KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT

NOTICE OF PUBLIC HEARING

ON PROPOSED CHANGES IN WATER AND WASTEWATER RATES AND PROPOSED REVISIONS TO THE RATE STRUCTURE

NOTICE IS HEREBY GIVEN that on Friday September 5, 2025 at 1:00 pm (or as soon thereafter as the matter may be heard), the Board of Directors of the Kirkwood Meadows Public Utility District will hold a Public Hearing to receive input on the proposed changes in water and wastewater rates and proposed revisions to the rate structure.

The District's Board wants community feedback and to answer any questions that may arise. To that end they have called for a:

PUBLIC HEARING

1:00 pm on Friday September 5, 2025

Community Services Building at 33540 Loop Road, Kirkwood CA 95646

AND

Zoom Meeting: https://us02web.zoom.us/j/87406468432

Dial-In: (669) 900-6833 and enter Meeting ID **874 0646 8432**

AND

Director Tucher will appear via Teleconference at:

Hotel Westin Grand, Amsterdam Room

Arabellastraße 6

München, Germany

HOW TO PARTICIPATE / OBSERVE THE PUBLIC HEARING:

All Participants will be automatically muted.

Public access is available at the physical location of the meeting. You may participate in person or via the Zoom Webinar.

Telephone: Listen to the meeting live by calling Zoom at (669) 900-6833 and enter the Webinar ID# **874 0646 8432** followed by the pound (#) key. Raise your hand to talk by pressing *9.

Computer: Watch the live streaming of the meeting from a computer by navigating to https://us02web.zoom.us/j/87406468432 using a computer with internet access the meets Zoom's system requirements (see https://support.zoom.us/hc/en-us/articles/204003179-System-Requirements-for-Zoom-Rooms) Raise your hand to talk by clicking Participants/Raise Hand.

Mobile: Login through the Zoom mobile app on a smartphone and enter Meeting ID# **874 0646 8432**

If you have questions regarding the proposed changes, or if you would like to submit comments before the Public Hearing, please contact the District at the below address, or by calling (209) 258-4444, or by email at info@kmpud.com.

Kirkwood Meadows Public Utility District

Re: Water and Wastewater Rates

P.O. Box 247, Kirkwood, CA 95646

PUBLIC HEARING
Friday, September 5, 2025 at 1:00 PM
Proposed Changes in Water and Wastewater Rates and
Proposed Revisions to the Rate Structure

1) **CALL TO ORDER** *President Mitarotonda*

2) **ROLL CALL** *Secretary Dornbroook*

3) **ANNOUNCEMENTS** *General Manager Christeson*

4) **PUBLIC HEARING** Public Hearing and Possible Action on Proposed Changes in Water and Wastewater Rates; Proposed Revisions to the Rate Structure; and determination of protests received.

   a. **Public Comments.**
   b. **Protest Tally and Determination of Protests.** Discussion & possible action.
   c. **Water & Wastewater Rate Adjustments.** Discussion and possible adoption.

5) **ADJOURNMENT** Adjourn to the Regular Board Meeting.

ORDINANCE NO. 25-01

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT ADOPTING CHANGES IN WATER AND WASTEWATER RATES AND REVISIONS TO THE RATE STRUCTURE

BE IT ENACTED by the Board of Directors of the Kirkwood Meadows Public Utility District as follows:

SECTION 1. Purpose and Authority. The purpose of this ordinance is to change the water and wastewater rates and revise the rate structure for Water and Wastewater, to achieve the revenue need forecasted by the 2025-2030 District Budget, to make each fund more self-sufficient and to fund necessary Capital improvements. This ordinance is adopted pursuant to Public Utility Code sections 16461 and 16467, Government Code sections 54344 and 54350, and other applicable law.

SECTION 2. Findings. The Board finds and determines as follows:

1. The District provides water and wastewater service within the Kirkwood service area as approved by Alpine County Local Agency Formation Commission.

2. The increased utility rates and charges are reasonably related to, and do not exceed, the District's cost of providing the particular utility service.

3. The revenues derived from the utility rates and charges do not exceed the funds required to provide the particular utility service and are not used for any purpose other than the particular utility service.

4. The amount of the utility rates and charges imposed on each customer's parcel does not exceed the proportional cost of the service attributable to that parcel.

5. The District water and wastewater utility services are services that are actually used by and immediately available to the owner of the parcel.

6. The District Board of Directors has conducted a duly noticed public hearing on this proposed rate increase in accordance with California Constitution article XIII D, and Proposition 218 regulations, and the Board did not receive a majority protest against the proposed rate increases.

7. The ordinance adopts and effects adjusted water and wastewater charges.

SECTION 3. Water and Wastewater Rate Adjustments. Kirkwood Meadows Public Utility District Policies and Regulation 610.01 is hereby amended and made part of this ordinance. The water and wastewater rates are to be adjusted as shown in the 2025 Water and Wastewater Rate Study Report dated July 15, 2025 attached.

SECTION 4. CEQA. The Board of Directors finds that this modification of water and wastewater rates is for the purposes of meeting operating expenses of the District water and wastewater waste utility operations (including labor, supplies, equipment and materials), meeting financial reserve needs and requirements of the District water and wastewater systems, and obtaining funds for water and wastewater system improvements that are necessary to maintain and enhance water and wastewater services within the existing District service area. Accordingly, the District Board determines that this fee increase is exempt from the California Environmental Quality Act and CEQA Guidelines. (Public Resources Code section 21080(b)(8); CEQA Guidelines section 15273.)

SECTION 5. Effective Date. This ordinance shall take effect on October 1, 2025.

SECTION 6. Posting. Within 17 days from the date of passage of this ordinance, the District Secretary shall post a copy of the ordinance in three public places in the District.

PASSED AND ADOPTED by the Board of Directors of the Kirkwood Meadows Public Utility District on the ____ day of ________________ 2025, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

____

President Doug Mitarotonda

Attest:

____

Secretary Peter Dornbrook

Drafted: 7/2/85
Enacted: 7/3/85
Modified: 3/20/86, 11/29/90, 10/8/98, 01/25/00, 03/22/01, 12/13/01, 11/11/10, 10/12/13, 06/03/17 06/13/20, 09/05/25
Deleted:

REGULATION N0. 610.01
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
RATES - WATER AND WASTEWATER SERVICE

1. **WATER SERVICE**
    a. General
        i. Service is established, and customers are charged, upon installation of a water meter.
        ii. Customers are charged a Base Rate, Meter Charge, and Usage Rate.
            1. Base Rates vary as per below.
            2. Meter Charge is charged per meter.
            3. Usage Rate is charged per unit of usage (100 cubic feet / 748 gallons).
        iii. There are no shutoff privileges. Once an account is established, service continues in perpetuity.
    b. Residential Domestic (Indoor) Service
        i. Rates apply to single and multiple family dwellings.
        ii. Base Rate is charged per Dwelling Unit ('DU').
    c. Commercial Domestic (Indoor) Service
        i. Rates apply to all commercial and non-residential accounts.
        ii. Base Rate is charged per Equivalent Dwelling Unit ('EDU').
            1. An EDU is defined as equal to the average monthly Residential Domestic water use, calculated annually.
            2. EDUs are assigned based on the average water usage of Commercial Domestic accounts over the past three (3) years or anticipated usage where sufficient data does not exist.
            3. A minimum of one (1) EDU is assigned to each commercial account.
    d. Irrigation Service
        i. Applies to irrigation water that does not enter the wastewater system.
        ii. Rates apply to all irrigation accounts.
        iii. Base Rate is charged one-third (1/3) of the Residential Domestic Service Base Rate per EDU as defined above.
    e. Construction Service:
        i. Applies to water used for construction purposes to reduce dust, clean tools, and general construction activities and that does not enter the wastewater system.
        ii. No Base Rate shall apply.
        iii. Meter Charge for temporary Hydrant Meters shall be as periodically adopted by the Board and is not included in this Regulation.

Water Rates over the next 5 years are summarized below:

	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Monthly Meter Charge (per meter)	$5.98	$6.82	$7.77	$8.86	$10.10
Monthly Domestic (Indoor) Base Rate[a]	$41.74	$47.58	$54.24	$61.83	$70.49
Monthly Irrigation Base Rate[b]	$13.91	$15.86	$18.08	$20.61	$23.50
Usage Rate (per 100 CF)	$14.82	$16.89	$19.25	$21.95	$25.02

[a] Charged per dwelling unit for residential and per EDU for commercial
[b] Charged per EDU

2. **WASTEWATER SERVICE**
   a. General
      i. Service is established, and customers are charged, upon installation of a water meter <u>and</u> connection to the wastewater collection system.
      ii. High Strength wastewater is defined as wastewater containing 1) greater amounts of fats, oils, and greases (FOG) or other organic components than residential wastewater; 2) greater amounts of suspended solids or high amounts of certain chemicals than residential wastewater; 3) greater amounts of any components can interfere with the normal biological processes of the wastewater facilities than residential wastewater; or 4) wastewater with measured concentrations of
         1. Biochemical Oxygen Demand (‘BOD’) greater than 175 milligrams per liter (‘mg/l’).
         2. Suspended Solids greater than 175 mg/l.
      iii. There are no shutoff privileges, once an account is established, service continues in perpetuity.
   b. Residential Wastewater Service
      i. Rates apply to single and multiple family dwellings.
      ii. Base Rate is charged per DU as defined above.
      iii. Usage Rate is charged per unit of Residential Domestic water usage.
   c. Commercial Wastewater Service
      i. Rates apply to non-High Strength commercial and non-residential accounts.
      ii. Base Rate is charged per EDU as defined above.
      iii. Usage Rate is charged per unit of Commercial Domestic water usage.
   d. Commercial High-Strength Wastewater Service
      i. Rates apply to High Strength commercial and non-residential accounts.
      ii. Base Rate is charged per EDU as defined above.
      iii. High Strength Usage Rate is charged per unit of Commercial Domestic water usage.
      iv. For any new commercial or other non-residential account, the District General Manager shall determine and establish appropriate EDUs for the account by applying current, generally accepted engineering practices plus strength factor as appropriate.

Wastewater Rates over the next 5 years are summarized below:

	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Monthly Base Rate (per DU or EDU)	$85.09	$96.15	$108.65	$122.77	$126.45
Usage Rate (per 100 CF) Residential & Commercial	$47.18	$53.31	$60.24	$68.07	$70.11
Usage Rate (per 100 CF) High Strength Commercial	$140.47	$158.73	$179.36	$202.68	$208.76

Kirkwood Meadows Public Utilities District

2025 Water and Wastewater Rate Study Report

July 15, 2025

Mr. Erik Christeson
General Manager
Kirkwood Meadow Public Utility District
33540 Loop Road
Kirkwood, CA 95646

Re: 2025 Water and Wastewater Rate Study

Dear Mr. Christeson,

Hildebrand Consulting is pleased to present this 2025 Water and Wastewater Rate Study (Study) performed for the Kirkwood Meadows Public Utility District. We appreciate the fine assistance provided by you and all of the members of the District staff who participated in the Study.

If you or others at the District have any questions, please do not hesitate to contact me at:

mhildebrand@hildco.com
(510) 316-0621

We appreciate the opportunity to be of service to the District and look forward to the possibility of doing so again in the near future.

Sincerely,

Mark Hildebrand
Hildebrand Consulting, LLC

Enclosure

Cover Photo Credit: Alka Jha

TABLE OF CONTENTS

List of Acronyms

AWWA	American Water Works Association
CIP	capital improvement program
cf	cubic foot (7.48 gallons)
COP	certificate of participation (a form of debt)
DCR	debt service coverage ratio
DU	dwelling unit
EDU	equivalent dwelling unit, a measure of sewer utility service based on the estimated volume and strength of wastewater from an average residential dwelling
FY	fiscal year (which ends on June 30)
hcf	hundred cubic feet (i.e., 748 gallons)
HOA	homeowner association
KMPUD	Kirkwood Meadows Public Utility District
lbs	pounds
MG	million gallons
mg/l	milligrams per liter
WEF	Water Environment Federation
WWTP	Wastewater treatment plant

Section 1. INTRODUCTION

Hildebrand Consulting, LLC (“Consultant”) was retained by the Kirkwood Meadows Public Utility District (“KMPUD or “District”) to conduct a 2025 Water and Wastewater Rate Study (Study). This report describes in detail the assumptions, procedures, and results of the Study, including conclusions and recommendations.

