



SCOTTS VALLEY WATER DISTRICT

AGENDA PACKET

REGULAR BOARD MEETING

10/08/26 at 6:00 p.m.

Santa Margarita Community Room
2 Civic Center Drive, Scotts Valley, California

This meeting is conducted in a hybrid setting.

Public participation is encouraged. Members of the public may attend in person or remotely through this link <https://us06web.zoom.us/j/86757235890> or by phone: 253-215-8782 Meeting ID: 867 5723 5890.

The public has opportunities to make comments throughout the meeting: to comment online, use the raise hand option, by phone press *9.

BOARD OF DIRECTORS

Ruth Stiles, President

Bill Ekwall, Vice President

Wade Leishman, Director

Chris Perri, Director

Danny Reber, Director

Dominic Osorio, Associate Director

Demitri Vavaroutsos, Associate Director

David McNair, General Manager

Water Industry Acronyms

AF – Acre Foot

AFY – Acre Foot per Year

ACWA – Association of California Water Agencies

ACWA JPIA – ACWA Joint Powers Insurance Authority

AWWA – American Water Works Association

BMP – Best Management Practices

CCR – Consumer Confidence Report

CD – Certificate of Deposit

CEQA - California Environmental Quality Act

CIP – Capital Improvement Project

CSDA – California Special District Association

DHS – Department of Health Services

DWR – Department of Water Resources

EIR – Environmental Impact Report

EPA – Environmental Protection Agency

FY – Fiscal Year

GASB – Governmental Accounting Standards Board

IRWM – Integrated Regional Water Management

JPA – Joint Powers Agreement

LAIF – Local Agency Investment Fund

LAFCO – Local Agency Formation Commission

LID – Low Impact Development

MCL – Maximum Containment Level

MGD – Million Gallons per Day

MGY – Million Gallons per Year

MOU – Memorandum of Understanding

O&M – Operations and Maintenance

PERS – Public Employees Retirement System

PHG – Public Health Goal

PPB – Parts Per Billion

PRV – Pressure Relief Valve

PVC Pipe – Polyvinyl Chloride Pipe

RWMF – Regional Water Management Foundation

RFP – Request for Proposals

ROW – Right-of-way

RWQCB – Regional Water Quality Control Board

SCADA – Supervisory Control & Data Acquisition

SCWD – Santa Cruz Water Department (City of)

SDWA – Safe Drinking Water Act

SGMA – Sustainable Groundwater Management Act

SLVWD – San Lorenzo Valley Water District

SMGWA – Santa Margarita Groundwater Agency

SqCWD – Soquel Creek Water District

SWRCB – State Water Resources Control Board

TP – Treatment Plant

WY – Water Year



SCOTTS VALLEY WATER DISTRICT

Board of Director

Regular Meeting

10/8/26 at 6:00 p.m.

Santa Margarita Community Room
2 Civic Center Drive, Scotts Valley, California

BOARD OF DIRECTORS
PRESIDENT Ruth Stiles
VICE PRESIDENT Bill Ekwall
Wade Leishman
Chris Perri
Danny Reber
ASSOCIATE DIRECTORS
Dominic Osorio
Demitri Vavaroutsos
GENERAL MANAGER
David McNair

Agenda

This meeting is conducted in a hybrid setting. Public participation is encouraged, members of the public may attend in person, remotely through this link

<https://us06web.zoom.us/j/86757235890> or by phone: 253-215-8782 Meeting ID: 867 5723 5890. The public has opportunities to make comments throughout the meeting. To comment online, use the raise hand option, by phone press *9. If experiencing technological difficulties online, join the meeting via phone.

1. Convene

- 1.1. Call to Order and Roll Call
- 1.2. Pledge of Allegiance and Reflection
- 1.3. Closed Session Report
- 1.4. Additions/Deletions to the Agenda
- 1.5. Oral Communications

2. Presentation (None)

3. Administrative

Items are informational in nature and do not include an agenda report.

3.1. Committee and Other Agency Meeting Reports

Engineering & Water Resource Committee – 9/28/26

Finance & Personnel Committee 9/23/26

Executive & Public Affairs Committee – None

Santa Margarita Groundwater Agency Board – None

4. Consent

Items are routine in nature, may include agenda reports and be approved by one motion.

4.1. [Approval of Minutes – Regular Board Meeting 9/10/26](#)

Recommendation: Approve the Regular Board Meeting 9/10/26 Minutes.

5. Public Hearings

Items include an agenda report with recommendations, an oral staff report or presentation.

5.1. [Proposed Changes in Water Rates Presentation and Public Hearing](#)

Recommendation: 1) Open the public hearing, receive public testimony and close the public hearing; 2) Receive a report on Proposition 218 protests; and 3) Adopt Resolution 08-26 establishing a five-year rate schedule for potable and recycled water, effective January 1, 2027.

6. Business

Items are complex in nature, considered individually, and each item includes an agenda report with a recommendation, and an oral staff report or presentation.

6.1. [Rate Implementation Program](#)

Recommendation: Approved the revised Rate Implementation Program.

7. Staff Reports

7.1. Legal

District Counsel

7.2. Administrative

General Manager – oral

7.3. Finance

Finance Manager – oral

07.01.26 – 08.31.26 Financial Report

7.4. Operations

Operations Report – oral

8. Director's Reports

9. Written Correspondence

[September El Nino Update](#)

10. Community Relations

[September Newsletter](#)

11. Closed Session (None)

12. Report on Closed Session and Additional Items (None)

13. Future Items

Communications and Community Outreach Report

14. Meetings and Event Calendar

Scotts Valley Water District Board of Directors

Agenda – 10/08/26

Page 3

Board Meetings

11/12/26

12/10/26

1/14/27

Committee Meetings

10/28/26 Finance and Personnel

10/26/26 Engineering and Water Resources

10/28/26 Executive and Public Affairs

Santa Margarita Groundwater Agency

Board Meeting 10/22/26

15. Events (None)

16. Adjourn

AVAILABILITY OF PUBLIC RECORDS PROVIDED TO THE BOARD OF DIRECTORS: THE DISTRICT MAKES ANY PUBLIC RECORD PROVIDED TO THE BOARD OF DIRECTORS AVAILABLE FOR PUBLIC REVIEW AT **WWW.SVWD.ORG AND AT THE DISTRICT OFFICE DURING NORMAL BUSINESS HOURS** AT THE SAME TIME IT IS PROVIDED TO THE BOARD OF DIRECTORS.

PUBLIC ACCESS – ACCOMMODATIONS UNDER THE ADA: PURSUANT TO TITLE II OF THE AMERICANS WITH DISABILITIES ACT OF 1990, THE DISTRICT REQUESTS THAT ANY PERSON IN NEED OF ANY TYPE OF SPECIAL EQUIPMENT, ASSISTANCE OR ACCOMMODATION(S) IN ORDER TO EFFECTIVELY COMMUNICATE AT THIS MEETING MAKE A REQUEST AT THE ABOVE ADDRESS OR BY CALLING (831) 438-2363 AT LEAST THREE (3) WORKING DAYS BEFORE THE MEETING TO ALLOW TIME TO MAKE ARRANGEMENTS.



SCOTTS VALLEY WATER DISTRICT

svwd.org  svwater

Engineering and Water Resources Committee

District Conference Room

2 Civic Center Drive, Scotts Valley, California

9/28/26 at 2:00 p.m.

Meeting Report

1. Convene

The meeting convened at 2:00 p.m. in the Conference Room. It was conducted in a hybrid format.

Present: Committee Members Perri and Ekwall

Staff: Operations Manager Gillespie, Board Clerk/Executive Assistant Jensen,
Assistant Administrative Analyst Breeden

2. Oral Communications

None.

3. Business Items

None.

4. Discussion Items

4.1. Operations Update

Operations Manager Gillespie provided an Operations update regarding Glenwood Tank work, Bethany Tank design, Bethany Road restoration, Whispering Pines break and repair, Grace Way Well energization, Intertie-1 progress, and planned Orchard Run Well maintenance. The committee discussed.

5. District Updates

Gillespie discussed a recent vacancy.

6. Committee Member Reports

Committee Member Perri provided a verbal report.

7. Future Agenda Items

8. Adjourn

The meeting adjourned at 2:00 p.m.



SCOTTS VALLEY WATER DISTRICT

svwd.org  svwater

Finance and Personnel Committee
District Conference Room
2 Civic Center Drive, Scotts Valley, California

9/23/26 4:00 p.m.

Meeting Report

1. Convene

The meeting convened at 4:00 p.m. in the District Conference Room. It was conducted in a hybrid setting.

Present: Committee Members Leishman, Flint and Stiles

Staff: General Manager McNair, Customer Service & Finance Manager Dillon, Board Clerk/Executive Assistant Jensen, Assistant Administrative Analyst Breeden, and Operations Manager Gillespie

2. Oral Communications

None.

3. Action Items

None.

4. Discussion Items

4.1. Financials 07.01.26 – 8.31.26

Finance & Customer Service Manager Dillon presented the financial report. Committee received information.

5. District Updates

McNair provided an update to the Bethany Drive road restoration, Gillespie discussed Grace Way well energization plans, Bethany Tank environmental study, and a new vacancy in Operations.

6. Reports or Information from Committee Members

None.

7. Future Agenda Items

8. Adjourn

The meeting adjourned at 4:23 p.m.

Board of Directors

Regular Meeting

9/10/26 at 6:00 p.m.

Santa Margarita Community Room
2 Civic Center Drive, Scotts Valley, California

Minutes

1. Convene

1.1. Call to Order and Roll Call

President Stiles called the meeting to order at 6:00 p.m. in the Santa Margarita Community Room. The meeting was conducted in a hybrid setting.

Directors

Danny Reber

Ruth Stiles

Wade Leishman

Absent

Bill Ekwall

Chris Perri

Demitri Vavaroutsos

Guests

Charles Diamond

Sanjay Guar

Staff

Terry Rein, Legal Counsel

Nate Gillespie, Operations Manager

John Dillon, Finance & Customer Service Manager

David McNair, General Manager

Rahni Jensen, Executive Assistant/Board Clerk

Chris Breeden, Assistant Administrative Analyst

Junior Board

Dominic Osorio

1.2. Pledge of Allegiance and Invocation

Director Leishman led the pledge, and Director Reber led the reflection.

1.3. Closed Session Report

None.

1.4. Additions/Deletions to the Agenda

None.

1.5. Oral Communications

None.

2. Presentation

Capacity and Connection Fees

Sanjay Guar introduced himself and Charles Diamond presented the item.

Development Project Status Report

Provided in item 7.4 Operations Staff Report.

3. Administrative

Items are informational in nature and do not include an agenda report.

3.1. Committee and Other Agency Meeting Reports

Engineering & Water Resource Committee (None)

Finance & Personnel Committee 8/26/26

Nothing to add to the written report.

Executive & Public Affairs Committee (None)

Santa Margarita Groundwater Agency Board 8/27/26

Director Leishman provided a summary.

4. **Consent**

Items are routine in nature, may include agenda reports and be approved by one motion.

4.1. Approval of Minutes – Regular Board Meeting 8/13/26

Approved the minutes of the 8/13/26 Regular Board Meeting

MOTION Reber/Leishman, carried to approve the minutes of the 8/13/26 Regular Board Meeting by unanimous voice vote, Ekwall and Perri absent.

5. **Public Hearings** (None)

Items include an agenda report with recommendation, an oral staff report or presentation.

6. **Business**

Items are complex in nature, considered individually, and each item includes an agenda report with recommendation and an oral staff report or presentation.

6.1. Conflict of Interest Biennial Notice

Manager McNair introduced the item. Counsel Rein provided additional information. The Board received information and discussed.

MOTION Leishman/Reber carried to 1) Approve Resolution 07-26 to amend the 2026 Conflict of Interest Code of the Scotts Valley Water District; 2) Rescind Resolution 05-26 in its entirety; and, 3) Authorize staff to submit the amended Conflict of Interest Code to the Santa Cruz County Board of Supervisors, as the District's code reviewing body, for review and approval pursuant to California Government Code Sections 82011, 87303, and 87306.5. By unanimous roll call vote, Ekwall and Perri absent.

6.2. Glenwood Tank Site Improvements Award Contract

McNair introduced the item and Operations Manager Gillespie presented the item. The Board received information.

MOTION Leishman/Reber carried to Award contract and authorize the General Manager to execute an agreement with Dalhen Structural, Inc. in the amount of \$612,520.12 for the construction of a site improvements at the Glenwood Tank. By unanimous voice vote,

Ekwall and Perri absent.

7. Staff Reports

7.1. Legal

Legal Counsel Rein discussed a relatively new law approved regarding water theft from public agencies.

7.2. Administrative

McNair discussed the Bethany Road restoration progress.

7.3. Finance

07.01.26 – 07.31.26 Financial Report

Nothing to add to the written report. Dillon noted that the open position has been filled with an internal candidate.

7.4. Operations

Operations Report

Production, Demand & Rainfall

Gillespie discussed a new vacancy in Operations, and Bethany Road main line break repairs, Whispering Pines mainline break, a surplus vehicle sale, Grace Way Well status update, and recent warm weather and PG&E PSPS outlooks.

8. Directors Reports

Director Stiles discussed succession planning with anticipated new Board Members after the November Election.

9. Written Correspondence

10. Community Relations

August Newsletter

11. Closed Session (None)

12. Report on Closed Session and Additional Items (None)

13. Future Items

Rate Study Public Hearing

14. Meetings and Event Calendar

Board Meetings

10/8/26

11/12/26

12/10/26

Committee Meetings

9/23/25 Finance & Personal

9/28/26 Engineering & Water Resource

10/28/26 Executive & Public Affairs

Santa Margarita Groundwater Agency

Board Meeting 10/22/26

15. Events (None)

16. Adjourn

The meeting adjourned at 7:08 p.m

Approved:

Attest:

Ruth Stiles, Board President

David McNair, Board Secretary

AGENDA REPORT

Scotts Valley Water District

Date: 10/8/26

To: Board of Directors

Item: 5.1 Public Hearing

Subject: **Proposed Changes in Water Rates**

Reason: Supports Strategic Goal No 3 Financial Stewardship

SUMMARY

Recommendation: 1) Open the public hearing, receive public testimony and close the public hearing; 2) Receive a report on Proposition 218 protests; and 3) Adopt Resolution 08-26 establishing a five-year rate schedule for potable and recycled water, effective on January 1, 2027.

Fiscal Impact: If the proposed rate schedule is adopted, revenue is projected to increase from \$11M in FY 2026 to \$14.4M in FY 2031. The revenue is anticipated to be sufficient to cover operating expenses, capital expenses, debt service payments and maintain adequate reserves.

Previous Related Action: On 10/14/21 the Board held a public hearing and adopted Resolution No 08-21 establishing a new rate structure, setting rates for potable and recycled water beginning on 1/1/22 through 1/1/26.

On 10/14/21 the Board approved the Rate Implementation Program.

On 10/14/21 and 11/10/22 the Board evaluated the need for rate increases for the upcoming year and decided to implement the rates as established by Resolution No 08-21.

On 11/9/23 the Board evaluated the need for rate increases for the upcoming year and adopted Resolution 05-23 *reducing* previously adopted rates and setting water rates and fees effective 1/1/24.

On 11/6/25 the Board evaluated the need for rate increases for the upcoming year and adopted Resolution 06-25 *reducing* previously adopted rates and setting water rates and fees effective 1/1/26.

On 3/25/26 the Finance and Personnel Committee received a presentation from Water Resources Economics (RCE) Consultants and provided input on certain aspects of the financial model and rate study.

On 4/15/26 the Board received an update on the work completed: analysis of required revenue and development of financial plan and provided direction to RCE and staff.

On 5/22/26 Staff presented the Finance and Personnel Committee with an update on a cost-of-service analysis and proposed rate development.

On 6/11/26 the Board received the draft Water and Recycled Water Rate Study and authorized the General Manager to issue the notice initiating the 60-day public review period and set public hearing on recommended water rates for 10/8/2026.

BACKGROUND

The District's Strategic Goal No. 3 comprises a management objective of designing and managing balanced and fair revenue sources that are sufficient for meeting operating and capital needs while providing for adequate reserves. The District recognizes the challenge as it strives to provide essential services to the community, fully fund the costs of providing and sustaining good service and keep rates fair and affordable.

Water Resources Economics was hired in November of 2025 to conduct a Water and Recycled Water Rate Study. The study comprises the following tasks:

- Develop a financial plan to determine the District's potable and recycled water revenue requirements
- Conduct potable and recycled water cost of service analyses
- Develop potable and recycled water rate models that demonstrate a clear nexus between District's costs and customer rates
- Create an administrative report that explains the proportionality of the rates to meet the requirements of Proposition 218 (Prop 218).
- Review tiered rate structure to better align with recent statewide court challenges and decisions.

These tasks have been completed. The final draft of the Water and Recycled Water Rate Study report was presented to the Board on 6/11/2026. A notice was mailed to District account holders and property owners on 7/29/2026 with information regarding the proposed rate changes, and a tier reduction, per the requirements of Proposition 218. The District Board of Directors considers approving the proposed rates during a public hearing at least 60 days after the mailing of the notice.

