

HANSFORD

ECONOMIC CONSULTING

Wastewater Rates Study

Prepared for:

Pauma Valley Community Services District

FINAL

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HEC No. 230403

The following report was prepared by Hansford Economic Consulting LLC.

The analyses and findings contained within this report are based on primary data provided by the Pauma Valley Community Services District, as well as additional secondary sources of data available as of the date of this report. Updates to information used in this report could change or invalidate the findings contained herein. While it is believed that the primary and secondary sources of information are accurate, this is not guaranteed.

Every reasonable effort has been made in order that the data contained in this study reflects the most accurate and timely information possible. No responsibility is assumed for inaccuracies in reporting by the client, its consultants and representatives, or any other data source used in the preparation of this study. No warranty or representation is made that any of the projected values or results contained in this study will actually be achieved. There will usually be differences between forecasted or projected results and actual results due to changes in events and circumstances.

Changes in economic and social conditions due to events including, but not limited to, major recessions, droughts, major environmental problems or disasters that would negatively affect operations, expenses and revenues may affect the result of the findings in this study. In addition, other factors not considered in the study may influence actual revenues achieved. Any applications for financing, or bond sales analyses, should re-evaluate the financial health and projection of revenues and expenses at the time of the application or preparation for bond sale.

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Section 1: INTRODUCTION

1.1 STUDY BACKGROUND

The Pauma Valley Community Services District (District or PVCSD) provides two services to its customers: Wastewater and Security. Security is further broken into Patrol and Gate services. Wastewater collection, treatment and disposal services are primarily funded by monthly rates; Security services are primarily funded with fees. The District contracted with Hansford Economic Consulting LLC (HEC) to determine the level of funding required over the next five years to sufficiently fund Wastewater and Security services. This report calculates rate revenues that must be collected from wastewater customers and calculates annual property-related fees by customer type that will provide revenue sufficiency.

The fees for service (also called “rates” and “charges” in the Study) are exempt from Proposition 26 but are subject to California Constitution Article XIII D (commonly referred to as Proposition 218) requirements for water, wastewater, and solid waste property-related fees. This Study provides an explanation of, and justification for, calculated annual wastewater fees by customer type through June 30, 2031, and documents adherence to the law regarding the setting of property-related fees by a special district. Specifically, the California Constitution requires that the fees for wastewater service shall not be extended, imposed, or increased by any agency unless all of the following requirements are met:

- (1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.
- (2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.
- (3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
- (4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted.
- (5) No fee or charge may be 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.

Cost of Service studies are typically conducted every three to five years to ensure revenue sufficiency, or whenever there are major planning changes either in terms of number and type of customers to be served, or capital costs necessary to serve existing (and potentially future) customers. The rate study must examine current and projected costs to address revenue sufficiency, and it must examine whether customers are paying for their share of system costs. An important part of the fee study is a cost of service analysis, a requirement of the California Constitution Article XIII D and Government

Code 54999.7 (c)¹. Updating the District’s wastewater rates adhering to the law has required a major examination of the District’s costs and its customers’ use of the wastewater system, adjusting the methodology by which to charge rates and creating customer classifications to achieve equity to the maximum extent practicable.

The following five steps outline how wastewater rates are calculated such that the wastewater fees meet California’s legal requirements. The methodology uses principles established by the Water Environment Federation Manual of Practice No. 27 and guidelines prepared by the California State Water Resources Control Board for State Revolving Fund financing. This Study uses the functional cost allocation methodology to determine rates².

1. Establish the Wastewater Customer Base and User Characteristics – The wastewater customer base includes residential and commercial users described in Section 2 of the Study. Wastewater flow and strength data is based on District flow measurements and industry estimates of wastewater strength by customer type.

2. Project Revenue Requirement – The revenue requirement is the amount of money to be raised from rates. The revenue requirement analysis compares the revenues of the utility to its operating and capital costs to determine the adequacy of existing rates to recover the utility’s costs. Components of revenue requirement include capital improvement costs, system rehabilitation costs, operations and maintenance costs, and prudent reserves.

Non-rate revenue credited against the projected costs includes lease revenues. Revenue requirement calculations are provided in Section 3 of the Study.

3. Allocate Revenue Requirement to Base Costs and Use Costs – The revenue requirement is functionalized by cost item to determine the proportion of costs that are incurred by every customer regardless of how much they use the system (the “Base Charge”), and costs incurred from use and load placed on the system (the “Use Charge”).

4.A Allocate Base Costs to Customer Categories – Base costs are allocated to all defined customer categories by dividing the Base cost by the number of wastewater Equivalent Dwelling Units (EDUs) In and Out Tax Areas.

4.B Allocate Flow Costs to Customer Categories – The portion of revenue requirement incurred for use of the system is allocated based on flow and load (strength) depending on the percentage distribution of operations and maintenance costs attributed to flow, Biological Oxygen Demand (BOD)³, and Total Suspended Solids (TSS)⁴. Per unit costs for the three characteristics of wastewater

¹ A public agency providing public utility service shall complete a cost of service study at least once every 10 years that addresses the cost of providing public utility service to public schools.

² Chapter 6, pages 110-120, Financing and Charges for Wastewater Systems, Manual of Practice No. 27.

³ BOD demand is the amount of dissolved oxygen needed by aerobic biological organisms in a body of water to break down organic material present in a given water sample at certain temperature over a specific time period. The term also refers to a chemical procedure for determining this amount.

⁴ Total SS is a measure of the combined content of all inorganic and organic substances contained in a liquid in molecular, ionized or micro-granular (colloidal sol) suspended form.

are calculated by dividing the allocated costs to each characteristic by the total annual estimate of flow, BOD, and TSS generated by PVCSD customers. Per unit costs are then multiplied by the share of each characteristic generated by each customer category to determine the Use cost by customer.

5. Determine Cost of Service by Customer Group – Costs by customer category from steps 4a and 4b are added to determine the cost of service by customer group.

Section 4 describes the rate calculation methodology per steps one through five above and calculates the next five years of rates. Section 5 includes an analysis of the impact of the rates on customers and provides a comparison of bills with other regional communities' wastewater bills. **Appendix A** includes support tables for the wastewater rates analysis.

1.2 MAJOR ASSUMPTIONS OF THE STUDY

Change to the Rate Structure

The District currently has a rate structure that is based on EDUs which equates each wastewater customer's sewer flow to the estimated sewer flow of one single-family home. The proposed new rate structure continues to charge each wastewater customer a flat fee each month, but the fee comprises two parts:

1. **Base Charge** – to recover the costs of every customer receiving wastewater service, and
2. **Use Charge** – to recover the costs for demand placed on the wastewater system.

In addition, the new rate schedule is different for customers inside the District's tax area and for customers outside the District's tax area. The District receives a portion of the 1% property tax collected from each property within the 094-019, -145, -146, -148, -150, -164, -172, and -177 Tax Rate Areas (TRAs). There are ten parcels currently served by the District that lie outside of these TRAs. These include the Pauma School, and 9 residential properties.

Growth

The Oak Tree development is anticipated to add 60 EDUs (single-family homes) to the wastewater system; however, the rate model does not include this potential growth as timing of the development is unknown. If Oak Tree develops in the next three years, it could provide approximately \$400,000 additional revenue which would be deposited into the capital fund, almost fully funding the recommended capital cash reserve by the end of fiscal year 2031.

Increases in Operating Costs

The District's operating costs increased at an annual average rate of 3.6% between 2020 and 2024. The financial model increases total operating costs about 6.0% each year to account for anticipated greater increases in costs primarily in personnel and electricity costs.

Capital Improvements Plan (CIP) Funding Strategy

In 2025, Carollo Engineering provided PVCSD with a list of critical system projects that would need to be addressed within the next five years. In addition, the District has identified other projects that are needed in the next five years. The total cost of the CIP is estimated at \$2.20 million in inflated dollars.

- **State Revolving Fund (SRF) Funding.** A State loan to complete the critical system improvements will be necessary due to lack of available cash and immediacy of the improvements needed. The Clean Water SRF loan is estimated to be repaid over 20 years at an assumed interest rate of 2.4% is assumed. The estimated annual debt service is \$103,000 to repay the State loan.
- **Cash Funding.** The remaining (almost) \$600,000 is anticipated to be paid with cash collected from rates, or from cash reserves.

Reserves Financial Criteria

It is recommended that the District have at least three months of operating costs held in reserve in the operating fund and one million dollars in reserve in the capital fund, increased 4% each year to account for inflation. In addition, debt service coverage should be at least 1.2 times net operating income. The calculated rates ensure the District is able to meet these financial criteria for at least the next five years.

1.3 CALCULATED RATES

The maximum calculated monthly wastewater rates are shown in **Table 1**. The proposed rates would be implemented on January 1, 2026, and updated again July 1, 2026, followed by adjustment each July for the next four years. The proposed rates are the maximum that could be imposed. If adopted rates produce revenues that are greater than needed in future years, the District could freeze rates, or lower rates. All customers will be billed by number of EDUs for their Base Charge and by wastewater strength for their Service Charge. Vacant lots will be billed the Base Charge per vacant lot. Example residential monthly bill calculations are provided below for January 2026.

- A single-family home In Tax Area would pay the Base (\$24.11) plus the Domestic Strength Use (\$102.38) charges which total \$126.50 per month.
- Homes with more than four bedrooms would additionally pay \$31.62 per month (one-quarter of an EDU) for each additional bedroom.
- With two living units on one residential lot, the charges would double for both the Base and the Domestic Strength Use (\$252.99 per month).

Other examples include:

- Pauma School will pay according to the number of students enrolled each year. In January 2026, the school will pay the OUT Tax Area rate per EDU of \$142.96 (\$47.80 Base Charge + \$95.03 Use Charge) multiplied by 16.48 low-strength EDUs. The calculation of EDUs should be kept current using California Department of Education enrollment numbers.
- Pauma Mutual Water will be charged rates beginning January 1, 2026. This customer will pay the OUT Tax Area rate per EDU because it is a non-taxable parcel multiplied by 1.75 EDUs.
- Pauma Village will pay the Base charges for all EDUs plus 10.57 high-strength EDUs for the restaurant, one high-strength EDU for the grocery store, and 2.50 low-strength EDUs for offices.

Table 1
Calculated Maximum Wastewater Fees

Charge	Current	FY26 1/1/2026	FY27 7/1/2026	FY28 7/1/2027	FY29 7/1/2028	FY30 7/1/2029	FY31 7/1/2030
Every EDU pays the Base Charge + Service Charge							
per Vacant Lot & per EDU per Month							
Base Charge							
All EDUs	\$112.31						
In Tax Area		\$24.11	\$25.75	\$27.39	\$28.14	\$33.48	\$35.26
Out Tax Area		\$47.80	\$49.91	\$52.03	\$53.28	\$59.12	\$61.41
Service Charge by Strength							
per EDU per Month							
Low		\$95.03	\$101.26	\$107.48	\$110.39	\$130.49	\$137.27
Domestic		\$102.38	\$109.09	\$115.80	\$118.93	\$140.59	\$147.90
Medium		\$115.52	\$123.09	\$130.65	\$134.19	\$158.62	\$166.87
High		\$164.59	\$175.38	\$186.16	\$191.20	\$226.01	\$237.76

1.4 PAUMA VALLEY CSD BOARD ACTION NOVEMBER 17, 2025

Upon conclusion of the public hearing November 17, 2025, absent a majority protest to the proposed rates, the Board adopted the rates calculated in this report and proposed to the customers in their public hearing notice. Resolution No. 134 adopting the wastewater rates is provided as **Appendix B** to this report.

Section 2: DISTRICT CUSTOMERS AND FINANCIAL HEALTH

2.1 DISTRICT CUSTOMERS

RATE METHODOLOGY STEP 1: ESTABLISH THE WASTEWATER CUSTOMER BASE AND USER CHARACTERISTICS

The District’s customers are mostly single-family residential; sewer service is provided to almost 400 homes, the Pauma School, Pauma Valley Country Club (PVCC), and non-residential accounts at the Pauma Building, Pauma Village, and Pauma Mutual Water. The first step in the study is to determine the number of EDUs for each customer, and the strength of the EDUs.

What is an EDU? Ordinance No. 50 defines an EDU as the unit of measure which is based on the flow characteristics of an average single family residence in terms of sewage quantity and constituent quality.

For purposes of comparing wastewater discharge from sewer service users other than single family dwellings, one EDU equals a domestic (moderate load of non-hazardous contaminants such as common household cleaning and maintenance products) wastewater volume of 110 gallons per day, and 175 milligrams per liter maximum each, BOD and TSS, per day at average dry weather flow rates.

How is an EDU determined? EDUs are assigned by the District at time of application for service, depending on the intended use(s) of the property. The number of EDUs are reviewed upon change in building use and/or application for building alterations. Calculation of the number of EDUs at a property may also be changed by updates to Ordinance 50.

Ordinance 50, which provides the methodology to compute the number of EDUs for each customer, and which was updated November 17, 2025, is provided in **Appendix C**.

Table 2 summarizes the number of EDUs currently billed, and the number of EDUs included in the rate study which was based on an audit of customers’ properties and the update to Ordinance 50. The audit found that some facilities that contribute to sewer flows into the wastewater system have not been billed. This includes bathroom facilities and the bar area located in PVCC. Another customer that has not been billed is Pauma Mutual Water, which separated from the District several years ago. EDU counts for other customers were also adjusted based on changes to Ordinance 50.

Subsequent to the publishing of the proposed rates, the District received information from the owners of the Pauma Building and the Pauma Valley Country Club that could change how the EDUs are counted and categorized by strength for those customers. It is the Board’s decision how to interpret Ordinance 50. HEC’s opinion of EDU counts for these customers based on information presented to the District in October 2025 is provided in **Appendix D**.

Table 2
Customers and Current Number of Billing Units

Customer	Number of EDUs	
	Current	Rate Study
Residential	347.00	359.50
Serrato Automotive	1.00	1.00
Pauma Building	4.75	13.75
Pauma Mutual Water [2]	0.00	1.75
Pauma Valley Country Club		
Laundry Facility [3]	1.00	1.00
Apartments	23.00	16.00
Clubhouse	1.00	1.67
Offices	1.00	1.00
Golf Facilities	0.00	2.33
Restaurant	32.30	33.57
Bar	0.00	17.71
Pool Area	1.00	0.67
Total Pauma Valley CC	59.30	73.95
Pauma Village		
Restaurant	0.00	10.57
Grocery Store	0.00	1.00
Offices/Other	2.50	2.50
Total Pauma Village	2.50	14.07
Pauma School [4]		
Elementary	7.53	13.85
Middle	3.77	2.62
Total Pauma School	11.30	16.48
Pool Areas with Restrooms [5]	4.00	2.33
Total	429.85	482.83

Source: PVCSD Ordinance 50, and HEC September 2025. ww.edus

[1] Homes with up to 4 bedrooms counted as one EDU; each add'l bedroom 0.25 EDU. Added to Ordinance 50.

[2] One EDU for their administration office with bathroom, and 0.75 EDU for small industrial building shared with PVCSD.

[3] Added to Ordinance 50.

[4] Flow estimated at 15 gallons per day per student (added to Ordinance 50) for 180 days per year.

[5] Added to Ordinance 50.

Updates to Ordinance 50 include these:

1. Living units with 4 bedrooms equal one EDU. Each additional bedroom is counted as 0.25 EDUs.
2. Single-family lots with 2 living units equals two EDUs. For each unit, each additional bedroom is counted as 0.25 EDUs.

What is a Living Unit? A living unit is a building, or portion of a building, on a residential or commercial lot, intended for living or sleeping purposes with cooking and sanitation provisions with 4 bedrooms or less.

3. 'Commercial laundry' was added (1.0 EDU per 20-50 lb. machine).
4. 'Bathrooms' was added (0.33 EDUs per bathroom).
5. 'School student' was added (0.067 EDUs per student for a school with a cafeteria).

Additionally, the restaurant and the grocery store in Pauma Village have inactive accounts; however, the rate study assumes the businesses return to operations next year. The District will determine the appropriate number of EDUs to be charged to the accounts in January 2026 based on the status of operations at that time. Until the establishments are operational again the District may charge these accounts only the Base Charge. For example, the restaurant historically had 10.57 EDUs. The monthly charge would be 10.57 multiplied by \$24.11 per month, or \$254.84 per month until the property sends wastewater to the treatment plant again. When fully operational, the businesses would pay both the Base and Service charges. EDU audit findings are summarized in Appendix **Table A-1** and calculations are shown in Appendix **Table A-2**.

On a typical day, the District's customers send about 46,000 gallons of wastewater to the treatment plant; annually, about 17 million gallons each year. Wastewater flow fluctuates from year to year depending on weather and occupation of properties. Currently, customers are billed based on their total wastewater generation without consideration of their cost impact at the wastewater treatment plant. This rate study further assigns customer EDUs according to their wastewater strength characteristics.

There are four categories of wastewater strength in the proposed rate structure:

1. **Low** – includes the Pauma Building, Pauma Mutual Water, offices in the PVCC, offices in the Pauma Village, and Pauma School.
2. **Domestic** – includes all living units (single-family homes, condominiums and apartments), the PVCC club house, bathrooms at the PVCC golf facilities, and bathrooms at pool areas.
3. **Medium** – includes Serrato automotive, the PVCC commercial laundry facilities, and PVCC Bar.
4. **High** – includes restaurants and the grocery store.

Table 3 shows the rate study number of EDUs by wastewater strength category. Any customer with a use not listed in the table will be categorized by strength of wastewater by the District General Manager or District Engineer and charged the same use rate per EDU as all other uses listed within that customer category.

**Table 3
Rate Study Wastewater Customers and EDUs**

Customer Category	Customer Detail	Number of EDUs	EDUs by Strength			
			Domestic	Low	Medium	High
Residential	352 living units	359.50	359.50			
Serrato Automotive	1 comm'l unit	1.00			1.00	
Pauma Building	18 comm'l units	13.75		13.75		
Pauma Mutual Water [2]	2 comm'l units	1.75		1.75		
Pauma Valley Country Club						
Laundry Facility [3]	1 20-50 lb machine	1.00			1.00	
Apartments	23 units (14 w/o kitchen)	16.00	16.00			
Clubhouse	7 bathrooms	1.67	1.67			
Offices	1 comm'l unit	1.00		1.00		
Golf Facilities	7 bathrooms	2.33	2.33			
Restaurant	235 seats	33.57				33.57
Bar	124 seats	17.71			17.71	
Pool Area	2 bathrooms	0.67	0.67			
Total Pauma Valley CC		73.95	20.67	1.00	18.71	33.57
Pauma Village						
Restaurant	74 seats	10.57				10.57
Grocery Store	1 comm'l unit	1.00				1.00
Offices/Other	3 comm'l units	2.50		2.50		
Total Pauma Village		14.07	0.00	2.50	0.00	11.57
Pauma School [4]						
Elementary	206 students	13.85		13.85		
Middle	39 students	2.62		2.62		
Total Pauma School		16.48	0.00	16.48	0.00	0.00
Pool Areas with Restrooms [5]	7 bathrooms	2.33	2.33			
Total		482.83	382.50	35.48	19.71	45.14

Source: PVCSD Ordinance 50, and HEC September 2025.

wwcust

[1] Homes with up to 4 bedrooms counted as one EDU; each add'l bedroom 0.25 EDU. Added to Ordinance 50.

[2] One EDU for their administration office with bathroom, and 0.75 EDU for small industrial building shared with PVCSD.

[3] Added to Ordinance 50.

[4] Flow estimated at 15 gallons per day per student (added to Ordinance 50) for 180 days per year.

[5] Added to Ordinance 50.

The majority (79%) of EDUs are in the Domestic strength category, as illustrated in **Figure 1**.

Figure 1
Share of Wastewater EDUs by Sewer Strength

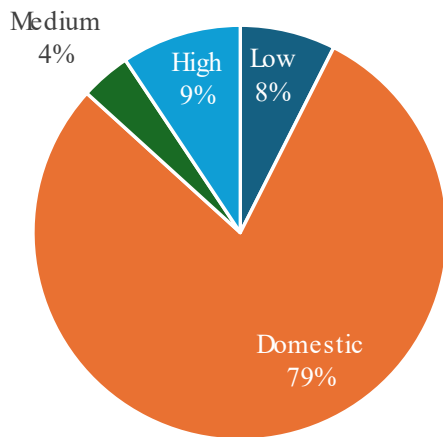


Table 4 shows the District’s customer characteristics and the flow and load factors that are used in the rate study to allocate the revenue requirement among the customers. The total estimated annual flow is 19.39 million gallons each year. This is higher than the estimated annual flow generated by customers as measured by influent received at the wastewater treatment plant because it assumes that all structures are occupied yearlong. The flow data indicates there is about a 15% annual vacancy among residential and commercial customers, which is reasonable.

Growth

Aside from development of individual lots within the community (there are 32 vacant single-family lots), the only growth that is anticipated is the next phase of Oak Tree. The District expects 60 new single family units may be added to the wastewater system in the next three years, as shown in **Table 5**; however, the rate model does not include this potential growth as timing of the development is unknown.

Inside and Outside Tax Area

All wastewater customers except the Pauma School and Pauma Mutual Water pay property taxes; however, PVCSD does not receive a portion of property taxes from all property it provides wastewater services to. The new rates distinguish between properties as either ‘In Tax Area’ or ‘Out Tax Area’. Currently, there is no difference in rates for the nine active single-family accounts or the two non-taxable customers (note, Pauma Mutual Water is not currently billed for wastewater). In the rate study, properties that contribute financially to the District by way of property taxes (In Tax Area) are given a credit in the Base Charge portion of monthly fee calculations. Properties that pay property taxes, but for which no portion is received by PVCSD (Out Tax Area), as well as Pauma School and Pauma Mutual Water, would pay the full Base Charge portion of monthly fees.

