CLEARLAKE OAKS COUNTY WATER DISTRICT

NOTICE OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

PUBLIC HEARING

Date: August 4, 2026 **Time: 10:00 A.M**

Clearlake Oaks County Water District - Administration Building
12952 E. Highway 20, Clearlake Oaks, CA 95423

Microsoft Teams Meeting Join:
https://teams.microsoft.com/meet/224995463684846?p=nefiU6rUKqtHqWZQI7

Meeting ID: 224 995 463 684 846 Passcode: 5vb24fS2

AGENDA

A. CALL TO ORDER

- Pledge of Allegiance
- Roll Call

☐ Mr. Stanley Archacki, President
☐ Mr. Michael Herman, Vice President
☐ Mr. James Crozier, Director
☐ Mrs. Olivia Mann – Board Secretary
☐ Mr. Kurt Jensen – Chief Water Operator

☐ Mr. William McHugh, Director
☐ Mr. A. Whittier, Director
☐ Mrs. Dianna Mann – General Manager
☐ Ms. Bailey Anderson – Office Manager
☐ Mr. Jeremy Backus – Chief Dist. Operator

☐ All Listed Directors Present

☐ All Listed Staff Present

B. NEW BUSINESS

1. **PUBLIC HEARING: PROPOSITION 218 WATER AND SEWER RATE ADJUSTMENT**
   A. Open Public Hearing
   B. Staff/Engineer Report
   C. Receipt of Written Protests (protests accepted up to close of hearing)
   D. Public Comment / Oral Testimony
   E. Close Public Hearing
   F. Announcement of Protest Tabulation Results
   G. Board Discussion
   H. Consideration and Possible Adoption of Resolution No. 26-08, Setting Water and Sewer Rates

   Action Taken: _____

C. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

The public may address the Board on matters not listed on the agenda that are within the Board's jurisdiction. Speakers are limited to three (3) minutes each.

All public comments must be made respectfully. Pursuant to SB 1100, disruptive conduct—including yelling, personal attacks, name-calling, or other disorderly behavior—is not permitted and may result in the meeting being recessed or adjourned.

Please note that disruptive conduct does not constitute a valid protest of the proposed rate increase.

ADJOURNMENT **Time:** _____

MOTION: _____ **SECOND:** _____

Where appropriate or deemed necessary, the Board may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District's Administrative Office at the above address.

The public may address the Board concerning an agenda item during the Board's consideration of that agenda item. The President will call for comments at the appropriate time. Comments of individual speakers are limited to three minutes per agenda item.

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Clearlake Oaks County Water District Secretary to the Board at 707-998-3322. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Proposition 218 Opposition Letter Tracking

As of: July 31, 2026

Water Opposition 50% + 1: 1079 **Sewer Opposition 50% + 1: 893**

Address	Received Date	Water	Sewer
12855 Island Circle	05/05/2026	Yes	Yes
13356 Ebbtide Village	05/07/2026	Yes	Yes
12704 Island Circle	05/07/2026	Yes	Yes
12716 Island Circle	05/11/2026	Yes	Yes
12986 5th Street	05/11/2026	Yes	Yes
12966 5th Street	05/11/2026	Yes	Yes
12875 Island Circle	05/11/2026	Yes	Yes
12871 Island Circle	05/11/2026	Yes	Yes
13030 Flying Jib	05/11/2026	Yes	Yes
13198 Keys Boulevard	05/11/2026	Yes	Yes
12810 1st Street	05/11/2026	Yes	Yes
13020 Flying Jib	05/11/2026	Yes	Yes
12725 E. Highway 20	05/12/2026	Yes	Yes
12517 Foothill Boulevard	05/12/2026	Yes	Yes
13297 Anchor Village	05/12/2026	Yes	Yes
14092 Apple Lane	05/12/2026	Yes	Yes
12520 Shady Lane	05/12/2026	Yes	Yes
12878 Island Circle	05/12/2026	Yes	Yes
12523 Cerrito Drive	05/13/2026	Yes	No
12533 Cerrito Drive	05/13/2026	Yes	No
12519 Oak Street	05/13/2026	No	Yes
13081 E. Highway 20	05/14/2026	Yes	Yes
13088 1st Street	05/14/2026	Yes	Yes
12748 Island Circle	05/14/2026	Yes	Yes
13481 Anchor Village	05/14/2026	Yes	Yes
13121 Everglade Boulevard	05/14/2026	Yes	Yes
13232 Keys Boulevard	05/14/2026	Yes	Yes
588 Spinnaker Court	05/18/2026	Yes	Yes
13041 Flying Jib Court	05/18/2026	Yes	Yes
12883 Island Circle	05/18/2026	Yes	Yes
13217 Ebbtide Village	05/18/2026	Yes	Yes
12893 Island Circle	05/18/2026	Yes	Yes
12810 Oak Knoll Avenue	05/19/2026	Yes	Yes
9905 Harvey Boulevard	05/19/2026	Yes	No
13393 Driftwood Village	05/19/2026	Yes	Yes
13432 Anchor Village	05/19/2026	Yes	Yes
622 Surf Lane	05/19/2026	Yes	Yes
12967 Konocti View	05/19/2026	Yes	Yes
13364 Anchor Village	05/19/2026	Yes	Yes

Summary	
Total Letters Logged	489
Water Opposition - Yes	429
Sewer Opposition - Yes	405
Duplicate	

13351 Anchor Village	05/19/2026	Yes	Yes
13384 Anchor Village	05/19/2026	Yes	Yes
13490 Driftwood Village	05/19/2026	Yes	Yes
12947 5th Street	05/19/2026	Yes	Yes
13471 Anchor Village	05/19/2026	Yes	Yes
13361 Anchor Village	05/19/2026	Yes	Yes
12417 The Plaza	05/19/2026	Yes	Yes
13118 4th Street	05/19/2026	Yes	Yes
13482 Anchor Village	05/19/2026	Yes	Yes
12917 Lakeland Street	05/19/2026	Yes	Yes
11569 Lakeview Drive	05/19/2026	Yes	Yes
13462 Anchor Village	05/19/2026	Yes	Yes
400 Sulphur Bank Drive	05/19/2026	Yes	Yes
75 Lake Street	05/19/2026	Yes	Yes
13345 Ebbtide Village	05/21/2026	Yes	Yes
12992 6th Street	05/21/2026	Yes	Yes
12982 6th Street	05/21/2026	Yes	Yes
11961 Widgeon Way	05/21/2026	Yes	Yes
13226 Keys Boulevard	05/22/2026	Yes	Yes
13852 Apple Lane	05/22/2026	Yes	Yes
13995 Walnut Way	05/22/2026	Yes	Yes
13050 Island Drive	05/22/2026	Yes	Yes
12681 Shoreview Drive	05/26/2026	Yes	Yes
14034 Chestnut Lane	05/26/2026	Yes	Yes
12425 Manzanita Court	05/27/2026	Yes	Yes
13207 Keys Boulevard	05/27/2026	Yes	Yes
14124 Chestnut Lane	05/27/2026	Yes	Yes
11579 Widgeon Way	06/01/2026	Yes	Yes
13814 Plum Circle	06/01/2026	Yes	Yes
13824 Plum Circle	06/01/2026	Yes	Yes
13972 Hickory Lane	06/01/2026	Yes	Yes
13834 Plum Circle	06/01/2026	Yes	Yes
12928 4th Street	06/01/2026	Yes	Yes
13819 Grape Circle	06/01/2026	Yes	Yes
13952 Hickory Lane	06/01/2026	Yes	Yes
13809 Grape Circle	06/01/2026	Yes	Yes
13140 5th Street	06/01/2026	Yes	Yes
13843 Lemon Circle	06/01/2026	Yes	Yes
12925 High Valley Road	06/01/2026	Yes	Yes
12863 Island Circle	06/01/2026	Yes	Yes
547 Spinnaker Court	06/01/2026	Yes	Yes
12957 Keys Boulevard	06/01/2026	Yes	Yes
13323 Driftwood Village	06/01/2026	Yes	Yes
13935 Walnut Way	06/01/2026	Yes	Yes
12974 "A" 1st Street	06/01/2026	Yes	Yes
12040 Widgeon Way	06/01/2026	Yes	Yes
13050 Island Drive, #17	06/01/2026	Yes	Yes

13050 Island Drive, #7	05/28/2026	Yes	Yes
13050 Island Drive, #32	05/28/2026	Yes	Yes
13050 Island Drive, #27	06/01/2026	Yes	Yes
13050 Island Drive, #14	06/01/2026	Yes	Yes
13050 Island Drive, #28	05/26/2026	Yes	Yes
13050 Island Drive, #29	05/26/2026	Yes	Yes
13050 Island Drive, #21	05/27/2026	Yes	Yes
13050 Island Drive, #15	05/29/2026	Yes	Yes
13050 Island Drive, #30	06/01/2026	Yes	Yes
623 Spinnaker Court	06/01/2026	Yes	Yes
12980 Island Drive	06/01/2026	Yes	Yes
12848 1st Street	06/01/2026	Yes	Yes
12530 Pine Street	06/02/2026	Yes	Yes
13073 6th Street	06/02/2026	Yes	Yes
12478 Pine Street	06/02/2026	Yes	Yes
12564 Pine Street	06/02/2026	Yes	Yes
12499 Shady Lane	06/02/2026	Yes	Yes
12433 The Plaza	06/02/2026	Yes	Yes
215 Lake Street	06/03/2026	Yes	Yes
13062 6th Street	06/03/2026	Yes	Yes
13072 6th Street	06/03/2026	Yes	Yes
600 Pebble Way	06/03/2026	Yes	Yes
400 Sulphur Bank Drive, #84	06/03/2026	Yes	Yes
13213 2nd Street	06/03/2026	Yes	Yes
13050 Island Drive, #24	06/03/2026	Yes	Yes
12692 Center Way	06/03/2026	Yes	Yes
12361 Oakgrove Avenue	06/03/2026	Yes	Yes
13051 5th Street	06/03/2026	Yes	Yes
12371 Oak Grove, APT A	06/03/2026	Yes	Yes
12367 Oak Grove, APT A	06/03/2026	Yes	Yes
12367 Oak Grove, APT B	06/03/2026	Yes	Yes
12371 Oak Grove, APT B	06/03/2026	Yes	Yes
14057 Chetsnut Lane	06/03/2026	Yes	Yes
400 Sulphur Bank Drive, #127	06/04/2026	Yes	Yes
400 Sulpur Bank Drive, #143	06/04/2026	Yes	Yes
13167 Ebbtide Village	06/05/2026	Yes	Yes
12764 Island Circle	06/05/2026	Yes	Yes
569 Keys Boulevard	06/05/2026	Yes	Yes
12429 The Plaza	06/05/2026	Yes	Yes
13451 Anchor Village	06/08/2026	Yes	Yes
13461 Anchor Village	06/08/2026	Yes	Yes
12715 Island Circle	06/08/2026	Yes	Yes
13137 Keys Boulevard	06/08/2026	Yes	Yes
13212 1st Street	06/08/2026	Yes	Yes
12851 2nd Street	06/08/2026	Yes	Yes
13451 Marina Village	06/08/2026	Yes	Yes
13061 5th Street	06/08/2026	Yes	Yes

13057 5th Street	06/08/2026	Yes	Yes
12909 3rd Street	06/08/2026	Yes	Yes
400 Sulphur Bank Drive, #86	06/08/2026	Yes	Yes
13004 Keys Boulevard	06/08/2026	Yes	Yes
255 Lake Street	06/08/2026	Yes	Yes
13050 Island Drive, #26	06/08/2026	Yes	Yes
400 Sulphur Bank Drive, #83	06/08/2026	Yes	Yes
10240 E. Highway 20	06/08/2026	Yes	No
12887 4th Street	06/08/2026	Yes	Yes
13341 Anchor Village	06/09/2026	Yes	Yes
12601 E. Highway 20	06/09/2026	Yes	Yes
12595 E. Highway 20	06/09/2026	Yes	Yes
~~49 Olsen Road~~			
10140 Mitchell Road	06/09/2026	Yes	Yes
12604 E. Highway 20	06/09/2026	Yes	Yes
13286 Surf Lane	06/09/2026	Yes	Yes
13079 Venus Village	06/09/2026	Yes	Yes
12678 E. Highway 20	06/09/2026	Yes	Yes
12811 Lakeview Drive	06/09/2026	Yes	Yes
13902 Hickory Lane	06/09/2026	Yes	Yes
13096 2nd Street	06/09/2026	Yes	Yes
~~13286 Surf Lane~~			
12501 Shady Lane	06/09/2026	Yes	Yes
12599 E. Highway 20	06/09/2026	Yes	Yes
12950 Lakeland	06/09/2026	Yes	Yes
~~13902 Hickory Lane~~			
13192 Venus Village	06/09/2026	Yes	Yes
13450 Marina Village	06/09/2026	Yes	Yes
13458 Marina Village	06/09/2026	Yes	Yes
400 Sulphur Bank Drive, #75	06/10/2026	Yes	Yes
400 Sulphur Bank Drive, #20	06/10/2026	Yes	Yes
~~400 Sulphur Bank Drive, #20~~			
400 Sulphur Bank Drive, #35	06/10/2026	Yes	Yes
400 Sulphur Bank Drive, #46	06/10/2026	Yes	Yes
400 Sulphur Bank Drive, #146	06/10/2026	Yes	Yes
400 Sulphur Bank Drive, #33	06/10/2026	Yes	Yes
400 Sulphur Bank Drive, #159	06/10/2026	Yes	Yes
400 Sulphur Bank Drive, #52	06/10/2026	Yes	Yes
400 Sulphur Bank Drive, #29	06/10/2026	Yes	Yes
400 Sulphur Bank Drive, #81	06/10/2026	Yes	Yes
400 Sulphur Bank Drive, #18	06/10/2026	Yes	Yes
400 Sulphur Bank Drive, #30	06/10/2026	Yes	Yes
~~400 Sulphur Bank Drive, #18~~			
400 Sulphur Bank Drive, #78	06/10/2026	Yes	Yes
400 Sulphur Bank Drive, #156	06/10/2026	Yes	Yes
12449 Lakeview Drive	06/10/2026	Yes	Yes
12430 Lakeview Drive	06/10/2026	Yes	Yes

12429 Lakeview Drive	06/10/2026	Yes	Yes
12410 Lakeview Drive	06/10/2026	Yes	Yes
400 Sulphur Bank Drive, #77	06/10/2026	Yes	Yes
400 Sulphur Bank Drive, #135	06/10/2026	Yes	Yes
12645 E. Highway 20	06/10/2026	Yes	Yes
400 Sulphur Bank Drive, #26	06/11/2026	Yes	Yes
400 Sulphur Bank Drive, #101	06/11/2026	Yes	Yes
13498 Driftwood Village	06/11/2026	Yes	Yes
596 Keys Boulevard	06/11/2026	Yes	Yes
13238 Driftwood Village	06/11/2026	Yes	Yes
13370 Venus Village	06/11/2026	Yes	Yes
14057 Chestnut Lane	06/11/2026	Yes	Yes
13362 Driftwood Village	06/15/2026	Yes	Yes
13398 Marina Village	06/15/2026	Yes	Yes
12522 Foothill Boulevard	06/15/2026	Yes	Yes
14211 Tomalee Lane	06/15/2026	Yes	No
12580 E. Highway 20	06/15/2026	Yes	Yes
12530 Foothill Boulevard	06/15/2026	Yes	Yes
13281 E. Highway 20	06/15/2026	No	Yes
11683 Widgeon Way	06/15/2026	Yes	No
11630 Beryl Way	06/15/2026	Yes	Yes
13169 3rd Street	06/15/2026	Yes	Yes
13188 Keys Boulevard	06/15/2026	Yes	Yes
13202 Keys Boulevard	06/15/2026	Yes	Yes
594 Keys Boulevard	06/15/2026	Yes	Yes
13381 Anchor Village	06/15/2026	Yes	Yes
13324 Anchor Village	06/15/2026	Yes	Yes
13373 Marina Village	06/15/2026	Yes	Yes
13461 Marina Village	06/15/2026	Yes	Yes
13383 Marina Village	06/15/2026	Yes	Yes
13406 Marina Village	06/15/2026	Yes	Yes
13412 Marina Village	06/15/2026	Yes	Yes
12896 Island Circle	06/15/2026	Yes	Yes
12620 Shoreview Drive	06/15/2026	Yes	Yes
653 Spinnaker Court	06/15/2026	Yes	Yes
12619 Shoreview Drive	06/15/2026	Yes	Yes
9850 E. Highway 20	06/15/2026	Yes	No
10038 Mitchell Road	06/15/2026	Yes	No
9947 Terry Drive	06/15/2026	Yes	No
9921 Harvey Boulevard	06/15/2026	Yes	No
9850 E. Highway 20, #10	06/15/2026	Yes	No
9850 E. Highway 20, #12	06/15/2026	Yes	No
9850 E. Highway 20, #13	06/15/2026	Yes	No
10441 Hillcrest Drive	06/15/2026	Yes	No
~~9850 E. Highway 20~~			
~~9850 E. Highway 20~~			
755 Bass Lane	06/15/2026	Yes	Yes

13050 Island Drive, #19	06/15/2026	Yes	Yes
400 Sulphur Bank Drive, #107	06/15/2026	Yes	Yes
610 Pebble Way	06/16/2026	Yes	Yes
400 Sulphur Bank Drive, #108	06/16/2026	Yes	Yes
80 Spring Road	06/16/2026	Yes	No
11372 E. Highway 20	06/16/2026	Yes	No
14278 McBride Court	06/17/2026	Yes	Yes
110 Henderson Drive	06/17/2026	Yes	No
400 Sulphur Bank Drive, #47	06/17/2026	Yes	Yes
13393 Marina Village	06/18/2026	Yes	Yes
11611 Garden Court	06/18/2026	Yes	Yes
13182 3rd Street	06/18/2026	Yes	Yes
12556 Pine Street	06/18/2026	Yes	Yes
12987 Keys Boulevard	06/19/2026	Yes	Yes
12881 2nd Street	06/19/2026	Yes	Yes
225 Butler Street	06/22/2026	Yes	Yes
13281 Surf Lake	06/22/2026	Yes	Yes
13389 Marina Village	06/22/2026	Yes	Yes
588 Keys Boulevard	06/22/2026	Yes	Yes
12040 E. Highway 20	06/22/2026	Yes	Yes
12022 E. Highway 20	06/22/2026	Yes	Yes
12020 E. Highway 20	06/22/2026	Yes	Yes
13198 4th Street	06/22/2026	Yes	Yes
13105 4th Street	06/22/2026	Yes	Yes
398 Schindler Street	06/22/2026	Yes	Yes
611 Pebble Way	06/23/2026	Yes	Yes
12830 Lakeview Drive	06/24/2026	Yes	Yes
13213 2nd Street			
12920 Island Drive	06/29/2026	Yes	Yes
13141 Everglade Boulevard	06/29/2026	Yes	Yes
13120 Everglade Boulevard	06/29/2026	Yes	Yes
694 Keys Boulevard	06/29/2026	Yes	Yes
211 Lakeview Court	06/29/2026	Yes	Yes
728 Spinnaker Court	06/29/2026	Yes	Yes
12947 Lakeland Street	06/29/2026	Yes	Yes
12983 Island Circle	06/29/2026	Yes	Yes
12940 Island Drive	06/29/2026	Yes	Yes
12454 The Plaza	06/30/2026	Yes	Yes
13162 3rd Street	06/30/2026	Yes	Yes
11613 Lakeview Court	06/30/2026	Yes	Yes
12921 Lakeland Street	07/01/2026	Yes	Yes
12781 Island Circle	07/01/2026	Yes	Yes
12839 Island Circle	07/01/2026	Yes	Yes
12809 Island Circle	07/06/2026	Yes	Yes
12942 Lakeland Street	07/09/2026	Yes	Yes
12872 Island Circle	07/13/2026	Yes	Yes
13107 Keys Boulevard	07/13/2026	Yes	Yes