DISCUSSION

The proposed potable and recycled water rates are presented in Exhibits A-B to Resolution 08-26. Total revenue from water rates is projected to increase six- and one-half percent in 2027, the first year of the rate schedule. However, District customers will experience different rate increases in the year, based on account classification and meter size. The median single-family household sees their bill increase by approximately \$7.61 per month.

The proposed rate schedule reflects has updated tier ranges that go in effect and will be first viewed by customers on the February 2027 bill for January 2027 water sales.

Submitted,

David McNair, General Manager

Enclosed: Resolution 08-26

RESOLUTION No. 08-26

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SCOTTS VALLEY WATER DISTRICT
SETTING WATER RATES AND FEES EFFECTIVE JANUARY 1, 2027
IN COMPLIANCE WITH CALIFORNIA CONSTITUTION ARTICLE XIID

WHEREAS:

1. Pursuant to Water Code Section 31007, the Scotts Valley Water District is required to set water rates at a level to sufficiently pay for the provision of water services;
2. On June 11, 2026, the Board of Directors received the final draft report on the 2026 Water and Recycled Water Rate Study that proposed rates consistent with the requirements of the California Constitution Article XIID;
3. On July 29, 2026, the District mailed a Notice of Public Hearing to all affected parties and on October 18, 2026, held a public hearing as required by Proposition 218 (California Constitution Article XIID, §6(a));
4. The Notice of Public Hearing provided affected parties with information necessary to file a protest to the proposed water rates and fees;
5. Written protests against the proposed rates were not presented by a majority of the account owners.

THEREFORE, BE IT RESOLVED:

1. Adopts the rates set forth on Exhibits A-B attached hereto;
2. Finds that based on the 2026 Water and Recycled Water Rate Study, the rates so adopted are consistent with the requirements of the California Constitution Article XIID.

PASSED AND ADOPTED this 8th day of October 2026, by the following vote:

AYES:

NOES:

ABSENT:

Ruth Stiles, President
Board of Directors

Attest: _____
David McNair, General Manager



MONTHLY RATE SCHEDULE - POTABLE WATER

BASIC METER CHARGE	Current	Effective 1/1/2027	Effective 1/1/2028	Effective 1/1/2029	Effective 1/1/2030	Effective 1/1/2031
Meter Size						
5/8"	\$52.55	\$55.30	\$58.90	\$62.73	\$66.81	\$71.16
5/8" Rate Assistance (Residential)	\$36.79	\$38.71	\$41.23	\$43.91	\$46.77	\$49.82
5/8" Fire Service (Residential/Commercial)	\$13.90	\$10.99	\$11.71	\$12.48	\$13.30	\$14.17
3/4" (Multi-Residential, incl Fire Service) *	\$66.44	\$66.29	\$70.60	\$75.19	\$80.08	\$85.29
3/4"	\$73.46	\$76.15	\$81.10	\$86.38	\$92.00	\$97.98
1"	\$115.43	\$117.86	\$125.53	\$133.69	\$142.38	\$151.64
1 1/2"	\$229.81	\$222.11	\$236.55	\$251.93	\$268.31	\$285.76
2"	\$369.92	\$347.22	\$369.79	\$393.83	\$419.43	\$446.70
3"	\$767.76	\$743.41	\$791.74	\$843.21	\$898.02	\$956.40
4"	\$1,357.55	\$1,327.25	\$1,413.53	\$1,505.41	\$1,603.27	\$1,707.49
6"	\$2,706.40	\$2,724.32	\$2,901.41	\$3,090.01	\$3,290.87	\$3,504.78
VOLUMETRIC RATES (Per 100 Gal)						
Tiers for Residential Units with Individual Meters						
0 TO 3,000	\$0.99	\$0.97	\$1.04	\$1.11	\$1.19	\$1.27
3,001 TO 6,000	\$1.58	\$2.49	\$2.66	\$2.84	\$3.03	\$3.23
6,001 TO 7,000***	\$2.86	\$3.37	\$3.59	\$3.83	\$4.08	\$4.35
OVER 7,000***	\$3.44	N/A	N/A	N/A	N/A	N/A
Tiers for Multi-Residential Units with Master Meters **						
0 TO 3,000	\$0.99	\$0.97	\$1.04	\$1.11	\$1.19	\$1.27
3,001 TO 6,000	\$1.58	\$2.49	\$2.66	\$2.84	\$3.03	\$3.23
6,001 TO 7,000***	\$2.86	\$3.37	\$3.59	\$3.83	\$4.08	\$4.35
OVER 7,000***	\$3.44	N/A	N/A	N/A	N/A	N/A
UNIFORM RATES (Per 100 Gal)						
Commercial, Industrial, Institutional (CII)	\$1.61	\$1.71	\$1.83	\$1.95	\$2.08	\$2.22
Landscape Potable	\$2.65	\$2.31	\$2.47	\$2.64	\$2.82	\$3.01
Qualifying Medical Needs Residential	\$1.58	\$0.97	\$1.04	\$1.11	\$1.19	\$1.27
Rate Assistance (Residential)	\$0.99	\$0.97	\$1.04	\$1.11	\$1.19	\$1.27

* Meter at Multi-Residential Units that is upsized only to provide fire service (equivalent to 5/8" plus fire detection meter)

** Tier allocation is per unit

*** Beginning in 2027 Tier 4 will be eliminated and Tier 3 will be water use over 6,000 gal/month

Note: Board will evaluate and determine the need for increases before implementing new rates



MONTHLY RATE SCHEDULE - RECYCLED WATER

BASIC METER CHARGE	Current	Effective 1/1/2027	Effective 1/1/2028	Effective 1/1/2029	Effective 1/1/2030	Effective 1/1/2031
Meter Size						
5/8"	\$52.55	\$55.30	\$58.90	\$62.73	\$66.81	\$71.16
3/4"	\$73.46	\$76.15	\$81.10	\$86.38	\$92.00	\$97.98
1"	\$115.43	\$117.86	\$125.53	\$133.69	\$142.38	\$151.64
1 1/2"	\$229.81	\$222.11	\$236.55	\$251.93	\$268.31	\$285.76
2"	\$369.92	\$347.22	\$369.79	\$393.83	\$419.43	\$446.70
3"	\$767.76	\$743.41	\$791.74	\$843.21	\$898.02	\$956.40
4"	\$1,357.55	\$1,327.25	\$1,413.53	\$1,505.41	\$1,603.27	\$1,707.49
6"	\$2,706.40	\$2,724.32	\$2,901.41	\$3,090.01	\$3,290.87	\$3,504.78
VOLUMETRIC RATES (Per 100 Gal)						
	Current	Effective 1/1/2027	Effective 1/1/2028	Effective 1/1/2029	Effective 1/1/2030	Effective 1/1/2031
Landscape Recycled	\$2.01	\$2.11	\$2.19	\$2.27	\$2.35	\$2.44

Alexander Blagovestnyy
20 Angela Ct
Scotts Valley, CA 95066
blagovestnyy@gmail.com

RECEIVED

SEP 22 2026

Date: 9/21/2026

VIA MAIL OR HAND DELIVERY

SCOTTS VALLEY WATER
WATER DISTRICT

General Manager
Scotts Valley Water District
2 Civic Center Drive
Scotts Valley, CA 95066

WRITTEN OBJECTION AND PROPOSITION 218 PROTEST

Re: Proposed 2027-2031 Water Rates; APN 02273117; 20 Angela Ct, Scotts Valley CA 95066

To the General Manager and Board of Directors:

I am the owner of record of Assessor's Parcel Number 02273117. I submit this letter as (1) a written objection to the proposed water rates under Government Code section 53759.1 and (2) a written protest under Proposition 218. I object because I believe the materials provided do not adequately show that every proposed charge is no more than the proportional cost of water service attributable to my parcel, as required by California Constitution article XIII D, section 6.

Fixed-charge reallocation has not been shown to be proportional.

The 2026 Water Rate Study, page 67, Table 3-15, reallocates \$575,062 of Max Day and Max Hour Delivery costs to Meter Capacity in connection with a 35 percent fixed-revenue-recovery goal. I object because a revenue-stability goal alone does not establish that these peak delivery costs are proportional to meter capacity and attributable to the affected parcel or meter class. Please provide the cost-causation data and calculation supporting this allocation. See California Constitution Article XIII D, section 6(b)(3).

Public fire-capacity costs require a clearer proportional-cost showing.

The Study, pages 65-66, Tables 3-12 through 3-14, identifies 92.2 percent of fire capacity as public hydrant capacity and reallocates \$1,269,503 to Meter Capacity. I object because the Study does not adequately explain why that public-hydrant/fire capacity is a water-service cost proportionally attributable to my parcel or meter class, rather than a general governmental fire service available to the public at large. Please provide legal and cost-causation basis and proportional-allocation calculation. See California Constitution Article XIII D, section 6(b)(3) and 6(b)(5).

New revenue needs should be separated from costs already covered by current rates.

The Study includes capital projects, debt financing, and reserve targets in its revenue requirement. Although it provides high-level funding tables, I cannot determine project by project and year by year, how rate-funded costs are allocated to customer classes, how debt-financed capital is distinguished from later debt-service recovery, or how capital reserves, depreciation, and prior revenues are accounted for. I object to any amount beyond the funds required or recovered more than

orice and request a reconciled project-level schedule showing rates, existing reserves, debt proceeds, capacity fees, grants, and other revenue. See California Constitution Article XIII D, section 6(b)(1)-(3).

The five-year increases rely on forecasts that may change.

The Study projects expenses for five years using assumed annual increases rather than actual future costs. The assumptions range from 3 percent for general and capital costs to 5 percent for several categories, 6.5 percent for Salaries/Benefits, and 8 percent for benefits. It projects operating expenses to increase 4.5 percent per year on average, while separately scheduling a 6.5 percent potable-water revenue adjustment each year from 2027 through 2031. Actual inflation, water use, project costs, debt needs, and other revenues may be lower or higher than forecast.

I do not object merely because the District uses forecasts. I object because the record does not adequately explain how the same scheduled adjustment will remain no more than the funds required and proportionate if those key assumptions materially change. I request an annual public comparison of projections and actuals, and implementation of lower authorized rates if actual needs are lower. See California Constitution Article XIII D, section 6(b)(1) and 6(b)(3).

Requested action

For these reasons, I request that the District not adopt the proposed schedule as presented. The District should revise or recalculate the proposal after providing the requested proportional cost analysis and reconciliation. If any rates are adopted, they should be no higher than the demonstrated cost of providing water service attributable to the parcel.

Sincerely,
Alexander



ALEXANDER BLAGOVESTNYY

APN 02273117

20 Angela Ct Scotts Valley CA 95066



PROPOSITION 218 NOTICE JULY 2026

The mission of the Scotts Valley Water District is to deliver a sustainable, high-quality water supply in an environmentally responsible and financially secure manner, while providing outstanding customer service.

Why am I receiving this notice?

The Scotts Valley Water District is proposing a rate increase and changes to the rate structure. The rate increase is being considered so the District can fund ongoing operations and replace aging infrastructure. The District has fixed costs that need to be met regardless of customer water demand, including maintenance, upgrades and professional staffing.

Community Meeting and Public Hearing

The Scotts Valley Water District will hold a Community Meeting from 4:30-6:30 p.m. on Aug. 19, 2026, as well as a Board Public Hearing at 6:30 p.m. on Oct. 8, 2026.

At the Public Hearing, the Board of Directors will consider adoption of the proposed water rates and changes to water rate structure affecting all water customers. Interested persons are encouraged to attend either events and provide input.

Both meetings will be held in the Santa Margarita Community Room located at 2 Civic Center Drive, Scotts Valley, CA 95066.

For more information, please visit www.svwd.org/ratestudy



SCOTTS VALLEY
WATER DISTRICT
2 Civic Center Drive
Scotts Valley, CA 95066

9-25-26

*I protest the proposed
rate increase. My
address is 8 Casa Way, SV.*

*Signed,
Deborah Muth
owner*

RECEIVED

SEP 30 2026

SCOTTS VALLEY WATER
WATER DISTRICT

When would new rates go into effect?

If adopted, the proposed new rates would take effect Jan. 1, 2027, with annual increases each Jan. 1, up to and including Jan. 1, 2031. The scheduled increases would take effect without further rate hearings, provided the increases do not exceed the amounts included in this notice. The District retains the discretion to implement rates lower than proposed.

Prop 218 Protest Process

Any property owner or tenant who is a customer of the Scotts Valley Water District may protest the proposed water rate increases and changes to the water rate structure. If you oppose the proposed water rate increases and changes to the water rate structure, Proposition 218 requires that your protest must be submitted in writing to be counted, even if you plan to attend the Public Hearing. To be counted, the protest must:

- ✓ be in writing
- ✓ state opposition to the proposed rate increase
- ✓ identify the parcel by assessor's parcel number or street address
- ✓ include the original signature of the owner of record or a tenant who is a customer of the Scotts Valley Water District
- ✓ be received before the conclusion of the Public Hearing on Oct. 8, 2026.

One written protest per parcel, filed by an owner or a tenant who is a customer, will be counted. Only written and signed protests that include the writer's address and/or assessor's parcel number will be counted to determine whether a majority protest to the proposed water rate increase exists. Written protests may be mailed, emailed (scanned, signed and attached) to contact@svwd.org or hand delivered to the General Manager, Scotts Valley Water District, 2 Civic Center Drive, Scotts Valley, CA 95066.



AB 2257:

Exhaustion of Administrative Remedies Process

Property owners or customers of record may file an objection to the proposed rates under AB 2257. A valid objection must:

- ✓ Clearly explain why you believe the proposed rates do not comply with Proposition 218, with enough detail for the District to review and respond. For example, stating that the proposed rates are too high, or that they are illegal without an explanation as to why, will be insufficient to constitute a valid legal objection.
- ✓ Include the parcel address or assessor's parcel number.
- ✓ Include the name and signature of the individual submitting the objection.

Objections may be submitted by mail or hand delivered to 2 Civic Center Drive, Scotts Valley, CA 95066, provided they are received no later than 4:30 p.m. on Sept. 22, 2026. Failure to timely object bars any right to challenge the proposed water rates through a legal proceeding. The District will provide written responses to objections prior to the conclusion of the public hearing at 6:30 p.m. on Oct. 8, 2026.

The District's Rate Study, posted on Jul. 30, 2026, constitutes the written basis for the proposed rates.

www.svwd.org/ratestudy

Note: Under California Government Code section 53759, legal challenges must be filed within 120 days after the date on which the resolution adopting the proposed rates is adopted.

August 2, 2026

General Manager

Scotts Valley Water District

2 Civic Drive

Scotts Valley CA 95066

PROTEST BY OWNER OF Encore Condo, #303, 4104 Scotts Valley Dr., Scotts Valley, CA 95066.

I am VERY MUCH against the Prop 218 AB 2257 proposed Water rate increases and changes to the water rate structure.

I am a senior citizen and I oppose more tax increases by government entities. It makes living on a fixed income more and more difficult. The proposed rate increase appears too high. I believe further investigation is needed in order to support an increase in water rates.

I do NOT use much water.



Karen Blank, ENCORE, #303

4104 Scotts Valley Road

Scotts Valley, Ca 95066

October 1, 2026

Karen Blank, Encore #308
Scotts Valley, CA 95066

Response To Objection To Proposed Water Rate Adjustments Pursuant To California Government Code Sections 53759.1 And 53759.2

Dear Karen:

The Scotts Valley Water District provides this formal written response to your written objection received in August regarding the proposed potable and recycled water rate adjustments noticed in July 2026. This written response is issued pursuant to Article XIII D, Section 6 of the California Constitution (Proposition 218) and the administrative objection procedures set forth in California Government Code Sections 53759.1 and 53759.2 (Assembly Bill 2257). The District has reviewed each legal and factual ground set forth in your objection and provides the following determinations and supports administrative record references.

- We've completed a detailed rate study that we believe clearly demonstrates that the proposed rates do not exceed the cost of providing service (per Prop 218 requirements)
- We've documented the methodology and calculations underlying the proposed rates in a detailed report that is publicly available
- The District's rates are still significantly lower than neighboring water agencies in Santa Cruz County

For additional information, please review the Scotts Valley Water District proposed rate plan provided in the link below

<https://www.svwd.org/ratestudy>

If you should have any questions, please do not hesitate to contact me.

Best regards, David McNair

David McNair, General Manager
Scotts Valley Water District
(831) 600-1902

Kathy Ballinger

RECEIVED

From: Matt Hur <matthur65@gmail.com>
Sent: Friday, August 21, 2026 11:12 AM
To: Customer Contact
Cc: Kathleen Hur
Subject: Opposition to proposed water rate increase
Attachments: SVWD_08-21-2026.pdf

AUG 24 2026

**SCOTTS VALLEY WATER
WATER DISTRICT**

You don't often get email from matthur65@gmail.com. [Learn why this is important](#)
Please see the attached, scanned, and signed document.

Kathleen and Matthew Hur

14 Kerry Court
Scotts Valley, CA 95066

August 21, 2026

General Manager
Scotts Valley Water District
2 Civic Center Drive
Scotts Valley, CA 95066

To whom it may concern:

In accordance with Prop 218, we are writing to state our opposition to the proposed water rate increase. Please record our opposition to this rate increase.

