



Water and Wastewater Rate Study

Castroville CSD

BOARD OF DIRECTORS WORKSHOP

AUGUST 18, 2026



Objective of Today's Workshop

- Review schedule and study background
- Show updated financial plan scenarios
- Discuss rates
- Show rate comparisons
- Review connection fees

Proposed Schedule

Milestone``	Topic	Date
Kickoff Meeting	Begin Project with Staff	5/22/2026
Workshop 1 – A&F Committee	Discuss Study Process / Review Financial Plan	7/21/2026
Workshop 2 – Board Meeting	Show Rate Options and Connection Fee Recommendations	8/18/2026
Workshop 3 – Board Meeting	Present Draft Report	9/15/2026
Workshop 4 – Board Meeting	Present Final Report – Approve Notice	10/20/2026
Proposition 218 Hearing	Public Hearing	December 2026
Water Rate Implementation		1/1/2027
Sewer Rate Implementation		7/1/2027

Reserve Policy

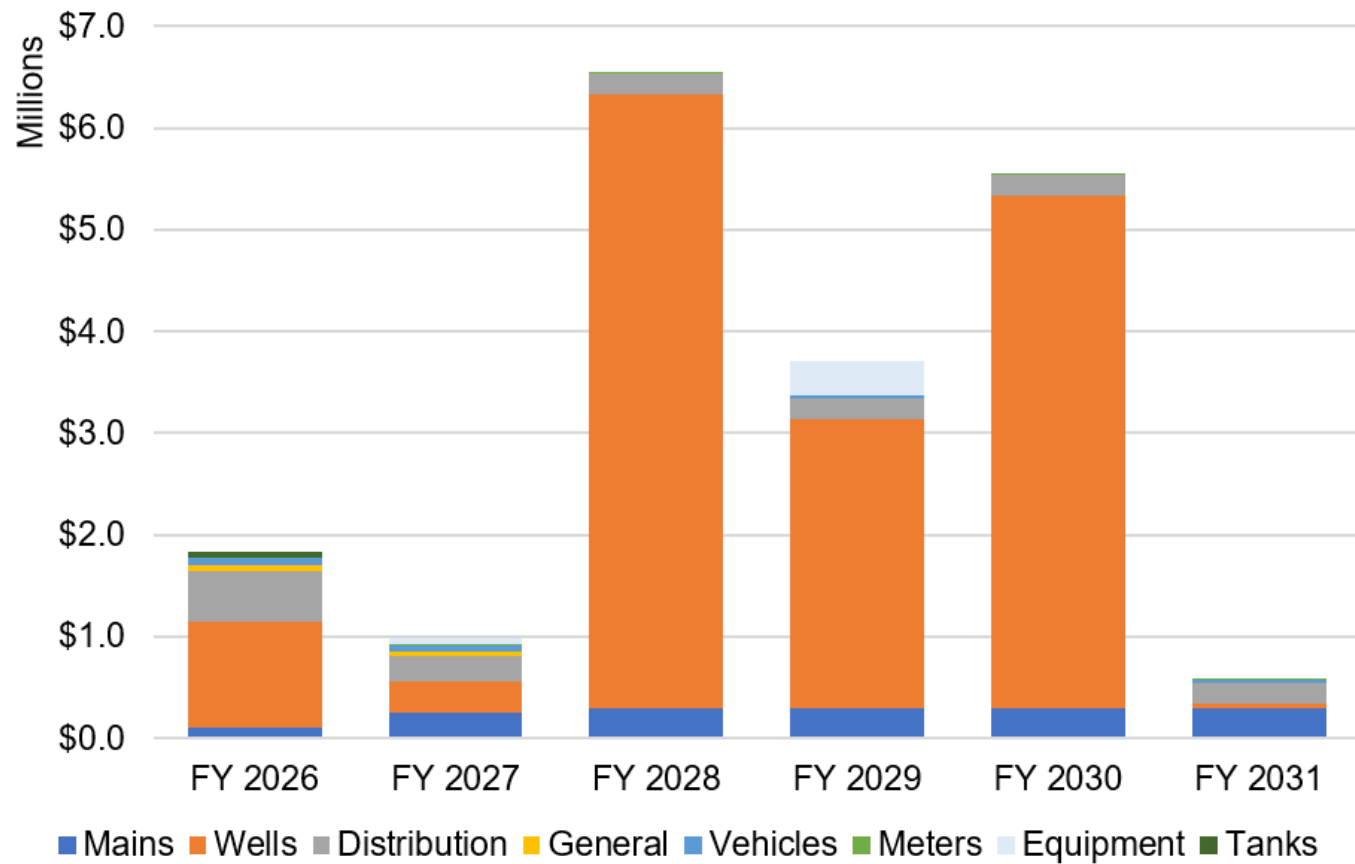
Proposed Reserve Targets

Reserve Type	Water	Sewer Zone 1	Sewer Zone 2	Sewer Zone 3
Operating Reserve	6 months of operating expenses	6 months of operating expenses	6 months of operating expenses	6 months of operating expenses
Capital Reserve	10% of asset replacement costs	10% of asset replacement costs	10% of asset replacement costs	10% of asset replacement costs
Emergency Reserve	—	—	3 months of operating expenses	3 months of operating expenses
Rate Stabilization Reserve	—	Sufficient reserves to fund operations through interest income	—	—

Proposed Reserve Targets

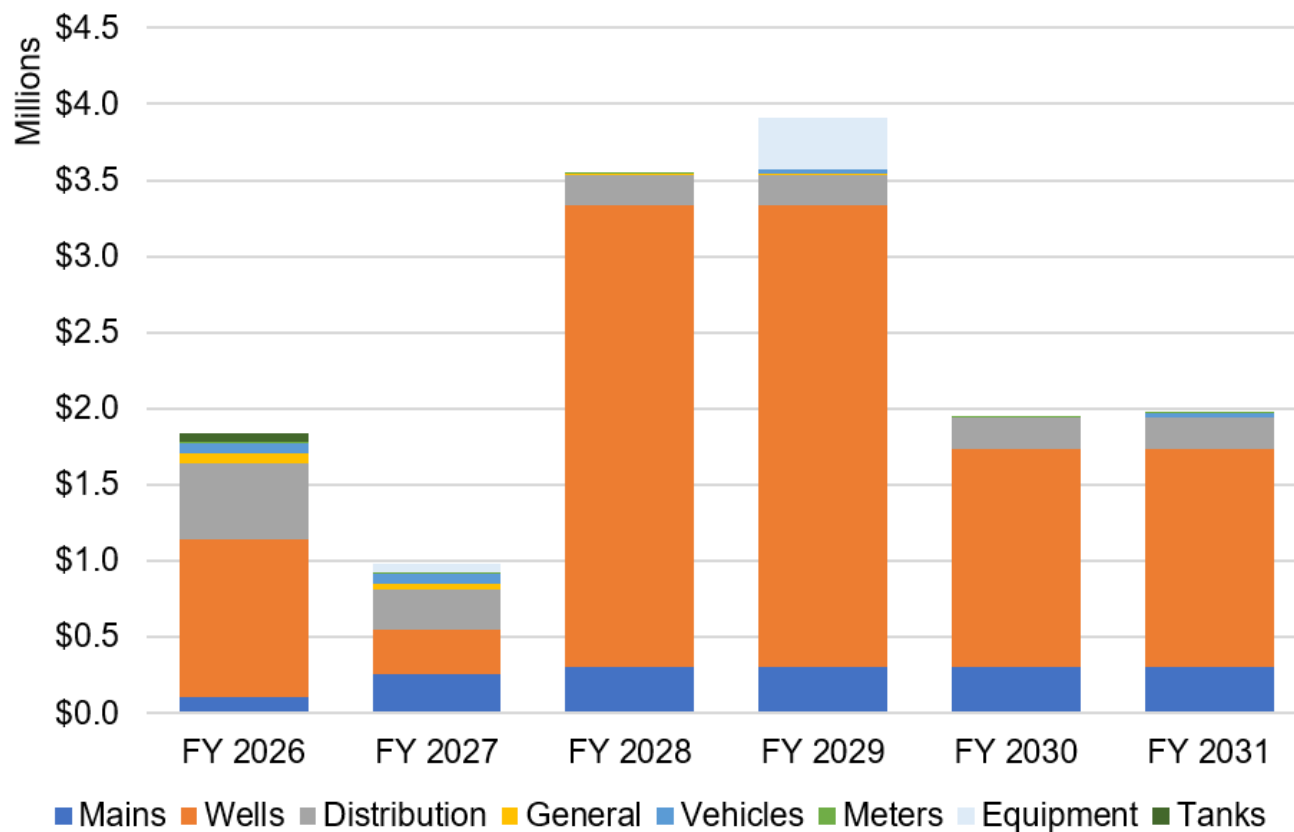
Annual Reserve Target		
Utility	Current Balance	FY 2027
Water	~\$5,098,041	\$4,244,391
Zone 1	~\$10,748,989	\$10,243,165
Zone 2	~\$384,390	\$612,220
Zone 3	~\$2,336,485	\$335,898

Capital Plans



Water Capital Planning Option 1

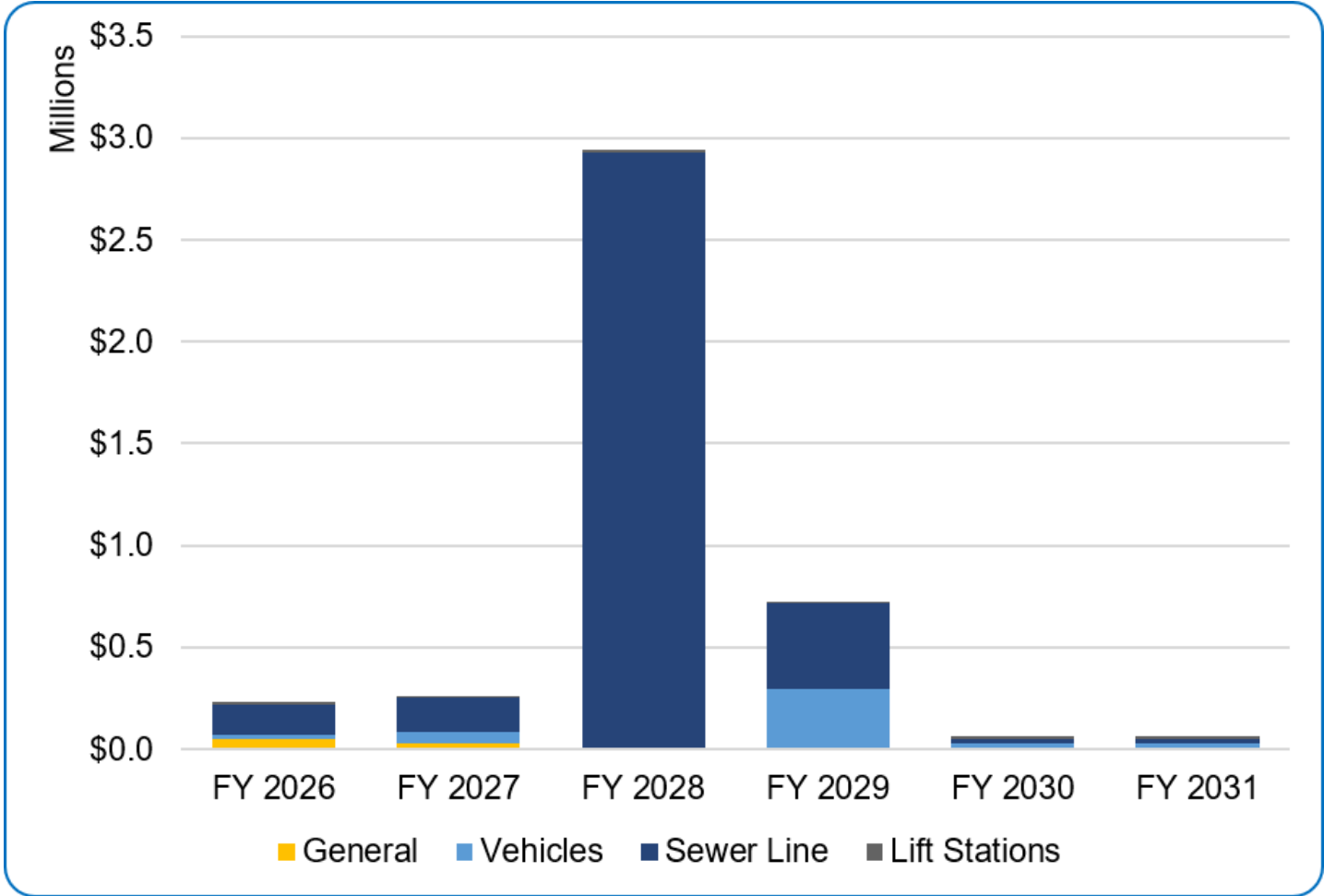
Project by Type	Total Cost	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Total Water	\$19,202,735	\$1,836,860	\$979,375	\$6,547,500	\$3,712,000	\$5,550,000	\$577,000
Mains	\$1,550,000	\$100,000	\$250,000	\$300,000	\$300,000	\$300,000	\$300,000
Wells	\$15,287,610	\$1,042,610	\$300,000	\$6,035,000	\$2,835,000	\$5,037,500	\$37,500
Distribution	\$1,568,500	\$501,000	\$257,500	\$202,500	\$202,500	\$202,500	\$202,500
General	\$120,125	\$60,750	\$39,375	\$5,000	\$5,000	\$5,000	\$5,000
Vehicles	\$189,000	\$67,500	\$67,500	\$0	\$27,000	\$0	\$27,000
Meters	\$30,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Equipment	\$397,500	\$0	\$60,000	\$0	\$337,500	\$0	\$0
Tanks	\$60,000	\$60,000	\$0	\$0	\$0	\$0	\$0



Water Capital Planning Option 2 (additional \$5 million outside of study period)