12904 Lakeland Street	07/13/2026	Yes	Yes
10080 Mitchell Road	07/13/2026	Yes	No
13972 Apple Lane	07/14/2026	Yes	Yes
13202 1st Street	07/15/2026	Yes	Yes
13191 1st Street	07/15/2026	Yes	Yes
13181 1st Street	07/15/2026	Yes	Yes
12840 2nd Street	07/21/2026	Yes	Yes
13190 1st Street	07/21/2026	Yes	Yes
12880 Oak Knoll Avenue	07/27/2026	Yes	Yes
~~12880 Oak Knoll Avenue~~			
12913 Lakeland	07/28/2026	Yes	Yes
13292 Surf Lane	07/28/2026	Yes	Yes
544 Keys Boulevard	07/28/2026	Yes	Yes
621 Pebble Way	07/28/2026	Yes	Yes
548 Spinnaker Court	07/28/2026	Yes	Yes
13031 Fling Jib Court	07/28/2026	Yes	Yes
684 Keys Boulevard	07/28/2026	Yes	Yes
701 Keys Boulevards	07/28/2026	Yes	Yes
743 Spinnaker Court	07/28/2026	Yes	Yes
611 Keys Boulevard	07/28/2026	Yes	Yes
584 Bass Lane	07/28/2026	Yes	Yes
660 Pebble Way	07/28/2026	Yes	Yes
713 Spinnaker Court	07/28/2026	Yes	Yes
~~13004 Keys Boulevard~~			
634 Bass Lane	07/28/2026	Yes	Yes
602 Bass Lane	07/28/2026	Yes	Yes
691 Pebble Way	07/28/2026	Yes	Yes
690 Pebble Way	07/28/2026	Yes	Yes
666 Spinnaker Court	07/28/2026	Yes	Yes
702 Spinnaker Court	07/28/2026	Yes	Yes
12916 3rd Street	07/28/2026	Yes	Yes
13537 E. Highway 20	07/28/2026	Yes	No
13300 E. Highway 20	07/28/2026	Yes	Yes
10533 E. Highway 20	07/28/2026	Yes	No
11725 E. Highway 20	07/28/2026	Yes	Yes
12327 The Plaza	07/28/2026	Yes	Yes
12710 E. Highway 20	07/28/2026	Yes	Yes
~~12710 E. Highway 20~~			
~~12710 E. Highway 20~~			
12726 E. Highway 20	07/28/2026	Yes	Yes
12698 E. Highway 20	07/28/2026	Yes	Yes
12688 E. Highway 20	07/28/2026	Yes	Yes
10465 E. Highway 20	07/28/2026	Yes	No
13139 3rd Street	07/28/2026	Yes	Yes
13394 Anchor Village	07/28/2026	Yes	Yes
12993 Lakeland Street	07/28/2026	Yes	Yes
685 Ketch Court	07/28/2026	Yes	Yes

612 Surf Lane	07/28/2026	Yes	Yes
12625 Shoreview Drive	07/28/2026	Yes	Yes
14174 Chestnut Lane	07/28/2026	Yes	Yes
13829 Grape Circle	07/28/2026	Yes	Yes
14062 Apple Lane	07/28/2026	Yes	Yes
~~13814 Plum Circle~~			
~~13834 Plum Circle~~			
~~13824 Plum Circle~~			
13847 Plum Circle	07/28/2026	Yes	Yes
14073 Apple Lane	07/28/2026	Yes	Yes
13849 Grape Circle	07/28/2026	Yes	Yes
14164 Chestnut Lane	07/28/2026	Yes	Yes
~~13384 Anchor Village~~			
13291 Surf Lane	07/28/2026	Yes	Yes
12991 Lakeland Street	07/28/2026	Yes	Yes
721 Sulpur Bank Drive	07/28/2026	Yes	No
~~721 Sulpur Bank Drive~~			
~~721 Sulpur Bank Drive~~			
13755 Jensen Road	07/28/2026	Yes	No
13010 Keys Boulevard	07/28/2026	Yes	Yes
13222 Venus Village	07/28/2026	Yes	Yes
13136 Venus Village	07/28/2026	Yes	Yes
~~12942 Lakeland Street~~			
13255 Jensen Road	07/28/2026	Yes	No
13992 Apple Lane	07/28/2026	Yes	Yes
12712 Shoreview	07/28/2026	Yes	Yes
12969 Lakeland	07/28/2026	Yes	Yes
545 Keys Boulevard	07/28/2026	Yes	Yes
539 Keys Boulevard	07/28/2026	Yes	Yes
12843 3rd Street	07/28/2026	Yes	Yes
13678 Keys Boulevard	07/28/2026	Yes	Yes
12850 2nd Street	07/28/2026	Yes	Yes
380 Schindler Street	07/28/2026	Yes	Yes
330 Lake Street	07/28/2026	Yes	Yes
12847 3rd Street	07/28/2026	Yes	Yes
13280 Surf Lane	07/28/2026	Yes	Yes
~~380 Schindler Street~~			
12806 Island Circle	07/28/2026	Yes	Yes
12802 Island Circle	07/28/2026	Yes	Yes
12756 Island Circle	07/28/2026	Yes	Yes
12995 Lakeland Street	07/28/2026	Yes	Yes
12807 Blue Heron Court	07/28/2026	Yes	Yes
12927 4th Street	07/28/2026	Yes	Yes
12977 4th Street	07/28/2026	Yes	Yes
12911 4th Street	07/28/2026	Yes	Yes
345 Schindler Street	07/28/2026	Yes	Yes
12997 Keys Boulevard	07/28/2026	Yes	Yes

~~569 Keys Boulevard~~				
559 Keys Boulevard	07/28/2026	Yes	Yes	
13118 Keys Boulevard	07/28/2026	Yes	Yes	
12961 Keys Boulevard	07/28/2026	Yes	Yes	
~~12957 Keys Boulevard~~				
732 Spinnaker Court	07/28/2026	Yes	Yes	
738 Spinnaker Court	07/28/2026	Yes	Yes	
595 Bass Lane	07/28/2026	Yes	Yes	
694 Kleys Boulevard	07/28/2026	Yes	Yes	
Marina Village -Unable to Read	07/28/2026			
13141 Second Street	07/28/2026	Yes	Yes	
2133 New Long Valley Road				Do Not Service
~~11569 Lakeview Drive~~				
13110 Everglade Boulevard	07/28/2026	Yes	Yes	
13331 Anchor Village	07/28/2026	Yes	Yes	
12624 Shoreview Drive	07/28/2026	Yes	Yes	
12850 Island Circle	07/28/2026	Yes	Yes	
~~13383 Marina Village~~				
14239 McBride Court	07/28/2026	Yes	No	
14248 McBride Court	07/28/2026	Yes	No	
13822 Lemon Circle	07/28/2026	Yes	Yes	
13800 Peach Circle	07/28/2026	Yes	Yes	
13815 Peach Circle	07/28/2026	Yes	Yes	
13126 Venus Village	07/28/2026	Yes	Yes	
13010 Flying Jib Court	07/28/2026	Yes	Yes	
11785 E. Highway 20	07/28/2026	No	Yes	
11791 E. Highway 20	07/28/2026	No	Yes	
13174 Second Street	07/28/2026	Yes	Yes	
~~13174 Second Street~~				
13164 2nd Street	07/28/2026	Yes	Yes	
13189 3rd Street	07/28/2026	Yes	Yes	
13302 1st Street	07/28/2026	Yes	Yes	
12973 Konocti View Drive	07/28/2026	Yes	Yes	
12787 Island Circle	07/28/2026	Yes	Yes	
12829 Island Circle	07/28/2026	Yes	Yes	
12806 Shoreview Drive	07/28/2026	Yes	Yes	
12834 Island Circle	07/28/2026	Yes	Yes	
12788 Island Circle	07/28/2026	Yes		
12763 Blue Heron Court	07/28/2026	Yes	Yes	
12501 Oak Street	07/28/2026	Yes	Yes	
13264 2nd Street	07/28/2026	Yes	Yes	
568 Keys Boulevard	07/28/2026	Yes	Yes	
12628 Shoreview Drive	07/28/2026	Yes	Yes	
12626 Shoreview Drive	07/28/2026	Yes	Yes	
12061 Cerrito Drive	07/28/2026	Yes	No	
13339 Everglade Boulevard	07/28/2026	Yes	Yes	
13213 Keys Boulevard	07/28/2026	Yes	Yes	

12808 Blue Heron Court	07/28/2026	Yes	Yes
13837 Plum Circle	07/28/2026	Yes	Yes
75 Lake Street, #208	07/28/2026	Yes	Yes
568 Spinnaker Court	07/28/2026	Yes	Yes
12960 1st Street	07/28/2026	Yes	Yes
12731 Center Way	07/28/2026	Yes	Yes
12747 Center Way	07/28/2026	Yes	Yes
~~13432 Anchor Village~~			
~~13384 Anchor Village~~			
13277 Anchor Village	07/28/2026	Yes	Yes
13371 Anchor Village	07/28/2026	Yes	Yes
~~622 Surf Lane~~			
400 Sulphur Bank Drive, #1	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #10	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #11	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #12	07/28/2026	Yes	Yes
~~400 Sulphur Bank Drive, #18~~			
400 Sulphur Bank Drive, #19	07/28/2026	Yes	Yes
~~400 Sulphur Bank Drive, #20~~			
~~400 Sulphur Bank Drive, #20~~			
400 Sulphur Bank Drive, # 21	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #22	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #23	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #24	07/28/2026	Yes	Yes
~~400 Sulphur Bank Drive, #24~~			
~~400 Sulphur Bank Drive, #24~~			
400 Sulphur Bank Drive, #28	07/28/2026	Yes	Yes
~~400 Sulphur Bank Drive, #29~~			
~~400 Sulphur Bank Drive, #30~~			
400 Sulphur bank Drive, #31	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #32	07/28/2026	Yes	Yes
~~400 Sulphur Bank Drive, #33~~			
~~400 Sulphur Bank Drive, #35~~			
400 Sulphur Bank Drive, #37	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #40	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #43	07/28/2026	Yes	Yes
~~400 Sulphur Bank Drive, #47~~			
400 Sulphur Bank Drive, #50	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #58	07/28/2026	Yes	Yes
~~400 Sulphur Bank Drive, #50~~			
~~400 Sulphur Bank Drive, #52~~			
400 Sulphur Bank Drive, #56	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #60	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #66	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #70	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #71	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #79	07/28/2026	Yes	Yes

~~400 Sulphur Bank Drive, #79~~			
~~400 Sulphur Bank Drive, #81~~			
~~400 Sulphur Bank Drive, #83~~			
~~400 Sulphur Bank Drive, #84~~			
~~400 Sulphur Bank Drive, #86~~			
400 Sulphur Bank Drive, #90	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #94	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #95	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #97	07/28/2026	Yes	Yes
~~400 Sulphur Bank Drive, #97~~			
400 Sulphur Bank Drive, #104	07/28/2026	Yes	Yes
~~400 Sulphur Bank Drive, #107~~			
~~400 Sulphur Bank Drive, #107~~			
~~400 Sulphur Bank Drive, #108~~			
400 Sulphur Bank Drive, #109	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #112	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #116	07/28/2026	Yes	Yes
400 Sulphur Bank Drive, #132	07/28/2026	Yes	Yes
~~400 Sulphur Bank Drive, #135~~			
400 Sulphur Bank Drive, #143	07/28/2026	Yes	Yes
~~400 Sulphur Bank Drive, #146~~			
~~400 Sulphur Bank Drive, #146~~			
400 Suylphur Bank Drive, #156	07/28/2026	Yes	Yes
~~400 Sulphur Bank Drive, #156~~			
~~400 Sulphur Bank Drive, #159~~			
13038 Keys Boulevard	07/28/2026	Yes	Yes
12928 Lakeland Street	07/28/2026	Yes	Yes

CLEARLAKE OAKS COUNTY WATER DISTRICT

RESOLUTION NO. 26-08

A RESOLUTION OF THE BOARD OF DIRECTORS OF CLEARLAKE OAKS COUNTY WATER DISTRICT SETTING WATER AND SEWER RATES

WHEREAS, Clearlake Oaks County Water District ("District") is required to maintain adequate levels of revenue to meet the District's financial commitments for the operation and maintenance for water and sewer facilities and the replacement of existing facilities in the future; and

WHEREAS, the County Water District Law authorizes the District to adopt rates and charges for water and sewer service; and

WHEREAS, the District retained Rural Community Assistance Corporation (RCAC) to evaluate water and sewer rates and charges and to develop a five-year financial plan, including estimated operating and maintenance costs, anticipated debt service obligations, and capital replacement program ("CRP") needs covering a period from fiscal year 2026-27 through fiscal year 2030-31, a copy of which is attached hereto as Attachment 1 for Water and Attachment 2 for Sewer, and incorporated herein by this reference ("Rate Study"); and

WHEREAS, written notice of the referenced public hearing, the proposed revised water and sewer rates and charges and proposed water and sewer rate and charge implementation schedule has been provided to District's customers as required under applicable State law and as further described herein, attached hereto as Attachment 3; and

WHEREAS, on August 4, 2026, the District conducted a duly noticed public hearing wherein the Board of Directors considered public comment in support and in opposition to the proposed rate increase and whether or not a majority protest to the proposed rate increase exists pursuant to Section 6 of Article XIII D of the California Constitution. A total of 2,157 water parcels and 1,785 sewer parcels are subject to the proposed rate increases; therefore, valid written protests as to 1,079 water parcels and 893 sewer parcels, respectively, are required to constitute a majority protest under Section 6(a)(2) of Article XIII D of the California Constitution. At the conclusion of the public hearing, the Board found that _____ written protests were received regarding the proposed water rate increase and _____ written protests were received regarding the proposed sewer rate increase, and that a majority protest did not exist as to either the proposed water rates or the proposed sewer rates. District staff verified protests against the parcel roll and customer records, and duplicative, untimely, or unqualified protests (including protests not submitted by an owner of record or customer of record of an identified parcel subject to the proposed rates) were excluded; and

WHEREAS, based on facts and analysis presented in and relied on by the Rate Study, written protests received prior to the close of the August 4, 2026, public hearing, the Staff Report, Presentation, and public testimony received, the Board of Directors finds:

1. The District identified the parcels upon which the new rates and charges will be imposed, calculated the amount of the rates, and mailed notices to all owners of record and customers of record of properties responsible for the water and sewer rates and charges, which notices were mailed not less than 45 days before the date set for the public hearing, as further described in Finding 2 below. The Rate Study allocates revenue requirements among customer classes based on cost causation, including allocation of operation and maintenance, debt service, and capital replacement by functional cost components, and designs fixed and variable charges to reflect the proportional cost of providing service to each parcel/class.

2. Pursuant to Section 6(a)(1) of Article XIII D of the California Constitution and Government Code Sections 53755 and 53756, District provided written notice by mailing of the proposed water and sewer rate, charge, and

fee changes and proposed implementation schedule for such revised rates and charges to District customers within District's service area. The mailed notice, Attachment 3, identified the date, time, and location of the public hearing, and provided instructions on submitting written protests. The mailed continuance, Attachment 4, revised that date and time as provided. The attachments are on file with the District Secretary, and has been presented to the Board as part of its proceedings. Such notice included the proposed maximum amount of the proposed rates and charges to be effective for District's customers, an identification of the reasons for the imposition of such proposed water and sewer rates and charges, a method of calculation for District's customers to determine the impact of such changed rates and charges upon existing District customer accounts and the proposed schedule for implementation of such water and sewer rate, charges, and fee changes. Such notice also included a statement of the date, time, and location of the public hearing to be conducted on such proposed rate, charge, and fee changes by the Board and the opportunity to present protests concerning such water and sewer rates, charges, and fee changes to the Board. Mailing of such written notice was completed more than forty-five (45) days prior to the date set for conducting the public hearing. In addition to the provision of such written notice to District customers within the District's service area, the District also provided notice of such proposed imposition of the proposed water and sewer rate and charge changes, and such public hearing as follows:

a. Notice of the proposed changes of the water and sewer rates, charges, fees and the proposed implementation schedule, public hearing, availability of documentation therefor and the opportunity to present protests concerning such revised water and sewer rates was posted at the District office located at 12952 E. Highway 20, Clearlake Oaks, Lake County, California, on or about April 27, 2026.
b. Notice concerning the proposed water and sewer rates, charges, fees and the date, time and place for the public hearing was posted at the United States Post Office located at 13280 CA-20, Clearlake Oaks, Lake County, California on or about April 27, 2026.
c. Notice concerning the proposed water and sewer rates, charges, fees and the date, time and place for the public hearing was posted on the District website, clocwd.org, on or about April 27, 2026.
d. Notice of the proposed changes of the water/sewer rates, charges, fees and the date, time and place of such public hearing and the opportunity to present protests concerning such revision of the water/sewer rates, charges, and fees was mailed to all owners of record and customers of record with the District on April 27, 2026, and June 18, 2026
e. Notice of the proposed changes of the water/sewer rates, charges, fees and the date, time and place of such public hearing and the opportunity to present protests concerning such revision of the water/sewer rates, charges, and fees was published in the Record Bee on June 4, 2026, and June 11, 2026.

3. The rates and charges adopted by this Resolution:

a. Are for the purposes of meeting operation, maintenance, and capital replacement expenses for providing water and sewer service for District customers
b. Do not exceed the funds required to provide water/sewer to District customers.
c. Do not exceed the proportional cost of services attributable to those parcels receiving water/sewer service.
d. Are not imposed on any parcel for a service that is not actually used by, or immediately available to, the owner of the property in question.
e. Are not imposed for general governmental services, including but not limited to police, fire, ambulance, or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.
f. The revenues derived from the water/sewer rates and charges will not be used for any purpose other than that for which the charge is imposed.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED, by the Board of Directors of the District as follows:

1. Incorporation of Recitals
The Recitals, Attachment 1 (Water Rate Study) and Attachment 2 (Sewer Rate Study), including referenced exhibits (Exhibit F to the Water Rate Study; Exhibit D to the Sewer Rate Study), and Attachment 3 (Proposition 218 Notice), are incorporated into the record and findings of this Resolution.

2. Water and Sewer Rates
a. Water Base Rate and Water CRP Rate are hereby adopted for fiscal years 2026-27 through 2030-31 per Attachment 1, Exhibit F of the Water Rate Study, with the maximum rates for each fiscal year as set forth therein.
b. Sewer Base Rate and Sewer CRP Rate are hereby adopted for fiscal years 2026-27 through 2030-31 per Attachment 2, Exhibit D of the Sewer Rate Study, with the maximum rates for each fiscal year as set forth therein.
c. The maximum rates for each fiscal year are as set forth in Attachment 1 (Water) and Attachment 2 (Sewer) to the Rate Study attached hereto.
d. The rates and charges adopted in subsections a through c above are hereby imposed upon all parcels and customers receiving water, immediate available water, or sewer service from the District and shall be billed commencing with the first regular billing cycle beginning on or after the date the rates apply under Section 3 below.
e. The five-year schedule of rates and charges adopted by this Resolution is adopted pursuant to Government Code Section 53756. The Board finds that the mailed notice specified each scheduled annual adjustment, the basis upon which the amount of each adjustment was calculated, and the reason for each adjustment, and that the schedule does not extend beyond five years from the date of the public hearing. The Board further finds that the rates and charges adopted herein comply with all substantive requirements of Article XIII D, Section 6 of the California Constitution, including that the revenues derived shall not exceed the funds required to provide water and sewer service, and the amount charged to any parcel does not exceed the proportional cost of service attributable to that parcel.
f. Revenues derived from the Water CRP Rate and the Sewer CRP Rate shall be deposited in a separate, segregated fund and expended exclusively for repair and replacement of existing water and sewer facilities and associated costs consistent with the capital replacement program methodology described in the Rate Study.

3. Effective Date
This Resolution shall take effect immediately upon its adoption on August 4, 2026. The rates and charges adopted herein shall apply to water and sewer service rendered on and after September 4, 2026, consistent with the implementation schedule set forth in the mailed notice.

4. Repeal of Prior Resolutions
All prior resolutions and sections of resolutions establishing or setting water and sewer rates and charges that are inconsistent with the rates and charges adopted by this Resolution are hereby repealed to the extent of such inconsistency, subject to the effective date identified in Section 3 above.

5. Effect of Repeal on Past Actions and Obligations
This Resolution does not affect prosecutions for violations committed prior to the effective date of this Resolution, does not waive any fee or penalty due and unpaid on the effective date of this Resolution, and does not affect the validity of any bond or cash deposit posted, filed, or deposited pursuant to the requirements of any prior resolution or ordinance.

6. CEQA Findings
The Board of Directors of the District finds that the rates and charges adopted by this Resolution are exempt from the California Environmental Quality Act pursuant to Public Resources Code§ 21080(b)(8) and CEQA Guidelines Section 15273. The Board finds that the rates and charges are for the purpose of meeting operating expenses, purchasing or leasing supplies, equipment, or materials, meeting financial reserve needs and requirements, and obtaining funds for capital projects necessary to maintain service within existing service areas, and that they do not fund expansion of service capacity. The District General Manager is directed to prepare and file a Notice of Exemption with the County Clerk of Lake County within five (5) business days of adoption of this Resolution.

