

Report For:

# City of Oakdale

280 North Third Avenue

Oakdale, CA 95361

(209) 845-3571



Report on:

# Water and Wastewater Rate Study

Submitted By:

## Tuckfield & Associates

Contact: Mr. Clayton Tuckfield

2549 Eastbluff Dr, #450B

Newport Beach, CA 92660

(949) 760-9454

[www.tuckfieldassociates.com](http://www.tuckfieldassociates.com)

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FINANCIAL CONSULTING  
**TUCKFIELD &  
ASSOCIATES**  
MANAGEMENT CONSULTING

April 2026

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# Tuckfield & Associates

2549 Eastbluff Drive, Suite 450B, Newport Beach, CA 92660  
Phone (949) 760-9454 Fax (949) 760-2725  
Email [ctuckfield@tuckfieldassociates.com](mailto:ctuckfield@tuckfieldassociates.com)

April 3, 2026

Mr. Jerry Ramar  
City Manager  
City of Oakdale  
280 North Third Avenue  
Oakdale, CA 95361

Dear Mr. Ramar:

I am pleased to present this Water and Wastewater Rate Study (Study) report for the City of Oakdale (City). The water and wastewater rates presented in this report have been developed based on cost of service principles and industry methods that result in fair and equitable rates for the users of the water and wastewater systems in accordance with Proposition 218.

This study included a review and analysis of the water and wastewater enterprise revenues and revenue requirements, number of customers, volumes, and current rate structures. The major objectives of the Study include the following.

- Generate positive levels of income in the Study period
- Maintain operating and capital reserves at or greater than target levels
- Maintain debt service coverage ratios at or greater than the minimum required
- Meet annual capital improvement and replacement spending from the water and wastewater rates and charges

This report documents the findings and recommendations for the financial plan and rates for the City's water and wastewater enterprises. Tables and figures throughout the report are provided to demonstrate the calculations.

It has been a pleasure to work with City staff during the performance of this study. If there are any questions, please contact me at (949) 760-9454.

Very Truly Yours,

TUCKFIELD & ASSOCIATES



G. Clayton Tuckfield  
President/Project Consultant

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# Water and Wastewater Rate Study

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# Executive Summary

The City of Oakdale (City) engaged Tuckfield & Associates to conduct a comprehensive Water and Wastewater Rate Study (Study) for its enterprise systems. The Study included development of pro forma statements of revenues and revenue requirements (costs) for each system, analyses to determine the costs of providing service, and design of new water and wastewater rates for implementation.

## Water Financial Plan

The revenue and revenue requirements of the water system were identified and projected to create a forward looking financial plan for the water enterprise. Annual costs of the water system include operation and maintenance (O&M) expenses and capital improvement spending. Future O&M expenses include the City's FY 2025-26 budget expenses for the first year of the financial plan and projections of expenses for future years through application of inflation factors to budget year expenses.

The City transfers an annual amount of \$2 million from the operating fund to the capital replacement fund to pay for water system replacements. The transfer amount is set by the City, and together with water capital replacement fund reserves, funds are spent on capital projects identified in the capital improvement program (CIP).

The City has prepared a five-year CIP spending plan that includes replacements and capital improvements. Major projects of the CIP include the Well #12, Well #11, 1<sup>st</sup> Street G to J Construction, and numerous other replacements and upgrades. CIP expenditures total slightly more than \$10.5 million over the next 6 years. The CIP is expected to be financed through water rate revenue, the annual replacement transfer, and capital reserves.

An analysis was performed on the water financial plan that compared the projected revenue using the City's current water rates with the projected revenue requirements of the System. The analysis indicated that the current level of revenue received is not sufficient to meet future O&M expenses, capital spending, and other financial planning criteria. It is proposed that revenue be increased by 4.4 percent annually beginning on July 16, 2026 and continuing each July 16 through July 16, 2030. The water financial plan is presented in Table 10.

## Proposed Water Rates

### Current Water Rates

The current water rates consist of fixed charges by meter size and a variable charge for all water consumed. The variable charges apply to water consumption for each meter size for all customers. Table ES-1 and Table 3 provide the current water rates charged to water customers of the City.

### Proposed Water Rate Structure and Rates

The proposed water rate structure keeps the fixed charge structure by meter size and the uniform volume charge. A private fireline charge is proposed for those customers that receive the private fireline benefit from a direct water line from the water main to the building structure for fire suppression. The proposed rates increase from the current rates to the costs of service findings for each year. Table ES-1 presents the water rates to be implemented July 16, 2026 and for future years.

Table ES-1  
Proposed Water Rates

	Current Rate	July 16, 2026	July 16, 2027	July 16, 2028	July 16, 2029	July 16, 2030
<b>Meter Size</b>		<b>Fixed Charge (\$ per month)</b>				
5/8 thru 1 inch	\$15.69	\$16.16	\$16.84	\$17.55	\$18.29	\$19.06
1-1/2 inch	\$16.65	\$17.43	\$18.17	\$18.94	\$19.74	\$20.57
2 inch	\$19.28	\$20.94	\$21.83	\$22.76	\$23.72	\$24.73
3 inch	\$38.66	\$46.74	\$48.79	\$50.88	\$53.06	\$55.33
4 inch	\$45.84	\$56.30	\$58.78	\$61.29	\$63.92	\$66.67
<b>Fireline Size</b>		<b>Fixed Charge (\$ per month)</b>				
2 inch	n/a	\$4.40	\$4.60	\$4.81	\$5.03	\$5.26
3 inch	n/a	\$12.79	\$13.37	\$13.98	\$14.61	\$15.27
4 inch	n/a	\$27.26	\$28.50	\$29.79	\$31.14	\$32.55
6 inch	n/a	\$79.18	\$82.77	\$86.53	\$90.45	\$94.55
8 inch	n/a	\$168.74	\$176.39	\$184.39	\$192.75	\$201.50
10 inch	n/a	\$303.46	\$317.22	\$331.60	\$346.63	\$362.36
		<b>Variable Charge (\$ per HCF)</b>				
All Customers	\$2.15	\$2.23	\$2.33	\$2.44	\$2.55	\$2.66

## Water Bill Impacts

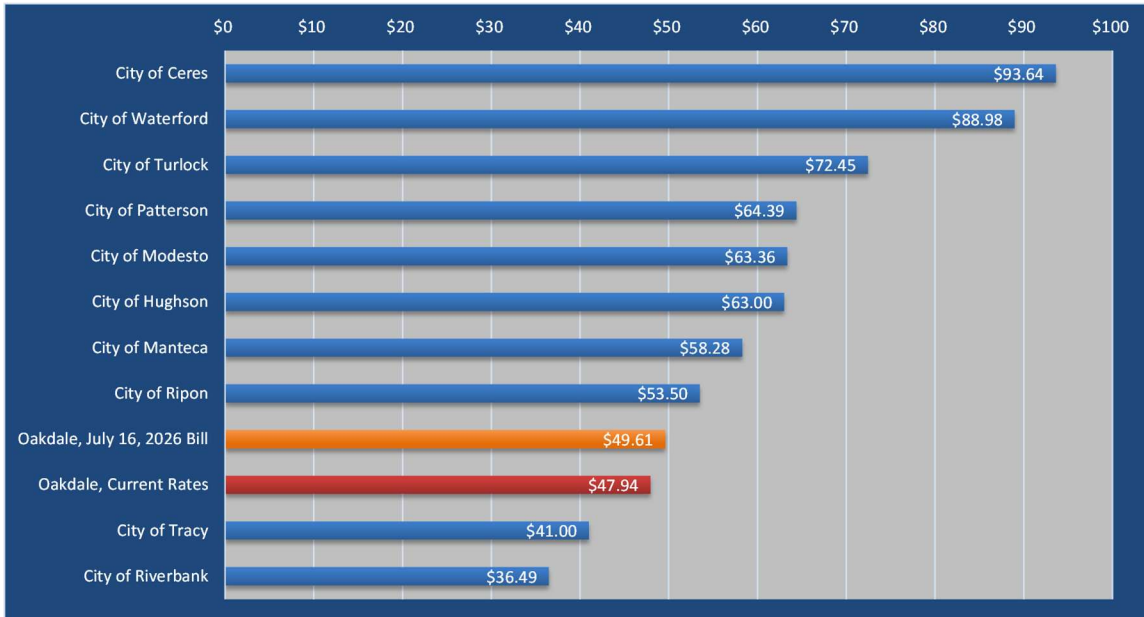
Table ES-2 presents the impacts to single-family residential customers from the implementation of the proposed July 16, 2026 water rates. For a single-family residential customer with a 1-inch or smaller meter size using the average consumption of 15 hundred cubic feet (HCF) monthly, the bill will increase from \$47.94 to \$49.61, an increase of \$1.67 per month, or 3.5 percent.

Table ES-2  
Comparison of Current Single-family Residential Monthly Bill with Proposed Monthly Bill Using July 2026 Water Rates

Description	Use HCF	Current Bill			Proposed Bill				
		Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
	0	\$15.69	\$0.00	\$15.69	\$16.16	\$0.00	\$16.16	\$0.47	3.0%
Very Low	5	\$15.69	\$10.75	\$26.44	\$16.16	\$11.15	\$27.31	\$0.87	3.3%
Low	10	\$15.69	\$21.50	\$37.19	\$16.16	\$22.30	\$38.46	\$1.27	3.4%
Median	12	\$15.69	\$25.80	\$41.49	\$16.16	\$26.76	\$42.92	\$1.43	3.4%
Average	15	\$15.69	\$32.25	\$47.94	\$16.16	\$33.45	\$49.61	\$1.67	3.5%
High	20	\$15.69	\$43.00	\$58.69	\$16.16	\$44.60	\$60.76	\$2.07	3.5%
Very High	30	\$15.69	\$64.50	\$80.19	\$16.16	\$66.90	\$83.06	\$2.87	3.6%
	50	\$15.69	\$107.50	\$123.19	\$16.16	\$111.50	\$127.66	\$4.47	3.6%

Chart ES-1 has been prepared to compare Oakdale’s average single-family residential water bill with those of other communities at the same consumption. The chart indicates that with the July 16, 2026 rates, an Oakdale single-family residential customer with a monthly consumption of 15 HCF will experience a bill that is in the lower range of the communities listed.

Chart ES-1  
Single-family Residential Monthly Water Bills Using 15 HCF  
For Rates in Effect March 2026



Note: Above table uses water rates in effect March 2026. Oakdale July 2026 bill is based on the rate structure and rates in Table ES-1.

## Wastewater Financial Plan

The revenue and revenue requirements of the wastewater system were identified and projected to create a forward looking financial plan for the wastewater enterprise. Annual costs include O&M expenses, capital improvement spending, and debt service payments. Future O&M expenses include the City’s FY 2025-26 Budget expenses for the first year of the financial plan and projections of expenses for future years through application of inflation factors to budget year expenses.

The City transfers an annual amount of \$1 million from the operating fund to the capital replacement fund to pay for wastewater system replacements. The annual replacement transfer amount is set by the City, and together with wastewater capital replacement fund reserves, funds are spent on capital projects identified in the CIP.

The City has outstanding debt from a California State Revolving Fund (SRF) loan with payments of about \$1,165,000 annually. The SRF loan will be retired in FY 2031-32.

The City has prepared a five-year CIP spending plan for the wastewater system. Major projects of the CIP include Percolation Pond Piping, Sludge Dewatering and Dewatering Press, and other replacements. CIP expenditures total slightly more than \$10.7 million over the next 6-year period. The CIP expenditures are planned to be funded through wastewater rate revenue, the annual replacement transfer, and capital reserves.

An analysis was performed on the wastewater financial plan that compared the projected revenue using the City's current wastewater rates with the projected revenue requirements of the wastewater system. The analysis indicated that the current level of revenue being received is not sufficient to meet future obligations during the Study period. Revenue increases of 8.6 percent annually for 3 years and 3 percent annually for 2 years are required to adequately meet future O&M expenses, capital spending, debt coverage requirements, and other financial planning criteria. The wastewater financial plan is presented in Table 25.

## Proposed Wastewater Rates

### Current Wastewater Rates

The current wastewater rates consist of monthly fixed charges for all customers and variable charges for Commercial and one high strength Industrial customer. Single-family residential and multifamily residential customers are charged a flat charge per dwelling unit per month. All commercial customers have a fixed charge per month; however, they are separated into standard strength and high strength customers with different variable charges. One Industrial customer (Sconza Candy Co.) has a variable charge that is based on the discharge Bio-chemical Oxygen Demand (BOD) strength of their wastewater.

### Proposed Wastewater Rate Structure and Rates

The proposed wastewater rate structure keeps the fixed charges and variable rates for residential and commercial customers but modifies the Sconza customer's variable charge to variable charges with separate charges for wastewater flow and strength, where flow is charged in terms of dollars per hundred cubic feet (\$/HCF) and strength is charged for BOD and Suspended Solids (SS) charges in terms of dollars per pound (\$/lb), respectively. The City currently pays for monitoring costs for Sconza that includes flow and BOD testing only. The City will need to expand its current monitoring of Sconza wastewater to include SS lab testing as well as SS testing at the treatment plant. Table ES-3 presents the wastewater rates for the next five years.

## Wastewater Bill Impacts

Table ES-4 presents the impacts to single-family residential customers from the implementation of the proposed July 16, 2026 wastewater rates. For a single-family residential customer, the bill will increase from \$61.27 to \$63.10, an increase of \$1.83 per month, or 3.0 percent.

Table ES-3  
Proposed Wastewater Rates

Classification	Current Rate	July 16, 2026	July 16, 2027	July 16, 2028	July 16, 2029	July 16, 2030
<b>Fixed Charge (\$ per month)</b>						
Residential	\$61.27	\$63.10	\$68.53	\$74.43	\$76.67	\$78.97
Multifamily Residential	61.27	29.86	32.43	35.22	36.28	37.37
Commercial Std Strength (C1)	38.10	85.73	93.09	101.08	104.11	107.22
Commercial High Strength (C2)	38.10	85.73	93.09	101.08	104.11	107.22
Church (CH)	38.10	63.10	68.53	74.43	76.67	78.97
Industrial (I)	28.64	85.73	93.09	101.08	104.11	107.22
Oakdale Unified Schools [1]	38.10	31.30	34.00	36.92	38.03	39.18
Industrial (Sconza)	\$28.64	\$85.73	\$93.09	\$101.08	\$104.11	\$107.22
<b>Variable Charge (\$ per HCF)</b>						
Commercial Std Strength (C1)	\$2.65	\$3.21	\$3.49	\$3.79	\$3.91	\$4.02
Commercial High Strength (C2)	\$4.23	\$7.47	\$8.12	\$8.82	\$9.10	\$9.37
Industrial (Sconza)	n/a	\$4.64	\$5.05	\$5.48	\$5.65	\$5.82
<b>Sconza Strength Charges (\$ per lb)</b>						
BOD (\$/lb)	n/a	\$0.7717	\$0.8393	\$0.9128	\$0.9416	\$0.9713
SS (\$/lb)	n/a	\$0.7337	\$0.7969	\$0.8655	\$0.8916	\$0.9185
<b>Industrial (Sconza)</b>						
	<u>From (mg/l)</u>	<u>To (mg/l)</u>				
	200	300	\$1.86			
	301	700	\$1.97			
	701	1,000	\$3.31			
	1,001	1,500	\$3.52			
	1,501	2,000	\$3.82			
	2,001	2,500	\$4.46			
	2,501	3,000	\$4.85			
	Over	3,000	\$6.44			

[1] For each 20 Average Daily Attendance (ADA).

Chart ES-2 has been prepared to compare Oakdale’s average single-family residential wastewater bill with those of other communities. The chart indicates that with the July 16, 2026 rate increase, Oakdale’s single-family residential wastewater bill is in the mid to upper range of the communities listed.

Chart ES-2  
 Single-family Residential Monthly Wastewater Bills  
 For Rates in Effect March 2026



Note: Above table uses wastewater rates in effect March 2026. Oakdale July 2026 bill is based on the rate structure and rates in Table ES-3.

