

Agenda Item 8A



STAFF REPORT

TO: Board of Directors

PREPARED BY: Steven Palmer, PE, CSDM, General Manager *SP*

SUBJECT: Draft Water and Wastewater Utility Rate Study

RECOMMENDATION

Receive presentation on draft water and wastewater rate study from Hansford Economic Consulting (HEC) and provide input on methodology and schedule.

BACKGROUND

Donner Summit Public Utility District (DSPUD) water and wastewater rates, excluding the Big Bend system, were last adopted in 2021. The last rate increase from the adopted rate schedules went into effect on July 1, 2025.

In April 2025, the Board approved a professional services agreement with HEC to provide a new water and wastewater utility rate study. HEC's scope is separated into the following tasks:

- Task 1: Data Gathering and Project Management
- Task 2: Determine Revenue Requirement
- Task 3: Cost of Service and Rate Design
- Task 4: Present to District Board and Community Meeting
- Task 5: Meet Proposition 218 Requirements

HEC and the General Manager are currently working on Task 4. Catherine Hansford presented an overview of the rate calculations, highlighting important points for Board consideration and input at the December 2025 meeting. The calculations were updated and the revised version will be presented to the Board for review and direction.

DISCUSSION AND ANALYSIS

HEC's presentation is included as Attachment 1. The information presented is draft and will be modified based on input received from the Board. The presentation provides:

1. Details of the components of the revenue requirements
2. Projected annual cost increases
3. Model assumptions
4. Reserve policies
5. Rate structure
6. Updated rates using the assumptions from December
7. Details of an alternative scenario to minimize rate increases
8. Calculated rates for the alternative scenario
9. Comparison to other agencies
10. Historical and projected cash balances
11. Schedule for adoption

Specific items for Board consideration include:

1. Appropriateness of capital improvement plan (Attachment 2)
2. Annual contributions to reserves
3. Schedule for adoption

After receiving input and direction from the Board, HEC and the General Manager will revise the rate study. The current timeline is summarized below:

- February 2026 – Mail a newsletter to all customers that informs them about the current rate study update and invites them to attend the March Board meeting to learn more.
- March 2026 – Present the draft rate study at the Board meeting and consider approving the legally required Proposition 218 Public Hearing notice.
- April 2026 – Hold a stand-alone public workshop regarding the proposed rates.
- May 2026 – Hold the Proposition 218 Public Hearing at the Board meeting.

FISCAL IMPACT

The Fiscal Year 2025/2026 Operating Budget includes funding for this study, and a budget amendment is not required.

CEQA ASSESSMENT

This action is not a CEQA project.

ATTACHMENTS

1. Presentation
2. Capital Improvement Plan Tables
3. Alternative Scenario Key Tables

Attachment 1

Rate Study

All figures are DRAFT

DONNER SUMMIT PUD

Board Meeting
January 20, 2026

Revenue Requirement



- ❖ Operations & Maintenance
 - Increase 3-4% per year
- ❖ Capital Improvements
 - Major upgrades
 - Rehabilitation
- ❖ Debt Service
 - Current & New
- ❖ Prudent Reserves

Water Operations Costs

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Item	Annual Increase	Baseline Budget	Fiscal Year Ending				
			2027	2028	2029	2030	2031
Operating Expenses			<i>All figures rounded to nearest \$10</i>				
Personnel	3.5%	\$277,220	\$286,920	\$296,960	\$307,350	\$318,110	\$329,240
Professional Fees	3.5%	\$64,980	\$67,250	\$69,600	\$72,040	\$74,560	\$77,170
Equip., Facility & Fleet Maint. [1]	3.0%	\$74,050	\$76,270	\$78,560	\$80,920	\$83,350	\$85,850
General Operating Costs [2]	2.5%	\$27,830	\$28,530	\$29,240	\$29,970	\$30,720	\$31,490
Insurance	5.0%	\$53,650	\$56,330	\$59,150	\$62,110	\$65,220	\$68,480
Chemicals, Lab Supplies & Testing	5.0%	\$23,440	\$24,610	\$25,840	\$27,130	\$28,490	\$29,910
Utilities	4.0%	\$60,480	\$62,900	\$65,420	\$68,040	\$70,760	\$73,590
Total Operating Expenses	a	\$581,650	\$602,810	\$624,770	\$647,560	\$671,210	\$695,730

[1] Incl. op. supplies & small equip. costs for all equip., vehicles, and facilities.

[2] Incl. dues & subscriptions, fees & permits, training, travel & education, and office supplies.

Wastewater Operations Costs

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Item	Annual Increase	Baseline Budget	Fiscal Year Ending				
			2027	2028	2029	2030	2031
Operating Expenses			<i>All figures rounded to nearest \$10</i>				
Personnel	3.5%	\$1,302,370	\$1,347,950	\$1,395,130	\$1,443,960	\$1,494,500	\$1,546,810
Professional Fees	3.5%	\$124,290	\$128,640	\$133,140	\$137,800	\$142,620	\$147,610
Equip., Facility & Fleet Maint. [1]	3.0%	\$179,250	\$184,630	\$190,170	\$195,880	\$201,760	\$207,810
General Operating Costs [2]	2.5%	\$101,420	\$103,960	\$106,560	\$109,220	\$111,950	\$114,750
Insurance	5.0%	\$211,050	\$221,600	\$232,680	\$244,310	\$256,530	\$269,360
Chemicals, Lab Supplies & Testing	5.0%	\$284,100	\$298,310	\$313,230	\$328,890	\$345,330	\$362,600
Infiltration & Inflow Program	3.5%	\$33,100	\$34,260	\$35,460	\$36,700	\$37,980	\$39,310
Sludge Removal	3.5%	\$34,730	\$35,950	\$37,210	\$38,510	\$39,860	\$41,260
Utilities	4.0%	\$443,860	\$461,610	\$480,070	\$499,270	\$519,240	\$540,010
Total Operating Expenses	a	\$2,714,170	\$2,816,910	\$2,923,650	\$3,034,540	\$3,149,770	\$3,269,520

[1] Includes operating supplies and small equipment costs for all equipment, vehicles, and facilities.

[2] Includes dues and subscriptions, fees & permits, training, travel & education, office supplies, and land lease.

Debt Service - Current

California State Water Resources Control Board

- Wastewater Treatment Plant Loan – fully paid by 2041
- Main Water System (Lake Angela) Treatment Plant Loan – fully paid by 2048

PG&E Loans (2) - fully paid by 2030

USDA Loans

- Big Bend Water System Loans (2) – fully paid by 2061

	Annual Amount	
WW Treatment Plant	\$719,191	Reserve fund is fully funded
Lake Angela Treatment Plant	\$20,007	Reduced 10% FY29 when reserve fund is fully funded
USDA – Big Bend	\$21,967	Reduced 10% FY32 when reserve fund is fully funded
PG&E	\$758	No reserve fund requirement
Total	\$760,104	

Capital Improvement Projects Costs

Project Type	Estimated Cost	
	Next 5 Yrs	Yrs 6 - 9
Water	\$1,884,000	\$3,233,000
Wastewater	\$3,187,000	\$2,280,000
Office Building	\$702,000	\$0
Total 5-Year Investment	\$5,773,000	\$5,513,000

- Updated based on December Board direction.
- Would need to finance some portion of project costs.