Sincerely,

Kathleen Hur

Kathleen and Matthew Hur
14 Kerry Court
Scotts Valley, CA 95066

August 21, 2026

General Manager
Scotts Valley Water District
2 Civic Center Drive
Scotts Valley, CA 95066

To whom it may concern:

In accordance with Prop 218, we are writing to state our opposition to the proposed water rate increase. Please record our opposition to this rate increase.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kathy Hur', written in a cursive style.

Kathleen Hur

A handwritten signature in black ink, appearing to read 'Matthew Hur', written in a cursive style.

Matthew Hur

Scotts Valley Water District

AUG 13 2026

Board of Directors / General Manager

2 Civic Center Drive Scotts Valley, CA 95066

SCOTTS VALLEY WATER
WATER DISTRICT

Re: Written Objection to Proposed Water Rate Increases under Proposition 218 and AB 2257 (Government Code §§ 53759.1–53759.2)

Deadline: No later than 4:30 p.m. on September 22, 2026

Dear Board of Directors and General Manager:

I am a property owner / ratepayer within the Scotts Valley Water District service area. Pursuant to California Constitution Article XIII D, Section 6 (Proposition 218) and the District's adoption of the optional exhaustion-of-administrative-remedies procedures under Assembly Bill 2257 (adding Government Code sections 53759.1 and 53759.2), I hereby submit this timely written objection to the proposed water rate increases noticed in July 2026.

The proposed rates (approximately 6.5% overall revenue adjustment, with the median household monthly bill projected to rise \$7.61, effective January 1, 2027 and escalating annually for five years) fail to comply with the substantive requirements of Proposition 218 for the following specific reasons:

1. Revenues Will Exceed the Funds Required to Provide the Service

(Art. XIII D, § 6(b)(1)) The proposed rates generate more revenue than is necessary to fund the cost of providing water service. The District's own materials indicate the increase is expected to produce approximately \$286,000 in additional annual revenue against a projected budget of roughly \$9.2 million. Without a fully transparent, parcel-level demonstration that every dollar of the proposed increase is required solely for the cost of water service (and not for building excess reserves, funding non-essential capital, or other purposes), the rates violate the constitutional limit that revenues "shall not exceed the funds required to provide the property related service."

2. Failure to Demonstrate Proportional Cost of Service Attributable to Each Parcel

(Art. XIII D, § 6(b)(3)) The proposed rate structure does not establish that the amount charged to each parcel does not exceed the proportional cost of the service attributable to that parcel.

- Changes to the fixed (meter) charges and volumetric tiers appear to shift cost recovery in ways that are not supported by a current, detailed cost-of-service analysis showing the actual cost drivers (base delivery, extra capacity/peaking, customer costs, conservation, etc.) for each customer class and meter size.
- The revised tier breakpoints and differential pricing between residential, multi-family, commercial/industrial/institutional (CII), and landscape customers create cross-subsidies.

Higher-volume users or certain classes appear to be charged amounts that exceed (or fall short of) the incremental cost of serving them.

- Fixed charges continue to recover a significant portion of costs that are more properly volumetric or capacity-related, resulting in low-use customers subsidizing high-use customers (or vice versa) in a manner not justified by the cost of service.

3. Inadequate Written Basis and Cost-of-Service Study

(Art. XIII D, § 6 and AB 2257 notice requirements) The materials made available do not provide a sufficiently detailed, current written basis demonstrating how the proposed rates were calculated from the cost of providing service. A five-year rate schedule adopted under a prior (2021) study cannot simply be extended or adjusted by an across-the-board percentage without a new cost-of-service study that allocates costs by function and customer class in compliance with Proposition 218. The absence of clear, parcel-attributable cost justification renders the rates noncompliant.

4. Potential Use of Revenues for Purposes Other Than the Service for Which the Fee Is Imposed

(Art. XIII D, § 6(b)(2)) To the extent any portion of the proposed increase funds projects, reserves, or activities beyond the direct cost of delivering water service to the parcels being charged (including regional interties, non-essential capital, or general governmental purposes), the rates violate the requirement that revenues “shall not be used for any purpose other than that for which the fee or charge was imposed.”

Requested Relief

I request that the District:

- Withdraw or substantially revise the proposed rates so they comply with Proposition 218;
- Provide a complete, updated cost-of-service study that allocates costs by function and demonstrates proportionality at the parcel level; and
- Respond in writing to each ground of this objection prior to the close of the protest hearing, as required by Government Code § 53759.1.

This written objection is submitted both as a formal AB 2257 objection (preserving my right to seek judicial review) and as a Proposition 218 protest against the proposed rate increases.

Please confirm receipt of this objection and provide the District’s written response.

Thank you for your time and consideration,



Kevin John Persing

312 S Navarra Dr.

Scotts Valley, Ca. 95066

August 6, 2026

Kevin4celeste@live.com

831-325-8201

October 1, 2026

Kevin John Persing
312 S. Navarra Drive
Scotts Valley, CA 95066

Response To Objection To Proposed Water Rate Adjustments Pursuant To California Government Code Sections 53759.1 And 53759.2

Dear Mr. Persing:

The Scotts Valley Water District provides this formal written response to your written objection received on August 13, 2026, regarding the proposed potable and recycled water rate adjustments noticed in July 2026. This written response is issued pursuant to Article XIII D, Section 6 of the California Constitution (Proposition 218) and the administrative objection procedures set forth in California Government Code Sections 53759.1 and 53759.2 (Assembly Bill 2257). The District has reviewed each legal and factual ground set forth in your objection and provides the following determinations and supporting administrative record references.

Response To Objection Ground 1: Compliance With Revenue Limitations Under California Constitution Article XIII D, Section 6(b)(1)

Your objection asserts that the proposed water rates generate revenue exceeding the funds required to provide water service, referencing a projected annual revenue increase of approximately \$286,000 against a \$9.2 million budget and alleging an unlawful accumulation of excess reserves or funding of non-essential capital.

A review of the multi-year financial plan clarifies the distinction between single-year rate revenue adjustments and aggregate system expenditures. The figure of \$286,348 represents solely the initial, annualized incremental revenue adjustment for Fiscal Year 2027 resulting from the proposed 6.5 percent potable and 4.0 percent recycled rate adjustments, as documented in Table 2-20, Line 5 of the 2026 Water Rate Study Final Report. It grows to approximately \$2.91 million by Fiscal Year 2031 as the adjustments compound; it does not represent, and was never intended to represent, the total revenue requirement of the enterprise.

Under Article XIII D, Section 6(b)(1), revenues derived from a property-related fee must not exceed the funds required to provide the property-related service, and the cost of providing service properly includes all required short-term and long-term costs of operation, maintenance,

financing, and capital expenditures. (*Howard Jarvis Taxpayers Assn. v. City of Roseville (2002)* 97 Cal.App.4th 637, 647.) (“Roseville”) The Court in the Roseville decision stated:

The theme of these sections is that fee or charge revenues may not exceed what it costs to provide fee or charge services. Of course, what it costs to provide such services includes all the required costs of providing service, short-term and long-term, including operation, maintenance, financial, and capital expenditures. The key is that the revenues derived from the fee or charge are required to provide the service and may be used only for the service. In short, the section 6(b) fee or charge must reasonably represent the cost of providing service.

Across the five-year planning period from Fiscal Year 2027 through Fiscal Year 2031, the District's total combined projected expenditures necessary to operate, maintain, and sustain the water system equal \$68.1 million. This total includes \$42.2 million in direct operations and maintenance expenses, \$5.2 million in existing and proposed debt service, and \$20.7 million in rate-funded capital replacement and rehabilitation projects. An additional \$8.6 million in critical storage tank replacement and rehabilitation projects will be debt-financed to spread capital costs equitably over the useful life of the long-term assets and minimize immediate rate impacts to current customers.

Total projected revenues across the same five-year planning period, inclusive of all proposed rate adjustments, property taxes, interest earnings, and capacity fees, total \$66.1 million. Because projected expenditures of \$68.1 million exceed projected revenues of \$66.1 million by approximately \$2.0 million across the five-year forecast, the District will draw down its combined cash reserves from \$9.6 million in Fiscal Year 2027 to \$7.3 million in Fiscal Year 2031 to absorb the operational shortfall. This is the opposite of an unlawful accumulation of excess revenue: the District's own financial plan shows expenditures outpacing revenues, with reserves closing the gap.

Maintaining structured reserve funds, where the reserve policy is reasonable and documented, is a lawful component of utility rate setting under California law, and reserve funding falls within the broad category of financial and capital costs that Proposition 218 permits an agency to recover through rates. (*Roseville at pp. 647*).

The District's reserve policy maintains targeted balances for operations (25 percent of annual operating expenses), rate stabilization (20 percent of volumetric water sales revenue), emergency repairs (2.5 percent of net asset value), capital replacement (100 percent of annual depreciation), and debt service (100 percent of annual debt service). The technical record confirms that the District is drawing down, not building, reserves over the rate-setting period to fund capital improvements and buffer rate impacts, further demonstrating that proposed revenues do not exceed the cost of providing water service.

Response To Objection Ground 2: Proportional Cost Of Service Attributable To Each Parcel Under California Constitution Article XIII D, Section 6(b)(3)

Your objection asserts that the District has failed to demonstrate parcel level proportionality, that tier breakpoints and customer class rates create cross-subsidies, and that fixed monthly meter charges improperly recover costs that should be volumetric.

The proposed rate schedules are derived from a comprehensive cost-of-service study conducted by Water Resources Economics, LLC, in accordance with the industry-standard Base-Extra Capacity methodology established in the American Water Works Association Manual of Water Supply Practices M1: Principles of Water Rates, Fees, and Charges (Seventh Edition). This methodology complies with the proportionality mandates articulated in *Capistrano Taxpayers Association v. City of San Juan Capistrano* (2015) 235 Cal.App.4th 1493 (*Capistrano*)

Under *Capistrano*, tiered water rates satisfy Proposition 218 proportionality requirements where the agency ascertains the actual, incremental costs of providing water service at higher levels of demand and peak capacity. (*Capistrano, supra*, 235 Cal.App.4th at pp. 1503–1516.)

Furthermore, Proposition 218 does not require individualized parcel-by-parcel accounting or an unworkable standard of mathematical tracing to every connection, but rather requires that rates be apportioned reasonably across customer classes and demand categories based on sound cost-of-service modeling. (*Griffith v. Pajaro Valley Water Management Agency* (2013) 220 Cal.App.4th 586, 600–601, *disapproved on other grounds in City of San Buenaventura v. United Water Conservation Dist.* (2017) 3 Cal.5th 1191, 1209, *fn. 6* (*Griffith*).)

The District's cost-of-service analysis follows a four-step allocation framework: First, the net test-year revenue requirement is established at \$8.18 million for Fiscal Year 2026 potable service (Rate Study Table 3-1). Second, operating costs and capital assets (valued on a replacement-cost basis) are functionalized into system categories (Rate Study Tables 3-2 and 3-3). Third, functionalized costs are allocated to cost causation components based on system engineering data: Base Delivery, Max Day Extra Capacity, Max Hour Extra Capacity, Meter Capacity, Customer Service and Billing, Conservation, and Fire Protection (Rate Study Tables 3-5 through 3-16). Fourth, each cost causation pool is divided by its respective units of service to establish cost-justified unit rates (Rate Study Table 3-19).

Volumetric rates are differentiated across customer classes and consumption tiers based on empirical peaking characteristics. Customers using higher volumes of water during peak demand periods place significantly greater capacity burdens on the District's wells, booster pumps, treatment facilities, and distribution storage. Base delivery costs (\$1.32 per hundred gallons) are shared equally across all volumetric consumption, while peaking capacity costs are allocated incrementally across customer classes and tiers based on documented demand patterns (Rate Study Tables 3-11, 3-19, and 4-3). As set forth in Rate Study Table 3-11 and Table 4-3, the Max Day peaking factor is 2.04 for Tier 1, 2.47 for Tier 2, 3.47 for Tier 3, 2.30 for Commercial/Industrial/Institutional (CII), and 3.15 for Landscape. This empirical demand

modeling establishes cost-justified extra capacity unit costs of \$0.73 per hundred gallons for Tier 1, \$1.02 for Tier 2, \$1.69 for Tier 3, \$0.90 for CII, and \$1.47 for Landscape. Allocating peak capacity costs to higher tiers protects baseline, low-volume users from bearing infrastructure costs their demand does not generate.

Water conservation program expenses (\$96,721, Rate Study Table 4-4) are assigned directly to Residential Tier 3, as District demand management and conservation initiatives target discretionary and excessive consumption falling within that upper tier. Non-rate revenues, consisting of \$1.64 million in ad valorem property taxes and \$420,194 in interest earnings (Rate Study Table 3-1), are applied to reduce the Revenue Offset requirement and are allocated across customer classes and tiers in proportion to water use, with the Residential allocation applied to Tier 1 to offset the cost of essential indoor water use by \$1.15 per hundred gallons (Rate Study Tables 4-5 and 4-6). Proposition 218 affords agencies discretion in how such non-fee revenues are applied to reduce the overall revenue requirement, provided the resulting rates still reasonably reflect the cost of service; the District's use of that discretion to prioritize affordability of essential indoor water use is consistent with the flexible, non-precise-calculation standard for apportionment recognized in *Griffith*, supra, 220 Cal.App.4th at page 601, and *Capistrano*, supra, 235 Cal.App.4th at pages 1514–1515.

The District has restructured its residential volumetric tiers by reducing tiers from four to three and establishing uniform dwelling-unit tier allotments between Single-Family and Multi-Family classes (Tier 1: 0 to 3,000 gallons; Tier 2: 3,001 to 6,000 gallons; Tier 3: 6,001+ gallons). This structural change establishes tier allotments based on objective indoor and outdoor water budget definitions, eliminating historical class variances and strengthening rate equity across all residential customer categories.

Regarding fixed charges, California law authorizes public water agencies to recover the fixed, readiness-to-serve costs of maintaining utility infrastructure capacity through basic monthly service charges imposed regardless of actual usage. As the Court of Appeal held in *Paland v. Brooktrails Township Community Services District Board of Directors* (2009) 179 Cal.App.4th 1358, "a minimum charge imposed on parcels with connections to a water district's utility systems for the basic cost of providing water or sewer service, regardless of actual use, is a charge for an immediately available property-related water or sewer service as defined in article XIII D, section 6, subdivision (b)(4), and consequently does not require ballot approval by affected owners." (*Id.* at p. 1362.) Such base rates are properly used "to pay the fixed costs of operating and maintaining the water and sewer systems, as well as the capital costs of increasing the District's storage capacity so that it can continue to serve those already-connected customers." (*Id.* at p. 1361, fn. 4.)

Fixed charges are calculated to recover Customer Service and Billing costs (\$12.76 per account per month) and Meter Capacity costs (\$39.16 per equivalent meter unit, Rate Study Table 4-1). Meter Capacity costs are apportioned in accordance with AWWA standard safe operating

capacity ratios, scaling from 1.0 for a 5/8-inch meter to 65.0 for a 6-inch meter (Rate Study Table 3-17). This methodology ensures that each parcel pays for the standby capacity demand it is capable of exerting on the water system, regardless of the volume of water consumed in a given billing cycle. Public fire protection capacity costs (\$1.27 million, Rate Study Table 3-14) are allocated across all customer connections via equivalent meter units because fire protection is an omnipresent standby service that benefits all connected parcels equally.

Finally, the District's Rate Assistance program complies with Proposition 218 requirements because all program discounts are funded through non-rate property tax and interest revenue offsets rather than rate revenues collected from other customers (Rate Study Table 4-5).

Response To Objection Ground 3: Adequacy Of Written Basis And New Cost Of Service Study Under California Constitution Article XIII D, Section 6 And Government Code Section 53759.1

Your objection claims that the District has failed to provide a current written basis and is improperly adjusting or extending a prior 2021 rate study across-the-board.

This assertion is incorrect. The District did not extend or apply across-the-board inflationary percentages to its 2021 rate study. In November 2025, the District Board authorized a completely new, independent rate study conducted by Water Resources Economics, LLC. The resulting 2026 Water Rate Study Final Report represents a comprehensive cost-of-service evaluation utilizing audited Fiscal Year 2025 financial actuals, adopted Fiscal Year 2026 budget appropriations, updated engineering asset replacement valuations, and empirical water consumption distributions across all customer accounts.

The complete administrative draft of the 2026 Water Rate Study was published on the District website (www.svwd.org/ratestudy) on July 30, 2026, and made available for public inspection at the District office. Government Code Section 53759.1(a)(2) requires a District that has adopted the AB 2257 objection procedure to post its written basis for the proposed rates online at least 45 days before the deadline for a property owner to submit a written objection. Here, the written basis was posted 54 days before the September 22, 2026 objection deadline, and more than 70 days before the October 8, 2026 public hearing, satisfying both that requirement and the underlying notice requirements of California Constitution Article XIII D, Section 6(a)(1). The formal report was compiled with the August 5, 2026 final revision date without modifying the underlying cost allocations, rate models, or substantive conclusions.