**Table 4
Customer Characteristics**

Customer Category	Wastewater Characteristics				Existing Treatment Capacity/Load				Total Annual Capacity/Load			
	Number of EDUs (A)	Flow GPD (B)	BOD MG/L (C)	SS MG/L (D)	Flow MGD (E)=(A)x(B)/1000000	BOD Lbs/Day (F)=(C)x(E)x8.34	SS Lbs/Day (G)=(D)x(E)x8.34	Flow MG (H)=(E)x365	BOD Lbs/Year (I)=(C)x(H)x8.34	SS Lbs/Year (J)=(D)x(H)x8.34		
Low Strength												
Offices	2.75	110	175	175	0.000	0.44	0.44	0.11	161	161		
Misc. Commercial	16.25	110	175	175	0.002	2.61	2.61	0.65	952	952		
Pauma School	16.48	110	175	175	0.002	2.65	2.65	0.66	965	965		
Subtotal Low Strength	35.48				0.004	5.70	5.70	1.42	2,078.84	2,078.84		
Domestic Strength												
Homes	359.50	110	235	235	0.040	77.50	77.50	14.43	28,289	28,289		
Apartments	16.00	110	235	235	0.002	3.45	3.45	0.64	1,259	1,259		
Pool Areas with Restrooms	2.33	110	235	235	0.000	0.50	0.50	0.09	184	184		
Golf Facilities	2.33	110	235	235	0.000	0.50	0.50	0.09	184	184		
PVCC Clubhouse & Pool	2.33	110	235	235	0.000	0.50	0.50	0.09	184	184		
Subtotal Domestic	382.50				0.042	82.46	82.46	15.36	30,098.92	30,098.92		
Medium Strength												
Auto-Related	1.00	110	350	335	0.000	0.32	0.31	0.04	117	112		
Laundry	1.00	110	350	335	0.000	0.32	0.31	0.04	117	112		
Bar	17.71	110	350	335	0.002	5.69	5.44	0.71	2,076	1,987		
Subtotal Medium	19.71				0.002	6.33	6.06	0.79	2,310.47	2,211.45		
High Strength												
Restaurants	44.14	110	900	600	0.005	36.45	24.30	1.77	13,303	8,869		
Grocery Stores	1.00	110	900	600	0.000	0.83	0.55	0.04	301	201		
Subtotal High	45.14				0.005	37.27	24.85	1.81	13,604.52	9,069.68		
Total	482.83				0.053	131.76	119.07	19.39	48,092.75	43,458.89		

Source: PVCSD and HEC 2025 rate study. char

Table 5
Five-Year Projection of EDUs

Customer Type	FY26 Budget	FY27 Yr 1	FY28 Yr 2	FY29 Yr 3	FY30 Yr 4	FY31 Yr 5
Number of EDUs	482.83	482.83	482.83	482.83	482.83	482.83
EDUs with Oak Tree			60 units added in Oak Tree			
Total with Oak Tree	482.83	497.83	512.83	527.83	542.83	542.83

Source: Pauma CSD and HEC, September 2025.

growth

2.2 FINANCIAL HEALTH OF THE DISTRICT

The District’s finances include the finances of both its two service divisions: Wastewater and Security. Security is further broken into Patrol and Gate services. **Table 6** provides audited financial information for the District for the past seven years. The District has not been able to cover operating expenses in every year, and over this period drew down reserves (cash balance) from about \$600,000 to about \$300,000. Detailed revenues and expenses are provided in appendix **Table A-3** (revenues) and **Table A-4** (expenditures).

Revenues

Most of the District’s revenues are generated by rates and fees applied to monthly customer bills. Other sources of income include property taxes, investment income, and other miscellaneous revenues. Wastewater rates comprise 80% of the sewer division revenues. The current wastewater rates schedule is shown in **Table 7**. **Figure 2** shows revenue collection by division in the fiscal year (FY)26 budget; sewer revenues are expected to comprise 38% of total PVCS D revenues.

Figure 2
FY26 Budget Revenue Collection by Division

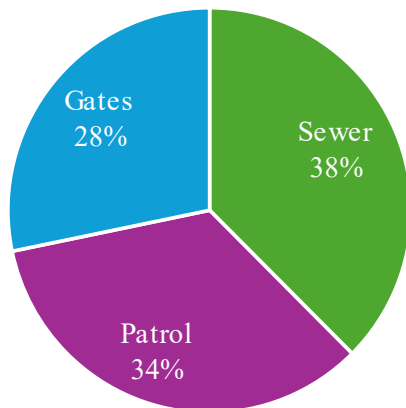


Table 6
Historical Audited Financial Data

Revenues & Expenses	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Operating Revenues							
Sewer fees	\$441,443	\$441,443	\$441,975	\$443,267	\$453,233	\$502,449	\$542,280
Patrol fees	\$546,243	\$575,581	\$536,381	\$537,949	\$537,949	\$557,360	\$578,034
Gate service fees	\$373,128	\$375,984	\$398,364	\$398,364	\$420,744	\$449,000	\$463,125
Other revenues	\$43,677	\$50,798	\$41,940	\$28,349	\$733,706	\$25,105	\$46,158
Non-Operating Revenues							
Property Taxes	\$99,247	\$104,033	\$107,242	\$112,479	\$117,175	\$126,454	\$133,251
Rental Revenue							\$17,500
Investment Income	\$6,826	\$17,543	\$14,252	\$1,517	\$598	\$222	\$649
Change in Investents	\$0	\$0	\$0	\$0	\$0	(\$6,446)	\$6,444
Sale of Assets	\$0	\$0	\$0	\$0	\$12,000	\$0	\$0
Total Revenues	\$1,510,564	\$1,565,382	\$1,540,154	\$1,521,925	\$2,275,405	\$1,654,144	\$1,787,441
Operating Expenses							
Wastewater	\$342,700	\$332,693	\$414,309	\$411,171	\$534,614	\$508,208	\$527,231
Patrol	\$435,793	\$471,981	\$520,299	\$441,355	\$571,109	\$716,078	\$391,320
Gate	\$283,747	\$276,913	\$318,406	\$302,455	\$394,756	\$465,182	\$292,309
General & Admin.	\$421,890	\$360,401	\$382,336	\$389,315	\$491,848	\$635,463	\$572,264
Non-Operating Expenses							
Interest Expense	\$3,314	\$1,856	\$0	\$0	\$0	\$0	\$0
Loss from Assets	\$36,641	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$1,524,085	\$1,443,844	\$1,635,350	\$1,544,296	\$1,992,327	\$2,324,931	\$1,783,124
Net Revenues	(\$13,521)	\$121,538	(\$95,196)	(\$22,371)	\$283,078	(\$670,787)	\$4,317
Other Net Revenues [1]	\$229,746	(\$22,529)	\$283,202	\$83,534	(\$1,232,903)	\$691,181	\$44,699
Cash, beginning of Year	\$617,890	\$834,115	\$933,124	\$1,121,130	\$1,182,293	\$232,468	\$252,862
End of Year Cash	\$834,115	\$933,124	\$1,121,130	\$1,182,293	\$232,468	\$252,862	\$301,878
Annual Change	\$216,225	\$99,009	\$188,006	\$61,163	(\$949,825)	\$20,394	\$49,016

Source: Pauma Valley CSD audited financial reports.

audits

[1] Primarily cash paid to vendors and suppliers for materials and services and capital asset costs.

Table 7
Current Wastewater Rates Schedule

Customer Type	No. EDUs	Monthly Fee
Residential		FY26
Single Family Home	1.00	\$112.31
Vacant Lot in Subdivision with Sewer Facilities		\$12.00
Apartment House and Duplex		
Less than 4 bedrooms	1.00	\$112.31
Unit with 4+ bedrooms, each add'l bedroom	0.25	\$28.08
Condominiums (each unit)	1.00	\$112.31
Mobile Homes and Trailer Parks		
Each mobile home	1.00	\$112.31
Each trailer court	0.75	\$84.23
Non-Residential		
Hotels, Motels, Auto Courts		
Per living unit (no kitchen)	0.50	\$56.16
Per living unit with kitchen	1.00	\$112.31
RV Park		
Per space (occupied or vacant)	0.75	\$84.23
Churches, Theaters & Auditoriums		
Every 150 seats	1.50	\$168.47
Restaurants		
No seating	2.50	\$280.78
With seating, every 7 seats	1.00	\$112.31
Auto Service Stations		
<5 gasoline pumps	2.00	\$224.62
5+ gasoline pumps	3.00	\$336.93
Self-service Laundry, per washer	0.75	\$84.23
Comm'l		
Business < 1,000 sq. ft. with sewer fixtures	1.00	\$112.31
Business > 1,000 sq. ft., every add'l 1,000 sq. ft.	0.75	\$84.23
Schools [1]		
Elementary, per 60 students	1.00	\$112.31
Middle, per 50 students	1.00	\$112.31
High, per 30 students	1.00	\$112.31

Source: Pauma CSD Ordinance 52.

curr

[1] Based on average daily attendance of pupils during the preceding fiscal year.

Expenses

Changes in historical District operating costs are provided in **Table 8**. Costs have increased an average 3.6% per year in recent years. The average annual cost increase compares with the West Region CPI increase of 4.9% per year and the San Diego CPI increase of 5.3% per year over the same period, and the Los Angeles Engineering News Record Construction Cost Index increase of 6.2% per year over the same period. Water utilities operating costs typically increase at a faster rate than inflation⁵, which indicates that the District may not have been keeping up with needed staffing needs, industry technology, and other costs in recent years.

Table 8
Historical District Revenue Sources

Cost Category	FY20	FY21	FY22	FY23	FY24	Change	Avg. Annual Change
Personnel-Related	\$1,025,247	\$932,693	\$1,284,196	\$1,561,244	\$961,721	(\$63,526)	-1.6%
Insurance	\$51,755	\$42,460	\$48,143	\$55,886	\$49,970	(\$1,785)	-0.9%
Dwelling Live	\$8,102	\$8,102	\$8,102	\$8,918	\$8,826	\$724	2.2%
Electricity	\$37,281	\$38,536	\$49,525	\$57,479	\$63,527	\$26,246	14.3%
Equipment Rental	\$0	\$473	\$0	\$0	\$3,428	\$3,428	n.a.
Miscellaneous	\$6,130	\$12,572	\$14,017	\$7,480	\$4,536	(\$1,594)	-7.3%
Contract Operator	\$30,000	\$48,000	\$66,000	\$77,295	\$87,995	\$57,995	30.9%
Office Supplies	\$25,569	\$28,487	\$26,196	\$26,372	\$35,746	\$10,177	8.7%
Repairs & Maintenance	\$118,097	\$146,980	\$206,408	\$129,902	\$179,912	\$61,815	11.1%
Security	\$30,972	\$8,619	\$7,578	\$5,086	\$7,076	(\$23,896)	-30.9%
Uniforms	\$7,513	\$2,860	\$4,057	\$2,698	\$1,279	(\$6,234)	-35.8%
Vehicles	\$32,376	\$30,883	\$14,246	\$19,788	\$17,466	(\$14,910)	-14.3%
Drainage	\$34,037	\$8,979	\$7,613	\$3,044	\$30,612	(\$3,425)	-2.6%
State Maintenance Fees	\$21,392	\$23,210	\$27,109	\$28,140	\$30,531	\$9,139	9.3%
Lab (Water tests)	\$8,443	\$8,617	\$11,103	\$11,637	\$9,797	\$1,354	3.8%
Fees	\$4,345	\$3,343	\$6,456	\$9,347	\$5,864	\$1,519	7.8%
SGMA	\$0	\$0	\$0	\$13,746	\$6,441	\$6,441	n.a.
Professional Services	\$55,092	\$77,331	\$62,135	\$165,608	\$216,584	\$161,492	40.8%
Other	\$2	\$2	\$752	\$1,004	\$1,450	\$1,448	418.9%
Total	\$1,496,353	\$1,422,147	\$1,843,636	\$2,184,674	\$1,722,761	\$226,408	3.6%
Engineering News Record Construction Cost Index							
20-City (July)	11,439	12,237	13,168	13,425	13,556	2,117	4.3%
Los Angeles (July)	12,056	13,018	13,575	15,147	15,315	3,259	6.2%
Bureau of Labor Statistics Consumer Price Index							
West Region (July)	276	290	314	325	333	58	4.9%
San Diego (July)	306	324	347	362	375	69	5.3%

Source: HEC, ENR, and Bureau of Labor Statistics.

avg inc

⁵ Bluefield Research, 5 February 2025, analysis of water and wastewater bills serving approximately 20% of the US population. The report finds that sewer charges, in particular, represent a significant portion of monthly bills, highlighting the growing costs associated with wastewater treatment and regulatory compliance.

Sewer Division Net Income

The District anticipates a net deficit for FY26, with the largest deficit occurring in the sewer division, as shown in **Table 9**. Details of sewer division cost items are provided in Appendix **Table A-5**.

Table 9
FY26 Budget by Division

Division	FY26 Budget
Wastewater	
Revenue	\$745,477
Operating Expense	\$677,001
Capital Expense	\$115,372
Net Revenue	(\$46,896)
Patrol	
Revenue	\$680,662
Operating Expense	\$703,344
Capital Expense	\$6,733
Net Revenue	(\$29,416)
Gates	
Revenue	\$561,361
Operating Expense	\$503,154
Capital Expense	\$14,495
Net Revenue	\$43,712
Total Net Revenue / Cash	(\$32,600)

Source: PVCSD fiscal year 2026 budget. bud fun

Reserves

Reserves are necessary for several reasons:

- Provide cash flow needs
- Pay for emergency and unplanned necessary repairs
- Accumulate for system rehabilitation (planned improvements)
- Provide rate stabilization

While each utility needs to assess its risks on an individual basis using knowledge of the current status of infrastructure, regulatory requirements, cash flow “bumps” and so forth, there are some general guidelines to measure what a prudent reserve would be for the utility.

The GFOA best practice is to start with a baseline of 90 days of operating expenses and adjust depending on local circumstance. GFOA guidelines to adjust the target for local circumstances include:

- Frequency of revenue collection.

- Diversity of the customer base – timely payments and cash flow is less of a concern with a diverse customer base.
- Unpredictable weather events – large weather events can cause need for costly emergency work. In the case of major environmental disasters such as a wildfire, government relief may be found for rebuilding the wastewater system, but these sources of funding will not cover loss of operating revenues.
- Ever-increasing California environmental standards / requirements for wastewater treatment – may require new infrastructure and/or monitoring expenses.
- Rate stabilization – when there are sufficient reserves, more gradual rate increases can be introduced.

Per the Water Environment Federation (WEF), “The maintenance of reserves can be defined generally as the maintenance of cash or financial capabilities to meet unknown changes in the budgets and financial needs of a utility. These needs could arise from new laws and regulations, natural disasters, operating emergencies, financial losses in earning potential from idle cash, drop in economic conditions in the service area or the state, insurance losses, litigation, revenue collection process breakdowns, and operating emergencies in the service area. These needs may vary according to the types and designations of the funds collected or expenses require, thereby necessitating different policies for varying areas or funds of an agency’s operation.”⁶

Additionally, WEF advises, “The utility should identify the drivers affecting [its] financial activities. It should determine the maximum length of time that it might have to operate without the revenue or expense and then determine the cumulative dollar value for this period of time.”⁷

Per WEF and GFOA guidance, this rate study recommends the following reserves for the sewer division:

- Operating Reserve equivalent to three months of operating expenses (currently about \$170,000),
- Capital Reserve with minimum \$1,000,000 (calculated as 40% of the CIP for the next 5 years), inflated 4% each year.

The District’s sewer division ended FY25 with approximately \$139,000 in reserves, which does not even meet the recommended Operating Reserve. In addition to covering operating and capital costs, the District will have to raise rates to create a more robust cash reserve.

⁶ Page 35, Financing and Charges for Wastewater Systems, Manual of Practice No. 27.

⁷ Page 37, Financing and Charges for Wastewater Systems, Manual of Practice No. 27.

Section 3: PROJECTED REVENUE REQUIREMENT

RATE METHODOLOGY STEP 2: PROJECT THE REVENUE REQUIREMENT

The revenue requirement is the amount to be raised by wastewater fees. The projection of the revenue requirement is the cornerstone for calculation of rates. This section explains the derivation of the projected revenue requirements for this Study.

Components of revenue requirement include:

- Operating Costs
- Capital Improvements Costs and Debt Service
- System Rehabilitation Costs
- Reserves

Non-wastewater fees revenue projections are credited against projected operations costs. Non-wastewater fee revenues include interest income and leases; however, with such low cash reserves the rate study does not include any interest income in the revenue projection. Property tax, interest on property tax, and capacity fees are not included in the calculation of revenue requirement as those revenue sources are used for capital projects.

3.1 OPERATING COSTS

Operating costs are projected based on budgeted FY26 expenditure. Operating expenses include annual costs for personnel (including benefits), professional and contract services, treatment plant operations and maintenance, collection system and other wastewater facilities operations and maintenance, utilities, facilities equipment, insurance, tools, subscriptions, and supplies. The financial model increases operating costs between 5.0% and 7.0% each year.

3.2 CAPITAL IMPROVEMENTS AND DEBT SERVICE

The District anticipates several critical capital improvements at the wastewater treatment plant and the Oak Tree lift station, as well as sewer line maintenance and other miscellaneous capital projects. **Table 10** summarizes the capital improvement projects and estimated costs, and anticipated funding sources. Details of the costs and timing of project completion are provided in Appendix **Table A-6** (costs in current dollars) and **Table A-7** (costs in inflated dollars).

The District does not have sufficient cash reserves to pay for the critical system projects; therefore, the District must secure a loan for these costs. One low-cost source of funding is the State Water Resource Control Board Clean Water Revolving Fund (CWSRF). **Table 11** shows an estimate of annual debt service to fund the critical improvements. Note that for the first 10 years, the District must pay an additional 10% of the annual debt service to build up a reserve fund (a CWSRF requirement).

Table 10
Wastewater Capital Improvement Projects Costs and Funding Sources

Cost Item	Funding Source	TOTAL
Wastewater System		
Water Quality Control Upgrades	Debt	\$373,152
Repair & Rehab. 2nd Treatment Train	Debt	\$236,221
Oak Tree Lift Station Rehab.	Debt	\$426,998
WWIP Lift Station Improvements	Debt	\$170,331
Soft Costs & Contingency	Debt	\$405,676
Subtotal Critical System Projects		\$1,612,379
VFD Air Cond. Unit	Cash	\$10,000
CCTV Push Camera	Cash	\$10,372
SSMP for the Collection System	Cash	\$20,800
Instrumentation w/SCADA	Cash	\$37,716
Oak Tree Repair & Maint.	Cash	\$5,000
Sewer line maintenance	Cash	\$198,989
Sludge Removal	Cash	\$44,333
Repairs & Maint. (Equip Rental)	Cash	\$66,330
Plant Repairs & Maintenance - Other	Cash	\$198,989
Subtotal Wastewater		\$2,204,909
Funding Sources		
Cash		\$592,530
Debt		\$1,612,379

Source: PVCSD FY26 budget, Hach May 2024 Quote, and Carollo memorandum "Critical Upgrades" June 10, 2025. sum cip

Existing Debt

The District has a promissory note for the solar project installed at the wastewater treatment plant. The District does not yet know if the project can be connected to San Diego Power; if it can then it will be eligible for Federal Direct Pay Tax Credit, which will reduce the outstanding principal. If the asset cannot be connected, it will become a stranded asset, and it will cost PVCSD more each year to repay the note. **Table 12** shows the loan payment under both scenarios. The rate study assumes that the project will become a stranded asset.

Table 11
Estimated New Debt

Description	Estimated Cost
Wastewater System Improvements	
Water Quality Control Upgrades	\$373,152
Repair & Rehab. 2nd Treatment Train	\$236,221
Oak Tree Lift Station Rehab.	\$426,998
WWIP Lift Station Improvements	\$170,331
Subtotal Cost Estimate	\$1,206,703
Soft Costs (PER, Environmental, Legal)	\$100,000
Contingency 25%	\$301,676
Total CWSRF Loan (rounded)	\$1,610,000
Annual Debt Service	\$103,000
Interest	\$450,000
Total Payments	\$2,060,000
Terms:	SRF
Interest Rate	2.40%
Repayment (years)	20

Source: PVCSD and HEC rate study 2025. debt

Table 12
Solar Project Promissory Note

Item	Connected	Stranded
Total Project Cost	\$84,522	\$84,522
Repayment Sources		
Federal Direct Pay Tax Credit [1]	\$33,809	\$0
Ratepayers - Principal	\$50,713	\$84,522
Ratepayers - Interest	\$17,882	\$23,007
Monthly Loan Payment	\$572	\$896
Annual Loan Payment	\$6,864	\$10,753
Terms:		
Interest Rate	4.99%	4.99%
Repayment (years)	10	10

Source: PVCSD and The Big Beautiful Bill, July 2025. solar

[1] Direct pay tax credit can only be claimed after the project is placed in service.

3.3 SYSTEM REHABILITATION COSTS

Depreciation is used as the basis on which to collect rates to cover system rehabilitation costs. Collecting for system rehabilitation in the rates allows the District to replace assets as they outlive their useful lives. System rehabilitation is included in the revenue requirements determination to cash-fund improvements in the CIP during the five-year period. In years when the cash-funded portion of the CIP is less than the amount collected for system rehabilitation, the net amount increases the District’s cash reserves which can be spent in future years on rehabilitation projects. **Table A-8** shows the estimated cost of depreciation of all the District’s assets, including the wastewater system assets.

3.4 PROJECTED REVENUE REQUIREMENTS

Table 13 estimates the revenue requirements for the next five years. The revenue requirement is projected to increase each year to account for increases in operating costs, fund system rehabilitation, make debt service payments, and to build cash reserves. Non-rate revenue is credited against the estimated annual costs. The components of revenue requirement, and total amounts anticipated to be needed over the next five years, are illustrated in **Figure 3**. The black line shows the amount currently collected in rates and shows that rate revenues do not meet revenue requirements. The jump up in revenue requirement in FY30 is the start of repayment of the assumed CWSRF loan for critical infrastructure improvements.

