

CA DRINKING WATER

**Golden Valley Municipal Water District
Water Rate Study
Final Report – June 2026
AR 7143**

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Submittal Details

Final Report Date

June 11th, 2026

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Executive Summary

The industry standard is to conduct a water rate study every five years to ensure revenues are covering expenses and costs are being applied to customer classes in a fair and equitable manner. Public entity water systems must ensure rate structures are consistent with current Proposition 218 case law, which has specific guidance on what is considered fair and equitable ways to distribute costs to customers.

RCAC conducted this water rate study on behalf of GVMWD to establish rates that allow GVMWD to operate and maintain the water system for the next five years and collect the necessary reserves for emergencies and capital improvements. RCAC analyzed data for fiscal year ending 2023 and budgeted data for FYE 2024 to set rates for FYE 2027 through FYE 2031.

GVMWD requested a water rate analysis to evaluate for these primary areas:

- To recover sufficient revenue to cover expenses and reserves.
- Ensure reserve amounts that allow for replacement of capital assets by end of useful life.

The proposed Rate Option 1 offers a middle ground between the base rate and usage rate. Rate Option 2 offers slightly lower base rates but higher usage rates, this difference generates a small amount less revenue and allocates fewer funds into reserves. Rate Option 3 offers the lowest base rate, lowest usage rate, and lowest reserve fund allocation.

After the conclusion of rates 1 through 3, the system had contacted RCAC and communicated that a change in revenue has occurred since the preliminary documentation was submitted. The system has provided new documentation showing a decrease in revenue, amounting to 17% of the original revenue amount.

Upon this news, RCAC has drafted Rate Option 4. This rate option focuses on GVMWD ensuring payment rising annual operational costs. To do this, RCAC had consulted GVMWD about foregoing reserve build up until the revenue has been recovered. Further information can be found in Exhibit G and F.

RCAC recommends GVMWD:

- Select Rate Option 4, as it collects sufficient amounts to cover operational costs. A lower base rate gives an opportunity for the rate payers to find means of cutting cost through conservation.
 - Although the cost-of-service analysis supports consolidating customer classes and allocating fixed charges based on meter size, the District's existing rate structure included significant inconsistencies, including uniform base charges across differing meter sizes, class-specific base rate allocations, and in some cases charges that were recovered entirely through fixed fees. Transitioning directly to a fully cost-aligned structure would result in substantial bill impacts for certain customers, with some experiencing increases exceeding 100 percent due to the correction of these historical inequities. To mitigate these impacts, the proposed rates represent a phased and balanced approach that simplifies the rate structure, improves alignment with cost-of-service principles, and recovers

approximately 73 percent of revenue from usage-based charges. This approach maintains strong flow equitability, with revenues closely aligned to patterns of water use, while moderating fixed charge increases to support affordability and reduce rate shock. Consistent with the proportionality requirements of California Proposition 218, the recommended structure reflects a reasonable and defensible transition toward a more equitable and cost-based rate design.

- Select a rate option that ensures a sustainable water system while also assessing the affordability to your customers.
 - The State Water Resources Control Board drinking water needs assessment measures affordability by dividing the annual bill (assuming 600 cubic feet or 4,388 gallons of water usage per month) by the median household income (MHI). Based on the %MHI, water system bills are categorized as no risk, medium risk, or high risk for affordability.

State Water Resources Control Board Needs Assessment: Affordability as %MHI		
No Risk	Medium Risk	High Risk
<1.5%	1.5% - 2.5 %	>2.5%

- RCAC's rate model calculates affordability by taking the average residential bill for the water system and dividing it by the MHI.
- Review revenues versus expenditures every year to ensure that the rates cover all costs to the system.
- Strive to be transparent. Successful utilities are those that are transparent to their customers regarding their day-to-day operations, including successes and struggles. Promote your services to your customers and continuously educate them on why it is necessary to raise and adjust rates.
- Consider increasing non-operational revenue. For example, CIP reserves could be moved to and maintained in the highest interest-bearing accounts available to offset inflation unless the cost of doing so is more than the interest earned on the account.

Introduction

About RCAC

Founded in 1978, RCAC provides training, technical and financial resources, and advocacy so rural communities can achieve their goals. Since 1978, our dedicated staff and active board, coupled with our key values: leadership, collaboration, commitment, quality, and integrity, have helped effect positive change in rural communities across the West.

RCAC's work includes environmental infrastructure (water, wastewater, and solid waste facilities); affordable housing development; economic and leadership development; and community development finance. These services are available to communities with populations of fewer than 50,000, other nonprofit groups, tribal organizations, farm workers, colonias and other specific populations. Headquartered in West Sacramento, California, RCAC's employees serve rural communities in 13 western states and the Pacific islands.

This rate study was funded by Safe and Affordable Funding for Equity and Resilience (SAFER) Program, for which RCAC is a Technical Assistance Provider. This rate study was performed under the capacity development program at RCAC (SAFERTRAIN). This study was provided at no cost to the GVMWD due to their distinction as a severely disadvantaged community.

Purpose of a Rate Study

An accurate and useful rate analysis not only identifies the total annual revenue required by a utility to conduct its normal day-to-day operations, but it also anticipates and plans for future operating and capital needs. Furthermore, the analysis attempts to determine whether the projected revenue under existing rates will satisfy those needs. The primary objective of this process is to ensure that the utility can obtain sufficient funds to develop, construct, operate, maintain, and manage its water system on a continuing basis, in full compliance with federal, state, and local requirements.

Governing Body Responsibilities

Governing body responsibilities for the water system include maintaining sufficient revenue and reserves to provide for ongoing maintenance for the foreseeable future. The ultimate responsibility of the governing body is to ensure preserved public health and compliance with environmental regulations.

All findings and conclusions of this rate study are RCAC's professional assessment and are not a directive for action to the community. Whereas RCAC strongly recommends its finding to the community, the governing body must act in accordance with the water system's governing documents as well as state and federal laws to enact RCAC recommendations in whole or in part.

Disclaimer

The findings, recommendations and conclusions contained in this rate analysis are based on financial information provided to RCAC by the water system. Although reasonable care was taken to ensure the reliability of this information, no warranty is expressed or implied as to the correctness, accuracy or completeness of the information contained herein. Any action taken on the basis of such findings, recommendations or conclusions is undertaken at the discretion of

the water system. In no event will RCAC or its partners, employees or agents be liable for any decision made or action taken in reliance on the information contained in this analysis.

Guiding Principles in a Rate Study

Rates should be:

- **Sustainable** - Rates should cover the costs of the system to provide safe drinking water into the foreseeable future. This includes operations, repairs, interest, loan principal, capital replacement and all other costs related to providing safe drinking water.
- **Fair** - Rates should be fair to all rate payers. While the costs should not exceed the costs of providing the service, they do need to capture the true costs of service. Low rates for current customers will require high rates for future customers.
- **Justifiable** - Rates must be based on actual needs of the water enterprise system. The water enterprise system expenses and revenue should be tracked separately from other funds.
- **Water conservation** - Water conservation is a key element of rate studies. Clean and safe water is limited, and inappropriate use of this resource negatively impacts community members.
- **State or funder specific requirements** – Some water systems may have state or funder requirements to maintain certain financial indicators and reserve levels. Regardless of any requirements, the governing body is obligated by its responsibilities to provide for sufficient reserves and long-term sustainability.

