

HANSFORD

ECONOMIC CONSULTING

Wastewater Rates Study

Prepared for:

Pauma Valley Community Services District

DRAFT

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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). The 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. Every customer will pay for the Base Charge per EDU each month (vacant lots will also pay this) and the Use Charge per EDU per month according to the sewer strength of their EDUs. 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

Ordinance 50, which provides the methodology to compute the number of EDUs for each customer, is provided in **Appendix B**.

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. All customers are billed by number of EDUs. The number of EDUs assigned to each customer is based on application for service, changes to building uses on the property (or alterations to buildings), and/or updates to Ordinance 50.

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.

Table 2 summarizes the number of EDUs currently billed, and the number of EDUs included in the rate study. Currently, the restaurant and the grocery store are closed in Pauma Village; however, these establishments are expected to be open again when new rates come into effect January 2026. Additionally, as part of this rate study, District staff conducted an audit of facilities that contribute to sewer flows into the wastewater system but have not been billed. These findings include 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 the audit, and Ordinance 50 was updated to reflect Board of Directors' direction July 2025. 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.
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).

EDU audit findings are summarized in Appendix **Table A-1** and calculations shown in Appendix **Table A-2**.

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.

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.

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

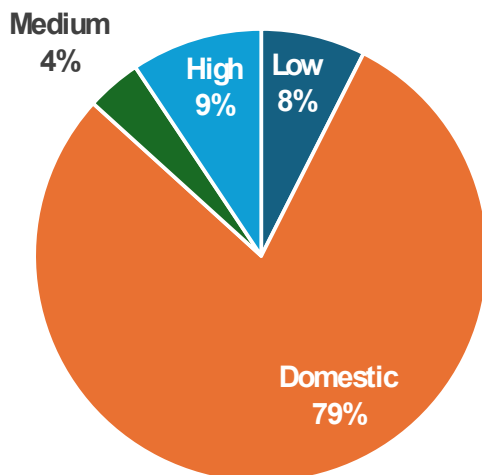


Table 3
Rate Study Wastewater Customers and EDUs

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.

ww cust

[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.

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.

**Table 4
Customer Characteristics**

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

Source: PVCSD and HEC 2025 rate study.

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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.

**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			<i>60 units added in Oak Tree</i>			
Total with Oak Tree	482.83	497.83	512.83	527.83	542.83	542.83

Source: Pauma CSD and HEC, September 2025.

growth

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.

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).

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.

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 PVCSD revenues.

Table 7
Current Wastewater Rates Schedule

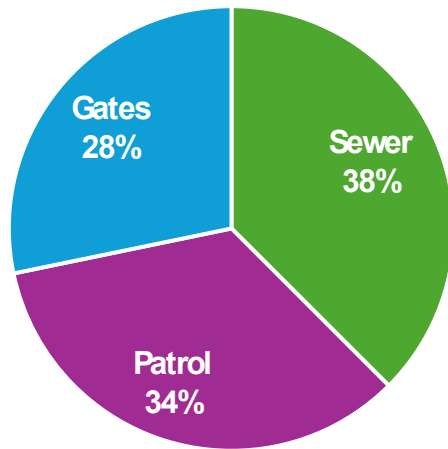
Customer Type	No. EDUs	Monthly Fee
Residential		FY26
Single Family Home	1.00	\$112.31
Vacant Lot in Subdivision with Sewer Facilities		\$12.00
Apartment House and Duplex		
Less than 4 bedrooms	1.00	\$112.31
Unit with 4+ bedrooms, each add'l bedroom	0.25	\$28.08
Condominiums (each unit)	1.00	\$112.31
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 daiy attendance of pupils during the preceding fiscal year.

Figure 2
FY26 Budget Revenue Collection by Division



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.

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**.

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.

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.

avginc

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
WWTP 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
WWTP 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.

