



## 2025 Water Rate Study

### Public Hearing

November 17, 2025



## Agenda

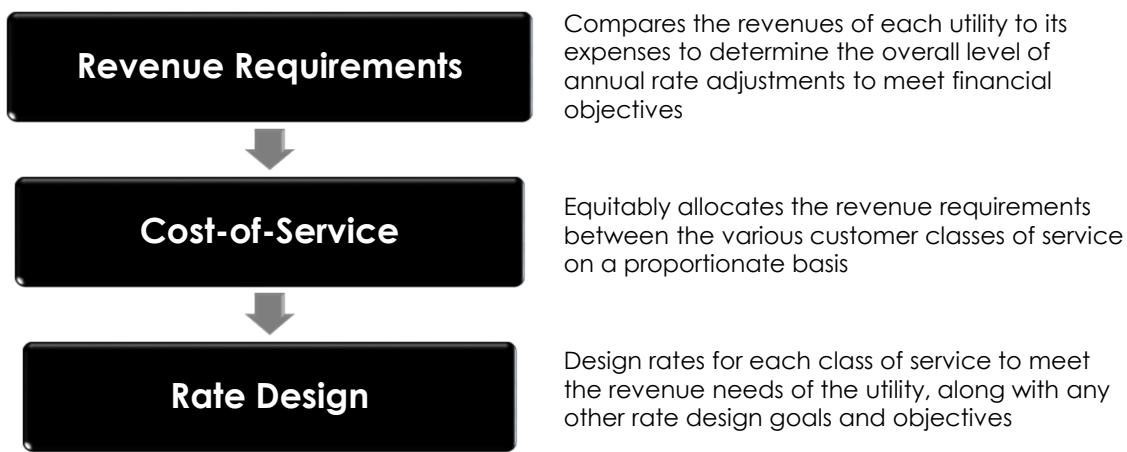
1. General utility rate setting
2. Financial Plan
3. Cost of Service & Rate Design
4. Proposed Rates and Survey
5. Project Schedule

## Legal Requirements for Setting Water Rates In California

- Proposition 218 (Article XIIIID, Section 6 of California Constitution)
  - Revenues shall not exceed funds required to provide service; nor used for another purpose
  - Amount shall not exceed the proportional cost of the service attributable to the parcel
  - Service must be actually used or immediately available
  - Approval process includes 45-day notice, public hearing, and written majority protest. Does not require a voting process (unlike taxes).
- Many court decisions have clarified requirements

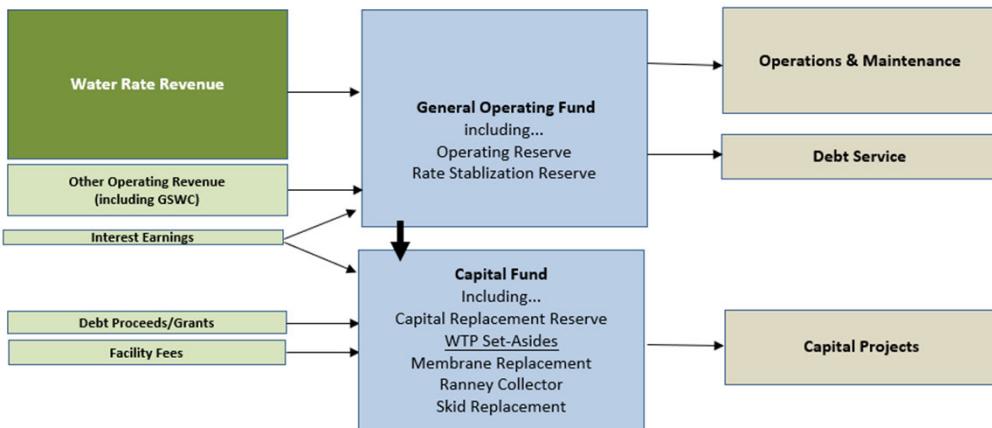
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## The Rate Setting Process



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## Carmichael Cash Flow Diagram