Figure 3
Projected 5-Year Revenue Requirement

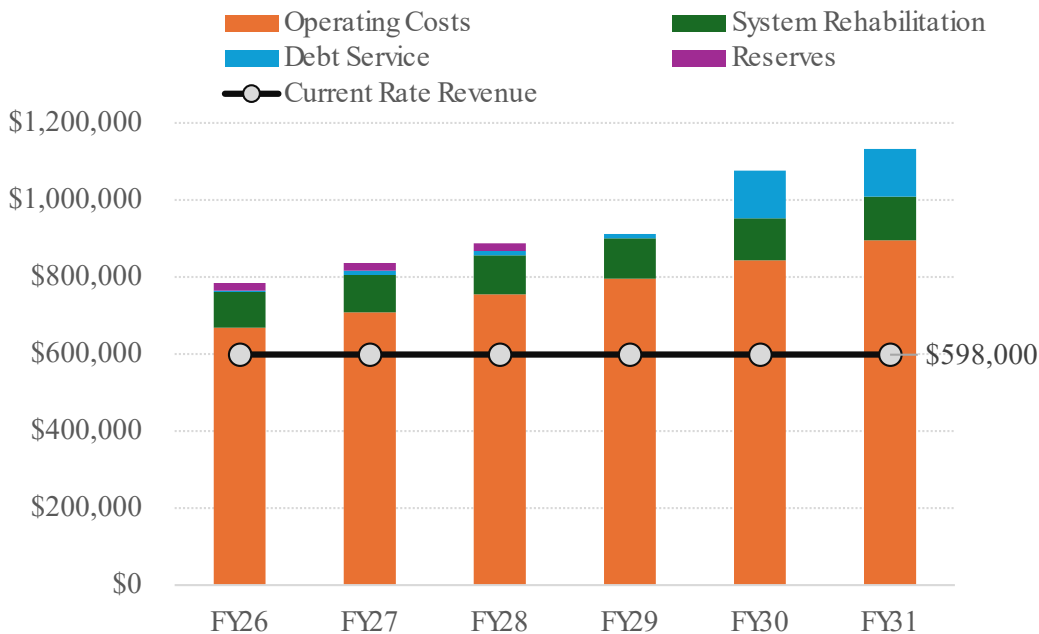


Table 13
Projected Revenue Requirements

Item	Inflation Factor	FY26 Budget	FY27 Yr 1	FY28 Yr 2	FY29 Yr 3	FY30 Yr 4	FY31 Yr 5
Operating Costs							
Personnel Costs	8.0%	\$254,572	\$274,938	\$296,933	\$320,687	\$346,342	\$374,050
Insurance	3.0%	\$25,795	\$26,569	\$27,366	\$28,187	\$29,032	\$29,903
Office Supplies	3.0%	\$11,121	\$11,454	\$11,798	\$12,152	\$12,516	\$12,892
Operator Contract Services	5.0%	\$102,000	\$107,100	\$112,455	\$118,078	\$123,982	\$130,181
Plant Repairs and Maintenance	3.0%	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$2,898
Buildings & Other Repairs & Maint	3.0%	\$6,243	\$6,430	\$6,623	\$6,822	\$7,027	\$7,237
Fees to Other Agencies	3.0%	\$49,000	\$50,470	\$51,984	\$53,544	\$55,150	\$56,804
Vehicles [1]	3.0%	\$16,000	\$16,480	\$16,974	\$17,484	\$18,008	\$18,548
Final F-150 lease payment [1]		\$0	\$0	\$5,184	\$0	\$0	\$0
Electricity	10.0%	\$45,882	\$50,470	\$55,517	\$61,069	\$67,176	\$73,893
Drainage	3.0%	\$30,000	\$30,900	\$31,827	\$32,782	\$33,765	\$34,778
Professional Services	4.0%	\$118,292	\$123,023	\$127,944	\$133,062	\$138,385	\$143,920
Lab Testing	4.0%	\$10,000	\$10,400	\$10,816	\$11,249	\$11,699	\$12,167
Other Costs	3.0%	\$5,597	\$5,765	\$5,938	\$6,116	\$6,300	\$6,489
Total Operating Costs		\$677,001	\$716,575	\$764,012	\$803,962	\$852,195	\$903,761
System Rehabilitation	4.0%	\$93,286	\$97,017	\$100,898	\$104,934	\$109,131	\$113,496
Solar Project Debt Service [2]		\$2,688	\$10,753	\$10,753	\$10,753	\$10,753	\$10,753
Critical Infrastructure Debt Service		\$0	\$0	\$0	\$0	\$113,300	\$113,300
Reserves		\$20,000	\$20,000	\$20,000	\$0	\$0	\$0
Total Costs		\$792,975	\$844,345	\$895,663	\$919,649	\$1,085,379	\$1,141,310
Credits							
Interest & Other		\$0	\$0	\$0	\$0	\$0	\$0
Leases		\$9,377	\$9,377	\$9,377	\$9,377	\$9,377	\$9,377
Total Credits		\$9,377	\$9,377	\$9,377	\$9,377	\$9,377	\$9,377
Revenue Requirement		\$783,598	\$834,968	\$886,286	\$910,272	\$1,076,002	\$1,131,933
Change Year to Year			6.6%	6.1%	2.7%	18.2%	5.2%

Source: PVCSD FY26 budget, historical financial data, and HEC rate study 2025.

revreq

[1] Amount greater than the annual lease payment which is \$8,292 for FY26 and FY27 (included in the 'Vehicles' line item cost).

'Vehicles' cost line item assumes a new lease starting FY29.

[2] If the project can be put into service, the electric savings should at least offset the debt service.

3.5 CASH FLOW PROJECTION

The projected cash flow assumes that the proposed fees are adopted. **Table 14** shows the projected District cash flow for the next 6 years. An illustration of projected cash balances, the target cash balances (which include operations and capital cash), is shown in **Figure 4**. The graph shows that the District will work towards achieving recommended cash reserves but that it will not achieve the target.

Table 14
Wastewater Fund Projected Cash Flow

Revenues and Expenses	FY26 Budget	FY27 Yr 1	FY28 Yr 2	FY29 Yr 3	FY30 Yr 4	FY31 Yr 5
Implementation	1/1/2026	7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030
Revenues						
Customer Rates	\$690,837	\$834,968	\$886,286	\$910,272	\$1,076,002	\$1,131,933
Oak Tree New Growth Rates	\$0	\$0	\$0	\$0	\$0	\$0
Interest & Other	\$0	\$0	\$0	\$0	\$0	\$0
Leases	\$9,377	\$9,377	\$9,377	\$9,377	\$9,377	\$9,377
Total Revenues	\$700,214	\$844,345	\$895,663	\$919,649	\$1,085,379	\$1,141,310
Operating Costs	\$677,001	\$716,575	\$764,012	\$803,962	\$852,195	\$903,761
Income before Debt Service	\$23,213	\$127,770	\$131,651	\$115,687	\$233,184	\$237,549
Debt Service	\$2,688	\$10,753	\$10,753	\$10,753	\$124,053	\$124,053
Debt Service Coverage	8.64	11.88	12.24	10.76	1.88	1.91
Net Operating Revenues	\$20,525	\$117,017	\$120,898	\$104,934	\$109,131	\$113,496
Beginning Cash Balance	\$139,000	\$184,753	\$331,247	\$500,404	\$664,977	\$824,807
Net Revenues	\$20,525	\$117,017	\$120,898	\$104,934	\$109,131	\$113,496
Loan Proceeds	\$0	\$83,200	\$443,118	\$280,513	\$507,061	\$296,108
Property Tax	\$138,600	\$141,372	\$144,199	\$147,083	\$150,025	\$153,026
Capital Reserve Interest	\$2,000	\$2,505	\$3,094	\$6,059	\$9,252	\$12,266
Capital Projects	(\$115,372)	(\$197,600)	(\$542,152)	(\$374,017)	(\$615,638)	(\$360,129)
Est. Ending Total Balance	\$184,753	\$331,247	\$500,404	\$664,977	\$824,807	\$1,039,575

Source: HEC 2025 rate study.

flow

Table 15 shows the projected revenues, costs, and ending cash balances for the operating and capital funds separately.

Figure 4
Projected Cash Balances

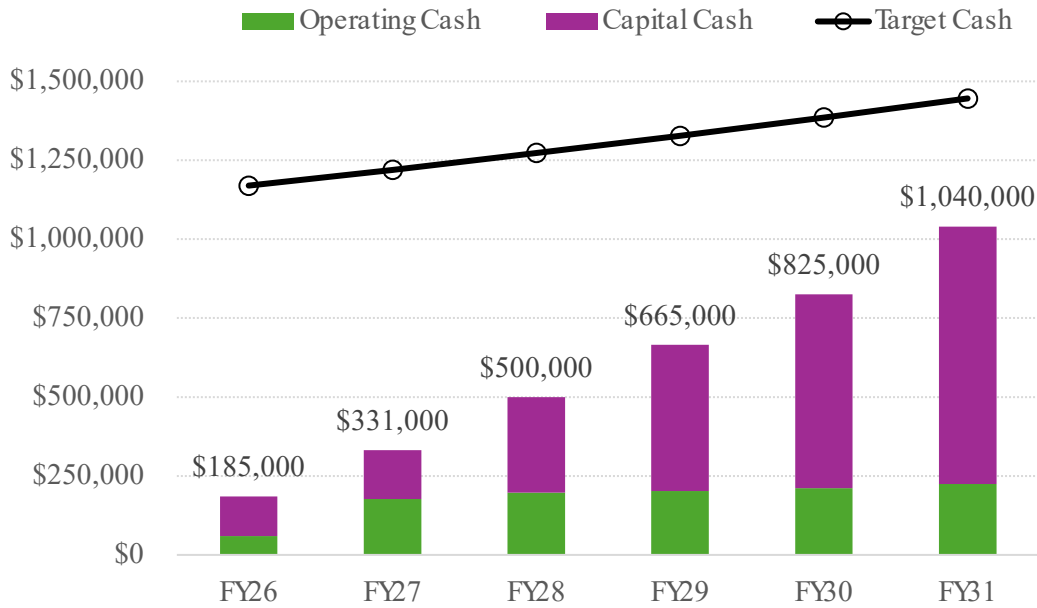


Table 15
Projected Reserve Balances

Revenues and Expenses	FY26 Budget	FY27 Yr 1	FY28 Yr 2	FY29 Yr 3	FY30 Yr 4	FY31 Yr 5
Operating						
Beginning Cash	\$39,000	\$59,525	\$176,542	\$197,440	\$202,374	\$211,505
plus Net Income	\$20,525	\$117,017	\$120,898	\$104,934	\$109,131	\$113,496
less Transfer to Capital Reserve	\$0	\$0	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)
Ending Cash Balance	\$59,525	\$176,542	\$197,440	\$202,374	\$211,505	\$225,002
Min. Target (3 mos op. costs)	\$169,000	\$179,000	\$191,000	\$201,000	\$213,000	\$226,000
Capital						
Beginning Cash	\$100,000	\$125,228	\$154,705	\$302,964	\$462,602	\$613,302
plus System Rehab. Transfer	\$0	\$0	\$100,000	\$100,000	\$100,000	\$100,000
plus CWSRF Loan	\$0	\$83,200	\$443,118	\$280,513	\$507,061	\$296,108
plus Capacity Fees	\$0	\$0	\$0	\$0	\$0	\$0
plus Property Tax	\$138,600	\$141,372	\$144,199	\$147,083	\$150,025	\$153,026
plus Interest	\$2,000	\$2,505	\$3,094	\$6,059	\$9,252	\$12,266
less Capital Projects	(\$115,372)	(\$197,600)	(\$542,152)	(\$374,017)	(\$615,638)	(\$360,129)
Ending Capital Cash Balance	\$125,228	\$154,705	\$302,964	\$462,602	\$613,302	\$814,573
Target [1]	\$1,000,000	\$1,040,000	\$1,082,000	\$1,126,000	\$1,172,000	\$1,219,000
Total Ending Cash	\$184,753	\$331,247	\$500,404	\$664,977	\$824,807	\$1,039,575

Source: HEC 2025 rate study.

bal

[1] Target is approximately 40% of the CIP increased 4% each year.

SECTION 4: COST OF SERVICE WASTEWATER FEE CALCULATIONS

4.1 COST OF SERVICE

The cost of service methodology is performed in this section.

RATE METHODOLOGY STEP 3: ALLOCATE REVENUE REQUIREMENT TO BASE COSTS AND USE COSTS

The revenue requirement is allocated between base costs and use costs by functionalizing costs according to whether they are customer-related or flow-related. Cost functionalization is shown in **Table 16**. Supporting **Appendix Table A-9** provides the plant in service allocation of costs.

Table 16
Cost Functionalization

Expenditures	FY26 Budget	Allocation Basis	Customer-Related	Flow-Related	Unclassified
Personnel	\$254,572	Avg. of Classified	0%	0%	100%
Dwelling Live	\$10,500	Avg. of Classified	0%	0%	100%
Liability Insurance	\$25,795	Plant in Service	8%	92%	0%
Office Expense	\$11,121	Customers	100%	0%	0%
Contract Operator	\$102,000	Plant in Service	8%	92%	0%
System Repairs and Maintenance	\$2,500	Utilities	0%	100%	0%
Buildings and Other Repairs	\$6,243	Plant in Service	8%	92%	0%
Fees to Other Agencies	\$49,000	Customers	100%	0%	0%
Vehicles	\$16,000	Customers	100%	0%	0%
Electricity	\$45,882	Utilities	0%	100%	0%
Drainage	\$30,000	Plant in Service	8%	92%	0%
Professional Services	\$118,292	Plant in Service	8%	92%	0%
Other	\$5,597	Avg. of Classified	0%	0%	100%
Water Tests & Analysis	\$10,000	Utilities	0%	100%	0%
Total Operating Expenses	\$677,501		\$99,193	\$317,640	\$270,669
Reallocation of Unclassified	\$270,669		\$64,411	\$206,259	
Allocation of Operating Expenses			\$163,603	\$523,898	
Depreciation	\$105,092	Plant in Service	8%	92%	
Depreciation					
Allocation of Capital-Related Costs			\$8,588	\$96,504	
TOTAL ALLOCATED EXPENSES	\$782,593		\$172,191	\$620,402	
Percentage of Allocation [1]			22%	79%	

Source: HEC September 2025.

func alloc

[1] Totals may not add due to rounding.

Using the cost functionalization exercise, 20% of costs are allocated to the base cost and 80% to use cost each year (see Appendix **Table A-10**).

RATE METHODOLOGY STEP 4A: ALLOCATE BASE COSTS TO CUSTOMER CATEGORIES

Calculation of the monthly Base Charge is shown in **Table 17**. The monthly charge applies to all wastewater EDUs and vacant lots. Property tax credit is given to In Tax Area EDUs. All the vacant lots are also In Tax Area.

**Table 17
Calculated Base Charges**

Item	FY26 Budget	FY27 Yr 1	FY28 Yr 2	FY29 Yr 3	FY30 Yr 4	FY31 Yr 5
Base Charge Allocation	\$156,720	\$166,994	\$177,257	\$182,054	\$215,200	\$226,387
Property Tax Credit	\$138,600	\$141,372	\$144,199	\$147,083	\$150,025	\$153,026
Total Base Charges	\$295,320	\$308,366	\$321,457	\$329,138	\$365,225	\$379,412
Number of Base Units						
Developed EDUs (In Tax Area)	456	456	456	456	456	456
Vacant Lots (In Tax Area)	32	32	32	32	32	32
Subtotal In Tax Area	488	488	488	488	488	488
Developed EDUs (Out Tax Area) [1]	27	27	27	27	27	27
Total Base EDUs	515	515	515	515	515	515
Monthly Base Charge per EDU						
In Tax Area	\$24.11	\$25.75	\$27.39	\$28.14	\$33.48	\$35.26
Out Tax Area	\$47.80	\$49.91	\$52.03	\$53.28	\$59.12	\$61.41

Source: HEC September 2025.

base charge

[1] Includes Pauma Mutual Water, which is In Tax Area, but which is non-taxable.

RATE METHODOLOGY STEP 4B: ALLOCATE USE COSTS TO CUSTOMER CATEGORIES

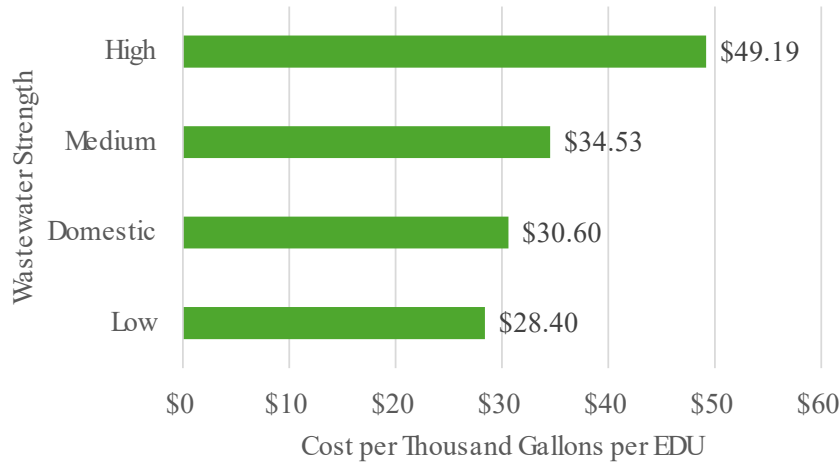
The cost to treat wastewater is a function of the total volume (“flow”) and the level of pollutants (“strength”) of the wastewater discharged by a customer. Costs are allocated to customer categories as follows:

Use Cost Allocation to Flow, BOD, and SS. Costs are first allocated between treatment and collection functions of the wastewater system and secondly, allocated to flow, BOD, and SS based on percentage allocation or distribution factors. These percentage allocation factors are based on the estimated distribution of the treatment and collection facilities operations and maintenance activities between or related to flow, BOD, and SS. Collection costs are strictly related to flow, therefore 100 percent of the collection costs are allocated to flow.

Unit Cost by Wastewater Categorization. The allocated costs are then divided by total annual wastewater generation, pounds of BOD, and pounds of SS estimated in Appendix **Table A-11**.

Component unit costs are multiplied by quantities of the components (flow, BOD, and SS) for each wastewater strength, as shown in Appendix **Table A-12. Figure 5** displays the cost difference per 1,000 gallons to treat wastewater for each customer category in FY26.

Figure 5
FY26 Treatment Cost per Thousand Gallons



Calculated use charge by EDU is provided in **Table 18**. Cost by customer category (EDU strength) is divided by the number of EDUs in each customer category and then by 12 to determine the monthly charge per EDU.

Table 18
Calculated Use Charge per EDU

Customer Category	FY26 Budget	FY27 Yr 1	FY28 Yr 2	FY29 Yr 3	FY30 Yr 4	FY31 Yr 5
Cost by Customer Category						
Low	\$40,454	\$43,106	\$45,755	\$46,993	\$55,549	\$58,437
Domestic	\$469,937	\$500,744	\$531,520	\$545,905	\$645,296	\$678,839
Medium	\$27,328	\$29,119	\$30,909	\$31,745	\$37,525	\$39,476
High	\$89,161	\$95,006	\$100,845	\$103,574	\$122,431	\$128,795
Total	\$626,879	\$667,974	\$709,028	\$728,218	\$860,802	\$905,546
Monthly Use Charge per EDU						
Low	\$95.03	\$101.26	\$107.48	\$110.39	\$130.49	\$137.27
Domestic	\$102.38	\$109.09	\$115.80	\$118.93	\$140.59	\$147.90
Medium	\$115.52	\$123.09	\$130.65	\$134.19	\$158.62	\$166.87
High	\$164.59	\$175.38	\$186.16	\$191.20	\$226.01	\$237.76

Source: PVCSD and HEC 2025 rate study.

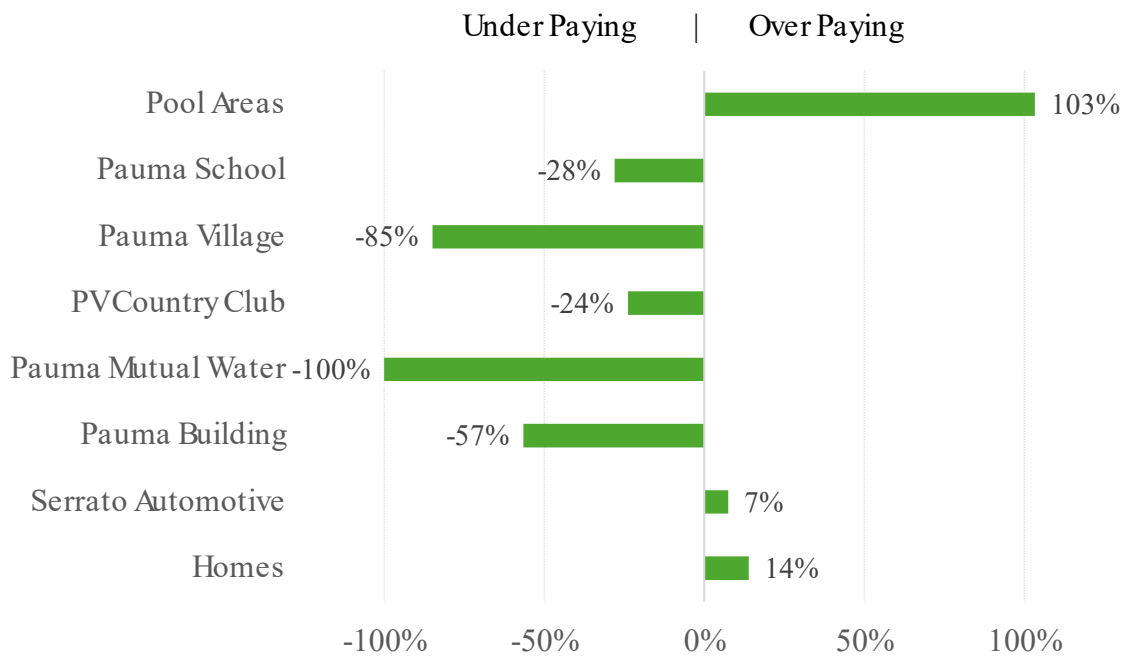
ww rates

RATE METHODOLOGY STEP 5: DETERMINE COST OF SERVICE BY CUSTOMER GROUP

The base costs and the use costs are summed to determine the total cost of service by customer or customer group. Appendix **Table A-13** compares current rate revenue by customer with Year 1 (January 2026) rate revenue under the new rate structure with and without the EDU audit.

Figure 6 shows which customer groups have been underpaying and which have been overpaying under the current rate structure when compared to calculating rates using the new rate structure. Data is provided in Appendix **Table A-14**.

**Figure 6
Cost of Service Graph**



4.2 CALCULATED WASTEWATER RATES

The wastewater rate schedule includes the Base Charges and the Use Charges as shown in **Table 19**. Any customer with a use not listed in the table will be categorized by use of property and strength of wastewater by the District General Manager or District Engineer and charged the same rate as all other uses listed within that customer category.