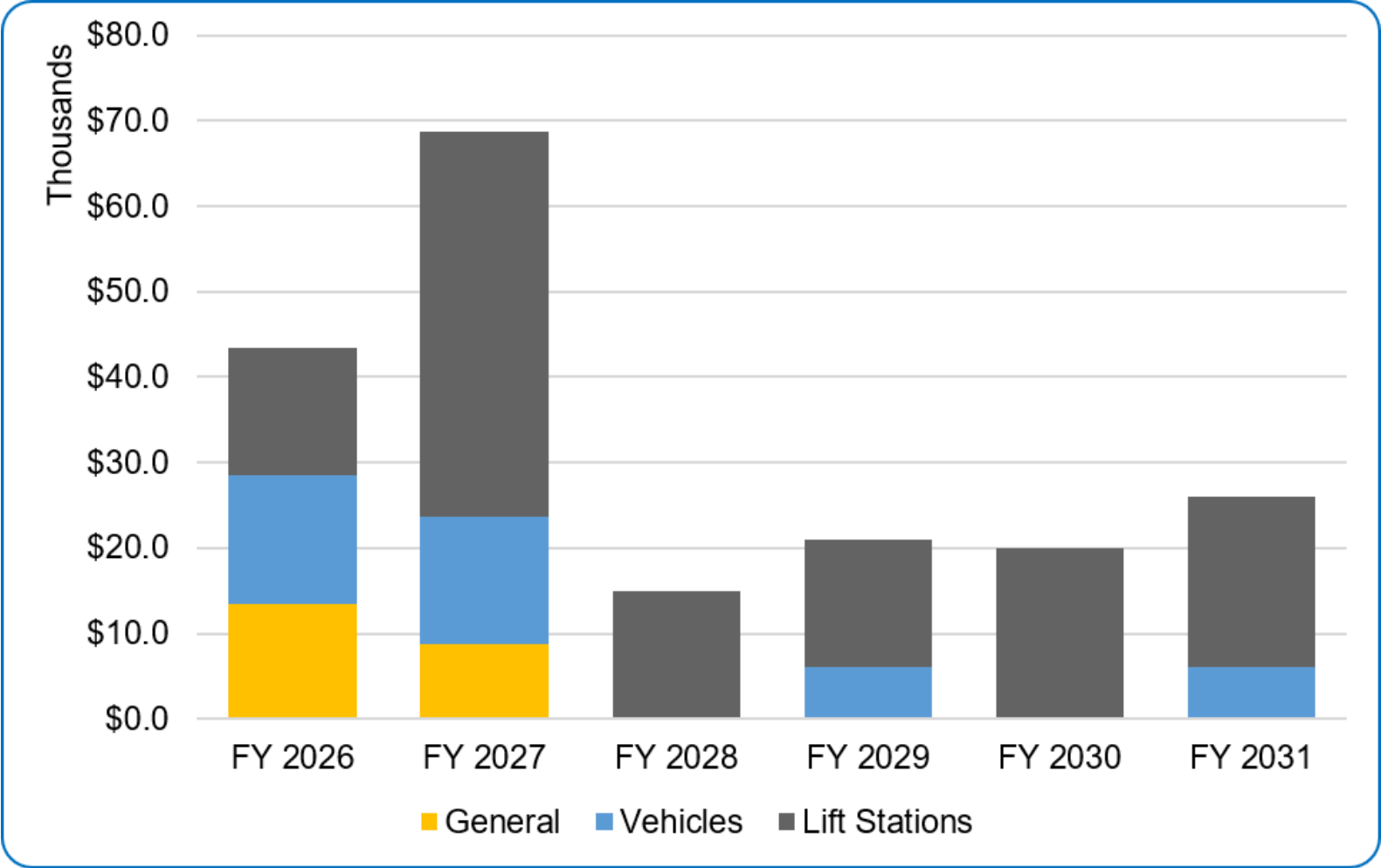
Project by Type	Total Cost	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Total Water	\$19,202,735	\$1,836,860	\$979,375	\$3,547,500	\$3,912,000	\$1,950,000	\$1,977,000
Mains	\$1,550,000	\$100,000	\$250,000	\$300,000	\$300,000	\$300,000	\$300,000
Wells	\$15,287,610	\$1,042,610	\$300,000	\$3,035,000	\$3,035,000	\$1,437,500	\$1,437,500
Distribution	\$1,568,500	\$501,000	\$257,500	\$202,500	\$202,500	\$202,500	\$202,500
General	\$120,125	\$60,750	\$39,375	\$5,000	\$5,000	\$5,000	\$5,000
Vehicles	\$189,000	\$67,500	\$67,500	\$0	\$27,000	\$0	\$27,000
Meters	\$30,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Equipment	\$397,500	\$0	\$60,000	\$0	\$337,500	\$0	\$0
Tanks	\$60,000	\$60,000	\$0	\$0	\$0	\$0	\$0

Zone 1 Sewer Capital Planning – Project Type



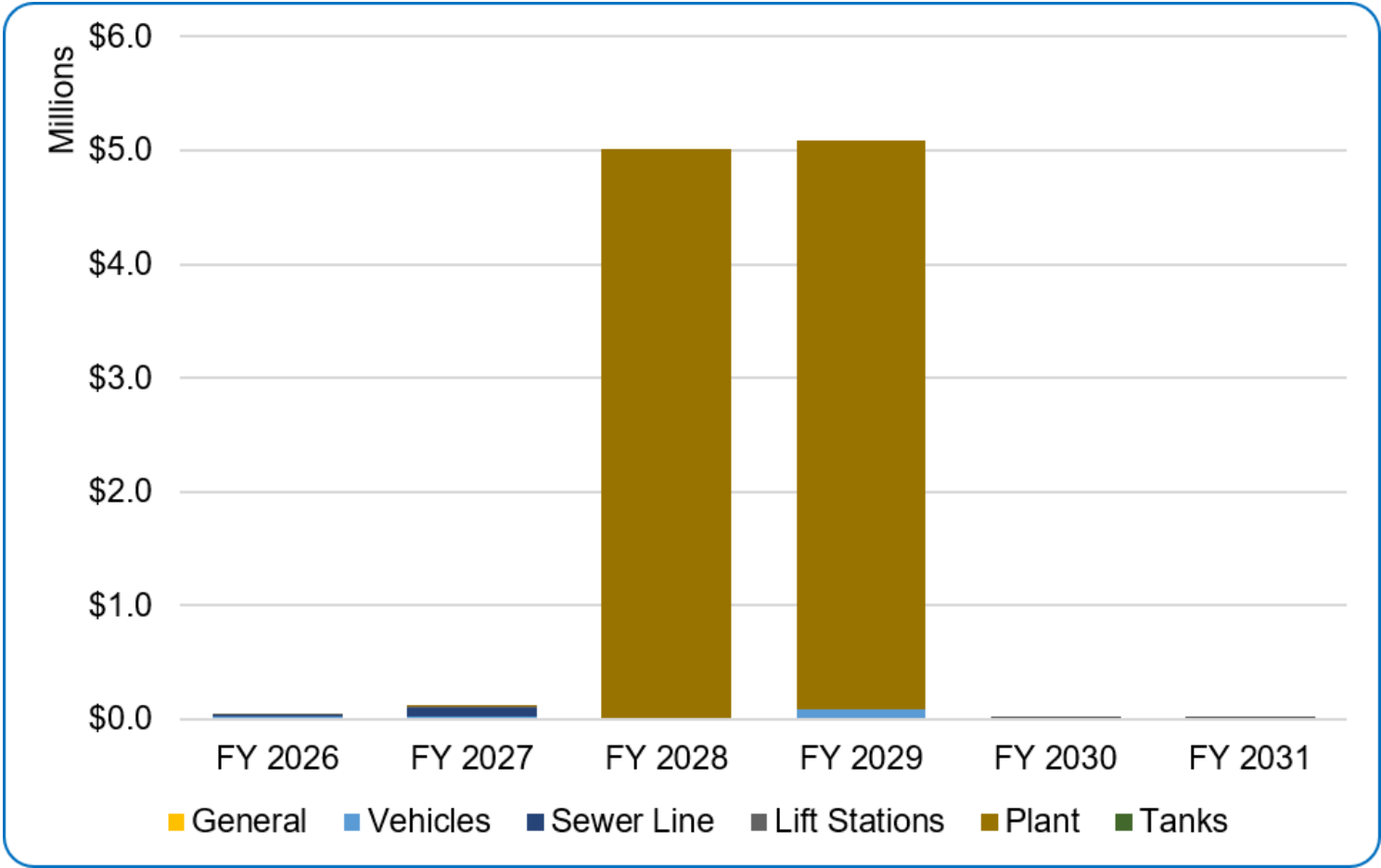
Project by Type	Total Cost	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Sewer 1 Total	\$3,878,375	\$229,750	\$263,125	\$2,940,000	\$323,500	\$61,000	\$61,000
General	\$117,875	\$47,250	\$30,625	\$10,000	\$10,000	\$10,000	\$10,000
Vehicles	\$400,500	\$22,500	\$52,500	\$0	\$283,500	\$21,000	\$21,000
Sewer Line	\$3,300,000	\$150,000	\$170,000	\$2,920,000	\$420,000	\$20,000	\$20,000
Lift Stations	\$60,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

Zone 2 Sewer Capital Planning – Project Type



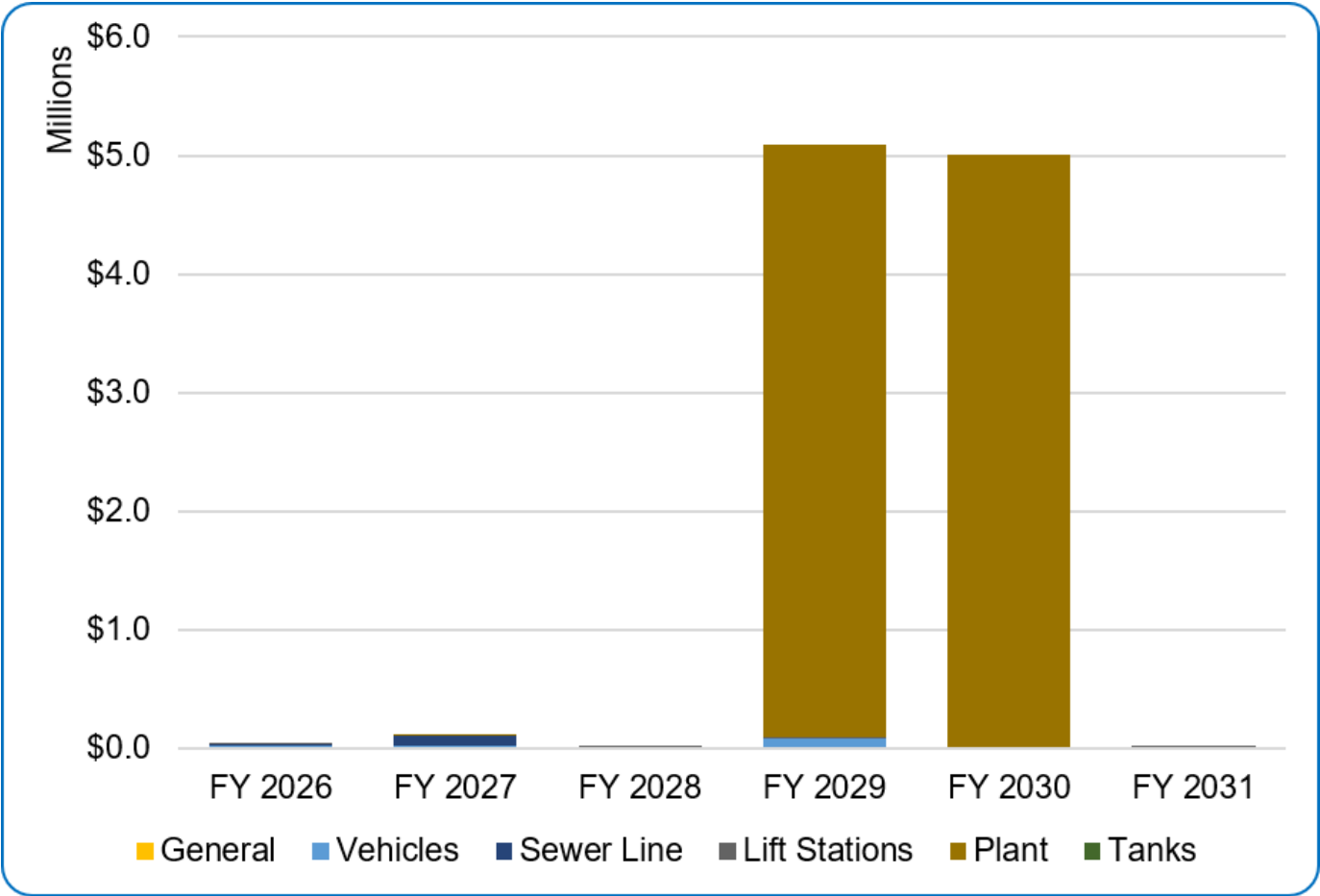
Project by Type	Total Cost	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Sewer 2 Total	\$194,250	\$43,500	\$68,750	\$15,000	\$21,000	\$20,000	\$26,000
General	\$22,250	\$13,500	\$8,750	\$0	\$0	\$0	\$0
Vehicles	\$42,000	\$15,000	\$15,000	\$0	\$6,000	\$0	\$6,000
Lift Stations	\$130,000	\$15,000	\$45,000	\$15,000	\$15,000	\$20,000	\$20,000

Zone 3 Sewer Capital Planning – Project Type – Option 1



Project by Type	Total Cost	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Sewer 3 Total	\$10,292,750	\$52,000	\$109,750	\$5,011,000	\$5,092,000	\$11,000	\$17,000
General	\$26,250	\$13,500	\$8,750	\$1,000	\$1,000	\$1,000	\$1,000
Vehicles	\$117,000	\$15,000	\$15,000	\$0	\$81,000	\$0	\$6,000
Sewer Line	\$105,000	\$5,000	\$80,000	\$5,000	\$5,000	\$5,000	\$5,000
Lift Stations	\$43,500	\$18,500	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Plant	\$10,001,000	\$0	\$1,000	\$5,000,000	\$5,000,000	\$0	\$0