1.1 UTILITY BACKGROUND

KMPUD is a public municipal corporation located within Alpine, Amador, and El Dorado Counties. KMPUD’s service area encompasses an area of approximately 1.875 square miles. The community size and operation of the Kirkwood Ski Resort creates unique seasonal demands on the water and wastewater utilities, with peak activity and population occurring during snow season. There are approximately 150 full-time residents living within the District’s service area, but seasonal daily population maximums may reach 8,000 – 9,000 persons during the winter months. The village core includes a combination of residential, lodging, and commercial uses serving residents and guests. The District services 875 active water connections, of which 660 are residential, 49 are commercial, and 166 are irrigation. The residential accounts include 23 homeowner associations (HOAs). KMPUD receives its water supply entirely from groundwater wells.

Revenue for the water and wastewater utilities comes primarily from rate revenue. The enterprises also receive some property tax revenue and miscellaneous fee revenue. Both the water utility and wastewater utility charge a fixed monthly rate (or “Base Rate”) in addition to a flat volumetric rate. The last rate study for both enterprises was conducted by the District in 2020.

1.2 SCOPE & OBJECTIVES OF STUDY

The scope of this Study was to prepare multi-year financial plans, develop a consistent cost-of-service analyses, review the existing rate structures, and propose 5-year rate schedules for both the water and wastewater utilities. The primary objectives of this Study were to:

i. Develop multi-year financial management plans for both the water and wastewater enterprises that integrate operational and capital project funding needs and meet established District Reserve Policy goals

ii. Identify future annual rate adjustments to water and wastewater rates to help ensure adequate revenues to meet the respective utilities' ongoing service and financial obligations

iii. Determine the cost of providing water and wastewater service to customers using industry-accepted methodologies

iv. Recommend specific modifications to the existing rate structures in order to ensure that the proposed rates equitably recover the cost of providing service and comporting with industry standards and California's legal requirements

1.3 STUDY METHODOLOGY

This Study applied methodologies that are aligned with industry standard practices for rate setting as promulgated by the AWAA and the WEF and all applicable law, including California Constitution Article XIII D, Section 6(b), commonly known as Proposition 218.

The first step was to develop multi-year financial management plans (for both the water and wastewater enterprises) that determined the level of annual rate revenue required to cover estimated annual operating expenses, debt service (including coverage targets), and capital cost requirements while maintaining adequate reserves. The financial planning models were customized to reflect the financial dynamics of both utilities.

The respective revenue requirements calculated in the financial plans for fiscal year ending June 30, 2026 (FY 2025/26) were then used to perform detailed cost-of-service analyses. The cost-of-service analyses and rate structure designs were conducted based upon principles outlined by the AWWA, the WEF, legal requirements (Proposition 218 and relevant court decisions) and other generally accepted industry practices to develop rates that reflect the cost of providing service.

Recommendations for the financial plans and updated rate structures will be presented to the District Board and a Public Hearing to adopt the rates will occur in September 2025.

Section 2. FINANCIAL PLANS

This section presents the financial plans developed for both utilities, including a description of the source data and financial assumptions. This section concludes with 5-year plans for water and wastewater rate revenue adjustments. Schedules 1 and 2 (attached at the end of this report) include detailed data supporting the financial plans discussed herein.

This Study's 10-year financial plans were developed through interactive work sessions with District staff. As a result of this process, the Study has produced robust financial plans that will help enable both utilities to meet revenue requirements, and financial performance objectives throughout the planning period while striving to minimize rate increases. Financial performance objectives include covering all anticipated operating, maintenance, debt service, and capital program costs; maintaining financial reserves in accordance with District policy; and meeting debt service coverage ratio obligations. The driving factor behind the recommended annual rate adjustments may vary over the 10-year financial planning period.

The District provided budgeted operating costs for the current fiscal year, a multi-year capital improvement program (CIP), and outstanding debt service obligations. District staff also assisted in confirming other assumptions and policies, such as operating and capital reserve targets, debt service coverage targets, escalation rates for operating costs, and plans for issuing new debt (all of which are described in the following subsections).

2.1 WATER ENTERPRISE FINANCIAL PLAN

The following sections describe the financial plan for the District's Water Enterprise.

2.1.1 BEGINNING FUND BALANCES - WATER ENTERPRISE

The July 1, 2024 fund balances for the Water Fund (Fund 10) is summarized in **Table 1**.

Table 1: Fund 10 (Water) Beginning Cash Balance (FY 2024/25)

Revenue Account	$152,000
Operating Reserve	$288,000
Total Cash:	$440,000

2.1.2 RESERVE TARGETS - WATER ENTERPRISE

Reserves for utilities are cash balances that are maintained in order to (a) comply with contractual obligations (e.g., bond covenants), (b) protect the utility from unexpected financial events, and (c) accommodate operational and capital program cash flow needs. Often multiple reserves are maintained, each with a specific function. In addition to the direct benefits of financial stability, reserves can help utilities obtain higher credit rankings, which can then help qualify the utility for cheaper debt. Credit rating agencies evaluate utilities on their financial stability, which includes adherence to formally adopted District Reserve Policy targets.

KMPUD has adopted the following financial management policies (Policy Statement 695, enacted June 8, 2019) which include guidance with respect to reserve levels.

Operating Reserves – The operating reserve target for KMPUD's General Fund is 25 percent of annual expenses. This study assumes that this target also applies to the Water and Wastewater Enterprises individually. The Water Enterprise's annual operating expenses are just over $800 thousand, establishing an operating reserve target of approximately $200 thousand. Because of the highly seasonal nature of utility use in Kirkwood, and variable monthly cash in-flows, the target describes the lowest desirable level of operating cash available at the end of any single month during the year (usually December).

Capital Reserve Fund – This policy establishes a target a capital reserve equal to 25 percent of the five years of cash needed for expenditures listed in the approved 5-year capital plan. The 5-year Capital Plan is developed and approved annually as part of the District's annual budget and includes itemized budgets for capital expenditures by each Department. The total capital spending in the Water Enterprise's 5-year plan is equal to $3.9 million, therefore the Capital Reserve Fund target is approximately $980 thousand.

The above policies are generally consistent with Consultant's industry experience for similar systems. In order to further strengthen the current reserve policies, this Study recommends that the District's formal policies be modified to establish these reserve targets for the individual enterprise fund (rather than for the District as a whole). Adhering to the District's existing reserve policies is consistent with best practices as reported by reserve studies conducted by the AWWA and is viewed favorably by rating agencies (e.g., Fitch, Moody's, and Standard & Poor's).

2.1.3 CUSTOMER GROWTH - WATER ENTERPRISE

Future customer growth can affect a rate study in terms of (1) anticipated capacity charge revenue and (2) increases in rate revenue due to a larger customer base. This Study assumes that during the next ten years the District will grow by the equivalent of approximately one new residential account per year.

2.1.4 RATE REVENUES - WATER ENTERPRISE

Rate revenue is the revenue generated from customers for water service. Rate revenue is collected through a fixed "Base Rate," a fixed "Meter Charge," and a variable "Usage Rate." This Study's financial plan proposes annual rate revenue adjustments that will meet the District's revenue requirements. Budgeted and projected rate revenues are listed in **Schedule 1**[1].

2.1.5 NON-RATE REVENUES - WATER ENTERPRISE

In addition to rate revenue, the Water Enterprise receives other revenue, including miscellaneous fees, connection fees (which is not restricted), interest earnings on investments, and property tax revenue. Historically the District has allocated some of its property taxes to the water enterprise (after first allocating revenue as needed to the District's Electricity Utility, per an agreement with RUS for the electric transmission loans) as well as other District departments, as available. Based on Board direction, this Study assumed that staring in FY 2025/26 the District will no longer allocate property tax revenue to the Water Enterprise in order to be able to allocate more funds to fire protection services.

Estimates of future interest income were calculated annually based upon estimated average fund balances and historic effective return on cash and invested funds (1.12 percent). Projections of all other non-rate revenues were based on FY 2024/25 budgeted revenue.

All current revenues for the Water Enterprise are depicted below in Figure 1 and forecasted in **Schedule 1**.

[1] The rate revenues in Schedule 1 includes the proposed rate adjustment recommended by this Study, as described in Section 2.1.10.

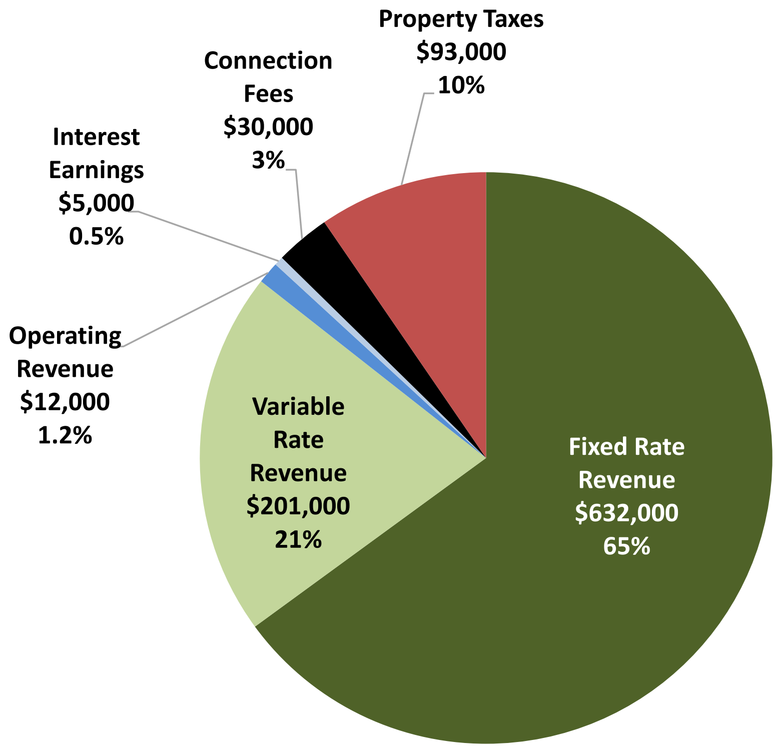


Figure 1: Water Enterprise Revenue Categories (Budget FY 2024/25)

2.1.6 OPERATION AND MAINTENANCE EXPENSES - WATER ENTERPRISE

The combined operating and maintenance expenses include all ongoing pumping, treatment, distribution, and administrative expenses. The annual operating and maintenance costs for this Study are based on the Water Enterprise's FY 2024/25 budget (summarized in **Table 2** and forecasted in Schedule 1) and are adjusted for future years based on inflation. Annual cost escalation factors for the various types of expenses were developed based upon a review of historical inflation trends, published inflation forecasts, industry experience, and discussions with District staff. During the projection period, all operations and capital expenses are projected to increase at 3.5 percent per year. Recent electricity costs have increased significantly due to metering corrections.

The Water Enterprise only existing debt (a 2018 COP) was paid off in 2024.

Table 2: Water Operating Budget Categories (Budget FY2024/25)

Employee Related	$294,000
Utilities	$85,000
Operations	$86,000
Administration	$354,000
Total Budget:	**$819,000**

2.1.7 CAPITAL IMPROVEMENT PROGRAM - WATER ENTERPRISE

Table 3 provides a summary of capital project spending planned through FY 2030/31. The total capital spending during this time period is expected to be $5.15 million (or an average of $858 thousand per year). This forecasted level of capital spending is a significant increase over recent capital spending, which has averaged approximately $20 thousand per year over the past 5 years (see Figure 2). Also shown in Figure 2, capital spending after FY2030/31 is assumed to be equal to the average forecasted spending (i.e., $860 thousand per year).