Rate Setting Process

A water rate study typically consists of three to four main components:

- **Revenue Requirement** – This component calculates the total revenue needed to cover the utility's operating costs and debt obligations.
- **Cost of Service Analysis** – This component evaluates the cost allocations associated with providing water services, including fixed and variable costs. It ensures that rates are aligned with the actual way a water system incurs costs when providing water service.
- **Rate Design and Rate Setting** – This step involves determining how to structure the rates based on the cost-of-service analysis. It considers factors like customer classes (residential, commercial, etc.), water usage patterns, and equity, aiming to create a fair and sustainable rate system. Based on this, the appropriate rates are set to ensure financial stability and regulatory compliance.
- **Proposition 218 Process (applicable for public entities in California)** – This process ensures transparency and public participation in the decision-making surrounding water rate changes.

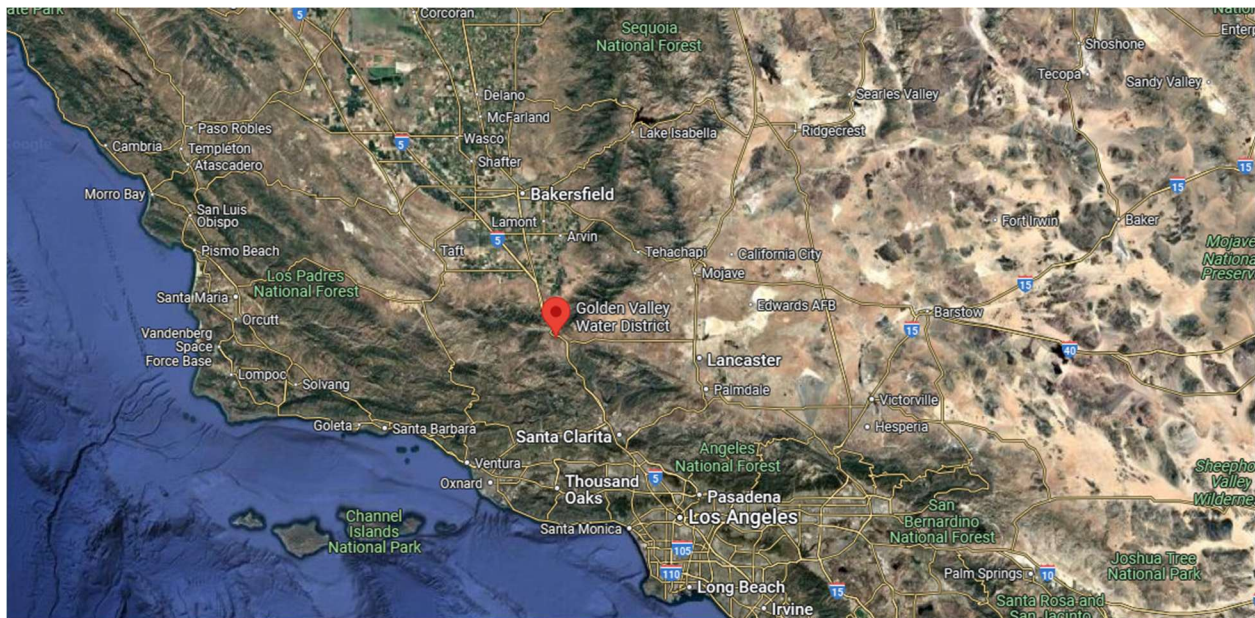
Together, these components help ensure that a water system can provide reliable service through fair and equitable rates while maintaining financial sustainability.

RCAC uses a cash-needs approach to develop revenue requirements to ensure there is sufficient revenue to recover total cash requirements for the 5-year period of this rate study. This approach uses a format very similar to how many water systems develop an annual budget. While there are several methods to allocate costs, since RCAC mainly works with small, disadvantaged water systems, it is typical for RCAC to use a fixed vs. variable cost allocation. The revenue requirement approach and cost allocation methodology used in this rate study can be found in the Rate Design and Options Section under Key Assumptions.

Water System Basic Statistics

Community

The GVWMD is located in Gorman, California in Northwest Los Angeles County. This area is known for water and land recreation specifically around the Pyramid Lake Recreation area and vehicular land recreation through the iconic Hungry Valley area.



According to the 2022 Census Data, GVMWD is a disadvantaged community with an estimated median household income (MHI) of \$58,029. The Census data was used in the rate study analysis, but it should be noted that on the SAFER Dashboard the median household income is recognized at \$15,913 and is considered a severely disadvantaged community.

System Description

The GVWMD is a public water system classified as a Community Water System and operates as a Municipal Water District, as defined in the California Water Code, Division 20.

Current Water Rate Structure

The current rate structure for the water system is a class-based rate structure. These customer classes have their own fixed and volumetric charges which may consist of a

- flat base rate with a uniform usage rate,
- flat base rate with built-in usage allocation and a uniform usage rate,
- flat base-only rate, or
- uniform usage-only rate.

Residential users (Class Code R) have a flat base rate with built-in usage allocation of 18,000 gallons, any usage after this is billed at a uniform usage rate. The local school (S) has a uniform usage-only rate. Bulk water sales has its own uniform usage-only rate. Commercial users are broken into 4 categories that have their own rate structures.

- Singular Businesses 1 (C-1)– have a flat base rate with a uniform usage charge.
- Singular Businesses 2 (C-2)– have a flat base rate with a uniform usage charge.
- Businesses within the Strip Mall (C-3) – have flat base rates with a built-in usage allocation of 18,000 gallons per business, The usage after this is billed at a uniform usage rate and payment is shared between the businesses.
- Government Customers (C-4) – have a flat base-only rate.

Current rate structure can be seen in Exhibit A.

The affordability of these rates for the average residential customer is 2.22%, as a measure of the percentage of the average residential customer's annual income that goes toward paying the average annual residential water bill in the water system.

Customer Water Use Statistics

Water use can vary between month, meter size, and customer class. The GVMWD's largest water users are the commercial class, making up 60% of the usage based on the 2022 usage data provided. Additionally, there's roughly a 100% increase in peak summer time usage months compared to months with least usage. Water usage trends can be seen in Exhibit B.

Future Population and Usage Projections

The United States Census shows a growth rate in the area as -5% from 2022 to 2023.

Financial Condition and Analysis

Current Financial Policies

The financial policies of a public water system play a crucial role in ensuring the system's sustainability and effectiveness. These policies provide a framework for budgeting, revenue generation, expenditure control, debt management, and financial reporting. They help maintain financial stability, promote transparency, and ensure that the water system can meet current and future needs. By adhering to these policies, a public water system can effectively manage its resources, maintain the trust of its stakeholders, and continue to provide reliable and high-quality services to the community. A thorough financial policy review was not completed in the

process of this rate study. It is recommended that the GVMWD review its financial policies and ensure they are up to date including any fund balance policy and/or reserve policy.