# Introduction

The City of Oakdale (City) engaged Tuckfield & Associates to conduct a comprehensive Water and Wastewater Rate Study (Study) for its water and wastewater enterprise systems. This Study includes development of a pro forma statements of revenues and revenue requirements for each enterprise, analyses to determine the cost of providing service, and design of new water and wastewater rates for implementation.

## Background

The City of Oakdale, California is located in the north central portion of Stanislaus County approximately 15 miles northeast of the City of Modesto. The City provides water and wastewater service to a population of approximately 23,200 serving an area of about 5 square miles. The customer base consists of residential, commercial, retail, and public customers and three industrial customers. Water and wastewater service is identified in separate enterprise funds of the City.

The water utility obtains its water supply from groundwater sources supplied by eight wells. Water is delivered through a distribution system consisting of pump stations, storage tanks, and over 75 miles of water pipelines ranging in size from 2 to 16 inches.

Wastewater service is provided to City customers through a collection system consisting of sewer gravity mains and several lift stations. Wastewater is treated at the City-owned wastewater treatment plant. The wastewater treatment plant was upgraded in August 2011 and now provides tertiary treatment with a capacity of 3.04 million gallons per day (MGD).

## Objectives

The objectives of this Study are to (1) review the current and future financial status of each of the water and wastewater enterprises, (2) make any adjustments to the revenue being received to ensure that the financial obligations are being met now and in the future, including adequate reserves and debt service coverage, and (3) design water and wastewater rates that generate the required revenue while being fair and equitable for its customers. Additionally, the Study also sought to provide the following.

- Revenue sufficiency to fund operating and capital needs
- Appropriate levels of operating and capital reserves
- Cost of service allocations following appropriate standards, regulations, and guidelines
- Rates that are consistent with industry practice
- Ease of understanding and administration

## Scope of the Study

This Study includes the findings and recommendations of analyzing each of the water and wastewater enterprise's financial status and related CIP. Historical trends were analyzed from data supplied by the City showing the number of customers, volumes, revenue, and revenue requirements.

Revenue requirements of each enterprise include operation and maintenance expenses, routine capital outlays, replacement transfers, debt service, and additions to reserves. Changing conditions such as additional facilities, system growth, employee additions/reductions, and non-recurring maintenance expenditures are recognized. Inflation for ongoing expenditures is included to reflect cost escalation.

The financial plan and rates developed herein are based on funding of the capital improvement plan as stated as well as estimates of operation and maintenance expenses developed from information provided by the City. Deviation from the financial plans, construction cost estimates and funding requirements, major operational changes, or other financial policy changes that were not foreseen, may result in the need for lower or higher revenue than anticipated. It is suggested that the City conduct an update to the rate study at least every three to five years for prudent rate planning.

## Assumptions

Several assumptions were used to conduct the Study for the period FY 2025-26 to FY 2030-31. The assumptions included growth rates in customer accounts and annual consumption, expense inflation factors, and other assumptions used for projecting revenue and expenses. The financial planning assumptions are provided in Table 1.

Table 1  
Assumptions and Planning Factors

Description	Value
<b>Annual Account &amp; Demand growth [1]</b>	
Single-family Residential	0.5%
All Other	0.0%
<b>Interest earnings on fund reserves (annual)</b>	<b>3.5%</b>
<b>Cost Escalation</b>	
Personnel Services [2]	6.0%
Benefits	8.0%
Electrical Power	7.0%
Chemicals	3.0%
All Other Operations & Maintenance	5.0%
Capital	3.5%

[1] Annualized growth in accounts is based on discussions with staff.

[2] Personnel services growth in staffing, promotions, and inflation are expected to increase by 6 percent annually.

## City Reserve Policy

The City has reserve policy goals for maintaining reserves for water and wastewater operations and capital reserves. A reserve policy provides a basis to deal with unanticipated reductions in revenues, changes in the costs of providing services, fixed asset repair and replacement, natural disaster, and other issues. It also provides guidelines to maintain

the financial health and stability of the enterprise funds. The reserve types and the amount of the target reserves used in this Study are discussed below.

**Operating Reserve** – The purpose of the Operating Reserve is to provide working capital to meet cash flow needs during normal operations and support the operation, maintenance and administration of the utility. This reserve ensures that operations can continue should there be significant events that impact cash flows. The target balance to be maintained is 180 days (50 percent) of the current annual expense budget.

**Capital Replacement Reserve** – The Capital Replacement Reserve is used to fund future replacement of assets and capital projects. The target balance is set by the City equal to \$2 million for the water enterprise and \$1 million for the wastewater enterprise.

**Capital Facility Reserves** – The City collects a Facility Fee from new customers connecting to the water and wastewater systems. The fee is collected from new customers for future acquisitions, construction and/or completion of additions and improvements to the water and wastewater systems. The funds received are accumulated and/or are spent towards specific capital improvements for which the fee was created and are considered restricted reserves. There is no target amount established for these reserves.

**Capital Emergency** – The purpose of the emergency capital reserve is to provide protection against catastrophic loss and to provide a cushion for inaccuracy in the long-range replacement program. The Target balance is 3 percent of the value of capital assets.

## City Beginning Reserve Balances and Reserve Targets

As of June 30, 2025, the City beginning fund unrestricted reserve balances are listed in the table below. The reserves are used in developing the financial plans for the water and wastewater utilities. Target Reserves are also provided in the table.

Table 2  
June 30, 2025 Beginning Reserve Balances and Reserve Targets

Reserve Type	Reserve Balance	Reserve Target
<b>Water Utility</b>		
Operating Reserve	\$1,209,756	\$2,275,000
Capital Replacement	\$10,110,288	\$2,000,000
Capital Emergency	\$0	\$300,000
Total	\$11,320,044	\$4,575,000
<b>Wastewater Utility</b>		
Operating Reserve	\$1,194,924	\$2,704,000
Capital Replacement	\$8,017,068	\$1,000,000
Capital Emergency	\$0	\$700,000
Total	\$9,211,992	\$4,404,000

# Water Financial Planning

Financial planning for the water system includes identifying and projecting revenues and revenue requirements for a five-year planning period. Estimates of revenue from various sources are compared with the projected revenue requirements of the water system. This comparison allows the review of the adequacy of the existing revenue to meet annual obligations and provide the basis for any rate adjustments. New water rates and charges are created to recover all of the City's annual operating and capital costs associated with the water system.

This section discusses current water rates, current user classifications, projected revenues and revenue requirements, capital improvement expenditures and financing sources, and proposed revenue adjustments.

## Current Water Rates

The current water rates consist of fixed and variable charges to residential and non-residential customers. All customers are charged a monthly fixed charge by meter size. Additionally, customers are charged a uniform rate for all consumption. Table 3 provides the current rates of the water system.

Table 3  
Current Water Rates

Charge Type		Current Water Rates
Meter Size		Fixed Charge
inches		\$/mo
5/8 thru 1		\$15.69
1.5		\$16.65
2		\$19.28
3		\$38.66
4		\$45.84
Consumption		Variable Rate
All Consumption (\$/HCF)		\$2.15

## Water User Classifications

### Number of Customers

The City currently classifies water customers as Single-family Residential (SFR), Multifamily Residential (MFR, including apartments, condominium, and mobile home), Commercial, and Irrigation. SFR customers account for about 90 percent of the total customers served by the water system. Growth is projected to occur only in SFR accounts at a rate of 0.50 percent annually or 36 accounts added each year, following the assumptions listed in Table 1. Table 4 provides the historical and projected number of customers by classification.

Table 4  
Historical and Projected Water Customers by Classification

Customer Class	Historical			Projected			
	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
Single-family Residential	7,251	7,287	7,323	7,360	7,397	7,434	7,471
Multifamily Residential	166	166	166	166	166	166	166
Commercial	567	567	567	567	567	567	567
Irrigation	252	252	252	252	252	252	252
<b>Total Accounts</b>	<b>8,236</b>	<b>8,272</b>	<b>8,308</b>	<b>8,345</b>	<b>8,382</b>	<b>8,419</b>	<b>8,456</b>
<b>Number of Dwelling Units</b>							
Single-family Residential	7,251	7,287	7,323	7,360	7,397	7,434	7,471
Multifamily Residential	1,268	1,268	1,268	1,268	1,268	1,268	1,268
<b>Fire Protection</b>							
Public Fire Protection	755	755	755	755	755	755	755
Private Fire Protection	55	55	55	55	55	55	55
<b>Total Fire Protection Hydrants</b>	<b>810</b>	<b>810</b>	<b>810</b>	<b>810</b>	<b>810</b>	<b>810</b>	<b>810</b>

[1] Accounts are forecast to increase based on the assumed growth rate of 0.5% annually.

## Number of Water Meters

Table 5 provides a summary of the number of current and projected meters by size. The majority of customers have 1-inch or smaller meters installed at the service location. The 1-inch meter is the minimum size for new meter installations for the City's customer base and the customer growth is projected to occur in this meter size.

Table 5  
Historical and Projected Number of Water Meters

Description	Historical			Projected			
	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
<b>Active Water Accounts [1]</b>							
5/8 thru 1 inch	7,802	7,838	7,874	7,911	7,947	7,984	8,021
1-1/2 inch	122	122	122	122	122	122	123
2 inch	265	265	265	265	265	265	265
3 inch	26	26	26	26	26	26	26
4 inch	21	21	21	21	21	21	21
<b>Total Accounts</b>	<b>8,236</b>	<b>8,272</b>	<b>8,308</b>	<b>8,345</b>	<b>8,382</b>	<b>8,419</b>	<b>8,456</b>
<b>Private Fire Protection</b>							
5/8 & 3/4 inch	15	15	15	15	15	15	15
2 inch	18	18	18	18	18	18	18
4 inch	2	2	2	2	2	2	2
6 inch	8	8	8	8	8	8	8
8 inch	10	10	10	10	10	10	10
10 inch	2	2	2	2	2	2	2
<b>Private Protection Accounts</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>

[1] Historical accounts for FY 24-25 are provided through City billing records. Excludes fire protection.

## Water Sales Volumes

Table 6 provides the historical and projected water sales volume by customer classification. Water sales volumes were projected by recognizing the growth in the number of accounts and the FY 2024–25 use per customer.

Table 6  
Historical and Projected Water Consumption (in HCF)

Description	Historical		Projected <sup>[1]</sup>				
	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
Single-family Residential	1,285,505	1,291,887	1,298,270	1,304,829	1,311,389	1,317,948	1,324,508
Multifamily Residential	109,620	109,620	109,620	109,620	109,620	109,620	109,620
Commercial	207,956	207,956	207,956	207,956	207,956	207,956	207,956
Irrigation	376,459	376,459	376,459	376,459	376,459	376,459	376,459
<b>Total Projected Consumption</b>	<b>1,979,540</b>	<b>1,985,922</b>	<b>1,992,305</b>	<b>1,998,864</b>	<b>2,005,424</b>	<b>2,011,983</b>	<b>2,018,543</b>

[1] Forecast assumes that the use per customer from FY 24-25 is applied to the number of customers.

## Water Financial Plan

The financial plan provides a means of analyzing the revenue and revenue requirements of the water system, the ability to fund on-going O&M expenses and capital infrastructure requirements, and the impact on reserves. This section of the Report discusses the projection of revenue, O&M expenses, capital improvement needs of the water system and its financing, and revenue adjustments needed to maintain a sustainable water enterprise.

### Revenues

The City receives operating and other revenue from several sources. Operating revenue is received from rates and charges for water service. Revenue from water rates is projected by applying the current water rates to the projected number of accounts and consumption volume and is shown in Tabel 7. Miscellaneous revenue received includes penalties/late fees, water turn on fees, interest income and other sources.

Table 7  
Projected Rate-based Water Revenue Using Current Rates

Description	Projected					
	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
<b>Water Service Revenues</b>						
Fixed Charges [1]	\$1,585,038	\$1,591,816	\$1,598,783	\$1,605,749	\$1,612,715	\$1,619,693
Variable Charges [2]	4,269,732	4,283,456	4,297,557	4,311,661	4,325,763	4,339,867
<b>Total Revenues From Current Rates</b>	<b>\$5,854,770</b>	<b>\$5,875,272</b>	<b>\$5,896,340</b>	<b>\$5,917,410</b>	<b>\$5,938,478</b>	<b>\$5,959,560</b>

[1] FY 25-26 and forecast years' revenue calculated by multiplying current water rate by the number of projected meters.

[2] FY 25-26 and forecast years' revenue calculated by multiplying projected water sales volume by the current variable rates.

## Revenue Requirements

Revenue requirements of the water system include O&M expenses, annual replacement transfer, and CIP spending. Each of these items are discussed below.

### Operation and Maintenance Expense

O&M expenses are an on-going obligation of the water system and such costs are normally met from water service revenue. O&M expenses include the cost to operate and maintain the water supply, reservoirs, and distribution system facilities. Costs also include technical services and other general and administrative expenses.

O&M expenses have been projected recognizing the major expense categories of personnel services, electric power expense, chemicals, all other expenses, and capital outlay. Projections of O&M expenses increase annually following the inflation assumptions from Table 1. Table 8 provides a summary of the O&M expenses for the Study period.

Table 8  
Budget and Projected Water Operation and Maintenance Expenses

Acct Description	Budget		Projected			
	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
<b>Waterline Maintenance</b>						
Salaries and Benefits	\$1,665,418	\$1,779,208	\$1,900,934	\$2,031,164	\$2,170,501	\$2,319,592
Maintenance	1,605,950	1,701,248	1,802,363	1,909,653	2,023,513	2,144,351
Interdepartmental Charges	154,600	162,330	170,448	178,970	187,918	197,314
Total Waterline Maintenance	\$3,425,968	\$3,642,786	\$3,873,745	\$4,119,787	\$4,381,932	\$4,661,257
<b>Waterline Administration</b>						
Salaries and Benefits	\$501,778	\$535,580	\$571,706	\$610,317	\$651,592	\$695,714
Administration	564,050	592,493	622,377	653,770	686,753	721,405
Capital Outlay	6,800	7,140	7,498	7,873	8,266	8,679
Interdepartmental Charges	51,802	51,802	51,802	51,802	51,802	51,802
Total Waterline Administration	\$1,124,430	\$1,187,015	\$1,253,383	\$1,323,762	\$1,398,413	\$1,477,600
Total Operation and Maintenance Expenses	\$4,550,398	\$4,829,801	\$5,127,128	\$5,443,549	\$5,780,345	\$6,138,857

### Annual Replacement Transfer

The City plans for water line replacements in its capital planning and these replacements occur from time to time during the fiscal year. An annual amount is transferred from the operating fund to the capital replacement fund to aid in funding these replacements. The annual amount is set by the City at \$2 million.

### Water Capital Improvement Program

The City has developed a CIP provided in Table 9 that lists capital expenditures for FY 2025-26 through FY 2030-31. Over this period the City projects that it will spend approximately \$10.5 million. The major improvements include Well #11, Well #12, and 1<sup>st</sup> Street G to J construction. Other projects mostly include water line replacements. The CIP is funded through water rate revenue, the annual replacement transfer, and capital reserves.

