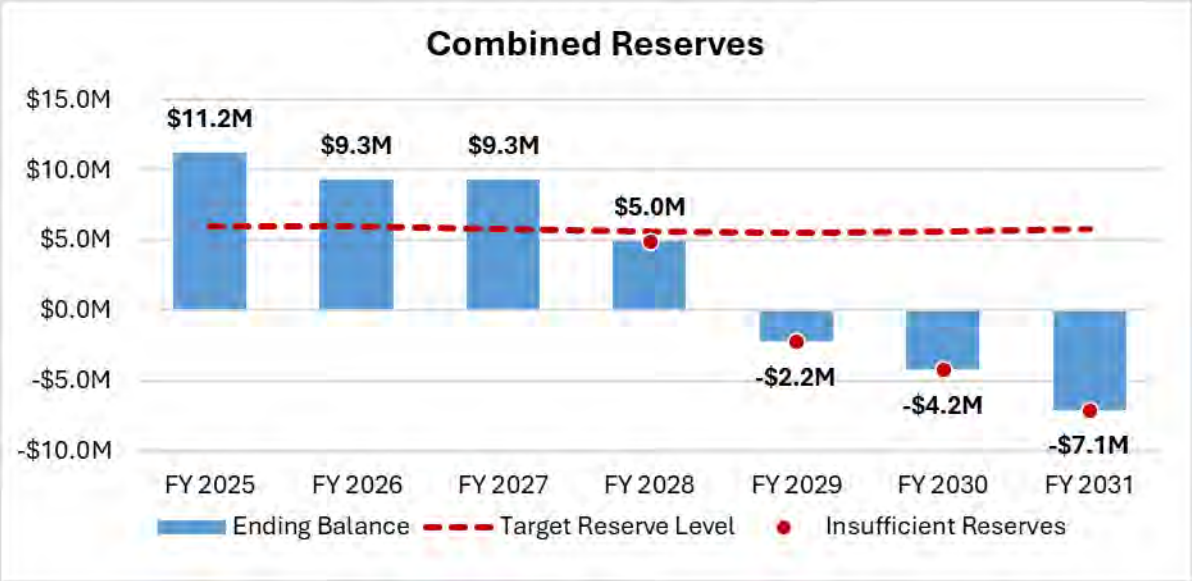
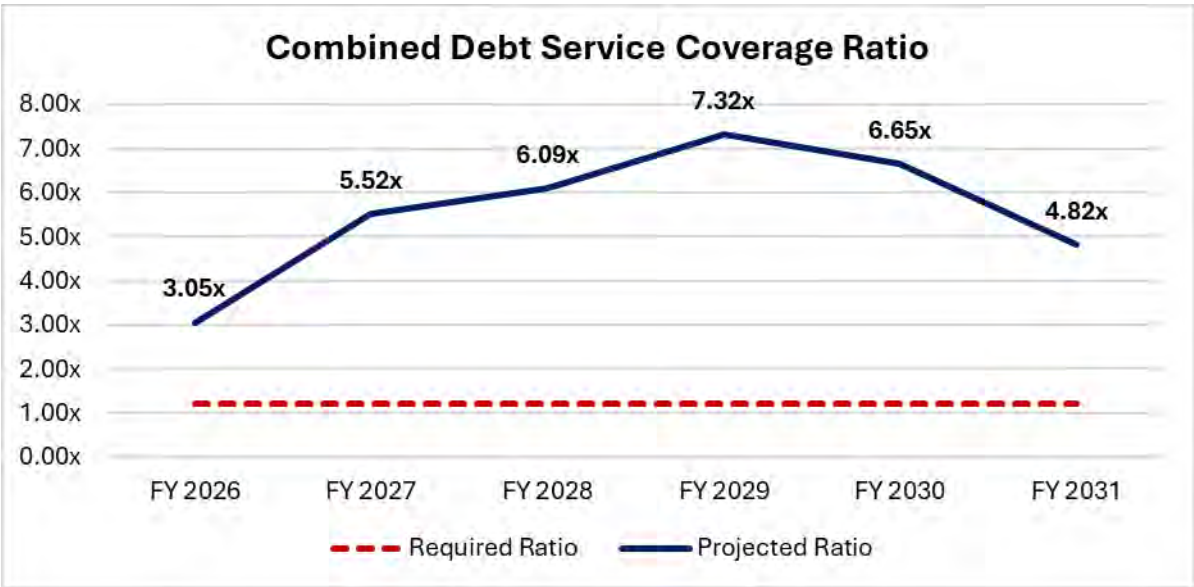


Figure 1-4 shows the debt coverage projections in the combined status quo financial plan. The required debt coverage (dashed red line) is equal to 120%. This means that net operating revenues (revenues less operating expenses) must be 120% or more of annual debt service. The District is expected to meet its required debt coverage requirements for all years for existing debt (dark blue line). Note that although the potable and recycled fund balance is evaluated separately to meet reserve targets, debt service coverage is evaluated on a District-wide basis.

Figure 1-4: Projected Combined Debt Coverage (Status Quo Financial Plan)



PROPOSED REVENUE ADJUSTMENTS AND DEBT ISSUANCES

Annual increases in water rate revenues resulting from rate increases are referred to as "revenue adjustments." WRE worked with the Board and District staff to determine the most appropriate financial plan scenario, shown in **Table 1-2**, which includes proposed revenue adjustments and new debt to fund the tank rehabilitation and replacement projects.

The proposed financial plan scenario includes five years of revenue adjustments which are required to maintain financial sufficiency and resiliency, and two proposed debt issuances in FY 2028 and FY 2029.

Table 1-2: Proposed Financial Plan Scenario

Line	Fiscal Year	Effective Date	Potable Revenue Adjustments	Recycled Revenue Adjustments	Debt Proceeds for CIP
1	FY 2027	1/1/2027	6.5%	4.0%	$0
2	FY 2028	1/1/2028	6.5%	4.0%	$6,460,881
3	FY 2029	1/1/2029	6.5%	4.0%	$2,185,454
4	FY 2030	1/1/2030	6.5%	4.0%	$0
5	FY 2031	1/1/2031	6.5%	4.0%	$0

PROPOSED FINANCIAL PLAN

The proposed financial plan applies the revenue adjustments and debt issuances, shown in **Table 1-2**, to reevaluate financial performance based on the same two metrics: fund balances and debt coverage. **Figure 1-5**, **Figure 1-6**, and **Figure 1-7** show the projected potable, recycled, and combined fund balances under the proposed scenario. In this scenario, the District will meet its current reserve targets in all years.

Figure 1-5: Projected Potable Fund Balances (Proposed Financial Plan)

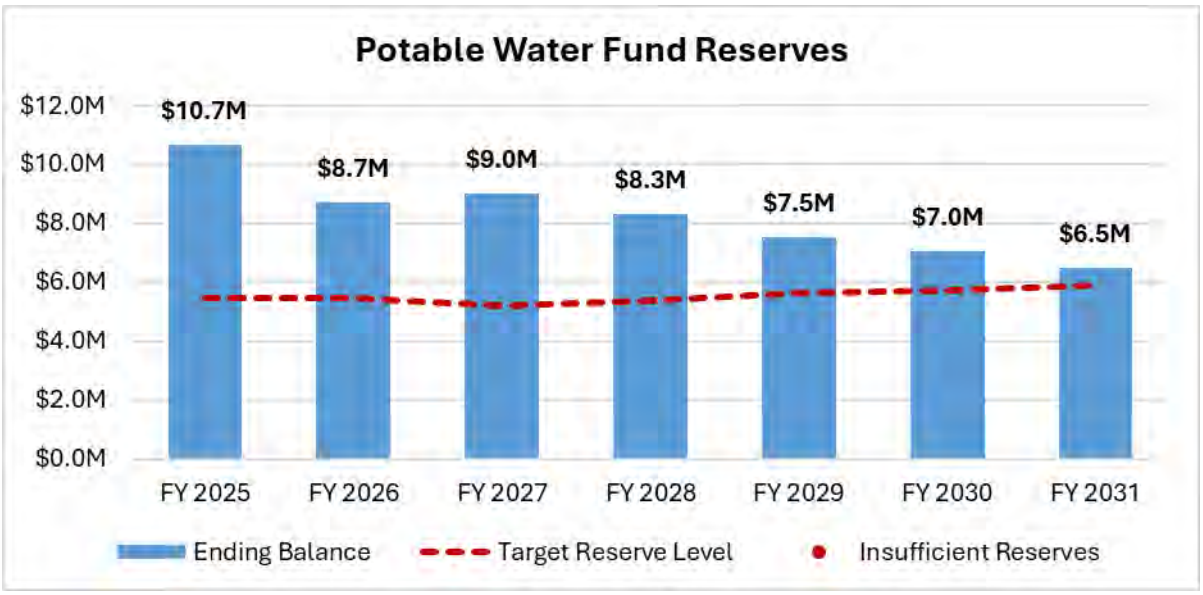


Figure 1-6: Projected Recycled Fund Balances (Proposed Financial Plan)

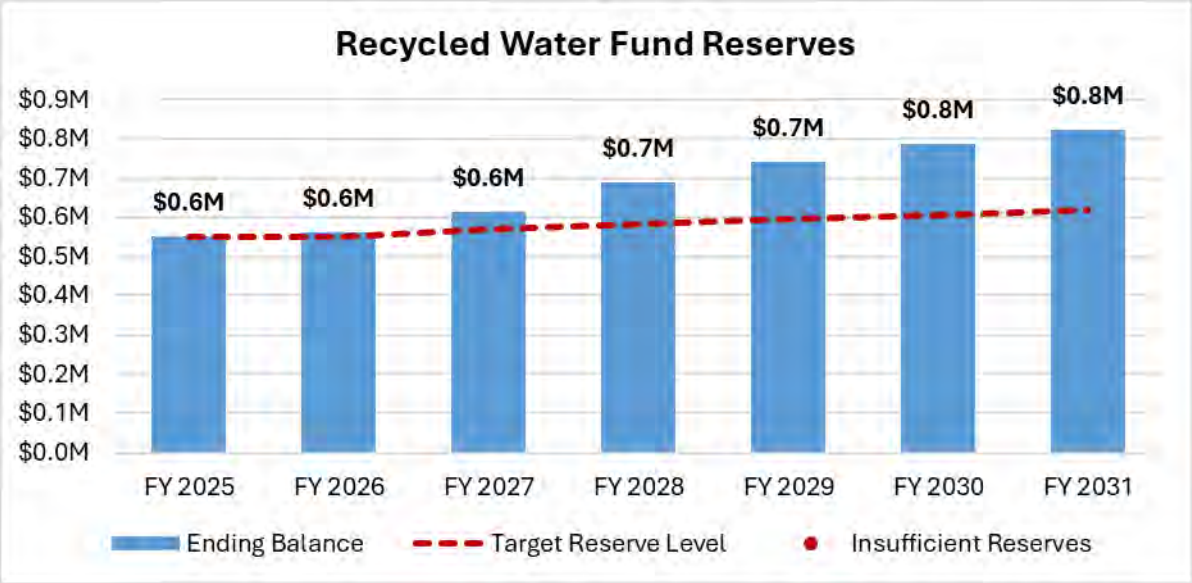


Figure 1-7: Projected Combined Fund Balances (Proposed Financial Plan)

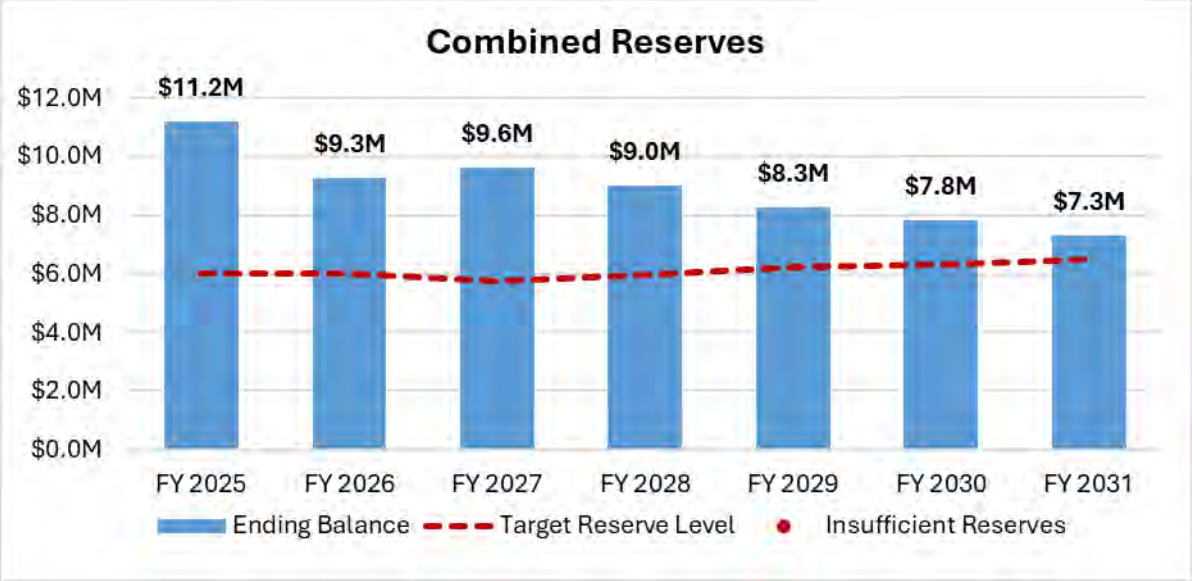
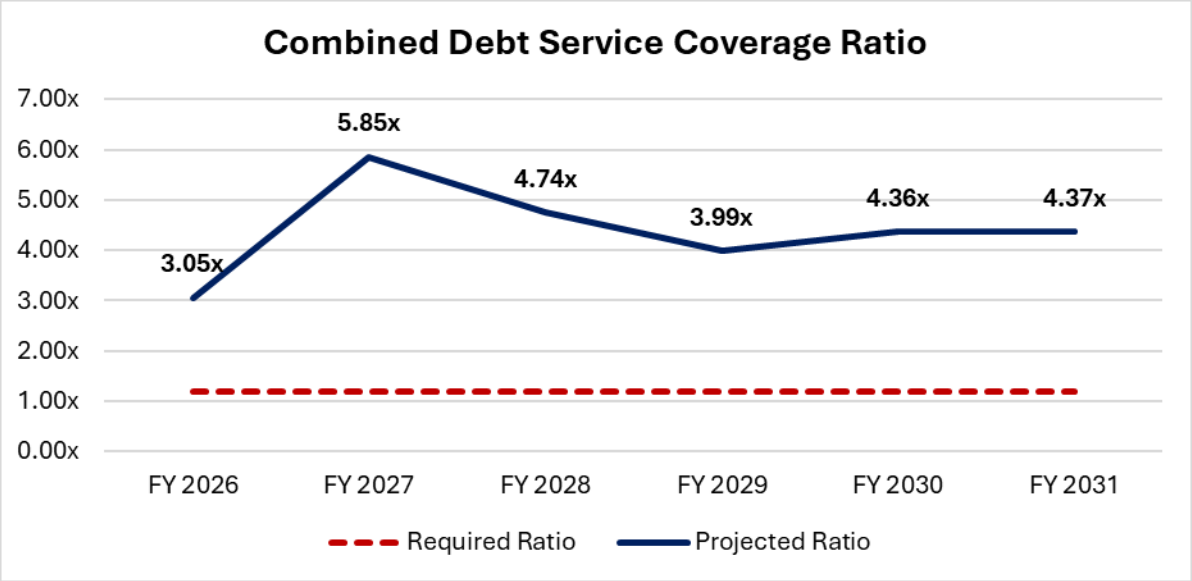


Figure 1-8 shows projected debt coverage under the proposed scenario. Although this scenario includes an additional $8.6M in new debt to fund CIP, the District will meet coverage requirements for all years.

Figure 1-8: Projected Combined Debt Coverage (Proposed Financial Plan)



1.8 COST-OF-SERVICE ANALYSIS

A cost-of-service analysis is a technical process used to determine the cost of providing water service to the District's customers based on each customer's use of and burden on the water system. The cost-of-service analysis is the basis of the nexus between the costs incurred by the utility to provide water service and the water rates charged to customers, which is a requirement of Proposition 218.

COST-OF-SERVICE METHODOLOGY

The cost-of-service methodology is based on industry standards set forth by AWWA in its *M1 Manual*; this rate study utilizes the base-extra capacity method. The overall goal of the cost-of-service analysis is to develop "unit costs," which provide the basis from which proposed rates are directly calculated from. Note that although the study period spans six years, the cost-of-service analysis is limited to a single representative year referred to as the "test year." The test year in this study is FY 2026. The key steps in conducting a water cost-of-service analysis are outlined below:

- **Revenue requirement determination**: The total rate revenue requirement for the test year is determined based on the results of the proposed financial plan and divided into primary sub-components (operating, capital, etc.).
- **Cost functionalization**: Operating and capital costs are evaluated and assigned to "functional categories" in the water system (e.g., customer service, water supply, distribution, etc.). This process provides a proportional breakdown of system costs by functional category.
- **Revenue requirement allocation to cost causation components**: Functionalized costs are allocated to "cost causation components" (e.g., water supply, delivery, conservation, etc.), which is used to attribute customers' use of the system to the District's incurrence of costs.
- **Unit cost development**: The rate revenue requirement allocation for each individual cost causation component is divided by the appropriate units of service to establish unit costs for the test year. Unit costs provide the basis from which proposed rates are calculated.

1.9 PROPOSED WATER RATES

WRE worked closely with the Board and District staff to determine the most appropriate water rate structure that meets the District's needs.

PROPOSED RATE STRUCTURE CHANGES

Currently the District's rate structure consists of a four-tiered volumetric rate for Residential customers (including Single Family and Multi-Family) and a uniform volumetric rate for all other customers including CII and Landscape. Recent court cases have highlighted potential legal risks associated with tiered rate structures for different customer classes, particularly when tier definitions are not clearly cost-justified or specific to agency customer use characteristics. Based on input from District staff and Board, WRE recommends reducing the number of tiers for Residential customers from four to three tiers and aligning Multi-Family with proposed Single Family tiers to better align the District's rate structure with evolving interpretations of Proposition 218 legal requirements and simplify the District's rate structure.

Under the proposed residential tier allotments, current Single Family tier allotments remain unchanged for Tiers 1-2. However, current Tiers 3-4 are consolidated into a single proposed Tier 3 allotment. For Multi-Family customers, the current Tier 1 allotment remains unchanged, while proposed allotments for Tiers 2-3 are adjusted to align with Single Family on a per dwelling unit basis. Under the proposed tier allotments, Tier 1 is intended to reflect reasonable indoor water use, Tier 2 reflects reasonable outdoor water use, and Tier 3 reflects all additional water use.

Additionally, the District currently charges Residential Rate Assistance usage based on the Tier 1 rate and Residential Qualifying Medical Needs usage based on the Tier 2 rate. After consideration of the Rate Assistance and Qualifying Medical Needs historical usage, WRE recommends charging both Rate Assistance and Qualifying Medical Needs usage based on the Tier 1 rate.

PROPOSED FIVE-YEAR WATER RATE SCHEDULE

The proposed five-year water rate schedules in this section are based on the proposed rate structure and methodology changes, the updated cost-of-service analysis, and the proposed revenue adjustments in the five-year period. All rates will be effective in January of each year, from January 2027 through January 2031. **Table 1-3** shows the current and proposed monthly basic meter charges for both potable and recycled customers (Lines 1-12) and volumetric rates (Lines 14-23).

Table 1-3: Current and Proposed Potable and Recycled Water Rates

Line	Proposed Water Rates	As of 1/1/2026	Effective 1/1/2027	Effective 1/1/2028	Effective 1/1/2029	Effective 1/1/2030	Effective 1/1/2031
1	**Monthly Basic Meter Charge**						
2	5/8-inch	$52.55	$55.30	$58.90	$62.73	$66.81	$71.16
3	5/8-inch Rate Assistance (Residential)	$36.79	$38.71	$41.23	$43.91	$46.77	$49.82
4	5/8-inch Fire Service (Residential/Commercial)	$13.90	$10.99	$11.71	$12.48	$13.30	$14.17
5	3/4-inch (Multi-Residential, incl. Fire Service)	$66.44	$66.29	$70.60	$75.19	$80.08	$85.29
6	3/4-inch	$73.46	$76.15	$81.10	$86.38	$92.00	$97.98
7	1-inch	$115.43	$117.86	$125.53	$133.69	$142.38	$151.64
8	1.5-inch	$229.81	$222.11	$236.55	$251.93	$268.31	$285.76
9	2-inch	$369.92	$347.22	$369.79	$393.83	$419.43	$446.70
10	3-inch	$767.76	$743.41	$791.74	$843.21	$898.02	$956.40
11	4-inch	$1,357.55	$1,327.25	$1,413.53	$1,505.41	$1,603.27	$1,707.49
12	6-inch	$2,706.40	$2,724.32	$2,901.41	$3,090.01	$3,290.87	$3,504.78
13							
14	**Volumetric Rates ($/100 gallons)**						
15	**Residential**[6]						
16	Tier 1 (0-3,000 gallons)	N/A	$0.97	$1.04	$1.11	$1.19	$1.27
17	Tier 2 (3,001-6,000 gallons)	N/A	$2.49	$2.66	$2.84	$3.03	$3.23
18	Tier 3 (6,001+ gallons)	N/A	$3.37	$3.59	$3.83	$4.08	$4.35
19	**CII**	$1.61	$1.71	$1.83	$1.95	$2.08	$2.22
20	**Landscape**	$2.65	$2.31	$2.47	$2.64	$2.82	$3.01
21	**Recycled**	$2.01	$2.11	$2.19	$2.27	$2.35	$2.44
22	**Qualifying Medical Needs Residential**	$1.58	$0.97	$1.04	$1.11	$1.19	$1.27
23	**Rate Assistance (Residential)**	$0.99	$0.97	$1.04	$1.11	$1.19	$1.27

SINGLE FAMILY MONTHLY CUSTOMER IMPACTS

Table 1-4 shows the proposed impacts for a Single Family customer with a 5/8-inch meter (the most common meter size within this class) at various levels of monthly consumption. For the median Single Family customer that consumes 36 hgal of water monthly, the monthly impact will be an increase of $7.61 or 8.3%.

[6] Current Residential four-tiered volumetric rates are not shown as they are not directly comparable to the proposed three-tiered volumetric rate structure and tier allotments.

Table 1-4: Proposed Monthly Single Family Customer Impacts

Line	Single Family Water Usage Level	Usage (100 gallons)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	Very Low (10th percentile)	13	$65.42	$67.91	$2.49	3.8%
2	Low (25th percentile)	23	$75.32	$77.61	$2.29	3.0%
3	**Median**	**36**	**$91.73**	**$99.34**	**$7.61**	**8.3%**
4	High (75th percentile)	56	$123.33	$149.14	$25.81	20.9%
5	Very High (90th percentile)	88	$220.17	$253.46	$33.29	15.1%

Table 1-5 shows monthly bills for a Single Family customer with a 5/8-inch meter and median water use of 36 hgal over the five-year rate-setting period. By the end of the final year of the proposed rate-setting period, monthly bills will increase to $128.64.

Table 1-5: Proposed Five-Year Monthly Bill Impacts for Median Single Family Customer

Line	Fiscal Year	Monthly Bill	Monthly Bill Increase ($)	Monthly Bill Increase (%)
1	Current	$91.73		
2	Proposed FY 2027	$99.34	$7.61	8.3%
3	Proposed FY 2028	$106.06	$6.72	6.8%
4	Proposed FY 2029	$113.07	$7.01	6.6%
5	Proposed FY 2030	$120.69	$7.62	6.7%
6	Proposed FY 2031	$128.64	$7.95	6.6%

MULTI-FAMILY MONTHLY CUSTOMER IMPACTS

Table 1-6 shows the proposed impacts for a Multi-Family customer with a 5/8-inch meter (the most common meter size within this class) serving five dwelling units at various levels of monthly consumption. For the median Multi-Family that consumes 145 hgal of water monthly, the monthly impact will be a reduction of $0.15 or -0.1%.

Table 1-6: Proposed Monthly Multi-Family Customer Impacts

Line	Multi-Family Water Usage Level	Usage (100 gallons)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	Very Low (10th percentile)	65	$116.90	$118.35	$1.45	1.2%
2	Low (25th percentile)	95	$146.60	$147.45	$0.85	0.6%
3	**Median**	**145**	**$196.10**	**$195.95**	**($0.15)**	**-0.1%**
4	High (75th percentile)	180	$274.05	$275.50	$1.45	0.5%
5	Very High (90th percentile)	245	$459.95	$437.35	($22.60)	-4.9%

Table 1-7 shows monthly bills for a Multi-Family customer with a 5/8-inch meter serving five dwelling units and median water use of 145 hgal over the five-year rate-setting period. By the end of the final year of the proposed rate-setting period, monthly bills will increase to $255.31.

Table 1-7: Proposed Five-Year Monthly Bill Impacts for Median Multi-Family Customer

Line	Fiscal Year	Monthly Bill	Monthly Bill Increase ($)	Monthly Bill Increase (%)
1	Current	$196.10		
2	Proposed FY 2027	$195.95	($0.15)	-0.1%
3	Proposed FY 2028	$209.70	$13.75	7.0%
4	Proposed FY 2029	$223.68	$13.98	6.7%
5	Proposed FY 2030	$239.36	$15.68	7.0%
6	Proposed FY 2031	$255.31	$15.95	6.7%

CII MONTHLY CUSTOMER IMPACTS

Table 1-8 shows the proposed impacts for a CII customer with a 5/8-inch meter (the most common meter size within this class) at various levels of monthly consumption. For the median CII customer that consumes 58 hgal of water monthly, the monthly impact will be an increase of $8.55 or 5.9%.

Table 1-8: Proposed Monthly CII Customer Impacts

Line	CII Water Usage Level	Usage (100 gallons)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	Very Low (10th percentile)	3	$57.38	$60.43	$3.05	5.3%
2	Low (25th percentile)	17	$79.92	$84.37	$4.45	5.6%
3	**Median**	**58**	**$145.93**	**$154.48**	**$8.55**	**5.9%**
4	High (75th percentile)	189	$356.84	$378.49	$21.65	6.1%
5	Very High (90th percentile)	617	$1,045.92	$1,110.37	$64.45	6.2%

Table 1-9 shows monthly bills for a CII customer with a 5/8-inch meter and median water use of 58 hgal over the five-year rate-setting period. By the end of the final year of the proposed rate-setting period, monthly bills will increase to $199.92.

Table 1-9: Proposed Five-Year Monthly Bill Impacts for Median CII Customer

Line	Fiscal Year	Monthly Bill	Monthly Bill Increase ($)	Monthly Bill Increase (%)
1	Current	$145.93		
2	Proposed FY 2027	$154.48	$8.55	5.9%
3	Proposed FY 2028	$165.04	$10.56	6.8%
4	Proposed FY 2029	$175.83	$10.79	6.5%
5	Proposed FY 2030	$187.45	$11.62	6.6%
6	Proposed FY 2031	$199.92	$12.47	6.7%

LANDSCAPE MONTHLY CUSTOMER IMPACTS

Table 1-10 shows the proposed impacts for a Landscape customer with a 5/8" meter (the most common meter size within this class) at various levels of monthly consumption. For the median Landscape customer that consumes 30 hgal of water monthly, the monthly impact will be a reduction of $7.45 or -5.6%.

Table 1-10: Proposed Monthly Landscape Customer Impacts

Line	Landscape Water Usage Level	Usage (100 gallons)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	Very Low (10th percentile)	0	$52.55	$55.30	$2.75	5.2%
2	Low (25th percentile)	0	$52.55	$55.30	$2.75	5.2%
3	**Median**	**30**	**$132.05**	**$124.60**	**($7.45)**	**-5.6%**
4	High (75th percentile)	166	$492.45	$438.76	($53.69)	-10.9%
5	Very High (90th percentile)	454	$1,255.65	$1,104.04	($151.61)	-12.1%

Table 1-11 shows monthly bills for a Landscape customer with a 5/8-inch meter and median water use of 30 hgal over the five-year rate-setting period. By the end of the final year of the proposed rate-setting period, monthly bills will increase to $161.46.

Table 1-11: Proposed Five-Year Monthly Bill Impacts for Median Landscape Customer

Line	Fiscal Year	Monthly Bill	Monthly Bill Increase ($)	Monthly Bill Increase (%)
1	Current	$132.05		
2	Proposed FY 2027	$124.60	($7.45)	-5.6%
3	Proposed FY 2028	$133.00	$8.40	6.7%
4	Proposed FY 2029	$141.93	$8.93	6.7%
5	Proposed FY 2030	$151.41	$9.48	6.7%
6	Proposed FY 2031	$161.46	$10.05	6.6%

RECYCLED MONTHLY CUSTOMER IMPACTS

Table 1-12 shows the proposed impacts for a Recycled customer with a 5/8-inch meter (the most common meter size within this class) at various levels of monthly consumption. For the median Recycled customer that consumes 60 hgal of water monthly, the monthly impact will be an increase of $8.75 or 5.1%.

Table 1-12: Proposed Monthly Recycled Customer Impacts

Line	Recycled Water Usage Level	Usage (100 gallons)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	Very Low (10th percentile)	0	$52.55	$55.30	$2.75	5.2%
2	Low (25th percentile)	1	$54.56	$57.41	$2.85	5.2%
3	**Median**	**60**	**$173.15**	**$181.90**	**$8.75**	**5.1%**
4	High (75th percentile)	391	$838.46	$880.31	$41.85	5.0%
5	Very High (90th percentile)	1,423	$2,912.78	$3,057.83	$145.05	5.0%

Table 1-13 shows monthly bills for a Recycled customer with a 5/8-inch meter and median water use of 60 hgal over the five-year rate-setting period. By the end of the final year of the proposed rate-setting period, monthly bills will increase to $217.56.

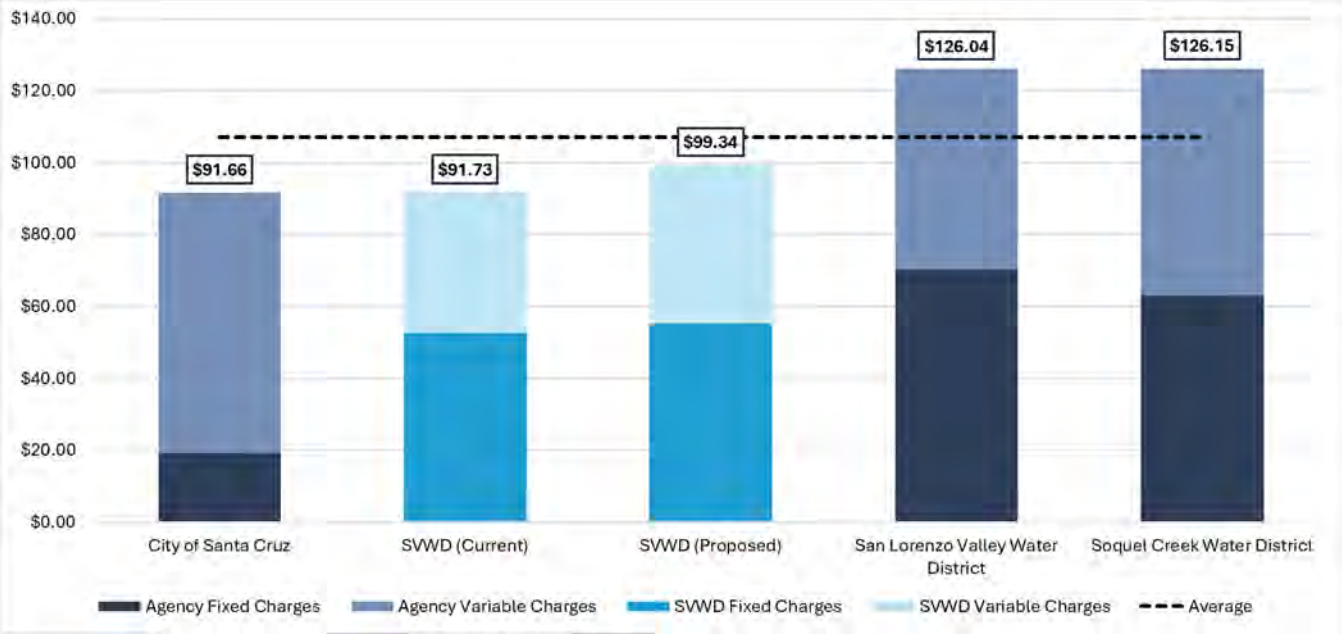
Table 1-13: Proposed Five-Year Monthly Bill Impacts for Median Recycled Customer

Line	Fiscal Year	Monthly Bill	Monthly Bill Increase ($)	Monthly Bill Increase (%)
1	Current	$173.15		
2	Proposed FY 2027	$181.90	$8.75	5.1%
3	Proposed FY 2028	$190.30	$8.40	4.6%
4	Proposed FY 2029	$198.93	$8.63	4.5%
5	Proposed FY 2030	$207.81	$8.88	4.5%
6	Proposed FY 2031	$217.56	$9.75	4.7%

SINGLE FAMILY RATE SURVEY

WRE compared the current and proposed FY 2027 water bills for Single Family Residential customers at median usage relative to the bills of nearby agencies. **Figure 1-9** shows the current and proposed monthly bills for a Single Family customer with a 5/8" meter at median usage (36 hgal) by their fixed and variable components relative to the bills of other nearby agencies. Currently SVWD bills at median usage are below the average and, with the proposed changes to rates, SVWD bills at median usage remain below the average bill in the survey. Bills for other agencies are based on FY 2027 adopted rates.

Figure 1-9: Single Family Rate Survey, 5/8" Meter – 36 hgal/month



2. FINANCIAL PLAN

2.1 FINANCIAL PLAN METHODOLOGY

The purpose of a financial plan is to project revenues, expenses, cash flows, reserve balances, and debt coverage over a multi-year period to assess financial sufficiency and performance and to determine the amount of required rate revenue. For this study, the planning period is from FY 2026 through FY 2031;[7] data for FY 2025 is shown when needed to represent actual data inputs. The key steps in developing a financial plan for a water enterprise are below:

- **Revenue projections:** Annual revenues from rates and other miscellaneous sources are projected over the planning period. Rate revenues are projected based on current rates to establish baseline revenues from which the need for additional rate increases can be evaluated.
- **Expense projections:** Annual expenses are projected over the study period, including O&M expenses, debt service, and CIP costs. CIP funding options (grants, debt, etc.) are also evaluated as part of the financial plan.
- **Financial policy evaluation:** Key financial policies include debt coverage requirements and reserve targets. Debt coverage requirements are typically explicitly stated in official agreements on outstanding debt issuances. Reserve targets are typically set by an agency's elected officials and may need to be periodically evaluated and updated.
- **Status quo financial plan projections:** Cash flow, reserve balances, and debt coverage are projected over the study period in the absence of additional rate increases (this scenario is called the "status quo"). Projected reserve balances and debt coverage are then compared to the agency's financial policy requirements and targets. The status quo financial plan provides a baseline from which to evaluate the need for rate increases.
- **Proposed financial plan projections:** The magnitude and timing of annual proposed revenue increases over the study period are evaluated and determined based on the agency's financial policies, financial performance, and policy objectives. Proposed rate increases (referred to as "revenue adjustments") should generate sufficient revenue to recover the agency's expenses, maintain adequate reserves, and meet all debt coverage requirements. The proposed financial plan determines the total annual rate revenue requirement over the study period.

[7] Note that although the financial planning period spans six years (FY 2026 through FY 2031), rate adjustments will only be proposed for five years (FY 2027 through FY 2031).

2.2 REVENUES

CURRENT WATER RATES

The District's current water rates include a monthly basic meter charge based on meter size, a volumetric rate based on water usage in hgal, and a monthly basic meter charge for all dedicated private fire service connections.

Potable and recycled customers are charged the same monthly basic meter charge. For potable customers, Single Family[8] and Multi-Family[9] have a four-tiered volumetric rate; all other customers including CII and Landscape have a uniform volumetric rate. All recycled customers have a uniform volumetric rate. Note that the four-tiered volumetric rates for Single Family and Multi-Family customers are the same, although the corresponding tier allotments are different.

The District also has two discount programs for eligible Residential Rate Assistance and Medical Needs customers. Eligible Rate Assistance customers receive 30% off monthly basic meter charges and are charged a uniform volumetric rate based on the Residential Tier 1 rate. Eligible Medical Needs customers are charged a uniform volumetric rate based on the Residential Tier 2 rate.

The current rates are based on the District's most recent water rate study completed in 2021 which established a potable and recycled water rate schedule from FY 2022 through FY 2026, effective in January of each year. The adopted water rate schedule represents the maximum rate that the District can implement each year. The District has discretion to implement lower rates than those adopted. In FY 2024, the District implemented rates that were lower than the maximum rates adopted in the 2021 study. As a result, the District's current rates are lower than those adopted in the 2021 study, except for the recycled water volumetric rate which remains at the adopted rate.

Table 2-1 shows the current monthly basic meter charges (Lines 2-11), fixed monthly basic meter charges for dedicated private fire service connections (Line 14), four-tiered volumetric rates for Single Family (Lines 17-21) and Multi-Family (Lines 23-27), and uniform volumetric rates for all other customer classes (Lines 29-34).

[8] Single Family customers are also known as "Residential Units with Individual Meters."
[9] Multi-Family customers are also known as "Multi-Residential Units with Master Meters."

Table 2-1: Current Water Rates

Line	Current Water Rates	Effective 1/1/2025	Effective 1/1/2026
1	**Basic Meter Charge (per month)**		
2	5/8-inch	$50.05	$52.55
3	5/8-inch Rate Assistance (Residential)	$35.04	$36.79
4	3/4-inch (Multi-Residential, incl. Fire Service)	$63.28	$66.44
5	3/4-inch	$69.96	$73.46
6	1-inch	$109.94	$115.43
7	1.5-inch	$218.87	$229.81
8	2-inch	$352.30	$369.92
9	3-inch	$731.20	$767.76
10	4-inch	$1,292.91	$1,357.55
11	6-inch	$2,577.53	$2,706.40
12			
13	**Basic Meter Charge - Dedicated Fire Service (per month)**		
14	5/8-inch Fire Service (Residential/Commercial)	$13.24	$13.90
15			
16	**Volumetric Rates (per 100 gallons)**		
17	***Tiers for Residential Units with Individual Meters***		
18	Tier 1 (0 to 3,000 gallons)	$0.94	$0.99
19	Tier 2 (3,001 to 6,000 gallons)	$1.50	$1.58
20	Tier 3 (6,001 to 7,000 gallons)	$2.73	$2.86
21	Tier 4 (Over 7,000 gallons)	$3.28	$3.44
22			
23	***Tiers for Multi-Residential Units with Master Meters***		
24	Tier 1 (0 to 3,000 gallons)	$0.94	$0.99
25	Tier 2 (3,001 to 3,200 gallons)	$1.50	$1.58
26	Tier 3 (3,201 to 7,000 gallons)	$2.73	$2.86
27	Tier 4 (Over 7,000 gallons)	$3.28	$3.44
28			
29	**Uniform**		
30	Commercial, Industrial, Institutional (CII)	$1.53	$1.61
31	Landscape Potable	$2.52	$2.65
32	Landscape Recycled	$1.82	$2.01
33	Qualifying Medical Needs Residential	$1.50	$1.58
34	Rate Assistance (Residential)	$0.94	$0.99

EFFECTIVE FISCAL YEAR WATER RATES

The District's budget is based on a Fiscal Year starting July 1 and ending June 30. Since the current water rates were not implemented to match the fiscal year cycle, **Table 2-2** shows the effective water rates for each fiscal year prior to any revenue adjustments. FY 2026 rates were implemented on January 1, 2026, meaning that those rates were effective for half of the fiscal year. The first half of FY 2026 was charged based on the FY 2025 rate effective on January 1, 2025. The current rates for all other years (FY 2027 through FY 2031) are representative of the full fiscal year.

Table 2-2: Effective Water Rates

Line	Effective Water Rates	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Basic Meter Charge (per month)**						
2	5/8-inch	$51.30	$52.55	$52.55	$52.55	$52.55	$52.55
3	5/8-inch Rate Assistance (Residential)	$35.92	$36.79	$36.79	$36.79	$36.79	$36.79
4	3/4-inch (Multi-Residential, incl. Fire Service)	$64.86	$66.44	$66.44	$66.44	$66.44	$66.44
5	3/4-inch	$71.71	$73.46	$73.46	$73.46	$73.46	$73.46
6	1-inch	$112.69	$115.43	$115.43	$115.43	$115.43	$115.43
7	1.5-inch	$224.34	$229.81	$229.81	$229.81	$229.81	$229.81
8	2-inch	$361.11	$369.92	$369.92	$369.92	$369.92	$369.92
9	3-inch	$749.48	$767.76	$767.76	$767.76	$767.76	$767.76
10	4-inch	$1,325.23	$1,357.55	$1,357.55	$1,357.55	$1,357.55	$1,357.55
11	6-inch	$2,641.97	$2,706.40	$2,706.40	$2,706.40	$2,706.40	$2,706.40
12							
13	**Basic Meter Charge - Dedicated Fire Service (per month)**						
14	5/8-inch Fire Service (Residential/Commercial)	$13.57	$13.90	$13.90	$13.90	$13.90	$13.90
15							
16	**Volumetric Rates (per 100 gallons)**						
17	***Tiers for Residential Units with Individual Meters***						
18	0 to 3,000 gallons	$0.97	$0.99	$0.99	$0.99	$0.99	$0.99
19	3,001 to 6,000 gallons	$1.54	$1.58	$1.58	$1.58	$1.58	$1.58
20	6,001 to 7,000 gallons	$2.80	$2.86	$2.86	$2.86	$2.86	$2.86
21	Over 7,000 gallons	$3.36	$3.44	$3.44	$3.44	$3.44	$3.44
22							
23	***Tiers for Multi-Residential Units with Master Meters***						

Line	Effective Water Rates	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
24	0 to 3,000 gallons	$0.97	$0.99	$0.99	$0.99	$0.99	$0.99
25	3,001 to 3,200 gallons	$1.54	$1.58	$1.58	$1.58	$1.58	$1.58
26	3,201 to 7,000 gallons	$2.80	$2.86	$2.86	$2.86	$2.86	$2.86
27	Over 7,000 gallons	$3.36	$3.44	$3.44	$3.44	$3.44	$3.44
28							
29	**Uniform**						
30	Commercial, Industrial, Institutional (CII)	$1.57	$1.61	$1.61	$1.61	$1.61	$1.61
31	Landscape Potable	$2.59	$2.65	$2.65	$2.65	$2.65	$2.65
32	Landscape Recycled	$1.92	$2.01	$2.01	$2.01	$2.01	$2.01
33	Qualifying Medical Needs Residential	$1.54	$1.58	$1.58	$1.58	$1.58	$1.58
34	Rate Assistance (Residential)	$0.97	$0.99	$0.99	$0.99	$0.99	$0.99

CUSTOMER ACCOUNTS AND USAGE

This section details the customer accounts and water usage for all years of the study, which are referred to as the units of service. Units of service represent the quantity of billing units that are subject to the District's water rates and charges.

Table 2-3 shows the projected number of meters and private fire lines for each customer class for the study period. Potable customer classes include Single Family, Multi-Family, CII, and Landscape customer classes. District staff provided actual data for FY 2026; this study assumes new metered connections per year based on District staff growth projections. No growth is assumed for private fire lines. The number of metered connections is the unit of service for the District's monthly basic meter charges. The number of private fire lines is the unit of service for the District's monthly basic meter charges for dedicated private fire service connections.

Table 2-3: Projected Customer Accounts (Meters and Private Fire Lines)

Line	Water Meters and Private Fire lines	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	***Source***	***Actual***	***Projected***	***Projected***	***Projected***	***Projected***	***Projected***
2							
3	**Single Family**						
4	5/8-inch	3,022	3,030	3,038	3,038	3,048	3,058
5	5/8-inch Rate Assistance (Residential)	40	40	40	40	40	40
6	3/4-inch (Multi-Residential, incl. Fire Service)	347	347	347	347	347	347
7	3/4-inch	25	34	40	40	40	40

Line	Water Meters and Private Fire lines	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
8	1-inch	4	4	4	4	4	4
9	1.5-inch	0	0	0	0	0	0
10	2-inch	0	0	0	1	1	1
11	3-inch	0	0	0	0	0	0
12	4-inch	0	0	0	0	0	0
13	6-inch	0	0	0	0	0	0
14	**Subtotal**	**3,438**	**3,455**	**3,469**	**3,470**	**3,480**	**3,490**
15							
16	**Multi-Family**						
17	5/8-inch	73	73	73	73	73	73
18	5/8-inch Rate Assistance (Residential)	0	0	0	0	0	0
19	3/4-inch (Multi-Residential, incl. Fire Service)	0	0	0	0	0	0
20	3/4-inch	1	1	1	1	1	1
21	1-inch	35	35	35	35	35	35
22	1.5-inch	7	7	7	7	7	7
23	2-inch	2	2	2	2	2	2
24	3-inch	0	1	1	1	1	1
25	4-inch	0	0	0	0	0	0
26	6-inch	0	0	0	0	0	0
27	**Subtotal**	**118**	**119**	**119**	**119**	**119**	**119**
28							
29	**CII**						
30	5/8-inch	166	166	166	166	166	166
31	5/8-inch Rate Assistance (Residential)	0	0	0	0	0	0
32	3/4-inch (Multi-Residential, incl. Fire Service)	0	0	0	0	0	0
33	3/4-inch	10	10	10	10	10	10
34	1-inch	63	63	63	63	63	63
35	1.5-inch	29	30	30	30	30	30
36	2-inch	30	31	31	31	31	31
37	3-inch	1	1	1	1	1	1
38	4-inch	1	1	1	1	1	1
39	6-inch	0	0	0	0	0	0

Line	Water Meters and Private Fire lines	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
40	**Subtotal**	**300**	**302**	**302**	**302**	**302**	**302**
41							
42	**Landscape**						
43	5/8-inch	47	47	48	48	48	48
44	5/8-inch Rate Assistance (Residential)	0	0	0	0	0	0
45	3/4-inch (Multi-Residential, incl. Fire Service)	0	0	0	0	0	0
46	3/4-inch	6	6	6	6	6	6
47	1-inch	15	15	15	15	15	15
48	1.5-inch	8	8	8	8	8	8
49	2-inch	2	2	2	2	2	2
50	3-inch	0	0	0	0	0	0
51	4-inch	0	0	0	0	0	0
52	6-inch	0	0	0	0	0	0
53	**Subtotal**	**78**	**78**	**79**	**79**	**79**	**79**
54							
55	**Recycled**						
56	5/8-inch	25	25	25	25	25	25
57	3/4-inch	7	7	7	7	7	7
58	1-inch	18	19	19	19	19	19
59	1.5-inch	4	4	5	5	5	5
60	2-inch	8	8	8	8	8	8
61	3-inch	2	2	2	2	2	2
62	4-inch	0	0	0	0	0	0
63	6-inch	0	0	0	0	0	0
64	**Subtotal**	**64**	**65**	**66**	**66**	**66**	**66**
65							
66	**Total Water Meters (Excluding Fire)**	**3,998**	**4,019**	**4,035**	**4,036**	**4,046**	**4,056**
67	**Total Potable Water Meters**	**3,934**	**3,954**	**3,969**	**3,970**	**3,980**	**3,990**
68	**Total Recycled Water Meters**	**64**	**65**	**66**	**66**	**66**	**66**
69	**Total 5/8-inch Fire Service**	**521**	**521**	**521**	**521**	**521**	**521**

Table 2-4 shows the projected water usage for each customer class and tier. District staff provided actual water usage for FY 2025; FY 2026 projected water usage was adjusted to match the past five-year average of 1,087 Acre Feet (AF), resulting in a 2.8% decrease in water usage from FY 2025 to FY 2026. All additional usage projected for future years is based on new connections.

Table 2-4: Projected Customer Water Usage (100 gallons)

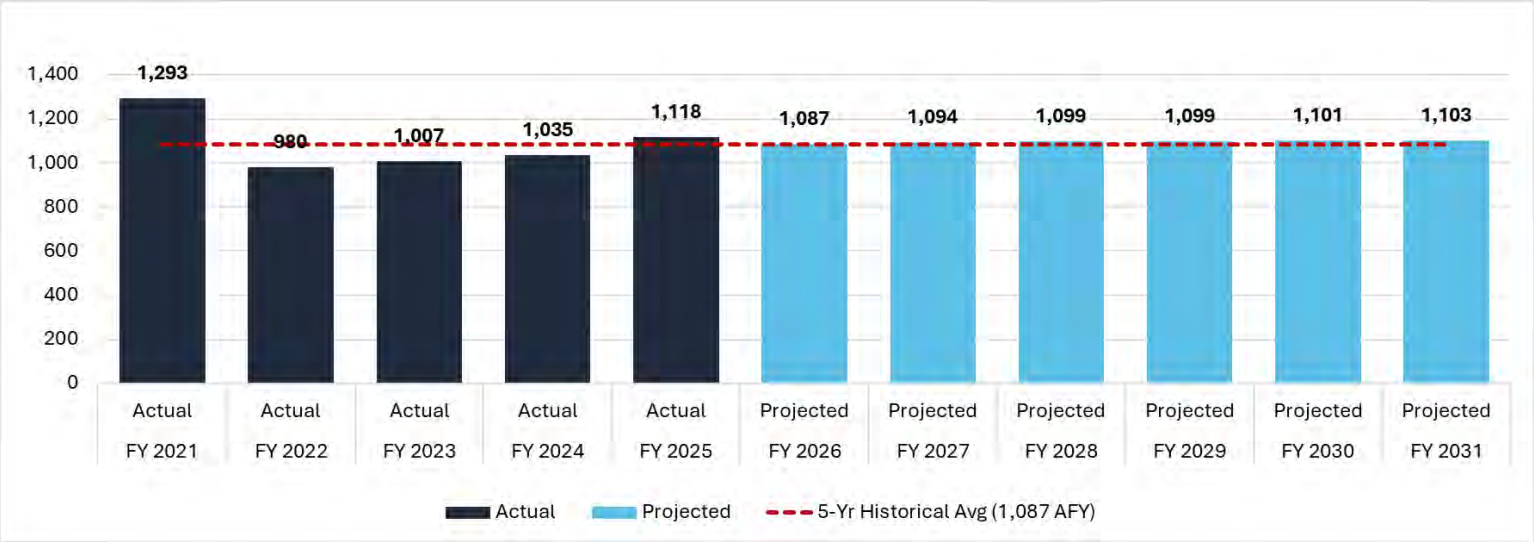
Line	Customer Water Use (100 gallons)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	***Source***	***Actual***	***Projected***	***Projected***	***Projected***	***Projected***	***Projected***	***Projected***
2	**Single Family Residential**							
3	Tier 1 (0 to 3,000 gallons)	1,043,225	1,013,564	1,019,138	1,023,729	1,024,057	1,027,336	1,030,615
4	Tier 2 (3,001 to 6,000 gallons)	464,395	451,191	453,673	455,716	455,862	457,322	458,782
5	Tier 3 (6,001 to 7,000 gallons)	78,240	76,015	76,434	76,778	76,802	77,048	77,294
6	Tier 4 (Over 7,000 gallons)	304,700	296,037	297,665	299,006	299,101	300,059	301,017
7	**Subtotal**	**1,890,560**	**1,836,807**	**1,846,910**	**1,855,229**	**1,855,823**	**1,861,766**	**1,867,708**
8								
9	**Multi-Family Residential**							
10	Tier 1 (0 to 3,000 gallons)	161,834	157,233	157,571	157,571	157,571	157,571	157,571
11	Tier 2 (3,001 to 3,200 gallons)	6,311	6,132	6,145	6,145	6,145	6,145	6,145
12	Tier 3 (3,201 to 7,000 gallons)	22,133	21,504	21,550	21,550	21,550	21,550	21,550
13	Tier 4 (Over 7,000 gallons)	3,068	2,981	2,987	2,987	2,987	2,987	2,987
14	**Subtotal**	**193,346**	**187,849**	**188,253**	**188,253**	**188,253**	**188,253**	**188,253**
15								
16	**Other Potable**							
17	CII	878,724	853,740	859,554	859,554	859,554	859,554	859,554
18	Landscape Potable	241,993	235,113	235,113	237,970	237,970	237,970	237,970
19	Landscape Recycled[10]	416,936	405,081	411,402	417,722	417,722	417,722	417,722
20	Qualifying Medical Needs Residential	6,061	5,889	5,921	5,948	5,950	5,969	5,988
21	Rate Assistance (Residential)	17,001	16,518	16,608	16,683	16,689	16,742	16,796
22	**Subtotal**	**1,560,715**	**1,516,340**	**1,528,598**	**1,537,877**	**1,537,884**	**1,537,957**	**1,538,029**
23								
24	**Total Water Usage (100 gallons)**	**3,644,621**	**3,540,997**	**3,563,760**	**3,581,358**	**3,581,960**	**3,587,975**	**3,593,990**

[10] Note that Landscape Recycled usage excludes non-billed water usage from the City of Scotts Valley and other bulk exempted usage.

Line	Customer Water Use (100 gallons)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
25	**Total Water Usage (AF)**	**1,118**	**1,087**	**1,094**	**1,099**	**1,099**	**1,101**	**1,103**
26	**Total Potable Water Usage**[11]	**3,227,685**	**3,135,915**	**3,152,358**	**3,163,637**	**3,164,238**	**3,170,253**	**3,176,268**
27	**Total Recycled Water Usage**	**416,936**	**405,081**	**411,402**	**417,722**	**417,722**	**417,722**	**417,722**

Figure 2-1 shows the historical and projected water usage in AF. The black bars represent actual usage over the past five fiscal years (FY 2021 through FY 2025), and the blue bars represent total projected usage based on **Table 2-4** (Line 25). The dashed red line represents the five-year historical average of 1,087 AF.

Figure 2-1: Historical and Projected Water Demand (AF)



[11] Note that potable water usage excludes all non-billed water usage such as dedicated fire service and water losses.

REVENUES FROM CURRENT RATES

Table 2-5 shows the calculated water rate revenues for the study period based on the current effective water rates and the projected units of service. The monthly basic meter charge revenues (Lines 2-8) are calculated by multiplying the effective fixed monthly basic meter charge (**Table 2-2**, Lines 1-11) by the projected meter connections (**Table 2-3**) for twelve billing periods. Similarly, the monthly basic meter charge revenue for dedicated private fire service connections (Line 10) is calculated by multiplying the effective fixed monthly basic meter charge (**Table 2-2**, Line 14) by the projected private fire service connections (**Table 2-3**, Line 69) for twelve billing periods. The volumetric rate revenues (Lines 12-20) are calculated by multiplying the effective volumetric rate (**Table 2-2**, Lines 16-34) by the projected water usage (**Table 2-4**) in each year. The total calculated rate revenues (Line 22) are equal to the sum of monthly basic meter charge revenues and volumetric revenues. Total recycled rate revenues (Line 24) are equal to the sum of recycled monthly basic meter charge and volumetric rate revenue. The total potable rate revenues (Line 23) is equal to the difference between total calculated rate revenues (Line 22) and recycled rate revenues (Line 24).

Table 2-5: Calculated Rate Revenues at Current Rates

Line	Calculated Rate Revenues	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	***Source***	***Projected***	***Projected***	***Projected***	***Projected***	***Projected***	***Projected***
2	**Monthly Basic Meter Charge**						
3	Single Family	$2,174,581	$2,240,546	$2,250,880	$2,255,319	$2,261,625	$2,267,931
4	Multi-Family	$120,638	$132,791	$132,791	$132,791	$132,791	$132,791
5	CII	$428,951	$446,605	$446,605	$446,605	$446,605	$446,605
6	Landscape	$84,583	$86,645	$87,275	$87,275	$87,275	$87,275
7	Recycled	$109,176	$113,223	$115,981	$115,981	$115,981	$115,981
8	**Subtotal**	**$2,917,930**	**$3,019,810**	**$3,033,532**	**$3,037,971**	**$3,044,277**	**$3,050,583**
9							
10	**Monthly Basic Meter Charge - Dedicated Fire Service**	**$84,840**	**$86,903**	**$86,903**	**$86,903**	**$86,903**	**$86,903**
11							
12	**Volumetric Rates**						
13	Single Family	$2,880,070	$2,968,317	$2,981,688	$2,982,643	$2,992,193	$3,001,744
14	Multi-Family	$231,290	$237,613	$237,613	$237,613	$237,613	$237,613
15	CII	$1,340,372	$1,383,882	$1,383,882	$1,383,882	$1,383,882	$1,383,882
16	Landscape	$607,766	$623,049	$630,622	$630,622	$630,622	$630,622
17	Recycled	$775,731	$826,917	$839,620	$839,620	$839,620	$839,620
18	Qualifying Medical Needs Residential	$9,068	$9,355	$9,397	$9,400	$9,430	$9,461
19	Rate Assistance (Residential)	$15,940	$16,442	$16,516	$16,522	$16,575	$16,628

Line	Calculated Rate Revenues	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
20	**Subtotal**	**$5,860,238**	**$6,065,575**	**$6,099,338**	**$6,100,301**	**$6,109,935**	**$6,119,568**
21							
22	**Total Calculated Rate Revenues**	**$8,863,007**	**$9,172,288**	**$9,219,773**	**$9,225,175**	**$9,241,115**	**$9,257,055**
23	**Total Potable Rate Revenues**	**$7,978,100**	**$8,232,147**	**$8,264,172**	**$8,269,574**	**$8,285,514**	**$8,301,453**
24	**Total Recycled Rate Revenues**	**$884,907**	**$940,140**	**$955,601**	**$955,601**	**$955,601**	**$955,601**

REVENUE SUMMARY

Table 2-6 shows the summary of projected revenues for the study period. District staff provided the budgeted non-rate revenues for FY 2026; all other years are projected based on the relevant assumptions or calculations. Potable and recycled current rate revenues (Lines 4 and 12) are equal to calculated rate revenues at current rates (**Table 2-5**, Lines 23 and 24). Capacity fee revenue (Lines 6 and 12) is calculated based on the projected new metered connections provided by District staff.[12] Interest earnings (Lines 7 and 14) are calculated based on average fund balances and a 2.0% interest rate. Property taxes (Line 5) are escalated by 2.0% per year per direction from District staff, while other miscellaneous revenues (Lines 8 and 15) are non-inflated for future years. Detailed revenue projections are included in the **Appendix** (**Table 6-1**).

Table 2-6: Revenue Summary

Line	Revenues Summary	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	***Source***	***Budget***	***Projected***	***Projected***	***Projected***	***Projected***	***Projected***
2							
3	**Potable (Fund 01)**						
4	Current Rates	$7,978,100	$8,232,147	$8,264,172	$8,269,574	$8,285,514	$8,301,453
5	Property Taxes	$1,637,492	$1,670,242	$1,703,647	$1,737,720	$1,772,474	$1,807,923
6	Capacity Fees	$82,184	$1,241,761	$429,845	$191,038	$238,795	$238,795
7	Interest Earnings	$420,194	$175,445	$171,241	$156,583	$144,162	$133,683
8	Other Miscellaneous	$45,400	$45,400	$45,400	$45,400	$45,400	$45,400
9	**Subtotal**	**$10,163,370**	**$11,364,995**	**$10,614,304**	**$10,400,315**	**$10,486,344**	**$10,527,255**
10							
11	**Recycled (Fund 02)**						
12	Current Rates	$884,907	$940,140	$955,601	$955,601	$955,601	$955,601
13	Capacity Fees	$0	$8,924	$17,848	$0	$0	$0
14	Interest Earnings	$6,600	$11,812	$13,481	$15,133	$16,506	$17,755
15	Other Miscellaneous	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
16	**Subtotal**	**$901,507**	**$970,876**	**$996,930**	**$980,734**	**$982,107**	**$983,357**
17							
18	**Total**	**$11,064,877**	**$12,335,871**	**$11,611,234**	**$11,381,048**	**$11,468,452**	**$11,510,612**

[12] A capacity fee update study is still in progress as of May 2026. Projected capacity fee revenues presented in this rate study are based on preliminary fee updates that are still subject to refinement.

2.3 OPERATING EXPENSES

INFLATIONARY ASSUMPTIONS

WRE worked with District staff to determine the annual inflationary assumptions to apply to the District's O&M expense budget. District staff provided budgeted expenses for FY 2026. Projected expenses over the next five years are calculated by increasing FY 2026 budgeted amounts by the inflationary assumptions shown in **Table 2-7**. Nearly all FY 2026 budgeted expenses are projected to recur annually over the next five years, except for a select few line items pertaining to irregularly recurring expenses and/or one-time expenses.[13]

Table 2-7: Expense Inflationary Assumptions

Line	Annual Inflationary Increases	Assumption
1	General	3.0%
2	Salaries	5.0%
3	Benefits	8.0%
4	Water Supply	5.0%
5	Utilities	5.0%
6	Chemicals	5.0%
7	Salaries/Benefits	6.5%
8	Recycled Water Treatment Plant	5.0%
9	Capital	3.0%

OPERATING EXPENSE SUMMARY

Table 2-8 shows the summary of O&M expenses for the study period. O&M expenses are projected to increase by 4.5% per year on average over the five-year rate-setting period. The projected decrease in FY 2027 expenses is due to irregularly recurring or one-time expenses included in the FY 2026 adopted budget that will not recur in FY 2027.

[13] See **Table 6-2** in the **Appendix** for detailed projections on a line item basis.

Table 2-8: Expenses Summary

Line	O&M Expense Summary	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	***Source***	***Budget***	***Projected***	***Projected***	***Projected***	***Projected***	***Projected***
2	**Potable (Fund 01)**						
3	Administration[14]	$1,258,174	$1,235,152	$1,345,326	$1,459,220	$1,470,256	$1,721,565
4	Finance / Customer Service[15]	$1,139,091	$1,081,456	$1,131,627	$1,184,455	$1,240,097	$1,391,466
5	Operations[16]	$4,016,230	$4,102,479	$4,292,211	$4,488,714	$4,696,802	$4,915,613
6	Engineering[17]	$351,988	$226,370	$236,205	$246,515	$257,328	$332,430
7	Board of Directors	$100,561	$107,174	$114,265	$121,869	$130,024	$138,774
8	**Subtotal**	**$6,866,044**	**$6,752,632**	**$7,119,634**	**$7,500,772**	**$7,794,507**	**$8,499,848**
9							
10	**Recycled (Fund 02)**						
11	Administration	$115,874	$121,641	$127,729	$134,159	$140,950	$148,125
12	Finance / Customer Service	$113,578	$119,339	$125,426	$131,858	$138,657	$145,844
13	Operations	$505,137	$530,947	$558,162	$586,863	$617,134	$649,065
14	Engineering	$39,110	$40,764	$42,499	$44,320	$46,231	$48,236
15	Board of Directors	$11,085	$11,741	$12,437	$13,178	$13,964	$14,799
16	**Subtotal**	**$784,783**	**$824,431**	**$866,254**	**$910,377**	**$956,935**	**$1,006,069**
17							
18	**Total**	**$7,650,827**	**$7,577,064**	**$7,985,888**	**$8,411,149**	**$8,751,442**	**$9,505,917**
19	***% Change***		***-1.0%***	***5.4%***	***5.3%***	***4.0%***	***8.6%***

2.4 DEBT SERVICE

EXISTING AND PROPOSED DEBT SERVICE

Table 2-9 shows the District's existing annual potable debt service for the study period. No debt service is allocated to the recycled fund. The District has existing debt service payments totaling approximately $3.7M over six years. Debt service for the 2016 JP Morgan loan is scheduled to end in FY 2028, and debt service for the 2021 First Foundation loan is scheduled through FY 2042.

[14] Note that new expenses are included for future years including new legal counsel services projected to cost $150K (thousand) starting in FY 2028, Urban Water Master Plan expenses expected to reoccur every five years (FY 2026 and FY 2031), and election service expenses expected to reoccur every two years (FY 2027, FY 2029, and FY 2031).
[15] Note that new expenses are included for future years including water rate study expenses expected to reoccur every five years (FY 2026 and FY 2031) and one-time expenses not expected to reoccur after FY 2026 including the Intertie Rate Study expense.
[16] Note that one-time expenses are included not expected to reoccur after FY 2026 including facility site maintenance projects such as Paving Southwood, Building Demo at Well 9, and Fencing at Well 6.
[17] Note that new expenses are included for future years including AWIA RRA expenses expected to reoccur every five years (FY 2026 and FY 2031) and one-time expenses not expected to reoccur after FY 2026 including the Fire Hardening/ Tank Siting Study for Mt Roberta/ Fontenay.

Table 2-9: Existing Potable Debt Service

Line	Existing Potable Debt Service	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	2016 JP Morgan Loan	$733,377	$475,790	$202,460	$0	$0	$0
2	2021 First Foundation Loan	$386,514	$386,148	$385,635	$385,965	$386,124	$386,114
3	**Total Existing Debt Service**	**$1,119,891**	**$861,938**	**$588,095**	**$385,965**	**$386,124**	**$386,114**

Table 2-10 shows the proposed potable annual debt service based on the proposed financial plan scenario. No debt is proposed for the recycled fund. The proposed financial plan scenario includes one new debt issuance in FY 2028 (Line 1) and FY 2029 (Line 2) assuming a 5.5% interest rate, 20-year term, and 2.0% issuance cost each year. For the FY 2028 debt issuance (Line 1), the District is expected to pay only the annual interest payment in the first year (FY 2028), followed by the full debt service payment in each year after. For the FY 2029 debt issuance (Line 2), the District is expected to pay the full debt service payment each year. This results in approximately $362.6K of additional annual debt service payments in FY 2028 and an additional $738.3K of debt service payments in each year after (Line 3).

The FY 2028 debt issuance results in an additional $6.5M of debt proceeds to fund the Bethany Tank Rehabilitation CIP project (**Table 2-11**, sum of Line 2 excluding planning costs in FY 2026). The FY 2029 debt issuance results in an additional $2.2M of debt proceeds to fund other tank CIP projects including the Mt. Roberta and Villa Fontenay Tank Replacement projects (**Table 2-11**, sum of Line 3 excluding planning costs in FY 2028). The study assumes that the District will capitalize the issuance costs, which means that the debt issuance will be higher than the debt proceeds used to fund CIP.

Table 2-10: Proposed Potable Debt Service

Line	Potable Proposed Debt Service	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	Bethany Tank Debt Service	$0	$0	$362,600	$551,676	$551,676	$551,676
2	Other Tank Debt Service	$0	$0	$0	$186,610	$186,610	$186,610
3	**Total Proposed Debt Service**	**$0**	**$0**	**$362,600**	**$738,285**	**$738,285**	**$738,285**

2.5 CAPITAL IMPROVEMENT PLAN

CAPITAL IMPROVEMENT PROJECTS

WRE worked with District staff to project annual CIP spending over the study period as shown in **Table 2-11**. Before accounting for inflationary adjustments, it is estimated that the District will spend approximately $3.6M annually on average on CIP over the next six years for the potable fund (Line 4) and $107.5K annually for the recycled fund (Line 8), excluding tank projects (Lines 2-3). This is based on the annual average of six-year CIP projections from the District's planned CIP associated with service line and well improvements, building and equipment upgrades, meter replacements, treatment rehabilitations, etc. Because project timing is subject to change, a levelized approach to annual CIP spending is assumed. Detailed CIP costs used to calculate the average CIP are included in the **Appendix** (**Table 6-3**).

All project costs are inflated based on the Capital factor (**Table 2-7**, Line 9) starting in FY 2027. All projects are projected to be rate funded (Line 15 and 20) except for the Bethany Tank Rehabilitation and other tank replacement projects. The total CIP to be debt funded (Line 14) includes the tank project costs (sum of Lines 2 and 3), with planning costs excluded.

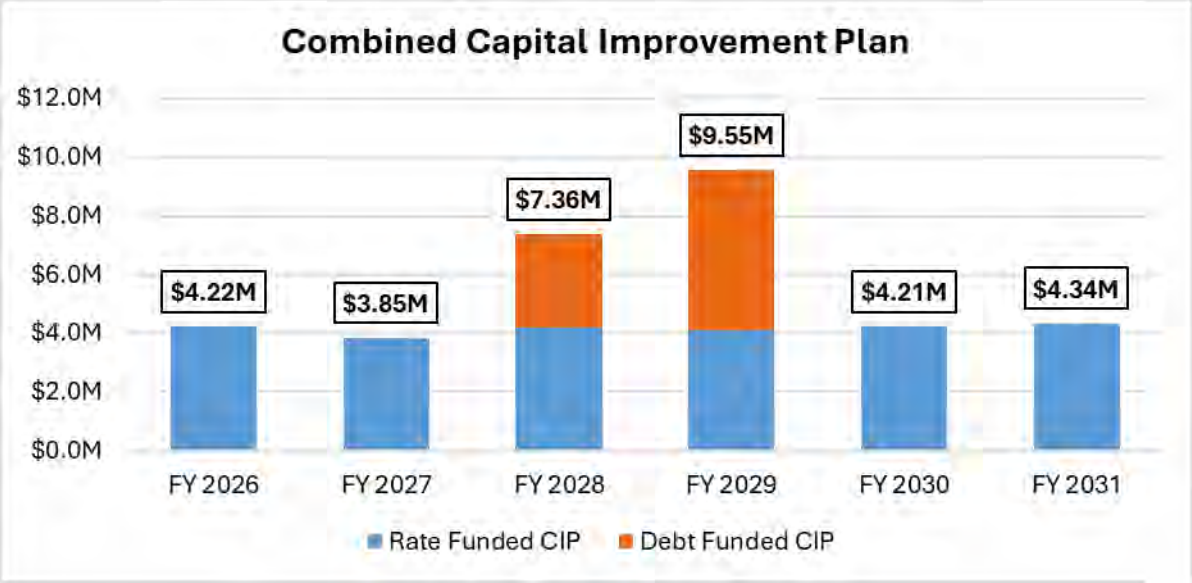
Table 2-11: Capital Project Costs and Funding

Line	CIP Projects and Funding	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Fund 01 - Potable Water CIP**						
2	Bethany Tank Rehabilitation	$481,387	$0	$3,182,700	$3,278,181	$0	$0
3	Other Tank Replacements[18]	$0	$0	$212,180	$2,185,454	$0	$0
4	Other Potable CIP - Levelized	$3,633,669	$3,742,679	$3,854,959	$3,970,608	$4,089,726	$4,212,418
5	**Total Potable Water CIP**	**$4,115,055**	**$3,742,679**	**$7,249,839**	**$9,434,243**	**$4,089,726**	**$4,212,418**
6							
7	**Fund 02 - Recycled Water CIP**						
8	Recycled CIP - Levelized	$107,500	$110,725	$114,047	$117,468	$120,992	$124,622
9	**Total Recycled Water CIP**	**$107,500**	**$110,725**	**$114,047**	**$117,468**	**$120,992**	**$124,622**
10							
11	**Total CIP**	**$4,222,555**	**$3,853,404**	**$7,363,886**	**$9,551,711**	**$4,210,719**	**$4,337,040**
12							
13	**Potable CIP Funding**						
14	Debt Funded	$0	$0	$3,182,700	$5,463,635	$0	$0
15	Rate Funded	$4,115,055	$3,742,679	$4,067,139	$3,970,608	$4,089,726	$4,212,418
16	**Total Potable CIP Funding**	**$4,115,055**	**$3,742,679**	**$7,249,839**	**$9,434,243**	**$4,089,726**	**$4,212,418**
17							
18	**Recycled CIP Funding**						
19	Debt Funded	$0	$0	$0	$0	$0	$0
20	Rate Funded	$107,500	$110,725	$114,047	$117,468	$120,992	$124,622
21	**Total Recycled CIP Funding**	**$107,500**	**$110,725**	**$114,047**	**$117,468**	**$120,992**	**$124,622**

[18] Includes the Mt. Roberta and Villa Fontenay Tank Replacement projects.

Figure 2-2 shows the combined CIP by funding source from **Table 2-11**. The stacked bars represent CIP funding sources: blue for rate funded CIP and orange for debt funded CIP. The sum of rate and debt funded CIP is equal to total CIP costs (**Table 2-11**, Line 11).

Figure 2-2: Combined CIP



2.6 FINANCIAL POLICIES

RESERVE POLICY

The District's reserve policy maintains cash on hand to meet short-term cash imbalances, minimize rate impacts during periods of revenue instability, execute CIP projects, respond to unexpected costs efficiently, and reliably meet all debt service requirements. The current combined reserve target for the study period ranges from approximately $6.0M to $6.5M in the District's reserve funds (approximately 90% is associated with the potable fund). The District currently has an adopted reserve policy that consists of:

- **Operating Reserve:** 25% of annual O&M expenses
- **Rate Stabilization Reserve:** 20% of volumetric water sales revenue
- **Emergency Reserve:** 2.5% of net asset value
- **Capital Reserve:** 100% of annual depreciation
- **Debt Service Reserve:** 100% of annual debt service

Table 2-12: Reserve Targets

Line	Reserve Targets	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Potable (Fund 01)**						
2	Operating	$1,716,511	$1,688,158	$1,779,908	$1,875,193	$1,948,627	$2,124,962
3	Rate Stabilization[19]	$1,016,901	$1,047,732	$1,051,944	$1,052,136	$1,054,063	$1,055,990
4	Emergency[20]	$510,634	$510,634	$510,634	$510,634	$510,634	$510,634
5	Capital [21]	$1,076,621	$1,076,621	$1,076,621	$1,076,621	$1,076,621	$1,076,621
6	Debt Service	$1,119,891	$861,938	$950,695	$1,124,250	$1,124,410	$1,124,399
7	**Subtotal**	**$5,440,559**	**$5,185,082**	**$5,369,802**	**$5,638,834**	**$5,714,355**	**$5,892,606**
8							
9	**Recycled (Fund 02)**						
10	Operating	$196,196	$206,108	$216,564	$227,594	$239,234	$251,517
11	Rate Stabilization[19]	$155,146	$165,383	$167,924	$167,924	$167,924	$167,924
12	Emergency[20]	$110,745	$110,745	$110,745	$110,745	$110,745	$110,745
13	Capital[21]	$88,545	$88,545	$88,545	$88,545	$88,545	$88,545
14	Debt Service	$0	$0	$0	$0	$0	$0
15	**Subtotal**	**$550,632**	**$570,782**	**$583,778**	**$594,809**	**$606,448**	**$618,732**
16							
17	**Total Reserve Target**	**$5,991,191**	**$5,755,864**	**$5,953,581**	**$6,233,643**	**$6,320,803**	**$6,511,338**

DEBT COVERAGE REQUIREMENT

The terms of the 2016 JP Morgan loan require the District to maintain debt coverage of at least 120%. To meet coverage requirements, net operating revenues (revenues less operating expenses) must equal at least 120% of annual debt service.

2.7 STATUS QUO FINANCIAL PLAN

STATUS QUO FINANCIAL PLAN SCENARIO

Table 2-13 shows the status quo financial plan scenario assuming no revenue adjustments and no new debt. This scenario is used to evaluate the ability of the current water rates to meet the District's financial targets and to determine the need for revenue adjustments.

Table 2-13: Status Quo Financial Plan Scenario

Line	Fiscal Year	Effective Date	Potable Revenue Adjustments	Recycled Revenue Adjustments	Debt Proceeds for CIP
1	FY 2027	1/1/2027	0.0%	0.0%	$0
2	FY 2028	1/1/2028	0.0%	0.0%	$0
3	FY 2029	1/1/2029	0.0%	0.0%	$0
4	FY 2030	1/1/2030	0.0%	0.0%	$0
5	FY 2031	1/1/2031	0.0%	0.0%	$0

[19] The Rate Stabilization Reserve is calculated based on calculated volumetric rate revenue under current rates.
[20] The Emergency Reserve is calculated based on the net book value of capital assets provided by District staff as of 6/30/2025.
[21] The Capital Reserve is calculated based on FY 2025 depreciation provided by District staff.

STATUS QUO FINANCIAL PLAN PROJECTIONS

Table 2-14 and **Table 2-15** show the potable and recycled financial plan projections for the status quo scenario (**Table 2-13**), respectively. The sources of funds include all types of revenues and the uses of funds include operating expenses, debt service, and rate funded CIP. Revenues[22] (Lines 3-10) are from **Table 2-6**. No revenue from proposed revenue adjustments is projected in the status quo scenario (Line 5). Operating expenses (Line 13) are from **Table 2-8** (Lines 8 and 16). Net revenue (Line 18) is equal to the difference between total revenues (Line 10) and operating expenses (Line 13). Existing potable debt service (Line 14) is from **Table 2-9** (Line 3) and no new debt is proposed in the status quo scenario. The District has no existing recycled debt service. Net revenue less debt (Line 19) is equal to the difference between net revenue (Line 18) and debt service (Line 14). Rate funded CIP (Line 15) is equal to total potable and recycled CIP (**Table 2-11**, Lines 16 and 21). In the absence of new debt; all CIP is expected to be rate funded. Net cash flow (Line 20) is equal to total revenues (Line 10) less total expenses (Line 16).

For the potable fund, the net revenue less debt is positive each year of the study period, meaning the District's current potable revenues are sufficient to fund its operating expenses and existing debt service. However, the net cash flow in the status quo scenario is negative for all years (except for FY 2027) and the District's potable fund balances are negative by the end of FY 2029, meaning that the District's current potable revenues are not sufficient to fund its annual CIP. At the end of the study period, the District's potable fund balances will be approximately negative $7.4M in FY 2031, from a starting balance of approximately $10.7M in FY 2026. This represents a net loss of approximately $18.0M in six years.

For the recycled fund, the net revenue is negative starting in FY 2031, meaning the District's current recycled revenues are insufficient to fund its operating expenses. Additionally, the net cash flow is negative starting in FY 2029, meaning that the District's current recycled revenues will not be sufficient to fund annual CIP. At the end of the study period, the District's recycled fund balances will be approximately $299.8K in FY 2031, from a starting balance of approximately $550.6K in FY 2026. This represents a net loss of approximately $250.9K in six years.

The District's financial performance is evaluated based on the reserve targets[23] from **Table 2-12**. Under the status quo financial plan, the District will not meet its current potable reserve target starting in FY 2028 and fund balances will be negative by FY 2029. Additionally, the District will not meet its current recycled reserve target starting in FY 2029.

[22] Interest earnings (**Table 2-14** and **Table 2-15**, Line 8) are different in the status quo financial plan scenario because it is based on projected fund balances. The status quo scenario results in lower fund balances; therefore, the District has less interest earnings. **Table 2-6** shows the interest earnings for the proposed financial plan scenario.
[23] The total potable reserve target is different in the status quo scenario because it is based it assumes no new debt; therefore, the Debt Service Reserve (100% of annual debt service) is lower in the status quo scenario. **Table 2-12** shows the Debt Service Reserve for the proposed financial plan scenario.

Table 2-14: Potable Status Quo Financial Plan

Line	Potable Financial Plan	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Beginning Cash Balance**	**$10,659,962**	**$8,722,342**	**$8,727,413**	**$4,342,311**	**($2,718,863)**	**($4,647,038)**
2							
3	**Revenues**						
4	Current Rates	$7,978,100	$8,232,147	$8,264,172	$8,269,574	$8,285,514	$8,301,453
5	Revenue Adjustments	$0	$0	$0	$0	$0	$0
6	Property Taxes	$1,637,492	$1,670,242	$1,703,647	$1,737,720	$1,772,474	$1,807,923
7	Capacity Fees	$82,184	$1,241,761	$429,845	$191,038	$238,795	$238,795
8	Interest Earnings	$420,194	$172,770	$129,403	$16,074	$0	$0
9	Other Miscellaneous	$45,400	$45,400	$45,400	$45,400	$45,400	$45,400
10	**Total Revenues**	**$10,163,370**	**$11,362,320**	**$10,572,466**	**$10,259,805**	**$10,342,183**	**$10,393,572**
11							
12	**Expenses**						
13	O&M Expenses	$6,866,044	$6,752,632	$7,119,634	$7,500,772	$7,794,507	$8,499,848
14	Debt Service	$1,119,891	$861,938	$588,095	$385,965	$386,124	$386,114
15	Rate Funded CIP	$4,115,055	$3,742,679	$7,249,839	$9,434,243	$4,089,726	$4,212,418
16	**Total Expenses**	**$12,100,990**	**$11,357,249**	**$14,957,568**	**$17,320,980**	**$12,270,358**	**$13,098,381**
17							
18	**Net Revenue**	**$3,297,326**	**$4,609,688**	**$3,452,833**	**$2,759,033**	**$2,547,676**	**$1,893,724**
19	**Net Revenue Less Debt**	**$2,177,435**	**$3,747,750**	**$2,864,738**	**$2,373,069**	**$2,161,551**	**$1,507,610**
20	**Net Cash Flow**	**($1,937,620)**	**$5,071**	**($4,385,102)**	**($7,061,175)**	**($1,928,175)**	**($2,704,809)**
21							
22	**Ending Cash Balance**	**$8,722,342**	**$8,727,413**	**$4,342,311**	**($2,718,863)**	**($4,647,038)**	**($7,351,847)**
23							
24	**Total Reserve Target**	**$5,440,559**	**$5,185,082**	**$5,007,202**	**$4,900,549**	**$4,976,069**	**$5,154,321**
25	***Target Reserve Level Met?***	***Yes***	***Yes***	***No***	***No***	***No***	***No***

Table 2-15: Recycled Status Quo Financial Plan

Line	Recycled Financial Plan	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Beginning Cash Balance**	**$550,632**[24]	**$559,856**	**$595,200**	**$610,284**	**$559,623**	**$457,366**
2							
3	**Revenues**						
4	Current Rates	$884,907	$940,140	$955,601	$955,601	$955,601	$955,601
5	Revenue Adjustments	$0	$0	$0	$0	$0	$0
6	Property Taxes	$0	$0	$0	$0	$0	$0
7	Capacity Fees	$0	$8,924	$17,848	$0	$0	$0
8	Interest Earnings	$6,600	$11,436	$11,935	$11,583	$10,069	$7,496
9	Other Miscellaneous	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
10	**Total Revenues**	**$901,507**	**$970,500**	**$995,385**	**$977,184**	**$975,670**	**$973,098**
11							
12	**Expenses**						
13	O&M Expenses	$784,783	$824,431	$866,254	$910,377	$956,935	$1,006,069
14	Debt Service	$0	$0	$0	$0	$0	$0
15	Rate Funded CIP	$107,500	$110,725	$114,047	$117,468	$120,992	$124,622
16	**Total Expenses**	**$892,283**	**$935,156**	**$980,301**	**$1,027,846**	**$1,077,927**	**$1,130,691**
17							
18	**Net Revenue**	**$116,724**	**$146,069**	**$129,131**	**$66,807**	**$18,735**	**($32,971)**
19	**Net Revenue Less Debt**[25]	**$116,724**	**$146,069**	**$129,131**	**$66,807**	**$18,735**	**($32,971)**
20	**Net Cash Flow**	**$9,224**	**$35,344**	**$15,084**	**($50,661)**	**($102,257)**	**($157,593)**
21							
22	**Ending Cash Balance**	**$559,856**	**$595,200**	**$610,284**	**$559,623**	**$457,366**	**$299,773**
23							
24	**Total Reserve Target**	**$550,632**	**$570,782**	**$583,778**	**$594,809**	**$606,448**	**$618,732**
25	***Target Reserve Level Met?***	***Yes***	***Yes***	***Yes***	***No***	***No***	***No***

[24] Note that the beginning cash balance for recycled reserves is set equal to the FY 2026 reserve target based on direction from District staff.
[25] In the absence of recycled debt, the net revenue less debt (Line 19) is equal to net revenue (Line 18).

Table 2-16 shows the combined financial plan projections for the status quo scenario (**Table 2-13**) based on the potable and recycled status quo projections (**Table 2-14** and **Table 2-15**). Although the performance of each fund is evaluated separately to determine the need for revenue adjustments, the combined financial plan projections are shown to illustrate District-wide financial performance. Additionally, debt service coverage is evaluated on a District-wide basis.

Based on the sources (revenues) and uses (operating expenses, debt service, and capital expenditures) of both funds, the District's combined fund balances will be negative by the end of FY 2029. At the end of the study period, the District's fund balances will be approximately negative $7.1M in FY 2031, from a starting balance of approximately $11.2M in FY 2026. This represents a net loss of approximately $18.3M in six years.

The District's financial performance is evaluated based on the reserve targets[26] from **Table 2-12** and debt service coverage requirements. Under the status quo financial plan, the District will not meet its current combined reserve target starting in FY 2028, though the District will meet its debt service coverage requirements in all years, excluding any new debt.

[26] The total potable reserve target is different in the status quo scenario because it is based it assumes no new debt; therefore, the Debt Service Reserve (100% of annual debt service) is lower in the status quo scenario. **Table 2-12** shows the Debt Service Reserve for the proposed financial plan scenario.

Table 2-16: Combined Status Quo Financial Plan

Line	Combined Financial Plan	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Beginning Cash Balance**	**$11,210,594**	**$9,282,198**	**$9,322,613**	**$4,952,595**	**($2,159,241)**	**($4,189,673)**
2							
3	**Revenues**						
4	Current Rates	$8,863,007	$9,172,288	$9,219,773	$9,225,175	$9,241,115	$9,257,055
5	Revenue Adjustments	$0	$0	$0	$0	$0	$0
6	Property Taxes	$1,637,492	$1,670,242	$1,703,647	$1,737,720	$1,772,474	$1,807,923
7	Capacity Fees	$82,184	$1,250,685	$447,693	$191,038	$238,795	$238,795
8	Interest Earnings	$426,794	$184,206	$141,339	$27,657	$10,069	$7,496
9	Other Miscellaneous	$55,400	$55,400	$55,400	$55,400	$55,400	$55,400
10	**Total Revenues**	**$11,064,877**	**$12,332,820**	**$11,567,851**	**$11,236,990**	**$11,317,853**	**$11,366,670**
11							
12	**Expenses**						
13	O&M Expenses	$7,650,827	$7,577,064	$7,985,888	$8,411,149	$8,751,442	$9,505,917
14	Debt Service	$1,119,891	$861,938	$588,095	$385,965	$386,124	$386,114
15	Rate Funded CIP	$4,222,555	$3,853,404	$7,363,886	$9,551,711	$4,210,719	$4,337,040
16	**Total Expenses**	**$12,993,274**	**$12,292,405**	**$15,937,869**	**$18,348,826**	**$13,348,285**	**$14,229,071**
17							
18	**Net Revenue**	**$3,414,050**	**$4,755,756**	**$3,581,963**	**$2,825,841**	**$2,566,411**	**$1,860,752**
19	**Net Revenue Less Debt**	**$2,294,159**	**$3,893,819**	**$2,993,868**	**$2,439,876**	**$2,180,287**	**$1,474,638**
20	**Net Cash Flow**	**($1,928,396)**	**$40,415**	**($4,370,018)**	**($7,111,836)**	**($2,030,432)**	**($2,862,402)**
21							
22	**Ending Cash Balance**	**$9,282,198**	**$9,322,613**	**$4,952,595**	**($2,159,241)**	**($4,189,673)**	**($7,052,074)**
23							
24	**Total Reserve Target**	**$5,991,191**	**$5,755,864**	**$5,590,980**	**$5,495,358**	**$5,582,518**	**$5,773,053**
25	***Target Reserve Level Met?***	***Yes***	***Yes***	***No***	***No***	***No***	***No***
26							
27	**Combined Debt Service Coverage Ratio**						
28	Calculated Ratio	3.05x	5.52x	6.09x	7.32x	6.65x	4.82x
29	Required Ratio	1.20x	1.20x	1.20x	1.20x	1.20x	1.20x
30	***Required Ratio Met?***	***Yes***	***Yes***	***Yes***	***Yes***	***Yes***	***Yes***

Figure 2-3, **Figure 2-4**, and **Figure 2-5** show the comparison of revenues and the revenue requirement for the potable, recycled, and combined status quo financial plan, respectively. The stacked bars represent the revenue requirements, or costs: green for O&M expenses, orange for debt service, and blue for rate funded CIP. The District will not be adding to its reserves (grey bars) in this scenario. The proposed revenue, shown as a dashed red line, is lower than the revenue requirements, meaning that revenues are insufficient to fund necessary costs.