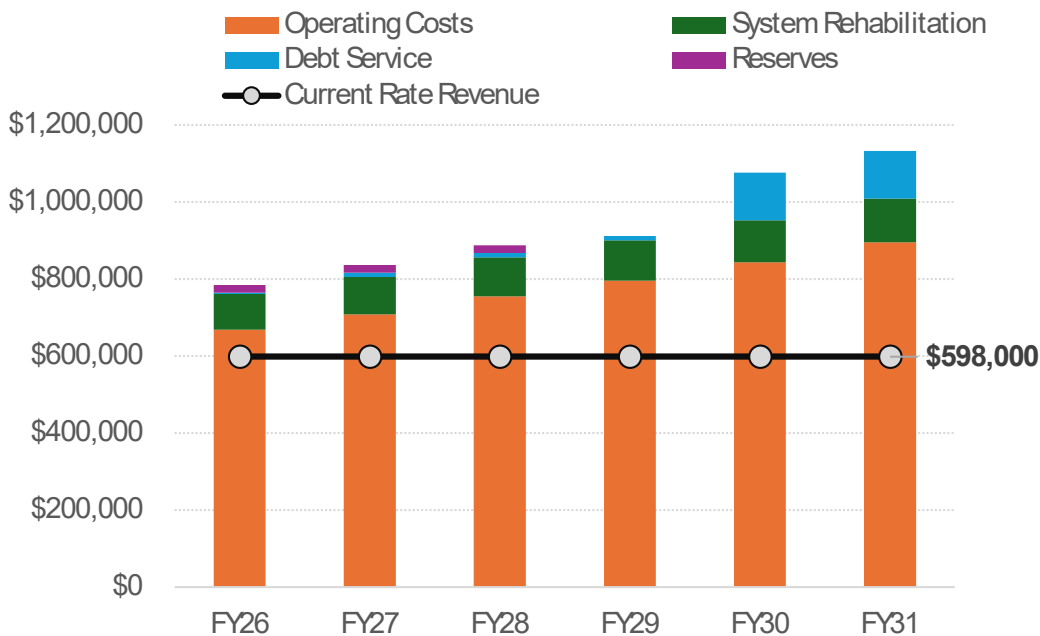
3.3 SYSTEM REHABILITATION COSTS

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.

rev req

[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
<i>Implementation</i>	<i>1/1/2026</i>	<i>7/1/2026</i>	<i>7/1/2027</i>	<i>7/1/2028</i>	<i>7/1/2029</i>	<i>7/1/2030</i>
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