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## Carmichael Water District Water Rate History

### ✓ Water metering

- 1998 – WRSC recommended aggressive metering
- 2013 – Metering completed. All customers on metered water rates in 2015

### ✓ Water rates

- 1999 – Initial metered rate structure
- 2015 – Tiered consumption rates implemented
- 2017 – Uniform consumption rates implemented

### ✓ 19-year rate increase history:

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2017	2018	2019	2020	2021	2022	2023	2024	2025
5%	2%	2%	0%	4.3%	3%	18%	0%	0%	0%	12%	5%	5%	5%	5%	9.5%	9.5%	9.5%	9.5%	9.5%

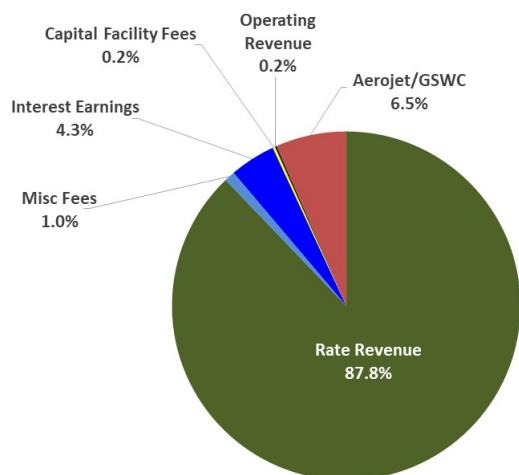
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## Preliminary Financial Plan

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### Revenue FY2025/26 Budget

Rate Revenue	\$19,480,000
<b>Non-Rate Revenue</b>	
Misc Fees	\$219,000
Interest Earnings	\$943,000
Capital Facility Fees	\$51,000
Operating Revenue	\$34,000
Aerojet/GSWC	\$1,452,000
<b>Total:</b>	<b>\$22,179,000</b>



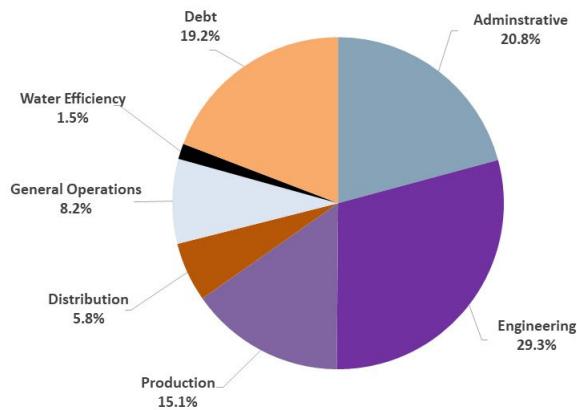
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## Operating & Debt Service Expenses

FY2025/26 Budget

Administrative	\$2,704,000
Engineering	\$3,810,000
Production	\$1,967,000
Distribution	\$752,000
General Operations	\$1,071,000
Water Efficiency	\$197,000
Debt	\$2,492,000

**Total Budget: \$12,993,000**



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## Reserves

The following are established & proposed District reserve policies. In addition to protecting the District against unforeseen circumstances, these policies also contribute towards the District's credit rating.