Current Financial Indicators

Water Fund Balance

The water fund balance is the money set aside and available for water-related operations, projects, and maintenance. The water fund balance as of 6/30/2023 is \$30,228. The water fund balance can be made up of cash, investments, and other liquid assets. The GVMWD is kept in 3 accounts. Cash and Cash Equivalents, Accounts Receivable, and Prepaid Expense.

Additionally, there is \$111,894 in Restricted Cash, which are funds received from a USDA Debt Service.

Operating Activities and Reserves

The 2023 operating revenue for the GVMWD has shown an upward trend over the prior fiscal year ending 2022 by \$25,396. In 2023, a net loss was experienced due to high legal costs and interest expenses. In 2024, operating expenses are expected to be covered by current revenue, however the GVMWD is not setting aside enough money for reserves. Underfunding reserves is not considered a financially sustainable method for managing a water system.

Financial Ratios

There are several financial indicators that can provide insight into the financial health of a water system. A financial indicator analysis was conducted on the most recent available audited financial statements, 2023. The results of the analysis are:

- **Quick ratio** - measures the ability of a company to use its near cash or quick assets to extinguish or retire its current liabilities immediately. A number greater than one is considered good.

$$\text{Quick Ratio} = \frac{\text{Cash} + \text{Cash Equivalents}}{\text{Current Liabilities}}$$

The GVMWD quick ratio is 0.5.

- **Debt ratio** - indicates the percentage of a company's assets that are provided via debt. A number above 0.4 may hinder the ability of the system to get a loan. Too low of a number may mean that the system isn't utilizing the potential benefits that come from debt-financing such as the completion of larger projects while providing ratepayers with rate stabilization benefits.

$$\text{Debt Ratio} = \frac{\text{Total Debts}}{\text{Total Assets}}$$

The GVMWD debt ratio is 0.93.

- **Days of cash on hand** - measures whether a firm has enough resources to meet its short-term obligations.

The GVWMD has 28 days of cash on hand in the water fund.

- **Current ratio** - measures whether a firm has enough resources to meet its short-term obligations. A number between 1.5 and two is considered good. A number below 1.5 may be okay if the water system is about to bill, as the assets will soon increase and the ratio will increase.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

The GVWMD current ratio is 0.5.

Revenue Requirement

A revenue requirement for a water system refers to the total amount of money a utility must collect from its customers to cover all its costs. This includes operating expenses, taxes, debt payments, and costs to replace capital assets.

Current Budget

The objective of a budget is to ensure that the utility generates adequate revenue to cover the anticipated costs as they occur. The basic components of the budget include combined cash balances, operating and non-operating revenue, operation and maintenance expense, debt service (principal and interest payments) on borrowed funds, capital costs, reserves, and other cash payments (such as payments in lieu of taxes). Because debt covenants may impact the cash needs of the utility, it is also important to examine these restrictions as well.

A water system should develop and adopt an annual budget every fiscal year prior to the start of the fiscal year. RCAC typically likes to have a minimum of two years of actuals and a budget from a water system when conducting a rate study to verify projections. The GVWMD was able to provide actuals for 2023 and an adopted budget for 2024; there were no actuals for 2022 provided.

The operating budget for 2024 was much lower than 2023 actuals, with a decrease of \$61,370. The majority of this difference can be explained by the Legal Services line item; 2023 had high Legal Services expenses (\$63,168) which has been brought down to an expected amount of \$2,000 for 2024. The 2024 operating budget was determined to be an accurate representation of the GVWMD expenses and was projected forward to FY 2027 through 2031.

In 2024, the water system is budgeted to begin funding reserves due to the drop in legal expenses. However, the amount budgeted for replacement of existing capital assets is not sufficient to maintain the assets as they age. Underfunding reserves is not considered a financially sustainable method for managing a water system. A higher capital reserve amount was used for FY 2027 through 2031 and the establishment of operating and emergency reserves are also assumed in the rate study projections.

The actuals and current budget can be seen as part of the rate study budget projections in Exhibit D.

Current Dedicated Reserves

Reserves are an accepted way to stabilize and support a utility's fiscal management. Small systems usually fund the operating expenses but often do not consider putting money aside for

a specific upcoming financial need or project, or for an amount that can be used to provide rate stabilization in years when revenues are unusually low, or expenditures are unusually high. The rationale for maintaining adequate reserve levels is twofold. First, it helps to ensure that the utility will have adequate funds available to meet its financial obligations in times of varying needs. Second, it provides a framework around which financial decisions can be made to determine when reserve balances are inadequate or excessive and what specific actions need to be taken to remedy the situation.

Utility reserve levels can be thought of as a savings account. Reserve balances are funds that are set aside for a specific cash flow requirement, financial need, project, task, or legal covenant. Common reserve balances are established around the following four areas: operating reserve, capital improvements and replacement, emergency, and debt service reserve. These balances are maintained to meet short-term cash flow requirements, and at the same time, minimize the risk associated with meeting financial obligations and continued operational needs under adverse conditions.

The annual reserve goals can be seen in the general & administrative expenses in Exhibit D.

Operating Reserve

Operating reserves are established to provide the utility with the ability to withstand short-term cash flow fluctuations. There can be a significant length of time between when a system provides a service and when a customer pays for that service. In addition, a system's cash flow can be affected by weather and seasonal demand patterns.

The State of California Water Resources Control Board conducted a needs assessment in 2024. The results of their findings are outlined in the table below.

State Water Resources Control Board Needs Assessment: Cash on Hand Valuation		
No Risk	Medium Risk	High Risk
>90 Days	30 – 90 Days	< 30 Days

Because of potential delays in collecting payment, many utilities attempt to keep an amount of cash equal to at least 90 days or 25 percent of their annual cash O&M expenses in an operating reserve to mitigate potential cash flow problems. In discussions with the water system, it was determined the goal would be 45 days cash on hand, this money will be set aside over 5. With new revenue information, the Operational Reserve has been stalled until the revenues are recovered, as mentioned in the summary.

Emergency Reserve

Emergency reserves are intended to help utilities deal with short-term emergencies which arise from time to time, such as main breaks or pump failures. The appropriate amount of emergency reserves will vary with the size of the utilities and should depend on major infrastructure assets. An emergency reserve is intended to fund the immediate replacement or reconstruction of the system's single most critical asset, an asset whose failure will result in an immediate water outage or threat to public safety. In discussions with the water system, it was determined that \$10,000 would be adequate, this money will be set aside over 5 years. With new revenue information, the Emergency reserve has been stalled until the revenues are recovered, as mentioned in the summary.

Capital Replacement Reserve

A capital replacement reserve (also called a repair and replacement reserve) is intended to be used for replacing system assets that have become worn out or obsolete. Unlike the emergency reserve fund, these reserves are intended to be used for planned replacements and improvements. Annual depreciation is frequently used to estimate the minimum level of funding for this capital reserve. But it is important to understand that depreciation expense is an accounting concept for estimating the decline of an asset's useful life and does not represent the current or future replacement cost of that asset.

