

Santa Ynez River Water Conservation District

2026 Rate Study

Draft Report

May 12, 2026

Santa Ynez River

WATER CONSERVATION DISTRICT

Public Review Draft

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
2026 RATE STUDY**

DRAFT REPORT

Prepared for:

Santa Ynez River Water Conservation District
P.O. Box 719
Santa Ynez, CA 93460

Prepared by:

ROBERT D. NIEHAUS, INC.
140 East Carrillo Street
Santa Barbara, CA 93101
(805) 962-0611

RDN Project Number 400

Public Review Draft

TABLE OF CONTENTS

| | |
|--|-----------|
| TABLE OF CONTENTS | v |
| LIST OF TABLES | v |
| LIST OF FIGURES | vi |
| EXECUTIVE SUMMARY | 1 |
| Purpose of Study | 1 |
| Summary of Recommendations | 1 |
| 1. INTRODUCTION | 3 |
| District Overview | 3 |
| Legal Framework | 5 |
| Key Assumptions | 6 |
| Water Use..... | 6 |
| Inflation | 8 |
| Reserve Policy..... | 8 |
| 2. FINANCIAL PLAN | 10 |
| Revenues | 10 |
| Rate Revenue..... | 10 |
| Non-Operating Revenue..... | 10 |
| Operating Expense | 11 |
| Reserve Balance..... | 12 |
| Financial Plan and Revenue Adjustments | 13 |
| 3. COST OF SERVICE | 16 |
| 4. RATE DESIGN AND IMPACT | 20 |
| 5. APPENDIX | 22 |

LIST OF TABLES

| | |
|--|----|
| Table 1. Current and Proposed Water Rates per Acre Foot..... | 2 |
| Table 2. Zone Water Use Projection Coefficients..... | 7 |
| Table 3. Projected Water Use by Zone | 7 |
| Table 4. Projected Inflationary Adjustments | 8 |
| Table 5. District Reserve Policies | 9 |
| Table 6. Proposed Revenue Adjustments | 10 |
| Table 7. Projected Status Quo Rate Revenue | 10 |
| Table 8. Projected Status Quo Non-Operating Revenue | 11 |
| Table 9. Projected Operating Expenses | 12 |

| | |
|--|----|
| Table 10. Annual Reserve Targets and Status Quo Balance | 13 |
| Table 11. Status Quo Financial Plan Pro Forma | 13 |
| Table 12. Proposed Revenue Adjustments | 13 |
| Table 13. Proposed Financial Plan Pro Forma | 14 |
| Table 14. Rate Revenue Requirement Calculation | 16 |
| Table 15. Use of Non-operating Revenues | 17 |
| Table 16. Total and Percent of Total Water Use by Zone | 17 |
| Table 17. Operating Cost Allocation | 18 |
| Table 18. Remaining Property Tax Allocation | 19 |
| Table 19. Non-operating Revenue Allocation..... | 19 |
| Table 20. Total Cost of Service Allocation by Zone | 19 |
| Table 21. Unit Rate Calculation..... | 20 |
| Table 22. Comparison of Current and Proposed Rates per Acre Foot | 20 |
| Table 23. Comparison of Current and Proposed Revenues | 21 |
| Table 24. Average Agricultural Rate Impact by Zone | 21 |
| Table 25. Average Special Irrigation Rate Impact by Zone | 21 |
| Table 26. Average Non-Agricultural Rate Impact by Zone..... | 21 |

LIST OF FIGURES

| | |
|---|----|
| Figure 1. Service Area Map | 5 |
| Figure 2. Historic and Future Water Use Total Use Trends..... | 8 |
| Figure 3. Proposed Financial Plan..... | 15 |
| Figure 4. Status Quo and Proposed Fund Balances..... | 15 |

EXECUTIVE SUMMARY

Purpose of Study

The major objectives of this study include the following:

- Develop a financial plan to support financial sufficiency, meet operation and maintenance (O&M) costs, and provide adequate reserves;
- Conduct a water cost-of-service study that is based on the District's costs;
- Calculate proposed, updated water rates for Fiscal Year 2026-27;
- Conduct an analysis of the effects of the proposed rates on District groundwater producers; and
- Demonstrate that the amount raised by the proposed groundwater rates are necessary to cover the reasonable costs of the District's required activities, and that proposed rates are allocated to District producers in a manner that bears a fair or reasonable relationship to the payor's burdens on, or benefits received, from the District's activities, consistent with Proposition 26 (Cal. Const., Art. XIII C, § 1).

This report summarizes the rate study's 5-year financial plan and FY 2026-27 rate development. The District intends to update this 5-year plan every year with a new 5-year projection so that the Board can maintain a 5-year outlook. However, the District's rates are set on an annual basis under Water Code sections 75500-75642.

Summary of Recommendations

The District bills all customers based on the groundwater they draw from wells within the District's service area, as defined by Water Code Section 75502. Water is billed in acre foot (AF) increments, where each AF of water drawn is billed an equal portion of the costs which are allocated to one of six zones based on the costs which are allocable to that zone. The six zones are:

- **Zone A** – District portion of the Santa Ynez River alluvial channel from San Lucas Bridge downstream to Lompoc Narrows
- **Zone B** – District portion of the Lompoc Plain, Lompoc Upland, and Lompoc Terrace groundwater subareas
- **Zone C** – All other portions of the District not included in Zones A, B, D, E, and F
- **Zone D** – District portion of the Buellton Upland subarea (including a portion of the groundwater aquifer extending under Zone A)
- **Zone E** – District portion of the Santa Ynez Upland subarea
- **Zone F** – District portion of the Santa Rita Upland subarea

The recommended charges outlined in this report were developed using industry standard methodologies set out in the American Water Works Association (AWWA) *Principles of Water Rates, Fees, and Charges*

– *Manual of Water Supply Practices (M1 Manual)*¹ and adhere to the cost of service principals required by California’s Proposition 26 and related California Law.

Table 1 displays the current and proposed rates for each zone and the difference with the current rates.

Table 1. Current and Proposed Water Rates per Acre Foot²

| Zone | Current Rate (AF) | Proposed Rate (AF) | Difference (AF) |
|---------------|--------------------------|---------------------------|------------------------|
| Zone A | \$22.00 | \$23.40 | \$1.40 |
| Zone B | \$14.80 | \$15.30 | \$0.50 |
| Zone C | \$9.20 | \$9.80 | \$0.60 |
| Zone D | \$9.20 | \$9.80 | \$0.60 |
| Zone E | \$9.20 | \$9.80 | \$0.60 |
| Zone F | \$9.20 | \$9.80 | \$0.60 |

¹ Section III of the M1 Manual details the process to develop units of service by customer class and apply those based on the proportional impact which satisfies the proportionality requirements of Proposition 26. The primary unit of service used in this study is AF of water use.

² Note that one acre foot is equal to 325,851 gallons of water. The proposed rate per gallon of water is between \$0.00003 and \$0.000072 depending on the zone.

1. INTRODUCTION

District Overview

The Santa Ynez River Water Conservation District (“District”) was formed in 1939. At the time of the District’s formation, investigations were under way to build a new reservoir that would divert Santa Ynez River water from the watershed of the Santa Ynez River to the South Coastal Area of Santa Barbara County. The District was formed for the purpose of, among other things, making surveys and investigations of water supplies and resources, and protecting, conserving and augmenting water rights and supplies, within the District, including, but not limited to, Santa Ynez River and groundwater supplies. The District’s boundaries include “the entire watershed of the Santa Ynez River and its tributaries below Gibraltar drainage basin and excepting portions of the government land. ... [The District] is limited to the watershed of the Santa Ynez River and its tributaries because [the] district represents a unit area in which the problems of control and conservation are intimately associated and must be considered and solved together.” (See, FACTS About The Proposed Santa Ynez River Water Conservation District, Santa Ynez River Water Conservation District Organization Committee, (May 1939), p. 7).

The District’s boundaries cover approximately 180,000 acres of land in two discontinuous areas within the watershed and Santa Ynez River Valley Groundwater Basin, extending from Lake Cachuma to the Pacific Ocean. The Santa Barbara County Local Agency Formation Commission (“LAFCO”) recognizes the District’s sphere of influence to be the entire Santa Ynez River Watershed and its tributaries (<https://www.sblafco.org/santa-ynez-river-water-conservation-map>).