Model Assumptions

- All property tax revenue put into the water fund (currently it is split between water and wastewater) as it is a discretionary revenue source, and the water fund has a negative balance
- Interfund loan from wastewater to water repaid within the next 5 years to bring water fund to positive balance before seeking financing for CIP
- Two new customers (connections) added each year
 - For sewer, assume these lots have future EDUs already (no connection fee revenue)

Debt Obligations & District Reserve Policies

Debt Obligations

- Restricted cash reserves will equal SRF and USDA requirements (about \$750,000)
- Each year, net operating income will exceed debt service by at least 1.10, or 1.20 if issuing COPs

District Reserve Policies

- General operating cash reserves shall be at least 4 months (25%) of operating expenses – **in rate study**
- Capital cash reserves target is 50% of the CIP projected costs over the next 5 years – **not achievable in rate study**

Rate Structure

Wastewater

- No changes proposed. Continue to pay by EDU.

Water

- Larger sized meters should be paying more per industry standards
- Reflects sizing of system facilities to meet demand from a larger meter

Meter Safe Operating Capacities and Meter Ratios

Water Meter Size	Meters by Size	Safe GPM	Ratio to 3/4"	Current Ratio
3/4"	280	30	1.00	1.00
1"	78	50	1.67	1.85
1.5"	7	100	3.33	2.50
2"	15	160	5.33	4.00
3"	2	320	10.67	6.50
4"	0	500	16.67	17.50
6"	1	1,000	33.33	26.20
Total	383			

Source: AWWA M1 Manual safe operating capacity for displacement type meters (smaller than 2-inch meters) and C702 compound Class I meters (2-inch and larger meters).

Monthly Bill Impact for a Home

Greater increase in 2026 than presented in December due to revised customer numbers; 5-yr increase reduced



Note: Total bill impact includes DSPUD's special tax.

Alternative Scenarios

At calculated rates, the water and sewer bill is greater than 5.5% of median household income for the area – the threshold over which EPA considers bills to be unaffordable

Alternative scenarios were explored but lowering rates beyond those presented in Scenario B results in the inability to fund the critical CIP projects

- B. Critical CIP is funded, all water CIP projects & one WW project financed; rates increase 6.0% each year for a home in first 3 years, then 5.0% each year for the last 2 years; operating reserve met year 2

Scenario B

Only Critical CIP is funded

Water reduced from \$2.235 M to \$1.905 M

Wastewater reduced from \$3.538 M to \$1.443 M

All of water and portion of wastewater CIPs financed

Capital Facilities Estimated Costs

Critical Infrastructure

Inflated \$'s -- WATER

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See handout with projects detail

Project Type	Est. Cost
Supply	\$216,000
Storage	\$1,082,000
Distribution	\$607,000
Total 5-Year Investment	\$1,905,000

Capital Facilities Estimated Costs Critical Infrastructure Inflated \$'s -- WASTEWATER

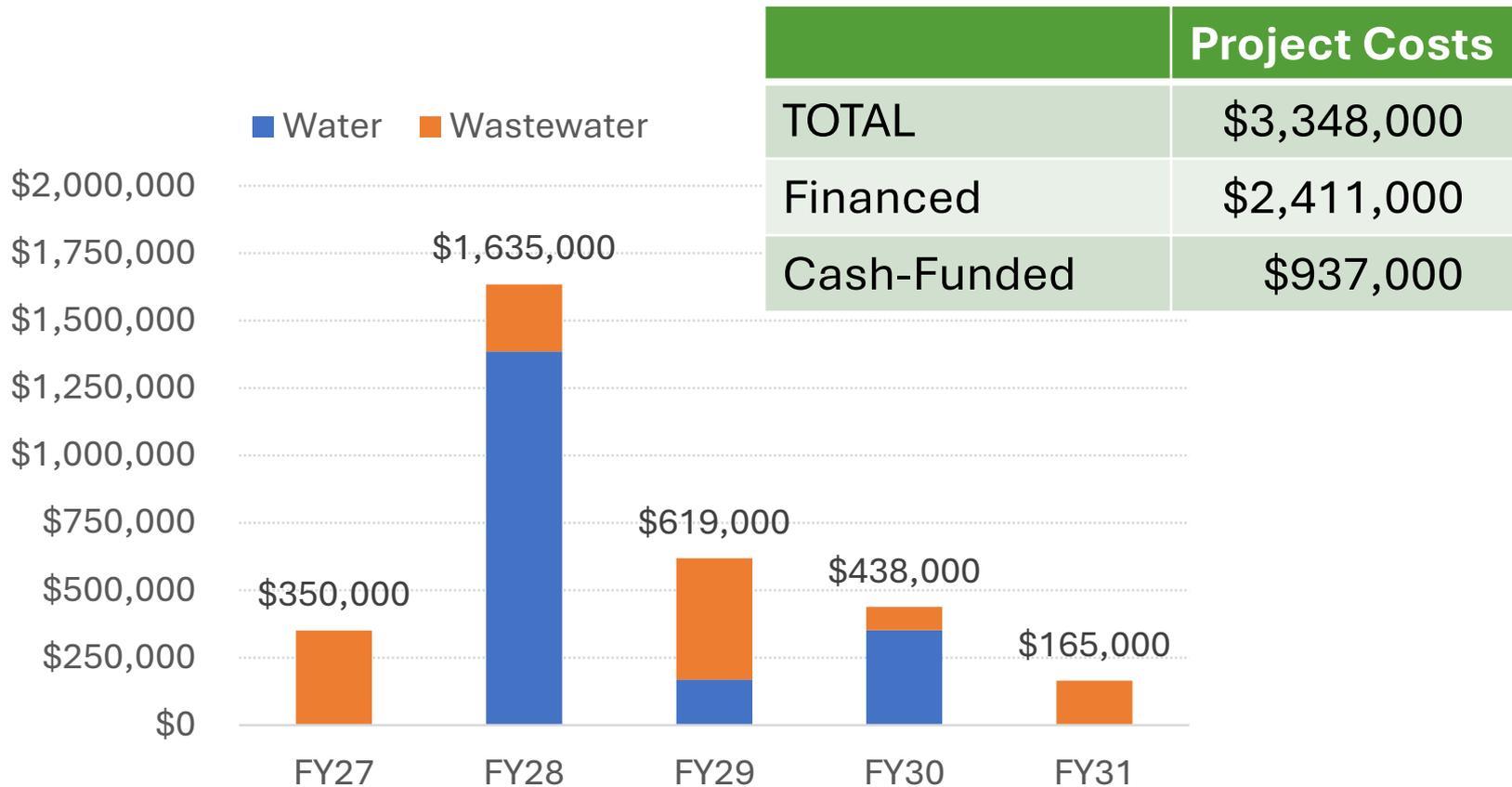
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See handout with projects detail

Project Type	Est. Cost
Collection System	\$811,000
Treatment Plant	\$632,000
Total 5-Year Investment	\$1,443,000

Total Estimated Facilities Costs Next Five Years (inflated \$)

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Lease/Debt Service Potential

- Rate study assumes Certificates of Participation (COPs) with CSDA Finance Corporation
- COPs issued Fiscal Year 2028 for 20 Years @ 4.75% interest

Sale in Fiscal Year 2028	Water	Wastewater	Total
Project Costs	\$1,905,000	\$506,000	\$2,411,000
Costs of Issuance	\$80,000	\$20,000	\$100,000
Total Proceeds	\$1,985,000	\$526,000	\$2,511,000
Estimated Annual Debt Service	\$155,930	\$41,320	\$197,250
Total Payments	\$3,118,600	\$826,400	\$3,945,000
Principal Repayment	\$1,985,000	\$526,000	\$2,511,000
Estimated Financing Charges	\$1,133,600	\$300,400	\$1,434,000