7. Severance Clause
If any section, subsection, sentence, clause, or phrase of this Resolution is for any reason held to be unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California, such decision shall not affect the validity of the remaining portions of this Resolution. The Board of Directors of the District hereby declares that it would have adopted this Resolution and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

THE ABOVE RESOLUTION is hereby passed and adopted by the Board of Directors of the Clearlake Oaks County Water District at a special meeting thereof held on the 4th day of August 2026, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

CLEARLAKE OAKS COUNTY WATER DISTRICT

By:_____
Stanley Archacki, President

ATTEST

By: _____
Olivia Mann, Board Secretary

ATTACHMENT 1

RCAC
www.rcac.org

Clearlake Oaks County Water District
Draft Water Rate Study

RCAC is an equal opportunity provider and employer.

Prepared by: Samantha Ryan

May 2026

Rural Community Assistance Corporation
3120 Freeboard Drive, Suite 201
West Sacramento, CA 95691

May 14, 2026

USDA Department of Agriculture
1400 Independence Avenue SW
Stop 9410
Washington DC 20250

Subject: CLEARLAKE OAKS COUNTY WATER DISTRICT (CA1710001) WATER RATE STUDY

Dear USDA,

Enclosed please find the final report for the Clearlake Oaks County Water District water rate study.

The report consists of a discussion of the water system's current financial condition, projected financial condition, and recommended rate option(s).

The rate study process typically includes the following key milestones, though not all steps may be applicable in every instance:

- Preliminary Rate Discussions – Engaged with water system staff to review initial findings and discuss potential rate adjustments.
- Initial Rate Findings Presentation – An overview of the preliminary rate study results was presented to the board on April 16, 2026.
- Final Rate Recommendations – The final proposed rates, reflecting any revisions from initial discussions. The Board had no requested revisions at the April 16, 2026, meeting and the initial rates became the final rate recommendations.
- Proposition 218 Hearing – If applicable, a Proposition 218 hearing is being held on June 18, 2026, to allow for public input and formal consideration of the proposed rates.

If you have additional questions, please feel free to contact me at (916) 508-3031.

Sincerely,

Kim Bennett

Kim Bennett
Regional Field Manager
RCAC Community & Environmental Services

Enclosure: Clearlake Oaks County Water District Water Rate Study
Dianna Mann, General Manager, Clearlake Oaks County Water District
Olivia Mann, Board Secretary, Clearlake Oaks County Water District
Samantha Ryan, Assistant Field Manager, RCAC – Community & Environmental Services

Table of Contents

Submittal Details

Final Report Date

May 14, 2026

Community Contact Information

Clearlake Oaks County Water District
12952 E. Hwy 20
Clearlake Oaks CA 95423
(707) 998-3322

Submitted to:

United Stated Department of Agriculture

Dianna Mann, General Manager
Clearlake Oaks County Water District

Olivia Mann, Board Secretary
Clearlake Oaks County Water District

Submitted by:

Samantha Ryan, Assistant Field Manager
Rural Community Assistance Corporation - Community & Environmental Services
Email: Samantha.ryan@rcac.org / (707) 572-7465

Executive Summary

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

RCAC conducted this water rate study on behalf of Clearlake Oaks County Water District (CLOCWD) to establish rates that allow CLOCWD to operate and maintain the water system for the next five years and collect the necessary reserves for emergencies and capital improvements. RCAC analyzed data for fiscal year ending 2023 (FYE 2023), FYE 2024, FYE 2025 and budgeted data for FYE 2026 to set rates for FYE 2027 through FYE 2031.

CLOCWD requested a water rate analysis to evaluate for the following reasons:

- To follow industry standards for rate study timing. The last rate study conducted by RCAC was conducted in March 2021 and set rates from FYE 2022 through FYE 2026.
- In FYE 2025, the water fund had a net loss of $99,418 once loan payments were made. It is expected that in FYE 2026 the water fund will have a net loss of $134,569
- In FYE 2025, the CRP water fund had a net gain of $38,763. However, it is expected to have a net loss of $11,404 in FYE 2026. Additionally, discussions with CLOCWD indicate that annual project delivery is constrained by available funding, and staff routinely adjust project scopes and timing to maintain a balanced budget.

During the rate study analysis, RCAC found

- Revenue requirement analysis - both the water fund and CRP fund revenues are not covering the true cost of water service.
- Cost of service analysis – CLOCWD is currently charging 5/8" meters and 1" meters the same base rate but usage data supports using AWWA standard meter ratios.
- Rate design analysis – the usage rate is recommended to decrease due to updated cost allocations and increased water consumption since the last water rate study. Total billed water usage increased from approximately # to #, allowing a greater volume of usage to recover system costs and resulting in a lower recommended volumetric rate.

RCAC recommends CLOCWD

- Adopt the new rate schedule to ensure that CLOCWD is collecting enough revenue to support operation and maintenance costs, as well as capital replacement costs .

Proposed Rate Schedule					
Standard Rates					
Meter Size	**2027**	**2028**	**2029**	**2030**	**2031**
5/8"	$69.00	$72.67	$76.02	$79.52	$83.19
3/4"	$103.50	$109.02	$114.04	$119.29	$124.79
1	$172.50	$181.69	$190.06	$198.82	$207.98
1.5	$345.00	$363.37	$380.11	$397.62	$415.94
2	$552.00	$581.40	$608.18	$636.20	$665.51
3	$1,103.98	$1,162.78	$1,216.34	$1,272.39	$1,331.01
4	$1,724.97	$1,816.84	$1,900.54	$1,988.09	$2,079.70
Rate per 1 Gallon	$0.00287	$0.00303	$0.00316	$0.00330	$0.00345
Rate per HCF	$2.15	$2.27	$2.36	$2.47	$2.58

-

- Select a rate option that ensures a sustainable water system while also assessing the affordability to your customers.

    - The State Water Resources Control Board drinking water needs assessment measures affordability by dividing the annual bill (assuming 600 cubic feet or 4,388 gallons of water usage per month) by the median household income (MHI). Based on the %MHI, water system bills are categorized as no risk, medium risk, or high risk for affordability.

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

    - RCAC's rate model calculates affordability by taking the average residential bill for the water system and divides it by the MHI.

- Review revenues versus expenditures every year to ensure that the rates cover all costs to the system.

- Strive to be transparent. Successful utilities are those that are transparent to their customers regarding their day-to-day operations, including successes and struggles. Promote your services to your customers and continuously educate them on why it is necessary to raise and adjust rates.

- Consider increasing non-operational revenue. For example, CIP reserves could be moved to and maintained in the highest interest-bearing accounts available to offset inflation unless the cost of doing so is more than the interest earned on the account.

Introduction

About RCAC

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

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

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

Purpose of a Rate Study

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

Governing Body Responsibilities

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

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

Disclaimer

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

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

Guiding Principles in a Rate Study

Rates should be:

- **Sustainable** - Rates should cover the costs of the system to provide safe drinking water into the foreseeable future. This includes operations, repairs, interest, loan principal, capital replacement, and all other costs related to providing safe drinking water.

- **Fair** - Rates should be fair to all rate payers. While the costs should not exceed the costs of providing the service, they do need to capture the true costs of service. Low rates for current customers will require high rates for future customers.

- **Justifiable** - Rates must be based on actual needs of the water enterprise system. The water enterprise system expenses and revenue should be tracked separately from other funds.

- **Water conservation** - Water conservation is a key element of rate studies. Clean and safe water is limited, and inappropriate use of this resource negatively impacts community members.

- **State or funder specific requirements** – Some water systems may have state or funder requirements to maintain certain financial indicators and reserve levels. Regardless of any requirements, the governing body is obligated by its responsibilities to provide for sufficient reserves and long-term sustainability.

Rate Setting Process

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

- **Revenue Requirement** – This component calculates the total revenue needed to cover the utility's operating costs and debt obligations.

- **Cost of Service Analysis** – This component evaluates the cost allocations associated with providing water services, including fixed and variable costs. It ensures that rates are aligned with the actual way a water system incurs costs when providing water service.

- **Rate Design and Rate Setting** – This step involves determining how to structure the rates based on the cost-of-service analysis. It considers factors like customer classes (residential, commercial, etc.), water usage patterns, and equity, aiming to create a fair and sustainable rate system. Based on this, the appropriate rates are set to ensure financial stability and regulatory compliance.

- **Proposition 218 Process (applicable for public entities in California)** – This process ensures transparency and public participation in the decision-making surrounding water rate changes.

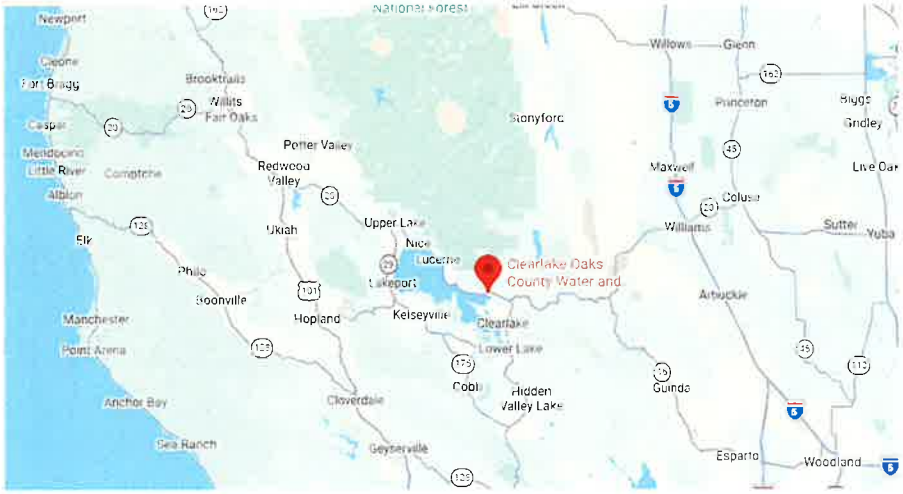
Together, these components help ensure that a water system can provide reliable service through fair and equitable rates while maintaining financial sustainability.

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

Water System Basic Statistics

Community

Clearlake Oaks is a census designated place in Lake County, California. This area is known for offering a rural, fish village atmosphere with local vineyards and close proximity to hiking Mount Konocti.



CLOCWD was established in 1960 and provides water and sewer services throughout the unincorporated area of the Clearlake Oaks community. CLOCWD is governed by an elected five-member Board of Directors that acts as the authoritative and legislative body of the entity. CLOCWD currently serves slightly over 2,000 water connections. According to the SAFER Dashboard, the water system has an estimated median household income (MHI) of $31,169.

System Description

The CLOCWD is a public water system classified as a Community Water System and operates as a public entity.

CLOCWD provides potable water service to residential and commercial metered connections through its distribution pipeline by its Clearlake watershed. The district has eight holding tanks totaling 967,000 gallons of water, with the water plant capable of producing an average of 640,000 gallons of water per day.

Since the last rate study, CLOCWD has constructed a new 205,000-gallon tank on Harvey Boulevard, replaced the old redwood Cerrito Tank with a new 100,000-gallon bolted steel tank, and installed automated meter reading equipment that have cut time spent on monthly meter reading from 2 days to 4 hours. Additionally, the CLOCWD has been able to purchase a crane truck, water truck, and Vac-con truck that increase operational efficiency and reduce response times.

Current Water Rate Structure

The last rate study for the CLOCWD occurred in 2021. The rates were adopted and set rates from FYE 2022 through FYE 2026. The CLOCWD has two distinct rate structures; the water fund rate which funds the annual operation and maintenance costs and the CRP water fund rate which funds the capital infrastructure maintenance, repair, and improvements.

The water fund rate structure is composed of a base rate and usage rate. The base rate is determined by meter size using the AWWA meter capacity ratios, with the exception of 3/4" meters which uses the 5/8" meter rate. The usage rate is a uniform volumetric rate in which a certain dollar amount is charged for every hundred cubic feet that is used.

The CRP water fund rate structure is composed only of a base rate since infrastructure needs to be maintained regardless of usage. The base rate is determined by meter size using the AWWA meter capacity ratios, with the exception of 3/4" meters which uses the 5/8" meter rate.

The current rate structure can be seen in Exhibit A.

The affordability of these rates for the average residential customer as a % of MHI is 2.55%, which represents the percent of the average residential customer's annual income that goes toward paying the average annual residential water bill in the water system. This is considered high risk for affordability according to the State Water Resources Control Board.

Customer Water Use Statistics

Water use can vary between month, meter size, and customer class. The CLOCWD averages 9.8 million gallons of water usage per month, with June through October having higher than average usage. Water usage peaks in September at almost 14 million gallons per month. Looking at average usage per meter size compared to the average 5/8" meter size usage, most meters falls within 10% of the AWWA meter capacity ratios, except for the 3" & 4" meters. Because of this it is recommended that ¾" meters no longer share the same base rate as a 5/8" meter. CLOCWD may want to consider if their larger customers have the appropriate size meters based on plumbing code or local code.

Water usage trends can be seen in Exhibit B.

Future Population and Usage Projections

The United States Census shows a growth rate in the area as -0.6% percent per year, from April 2020 through July 2025.

Financial Condition and Analysis

Current Financial Policies

The financial policies of a public water system play a crucial role in ensuring the system's sustainability and effectiveness. These policies provide a framework for budgeting, revenue generation, expenditure control, debt management, and financial reporting. They help maintain financial stability, promote transparency, and ensure that the water system can meet current and future needs. By adhering to these policies, a public water system can effectively manage its resources, maintain the trust of its stakeholders, and continue to provide reliable and high-quality services to the community.

RCAC did not do a policy review as part of this rate study.

Current Financial Indicators

Water Fund Balance

In the combined audit (water, wastewater, and other funds), CLOCWD had $1.8 million in current assets in FYE 2024. As of June 2025, according to budget documents produced by CLOWCD staff, the total amount in various accounts totaled $1.2 million. The water reserve account has $67,918 in it. Other funds related to the water system include a restricted USDA fund required for loans held by the water system, Local Area Investment fund where surplus funds can be stored in a high-quality, liquid, interest-bearing account, and the general ledger. These accounts have $386,395, $4,821, and $87,171, respectively.

Operating Cash Flow

The operating cash flow for the CLOCWD has shown downward trend in FYE 2025. This is due to large cost increases to the budget line items of treatment chemicals and utilities. Additionally, inflation has been an issue online item costs across the board. Expenses have increased to the point that operating revenues are not covering operating expenses. Additionally, the water system has pared back its capital replacement projects based on incoming revenue. Underfunding capital replacement is not considered a financially sustainable method for managing a water system.

Revenue Requirement

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

Current Budget

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

A water system should develop and adopt an annual budget every fiscal year prior to the start of the fiscal year. The CLOCWD was able to provide actuals for FYE 2023, FYE 2024, and FYE 2025 and an adopted budget for FYE 2026.

The water operating budget is typically developed based on prior-year actual expenditures, adjusted for expected changes in operating conditions. This includes anticipated cost increases due to inflation, contractual escalations, utilities, chemicals, labor, and other recurring operating expenses. CLOCWD has managed their budget well since the last rate study, but inflation, heavy equipment loans, and the desire to move away from non-water sales revenue balancing the budget has caused the water fund to begin to fall short. In FYE 2026 the water fund is expected to fall $134,569 short.

The capital reserve budget is effectively structured around the projects that can be completed within available staffing capacity and current revenue constraints. In FYE 2024, capital replacement expenses were cut 49% or $388,688. Costs went back up 12% in FYE 2025 and this could be felt with the water reserve dropping approximately $110,000 in one year. Capital reserve expenses are budgeted to increase 5% in FYE 2026 due to construction cost escalation forecasted at between 4% - 6%.

Over the past several years revenues have not covered expenses. In FYE 2026 and FYE 2027 the net loss is expected to increase from prior years. Costs have been increasing due to inflation and have been especially high with utilities and treatment chemicals. The actuals and current budget can be seen as part of the rate study budget projections in Exhibit D.

Current Dedicated Reserves

Reserves are an accepted way to stabilize and support a utility's fiscal management. Small systems usually fund the operating expenses but often do not consider putting money aside for a specific upcoming financial need or project, or for an amount that can be used to provide rate stabilization in years when revenues are unusually low, or expenditures are unusually high. The rationale for maintaining adequate reserve levels is twofold. First, it helps to ensure that the utility will have adequate funds available to meet its financial obligations in times of varying needs. Second, it provides a framework around which financial decisions can be made to determine when reserve balances are inadequate or excessive and what specific actions need to be taken to remedy the situation.

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

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

General Reserve

The General Reserve is established to support ongoing operations and provide funding for unexpected expenses, emergencies, and revenue fluctuations. It is recommended that CLOWCD maintain a general reserve for water of $442,000. The recommended reserve target was determined by considering reasonable funding levels for both operating reserves and emergency reserves. Maintaining this reserve helps promote financial stability, operational continuity, and the ability to respond to unplanned system needs without significant rate volatility.

Operating Reserve

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

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

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

Because of potential delays in collecting payment, many utilities attempt to keep an amount of cash equal to at least 90 days or 25 percent of their annual cash O&M expenses in an operating reserve to mitigate potential cash flow problems. CLOCWD needs approximately $412,000 in reserves to meet this goal and will build this up over the 5-year rate study period

Emergency Reserve

Emergency reserves are intended to help utilities deal with short-term emergencies which arise from time to time, such as main breaks or pump failures. The appropriate amount of emergency reserves will vary with the size of the utilities and should depend on major infrastructure assets. An emergency reserve is intended to fund the immediate replacement or reconstruction of the system's single most critical asset, an asset whose failure will result in an immediate water outage or threat to public safety. To replace a 25 horsepower, variable frequency drive source water pump, costs could range from $15,000 to $30,000 or more. CLOCWD will set aside $30,000 over the 5-year rate study period.

Capital Replacement Reserve

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

To initiate a capital improvement plan, a small water or sewer system will start with a list of assets that includes the remaining service life, theoretical replacement costs in today's dollars and the remaining service life. It then calculates the monthly and annual reserve that must be collected from each customer to fully capitalize the replacement cost of each asset. In reality, the assets will fail and be replaced gradually, but the replacement cost of water system assets is often a shock to small systems that are struggling to keep rates reasonable.

CLOCWD would benefit from developing a comprehensive Capital Improvement Plan (CIP) to ensure that asset replacement is occurring at a sufficient pace to replace infrastructure as it reaches the end of its useful life. However, preparation of a comprehensive CIP was outside the scope of this rate study. To date, CLOCWD has not completed a CIP due to the associated costs,

which can exceed $35,000. In the future, CLOCWD may wish to pursue State or Federal technical assistance funding to support development of a CIP.

For purposes of a high-level estimate CIP reserve planning, only the distribution pipe (the largest individual asset group) was considered. With approximately 35 miles of pipeline, the rough order-of-magnitude replacement value is estimated at $11.2 million. This figure is intended as a simplified screening-level approximation for long-term financial planning purposes and is conservative in nature, as it excludes other significant system assets such as treatment facilities, tanks, pump stations, valves, meters, and related infrastructure, and does not account for variation in pipe material, diameter, installation conditions, or current construction costs.

A commonly used utility planning guideline is to maintain capital reserves at 1%–3% of total system asset value to support ongoing renewal and replacement needs. Applying this benchmark to the pipeline-only estimate yields an indicative reserve range of $111,000 to $335,000. This range would increase if the full asset base were included in a comprehensive valuation.

If CLOCWD is not generating sufficient revenue through rates to fund the timely replacement of assets at the end of their useful life, the District will need to rely more heavily on external financing sources, such as low-interest loans and grant funding, to support its capital improvement needs.

- Loans - Obtaining loans will come with debt service payments and debt reserve requirements that may increase the expenses in future years

- Grants - During this current economic climate, it is not advised to assume grants in the budgeting process

CLOCWD has the equipment and staff to complete some capital repair and replacement projects in-house and have an established annual budget to ensure work is continually being done. This established budget was used in the rate study. Additionally, $113,968 is being set aside over the next 5 years to build a capital replacement/maintenance reserve.

Debt Payments and Reserve

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

The CLOCWD has 3 loans to support the water system:

- USDA loan to finance construction of water system improvements. This loan matures in 2061 and has annual payments of $100,000+ per year.
- Capital Lease, Inc. loan for a water truck. This loan matures in 2027 with payments decreasing from approximately $19,000 in FYE 2026 to $8,500 in FYE 2027.
- A loan for a crane truck. The water fund is paying for a portion of the crane truck with the water fund being responsible for $23,724 in payments annually.