Figure 2-3: Potable Revenue Requirements vs. Revenues (Status Quo Financial Plan)

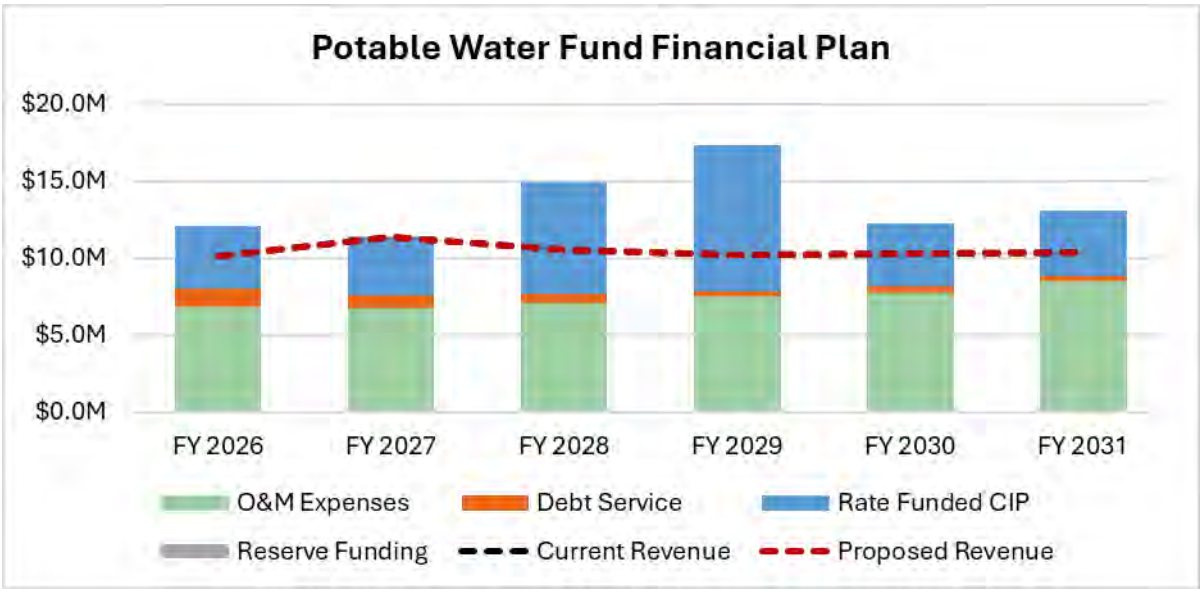


Figure 2-4: Recycled Revenue Requirements vs. Revenues (Status Quo Financial Plan)

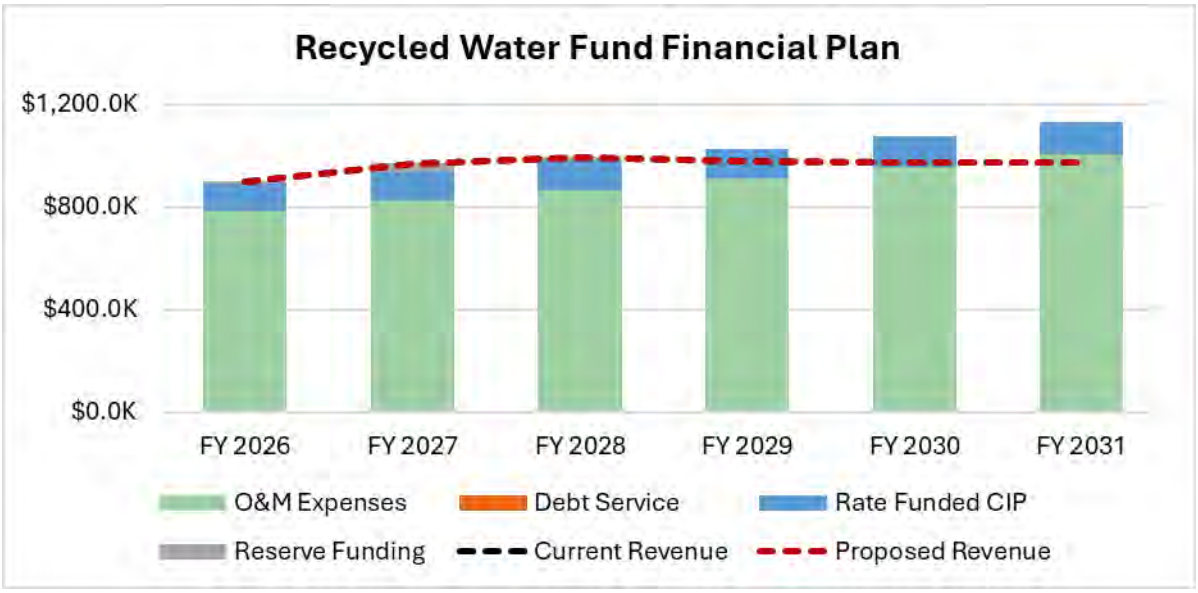


Figure 2-5: Combined Revenue Requirements vs. Revenues (Status Quo Financial Plan)

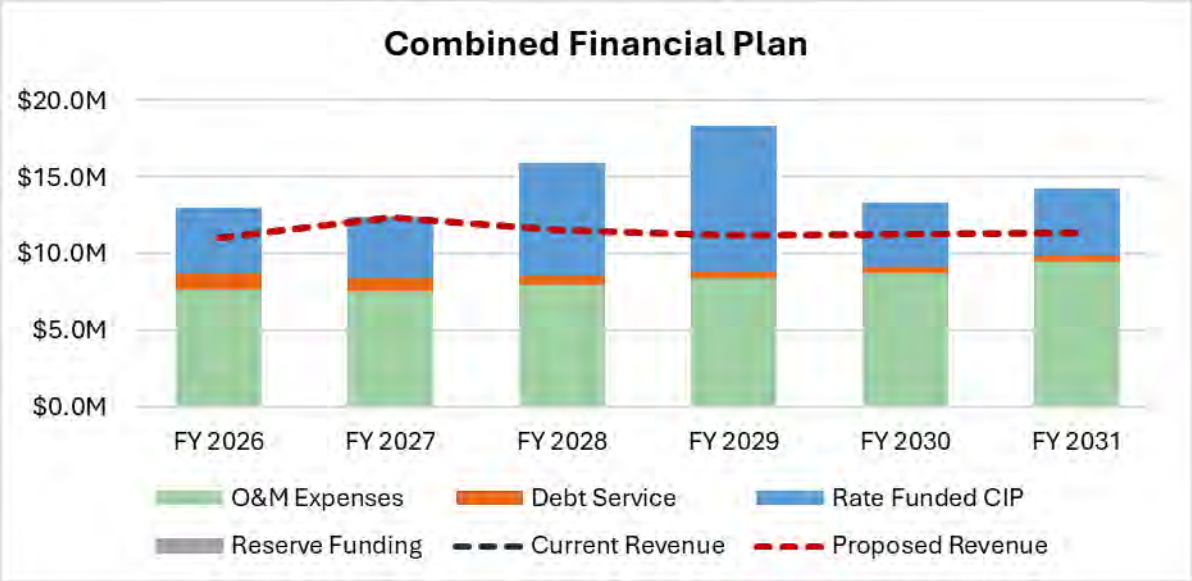


Figure 2-6, Figure 2-7, and **Figure 2-8** show the fund balance projections in the potable, recycled, and combined status quo financial plan, respectively. With no new debt or revenue adjustments, the District's ending balance (blue bars) will not meet its current reserve targets (dashed red line) in FY 2028 for the potable and combined funds and FY 2029 for the recycled fund. Additionally, both potable and combined fund balances will be negative starting in FY 2029.

Figure 2-6: Potable Projected Reserve Balances (Status Quo Financial Plan)

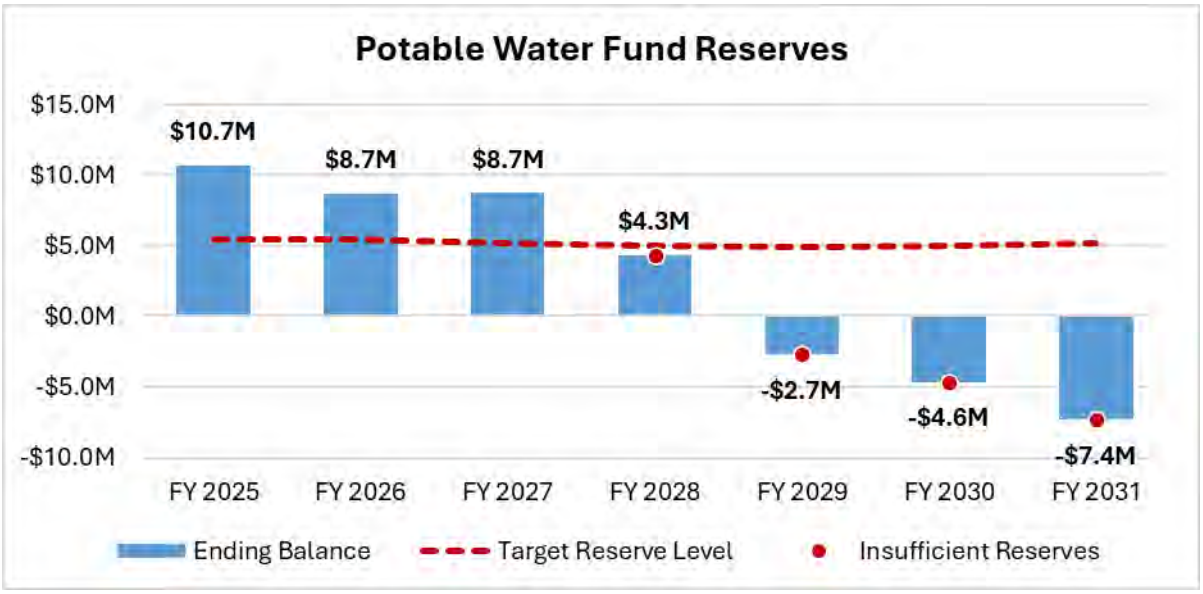


Figure 2-7: Recycled Projected Reserve Balances (Status Quo Financial Plan)

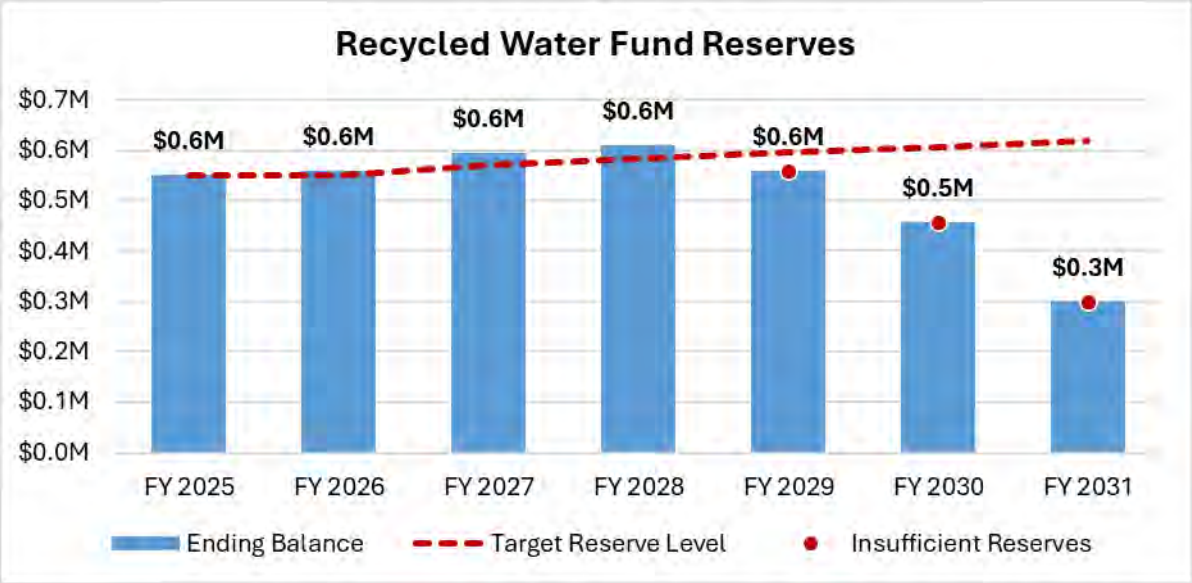


Figure 2-8: Combined Projected Reserve Balances (Status Quo Financial Plan)

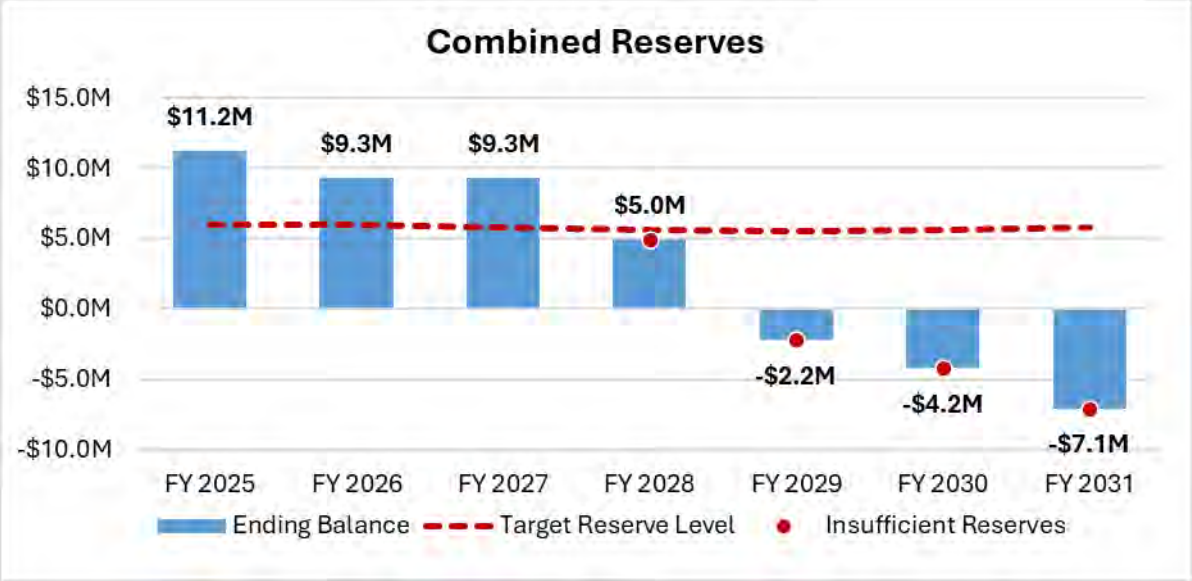
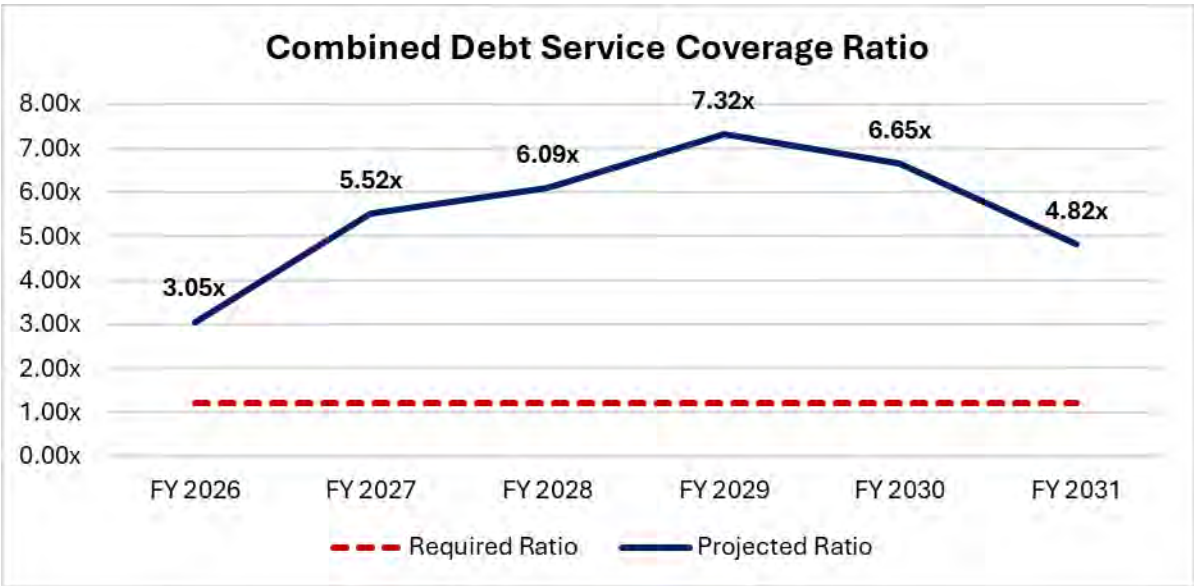


Figure 2-9 shows the debt coverage projections in the status quo financial plan, evaluated on a District-wide basis. The required debt coverage (dashed red line) is equal to 120% of annual debt service. The District is expected to meet its required debt coverage requirements for all years for existing debt.

Figure 2-9: Combined Projected Debt Coverage (Status Quo Financial Plan)



2.8 PROPOSED FINANCIAL PLAN

PROPOSED FINANCIAL PLAN SCENARIO

The proposed financial plan includes five years of revenue adjustments and two debt issuances in FY 2028 and FY 2029 to fund the Bethany, Mt. Roberta, and Villa Fontenay Tank CIP projects, as shown in **Table 2-17**. These adjustments are needed to maintain the District's financial sufficiency and were developed based on input from District staff and direction from the Board. Both potable and recycled water rates will be effective on January 1 of each year of the forecast, from January 2027 through January 2031.

Table 2-17: Proposed Financial Plan Scenario

Line	Fiscal Year	Effective Date	Potable Revenue Adjustments	Recycled Revenue Adjustments	Debt Proceeds for CIP
1	FY 2027	1/1/2027	6.5%	4.0%	$0
2	FY 2028	1/1/2028	6.5%	4.0%	$6,460,881
3	FY 2029	1/1/2029	6.5%	4.0%	$2,185,454
4	FY 2030	1/1/2030	6.5%	4.0%	$0
5	FY 2031	1/1/2031	6.5%	4.0%	$0

PROPOSED FINANCIAL PLAN PROJECTIONS

Table 2-18 and **Table 2-19** show the respective potable and recycled financial plan projections under the proposed scenario (**Table 2-17**). Revenues (Lines 3-10) are from **Table 2-6**. Revenue from proposed revenue adjustments (Line 5) is based on the proposed scenario (**Table 2-17**). Operating expenses (Line 13) are from **Table 2-8** (Lines 8 and 16). Net revenue (Line 18) is equal to the difference between total revenues (Line 10) and operating expenses (Line 13). Debt service (Line 14) includes both existing and proposed debt service. Existing potable debt service is from **Table 2-9** (Line 3) and proposed debt service is from **Table 2-10** (Line 3). The District has no existing recycled debt service and is not proposing any new recycled debt service. Net revenue less debt (Line 19) is equal to the difference between net revenue (Line 18) and debt service (Line 14). Rate funded CIP (Line 15) is from (**Table 2-11**, Lines 15 and 20). Net cash flow (Line 20) is equal to total revenues (Line 10) less total expenses (Line 16).

For the potable and recycled funds, the net revenue less debt is positive each year of the study period, meaning the District's proposed revenues are sufficient to fund its operating expenses and debt service. To minimize rate impacts to customers, the District is projecting to use current potable reserves to fund annual CIP in each year of the study period, except for FY 2027 during which net cash flow is positive. The reserves are utilized while ensuring that the District still meets its reserve targets (**Table 2-12**) in each year of the study period. For the recycled fund, the net cash flow is positive in all years, meaning that the District's proposed recycled revenues will increase reserves to reliably fund annual operating expenses and CIP.

At the end of the study period in FY 2031, the District's potable fund balances are forecast to reach $6.5M from a starting balance of approximately $10.7M in FY 2026. The District's recycled fund balances will reach approximately $823.0K from a starting balance of approximately $550.6K in FY 2026. The District will meet both its potable and recycled reserve targets (**Table 2-12)** in each year of the study period.

Table 2-18: Potable Proposed Financial Plan

Line	Potable Financial Plan	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Beginning Cash Balance**	**$10,659,962**	**$8,722,342**	**$8,997,633**	**$8,297,683**	**$7,517,187**	**$7,043,133**
2							
3	**Revenues**						
4	Current Rates	$7,978,100	$8,232,147	$8,264,172	$8,269,574	$8,285,514	$8,301,453
5	Revenue Adjustments	$0	$267,545	$823,215	$1,414,819	$2,048,245	$2,725,172
6	Property Taxes	$1,637,492	$1,670,242	$1,703,647	$1,737,720	$1,772,474	$1,807,923
7	Capacity Fees	$82,184	$1,241,761	$429,845	$191,038	$238,795	$238,795
8	Interest Earnings	$420,194	$175,445	$171,241	$156,583	$144,162	$133,683
9	Other Miscellaneous	$45,400	$45,400	$45,400	$45,400	$45,400	$45,400
10	**Total Revenues**	**$10,163,370**	**$11,632,540**	**$11,437,519**	**$11,815,134**	**$12,534,590**	**$13,252,428**
11							
12	**Expenses**						
13	O&M Expenses	$6,866,044	$6,752,632	$7,119,634	$7,500,772	$7,794,507	$8,499,848
14	Debt Service	$1,119,891	$861,938	$950,695	$1,124,250	$1,124,410	$1,124,399
15	Rate Funded CIP	$4,115,055	$3,742,679	$4,067,139	$3,970,608	$4,089,726	$4,212,418
16	**Total Expenses**	**$12,100,990**	**$11,357,249**	**$12,137,468**	**$12,595,630**	**$13,008,643**	**$13,836,666**
17							
18	**Net Revenue**	**$3,297,326**	**$4,879,908**	**$4,317,885**	**$4,314,362**	**$4,740,082**	**$4,752,579**
19	**Net Revenue Less Debt**	**$2,177,435**	**$4,017,970**	**$3,367,190**	**$3,190,112**	**$3,615,673**	**$3,628,180**
20	**Net Cash Flow**	**($1,937,620)**	**$275,291**	**($699,950)**	**($780,496)**	**($474,054)**	**($584,238)**
21							
22	**Ending Cash Balance**	**$8,722,342**	**$8,997,633**	**$8,297,683**	**$7,517,187**	**$7,043,133**	**$6,458,895**
23							
24	**Total Reserve Target**	**$5,440,559**	**$5,185,082**	**$5,369,802**	**$5,638,834**	**$5,714,355**	**$5,892,606**
25	***Target Reserve Level Met?***	***Yes***	***Yes***	***Yes***	***Yes***	***Yes***	***Yes***

Table 2-19: Recycled Proposed Financial Plan

Line	Recycled Financial Plan	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Beginning Cash Balance**	**$550,632**	**$559,856**	**$614,379**	**$689,109**	**$740,646**	**$785,644**
2							
3	**Revenues**						
4	Current Rates	$884,907	$940,140	$955,601	$955,601	$955,601	$955,601
5	Revenue Adjustments	$0	$18,803	$58,101	$98,649	$140,819	$184,675
6	Property Taxes	$0	$0	$0	$0	$0	$0
7	Capacity Fees	$0	$8,924	$17,848	$0	$0	$0
8	Interest Earnings	$6,600	$11,812	$13,481	$15,133	$16,506	$17,755
9	Other Miscellaneous	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
10	**Total Revenues**	**$901,507**	**$989,679**	**$1,055,031**	**$1,079,383**	**$1,122,926**	**$1,168,032**
11							
12	**Expenses**						
13	O&M Expenses	$784,783	$824,431	$866,254	$910,377	$956,935	$1,006,069
14	Debt Service	$0	$0	$0	$0	$0	$0
15	Rate Funded CIP	$107,500	$110,725	$114,047	$117,468	$120,992	$124,622
16	**Total Expenses**	**$892,283**	**$935,156**	**$980,301**	**$1,027,846**	**$1,077,927**	**$1,130,691**
17							
18	**Net Revenue**	**$116,724**	**$165,248**	**$188,777**	**$169,005**	**$165,991**	**$161,963**
19	**Net Revenue Less Debt**	**$116,724**	**$165,248**	**$188,777**	**$169,005**	**$165,991**	**$161,963**
20	**Net Cash Flow**	**$9,224**	**$54,523**	**$74,730**	**$51,537**	**$44,999**	**$37,341**
21							
22	**Ending Cash Balance**	**$559,856**	**$614,379**	**$689,109**	**$740,646**	**$785,644**	**$822,986**
23							
24	**Total Reserve Target**	**$550,632**	**$570,782**	**$583,778**	**$594,809**	**$606,448**	**$618,732**
25	***Target Reserve Level Met?***	***Yes***	***Yes***	***Yes***	***Yes***	***Yes***	***Yes***

Table 2-20 shows the combined financial plan projections under the proposed scenario (**Table 2-17**) based on the proposed potable and recycled fund projections (**Table 2-18** and **Table 2-19**). Though the performance of each fund is evaluated separately to determine the need for revenue adjustments, the combined financial plan projections are shown to illustrate District-wide financial performance. Additionally, debt service coverage is evaluated on a District-wide basis.

Based on the sources (revenues) and uses (operating expenses, debt service, and capital expenditures) of both funds, the District's combined fund balances will be approximately $7.3M in FY 2031. The District will meet its current combined reserve targets (**Table 2-12**) and debt service coverage requirements in all years of the study period, accounting for the issuance of new debt.

Table 2-20: Combined Proposed Financial Plan

Line	Combined Financial Plan	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Beginning Cash Balance**	**$11,210,594**	**$9,282,198**	**$9,612,012**	**$8,986,792**	**$8,257,833**	**$7,828,778**
2							
3	**Revenues**						
4	Current Rates	$8,863,007	$9,172,288	$9,219,773	$9,225,175	$9,241,115	$9,257,055
5	Revenue Adjustments	$0	$286,348	$881,315	$1,513,468	$2,189,064	$2,909,848
6	Property Taxes	$1,637,492	$1,670,242	$1,703,647	$1,737,720	$1,772,474	$1,807,923
7	Capacity Fees	$82,184	$1,250,685	$447,693	$191,038	$238,795	$238,795
8	Interest Earnings	$426,794	$187,258	$184,722	$171,716	$160,668	$151,439
9	Other Miscellaneous	$55,400	$55,400	$55,400	$55,400	$55,400	$55,400
10	**Total Revenues**	**$11,064,877**	**$12,622,219**	**$12,492,550**	**$12,894,516**	**$13,657,516**	**$14,420,460**
11							
12	**Expenses**						
13	O&M Expenses	$7,650,827	$7,577,064	$7,985,888	$8,411,149	$8,751,442	$9,505,917
14	Debt Service	$1,119,891	$861,938	$950,695	$1,124,250	$1,124,410	$1,124,399
15	Rate Funded CIP	$4,222,555	$3,853,404	$4,181,186	$4,088,076	$4,210,719	$4,337,040
16	**Total Expenses**	**$12,993,274**	**$12,292,405**	**$13,117,769**	**$13,623,476**	**$14,086,571**	**$14,967,357**
17							
18	**Net Revenue**	**$3,414,050**	**$5,045,155**	**$4,506,662**	**$4,483,367**	**$4,906,073**	**$4,914,542**
19	**Net Revenue Less Debt**	**$2,294,159**	**$4,183,218**	**$3,555,966**	**$3,359,117**	**$3,781,664**	**$3,790,143**
20	**Net Cash Flow**	**($1,928,396)**	**$329,814**	**($625,220)**	**($728,959)**	**($429,055)**	**($546,897)**
21							
22	**Ending Cash Balance**	**$9,282,198**	**$9,612,012**	**$8,986,792**	**$8,257,833**	**$7,828,778**	**$7,281,881**
23							
24	**Total Reserve Target**	**$5,991,191**	**$5,755,864**	**$5,953,581**	**$6,233,643**	**$6,320,803**	**$6,511,338**
25	***Target Reserve Level Met?***	***Yes***	***Yes***	***Yes***	***Yes***	***Yes***	***Yes***
26							
27	**Combined Debt Service Coverage Ratio**						
28	Calculated Ratio	3.05x	5.85x	4.74x	3.99x	4.36x	4.37x
29	Required Ratio	1.20x	1.20x	1.20x	1.20x	1.20x	1.20x
30	***Required Ratio Met?***	***Yes***	***Yes***	***Yes***	***Yes***	***Yes***	***Yes***

Figure 2-10, Figure 2-11, and **Figure 2-12** respectively show the comparison of revenues and the revenue requirement for the potable fund, recycled fund, and the combined funds under the proposed scenario. The stacked bars represent the revenue requirements, or costs. The current revenue, shown as a dashed black line, is lower than the revenue requirements. The proposed revenue, shown as a dashed red line, is close to or higher than the revenue requirements in each year of the study period, meaning that the District's proposed revenues, along with carefully considered use of reserve funds in some years, can sufficiently fund its expenses. Reserve funds will be used in each year of the study period (except for FY 2027) to fund a portion of potable CIP costs and minimize rate impacts to customers.

Figure 2-10: Potable Revenue Requirements vs. Revenues (Proposed Financial Plan)

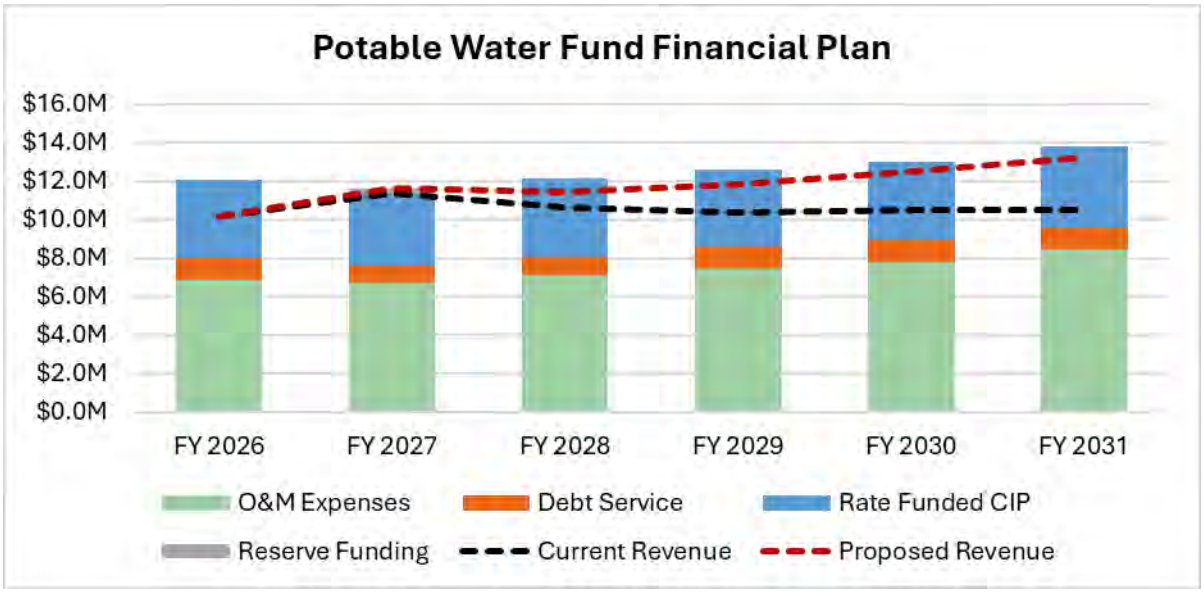


Figure 2-11: Recycled Revenue Requirements vs. Revenues (Proposed Financial Plan)

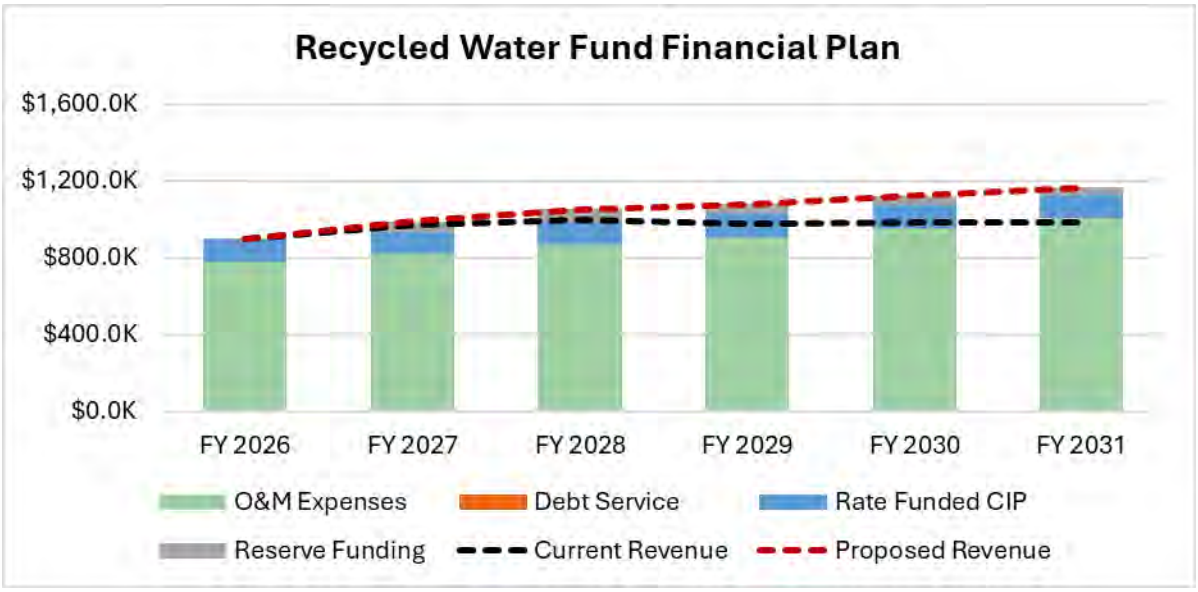


Figure 2-12: Combined Revenue Requirements vs. Revenues (Proposed Financial Plan)

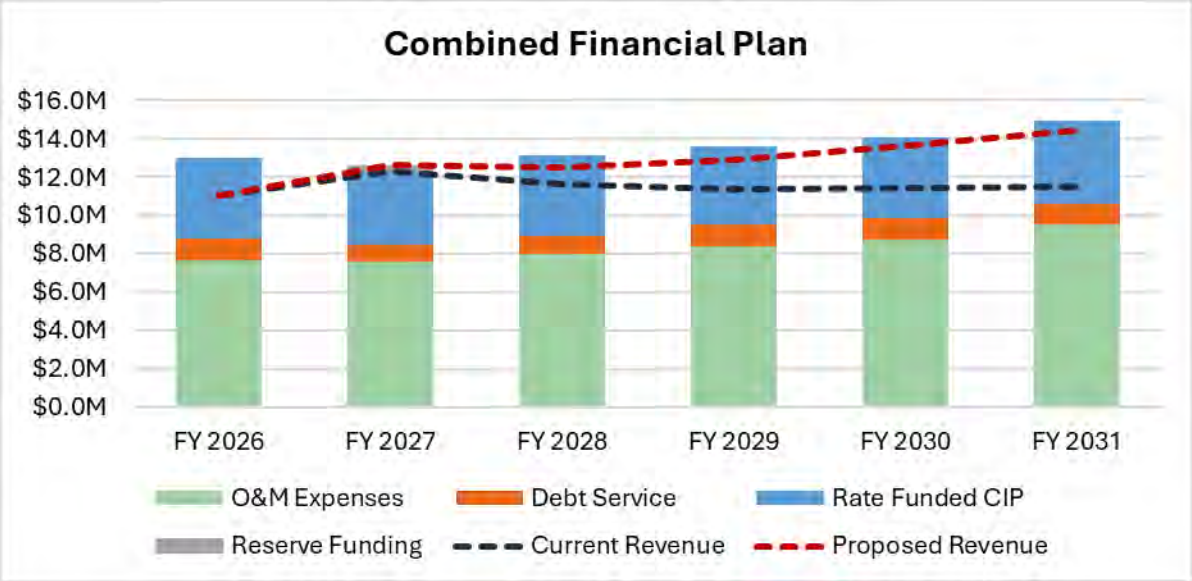


Figure 2-13, Figure 2-14, and **Figure 2-15** respectively show the fund balance projections in the potable, recycled, and combined funds under the proposed financial plan. The District's ending balance (blue bars) will meet the proposed reserve targets (dashed red line) in each year of the study period.

Figure 2-13: Potable Projected Reserve Balances (Proposed Financial Plan)

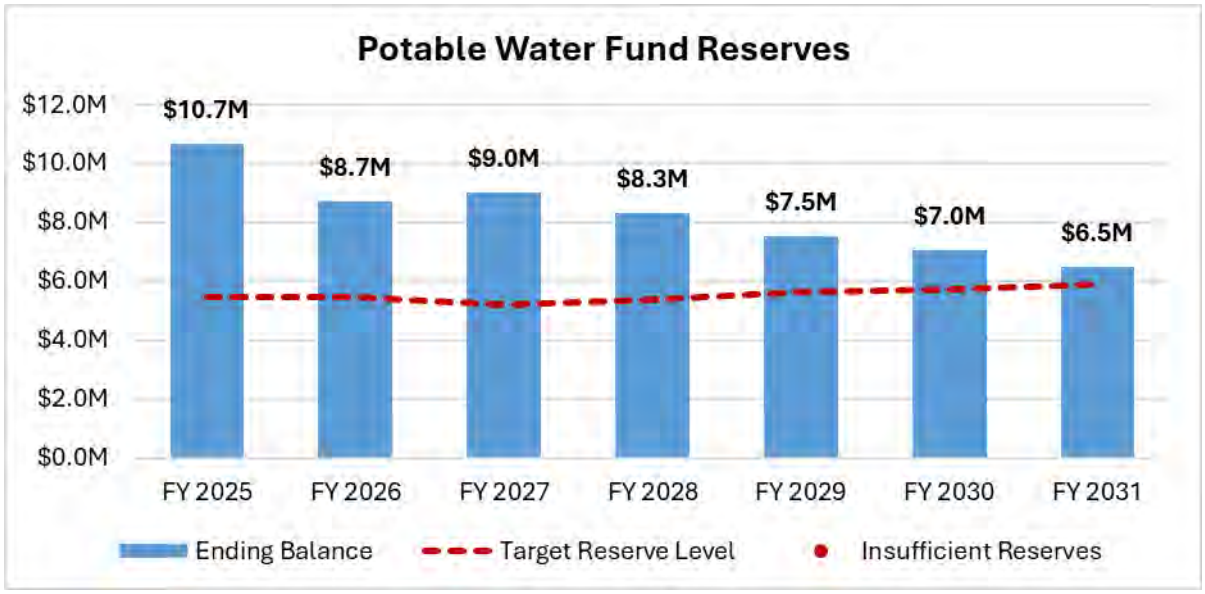


Figure 2-14: Recycled Projected Reserve Balances (Proposed Financial Plan)

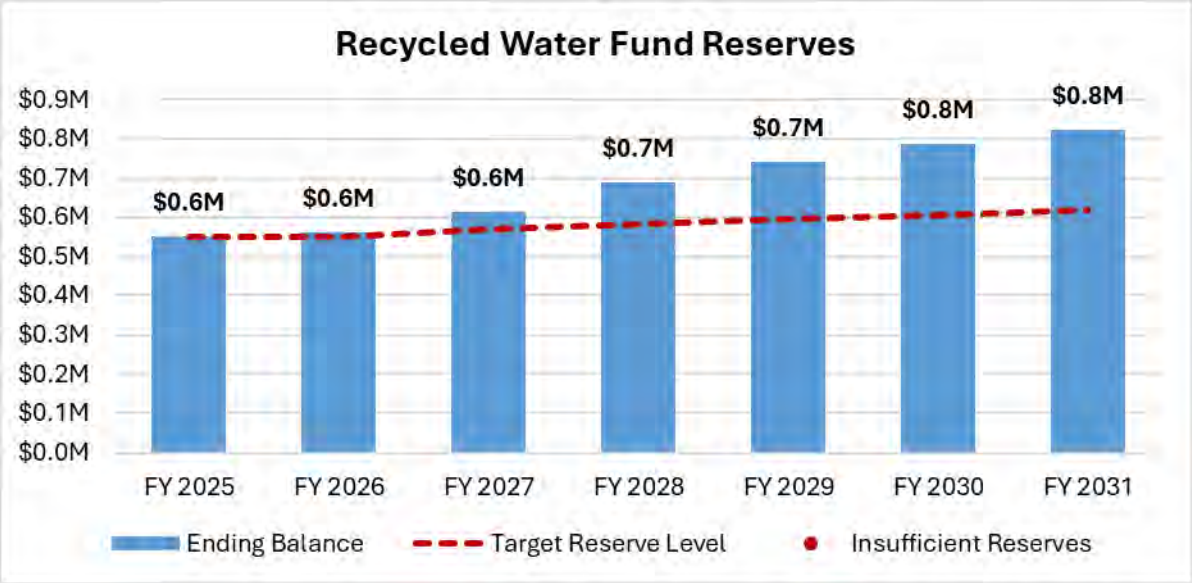


Figure 2-15: Combined Projected Reserve Balances (Proposed Financial Plan)

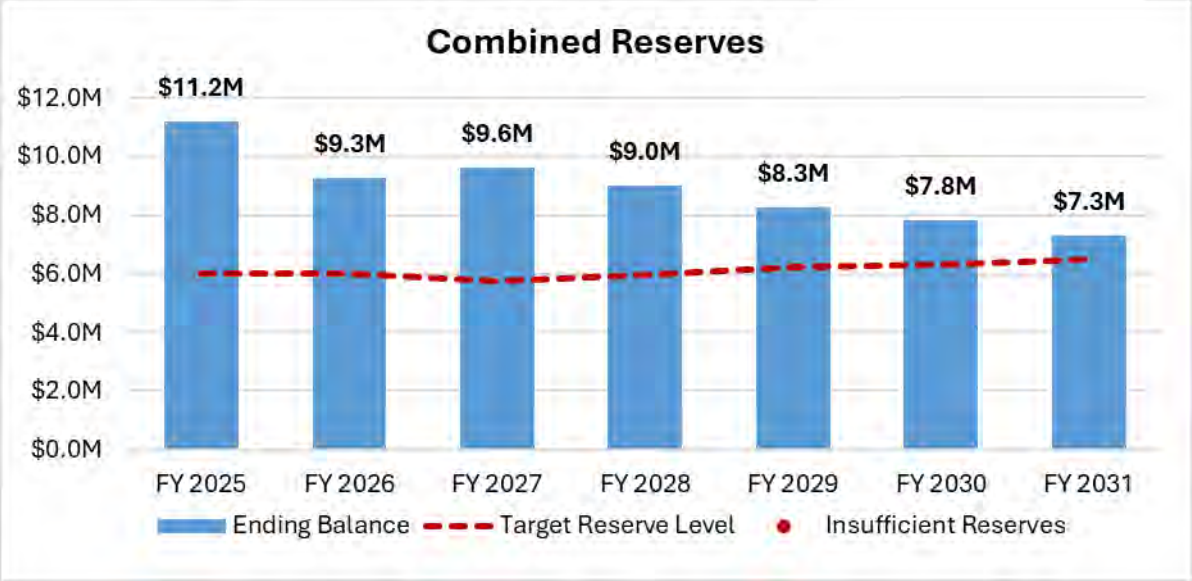
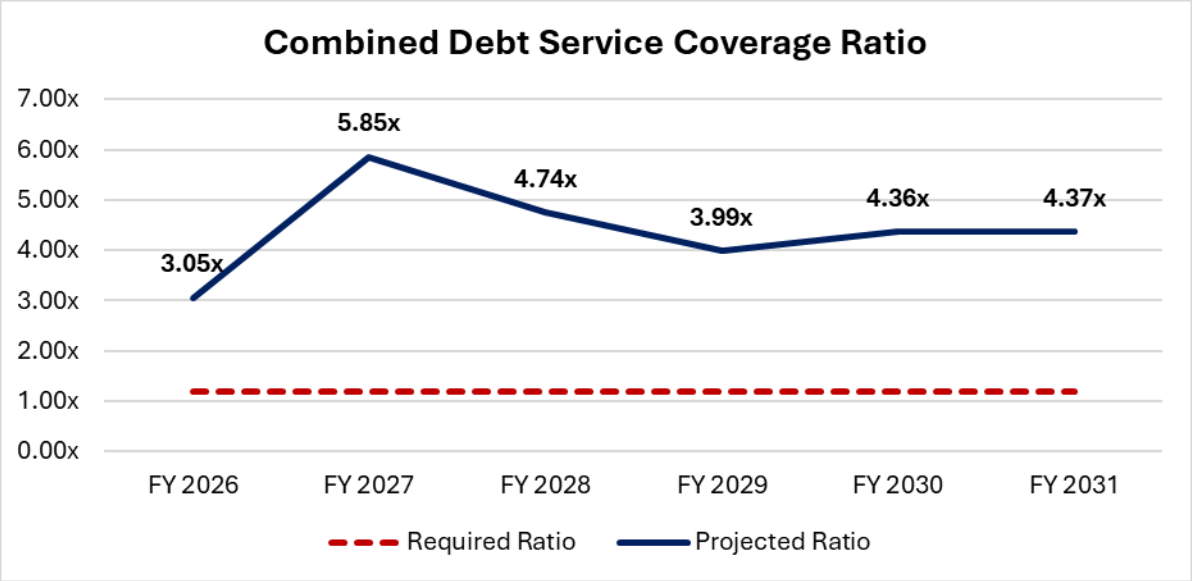


Figure 2-16 shows the combined debt coverage projections in the proposed financial plan. The required debt coverage (dashed red line) is equal to 120% of total debt service. The District is expected to meet its debt coverage requirements for all years of this scenario, including proposed debt service starting in FY 2028 and FY 2029. Note that debt service for the District's existing 2016 JP Morgan loan ends in FY 2028.

Figure 2-16: Combined Projected Debt Coverage (Proposed Financial Plan)



3. POTABLE COST-OF-SERVICE

3.1 COST-OF-SERVICE METHODOLOGY

A cost-of-service analysis was conducted to allocate the proposed FY 2026 rate revenue requirement to customers in proportion to their use of and burden on the District's potable water system. The overall goal of the cost-of-service analysis is to develop "unit costs," which provide the basis from which proposed potable rates are directly calculated from. Note that although the study period spans six years, the cost-of-service analysis is limited to a single representative year referred to as the "test year." The test year in this study is FY 2026.

The key steps in conducting a water cost-of-service analysis are outlined below:

- **Revenue requirement determination**: The total rate revenue requirement for the test year is determined based on the results of the proposed financial plan and divided into primary sub-components (operating, capital, etc.).
- **Cost functionalization**: Operating and capital costs are evaluated and assigned to "functional categories" in the potable water system (e.g., customer service, supply, distribution, etc.). This process provides a proportional breakdown of system costs by functional category.
- **Revenue requirement allocation to cost causation components**: Functionalized costs are allocated to "cost causation components" (e.g., water supply, base delivery, max day, etc.), which are used to attribute customers' use of the system to the District's incurrence of costs.
- **Unit cost development**: The rate revenue requirement allocation for each individual cost causation component is divided by the appropriate units of service to establish unit costs for the test year. Unit costs provide the basis from which proposed potable rates are calculated.

3.2 REVENUE REQUIREMENT

The total rate revenue requirement for the test year, FY 2026, is based on the potable financial plan projections (**Table 2-18**) and is allocated between the Operating, Capital, and Revenue Offset components, as shown in **Table 3-1**:

- The **Operating revenue requirement** consists of operating expenses (Line 2; from **Table 2-18**, Line 13).
- The **Capital revenue requirement** includes debt service (Line 3; from **Table 2-18**, Line 14), rate funded CIP (Line 4; from **Table 2-18**, Line 15), capacity fees (Line 9; from **Table 2-18**, Line 7), other miscellaneous revenues (Line 11; from **Table 2-18**, Line 9), cash to/ (from) reserves (Line 15; from **Table 2-18**, Line 20), and an adjustment to annualize the mid-year rates effective on 1/1/2026 (Line 16).
- The **Revenue Offset revenue requirement** reduces the overall revenue requirement by eligible revenues not generated by specific customer classes or payment of services provided by the District. Under this definition, only property taxes (Line 8; from **Table 2-18**, Line 6) and interest earnings (Line 10; from **Table 2-18**, Line 8) are considered part of the revenue offset.

The total revenue requirement (Line 19) less the revenue adjustment annualization (Line 16) is equal to the amount of rate revenue collected in FY 2026 (**Table 2-18**, Line 4).

Table 3-1: FY 2026 Revenue Requirement

Line	FY 2026 Revenue Requirement	Operating	Capital	Revenue Offsets	Total
1	**Revenue Requirements**				
2	O&M Expenses	$6,866,044	$0	$0	$6,866,044
3	Debt Service	$0	$1,119,891	$0	$1,119,891
4	Rate Funded CIP	$0	$4,115,055	$0	$4,115,055
5	**Total - Revenue Requirements**	**$6,866,044**	**$5,234,947**	**$0**	**$12,100,990**
6					
7	**Non-Rate Revenues**				
8	Property Taxes	$0	$0	($1,637,492)	($1,637,492)
9	Capacity Fees	$0	($82,184)	$0	($82,184)
10	Interest Earnings	$0	$0	($420,194)	($420,194)
11	Other Miscellaneous[27]	$0	($45,400)	$0	($45,400)
12	**Total - Non-Rate Revenues**	**$0**	**($127,584)**	**($2,057,686)**	**($2,185,270)**
13					
14	**Adjustments**				
15	Cash to/ (from) Reserves	$0	($1,937,620)	$0	($1,937,620)
16	Revenue Adjustment Annualization	$0	$198,411	$0	$198,411[28]
17	**Subtotal - Adjustments**	**$0**	**($1,739,209)**	**$0**	**($1,739,209)**
18					
19	**Total - Revenue Requirement**	**$6,866,044**	**$3,368,154**	**($2,057,686)**	**$8,176,512**

3.3 COST FUNCTIONALIZATION

FUNCTIONAL CATEGORY DEFINITIONS

After determining the revenue requirement, the next step in the cost-of-service analysis is to allocate the District's costs into various functional categories. These categories represent the main functions of the District's water system and include:

- **Billing & Customer Service**: costs related to billing and customer service
- **Meter Maintenance & Replacement**: costs of meter maintenance and replacement
- **Water Supply**: variable potable water production costs associated such as electricity for pumping and treatment chemicals
- **Wells**: other non-variable costs associated with groundwater well operations such as well maintenance and improvements
- **Treatment**: costs (other than chemicals) related to treating water to potable standards
- **Transmission**: costs associated with the movement of potable water through the District's water system such as costs associated with pumping water to higher elevations

[27] Other miscellaneous revenues include revenue from late penalty fees, meter fees, etc.
[28] Calculated based on the difference between total rate revenue if rates effective on 1/1/2026 are in effect for one full year and actual rate revenue collected in FY 2026 (**Table 2-18**, Line 4).

- **Storage**: costs related to water storage facilities (such as reservoirs and tanks)
- **Distribution**: costs related to distribution of water to the District's customers through water mains and pipelines
- **Conservation**: costs related to the District's water conservation program
- **Revenue Offset**: miscellaneous revenues that are not generated by specific customer classes or for payment of services provided by the District; these revenues can be used to offset rates at the District's discretion under Proposition 218 requirements
- **General**: costs that are not directly attributable to any other functional category (such as administrative and overhead costs)

OPERATING COST FUNCTIONALIZATION

WRE worked closely with District staff to evaluate and allocate the operating expenses for FY 2026 (**Table 2-8**) to the most closely associated functional categories within the potable water system, as shown in **Table 3-2**. A detailed allocation of operating expenses to functional category is available in the **Appendix** (**Table 6-4**).

Table 3-2: Operating Costs by System Functions

Line	Functional Category	FY 2026 O&M Expenses	Percent of Total
1	Billing & Customer Service	$454,413	6.6%
2	Meter Maintenance & Replacement	$251,941	3.7%
3	Water Supply	$970,307	14.1%
4	Wells	$406,005	5.9%
5	Treatment	$339,100	4.9%
6	Transmission	$1,092,409	15.9%
7	Storage	$60,000	0.9%
8	Distribution	$1,468,794	21.4%
9	Conservation	$77,861	1.1%
10	Revenue Offsets	$0	0.0%
11	General	$1,745,213	25.4%
12	**Total - Operating Expenses**	**$6,866,044**	**100.0%**

CAPITAL ASSET FUNCTIONALIZATION

WRE worked with District staff to evaluate and allocate the District's current capital assets to the most closely associated functional categories within the water system, as shown in **Table 3-3**. The detailed allocation of the current capital assets to the functional categories is included in the **Appendix** (**Table 6-5**).

It is standard practice in most water cost-of-service studies to functionalize current capital assets rather than planned CIP costs, since the latter can fluctuate more significantly from year to year. The current capital asset base provides a more stable representation of long-term capital needs and their associated costs. The asset valuation methodology used in this study is Replacement Cost (RC), which takes inflation of the District's potable water system into account.

Table 3-3: Capital Assets by System Functions

Line	Functional Category	Capital Assets (RC)	Percent of Total
1	Billing & Customer Service	$811,642	0.9%
2	Meter Maintenance & Replacement	$0	0.0%
3	Water Supply	$0	0.0%
4	Wells	$15,366,236	17.2%
5	Treatment	$17,973,097	20.1%
6	Transmission	$7,363,974	8.2%
7	Storage	$15,627,136	17.5%
8	Distribution	$25,566,755	28.6%
9	Conservation	$0	0.0%
10	Revenue Offsets	$0	0.0%
11	General	$6,643,074	7.4%
12	**Total - Capital Assets**	**$89,351,913**	**100.0%**

3.4 COST CAUSATION COMPONENTS

COST COMPONENT DEFINITIONS

While the functional categories represent the costs of system functions, cost causation components represent the reasons for why and how those costs are incurred within the system (thus, cost causation). Cost causation components will be referred to as cost components in this report. The next step of the cost-of-service analysis is to allocate the Operating, Capital, and Revenue Offsets in the functional categories between the cost components, most of which directly correspond to a single functional category.

The cost components in this study include the following:

- **Billing & Customer Service**: directly corresponds to the Billing & Customer Service functional category
- **Meter Capacity**: directly corresponds to the Meter Maintenance & Replacement functional category
- **Base Delivery**: costs associated with delivering water to customers during average water demand conditions
- **Max Day Delivery**: costs associated with delivering water to customers during maximum day demand conditions
- **Max Hour Delivery**: costs associated with delivering water to customers during maximum hour demand conditions
- **Conservation**: directly corresponds to the Conservation functional category
- **Revenue Offset**: directly corresponds to the Revenue Offset functional category
- **General**: directly corresponds to the General functional category

SYSTEM-WIDE CAPACITY FACTORS

System-wide capacity factors for the District's water system, shown in **Table 3-4**, are used to allocate costs associated within the Wells, Treatment, Transmission, Storage, and Distribution functional

categories to the Base Delivery, Max Day Delivery, and Max Hour Delivery cost components. Capacity factors represent the ratio of maximum to average water demand over the course of one year for the entire system. This provides a basis to identify costs incurred to provide water service during average demand conditions and to provide additional capacity during higher demand conditions. The max day and max hour demand capacity factors are from the District's 2023 Sanitary Survey Report demand requirement in MGD (Million Gallons per Day), which represents the most recent available estimate of potable water system peak demand provided by District staff.

The percentage allocations to the Base Delivery, Max Day Delivery, and Max Hour Delivery cost components based on the average and maximum demand capacity factors are calculated as follows:

- Average day demand is allocated entirely to Base Delivery
- Max day demand is allocated proportionately to Base Delivery[29] and Max Day Delivery[30]
- Max hour demand is allocated proportionally to Base Delivery[31], Max Day Delivery[32], and Max Hour Delivery[33]

Table 3-4: System-Wide Capacity Allocation

Line	System-Wide Capacity	Factor	Base Delivery	Max Day Delivery	Max Hour Delivery	Total
1	Average Day Demand	1.00	100.0%	0.0%	0.0%	**100.0%**
2	Max Day Demand	2.39	41.8%	58.2%	0.0%	**100.0%**
3	Max Hour Demand	3.59	27.9%	38.8%	33.3%	**100.0%**

[29] 1.00/2.39 = 41.8%.
[30] (2.39-1.00)/2.39 = 58.2%.
[31] 1.00/3.59 = 27.9%
[32] (2.39-1.00)/3.59 = 38.8%
[33] (3.59-2.39)/3.59 = 33.3%

COST COMPONENT ALLOCATION FACTORS

Table 3-5 shows the factors used to allocate the functionalized costs to the cost components. For the cost components that directly correlate to a functional category (Billing & Customer Service, Meter Capacity, Conservation, Revenue Offset, and General), the functionalized costs are allocated entirely to the matching cost component. Water Supply functionalized costs variable costs incurred per unit of water delivered so they are allocated entirely to Base Delivery. Wells, Treatment, Transmission, and Storage are sized based on maximum day demand; the associated functions (Lines 4-7) are therefore allocated based on the Max Day Delivery capacity factor (from **Table 3-4**, Line 2). Distribution (Line 8) is sized based on maximum hour demand and is therefore allocated based on the Max Hour Delivery capacity factor (from **Table 3-4**, Line 3).

Table 3-5: System Function Allocation to Cost Components

Line	Cost Function	Billing & Customer Service	Meter Capacity	Base Delivery	Max Day Delivery	Max Hour Delivery	Conser-vation	Revenue Offset	General	Total
1	Billing & Customer Service	100.0%								**100.0%**
2	Meter Maintenance & Replacement		100.0%							**100.0%**
3	Water Supply			100.0%						**100.0%**
4	Wells			41.8%	58.2%					**100.0%**
5	Treatment			41.8%	58.2%					**100.0%**
6	Transmission			41.8%	58.2%					**100.0%**
7	Storage			41.8%	58.2%					**100.0%**
8	Distribution			27.9%	38.8%	33.3%				**100.0%**
9	Conservation						100.0%			**100.0%**
10	Revenue Offsets							100.0%		**100.0%**
11	General								100.0%	**100.0%**

OPERATING COST COMPONENT ALLOCATION

Table 3-6 shows the operating cost allocation by cost component. The functionalized operating expenses from **Table 3-2** are allocated based on the cost component allocation factors in **Table 3-5**. The operating allocation (Line 13) is derived from the total operating expenses by cost component (Line 12) and represents the proportion of the Operating revenue requirement that will be allocated to each cost component.

Table 3-6: Operating Allocation by Cost Component

Line	Operating Expenses	Billing & Customer Service	Meter Capacity	Base Delivery	Max Day Delivery	Max Hour Delivery	Conser-vation	General	Total
1	Billing & Customer Service	$454,413	$0	$0	$0	$0	$0	$0	**$454,413**
2	Meter Maintenance & Replacement	$0	$251,941	$0	$0	$0	$0	$0	**$251,941**
3	Water Supply	$0	$0	$970,307	$0	$0	$0	$0	**$970,307**
4	Wells	$0	$0	$169,692	$236,313	$0	$0	$0	**$406,005**
5	Treatment	$0	$0	$141,728	$197,372	$0	$0	$0	**$339,100**
6	Transmission	$0	$0	$456,577	$635,831	$0	$0	$0	**$1,092,409**
7	Storage	$0	$0	$25,077	$34,923	$0	$0	$0	**$60,000**
8	Distribution	$0	$0	$409,259	$569,937	$489,598	$0	$0	**$1,468,794**
9	Conservation	$0	$0	$0	$0	$0	$77,861	$0	**$77,861**
10	Revenue Offsets	$0	$0	$0	$0	$0	$0	$0	**$0**
11	General	$0	$0	$0	$0	$0	$0	$1,745,213	**$1,745,213**
12	**Total - Operating Expenses**	**$454,413**	**$251,941**	**$2,172,641**	**$1,674,376**	**$489,598**	**$77,861**	**$1,745,213**	**$6,866,044**
13	***Operating Revenue Requirement Allocation***	***6.6%***	***3.7%***	***31.6%***	***24.4%***	***7.1%***	***1.1%***	***25.4%***	***100.0%***

CAPITAL COST COMPONENT ALLOCATION

Table 3-7 shows the capital cost allocation by cost component. The functionalized capital assets from **Table 3-3** are allocated based on the cost component allocation factors in **Table 3-5**. The capital allocation (Line 13) is derived from the total capital asset value by cost component (Line 12) and represents the proportion of the Capital revenue requirement that will be allocated to each cost component.

Table 3-7: Capital Allocation by Cost Component

Line	Capital Assets (RC)	Billing & Customer Service	Meter Capacity	Base Delivery	Max Day Delivery	Max Hour Delivery	Conser-vation	General	Total
1	Billing & Customer Service	$811,642	$0	$0	$0	$0	$0	$0	**$811,642**
2	Meter Maintenance & Replacement	$0	$0	$0	$0	$0	$0	$0	**$0**
3	Water Supply	$0	$0	$0	$0	$0	$0	$0	**$0**
4	Wells	$0	$0	$6,422,389	$8,943,847	$0	$0	$0	**$15,366,236**
5	Treatment	$0	$0	$7,511,939	$10,461,158	$0	$0	$0	**$17,973,097**
6	Transmission	$0	$0	$3,077,807	$4,286,167	$0	$0	$0	**$7,363,974**
7	Storage	$0	$0	$6,531,433	$9,095,702	$0	$0	$0	**$15,627,136**
8	Distribution	$0	$0	$7,123,829	$9,920,675	$8,522,252	$0	$0	**$25,566,755**
9	Conservation	$0	$0	$0	$0	$0	$0	$0	**$0**
10	Revenue Offsets	$0	$0	$0	$0	$0	$0	$0	**$0**
11	General	$0	$0	$0	$0	$0	$0	$6,643,074	**$6,643,074**
12	**Total - Capital Assets**	**$811,642**	**$0**	**$30,667,397**	**$42,707,550**	**$8,522,252**	**$0**	**$6,643,074**	**$89,351,913**
13	***Capital Revenue Requirement Allocation***	***0.9%***	***0.0%***	***34.3%***	***47.8%***	***9.5%***	***0.0%***	***7.4%***	***100.0%***

PRELIMINARY COST-OF-SERVICE ALLOCATION

Table 3-8 shows the preliminary cost-of-service allocation prior to any adjustments. The Operating costs are equal to the total Operating revenue requirements (**Table 3-1**, Line 19) allocated to each cost component based on the Operating allocation (**Table 3-6**, Line 13). The Capital costs are equal to the total Capital revenue requirements (**Table 3-1**, Line 19) allocated to each cost component based on the Capital allocation (**Table 3-7**, Line 13). The Revenue Offsets are equal to the total Revenue Offset requirements (**Table 3-1**, Line 19). Note that the total cost-of-service (Line 9) is equal to the total rate revenue requirement for FY 2026 (**Table 3-1**, Line 19).

Table 3-8: Preliminary Cost-of-Service Allocation by Cost Component

Line	Cost Causation Component	Operating Revenue Requirement	Capital Revenue Requirement	Revenue Offset	Total
1	Billing & Customer Service	$454,413	$30,595	$0	**$485,009**
2	Meter Capacity	$251,941	$0	$0	**$251,941**
3	Base Delivery	$2,172,641	$1,156,019	$0	**$3,328,660**
4	Max Day Delivery	$1,674,376	$1,609,877	$0	**$3,284,253**
5	Max Hour Delivery	$489,598	$321,249	$0	**$810,847**
6	Conservation	$77,861	$0	$0	**$77,861**
7	Revenue Offset	$0	$0	($2,057,686)	**($2,057,686)**
8	General	$1,745,213	$250,413	$0	**$1,995,626**
9	**Total**	**$6,866,044**	**$3,368,154**	**($2,057,686)**	**$8,176,512**

GENERAL REALLOCATION

General costs are not attributable to specific system functions and are therefore proportionally reallocated to all other cost components. **Table 3-9** shows the reallocation of General costs (Line 8) in proportion to the preliminary allocation to each cost component (except Revenue Offset, which is restricted to specific costs only). The total revenue requirement (Line 9) remains unchanged after the General cost reallocation.

Table 3-9: General Cost Reallocation

Line	Cost Causation Component	Preliminary Allocation	General Cost Reallocation	Total
1	Billing & Customer Service	$485,009	$117,483	**$602,492**
2	Meter Capacity	$251,941	$61,028	**$312,969**
3	Base Delivery	$3,328,660	$806,300	**$4,134,960**
4	Max Day Delivery	$3,284,253	$795,543	**$4,079,796**
5	Max Hour Delivery	$810,847	$196,411	**$1,007,259**
6	Conservation	$77,861	$18,860	**$96,721**
7	Revenue Offset	($2,057,686)	N/A	**($2,057,686)**
8	General	$1,995,626	($1,995,626)	**$0**
9	**Total**	**$8,176,512**	**$0**	**$8,176,512**

CUSTOMER DEMAND AND FIRE CAPACITY REALLOCATION

Table 3-10 shows the current and proposed Residential tier allotments recommended by WRE. Currently the District's Residential rate structure consists of four-tiered volumetric charges for Single Family and Multi-Family customers. WRE recommends reducing the number of tiers for Residential customers from four to three tiers and aligning Multi-Family with proposed Single Family tiers (shown below) to better align the District's rate structure with evolving interpretations of Proposition 218 legal requirements and simplify the District's rate structure. No changes are recommended to the CII and Landscape uniform rate structures. Based on a review of the District's historical consumption, WRE does not recommend any changes to Single Family Tiers 1 and 2 which were designed using a water budget approach to reflect efficient indoor water needs and outdoor water needs, respectively.

Additionally, the District currently charges Residential Rate Assistance usage based on the Tier 1 rate and Residential Qualifying Medical Needs usage based on the Tier 2 rate. After consideration of the Rate Assistance and Qualifying Medical Needs historical usage, WRE recommends charging both Rate Assistance and Qualifying Medical Needs usage based on the Tier 1 rate to simplify the District's rate structure.

Table 3-10: Current and Proposed Residential Tier Allotments

Line	Residential Tiers	Current Single Family Tiers (gallons)	Current Multi-Family Tiers (gallons)	Proposed Residential Tiers (gallons)
1	Tier 1	0-3,000	0-3,000	0-3,000
2	Tier 2	3,001-6,000	3,001-3,200	3,001-6,000
3	Tier 3	6,001-7,000	3,201-7,000	6,001+
4	Tier 4	7,001+	7,001+	

Cost-of-service allocations consider system-wide capacity, which is the combination of customer demand and fire protection. For the purposes of the cost-of-service analysis, Max Day Delivery and Max Hour Delivery cost components are further allocated between customer demand and fire protection based on their proportional share of required capacity within the water system.

Table 3-11 shows the customer demand capacity calculations for Max Day and Max Hour. Annual water usage for each service class is based on historical monthly consumption data provided by District staff, applying the proposed monthly tiers shown in **Table 3-10**. Total usage (Line 7) is equal to total potable usage in FY 2026 (**Table 2-4**, Line 26). Note that Residential Tier 1 usage (Line 2) includes Rate Assistance and Qualifying Medical Needs usage. The daily use is equal to the annual use divided by 365 days. The Max Month capacity factors for each class are based on the ratio of their historical monthly consumption during the system-wide maximum usage month to their average monthly usage. Max Day capacity factors are estimated for each class in the absence of available daily consumption data by multiplying the Max Month capacity factor for each class by the ratio of systemwide Max Day (**Table 3-4**, Line 2) to systemwide Max Month (Line 7) capacity. Max Day demand is calculated by multiplying the daily use in hgal by the Max Day capacity factor for each class. Max Day extra capacity is equal to Max Day demand less daily use. Max Hour capacity factors are calculated for each class by multiplying the Max Day capacity factor for each class by the ratio of systemwide Max Hour (**Table 3-4**, Line 3) to systemwide Max Day (**Table 3-4**, Line 2) capacity. Similarly, Max Hour demand is calculated by multiplying the daily use in hgal by the Max Hour capacity factor for each customer class and tier. Max Hour extra capacity is equal to the Max Hour demand less Max Day demand.

The total Max Day and Max Hour extra capacity (Line 7) represents the capacity required to meet customer demand. Note that recycled water use is excluded from the extra capacity calculations below because the District's recycled system functions independently from the potable water system.

Table 3-11: Customer Demand Capacity

Line	Service Class	Annual Use (100 gallons)	Daily Use	Max Month Capacity Factor	Max Day Capacity Factor	Max Day Demand	Max Day Extra Capacity	Max Hour Capacity Factor	Max Hour Demand	Max Hour Extra Capacity
1	**Residential**									
2	Tier 1 (0-3,000 gallons)	1,168,066	3,200	1.04	2.04	6,534	3,334	3.06	9,801	3,267
3	Tier 2 (3,001-6,000 gallons)	476,431	1,305	1.26	2.47	3,225	1,919	3.71	4,837	1,612
4	Tier 3 (6,001+ gallons)	402,566	1,103	1.78	3.47	3,832	2,729	5.21	5,748	1,916
5	**CII**	853,740	2,339	1.17	2.30	5,374	3,035	3.45	8,061	2,687
6	**Landscape**	235,113	644	1.61	3.15	2,029	1,385	4.73	3,044	1,015
7	**Total**	**3,135,915**		**1.22**		**20,994**	**12,402**		**31,491**	**10,497**

Costs related to fire protection capacity increase exponentially based on fire line diameter and are attributable to both public fire hydrants and private fire connections. Therefore, equivalent fire lines are calculated to provide a basis from which to allocate costs in proportion to fire line size, and between public and private fire connections. Equivalent fire line calculations are shown in **Table 3-12**; private fire line counts[34] are from **Table 2-3** (Lines 6 and 69) and public fire line counts were provided by District staff. The capacity of a fire line is based on the diameter of the connection and is equal to the connection diameter in inches raised to the power of 2.63 based on the Hazen-Williams equation in the AWWA's M1 Manual. The fire line ratio is the fire capacity of each diameter size divided by the base fire line size, which is 2 inches in diameter. Equivalent fire lines are calculated by multiplying the fire line ratio of each diameter size by the number of connections by size. The concept of equivalent fire lines provides a basis from which to compare the capacity requirements of both private fire protection and public hydrants. The fire protection capacity attributed to private fire connections is equal to 7.8%; the remaining 92.2% is attributed to public fire hydrants (Line 6).

[34] Note that meter size and fire line diameter vary for private fire lines. All private fire lines are assumed to have a 2" fire line diameter regardless of meter size.

Table 3-12: Equivalent Fire Lines

Line	Fire Line Size	Fire Line Diameter	Fire Demand Units	Fire Demand Ratio	Private Fire Lines	Public Fire Lines	Total Fire Lines	Equivalent Private Fire Lines	Equivalent Public Fire Lines	Total Equivalent Fire Lines
1	5/8-inch Fire Service (Residential/Commercial)	2	6.19	1.00	521	0	521	521	0	521
2	3/4-inch (Multi-Residential, incl. Fire Service)	2	6.19	1.00	347	0	347	347	0	347
3	Public Hydrants 4"	4	38.32	6.19	0	18	18	0	111	111
4	Public Hydrants 6"	6	111.31	17.98	0	564	564	0	10,142	10,142
5	**Total**				**868**	**582**	**1,450**	**868**	**10,253**	**11,121**
6	***Percent of Total***							***7.8%***	***92.2%***	***100.0%***

Table 3-13 shows the calculation of fire capacity requirements in the District's system and the capacity allocation between fire and customer demand. The extra capacity required for fire is based on assumed fire flow requirements of 1,500 gallons per minute (gpm) for 3 hours. The fire capacity is allocated between private fire (Line 6) and public hydrants (Line 7) using the proportion of equivalent fire lines attributed to each service (**Table 3-12**, Line 6). The customer (from **Table 3-11**, Line 7), private fire, and public hydrant extra capacity (Lines 5-7) are added together to form the total extra capacity requirements of the system (Line 8). From there, the capacity allocation factors (Lines 10-12) are calculated based on the proportion of the total capacity requirements related to each service. These allocations are used to reallocate Max Day and Max Hour costs.

Table 3-13: Capacity Allocation by Fire and Customer Demand

Line	Fire Capacity	Max Day	Max Hour
1	Hours for Fire	3	3
2	Capacity for Fire (gpm)	1,500	1,500
3	Fire Extra Capacity (100 gallons)	2,700[35]	18,900[36]
4			
5	Customer Demand	12,402	10,497
6	Private Fire	211	1,475
7	Public Hydrants	2,489	17,425
8	**Total - Capacity Requirements**	**15,102**	**29,397**
9			
10	Customer Demand	82.1%	35.7%
11	Private Fire	1.4%	5.0%
12	Public Hydrants	16.5%	59.3%
13	**Total - Capacity Allocation**	**100.0%**	**100.0%**

Public Fire costs within the Max Day Delivery and Max Hour Delivery components are reallocated based on the proportion of capacity related to public fire protection (**Table 3-13**, Line 12). All Public Fire costs are reallocated from Max Day Delivery and Max Hour Delivery to the Meter Capacity component (Line 2). Private Fire costs are reallocated from Max Day Delivery and Max Hour Delivery to the Private Fire Protection cost component based on the proportion of capacity related to private fire service (**Table 3-13**, Line 11). The Max Day Delivery and Max Hour Delivery components now represent the capacity requirements of customer water demand only and do not include costs related to fire protection capacity.

Table 3-14: Public and Private Fire Reallocation

Line	Cost Causation Component	Allocation Adjusted for General	Private Fire Reallocation	Public Fire Reallocation	Total
1	Billing & Customer Service	$602,492	$0	$0	**$602,492**
2	Meter Capacity	$312,969	$0	$1,269,503	**$1,582,472**
3	Private Fire Protection	$0	$107,473	$0	**$107,473**
4	Base Delivery	$4,134,960	$0	$0	**$4,134,960**
5	Max Day Delivery	$4,079,796	($56,929)	($672,457)	**$3,350,410**
6	Max Hour Delivery	$1,007,259	($50,545)	($597,046)	**$359,668**
7	Conservation	$96,721	$0	$0	**$96,721**
8	Revenue Offset	($2,057,686)	$0	$0	**($2,057,686)**
9	General	$0	$0	$0	**$0**
10	**Total**	**$8,176,512**	**$0**	**$0**	**$8,176,512**

[35] 2,700 hgal = (3 hours x 1,500 gpm x 60 minutes per hour) / 100 gallons.
[36] 18,900 hgal = (1,500 gpm x 60 minutes per hour x 24 hours per day / 100 gallons) – 2,700 hgal.

EXTRA CAPACITY REALLOCATION

Table 3-15 shows the reallocation of 15.5% of Max Day Delivery and Max Hour Delivery costs (Lines 5 and 6) to the Meter Capacity component. This reallocation is necessary to adjust the percentage of rate revenue recovery from fixed charges to approximately 35%, based on direction from District staff. This level of fixed revenue recovery will provide a similar level of revenue stability for the District as current rates.

Table 3-15: Extra Capacity Reallocation

Line	Cost Causation Component	Allocation Adjusted for Fire	Extra Capacity Reallocation	Total
1	Billing & Customer Service	$602,492	$0	**$602,492**
2	Meter Capacity	$1,582,472	$575,062	**$2,157,534**
3	Private Fire Protection	$107,473	$0	**$107,473**
4	Base Delivery	$4,134,960	$0	**$4,134,960**
5	Max Day Delivery	$3,350,410	($519,314)	**$2,831,097**
6	Max Hour Delivery	$359,668	($55,749)	**$303,920**
7	Conservation	$96,721	$0	**$96,721**
8	Revenue Offset	($2,057,686)	$0	**($2,057,686)**
9	General	$0	$0	**$0**
10	**Total**	**$8,176,512**	**$0**	**$8,176,512**

FINAL COST-OF-SERVICE ALLOCATION

Table 3-16 shows the final cost-of-service allocation based on the adjustments for General, Fire Capacity, and Extra Capacity from the prior report tables.

Table 3-16: Final Cost-of-Service Allocation by Cost Component

Line	Cost Causation Component	Final Cost-of-Service Allocation
1	Billing & Customer Service	$602,492
2	Meter Capacity	$2,157,534
3	Private Fire Protection	$107,473
4	Base Delivery	$4,134,960
5	Max Day Delivery	$2,831,097
6	Max Hour Delivery	$303,920
7	Conservation	$96,721
8	Revenue Offset	($2,057,686)
9	**Total**	**$8,176,512**

3.5 UNIT COST CALCULATION

EQUIVALENT METER UNITS

Costs related to meter capacity increase based on meter size. Therefore, equivalent meter units are calculated to provide a basis from which to allocate costs in proportion to meter size. Equivalent meter calculations are shown in **Table 3-17**.

Equivalent meters are calculated based on meter capacity ratios, which represent the safe operating capacity of a water meter relative to the base meter size. For this study, the base meter size is a 5/8-inch meter, which is the most common meter size in the District's system. Capacity in gpm is derived from the *AWWA M1 Manual* for each meter size. The meter ratio for a 1.5-inch meter is 5.00, which means that the capacity of a 1.5-inch meter is five times that of a 5/8-inch meter. Note that 3/4-inch (Multi-Residential, incl. Fire Service) meters are allocated Meter Capacity costs based on a 5/8-inch meter capacity ratio as they could be otherwise served with a 5/8-inch meter and are upsized to 3/4-inch for fire protection purposes.

The number of meters in each meter size, excluding recycled meters, are from **Table 2-3**. Equivalent meters are calculated by multiplying the meter counts by the meter capacity ratio for each size.

Table 3-17: Equivalent Meter Units

Line	Meter Size	Meter Capacity (gpm)	Meter Capacity Ratio	Number of Meters	Equivalent Meter Units
1	5/8-inch	20	1.00	3,308	3,308
2	5/8-inch Rate Assistance (Residential)	20	1.00	40	40
3	3/4-inch (Multi-Residential, incl. Fire Service)	20	1.00	347	347
4	3/4-inch	30	1.50	42	63
5	1-inch	50	2.50	117	293
6	1.5-inch	100	5.00	44	220
7	2-inch	160	8.00	34	272
8	3-inch	350	17.50	1	18
9	4-inch	630	31.50	1	32
10	6-inch	1,300	65.00	0	0
11	**Total**			**3,934**	**4,592**

UNITS OF SERVICE DEFINITIONS

The appropriate units of service are then established for each cost component based on cost causation, which is shown in **Table 3-18**. Cost components to be recovered by the fixed charges (Lines 1-3) are assigned units of service based on the number of equivalent meters (**Table 3-17**), equivalent fire lines (**Table 3-12**), and customers (sum of meter counts from **Table 3-17**). Cost components to be recovered by the volumetric charges are assigned units based on annual usage in hgal (**Table 3-11**) and Max Day and Max Hour extra capacity in hgal per day (**Table 3-11**).

Table 3-18: Units of Service Definitions

Line	Cost Causation Component	Units of Service	Units of Service Definition
1	Billing & Customer Service	47,208	Total Meters x 12 months (Exclude 5/8" fire service)
2	Meter Capacity	55,098	Total Equiv. Meters x 12 months
3	Private Fire Protection	10,416	Equiv. Fire Lines x 12 months
4	Base Delivery	3,135,915	Potable water use (hgal/yr)
5	Max Day Delivery	12,402	Max day extra capacity (hgal/day)
6	Max Hour Delivery	10,497	Max hour extra capacity (hgal/day)
7	Conservation	3,135,915	Potable water use (hgal/yr)
8	Revenue Offset	3,135,915	Potable water use (hgal/yr)

UNIT COST BY COST COMPONENT

Table 3-19 shows the calculation of unit costs by each cost component. The final cost-of-service allocation (**Table 3-16**) is divided by the units of service (**Table 3-18**) for each cost component to derive the unit cost. These unit costs will determine the cost-of-service by customer class.

Table 3-19: Unit Cost by Cost Component

Line	Cost Causation Component	Final Cost-of-Service Allocation	Units of Service	Unit Cost	Units
1	Billing & Customer Service	$602,492	47,208	$12.76	per bill
2	Meter Capacity	$2,157,534	55,098	$39.16	per EMU
3	Private Fire Protection	$107,473	10,416	$10.32	per EFL
4	Base Delivery	$4,134,960	3,135,915	$1.32	per hgal
5	Max Day Delivery	$2,831,097	12,402	$228.27	per hgal/day
6	Max Hour Delivery	$303,920	10,497	$28.95	per hgal/day
7	Conservation	$96,721	3,135,915	$0.03	per hgal
8	Revenue Offset	($2,057,686)	3,135,915	($0.66)	per hgal

4. POTABLE WATER RATES

4.1 RATE DESIGN METHODOLOGY

A proposed five-year potable water rate schedule was developed based on the results of the proposed financial plan and cost-of-service analysis. The key steps in developing the proposed rate schedule are outlined below:

- **Rate structure evaluation**: The existing rate structure is evaluated, and any proposed changes are identified. Proposed rate structure changes are typically intended to address specific policy objectives or to improve legal defensibility.
- **Test year rate development**: Rates are calculated for the proposed rate structure for the cost-of-service test year (FY 2026). Rate calculations directly incorporate the unit costs developed in the cost-of-service analysis.
- **Five-year rate schedule development**: Proposed rates for the five-year period are calculated by increasing the test year rates by the proposed annual revenue adjustment percentages from the proposed financial plan.

4.2 PROPOSED CHANGES TO RATE STRUCTURE

The District's current potable rate structure includes monthly basic meter charges by meter size and volumetric charges based on units of water in hgal. Single Family and Multi-Family customers have a four-tiered volumetric charge; CII and Landscape customers have a uniform volumetric charge. The District also has a discount program for eligible Residential Rate Assistance and Qualifying Medical Needs customers. Rate Assistance customers receive 30% off monthly basic meter charges and have a uniform volumetric charge based on the Tier 1 Residential rate. Qualifying Medical Needs customers have a uniform volumetric charge based on the Tier 2 Residential rate.

WRE worked with District staff and the Board to evaluate the current rate structure and propose the following recommendations:

- **Three tiers for Residential volumetric charges**: WRE recommends reducing the number of tiers for Residential customers from four to three tiers and aligning Multi-Family with proposed Single Family tiers to better align the District's rate structure with evolving interpretations of Proposition 218 legal requirements and simplify the District's rate structure.
- **Discount program updates**: The District currently charges Residential Rate Assistance usage based on the Tier 1 Single Family rate and Residential Qualifying Medical Needs usage based on the Tier 2 Single Family rate. After consideration of the Rate Assistance and Qualifying Medical Needs historical usage, WRE recommends charging both Rate Assistance and Qualifying Medical Needs usage based on the Tier 1 rate to simplify the District's rate structure.

4.3 PROPOSED MONTHLY BASIC METER CHARGES

REVENUE NEUTRAL RATES

Table 4-1 shows the revenue neutral monthly basic meter charge calculations. The Billing & Customer Service, Meter Capacity, and Private Fire unit costs are from **Table 3-19** (Lines 1-3). The Rate Assistance

discount is calculated assuming a 30% discount off the revenue neutral 5/8-inch monthly basic meter charge. Private Fire unit costs apply to dedicated fire service connections (Line 3) and combined service (Line 4). Meter Capacity unit costs are multiplied by the meter capacity ratio for each meter size to determine the Meter Capacity component of the charge (from **Table 3-17**). Billing & Customer Service costs do not vary based on meter size and thus are the same for all meter sizes. The revenue neutral rate represents the cost-of-service analysis for FY 2026 but does not include the proposed revenue adjustments for the first year of rates in FY 2027.

Table 4-1: Revenue Neutral Monthly Basic Meter Charges

Line	Basic Meter Charges	Meter Capacity Ratio	Billing & Customer Service	Meter Capacity	Private Fire	Rate Assistance	Revenue Neutral Rate
1	5/8-inch	1.00	$12.76	$39.16	N/A	N/A	**$51.92**
2	5/8-inch Rate Assistance (Residential)	1.00	$12.76	$39.16	N/A	($15.58)	**$36.34**
3	5/8-inch Fire Service (Residential/Commercial)	N/A	N/A	N/A	$10.32	N/A	**$10.32**
4	3/4-inch (Multi-Residential, incl. Fire Service)	1.00	$12.76	$39.16	$10.32	N/A	**$62.24**
5	3/4-inch	1.50	$12.76	$58.74	N/A	N/A	**$71.50**
6	1-inch	2.50	$12.76	$97.90	N/A	N/A	**$110.66**
7	1.5-inch	5.00	$12.76	$195.79	N/A	N/A	**$208.55**
8	2-inch	8.00	$12.76	$313.26	N/A	N/A	**$326.03**
9	3-inch	17.50	$12.76	$685.27	N/A	N/A	**$698.03**
10	4-inch	31.50	$12.76	$1,233.48	N/A	N/A	**$1,246.24**
11	6-inch	65.00	$12.76	$2,545.28	N/A	N/A	**$2,558.04**

PROPOSED RATES WITH ADJUSTMENT

Table 4-2 shows the proposed monthly basic meter charges for FY 2026 based on the revenue neutral rate (**Table 4-1**) adjusted by the proposed revenue adjustment of 6.5% in the first year (**Table 2-17**) and rounded up to the nearest cent.

Table 4-2: Proposed Monthly Basic Meter Charges after Adjustment

Line	Basic Meter Charges	Revenue Neutral Rate	Proposed FY 2027 Rate (w/ 6.5% Adj.)	Current Rate	Difference ($)	Difference (%)
1	5/8-inch	$51.92	**$55.30**	$52.55	$2.75	5.2%
2	5/8-inch Rate Assistance (Residential)	$36.34	**$38.71**	$36.79	$1.92	5.2%
3	5/8-inch Fire Service (Residential/Commercial)	$10.32	**$10.99**	$13.90	($2.91)	-20.9%
4	3/4-inch (Multi-Residential, incl. Fire Service)	$62.24	**$66.29**	$66.44	($0.15)	-0.2%
5	3/4-inch	$71.50	**$76.15**	$73.46	$2.69	3.7%
6	1-inch	$110.66	**$117.86**	$115.43	$2.43	2.1%
7	1.5-inch	$208.55	**$222.11**	$229.81	($7.70)	-3.4%
8	2-inch	$326.03	**$347.22**	$369.92	($22.70)	-6.1%
9	3-inch	$698.03	**$743.41**	$767.76	($24.35)	-3.2%
10	4-inch	$1,246.24	**$1,327.25**	$1,357.55	($30.30)	-2.2%
11	6-inch	$2,558.04	**$2,724.32**	$2,706.40	$17.92	0.7%

4.4 PROPOSED VOLUMETRIC CHARGES

The volumetric charge calculations include the Base Delivery, Extra Capacity, Conservation, and Revenue Offset components, which are detailed in this section.

BASE DELIVERY COST

The Base Delivery unit cost (**Table 3-19**, Line 4) of $1.32 is charged to all potable customers equally.

EXTRA CAPACITY COST

Table 4-3 shows the Extra Capacity unit costs by customer class and tier. The annual usage (hgal), Max Day extra capacity (hgal/day), and Max Hour extra capacity (hgal/day) for each class and tier are from **Table 3-11**. The Max Day and Max Hour cost allocation is calculated by multiplying the Max Day and Max Hour units of service by the unit costs for Max Day Delivery and Max Hour Delivery (**Table 3-19**, Lines 5-6), respectively. The Extra Capacity cost allocation represents the sum of Max Day and Max Hour cost allocations. The Extra Capacity unit cost is calculated by dividing the Extra Capacity cost allocation by the annual usage for each customer class and tier.

Table 4-3: Extra Capacity Unit Cost by Customer Class and Tier

Line	Extra Capacity Unit Rates	Usage (100 gallons)	Max Day Extra Capacity	Max Hour Extra Capacity	Max Day Cost Allocation	Max Hour Cost Allocation	Extra Capacity Cost Allocation	Unit Rate
1	**Residential**							
2	Tier 1 (0-3,000 gallons)	1,168,066	3,334	3,267	$761,035	$94,591	$855,626	$0.73
3	Tier 2 (3,001-6,000 gallons)	476,431	1,919	1,612	$438,135	$46,682	$484,817	$1.02
4	Tier 3 (6,001+ gallons)	402,566	2,729	1,916	$622,993	$55,476	$678,469	$1.69
5	**CII**	853,740	3,035	2,687	$692,796	$77,797	$770,593	$0.90
6	**Landscape**	235,113	1,385	1,015	$316,138	$29,374	$345,512	$1.47
7	**Total**	**3,135,915**	**12,402**	**10,497**				

CONSERVATION COST

Table 4-4 shows the Conservation unit cost by customer class and tier. Conservation costs for Residential customers are allocated entirely to Tier 3, which represents the usage tier that the District's Conservation program targets. The Conservation costs for CII and Landscape customers are allocated to all usage since those classes both have a uniform volumetric rate. Conservation cost allocations for each customer class and tier are calculated based on multiplying annual usage by the Conservation unit cost (**Table 3-19**, Line 7), accounting for the allocation to each tier. Conservation unit costs for each customer class and tier are calculated by dividing the customer class cost allocation by allocated usage for each class and tier.

Table 4-4: Conservation Unit Cost by Customer Class and Tier

Line	Conservation Unit Rates	Usage (100 gallons)	Customer Class Allocation	Tier Allocation	Allocated Usage (100 gallons)	Unit Rate
1	**Residential**	**2,047,062**	**$63,138**		**402,566**	
2	Tier 1 (0-3,000 gallons)	1,168,066	$0	0%	0	$0.00
3	Tier 2 (3,001-6,000 gallons)	476,431	$0	0%	0	$0.00
4	Tier 3 (6,001+ gallons)	402,566	$63,143	100%	402,566	$0.16
5	**CII**	853,740	$26,334	100%	853,740	$0.03
6	**Landscape**	235,113	$7,252	100%	235,113	$0.03
7	**Total**	**3,135,915**	**$96,730**			

REVENUE OFFSET

Table 4-5 shows the revised Revenue Offset[37] unit cost after adjusting for the Rate Assistance fixed discount. Under Proposition 218, water rates may not be used for any purpose other than providing water service to customers. Therefore, an adjustment is made to reduce the revenue offset by the amount of discount funding required for the fixed Rate Assistance discount. The Revenue Offset revenue requirement (Line 1) is from **Table 3-16** (Line 8). The fixed charge Rate Assistance discount (Line 2) is calculated by multiplying the number of Rate Assistance accounts (**Table 2-3**, Line 5) by the revenue neutral discount

[37] Note that Revenue Offsets include revenue from property taxes and interest earnings identified in **Table 3-1** (Lines 8 and 10).

(**Table 4-1**, Line 2) for twelve billing periods. The adjusted revenue requirement (Line 3) represents the sum of the Revenue Offset revenue requirement (Line 1) and funding required for the fixed charge Rate Assistance discount (Line 2). The revised unit cost (Line 5) is calculated by dividing the adjusted revenue requirement (Line 3) by total potable usage (Line 4).Table 3-16: Final Cost-of-Service Allocation by Cost Component

Table 4-5: Revenue Offset Discount Adjustment

Line	Revenue Offset Adjustment	Value
1	Revenue Requirement from COS	($2,057,686)
2	Less Fixed Charge Rate Assistance Discount	$7,477
3	**Adjusted Revenue Requirement**	**($2,050,209)**
4	Potable Usage (100 gallons)	3,135,915
5	**Revised Unit Cost**	**($0.65)**

Table 4-6 shows the Revenue Offset unit cost by customer class and tier. The District has discretion to use these revenues to offset the cost of water; all customer classes benefit from the Revenue Offsets equally, which are allocated based on usage in each customer class. Within the Residential class, Tier 1 receives the full Revenue Offset to lower the cost of water for essential indoor water use for basic health and safety.

Revenue Offset allocations for each customer class and tier are calculated based on multiplying annual usage by the revised Revenue Offset unit cost (**Table 4-5**, Line 5), accounting for the allocation to each tier. Revenue Offset unit costs for each customer class and tier are calculated by dividing the Customer class allocation by allocated usage for each class and tier.

Table 4-6: Revenue Offset Unit Cost by Customer Class and Tier

Line	Revenue Offset Unit Rates	Usage (100 gallons)	Customer Class Allocation	Tier Allocation	Allocated Usage (100 gallons)	Unit Rate
1	**Residential**	**2,047,062**	**($1,338,336)**		**1,168,066**	
2	Tier 1 (0-3,000 gallons)	1,168,066	($1,338,336)	100%	1,168,066	($1.15)
3	Tier 2 (3,001-6,000 gallons)	476,431	$0	0%	0	$0.00
4	Tier 3 (6,001+ gallons)	402,566	$0	0%	0	$0.00
5	**CII**	853,740	($558,161)	100%	853,740	($0.65)
6	**Landscape**	235,113	($558,161)	100%	235,113	($0.65)
7	**Total**	**3,135,915**	**($153,713)**			

REVENUE NEUTRAL RATES

Table 4-7 shows the revenue neutral volumetric charges for each class and tier, based on the Base Delivery, Extra Capacity, Conservation, and Revenue Offset unit costs. The revenue neutral rate represents the cost-of-service analysis for FY 2026 but does not include the proposed revenue adjustments for FY 2027.

Table 4-7: Revenue Neutral Volumetric Rates

Line	Volumetric Rates ($/ 100 gallons)	Base Delivery	Extra Capacity	Conser-vation	Rev Offset	Revenue Neutral Rate
1	**Residential**					
2	Tier 1 (0-3,000 gallons)	$1.32	$0.73	$0.00	($1.15)	**$0.91**
3	Tier 2 (3,001-6,000 gallons)	$1.32	$1.02	$0.00	$0.00	**$2.34**
4	Tier 3 (6,001+ gallons)	$1.32	$1.69	$0.16	$0.00	**$3.16**
5	**CII**	$1.32	$0.90	$0.03	($0.65)	**$1.60**
6	**Landscape**	$1.32	$1.47	$0.03	($0.65)	**$2.17**
7	**Qualifying Medical Needs Residential**	$1.32	$0.73	$0.00	($1.15)	**$0.91**
8	**Rate Assistance (Residential)**	$1.32	$0.73	$0.00	($1.15)	**$0.91**

PROPOSED RATES WITH ADJUSTMENT

Table 4-8 shows the proposed volumetric charges for FY 2027 based on the revenue neutral rate (**Table 4-7**) adjusted by the proposed revenue adjustment of 6.5% in the first year (**Table 2-17**) and rounded up to the nearest cent.