Table 9  
Water Capital Improvement Program

Description	Projected					
	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
<b>Current Capital Improvement Projects (CIP) [1]</b>						
1st (G to J) Construction ATP	\$1,136,371	\$0	\$0	\$0	\$0	\$0
E. B Street/Jeremy & Linda Ct -(Design /Const))	200,000	-	-	-	-	-
N. 8th Ave (C St to D St) - Design/Const (Water & S	150,000	-	-	-	-	-
S. Third (F St to G St.) Design	15,000	-	-	-	-	-
Well 6 Rehab	150,000	-	-	-	-	-
SCADA Upgrades	92,502	95,700	107,100	110,900	114,800	-
Surface Water Use Assessment	100	-	-	-	-	-
Well #5 Discharge (Design)	20,000	25,900	-	-	-	-
PW Corp Yard Master Plan (Design)	25,000	25,900	-	-	-	-
Well 12	900,000	562,100	-	-	-	-
Cedar Place	237,276	-	-	-	-	-
Water Conservation	215,941	-	-	-	-	-
Gilbert Avenue (G St to J St) Const	-	414,000	-	-	-	-
E. B Street/Jeremy & Linda Ct - Const	-	181,100	-	-	-	-
Well #4 Upgrades	-	77,600	-	-	-	-
Surface Water Assessment	-	155,300	-	-	-	-
Well 11	-	713,700	-	-	-	-
PS Office Building - Const	-	274,400	-	-	-	-
West J (Gilbert to Davitt) Const.	-	-	192,800	-	-	-
Stanislaus Ave (F Street to Olive Street) Design/ Cor	-	-	192,800	-	-	-
W. B Street (Laurel to 1st) Const	-	-	133,900	-	-	-
Fair Oaks Ct (to Oak St)	-	-	107,100	-	-	-
Well # 10 Generator	-	-	214,200	-	-	-
PW Corp Yard Generator	-	-	26,800	-	-	-
Church F-J Const	-	-	-	510,000	-	-
Lambuth Avenue (Poplar St to Olive St) Const	-	-	-	304,900	-	-
North 5th (A to D) Const	-	-	-	404,700	-	-
Well # 9 Rehab	-	-	-	221,700	-	-
Stanislaus Ave (Olive to Poplar) Const.	-	-	-	-	183,600	-
Pleasanton Place (Warrington West) Const	-	-	-	-	440,600	-
Pleasanton Place (Lambuth to Maxwell) Const	-	-	-	-	352,300	-
1st (E to F) Const	-	-	-	-	229,500	-
Stanislaus (Olive to Poplar) Const	-	-	-	-	183,600	-
Well # 6 Rehab	-	-	-	-	126,200	-
Hinkley & H Const	-	-	-	-	-	323,100
Allen (Between Oak & Harrington) Const	-	-	-	-	-	285,000
Well # 7 Rehab	-	-	-	-	-	118,800
<b>Total Water CIP</b>	<b>\$3,142,190</b>	<b>\$2,525,700</b>	<b>\$974,700</b>	<b>\$1,552,200</b>	<b>\$1,630,600</b>	<b>\$726,900</b>

[1] CIP Source: FY 25-26 City provided CIP.

## Water Financial Plan

A financial plan has been prepared that includes the revenues and revenue requirements that were identified for the water system and is presented West in Table 10. The plan incorporates specific financial planning criteria to provide guidance to maintain the health of the water utility on an on-going basis. The criteria included the following.

- Generate positive levels of income in each year of the Study period
- Maintain operating and capital reserves at or greater than target levels
- Maintain debt service coverage ratios at or greater than the minimum required
- Meet annual capital replacement spending from the water rates and charges

## Proposed Revenue Adjustments

Table 10 provides the annual revenue increases recommended to meet the financial planning criteria for the Study period. The financial plan indicates that 4.4 percent revenue increases are proposed beginning July 16, 2026 and continuing on each July through July 16, 2030. The increases are necessary to meet the planning criteria discussed above to maintain a sustainable water enterprise.

Table 10  
Water Financial Plan

Description	Projected					
	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
<b>Proposed Revenue Increase (July 16)</b>		<b>4.4%</b>	<b>4.4%</b>	<b>4.4%</b>	<b>4.4%</b>	<b>4.4%</b>
<b>Water Operations</b>						
<b>Revenues</b>						
Rate-based Revenues, Existing Rates [1]	\$5,854,770	\$5,875,272	\$5,896,340	\$5,917,410	\$5,938,478	\$5,959,560
Total Additional Water Sales Revenue [2]	-	258,512	530,293	815,970	1,116,200	1,431,670
Miscellaneous Income	113,000	113,000	113,000	113,000	113,000	113,000
Interest Income [3]	369,141	327,446	325,201	339,964	343,122	360,426
<b>Total Revenues</b>	<b>\$6,336,911</b>	<b>\$6,574,230</b>	<b>\$6,864,834</b>	<b>\$7,186,344</b>	<b>\$7,510,800</b>	<b>\$7,864,656</b>
<b>Expenses</b>						
O&M and Capital Outlay	\$4,550,398	\$4,829,801	\$5,127,128	\$5,443,549	\$5,780,345	\$6,138,857
Replacement Transfer (Depr)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<b>Total Expenses</b>	<b>\$6,550,398</b>	<b>\$6,829,801</b>	<b>\$7,127,128</b>	<b>\$7,443,549</b>	<b>\$7,780,345</b>	<b>\$8,138,857</b>
<b>Net Funds Available Before Capital</b>	<b>(\$213,487)</b>	<b>(\$255,571)</b>	<b>(\$262,294)</b>	<b>(\$257,205)</b>	<b>(\$269,545)</b>	<b>(\$274,201)</b>
<b>Water Capital</b>						
<b>Capital Sources of Funds</b>						
Capital Replacement Transfer	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Unrealized Gains / (Losses)	15,000	15,000	15,000	15,000	15,000	15,000
<b>Total Capital Sources</b>	<b>\$2,015,000</b>	<b>\$2,015,000</b>	<b>\$2,015,000</b>	<b>\$2,015,000</b>	<b>\$2,015,000</b>	<b>\$2,015,000</b>
<b>Capital Uses of Funds</b>						
Capital Improvement Program [4]	\$3,142,190	\$2,525,700	\$974,700	\$1,552,200	\$1,630,600	\$726,900
Machinery and Equipment	61,250	15,000	15,000	15,000	15,000	15,000
Computer and Related Equipment	29,379	5,000	5,000	5,000	5,000	5,000
Fueling and Fleet Maintenance Software	35,000	5,000	5,000	5,000	5,000	5,000
Vehicles	80,000	45,000	45,000	45,000	45,000	45,000
<b>Total Capital Uses</b>	<b>\$3,347,819</b>	<b>\$2,595,700</b>	<b>\$1,044,700</b>	<b>\$1,622,200</b>	<b>\$1,700,600</b>	<b>\$796,900</b>
<b>Total Capital Sources Less Uses</b>	<b>(\$1,332,819)</b>	<b>(\$580,700)</b>	<b>\$970,300</b>	<b>\$392,800</b>	<b>\$314,400</b>	<b>\$1,218,100</b>
<b>Net Funds Available After Capital</b>	<b>(\$1,546,306)</b>	<b>(\$836,271)</b>	<b>\$708,006</b>	<b>\$135,595</b>	<b>\$44,855</b>	<b>\$943,899</b>
<b>Available Reserves</b>						
Beginning available cash [5]	\$11,320,044	\$9,773,738	\$8,937,467	\$9,645,473	\$9,781,068	\$9,825,923
Additions (reductions)	(1,546,306)	(836,271)	708,006	135,595	44,855	943,899
<b>Ending available reserves</b>	<b>\$9,773,738</b>	<b>\$8,937,467</b>	<b>\$9,645,473</b>	<b>\$9,781,068</b>	<b>\$9,825,923</b>	<b>\$10,769,822</b>
Target Reserves [6]	\$4,575,000	\$4,715,000	\$4,864,000	\$5,022,000	\$5,190,000	\$5,369,000
Above (below) Target	\$5,198,738	\$4,222,467	\$4,781,473	\$4,759,068	\$4,635,923	\$5,400,822

[1] Projected using the existing rates.

[2] Additional revenue from proposed rate adjustments.

[3] Interest earnings on the average fund balance calculated at 3.50%.

[4] From Table 9.

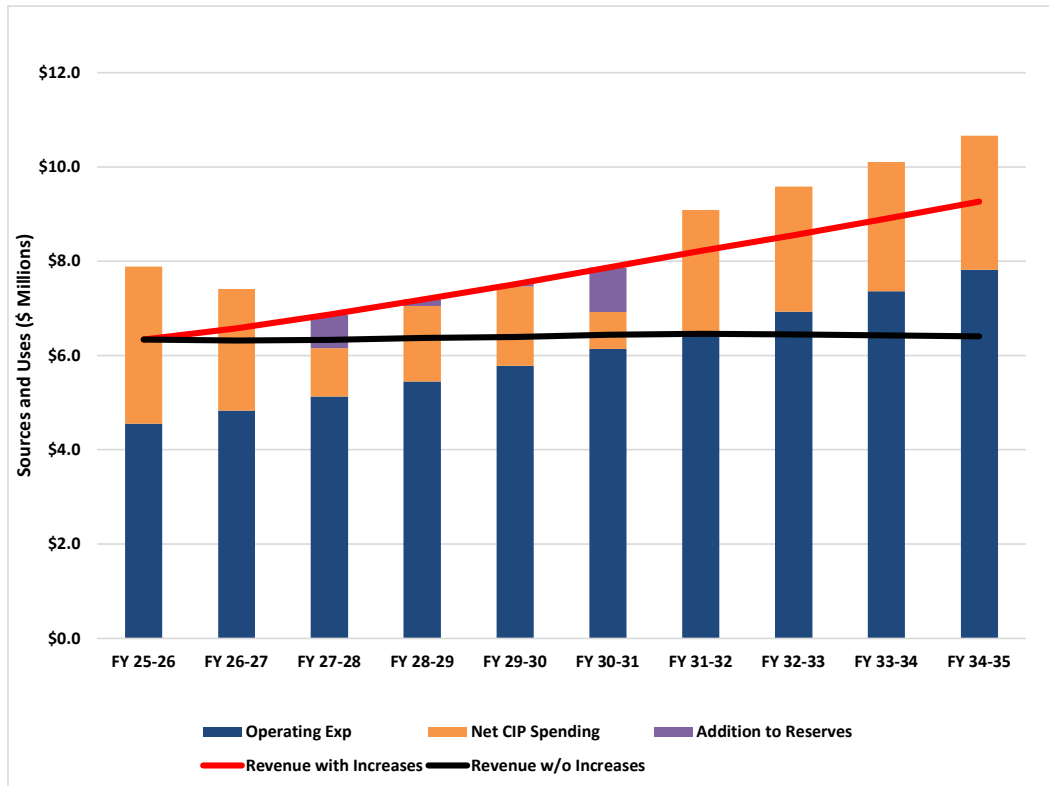
[5] The available beginning FY 25-26 reserves balance provided by City.

[6] Target reserve includes unrestricted operating, capital replacement, and emergency capital reserves.

A graphical depiction of the revenue and revenue requirements from Table 10 are presented in Figure 1 and has been expanded with additional analyses to include a 10-year period. The revenue requirements consist of O&M expenses (blue column), capital spending (orange column), and contribution to reserves (purple column). Revenue using the current rates is shown as the black line while revenue with revenue adjustments is shown as the red line. Revenue increases beyond FY 2030-31 are assumed to include 4.4 percent annual increases.

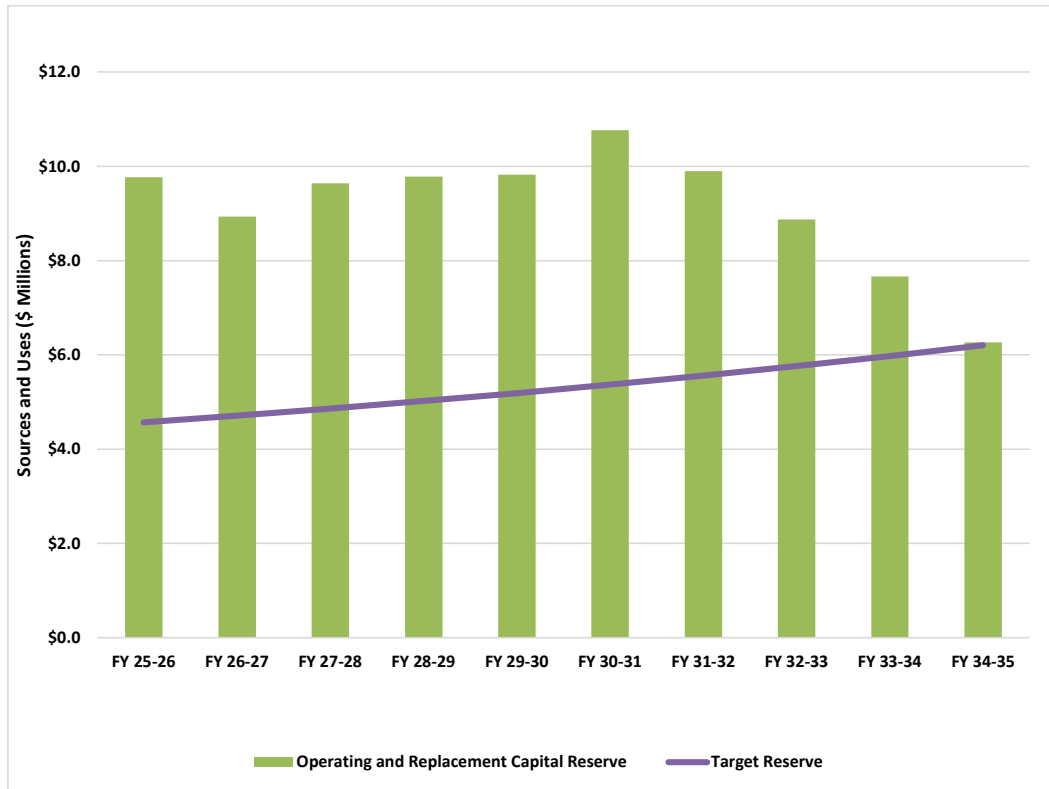
Figure 3 shows that the proposed revenue increases will allow the water enterprise to meet annual O&M expenses, net capital spending needs, and maintain reserves as shown further below. When the red line is above revenue requirements, it indicates that the District is accumulating reserves and is shown as the purple column.

Figure 1  
Water Financial Plan  
Comparison of Revenue with Revenue Requirements



The City’s reserves at the end of each fiscal year are compared with Target Reserves shown in Figure 2. The green columns represent the end of year reserves level while the purple line indicates the Target Reserve level. The figure shows that the reserve balance is above the Target reserve level in all years of the 10-year period and meets the Target Reserve in last year of the financial plan.

Figure 2  
Comparison of Water End of Year Reserves with Target Reserves



## Water Cost of Service

This section of the report discusses how the water system’s operating and capital costs are allocated for use to design water rates. Establishing rates in California requires that the agency responsible for imposing property-related fees create a nexus between the cost of providing service and the rates to be imposed.

### Industry Methodology

This Study uses methodologies from the American Water Works Association (AWWA) to allocate costs in an appropriate manner. AWWA is an industry trade organization providing guidance on operations and management of water utilities. General principles are provided to assist agencies with the design of water rates such that the rates may be consistent with local requirements while also recognizing state laws and legal framework. The AWWA guidelines have been used to conduct this Study and have been used in the design of the City’s water rates while also following Proposition 218.

The annual costs of providing water service from the financial plan are allocated to cost components according to industry standards provided in the American Water Works Association (AWWA) Manual M1. The methodology provides the basis to design rates to generate adequate revenue to meet estimated annual revenue requirements

from the financial plan. Costs are then recovered through the most appropriate revenue mechanism, including fixed charges and variable charges.

## Costs of Service to be Allocated

The annual costs of providing service consist of O&M expenses and capital costs of the water system. O&M expenses include costs related to water distribution, maintenance of the facilities, and general and administrative costs. Capital costs include annual capital improvement and replacement spending discussed in the financial plan. Annual costs are partially offset from revenue generated from other sources such as interest income and miscellaneous sources. Table 11 provides the annual costs to be recovered from water rates.