Analysis and Recommendations for Financial Condition

CLOCWD has a strong budget process and ongoing capital replacement program. It is recommended that CLOCWD review its financial policies and develop a more robust capital

improvement program to ensure all assets can be replaced as they reach the end of their useful life. CLOCWD can pursue grants and loans to assist with these projects.

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

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

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

Cost-of-Service and Rate Design

Fixed and Variable Costs

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

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

Base Rate and Usage Rates

Base Rates

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

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

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

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

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

Usage Rates

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

- Uniform usage rate - customers are charged a single, constant rate for each unit of service.
- Tiered usage rate - the cost per unit of service changes as a customer's consumption exceeds certain thresholds or "tiers." Variations of tiered rates include increasing block rate and decreasing block rate. Tiered usage rates are not recommended for public entity water systems due to current Proposition 218 case law.

Assumptions

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

Financial Assumptions

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

- **Existing Reserves** – The water fund balance which can be made up of cash, investments, and other liquid assets. Typically, operating reserves are in a checking account and capital reserves are in an interest-bearing savings account

- **Reserve Targets** – established dollar amounts to maintain in operating, emergency, debt, and capital reserves along with the number of years to build to this amount

- **Median Household Income** – average income for residential customers, this can come from several sources such as the SAFER Dashboard or U.S. Census

Usage and Billing Assumptions

- **Conservation Factor** – Accounts for the typical reduction in water use seen after a rate increase. Study by the Department of Interior in California states price elasticity of water is -0.1%. RCAC also sometimes uses from -1.0% up to -5.0% from experience with working rural, disadvantage communities. This factor can also include any water system specific concerns for reduction in water use.

- **Community Growth Factor** – Growth factor to account for an increasing or decreasing population in the area. This data can come from the U.S. Census, the water system's master plan, or other source

- **Receivable Write-Offs** – RCAC assumes a 0.2% write-off unless otherwise state by the water system. This write-off accounts for non-payment of water bills

Capital Improvement Plan Assumptions

- **Default Funding Assumptions** – The funding assumptions made to many of the capital assets in the model. While it is always recommended to fund with 100% cash, often times RCAC will adjust these to assist with affordability while giving a roadmap to smaller water systems on next steps in their capital improvement plan. During this current economic climate, it is not advised to assume grants in the budgeting process. Also understand that applying for grants or loans will take staff time and financial resources.

- **Capitalization Threshold** - Any asset purchased below this value is not included in the CIP. It assumed that this purchase was included in the annual maintenance budget. This is usually a policy decision by the water board and varies based on the size of the water system. RCAC will often use $5,000 if the water system has no threshold established.

- **Short-Lived Assets** – Some funders only require water systems to create reserves for short-lived assets (5–15-year useful life). This is not recommended by the SWRCB and is not used in California.

Customized Assumptions

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

- CalPERS was split into the wages portion and the unfunded liability portion. The wages portion used standard inflation while the unfunded liability used numbers provided directly from CalPERS
- Utilities assumed 7% inflation, based on previous electricity increases
- The CRP Water fund expenses assumed 5% inflation, to reflect the higher inflation seen in the construction industry than in the Consumer Price Index.

- **Capital Improvement Plan** –A detailed review of CLOCWD's CIP was not conducted.
  - A commonly used utility planning guideline is to maintain capital reserves at 1%–3% of total system asset value to support ongoing renewal and replacement needs. Applying this benchmark to the 35-miles of pipeline conservatively estimated at a value of $11.2 million, produces an indicative reserve range of $111,000 to $335,000. This range would increase if the full asset base were included in a comprehensive valuation. To date, CLOCWD has not completed a CIP due to the associated costs, which can exceed $35,000. In the future, CLOCWD may wish to pursue State or Federal technical assistance funding to support development of a CIP.

- **Cost Allocation** – RCAC uses the identification of fixed and variable costs to allocate costs to base rates and usage rates. The identification of fixed and variable costs is best left with the water system to identify. RCAC does advise that any debt service be considered a fixed cost and that many of the pumping and chemical costs be assigned to variable.
  - Treatment chemicals and utilities were considered variable expenses, and all other budget line items were considered fixed.

Rate Options and Recommendation

This rate study has analyzed various pricing structures for the water utility, considering the financial needs of the system, equitable distribution of costs among customers, and the promotion of water conservation. After careful evaluation, the top rate option is being included in this report for the governing body's vote.

When considering rates, it is crucial for the governing body to consider not only the immediate financial implications but also the long-term sustainability and fairness of the rates. The following recommendation aimed to produce a rate structure that supports the community's needs while promoting fiscal responsibility and transparency.

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

Proposed Rate Option

The proposed rates use AWWA meter capacity ratios to spread fixed costs amount meter sizes. The usage rate is a uniform rate that collects the variable costs of CLOCWD. It collects for the true cost of water by establishing a 3-month operating reserve, an emergency reserve, and a maintenance reserve over the 5-year rate study period. The rate schedule and results can be seen below and in Exhibit F.

Proposed Rate Schedule					
Standard Rates					
Meter Size	**2027**	**2028**	**2029**	**2030**	**2031**
5/8"	$69.00	$72.67	$76.02	$79.52	$83.19
3/4"	$103.50	$109.02	$114.04	$119.29	$124.79
1	$172.50	$181.69	$190.06	$198.82	$207.98
1.5	$345.00	$363.37	$380.11	$397.62	$415.94
2	$552.00	$581.40	$608.18	$636.20	$665.51
3	$1,103.98	$1,162.78	$1,216.34	$1,272.39	$1,331.01
4	$1,724.97	$1,816.84	$1,900.54	$1,988.09	$2,079.70
Rate per 1 Gallon	$0.00287	$0.00303	$0.00316	$0.00330	$0.00345
Rate per HCF	$2.15	$2.27	$2.36	$2.47	$2.58

Proposed Rate Financial Results						
	2027	**2028**	**2029**	**2030**	**2031**	**5 Years**
Total Expenses	$2,244,440	$2,362,545	$2,469,293	$2,580,946	$2,697,733	$12,354,957
Total Revenue	$2,244,440	$2,362,545	$2,469,293	$2,580,946	$2,697,733	$12,354,957
Net Loss or Gain	$0	$0	$0	$0	$0	$0
Net Cash Flow	$111,204	$139,050	$147,381	$153,788	$162,244	$713,667
Affordability of average residential bill	3.15%	3.32%	3.47%	3.63%	3.80%	3.15%
In Simple Terms:						
Are you putting enough $ into reserves?	Yes	Yes	Yes	Yes	Yes	
Positive Annual Cash Flow?	Yes	Yes	Yes	Yes	Yes	

Implementation Remarks & Conclusion

Recommendations for the current financial condition and rate option selection have been discussed. Below are some additional recommendations for CLOCWD.

General Implementation Advice

Key points to remember with this rate adjustment are:

- Every year revenues versus expenditures should be reviewed to ensure that the rates cover all costs to the system.
- Rates should be reviewed every 5 years or whenever the water system is at risk of expenditures exceeding revenue.
- Successful utilities are those that strive to be transparent. In day-to-day operations, the CLOCWD should strive to promote its services (highlights and the low points) and continuously educate residents on why it is necessary to raise and adjust rates.
- If possible and not already done, CIP reserves should be moved to and maintained in the highest interest-bearing accounts available to offset inflation unless the cost of doing so is more than the interest earned on the account.

Proposition 218 Overview

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

To be in compliance with Proposition 218, the public notice needs to contain certain information. This information includes how and why the rate increase was proposed, the consequences of not raising rates, how charges are allocated among different types of users, and the date, time, and location of the public hearing. Proposition 218 requires that a public hearing be held at least 45 days after the public notice has been sent out. After the public hearing, the governing board can adopt the new rates through a resolution if there is no majority protest (50% plus one) from the property owners/rate payers. All protests are required to be in writing with the protester's name and affected parcel number. Proposition 218 does not apply to connection charges, capacity charges, wholesale rates, groundwater pumping fees, and conservation penalties.

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

Compliance with Assembly bill 2257 may prohibit a person or entity from bringing judicial action or proceeding with Prop 218 unless person/entity has timely submitted to the local agency a written objection that specifies grounds for noncompliance. Part of this compliance is to ensure a

written basis for the rate increase is posted on the system's external website and include a link to the public notice.

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

Conclusion

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

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

Exhibit A:
Current Rates

Sewer				Water			
Residential							
Classification	**Rate**	**Fixed**	**CRP**	**Classification**	**Rate**	**Fixed**	**CRP**
This classification will now include all SFD/MFD/MHD	**$74.47**	50.52	23.95	This classification will now include all SFD/MFD/MHD	**$51.37**	34.34	17.03
Commercial							
Classification	**Rate**	**Fixed**	**CRP**	**Classification**	**Rate**	**Fixed**	**CRP**
School - Per Student	**$2.17**	1.59	0.58	5/8 x 3/4 "	**$51.37**	34.34	17.03
RV/Campsite - Per Space	**$22.11**	14.44	7.67	1	**$144.94**	107.52	37.42
Hotel/Motel	**$34.04**	23.42	10.62	1 1/2	**$285.80**	214.92	70.88
Laundromat-Per Machine	**$45.56**	32.08	13.48	2	**$456.44**	343.75	112.69
Church	**$68.75**	49.52	19.23	3	**$853.75**	644.56	209.19
Service/Gas Station- Per Restroom	**$45.56**	32.08	13.48	4	**$1,421.51**	1074.31	347.20
Beauty/Barber Shop	**$89.00**	69.77	19.23				
Restaurant	**$102.05**	74.57	27.48	No Allowance			
Restaurant w/Bar	**$170.90**	126.36	44.54	**Usage Rates**			
Bar	**$98.89**	72.21	26.68				
Service Club	**$68.78**	49.55	19.23	**0-999,999,999 CF**	**$2.23**		
Service Club w/Kitchen/Food Service	**$94.91**	69.77	25.14				
Commercial Office Space	**$68.78**	49.55	19.23				
Community Beach - Per Restroom	**$68.78**	49.55	19.23				

2024-2025 WATER AND SEWER RATES

2025-2026 RATE INCREASE TO TAKE EFFECT ON JULY 1, 2025

7/1/2024 \\Server\clowd\Admin\Customer Service\Base Rates\2024-2025 Rates Breakdown.xlsx

Exhibit B:
Water System Use Characteristic

Sales in FYE 2024 by Meter Size								Billing Cycle		Monthly, Gallons		
Meter Size	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
5/8"	9,824,449	10,827,098	11,681,987	9,547,133	7,894,877	6,574,237	5,745,394	7,707,584	6,346,056	5,730,252	8,191,118	9,036,043
3/4"	256,343	271,118	302,557	241,036	2,783	2,618	6,418	7,070	8,670	7,256	7,480	10,307
1"	280,958	309,147	332,674	272,763	198,569	162,939	167,264	174,656	207,651	160,368	310,538	255,047
1.5"	49,110	55,483	61,782	53,007	56,059	51,766	47,838	63,166	51,242	40,290	53,538	47,666
2"	339,031	382,448	441,499	467,621	423,673	476,418	332,411	493,907	331,364	377,257	559,093	594,565
3"	578,983	706,399	879,654	629,013	419,970	240,289	210,247	260,311	218,922	238,371	400,955	643,435
4"	258,982	343,288	256,768	419,806	271,176	295,517	355,630	279,823	269,762	104,428	265,386	285,882

Sales in FYE 2024 by Customer Class		
Current Class ID	Name of Class	Total Annual Usage
1	SFD/MFD/MHD	92,445,739
2	Commercial	24,175,634
2	CLOCWD Mtrs	561,531

A2

Exhibit C:
Assumptions

Key Assumptions						
Financial Assumptions						
Inflation and Loan Rates						
Return on Invested Funds	0.50	%				
Past Inflation	3.50	%				
Future Inflation	4.00	%	5.00% for CRP- Water Fund			
Future Loan Interest Rate	2.00	%				
Future Loan fees, legal, costs	1.00	%				
Existing Debt						
Description	Annual Payment	Maturity	Reserve Required	Reserve Allocated	Make Up Period	
See Exhibit D						
Total						
Existing Reserves						
Debt Reserve	$386,395	For water and wastewater loans				
Operating Reserve	$0	As of June 2025, $67,918 but assuming $0 due to net loss expectation in FYE 2026				
Emergency Reserve	$0	As of June 2025, General and LAIF total of $91,992. Assume 0 since it is not earmarked for water fund				
Capital Reserve	$0					
Total	$1,208,734.05	Total for all accounts, not all necessarily for water and water CRP fund				

Reserve Targets						
	Amount	Make Up Period	First Year Reserve Addition	Excess funds to be transferred to CIP	Goal	
Debt Reserve	-	-	-	-	As per lending agreement(s)	
Operating Reserve	$412,000	5	$82,400	$0	3 times the expenses during a billing cycle	
Emergency Reserve	$30,000	5	$6,000	$0	Well pump	
Available for Capital Reserve	$0					
Median Household Income						
MHI	$31,169		MHI Source	SAFER Dashboard		
Usage and Billing Assumptions						
Growth of Consumption over Base year						
		Year 1	Year 2	Year 3	Year 4	Year 5
Conservation Factor		0.0%	0.0%	0.0%	0.0%	0.0%
Community Growth Factor		0.0%	0.0%	0.0%	0.0%	0.0%
Total Consumption Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Receivable write off						
Percent of Billing		0.20%	0.20%	0.20%	0.20%	0.20%
Billing Details						
Unit of Service	1	Gallons				
Billing Cycles	Currently	Proposed				
Billing Cycle	M	M				

Billings per year	12	12				
Capital Improvement Planning Assumptions						
Default Funding of Asset Replacements						
Replacement Value From	To	Cash	Grant	Loan		
$0	$20,000	100%	0%	0%		
$20,001	$100,000	100%	0%	0%		
$100,001	$500,000	100%	0%	0%		
$500,001	$9,999,999	20%	0%	80%		
$10,000,000	$9,999,999	20%	0%	80%		
Capitalization Threshold						
Capitalization Threshold	$5,000	Any asset purchased below this value is not included in the CIP. It assumed that this purchase was included in the annual maintenance budget.				
Short-Lived Assets						
If you want to reserve for Short-Lived Asset only, how many years is your definition of a "Short-Lived Asset?"		15	(USDA-RD is 5 years. Some states require 15 years.)			

Exhibit D:
Rate Study Budget Projections

Key:		Other Notes:	Standard Assumptions	
Line items that vary based on rate options		This Budget is a combination of the Water and CRP – Water Budget	Inflation Factor (%)	4.00-5.00
Line items that vary from standard assumptions			Loan Interest Rate (%)	2.00

Budget Projections for Clearlake Oaks County Water District – Water & CRP Water Funds

	Actual	Actual	Budgeted		Projected	Projected	Projected	Projected	Projected
EXPENSES AND SOURCES OF FUNDS									
OPERATIONS & MAINTENANCE EXPENSES									
	2024	2025	2026	% Water	2027	2028	2029	2030	2031
Salaries & Wages	$658,658	$660,103	$689,818	100%	$719,790	$751,079	$783,745	$817,849	$853,455
FICA - District Share	$50,897	$51,423	$56,204	100%	$58,647	$61,198	$63,862	$66,642	$69,545
Medical Ins - District Share	$103,790	$96,531	$104,964	100%	$109,504	$114,244	$119,190	$124,354	$129,743
PERS - District Share	$42,271	$38,907	$43,231	100%	$45,123	$47,099	$49,163	$51,318	$53,569
Unemployment	$0	#VALUE!	$5,000	100%	$5,200	$5,408	$5,624	$5,849	$6,083
Workers Comp Ins	$19,622	$20,932	$51,470	100%	$53,746	$56,123	$58,608	$61,203	$63,915
PERS UNFUNDED LIABILITY	$39,434	$56,422	$62,567	100%	$67,500	$73,000	$73,500	$74,000	$75,500
Advertising	$0	$208	$200	100%	$208	$216	$225	$234	$243
Bank Fees	$22,011	$22,891	$21,790	100%	$22,662	$23,568	$24,511	$25,491	$26,511
Communications & Internet	$19,755	$23,453	$22,500	100%	$23,435	$24,409	$25,424	$26,482	$27,583
Board Exp	$2,056	$3,640	$3,500	100%	$3,640	$3,786	$3,937	$4,095	$4,258
Equip - Field ($300-$4999)	$1,250	$3,919	$3,750	100%	$3,913	$4,082	$4,259	$4,444	$4,637
Equip - Office	$1,661	$1,727	$2,000	100%	$2,080	$2,163	$2,250	$2,340	$2,433
Fuel & Oil	$22,910	$31,000	$34,824	100%	$36,381	$38,009	$39,710	$41,489	$43,348
Insurance	$43,781	$45,532	$44,100	100%	$45,864	$47,699	$49,607	$51,591	$53,654
Interest	$6,014	$9,450	$8,000	100%	$8,380	$8,778	$9,195	$9,633	$10,091
Lab	$28,498	$29,683	$27,200	100%	$28,338	$29,524	$30,760	$32,048	$33,391

Memberships & Subscriptions	$45,343	$47,156	$46,000	100%	$47,840	$49,754	$51,744	$53,813	$55,966
Mileage Reimb	$70	$780	$500	100%	$520	$541	$562	$585	$608
Postage & Shipping	$11,026	$13,520	$13,000	100%	$13,520	$14,061	$14,623	$15,208	$15,816
Professional Services	$31,192	$32,439	$30,000	100%	$31,200	$32,448	$33,746	$35,096	$36,500
Rents	$7,529	$7,830	$7,500	100%	$7,800	$8,112	$8,436	$8,774	$9,125
Safety & Security	$8,663	$9,009	$10,250	100%	$10,710	$11,191	$11,694	$12,219	$12,769
Tools & Instruments	$5,020	$5,958	$5,700	100%	$5,948	$6,207	$6,477	$6,759	$7,054
Supplies - Clothing & Personal	$3,232	$4,495	$5,600	100%	$5,844	$6,099	$6,365	$6,643	$6,933
Supplies - Office	$4,620	$4,805	$4,000	100%	$4,160	$4,326	$4,499	$4,679	$4,867
Treatment Chemicals	$79,989	$125,250	$125,250	100%	$130,260	$135,470	$140,889	$146,525	$152,386
Supplies - Operating - Other	$12,135	$12,665	$11,600	100%	$12,130	$12,685	$13,265	$13,872	$14,507
Taxes - Licenses	$0	$0	$0	100%	$0	$0	$0	$0	$0
Training	$3,794	$3,953	$4,250	100%	$4,425	$4,607	$4,797	$4,995	$5,201
Travel	$136	$1,040	$2,000	100%	$2,080	$2,163	$2,250	$2,340	$2,433
Utilities	$288,751	$308,964	$285,394	100%	$305,372	$326,748	$349,620	$374,093	$400,280
Waste Disposal	$13,563	$14,106	$15,350	100%	$15,964	$16,603	$17,267	$17,957	$18,676
Yolo Co	$38,596	$40,140	$61,000	100%	$63,440	$65,978	$68,617	$71,361	$74,216
Misc.	$467	$1,820	$1,750	100%	$1,820	$1,893	$1,969	$2,047	$2,129
R&R Buildings & Grounds	$5,344	$9,405	$9,000	100%	$9,390	$9,797	$10,222	$10,666	$11,129
R & R Damage Claims	$1,413	$1,470	$1,413	100%	$1,470	$1,528	$1,589	$1,653	$1,719
R&R Lift Stations	$0	$0	$0	100%	$0	$0	$0	$0	$0
R&R Equipment	$35,000	$36,925	$35,076	100%	$36,829	$38,670	$40,602	$42,632	$44,762
R&R Mains/Service Lines	$50,000	$52,750	$50,014	100%	$52,515	$55,140	$57,897	$60,792	$63,831
R&R Vehicles ($2k/vehicle)	$18,000	$22,110	$21,000	100%	$22,020	$23,090	$24,212	$25,389	$26,623