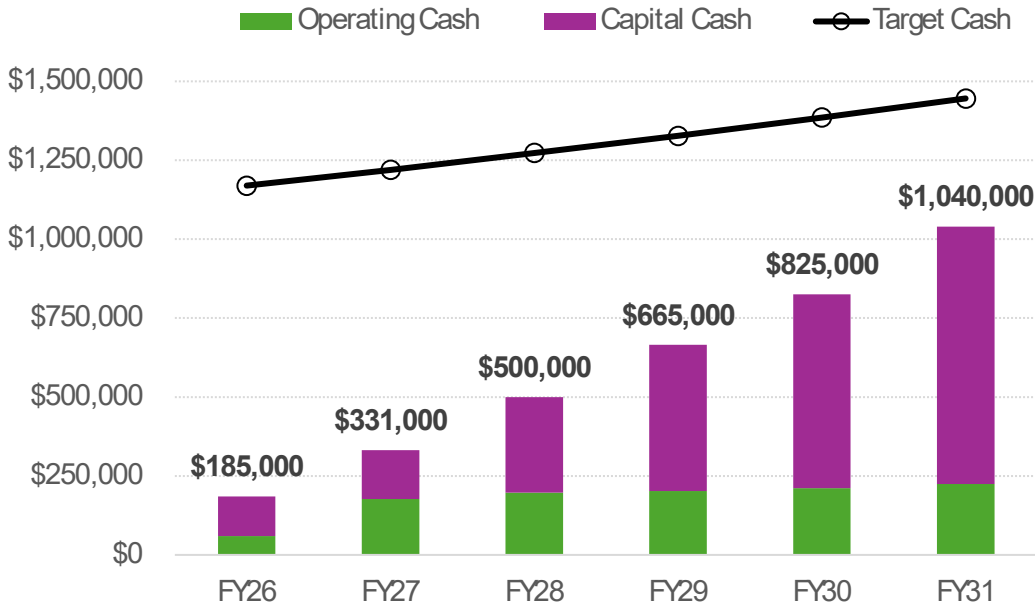


Table 15
Projected Reserve Balances

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

1.1 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

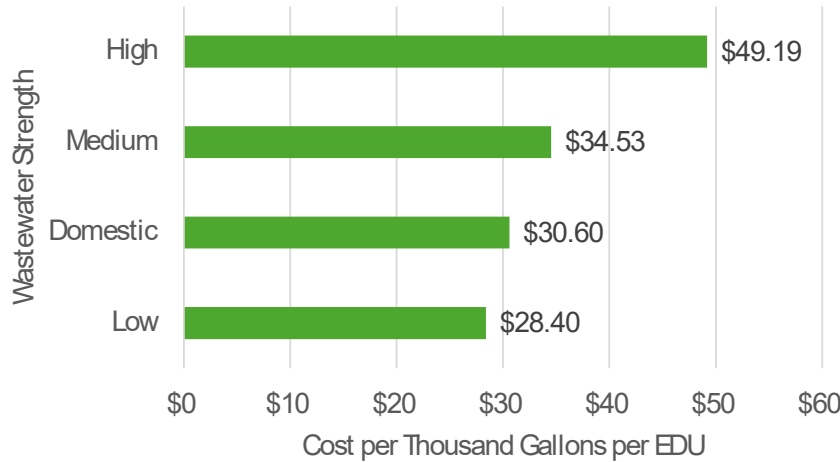
The cost to treat wastewater is a function of the total volume (“flow”) and the level of pollutants (“strength”) of the wastewater discharged by a customer. Costs are allocated to customer categories as follows:

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.

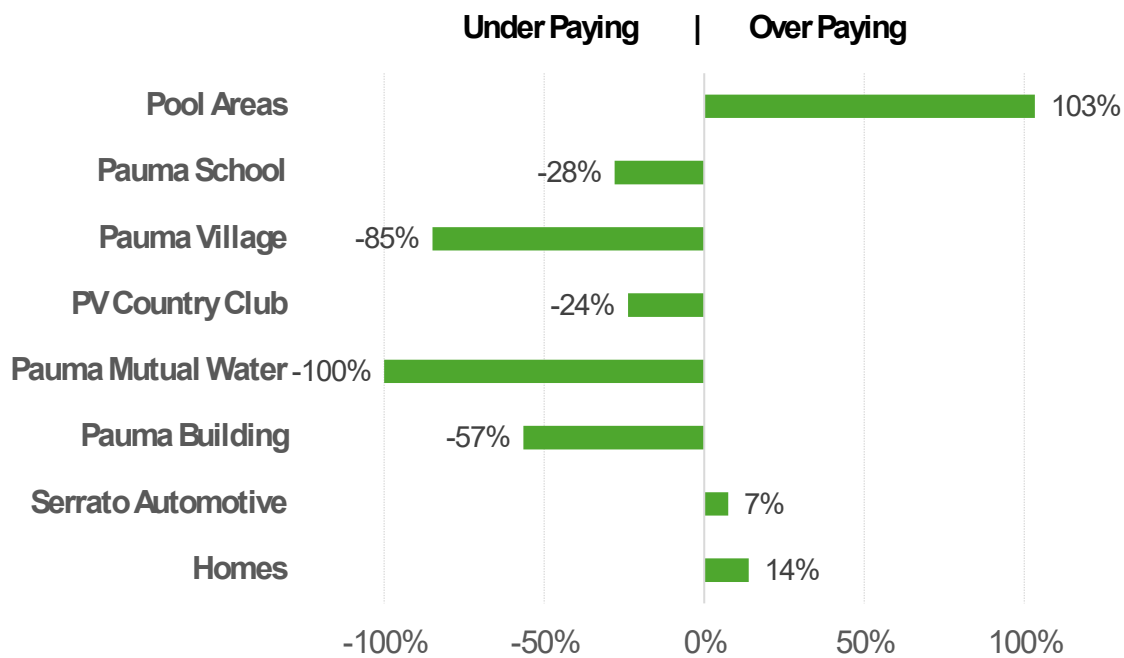
ww rates

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



1.2 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.