To initiate a capital improvement plan, a small water or sewer system will start with a list of assets that includes the remaining service life, theoretical replacement costs in today's dollars and the remaining service life. It then calculates the monthly and annual reserve that must be collected from each customer to fully capitalize the replacement cost of each asset. In reality, the assets will fail and be replaced gradually, but the replacement cost of water system assets is often a shock to small systems that are struggling to keep rates reasonable. RCAC and GVMWD staff determined that capital replacement reserves should be funded in the amount of \$14,756 annually, or the equivalent to 1% of the capital assets. Discussions were had that this reserve amount would require the water system to consider grants and loans. With new revenue information, the Capital Replacement Reserve has been stalled until the revenues are recovered, as mentioned in the summary. Applying for grants or loans will take staff time and financial resources. Additionally,

- Loans – Obtaining loans will come with debt service payments and debt reserve requirements that may increase the expenses in future years.
- Grants - During this current economic climate, it is not advised to assume grants in the budgeting process.

Debt Payments and Reserve

Water utilities that have issued debt to pay for capital assets will often have required reserves that are specifically defined to meet the legal covenants of the debt. Normally, debt service reserve represents an amount equal to at least one full annual loan payment and can be accumulated to this level over a period of 5 to 10 years.

The GVMWD has three loans from the USDA used to maintain/replace the water line, storage tank and supply line. Debt service payments vary per year but are approximately \$40,000 - \$45,000. USDA loan #1 has an interest rate of 4.125% and matures in 2048, loan #2 has an interest rate of 4.75% and matures in 2044, and USDA loan 4 has an interest rate of 2.25% and matures in 2058.

Analysis and Recommendations for Financial Condition

Current analysis has \$8,588 for operating reserves, and \$10,000 for emergency reserves set aside over the course of 5 years. It is a recommendation that Golden Valley review the needs of these reserves at the end of 5 years and verify if adjustments are needed. As stated above, the operating reserve only has 45 days of operating costs set aside, which is below the State recommendation of 90 days.

It is recommended for GVMWD to adopt a reserve policy that states what the goal of the reserve is, how much can be reserved and what occurs to the funds after the reserves are filled.

Applying for grants or loans will take staff time and financial resources. Additionally,

- Loans – Obtaining loans will come with debt service payments and debt reserve requirements that may increase the expenses in future years.
- Grants - During this current economic climate, it is not advised to assume grants in the budgeting process.

A rate increase is recommended to ensure that GVWMD can cover all their costs including funding reserves. Several rate options are included in this report to provide a range of pricing structures to allow the governing body to select the most fair, sustainable, and financially viable approach for their community.

Cost-of-Service and Rate Design

Fixed and Variable Costs

Water must be available to customers at all times whether the customer is using the water or not. A large share of water system costs are associated with bringing the first drop of water to the customer's tap, regardless of whether any water is used. Other costs are incurred as water gets used by customers. Fixed costs are those that must be recovered by a water system to ensure that drinking water is available to its customers, while variable costs are more directly related to how much water is being pumped, treated, stored, and distributed. The identification of costs as fixed costs, varied costs, or some percentage of both is a determination that each utility must make for itself. It is done by reviewing the budget and each line item closely. The allocation for GVWMD is in Exhibit F.

Fixed costs are typically collected through a base rate, which is a fixed monthly charge. Variable costs are typically collected through a usage rate, which is a dollar amount per unit of water used by the customer.

Base Rate and Usage Rates

Base Rates

Fixed costs are typically collected through a base rate. These base rates can be calculated using several different methods including:

- **Flat base rate** – all customers pay the same amount regardless of service connection size.
- **American Water Works Association Meter Ratios** - standard meter ratios that are used to estimate the equivalent cost of service based on the capacity of a water meter.

Meter Size	Operating Capacity (GPM)	Meter Ratio
1/2"	15	0.75
5/8"	20	1.00
3/4"	30	1.50
1"	50	2.50
1.5"	100	5.00
2"	160	8.00

Meter Size	Operating Capacity (GPM)	Meter Ratio
3"	320	16.00
4"	500	25.00
6"	1000	50.00
8"	1600	80.00
10"	2400	120.00
12"	3375	168.75

- **Meter ratios based on actual usage seen in water system** – custom meter ratios that are calculated on historical usage data of different meter sizes.

Usage Rates

Variable expenses are typically collected through the usage rate. These usage rates can be calculated using several different methods including:

- **Uniform usage rate** - customers are charged a single, constant rate for each unit of service
- **Tiered usage rate** - the cost per unit of service changes as a customer's consumption exceeds certain thresholds or "tiers." Variations of tiered rates include increasing block rate and decreasing block rate. Insert if appropriate: Tiered usage rates are not recommended for public entity water systems due to current Proposition 218 case law. This block rate can be difficult to justify and protect the water system from litigation.

Assumptions

In a rate study, assumptions are critical because they help frame the calculations and projections that determine pricing or rates. Assumptions details used in this rate study can be seen in Exhibits C-F and include:

Financial Assumptions

- **Return on Investment Rates** – Capital improvement reserves are often in a savings account that accrues interest. It is assumed this rate of return can reduce the annual reserve required from water sales for additional capital assets
- **Past Inflation Rates** - Allows the current cost of assets to be calculated when only historic costs are available.
- **Future Inflation Rates** – Allows the future cost of asset replacement to be calculated as well as helps to project the budget forward.
- **Future Loan Rates and Fees** – Important for calculating the debt service payment that will be required if a water system chooses to fund assets in need of replacement over the next 5 years through a loan
- **Existing Debt** – Annual payment and reserve requirements for current debt

- **Existing Reserves** – The water fund balance which can be made up of cash, investments, and other liquid assets. Typically, operating reserves are in a checking account and capital reserves are in an interest-bearing savings account
- **Reserve Targets** – established dollar amounts to maintain in operating, emergency, debt, and capital reserves along with the number of years to build to this amount
- **Median Household Income** – average income for residential customers, this can come from several sources such as the SAFER Dashboard or U.S. Census

Usage and Billing Assumptions

- **Conservation Factor** – Accounts for the typical reduction in water use seen after a rate increase. Study by the Department of Interior in California states price elasticity of water is -0.1%. RCAC also sometimes uses from -1.0% up to -5.0% from experience with working rural, disadvantage communities. This factor can also include any water system specific concerns for reduction in water use.
- **Community Growth Factor** – Growth factor to account for an increasing or decreasing population in the area. This data can come from the U.S. Census, the water system's master plan, or other source
- **Receivable Write-Offs** – RCAC assumes a 0.2% write-off, unless otherwise state by the water system. This write-off accounts for non-payment of water bills

Capital Improvement Plan Assumptions

- **Default Funding Assumptions** – The funding assumptions made to many of the capital assets in the model. While it is always recommended to fund with 100% cash, often times RCAC will adjust these to assist with affordability while giving a roadmap to smaller water systems on next steps in their capital improvement plan. During this current economic climate, it is not advised to assume grants in the budgeting process. Also understand, that applying for grants or loans will take staff time and financial resources.
- **Capitalization Threshold** - Any asset purchased below this value is not included in the CIP. It assumed that this purchase was included in the annual maintenance budget. This is usually a policy decision by the water board and varies based on the size of the water system. RCAC will often use \$5,000 if the water system has no threshold established
- **Short-Lived Assets** – Some funders only require water systems to create reserves for short-lived assets (5-15 year useful life). This is not recommended by the SWRCB and not used in California.