Maintenance Reserve Account	$0	$0	$0	100%	$22,827	$50,663	$58,982	$65,377	$73,818
Hydrants	$0	$0	$0	100%	$10,000	$10,000	$10,000	$10,000	$10,000
Total Operations & Maintenance Expenses	$1,726,486	$1,852,410	$1,926,765	100%	$2,029,666	$2,127,495	$2,224,912	$2,327,158	$2,435,489
GENERAL & ADMINISTRATIVE EXPENSES									
	2024	2025	2026	% Belonging to Water	2027	2028	2029	2030	2031
Operating Reserve Funding	$0	$0	$0	100%	$71,480	$82,400	$82,400	$82,400	$82,400
Emergency Reserve Funding	$0	$0	$0	100%	$6,000	$6,000	$6,000	$6,000	$6,000
Maintenance Reserve Account	$18,000	$18,990	$18,000	100%	$0	$16,926	$25,257	$31,665	$40,120
USDA Loan	$101,000	$102,000	$103,000	100%	$105,000	$106,000	$107,000	$110,000	$110,000
Vac-con Loan	$0	$43,533	$0	100%	$0	$0	$0	$0	$0
Water Truck Loan	$0	$19,225	$19,996	100%	$8,570	$0	$0	$0	$0
Crane Truck Loan	$0	$0	$0	100%	$23,724	$23,724	$23,724	$23,724	$23,724
Total General and Administrative Expenses:	$101,000	$164,758	$122,996	100%	$214,774	$235,050	$244,381	$253,789	$262,244
TOTAL EXPENSES	$1,827,486	$2,017,168	$2,049,761	$2	$2,244,440	$2,362,545	$2,469,293	$2,580,947	$2,697,733
SOURCE OF FUNDS / REVENUES RECEIVED									
Sales Revenue (Base + Usage)	$1,779,427	$1,926,635	$1,870,787	100%	$2,214,549	$2,332,891	$2,439,852	$2,551,730	$2,668,750
Penalty and Interest	$40,422	$29,878	$33,000	100%	$34,320	$34,320	$34,320	$34,320	$34,320
Uncollectable Receivables	$0	$0	$0	100%	-$4,960	-$4,429	-$4,666	-$4,880	-$5,103
TOTAL REVENUE	$1,819,849	$1,956,513	$1,903,787	100%	$2,244,440	$2,362,545	$2,469,293	$2,580,946	$2,697,733
NET LOSS OR GAIN:	-$7,637	-$60,655	-$145,974	100%	$0	$0	$0	$0	$0
NET CASH FLOW (Contribution to Reserves)	$0	$0	$0	100%	$77,480	$105,326	$113,657	$120,065	$128,520

Exhibit E:
Cost Allocations

Fixed vs. Variable Allocation	Notes:			
Budget Line Item	5-Year Avg	% Fixed	$ Fixed	$ Variable
Salaries & Wages	$785,184	100%	$785,184	
FICA - District Share	$63,979	100%	$63,979	
Medical Ins - District Share	$119,407	100%	$119,407	
PERS - District Share	$49,255	100%	$49,255	
Unemployment	$5,633	100%	$5,633	
Workers Comp Ins	$58,719	100%	$58,719	
PERS UNFUNDED LIABILITY	$72,700	100%	$72,700	
Advertising	$225	100%	$225	
Bank Fees	$24,549	100%	$24,549	
Communications & Internet	$25,467	100%	$25,467	
Board Exp	$3,943	100%	$3,943	
Equip - Field ($300-$4999)	$4,267	100%	$4,267	
Equip - Office	$2,253	100%	$2,253	
Fuel & Oil	$39,787	100%	$39,787	
Insurance	$49,683	100%	$49,683	
Interest	$9,215	100%	$9,215	
Lab	$30,812	100%	$30,812	
Memberships & Subscriptions	$51,823	100%	$51,823	
Mileage Reimb	$563	100%	$563	
Postage & Shipping	$14,646	100%	$14,646	
Professional Services	$33,798	100%	$33,798	
Rents	$8,449	100%	$8,449	
Safety & Security	$11,717	100%	$11,717	
Tools & Instruments	$6,489	100%	$6,489	
Supplies - Clothing & Personal	$6,377	100%	$6,377	
Supplies - Office	$4,506	100%	$4,506	
Treatment Chemicals	$141,106	0%	$0	$141,106
Supplies - Operating - Other	$13,292	100%	$13,292	
Taxes - Licenses	$0	100%	$0	
Training	$4,805	100%	$4,805	
Travel	$2,253	100%	$2,253	
Utilities	$351,222	0%	$351,222	$351,222
Waste Disposal	$17,293	100%	$17,293	
Yolo Co	$68,722	100%	$68,722	
Misc.	$1,972	100%	$1,972	
R&R Buildings & Grounds	$10,241	100%	$10,241	
R & R Damage Claims	$1,592	100%	$1,592	
R&R Lift Stations	$0	100%	$0	
R&R Equipment	$40,699	100%	$40,699	
R&R Mains/Service Lines	$58,035	100%	$58,035	
R&R Vehicles ($2k/vehicle)	$24,267	100%	$24,267	
Maintenance Reserve Account	$22,794	100%	$22,794	
Hydrants	$10,000	100%	$10,000	
USDA Loan	$107,600	100%	$107,600	
Vac-con Loan	$0	100%	$0	

Fixed vs. Variable Allocation	Notes:			
Budget Line Item	5-Year Avg	% Fixed	$ Fixed	$ Variable
Water Truck Loan	$8,570	100%	$8,570	
Crane Truck	$23,724	100%	$23,724	
Operating Reserve	$80,216	100%	$82,400	
Emergency Reserve	$6,000	100%	$6,000	
Total All Expenses	**$2,477,398**		**$1,985,070**	**$492,328**
Fixed-Variable as % of all Expenses			**80.1%**	**19.9%**

Exhibit F:
Proposed Rate Option

Proposed Rate Schedule					
Standard Rates					
Meter Size	2027	2028	2029	2030	2031
5/8"	$69.00	$72.67	$76.02	$79.52	$83.19
3/4"	$103.50	$109.02	$114.04	$119.29	$124.79
1	$172.50	$181.69	$190.06	$198.82	$207.98
1.5	$345.00	$363.37	$380.11	$397.62	$415.94
2	$552.00	$581.40	$608.18	$636.20	$665.51
3	$1,103.98	$1,162.78	$1,216.34	$1,272.39	$1,331.01
4	$1,724.97	$1,816.84	$1,900.54	$1,988.09	$2,079.70
Rate per 1 Gallon	$0.00287	$0.00303	$0.00316	$0.00330	$0.00345
Rate per HCF	$2.15	$2.27	$2.36	$2.47	$2.58

Proposed Rate Financial Results						
	2027	2028	2029	2030	2031	**5 Years**
Total Expenses	$2,244,440	$2,362,545	$2,469,293	$2,580,947	$2,697,733	$12,354,957
Total Revenue	$2,244,440	$2,362,545	$2,469,293	$2,580,946	$2,697,733	$12,354,957
Net Loss or Gain (Short/Over to Reserves)	$0	$0	$0	$0	$0	$0
Net Cash Flow (Contribution to Reserves)	$77,480	$105,326	$113,657	$120,065	$128,520	$713,667
Affordability of average residential bill	3.15%	3.32%	3.47%	3.63%	3.80%	3.15%
In Simple Terms:						
Are you putting enough $ into reserves?	Yes	Yes	Yes	Yes	Yes	
Positive Annual Cash Flow?	Yes	Yes	Yes	Yes	Yes	

ATTACHMENT 2

RCAC
www.rcac.org

Clearlake Oaks County Water District
Draft Wastewater Financial Plan

RCAC is an equal opportunity provider and employer.

Prepared by: Vida Lopez & Samantha Ryan

April 2026

Rural Community Assistance Corporation
3120 Freeboard Drive, Suite 201
West Sacramento, CA 95691

April 15, 2026

Alison Hanlon
Grants Specialist
US Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washinton, DC 20460-0001

Subject: CLEARLAKE OAKS COUNTY WATER DISTRICT WASTEWATER FINANCIAL PLAN

Dear Alison,

Enclosed please find the final report for the Clearlake Oaks County Water District (CLOCWD) Financial Plan.

The report consists of a discussion of the CLOCWD current financial condition, projected financial condition, and recommended rate option(s).

The financial plan process typically includes the following key milestones, though not all steps may be applicable in every instance:

- Preliminary Rate Discussions – Engaged with CLOCWD staff to review initial findings and discuss potential rate adjustments.
- Initial Rate Findings Presentation – An overview of the preliminary financial plan results is scheduled for March 19, 2026.
- Final Rate Recommendations – If the board has any feedback, final proposed rates, reflecting any revisions from initial discussions will be produced.
- Proposition 218 Hearing – A Proposition 218 hearing is to be held prior to July 1, 2026, to allow for public input and formal consideration of the proposed rates.

If you have additional questions, please feel free to contact me at (720) 471-0363.

Sincerely,

Ty Leydig

Ty Leydig
Regional Field Manager
RCAC Community & Environmental Services

Enclosure: Clearlake Oaks County Water District Wastewater Financial Plan
CC. Dianna Mann , General Manager, CLOCWD
Olivia Mann, Administrative Services Manager/Board Secretary, CLOCWD
Vida Lopez, Small Utility Project Manager I , RCAC – Community & Environmental Services

Table of Contents

Submittal Details

Final Report Date

April 15, 2026

Community Contact Information

Clearlake Oaks County Water District
P.O. Boc 709/ 12952 East Highway 20
Clearlake Oaks, CA 95423
(707) 998-3322, www.clocwd.org (Website)

Submitted to:

Alison Hanlon, Grants Specialist
US Environmental Protection Agency

Dianna Mann , General Manager
Clearlake Oaks County Water District

Olivia Mann, Administrative Services Manager/ Board Secretary
Clearlake Oaks County Water District

Submitted by:

Vida Lopez, Small Utility Project Manager I
Rural Community Assistance Corporation - Community & Environmental Services
Email: Vida.Lopez@rcac.org / Phone: (916) 995-7321

Executive Summary

The industry standard is to conduct a wastewater rate study every five years to ensure revenues are covering expenses and costs are being applied to customer classes in a fair and equitable manner. As a public entity, Clearlake Oaks County Water District (CLOCWD) must ensure rate structures are consistent with current Proposition 218 case law, which has specific guidance on what is considered fair and equitable ways to distribute costs to customers.

Due to limitations in available system data and funding constraints, a full Cost of Service (COS) analysis was not feasible at this time. As a result, this study has been prepared as a financial plan, focusing on projecting the utility's revenues, expenses, and fund balances over the next several years. The financial plan identifies the total revenue required to maintain system operations, fund necessary capital improvements, and meet reserve policies, and provides a proposed rate schedule to achieve these objectives. While it does not allocate costs to specific customer classes as a full COS would, it provides a practical and transparent framework to ensure rates remain sufficient, sustainable, and compliant with Proposition 218 requirements.

Rural Community Assistance Corporation (RCAC) conducted this wastewater financial plan on behalf of Clearlake Oaks County Water District (CLOCWD) to establish rates that allow CLOCWD to operate and maintain the wastewater system for the next five years and collect the necessary reserves for emergencies and capital improvements. RCAC analyzed data for fiscal year ending 2023 (FYE 2023) and FYE 2024 and budgeted data for FYE 2025 and FYE 2026 to set rates for FYE 2027 through FYE 2031.

CLOCWD requested a wastewater rate analysis to evaluate for these primary areas:

- Current rate study was conducted in 2021 and produced a rate schedule for FYE 2022 – FYE 2026.
- Wastewater reserves have been decreasing in recent years due to a negative operating balance in the sewer fund.

During the financial planning analysis, RCAC found that current sewer fund revenues are not sufficient to cover ongoing expenses and that the projected CRP – Sewer Fund budget is expected to begin operating at a deficit in FYE 2025. This highlights the need for timely rate adjustments to ensure the long-term financial stability of the sewer system.

The proposed rate option is:

CLOCWD Proposed Rates per Building for Single Family Dwellings, Multi-Family Dwellings, and Mobile Home Dwellings

	2026 (Current Rates)	2027	2028	2029	2030	2031
Rate per EDU	$74.47	$93.09	$110.18	$115.17	$119.71	$124.44
% Increase	-	25.0%	18.4%	4.5%	3.9%	4.0%

Affordability	2.87%	3.58%	4.24%	4.43%	4.61%	4.79%

CLOCWD Proposed Rates per Customer Unit							
Customer Type	**Customer Unit**	**2026 (Current Rates)**	**2027**	**2028**	**2029**	**2030**	**2031**
School	Per Student	$2.17	$2.79	$3.23	$3.38	$3.51	$3.66
RV/Campsite	Per Space	$22.11	$27.27	$32.63	$34.09	$35.43	$36.82
Hotel/Motel	Per Building	$34.04	$42.77	$50.42	$52.70	$54.78	$56.95
Laundromat	Per Machine	$45.56	$57.72	$67.59	$70.66	$73.46	$76.38
Church	Per Building	$68.75	$87.84	$102.17	$106.82	$111.07	$115.49
Service/Gas Station	Per Restroom	$45.56	$57.72	$67.59	$70.66	$73.46	$76.38
Beauty/Barber Shop	Per Building	$89.00	$117.44	$133.16	$139.27	$144.87	$150.71
Restaurant	Per Building	$102.05	$131.09	$151.82	$158.74	$165.07	$171.66
Restaurant w/Bar 1	Per Building	$170.90	$220.49	$254.50	$266.10	$276.73	$287.78
Restaurant w/Bar 2	Per Building	$170.90	$220.49	$254.50	$266.10	$276.73	$287.78
Bar	Per Building	$98.89	$126.99	$147.12	$153.82	$159.95	$166.33
Service Club	Per Building	$68.78	$87.88	$102.22	$106.87	$111.12	$115.54
Service Club w/Kitchen/Food Service 1	Per Building	$94.91	$122.19	$141.27	$147.71	$153.60	$159.74
Service Club w/Kitchen/Food Service 2	Per Building	$94.91	$122.19	$141.27	$147.71	$153.60	$159.74
Commercial Office Space	Per Building	$68.78	$87.88	$102.22	$106.87	$111.12	$115.54
Community Beach	Per Restroom	$68.78	$87.88	$102.22	$106.87	$111.12	$115.54

This rate option gradually increases rates so that, by the end of the five-year study period, total revenues are projected to fully cover total expenses. In the first year, there is a net operating loss of $226,689, which has been considered to balance rate affordability for customers. Non-

operating revenues have not been applied toward covering operating costs and are available to strengthen fund reserves.

RCAC recommends CLOCWD

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

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

    - RCAC's rate model calculates affordability by taking the average residential bill for the wastewater system and dividing it by the MHI.
- Review revenues versus expenditures every year to ensure that the rates cover all costs to the system.
- Strive to be transparent. Successful utilities are those that are transparent to their customers regarding their day-to-day operations, including successes and struggles. Promote your services to your customers and continuously educate them on why it is necessary to raise and adjust rates.
- Consider increasing non-operational revenue. For example, CIP reserves could be moved to and maintained in the highest interest-bearing accounts available to offset inflation unless the cost of doing so is more than the interest earned on the account.
- Work with the billing software provider to streamline reports, billing codes, and application of billing charges. Clearer, more consistent data will make future rate studies faster and more accurate.
- For future rate studies, consider conducting a wastewater EDU analysis using up-to-date customer water usage. If technical assistance is used, request the EDU analysis early to ensure enough time and resources for a precise cost-of-service evaluation.

Introduction

About RCAC

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

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

This financial plan was funded by Environmental Protection Agency (EPA) Program, for which RCAC is a Technical Assistance Provider. This financial plan was performed under the capacity development program at RCAC (EPA). This study was provided at no cost to the CLOCWD due to their distinction as a disadvantaged community.

Purpose of a Rate Study & Financial Plan

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

When system data is limited or there are time and funding constraints, a full Cost of Service (COS) rate study may not be feasible. In such cases, a financial plan is prepared instead.

A financial plan focuses on projecting the utility's revenues, expenses, and fund balances over the next several years. The financial plan identifies the total revenue required to maintain system operations, fund necessary capital improvements, and meet reserve policies, and provides a proposed rate schedule to achieve these objectives. While it does not allocate costs to specific customer classes as a full COS would, it provides a practical and transparent framework to ensure rates remain sufficient, sustainable, and compliant with Proposition 218 requirements.

Governing Body Responsibilities

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

All findings and conclusions of this rate study are RCAC's professional assessment and are not a directive for action to the community. Whereas RCAC strongly recommends its finding to the

community, the governing body must act in accordance with the CLOCWD governing documents as well as state and federal laws to enact RCAC recommendations in whole or in part.

Disclaimer

The findings, recommendations and conclusions contained in this rate analysis are based on financial information provided to RCAC by the water system. Although reasonable care was taken to ensure the reliability of this information, no warranty is expressed or implied as to the correctness, accuracy or completeness of the information contained herein. Any action taken on the basis of such findings, recommendations or conclusions is undertaken at the discretion of the water system. In no event will RCAC or its partners, employees or agents be liable for any decision made or action taken in reliance on the information contained in this analysis.

Guiding Principles in a Rate Study & Financial Plan

Rates should be:

- **Sustainable** - Rates should cover the costs of the system to provide safe drinking water into the foreseeable future. This includes operations, repairs, interest, loan principal, capital replacement, and all other costs related to providing safe drinking water.

- **Fair** - Rates should be fair to all rate payers. While the costs should not exceed the costs of providing the service, they do need to capture the true costs of service. Low rates for current customers will require high rates for future customers.

- **Justifiable** - Rates must be based on actual needs of the wastewater enterprise system. The wastewater enterprise system expenses and revenue should be tracked separately from other funds.

- **Water conservation** - Water conservation is a key element of rate studies. Clean and safe water is limited, and inappropriate use of this resource negatively impacts community members.

- **State or funder specific requirements** – Some wastewater systems may have state or funder requirements to maintain certain financial indicators and reserve levels. Regardless of any requirements, the governing body is obligated by its responsibilities to provide for sufficient reserves and long-term sustainability.

Rate Setting & Financial Plan Process

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

- **Revenue Requirement** – This component calculates the total revenue needed to cover the utility's operating costs and debt obligations.

- **Cost of Service Analysis** – This component evaluates the cost allocations associated with providing wastewater services, which may include looking at fixed and variable costs, equivalent dwelling unit (EDU) demands, or other relevant factors. It ensures that rates are aligned with the actual way a wastewater system incurs costs when providing wastewater service.

- **Rate Design and Rate Setting** – This step involves determining how to structure the rates based on the cost-of-service analysis. It considers factors like customer classes (residential, commercial, etc.), water usage patterns, and equity, aiming to create a fair and sustainable rate system. Based on this, the appropriate rates are set to ensure financial stability and regulatory compliance.

- **Proposition 218 Process (applicable for public entities in California)** – This process ensures transparency and public participation in the decision-making surrounding wastewater rate changes.

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

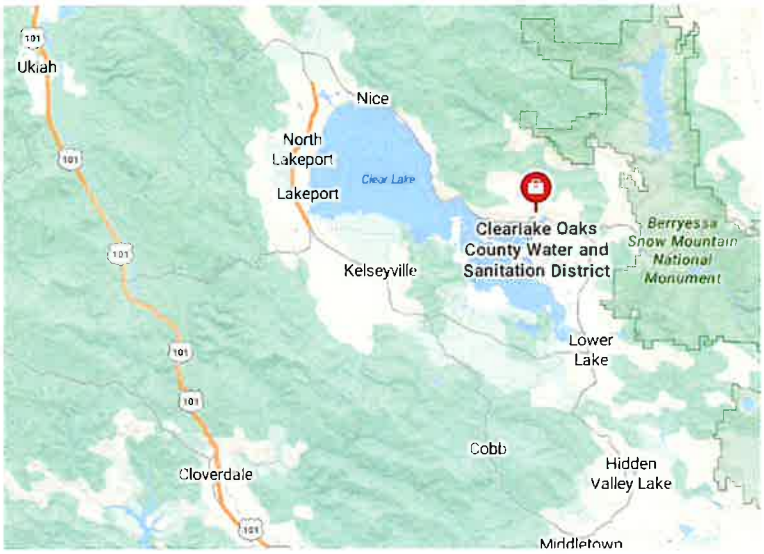
When system data is limited or there are time and funding constraints, a full Cost of Service (COS) rate study may not be feasible. In such cases, a financial plan is prepared instead.

RCAC uses a cash-needs approach to develop revenue requirements to ensure there is sufficient revenue to recover total cash requirements for the 5-year time period of this financial plan. This approach uses a format very similar to how many wastewater systems develop an annual budget. While there are several methods to allocate costs, since RCAC mainly works with small, disadvantaged wastewater systems, it is typical for RCAC to use a fixed vs variable cost allocation or an EDU allocation. The revenue requirement approach and cost allocation methodology used in this financial plan can be found in the section on Cost of Service and Rate Design.

Water System Basic Statistics

Community

The CLOCWD is located in Clearlake Oaks in Lake County, CA . This area is known for being a recreation-oriented community occupying 3 square miles. There are approximately 2,400 residents and sees an increased population during summer months.



According to the SAFER Dashboard, the CLOCWD has an estimated median household income (MHI) of $31,169 and is considered a severely disadvantaged community.