Table 19
Cost of Service Rates

Customer	FY26	FY27	FY28	FY29	FY30	FY31
EDU	1/1/2026	7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030
Vacant Lot	\$24.11	\$25.75	\$27.39	\$28.14	\$33.48	\$35.26
In Tax Area	Includes Base Charge + Use Charge Components					
Low	\$119.14	\$127.01	\$134.87	\$138.53	\$163.97	\$172.53
Domestic	\$126.50	\$134.84	\$143.19	\$147.08	\$174.07	\$183.15
Medium	\$139.63	\$148.84	\$158.04	\$162.33	\$192.10	\$202.12
High	\$188.70	\$201.13	\$213.54	\$219.34	\$259.49	\$273.01
Out Tax Area	Includes Base Charge + Use Charge Components					
Low	\$142.83	\$151.17	\$159.51	\$163.67	\$189.61	\$198.68
Domestic	\$150.18	\$159.00	\$167.83	\$172.21	\$199.71	\$209.31
Medium	\$163.32	\$173.00	\$182.68	\$187.47	\$217.74	\$228.28
High	\$212.39	\$225.29	\$238.19	\$244.48	\$285.13	\$299.17

Source: PVCSD and HEC 2025 rate study.

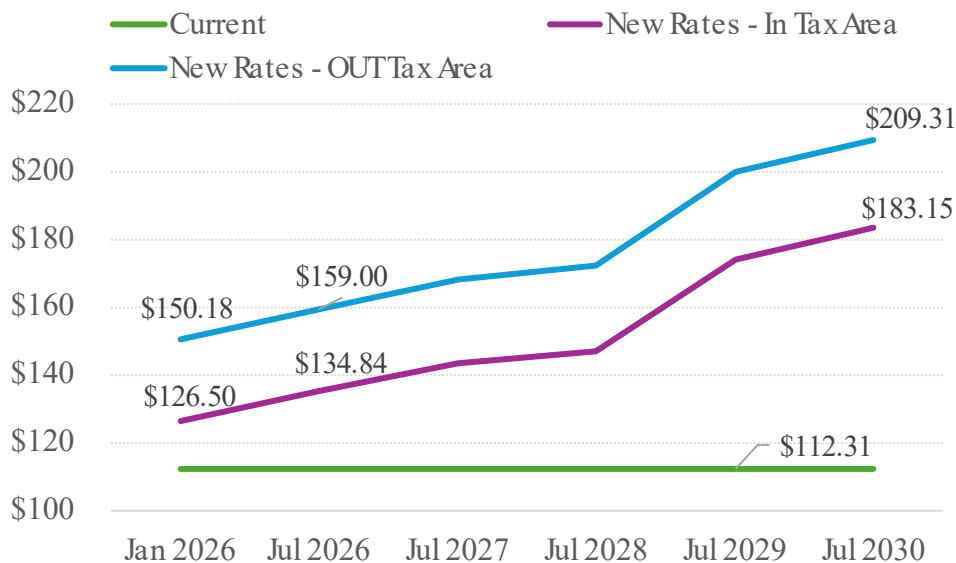
rate sum

SECTION 5: BILL IMPACTS

The current bills **are not based** on cost of service. The new rates, and calculated bills, **are based** on a cost of service methodology.

Beginning January 1, 2026, the wastewater bill for a single family home (four bedrooms and smaller) In Tax Area would increase from \$112.31 per month to \$126.50 per month. Each July thereafter, for the next five years, the bill would continue to increase. In the last year of the increase, the bill for a single family home would be \$183.15 per month, a total monthly increase of \$70.84 at the five year mark from the current bill. The calculated monthly wastewater bills are shown in **Figure 7**.

Figure 7
Single Family Home 5-Year Bill Increases

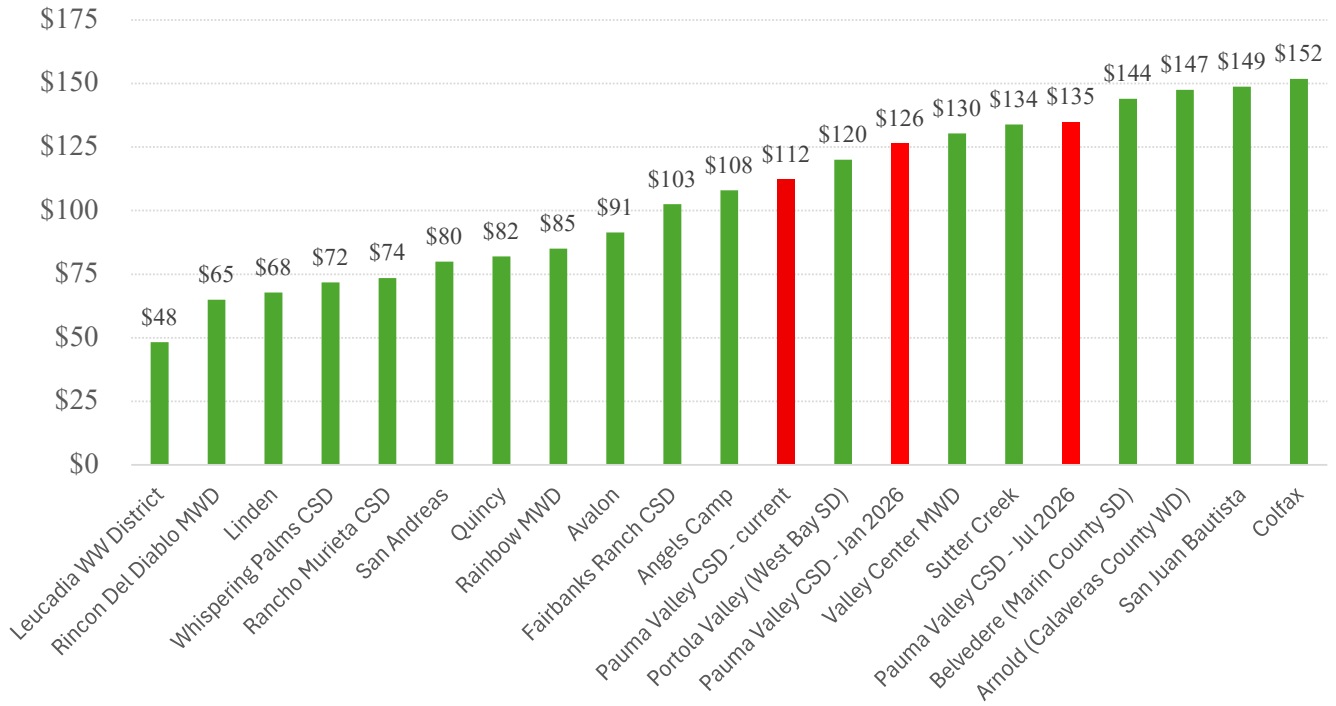


For an Out Tax Area home, the bill would increase to \$150.18 per month in January 2026, and \$159.00 per month in July 2026.

The current and calculated FY26 wastewater bill for a single family home In Tax Area is compared with neighboring communities and other communities of a similar population size to Pauma Valley in **Figure 8**. The graph can only compare for a snapshot in time; each one of these communities is increasing their rates each year. Pauma Valley sewer bills are shown with the red bars (current bill, January 2026 bill, and July 2026 bill).

Bill impacts to each of the customer accounts are shown in **Table 20** for January 2026. More detailed information is provided in Appendix **Tables A-15** and **A-16**.

**Figure 8
Comparison Sewer Bills for a Home**



**Table 20
Bill Impacts to Sewer Accounts January 2026**

Accounts	Current	1-Jan-26	
		In Tax Area	Out Tax Area
Vacant & Residential			
TOTAL MONTHLY BILL			
Vacant Lot	\$12.00	\$24.11	
Residential Living Unit	\$112.31	\$126.50	\$150.18
All Other Accounts			
Pool Areas with Restrooms	\$449.24	\$295.16	
Serrato Automotive	\$112.31	\$139.63	
Pauma Building	\$533.47	\$1,638.17	
Pauma Mutual Water			\$249.95
Pauma Valley Country Club	\$6,659.98	\$11,179.36	
Pauma Village	\$280.78	\$2,499.80	
Pauma School	\$1,269.10		\$1,962.91

Source: HEC September 2025.

impact

Figure 9 shows the impact of the proposed rates on vacant lots. Figure 10 shows the impact of the proposed rates on Pauma Building.

Figure 9
Calculated Bill for a Vacant Lot

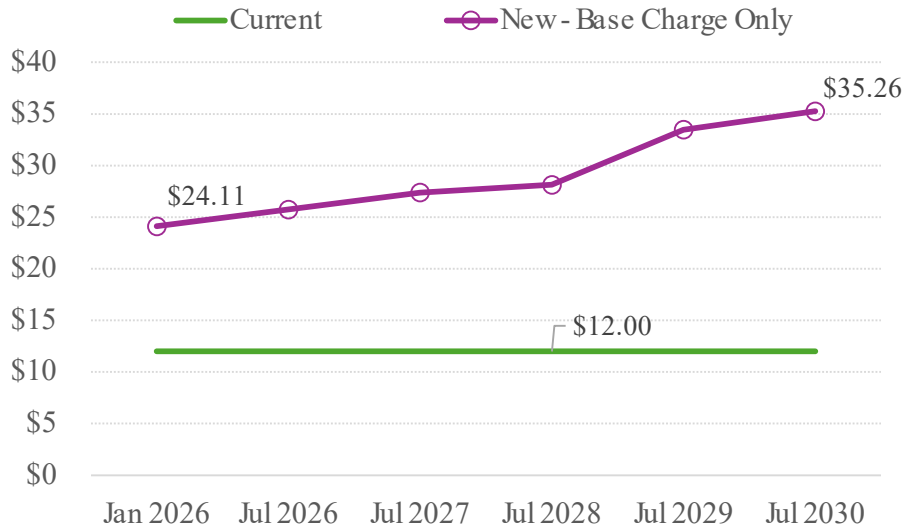


Figure 10
Calculated Sewer Bill for Pauma Building

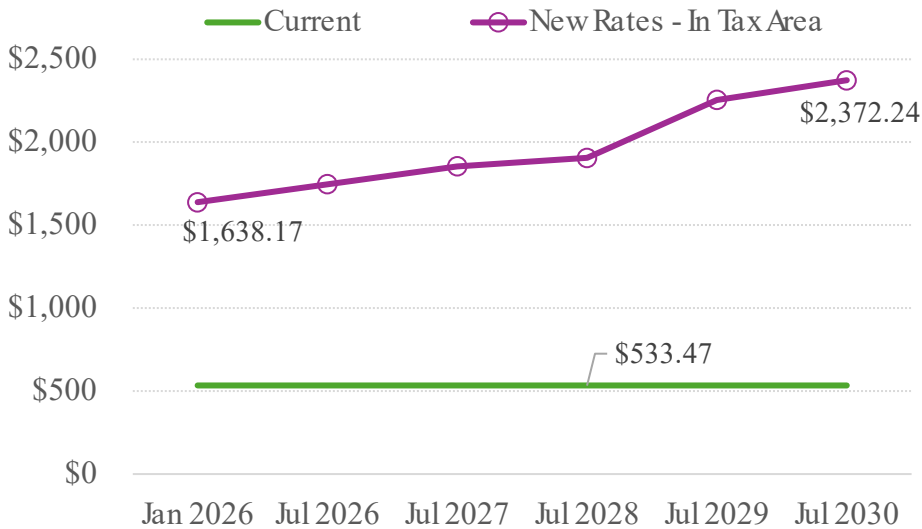


Figure 11 shows the impact of the proposed rates on PVCC. Figure 12 shows the impact of the proposed rates on Pauma Village. Note, Pauma Village is not currently paying for the restaurant and the grocery store.

Figure 11
Calculated Sewer Bill for Pauma Valley Country Club

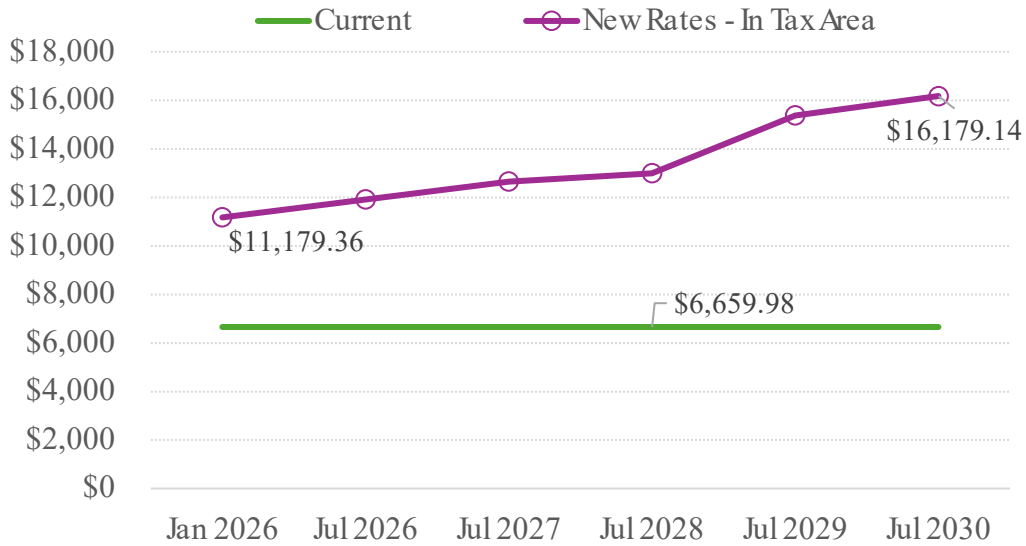


Figure 12
Calculated Sewer Bill for Pauma Village

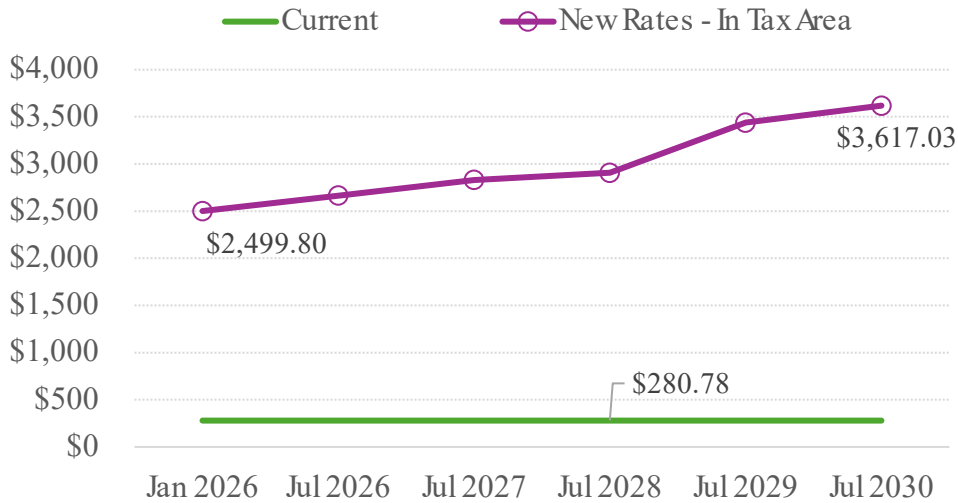
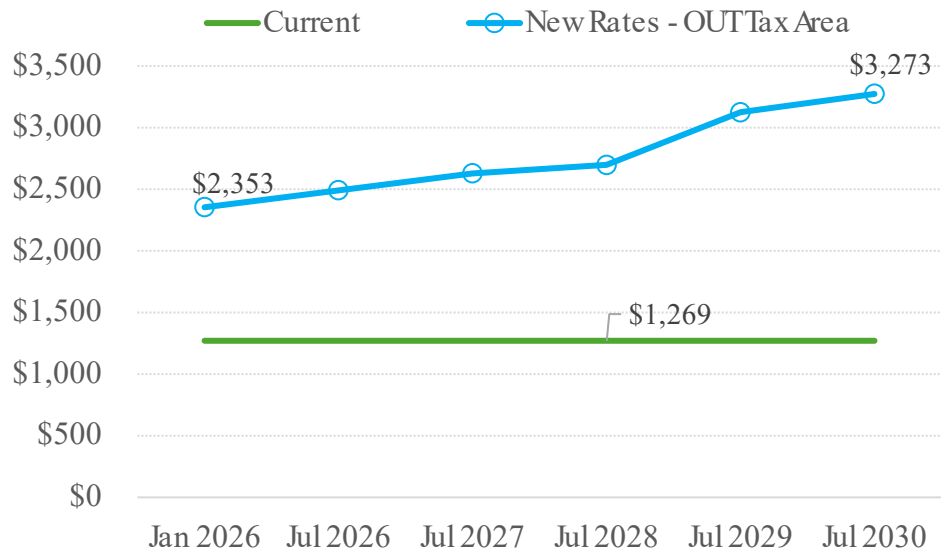


Figure 13 shows the impact of the proposed rates on Pauma School.

Figure 13
Calculated Sewer Bill for Pauma School



APPENDIX A

RATE STUDY SUPPORT TABLES

Table A-1
EDU Audit for the HOA Pool Areas and PVCC

EDU Category	Current	EDU Audit
HOA Pool Areas	4.00	2.33
Country Club		
Apartments	23.00	16.00
Restaurant	32.30	33.57
Bar	0.00	17.71
Clubhouse [1]	1.00	2.33
Offices	1.00	1.00
Laundry Facility	1.00	1.00
Golf Course [2]	1.00	2.33
Total Country Club	59.30	73.95

Source: PVCSD staff and rate study, September 2025. audit

[1] Includes pool area, snack stand, locker rooms, and gym.

[2] Includes mechanic shop, break area, wood shop, and
bathrooms at holes 4 & 13.

Table A-2
EDU Calculations for the HOA Pool Areas and PVCC

Customer Area	Number	
	Bathrooms	EDUs
Pool Areas (HOA)		[1]
Luisena Circle	2	0.67
Taspa	2	0.67
Kica	1	0.33
Temet	2	0.67
Total Pool Areas (HOA)	7	2.33
Country Club		
Pool Area	2	0.67
Snack Stand	2	0.67
Locker Rooms	2	0.67
Gym	1	0.33
CC Golf		
Mechanic Shop	1	0.33
Break Area	1	0.33
Wood Shop	1	0.33
Golf Course Holes 4 & 13	4	1.33

Source: HEC September 2025. edu calc

[1] # EDUs public bathroom = a/b 0.33

	Fixture Units		each Bathroom
	(Public Use)	# in facility	
Drinking Fountain	1	1	1
Lavatory	2	0	0
Sink	2	1	2
Urinal	5	0	0
Toilet	5	1	5
1 Public Bathroom	8	3	8 a
	Fixture Units		Total
	(Private Use)	# in house	
4-bdrm house (3 bath)			
Bathtub	2	1	2
Kitchen Sink	2	1	2
Clotheswasher	2	1	2
Shower	2	2	4
Dishwasher	2	1	2
Toilet	3	3	9
Garbage Disposal with Sink	3	1	3
Total Plumbing Fixtures 4-Bdrm House			24 b

**Table A-3
Historical District Revenues**

Revenues	FY20	FY21	FY22	FY23	FY24	FY25	FY26
						Budget	Budget
661 · Sewer Charges	\$437,019	\$438,515	\$448,481	\$474,498	\$537,588	\$565,200	\$597,500
661.5 · Security Patrol Charges	\$536,381	\$537,949	\$537,949	\$557,360	\$578,034	\$636,000	\$672,100
662 · Property Tax	\$107,242	\$112,479	\$117,175	\$126,455	\$134,662	\$136,800	\$138,600
662.1 · Connection Fees	\$0	\$0	\$0	\$23,199	\$0	\$0	\$0
663 · Interest	\$12,325	\$4,350	\$694	\$222	\$587	\$0	\$0
663.1 · LAIF Fair Market Value Revenue	\$1,926	(\$2,832)	(\$97)	\$0	\$0	\$0	\$0
664 · Other							
664.2 · Admin Services	\$21,750	\$6,901	\$813	\$256	\$185		
664.6 · Hangar Land Lease	\$675	\$1,350	\$900	\$900	\$900	\$1,000	\$1,000
664.8 · Gate Damages	\$3,800	\$0	\$0	\$1,600	\$605		
664 · Other - Other	\$3,995	\$8,060	\$16,285	\$4,821	\$14,352		
Total 664 · Other	\$30,220	\$16,311	\$17,998	\$7,577	\$16,042	\$1,000	\$1,000
665 · Security Gate Charge	\$398,364	\$398,364	\$420,744	\$449,000	\$463,125	\$515,800	\$546,800
666.5 · RFID Tags	\$7,425	\$10,375	\$9,642	\$7,013	\$7,255	\$7,500	\$7,500
667 · Delinquent Charges	\$4,294	\$38	\$4,173	\$7,085	\$14,196		
668 · Vacant Lot/Sewer Availability	\$4,956	\$4,752	\$4,752	\$4,752	\$4,692		
670 · Reimbursement Revenue	\$0	\$1,625	\$713,893	\$3,432	\$8,665		
671 · RPMWC Lease	\$0	\$0	\$0	\$0	\$17,500	\$30,000	\$24,000
Total Revenues	\$1,540,152	\$1,521,926	\$2,275,404	\$1,660,593	\$1,782,346	\$1,892,300	\$1,987,500
Sewer	\$549,217	\$555,746	\$570,408	\$628,904	\$676,942	\$702,000	\$736,100
Patrol	\$536,381	\$537,949	\$537,949	\$557,360	\$578,034	\$636,000	\$672,100
Gates	\$409,589	\$408,739	\$430,386	\$457,613	\$470,985	\$523,300	\$554,300
Split	\$44,965	\$19,492	\$736,661	\$16,716	\$56,385	\$31,000	\$25,000
Total	\$1,540,152	\$1,521,926	\$2,275,404	\$1,660,593	\$1,782,346	\$1,892,300	\$1,987,500
38% Sewer	\$566,083	\$563,057	\$846,717	\$635,174	\$698,091	\$713,628	\$745,477
34% Patrol	\$551,780	\$544,624	\$790,234	\$563,085	\$597,344	\$646,617	\$680,662
28% Gates	\$422,289	\$414,244	\$638,453	\$462,334	\$486,911	\$532,056	\$561,361
100% Total Revenue	\$1,540,152	\$1,521,926	\$2,275,404	\$1,660,593	\$1,782,346	\$1,892,300	\$1,987,500

Source: Pauma Valley CSD.