Assumptions:

Interest	4.75%
Years	20

Scenario B – Water Rates

- For a typical home with a ¾-inch meter, the monthly fee increases 8.0% first 3 years, 6.5% last 2 years

Meter Size	Current	Calculated WATER Rates Next Five Years				
		7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030
		Monthly Fee				
¾"	\$117.65	\$127.05	\$137.27	\$148.31	\$157.99	\$168.30
1"	\$217.66	\$211.76	\$228.78	\$247.18	\$263.31	\$280.50
1.5"	\$294.12	\$423.51	\$457.56	\$494.35	\$526.62	\$561.01
2"	\$470.60	\$677.62	\$732.10	\$790.97	\$842.60	\$897.61
3"	\$764.72	\$1,355.24	\$1,464.20	\$1,581.93	\$1,685.19	\$1,795.22
4"	\$2,058.90	\$2,117.57	\$2,287.81	\$2,471.77	\$2,633.12	\$2,805.03
6"	\$3,082.45	\$4,235.13	\$4,575.62	\$4,943.54	\$5,266.23	\$5,610.06
Overage & Temporary		per thousand gallons				
	\$11.765	\$12.705	\$13.727	\$14.831	\$15.799	\$16.830

Scenario B – Wastewater Rates

- Increase 5.0% first 3 years, 4.0% last 2 years

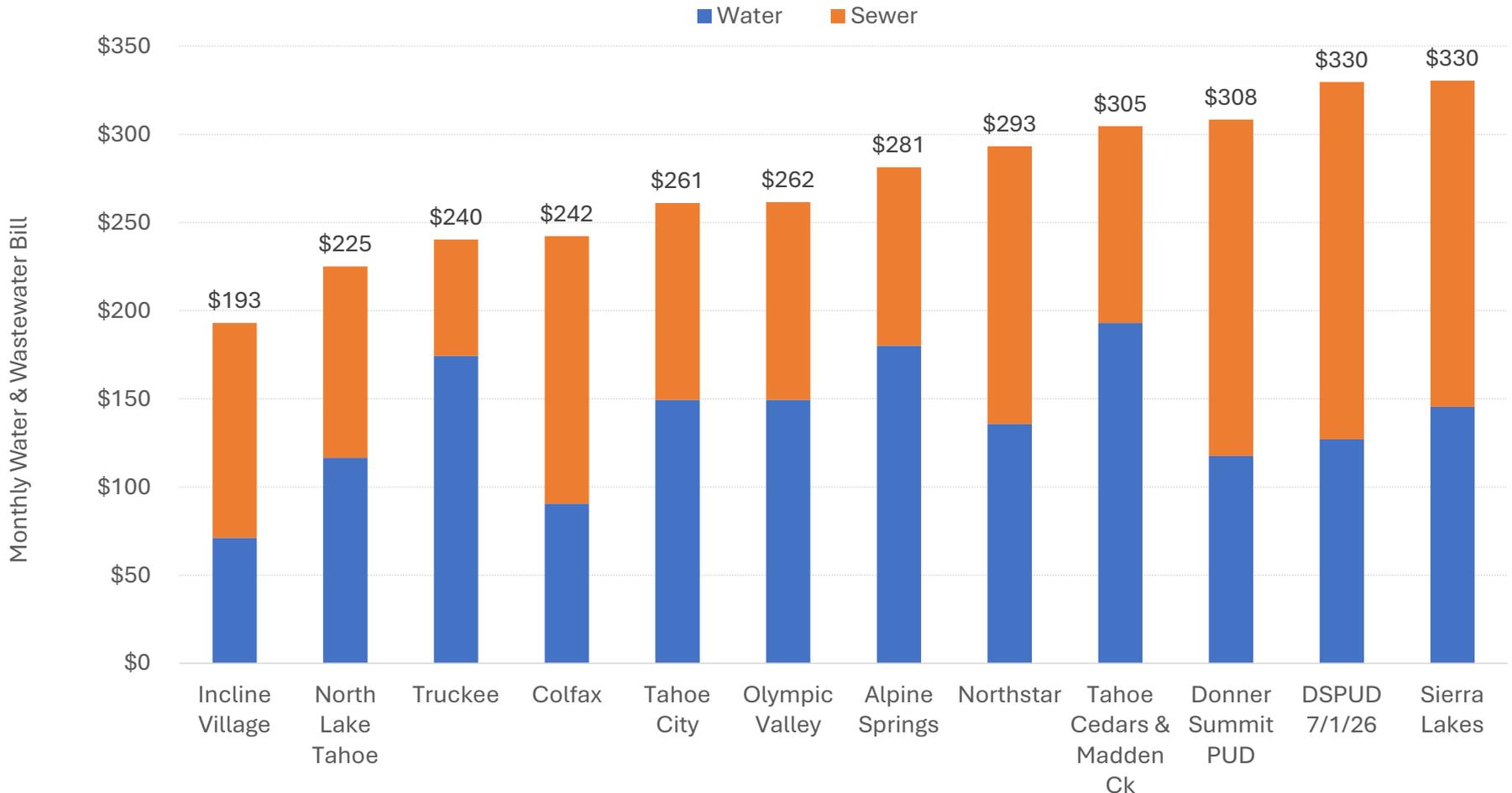
Rates by Customer	Current	Calculated WASTEWATER Rates Next 5 Years				
		7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030
Existing Customers		Monthly Fee per EDU				
Inside CFD No. 1	\$190.75	\$202.76	\$215.42	\$228.72	\$239.83	\$251.28
Outside CFD No. 1	\$240.16	\$252.18	\$264.84	\$278.14	\$289.25	\$300.70
CalTrans	\$178.22	\$192.08	\$204.75	\$218.05	\$229.16	\$240.61
Future Customers						
Inside CFD No. 1	\$101.64	\$106.72	\$113.05	\$119.70	\$125.25	\$130.98
Outside CFD No. 1	\$151.05	\$156.13	\$162.47	\$169.12	\$174.67	\$180.40
		Special Taxes per EDU				
Inside CFD No. 1 - All EDUs	\$49.42	\$49.42	\$49.42	\$49.42	\$49.42	\$49.42

Scenario B – Total Bill Impact



Comparison Regional Utility Bills

DSPUD special tax is excluded because special taxes & assessments are excluded from comparison communities. All bills are calculated for a ¾-inch meter using 8,000 gallons.