Response To Objection Ground 4: Restriction On Use Of Revenues Under California Constitution Article XIII D, Section 6(b)(2)

Your objection asserts that rate revenues may be diverted to unauthorized purposes, non-essential capital, general governmental programs, or regional interties that do not serve local parcels.

Article XIII D, Section 6(b)(2) provides that revenues from a property-related fee “shall not be used for any purpose other than that for which the fee or charge was imposed.” All revenues collected from District water rates are deposited into segregated enterprise funds (Fund 01 Potable Water and Fund 02 Recycled Water). The Scotts Valley Water District is an independent special district organized under the California Water Code. It has no municipal general fund, performs no general municipal governmental functions, and is legally prohibited from transferring utility rate revenues to non-water purposes.

Every capital project included in the District's \$33.5 million Six-Year Capital Improvement Plan (Rate Study Table 2-11 and Table 6-3) directly serves the District's water system. These projects include storage tank rehabilitations and replacements (Bethany Tank, Mt. Roberta Tank, Villa Fontenay Tank, Glenwood Tank Landslide Evaluation and Repair, Sequoia Tank Roof Recoat, and bolted steel tank seam resealing), groundwater production well rehabilitations (Grace Way Well, Well 10A, Sucinto Well, and Orchard Run Well), water distribution main replacements, pressure regulator station upgrades, advanced metering infrastructure, and treatment plant upgrades. None of these expenditures constitute non-essential capital or general governmental activities.

Regarding regional interties, the Santa Cruz Water Department / Scotts Valley Water District Intertie Project (Project C23010, Rate Study Table 6-3, Line 11) is budgeted at \$4,036,867, net of anticipated grant funding, and is a water-supply redundancy and emergency reliability project that directly benefits District ratepayers by providing an emergency water transfer capability during outages, drought, or contamination events affecting the District's own wells and treatment facilities. The intertie supports long-term conjunctive water management across the shared Santa Margarita Groundwater Basin.

California courts have held that "the costs of purchasing, capturing, storing, and distributing supplemental water necessarily include general expenses to administer" that supplemental supply, and that basin-wide water management "for agricultural, municipal, industrial, and other beneficial uses is in the public interest" and benefits all connected users in common. (*Griffith v. Pajaro Valley Water Management Agency* (2013) 220 Cal.App.4th 586, 595–602, disapproved on other grounds in *City of San Buenaventura v. United Water Conservation Dist.* (2017) 3 Cal.5th 1191, 1209, fn. 6.) The capital cost allocated to the District represents solely the net local share after accounting for external grant funding. Like the District's other capital projects, it is paid for through a combination of rate revenue and debt proceeds — the same \$20.7 million in rate-funded capital improvements and \$8.6 million in debt-financed capital improvements discussed above — rather than through any diversion of revenue to a purpose other than water service.

Disposition Of Requested Relief

Your objection requests that the District (1) withdraw or substantially revise the proposed rates; (2) provide a complete, updated cost-of-service study allocating costs by function and demonstrating parcel-level proportionality; and (3) respond in writing to each ground of the objection prior to the close of the protest hearing.

As to the second request, the 2026 Water Rate Study Final Report, published July 30, 2026 and referenced throughout this response, is that complete, updated, function-based cost-of-service study; no further study is required to satisfy Proposition 218's written basis requirement. As to the third request, this letter constitutes the District's written response to each ground raised in your objection, issued prior to the October 8, 2026 public hearing. As to the first request, for the reasons set forth in Grounds 1 through 4 above, the District has determined that the proposed rates comply with Proposition 218 and California Government Code Sections 53759.1 through 53759.2, and the District therefore declines to withdraw or revise the proposed rates on the basis of the grounds raised in your objection.

Determination, Disposition, And Notice Of Administrative Exhaustion

Based on the technical findings, financial modeling, and cost allocations detailed in the 2026 Water Rate Study Final Report, the District confirms that the proposed potable and recycled water rates comply with all procedural and substantive requirements of California Constitution Article XIII D, Section 6, and California Government Code Sections 53759.1 through 53759.2.

Your written submission has been logged as a formal Proposition 218 protest against the proposed rate adjustments and will be included in the official protest tally presented to the Board of Directors at the Public Hearing on October 8, 2026.

This written response satisfies the District's statutory obligations under California Government Code Section 53759.1. Pursuant to California Government Code Section 53759.2, any subsequent judicial action or proceeding challenging the proposed rates is strictly limited to the specific grounds raised in your timely written objection and addressed in this administrative record. Under California Government Code Section 53759, any legal action challenging the proposed rates must be filed within 120 days after the date on which the resolution adopting the rates is adopted.

The District appreciates your careful attention to this matter and your engagement in the District's rate-setting process. Public participation of this kind strengthens the record and the District's decision-making process.

Best regards,

David McNair, General Manager
Scotts Valley Water District

September 21, 2026

Dear General Manager of SVWD,

I realize we live in a wealthy community, and many busy dual income families may skim right over the Prop 218 as I've seen happen when we had price increases in the past. I have been a single mother since 2007 with no additional income earners in the house. I retired in 2021 from teaching for > 30 years and am on a fixed income. I now have two adult children that have been living with me on and off as they get their feet on the ground.

The proposed price increase for basic water service will be 35.4% by the 5th year, plus the water usage increases of 28% for Tier 1, 104% for Tier 2 (should I go over Tier 1) and **these amounts already surpass the amount of increases I receive (which don't even compound annually!)**. The 52% for Tier 3 by year 5, is **exacerbated by the elimination of Tier 4**, considering occasional leaks, one that happened in December 2024 when I was out of town. At least we currently have Tier 3 that allows for 1000 gallons in these cases, before the highest cost kicks in at Tier 4. But Tier 3 will be \$4.35 at year 5 vs current \$3.44 for Tier 4 so that one change could cost a lot!

We used to have 1 forgiveness per year, then once every 5 years, for leaks, or in my case, trucks running over my water meter and causing an Old Faithful Geyser on my property! That has happened twice! Why can't you bring back a forgiveness once per year due to these types of circumstances that are out of our control?

With huge housing complexes coming in, did you make any argument stating we don't have enough water or infrastructure to deal with them? Get developers to pay for the project expenses to handle these costs rather than asking long term residents to foot the bill? **We must have plenty of water** if there's not been any push back on the city for growth that we could not handle.

PLEASE KNOW I do appreciate that part of the money goes towards salaries and benefits. Your employees there at SVWD definitely deserve this as they are hardworking, friendly, and patient community service providers.

I'm sure there are many ideas of how this could be made easier and more fair, such as increasing the allotment for Tier 1, or in my case, how about an exemption or discount for Seniors on fixed incomes (not just rate assistance for low income-meaning < \$43,280 per year for 1-2 person households). Inflation already exceeded the small amount of increase I do receive as a retired teacher. I'm sure many of us are in the same boat.

Please accept this as my letter of protest. There must be some kind of compromise here.

Thank you,



Kim Sweeney

110 Sawyer Circle

Scotts Valley, CA 95066

RECEIVED

SEP 22 2026

SCOTTS VALLEY WATER
WATER DISTRICT

Mariia Vetrova
916 Lundy Ln
Scotts Valley, CA 95066
rozamaria.de@gmail.com

RECEIVED

SEP 22 2026

Date: 9/21/2026

VIA MAIL OR HAND DELIVERY

SCOTTS VALLEY WATER
WATER DISTRICT

General Manager
Scotts Valley Water District
2 Civic Center Drive
Scotts Valley, CA 95066

WRITTEN OBJECTION AND PROPOSITION 218 PROTEST

Re: Proposed 2027-2031 Water Rates; APN 02137109; 916 Lundy Ln, Scotts Valley CA 95066

To the General Manager and Board of Directors:

I own the property identified by Assessor's Parcel Number 02137109, and I am writing to formally object to and protest the District's proposed water rate schedule. This letter serves two purposes: it is a written objection under Government Code section 53759.1, and it is a protest under Proposition 218. My concern, in short, is that the District has not demonstrated that each proposed charge stays within the proportional cost of service attributable to my parcel, as article XIII D, section 6 of the California Constitution requires.

The shift of fixed costs onto Meter Capacity needs better justification.

Table 3-15 on page 67 of the 2026 Water Rate Study moves \$575,062 in Max Day and Max Hour Delivery costs into the Meter Capacity category, tied to a stated goal of recovering 35 percent of revenue through fixed charges. Wanting more revenue stability is not, by itself, proof that these peak-delivery costs actually belong to meter capacity or that they are fairly attributable to my parcel or meter class. I am asking the District to produce the cost-causation analysis behind this reallocation, consistent with article XIII D, section 6(b)(3).

The fire-capacity cost allocation is not adequately explained.

Tables 3-12 through 3-14 (pages 65-66) attribute 92.2 percent of fire capacity to public hydrants and then shift \$1,269,503 of that cost into Meter Capacity. I don't see an explanation for why hydrant/fire capacity serving the public generally should be billed to my parcel as a water-service cost, rather than treated as a general fire-protection function. Please provide the legal basis and the cost-causation math supporting this allocation, per article XIII D, sections 6(b)(3) and 6(b)(5).

New revenue requirements are not clearly separated from what current rates already cover.

The Study folds capital projects, debt financing, and reserve targets into its overall revenue requirement, but the tables provided are too high-level for me to trace, project by project and year by year, how those costs are assigned to customer classes, how debt-funded capital is distinguished from the debt service later recovered through rates, or how reserves, depreciation, and prior revenue are being accounted for. Until the District shows otherwise, I object to the possibility that I am being asked to pay for costs beyond what is actually needed, or that some costs are being recovered more than once. I am requesting a reconciled, project-level schedule showing how rates, reserves, debt proceeds, capacity fees, and grants each contribute to funding, consistent with article XIII D, section 6(b)(1) through (3).

The five-year rate path depends on assumptions that could turn out to be wrong.

The Study's five-year projections rely on assumed cost increases rather than known costs: 3 percent for general and capital items, 5 percent for several other categories, 6.5 percent for salaries and benefits, and 8 percent for benefits specifically, netting out to an average 4.5 percent annual increase in operating expenses. Against that, the District has scheduled a flat 6.5 percent potable-water rate increase every year from 2027 through 2031. My objection is not that the District is forecasting - some forecasting is unavoidable - but that the record does not explain how a fixed 6.5 percent annual increase stays within the funds actually required if these assumptions turn out to be too high. I am requesting a yearly public reconciliation of projected versus actual costs, with a corresponding reduction in rates if actual needs come in lower, as required by article XIII D, section 6(b)(1) and (3).

I do not object merely because the District uses forecasts. I object because the record does not adequately explain how the same scheduled adjustment will remain no more than the funds required and proportionate if those key assumptions materially change. I request an annual public comparison of projections and actuals, and implementation of lower authorized rates if actual needs are lower. See California Constitution Article XIII D, section 6(b)(1) and 6(b)(3).

What I am asking the District to do

I am asking the Board not to adopt the rate schedule as currently proposed. Before any rates are adopted, the District should supply the proportional-cost analysis and reconciliation described above, and revise the schedule accordingly. Any rates that are ultimately adopted should not exceed what can actually be demonstrated as the cost of serving this parcel.

Sincerely,
Mariia



Mariia Vetrova

APN 02137109

916 Lundy Lane, Scotts Valley, Ca
95066

Formal Complaint: Proposed Rate Increases

To: Scotts Valley Water District

Date: August 2, 2026

Subject: Objection to Proposed Rate Increases

I am writing to formally object to the proposed rate increases, which I consider unacceptable and unsustainable.

Rate History vs. Inflation

The table below illustrates a decade-long pattern of rate increases that far exceed inflation:

Year	SVWD Rate Increase (%)	U.S. Inflation Rate (%)	SVWD Avg. Monthly Bill	CA Statewide Avg. Monthly Bill
2016	27%	1.3%	~\$42	~\$58–62
2017	15%	2.1%	~\$48	~\$60–64
2018	10%	2.4%	~\$53	~\$62–66
2019	10%	1.8%	~\$58	~\$64–68
2020	10%	1.2%	~\$64	~\$66–70
2021	5%	4.7%	~\$67–70	~\$68–72
2022	5%	8.0%	~\$70–73	~\$70–74
2023	5%	4.1%	~\$74–77	~\$72–76
2024	3%	2.9%	~\$92	~\$76–81
2025	5%	2.6%	~\$96	~\$77–81
2026	7%	2.7–4.0%	~\$103	~\$77–81

Key Concerns

1. Cumulative Disparity

Since 2016, cumulative inflation has been approximately 40%, whereas SVWD rates have increased by 160%—four times the rate of inflation.

2. Competitive Position

While SVWD rates may have been justified in 2016 (when the average monthly bill was roughly 28% below the California statewide average), this is no longer the case. Starting in 2022, SVWD bills have increasingly exceeded the state average. Today, SVWD customers pay approximately 27% more than the California statewide average.

3. Future Projections

The proposed rate increases will again double the historical rate of inflation over the next five years, adding approximately 35% to the basic rate (and 28% to Tier 1 consumption rates).

Conclusion

Sustained cost growth that outpaces inflation by a wide and widening margin is unsustainable. When a utility repeatedly requires substantially more funding than comparable peers—and far above the rate of inflation—it signals a management failure in which costs are escalating in an uncontrolled manner.

I urge the Scotts Valley Water District to halt these proposed increases and implement a comprehensive cost-control review. Rate adjustments should align with inflation and remain competitive with statewide averages.

Respectfully submitted,



8/2/2026

Pablo Riviere
305 Northridge Drive,
Scotts Valley, CA 95066
Account: 009362-000, A.P.N.: 093-203-06

SCOTTS VALLEY WATER DISTRICT

2026 RATE STUDY

Public Hearing – October 8, 2026



**Water Resources
Economics**

**Promoting the Value
and Price of Water Service**



Agenda

- Rate study overview
- Proposed rate study results
- Next steps

Rate Study Goal

- Currently adopted five-year rate schedule:
 - Spans FY 2022 - FY 2026
 - The final year of adopted rate increases went into effect Jan. 2026
- 2026 Water Rate Study:
 - Goal: Develop a proposed five-year rate schedule for FY 2027 - FY 2031 that:
 - Meets legal requirements
 - Meets the District's funding needs
 - Is consistent with industry standards

Rate Study Schedule

- Prior Board Meetings:
 - Nov. 13, 2025: Initial policy discussion
 - Mar. 12, 2026: Preliminary rate options
 - April 15, 2026: Revised rate options
 - June 11, 2026: Final report received
- By Aug. 8, 2026: Public hearing notices mailed to all customers
- **TODAY**: Proposition 218 Public Hearing
- Jan. 1, 2027: New rates effective

Rate Study Overview



**Water Resources
Economics**

Proposition 218 (Article XIII C and XIII D of California Constitution)

- Applies to Property-related Fees for Service
- Rate Implications:
 - Rates must be proportional to and may not exceed the cost of providing service
 - One customer class (residential, commercial, etc.) may not subsidize another customer class
 - Retail agencies typically conduct a “cost-of-service analysis” at least once every 5 years to ensure a sufficient nexus between rates and costs
- Procedural Requirements



Cost of
Service
Analysis



Public
Hearing
Requirement



Customer
218 Notice



Customer
Right to
Protest

Rate Study Process

Policy Framework

Identify Key Policy Objectives (Revenue Stability, Customer Affordability, etc.)

What are our priorities and values?

Financial Plan

Develop Multi-year Cash Flow Projections to Determine Annual Rate Revenue Requirement

How much revenue do we need?

Cost-of-Service Analysis

Allocate the Rate Revenue Requirement to Customers in Proportion to Use of and Burden on the Water System

Who should pay for what?

Rate Design

Identify Appropriate Rate Structure Changes and Calculate Proposed Rates

What are the impacts of the proposed rate structure?

Documentation

Develop a Study Report to Provide Transparency and Defensibility

Have we adequately demonstrated the proportionality of the rates?