Table 4-8: Proposed Volumetric Charges after Adjustment

Line	Volumetric Rates ($/ 100 gallons)	Revenue Neutral Rate	Proposed FY 2027 Rate (w/ 6.5% Adj.)	Current Rate	Difference ($)	Difference (%)
1	**Residential**					
2	Tier 1 (0-3,000 gallons)	$0.91	$0.97	$0.99	($0.02)	-2.0%
3	Tier 2 (3,001-6,000 gallons)	$2.34	$2.49	$1.58	$0.91	57.6%
4	Tier 3 (6,001+ gallons)	$3.16	$3.37	$3.15[38]	$0.22	7.0%
5	**CII**	$1.60	$1.71	$1.61	$0.10	6.2%
6	**Landscape**	$2.17	$2.31	$2.65	($0.34)	-12.8%
7	**Qualifying Medical Needs Residential**	$0.91	$0.97	$1.58	($0.61)	-38.6%
8	**Rate Assistance (Residential)**	$0.91	$0.97	$0.99	($0.02)	-2.0%

4.5 PROPOSED WATER RATE SCHEDULE

PROPOSED FIVE-YEAR REVENUE ADJUSTMENTS

Table 4-9 shows the revenue adjustments for the five-year period and their effective date based on the proposed financial plan (**Table 2-17**).

[38] Estimated based on the average of current Tier 3 (6,001 to 7,000 gallons) and Tier 4 (7,000+ gallons) rate.

Table 4-9: Proposed Revenue Adjustments

Line	Fiscal Year	Effective Date	Potable Revenue Adjustments
1	FY 2027	1/1/2027	6.5%
2	FY 2028	1/1/2028	6.5%
3	FY 2029	1/1/2029	6.5%
4	FY 2030	1/1/2030	6.5%
5	FY 2031	1/1/2031	6.5%

PROPOSED FIVE-YEAR WATER RATE SCHEDULE

The proposed five-year water rate schedules are based on the proposed rate structure changes, the updated cost-of-service analysis, and the proposed revenue adjustments (**Table 4-9**) in the five-year period. The proposed rates for FY 2028, FY 2029, FY 2030, and FY 2031 were calculated by increasing the FY 2027 rates by the revenue adjustments, rounded up to the nearest cent. **Table 4-10** shows the proposed monthly basic meter charges and volumetric rates.

Table 4-10: Current and Proposed Potable Water Rates

Line	Proposed Potable Five-Year Rate Schedule	As of 1/1/2026	Effective 1/1/2027	Effective 1/1/2028	Effective 1/1/2029	Effective 1/1/2030	Effective 1/1/2031
1	**Monthly Basic Meter Charge**						
2	5/8-inch	$52.55	$55.30	$58.90	$62.73	$66.81	$71.16
3	5/8-inch Rate Assistance (Residential)	$36.79	$38.71	$41.23	$43.91	$46.77	$49.82
4	5/8-inch Fire Service (Residential/Commercial)	$13.90	$10.99	$11.71	$12.48	$13.30	$14.17
5	3/4-inch (Multi-Residential, incl. Fire Service)	$66.44	$66.29	$70.60	$75.19	$80.08	$85.29
6	3/4-inch	$73.46	$76.15	$81.10	$86.38	$92.00	$97.98
7	1-inch	$115.43	$117.86	$125.53	$133.69	$142.38	$151.64
8	1.5-inch	$229.81	$222.11	$236.55	$251.93	$268.31	$285.76
9	2-inch	$369.92	$347.22	$369.79	$393.83	$419.43	$446.70
10	3-inch	$767.76	$743.41	$791.74	$843.21	$898.02	$956.40
11	4-inch	$1,357.55	$1,327.25	$1,413.53	$1,505.41	$1,603.27	$1,707.49
12	6-inch	$2,706.40	$2,724.32	$2,901.41	$3,090.01	$3,290.87	$3,504.78
13							
14	**Volumetric Rates ($/100 gallons)**						
15	**Residential**[39]						
16	Tier 1 (0-3,000 gallons)	N/A	$0.97	$1.04	$1.11	$1.19	$1.27
17	Tier 2 (3,001-6,000 gallons)	N/A	$2.49	$2.66	$2.84	$3.03	$3.23
18	Tier 3 (6,001+ gallons)	N/A	$3.37	$3.59	$3.83	$4.08	$4.35
19	**CII**	$1.61	$1.71	$1.83	$1.95	$2.08	$2.22
20	**Landscape**	$2.65	$2.31	$2.47	$2.64	$2.82	$3.01
21	**Qualifying Medical Needs Residential**	$1.58	$0.97	$1.04	$1.11	$1.19	$1.27
22	**Rate Assistance (Residential)**	$0.99	$0.97	$1.04	$1.11	$1.19	$1.27

4.6 POTABLE CUSTOMER IMPACTS

The following impacts are for the first year of effective rates (FY 2027). The impacts below reflect the cost-of-service analysis and 6.5% revenue adjustment applied to FY 2027. Note that differential impacts to different customer classes and tiers will only occur during the first year of effective rates in FY 2027. For future effective rates after FY 2027, the 6.5% revenue adjustment will apply to all customer classes and tiers. Minor variations from the 6.5% annual adjustment may occur in future years due to the rounding up of proposed rates to the nearest cent to ensure adequate revenue recovery.

SINGLE FAMILY MONTHLY CUSTOMER IMPACTS

Table 4-11 shows the proposed impacts for a Single Family customer with a 5/8-inch meter (the most common meter size within this class) at various levels of monthly consumption. For the median Single

[39] Current Residential four-tiered volumetric rates are not shown as they are not directly comparable to the proposed three-tiered volumetric rate structure and tier allotments.

Family customer that consumes 36 hgal of water monthly, the monthly impact will be an increase of $7.61 or 8.3%.

Table 4-11: Proposed Monthly Single Family Customer Impacts

Line	Single Family Water Usage Level	Usage (100 gallons)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	Very Low (10th percentile)	13	$65.42	$67.91	$2.49	3.8%
2	Low (25th percentile)	23	$75.32	$77.61	$2.29	3.0%
3	**Median**	**36**	**$91.73**	**$99.34**	**$7.61**	**8.3%**
4	High (75th percentile)	56	$123.33	$149.14	$25.81	20.9%
5	Very High (90th percentile)	88	$220.17	$253.46	$33.29	15.1%

Table 4-12 shows monthly bills for a Single Family customer with a 5/8-inch meter and median water use of 36 hgal over the five-year rate-setting period. By the end of the final year of the proposed rate-setting period, monthly bills will increase to $128.64.

Table 4-12: Proposed Five-Year Monthly Bill Impacts for Median Single Family Customer

Line	Fiscal Year	Monthly Bill	Monthly Bill Increase ($)	Monthly Bill Increase (%)
1	Current	$91.73		
2	Proposed FY 2027	$99.34	$7.61	8.3%
3	Proposed FY 2028	$106.06	$6.72	6.8%
4	Proposed FY 2029	$113.07	$7.01	6.6%
5	Proposed FY 2030	$120.69	$7.62	6.7%
6	Proposed FY 2031	$128.64	$7.95	6.6%

MULTI-FAMILY MONTHLY CUSTOMER IMPACTS

Table 4-13 shows the proposed impacts for a Multi-Family customer with a 5/8-inch meter (the most common meter size within this class) serving five dwelling units at various levels of monthly consumption. For the median Multi-Family that consumes 145 hgal of water monthly, the monthly impact will be a reduction of $0.15 or -0.1%.

Table 4-13: Proposed Monthly Multi-Family Customer Impacts

Line	Multi-Family Water Usage Level	Usage (100 gallons)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	Very Low (10th percentile)	65	$116.90	$118.35	$1.45	1.2%
2	Low (25th percentile)	95	$146.60	$147.45	$0.85	0.6%
3	**Median**	**145**	**$196.10**	**$195.95**	**($0.15)**	**-0.1%**
4	High (75th percentile)	180	$274.05	$275.50	$1.45	0.5%
5	Very High (90th percentile)	245	$459.95	$437.35	($22.60)	-4.9%

Table 4-14 shows monthly bills for a Multi-Family customer with a 5/8-inch meter serving five dwelling units and median water use of 145 hgal over the five-year rate-setting period. By the end of the final year of the proposed rate-setting period, monthly bills will increase to $255.31.

Table 4-14: Proposed Five-Year Monthly Bill Impacts for Median Multi-Family Customer

Line	Fiscal Year	Monthly Bill	Monthly Bill Increase ($)	Monthly Bill Increase (%)
1	Current	$196.10		
2	Proposed FY 2027	$195.95	($0.15)	-0.1%
3	Proposed FY 2028	$209.70	$13.75	7.0%
4	Proposed FY 2029	$223.68	$13.98	6.7%
5	Proposed FY 2030	$239.36	$15.68	7.0%
6	Proposed FY 2031	$255.31	$15.95	6.7%

CII MONTHLY CUSTOMER IMPACTS

Table 4-15 shows the proposed impacts for a CII customer with a 5/8-inch meter (the most common meter size within this class) at various levels of monthly consumption. For the median CII customer that consumes 58 hgal of water monthly, the monthly impact will be an increase of $8.55 or 5.9%.

Table 4-15: Proposed Monthly CII Customer Impacts

Line	CII Water Usage Level	Usage (100 gallons)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	Very Low (10th percentile)	3	$57.38	$60.43	$3.05	5.3%
2	Low (25th percentile)	17	$79.92	$84.37	$4.45	5.6%
3	**Median**	**58**	**$145.93**	**$154.48**	**$8.55**	**5.9%**
4	High (75th percentile)	189	$356.84	$378.49	$21.65	6.1%
5	Very High (90th percentile)	617	$1,045.92	$1,110.37	$64.45	6.2%

Table 4-16 shows monthly bills for a CII customer with a 5/8-inch meter and median water use of 58 hgal over the five-year rate-setting period. By the end of the final year of the proposed rate-setting period, monthly bills will increase to $199.92.

Table 4-16: Proposed Five-Year Monthly Bill Impacts for Median CII Customer

Line	Fiscal Year	Monthly Bill	Monthly Bill Increase ($)	Monthly Bill Increase (%)
1	Current	$145.93		
2	Proposed FY 2027	$154.48	$8.55	5.9%
3	Proposed FY 2028	$165.04	$10.56	6.8%
4	Proposed FY 2029	$175.83	$10.79	6.5%
5	Proposed FY 2030	$187.45	$11.62	6.6%
6	Proposed FY 2031	$199.92	$12.47	6.7%

LANDSCAPE MONTHLY CUSTOMER IMPACTS

Table 4-17 shows the proposed impacts for a Landscape customer with a 5/8" meter (the most common meter size within this class) at various levels of monthly consumption. For the median Landscape customer that consumes 30 hgal of water monthly, the monthly impact will be a reduction of $7.45 or -5.6%.

Table 4-17: Proposed Monthly Landscape Customer Impacts

Line	Landscape Water Usage Level	Usage (100 gallons)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	Very Low (10th percentile)	0	$52.55	$55.30	$2.75	5.2%
2	Low (25th percentile)	0	$52.55	$55.30	$2.75	5.2%
3	**Median**	**30**	**$132.05**	**$124.60**	**($7.45)**	**-5.6%**
4	High (75th percentile)	166	$492.45	$438.76	($53.69)	-10.9%
5	Very High (90th percentile)	454	$1,255.65	$1,104.04	($151.61)	-12.1%

Table 4-18 shows monthly bills for a Landscape customer with a 5/8-inch meter and median water use of 30 hgal over the five-year rate-setting period. By the end of the final year of the proposed rate-setting period, monthly bills will increase to $161.46.

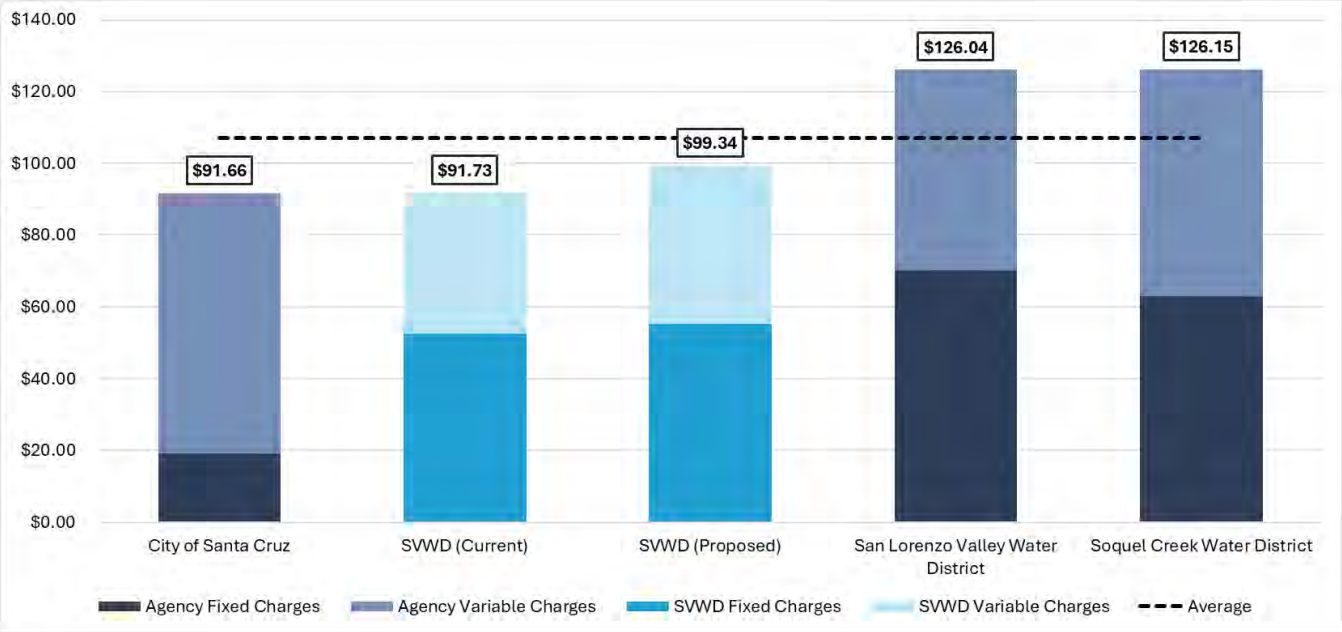
Table 4-18: Proposed Five-Year Monthly Bill Impacts for Median Landscape Customer

Line	Fiscal Year	Monthly Bill	Monthly Bill Increase ($)	Monthly Bill Increase (%)
1	Current	$132.05		
2	Proposed FY 2027	$124.60	($7.45)	-5.6%
3	Proposed FY 2028	$133.00	$8.40	6.7%
4	Proposed FY 2029	$141.93	$8.93	6.7%
5	Proposed FY 2030	$151.41	$9.48	6.7%
6	Proposed FY 2031	$161.46	$10.05	6.6%

SINGLE FAMILY RATE SURVEY

WRE compared the current and proposed FY 2027 water bills for Residential customers at median usage relative to the bills of nearby agencies. **Figure 4-1** shows the current and proposed monthly bills for a Single Family customer with a 5/8" meter at median usage (36 hgal) by their fixed and variable components relative to the bills of other nearby agencies. Currently, SVWD bills at median usage are below the average bill in the survey. With the proposed changes, SVWD bills at median usage are expected to remain below the survey average. Bills for other agencies are based on FY 2027 adopted rates.

Figure 4-1: Single Family Rate Survey



5. RECYCLED WATER COST-OF-SERVICE AND RATES

5.1 COST-OF-SERVICE AND RATE DESIGN METHODOLOGY

A proposed five-year recycled water rate schedule was developed based on the results of the proposed financial plan and potable water rate design. The key steps in developing the proposed recycled water rate schedule are outlined below:

- **Revenue requirement determination:** The total rate revenue requirement for each year of the rate-setting period is determined based on the results of the proposed financial plan.
- **Recycled fixed charge calculation**: WRE recommends that the District continue to charge the same basic meter charges to both potable and recycled customers since billing and customer services do not differ significantly for potable and recycled service. The annual fixed revenue to be collected over the five-year period is calculated based on the results of the potable rate design.
- **Recycled volumetric rate calculation:** The revenue requirement remainder not recovered by fixed charges is recovered by volumetric charges. The recycled volumetric rate revenue requirement is divided by annual usage to arrive at the volumetric rate for the five-year period.
- **Five-year rate schedule development**: Proposed rates for the full five-year period include recycled basic meter charges set equal to potable basic meter charges, and volumetric rates determined based on the results of the recycled cost-of-service and rate design.

5.2 REVENUE REQUIREMENT

Table 5-1 shows the recycled revenue requirement based on the proposed recycled financial plan projections (**Table 2-19**, Lines 4-5) and an adjustment to annualize the revenue adjustments effective on January 1st of each fiscal year.

Table 5-1: Recycled Revenue Requirement

Line	Recycled Revenue Requirement	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030	Proposed FY 2031
1	Revenues Based on Current Rates	$940,140	$955,601	$955,601	$955,601	$955,601
2	Proposed Revenue Adjustments	$18,803	$58,101	$98,649	$140,819	$184,675
3	Revenue Adjustment Annualization	$18,803	$19,877	$20,672	$21,498	$22,358
4	**Total**	**$977,746**	**$1,033,578**	**$1,074,921**	**$1,117,918**	**$1,162,635**

5.3 PROPOSED BASIC METER CHARGE REVENUE

Table 5-2 shows the calculated recycled rate revenue from basic meter charges, assuming that recycled and potable pay the same monthly basic meter charges. The recycled basic meter charges are from **Table 4-10** (Lines 2, 6-12) and recycled meters are from **Table 2-3** (Lines 55-64). Revenues from basic meter charges (Lines 22-31) are calculated by multiplying recycled basic meter charges (Lines 1-6) by recycled meters (Lines 11-20) for twelve billing periods.

Table 5-2: Calculated Recycled Revenue from Basic Meter Charges

Line	Calculated Revenue from Basic Meter Charges	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030	Proposed FY 2031
1	**Recycled Basic Meter Charges**					
2	5/8-inch	$55.30	$58.90	$62.73	$66.81	$71.16
3	3/4-inch	$76.15	$81.10	$86.38	$92.00	$97.98
4	1-inch	$117.86	$125.53	$133.69	$142.38	$151.64
5	1.5-inch	$222.11	$236.55	$251.93	$268.31	$285.76
6	2-inch	$347.22	$369.79	$393.83	$419.43	$446.70
7	3-inch	$743.41	$791.74	$843.21	$898.02	$956.40
8	4-inch	$1,327.25	$1,413.53	$1,505.41	$1,603.27	$1,707.49
9	6-inch	$2,724.32	$2,901.41	$3,090.01	$3,290.87	$3,504.78
10						
11	**Recycled Meters**					
12	5/8-inch	25	25	25	25	25
13	3/4-inch	7	7	7	7	7
14	1-inch	19	19	19	19	19
15	1.5-inch	4	5	5	5	5
16	2-inch	8	8	8	8	8
17	3-inch	2	2	2	2	2
18	4-inch	0	0	0	0	0
19	6-inch	0	0	0	0	0
20	**Total**	**65**	**66**	**66**	**66**	**66**
21						
22	**Calculated Revenue From Basic Meter Charges**					
23	5/8-inch	$16,590	$17,670	$18,819	$20,043	$21,348
24	3/4-inch	$6,397	$6,812	$7,256	$7,728	$8,230
25	1-inch	$26,872	$28,621	$30,481	$32,463	$34,574
26	1.5-inch	$10,661	$14,193	$15,116	$16,099	$17,146
27	2-inch	$33,333	$35,500	$37,808	$40,265	$42,883
28	3-inch	$17,842	$19,002	$20,237	$21,552	$22,954
29	4-inch	$0	$0	$0	$0	$0
30	6-inch	$0	$0	$0	$0	$0
31	**Total**	**$111,695**	**$121,798**	**$129,717**	**$138,150**	**$147,135**

5.4 PROPOSED RECYCLED VOLUMETRIC RATE

Table 5-3 shows the recycled volumetric rate calculation based on the total revenue requirement (**Table 5-1**, Line 4) and revenue collected from basic meter charges (**Table 5-2**, Line 31). To calculate the volumetric rate revenue requirement (Line 3) the revenue collected from basic meter charges (Line 2) is subtracted from the total revenue requirement (Line 1). The volumetric rate (Line 5) is calculated by dividing the volumetric rate revenue requirement (Line 3) by total recycled water usage (Line 4; from **Table 2-4**, Line 27).

Table 5-3: Recycled Volumetric Rate Calculation

Line	Recycled Volumetric Rate Calculation	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030	Proposed FY 2031
1	Total Recycled Revenue Requirement	$977,746	$1,033,578	$1,074,921	$1,117,918	$1,162,635
2	Less Revenue From Basic Meter Charges	($111,695)	($121,798)	($129,717)	($138,150)	($147,135)
3	**Volumetric Rate Revenue Requirement**	**$866,051**	**$911,780**	**$945,205**	**$979,768**	**$1,015,500**
4	Recycled Water Usage (100 gallons)	411,402	417,722	417,722	417,722	417,722
5	**Recycled Volumetric Rate ($/100 gallons)**	**$2.11**	**$2.18**	**$2.26**	**$2.35**	**$2.43**

5.5 PROPOSED FIVE-YEAR RECYCLED WATER RATE SCHEDULE

The proposed five-year water rate schedules are based on basic meter charges from **Table 5-2** (Lines 1-9) and volumetric rate from **Table 5-3** (Line 5). **Table 5-4** shows the proposed monthly basic meter charges and volumetric rates.

Table 5-4: Current and Proposed Recycled Water Rates

Line	Proposed Recycled Five-Year Rate Schedule	As of 1/1/2026	Effective 1/1/2027	Effective 1/1/2028	Effective 1/1/2029	Effective 1/1/2030	Effective 1/1/2031
1	**Recycled Basic Meter Charges**						
2	5/8-inch	$52.55	$55.30	$58.90	$62.73	$66.81	$71.16
3	3/4-inch	$73.46	$76.15	$81.10	$86.38	$92.00	$97.98
4	1-inch	$115.43	$117.86	$125.53	$133.69	$142.38	$151.64
5	1.5-inch	$229.81	$222.11	$236.55	$251.93	$268.31	$285.76
6	2-inch	$369.92	$347.22	$369.79	$393.83	$419.43	$446.70
7	3-inch	$767.76	$743.41	$791.74	$843.21	$898.02	$956.40
8	4-inch	$1,357.55	$1,327.25	$1,413.53	$1,505.41	$1,603.27	$1,707.49
9	6-inch	$2,706.40	$2,724.32	$2,901.41	$3,090.01	$3,290.87	$3,504.78
10							
11	**Recycled Water Volumetric Rate ($/100 gallons)**	$2.01	$2.11	$2.19	$2.27	$2.35	$2.44

5.6 RECYCLED CUSTOMER IMPACTS

Table 5-5 shows the proposed impacts for a Recycled customer with a 5/8-inch meter (the most common meter size within this class) at various levels of monthly consumption. For the median Recycled customer that consumes 60 hgal of water monthly, the monthly impact will be an increase of $8.75 or 5.1%.

Table 5-5: Proposed Monthly Recycled Customer Impacts

Line	Recycled Water Usage Level	Usage (100 gallons)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	Very Low (10th percentile)	0	$52.55	$55.30	$2.75	5.2%
2	Low (25th percentile)	1	$54.56	$57.41	$2.85	5.2%
3	**Median**	**60**	**$173.15**	**$181.90**	**$8.75**	**5.1%**
4	High (75th percentile)	391	$838.46	$880.31	$41.85	5.0%
5	Very High (90th percentile)	1,423	$2,912.78	$3,057.83	$145.05	5.0%

Table 5-6 shows monthly bills for a Recycled customer with a 5/8-inch meter and median water use of 60 hgal over the five-year rate-setting period. By the end of the final year of the proposed rate-setting period, monthly bills will increase to $217.56.

Table 5-6: Proposed Five-Year Monthly Bill Impacts for Median Recycled Customer

Line	Fiscal Year	Monthly Bill	Monthly Bill Increase ($)	Monthly Bill Increase (%)
1	Current	$173.15		
2	Proposed FY 2027	$181.90	$8.75	5.1%
3	Proposed FY 2028	$190.30	$8.40	4.6%
4	Proposed FY 2029	$198.93	$8.63	4.5%
5	Proposed FY 2030	$207.81	$8.88	4.5%
6	Proposed FY 2031	$217.56	$9.75	4.7%

6. APPENDICES

6.1 FINANCIAL PLAN APPENDICES

Table 6-1: Revenues (Detail)

Line	Revenues (Detailed)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Fund 01 - Potable Water**						
2	**R10 - Operating Revenue - Water Sales**						
3	Residential Consumption - SF	$2,905,078	$2,994,115	$3,007,602	$3,008,565	$3,018,199	$3,027,832
4	Residential Consumption - MF	$231,290	$237,613	$237,613	$237,613	$237,613	$237,613
5	CII Consumption	$1,340,372	$1,383,882	$1,383,882	$1,383,882	$1,383,882	$1,383,882
6	Irrigation Consumption	$576,199	$590,688	$598,261	$598,261	$598,261	$598,261
7	Other Bulk Water	$31,567	$32,361	$32,361	$32,361	$32,361	$32,361
8	**Subtotal**	**$5,084,507**	**$5,238,658**	**$5,259,718**	**$5,260,681**	**$5,270,315**	**$5,279,948**
9							
10	**R20 - Operating Revenue - Water Services**						
11	Other Late Penalty	$18,100	$18,100	$18,100	$18,100	$18,100	$18,100
12	Standby Basic Meter Charge	$2,808,754	$2,906,587	$2,917,551	$2,921,990	$2,928,296	$2,934,602
13	Standby FP Basic Meter Charge	$84,840	$86,903	$86,903	$86,903	$86,903	$86,903
14	Other Operating Revenue	$8,700	$8,700	$8,700	$8,700	$8,700	$8,700
15	**Subtotal**	**$2,920,393**	**$3,020,290**	**$3,031,254**	**$3,035,693**	**$3,041,999**	**$3,048,305**
16							
17	**R25 - Operating Revenue - New Connections**						
18	Other Meter Fee	$1,300	$1,300	$1,300	$1,300	$1,300	$1,300
19	Other Capacity Buy-in Fee	$82,184	$1,241,761	$429,845	$191,038	$238,795	$238,795
20	Other FP Meter Fee	$700	$700	$700	$700	$700	$700
21	Other Will Serve	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
22	Other Dev Proj Review	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000
23	**Subtotal**	**$91,184**	**$1,250,761**	**$438,845**	**$200,038**	**$247,795**	**$247,795**
24							
25	**R30 - Non-Operating Revenue**						
26	Property Taxes	$1,637,492	$1,670,242	$1,703,647	$1,737,720	$1,772,474	$1,807,923

Line	Revenues (Detailed)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
27	Interest & Dividend	$110,494	$175,445	$171,241	$156,583	$144,162	$133,683
28	Interest - LAIF	$309,700	$0	$0	$0	$0	$0
29	Misc. Non-Operating Revenue	$9,600	$9,600	$9,600	$9,600	$9,600	$9,600
30	**Subtotal**	**$2,067,286**	**$1,855,287**	**$1,884,487**	**$1,903,902**	**$1,926,236**	**$1,951,207**
31							
32	**Total Potable Revenue**	**$10,163,370**	**$11,364,995**	**$10,614,304**	**$10,400,315**	**$10,486,344**	**$10,527,255**
33							
34	**Fund 02 - Recycled Water**						
35	**R10 - Operating Revenue - Water Sales**						
36	Irrigation Consumption	$774,585	$825,714	$838,418	$838,418	$838,418	$838,418
37	Other Bulk Water	$1,146	$1,203	$1,203	$1,203	$1,203	$1,203
38	**Subtotal**	**$775,731**	**$826,917**	**$839,620**	**$839,620**	**$839,620**	**$839,620**
39							
40	**R20 - Operating Revenue - Water Services**						
41	Standby Basic Meter Charge	$109,176	$113,223	$115,981	$115,981	$115,981	$115,981
42	**Subtotal**	**$109,176**	**$113,223**	**$115,981**	**$115,981**	**$115,981**	**$115,981**
43							
44	**R25 - Operating Revenue - New Connections**						
45	Other Capacity Fee	$0	$8,924	$17,848	$0	$0	$0
46	**Subtotal**	**$0**	**$8,924**	**$17,848**	**$0**	**$0**	**$0**
47							
48	**R30 - Non-Operating Revenue**						
49	Interest and Dividend	$6,600	$11,812	$13,481	$15,133	$16,506	$17,755
50	Notes Receivable Payments	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
51	**Subtotal**	**$16,600**	**$21,812**	**$23,481**	**$25,133**	**$26,506**	**$27,755**
52							
53	**Total Recycled Revenue**	**$901,507**	**$970,876**	**$996,930**	**$980,734**	**$982,107**	**$983,357**

Table 6-2: Expenses (Detail)[40]

Line	O&M Expenses (Detailed)	Account #	Escalation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Fund 01 - Potable Water**								
2	**Administration (100)**								
3	**E01 - Salaries & Benefits**								
4	Regular Pay	01-100-51110	Salaries	$409,477	$429,951	$451,449	$474,021	$497,722	$522,608
5	Vehicle & Phone Allowance	01-100-51150	General	$3,840	$3,955	$4,074	$4,196	$4,322	$4,452
6	Medicare	01-100-51161	Benefits	$5,993	$6,473	$6,990	$7,550	$8,154	$8,806
7	Retirement - Tier 2	01-100-51202	Benefits	$30,130	$32,540	$35,143	$37,955	$40,991	$44,271
8	Retirement - Tier 3	01-100-51203	Benefits	$12,508	$13,508	$14,589	$15,756	$17,017	$18,378
9	Unfunded Pension Liability	01-100-51204	Benefits	$121,554	$131,278	$141,781	$153,123	$165,373	$178,603
10	Retirement - Survivor Benefit	01-100-51206	Benefits	$73	$78	$85	$91	$99	$107
11	Medical Insurance	01-100-51210	Benefits	$48,215	$52,072	$56,237	$60,736	$65,595	$70,843
12	Dental Insurance	01-100-51212	Benefits	$2,562	$2,767	$2,988	$3,227	$3,485	$3,764
13	Vision Insurance	01-100-51213	Benefits	$702	$758	$818	$884	$955	$1,031
14	Life & AD&D Insurance	01-100-51214	Benefits	$1,672	$1,805	$1,950	$2,106	$2,274	$2,456
15	457 & HSA Contributions	01-100-51215	Benefits	$9,000	$9,720	$10,498	$11,337	$12,244	$13,224
16	Employee Assistance Program	01-100-51216	Benefits	$93	$100	$108	$117	$126	$136
17	Workers' Compensation	01-100-51240	Benefits	$3,300	$3,564	$3,849	$4,157	$4,490	$4,849
18	Tuition Reimbursement	01-100-51250	Benefits	$5,250	$5,670	$6,124	$6,613	$7,143	$7,714
19	Allocation to RW Fd-S&B	01-100-51700	Salaries/Benefits	($65,437)	($69,690)	($74,220)	($79,044)	($84,182)	($89,654)
20	**Subtotal**			**$588,930**	**$624,550**	**$662,463**	**$702,826**	**$745,807**	**$791,587**
21									
22	**E03 - Services**								
23	Contractual Services	01-100-52110	General	$24,300	$25,029	$25,780	$26,553	$27,350	$28,170
24	Landscape Maint	01-100-52120	General	$3,180	$3,275	$3,374	$3,475	$3,579	$3,686
25	Professional Services - Other	01-100-52210	General	$76,500	$78,795	$81,159	$83,594	$86,101	$88,684
26	Professional Services - Urban Water Master Plan	01-100-52210	General	$110,000	$0	$0	$0	$0	$127,520
27	IT Services	01-100-52230	General	$62,500	$64,375	$66,306	$68,295	$70,344	$72,455
28	Website Maint	01-100-52231	General	$2,180	$2,245	$2,313	$2,382	$2,454	$2,527
29	Legal Counsel	01-100-52250	General	$42,000	$43,260	$150,000	$154,500	$159,135	$163,909

[40] Note that the potable budget includes "Allocation to RW Fd" line items to account for transfers from the potable fund to the recycled fund to cover recycled fund expenses. The total value of "Allocation to RW Fd" line items in the potable budget is equal to the total recycled budget.

Line	O&M Expenses (Detailed)	Account #	Escalation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
30	Sewer Service	01-100-52310	General	$610	$628	$647	$667	$687	$707
31	Solid Waste Service	01-100-52320	General	$760	$783	$806	$830	$855	$881
32	Electricity & Gas	01-100-52330	General	$22,000	$22,660	$23,340	$24,040	$24,761	$25,504
33	Telephone & Internet	01-100-52340	General	$9,465	$9,749	$10,041	$10,342	$10,653	$10,972
34	Software Licensing & Maint	01-100-52410	General	$6,570	$6,767	$6,970	$7,179	$7,395	$7,616
35	Equipment Rental & Maint	01-100-52420	General	$5,030	$5,181	$5,336	$5,496	$5,661	$5,831
36	Travel & Meetings	01-100-52510	General	$13,110	$13,503	$13,908	$14,326	$14,755	$15,198
37	Training	01-100-52520	General	$5,460	$5,624	$5,793	$5,966	$6,145	$6,330
38	Dues & Memberships	01-100-52530	General	$28,800	$29,664	$30,554	$31,471	$32,415	$33,387
39	Employee Recognition	01-100-52540	General	$8,740	$9,002	$9,272	$9,550	$9,837	$10,132
40	Printing Services	01-100-52570	General	$2,100	$2,163	$2,228	$2,295	$2,364	$2,434
41	Legal Advertising	01-100-52620	General	$500	$515	$530	$546	$563	$580
42	Advertising & Promotion	01-100-52630	General	$16,500	$16,995	$17,505	$18,030	$18,571	$19,128
43	Recruitment	01-100-52660	General	$1,000	$1,030	$1,061	$1,093	$1,126	$1,159
44	Safety Services	01-100-52700	General	$1,090	$1,123	$1,156	$1,191	$1,227	$1,264
45	HR Processing Fees	01-100-52725	General	$2,410	$2,482	$2,557	$2,633	$2,712	$2,794
46	Regulatory Oversight & Comp	01-100-52800	General	$100	$103	$106	$109	$113	$116
47	General Building Maint	01-100-52810	General	$16,500	$16,995	$17,505	$18,030	$18,571	$19,128
48	Election Services	01-100-52280	Non-Recurring	$14,970	$50,000	$0	$53,045	$0	$56,275
49	Allocation to RW Fd-Services	01-100-52980	General	($47,637)	($49,067)	($50,539)	($52,055)	($53,616)	($55,225)
50	**Subtotal**			**$428,737**	**$362,880**	**$427,709**	**$493,585**	**$453,756**	**$651,165**
51									
52	**E05 - Supplies**								
53	Office Supplies	01-100-53100	General	$4,370	$4,501	$4,636	$4,775	$4,918	$5,066
54	Building Maint Supplies	01-100-53110	General	$1,090	$1,123	$1,156	$1,191	$1,227	$1,264
55	Books & Subscriptions	01-100-53400	General	$430	$443	$456	$470	$484	$498
56	Safety clothing and equip	01-100-53500	General	$2,740	$2,822	$2,907	$2,994	$3,084	$3,176
57	Special Division Supplies	01-100-53700	General	$4,370	$4,501	$4,636	$4,775	$4,918	$5,066
58	Office Equipment	01-100-53910	General	$7,500	$7,725	$7,957	$8,195	$8,441	$8,695
59	Furniture & Furnishings	01-100-53920	General	$7,500	$7,725	$7,957	$8,195	$8,441	$8,695
60	Allocation to RW Fd-Supplies	01-100-53980	General	($2,800)	($2,884)	($2,971)	($3,060)	($3,151)	($3,246)
61	**Subtotal**			**$25,200**	**$25,956**	**$26,735**	**$27,537**	**$28,363**	**$29,214**
62									
63	**E10 - Source of Supply**								
64	Professional Services - SS	01-100-52211	General	$205,307	$211,466	$217,810	$224,345	$231,075	$238,007

Line	O&M Expenses (Detailed)	Account #	Escalation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
65	In-kind Service for SMGWA	01-100-52290	General	$10,000	$10,300	$10,609	$10,927	$11,255	$11,593
66	**Subtotal**			**$215,307**	**$221,766**	**$228,419**	**$235,272**	**$242,330**	**$249,600**
67									
68	**Subtotal - Administration (100)**			**$1,258,174**	**$1,235,152**	**$1,345,326**	**$1,459,220**	**$1,470,256**	**$1,721,565**
69									
70	**Finance / Customer Service (200)**								
71	**E01 - Salaries & Benefits**								
72	Regular Pay	01-200-51110	Salaries	$466,766	$490,104	$514,609	$540,340	$567,357	$595,725
73	Temporary Pay	01-200-51111	Salaries	$5,000	$5,250	$5,513	$5,788	$6,078	$6,381
74	Overtime Pay	01-200-51114	Salaries	$1,000	$1,050	$1,103	$1,158	$1,216	$1,276
75	Special Vacation Pay	01-200-51132	Salaries	$8,024	$8,425	$8,846	$9,288	$9,753	$10,240
76	Vehicle-phone-data allowance	01-200-51150	General	$1,920	$1,978	$2,037	$2,098	$2,161	$2,226
77	Medicare	01-200-51161	Benefits	$6,912	$7,465	$8,062	$8,707	$9,404	$10,156
78	Retirement - Tier 2	01-200-51202	Benefits	$20,582	$22,228	$24,006	$25,927	$28,001	$30,241
79	Retirement - Tier 3	01-200-51203	Benefits	$23,433	$25,308	$27,333	$29,519	$31,881	$34,431
80	Retirement - Survivor Benefit	01-200-51206	Benefits	$97	$104	$113	$122	$132	$142
81	Medical Insurance	01-200-51210	Benefits	$86,815	$93,760	$101,261	$109,362	$118,111	$127,560
82	Dental Insurance	01-200-51212	Benefits	$4,593	$4,960	$5,357	$5,786	$6,249	$6,748
83	Vision Insurance	01-200-51213	Benefits	$936	$1,010	$1,091	$1,178	$1,273	$1,375
84	Life & AD&D Insurance	01-200-51214	Benefits	$1,591	$1,719	$1,856	$2,005	$2,165	$2,338
85	457 & HSA Contributions	01-200-51215	Benefits	$8,800	$9,504	$10,264	$11,085	$11,972	$12,930
86	Employee Assistance Program	01-200-51216	Benefits	$123	$133	$144	$155	$168	$181
87	Other Post-Employment Benefits	01-200-51220	Benefits	$26,286	$28,389	$30,660	$33,112	$35,761	$38,622
88	Workers' Compensation	01-200-51240	Benefits	$3,400	$3,672	$3,966	$4,283	$4,626	$4,996
89	Tuition Reimbursement	01-200-51250	Benefits	$2,900	$3,132	$3,383	$3,653	$3,945	$4,261
90	Allocation to RW Fd-S&B	01-200-51700	Salaries/Benefits	($67,243)	($71,614)	($76,269)	($81,227)	($86,506)	($92,129)
91	Bonus Pay	01-200-51116	Salaries	$3,257	$3,419	$3,590	$3,770	$3,958	$4,156
92	**Subtotal**			**$605,191**	**$639,997**	**$676,925**	**$716,111**	**$757,704**	**$801,859**
93									
94	**E03 - Services**								
95	Professional Services - Other	01-200-52210	General	$4,600	$4,738	$4,880	$5,027	$5,177	$5,333
96	Professional Services - Intertie Rate Study	01-200-52210	Non-Recurring	$25,300	$0	$0	$0	$0	$0
97	Professional Services - Water Rate Study	01-200-52210	General	$80,000	$0	$0	$0	$0	$92,742
98	Audit Services	01-200-52240	General	$25,000	$25,750	$26,523	$27,318	$28,138	$28,982
99	Financial/Regulatory Reporting	01-200-52260	General	$2,250	$2,318	$2,387	$2,459	$2,532	$2,608

Line	O&M Expenses (Detailed)	Account #	Escalation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
100	Liability Insurance	01-200-52300	General	$67,300	$69,319	$71,399	$73,541	$75,747	$78,019
101	Property Insurance	01-200-52400	General	$38,200	$39,346	$40,526	$41,742	$42,994	$44,284
102	Software Licensing & Maint	01-200-52410	General	$11,600	$11,948	$12,306	$12,676	$13,056	$13,448
103	Equipment Rental & Maint	01-200-52420	General	$600	$618	$637	$656	$675	$696
104	Travel & Meetings	01-200-52510	General	$8,000	$8,240	$8,487	$8,742	$9,004	$9,274
105	Training	01-200-52520	General	$1,500	$1,545	$1,591	$1,639	$1,688	$1,739
106	Printing & Mailing Services	01-200-52550	General	$100	$103	$106	$109	$113	$116
107	Advertising and Promotion	01-200-52630	General	$2,000	$2,060	$2,122	$2,185	$2,251	$2,319
108	Payroll Processing Fees	01-200-52720	General	$8,550	$8,807	$9,071	$9,343	$9,623	$9,912
109	Bank Service Fees	01-200-52740	General	$2,100	$2,163	$2,228	$2,295	$2,364	$2,434
110	Health Benefits Admin Fees	01-200-52760	General	$500	$515	$530	$546	$563	$580
111	Property Tax Admin Fees	01-200-54015	General	$5,600	$5,768	$5,941	$6,119	$6,303	$6,492
112	Allocation to RW Fd-Services	01-200-52980	General	($28,320)	($29,170)	($30,045)	($30,946)	($31,874)	($32,831)
113	**Subtotal**			**$254,880**	**$154,067**	**$158,689**	**$163,450**	**$168,354**	**$266,146**
114									
115	**E05 - Supplies**								
116	Postage Supplies	01-200-53200	General	$3,000	$3,090	$3,183	$3,278	$3,377	$3,478
117	Promotional Give-Aways	01-200-53290	General	$1,000	$1,030	$1,061	$1,093	$1,126	$1,159
118	Allocation to RW Fd-Supplies	01-200-53980	General	($400)	($412)	($424)	($437)	($450)	($464)
119	**Subtotal**			**$3,600**	**$3,708**	**$3,819**	**$3,934**	**$4,052**	**$4,173**
120									
121	**E35 - Customer Accounts**								
122	Software Licensing/Pymt Portal	01-200-52415	General	$31,245	$32,182	$33,148	$34,142	$35,167	$36,222
123	Collection Agency Fees	01-200-52560	General	$1,200	$1,236	$1,273	$1,311	$1,351	$1,391
124	AMI Data Subscription	01-200-52650	General	$54,000	$55,620	$57,289	$59,007	$60,777	$62,601
125	Payment Processing Fees	01-200-52710	General	$102,000	$105,060	$108,212	$111,458	$114,802	$118,246
126	Rebates	01-200-53250	General	$1,000	$1,030	$1,061	$1,093	$1,126	$1,159
127	Special Division Supplies	01-200-53700	General	$3,000	$3,090	$3,183	$3,278	$3,377	$3,478
128	Bad Debt	01-200-59400	General	$5,000	$5,150	$5,305	$5,464	$5,628	$5,796
129	Printing & Mailing - CA	01-200-52555	General	$28,800	$29,664	$30,554	$31,471	$32,415	$33,387
130	Rebates- Turf/Drip Replacement	01-200-53260	General	$60,000	$61,800	$63,654	$65,564	$67,531	$69,556
131	Rebates- Outdoor Efficiency	01-200-53270	General	$3,000	$3,090	$3,183	$3,278	$3,377	$3,478
132	Rebates- Indoor Efficiencies	01-200-53280	General	$2,000	$2,060	$2,122	$2,185	$2,251	$2,319
133	Allocation to RW Fd-Cust Accts	01-200-54980	General	($16,825)	($17,329)	($17,849)	($18,385)	($18,936)	($19,504)
134	**Subtotal**			**$274,421**	**$282,653**	**$291,133**	**$299,867**	**$308,863**	**$318,129**

Line	O&M Expenses (Detailed)	Account #	Escalation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
135									
136	**E70 - Other**								
137	Property Taxes	01-200-54010	General	$1,000	$1,030	$1,061	$1,093	$1,126	$1,159
138	**Subtotal**			**$1,000**	**$1,030**	**$1,061**	**$1,093**	**$1,126**	**$1,159**
139									
140	**Subtotal - Finance / Customer Service (200)**			**$1,139,091**	**$1,081,456**	**$1,131,627**	**$1,184,455**	**$1,240,097**	**$1,391,466**
141									
142	**Operations (300)**								
143	**E01 - Salaries & Benefits**								
144	Regular Pay	01-300-51110	Salaries	$1,244,591	$1,306,820	$1,372,161	$1,440,769	$1,512,808	$1,588,448
145	Overtime Pay	01-300-51114	Salaries	$86,400	$90,720	$95,256	$100,019	$105,020	$110,271
146	Special Vacation Pay	01-300-51132	Salaries	$31,273	$32,837	$34,478	$36,202	$38,012	$39,913
147	Vehicle & Phone Allowance	01-300-51150	General	$6,240	$6,427	$6,620	$6,819	$7,023	$7,234
148	Medicare	01-300-51161	Benefits	$19,102	$20,630	$22,280	$24,063	$25,988	$28,067
149	Retirement - Tier 1	01-300-51201	Benefits	$41,068	$44,354	$47,902	$51,734	$55,873	$60,343
150	Retirement - Tier 2	01-300-51202	Benefits	$62,816	$67,841	$73,268	$79,130	$85,460	$92,297
151	Retirement - Tier 3	01-300-51203	Benefits	$35,081	$37,888	$40,919	$44,192	$47,728	$51,546
152	Retirement - Survivor Benefit	01-300-51206	Benefits	$242	$261	$282	$305	$329	$355
153	Medical Insurance	01-300-51210	Benefits	$158,104	$170,752	$184,412	$199,165	$215,098	$232,306
154	Medical Cash-in-lieu	01-300-51211	Benefits	$9,000	$9,720	$10,498	$11,337	$12,244	$13,224
155	Dental Insurance	01-300-51212	Benefits	$12,179	$13,153	$14,206	$15,342	$16,570	$17,895
156	Vision Insurance	01-300-51213	Benefits	$2,339	$2,526	$2,728	$2,946	$3,182	$3,436
157	Life & AD&D Insurance	01-300-51214	Benefits	$2,204	$2,380	$2,571	$2,776	$2,998	$3,238
158	457 & HSA Contributions	01-300-51215	Benefits	$20,900	$22,572	$24,378	$26,328	$28,434	$30,709
159	Employee Assistance Program	01-300-51216	Benefits	$308	$333	$360	$388	$420	$453
160	Other Post-Employment Benefits	01-300-51220	Benefits	$63,698	$68,794	$74,297	$80,241	$86,660	$93,593
161	Workers' Compensation	01-300-51240	Benefits	$45,700	$49,356	$53,304	$57,569	$62,174	$67,148
162	Allocation to RW Fd-S&B	01-300-51700	Salaries/Benefits	($186,750)	($198,889)	($211,817)	($225,585)	($240,248)	($255,864)
163	Bonus Pay	01-300-51116	Salaries	$26,257	$27,570	$28,948	$30,395	$31,915	$33,511
164	**Subtotal**			**$1,680,751**	**$1,776,045**	**$1,877,052**	**$1,984,137**	**$2,097,689**	**$2,218,124**
165									
166	**E03 - Services**								
167	Landscape Maint	01-300-52120	General	$21,100	$21,733	$22,385	$23,057	$23,748	$24,461
168	Professional Services	01-300-52210	General	$40,300	$41,509	$42,754	$44,037	$45,358	$46,719
169	Sewer	01-300-52310	General	$670	$690	$711	$732	$754	$777

Line	O&M Expenses (Detailed)	Account #	Escalation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
170	Solid Waste Service	01-300-52320	General	$9,500	$9,785	$10,079	$10,381	$10,692	$11,013
171	Telephone & Internet	01-300-52340	General	$27,240	$28,057	$28,899	$29,766	$30,659	$31,579
172	Equipment Rental & Maint	01-300-52420	General	$17,500	$18,025	$18,566	$19,123	$19,696	$20,287
173	Uniform Laundering Services	01-300-52500	General	$8,500	$8,755	$9,018	$9,288	$9,567	$9,854
174	Travel & Meetings	01-300-52510	General	$8,000	$8,240	$8,487	$8,742	$9,004	$9,274
175	Training	01-300-52520	General	$29,000	$29,870	$30,766	$31,689	$32,640	$33,619
176	Printing & Mailing Services	01-300-52550	General	$800	$824	$849	$874	$900	$927
177	Safety Services	01-300-52700	General	$3,725	$3,837	$3,952	$4,070	$4,193	$4,318
178	General Building Maint	01-300-52810	General	$7,500	$7,725	$7,957	$8,195	$8,441	$8,695
179	Landfill Fees	01-300-52830	General	$11,000	$11,330	$11,670	$12,020	$12,381	$12,752
180	Vehicle Maint	01-300-52910	General	$36,000	$37,080	$38,192	$39,338	$40,518	$41,734
181	Facility Site Maint - Other	01-300-52930	General	$50,000	$51,500	$53,045	$54,636	$56,275	$57,964
182	Facility Site Maint - Paving Southwood	01-300-52930	Non-Recurring	$30,000	$0	$0	$0	$0	$0
183	Facility Site Maint - Building Demo at Well 9	01-300-52930	Non-Recurring	$25,000	$0	$0	$0	$0	$0
184	Facility Site Maint - Fencing at Well 6	01-300-52930	Non-Recurring	$30,000	$0	$0	$0	$0	$0
185	GIS Maint	01-300-55130	General	$40,000	$41,200	$42,436	$43,709	$45,020	$46,371
186	Allocation to RW Fd-Services		General	($39,584)	($40,771)	($41,994)	($43,254)	($44,552)	($45,888)
187	**Subtotal**			**$356,252**	**$279,389**	**$287,771**	**$296,404**	**$305,296**	**$314,455**
188									
189	**E05 - Supplies**								
190	Office Supplies	01-300-53100	General	$2,500	$2,575	$2,652	$2,732	$2,814	$2,898
191	Books & Subscriptions	01-300-53400	General	$850	$876	$902	$929	$957	$985
192	Safety Clothing & Equipment	01-300-53500	General	$20,000	$20,600	$21,218	$21,855	$22,510	$23,185
193	Vehicle Fuel	01-300-53600	General	$36,080	$37,162	$38,277	$39,426	$40,608	$41,827
194	Office Equipment	01-300-53910	General	$10,200	$10,506	$10,821	$11,146	$11,480	$11,825
195	Furniture & Furnishings	01-300-53920	General	$800	$824	$849	$874	$900	$927
196	Allocation to RW Fd-Supplies	01-300-53980	General	($7,043)	($7,254)	($7,472)	($7,696)	($7,927)	($8,165)
197	**Subtotal**			**$63,387**	**$65,289**	**$67,247**	**$69,265**	**$71,343**	**$73,483**
198									
199	**E07 - General Production Costs**								
200	Regulatory Oversight & Comp	01-300-52800	General	$65,000	$66,950	$68,959	$71,027	$73,158	$75,353
201	Small Tools & Equipment	01-300-53300	General	$22,500	$23,175	$23,870	$24,586	$25,324	$26,084
202	3x Bulk Meter Assemblies with BFDs	01-300-53300	Non-Recurring	$10,500	$0	$0	$0	$0	$0
203	Special Division Supplies	01-300-53700	General	$7,600	$7,828	$8,063	$8,305	$8,554	$8,810
204	SCADA Maint	01-300-56500	General	$78,000	$80,340	$82,750	$85,233	$87,790	$90,423

Line	O&M Expenses (Detailed)	Account #	Escalation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
205	Allocation to RW Fd-Gen Prod	01-300-55980	General	($18,360)	($18,911)	($19,478)	($20,062)	($20,664)	($21,284)
206	**Subtotal**			**$165,240**	**$159,382**	**$164,164**	**$169,089**	**$174,161**	**$179,386**
207									
208	**E10 - Source of Supply**								
209	Well Maint	01-300-55230	General	$67,000	$69,010	$71,080	$73,213	$75,409	$77,671
210	**Subtotal**			**$67,000**	**$69,010**	**$71,080**	**$73,213**	**$75,409**	**$77,671**
211									
212	**E15 - Pumping**								
213	Pumps & Boosters	01-300-56310	General	$52,000	$53,560	$55,167	$56,822	$58,526	$60,282
214	Pump Facilities Maint	01-300-56320	General	$62,000	$63,860	$65,776	$67,749	$69,782	$71,875
215	Pumps - Electricity & Gas	01-300-56330	Utilities	$660,000	$696,634	$734,082	$770,933	$811,019	$853,185
216	**Subtotal**			**$774,000**	**$814,054**	**$855,025**	**$895,504**	**$939,327**	**$985,342**
217									
218	**E20 - Water Treatment**								
219	Wastewater Disposal	01-300-52315	General	$139,100	$143,273	$147,571	$151,998	$156,558	$161,255
220	Chemical Supplies	01-300-55110	Chemicals	$95,000	$100,273	$105,663	$110,968	$116,738	$122,807
221	Laboratory Services	01-300-55120	General	$40,000	$41,200	$42,436	$43,709	$45,020	$46,371
222	Treatment Plant Maint	01-300-55210	General	$160,000	$164,800	$169,744	$174,836	$180,081	$185,484
223	**Subtotal**			**$434,100**	**$449,546**	**$465,415**	**$481,511**	**$498,398**	**$515,917**
224									
225	**E25 - Transmission & Distribution**								
226	Software Licensing & Maint	01-300-52410	General	$6,500	$6,695	$6,896	$7,103	$7,316	$7,535
227	Tank & Reservoir Maint	01-300-55240	General	$60,000	$61,800	$63,654	$65,564	$67,531	$69,556
228	Main Maint & Repair	01-300-56100	General	$240,000	$247,200	$254,616	$262,254	$270,122	$278,226
229	Service Lateral Maint & Repair	01-300-56200	General	$25,000	$25,750	$26,523	$27,318	$28,138	$28,982
230	Fire Hydrant Maint	01-300-56400	General	$114,000	$117,420	$120,943	$124,571	$128,308	$132,157
231	Meter Maint	01-300-56600	General	$30,000	$30,900	$31,827	$32,782	$33,765	$34,778
232	**Subtotal**			**$475,500**	**$489,765**	**$504,458**	**$519,592**	**$535,179**	**$551,235**
233									
234	**Subtotal - Operations (300)**			**$4,016,230**	**$4,102,479**	**$4,292,211**	**$4,488,714**	**$4,696,802**	**$4,915,613**
235									
236	**Engineering (400)**								
237	**E01 - Salaries & Benefits**								
238	Regular Pay	01-400-51110	Salaries	$108,555	$113,983	$119,682	$125,666	$131,950	$138,547
239	Overtime Pay	01-400-51114	Salaries	$2,500	$2,625	$2,756	$2,894	$3,039	$3,191

Line	O&M Expenses (Detailed)	Account #	Escalation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
240	Vehicle & Phone Allowance	01-400-51150	General	$480	$494	$509	$525	$540	$556
241	Medicare	01-400-51161	Benefits	$1,708	$1,845	$1,992	$2,152	$2,324	$2,510
242	Compensated Absences	01-400-51170	Benefits	$0	$0	$0	$0	$0	$0
243	Retirement - Tier 2	01-400-51202	Benefits	$12,961	$13,998	$15,118	$16,328	$17,634	$19,045
244	Retirement - Survivor Benefit	01-400-51206	Benefits	$24	$26	$28	$30	$33	$36
245	Medical Cash-in-lieu	01-400-51211	Benefits	$3,000	$3,240	$3,499	$3,779	$4,081	$4,408
246	Dental Insurance	01-400-51212	Benefits	$1,566	$1,692	$1,827	$1,973	$2,131	$2,301
247	Vision Insurance	01-400-51213	Benefits	$234	$253	$273	$295	$318	$344
248	Life & AD&D Insurance	01-400-51214	Benefits	$132	$143	$154	$166	$180	$194
249	457 & HSA Contributions	01-400-51215	Benefits	$2,200	$2,376	$2,566	$2,771	$2,993	$3,233
250	Employee Assistance Program	01-400-51216	Benefits	$31	$33	$36	$39	$42	$45
251	Workers' Compensation	01-400-51240	Benefits	$799	$863	$932	$1,007	$1,087	$1,174
252	Allocation to RW Fd-S&B	01-400-51700	Salaries/Benefits	($13,745)	($14,638)	($15,590)	($16,603)	($17,682)	($18,832)
253	Bonus Pay	01-400-51116	General	$3,257	$3,354	$3,455	$3,559	$3,665	$3,775
254	**Subtotal**			**$123,703**	**$130,287**	**$137,239**	**$144,580**	**$152,335**	**$160,527**
255									
256	**E03 - Services**								
257	Professional Services	01-400-52210	General	$19,750	$20,343	$20,953	$21,581	$22,229	$22,896
258	Engineering Services - Other	01-400-52220	General	$95,000	$97,850	$100,786	$103,809	$106,923	$110,131
259	Engineering Services - AWIA RRA	01-400-52220	General	$55,000	$0	$0	$0	$0	$63,760
260	Engineering Services - See Footnotes	01-400-52220	Non-Recurring	$80,000	$0	$0	$0	$0	$0
261	Software Licensing & Maint	01-400-52410	General	$500	$515	$530	$546	$563	$580
262	Travel & Meetings	01-400-52510	General	$1,400	$1,442	$1,485	$1,530	$1,576	$1,623
263	Training	01-400-52520	General	$1,000	$1,030	$1,061	$1,093	$1,126	$1,159
264	Allocation to RW Fd-Services	01-400-52980	General	($25,265)	($26,023)	($26,804)	($27,608)	($28,436)	($29,289)
265	**Subtotal**			**$227,385**	**$95,157**	**$98,011**	**$100,952**	**$103,980**	**$170,860**
266									
267	**E05 - Supplies**								
268	Special Division Supplies	01-400-53700	General	$1,000	$1,030	$1,061	$1,093	$1,126	$1,159
269	Allocation to RW Fd-Supplies	01-400-53980	General	($100)	($103)	($106)	($109)	($113)	($116)
270	**Subtotal**			**$900**	**$927**	**$955**	**$983**	**$1,013**	**$1,043**
271									
272	**Subtotal - Engineering (400)**			**$351,988**	**$226,370**	**$236,205**	**$246,515**	**$257,328**	**$332,430**
273									
274	**Board of Directors (900)**								

Line	O&M Expenses (Detailed)	Account #	Escalation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
275	**E01 - Salaries & Benefits**								
276	Director Fees	01-900-51120	Salaries	$23,400	$24,570	$25,799	$27,088	$28,443	$29,865
277	Medicare	01-900-51161	Benefits	$339	$366	$396	$427	$462	$499
278	Social Security	01-900-51162	Benefits	$1,451	$1,567	$1,692	$1,828	$1,974	$2,132
279	Dental Insurance	01-900-51212	Benefits	$4,593	$4,960	$5,357	$5,786	$6,249	$6,748
280	Vision Insurance	01-900-51213	Benefits	$936	$1,010	$1,091	$1,178	$1,273	$1,375
281	Life & AD&D Insurance	01-900-51214	Benefits	$348	$376	$406	$438	$473	$511
282	Other Post-Employment Benefits	01-900-51220	Benefits	$18,695	$20,191	$21,806	$23,550	$25,434	$27,469
283	Workers' Compensation	01-900-51240	Benefits	$200	$216	$233	$252	$272	$294
284	Medical Premiums	01-900-51260	Benefits	$42,484	$45,883	$49,553	$53,518	$57,799	$62,423
285	Allocation to RW Fd-S&B	01-900-51700	Salaries/Benefits	($9,245)	($9,845)	($10,485)	($11,167)	($11,893)	($12,666)
286	**Subtotal**			**$83,201**	**$89,294**	**$95,848**	**$102,899**	**$110,486**	**$118,649**
287									
288	**E03 - Services**								
289	Travel & Meetings	01-900-52510	General	$18,400	$18,952	$19,521	$20,106	$20,709	$21,331
290	Allocation to RW Fd-Services	01-900-52980	General	($1,840)	($1,895)	($1,952)	($2,011)	($2,071)	($2,133)
291	**Subtotal**			**$16,560**	**$17,057**	**$17,569**	**$18,096**	**$18,638**	**$19,198**
292									
293	**E05 - Supplies**								
294	Office Supplies	01-900-53100	General	$200	$206	$212	$219	$225	$232
295	Office Equipment	01-900-53910	General	$600	$618	$637	$656	$675	$696
296	**Subtotal**			**$800**	**$824**	**$849**	**$874**	**$900**	**$927**
297									
298	**Subtotal - Board of Directors (900)**			**$100,561**	**$107,174**	**$114,265**	**$121,869**	**$130,024**	**$138,774**
299									
300	**Total Potable O&M Expenses**			**$6,866,044**	**$6,752,632**	**$7,119,634**	**$7,500,772**	**$7,794,507**	**$8,499,848**
301									
302	**Recycled (Fund 02)**								
303	**Administration (100)**								
304	**E01 - Salaries & Benefits**								
305	Allocation to RW Fd-S&B	02-100-51700	Salaries/Benefits	$65,437	$69,690	$74,220	$79,044	$84,182	$89,654
306	**Subtotal**			**$65,437**	**$69,690**	**$74,220**	**$79,044**	**$84,182**	**$89,654**
307									
308	**E03 - Services**								
309	Allocation to RW Fd-Services	01-100-52980	General	$47,637	$49,067	$50,539	$52,055	$53,616	$55,225

Line	O&M Expenses (Detailed)	Account #	Escalation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
310	**Subtotal**			**$47,637**	**$49,067**	**$50,539**	**$52,055**	**$53,616**	**$55,225**
311									
312	**E05 - Supplies**								
313	Allocation to RW Fd-Supplies	02-100-53980	General	$2,800	$2,884	$2,971	$3,060	$3,151	$3,246
314	**Subtotal**			**$2,800**	**$2,884**	**$2,971**	**$3,060**	**$3,151**	**$3,246**
315									
316	**Subtotal - Administration (100)**			**$115,874**	**$121,641**	**$127,729**	**$134,159**	**$140,950**	**$148,125**
317									
318	**Finance / Customer Service (200)**								
319	**E01 - Salaries & Benefits**								
320	Allocation to RW Fd-S&B	02-200-51700	Salaries/Benefits	$67,243	$71,614	$76,269	$81,227	$86,506	$92,129
321	**Subtotal**			**$67,243**	**$71,614**	**$76,269**	**$81,227**	**$86,506**	**$92,129**
322									
323	**E03 - Services**								
324	Allocation to RW Fd-Services	01-100-52980	General	$28,320	$29,170	$30,045	$30,946	$31,874	$32,831
325	**Subtotal**			**$28,320**	**$29,170**	**$30,045**	**$30,946**	**$31,874**	**$32,831**
326									
327	**E05 - Supplies**								
328	Allocation to RW Fd-Supplies	01-200-53980	General	$400	$412	$424	$437	$450	$464
329	**Subtotal**			**$400**	**$412**	**$424**	**$437**	**$450**	**$464**
330									
331	**E35 - Customer Accounts**								
332	AMI Data Subscription	02-200-52650	General	$790	$814	$838	$864	$890	$916
333	Allocation to RW Fd-Cust Accts	01-200-54980	General	$16,825	$17,329	$17,849	$18,385	$18,936	$19,504
334	**Subtotal**			**$17,615**	**$18,143**	**$18,688**	**$19,248**	**$19,826**	**$20,420**
335									
336	**Subtotal - Finance / Customer Service (200)**			**$113,578**	**$119,339**	**$125,426**	**$131,858**	**$138,657**	**$145,844**
337									
338	**Operations (300)**								
339	**E01 - Salaries & Benefits**								
340	Allocation to RW Fd-S&B	02-300-51700	Salaries/Benefits	$186,750	$198,889	$211,817	$225,585	$240,248	$255,864
341	**Subtotal**			**$186,750**	**$198,889**	**$211,817**	**$225,585**	**$240,248**	**$255,864**
342									
343	**E03 - Services**								
344	Allocation to RW Fd-Services	02-300-52980	General	$39,584	$40,771	$41,994	$43,254	$44,552	$45,888

Line	O&M Expenses (Detailed)	Account #	Escalation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
345	**Subtotal**			**$39,584**	**$40,771**	**$41,994**	**$43,254**	**$44,552**	**$45,888**
346									
347	**E05 - Supplies**								
348	Allocation to RW Fd-Supplies	02-300-53980	General	$7,043	$7,254	$7,472	$7,696	$7,927	$8,165
349	**Subtotal**			**$7,043**	**$7,254**	**$7,472**	**$7,696**	**$7,927**	**$8,165**
350									
351	**E07 - General Production Costs**								
352	Special Division Supplies	02-300-53700	General	$8,000	$8,240	$8,487	$8,742	$9,004	$9,274
353	Allocation to RW Fd-Gen Prod	01-300-55980	General	$18,360	$18,911	$19,478	$20,062	$20,664	$21,284
354	**Subtotal**			**$26,360**	**$27,151**	**$27,965**	**$28,804**	**$29,668**	**$30,558**
355									
356	**E15 - Pumping**								
357	Pumps - Electricity & Gas	02-300-56330	General	$7,400	$7,622	$7,851	$8,086	$8,329	$8,579
358	**Subtotal**			**$7,400**	**$7,622**	**$7,851**	**$8,086**	**$8,329**	**$8,579**
359									
360	**E20 - Water Treatment**								
361	Treatment Plant Maint	02-300-55210	Recycled Treatment	$206,000	$216,300	$227,115	$238,471	$250,394	$262,914
362	**Subtotal**			**$206,000**	**$216,300**	**$227,115**	**$238,471**	**$250,394**	**$262,914**
363									
364	**E25 - Transmission & Distribution**								
365	Tank & Reservoir Maint	02-300-55240	General	$1,000	$1,030	$1,061	$1,093	$1,126	$1,159
366	Main Maint & Repair	02-300-56100	General	$30,000	$30,900	$31,827	$32,782	$33,765	$34,778
367	Service Lateral Maint & Repair	02-300-56200	General	$1,000	$1,030	$1,061	$1,093	$1,126	$1,159
368	**Subtotal**			**$32,000**	**$32,960**	**$33,949**	**$34,967**	**$36,016**	**$37,097**
369									
370	**Subtotal - Operations (300)**			**$505,137**	**$530,947**	**$558,162**	**$586,863**	**$617,134**	**$649,065**
371									
372	**Engineering (400)**								
373	**E01 - Salaries & Benefits**								
374	Allocation to RW Fd-S&B	02-400-51700	Salaries/Benefits	$13,745	$14,638	$15,590	$16,603	$17,682	$18,832
375	**Subtotal**			**$13,745**	**$14,638**	**$15,590**	**$16,603**	**$17,682**	**$18,832**
376									
377	**E03 - Services**								
378	Allocation to RW Fd-Services		General	$25,265	$26,023	$26,804	$27,608	$28,436	$29,289

Line	O&M Expenses (Detailed)	Account #	Escalation	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
379	**Subtotal**			**$25,265**	**$26,023**	**$26,804**	**$27,608**	**$28,436**	**$29,289**
380									
381	**E05 - Supplies**								
382	Allocation to RW Fd-Supplies	01-400-53980	General	$100	$103	$106	$109	$113	$116
383	**Subtotal**			**$100**	**$103**	**$106**	**$109**	**$113**	**$116**
384									
385	**Subtotal - Engineering (400)**								
386									
387	**Board of Directors (900)**								
388	**E01 - Salaries & Benefits**								
389	Allocation to RW Fd-S&B	02-900-51700	Salaries/Benefits	$9,245	$9,845	$10,485	$11,167	$11,893	$12,666
390	**Subtotal**			**$9,245**	**$9,845**	**$10,485**	**$11,167**	**$11,893**	**$12,666**
391									
392	**E03 - Services**								
393	Allocation to RW Fd-Services	02-900-52980	General	$1,840	$1,895	$1,952	$2,011	$2,071	$2,133
394	**Subtotal**			**$1,840**	**$1,895**	**$1,952**	**$2,011**	**$2,071**	**$2,133**
395									
396	**Subtotal - Board of Directors (900)**			**$11,085**	**$11,741**	**$12,437**	**$13,178**	**$13,964**	**$14,799**
397									
398	**Total Recycled O&M Expenses**			**$784,783**	**$824,431**	**$866,254**	**$910,377**	**$956,935**	**$1,006,069**

Table 6-3: Six-Year Other Potable and Recycled Capital Project Costs

Line	Project Name / Description	Project #	Potable	Recycled	Combined
1	Administrative Building Improvements	C20040	$95,000		$95,000
2	Corp Yard Improvements	C24050	$350,425		$350,425
3	Solar Installation	OPSSOLAR	$25,000		$25,000
4	System wide pressure reduction program	C24030	$1,459,402		$1,459,402
5	Distribution system improvements in Montevalle	C24040	$352,045		$352,045
6	Vehicle Replacement Program	C19070	$629,000		$629,000
7	Specialized Operations Equipment	0	$729,227		$729,227
8	Conjunctive Use with SLVWD or/and SCWD	tbd	$0		$0
9	Main Replacement Program - Potable	C20010	$3,450,000		$3,450,000
10	Abandon no longer used mains	0	$0		$0

Line	Project Name / Description	Project #	Potable	Recycled	Combined
11	SCWD-SVWD System Intertie[41]	C23010	$4,036,867		$4,036,867
12	Main Replacement Program - Recycled	0	$0	$500,000	$500,000
13	Automated Metering Infrastructure (AMI)	M17011	$206,000		$206,000
14	Meter Replacement Program	M17011	$390,000		$390,000
15	Monte Fiore PS Rehab	C24020	$552,412		$552,412
16	Sand Hill Pump Station	0	$790,000		$790,000
17	Glenwood Tank Landslide Evaluation & Repair	C24010	$1,745,000		$1,745,000
18	Cathodic Protection upgrade at Glenwood	0	$75,000		$75,000
19	Cathodic protection upgrade at Recycled Tank	0	$0	$75,000	$75,000
20	Sequioa Tank Roof Recoat	C26040	$302,280		$302,280
21	Potable: Resealing seams and Safety Upgrades on Bolted Steel Tanks	POTTANKSEAMS	$125,000		$125,000
22	Resealing seams and Safety Upgrades on Bolted Steel Tank Recycled Tank	RWTANKSEAMS	$0	$70,000	$70,000
23	SCADA Improvements- Teledesign Radio and Kingfisher RTU Replacements	C25000	$542,127		$542,127
24	El Pueblo Water Treatment Plant Improvements	C19020	$931,411		$931,411
25	Treatment Facility for New Production Well	C20020	$0		$0
26	Well 10 WTP Improvements	C21010	$1,460,000		$1,460,000
27	VFD installation at Orchard WTP	C26020	$175,000		$175,000
28	Orchard Run Water Treatment Plant Improvements	0	$460,000		$460,000
29	Grace Wy Well	C15007	$930,866		$930,866
30	Well 3B Replacement - Sucinto	C22010	$339,951		$339,951
31	Orchard Run Well Rehab	0	$0		$0
32	New Production Well	0	$250,000		$250,000
33	Well 10A rehab	0	$250,000		$250,000
34	Sucinto rehab	0	$250,000		$250,000
35	Additional Grace Wy Well Costs	0	$900,000		$900,000
36	**Total CIP Excluding Tank Projects**		**$21,802,013**	**$645,000**	**$22,447,013**
37	**Six-Year Average**		**$3,633,669**	**$107,500**	**$3,741,169**

[41] Note that the Intertie project total cost excludes grant funding.

6.2 COST-OF-SERVICE APPENDICES

Table 6-4: O&M Expense Allocation (Detailed)

Line	Potable Operating Expenses	Account #	FY 2026	Customer[42]	Meter[43]	Water Supply	Wells	Treatment	Trans-mission	Storage	Distri-bution	Conser-vation	General	Total
1	**Administration (100)**													
2	**E01 - Salaries & Benefits**													
3	Regular Pay	01-100-51110	$409,477	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
4	Vehicle & Phone Allowance	01-100-51150	$3,840	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
5	Medicare	01-100-51161	$5,993	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
6	Retirement - Tier 2	01-100-51202	$30,130	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
7	Retirement - Tier 3	01-100-51203	$12,508	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
8	Unfunded Pension Liability	01-100-51204	$121,554	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
9	Retirement - Survivor Benefit	01-100-51206	$73	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
10	Medical Insurance	01-100-51210	$48,215	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
11	Dental Insurance	01-100-51212	$2,562	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
12	Vision Insurance	01-100-51213	$702	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
13	Life & AD&D Insurance	01-100-51214	$1,672	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
14	457 & HSA Contributions	01-100-51215	$9,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
15	Employee Assistance Program	01-100-51216	$93	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
16	Workers' Compensation	01-100-51240	$3,300	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
17	Tuition Reimbursement	01-100-51250	$5,250	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
18	Allocation to RW Fd-S&B	01-100-51700	($65,437)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%

[42] Refers to Customer Service & Billing functional category.
[43] Refers to Meter Maintenance & Replacement functional category.

Line	Potable Operating Expenses	Account #	FY 2026	Customer[42]	Meter[43]	Water Supply	Wells	Treatment	Trans-mission	Storage	Distri-bution	Conser-vation	General	Total
19	**Subtotal**		**$588,930**											
20														
21	**E03 - Services**													
22	Contractual Services	01-100-52110	$24,300	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
23	Landscape Maint	01-100-52120	$3,180	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
24	Professional Services - Other	01-100-52210	$76,500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
25	Professional Services - Urban Water Master Plan	01-100-52210	$110,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
26	IT Services	01-100-52230	$62,500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
27	Website Maint	01-100-52231	$2,180	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
28	Legal Counsel	01-100-52250	$42,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
29	Sewer Service	01-100-52310	$610	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
30	Solid Waste Service	01-100-52320	$760	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
31	Electricity & Gas	01-100-52330	$22,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
32	Telephone & Internet	01-100-52340	$9,465	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
33	Software Licensing & Maint	01-100-52410	$6,570	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
34	Equipment Rental & Maint	01-100-52420	$5,030	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
35	Travel & Meetings	01-100-52510	$13,110	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
36	Training	01-100-52520	$5,460	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
37	Dues & Memberships	01-100-52530	$28,800	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
38	Employee Recognition	01-100-52540	$8,740	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
39	Printing Services	01-100-52570	$2,100	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
40	Legal Advertising	01-100-52620	$500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
41	Advertising & Promotion	01-100-52630	$16,500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
42	Recruitment	01-100-52660	$1,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
43	Safety Services	01-100-52700	$1,090	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
44	HR Processing Fees	01-100-52725	$2,410	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%

Line	Potable Operating Expenses	Account #	FY 2026	Customer[42]	Meter[43]	Water Supply	Wells	Treatment	Trans-mission	Storage	Distri-bution	Conser-vation	General	Total
45	Regulatory Oversight & Comp	01-100-52800	$100	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
46	General Building Maint	01-100-52810	$16,500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
47	Election Services	01-100-52280	$14,970	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
48	Allocation to RW Fd-Services	01-100-52980	($47,637)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
49	**Subtotal**		**$428,737**											
50														
51	**E05 - Supplies**													
52	Office Supplies	01-100-53100	$4,370	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
53	Building Maint Supplies	01-100-53110	$1,090	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
54	Books & Subscriptions	01-100-53400	$430	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
55	Safety clothing and equip	01-100-53500	$2,740	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
56	Special Division Supplies	01-100-53700	$4,370	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
57	Office Equipment	01-100-53910	$7,500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
58	Furniture & Furnishings	01-100-53920	$7,500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
59	Allocation to RW Fd-Supplies	01-100-53980	($2,800)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
60	**Subtotal**		**$25,200**											
61														
62	**E10 - Source of Supply**													
63	Professional Services - SS	01-100-52211	$205,307	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
64	In-kind Service for SMGWA	01-100-52290	$10,000	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
65	**Subtotal**		**$215,307**											
66														
67	**Subtotal - Administration (100)**		**$1,258,174**											
68														

Line	Potable Operating Expenses	Account #	FY 2026	Customer[42]	Meter[43]	Water Supply	Wells	Treatment	Trans-mission	Storage	Distri-bution	Conser-vation	General	Total
69	**Finance / Customer Service (200)**													
70	**E01 - Salaries & Benefits**													
71	Regular Pay	01-200-51110	$466,766	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
72	Temporary Pay	01-200-51111	$5,000	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
73	Overtime Pay	01-200-51114	$1,000	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
74	Special Vacation Pay	01-200-51132	$8,024	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
75	Vehicle-phone-data allowance	01-200-51150	$1,920	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
76	Medicare	01-200-51161	$6,912	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
77	Retirement - Tier 2	01-200-51202	$20,582	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
78	Retirement - Tier 3	01-200-51203	$23,433	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
79	Retirement - Survivor Benefit	01-200-51206	$97	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
80	Medical Insurance	01-200-51210	$86,815	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
81	Dental Insurance	01-200-51212	$4,593	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
82	Vision Insurance	01-200-51213	$936	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
83	Life & AD&D Insurance	01-200-51214	$1,591	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
84	457 & HSA Contributions	01-200-51215	$8,800	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
85	Employee Assistance Program	01-200-51216	$123	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
86	Other Post-Employment Benefits	01-200-51220	$26,286	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
87	Workers' Compensation	01-200-51240	$3,400	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
88	Tuition Reimbursement	01-200-51250	$2,900	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
89	Allocation to RW Fd-S&B	01-200-51700	($67,243)	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
90	Bonus Pay	01-200-51116	$3,257	41.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	56.4%	100.0%
91	**Subtotal**		**$605,191**											
92														
93	**E03 - Services**													

Line	Potable Operating Expenses	Account #	FY 2026	Customer[42]	Meter[43]	Water Supply	Wells	Treatment	Trans-mission	Storage	Distri-bution	Conser-vation	General	Total
94	Professional Services - Other	01-200-52210	$4,600	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
95	Professional Services - Intertie Rate Study	01-200-52210	$25,300	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
96	Professional Services - Water Rate Study	01-200-52210	$80,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
97	Audit Services	01-200-52240	$25,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
98	Financial/Regulatory Reporting	01-200-52260	$2,250	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
99	Liability Insurance	01-200-52300	$67,300	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
100	Property Insurance	01-200-52400	$38,200	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
101	Software Licensing & Maint	01-200-52410	$11,600	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
102	Equipment Rental & Maint	01-200-52420	$600	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
103	Travel & Meetings	01-200-52510	$8,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
104	Training	01-200-52520	$1,500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
105	Printing & Mailing Services	01-200-52550	$100	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
106	Advertising and Promotion	01-200-52630	$2,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
107	Payroll Processing Fees	01-200-52720	$8,550	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
108	Bank Service Fees	01-200-52740	$2,100	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
109	Health Benefits Admin Fees	01-200-52760	$500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
110	Property Tax Admin Fees	01-200-54015	$5,600	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
111	Allocation to RW Fd-Services	01-200-52980	($28,320)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
112	**Subtotal**		**$254,880**											
113														
114	**E05 - Supplies**													
115	Postage Supplies	01-200-53200	$3,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
116	Promotional Give-Aways	01-200-53290	$1,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%

Line	Potable Operating Expenses	Account #	FY 2026	Customer[42]	Meter[43]	Water Supply	Wells	Treatment	Trans-mission	Storage	Distri-bution	Conser-vation	General	Total
117	Allocation to RW Fd-Supplies	01-200-53980	($400)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
118	**Subtotal**		**$3,600**											
119														
120	**E35 - Customer Accounts**													
121	Software Licensing/Pymt Portal	01-200-52415	$31,245	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
122	Collection Agency Fees	01-200-52560	$1,200	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
123	AMI Data Subscription	01-200-52650	$54,000	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
124	Payment Processing Fees	01-200-52710	$102,000	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
125	Rebates	01-200-53250	$1,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
126	Special Division Supplies	01-200-53700	$3,000	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
127	Bad Debt	01-200-59400	$5,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
128	Printing & Mailing - CA	01-200-52555	$28,800	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
129	Rebates- Turf/Drip Replacement	01-200-53260	$60,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	100.0%
130	Rebates- Outdoor Efficiency	01-200-53270	$3,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	100.0%
131	Rebates- Indoor Efficiencies	01-200-53280	$2,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	100.0%
132	Allocation to RW Fd-Cust Accts	01-200-54980	($16,825)	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
133	**Subtotal**		**$274,421**											
134														
135	**E70 - Other**													
136	Property Taxes	01-200-54010	$1,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
137	**Subtotal**		**$1,000**											
138														
139	**Subtotal - Finance / Customer Service (200)**		**$1,139,091**											

Line	Potable Operating Expenses	Account #	FY 2026	Customer[42]	Meter[43]	Water Supply	Wells	Treatment	Trans-mission	Storage	Distri-bution	Conser-vation	General	Total
140														
141	**Operations (300)**													
142	**E01 - Salaries & Benefits**													
143	Regular Pay	01-300-51110	$1,244,591	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
144	Overtime Pay	01-300-51114	$86,400	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
145	Special Vacation Pay	01-300-51132	$31,273	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
146	Vehicle & Phone Allowance	01-300-51150	$6,240	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
147	Medicare	01-300-51161	$19,102	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
148	Retirement - Tier 1	01-300-51201	$41,068	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
149	Retirement - Tier 2	01-300-51202	$62,816	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
150	Retirement - Tier 3	01-300-51203	$35,081	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
151	Retirement - Survivor Benefit	01-300-51206	$242	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
152	Medical Insurance	01-300-51210	$158,104	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
153	Medical Cash-in-lieu	01-300-51211	$9,000	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
154	Dental Insurance	01-300-51212	$12,179	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
155	Vision Insurance	01-300-51213	$2,339	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
156	Life & AD&D Insurance	01-300-51214	$2,204	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
157	457 & HSA Contributions	01-300-51215	$20,900	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
158	Employee Assistance Program	01-300-51216	$308	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
159	Other Post-Employment Benefits	01-300-51220	$63,698	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
160	Workers' Compensation	01-300-51240	$45,700	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
161	Allocation to RW Fd-S&B	01-300-51700	($186,750)	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
162	Bonus Pay	01-300-51116	$26,257	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
163	**Subtotal**		**$1,680,751**											
164														
165	**E03 - Services**													

Line	Potable Operating Expenses	Account #	FY 2026	Customer[42]	Meter[43]	Water Supply	Wells	Treatment	Trans-mission	Storage	Distri-bution	Conser-vation	General	Total
166	Landscape Maint	01-300-52120	$21,100	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
167	Professional Services	01-300-52210	$40,300	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
168	Sewer	01-300-52310	$670	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
169	Solid Waste Service	01-300-52320	$9,500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
170	Telephone & Internet	01-300-52340	$27,240	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
171	Equipment Rental & Maint	01-300-52420	$17,500	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
172	Uniform Laundering Services	01-300-52500	$8,500	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
173	Travel & Meetings	01-300-52510	$8,000	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
174	Training	01-300-52520	$29,000	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
175	Printing & Mailing Services	01-300-52550	$800	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
176	Safety Services	01-300-52700	$3,725	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
177	General Building Maint	01-300-52810	$7,500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
178	Landfill Fees	01-300-52830	$11,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
179	Vehicle Maint	01-300-52910	$36,000	0.0%	5.0%	0.0%	5.0%	0.0%	0.0%	0.0%	90.0%	0.0%	0.0%	100.0%
180	Facility Site Maint - Other	01-300-52930	$50,000	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
181	Facility Site Maint - Paving Southwood	01-300-52930	$30,000	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
182	Facility Site Maint - Building Demo at Well 9	01-300-52930	$25,000	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
183	Facility Site Maint - Fencing at Well 6	01-300-52930	$30,000	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
184	GIS Maint	01-300-55130	$40,000	0.0%	0.0%	0.0%	25.0%	0.0%	0.0%	0.0%	75.0%	0.0%	0.0%	100.0%
185	Allocation to RW Fd-Services		($39,584)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
186	**Subtotal**		**$356,252**											
187														
188	**E05 - Supplies**													
189	Office Supplies	01-300-53100	$2,500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
190	Books & Subscriptions	01-300-53400	$850	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%

Line	Potable Operating Expenses	Account #	FY 2026	Customer[42]	Meter[43]	Water Supply	Wells	Treatment	Trans-mission	Storage	Distri-bution	Conser-vation	General	Total
191	Safety Clothing & Equipment	01-300-53500	$20,000	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
192	Vehicle Fuel	01-300-53600	$36,080	0.0%	5.0%	0.0%	50.0%	0.0%	0.0%	0.0%	45.0%	0.0%	0.0%	100.0%
193	Office Equipment	01-300-53910	$10,200	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
194	Furniture & Furnishings	01-300-53920	$800	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
195	Allocation to RW Fd-Supplies	01-300-53980	($7,043)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
196	**Subtotal**		**$63,387**											
197														
198	**E07 - General Production Costs**													
199	Regulatory Oversight & Comp	01-300-52800	$65,000	0.0%	12.0%	0.0%	0.0%	0.0%	50.9%	0.0%	37.1%	0.0%	0.0%	100.0%
200	Small Tools & Equipment	01-300-53300	$22,500	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
201	3x Bulk Meter Assemblies with BFDs	01-300-53300	$10,500	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
202	Special Division Supplies	01-300-53700	$7,600	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
203	SCADA Maint	01-300-56500	$78,000	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
204	Allocation to RW Fd-Gen Prod	01-300-55980	($18,360)	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
205	**Subtotal**		**$165,240**											
206														
207	**E10 - Source of Supply**													
208	Well Maint	01-300-55230	$67,000	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
209	**Subtotal**		**$67,000**											
210														
211	**E15 - Pumping**													
212	Pumps & Boosters	01-300-56310	$52,000	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
213	Pump Facilities Maint	01-300-56320	$62,000	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
214	Pumps - Electricity & Gas	01-300-56330	$660,000	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

Line	Potable Operating Expenses	Account #	FY 2026	Customer[42]	Meter[43]	Water Supply	Wells	Treatment	Trans-mission	Storage	Distri-bution	Conser-vation	General	Total
215	**Subtotal**		**$774,000**											
216														
217	**E20 - Water Treatment**													
218	Wastewater Disposal	01-300-52315	$139,100	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
219	Chemical Supplies	01-300-55110	$95,000	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
220	Laboratory Services	01-300-55120	$40,000	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
221	Treatment Plant Maint	01-300-55210	$160,000	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
222	**Subtotal**		**$434,100**											
223														
224	**E25 - Transmission & Distribution**													
225	Software Licensing & Maint	01-300-52410	$6,500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
226	Tank & Reservoir Maint	01-300-55240	$60,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%
227	Main Maint & Repair	01-300-56100	$240,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
228	Service Lateral Maint & Repair	01-300-56200	$25,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
229	Fire Hydrant Maint	01-300-56400	$114,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
230	Meter Maint	01-300-56600	$30,000	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
231	**Subtotal**		**$475,500**											
232														
233	**Subtotal - Operations (300)**		**$4,016,230**											
234														
235	**Engineering (400)**													
236	**E01 - Salaries & Benefits**													
237	Regular Pay	01-400-51110	$108,555	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
238	Overtime Pay	01-400-51114	$2,500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
239	Vehicle & Phone Allowance	01-400-51150	$480	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
240	Medicare	01-400-51161	$1,708	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%

Line	Potable Operating Expenses	Account #	FY 2026	Customer[42]	Meter[43]	Water Supply	Wells	Treatment	Trans-mission	Storage	Distri-bution	Conser-vation	General	Total
241	Compensated Absences	01-400-51170	$0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
242	Retirement - Tier 2	01-400-51202	$12,961	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
243	Retirement - Survivor Benefit	01-400-51206	$24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
244	Medical Cash-in-lieu	01-400-51211	$3,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
245	Dental Insurance	01-400-51212	$1,566	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
246	Vision Insurance	01-400-51213	$234	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
247	Life & AD&D Insurance	01-400-51214	$132	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
248	457 & HSA Contributions	01-400-51215	$2,200	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
249	Employee Assistance Program	01-400-51216	$31	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
250	Workers' Compensation	01-400-51240	$799	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
251	Allocation to RW Fd-S&B	01-400-51700	($13,745)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
252	Bonus Pay	01-400-51116	$3,257	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
253	**Subtotal**		**$123,703**											
254														
255	**E03 - Services**													
256	Professional Services	01-400-52210	$19,750	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
257	Engineering Services - Other	01-400-52220	$95,000	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
258	Engineering Services - AWIA RRA	01-400-52220	$55,000	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
259	Engineering Services - See Footnote	01-400-52220	$80,000	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
260	Software Licensing & Maint	01-400-52410	$500	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
261	Travel & Meetings	01-400-52510	$1,400	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
262	Training	01-400-52520	$1,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
263	Allocation to RW Fd-Services	01-400-52980	($25,265)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
264	**Subtotal**		**$227,385**											

Line	Potable Operating Expenses	Account #	FY 2026	Customer[42]	Meter[43]	Water Supply	Wells	Treatment	Trans-mission	Storage	Distri-bution	Conser-vation	General	Total
265														
266	**E05 - Supplies**													
267	Special Division Supplies	01-400-53700	$1,000	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
268	Allocation to RW Fd-Supplies	01-400-53980	($100)	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	100.0%
269	**Subtotal**		**$900**											
270														
271	**Subtotal - Engineering (400)**		**$351,988**											
272														
273	**Board of Directors (900)**													
274	**E01 - Salaries & Benefits**													
275	Director Fees	01-900-51120	$23,400	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
276	Medicare	01-900-51161	$339	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
277	Social Security	01-900-51162	$1,451	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
278	Dental Insurance	01-900-51212	$4,593	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
279	Vision Insurance	01-900-51213	$936	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
280	Life & AD&D Insurance	01-900-51214	$348	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
281	Other Post-Employment Benefits	01-900-51220	$18,695	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
282	Workers' Compensation	01-900-51240	$200	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
283	Medical Premiums	01-900-51260	$42,484	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
284	Allocation to RW Fd-S&B	01-900-51700	($9,245)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
285	**Subtotal**		**$83,201**											
286														
287	**E03 - Services**													
288	Travel & Meetings	01-900-52510	$18,400	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
289	Allocation to RW Fd-Services	01-900-52980	($1,840)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%