Reserve*	Purpose and Policies	Target Level	FY2024 Level
<b>MINIMUM RESERVES</b>			
Operating Reserve	<b>Purpose:</b> Provides sufficient funds for working capital, cash flow, and funds for continued operation in the event of unplanned operating and maintenance expenditures. <b>Minimum Reserve:</b> 50% of budgeted O&M costs and debt service	\$5.1M	\$5.1M
<b>TARGET RESERVES AND SET-ASIDES</b>			
Rate Stabilization	<b>Purpose:</b> Provides a safeguard to ensure that District meets the debt service coverage requirements <b>Policy:</b> Target \$500K, surplus net revenues may be deposited into the Rate Stabilization Reserve Fund	\$500K	\$500K
Capital Replacement	<b>Purpose:</b> Supports District's ability to support "Pay As You Go" (cash) funding of capital program <b>Proposed Target:</b> 10-year average annual capital budget spending	\$10.0M	\$10.0M
Membrane Replacement	<b>Purpose:</b> Smooths the intermittent cost of replacing membranes <b>Proposed Policy:</b> Set aside \$200K annually	NA	\$83K
Ranney Collector	<b>Purpose:</b> Smooths the intermittent cost of replacing the Ranney Collector <b>Proposed Policy:</b> Set aside \$500K annually	NA	\$500K
Filter Skid Replacement	<b>Purpose:</b> Smooths the intermittent cost of replacing the Filter Skid <b>Proposed Policy:</b> Set aside \$650K annually	NA	\$2.0M
<b>OTHER RESERVES (includes general unrestricted funds, bond proceeds, grant proceeds, facility fee funds, etc.)</b>			
General Fund	<b>Purpose:</b> Cash in excess of target reserves	NA	\$16.8M*
		Total:	\$15.6M
			\$34.3M

\* Includes \$5.8M in bond proceeds and \$2.5M in advanced grant funding for specific capital projects.

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## 7-Year Major Capital Projects

### • Administration Divisions

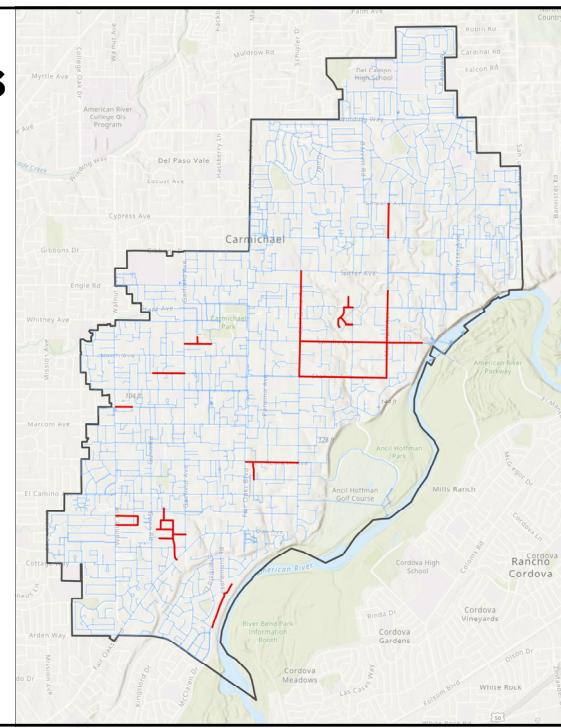
- Financial System/Asset Management Software
- Admin Building Improvements

### • Distribution

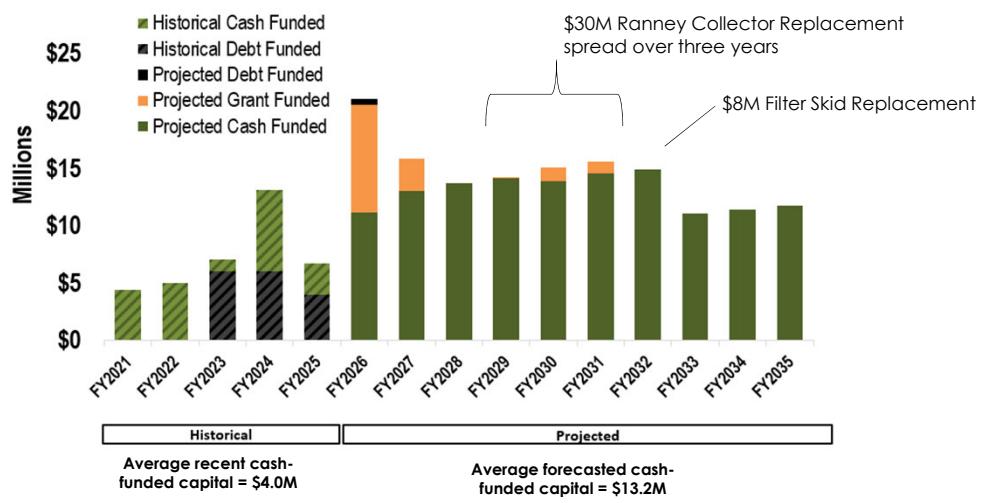
- Water Transmission Pipelines
- Fair Oaks/Jeffrey/Coda
- Homewood/Halstad/Calumet/Vonda
- Nesscliff/Barbara Almond
- Melvin/Boyd/Vale
- Angelina – Ashwood/Whitewood
- Azell/Brookside/Lynnmar