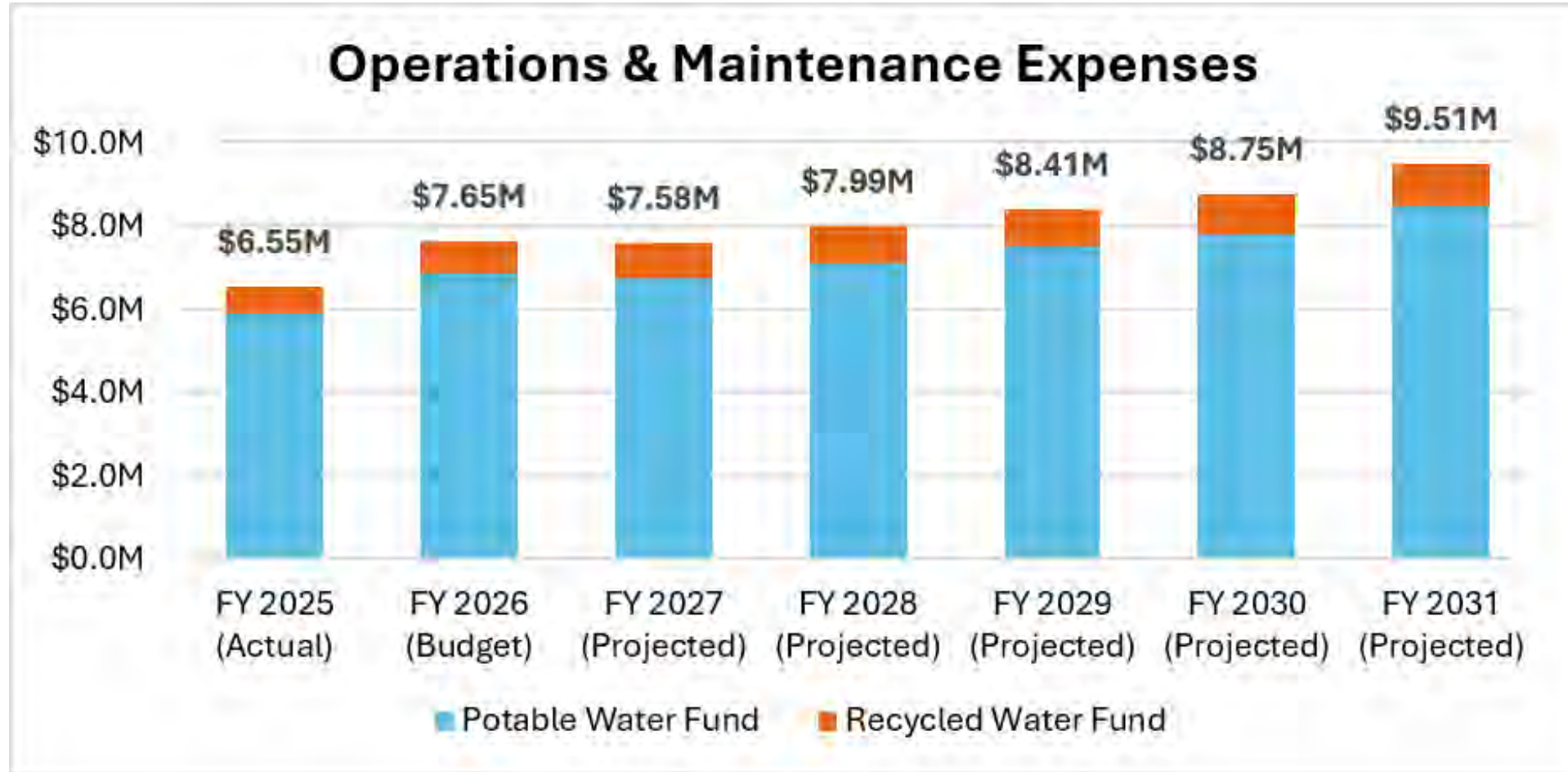
Financial Plan



**Water Resources
Economics**

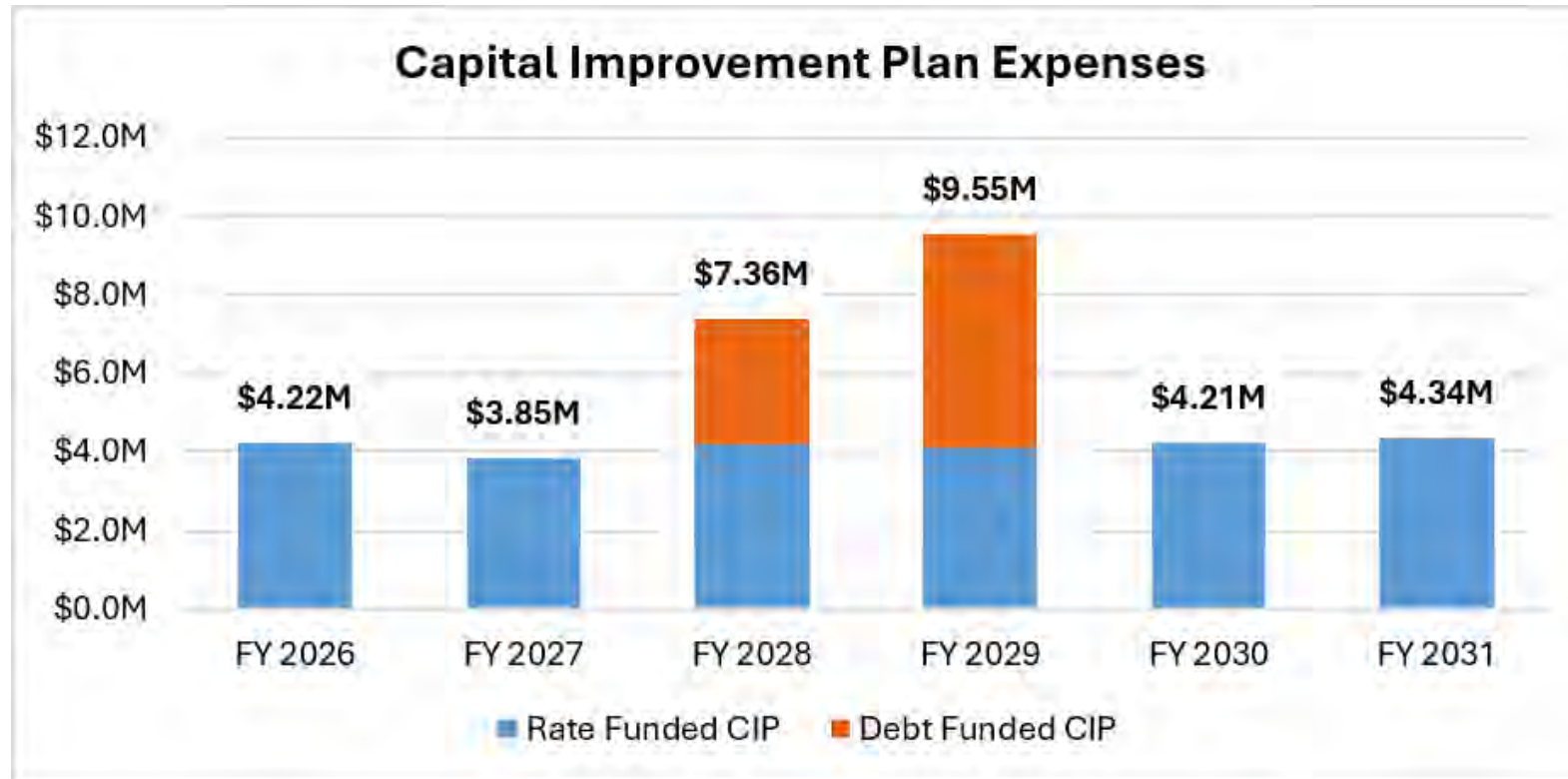
Key Assumptions: Operations & Maintenance Expenses

- O&M expenses projected to increase by 4.5% per year on average



Key Assumptions: Capital Improvement Plan Expenses

- \$33.5M in total CIP (\$5.6M per year on average)
 - \$8.6M in new debt funding for critical tank rehab/replacements
 - All other CIP shown to be cash funded by rates

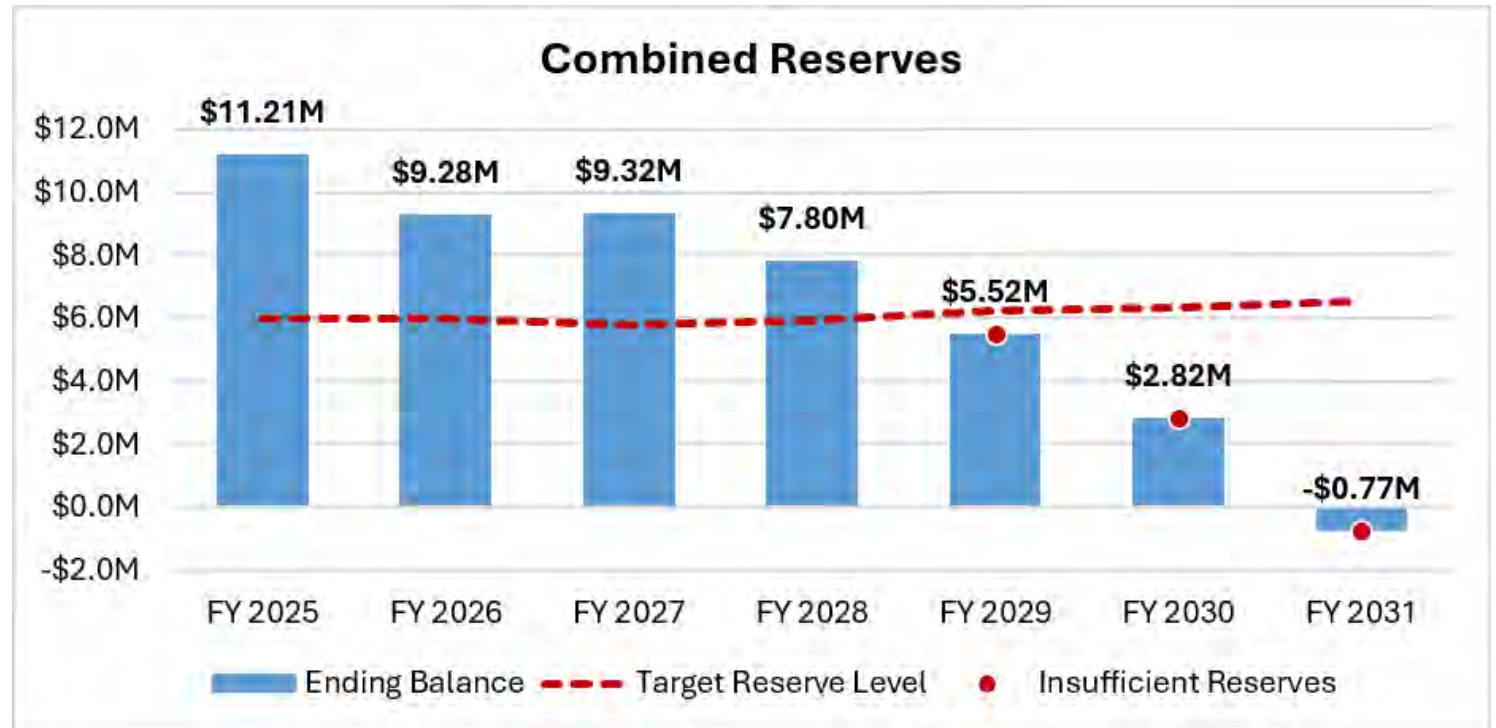


Reserve Policy

- Reserve target (~\$6 million in FY 2026):
 - Operating Reserve: 90 days of operating expenses
 - Rate Stabilization Reserve: 20% of volumetric water sales revenue
 - Emergency Reserve: 2.5% of asset valuation
 - Capital Reserve: 1 year of depreciation
 - Debt Service Reserve: 100% of debt service

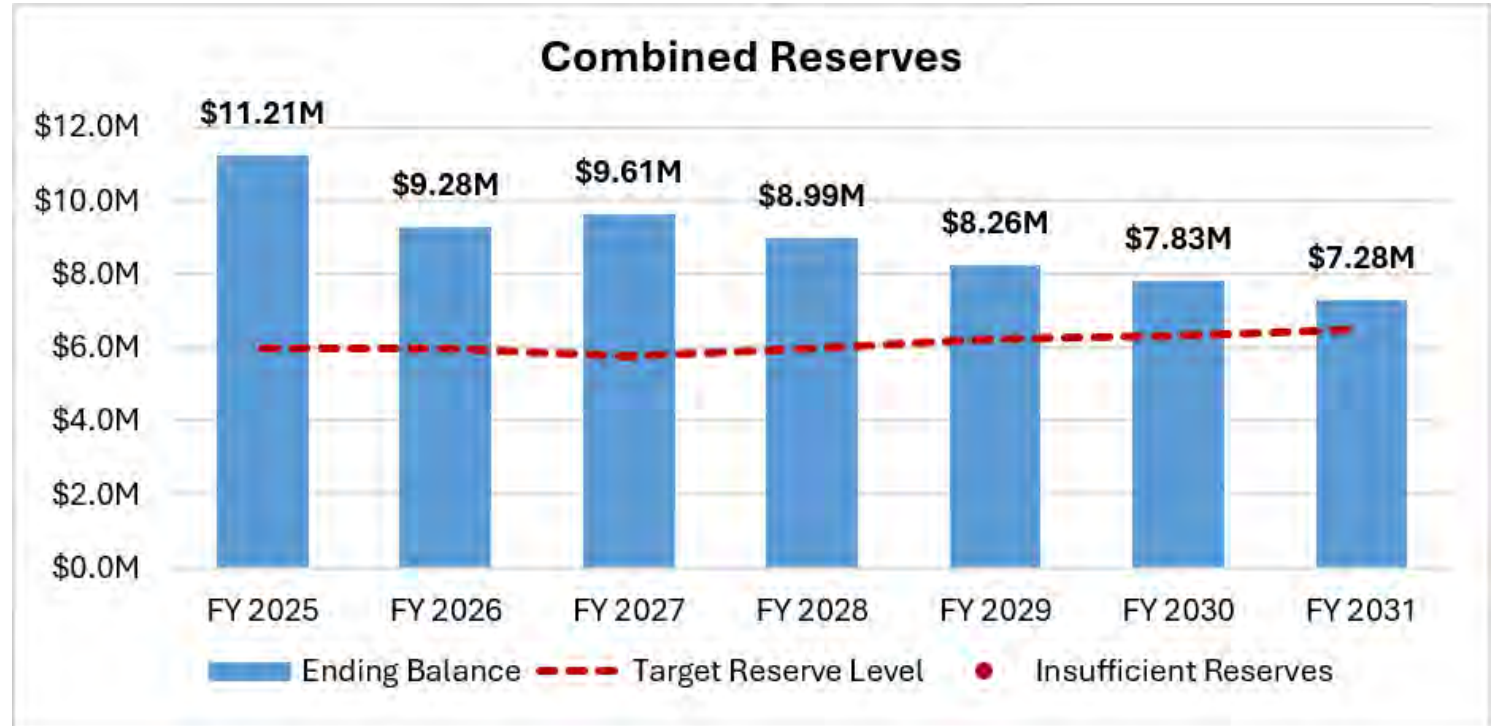
Status Quo Financial Plan: Potable & Recycled Water Funds Combined

Fiscal Year	Effective Month	Potable Revenue Adjustment	Recycled Revenue Adjustment
FY 2027	Jan. 2027	0.0%	0.0%
FY 2028	Jan. 2028	0.0%	0.0%
FY 2029	Jan. 2029	0.0%	0.0%
FY 2030	Jan. 2030	0.0%	0.0%
FY 2031	Jan. 2031	0.0%	0.0%



Proposed Financial Plan: Potable & Recycled Water Funds Combined

Fiscal Year	Effective Month	Potable Revenue Adjustment	Recycled Revenue Adjustment
FY 2027	Jan. 2027	6.5%	4.0%
FY 2028	Jan. 2028	6.5%	4.0%
FY 2029	Jan. 2029	6.5%	4.0%
FY 2030	Jan. 2030	6.5%	4.0%
FY 2031	Jan. 2031	6.5%	4.0%



Rate Design



**Water Resources
Economics**

Current Rate Structure

- 1) Monthly basic meter charge (by meter size)
- 2) Volumetric rates (per 100 gallons)
 - Potable:
 - Residential: 4 tiers
 - Commercial/Industrial/Institutional (CII): Uniform
 - Landscape potable: Uniform
 - Recycled: Uniform

Current Rates	Effective Jan. 2026
Monthly Basic Meter Charge	
5/8-inch	\$52.55
5/8-inch Rate Assistance (Residential)	\$36.79
5/8-inch Fire Service (Residential/Commercial)	\$13.90
3/4-inch (Multi-Residential, incl. Fire Service)	\$66.44
3/4-inch	\$73.46
1-inch	\$115.43
1.5-inch	\$229.81
2-inch	\$369.92
3-inch	\$767.76
4-inch	\$1,357.55
6-inch	\$2,706.40
Potable Volumetric Rates (per 100 gallons)	
<u>Residential Tiered Rates</u>	
Tier 1	\$0.99
Tier 2	\$1.58
Tier 3	\$2.86
Tier 4	\$3.44
<u>Non-Residential Uniform Rates</u>	
Commercial/Industrial/Institutional (CII)	\$1.61
Landscape Potable	\$2.65
Recycled Volumetric Rates (per 100 gallons)	
Uniform	\$2.01

Proposed Rate Structure Changes

- Proposed changes to residential tiered volumetric rates:
 - Reduce from four tiers to three tiers
 - Same tier allotments for all residential dwelling units

Monthly Allotment	Current (Residential Units w/ Individual Meters)	Current (Multi- Residential w/ Master Meters)	Proposed (All Residential)
Tier 1	0-3,000 gallons	0-3,000 gallons	0-3,000 gallons
Tier 2	3,001-6,000 gallons	3,001-3,200 gallons	3,001-6,000 gallons
Tier 3	6,001-7,000 gallons	3,201-7,000 gallons	> 6,000 gallons
Tier 4	> 7,000 gallons	> 7,000 gallons	N/A