Line	Potable Operating Expenses	Account #	FY 2026	Customer[42]	Meter[43]	Water Supply	Wells	Treatment	Trans-mission	Storage	Distri-bution	Conser-vation	General	Total
290	**Subtotal**		**$16,560**											
291														
292	**E05 - Supplies**													
293	Office Supplies	01-900-53100	$200	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
294	Office Equipment	01-900-53910	$600	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
295	**Subtotal**		**$800**											
296														
297	**Subtotal - Board of Directors (900)**		**$100,561**											
298														
299	**Total Operating Expenses**		**$6,866,044**											

Table 6-5: Asset Allocation (Detailed)

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
1	2 Civic Center	Excluded Land	3	8/1/1988	$106,000	308%	$326,070
2	Levies payoff	Excluded Land	4	10/1/1985	$3,134	331%	$10,385
3	Terry ow parce	Excluded Land	6	2/1/1985	$14,330	331%	$47,486
4	Appraisal - No.	Excluded Land	7	12/1/1985	$175	331%	$580
5	NMZIP land and rights of way	Excluded Land	8	6/30/1994	$310,484	257%	$798,087
6	NMZIP land and rights of way	Excluded Land	9	6/30/1995	$83,383	254%	$211,865
7	NMZIP land and rights of way	Excluded Land	10	12/15/1995	$897	254%	$2,279
8	Land El Pueblo Corp yard thoroug	Excluded Land	11	7/1/1995	$69,300	254%	$176,082
9	NMZIP land and rights of way 6/97	Excluded Land	12	12/31/1996	$3,495	247%	$8,645
10	Aquired Land APN 023-112-16	Excluded Land	13	1/12/1998	$11,600	235%	$27,239
11	Well 10A Easement	Excluded Land	617	3/7/2007	$39,000	175%	$68,057
12	ORWTP - Beagles Driveway	Excluded Land	0	6/14/2018	$8,899	126%	$11,183
13	5297-99 SV Drive (Grace Way Well)	Excluded Land	0	3/1/2023	$568,000	104%	$591,089
14	Gac filter plu	Treatment	92	6/1/1989	$5,000	301%	$15,061
15	Filter well #	Treatment	93	8/1/1989	$7,169	301%	$21,594
16	Piping - hidde	Treatment	94	6/1/1989	$4,826	301%	$14,537
17	Two cylinder s	Treatment	96	5/1/1990	$1,003	294%	$2,946
18	Design - hidde	Treatment	97	6/1/1989	$828	301%	$2,494
19	Chlorinator pa	Treatment	98	7/1/1987	$2,938	316%	$9,269
20	Install gac fi	Treatment	99	6/1/1989	$4,263	301%	$12,841
21	(2) eyewash/de	Treatment	100	12/1/1987	$452	316%	$1,426
22	Gac filter - h	Treatment	101	6/1/1989	$50,477	301%	$152,044
23	Calgon carbon	Treatment	102	6/1/1989	$111,300	301%	$335,252
24	New Filtronics filter equip/pipin	Treatment	103	8/15/1990	$57,731	294%	$169,595
25	Tandem Diaphram Metering	Treatment	104	12/26/1991	$1,383	288%	$3,976
26	Auto Crane Cover	Treatment	105	12/31/1991	$1,890	288%	$5,434
27	Sampling stations	Treatment	106	12/9/1992	$38,329	279%	$106,883
28	Arbitration/Printex	Treatment	107	6/8/1994	$74,210	257%	$190,754
29	Remainder arbitration 3A	Treatment	108	7/21/1994	$150	257%	$386

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
30	Orchard Run Water Treatment	Treatment	109	12/15/1994	$232,682	257%	$598,100
31	Well #9 chlorine conversion	Treatment	110	2/15/1995	$447	254%	$1,136
32	Orchard Run Water Treatment	Treatment	111	12/15/1995	$24,454	254%	$62,134
33	Addtn'l ORWTP 6-30-97	Treatment	114	12/31/1996	$7,116	247%	$17,601
34	Aeration equipment ORWTP	Treatment	115	6/30/1998	$201,303	235%	$472,690
35	Well 11A Construction	Treatment	116	9/30/1998	$307,538	235%	$722,146
36	Valvmation	Treatment	117	8/12/1999	$2,235	229%	$5,128
37	Well 10 filter	Treatment	118	7/1/1999	$5,081	229%	$11,657
38	Well 10 filter maintenance	Treatment	464	6/30/2001	$86,025	219%	$188,529
39	Hydropneuatic system CC	Treatment	485	9/13/2001	$40,000	219%	$87,662
40	Ozonation study ORWTR	Treatment	542	8/1/2002	$18,953	213%	$40,298
41	Well 10 filter	Treatment	546	1/1/2003	$621,231	208%	$1,290,076
42	Orchard Run WTP upgrades	Treatment	568	6/30/2004	$72,220	195%	$141,101
43	Loprest Water Trt	Treatment	589	7/21/2005	$35,961	187%	$67,136
44	LMH Environmental	Treatment	597	12/12/2005	$1,450	187%	$2,707
45	Loprest Water Trt Co.	Treatment	602	3/3/2006	$14,011	179%	$25,128
46	USA Bluebook	Treatment	604	2/2/2006	$1,834	179%	$3,289
47	2100N Turbidimeter	Treatment	619	9/25/2006	$2,020	179%	$3,623
48	EP-WTP Influent Filter Valve	Treatment	620	5/14/2007	$2,716	175%	$4,740
49	ORWTP Ozonation Study 112-020	Treatment	634	6/30/2007	$9,800	175%	$17,101
50	Rehab ORWTP DM Filter Interior	Treatment	638	5/19/2008	$111,207	167%	$186,028
51	Storage barn	Treatment	119	10/1/1986	$949	324%	$3,072
52	Unknown	Treatment	120	6/1/1984	$482,584	335%	$1,618,049
53	Linoleum floor	Treatment	121	6/1/1987	$1,555	316%	$4,906
54	Contruction in	Treatment	122	10/1/1985	$184,000	331%	$609,725
55	Orchard Run Water Treatment Plant	Treatment	123	5/15/1994	$1,718,749	257%	$4,417,979
56	0	Treatment	0	6/30/2021	($227,277)	115%	($260,397)
57	El Pueblo Corp Yard Paving	Treatment	124	6/30/1998	$33,531	235%	$78,736
58	Recharge Water project	Treatment	514	6/30/2002	$17,148	213%	$36,460
59	Monitoring wells: CC	Treatment	545	5/1/2003	$248,319	208%	$515,670
60	Modulating panel well 10 (computer screen)	Treatment	574	6/30/2004	$3,390	195%	$6,623

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
61	Sy-Cal Engineering	Treatment	577	8/5/2004	$3,389	195%	$6,621
62	Sy-Cal Engineering	Treatment	598	12/12/2005	$8,384	187%	$15,652
63	Sy-Cal Engineering	Treatment	599	12/12/2005	$6,317	187%	$11,793
64	Sy-Cal Engineering	Treatment	600	12/12/2005	$2,581	187%	$4,819
65	Jeffco	Treatment	605	3/31/2006	$27,976	179%	$50,174
66	CL 17 Chlorine Process Analyzer	Treatment	621	5/23/2007	$9,650	175%	$16,840
67	1720E Turb w/SC100 Controller	Treatment	622	5/23/2007	$7,291	175%	$12,723
68	Treatment plant updgrades 112-015	Treatment	633	6/30/2007	$63,072	175%	$110,064
69	Repiping at Orchard Run WTP	Treatment	639	5/19/2008	$22,183	167%	$37,108
70	ORWTP Design Study	Treatment	641	6/25/2008	$12,069	167%	$20,189
71	El Pueblo WTP Retrofit	Treatment	655	8/20/2009	$385,828	162%	$625,836
72	ORWTP Wet Well Recoat	Treatment	660	3/11/2010	$78,941	158%	$124,715
73	SECO Controls - Aztec Iron Monitor (AWRK633/51000010/US)	Treatment	684	7/31/2013	$16,954	146%	$24,686
74	Orchard Run WTP Upgrades	Treatment	0	6/30/2021	$3,448,595	115%	$3,951,135
75	Orchard Run WTP Upgrades	Treatment	0	6/30/2022	$747,155	107%	$798,522
76	El Pueblo - Butterfly Valve (Frank Olsen)	Treatment	0	12/31/2023	$10,093	104%	$10,503
77	Well 10 2024 Water Quality Improvements	Treatment	0	12/31/2023	$118,850	104%	$123,681
78	FY 2025 El Pueblo - Tank Bypass	Treatment	0	10/31/2024	$4,597	102%	$4,709
79	86/87 addition	Distribution	127	6/1/1987	$31,832	316%	$100,431
80	Vine hill main	Distribution	128	6/1/1989	$17,000	301%	$51,207
81	Water main ins	Distribution	129	6/1/1988	$15,900	308%	$48,911
82	85/86 addition	Distribution	130	6/1/1986	$2,461	324%	$7,965
83	Reimbursed mai	Distribution	131	1/1/1985	$1,833	331%	$6,074
84	Vineyards	Distribution	132	8/1/1989	$187,770	301%	$565,591
85	Granite Creek	Distribution	133	12/1/1988	$115,500	308%	$355,294
86	Easement	Distribution	134	12/1/1987	$550	316%	$1,735
87	Granite Crk Bu	Distribution	135	1/1/1989	$18,700	301%	$56,327
88	Main ext - Gra	Distribution	136	2/1/1989	$2,825	301%	$8,509
89	Green Hills As	Distribution	137	4/1/1989	$253,815	301%	$764,528
90	Water Main ins	Distribution	138	1/1/1988	$17,816	308%	$54,804

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
91	Castanzo subdi	Distribution	139	3/1/1990	$9,000	294%	$26,439
92	Contibuted pl	Distribution	140	1/1/1985	$229,900	331%	$761,824
93	Meter resetter	Distribution	141	8/1/1987	$157	316%	$495
94	Hydrant stems	Distribution	142	8/1/1987	$30	316%	$95
95	Cost dif 4 "/8"	Distribution	143	12/1/1987	$2,069	316%	$6,528
96	Unknown	Distribution	144	6/1/1984	$1,236,899	335%	$4,147,180
97	Clapp main ext	Distribution	145	1/1/1985	$12,500	331%	$41,422
98	Pipeline - SV	Distribution	146	10/1/1988	$3,739	308%	$11,502
99	Lids	Distribution	147	10/1/1987	$435	316%	$1,372
100	Valves	Distribution	148	5/1/1988	$2,087	308%	$6,420
101	Vine Hill Main	Distribution	149	6/1/1989	$208	301%	$627
102	Hidden Oaks	Distribution	150	11/1/1987	$64,745	316%	$204,272
103	Pressure regul	Distribution	151	1/1/1989	$4,821	301%	$14,522
104	Scotts Vly Drive water mains	Distribution	152	2/18/1991	$194,329	288%	$558,713
105	Country Terrace Tract 1283: CC	Distribution	153	7/1/1990	$40,725	294%	$119,637
106	Bean Creek/Condo Dev: CC	Distribution	154	7/1/1990	$8,800	294%	$25,852
107	Gaffney Way - 4 lots: CC	Distribution	155	7/1/1990	$12,200	294%	$35,840
108	Lutheran Church/King's Vlge: CC	Distribution	156	12/1/1990	$4,900	294%	$14,395
109	Bluebonnet Ln Condo Project: CC	Distribution	157	12/1/1990	$24,160	294%	$70,974
110	Whispering Pines/Mt Hermon Road:C	Distribution	158	12/1/1990	$51,470	294%	$151,202
111	SV Auto Works/Whispering Pines: C	Distribution	159	12/1/1990	$32,800	294%	$96,356
112	Ridgecrest Tract No. 1264: CC	Distribution	160	12/1/1990	$95,300	294%	$279,960
113	Buttermilk - Navarra: CC Exhibit	Distribution	161	7/12/1990	$9,860	294%	$28,965
114	Buttermilk - Navarra: CC Exhibit	Distribution	162	7/12/1990	$1,260	294%	$3,701
115	Fire Hydrant and Pipes	Distribution	163	8/19/1991	$9,580	288%	$27,543
116	Hidden Creek Tract CC Mains	Distribution	164	11/30/1991	$15,192	288%	$43,678
117	Granite Creek Bridge mains	Distribution	165	6/30/1993	$1,200	267%	$3,202
118	NMZIP Transmission Mains	Distribution	166	5/15/1994	$1,208,334	257%	$3,105,977
119	Pressure Reduction System Cont 5A	Distribution	167	5/15/1994	$42,577	257%	$109,443
120	Granite Creek Bridge Repl Mains	Distribution	168	8/15/1993	$23,782	267%	$63,454
121	El Carlo Main Replacement	Distribution	169	12/15/1993	$37,154	267%	$99,132

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
122	Greenhills 2780 ft main CC	Distribution	170	7/1/1993	$75,060	267%	$200,271
123	Greenhills Appurtenances CC	Distribution	171	7/1/1993	$12,500	267%	$33,352
124	Borland 5540 8'x12 mains CC	Distribution	172	3/15/1994	$265,000	257%	$681,173
125	Valley Commons 520 6 DIP mains C	Distribution	173	7/15/1993	$10,608	267%	$28,304
126	Valley Commons hot tap CC	Distribution	174	7/15/1993	$400	267%	$1,067
127	Dan Williams Subd 6 DIP CC	Distribution	175	11/18/1993	$4,680	267%	$12,487
128	Greenhill Estates 2780' mains CC	Distribution	176	8/30/1994	$87,060	257%	$223,784
129	Valley Commons 520' mains CC	Distribution	177	8/30/1994	$11,008	257%	$28,296
130	Dan Williams/San Aug 95'mains C	Distribution	178	8/30/1994	$4,680	257%	$12,030
131	Sramek contributed capital	Distribution	179	12/15/1995	$1,000	254%	$2,541
132	Ken Penner/Bluebonnet 4 dip CC	Distribution	180	8/15/1996	$2,700	247%	$6,678
133	John Thomas/Sramek 6 dip CC	Distribution	181	8/15/1996	$24,050	247%	$59,488
134	Kaufman/Broad, 10 dip main CC	Distribution	182	8/15/1996	$121,275	247%	$299,973
135	Kaufman/Broad 8 dip main CC	Distribution	183	8/15/1996	$134,100	247%	$331,696
136	McNay's 6 dip main CC	Distribution	184	5/2/1997	$8,750	239%	$20,878
137	Re-piping Well #9 CIP closed	Distribution	185	12/31/1996	$33,591	247%	$83,087
138	Tuscany Hills Oak Knolls Dev CC	Distribution	186	10/14/1997	$29,559	239%	$70,529
139	Vincent Cimera S.V. Village CC	Distribution	187	10/14/1997	$34,694	239%	$82,781
140	Pipeline for ORWTP	Distribution	188	6/30/1998	$5,200	235%	$12,210
141	McNay - 200 Summerhill 350' 6 CC	Distribution	189	7/9/1998	$15,750	235%	$36,983
142	Storage depot mains	Distribution	190	11/12/1998	$22,895	235%	$53,761
143	SV Drive improvement project	Distribution	191	4/30/2000	$426,280	223%	$952,539
144	Howard Norton Storage Depot 700' 10 DIP CC	Distribution	192	5/17/2000	$26,960	223%	$60,243
145	S.V.Developers Inn at SV; CC	Distribution	455	7/1/2000	$92,050	223%	$205,689
146	HPH Properties, Oak Crk Comp CC	Distribution	457	7/1/2000	$10,398	223%	$23,235
147	Mid Peninsula Housing Civic Center CC	Distribution	459	7/1/2000	$31,000	223%	$69,271
148	10' Dip main CC	Distribution	475	9/13/2001	$134,330	219%	$294,392
149	8" Dip main 1490 CC	Distribution	476	9/13/2001	$52,150	219%	$114,290
150	10" Butterfly valve CC	Distribution	478	9/13/2001	$4,500	219%	$9,862
151	8" Gate valve CC	Distribution	479	9/13/2001	$1,200	219%	$2,630
152	2" Blow-off CC	Distribution	480	9/13/2001	$600	219%	$1,315

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
153	Air/Vacuum release valve CC	Distribution	481	9/13/2001	$800	219%	$1,753
154	10" Dip main 479 CC	Distribution	487	9/13/2001	$30,395	219%	$66,612
155	10" Butterfly valve CC	Distribution	488	9/13/2001	$1,600	219%	$3,506
156	8" Dip main 1495 CC	Distribution	489	9/13/2001	$74,750	219%	$163,819
157	8" Gate valve CC	Distribution	490	9/13/2001	$3,200	219%	$7,013
158	6" Dip main 273 CC	Distribution	491	9/13/2001	$12,285	219%	$26,923
159	6" Gate valve CC	Distribution	492	9/13/2001	$900	219%	$1,972
160	6" PVC reclaim line CC	Distribution	493	9/13/2001	$26,670	219%	$58,449
161	Blow-off CC	Distribution	495	9/13/2001	$500	219%	$1,096
162	Air/Vacuum CC	Distribution	496	9/13/2001	$1,500	219%	$3,287
163	6" PVC main CC	Distribution	497	9/13/2001	$700	219%	$1,534
164	8" Dip main CC	Distribution	499	9/13/2001	$5,355	219%	$11,736
165	4" PVC reclaim line CC	Distribution	500	9/13/2001	$4,830	219%	$10,585
166	10" Dip main CC	Distribution	502	9/13/2001	$15,800	219%	$34,627
167	Henco LLC	Distribution	506	10/11/2001	$44,430	219%	$97,371
168	Fire supression man	Distribution	518	6/30/2002	$16,943	213%	$36,024
169	2436' 12" DIP, SVHS, CC	Distribution	529	8/2/2002	$507,765	213%	$1,079,607
170	1105' 8" DIP, Torey Oaks, CC	Distribution	534	8/8/2002	$90,061	213%	$191,487
171	1810' 12" DIP, Henco, CC	Distribution	537	4/30/2003	$237,000	208%	$492,165
172	155' of 6" DIP, Blue Bonnet, CC	Distribution	554	2/12/2004	$4,960	195%	$9,691
173	90' of 4" DIP, Blue Bonnet, CC	Distribution	555	2/12/2004	$2,520	195%	$4,923
174	280' of 8" DIP, Windward, CC	Distribution	558	2/12/2004	$12,000	195%	$23,445
175	350' of 6" PVC Line, Windward, CC	Distribution	562	2/12/2004	$2,000	195%	$3,908
176	Recycled Water Distribution Mains	Distribution	587	6/30/2005	$617,940	187%	$1,153,642
177	Ridgecrest main improvements	Distribution	614	3/31/2006	$95,007	179%	$170,391
178	52' of 8" DIP, Reisling Dr.	Distribution	623	11/30/2006	$24,721	179%	$44,336
179	190' of 8" HDPE, S. Navarra under 17	Distribution	642	6/1/2008	$36,998	167%	$61,891
180	Trans Main Summerhill/Glenwood Loop	Distribution	662	10/26/2010	$77,566	158%	$122,542
181	100 ft. of 6 inch C-900, Johnston Wy	Distribution	665	5/5/2011	$38,525	153%	$59,045
182	Barn-Orchard Interties	Distribution	678	4/1/2014	$32,079	142%	$45,475

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
183	SV Drive Transfer Station/El Pueblo PRV Water Exchange	Distribution	689	6/30/2015	$25,017	139%	$34,655
184	4801/4803 Scotts Valley Dr Water Main (potable portion)	Distribution	693	8/17/2015	$76,540	139%	$106,028
185	Main Extension 80'x4" to the Goodwill store	Distribution	701	10/31/2016	$10,500	134%	$14,119
186	Northridge Pressure Regulator	Distribution	0	6/30/2020	$53,266	121%	$64,580
187	Main Improvements	Distribution	0	6/30/2022	$438,899	107%	$469,073
188	Main Improvements	Distribution	0	1/1/2023	$560,955	104%	$583,758
189	FY2024 - Bethany Drive	Distribution	0	6/30/2024	$144,770	102%	$148,288
190	FY 2024 Main Improvements	Distribution	0	6/30/2024	$47,879	102%	$49,043
191	Vineyards	Distribution	204	8/1/1989	$7,400	301%	$22,290
192	(6) Hydrant AD	Distribution	205	10/1/1987	$1,035	316%	$3,265
193	Granite Creek	Distribution	206	12/1/1988	$9,000	308%	$27,685
194	Granite Crk Bu	Distribution	207	1/1/1989	$1,500	301%	$4,518
195	Hydrant (Res 1	Distribution	208	12/1/1987	$2,500	316%	$7,888
196	Hydrants	Distribution	209	10/1/1987	$2,361	316%	$7,449
197	Castanzo subdi	Distribution	210	3/1/1990	$925	294%	$2,717
198	Green Hills AS	Distribution	211	4/1/1989	$12,000	301%	$36,146
199	Greenhills 3 fire hydrants CC	Distribution	212	7/1/1993	$6,000	267%	$16,009
200	Borland 5 fire hydrants CC	Distribution	213	3/15/1994	$10,000	257%	$25,705
201	Greenhills Estates 3 F. Hyd CC	Distribution	214	8/30/1994	$9,000	257%	$23,134
202	Kaufman/Broad FH assembly CC	Distribution	215	8/15/1996	$28,800	247%	$71,237
203	McNay's FH assembly CC	Distribution	216	5/2/1997	$2,400	239%	$5,726
204	6" Fire hydrant CC	Distribution	477	9/13/2001	$9,600	219%	$21,039
205	Fire hydrant CC	Distribution	498	9/13/2001	$13,500	219%	$29,586
206	Fire hydrant CC	Distribution	505	9/13/2001	$1,500	219%	$3,287
207	1 - Fire Hydrant, SVHS, CC	Distribution	532	8/8/2002	$3,000	213%	$6,379
208	Fire Hydrants, Torey Oaks, CC	Distribution	536	8/8/2002	$11,605	213%	$24,674
209	Fire Hydrants, Henco, CC	Distribution	539	4/30/2003	$18,000	208%	$37,380
210	1 Fire Hydrant, Blue Bonnet, CC	Distribution	560	2/12/2004	$2,800	195%	$5,471
211	2 Fire Hydrants, Windward, CC	Distribution	561	2/12/2004	$5,600	195%	$10,941

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
212	Fire Hydrants	Distribution	573	6/30/2004	$6,465	195%	$12,631
213	Groeniger & Company	Distribution	586	5/26/2005	$8,354	187%	$15,596
214	Ed Walsh & Co.	Distribution	607	5/31/2006	$9,742	179%	$17,472
215	Flow Test Kit II - 300psi	Distribution	624	7/7/2006	$2,234	179%	$4,007
216	Fire Hydrant Replacement	Distribution	675	6/26/2013	$9,504	146%	$13,838
217	1 Fire Hydrant, The Manor, Siri Ln	Distribution	686	8/17/2015	$0	139%	$0
218	Granit Crk Bu	Distribution	217	1/1/1989	$3,000	301%	$9,036
219	Wtr.&Fire Svcs	Distribution	218	1/1/1985	$23,375	331%	$77,458
220	Vineyards	Distribution	219	8/1/1989	$74,450	301%	$224,254
221	Hidden Oaks	Distribution	220	11/1/1987	$38,000	316%	$119,891
222	Unknown	Distribution	221	6/1/1984	$223,410	335%	$749,068
223	Casanzo Subdi	Distribution	222	3/1/1990	$4,950	294%	$14,541
224	Valve boxes	Distribution	223	10/1/1987	$645	316%	$2,035
225	Add'l for mt.	Distribution	224	3/1/1987	$2,980	316%	$9,402
226	Backflow devic	Distribution	225	8/1/1987	$755	316%	$2,382
227	Tail pieces	Distribution	226	8/1/1987	$268	316%	$846
228	Granite Creek	Distribution	227	12/1/1988	$12,950	308%	$39,836
229	Valves	Distribution	228	9/1/1989	$1,555	301%	$4,684
230	Meter pieces	Distribution	229	6/1/1988	$596	308%	$1,833
231	Green Hills AS	Distribution	230	4/1/1989	$47,190	301%	$142,143
232	Hook-ups and Main	Distribution	231	2/15/1992	$4,700	279%	$13,106
233	Hookups	Distribution	232	1/30/1992	$28,000	279%	$78,080
234	Bethany Fire Service Installation	Distribution	233	1/30/1992	$3,500	279%	$9,760
235	Aiken Installation	Distribution	234	11/30/1991	$1,500	288%	$4,313
236	9 water services CC	Distribution	235	5/12/1993	$13,500	267%	$36,020
237	2 fire services CC	Distribution	236	6/30/1993	$6,000	267%	$16,009
238	Greenhills 50 1 services CC	Distribution	237	7/1/1993	$17,500	267%	$46,693
239	Borland 1 4 service CC	Distribution	238	3/15/1994	$2,000	257%	$5,141
240	Borland 3 2 services CC	Distribution	239	3/15/1994	$2,000	257%	$5,141
241	Valley Commons 15 5/8 x 3/4 CC	Distribution	240	7/15/1993	$6,525	267%	$17,410
242	Indiv services 135 5/8 x 3/4 CC	Distribution	241	1/15/1994	$7,500	257%	$19,278

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
243	Indiv services 1 fire serv CC	Distribution	242	1/15/1994	$3,000	257%	$7,711
244	Dan Williams Subd 2 1 3/4 CC	Distribution	243	11/18/1993	$1,000	267%	$2,668
245	Greenhills Estates 50 service CC	Distribution	244	8/30/1994	$15,000	257%	$38,557
246	Valley Commons 16 services CC	Distribution	245	8/30/1994	$6,525	257%	$16,772
247	Dan Williams/San Aug, 2 svcs CC	Distribution	246	8/30/1994	$1,000	257%	$2,570
248	Ken Penner/Bluebonnet 3/4'later C	Distribution	247	8/15/1996	$1,500	247%	$3,710
249	John Thomas/Sramek 3/4 lateralC	Distribution	248	8/15/1996	$750	247%	$1,855
250	Kaufman/Broad 1 laterals CC	Distribution	249	8/15/1996	$71,250	247%	$176,237
251	McNay's 1 lateral CC	Distribution	250	5/2/1997	$375	239%	$895
252	TuscanyHil/OakKnol 15 3/4 lat CC	Distribution	251	10/14/1997	$7,875	239%	$18,790
253	V. Cimera/SV Vlg 4 1 laterals C	Distribution	252	10/14/1997	$2,900	239%	$6,920
254	V. Cimera/SV Vlg 5 3/4 later C	Distribution	253	10/14/1997	$2,625	239%	$6,263
255	Mcnay 200 summerhill 1-3/4 Lateral CC	Distribution	254	7/9/1998	$525	235%	$1,233
256	Howard Norton Storage Depot 1 3/4 Lateral CC	Distribution	255	5/17/2000	$525	223%	$1,173
257	S.V. Developers Inn at SV CC	Distribution	456	7/1/2000	$2,400	223%	$5,363
258	HPH Properties Oak Crk Comp CC	Distribution	458	7/1/2000	$850	223%	$1,899
259	Mid Peninsula Housing Civic Ctr CC	Distribution	460	7/1/2000	$1,400	223%	$3,128
260	5/8" SVC lateral CC	Distribution	482	9/13/2001	$6,400	219%	$14,026
261	3/4" SVC lateral CC	Distribution	483	9/13/2001	$1,800	219%	$3,945
262	3/4" SVC lateral CC	Distribution	494	9/13/2001	$9,000	219%	$19,724
263	1 1/2" SVC lateral CC	Distribution	501	9/13/2001	$3,695	219%	$8,098
264	Fire service CC	Distribution	503	9/13/2001	$4,500	219%	$9,862
265	5/8" Service lateral CC	Distribution	504	9/13/2001	$300	219%	$657
266	1 - 2" Lateral, SVHS, CC	Distribution	530	8/8/2002	$42,000	213%	$89,300
267	1 - Fire Service, SVHS, CC	Distribution	531	8/8/2002	$3,000	213%	$6,379
268	Service Laterals, Torey Oaks, CC	Distribution	535	8/8/2002	$8,334	213%	$17,720
269	Service Laterals, Henco, CC	Distribution	538	4/30/2003	$57,250	208%	$118,888
270	1 Fire Service Lateral, Blue Bonnet, CC	Distribution	556	2/12/2004	$3,000	195%	$5,861
271	30-Consumptive Laterals, Blue Bonnet, CC	Distribution	557	2/12/2004	$9,300	195%	$18,170
272	Laterals, Windward, CC	Distribution	559	2/12/2004	$16,200	195%	$31,651
273	Fire Service lateral at 2 Civic Center	Distribution	0	4/1/2023	$36,597	104%	$38,085

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
274	Butterfly Valve Montevalle (FY 2024 - Tap Master)	Distribution	0	5/31/2024	$22,839	102%	$23,394
275	Insertion Valves - Montevalle 2025	Distribution	0	9/30/2024	$16,254	102%	$16,649
276	Chain link	Storage	193	1/1/1985	$2,525	331%	$8,367
277	Telemetry mast	Storage	194	6/1/1986	$2,982	324%	$9,651
278	Bethany tank s	Storage	195	4/1/1986	$44,916	324%	$145,374
279	Bethany tank s	Storage	196	5/1/1986	$11,230	324%	$36,347
280	86/87 addition	Storage	197	6/1/1987	$33,327	316%	$105,148
281	Contributed TA	Storage	198	1/1/1985	$886,200	331%	$2,936,620
282	Engineering SV	Storage	199	5/1/1986	$1,343	324%	$4,347
283	Unknown	Storage	200	6/1/1984	$119,482	335%	$400,609
284	Southwood Tank	Storage	201	4/15/1994	$399,284	257%	$1,026,344
285	Southwood Tank	Storage	202	10/12/1994	$882	257%	$2,267
286	Glenwood well field trns main	Storage	470	6/30/2001	$10,716	219%	$23,485
287	Telemetry system CC	Storage	486	9/13/2001	$10,000	219%	$21,916
288	Portable Water tank- Glenwood	Storage	515	6/30/2002	$3,767,767	213%	$8,011,006
289	Glenwood field transmission mains	Storage	516	6/30/2002	$6,900	213%	$14,671
290	Mandarino pit property	Storage	517	6/30/2002	$143,120	213%	$304,301
291	Fontenay tank replacement	Storage	541	5/1/2003	$128,706	208%	$267,277
292	Tanks Mt. Roberta	Storage	543	1/1/2003	$182,221	208%	$378,408
293	Corrpro	Storage	606	5/11/2006	$9,153	179%	$16,415
294	Glenwood Tank Interior Rehab	Storage	677	7/1/2013	$96,400	146%	$140,365
295	MacDorsa Tank Rehab	Storage	699	3/31/2017	$501,350	129%	$649,092
296	Sequoia Tank Rehab	Storage	0	6/30/2020	$907,841	121%	$1,100,673
297	Sequoia Tank Rehab	Storage	0	7/31/2020	$20,170	121%	$24,454
298	Unknown	Wells	1	6/1/1984	$135,062	335%	$452,847
299	E.P.A. grant septic investigation	Wells	2	6/30/1998	$8,775	235%	$20,605
300	Unknown	Wells	5	6/1/1984	$11,036	335%	$37,002
301	Unknown	Wells	14	6/1/1984	$48,698	335%	$163,279
302	USGS - Carboner	Wells	15	1/1/1985	$7,000	331%	$23,196
303	Elect modif we	Wells	16	3/1/1988	$7,853	308%	$24,157

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
304	Unknown	Wells	17	6/1/1984	$499,611	335%	$1,675,138
305	Rain gauge ins	Wells	18	1/1/1985	$1,256	331%	$4,162
306	Geologic repor	Wells	19	6/1/1989	$2,530	301%	$7,621
307	Well #9 design	Wells	20	2/1/1989	$742	301%	$2,235
308	Monitor well #	Wells	21	2/1/1989	$250	301%	$753
309	Qualt-metrics	Wells	22	1/1/1985	$1,193	331%	$3,953
310	Digital record	Wells	23	1/1/1985	$1,937	331%	$6,419
311	Tipping bucket	Wells	24	1/1/1985	$1,697	331%	$5,623
312	Rain gauge ins	Wells	25	1/1/1985	$339	331%	$1,123
313	Rain gauge int	Wells	26	1/1/1985	$2,313	331%	$7,665
314	Rain gauge ins	Wells	27	1/1/1985	$1,242	331%	$4,116
315	Well #9 redesi	Wells	28	1/1/1989	$3,403	301%	$10,250
316	#10 chem feed	Wells	29	5/1/1989	$2,313	301%	$6,967
317	Monitor well #	Wells	30	6/1/1988	$20,648	308%	$63,516
318	Well #9 design	Wells	31	3/1/1989	$1,040	301%	$3,133
319	Roof aerator #	Wells	32	5/1/1989	$16	301%	$48
320	Monitor well #	Wells	33	7/1/1988	$2,560	308%	$7,875
321	USGS - Manometer	Wells	34	1/1/1985	$15,600	331%	$51,694
322	Well #11 Fina	Wells	35	8/1/1987	$1,500	316%	$4,733
323	Drilling cost	Wells	36	5/1/1989	$21,205	301%	$63,873
324	Monitor well #	Wells	37	11/1/1988	$398	308%	$1,224
325	Engineering we	Wells	38	1/1/1989	$1,650	301%	$4,970
326	Well #10 contr	Wells	39	1/1/1985	$73,361	331%	$243,098
327	Hidden Oaks	Wells	40	11/1/1987	$150,000	316%	$473,254
328	Well #10 chem	Wells	41	5/1/1989	$94	301%	$283
329	86/87 addition	Wells	42	6/1/1987	$281,139	316%	$887,002
330	Well #9 design	Wells	43	4/1/1989	$1,529	301%	$4,606
331	Test Well 15	Wells	44	10/15/1990	$62,345	294%	$183,149
332	Well #15	Wells	46	8/31/1990	$773	294%	$2,271
333	El Pueblo Treatment Center	Wells	48	5/14/1992	$1,194,495	279%	$3,330,942
334	Well upgrades	Wells	49	12/9/1992	$4,261	279%	$11,882

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335	Fence Well 6 Mont Bay Fencing	Wells	50	1/18/1996	$5,451	247%	$13,483
336	Test well specifications	Wells	51	12/15/1995	$13,281	254%	$33,745
337	Well 3B construction and pump	Wells	52	12/15/1995	$1,079,695	254%	$2,743,357
338	One quarter of 6-30-96 SCADA	Wells	53	12/15/1995	$6,651	254%	$16,899
339	Test well specifications 6-30-97	Wells	54	12/31/1996	$163,883	247%	$405,364
340	Balance of Well 3B 6-30-97	Wells	55	12/31/1996	$32,620	247%	$80,686
341	Groundwater basin model	Wells	57	6/30/1998	$81,018	235%	$190,243
342	Recharge pilot program	Wells	58	6/30/1998	$38,279	235%	$89,885
343	Well 11B Construction	Wells	59	6/30/2000	$328,429	223%	$733,887
344	Telog	Wells	60	9/21/2000	$16,007	223%	$35,768
345	Well 11B construction	Wells	471	6/30/2001	$100	219%	$219
346	EPA Tank replacement	Wells	512	6/30/2002	$1,952	213%	$4,150
347	6" galv T&C pipe, check valves, splice kit;	Wells	520	1/24/2002	$9,425	213%	$20,039
348	Construction of Well 10A 112-195	Wells	646	8/1/2007	$396,378	175%	$691,699
349	Construction of Orchard Well	Wells	0	5/10/2018	$1,850,473	126%	$2,325,396
350	Completion of Orchard Well	Wells	0	8/31/2018	$83,853	126%	$105,374
351	Turbine pump/c	Transmission	61	6/1/1988	$9,412	308%	$28,953
352	Submersible PU	Transmission	62	6/30/1990	$3,654	294%	$10,734
353	Removable fenc	Transmission	64	11/1/1987	$700	316%	$2,209
354	Well upgrade	Transmission	68	6/1/1988	$2,543	308%	$7,823
355	(2) 4Flood G	Transmission	69	1/1/1985	$359	331%	$1,190
356	Grundfos pump	Transmission	70	4/1/1988	$2,999	308%	$9,225
357	Well #11 upgrade	Transmission	72	12/9/1992	$7,843	279%	$21,871
358	Well #10 upgrade	Transmission	73	12/9/1992	$9,692	279%	$27,027
359	Well #11 repair	Transmission	74	12/9/1992	$17,919	279%	$49,969
360	Well #10 repair	Transmission	75	12/21/1992	$22,409	279%	$62,489
361	Bowl and motors Well 11 and 7A	Transmission	78	3/21/1997	$28,371	239%	$67,694
362	Closed bal of CIP pump for Well3	Transmission	79	12/31/1996	$1,722	247%	$4,259
363	Grndfs - 1000S2000-5DS-200HP	Transmission	80	12/31/1996	$21,650	247%	$53,551
364	C&N 3855750-10 Grundfos pump uni	Transmission	81	7/31/1997	$10,927	239%	$26,072
365	C&N 2305250-8 Grundfos pump unit	Transmission	82	9/24/1997	$11,940	239%	$28,489

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366	C & N Pump & Well 7A and 10	Transmission	83	8/13/1998	$10,195	235%	$23,939
367	C & N pump & Well	Transmission	84	8/13/1998	$4,372	235%	$10,266
368	Backup booster pump	Transmission	85	12/3/1998	$9,577	235%	$22,488
369	C&N Pump & Well Pumps	Transmission	86	6/3/1999	$3,214	229%	$7,374
370	C & N Pump & Well	Transmission	87	7/14/1999	$2,871	229%	$6,587
371	C & N Pump & Well	Transmission	88	8/26/1999	$19,517	229%	$44,778
372	Pump for Well 7A	Transmission	112	12/15/1995	$4,201	254%	$10,674
373	Booster pump station CC	Transmission	484	9/13/2001	$100,000	219%	$219,156
374	Cornerstone Pump	Transmission	507	11/1/2001	$11,034	219%	$24,182
375	Grundfos 475S600-7 bowl unit	Transmission	521	2/26/2002	$4,194	213%	$8,917
376	200 hp Franklin motor and pipe w/materials	Transmission	522	2/26/2002	$28,120	213%	$59,789
377	Grundfos 475S600-7 w/Franklin 6" 460V 60hp	Transmission	523	2/26/2002	$10,210	213%	$21,708
378	Cornerstone Pump	Transmission	524	9/19/2002	$6,829	213%	$14,520
379	Cornerstone Pump	Transmission	540	4/17/2003	$9,665	208%	$20,071
380	Cornerstone Pump	Transmission	551	1/8/2004	$4,730	195%	$9,241
381	Cornerstone Pump	Transmission	563	5/13/2004	$3,874	195%	$7,569
382	Cornerstone Pump	Transmission	575	7/8/2004	$3,075	195%	$6,008
383	Simonds Machinery	Transmission	576	7/22/2004	$17,720	195%	$34,621
384	Crescent Booster Station	Transmission	588	6/30/2005	$335,812	187%	$626,933
385	GRUNDFOS CR15-7 Pump	Transmission	618	5/31/2007	$3,512	175%	$6,129
386	PL Controller-Crescent Booster	Transmission	664	4/22/2011	$14,295	153%	$21,909
387	Well 9 Pump (Grundfos 300S250-7AA Pumpend)	Transmission	680	2/28/2014	$19,158	142%	$27,159
388	Well pump and cables - 7A	Transmission	695	8/17/2015	$70,507	139%	$97,670
389	Station 10 Pump #3	Transmission	696	5/25/2016	$13,867	134%	$18,646
390	Sandhill Booster Station	Transmission	698	8/31/2016	$247,830	134%	$333,246
391	Pump & Motor, Grundfos 96419122, CR45-3-2 A-G-A-E-HQQE	Transmission	703	4/30/2017	$8,472	129%	$10,969
392	El Pueblo Pumps Reconfiguration	Transmission	0	8/1/2017	$138,592	129%	$179,434
393	Well 11B Rehab	Transmission	0	6/1/2018	$30,568	126%	$38,413
394	Bethany Pump Station Rehab	Transmission	0	6/30/2018	$247,524	126%	$311,051

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
395	Polo Ranch Booster Station	Transmission	0	4/1/2018	$14,470	126%	$18,184
396	Crescent Booster Station Generator	Transmission	0	1/1/2019	$18,631	123%	$22,958
397	Polo Ranch Booster Station	Transmission	0	6/30/2022	$157,948	107%	$168,806
398	Hacienda Pump Station	Transmission	0	1/1/2023	$315,830	104%	$328,669
399	Propane Tank - Hacienda	Transmission	0	7/31/2023	$7,040	104%	$7,326
400	Chainlink Fence - Hacienda	Transmission	0	7/31/2023	$8,500	104%	$8,846
401	85/86 addition	Transmission	90	6/1/1986	$149,869	324%	$485,061
402	Timbermill Monterey Well 6 pump build	Transmission	91	8/11/1998	$1,623	235%	$3,811
403	Salinas Pump	Wells	592	9/30/2005	$23,760	187%	$44,358
404	Salinas Pump	Wells	593	11/23/2005	$8,656	187%	$16,160
405	Salinas Pump	Wells	596	11/23/2005	$11,173	187%	$20,859
406	Awnings	General	318	5/1/1989	$1,364	301%	$4,109
407	Miniblinds	General	319	9/1/1988	$1,061	308%	$3,264
408	Improvements	General	320	8/1/1988	$17,706	308%	$54,466
409	Electrical wir	General	321	8/1/1988	$4,828	308%	$14,852
410	Security system	General	322	8/1/1988	$2,571	308%	$7,909
411	Sign	General	323	5/1/1989	$4,373	301%	$13,172
412	Sign	General	324	8/1/1989	$4,941	301%	$14,883
413	Flag pole	General	325	10/1/1988	$1,250	308%	$3,845
414	(2) wall cases	General	326	8/1/1988	$522	308%	$1,606
415	Two civic cent	General	327	8/1/1988	$386,125	308%	$1,187,773
416	Misc building improvements	General	328	4/1/1991	$3,984	288%	$11,454
417	Fence	General	329	2/4/1993	$1,000	267%	$2,668
418	San Lorenzo Awning office awning	General	330	9/24/1997	$2,055	239%	$4,903
419	Office outside lights	General	331	3/11/1999	$2,286	229%	$5,245
420	Office-outside lights	General	332	12/3/1998	$994	235%	$2,334
421	Northern Design	General	333	8/26/1999	$6,565	229%	$15,062
422	Northern Design	General	334	9/10/1999	$11,935	229%	$27,382
423	Northern Design	General	335	9/23/1999	$1,850	229%	$4,244
424	Airtec	General	508	11/29/2001	$2,959	219%	$6,485
425	Office Bldg Renovation Phase 1	General	647	5/1/2009	$87,316	162%	$141,632

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
426	Demonstration Garden	General	663	11/5/2010	$49,033	158%	$77,465
427	MAJOR ELECTRIC WIRING	General	681	6/30/2010	$3,426	158%	$5,413
428	HR OFFOCE REMODELING (JARED LEWIS)	General	682	05/06/2013	$11,135	146%	$16,213
429	HVAC REPLACEMENT 25HBC348A005	General	683	5/21/2013	$11,579	146%	$16,860
430	Office Facility Upgrade 2016 (PW 90%)	General	5003	6/30/2017	$654,621	129%	$847,530
431	5297-99 SV Drive (Grace Way Well - Existing Building)	General	0	3/1/2023	$307,491	104%	$319,991
432	Admin Building - Improvements 2024	General	0	9/30/2023	$26,548	104%	$27,627
433	Admin Building - Landscape Improvements 2025	General	0	4/30/2025	$14,400	100%	$14,400
434	Hazardous waste	General	434	3/1/1989	$5,485	301%	$16,522
435	Rubber fastened roof sys Section	General	435	7/1/1996	$6,814	247%	$16,854
436	Storage bins El Pueblo	General	436	10/15/1996	$10,600	247%	$26,219
437	Office Windows	General	437	1/15/1998	$3,115	235%	$7,314
438	Corp Yard Modular Office Trailer	General	690	6/30/2015	$209,592	139%	$290,338
439	Corp Yard Modular Office Furniture and Furnishings	General	691	6/30/2015	$21,503	139%	$29,787
440	FY 2024 CorpYard Improvements (Steel Equip Shelters)	General	0	12/31/2023	$6,016	104%	$6,261
441	Corp Yard Improvements - Gutters - 2025	General	0	1/31/2024	$4,320	102%	$4,425
442	Corp Yard Improvements - Fence Replacement - 2025	General	0	12/31/2024	$7,281	102%	$7,458
443	SCADA	Transmission	56	6/30/1998	$19,629	235%	$46,092
444	Phase 1 SCADA	Transmission	76	12/15/1994	$143,287	257%	$368,314
445	Scada system p	Transmission	95	11/1/1989	$29,032	301%	$87,449
446	One half of 6-30-96 SCADA	Transmission	113	12/15/1995	$13,303	254%	$33,801
447	One quarter of 6-30-96 SCADA	Transmission	203	12/15/1995	$6,651	254%	$16,899
448	SCADA Phase 3 25%	Transmission	462	6/30/2001	$47,260	219%	$103,573
449	SCADA Phase 3 50%	Transmission	463	6/30/2001	$94,520	219%	$207,146
450	SCADA Phase 3 25%	Transmission	468	6/30/2001	$47,260	219%	$103,573
451	SCADA Phase 4 25%	Transmission	509	6/30/2002	$25,916	213%	$55,102
452	SCADA Phase 4 50%	Transmission	510	6/30/2002	$51,833	213%	$110,207

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
453	SCADA Phase 4 25%	Transmission	511	6/30/2002	$25,916	213%	$55,102
454	SCADA Phase 5 25%	Transmission	569	6/30/2004	$7,936	195%	$15,505
455	SCADA Phase 5 20%	Transmission	570	6/30/2004	$15,873	195%	$31,012
456	SCADA phase 5 25%	Transmission	571	6/30/2004	$7,936	195%	$15,505
457	Wonderware	Transmission	613	8/19/2005	$5,715	187%	$10,669
458	SCADA System Upgrades-Phase I	Transmission	661	6/1/2011	$114,195	153%	$175,020
459	SCADA System Upgrades-Phase II	Transmission	667	5/1/2012	$9,729	149%	$14,530
460	SCADA System Upgrades-Phase III	Transmission	671	3/1/2013	$4,260	146%	$6,203
461	SCADA System Upgrades-Phase III	Transmission	672	4/30/2013	$89	146%	$130
462	SCADA System Upgrades-Phase III	Transmission	673	6/12/2013	$6,381	146%	$9,291
463	SCADA System Upgrades-Phase III	Transmission	674	6/28/2013	$11,819	146%	$17,209
464	SCADA Phase III Upgrades	Transmission	5005	2/28/2017	$33,124	129%	$42,885
465	SCADA at Sandhill Station	Transmission	702	8/31/2016	$20,408	134%	$27,442
466	SCADA System Upgrades 2025	Transmission	0	6/30/2025	$132,468	100%	$132,468
467	2006 John Deere 310SG Backhoe	Transmission	630/636	12/28/2006	$80,942	179%	$145,166
468	Baldor 60KW Towable Generator	Transmission	644	1/5/2008	$27,740	167%	$46,404
469	Airman PDS185S Compressor	Transmission	649	10/8/2008	$12,420	167%	$20,776
470	Yale GP050 Forklift	Transmission	652	2/9/2010	$12,218	158%	$19,303
471	Generator at CC Office (PW 90%)	Transmission	5013	6/30/2017	$3,266	129%	$4,228
472	Vacuum Truck	Transmission	0	1/1/2021	$154,181	115%	$176,648
473	Generator (PW 90%)	Transmission	0	6/30/2022	$100,005	107%	$106,880
474	Bobcat mini excavator - concrete breaker	Transmission	0	6/30/2023	$8,023	104%	$8,349
475	Valve Maint Machine (FY2024)	Transmission	0	4/30/2024	$105,687	102%	$108,255
476	Cisco AP541-N Phone System	General	666	11/5/2010	$14,073	158%	$22,233
477	Phone System & AV Equipment	General	0	1/1/2019	$18,547	123%	$22,855
478	Radix Meter Reading Equipment	Billing & Customer Service	450	4/8/1999	$16,223	229%	$37,220
479	Radix	General	454	12/28/2000	$2,105	223%	$4,704
480	Upgrade Touch Read Wands & Probes	Billing & Customer Service	645	6/10/2008	$20,957	167%	$35,057
481	CBSW Check Scan Interface	General	654	8/1/2009	$12,215	162%	$19,813
482	Electronic Security for District Facilities PW 90%	General	5001	6/30/2017	$39,041	129%	$50,546

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
483	Accela F&A (Springbrook) PW 90%	Billing & Customer Service	5009	7/1/2017	$103,187	129%	$133,595
484	Watersmart Software	Billing & Customer Service	0	6/30/2019	$11,790	123%	$14,528
485	2-Way radios	Distribution	413	1/1/1989	$2,822	301%	$8,500
486	Mobile radio &	Distribution	414	3/1/1986	$1,047	324%	$3,389
487	Tool boxes (2)	Distribution	419	1/1/1986	$388	324%	$1,256
488	(2) Mobile rad	Distribution	420	11/1/1986	$1,915	324%	$6,198
489	2 hand held radios	Distribution	428	10/13/1993	$1,190	267%	$3,175
490	Generator trailer 101 Livestock	Distribution	431	8/15/1996	$1,681	247%	$4,158
491	North Bay Ford	Distribution	548	10/2/2003	$39,048	208%	$81,089
492	North Bay Ford	Distribution	565	6/24/2004	$23,917	195%	$46,728
493	Ocean Honda Chevrolet	Distribution	580	3/14/2005	$20,930	187%	$39,075
494	Ocean Honda Chevrolet	Distribution	581	3/15/2005	$1,895	187%	$3,538
495	CWI	Distribution	601	12/21/2005	$28,755	187%	$53,683
496	Salinas Valley Ford	Distribution	608	6/7/2006	$25,249	179%	$45,283
497	North Bay Ford	Distribution	609	6/12/2006	$46,749	179%	$83,842
498	Keener Koatings	Distribution	610	6/19/2006	$1,600	179%	$2,870
499	San Lorenzo Lumber	Distribution	611	6/26/2006	$1,396	179%	$2,504
500	(2) Rack-It LB Truck Racks	Distribution	631	3/8/2007	$1,486	175%	$2,593
501	2010 Ford F-350 Utility Truck*	Distribution	653	6/24/2010	$38,612	158%	$61,001
502	2013 Dodge Journey Truck (3C4PDCBG6DT626787)	Distribution	675	7/1/2013	$25,161	146%	$36,636
503	2015 Ford Truck CAB Chassis 1FDUF5GTZEEB83921	Distribution	687	12/16/2014	$58,988	142%	$83,622
504	2015 Bobcat Compact Excavator ARK11665	Distribution	688	3/5/2015	$52,769	139%	$73,098
505	2016 Ford F650 Diesel Truck	Distribution	692	5/31/2016	$87,076	134%	$117,088
506	2017 Ford F150 4X2 REG CAB PICKUP (PW 90%) S/N 1FTMF1CBXHKD76700	Distribution	5007	5/31/2017	$22,906	129%	$29,656
507	2017 Ford F250PICKUP (PW 90%)	Distribution	0	9/1/2017	$32,708	129%	$42,347
508	2018 Ford F-150 4X4 (PW 90%)	Distribution	0	1/1/2019	$26,696	123%	$32,896
509	2018 Ford F-150 4X2 (PW 90%)	Distribution	0	1/1/2019	$21,055	123%	$25,945
510	2019 Ford F-250 (PW 90%)	Distribution	0	1/1/2019	$34,088	123%	$42,005

Line	Asset Description	Asset Function	Asset Number	Date in Service	Book Cost	CCI Adjustment	RC
511	2021 Ford F-250 (PW 90%)	Distribution	0	10/1/2020	$40,848	121%	$49,525
512	2022 Ford F-250 (PW 90%)	Distribution	0	6/30/2022	$38,532	107%	$41,181
513	2023 Ford F-350 (PW 90%)	Distribution	0	4/1/2023	$56,314	104%	$58,603
514	Ford F-650 (Valve Maint Machine Mounted) (PW 90%)	Distribution	0	3/31/2025	$107,354	100%	$107,354
515	AMI Infrastructure	Billing & Customer Service	5011	6/30/2017	$26,756	129%	$34,641
516	AMI Infrastructure	Billing & Customer Service	0	6/30/2018	$129,994	126%	$163,357
517	AMI Infrastructure	Billing & Customer Service	0	1/1/2019	$150,861	123%	$185,899
518	AMI Infrastructure	Billing & Customer Service	0	6/30/2020	$105,128	121%	$127,457
519	AMI Infrastructure	Billing & Customer Service	0	6/30/2021	$39,558	115%	$45,322
520	AMI Infrastructure	Billing & Customer Service	0	6/30/2022	$32,342	107%	$34,565
521	Interties #2 with SLVWD	Transmission	697	1/1/2017	$1,061,395	129%	$1,374,175
522	Transit Center Stormwater Retention	General	700	12/31/2016	$1,158,565	134%	$1,557,872
523	Transit Center Stormwater Retention	General	0	4/1/2018	$2,409	126%	$3,027
524	Transit Center Stormwater Retention - Phase II	General	0	2/28/25	$1,704,059	100%	$1,704,059
525	**Total**				**$45,992,407**		**$91,630,960**
526	**Total Less Excluded Assets**				**$44,773,710**		**$89,351,913**

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AGENDA REPORT

Scotts Valley Water District

Date: 06/11/26

To: Board of Directors

Item: Business 6.2

Subject: **Operating and Projects Budget FY 2027**

Reason: Supports Strategic Goal No. 3 Financial Stewardship and Strategic Goal No. 5 Organizational Vitality

SUMMARY

Recommendation: Approve the Budget for Fiscal Year 2027 (FY 2027), including the FY 2027 Work Plan.

Fiscal Impact: The FY 2027 Budget amounts to $14.6 Million in expenditures, including $7.8 Million in Operating Expenses, $861 Thousand in Debt Service, $3.3 Million in New Projects, and $2.6 Million in Project Carryover. The FY 2026 Budget anticipates use of $3 Million of capital reserves.

Previous Related Action: On 05/14/26 the Board received the draft FY 2026 Budget.

On 5/27/26, the Finance and Personnel Committee reviewed the proposed FY 2027 Budget summary.

BACKGROUND

The District follows an annual budget cycle with a balanced budget approved at the June board meeting. The Budget is comprised of the Operating Budget, Debt Service Budget and Projects Budget. The Operating Budget is a line item budget that is organized in functional divisions and major expense categories.

DISCUSSION

FY 2027 Operating Budget is comprised primarily of salaries & benefit costs and services and supply costs. As outlined in the letter of transmittal, salaries and benefit costs are budgeted to increase 2 percent in FY 2027.

The Debt Service Budget provides funds for the 2021 First Foundation Bank loan and the 2016 JP Morgan Chase refunding loan. Payments in FY 2027 are budgeted according to each debt service schedule.

The Projects Budget includes maintenance projects and capital projects. Additionally, existing projects and service agreements committed but not anticipated to be completed by June 30, 2026, are recommended to be carried over into FY 2027.

FY 2026 ending cash reserves are estimated to be $9.8 Million. FY 2027 ending cash reserves are budgeted to be $7.7 Million.

As demonstrated in the Target Reserves section of the Transmittal Letter, the calculated target reserve level for FY 2026 is $6 Million.

A greater level of detail is provided in the enclosed budget transmittal letter.

Submitted,

David McNair
General Manager

Enclosed: Budget Transmittal Letter
FY 2027 Operating Budget
FY 2027 Projects Budget
FY 2027 Work Plan

SCOTTS VALLEY
WATER DISTRICT

FISCAL YEAR 2026-2027
ANNUAL BUDGET



July 1, 2026 – June 30, 2027

Scotts Valley Water District

2 Civic Center Drive
Scotts Valley, CA 95066
831-438-2363
WWW.SVWD.ORG

Mission

Scotts Valley Water District delivers a sustainable, high quality water service in an environmentally responsible and financially sound manner.

Core Values

Scotts Valley Water District is:

- Innovative
- Efficient
- Adaptable
- Collaborative
- Approachable

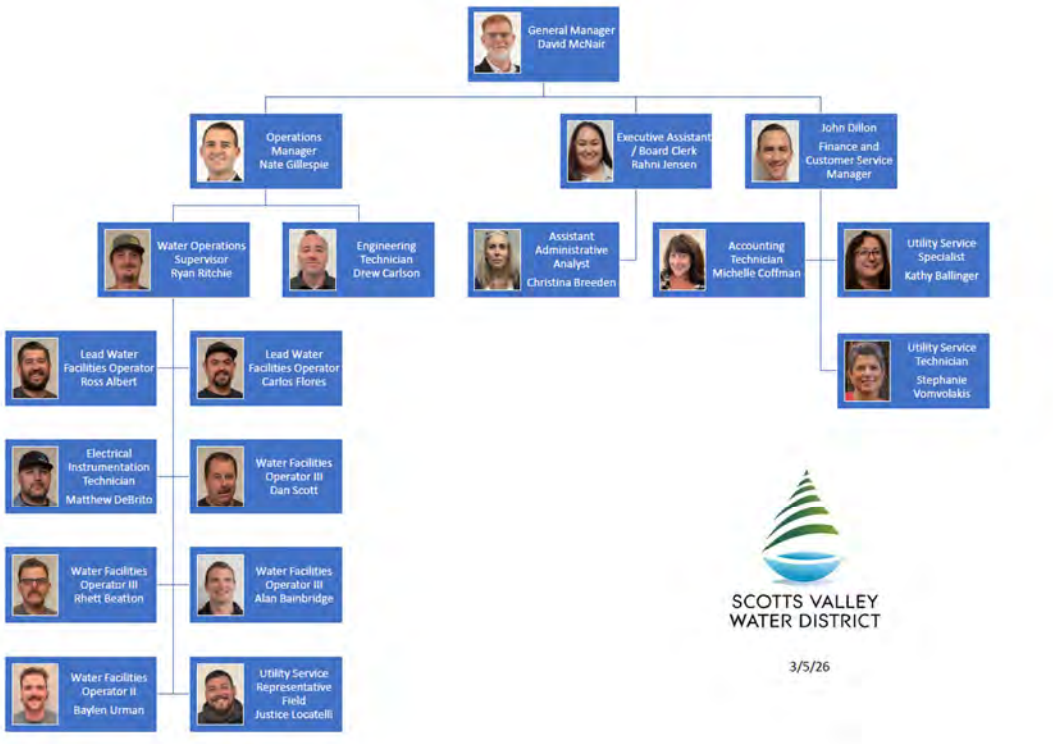
Vision

Scotts Valley Water District is a results-driven, data-oriented public agency that provides effective actions, superior customer service and visionary leadership.

Board of Directors
July 1, 2026

Name	Title	Elected / Appointed	Current Term
Danny Reber	Director	Elected	2024-2028
Ruth Stiles	President	Elected	2022-2026
Bill Ekwall	Vice President	Elected	2022-2026
Chris Perri	Director	Elected	2024-2028
Wade Leishman	Director	Elected	2022-2026

Management and Staff



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Section 1 – General Manager's Letter

On behalf of the team at Scotts Valley Water District, we are pleased to present our proposed Fiscal Year 2026-2027 operating and capital improvement budget and strategic workplan. This budget is intended to serve as planning tool to guide the District in implementing it's strategic goals in the next fiscal year and beyond. The budget identifies and estimates sources of revenue and expenditures, including capital improvements and debt service.

This budget is a collaboration between District staff, department heads, and the board of directors to create a plan that is both fiscally sound and supportive of the District's ongoing Strategic Goals:

- Water Resource Management: SVWD meets the water supply needs of its customers by developing new, sustainable sources and maximizing the use of existing sources.
- Infrastructure Integrity: SVWD provides continuous investment in its infrastructure and process improvements to ensure the efficiency of its operations.
- Financial Stewardship: SVWD manages its financial resources in a manner that ensures the reliability of its operations and provides the greatest value to its customers.
- Community Engagement: SVWD proactively creates opportunities for strategic alliances and mutually beneficial relationships with its customers and partners.
- Organizational Vitality: SVWD recruits and retains the highest quality employees and board members by offering a work environment in which they can thrive and succeed.

Scotts Valley Water District began Fiscal 2025-2026 with an ambitious list of project and management goals. The District's capital improvement projects (CIP) included two major grant funded projects, the Grace Way Well project, and the system intertie with City of Santa Cruz Water Department. Also in the CIP plan were the new Sucinto Well, upgrades and maintenance to the Districts bolted steel tanks, water main replacement projects, a new pressure reducing station, and the acquisition of several new fleet vehicles.

Fiscal 2025-2026 also was an important year for District reporting. The District has began work on an updated Urban Water Management Plan (UWMP), has engaged independent consultants for a study of water rates and connection fees, and is completing an Risk and Resilience Assessment (RRA) required by the American Water Infrastructure Act of 2018. Each of these reports is an opportunity to assess the District's current status and identify areas for improvements in the future.

The District has also needed to respond to unexpected events brought on by local weather events. There were several emergency main breaks throughout the year, including the

sinkhole on Scotts Valley Drive near Highway 17. District staff always responds quickly and efficiently to restore service and make repairs in these events. The cost and man hours needed to complete the repairs sometimes necessitate making difficult decisions about which projects receive highest priority.

As we approach the next fiscal year, the District plans to continue making investments in its infrastructure. The Grace Way Well and Santa Cruz Intertie projects are scheduled to be completed by the end of 2026. Work is expected to begin on repairing the landslide at the Glenwood Tank site, upgrades are planned for the Monte Fiore pump station, and design work will be conducted for future main replacement projects. These projects have been identified and selected as important for keeping the District's operations efficient, reliable, and prepared to serve a growing population.

The budget and workplan that follows is intended to serve as a guide and policy document for the coming fiscal year while also providing communication and transparency to Scotts Valley Water District customers, suppliers, and other interested members of the public.

Respectfully Submitted,

David McNair

General Manager

Section 2 - Review of Fiscal 2025-2026

2021 DWR Grant Funded Projects

The district has continued work on its capital improvement plans. Major progress has been made in the construction of the new Grace Way well and the intertie with City of Santa Cruz Water Department. These projects received significant funding from a 2021 grant from the California Department of Water Resources. The new well will provide Scotts Valley with a reliable source of drinking water to support future growth and the intertie with City of Santa Cruz completes a connection of drinking water systems from Soquel Creek to San Lorenzo Valley. The connection of these systems makes it possible for the Districts to explore conjunctive use projects in the region, which can help improve the sustainability of the regions groundwater supplies through the coordinated management and combined use of surface water (rivers, lakes, and streams) and groundwater to maximize water availability, reliability, and efficiency.

Tank Maintenance and Upgrades

The District completed maintenance projects on three storage tanks. California Aquastore was selected as the contractor to complete seam resealing and safety upgrades on the District's steel bolted tanks (Glenwood, Southwood, and Recycled). The roof of Sequoia tank was recoated and received safety and ventilation upgrades. Finally, design work was completed for repairs to the Glenwood tank site, which was damaged by a landslide during a storm in Winter of 2023.

Mains

A new water main was installed on La Cuesta Dr. This main connects and creates a loop in the system to allow more flexibility in maintenance activities. A portion of water main on Granite Creek Dr was replaced, replacing a section that had experienced breaks in the past.

PRV Station

A pressure reduction valve station was installed on Meadow Way in one of the District's high water pressure zones. This is a pilot for an ongoing project to help reduce water pressure in several zones in the District. The Meadow Way PRV successfully reduced pressure in the neighborhood from 150 psi to around 50 psi. This reduction in pressure will

improve the reliability of the system and reduce the potential for leaks in customers homes and the districts mains and service lines.

Vehicle Replacement

The district replaced 3 vehicles in FY 26 and acquired the District's first electric vehicles. A 2025 Chevy Blazer EV and 2025 Ford F-150 Lightning were added to the vehicles fleet in compliance with State fleet emissions goals. The district also purchased a new Ford F250. Keeping the district's fleet up to date reduces maintenance and repair costs.

UWMP and water shortage contingency plan

The Urban Water Management Act (Act) became part of the California Water Code (CWC) with the passage of Assembly Bill 797 during the 1983-1984 regular session of the California Legislature. The CWC requires every urban water supplier providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually (AFY) to adopt and submit an Urban Water Management Plan (UWMP) every five years to the California Department of Water Resources (DWR).

In 2021, the District completed an UWMP in partnership with San Lorenzo Valley Water District. This year, the District hired Shobe Engineering to prepare a new UWMP focused only on the Scotts Valley Water District. The plan includes an updated Water Shortage Contingency Plan, which lists actions the District should take in case of extended drought or other water shortages.

Rate Study

In 2021, The District completed a Water Cost of Service and Rate Study. The study consisted of reviewing the District's long-range financial plan, developing a cost-of-service analysis, and designing and calculating water rates for the study period. The study encompassed a six-year period from FY 2021 through FY 2026 and five years of proposed rates for adoption beginning in January 2022. District staff update the financial plan each year and the Board decides whether to increase rates as prescribed in the plan or to increase them at a lower rate than planned. The Board decided to increase rates less than prescribed twice during the study period.

In October 2025, the District engaged Water Resource Economics to prepare a new rate study which includes updating the long-range financial plan, developing a cost-of-service

analyses, and designing water rates for the study period. The main objectives of the study are to prepare a rate structure that:

1. Adequately recovering all cost requirements to maintain the District's financial sufficiency
2. Developing a rate structure that is defensible, promotes the efficient use of water, and is easy for customers to understand
3. Confirming that the proposed rates developed within the study are fair and equitable and compliant with Proposition 218

AWIA Risk Resiliency Report

The America's Water Infrastructure Act (AWIA) of 2018 requires community water systems (CWSs) serving more than 3,300 people to complete a Risk and Resilience Assessment (RRA). Amended under Section 1433 of the Safe Drinking Water Act (SDWA), this federal mandate forces utilities to evaluate vulnerabilities from physical threats, cyberattacks, and natural hazards. Utilities must update and recertify these assessments every 5 years. The District has contracted with the engineering firm Hazen and Sawyer to complete the 2026 RRA. Completion is expected by the end of June 2026.

Repairs – Main breaks, sink hole

Main breaks required emergency repair work on multiple occasions in FY 2026.

- Granite Creek Main - In May/June 2025 Water main on Granite Creek broke, requiring extensive repairs. Anderson Pacific Engineering Construction completed the repair in July 2025. The cost of repairs was about $300,000.
- Sinkhole on Scotts Valley Drive – During winter storms in January, a sinkhole formed under the road on Scotts Valley Drive, causing damage to the road surface, water mains, and electrical utilities. The District is negotiating to share repair costs with the City of Scotts Valley.

ACFR Award

For the fifth consecutive year, the District was awarded the GFOA Certificate of Achievement in Financial Reporting for its Fiscal Year 2025 Annual Comprehensive Financial Report.

Section 3 - Fiscal 2027 Outlook

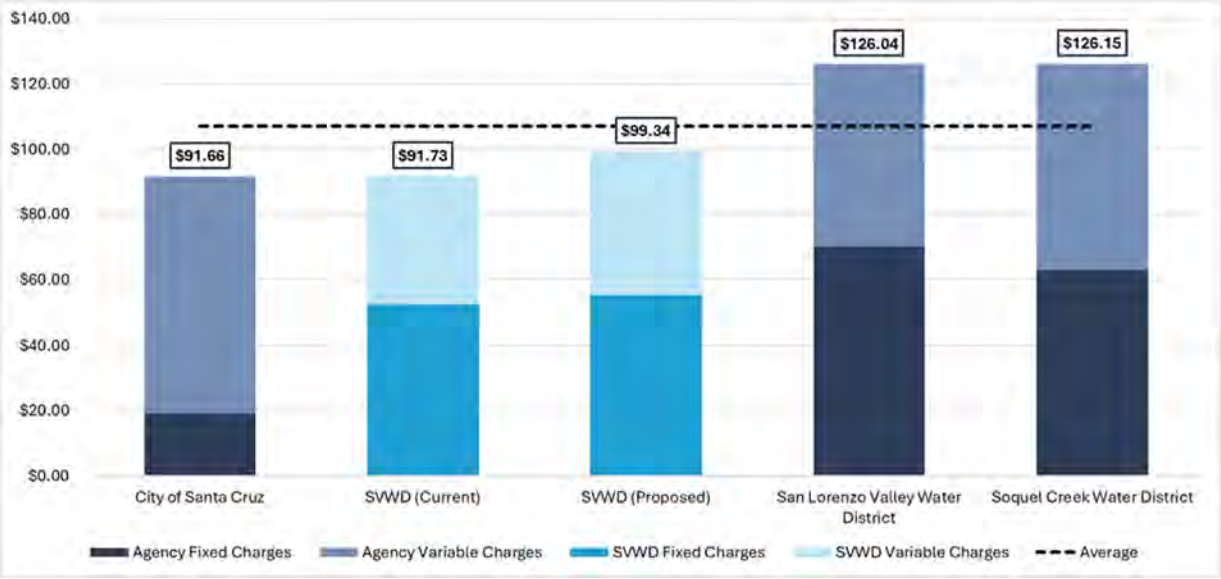
Water Demand and Supply

Per capita water usage in the District has trended down for several years thanks to improvements in water efficiency. While this has been beneficial to the District's water supply, it means lower water sales by volume, which creates financial challenges. The population of Scotts Valley is expected to grow significantly over the next several years with several new high density housing developments already under construction and more planned in future years.

Total rainfall from Oct. 1, 2025 to April, 22, 2026, is 32.22 inches, which is 80% of the average rainfall. The District remains in Stage 1 drought conditions which requires modest conservation efforts. The District encourages customers to reduce landscape irrigation and irrigate only during certain time and promotes rebates for water-saving devices like pool covers, irrigation controllers, and water efficient toilets.

Financial Situation

Today, the District is in a secure financial position. Reserves are currently higher than minimum targets and provide funding for the District's ongoing capital maintenance and improvements. The District is completing a five year rate study which includes a long term financial plan to ensure that revenues and expenses are balanced and capital improvement needs can be met. Scotts Valley Water District has chosen to continue moderate rate increases over the last 5 and 10 year periods. While water rates have increased, the District has kept its rates comparable with neighboring districts.



The District also receives revenue from new construction connecting to the water system. Due to State mandated housing requirements, significant growth is expected in Scotts Valley. These new constructions connection fees will contribute to the expansion and maintenance of the water system.

Section 4 - Strategic Workplan

In conjunction with the budget, Scotts Valley Water District prepares a strategic workplan for the coming fiscal year. The workplan identifies priorities and tasks for management to complete in service of the District's strategic goals:

1. Water Resource Management: SVWD meets the water supply needs of its customers by developing new, sustainable sources and maximizing the use of existing sources.
2. Infrastructure Integrity: SVWD provides continuous investment in its infrastructure and process improvements to ensure the efficiency of its operations.
3. Financial Stewardship: SVWD manages its financial resources in a manner that ensures the reliability of its operations and provides the greatest value to its customers.
4. Community Engagement: SVWD proactively creates opportunities for strategic alliances and mutually beneficial relationships with its customers and partners.
5. Organizational Vitality: SVWD recruits and retains the highest quality employees and board members by offering a work environment in which they can thrive and succeed.

SCOTTS VALLEY WATER DISTRICT WORK PLAN FY 2027

STRATEGIC GOALS MANAGEMENT OBJECTIVES	FY 2027 TASKS	P/O
1. Water Resource Management: SVWD meets the water supply needs of its customers by developing new, sustainable sources and maximizing the use of existing sources.		
1.1 Pursue the potential of wastewater for beneficial uses	Work with City PW's staff as they develop treatment plant upgrades. Ensure new processes benefit the ongoing production of recycle water and is expandable if needed.	O
	Ensure RWTP plant upgrades will continue to meet the terms of the City/District Recycle Water Production Agreement as this will maintain the production capacity needed for future recycle water irrigation demand.	O/P
	Work with City PW's staff as they start advanced planning for the membrane plant. Begin financing discussions and discuss possible ad hoc committee formation.	O
1.2 Identify and implement conjunctive use projects in the region	Continue conjunctive use discussions with SLVWD. Be an advocate for SLVWD during their EIR process to expand points of use for their surface water sources. Continue discussions concerning their Loch Lomond entitlement.	O
	Continue engagement with SCWD's basin modeling regarding expanded conjunctive use. Explore ASR opportunities.	P
1.3 Optimize the efficient use of water	Review available reports / Incorporate reports into Finance Reports for Committee/Board.	O
	Continue progress of pressure reduction projects as CIP budget allows from the 2024 WSC Pressure Management Study.	O
2. Infrastructure Integrity: SVWD provides continuous investment in its infrastructure and process improvements to ensure the efficiency of its operations.		
2.1 Maintain all assets within their useful life threshold	Continue to implement projects in Montevalle to focus on isolation of the neighborhood, including adding, repairing and replacing mainline valves.	O/P
	Work with engineering team on the design of Bethany Tank Replacement. Begin financing discussions for this project.	P
	Complete Grace Way Well project and complete DDW permit amendments to bring Grace Way Well online.	P
	Complete Sucinto Well site improvements, including connection of generator, paving, and fencing.	P
	Complete the rehabilitation of the Monte Fiore Booster Station including installation of a shade structure, replacement of existing pipe fittings with standardized pipe fittings.	O
	Begin construction on pin pile foundation and site drainage improvements at Glenwood Tank per the FY26 design.	P
	Repair redwood deck and minor roof repairs at Main Office.	O
2.2 Utilize technology and innovative solutions for improving operational efficiencies	Continue to replace obsolete Teledesign radios and Kingfisher Remote Terminal Units (RTU's) by upgrading four sites to GE Orbit Radios and Allen Bradley RTU's.	O
	Continue the archival document scanning. Investigate AI options to optimize and use these scanned documents.	O
	Ensure we are making full use of software for financial reporting and record keeping. Emphasize electronic record keeping in finance department.	O
2.3 Optimize the redundancy and effectiveness of the system and facilities	Complete site improvements to Grace Way Well - Including site landscaping and fencing.	P

3. Financial Stewardship: SVWD manages its financial resources in a manner that ensures the reliability of its operations and provides the greatest value to its customers.		
3.1 Provide seamless customer experience	Provide customer support and training that demonstrates the value of engagement with the platform, and communicate those benefits in customer interactions.	O
3.2 Exploit integrated data management for maximum efficiency and transparency	Lead discussion with Finance Committee to review and improve current charts and reports.	O
3.3 Design and manage balanced and fair revenue sources that are sufficient for meeting operating and capital needs while providing for adequate reserves	Continue to work with Board President and implement priorities.	O
	Complete the Cost of Service and Rate Study. Schedule a rate study open house and prepare for the required public hearing.	O
	Develop a 3-5 year plan for positioning cash reserves to ensure liquidity and optimize interest income. Include an analysis of benefit of payments towards CalPERS unfunded liability payments.	O/P
4. Community Engagement: SVWD proactively creates opportunities for strategic alliances and mutually beneficial relationships with its customers and partners.		
4.1 Use creative approaches and technology for engaging the community	Participate in 4th of July Parade and SV Art Wine Beer Festival.	O
	Work with M2 to promote status updates of District projects on social media, especially promoting water use efficiency and related rebate opportunities.	O
	Continue use of mass communication tools for public notices and communications.	O
4.2 Increase youth involvement and education on water matters	Partner with Scotts Valley High School in implementing their Career Exploration Program if determined to reconvene the activities. Bring in a Director to help assist.	O
4.3 Identify, develop and strengthen strategic alliances, both private and public	Create opportunities for GM and Board President to connect with the community.	O
5. Organizational Vitality: SVWD recruits and retains the highest quality employees and board members by offering a work environment in which they can thrive and succeed.		
5.1 Value and reward competence, team spirit and creativity	Include various staff members in community educational events such as virtual system tours.	O
	Continue regular meetings between City of Scotts Valley Wastewater and District staff.	O
	Continue to identify relevant opportunities for each employee and Director to attend at minimum 1 training and/or professional event annually.	O
	Achieve 100% participation for each employee and Director to volunteer at a community event at least once a year.	O
	Sponsor 1 employee and/or Director to participate in Leadership Santa Cruz County Civic Program.	O
5.2 Cultivate productive work conditions, positive workforce culture and work environment	Offer our location to ACWA JPIA to hold safety training sessions with the goal of quarterly trainings that are also made available for employees of other agencies in the region.	O
	Continue to work with DuAll safety to conduct required safety trainings and administrate regular Safety Committee meetings. Update the Injury and Illness Prevention Program (IIPP) for BOD approval.	O
	Organize and host at least one annual employee non-work event.	O
	Continue to execute the annual records management plan in compliance with the District's Records Retention Policy.	O
P/O - Project or Operations Budget		

Section 5 - About the Budget

The District maintains its accounts on an accrual basis; that is, revenues are recognized when earned and expenses are recognized when incurred.

The district is organized into four operating departments and the Board of Directors.

1. Administration – The Administration department consists of the General Manager, Executive Assistant / Board Clerk, and Assistant Administrative Analyst. The Department is responsible for district wide responsibilities including government reporting, public relations, human resources, and Board of Directors coordination.
2. Finance / Customer Service – The Finance / Customer Service department handles customer facing activities of billing and service requests and is responsible for preparing the District's financial reports. The department prepares the annual budget and coordinates with the District's auditors.
3. Operations – The Operations department handles the day to day operation of the the District water system. Activities are generally divided between water treatment activities and distribution system repair and maintenance. The department has ten staff members, including the Operations Manager, Operating Supervisor, two lead operators, four water facilities operators, one Electrician / Instrumentation Specialist, and one field utility service rep / meter technician.
4. Engineering – The District's Engineering Technician operates in an independent department that handles technical and administrative responsibilities related to the District's water supply infrastructure. They approve building plans and coordinate with developers and ensure the District is compliant with State water regulations.

About the Budget - Assumptions

The Budget process begins in January when department heads analyze current and previous year expenditures and prepare their proposed budgets for the coming fiscal year. To ensure consistency and accuracy in forecasting, a set of assumptions for the coming year is developed.

The following assumptions were used in creating the Fiscal Year 2026-2027 Budget:

Revenue Assumptions - Water Sales and Services

Scotts Valley Water District receives revenue from 4 distinct categories. The primary source of District revenue comes from water sales and services. Water sales revenue is

based on the volume of water delivered on a monthly basis. Residential user rates have 4 tiers based on the amount of water used measured in hundreds of gallons. Commercial and landscape customers pay a fixed volumetric rate. The District also charges a fixed monthly fee to customers based on meter size. The District has hried independent rate consultants to conduct a study of both water rates and new connection fees. The chart below shows current water rates and proposed water rates for the next 5 years. This is currently the most likely rate scenario, but they are subject to public comment and will need to be adopted by the board of directors.

1: Current and Proposed Potable and Recycled Water Rates

Line	Proposed Water Rates	As of 1/1/2026	Effective 1/1/2027	Effective 1/1/2028	Effective 1/1/2029	Effective 1/1/2030	Effective 1/1/2031
1	**Monthly Basic Meter Charge**						
2	5/8-inch	$52.55	$55.30	$58.90	$62.73	$66.81	$71.16
3	5/8-inch Rate Assistance (Residential)	$36.79	$38.71	$41.23	$43.91	$46.77	$49.82
4	5/8-inch Fire Service (Residential/Commercial)	$13.90	$10.99	$11.71	$12.48	$13.30	$14.17
5	3/4-inch (Multi-Residential, incl. Fire Service)	$66.44	$66.29	$70.60	$75.19	$80.08	$85.29
6	3/4-inch	$73.46	$76.15	$81.10	$86.38	$92.00	$97.98
7	1-inch	$115.43	$117.86	$125.53	$133.69	$142.38	$151.64
8	1.5-inch	$229.81	$222.11	$236.55	$251.93	$268.31	$285.76
9	2-inch	$369.92	$347.22	$369.79	$393.83	$419.43	$446.70
10	3-inch	$767.76	$743.41	$791.74	$843.21	$898.02	$956.40
11	4-inch	$1,357.55	$1,327.25	$1,413.53	$1,505.41	$1,603.27	$1,707.49
12	6-inch	$2,706.40	$2,724.32	$2,901.41	$3,090.01	$3,290.87	$3,504.78
13							
14	**Volumetric Rates ($/100 gallons)**						
15	**Residential**						
16	Tier 1 (0-3,000 gallons)	N/A	$0.97	$1.04	$1.11	$1.19	$1.27
17	Tier 2 (3,001-6,000 gallons)	N/A	$2.49	$2.66	$2.84	$3.03	$3.23
18	Tier 3 (6,001+ gallons)	N/A	$3.37	$3.59	$3.83	$4.08	$4.35
19	**CII**	$1.61	$1.71	$1.83	$1.95	$2.08	$2.22
20	**Landscape**	$2.65	$2.31	$2.47	$2.64	$2.82	$3.01
21	**Recycled**	$2.01	$2.11	$2.19	$2.27	$2.35	$2.44
22	**Qualifying Medical Needs Residential**	$1.58	$0.97	$1.04	$1.11	$1.19	$1.27
23	**Rate Assistance (Residential)**	$0.99	$0.97	$1.04	$1.11	$1.19	$1.27

In FY 2027, the District projects that water demand will be similar to FY 2026. Water use is projected to remain stable across all user categories and drought conditions remain similar to last year. A small increase in revenue can be expected from new users connecting to the District.

Revenue Categories	FY 2026 Budget	FY 2026 Est. Year End	FY 2027 Budget	FY 2027 Budget to FY 2026 Budget	
Potable Fund 01					
Operating Revenue - Water Sales	$5,011,100	$4,784,605	$5,065,425	$ 54,325	1%
Operating Revenue - Water Services	$3,031,800	$3,018,475	$3,169,220	$137,420	5%
Recycled Fund 02					
Operating Revenue - Water Sales	$ 607,200	$ 670,532	$ 731,310	$124,110	20%
Operating Revenue - Water Services	$ 106,200	$ 106,325	$ 111,500	$ 5,300	5%

Revenue Assumptions - New Connections

The District also receives revenue from new users connecting to the system. Connection fees are based on meter size and are intended to create reserves for the upgrade and maintenance required to support the expansion of the water system. The chart below shows connection fees for FY 2026. The District is currently working with rate consultants to update the current connections fees because they have become significantly higher than neighboring agencies. The District Board of Directors expects receive the new rate recommendations in August 2026.

SCOTTS VALLEY WATER DISTRICT

FEE SCHEDULE FOR NEW CONNECTIONS

Effective 1/1/2026

New Connection Fees include a capacity fee based on the fixture count of the building and/or landscape and a meter fee which is the cost of a new water meter supplied and installed by the District.

Potable System Capacity Fees

Meter Size	Capacity Fee
5/8" High-Density*	$16,312
5/8"	$27,187
3/4"	$40,783
1"	$67,968
1 1/2"	$135,935
2"	$217,496
3"	$475,772
4"	$856,388

* 5/8 High Density is a domestic meter (for indoor use) installed for individual units in a high-density development that uses a separate meter(s) for landscape irrigation

Recycled System Capacity Fees

Meter Size	Capacity Fee
5/8"	$7,711
3/4"	$11,566
1"	$19,276
1 1/2"	$38,552
2"	$61,684
3"	$134,934
4"	$242,879

Meter Fees

Meter Size	Meter Fee
5/8"*	$338
3/4"	$384
1"	$473
1 1/2"	$925
2"	$1,187
3"	$3,491
4"	$4,559

* Includes 5/8" fire detection meters for Private Fire Services

Capacity fees are required when an existing customer replaces an existing water meter with a larger sized meter. In this event, the fee will equal the difference between the current capacity fee for the new larger sized meter and the existing smaller sized meter. If a customer replaces a water meter with a smaller sized meter or discontinues water service, no capacity fee refund will be issued. Capacity fees will be subject to annual adjustments based on Engineering New Record (ENR) Cost Index and Meter Fees will be subject to annual adjustments based on actual costs.

In FY 2027 the District is projecting two new connections to the SVWD water system and four meter upgrades:

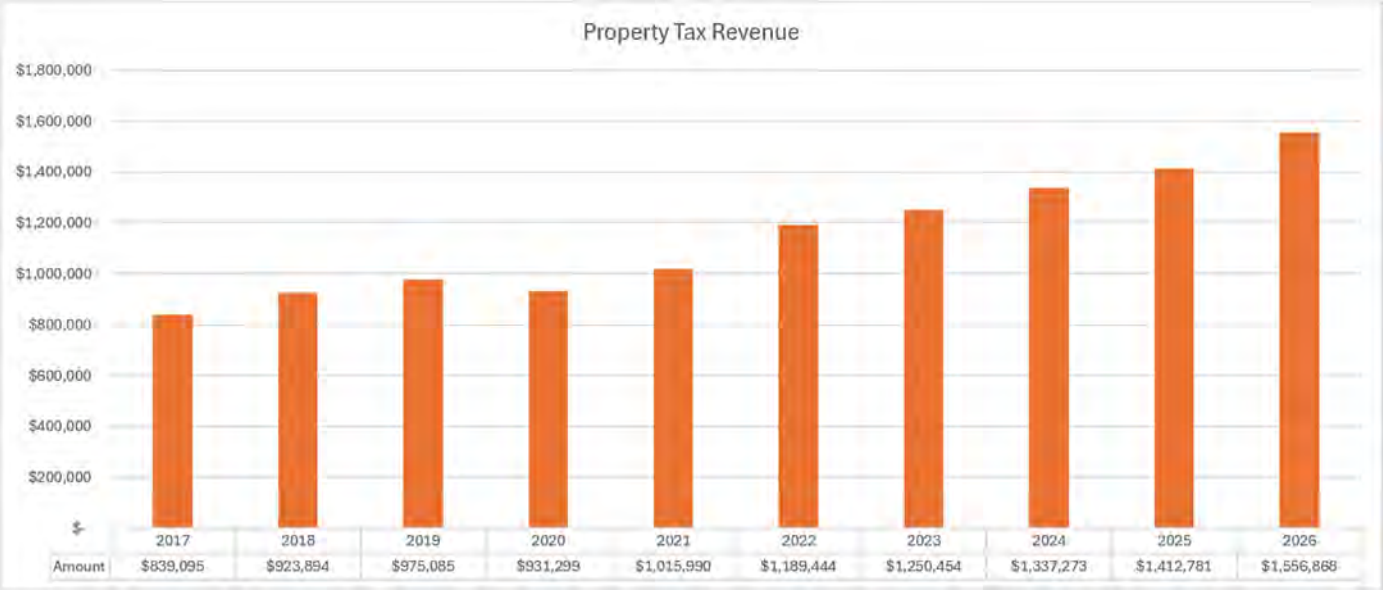
- 75 Mt Hermon Rd – The site of the Pinnacle Pass shopping center is expected to be developed with 40 housing units. The District expects revenue of $135,935 for a 1.5" Meter connection.

- 4444 Scotts Valley Drive – 25 Housing units. Expected revenue of $135,935 for a 1.5" meter.
- 4 Meter upgrades – Expected revenue of $54,384. Meter upgrades are required when a remodel project increases the demand on the water system due to new water fixtures or fire sprinklers being added. Meter upgrades are typically from 5/8" to ¾". Customers receive a credit for returning the smaller meter, so the charge for an upgrade is the difference between the meter size fees.

Revenue from new connections varies from year to year based on construction activity. The district tracks project review applications and project completion dates and revenues based on ongoing discussions with developers and City inspectors. See Appendix for current list of projected service applications.

Revenue Assumptions - Non-Operating Revenue

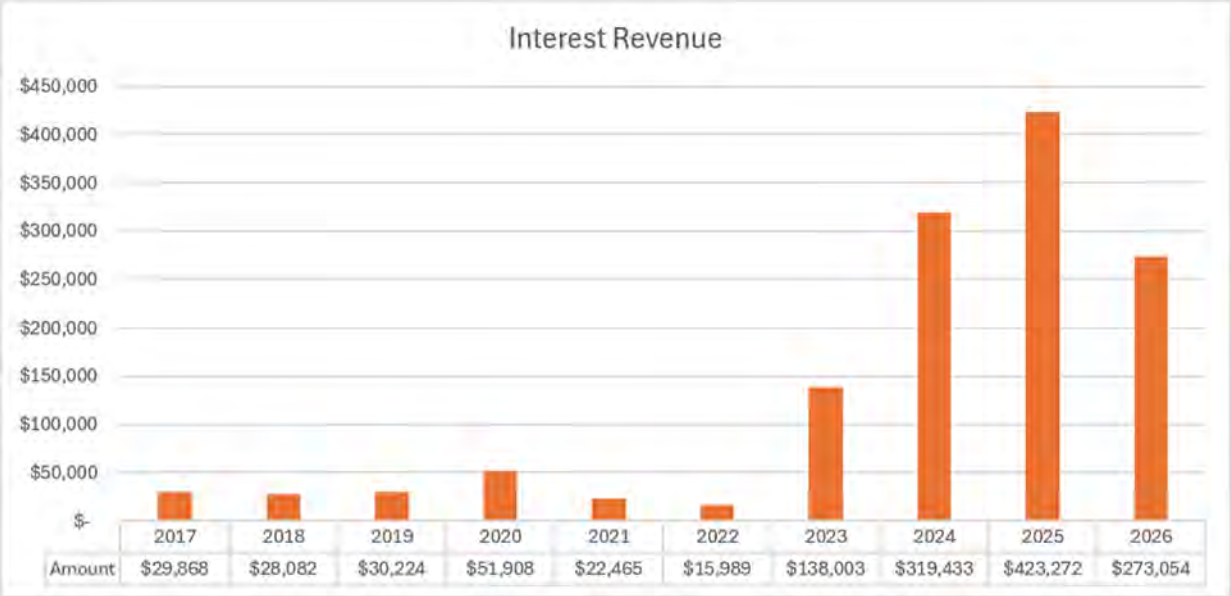
SVWD receives non-operating revenue from two primary sources. The District receives a fixed percentage of county property tax receipts for District customers each year. In FY 2025, the District received $1.413 million in property tax revenue. For FY 2026 revenues received as of 4/30 are $1.556 million and estimated year end is $1.75 million. In FY 2027, staff has projected an increase of 4.5%. Projections are based on historical increases and estimates from the Santa Cruz County tax collector.



**FY 2026 is as of 4/30/26*

Revenue Assumptions - Interest on Reserves

The District invests reserve funds in accordance with the Districts Investment Policy. In FY 2025 the District received $430,000 in interest revenue. As of April 30, 2026, interest revenue of $273 thousand has been received and revenues of $350,000 are projected for year end. In FY 2027, staff projects a combined interest rate of 2% on an average reserve balance of $10,000,000 for a total of $200,000.



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Amount	$29,868	$28,082	$30,224	$51,908	$22,465	$15,989	$138,003	$319,433	$423,272	$273,054

**FY 2026 is as of 4/30/26*

SVWD investment policy require prudent diversified investments with the primary goal of principal protection and liquidity. The District's investment holdings as of 3/31/26 can be viewed in the appendix.