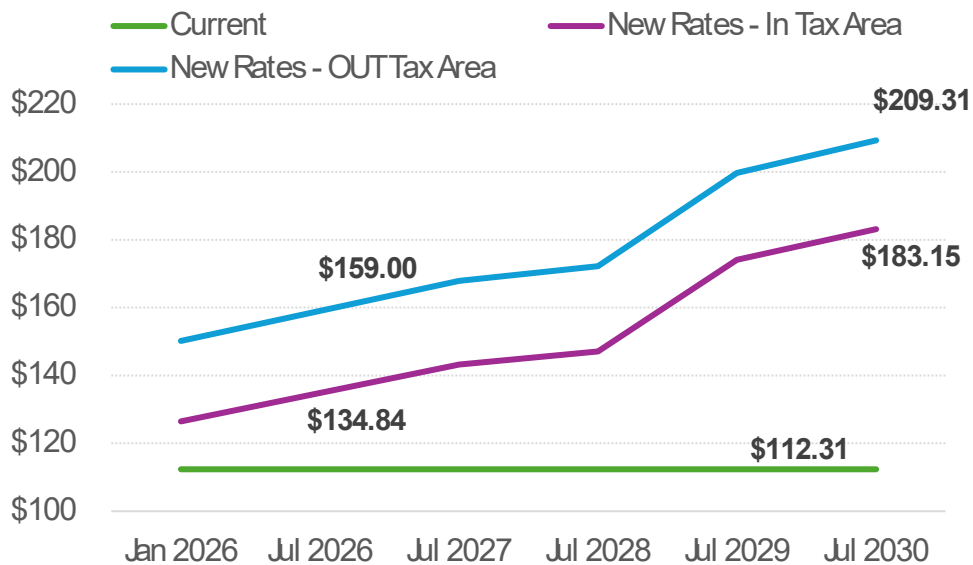
rate sum

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

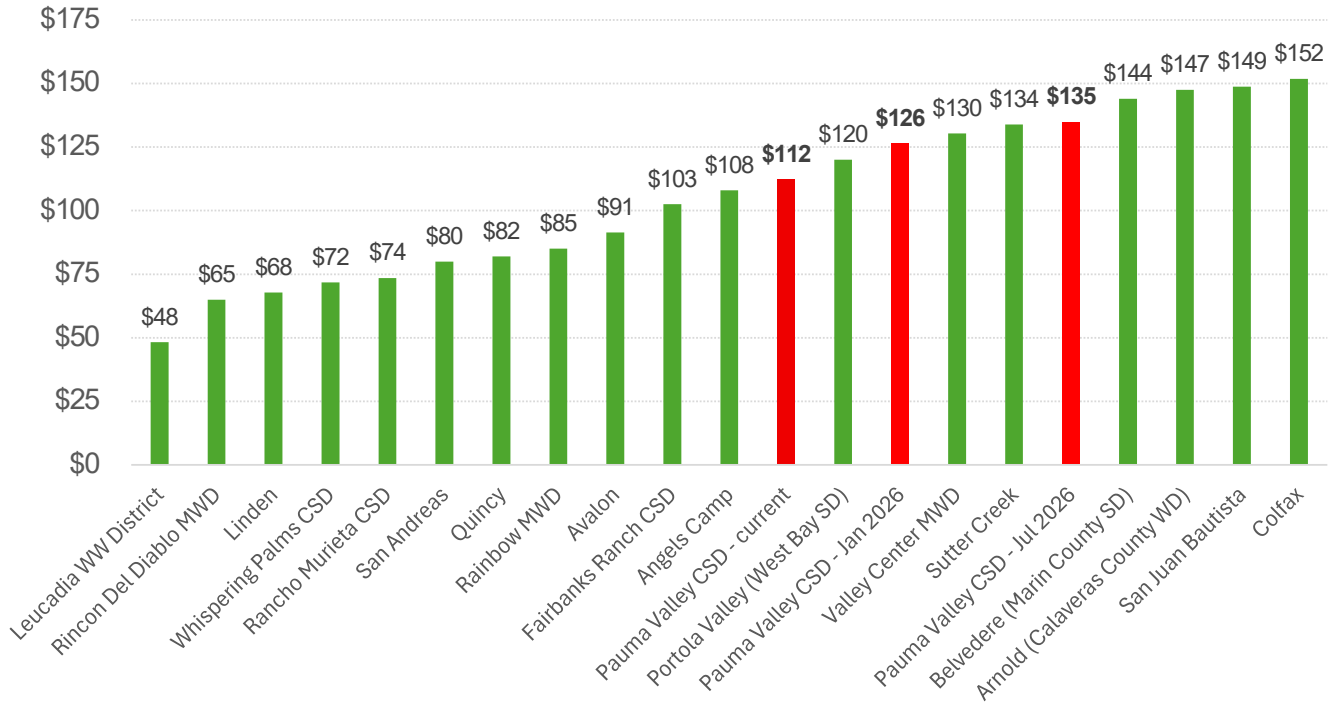


For an Out Tax Area home, the bill would increase to \$150.18 per month in January 2026, and \$159.00 per month in July 2026.

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