The District is a California Water Conservation District formed pursuant to the Water Conservation District Law of 1931 (Wat. Code, §§ 74000 et seq.). Pursuant to Water Code sections 74508 and 75500, et seq., the District is expressly authorized to impose groundwater charges within its boundaries, which the Legislature has declared to be in furtherance of District activities in the protection and augmentation of the water supplies for users within the District or a zone or zones thereof which are necessary for the public health, welfare, and safety of the people of this state. (Wat. Code, § 75521.) The District has, since 1979, levied groundwater charges on all public and private operators of groundwater-producing facilities registered within the District to help recover its costs, including the costs of protecting, augmenting, conserving, and enhancing water rights and water supplies within the District.

The Santa Ynez River, including associated younger alluvium riparian deposits, is one of the largest water supply sources within the District and Basin. Due to the geographic nexus that the Santa Ynez River provides through the entire District, the adjacent upland groundwater aquifers benefit from the District’s activities including the augmentation of surface water of the Santa Ynez River, including the alluvium, and protection against water exports to the South Coast. Without the protection, conservation, and augmentation of the Santa Ynez River by the District through various activities, including the District’s continued advocacy for and making and coordination of releases of Santa Ynez River water downstream of Cachuma Project’s Bradbury Dam for beneficial uses within the District—as provided in SWRCB WRO 2019-0148 and the 2002 Settlement Agreement between the District, Improvement District No. 1, and the Cachuma Conservation Release Board (“CCRB”)—there would be additional pumping of groundwater from the upland groundwater zones adjacent to the Santa Ynez River zones (Zones A and B). The combined sustainable yield of the groundwater Zones C through F (17,000 AFY) are a fraction

of the average annual flow of the Santa Ynez River (100,000 AFY). This is because most of the rainfall in the Santa Ynez River watershed occurs upstream of Cachuma Lake at higher elevations.

The District's activities that are performed by its staff, consultants, and legal counsel include, but are not limited, to the following:

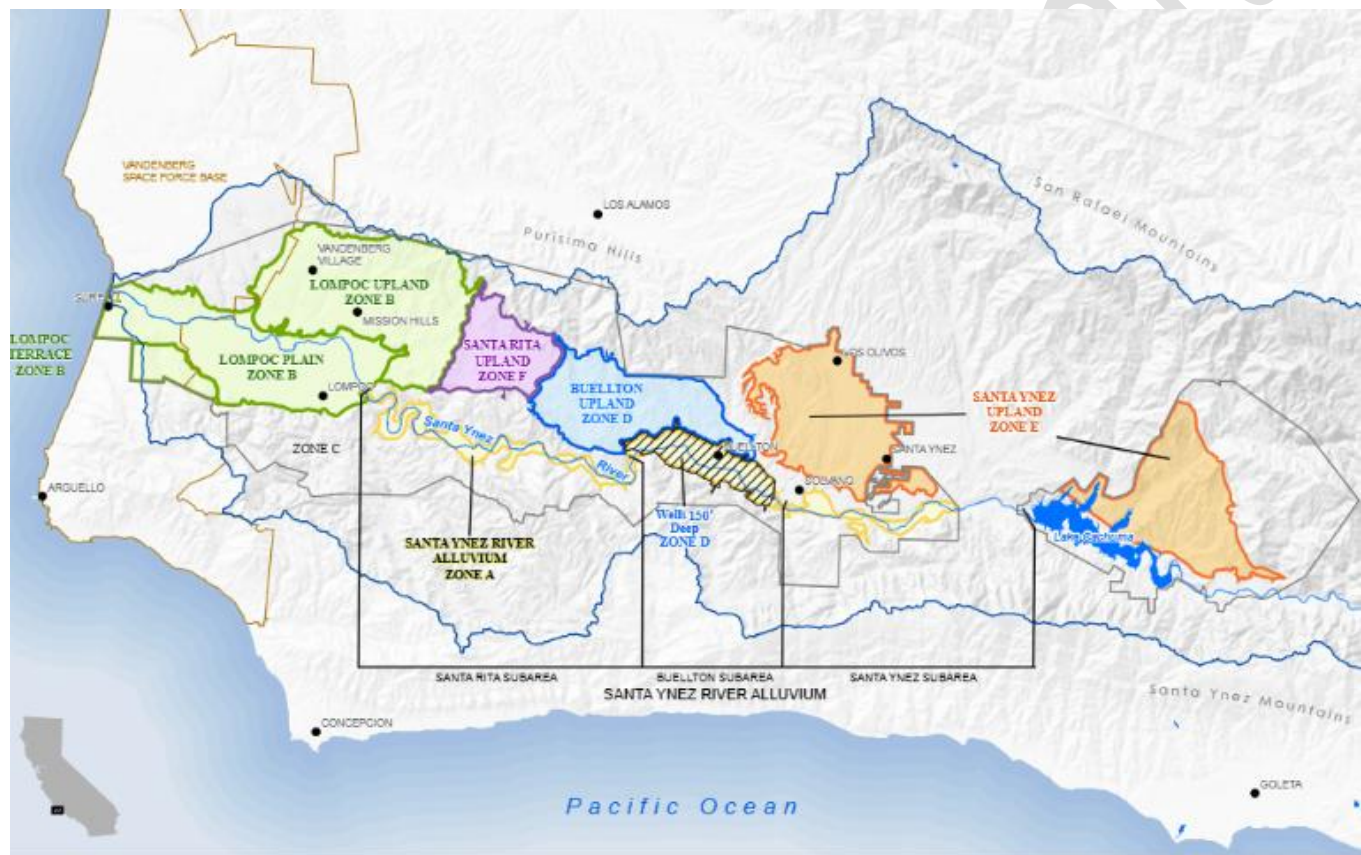
- Investigate, forecast, and report on surface water and groundwater conditions within the District, including estimates of surface water use, imported water purchased by contract; groundwater use, volume of groundwater overdraft; and amount of groundwater in storage, as required by Water Code section 75560 et seq.
- Plan, schedule, and administer the release of water from Bradbury Dam for the satisfaction and benefit of downstream water rights and water quality, including determining the timing, location, volume, and rate of flows needed to recharge the river alluvium and the Lompoc Plain for the Above Narrows Account ("ANA") and Below Narrows Account ("BNA"), as provided in State Water Resources Control Board Order No. WRO 2019-0148 and the 2002 Settlement Agreement, which describe in detail the District's role to protect and augment water supplies within the District.
- Coordinate and provide advance warning to District constituents downstream of Bradbury Dam regarding impending storm operations, minimizing potential damage to downstream assets along the lower Santa Ynez River.
- Review and contribute to the preparation of, and compliance with, applicable biological assessments and opinions, including associated consultations, revisions, and replacements, for the protection of endangered species in the Santa Ynez River, in a manner that assures that downstream water rights and water quality in the basin and downstream of Bradbury Dam are augmented, conserved, and protected.
- Require registration of groundwater production facilities and require, collect, record, and maintain reports of each individual groundwater producer's production within the District (since 1979) as part of its groundwater production reporting program.
- Levy and collect charges on groundwater production within the District to fund the District's operations.
- Provide technical and legal expertise to the District's constituents to protect downstream water rights.
- Participate in the Integrated Regional Water Management Plan process to promote regional water management strategies to ensure sustainable and reliable water supplies, including the protection of agriculture.
- Coordinate and support integrated watershed management within the Santa Ynez Basin, as a member agency of all three GSAs in the Basin, and as one of the largest and longest standing water-resource management agencies in the Santa Ynez River Valley Groundwater Basin.
- Support all three GSAs' implementation of their Groundwater Sustainability Plans (GSPs) to achieve their respective groundwater sustainability goals. This includes providing groundwater production and other data to support GSA activities, as requested by the GSAs, and data collected by the District as part of its groundwater production reporting program.

- Develop and submit grant applications and administer over \$6.5M in grant funding as Grantee on behalf of the three GSAs to support SGMA activities in the Basin.