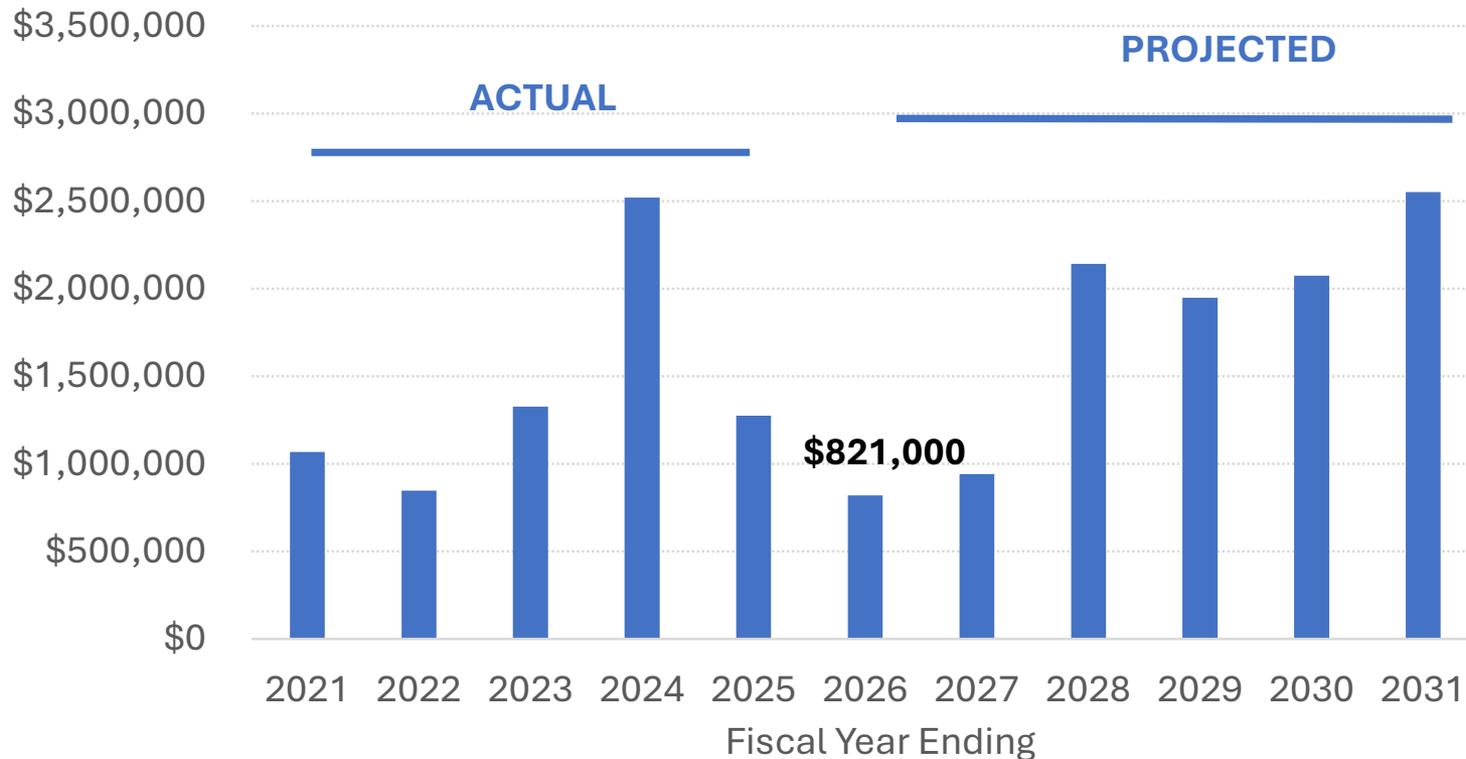


Historical & Projected Cash Balances

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Total cash shown (restricted & unrestricted)