Proposed Five-Year Rate Schedule

Proposed Rates	Current (Jan. 2026)	Proposed FY 2027 (Jan. 2027)	Proposed FY 2028 (Jan. 2028)	Proposed FY 2029 (Jan. 2029)	Proposed FY 2030 (Jan. 2030)	Proposed FY 2031 (Jan. 2031)
Monthly Basic Meter Charge						
5/8-inch	\$52.55	\$55.30	\$58.90	\$62.73	\$66.81	\$71.16
5/8-inch Rate Assistance (Residential)	\$36.79	\$38.71	\$41.23	\$43.91	\$46.77	\$49.82
5/8-inch Fire Service (Residential/Commercial)	\$13.90	\$10.99	\$11.71	\$12.48	\$13.30	\$14.17
3/4-inch (Multi-Residential, incl. Fire Service)	\$66.44	\$66.29	\$70.60	\$75.19	\$80.08	\$85.29
3/4-inch	\$73.46	\$76.15	\$81.10	\$86.38	\$92.00	\$97.98
1-inch	\$115.43	\$117.86	\$125.53	\$133.69	\$142.38	\$151.64
1.5-inch	\$229.81	\$222.11	\$236.55	\$251.93	\$268.31	\$285.76
2-inch	\$369.92	\$347.22	\$369.79	\$393.83	\$419.43	\$446.70
3-inch	\$767.76	\$743.41	\$791.74	\$843.21	\$898.02	\$956.40
4-inch	\$1,357.55	\$1,327.25	\$1,413.53	\$1,505.41	\$1,603.27	\$1,707.49
6-inch	\$2,706.40	\$2,724.32	\$2,901.41	\$3,090.01	\$3,290.87	\$3,504.78
Potable Volumetric Rates (per 100 gallons)						
Residential Tiered Rates						
Tier 1	\$0.99	\$0.97	\$1.04	\$1.11	\$1.19	\$1.27
Tier 2	\$1.58	\$2.49	\$2.66	\$2.84	\$3.03	\$3.23
Tier 3	\$2.86	\$3.37	\$3.59	\$3.83	\$4.08	\$4.35
Tier 4	\$3.44	N/A	N/A	N/A	N/A	N/A
Non-Residential Uniform Rates						
Commercial/Industrial/Institutional (CII)	\$1.61	\$1.71	\$1.83	\$1.95	\$2.08	\$2.22
Landscape Potable	\$2.65	\$2.31	\$2.47	\$2.64	\$2.82	\$3.01
Recycled Volumetric Rates (per 100 gallons)						
Uniform	\$2.01	\$2.11	\$2.19	\$2.27	\$2.35	\$2.44

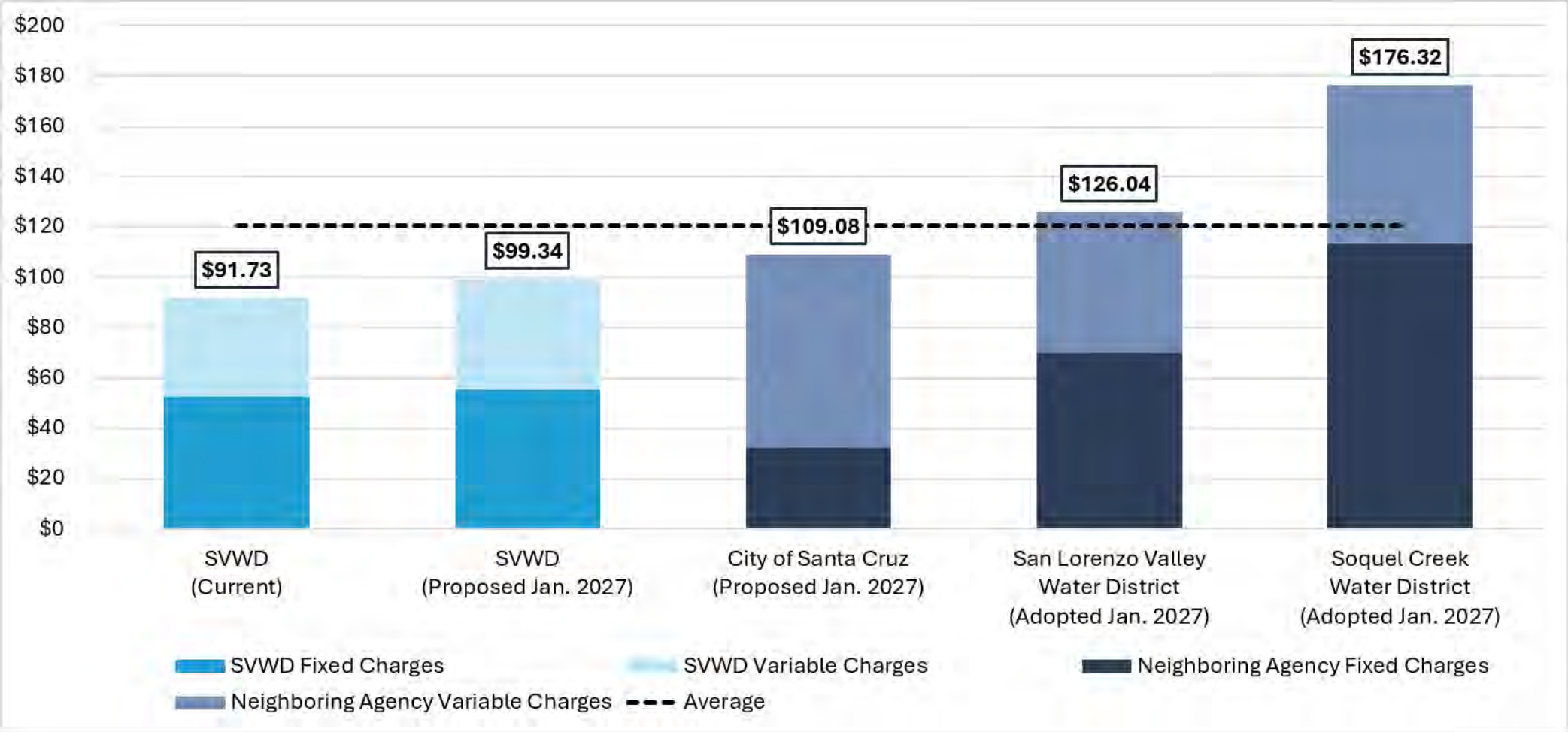
Note: All Rate Assistance (Residential) and Qualifying Medical Needs (Residential) water use is proposed to be charged at the Residential Tier 1 rate; note that Qualifying Medical Needs (Residential) water use is currently charged at the Residential Tier 2 rate.

Monthly Bill Impacts in First Year: Residential with Individual Meter

Water Use Level	Monthly Water Use (gallons)	Current Monthly Bill	Proposed Monthly Bill (Jan. 2027)	Difference (\$)	Difference (%)
Very Low (10th percentile)	1,300	\$65.42	\$67.91	\$2.49	3.8%
Low (25th percentile)	2,300	\$75.32	\$77.61	\$2.29	3.0%
Median	3,600	\$91.73	\$99.34	\$7.61	8.3%
High (75th percentile)	5,600	\$123.33	\$149.14	\$25.81	20.9%
Very High (90th percentile)	8,800	\$220.17	\$253.46	\$33.29	15.1%

Note: Monthly bills are based on a 5/8-inch meter (most common meter size for residential units with individual meters).

Residential Monthly Bill Comparison



Note: Monthly bills are based on a 5/8-inch meter (most common meter size for residential units with individual meters) and 3,600 gallons per month (median water use for residential units with individual meters).

Discussion & Next Steps



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Next Steps

- **TODAY:** If no majority protest, the Board of Directors may vote on whether to adopt the proposed five-year rate schedule
- **Jan. 1, 2027:** New rates effective (if adopted)



**Water Resources
Economics**

Sanjay Gaur

Founder / President

sgaur@water-economics.com

water-economics.com

**Promoting the
Value and Price
of Water Service**



Back-up Slides



**Water Resources
Economics**

Key Financial Plan Assumptions: CIP

- Project costs in **red** are assumed to be debt financed
- All other project costs are “levelized” on an annual basis and assumed to be cash funded by rates/reserves

CIP Project Costs (Current Dollars*)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
Potable Water Fund							
Bethany Tank Rehabilitation	\$481,387		\$3,000,000	\$3,000,000			\$6,481,387
Mt. Roberta Tank Replacement			\$100,000	\$1,000,000			\$1,100,000
Villa Fontenay Tank Replacement			\$100,000	\$1,000,000			\$1,100,000
All Other Potable CIP Projects (Levelized)	\$3,633,669	\$3,633,669	\$3,633,669	\$3,633,669	\$3,633,669	\$3,633,669	\$21,802,013
Subtotal	\$4,115,055	\$3,633,669	\$6,833,669	\$8,633,669	\$3,633,669	\$3,633,669	\$30,483,400
Recycled Water Fund							
All Recycled Water CIP Projects (Levelized)	\$107,500	\$107,500	\$107,500	\$107,500	\$107,500	\$107,500	\$645,000
Subtotal	\$107,500	\$107,500	\$107,500	\$107,500	\$107,500	\$107,500	\$645,000
Total	\$4,222,555	\$3,741,169	\$6,941,169	\$8,741,169	\$3,741,169	\$3,741,169	\$31,128,400

**Costs shown are in current dollars and do not yet include 3% annual inflationary adjustments*

Revenue Adjustment Summary

Fiscal Year	Potable Revenue Adjustments	Recycled Revenue Adjustments
FY 2017 Adopted	25.0%	25.0%
FY 2018 Adopted	15.0%	15.0%
FY 2019 Adopted	10.0%	5.0%
FY 2020 Adopted	10.0%	3.0%
FY 2021 Adopted	10.0%	3.0%
FY 2022 Adopted	5.0%	5.0%
FY 2023 Adopted	5.0%	5.0%
FY 2024 Adopted	5.0%*	10.0%
FY 2025 Adopted	5.0%	10.0%
FY 2026 Adopted	5.0%	10.0%
<i>FY 2027 Proposed</i>	6.5%	4.0%
<i>FY 2028 Proposed</i>	6.5%	4.0%
<i>FY 2029 Proposed</i>	6.5%	4.0%
<i>FY 2030 Proposed</i>	6.5%	4.0%
<i>FY 2031 Proposed</i>	6.5%	4.0%

*Note that 3% potable revenue adjustments were implemented in FY 2024 (lower than the 5% adopted adjustment)

Monthly Bill Impacts in First Year: Multi-Residential with Master Meter

Water Use Level	Monthly Water Use (gallons)	Current Monthly Bill	Proposed Monthly Bill (Jan. 2027)	Difference (\$)	Difference (%)
Very Low (10th percentile)	6,500	\$116.90	\$118.35	\$1.45	1.2%
Low (25th percentile)	9,500	\$146.60	\$147.45	\$0.85	0.6%
Median	14,500	\$196.10	\$195.95	(\$0.15)	-0.1%
High (75th percentile)	18,000	\$274.05	\$275.50	\$1.45	0.5%
Very High (90th percentile)	24,500	\$459.95	\$437.35	(\$22.60)	-4.9%

Note: Monthly bills are based on a 5/8-inch meter (most common meter size for multi-residential with master meters) and 5 dwelling units (average # of dwelling units per master-metered multi-residential connection).

Monthly Bill Impacts in First Year: Commercial/Industrial/Institutional

Water Use Level	Monthly Water Use (gallons)	Current Monthly Bill	Proposed Monthly Bill (Jan. 2027)	Difference (\$)	Difference (%)
Very Low (10th percentile)	300	\$57.38	\$60.43	\$3.05	5.3%
Low (25th percentile)	1,700	\$79.92	\$84.37	\$4.45	5.6%
Median	5,800	\$145.93	\$154.48	\$8.55	5.9%
High (75th percentile)	18,900	\$356.84	\$378.49	\$21.65	6.1%
Very High (90th percentile)	61,700	\$1,045.92	\$1,110.37	\$64.45	6.2%

Note: Monthly bills are based on a 5/8-inch meter (most common meter size for commercial/industrial/institutional).

Monthly Bill Impacts in First Year: Landscape Potable

Water Use Level	Monthly Water Use (100 gallons)	Current Monthly Bill	Proposed Monthly Bill (Jan. 2027)	Difference (\$)	Difference (%)
Very Low (10th percentile)	0	\$52.55	\$55.30	\$2.75	5.2%
Low (25th percentile)	0	\$52.55	\$55.30	\$2.75	5.2%
Median	3,000	\$132.05	\$124.60	(\$7.45)	-5.6%
High (75th percentile)	16,600	\$492.45	\$438.76	(\$53.69)	-10.9%
Very High (90th percentile)	45,400	\$1,255.65	\$1,104.04	(\$151.61)	-12.1%

Note: Monthly bills are based on a 5/8-inch meter (most common meter size for landscape potable).

Monthly Bill Impacts in First Year: Landscape Recycled

Water Use Level	Monthly Water Use (100 gallons)	Current Monthly Bill	Proposed Monthly Bill (Jan. 2027)	Difference (\$)	Difference (%)
Very Low (10th percentile)	0	\$52.55	\$55.30	\$2.75	5.2%
Low (25th percentile)	100	\$54.56	\$57.41	\$2.85	5.2%
Median	6,000	\$173.15	\$181.90	\$8.75	5.1%
High (75th percentile)	39,100	\$838.46	\$880.31	\$41.85	5.0%
Very High (90th percentile)	142,300	\$2,912.78	\$3,057.83	\$145.05	5.0%

Note: Monthly bills are based on a 5/8-inch meter (most common meter size for landscape recycled).

Monthly Bill Impacts over Next Five Years: All Customer Class

Customer Class	Median Monthly Water Use (gallons)	Current Monthly Bill	Proposed Monthly Bill (Jan. 2027)	Proposed Monthly Bill (Jan. 2028)	Proposed Monthly Bill (Jan. 2029)	Proposed Monthly Bill (Jan. 2030)	Proposed Monthly Bill (Jan. 2031)
Residential w/ Individual Meter	3,600	\$91.73	\$99.34	\$106.06	\$113.07	\$120.69	\$128.64
Multi-Residential w/ Master Meter	14,500	\$196.10	\$195.95	\$209.70	\$223.68	\$239.36	\$255.31
Commercial/Industrial/Institutional	5,800	\$145.93	\$154.48	\$165.04	\$175.83	\$187.45	\$199.92
Landscape Potable	3,000	\$132.05	\$124.60	\$133.00	\$141.93	\$151.41	\$161.46
Landscape Recycled	6,000	\$173.15	\$181.90	\$190.30	\$198.93	\$207.81	\$217.56

Note: Monthly bills are based on a 5/8-inch meter (most common meter size) and median monthly water use for each customer class. Multi-residential bills are based on 5 dwelling units (average # of dwelling units per master-metered multi-residential connection).

AGENDA REPORT

Scotts Valley Water District

Date: 10/8/26

To: Board of Directors

Item: Business 6.1

Subject: **Rate Implementation Program**

Reason: Supports District's Strategic Goal No 3 Financial Stewardship

SUMMARY

Recommendation: Approve the revised Rate Implementation Program

Fiscal Impact: None from this action

Previous Related Action: On 12/13/16, the Board approved the Rate Implementation Program. On 10/14/21 the Board reviewed and approved the revised Rate Implementation Program.

BACKGROUND

The Rate Implementation Program calls for the Board to evaluate the need for rate increases each year prior to implementing the rates adopted following the Proposition 218 process. In two of the five years in the 2016-2020 period, and two of the 5 years in the 2021-2025 period, the Board approved a rate increase lower than what was originally adopted.

DISCUSSION

The 2016 Rate Implementation Program term was tied to the rate schedule approved in that year. The revised Rate Implementation Program removed the linkage to a specific rate schedule and requires the Board to evaluate the need for an increase every year prior to implementing the subsequent rates.

Submitted,

David
General Manager

Enclosed: Rate Implementation Program 2026



Program

Type:	Board of Directors		
Title:	Rate Implementation		
Description:	Sets guidelines for implementing rate increases		
Review Date:	10/08/26	Initial Date:	12/13/16
Review Cycle:	5 Years		

The District's Strategic Goal No. 3 comprises a management objective of designing and managing balanced and fair revenue sources that are sufficient for meeting operating and capital needs while providing for adequate reserves. The District recognizes the challenges as it strives to provide essential services to the community, fully fund the costs of providing and sustaining good service and keep rates and fees fair and affordable.

Potable and recycled water rates are based on the proportional cost of providing service and established by the Board of Directors. The legal framework for setting water rates in California is prescribed by Proposition 218. Passed by ballot initiative in 1996, Proposition 218 was established to protect taxpayers by limiting the methods by which local governments can exact revenue from them without their consent.

In developing the water rates, the District uses estimated revenue requirements and expense projections, which are in put into financial plan and financial model. Revenues need to cover operating expenses, capital expenditures, debt service payments while maintaining adequate reserves.