Table 11  
Annual Costs of Providing Water Service

Description	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
<b>Operating Expense</b>					
O&M and Capital Outlay	\$4,829,801	\$5,127,128	\$5,443,549	\$5,780,345	\$6,138,857
Subtotal	\$4,829,801	\$5,127,128	\$5,443,549	\$5,780,345	\$6,138,857
<b>Capital Spending</b>					
Replacement Transfer (Depr)	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Capital Improvement Program	2,525,700	974,700	1,552,200	1,630,600	726,900
Machinery and Equipment	15,000	15,000	15,000	15,000	15,000
Computer and Related Equipment	5,000	5,000	5,000	5,000	5,000
Fueling and Fleet Maintenance Software	5,000	5,000	5,000	5,000	5,000
Vehicles	45,000	45,000	45,000	45,000	45,000
Subtotal	\$4,595,700	\$3,044,700	\$3,622,200	\$3,700,600	\$2,796,900
<b>Met From Other Sources</b>					
Miscellaneous Income	(\$113,000)	(\$113,000)	(\$113,000)	(\$113,000)	(\$113,000)
Interest Income	(327,446)	(325,201)	(339,964)	(343,122)	(360,426)
Capital Replacement Transfer	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Unrealized Gains / (Losses)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Subtotal	(\$2,455,446)	(\$2,453,201)	(\$2,467,964)	(\$2,471,122)	(\$2,488,426)
<b>Adjustments</b>					
Adjustments for Annual Cash Balance	(\$836,271)	\$708,006	\$135,595	\$44,855	\$943,899
Subtotal	(\$836,271)	\$708,006	\$135,595	\$44,855	\$943,899
<b>Total Costs to be Recovered from Rates</b>	<b>\$6,133,784</b>	<b>\$6,426,633</b>	<b>\$6,733,381</b>	<b>\$7,054,677</b>	<b>\$7,391,230</b>

## Cost Allocation to Water Cost Component

To design rates for the water system, annual costs need to first be allocated to water system cost component based on the operating characteristics and design of the water system facilities. Cost components include Base, Peaking, Customer, and Direct Fire Protection. Cost allocations consider the average quantity of water consumed as well as the peak rate at which water is consumed. The water system is designed to serve average and peak demands, and

costs that are related to serving average and peak demands are allocated in a manner such that they may be recovered appropriately.

A five-year average of the operating and capital costs of the water system's financial plan are assigned to each of the cost components. The costs are assigned based on the functional operation and design of the facilities. The result is a percentage allocation of the annual costs of service to each cost component which is then applied to the annual costs to be recovered (revenue requirement) from Table 11 for each of the five years for which rates are being designed. A detailed allocation is provided in Appendix A-1. The total cost to be recovered from the users of the water system by cost component for each year of the Study is summarized in Table 12.

Table 12  
Summary of Annual Water Costs of Service to Cost Component

Year	Total Revenue Requirement	Base	Peaking		Customer		Direct Fire Protection
			Max Day	Max Hour	Meters/Serv	Customer	
FY 26-27	\$6,133,784	\$2,020,311	\$1,350,586	\$1,832,483	\$481,710	\$332,067	\$116,627
FY 27-28	6,426,633	2,116,769	1,415,067	1,919,972	504,708	347,922	122,195
FY 28-29	6,733,381	2,217,804	1,482,610	2,011,614	528,798	364,528	128,027
FY 29-30	7,054,677	2,323,630	1,553,355	2,107,602	554,031	381,922	134,137
FY 30-31	\$7,391,230	\$2,434,482	\$1,627,460	\$2,208,148	\$580,462	\$400,142	\$140,536

## Water Rate Design

The cost of service analyses described in the previous section provide the basis for water rate design. The emphasis on the design of rates is to achieve fairness and ensure that each customer class pays its fair share of costs. Rates should be simple to administer, easy to understand, and comply with regulatory requirements. This section describes how water rates and charges are designed and includes the proposed schedule of water rates for implementation.

### Proposed Rate Structure

The proposed water rates use the current rate structure such that the fixed charge by meter size and the variable rate is retained for all customers. The design of the proposed fixed charges and variable charges are discussed below.

### Proposed Fixed Charges

The proposed fixed charges recover the Meters and Services and Customer costs of service identified from Table 12 and recover allocated public fire protection costs identified from Appendix A-2. Meters and Services costs are recovered based on meters and service ratios provided by AWWA while Customer costs are recovered based on the number of bills issued. Fire protection costs are determined based on reserve capacity in the water system for such fire protection purposes and are a portion of the Peaking costs which are further allocated between public and private fire protection as shown in Appendix A-2. Public fire protection is available to all customers and these costs are recovered based on the number of bills issued. Tables 13 below presents the design of the proposed monthly fixed

charges for water customers for FY 2026-27. The proposed fixed charges generate about 27 percent of the revenue from water rates.

Table 13  
Design of FY 2026-27 Water Fixed Charges

Customer Service Cost		FY 26-27
Customer Cost		\$332,067
Number of Bills		99,696
Customer Cost per Unit		\$3.33
Public Fire Protection		\$834,032
Number of Bills		99,696
Public Fire Protection Cost per Unit		\$8.37
Meters and Services Cost		FY 26-27
Meters and Services Cost		\$481,710
Number of Equivalent Meters & Services		107,929
Meters and Services Cost per Unit		\$4.46
Base Fixed Charge - 5/8" thru 1"		\$16.16

Fixed charges for meter sizes greater than 1-inch are increased as shown below in Table 14 for FY 2026-27 and reflect changes in the Meter and Services Charge from application of meter and service cost ratios.

Table 14  
Design of FY 2026-27 Water Fixed Charges by Meter Size

Meter Size	Meter & Service Ratio	Meters & Services Charge	Fire Protection Charge	Customer Charge	Total Monthly Charge
inches					
5/8 thru 1 inch	1.00	\$4.46	\$8.37	\$3.33	\$16.16
1-1/2 inch	1.29	\$5.73	\$8.37	\$3.33	\$17.43
2 inch	2.07	\$9.24	\$8.37	\$3.33	\$20.94
3 inch	7.86	\$35.04	\$8.37	\$3.33	\$46.74
4 inch	10.00	\$44.60	\$8.37	\$3.33	\$56.30

The fixed charges for future years are designed in the same manner as discussed above and are presented in Table 15.

Table 15  
Proposed Water Fixed Charges

	Current Rate	July 16, 2026	July 16, 2027	July 16, 2028	July 16, 2029	July 16, 2030
<b>Meter Size</b>	<b>Fixed Charge (\$ per month)</b>					
5/8 thru 1 inch	\$15.69	\$16.16	\$16.84	\$17.55	\$18.29	\$19.06
1-1/2 inch	\$16.65	\$17.43	\$18.17	\$18.94	\$19.74	\$20.57
2 inch	\$19.28	\$20.94	\$21.83	\$22.76	\$23.72	\$24.73
3 inch	\$38.66	\$46.74	\$48.79	\$50.88	\$53.06	\$55.33
4 inch	\$45.84	\$56.30	\$58.78	\$61.29	\$63.92	\$66.67

### Proposed Private Fire Protection Fixed Charges

Annual costs allocated to Fire Protection include direct costs and an allocation of peaking costs as shown in Appendix A-2 for FY 2026-27. The total is further separated into Public and Private Fire Protection costs. Annual costs for years beyond FY 2026-27 are allocated in an equivalent manner.

Public Fire Protection costs are included in the monthly service charges as shown in Table 13. Private Fire Protection costs are recovered from those customers that receive the direct fire protection benefit. The monthly cost by equivalent 6-inch hydrant size is provided in Table 16 and the monthly private fire protection charges are designed as shown in Table 17.

Table 16  
Design of Private Fire Protection Fixed Charges

Fire Protection Cost	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
Public Fire Protection	\$834,032	\$872,133	\$911,968	\$953,617	\$997,195
Public Fire Protection 6-inch Eq. Hydrants	9,060	9,060	9,060	9,060	9,060
Private Fire Protection	\$36,799	\$38,468	\$40,212	\$42,035	\$43,942
Private Fire Protection 6-inch Eq. Hydrants	465	465	465	465	465
Private Fire Protection (\$ per 6-inch Eq.)	\$79.18	\$82.77	\$86.53	\$90.45	\$94.55

Table 17  
Design of Private Fire Protection Fixed Charges by Fireline Size

Fireline Size	Fireline Ratio	July 16, FY 26-27	July 16, FY 27-28	July 16, FY 28-29	July 16, FY 29-30	July 16, FY 30-31
inches						
2 inch	0.06	\$4.40	\$4.60	\$4.81	\$5.03	\$5.26
3 inch	0.16	\$12.79	\$13.37	\$13.98	\$14.61	\$15.27
4 inch	0.34	\$27.26	\$28.50	\$29.79	\$31.14	\$32.55
6 inch	1.00	\$79.18	\$82.77	\$86.53	\$90.45	\$94.55
8 inch	2.13	\$168.74	\$176.39	\$184.39	\$192.75	\$201.50
10 inch	3.83	\$303.46	\$317.22	\$331.60	\$346.63	\$362.36

## Proposed Variable Charges

Variable charges are designed to recover the Base and Peaking (less fire protection) costs for all customers. The proposed variable charges are designed to be a uniform volume charge that applies to all customers. The design of the proposed variable charges for FY 2026-27 and future years is presented in Table 18.

Table 18  
Design of Water Uniform Volume Charges

Description	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
Base Cost	\$2,020,311	\$2,116,769	\$2,217,804	\$2,323,630	\$2,434,482
Peaking Cost less Fire Protection	2,428,865	2,546,633	2,670,070	2,799,442	2,935,007
<b>Total Costs</b>	<b>\$4,449,176</b>	<b>\$4,663,402</b>	<b>\$4,887,874</b>	<b>\$5,123,072</b>	<b>\$5,369,489</b>
Units of Service (HCF)	1,992,305	1,998,864	2,005,424	2,011,983	2,018,543
<b>Uniform Volume Charge (\$/HCF)</b>	<b>\$2.23</b>	<b>\$2.33</b>	<b>\$2.44</b>	<b>\$2.55</b>	<b>\$2.66</b>

## Proposed Water Rates

Table 19 presents the proposed fixed charges and variable charges for the water system for the next five years. The table includes the current water rates and the proposed rates developed in the tables above for implementation beginning on July 16, 2026 and each July 16 through July 16, 2030.

Table 19  
Proposed Water Rates

	Current Rate	July 16, 2026	July 16, 2027	July 16, 2028	July 16, 2029	July 16, 2030
<b>Meter Size</b>		<b>Fixed Charge (\$ per month)</b>				
5/8 thru 1 inch	\$15.69	\$16.16	\$16.84	\$17.55	\$18.29	\$19.06
1-1/2 inch	\$16.65	\$17.43	\$18.17	\$18.94	\$19.74	\$20.57
2 inch	\$19.28	\$20.94	\$21.83	\$22.76	\$23.72	\$24.73
3 inch	\$38.66	\$46.74	\$48.79	\$50.88	\$53.06	\$55.33
4 inch	\$45.84	\$56.30	\$58.78	\$61.29	\$63.92	\$66.67
<b>Fireline Size</b>		<b>Fixed Charge (\$ per month)</b>				
2 inch	n/a	\$4.40	\$4.60	\$4.81	\$5.03	\$5.26
3 inch	n/a	\$12.79	\$13.37	\$13.98	\$14.61	\$15.27
4 inch	n/a	\$27.26	\$28.50	\$29.79	\$31.14	\$32.55
6 inch	n/a	\$79.18	\$82.77	\$86.53	\$90.45	\$94.55
8 inch	n/a	\$168.74	\$176.39	\$184.39	\$192.75	\$201.50
10 inch	n/a	\$303.46	\$317.22	\$331.60	\$346.63	\$362.36
		<b>Variable Charge (\$ per HCF)</b>				
All Customers	\$2.15	\$2.23	\$2.33	\$2.44	\$2.55	\$2.66

## Bill Impact Analysis

An impact analysis was performed to evaluate the change in Oakdale single-family customer bills that would occur from the implementation of the proposed water rates for the July 16, 2026 rate increase. The impacts are provided in Table 20 below. For an average single-family customer with a 1-inch or smaller meter size using the average consumption of 15 hundred cubic feet (HCF) monthly, the bill will increase from \$47.94 to \$49.61, an increase of \$1.67 per month or 3.5 percent.

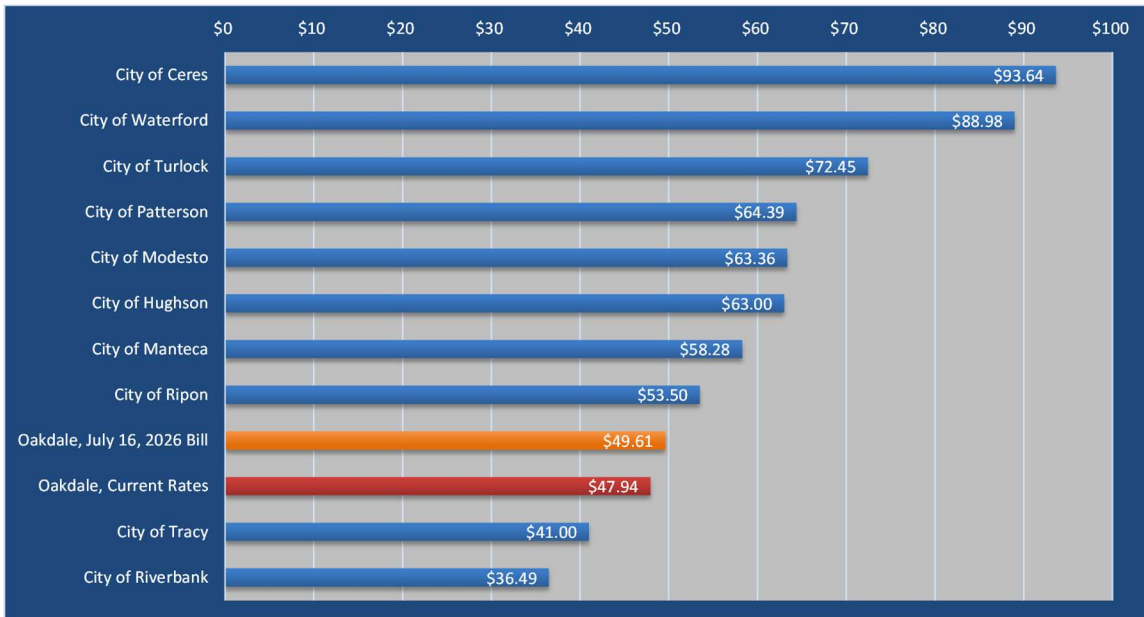
Table 20  
Comparison of Current Single-family Residential Monthly Bill with  
Proposed Monthly Bill Using July 2026 Water Rates

Description	Use HCF	Current Bill			Proposed Bill				
		Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
	0	\$15.69	\$0.00	\$15.69	\$16.16	\$0.00	\$16.16	\$0.47	3.0%
Very Low	5	\$15.69	\$10.75	\$26.44	\$16.16	\$11.15	\$27.31	\$0.87	3.3%
Low	10	\$15.69	\$21.50	\$37.19	\$16.16	\$22.30	\$38.46	\$1.27	3.4%
Median	12	\$15.69	\$25.80	\$41.49	\$16.16	\$26.76	\$42.92	\$1.43	3.4%
Average	15	\$15.69	\$32.25	\$47.94	\$16.16	\$33.45	\$49.61	\$1.67	3.5%
High	20	\$15.69	\$43.00	\$58.69	\$16.16	\$44.60	\$60.76	\$2.07	3.5%
Very High	30	\$15.69	\$64.50	\$80.19	\$16.16	\$66.90	\$83.06	\$2.87	3.6%
	50	\$15.69	\$107.50	\$123.19	\$16.16	\$111.50	\$127.66	\$4.47	3.6%

# Water Rate Survey

A water rate survey was conducted for neighboring communities to the City of Oakdale. Chart 1 compares the Oakdale single-family residential estimated monthly water bill with those of neighboring communities at the same consumption of 15 HCF monthly. The rate survey includes rate schedules in effect March 2026. Water bills for Oakdale are shown using the current rates and the proposed rates for implementation July 16, 2026. The chart indicates that with the July 2026 water rate change, an Oakdale single-family residential customer using the average monthly consumption of 15 HCF will experience a bill that is in the lower range of the communities listed.

Chart 1  
Single-family Residential Monthly Water Bills Using 15 HCF  
For Rates in Effect March 2026



Note: Above table uses water rates in effect March 2026. Oakdale July 2026 bill is based on the rate structure and rates in Table 19.

# Wastewater Financial Planning

Financial planning for the wastewater enterprise includes identifying and projecting revenues and revenue requirements of the wastewater system for a five-year planning period. Estimates of revenue from various sources are compared with the projected revenue requirements. This comparison allows the review of the adequacy of existing revenue to meet annual obligations and provide the basis for revenue adjustments. New wastewater rates and charges are created to recover all of the City's annual operating and capital costs associated with the wastewater system.