Table 3: 6-Year Water Capital Improvement Schedule (through FY 2030/31)

		FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
	Distribution						
1	Hazard Assessment	$80,000	$65,000				
2	Maganese Treatment Feasibility Study	$30,000					
3	Sample Stations	$10,000					
4	Well 4/5 Improvement Project		$102,800	$1,370,300			
5	Well 6 Installation						
	General						
6	Connection Fee Study	$20,000					
	Replacement Component						
7	Fire Hydrant Replacements	$52,500		$10,000	$10,000	$10,000	$10,000
8	Loop Road Main/Asphalt Repair	$78,000					
9	Lodge Tank Power and Level Sensor	$80,000					
10	Respirators (Split with WW)	$3,000					$3,000
11	Distribution System Valve Replacement		$25,000			$25,000	
12	PRV Improvements		$249,400				
13	Dangburg Tank Access Road Rehabilitaiton			$189,600			
14	Tank (Dangburg) Recoating				$508,000		
15	Remote Read Meter Replacement						$62,500
16	Tank (Lodge) Recoating					$704,300	
17	Tank Diving / Inspection						$15,000
18	Well 2 Instrumentation Upgrades						$1,049,800
19	Well 4/5 Instrumentation Upgrades						$387,000
20	**Total Capital Expenses**	**$353,500**	**$442,200**	**$1,569,900**	**$518,000**	**$739,300**	**$1,527,300**

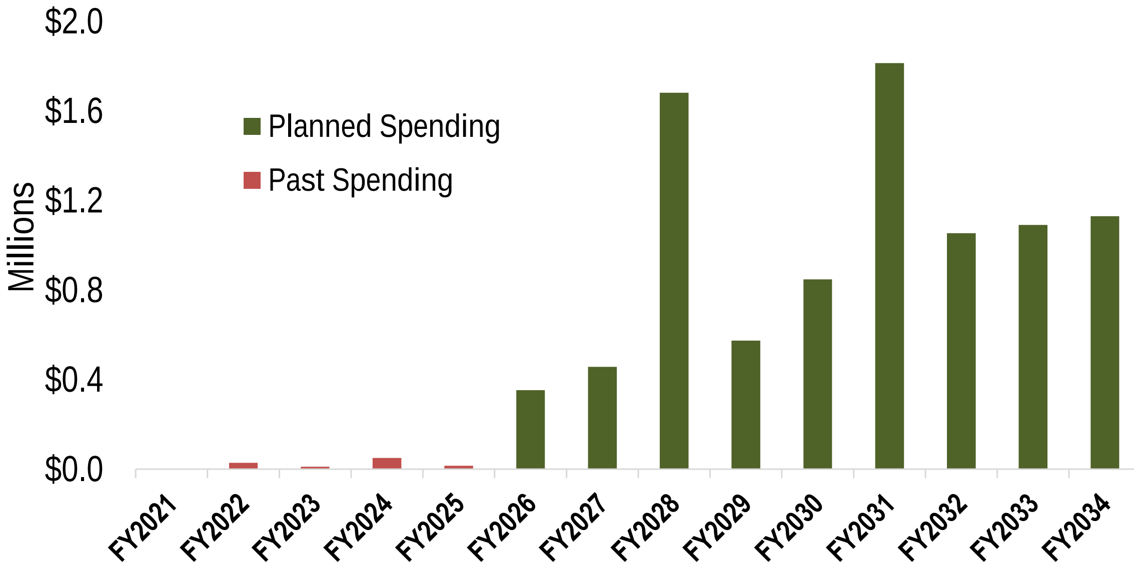


Figure 2: Historical and Projected Water Capital Improvement Spending

2.1.8 DEBT STRATEGY - WATER ENTERPRISE

Given the significant increase in capital spending coupled with the Water Enterprise's modest cash reserves, this financial plan proposes multiple new debt issues in order to finance the costs of future capital projects. It is proposed to issue a total of $6.7 million in new debt over the next 10 years. These debt issues are shown in Figure 3 and detailed in Schedule 1. While this financial plan current assumes 4 separate debt issues, the District may choose to bundle the debt differently, depending on the terms of the loans. This financial plan assumes that the debt will incur an interest rate of 5.0 percent, and issuance cost of 1 percent and a repayment period of 20 years.

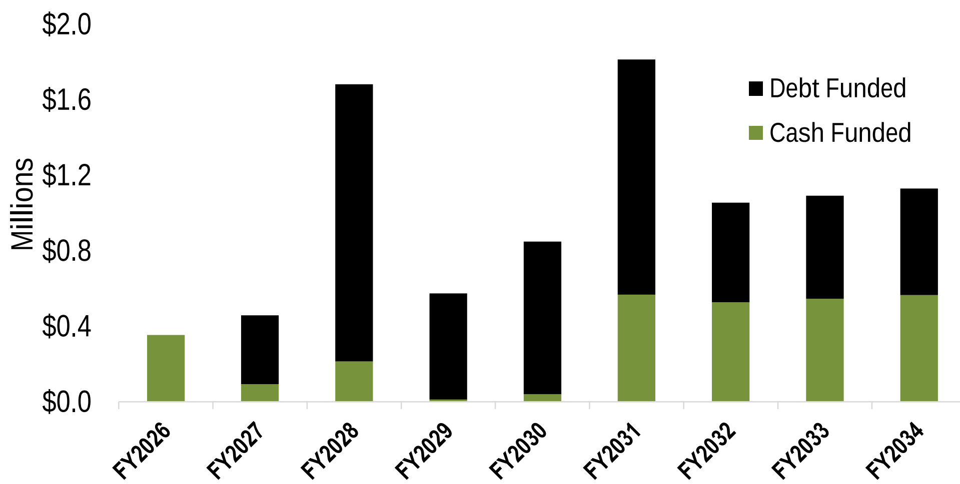


Figure 3: Proposed Debt Strategy for Projected Water Capital Spending

2.1.9 DEBT SERVICE COVERAGE - WATER ENTERPRISE

Debt service coverage is a measurement of the cash flow available to pay current debt obligations. The formula is net operating income (i.e., gross income minus operating expenses) divided by annual debt service. A debt service coverage ratio of 1.0 means that a utility has exactly enough money to pay its debt service after paying its operating expenses. Loans typically include covenants that require the utility to maintain a minimum debt service coverage ratio of 1.20. Maintaining a higher debt service coverage ratio is recommended in order to access more favorable borrowing terms in the future. Based on recently published guidance from Fitch Ratings[2], utility systems with *midrange* financial profiles should maintain a DCR greater than 1.50 times annual debt service. For purposes of this Study, we are proposing a financial plan that will maintain a minimum debt service coverage ratio of 1.50.

[2] As published on July 31, 2013.

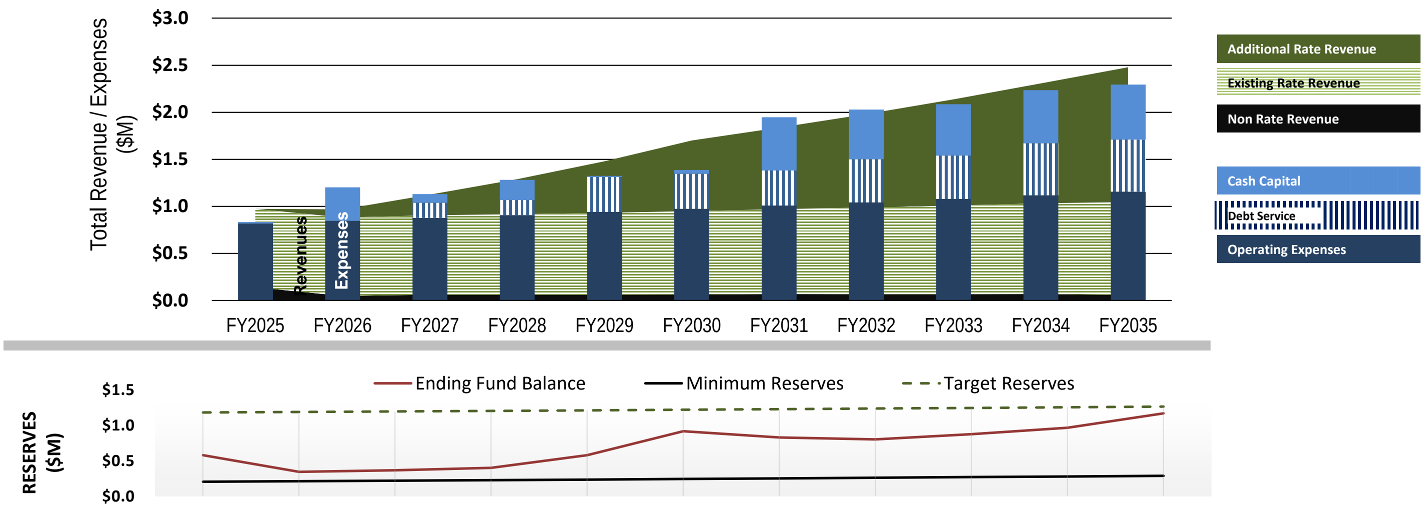
2.1.10 PROPOSED RATE REVENUE INCREASES - WATER ENTERPRISE

All of the above information was entered into a financial planning model to produce a 10-year financial plan that evaluated the sufficiency of current revenues to meet current and estimated future financial obligations and determined the level of water rate revenue increases necessary in each year of the planning period.

Based upon the previously discussed financial data, assumptions, and reserve targets, this Study proposes a 5-year schedule of rate adjustments as detailed in **Table 4**. As will be described in the sections that follow, rate structure changes are proposed for the new rates to be effective October 1, 2025. The cash flow numbers provided in **Schedule 1** for the District are summarized graphically in Figure 4, which shows that the proposed rate revenue increases are driven by both the need to maintain the reserve levels at targeted levels as well as the need to maintain the DCR over 1.5.

Table 4: Recommended Water Rate Revenue Increases

Rate Adjustment Date	Rate Revenue Increase
October 1, 2025	14.0%
July 1, 2026	14.0%
July 1, 2027	14.0%
July 1, 2028	14.0%
July 1, 2029	14.0%



	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
		Proposed					Forecasted				
Rate Revenue Increase:		14.0%	14.0%	14.0%	14.0%	14.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Debt Coverage Ratio:	na	na	1.71	2.55	1.51	2.01	2.28	2.09	2.35	2.19	2.42
Net Debt Proceeds:			$1.8M		$2.6M			$1.1M		$1.2M	

Figure 4: Water Enterprise Financial Forecast with Recommended Rate Increases and Debt Issuances

2.2 WASTEWATER ENTERPRISE FINANCIAL PLAN

The following describes the financial plan for the District's Wastewater Enterprise.

2.2.1 BEGINNING FUND BALANCES - WASTEWATER ENTERPRISE

The July 1, 2024 fund balances for the Wastewater Fund (Fund 20) is summarized in **Table 5**.

Table 5: Fund 20 (Wastewater) Beginning Cash Balance (FY 2024/25)

Revenue Account	$467,000
Operating Reserve	$521,000
Total Unrestricted:	**$988,000**

2.2.2 RESERVE TARGETS - WASTEWATER ENTERPRISE

The reserve targets for the Wastewater Enterprise follow the same KMPUD financial management policies as described in detail in Section 2.1.2. The follow describes the targeted amount in each reserve.

Operating Reserves –The Wastewater Enterprise's annual operating expenses are just over $1.6 million; therefore, the 25 percent reserve target is approximately $400 thousand.

Capital Reserve Fund – The Wastewater Enterprise's 5-year capital plan amounts to $4.1 million, therefore the Capital Reserve Fund target is approximately $1.04 million.

USDA Loan Reserve – The District's outstanding loan through the USDA requires that the District establish a debt service reserve fund equal to at least one annual loan installment (i.e., $260 thousand). It will be released once the debt has been repaid.