Zone 3 Sewer Capital Planning – Project Type – Option 2



Project by Type	Total Cost	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Sewer 3 Total	\$10,292,750	\$52,000	\$109,750	\$11,000	\$5,092,000	\$5,011,000	\$17,000
General	\$26,250	\$13,500	\$8,750	\$1,000	\$1,000	\$1,000	\$1,000
Vehicles	\$117,000	\$15,000	\$15,000	\$0	\$81,000	\$0	\$6,000
Sewer Line	\$105,000	\$5,000	\$80,000	\$5,000	\$5,000	\$5,000	\$5,000
Lift Stations	\$43,500	\$18,500	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Plant	\$10,001,000	\$0	\$1,000	\$0	\$5,000,000	\$5,000,000	\$0

Sewer Financial Plan Discussion

Sewer (Zone 3) Financial Plan Scenarios

Scenario	Scenario Name
Status Quo	
Scenario 1	Rate funded capital
Scenario 2	Debt funded capital
Scenario 3	Rate funded capital (delayed)
Scenario 4	Debt funded capital (delayed)

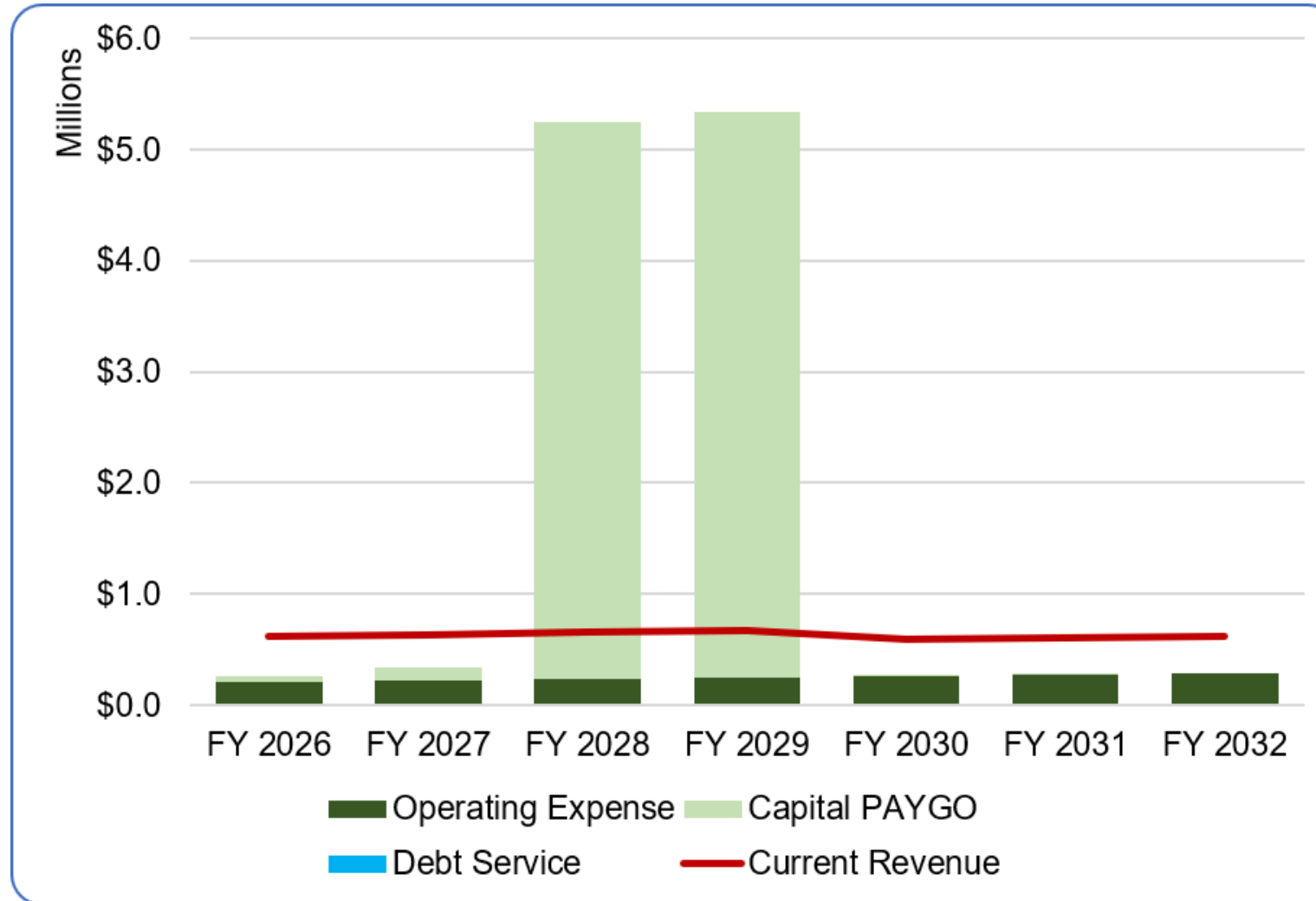
Each scenario will include the following sections:

- Operating
- Ending Balance
- Coverage Ratio (if debt is issued)



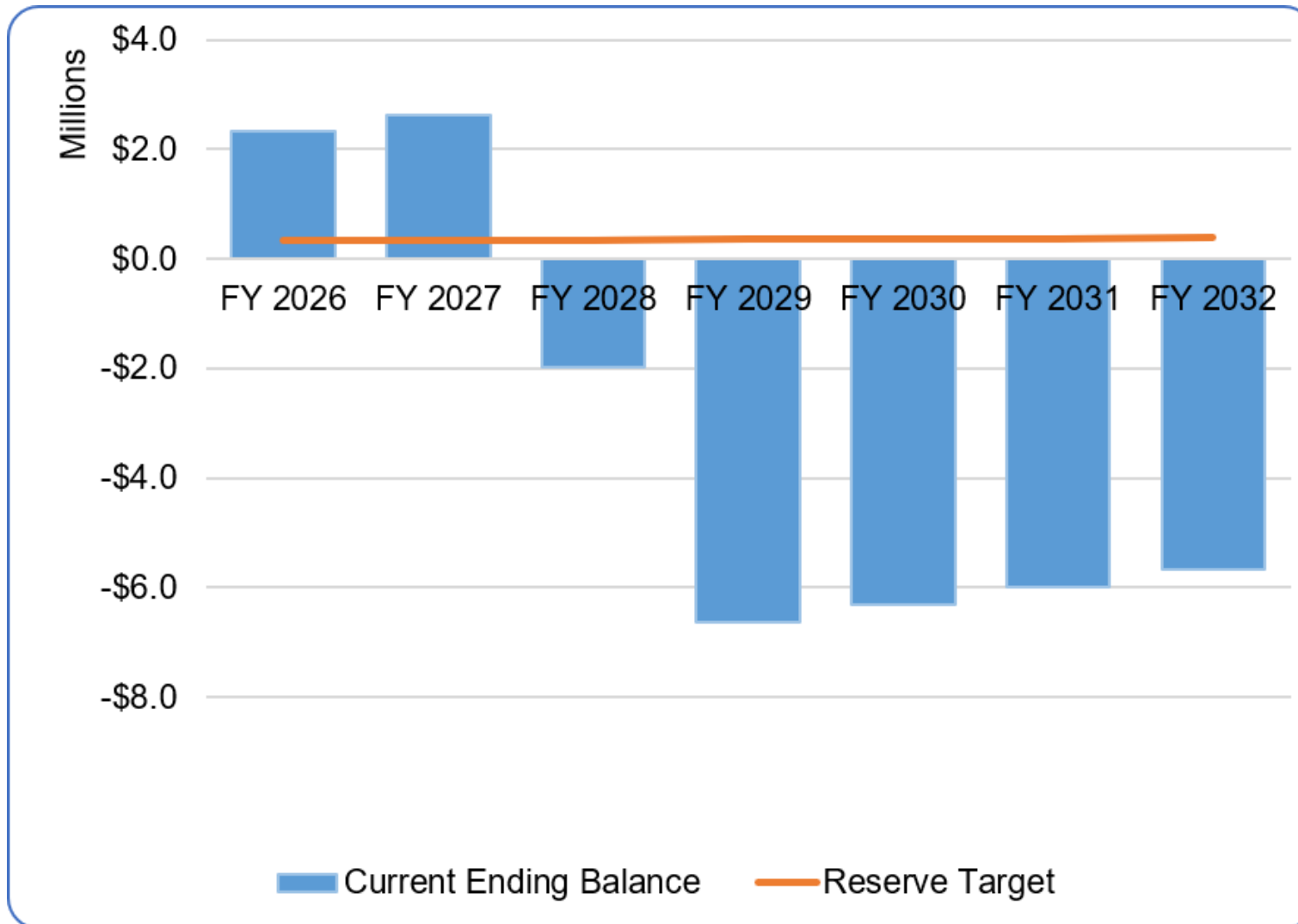
Status Quo – Operating Position

Zone 3



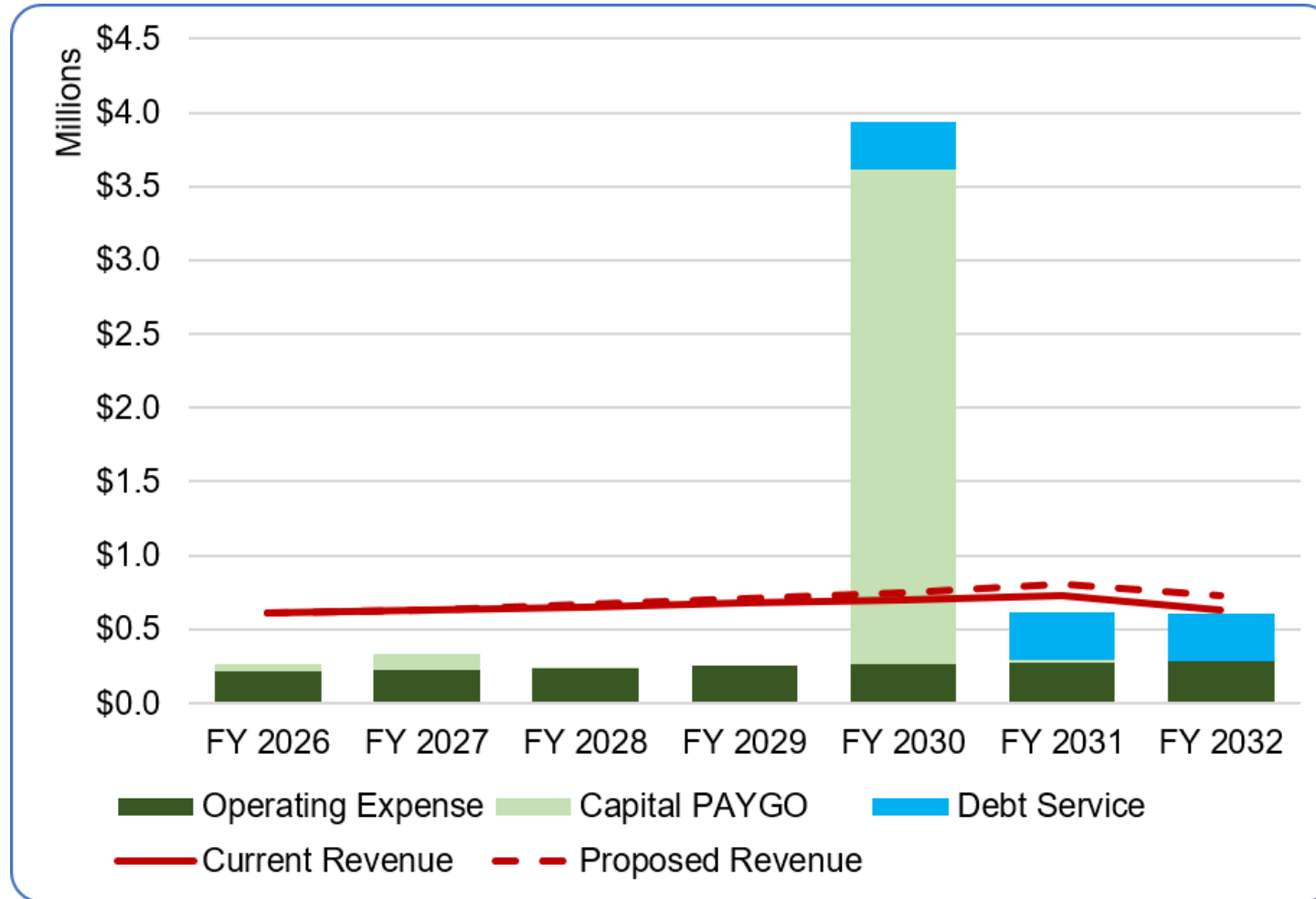
Status Quo – Reserve Balance

Zone 3



Scenario 4 – Operating Position (Capital Option 2)