### • Production

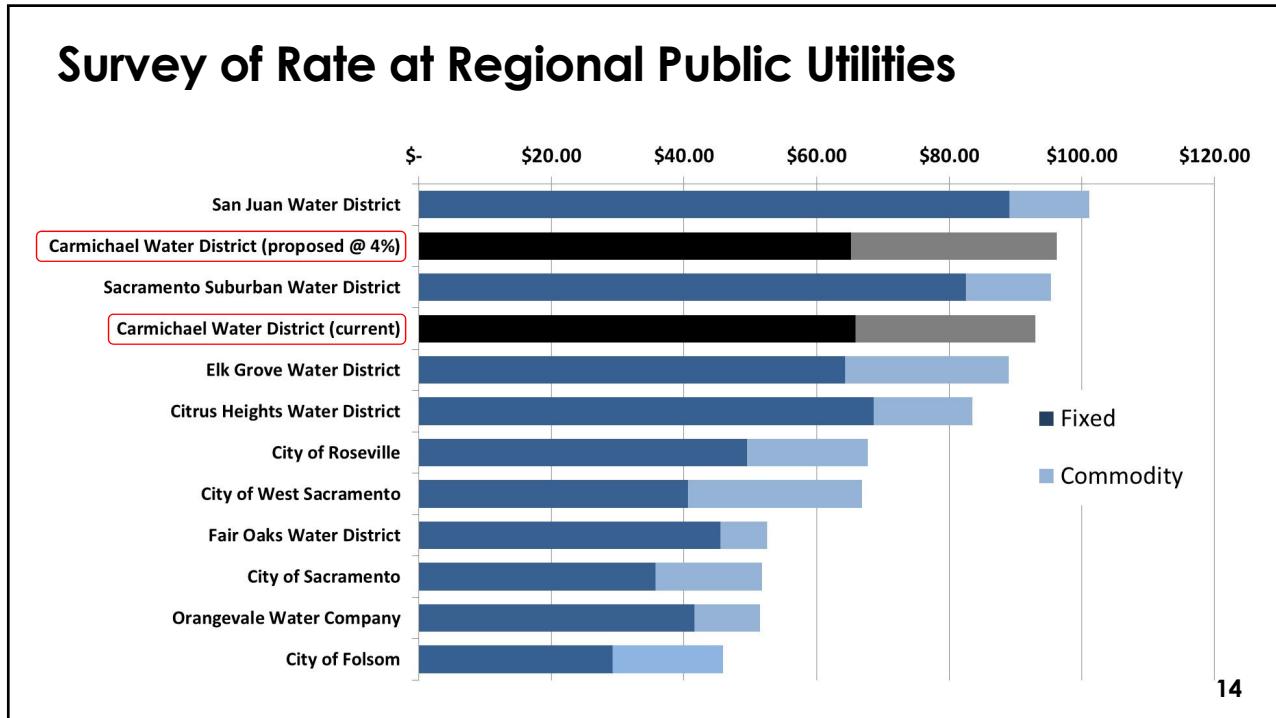
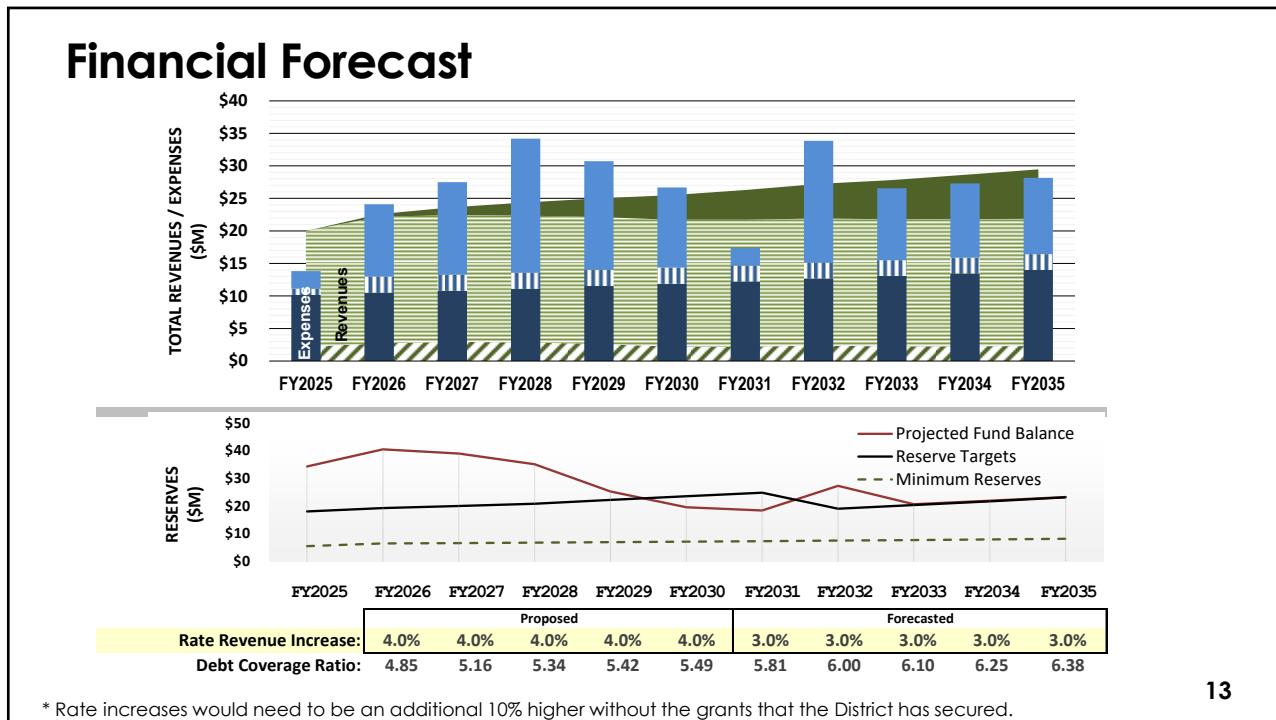
- SCADA Improvements
- Garfield Well Replacement
- Ranney Collectors Lateral Replacement
- Electrical Switchgear and Generator Replacement