2.2.3 CUSTOMER GROWTH - WASTEWATER ENTERPRISE

As explained in Section 2.1.3, this Study assumes that the District will grow at the rate equivalent to about 1 new residential account per year.

2.2.4 RATE REVENUES - WASTEWATER ENTERPRISE

Rate revenue is the revenue generated from customers for wastewater service. Rate revenue for wastewater services is collected through a fixed "Base Rate" and a variable "Usage Rate." This Study's financial plan proposes annual rate revenue adjustments that will meet the District's revenue requirements. Budgeted and projected rate revenues are listed in **Schedule 2**[3].

2.2.5 NON-RATE REVENUES - WASTEWATER ENTERPRISE

In addition to rate revenue, the Wastewater Enterprise receives other revenue, including miscellaneous fees, connection fees (which is not restricted), interest earnings on investments, and property tax revenue. Historically the District has allocated some of its property taxes to the wastewater enterprise (after first allocating revenue as needed to the District's Electricity Utility, per an agreement with RUS for the electric transmission loans) as well as other District departments, as available. Based on Board direction, this Study assumed that starting in FY 2025/26 the District will no longer allocate property tax revenue to the Wastewater Enterprise in order to be able to allocate more funds to fire protection services.

Estimates of future interest income were calculated annually based upon estimated average fund balances and historic effective return on cash and invested funds (1.12 percent). Projections of all other non-rate revenues were based on FY 2024/25 budgeted revenue.

[3] The rate revenues in Schedule 2 includes the proposed rate adjustment recommended by this Study, as described in Section 2.1.10.

All current revenues for the Wastewater Enterprise are depicted below in **Figure 5** and forecasted in **Schedule 2**.

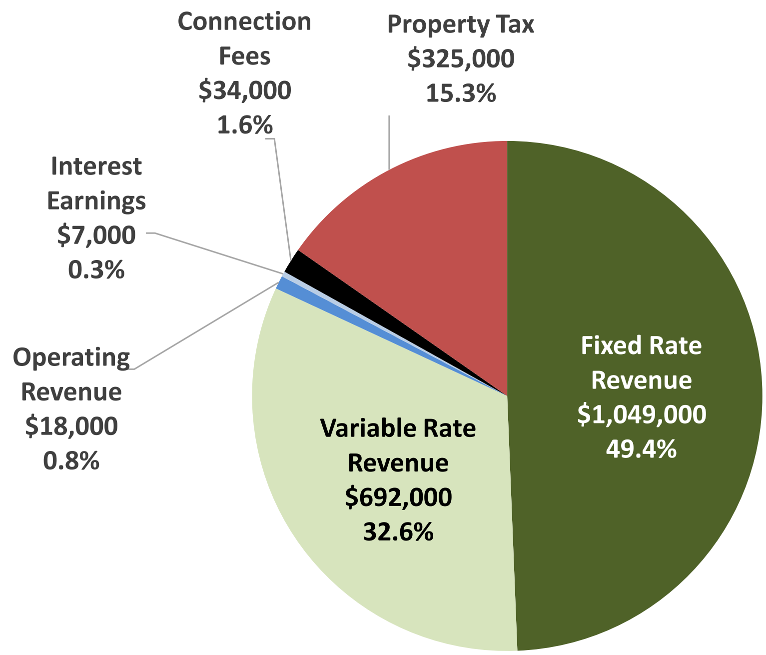


Figure 5: Wastewater Enterprise Revenue Categories (FY 2024/25)

2.2.6 OPERATION AND MAINTENANCE EXPENSES - WASTEWATER ENTERPRISE

Operating and maintenance expenses include all ongoing collection, treatment, disposal, and administrative expenses. The annual operating and maintenance costs for this Study are based on the Wastewater Enterprise's FY 2024/25 budget (summarized in **Table 6** and forecasted in Schedule 1) and are adjusted for future years based on inflation. Annual cost escalation factors for the various types of expenses were developed based upon a review of historical inflation trends, published inflation forecasts, industry experience, and discussions with District staff. During the projection period, all operations and capital expenses are projected to increase at 3.5 percent per year.

Table 6: Wastewater Operating Budget Categories (Budget FY2024/25)

Employee Related	$372,000
Utilities	$404,000
Operations	$354,000
Administration	$475,000
Total Budget:	**$1,605,000**

2.2.7 EXISTING DEBT SERVICE – WASTEWATER ENTERPRISE

The Wastewater Enterprise currently has a single outstanding debt (USDA 2022 WWTP Improvements Loan) which has annual debt service of approximately $260 thousand and will be paid off in 2063. As explained in detail in Section 2.1.9, this Study proposes a financial plan that targets a minimum debt service coverage ratio of 1.50.

2.2.8 CAPITAL IMPROVEMENT PROGRAM - WASTEWATER ENTERPRISE

Table 7 and **Figure 6** provide a summary of all capital projects planned through FY 2024/25. The wastewater treatment plant (WWTP) will require significant rehabilitation over the next 5 years. Capital spending for FY 2025/26 and beyond is assumed to be $400 thousand per year.

Section **Error! Reference source not found.** briefly discusses an alternative scenario whereby the District would replace the existing WWTP with a new WWTP.

Table 7 provides a summary of capital project spending planned through FY 2029/30. The total capital spending during this time period is expected to be $4.2 million (or an average of $842 thousand per year). This forecasted level of capital spending is a decrease in recent overall capital spending (which has averaged approximately $1.8 million per year over the past 4 years (see **Figure 6**)), however it represents an increase in cash-funded capital spending (the 2022 USDA loan funded $7.0 million in capital projects). Also shown in Figure 6, capital spending after FY2029/30 is assumed to be equal to the average forecasted spending (i.e., $842 thousand per year). All planned wastewater capital spending is assumed to be cash financed.

Table 7: 6-Year Wastewater Capital Improvement Schedule (through FY 2030/31)

		FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30
	Capacity Component					
	Collection					
1	East Lift Upgrade/Replacement (50%)			$300,000		
2	Main Lift Upgrade/Replacement (50%)				$400,000	
3	Lower Lift Upgrade/Replacement (50%)					$150,000
	Treatment					
4	Black Tank Telemetry	$16,000				
5	EQ Tank Replacement (50%)					$250,000
	Disposal					
6	Leachfield Depth Telemetry (Fields 3/4/9)	$20,000				
	General					
7	Wastewater Master Plan	$250,000				
8	Connection Fee Study		$20,000			
9	Water/Wastewater 218 Rate Study					$40,000
	Replacement Component					
	Collection					
10	Collection Manole Infiltration/Inflow Replacement	$40,000	$40,000	$40,000	$25,000	$25,000
11	Collection Pipeline Infiltration/Inflow Replacement	$55,000	$35,000	$35,000	$35,000	$35,000
12	Main Lift Roof Replacement/Hardening	$50,000				
13	Respirators (Split with Water)	$3,000				
14	WWTP Overhead Door Replacement	$3,500				
15	East Lift Equipment/Controls Moved from Vault		$165,000			
16	East Lift Upgrade/Replacement (50% Repl)			$300,000		
17	Lift Transducers			$10,000		
18	Lift Station Pumps				$10,000	
19	Main Lift Upgrade/Replacement (50% Repl)				$400,000	
20	SSMP Update				$60,000	
21	Lower Lift Upgrade/Replacement (50% Repl)					$150,000
	Treatment					
22	SCADA/PLC/Controls System Replacement*	$400,000				
23	Concrete Basin Refurbishment & Recoating		$250,000			
24	EQ Tank Replacement (50% Replacement)					$250,000
	Disposal					
25	VFD Replacement	$10,000		$10,000		$10,000
26	Effluent Disposal Line				$60,000	
27	Pumps/Controls, Absorption Beds				$35,000	
28	Leachefield Lateral Replacement					$200,000
	General					
29	Lift Equipment				$20,000	
20	**Total Capital Expenses**	**$847,500**	**$510,000**	**$695,000**	**$1,045,000**	**$1,110,000**

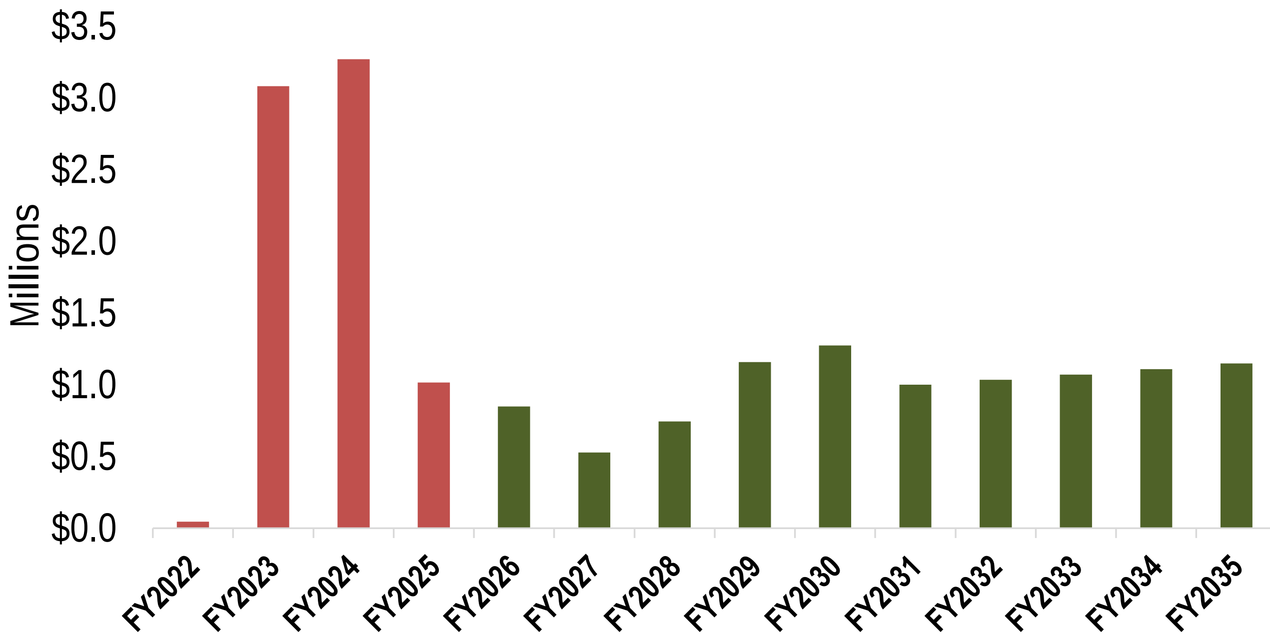


Figure 6: Historical and Projected Wastewater Capital Improvement Spending

2.2.9 PROPOSED RATE REVENUE INCREASES - WASTEWATER ENTERPRISE

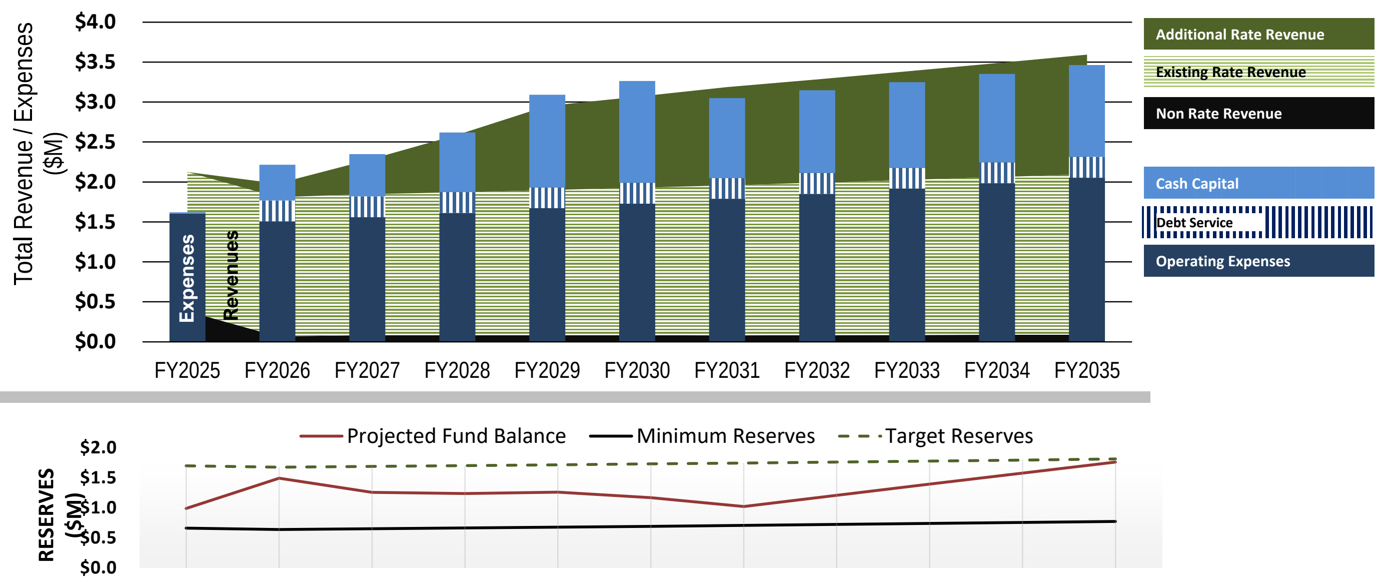
All of the above information was entered into a financial planning model to produce a 10-year financial plan that evaluated the sufficiency of current revenues to meet current and estimated future financial obligations and determined the level of rate revenue increases necessary in each year of the planning period.