Development of the financial plan and model requires the use of various assumptions and projections (water demand, connection fee revenue, timing and cost of projects). To ensure transparency and accountability, the Board will consider the need prior to implementing a rate increase in any year. The determination will be made based on consideration of the following factors

- 1) Total revenue (including water rates, charges, connection fees and non-operating revenue)
- 2) Operating expenses
- 3) Debt service payments
- 4) Project expenditures (based on the Project Plan updated annually)
- 5) Reserve balances (as set by Reserve Policy)

After a rate schedule is approved following a Proposition 218 process, the Board of Directors has the authority to adopt rates that are lower than the originally approved schedule without an additional public hearing and Proposition 218.

STAFF REPORT - Finance

Scotts Valley Water District

Date: 10/08/2026
To: Board of Directors
From: General Manager
Item: Staff Reports 7.3
Subject: Preliminary Financial Reports 07/01/26 through 08/31/2026

Summary

Fiscal Year-to-Date (YTD) preliminary figures reflect the period of 07/01/26 through 08/31/26. YTD revenues total \$1.96M and expenses total \$2.47M.

Revenue

August is the second month of the fiscal year. YTD potable water sales revenue is \$1.17M, water services revenue is \$508K and no revenue from new connections. Property tax revenue has also not yet been collected. Total YTD revenue in the potable water fund, excluding grants, is \$1.72M, equal to 16% of the budget and 8% higher than last year due to increased water sales.

YTD recycled water sales revenue is \$212K, water services revenue is \$19K, and \$0 from new connections for the period. Total YTD revenue of \$242K in the recycled water fund equals 30% of the budget, which is 9% lower than for the same period of last fiscal year.

Expenses

Combined YTD operating expenses are in-line with the budget, with expenses of \$1.2M representing 15% of the budget. Net project expenditures total \$317K and the debt service principal payments of \$733K have been made.

Fund Balance

At the end of August, cash reserves were approximately \$10.2M. An additional \$1.5M are held in investments and \$1.7M is booked in Accounts Receivable.

Enclosed

Budget Status Balance 07/01/26 – 08/31/26
Budget Status Revenue 07/01/26 – 08/31/26
Budget Status Expense 07/01/26 – 08/31/26
Projects Expense 07/01/26 – 08/31/26
Balance Sheet 08/31/26
Check Register 08/01/26 – 08/31/26

Budget Status - Balance



Period: 07/01/26 - 08/31/2026

FY Remain: 83%

	FY 2026 YTD Actual	FY 2027 YTD Actual	FY 2027 vs. FY 2026	YOY % change	FY 2026 Budget	FY 2027 Remaining Balance	%
Period: 2 months							
Potable Water - Fund 01							
Water Sales & Services (R10, R20)	\$ 1,586,069	\$ 1,682,172	\$ 96,103	6%	\$ 8,234,645	\$ 6,552,473	80%
New Connections (R25)	\$ 315	\$ 471	\$ 156	50%	\$ 178,900	\$ 178,429	100%
Other Revenue (R30, R40)	\$ 13,123	\$ 37,903	\$ 24,780	189%	\$ 2,044,956	\$ 2,007,054	98%
Potable Water Total	\$ 1,599,507	\$ 1,720,546	\$ 121,039	8%	\$ 10,458,502	\$ 8,737,956	84%
Recycled Water - Fund 02							
Water Sales & Services (R10, R20)	\$ 266,111	\$ 231,458	\$ (34,653)	-13%	\$ 798,491	\$ 567,033	71%
New Connections (R25)	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Other Revenue (R30, R40)	\$ -	\$ 10,750	\$ 10,750	-	\$ 10,750	\$ -	0%
Recycled Water Total	\$ 266,111	\$ 242,208	\$ (23,903)	-9%	\$ 809,241	\$ 567,033	70%
TOTAL REVENUE	\$ 1,865,618	\$ 1,962,754	\$ 97,136	5%	\$ 11,267,743	\$ 9,304,989	83%
Expenses - Fund 01 and Fund 02 Combined							
Salaries & Benefits (E01)	\$ 453,928	\$ 740,639	\$ 286,711	63%	\$ 3,510,718	\$ 2,770,080	79%
Services & Supplies (E03-E80)	\$ 786,041	\$ 460,382	\$ (325,659)	-41%	\$ 4,385,899	\$ 3,925,517	90%
Project Expenses	\$ 120,436	\$ 317,325	\$ 196,889	163%	\$ 4,766,242	\$ 4,448,917	93%
Debt Service - Principal	\$ 931,320	\$ 949,811	\$ 18,491	2%	\$ 949,811	\$ -	0%
TOTAL EXPENSES *	\$ 2,291,725	\$ 2,468,156	\$ 176,431	8%	\$ 13,612,670	\$ 11,144,514	82%
NET REVENUE	\$ (426,106)	\$ (505,402)	\$ (79,296)		\$ (2,344,927)	\$ (1,839,525)	

Budget Status - Revenue



Period: 07/01/26 - 08/31/2026

FY Remain: 83%

		FY 2026 YTD Actual	FY 2027 YTD Actual	FY 2027 vs. FY 2026	YOY % change	FY 2026 Budget	FY 2027 Remaining Balance	%
Fund 01	Potable Water							
R10	Operating Revenue - Water Sales							
01-000-41101	Residential Consumption - SF	\$ 660,391	\$ 684,824	\$ 24,434	4%	\$ 3,000,766	\$ 2,315,941	77%
01-000-41102	Residential Consumption - MF	\$ 42,994	\$ 39,425	\$ (3,570)	-8%	\$ 249,117	\$ 209,693	84%
01-000-41103	CII Consumption	\$ 210,673	\$ 227,954	\$ 17,281	8%	\$ 1,315,834	\$ 1,087,879	83%
01-000-41105	Irrigation Consumption	\$ 152,412	\$ 178,897	\$ 26,485	17%	\$ 476,008	\$ 297,111	62%
01-000-41106	CII Consumption - Other	\$ 26,325	\$ 29,565	\$ 3,241	12%	\$ -		
01-000-41200	Other - Bulk Water	\$ 9,445	\$ 12,791	\$ 3,346	35%	\$ 23,700	\$ 10,909	46%
	R10 Sub Totals:	\$ 1,102,240	\$ 1,173,457	\$ 71,217	6%	\$ 5,065,425	\$ 3,921,534	77%
R20	Operating Revenue - Water Services							
01-000-41300	Other - Late Penalty	\$ 5,076	\$ 5,247	\$ 171	3%	\$ 30,000	\$ 24,753	83%
01-000-42100	Standby Basic Meter Charge	\$ 462,826	\$ 486,780	\$ 23,954	5%	\$ 3,062,428	\$ 2,575,648	84%
01-000-42121	Standby FP Basic Meter Charge	\$ 14,125	\$ 14,864	\$ 740	5%	\$ 68,492	\$ 53,628	78%
01-000-43300	Other Operating Revenue	\$ 1,802	\$ 1,824	\$ 22	1%	\$ 8,300	\$ 6,476	78%
	R20 Sub Totals:	\$ 483,829	\$ 508,715	\$ 24,886	5%	\$ 3,169,220	\$ 2,660,505	84%
R25	Operating Revenue - New Connections							
01-000-42101	Other Meter Fee	\$ -	\$ 46	\$ 46		\$ 7,600	\$ 7,554	99%
01-000-42102	Other Capacity Fee	\$ -	\$ -	\$ -		\$ 144,700	\$ 144,700	100%
01-000-42120	Other FP Meter Fee	\$ 315	\$ -	\$ (315)	-100%	\$ 19,600	\$ 19,600	100%
01-000-43100	Other Will Serve	\$ -	\$ 125	\$ 125		\$ 1,000	\$ 875	88%
01-000-43200	Other Dev Proj Review	\$ -	\$ 300	\$ 300		\$ 6,000	\$ 5,700	95%
	R25 Sub Totals:	\$ 315	\$ 471	\$ 156	50%	\$ 178,900	\$ 178,429	100%
R30	Non-Operating Revenue - Other							
01-000-46000	Property Taxes	\$ -	\$ 1,276	\$ 1,276		\$ 1,824,756	\$ 1,823,480	100%
01-000-47110	Interest & Dividend	\$ 13,123	\$ 30,337	\$ 17,215	131%	\$ 100,000	\$ 69,663	70%
01-000-47115	Interest & Dividend - Restrict	\$ -	\$ -	\$ -		\$ -	\$ -	
01-000-47120	Interest - LAIF	\$ -	\$ -	\$ -		\$ 100,000	\$ 100,000	100%
01-000-47520	Misc. Non-Operating Revenue	\$ -	\$ 6,289	\$ 6,289		\$ 20,200	\$ 13,911	69%
01-000-47540	Third-Party Reimbursements	\$ -	\$ -	\$ -		\$ -	\$ -	
01-000-47560	Rental Revenue	\$ -	\$ -	\$ -		\$ -	\$ -	
	R30 Sub Totals:	\$ 13,123	\$ 37,903	\$ 24,780	189%	\$ 2,044,956	\$ 2,007,054	98%
R35	Non-Oper - State-All Other							
01-000-45230	State SB 90 Reimbursements	\$ -	\$ -	\$ -		\$ -	\$ -	
	R35 Sub Totals:	\$ -	\$ -	\$ -		\$ -	\$ -	
R40	Non-Operating Revenue - Grants							
01-000-45210	State Grant - Prop 50	\$ -	\$ -	\$ -		\$ -	\$ -	
01-000-45220	State Grant - Prop 84	\$ -	\$ -	\$ -		\$ -	\$ -	
01-000-45230	State Grant - DWR 2021	\$ -	\$ -	\$ -		\$ -	\$ -	
01-000-45231	State Grant - DWR 2022	\$ -	\$ -	\$ -		\$ -	\$ -	
01-000-45260	Local Grant - City of SV	\$ -	\$ -	\$ -		\$ -	\$ -	
	R40 Sub Totals:	\$ -	\$ -	\$ -		\$ -	\$ -	
R50	Non-Operating Revenue - Capital Contributions							
01-000-45400	Capital Contributions	\$ -	\$ -	\$ -		\$ -	\$ -	
	R50 Sub Totals:	\$ -	\$ -	\$ -		\$ -	\$ -	
Fund 01 Revenue:		\$ 1,599,507	\$ 1,720,546	\$ 121,039	8%	\$ 10,458,502	\$ 8,767,521	84%
Fund 01 Rev Excl Grants & Cap		\$ 1,599,507	\$ 1,720,546	\$ 121,039	8%	\$ 10,458,502	\$ 8,767,521	84%

Budget Status - Revenue



Period: 07/01/26 - 08/31/2026

FY Remain: 83%

		FY 2026 YTD Actual	FY 2027 YTD Actual	FY 2027 vs. FY 2026	YOY % change	FY 2026 Budget	FY 2027 Remaining Balance	%
Fund 02	Recycled Water							
R10	Operating Revenue - Water Sales							
02-000-41105	Irrigation Consumption	\$ 247,815	\$ 212,034	\$ (35,781)	-14%	\$ 684,060	\$ 472,026	69%
02-000-41200	Other - Bulk Water	\$ 737	\$ 590	\$ (147)	-20%	\$ 2,931	\$ 2,341	80%
	R10 Sub Totals:	\$ 248,552	\$ 212,624	\$ (35,928)	-14%	\$ 686,991	\$ 474,367	69%
02-000-41300	Other - Late Penalty							
02-000-42100	Standby Basic Meter Charge	\$ 17,459	\$ 18,784	\$ 1,325	8%	\$ 111,500	\$ 92,716	83%
02-000-43300	Other Operating Revenue	\$ 100	\$ 50	\$ (50)	-50%	\$ -	\$ (50)	
	R20 Sub Totals:	\$ 17,559	\$ 18,834	\$ 1,275	7%	\$ 111,500	\$ 92,666	83%
R25	Operating Revenue - New Connections							
02-000-42101	Other Meter Fee	\$ -	\$ -	\$ -		\$ -	\$ -	
02-000-42102	Other Capacity Fee	\$ -	\$ -	\$ -		\$ -	\$ -	
02-000-42130	GW Rep-Impact Fees	\$ -	\$ -	\$ -		\$ -	\$ -	
	R25 Sub Totals:	\$ -	\$ -	\$ -		\$ -	\$ -	
R30	Non-Operating Revenue - Other							
02-000-47110	Interest & Dividend	\$ -	\$ 750	\$ 750		\$ 750	\$ -	0%
02-000-47560	Notes Receivable Payments	\$ -	\$ 10,000	\$ 10,000		\$ 10,000	\$ -	0%
	R30 Sub Totals:	\$ -	\$ 10,750	\$ 10,750		\$ 10,750	\$ -	0%
	Fund 02 Revenue:	\$ 266,111	\$ 242,208	\$ (23,903)	-9%	\$ 809,241	\$ 567,033	70%
	Fund 02 Rev Excl Grants & Cap	\$ 266,111	\$ 242,208	\$ (23,903)	-9%	\$ 809,241	\$ 567,033	70%
Revenue Totals:		\$ 1,865,618	\$ 1,962,754	\$ 97,136	5%	\$ 11,267,743	\$ 9,334,554	83%
Revenue Total Excl Grants & Cap Contributions		\$ 1,865,618	\$ 1,962,754	\$ 97,136	5%	\$ 11,267,743	\$ 9,334,554	83%

Budget Status - Expense



Period: 07/01/26 - 08/31/2026

FY Remain: 83%

		FY 2026 YTD Actual	FY 2027 YTD Actual	FY 2027 vs. FY 2026	YOY % change	FY 2026 Budget	FY 2027 Remaining Balance	%
Fund 01 and Fund 02 Combined								
Dept	Administration							
E01	Salaries & Benefits	\$ 80,600	\$ 255,594	\$ 174,995	217%	\$ 749,967	\$ 494,373	66%
E03	General & Admin - Services	\$ 55,533	\$ 41,054	\$ (14,479)	-26%	\$ 388,355	\$ 347,301	89%
E05	General & Admin - Supplies	\$ 1,001	\$ 903	\$ (98)	-10%	\$ 16,500	\$ 15,597	95%
E10	Source of Supply	\$ -	\$ -	\$ -		\$ 187,074	\$ 187,074	100%
E70	Other	\$ -	\$ -	\$ -		\$ -	\$ -	
	Dept 100 Sub Totals:	\$ 137,134	\$ 297,552	\$ 160,418	117%	\$ 1,341,896	\$ 1,044,344	78%
Dept	Finance/Customer Service							
E01	Salaries & Benefits	\$ 86,828	\$ 98,255	\$ 11,428	13%	\$ 655,737	\$ 557,482	85%
E03	General & Admin - Services	\$ 85,308	\$ 21,564	\$ (63,744)	-75%	\$ 312,850	\$ 291,286	93%
E05	General & Admin - Supplies	\$ -	\$ -	\$ -		\$ 3,000	\$ 3,000	100%
E35	Customer Accounts	\$ 52,220	\$ 26,482	\$ (25,738)	-49%	\$ 304,100	\$ 277,618	91%
E70	Other	\$ 4	\$ 549	\$ 545	14270%	\$ 2,000	\$ 1,451	73%
E80	Debt Service - Interest	\$ -	\$ -	\$ -		\$ 122,000	\$ 122,000	100%
	Dept 200 Sub Totals:	\$ 224,359	\$ 146,850	\$ (77,509)	-35%	\$ 1,399,687	\$ 1,252,837	90%
Dept	Operations							
E01	Salaries & Benefits	\$ 254,023	\$ 354,926	\$ 100,904	40%	\$ 1,888,258	\$ 1,533,331	81%
E03	General & Admin - Services	\$ 75,663	\$ 63,509	\$ (12,154)	-16%	\$ 419,840	\$ 356,331	85%
E05	General & Admin - Supplies	\$ 4,768	\$ 5,407	\$ 639	13%	\$ 54,930	\$ 49,523	90%
E07	General Production	\$ 7,279	\$ 8,456	\$ 1,177	16%	\$ 178,600	\$ 170,144	95%
E10	Source of Supply	\$ -	\$ -	\$ -		\$ 121,000	\$ 121,000	100%
E15	Pumping	\$ 152,282	\$ 135,114	\$ (17,167)	-11%	\$ 837,200	\$ 702,086	84%
E20	Water Treatment	\$ 84,367	\$ 68,956	\$ (15,411)	-18%	\$ 700,000	\$ 631,044	90%
E25	Transmission & Distribution	\$ 255,332	\$ 86,372	\$ (168,960)	-66%	\$ 529,000	\$ 442,628	84%
E35	Conservation	\$ -	\$ -	\$ -		\$ -	\$ -	
E70	Other	\$ -	\$ -	\$ -		\$ -	\$ -	
	Dept 300 Sub Totals:	\$ 833,712	\$ 722,740	\$ (110,972)	-13%	\$ 4,728,828	\$ 4,006,088	85%
Dept	Engineering							
E01	Salaries & Benefits	\$ 20,365	\$ 20,936	\$ 570	3%	\$ 120,632	\$ 99,697	83%
E03	General & Admin - Services	\$ 859	\$ 1,460	\$ 601	70%	\$ 189,250	\$ 187,790	99%
E05	General & Admin - Supplies	\$ 11,427	\$ -	\$ (11,427)	-100%	\$ 1,000	\$ 1,000	100%
	Dept 400 Sub Totals:	\$ 32,651	\$ 22,396	\$ (10,255)	-31%	\$ 310,882	\$ 288,487	93%
Dept	Board of Directors							
E01	Salaries & Benefits	\$ 12,113	\$ 10,927	\$ (1,186)	-10%	\$ 96,124	\$ 85,197	89%
E03	General & Admin - Services	\$ -	\$ -	\$ -		\$ 18,400	\$ 18,400	100%
E05	General & Admin - Supplies	\$ -	\$ -	\$ -		\$ 800	\$ 800	100%
	Dept 900 Sub Totals:	\$ 12,113	\$ 10,927	\$ (1,186)	-10%	\$ 115,324	\$ 104,397	91%