## Recent and Projected Capital Spending



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## Proposed Water Rates

Water Usage Rates	Overall Revenue Increases:	Proposed Implementation Dates				
		Jan 1, 2026	Jan 1, 2027	Jan 1, 2028	Jan 1, 2029	Jan 1, 2030
		4.0%	4.0%	4.0%	4.0%	4.0%
All Customer Types (per CCF)	\$2.47	\$2.82	\$2.93	\$3.05	\$3.17	\$3.30
<b>Monthly Service Charge</b>						
3/4" meter	\$42.03	\$39.96	\$41.56	\$43.22	\$44.95	\$46.75
1" meter	\$65.83	\$65.15	\$67.76	\$70.47	\$73.29	\$76.22
1 1/2" meter	\$125.33	\$128.11	\$133.23	\$138.56	\$144.10	\$149.86
2" meter	\$196.73	\$203.67	\$211.82	\$220.29	\$229.10	\$238.26
3" meter	\$363.33	\$379.97	\$395.17	\$410.98	\$427.42	\$444.52
4" meter	\$601.33	\$631.82	\$657.09	\$683.37	\$710.70	\$739.13
6" meter	\$1,196.32	\$1,261.45	\$1,311.91	\$1,364.39	\$1,418.97	\$1,475.73
8" meter	\$1,910.32	\$2,017.01	\$2,097.69	\$2,181.60	\$2,268.86	\$2,359.61
Condominium Living Units	\$42.03	\$39.96	\$41.56	\$43.22	\$44.95	\$46.75
Multi-Family Living Units w/ Separate Meter	\$42.03	\$39.96	\$41.56	\$43.22	\$44.95	\$46.75
Monthly Private Fire Service Charges (per inch of diameter)	\$32.91	\$34.22	\$35.59	\$37.01	\$38.49	\$40.03