Based upon the previously discussed financial data, assumptions, and reserve targets, this Study proposes a 5-year schedule of wastewater rate adjustments as detailed in **Table 8**.

The cash flow numbers provided in **Schedule 2** for the District are summarized graphically in **Figure** 7, which shows that the proposed rate revenue increases are driven by the need to maintain the reserve levels at targeted levels while completing significant, necessary rehabilitation required to the WWTP of the next 5 years.

Table 8: Recommended Wastewater Rate Revenue Increases

Rate Adjustment Date	Rate Revenue Increase
October 1, 2025	13.0%
July 1, 2026	13.0%
July 1, 2027	13.0%
July 1, 2028	13.0%
July 1, 2029	3.0%



	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
		Proposed					Forecasted				
Rate Revenue Increase:		**13.0%**	**13.0%**	**13.0%**	**13.0%**	**3.0%**	**3.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Debt Coverage Ratio:		**1.82**	**2.95**	**3.95**	**5.11**	**5.33**	**5.56**	**5.70**	**5.83**	**5.97**	**6.10**

Figure 7: Wastewater Enterprise Financial Forecast with Recommended Rate Increases

Section 3. COST OF SERVICE & RATE DESIGN

Once the respective rate revenue requirements for both utilities have been determined, the next step in the rate setting process is to evaluate the cost of providing these services to individual customer classes. A cost-of-service analysis evaluates the cost of providing service and proportionately allocates those costs to customer classes and rate structure components to ensure the proposed rate structure is aligned with the costs of providing water and wastewater service. This is required in order to be equitable among all ratepayers and to comply with Proposition 218. This Study employed well-established industry practices as recognized by the WEF, AWWA, and other accepted industry standards. The cost-of-service analysis and rate structure proposed by this Study is designed to:

- Fairly and equitably recover costs through rates
- Conform to accepted industry practice and legal requirements
- Provide financial stability and recovery of system fixed costs

The following sections present detailed descriptions of the cost-of-service and rate structure methodology used for water, and then wastewater, and the corresponding proposed rate schedules for both.

3.1 WATER COST OF SERVICE AND RATE DESIGN

The following details the methodology in calculating the proposed water rates and concludes with the recommended water rate schedule for the next five (5) years.

3.1.1 CURRENT WATER RATES

The structure for the District's current potable water rates includes a three-part structure that is comprised of a fixed Base Rate, a fixed Meter Charge, and a consumption-based Usage Rate. The Base Rate is charged per dwelling unit (DU) for residential accounts and per equivalent dwelling unit (EDU) for commercial accounts. One (1) EDU is equal to average residential water usage and EDUs are assigned based on the average usage of commercial accounts over the past three (3) years. Irrigation customers currently pay a single DU Base Rate. The Base Rate revenue accounts for approximately 67 percent of the water rate revenue.

The Meter Charge is assessed per meter. In addition to (standard) indoor meters and irrigation meters, some customers have hot water meters[4]. The Meter Charge revenue accounts for 6 percent of the water rate revenue.

The Usage Rate is charged per unit of usage (1 hcf or 748 gallons) and accounts for approximately 27 percent of the water rate revenue.

3.1.2 PROPOSED WATER RATE STRUCTURE CHANGES

The District's current water rate structure is equitable and consistent with common industry practices. As a refinement to the District's current rate policy, it is recommended that irrigation customers with higher water usage pay a larger Base Rate,

[4] The District's 2020 rate study assumed that these hot water meters were located "behind" the master meter, which District staff later found is not the case. As such the hot water meters are charged as regular meters going forward.

such as paid by Commercial accounts (by calculating an EDU value based on historical water usage). Based on the District' recommendation, the irrigation EDUs are charged on a pro-rated basis in recognition that irrigation meters are only allowed to be active for 4 months of the year.

3.1.3 WATER RATE STRUCTURE DEVELOPMENT

The following section presents a detailed description of the process for developing the water rate structure using cost of service principles.

3.1.3.1 Water Cost Functions

As a first step, all costs for the Water Enterprise's FY 2025/26 ("Test Year") are allocated to the three rate components: Meter Charge, Base Rate, and Water Usage. This is done by allocating operational line-item expenses and capital expenses to one or more revenue recovery category. The following explains the percentage allocations that are detailed in **Table 9**:

- Direct allocations - Some costs can be allocated directly to a functional component. For example, operating supplies and electricity (Rows 7 & 11) are allocated 100 percent to the Usage Rate because those costs tend to increase with higher water volumes. On the other hand, Board costs and snow removal expenses (Rows 10 & 12) are allocated to the Base Rate since it is appropriate to recover those fixed costs with a stable source of revenue.
- Employee-related Expenses – All labor costs were spread between the three categories, with 60 percent of costs being recovered through the Base Rate (since labor is a relatively fixed cost), 30 percent being recovered through the Usage Rate (since some overtime costs are driven by higher volumetric demands), and 10 percent being recovered through the Meter Charge (due to the labor associated with maintaining the meters).
- Administrative Costs – Administrative costs are fixed and therefore recovered through the two fixed revenue categories (Base Rate and Meter Charge).

- Use of Reserves – Accounting for the use of cash reserves during the Test Year is required in order to balance the rate revenue requirements. In this case the use of reserves results in a credit, which is allocated 100 percent to the Base Rate category.
- Non-Rate Revenue Credits - In order to complete the allocation of costs to each system function, a final step requires non-rate revenue to be used to offset costs that would otherwise need to be recovered through rates. Non-rate revenue includes interest income, and other operating revenue such as miscellaneous fees. These revenues are credited to each system function using the indirect cost allocation method (the proportionate allocation of all costs that were previously allocated to the respective system functions).

Table 9 below summarizes the allocation of all expenses and non-rate revenues to each system function, which establishes the rate revenue requirement for each revenue recovery means (see Row 16).

Table 9: Water Cost Allocations

			Revenue Recovery Means					
	Budget Expense/Function	Test Year Budget	Meter Charge	Base Rate	Usage Rate	Meter Charge	Base Rate	Usage Rate
	Employee Related Expenses:							
1	Salaries and Wages	$195,400	10%	60%	30%	$19,540	$117,240	$58,620
2	Employee Benefits	$94,100	10%	60%	30%	$9,410	$56,460	$28,230
3	Payroll Taxes	$14,900	10%	60%	30%	$1,490	$8,940	$4,470
	Operating Expenses:							
4	Lab Services	$31,100			100%			$31,100
5	Licenses & Permits	$18,600		100%			$18,600	
6	Outside Services	$10,400			100%			$10,400
7	Supplies & Operating Materials	$26,700			100%			$26,700
8	Training	$1,900		100%			$1,900	
	Allocation Out To Funds:							
9	General & Administration	$350,100	10%	90%		$35,010	$315,090	
10	Board of Directors	$16,700		100%			$16,700	
11	Electricity	$86,200			100%			$86,200
12	Snow Removal	$1,900		100%			$1,900	
	Capital							
13	Capital Spending	$354,000		85%	15%		$300,900	$53,100
	Credits							
14	Use of Reserves	($234,000)		100%			($234,000)	
15	Non Rate Revenue	($48,000)	5.4%	69.7%	24.9%	($2,614)	($33,453)	($11,933)
16	**Total:**	**$920,000**				**$62,836**	**$570,277**	**$286,887**

3.1.3.2 Water Units of Service and Calculation of Rates

The water rates are calculated by dividing the rate revenue requirement for each revenue recovery means by the appropriate metric. For example, the Meter Charge revenue requirement is divided by the number of meters to calculate the cost per meter. The following describes the units of service for the water utility.

Meters – The District has 875 domestic meters, irrigation meters and hot water meters.

EDUs – The total number of EDUs (1,294) is the sum of all residential dwelling units (660), commercial EDUs (401), and irrigation EDUs (233). The commercial and irrigation EDUs were calculated based on each individual account's annual water usage divided by the average residential water usage. A minimum of one (1) EDU was assigned to each non-residential account.

As previously mentioned in Section 3.1.2, the Irrigation Base Rate is pro-rated in order to account for the fact that irrigation meters are generally locked for 8 months of the year. As such, the irrigation customers are charged one third of the charge of the Base Rate. This means that 93.2 percent of the Base Rate revenue (or $531,404) will be recovered from "indoor" customers (see row 2 of Table 10). The remaining Base Rate costs ($38,873) are recovered from Irrigation EDUs.

Water Usage – This Study used actual water usage data from FY2023/24 (19,360 hcf).

Table 10 presents a summary of the units of service used for the purpose of calculating the proposed rates. Proposed rates for each revenue recovery category are shown on Row 5 of Table 10. These are the proposed water rates for the first year of the proposed Study period.

Table 10: Rate Calculation (Test Year)

1	Total Units of Service:	875 meters	1,061 Indoor EDUs	233 Irrigation EDUs	1,936,000 water usage (CF)
2	Revenue Requirement:	**$62,836**	**$531,404**	**$38,873**	**$286,887**
3		6.8%	57.8%	4.2%	31.2%
4	Unit Costs:	**$71.81** per meter per year	**$500.84** per Indoor EDU per year	**$166.95** per Irrigation EDU per year	**$0.1482** per CF
5	Rates:	**$5.98** per meter per month	**$41.74** per Indoor EDU per month	**$13.91** per Irrigation EDU per month	**$14.82** per HCF

3.1.3.3 Proposed Water Rate Schedule

The full schedule of water rates is shown in **Table 11**. All rates are effective the first day of the fiscal year (July 1).

Table 11: Proposed Water Rates (FY2025/26 through FY 2029/30)

	Current Rates	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Effective Date:		**October 1, 2025**	**July 1, 2026**	**July 1, 2027**	**July 1, 2028**	**July 1, 2029**
Monthly Meter Charge (per meter)	$4.43	$5.98	$6.82	$7.77	$8.86	$10.10
Monthly Indoor Base Rate [a]	$38.69	$41.74	$47.58	$54.24	$61.83	$70.49
Monthly Irrigation Base Rate [b]	$12.89	$13.91	$15.86	$18.08	$20.61	$23.50
Usage Rate (per hcf)	$13.74	$14.82	$16.89	$19.25	$21.95	$25.02

[a] Charge per dwelling unit for residential and per EDU for commercial

[b] Charged per EDU

3.2 WASTEWATER COST OF SERVICE AND RATE DESIGN

The following section details the methodology in calculating the proposed wastewater rates and concludes with the recommended wastewater rate schedule for the next five (5) years.