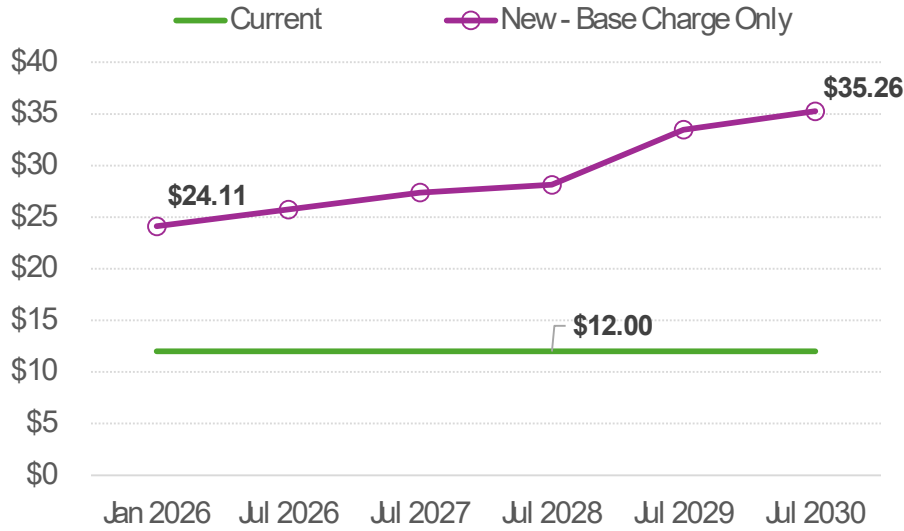


Figure 10
Calculated Sewer Bill for Pauma Building

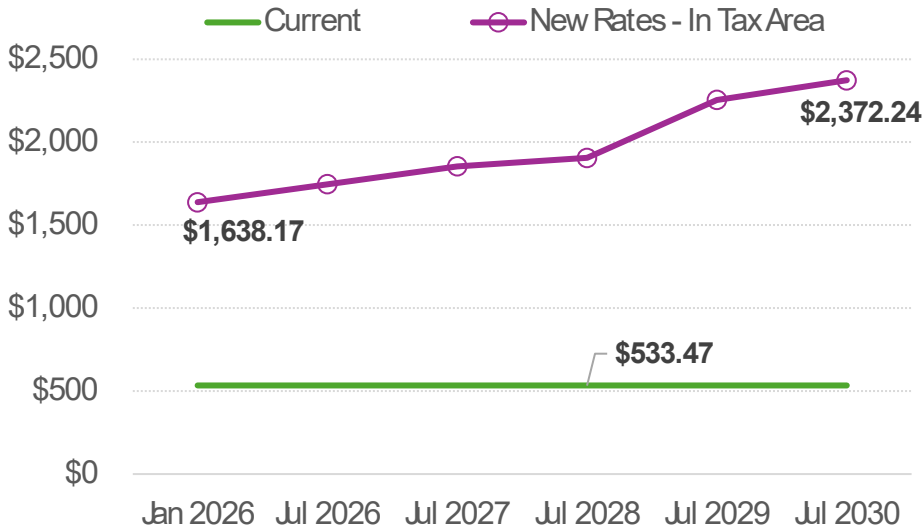


Figure 11 shows the impact of the proposed rates on PVCC. Figure 12 shows the impact of the proposed rates on Pauma Village. Note, Pauma Village is not currently paying for the restaurant and the grocery store.