This section discusses the current wastewater rates, user classifications, water sales volumes of wastewater customers, revenues and revenue requirements, planned capital improvement expenditures and financing sources, and proposed revenue adjustments.

## Current Wastewater Rates

The current wastewater rates consist of fixed and variable charges to residential and non-residential customers. Residential, Church, Industrial (I), and Schools are charged a fixed charge per month only. Commercial and Sconza customers are charged a fixed charge and variable charge. The current rates are presented in Table 21.

Table 21  
Current Wastewater Rates

Classification		Fixed Charge
		\$/month
Residential [1]		\$61.27
Commercial Std Strength (C1)		38.10
Commercial High Strength (C2)		38.10
Church (CH)		61.27
Industrial (I)		61.27
Oakdale Unified Schools (each 20 ADA)		38.10
Industrial (Sconza)		\$28.64

Classification		Variable Charge
		\$/HCF
Commercial Standard Strength (C1)		2.65
Commercial High Strength (C2)		4.23

Industrial (Sconza)		BOD Charge
		\$/HCF
BOD Range in mg/l		
From	To	
200	300	\$1.86
301	700	1.97
701	1,000	3.31
1,001	1,500	3.52
1,501	2,000	3.82
2,001	2,500	4.46
2,501	3,000	4.85
Over	3,000	6.44

[1] Residential is charged per dwelling unit.

## Wastewater User Classifications

### Number of Customers

The City currently classifies wastewater customers as Residential, Multifamily, Commercial, Church, Industrial, Schools, and Sconza. Residential and Multifamily wastewater customers account for about 93 percent of the total customers served by the wastewater system. Growth is projected to occur only in SFR accounts at a rate of 0.50 percent annually or 36 accounts added each year, following the assumptions listed in Table 1. Table 22 provides the historical and projected number of customers by classification.

Table 22  
Historical and Projected Wastewater Customers by Classification

Customer Class	Historical		Projected				
	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
Residential	7,191	7,227	7,263	7,299	7,335	7,372	7,409
Multifamily Residential	163	163	163	163	163	163	163
Commercial Std Strength (C1)	440	440	440	440	440	440	440
Commercial High Strength (C2)	55	55	55	55	55	55	55
Church (CH)	20	20	20	20	20	20	20
Industrial (I)	2	2	2	2	2	2	2
Oakdale Unified Schools	1	1	1	1	1	1	1
Industrial (Sconza)	1	1	1	1	1	1	1
<b>Total Accounts</b>	<b>7,873</b>	<b>7,909</b>	<b>7,945</b>	<b>7,981</b>	<b>8,017</b>	<b>8,054</b>	<b>8,091</b>
<b>Number of Units</b>							
Residential DU	7,191	7,227	7,263	7,299	7,335	7,372	7,409
Multifamily Residential (DU)	1,278	1,278	1,278	1,278	1,278	1,278	1,278

[1] Residential accounts/dwelling units are forecast to increase by 0.5% annually.

### Water Sales Volumes of Wastewater Customers

Table 23 provides the historical and projected water sales volumes of wastewater customers by classification. Water sales volumes were projected by recognizing the growth in the number of accounts and the FY 2024-25 use per customer. Residential and Multifamily account for more than 83 percent of the water sales volumes of wastewater customers.

The water sales volumes of wastewater customers are used to calculate projected wastewater revenue and estimate wastewater discharge volumes by classification. The wastewater discharge volumes are used for cost allocation purposes to assign cost responsibility based on wastewater flow and strength of each class when establishing wastewater rates provided in a later section.

Table 23  
Historical and Projected Water Consumption of Wastewater Customers (in HCF)

Description	Historical		Projected <sup>[1]</sup>				
	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
Residential	1,285,505	1,291,941	1,298,376	1,304,812	1,311,247	1,317,862	1,324,476
Multifamily Residential	109,620	109,620	109,620	109,620	109,620	109,620	109,620
Commercial Std Strength (C1)	125,989	125,989	125,989	125,989	125,989	125,989	125,989
Commercial High Strength (C2)	26,369	26,369	26,369	26,369	26,369	26,369	26,369
Church (CH)	20,300	20,300	20,300	20,300	20,300	20,300	20,300
Industrial (I)	305	305	305	305	305	305	305
Oakdale Unified Schools	107,374	107,374	107,374	107,374	107,374	107,374	107,374
Industrial (Sconza)	12,141	12,141	12,141	12,141	12,141	12,141	12,141
<b>Total Projected Consumption</b>	<b>1,687,603</b>	<b>1,694,039</b>	<b>1,700,474</b>	<b>1,706,910</b>	<b>1,713,345</b>	<b>1,719,960</b>	<b>1,726,574</b>

[1] Forecast assumes that the user per customer from FY 24-25 is applied to the number of customers.

## Wastewater Financial Plan

The financial plan provides a means of analyzing the revenue and revenue requirements of the water system, the ability to fund on-going O&M expenses and capital infrastructure requirements, and the impact on reserves. This section of the Report discusses the projection of revenue, operation and maintenance expenses, capital improvement needs of the wastewater system and its financing, debt and debt service requirements, and revenue adjustments needed to maintain a sustainable wastewater enterprise.

### Revenues

The City receives operating and other revenue from several sources. Operating revenue is received from rates and charges for wastewater service and is shown in Table 24. The revenue is projected by applying the current wastewater rates from Table 20 to the projected number of accounts and consumption volume. Other revenue includes interest income and miscellaneous sources.

Table 24  
Projected Rate-based Wastewater Revenue Using Current Rates

Description	Projected					
	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
<b>Water Service Revenues</b>						
Fixed Charges [1]	\$6,578,706	\$6,605,175	\$6,631,643	\$6,658,112	\$6,685,316	\$6,712,520
Variable Charges [2]	445,412	445,412	445,412	445,412	445,412	445,412
Subtotal Revenues From Current Rates	\$7,024,118	\$7,050,587	\$7,077,055	\$7,103,524	\$7,130,728	\$7,157,932
Extra Strength Charges	76,735	76,735	76,735	76,735	76,735	76,735
Total Revenues From Current Rates	\$7,100,852	\$7,127,321	\$7,153,789	\$7,180,258	\$7,207,462	\$7,234,666

[1] FY 25-26 and forecast years' revenue calculated by multiplying current wastewater service rate by the number of customers.

[2] FY 25-26 and forecast years' revenue calculated by multiplying projected water volumes by the current variable rates. Forecast assumes that the user per customer from FY 24-25 is applied to the number of customers.

## Revenue Requirements

Revenue requirements of the wastewater system include O&M expenses, the annual replacement transfer, existing debt service payments, and CIP spending. Each of these items are discussed below.

### Operation and Maintenance Expense

O&M expenses are an on-going obligation of the wastewater system and such costs are normally met from wastewater service revenue. O&M expenses include the cost to operate and maintain the wastewater collection system, lift stations, and treatment and disposal facilities. Costs also include technical services and other general and administrative expenses.

O&M expenses have been projected recognizing the major expense categories of personnel services, electric power expense, chemicals, all other expenses, and capital outlay. Projections of O&M expenses increase annually following the inflation assumptions from Table 1. Table 25 provides a summary of the O&M expenses for the Study period.

Table 25  
Budget and Projected Wastewater Operation and Maintenance Expenses

Description	Budget	Projected				
	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
<b>Storm Drains</b>						
Electricity	\$13,000	\$13,910	\$14,884	\$15,926	\$17,041	\$18,234
Other O&M	69,460	72,933	76,580	80,408	84,429	88,651
<b>Total Maint Expense</b>	<b>\$82,460</b>	<b>\$86,843</b>	<b>\$91,464</b>	<b>\$96,334</b>	<b>\$101,470</b>	<b>\$106,885</b>
<b>WW Control Plant</b>						
Salaries and Benefits	\$977,928	\$1,037,756	\$1,104,216	\$1,175,001	\$1,250,395	\$1,330,703
Electricity	290,000	310,300	332,021	355,262	380,130	406,739
Other O&M	889,250	933,713	980,399	1,029,420	1,080,891	1,134,936
<b>Total Maint Expense</b>	<b>\$2,184,478</b>	<b>\$2,310,434</b>	<b>\$2,446,734</b>	<b>\$2,591,286</b>	<b>\$2,744,600</b>	<b>\$2,907,221</b>
<b>Sewer Line Maintenance</b>						
Salaries and Benefits	\$1,604,037	\$1,711,046	\$1,825,335	\$1,947,413	\$2,077,819	\$2,217,134
Electricity	8,000	8,560	9,159	9,800	10,486	11,220
Other O&M	375,050	393,803	413,495	434,168	455,876	478,671
<b>Total Admin Expense</b>	<b>\$2,167,037</b>	<b>\$2,302,357</b>	<b>\$2,446,385</b>	<b>\$2,599,697</b>	<b>\$2,762,913</b>	<b>\$2,936,694</b>
<b>Administration</b>						
Salaries and Benefits	\$533,742	\$570,101	\$608,988	\$650,582	\$695,078	\$742,679
Electricity	13,000	13,650	14,333	15,050	15,803	16,593
Other O&M	609,390	639,859	671,853	705,447	740,720	777,755
Capital Outlay	6,300	6,521	6,749	6,985	7,230	7,483
<b>Total Admin Expense</b>	<b>\$1,162,432</b>	<b>\$1,230,131</b>	<b>\$1,301,923</b>	<b>\$1,378,064</b>	<b>\$1,458,831</b>	<b>\$1,544,510</b>
<b>Total O&amp;M Expense</b>	<b>\$5,596,407</b>	<b>\$5,929,765</b>	<b>\$6,286,506</b>	<b>\$6,665,381</b>	<b>\$7,067,814</b>	<b>\$7,495,310</b>

### Annual Replacement Transfer

The City plans for replacements in the wastewater system that occurs from time to time during the fiscal year. An annual amount is transferred from the operating fund to the capital fund to aid in funding these replacements. The annual amount is set by the City equal to \$1 million.

**Existing Debt Service**

The City currently has outstanding debt on the wastewater system from a California State Revolving Fund (SRF) loan administered by the State Water Resources Control Board. The SRF loan has annual debt service payments of about \$1,165,000. The SRF loan will be retired in FY 2031-32.

**Wastewater Capital Improvement Program**

The City has developed a CIP that lists capital expenditures for FY 2025-26 through FY 2030-31, presented in Table 26. Major projects of the CIP include Percolation Pond Piping, Sludge Dewatering and Dewatering Press, and other projects. CIP expenditures total slightly more than \$10.7 million over the 6-year period. The CIP expenditures are planned to be funded through wastewater rate revenue, the annual replacement transfer, and capital reserves.

**Table 26  
Wastewater Capital Improvement Program**

Description	Projected					
	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
<b>Current Capital Improvement Projects (CIP) [1]</b>						
1st (G to J) Construction ATP	\$739,670	\$0	\$0	\$0	\$0	\$0
E. B Street/Jeremy & Linda Ct -(Design /Const))	300,000	-	-	-	-	-
E. B Street/Jeremy & Linda Ct - Const	-	181,100	-	-	-	-
N. 8th Ave (C St to D St) - Design/Const (Water & S	150,000	-	-	-	-	-
S. Third (F St to G St.) Design	15,000	-	-	-	-	-
SCADA Upgrades	92,502	95,700	107,100	110,900	114,800	-
Sierra Ave Force Main to A - (Design/Const)	500,000	247,400	-	-	-	-
Headworks Bypass (WWTP-7) Design/Const	100,000	-	-	-	-	-
Kimball Trunk Rehabilitation	47,000	-	-	-	-	-
Sierra & D Street pump replacement	120,000	-	-	-	-	-
Well #5 Discharge (Design)	20,000	-	-	-	-	-
Storm Station #3 (Poplar)	90,000	-	-	-	-	-
B Street Sewer Line Replacement	65,000	-	-	-	-	-
Recycled Water Project	373,407	-	-	-	-	-
Gilbert Avenue (G St to J St) Const	-	232,900	-	-	-	-
Sludge Dewatering (WWTP-9)	-	957,400	-	-	-	-
Sewer Lift Station #7 (Pontiac)	-	93,200	-	-	-	-
Addition of Dewatering Press - Design/Const	-	724,500	-	-	-	-
WWTP Shop Building (WWTP-2)	-	51,800	-	-	-	-
Sewer Lift Station #9 Hollenbeck	-	93,200	-	-	-	-
PS Office Building - Const	-	274,500	-	-	-	-
West J (Gilbert to Davitt) Const.	-	-	160,700	-	-	-
Stanislaus Ave (F Street to Olive Street) Design/ Cor	-	-	160,700	-	-	-
W. B Street (Laurel to 1st) Const	-	-	26,800	-	-	-
Fair Oaks Ct (to Oak St)	-	-	107,100	-	-	-
Sludge Disposal Evaluation (WWTP-4)	-	-	16,100	-	-	-
Perc Pond Piping (WWTP-8)	-	-	1,089,400	-	-	-
Sewer Lift Station # 2 (Cloverland Way)	-	-	96,400	-	-	-
Blower Room Generator	-	-	535,600	-	-	-
PW Corp Yard Generator	-	-	26,800	-	-	-
Church F-J Const	-	-	-	343,700	-	-
Lambuth Avenue (Poplar St to Olive St) Const	-	-	-	277,200	-	-
North 5th (A to D) Const	-	-	-	271,600	-	-
Grade Adjust Aeration Basin 1 (WWTP-3)	-	-	-	92,000	-	-
Sewer Lift Station # 5 (Gina Way)	-	-	-	277,200	-	-
Storm Station # 8 (1649 W.St.)	-	-	-	138,600	-	-
Stanislaus Ave (Olive to Poplar) Const.	-	-	-	-	149,200	-
Pleasanton Place (Warrington West) Const	-	-	-	-	344,300	-
Pleasanton Place (Lambuth to Maxwell) Const	-	-	-	-	275,400	-
1st (E to F) Const	-	-	-	-	143,400	-
Sewer Lift Station # 4 (Willowood)	-	-	-	-	34,400	-
Hinkley & H Const	-	-	-	-	-	251,800
<b>Total Wastewater CIP</b>	<b>\$2,612,579</b>	<b>\$2,951,700</b>	<b>\$2,326,700</b>	<b>\$1,511,200</b>	<b>\$1,061,500</b>	<b>\$251,800</b>

[1] CIP Source: FY 25-26 City CIP document.

## Wastewater Financial Plan

A financial plan has been prepared for the wastewater utility that includes the revenues and revenue requirements that were identified for the wastewater system and is presented in Table 27. The plan incorporates specific financial planning criteria to provide guidance to maintain the health of the wastewater utility on an on-going basis. The criteria included the following.

- Generate positive levels of income in each year of the Study period
- Maintain operating and capital reserves at or greater than target levels
- Maintain debt service coverage ratios at or greater than the minimum required
- Meet annual capital replacement spending from wastewater rates and charges

## Proposed Revenue Adjustments

Analysis of the revenues and revenue requirements of the wastewater financial plan indicate that revenue adjustments are necessary. Revenue increases of 8.6 percent annually for 3 years and 3 percent annually for 2 years are required to adequately meet future O&M expenses, capital spending, debt coverage requirements, and the financial planning criteria discussed above.