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## Bill Impacts

for monthly bills in Year 1

	Meter Size	Water Use (CCF)	Current Bill	Proposed Bill*	Change	
					\$	%
<b>Single Family</b>						
Low Use	1"	8	\$85.59	\$87.71	\$2.12	2.5%
Median Use	1"	11	\$93.00	\$96.17	\$3.17	3.4%
High Use	1"	42	\$169.57	\$183.59	\$14.02	8.3%
Very High Use	1"	75	\$251.08	\$276.65	\$25.57	10.2%
Condominium Unit	1"	8	\$61.79	\$62.52	\$0.73	1.2%
Duplex	1"	17	\$126.04	\$127.86	\$1.82	1.4%
Fourplex	1"	30	\$242.20	\$244.44	\$2.24	0.9%
Apartment	1 1/2"	100	\$372.33	\$410.11	\$37.78	10.1%
Apartment	2"	150	\$495.83	\$551.11	\$55.28	11.1%
Apartment	4"	400	\$1,113.33	\$1,256.11	\$142.78	12.8%
Retail Business	1"	17	\$107.82	\$113.09	\$5.27	4.9%
Retail Business	2"	100	\$443.73	\$485.67	\$41.94	9.5%
School	4"	250	\$1,218.83	\$1,336.82	\$118.00	9.7%
Institutional	(multiple)**	250	\$1,076.79	\$1,177.49	\$100.70	9.4%
Irrigation	2"	200	\$690.73	\$767.67	\$76.94	11.1%

\* For Year 1 @ 4percent rate revenue increases

\*\* Assumes two 2" meters and one 1" meter

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## Project Schedule

Subcommittee Meeting	July 30 <sup>th</sup>	✓
Recommendation to Board	August 18	✓
Mail Prop 218 Notices	Late September	✓
Public Hearing	November 17	✓
Rate Increase	January 1	

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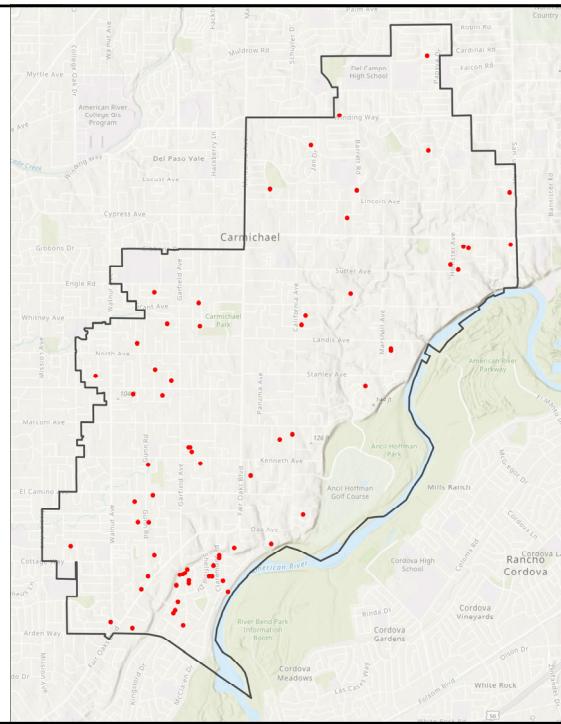
## Public Hearing Next Steps

- Public comments
- Close Public Hearing
- Tally protest votes
- Board deliberation
- Board vote on proposed rates (if majority protest does not exist)
- First rate increases would occur on January 1, 2026