hist revs

**Table A-4
Historical District Expenses**

Expense	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Contingency						Budget \$25,000	Budget \$0
Dwelling Live	\$8,102	\$8,102	\$8,102	\$8,918	\$8,826	\$8,900	\$10,500
Electrical Utilities							
714 · Electricity	\$26,841	\$27,433	\$35,252	\$42,007	\$46,467	\$42,800	\$38,000
812.2 · Office Electricity	\$3,955	\$4,378	\$6,903	\$7,922	\$9,734	\$9,100	\$20,200
956 · Gate Electricity	\$6,485	\$6,725	\$7,370	\$7,550	\$7,326	\$7,700	\$6,800
Total Electrical Utilities	\$37,281	\$38,536	\$49,525	\$57,479	\$63,527	\$59,600	\$65,000
Equipment Rentals							
713 · Equipment Rental	\$0	\$473	\$0	\$0	\$3,428	\$0	\$0
955 · Gate Equipment Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Equipment Rentals	\$0	\$473	\$0	\$0	\$3,428	\$0	\$0
Group Health Ins.							
705 · Plant Group Health Ins.	\$4,901	\$1,523	\$3,120	\$3,445	\$3,501	\$7,200	\$11,400
811.4 · Admin Group Health Ins.	\$14,398	\$15,688	\$22,863	\$27,718	\$20,217	\$32,800	\$24,300
912 · Patrol Group Health Ins.	\$39,590	\$29,204	\$27,466	\$32,689	\$28,236	\$35,700	\$34,700
952.1 · Gate Group Health Ins.	\$22,024	\$23,544	\$28,190	\$23,336	\$19,654	\$33,000	\$38,300
Total Group Health Ins.	\$80,913	\$69,959	\$81,639	\$87,188	\$71,608	\$108,700	\$108,700
Liability Insurance							
717 · Plant Liability	\$19,667	\$15,968	\$18,294	\$21,237	\$17,645	\$21,800	\$24,000
823 · E&O Liability Ins.	\$3,623	\$3,018	\$3,370	\$3,912	\$3,308	\$4,200	\$4,600
911 · Security Liability Ins.	\$22,254	\$18,208	\$20,702	\$24,031	\$21,992	\$24,900	\$27,400
952 · Gate Liability Ins.	\$6,211	\$5,266	\$5,777	\$6,706	\$7,025	\$7,300	\$8,000
Total Liability Insurance	\$51,755	\$42,460	\$48,143	\$55,886	\$49,970	\$58,200	\$64,000
Miscellaneous Expense							
735 · Plant Miscellaneous	\$1,273	\$921	\$817	\$1,183	\$111	\$500	\$500
825 · Admin. Miscellaneous	\$3,555	\$3,776	\$5,572	\$4,340	\$3,854	\$2,000	\$500
927 · Patrol Miscellaneous	\$294	\$4,351	\$2,755	\$557	\$358	\$500	\$1,000
959.1 · Gate Miscellaneous	\$1,008	\$3,524	\$4,873	\$1,400	\$213	\$500	\$500
Total Miscellaneous Expense	\$6,130	\$12,572	\$14,017	\$7,480	\$4,536	\$3,500	\$2,500
Office Expense							
812 · Office Supplies	\$17,111	\$21,253	\$17,280	\$17,704	\$24,363	\$27,100	\$20,000
813 · Telephones	\$6,625	\$4,975	\$5,886	\$5,961	\$6,130	\$11,000	\$3,600
814 · Postage	\$1,833	\$2,259	\$3,030	\$2,707	\$4,695	\$4,900	\$4,900
Office Expense - Other	\$0	\$0	\$0	\$0	\$558	\$0	\$0
Total Office Expense	\$25,569	\$28,487	\$26,196	\$26,372	\$35,746	\$43,000	\$28,500
Operator Contract Services	\$30,000	\$48,000	\$66,000	\$77,295	\$87,995	\$92,400	\$102,000
Payroll Taxes							
703 · Plant Payroll Taxes	\$5,800	\$4,576	\$4,881	\$4,883	\$3,081	\$3,500	\$6,300
811.3 · Admin. Payroll Taxes	\$10,645	\$11,465	\$12,037	\$16,371	\$26,513	\$22,700	\$22,100
916 · Patrol Payroll Taxes	\$20,601	\$20,382	\$21,660	\$22,242	\$23,073	\$24,400	\$26,500
951 · Gate Payroll Taxes	\$14,377	\$15,329	\$15,811	\$18,150	\$16,047	\$12,600	\$15,800
Payroll Taxes - Other	\$0	\$0	\$0	\$0	\$931	\$0	\$0
Total Payroll Taxes	\$51,423	\$51,752	\$54,389	\$61,646	\$69,645	\$63,200	\$70,700
PERS Retirement							
704 · Unfunded Fixed Cost	\$107,864	\$94,517	\$111,028	\$0	\$0	\$0	\$0
704.1 · PERS Unfunded Liability Reimb.	(\$37,976)	(\$35,236)	(\$41,391)	\$0	\$0	\$0	\$0
707 · Plant PERS	\$24,611	\$10,247	\$32,277	\$54,514	\$2,357	\$3,600	\$6,600
811.6 · Admin PERS	\$37,145	\$32,271	\$101,203	\$170,095	\$14,890	\$20,300	\$38,000
925 · Patrol PERS	\$63,937	\$55,775	\$176,913	\$300,470	\$23,822	\$32,200	\$35,100
953 · Gate PERS	\$34,835	\$29,365	\$93,013	\$158,655	\$12,335	\$13,000	\$16,500
PERS Retirement - Other	\$0	\$0	\$0	\$700	\$12,935	\$0	\$0
Total PERS Retirement	\$230,416	\$186,939	\$473,043	\$684,434	\$66,339	\$69,100	\$96,200
Repairs & Maintenance							
712 · Plant Repairs & Maintenance							
712.2 · Oak Tree Repair & Maint.	\$13,978	\$23,660	\$3,306	\$1,849	\$2,404	\$5,000	\$5,000
712.3 · Sewer line maintenance	\$2,820	\$8,188	\$93,006	\$21,784	\$41,977	\$35,000	\$30,000
712.4 · Sludge Removal	\$34,346	\$57,111	\$41,754	\$52,501	\$42,509	\$54,600	\$20,000
712.6 · SCADA maintenance	\$0	\$0	\$180	\$480	\$0	\$0	\$1,000
712.7 · Utility Shop Supplies	\$0	\$0	\$0	\$0	\$3,332	\$1,000	\$1,500
Repairs & Maint. (Equip Rental)						\$0	\$10,000
712 · Plant Repairs & Maintenance - Other	\$10,651	\$11,286	\$16,218	\$10,323	\$28,361	\$20,000	\$30,000
Total 712 · Plant Repairs & Maintenance	\$61,795	\$100,245	\$154,464	\$86,937	\$118,583	\$115,600	\$97,500
814.5 · Building Repairs & Maintenance	\$10,159	\$10,579	\$13,189	\$12,206	\$20,517	\$20,000	\$15,000
814.8 · Airpark maintenance	\$900	\$900	\$900	\$900	\$900	\$1,000	\$1,000
920.1 · Alarm/Radio Repair & Maint.	\$8,712	\$165	\$0	\$0	\$0	\$0	\$0
954 · Gate Repairs & Maintenance	\$36,531	\$35,091	\$37,855	\$29,859	\$39,912	\$37,600	\$40,000
Total Repairs & Maintenance	\$118,097	\$146,980	\$206,408	\$129,902	\$179,912	\$174,200	\$153,500

Table A-4 (continued)
Historical District Expenses

Expense	FY20	FY21	FY22	FY23	FY24	FY25	FY26
						Budget	Budget
Salaries							
702 · Plant Salaries	\$73,635	\$50,849	\$61,528	\$57,499	\$33,410	\$45,300	\$83,000
811.1 · Admin Salaries	\$138,051	\$144,227	\$153,080	\$168,464	\$229,553	\$257,700	\$288,600
915 · Patrol Salaries	\$255,193	\$250,525	\$266,007	\$282,235	\$286,632	\$318,800	\$345,900
950 · Gate Salaries	\$167,293	\$158,658	\$178,075	\$200,715	\$185,883	\$165,200	\$207,200
Total Salaries	\$634,172	\$604,259	\$658,690	\$708,913	\$735,478	\$787,000	\$924,700
Security Expense							
919 · Security Telephones	\$14,567	\$5,159	\$2,874	\$3,397	\$2,775	\$4,200	\$6,400
920 · Security Supplies	\$3,447	\$563	\$2,460	\$518	\$1,215	\$1,280	\$1,300
924 · Security Fees	\$140	\$105	\$40	\$7	\$0	\$0	\$0
929 · Security K-9s	\$9,050	\$0	\$0	\$0	\$0	\$0	\$0
959 · Gate Supplies	\$3,768	\$2,792	\$2,204	\$1,164	\$3,086	\$2,300	\$5,000
Total Security Expense	\$30,972	\$8,619	\$7,578	\$5,086	\$7,076	\$7,780	\$12,700
Uniforms							
719 · Plant Uniforms	\$2,101	\$1,019	\$1,187	\$1,001	\$747	\$1,350	\$1,000
922 · Security Uniforms	\$3,841	\$945	\$1,484	\$1,126	\$241	\$1,000	\$1,000
954.1 · Gate Uniforms	\$1,571	\$896	\$1,386	\$571	\$291	\$300	\$500
Total Uniforms	\$7,513	\$2,860	\$4,057	\$2,698	\$1,279	\$2,650	\$2,500
Vehicles							
716 · Plant Vehicles	\$6,659	\$7,400	\$10,236	\$8,806	\$15,026	\$13,400	\$16,000
917 · Security Vehicles	\$25,717	\$23,483	\$4,010	\$10,982	\$2,440	\$3,000	\$4,000
Total Vehicles	\$32,376	\$30,883	\$14,246	\$19,788	\$17,466	\$16,400	\$20,000
Workers' Comp. Insurance							
706 · Plant Workers' Comp. Ins.	\$3,053	\$2,154	\$1,450	\$1,624	\$2,244	\$1,200	\$1,300
811.5 · Admin Workers' Comp. Ins.	\$466	\$418	\$435	\$584	\$774	\$1,000	\$1,100
913 · Patrol Workers' Comp. Ins.	\$14,882	\$10,327	\$8,730	\$10,113	\$9,436	\$9,620	\$10,600
952.2 · Gate Workers' Comp. Ins.	\$9,922	\$6,885	\$5,820	\$6,742	\$6,197	\$11,400	\$12,500
Total Workers' Comp. Insurance	\$28,323	\$19,784	\$16,435	\$19,063	\$18,651	\$23,220	\$25,500
6560 · Payroll Expenses	\$0	\$0	\$0	\$0	\$96	\$0	\$0
701 · Drainage	\$34,037	\$8,979	\$7,613	\$3,044	\$30,612	\$12,000	\$30,000
712.1 · State Maint. Fee	\$21,392	\$23,210	\$27,109	\$28,140	\$30,531	\$31,000	\$33,000
730 · Water Tests & Analysis	\$8,443	\$8,617	\$11,103	\$11,637	\$9,797	\$12,400	\$10,000
815 · Fees	\$4,345	\$3,343	\$6,456	\$9,347	\$5,864	\$9,500	\$16,000
816 · Engineering	\$4,878	\$15,864	\$8,574	\$9,889	\$25,143	\$30,000	\$15,000
818 · Schools & Meetings	\$6,381	\$6,485	\$6,636	\$4,535	\$8,700	\$13,000	\$10,000
819 · Accounting							
819.1 · Long Term Financial Plan Strategic Plan	\$0	\$0	\$0	\$0	\$15,000	\$0	\$0
819.2 · Audit	\$0	\$0	\$0	\$0	\$18,599	\$10,500	\$11,200
819 · Accounting - Other	\$9,789	\$10,000	\$10,500	\$47,818	\$55,687	\$54,000	\$50,000
Total 819 · Accounting	\$9,789	\$10,000	\$10,500	\$47,818	\$89,286	\$64,500	\$81,200
820 · Legal	\$34,044	\$44,982	\$36,425	\$103,366	\$81,705	\$57,000	\$40,000
821.2 · SGMA Technical Study	\$0	\$0	\$0	\$13,746	\$6,441	\$0	\$0
821.3 · Professional Services	\$0	\$0	\$0	\$0	\$11,750	\$44,500	\$56,000
900 · Solar Rooftop Lease	\$0	\$0	\$750	\$1,000	\$1,000	\$0	\$0
921 · Guard Houses /Roadway Lease	\$2	\$2	\$2	\$4	\$3	\$2	\$0
950.1 · Pre-employment Gates	\$0	\$0	\$0	\$0	\$351	\$300	\$300
Total Expense	\$1,496,353	\$1,422,147	\$1,843,636	\$2,184,674	\$1,722,761	\$1,817,052	\$1,978,500
Expense by Function							
Sewer	\$333,431	\$330,821	\$450,361	\$436,934	\$467,668	\$488,050	\$547,600
Patrol	\$477,281	\$421,819	\$537,305	\$689,531	\$403,306	\$457,900	\$498,900
Gates	\$317,073	\$293,552	\$386,274	\$462,606	\$304,063	\$297,802	\$356,900
Administration	\$368,568	\$375,955	\$469,696	\$595,603	\$547,724	\$573,300	\$575,100
Total	\$1,496,353	\$1,422,147	\$1,843,636	\$2,184,674	\$1,722,761	\$1,817,052	\$1,978,500
Expense by Function with Administration							
39% Sewer	\$477,244	\$477,517	\$633,634	\$669,335	\$681,387	\$711,749	\$772,001
36% Patrol	\$608,305	\$555,469	\$704,279	\$901,264	\$598,018	\$661,705	\$703,344
25% Gates	\$410,804	\$389,161	\$505,723	\$614,074	\$443,355	\$443,598	\$503,154
100% Total Expense	\$1,496,353	\$1,422,147	\$1,843,636	\$2,184,674	\$1,722,761	\$1,817,052	\$1,978,500

Source: PVCSD financial records.

Table A-5
Budgeted Wastewater Costs Fiscal Year 2026

Cost Item	FY26 Budget
Personnel Costs	
Salaries	
702 · Plant Salaries	\$83,000
811.1 · Admin Salaries	\$112,610
Group Health Ins.	
705 · Plant Group Health Ins.	\$11,400
811.4 · Admin Group Health Ins.	\$9,482
Payroll Taxes	
703 · Plant Payroll Taxes	\$6,300
811.3 · Admin. Payroll Taxes	\$8,623
PERS Retirement	
707 · Plant PERS	\$6,600
811.6 · Admin PERS	\$14,827
Workers' Comp. Insurance	
706 · Plant Workers' Comp. Ins	\$1,300
811.5 · Admin Workers' Comp. Ins.	\$429
Total Personnel Costs	\$254,572
Liability Insurance	
717 · Plant Liability	\$24,000
823 · E&O Liability Ins.	\$1,795
Total Liability Insurance	\$25,795
Office Expense	
812 · Office Supplies	\$7,804
813 · Telephones	\$1,405
814 · Postage	\$1,912
Total Office Expense	\$11,121
Operator Contract Services	\$102,000

Table A-5 (continued)
Budgeted Wastewater Costs Fiscal Year 2026

Cost Item	FY26 Budget
Repairs & Maintenance	
712.6 · SCADA maintenance	\$1,000
712.7 · Utility Shop Supplies	\$1,500
Total Plant Repairs & Maintenance	\$2,500
Building & Other Repairs & Maintenance	
814.5 · Building Repairs & Maintenance	\$5,853
814.8 · Airpark maintenance	\$390
Total Bldg. & Other Repairs & Maint.	\$6,243
Fees to Other Agencies	
State Maintenance Fee	\$33,000
Other	\$16,000
Total Fees to Other Agencies	\$49,000
Vehicles	\$16,000
Electrical Utilities	
714 · Electricity	\$38,000
812.2 · Office Electricity	\$7,882
Total Electrical Utilities	\$45,882
Drainage	\$30,000
Professional Services	
816 · Engineering	\$15,000
819 · Accounting	\$31,684
820 · Legal	\$15,608
821.3 · Professional Services	\$56,000
Total Professional Services	\$118,292
Other	
Equipment Rentals	\$0
Uniforms	\$1,000
Plant Miscellaneous	\$500
Miscellaneous	\$195
Schools & Meetings	\$3,902
Total Other	\$5,597
Water Tests & Analysis	\$10,000
Total Operating Costs	\$677,001

Source: PVCSD FY26 budget, and HEC July 2025.

ww fy26

Table A-6
CIP for Allocated Facilities (2025 Dollars)

Cost Item	FY26 Budget	FY27 Yr 1	FY28 Yr 2	FY29 Yr 3	FY30 Yr 4	FY31 Yr 5
Wastewater System						
Water Quality Control Upgrades	\$0	\$0	\$345,000	\$0	\$0	\$0
Repair & Rehab. 2nd Treatment Train	\$0	\$0	\$0	\$210,000	\$0	\$0
Oak Tree Lift Station Rehab.	\$0	\$0	\$0	\$0	\$365,000	\$0
WWIP Lift Station Improvements	\$0	\$0	\$0	\$0	\$0	\$140,000
Soft Costs & Contingency	\$0	\$100,000	\$86,250	\$52,500	\$91,250	\$35,000
Subtotal Critical System Projects	\$0	\$100,000	\$345,000	\$210,000	\$365,000	\$140,000
VFD Air Cond. Unit	\$10,000	\$0	\$0	\$0	\$0	\$0
CCTV Push Camera	\$10,372	\$0	\$0	\$0	\$0	\$0
SSMP for the Collection System	\$0	\$20,000	\$0	\$0	\$0	\$0
Oak Tree Repair & Maint.	\$5,000	\$0	\$0	\$0	\$0	\$0
Sewer line maintenance	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Sludge Removal	\$20,000	\$0	\$0	\$0	\$0	\$20,000
Repairs & Maint. (Equip Rental)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Plant Repairs & Maintenance - Other	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Subtotal Wastewater	\$115,372	\$190,000	\$501,250	\$332,500	\$526,250	\$265,000
Security - Patrol						
Patrol Supplies [1]	\$6,733	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Security Vehicle Unit 1	\$0	\$80,000	\$0	\$0	\$0	\$0
Security Vehicle Unit 2	\$0	\$0	\$0	\$80,000	\$0	\$0
Subtotal Security	\$6,733	\$85,000	\$5,000	\$85,000	\$5,000	\$5,000
Security - Gates [2]	\$14,495	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Total	\$136,600	\$285,000	\$516,250	\$427,500	\$541,250	\$280,000

Source: PVCSD FY26 budget, and Carollo memorandum "Critical Upgrades" June 10, 2025.

master cip

[1] FY26 includes first aid supplies, AED, and 2 laptops; thereafter placeholder annual amount.

[2] FY26 includes new door, new computer, surveillance camera replacements, and equipment; thereafter placeholder annual amount.

Table A-7
CIP for Allocated Facilities (Inflated Dollars)

Cost Item	FY26 Budget	FY27 Yr 1	FY28 Yr 2	FY29 Yr 3	FY30 Yr 4	FY31 Yr 5
Wastewater System	inflation ---->	4.0%	4.0%	4.0%	4.0%	4.0%
Water Quality Control Upgrades	\$0	\$0	\$373,152	\$0	\$0	\$0
Repair & Rehab. 2nd Treatment Train	\$0	\$0	\$0	\$236,221	\$0	\$0
Oak Tree Lift Station Rehab.	\$0	\$0	\$0	\$0	\$426,998	\$0
WWIP Lift Station Improvements	\$0	\$0	\$0	\$0	\$0	\$170,331
Soft Costs & Contingency	\$0	\$104,000	\$93,288	\$59,055	\$106,750	\$42,583
Subtotal Critical System Projects	\$0	\$104,000	\$466,440	\$295,277	\$533,748	\$212,914
VFD Air Cond. Unit	\$10,000	\$0	\$0	\$0	\$0	\$0
CCTV Push Camera	\$10,372	\$0	\$0	\$0	\$0	\$0
SSMP for the Collection System	\$0	\$20,800	\$0	\$0	\$0	\$0
Oak Tree Repair & Maint.	\$5,000	\$0	\$0	\$0	\$0	\$0
Sewer line maintenance	\$30,000	\$31,200	\$32,448	\$33,746	\$35,096	\$36,500
Sludge Removal	\$20,000	\$0	\$0	\$0	\$0	\$24,333
Repairs & Maint. (Equip Rental)	\$10,000	\$10,400	\$10,816	\$11,249	\$11,699	\$12,167
Plant Repairs & Maintenance - Other	\$30,000	\$31,200	\$32,448	\$33,746	\$35,096	\$36,500
Subtotal Wastewater	\$115,372	\$197,600	\$542,152	\$374,017	\$615,638	\$322,413
Security - Patrol						
Patrol Supplies [1]	\$6,733	\$5,200	\$5,408	\$5,624	\$5,849	\$6,083
Security Vehicle Unit 1	\$0	\$83,200	\$0	\$0	\$0	\$0
Security Vehicle Unit 2	\$0	\$0	\$0	\$89,989	\$0	\$0
Subtotal Security	\$6,733	\$88,400	\$5,408	\$95,613	\$5,849	\$6,083
Security - Gates [2]	\$14,495	\$10,400	\$10,816	\$11,249	\$11,699	\$12,167
Total	\$136,600	\$296,400	\$558,376	\$480,879	\$633,186	\$340,663

Source: PVCSD FY26 budget, and Carollo memorandum "Critical Upgrades" June 10, 2025.

infl cip

[1] FY26 includes first aid supplies, AED, and 2 laptops; thereafter placeholder annual amount.

[2] FY26 includes new door, new computer, surveillance camera replacements, and equipment; thereafter placeholder annual amount.