Table 27  
Wastewater Financial Plan

Description	Projected					
	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
<b>Proposed Revenue Increase (July 16)</b>		<b>8.6%</b>	<b>8.6%</b>	<b>8.6%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>Wastewater Operations</b>						
<b>Revenues</b>						
Rate-based Revenues, Existing Rates [1]	\$7,100,852	\$7,127,321	\$7,153,789	\$7,180,258	\$7,207,462	\$7,234,666
Total Additional Water Sales Revenue [2]	-	612,950	1,283,361	2,016,389	2,300,974	2,595,988
Miscellaneous Income	55,000	55,000	55,000	55,000	55,000	55,000
Interest Income [3]	261,365	161,641	100,117	74,897	76,479	97,060
<b>Total Revenues</b>	<b>\$7,417,217</b>	<b>\$7,956,912</b>	<b>\$8,592,268</b>	<b>\$9,326,545</b>	<b>\$9,639,915</b>	<b>\$9,982,714</b>
<b>Expenses</b>						
O&M and Capital Outlay	\$5,596,407	\$5,929,765	\$6,286,506	\$6,665,381	\$7,067,814	\$7,495,310
Replacement Transfer	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Current Debt Service	1,165,084	1,165,084	1,165,084	1,165,084	1,165,084	1,165,084
<b>Total Expenses</b>	<b>\$6,761,491</b>	<b>\$8,094,849</b>	<b>\$8,451,590</b>	<b>\$8,830,465</b>	<b>\$9,232,898</b>	<b>\$9,660,394</b>
<b>Net Funds Available</b>	<b>\$655,726</b>	<b>(\$137,937)</b>	<b>\$140,677</b>	<b>\$496,079</b>	<b>\$407,017</b>	<b>\$322,320</b>
<b>Water Capital</b>						
<b>Capital Sources of Funds</b>						
Capital Replacement Transfer	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Unrealized Gains / (Losses)	40,000	-	-	-	-	-
<b>Total Capital Sources</b>	<b>\$40,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>
<b>Capital Uses of Funds</b>						
Capital Improvement Program [4]	\$2,612,579	\$2,951,700	\$2,326,700	\$1,511,200	\$1,061,500	\$251,800
Machinery and Equipment	1,355,000	75,000	75,000	75,000	75,000	75,000
Computer and Related Equipment	32,000	5,000	5,000	5,000	5,000	5,000
Fueling and Fleet Maintenance Software	35,000	5,000	5,000	5,000	5,000	5,000
Vehicles	150,000	35,000	35,000	35,000	35,000	35,000
<b>Total Capital Uses</b>	<b>\$4,184,579</b>	<b>\$3,071,700</b>	<b>\$2,446,700</b>	<b>\$1,631,200</b>	<b>\$1,181,500</b>	<b>\$371,800</b>
Total Capital Sources Less Uses	(\$4,144,579)	(\$2,071,700)	(\$1,446,700)	(\$631,200)	(\$181,500)	\$628,200
<b>Net Funds Available After Capital</b>	<b>(\$3,488,853)</b>	<b>(\$2,209,637)</b>	<b>(\$1,306,023)</b>	<b>(\$135,121)</b>	<b>\$225,517</b>	<b>\$950,520</b>
<b>Available Reserves</b>						
Beginning available reserves [5]	\$9,211,992	\$5,723,139	\$3,513,502	\$2,207,479	\$2,072,359	\$2,297,875
Additions (reductions)	(3,488,853)	(2,209,637)	(1,306,023)	(135,121)	225,517	950,520
<b>Ending available reserves</b>	<b>\$5,723,139</b>	<b>\$3,513,502</b>	<b>\$2,207,479</b>	<b>\$2,072,359</b>	<b>\$2,297,875</b>	<b>\$3,248,395</b>
Target Reserves [6]	\$2,798,000	\$2,965,000	\$3,143,000	\$3,333,000	\$3,534,000	\$3,748,000
Above (below) Target	\$2,925,139	\$548,502	(\$935,521)	(\$1,260,641)	(\$1,236,125)	(\$499,605)
<b>Debt Service Coverage</b>						
Net Revenues [7]	\$1,878,687	\$2,087,869	\$2,370,606	\$2,730,278	\$2,645,636	\$2,565,518
Annual Debt Service	\$1,165,084	\$1,165,084	\$1,165,084	\$1,165,084	\$1,165,084	\$1,165,084
<b>Coverage</b>	<b>161%</b>	<b>179%</b>	<b>203%</b>	<b>234%</b>	<b>227%</b>	<b>220%</b>

[1] Projected using the existing rates.

[2] Additional revenue from rate adjustments.

[3] Interest earnings on the average fund balance calculated at 3.50%.

[4] From Table 26.

[5] The available FY 25-26 unrestricted reserve balance provided by the City.

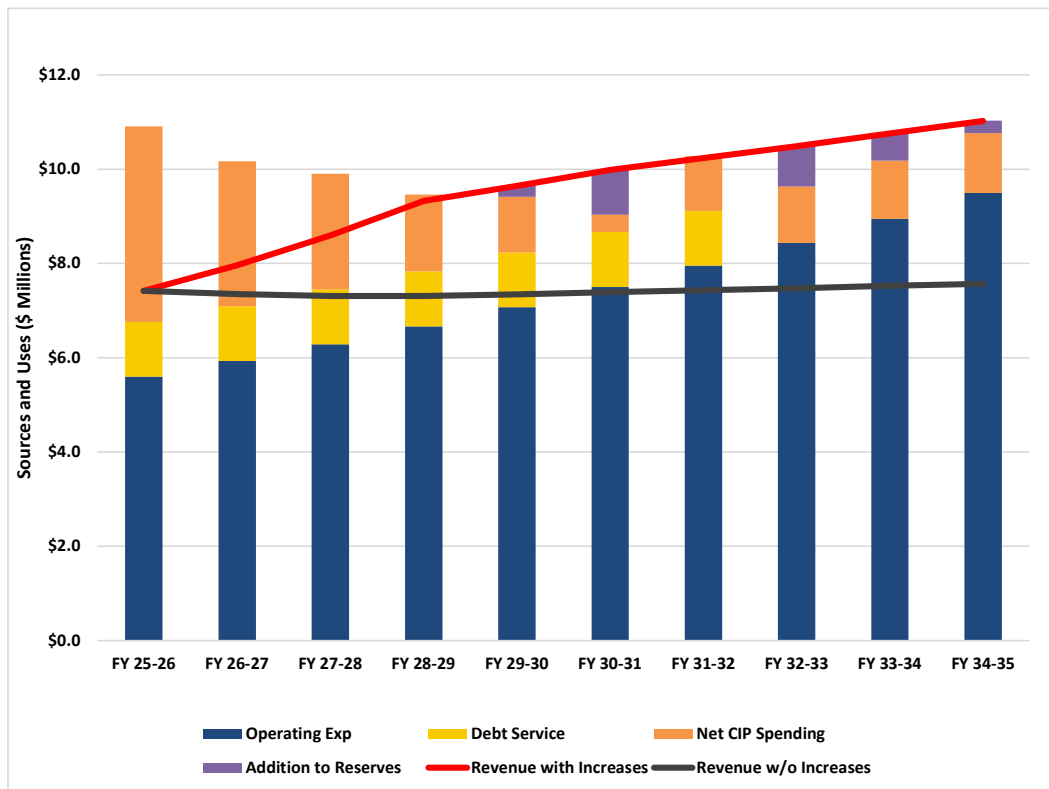
[6] Target reserve includes operating, capital replacement, and emergency capital reserves.

[7] Includes revenue from all sources divided by the current annual debt service.

A graphical depiction of the revenue and revenue requirements from Table 27 are presented in Figure 3 and has been expanded with additional analyses to include a 10-year period. The revenue requirements consist of O&M expenses (dark blue column), debt service payments (yellow column), and net capital spending (orange column). Revenue using the current rates is shown as the black line while revenue with revenue adjustments is shown as the red line. Revenue increases beyond FY 2030-31 are assumed to include 2.0 percent annual increases.

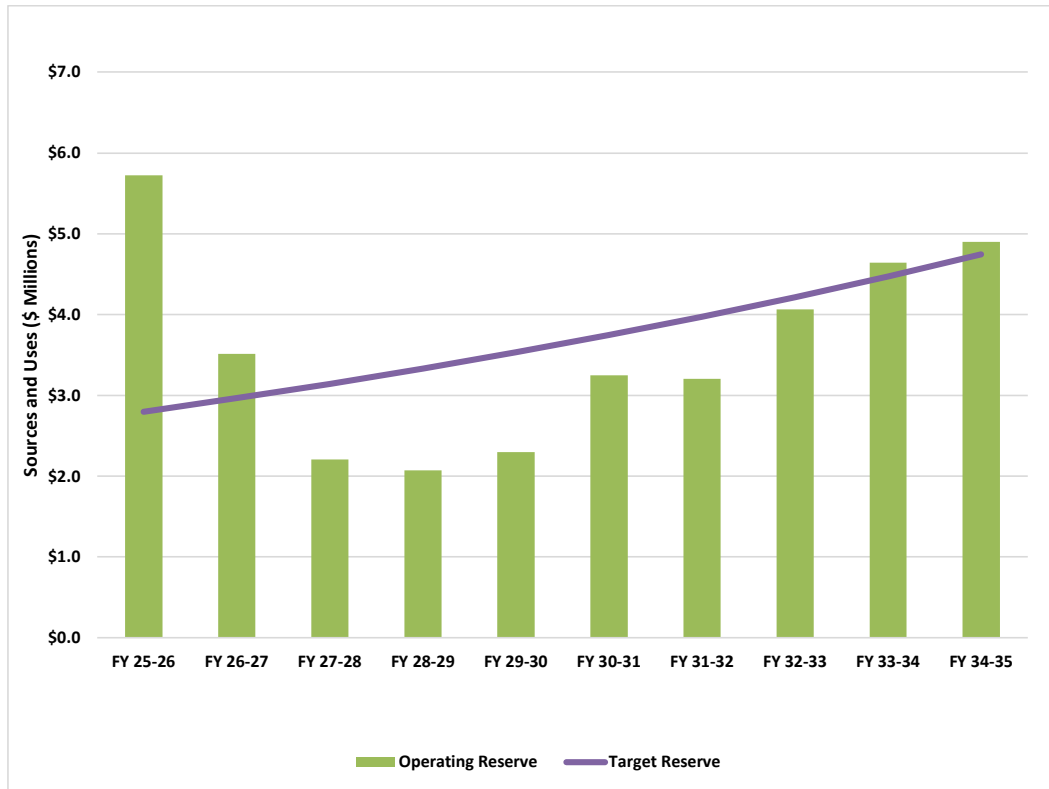
Figure 3 shows that the proposed revenue increases will allow the wastewater enterprise to meet annual O&M expenses, net capital spending needs, required debt coverage ratios, and maintain reserves. When the red line is above revenue requirements, it indicates that the District is accumulating reserves and is shown as the purple column.

Figure 3  
Wastewater Financial Plan  
Comparison of Revenue with Revenue Requirements



The City’s reserves at the end of each fiscal year are compared with Target Reserves and are shown in Figure 4. The green columns represent the end of year reserves level while the purple line indicates the Target Reserve level. The figure shows that the reserve balance declines in the middle years of the financial plan but remains above \$2 million and ultimately reaches the Target reserve level in the last two years of the 10-year period.

Figure 4  
Comparison of Wastewater End of Year Reserves with Target Reserves



## Wastewater Cost of Service

This section of the report discusses how the wastewater system’s operating and capital costs are allocated for use in designing wastewater rates. Establishing rates in California requires that the agency responsible for imposing property-related fees create a nexus between the cost of providing service and the rates to be imposed.

Once cost responsibility is assigned to each customer classification, the current revenue received from each classification can be compared with its cost of service to evaluate any inequity of the current rate structure and rates, which will provide the basis for proposed rate adjustments.

### Industry Methodology

Methodology from the Water Environment Federation (WEF) is used in this Study to allocate wastewater costs in an appropriate manner. Similar to AWWA, WEF is an industry trade organization that provides guidance on operations, technical training, education, and management of wastewater utilities. General principles are provided to assist agencies with the design of wastewater rates and charges that are consistent with local requirements while also recognizing state laws and legal framework.

## Costs of Service to be Allocated

The annual costs of providing wastewater service consist of O&M expenses and capital costs of the wastewater system. O&M expenses include costs related to wastewater collection, treatment, disposal, maintenance of the facilities, and general and administrative costs. Capital costs include annual capital replacement and improvements discussed in the financial plan. Annual costs are partially offset from revenue received from other sources such as interest income and miscellaneous sources. Table 28 provides the annual costs to be recovered from wastewater rates.

Table 28  
Annual Costs of Providing Wastewater Service

Description	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
<b>Operating Expense</b>					
O&M and Capital Outlay	\$5,929,765	\$6,286,506	\$6,665,381	\$7,067,814	\$7,495,310
Subtotal	\$5,929,765	\$6,286,506	\$6,665,381	\$7,067,814	\$7,495,310
<b>Capital Spending</b>					
Replacement Transfer	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Current Debt Service	1,165,084	1,165,084	1,165,084	1,165,084	1,165,084
Capital Improvement Program	2,951,700	2,326,700	1,511,200	1,061,500	251,800
Machinery and Equipment	75,000	75,000	75,000	75,000	75,000
Computer and Related Equipment	5,000	5,000	5,000	5,000	5,000
Fueling and Fleet Maintenance Software	5,000	5,000	5,000	5,000	5,000
Vehicles	35,000	35,000	35,000	35,000	35,000
Subtotal	\$5,236,784	\$4,611,784	\$3,796,284	\$3,346,584	\$2,536,884
<b>Met From Other Sources</b>					
Revenue Offsets	(\$216,641)	(\$155,117)	(\$129,897)	(\$131,479)	(\$152,060)
Capital Replacement Transfer	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Subtotal	(\$1,216,641)	(\$1,155,117)	(\$1,129,897)	(\$1,131,479)	(\$1,152,060)
<b>Adjustments</b>					
Adjustments for Annual Cash Balance	(\$2,209,637)	(\$1,306,023)	(\$135,121)	\$225,517	\$950,520
Subtotal	(\$2,209,637)	(\$1,306,023)	(\$135,121)	\$225,517	\$950,520
<b>Total Costs to be Recovered</b>	<b>\$7,740,271</b>	<b>\$8,437,151</b>	<b>\$9,196,648</b>	<b>\$9,508,436</b>	<b>\$9,830,655</b>

## Cost Allocation to Wastewater Cost Components

The cost of service consists of O&M expenses, costs associated with annual replacement and capital improvements, debt service payments, and other adjustments. To allocate the annual costs of providing service to the users of the wastewater system, costs need to first be allocated to wastewater cost component.

The cost allocation components for wastewater service are Flow, Bio-chemical Oxygen Demand (BOD), Suspended Solids (SS), Capacity, Customer, and direct costs. A five-year average of the operating and capital costs of the wastewater system's financial plan are assigned to each of these cost components. The five-year average is

assigned to each component based on the functional operation and design of the facilities. The assignment recognizes that Sconza is exempt from collection system costs but directly assigns Sconza for flow and strength monitoring costs. The result is a percentage allocation of the annual costs of service to each cost component which is then applied to the annual costs to be recovered (revenue requirement) from Table 28 for each of the five years for which rates are being designed. A detailed allocation is provided in Appendix B-1.

The total cost of service to be recovered from the users of the wastewater system for each year of the Study period is summarized in Table 29. The cost of service for each year is allocated to cost components based on the percentage calculation of the 5-year average of annual costs allocated to each cost component from Appendix B-1.

Table 29  
Summary of Annual Wastewater Costs of Service by Cost Component

Year	Total Cost of Service	Common to All					Common to All Except Sconza		Direct to Sconza
		Flow	Strength		Customer		Capacity	Customer	
			BOD	SS	Capacity	Customer			
FY 26-27	\$7,740,271	\$1,916,365	\$1,363,608	\$803,772	\$1,246,060	\$60,947	\$2,116,129	\$233,390	\$9,670
FY 27-28	8,437,151	2,088,902	1,486,378	876,138	1,358,247	66,434	2,306,650	254,402	10,541
FY 28-29	9,196,648	2,276,939	1,620,179	955,007	1,480,514	72,415	2,514,291	277,303	11,490
FY 29-30	9,508,436	2,354,134	1,675,107	987,384	1,530,706	74,870	2,599,531	286,704	11,879
FY 30-31	\$9,830,655	\$2,433,910	\$1,731,872	\$1,020,844	\$1,582,579	\$77,407	\$2,687,623	\$296,420	\$12,282

## Units of Service

The total costs of service of each cost component are distributed to each user classification by identifying how each customer group uses the wastewater system. This use of the wastewater system by each customer classification is determined by developing their units of service. A customer classification contributes wastewater flow to the wastewater system which has a certain wastewater strength and therefore should be charged proportionally for the costs to collect and treat its wastewater.

The units of service for each customer classification are provided in Table 30 below for FY 2026-27. The units of service were developed from an analysis of the actual wastewater treatment plant influent flow and strength information for FY 2024-25.