Zone 3



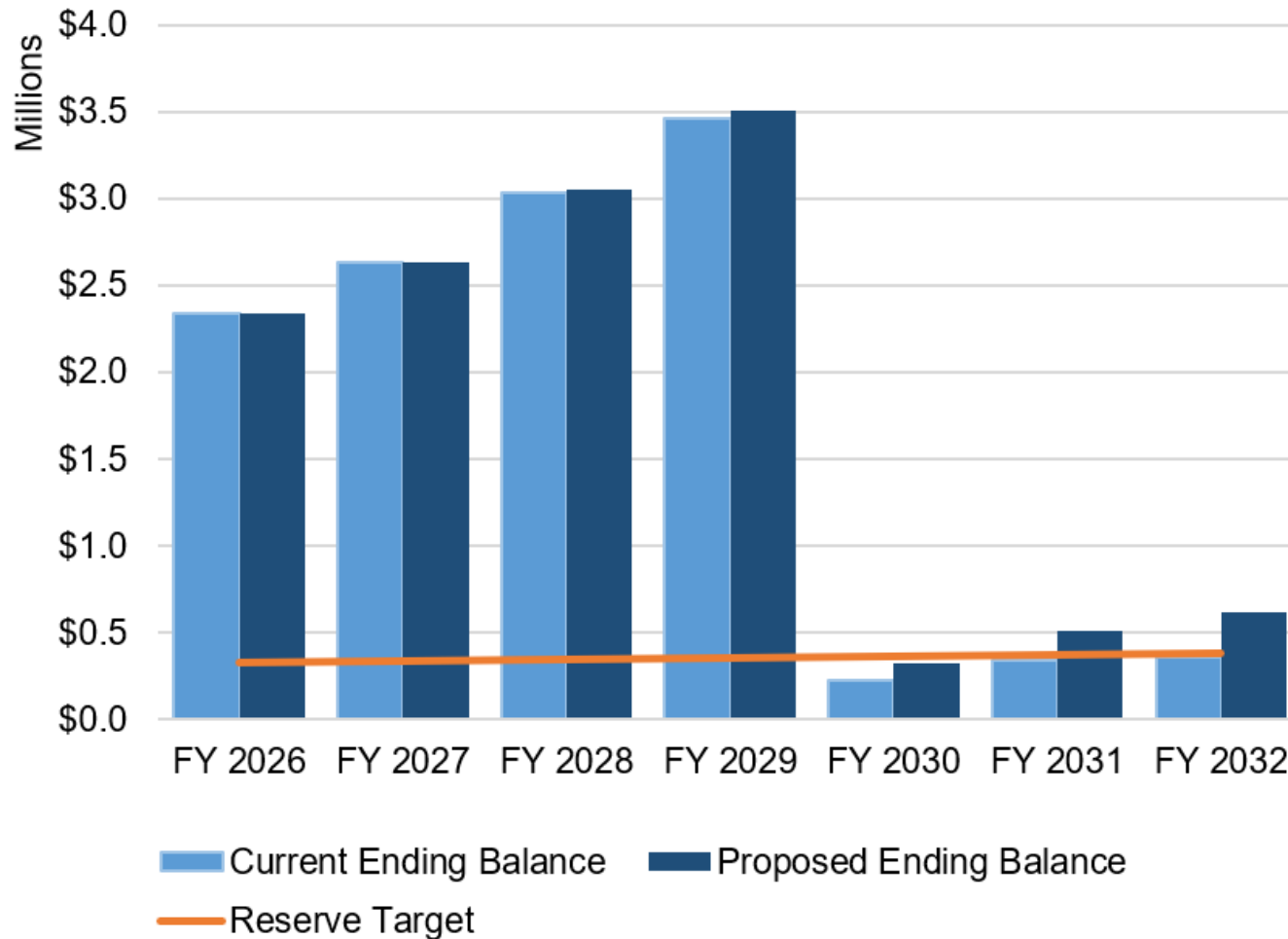
Debt is issued for a 30-year term at 2.5% (Low Interest)

Category	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Sewer Revenue Adjustment	8.0%	8.0%	8.0%	8.0%	8.0%
Proposed Debt Issuance	\$0	\$6,750,000	\$0	\$0	\$0



Scenario 4 – Reserve Balance (Capital Option 2)

Zone 3



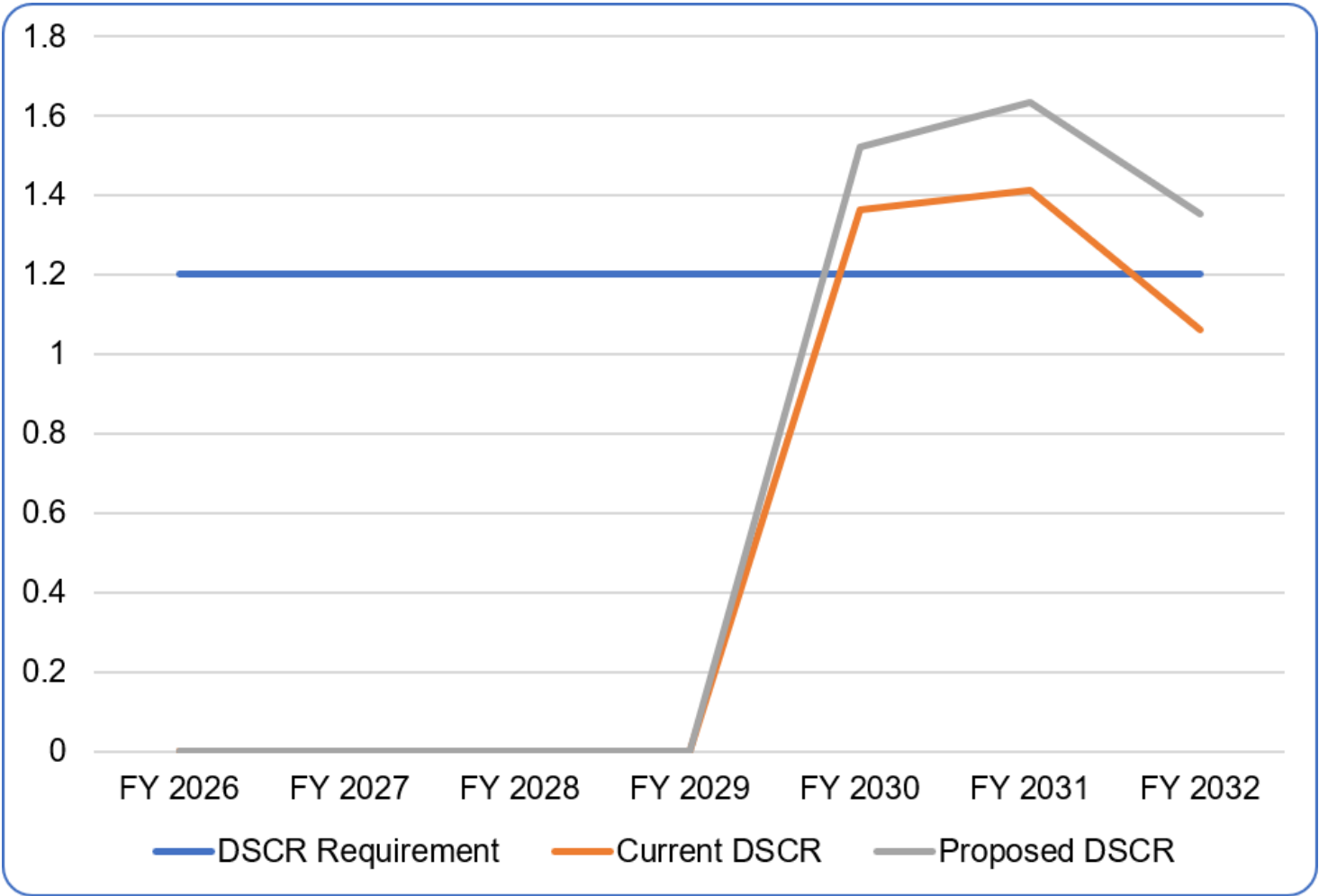
Debt is issued for a 30-year term at 2.5% (Low Interest)

Category	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Sewer Revenue Adjustment	8.0%	8.0%	8.0%	8.0%	8.0%
Proposed Debt Issuance	\$0	\$6,750,000	\$0	\$0	\$0



Scenario 4 – Debt Service Coverage (Capital Option 2)

Zone 3



Debt is issued for a 30-year term at 2.5% (Low Interest)

Category	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Sewer Revenue Adjustment	8.0%	8.0%	8.0%	8.0%	8.0%
Proposed Debt Issuance	\$0	\$6,750,000	\$0	\$0	\$0



Water Financial Plan Discussion

Water Financial Plan Scenarios

Scenario	Scenario Description
Status Quo	
Scenario 1	Rate funded capital
Scenario 2	Debt funded capital
Scenario 3	Rate funded capital (spread out)
Scenario 4	Debt funded capital (spread out)
Scenario 5	Same as 4 but with a share of taxes

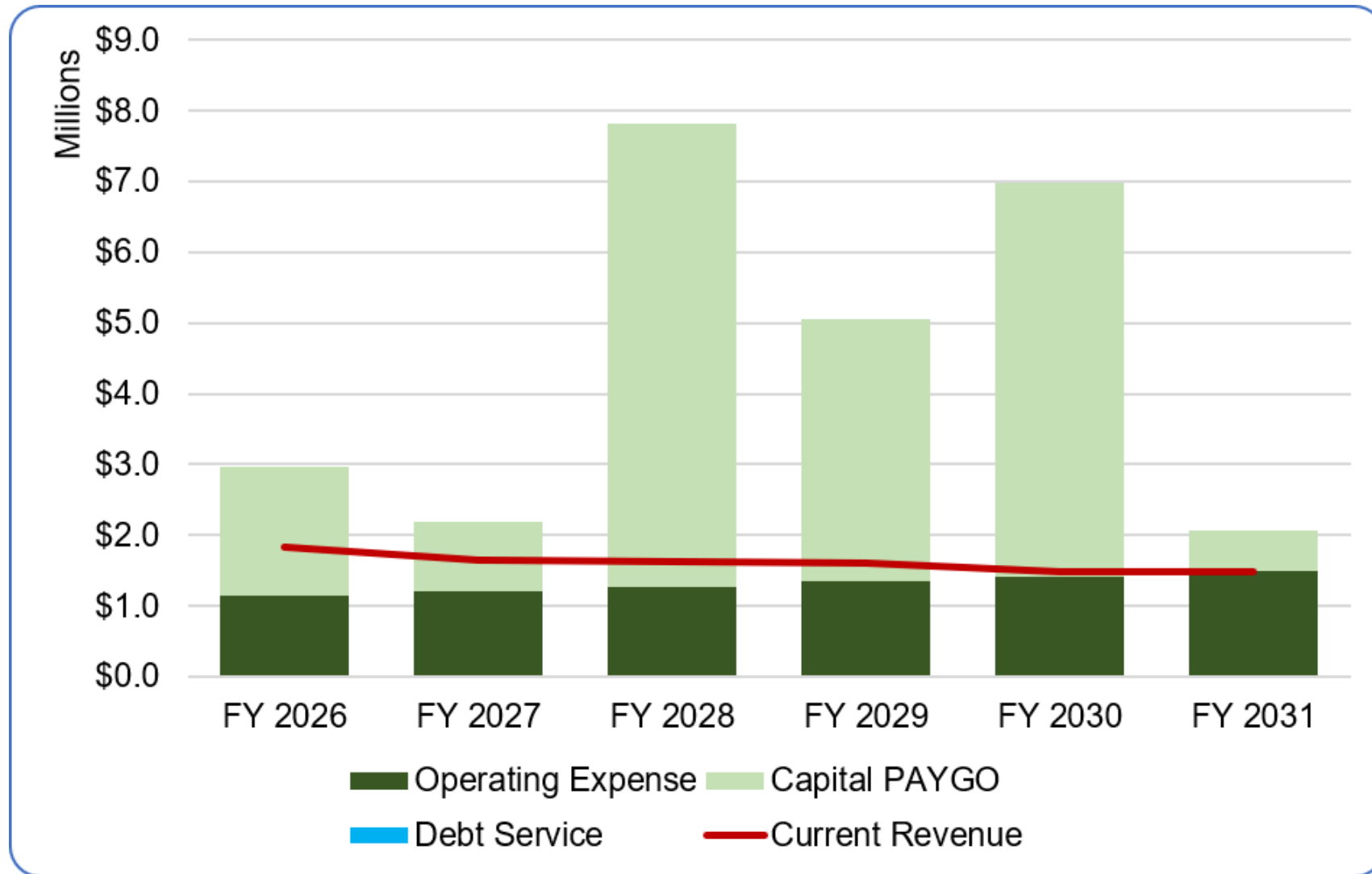
Each scenario will include the following sections:

- Operating
- Ending Balance
- Coverage Ratio (if debt is issued)