Table A-8
PVCSD Net Value of Capital Assets

Asset Function	Annual Depreciation	Accumulated Depreciation	Net Value	Share of Net Value
Wastewater Collection				
Lift Stations	\$10,432	\$69,451	\$32,755	2%
Pipelines	\$7,526	\$184,939	\$26,232	2%
Total Collection	\$17,959	\$254,390	\$58,987	4%
Wastewater Treatment				
Land	\$0	\$0	\$94,868	7%
Treatment Plant	\$75,327	\$1,666,038	\$1,231,722	89%
Total Treatment	\$75,327	\$1,666,038	\$1,326,590	96%
Total Wastewater	\$93,286	\$1,920,428	\$1,385,576	100%
Security				
Patrol	\$28,080	\$63,260	\$82,850	48%
Gates	\$13,832	\$131,786	\$90,298	52%
Total Security	\$41,912	\$195,046	\$173,148	100%
Buildings and Other (Split)				
Buildings	\$15,218	\$125,507	\$128,179	36%
Equipment	\$2,756	\$16,474	\$5,150	1%
Solar Project	\$9,083	\$190,741	\$36,332	10%
Information Systems	\$3,420	\$39,314	\$29,040	8%
Drains & Channels	\$6,567	\$263,884	\$152,577	43%
Total Buildings & Equipment	\$37,044	\$635,920	\$351,278	100%
All Assets				
Wastewater	\$107,740	\$2,168,561	\$1,522,643	80%
Patrol	\$41,249	\$289,326	\$207,727	11%
Gates	\$23,253	\$293,507	\$179,632	9%
Total All Assets	\$172,242	\$2,751,394	\$1,910,002	100%

Source: PVCSD.

fixed

**Table A-9
Plant in Service**

Plant In Service	Customer	Flow	Total Cost	Customer-Related	Flow-Related
Lift Stations		100%	\$32,755	\$0	\$32,755
Pipelines	70%	30%	\$26,232	\$18,362	\$7,869
Land	100%	0%	\$94,868	\$94,868	\$0
Treatment Plant		100%	\$1,231,722	\$0	\$1,231,722
Total			\$1,385,576	\$113,230	\$1,272,347
Percentage of Plant In Service				8%	92%

Source: HEC September 2025.

plant

**Table A-10
Revenue Requirement Allocation**

Costs	FY26 Budget	FY27 Yr 1	FY28 Yr 2	FY29 Yr 3	FY30 Yr 4	FY31 Yr 5
Revenue Requirement	\$783,598	\$834,968	\$886,286	\$910,272	\$1,076,002	\$1,131,933
Base Charge	\$156,720	\$166,994	\$177,257	\$182,054	\$215,200	\$226,387
Base Charge Allocation	20%	20%	20%	20%	20%	20%
Use Charge	\$626,879	\$667,974	\$709,028	\$728,218	\$860,802	\$905,546
Use Charge Allocation	80%	80%	80%	80%	80%	80%

Source: HEC September 2025.

revalloc

**Table A-11
Unit Cost Determination**

Unit Cost Component		FY26 Budget	FY27 Yr 1	FY28 Yr 2	FY29 Yr 3	FY30 Yr 4	FY31 Yr 5
Use Charge Allocation		\$626,879	\$667,974	\$709,028	\$728,218	\$860,802	\$905,546
Collection	20%	\$125,376	\$133,595	\$141,806	\$145,644	\$172,160	\$181,109
Flow	100%	\$125,376	\$133,595	\$141,806	\$145,644	\$172,160	\$181,109
Treatment	80%	\$501,503	\$534,379	\$567,223	\$582,574	\$688,641	\$724,437
Flow	60%	\$300,902	\$320,628	\$340,334	\$349,544	\$413,185	\$434,662
BOD	20%	\$100,301	\$106,876	\$113,445	\$116,515	\$137,728	\$144,887
SS	20%	\$100,301	\$106,876	\$113,445	\$116,515	\$137,728	\$144,887
Allocation to Components							
Flow		\$426,277	\$454,222	\$482,139	\$495,188	\$585,345	\$615,772
BOD		\$100,301	\$106,876	\$113,445	\$116,515	\$137,728	\$144,887
SS		\$100,301	\$106,876	\$113,445	\$116,515	\$137,728	\$144,887
Annual Units							
Cost per MG	19.39	\$21,989.23	\$23,430.75	\$24,870.83	\$25,543.93	\$30,194.62	\$31,764.15
Cost per Lb BOD	48,093	\$2.09	\$2.22	\$2.36	\$2.42	\$2.86	\$3.01
Cost per Lb SS	43,459	\$2.31	\$2.46	\$2.61	\$2.68	\$3.17	\$3.33

Source: PVCSD and HEC 2025 rate study.

units

**Table A-12
Annual Cost per EDU or Thousand Gallons in FY26**

Wastewater Strength	Flow MG	BOD Lbs/Year	SS Lbs/Year	FY2026 Cost per Unit			FY26 Cost	No. EDUs	Cost per:	
				MG	Lbs/Year	Lbs/Year			EDU	1,000 Galls
Component Unit Cost				\$21,989.23	\$2.09	\$2.31				
Low	1.42	2,079	2,079	\$31,320	\$4,336	\$4,798	\$40,454	35.48	\$1,140.32	\$28.40
Domestic	15.36	30,099	30,099	\$337,697	\$62,773	\$69,467	\$469,937	382.50	\$1,228.59	\$30.60
Medium	0.79	2,310	2,211	\$17,405	\$4,819	\$5,104	\$27,328	19.71	\$1,386.18	\$34.53
High	1.81	13,605	9,070	\$39,855	\$28,373	\$20,932	\$89,161	45.14	\$1,975.08	\$49.19
Total	19.39	48,093	43,459				\$626,879	482.83	\$1,298.33	\$32.34

Source: PVCSD and HEC 2025 rate study.

edu cost

Table A-13
Comparison of Revenue Collection FY 2026

Customer	Existing Rates Monthly Rev.		Year 1 Revenue	Year 1 Change	
	Current # EDUs	New# EDUs		e = d-a	f= d-b
	a	b	d		
Cost per EDU	\$112.31	\$99.99	differs	New Rate Structure	
Residential [1]	\$38,971.57	\$35,944.91	\$45,688.36	\$6,716.79	\$9,743.44
Serrato Automotive	\$112.31	\$99.99	\$139.63	\$27.32	\$39.64
Pauma Building	\$533.47	\$1,374.81	\$1,638.17	\$1,104.70	\$263.37
Pauma Mutual Water [2]	\$0.00	\$174.98	\$208.49	\$208.49	\$33.52
Pauma Valley Country Club					
Laundry Facility	\$112.31	\$99.99	\$139.63	\$27.32	\$39.64
Apartments	\$2,583.13	\$1,599.77	\$2,023.93	(\$559.20)	\$424.16
Clubhouse	\$112.31	\$166.64	\$210.83	\$98.52	\$44.18
Offices	\$112.31	\$99.99	\$119.14	\$6.83	\$19.15
Golf Facilities	\$0.00	\$233.30	\$295.16	\$295.16	\$61.86
Restaurant	\$3,627.61	\$3,356.67	\$6,335.01	\$2,707.40	\$2,978.35
Bar	\$0.00	\$1,771.18	\$2,473.42	\$2,473.42	\$702.24
Pool Area	\$112.31	\$66.66	\$84.33	(\$27.98)	\$17.67
Total Pauma Valley CC	\$6,659.98	\$7,394.19	\$11,681.44	\$5,021.46	\$4,287.25
Pauma Village					
Restaurant	\$0.00	\$1,056.99	\$1,994.86	\$1,994.86	\$937.86
Grocery Store	\$0.00	\$99.99	\$188.70	\$188.70	\$88.72
Offices/Other	\$280.78	\$249.96	\$297.85	\$17.07	\$47.88
Total Pauma Village	\$280.78	\$1,406.94	\$2,481.41	\$2,200.63	\$1,074.46
Pauma School					
Elementary Students	\$846.07	\$1,385.11	\$1,978.59	\$1,132.52	\$593.48
Middle Students	\$423.03	\$262.23	\$374.59	(\$48.45)	\$112.36
Total Pauma School	\$1,269.10	\$1,647.34	\$2,353.17	\$1,084.07	\$705.84
Pool Areas with Restrooms	\$449.24	\$233.30	\$295.16	(\$154.08)	\$61.86
Total	\$48,276.45	\$48,276.45	\$64,485.83	\$16,209.38	\$16,209.38
Vacant Lots	\$4,608.00	\$4,608.00	\$771.61	(\$3,836.39)	(\$3,836.39)
Total with Vacant Lots	\$52,884.45	\$52,884.45	\$65,257.44	\$12,372.99	\$12,372.99

Source: PVCSD and HEC 2025 rate study.

yr1 coll

[1] All EDUs (includes second units on lots and living units with more than 4 bedrooms).

[2] Not previously billed.

Table A-14
Sewer Cost of Service

Customer	Current Revenue		Share of Revenue		Positive = Over Paying
	Current # EDUs	New # EDUs + Strength	Current # EDUs	New # EDUs + Strength	
Residential	\$38,971.57	\$34,203.98	80.7%	70.9%	14%
Serrato Automotive	\$112.31	\$104.53	0.2%	0.2%	7%
Pauma Building	\$533.47	\$1,226.40	1.1%	2.5%	-57%
Pauma Mutual Water	\$0.00	\$156.09	0.0%	0.3%	-100%
Pauma Valley Country Club					
Laundry Facility	\$112.31	\$104.53	0.2%	0.2%	7%
Apartments	\$2,583.13	\$1,515.19	5.4%	3.1%	70%
Clubhouse	\$112.31	\$157.83	0.2%	0.3%	-29%
Offices	\$112.31	\$89.19	0.2%	0.2%	26%
Golf Facilities	\$0.00	\$220.96	0.0%	0.5%	-100%
Restaurant	\$3,627.61	\$4,742.62	7.5%	9.8%	-24%
Bar	\$0.00	\$1,851.69	0.0%	3.8%	-100%
Pool Area	\$112.31	\$63.13	0.2%	0.1%	78%
Total Pauma Valley CC	\$6,659.98	\$8,745.15	13.8%	18.1%	-24%
Pauma Village					
Restaurant	\$0.00	\$1,493.42	0.0%	3.1%	-100%
Grocery Store	\$0.00	\$141.27	0.0%	0.3%	-100%
Offices/Other	\$280.78	\$222.98	0.6%	0.5%	26%
Total Pauma Village	\$280.78	\$1,857.67	0.6%	3.8%	-85%
Pauma School					
Elementary Students	\$846.07	\$1,481.24	1.8%	3.1%	-43%
Middle Students	\$423.03	\$280.43	0.9%	0.6%	51%
Total Pauma School	\$1,269.10	\$1,761.67	2.6%	3.6%	-28%
Pool Areas with Restrooms	\$449.24	\$220.96	0.9%	0.5%	103%
Total	\$48,276.45	\$48,276.45	100.0%	100.0%	0%

Source: HEC rate study.

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Table A-15
Wastewater Bill Impacts in Tax Area

Accounts	Number of EDUs					Flow + Strength
	Total	Domestic	Low	Medium	High	
Cost per EDU per Month		\$126.50	\$119.14	\$139.63	\$188.70	
Residential Living Unit	1.00	1.00				\$126.50
Pool Areas with Restroom	2.33	2.33				\$295.16
Serrato Automotive	1.00			1.00		\$139.63
Pauma Building	13.75		13.75			\$1,638.17
Pauma Valley Country Club						
Laundry Facility	1.00			1.00		\$139.63
Apartments	16.00		16.00			\$1,906.24
Clubhouse	1.67		1.67			\$198.57
Offices	1.00	1.00				\$126.50
Restaurant	33.57				33.57	\$6,335.01
Bar	17.71			17.71		\$2,473.42
Total Pauma Valley CC	70.95	1.00	17.67	18.71	33.57	\$11,179.36
Pauma Village						
Restaurant	10.57				10.57	\$1,994.86
Grocery Store	1.00				1.00	\$188.70
Offices/Other	2.50	2.50				\$316.24
Total Pauma Village	14.07	2.50	0.00	0.00	11.57	\$2,499.80
Pauma School						
Elementary	13.85		13.85			\$1,650.45
Middle	2.62		2.62			\$312.46
Total Pauma School	16.48	0.00	16.48	0.00	0.00	\$1,962.91

Source: HEC September 2025.

in tax

Table A-16
Wastewater Bill Impacts Out Tax Area

Accounts	Number of EDUs					Flow + Strength
	Total	Domestic	Low	Medium	High	
Cost per EDU per Month		\$150.18	\$142.83	\$163.32	\$212.39	
Residential Living Unit	1.00	1.00				\$150.18
Pauma School						
Elementary	13.85		13.85			\$1,978.59
Middle	2.62		2.62			\$374.59
Total Pauma School	16.48		16.48			\$2,353.17
Pauma Mutual Water	1.75		1.75			\$249.95

Source: HEC September 2025.

out tax

APPENDIX B

RESOLUTION No. 134

RESOLUTION NO. 134

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PAUMA VALLEY COMMUNITY SERVICES DISTRICT ADOPTING WASTEWATER SERVICE RATES AND CHARGES PURSUANT TO PROPOSITION 218

WHEREAS, the Pauma Valley Community Services District (the "District") has not conducted a comprehensive Cost-of-Service Study since July 1, 2021, and

WHEREAS, the District has completed a new 2025 comprehensive Cost-of-Service Analysis with rate recommendations for the next five fiscal years, and

WHEREAS, in order to fund necessary operations, maintenance, repairs, upgrades, debt service, and capital improvements of the District's Sewer System (the "System"), the District has determined to increase the rates for sewer service fees and

WHEREAS, the rate structure for the District's monthly sewer service fees are determined on the basis of a two-part methodology consisting of (1) a Base Charge applied to all parcels receiving sewer service, including vacant lots, and (2) a Use Charge based on flow and wastewater strength classification; and

WHEREAS, the rate for the Base Charge is proposed to be increased in accordance with Exhibit A attached hereto, and to increase each July 1 thereafter pursuant to the table set forth in Section 5; and

WHEREAS, the District's rates for sewer service fees are calculated to recover the costs of the District in providing sewer services and to proportionally allocate those costs among the sewer customers; and

WHEREAS, the revenues derived from the sewer service fees will not exceed the funds required to provide sewer services and shall be used exclusively for the System; and

WHEREAS, the sewer service fees will not exceed the proportional cost of the service attributable to each parcel upon which they are imposed; and

WHEREAS, the sewer service fees will not be imposed on a parcel unless the sewer services are actually used by, or immediately available to, the owner of the parcel; and

WHEREAS, the District, as the lead agency under the California Environmental Quality Act ("CEQA") determined that this Resolution is exempt from CEQA review under Public Resources Code section 21080(b)(8) and State CEQA Guidelines section 15273 because the sewer service fees are necessary and reasonable to fund the administration, operation, maintenance, and improvements of the System; and will not result in the expansion of the System; and

WHEREAS, California Constitution article XIII D, section 6 ("Article XIII D") requires that prior to imposing any increase to the sewer service fees, the District shall provide written notice (the "Notice") by mail of: (1) the proposed increases to such rates and charges to the record owner of each parcel, each tenant directly liable for payment of the rates and charges, and the amount of the rates and charges proposed to be imposed upon each; (2) the basis upon which the rates and charges were calculated; (3) the reason for the rates and charges; and (4) the date, time, and location of a public hearing (the "Hearing") on the proposed rates and charges; and

WHEREAS, pursuant to Article XIII D such Notice is required to be provided to the affected property owners and any tenant directly liable for the payment of the rates and charges not less than forty-five days prior to the Hearing on the proposed rates and charges; and

WHEREAS, the District did provide such Notice to the affected property owners and tenants of the proposed Sewer Service Charges in compliance with Article XIII D; and

WHEREAS, the Hearing was held on this day, November 17th, 2025; and

WHEREAS, at the Hearing the Board of Directors heard and considered all oral testimony, written materials, and written protests concerning the establishment and imposition of the proposed rate increases for the sewer service fees, and at the close of the Hearing the District did not receive written protests against the establishment and imposition of the proposed rate increases for the sewer service fees from a majority of the affected property owners and tenants directly liable for the payment of the sewer service fees; and

WHEREAS, the Board of Directors of the District now desires to establish and impose the proposed rates for the sewer service fees; and

NOW THEREFORE, the Board of Directors of the Pauma Valley Community Services District does resolve as follows:

1. The Board of Directors finds and determines that the foregoing Recitals are true and correct and incorporates the Recitals herein.
2. The Board of Directors hereby finds that the administration, operation, maintenance, and improvements of the System, which are to be funded by the sewer service fees set forth herein, are necessary to maintain service within the District's existing service area. The Board of Directors further finds that the proposed sewer service fees are necessary and reasonable to fund the administration, operation, maintenance, and improvements of the System. Based on these findings, the Board of Directors hereby determines that this Resolution is exempt from the requirements of CEQA pursuant to California Public Resources Code section 21080(b)(8) and State CEQA Guidelines section 15273(a).
3. The documents and materials that constitute the record of proceedings on which these findings have been based are located at Pauma Valley Community Services District, 33129 Cole Grade Road, Pauma Valley, California 92061. The custodian for these records is the Secretary of the District.
4. The Board of Directors hereby adopts and authorizes the sewer services fee be established in accordance with the rate schedule attached hereto as **Exhibit A** and by this reference incorporated herein. Such rate shall be applicable to any and all wastewater transported, treated, and billed to property owners and sewer customers on or after January 1, 2026.
5. The Board of Directors hereby authorizes and directs the District General Manager to implement and take all actions necessary to effectuate the rates for the sewer service fees set forth herein.
6. If any section, subsection, subdivision, sentence, clause, or phrase in this Resolution or any part thereof is for any reason held to be unconstitutional or invalid, ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Resolution or any part thereof. The Board of Directors hereby declares that it would have adopted each section irrespective of the fact that any one or more subsections, subdivisions, sentences, clauses, or phrases be declared unconstitutional, invalid, or ineffective.
7. This Resolution shall supersede all other previous Board of Directors resolutions and ordinances that may conflict with, or be contrary to, this Resolution.
8. This Resolution shall become effective upon adoption.

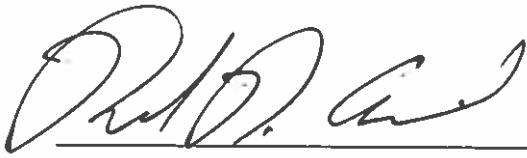
PASSED, APPROVED AND ADOPTED this 17th day of November, 2025, by the following vote:

AYES: Richard Collins, Michael Esparza, Zan Villanueva

NOES: None

ABSTAIN: None

ABSENT: Fred Nelson, Lolo Levy



Rich Collins, Vice President of the Board of Directors

Pauma Valley Community Services District

ATTEST:



Mike Esparza, Secretary of the Board of Directors

Pauma Valley Community Services District

Customer	FY26	FY27	FY28	FY29	FY30	FY31
EDU	1/1/2026	7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030
Vacant Lot	\$24.11	\$25.75	\$27.39	\$28.14	\$33.48	\$35.26
In Tax Area	Includes Base Charge + Use Charge Components					
Low	\$119.14	\$127.01	\$134.87	\$138.53	\$163.97	\$172.53
Domestic	\$126.50	\$134.84	\$143.19	\$147.08	\$174.07	\$183.15
Medium	\$139.63	\$148.84	\$158.04	\$162.33	\$192.10	\$202.12
High	\$188.70	\$201.13	\$213.54	\$219.34	\$259.49	\$273.01
Out Tax Area	Includes Base Charge + Use Charge Components					
Low	\$142.83	\$151.17	\$159.51	\$163.67	\$189.61	\$198.68
Domestic	\$150.18	\$159.00	\$167.83	\$172.21	\$199.71	\$209.31
Medium	\$163.32	\$173.00	\$182.68	\$187.47	\$217.74	\$228.28
High	\$212.39	\$225.29	\$238.19	\$244.48	\$285.13	\$299.17

APPENDIX C

ORDINANCE 50 UPDATED NOVEMBER 17, 2025



Pauma Valley Community Services District
ORDINANCES

NO. 50

Approval Date:
11/17/2025

SEWER RULES & REGULATIONS

AN ORDINANCE OF PAUMA VALLEY COMMUNITY SERVICES DISTRICT CONSOLIDATING AND RESTATING RULES AND REGULATIONS OF THE DISTRICT RELATING TO THE OPERATION, MAINTENANCE AND USE OF DISTRICT FACILITIES FOR THE COLLECTION AND TREATMENT OF SEWAGE AND WASTE OF THE DISTRICT AND ITS INHABITANTS; AND THE CONDITIONS UPON WHICH THE DISTRICT WILL ALLOW A CONNECTION TO AND USE OF SAID FACILITIES

WHEREAS, the Pauma Valley Community Services District ("District") is a public agency organized under the Community Services District Law set forth in Government Code Section 61000 *et seq.*; and

WHEREAS, the District has the authority to acquire, construct and operate facilities for the collection, treatment and disposal of sewage and waste of the District and its inhabitants; and

WHEREAS, the District has previously adopted certain ordinances ("Previous Ordinances") regarding the establishment of policies and fees for connection of property to the District's sewer system and for provision of sewer service. The Previous Ordinances include, without limitation, the following:

Ordinance No. 44, dated November 20, 1993

Ordinance No. 45, dated November 20, 1993

Ordinance No. 48, dated December 16, 2004

Ordinance No. 49, dated November 16, 2006

WHEREAS, the District has since adopted certain changes to the fees and charges for sewer service connection and service set forth in the Previous Ordinances by minute orders of the Board and desires to consolidate and restate all of the current fees, rules and regulations adopted pursuant to the Previous Ordinances and subsequent minute actions of the Board for sewer service connection and service in this ordinance ("Ordinance"); and

WHEREAS, this Ordinance will include all of the rules and regulations pertaining to the operation, maintenance and use of the facilities for the collection, treatment and disposal of sewage and waste of the District and its inhabitants, and the conditions upon which the District will allow a connection to, and use of, said facilities, but will not increase or amend any such fees; and

WHEREAS, as a result, this Ordinance shall repeal and replace the Previous Ordinances.