Customized Assumptions

- **Budget projections** – While future inflation is a tool used to project many budget line items forward. A detailed review of each budget was completed and line items that needed further adjustments were changed

- FY 2023 included \$63,168 in legal and professional services. Budget assumption utilized FY 2024 budget for \$20,000 across the professional services such as engineering, legal, auditorial, and administrative costs.
- **Capital Improvement Plan** – RCAC has not conducted a Capital Asset Analysis, and has based Capitalization annual reserve to be 1% of the Capital Assets of GVMWD's Fixed Assets.
- **Cost Allocation** – RCAC uses the identification of fixed and variable costs to allocate costs to base rates and usage rates. The identification of fixed and variable costs is best left with the water system to identify. RCAC does advise that any debt service be considered a fixed cost and that many of the pumping and chemical costs be assigned to variable.

Rate Options and Recommendation

This rate study has analyzed various pricing structures for the water utility, taking into account the financial needs of the system, equitable distribution of costs among customers, and the promotion of water conservation. After careful evaluation, the top rate options are being included in this report to allow the governing body to select the most fair, sustainable, and financially viable approach for their community.

Rate Options 1 and 2 use the same capital reserve target (1% of the total capital asset value annually or \$14,756), but vary in how much of the water sales revenue is coming from base rates versus usage rates. Rate Option 3 reduces the capital reserve target from \$14,756 down to \$8,000 to improve rate affordability to customers. Further explanation of the rate options can be found below; rate tables and results can be seen in Exhibit G.

When considering the various rate options presented below, it is crucial for the governing body to take into account not only the immediate financial implications but also the long-term sustainability and fairness of each approach. The following recommendation aims to guide the selection process and ensure that the chosen rate structure supports the community's needs while promoting fiscal responsibility and transparency.

RCAC values affordability when drafting rate options for small water systems. However, governing body responsibilities for the water system include maintaining sufficient revenue and reserves to provide for ongoing maintenance for the foreseeable future. The ultimate responsibility of the governing body is to ensure preserved public health and compliance with environmental regulations.

Rate Option 1

This rate option focuses on lower base rates with slightly higher usage rates. At the end of the 5 years, this option would increase GVMWD capital reserves by \$73,780.

Rate Option #1					
Standard Rates					
Meter Size	2027	2028	2029	2030	2031
3/4"	\$50.00	\$51.65	\$53.35	\$55.12	\$56.93
1.00"	\$83.33	\$86.08	\$88.92	\$91.86	\$94.89

Rate Option #1					
Standard Rates					
Meter Size	2027	2028	2029	2030	2031
1.50"	\$138.89	\$143.47	\$148.21	\$153.10	\$158.15
2.00"	\$231.48	\$239.12	\$247.01	\$255.16	\$263.58
3.00"	\$385.80	\$398.53	\$411.69	\$425.27	\$439.31
Rate per Gallon	\$0.0088	\$0.0091	\$0.0094	\$0.0097	\$0.010

Rate Option 2

This rate option focuses on lower usage rate per gallon of water used. At the end of the 5 years, this option would increase GVMWD capital reserves by \$73,780.

Rate Option #2					
Standard Rates					
Meter Size	2027	2028	2029	2030	2031
3/4"	52.00	53.72	55.50	57.34	59.23
1.00"	92.00	95.05	98.19	101.44	104.80
1.50"	153.00	158.06	163.30	168.70	174.29
2.00"	255.00	263.44	272.16	281.17	290.48
3.00"	425.00	439.07	453.60	468.61	484.13
Rate per Gallon	\$0.0085	\$0.0088	\$0.0091	\$0.0094	\$0.0097

Rate Option 3

This rate option focuses on cuts to Capital Reserve Planning. At the end of the 5 years, this option would increase GVMWD capital reserves by \$40,000.

Rate Option #3					
Standard Rates					
Meter Size	2027	2028	2029	2030	2031
3/4"	\$50.00	\$51.80	\$53.66	\$55.60	\$57.60
1.00"	\$83.33	\$86.33	\$89.44	\$92.66	\$96.00
1.50"	\$138.89	\$143.89	\$149.07	\$154.44	\$160.00
2.00"	\$231.48	\$239.81	\$248.45	\$257.39	\$266.66
3.00"	\$385.80	\$399.69	\$414.08	\$428.99	\$444.43
Rate per Gallon	\$0.0081	\$0.0084	\$0.0087	\$0.0090	\$0.0093

Rate Option 4

Rate option 4 focuses on ensuring GVMWD has the funds for its operational expenditures. Reserves are halted until revenues are restored.

Rate Option #4 (Chosen option by GVMWD)					
Standard Rates					
Meter Size	2027	2028	2029	2030	2031
3/4"	\$55.00	\$57.75	\$60.64	\$62.46	\$64.33
1.00"	\$95.00	\$99.75	\$104.74	\$107.88	\$111.12
1.50"	\$156.00	\$163.80	\$171.99	\$177.15	\$182.46
2.00"	\$258.00	\$270.90	\$284.45	\$292.98	\$301.77
3.00"	\$428.00	\$449.40	\$471.87	\$486.03	\$500.61
Rate per Gallon	\$0.0093	\$0.0098	\$0.0103	\$0.00106	\$0.00109

Implementation Remarks & Conclusion

Recommendations for the current financial condition and rate option selection have been discussed. GVMWD has chosen to move forward with their own rate option based on Rate Option 4.

General Implementation Advice

Key points to remember with this rate adjustment are:

- Every year revenues versus expenditures should be reviewed to ensure that the rates cover all costs to the system.
- Rates should be reviewed every 5 years or whenever the water system is at risk of expenditures exceeding revenue
- Successful utilities are those that strive to be transparent. In day-to-day operations, the GVMWD should strive to promote its services (highlights and the low points) and continuously educate residents on why it is necessary to raise and adjust rates.
- If possible, CIP reserves should be moved to and maintained in the highest interest-bearing accounts available to offset inflation unless the cost of doing so is more than the interest earned on the account.

Proposition 218 Overview

When the governing body selects a rate option, this triggers Proposition 218 process. Proposition 218 is a voter-approved initiative in California that restricts the authority of government agencies to charge certain taxes or fees. This proposition regulates property-related fees and charges that are imposed on a parcel. Following a California Supreme Court decision, water and sewer rates are now also subject to Proposition 218. Therefore, the water system needs to follow Proposition 218 guidelines and related activities to legally pass new rates, which include sending out a public notice and holding a public hearing.