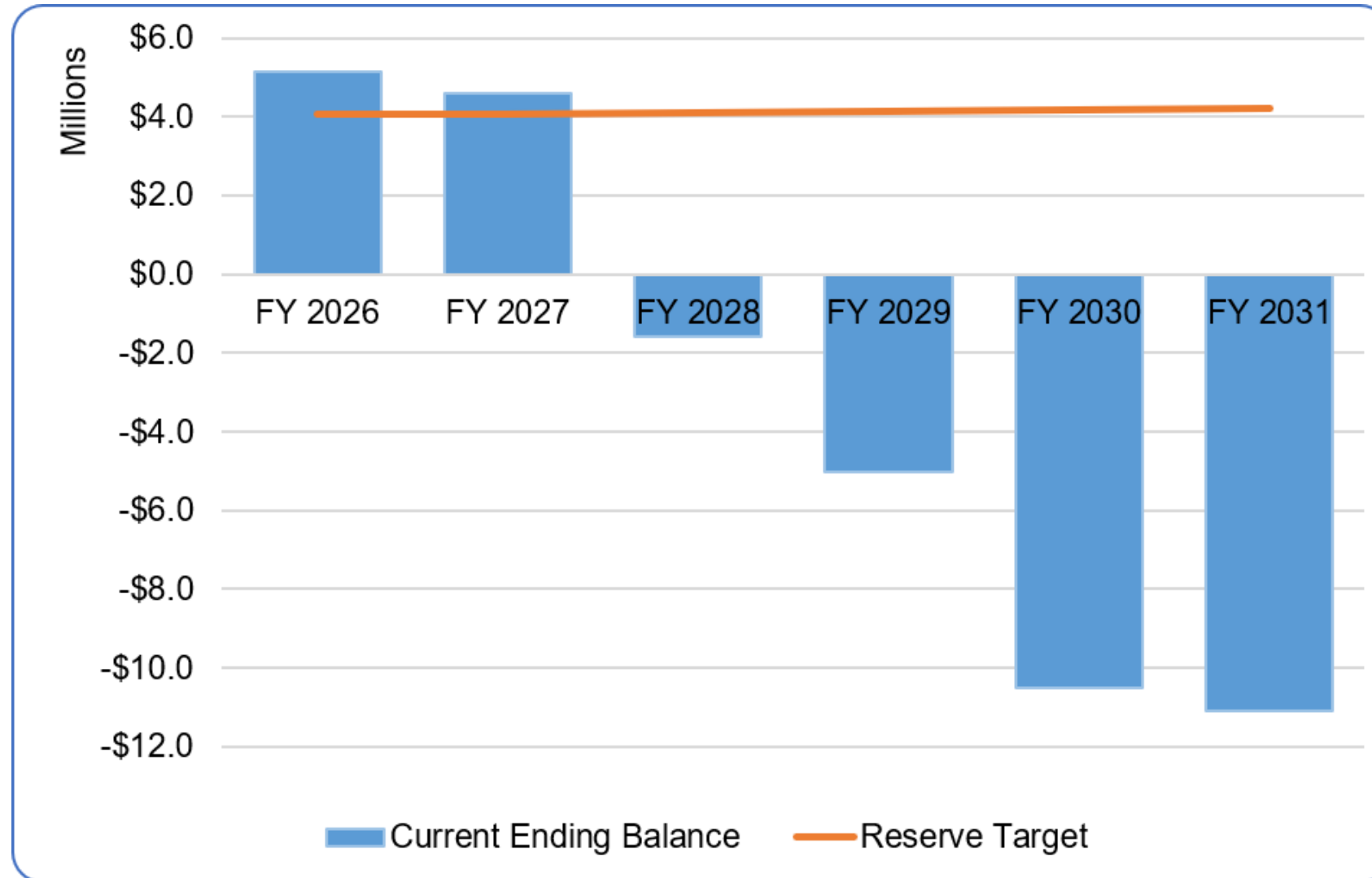
Status Quo – Operating Position

Water



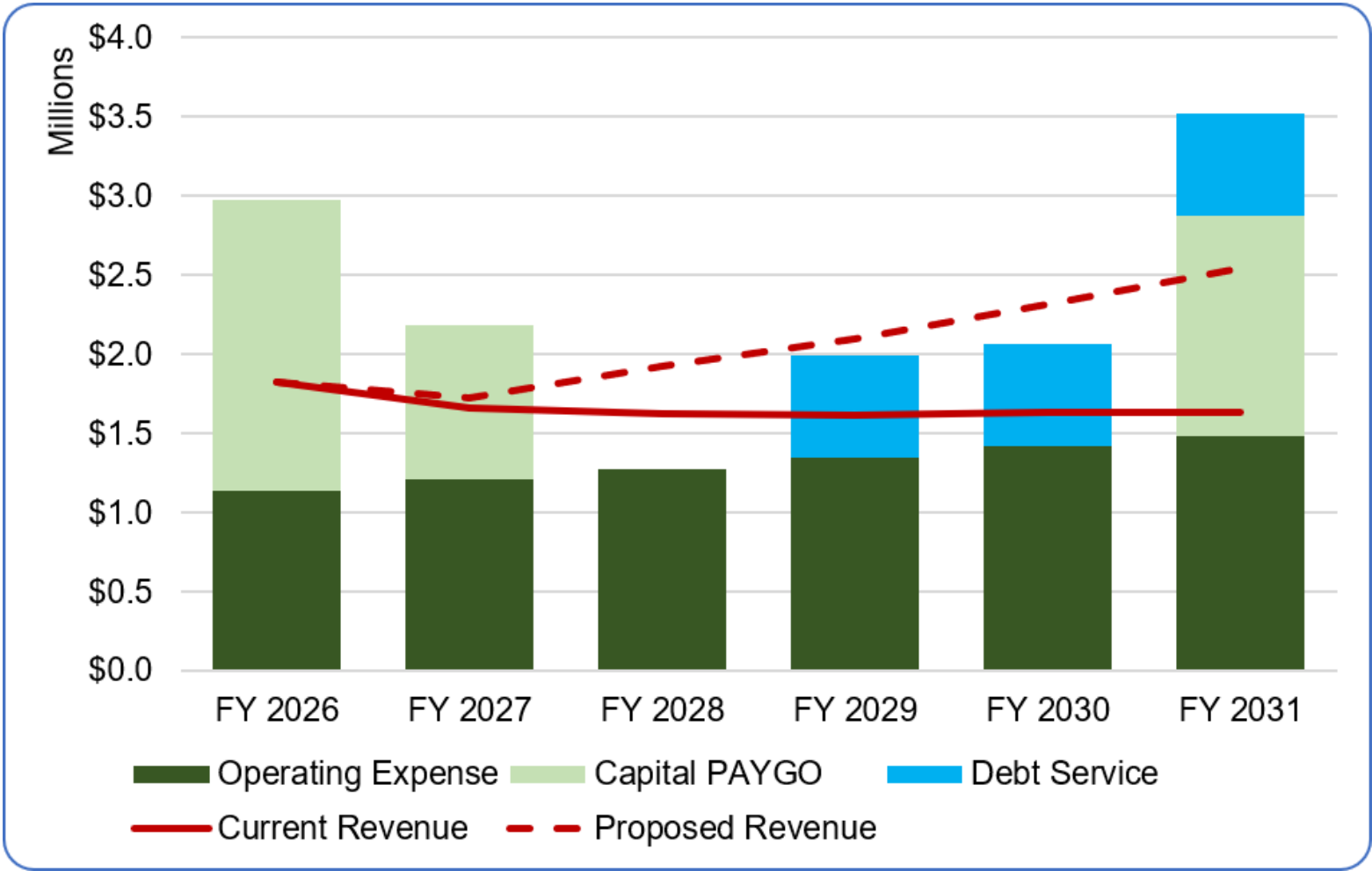
Status Quo – Fund Balance

Water



Scenario 4 – Operating Position (Capital Option 2)

Water



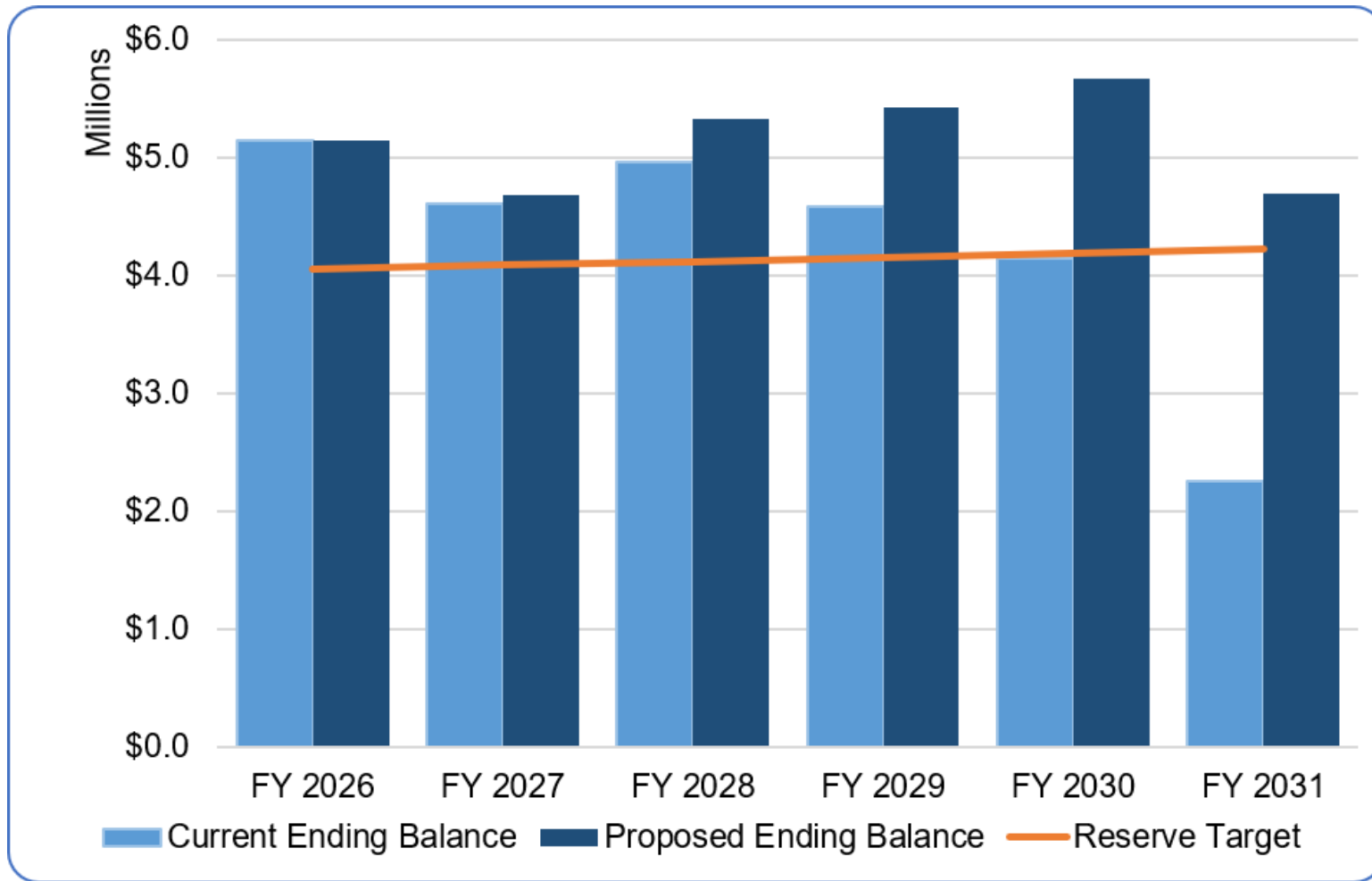
Debt is issued for a 30-year term at 2.5% (Low Interest)

Category	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Water Revenue Adjustment	10.0%	10.0%	10.0%	10.0%	10.0%
Proposed Debt Issuance	\$0	\$10,000,000	\$0	\$0	\$0



Scenario 4 – Reserve Balance (Capital Option 2)

Water



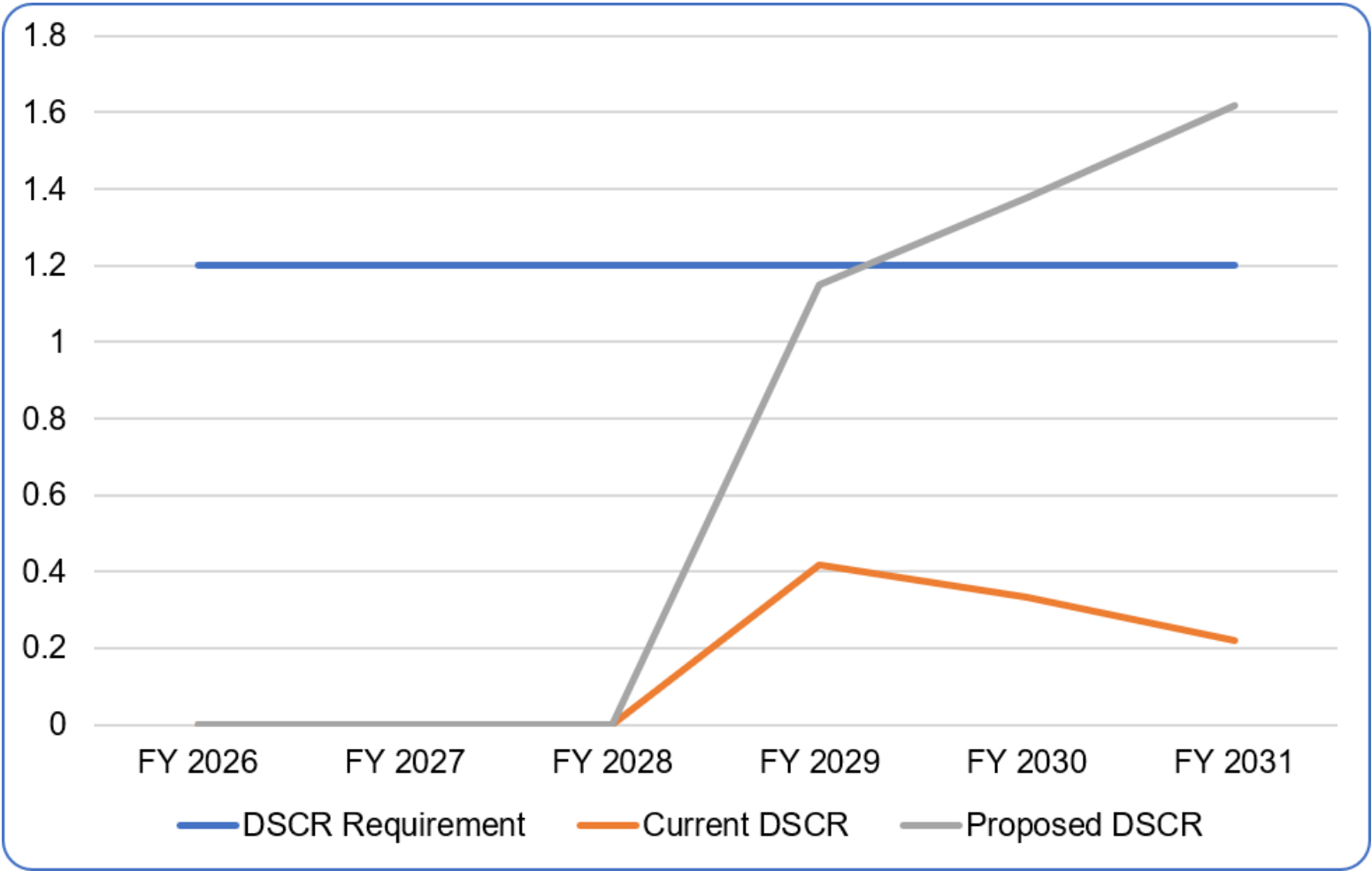
Debt is issued for a 30-year term at 2.5% (Low Interest)

Category	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Water Revenue Adjustment	10.0%	10.0%	10.0%	10.0%	10.0%
Proposed Debt Issuance	\$0	\$10,000,000	\$0	\$0	\$0



Scenario 4 – Debt Service Coverage (Capital Option 2)