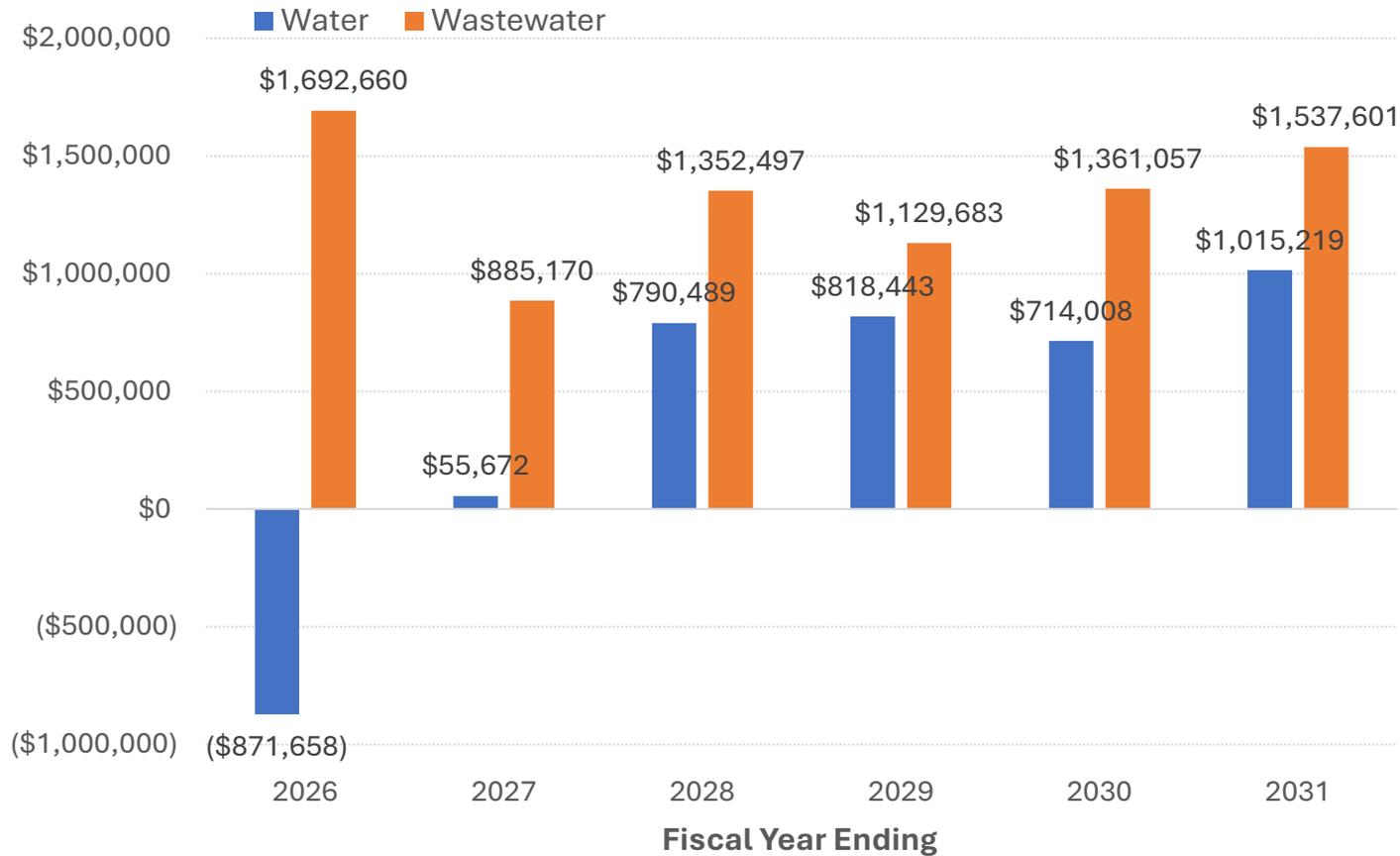
Restricted cash is about \$750,000



Projected Cash Balances

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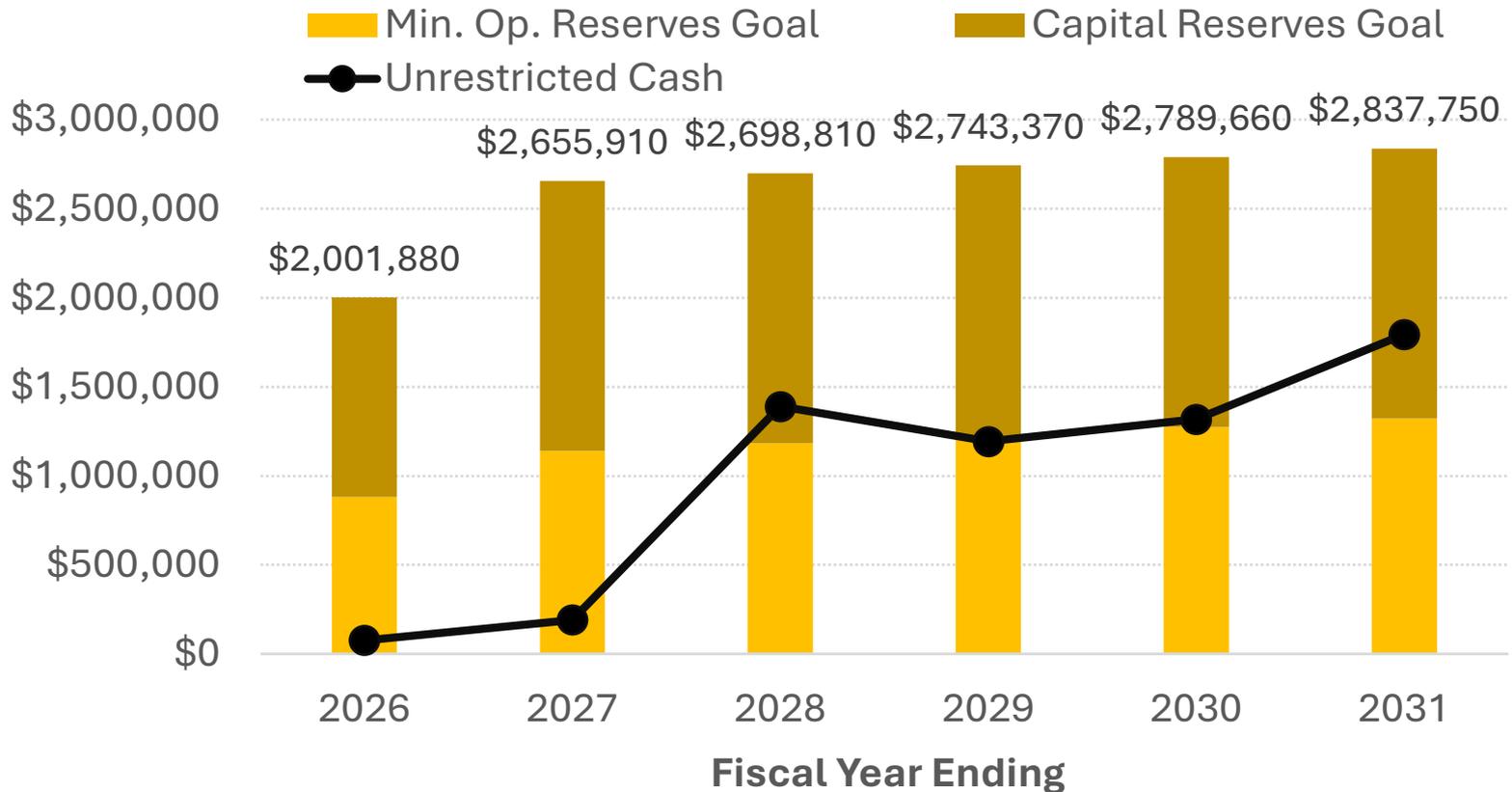
Total cash shown (restricted & unrestricted)



District Cash and Reserves Goals

- Unrestricted cash only shown

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Schedule

Board Meeting Agenda Item (no action necessary)	2/17/2026
Draft Report	2/24/2026
<i>Newsletter with Rate Study Process Information</i>	<i>end Feb</i>
Report Review & Board Approval to Send 218 Notice	3/17/2026
<i>Content, Design & Final Approval of Notice</i>	<i>3/27/2026</i>
Last Day to Mail Prop 218 Notices	4/3/2026
<i>Workshop</i>	<i>mid Apr</i>
Draft Final Report	4/28/2026
Public Hearing	5/19/2026
Billing Period Rates Effective	7/1/2026

Attachment 2

WATER – Capital Improvements Plan

Water Improvements	Next 5 Years	Fiscal Year Ending				
		2027	2028	2029	2030	2031
Water Supply		2025 \$				
Water Plant Upgrades to Decrease Backwashing (Pre-Treatment)	\$200,000		\$200,000			
Lake Angela Dam Tendon Tensioning	\$0					
Subtotal Water Supply	\$200,000	\$0	\$200,000	\$0	\$0	\$0
Water Storage						
Reservoir 2 Exterior Coating	\$400,000	\$400,000				
Reservoir 1 Coating	\$600,000		\$600,000			
Sugar Bowl Reservoir Rehabilitation	\$0					
Subtotal Water Storage	\$1,000,000	\$400,000	\$600,000	\$0	\$0	\$0
Water Distribution						
Boreal Pump Station Generator	\$80,000	\$80,000				
Boreal Pump Station Rehabilitation	\$450,000			\$150,000	\$300,000	
Automated Meter Replacement	\$0					
SLCWD Intertie	\$0					
Subtotal Water Distribution	\$530,000	\$80,000	\$0	\$150,000	\$300,000	\$0
Office Building Remodel (eg. ADA)	\$300,000				\$300,000	
Total Water CIP	\$2,030,000	\$480,000	\$800,000	\$150,000	\$600,000	\$0
		Inflated				
		4% per year				
Water Supply						
Water Plant Upgrades to Decrease Backwashing (Pre-Treatment)	\$216,000	\$0	\$216,000	\$0	\$0	\$0
Lake Angela Dam Tendon Tensioning	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Water Supply	\$216,000	\$0	\$216,000	\$0	\$0	\$0
Water Storage						
Reservoir 2 Exterior Coating	\$416,000	\$416,000	\$0	\$0	\$0	\$0
Reservoir 1 Coating	\$649,000	\$0	\$649,000	\$0	\$0	\$0
Sugar Bowl Reservoir Rehabilitation	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Water Storage	\$1,065,000	\$416,000	\$649,000	\$0	\$0	\$0
Water Distribution						
Boreal Pump Station Generator	\$83,000	\$83,000	\$0	\$0	\$0	\$0
Boreal Pump Station Rehabilitation	\$520,000	\$0	\$0	\$169,000	\$351,000	\$0
Automated Meter Replacement	\$0	\$0	\$0	\$0	\$0	\$0
SLCWD Intertie	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Water Distribution	\$603,000	\$83,000	\$0	\$169,000	\$351,000	\$0
Office Building Remodel (eg. ADA)	\$351,000	\$0	\$0	\$0	\$351,000	\$0
Total Water CIP	\$2,235,000	\$499,000	\$865,000	\$169,000	\$702,000	\$0