3.2.1 CURRENT WASTEWATER RATES

The District's current wastewater rate includes a two-part structure that is comprised of a fixed Base Rate and a consumption-based Usage Rate. The Base Rate is charged per dwelling unit (DU) for residential accounts and per EDU for commercial accounts. One (1) EDU is equal to average annual residential water usage and EDUs are assigned based on the average usage of commercial accounts over the past three (3) years. In addition, the EDU value for restaurants (i.e., "high strength" users) is multiplied by 1.57 to account for the additional costs associated with treating higher strength sewage. The wastewater Base Rate revenue currently accounts for 60 percent of the wastewater rate revenue.

The Usage Rate is charged per unit of usage (in hcf) and is the same rate for all customers. The wastewater Usage Rate revenue accounts for 40 percent of the wastewater rate revenue.

3.2.2 PROPOSED WASTEWATER RATE STRUCTURE CHANGES

This Study has found that the District's current rate structures are fairly consistent with common industry practices but recommends the following modifications.

The Base Rate is a relatively stable source of revenue and is therefore the best source of revenue to pay for fixed costs. Conversely, the Usage Rate is a more variable source of revenue and is therefore appropriate to recover variable costs. The costs associated with high strength sewage (the treatment of biochemical oxygen demand (BOD) and removal/disposal of suspended solids (SS)) are largely variable costs (namely energy and chemicals). As such, the proposed rates will apply the high strength factor to the

Usage Rate as opposed to the Base Rate, which is more consistent with standard practices.

3.2.3 WASTEWATER RATE STRUCTURE DEVELOPMENT

The following section presents a detailed description of the process for developing the wastewater rate structure using cost of service principles. The following steps are similar to the steps followed for the development of the water rates (see Section 1.1) but include additional steps to account for the high-strength component.

3.2.3.1 Wastewater Cost Functions

All costs for the Wastewater Enterprise's Test Year are allocated to be recovered either from the Base Rate or the Usage Charge. These allocations follow the same logic as explained in Section 3.1.3.1. **Table 12** summarizes the allocation of all expenses and non-rate revenues to each system function, which adds up to the total rate revenue requirement (see Row 19).

Table 12: Wastewater Cost Allocations

	Budget Expense	Test Year Budget	Base Rate	Usage Rate	Base Rate	Usage Rate
	Employee Related Expenses:					
1	Salaries and Wages	$242,900	70%	30%	$170,030	$72,870
2	Employee Benefits	$123,600	70%	30%	$86,520	$37,080
3	Payroll Taxes	$18,600	70%	30%	$13,020	$5,580
	Contract Services					
4	Lab Services	$24,800	70%	30%	$17,360	$7,440
5	Licenses & Permits	$36,000	70%	30%	$25,200	$10,800
6	Engineering Services	$3,100	70%	30%	$2,170	$930
7	Supplies-Chemicals	$31,100	70%	30%	$21,770	$9,330
8	Supplies & Operating Materials	$156,500	70%	30%	$109,550	$46,950
9	Training	$1,900	70%	30%	$1,330	$570
10	Electric Loan Payback	$8,300	70%	30%	$5,810	$2,490
	Allocation Into Fund:					
11	General & Administration	$350,100	70%	30%	$245,070	$105,030
12	Board of Directors	$16,700	100%		$16,700	
13	Electricity	$491,300		100%		$491,300
14	Snow Removal	$1,900	100%		$1,900	
	Capital					
15	Existing Debt	$260,000	80%	20%	$208,000	$52,000
16	Capital Spending	$448,000	80%	20%	$358,400	$89,600
	Credits					
17	Use of Reserves	($178,418)	57.9%	42.1%	($103,341)	($75,077)
18	Non Rate Revenue	($69,000)	57.9%	42.1%	($39,965)	($29,035)
19	**Total:**	**$1,967,383**			**$1,139,524**	**$827,859**

3.2.3.2 *Wastewater Units of Service*

Similar to water customers, wastewater customers are billed based on their number of EDUs and water usage. In addition, the strength component for the Usage Rate requires a measurement of both BOD and SS, both of which are measured as concentrations. The BOD and SS for both residential and "regular" commercial accounts are assumed to be 175 milligrams per liter (mg/l). The BOD for high strength users is assumed to be 1000 mg/l and the SS is assumed to be 600 mg/l. These strength assumptions are taken from guidelines provided by the California State Resources Control Board (SWRCB)[5].

Table 13 provides a summary of the units of service provided to each wastewater customer class. The total pounds (lbs) of loadings are calculated by multiplying the concentrations by the water usage (which is assumed to be returned as wastewater flow).

Table 13: Wastewater Units of Service

Customer Class	No. of EDUs [1]	Annual Water Usage [1] HCF	Estimated Annual Wastewater Flow MG	BOD Strength [2] mg/l	Annual BOD Loading lbs	SS Strength [2] mg/l	Annual SS Loading lbs
Residential	630	7,169	5.36	175	7,826	175	7,826
Commercial	373	4,960	3.71	175	5,415	175	5,415
Commercial High Strength	113	1,820	1.36	1000	11,354	600	6,812
Totals:	**1,116**	**13,949**	**10.43**		**24,595**		**20,054**

Footnotes:

[1] From the utility billing system for FY 2023/24

[2] Based on State Water Resources Control Board (SWRCB) guidelines.

3.2.3.3 *Unit Cost Calculations for Wastewater*

Table 14 shows how the cost allocations from **Table 12** are converted to unit costs. Similar to water, the Base Rate costs are simply divided by the number of EDUs (1,116).

[5] SWRCB Revenue Program Guidelines, Appendix G, March 1998.

The Usage Rate costs are further divided between flow, BOD and SS. Based on common practice in the wastewater utility rate setting community and best practices promulgated by associations such as WEF, it is reasonable to allocate variable operating costs evenly between flow, BOD and SS (see **Table 14**). The unit costs are then calculated by dividing the total cost for each component by the number of units identified in **Table 13**. For example, the District has approximately 20.0 thousand pounds of SS and an annual cost of $273 thousand for solids removal, treatment and disposal, therefore the unit cost for SS is $13.62 / lb. These unit costs become the basis for then assigning costs to customer classes (see next section).

Table 14: Wastewater Unit Cost Calculation

Cost Category	Component Allocation Percentages [1]	Cost Allocated to Each Component	Units of Service		Unit Cost	
Base Rate	100%	**$1,139,500**	1,116	EDUs	$1,021.06	per EDU
Usage Rate		**$827,900**				
Flow	34%	$281,486	10.43	MG	$20.18	per HCF
BOD	33%	$273,207	24,595	lbs	$11.11	per lbs
SS	33%	$273,207	20,054	lbs	$13.62	per lbs
	Revenue Requirement:	**$1,967,400**				

Footnotes:
[1] Allocating costs evenly between flow, BOD and SS is consistent with common and accepted rate setting practices.

3.2.3.4 *Allocation of Costs to Wastewater Customer Classes*

Unit costs are applied to the EDUs, annual wastewater flows, BOD loadings and SS loadings associated with each customer class to arrive at the allocation of total costs to each customer class. **Table 15** presents the allocation of costs to each user class.

Table 15: Allocation of Costs to Wastewater Customer Classes

Customer Class	No. of EDUs	Water Usage (HCF)	BOD Loading (lbs)	SS Loading (lbs)	Base Rate [1]	Usage Rate [1] Flow	BOD	SS	Allocation of Total Costs
Unit Costs:					$1021.06 / EDU	$20.18 / HCF	$11.108 / lbs	$13.62 / lbs	
Residential	630	7,169	7,826	7,826	$643,266	$144,668	$86,938	$106,626	$981,498
Commercial	373	4,960	5,415	5,415	$380,854	$100,091	$60,149	$73,771	$614,866
Commercial High Strength	113	1,820	11,354	6,812	$115,379	$36,727	$126,120	$92,809	$371,035
Totals:	**1,116**	**13,949**	**24,595**	**20,054**	**$1,139,500**	**$281,486**	**$273,207**	**$273,207**	**$1,967,400**

Footnotes:
[1] Unit costs at the top of each column are multiplied by the wastewater flow, the BOD loading, or the SS loading for each customer class.

3.2.3.5 *Proposed Wastewater Rates*

As a final step, based on the allocation of costs from **Table 15** and the units of service from Table 13, the wastewater rates are calculated for each customer class as summarized in **Table 16**.

Table 16: Proposed Wastewater Rates

	BASE RATE			USAGE RATE			
Customer Class	EDUs	Revenue ($)	Base Rate $/EDU	Annual Water Use hcf	Revenue ($)	Usage Rates $/hcf	Total Revenue
Residential	630	$643,266	$85.09	7,169	$338,232	$47.18	$981,498
Commercial	373	$380,854	$85.09	4,960	$234,012	$47.18	$614,866
Commercial High Strength	113	$115,379	$85.09	1,820	$255,656	$140.47	$371,035
Totals:	**1,116**	**$1,139,500**		**13,949**	**$827,900**		**$1,967,400**

The above rates are proposed to be implemented on October 1, 2025. Subsequently wastewater rates will be increased by the rate adjustments proposed in Table 8. The proposed rate schedules for the next 5 years are summarized in Table 17.

Table 17: Wastewater Rates - 5-Year Schedule

	Current Rates	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Effective Date:		October 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029
Monthly Base Rate (per DU or EDU)	$74.87	$85.09	$96.15	$108.65	$122.77	$126.45
Usage Rate (per hcf)						
Residential and Commercial	$42.46	$47.18	$53.31	$60.24	$68.07	$70.11
High Strength Commercial	$132.48	$140.47	158.73	179.36	202.68	208.76

Section 4. CONCLUSION

This Study used methodologies that are aligned with industry standard practices for rate setting as promulgated by WEF, AWWA, and all applicable laws, including California's Proposition 218. The proposed annual adjustments to the rates proportionately assign costs to each customer class and customer based on service demands and will allow the District to continue to provide safe, reliable water and wastewater service to customers.

The water and wastewater rates will need to be adopted in accordance with Proposition 218, which will require a detailed notice describing the proposed rates to be mailed to each affected property owner or customer at least 45 days prior to conducting a public hearing to adopt the rates.