Water



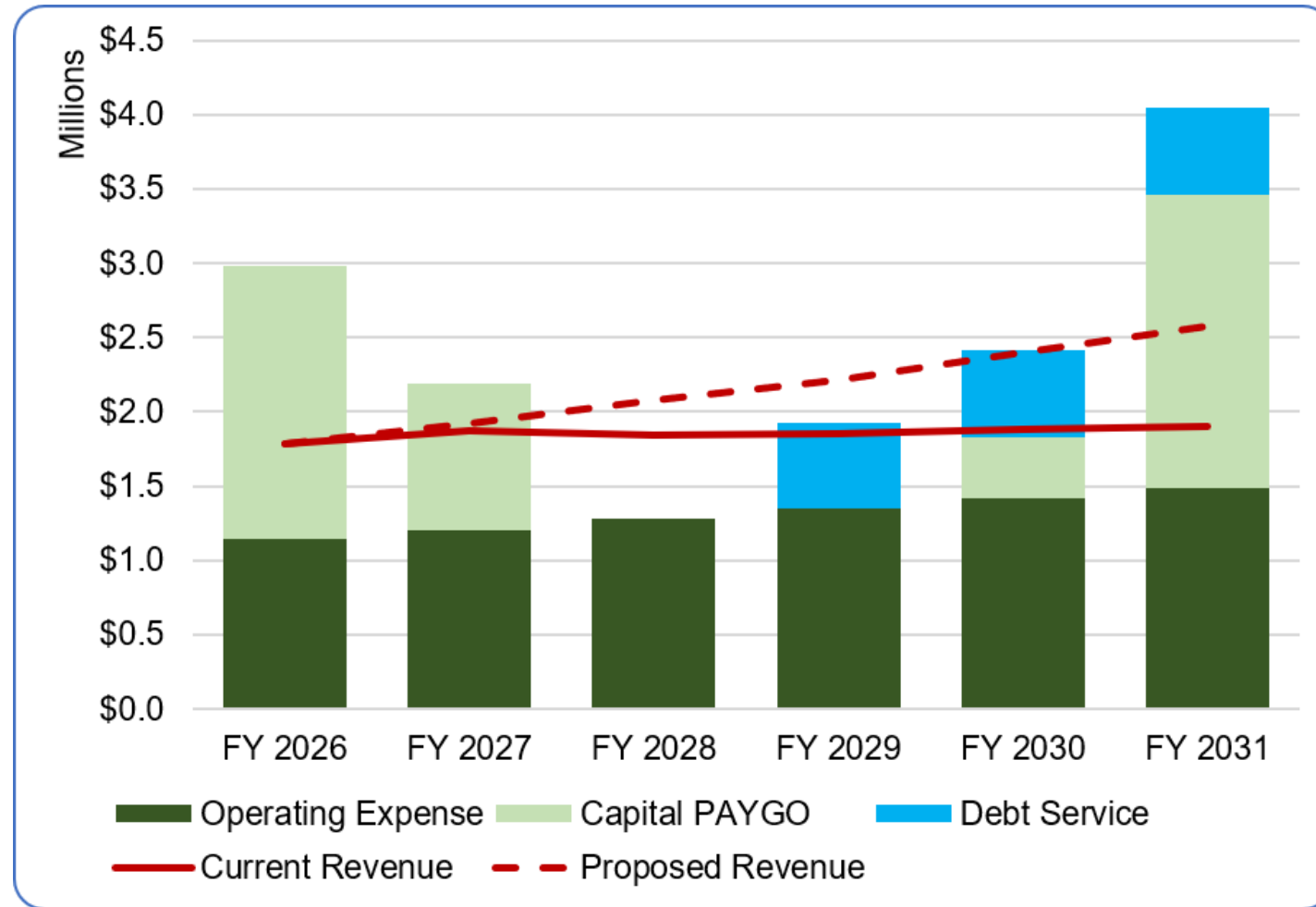
Debt is issued for a 30-year term at 2.5% (Low Interest)

Category	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Water Revenue Adjustment	10.0%	10.0%	10.0%	10.0%	10.0%
Proposed Debt Issuance		\$0 \$10,000,000	\$0	\$0	\$0



Scenario 5 – Operating Position (Capital Option 2)

Water



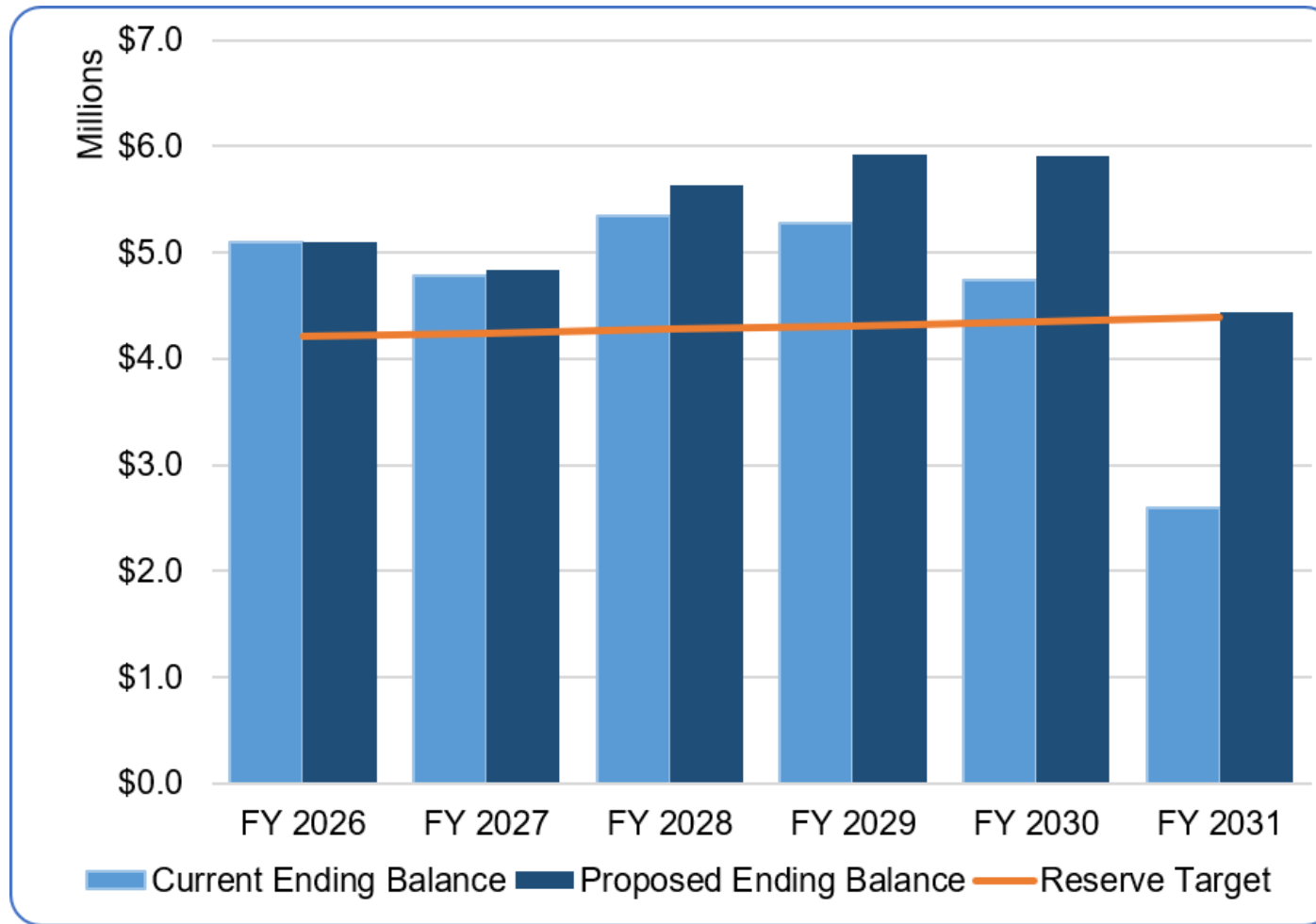
Debt is issued for a 30-year term at 2.5% (Low Interest) Shares 20% of Sewer Zone 1 Property Tax

Category	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Water Revenue Adjustment	8.0%	8.0%	8.0%	8.0%	8.0%
Proposed Debt Issuance	\$0	\$9,000,000	\$0	\$0	\$0



Scenario 5 – Reserve Balance (Capital Option 2)

Water



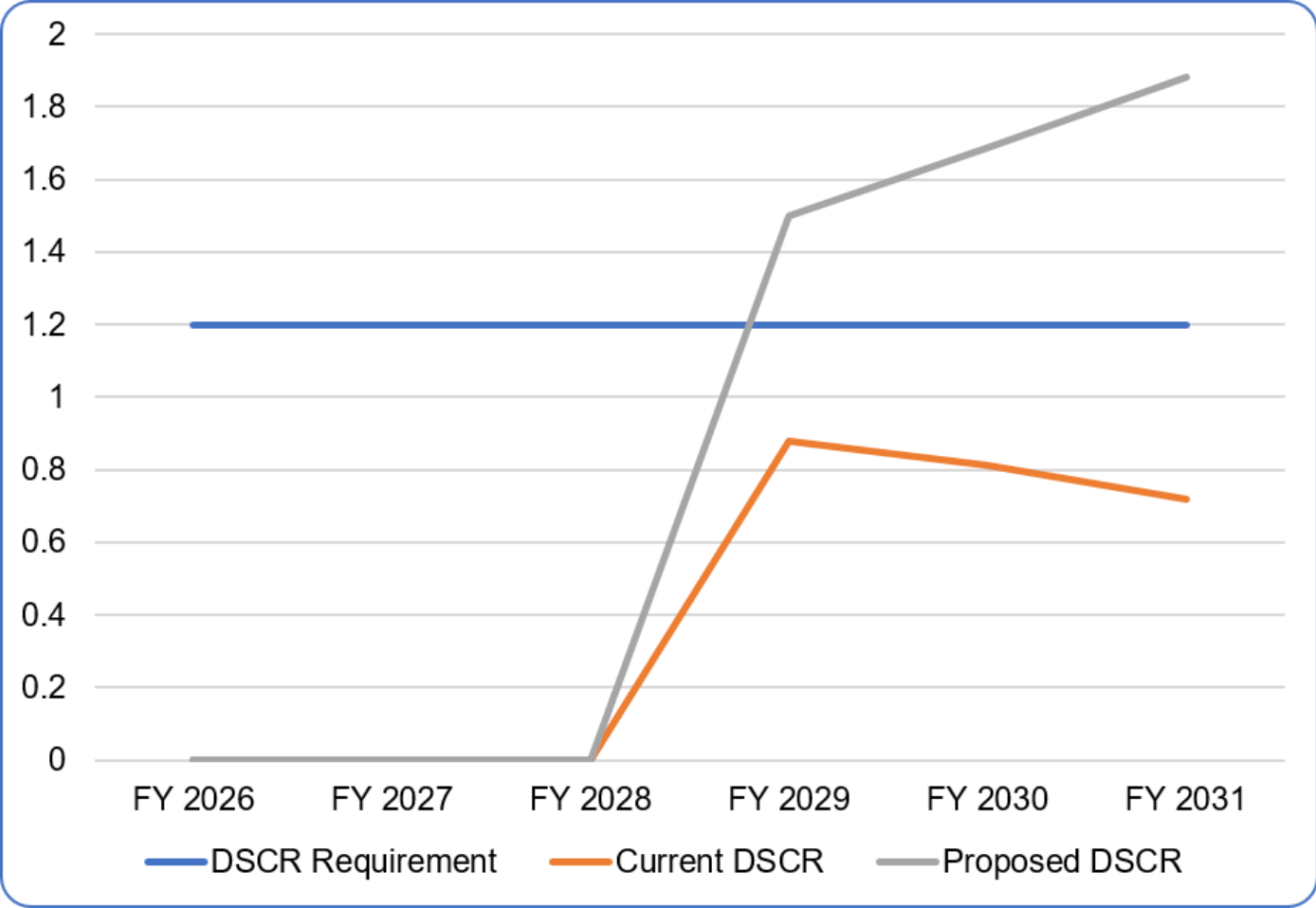
Debt is issued for a 30-year term at 2.5% (Low Interest) Shares 20% of Sewer Zone 1 Property Tax

Category	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Water Revenue Adjustment	8.0%	8.0%	8.0%	8.0%	8.0%
Proposed Debt Issuance	\$0	\$9,000,000	\$0	\$0	\$0



Scenario 5 – Debt Service Coverage (Capital Option 2)

Water



Debt is issued for a 30-year term at 2.5% (Low Interest) Shares 20% of Sewer Zone 1 Property Tax

Category	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Water Revenue Adjustment	8.0%	8.0%	8.0%	8.0%	8.0%
Proposed Debt Issuance	\$0	\$9,000,000	\$0	\$0	\$0



Comparison of Presented Scenarios

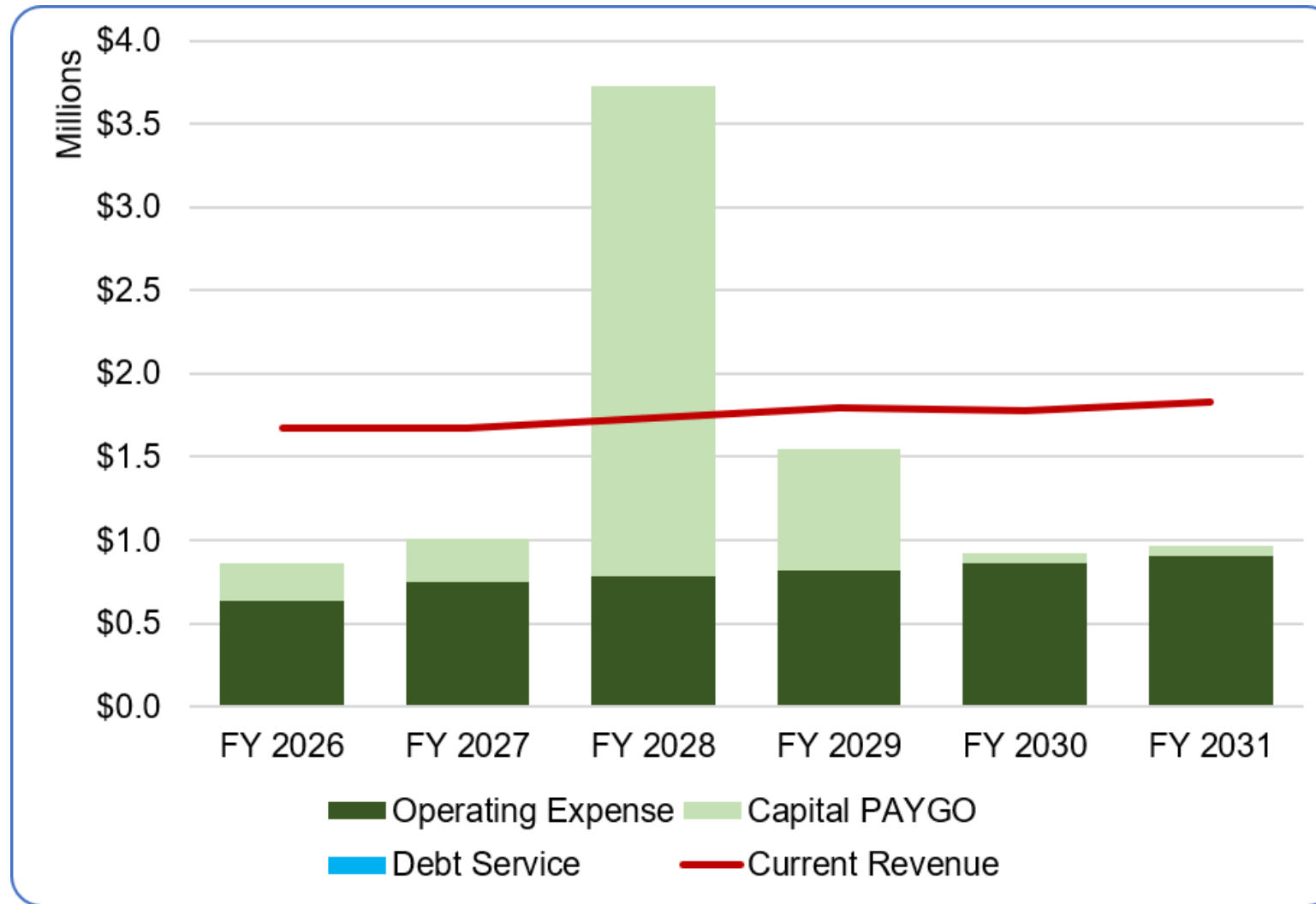
Scenario	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Scenario 1	75%	40%	35%	30%	5%
Scenario 2	12%	12%	12%	12%	10%
Scenario 3	50%	25%	25%	25%	15%
Scenario 4	10%	10%	10%	10%	10%
Scenario 5	8%	8%	8%	8%	8%