NOW, THEREFORE, the Board of Directors of Pauma Valley Community Services District ordains as follows:

ARTICLE I
GENERAL PROVISIONS

- Section 1 Provisions Not Affected By Headings. Article and section headings contained herein shall not be deemed to govern, limit or modify, or in any manner affect the scope, meaning or intent of any section hereof.
- Section 2 Tenses. The present tense includes the past and future tenses; and the future, the present.
- Section 3 Masculine Gender. The masculine gender includes the feminine and neuter.
- Section 4 Number. The singular number includes the plural, and the plural includes the singular.
- Section 5 "Shall" and "May". "Shall" is mandatory, and "May" is permissive.
- Section 6 Authority. The terms and conditions in this Ordinance are hereby established pursuant to the authority of the District under the Community Services District Law set forth in Government Code section 61000 *et seq*

ARTICLE II
DEFINITIONS

- Section 1 "Applicant" shall mean a Person desirous of having Sewer Service provided to Premises owned by such Person.
- Section 2 "BOD" (Biochemical Oxygen Demand) shall mean quantity of oxygen, utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days at 20° Centigrade, expressed in milligrams per liter.
- Section 3 "Board" shall mean the Board of Directors of the Pauma Valley Community Services District.
- Section 4 "Building Drain" shall mean that part of the lowest horizontal piping of a drainage system which receives the discharge from soil, waste and other drainage pipes inside the walls of the building/premises and conveys it to the Building Sewer, as defined below, beginning five (5) feet outside the inner face of the Premises wall.
- Section 5 "Building Sewer" shall mean a wastewater facility conveying wastewater from the Premises of Customer to the Sewer System.
- Section 6 "Collection Line" shall mean the sewer pipeline to which the Service Laterals, as defined below, are connected.
- Section 7 "Combined Sewer" shall mean a sewer receiving both surface runoff and sewage.
- Section 8 "Customer" shall mean any Person receiving Sewer Service.
- Section 9 "District" shall mean the Pauma Valley Community Services District.

- Section 10 "Equivalent Dwelling Unit" ("EDU") shall mean the unit of measure which is based on the flow characteristics of an average single family residence in terms of sewage quantity and constituent quality, as defined in Article VII hereof.
- Section 11 "Fiscal Year" shall mean the period from July 1 to the following June 30, both inclusive.
- Section 12 "Industrial Wastewater" shall mean wastewater containing solid, liquid or gaseous substances discharges or flowing from an industrial manufacturing or commercial premises resulting from manufacturing, processing, treating, recovery or development of natural or artificial resources of whatever nature.
- Section 13 "Manager" shall mean the General Manager of the District, or his authorized representative.
- Section 14 "Ordinance" shall mean this Ordinance and other Ordinances that may be adopted by the Board from time to time.
- Section 15 "Person" shall mean any person, firm, company, corporation, political subdivision, municipal corporation, district, the State of California, the United States of America, or any department or agency thereof.
- Section 16 "pH" shall mean the logarithm of the reciprocal of the weight of hydrogen ions in grams per liter of solution.
- Section 17 "Premises" shall mean any lot, piece or parcel of land, building or establishment
- Section 18 "Properly Shredded Garbage" shall mean the wastes from the preparation, cooking and dispensing of food that have been shredded to such a degree that all particles will be carried freely under the flow conditions normally prevailing in public sewers, with no particle greater than one-half (1/2) inch in any dimension.
- Section 19 "Sanitary Sewage" (also termed "Domestic Sewage") shall mean sewage which originates in the sanitary conveniences of a dwelling, business building, factory or institution.
- Section 20 "Sanitary Sewer" shall mean a sewer which carries Sanitary Sewage and to which storm, surface and ground waters are not intentionally admitted.
- Section 21 "Service Charge" shall mean those charges imposed by the District for Sewer Service in accordance with applicable Ordinances, as such may be amended from time to time.
- Section 22 "Service Connection" shall mean the connection connecting the Building Sewer with the Service Lateral, as defined below.
- Section 23 "Service Lateral" shall mean the sewer pipeline from a Building Sewer to a Collection Line.
- Section 24 "Sewage" shall mean a combination of water and carried wastes from

residences, business buildings, institutions and industrial establishments.

Section 25 "Sewer Service" shall mean that sewage, wastewater and Industrial Wastewater collection, transmission, treatment and disposal service provided by the District to Customers pursuant to this Ordinance.

Section 26 "Sewer System" shall mean all District facilities, equipment and appurtenances utilized in the collection, transportation, pumping, treatment and final disposal of wastewater.

Section 27 "Sewer Treatment Plant" (sometimes termed "Plant") shall mean that particular sewage treatment plant owned and operated by the District which includes an arrangement of devices and structures used for treating sewage.

Section 28 "Storm Drain" shall mean a sewer which carries storm and surface water and drainage, but excludes Sewage and Industrial Wastewater, other than unpolluted cooling water.

Section 29 "Suspended Solids" shall mean solids that either float on the surface of, or are in suspension in water, Sewage or other liquids and which are removable by laboratory filtering.

Section 30 "Trunk Line" shall mean a main line sewer pipeline to which collection lines are connected and which serves the primary purpose of transporting Sewage from Collection Lines to the Sewer Treatment Plant.

ARTICLE III

OUT-OF-DISTRICT CONNECTION; ANNEXATION AND DETACHMENT FEES

Section 1 Out-of-District Connection. An Applicant owning Premises located outside of the District's boundaries, but which Premises' physical boundaries are coterminous with the District's Sphere of Influence, may apply to the District to contractually receive Sewer Service without first annexing into the District. In order for the District to consider such a request, an Applicant must provide the District with a letter from the primary agency with the right to provide Sewer Service to the Premises for which connection to the Sewer System is sought, consenting to the District's proposed provision of Sewer Service. If no primary agency has the right to provide Sewer Service to the Premises, such letter of consent shall not be required by the District. The District will require the payment of estimated connection fees as well as fees estimated to cover the costs of staff time and attorneys' fees in drafting an interagency agreement with the primary agency. The District may contractually provide Sewer Service to Premises located outside of the District upon the consent of the primary agency, if applicable, the payment of any and all fees as may be required by the District to connect to the Sewer System, the execution of an interagency agreement between the primary agency and the District, if applicable, and the execution of an out-of-district service agreement by and between the Applicant and the District.

Section 2 Annexation. Annexation's to the District shall be made to the District on special forms provided by the District and shall be authorized at the sole discretion of the District to provide Sewer Service to the Premises.

- (a) *Conditions of Annexation.* Should the District permit an Applicant to annex to the District, the Applicant may receive Sewer Service upon the occurrence of all of the following conditions:
 - (i) The Applicant has paid any and all applicable fees as set forth herein and as may otherwise be required by the District.
 - (ii) The District adopts a resolution applying to the Local Agency Formation Commission for an expansion of the District's boundaries and sphere of influence to include the Applicant's property for which Sewer Service is sought.
 - (iii) The Local Agency Formation Commission approves the annexation of the area into the District
 - (iv) The District adopts a resolution to include the Applicant's property for which Sewer Service is sought within the District's boundaries and sphere of influence.
- (b) *Fees.* In addition to any other applicable fees for Sewer Service and connection to Sewer System, applicants for annexation of Premises to the District shall pay the following:
 - (i) *Application Fee.* Premises annexed to the District shall pay an Application Fee in the amount of \$200.00.
 - (ii) *Annexation Fee.* Premises annexed to the District shall pay an Annexation Fee in the amount of \$450.00 per acre with a minimum charge of \$450.00. This Fee shall be prorated for any fractional acre lots.
- (c) *Payment of Fees.* The Application and Annexation fees shall be due and payable to the District at the same time application is made to annex any Premises to the District.
- (d) *Refund of Fees.* The Application Fee covers administrative costs and is non-refundable. In the event the proposed annexation is discontinued, the Annexation Fee shall be refundable upon written request of the Person who initiated the proposed annexation.

Section 2

Detachment. Application for detachment of Premises from the District shall be made to the District on special forms provided by the District and shall be authorized at the sole discretion of the District. In addition to any other fees established by the District, a detachment fee shall be paid for Premises requesting detachment from the District. This fee shall be the amount of the Application Fee set forth in Section 1(a)(1) above plus \$450.00 per acre for all Premises to be detached, and shall become owing, due and payable to the District at the time application is made to detach the Premises from the District. Notwithstanding the District's approval of a proposed detachment, a proposed detachment shall be deemed to be effective only upon approval of the Local Agency Formation Commission.

ARTICLE IV

CONNECTION; PERMITS

- Section 1 Permit Required. No Person shall uncover, make any connections with or opening into, use, alter or disturb any part of the Sewer System or appurtenance thereof without first obtaining a written permit from the Manager. Except as provided in Article V below for discharge of Industrial Wastewater, a Wastewater Discharge Permit shall be required for any property requesting discharge into the Sewer System.
- Section 2 Permit Application. An Applicant shall apply for a Wastewater Discharge Permit or other appropriate permit as required by this Ordinance to connect to, use, alter or disturb any part of the Sewer System or appurtenance thereto on a special form furnished by the District. The Applicant shall pay all applicable fees set forth in this Ordinance, as may be revised by the District, at the time the application is submitted and such fees shall be returned to the Applicant only in the event that the District does not, in its discretion, issue the Applicant a Wastewater Discharge Permit. The permit application shall be supplemented by any plans, specifications or other information considered pertinent in the judgment of the Manager.
- Section 3 Extension of Service. Sewer Service will be furnished only where adequate Collection Lines have been installed. It shall be the responsibility of the Applicant to provide facilities, at the Applicant's expense, for the delivery of the Applicant's Sewage to the Service Connection point selected by the District, at the elevation selected by the District. Upon receipt of a complete application and payment all fees required to be paid at the time of application pursuant to these Ordinances, the District will allow the Applicant to make a connection to the Sewer System, provided such connection is made, at the expense of the Applicant, by a contractor approved of by, and operating strictly under the supervision of, the District.
- Section 4 Expiration. Every Wastewater Discharge Permit shall expire by limitation and shall become null and void, if the construction or work authorized by such permit is suspended or abandoned for a period of one hundred and twenty (120) days at any time after the work is commenced. Before such work can be recommenced, a new Wastewater Discharge Permit application must be filed with the District. The District may reactivate the previous Wastewater Discharge Permit provided the wastewater quantity and type is the same as the wastewater discharge allowed under the original permit, and provided further that such suspension and abandonment has not exceeded one (1) year. Fees paid for the previous Wastewater Discharge Permit may be credited toward the total permit fees required on the new permit application. The cost of any physical connections to the Sewer System shall be at the sole expense of the Applicant.
- Section 5 Connection. Connection of a Building Sewer to the Service Lateral shall be made by the Customer at his expense. The connection of the Building Sewer to the Sewer System shall conform to the requirements of applicable building and plumbing codes and the Ordinances. All such connections shall be made gas-tight and water-tight. Any deviation from the prescribed procedures and materials must be approved by the Manager before installation. The Applicant for the Building Sewer connection shall notify the Manager when the Building Sewer is ready for inspection and connection to the Service Lateral and/or the Sewer System. The connection shall be made under the supervision of the Manager or his representative. Upon inspection and approval, notification will be given by the District that the Customer may use the Sewer System.
- Section 6 Existing Building Sewers. Existing Building Sewers may be used in

connection with a new building only when they are found, on examination and test witnessed by the Manager or his representative, to meet all requirements of this Ordinance

Section 7 Elevation. Whenever possible, the Building Sewer shall be brought to the building at an elevation below the basement floor. In all buildings in which any Building Drain is too low to permit gravity flow to the Sewer System, Sanitary Sewage carried by such Building Drain shall be lifted by a means approved by the Manager and discharged to the Building Sewer.

Section 8 Prohibited Connections. No Person shall make connection of any Storm Drain, roof down spouts, exterior foundation drains or other sources of surface runoff or groundwater to a Building Sewer, nor directly or indirectly to the Sewer System.

Section 9 Excavations. All excavations for Building Sewer installations shall be adequately guarded with barricades and lights so as to protect the public from hazard. Streets, sidewalks, parkways, sewer easements and other public property disturbed in the course of the work shall be restored in a manner satisfactory to the Manager.

Section 10 Revocation Or Suspension Of Permit. Any permit issued in accordance with the provisions of this Ordinance shall be valid until such permit expires, is revoked or suspended as provided for in this Ordinance.

ARTICLE V

DISCHARGE OF INDUSTRIAL WASTEWATER

Section 1 Permit Required. No Person shall connect to or otherwise discharge, or cause to be discharged into the Sewer System of the District any Industrial Wastewater unless said Person has theretofore filed with the District an application for an Industrial Wastewater Discharge Permit and the Manager has issued such a permit.

Section 2 Issuance of Permit. No Industrial Wastewater Discharge Permit shall be issued to any Person to discharge Industrial Wastewater into the Sewer System if such discharge will be a hazard or danger to the health or safety of any Person or to the property of any Person or if such discharge will result in a danger to the capacity, construction, use or proper performance or utilization of the Sewer System or be otherwise detrimental or injurious to such systems and unless the Applicant has complied with all state, federal and local laws and with all the provisions of this Ordinance and with all the applicable Ordinances.

Section 3 Classification Of Industrial Wastewater Discharge Permits. Industrial Wastewater Discharge Permits required by this Article shall be included in one of two major classifications described as follows:

(a) A Class I Industrial Wastewater Discharge Permit shall apply to industrial or commercial establishments whose wastewater includes one or more of the following:

(1) Discharge equal or greater than 50,000 gallons a day.

- (2) Constituent levels which exceed any discharge characteristic or an EDU by 50%.
 - (3) Discharge of components which are prohibited or limited by discharge parameters specified in the applicable Ordinances.
- (b) A Class II Industrial Wastewater Discharge Permit shall apply to industrial or commercial establishments whose wastewater does not contain constituents of component characteristics of a wastewater requiring a Class I permit and has a discharge of less than 50,000 gallons per day.

Section 4 Industrial Wastewater Discharge Permit Fees. All applications for a Class I or Class II Industrial Wastewater Discharge Permit shall be accompanied by a wastewater discharge permit fee as established by the Board and such fee shall be returned to the Applicant only in the event that the District does not, in its discretion, issue the Applicant an Industrial Wastewater Discharge Permit.

ARTICLE VI

CONNECTION FEES

Section 1 Connection Fee. In addition to any other fees for connections to the Sewer System, a Connection Fee to cover the costs of the physical connection to the Sewer System is hereby established as follows.

- (a) *Amount of Connection Fee.* The Connection Fee shall be applied to each EDU connected to the Sewer System. The number of EDUs prescribed in Article VII shall be used to compute the amount of the Connection Fee. The Connection Fee for each EDU within the existing Sewer System grid shall be \$7,733.00. The Connection Fee per EDU outside the existing Sewer System grid shall be \$12,956.00.
- (b) *Payment of Connection Fee.* An Applicant shall be required to pay the entire Connection Fee prescribed herein, inclusive, at the time application is made for a Wastewater Discharge Permit or other permit required by this Ordinance and/or the Ordinances to connect a Premises to the Sewer System. This fee shall be paid to the District prior to the issuance of any permit authorizing the connection of such Premises to the Sewer System and such fee shall be returned to the Applicant only in the event that the District does not, in its discretion, issue the Applicant a Wastewater Discharge Permit.
- (c) *Additional Connection Fees.* The use of a Service Connection shall be limited to the type and number of EDUs authorized by the Wastewater Discharge Permit and other permits, as may be applicable. Before connection of any additional EDUs, buildings, modifying existing buildings, or changing occupancy type, a Customer shall make application to the District for such change in use and pay such additional Connection Fees as may be applicable and such fee shall be returned to the Applicant only in the event that the District does not, in its discretion, issue the Applicant a Wastewater Discharge Permit. . Periodic inspection of the Premises may be made by the District, and if a change in use is found, any appropriate additional Connection Fees shall be imposed in accordance with this Article.
- (d) *Report on Connection Fee.* A report setting forth the estimated costs required to

cover the physical connection to the Sewer System, including the costs for the upgrade of the Plant, for which the Connection Fee is imposed is available for public review at the District offices. In accordance with Government Code section 66013, said report establishes that the amount of the Connection Fee does not exceed the estimated reasonable cost of providing the Sewer Service for which the Connection Fee is imposed. In accordance with the authority of the District as a public agency, the amount of the Connection Fee may be adjusted, from time to time, in the discretion of the Board, in accordance with the procedures established by California law in order to address any future projects, programs and capital improvement projects the District may implement for Sewer Service and the Sewer System including the upgrade and expansion of the Plant.

ARTICLE VII

ESTABLISHMENT OF SEWER SERVICE CHARGES

Section 1 Vacant Lot/Sewer Availability Charge. Each Person owning any Premises within the District which is traversed by or abuts on existing pipelines owned or operated by the District, but which has not paid the Connection Fee or has paid a Connection Fee but has not yet connected a Building Sewer to the Sewer System, shall pay to the District a monthly Vacant Lot/Sewer Availability Charge as adopted by District Resolution, to cover that property owner's proportionate share of the cost of providing, operating and maintaining the Sewer System which may be available to said Premises at the time the property owner applies for Sewer Service.

Section 2 Monthly Sewer Service Charge. In addition to any other fees payable, every property owner within the District that has (i) paid a Connection Fee, (ii), has received a permit authorizing connection to the Sewer System from the District, and (iii) has connected the Building Sewer to the Sewer System, shall pay to the District a monthly Service Charge as adopted by District Resolution.

Section 3 Determination of EDUs. The EDUs are determined for various Premises as established herein below. The Manager shall assign EDUs based upon the estimated amount and strength of Sewage generated thereby, compared to that normally generated by an average single family dwelling unit with up to four bedrooms. The number of EDUs so assigned shall be used in computing the Service Charge.

(a) *EDU Table.*

	EQUIVALENT DWELLING UNITS
(a) Residential Single family residences, condominiums or duplexes up to 4 bedrooms in the living unit Thereafter, for each additional bedroom in a living unit	1.0 0.25
(b) Hotels, motels, apartments, cottages, or auto courts: Per living unit without kitchen Per living unit with kitchen	0.50 1.0
(c) Churches, theaters and auditoriums Per each unit of seating capacity (a unit being 150 Persons or any fraction thereof)	1.50
(d) Restaurants and Bars No seating With seating, for every 7 seats or fraction thereof	2.5 1.0*
(e) Automobile service stations Not more than 4 gasoline pumps More than 4 gasoline pumps	2.00 3.00
(f) Laundries Per 10 lb. machine Commercial, per 20-50 lb. machine	0.50 1.0
(g) Mobile home and trailer parks Per each trailer space: Mobile home Trailer court Recreational vehicle park: Per each space, occupied or not	1.0 0.75** 0.75**
(h) Stores, offices, small industrial and business establishments not listed above First commercial unit Each additional commercial unit	1.0# 0.75#
(i) Schools Without cafeteria; no gym 10 Gallons per student per day (180 days / year) With cafeteria 15 Gallons per student per day (180 days / year) With cafeteria, gym & showers 20 Gallons per student per day (180 days / year)	0.045## 0.067## 0.090##
(j) Bathrooms Pool Areas, Other Facilities, per bathroom	0.33

* Based upon the volume of water consumption and quality of discharge, an additional Service Charge may be assessed in accordance with this Article.

** Any accessory facilities such as laundry, dining, recreational area, residence, etc. shall be considered separately in addition to trailer spaces as per this Ordinance.

For the purposes of this subsection a unit shall be described as:

- (1) Any individual office, store, or small industrial establishment with private sanitary fixtures and gross floor area not exceeding 1,000 square feet; or
- (2) With 1,000 square feet of gross floor area in buildings with public sanitary fixtures only.

The number of pupils shall be based on the average daily attendance of pupils at the school during the preceding fiscal year computed in accordance with the Education Code of the State of California; provided, however, where the school has had no attendance during the previous fiscal year, the Manager shall estimate the average daily attendance for the fiscal year for which the fee is to be paid and compute the fee based on such estimate.

- (b) *Other.* In areas where a pump lift is required for flow to the Plant, the above rates shall be increased by an amount equal to the estimated annual operation and maintenance of the pump lift facilities. In the case of commercial, industrial, and

other business establishments such as bottling works, supermarkets, convalescent homes, hospitals, fast food restaurants with seating, laundries (other than self-service laundries) and other establishments not included in items (a) through (k) inclusive in the table above, the number of EDUs shall be determined in each case by the Manager and shall be based on the estimated volume and type of wastewater discharged into the Sewer System. For purposes of this Ordinance, these establishments are deemed to have a wastewater discharge equal to the water delivered through their water meter(s), unless the property owner presents evidence to the contrary which is satisfactory to the District. The Manager may, in his sole discretion, adjust the charges in proportion to the amount of water not entering the Sewer which is substantiated to the sole satisfaction of the Manager by the property owner. Provided, however, that in no case shall the equivalent dwelling units assigned by the Manager be less than 1.0.

- (c) *Industrial / Commercial Surcharge.* Where the wastewater discharge from the Premises of an industrial or commercial establishment has constituent levels in excess of the constituent levels of an EDU, the Manager shall impose a surcharge for processing the additional constituents.

Section 4 Change in Discharges Resulting in Increased Rate Whenever discharge of any Premises is changed in either quantity or quality or both so that there is an increased Service Charge applicable to such Premises, as determined by the Manager, the District shall notify the property owner in writing of the change. Upon receipt of this notice, there shall become owing, due and payable the prorated amount of the increased rate applicable to the Premises from the remainder of the Fiscal Year in which the charge is made.

Section 5 Payment of Charges Upon Commencement of Service. In addition to any other fees payable, when an Applicant applies for any required permit(s) to connect a Premises or development to the Sewer System, the Service Charge shall become owing, due and payable for the month in which Sewer Service commences, such charge(s) to be computed by prorating the monthly Service Charge from the first date of the calendar month in which Sewer Service commences. Thereafter, the charges for such Premises shall become owing, due and payable monthly in advance on the first day of each calendar month.

Section 6 Enforcement Measures In Case Of Delinquency. All Service Charges and fees and costs due to the District shall be delinquent unless paid in full within thirty (30) days following the billing date of such charges.

- (a) *Penalties.* Any Service Charge not paid prior to delinquency may be subject to a basic penalty of ten percent (10%) of the delinquent charge and a penalty of one-half of one percent (.5%) per month for nonpayment of the charges and the basic penalty.
- (b) *Discontinuance of Service.* Upon the delinquency of the payment of Service Charges, the District has the right to discontinue Sewer Service to all Premises owned by such delinquent Customer, and the Premises occupants, until all delinquent Service Charges, plus penalties thereon, have been paid.
- (c) *Action to Enforce.* The District may commence and prosecute an action in any court of competent jurisdiction for the recovery of any Service Charges that remain delinquent for a period of more than thirty (30) days.
- (d) *Lien.* In case any Service Charges remain delinquent for a period of more than

thirty (30) days, the Manager may, in accordance with California Government Code Section 61621, or other applicable law, for the purpose of creating a lien upon any real property owned by the delinquent Customer, file for record in the Office of the County Recorder of any County, a certificate specifying the amount of such charges and the name and address of the Person or Persons liable therefor.