Revenue Assumptions - Grant Funding

In FY 25-26 the District completed the 2021 DWR Drought Resiliency Grant. The grant total was $9.4 Million with $6.6M going to City of Santa Cruz to fund the construction of the system intertie pumpstation and pipeline and $2.8 million going to SVWD for the construction of the Grace Way well. There is no grant funding projected for FY 26-27. The District is committed to pursuing grant opportunities as they become available.

Expense Assumptions

The District divides operating expenses into 10 categories:

Salaries / Benefits – Includes staff salaries, health benefits, retirement benefits, payroll taxes, and workers comp insurance. The District provides retirement health benefits to certain former staff that were covered by previous agreements and retired members of the board of Directors. The District provides retirement benefits to active employees through CalPERS. A part of the Districts CalPERS expenditures are payments towards the unfunded CalPERS pension liability. FY 2027 CalPERS employer contribution rates are expected to remain the same as FY 2026. The District unfunded liability payment is expected to increase to $156,000 in FY 2027 from $123,000 in FY 2026.

Services – Includes general services that support the overall operations of the district including building maintenance, IT services, building maintenance, and contracted services such as the annual audit, public relations / advertising, and report preparation.

Supplies – This category applies to supplies that are used in support of operations (rather than as part of operating the water system) including office and building maintenance supplies, safety equipment, and vehicle fuel.

General Production Costs – These are overhead costs that are directly related to the operation of the water system. It includes regulatory oversight costs, tools and equipment, and operation of the District's SCADA system.

Source of Supply – Costs related to facilities which supply the District's water, mainly wells but also including water purchased from neighboring districts through interties, and the District's contribution the the Santa Margarita Ground Water Agency, a groundwater sustainability agency (GSA) responsible for the Santa Margarita groundwater basin where the district gets all of its water.

Pumping – Maintenance of the District's pumping facilities and costs of electricity required to operate the pumps.

Water Treatment – Maintenance of the District's three water treatment plants, chemicals needed in water treatment processes, and lab testing for water quality and regulatory reporting.

Transmission and Distribution – Maintenance and repair of the districts water mains and service lines. This category includes repairs to emergency water main breaks.

Conservation – Rebates and promotion activities that encourage the efficient use of water. One of the District's biggest rebates is a $2/sq ft rebate for the removal and replacement of irrigated lawns with water efficient landscaping.

Customer Accounts – This category includes expenses related to billing and servicing customer accounts and includes meter reading software, billing software, bill printing and mailing, and credit card processing fees.

Expense Assumptions - Inflation

For FY 2027 the District has projected expense inflation based on categories:

- Salaries and benefits are increased by the calculated cost of living adjustment which is based on average bay are CPI increases over the previous 12 months. Bonuses and step increases are calculated based on labor agreement for union represented staff and a 5% increase is projected for management.
- Chemicals and Power are projected to increase by 10%. These projections are based on discussions with suppliers and instability due to world events.
- General Inflation is projected at 4.5%. This rate was developed in cooperation with the District's rate consultant and represents a weighted average of projected inflation rates for the districts major expense categories.

Expense Assumptions – Department Expenses

Administration

Administration (100)	FY 24-25 Actual	FY 25-26 Budget	FY 25-26 Est YE	FY 26-27 Budget
Salaries & Benefits	$ 493,573	$ 654,369	$ 582,468	$ 749,967
Services	349,772	473,085	405,892	388,355
Source of Supply	150,079	215,307	209,480	187,074
Supplies	13,910	28,000	12,567	16,500
Grand Total	$ 1,007,334	$ 1,370,761	$ 1,210,407	$ 1,341,896

The FY 26-27 Budget for the Administration department is expected to increase by 1% over FY 25-26. Increases in Salaries and Benefits are a result of the District filling the Asst Admin Analyst position in FY 2026. Decreases in services are due to removing Urban Water Management Plan from the budget for FY 2027. Contributions to the Santa Margarita Groundwater Agency (SMGWA) are projected to be lower in FY 26-27.

Finance and Customer Service

Finance / Customer Service (200)	FY 24-25 Actual	FY 25-26 Budget	FY 25-26 Est YE	FY 26-27 Budget
Salaries & Benefits	$ 566,053	$ 672,435	$ 589,043	$ 655,737
Services	239,239	283,200	337,084	312,850
Supplies	2,096	4,000	2,000	3,000
Customer Accounts	276,097	291,245	245,971	304,100
Debt Service	156,242	146,487	136,732	122,000
Other	3,007	1,000	2,130	2,000
Grand Total	$ 1,242,735	$ 1,398,367	$ 1,312,960	$ 1,399,687

The Budget for Finance / Customer Service is projected to increase by 1% over FY 25-26. Decreases in Salaries and benefits due to staff turnover are offset by increases in insurance costs (Services category). The District made several claims on its liability insurance policy in FY 2024 and rates are expected to be elevated through FY 2027. Debt Service costs are decreasing as the 2016 loan from Chase Bank approaches maturity.

Operations

The Operations Department budget is expected to increase by 5% over FY 25-26. Increases in the Services category are due to projected increases in traffic flagging and facility site maintenance. The Source of Supply category has been increased due to rising well maintenance costs. Emergency main breaks are not included in the budget and are considered a reduction of emergency reserves for budgeting.

Operations (300)	FY 24-25 Actual	FY 25-26 Budget	FY 25-26 Est YE	FY 26-27 Budget
Salaries & Benefits	$ 1,705,768	$ 1,867,501	$ 1,772,575	$ 1,888,258
Services	289,317	395,835	296,528	419,840
Supplies	41,637	70,430	32,802	54,930
General Production Costs	93,689	183,600	127,069	178,600
Pumping	620,720	774,000	787,344	836,000
Source of Supply	170,055	67,000	92,816	121,000
Transmission & Distribution	527,586	475,500	684,830	529,000
Water Treatment	313,646	434,100	427,476	440,000
Grand Total	$ 3,762,418	$ 4,267,966	$ 4,221,441	$ 4,467,628

Engineering

Engineering (400)	FY 24-25 Actual	FY 25-26 Budget	FY 25-26 Est YE	FY 26-27 Budget
Salaries & Benefits	$ 130,440	$ 137,448	$ 81,482	$ 120,632
Services	40,542	252,650	280,174	189,250
Supplies	11,427	1,000	-	1,000
Grand Total	$ 182,409	$ 391,098	$ 348,591	$ 310,882

The engineering department budget is projected to decrease by 20% from FY 2026. Decreases are a result of staff turnover resulting in lower salaries and benefits expenses and the removal of the Risk and Resilience Assessment that was completed in FY 2026.

Board of Directors

Board of Directors and members and retired members are reimbursed for the cost of health insurance up to the amount provided for active district employees. FY 2027 Board of Directors expenses are expected to increase from about $93,000 in FY25-26 to $104,000 in FY 26-27 due to increases in health insurance costs.

Assumptions - Salaries and Benefits

The FY 2027 Salaries and Benefits budget provides for an increase of $70,100, or 2%, over the FY 2026 budget. The Salaries budget includes a COLA of 2.37%, as well as scheduled step increases and performance bonuses for eligible hourly employees. Compensation for exempt employees is projected to increase by 5%. Board of Directors expenses include compensation for Directors and Associate Directors to attend board and committee meetings as well as time spent at conferences, training events and other functions. The Benefits budget includes an increase of 10% in medical premium rates and an increase of $48,143 or 65%, for the unfunded pension liability. A summary of salary and benefit projections by department is available in the appendix.

The number of positions budgeted has not changed from FY 25-26. A summary of budgeted full-time equivalent (FTE) positions follows:

Department	Title	Quantity
Administration	Assistant Administrative Analyst	1
Administration	Executive Assistant / Board Clerk	1
Administration	General Manager	1
Finance / Customer	Utility Service Rep / Specialist	2
Finance / Customer	Accounting Technician	1
Finance / Customer	Finance / Customer Service Manager	1
Operations	Lead Water Facilities Operator	2
Operations	Water Facilities Operators I/II/III	4
Operations	Water Operations Supervisor	1
Operations	Operations Manager	1
Operations	Utility Service Rep (Field)	1
Operations	Electrician / Instrument Technician	1
Engineering	Engineering Technician	1

Union represented employees are covered by the MOU signed in 2023. The current MOU will be in effect until June 30, 2027. The current salary schedule for union represented employees can be viewed in the appendix.

Post Employment Benefits

The District provided retirement health insurance to employees hired before 2012. Currently, the District projects benefits payments of $115,574 to retired employees for health care costs. The District has one active employee that is still covered by this agreement.

Assumptions – Debt Service

The District currently has two long term loans:

1. 2016 Loan – Chase Bank – The original loan amount for this loan was approximately $6,000,000. The remaining principal is about $668,000. Principal and interest payments will total $475,790. The loan is projected to be paid off on July 1, 2027.
2. 2021 Loan – First Foundation Bank – The original amount for this loan was $6,115,000. The remaining principal is $5,118,000. Principal and interest payments will total $386,148 in FY 26-27. The loan is projected to be paid off on July 1, 2041.

Debt service schedules for each loan can be found in the appendix.

Assumptions - Capital Improvement Plans

The FY 2027 Projects budget totals approximately $5,900,000, all of which will be funded in the Potable Water Fund. Project spending for FY 2026 is expected to reach $8.1 Million by June 30, 2026. This figure includes an estimated 1.1 million in SVWD's share of construction costs for the SVWD-City of Santa Cruz intertie, expected to be paid by June 2026. Major progress has been made on the Grace Way Well and City of Santa Cruz Intertie, Sucinto Well, bolted steel tank upgrades, upgrades to the District SCADA system, and main construction.

Major projects for FY 2027 include completion of the Grace Way well and System Intertie projects. Grant funding for these projects has been exhausted. The District projects an additional $900,000 in site improvement work for grace way well, and approximately 500k for SVWD's share of work remaining on the system intertie.

Other FY 2027 project highlights include:

- Glenwood Tank Landslide Repair - Storms in 2023 caused a landslide at the site of the Glenwood tank. Design work has been completed on a pin-pile wall to stabilize the foundation and construction is expected to begin in FY2027. $1.25 million has been allocated for this project and completion is expected by June of 2027.
- Main replacement program – FY 2027 main replacement work consists of design work for Sawyer Circle replacement, Whispering Pines / Mt Hermon Main replacement, Cadillac Drive Main replacement, and construction of a new connection from Lockhart Gulch to Green Valley Rd. Construction for thes projects will begin in FY 2028 and continue through FY 2030. $460,000 is allocated for main design work.
- Design work for Bethany Tank replacement / repairs - Bethany tank requires roof reconstruction and outer coating replacement. Construction of a new tank will allow repairs to take place on the original tank and provide redundancy and additional storage for the water system. About $433,000 has been allocated for design engineering for this project in FY 2027.
- Monte Fiore Pump Station – Work is expected to be completed on upgrades to the Monte Fiore Pump Station including a shelter for pump equipment and upgrades to controls. $340,000 has been allocated to this project for FY 2027.
- Water Treatment Plant Upgrades – Upgrades are scheduled for each of the District's water treatment plants. Safety compliance upgrades areneeded at El Pueblo, site improvements are scheduled for the Well 10 water treatment plant, and a VFD will be installed at Orchard Run water treatment plant.

The District's complete FY 2027 CIP project list is shown below:

Capital Improvement Budget

Project Description	FY2026 YTD (04/30)	FY 2026 Est YE	FY 2027 Planned
Administrative Building Improvements	$ 8,528.39	$ 8,528.39	$ 36,472.00
Corp Yard Improvements	-	-	100,425
System wide pressure reduction program	198,543	198,543	142,402
Distribution system improvements in Montevalle	-	-	112,045
Vehicle Replacement Program	177,290	177,290	85,000
Specialized Operations Equipment	-	-	200,000
Main Replacement Program - Potable	293,865	300,000	460,000
SCWD-SVWD System Intertie	3,804,241	4,938,241	492,000
Monte Fiore PS Rehab	71,817	80,000	338,977
Sand Hill Pump Station	-	-	90,000
Bethany Tank Rehabilitation	15,373	150,000	432,613
Glenwood Tank Landslide Evaluation & Repair	19,930	40,000	1,250,000
Sequioa Tank Roof Recoat	265,964	265,964	10,000
SCADA Improvements- Teledesign Radio and Kingfisher RTU Replacements	37,315	55,500	146,782
El Pueblo Water Treatment Plant Improvements	-	15,000	166,000
Well 10 WTP Improvements	513	5,000	210,000
VFD installation at Orchard WTP	-	15,000	160,000
Orchard Run Water Treatment Plant Improvements	-	-	75,000
Grace Wy Well	1,234,179	1,300,000	900,000
Well 3B Replacement - Sucinto	203,564	210,000	139,951
Orchard Run Well Rehab	-	-	255,000
Automated Metering Infrastructure (AMI)	-	-	38,000
Meter Replacement Program	46,328	46,328	86,000
Totals	$ 6,377,450	$ 7,805,394	$ 5,926,667

The District maintains a five-year CIP project list, which can be viewed in the appendix.

Assumptions – Santa Margarita Groundwater Agency (SMGWA)

To comply with the 2014 Sustainable Groundwater Management Act, the District along with the County of Santa Cruz and San Lorenzo Valley Water District formed the joint powers authority (JPA), Santa Margarita Groundwater Agency (SMGWA). Operations of the JPA have been funded by the three member agencies as well as the City of Santa Cruz and the Mount Hermon Association. The FY 2027 Expense Budget includes $187,074 for the district's contribution to SMGWA.

About the Budget - Budgetary Control

Through approval of the budget, the board appropriates the resources necessary to maintain District service levels and achieve specified objectives. The District prepares a detailed line item operating budget, which represents an estimate based on operations at the time the budget is prepared. Throughout the fiscal year, management applies best business practices to improve operational efficiencies. As a result, actual expenses may differ from the budget.

The level of budgetary control is set at the division level. Each Division Manager is responsible for his/her division budget. The General Manager is responsible for the Districtbudget with authority to move appropriations between divisions. Budgetary control for projects is set at the total Projects budget amount approved for the year, including carryover project funding. Spending on a project not listed in the budget would require the board's review and approval through an agenda report.

The budget may only be amended during the course of the fiscal year by Board action. This process typically occurs when staff members submit requests to the Board for additional funding from the operating contingency reserves. Staff members present these requests to the Board during regularly scheduled meetings, and the Board reviews and deliberates on them. The Board then makes decisions on whether to approve or reject the requests through a motion and a majority vote. In situations where the revenue falls significantly short of the initial budget expectations, comprehensive mid-year revisions to the budget may become necessary. This allows for adjustments to be made to the budget to reflect the updated financial circumstances and ensure financial stability for the District.

About the Budget - District Policies

Target Reserves

The target reserves are established by the formula stated in District Policy P200-17-2. For FY 2026, the calculated target reserve amount is approximately $5.97 million, as summarized below. The projected Reserve Balance, based upon fund balance at June 30, 2027, is $7.9 million, or $1.93 million over the Target Reserve.

FY 2027 Reserve Target

		Budget
Operating Reserve		
FY 2027 Operating Expense Budget	7,770,796	
Reserve Level: 90 days (25%)	25%	1,942,699
Rate Stabilization Reserve		
FY 2027 Water Sales Revenue Budget	5,752,416	
20% of volumetric water sales revenue	20%	1,150,483
Emergency Reserve		
Net Asset Value @ 6/30/2025	30,159,675	
2.5% of Net Asset Valuation	2.5%	753,992
Capital Reserve		
FY 2025 Depreciation	1,265,265	
1 Year of Depreciation	100%	1,265,265
Debt Service Reserve		
FY 2027 Debt Service	861,938	
100% of Debt Service	100%	861,938
		5,974,377

Debt Service Coverage Ratio

The 2016 Refunding Loan requires that the District prescribe, revise and collect such charges for providing water, which, after allowances for contingencies and errors, produce sufficient income in each fiscal year to provide net revenues equal to at least 1.20 times the sum of 1) 2016 Loan installment payments becoming due and payable in such fiscal year and 2) all debt service and any related payments required with respect to any additional parity debt for such fiscal year. Parity debt consists of any additional debt obligations incurred by the District and secured by a debt on District revenues equally and ratably with the 2016 Loan payments. This includes the 2021 First Foundation Loan.

Allocation of Expenses between Potable and Recycled Water Funds

Scotts Valley Water District manages two distinct funds:

1. The District's primary finance and accounting is managed in the Potable Water Fund. The Potable Water fund is an enterprise fund which is responsible for generating income sufficient to operate the water system through fees paid by users of the water system. Enterprise funds are reported similar to commercial business

accounting and utilize the full accrual basis of accounting and the economic resources measurement focus.

2. The Recycled Water fund was created to track and report revenue and expenses generated by the District's recylcled water distribution system. The District receives recycled water for landscape and irrigation from the City of Scotts Valley tertiary treatment plant and distributes the water to customers from landscape use. In exchange, the District shares 55% of the maintenance costs for the treatment plant and provides recycled water to City-owned facilities free of charge. The recycled water fund is assigned 10% of overhead costs from the Potable Water fund and is assigned 100% of direct expenses for water treatment plant maintenance and electricity used or pumping.

Recycled water revenues, water meters for recycled accounts, repairs and maintenance of the recycled water plant and 10% of the general and administrative expenses are budgeted in the Recycled Water Fund. In the adopted 2021 Rate Schedule funding for the 2016 Refunding Loan was shifted to the Potable Water fund. It should be noted that all District fund balance reserves are allocated to the Potable Fund and none are currently allocated to the Recycled Fund.

Section 6 - FY 2027 Budget

Scotts Valley Water District Proposed Budget Fiscal Year 26-27	FY 24-25 Actual	FY 25-26 Budget	Fy 25-26 Est Y/E	FY 26-27 Proposed Budge
Revenue				
Operating Revenue				
Water Sales	5,345,393	5,618,300	5,459,538	5,796,735
Water Services	2,932,063	3,138,000	3,124,800	3,280,720
Connection Fees	178,900	91,184	856,320	348,942
Total Operating	**8,456,356**	**8,847,484**	**9,440,658**	**9,426,397**
Non Operating Revenue				
Property Taxes	1,529,615	1,637,492	1,747,851	1,824,756
Interest	469,670	420,194	363,072	200,000
Misc	20,200	9,600	27,616	20,200
Total Non-Operating	**2,019,485**	**2,067,286**	**2,138,539**	**2,044,956**
Total Revenue	**10,475,841**	**10,914,769**	**11,579,197**	**11,471,354**
Expense				
Operating Expenses				
Salaries & Benefits	2,927,973	3,407,409	3,120,514	3,510,718
Services	924,868	1,383,112	1,327,603	1,328,695
Supplies	69,070	104,157	47,368	76,230
General Production	93,689	179,862	127,069	178,600
Source of Supply	320,134	282,307	302,296	308,074
Pumping	625,686	777,600	785,000	837,200
Water Treatment	548,318	640,100	677,476	700,000
Transmission & Distribution	528,751	507,500	685,995	529,000
Customer Accounts	277,475	293,796	246,961	304,100
Other	3,000	1,000	2,130	2,000
Total Operating	**6,318,964**	**7,576,842**	**7,322,413**	**7,774,617**
Non-Operating				
Debt Principal	949,811	973,404	973,404	732,752
Debt Interest	165,759	146,487	146,487	129,186
Total Non-Operating	**1,115,570**	**1,119,891**	**1,119,891**	**861,938**
Total Expense	**7,434,533**	**8,696,733**	**8,442,304**	**8,636,555**
Capital				
Grant Funding	4,413,920	3,315,000	4,921,292	-
Capital Projects	(4,733,873)	(13,286,410)	(7,961,256)	(5,926,667)
Net Capital	**(319,953)**	**(9,971,410)**	**(3,039,964)**	**(5,926,667)**
Change in Reserves	2,721,355	(7,753,373)	96,930	(3,091,868)

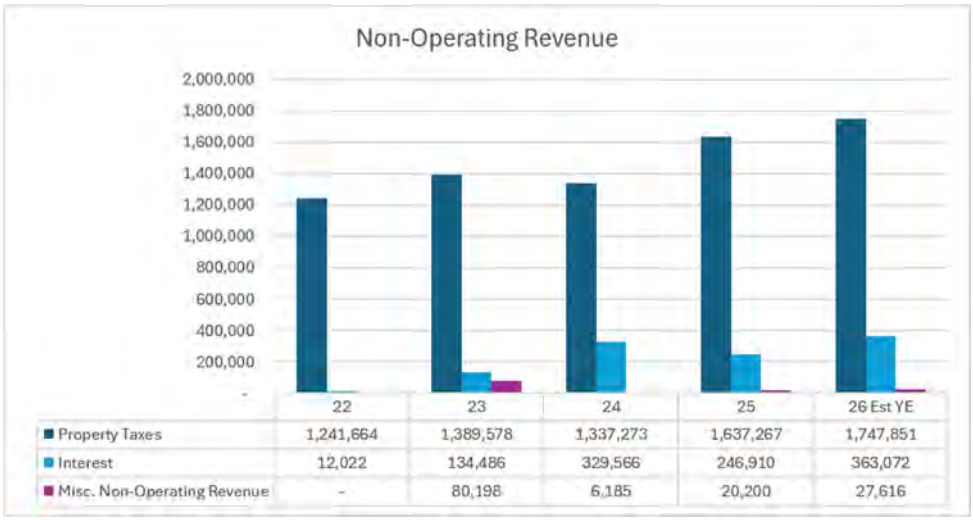
Operating Revenue is expected to increase by 6.5% over the FY25-26 budget due to projected increases in water rates while operating expenses are expected to increase by about 2.6%. Net operating income is projected to be approximately $1.7 million.



	2022	2023	2024	2025	2026*
Operating Revenue	8,212,040	8,887,202	8,191,681	8,766,247	9,440,658
Operating Expense	5,676,103	6,464,063	5,933,285	6,315,964	7,322,413

**FY25-26 is estimated year end as of 5/31/26*

Revenues from non-operating sources are expected to increase to be similar to FY 25-26. Increases in property tax revenue are offset by decreases in interest revenue.



	22	23	24	25	26 Est YE
Property Taxes	1,241,664	1,389,578	1,337,273	1,637,267	1,747,851
Interest	12,022	134,486	329,566	246,910	363,072
Misc. Non-Operating Revenue	-	80,198	6,185	20,200	27,616

Property tax revenue has trended upward over the last five years. Interest revenue is based on both current rates and reserve balances.

Cash Reserve Projection

Scotts Valley Water District
FY 2027 Proposed Budget
Cash Reserves Projection

FY 2026	Potable Fund 01	Recycled Fund 02	**Combined Fund 01 and Fund 02**
Audited Cash Balance 6/30/2025:	$ 9,782,594	$ -	**$ 9,782,594**
FY 2026 (Estimated Year End)			
Audited Cash Balance 6/30/2025:			**$ 9,782,594**
Revenue	$ 10,740,550	$ 793,362	$ 11,533,912
Grant reimbursements	$ 4,921,292		$ 4,921,292
Operating Expense	$ (6,592,967)	$ (729,397)	$ (7,322,364)
Debt Service	$ (1,119,900)	$ -	$ (1,119,900)
Project Costs	$ (7,961,256)		$ (7,961,256)
Increase/(Decrease) of Cash Balance	$ (12,280)	$ 63,965	$ 51,685
Projected Cash Balance 6/30/2026	**$ 9,770,314**	**$ 63,965**	**$ 9,834,279**
FY 2027 (Proposed Budget)			
Projected Cash Balance 6/30/2026			**$ 9,834,279**
Revenue	$ 10,628,543	$ 853,560	$ 11,482,103
Grant reimbursements	$ -		$ -
Operating Expense	$ (6,985,913)	$ (784,883)	$ (7,770,796)
Debt Service	$ (861,938)	$ -	$ (861,938)
Project Budget Request	$ (5,926,667)	$ -	$ (5,926,667)
Project Carryover	$ (3,627,538)	$ -	$ (3,627,538)
Investment Maturity	$ 984,000	$ -	$ 984,000
Increase/(Decrease) of Cash Balance	$ (2,161,975)	$ 68,677	$ (2,093,298)
Projected Cash Balance 6/30/2027	**$ 7,608,339**	**$ 132,642**	**$ 7,740,981**
Debt Service Coverage Ratio for FY 2026			**3.76**
Debt Service Coverage Ratio for FY 2027			**4.31**
Debt Service Coverage Ratio for FY 2025 excluding revenue from new connections			4.20

	FY 2026	FY 2027	FY 2027*
Operating Revenue (excl NR, 3rd Party)	$ 11,533,912	$ 11,482,103	$ 11,390,920
Operating Expense (incl M Projects)	$ (7,322,364)	$ (7,770,796)	$ (7,770,796)
Net Operating Revenue	$ 4,211,548	$ 3,711,307	$ 3,620,124
Debt Service	$ (1,119,900)	$ (861,938)	$ (861,938)
Debt Servic Coverage Ratio	3.76	4.31	4.20

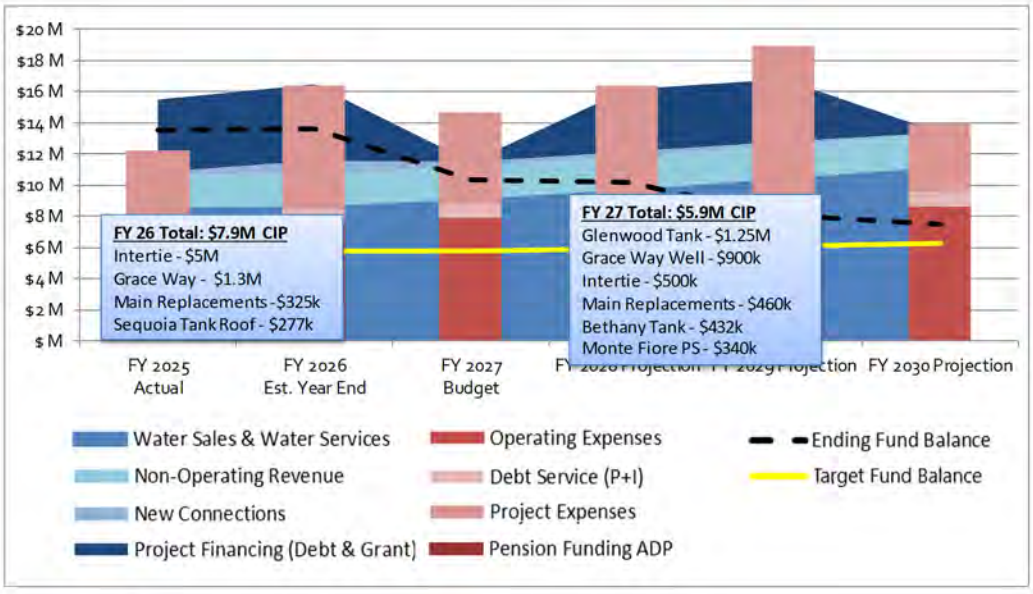
* required Debt Service Coverage Ratio = 1.2

Cash reserves are projected to decrease by about $2 million in FY 27. While overall reserves are projected to decrease by $3 million, a CD maturity in December 2026 will add close to $1million to cash.

Section 7 - Five Year Plan

Scotts Valley Water District
FY 2027 Proposed Budget
Reserves Projection

	FY 2025 Actual	FY 2026 Est. Year End	FY 2027 Budget	FY 2028 Projection	FY 2029 Projection	FY 2030 Projection	5 Yr Total (FY26 - FY30)
Water Sales & Water Services	$ 8,577,104	$ 8,579,937	$ 9,077,456	$ 9,712,878	$ 10,392,779	$ 11,120,274	$ 48,883,324
New Connections	$ 189,142	$ 806,347	$ 348,942	$ 330,548	$ 213,869	$ -	$ 1,699,706
Non-Operating Revenue	$ 2,044,985	$ 2,137,628	$ 2,044,956	$ 2,106,305	$ 2,169,494	$ 2,234,579	$ 10,692,961
Project Financing (Debt & Grant)	$ 4,703,483	$ 4,921,292	$ -	$ 4,000,000	$ 4,000,000	$ -	$ 12,921,292
Total Revenue	**$ 15,514,714**	**$ 16,445,204**	**$ 11,471,354**	**$ 16,149,731**	**$ 16,776,142**	**$ 13,354,853**	**$ 74,197,283**
Operating Expenses	$ 6,370,086	$ 7,334,897	$ 7,896,617	$ 8,133,516	$ 8,377,521	$ 8,628,847	$ 40,371,397
Debt Service (P+I)	$ 1,115,570	$ 1,119,891	$ 861,938	$ 878,095	$ 965,965	$ 966,124	$ 4,792,013
Project Expenses	$ 4,733,873	$ 7,961,255	$ 5,926,000	$ 7,360,000	$ 9,550,000	$ 4,340,000	$ 35,137,255
Pension Funding ADP	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Expenses	**$ 12,219,529**	**$ 16,416,043**	**$ 14,684,555**	**$ 16,371,610**	**$ 18,893,486**	**$ 13,934,971**	**$ 80,300,665**
Beginning Cash Reserves	$ 10,246,136	$ 13,541,321	$ 13,570,482	$ 10,357,281	$ 10,135,401	$ 8,018,058	$ 13,541,321
Ending Cash Reserves	**$ 13,541,321**	**$ 13,570,482**	**$ 10,357,281**	**$ 10,135,401**	**$ 8,018,058**	**$ 7,437,939**	**$ 7,437,939**

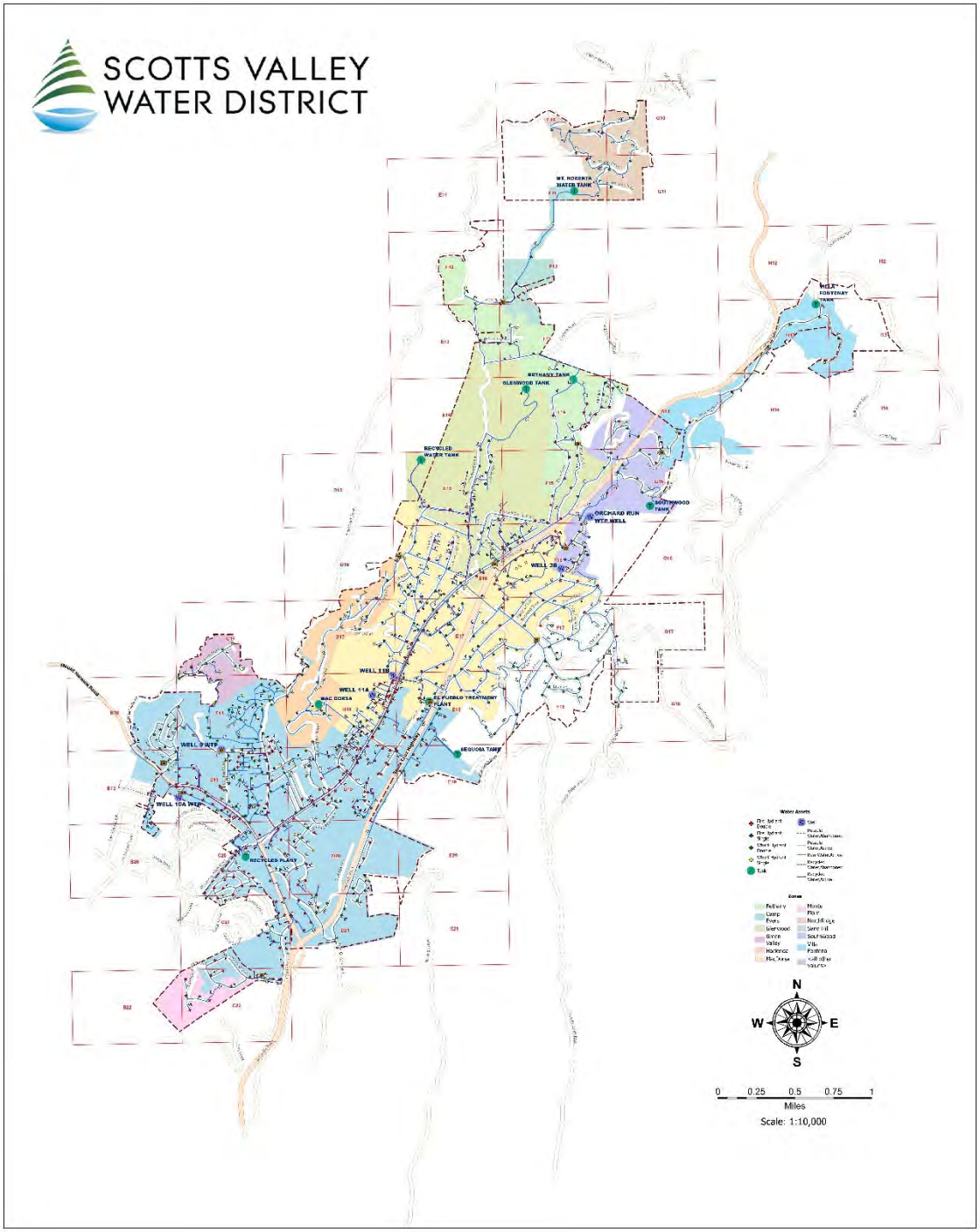


The District's reserves are projected to decline to near target levels due to continued CIP spending. The new proposed rate structure has been designed to utilize reserves that exceed target levels but not decrease below target levels before FY 2031. Debt financing is

expected to be needed to fund the Bethany Tank project as well as replacement of Mt Roberta and Villa Fontenay Tanks beginning in FY 2028. Current projections estimate approximately $8 Million in debt financing, repaid over 20 years with an interest rate of 4%.

Section 8 - Appendices

About Scotts Valley Water District



History

Scotts Valley Water District was created in 1961 by a vote of the people within the proposed District. At the time, the City of Scotts Valley had not been founded and the District was formed under the County Water District Act for the purpose of providing water for domestic, commercial, municipal and firefighting purposes. Beginning in 1962, SVWD acquired and consolidated several small mutual water supply systems, including the Santa Hacienda Mutual and Terrace View Mutual water companies, as well as the water system serving the bible college and surrounding area at Bethany Park.

Climate

The District is located in the Santa Cruz Mountains and experiences a Mediterranean climate characterized by cool, wet winters and warm, dry summers. Most precipitation occurs between November and April, with limited rainfall during the summer months.

Average annual precipitation in the Scotts Valley area is approximately 25 to 30 inches, with typical monthly rainfall during the wet season ranging from approximately 3 to 4 inches. Temperatures are generally moderate due to coastal influences, with average conditions ranging from approximately 45°F to 75°F and occasional extremes outside this range (Table 3-1).

Precipitation varies from year to year, influencing local hydrologic conditions. The District relies on groundwater from the Santa Margarita Groundwater Basin, which is recharged in part by seasonal rainfall.

District Services

The District provides potable and recycled water service to the City of Scotts Valley and surrounding areas in Santa Cruz County. The District is located within the Santa Margarita Groundwater Basin and serves a primarily residential community with supporting commercial and institutional uses.

The District's potable water service area generally overlaps with the City of Scotts Valley, with approximately 68 percent of the service area located within City limits. The remaining portions extend into unincorporated areas of Santa Cruz County. The District operates both potable and recycled water systems. Recycled water is produced by the City of Scotts Valley at the Water Reclamation Facility and delivered by the District to customers for non-potable uses.

The District's potable water system is supplied primarily by local groundwater sources within the Santa Margarita Groundwater Basin. Groundwater is extracted from a series of

municipal production wells and conveyed to treatment facilities prior to distribution to customers. The infrastructure includes six groundwater wells, four water treatment plants, eight storage tanks operated in eleven pressure zones within a distribution network throughout the service area.

The District operates a recycled water system that provides a supplemental, non-potable water supply for irrigation and other approved uses. Recycled water is produced by the City of Scotts Valley at the Water Reclamation Facility (WRF), where wastewater is treated to Title 22 tertiary standards suitable for unrestricted non-potable use.

Under an existing agreement, the City provides recycled water to the District, which is responsible for the storage, conveyance, and retail distribution of recycled water to customers. The recycled water system includes dedicated pipelines and infrastructure separate from the potable system.

Current Population and Service Connections

Population within the District's service area is informed by the City of Scotts Valley General Plan and the number of potable water service connections. As of 2025, the District serves approximately 3,440 single-family residential connections and 116 multifamily residential connections. Multi-family residential service is primarily provided through master metered connections, which correspond to approximately 531 multi-family dwelling units. The total number of residential dwelling units within the District is estimated at approximately 3,971 units. The current population within the District service area is estimated by applying a 2.6 persons-per household factor from the City of Scotts Valley General Plan (2023), which is derived from U.S. Census data. Appling this to the total number of households results in an estimated current population of approximately 9,924.

Future population growth within the District service area is informed primarily by the City of Scotts Valley General Plan (2023) and Housing Element. The General Plan projects approximately 1,199 additional housing units by 2045, corresponding to an increase of approximately 3,000 residents within the City. Based on available planning information, approximately 1,000 units are expected to occur within the District's service area, with approximately 200 units identified outside the service area.

Service Application / Development Connection Fee Forecast

SA#	Address	Description	MeterSize	MeterQty
147	12 Blake Ln	3 Townhomes	5/8	1
184	4 Casa Way	Addition / Remodel	5/8Upgrade	1
186	1042 Bethany Dr	Two Story Addition / Remodel	5/8Upgrade	1
200	0 Casa Way - APN: 023-113-36	9 Single Family Home Subdivision	3/4	5
201	110 Hidden Drive	Remodel and ADU	5/8Upgrade	1
219	4575 Scotts Valley Drive	High-Density Residential Development	2	2
220	552 Bean Creek Rd # 214	New Modular Home		
221	Erba Lane	19 SFR	5/8	10
223	0 Grace Way	New SFR w/ ADU		
224	4444 Scotts Valley Dr	Affordable housing 25-units	1.5	1
225	10 Victor Sq	Storage Units		
226	75 Mt Hermon	3- story 40 unit development	1.5	1
228	212 Hacienda	Remodel and Addtion		
229	315 S Navarra Dr	Single Family Home		
230	847 Saddleback Ridge	Detached ADU & Pool		
231	213.5 N Navarra	New SFR w/ ADU		
232	58 Terrace View	Shed conversion to ADU		
233	90 Blossom Wy	New SFR	3/4	1
235	118 Cresent Ct	Rebuild SFR	5/8 upgrade to 3/4	1

Scotts Valley Water District
Salary Compensation Plan

11/13/2025

Description	Step A	Step B	Step C	Step D	Step E	Step F	Step G
Accounting Specialist	7,285	7,650	8,032	8,434	8,855	9,298	9,763
	42.03	44.13	46.34	48.66	51.09	53.64	56.32
Accounting Technician	6,022	6,323	6,639	6,971	7,319	7,685	8,070
	34.74	36.48	38.30	40.22	42.23	44.34	46.56
Assistant Administrative Analyst	5,844	6,136	6,443	6,765	7,104	7,459	7,832
	33.72	35.40	37.17	39.03	40.98	43.03	45.18
Electrical Instrumentation Technician	6,846	7,188	7,547	7,925	8,321	8,737	9,174
	39.49	41.47	43.54	45.72	48.00	50.41	52.93
Electrical Instrumentation Technician, Senior	7,981	8,380	8,799	9,238	9,700	10,185	10,695
	46.04	48.34	50.76	53.30	55.96	58.76	61.70
Electrician / Instrumentation Tech	7,785	8,174	8,583	9,012	9,463	9,936	10,433
	44.91	47.16	49.52	51.99	54.59	57.32	60.19
Engineering Technician I	6,751	7,089	7,443	7,815	8,206	8,616	9,047
	38.95	40.90	42.94	45.09	47.34	49.71	52.20
Engineering Technician II	7,248	7,610	7,991	8,390	8,810	9,250	9,713
	41.81	43.90	46.10	48.41	50.83	53.37	56.03
Lead Water Facilities Operator	7,981	8,380	8,799	9,238	9,700	10,185	10,695
	46.04	48.34	50.76	53.30	55.96	58.76	61.70
Utility Service Representative, Field	5,844	6,136	6,443	6,765	7,104	7,459	7,832
	33.72	35.40	37.17	39.03	40.98	43.03	45.18
Utility Service Specialist	6,751	7,089	7,443	7,815	8,206	8,616	9,047
	38.95	40.90	42.94	45.09	47.34	49.71	52.20
Utiltity Service Technician	5,844	6,136	6,443	6,765	7,104	7,459	7,832
	33.72	35.40	37.17	39.03	40.98	43.03	45.18
Water Facilities Operator I	6,134	6,441	6,763	7,101	7,456	7,829	8,220
	35.39	37.16	39.02	40.97	43.01	45.17	47.42
Water Facilities Operator II	6,846	7,188	7,547	7,925	8,321	8,737	9,174
	39.49	41.47	43.54	45.72	48.00	50.41	52.93
Water Facilities Operator III	7,248	7,610	7,991	8,390	8,810	9,250	9,713
	41.81	43.90	46.10	48.41	50.83	53.37	56.04
Water Operations Supervisor	9,576	10,055	10,558	11,086	11,640	12,222	12,833
	55.25	58.01	60.91	63.96	67.15	70.51	74.04
Executive Assistant / Board Clerk							7,963
							45.94
Finance & Customer Service Manager							13,750
							79.33
General Manager							20,910
							120.63
Operations Manager							15,522
							89.55

Scotts Valley Water District
Investment Summary
As of 03/31/26

						Rate		Balance as of:	
Institution	Investment	CUSIP	Purchased	Maturity	Purchase $	12/31/2025	3/31/2026	12/31/2025	3/31/2026
Unrestricted Funds:									
LAIF	Local Agency Investment Fund		various			4.20%	3.98%	$ 4,975,800	$ 5,028,412
CLASS	California CLASS Local Govt Investment Pool		various			3.88%	3.70%	$ 853,481	$ 861,375
WCCB	Checking - General		various			0.50%	0.50%	$ 290,569	$ 288,663
WCCB	Checking - Payroll		various			0.50%	0.50%	$ 74,104	$ 95,408
WCCB	Checking - Revenue		various			0.50%	0.50%	$ 1,000,000	$ 1,000,000
WCCB	IntraFi Savings		various			4.15%	3.93%	$ 832,985	$ 5,045,127
XBP	Checking - Revenue		various			0.00%	0.00%	$ 238,397	$ 191,125
US Bank	Checking - Investments		various			0.16%	0.16%	$ 712,578	$ 3,563
US Bank	Safekeeping - Discover CD - 3 Yr	254676CH0	12/11/2023	12/11/2026	$ 244,000	4.85%	4.85%	$ 244,000	$ 244,000
US Bank	Safekeeping - Greenwood MFCU CD - 3 Yr	39729LAK7	12/11/2023	12/11/2026	$ 248,000	4.90%	4.90%	$ 248,000	$ 248,000
US Bank	Safekeeping - Morgan Stanley - 3 Yr	61690DSC3	6/5/2024	6/7/2027	$ 246,000	4.90%	4.90%	$ 246,000	$ 246,000
US Bank	Safekeeping - Morgan Stanley Private - 3 Yr	61768E4S9	6/5/2024	6/7/2027	$ 246,000	4.90%	4.90%	$ 246,000	$ 246,000
US Bank	Safekeeping - State Bank of India CD - 3 Yr	856288AM7	12/13/2024	12/13/2027	$ 244,000	4.15%	4.15%	$ 244,000	$ 244,000
US Bank	Safekeeping - Celtic Bank CD - 3 Yr	15118RT31	12/20/2024	12/20/2027	$ 249,000	4.05%	4.05%	$ 249,000	$ 249,000
	Subtotal for Unrestricted Funds:				%			**$ 10,454,912**	**$ 13,990,674**
	Weighted Average Yield						3.61%		

The current investments comply with the requirements of the Investment Policy (P200-14-1)
Sufficient cash is available to meet expected expenditure requirements for the next six months.

SCOTTS VALLEY WATER DISTRICT
FY 2027 Budget: Projects Program Projections
CAPITAL IMPROVEMENT AND MAINTENANCE PROJECTS

Category	Project Name	Project Description	Project #	GL #	Cap/ Mntce	FY 2027 Total Budget (FY26 Rollover +New Allocations)	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected	FY 2032+	TOTAL FY 2027-2030	Notes
Buildings	Administrative Building Improvements	Repairs and modifications to the office facility to support business operations	C20040			36,472	20,000	10,000	10,000	10,000	10,000	96,472	FY26: Replace redwood decking at HQ and other improvements as determined from FY22 investigation FY27: Roofing repairs FY28-32: Siding and various other building repairs
Buildings	Corp Yard Improvements	Remove unused infrastructure, paving, heavy equipment shelter.	C24050			100,425	100,000	150,000				350,425	FY26:Re-line settling pond FY27: Filter Rinse line move to underground (20k; repaint building $15kl) roof repair of lab building ($15k); Equipment Cover (30) FY28: underground utility abandonment, unused pad removal ($50k)site lighting ($50k) FY29: Repave site 150,000
Distribution System	System wide pressure reduction program	Utilize consultant to model water system and make recommendations to reduce overall pressure in the SVWD system. Implement recommendations where feasable in the distribution system.	C24030		Cap	142,402	425,000	90,000	425,000	90,000	425,000	1,597,402	FY24- Distribution system modeling/evaluation; FY25 Implementation of distribution system improvements from modeling recommendations. FY26: Implement Meadow Wy pilot project. (rollover funds- need $175k (engineers est) for implementation (Rollover of projected $129k plus $45k for $175k). Add 20% contingency FY27- Design of Lauren Circle PRV Stations FY28 Construction of Lauren Circle PRV Stations FY29: Design of Sky Park PRV Stations FY30: Construction of Sky Park PRV Stations FY31: Design of Sherman Drive PRV Stations FY32: Construction of Sherman Dr PRV Stations
Distribution System	Distribution system improvements in Montevalle	Make system improvements in Montevalle, including locating and mapping 200+ service lines, evaluate mainline condition. Based upon mainline condition, replace sections of main and/or add additional valves. Eventual replacement of 200+ polyethelene service lines with copper- multi year project.	C24040			112,045	60,000	60,000	60,000			292,045	FY24: Have 3rd party locate and map service lines in Montevalle & Install insertion valve at 1st entrance of neighborhood. FY25: Installation and/or repair of additional system valves and/or replacing sections to improve isolation capabilities in neighborhood. FY26: Continue to replace service laterals/insertion valves with roll over funds FY27: 2x Valve Installations FY28: 2x Valve Installations FY29: 2x Valve Installations
Fleet	Vehicle Replacement Program	Replace aging fleet: one vehicle per year on average, starting FY 2019.	C19070	01-300-15002	Cap	85,000	88,000	90,000	92,000	94,000	96,000	545,000	Future Replace F250s
Fleet	Specialized Operations Equipment	Replace heavy equipment and specialized vehicles on as-needed basis.		01-300-15002	Cap	200,000		95,000	250,000	135,000	100,000	780,000	FY27: Backhoe/loader replacement FY29: Dump Truck replacement FY30: Hydroexcavator replacement FY31: Bobcat miniex replacement FY32: Dump Truck replacement
Mains	Main Replacement Program - Potable	Replace and upgrade potable water mains based on leak history, service life, and size	C20010	01-300-15002	Cap	460,000	1,050,000	900,000	900,000	90,000		3,400,000	FY 24- Construction Bethany Dr Design/Engineeringof 1400 Ft of main on La Madrona Dr. FY 25- Construction of La Madrona Dr Main ($250/LF main+ 30k for geotech eval) and BelAir Ct ($230k). Design of undersized mains on Whispering Pines and Mount Hermon Rd ($40k). FY26: Construction Inspection services for La Cuesta Main ($50k) FY27- Design of Sawyer Circle Main Replacement (loop+ 2" and 4" replacement 2,400' $90k) and Hwy 17 Undercrossing and Lockhart gulch connection with Green Valley Rd (loop created, 2,000' main$90k).Design for 300' of main replacement at Whispering Pines and Mt. Hermon ($90k Design and Construction of Ibeam at Lucinda Dr Main improvements ($100k); Design of main replacement on Cadillac Dr ($90k FY28- Construction of Whispering Pines/Mt Hermon Rd 8" main ($750k); Construction of Cadillac Dr main replacement (300k) FY29: Construction of Lockhart Gulch Main (900k) FY30:Construction of Sawyer Circle Main replacement ($900k) FY31: SV Drive Steel Main Replacement Design ($90k)
Mains	SCWD-SVWD System Intertie	Design and construction of compenent one: 12" bi-directional pipeline and pump station.	C23010		Cap	492,000	-					492,000	FY23: Well site land acquisition, planning, design,engineering, & enviornmental documents. FY24: Design, begin bidding FY25: construction; 50% cost share for grant overages FY26: projected 50% cost share of grant overages $2.681M (Construction =$13.338M; Grant share is $4.962M; $6.620 M is shared between SCWD and SVWD)
Meters	Automated Metering Infrastructure (AMI)	Install AMI transmitters on all meters over 3-4 year period.	M17011	01-300-15002/ 01-300-15003	Cap	38,000	38,000	38,000	38,000	38,000		190,000	FY25- 100 Beacon endpoints for Replacement as needed ($127.50 each) FY26 100 endpoints ($160 each) FY27-31: Replace 200 endpoints per year
Meters	Meter Replacement Program	Replace all meters installed before 2012 at the rate of 800-1000 meters per year.	M17011	01-300-15003	Mntce	86,000	86,000	86,000	36,000	36,000		330,000	FY25 Replace Sensus meters 150x 5/8" per year($23,550). Also replace 5x 3/4"($950); 25x 1 1/2" ($16,050); 14x 2" ($12,000) FY26-150x 5/8"; 5x 3/4" 25x 1 1/2"; 14x 2"($53,815+tax+shipping) FyZ7e: continue to replace Sensus meters 150x; temp labor (50k) FY28- relace 150x sensus meters; temp labor (50k) FY29-meter replacements; temp labor (50k) FY30, 31-Meter replacements
Pump Stations	Monte Fiore PS Rehab	Major upgrade to include equipment shelter, pumps, piping, propane generator, electrical refurbishments and controls.	C24020			338,977	150,000					488,977	FY24: Rehab or relocation alternatives analysis FY25 Design (paceholder) FY26 Design/Contruction of inhouse alternative FY28: Replace onsite generator and fuel tank
Pump Stations	Sand Hill Pump Station	Major upgrade to include equipment shelter, pumps, piping, propane generator, and controls and potential relocation of pump station				90,000	700,000					790,000	FY27: Engineering FY28: Project construction, potential land acquisition
Tanks	Bethany Tank Rehabilitation	Construct additional tank on-site to allow for roof reconstruction and interior and exterior coating replacement of 400,000 gallon Bethany Tank. Project extends tank service life and provides additional permanent storage and redundancy.	C16024	01-300-15002	Cap	432,613	3,000,000	3,000,000				6,432,613	FY23: evaluation assessment FY24: concept alternatives analysis; FY 25: geotechnical eval of concept ($50k), begin design $50k FY 26: Design ($450k) FY27: Construction ($5m+ 20% contingency)

SCOTTS VALLEY WATER DISTRICT
FY 2027 Budget: Projects Program Projections
CAPITAL IMPROVEMENT AND MAINTENANCE PROJECTS

Category	Project Name	Project Description	Project #	GL #	Cap/ Mntce	FY 2027 Total Budget (FY26 Rollover +New Allocations)	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected	FY 2032+	TOTAL FY 2027-2030	Notes
Tanks	Glenwood Tank Landslide Evaluation & Repair	Geotechnical evaluation and potential mitigation measures following landside below Glenwood Tank following the federally declared disaster in January 2023. FEMA/Cal OES funding might be available.	C24010		Cap	1,250,000						1,250,000	FY23: Geotech Eval; FY24: FEMA; FY 25: Begin engineering FY26: Complete engineering. FY27: Complete construction placeholder(pending FEMA funding).
Tanks	Sequioa Tank Roof Recoat	Sandblast, recoat roof of Sequioa tank per DDW Sanitary Survey report. Replace tank vents.	C26040		Mntce	10,000						10,000	FY25: Sandblast and Re-coat roof at Sequoia Tank; replace tank vents with AWWA approved vents; design and bid doc preparation FY26:rollover, adding $178k to match engineers estimate plus 20% contingency and 20% for coating inspection services FY27- 1 year inspection with BACC
Technology	SCADA Improvements-Teledesign Radio and Kingfisher RTU Replacements		C25000			146,782	260,000	80,000				486,782	Upgrade obsolete RTU's and Teledesign Radios with Allen Bradley RTUs and GE Orbit Cell Radios in a phased approach. FY25: Upgrade Orchard Run WTP, Southwood tank, southwood booster, polo booster FY26 Monte Fiore, Crescent, Villa Fontenay, Mt Roberta, Sand Hill, Glenwood Tank, Bethany tank and booster; FY27: Rollover FY 28: Well 10, Sequoia Tank, Well 9, El Pueblo, MacDorsa, 11B, 11A, FY29: Recycle WEV, Recycle Tank
Treatment Plants	El Pueblo Water Treatment Plant Improvements	Uprgades to the water treatment infastructure at the El Pueblo Water Treatment Facility	C19020	01-300-15002	Cap	166,000	200,000	250,000	300,000			916,000	FY 24- Filter media replacement following sand from W11B, Flow control valve installation; future upgrades dependent upon Grace Wy Well. FY25-Correction of air gap on El Pueblo Tank drain FY26- Correction of air gap on El Pueblo Tank drain (rolled over); El Pueblo WEV valve upgrade 4" to 6" (~~$10k~~remove); Water Quality consulting to look at stopping use of Sodium Hydroxide at El Pueblo WTP (~~$65k~~Use rollover funding). Replace generator at El Pueblo WTP (~~$180k~~ use rollover funding) FY27- FY-28-installaton of plant control panel by in house staff and SCADA contractor FY29- Backwash tank recoat interior and exterior ($250k FY30- Replace Generator
Treatment Plants	Well 10 WTP Improvements	Implement upgrades to the Well 10 WTP Facility	C21010	01-300-15002	Cap	210,000	450,000	40,000		750,000		1,450,000	FY24- pilot study of Greensand Filter Media; recoat filter vessel, replace filter media, installation of VFD at Well 10a; replace Media at ORWTP, replace underdrains and spray arms at ORWTP Filter; Filter media replacement at El Pueblo WTP FY26: Upgrade WTP PLC ($200k) FY27: PGE Pedestal repair, asphalt sealer ($10k each) FY28: Automatited backwash valves electrical update (450k) FY29: Media changeout ($30k), VFD on Aeration Tower (10k) FY30: FY31:Add backwash tank (dependent on land aquisition
Treatment Plants	VFD installation at Orchard WTP		C26020			160,000						160,000	FY25: Installation of VFD's for Boosters 1,2,3 (including hardware, SCADA control). FY 26: FY25 carryover+ installation of VFD at Well Motor ($65k)
Treatment Plants	Orchard Run Water Treatment Plant Improvements			01-300-15002	Cap	75,000	10,000	300,000	100,000			485,000	FY27Booster effluent manifold rebuild ($50) FY28 :asphalt sealer $10k; FY29: Generator replacement ($300k) FY30: GAC Media replacement ($100k ;
Wells	Grace Wy Well	Construct a new production well that is needed to offset lost production capacity from Well 9 & Well 11A. The replacement well will in part be sited to provide for a more balanced withdrawal rate from the Lompico Aquifer.	C15007	01-300-15002	Cap	900,000						900,000	FY23: property acquisition, design & permitting; FY24: continued design and permitting FY25: construction (carry over $2.4 m from FY 24); equipping ($300k) FY26: carryover funding to complete project site improvements, raw water main connection, and well equipping
Wells	Well 3B Replacement - Sucinto	Replace aging well 3B with new production well at the Sucinto Drive well site.	C22010		Cap	139,951						139,951	FY 24: construction, budget adjustment including equipping costs, hotels, 10% contingency FY25: Property easment acquisition ($27k)Wellhead design/construction/programming FY26- Site Improvements: repave ($75k); Fencing ($50k); Backup Power Generator ($90k), spare pump, motor and subcable ($65k); 20% contingency ($56k)
Wells	Orchard Run Well Rehab	Orchard Run Well Rehab				255,000						255,000	Maintenance rehab for Orchard Run Well due to decline in GPM ($110k). Column, pump, motor, wire replacement ($145k)
Total						**5,926,667**	**6,637,000**	**5,189,000**	**2,211,000**	**1,243,000**	**631,000**	**21,837,667**	23

SCOTTS VALLEY WATER DISTRICT
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Policy

Number:	P200-14-1	**Type of Policy:**	Finance
Title:	Investments		
Description:	Establishes guidelines for investment of the District's surplus cash, reserves, trust funds and restricted monies.		
Original Adoption:	02/13/14	**Reviewed:**	04/13/24
Review Cycle:	3 years	**Resolution No.:**	01-20

The Scotts Valley Water District invests its surplus cash, reserves, trust funds and restricted monies in a manner that will provide the highest investment return with the maximum security while meeting the cash flow demands of the District and conforming to all provisions of California Government Code Section 53600, et seq.

1. PRUDENCE: Scotts Valley Water District funds will be invested under the "prudent investor standard" in California Government Code Section 53600.3.

2. DELEGATION OF AUTHORITY: Authority to manage the Scotts Valley Water District investment program is derived from the California Government Code Section 53600, et seq. The authority to invest public funds is expressly delegated to the Board of Directors for the subsequent re-delegation to the District General Manager. The District General Manager will establish written procedures for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the District General Manager.

3. OBJECTIVES: The primary objectives of the Scotts Valley Water District's investment activities in priority order will be as follows:

   A. SAFETY - Safety of principal is the foremost objective of the investment program. The District's investment portfolio will be designed and undertaken in a manner that seeks to ensure the preservation of the principal invested.

   B. LIQUIDITY - The District's investment portfolio will be designed to remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

   C. RETURN ON INVESTMENTS - The District's investment portfolio will be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the District's investment risk constraints and the cash flow characteristics of the portfolio.

4. PERFORMANCE STANDARDS: The Scotts Valley Water District's investment strategy is passive. Given this strategy, the basis used by the General Manager to determine whether market yields are being achieved will be the 6-month U.S. Treasury Bill and the Federal Funds rate. These indices are considered benchmarks for low risk investment transactions and therefore comprise a minimum standard for the portfolio's rate of return.

5. AUTHORIZED AND ACCEPTABLE INVESTMENTS: Investments will only be made as allowable by law with specific reference to California Government Code Section 53600, et seq., and any other applicable provisions of law. District funds will only be invested in the following investment instruments and within any limits indicated.

   A. LAIF – The Local Agency Investment Fund (LAIF) was created by California Government Code Section 16429.1 through 16429.3. LAIF is an investment pool established and controlled by the State of California to afford smaller agencies the benefits of a large investment portfolio such as higher interest rates and greater diversification. Funds are completely liquid except for a limitation of ten (10) transactions per month.

   B. LOCAL GOVERNMENT INVESTMENT POOLS – Established by public agencies in California for the purpose of pooling and investing local agency funds, qualified joint investment pools are authorized by California statute and organized as a Joint Powers Authority where all investments comply with the limits and restrictions placed on local investments by the applicable California statutes.

   C. CERTIFICATES OF DEPOSIT – These are receipts for funds deposited in a bank, savings and loan or credit union for a specific term and rate of interest. The total principal and accrued interest per account and institution will not exceed the account or institution maximum statutory limits for full insurance coverage by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). Further, the financial institution must be a nationally or state chartered commercial bank, savings bank, savings and loan association, or credit union.

   D. PASSBOOK SAVINGS ACCOUNTS – This is a regular liquid savings account at a bank, savings and loan or credit union. The total principal and accrued interest per account and institution will not exceed the account or institution maximum statutory limits for full insurance coverage by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) or meet the collateralization requirements for Public Funds accounts. Further, the financial institution must have a branch located in the United States.

   E. U.S. TREASURY AND AGENCY SECURITIES – Government securities and debt obligations issued by the U.S. Government or its agencies which are secured by the full faith and credit of the federal government. Among these are Treasury Bills and Notes; Government National Mortgage Association (Ginnie Mae); Federal National Mortgage Association (Fannie Mae); Federal Land Bank (FLB) and Federal Farm Credit Banks (FFCB). Securities will be held by third party custodial agreement in an acceptable safekeeping account in the District's name. All confirmation and safekeeping receipts are to be mailed or transmitted directly to the District General Manager for audit.

F. Any other investment not specifically specified here but which is allowable by all applicable provisions of the law, meets every objective and criteria of this policy and is duly approved by the District Board of Directors.

6. DIVERSIFICATION: The purpose of diversification is to reduce overall portfolio risk while attaining market or benchmark yields. The District will make an effort to diversify its investments by security type and institution, especially when there is no decrease in yield. With the exception of U.S. Treasury/Agency/FDIC insured securities and authorized pools, no more than 50% of the District's total investment portfolio will be invested in any single security type. The purchases of certificates of deposit will not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose (California Government Code Section 53601.1).

7. MATURITY OF INVESTMENTS: In order to minimize the impact of market risk, to the maximum extent possible, all investments will be held until maturity. Projected cash flow requirements are the primary factor to be used in determining investment maturity terms. After cash flow needs, have been met, yield considerations will be the next factor in determining maturity terms, with the expectations that longer maturity periods will generally yield greater returns on investments. Investments may be sold before maturity if required for cash flow or appreciation purposes.

   The maximum maturity term of any investment will not exceed five (5) years, unless prior expressed authority has been granted by the Board of Directors. The District will diversify its investments by maturity date in order to avoid over concentration in any one specific maturity sector. Investments will be made so that the maturity date is compatible with cash flow needs.

8. REPORTING: The District's Board of Directors will receive investment reports at least quarterly. The District General Manager will provide to the Board of Directors investment reports which provide a clear picture of the status of the current investment portfolio as required by law (California Government Code Section 53646).

   Elements of the report will include the following:

   A. Listing of investments held at the end of the reporting period by authorized investment category to include investment type, issuer names, "days to" maturity, par value amounts, dollar amounts, and market values including the source of valuation.
   B. A listing and description of funds or programs that are under the management of contracted parties.
   C. Percentage of the portfolio represented by each investment category.
   D. Current yield on each investment.
   E. A statement of compliance with the investment policy or an explanation for non-compliance.
   F. A statement of the ability or inability to meet expenditure requirements for six months.

9. ETHICS AND CONFLICTS OF INTEREST: Officers and employees involved in the District's investment process will refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Officers, employees and investment officials involved in the District's investment process will disclose to the District General Manager any material financial interests in financial institutions that conduct business within the jurisdiction of the Scotts Valley Water District, and they will further disclose any large personal/investment positions that could be related to the performance of the District's investment portfolio. Additionally, the District's officers and employees will annually file the applicable financial disclosures as required by the Fair Political Practices Commission.

10. INVESTMENT POLICY ADOPTION: The District's investment policy will be adopted by resolution of the Scotts Valley Water District's Board of Directors and reviewed no less frequently than every three years.

SCOTTS VALLEY WATER DISTRICT
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Policy

Number:	P200-17-2	**Type of Policy:**	Finance
Title:	Cash Reserves		
Description:	Establishes guidelines for target cash reserves		
Original Adoption:	06/8/17	**Reviewed:**	06/09/22
Review Cycle:	5 years	**Resolution No.:**	13-17

The Scotts Valley Water District establishes general guidelines for cash reserves at a level reasonably sufficient for supporting District operations, providing continued investment for maintenance and capital projects and meeting debt service requirements.

The Board of Directors authorizes and sets the target cash reserve level to be the aggregate total of the targets for individual reserve categories.

1) Operating Reserve: to provide working capital to support the operation, maintenance and administration of the District ensuring that cash flow needs of normal operations are met.

2) Rate Stabilization Reserve: to bridge the temporary revenue shortfall resulting from reduced consumption associated with declining water sales or unexpected increase in short-term operation and maintenance expenses.

3) Emergency Reserve: to allow the District to provide uninterrupted service in light of a fiscal emergency, natural disaster or major facility failure.

4) Capital Reserve: to provide funds for repair, replacement or improvement of District's infrastructure assets.

5) Debt Service Reserve: to ensure adequate funds for full and timely payment of debt obligations.

The appropriate amount of reserves is determined by a variety of factors, such as the operating budget, amount of debt, type of rate structure, frequency of billing and risk of natural disaster. District's Reserve Targets are established based on the following criteria:

Operating Reserve	90 days of operating expenses
Rate Stabilization Reserve	20% of volumetric water sales revenue

Emergency Reserve	2.5% of asset valuation
Capital Reserve	1 year of depreciation
Debt Service Reserve	100% of debt service

The target reserve level will be calculated and reaffirmed annually in the budget adoption process. The District makes every attempt to maintain target levels. When the reserves are depleted or fall below the established levels, a plan for replenishment is developed as part of the annual strategic plan and budget.

The cash reserves policy is established to provide general guidelines for fiscally responsible cash management. The policy is not intended to set strict limits that must be adhered to in a vacuum. Instead, these guidelines are intended to serve as a decision-making tool in planning for and evaluating activities or transactions that could have a significant impact on the level of cash on hand.

The reserve level as established by this policy meets the requirements set by District's debt covenant.

SCOTTS VALLEY WATER DISTRICT
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Policy

Number:	P200-19-1	**Type of Policy:**	Finance
Title:	Delinquent Accounts		
Description:	Provides guidance for the collection of delinquent accounts, including notifications, fees and the disconnection of water service.		
Original Adoption:	11/14/19	**Reviewed:**	3/10/22
Review Cycle:	2 years	**Resolution No.:**	03-22

Background:

Scotts Valley Water District is governed in the execution of the collection of delinquent accounts by California Government Code Sections 60370-60375.5. Furthermore, as an urban or community water system that supplies water to more than 200 service connections, the District is governed, effective by law February 1, 2020, by Senate Bill No. 998 and Government Code Sections 116900 - 116926.

The District can be contacted by phone at (831) 438-2363 to discuss options for averting disconnection of water service for nonpayment under the terms of this policy.

Delinquent Accounts Policy:

Delinquent accounts are any account that remains unpaid (without having made payment arrangements or established an alternative payment schedule) by the close of business 21 days after the water bill date. The following rules apply to delinquent accounts:

1. Small Balance Accounts:
   Any balance on a bill of $25 or less may be carried over and added to the next billing period without being assessed a late fee or incurring further collection action.

2. Late Fee:
   If payment for a bill is not received by close of business on the 21st day after the bill date, a late fee will be assessed. The bill date and delinquent date will be displayed prominently on the bill.

3. Waiver of Late Fee:
   At the request of the customer, the District will waive the late fee if there are extenuating circumstances.

4. Alternative Payment Arrangements:
   Any customer who is unable to pay for water service within the normal payment period may request a payment arrangement. The District will consider the circumstances and determine whether a payment arrangement is warranted.

The District will enter a payment plan when a Primary Care Provider (General Practitioner, Obstetrician/Gynecologist, Pediatrician, Family Practice Physician, Primary Care Clinic, Hospital, or Outpatient Clinic) certifies that the termination of service will be life-threatening or pose a serious threat to the health and safety of any resident of the premises where water service is provided.

Payment arrangements that extend into the next billing period are considered Promissory notes. Promissory notes must be in writing and signed by the customer. Promissory notes amortize the unpaid balance over a period not to exceed 12 months from the bill date. The customer must comply with the terms of the Promissory note and remain current as charges accrue in each subsequent billing period. The customer may not request further amortization of any subsequent unpaid charges while paying delinquent charges pursuant to a Promissory note. Failure to comply with the terms of a Promissory note will result in the issuance of a written disconnection notice in the form of a door hanger delivered to the premises no less than 7 business days in advance of disconnection of service.

5. Written Disconnection Notice
   The District shall not disconnect water service for non-payment until payment by the customer has been delinquent for at least 60 days. The District will make a reasonable, good faith effort to contact the customer in writing at least 7 business days before disconnection of water service for non-payment. The written disconnection notice will be delivered to both the mailing address and the service address.

6. Twenty-four (24) Hour Notice of Termination
   The District will make a reasonable, good faith effort to notify the customer 24 hours in advance of disconnection of water service for non-payment. Customers will be notified by phone or email.

7. Disconnection Deadline
   All delinquent water service charges and associated fees must be received by the District by 5:00 pm on the day specified in the written disconnection notice.

8. Disconnection of Water Service for Non-Payment
   The District will disconnect water service by locking off the meter. The customer will be charged a fee to re-establish service regardless of whether the meter has physically been turned off.

9. Re-Establishment of Service
   The customer must pay a re-connection fee to re-establish service that has been disconnected for non-payment. The District will restore service as soon as practicable, no later than the end of the next regular working day following payment of any past due amount and delinquent fees. Water service that is turned on by any person other than District personnel or without District authorization may be subject to fines or additional charges or fees. Any damages that occur as a result of unauthorized restoration of service are the responsibility of the customer.

10. Re-Establishment of Service After Business Hours

Service restored after 4:00 pm on weekdays, or anytime on weekends and holidays, will be charged an after-hours re-connection fee. Service will not be restored after regular business hours unless the customer has been informed of the after-hours re-connection fee and has signed an agreement acknowledging the fee and agreeing to contact the District's billing department no later than noon the following business day to pay the subject fee. The after-hours re-connection fee is in addition to the regular re-connection fee and the late fee for a past due account. District staff responding to service calls are not permitted to collect payment but will instruct the customer to contact the billing department before noon the following business day.

11. Notification of Disposition of Returned Check

Upon receipt of a returned check taken as payment of water service or other charges, the District will consider the account not paid. The District will make a reasonable, good faith effort to notify the customer of the returned check by phone or email. A written disconnection notice will be mailed. If the District is unable to make contact, a good faith effort will be made to visit the residence and leave a notice of termination of service.

Water service will be disconnected if the amount of the returned check and the returned check charge are not paid on or before the date specified in the notice of termination. All amounts paid to redeem a returned check and to pay the returned check charge must be in cash, credit card or certified funds.

12. Disputed Bills

If a customer disputes the water bill and exercises their right to appeal to the Board of Directors, the District will not disconnect water service for non-payment while the appeal is pending.

SCOTTS VALLEY WATER DISTRICT
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Policy

Number:	P200-21-1	**Type of Policy:**	Finance
Title:	Debt Management		
Description:	Establishes guidelines for the issuance and management of District debt		
Original Adoption:	05/13/21	**Reviewed:**	n/a
Review Cycle:	5 years	**Resolution No.:**	04-21

This Debt Management Policy ("Debt Policy") establishes guidelines for responsibly issuing and administering the District's debt. Prudent management of the District's debt program is necessary to achieve cost-effective access to the capital markets and demonstrates a commitment to long-term financial planning.

1. Findings

This Debt Policy is intended to comply with Government Code Section 8855(i), effective on January 1, 2017, and shall govern all debt undertaken by the District.

The District hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the District's sound financial position.
- Ensure the District has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the District's credit worthiness. Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the District.
- Ensure that the District's debt is consistent with the District's planning goals and objectives and capital improvement program or budgets, as applicable.

2. Policies

A. Purposes for Which Debt May Be Issued

(i) Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the District.

(a) Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic services.

- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the District and its ratepayers.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

(b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.

(c) The District may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the Board of Directors.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- The District estimates that sufficient revenues will be available to service the debt through its maturity.
- The District determines that the issuance of the debt will comply with the applicable state and federal law.

(ii) Short-term debt. Short-term debt may be issued to provide financing for the District's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment.

(iii) Financings on Behalf of Other Entities. The District may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of District. In such cases, the District shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

B. Types of Debt

For purposes of this Debt Policy, "debt" shall be interpreted broadly to mean loans, bonds, notes, certificates of participation, financing leases, or other financing obligations, but the use of such term in this Debt Policy shall be solely for convenience and shall not be interpreted to characterize any such obligation as an indebtedness or debt within the meaning of any statutory or constitutional debt limitation where the substance and terms of the obligation comport with exceptions thereto.

The following types of debt are allowable under this Debt Policy:

- State or Federal loans, including revolving fund loans
- Loans and lines of credit with banks and other financial institutions

- general obligation bonds
- bond or grant anticipation notes
- lease revenue bonds, certificates of participation and lease-purchase transactions
- other revenue bonds and certificates of participation
- tax and revenue anticipation notes
- land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- refunding bonds, notes, loans and other obligations

The District may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

Debt shall be issued as fixed rate debt unless the District makes a specific determination as to why a variable rate issue would be beneficial to the District in a specific circumstance.

C. Relationship of Debt to Capital Improvement Program and Budget

The District is committed to long-term capital planning. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's capital budget and the capital improvement plan.

The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes.

The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The District shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund, facilities reserve fund or other fund from which capital improvements are paid for.

D. Policy Goals Related to Planning Goals and Objectives

The District is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the District's annual operations budget.

It is a policy goal of the District to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the District to do so either for the purpose of realizing debt service savings or for the purpose of restructuring debt in a manner which is in the best financial interests of the District. Any refinancing of debt for the purpose of realizing debt service savings shall achieve a minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount or such lesser amount as shall be designated in the resolution adopted by the Board of Directors which authorizes the refunding proceedings.

E. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The District will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12,
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
- the District's investment policies as they relate to the investment of bond proceeds.

It is the policy of the District to ensure that proceeds of debt are spent only on lawful and intended uses. Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the District will submit written requisitions for such proceeds. The District will submit a requisition only after obtaining the signature of the General Manager. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the person performing the function of chief financial officer of the District shall retain records of all expenditures of proceeds through the final payment date for the debt.

Department Operating Expense Detail
Administration

		Actuals - FY 24-25	Estimated Y/E - FY25-26	Proposed FY26-27 Budget
01-100-51110	Regular Pay	$ 326,145	$ 355,303	$ 442,370
01-100-51150	Vehicle & Phone Allowance	3,373	2,751	3,840
01-100-51161	Medicare	4,662	5,152	6,470
01-100-51202	Retirement - Tier 2	28,382	27,854	31,058
01-100-51203	Retirement - Tier 3	6,869	8,681	14,507
01-100-51204	Unfunded Pension Liability	73,411	121,554	156,835
01-100-51206	Retirement - Survivor Benefit	49	49	73
01-100-51210	Medical Insurance	39,277	47,644	75,444
01-100-51212	Dental Insurance	1,818	2,623	4,598
01-100-51213	Vision Insurance	483	501	702
01-100-51214	Life & AD&D Insurance	1,443	1,615	1,679
01-100-51215	457 & HSA Contributions	5,929	6,708	9,000
01-100-51216	Employee Assistance Program	64	72	93
01-100-51240	Workers' Compensation	1,600	1,961	3,300
01-100-52110	Contractual Services	18,673	28,601	24,300
01-100-52120	Landscape Maint	2,100	650	650
01-100-52210	Professional Services	73,530	111,637	76,500
01-100-52230	IT Services	76,113	72,487	64,375
01-100-52231	Website Maint	1,488	1,502	2,250
01-100-52250	Legal Counsel	38,500	42,000	42,000
01-100-52280	Election Services	125	-	50,000
01-100-52310	Sewer Service	645	650	630
01-100-52320	Solid Waste Service	703	800	-
01-100-52330	Electricity & Gas	22,945	22,870	24,000
01-100-52340	Telephone & Internet	10,224	11,685	11,000
01-100-52410	Software Licensing & Maint	6,089	4,240	4,370
01-100-52420	Equipment Rental & Maint	4,759	7,256	5,180
01-100-52510	Travel & Meetings	5,144	8,725	10,000
01-100-52520	Training	2,527	130	2,000
01-100-52530	Dues & Memberships	28,623	28,800	30,000
01-100-52540	Employee Recognition	2,260	706	2,500
01-100-52570	Printing Services	1,223	380	1,000
01-100-52620	Legal Advertising	2,327	1,930	1,500
01-100-52630	Advertising & Promotion	25,691	10,639	16,500
01-100-52660	Recruitment	3,567	1,506	1,000
01-100-52700	Safety Services	375	-	-
01-100-52725	HR Processing Fees	1,949	1,532	2,000
01-100-52800	Regulatory Oversight & Comp	-	-	100
01-100-52810	General Building Maint	20,192	17,167	16,500
01-100-53100	Office Supplies	3,190	4,960	4,500
01-100-53110	Building Maint Supplies	26	-	-
01-100-53400	Books & Subscriptions	236	450	500
01-100-53500	Safety Supplies	137	1,906	-
01-100-53700	Special Division Supplies	2,338	1,300	4,500
01-100-53910	Office Equipment	4,398	425	3,500
01-100-53920	Furniture & Furnishings	3,586	3,525	3,500
01-100-52211	Professional Services - SMGWA	150,079	209,480	187,074
	Total Administration	**$ 1,007,334**	**$ 1,180,407**	**$ 1,341,896**

Department Operating Expense Detail
Finance / Customer Service

		Actuals - FY 24-25	Estimated Y/E - FY25-26	Proposed FY26-27 Budget
01-200-51110	Regular Pay	$ 409,626	$ 430,679	$ 466,505
01-200-51114	Overtime Pay	504	157	1,000
01-200-51116	Bonus Pay	5,657	4,907	3,257
01-200-51132	Special Vacation Pay	-	-	8,024
01-200-51150	Vehicle & Phone Allowance	1,794	1,865	1,920
01-200-51161	Medicare	6,080	6,341	6,912
01-200-51170	Compensated Absences	285	6,000	
01-200-51202	Retirement - Tier 2	13,991	9,760	11,574
01-200-51203	Retirement - Tier 3	22,976	26,279	29,418
01-200-51206	Retirement - Survivor Benefit	91	89	97
01-200-51210	Medical Insurance	77,867	56,846	75,996
01-200-51211	Med Cash in Lieu		1,500	3,000
01-200-51212	Dental Insurance	3,514	3,940	6,379
01-200-51213	Vision Insurance	872	921	1,169
01-200-51214	Life & AD&D Insurance	1,770	2,007	1,877
01-200-51215	457 & HSA Contributions	8,631	8,800	8,800
01-200-51216	Employee Assistance Program	117	124	123
01-200-51220	Other Post-Employment Benefits	10,261	26,730	26,286
01-200-51240	Workers' Compensation	2,017	2,099	3,400
01-200-52210	Professional Services	8,605	70,049	30,000
01-200-52240	Audit Services	18,500	18,500	18,500
01-200-52260	Financial/Regulatory Reporting	1,509	1,718	2,250
01-200-52300	Auto & Liability Insurance	132,306	157,266	160,000
01-200-52400	Property Insurance	42,581	51,634	53,500
01-200-52410	Software Licensing & Maint	10,748	13,785	18,000
01-200-52420	Equipment Rental & Maint	298		600
01-200-52510	Travel & Meetings	5,988	3,994	8,800
01-200-52520	Training	220	2,390	2,000
01-200-52550	Printing & Mailing Services	-	-	100
01-200-52630	Advertising & Promotion	610	167	-
01-200-52720	Payroll Processing Fees	8,287	8,141	8,400
01-200-52740	Bank Service Fees	1,901	1,147	2,100
01-200-52760	Health Benefits Admin Fees	345	393	500
01-200-54015	Property Tax Admin Fees	7,343	7,900	8,100
01-200-53200	Postage	2,096	2,000	2,000
01-200-53290	Promotional Give-Aways	-	-	1,000
01-200-52415	Software Licensing & Portal	50,892	31,000	37,500
01-200-52555	Printing & Mailing - CA	25,015	24,881	28,800
01-200-52560	Collection Agency Fees	240	300	300
01-200-52650	AMI Data Subscription	52,569	53,437	54,000
01-200-52710	Payment Processing Fees	101,820	109,410	110,000
01-200-53250	Rebates - Pressure Regulators	2,180	2,000	2,000
01-200-53260	Rebates- Turf/Drip Replacement	30,231	13,917	60,000
01-200-53270	Rebates- Outdoor Efficiency	9,065	1,200	3,000
01-200-53280	Rebates- Indoor Efficiencies	1,100	1,300	2,000
01-200-53700	Special Division Supplies	1,394	321	1,500
01-200-59400	Bad Debt	1,592	8,205	5,000
01-200-54010	Property Taxes	1,707	1,744	2,000
01-200-54025	Late Penalties	1,300	386	
01-200-54740	Interest Expense - 2016 JPMorgan	25,581	12,365	4,000
01-200-54750	Interest Expense - 2021 First Foundation	130,661	124,367	118,000
	Tota Finance / Customer Service	$ 1,242,735	$ 1,312,960	$ 1,399,687

Department Operating Expense Detail
Operations

		Actuals - FY 24-25	Estimated Y/E - FY25-26	Proposed FY26-27 Budget
01-300-51110	Regular Pay	$ 1,175,285	$ 1,198,747	$ 1,271,312
01-300-51114	Overtime Pay	100,211	100,504	90,000
01-300-51116	Bonus Pay	17,160	18,000	26,294
01-300-51132	Special Vacation Pay	4,393	12,000	9,000
01-300-51150	Vehicle & Phone Allowance	6,123	6,000	6,240
01-300-51161	Medicare	18,674	18,865	19,505
01-300-51201	Retirement - Tier 1	39,166	37,411	41,065
01-300-51202	Retirement - Tier 2	56,595	51,611	55,871
01-300-51203	Retirement - Tier 3	36,310	39,293	43,993
01-300-51206	Retirement - Survivor Benefit	236	225	242
01-300-51210	Medical Insurance	161,542	155,298	167,054
01-300-51211	Medical Cash-in-lieu	8,250	9,000	9,000
01-300-51212	Dental Insurance	10,739	12,376	12,500
01-300-51213	Vision Insurance	2,357	2,011	2,600
01-300-51214	Life & AD&D Insurance	2,425	2,311	2,446
01-300-51215	457 & HSA Contributions	18,428	20,900	20,900
01-300-51216	Employee Assistance Program	315	300	308
01-300-51220	Other Post-Employment Benefits	18,770	57,725	64,227
01-300-51240	Workers' Compensation	28,788	30,000	45,700
01-300-52120	Landscape Maint	10,900	14,933	21,000
01-300-52210	Professional Services	14,655	29,638	40,300
01-300-52310	Sewer Service	11,888	16,685	1,000
01-300-52320	Solid Waste Service	13,317	18,287	9,500
01-300-52340	Telephone & Internet	20,475	22,193	27,240
01-300-52420	Equipment Rental & Maint	27,614	17,669	20,000
01-300-52500	Uniform Laundering Services	8,079	8,414	8,500
01-300-52510	Travel & Meetings	8,208	3,601	8,000
01-300-52520	Training	9,175	4,500	29,000
01-300-52550	Printing & Mailing Services	2,382	630	800
01-300-52700	Safety Services	2,720	521	15,000
01-300-52810	General Building Maint	5,787	3,878	7,500
01-300-52830	Landfill Fees	11,617	5,932	13,000
01-300-52910	Vehicle Maint	41,718	52,000	40,000
01-300-52930	Facility Site Maint	43,229	62,156	125,000
01-300-55130	GIS Maint	57,553	35,490	54,000
01-300-53100	Office Supplies	1,590	340	2,500
01-300-53110	Building Maint Supplies	1,082	-	-
01-300-53400	Books & Subscriptions	409	540	1,350
01-300-53500	Safety Clothing & Equipment	13,811	9,198	15,000
01-300-53600	Vehicle Fuel	24,744	22,588	36,080
01-300-53910	Office Equipment	-	135	-
01-300-52800	Regulatory Oversight & Comp	44,552	48,000	65,000
01-300-53300	Small Tools & Equipment	15,285	34,651	28,000
01-300-53700	Special Division Supplies	3,567	3,500	7,600
01-300-56500	SCADA Maint	30,285	38,918	78,000
01-300-55220	Intertie Water for Resale	12,674	-	-
01-300-55230	Well Maint	157,381	92,816	121,000
01-300-56310	Pumps & Boosters	12,747		55,000
01-300-56320	Pump Facilities Maintenance	4,968	6,400	55,000
01-300-56330	Pumps - Electricity & Gas	603,005	715,344	726,000
01-300-52315	Wastewater Disposal	70,762	84,611	140,000
01-300-55110	Chemical Supplies	101,198	97,889	105,000
01-300-55120	Laboratory Services	32,904	43,009	50,000
01-300-55210	Treatment Plant Maint	108,782	188,578	145,000
01-300-52410	Software Licensing & Maint	4,413	4,536	6,500
01-300-55240	Tank & Reservoir Maint	40,275	3,835	30,000
01-300-56100	Main Maint & Repair	308,128	539,359	320,000
01-300-56200	Service Lateral Maint & Repair	23,323	32,026	27,000
01-300-56400	Fire Hydrant Maint	94,481	37,196	114,000
01-300-56600	Meter Maint	56,965	55,074	31,500
	Total PW Operations:	**$ 3,762,418**	**$ 4,127,647**	**$ 4,467,628**
Recycled Water Operations				
02-300-56330	Pumps - Electricity and Power	$ 4,966	$ 970	$ 1,200
02-300-55210	Treatment Plant Maintenance	234,672	250,000	260,000
	Total RW Operations	**$ 239,638**	**$ 250,970**	**$ 261,200**

Department Operating Expense Detail
Engineering

		Actuals - FY 24-25	Estimated Y/E - FY25-26	Proposed FY26-27 Budget
01-400-51110	Regular Pay	$ 105,422	$ 57,535	$ 92,163
01-400-51114	Overtime Pay	140	-	2,500
01-400-51116	Bonus Pay	2,550	2,323	-
01-400-51150	Vehicle & Phone Allowance	482	328	480
01-400-51161	Medicare	1,618	911	1,420
01-400-51202	Retirement - Tier 2	12,597	627	-
01-400-51203	Retirement - Tier 3	-	3,755	7,336
01-400-51206	Retirement - Survivor Benefit	24	15	24
01-400-51210	Medical Insurance	-	-	11,975
01-400-51211	Medical Cash-in-lieu	3,000	250	-
01-400-51212	Dental Insurance	1,380	369	1,337
01-400-51213	Vision Insurance	241	153	234
01-400-51214	Life & AD&D Insurance	141	77	132
01-400-51215	457 & HSA Contributions	2,166	1,504	2,200
01-400-51216	Employee Assistance Program	32	20	31
01-400-51240	Workers' Compensation	648	550	800
01-400-52210	Outside Prof Services	12,233	47,674	14,500
01-400-52220	Engineering Services	27,018	230,000	170,000
01-400-52410	Software Licensing & Maint	-	500	750
01-400-52510	Travel & Meetings	1,167	-	2,500
01-400-52520	Training	125	2,000	1,500
01-400-53700	Special Division Supplies	11,427	11,427	1,000
	Total Engineering	**$ 182,409**	**$ 360,018**	**$ 310,882**

Department Operating Expense Detail
Board of Directors

		Actuals - FY 24-25	Estimated Y/E - FY25-26	Proposed FY26-27 Budget
01-900-51120	Director Fees	$ 18,650	$ 23,400	$ 23,400
01-900-51161	Medicare	239	339	339
01-900-51162	Social Security	1,023	1,451	1,451
01-900-51212	Dental Insurance	4,045	4,535	5,814
01-900-51213	Vision Insurance	965	891	936
01-900-51214	Life & AD&D Insurance	350	333	351
01-900-51220	Other Post-Employment Benefits	7,713	16,440	21,802
01-900-51240	Workers' Compensation	71	90	200
01-900-51260	Medical Premiums	41,715	47,467	41,831
01-900-52510	Travel & Meetings	5,997	7,925	18,400
01-900-53100	Office Supplies	-	-	200
01-900-53910	Office Equipment	-	-	600
	Total Board of Directors	$ 80,768	$ 102,870	$ 115,324

Scotts Valley Water District

FY 2027 Salaries and Benefits

COLA: 2.37%

	Admin Total	Fin/CS Total	Ops Total	Eng Total	Board Total	District Total
SALARIES, WAGES, AND POSITIONS						
Number of Position Classification(s)	3.0	4.0	10.0	1.0	5.0	23.0
Projected Base Annual Salary	442,370	466,505	1,271,312	92,163	23,400	2,295,752
TOTAL PROJECTED SALARIES	**442,370**	**466,505**	**1,271,312**	**92,163**	**23,400**	**2,295,752**
NON-PERSABLE PAYMENTS						
Temporary (Bonus) Pay	0	8,335	26,294	2,765	0	37,393
Overtime	0	1,000	86,400	2,500	0	89,900
Special Vacation	0	3,644	11,708	0	0	**15,352**
SUBTOTAL NON-PERSABLE PAYMENT	**0**	**12,979**	**124,401**	**5,265**	**0**	**142,645**
TOTAL PERSABLE SALARIES:	**442,370**	**479,484**	**1,395,714**	**97,428**	**23,400**	**2,438,397**
TOTAL SALARIES + WAGES	**442,370**	**479,484**	**1,395,714**	**97,428**	**23,400**	**2,438,397**
BENEFITS:						
Car Allowance	2,400	0	2,400	0	0	**4,800**
Cell Phone Allowance	1,440	1,920	3,840	480	0	**7,680**
Medicare	6,470	6,849	19,206	1,420	339	**34,284**
Social Security	0	0	0	0	1,451	**1,451**
Retiremeint:						
2.7 @ 55	0	0	41,015	0	0	**41,015**
2 @ 55	31,006	20,569	63,097	7,309	0	**121,981**
PEPRA	14,453	27,177	36,507	0	0	**78,138**
Unfunded Liability	156,835	0	0	0	0	**156,835**
Retirement-Survivor Benefit	73	97	242	24	0	**435**
Health						
Medical	75,444	47,901	167,054	11,975	41,831	**446,472**
Cash-in-lieu	0	250	9,000	0	0	**9,250**
Dental	4,598	5,163	14,831	1,337	5,814	**42,010**
Vision	702	936	2,339	234	936	**8,185**
Life & AD&D	1,679	1,877	2,446	132	351	**6,485**
Deferred comp (IRS 457)/HAS	9,000	8,800	20,900	2,200	0	**40,900**
EAP	93	123	308	31	0	**555**
OPEB	0	29,545	64,227	0	21,802	**0**
Workers Comp	3,300	3,400	45,700	799	171	**53,370**
Tuition Reimbursement	0	2,900	0	0	0	**2,900**
T0TAL FRINGE BENEFITS:	**307,490**	**157,507**	**493,113**	**25,940**	**72,695**	**1,056,745**
TOTAL SALARIES AND BENEFITS:	**749,861**	**636,991**	**1,888,827**	**123,369**	**96,095**	**3,495,142**

Period Ending	2016 JPMorgan Debt Service 2016 JPMorgan Loan **Principal**	**Interest**	**Interest**	**Total DS**
7/1/2017	$ 452,927	59,067.11	$ 59,067.11	$ 511,994.11
1/1/2018		51,815.29	$ 51,815.29	$ 51,815.29
7/1/2018	460,030	51,768.75	$ 51,768.75	$ 511,798.75
1/1/2019		47,442.54	$ 47,442.54	$ 47,442.54
7/1/2019	468,579	47,513.47	$ 47,513.47	$ 516,092.47
1/1/2020		43,082.79	$ 43,082.79	$ 43,082.79
7/1/2020	567,298	43,179.11	$ 43,179.11	$ 610,477.11
1/1/2021		37,902.46	$ 37,902.46	$ 37,902.46
7/1/2021	662,832	37,931.60	$ 37,931.60	$ 700,763.60
1/1/2022		31,800.41	$ 31,800.41	$ 31,800.41
7/1/2022	671,991	31,800.41	$ 31,800.41	$ 703,791.41
1/1/2023		25,584.49	$ 25,584.49	$ 25,584.49
7/1/2023	685,320	25,584.38	$ 25,584.38	$ 710,904.38
1/1/2024		19,245.28	$ 19,245.28	$ 19,245.28
7/1/2024	697,811	19,245.28	$ 19,245.28	$ 717,056.28
1/1/2025		12,790.53	$ 12,790.53	$ 12,790.53
7/1/2025	714,404	12,790.53	$ 12,790.53	$ 727,194.53
1/1/2026		6,182.29	$ 6,182.29	$ 6,182.29
7/1/2026	467,752	6,182.29	$ 6,182.29	$ 473,934.29
1/1/2027		1,855.59	$ 1,855.59	$ 1,855.59
7/1/2027	200,604	1,855.59	$ 1,855.59	$ 202,459.59
1/1/2028				
	$ 6,049,548	614,620.19	$ 614,620.19	$ 6,664,168.19

Period Ending	2021 First Foundation Debt Service Principal	Interest	Total DS
1/1/2022		22,506.36	$ 22,506.36
7/1/2022	$ 240,000	27,377.39	$ 267,377.39
1/1/2023		71,381.25	$ 71,381.25
7/1/2023	246,000	71,381.25	$ 317,381.25
1/1/2024		68,392.35	$ 68,392.35
7/1/2024	252,000	68,392.35	$ 320,392.35
1/1/2025		65,330.55	$ 65,330.55
7/1/2025	259,000	65,330.55	$ 324,330.55
1/1/2026		62,183.70	$ 62,183.70
7/1/2026	265,000	62,183.70	$ 327,183.70
1/1/2027		58,963.95	$ 58,963.95
7/1/2027	271,000	58,963.95	$ 329,963.95
1/1/2028		55,671.30	$ 55,671.30
7/1/2028	278,000	55,671.30	$ 333,671.30
1/1/2029		52,293.60	$ 52,293.60
7/1/2029	285,000	52,293.60	$ 337,293.60
1/1/2030		48,830.85	$ 48,830.85
7/1/2030	292,000	48,830.85	$ 340,830.85
1/1/2031		45,283.05	$ 45,283.05
7/1/2031	299,000	45,283.05	$ 344,283.05
1/1/2032		41,650.20	$ 41,650.20
7/1/2032	307,000	41,650.20	$ 348,650.20
1/1/2033		37,920.15	$ 37,920.15
7/1/2033	314,000	37,920.15	$ 351,920.15
1/1/2034		34,105.05	$ 34,105.05
7/1/2034	322,000	34,105.05	$ 356,105.05
1/1/2035		30,192.75	$ 30,192.75
7/1/2035	330,000	30,192.75	$ 360,192.75
1/1/2036		26,183.25	$ 26,183.25
7/1/2036	338,000	26,183.25	$ 364,183.25
1/1/2037		22,076.55	$ 22,076.55
7/1/2037	346,000	22,076.55	$ 368,076.55
1/1/2038		17,872.65	$ 17,872.65
7/1/2038	355,000	17,872.65	$ 372,872.65
1/1/2039		13,559.40	$ 13,559.40
7/1/2039	363,000	13,559.40	$ 376,559.40
1/1/2040		9,148.95	$ 9,148.95
7/1/2040	372,000	9,148.95	$ 381,148.95

AGENDA REPORT

Scotts Valley Water District

Date: 06/11/26

To: Board of Directors

Item: Business 6.3

Subject: **11/03/26 Statewide General Election**

Reason: Complies with California Elections Code

SUMMARY

Recommendation: Adopt Resolution No. 04-26 ordering an election, requesting Santa Cruz County Elections Department conduct the election and consolidate it with other jurisdictions holding an election on 11/03/26; authorize the filing of Notice to County Clerk of Elective Offices to be Filled and Transmittal of Map and Boundaries.