The District comprises two non-contiguous areas and encompasses approximately 180,000 acres. It includes the cities of Lompoc, Solvang, and Buellton and the communities of Vandenberg Village, Mission Hills, Santa Ynez, Ballard, and Los Olivos. It includes the portion of the Santa Ynez River downstream of Bradbury Dam, the Lompoc Plain, the Santa Ynez Upland, the Lompoc Upland, the Buellton Upland, the Santa Rita Upland, and the Lompoc Terrace.

The zones are shown in **Figure 1**.

Figure 1. Service Area Map



Legal Framework

Proposition 26, codified in the California Constitution as Article XIII C, was approved by voters in 2010 to require a supermajority vote to pass new taxes. Furthermore, Proposition 26 expanded the definition of “tax.” Under the new definition, a tax is any levy, charge, or action of any kind imposed by a local government. Any fees or charges that are not exempted in the language of Proposition 26 are considered taxes and subject to voter approval.

Under Proposition 26, local water agencies must demonstrate their fees and charges are not taxes by showing that they fall within one of the exceptions in Proposition 26, which include, among others, the following:

(e) As used in this article, “tax” means any levy, charge, or exaction of any kind imposed by a local government, except the following:

(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the government of conferring the benefit or granting the privilege.

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

(3) A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.

In order not to be considered a tax, Prop 26 requires that local agencies must demonstrate “that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.”³

The rates and charges recommended in this study are not considered taxes under Proposition 26 because the costs bear a fair and reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. The specific privilege granted to those who pay the groundwater charge is the right to extract groundwater from within the District’s boundaries, which is granted only to those who pay for that right. One could also reasonably describe the District’s activities as regulating water use in its area of responsibility and conducting investigations as required by its organic statute. In any event, the important point under Proposition 26 is that the District’s rates are firmly tethered to its costs and are allocated proportionately among water users.

Key Assumptions

A test year, FY 2026-27, was selected for which costs are to be analyzed, and rates established for this study. The financial plan was built for the next five years, FY 2026-27 through FY 2030-31 with a detailed revenue adjustment plan. The District’s fiscal year begins on July 1 and ends on June 30. In order to project financial results, the following assumptions were made based on either historical data provided by the District or data published by other governmental agencies.

Water Use

Water use was projected for each zone and activity based on a historical survey of data reported in the District 48th Annual Report⁴. Coefficients for projecting future water use were based on 10 years of historical water use trend averages. The FY 2026-27 water use level is taken from the projection in the District’s Annual Report. Future year use levels are linear regressions for each zone based on the coefficients shown in **Table 2**. The projected annual use by zone and a comparison of historical use and projected trends graphically are shown in **Table 3** and **Figure 2**, respectively.

³ California Constitution Article XIII C - Voter Approval for Local Tax Levies Section 1.

⁴ Santa Ynez River Water Conservation District (2026) Forty-Eighth Annual Engineering and Survey Report on Water Supply Conditions of the Santa Ynez River Water Conservation District, A Summary of Findings for the Previous Water year (2024-2025), Current Water Year (2025-2026), and Ensuing Water Year (2026-2027). Stetson.

Table 2. Zone Water Use Projection Coefficients⁵

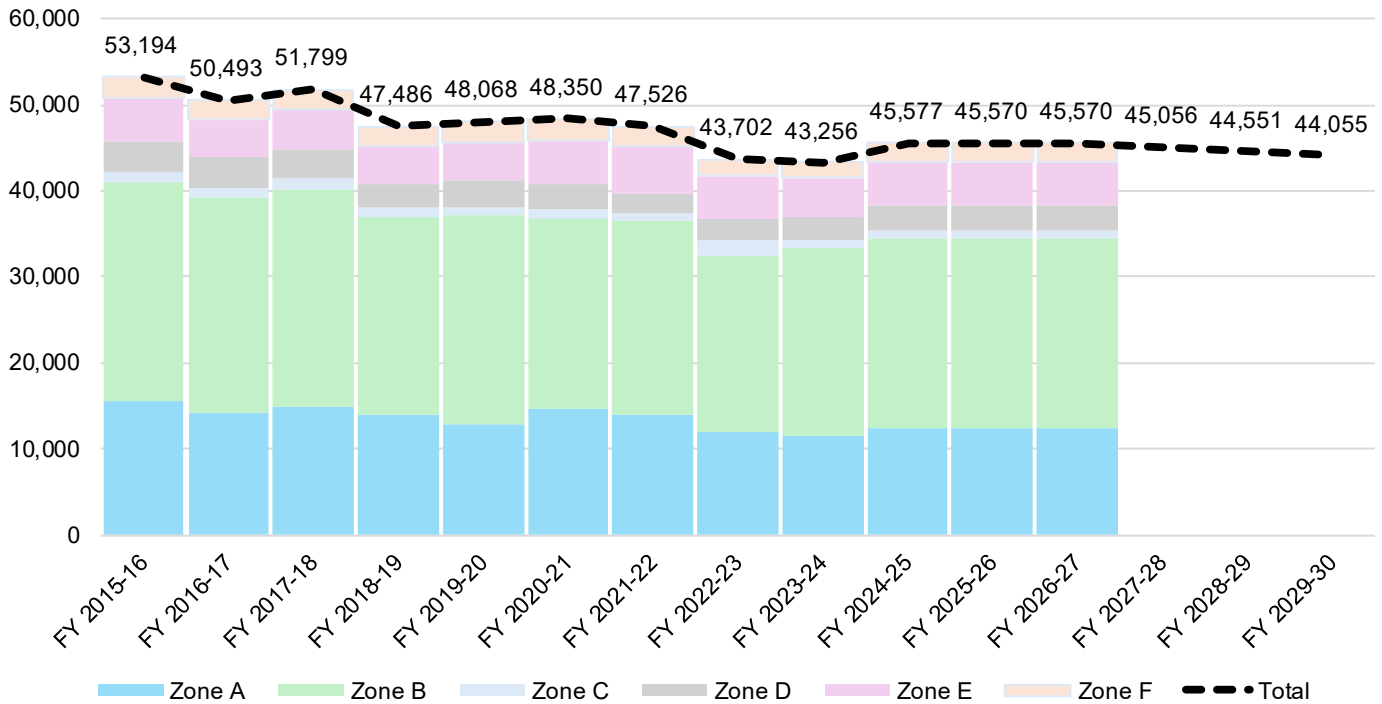
| Zone | 10 year average trend |
|---------------|------------------------------|
| Zone A | -1.84% |
| Zone B | -1.31% |
| Zone C | 1.81% |
| Zone D | -1.47% |
| Zone E | 0.61% |
| Zone F | -0.23% |

Table 3. Projected Water Use by Zone

| Zone | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Zone A | 12,485 | 12,255 | 12,030 | 11,809 | 11,592 |
| Zone B | 21,935 | 21,648 | 21,366 | 21,086 | 20,811 |
| Zone C | 1,000 | 1,018 | 1,036 | 1,055 | 1,074 |
| Zone D | 2,855 | 2,813 | 2,771 | 2,731 | 2,690 |
| Zone E | 5,090 | 5,121 | 5,152 | 5,183 | 5,215 |
| Zone F | 2,205 | 2,200 | 2,195 | 2,190 | 2,185 |
| Total | 45,570 | 45,056 | 44,551 | 44,055 | 43,567 |

⁵ Historical water use data is shown in the appendix

Figure 2. Historic and Future Water Use Total Use Trends



Inflation

The financial plan was built based on projected escalation of revenues and expenses associated with general operations. Escalation factors were calculated for four independent variables using historical Consumer Price Index (CPI) data from the Los Angeles-Long Beach-Riverside, CA between the year 2000 and the most current calendar year⁶, and projections by the Federal Reserve Bank of St. Louis (FRED) Economic Research Division, Quarterly Census of Employment and Wages (QCEW). All escalation factors were developed by calculating an average rate of change and projecting that rate into future years. The FY 2026-27 expenses are based on the District’s preliminary budget. Expenses for future years are projected by multiplying the FY 2026-27 value by one of the inflationary categories shown in **Table 4**.