System Description

The CLOCWD is a public wastewater system that operates a wastewater plant featuring an oxidation ditch and clarifier. The wastewater treatment plant currently operates under Waste Discharge Requirement Order No. 98-211 and is at 100% of the permitted capacity. The plant can treat 0.5 MGD per day for the monthly average discharge and up to 2.1 MGD for the maximum daily discharge. The plant typically sees 0.4 – 0.7 MGD but can experience higher flow due to Inflow and Infiltration problems from an aging collection system. Treated wastewater gets pumped 3.5 miles to Lake County Sanitation District (LACOSAN) Southeast Reservoir via Pump Station No. 2 (3, 250hp vertical turbine pumps, surge tank, and electrical equipment building). LACOSAN then injects the treated wastewater into the geothermal steam fields in Geysers approximately 20 miles southwest of the reservoir.

The CLOCWD is working with the State Water Resource Control Board on the CLOCWD Wastewater Infrastructure and Rehabilitation Project, which consists of rehabilitation and improvements to the collection system including existing lift stations, pipelines and manholes; installation of a new force main along a gravity pipeline route that would allow a failing lift station to be bypassed; installation of an access road to an existing lift station for maintenance; and improvements to the Wastewater Treatment Plant (WWTP) including, installation of a groundwater monitoring well and repairing and upgrading various components of the WWTP.

Current Water Rate Structure

The last rate study for the CLOCWD occurred in 2021. The current rate structure for the wastewater system is based on an EDU methodology with 17 different customer types, where one EDU represents a single-family connection and the other customer types are assigned a proportional factor. The current rate structure can be seen in Exhibit A.

The affordability of these rates for the average residential customer is 2.87% percent, as a measure of the percent of the average residential customer's annual income that goes toward paying the average annual residential wastewater bill in the wastewater system.

Customer Wastewater Use Statistics

Wastewater use can vary by month, customer class, and service connection characteristics. The wastewater usage and characteristics were not analyzed as part of this financial plan.

Future Population and Usage Projections

The United States Census shows a decline growth rate in the area as -0,6% percent per year, from 2019-2024.

Financial Condition and Analysis

Current Financial Policies

The financial policies of a public wastewater system play a crucial role in ensuring the system's sustainability and effectiveness. These policies provide a framework for budgeting, revenue generation, expenditure control, debt management, and financial reporting. They help maintain financial stability, promote transparency, and ensure that the wastewater system can meet current and future needs. By adhering to these policies, a public wastewater system can effectively manage its resources, maintain the trust of its stakeholders, and continue to provide reliable and high-quality services to the community.

RCAC did not review the financial policies of CLOCWD as part of this financial plan and instead relied on information provided verbally by the system.

Current Financial Indicators

Wastewater Fund Balance

CLOCWD maintains separate accounts for wastewater operations and the CRP – Sewer fund. The wastewater fund balance as of FYE 2024 was $73,008 while the CRP funds had $331,823. However, the CRP balance includes both water and wastewater funds. For purposes of the financial projections, the wastewater fund balance was assumed to be depleted by the time the rate increase is implemented.

Operating Cash Flow

The cash generated from CLOCWD's routine wastewater operations declined from FYE 2023 to FYE 2024 and is projected to continue decreasing. This trend indicates that operating revenues are not fully covering operating expenses. While the CRP – Sewer fund has historically generated sufficient revenue to cover its expenses, budget projections indicate that this may not continue in FYE 2025 without cost-saving measures. Reliance on underfunding reserves to balance operations is not considered a financially sustainable practice for managing a wastewater system.

Revenue Requirement

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

Current Budget

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

A wastewater system should develop and adopt an annual budget every fiscal year prior to the start of the fiscal year. The CLOCWD was able to provide actuals for FYE 2023 and FYE 2024 and an adopted budget for FYE 2025 and FYE 2026.

Over the past several years revenues have not covered expenses. In FYE 2024, the sewer fund had an operating shortfall of $212,751, which was able to partially recover through non-operating revenue including a cell tower lease and non-sewer revenue from the County Treasury. After including non-operating revenue, the water fund so a shortfall of $80,806. The CRP – sewer fund saw a net increase in FYE 2024 or $63,751 did not complete all budgeted work. Underfunding reserves is not considered a financially sustainable method for managing a wastewater system.

In FYE 2026 the net loss is expected to increase from prior years. Costs have been increasing due to inflation and increases in retirement contribution costs and power costs. The actuals and current budget can be seen as part of the rate study budget projections in Exhibit D.

Current Dedicated Reserves

Reserves are an accepted way to stabilize and support a utility's fiscal management. Small systems usually fund the operating expenses but often do not consider putting money aside for a specific upcoming financial need or project, or for an amount that can be used to provide rate stabilization in years when revenues are unusually low, or expenditures are unusually high. The rationale for maintaining adequate reserve levels is twofold. First, it helps to ensure that the utility will have adequate funds available to meet its financial obligations in times of varying needs. Second, it provides a framework around which financial decisions can be made to determine when reserve balances are inadequate or excessive and what specific actions need to be taken to remedy the situation.

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

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

Operating Reserve

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

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

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

Because of potential delays in collecting payment, many utilities attempt to keep an amount of cash equal to at least 90 days or 25 percent of their annual cash O&M expenses in an operating reserve to mitigate potential cash flow problems. In discussions with the wastewater system, it was determined the goal would be 45 days cash on hand, this money will be set aside over 5 years.

Emergency Reserve

Emergency reserves are intended to help utilities deal with short-term emergencies which arise from time to time, such as main breaks or pump failures. The appropriate amount of emergency reserves will vary with the size of the utilities and should depend on major infrastructure assets. An emergency reserve is intended to fund the immediate replacement or reconstruction of the system's single most critical asset, an asset whose failure will result in an immediate wastewater outage or threat to public safety. In discussions with the wastewater system, it was determined that $75,000 would be adequate, and this money will be set aside over 5 years.

Capital Replacement Reserve

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

To initiate a capital improvement plan, a small water or sewer system will start with a list of assets that includes the remaining service life, theoretical replacement costs in today's dollars and the remaining service life. It then calculates the monthly and annual reserve that must be collected from each customer to fully capitalize the replacement cost of each asset. In reality, the assets will fail and be replaced gradually, but the replacement cost of wastewater system assets is often a shock to small systems that are struggling to keep rates reasonable. RCAC did not conduct a capital replacement analysis and relied on the CRP budget developed by CLOCWD.

Debt Payments and Reserve

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

The CLOCWD has a USDA loan for a prior sewer improvement project. This loan matures in 2057 and requires a payment of approximately $60,000 per year (varies by year). These loan payments were included in this financial plan as needing to be collected through wastewater rates.

Analysis and Recommendations for Financial Condition

A rate increase is recommended to ensure that CLOCWD can cover its operating costs while also providing funding for necessary reserves. Financial projections indicate that a 30% rate increase in FYE 2026 would be required to fully balance the budget. However, the recommended rate option in this report proposes a 25% increase in the first year in order to better consider customer affordability. This approach helps move the system toward financial sustainability while moderating the immediate impact on customers.

Cost of Service and Rate Design

Equivalent Dwelling Units

An EDU (Equivalent Dwelling Unit), defined as one single-family residential household, are often used as a reference point to calculate sewer bills of non-residential customers. Sewer EDUs are calculated by determining the average water use of residential customers during several of the cold weather months. The assumption is this figure represents average sewage discharge. In un-metered systems or systems with limited billing capacity, wastewater EDUs may be calculated using different methodologies.

EDU Methodology

For many small wastewater systems, reliable customer usage data are often not available, and system staff may lack the capacity to perform a detailed consumption analysis. Given these circumstances and the limited consulting hours available, this rate analysis uses the Appendix G methodology from the California State Water Resources Control Board (SWRCB) to estimate Equivalent Dwelling Units (EDUs) by customer type. A typical single-family residential connection is assigned a value of one EDU as the baseline unit of demand, and other customer classes—such as multi-family, commercial, institutional, or other non-residential uses—are assigned EDU factors based on the representative average demand ratios provided in Appendix G. The total number of connections in each category is multiplied by the applicable EDU factor to determine each class's relative demand on the system. These EDUs are then used to allocate costs and establish rates under the current rate structure. While this methodology relies on generalized demand factors rather than system-specific metered usage, it provides a defensible basis for setting rates when system data are limited, with the understanding that rates should be revisited if more detailed usage information becomes available in the future.

A detailed cost-of-service (COS) analysis was not performed as part of this rate study. Development of a COS consistent with guidance from the California State Water Resources Control Board (SWRCB), including the methodologies described in Appendix G, requires additional customer class data or usage analysis. The CLOCWD indicated that sufficient and updated data necessary to perform this analysis was not available at the time of this study. As a result, the system's current EDU allocations were used to establish rates, rather than calculating EDUs based on the SWRCB planning-level factors or updated customer water usage data. Accordingly, this analysis focuses on evaluating overall revenue requirements, operating expenses, capital improvement needs, and reserve targets, and applies recommended revenue adjustments within the framework of the existing rate structure.

While this report provides financial guidance sufficient to support current rate setting, it is recommended that the CLOCWD consider allocating resources in the future to conduct a wastewater EDU analysis based on current customer water usage data during the next rate study to allow for a more precise cost-of-service evaluation. If CLOCWD uses technical assistance (TA) for the next rate study, request an EDU analysis project prior to requesting a rate study project to ensure the TA provider has enough hours to complete both analyses.

Assumptions

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

Financial Assumptions

- **Return on Investment Rates** – Capital improvement reserves are often in a savings account that accrues interest. It is assumed this rate of return can reduce the annual reserve required from wastewater sales for additional capital assets.
- **Past Inflation Rates** - Allows the current cost of assets to be calculated when only historic costs are available.
- **Future Inflation Rates** – Allows the future cost of asset replacement to be calculated as well as helps to project the budget forward.
- **Future Loan Rates and Fees** – Important for calculating the debt service payment that will be required if a wastewater system chooses to fund assets in need of replacement over the next 5 years through loan.
- **Existing Debt** – Annual payment and reserve requirements for current debt.
- **Existing Reserves** – The wastewater fund balance which can be made up of cash, investments, and other liquid assets. Typically, operating reserves are in a checking account and capital reserves are in an interest-bearing savings account.
- **Reserve Targets** – established dollar amounts to maintain in operating, emergency, debt, and capital reserves along with the number of years to build to this amount.
- **Median Household Income** – average income for residential customers, this can come from several sources such as the SAFER Dashboard or U.S. Census.

Usage and Billing Assumptions

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

Capital Improvement Plan Assumptions

- **Default Funding Assumptions** – The funding assumptions made to many of the capital assets in the model. While it is always recommended to fund with 100% cash, often times RCAC will adjust these to assist with affordability while giving a roadmap to smaller wastewater systems on next steps in their capital improvement plan. During this current economic climate, it is not advised to assume grants in the budgeting process. Also understand that applying for grants or loans will take staff time and financial resources.

- **Capitalization Threshold** - Any asset purchased below this value is not included in the CIP. It assumed that this purchase was included in the annual maintenance budget. This is usually a policy decision by the water board and varies based on the size of the wastewater system. RCAC will often use $5,000 if the wastewater system has no threshold established.

- **Short-Lived Assets** – Some funders only require wastewater systems to create reserves for short-lived assets (5–15-year useful life). This is not recommended by the SWRCB and is not used in California.

Customized Assumptions

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

    - PERS – Used dollar values listed in the CalPERS 2024 Annual Valuation Report

    - Power – Assumed 7% inflation due to historical and expected values

- **Capital Improvement Plan** – While default funding assumptions can help a small wastewater system see its dependence on obtaining grants and loans and allow it to begin to plan.

    - RCAC will typically create an asset list and determine how much the wastewater system needs to set aside per year to replace all assets at the end of their useful life. This was not done in this financial plan, instead CLOCWD provided its adopted CRP budget.

- **Cost Allocation** – RCAC typically uses the identification of fixed and variable costs to allocate costs to base rates and usage rates. The identification of fixed and variable costs is best left with the wastewater system to identify. RCAC does advise that any debt service be considered a fixed cost and that many of the pumping and chemical costs be assigned to variable.

    - CLOCWD uses an EDU methodology. Due to limitations in available system data and funding constraints, a full Cost of Service (COS) analysis was not feasible at this time. As a result, this study has been prepared as a financial plan, focusing on projecting the utility's revenues, expenses, and fund balances over the next several years.

Recommended Rates

When adopting rates a governing body should take into account not only the immediate financial implications but also the long-term sustainability and fairness of each approach. The following recommendation aims to guide the selection process and ensure that the chosen rate structure supports the community's needs while promoting fiscal responsibility and transparency.

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

The recommended rates are designed to recover the system's operations and maintenance (O&M) needs, capital replacement requirements, and debt obligations over a five-year period while phasing in rate increases to minimize impacts on customers. For O&M, costs are projected using a 4% annual inflation assumption for all expenses except PERS contributions and electricity, which are modeled separately based on known or anticipated rates. Capital replacement needs are estimated using a 4% inflation factor applied to currently planned projects, and existing USDA loan payments are included in the projections. To moderate the rate impact in the near term, this option assumes a one-time draw of $226,804 from reserves to partially fund system costs, with the plan to recover the reserve balance over the subsequent five years. Under this approach, rates gradually increase to cover both ongoing operational needs and future capital requirements, ensuring the system remains financially stable while providing a phased adjustment for customers.

CLOCWD Proposed Rates per EDU

	2026 (Current Rates)	2027	2028	2029	2030	2031
Rate per EDU	$74.47	$93.09	$110.18	$115.17	$119.71	$124.44
% Increase	-	25.0%	18.4%	4.5%	3.9%	4.0%
Affordability	2.87%	3.58%	4.24%	4.43%	4.61%	4.79%

CLOCWD Proposed Rates per Customer Unit

Customer Type	Customer Unit	2026 (Current Rates)	2027	2028	2029	2030	2031
School	Per Student	$2.17	$2.79	$3.23	$3.38	$3.51	$3.66
RV/Campsite	Per Space	$22.11	$27.27	$32.63	$34.09	$35.43	$36.82
Hotel/Motel	Per Building	$34.04	$42.77	$50.42	$52.70	$54.78	$56.95

CLOCWD Proposed Rates per Customer Unit							
Customer Type	**Customer Unit**	**2026 (Current Rates)**	**2027**	**2028**	**2029**	**2030**	**2031**
Laundromat	Per Machine	$45.56	$57.72	$67.59	$70.66	$73.46	$76.38
Church	Per Building	$68.75	$87.84	$102.17	$106.82	$111.07	$115.49
Service/Gas Station	Per Restroom	$45.56	$57.72	$67.59	$70.66	$73.46	$76.38
Beauty/Barber Shop	Per Building	$89.00	$117.44	$133.16	$139.27	$144.87	$150.71
Restaurant	Per Building	$102.05	$131.09	$151.82	$158.74	$165.07	$171.66
Restaurant w/Bar 1	Per Building	$170.90	$220.49	$254.50	$266.10	$276.73	$287.78
Restaurant w/Bar 2	Per Building	$170.90	$220.49	$254.50	$266.10	$276.73	$287.78
Bar	Per Building	$98.89	$126.99	$147.12	$153.82	$159.95	$166.33
Service Club	Per Building	$68.78	$87.88	$102.22	$106.87	$111.12	$115.54
Service Club w/Kitchen/Food Service 1	Per Building	$94.91	$122.19	$141.27	$147.71	$153.60	$159.74
Service Club w/Kitchen/Food Service 2	Per Building	$94.91	$122.19	$141.27	$147.71	$153.60	$159.74
Commercial Office Space	Per Building	$68.78	$87.88	$102.22	$106.87	$111.12	$115.54
Community Beach	Per Restroom	$68.78	$87.88	$102.22	$106.87	$111.12	$115.54

Implementation Remarks & Conclusion

Recommendations for the current financial condition and rate option selection have been discussed. Below are some additional recommendations for CLOCWD.

General Implementation Advice

Key points to remember with this rate adjustment are:

- Every year revenues versus expenditures should be reviewed to ensure that the rates cover all costs to the system.
- Rates should be reviewed every 5 years or whenever the wastewater system is at risk of expenditures exceeding revenue.
- Successful utilities are those that strive to be transparent. In day-to-day operations, the CLOCWD should strive to promote its services (highlights and the low points) and continuously educate residents on why it is necessary to raise and adjust rates.
- If possible, CIP reserves should be moved to and maintained in the highest interest-bearing accounts available to offset inflation unless the cost of doing so is more than the interest earned on the account.
- Work with the billing software provider to streamline reports, billing codes, and application of billing charges. Clearer, more consistent data will make future rate studies faster and more accurate.
- While this report provides financial guidance sufficient to support current rate setting, it is recommended that the CLOCWD consider allocating resources in the future to conduct a wastewater EDU analysis based on current customer water usage data during the next rate study to allow for a more precise cost-of-service evaluation. If CLOCWD uses technical assistance (TA) for the next rate study, request an EDU analysis project prior to requesting a rate study project to ensure the TA provider has enough hours to complete both analyses.

Proposition 218 Overview

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

To be in compliance with Proposition 218, the public notice needs to contain certain information. This information includes how and why the rate increase was proposed, the consequences of not raising rates, how charges are allocated among different types of users, and the date, time, and location of the public hearing. Proposition 218 requires that a public hearing be held at least 45

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

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

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

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

Conclusion

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

The attached Exhibits A through D provide detailed information and analysis supporting the findings and recommendation of this wastewater rate study.