Fiscal Impact: If an election is needed, the cost is around $2.50 to $7.00 per registered voter. The District will reimburse the Santa Cruz County Elections Department for the cost of the services rendered.

Previous Related Action: On 06/13/24 the Board ordered an election and requested to consolidate it with other jurisdictions holding an election on 11/05/24. The Board selected a 200-word limit for statements of qualification, chose for the District to cover the cost of publication and a Director being selected by lot in the event of a tie vote.

On 05/27/26 Finance & Personnel Committee discussed the November election and recommended the Board set a limit of 200 words for the candidates' Statement of Qualifications (SOQ), and that the District should be responsible for paying the SOQ's.

DISCUSSION

The District must order an election on 11/03/26 to be called for three seats on its Board of Directors:

<u>Four Year Terms</u>
Bill Ekwall
Wade Leishman
Ruth Stiles

The Santa Cruz County Elections Department provides election services for special districts. The Notice to the County Clerk of Elective Offices to be Filled must be filed by 07/01/26 and the Resolution ordering the election is due by 08/07/26.

The Board needs to make the following determinations:

1) A 200 or 400 word limit for the candidates Statement of Qualifications (SOQ);
2) If the candidate or the District is responsible for paying the SOQ; and
3) If a Director will be selected by runoff or lot in the event of a tie vote.

The filing period for candidates begins 07/13/26 and ends on 08/07/26. Candidates obtain and file Declaration of Candidacy and Statement of Qualifications with the Santa Cruz County Elections Department.

Submitted,

David McNair
General Manager

Enclosed: Resolution No. 04-26
Notice to County Clerk of Elective Offices to be Filled

Resolution No. 04-26

Resolution Ordering an Election, Requesting County Elections to Conduct the Election, and Requesting Consolidation of the Election

Scotts Valley Water District

WHEREAS, pursuant to Elections Code Section 10002, the governing body of any city or district may by resolution request the Board of Supervisors of the county to permit the county elections official to render specified services to the city or district relating to the conduct of an election; and

WHEREAS, the resolution of the governing body of the city or district shall specify the services requested; and

WHEREAS, pursuant to Elections Code Section 10002, the city or district shall reimburse the county in full for the services performed upon presentation of a bill to the city or district; and

WHEREAS, pursuant to Elections Code Section 10400, whenever two or more elections, including bond elections, of any legislative or congressional district, public district, city, county, or other political subdivision are called to be held on the same day, in the same territory, or in territory that is in part the same, they may be consolidated upon the order of the governing body or bodies or officer or officers calling the elections; and

WHEREAS, pursuant to Elections Code Section 10400, such election for cities and special districts may be either completely or partially consolidated; and

WHEREAS, pursuant to Elections Code Section 10403, whenever an election called by a district, city or other political subdivision for the submission of any question, proposition, or office to be filled is to be consolidated with a statewide election, and the question, proposition, or office to be filled is to appear upon the same ballot as that provided for that statewide election, the district, city or other political subdivision shall, at least 88 days prior to the date of the election, file with the board of supervisors, and a copy with the elections official, a resolution of its governing board requesting the consolidation, and setting forth the exact form of any question, proposition, or office to be voted upon at the election, as it is to appear on the ballot, acknowledging that the consolidation election will be held and conducted in the manner prescribed in Section 10418. Upon such request, the Board of Supervisors may order the consolidation; and

WHEREAS, the resolution requesting the consolidation shall be adopted and filed at the same time as the adoption of the ordinance, resolution, or order calling the election; and

WHEREAS, various district, county, state and other political subdivision elections may be or have been called to be held on November 3, 2026;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the governing body of the Scotts Valley Water District hereby orders an election be called and consolidated with any and all elections also called to be held on November 3, 2026 insofar as said elections are to be held in the same territory or in territory that is in part the same as the territory of the Scotts Valley Water District and requests the Board of Supervisors of the County of Santa Cruz to order such consolidation under Elections Code Sections 10401, 10403 and 10418.

BE IT FURTHER RESOLVED AND ORDERED that said governing body hereby requests the Board of Supervisors to permit the Santa Cruz County Elections Department to provide any and all services necessary for conducting the election and agrees to pay for said services, and

BE IT FURTHER RESOLVED AND ORDERED that the Santa Cruz County Elections Department conduct the election for the following offices on the November 3, 2026 ballot:

Seats open	**Office**	**Term**	**District/Division (if app)**
3	Director	4 Years	

BE IT FURTHER RESOLVED AND ORDERED THAT in accordance with section 9313 and 9280 of the California Elections Code, the County Counsel, District Attorney, or City Attorney is hereby directed to prepare an impartial analysis of this measure.

PASSED AND ADOPTED this _____ day of _____, 2026 by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

_____
Chairperson of said Governing Board/City Council

Attested: _____
Secretary

Notice to County Clerk of Elective Offices to be Filled And Transmittal of Map and Boundaries

Scotts Valley Water District

Name of District/City as it will appear on the ballot

To the County Clerk of Santa Cruz County:

(1) Notice is hereby given that the elective offices of the district/city to be elected

Check one: ☒ at large or
☐ by division

at the General Election scheduled for November 3, 2026, are as follows:

Office	Incumbent's name	Term	District/Division (if app)
Director	Bill Ekwall	4 Years	
Director	Wade Leishman	4 Years	
Director	Ruth Stiles	4 Years	

Special Districts: No election will be held if there is an insufficient number of nominees.

Cities: If there is an insufficient number of nominees, city council will decide to fill the office by appointment by E-75 (August 20) or proceed with the election. If any city measure is on the ballot, the election is held regardless.

(2) The qualifications of a nominee of an elective officer of the district/city are as follows (i.e. a registered voter in the district/city, homeowner in district):

A registered voter in the district.

(3) The Candidate's Statement of Qualifications shall be limited to

Check one: ☒ 200 words
☐ 400 words (double the cost)

Candidates are permitted to file a statement to be posted online only
Check one: ☒ 200 words
☐ 400 words (double the cost)

Candidates are responsible for paying the cost of printing their Candidate's Statement of Qualifications in the County Voter Information Guide or posting online at the time of filing his/her statement.

Check one: ☐ Yes
☒ No. The District/City will pay the cost.

Candidates for special districts pay the County Clerk. Candidates for city offices pay the City Clerk.

(4) Tie votes for City and District elections are resolved by lot according to Elections Code §15651 and §10551. In lieu of resolving a tie vote by lot the District/City may resolve a tie vote by the conduct of a special runoff election, pursuant to §15651 (b). A special runoff election shall be held only if the legislative body adopts the provisions of this code prior to the conduct of the election. If a legislative body decides to call a special runoff election in the event of a tie vote, all future elections conducted by that body shall be resolved by the conduct of a special runoff election, unless the legislative body later repeals the authority for the conduct of a special runoff election.

To conduct a tie vote by special runoff election for this election and all future elections, check here. ☐

(5) Date of last map change: April 5th, 2023. Who should we contact from your jurisdiction to come to our office at 701 Ocean St., Room 310, in Santa Cruz, to review the map on file to confirm the district boundaries?

Name: Drew Carlson Phone: 831.600.1905

E-mail: DCarlson@svwd.org

(Seal of the District/City)

_____
Signature (District Secretary/City Clerk)

Dated: _____

****

AGENDA REPORT

Scotts Valley Water District

Date: 06/11/26

To: Board of Directors

Item: Business 6.4

Subject: **Conflict of Interest Code Local Agency Biennial Notice 2026**

Reason: Mandated by the Political Reform Act, Government Code Sections 81000

SUMMARY

Recommendation: 1) Adopt Resolution No. 05-26 amending the Scotts Valley Water District Conflict of Interest Code and rescinding Resolution No. 04-24; and 2) Authorize the General Manager to file the 2026 Local Agency Biennial Notice with the County of Santa Cruz Board of Supervisors.

Fiscal Impact: None.

Previous Related Action: On 10/08/20, the Board authorized the filing of the 2022 Local Agency Biennial Notice. On 06/09/22 the Board adopted Resolution No. 08-22 amending the Scotts Valley Water District Conflict of Interest Code. The 2022 Local Agency Biennial Notice was filed, and the amended Conflict of Interest Code was approved by the Board of Supervisors on 06/09/22. The 2024 Local Agency Biennial Notice was filed, and the amended Conflict of Interest Code was approved by the Board of Supervisors on 06/13/24.

BACKGROUND

The Political Reform Act requires every local government agency to review its Conflict of Interest Code biennially. Each agency must submit to the reviewing body, in this case, the County Board of Supervisors a notice indicating whether or not an amendment is necessary. If an agency amends its Conflict of Interest Code, it must be approved by the reviewing body within 90 days to be effective.

DISCUSSION

A local agency's Conflict of Interest Code must reflect the current structure of the organization and properly identify officials and employees who must file Statements of Economic Interests (Form 700). The code stipulates what financial interests must be disclosed by the designated positions on their Form 700. No changes to the designated positions and disclosure categories are proposed. The amendment clarifies the process of filing the Form 700.

The Conflict of Interest Code was reviewed by District's Legal Counsel.

Submitted,

David McNair
General Manager

Enclosed: Resolution 05-26
Conflict of Interest Code
2026 Local Agency Biennial Statement

RESOLUTION No. 05-26

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SCOTTS VALLEY WATER DISTRICT
AMENDING THE SCOTTS VALLEY WATER DISTRICT CONFLICT OF INTEREST CODE AND
RESCINDING RESOLUTION No. 04-24

WHEREAS:

1. The Political Reform Act of 1974 requires that all public agencies must adopt a Conflict of Interest Code.

2. The Scotts Valley Water District's Board of Directors has adopted by Ordinance No. 165-17 the Scotts Valley Water District's Administrative Code, which incorporates by reference the District's Conflict of Interest Code (Section 2.40.202).

3. A review of the Conflict of Interest Code designated positions and disclosure categories and recommends no changes.

THEREFORE, BE IT RESOLVED THAT:

The Scotts Valley Water District Board or Directors hereby:

1. Amends the District's Conflict of Interest Code effective immediately.

2. Rescinds Resolution No. 04-24 in its entirety.

3. Authorizes the General Manager to forward the Conflict of Interest Code to the County Board of Supervisors for approval and to file the 2026 Local Agency Biennial Notice.

PASSED AND ADOPTED this 11th day of June 2026, by the following vote:

AYES:
NOES:
ABSENT:

_____
Ruth Stiles, President
Board of Directors

Attest: _____
David McNair, General Manager

CONFLICT OF INTEREST CODE
OF THE
SCOTTS VALLEY WATER DISTRICT

June 11, 2026

The Political Reform Act, Government Code Section 81000 et seq., requires state and local government agencies to adopt and promulgate a conflict of interest code. The Fair Political Practices Commission ("FPPC") has adopted a regulation, California Code of Regulations, Title 2, division 6, Section 18730 (hereinafter "CCR 18730"), which contains the terms of a standard conflict of interest code. It can be incorporated by reference and may be amended by the FPPC after public notice and hearings to conform to amendments in the Political Reform Act. Therefore, the terms of CCR 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference, and along with the attached Appendix in which members and employees are designated and disclosure categories are set forth, shall constitute the conflict of interest code of the Scotts Valley Water District.

Individuals holding designated positions must file statements of economic interest with the Clerk of the Elections Department of the County of Santa Cruz. Statements for all individuals holding Designated Positions will be retained by the Santa Cruz County Elections Departments and made available for public inspection and reproduction in compliance with Government Code section 81008.

APPENDIX A
DESIGNATED POSITIONS GOVERNED BY THE CONFLICT OF INTEREST CODE

DESIGNATED POSITIONS (TITLE OR FUNCTION)	DISCLOSURE SCHEDULES
Director (Board of Directors)	1
General Manager	1
Operations Manager	1
Finance and Customer Service Manager	1
Executive Assistant / Board Clerk	1
General Counsel	1

Consultants shall be included in the list of Designated Positions and shall disclose pursuant to the broadest disclosure category in this Code subject to the following limitation:

The General Manager may determine in writing that a particular consultant, although a "Designated Position," is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based on that description, a statement of the extent of disclosure requirements. The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

APPENDIX B
DISCLOSURE CATEGORIES

CATEGORY 1: Interests in Real Property, Sources of Income, Investments and Business Positions

All interests in real property within the jurisdiction of the Scotts Valley Water District (exclusive of the primary residence of the disclosing party).

All income (including loans and gifts) from any source which contracts with or may in the foreseeable future contract with the District to provide services, supplies or equipment. Disclosure of gifts shall be limited to gifts with a value of $50 or more and subject to the then current annual limit received from persons doing business with the District.

All investments in any business entity which contracts with or may in the foreseeable future contract with the District to provide services, supplies, or equipment.

All business positions held by any designated officer or employee in a business entity which contracts with or may in the foreseeable future contract with the District to provide services, supplies, or equipment.

2026 Local Agency Biennial Notice

Name of Agency: Scotts Valley Water District

Mailing Address: 2 Civic Center Drive

Contact Person: David McNair Phone No. 831.438.2363

Email: DMcNair@svwd.org Alternate Email: Admin@svwd.org

Accurate disclosure is essential to monitor whether officials have conflicts of interest and to help ensure public trust in government. The biennial review examines current programs to ensure that the agency's code includes disclosure by those agency officials who make or participate in making governmental decisions.

This agency has reviewed its conflict of interest code and has determined that *(check one BOX):*

☐ **An amendment is required. The following amendments are necessary:**

(Check all that apply.)

- ☐ Include new positions
- ☐ Revise disclosure categories
- ☐ Revise the titles of existing positions
- ☐ Delete titles of positions that have been abolished and/or positions that no longer make or participate in making governmental decisions
- ☐ Other *(describe)* _____

☐ **The code is currently under review by the code reviewing body.**

☑ **No amendment is required.** (If your code is over five years old, amendments may be necessary.)

Verification **(to be completed if no amendment is required)**

This agency's code accurately designates all positions that make or participate in the making of governmental decisions. The disclosure assigned to those positions accurately requires that all investments, business positions, interests in real property, and sources of income that may foreseeably be affected materially by the decisions made by those holding designated positions are reported. The code includes all other provisions required by Government Code Section 87302.

_____ _____

Signature of Chief Executive Officer *Date*

All agencies must complete and return this notice regardless of how recently your code was approved or amended. Please return this notice no later than **October 1, 2026**, or by the date specified by your agency, if earlier, to:

(PLACE RETURN ADDRESS OF CODE REVIEWING BODY HERE)

PLEASE DO NOT RETURN THIS FORM TO THE FPPC.

AGENDA REPORT

Scotts Valley Water District

Date: 06/11/26

To: Board of Directors

Item: Business 6.5

Subject: Santa Cruz County Multi-jurisdictional Hazard Mitigation Plan 2025

Reason: Supports Strategic Goal Water System Integrity

SUMMARY

Recommendation: Adopt Resolution No. 06-26 approving the Santa Cruz County Multi-Jurisdictional Hazard Mitigation Plan (SCCMJHMP) 2025 Update, including Volume 1 and the Volume 2 Scotts Valley Water District Annex.

Fiscal Impact: No direct impact from this action

Previous Related Action:

On 9/11/25, the board received a presentation from SCCMJHMP Consultant Dynamic Planning, providing information about the plan's purpose, development, and next steps.
On 10/27/25, Operations Manager Gillespie provided an oral report updating Engineering & Water Resources Committee members on the status of the SCCMHMP.

BACKGROUND

The Santa Cruz County Multi-Jurisdictional Hazard Mitigation Plan (MJHMP) 2025 Update (the "Plan") provides a comprehensive strategy to reduce the impacts of natural hazards such as earthquakes, wildfires, flooding, landslides, and severe weather events. The Plan serves as a five-year roadmap for coordinated hazard mitigation actions among Santa Cruz County and its planning partners.

Adoption of this Plan ensures that Santa Cruz County and participating jurisdictions remain eligible for federal hazard mitigation grant funding administered by the Federal Emergency Management Agency (FEMA), including programs such as Hazard Mitigation Grant Program (HMGP) and Flood Mitigation Assistance (FMA). Adoption also fulfills the planning requirements of the Disaster Mitigation Act of 2000 (DMA 2000).

The Plan includes a countywide risk assessment and mitigation strategy and identifies 190 mitigation actions to reduce hazard risks across the Santa Cruz County planning area.

Hazard Mitigation Planning

Hazard mitigation refers to sustained actions taken to reduce or eliminate long-term risks to people and property from natural hazards. Examples include infrastructure improvements, regulatory updates, natural resource protection projects, and community preparedness initiatives.

Federal regulations require local governments to maintain an approved hazard mitigation plan to remain eligible for FEMA mitigation funding. The DMA 2000 established this requirement and directs FEMA to support mitigation planning as a means of reducing disaster losses nationwide.

Multi-Jurisdictional Planning Effort

The Plan was developed through a collaborative planning effort led by the County's Office of Response, Recovery, and Resilience (OR3). The planning process included participation from a total of ten jurisdictions:

1. County of Santa Cruz (unincorporated areas)
2. City of Capitola
3. City of Scotts Valley
4. City of Watsonville
5. Scotts Valley Water District
6. Soquel Creek Water District
7. Pajaro Valley Water Management Agency
8. Resource Conservation District of Santa Cruz County
9. Santa Cruz Port District
10. Cabrillo College

Participating jurisdictions worked together to identify hazards, assess vulnerabilities, collect public and stakeholder input, and develop mitigation strategies across their jurisdictions and the region.

PLAN STRUCTURE

The Plan is organized into two volumes.

- **Volume 1 – Base Plan:** Provides the countywide framework for hazard mitigation planning, including hazard identification and risk assessment, community vulnerability analysis, countywide mitigation goals and strategies, and an implementation framework with monitoring procedures.
- **Volume 2 – Jurisdictional Annexes:** Includes annexes for each participating jurisdiction that identify locally-relevant hazards, jurisdiction-specific vulnerabilities, and local mitigation actions and implementation strategies.

Each participating jurisdiction is responsible for adopting and implementing its respective annex.

PUBLIC AND STAKEHOLDER ENGAGEMENT

The Plan was developed through an extensive planning and outreach process that included a community survey on hazard risks, stakeholder workshops, public outreach events, review and comment opportunities on draft materials, and coordination with local agencies and planning partners. This outreach ensured compliance with FEMA requirements for public involvement in hazard mitigation planning and was integral to identifying local hazard priorities and realistic mitigation actions.

FEMA REVIEW AND APPROVAL

The Plan has undergone review by the California Governor's Office of Emergency Services (Cal OES) and has been forwarded to FEMA Region IX for final approval. Following adoption by participating jurisdictions, FEMA will issue a formal approval letter, allowing the plan to take effect and enabling jurisdictions to remain eligible for FEMA mitigation funding.

Adoption of the Plan is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section **15061(b)(3)**, Common Sense Exemption, and Section **15262**, Feasibility and Planning Studies. The Plan establishes policy guidance and mitigation strategies but does not authorize specific construction projects. Environmental review will occur for individual projects as required.

Conclusion

Adoption of the Plan supports the Scotts Valley Water District's goals to improve disaster resilience; protect critical facilities, infrastructure, and services; reduce long-term disaster recovery costs; and strengthen interagency coordination.

Submitted,

David McNair
General Manager

Enclosed:

1) Resolution No. 06-26 adopting the Santa Cruz County MJHMP 2025
2) Santa Cruz County MJHMP – Volume 2, Scotts Valley Water District Annex
3) Santa Cruz County MJHMP – Volume 1 is 1,298 Pages. To review please go to the following website:
   https://www.santacruzcountyca.gov/OR3/Resilience/AdaptationMitigation.aspx

RESOLUTION NO. 06-26

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SCOTTS VALLEY WATER DISTRICT
ADOPTING THE SANTA CRUZ COUNTY MULTI-JURISDICTIONAL HAZARD MITIGATION PLAN 2025
FOR SCOTTS VALLEY WATER DISTRICT

WHEREAS, Santa Cruz County Multi-Jurisdictional Hazard Mitigation Plan 2025 Update ("the Plan") recognizes the threat that natural hazards pose to people, property infrastructure and natural resources within the Scotts Valley Water District; and

WHEREAS, the implementation of hazard mitigation actions can significantly reduce the risk of injury, loss of life, property damage, and disruption caused by future natural hazard events; and

WHEREAS, the federal Disaster Mitigation Act of 2000 (DMA 2000) requires all cities, counties, and special districts to have adopted a Hazard Mitigation Plan to receive pre-and post-disaster mitigation funding from the Federal Emergency Management Agency (FEMA); and

WHEREAS, Scotts Valley Water District fully participated in the FEMA-prescribed mitigation planning process to prepare the Plan; and

WHERAS, a coalition of Santa Cruz County local governments and special districts embarked on a planning process to prepare for and lessen the impacts of specified hazards by updating the Plan; and

WHEREAS, each participating jurisdiction, including Scotts Valley Water District, has been responsible for reviewing and approving its respective Jurisdictional Annex within the Plan, and the Plan compiles individual annexes into a unified framework to ensure a comprehensive and coordinated hazard mitigation strategy for the entire Santa Cruz County planning area, aligned with the goals, objectives, and priorities of the Plan; and

WHEREAS, the Santa Cruz County Multi-Jurisdictional Hazard Mitigation Plan 2025 Update is comprised of two volumes, including Volume 1: Base Plan, which contains the countywide hazard mitigation framework and risk assessment, and Volume 2: Jurisdictional Annexes, which document the hazard profiles, vulnerabilities, and mitigation actions of participating jurisdictions; and

WHEREAS, a public involvement process consistent with the requirements of DMA 2000 was conducted to develop the Plan; and

WHEREAS, the California Governor's Office of Emergency Services (Cal OES) has reviewed and approved the Plan and has forwarded the plan to FEMA Region IX for final review and approval; and

THEREFORE, BE IT RESOLVED, that the Scotts Valley Water District hereby adopts the Santa Cruz County Multi-Jurisdictional Hazard Mitigation Plan 2025 Update as an official plan of the Scotts Valley Water District. Scotts Valley water District adopts Volume 1 of the Plan in its entirety and acknowledges that the Scotts Valley Water District Jurisdictional Annex contained in Volume 2 represents the Scotts

Valley Water Districts specific hazard mitigation strategies and responsibilities.

BE IT FURTHER RESOLVED, the Scotts Valley Water District authorizes staff to make minor technical edits or administrative corrections to the Plan, as necessary to address FEMA review comments, prior to final adoption; and

BE IT FURTHER RESOLVED, Scotts Valley Water District further encourages the respective departments identified in the implementation strategy of the plan to carry out the recommended mitigation actions assigned to them; and

BE IT FURTHER RESOLVED, the proposed project is categorically exempt from the provisions of the CEQA Guidelines pursuant to the Provisions of Title 14 of the California Administrative Code, Section 15061(b)(3) (common sense exemption), and Section 15262 (Feasibility and Planning Studies).

BE IT FURTHER RESOLVED, this Adoption Resolution will be submitted to Cal OES on behalf of the Scotts Valley Water District by Santa Cruz County Staff to enable the Plan's final approval by Cal OES and FEMA.

PASSED AND ADOPTED this 11th day of June 2026, by the following vote:

AYES:
NOES:
ABSENT:

_____

Ruth Stiles, President
Board of Directors

Attest: _____
David McNair, General Manager

Section 5. Scotts Valley Water District

Special District Annex

SANTA CRUZ COUNTY
MULTI-JURISDICTIONAL
HAZARD MITIGATION PLAN

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Santa Cruz County

2025 Multi-Jurisdiction Hazard Mitigation Plan Update

Volume 2, Section 5: Scotts Valley Water District (SVW)

Special District Annex

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Adoption Resolution

To comply with the Federal Disaster Mitigation Act of 2000 (DMA 2000), the Scotts Valley Water District has officially adopted this 2025 Santa Cruz County Multi-Jurisdictional Hazard Mitigation Plan, including Volume 1 in its entirety as well as this Volume 2 Special District annex. The adoption of the MJHMP recognizes the district's commitment to reducing the impacts of natural hazards within its jurisdiction and across Santa Cruz County.

A copy of the district's adoption record is provided on the following pages. Adoption records for all jurisdictions are summarized in Volume 1, Table ES-1.

ADOPTION RECORD TO BE INSERTED UPON COMPLETION

Section 5. Scotts Valley Water District

5.1 Scope & Purpose

This annex details the elements specific to the Scotts Valley Water District (SVWD) in the 2025 Santa Cruz County Multi-Jurisdictional Hazard Mitigation Plan (MJHMP). This annex is not intended to be a standalone document but appends to and supplements the information contained in the umbrella plan document (Volume 1). As such, all sections of the umbrella plan, including the planning process and other procedural requirements, apply to and were met by SVWD. This annex provides additional information specific to SVWD, with a focus on providing additional details on the planning process, risk assessment, and mitigation strategy for this jurisdiction.

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5.2 Jurisdictional Setting

The Scotts Valley Water District (SVWD) is a special district located in Santa Cruz County that provides water service to most of the City of Scotts Valley and to some adjacent unincorporated areas. Its service boundary is formally established and reviewed by the Santa Cruz County Local Agency Formation Commission (LAFCO), which also oversees the district's sphere of influence and annexations. Since the district was formed by a vote of the people in 1961, its jurisdiction has evolved to reflect growth pressures and community needs. In May 2023, LAFCO approved the annexation of 183 parcels covering approximately 1,481 acres into SVWD's service area, expanding the potential for future water connections and long-term system integration (SVWD, 2025)

Within this jurisdiction, SVWD operates approximately 4,300 service connections, supplying potable and recycled water to residential, commercial, and institutional users. Unlike many nearby agencies, SVWD relies exclusively on groundwater for its potable supply. All its water is drawn from the Santa Margarita Groundwater Basin, a geologic system composed of the Santa Margarita Sandstone, Monterey Shale, Lompico, and Butano formations. This basin is recharged primarily through rainfall and local creek systems, including Carbonera Creek and Bean Creek, both of which are tributaries of the San Lorenzo River. As a

result, SVWD is deeply tied to the hydrology of the region and is highly dependent on sustainable groundwater management for long-term service reliability.

SVWD shares the Santa Margarita Groundwater Basin with the San Lorenzo Valley Water District, the Mount Hermon Association, and more than one thousand private well users. Together, these entities formed the Santa Margarita Groundwater Agency (SMGWA), a Joint Powers Authority created under California's Sustainable Groundwater Management Act of 2014. Through the SMGWA, SVWD participates in basin-wide planning, monitoring, and implementation of the Groundwater Sustainability Plan, which was adopted to ensure the long-term viability of local water supplies. This collaborative governance structure reflects the interconnected nature of the basin and the importance of regional coordination in addressing overdraft, drought resilience, and climate variability.

The district's jurisdictional setting is also shaped by its relationship to local and regional governance frameworks. LAFCO regulates annexations, boundaries, and service expansions, while the City of Scotts Valley coordinates land use planning with the district's infrastructure capacity. The district itself owns and maintains wells, tanks, pipelines, and recycled water facilities, while the City of Scotts Valley manages sewer services and produces recycled water that SVWD distributes primarily for irrigation. This integration of municipal and district responsibilities underscores the cooperative framework in which SVWD operates and highlights its role as a critical service provider within Santa Cruz County's broader water management landscape.

- **Year of Incorporation:** 1961
- **2023 Population Served:** 11,678 (CAS 5-Year, 2018-2023)
- **Coverage Area:** 183 parcels covering approximately 1,481 acres and 5.5 square mile area

5.2.1 Geography & Climate

SVWD is located in the central portion of Santa Cruz County, north of the City of Santa Cruz covering an area of roughly 5.5 square miles that includes most of the incorporated City of Scotts Valley and some unincorporated parcels to the north. The district is situated in the Santa Margarita Groundwater Basin, a geologic and hydrologic system that provides the sole source of potable water for its customers. Figure 5-1 identifies the district boundary within Santa Cruz County. The terrain is characterized by a mix of valley lowlands, rolling hills, and forested slopes. Two major creeks within the district are Bean Creek and Carbonera Creek, which flow through the service area and are tributaries of the San Lorenzo River, which ultimately drains into the Monterey Bay. These waterways contribute to local aquifer recharge.

The district's setting in the lower Santa Cruz Mountains places it within a Mediterranean climate zone, with cool, wet winters and warm, dry summers. Average annual precipitation in Scotts Valley is approximately 40 inches, Figure 5-2, with most rainfall occurring between November and March. The region is highly variable in terms of precipitation, influenced by both Pacific storm systems and orographic effects from the Santa Cruz Mountains. Droughts have become more frequent and prolonged, stressing groundwater recharge and prompting conservation and drought contingency planning. Conversely, intense rainfall

events associated with atmospheric rivers can create short-term flooding and slope failure risks. (SVWD, 2020)

Temperature patterns in the district reflect a transitional climate zone between the cooler coastal areas of Santa Cruz and the warmer inland valleys. Average summer highs range in the mid-80s°F, while winter lows can dip into the upper 30s°F. This variability contributes to seasonal water demand cycles, with higher demand in summer due to landscape irrigation and lower demand in winter. Climate change projections suggest that the Scotts Valley area will experience longer dry spells, more intense winter storms, and greater wildfire risk in the surrounding wildland-urban interface.

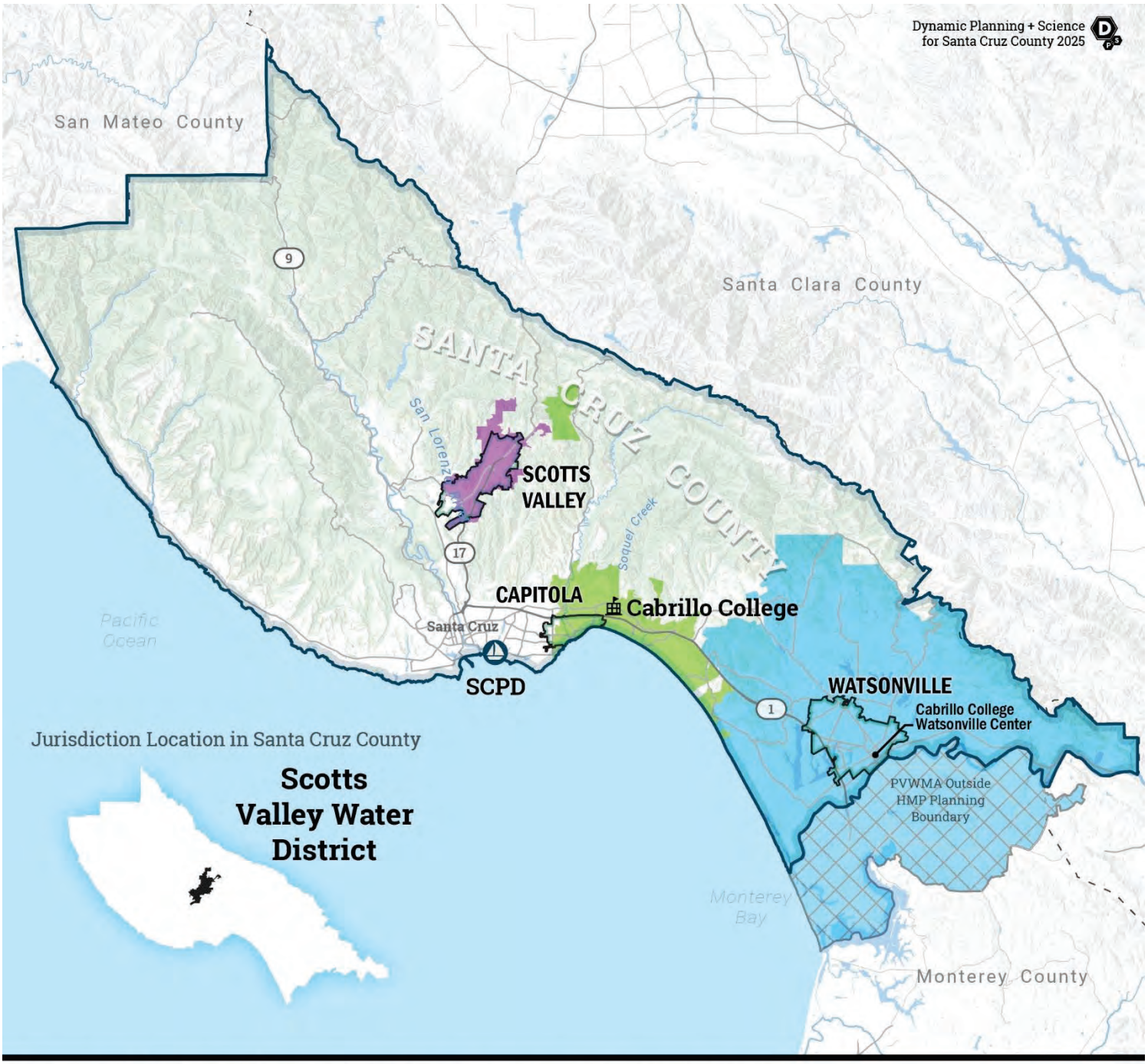


Figure 5-1: SVWD Sphere of Influence

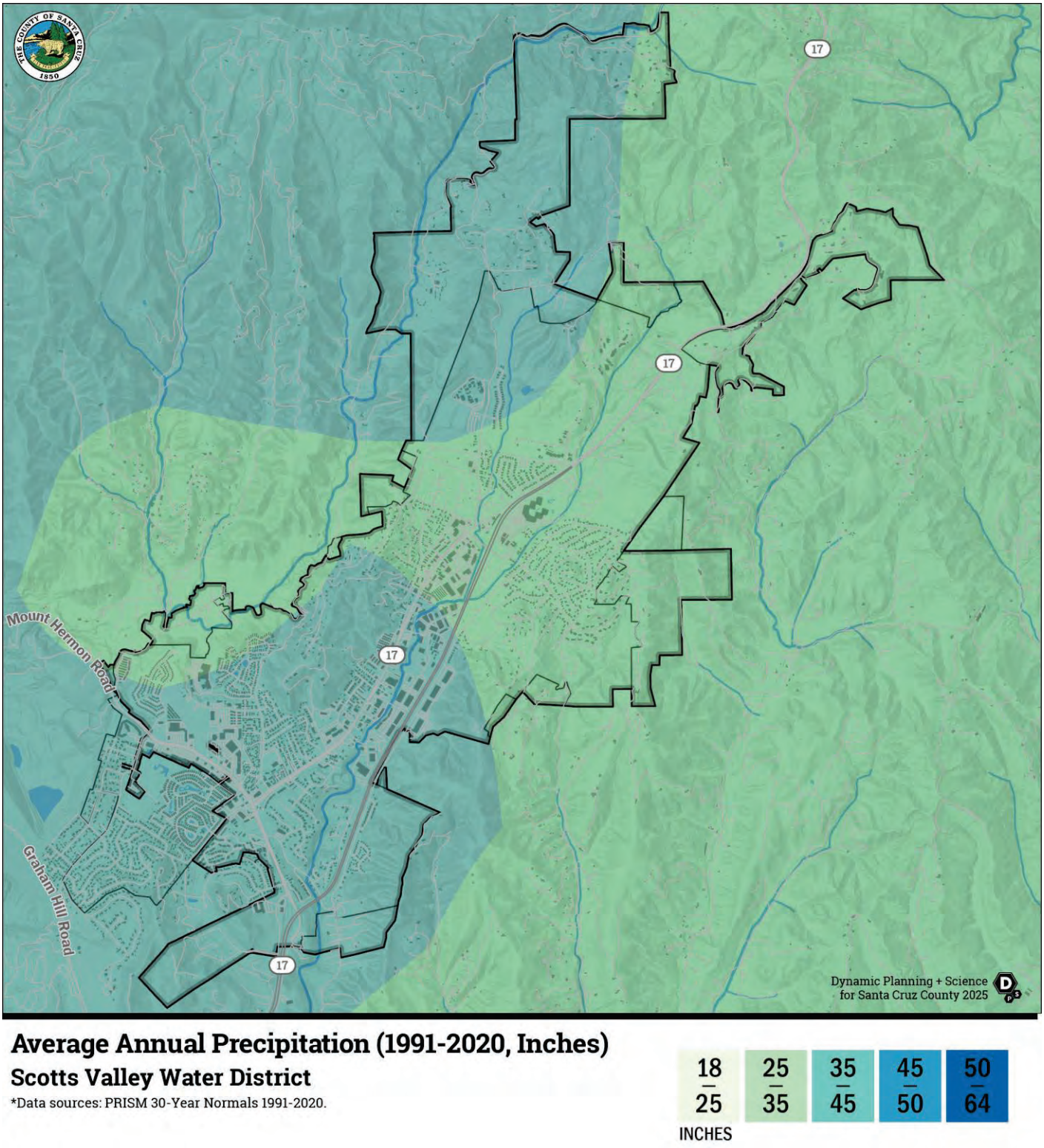


Figure 5-2: SVWD Average Annual Precipitation Map

5.2.2 Historic Overview

SVWD was established in 1961 under the California County Water District Act to provide a reliable local water supply to the growing community of Scotts Valley. At the time, Scotts Valley was transitioning from a rural, agricultural setting into a residential community with suburban development, creating the need for an organized water service provider. The district was formed as a special district with its own elected board of directors, independent finances, and authority to operate water infrastructure within its service area.

From its inception, SVWD has relied on groundwater as its sole source of potable water supply, drawing from the Santa Margarita Groundwater Basin (SMGB). In the early years, the district constructed its first production wells and storage facilities to serve a relatively small customer base. As Scotts Valley grew in population through the 1970s and 1980s, demand on the basin increased significantly. By the 1990s, evidence of groundwater overdraft and declining aquifer levels prompted the district to adopt more formal groundwater management practices. In 1994, SVWD adopted its first Groundwater Management Plan under Assembly Bill 3030, establishing long-term goals for basin monitoring, recharge, and protection.

Over the next two decades, SVWD became a regional leader in water efficiency and sustainable management. In partnership with the City of Scotts Valley, the district developed a recycled water program, using treated effluent from the City's wastewater treatment plant for non-potable irrigation of parks, schools, and landscaping. SVWD also invested in Low Impact Development (LID) projects, such as recharge basins, to enhance local aquifer replenishment. These programs became essential components of the district's drought resilience strategy, especially during California's multi-year droughts in the early 2000s and the severe 2012–2016 drought.

In 2014, the passage of California's Sustainable Groundwater Management Act (SGMA) brought new requirements for basin-wide planning. SVWD became a founding member of the SMGWA in 2017, joining with the San Lorenzo Valley Water District, the City of Scotts Valley, and Santa Cruz County to collaboratively manage the SMGB and prepare a Groundwater Sustainability Plan. This shift marked a significant evolution in the district's governance, emphasizing regional collaboration and long-term sustainability.

In recent years, SVWD has modernized its infrastructure and planning framework. The 2020 Urban Water Management Plan, developed jointly with San Lorenzo Valley Water District, integrated demand projections, drought risk assessment, and a Water Shortage Contingency Plan. The district also completed updates to its Administrative Code in 2022, codifying policies on service connections, annexations, and recycled water operations. Meanwhile, SVWD has continued to expand its capital improvement program, drilling new wells, constructing new storage tanks, and pursuing an intertie with the City of Santa Cruz to bolster long-term supply reliability.

5.2.3 Demographics & Vulnerable Populations

This section describes the demographic characteristics of SVWD to guide hazard mitigation planning efforts. Natural disasters affect communities both physically and socially, with demographic composition playing a central role in determining how impacts are distributed, particularly among vulnerable groups facing greater challenges in preparedness, response, and recovery. Understanding the area's social and economic landscape also helps assess potential social costs from infrastructure damage, including housing, industry, public facilities, essential services, and transportation.

Exploring local demographic data may help to identify groups and geographic areas with specific vulnerability to hazard events. In the context of all-hazards preparedness and response planning, at-risk individuals (often used interchangeably with "vulnerable populations") are defined federally as "children, pregnant women, senior citizens, and other individuals who have access or functional needs in the event of a public health emergency." (42 U.S.C. § 2802(b)(4)(B) (2019)) These populations may include, but are not limited to, individuals who are economically disadvantaged, living with disabilities, dependent on caregivers, from historically marginalized communities, have limited English proficiency or are non-English speaking, lack access to transportation, are experiencing homelessness, or have chronic medical conditions.

Certain populations face greater risk following a natural hazard event due to age, economic mobility, physical disability, geographic location, or a combination of factors. Vulnerability in the face of a hazard event is not a fixed characteristic; the same individual may be at risk for some hazards but not at risk for others. Planning for vulnerable populations in the context of hazard mitigation can help communities to prioritize limited resources where they will be the most effective. Refer to Volume 1, Section 1.4.3 for a more in-depth discussion of planning for vulnerable populations, at-risk individuals with access and functional needs, and environmental justice.

5.2.3.1 Income & Housing

Income and housing conditions within the SVWD reflect both the relative affluence of the community and the socioeconomic diversity that exists within its boundaries. According to the U.S. Census Bureau's American Community Survey, median household incomes in much of the SVWD service area exceed $119,000 annually, placing Scotts Valley among the higher-income communities in Santa Cruz County. However, the Figure 5-3 reveals that not all households enjoy this level of prosperity. Pockets of lower income are present, particularly in areas adjacent to the Highway 17 corridor and portions of northern Scotts Valley, where median incomes are closer to the countywide average.

Figure 5-4 shows that while much of Scotts Valley has relatively low poverty rates (less than 10 percent of residents), there are neighborhoods within the SVWD service boundary where over 24 percent of the population lives below the federal poverty line. These pockets of concentrated poverty are important to note for hazard mitigation planning, as economically disadvantaged households may face greater barriers to disaster preparedness, response, and recovery. Limited access to financial resources can make it more

difficult for residents to retrofit homes, purchase insurance, or relocate temporarily after a disaster, increasing vulnerability across the district.

Housing occupancy patterns further illustrate the community's socioeconomic structure as shown in Figure 5-5. Owner-occupancy rates are generally high across SVWD's service area, with many neighborhoods showing ownership rates above 88 percent. This reflects a relatively stable, long-term residential community, which can be a strength for hazard mitigation, as homeowners are often more likely to invest in property protection measures. However, the central corridor of Scotts Valley, particularly around downtown and multifamily housing zones, displays lower ownership rates, with some areas having less than 41 percent owner-occupied housing. These rental-heavy neighborhoods are likely to contain more vulnerable populations, such as lower-income households, younger families, and seniors in multifamily housing, who may be less able to invest in structural mitigation improvements.

Taken together, these income and housing patterns show a community with generally high levels of wealth and homeownership, but with localized areas of economic vulnerability and renter concentration that warrant careful attention in hazard mitigation planning.

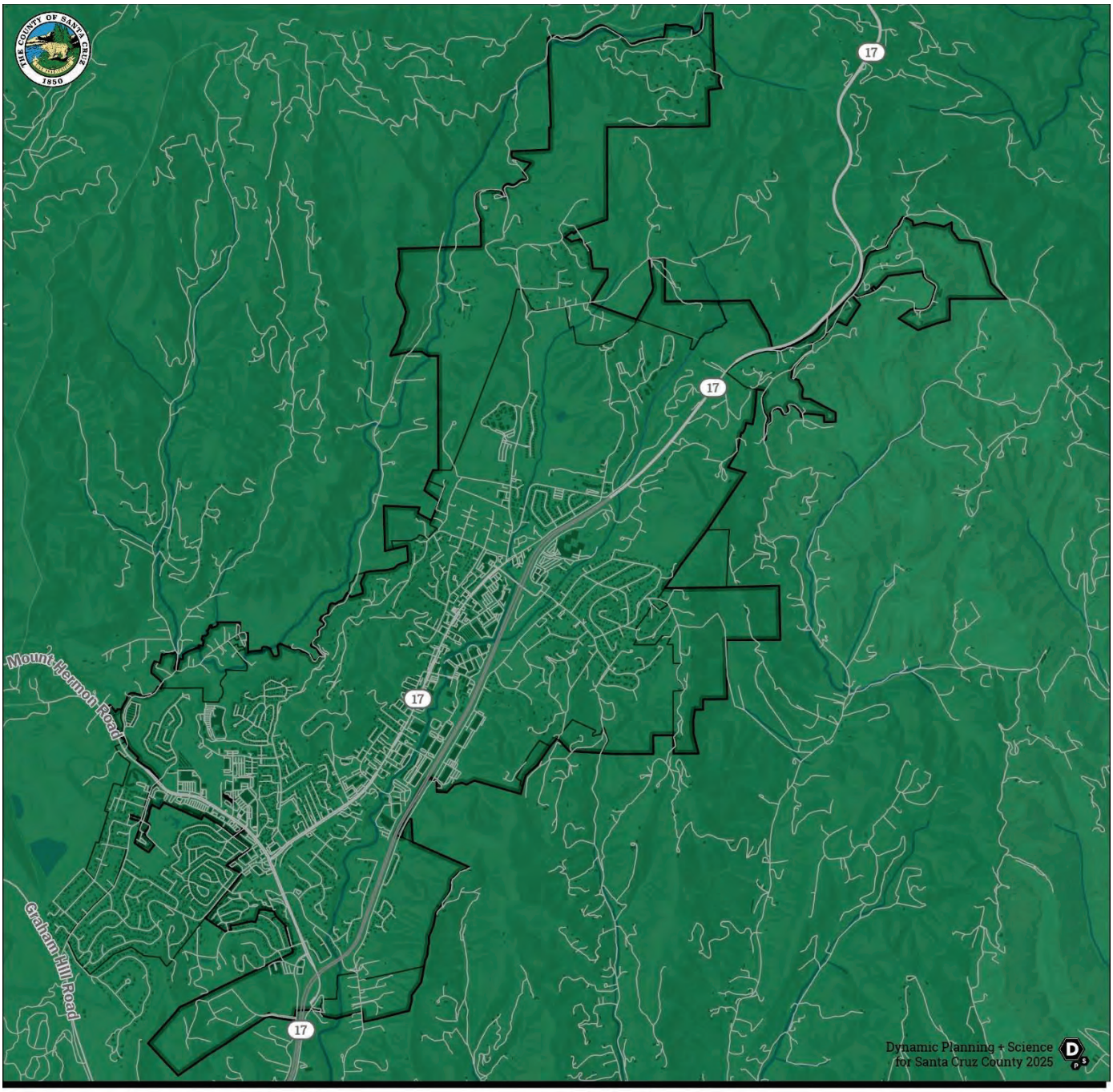


Figure 5-3: SVWD Median Household Income Map

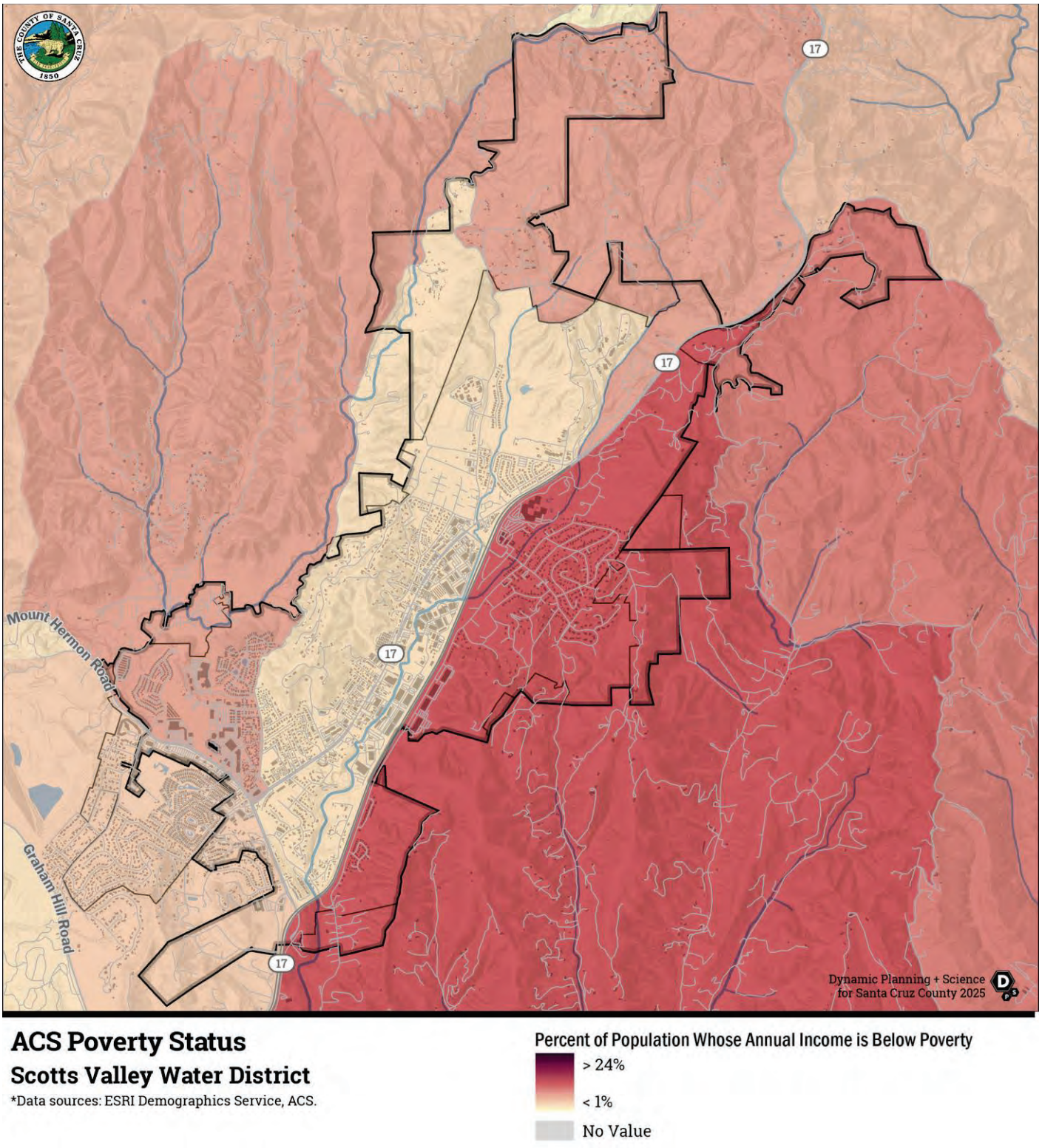


Figure 5-4: SVWD Poverty Status Map

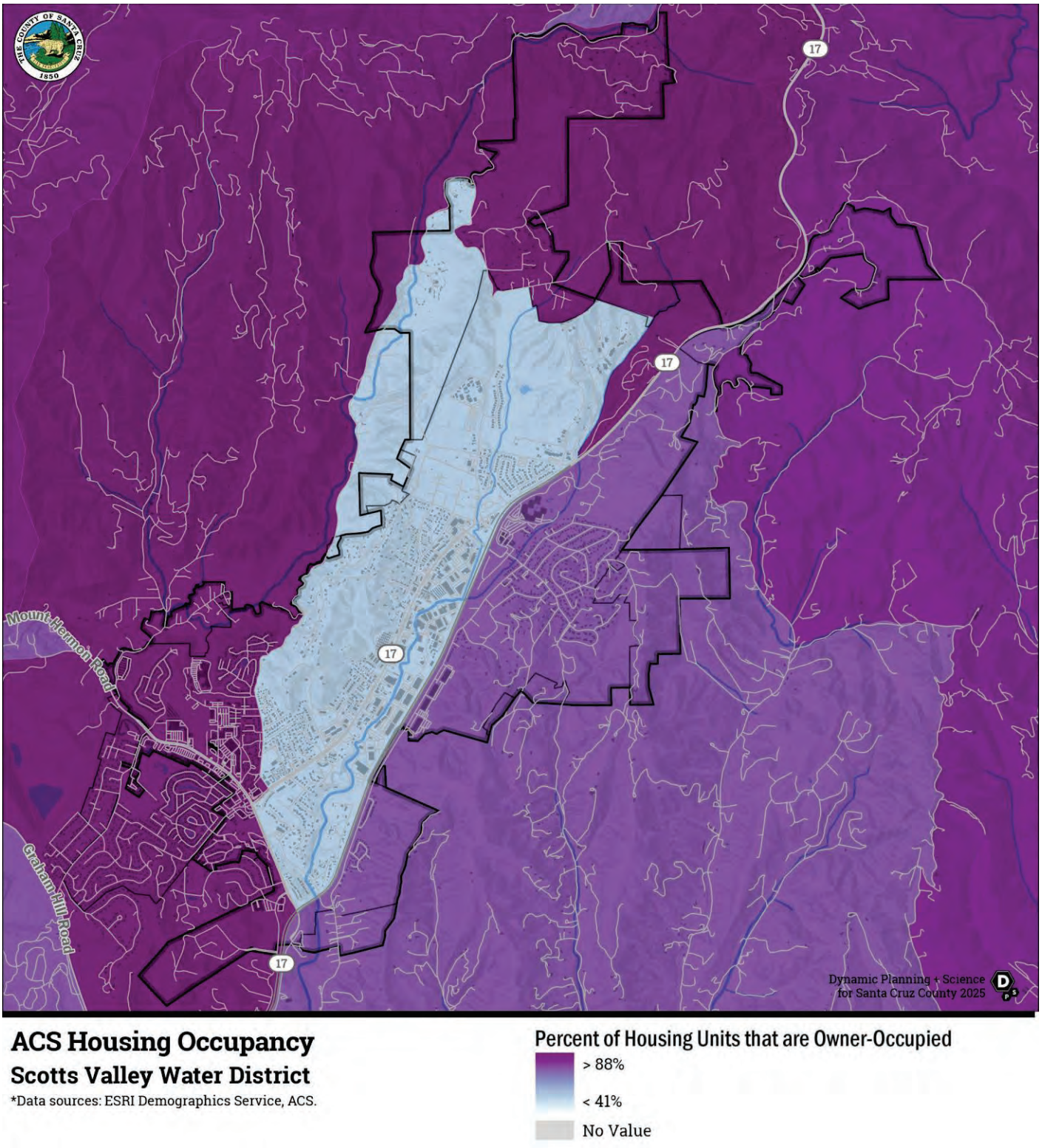


Figure 5-5: SVWD Owner-Occupied Housing Units Map

5.2.3.2 Dependent & Disabled Populations

Age and disability status play significant roles in vulnerability to natural hazards, as seniors, children, and many who experience disabilities are dependent populations who rely on caregiver networks for support and protection. Seniors and disabled persons may have mobility challenges and increased health concerns, necessitating additional assistance during evacuations and recovery. Similarly, children have limited ability to protect themselves and depend on caregivers to ensure their safety and well-being during emergencies. When combined with factors such as poverty, these vulnerabilities can be further compounded, highlighting the importance of targeted interventions to address the unique needs of dependent and disabled populations.

According to the ACS and Figure 5-6, large areas within the SVWD service boundary have more than 30 percent of the population in dependent age categories defined as children under 18 and seniors over 65. In particular, portions of the eastern and southern sections of the district show concentrations above 48 percent, indicating that nearly half of the residents in these areas may require additional support during hazard events. This demographic pattern underscores the importance of ensuring emergency communication, evacuation planning, and continuity of essential services are accessible and responsive to families with children and seniors.

The ACS Disabled Elderly, Figure 5-7 further highlights the vulnerability of older residents within SVWD. Areas in the northeastern and western edges of the district show rates exceeding 19 percent of the elderly population (65+) living with a disability, with some census tracts nearing or surpassing 47 percent. This means a significant portion of elderly residents may have mobility, sensory, or health limitations that complicate disaster preparedness, evacuation, and recovery. These populations are disproportionately impacted by service interruptions, power outages, and water supply disruptions, and they may require targeted outreach and resources such as medical support, accessible evacuation centers, and backup water distribution options.

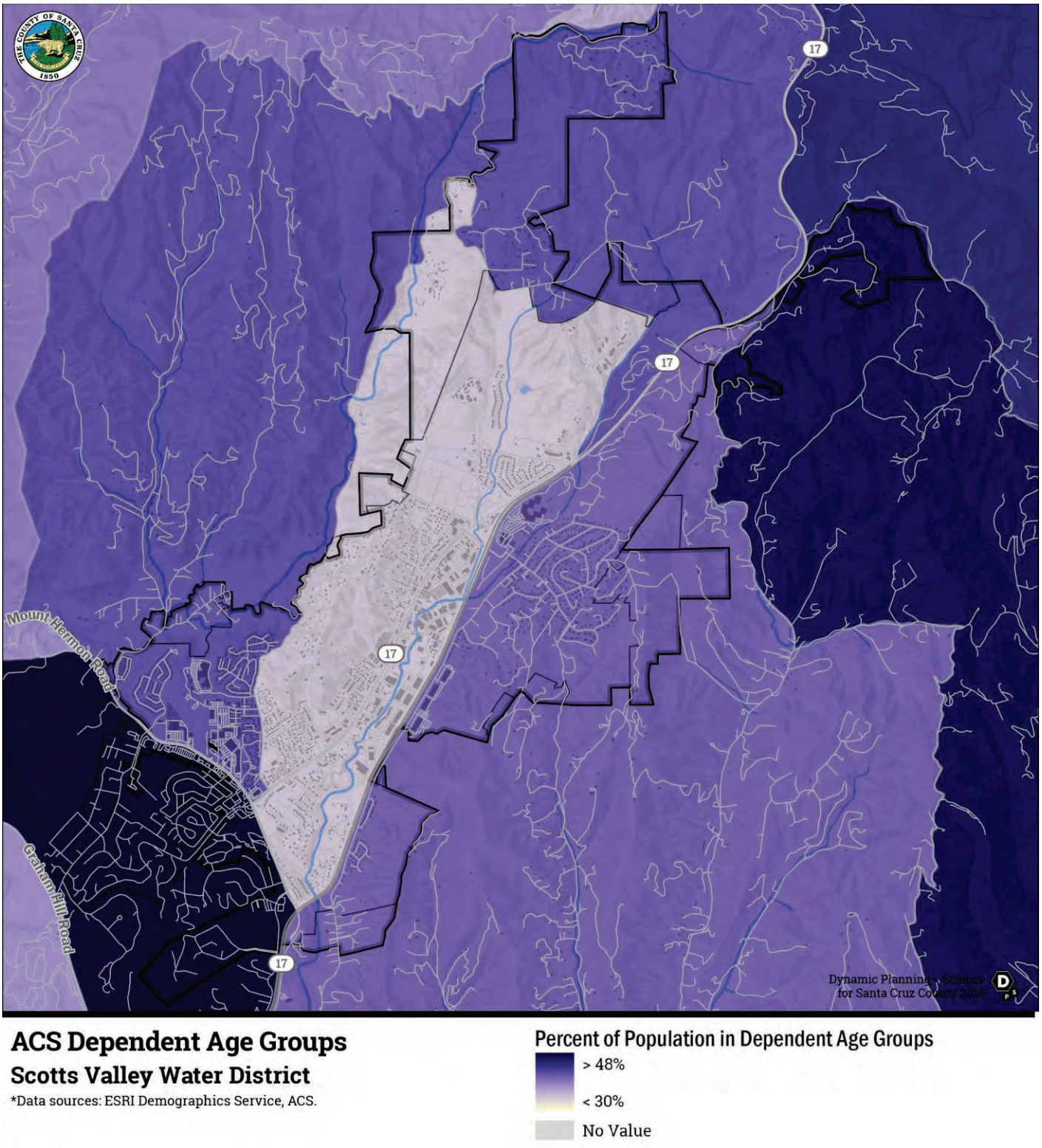


Figure 5-6: SVWD Economically Dependent Age Groups Map

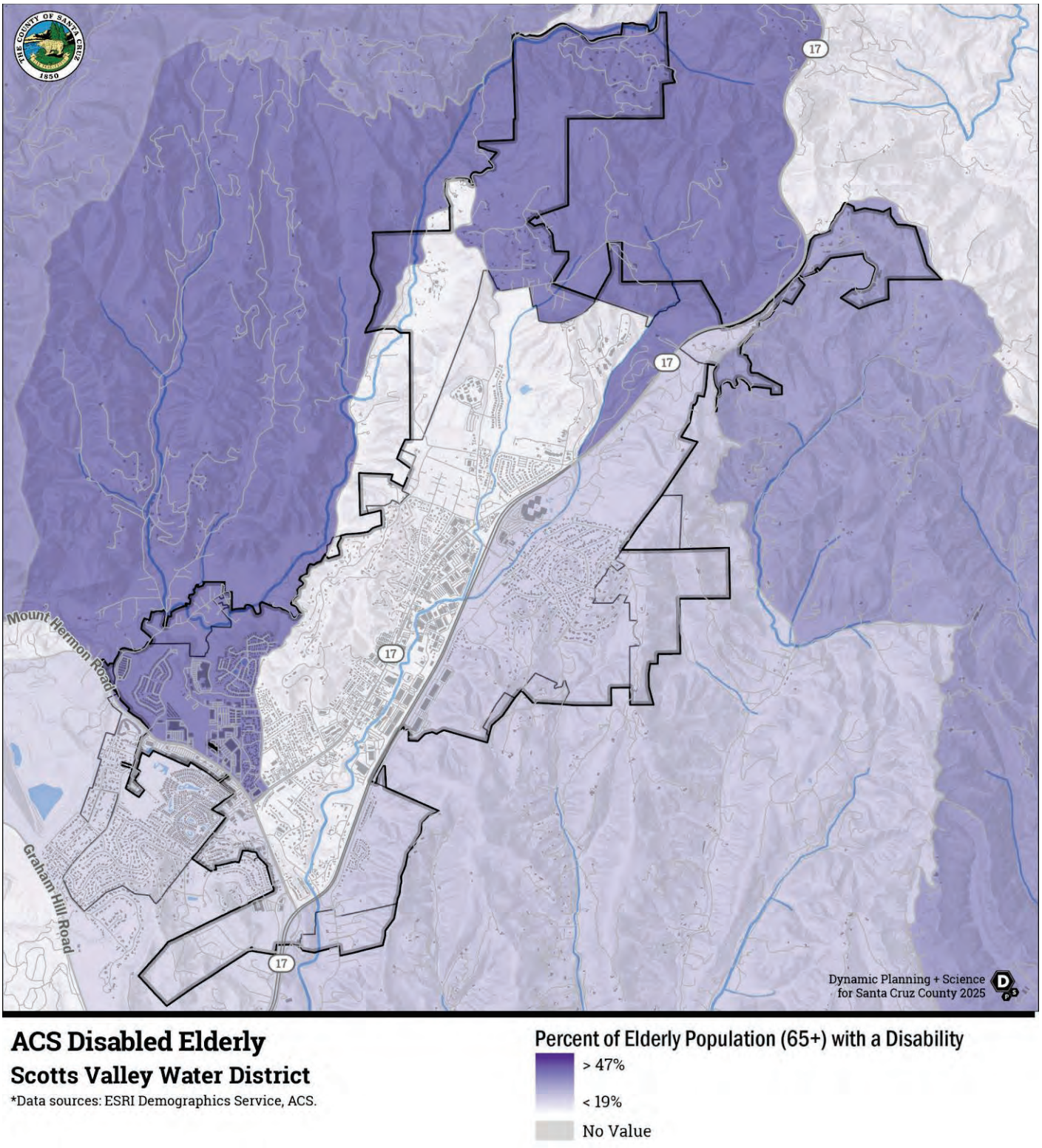


Figure 5-7: SVWD Disabled Elderly Map

5.2.3.3 Race, Ethnicity & Language

Natural disasters compound racial disparities; non-white individuals and communities receive less recovery aid from FEMA than their white counterparts, even where the amount of damage is the same. (Howell & Elliott, 2019) (National Advisory Council, 2020) The recent COVID-19 pandemic was a testament to racial disparities in disaster outcomes, with non-white persons facing morbidity rates from COVID-19 infections anywhere from 70% to 350% higher than white, non-Hispanic persons. (CDC, 2020)

These disparities are evidence of the complicated relationship between disaster recovery and overlapping social vulnerabilities including race, income, language, and health. Black and Latinx residents are more likely to be low income and renters, conditions which create barriers to navigating FEMA's Individual Assistance programs. Communities with more non-white residents may have lower tax revenue and property values, which means less investment in mitigation and rebuilding efforts before and after an emergency.

It should be noted that rural ACS estimates are often less accurate than those for urban areas because the geographic representation, broken down by smaller Census Block Groups or Tracts, becomes insignificant and the margin of error increases within these smaller sample pools. This is particularly true when referencing minority demographic groups. As such, race and ethnicity are discussed as part of a more comprehensive approach using the Center for Disease Control's (CDC) Social Vulnerability Index (SVI) in the following section. In addition, some minority households may avoid participating in Census surveys due to mistrust of government agencies or concerns about immigration status. This can lead to underreporting, further obscuring the true extent of racial, ethnic, language-related vulnerabilities.

The racial, ethnic, and linguistic composition of the SVWD provides important context for understanding community vulnerabilities and resilience. As shown in Figure 5-8, the district is predominantly White, non-Hispanic, but also includes Hispanic or Latino populations as the largest minority group.

Language diversity is another factor that shapes community needs. Figure 5-9 indicates that while most of the district has relatively low proportions of households where Spanish is spoken at home, certain census tracts along the eastern boundary and near the Highway 17 corridor show higher concentrations of Spanish-speaking households, where more than 33% of the population aged five and older speaks Spanish at home. This suggests that while English is the dominant language within SVWD, there are meaningful clusters of residents who may rely on Spanish for emergency communications and public outreach.

This linguistic pattern indicates a need for multilingual hazard communication, particularly in Spanish. It also reinforces the importance of tailoring emergency alerts, preparedness materials, and community engagement to reach Limited English Proficiency (LEP) populations, many of whom may be renters or frontline service workers in high-risk areas.

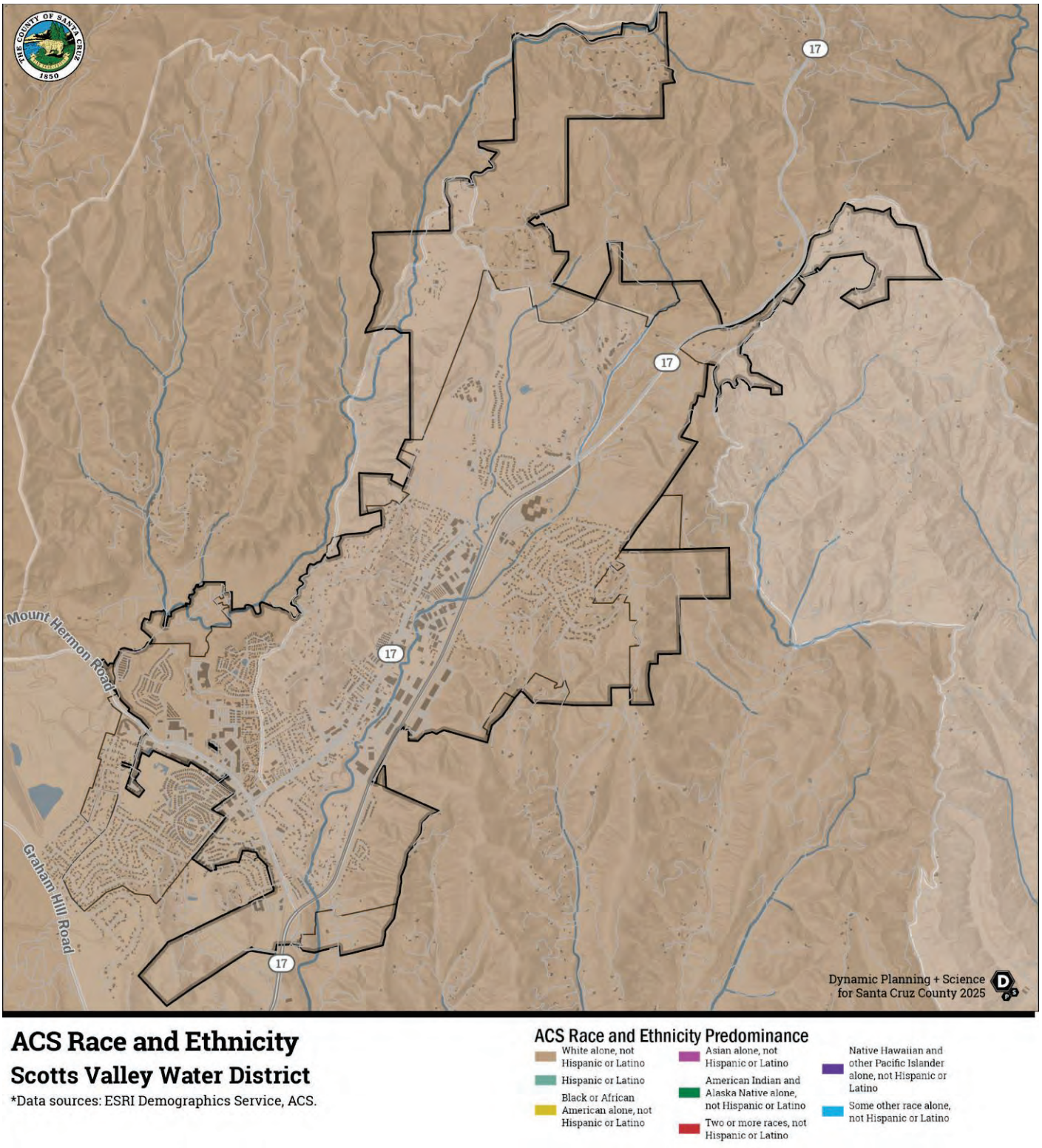


Figure 5-8: SVWD Race and Ethnicity Predominance Map

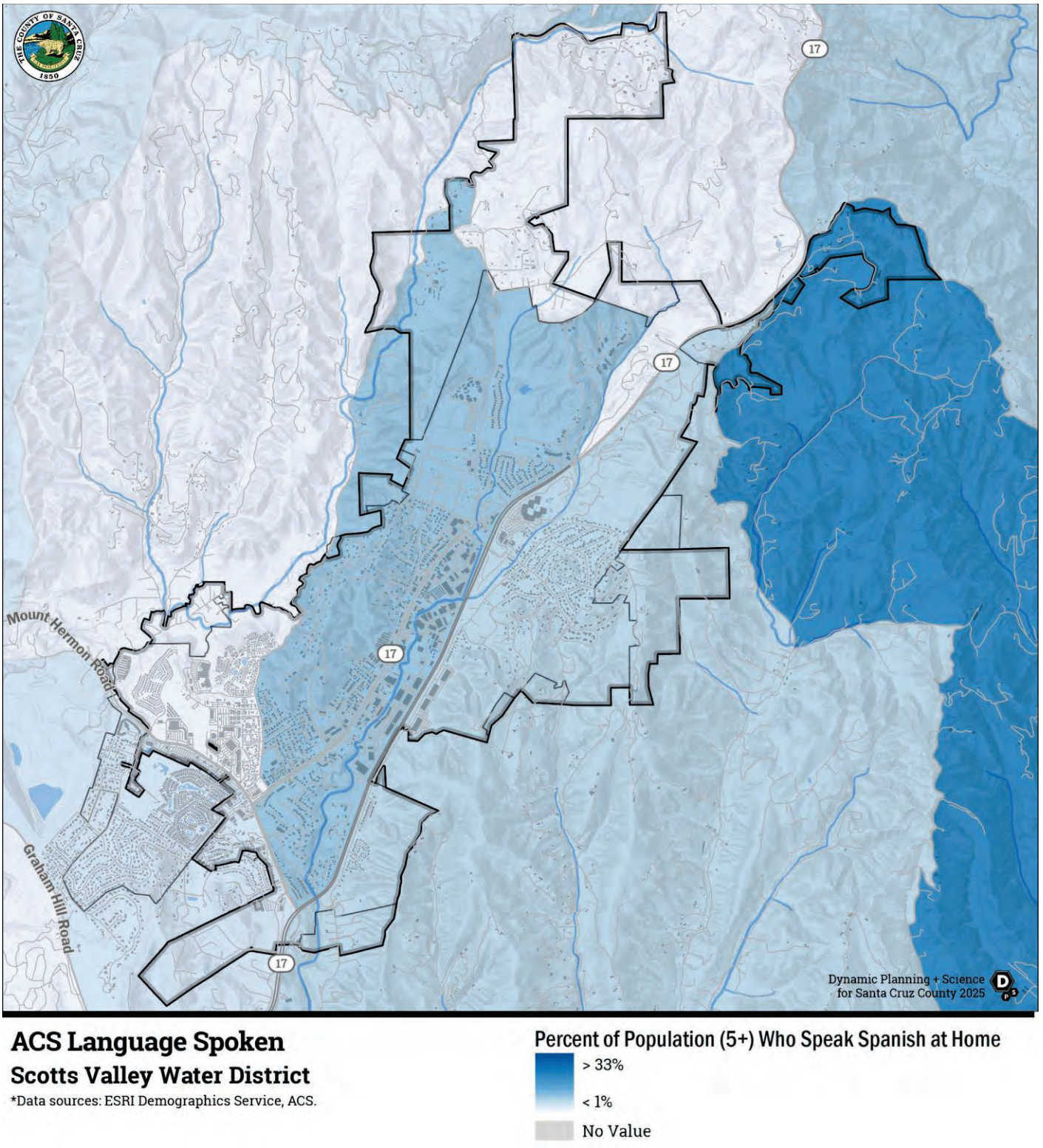


Figure 5-9: SVWD Spanish-Speaking Population Map

5.2.3.4 Social Vulnerability Index (SVI)

The Centers for Centers for Disease Control and Prevention (CDC) Social Vulnerability Index (SVI) for SVWD reveals important spatial and demographic patterns that have direct implications for equitable hazard mitigation planning. As discussed in detail in Volume 1, Section 1.4.3.6 the SVI is a composite measure developed by the CDC to identify communities that are more likely to require support before, during, and after a disaster. It incorporates a range of factors across four key dimensions: socioeconomic status, household composition and disability, minority status and language, and housing type and transportation access. The resulting index score ranges from 0 (lowest vulnerability) to 1 (highest vulnerability).

Within SVWD, most of the service area is characterized by low to moderate vulnerability, with SVI scores generally falling between 0.0–0.25 and 0.25–0.50, as shown in Figure 5-10. These lower scores align with the district's higher-than-average educational attainment, stable homeownership rates, and relatively high household incomes compared to other parts of Santa Cruz County. However, there are pockets in the northeastern edge of the District along the Highway 17 corridor where SVI scores increase into the 0.50–0.75 range. These areas reflect a concentration of factors such as older housing stock, more limited transportation access, or greater proportions of residents with lower income or limited English proficiency.

The presence of even moderately vulnerable areas is significant for hazard mitigation planning. Communities with higher social vulnerability often face challenges such as reduced emergency preparedness, longer recovery times after disasters, and limited ability to access resources such as insurance, disaster relief funds, or evacuation transportation. For SVWD, this means that while the majority of its population may be relatively well-positioned to withstand hazard impacts, targeted outreach and resources will be necessary to ensure that households in higher-vulnerability pockets are not left behind. Ensuring equitable access to hazard information, water reliability programs, and emergency response resources will be essential for reducing disproportionate impacts across the district.

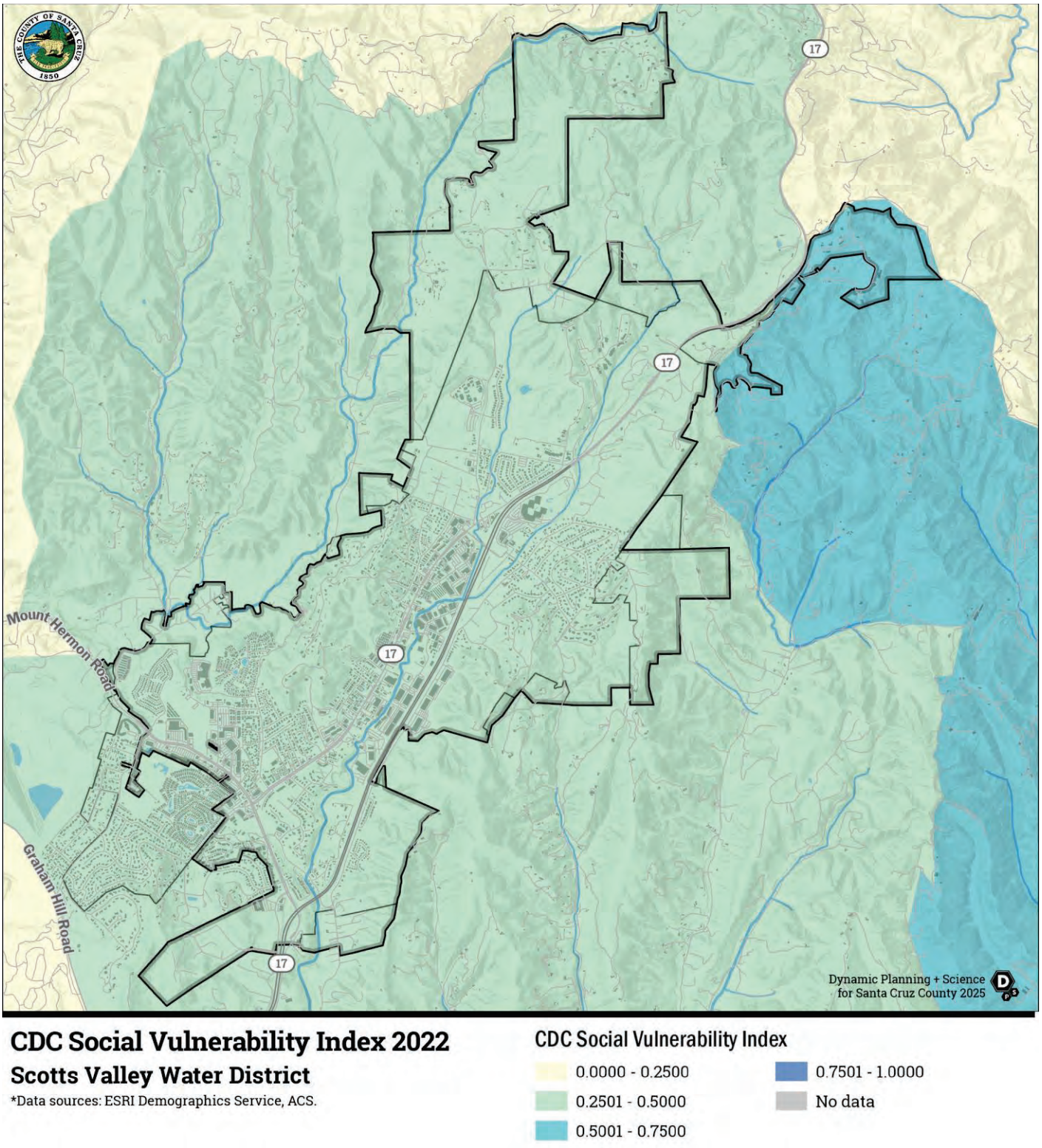


Figure 5-10: SVWD Social Vulnerability Index Map

5.2.4 Economy

SVWD does not have an economy in the conventional sense, as it functions as a special-purpose public agency rather than a commercial or industrial entity. Its primary mission is to provide safe and reliable potable water to residents, businesses, and municipal services within the City of Scotts Valley and parts of unincorporated Santa Cruz County. The district's financial structure is supported by revenues from residential and commercial water usage, connection fees, and tiered water rates.

SVWD employs a fiscally conservative approach, implementing a five-year rate schedule to ensure long-term sustainability, fund infrastructure improvements, and maintain adequate reserves. Its FY 2025 budget emphasizes capital investments, infrastructure resilience, and stable service delivery while managing rising operational costs. Although SVWD does not directly generate economic activity, its reliable water services are essential to local development, fire protection, and public health.

Within the SVWD jurisdiction itself, the economy is primarily residential, but with meaningful commercial and institutional components. SVWD supplies more water to commercial, industrial, and institutional customers than neighboring districts, indicating a somewhat more mixed-use service base.

5.2.5 Growth Trends & Future Development

Future growth in Santa Cruz County is expected to occur primarily within the cities of Santa Cruz, Watsonville, Scotts Valley, and Capitola, as identified in local General Plans and the County's housing allocations. The unincorporated areas will continue to see gradual change in rural communities, particularly in the San Lorenzo Valley, Bonny Doon, and coastal zones. While the RCD does not regulate land use or approve development, population and housing growth across the county will shape the demand for its programs and the types of hazard mitigation projects needed.

The Association of Monterey Bay Area Governments (AMBAG) projects the county's population to increase modestly over the next two decades. Watsonville and South County are expected to absorb much of this growth through new housing, including allocations for affordable units required under the Regional Housing Needs Allocation. These areas already have high concentrations of socially vulnerable populations and face risks from flooding, sea level rise, and drought. Growth in these areas will increase the need for RCD programs that improve floodplain management, groundwater recharge, and agricultural water efficiency.

In the north and mid-county, development will remain limited by geography, wildfire risk, and environmental constraints. Growth in the San Lorenzo Valley and the Santa Cruz Mountains will continue to place homes in the wildland urban interface. This will expand the need for defensible space, fuel reduction, and forest health projects that the RCD currently manages in collaboration with the Fire Safe Council and local partners. Coastal growth pressures, including redevelopment of existing sites in Capitola and Live Oak, will increase demand for shoreline and bluff protection projects that reduce erosion and maintain ecosystem function.

Future development patterns will also be influenced by groundwater sustainability planning and climate adaptation goals. The RCD partners with the Pajaro Valley Water Management Agency, the Santa Margarita Groundwater Agency, and local jurisdictions to integrate conservation projects with basin management plans. As state and federal funding becomes more closely tied to climate resilience, the RCD's grant-based structure positions it to bring significant outside resources into the county to address growth-related hazard challenges.

In summary, the RCD anticipates that countywide growth will be steady but modest, with most new development concentrated in existing urban areas. Growth in socially vulnerable communities in the south, in wildfire-prone mountain areas, and along the coast will require targeted mitigation and conservation projects. The RCD is well positioned to support these needs through its grant funding capabilities, its technical assistance programs, and its ability to coordinate across jurisdictions.

5.3 Planning Process

SVWD followed the planning process detailed in Volume 1, Section 2, including participating in the county-wide Hazard Mitigation Planning Team (HMPT) and formulating their own internal planning group to support the broader planning process.

The district's representatives in the Steering Group led stakeholder and public engagement efforts alongside the Consultant Team, with assistance from the HMPT and their internal planning team. This engagement process is described in Volume 1. Specifically, for Scotts Valley Water District, this included postings to the district website and social media as well as outreach events, as documented in Appendix B. Examples of Key Stakeholders engaged by Santa Cruz County on behalf of the district with relevance to the development of SVWD's mitigation strategy include the USDA and other federal agencies; CAL FIRE and other state agencies; City of Scotts Valley and other neighboring jurisdictions; local Fire Safe Councils; community-based groups like Watsonville Wetlands Watch; utility providers like AT&T; UC Santa Cruz and other academia; and local businesses.

All Key Stakeholders that were invited to participate in the planning process are listed in Volume 1, Section 2, and the input received from stakeholders was integrated into the district's annex, as described in Volume 1 Table 2-9. The district's internal planning participants, their positions, and how they participated in the planning process are shown in Table 5-1.

Table 5-1: SVWD Participants

Planning Group Members	Title	Description of Involvement
Nate Gillespie	Operations Manager	Lead Point of Contact; attended Kickoff Meeting, HMPT Meetings #1, #2, and #3 and Breakouts #1 and #2
David McNair	General Manager	Alternate Point of Contact; HMPT Meetings #1, #2, and #3 and Breakouts #1 and #2

Planning Group Members	Title	Description of Involvement
Brody Knutson*	Engineering Technician	Participating Stakeholder; HMPT Meetings #3

*Note: * Participants are no longer with the district but assisted in the process*

SVWD participated in a comprehensive hazard mitigation planning process as part of the 2025 Santa Cruz County MJHMP update. This included a series of breakout meetings, listed in Table 5-2 that engaged the district's planning team, which included key district personnel and stakeholders in evaluating hazards, identifying local vulnerabilities, and prioritizing mitigation strategies

The kickoff meeting held on January 27, 2025, launched the planning process by introducing the project scope and clarifying the roles of the Steering Group and participating jurisdictional teams. In the months that followed, a series of structured meetings addressed foundational elements of the plan, including a review of key changes since the 2021 Local Hazard Mitigation Plan, an overview of hazard mitigation principles, and exercises to prioritize local hazards. On July 30, 2025, participants engaged in a hexagon mapping activity designed to visually identify mitigation actions that could benefit from or require inter-jurisdictional coordination. These collaborative efforts helped shape a refined set of mitigation alternatives, establish shared planning goals, and align local strategies with FEMA's Hazard Mitigation Assistance (HMA) funding framework.

Throughout the series of breakout meetings, SVWD engaged in a structured and collaborative planning process focused on assessing hazard risks, identifying vulnerabilities, and developing targeted mitigation strategies. The meetings began with recaps of the county-wide HMPT meetings to ensure alignment of goals and progress.

During the April 3, 2025, breakout out meeting, discussions concentrated on community engagement outcomes, initial risk assessments, and the integration of demographic data to better understand vulnerable populations. Jurisdictional teams reviewed their specific hazard exposures using the Risk Assessment Mapping Platform (RAMP) and participated in prioritization exercises to identify their top hazards.

The July 15, 2025, breakout meeting shifted toward reviewing local capabilities and defining specific areas of concern, which informed the drafting of problem statements. Teams worked collaboratively to refine mitigation alternatives, align actions with FEMA guidelines, and develop a shortlist of priority mitigation actions and inter-jurisdictional collaboration opportunities.

The meetings also included consensus-building activities around hazard rankings, capabilities, and planned actions, while providing regular updates on the overall project schedule.

Table 5-2: Jurisdictional Breakout Meeting Records

Meeting & Date	Agenda / Topics	Goals / Key Inputs
County-Wide Steering Group and HMPT Meetings #1 & #2 January – March 2025		
SVWD Planning Team Breakout Meeting #1 April 3, 2025	▪ County-wide HMPT meetings #1 and #2 recaps ▪ Community engagement progress and results ▪ Risk assessment and community vulnerability ▪ Demographics and vulnerable populations ▪ Overview of jurisdiction-specific hazard risks and exposure ▪ Introduction to Risk Assessment Mapping Platform (RAMP) ▪ Jurisdiction-specific hazard risk ranking exercise ▪ Project schedule updates and next steps	▪ Consensus on jurisdiction-specific priority hazards ▪ Identify capabilities and potential mitigation actions ▪ Community engagement volunteers
County-Wide HMPT Meeting #3 June 2025		
SVWD Planning Team Breakout Meeting #2 July 15, 2025	▪ Breakout Meeting #1 and HMPT #3 recaps ▪ Review capabilities assessment ▪ Review areas of concern and define problem statements ▪ Principles of effective mitigation strategies and actions, and mitigation alternatives ▪ Refine and align jurisdiction-specific mitigation actions exercise ▪ Project schedule updates and next steps	▪ Consensus on jurisdiction-specific capabilities ▪ Consensus on jurisdiction-specific areas of concern ▪ Consensus on priority mitigation actions and collaboration opportunities ▪ Community engagement volunteers
County-Wide HMPT Meeting #4 August 2025		

5.3.1 Public Input & Draft Review

As detailed in Volume 1, Section 2, the draft plan was available for public review and comment from September 29 to October 20, 2025. Public comments received during that time were similar to those gathered throughout the public engagement process, including the need for more equity in the distribution of mitigation activities and funding and the need for enhanced cooperation among jurisdictions, utility providers, and state agencies. These comments were incorporated into the city's mitigation strategy, as appropriate; although, most were already addressed by the Mitigation Action Plan which was based on previous public input.