Figure 11
Calculated Sewer Bill for Pauma Valley Country Club

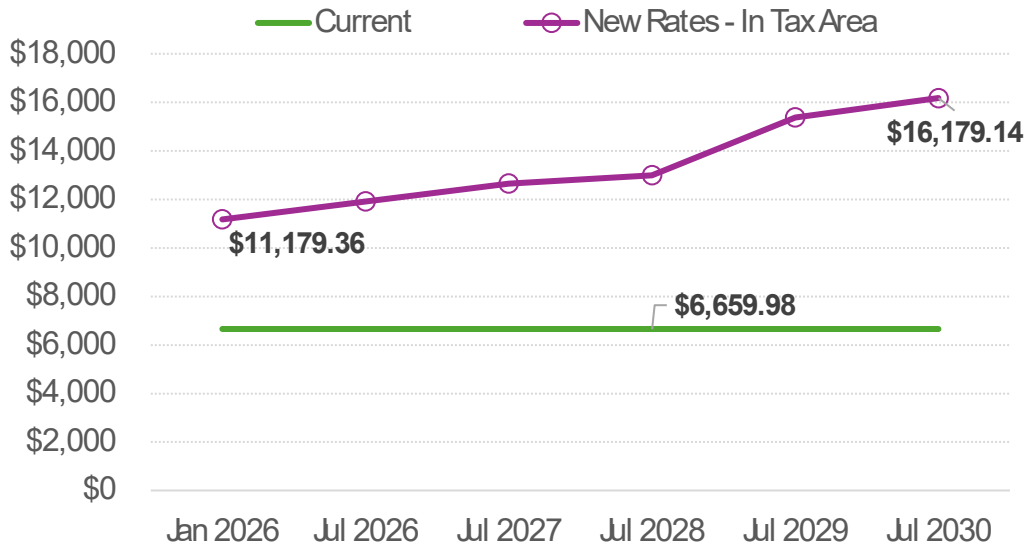


Figure 12
Calculated Sewer Bill for Pauma Village

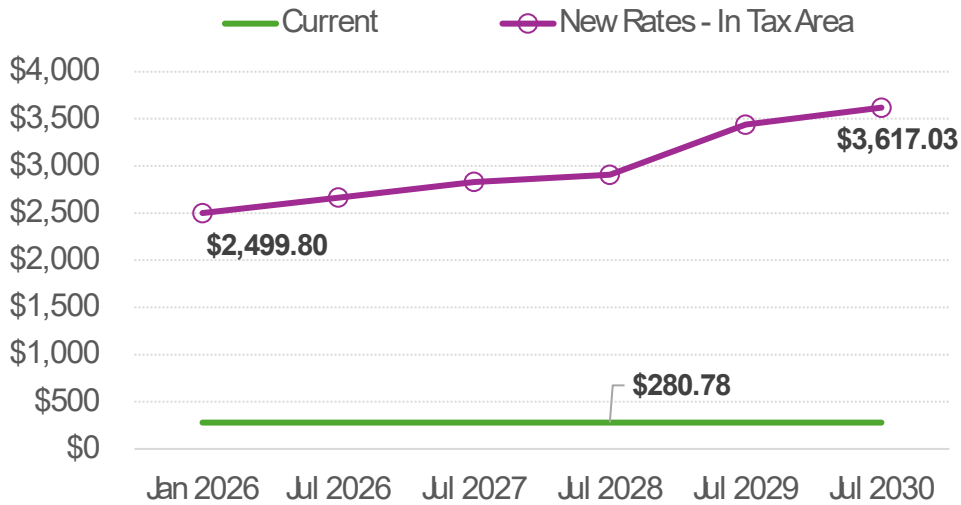
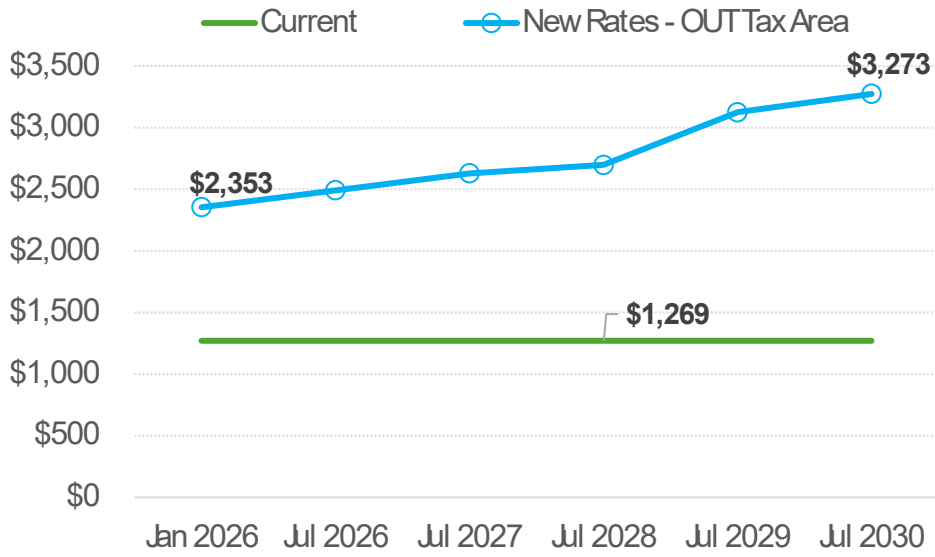