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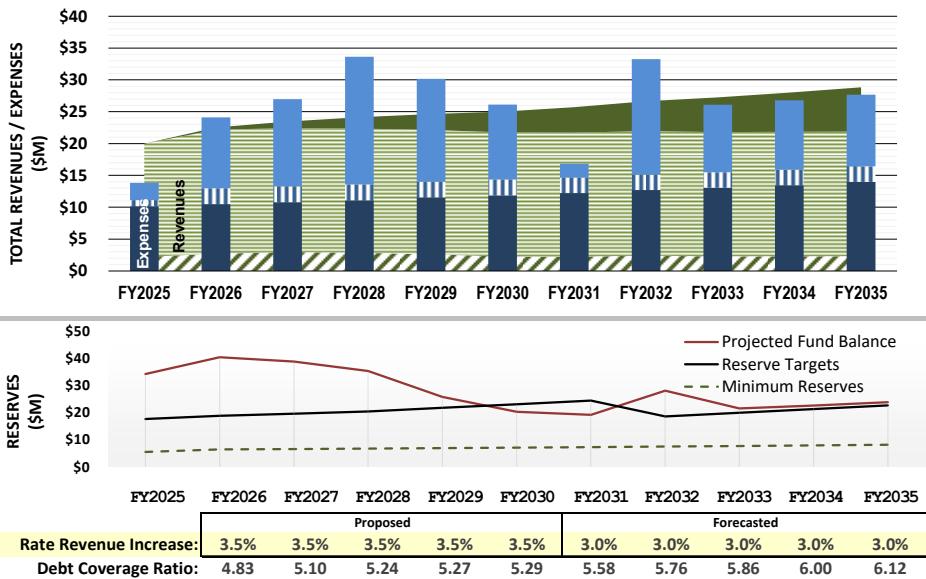
## Protest Letters Received

- 69 Protest Letters Received as of noon on 11/17/2025
  - 34 letters with average monthly water usage >of 20 units and more
  - 17 letters with average monthly water usage of 12 – 19 units
  - 6 letters with average monthly water usage of 1 – 10 units
  - 5 letters from commercial / apartment owners and users



## EXTRA SLIDES

## Financial Forecast Defer \$500K in capital spending per year



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## Alternative Water Rates

Water Usage Rates	Current Rates	Proposed Implementation Dates				
		Jan 1, 2026	Jan 1, 2027	Jan 1, 2028	Jan 1, 2029	Jan 1, 2030
Overall Revenue Increases:		3.5%	3.5%	3.5%	3.5%	3.5%
<b>Monthly Service Charge</b>						
3/4" meter	\$42.03	\$39.61	\$41.00	\$42.44	\$43.93	\$45.47
1" meter	\$65.83	\$64.56	\$66.82	\$69.16	\$71.58	\$74.09
1 1/2" meter	\$125.33	\$126.94	\$131.38	\$135.98	\$140.74	\$145.67
2" meter	\$196.73	\$201.79	\$208.85	\$216.16	\$223.73	\$231.56
3" meter	\$363.33	\$376.43	\$389.61	\$403.25	\$417.36	\$431.97
4" meter	\$601.33	\$625.93	\$647.84	\$670.51	\$693.98	\$718.27
6" meter	\$1,196.32	\$1,249.68	\$1,293.42	\$1,338.69	\$1,385.54	\$1,434.03
8" meter	\$1,910.32	\$1,998.18	\$2,068.12	\$2,140.50	\$2,215.42	\$2,292.96
Condominium Living Units	\$42.03	\$39.61	\$41.00	\$42.44	\$43.93	\$45.47
Multi-Family Living Units w/ Separate Meter	\$42.03	\$39.61	\$41.00	\$42.44	\$43.93	\$45.47
Monthly Private Fire Service Charges (per inch of diameter)	\$32.91	\$34.06	\$35.25	\$36.48	\$37.76	\$39.08

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