Scenario	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Scenario 1	-	-	-	-	-
Scenario 2	-	\$15,000,000	-	-	-
Scenario 3	-	-	-	-	-
Scenario 4	-	\$10,000,000	-	-	-
Scenario 5	-	\$9,000,000	-	-	-

Scenario 5 Impacts on Sewer Zone 1

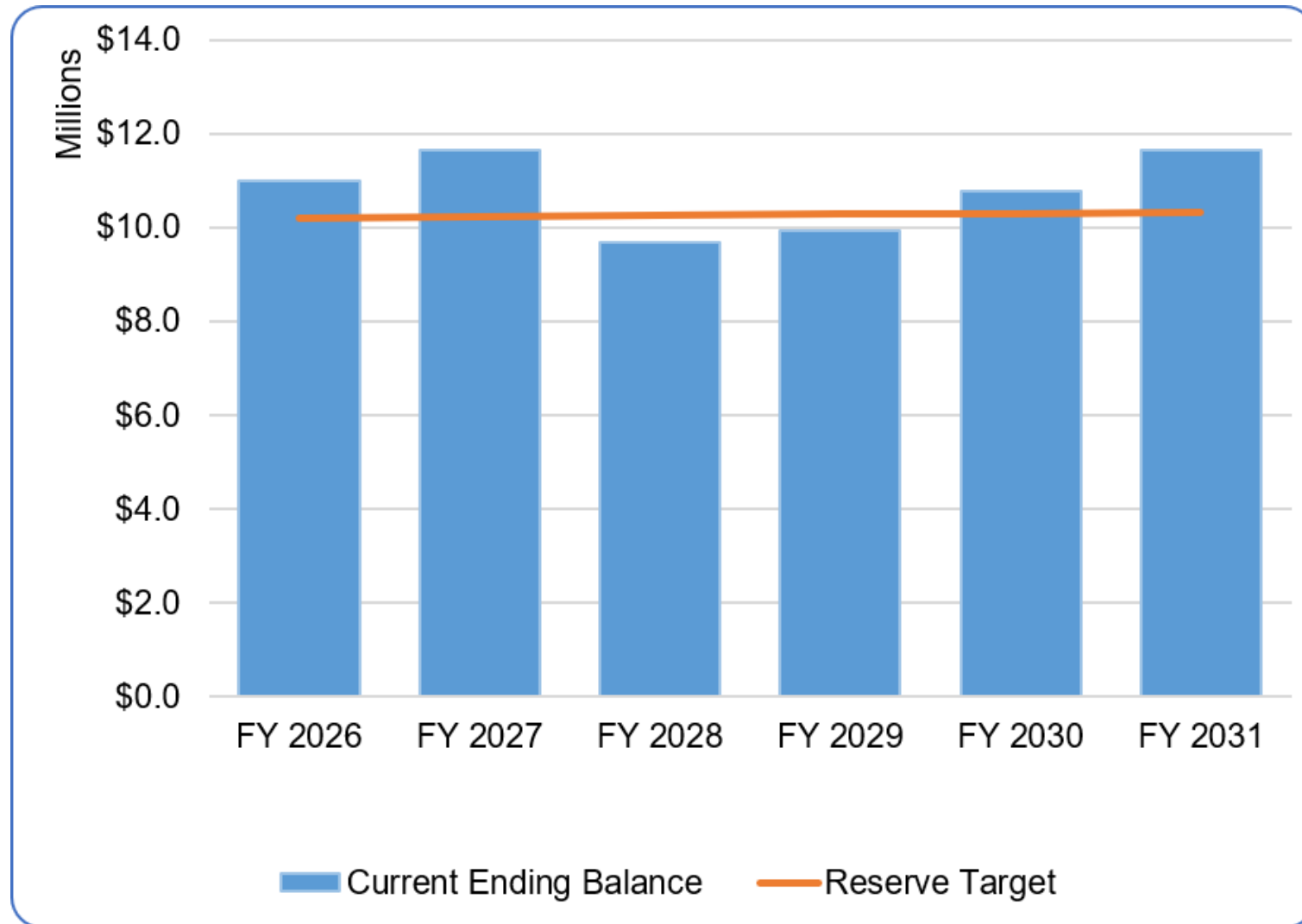
Status Quo – Operating Position

Zone 1



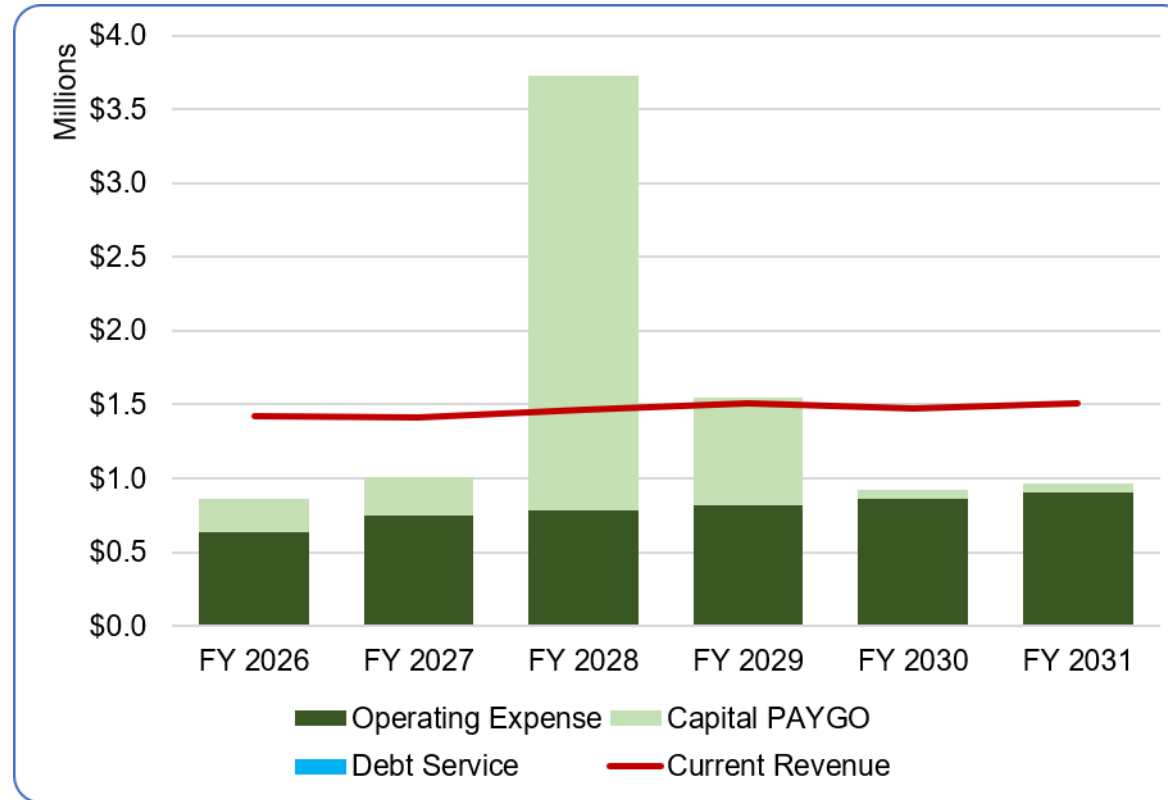
Status Quo – Reserve Balance

Zone 1



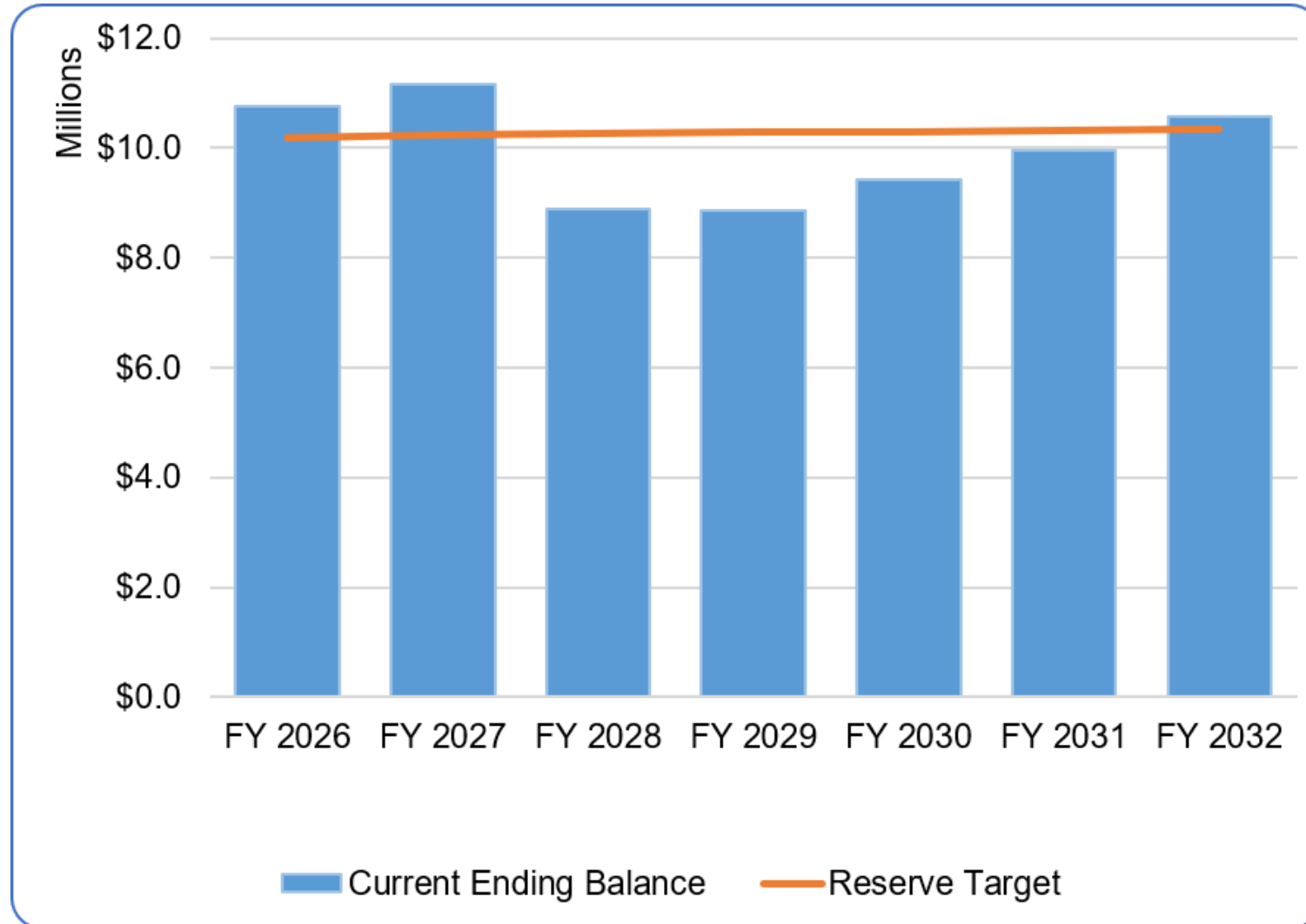
Scenario 5 – Operating Position

Zone 1



Scenario 5 – Reserve Balance

Zone 1



Rate Discussion

Current Rates (monthly)

Water		Zone 1*		Zone 2*		Zone 3*	
Monthly Base		Fixed Rate		Fixed Rate		Fixed Rate	
3/4"	\$20.81	Per EDU	\$0.00	Per EDU	\$20.75	Per EDU	\$22.13
1"	\$34.77						
1 1/2"	\$67.96						
2"	\$110.43						
3"	\$220.94						
4"	\$344.65						
6"	\$692.74						
Fire Service							
2"	\$11.65						
3"	\$21.92						
4"	\$43.70						
6"	\$98.29						
8"	\$131.04						
10"	\$175.40						
12"	\$245.43						
Surcharges							
Per Unit	\$20.81						
Variable							
Per cf	\$0.0218						

- Zone 1 Customers do not receive a bill
- Zone 2 Customers are billed an annual rate of \$248.99 per EDU
- Zone 3 Customers are billed an annual rate of \$265.50 per EDU



Proposed Water Rates

- Option 1 – Maintain current rate structure
 - Delivery costs in surcharge
- Option 2 – Remove surcharges
 - Delivery costs in fixed rate
- Balancing Competing goals – Equity vs. Impact?