WATER – Capital Improvements Plan – Critical Projects Only

Water Improvements	Next 5 Years	Fiscal Year Ending				
		2027	2028	2029	2030	2031
Water Supply		2025 \$				
Water Plant Upgrades to Decrease Backwashing (Pre-Treatment)	\$200,000		\$200,000			
Lake Angela Dam Tendon Tensioning	\$0					
Subtotal Water Supply	\$200,000	\$0	\$200,000	\$0	\$0	\$0
Water Storage						
Reservoir 2 Exterior Coating	\$400,000		\$400,000	Moved from 2027 to 2028		
Reservoir 1 Coating	\$600,000		\$600,000			
Sugar Bowl Reservoir Rehabilitation	\$0					
Subtotal Water Storage	\$1,000,000	\$0	\$1,000,000	\$0	\$0	\$0
Water Distribution						
Boreal Pump Station Generator	\$80,000		\$80,000	Moved from 2027 to 2028		
Boreal Pump Station Rehabilitation	\$450,000			\$150,000	\$300,000	
Automated Meter Replacement	\$0					
SLCWD Intertie	\$0					
Subtotal Water Distribution	\$530,000	\$0	\$80,000	\$150,000	\$300,000	\$0
Office Building Remodel (eg. ADA)	\$0			Removed		
Total Water CIP	\$1,730,000	\$0	\$1,280,000	\$150,000	\$300,000	\$0
		Inflated				
Water Supply		4% per year				
Water Plant Upgrades to Decrease Backwashing (Pre-Treatment)	\$216,000	\$0	\$216,000	\$0	\$0	\$0
Lake Angela Dam Tendon Tensioning	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Water Supply	\$216,000	\$0	\$216,000	\$0	\$0	\$0
Water Storage						
Reservoir 2 Exterior Coating	\$433,000	\$0	\$433,000	\$0	\$0	\$0
Reservoir 1 Coating	\$649,000	\$0	\$649,000	\$0	\$0	\$0
Sugar Bowl Reservoir Rehabilitation	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Water Storage	\$1,082,000	\$0	\$1,082,000	\$0	\$0	\$0
Water Distribution						
Boreal Pump Station Generator	\$87,000	\$0	\$87,000	\$0	\$0	\$0
Boreal Pump Station Rehabilitation	\$520,000	\$0	\$0	\$169,000	\$351,000	\$0
Automated Meter Replacement	\$0	\$0	\$0	\$0	\$0	\$0
SLCWD Intertie	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Water Distribution	\$607,000	\$0	\$87,000	\$169,000	\$351,000	\$0
Office Building Remodel (eg. ADA)	\$0	\$0	\$0	\$0	\$0	\$0
Total Water CIP	\$1,905,000	\$0	\$1,385,000	\$169,000	\$351,000	\$0
Bond-Funded	\$1,905,000	\$0	\$1,385,000	\$169,000	\$351,000	\$0
Cash-Funded	\$0	\$0	\$0	\$0	\$0	\$0

WASTEWATER – Capital Improvements Plan

Wastewater Improvements	Next 5 Years	Fiscal Year Ending				
		2027	2028	2029	2030	2031
Collection System		2025 \$				
Upgrade Lift Station 2 to Increase Capacity	\$1,017,500					\$1,017,500
Replace LS3 & LS4	\$100,000	\$100,000				
Sewer Manhole Sealing	\$165,000				\$165,000	
Rehabilitate Lift Station 7	\$0					
Upgrade Lift Stations 1, 2, 8 to replace pumps & provide backup generators	\$450,000		\$450,000			
Upgrade LS2 and Remove LS3 and LS4	\$0					
Subtotal Collection System	\$1,732,500	\$100,000	\$450,000	\$0	\$165,000	\$1,017,500
Treatment Plant						
Recycled Water Equipment Upgrades- Filing station with pump	\$150,000	\$150,000				
Pavement Rehabilitation at Wastewater Plant	\$100,000	\$100,000				
Membrane Replacement	\$87,000		\$87,000			
Reactor 1 Coating	\$250,000		\$250,000			
Wastewater Sludge Press	\$500,000		\$500,000			
Subtotal Treatment Plant	\$1,087,000	\$250,000	\$837,000	\$0	\$0	\$0
Office Building Remodel	\$300,000				\$300,000	
Total Wastewater CIP	\$3,119,500	\$350,000	\$1,287,000	\$0	\$465,000	\$1,017,500

Wastewater Improvements	Next 5 Years	Inflated \$				
		2027	2028	2029	2030	2031
Collection System		4% per year				
Upgrade Lift Station 2 to Increase Capacity	\$1,238,000	\$0	\$0	\$0	\$0	\$1,238,000
Replace LS3 & LS4	\$104,000	\$104,000	\$0	\$0	\$0	\$0
Sewer Manhole Sealing	\$193,000	\$0	\$0	\$0	\$193,000	\$0
Rehabilitate Lift Station 7	\$0	\$0	\$0	\$0	\$0	\$0
Upgrade Lift Stations 1, 2, 8 to replace pumps & provide backup generators	\$487,000	\$0	\$487,000	\$0	\$0	\$0
Upgrade LS2 and Remove LS3 and LS4	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Collection System	\$2,022,000	\$104,000	\$487,000	\$0	\$193,000	\$1,238,000
Treatment Plant						
Recycled Water Equipment Upgrades- Filing station with pump	\$156,000	\$156,000	\$0	\$0	\$0	\$0
Pavement Rehabilitation at Wastewater Plant	\$104,000	\$104,000	\$0	\$0	\$0	\$0
Membrane Replacement	\$94,000	\$0	\$94,000	\$0	\$0	\$0
Reactor 1 Coating	\$270,000	\$0	\$270,000	\$0	\$0	\$0
Wastewater Sludge Press	\$541,000	\$0	\$541,000	\$0	\$0	\$0
Subtotal Treatment Plant	\$1,165,000	\$260,000	\$905,000	\$0	\$0	\$0
Office Building Remodel	\$351,000	\$0	\$0	\$0	\$351,000	\$0
Total Wastewater CIP	\$3,538,000	\$364,000	\$1,392,000	\$0	\$544,000	\$1,238,000

WASTEWATER – Capital Improvements Plan – Critical Projects Only

Wastewater Improvements	Next 5 Years	Fiscal Year Ending				
		2027	2028	2029	2030	2031
Collection System		2025 \$				
Upgrade Lift Station 2 to Increase Capacity	\$0	Removed				
Replace LS3 & LS4	\$100,000	\$100,000				
Sewer Manhole Sealing	\$165,000			Moved from 2030 to 2031		\$165,000
Rehabilitate Lift Station 7	\$0					
Upgrade Lift Stations 1, 2, 8 to replace pumps & provide backup generators	\$450,000	Moved from 2028 to 2029		\$450,000		
Upgrade LS2 and Remove LS3 and LS4	\$0					
Subtotal Collection System	\$715,000	\$100,000	\$0	\$450,000	\$0	\$165,000
Treatment Plant						
Recycled Water Equipment Upgrades- Filing station with pump	\$150,000	\$150,000				
Pavement Rehabilitation at Wastewater Plant	\$100,000	\$100,000				
Membrane Replacement	\$87,000		Moved from 2028 to 2030		\$87,000	
Reactor 1 Coating	\$250,000		\$250,000			
Wastewater Sludge Press	\$0	Removed				
Subtotal Treatment Plant	\$587,000	\$250,000	\$250,000	\$0	\$87,000	\$0
Office Building Remodel	\$0			Removed		
Total Wastewater CIP	\$1,302,000	\$350,000	\$250,000	\$450,000	\$87,000	\$165,000
		Inflated \$ 4% per year				
Collection System						
Upgrade Lift Station 2 to Increase Capacity	\$0	\$0	\$0	\$0	\$0	\$0
Replace LS3 & LS4	\$104,000	\$104,000	\$0	\$0	\$0	\$0
Sewer Manhole Sealing	\$201,000	\$0	\$0	\$0	\$0	\$201,000
Rehabilitate Lift Station 7	\$0	\$0	\$0	\$0	\$0	\$0
Upgrade Lift Stations 1, 2, 8 to replace pumps & provide backup generators	\$506,000	\$0	\$0	\$506,000	\$0	\$0
Upgrade LS2 and Remove LS3 and LS4	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Collection System	\$811,000	\$104,000	\$0	\$506,000	\$0	\$201,000
Treatment Plant						
Recycled Water Equipment Upgrades- Filing station with pump	\$156,000	\$156,000	\$0	\$0	\$0	\$0
Pavement Rehabilitation at Wastewater Plant	\$104,000	\$104,000	\$0	\$0	\$0	\$0
Membrane Replacement	\$102,000	\$0	\$0	\$0	\$102,000	\$0
Reactor 1 Coating	\$270,000	\$0	\$270,000	\$0	\$0	\$0
Wastewater Sludge Press	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Treatment Plant	\$632,000	\$260,000	\$270,000	\$0	\$102,000	\$0
Office Building Remodel	\$0	\$0	\$0	\$0	\$0	\$0
Total Wastewater CIP	\$1,443,000	\$364,000	\$270,000	\$506,000	\$102,000	\$201,000
Bond-Funded	\$506,000	\$0	\$0	\$506,000	\$0	\$0
Cash-Funded	\$937,000	\$364,000	\$270,000	\$0	\$102,000	\$201,000