Table 4. Projected Inflationary Adjustments

| Inflation Category | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---------------------|------------|------------|------------|------------|
| Employee | 3.8% | 3.8% | 3.8% | 3.8% |
| Equipment | 0.8% | 0.8% | 0.8% | 0.8% |
| Overall | 2.7% | 2.7% | 2.7% | 2.7% |
| Property Tax | 1.0% | 1.0% | 1.0% | 1.0% |

Reserve Policy

The District tracks long-term financial performance by maintaining a reserve policy that ensures a minimum reserve, as established by Board policy, to cover emergencies and unexpected events,

⁶ Bureau of Labor Statistics (2026) *Consumer Price Indices Los Angeles-Long Beach-Riverside, CA, Not Seasonally Adjusted*.

including potential litigation. The target reserve balance is recommended to provide working capital for the District's expenses, given the required semiannual billing. Any proposed revenue plan is expected to maintain or achieve reserves at or above the target reserve requirements by the end of the five-year financial plan. The plan proposed in this report reaches the target reserve in FY 2029-30. The described reserve policy and FY 2026-27 policy targets are shown in **Table 5**.

Table 5. District Reserve Policies

| Reserve | Policy | FY 2026-27 |
|-----------------|--|-------------|
| Minimum Reserve | \$2 million | \$2,000,000 |
| Target Reserve | \$2 million plus 50% of Operating Expenses | \$2,695,334 |

Public Review Draft

2. FINANCIAL PLAN

RDN projected revenues and expenses based on data provided by the District and methodologies described in the introduction. Based on the results of the financial modelling, RDN recommends that the District plan to increase revenues by 5.0 percent per year. The proposed revenue adjustments will allow the District to keep up with increasing operating costs and attain target reserve levels. **Table 6** shows the proposed revenue adjustments for the next five years, which should be implemented on July 1 of that year. Only one year of rates is proposed based on the proposed financial plan so the District will reevaluate the proposed adjustments as part of the annual rate setting process. All revenues shown in the status quo are based on current rates. Proposed rate revenues are shown in the proposed financial plan.

Table 6. Proposed Revenue Adjustments

| Category | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|------------------------------------|------------|------------|------------|------------|------------|
| Proposed Revenue Adjustment | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |

Revenues

Rate Revenue

Rate revenues were calculated by multiplying the projected use by zone by the respective rate per acre foot. Table 7 shows the projected revenue by one under the current rate structure as well as the total rate revenue projected to be collected by the District.

Table 7. Projected Status Quo Rate Revenue

| Rate Revenues | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---------------------------|------------------|------------------|------------------|------------------|------------------|
| Zone A | \$274,670 | \$269,621 | \$264,664 | \$259,799 | \$255,023 |
| Zone B | \$324,638 | \$320,397 | \$316,211 | \$312,080 | \$308,003 |
| Zone C | \$9,200 | \$9,366 | \$9,536 | \$9,708 | \$9,883 |
| Zone D | \$26,266 | \$25,879 | \$25,497 | \$25,122 | \$24,751 |
| Zone E | \$46,828 | \$47,113 | \$47,399 | \$47,688 | \$47,978 |
| Zone F | \$20,286 | \$20,240 | \$20,193 | \$20,147 | \$20,101 |
| Total Rate Revenue | \$701,888 | \$692,615 | \$683,501 | \$674,543 | \$665,739 |

Non-Operating Revenue

In addition to rate revenues, the District collects a variety of non-operating revenues, including property tax (the principal recurring source of non-rate revenue), interest income, miscellaneous income, and grant reimbursements. **Table 8** shows the projected status quo revenue under each non-operating category. Property taxes are projected to increase around 1.0 percent per year based on estimates provided by the District. Status quo interest income is projected based on a 3.7 percent annual return on District reserve funds. FY 2026-27 represents the final year of SGMA Grant Reimbursement, so those revenues do not continue. The GSA Loan Pay-Back was estimated by the District and represents reimbursements the three groundwater sustainability agencies (GSAs) within the District have agreed to make to the District for money previously loaned to the GSAs.

Table 8. Projected Status Quo Non-Operating Revenue

| Non-Operating Revenue | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|
| SB County Property Taxes | \$424,360 | \$428,604 | \$432,890 | \$437,219 | \$441,591 |
| Interest Income | \$68,000 | \$79,460 | \$82,318 | \$87,516 | \$88,840 |
| Miscellaneous Income | \$250 | \$250 | \$250 | \$250 | \$250 |
| Administrative Support to GSA(s) | \$40,000 | \$40,000 | \$40,000 | \$40,000 | \$40,000 |
| GSA Loan Pay-Back | \$0 | \$341,565 | \$110,437 | \$110,437 | \$0 |
| SGMA Grant Reimbursement - Comp 1 only | \$85,000 | \$0 | \$0 | \$0 | \$0 |
| SGMA Grant Reimbursement - Comp 2-8 (pass thru) | \$1,079,515 | \$0 | \$0 | \$0 | \$0 |
| Total Non-Operating Revenue | \$1,697,125 | \$889,878 | \$665,895 | \$675,421 | \$570,681 |

Operating Expense

Operating expense projections are based on the District's FY 2026-27 budget. For future years, each budget line-item is multiplied by the corresponding inflationary value. Routine operating costs include the salaries and benefits of District staff, the expenses of maintaining the District's office, insurance, and other expenses that occur regardless of what functions the District is pursuing. The significant decrease in total expenses between FY 2026-27 and FY 2027-28 occurs due to the passthrough SGMA Grant Reimbursements and payments being completed.

Table 9 shows the projected operating expenses and the respective inflationary category.

Table 9. Projected Operating Expenses

| Operating Expenses | Inflation Category | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | | | | | |
| Internal Operations / Expenses | | | | | | |
| Employee Salaries | Employee | \$482,726 | \$500,905 | \$519,770 | \$539,344 | \$559,656 |
| Payroll (SS and Medicare) | Employee | \$40,458 | \$41,982 | \$43,563 | \$45,203 | \$46,906 |
| Employee Benefits | Employee | \$54,533 | \$56,587 | \$58,718 | \$60,929 | \$63,224 |
| Retirement Plan Contributions | Employee | \$33,091 | \$34,337 | \$35,630 | \$36,972 | \$38,365 |
| Outside Services | Employee | \$6,860 | \$7,118 | \$7,386 | \$7,665 | \$7,953 |
| Office Expense | Equipment | \$67,000 | \$67,565 | \$68,135 | \$68,710 | \$69,290 |
| Director Fees | Employee | \$23,000 | \$23,866 | \$24,765 | \$25,698 | \$26,665 |
| Training (10-conferences) & Travel | Overall | \$31,000 | \$31,832 | \$32,686 | \$33,563 | \$34,463 |
| Travel (FY 26-27 included with Training) | Overall | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Audit/Accounting Support | Employee | \$25,000 | \$25,942 | \$26,918 | \$27,932 | \$28,984 |
| Insurance & Worker's Comp | Employee | \$25,000 | \$25,942 | \$26,918 | \$27,932 | \$28,984 |
| Dues and LAFCO Fees | Overall | \$7,500 | \$7,701 | \$7,908 | \$8,120 | \$8,338 |
| Groundwater Charges Program | Overall | \$35,000 | \$35,939 | \$36,903 | \$37,893 | \$38,910 |
| Miscellaneous | Overall | \$250 | \$257 | \$264 | \$271 | \$278 |
| SUB-TOTAL INTERNAL OPERATIONS | | \$831,418 | \$859,973 | \$889,565 | \$920,232 | \$952,016 |
| Legal | | | | | | |
| General and Misc. | Equipment | \$32,200 | \$32,472 | \$32,746 | \$33,022 | \$33,301 |
| Downstream Release/Upper SYR Ops/89-18 | Overall | \$2,875 | \$2,952 | \$3,031 | \$3,113 | \$3,196 |
| WR Decision (2019-0148) | Overall | \$34,500 | \$35,426 | \$36,376 | \$37,352 | \$38,354 |
| Fisheries Issues | Overall | \$5,750 | \$5,904 | \$6,063 | \$6,225 | \$6,392 |
| Employment/HR | Overall | \$2,875 | \$2,952 | \$3,031 | \$3,113 | \$3,196 |
| Groundwater Program | Overall | \$8,050 | \$8,266 | \$8,488 | \$8,715 | \$8,949 |
| SGMA-legal support (sub task each GSA) | Overall | \$15,000 | \$15,402 | \$15,816 | \$16,240 | \$16,676 |
| Assessments/Charges (approved at later mtg) | Overall | \$0 | \$0 | \$0 | \$0 | \$0 |
| SUB-TOTAL LEGAL | | \$101,250 | \$103,374 | \$105,551 | \$107,780 | \$110,065 |
| Engineering / Environmental | | | | | | |
| General & Misc. | Equipment | \$7,000 | \$7,059 | \$7,119 | \$7,179 | \$7,239 |
| Annual GW Report | Overall | \$30,000 | \$30,805 | \$31,631 | \$32,480 | \$33,352 |
| Downstream Releases Operations / 89-18 | Overall | \$79,000 | \$81,120 | \$83,296 | \$85,531 | \$87,826 |
| Upper SYR Operations | Overall | \$0 | \$0 | \$0 | \$0 | \$0 |
| WR Decision (2019-0148) | Overall | \$27,000 | \$27,724 | \$28,468 | \$29,232 | \$30,016 |
| Fisheries Hydrology | Overall | \$50,000 | \$51,342 | \$52,719 | \$54,133 | \$55,586 |
| SGMA-Tech Support (subtask each GSA) | Overall | \$15,000 | \$15,402 | \$15,816 | \$16,240 | \$16,676 |
| Special Studies | Overall | \$200,000 | \$130,000 | \$30,000 | \$30,805 | \$31,631 |
| SUB-TOTAL ENGINEERING / ENVIRONMENTAL | | \$408,000 | \$343,452 | \$249,049 | \$255,600 | \$262,326 |
| SYRWCD SGMA Expenses | Overall | \$0 | \$0 | \$0 | \$0 | \$0 |
| Contingencies | No Escalation | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 |
| Subtotal Operating | | \$1,390,668 | \$1,356,799 | \$1,294,164 | \$1,333,613 | \$1,374,406 |
| SGMA Passthrough | No Escalation | \$1,079,515 | \$0 | \$0 | \$0 | \$0 |
| SYRWCD GSA Loan Contributions | No Escalation | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Expense | | \$2,470,183 | \$1,356,799 | \$1,294,164 | \$1,333,613 | \$1,374,406 |