To be in compliance with Proposition 218, the public notice needs to contain certain information. This information includes how and why the rate increase was proposed, the consequences of not raising rates, how charges are allocated among different types of users, and the date, time,

and location of the public hearing. Proposition 218 requires that a public hearing be held at least 45 days after the public notice has been sent out. After the public hearing, the governing board can adopt the new rates through a resolution if there is no majority protest (50% plus one) from the property owners/rate payers. All protests are required to be in writing with the protester's name and affected parcel number. Proposition 218 does not apply to connection charges, capacity charges, wholesale rates, groundwater pumping fees and conservation penalties.

Additionally, the letter should include "In accordance with Senate Bill 323, any judicial action or proceeding to attack, review, set aside, void, validate, or annul an ordinance, resolution, or motion adopting a fee or charge for water service, or modifying or amending an existing fee or charge for water service, shall be commenced within 120 days of the effective date or of the date of the final passage, adoption, or approval of the ordinance, resolution, or motion, whichever is later."

Compliance with Assembly bill 2257 may prohibit a person or entity from bringing judicial action or proceeding with Prop 218 unless person/entity has timely submitted to the local agency a written objection that specifies grounds for noncompliance. Part of this compliance is to ensure a written basis for the rate increase is posted on the system's external website and include a link to the public notice.

For full Proposition 218 compliance, always consult with your water system's legal advisor.

Conclusion

In conclusion, this rate study provides a fair and effective approach to maintaining the financial health of the water system, while ensuring equitable access to clean water for all customers. The recommended rates will allow the utility to continue providing high-quality service in a financially sustainable manner, meeting the needs of the community for years to come.

The attached Exhibits A through G provide detailed information and analysis supporting the findings and recommendation of this water rate study. Each exhibit has been prepared to illustrate the key components of the study, including cost of service, customer demand, rate structure options, and the financial impact of the proposed rates. These exhibits are designed to offer transparency and allow for a clear understanding of the methodologies used to determine the recommended rate structure

Exhibit A:

Current Rates

Current Customer Classes			
Class ID	Name of Class	Rate Structure	Schedule
1	Commercial #1	Uniform Rate Structure	A
2	Commercial #2	Uniform Rate Structure	B
3	Commercial #3	Tiered Rate Structure	C
4	Commercial #4	Flat Rate Structure	D
5	Residential	Tiered Rate Structure	E
6	School	Uniform Rate Structure	F
7	Bulk Sales	Uniform Rate Structure	G

Current Base Rates										
	Customer Class Schedule (see prior table)									
Meter Size	A	B	C	D	E	F	G	H	I	J
0.75"	\$50	\$50	\$50	\$100	\$50	\$0	\$0			
1"	\$50	\$50	\$50	\$100	\$50	\$0	\$0			
1.5"	\$50	\$50	\$50	\$100	\$50	\$0	\$0			
2"	\$50	\$50	\$50	\$100	\$50	\$0	\$0			
3"	\$50	\$50	\$50	\$100	\$50	\$0	\$0			

Current Uniform Usage Rate										
	Customer Class Schedule (see prior table)									
Unit	A	B	C	D	E	F	G	H	I	J
\$/Gallon	\$0.0235	\$0.0138				\$0.0099	\$0.0235			

Current Tiered Usage Rate											
		Customer Class Schedule (see prior table)									
		A	B	C	D	E	F	G	H	I	J
Tier Break (upper limit of tier in gallons)	1			18,000		18,000					
	2			999,999		999,999					
		A	B	C	D	E	F	G	H	I	J
Usage Rate for Tier per gallons	1			\$0.00		\$0.00					
	2			\$0.0099		\$0.0099					

Exhibit B:

Water System Use Characteristic

Usage in 2022 by Meter Size								Billing Cycle			Monthly	
Meter Size	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
0.75"	109,860	113,350	67,930	259,688	165,500	145,250	115,330	116,403	115,690	86,930	112,951	109,900
1"	233,833	176,264	147,468	155,709	167,810	228,063	381,083	153,684	151,588	181,107	217,844	206,576
1.5"	671,900	399,400	407,200	250,900	315,500	113,500	78,800	54,900	69,300	134,400	221,200	321,400
2"	332,000	347,400	347,400	347,400	329,602	97,400	117,300	91,500	427,600	207,000	223,500	201,400
3"										21,901	34,101	63,601

Usage in 2022 by Customer Class		
Current Class ID	Name of Class	Total Annual Usage (Gal)
1	Commercial #1	1,017,699
2	Commercial #2	4,273,242
3	Commercial #3	467,400
4	Commercial #4	27,590
5	Residential	1,543,582
6	School	2,182,300
7	Bulk Sales	119,603

Exhibit C:

Assumptions

Key Assumptions						
Financial Assumptions						
Inflation and Loan Rates						
Return on Invested Funds	0.50	%				
Past Inflation	3.50	%				
Future Inflation	4.00	%				
Future Loan Interest Rate	2.00	%				
Future Loan fees, legal, costs	1.00	%				
Existing Debt						
Description	Annual Payment	Maturity	Reserve Required	Reserve Allocated	Make Up Period	
USDA Water Loan #91-01	\$21,088	2046				
USDA Water Loan #91-02	\$8,547	2043				
USDA Water Loan #91-04	\$11,535	2060				
Total						
Existing Reserves						
Debt Reserve	N/A					
Operating Reserve	N/A					
Emergency Reserve	N/A					
Capital Reserve	N/A					
Total						

Reserve Targets						
	Amount	Make Up Period	First Year Reserve Addition	Excess funds to be transferred to CIP	Goal	
Debt Reserve					As per lending agreement(s)	
Operating Reserve	\$8,588	5	\$1,718	0	1.5 times the expenses during a billing cycle	
Emergency Reserve	\$10,000	5	\$2,000	0	Critical equipment replacement cost	
Available for Capital Reserve	\$0					
Median Household Income						
MHI	58,029		MHI Source	Census Data 2022		
Usage and Billing Assumptions						
Growth of Consumption over Base year						
	Year 1	Year 2	Year 3	Year 4	Year 5	
Conservation Factor	0%	0%	0%	0%	0%	
Community Growth Factor	0%	0%	0%	0%	0%	
Total Consumption Adjustment	0%	0%	0%	0%	0%	
Receivable write off						
Percent of Billing	0.20%	0.20%	0.20%	0.20%	0.20%	
Billing Details						
Unit of Service	Gallons	Gallons				
Billing Cycles	Currently	Proposed				

Billing Cycle	Monthly	Monthly				
Billings per year	12	12				
Capital Improvement Planning Assumptions						
Default Funding of Asset Replacements						
Replacement Value From	To	Cash	Grant	Loan		
\$0	\$20,000	100%	0%	0%		
\$20,001	\$100,000	100%	0%	0%		
\$100,001	\$500,000	100%	0%	0%		
\$500,001	\$9,999,999	20%	0%	0%		
\$10,000,000	\$9,999,999	20%	0%	0%		
Capitalization Threshold						
Capitalization Threshold	\$5,000	Any asset purchased below this value is not included in the CIP. It assumed that this purchase was included in the annual maintenance budget.				
Short-Lived Assets						
If you want to reserve for Short-Lived Asset only, how many years is your definition of a "Short-Lived Asset?"		15	(USDA-RD is 5 years. Some states require 15 years.)			