Public and stakeholder input was gathered and incorporated throughout the plan development process, before the public review period, such as from the online public survey (see Volume 1, Section 2.1.2 and Appendix B, for details). During the review period, jurisdictional staff and stakeholders that participated in

the plan development also reviewed the public draft and provided comments on minor corrections and revisions, which were addressed in the final plan.

5.4 What's New

This section offers an overview of the hazard mitigation planning efforts for the planning area and highlights the updates made in this 2025 MJHMP. This is the first time SVWD has participated in the MJHMP process. While not included in the 2021 plan, the district has since strengthened its focus on resilience through key efforts. Through this MJHMP process, SVWD has identified its highest-priority hazards, developed hazard-specific problem statements, and proposed actionable mitigation strategies.

5.4.1 Mitigation Activities

Although SVWD has not previously adopted formal mitigation actions within a Hazard Mitigation Plan, the district has implemented a series of projects, programs, and policies that clearly function as hazard mitigation. These efforts reflect SVWD's long-standing commitment to ensuring water supply reliability, protecting infrastructure from hazard impacts, and building resilience to drought and wildfire.

Over the past decade, SVWD has undertaken extensive infrastructure hardening and replacement. Capital projects such as the rehabilitation of the Bethany and Sequoia storage tanks, slope stabilization at Glenwood Tank, and installation of the Grace Way production well and replacement of Well 3B with Sucinto well, have reduced vulnerability to earthquake damage, landslides, and long-term supply interruptions.

The district has also advanced major drought and water conservation initiatives. Permanent water-use efficiency standards were codified through SVWD's Administrative Code, which includes demand curtailment stages during drought emergencies. The 2020 UWMP highlights the effectiveness of tiered rate structures, permanent leak detection, and deployment of Advanced Metering Infrastructure (AMI) in reducing per-capita demand. These programs directly support hazard mitigation by extending water availability during droughts and reducing stress on the groundwater basin.

Another significant achievement has been the development of a recycled water system. SVWD operates facilities that provide non-potable water for landscape irrigation, thereby reducing reliance on potable groundwater and preserving aquifer storage for emergency and drought conditions.

Regionally, SVWD has played a leadership role in the SMGWA. By co-developing and implementing the Santa Margarita Groundwater Sustainability Plan, the district has taken proactive steps to mitigate risks of overdraft and protect long-term aquifer resilience.

In terms of emergency preparedness and wildfire mitigation, SVWD has formally adopted an Emergency Management Policy that outlines continuity of operations, interagency coordination, and disaster response measures. The district has also invested in SCADA upgrades for remote system monitoring and partnered with local fire agencies to ensure hydrant reliability and fire flow capacity.

As a first-time participant in a hazard mitigation plan, SVWD had no formally adopted mitigation actions from a previous plan. However, the district continues to advance a range of ongoing and planned efforts that support hazard mitigation, climate resilience, and long-term water security. These are highlighted in this section, reflecting SVWD's continued dedication to long-term risk reduction. These actions, ranging from mitigation to community outreach initiatives, represent the city's proactive approach to addressing hazards as resources become available.

5.4.2 Mitigation Successes

Although SVWD is participating in a formal hazard mitigation plan for the first time, multiple important mitigation actions and other efforts to increase the district's resilience to hazards have been completed. Some of these endeavors in which the district collaborated with Santa Cruz County are described in Volume 1, Section 2. This section describes additional district-specific success stories, which highlight SVWD's commitment to reducing risks and building a more resilient community in the face of natural hazards.

Recycled Water System Development

SVWD's Recycled Water Treatment Facility, located near Scotts Valley High School, produces non-potable water distributed through a dedicated purple-pipe system to customers such as schools, parks, and commercial landscapes. The program offsets approximately 120 acre-feet of potable groundwater demand annually, about 10% of system supply, preserving aquifer storage for drought and emergencies. Recycled water also supports wildfire mitigation by maintaining irrigated buffer zones at schools and public facilities.



Figure 5-11: Recycled Water Program

SVWD Water Treatment Plant Upgrade

SVWD has undertaken the demolition and reconstruction of its largest water treatment facility, the Orchard Run plant. The old 38-year-old structure was dismantled in December 2020. The newly rebuilt facility now processes 1 million gallons per day and significantly enhances the taste and odor quality of the local water supply. The improvement is a response to longstanding aesthetic issues, groundwater drawn from deep wells (nearly 1,000 feet) in the Butano aquifer contains high levels of sediments, iron, and manganese, contributing to a mineral-heavy flavor and unpleasant odor. To address this, the new facility incorporates two granular activated carbon (GAC) filters, a flow-paced chlorine analyzer, a 40,000-gallon welded steel storage tank, and an odor scrubber. These upgrades substantially improved water palatability and clarity. The project also includes a connection to the sewer system. A new feature that eliminates costly septic effluent hauling, saving the district around $3,500 per month in off-hauling fees.



Figure 5-12: SVWD Water Treatment Plant Upgrade

Infrastructure Hardening & Tank Rehabilitation

The district has invested in major capital improvement projects to rehabilitate and replace aging storage tanks, including Bethany, Sequoia, and Glenwood facilities. These projects address seismic vulnerability, slope stability, and long-term reliability of water storage critical for firefighting and emergency supply.



Figure 5-13: Bethany Tank Rehabilitation Project

Groundwater Sustainability Planning

As a founding member of the SMGWA, SVWD has taken a leadership role in preparing and implementing the GSP. This regional framework addresses overdraft, groundwater quality, and long-term supply security. By reducing the risk of seawater intrusion and ensuring sustainable pumping, the GSP serves as a foundational mitigation success

Advanced Metering Infrastructure (AMI) & Leak Detection

SVWD has fully deployed AMI across its service area, giving customers near real-time water use information and enabling rapid detection of leaks. Coupled with ongoing system leak-reduction programs, this initiative has significantly lowered water loss and reduced per-capita demand, bolstering drought resilience and resource efficiency.



Figure 5-14: I-Meter Installation

Conservation & Drought Management Policies

The district has adopted permanent ordinances and rate structures that encourage conservation, establish drought response stages, and enforce efficiency standards. These policies institutionalize water-saving practices, aligning with California's "Making Conservation a California Way of Life" framework.

Emergency Management & SCADA Upgrades

Through its Emergency Management Policy, SVWD has formalized procedures for preparedness, response, and recovery. Recent Supervisory Control and Data Acquisition (SCADA) upgrades allow remote monitoring and control of the water system, enhancing operational resilience during wildfires, earthquakes, and power outages.

Public Outreach & Education Programs

These programs include multilingual conservation campaigns, school partnerships, and emergency alerts, which have increased community awareness of water-related hazards and built support for long-term mitigation efforts.



Figure 5-15: Scotts Valley Art, Wine & Beer Festival-2025

Grants & Funding

SVWD has secured substantial federal and state funding to advance its resilience and water sustainability initiatives. These projects include a $9.45 million grant from the State of California to construct the Grace Way Well—a new production well serving the Butano and Lompico aquifers and a $6.5 million grant from the California Department of Water Resources funded the Intertie Pipeline with City of Santa Cruz.

SVWD implemented a stormwater low-impact development (LID) groundwater recharge system at the Cavallaro Transit Center. This project captures and treats parking lot stormwater to enhance local recharge and was funded by the State's Urban Community Drought Relief Grant Program. (SVWD, 2025)

5.5 Risk Assessment

This section focuses on profiling hazards specific to SVWD and assessing their vulnerability independent of the broader county-wide planning area, which has been evaluated in Section 3 of Volume 1. The hazard profiles in Volume 1 discuss overall impacts to the planning area and describe relevant plans, policies, and regulations; past events; location; frequency and probability of future occurrences; severity and extent; warning time; secondary hazards; and climate change impacts. For more information on risk assessment methodologies, see Volume 1, Appendix A.

This section includes a tailored vulnerability assessment, analyzing assets at risk such as population, property, and critical facilities and infrastructure unique to the district, and information on district-specific differences in hazard vulnerability across the planning area. It also identifies total district assets at risk, including people, property, and critical facilities and infrastructure within the district. In addition, this section presents growth and development trends for the communities served, offering insights into vulnerabilities and risks that represent the broader context of assets at risk.

5.5.1 Hazard Screening & Prioritization

Members of the planning team from each participating jurisdiction came together to collaboratively decide which county-wide hazards would be included in the MJHMP and which would be excluded. The hazard screening and prioritization took place early in the process and integrated historic data, local knowledge, and consensus opinions to create a risk assessment matrix for the county as well as for each participating jurisdiction. These matrices indicate the priority of hazards prior to further refinement. Details about this process, the results of the discussion, and in-depth profiles for county-wide hazards can be found in Volume 1, Sections 2 and 3.

The final results of the hazard screening and prioritization exercises are summarized in Table 5-4, including which specific subhazards were selected by SVWD's planning team.

The SVWD's internal planning group used the same hazard identification and prioritization process as the county-wide Planning Team. They reviewed previously prepared relevant documents and past events to determine the realm of natural hazards that have the potential to affect the district. Table 5-3 provides a crosswalk of hazards identified in select planning documents, including the district's 2020 UWMP, the 2021 Santa Cruz County LHMP, and the 2023 State of California HMP. The crosswalk was used to develop a preliminary hazards list, providing a framework for the group to evaluate which hazards were truly relevant to the district and which ones were not.

The internal planning group then ranked hazards based on their probability of affecting SVWD and potential impacts on the communities it serves. Figure 5-16 displays the results of the hazard risk ranking exercise that was performed before further refinement. All hazards have been profiled in Volume 1 of this document. The purpose of this annex is to specifically address SVWD's vulnerability to specifically identified hazards.

Table 5-3: SVWD Document Review Crosswalk

Hazard	SVWD Urban Water Management Plan 2020	Santa Cruz County LHMP 2021	2023 California SHMP
Agricultural Pests			■
Avalanche			■
Climate Change	■	■	■
Coastal		■	■
Dam Failure		■	■
Drought	■	■	■
Earthquake / Liquefaction	■	■	■
Extreme Cold		■	■
Extreme Heat		■	■
Extreme Weather / Storms		■	■
Flood		■	■
Geologic / Mass Movement		■	■
Human-Caused			■
Insects			■
Levee Failure			■
Pandemic Disease			■
Sea Level Rise			■
Soil			■
Subsidence			■
Tornado			■
Tsunami / Seiche Wave			■
Volcano			■
Wildfire		■	■

Risk Assessment Matrix Definitions

PROBABILITY RATING

The likelihood of a hazard event occurring within a time period?

PROBABILITY

- **Highly Likely** - **Highly likely** - 100% annual probability. Or Likely to occur every year in your lifetime.
- **Likely** - **Likely** - between 10 & 100% annual probability. Or will occur several times in your lifetime.
- **Possible** - **Possible** - between 1 & 10% annual probability. Or Likely to occur some time in your lifetime.
- **Unlikely** - **Unlikely** - less than 1% annual probability. Or unlikely but possible to occur in your lifetime.

IMPACT RATING

In terms of injuries, damage, or death, would you anticipate impacts to be minor, limited, critical, or catastrophic when a significant hazard event occurs? The impact could be in terms of one hazard event (flooding from a culvert failure) or a large-scale event (multiple rivers flooding) in the same jurisdictional boundary.

IMPACT

Minor	Limited	Critical	Catastrophic

Minor - very few injuries, if any. Only minor property damage & minimal disruption on quality of life. Temporary shutdown of critical facilities.

Limited - minor injuries only. Approx. 10% or less of property in disaster footprint damaged or destroyed. Complete shutdown of critical facilities for more than one day.

Critical - multiple deaths/injuries possible. Between 25% and 50% of property in disaster footprint is damaged or destroyed. Complete shutdown of critical facilities for more than one week.

Catastrophic - high number of deaths/injuries possible. More than 50% of property in affected area damaged or destroyed. Complete shutdown of critical facilities for 30 days or more.

To concentrate resources, the jurisdictional planning team will focus on "High" and "Extreme" risk hazards. These hazards have the higher probability and greater impact as it relates to the jurisdictions planning area.

Hazard definitions are included in **Vol. 1** of this plan. Some hazards are discussed as subset hazards– e.g., "Dam Failure" within the "Flood" hazard profile. If a hazard is not present on the risk matrix or are grey in color, the jurisdictional planning team felt the hazard had a minimal footprint within their planning area and was not ranked.

Hazard Information / Legend:

CLIMATE CHANGE

Climate Change impacts will be addressed at the end of each hazard section and as a stand alone section for each jurisdiction.
For County and Municipal governments you will be required to address climate change impacts in the Safety Element of your General Plan. Climate change may change the frequency, duration and intensity of hazards listed above.

Scotts Valley Water District Risk Matrix

IMPACT

PROBABILITY

	Minor	Limited	Critical	Catastrophic
Highly Likely	DROUGHT	High	WILDFIRE, EARTHQUAKE	Extreme
Likely	Medium	High	High	Extreme (SLOPE FAILURE)
Possible	Low	FLOOD	High	High
Unlikely	Low	Low	Medium	Medium

Figure 5-16: SVWD Risk Assessment Matrix

Table 5-4: SVWD Hazards Prioritization Summary

Hazard	Priority	Explanation
Wildfire	**Extreme**	Profiled in Volume 1, Section 3.2.1, and Section 5.5.2.1 in this annex
Flood	**High**	Profiled in Volume 1, Section 3.2.2, and Section 5.5.2.2 in this annex (not including Levee Failure due to no exposure)
Earthquake	**Extreme**	Profiled in Volume 1, Section 3.2.3, and Section 5.5.2.3 in this annex, including Liquefaction
Severe Weather	-	Not a priority due to being outside jurisdictional mission and authority, but discussed as a contributing factor for other hazards
Coastal Hazards	-	Not a priority due to no exposure
Slope Failure	**Extreme**	Profiled in Volume 1, Section 3.2.6, and Section 5.5.2.4 in this annex
Dam Failure	-	Not a priority due to no exposure
Drought	**High**	Profiled in Volume 1, Section 3.2.8, and Section 5.5.2.5 in this annex
Extreme Heat	-	Not a priority due to being outside jurisdictional mission and authority
Climate Change	**High**	Profiled in Volume 1, Section 3.2.10, and Section 5.5.2.6 in this annex (not including Sea-Level Rise due to no exposure)

5.5.2 Vulnerability to Specific Hazards

Assessing vulnerabilities exposes the unique characteristics of individual hazards and begins the process of narrowing down which areas within SVWD are vulnerable to specific hazard events. The vulnerability assessment considered unique local knowledge of hazards and impacts and a GIS overlaying method for examining such vulnerabilities in more depth. Using these methods, the district's planning group estimated vulnerable populations, properties, and assets, and potential losses, primarily to earthquake and wildfire. In addition, the exposure of district assets to drought, geological, and flood hazards were also considered.

Many of the hazard profiles include a snapshot map and damage estimation tables that illustrate the district's vulnerabilities to those specific hazards. These maps assisted the planning group in understanding the hazard exposure of populations, parcels, and critical facilities and infrastructure. Each snapshot map contains an exposure summary that displays the percentage of the population, the improvement and content value of parcels, and the amount of critical infrastructure that is exposed. For hazards without geospatial extents, such as drought and extreme weather, narratives are provided instead of exposure maps and tables.

Based on the hazard prioritization exercise, this vulnerability assessment focuses on six hazards for SVWD, some of which encompass subhazards such as Liquefaction.

Wildfire
SECTION 5.5.2.1



Flood
SECTION 5.5.2.2



Earthquake
SECTION 5.5.2.3



Slope Failure
SECTION 5.5.2.4



Drought
SECTION 5.5.2.5



Climate Change
SECTION 5.5.2.6



5.5.2.1 Wildfire Hazard

Wildfire poses a significant hazard to the SVWD due to its location in the WUI of the Santa Cruz Mountains, where steep terrain, dense vegetation, and dry summer conditions combine to elevate fire risk. According to Cal Fire designations (Figure 5-17), much of the SVWD service area is classified within moderate to high wildfire hazard severity zones. The maps show that nearly the entire district lies within a moderate or high hazard zone within the Local Responsibility Area (LRA), along Highway 17 and the developed corridors of Scotts Valley.

While exposure summaries indicate that no critical infrastructure or essential facilities within the district are currently identified in the "very high" hazard zones, this does not diminish the systemic vulnerability. SVWD relies on a distributed groundwater supply system, treatment facilities, and pumping infrastructure that could be disrupted by wildfire damage or secondary effects such as power outages, transportation closures, or water quality degradation from post-fire runoff and erosion.

The district's location adjacent to extensive wildland areas also means that wildfire impacts extend beyond direct damage to facilities. Fire risk in Scotts Valley includes smoke and air quality degradation, the threat of mandatory evacuations, and strain on water supply needed simultaneously for firefighting and community consumption. Importantly, SVWD's recycled water program contributes to wildfire resilience by supplying irrigation water that maintains defensible space and buffer zones around public facilities such as schools and parks. Beyond supply continuity, fires also threaten water quality through heat damage to infrastructure and the introduction of ash and firefighting chemicals, potentially forcing "Do Not Drink/Boil Water" notices and extended recovery work

Regional wildfire history, including the 2009 Lockheed Fire and 2020 CZU Lightning Complex Fire, underscores the scale of potential impacts. Though the CZU Fire did not burn directly within Scotts Valley, its proximity disrupted regional water and power systems and demonstrated the risk of embers and fire spread into suburban communities. As climate change drives hotter and drier conditions, the frequency and intensity of wildfires in the Santa Cruz Mountains are expected to increase, heightening the urgency of SVWD's ongoing hazard mitigation efforts.

The Mean Fire Return Interval (MFRI) map, Figure 5-18, for SVWD shows that most of the district falls within areas with fire return intervals between 16 and 64 years. These zones, marked in orange and red hues, indicate moderately frequent fire activity, especially in the wildland-urban interface and foothill areas. More intense pink and purple patches, primarily in the forested slopes and canyon areas along the district's western and southern edges, suggest even shorter intervals of 6–15 years, indicating higher wildfire recurrence.

However, SVWD includes areas designated as "High" wildfire hazard within both Local Responsibility Areas (LRA) and State Responsibility Areas (SRA). Approximately 7,000 residents live within these high-risk zones, primarily concentrated along the district's central and northern boundary. Within this same hazard area, roughly 2,800 parcels are exposed, representing an estimated $5 billion in combined structure and content value. In addition, critical infrastructure is at risk, including around 1,700 key assets such as storage tanks, treatment wells, pump stations, and emergency interties, as well as approximately 115 miles of essential infrastructure lines located within the "High" wildfire hazard zones.

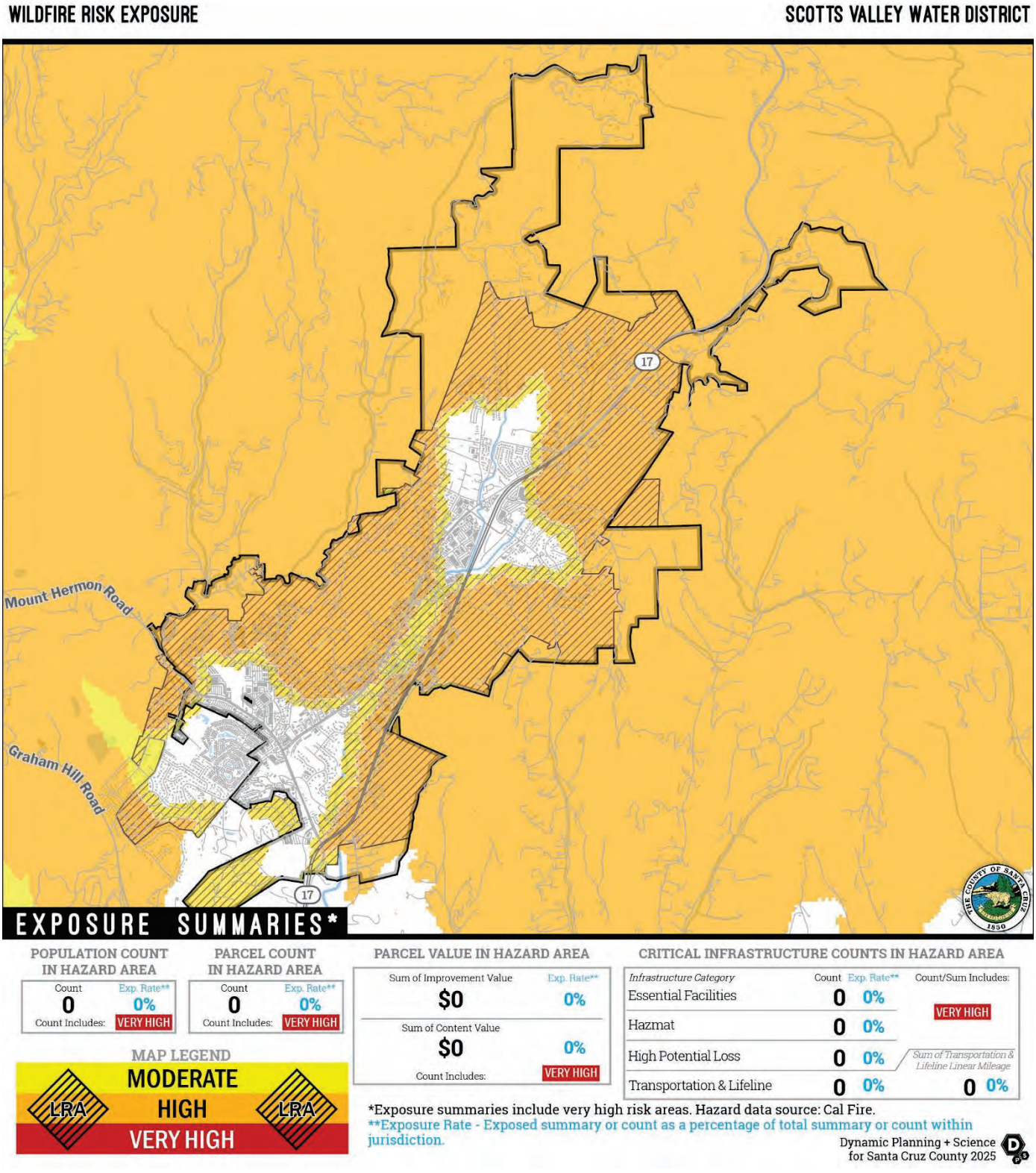


Figure 5-17: Exposure Summary - SVWD Wildfire Risk

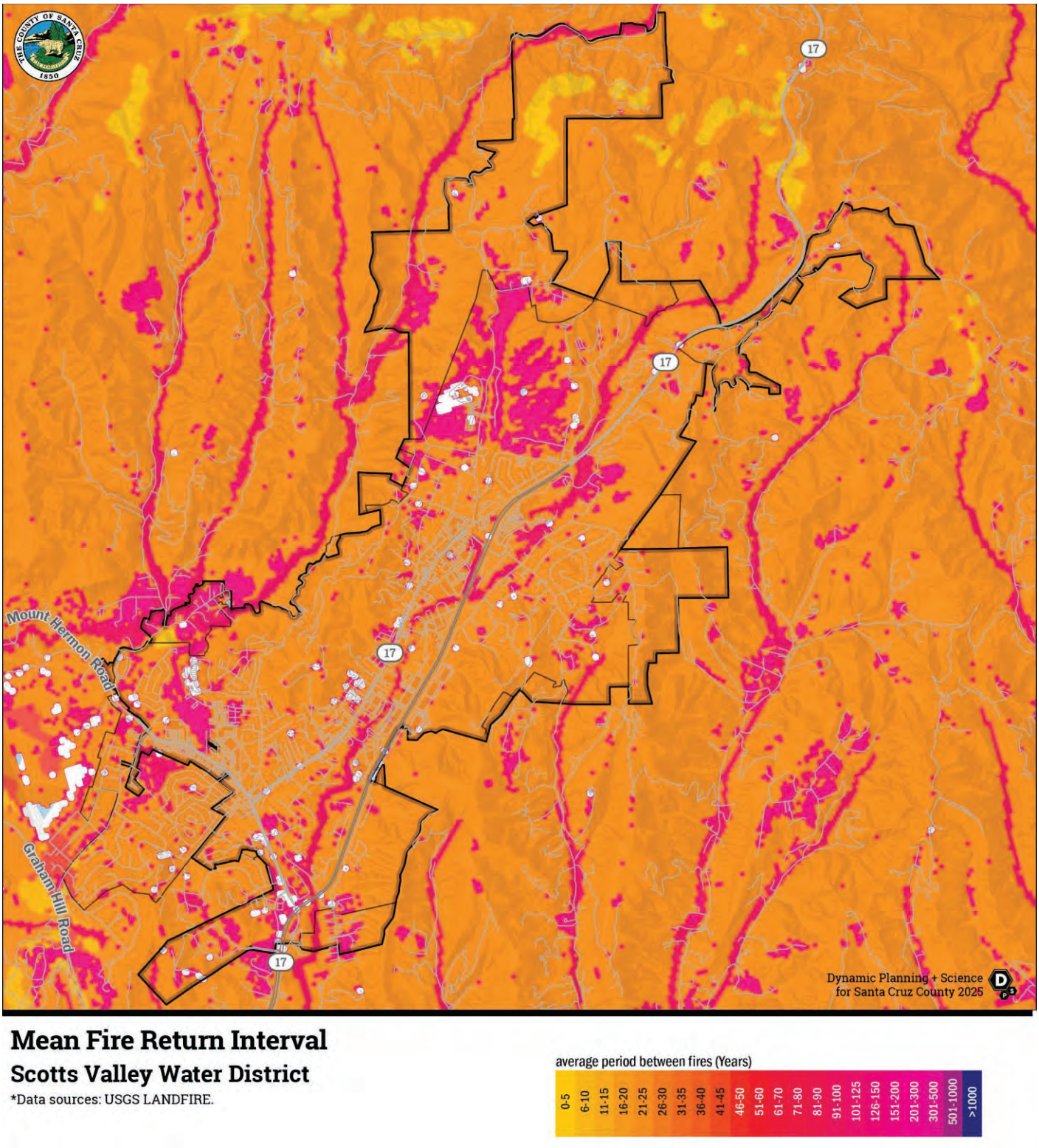


Figure 5-18: SVWD Mean Fire Return Interval Map

5.5.2.2 Flood Hazard

SVWD faces measurable but localized exposure to flood hazards (Figure 5-19), primarily associated with FEMA-designated floodplains and DWR flood awareness zones. FEMA data shown in Figure 5-19, indicates that approximately 400 residents and 70 parcels lie within the 100- and 500-year flood hazard areas, representing around 3–4% of total parcel value within the district. These areas of risk are concentrated along stream corridors that traverse Scotts Valley and flow into the San Lorenzo River watershed. The estimated parcel improvement value at risk is roughly $110 million, with a content value of about $102 million. While critical facilities such as hospitals, schools, and emergency services do not fall within mapped FEMA flood zones, 41 of the district's critical facilities and several miles of infrastructure do intersect these hazard areas, underscoring potential vulnerabilities to access and mobility during flood events.

More specifically, approximately three miles of water mains and lateral pipes are located within areas of mapped FEMA flood hazards, including 1% and 0.2% annual chance areas. There are also 20 hydrants, one tank, and numerous pressure and backflow components of the district's water system exposed to flood risks. Further, many miles of roadways used by the district to access, maintain, and repair its assets are exposed to flood hazards, potentially limiting SVWD's ability to address damages and service disruptions following a significant flood event.

Beyond FEMA mapping, the DWR flood awareness zones in Figure 5-20, highlight additional areas where localized flooding is possible during major storm events, even outside the 100- and 500-year FEMA floodplains. Within these awareness zones, approximately 120 residents, 15 parcels, and six transportation and lifeline assets could be affected, with an almost $12 million in structural improvement value and $6 million in content value at risk. While these exposure levels are comparatively modest relative to other hazards facing SVWD, they illustrate that localized flooding remains a concern, particularly where stormwater infrastructure intersects with natural drainage corridors and unstable slopes.

For SVWD, flood hazards present both direct and indirect risks. Direct risks include potential inundation of district infrastructure such as pipelines, pump stations, and access roads located within or adjacent to mapped floodplains, as well as triggering slope failures that can damage or cut off access to these critical facilities. Indirect risks stem from system dependencies, as regional flooding may damage transportation routes, power supply infrastructure, or customer properties, thereby disrupting service continuity and emergency response.

As a special district and not a municipality, SVWD does not participate in the National Flood Insurance Program (NFIP); however, the SVWD complies with all minimum floodplain development standards and environmental review requirements established by the county and municipalities where its projects are located.

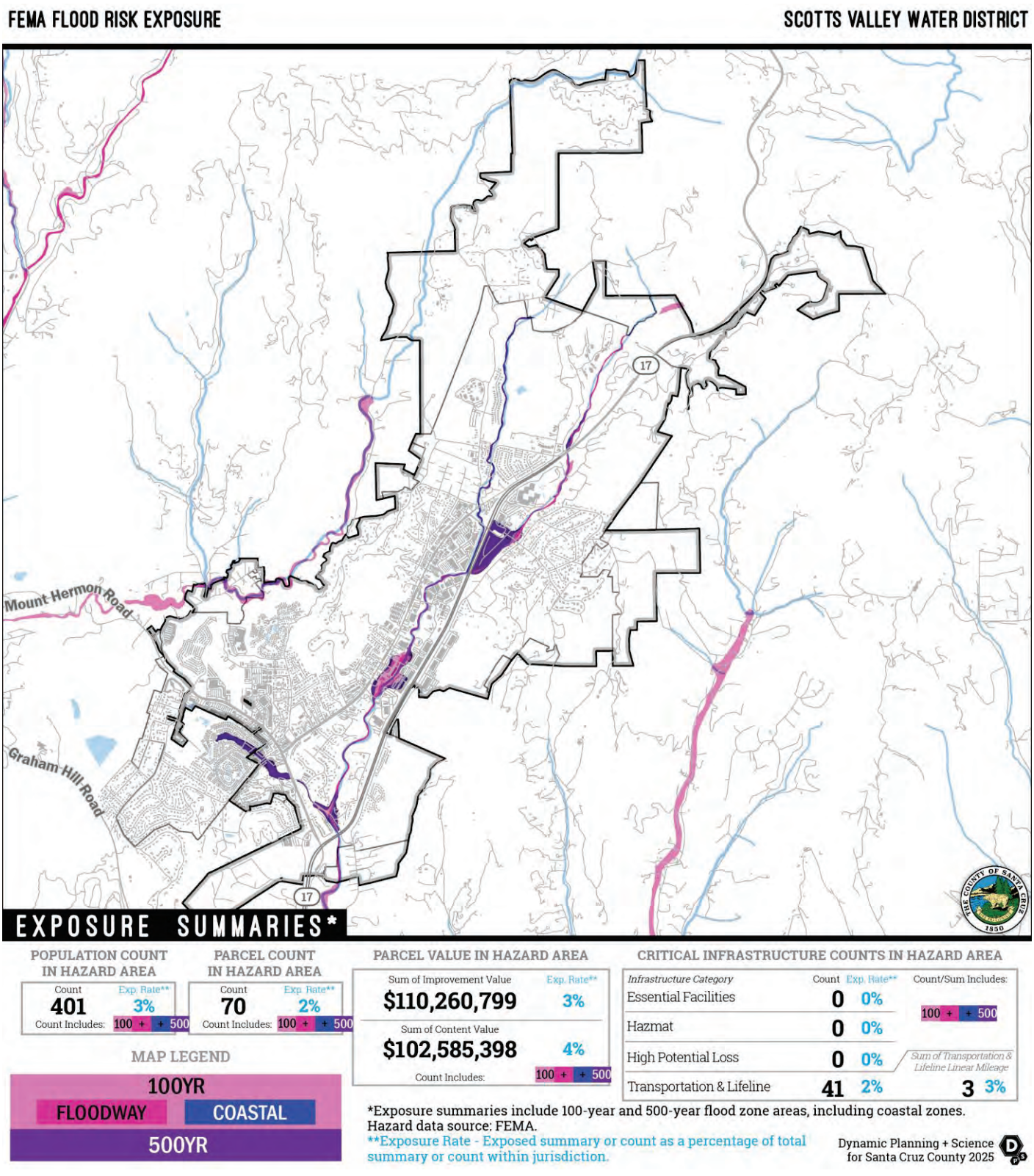


Figure 5-19: Exposure Summary - SVWD Flood Risk (FEMA Zones)

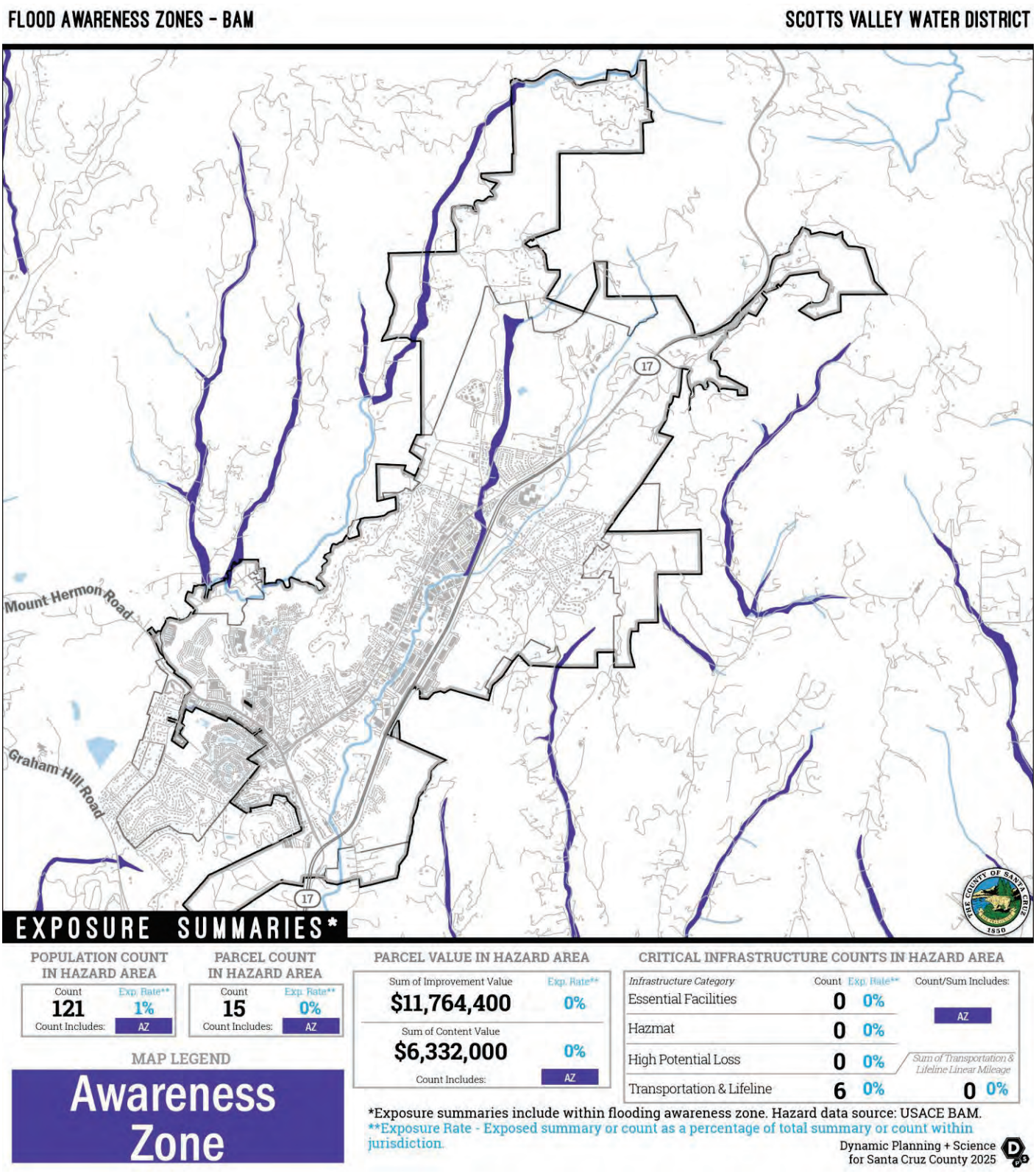


Figure 5-20: Exposure Summary - SVWD Flood Risk (DWR Awareness Zones)

5.5.2.3 Earthquake Hazard

Earthquake hazards present a notable risk to the SVWD, which is situated in the seismically active Santa Cruz Mountains region. The district lies near significant fault systems, including the San Andreas Fault, which is capable of generating major earthquakes. The hazard maps provided illustrate several key dimensions of this risk.

Perhaps most critical are the modeled earthquake scenarios shown in Figure 5-21. The U.S. Geological Survey's scenario for a magnitude 7.1 earthquake on the northern San Andreas Fault demonstrates the scale of potential impacts to Scotts Valley. The maps indicate that 100% of the SVWD service area population—approximately 11,000 people would experience "very strong" to "severe" shaking (Modified Mercalli Intensity VII–VIII). All parcels within the district, with a combined improvement value of more than $4 billion, are located within very strong modeled shake zone. Furthermore, five high-potential-loss facilities and more than 1,700 lifeline and transportation assets are at risk, suggesting widespread disruption to water delivery, emergency response, and community functioning following a major seismic event.

Figure 5-22 shows areas of potential liquefaction that are concentrated along valley floors and stream channels within the district. Liquefaction occurs when saturated soils temporarily lose strength during intense shaking, threatening the stability of underground infrastructure such as water pipelines and storage facilities. Approximately 3,700 residents (approximately 32% of the district population) and 1,300 parcels (nearly 35% of parcels) are located in areas identified as having liquefaction potential, with a combined parcel improvement value exceeding $1.5 billion (Figure 5-22). Critical infrastructure at risk includes transportation and lifeline facilities, with over 40% of those assets exposed to liquefaction hazards. These vulnerabilities highlight the importance of continued investment in seismic resilience for SVWD's wellfields, pipelines, and treatment plants.

In addition, Figure 5-23 shows fault zone areas of required investigation have been identified within SVWD's service area. These zones are designated under state and county regulations where active or potentially active fault traces are present, requiring geotechnical evaluation before new development occurs. Figure 5-23 indicates approx. 17 parcels and 13 residents within these zones, representing smaller but highly significant areas of direct fault rupture risk. Such exposure underscores the necessity for careful siting of new water infrastructure and for retrofitting existing facilities to meet seismic standards.

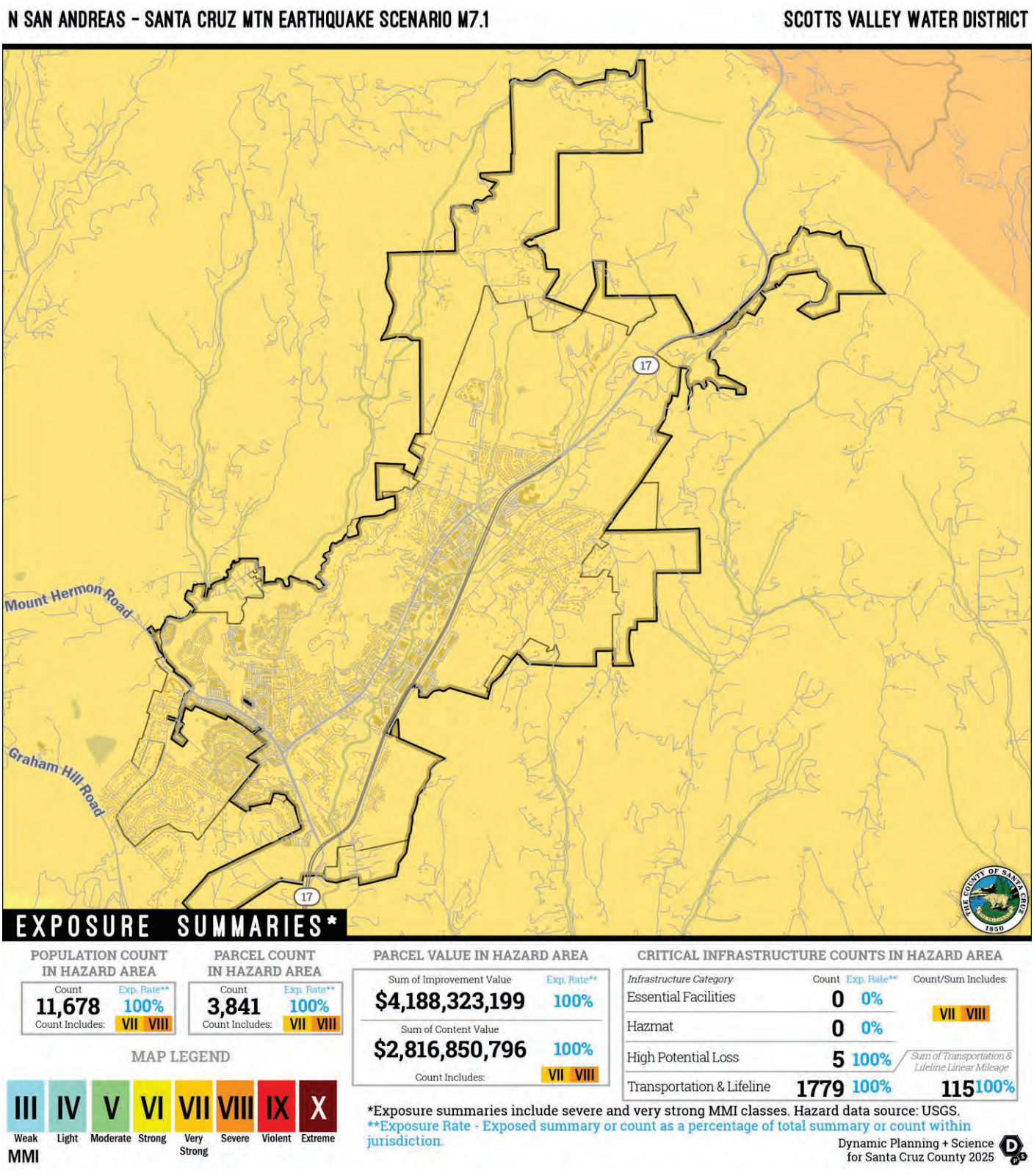


Figure 5-21: Exposure Summary - SVWD Earthquake Risk (M7.1 San Andreas Shaking)

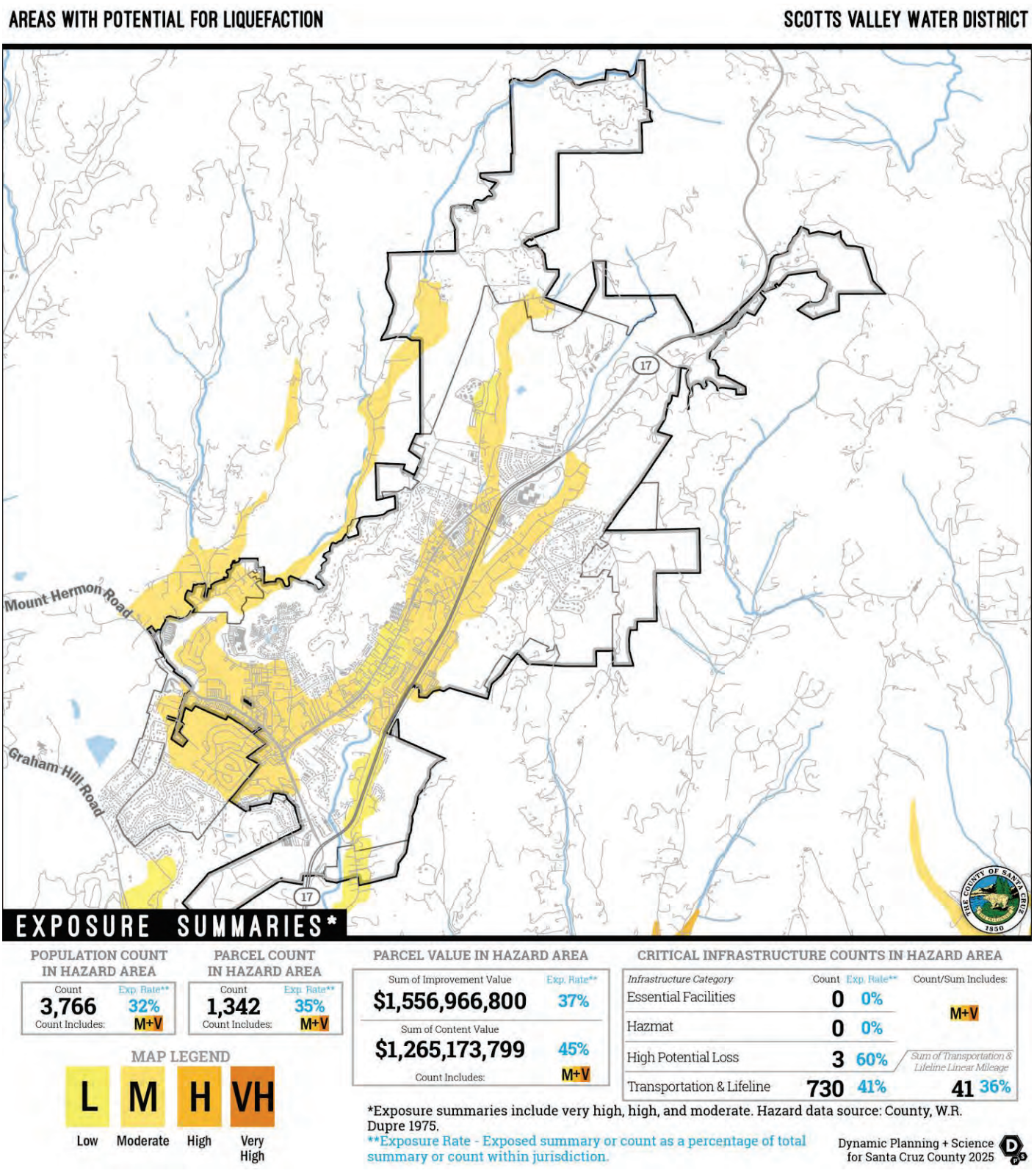


Figure 5-22: Exposure Summary - SVWD Liquefaction Risk

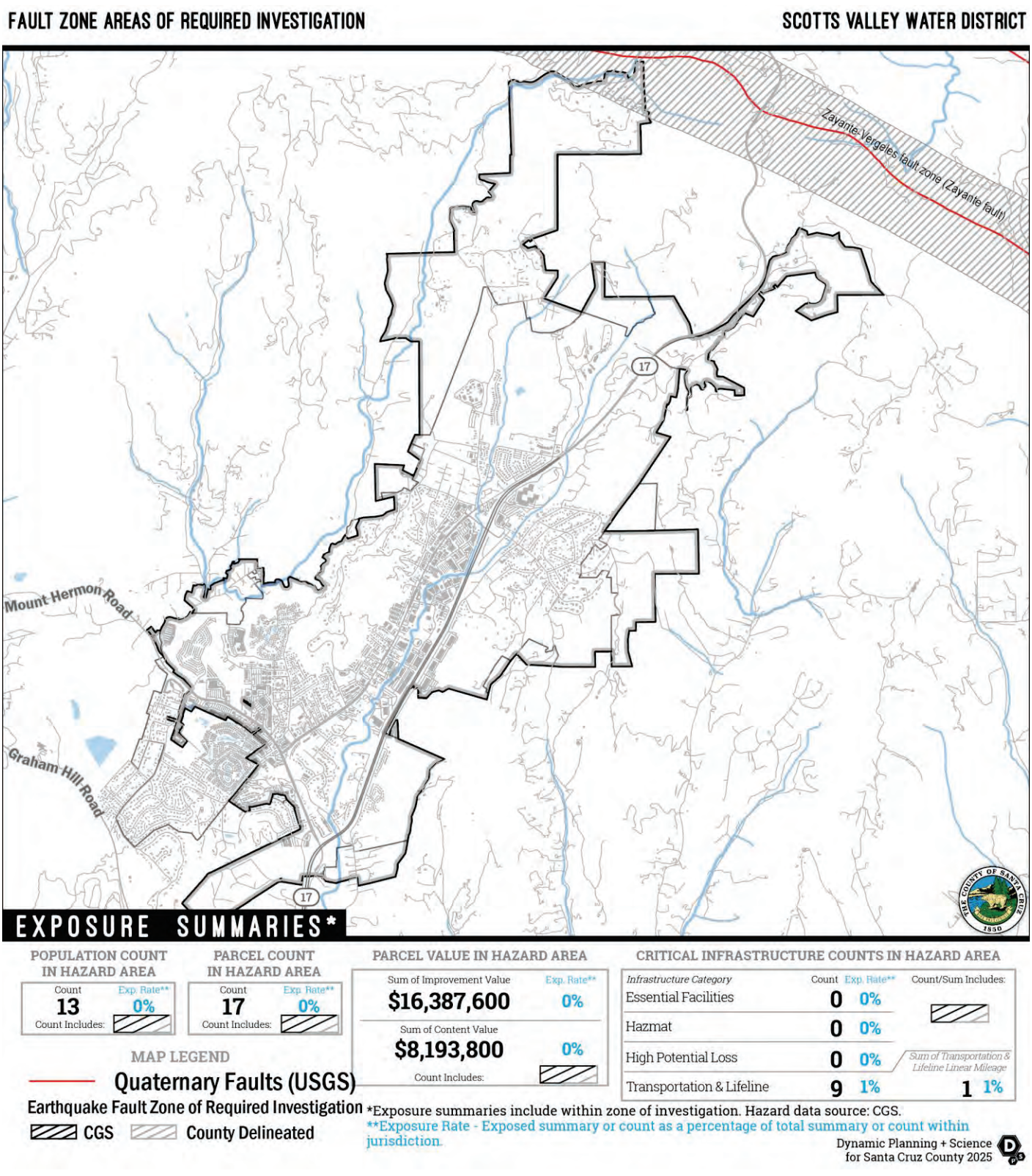


Figure 5-23: Exposure Summary - SVWD Earthquake Risk (Fault Zones)

5.5.2.4 Slope Failure Hazard

SVWD lies within the steep terrain of the Santa Cruz Mountains, where landslides and slope failures pose a significant hazard to water system infrastructure, transportation corridors, and residential development. Much of the district is located within moderate to high landslide susceptibility zones, reflecting the combination of steep slopes, fractured geologic formations, and the influence of intense winter storms. These risks are further compounded by the potential for seismic activity along the nearby San Andreas Fault and post-wildfire soil instability.

Hazard exposure data indicates that approximately 4,300 residents, or 37 percent of SVWD's population, live within high landslide hazard zones. About 900 parcels, representing roughly 24 percent of the district's land parcels, are exposed to landslide risk. The economic exposure is substantial, with over $800 million in improvement value (about 19 percent of the district's total) and nearly $414 million in content value (approximately 15 percent) located in high-hazard areas. In addition, more than 325 transportation and lifeline assets (18 percent of the system) fall within high-risk zones Figure 5-24. While no essential facilities or hazardous material sites are directly mapped within these areas, slope failures threaten the reliability of critical access routes such as Highway 17, which is essential for water district operations, repair crews, and regional emergency response.

Slope failures in this region are commonly triggered by heavy rainfall events, such as atmospheric river storms that saturate soils and destabilize slopes, as well as earthquakes that dislodge already fragile hillsides. Post-fire conditions also increase vulnerability, as the loss of vegetation can accelerate erosion and debris flows. The consequences for SVWD include potential damage to pipelines, pump stations, and reservoirs located on or near unstable slopes, as well as increased sedimentation in recharge areas and stormwater systems. Service interruptions may also result if access roads are blocked or lifeline utilities are severed.

The Santa Cruz Mountains have a well-documented history of damaging landslides, most notably during the 1982 El Niño storms and the 2017 winter storms, which forced extended closures of Highway 17 and disrupted local services. Although SVWD has not yet experienced catastrophic infrastructure loss due to slope failures, the district's high exposure values and reliance on vulnerable lifeline routes highlight an ongoing vulnerability.

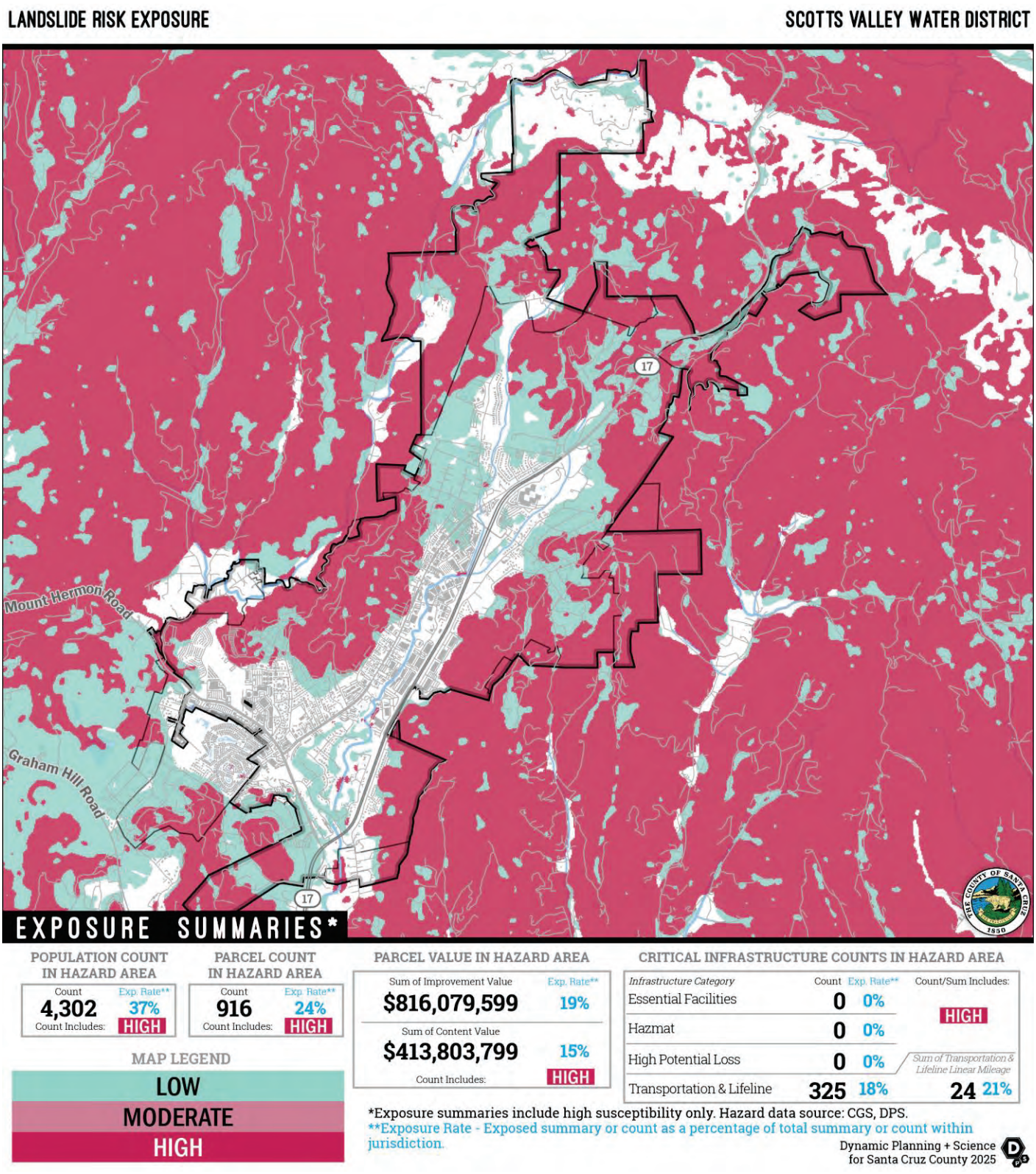


Figure 5-24: Exposure Summary - SVWD Slope Failure Risk

5.5.2.5 Drought Hazard

The National Drought Monitor provides drought data and maps nationally and on a localized, watershed scale. The National Drought Monitor is the product of 11 agencies, including the NDMC, NOAA and USDA, and is available at http://droughtmonitor.unl.edu/. The National Drought Monitor categorizes the level of drought from D0 through D4, with D4 being the highest "exceptional drought." Table 5-5 depicts drought classifications and impacts from the level of drought occurrence in California, while Figure 5-25 shows a time series of the level of drought in Santa Cruz County from 2000 to 2024 according to the National Drought Monitor.

Drought is a chronic hazard facing SVWD given its reliance on the overdrafted Santa Margarita Groundwater Basin as the primary source of supply. The district does not have access to imported surface water and is therefore uniquely vulnerable to extended dry periods that reduce recharge and elevate water demand. Climate change projections indicate hotter, drier conditions with more variable precipitation, which will likely intensify groundwater stress, increase evapotranspiration, and lengthen recovery periods between droughts.

Drought conditions reduce recharge rates and can increase the concentration of contaminants such as nitrates, naturally occurring minerals, and volatile organic compounds (VOCs). This may place additional stress on water treatment systems and create higher costs for water quality compliance. Moreover, as aquifers are drawn down further, infrastructure such as wells and pumps are subjected to greater operational demands, increasing the risk of mechanical failures or emergency outages during high-demand periods.

Drought increases the risk of reduced water supply reliability, higher costs for pumping and treatment, and potential service interruptions if storage and recharge cannot keep pace with demand. Secondary effects include elevated wildfire risk due to dry vegetation, stress on vulnerable populations with limited adaptive capacity, and economic impacts on commercial and institutional water users.

The hazard is compounded by the hydrogeologic constraints of the Santa Margarita Basin, which has a long history of overdraft and seawater intrusion risk in its coastal subareas. Although SVWD is inland, basin-wide sustainability challenges affect long-term supply reliability.

Table 5-5: Drought Classifications and Impacts

Category	Description	Possible Impacts
D0	Abnormally Dry	▪ Soil is dry; irrigation delivery begins early ▪ Dryland crop germination is stunted ▪ Active fire season begins
D1	Moderate Drought	▪ Dryland pasture growth is stunted; producers give supplemental feed to cattle ▪ Landscaping and gardens need irrigation earlier; wildlife patterns begin to change ▪ Stock ponds and creeks are lower than usual

Category	Description	Possible Impacts
D2	Severe Drought	▪ Producers increase water efficiency methods and drought-resistant crops ▪ Grazing land inadequate ▪ Fire season is longer, with high burn intensity, dry fuels, and large fire spatial extent; more fire crews on staff ▪ Lake- and river-based tourism declines; boat ramps close ▪ Trees are stressed; plants increase reproductive mechanisms; wildlife diseases increase ▪ Water temperatures increase; programs to divert water to protect fish begin ▪ River flows decrease; reservoir levels are low and banks are exposed
D3	Extreme Drought	▪ Federal water not adequate to meet irrigation contracts; extracting supplemental groundwater is expensive ▪ Fire season lasts year-round; fires occur in typically wet parts of the state; burn bans are implemented ▪ Ski and rafting business is low; mountain communities suffer ▪ Low water levels impede fish migration and cause lower survival rates ▪ Wildlife encroach on developed areas; little native food and water is available for bears, which hibernate less ▪ Water sanitation is a concern; reservoir levels drop significantly; surface water is nearly dry, flows are very low; water theft occurs ▪ Livestock need supplemental feed, cattle and horses are sold; little pasture remains ▪ Well and aquifer levels decrease; homeowners drill new wells
D4	Exceptional Drought	▪ Fire season is very costly; number of fires and areas burned are extensive ▪ Many recreational activities are affected ▪ Fields are left fallow; orchards are removed; vegetable yields are low; honey harvest is small; agricultural unemployment is high, food aid is needed ▪ Fish rescue and relocation begins; pine beetle infestation occurs; forest mortality is high; wetlands dry up; wildlife death is widespread; algae blooms appear ▪ Poor air quality affects health; greenhouse gas emissions increase as hydropower production decreases; West Nile outbreaks rise ▪ Water shortages are widespread; surface water is depleted; federal irrigation water deliveries are curtailed; water prices are extremely high; wells are dry, more and deeper wells are drilled; water quality is poor

Source: Adapted from U.S. Drought Monitor Drought Classifications and Impacts

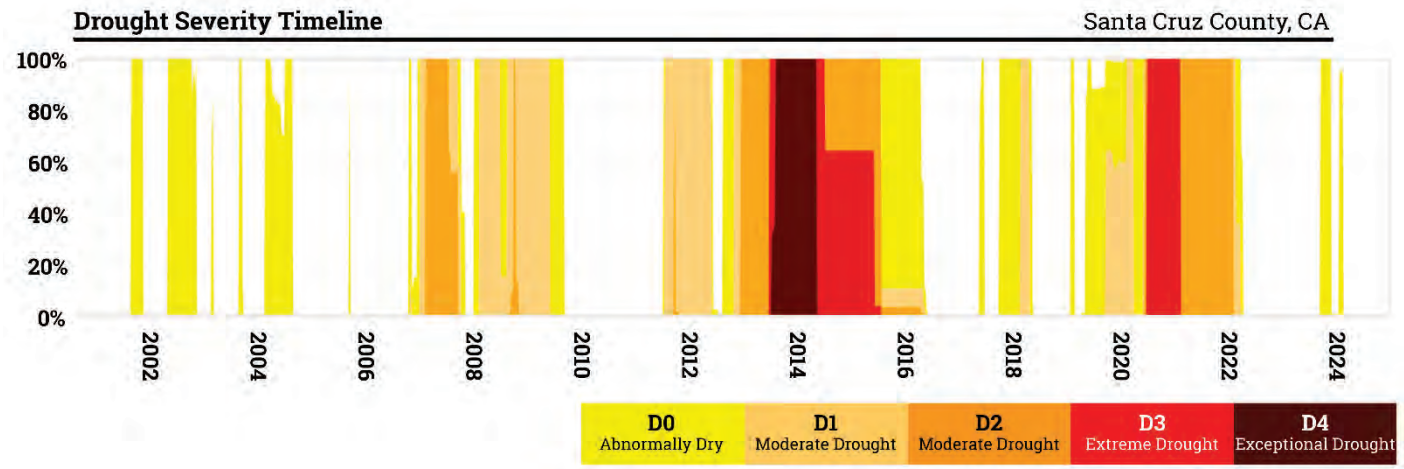


Figure 5-25: Drought Severity Timeline 2000-2024

5.5.2.6 Climate Change Impacts

Average annual temperatures across most of California have already increased by more than 1°F, with some areas experiencing rises of over 2°F when comparing the 1901–1960 average to that of 1986–2016. Daily maximum temperatures—a key indicator of extreme heat—are projected to increase by 4.4°F to 5.8°F by 2050 and by 5.6°F to 8.8°F by 2100. Heat waves that impact public health, known as heat-health events, are also expected to intensify across the state. By 2050, these events are projected to last up to two weeks longer in the Central Valley and occur four to ten times more often in the Northern Sierra region (California Natural Resources Agency, 2022).

California is already experiencing significant impacts from climate change, including prolonged drought, a lengthened wildfire season, increased coastal flooding and erosion, and widespread tree mortality. The state has observed rising average temperatures, more extreme heat days, fewer cold nights, a longer growing season, and shifts in the water cycle, with less winter precipitation falling as snow. In addition, summertime fog has declined by approximately 33%, and both snowmelt and rainwater runoff are occurring earlier in the year (Cal OES, 2018).

Long-term trends indicate a 12% to 20% decline in fog across California from 1900 through projections to 2070. Climate experts suggest that warming temperatures reduce the ability of air masses to cool enough to produce fog, which plays a critical role in supporting California's ecosystems (Grantham, Teodore; University of California, Berkeley, 2018).

Climate change is already shaping water supply and operations in SVWD, whose sole potable source is the SMGB. Because SVWD relies entirely on local groundwater, shifts in temperature and precipitation translate directly into changes in recharge, pumping stress, and drought exposure. District monitoring shows that Water Year (WY) 2020 produced only 20.3 inches of rain, about 49% of average, and that nine of the previous fourteen years were below average, indicating a drier-than-historical period since the late-2000s drought sequence. These hydrologic deficits matter because precipitation is the primary driver of basin recharge;

reduced rainfall and longer dry spells constrain aquifer recovery and tighten the margin for meeting demands in extended droughts. (UWMP, 2020)

SVWD's 2020 UWMP incorporates statewide climate guidance that anticipates "further intensification of wet and dry extremes," along with higher temperatures that increase outdoor water use while decreasing the fraction of precipitation available for groundwater recharge. In practical terms, hotter summers elevate landscape irrigation demand just as soils dry more quickly and storm-to-storm variability rises, stressing both the demand and supply sides of the ledger.

As such, this MJHMP addresses climate change as a secondary impact for each identified hazard of concern. Each chapter includes a section with a qualitative discussion on the probable impacts of climate change for that specific hazard.

5.5.3 Planning for Hazards & Growth

SVWD integrates hazard considerations into its long-term planning and infrastructure development to ensure a resilient and sustainable water system. The district's UWMP and Water Shortage Contingency Plan provides the foundation for drought preparedness, climate adaptation, and sustainable groundwater management. These plans set demand reduction measures, recycled water targets, and system reliability projections, aligning future development with the district's limited water resources.

In terms of hazard resilience, SVWD has conducted seismic risk assessments, which guide retrofits and upgrades for critical assets such as wells, tanks, and treatment facilities. These risk assessments are supported by ongoing capital improvement projects that replace aging infrastructure, enhance SCADA systems for real-time monitoring, and expand recycled water distribution. Such projects not only strengthen day-to-day operations but also improve system reliability during emergencies such as earthquakes, droughts, and wildfire.

Future development within the district will continue to be shaped by these hazard-informed planning frameworks. Growth in Scotts Valley is constrained by groundwater availability and environmental limits, which reinforces the importance of conservation, aquifer recharge, and recycled water expansion.

5.5.3.1 Development & Hazard Considerations

Future development within SVWD service area is expected to follow a modest but steady trajectory. While the overall growth rate is low compared to other urbanizing areas in California, even incremental expansion presents implications for hazard exposure and mitigation planning, particularly given SVWD's sole reliance on the Santa Margarita Groundwater Basin.

New development adds demand to a constrained groundwater resource and introduces infrastructure to hazard-prone areas, including wildfire zones, steep slopes, and zones of high seismic intensity. SVWD has long acknowledged that the most at-risk portions of its system, which include storage tanks, booster

stations, and pipelines, are often located at the wildland-urban interface (WUI) or in geologically unstable areas like the Glenwood and Bethany sites. As future housing is added in the higher elevations and outer edges of the district, these risks may be exacerbated unless new projects are conditioned on adequate fire flow, slope stability, and seismic design standards.

In wildfire-prone areas, infill and hillside construction can increase ignition risk, stress firefighting infrastructure, and hinder emergency access. SVWD's problem statements identify critical water pressure zones, particularly Northridge and Via Fontenay, as areas where growth must be balanced against fireflow constraints and booster station limitations. Expansion into these zones without simultaneous upgrades could reduce the district's ability to maintain pressure during fire events or evacuations.

Similarly, although seismic hazard is pervasive across SVWD's entire service area, development in older neighborhoods with legacy infrastructure (e.g., asbestos cement pipes) increases the vulnerability of both new and existing residents. Densifying these areas without accelerated replacement of vulnerable mains and nodes may increase the risk of water service interruption during or after an earthquake.

Importantly, SVWD's growth is constrained not only by physical hazards but also by groundwater availability. Anticipated housing growth in the region will require careful coordination of groundwater allocations, recharge projects, and use of interties (e.g., with the City of Santa Cruz) to buffer supply limitations during dry years.

5.5.4 Hazard Problem Statements

As part of the mitigation action identification process, the internal planning group for each jurisdiction identified areas of concern (aka problem statements) for their respective facilities based on the risk assessment and vulnerability analysis. Problem statements focused on the impact, victim, and the threat that the hazard could create in the jurisdiction, as described in Table 5-6. Identifying common issues and weaknesses through these problem statements assisted the planning group in understanding the realm of resources needed for mitigation.

The goal is to have at least one mitigation action for every problem statement. Projects or actions have been developed to mitigate each problem identified. See Table 5-8 for a full list of mitigation actions and corresponding problem statements that they address. Each problem statement is coded with a problem number for cross-referencing between Table 5-6 and Table 5-8.

Table 5-6: SVWD Problem Statements

Hazard	Area of Concern	Problem IS	Description	Related Mitigation Actions
Drought	Threat	ps-DR-SVW-01	Limited redundancy in the water supply system constrains the district?s ability to reliably deliver service during prolonged drought periods or multi-year dry cycles.	ma-DR-CBC-03

Hazard	Area of Concern	Problem IS	Description	Related Mitigation Actions
Drought	Threat	ps-DR-SVW-02	Existing groundwater sources are susceptible to over-extraction and have slow recharge rates during drought, increasing the district?s exposure to critical water shortages.	ma-DR-SCW-01, ma-DR-SVW-01
Drought	Victim	ps-DR-SVW-03	Water restrictions and proposed drought surcharges may disproportionately impact low-income or vulnerable residents.	ma-DR-SVW-02
Earthquake	Threat	ps-EQ-SVW-01	The entire Scotts Valley Water District lies within a ?very strong? seismic shaking zone (M7.1 scenario), placing all above- and below-ground water infrastructure at systemic risk of failure.	ma-EQ-SVL-01, ma-EQ-SVW-03, ma-EQ-SVL-02
Earthquake	Threat	ps-EQ-SVW-02	Approximately 60% of the district?s water transmission and distribution network consists of aging asbestos cement (AC) pipe, which is highly prone to cracking and rupture during ground shaking.	ma-EQ-SVW-02, ma-EQ-SVW-03
Earthquake	Victim	ps-EQ-SVW-03	Earthquake-induced damage to water mains, vaults, and critical system nodes could interrupt water service and pressure, undermining emergency response operations and community access to potable water.	ma-EQ-SVW-03
Earthquake	Impact	ps-EQ-SVW-04	Multiple key tanks?including MacDorsa, Bethany, Sequoia, Mt. Roberta, and Villa Fontenay (redwood tanks)?may lack modern seismic restraints and require engineering evaluation and potential retrofitting.	ma-EQ-SVW-01
Earthquake	Impact	ps-EQ-SVW-05	District wells are susceptible to casing damage, pump displacement, and power loss during seismic events, which may compromise groundwater supply availability and delay service restoration.	ma-EQ-SCW-02
Flood	Impact	ps-FL-SVW-01	Flooding can damage or cut off access to critical facilities like pump stations and pipelines, particularly where stormwater infrastructure intersects with natural drainage corridors and steep or unstable slopes, triggering slope failure.	ma-FL-PVW-03
Slope Failure	Threat	ps-SF-SVW-01	Multiple SVWD facilities?including Glenwood Tank, Bethany Tank, and others?are situated in slope-prone terrain, making them susceptible to landslides that could cause structural damage or access restrictions.	ma-SF-SVW-01
Slope Failure	Impact	ps-SF-SVW-02	A recent slope failure damaged the Glenwood Tank site, prompting potential emergency repairs and exposing the broader vulnerability of hillside assets. Engineering design for slope stabilization is underway.	ma-SF-SVL-02, ma-SF-SVW-01

Hazard	Area of Concern	Problem IS	Description	Related Mitigation Actions
Slope Failure	Victim	ps-SF-SVW-03	Landslides or gradual slope movement could sever buried water transmission mains, particularly in Glenwood and Bethany zones?disrupting service and compounding impacts during concurrent hazard events	ma-SF-SVW-01
Drought	Impact	ps-SF-SVW-04	The district's SGMA-aligned Groundwater Sustainability Plan (GSP) allocates 1,100 AF/year from a 1,300 AF supply, while regional housing growth (2,200 units) threatens sustainability goals. Use of City of Santa Cruz interties during wet years is being explored to enhance recharge flexibility.	ma-DR-SVW-01
Drought	Victim	ps-SF-SVW-05	Inconsistent public understanding of drought stages and conservation expectations undermines effective demand management and limits compliance with water-use restrictions.	ma-DR-SCW-02, ma-DR-CPT-01
Wildfire	Threat	ps-WF-SVW-01	Scotts Valley Water District infrastructure is located in and adjacent to Wildland-Urban Interface (WUI) zones, increasing wildfire exposure for key assets such as tanks and booster stations. SVWD maintains defensible space, but vegetation on adjacent private lands continues to pose a threat.	ma-WF-SVL-02, ma-WF-SCW-01, ma-WF-SCW-02, ma-WF-SVW-03
Wildfire	Victim	ps-WF-SVW-02	Critical zones such as Northridge (50,000-gallon redwood tank) and Villa Fontenay (30,000-gallon redwood tank) have limited water storage capacity, which could impair firefighting efforts and endanger public safety during wildfire events.	ma-WF-SVW-02

5.5.4.1 Climate Change Impacts & Vulnerable Populations

The SVWD serves a community that is increasingly vulnerable to the intersecting impacts of climate change and natural hazards. Rising temperatures, prolonged droughts, more intense storm events, and wildfire risk all threaten water supply reliability and infrastructure integrity. These risks affect all residents, but the consequences fall most heavily on vulnerable populations, including low-income households, renters, and those with limited resources to adapt to water restrictions, higher costs, or service interruptions.

Drought: Climate change is driving hotter summers and longer, more severe drought cycles that reduce natural groundwater recharge and increase reliance on limited supplies. SVWD's groundwater sources are susceptible to over-extraction, with recharge rates too slow to keep pace with growing demand. Water restrictions and proposed drought surcharges can disproportionately impact low-income households, renters, and vulnerable residents who may already struggle to pay utility bills. At the same time, inconsistent public understanding of drought stages undermines conservation compliance, leaving the

system more stressed during multi-year dry cycles. Housing growth further increases water demand, straining the district's Groundwater Sustainability Plan and amplifying inequities in water access.

Earthquake: All of SVWD lies within a very strong seismic shaking zone, and much of the district's water network consists of aging asbestos cement pipes that are prone to rupture during earthquakes. Seismic damage to tanks, wells, and mains could disrupt potable water service and fire flow, undermining emergency response. Vulnerable residents—including renters, mobile home residents, and those with limited financial means—are at greatest risk of displacement or health impacts when water service is interrupted, especially if disruptions are prolonged. Climate change compounds this risk by creating cascading hazard scenarios, such as an earthquake followed by extreme heat, in which loss of water access magnifies public health threats.

Slope Failure: More intense rainfall events linked to climate change are increasing the risk of landslides and slope failures in the Santa Cruz Mountains. Several SVWD facilities, including the Glenwood and Bethany tanks, are located in slope-prone terrain. Landslides could damage tanks, sever transmission mains, and block facility access. Residents served by these hillside assets—particularly those with mobility or financial limitations—face heightened risk of service disruptions and delayed recovery. For vulnerable households, slope failures can mean extended loss of water access during concurrent hazard events such as storms or wildfire.

Wildfire: Hotter and drier conditions are increasing the frequency and severity of wildfires in and around the WUI. SVWD infrastructure, including redwood storage tanks in Northridge and Villa Fontenay, is directly exposed to wildfire risk. Limited storage capacity in these zones could impair firefighting operations, threatening both public safety and continuity of service. Vulnerable populations—such as seniors, households with health conditions, or residents without private transportation—face greater evacuation challenges and depend heavily on reliable water for fire suppression and recovery. Climate change intensifies these risks by lengthening the fire season and stressing vegetation, increasing the likelihood of fast-moving fires that outpace firefighting resources.

SVWD's vulnerabilities illustrate the direct connection between climate change, water system reliability, and the resilience of its most at-risk residents. Equitable drought response strategies, seismic retrofits, slope stabilization, and wildfire-adapted infrastructure will be critical to ensuring that all residents, particularly vulnerable populations, maintain access to safe and reliable water in the face of compounding climate hazards.

5.6 Mitigation Strategy

This section provides the framework for how the SVWD will reduce hazard risk within its service area while supporting the broader goals of the Santa Cruz County MJHMP. It includes an overview of existing capabilities and opportunities for expanding resilience, and the district's prioritized mitigation actions. Together, these elements demonstrate how the district integrates hazard awareness into its conservation mission and contributes to a coordinated countywide approach.

Within the Santa Cruz County MJHMP, the mitigation strategy serves as the guidebook for future hazard mitigation efforts. For the SVWD, the strategy within this annex reflects the outcomes of the countywide planning process while also capturing the district's unique priorities and program areas. The strategy is designed to reduce the vulnerabilities identified in the risk assessment, including the problem statements developed for wildfire, flood, earthquake, slope failure, drought, and climate change.

Mitigation actions identified in this annex are both policy and project oriented, advancing conservation-based approaches that directly support hazard reduction. Actions are structured to align with FEMA's requirements and to integrate with existing county and regional planning mechanisms. Each action outlines responsible parties, potential funding sources, and required resources to ensure successful implementation.

For the SVWD, this strategy serves as a roadmap for delivering mitigation through technical assistance, watershed restoration, and partnerships with landowners. By combining its project-based capacity with the broader coordination of the countywide plan, the district contributes to a unified framework that reduces hazard risk across Santa Cruz County while also advancing its mission to protect natural and working lands. The subsections that follow describe these elements in detail:

- **Section 5.6.1 Aligning the Action Plan** provides a summary of the district's capacity to address natural hazards.
- **Section 5.6.3 Mitigation Action Plan** presents the SVWD's prioritized actions that will guide implementation in coordination with countywide strategies.

5.6.1 Aligning the Action Plan

This section connects the SVWD's mitigation actions with its existing capabilities and areas for growth. Capability assessments are a required element of hazard mitigation planning under the Disaster Mitigation Act of 2000 and FEMA's 2023 guidance, ensuring that actions are realistic, achievable, and aligned with available resources.

The section begins with a summary of the SVWD's capabilities across four areas: planning and regulatory, administrative and technical, fiscal, and education and outreach. This overview highlights the tools and strengths that the district already uses to reduce hazard risk. The section then provides a detailed analysis of each capability area, identifying both current practices and opportunities to expand resilience.

5.6.1.1 Capabilities & Opportunities Assessment

To develop a realistic and actionable mitigation strategy, it must account for existing jurisdictional capabilities and what future opportunities there are to enhance those capabilities for purposes of hazard mitigation. This section provides an assessment of SVWD's existing capabilities and future opportunities, including planning and regulatory, administrative and technical, fiscal, and public outreach and education capabilities. This assessment also identifies opportunities to integrate this MJHMP into future planning,

policies, or programs to weave mitigation efforts into daily operations and address hazard problems wholistically. Capabilities are categorized into four groups and include various mechanisms.

- **Planning and Regulatory Capabilities:** Existing long-range plans, emergency response plans, hazard-specific plans, land use policies, and building and development standards.
- **Administrative and Technical Capabilities:** Available expertise in emergency services, engineering, grant management, and community planning.
- **Fiscal Capabilities:** Budgetary capacity, taxing authority, grants, and other funding mechanisms that can support mitigation projects.
- **Outreach and Education Capabilities:** Existing programs for providing technical assistance, community education, public warnings, and stakeholder engagement.

A full description of the process used to develop the capabilities assessment is provided in Volume 1, Section 2.3.3.

This capabilities and opportunities assessment for the district lists the various types of capabilities along with how they have been, currently are, or will in the future be integrated into hazard mitigation planning efforts. The three "HMP Integration" columns that identify the capability's status and usage are color-coded with green, yellow, or orange shading to communicate the following:

- **Status:** If the capability is present at all and what level of use it has generally.
- **Current Mitigation Use:** If the capability is currently being used in mitigation efforts, specifically, and at what level.
- **Future Opportunity:** If there is a future opportunity to integrate the capability into mitigation efforts and at what level.

Planning & Regulatory Capabilities

As a special district with limited authority and not a municipality, SVWD does not maintain traditional planning or regulatory tools, such as hazard-specific ordinances or development standards. That said, SVWD possesses a comprehensive set of capabilities that support hazard mitigation planning, response, and long-term resilience. From a planning and regulatory perspective, the district has implemented essential frameworks such as its Urban Water Management Plan (UWMP), Water Shortage Contingency Plan, and seismic risk assessments under the American Water Infrastructure Act.

These plans provide critical guidance for drought management, seismic safety, and sustainable water supply, while capital improvement projects address infrastructure upgrades like well replacement, SCADA enhancements, and tank siting to ensure system reliability.

Further, SVWD complies with all development standards and environmental review requirements for the State of California, including the California Environmental Quality Act (CEQA), and within the county and municipalities where its projects are located. These local regulatory environments are described in Volume 1 for Santa Cruz County and in the City of Scotts Valley's municipal annex of Volume 2.

Future integration of the MJHMP will occur through various processes and mechanisms outlined across multiple mitigation actions (Table 5-8). A key opportunity for future hazard mitigation integration with SVWD's existing planning mechanisms is to update its UWMP and Water Shortage Contingency plans to incorporate the updated risk assessment contained in this plan, including coordination with the City of Santa Cruz to address overuse and recharge deficits during times of drought through new system interties (ma-DR-SVW-01).

Administrative & Technical Capacity

SVWD's administrative and technical capacity is another strength. The district employs skilled staff in engineering, operations, and technical services, enabling it to manage complex projects and emergency response efforts. Although it lacks a dedicated emergency manager, responsibilities are assigned through the Emergency Response Plan, ensuring coordinated action during events.

Technical staff maintain resilient operations through SCADA monitoring, treatment system oversight, and infrastructure design, while outreach and education functions, though not led by dedicated staff, are consistently integrated into management roles.

Warning Systems & Services

The SVWD does not manage formal warning systems for hazards such as floods, wildfires, or earthquakes. Emergency notification and public alerting remain the responsibility of county and state agencies. The SVWD's role is to support these systems by providing education, preparedness resources, and technical assistance to landowners.

Fiscal Capabilities

On the fiscal side, SVWD has multiple funding mechanisms to support resilience. Revenues from water rates, recycled water fees, system development charges, and multi-year capital improvement funding sustain both operations and mitigation projects.

The district has successfully pursued grants, including state drought relief funding, and has the potential to expand into broader fiscal tools such as general obligation bonds or voter-approved levies if needed for future resilience investments.

Education & Outreach Capabilities

Equally important are SVWD's public education and outreach capabilities, which enhance community awareness and preparedness. Through its website, WaterSmart portal, newsletters, social media, and bill inserts, the district provides residents with conservation updates, emergency information, and fire safety messaging.

While participation in annual public safety events and Fire Safe Councils remains limited, SVWD demonstrated effective communication during the CZU Lightning Complex Fire, coordinating with fire agencies and maintaining water supply for firefighting. Opportunities exist to deepen partnerships with Resource Conservation Districts and expand outreach through community events.

CAPABILITY ASSESSMENT LEGEND

HMP Integration

Status	Current Mitigation Use	Future Opportunity
Currently in use or present.	Used widely for mitigation.	Opportunity to expand and integrate.
(Sort of) Seldomly used or limited presence.	Limited use in mitigation planning.	Limited opportunity to expand and integrate.
(No) Not present or available.	Not used in mitigation planning.	No opportunity to expand or integrate.

Table 5-7: SVWD Capabilities Assessment

Resource	HMP Integration: Status	HMP Integration: Current Mitigation Use	HMP Integration: Future Opportunity	Notes / Additional Detail
Planning and Regulatory Capabilities				
Hazard Reduction Programs (Annually Conducted)				
Capital Improvements Program (CIP) or Plan				No formal plan but active program - Includes well replacement, SCADA upgrades, tank siting, and water quality system improvements
Annual Fire Prevention Plan				No formal plan - Operational coordination during CZU Complex Fire; hydrant flow support, backup power for pumps, tank monitoring
Seismic Safety Program (Non-structural)				American Water Infrastructure Act Risk and Resilience Assessment (RRA) to address seismic risks; update due 2026
Earthquake Modernization Plan (Building Safety)				No formal structural retrofit plan, but tank sitting and fire-hardening studies incorporate seismic resilience
Stormwater Management Program (Annual Inspections)				Low Impact Development (LID) projects improve groundwater recharge and runoff management
Hazard Plans and Programs				
Floodplain Response Plan				No standalone plan; opportunity to develop response triggers and interagency protocols

Resource	HMP Integration: Status	HMP Integration: Current Mitigation Use	HMP Integration: Future Opportunity	Notes / Additional Detail
Community Wildfire Protection Plan (CWPP)	N/A	N/A	N/A	No CWPP jurisdiction or direct wildland vegetation management responsibilities
Ground Water Management Planning / Plans				Member of Santa Margarita Groundwater Agency; implements SGMA-compliant GSP
Climate Action Plan				Environmental Sustainability Policy includes GHG reduction, clean energy, LEED standards
Drought Mgmt/ Contingency Plan				Water Shortage Contingency Plan integrated into 2020 UWMP (Chapter 13)
FireWise Communities within District				None formally designated by NFPA within SVWD; opportunity for partnerships with HOAs
Hazard-Related Public Outreach Program				Outreach during CZU fire, water conservation campaigns, drought updates via SVWD website and WaterSmart portal
Administrative and Technical				
Staff Capacity				
Emergency Manager				Emergency planning led by Executive Team; no dedicated Emergency Manager, but responsibility is assigned during emergencies per ERP
Civil Engineer				District regularly completes design and construction management in-house or via consultants for capital improvement projects
Dedicated Public Outreach Personnel				Outreach efforts are active (drought, fire), but no dedicated position; handled by management staff
GIS Specialist and Capability				GIS is used for infrastructure mapping and SMGWA participation; unclear if internal staff manage it
Grant Manager, Writer, or Specialist				Grant funding obtained (e.g., DWR Drought Relief), but managed by leadership or consultants; not a dedicated staff role
Other				Technical operations team includes SCADA techs, treatment operators, and field crew maintaining resilient water delivery
Warning Systems/Services				
General				Website and WaterSmart Portal provide alerts; system pressures monitored during events like CZU fire
Flood				SVWD does not issue flood warnings; may coordinate with city/county if needed; opportunity to integrate triggers via ERP
Wildfire				Fire-related communications active during CZU; SVWD monitors tank levels and pressurization under emergency protocols
Geological Hazards				Earthquake response tied to Emergency Plan; no standalone monitoring system, but seismic RRA planned
Fiscal Capabilities				

Resource	HMP Integration: Status	HMP Integration: Current Mitigation Use	HMP Integration: Future Opportunity	Notes / Additional Detail
Financial Resources for Hazard Mitigation				
Levy for Specific Purposes with Voter Approval				District has not recently proposed voter-approved hazard fees; could explore options for future resilience funding
Utilities Fees				SVWD sets water and recycled water rates that support operating reserves, drought response, and resiliency upgrades
System Development Fee				District charges connection and capacity fees to fund infrastructure expansion and modernization
General Obligation Bonds to Incur Debt				No GO bonds currently in use; potential tool if broader capital or hazard mitigation needs arise
Special Tax Bonds to Incur Debt				No record of special tax bonds used or planned by the district
Withheld Spending in Hazard-Prone Areas				No policies restricting investment based on hazard zones; not applicable to SVWD structure
Stormwater Service Fees				SVWD does not manage stormwater directly; this is handled by local government
Capital Improvement Project Funding				Extensive multi-year CIP supports drought, seismic, water quality, and pressure zone improvements
Education / Outreach Capabilities				
Education/Outreach Resources				
Website Dedicated to Hazard Topics				SVWD website and WaterSmart portal provide water shortage, fire, and emergency info
Dedicated Social Media				SVWD posts updates via social media on water use restrictions, fire safety, and service alerts
Hazard Info. Avail. at Library/ Planning Desk				Not a standard practice; outreach occurs online and via direct mail, not via civic desks
Annual Public Safety Events				No regular events, but District does participate in region-wide emergency response and public messaging campaigns
Ability to Field Public Tech. Assistance Requests				Customers can request info on water usage, leaks, rebates, and emergency status via WaterSmart and SVWD staff
Public Safety Newsletters or Printed Outreach				Conservation updates, fire prep, and drought info shared through newsletters and bill inserts
Fire Safe Councils				No formal participation in Fire Safe Councils, though collaboration with fire agencies during CZU event noted
Resource Conservation Districts				No direct integration, but opportunity exists to collaborate on water conservation or fuel treatment outreach
Other				Technical operations team includes SCADA techs, treatment operators, and field crew maintaining resilient water delivery

5.6.2 Scotts Valley Water District Mitigation Action Plan

Mitigation actions were developed based upon the jurisdiction's priorities, risk assessment results, and mitigation alternatives. The mitigation action prioritization method used by all participating jurisdictions is described in Section 4 of Volume 1. Table 5-8 lists each priority mitigation action, responsible party, time frame, potential funding source, implementation steps, and resources need to implement based upon consensus among the SVWD's planning group members. All mitigation actions across jurisdictions are accessible through MAST (Mitigation Action Support Tool), providing comprehensive details including the mitigation goal, responsible party, timeline, potential funding sources, implementation steps, and required resources. As a dynamic document, hazard problem statements and mitigation activities will be regularly updated through MAST to reflect evolving needs and circumstances.

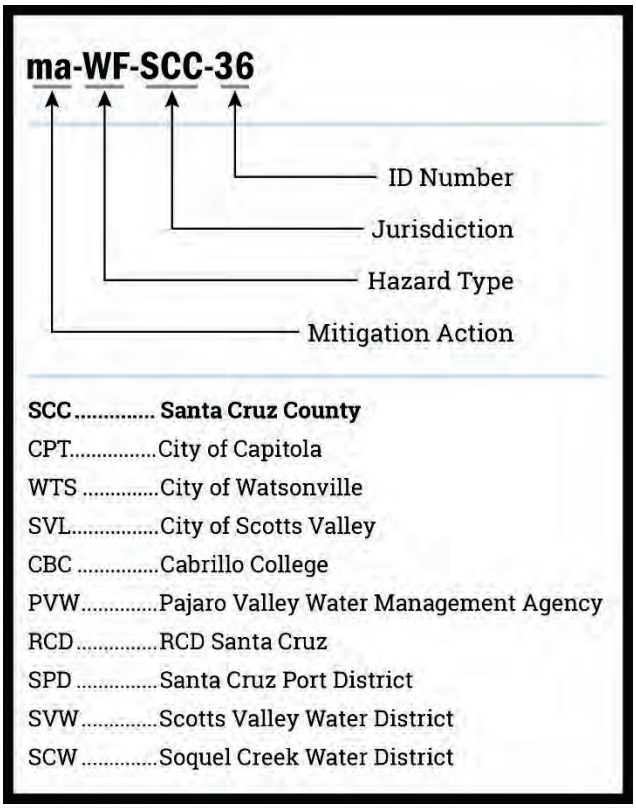


Figure 5-26: Mitigation Action Number Key

As a first-time participant in a hazard mitigation plan, SVWD did not have any existing mitigation actions from a prior plan to evaluate. Therefore, all mitigation actions identified in this planning cycle are newly developed based on the district's updated risk assessment, local capabilities, and areas of concern identified during stakeholder engagement and interagency collaboration. These new actions were crafted to address the district's highest priority hazards, align with FEMA's hazard mitigation guidance, and reflect local infrastructure vulnerabilities and water resource challenges. The development of these mitigation strategies marks an important step in integrating resilience into the district's operations and long-term planning. All mitigation actions are documented in Volume 2, Table 5-8.