Table 30  
FY 2026-27 Wastewater Units of Service

Customer Class	FY 26-27 Annual Use	Overall Return Factor	Contributed Wastewater Volume	Strength				Common to All Except Sconza		Direct to Sconza		
				Strength		Strength		Capacity	Customer			
				BOD	SS	BOD	SS					
Residential	1,298,376	47%	610,437	209	209	795,221	795,221	2,509	87,156	2,509	87,156	HCF
Multifamily Residential	109,620	44%	48,581	209	209	63,286	63,286	200	15,336	200	15,336	HCF
Commercial Std Strength (C1)	125,989	74%	93,276	209	209	121,511	121,511	383	5,280	383	5,280	HCF
Commercial High Strength (C2)	26,369	88%	23,192	700	600	101,341	86,864	95	660	95	660	HCF
Church (CH)	20,300	26%	5,340	209	209	6,956	6,956	22	240	22	240	HCF
Industrial (I)	305	83%	252	209	209	328	328	1	24	1	24	HCF
Oakdale Unified Schools	107,374	8%	8,822	130	100	7,159	5,507	36	12	36	12	HCF
Industrial (Sconza)	12,141	100%	12,141	8,857	209	671,252	15,816	50	12			12,141
<b>Total System</b>	<b>1,700,474</b>		<b>802,041</b>			<b>1,767,056</b>	<b>1,095,490</b>	<b>3,296</b>	<b>108,720</b>	<b>3,246</b>	<b>108,708</b>	<b>12,141</b>

## Unit Costs of Service

Table 31 presents the unit costs of service for the wastewater system. Unit costs are determined by taking the annual cost of service for FY 2026-27 allocated to each cost component from Table 29 and dividing those costs by the units of service from Table 30.

Table 31  
FY 2026-27 Development of Wastewater Unit Costs

Description	FY 26-27 Total Costs	Common to All					Common to All Except Sconza		Direct to Sconza
		Flow	Strength		Customer		Capacity	Customer	
			BOD	SS	Capacity	Customer			
<b>Total Costs of Service</b>	\$7,740,271	\$1,906,695	\$1,363,608	\$803,772	\$1,246,060	\$60,947	\$2,116,129	\$233,390	\$9,670
Units of Service		802,041	1,767,056	1,095,490	3,296	108,720	3,246	108,708	12,141
<b>Unit Costs of Service</b>		\$2.38	\$0.7717	\$0.7337	\$378.05	\$0.56	\$651.89	\$2.15	\$0.80
Units of Measure		HCF	lb	lb	HCF/day	Bills	HCF/day	Bills	HCF

## User Class Costs

The unit costs from Table 31 are applied to each customer classifications’ flow, strength, and customer units of service from Table 30 to establish costs for each user classification. The cost responsibility of each class is developed in Appendix B-2 and is summarized in Table 32 below. Appendix B-2 shows that Sconza is exempt from collection costs but are directly assigned flow and strength monitoring costs as shown under the headings Common to All Except Sconza and Direct to Sconza, respectively. Table 32 also compares the projected revenue from each class for FY 2026-27 with the allocated cost of service.

Table 32  
Comparison of FY 2026-27 Wastewater Cost of Service  
with Projected Revenue Using Current Rates

Customer Class	COS Allocation	FY 26-27 Revenue Collected	Indicated Revenue Increase	Percent Revenue Increase
Residential	\$5,468,025	\$5,340,048	\$127,977	2.4%
Multifamily Residential	457,908	939,637	(481,729)	-51.3%
Commercial Std Strength (C1)	813,763	535,039	278,724	52.1%
Commercial High Strength (C2)	297,020	136,687	160,333	117.3%
Church (CH)	46,419	14,705	31,714	215.7%
Industrial (I)	2,225	1,470	754	51.3%
Oakdale Unified Schools	67,910	82,657	(14,747)	-17.8%
Industrial (Sconza)	587,001	77,078	509,923	661.6%
<b>Total System</b>	<b>\$7,740,271</b>	<b>\$7,127,321</b>	<b>\$612,950</b>	<b>8.6%</b>

From Table 32, the residential classification has the largest assignment of costs and is responsible for about 70 percent of the total cost of service. Additionally, the table shows that the total overall increase in revenue required of 8.6 percent, to be derived from the user classes in varying percentages, is the same as the percentage increase required stated in the financial plan.

Chart 2 compares the projected revenue using the current rates from residential and multifamily user classes with their allocated cost of service from Table 32. The difference in the column heights between revenue and the cost of service (blue vs. red) indicates how well a user classification’s current rates are recovering the FY 2026-27 cost of service. Chart 1 indicates that residential customers are slightly underpaying their allocated costs of service whereas multifamily residential customers are paying slightly more.

Chart 2  
 Comparison of Wastewater Projected FY 2026-27 Residential Revenue Using Current Rates  
 With FY 2026-27 Residential Allocated Cost of Service

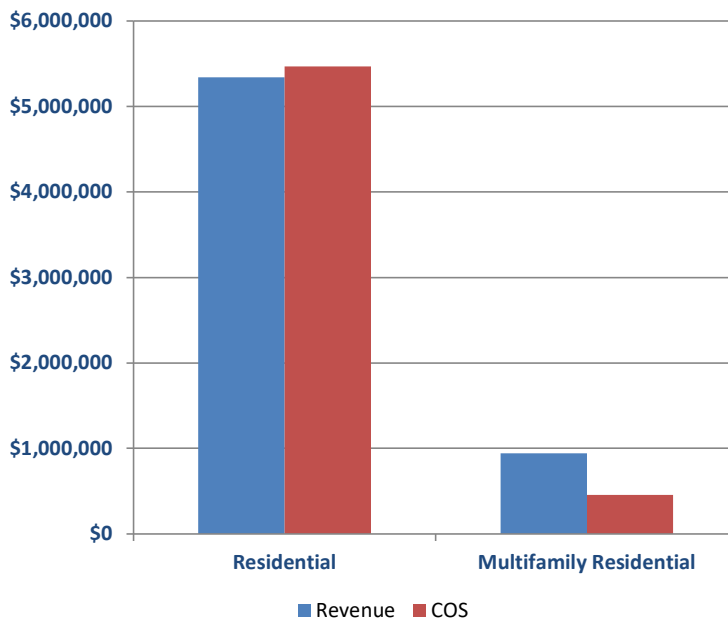
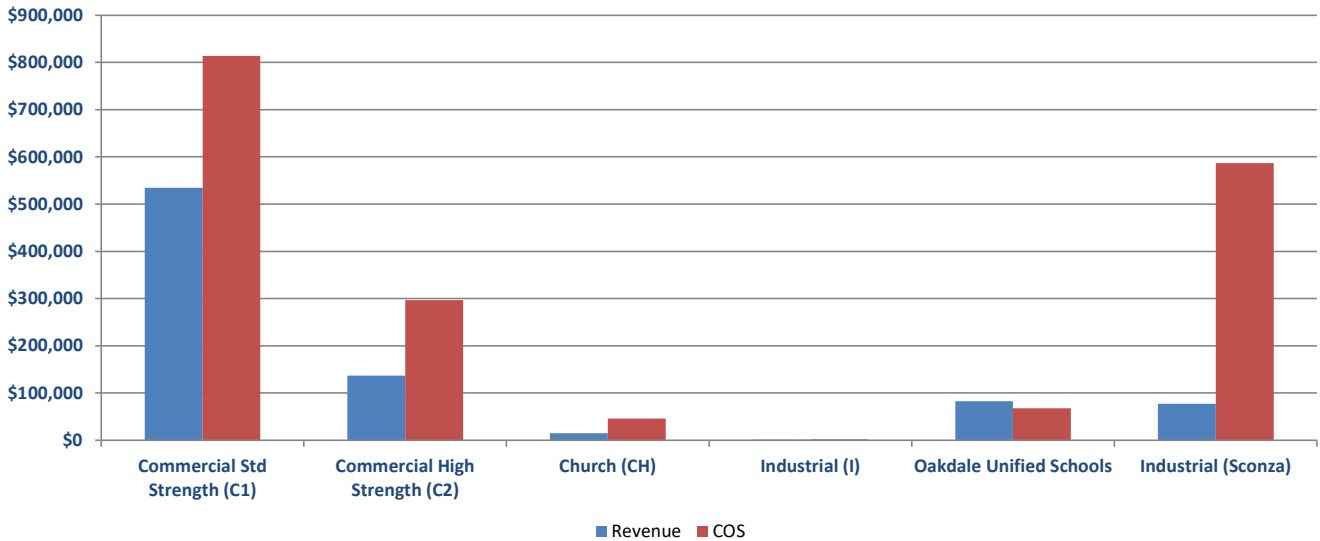


Chart 3 compares the projected revenue using the current rates from non-residential user classes with non-residential allocated cost of service from Table 32. Chart 3 indicates that with the exception of Schools, Commercial and Industrial customers are not paying enough revenue to recover their allocated costs of service.

Chart 3  
 Comparison of Wastewater Projected FY 2026-27 Non-Residential Revenue Using Current Rates  
 With FY 2026-27 Non-Residential Allocated Cost of Service



## Wastewater Rate Design

The cost of service analyses described in the previous section provides the basis for wastewater rate design. The emphasis on the design of rates is to achieve fairness and ensure that each customer classification pays its fair share of costs. Rates should be simple to administer, easy to understand, and comply with regulatory requirements.

The inequities in the current wastewater rates, shown in Table 32, are improved with the design of the proposed wastewater rates. This section describes how wastewater rates are designed and also includes the proposed schedule of wastewater rates for implementation.

### Residential Customers

The current rate structure for single-family and multi-family customers is monthly fixed charges per dwelling unit. This rate structure provides a stable revenue stream for the wastewater enterprise. The residential classes (SFR and MFR) are responsible for about 76 percent of the cost of service from Table 32. The proposed wastewater rate structure maintains the current rate structure. Appendix B-3 provides calculations for the monthly fixed charge for all years of the cost of service. The total cost of service allocated to each residential class is divided by the number of projected dwelling units to determine the monthly fixed charge.

### Non-Residential Customers

The current non-residential rate structure consists of monthly fixed charges by customer classification, uniform volume rates for Commercial customers, and variable rates by BOD strength range for Industrial (Sconza).

The proposed rate structure remains the same for the Commercial classification with fixed charges by month and variable charges by standard and high strength categories. The Commercial fixed charge recovers capacity and customer costs while the variable charge recovers flow, BOD, and SS costs. The wastewater strength differences between standard and high strength Commercial customers are reflected in the variable charge.

Church and Schools customers recover all costs in their fixed charges. The Church fixed charge is a monthly charge per account whereas Schools are charged for each 20 students of Average Daily Attendance (ADA).

The proposed rates for Industrial (Sconza) are a modification of the current rate structure. The proposed rate structure keeps the monthly fixed charge; however, the variable rate is modified to separate the flow component from the strength component of the current variable rates. The result is a variable charge per hundred cubic feet for flow only, and strength charges for wastewater strength in terms of dollars per pound (\$/lb) of BOD and SS. The City does not currently test for SS but has in the past and will need to do so again for Sconza monitoring and should also test for the total SS received at the treatment plant.

Appendix B-3 through Appendix B-5 provides the method used to calculate the non-residential fixed charges, variable rates, and Sconza BOD and SS strength charges.

## Proposed Wastewater Rates

The proposed rates for wastewater service are provided in Table 33 and include the current rates for comparison. Table 33 is a summary of the fixed, variable, and strength charges that were calculated in Appendices B-3 through B-5. The proposed wastewater rates correct the deficiencies shown in Table 32 which were illustrated in Charts 2 and 3 while also recovering the cost of service for each class.

Table 33  
Proposed Wastewater Rates

Classification	Current Rate	July 16, 2026	July 16, 2027	July 16, 2028	July 16, 2029	July 16, 2030
<b>Fixed Charge (\$ per month)</b>						
Residential	\$61.27	\$63.10	\$68.53	\$74.43	\$76.67	\$78.97
Multifamily Residential	61.27	29.86	32.43	35.22	36.28	37.37
Commercial Std Strength (C1)	38.10	85.73	93.09	101.08	104.11	107.22
Commercial High Strength (C2)	38.10	85.73	93.09	101.08	104.11	107.22
Church (CH)	38.10	63.10	68.53	74.43	76.67	78.97
Industrial (I)	28.64	85.73	93.09	101.08	104.11	107.22
Oakdale Unified Schools [1]	38.10	31.30	34.00	36.92	38.03	39.18
Industrial (Sconza)	\$28.64	\$85.73	\$93.09	\$101.08	\$104.11	\$107.22
<b>Variable Charge (\$ per Ccf)</b>						
Commercial Std Strength (C1)	\$2.65	\$3.21	\$3.49	\$3.79	\$3.91	\$4.02
Commercial High Strength (C2)	\$4.23	\$7.47	\$8.12	\$8.82	\$9.10	\$9.37
Industrial (Sconza)	n/a	\$4.64	\$5.05	\$5.48	\$5.65	\$5.82
<b>Sconza Strength Charges (\$ per lb)</b>						
BOD (\$/lb)	n/a	\$0.7717	\$0.8393	\$0.9128	\$0.9416	\$0.9713
SS (\$/lb)	n/a	\$0.7337	\$0.7969	\$0.8655	\$0.8916	\$0.9185
<b>Industrial (Sconza)</b>						
	<u>From (mg/l)</u>	<u>To (mg/l)</u>				
	200	300	\$1.86			
	301	700	\$1.97			
	701	1,000	\$3.31			
	1,001	1,500	\$3.52			
	1,501	2,000	\$3.82			
	2,001	2,500	\$4.46			
	2,501	3,000	\$4.85			
	Over	3,000	\$6.44			

[1] For each 20 Average Daily Attendance (ADA).

## Wastewater Bill Impacts

Since the single-family residential wastewater charge is a fixed charge per month, the impact to the current SFR can be determined by inspection of Table 33. The SFR monthly wastewater bill will increase from \$61.27 per month to \$63.10, an increase of \$1.83 per month, or 3.0 percent.

## Wastewater Rate Survey

A wastewater rate survey was conducted for neighboring communities to the City of Oakdale. Chart 4 compares the Oakdale single-family residential monthly wastewater bill with those of neighboring communities.

The rate survey includes rate schedules in effect March 2026. Wastewater bills for Oakdale are shown using the current rates and the proposed rates for implementation July 16, 2026. All of the bills are fixed charges per month and have no volume component.

The chart indicates that with the July 2026 wastewater rate change, an Oakdale single-family residential customer will experience a bill that is in the mid to upper range of the communities listed.

Chart 4  
Single-family Residential Monthly Wastewater Bills  
For Rates in Effect March 2026



Note: Above table uses wastewater rates in effect March 2026. Oakdale July 2026 bill is based on the rate structure and rates in Table 33.

# Appendix A

## Technical Appendix

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Water Cost of Service Allocations are provided in Appendix A.