Exhibit D:

Rate Study Budget Projections

Key:		Other Notes: This Budget					Standard Assumptions		
Line items that vary based on rate options							Inflation Factor (%)		4.00
Line items that vary from standard assumptions							Loan Interest Rate (%)		2.00
Budget Projections for Golden Valley Municipal Water District									
		Actual	Budgeted		Projected	Projected	Projected	Projected	Projected
EXPENSES AND SOURCES OF FUNDS									
OPERATIONS & MAINTENANCE EXPENSES									
		2023	2024	% Belonging to Water	2027	2028	2029	2030	2031
Repairs & Maintenance		\$21,820	\$12,000	100%	\$12,480	\$12,979	\$13,498	\$14,038	\$14,600
Legal & Professional		\$63,168		100%					
Professional Services – Engineer			\$2,000	100%	\$2,080	\$2,163	\$2,250	\$2,340	\$2,433
Professional Services – Legal			\$2,000	100%	\$2,080	\$2,163	\$2,250	\$2,340	\$2,433
Professional Services – Auditor			\$8,000	100%	\$8,320	\$8,653	\$8,999	\$9,359	\$9,733
Professional Services – Administration			\$2,000	100%	\$2,080	\$2,163	\$2,250	\$2,340	\$2,433
Office Manager		\$12,000		100%					
Janitorial			\$360	100%	\$374	\$389	\$405	\$421	\$438
Meter Reader			\$1,800	100%	\$1,872	\$1,947	\$2,025	\$2,106	\$2,190
Fees, Permits & Testing		\$6,341		100%					
Bacterial Testing			\$1,500	100%	\$1,560	\$1,622	\$1,687	\$1,755	\$1,825
Valve Testing			\$1,000	100%	\$1,040	\$1,082	\$1,125	\$1,170	\$1,217
Water Quality Testing			\$2,000	100%	\$2,080	\$2,163	\$2,250	\$2,340	\$2,433
Chemicals			\$3,000	100%	\$3,120	\$3,245	\$3,375	\$3,510	\$3,650
Rent		\$6,000	\$6,000	100%	\$6,240	\$6,490	\$6,749	\$7,019	\$7,300
Utilities		\$7,254	\$4,000	100%	\$4,160	\$4,326	\$4,499	\$4,679	\$4,867
Board of Directors Fee		\$1,800	\$1,800	100%	\$1,872	\$1,947	\$2,025	\$2,106	\$2,190
Insurance		\$1,808	\$3,100	100%	\$3,224	\$3,353	\$3,487	\$3,627	\$3,772
Office Supplies & Postage		\$2,556	\$500	100%	\$520	\$541	\$562	\$585	\$608
Taxes, License & Permits			\$3,000	100%	\$3,120	\$3,245	\$3,375	\$3,510	\$3,650
Accounting/Billing/Secretarial			\$12,000	100%	\$12,480	\$12,979	\$13,498	\$14,038	\$14,600
Miscellaneous Expense		\$4,683		100%					
Total Operation and Maintenance Expenses:		\$127,430	\$66,060		\$68,702	\$71,450	\$74,308	\$77,281	\$80,372
GENERAL & ADMINISTRATIVE EXPENSES									
		2023	2024	% Belonging to Water	2027	2028	2029	2030	2031
Operating Reserve Funding				100%	\$1,718	\$1,786	\$1,858	\$1,932	\$2,009

Emergency Reserve Funding				100%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Debt Reserve Funding				100%					
Replacement of Existing Capital Assets			\$2,900	100%	\$14,756	\$14,756	\$14,756	\$14,756	\$14,756
Replacement of Funded Project Assets				100%					
Reserves for Additional Capital Assets				100%					
Debt Service		\$39,863	\$41,300	100%	\$40,543	\$45,202	\$44,655	\$44,107	\$44,107
Total General and Administrative Expenses:		\$39,863	\$44,200		\$59,017	\$63,744	\$63,269	\$62,795	\$62,872
TOTAL EXPENSES		\$167,293	\$110,260		\$127,719	\$135,195	\$137,577	\$140,076	\$143,244
SOURCE OF FUNDS / REVENUES RECEIVED									
Sales Revenue (Base + Usage)		\$137,047	\$105,300		Varies Based on Rate Option See Appendix G				
Property Tax Revenue		\$10,336	\$5,000						
Interest Expense		(\$21,606)	\$0						
Uncollectable Receivables									
TOTAL REVENUE		\$125,777	\$110,300		Varies Based on Rate Option See Appendix G				
NET LOSS OR GAIN:		(\$41,516)	\$40		Varies Based on Rate Option See Appendix G				
NET CASH FLOW (Contribution to Reserves)		(\$41,516)	\$2,940		Varies Based on Rate Option See Appendix G				

Exhibit E:

Capital Improvement Plan

No capital replacement analysis was conducted as part of this rate study. A detailed asset list with year each asset was installed would be needed to conduct this analysis.

For the rate study 1% of the capital assets, or \$14,756, was used to determine annual capital replacement funding reserve targets. This amount was reduced to \$8,000 per year in Rate Option 3 to explore more affordable options for customers.

Exhibit F: Cost Allocations

Fixed vs. Variable Allocation		Notes:		
OPERATIONS & MAINTENANCE EXPENSES				
Budget Line Item	5-Year Avg	% Fixed	\$ Fixed	\$ Variable
Accounting/Billing/Secretarial	13,519	100%	13,519	0
Bacterial Testing	1,690	100%	1,690	0
Board Mtg. Fees	2,028	100%	2,028	0
Insurance	3,492	100%	3,492	0
Janitorial	406	100%	406	0
Chlorination Material	3,380	35%	1,183	2,197
Meter Reader	2,028	100%	2,028	0
Office Supplies	563	100%	563	0
Professional Services-Engineer	2,253	100%	2,253	0
Professional Services-Legal	2,253	100%	2,253	0
Professional Services-Auditor	9,013	100%	9,013	0
Prof. Services - Administration	2,253	100%	2,253	0
Rent Ofc	6,760	100%	6,760	0
Repairs/Maintenance	13,519	75%	10,139	3,380
Taxes, Licenses Permits	3,380	100%	3,380	0
Utilities	4,506	2%	90	4,416
Valve Testing	1,127	100%	1,127	0
Water Quality Testing	2,253	100%	2,253	0
Total O&M Expenses	\$74,423		\$64,430	\$9,993
GENERAL & ADMINISTRATIVE EXPENSES				
Budget Line Item	5-Year Avg	% Fixed	\$ Fixed	\$ Variable
Operating Reserve Funding	1,861	100%	1,861	0
Emergency Reserve Funding	2,000	100%	2,000	0
Debt Reserve Funding	0	100%	0	0
Replacement of Existing Capital Assets	14,756	100%	14,756	0
Replacement of Funded Project Assets	0	100%	0	0
Reserves for Additional Capital Assets	0	100%	0	0
Debt Service	43,723	100%	43,723	0
Depreciation	0	100%	0	0
Total General and Administrative Expenses:	\$88,913		\$88,913	\$0
Total All Expenses	\$163,336		\$153,343	\$9,993
Fixed-Variable as % of all Expenses			94%	6%