Figure 13 shows the impact of the proposed rates on Pauma School.

Figure 13
Calculated Sewer Bill for Pauma School



APPENDIX A

RATE STUDY SUPPORT TABLES

ALL TABLES ARE DRAFT

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 (Public Use)	# in facility	each Bathroom
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 (Private Use)	# in house	Total
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	\$0	\$0	\$0	\$0	\$15,000	\$0	\$0
Strategic Plan	\$0	\$0	\$0	\$0	\$0	\$0	\$20,000
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	FY27	FY28	FY29	FY30	FY31
	Budget	Yr 1	Yr 2	Yr 3	Yr 4	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
WWTP 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	<i>inflation -----></i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>
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
WWTP 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.

rev alloc

**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	FY 2026 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		$e = d - a$	$f = d - b$
	<i>a</i>	<i>b</i>	<i>d</i>		
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

ORDINANCE 50 EDU TABLE

	EQUIVALENT DWELLING UNITS
(a) Residential	
Single family residences, condominiums or duplexes up to 4 bedrooms in the living unit	1.000
Thereafter, for each additional bedroom in a living unit	0.250
(b) Hotels, motels, apartments, cottages, or auto courts:	
Per living unit without kitchen	0.500
Per living unit with kitchen	1.000
(c) Churches, theaters and auditoriums	
Per each unit of seating capacity (a unit being 150 Persons or any fraction thereof)	1.500
(d) Restaurants and Bars	
No seating	2.500
With seating, for every 7 seats or fraction thereof	1.000*
(e) Automobile service stations	
Not more than 4 gasoline pumps	2.000
More than 4 gasoline pumps	3.000
(f) Laundries	
Per 10 lb. machine	0.500
Commercial, per 20-50 lb. machine	1.000
(g) Mobile home and trailer parks	
Per each trailer space:	
Mobile home	1.000
Trailer court	0.750**
Recreational vehicle park per each space, occupied or not	0.750**
(h) Stores, offices, small industrial and business establishments not listed above	
First commercial unit	1.000#
Each additional commercial unit	0.750#
(i) Schools	
Without cafeteria; no gym -- (10 Gallons per student per day 180 days / year)	0.045##
With cafeteria -- (15 Gallons per student per day 180 days / year)	0.067##
With cafeteria, gym & showers -- (20 Gallons per student per day 180 days / year)	0.090##
(j) Bathrooms	
Pool Areas, Other Facilities, per bathroom	0.330

* 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.