Table A-1  
Water Cost of Service Allocation

Description	5-Year Average	Base	Peaking		Customer		Direct Fire Protection
			Max Day	Max Hour	Meters/Serv	Customer	
<b>Waterline Maintenance</b>							
Maintenance Personnel Services	\$1,909,446	\$583,884	\$467,107	\$654,540	\$172,061	\$0	\$31,854
Maintenance	1,808,545	1,048,708	304,147	305,316	80,259	0	70,114
Maintenance Capital Outlay	170,853	52,245	41,796	58,567	15,396	0	2,850
<b>Total Waterline Maintenance</b>	<b>\$3,888,844</b>	<b>\$1,684,836</b>	<b>\$813,051</b>	<b>\$1,018,423</b>	<b>\$267,716</b>	<b>\$0</b>	<b>\$104,818</b>
<b>Waterline Administration</b>							
Admin Personnel Services	\$574,195	\$99,508	\$48,019	\$60,149	\$15,811	\$344,517	\$6,191
Admin Maintenance	623,888	108,119	52,175	65,354	17,180	374,333	6,726
Admin Capital Outlay	59,317	9,896	5,068	6,457	1,697	35,590	609
<b>Total Waterline Administration</b>	<b>\$1,257,400</b>	<b>\$217,524</b>	<b>\$105,262</b>	<b>\$131,960</b>	<b>\$34,689</b>	<b>\$754,440</b>	<b>\$13,526</b>
<b>Total Average O&amp;M</b>	<b>\$5,146,244</b>	<b>\$1,902,360</b>	<b>\$918,313</b>	<b>\$1,150,383</b>	<b>\$302,404</b>	<b>\$754,440</b>	<b>\$118,344</b>
<b>Capital Costs</b>							
Capital Improvement Program	\$1,965,078	\$600,895	\$480,717	\$673,610	\$177,074	\$0	\$32,782
Machinery and Equipment	24,250	7,415	5,932	8,313	2,185	0	405
Computer and Related Equipment	9,876	3,020	2,416	3,385	890	0	165
Fueling and Fleet Maintenance Software	11,000	3,364	2,691	3,771	991	0	184
Vehicles	52,000	15,901	12,721	17,825	4,686	0	867
<b>Total Average Capital</b>	<b>\$4,062,204</b>	<b>\$1,242,170</b>	<b>\$993,736</b>	<b>\$1,392,486</b>	<b>\$366,046</b>	<b>\$0</b>	<b>\$67,766</b>
<b>Adjustments</b>							
Miscellaneous Income	(\$2,468,975)	(\$912,681)	(\$440,572)	(\$551,911)	(\$145,082)	(\$361,952)	(\$56,777)
Adjustments to Annual Cash Balance	(298,824)	(110,463)	(53,323)	(66,799)	(17,560)	(43,808)	(6,872)
<b>Total Average Adjustments</b>	<b>(\$2,767,799)</b>	<b>(\$1,023,144)</b>	<b>(\$493,895)</b>	<b>(\$618,709)</b>	<b>(\$162,642)</b>	<b>(\$405,760)</b>	<b>(\$63,649)</b>
<b>Total Average Revenue Requirement</b>	<b>\$6,440,649</b>	<b>\$2,121,385</b>	<b>\$1,418,153</b>	<b>\$1,924,159</b>	<b>\$505,809</b>	<b>\$348,680</b>	<b>\$122,461</b>
Percentage Allocation		32.9%	22.0%	29.9%	7.9%	5.4%	1.9%

Table A-2  
 FY 2026-27 Distribution of Costs to Fire Protection

Description	Max Day	Max Hour	Fire Protection
<b>Total Costs of Service</b>	\$1,350,586	\$1,832,483	\$116,627
Units of Service	10,371	20,855	9,060
<b>Unit Costs of Service</b>	\$130.23	\$87.87	\$12.87
Units of Measure	HCF/day	HCF/day	Eq. Hyd

Description	Allocated Total Cost	Peaking		Direct Fire Protection
		Max Day	Max Hour	
Unit Costs of Service		\$130.23	\$87.87	\$12.87
Units of Measure		HCF/day	HCF/day	Eq. Hyd
<b>Public Fire Protection</b>				
Units of Service		963	6,738	9,060
Allocated Cost of Service	\$834,032	\$125,353	\$592,052	\$116,627
<b>Private Fire Protection</b>				
Units of Service		49	346	0
Allocated Cost of Service	\$36,799	\$6,430	\$30,369	\$0

# Appendix B

## Technical Appendix

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Wastewater Cost of Service Allocations and Design of Fixed, Variable, and Strength Charges are provided in Appendix B.

Table B-1  
Wastewater Cost of Service Allocation

Description	5-Year Average	Common to All					Common to All Except Sconza		Direct to Sconza
		Flow	Strength		Customer		Capacity	Customer	
	BOD		SS	Capacity	Customer	Capacity			Customer
<b>Storm Drains</b>									
Maintenance	\$91,713	\$14,952	\$0	\$0	\$0	\$76,761	\$0	\$0	\$0
Total Waterline Maintenance	\$91,713	\$14,952	\$0	\$0	\$0	\$76,761	\$0	\$0	\$0
<b>WW Control Plant</b>									
Control Plant Personnel Services	\$1,111,121	\$432,608	\$356,504	\$210,140	\$100,109	\$0	\$0	\$0	\$11,760
Control Plant Maintenance	1,316,277	720,092	318,548	187,767	89,451	0	0	0	420
Control Plant Capital Outlay	30,170	11,872	9,784	5,767	2,747	0	0	0	0
Total WW Control Plant Maintenance Exp	\$2,457,568	\$1,164,572	\$684,836	\$403,673	\$192,307	\$0	\$0	\$0	\$12,179
<b>Sewer Line Maintenance</b>									
Sewer Line Personnel Services	\$1,833,130	\$0	\$0	\$0	\$492,507	\$0	\$1,207,452	\$133,171	\$0
Sewer Line Maintenance	423,678	55,256	0	0	98,984	0	242,673	26,765	0
Sewer Line Capital Outlay	397,737	0	0	0	106,860	0	261,983	28,894	0
Total Sewer Line Maintenance Expense	\$2,654,545	\$55,256	\$0	\$0	\$698,352	\$0	\$1,712,108	\$188,830	\$0
<b>Administration</b>									
Administration Personnel Services	\$611,699	\$105,902	\$87,272	\$51,442	\$113,501	\$9,782	\$218,183	\$24,064	\$1,552
Administration Maintenance	626,940	108,541	89,447	52,724	116,329	10,026	223,619	24,663	1,591
Administration Capital Outlay	67,638	11,710	9,650	5,688	12,550	1,082	24,125	2,661	172
Total Administration Expense	\$1,306,277	\$226,154	\$186,369	\$109,854	\$242,381	\$20,889	\$465,927	\$51,388	\$3,314
Subtotal Average O&M	\$6,510,103	\$1,460,933	\$871,205	\$513,528	\$1,133,040	\$97,650	\$2,178,035	\$240,217	\$15,494
Allocation of General Costs									
<b>Total Average O&amp;M</b>	\$6,510,103	\$1,460,933	\$871,205	\$513,528	\$1,133,040	\$97,650	\$2,178,035	\$240,217	\$15,494
<b>Capital Costs</b>									
Replacement Transfer	\$800,000	\$181,755	\$149,781	\$88,288	\$132,901	\$0	\$222,711	\$24,563	\$0
Current Debt Service [1]	1,165,084	458,470	377,817	222,703	106,094	0	0	0	0
Total Capital Costs	\$1,965,084	\$640,226	\$527,599	\$310,990	\$238,996	\$0	\$222,711	\$24,563	\$0
<b>Adjustments [2]</b>									
Revenue Offsets	(\$189,900)	(\$42,615)	(\$25,413)	(\$14,980)	(\$33,051)	(\$2,848)	(\$63,533)	(\$7,007)	(\$452)
Adjustments for Annual Cash Balance	(1,382,823)	(310,320)	(185,054)	(109,079)	(240,671)	(20,742)	(462,641)	(51,025)	(3,291)
Total Adjustments	(\$1,572,723)	(\$352,935)	(\$210,467)	(\$124,059)	(\$273,722)	(\$23,591)	(\$526,174)	(\$58,032)	(\$3,743)
<b>Total Average O&amp;M and Capital</b>	\$6,902,464	\$1,748,224	\$1,188,336	\$700,459	\$1,098,314	\$74,060	\$1,874,572	\$206,748	\$11,751
Percentage Allocation		25.3%	17.2%	10.1%	15.9%	1.1%	27.2%	3.0%	0.2%

Table B-2  
FY 2026-27 Allocated Wastewater Cost of Service to Customer Classification

Description	Allocated Total Cost	Common to All					Common to All Except Sconza		Direct to Sconza
		Flow	Strength		Customer		Capacity	Customer	
			BOD	SS	Capacity	Customer			
Unit Costs of Service		\$2.38	\$0.7717	\$0.7337	\$378.05	\$0.56	\$651.89	\$2.15	\$0.80
Units of Measure		HCF	lb	lb	HCF/day	Bills	HCF/day	Bills	HCF
<b>Residential</b>									
Units of Service		610,437	795,221	795,221	2,509	87,156	2,509	87,156	0
Allocated Cost of Service	\$5,468,025	\$1,451,195	\$613,659	\$583,461	\$948,382	\$48,859	\$1,635,351	\$187,119	\$0
<b>Multifamily Residential</b>									
Units of Service		48,581	63,286	63,286	200	15,336	200	15,336	0
Allocated Cost of Service	\$457,908	\$115,491	\$48,837	\$46,434	\$75,476	\$8,597	\$130,147	\$32,926	\$0
<b>Commercial Std Strength (C1)</b>									
Units of Service		93,276	121,511	121,511	383	5,280	383	5,280	0
Allocated Cost of Service	\$813,763	\$221,745	\$93,768	\$89,154	\$144,915	\$2,960	\$249,885	\$11,336	\$0
<b>Commercial High Strength (C2)</b>									
Units of Service		23,192	101,341	86,864	95	660	95	660	0
Allocated Cost of Service	\$297,020	\$55,134	\$78,203	\$63,733	\$36,031	\$370	\$62,131	\$1,417	\$0
<b>Church (CH)</b>									
Units of Service		5,340	6,956	6,956	22	240	22	240	0
Allocated Cost of Service	\$46,419	\$12,695	\$5,368	\$5,104	\$8,296	\$135	\$14,306	\$515	\$0
<b>Industrial (I)</b>									
Units of Service		252	328	328	1	24	1	24	0
Allocated Cost of Service	\$2,225	\$599	\$253	\$241	\$392	\$13	\$675	\$52	\$0
<b>Oakdale Unified Schools</b>									
Units of Service		8,822	7,159	5,507	36	12	36	12	0
Allocated Cost of Service	\$67,910	\$20,973	\$5,525	\$4,041	\$13,706	\$7	\$23,634	\$26	\$0
<b>Industrial (Sconza)</b>									
Units of Service		12,141	671,252	15,816	50	12	0	0	12,141
Allocated Cost of Service	\$587,001	\$28,863	\$517,994	\$11,604	\$18,862	\$7	\$0	\$0	\$9,670
<b>Total Costs of Service</b>	<b>\$7,740,271</b>	<b>\$1,906,695</b>	<b>\$1,363,608</b>	<b>\$803,772</b>	<b>\$1,246,060</b>	<b>\$60,947</b>	<b>\$2,116,129</b>	<b>\$233,390</b>	<b>\$9,670</b>

Table B-3  
Design of Wastewater Fixed Charges

Description	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
<b>SFR Residential</b>					
Customer	\$48,993	\$53,455	\$58,324	\$60,360	\$62,465
Capacity	956,678	1,043,997	1,139,258	1,179,234	1,220,584
Flow	1,463,889	1,597,502	1,743,267	1,804,439	1,867,710
BOD	619,027	676,566	739,430	766,572	794,683
SS	588,565	642,397	701,135	725,865	751,448
Common to All Except Industrial					
Customer	1,649,657	1,800,120	1,964,263	2,033,069	2,104,236
Capacity	187,634	204,724	223,367	231,164	239,229
Total Costs	\$5,514,444	\$6,018,762	\$6,569,043	\$6,800,704	\$7,040,355
Number of Bills	87,396	87,828	88,260	88,704	89,148
Customer Cost per Unit	\$63.10	\$68.53	\$74.43	\$76.67	\$78.97
<b>Multifamily Residential</b>					
Customer	\$8,597	\$9,334	\$10,134	\$10,436	\$10,746
Capacity	75,476	81,962	89,005	91,670	94,415
Flow	115,491	125,416	136,194	140,271	144,471
BOD	48,837	53,116	57,768	59,591	61,470
SS	46,434	50,433	54,777	56,426	58,126
Common to All Except Industrial					
Customer	130,147	141,323	153,459	158,044	162,767
Capacity	32,926	35,748	38,812	39,966	41,154
Total Costs	\$457,908	\$497,332	\$540,150	\$556,405	\$573,149
Number of Bills	15,336	15,336	15,336	15,336	15,336
Customer Cost per Unit	\$29.86	\$32.43	\$35.22	\$36.28	\$37.37
<b>Commercial (Includes Church (CH) and Industrial (I))</b>					
Customer	\$3,343	\$3,630	\$3,941	\$4,058	\$4,179
Capacity	181,338	196,921	213,844	220,246	226,840
Flow	599	651	706	728	749
BOD	253	276	300	309	319
SS	241	262	284	293	302
Common to All Except Industrial					
Customer	312,691	339,543	368,701	379,717	391,063
Capacity	12,804	13,902	15,094	15,542	16,004
Total Costs	\$511,270	\$555,183	\$602,870	\$620,893	\$639,456
Number of Bills	5,964	5,964	5,964	5,964	5,964
Customer Cost per Unit	\$85.73	\$93.09	\$101.08	\$104.11	\$107.22
<b>Oakdale Unified Schools</b>					
Customer	\$7	\$7	\$8	\$8	\$8
Capacity	13,706	14,884	16,163	16,647	17,145
Flow	20,973	22,775	24,732	25,473	26,235
BOD	5,525	6,009	6,535	6,741	6,954
SS	4,041	4,389	4,767	4,910	5,058
Common to All Except Industrial					
Customer	23,634	25,664	27,867	28,700	29,558
Capacity	26	28	30	31	32
Total Costs	\$67,910	\$73,755	\$80,102	\$82,510	\$84,990
Each 20 of ADA	2,169	2,169	2,169	2,169	2,169
Customer Cost per Unit	\$31.30	\$34.00	\$36.92	\$38.03	\$39.18
<b>Industrial (Sconza)</b>					
Direct to Industrial	1,029	1,117	1,213	1,249	1,287
Total Costs	\$1,029	\$1,117	\$1,213	\$1,249	\$1,287
Number of Bills	12	12	12	12	12
Customer Cost per Unit	\$85.73	\$93.09	\$101.08	\$104.11	\$107.22

Table B-4  
Design of Commercial and Industrial Variable Charges

Volume Charge	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
<b>Commercial Std Strength (C1)</b>					
Flow	\$221,745	\$240,801	\$261,495	\$269,324	\$277,387
BOD	\$93,768	\$101,983	\$110,917	\$114,416	\$118,024
SS	\$89,154	\$96,832	\$105,172	\$108,340	\$111,603
Total Volume Costs	\$404,668	\$439,617	\$477,584	\$492,080	\$507,015
Volume	125,989	125,989	125,989	125,989	125,989
Volume Cost per Unit	\$3.21	\$3.49	\$3.79	\$3.91	\$4.02
<b>Commercial High Strength (C2)</b>					
Flow	\$55,134	\$59,872	\$65,018	\$66,964	\$68,969
BOD	78,203	85,054	92,505	95,423	98,433
SS	63,733	69,222	75,183	77,448	79,781
Total Volume Costs	\$197,070	\$214,149	\$232,706	\$239,835	\$247,183
Volume	26,369	26,369	26,369	26,369	26,369
Volume Cost per Unit	\$7.47	\$8.12	\$8.82	\$9.10	\$9.37
<b>Industrial (Sconza)</b>					
Capacity/Customer not recovered in fixed charge	\$18,869	\$20,491	\$22,252	\$22,918	\$23,604
Flow	28,863	31,343	34,037	35,056	36,105
Direct to Industrial (less fixed revenue)	8,641	9,424	10,277	10,630	10,995
Total Volume Costs	\$56,373	\$61,258	\$66,565	\$68,603	\$70,705
Volume	12,141	12,141	12,141	12,141	12,141
Volume Cost per Unit	\$4.64	\$5.05	\$5.48	\$5.65	\$5.82

Table B-5  
Design of Industrial (Sconza) Strength Charges

Strength Charge	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
<b>Extra Strength Industrial (Sconza) Charges</b>					
BOD Costs	\$517,994	\$563,374	\$612,725	\$632,055	\$651,989
BOD (lbs)	671,252	671,252	671,252	671,252	671,252
BOD Unit Cost (\$/lb)	\$0.7717	\$0.8393	\$0.9128	\$0.9416	\$0.9713
SS	\$11,604	\$12,604	\$13,689	\$14,102	\$14,526
SS (lbs)	15,816	15,816	15,816	15,816	15,816
SS Unit Cost (\$/lb)	\$0.7337	\$0.7969	\$0.8655	\$0.8916	\$0.9185