Reserve Balance

Reserves are designed to allow the District to maintain cash flows throughout the year as well as having funds available for unforeseen expenses, including potential litigation. **Table 10** shows the minimum and target reserve levels for each year of the financial plan as well as the ending balance under the status quo revenues.

Table 10. Annual Reserve Targets and Status Quo Balance

| Reserve | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Minimum Reserve | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 |
| Target Reserve | \$2,695,334 | \$2,678,399 | \$2,647,082 | \$2,666,806 | \$2,687,203 |
| Status Quo Ending Balance | \$2,111,977 | \$2,337,672 | \$2,392,903 | \$2,409,255 | \$2,271,269 |

Financial Plan and Revenue Adjustments

Under the status quo financial plan, the District maintains the minimum reserve balance but does not reach the proposed reserve target. **Table 11** shows the status quo financial plan pro forma.

Table 11. Status Quo Financial Plan Pro Forma⁷

| Status Quo | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Cash Position Opening Balance | \$2,183,147 | \$2,111,977 | \$2,337,672 | \$2,392,903 | \$2,409,255 |
| Revenues | | | | | |
| Rate Revenue | \$701,888 | \$692,615 | \$683,501 | \$674,543 | \$665,739 |
| Property Tax Revenue | \$424,360 | \$428,604 | \$432,890 | \$437,219 | \$441,591 |
| Investment Revenue | \$68,000 | \$79,460 | \$82,318 | \$87,516 | \$88,840 |
| Other Non Operating Revenue | \$125,250 | \$381,815 | \$150,687 | \$150,687 | \$40,250 |
| SGMA Grant Reimbursement | \$1,079,515 | | | | |
| Total Revenue | \$2,399,013 | \$1,582,493 | \$1,349,396 | \$1,349,964 | \$1,236,420 |
| Operating Expenses | \$2,470,183 | \$1,356,799 | \$1,294,164 | \$1,333,613 | \$1,374,406 |
| Net Operating Revenue | -\$71,170 | \$225,695 | \$55,232 | \$16,352 | -\$137,986 |
| Ending Balance | \$2,111,977 | \$2,337,672 | \$2,392,903 | \$2,409,255 | \$2,271,269 |
| Minimum Reserve | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 |
| Reserve Target | \$2,695,334 | \$2,678,399 | \$2,647,082 | \$2,666,806 | \$2,687,203 |

Based on the results of the financial modelling, RDN recommends that the District should increase revenues by 5.0 percent per year. The proposed revenue adjustments will allow the District to keep up with increasing operating costs and attain reserve targets. **Table 12** shows the proposed revenue adjustments for the next five years, which should be implemented on July 1, or the beginning of each fiscal year.

Table 12. Proposed Revenue Adjustments

| Category | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|-----------------------------|------------|------------|------------|------------|------------|
| Proposed Revenue Adjustment | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |

Under the proposed financial plan, which includes the 5 percent recommended revenue adjustments, the District reaches the proposed reserve target in FY 2029-30 and will maintain sufficient reserves through

⁷ The cash position opening balance for FY 2026-27 is based on estimates provided by the District

year 5. **Table 13** shows the proposed pro financial plan forma. Additional revenues produced by the revenue adjustment are shown in the Adjusted Rate Revenue row.

Table 13. Proposed Financial Plan Pro Forma

| Proposed | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Cash Position Opening Balance | \$2,183,147 | \$2,147,071 | \$2,444,408 | \$2,610,001 | \$2,777,712 |
| Revenues | | | | | |
| Rate Revenue | \$701,888 | \$692,615 | \$683,501 | \$674,543 | \$665,739 |
| Adjusted Rate Revenue | \$35,094 | \$70,993 | \$107,737 | \$145,368 | \$183,931 |
| Property Tax Revenue | \$424,360 | \$428,604 | \$432,890 | \$437,219 | \$441,591 |
| Investment Revenue | \$68,000 | \$80,109 | \$84,942 | \$93,507 | \$99,673 |
| Other Non Operating Revenue | \$125,250 | \$381,815 | \$150,687 | \$150,687 | \$40,250 |
| SGMA Grant Reimbursement | \$1,079,515 | \$0 | \$0 | \$0 | \$0 |
| Total Revenue | \$2,434,107 | \$1,654,136 | \$1,459,757 | \$1,501,323 | \$1,431,184 |
| Operating Expenses | \$2,470,183 | \$1,356,799 | \$1,294,164 | \$1,333,613 | \$1,374,406 |
| Net Operating Revenue | -\$36,076 | \$297,337 | \$165,593 | \$167,711 | \$56,778 |
| Ending Balance | \$2,147,071 | \$2,444,408 | \$2,610,001 | \$2,777,712 | \$2,834,489 |
| Minimum Reserve | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 |
| Reserve Target | \$2,695,334 | \$2,678,399 | \$2,647,082 | \$2,666,806 | \$2,687,203 |

Figure 3 and **Figure 4** graphically show the results of the status quo and proposed financial plan and the resulting reserve balances.