Exhibit G: Rate Options

Rate Option #1					
Standard Rates					
Meter Size	2027	2028	2029	2030	2031
3/4"	\$50.00	\$51.65	\$53.35	\$55.12	\$56.93
1.00"	\$83.33	\$86.08	\$88.92	\$91.86	\$94.89
1.50"	\$138.89	\$143.47	\$148.21	\$153.10	\$158.15
2.00"	\$231.48	\$239.12	\$247.01	\$255.16	\$263.58
3.00"	\$385.80	\$398.53	\$411.69	\$425.27	\$439.31
Rate per Gallon	\$0.0088	\$0.0091	\$0.0094	\$0.0097	\$0.010

Results of Rate Option #1						
	2027	2028	2029	2030	2031	5 Years
Capital Reserves Expenses	\$14,756	\$14,756	\$14,756	\$14,756	\$14,756	\$73,780
All Other Expenses	\$112,963	\$120,439	\$122,821	\$125,320	\$128,488	\$610,031
Total Expenses	\$127,719	\$135,195	\$137,577	\$140,076	\$143,244	\$683,811
Total Revenue	\$128,635	\$132,616	\$136,728	\$140,976	\$145,364	\$684,318
Net Loss or Gain (Short/Over to Reserves)	\$916	-\$2,579	-\$849	\$900	\$2,120	\$507
Net Cash Flow (Contribution to Reserves)	\$19,389	\$15,963	\$17,764	\$19,588	\$20,885	\$93,590
Affordability of average residential bill	3.44%	3.56%	3.67%	3.80%	3.92%	
In Simple Terms:						
Are you putting enough \$ into reserves?	Yes	No	No	Yes	Yes	
Positive Annual Cash Flow?	Yes	Yes	Yes	Yes	Yes	

Rate Option #2					
Standard Rates					
Meter Size	2027	2028	2029	2030	2031
3/4"	52.00	53.72	55.50	57.34	59.23
1.00"	92.00	95.05	98.19	101.44	104.80
1.50"	153.00	158.06	163.30	168.70	174.29
2.00"	255.00	263.44	272.16	281.17	290.48
3.00"	425.00	439.07	453.60	468.61	484.13
Rate per Gallon	\$0.0085	\$0.0088	\$0.0091	\$0.0094	\$0.0097

Results of Rate Option #2						
	2027	2028	2029	2030	2031	5 Years
Capital Reserves Expenses	\$14,756	\$14,756	\$14,756	\$14,756	\$14,756	\$73,780
All Other Expenses	\$112,963	\$120,439	\$122,821	\$125,320	\$128,488	\$610,031
Total Expenses	\$127,719	\$135,195	\$137,577	\$140,076	\$143,244	\$683,811
Total Revenue	\$128,191	\$132,169	\$136,279	\$140,525	\$144,912	\$682,076
Net Loss or Gain (Short/Over to Reserves)	\$472	-\$3,026	-\$1,298	\$449	\$1,667	-\$1,735
Net Cash Flow (Contribution to Reserves)	\$18,945	\$15,517	\$17,316	\$19,137	\$20,433	\$91,347
Affordability of average residential bill	3.42%	3.53%	3.65%	3.77%	3.89%	
In Simple Terms:						
Are you putting enough \$ into reserves?	Yes	No	No	Yes	Yes	
Positive Annual Cash Flow?	Yes	Yes	Yes	Yes	Yes	

Rate Option #3					
Standard Rates					
Meter Size	2027	2028	2029	2030	2031
3/4"	\$50.00	\$51.80	\$53.66	\$55.60	\$57.60
1.00"	\$83.33	\$86.33	\$89.44	\$92.66	\$96.00
1.50"	\$138.89	\$143.89	\$149.07	\$154.44	\$160.00
2.00"	\$231.48	\$239.81	\$248.45	\$257.39	\$266.66
3.00"	\$385.80	\$399.69	\$414.08	\$428.99	\$444.43
Rate per Gallon	\$0.0081	\$0.0084	\$0.0087	\$0.0090	\$0.0093

Results of Rate Option #3						
	2027	2028	2029	2030	2031	5 Years
Capital Reserves Expenses	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$40,000
All Other Expenses	\$112,963	\$120,439	\$122,821	\$125,320	\$128,488	\$610,031
Total Expenses	\$120,963	\$128,439	\$130,821	\$133,320	\$136,488	\$650,031
Total Revenue	\$121,629	\$125,720	\$129,958	\$134,348	\$138,897	\$650,552
Net Loss or Gain (Short/Over to Reserves)	\$666	-\$2,719	-\$863	\$1,028	\$2,408	\$521
Net Cash Flow (Contribution to Reserves)	\$12,384	\$9,067	\$10,994	\$12,960	\$14,418	\$59,824
Affordability of average residential bill	3.26%	3.37%	3.50%	3.62%	3.75%	
In Simple Terms:						
Are you putting enough \$ into reserves?	Yes	No	No	Yes	Yes	
Positive Annual Cash Flow?	Yes	Yes	Yes	Yes	Yes	

Rate Option #4 (Chosen by GVMWD)					
Standard Rates					
Meter Size	2027	2028	2029	2030	2031
3/4"	\$55.00	\$57.75	\$60.64	\$62.46	\$64.33
1.00"	\$95.00	\$99.75	\$104.74	\$107.88	\$111.12
1.50"	\$156.00	\$163.80	\$171.99	\$177.15	\$182.46
2.00"	\$258.00	\$270.90	\$284.45	\$292.98	\$301.77
3.00"	\$428.00	\$449.40	\$471.87	\$486.03	\$500.61
Rate per Gallon	\$ 0.0093	\$ 0.0098	\$ 0.0103	\$ 0.0106	\$ 0.0109

Results of Rate Option #4						
	2027	2028	2029	2030	2031	5 Years
Capital Reserves Expenses	\$0	\$0	\$0	\$0	\$0	\$0
All Other Expenses	\$109,245	\$116,652	\$118,964	\$121,388	\$124,479	\$590,728
Total Expenses	\$109,245	\$116,652	\$118,964	\$121,388	\$124,479	\$590,728
Total Revenue	\$109,245	\$114,308	\$119,623	\$122,972	\$126,421	\$592,569
Net Loss or Gain (Short/Over to Reserves)	\$0	-\$2,345	\$660	\$1,584	\$1,942	\$1,840
Net Cash Flow (Contribution to Reserves)	\$0	-\$2,345	\$660	\$1,584	\$1,942	\$1,840
Affordability of average residential bill	3.70%	3.89%	4.08%	4.20%	4.33%	
In Simple Terms:						
Are you putting enough \$ into reserves?	No	No	Yes	Yes	Yes	
Positive Annual Cash Flow?	Yes	No	Yes	Yes	Yes	