SCHEDULES

Schedule 1 – Water Enterprise Cash Flow Pro Forma

Schedule 2 – Wastewater Enterprise Cash Flow Pro Forma

SCHEDULE 1 – Water Enterprise Cash Flow Proforma

		Budget FY2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029	Forecast FY2030	Forecast FY2031	Forecast FY2032	Forecast FY2033	Forecast FY2034	Forecast FY2035
1	**Rate Revenue Increase:**		**14.00%**	**14.00%**	**14.00%**	**14.00%**	**14.00%**	**7.00%**	**7.00%**	**7.00%**	**7.00%**	**7.00%**
	Rate Revenue											
2	**Service Charge Revenue**	$833,000	$833,000	$949,000	$1,091,000	$1,255,000	$1,444,000	$1,660,000	$1,793,000	$1,937,000	$2,092,000	$2,259,000
3	Change due to growth & use		$0	$9,000	$11,000	$13,000	$14,000	$17,000	$18,000	$19,000	$21,000	$23,000
4	Increase due to rate adjustments		$87,000	$133,000	$153,000	$176,000	$202,000	$116,000	$126,000	$136,000	$146,000	$158,000
	Non-Rate Revenues											
5	Operating Revenue	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000
6	Interest Earnings	$5,000	$6,000	$4,000	$4,000	$4,000	$6,000	$10,000	$9,000	$9,000	$10,000	$0
7	Connection Fees	$30,000	$30,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$45,000
8	Property Tax	$93,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
9	**Total Revenue**	**$973,000**	**$968,000**	**$1,152,000**	**$1,316,000**	**$1,505,000**	**$1,723,000**	**$1,860,000**	**$2,003,000**	**$2,158,000**	**$2,326,000**	**$2,497,000**
	O&M Costs											
10	Employee Related	$294,000	$304,000	$315,000	$326,000	$337,000	$349,000	$362,000	$374,000	$387,000	$401,000	$415,000
11	Operations	$86,000	$89,000	$92,000	$95,000	$98,000	$102,000	$105,000	$109,000	$113,000	$117,000	$121,000
12	Administration	$354,000	$367,000	$380,000	$393,000	$407,000	$421,000	$436,000	$451,000	$467,000	$483,000	$500,000
13	Utilities	$85,000	$88,000	$91,000	$94,000	$98,000	$101,000	$105,000	$108,000	$112,000	$116,000	$120,000
14	***Total Operating Expenses***	**$819,000**	**$848,000**	**$878,000**	**$908,000**	**$940,000**	**$973,000**	**$1,008,000**	**$1,042,000**	**$1,079,000**	**$1,117,000**	**$1,156,000**
	Capital Costs											
15	**Total Capital Spending**	**$15,000**	**$354,000**	**$458,000**	**$1,682,000**	**$574,000**	**$848,000**	**$1,814,000**	**$1,055,000**	**$1,092,000**	**$1,130,000**	**$1,169,000**
16	**Bond Proceeds**		**$0**	**$1,832,000**	**$0**	**$2,618,000**	**$0**	**$0**	**$1,073,000**	**$0**	**$1,150,000**	**$0**
17	Cash Funded Capital Projects	$15,000	$354,000	$93,000	$214,000	$11,000	$40,000	$567,000	$527,000	$546,000	$565,000	$585,000
18	New Debt Service	$0	$0	$160,000	$160,000	$373,000	$373,000	$373,000	$460,000	$460,000	$553,000	$553,000
19	***Total Capital Expenses***	**$15,000**	**$354,000**	**$253,000**	**$374,000**	**$384,000**	**$413,000**	**$940,000**	**$987,000**	**$1,006,000**	**$1,118,000**	**$1,138,000**
20	**Total Revenue Requirement**	**$834,000**	**$1,202,000**	**$1,131,000**	**$1,282,000**	**$1,324,000**	**$1,386,000**	**$1,948,000**	**$2,029,000**	**$2,085,000**	**$2,235,000**	**$2,294,000**
21	**Beginning Year Balance**	**$440,000**	**$579,000**	**$345,000**	**$366,000**	**$400,000**	**$581,000**	**$918,000**	**$830,000**	**$804,000**	**$877,000**	**$968,000**
22	Surplus/(Shortfall)	$139,000	($234,000)	$21,000	$34,000	$181,000	$337,000	($88,000)	($26,000)	$73,000	$91,000	$203,000
23	**End of Year Balance**	**$579,000**	**$345,000**	**$366,000**	**$400,000**	**$581,000**	**$918,000**	**$830,000**	**$804,000**	**$877,000**	**$968,000**	**$1,171,000**
24	*Reserve Target*	$1,184,000	$1,191,000	$1,199,000	$1,206,000	$1,214,000	$1,222,000	$1,231,000	$1,240,000	$1,249,000	$1,258,000	$1,268,000
25	*Available Cash*	($605,000)	($846,000)	($833,000)	($806,000)	($633,000)	($304,000)	($401,000)	($436,000)	($372,000)	($290,000)	($97,000)
	Debt Coverage Calculations											
26	*Total Revenue Available for Debt Servic*	$154,000	$120,000	$274,000	$408,000	$565,000	$750,000	$852,000	$961,000	$1,079,000	$1,209,000	$1,341,000
27	*Total Yearly Parity Debt Payment*	*$0*	*$0*	*$160,000*	*$160,000*	*$373,000*	*$373,000*	*$373,000*	*$460,000*	*$460,000*	*$553,000*	*$553,000*
28	**Debt Coverage Ratio**	**na**	**na**	**1.71**	**2.55**	**1.51**	**2.01**	**2.28**	**2.09**	**2.35**	**2.19**	**2.42**

SCHEDULE 2 – Wastewater Enterprise Cash Flow Proforma

		Budget FY2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029	Forecast FY2030	Forecast FY2031	Forecast FY2032	Forecast FY2033	Forecast FY2034	Forecast FY2035
1	**Rate Revenue Increase:**		**13.00%**	**13.00%**	**13.00%**	**13.00%**	**3.00%**	**3.00%**	**2.00%**	**2.00%**	**2.00%**	**2.00%**
	Rate Revenue											
2	**Service Charge Revenue**	$1,741,000	$1,741,000	$1,968,000	$2,244,000	$2,558,000	$2,917,000	$3,034,000	$3,155,000	$3,250,000	$3,348,000	$3,448,000
3	Change due to growth & use		$0	$20,000	$22,000	$26,000	$29,000	$30,000	$32,000	$33,000	$33,000	$34,000
4	Increase due to rate adjustments		$170,000	$256,000	$292,000	$333,000	$88,000	$91,000	$63,000	$65,000	$67,000	$69,000
	Non-Rate Revenues											
5	Operating Revenue	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000
6	Interest Earnings	$7,000	$17,000	$14,000	$14,000	$14,000	$13,000	$11,000	$14,000	$16,000	$18,000	$20,000
7	Connection Fees	$34,000	$34,000	$51,000	$51,000	$51,000	$51,000	$51,000	$51,000	$51,000	$51,000	$51,000
8	Property Tax	$325,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
9	**Total Revenue**	**$2,125,000**	**$1,980,000**	**$2,327,000**	**$2,641,000**	**$3,000,000**	**$3,116,000**	**$3,235,000**	**$3,333,000**	**$3,433,000**	**$3,535,000**	**$3,640,000**
	O&M Costs											
10	Employee Related	$372,000	$385,000	$399,000	$413,000	$427,000	$442,000	$457,000	$473,000	$490,000	$507,000	$525,000
11	Operations	$404,000	$264,000	$273,000	$282,000	$292,000	$302,000	$313,000	$324,000	$335,000	$347,000	$359,000
12	Administration	$354,000	$367,000	$380,000	$393,000	$407,000	$421,000	$436,000	$451,000	$467,000	$483,000	$500,000
13	Utilities	$475,000	$491,000	$508,000	$526,000	$545,000	$564,000	$583,000	$604,000	$625,000	$647,000	$670,000
14	***Total Operating Expenses***	**$1,605,000**	**$1,507,000**	**$1,560,000**	**$1,614,000**	**$1,671,000**	**$1,729,000**	**$1,789,000**	**$1,852,000**	**$1,917,000**	**$1,984,000**	**$2,054,000**
	Capital Costs											
15	Existing Debt Service	$0	$260,000	$260,000	$260,000	$260,000	$260,000	$260,000	$260,000	$260,000	$260,000	$260,000
16	Cash Funded Capital Projects	$15,000	$448,000	$528,000	$745,000	$1,159,000	$1,274,000	$1,000,000	$1,035,000	$1,071,000	$1,109,000	$1,148,000
17	***Total Capital Expenses***	**$15,000**	**$708,000**	**$788,000**	**$1,005,000**	**$1,419,000**	**$1,534,000**	**$1,260,000**	**$1,295,000**	**$1,331,000**	**$1,369,000**	**$1,408,000**
18	**Total Revenue Requirement**	**$1,620,000**	**$2,215,000**	**$2,348,000**	**$2,619,000**	**$3,090,000**	**$3,263,000**	**$3,049,000**	**$3,147,000**	**$3,248,000**	**$3,353,000**	**$3,462,000**
19	**Beginning Year Balance**	**$988,000**	**$1,493,000**	**$1,258,000**	**$1,237,000**	**$1,259,000**	**$1,169,000**	**$1,022,000**	**$1,208,000**	**$1,394,000**	**$1,579,000**	**$1,761,000**
20	**Surplus/(Shortfall)**	**$505,000**	**($235,000)**	**($21,000)**	**$22,000**	**($90,000)**	**($147,000)**	**$186,000**	**$186,000**	**$185,000**	**$182,000**	**$178,000**
21	**End of Year Balance**	**$1,493,000**	**$1,258,000**	**$1,237,000**	**$1,259,000**	**$1,169,000**	**$1,022,000**	**$1,208,000**	**$1,394,000**	**$1,579,000**	**$1,761,000**	**$1,939,000**
22	*Reserve Target*	$1,699,000	$1,675,000	$1,688,000	$1,702,000	$1,716,000	$1,730,000	$1,745,000	$1,761,000	$1,777,000	$1,794,000	$1,812,000
23	*Available Cash*	($206,000)	($417,000)	($451,000)	($443,000)	($547,000)	($708,000)	($537,000)	($367,000)	($198,000)	($33,000)	$127,000
	Debt Coverage Calculations											
24	*Total Revenue Available for Debt Servic*	$520,000	$473,000	$767,000	$1,027,000	$1,329,000	$1,387,000	$1,446,000	$1,481,000	$1,516,000	$1,551,000	$1,586,000
25	*Total Yearly Parity Debt Payment*	*$0*	*$260,000*	*$260,000*	*$260,000*	*$260,000*	*$260,000*	*$260,000*	*$260,000*	*$260,000*	*$260,000*	*$260,000*
26	**Debt Coverage Ratio**	**na**	**1.82**	**2.95**	**3.95**	**5.11**	**5.33**	**5.56**	**5.70**	**5.83**	**5.97**	**6.10**

KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
SUMMARY OF REVENUES AND EXPENSES
WATER FUND

***NOTE THIS BUDGET (2026-2030) WILL CHANGE DEPENDING UPON THE ADOPTED 2025 RATE INCREASES.**

Recap Revenues Less Expenses	Budget 2025	Budget 2026	Budget 2027	Budget 2028	Budget 2029	Budget 2030
WATER SALES (CUBIC FEET)	1,404,643	1,418,602	1,432,788	1,447,116	1,461,587	1,476,203
IRRIGATION SALES (CUBIC FEET)	41,530	40,967	41,376	41,790	42,208	42,630
SNOWMAKING WATER (CUBIC FEET)	19,340	86,363	87,220	88,092	88,973	89,862
WATER RATE PER 100 CF BUDGETED	**13.74**	**13.74**	**14.29**	**14.86**	**15.46**	**16.07**
IRRIGATION RATE PER 100 CF BUDGETED	**13.74**	**13.74**	**14.29**	**14.86**	**15.46**	**16.07**
INDOOR BASE RATE BUDGETED	**38.69**	**38.69**	**40.24**	**41.85**	**43.52**	**45.26**
IRRIGATION BASE RATE BUDGETED	**12.89**	**12.89**	**13.41**	**13.94**	**14.50**	**15.08**
METER CHARGE BUDGETED	**4.43**	**4.43**	**4.61**	**4.79**	**4.98**	**5.18**
REVENUES						
Commercial Use	84,136	85,378	100,322	105,379	110,690	116,269
Residential Use	108,853	109,538	104,417	109,680	115,208	121,014
Irrigation Use	5,696	5,629	5,913	6,211	6,524	6,852
Snowmaking Use (Commercial Revenue)	2,390	10,674	12,463	13,091	13,751	14,444
Commercial Base Rates	247,917	274,018	230,803	240,035	249,636	259,622
Residential Base Rates	293,879	295,746	302,265	314,355	326,930	340,007
Irrigation Base Rates	43,320	41,903	28,795	29,947	31,145	32,391
Meter Charges	46,481	45,505	49,150	51,116	53,160	55,287
Other	6,242	6,429	6,622	6,821	7,025	7,236
	838,914	874,820	840,750	876,634	914,069	953,121
EXPENSES						
Salaries and Wages	188,748	133,844	139,198	144,766	150,556	156,579
Payroll Taxes & EE Benefits	105,343	72,467	75,366	78,381	81,516	84,777
Operating Expenses	85,638	85,638	88,635	91,738	94,948	98,272
G&A Allocation Expense	354,431	360,830	373,460	386,531	400,059	414,061
KMPUD Interfund Allocation	85,061	85,333	88,320	91,411	94,610	97,922
Interest Expense	1,541	1,541				
Depreciation & Amortization	100,008	100,008	135,358	179,571	336,562	388,362
SUMMARY OF EXPENSES	920,771	839,662	900,337	972,396	1,158,252	1,239,972
NET SUMMARY	(81,857)	35,158	(59,587)	(95,762)	(244,183)	(286,850)
REVENUES IN EXCESS OF EXPENSES WITHOUT DEPRECIATION	18,151	135,166	75,771	83,808	92,378	101,512