Attachment 3

Scenario B Key Tables

Revenue Requirement - Water

Item	Annual Increase	Baseline Budget	Fiscal Year Ending				
			2027	2028	2029	2030	2031
Operating Expenses			<i>All figures rounded to nearest \$10</i>				
Personnel	3.5%	\$277,220	\$286,920	\$296,960	\$307,350	\$318,110	\$329,240
Professional Fees	3.5%	\$64,980	\$67,250	\$69,600	\$72,040	\$74,560	\$77,170
Equip., Facility & Fleet Maint. [1]	3.0%	\$74,050	\$76,270	\$78,560	\$80,920	\$83,350	\$85,850
General Operating Costs [2]	2.5%	\$27,830	\$28,530	\$29,240	\$29,970	\$30,720	\$31,490
Insurance	5.0%	\$53,650	\$56,330	\$59,150	\$62,110	\$65,220	\$68,480
Chemicals, Lab Supplies & Testing	5.0%	\$23,440	\$24,610	\$25,840	\$27,130	\$28,490	\$29,910
Utilities	4.0%	\$60,480	\$62,900	\$65,420	\$68,040	\$70,760	\$73,590
Total Operating Expenses	a	\$581,650	\$602,810	\$624,770	\$647,560	\$671,210	\$695,730
Debt Service							
SWRCB Loan - Water Treatment Plant		\$20,007	\$20,007	\$20,007	\$18,188	\$18,188	\$18,188
PG & E Loan #1		\$964	\$964	\$964	\$964	\$0	\$0
New Debt Service for CIP				\$77,965	\$155,930	\$155,930	\$155,930
Subtotal Debt Service	b	\$20,980	\$20,980	\$98,940	\$175,090	\$174,120	\$174,120
System Rehabilitation	c	\$0	\$133,150	\$133,150	\$133,150	\$133,150	\$133,150
Adjustment for Cash Flow or Loan Coverage			\$150,000	\$50,000	\$40,000	\$30,000	\$20,000
Non-Operating Credits							
Admin. Revenues	constant	\$5,050	\$5,050	\$5,050	\$5,050	\$5,050	\$5,050
Total Non-operating Credits	d	\$5,050	\$5,050	\$5,050	\$5,050	\$5,050	\$5,050
Revenue Requirement	e = a+b+c-d	\$597,580	\$901,890	\$901,810	\$990,750	\$1,003,430	\$1,017,950
Water Rates Revenue Target			\$866,000	\$938,917	\$1,017,974	\$1,088,214	\$1,163,301

Source: DSPUD and HEC.

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[1] Includes operating supplies and small equipment costs for all equipment, vehicles, and facilities.

[2] Includes dues and subscriptions, fees and permits, training, travel & education, and office supplies.

Projected Cash Flow - Water

Revenues and Expenses	Budget 2026	Fiscal Year Ending				
		2027	2028	2029	2030	2031
Revenues		<i>All figures rounded to nearest \$10</i>				
Main System Rates	\$743,283	\$866,000	\$938,917	\$1,017,974	\$1,088,214	\$1,163,301
Big Bend Service Fees	\$52,318	\$52,320	\$52,320	\$52,320	\$52,320	\$52,320
Admin. Revenues	\$7,308	\$5,050	\$5,050	\$5,050	\$5,050	\$5,050
Total Revenues	\$802,909	\$923,370	\$996,287	\$1,075,344	\$1,145,584	\$1,220,671
Operating Expenses						
Main System		\$602,810	\$624,770	\$647,560	\$671,210	\$695,730
Big Bend		\$43,900	\$45,500	\$47,160	\$48,880	\$50,670
Total Operating Expenses	\$769,158	\$646,710	\$670,270	\$694,720	\$720,090	\$746,400
Net Revenue before Debt Service	\$33,751	\$276,660	\$326,017	\$380,624	\$425,494	\$474,271
Debt Service						
Main System	\$20,980	\$20,980	\$98,940	\$175,090	\$174,120	\$174,120
Big Bend	\$21,967	\$21,967	\$21,967	\$21,967	\$21,967	\$19,970
Total Debt Service	\$42,950	\$42,950	\$120,910	\$197,060	\$196,090	\$194,090
Debt Service Coverage [1]	0.79	6.44	2.70	1.93	2.17	2.44
Net Income	(\$9,199)	\$233,710	\$205,107	\$183,564	\$229,404	\$280,181
Beginning Cash Balance	(\$381,741)	(\$871,658)	\$55,672	\$790,489	\$818,443	\$714,008
Net Income	(\$9,199)	\$233,710	\$205,107	\$183,564	\$229,404	\$280,181
Connection Fees	\$0	\$0	\$0	\$0	\$0	\$0
Bond / Loan Proceeds			\$1,905,000	\$0	\$0	\$0
Grant	\$42,000					
Loan from WW Fund		\$550,000				
Repay Loan to WW Fund			(\$137,500)	(\$137,500)	(\$137,500)	(\$137,500)
Property Tax	\$30,820	\$143,620	\$147,210	\$150,890	\$154,660	\$158,530
Capital Improvement Projects	(\$553,538)	\$0	(\$1,385,000)	(\$169,000)	(\$351,000)	\$0
Ending Cash Balance	(\$871,658)	\$55,672	\$790,489	\$818,443	\$714,008	\$1,015,219
Restricted	\$25,590	\$29,410	\$33,230	\$35,230	\$37,230	\$39,230
Unrestricted Balance	(\$897,248)	\$26,262	\$757,259	\$783,213	\$676,778	\$975,989

Source: DSPUD financials and HEC 2026 rate study.

w flow

[1] Must be at least 1.10 per the SWRCB Drinking Water SRF agreement and 1.20 if it wants to issue future debt on parity.