Figure 3. Proposed Financial Plan

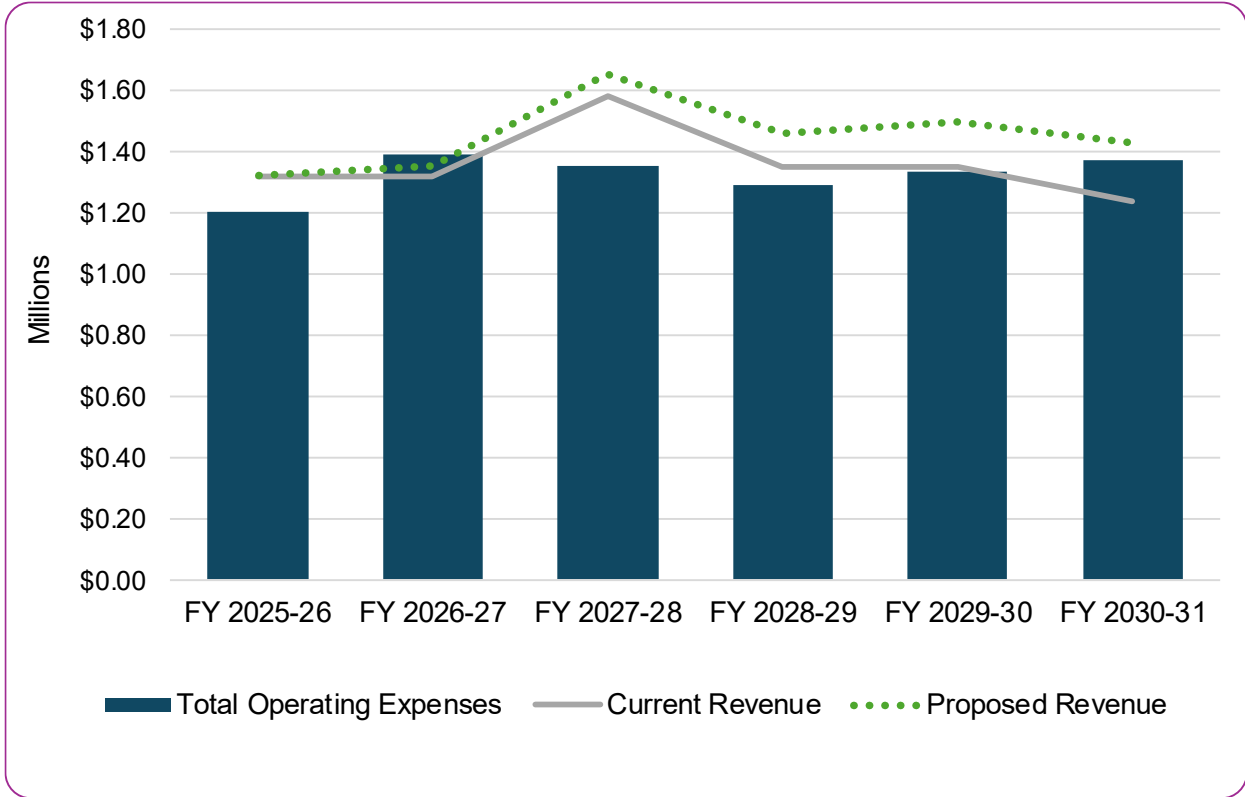
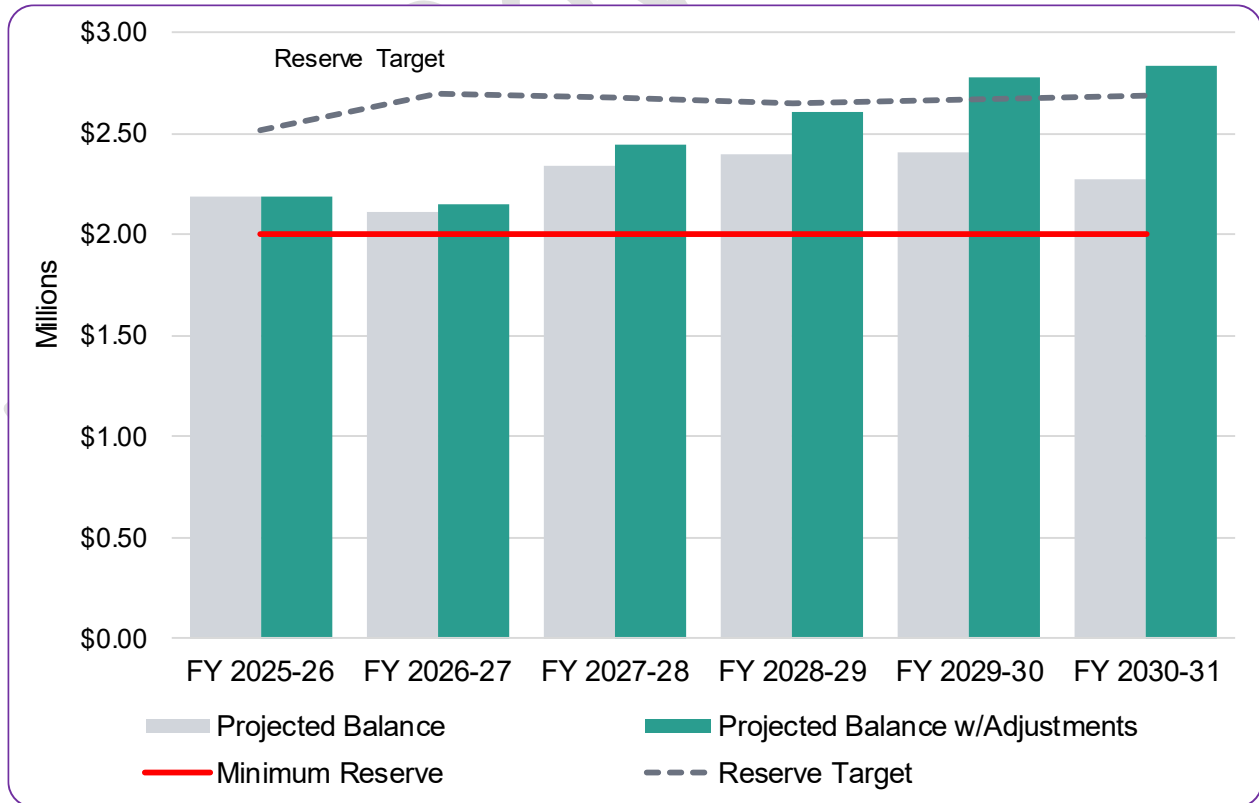


Figure 4. Status Quo and Proposed Fund Balances



3. COST OF SERVICE

In order to allocate costs to each zone, the cost of service applies a percentage of the rate revenue requirement to each based on their service requirements. The rate revenue requirement is determined by calculating the revenue which needs to be generated by rates under the proposed financial plan for FY 2026-27. **Table 14** shows the calculation used to determine the rate revenue requirement. The need to collect total operating expenses is offset by the District's non-operating revenues which include property taxes. Additionally, the rate revenue requirement is reduced by the projected net operating revenue, which the analysis assumes will be drawn from the reserves in FY 2026-27.

Table 14. Rate Revenue Requirement Calculation⁸

| Category | FY 2026-27 |
|---|------------------|
| Operating Expenses | \$1,390,668 |
| SGMA Passthrough | \$1,079,515 |
| SGMA Grant Reimbursement - Comp 2-8 (pass thru) | -\$1,079,515 |
| SB County Property Taxes | -\$424,360 |
| Other Non-Operating Revenue | -\$193,250 |
| Net Operating Revenue | -\$36,076 |
| Rate Revenue Requirement | \$736,982 |

It is the practice of the District to use property tax revenues, SGMA grant administration revenue, and revenue from the District's GSA administrative support to cover SGMA related costs and a portion of other general costs. Because these non-operating funds are used to cover those costs, groundwater charge payers are not being charged to pay those costs and they are not considered in determining the proportionality of the groundwater charge rates. **Table 15** illustrates the use of the described non-operating funds on specific line item expenses. The remaining non-operating revenue will be used to offset rate revenue requirements more generally at the end of the cost of service analysis.

⁸ SGMA Grant Reimbursements and SGMA Passthrough costs are not included in the cost of service analysis because they are a direct passthrough of grant funding and have no impact on rates

Table 15. Use of Non-operating Revenues⁹

| Category | FY 2026-27 |
|--|------------------|
| Source of Funds | |
| SB County Property Taxes | \$424,360 |
| Administrative Support to GSA(s) | \$40,000 |
| SGMA Grant Reimbursement - Comp 1 only | \$85,000 |
| Total | \$549,360 |
| Use of Funds | |
| Salary & Benefits for SGMA-time | \$40,000 |
| SGMA Expenses | \$0 |
| General & Misc. | \$50,125 |
| Special Studies | \$200,000 |
| Total | \$290,125 |
| Remaining Non-Operating Revenue | \$259,235 |

Operating costs are allocated to each zone based on the amount of groundwater pumped by that zone. **Table 16** shows the projected FY 2026-27 groundwater use by zone and the percent of the total groundwater pumped throughout the District’s service area. The percentages shown in Table 16 are applied to most operating expenses as a reflection of the impact each zone has on the District’s groundwater supply as a whole.