Water		Option 1		Option 2	
Monthly Base		Monthly Base		Monthly Base	
3/4"	\$20.81	3/4"	\$23.20	3/4"	\$28.14
1"	\$34.77	1"	\$32.83	1"	\$41.06
1 1/2"	\$67.96	1 1/2"	\$56.91	1 1/2"	\$73.36
2"	\$110.43	2"	\$85.80	2"	\$112.12
3"	\$220.94	3"	\$177.29	3"	\$234.86
4"	\$344.65	4"	\$297.68	4"	\$396.36
6"	\$692.74	6"	\$658.82	6"	\$880.85
Fire Service		Fire Service		Fire Service	
2"	\$11.65	2"	\$28.03	2"	\$28.03
3"	\$21.92	3"	\$34.46	3"	\$34.46
4"	\$43.70	4"	\$55.02	4"	\$55.02
6"	\$98.29	6"	\$98.72	6"	\$98.72
8"	\$131.04	8"	\$150.12	8"	\$150.12
10"	\$175.40	10"	\$188.68	10"	\$188.68
12"	\$245.43	12"	\$317.19	12"	\$317.19
Surcharges		Surcharges		Surcharges	
Per Unit	\$20.81	Per Unit	\$18.15	Per Unit	\$0.00
Variable		Variable		Variable	
Per cf	\$0.0218	Per cf	\$0.0221	Per cf	\$0.0221

Water Rate Impacts (Option 1 - Scenario 5)

Domestic	Current	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
3/4"	\$20.81	\$25.06	\$27.06	\$29.23	\$31.57	\$34.09
1"	\$34.77	\$35.46	\$38.30	\$41.36	\$44.67	\$48.24
1 1/2"	\$67.96	\$61.46	\$66.38	\$71.69	\$77.43	\$83.62
2"	\$110.43	\$92.67	\$100.08	\$108.09	\$116.73	\$126.07
3"	\$220.94	\$191.48	\$206.80	\$223.34	\$241.21	\$260.50
4"	\$344.65	\$321.49	\$347.21	\$374.99	\$404.99	\$437.38
6"	\$692.74	\$711.53	\$768.45	\$829.93	\$896.32	\$968.03
Surcharge	\$20.81	\$19.60	\$21.17	\$22.86	\$24.69	\$26.67
Use	\$0.0218	\$0.0239	\$0.0258	\$0.0279	\$0.0301	\$0.0325
Fire	Current	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
2"	\$11.65	\$30.28	\$32.70	\$35.32	\$38.14	\$41.19
3"	\$21.92	\$37.22	\$40.19	\$43.41	\$46.88	\$50.63
4"	\$43.70	\$59.42	\$64.18	\$69.31	\$74.86	\$80.85
6"	\$98.29	\$106.61	\$115.14	\$124.35	\$134.30	\$145.05
8"	\$131.04	\$162.13	\$175.10	\$189.11	\$204.24	\$220.58
10"	\$175.40	\$203.77	\$220.07	\$237.68	\$256.69	\$277.23
12"	\$245.43	\$342.56	\$369.97	\$399.57	\$431.53	\$466.05

Category	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Water Revenue Adjustment	8.0%	8.0%	8.0%	8.0%	8.0%



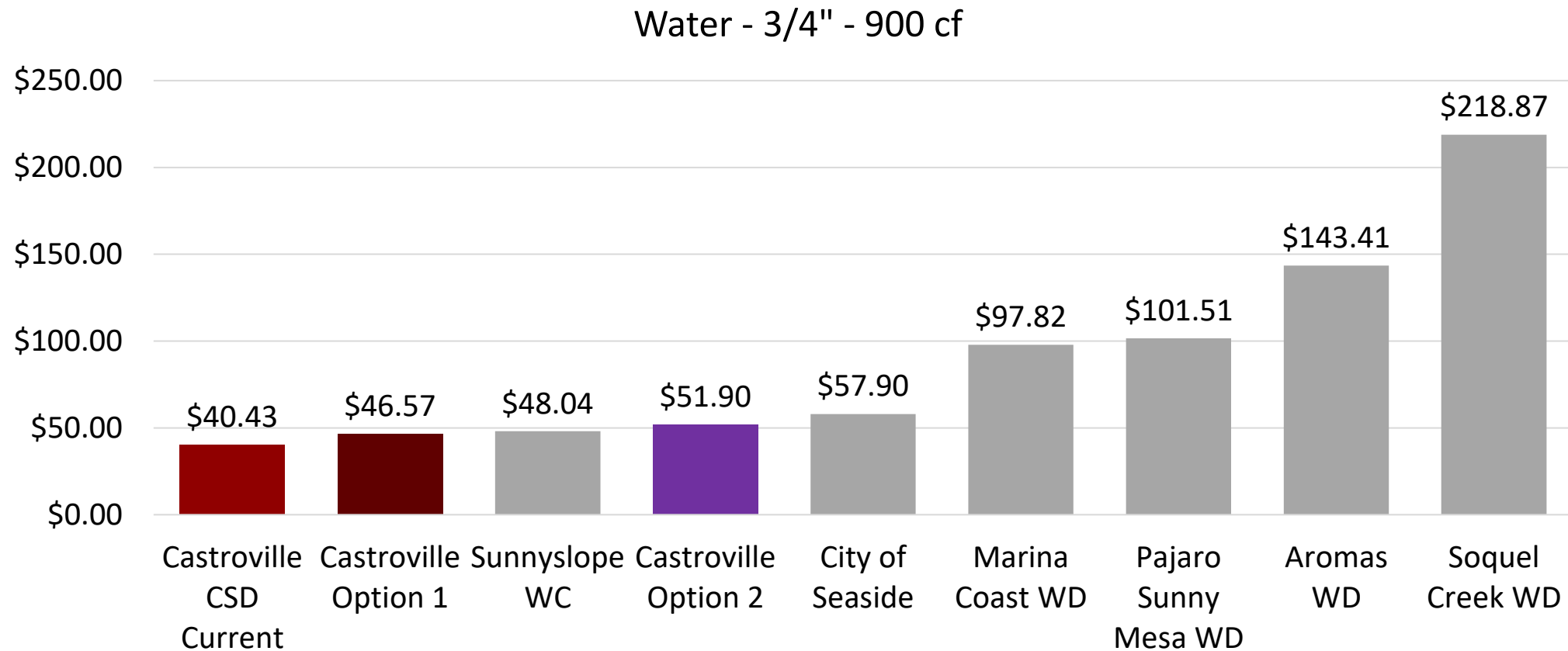
Water Rate Impacts (Option 2 - Scenario 5)

Domestic	Current	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
3/4"	\$20.81	\$30.39	\$32.82	\$35.45	\$38.28	\$41.34
1"	\$34.77	\$44.34	\$47.89	\$51.72	\$55.86	\$60.33
1 1/2"	\$67.96	\$79.23	\$85.56	\$92.41	\$99.80	\$107.79
2"	\$110.43	\$121.09	\$130.77	\$141.24	\$152.53	\$164.74
3"	\$220.94	\$253.65	\$273.94	\$295.85	\$319.52	\$345.08
4"	\$344.65	\$428.06	\$462.31	\$499.29	\$539.24	\$582.38
6"	\$692.74	\$951.32	\$1,027.43	\$1,109.62	\$1,198.39	\$1,294.26
Surcharge	\$20.81	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Use	\$0.0218	\$0.0239	\$0.0258	\$0.0279	\$0.0301	\$0.0325
Fire	Current	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
2"	\$11.65	\$30.28	\$32.70	\$35.32	\$38.14	\$41.19
3"	\$21.92	\$37.22	\$40.19	\$43.41	\$46.88	\$50.63
4"	\$43.70	\$59.42	\$64.18	\$69.31	\$74.86	\$80.85
6"	\$98.29	\$106.61	\$115.14	\$124.35	\$134.30	\$145.05
8"	\$131.04	\$162.13	\$175.10	\$189.11	\$204.24	\$220.58
10"	\$175.40	\$203.77	\$220.07	\$237.68	\$256.69	\$277.23
12"	\$245.43	\$342.56	\$369.97	\$399.57	\$431.53	\$466.05

Category	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Water Revenue Adjustment	8.0%	8.0%	8.0%	8.0%	8.0%



Water Rate Comparison (January 1, 2027)

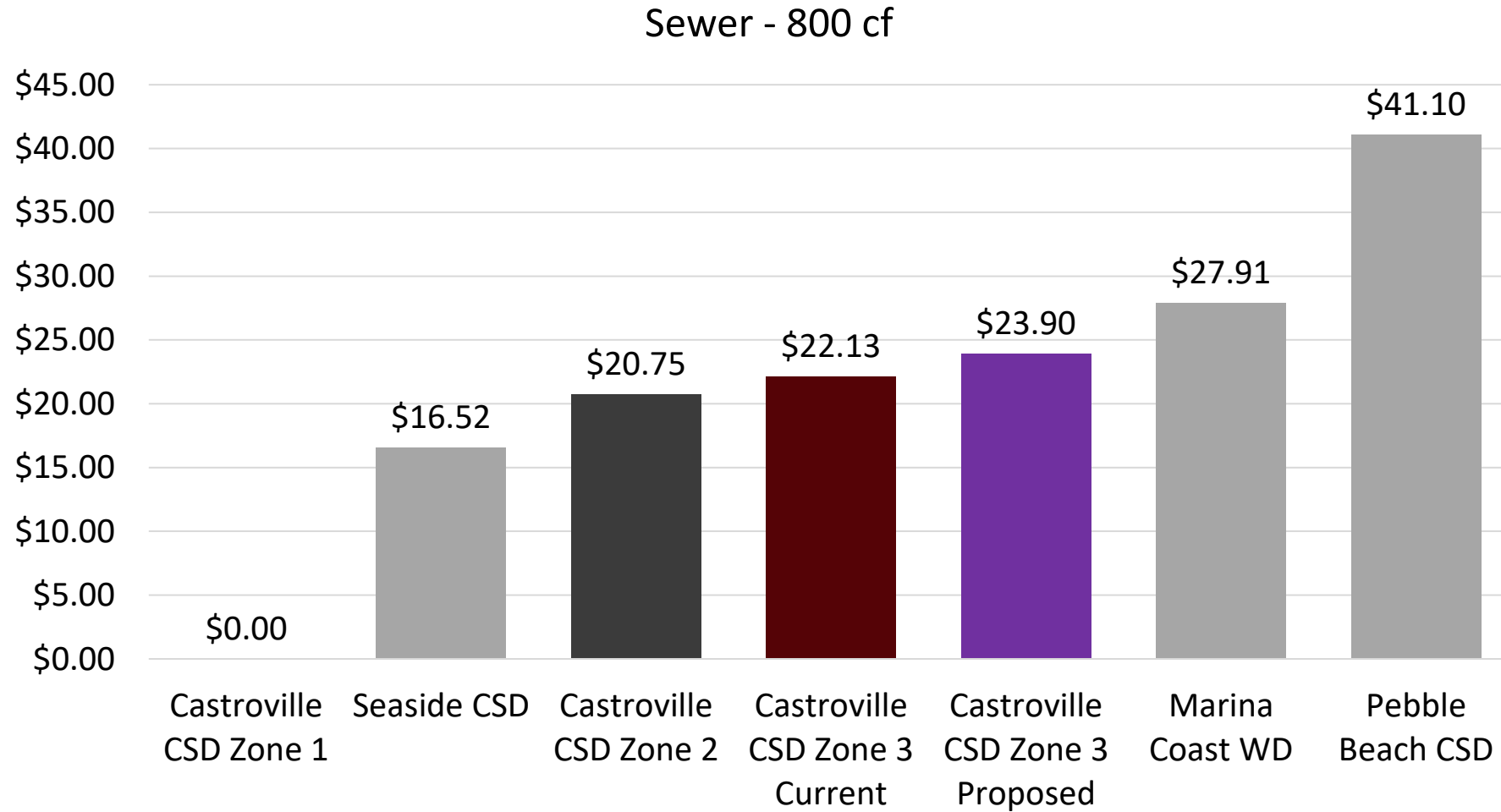


Sewer Zone 3 Rate Impacts (Scenario 4)

Unit	Current	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Per EDU	\$22.13	\$23.90	\$25.81	\$27.88	\$30.11	\$32.52
Annual	\$265.56	\$286.80	\$309.75	\$334.53	\$361.29	\$390.19

Category	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Sewer Revenue Adjustment	8.0%	8.0%	8.0%	8.0%	8.0%

Sewer Rate Comparison (July 1, 2027)



Connection Fee Discussion

Connection Fees

- Based on asset “Buy-in” values
 - Includes assets and reserves
 - Assets = Net Book Value
 - Meter ratios same as rates

Water Connection Fees					
Outside Industrial Park			Inside Industrial Park		
Domestic	Current	Proposed	Domestic	Current	Proposed
3/4"	\$3,025.20	\$4,817.95	3/4"	\$1,540.53	\$2,408.97
1"	\$5,079.43	\$8,029.91	1"	\$2,570.72	\$4,014.96
1 1/2"	\$7,724.07	\$16,059.82	1 1/2"	\$3,910.92	\$8,029.91
2"	\$11,919.97	\$25,695.72	2"	\$6,034.51	\$12,847.86
3"	\$20,069.70	\$56,209.39	3"	\$10,158.86	\$28,104.69
4"	\$39,530.11	\$96,358.95	4"	\$20,008.90	\$48,179.47
6"	\$64,402.61	\$216,807.63	6"	\$32,400.16	\$108,403.81
Fireline	Current	Proposed	Fireline	Current	Proposed
2"	\$2,644.65	\$2,709.37	2"	\$1,322.33	\$1,354.68
3"	\$2,644.65	\$3,612.49	3"	\$1,322.33	\$1,806.25
4"	\$2,644.65	\$6,502.49	4"	\$1,322.33	\$3,251.24
6"	\$3,740.42	\$12,643.72	6"	\$1,869.61	\$6,321.86
8"	\$5,289.29	\$19,868.71	8"	\$2,644.65	\$9,934.35
10"	\$6,478.07	\$25,287.45	10"	\$3,238.43	\$12,643.72
12"	\$7,786.08	\$43,349.91	12"	\$3,893.05	\$21,674.95
Sewer Connection Fees					
Residential	\$3,168.00		Residential	\$5,182.02	
Commercial	\$3,168.00	Per EDU	Commercial	\$5,182.02	per EDU

Current vs. Proposed Connection Fees



Board Direction

Board Direction

- Which rate design/financial plan should we move forward with?
- Move forward with connection fee recommendations?

Questions?