Exhibit A:
Current Rates

Sewer				Water			
Residential							
Classification	**Rate**	**Fixed**	**CRP**	**Classification**	**Rate**	**Fixed**	**CRP**
This classification will now include all SFD/MFD/MHD	**$74.47**	50.52	23.95	This classification will now include all SFD/MFD/MHD	**$51.37**	34.34	17.03
Commercial							
Classification	**Rate**	**Fixed**	**CRP**	**Classification**	**Rate**	**Fixed**	**CRP**
School - Per Student	**$2.17**	1.59	0.58	5/8 x 3/4 "	**$51.37**	34.34	17.03
RV/Campsite - Per Space	**$22.11**	14.44	7.67	1	**$144.94**	107.52	37.42
Hotel/Motel	**$34.04**	23.42	10.62	1 1/2	**$285.80**	214.92	70.88
Laundromat-Per Machine	**$45.56**	32.08	13.48	2	**$456.44**	343.75	112.69
Church	**$68.75**	49.52	19.23	3	**$853.75**	644.56	209.19
Service/Gas Station- Per Restroom	**$45.56**	32.08	13.48	4	**$1,421.51**	1074.31	347.20
Beauty/Barber Shop	**$89.00**	69.77	19.23				
Restaurant	**$102.05**	74.57	27.48	No Allowance			
Restaurant w/Bar	**$170.90**	126.36	44.54	**Usage Rates**			
Bar	**$98.89**	72.21	26.68				
Service Club	**$68.78**	49.55	19.23	**0-999,999,999 CF**	**$2.23**		
Service Club w/Kitchen/Food Service	**$94.91**	69.77	25.14				
Commercial Office Space	**$68.78**	49.55	19.23				
Community Beach - Per Restroom	**$68.78**	49.55	19.23				

2024-2025 WATER AND SEWER RATES

2025-2026 RATE INCREASE TO TAKE EFFECT ON JULY 1, 2025

7/1/2024 \\Server\clowd\Admin\Customer Service\Base Rates\2024-2025 Rates Breakdown.xlsx

EDU Table by Billing Codes for O&M Sewer Fund				
Customer Category	**Category #**	**Unit**	**EDU**	**Min 1 EDU?**
SFD	1SF	Per Building	1.000	No
MFD	1MF	Per Building	1.000	No
MHD	1SM	Per Building	1.000	No
School - Per Student	1SC	Per Student	0.031	No
RV/Campsite - Per Space	1RV	Per Space	0.286	No
Hotel/Motel	1CH	Per Building	0.464	No
Laundromat-Per Machine	1LD	Per Machine	0.635	No
Church	1CC	Per Building	0.980	No
Service/Gas Station- Per Restroom	1CG	Per Restroom	0.635	No
Beauty/Barber Shop	1CB	Per Building	1.381	No
Restaurant	1FS	Per Building	1.476	No
Restaurant w/Bar 1	1RB	Per Building	2.501	No
Restaurant w/Bar 2	1RF	Per Building	2.501	No
Bar	1BO	Per Building	1.429	No
Service Club	1CS	Per Building	0.981	No
Service Club w/Kitchen/Food Service 1	1CK	Per Building	1.381	No
Service Club w/Kitchen/Food Service 2	1C4	Per Building	1.381	No
Commercial Office Space	1CO	Per Building	0.981	No
Community Beach - Per Restroom	1CR	Per Building	0.981	No
SEWER BAR ONLY 2	2BO	Per Building	1.429	No
SEWER COM BAR W KIT FOOD 2	2C4	Per Building	1.381	No
SEWER BEAUTY BARBER 2	2CB	Per Building	1.381	No
SEWER CHURCH 2	2CC	Per Building	0.980	No
SEWER GAS SVC STAT 2	2CG	Per Restroom	0.635	No
SEWER HOTEL MOTEL 2	2CH	Per Building	0.464	No
SEWER SER CLUB W KIT FOOD 2	2CK	Per Building	1.381	No
SEWER OFFICE SPACE 2	2CO	Per Building	0.981	No
SEWER BEACH RESTROOM 2	2CR	Per Building	0.981	No
SEWER COM SERVICE CLUB 2	2CS	Per Building	0.981	No
SEWER RESTAURANT 2	2FS	Per Building	1.476	No
SEWER LAUNDROMAT 2	2LD	Per Machine	0.635	No
SEWER MULTI FAMILY DWLG 2	2MF	Per Building	1.000	No
SEWER REST W BAR 2	2RB	Per Building	2.501	No
SEWER RV CAMPSITE 2	2RV	Per Space	0.286	No
SEWER SCHOOL 2	2SC	Per Student	0.031	No
SEWER SINGLE FAMILY DWLG 2	2SF	Per Building	1.000	No
SEWER SINGLE MOBILE DWLG 2	2SM	Per Building	1.000	No
SEWER BAR ONLY 3	3BO	Per Building	1.429	No
SEWER COM BAR W KIT FOOD 3	3C4	Per Building	1.381	No
SEWER BEAUTY BARBER 3	3CB	Per Building	1.381	No

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EDU Table by Billing Codes for O&M Sewer Fund				
Customer Category	**Category #**	**Unit**	**EDU**	**Min 1 EDU?**
SEWER CHURCH 3	3CC	Per Building	0.980	No
SEWER GAS SVC STAT 3	3CG	Per Restroom	0.635	No
SEWER HOTEL MOTEL 3	3CH	Per Building	0.464	No
SEWER SER CLUB W KIT FOOD 3	3CK	Per Building	1.381	No
SEWER OFFICE SPACE	3CO	Per Building	0.981	No
SEWER BEACH RESTROOM 3	3CR	Per Building	0.981	No
SEWER COM SERVICE CLUB	3CS	Per Building	0.981	No
SEWER RESTAURANT 3	3FS	Per Building	1.476	No
SEWER LAUNDROMAT 3	3LD	Per Machine	0.635	No
SEWER MULTI FAMILY DWLG 3	3MF	Per Building	1.000	No
SEWER REST W BAR 3	3RB	Per Building	2.501	No
SEWER RV CAMPSITE 3	3RV	Per Space	0.286	No
SEWER SCHOOL 3	3SC	Per Student	0.031	No
SEWER SINGLE FAMILY DWLG 3	3SF	Per Building	1.000	No
SEWER SINGLE MOBILE DWLG 3	3SM	Per Building	1.000	No
SEWER COMM BEACH RESTROOM 4	4CR	Per Building	0.981	No
SEWER RV CAMPSITE 4	4RV	Per Space	0.286	No

EDU Table by Billing Codes for CRP - Sewer Fund				
Customer Category	**Category #**	**Unit**	**EDU**	**Min 1 EDU?**
SFD (CRP)	CRS	Per Building	1.000	No
MFD (CRP)	CRS	Per Unit	1.000	No
MHD (CRP)	CRS	Per Unit	1.000	No
School - Per Student (CRP)	CS1	Per Student	0.024	No
RV/Campsite - Per Space (CRP)	CS2	Per Space	0.320	No
Hotel/Motel (CRP)	CS3	Per Building	0.443	No
Laundromat-Per Machine (CRP)	CS4	Per Machine	0.563	No
Church (CRP)	CS5	Per Building	0.803	No
Service/Gas Station- Per Restroom (CRP)	CS6	Per Restroom	0.563	No
Beauty/Barber Shop (CRP)	CS7	Per Building	0.803	No
Restaurant (CRP)	CS8	Per Building	1.147	No
Restaurant w/Bar (CRP)	CS9	Per Building	1.860	No
Bar (CRP)	C10	Per Building	1.114	No
Service Club (CRP)	C12	Per Building	0.803	No
Service Club w/Kitchen/Food Service (CRP)	C13	Per Building	1.050	No
Commercial Office Space (CRP)	C14	Per Building	0.803	No
Community Beach - Per Restroom (CRP)	CRB	Per Restroom	0.803	No
Sewer Bar w Kit Food	C11	Per Building	1.050	No
Sewer Fire Protect	C16			
CRP SEWER 2 BAR	S10	Per Building	1.114	No
CRP SEWER2 BAR W KIT FOOD	S11	Per Building	1.050	No
CRP SEWER2 SVC CLUB	S12	Per Building	0.803	No
CRP SEWER2 SVC CLUB KIT F	S13	Per Building	1.050	No
CRP SEWER 2 OFFICE SPACE	S14	Per Building	0.803	No
CRP SEWER2 BEACH REST	S15	Per Restroom	0.803	No
CRP SEWER2 FIRE PROTECT	S16			
CRP SEWER2 SCHOOL	S21	Per Student	0.024	No
CRP SEWER2 RV CAMPSITE	S22	Per Space	0.320	No
CRP SEWER2 HOTEL MOTEL	S23	Per Building	0.443	No
CRP SEWER2 LAUNDROMAT	S24	Per Machine	0.563	No
CRP SEWER2 CHURCH	S25	Per Building	0.803	No
CRP SEWER2 SVC GAS PER RE	S26	Per Restroom	0.563	No
CRP SEWER2 BEAUTY BARBER	S27	Per Building	0.803	No
CRP SEWER2 RESTAURANT	S28	Per Building	1.147	No
CRP SEWER2 REST W BAR	S29	Per Building	1.860	No
CRP SWR 2 BEAUTY BARBER	S2B	Per Building	0.803	No
CRP SWR 2 SVC CLUB W KIT	S2C	Per Building	1.050	No
CRP SWR 2 OFFICE SPACE	S2O	Per Building	0.803	No

EDU Table by Billing Codes for CRP - Sewer Fund				
Customer Category	**Category #**	**Unit**	**EDU**	**Min 1 EDU?**
CRP SWR 2 SVR CLUB	SCB	Per Building	0.803	No
CRP SWR 2 GAS SVC STATION	SCG	Per Restroom	0.563	No
CRP SWR 2 HOTEL MOTEL	SCH	Per Building	0.443	No
CRP SWR 2 BEACH REST	SCR	Per Restroom	0.803	No
CRP SWR 2 RV CAMPSITE	SRV	Per Space	0.320	No
CRP SWR 2 SINGLE FAM	SSF	Per Building	1.000	No
CRP SEWER3 BAR	S3B	Per Building	1.114	No
CRP SEWER3 BAR W KIT FOOD	S3K	Per Building	1.050	No
CRP SEWER3 SVC CLUB	S3S	Per Building	0.803	No
CRP SEWER3 SVC CLUB KIT F	S3F	Per Building	1.050	No
CRP SEWER3 OFFICE SPACE	S3O	Per Building	0.803	No
CRP SEWER3 BEACH REST	S3R	Per Restroom	0.803	No
CRP SEWER3 FIRE PROTECT	S3P			
CRP SEWER3 SCHOOL	S31	Per Student	0.024	No
CRP SEWER3 RV CAMPSITE	S32	Per Space	0.320	No
CRP SEWER3 HOTEL MOTEL	S33	Per Building	0.443	No
CRP SWR 3 LAUNDROMAT	LD	Per Machine	0.563	No
CRP SEWER 3 CHURCH	S35	Per Building	0.803	No
CRP SEWER3 SVC GAS P REST	S36	Per Restroom	0.563	No

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Exhibit B:
Assumptions

Key Assumptions						
Financial Assumptions						
Inflation and Loan Rates						
Return on Invested Funds	1.70	%				
Past Inflation	2.10	%				
Future Inflation	4.00	%				
Future Loan Interest Rate	5.00	%				
Future Loan fees, legal, costs	1.00	%				
Existing Debt						
Description	Annual Payment	Maturity	Reserve Required	Reserve Allocated	Make Up Period	
USDA Loan	Varying	2057	Yes	332,700		
Total						
Existing Reserves						
Debt Reserve	$0					
Operating Reserve	$0	As of FYE 2024, $63,488 but assuming $0 due expected depletion				
Emergency Reserve	$0					
Capital Reserve	$0	As of FYE 2024, restricted cash for water and wastewater $331,823, assuming $0 since financial plan is for regular, annual CRP expenses				
Total	$0					

Reserve Targets						
	Amount	Make Up Period	First Year Reserve Addition	Excess funds to be transferred to CIP	Goal	
Debt Reserve	$332,700	-	$0	$0	As per lending agreement(s)	
Operating Reserve	$209,525	5	$29,207	$0	1.5 times the expenses during a billing cycle	
Emergency Reserve	$75,000	5	$15,000	$0	Effluent Pump Cost	
Available for Capital Reserve	$0					
Median Household Income						
MHI	$31,169		MHI Source	SAFER Dashboard		
Usage and Billing Assumptions						
Growth of Consumption over Base year						
		Year 1	Year 2	Year 3	Year 4	Year 5
Conservation Factor		0.0%	0.0%	0.0%	0.0%	0.0%
Community Growth Factor		0.0%	0.0%	0.0%	0.0%	0.0%
Total Consumption Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Receivable write off						
Percent of Billing		0.30%	0.30%	0.30%	0.30%	0.30%
Billing Details						
Unit of Service	N/A	N/A				
Billing Cycles	Currently	Proposed				
Billing Cycle	Monthly	Monthly				
Billings per year	12	12				
Capital Improvement Planning Assumptions						

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Default Funding of Asset Replacements						
Replacement Value From	To	Cash	Grant	Loan		
$0	$20,000	N/A	N/A	N/A		
$20,001	$100,000	N/A	N/A	N/A		
$100,001	$500,000	N/A	N/A	N/A		
$500,001	$9,999,999	N/A	N/A	N/A		
$10,000,000	$9,999,999	N/A	N/A	N/A		
Capitalization Threshold						
Capitalization Threshold	N/A					
Short-Lived Assets						
If you want to reserve for Short-Lived Asset only, how many years is your definition of a "Short-Lived Asset?"		N/A	(USDA-RD is 5 years. Some states require 15 years.)			

Exhibit C:
Rate Study Budget Projections

Key:		Other Notes:	Standard Assumptions	
Line items that vary based on rate options		This Budget is a combination of Sewer Fund and Sewer CIP Fund	Inflation Factor (%)	4.00
Line items that vary from standard assumptions			Loan Interest Rate (%)	5.00

Budget Projections for Clearlake Oaks County Water District

	Actual	Budgeted	Budgeted		Projected	Projected	Projected	Projected	Projected
EXPENSES AND SOURCES OF FUNDS									
OPERATIONS & MAINTENANCE EXPENSES									
	2024	2025	2026	% Belonging to Sewer	2027	2028	2029	2030	2031
Salaries & Wages	$574,395	$597,370	$621,265	100%	$646,116	$671,960	$698,839	$726,792	$755,864
	$0	$0	$0	100%	$0	$0	$0	$0	$0
FICA - District Share	$42,793	$44,505	$46,285	100%	$48,136	$50,062	$52,064	$54,147	$56,313
Medical Ins - District Share	$118,444	$123,182	$128,109	100%	$133,233	$138,563	$144,105	$149,869	$155,864
PERS - District Share	$79,965	$83,163	$112,843	100%	$125,133	$135,000	$146,000	$147,000	$148,000
Unemployment	$0	$0	$0	100%	$0	$0	$0	$0	$0
Workers Comp Ins	$13,651	$14,197	$14,764	100%	$15,355	$15,969	$16,608	$17,272	$17,963
Advertising	$0	$0	$0	100%	$0	$0	$0	$0	$0
Bank Fees	$22,011	$22,891	$23,807	100%	$24,759	$25,750	$26,780	$27,851	$28,965
Communications & Internet	$15,811	$16,443	$17,101	100%	$17,785	$18,497	$19,236	$20,006	$20,806
Board Exp	$2,056	$2,138	$2,224	100%	$2,313	$2,405	$2,501	$2,601	$2,706
Equip - Field ($300-$4999)	$0	$0	$0	100%	$0	$0	$0	$0	$0
Equip - Office	$1,905	$1,981	$2,060	100%	$2,143	$2,229	$2,318	$2,410	$2,507
Fuel & Oil	$6,612	$6,876	$7,152	100%	$7,438	$7,735	$8,045	$8,366	$8,701
Insurance	$43,781	$45,532	$47,354	100%	$49,248	$51,218	$53,266	$55,397	$57,613
Interest	$14	$14	$15	100%	$15	$16	$16	$17	$18
Lab	$23,344	$24,278	$25,249	100%	$26,259	$27,309	$28,402	$29,538	$30,719
Memberships & Subscriptions	$56,674	$58,940	$61,298	100%	$63,750	$66,300	$68,952	$71,710	$74,578
Mileage Reimb	$70	$72	$75	100%	$78	$81	$85	$88	$91
Postage & Shipping	$11,026	$11,467	$11,926	100%	$12,403	$12,899	$13,415	$13,951	$14,509
Professional Services	$32,077	$33,360	$34,694	100%	$36,082	$37,525	$39,026	$40,587	$42,210
Rents	$7,529	$7,830	$8,143	100%	$8,469	$8,807	$9,160	$9,526	$9,907
Safety & Security	$8,955	$9,313	$9,685	100%	$10,073	$10,475	$10,895	$11,330	$11,784
Tools & Instruments	$2,741	$2,851	$2,965	100%	$3,083	$3,207	$3,335	$3,468	$3,607
Supplies - Clothing & Personal	$3,091	$3,215	$3,343	100%	$3,477	$3,616	$3,761	$3,911	$4,068

Supplies - Office	$5,899	$6,135	$6,380	100%	$6,636	$6,901	$7,177	$7,464	$7,763
Treatment Chemicals	$53,105	$55,229	$57,438	100%	$59,736	$62,125	$64,610	$67,195	$69,883
Supplies - Operating - Other	$30,748	$31,978	$33,257	100%	$34,587	$35,971	$37,410	$38,906	$40,462
Taxes - Licenses	$0	$0	$0	100%	$0	$0	$0	$0	$0
Training	$3,114	$3,239	$3,368	100%	$3,503	$3,643	$3,789	$3,940	$4,098
Travel	$339	$352	$366	100%	$381	$396	$412	$428	$445
Utilities	$235,319	$244,732	$261,863	100%	$280,193	$299,807	$320,793	$343,249	$367,276
Waste Disposal	$44,064	$45,827	$47,660	100%	$49,566	$51,549	$53,611	$55,755	$57,985
Yolo Co	$0	$0	$0	100%	$0	$0	$0	$0	$0
Misc	$467	$486	$505	100%	$525	$546	$568	$591	$615
R&R Buildings & Grounds	$5,027	$5,228	$5,437	100%	$5,654	$5,880	$6,116	$6,360	$6,615
R & R Damage Claims	$0	$0	$0	100%	$0	$0	$0	$0	$0
R&R Lift Stations	$0	$0	$0	100%	$0	$0	$0	$0	$0
R&R Equipment	$0	$0	$0	100%	$0	$0	$0	$0	$0
R&R Mains/Service Lines	$0	$0	$0	100%	$0	$0	$0	$0	$0
R&R Vehicles ($2k/vehicle)	$66	$69	$71	100%	$74	$77	$80	$84	$87
Maintenance Reserve Account	$0	$0	$0	100%	$0	$0	$0	$0	$0
Total Refurbishing and Rebuilding Cost	$0	$0	$0		$0	$0	$0	$0	$0
Total Operation and Maintenance Expenses:	$1,445,088	$1,502,891	$1,596,702		$1,676,202	$1,756,518	$1,841,373	$1,919,811	$2,002,021
GENERAL & ADMINISTRATIVE EXPENSES									
	2024	2025	2026	% Belonging to Sewer	2027	2028	2029	2030	2031
Debt Reserve	$0.00	$0.00	$0.00	100%	$0	$0	$0	$0	$0
Operating Reserve	$0.00	$0.00	$0.00	100%	$29,207	$29,207	$29,207	$29,207	$29,207
Emergency Reserve	$0.00	$0.00	$0.00	100%	$15,000	$15,000	$15,000	$15,000	$15,000
Reserves for Existing Capital Assets	$0.00	$0.00	$0.00	100%	$0	$0	$0	$0	$0
Reserves for Funded Project Assets	$0.00	$0.00	$0.00	100%	$0	$0	$0	$0	$0
Reserves for Future Project Assets	$0.00	$0.00	$0.00	100%	$0	$0	$0	$0	$0
SEWER CRP Expenses	$533,028.82	$554,349.97	$582,067.47	100%	$605,350	$629,564	$654,747	$680,937	$708,174
USDA Loan (per the audit)	$0.00	$56,000.00	$56,000.00	100%	$56,000	$56,000	$61,000	$61,333	$61,333
USDA Loan (schedule of installment payments)	$0.00	$0.00	$0.00	100%	$0	$0	$0	$0	$0
Reserve Replenishment	$0.00	$0.00	$0.00	100%	$0	$56,672	$56,672	$56,672	$56,672
Total General and Administrative Expenses:	$533,029	$610,350	$638,067		$705,558	$786,444	$816,626	$843,149	$870,387

TOTAL EXPENSES	$1,978,116	$2,113,241	$2,234,769		$2,542,962	$2,657,999	$2,762,961	$2,872,408	$2,542,962
SOURCE OF FUNDS / REVENUES RECEIVED									
Sales Revenue	$1,731,445	$1,731,445	$1,731,445		$2,127,341	$2,515,357	$2,629,314	$2,733,006	$2,841,043
Penalty and Interest	$33,881	$33,881	$32,800	100%	$34,112	$35,476	$36,896	$38,371	$39,906
Misc	$0	$0	$0	100%	$226,689	$0	$0	$0	$0
Uncollectable Receivables	$0	$0	$0		-$6,382	-$7,546	-$7,888	-$8,199	-$8,523
TOTAL OPERATING REVENUE	$1,765,326	$1,765,326	$1,764,245		$2,381,760	$2,543,288	$2,658,321	$2,763,178	$2,872,426
OPERATING NET LOSS OR GAIN:	-$212,790	-$347,915	-$470,524		$0	$326	$322	$218	$18
DRAW FROM RESERVES	$0	$0	$0		$226,689	$0	$0	$0	$0
NET OPERATING CONTRIBUTION TO RESERVES	-$212,790	-$347,915	-$470,524		-$182,482	$44,533	$44,530	$44,425	$44,225
NON-OPERATING REVENUE	$131,945	$131,945	$131,945		$131,945	$131,945	$131,945	$131,945	$131,945
TOTAL CONTRIBUTION TO RESERVES	-$80,845	-$215,970	-$338,579		-$50,537	$176,478	$176,475	$176,370	$176,170

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Exhibit D:
Recommended Rate Detail

CLOCWD Proposed Rates per EDU						
	2026 (Current Rates)	2027	2028	2029	2030	2031
Rate per EDU	$74.47	$93.09	$110.18	$115.17	$119.71	$124.44
% Increase	-	25.0%	18.4%	4.5%	3.9%	4.0%
Affordability	2.87%	3.58%	4.24%	4.43%	4.61%	4.79%