Table 16. Total and Percent of Total Water Use by Zone

| Zone | Water Use (AF) | Percent of Use |
|---------------|----------------|----------------|
| Zone A | 12,485 | 27.4% |
| Zone B | 21,935 | 48.1% |
| Zone C | 1,000 | 2.2% |
| Zone D | 2,855 | 6.3% |
| Zone E | 5,090 | 11.2% |
| Zone F | 2,205 | 4.8% |
| Total | 45,570 | 100.0% |

Expenses related to water rights releases are allocated to Zones A and B (only), because those zones encompass the aquifers that are recharged directly through the water rights releases. The proportion of those costs allocated to each of those two zones is based on the average water rights release deliveries from the Above Narrows Account (which recharges Zone A) and the Below Narrows Account (which recharges Zone B) from 1990-2022 (33 years) based on Table 6 in the District’s 48th Annual Report. The proportion of the charge for the work related to water rights releases between Zones A and B is based on the average annual delivery of water rights releases since the SWRCB Water Rights Order 89-18. From 1990-2022 (33 years), the average yearly water rights releases delivered to Zones A and B were

⁹ The specific costs under each category are starred in Table 17

4,438 and 1,761 acre-feet per year, respectively. Therefore, Zones A and B will be charged 72 percent and 28 percent, respectively, for all work by the District related to water rights releases.

Other expenses, related to general operations, are allocated by acre-foot of total pumping in each zone. This even, volumetric distribution of expenses reflects the District’s role in investigating, reporting on, and protecting the surface water and groundwater resources within its boundaries. The District’s general operations, including maintaining the well registration and reporting programs, conducting the annual engineering investigation, and publishing the annual groundwater report, benefit all users of groundwater within the District.

Table 17 shows the percentage of each budget item allocated to each zone.

Table 17. Operating Cost Allocation¹⁰

| Operating Expense | FY 2026-27 | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|---|--------------------|---------------------------------|------------------|-----------------|-----------------|------------------|-----------------|
| Internal Operations / Expenses | | | | | | | |
| Employee Salaries* | \$442,726 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Payroll (SS and Medicare) | \$40,458 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Employee Benefits | \$54,533 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Retirement Plan Contributions | \$33,091 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Outside Services | \$6,860 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Office Expense | \$67,000 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Director Fees | \$23,000 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Training (10-conferences) & Travel | \$31,000 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Travel (FY 26-27 included with Training) | \$0 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Annual Audit/Accounting Support | \$25,000 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Insurance & Worker's Comp | \$25,000 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Dues and LAFCO Fees | \$7,500 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Groundwater Charges Program | \$35,000 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Miscellaneous | \$250 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Legal | | | | | | | |
| General and Misc.* | \$0 | Offset by Non-Operating Revenue | | | | | |
| Downstream Release/Upper SYR Ops/89-18 | \$2,875 | 72.0% | 28.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| WR Decision (2019-0148) | \$34,500 | 72.0% | 28.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Fisheries Issues | \$5,750 | 72.0% | 28.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Employment/HR* | \$0 | Offset by Non-Operating Revenue | | | | | |
| Groundwater Program* | \$0 | Offset by Non-Operating Revenue | | | | | |
| SGMA-legal support (sub task each GSA) | \$15,000 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Assessments/Charges (approved at later mtg) | \$0 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Engineering / Environmental | | | | | | | |
| General & Misc.* | \$0 | Offset by Non-Operating Revenue | | | | | |
| Annual GW Report | \$30,000 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Downstream Releases Operations / 89-18 | \$79,000 | 72.0% | 28.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Upper SYR Operations | \$0 | 72.0% | 28.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| WR Decision (2019-0148) | \$27,000 | 72.0% | 28.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Fisheries Hydrology | \$50,000 | 72.0% | 28.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| SGMA-Tech Support (subtask each GSA) | \$15,000 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Special Studies* | \$0 | Offset by Non-Operating Revenue | | | | | |
| SYRWCD SGMA Expenses | \$0 | Offset by Non-Operating Revenue | | | | | |
| Contingencies | \$50,000 | 27.4% | 48.1% | 2.2% | 6.3% | 11.2% | 4.8% |
| Total | \$1,100,543 | \$390,335 | \$489,650 | \$19,781 | \$56,475 | \$100,685 | \$43,617 |
| Percent of Total | 100.0% | 35.5% | 44.5% | 1.8% | 5.1% | 9.1% | 4.0% |

¹⁰ Starred line items are either fully or partially offset by non-operating revenues as shown in **Table 15**

Operating expenses allocated to each zone are offset by the available non-rate revenue, which includes the remaining property tax which was not used for offsetting specific costs as shown in **Table 15**. The allocation of all non-rate revenue, besides the remaining property tax, is based on the percentage of total costs allocated to each zone. To determine the percentage of total remaining property tax revenue is allocated to each zone, the percent of the total allocated to that block of zones (either zone A and B or zone C, D, E, and F) is then subdivided by the total water pumped within the block. **Table 18** shows the remaining property taxes allocated to each block, subdivided to each zone in that block, then finally divided by the percent of total available property taxes.

Table 18. Remaining Property Tax Allocation

| Category | Total | Zone A and B | | Zone C through F | | | |
|---------------------------|------------|--------------|------------|------------------|-----------|-----------|-----------|
| Remaining Property Tax % | 100% | 65% | | 35% | | | |
| Remaining Property Tax \$ | -\$259,235 | -\$168,503 | | -\$90,732 | | | |
| Category | | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
| Percent of Use in Block | | 36% | 64% | 9% | 26% | 46% | 20% |
| Remaining Property Tax \$ | -\$259,235 | -\$61,120 | -\$107,383 | -\$8,137 | -\$23,232 | -\$41,419 | -\$17,943 |
| Remaining Property Tax % | 100% | 24% | 41% | 3% | 9% | 16% | 7% |

The above allocation results in a greater decrease in unit rates to Zones C through F than would have been the case if property tax revenue offsets had been allocated based on total pumping. Such allocation of remaining District non-rate revenue is a policy decision intended to partially mitigate the impact of the GSAs' SGMA groundwater management charges imposed on extractions of groundwater in Zones C through F. **Table 19** shows the percent of each non-operating revenue allocated to each zone and the total rate offset. Interest income, miscellaneous income, and net balance adjustments are allocated to each zone based on the total operating expenses shown in **Table 17**. The remaining non-operating revenue, determined in **Table 15**, are allocated based on the percentages shown in **Table 18**.

Table 19. Non-operating Revenue Allocation

| Revenue Category | FY 2026-27 | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|---------------------------------|-------------------|------------------|-------------------|------------------|------------------|------------------|------------------|
| Miscellaneous Income | -\$250 | 35.5% | 44.5% | 1.8% | 5.1% | 9.1% | 4.0% |
| Interest Income | -\$68,000 | 35.5% | 44.5% | 1.8% | 5.1% | 9.1% | 4.0% |
| Remaining Non-Operating Revenue | -\$259,235 | 23.6% | 41.4% | 3.1% | 9.0% | 16.0% | 6.9% |
| Net Balance Adjustment | -\$36,076 | 35.5% | 44.5% | 1.8% | 5.1% | 9.1% | 4.0% |
| Total | -\$363,561 | -\$98,122 | -\$153,799 | -\$10,013 | -\$28,586 | -\$50,964 | -\$22,078 |

The total cost of service allocated to each zone is the sum of the operating expenses offset by the non-operating revenue. **Table 20** shows the total cost of service allocated to each zone which will be used to determine the rate per AF.

Table 20. Total Cost of Service Allocation by Zone

| Category | FY 2026-27 | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|------------------------------|------------------|------------------|------------------|----------------|-----------------|-----------------|-----------------|
| Total Operating | \$1,100,543 | \$390,335 | \$489,650 | \$19,781 | \$56,475 | \$100,685 | \$43,617 |
| Non-operating Offset | -\$363,561 | -\$98,122 | -\$153,799 | -\$10,013 | -\$28,586 | -\$50,964 | -\$22,078 |
| Total Cost Allocation | \$736,982 | \$292,213 | \$335,851 | \$9,768 | \$27,889 | \$49,721 | \$21,539 |

4. RATE DESIGN AND IMPACT

The District bills all groundwater producers (customers) based on the groundwater they extract from wells within the District's service area, as defined by Water Code Section 75502. Water is billed in acre foot (AF) increments, where each AF of water extracted is billed an equal portion of the costs which are allocated to one of six zones based on the costs which are allocable to that zone. To calculate the unit cost per acre foot for each zone, the total costs allocated to that zone are divided by the projected water use. **Table 21** shows the calculation used to determine the rate per acre foot in each zone. The unit rate is rounded to the nearest ten cents to increase administrative ease.