Revenue Requirement - Wastewater

Item	Annual Increase	Baseline Budget	Fiscal Year Ending				
			2027	2028	2029	2030	2031
Operating Expenses			<i>All figures rounded to nearest \$10</i>				
Personnel	3.5%	\$1,302,370	\$1,347,950	\$1,395,130	\$1,443,960	\$1,494,500	\$1,546,810
Professional Fees	3.5%	\$124,290	\$128,640	\$133,140	\$137,800	\$142,620	\$147,610
Equip., Facility & Fleet Maint. [1]	3.0%	\$179,250	\$184,630	\$190,170	\$195,880	\$201,760	\$207,810
General Operating Costs [2]	2.5%	\$101,420	\$103,960	\$106,560	\$109,220	\$111,950	\$114,750
Insurance	5.0%	\$211,050	\$221,600	\$232,680	\$244,310	\$256,530	\$269,360
Chemicals, Lab Supplies & Testing	5.0%	\$284,100	\$298,310	\$313,230	\$328,890	\$345,330	\$362,600
Infiltration & Inflow Program	3.5%	\$33,100	\$34,260	\$35,460	\$36,700	\$37,980	\$39,310
Sludge Removal	3.5%	\$34,730	\$35,950	\$37,210	\$38,510	\$39,860	\$41,260
Utilities	4.0%	\$443,860	\$461,610	\$480,070	\$499,270	\$519,240	\$540,010
Total Operating Expenses	a	\$2,714,170	\$2,816,910	\$2,923,650	\$3,034,540	\$3,149,770	\$3,269,520
Debt Service							
PG & E Loan #1		\$7,400	\$7,400	\$7,400	\$7,400	\$0	\$0
PG & E Loan #2		\$732	\$732	\$732	\$732	\$732	\$0
SWRCB Loan		\$719,191	\$719,191	\$719,191	\$719,191	\$719,191	\$719,191
New Debt Service for CIP				\$20,660	\$41,320	\$41,320	\$41,320
Subtotal Debt Service	b	\$727,320	\$727,320	\$747,980	\$768,640	\$761,240	\$760,510
System Rehabilitation	c	\$0	\$487,630	\$487,630	\$487,630	\$487,630	\$487,630
Adjustment for Cash Flow or Loan Coverage		\$0	\$0	\$0	\$0	\$0	\$0
Non-Operating Credits							
Recycled Water Sales [3]	constant	\$109,600	\$80,000	\$20,000	\$20,000	\$20,000	\$20,000
SLCWD Reimbursement [4]	estimate	\$488,480	\$506,970	\$526,180	\$546,140	\$566,880	\$588,430
Admin. Revenues	constant	\$23,580	\$23,580	\$23,580	\$23,580	\$23,580	\$23,580
Total Non-operating Credits	d	\$621,660	\$610,550	\$569,760	\$589,720	\$610,460	\$632,010
Revenue Requirement	e = a+b+c-d	\$2,819,830	\$3,421,310	\$3,589,500	\$3,701,090	\$3,788,180	\$3,885,650
Rev. Requirement All Customers	f = e-b	\$2,100,640	\$2,702,120	\$2,870,310	\$2,981,900	\$3,068,990	\$3,166,460
WW Rates Revenue All Cust. Target			\$2,321,000	\$2,476,507	\$2,639,956	\$2,777,234	\$2,918,873

Source: DSPUD and HEC 2026 rate study.

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[1] Includes operating supplies and small equipment costs for all equipment, vehicles, and facilities.

[2] Includes dues and subscriptions, fees and permits, training, travel & education, office supplies, and land lease.

[3] Reduced after FY26 with conclusion of the CalTrans I-80 reconstruction project.

[4] Sierra Lakes CWD annual payment as % of operating expenses in 20 18%

Projected Cash Flow – Wastewater

Revenues and Expenses	Budget 2026	Fiscal Year Ending				
		2027	2028	2029	2030	2031
Revenues		<i>All figures rounded to nearest \$10</i>				
Rates from All Customers		\$2,321,000	\$2,476,507	\$2,639,956	\$2,777,234	\$2,918,873
Rates for Debt Service		\$418,160	\$418,160	\$418,160	\$418,160	\$418,160
Special Tax Revenues		\$301,030	\$301,030	\$301,030	\$301,030	\$301,030
Recycled Water Sales		\$80,000	\$20,000	\$20,000	\$20,000	\$20,000
SLCWD Reimbursement		\$506,970	\$526,180	\$546,140	\$566,880	\$588,430
Admin. Revenues		\$23,580	\$23,580	\$23,580	\$23,580	\$23,580
Total Revenues	\$3,432,054	\$3,650,740	\$3,765,457	\$3,948,866	\$4,106,884	\$4,270,073
Operating Expenses	\$2,648,178	\$2,816,910	\$2,923,650	\$3,034,540	\$3,149,770	\$3,269,520
Net Revenue before Debt Service	\$783,876	\$833,830	\$841,807	\$914,326	\$957,114	\$1,000,553
Debt Service	\$727,320	\$727,320	\$747,980	\$768,640	\$761,240	\$760,510
Debt Service Coverage [1]	1.08	1.15	1.13	1.19	1.26	1.32
Net Income	\$56,556	\$106,510	\$93,827	\$145,686	\$195,874	\$240,043
Beginning Balance	\$1,656,111	\$1,692,660	\$885,170	\$1,352,497	\$1,129,683	\$1,361,057
Net Income	\$56,556	\$106,510	\$93,827	\$145,686	\$195,874	\$240,043
Connection Fees	\$0	\$0	\$0	\$0	\$0	\$0
Loan to Water Fund		(\$550,000)	\$0	\$0	\$0	\$0
Repaid Loan from Water Fund		\$0	\$137,500	\$137,500	\$137,500	\$137,500
Property Tax	\$109,293	\$0	\$0	\$0	\$0	\$0
Bond / Loan Proceeds			\$506,000			
Capital Improvement Projects	(\$129,300)	(\$364,000)	(\$270,000)	(\$506,000)	(\$102,000)	(\$201,000)
Ending Balance	\$1,692,660	\$885,170	\$1,352,497	\$1,129,683	\$1,361,057	\$1,537,601
Restricted	\$719,190	\$719,190	\$719,190	\$719,190	\$719,190	\$719,190
Unrestricted Balance	\$973,470	\$165,980	\$633,307	\$410,493	\$641,867	\$818,411

Source: DSPUD financials and HEC 2026 rate study.

ww flow

[1] Must be at least 1.10 per the SWRCB Clean Water SRF agreement and 1.20 to issue future debt on parity.

Projected District Cash Balances

Item	Budget 2026	Fiscal Year Ending				
		2027	2028	2029	2030	2031
<i>All figures rounded to nearest \$10</i>						
Beginning Cash Balance	\$1,274,370	\$821,002	\$940,842	\$2,142,986	\$1,948,127	\$2,075,065
Water Change	(\$489,917)	\$927,330	\$734,817	\$27,954	(\$104,436)	\$301,211
Wastewater Change	\$36,549	(\$807,490)	\$467,327	(\$222,814)	\$231,374	\$176,543
Ending Cash Balance	\$821,002	\$940,842	\$2,142,986	\$1,948,127	\$2,075,065	\$2,552,819
Restricted	\$744,780	\$748,600	\$752,420	\$754,420	\$756,420	\$758,420
Unrestricted	\$76,222	\$192,242	\$1,390,566	\$1,193,707	\$1,318,645	\$1,794,399
Designated Unrestricted						
Operations (4 months expenses)		\$192,242	\$1,182,810	\$1,193,707	\$1,273,660	\$1,321,750
Capital		\$0	\$207,756	\$0	\$44,985	\$472,649
Reserves Goal						
Four Months Operating Expenses	\$882,730	\$1,139,910	\$1,182,810	\$1,227,370	\$1,273,660	\$1,321,750
50% of Capital Needs next 5 Years	\$1,119,150	\$1,516,000	\$1,516,000	\$1,516,000	\$1,516,000	\$1,516,000