CLOCWD Proposed Rates per Customer Unit								
Customer Type	**Customer Unit**	**Rate Code**	**2026 (Current Rates)**	**2027**	**2028**	**2029**	**2030**	**2031**
Single Family Dwelling	Per Building	SF	$74.47	$93.09	$110.18	$115.16	$119.71	$124.44
Multi Family Dwelling	Per Building	MF	$74.47	$93.09	$110.18	$115.16	$119.71	$124.44
Mobile Home Dwelling	Per Building	SM	$74.47	$93.09	$110.18	$115.16	$119.71	$124.44
School	Per Student	SC	$2.17	$2.79	$3.23	$3.38	$3.51	$3.66
RV/Campsite	Per Space	RV	$22.11	$27.27	$32.63	$34.09	$35.43	$36.82
Hotel/Motel	Per Building	CH	$34.04	$42.77	$50.42	$52.70	$54.78	$56.95
Laundromat	Per Machine	LD	$45.56	$57.72	$67.59	$70.66	$73.46	$76.38
Church	Per Building	CC	$68.75	$87.84	$102.17	$106.82	$111.07	$115.49
Service/Gas Station	Per Restroom	CG	$45.56	$57.72	$67.59	$70.66	$73.46	$76.38
Beauty/Barber Shop	Per Building	CB	$89.00	$117.44	$133.16	$139.27	$144.87	$150.71
Restaurant	Per Building	FS	$102.05	$131.09	$151.82	$158.74	$165.07	$171.66
Restaurant w/Bar 1	Per Building	RB	$170.90	$220.49	$254.50	$266.10	$276.73	$287.78
Restaurant w/Bar 2	Per Building	RF	$170.90	$220.49	$254.50	$266.10	$276.73	$287.78
Bar	Per Building	BO	$98.89	$126.99	$147.12	$153.82	$159.95	$166.33
Service Club	Per Building	CS	$68.78	$87.88	$102.22	$106.87	$111.12	$115.54
Service Club w/Kitchen/Food Service 1	Per Building	CK	$94.91	$122.19	$141.27	$147.71	$153.60	$159.74
Service Club w/Kitchen/Food Service 2	Per Building	C4	$94.91	$122.19	$141.27	$147.71	$153.60	$159.74
Commercial Office Space	Per Building	CO	$68.78	$87.88	$102.22	$106.87	$111.12	$115.54
Community Beach	Per Restroom	CR	$68.78	$87.88	$102.22	$106.87	$111.12	$115.54

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CLOCWD Proposed O&M Rates per Customer Unit								
Customer Type	**Customer Unit**	**Rate Code**	**2026 (Current Rates)**	**2027**	**2028**	**2029**	**2030**	**2031**
Single Family Dwelling	Per Building	SF	$50.52	$73.85	$77.31	$80.96	$84.33	$87.86
Multi Family Dwelling	Per Building	MF	$50.52	$73.85	$77.31	$80.96	$84.33	$87.86
Mobile Home Dwelling	Per Building	SM	$50.52	$73.85	$77.31	$80.96	$84.33	$87.86
School	Per Student	SC	$1.59	$2.32	$2.43	$2.55	$2.65	$2.77
RV/Campsite	Per Space	RV	$14.44	$21.11	$22.10	$23.14	$24.10	$25.11
Hotel/Motel	Per Building	CH	$23.42	$34.24	$35.84	$37.53	$39.09	$40.73
Laundromat	Per Machine	LD	$32.08	$46.89	$49.09	$51.41	$53.55	$55.79
Church	Per Building	CC	$49.52	$72.39	$75.78	$79.36	$82.66	$86.12
Service/Gas Station	Per Restroom	CG	$32.08	$46.89	$49.09	$51.41	$53.55	$55.79
Beauty/Barber Shop	Per Building	CB	$69.77	$101.99	$106.77	$111.81	$116.46	$121.34
Restaurant	Per Building	FS	$74.57	$109.01	$114.11	$119.50	$124.48	$129.69
Restaurant w/Bar 1	Per Building	RB	$126.36	$184.71	$193.37	$202.50	$210.93	$219.75
Restaurant w/Bar 2	Per Building	RF	$126.36	$184.71	$193.37	$202.50	$210.93	$219.75
Bar	Per Building	BO	$72.21	$105.56	$110.50	$115.72	$120.54	$125.58
Service Club	Per Building	CS	$49.55	$72.43	$75.83	$79.41	$82.71	$86.17
Service Club w/Kitchen/Food Service 1	Per Building	CK	$69.77	$101.99	$106.77	$111.81	$116.46	$121.34
Service Club w/Kitchen/Food Service 2	Per Building	C4	$69.77	$101.99	$106.77	$111.81	$116.46	$121.34
Commercial Office Space	Per Building	CO	$49.55	$72.43	$75.83	$79.41	$82.71	$86.17
Community Beach	Per Building	CR	$49.55	$72.43	$75.83	$79.41	$82.71	$86.17

CLOCWD Proposed CRP Rates per Customer Unit								
Customer Type	**Customer Unit**	**Rate Code**	**2026 (Current Rates)**	**2027**	**2028**	**2029**	**2030**	**2031**
Single Family Dwelling	Per Building	SF	$23.95	$19.24	$32.87	$34.20	$35.38	$36.58
Multi Family Dwelling	Per Building	MF	$23.95	$19.24	$32.87	$34.20	$35.38	$36.58
Mobile Home Dwelling	Per Building	SM	$23.95	$19.24	$32.87	$34.20	$35.38	$36.58
School	Per Student	SC	$0.58	$0.47	$0.80	$0.83	$0.86	$0.89
RV/Campsite	Per Space	RV	$7.67	$6.16	$10.53	$10.95	$11.33	$11.71
Hotel/Motel	Per Building	CH	$10.62	$8.53	$14.58	$15.17	$15.69	$16.22
Laundromat	Per Machine	LD	$13.48	$10.83	$18.50	$19.25	$19.91	$20.59
Church	Per Building	CC	$19.23	$15.45	$26.39	$27.46	$28.41	$29.37
Service/Gas Station	Per Restroom	CG	$13.48	$10.83	$18.50	$19.25	$19.91	$20.59
Beauty/Barber Shop	Per Building	CB	$19.23	$15.45	$26.39	$27.46	$28.41	$29.37
Restaurant	Per Building	FS	$27.48	$22.08	$37.71	$39.24	$40.59	$41.97
Restaurant w/Bar 1	Per Building	RB	$44.54	$35.78	$61.13	$63.60	$65.80	$68.03
Restaurant w/Bar 2	Per Building	RF	$44.54	$35.78	$61.13	$63.60	$65.80	$68.03
Bar	Per Building	BO	$26.68	$21.43	$36.62	$38.10	$39.41	$40.75
Service Club	Per Building	CS	$19.23	$15.45	$26.39	$27.46	$28.41	$29.37
Service Club w/Kitchen/Food Service 1	Per Building	CK	$25.14	$20.20	$34.50	$35.90	$37.14	$38.40
Service Club w/Kitchen/Food Service 2	Per Building	C4	$25.14	$20.20	$34.50	$35.90	$37.14	$38.40
Commercial Office Space	Per Building	CO	$19.23	$15.45	$26.39	$27.46	$28.41	$29.37
Community Beach	Per Building	CR	$19.23	$15.45	$26.39	$27.46	$28.41	$29.37

New Rate Summary

Year	2026	2027	2028	2029	2030	2031	
Number OM EDUs	1909	1909	1909	1909	1909	1909	
Number of CRP EDUs	1888	1888	1888	1888	1888	1888	
Current Monthly Rate	$74.47						
Expenses		$2,381,760	$2,542,990	$2,658,028	$2,762,990	$2,872,437	
Monthly Rate per EDU, Necessary to Balance the Budget		$93.10	$110.16	$115.15	$119.70	$124.44	$112.51
Rate Increase Needed to Balance		25.01%	18.34%	4.53%	3.95%	3.96%	-9.59%
Rate Selected (per EDU, Monthly)		$93.09	$110.18	$115.16	$119.71	$124.44	
Percentage Increase		25.00%	18.36%	4.52%	3.95%	3.95%	
Income Generated by New Rates		$2,127,341	$2,515,357	$2,629,087	$2,733,006	$2,841,043	
Uncollectables		-$6,382	-$7,546	-$7,887	-$8,199	-$8,523	
Penalty & Interest		$34,112	$35,476	$36,896	$38,371	$39,906	
NET OPERATING LOSS OR GAIN:		**-$226,689**	**$297**	**$68**	**$189**	**-$11**	**-$226,147**
Balanced Budget?		Yes	Yes	Yes	Yes	Yes	
Reserve Draw		$226,689	$0	$0	$0	$0	
NET OPERATING CONTRIBUTION TO RESERVES		**-$182,482**	**$44,505**	**$44,501**	**$44,396**	**$44,422**	**-$4,768**
NON-OPERATING REVENUE		$131,945	$131,945	$131,945	$131,945	$131,945	
TOTAL CONTRIBUTION TO RESERVES		**-$50,537**	**$176,450**	**$176,446**	**$176,341**	**$176,367**	**$654,957**
Target Contribution to Reserves		$44,207	$44,207	$44,207	$44,207	$44,207	
Meet Target Contribution?		No	Yes	Yes	Yes	Yes	
Positive Cashflow?		No	Yes	Yes	Yes	Yes	
Affordability							
Median Household Income	$31,169						
Affordability		3.58%	4.24%	4.43%	4.61%	4.79%	
Affordable? (between 1.5% and 2.5%)		No	No	No	No	No	

ATTACHMENT 3

RATE CHANGE NOTIFICATION

ABOUT US

Clearlake Oaks County Water District is committed to providing safe, clean, and reliable water to the residents we serve. Our mission is to protect public health while responsibly managing and maintaining our water and wastewater systems for both current and future generations.

The District operates under the authority of the County Water District Act (California Water Code Section 30000, et seq.) and maintains approximately 38 miles of water pipeline and 21 miles of sewer pipeline. We proudly serve more than 2,100 water customers and 1,900 sewer customers throughout the Clearlake Oaks and Paradise Cove community.

WHY ARE RATES CHANGING?

Since the completion of the District's 2020 rate study, the cost of providing water and wastewater services has increased significantly. During that study, rates were only increased by 2.5%, which has contributed to the District falling short of keeping pace with rising costs in subsequent years. At the time, certain expenses were not anticipated at today's levels, particularly due to inflation, evolving regulations, and increasing service demands. At the same time, while the base rate is increasing, the District has been able to lower overall water consumption, reflecting conservation efforts and more efficient use by customers.

The District is now facing higher costs related to ongoing state mandates, including cybersecurity requirements and the implementation of a Cross-Connection Control Program. In addition, increasingly stringent water quality standards at the state and federal level require more testing, monitoring, and treatment to ensure safe drinking water. Expenses for insurance, electricity, and treatment chemicals have also continued to rise. At the same time, the District must continue investing in repairing, replacing, and upgrading aging water and wastewater infrastructure to maintain reliable service.

Under Proposition 218, the District may only charge rates that recover the reasonable cost of providing service and cannot charge more than that amount. The proposed rate adjustments are based on a cost of service analysis and are designed to ensure that each customer pays their fair share of the actual cost to deliver water and wastewater services. In simple terms, as the cost to operate, maintain, and meet higher water quality standards increases, rates must be adjusted to keep the system running safely, comply with regulations, and continue providing reliable service to the community.

You are a resident, business owner, or property owner who receives water or wastewater services from the Clearlake Oaks County Water District (District). The rates for these services may change based on the findings of the District's most recent cost of service study conducted in accordance with Proposition 218.

WHY AM I RECEIVING THIS NOTICE?

Planned Improvements

The proposed rate adjustments will help fund important upgrades needed to keep our water and wastewater systems safe, reliable, and up to current standards. Planned improvements include a new High Valley storage tank and booster pump, upgrades to the Shady Lane booster pump, and repairs to several existing storage tanks. The District will also be upgrading SCADA (Supervisory Control and Data Acquisition) systems across the water, wastewater, and distribution systems to improve monitoring, efficiency, and response times.

Additional work includes replacing aging pipelines along Highway 20, improving lift stations and sewer lines, replacing sludge drying beds, and making electrical upgrades at the wastewater treatment plant, including new effluent pumps.

These projects address aging infrastructure, enhance system monitoring and reliability, and ensure the District continues to meet state and federal requirements. Investing in these improvements now helps prevent more costly repairs in the future and supports dependable service for our community.

PROPOSED RATES

Effective July 1, 2026 through July 1, 2030

PROPOSED WATER & CRP WATER BASE RATE TOTAL						
	Current	2026	2027	2028	2029	2030
Residential	$52.66	$69.00	$72.67	$76.02	$79.52	$83.19

PROPOSED SEWER & CRP SEWER BASE RATE TOTAL						
	Current	2026	2027	2028	2029	2030
Residential	$76.45	$93.09	$110.18	$115.17	$119.71	$124.44

PROPOSED NEW BASE RATE TOTALS FOR WATER & SEWER						
	Current	2026	2027	2028	2029	2030
Residential	$129.11	$162.09	$182.85	$191.19	$199.23	$207.63

PROPOSED WATER FUND RATES						
Meter Size	Current Rates	2026	2027	2028	2029	2030
*Residential 5/8"	$35.20	$50.39	$53.13	$55.50	$57.98	$60.57
1	$110.20	$125.97	$132.83	$138.76	$144.95	$151.42
1.5	$220.29	$251.95	$265.67	$277.52	$289.90	$302.83
2	$352.35	$403.12	$425.07	$444.03	$463.84	$484.53
3	$660.68	$806.23	$850.14	$888.06	$927.68	$969.06
4	$1,101.16	$1,259.74	$1,328.34	$1,387.60	$1,449.49	$1,514.16
**Rate/HCF	$2.28	$2.15	$2.27	$2.36	$2.47	$2.58

PROPOSED CRP-WATER FUND RATES						
Meter Size	Current Rates	2026	2027	2028	2029	2030
Residential 5/8"	$17.46	$18.61	$19.54	$20.52	$21.54	$22.62
1	$38.36	$46.53	$48.86	$51.30	$53.87	$56.56
1.5	$72.65	$93.05	$97.70	$102.59	$107.72	$113.11
2	$115.51	$148.88	$156.33	$164.15	$172.36	$180.98
3	$214.42	$297.75	$312.64	$328.28	$344.71	$361.95
4	$355.88	$465.23	$488.50	$512.94	$538.60	$565.54

*Residential meters ranging from 5/8" through 1" in size shall be charged at the 5/8" base rate, including instances where a 1" meter is required for fire suprression in new construction.

**HCF = Hundred Cubic Feet. The usage rate is charged per HCF, with 1 HCF equal to 748 gallons.

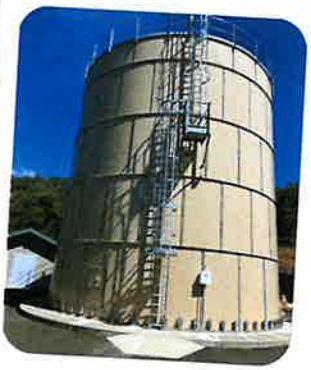
PROPOSED RATES

Effective July 1, 2026 through July 1, 2030

PROPOSED SEWER FUND RATES/ EDU						
	Current	2026	2027	2028	2029	2030
Residential	$51.78	$73.85	$77.31	$80.96	$84.33	$87.86

PROPOSED CRP-SEWER FUND RATES/ CUSTOMER UNIT							
Customer Type	**Unit**	**Current**	**2026**	**2027**	**2028**	**2029**	**2030**
Residential		$24.67	$19.24	$32.87	$34.20	$35.38	$36.58
School	Per Student	$2.17	$2.79	$3.23	$3.38	$3.51	$3.65
RV/Campsite	Per Space	$22.11	$27.27	$32.62	$34.10	$35.43	$36.83
Hotel/Motel	Per Building	$34.04	$42.77	$50.41	$52.70	$54.78	$56.95
Laundromat	Per Machine	$45.56	$57.72	$67.59	$70.66	$73.46	$76.39
Church	Per Building	$68.75	$87.84	$102.17	$106.83	$111.07	$115.50
Service/Gas Station	Per Restroom	$45.56	$57.72	$67.59	$70.66	$73.46	$76.39
Beauty/Barber Shop	Per Building	$89.00	$117.44	$133.16	$139.28	$144.87	$150.72
Restaurant	Per Building	$102.05	$131.08	$151.83	$158.75	$165.07	$171.67
Restaurant w/Bar 1	Per Building	$170.90	$220.49	$254.50	$266.12	$276.72	$287.80
Restaurant w/Bar 2	Per Building	$170.90	$220.49	$254.50	$266.12	$276.72	$287.80
Bar	Per Building	$98.89	$126.99	$147.12	$153.83	$159.95	$166.34
Service Club	Per Building	$68.78	$87.88	$102.22	$106.87	$111.12	$115.55
Service Club w/Kitchen/Food Service 1	Per Building	$94.91	$122.19	$141.27	$147.72	$153.60	$159.75
Service Club w/Kitchen/Food Service 2	Per Building	$94.91	$122.19	$141.27	$147.72	$153.60	$159.75
Commercial Office Space	Per Building	$68.78	$87.88	$102.22	$106.87	$111.12	$115.55
Community Beach	Per Restroom	$68.78	$87.88	$102.22	$106.87	$111.12	$115.55

Accomplishments since the previous rate study



A new 205,000-gallon bolted steel tank was constructed on Harvey Boulevard, adding critical storage capacity and strengthening water system performance for the West End.

The old redwood Cerrito Tank was replaced with a new 100,000-gallon bolted steel tank, helping improve water storage and reliability for the surrounding area.

Accomplishments since the previous rate study

The purchase of a new crane truck supports the removal and installation of lift station and booster pumps, improving overall maintenance capabilities. A new water truck was also added to reclaim flushed water, which is now reused in holding tanks for fire suppression, road watering, and system repairs. Additionally, the acquisition of an additional Vac-Con truck allows water and sewer repairs to be performed simultaneously, increasing operational efficiency and reducing response times.

We installed a new, upgraded pump at Lift Station 9, located near Anchor Village and Keys Boulevard, helping ensure consistent wastewater service and better handling of system demands in the area.

Our new drive-by meters make meter reading faster, more accurate, and more efficient. They provide detailed hourly water use data and have helped reduce water loss—while cutting meter reading time from six staff over two days to just two staff in about four hours.

PUBLIC HEARING & PROTEST INFORMATION

Deadline to Submit Protest: June 18, 2026 – 10:00 a.m.
Protest Public Hearing and Rate Adoption: June 18, 2026 – 10:00 a.m.

Any recorded owner of a parcel upon which water or wastewater service rates are proposed for imposition, or any tenant directly responsible for payment of those rates (i.e., a customer of record), may submit a written protest to the proposed rate increases. Only one protest will be counted per identified parcel.

Every written protest must include ALL of the following information:

1. A statement indicating opposition to the proposed rate increases for water or wastewater services
2. Name of the recorded owner or customer of record submitting the protest
3. Assessor's parcel number or service address
4. Original signature of the recorded owner or customer of record submitting the protest

Written protests may be submitted ONLY by:

- Mail to the District:
- Hand delivery to the District

Clearlake Oaks County Water District
Attn: Secretary to the Board of Directors
12952 E. Highway 20 / P.O. Box 709
Clearlake Oaks, CA 95423

All written protests must be received prior to the start of the protest public hearing.

The Board of Directors will consider all timely submitted written protests and hear public comments at the public hearing. Oral comments alone do not qualify as formal protests unless accompanied by a written protest. Protests submitted via email or other electronic means will not be accepted.

At the conclusion of the public hearing, protests will be counted and validated. Members of the public may observe the tabulation of protests. All protests must be submitted prior to the start of the public hearing. If a majority protest exists, the proposed rate increases shall not be imposed. If a majority protest does not exist, the Board may adopt the proposed rate increases, which will take effect on a specified date.

NOTICE OF CONTINUANCE OF PUBLIC HEARING

Date: Thursday, June 11, 2026

NOTICE IS HEREBY GIVEN that the Public Hearing regarding the proposed water rate adjustments, originally scheduled for June 18, 2026, has been continued and will now be held on ***August 4, 2026, at 10:00 AM at 12952 E. Highway 20, Clearlake Oaks, CA 95423.***

The District remains committed to ensuring that all customers receive notice of the proposed rate adjustments and have the opportunity to exercise their rights under Proposition 218. After receiving information that some residents may not have received the mailed notice, the District has elected, out of an abundance of caution, to continue the Public Hearing to provide additional time for affected customers to receive notice and submit written protests if they choose to do so.

All written protests previously submitted to the District will remain valid and will be included in the protest tabulation conducted at the continued hearing unless withdrawn by the property owner or customer of record prior to the close of the Public Hearing on August 4, 2026 at 10:00 AM.

The proposed rate adjustments, protest procedures, and all other information contained in the original notice remain unchanged. However, due to the continuance of the Public Hearing, the effective date of the proposed rates, if approved, will be September 1, 2026, instead of July 1, 2026. Questions regarding this notice may be directed to the District at (707) 998-3322 or customerservice@clocwd.org. Customers may also visit the District office during regular lobby hours for assistance.

Please note: The Public Hearing originally scheduled for Thursday, June 18, 2026, has been continued and will not be held on that date. No Public Hearing on the proposed rate adjustments will occur on June 18, 2026. The Public Hearing will instead be conducted on August 4, 2026, at the time and location indicated above.