Table 21. Unit Rate Calculation

| Zone | Total Cost Allocation | Water Use (AF) | Rounded Unit Rate |
|--------------|-----------------------|----------------|-------------------|
| Zone A | \$292,213 ÷ | 12,485 = | \$23.40 |
| Zone B | \$335,851 ÷ | 21,935 = | \$15.30 |
| Zone C | \$9,768 ÷ | 1,000 = | \$9.80 |
| Zone D | \$27,889 ÷ | 2,855 = | \$9.80 |
| Zone E | \$49,721 ÷ | 5,090 = | \$9.80 |
| Zone F | \$21,539 ÷ | 2,205 = | \$9.80 |
| Total | \$736,982 | 45,570 | |

Table 22 shows a comparison of the current and proposed rates per acre foot. The dollar changes range between \$0.50 and \$1.40 and percent change ranges between 3.4 percent and 6.5 percent based on the cost of service allocations.

Table 22. Comparison of Current and Proposed Rates per Acre Foot

| Zone | Current Rate (AF) | Proposed Rate (AF) | Difference \$ | Difference % |
|--------|-------------------|--------------------|---------------|--------------|
| Zone A | \$22.00 | \$23.40 | \$1.40 | 6.4% |
| Zone B | \$14.80 | \$15.30 | \$0.50 | 3.4% |
| Zone C | \$9.20 | \$9.80 | \$0.60 | 6.5% |
| Zone D | \$9.20 | \$9.80 | \$0.60 | 6.5% |
| Zone E | \$9.20 | \$9.80 | \$0.60 | 6.5% |
| Zone F | \$9.20 | \$9.80 | \$0.60 | 6.5% |

Table 23 shows revenues under the current and proposed rates. While total revenues from each zone increase at different percentages, because of the service requirement of that zone, the total revenue increase reflects the 5.0 percent proposed in the financial plan.

Table 23. Comparison of Current and Proposed Revenues

| Zone | Water Use (AF) | Current Rate (AF) | Current Revenue | Proposed Rate | Proposed Revenue | Percent Difference |
|--------------|----------------|-------------------|------------------|---------------|------------------|--------------------|
| Zone A | 12,485 | \$22.00 | \$274,670 | \$23.40 | \$292,149 | 6.4% |
| Zone B | 21,935 | \$14.80 | \$324,638 | \$15.30 | \$335,606 | 3.4% |
| Zone C | 1,000 | \$9.20 | \$9,200 | \$9.80 | \$9,800 | 6.5% |
| Zone D | 2,855 | \$9.20 | \$26,266 | \$9.80 | \$27,979 | 6.5% |
| Zone E | 5,090 | \$9.20 | \$46,828 | \$9.80 | \$49,882 | 6.5% |
| Zone F | 2,205 | \$9.20 | \$20,286 | \$9.80 | \$21,609 | 6.5% |
| Total | 45,570 | | \$701,888 | | \$737,025 | 5.0% |

RDN also analyzed the impact on different types of customers within each zone. **Table 24** through **Table 26** show the impact of the proposed rates on the average agricultural, special irrigation, and non-agricultural users in each zone. The average acre foot use per statement was derived from data in the District's 48th Annual Report.

Table 24. Average Agricultural Rate Impact by Zone

| Agricultural | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|-----------------------------|-----------------|-----------------|---------------|-----------------|----------------|-----------------|
| Average AF/Statement | 35.200 | 49.075 | 0.268 | 11.897 | 6.510 | 15.816 |
| Current Statement | \$774.40 | \$726.31 | \$2.47 | \$109.45 | \$59.89 | \$145.51 |
| Proposed Statement | \$823.68 | \$750.85 | \$2.63 | \$116.59 | \$63.79 | \$155.00 |
| Statement Change, \$ | \$49.28 | \$24.54 | \$0.16 | \$7.14 | \$3.91 | \$9.49 |
| % Change | 6.4% | 3.4% | 6.5% | 6.5% | 6.5% | 6.5% |

Table 25. Average Special Irrigation Rate Impact by Zone

| Special Irrigation | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|-----------------------------|----------------|----------------|---------------|---------------|---------------|---------------|
| Average AF/Statement | 2.498 | 3.224 | 0.130 | 0.299 | 0.051 | 0.000 |
| Current Statement | \$54.95 | \$47.71 | \$1.20 | \$2.75 | \$0.47 | \$0.00 |
| Proposed Statement | \$58.45 | \$49.33 | \$1.28 | \$2.93 | \$0.50 | \$0.00 |
| Statement Change, \$ | \$3.50 | \$1.61 | \$0.08 | \$0.18 | \$0.03 | \$0.00 |
| % Change | 6.4% | 3.4% | 6.5% | 6.5% | 6.5% | 0.0% |

Table 26. Average Non-Agricultural Rate Impact by Zone

| Non-Agricultural | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|-----------------------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|
| Average AF/Statement | 8.182 | 17.913 | 11.670 | 5.446 | 5.132 | 1.553 |
| Current Statement | \$180.00 | \$265.11 | \$107.37 | \$50.10 | \$47.21 | \$14.28 |
| Proposed Statement | \$191.45 | \$274.07 | \$114.37 | \$53.37 | \$50.29 | \$15.22 |
| Statement Change, \$ | \$11.45 | \$8.96 | \$7.00 | \$3.27 | \$3.08 | \$0.93 |
| % Change | 6.4% | 3.4% | 6.5% | 6.5% | 6.5% | 6.5% |

5. APPENDIX

Gross pumping by Zone

| Gross Pumping, AF | FY2015-16 | FY2016-17 | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 | FY2022-23 | FY2023-24 | FY2024-25 | FY2025-26 | FY2026-27 |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Zone A | 15,539 | 14,140 | 14,974 | 13,862 | 12,854 | 14,543 | 14,008 | 12,008 | 11,596 | 12,486 | 12,485 | 12,485 |
| Zone B | 25,376 | 25,016 | 25,193 | 23,084 | 24,234 | 22,169 | 22,542 | 20,502 | 21,693 | 21,937 | 21,935 | 21,935 |
| Zone C | 1,170 | 1,188 | 1,330 | 1,237 | 1,072 | 1,238 | 931 | 1,628 | 1,063 | 1,001 | 1,000 | 1,000 |
| Zone D | 3,687 | 3,617 | 3,252 | 2,520 | 3,167 | 2,715 | 2,233 | 2,536 | 2,544 | 2,855 | 2,855 | 2,855 |
| Zone E | 4,994 | 4,470 | 4,782 | 4,523 | 4,358 | 5,222 | 5,527 | 5,004 | 4,632 | 5,091 | 5,090 | 5,090 |
| Zone F | 2,428 | 2,062 | 2,268 | 2,260 | 2,383 | 2,463 | 2,285 | 2,024 | 1,728 | 2,206 | 2,205 | 2,205 |
| Total | 53,194 | 50,493 | 51,799 | 47,486 | 48,068 | 48,350 | 47,526 | 43,702 | 43,256 | 45,577 | 45,570 | 45,570 |

Gross Pumping by Type

| Gross Pumping, AF | FY2015-16 | FY2016-17 | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 | FY2022-23 | FY2023-24 | FY2024-25 | FY2025-26 | FY2026-27 |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Agricultural | 39,742 | 37,642 | 37,661 | 34,431 | 35,275 | 33,523 | 32,532 | 30,185 | 30,226 | 31,259 | 31,255 | 31,255 |
| Non-Agricultural | 11,995 | 11,242 | 12,303 | 11,457 | 11,059 | 12,951 | 12,424 | 12,000 | 11,380 | 12,414 | 12,410 | 12,410 |
| Special Irrigation | 1,457 | 1,609 | 1,835 | 1,598 | 1,734 | 1,876 | 2,570 | 1,517 | 1,650 | 1,903 | 1,905 | 1,905 |
| Total Gross Pumpin | 53,194 | 50,493 | 51,799 | 47,486 | 48,068 | 48,350 | 47,526 | 43,702 | 43,256 | 45,577 | 45,570 | 45,570 |