SVWD developed unique mitigation actions, tailored to their own unique priorities, vulnerabilities, and capabilities. Each action contains a level of detail that meets the regulatory requirements of FEMA and DMA 2000, including identifying the responsible party, time frame, potential funding source, implementation steps, and resources needed to implement. It is important to note that SVWD is a small agency with a mostly horizontal structure. Therefore, there are no specific departments or divisions responsible for overseeing these mitigation actions; instead, responsibilities for actions will be shared across all positions in the district.

All actions are assigned a unique identification number, as illustrated in MAST and in Figure 5-26, using alphanumeric characters that denote specific attributes of the action, including the type of hazard being mitigated, facilitating easy reference and management. Table 5-8 lists each mitigation action for the district.

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Table 5-8: SVWD Mitigation Action Plan

Hazard	Action ID	Action Title	Description	FEMA Mitigation Alternative	Timeline	Responsibility	Cost	Benefit	Internal Funding Source	External Funding Source	Priority (Based on Criteria)	Problems Addressed
Drought	**ma-DR-SVW-01**	Groundwater Resilience Enhancements	Implement managed aquifer recharge, improve groundwater monitoring, and pursue intertie coordination with the City of Santa Cruz to address overuse and recharge deficits during drought.	NRP	Medium 3-5 Years	SVWD + RCD, County, City of Santa Cruz and SMGWA	Medium	High	CIP budget for physical infastructure not covered by DWR grant	DWR Grant for physical infastructure	Medium	ps-DR-RCD-01, ps-DR-SCC-03, ps-DR-SCW-01, ps-DR-SVW-02, ps-SF-SVW-04, ps-DR-SVW-01, ps-SF-SVW-04, ps-SF-SVW-05
Drought	**ma-DR-SVW-02**	Equitable Drought Education & Rate Planning	Develop bilingual public education campaigns and a tiered drought surcharge program modeled after PG&E's CARE system to reduce burden on low-income customers.	PRV, PE&A	Short 1-3 Years	SVWD + County, PG&E and regional partners	Low	High	operating budget	DWR, Measure Q	Medium	ps-DR-SVW-03, ps-DR-WTS-01, ps-DR-SVW-01, ps-DR-SVW-02, ps-SF-SVW-04, ps-SF-SVW-05
Earthquake	**ma-EQ-SVW-01**	Seismic Retrofit of Critical Facilities	Retrofit structurally vulnerable tanks including MacDorsa, Bethany, Sequoia, Mt. Roberta, and Villa Fontenay to meet seismic safety standards.	PPRO, SP	Short 1-3 Years	SVWD + consultants	High	High	seeking grant opportunities, CIP budgeting.	HMGP BRIC	High	ps-EQ-SVW-04, ps-EQ-SVW-01, ps-EQ-SVW-02, ps-EQ-SVW-03, ps-EQ-SVW-05
Earthquake	**ma-EQ-SVW-02**	Seismic Pipe Replacement Program (Phase I)	Initiate phased replacement of high-risk asbestos cement (AC) pipes in the water distribution network using seismically resilient materials.	SP	Long 5-10 Years	SVWD	High	High	CIP budget	HMGP BRIC	High	ps-EQ-SVW-02, ps-EQ-SVW-01, ps-EQ-SVW-03
Earthquake	**ma-EQ-SVW-03**	Seismic Node & Vault Hardening Initiative	Reinforce system nodes (e.g., vaults, PRVs) to withstand ground shaking and prevent service disruptions during earthquakes.	SP	Medium 3-5 Years	SVWD + County OES and Fire District	High	High	CIP budget	HMGP BRIC	High	ps-EQ-SVW-01, ps-EQ-SVW-02, ps-EQ-SVW-03, ps-EQ-CPT-02, ps-EQ-SVL-02
Flood / Slope Failure	**ma-SF-SVW-01**	Slope Stability Risk Assessment & Retrofit Plan	Conduct geotechnical evaluations of flood and slope failure-prone infrastructure sites (e.g., Glenwood, Bethany) and develop a prioritized plan for retrofits, drainage improvements, erosion control, or relocation of at-risk assets.	PRV	Short 1-3 Years	SVWD + County, FEMA and consultants	Medium	High	CIP budget	Seeking Federal EPA grant program funding.	Medium	ps-SF-SVW-01, ps-SF-SVW-02, ps-SF-SVW-03, ps-FL-SVW-01
Wildfire	**ma-WF-SVW-01**	Hydrant Maintenance & Improvement Program	Formalize a hydrant program including inspection, painting, GPS location, asset management, and an encroachment permitting system to ensure consistent WUI coverage.	SP	Short 1-3 Years	SVWD + City of Scotts Valley, Fire District	Medium	High	Operating budget	HMGP BRIC CAL FIRE CalOES Prop 4 Measure Q	Medium	ps-WF-SVL-05, ps-WF-SVW-01, ps-WF-SVW-02
Wildfire	**ma-WF-SVW-02**	Critical Zone Storage & Pressure Improvements	Upgrade wildfire zone storage and pressure delivery systems in Northridge and Villa Fontenay to improve firefighting response capabilities and protect public safety.	SP	Medium 3-5 Years	SVWD + Fire District	High	High	CIP budget	HMGP BRIC CAL FIRE CalOES Prop 4 Measure Q	High	ps-WF-SVW-02, ps-WF-SVW-01
Wildfire	**ma-WF-SVW-03**	WUI Asset Hardening & Vegetation Management Program	Establish a recurring program to harden key infrastructure in the Wildland-Urban Interface (WUI) and manage vegetation on and near SVWD property. Partner with adjacent landowners to improve defensible space.	NRP, SP, PPRO	Short 1-3 Years	SVWD + Fire District	High	High	Operating budget	HMGP BRIC CAL FIRE CalOES Prop 4 Measure Q	High	ps-WF-SVW-01, ps-WF-WTS-01, ps-WF-SVW-02

Board Compliance Status

Updated 06/1/26

	OATH OF OFFICE	BEST PRACTICES	AB1234: ETHICS		AB1661: HARASSMENT	
DIRECTORS	Current	Current	Current	Due	Current	Due
EKWALL	12/08/22	04/26/23	05/21/25	05/21/27	04/17/25	04/17/27
LEISHMAN	12/08/22	04/26/23	05/27/26	05/27/28	05/31/26	05/31/28
PERRI	12/12/24	04/26/23	11/03/25	11/03/27	06/11/25	06/11/27
REBER	12/12/24	04/26/23	06/01/26	06/01/28	06/02/26	06/02/28
STILES	12/08/22	04/26/23	03/27/24	03/27/26	04/01/24	04/01/26
JUNIOR BOARD MEMBERS	**APPOINTED**					
OSORIO	01/8/26		01/24/26	01/24/28	01/26/26	01/26/28
VAVAROUTSOS	01/8/26		01/22/26	01/22/28	01/22/26	01/22/28
COMMITTEE MEMBERS	**APPOINTED**					
CORSTORPHINE	01/8/26		01/18/26	01/18/28	01/24/26	01/24/28
HUNT	01/8/26		01/23/26	01/23/28	01/25/26	01/25/28
JAGER	01/8/26		01/19/26	01/19/28	01/20/26	01/20/28
FLINT	01/8/26		01/23/26	01/23/28	01/21/26	01/21/28

Oath of Office

When appointed or elected, Directors are sworn in and complete an Oath of Office, as provided by California law. The original is retained by County Elections and the District retains a copy.

Best Practices

When appointed or elected to office, Directors make a commitment to uphold the public trust and represent the best interests of our customers.

AB 1234: Public Officials Ethics Training

Public officials who receive compensation, salary, stipends, or expense reimbursements must complete a public official's ethics laws and principles training relevant to public service within 6 months of taking office and repeated every 2 years. Certificates are retained by District for 5 years.

AB 1661: Local Government Sexual Harassment Preventions Training and Education

California Law requires local officials who receive any type of compensation, salary, or stipends to complete sexual harassment prevention training and education within 6 months of taking office and repeated every 2 years. Certificates are retained by District for five years.

Board Regulations Review Schedule
Updated 5/11/26

Type	Title	Approval	Approved	Reviewed	Frequency	Next Review	Responsible
Code	Administrative Code	O 168-22	09/08/22	09/08/22	5 years	09/01/27	Admin
Code	Conflict of Interest Code Local Agency Biennial Notice	R 04-24	06/13/24	06/13/24	2 years	06/01/26	Admin
Handbook	Employee Handbook	Motion	04/13/23	04/13/23	4 years	06/01/27	Admin
Policy P100-11-1	Environmental Sustainability	R 04-23	06/07/18	06/08/23	5 years	06/01/28	Admin
Policy P100-13-1	Travel on District Business	R 14-13	11/14/13	04/13/23	4 years	06/01/27	Admin
Policy P100-16-1	Emergency Management	R 01-22	02/11/16	01/13/22	5 years	01/01/27	Admin
Policy P100-17-1	Driving on District Business	R 08-17	05/04/17	04/13/23	4 years	06/01/27	Admin
Policy P100-17-2	Drug and Alcohol Free Workplace	R 09-17	05/04/17	04/13/23	4 years	06/01/27	Admin
Policy P100-17-4	Technology Resources	R 03-19	06/20/19	04/13/23	4 years	06/01/27	Admin
Policy P100-17-4	Harassment, Discrimination, Retaliation Prevention	R 02-19	06/20/19	04/13/23	4 years	06/01/27	Admin
Policy P100-22-1	Records Retention	R 04-22	04/14/22	na	5 years	04/01/27	Admin
Policy P200-14-1	Investments	R 01-20	02/13/20	04/09/26	3 years	04/01/29	Fin/CS
Policy P200-17-2	Cash Reserves	R 13-17	06/08/17	06/09/22	5 years	06/01/27	Fin/CS
Policy P200-19-1	Delinquent Accounts	R 03-25	11/14/19	08/14/25	2 years	08/01/27	Fin/CS
Policy P200-21-1	Debt Management	R 04-21	05/13/21	05/14/26	5 years	05/01/31	Fin/CS
Policy P300-17-1	Cross-Connection Control and Backflow Prevention	R 03-17	01/12/17	06/12/25	5 years	05/01/30	Operations
Policy P500-15-1	Water Waste	R 05-20	05/14/15	06/12/25	5 years	06/01/30	Fin/CS
Policy P500-15-2	Water Management Strategies for Demand Reduction	R 05-22	01/08/15	05/12/22	5 years	05/01/27	Admin
Practices	Board Best Practices	Motion	07/10/14	04/26/23	3 years	04/01/26	Admin
Program	Community Members on Board Committees	Motion	09/12/19	11/13/25	2 years	11/01/27	Admin
Program	Injury and Illness Prevention Program	Motion	06/07/18	na	5 years	under review	Admin
Program	Identity Theft Prevention	Motion	04/08/09	05/08/25	3 years	11/01/27	Admin
Program	Junior Associate Board Members	Motion	09/12/19	11/13/25	2 years	11/01/27	Admin
Program	Qualifying Medical Needs Rate	Motion	01/12/17	05/12/22	5 years	05/01/27	Admin
Program	Rate Assistance	Motion	05/12/22	05/08/25	3 years	05/01/28	Fin/CS
Program	Rebates	Motion	04/14/22	05/14/26	1 year	05/01/27	Fin/CS
Program	Think Twice	Motion	04/14/22	05/14/26	1 year	05/01/27	Fin/CS
Program	Rate Implementation	Motion	12/13/16	10/14/21	5 years	10/01/26	Fin/CS
Resolution	Volunteer Workers' Compensation Insurance	Motion	04/13/23	04/13/23	4 years	06/01/27	Admin
Standards	Standard Specifications	R 08-11	04/14/11	11/14/19	5 years	under review	Operations

STAFF REPORT - Finance

Scotts Valley Water District

Date: 06/11/2026

To: Board of Directors

From: General Manager

Item: Staff Reports 7.3

Subject: **Preliminary Financial Reports 07/01/25 through 04/30/2026**

Summary

Fiscal Year-to-Date (YTD) figures reflect the period of 7/1/2025 through 4/30/2026. YTD revenues total $14,091,000 and expenses total $13,670,900.

Revenue

April is the tenth month of the fiscal year. YTD potable water sales revenue is $3.99M, water services revenue is $2.46M and new connections revenue is $815K. Property tax revenue is $912K and grant revenue through Q3 totaled $4.9M. Total YTD revenue in the potable water fund, excluding grants, is $8.49M, equal to 83% of the budget and 12% higher than the same period last year due to increased water sales.

YTD recycled water sales revenue is $537K, water services revenue is $89K, and new connections revenue is $39K. Total YTD revenue of $676K in the recycled water fund equals 93% of the budget, which is 20% higher than for the same period of last fiscal year.

Expenses

Combined YTD operating expenses are in-line with the budget, with expenses of $6.1M representing 83% of the budget. Project expenditures total $6.6M and the debt service principal payments of $931K have been made.

Cash Reserves

At the end of April, cash reserves were approximately $12.1M. An additional $1.5M are held in investments and $1.2M is booked in Accounts Receivable.

Enclosed

Quarterly Financial Report 07/01/25 - 4/30/26
Budget Status Balance 07/01/25 - 4/30/26
Budget Status Revenue 07/01/25 - 4/30/26
Budget Status Expense 07/01/25 - 4/30/26
Projects Expense 07/01/25 - 4/30/26
Balance Sheet 4/30/26
Check Register 04/01/25 – 4/30/26
Investment Summary 4/30/26

Budget Status - Balance

Period: 07/01/25 - 04/30/2026

FY Remain: 17%

Period: 10 months	FY 2025 YTD Actual	FY 2026 YTD Actual	FY 20256 vs. FY 2025	YOY % change	FY 2026 Budget	FY 2026 Remaining Balance	%
Potable Water - Fund 01							
Water Sales & Services (R10, R20)	$ 6,329,356	$ 6,452,396	$ 123,040	2%	$ 8,042,900	$ 1,590,504	20%
New Connections (R25)	$ 114,195	$ 814,726	$ 700,531	613%	$ 91,184	$ (723,542)	-793%
Non-Operating Revenue (R30)	$ 1,145,849	$ 1,226,544	$ 80,695	7%	$ 5,382,286	$ 4,155,742	77%
Grant Revenue (R40)	$ 1,110,676	$ 4,921,292					
Potable Water Total	**$ 7,589,400**	**$ 13,414,958**	**$ 5,825,558**	**77%**	**$ 13,516,370**	**$ 101,412**	**1%**
Recycled Water - Fund 02							
Water Sales & Services (R10, R20)	$ 553,660	$ 626,343	$ 72,683	13%	$ 713,400	$ 87,057	12%
New Connections (R25)	$ -	$ 39,422	$ 39,422	-	$ -	$ (39,422)	
Other Revenue (R30, R40)	$ 11,050	$ 10,750	$ (300)	-3%	$ 16,600	$ 5,850	35%
Recycled Water Total	**$ 564,710**	**$ 676,515**	**$ 111,805**	**20%**	**$ 730,000**	**$ 53,485**	**7%**
TOTAL REVENUE	**$ 8,154,110**	**$ 14,091,473**	**$ 5,937,363**	**73%**	**$ 14,246,370**	**$ 154,897**	**1%**
Expenses - Fund 01 and Fund 02 Combined							
Salaries & Benefits (E01)	$ 2,516,881	$ 2,571,901	$ 55,019	2%	$ 3,424,016	$ 852,115	25%
Services & Supplies (E03-E80)	$ 2,741,694	$ 3,554,994	$ 813,300	30%	$ 4,393,120	$ 838,126	19%
Project Expenses	$ 2,771,582	$ 6,612,681	$ 3,841,099	139%	$ 13,286,410	$ 6,673,728	50%
Debt Service - Principal	$ 976,991	$ 931,320	$ (45,671)	-5%	$ 931,320	$ -	0%
TOTAL EXPENSES *	**$ 9,007,149**	**$ 13,670,896**	**$ 4,663,748**	**52%**	**$ 22,034,866**	**$ 8,363,969**	**38%**
NET REVENUE	**$ (853,039)**	**$ 420,577**	**$ 1,273,616**		**$ (7,788,496)**	**$ (8,209,072)**	

Budget Status - Revenue

Period: 07/01/25 - 04/30/2026 **FY Remain: 17%**

		FY 2025 YTD Actual	FY 2026 YTD Actual	FY 20256 vs. FY 2025	YOY % change	FY 2026 Budget	FY 2026 Remaining Balance	%
Fund 01	**Potable Water**							
R10	Operating Revenue - Water Sales							
01-000-41101	Residential Consumption - SF	$ 2,255,435	$ 2,255,762	$ 327	0%	$ 2,938,200	$ 682,438	23%
01-000-41102	Residential Consumption - MF	$ 183,857	$ 188,157	$ 4,300	2%	$ 239,200	$ 51,043	21%
01-000-41103	CII Consumption	$ 990,013	$ 933,857	$ (56,156)	-6%	$ 1,288,700	$ 354,843	28%
01-000-41105	Irrigation Consumption	$ 433,344	$ 496,128	$ 62,784	14%	$ 514,000	$ 17,872	3%
01-000-41106	CII Consumption - Other	$ 95,371	$ 96,447	$ 1,076	1%	$ -	$ (96,447)	
01-000-41200	Other - Bulk Water	$ 23,939	$ 18,143	$ (5,796)	-24%	$ 31,000	$ 12,857	41%
	R10 Sub Totals:	$ 3,981,960	$ 3,988,494	$ 6,534	0%	$ 5,011,100	$ 1,022,606	20%
R20	Operating Revenue - Water Services							
01-000-41300	Other - Late Penalty	$ 27,434	$ 25,691	$ (1,743)	-6%	$ 18,100	$ (7,591)	-42%
01-000-42100	Standby Basic Meter Charge	$ 2,244,904	$ 2,359,425	$ 114,521	5%	$ 2,920,300	$ 560,875	19%
01-000-42121	Standby FP Basic Meter Charge	$ 67,811	$ 71,978	$ 4,167	6%	$ 84,700	$ 12,722	15%
01-000-43300	Other Operating Revenue	$ 7,246	$ 6,808	$ (438)	-6%	$ 8,700	$ 1,892	22%
	R20 Sub Totals:	$ 2,347,396	$ 2,463,902	$ 116,506	5%	$ 3,031,800	$ 567,898	19%
R25	Operating Revenue - New Connections							
01-000-42101	Other Meter Fee	$ 1,412	$ 6,885	$ 5,473	388%	$ 1,300	$ (5,585)	-430%
01-300-42102	Other Capacity Fee	$ 108,999	$ 805,871	$ 696,872	639%	$ 82,184	$ (723,687)	-881%
01-000-42120	Other FP Meter Fee	$ 315	$ 945	$ 630	200%	$ 700	$ (245)	-35%
01-000-43100	Other Will Serve	$ 500	$ 125	$ (375)	-75%	$ 1,000	$ 875	88%
01-000-43200	Other Dev Proj Review	$ 2,969	$ 900	$ (2,069)	-70%	$ 6,000	$ 5,100	85%
	R25 Sub Totals:	$ 114,195	$ 814,726	$ 700,531	613%	$ 91,184	$ (723,542)	-793%
R30	Non-Operating Revenue - Other							
01-000-46000	Property Taxes	$ 830,151	$ 912,639	$ 82,488	10%	$ 1,637,492	$ 724,853	44%
01-000-47110	Interest & Dividend	$ 84,345	$ 116,678	$ 32,333	38%	$ 110,494	$ (6,184)	-6%
01-000-47120	Interest - LAIF	$ 224,321	$ 155,626	$ -		$ 309,700	$ 154,074	50%
01-000-47520	Misc. Non-Operating Revenue	$ 7,032	$ 24,483	$ 17,451	248%	$ -	$ (24,483)	
01-000-47540	Third-Party Reimbursements	$ -	$ 17,118	$ 17,118		$ -	$ (17,118)	
	R30 Sub Totals:	$ 1,145,849	$ 1,226,544	$ 63,577	7%	$ 2,067,286	$ 857,860	41%
R40	Non-Operating Revenue - Grants							
01-000-45230	State Grant - DWR 2021	$ 60,587	$ 4,707,850	$ 4,647,263	7770%	$ 3,315,000	$ (1,392,850)	-42%
01-000-45231	Local Grant - DWR 2022	$ 1,050,089	$ 213,442	$ (836,647)	-80%		$ (213,442)	
01-000-45260	Local Grant - City of SV	$ -	$ -	$ -		$ -	$ -	
	R40 Sub Totals:	$ 1,110,676	$ 4,921,292	$ 3,810,616	343%	$ 3,315,000	$ (1,606,292)	-48%
	Fund 01 Revenue:	**$ 8,700,076**	**$ 13,414,958**	**$ 4,697,764**	**54%**	**$ 13,516,370**	**$ 118,530**	**1%**
	Fund 01 Rev Excl Grants & Cap	$ 7,589,400	$ 8,493,666	$ 887,148	12%	$ 10,201,370	$ 1,724,822	17%

Budget Status - Revenue

Period: 07/01/25 - 04/30/2026 **FY Remain: 17%**

		FY 2025 YTD Actual	FY 2026 YTD Actual	FY 20256 vs. FY 2025	YOY % change	FY 2026 Budget	FY 2026 Remaining Balance	%
Fund 02	**Recycled Water**							
R10	Operating Revenue - Water Sales							
02-000-41105	Irrigation Consumption	$ 466,278	$ 534,086	$ 67,808	15%	$ 607,200	$ 73,114	12%
02-000-41200	Other - Bulk Water	$ 1,894	$ 3,120	$ 1,226	65%	$ -	$ (3,120)	
	R10 Sub Totals:	$ 468,172	$ 537,206	$ 69,034	15%	$ 607,200	$ 69,994	12%
R20	Operating Revenue - Water Services							
02-000-41300	Other - Late Penalty							
02-000-42100	Standby Basic Meter Charge	$ 85,363	$ 89,012	$ 3,649	4%	$ 106,200	$ 17,188	16%
02-000-43300	Other Operating Revenue	$ 125	$ 125	$ -	0%	$ -	$ (125)	
	R20 Sub Totals:	$ 85,488	$ 89,137	$ 3,649	4%	$ 106,200	$ 17,063	16%
R25	Operating Revenue - New Connections							
02-000-42101	Other Meter Fee	$ -	$ 870	$ 870		$ -	$ (870)	
02-000-42102	Other Capacity Fee	$ -	$ 38,552	$ 38,552		$ -	$ (38,552)	
02-000-42130	GW Rep-Impact Fees	$ -	$ -	$ -		$ -	$ -	
	R25 Sub Totals:	$ -	$ 39,422	$ 39,422		$ -	$ (39,422)	
R30	Non-Operating Revenue - Other							
02-000-47110	Interest & Dividend	$ 1,050	$ 750	$ (300)	-29%	$ 6,600	$ 5,850	89%
02-000-47115	Interest & Dividend - Restrict			$ -		$ -	$ -	
02-000-47520	Other Non-Operating Revenue			$ -		$ -	$ -	
02-000-47550	Gain/(Loss) on Sale of FA			$ -		$ -	$ -	
02-000-47560	Notes Receivable Payments	$ 10,000	$ 10,000	$ -	0%	$ 10,000	$ -	0%
	R30 Sub Totals:	$ 11,050	$ 10,750	$ (300)	-3%	$ 16,600	$ 5,850	35%
	Fund 02 Revenue:	**$ 564,710**	**$ 676,515**	**$ 111,805**	**20%**	**$ 730,000**	**$ 53,485**	**7%**
	Fund 02 Rev Excl Grants & Cap	$ 564,710	$ 676,515	$ 111,805	**20%**	$ 730,000	$ 53,485	7%
Revenue Totals:		**$ 9,264,786**	**$ 14,091,473**	**$ 4,809,569**	**52%**	**$ 14,246,370**	**$ 172,015**	**1%**
Revenue Total Excl Grants & Cap Contributions		$ 8,154,110	$ 9,170,181	$ 998,953	12%	$ 10,931,370	$ 1,778,307	16%

Budget Status - Expense

Period: 07/01/25 - 04/30/2026 **FY Remain: 17%**

Fund 01 and Fund 02 Combined

Dept		FY 2025 YTD Actual	FY 2026 YTD Actual	FY 20256 vs. FY 2025	YOY % change	FY 2026 Budget	FY 2026 Remaining Balance	%
Dept	**Administration**							
E01	Salaries & Benefits	$ 417,543	$ 473,628	$ 56,085	13%	$ 654,367	$ 180,739	28%
E03	General & Admin - Services	$ 267,101	$ 317,911	$ 50,809	19%	$ 476,374	$ 158,463	33%
E05	General & Admin - Supplies	$ 13,145	$ 12,020	$ (1,126)	-9%	$ 38,000	$ 25,980	68%
E10	Source of Supply	$ 166,905	$ 209,480	$ 42,575	26%	$ 259,571	$ 50,091	19%
E70	Other	$ -	$ 6,780	$ 6,780		$ -	$ (6,780)	
	Dept 100 Sub Totals:	**$ 864,695**	**$ 1,019,819**	**$ 155,124**	**18%**	**$ 1,428,312**	**$ 408,493**	**29%**
Dept	**Finance/Customer Service**							
E01	Salaries & Benefits	$ 504,256	$ 489,203	$ (15,053)	-3%	$ 649,129	$ 159,926	25%
E03	General & Admin - Services	$ 229,656	$ 313,692	$ 84,036	37%	$ 217,550	$ (96,142)	-44%
E05	General & Admin - Supplies	$ 2,000	$ 2,000	$ -	0%	$ 4,000	$ 2,000	50%
E35	Customer Accounts	$ 231,006	$ 215,702	$ (15,304)	-7%	$ 306,946	$ 91,244	30%
E70	Other	$ 8,096	$ 2,192	$ (5,904)	-73%	$ 1,000	$ (1,192)	-119%
E80	Debt Service - Interest	$ 78,121	$ 68,366	$ (9,755)	-12%	$ 165,759	$ 97,393	59%
	Dept 200 Sub Totals:	**$ 1,053,135**	**$ 1,091,154**	**$ 38,020**	**4%**	**$ 1,344,384**	**$ 253,230**	**19%**
Dept	**Operations**							
E01	Salaries & Benefits	$ 1,421,821	$ 1,474,589	$ 52,767	4%	$ 1,835,606	$ 361,017	20%
E03	General & Admin - Services	$ 207,499	$ 294,828	$ 87,329	42%	$ 324,496	$ 29,668	9%
E05	General & Admin - Supplies	$ 54,072	$ 36,970	$ (17,102)	-32%	$ 60,080	$ 23,110	38%
E07	General Production	$ 84,612	$ 132,893	$ 48,281	57%	$ 154,215	$ 21,322	14%
E10	Source of Supply	$ 112,451	$ 83,343	$ (29,107)	-26%	$ 80,000	$ (3,343)	-4%
E15	Pumping	$ 553,845	$ 655,511	$ 101,666	18%	$ 704,546	$ 49,035	7%
E20	Water Treatment	$ 379,756	$ 503,053	$ 123,298	32%	$ 621,100	$ 118,047	19%
E25	Transmission & Distribution	$ 319,959	$ 654,838	$ 334,879	105%	$ 471,300	$ (183,538)	-39%
E35	Customer Accounts	$ -	$ 274	$ 274		$ 100	$ (174)	-174%
E70	Other	$ -	$ -	$ -		$ -	$ -	
	Dept 300 Sub Totals:	**$ 3,134,015**	**$ 3,836,300**	**$ 702,285**	**22%**	**$ 4,251,443**	**$ 415,143**	**10%**
Dept	**Engineering**							
E01	Salaries & Benefits	$ 108,181	$ 58,763	$ (49,418)	-46%	$ 133,828	$ 75,065	56%
E03	General & Admin - Services	$ 19,007	$ 50,189	$ 31,181	164%	$ 122,150	$ 71,961	59%
E05	General & Admin - Supplies	$ 11,427	$ -	$ (11,427)	-100%	$ 1,000	$ 1,000	100%
	Dept 400 Sub Totals:	**$ 138,615**	**$ 108,951**	**$ (29,664)**	**-21%**	**$ 256,978**	**$ 148,027**	**58%**
Dept	**Board of Directors**							
E01	Salaries & Benefits	$ 65,080	$ 75,718	$ 10,639	16%	$ 79,761	$ 4,043	5%
E03	General & Admin - Services	$ 3,036	$ 3,925	$ 889	29%	$ 18,400	$ 14,475	79%
E05	General & Admin - Supplies	$ -	$ -	$ -		$ 800	$ 800	100%
	Dept 900 Sub Totals:	**$ 68,116**	**$ 79,643**	**$ 11,527**	**17%**	**$ 98,961**	**$ 19,318**	**20%**

Budget Status - Expense

Period: 07/01/25 - 04/30/2026 **FY Remain: 17%**

		FY 2025 YTD Actual	FY 2026 YTD Actual	FY 20256 vs. FY 2025	YOY % change	FY 2026 Budget	FY 2026 Remaining Balance	%
Summary								
E01	Salaries & Benefits	$ 2,516,881	$ 2,571,901	$ 55,019	2%	$ 3,352,691	$ 780,790	23%
E03	General & Admin - Services	$ 726,299	$ 980,544	$ 254,244	35%	$ 1,158,970	$ 178,426	15%
E05	General & Admin - Supplies	$ 80,644	$ 50,990	$ (29,655)	-37%	$ 103,880	$ 52,890	51%
E07	General Production	$ 84,612	$ 132,893	$ 48,281	57%	$ 154,215	$ 21,322	14%
E10	Source of Supply	$ 279,356	$ 292,823	$ 13,468	5%	$ 339,571	$ 46,748	14%
E15	Pumping	$ 553,845	$ 655,511	$ 101,666	18%	$ 704,546	$ 49,035	7%
E20	Water Treatment	$ 379,756	$ 503,053	$ 123,298	32%	$ 621,100	$ 118,047	19%
E25	Transmission & Distribution	$ 319,959	$ 654,838	$ 334,879	105%	$ 471,300	$ (183,538)	-39%
E35	Customer Accounts	$ 231,006	$ 215,976	$ (15,030)	-7%	$ 306,946	$ 90,052	29%
E70	Other	$ 8,096	$ 8,972	$ 876	11%	$ 1,000	$ -	0%
E80	Debt Service - Interest	$ 78,121	$ 68,366	$ (9,755)	-12%	$ 165,759	$ 97,393	59%
District Expense Total:		**$ 5,258,575**	**$ 6,135,867**	**$ 877,292**	**17%**	**$ 7,399,978**	**$ 1,251,165**	**17%**
Fund 01 and 02 Combined								
E01	Salaries & Benefits	$ 2,516,881	$ 2,571,901	$ 55,019	2%	$ 3,352,691	$ 780,790	**23%**
E03-E80	Services & Supplies	$ 2,741,694	$ 3,563,966	$ 822,272	30%	$ 4,027,287	$ 463,321	**12%**
District Expense Total:		**$ 5,258,575**	**$ 6,135,867**	**$ 877,292**	**17%**	**$ 7,399,978**	**$ 1,244,111**	**17%**

Projects - Expense



Period: 07/01/25 - 04/30/2026

FY Remain: 17%

Fund 01 and Fund 02 Combined

Project	Description	FY 2026 YTD Actual	FY 2026 Budget	FY 2026 Remaining Balance	%
C15007	Grace Wy Well	$ 1,234,179	$ 930,866	$ (303,313)	-33%
C16024	Bethany Tank Rehabilitation	$ 15,373	$ 481,387	$ 466,014	97%
C19070	Vehicle Replacement Program	$ 177,290	$ 180,000	$ 2,710	2%
C20010	Main Replacement Program - Potable	$ 293,865	$ 542,000	$ 248,135	46%
C20040	Administrative Building Improvements	$ 8,528	$ 20,000	$ 11,472	57%
C21010	Well 10 WTP Improvements	$ 513	$ 200,000	$ 199,487	100%
C22020	Specialized Operations Equipment	$ -	$ 49,227	$ 49,227	100%
C23010	SCWD-SVWD System Intertie*	$ 3,804,241	$ 7,756,878	$ 3,952,637	51%
C24000	Transit Center LID Phase 2	$ 6,126			
C24010	Glenwood Tank Landslide Evaluation & Repair	$ 19,930	$ 495,000	$ 475,070	96%
C24020	Monte Fiore PS Rehab	$ 71,817	$ 402,412	$ 330,595	82%
C24030	System wide pressure reduction program	$ 198,543	$ 339,402	$ 140,859	42%
C24040	Distribution system improvements in Montevalle	$ -	$ 112,045	$ 112,045	100%
C24050	Corp Yard Improvements	$ -	$ 35,425	$ 35,425	100%
C25000	SCADA Improvements- Teledesign Radio and Kingfi	$ 37,315	$ 202,127	$ 164,812	82%
C26010	Orchard Run Well Rehab	$ 78,876	$ 255,000	$ 176,124	69%
C26030	Solar Installation	$ -	$ 25,000	$ 25,000	100%
C26040	Sequioa Tank Roof Recoat	$ 265,964	$ 292,280	$ 26,316	9%
M17011	Meter Replacement Program	$ 46,327	$ 60,000	$ 13,673	23%
C26050	PW Tank Seam Resealing	$ 150,000	$ 195,000	$ 45,000	23%
Projects Expense Totals:		**$ 6,612,681**	**$ 13,286,410**	**$ 6,679,854**	**50%**
Grant Reimbursement Total:		***$ 4,931,292***			

Balance Sheet

Fund 01, Fund 02 and Fund 03 Combined

	4/30/25	4/30/26
Assets		
Cash	$8,484,262	$12,130,760
Investments	$1,969,000	$1,494,174
Accrued Interest	$72,489	$49,276
A/R Customer-Water	$978,347	$1,215,942
Property Tax Receivable	$0	$0
A/R - Other	($2,659)	$8,208
Interfund Loan Receivable	$1,093,007	$1,093,007
Inventory	$234,904	$263,194
Prepaid Expense	$56,322	$62,913
Note Receivable	$35,000	$25,000
JPA Investment	$149,345	$208,513
Land & Right-of-ways	$1,218,697	$1,218,697
Construction-in-progress	$6,805,462	$8,893,693
Water Rights / Intangible Assets	$5,267,833	$5,267,833
Plant & Equipment	$45,908,923	$47,914,474
Depreciation/Amortization	($28,278,656)	($29,545,834)
Deferred Pension Outflows	$1,366,327	$888,208
Unfunded OPEB Liability	$115,583	$116,887
	$45,474,186	**$51,304,945**
Liabilities		
A/P & Accrued Expenses	$147,880	$1,897,072
Accrued Salaries & Wages	($0)	($0)
Accrued Interest Payable	$0	$0
Customer Deposits	$53,010	$49,031
Interfund Loans	$1,093,007	$1,093,007
LT Liabilities Due in 1 Yr	$1,013,357	$796,317
Unearned Revenue	$89,182	$50,580
Long-term Liabilities	$9,146,010	$8,080,933
Deferred Pension Inflows	$1,187,814	$694,399
	$12,730,259	**$12,661,339**
Fund Balance		
Investment in Capital Assets	$23,190,237	$23,190,237
Unrestricted Net Position	$5,556,534	$11,301,683
	$28,746,771	**$34,491,920**
Total Liabilities and Fund Balance:	$41,477,031	$47,153,259
Total Retained Earnings:	$3,997,155	$4,151,687
Total Fund Balance and Retained Earnings:	$32,743,926	$38,643,607
Total Liabilities, Fund Balance, and Retained Earnings:	**$45,474,186**	**$51,304,946**

Vendor Name	Transaction Date	Check Number	Description	Amount
A T & T	4/23/2026	34798	SCADA Modem Dialer 3/13/26 - 4/12/26	$ 110.47
AAA WORKSPACE	4/9/2026	34766	File Folder	26.79
ADP, INC	4/9/2026	ACH	ADP Payroll PW-12 March 2026	224.99
ADP, INC	4/9/2026	ACH	ADP Payroll PW-14 March 2026	224.99
ADP, INC	4/9/2026	ACH	ADP Time & Attendance March 2026	228.00
ADP, INC	4/9/2026	ACH	ADP Workforce Now March 2026	123.25
AFSCME COUNCIL 57	4/9/2026	34767	Union Dues - March 2026	1,038.89
AIRTEC SERVICE	4/9/2026	34768	Service at 2 Civic Center on 3/16/26	308.00
ALLQUIP UNIVERSAL	4/23/2026	34799	Service Call - Annual Service	985.51
ALLQUIP UNIVERSAL	4/23/2026	34799	Turbo Nozzle 4000PSI	240.35
ANDERSON PACIFIC ENGINEERING CONSTRUCTION	4/23/2026	ACH	6" Water Main Installation & 2" HMA Overlay	55,612.50
ANDERSON PACIFIC ENGINEERING CONSTRUCTION	4/23/2026	ACH	2025 Watermain Improvement - Retention	37,684.92
ANDERSON PACIFIC ENGINEERING CONSTRUCTION	4/23/2026	ACH	Grace Way Well Site Improvements	107,468.63
ANDERSON PACIFIC ENGINEERING CONSTRUCTION	4/23/2026	ACH	Well 9 Site Demolition and Haul Off Concrete Structures	25,000.00
AT&T MOBILITY	4/23/2026	34800	March 2026 Service	943.02
AWP SAFETY	4/9/2026	34769	Cone Signs, Caution Paper	302.89
AWP SAFETY	4/9/2026	34769	Cones, Barricade Sheeting, Slow/Stop Paddle, Handle, R/W Stop	2,837.98
BADGER METER	4/9/2026	34770	Cell Charges PW/RW Meter Reads March 2026	4,575.19
BATTERIES PLUS BULBS #314	4/9/2026	34771	X2P 4AMP Charger	62.51
BRENNTAG NORTH AMERICA LLC	4/9/2026	ACH	L A Chemchlor Sodium	5,000.28
CALIFORNIA DEPT OF TAX & FEE ADMIN	4/23/2026	34801	245-188448 Sales and Use Tax - Conf#0-054-011-080	5,067.00
CALPERS	4/1/2026	ACH	ADM Retirement CalPERS PW-14 Ended 3/30/26	1,684.31
CALPERS	4/1/2026	ACH	EE Retirement Withheld CalPERS PW-14 Ended 3/30/26	6,360.97
CALPERS	4/1/2026	ACH	ENG Retirement CalPERS PW-14 Ended 3/30/26	261.38
CALPERS	4/1/2026	ACH	FIN/CS Retirement CalPERS PW-14 Ended 3/30/26	1,513.36
CALPERS	4/1/2026	ACH	OPS Retirement CalPERS PW-14 Ended 3/30/26	5,348.99
CALPERS	4/23/2026	ACH	ADM Retirement CalPERS PW-16 Ended 4/13/26	1,684.31
CALPERS	4/23/2026	ACH	EE Retirement Withheld CalPERS PW-16 Ended 4/13/26	6,360.97
CALPERS	4/23/2026	ACH	ENG Retirement CalPERS PW-16 Ended 4/13/26	261.38
CALPERS	4/23/2026	ACH	FIN/CS Retirement CalPERS PW-16 Ended 4/13/26	1,513.36
CALPERS	4/23/2026	ACH	OPS Retirement CalPERS PW-16 Ended 4/13/26	5,348.99
CALPERS	4/30/2026	ACH	CalPERS Unfunded Liability April 2026 Classic	6,270.58
CALPERS	4/30/2026	ACH	CalPERS Unfunded Liability April 2026 PEPRA	716.00
CALPERS	4/30/2026	ACH	CalPERS Unfunded Liability April 2026 Tier II	3,142.92
CANON FINANCIAL SERVICES	4/23/2026	ACH	Copier Contract Charge 4/26/26 - 5/25/26	448.59
CITY OF SANTA CRUZ WATER DEPT	4/9/2026	34772	DWR 2021 Grant - Less Admin Costs	(7,005.31)
CITY OF SANTA CRUZ WATER DEPT	4/9/2026	34772	DWR 2021 Grant, Comp1 - Intertie	1,964,666.50
CITY OF SCOTTS VALLEY	4/9/2026	34773	70 El Pueblo 1/16/26 - 3/15/26	2,429.61
CITY OF SCOTTS VALLEY	4/9/2026	34773	5301 Scotts Valley Dr 1/16/26 - 3/15/26	157.37
CITY OF SCOTTS VALLEY	4/9/2026	34773	Old LG Hwy 1/16/26 - 3/15/26	6,444.08
CITY OF SCOTTS VALLEY	4/9/2026	34773	Recycled Water Sold Outside City Limits 2022	6,385.36
CITY OF SCOTTS VALLEY	4/9/2026	34773	Recycled Water Sold Outside City Limits 2023	239.72
CITY OF SCOTTS VALLEY	4/9/2026	34773	Recycled Water Sold Outside City Limits 2024	136.74
CITY OF SCOTTS VALLEY	4/9/2026	34773	Recycled Water Sold Outside City Limits 2025	18.24
CITY OF SCOTTS VALLEY	4/9/2026	34773	Sewer 2 Civic Ctr 1/16/26 - 3/15/26	143.06
CITY OF SCOTTS VALLEY	4/9/2026	34773	Well 10 1/16/26 - 3/15/26	7,719.38
CIVIL CONSULTANTS GROUP INC	4/9/2026	34774	Grace Way Well Engineering March 2026	2,700.00
CIVIL CONSULTANTS GROUP INC	4/9/2026	34774	Monthly General Engineering March 2026	515.00
COASTAL EVERGREEN	4/9/2026	34775	Monthly Maintenance April 2026	650.00
CONTRACTOR COMPLIANCE & MONITORING	4/9/2026	34776	Labor Compliance Grace Way Well Site Improvements March 2026	1,508.75
CONTRACTOR COMPLIANCE & MONITORING	4/9/2026	34776	Labor Compliance Grace Way Wellhead Installation March 2026	287.50
CONTRACTOR COMPLIANCE & MONITORING	4/9/2026	34776	Labor Compliance Meadow Way Well Site Improvements March 2026	137.50
CONTRACTOR COMPLIANCE & MONITORING	4/9/2026	34776	Labor Compliance Sequoia Tank March 2026	137.50
CORSTORPHINE COLIN	4/23/2026	34802	Community Committee Member Fees Jan - Mar 2026	25.00
COUNTY OF SANTA CRUZ	4/23/2026	34803	Permit HMMP STD FORM 2 Silverwood	993.00
DASSELS PETROLEUM	4/9/2026	34777	#47465 Diesel Charges for March 2026	4,167.22
DEBRITO MATTHEW	4/1/2026	34765	Meals AWWA Conference - DeBrito	317.00
DEBRITO MATTHEW	4/1/2026	34765	Transportation AWWA Conference - DeBrito	576.81
DUDEK	4/23/2026	34804	Grace Way Well Site Improvements 2/21/26 - 3/27/26	4,082.08
EARLS JOHN	4/23/2026	34805	Refund Check 009438-000, 52 TERRACE VIEW	158.07
EXCEEDIO / XOBEE	4/9/2026	34778	2 Dell Monitors, Project Labor	916.31
EXCEEDIO / XOBEE	4/23/2026	34806	Managed Services 5/1/26 - 5/31/26	6,889.03
FASTENAL COMPANY	4/23/2026	34807	Stock Supplies	1,772.33
FLINT JONATHON	4/23/2026	34808	Community Committee Member Fees Jan - Mar 2026	50.00
GRAINGER	4/23/2026	ACH	Reflective Surveillance Warning Sign	70.30
GRANUM PARTNERS	4/9/2026	34779	SA-159 Development Review Deposit Refund	4,523.16
GREENWASTE RECOVERY, LLC	4/23/2026	34809	Waste Service 2 Civic Center 4/1/26 - 6/30/26	180.09
GREENWASTE RECOVERY, LLC	4/23/2026	34809	Waste Service 70 El Pueblo 3/1/26 - 3/31/26	424.03
GULLINGS RAY	4/9/2026	34780	Lawn Replacement Rebate, 848 Sq. Ft.	1,696.00
HAIGHT JUANELLA	4/23/2026	34810	Premium Reimbursement April 2026	415.59
HAZEN AND SAWYER, D.P.C.	4/23/2026	34811	Project Management, RRA, Kick-Off Meeting	2,560.00
HENRIQUEZ ALEXANDRA	4/23/2026	34812	Refund Check 015003-000, 9 JOLLEY WAY	382.15
HERITAGE REAL ESTATE VENTURES LLC	4/9/2026	34781	SA-178, Development Review Deposit Refund	841.66
HOF EQUIPMENT CO	4/14/2026	ACH	Uprights, Brace Sets, Straight & Inclined Arms	6,566.80
HOSE SHOP	4/23/2026	34813	2-1/2 DJ Fire Hoses, 5, 10 & 25 FT	1,078.94
HOSE SHOP	4/23/2026	34813	2-1/2 DJ Fire Hoses, 10 & 15 FT	897.80
HOSE SHOP	4/23/2026	34813	Credit Carried Over on Statement, Original Check #30547 12/9/21	(292.92)
HUNT SUZY	4/23/2026	34814	Community Committee Member Fees Jan - Mar 2026	50.00
ICONIX WATERWORKS (US), INC	4/9/2026	ACH	1-1/2 to 2 Ford Meter Adapter	3,966.90
ICONIX WATERWORKS (US), INC	4/9/2026	ACH	3/4 Brass St 90 IMP NL	56.90
ICONIX WATERWORKS (US), INC	4/9/2026	ACH	3/4 Ford FCT X UT PE CLPG NL	911.62
ICONIX WATERWORKS (US), INC	4/23/2026	ACH	1 Brass Cap IMP NL	24.15
ICONIX WATERWORKS (US), INC	4/23/2026	ACH	6 Standon DI Saddle Pipe Support	368.13
INFOSEND	4/9/2026	34782	Statement Data Processing & Mailing March 2026	2,165.26
JAGER WILLIAM	4/23/2026	34815	Community Committee Member Fees Jan - Mar 2026	75.00
KASSIS JANETTE	4/23/2026	34816	Premium Reimbursement April 2026	506.29
KOFFLER ELECTRICAL MECHANICAL	4/23/2026	34817	Reassemble Pump and Epoxy Paint	8,851.78
KOFFLER ELECTRICAL MECHANICAL	4/23/2026	34817	Work Scope: 75 HP Vertical Motor, Orchard Booster #1	5,949.92
LAS ANIMAS CONCRETE	4/9/2026	34783	Block 1/2 Ultra Block	351.20
MESITI-MILLER ENGINEERING, INC	4/23/2026	34818	Bethany Tank, Calculations, Modeling, Analysis, CADD	7,624.00
MESITI-MILLER ENGINEERING, INC	4/23/2026	34818	Bethany Tank, Calculations, Modeling, Analysis, Design and Plan	4,274.00
MESITI-MILLER ENGINEERING, INC	4/23/2026	34818	Bethany Tank, Review, Calculations, Modeling, Analysis, CADD	2,324.60

MILLER MAXFIELD, INC	4/9/2026	34784	Public Outreach Consulting Services for March 2026	8,750.00
MISSION UNIFORM SERVICE	4/9/2026	34785	Uniform Laundering Service 3/31/26	116.28
MISSION UNIFORM SERVICE	4/9/2026	34785	Uniform Laundering Service 04/07/26	194.05
MISSION UNIFORM SERVICE	4/23/2026	34819	Uniform Laundering Service 4/14/26	116.28
MISSION UNIFORM SERVICE	4/23/2026	34819	Uniform Laundering Service 4/21/26	194.05
MONRO INC	4/23/2026	ACH	Tires Truck #28 VIN 39713	806.17
MONRO INC	4/23/2026	ACH	Tires Truck #31 VIN 62178	1,452.11
MONTEREY BAY ANALYTICAL SERVICES	4/9/2026	ACH	Samples 3/17/26	346.00
MONTEREY BAY ANALYTICAL SERVICES	4/9/2026	ACH	Samples 3/24/26	243.00
MONTEREY BAY ANALYTICAL SERVICES	4/9/2026	ACH	Samples 3/31/26	140.00
MONTEREY BAY ANALYTICAL SERVICES	4/23/2026	ACH	Samples 3/31/26	86.00
MONTEREY BAY ANALYTICAL SERVICES	4/23/2026	ACH	Samples 4/7/26	140.00
MONTEREY BAY ANALYTICAL SERVICES	4/23/2026	ACH	Samples 4/14/26	140.00
MONTGOMERY & ASSOCIATES, INC	4/9/2026	ACH	Prof. Svcs Groundwater Elevation Data Collection, March 2026	3,269.00
MONTGOMERY & ASSOCIATES, INC	4/23/2026	ACH	Professional Services - Grace Report	422.00
MP EXPRESS	4/23/2026	34820	Business Card Imprints	167.38
NATIONWIDE RETIREMENT SOLUTIONS	4/1/2026	ACH	IRS 457 Plan PW-14 Ended 3/30/26	2,807.72
NATIONWIDE RETIREMENT SOLUTIONS	4/27/2026	ACH	IRS 457 Plan PW-16 Ended 4/13/26	2,807.72
NATIONWIDE RETIREMENT SOLUTIONS	4/30/2026	ACH	IRS 457 Plan PW-18 Ended 4/27/26	2,807.72
NORTON PATRICIA	4/23/2026	34821	Retiree Dental April 2026	33.72
NORTON PATRICIA	4/23/2026	34821	Retiree Medical April 2026	505.17
NORTON PATRICIA	4/23/2026	34821	Retiree Vision April 2026	18.56
O'REILLY AUTOMOTIVE INC	4/23/2026	34822	16 0Z Remover	9.87
ONPOINT GENERATORS, INC.	4/9/2026	34786	Replace Radiator, Hoses, Air Filter and Thermostat	8,269.16
OSORIO DOMINIC	4/23/2026	34823	Community Committee Member Fees Jan - Mar 2026	150.00
OSORIO DOMINIC	4/23/2026	34823	Community Committee Member Other Functions Jan - Mar 2026	150.00
PACIFIC GAS & ELECTRIC	4/23/2026	34824	Service 3/12/26 - 4/9/26	22,692.90
PACIFIC GAS & ELECTRIC	4/23/2026	34824	Service 3/12/26 - 4/9/26 2 Civic Center	1,684.07
PACIFIC GAS & ELECTRIC	4/23/2026	34824	Service 3/12/26 - 4/9/26 6030 Scotts Valley Dr	35.64
PACIFIC TRUCK & TRACTOR	4/9/2026	34787	Labor-Chassis/Cab/Drained Oil, Installed New Filters VIN 10899	715.57
PACIFIC TRUCK & TRACTOR	4/9/2026	34787	Labor-Chassis/Cab/Drained Oil, Installed New Filters VIN 11665	595.96
PACIFIC TRUCK & TRACTOR	4/9/2026	34787	Labor-Chassis/Cab/Drained Oil, Installed New Filters VIN 27953B	619.89
PACIFIC TRUCK & TRACTOR	4/9/2026	34787	Labor-Chassis/Cab/Drained Oil, Installed New Filters VIN 961067	1,957.04
PATHPOINT MERCHANT SERVICES	4/1/2026	ACH	PathPoint CC Processing Fees - March 2026	5,673.44
PERRI CHRISTOPHER	4/23/2026	34825	Premium Reimbursement April 2026	712.22
PIED PIPER EXTERMINATORS	4/23/2026	34826	Monthly Rodent Control 4 Locations May 2026	270.00
PIED PIPER EXTERMINATORS	4/23/2026	34826	Monthly Rodent Control 70 El Pueblo & Mt Hermon May 2026	100.00
PRESS BANNER	4/9/2026	34788	1/4 Monthly Ad 1/4S-New Tab	410.00
REBER DANIEL	4/23/2026	34827	Premium Reimbursement April 2026	2,209.51
REIN & REIN	4/23/2026	34828	Legal Counsel March 2026	3,500.00
RESOURCE DEVELOPMENT COMPANY LLC	4/23/2026	34829	Sequoia Tank - Ladder and Safety Gate	13,100.00
SANTA CRUZ RECORDS MANAGEMENT	4/23/2026	34830	Document Destruction	50.00
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/9/2026	ACH	1/2 CDX Plywood 4x8	99.51
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/9/2026	ACH	4x6x8' DF PT Autumn Tone	37.13
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/9/2026	ACH	11B Flow Meter Replacement: Liq-Tight Fitting, Silicone	42.75
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/9/2026	ACH	AR FRSH TRPC BLND LQD, Bolt Eye	13.15
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/9/2026	ACH	Bin 7/8" x 5-1/2 x 5" Red	71.28
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/9/2026	ACH	Bulk Propane	32.44
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/9/2026	ACH	Fastback Utility Knife, Inkzall Marker	36.20
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/9/2026	ACH	Floor Slide, Wedge	16.61
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/9/2026	ACH	Hasp Swvl Stpl 4-1/2	8.88
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/9/2026	ACH	Pik Stik 4" Jaw, Coarse Wire Wheel, Socket Adapter	78.20
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/9/2026	ACH	Rubberized Under Coating, Wrap Pipe 2x36 Yards, Duct Tape	43.86
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/9/2026	ACH	Soap Dish Suction	8.88
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/9/2026	ACH	Strap Hangr GLV	4.93
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/9/2026	ACH	Swag Hook, Floor Slide	19.07
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/9/2026	ACH	Viva Msc Towels	30.71
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/23/2026	ACH	2 Prt USB A/C Cr Charger	26.33
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/23/2026	ACH	Acetone Qt, Towels	23.03
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/23/2026	ACH	Battery Alkaline, 9V	22.13
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/23/2026	ACH	Fastback Utility Knife, Misc Screws	41.61
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/23/2026	ACH	Latch Storage Box	57.03
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/23/2026	ACH	Misc Screws	10.50
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/23/2026	ACH	Paint Pail 5 Gal Bucket	61.37
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/23/2026	ACH	Plate Aluminum Tread, Cable tie, Misc.	246.39
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/23/2026	ACH	Rivet Tool, Latch Storage Box	50.23
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/23/2026	ACH	Rvt AL 3/16" x 2"	9.87
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/23/2026	ACH	Shelf 4 Tier	219.48
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/23/2026	ACH	Socket Adapter, Needle Nose Pliers	50.66
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/23/2026	ACH	Spray Paint, Spray Can Handle	74.28
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/23/2026	ACH	Tap/Die Set Hex, Misc Screws	79.62
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/23/2026	ACH	Tri-Flow Aerosol	32.90
SCHAAF & WHEELER	4/9/2026	34789	On-Call Support Meetings - February 2026	3,150.00
SCHAAF & WHEELER	4/9/2026	34789	SA-219 On-Call Support 4585 Scotts Valley Dr	2,415.00
SCHAAF & WHEELER	4/9/2026	34789	SA-225 On-Call Support Victor Square	1,365.00
SCHAAF & WHEELER	4/9/2026	34789	SA-226 On-Call Support 75 Mt Hermon Rd	3,570.00
SCHAAF & WHEELER	4/23/2026	34831	On-Call Support Meetings - March 2026	630.00
SCHAAF & WHEELER	4/23/2026	34831	SA-219 -On-Call Call Support 4585 Scotts Valley Dr - March 2026	5,250.00
SCHAAF & WHEELER	4/23/2026	34831	SA-225 On-Call Support Victor Square- March 2026	2,940.00
SCHAAF & WHEELER	4/23/2026	34831	SA-226 On-Call Support 75 Mt Hermon- March 2026	1,260.00
SCOTTS VALLEY CHAMBER OF COMMERCE	4/9/2026	34790	Annual Membership Dues	440.00
SCOTTS VALLEY SPRINKLER	4/9/2026	34791	3" PVC S&D 22" ELL, Adapter, Siphon King	263.29
SHOBE ENGINEERING LLP	4/9/2026	34792	2025 Urban Water Management Plan 3/1/26 - 3/31/26	8,330.00
SPRINGBROOK HOLDING COMPANY, LLC	4/9/2026	ACH	Standard Professional Services	8,715.00
STEVENSON LANDSCAPING	4/9/2026	34793	Landscaping Service March 2026	750.00
STILES RUTH	4/23/2026	34832	Premium Reimbursement April 2026	398.21
SWRCB-DWOCP CERTIFICATION PROGRAM	4/9/2026	34794	D4 Certification Renewal - Albert	205.00
SYCAL ENGINEERING, INC	4/9/2026	ACH	Engineering Grace Way Well March 2026	4,760.00
SYCAL ENGINEERING, INC	4/9/2026	ACH	Engineering Mt Fiore March 2026	10,925.54
SYCAL ENGINEERING, INC	4/9/2026	ACH	Engineering SCADA Upgrade Sand Hill Booster March 2026	112.50
SYCAL ENGINEERING, INC	4/23/2026	ACH	Engineering Mt. Fiore April 2026	21,081.57
SYCAL ENGINEERING, INC	4/23/2026	ACH	Engineering Scotts Valley Water-Cont. Asst April 2026	18,677.18
UNITED SITE SERVICES	4/9/2026	ACH	Restroom Rental 4/1/26 - 4/28/26	408.92
UNITED SITE SERVICES	4/23/2026	ACH	Restroom Rental 4/15/26 - 5/12/26	357.90

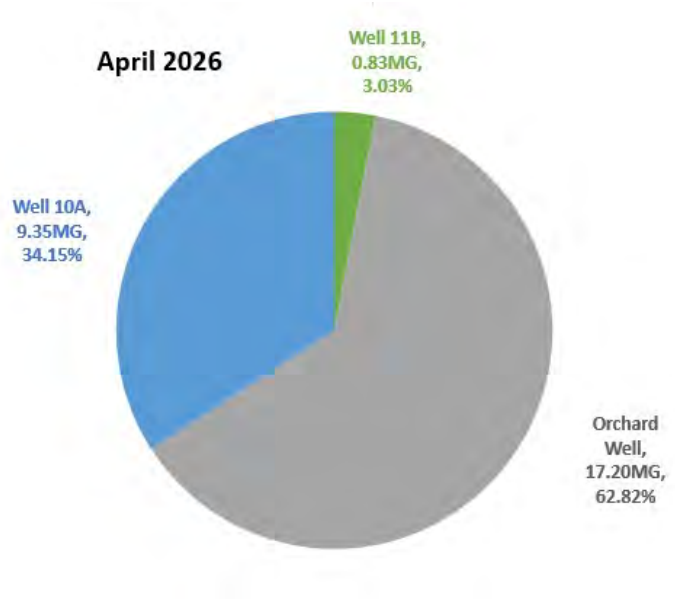
UNITED SITE SERVICES	4/23/2026	ACH	Restroom Rental 4/21/26 - 5/18/26	408.92
UNITED STATES POSTAL SERVICE	4/9/2026	34795	19784479 Refill Prepaid USPS	2,000.00
UNIVERSAL BUILDING SERVICES	4/9/2026	34796	Monthly Janitorial Services March 2 Civic Ctr	628.00
UNIVERSAL BUILDING SERVICES	4/9/2026	34796	Monthly Janitorial Services March 2026 70 El Pueblo	511.00
UNIVERSAL BUILDING SERVICES	4/9/2026	34796	Restroom Supplies; Towels, Tissue, Liners, Seat Covers	415.74
USABLUEBOOK	4/9/2026	ACH	Hach DR300 Chlorine	798.66
USABLUEBOOK	4/23/2026	ACH	Hydrant Wrench Adjustable Plated	403.33
USABLUEBOOK	4/23/2026	ACH	TU5sc Online Desiccant Cartridge	156.18
VAVAROUTSOS DEMITRI	4/23/2026	34833	Community Committee Member Fees Jan - Mar 2026	150.00
VAVAROUTSOS DEMITRI	4/23/2026	34833	Community Committee Member Other Functions Jan - Mar 2026	150.00
VERTEXONE SOFTWARE LLC	4/9/2026	ACH	Monthly WaterSmart Maint, February 2026	65.51
VERTEXONE SOFTWARE LLC	4/23/2026	ACH	Monthly WaterSmart Maint. March 2026	110.94
WATER RESOURCES ECONOMICS	4/23/2026	34834	SVWD 2025 Rate Study, Project Management, March 2026	21,475.86
WATSONVILLE FLEET GROUP	4/9/2026	34797	2026 F250 XL 4x2 Reg Cab 8' Box VIN 89080	75,624.58
WEIST LAW	4/9/2026	ACH	ADTR Jan 2026 Filing	495.00
WEST COAST COMMUNITY BANK	4/28/2026	20260409	WCCB CC Payment April (March Charges)	14,847.87
XPRESS BILL PAY	4/5/2026	20260403	xPress Bill Payment Processing Fees - March 2026	3,278.43
Grand Total	**Total**	**Total**	**Total**	**2,660,585.83**

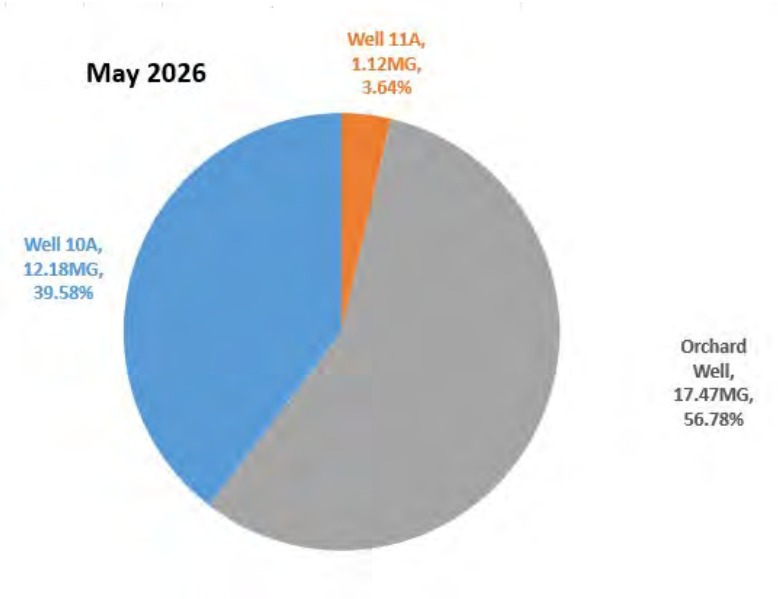
Scotts Valley Water District
Credit Card Statement Report
April 2026

West Coast Community Bank - Credit Card

Vendor Name	Transaction Date	Description	Amount
76 GAS STATION	3/10/2026	Fuel	$ 108.91
A T & T	2/25/2026	Backup Internet - El Pueblo 2/26 - 3/25	128.40
A T & T	2/25/2026	Backup Internet - Civic Center 2/26 - 3/25	128.40
ADOBE	3/11/2026	Adobe Licensing 3/11/26 - 4/10/26	287.88
AMAZON	2/27/2026	Buck Convertor, Battery Charger	184.36
AMAZON	3/2/2026	Struts for Toolbox	57.48
AMAZON	3/9/2026	Ant Bait, Garden Safe Fungicide, SanDisk USB	151.63
AMAZON	3/10/2026	400W Solar Panel	542.15
AMAZON	3/11/2026	Buck Convertor, Battery Charger	319.98
AMAZON	3/18/2026	Spray Cleaner, Antibacterial Wipes	33.60
AMAZON	3/19/2026	Refund	(542.15)
AWWA-CA/NV SECTION	3/24/2026	Refund	(536.25)
BLICK ART MATERIALS	3/13/2026	Vertical/Horizontal Sign Board Rack	271.97
COMCAST	4/26/2026	Internet-El Pueblo 5/1/26 - 5/31/26	402.93
COMCAST	5/13/2026	Internet-Civic Ctr 4/14/26 - 5/13/26	528.96
DAVIS INSTRUMENTS	3/2/2026	Weatherlink Pro Device Upgrade Subscription	47.40
DROPBOX	3/2/2026	Additional Dropbox Standard Plan License-Annual 3/2 - 2/19	175.07
DROPBOX	3/30/2026	Additional Dropbox Standard Plan License-Annual 3/30 - 2/19	161.26
DUN & BRADSTREET	3/30/2026	D&B Credit Insights - Basic	49.00
EVO STUDIOS INC.	2/22/2026	Website Hosting / Maint	124.00
EXPERIAN	3/30/2026	Experian ProfilePlus Report	69.95
FIRST ALARM	2/15/2026	Fire Alarm Service Declined CC From Dec-Feb	372.78
FULL SOURCE	3/3/2026	Safety Vests	1,881.12
HOME DEPOT	2/27/2026	Steel Storage Chest	635.09
HOME DEPOT	2/27/2026	Cordless Blower, Dual Tower Light	413.90
HOME DEPOT	3/26/2026	Stainless Steel Adjustable-Grip Draw Latch	25.23
HUSKY LINERS	3/30/2026	Countour Front Floor Liners	102.60
ICON CLOUD SOLUTIONS, LLC	3/13/2026	Phones - El Pueblo	105.20
ICON CLOUD SOLUTIONS, LLC	3/13/2026	Phones - Civic Ctr	315.59
IN-SITU, INC	3/8/2026	TROLL Com Plus, Level TROLL, Male 6" Flying Leads	2,004.57
MAILCHIMP	3/2/2026	Digital Marketing	116.00
OFFICE OF WATER PROGRAMS	3/10/2026	Utility Management, Ed 3 Enrollment, Manual	176.80
PLANET ORANGE	3/14/2026	Pest Control El Pueblo	75.00
PLANET ORANGE	3/14/2026	Pest Control 2 Civic Center	110.00
RF MACDONALD CO	3/5/2026	Pump Class Training, Baylen & Alan	1,000.00
SUBTERRANEAN CONSULTING GROUP	1/3/2026	Locator Training Class - Rhett Beatton	950.00
SUBTERRANEAN CONSULTING GROUP	1/3/2026	Locator Training Class - Carlos Flores	950.00
UNITED STATES POSTAL SERVICE	3/5/2026	Certified Mail to PG&E Land Dept.	10.48
UPS STORE	3/30/2026	Warranty Return 26 x MXUs	157.42
VERIZON WIRELESS	2/12/2026	Monthly Service - Tablets and iPad for OPS	2,711.16
ZOOM	3/25/2026	Zoom Cloud Recording 3/25 - 4/24	40.00
Grand Total			**$ 14,847.87**

Well Production



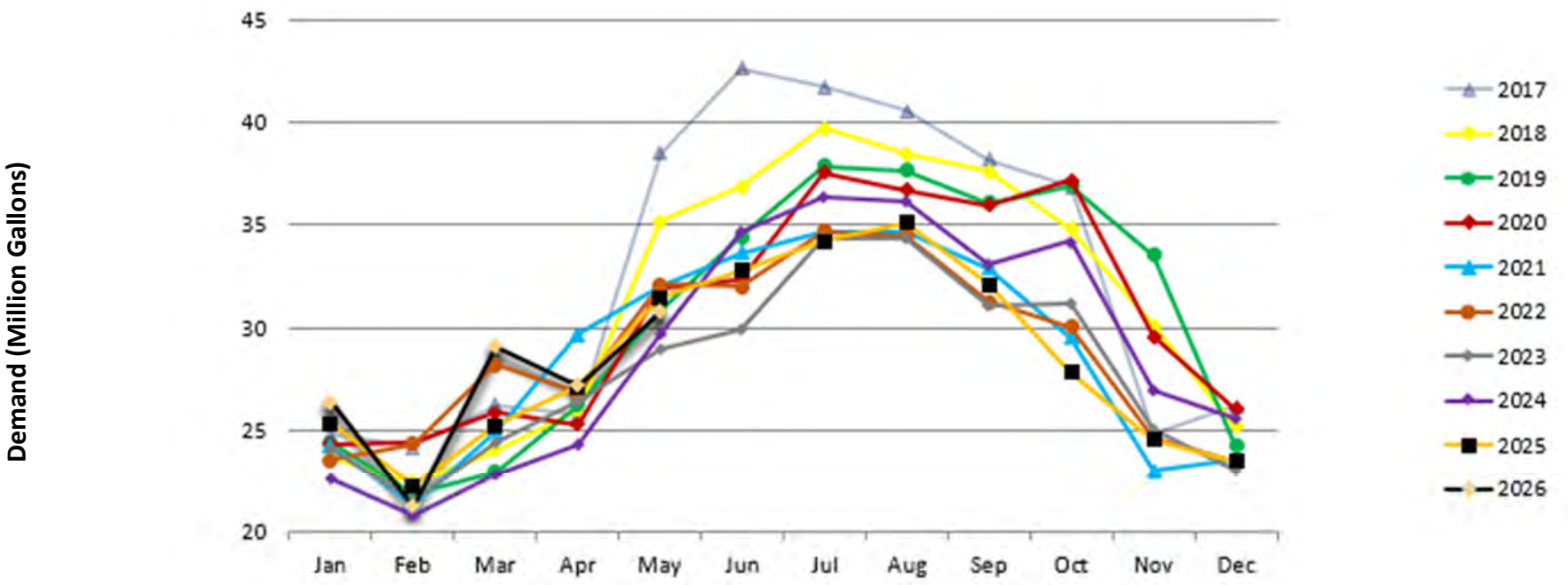


Total Production (Million Gallons)

April 2026	27.38 MG	5.19 % Decrease from March
May 2026	30.77 MG	12.38 % Increase from April

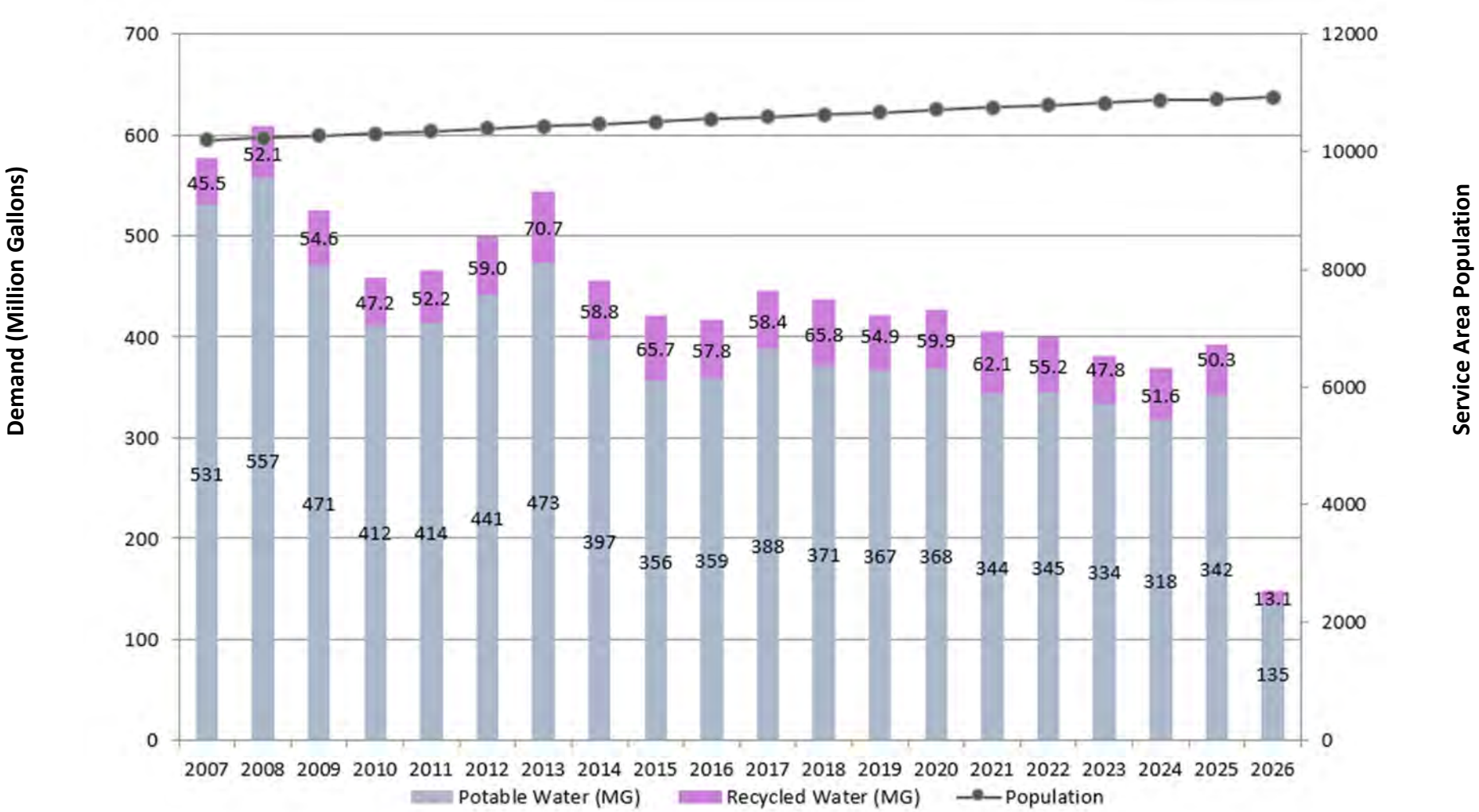
Production is Water Pumped +/- Water used for Well Maintenance Activities

Potable Water Demand



Demand is Production +/- Change in Storage

Potable and Recycled Water Demand vs. Population



Demand is Production +/- the Change in Storage

Potable and Recycled Water Demand

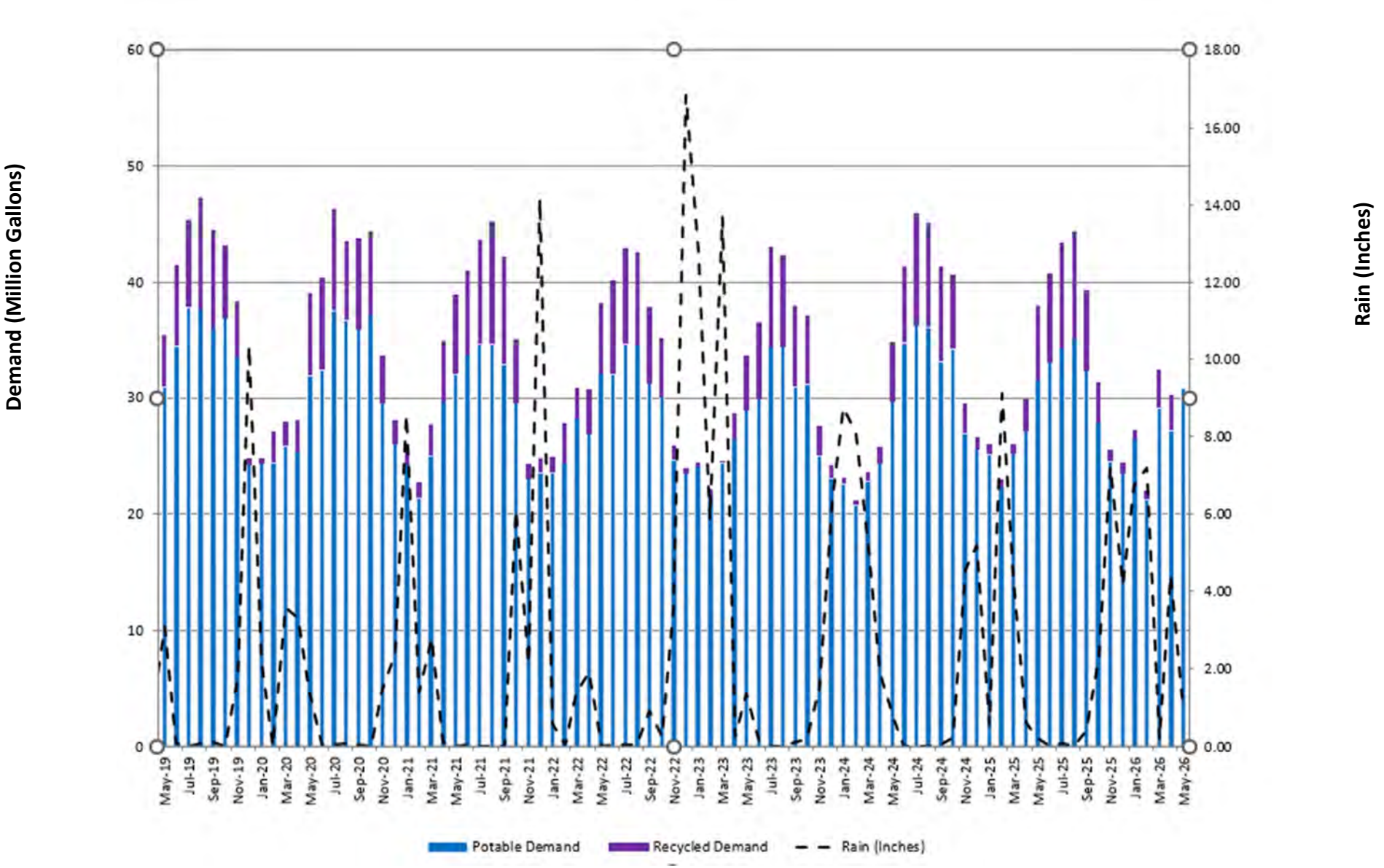
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Average
Jan.	23,085,736	24,789,618	23,674,051	24,378,894	24,319,853	24,231,996	23,549,899	24,119,305	22,612,521	25,356,317	26,393,710	24,228,355
Feb.	21,968,896	23,490,314	22,427,754	21,923,206	24,323,667	21,387,258	24,348,603	21,575,598	20,824,472	22,296,461	21,268,403	22,348,603
March	23,910,892	25,837,232	24,042,754	22,954,225	25,855,924	24,995,557	28,195,901	24,399,552	22,891,909	25,222,245	29,101,183	25,218,852
April	28,400,861	25,477,561	25,992,670	26,027,391	25,297,107	29,671,141	26,838,945	26,400,163	24,354,490	27,130,998	27,218,731	26,619,096
May	31,995,591	38,043,826	33,751,004	30,912,986	31,885,131	32,077,872	32,099,180	28,966,291	29,670,848	31,470,599	30,803,154	32,200,563
June	36,842,416	42,310,983	36,786,677	34,451,155	32,393,746	33,647,606	32,036,135	29,896,397	34,787,137	32,792,216		34,594,447
July	38,892,200	41,757,891	39,648,922	37,857,926	38,411,455	34,662,207	34,689,147	34,363,749	36,331,090	34,247,832		37,086,242
Aug.	38,541,952	39,982,246	38,720,060	37,666,598	36,637,898	34,701,240	34,501,423	34,386,798	36,149,775	35,111,038		36,639,903
Sept.	35,653,167	38,190,535	35,202,216	36,106,611	35,968,389	32,885,092	31,253,961	31,079,985	33,131,949	32,308,901		34,178,081
Oct.	30,517,556	36,888,905	34,746,760	36,940,853	37,193,525	29,533,005	30,045,717	31,153,726	34,206,132	27,846,463		32,907,264
Nov.	24,388,656	24,864,436	30,389,575	33,566,905	29,565,349	23,000,320	24,666,665	25,025,140	26,969,126	24,554,445		26,699,062
Dec.	24,379,124	26,194,926	25,160,789	24,225,007	26,013,773	23,538,533	23,479,712	23,072,563	25,556,859	23,480,921		24,510,221
Total	358,577,047	387,828,472	370,543,233	367,011,756	367,865,818	344,331,827	345,705,288	334,439,267	317,815,460	341,818,436	134,785,181	333,701,980

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Average
Jan.	862,984	156,267	838,172	493,100	450,147	1,560,234	1,416,939	257,000	487,999	901,105	875,474	754,493
Feb.	1,813,868	94,521	2,589,717	366,055	2,714,767	1,331,033	3,460,316	556,474	354,948	734,000	707,948	1,338,513
March	972,360	544,666	1,141,831	322,464	2,109,739	2,709,295	2,600,242	211,737	729,105	796,474	3,270,001	1,400,719
April	4,381,911	713,802	2,333,176	2,969,672	2,737,245	5,249,782	3,856,106	2,324,685	1,454,527	2,759,578	3,003,526	2,889,455
May	6,909,436	7,908,386	7,306,666	4,584,239	7,142,605	6,914,742	6,081,095	4,632,368	5,225,680	6,539,580	5,219,474	6,224,025
June	9,639,221	8,940,094	9,739,276	7,067,867	7,971,453	7,319,935	8,066,685	6,663,896	6,566,276	7,765,052		7,973,976
July	10,841,389	10,981,309	10,744,706	9,461,005	8,810,329	8,995,659	8,277,840	8,655,000	9,618,930	9,174,337		9,556,050
Aug.	8,767,020	9,618,897	10,078,073	9,594,307	6,760,659	10,595,314	8,072,792	7,955,736	8,956,104	9,318,159		8,971,706
Sept.	8,287,511	7,957,562	7,522,571	8,451,961	7,814,358	9,281,685	6,569,246	6,989,264	8,205,474	6,945,167		7,802,480
Oct.	3,956,097	7,557,695	6,967,548	6,228,883	7,236,784	5,554,683	5,155,789	5,948,841	6,463,211	3,466,944		5,853,648
Nov.	1,053,779	2,234,592	5,514,338	4,805,871	4,087,453	1,364,789	1,171,421	2,567,105	2,515,211	955,000		2,626,956
Dec.	529,158	1,670,966	994,336	544,650	2,075,116	1,282,474	504,442	1,096,264	1,044,211	898,000		1,063,962
Total	58,014,734	58,378,757	65,770,410	54,890,074	59,910,655	62,159,624	55,232,913	47,858,370	51,621,675	50,253,396	13,076,422	52,469,730

Demand is Production +/- the Change in Storage

Potable and Recycled Water Demand vs. Rainfall

Demand is Production +/- the Change in Storage



Rainfall

El Pueblo Weather Station

WATER YEAR		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	*TOTAL*	*% of Avg.*
	1981-82	0.14	11.20	5.90	28.80	6.88	8.26	8.40	0.03	0.00	0.00	0.04	1.28	70.93	175%
High Year	**1982-83**	**5.35**	**10.50**	**7.74**	**13.90**	**18.00**	**19.90**	**7.80**	**0.98**	**0.00**	**0.00**	**0.17**	**1.91**	**86.25**	**213%**
	1983-84	1.70	12.70	12.90	0.54	2.49	2.62	1.13	0.02	0.18	0.01	0.00	0.25	34.54	85%
	1984-85	2.80	13.80	2.95	1.72	4.20	7.92	0.73	0.11	0.15	0.09	0.02	0.54	35.03	86%
	1985-86	1.12	7.14	2.62	7.38	22.40	15.00	0.48	0.83	0.00	0.00	0.00	1.30	58.27	144%
	1986-87	0.03	0.05	2.47	4.51	9.06	6.31	0.70	0.00	0.02	0.00	0.00	0.00	23.15	57%
	1987-88	1.19	2.30	10.70	4.58	0.68	0.00	3.13	1.07	0.16	0.00	0.00	0.00	23.81	59%
	1988-89	0.19	5.90	8.89	2.06	1.39	10.60	0.67	0.08	0.03	0.00	0.03	0.83	30.67	76%
	1989-90	3.53	1.58	0.01	3.42	3.69	2.13	0.16	5.79	0.00	0.00	0.12	0.15	20.58	51%
	1990-91	0.50	0.24	1.65	0.61	5.39	17.19	0.51	0.06	0.40	0.00	0.02	0.07	26.64	66%
	1991-92	2.37	1.46	5.42	3.03	15.30	4.65	0.45	0.00	0.82	0.00	0.05	0.00	33.55	83%
	1992-93	3.41	0.20	11.54	18.51	10.22	3.17	1.37	0.96	0.68	0.00	0.00	0.00	50.06	124%
	1993-94	0.73	2.74	5.52	3.51	9.72	0.68	2.75	2.10	0.01	0.00	0.00	0.05	27.81	69%
	1994-95	1.79	8.29	4.78	23.88	0.65	13.62	3.79	0.89	1.04	0.01	0.00	0.00	58.74	145%
	1995-96	0.00	0.32	10.03	13.52	11.35	5.14	2.38	4.31	0.03	0.00	0.00	0.00	47.08	116%
	1996-97	2.89	6.95	22.43	12.33	0.17	1.50	0.58	0.16	0.12	0.00	0.54	0.00	47.67	118%
	1997-98	0.68	10.12	4.06	14.21	21.81	6.17	2.85	3.65	0.01	0.00	0.01	0.17	63.74	157%
	1998-99	1.02	9.11	1.85	9.25	11.08	5.22	2.58	0.03	0.36	0.00	0.02	0.14	40.66	100%
	1999-00	0.35	5.69	0.53	18.02	17.57	2.77	2.69	1.01	0.18	0.00	0.20	0.40	49.41	122%
	2000-01	5.14	1.38	0.94	8.68	10.65	4.05	2.67	0.00	0.07	0.00	0.00	0.16	33.74	83%
	2001-02	1.13	9.93	16.45	4.97	2.69	4.66	0.52	0.90	0.00	0.00	0.05	0.00	41.30	102%
	2002-03	0.00	5.80	21.40	2.77	2.95	2.54	5.75	1.09	0.16	0.00	0.00	0.00	42.46	105%
	2003-04	0.19	3.93	17.55	4.44	9.69	1.19	0.65	0.07	0.00	0.06	0.00	0.11	37.88	94%
	2004-05	7.24	3.25	14.39	8.30	7.20	10.01	3.79	2.13	0.94	0.02	0.00	0.08	57.35	142%
	2005-06	0.19	2.84	21.73	6.55	5.26	15.29	10.44	1.01	0.01	0.00	0.01	0.00	63.33	156%
	2006-07	0.25	3.30	5.67	0.89	9.24	0.30	2.17	0.46	0.00	0.10	0.01	0.33	22.72	56%
	2007-08	1.93	0.52	5.50	17.59	6.96	0.36	0.35	0.00	0.00	0.01	0.00	0.04	33.26	82%
	2008-09	1.59	4.80	4.38	1.80	15.28	3.47	0.52	1.42	0.01	0.00	0.00	0.26	33.53	83%
	2009-10	9.70	0.33	5.21	11.37	8.66	4.35	5.41	1.17	0.00	0.01	0.07	0.00	46.28	114%
	2010-11	3.92	5.13	15.36	1.97	10.59	13.40	0.75	3.42	3.40	0.00	0.04	0.02	58.00	143%
	2011-12	2.93	3.41	0.15	6.80	2.75	11.97	4.09	0.02	0.20	0.02	0.00	0.02	32.36	80%
	2012-13	1.61	11.32	13.25	1.31	0.47	2.66	0.43	0.01	0.11	0.00	0.00	0.70	31.87	79%
	2013-14	0.01	0.87	0.78	0.05	11.52	4.02	2.02	0.01	0.02	0.09	0.01	0.92	20.32	50%
	2014-15	0.44	4.36	16.52	0.00	4.69	0.47	2.13	0.19	0.04	0.00	0.03	0.02	28.89	71%
	2015-16	0.07	2.54	6.67	16.20	1.16	14.26	1.18	0.35	0.00	0.00	0.00	0.22	42.65	105%
	2016-17	8.66	3.29	10.77	26.13	19.56	7.09	4.47	0.06	0.07	0.00	0.00	0.04	80.14	198%
	2017-18	0.10	4.02	0.08	6.43	0.56	10.07	2.85	0.01	0.13	0.01	0.00	0.00	24.26	60%
	2018-19	0.08	5.24	3.72	10.49	13.11	6.91	0.86	3.07	0.07	0.00	0.07	0.10	43.72	108%
	2019-20	0.00	1.76	8.57	2.14	0.01	3.59	3.31	1.37	0.02	0.05	0.06	0.02	20.90	52%
Low Year	**2020-21**	**0.00**	**1.48**	**2.40**	**8.55**	**1.39**	**2.81**	**0.11**	**0.00**	**0.04**	**0.00**	**0.00**	**0.00**	**16.78**	41%
	2021-22	6.10	2.15	14.15	0.57	0.03	1.37	1.91	0.00	0.04	0.02	0.03	0.90	27.27	67%
	2022-23	0.25	3.53	16.83	12.74	5.87	13.68	0.27	1.36	0.14	0.00	0.01	0.12	54.80	135%
	2023-24	0.19	1.50	6.28	8.76	8.09	5.13	1.92	0.80	0.00	0.00	0.00	0.02	32.69	81%
	2024-25	0.23	4.57	5.18	0.55	9.11	4.35	0.61	0.21	0.00	0.07	0.00	0.39	25.27	62%
	2025-26	2.32	7.22	4.17	6.76	7.17	0.2	4.44	0.94					33.22	82%
Cumulative 2025-2026		**2.32**	**9.54**	**13.71**	**20.47**	**27.64**	**27.84**	**32.28**	**33.22**						
Monthly Avg. 1981-2025		*1.87*	*4.64*	*8.00*	*8.01*	*7.70*	*6.43*	*2.37*	*0.95*	*0.22*	*0.01*	*0.04*	*0.26*	*40.51*	
Cumulative Avg. 1981-2025		*1.87*	*6.51*	*14.51*	*22.52*	*30.23*	*36.66*	*39.02*	*39.98*	*40.20*	*40.21*	*40.25*	*40.51*	*40.51*	

WELL INFORMED
SCOTTS VALLEY WATER DISTRICT

IN THIS EDITION:

SVWD Water Quality Report

Grace Way Well Update

Rainfall Report for 2026 Water Year

Save On Your Water Bill With a Pool Cover



Report: SVWD exceeds water quality standards for state, federal guidelines

The annual SVWD Water Quality Report is available. This latest report shares water quality data from samples collected during the 2025 calendar year, including explaining how water is treated and tested to ensure it's safe — and refreshing — to drink.

Finally, the report shows that the District's water, just like in years past, meets all state and federal drinking water standards.

The report is available online as well as in print (upon request).

Read the Report



WaterSmart

Take control of your water use! Enroll or check your WaterSmart today!





Motor control center building complete at Grace Way Well project site

The motor control center building has been completed at the Grace Way Well site, paving the way for allowing crews to start planning for electrical connections. That process involves trenching on the site as well as part of the road.

Once completed, the Grace Way Well will draw water from the Butano and Lompico aquifers, becoming the District's sixth active well. Capital Improvement Projects like this are essential for maintaining a reliable water supply for local residents and businesses.

Learn more about other Capital Improvement Projects on the District's website.





Rainfall slightly below average

As part of its annual supply and demand assessment, the Scotts Valley Water District tracks regional rainfall. For the 2026 water year (which runs October 2025 through September 2026), Scotts Valley has received 32.45 inches of rain — about 79% of the historical average.

Because of this below-average rainfall, as well as groundwater conditions in the Santa Margarita Basin, the District will remain under Stage 1 Water Conditions. These restrictions have been in place since June 2025, triggered by four consecutive winters of low rainfall.

Track how much rain has fallen in the area by visiting the District's website.



SVWD has you covered this summer

Pool covers are a smart investment for homeowners looking to save money in the long-run. As temperatures begin to rise, pools can lose water through evaporation and can result in using more water to keep the pool full throughout the summer.

With a pool cover, the rate of evaporation is reduced and your water bill is lower as a result. Pool covers also have the added benefit of keeping debris out of the water, maintaining water temperature through insulation and saving you time throughout the summer.

As a bonus, the Scotts Valley Water District is offering customers up to a 50% rebate to cover the cost of pool covers. Learn how to take advantage of this rebate on the District website.

SCOTTS VALLEY WATER DISTRICT
svwd.org

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