Section 7 Use of District's Facilities Prohibited Unless Fees And Charges Paid. It shall be unlawful for any Person to connect any building to the Sewer System or otherwise discharge, or allow the discharge of, or dump sewage or other waste matter into the Sewer System except when in compliance with the terms of this Ordinance and payment of the fees and charges provided and established by or pursuant to the Ordinances.

Section 8 Deposit. The Manager, in his sole discretion, may require an Applicant or Customer to provide the District with a deposit to assure payment of any of the fees and charges set forth in this Ordinance or charged in accordance with it.

ARTICLE XIII

USE OF SEWER SYSTEM

Section 1 No Person shall discharge or cause to be discharged any storm water, surface water, groundwater, roof runoff; subsurface drainage or uncontaminated cooling water to the Sewer System. Swimming pool drainage shall not be discharged to the Sewer System without prior approval of the Manager.

Section 2 Septic tank or cesspool drainage or pumpage shall not be discharged to the Sewer System or Sewer Treatment Plant without prior approval of the Manager.

Section 3 No Person shall discharge or cause to be discharged any of the following described waters or wastes to the Sewer System:

- (a) Any explosive or inflammable liquids or gases.
- (b) Any waters or wastes containing toxic or poisonous solids, liquids or gases in sufficient quantity or strength, either singly or by interaction with other wastes to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, create a public nuisance or create any hazard in the receiving waters of the Sewer Treatment Plant.
- (c) Any acids, alkalines or other corrosive liquids, gases or substances of sufficient strength to damage sewers, manholes, pumping stations or the Sewer Treatment Plant.
- (d) Any paints or waste products from paint manufacture.
- (e) Any solid or viscous substances which will form deposits or obstructions in sewers or which when mixed with Sewage will precipitate material and thus form deposits in sewers.

- (f) Any ashes, cinders, sand, earth, coal, rubbish or metals of any kind.

Section 4

No Person shall discharge or cause to be discharged to the Sewer System the following described substances, materials, waters or wastes if appears likely in the opinion of the Manager that such wastes can harm either the sewers, sewage treatment process or equipment, have an adverse effect on the receiving waters or can otherwise endanger life, limb, public property or constitute a nuisance. The substances prohibited are:

- (a) Any liquid or vapor having a temperature higher than 140°F.
- (b) Any water or waste containing fats, wax, grease, vegetable and mineral oils, petroleum, coal tar and products, and their derivatives and wastes, whether emulsified or not, in excess of one hundred (100) mg/l or containing substances which may solidify or become viscous at temperatures between thirty-two (32) and one hundred forty (140)F.
- (c) Any garbage that has not been properly shredded. The installation and operation of any garbage grinder equipped with a motor of three-fourths (3/4) horsepower or greater shall be subject to the review and approval of the Manager.
- (d) Any greases, oils and sludges from service stations, garages, repair shops, machine shops, cleaning establishments or other industries or establishments.
- (e) Materials which cause:
- Excessive discoloration (such as, but not limited to, due wastes and vegetable tanning solutions).
 - Unusual BOD, chemical oxygen demand, or chlorine requirements in such quantities as to constitute a significant load on the Sewer Treatment Plant.
 - Unusual volume of flow or concentration of wastes.
- (f) Waters or wastes containing substances which are not amenable to treatment or reduction by the sewage treatment processes employed, or are amenable to treatment only to such degree that the Sewer Treatment Plant effluent cannot meet the requirements of the District or other agencies having jurisdiction over its discharge.

Section 5

If any waters or wastes are discharged, or are proposed to be discharged to the Sewer System, which waters contain the substances or possess the characteristics enumerated in Section 3 or 4 of this Article, or which in the judgment of the Manager may have a deleterious effect upon the Sewer Treatment Plant, processes, equipment, effluent quality, or receiving waters, or which otherwise create a hazard to life or constitute a public nuisance, the Manager may:

- (a) Refuse to allow connection to a sewer or order the disconnection of a sewer connection.

- (b) Require pretreatment, at the Customer's expense, to an acceptable condition for discharge to the Sewer System.
- (c) Require control, at the Customer's expense, over the quantities and rates of discharge.
- (d) Require payment to the District to cover the added cost of handling and treating the wastes.
- (e) Require semi-annual hydraulic vactoring of sewer lines from facilities without grease interceptors to the first manhole. Specific vactoring plans to be coordinated with the General Manager of the District

If the Manager requires the pretreatment or equalization of waste flows, the design and installation of the plants and equipment shall be subject to the review and approval of the Manager, and subject to the requirements of all applicable codes, resolutions, ordinances and laws. Such plants and equipment shall be constructed at the Customer's expense.

Section 6 Where preliminary treatment or flow-equalizing facilities are provided for any waters or wastes, they shall be maintained continuously in satisfactory and effective operation by the owner or Customer at his expense.

Section 7 Grease, oil and sand interceptors shall be provided by the Customer when, in the opinion of the Manager, they are necessary for the proper handling of liquid wastes containing grease in excessive amounts, or any flammable wastes, sand or other harmful ingredients; except that such interceptors shall not be required for private living quarters or dwelling units. All interceptors shall be of a type and capacity approved by the Manager, and shall be located as to be readily and easily accessible for cleaning and inspection.

Section 8 When required by the Manager, the owner of any property served by a Building Sewer carrying Industrial Wastewater shall install a suitable control manhole together with such necessary meters and other appurtenances in the Building Sewer to facilitate observations, sampling and measurement of the wastes. Such manhole, when required, shall be accessibly and safely located, and shall be constructed in accordance with plans approved by the Manager. The manhole shall be installed by the owner or customer at his expense, and shall be maintained by him so as to be safe and accessible at all times.

Section 9 All measurements, tests and analyses of the characteristics of waters and wastes to which reference is made in this Ordinance shall be determined in accordance with the latest edition of "Standard Methods for the Examination of Water and Wastewater," published by the American Public Health Association, and shall be determined at the control manhole, provided, or upon suitable samples taken at said control manhole. In the event that no special manhole has been required, the control manhole shall be considered to be the nearest downstream manhole in the Sewer System to the point at which the Building Sewer is connected.

Section 10 No statement contained in this Article shall be construed as preventing any special agreement or arrangement between the District and any industrial concern whereby an Industrial Wastewater water of unusual strength or character may be accepted by the District for treatment, subject to payment therefor, by the industrial concern.

ARTICLE IX
PROTECTION FROM DAMAGE

Section 1 No Person shall maliciously, willfully or negligently break, damage, destroy, uncover, deface or tamper with any structure, appurtenance or equipment which is part of the Sewer System.

Section 2 The Manager is hereby authorized and empowered to adopt practices and procedures as may be deemed reasonably necessary to protect the Sewer System, to control and regulate the proper use thereof and to provide for the issuance of permits; provided, however, that the terms and provisions of such practices and procedures shall be promulgated in a manner best directed to result in the uniform control and use of the Sewer System consistent with and in accordance with the Ordinances of the Board. To the extent that the practices and procedures created by the Manager conflict with the Ordinance(s) adopted by the Board, State law or regulations, the Ordinances, State law and/or regulations shall govern.

Section 3 The Manager and his duly authorized agents and employees are authorized and shall be permitted to enter upon all properties at all reasonable times for the purpose of inspection, observation, measurement, sampling, testing, or other reasons, to assure the enforcement and proper application of all the provisions of this Ordinance and the additional Ordinances adopted by the Manager as herein provided.

ARTICLE X
POWERS AND AUTHORITY OF INSPECTORS

Section 1 The Manager and other duly authorized employees of the District bearing proper credentials and identification shall be permitted to enter all properties for the purpose of inspection, observation, measurement, sampling and testing in accordance with the provisions of this Ordinance. The Manager or his representative shall have no authority to inquire into any processes beyond that point having a direct bearing on the kind and source of discharge to the sewers or facilities for waste treatment.

Section 2 The Manager and other duly authorized employees of the District bearing proper credentials and identification shall be permitted to enter all private properties through which the District holds an easement for the purpose of, but not limited to, inspection, observation, measurement, sampling, repair, replacement and maintenance of any portion of the Sewer System lying within said easement. All entry and subsequent work, if any, on said easements, shall be done in full accordance with the terms of the easement pertaining to the private property involved.

ARTICLE XI
VIOLATIONS: REVOCATION OR SUSPENSION OF PERMITS

Section 1 Revocation Or Suspension Of Permits and Disconnection Of Facilities. The Board of Directors of the District may revoke or suspend the permit issued to any Person in the event of a violation by the permittee of any provision of any applicable state, federal, or local law or this Ordinance The District may disconnect from the Sewer System any connection sewer, main line sewer, or other facility which is constructed, connected, or used without a permit, or constructed, connected or used contrary to any of the provision of any

applicable state, federal or local law or this Ordinance. When a Premises has been disconnected, it shall not be reconnected until the violation for which it was disconnected has ceased or been remedied and a reasonable charge for such disconnection and re-connection, as established by the District, has been paid.

Section 2 Notice. The District shall give not less than five (5) days notice of intention to disconnect a Premises or to suspend or revoke a permit, stating the reasons therefore, and may grant a reasonable time for elimination of the violation; provided, however, that if the District determines that the danger is imminent, and such action is necessary for the immediate protection of the health, safety, or welfare of Persons or property, or for the protection of the Sewer System, any Premises may be disconnected or Sewer Service terminated concurrently with the giving of such notice. Notice shall be given to the occupant of the Premises, if any, and to the record owner of the property as shown upon the last equalized assessment roll of the County of San Diego, by United States mail, registered or certified, return receipt requested, postage prepaid, or by posting such notice on the Premises.

Section 3 Violation As A Misdemeanor; Penalty. Violation of any provision, or the failure to comply with any of the requirements of this Ordinance shall constitute a misdemeanor punishable as applicable under law.

Section 4 Violation; Responsibility For Loss Or Damage. Any Person violating any provision of this Ordinance shall be liable for all damage to the Sewer System incurred as a result of such violation and for any increase in the cost of maintenance or repair resulting from such violation.

ARTICLE XII EXTENSION OF FACILITIES

Section 1 Extensions. When application is made for Sewer Service to a property which is not traversed by, or does not abut on, existing pipelines owned or operated by the District, and it has been determined by the Board of Directors of the District that the immediate construction of the necessary pipelines for the service of such property at the expense of the District, is not then economically feasible, and the owner, or owners, of all or portions of the property to be served are willing to construct such lines at their own expense, the District may accept ownership of facilities, privately constructed to District requirements, upon the execution of a contract, containing provisions agreeable to the District.

Section 2 Application and Design. Application for Sewer Service and for the construction of facilities under the terms of this Ordinance must be submitted to the District in writing. Such application must contain a full legal description of the property or properties for which Sewer Service is required and which are owned by the Applicant, the area of such properties, and an estimate of the area of other lands which might be conveniently served through the facilities proposed to be constructed. The application shall contain an offer, on the part of the Applicant, to construct such facilities at his/her sole cost and expense. The application shall be referred to the Board, together with a preliminary estimate of the total cost of such extension. Upon receipt of the application, the District will determine the boundaries of the "benefitted area." Said area shall include all parcels of land, or parts thereof within the District, which may be conveniently served through the proposed line extension. The Secretary of the District shall notify the owner, or owners, of the land within the benefitted area of the hearing to be conducted by the Board on the question as to the feasibility and the necessity for the construction of the subject pipeline. The Secretary of the District shall give said owner or owners written notice by depositing in the United States mail, postage prepaid, a notice of a hearing before the Board, giving the date, time and place of said hearing. The Secretary shall give notice by reference as to the assessor's rolls to determine the owner or owners as shown by the latest assessment roll covering the area that is to be served by the proposed facilities. Upon notice from the District, the Applicant shall deposit a sum equal

to 20 percent of such preliminary estimated cost. Upon receipt of the application and after the hearing above provided, the Board shall determine in its sole discretion whether or not the construction of said facilities would be in the best interests of the District or would come within the provisions of this Ordinance. The Board at the hearing shall give due consideration to the evidence presented and any and all Persons shall be heard upon the question before the Board. Upon favorable action by the Board upon said application, the Board shall cause detailed plans and specifications to be prepared or the Applicant may submit plans and specifications for approval to the Board, providing said plans and specifications are prepared by a civil engineer, who is licensed by the State of California. The Board shall advise the Applicant of the estimated total cost of the construction of said extension including, but not limited to, pipelines, appurtenant structures, rights-of-way and other expenses. Total costs shall include design and engineering costs which shall be paid for by the Applicant. Following the determination of the estimated costs of construction, the Applicant shall deposit with the District the total amount thereof and shall execute an agreement under the provisions of this Ordinance. All facilities so constructed must meet District specifications as to pipeline size, design and location and any other conditions which the District might see fit to impose.

Section 3

Contract. Any contract entered into under the terms of this Ordinance shall contain the following provisions:

- (a) That the Applicant must construct, or cause to be constructed at his/her sole expense, the facilities contemplated by the agreement. Should any monies initially deposited with the District not be expended, such excess will be refunded. The Applicant must undertake to pay to the District, on demand, any costs incurred over and above the amount of the sums deposited.
- (b) That all facilities must be constructed in accordance with plans and specifications approved by the District prior to the execution of the agreement between Applicant and the District, or, with the standard specifications and drawings governing pipeline construction, as may from time to time be adopted by the District.
- (c) The determination of the extent of the service area, to be served by the facilities to be constructed, shall be made by the District, and a map delineating such area must constitute a part of the contract. Only "off-site facilities," exceeding 150' in length, shall be eligible for the repayment provisions of this Ordinance. For the purpose of this ordinance "off-site facilities" are defined as facilities, so located to not solely benefit lands, owned, operated or controlled by Applicant, sub-divider or developer.
- (d) That the District shall agree, upon transfer of the ownership of the facilities to be constructed, together with all requisite easements and rights-of-way, free and clear of all liens and encumbrances, to accept ownership thereof, and thereafter to operate and maintain such facilities at the District's expense, under Ordinances from time to time promulgated by the District.
- (e) That normally the District, through contractors satisfactory to the District, or through the District's own forces, shall construct such facilities. The District may allow owner to construct such facilities provided the work is executed under the direction of a civil engineer, registered in the State of California and by a contractor licensed by the State of California and acceptable to the District with the District retaining the right to inspect all construction of facilities to be accepted by the District. Service shall not be furnished until the constructed facilities are accepted by the District and all contract documents have been signed and delivered to the District's office in good order.

- (f) That the District shall agree for a period of ten (10) years from the date of said agreement, to pay to the Applicant the following sums:
- (1) The amount received by the District as and for a construction charge which might be charged by District to others for the privilege of connection to such facilities. Any such construction charges must be established by the Board at or prior to the time said agreement is entered into. In general, the construction charge for each parcel of land within the benefitted area will be determined by dividing the total cost of constructing the line extension, as determined by District, into amounts proportional to each parcel's frontage along the line extension and to each parcel's area within the benefitted area. The District retains the right to determine in its sole discretion, both the total cost of constructing the line extension as well as the fixing of the construction charge for each parcel. The District shall have the right to impose additional charges for laterals and other expenses in making connections to said line, which additional charges shall not be included in the construction charges to be paid to Applicant under any such agreement.
- (g) That Applicant shall be entitled to receive the payments provided for in subparagraph (f) (1) for the period of time specified, or until all payments are specified in the repayment contract shall have been repaid to Applicant. Following the payment to Applicant of all said payments, or upon termination of the agreement at the end of ten (10) years from its date, Applicant shall be entitled to no further payment arising out of construction charges which might be charged by District, and all payments thereafter accruing shall be and become the property of District.
- (h) That all payments accruing to the Applicant shall be made to him, his heirs and assigns, and the right to the payment thereof shall be personal and shall not run with, or be assignable to, the lands owned by them.
- (i) That payments shall be made at such times as are convenient to the District, but in no event, less often than annually if District has received any construction charges.

ARTICLE XIII
MISCELLANEOUS PROVISIONS

Section 1 Modification Of Fees And Charges. The fees and charges established by this Ordinance or any Previous Ordinance may be modified or amended by a subsequent ordinance or otherwise adopted by the Board in accordance with the procedures established by State law. New fees and charges may be proposed by the Manager and by the Board.

Section 2 Deposit And Expenditure Of Fees And Charges. All fees and charges collected pursuant to this Ordinance shall be deposited in the revenue fund of the District.

Section 3 Manager To Enforce Ordinance. The Manager is charged with the duty of enforcing the provisions of this Ordinance.

Section 4 Appeal Procedure. Any user, permit application, or permit holder affected by any

decision, action or determination, including cease and desist orders made by the Manager, interpreting or implementing the provisions of this Ordinance or in any permit issued herein, may file with the Manager a written request for reconsideration, setting forth in detail the facts supporting the user's request for reconsideration. The Manager shall render a decision on the request for reconsideration within thirty (30) days of receipt of request. If the ruling on the request for reconsideration made by the Manager is unsatisfactory to the Person requesting reconsideration, he may, within fifteen (15) days after notification of the Manager's action, file a written appeal with the Secretary of the Board. A fee of \$100.00 shall accompany any appeal to the Board of Directors of the District for a ruling of the District.

Section 5 Incorporation of Recitals. The Recitals set forth in this Ordinance are incorporated herein and made an operative part of this Ordinance.

ARTICLE XIV SEVERABILITY

Section 1 Severability Of Provisions. If any section, subdivision, sentence, clause or phrase of this Ordinance is, for any reason, held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this Ordinance; it being hereby expressly declared that this Ordinance and each section, subsection, sentence, clause, and phrase hereof, would have been prepared, proposed, adopted, approved and ratified irrespective of the fact that any one or more other sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

Section 2 Effective Date. This Ordinance shall become effective thirty (30) days from the date of final passage. Upon the effective date of this Ordinance, this Ordinance shall supersede and otherwise control over any terms and conditions for connection to the Sewer System and for the provision of Sewer Service, including without limitation, the Previous Ordinances, including but not limited to, Ordinance No. 44, dated November 20, 1993; Ordinance No. 45, dated November 20, 1993; Ordinance No. 48, dated December 16, 2004; and Ordinance No. 49, dated November 16, 2006.

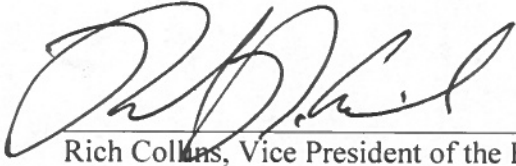
Section 3 Adoption. In accordance with Government Code section 61060(a), this Ordinance shall not be passed within five (5) days of introduction, nor at other than a regular meeting or an adjourned regular meeting of the Board. A certified copy of the full text of this Ordinance has been posted in the office of the Clerk at least five (5) days prior to the meeting at which this Ordinance is adopted. Unless the Board has waived further reading, this Ordinance has been read in full either at the time of introduction or at the time of passage. The Board hereby directs the Clerk of the Board to prepare and publish a summary of this Ordinance within fifteen (15) days of adoption, including the names of Board Members voting for and against this Ordinance, in a newspaper published in the County or, if there is none, to post said summary in a prominent location at the Board's chambers for at least one week, and to post in the office of the Clerk a certified copy of the full text of the adopted Ordinance with the names of those Board Members voting for and against the Ordinance. Upon the effective date of this Ordinance, it shall become part of the District's ordinance code.

AMENDED by the Board of Directors of the Pauma Valley Community Services District at a Regular Meeting thereof held this 17th day of November 2025, by the following roll call vote:

AYES: Richard Collins, Michael Esparza, and Zan Villanueva

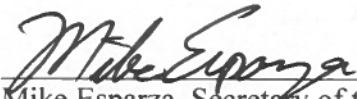
NOES: None

ABSENT: Fred Nelson, Lolo Levy



Rich Collins, Vice President of the Board of Directors

Attest:



Mike Esparza, Secretary of the Board of Directors

APPENDIX D

CALCULATION OF EDUs FOR PAUMA VALLEY COUNTRY CLUB AND PAUMA BUILDING OCTOBER 2025

Pauma Valley Country Club

Count of EDUs by Strength Category calculated October 21, 2025

Facilities	Ordinance 50 Unit Measurement	Total EDUs	EDUs by Strength			
			Domestic	Low	Medium	High
Laundry Facility	1 20-50 lb machine	1.00			1.00	
Apartments	23 units (14 w/o kitchen)	16.00	16.00			
Clubhouse [1]	7 bathrooms	2.31	2.31			
Offices	2 comm'l units [3]	1.75		1.75		
Golf Facilities [2]	7 bathrooms	2.31	2.31			
Restaurant	207 seats [4]	29.57				29.57
Bar	144 seats [5]	20.57			20.57	
Pool Area	2 bathrooms	0.66	0.66			
Total Country Club		74.17	21.28	1.75	21.57	29.57

[1] Includes pool area, snack stand, locker rooms, and gym.

[2] Includes mechanic shop, break area, wood shop, and bathrooms at holes 4 & 13.

[3] Assumes total office space is under 2,000 sq ft.

[4] Indoor and outdoor seating where food is regularly served.

[5] Great Hall and meeting rooms where food is only occasionally served, and the wine tasting room.

Note: Restaurant seats include the restaurant (62 seats) plus the bar seating areas (109 outdoor plus 36 indoor). Bar seats include the great hall and the meeting room at the Club and the Pauma Room and wine tasting room.

Pauma Building

Count of EDUs by Strength Category calculated October 13, 2025

Suite / Bldg Section		Bldg Sq Ft	EDU Count - All Low Strength	
			Method 1	Method 2
			per suite 1,000 sq ft [1]	per total bldg sq ft [2]
Post Office	1 bathroom	2,100	1.75	1.00
Suite 1	1 bathroom	1,300	1.50	1.00
Suite 10		672	0.75	1.00
Suite 100	2 bathrooms	814	0.75	1.00
Suite 200	shared	567	0.75	1.00
Suite 300	amongst 5	1,680	1.50	1.00
Suite 400	suites	1,764	1.50	1.00
Total		8,897	8.50	7.00

[1] Total unit count is 11 (multiples of 1,000 sq ft each suite).

[2] Total unit count is 9 (multiples of 1,000 sq ft).

Note: Sewer flow will depend on the type of businesses in the building, which will fluctuate over time. Using the two possible methodologies, the EDU count could be 7 or 8.5 EDUs. Method 2 (7 EDUs) seems most equitable as it is calculated on the cumulative building square feet rather than individual suite square footage. *Ordinance 50 states a unit is any individual office, store, or small industrial establishment with private sanitary fixtures and gross floor area not exceeding 1,000 square feet.*