	2025	2026	2027	2028	2029	2030
Water Capital Reserve, Beginning Balance	$ 139,008	$ 287,696	$ 59,196	$ (117,932)	$ (1,514,842)	$ (1,812,844)
Excess COP Reserve Contribution						
Capital Expense	$ (263,000)	$ (353,500)	$ (442,128)	$ (1,569,910)	$ (518,002)	$ (779,340)
Operating Contribution	$ 125,000	$ 125,000	$ 265,000	$ 173,000	$ 220,000	$ 155,000
Ending Capital Reserve	$ 1,008	$ 59,196	$ (117,932)	$ (1,514,842)	$ (1,812,844)	$ (2,437,184)

Operating Cash	2025	2026	2027	2028	2029	2030
Beginning Balance	$ 355,399	$ 389,683	$ 492,850	$ 413,621	$ 434,430	$ 416,808
Operating Contribution	$ 18,151	$ 135,166	$ 75,771	$ 83,808	$ 92,378	$ 101,512
Property Tax Allocation	$ 93,000	$ 93,000	$ 110,000	$ 110,000	$ 110,000	$ 110,000
Capital Expense	$ (125,000)	$ (125,000)	$ (265,000)	$ (173,000)	$ (220,000)	$ (155,000)
Ending Balance	$ 341,550	$ 492,850	$ 413,621	$ 434,430	$ 416,808	$ 473,319

KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
SUMMARY OF REVENUE AND EXPENSES
WASTEWATER FUND

***NOTE THIS BUDGET (2026-2030) WILL CHANGE DEPENDING UPON THE ADOPTED 2025 RATE INCREASES.**

Recap Revenues Less Expenses	Budget 2025	Budget 2026	Budget 2027	Budget 2028	Budget 2029	Budget 2030
WASTEWATER SALES (CF)	1,369,686	1,417,561	1,431,736	1,446,054	1,460,514	1,475,120
USAGE RATE PER 100 CF	**42.46**	**42.46**	**43.73**	**45.05**	**46.40**	**47.79**
HS USAGE RATE PER 100 CF	**132.48**	**132.48**	**136.45**	**140.55**	**144.76**	**149.11**
BASE RATE BUDGETED	**74.87**	**74.87**	**77.12**	**79.43**	**81.81**	**84.27**
REVENUES						
Commercial Use	371,978	381,153	391,769	403,124	414,937	427,226
Residential Use	319,829	331,043	344,384	358,263	372,701	387,721
Commercial Base Rates	480,679	531,517	442,338	455,608	469,276	483,355
Residential Base Rates	568,728	572,306	579,296	596,675	614,575	633,013
Other	7,802	8,117	8,444	8,784	9,138	9,506
	1,749,017	1,824,136	1,766,231	1,822,454	1,880,627	1,940,820
EXPENSES						
Salaries and Wages	234,696	289,671	301,258	313,308	325,841	338,874
Payroll Taxes & EE Benefits	137,379	158,015	164,336	170,910	177,746	184,856
Operating Expenses	252,800	252,800	261,648	270,806	280,284	290,094
G&A Allocation Expense	354,431	360,830	373,460	386,531	400,059	414,061
KMPUD Interfund Allocation	476,436	477,704	494,423	511,728	529,639	548,176
KMPUD Interfund Loan Payback	8,000	8,000	8,000	8,000	8,000	8,000
Interest Expense		160,000	160,000	160,000	160,000	160,000
Depreciation & Amortization	300,000	300,000	384,750	435,750	505,250	609,750
SUMMARY OF EXPENSES	1,763,742	2,007,021	2,147,875	2,257,033	2,386,819	2,553,811
NET SUMMARY	(14,725)	(182,885)	(381,645)	(434,579)	(506,191)	(612,991)
REVENUES IN EXCESS OF EXPENSES WITHOUT DEPRECIATION	285,275	117,115	3,105	1,171	(941)	(3,241)

	2025	2026	2027	2028	2029	2030
Wastewater Capital Reserve	$ 1,236,675	$ 641,529	$ 693,265	$ 633,265	$ 388,265	$ 93,265
Excess COP Reserve Contribution						
Capital Expense	$ (3,519,000)	$ (847,500)	$ (510,000)	$ (695,000)	$ (1,045,000)	$ (1,110,000)
USDA/CoBank Financing	$ 2,473,854	$ 449,236				
Operating Contribution	$ 450,000	$ 450,000	$ 450,000	$ 450,000	$ 750,000	$ 1,050,000
Ending Capital Reserve	$ 641,529	$ 693,265	$ 633,265	$ 388,265	$ 93,265	$ 33,265

Operating Cash	2025	2026	2027	2028	2029	2030
Beginning Balance	$ 978,722	$ 803,089	$ 820,205	$ 723,310	$ 624,481	$ 223,540
Operating Contribution	$ 285,275	$ 117,115	$ 3,105	$ 1,171	$ (941)	$ (3,241)
Property Tax Allocation	$ 300,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
Principal Payments		$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000
Capital & Interest Expenses	$ (450,000)	$ (450,000)	$ (450,000)	$ (450,000)	$ (750,000)	$ (1,050,000)
USDA Reserve Accounts	$ -	$ -	$ -	$ -	$ -	$ -
Ending Balance	$ 1,113,997	$ 820,205	$ 723,310	$ 624,481	$ 223,540	$ (479,701)

Kirkwood Meadows Public Utility District
FY 25/26 Capital Improvement Projects - Water

	5 Yr Total	Cycle	Priority	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
Capacity Component			**Scale 1~5 1=Critical**					
Distribution								
Hazard Assessment	145,000	One Time	1	80,000	65,000			
Maganese Treatment Feasibility Study	30,000	One Time	1	30,000				
Sample Stations	10,000	One Time	1	10,000				
Well 4/5 Improvement Project	1,473,051	One Time	2		102,771	1,370,280		
Test Wells	0	As Needed	5					
Well 6 Hydrology Study & Permitting	0	One Time	5					
Well 6 Installation	0	As Needed	5					
Storage	0							
Tanks (1.4 Mgal additional)	0	As Needed	5					
General	0							
Connection Fee Study	20,000	As Needed	1	20,000				
Water/Wastewater 218 Rate Study (Split)	40,000	Five Years	5					40,000
Total Water Capacity Expense	**1,718,051**			**140,000**	**167,771**	**1,370,280**	**0**	**40,000**
Replacement Component								
Fire Hydrant Replacements	82,500	Annual	1	52,500		10,000	10,000	10,000
Loop Road Main/Asphalt Repair	78,000	One Time	1	78,000				
Lodge Tank Power and Level Sensor	80,000	One Time	1	80,000				
Respirators (Split with WW)	3,000	Five Years	1	3,000				
Distribution System Valve Replacement	50,000	Three Years	2		25,000			25,000
PRV Improvements	249,357	One Time	2		249,357			
Dangburg Tank Access Road Rehabilitaiton	189,630	One Time	3			189,630		
Tank (Dangburg) Recoating	508,002	Thirty Years	4				508,002	
Operations Building Instrumentation	0	One Time	5					
Remote Read Meter Replacement	0	Twenty over Five Years	5					
Tank (Lodge) Recoating	704,340	Thirty Years	5					704,340
Tank Diving / Inspection	0	Five Years	5					
Tank (Dangburg) Instrumentation Updates	0	One Time	5					
Tank (Lodge) Instrumentation Updates	0	One Time	5					
Well 2 Instrumentation Upgrades	0	One Time	5					
Well 3 Instrumentation Upgrades	0	One Time	5					
Well 4/5 Instrumentation Upgrades	0	One Time	5					
General								
EV Light Duty Service Truck (Split w/Solid Waste)	0	Ten Years	5					
Total Water Replacement Expense	**1,944,829**			**213,500**	**274,357**	**199,630**	**518,002**	**739,340**
Total Water Capital Expense	**3,662,880**			**353,500**	**442,128**	**1,569,910**	**518,002**	**779,340**

Kirkwood Meadows Public Utility District
FY 25/26 Capital Improvement Projects - Wastewater

	5 Yr Total	Cycle	Priority	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
Capacity Component			**Scale 1~5 1=Critical**					
Collection								
East Lift Upgrade/Replacement (50%)	300,000	Thirty Years	3			300,000		
Main Lift Upgrade/Replacement (50%)	400,000	Thirty Years	4				400,000	
Lower Lift Upgrade/Replacement (50%)	150,000	Thirty Years	5					150,000
Treatment								
Black Tank Telemetry	16,000	As Needed	1	16,000				
EQ Tank Replacement (50%)	250,000	As Needed	5					250,000
Aeration Blower	0	Ten Years	5					
Disposal								
Leachfield Depth Telemetry (Fields 3/4/9)	20,000	One Time	1	20,000				
Effluent Pumps	0	As Needed	5					
Leachfield Expansion	0	As Needed	5					
General								
Wastewater Master Plan	250,000	One Time	1	250,000				
Connection Fee Study	20,000	As Needed	2		20,000			
Water/Wastewater 218 Rate Study	40,000	Five Years	5					40,000
Total Wastewater Capacity Expense	**1,446,000**			**286,000**	**20,000**	**300,000**	**400,000**	**440,000**
Replacement Component								
Collection								
Collection Manole Infiltration/Inflow Replacement	170,000	As Needed	1	40,000	40,000	40,000	25,000	25,000
Collection Pipeline Infiltration/Inflow Replacement	195,000	As Needed	1	55,000	35,000	35,000	35,000	35,000
Main Lift Roof Replacement/Hardening	50,000	As Needed	1	50,000				
Respirators (Split with Water)	3,000	Five Years	1	3,000				
WWTP Overhead Door Replacement	3,500	One Time	1	3,500				
East Lift Equipment/Controls Moved from Vault	165,000	One Time	2		165,000			
East Lift Upgrade/Replacement (50% Repl)	300,000	Thirty Years	3			300,000		
Lift Transducers	10,000	Five Years	3			10,000		
Lift Station Pumps	10,000	Three Years	4				10,000	
Main Lift Upgrade/Replacement (50% Repl)	400,000	Thirty Years	4				400,000	
SSMP Update	60,000	Five Years	4				60,000	
Lower Lift Upgrade/Replacement (50% Repl)	150,000	Thirty Years	5					150,000
Treatment								
SCADA/PLC/Controls System Replacement*	200,000	One Time	1	200,000				
WWTP Process Water Pump	200,000	One Time	1	200,000				
Concrete Basin Refurbishment & Recoating	250,000	Thirty Years	2		250,000			
EQ Tank Replacement (50% Replacement)	250,000	One Time	5					250,000

Kirkwood Meadows Public Utility District
FY 25/26 Capital Improvement Projects - Wastewater

	5 Yr Total	Cycle	Priority	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
CIP Tank Replacement	0	Thirty Years	5					
Membrane Replacement	0	Fifteen Years	5					
Disposal								
VFD Replacement	30,000	Two Years	1	10,000		10,000		10,000
Effluent Disposal Line	60,000	One Time	4				60,000	
Pumps/Controls, Absorption Beds	35,000	Ten Years	4				35,000	
Leachefield Lateral Replacement	200,000	Twenty Years - Over Three Years	5					200,000
Monitoring Well Replacement & New WDR	0	As Needed	5					
General								
Lift Equipment	20,000	Ten Years	4				20,000	
Washer/Dryer	0	Ten Years	5					
EV Light Duty Service Truck	0	Ten Years	5					
Walk-Behind Snowblower	0	Ten Years	5					
Total Wastewater Replacement Expense	**2,761,500**			**561,500**	**490,000**	**395,000**	**645,000**	**670,000**
Total Wastewater Capital Expense	**4,207,500**			**847,500**	**510,000**	**695,000**	**1,045,000**	**1,110,000**