Budget Status - Expense



Period: 07/01/26 - 08/31/2026

FY Remain: 83%

		FY 2026 YTD Actual	FY 2027 YTD Actual	FY 2027 vs. FY 2026	YOY % change	FY 2026 Budget	FY 2027 Remaining Balance	%
Summary								
E01	Salaries & Benefits	\$ 453,928	\$ 740,639	\$ 286,711	63%	\$ 3,510,718	\$ 2,770,080	79%
E03	General & Admin - Services	\$ 217,363	\$ 127,587	\$ (89,776)	-41%	\$ 1,328,695	\$ 1,201,108	90%
E05	General & Admin - Supplies	\$ 17,196	\$ 6,310	\$ (10,885)	-63%	\$ 76,230	\$ 69,920	92%
E07	General Production	\$ 7,279	\$ 8,456	\$ 1,177	16%	\$ 178,600	\$ 170,144	95%
E10	Source of Supply	\$ -	\$ -	\$ -		\$ 308,074	\$ 308,074	100%
E15	Pumping	\$ 152,282	\$ 135,114	\$ (17,167)	-11%	\$ 837,200	\$ 702,086	84%
E20	Water Treatment	\$ 84,367	\$ 68,956	\$ (15,411)	-18%	\$ 700,000	\$ 631,044	90%
E25	Transmission & Distribution	\$ 255,332	\$ 86,372	\$ (168,960)	-66%	\$ 529,000	\$ 442,628	84%
E35	Customer Accounts	\$ 52,220	\$ 26,482	\$ (25,738)	-49%	\$ 304,100	\$ 279,069	92%
E70	Other	\$ 4	\$ 549	\$ 545	14270%	\$ 2,000	\$ -	0%
E80	Debt Service - Interest	\$ -	\$ -	\$ -		\$ 122,000	\$ 122,000	100%
District Expense Total:		\$ 1,239,969	\$ 1,200,464	\$ (39,505)	-3%	\$ 7,896,617	\$ 6,696,153	85%
Fund 01 and 02 Combined								
E01	Salaries & Benefits	\$ 453,928	\$ 740,639	\$ 286,711	63%	\$ 3,510,718	\$ 2,770,080	79%
E03-E80	Services & Supplies	\$ 786,041	\$ 459,825	\$ (326,216)	-42%	\$ 4,385,899	\$ 3,926,074	90%
District Expense Total:		\$ 1,239,969	\$ 1,200,464	\$ (39,505)	-3%	\$ 7,896,617	\$ 6,696,153	85%

Projects - Expense



Period: 07/01/26 - 08/31/2026

FY Remain: 83%

		FY 2027 YTD Actual	FY 2026 Budget	FY 2027 Remaining Balance	%
Fund 01 and Fund 02 Combined					
Project	Description				
C20040	Admin Building Improvements	\$ -	\$ 36,472	\$ 36,472	100%
C24050	Corp Yard Improvements	\$ -	\$ 100,425	\$ 100,425	100%
C24030	System Wide Pressure Reduction	\$ 319	\$ 142,402	\$ 142,083	100%
C24040	Distribution Improvements in Monte Valle	\$ -	\$ 112,045	\$ 112,045	100%
C19070	Vehicle Replacement Program	\$ -	\$ 85,000	\$ 85,000	100%
C27000	Specialized Operations Equipment	\$ -	\$ 200,000	\$ 200,000	100%
C20010	Main Replacement Program	\$ 46,025	\$ 460,000	\$ 413,975	90%
C23010	SCWD - SVWD Intertie	\$ -	\$ 492,000	\$ 492,000	100%
C24020	Monte Fiore Pump Station Rehab	\$ 11,218	\$ 338,977	\$ 327,759	97%
	Sand Hill Pump Station	\$ -	\$ 90,000	\$ 90,000	100%
C16024	Bethany Tank Rehabilitation	\$ 13,907	\$ 432,613	\$ 418,706	97%
C24010	Glenwood Tank Landslide Repair	\$ 23,000	\$ 1,250,000	\$ 1,227,000	98%
C26040	Sequoia Tank Roof Recoat	\$ -	\$ 10,000	\$ 10,000	100%
C25000	SCADA Improvements	\$ -	\$ 146,782	\$ 146,782	100%
C19020	El Pueblo WTP Improvements	\$ -	\$ 166,000	\$ 166,000	100%
C21010	Well 10 WTP Improvements	\$ -	\$ 210,000	\$ 210,000	100%
C26020	VFD Installation at Orchard Run WTP	\$ -	\$ 160,000	\$ 160,000	100%
	Orchard Run WTP Improvements		\$ 75,000	\$ 75,000	100%
C15007	Grace Way Well	\$ 208,676	\$ 900,000	\$ 691,324	77%
C22010	Well 3B Replacement (Sucinto Well)	\$ 340	\$ 139,951	\$ 139,611	100%
C26010	Orchard Run Well Rehab	\$ 13,615	\$ 255,000	\$ 241,385	95%
C26050	Tank Seam Resealing	\$ 225			
M17011	Meter Replacement Program	\$ -	\$ 124,000	\$ 124,000	100%
Projects Expense Totals:		\$ 317,325	\$ 5,926,667	\$ 5,609,567	95%

Balance Sheet



Fund 01, Fund 02 and Fund 03 Combined

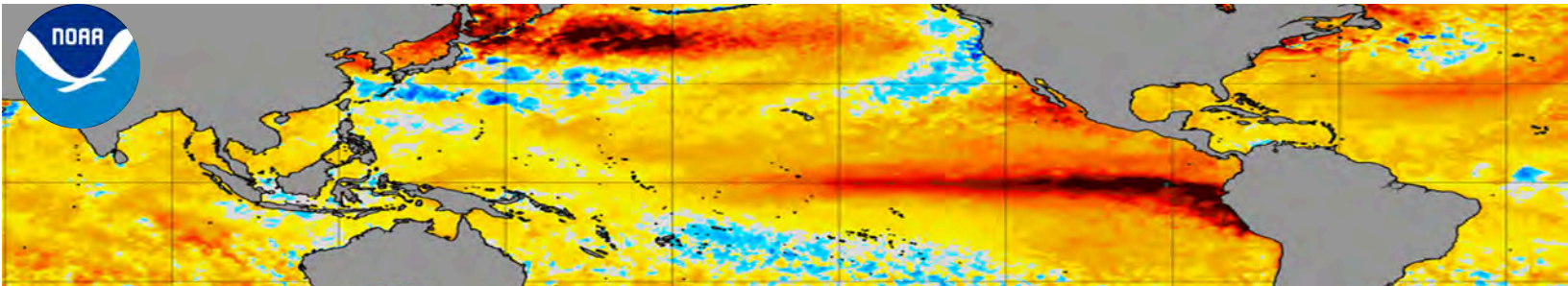
	8/31/25	8/31/26
Assets		
Cash	\$8,507,061	\$10,252,761
Investments	\$1,969,000	\$1,494,174
Accrued Interest	\$0	\$0
A/R Customer-Water	\$1,612,037	\$1,729,498
Property Tax Receivable	\$0	\$0
A/R - Other	\$0	(\$2,466)
Interfund Loan Receivable	\$1,093,007	\$1,093,007
Inventory	\$263,194	\$334,224
Prepaid Expense	\$0	\$125,560
Note Receivable	\$25,000	\$15,000
JPA Investment	\$149,345	\$208,513
Land & Right-of-ways	\$1,218,697	\$1,218,697
Construction-in-progress	\$6,200,855	\$4,798,385
Water Rights / Intangible Assets	\$5,267,833	\$5,267,833
Plant & Equipment	\$47,914,474	\$52,881,661
Depreciation/Amortization	(\$29,545,826)	(\$30,919,946)
Deferred Pension Outflows	\$888,208	\$675,450
Unfunded OPEB Liability	\$116,097	\$98,765
	\$45,678,982	\$49,271,116
Liabilities		
A/P & Accrued Expenses	\$56,714	\$395,918
Accrued Salaries & Wages	\$0	\$6,362
Accrued Interest Payable	\$0	\$0
Customer Deposits	\$55,610	\$53,417
Interfund Loans	\$1,093,007	\$1,093,007
LT Liabilities Due in 1 Yr	\$776,267	\$543,017
Unearned Revenue	\$84,530	\$41,264
Long-term Liabilities	\$8,217,721	\$6,901,269
Deferred Pension Inflows	\$694,399	\$440,229
	\$10,978,248	\$9,474,483
Fund Balance		
Investment in Capital Assets	\$23,190,237	\$23,190,237
Unrestricted Net Position	\$10,858,826	\$15,854,663
	\$34,049,063	\$39,044,900
Total Liabilities and Fund Balance:	\$45,027,311	\$48,519,383
Total Retained Earnings:	\$816,972	\$751,734
Total Fund Balance and Retained Earnings:	\$34,866,035	\$39,796,634
Total Liabilities, Fund Balance, and Retained Earnings:	\$45,844,283	\$49,271,116

Vendor Name	Transaction Date	Check Number	Description	Amount
AAA WORKSPACE	8/27/2026	35055	File Folders, Paper	\$ 125.34
ACWA/JPIA	8/13/2026	ACH	EE & Retiree Benefits July 2026	33,582.99
ADP, INC	8/13/2026	ACH	ADP Workforce Now July 2026	374.00
ADP, INC	8/13/2026	ACH	ADP Time & Attendance July 2026	236.12
ADP, INC	8/13/2026	ACH	ADP Payroll PW-30 Ended 7/20/26	251.41
AFSCME COUNCIL 57	8/27/2026	35056	Union Dues July 2026	1,107.99
AIRTEC SERVICE	8/27/2026	35057	Preventative Maintenance	605.00
ANDERSON CHRISTIE INC	8/27/2026	35058	Refund Check 015837-000, 217 SUNSET TER	27.06
ANDERSON PACIFIC ENGINEERING CONSTRUCTION	8/27/2026	ACH	Granite Creek / Burlwood Valve Replacement	46,025.19
ANDERSON PACIFIC ENGINEERING CONSTRUCTION	8/27/2026	ACH	Grace Way Well Site Improvements	196,371.75
APPLIED INDUSTRIAL TECHNOLOGIES	8/13/2026	35016	Reissue Check #34857, Never Received	395.55
AT&T MOBILITY	8/27/2026	35059	July 2026 Service	943.02
BADGER METER	8/13/2026	35017	Cell Charges PW/RW Meter Reads July 2026	4,557.56
BORGA STEEL	8/21/2026	ACH	Monte Fiore PS Rehab - Equipment Shelter Building Payment	3,170.55
BRENNTAG NORTH AMERICA LLC	8/13/2026	ACH	L A Chemchlor Sodium	7,622.70
BRENNTAG NORTH AMERICA LLC	8/13/2026	ACH	Aquapure 3672 NSF # Bulk	12,172.56
CALIFORNIA DEPT OF TAX & FEE ADMIN	8/13/2026	35018	Late Filing Fee	548.92
CALPERS	8/14/2026	ACH	Retirement CalPERS PW-32 Ended 8/3/26	15,171.12
CALPERS	8/21/2026	ACH	Arrears Contribution: Locatelli, 6/6/17 - 12/19/17	2,725.75
CALPERS	8/21/2026	ACH	Admin Fee - Arrears Contribution: Locatelli, 6/6/17 - 12/19/17	500.00
CALPERS	8/21/2026	ACH	Retirement CalPERS PW-34 Ended 8/17/26	15,206.53
CANON FINANCIAL SERVICES	8/27/2026	ACH	Copier Lease 08/26/26 - 09/25/26	408.82
CENTRAL HOME SUPPLY	8/13/2026	35019	Clean Pea Gravel	6.59
CENTRAL HOME SUPPLY	8/27/2026	35060	Washed Sand	523.64
CERTERRA SOUTHWEST	8/13/2026	ACH	Prof. Services 9-Tank Underwater Inspection Diving	36,300.00
CITY OF SANTA CRUZ - FINANCE DEPT	8/27/2026	35061	Shared Cost 4/1/26 - 6/30/26 Regional Drought Resiliency Project	260,290.29
CITY OF SCOTTS VALLEY	8/13/2026	35020	Tertiary Treatment Plant Maint. Q4 FY2026	58,031.66
CIVIL CONSULTANTS GROUP INC	8/13/2026	35021	Monthly General Engineering Services	515.00
CIVIL CONSULTANTS GROUP INC	8/13/2026	35021	Glenwood Tank Engineering Services - July 2026	23,000.00
COASTAL EVERGREEN	8/13/2026	35022	Monthly Maintenance - August 2026	650.00
CONTRACTOR COMPLIANCE & MONITORING	8/13/2026	35023	Labor Compliance Tank Resealing July 2026	225.00
CONTRACTOR COMPLIANCE & MONITORING	8/13/2026	35023	Labor Compliance Meadow Way Well Site Improvements July 2026	318.75
CONTRACTOR COMPLIANCE & MONITORING	8/13/2026	35023	Labor Compliance Grace Way Well Site Improvements July 2026	850.00
COUNTY OF SANTA CRUZ - DPW	8/13/2026	35024	Woodwaste Ticket 02-01320599 & Free Mattress	31.50
DASSELS PETROLEUM	8/13/2026	35025	#47465 Diesel Charges for July 2026	2,295.23
DU-ALL SAFETY, LLC	8/13/2026	35026	Professional Safety Consultation July 2026	935.00
EUROFINS DRINKING WATER AND WASTEWATER WES	8/13/2026	ACH	Compliance Well Testing - Multiple Sites	477.45
EUROFINS DRINKING WATER AND WASTEWATER WES	8/27/2026	ACH	Compliance Well Testing - Multiple Locations	461.53
EXCEEDIO / XOBEE	8/13/2026	35027	Managed Services 8/1/26 - 8/31/26	6,913.73
FASTENAL COMPANY	8/13/2026	ACH	GlovesNitGuard GLVPrVP	668.02
FASTENAL COMPANY	8/27/2026	ACH	UVBLACK CBL TIE	324.37
FIRST ALARM	8/27/2026	35062	Fire Alarm System 9/1/26 - 11/30/26	372.78
GRAINGER	8/27/2026	ACH	Univ Garage Door Receiver	163.16
GRAINGER	8/27/2026	ACH	Transmitter	111.68
GRAINGER	8/27/2026	ACH	Multimeterfuses	91.98
GRANITE CONSTRUCTION CO	8/27/2026	35063	Dump Charge	533.70
GRANITE ROCK COMPANY	8/27/2026	35064	Magnolia 24" Big Blue Plastic FlexSweep W/Handle	154.53
GREENWASTE RECOVERY, LLC	8/13/2026	35028	Waste Service El Pueblo 7/1/26 - 7/31/26	437.98
HAIGHT JUANELLA	8/13/2026	35029	Premium Reimbursement July 2026	415.59
HAIGHT JUANELLA	8/27/2026	35065	Premium Reimbursement August 2026	415.59
HEALTH EQUITY, INC	8/12/2026	ACH	Correct Vomvolakis HSA Contribution Amount	984.51
ICONIX WATERWORKS (US), INC	8/13/2026	ACH	Proco 8X6 Nitrile Single Spherical Arch	2,531.82
ICONIX WATERWORKS (US), INC	8/13/2026	ACH	MJ Bury Epoxy	1,645.85
ICONIX WATERWORKS (US), INC	8/13/2026	ACH	Hydrant Guard	3,796.41
ICONIX WATERWORKS (US), INC	8/13/2026	ACH	Flg Tee Epoxy, Hydrant Guard	4,660.35
ICONIX WATERWORKS (US), INC	8/13/2026	ACH	Credit Memo - Hydrant Guard	(2,924.48)
ICONIX WATERWORKS (US), INC	8/13/2026	ACH	Clow 860 Hydrant	3,857.54
ICONIX WATERWORKS (US), INC	8/13/2026	ACH	Christy Bolt Down Valve Box	4,461.46
ICONIX WATERWORKS (US), INC	8/13/2026	ACH	10 Hymax 2 Flip Coupling	2,248.78
ICONIX WATERWORKS (US), INC	8/13/2026	ACH	8 Hymax 2 Flip Coupling	1,143.52
ICONIX WATERWORKS (US), INC	8/13/2026	ACH	6X2IP Ford Repair Clamp	777.74
ICONIX WATERWORKS (US), INC	8/27/2026	ACH	Liquid Fill Pressure Gauge, Shovel	47.50
ICONIX WATERWORKS (US), INC	8/27/2026	ACH	G5 Christy CI Lid w/Bolt Hole	695.27
ICONIX WATERWORKS (US), INC	8/27/2026	ACH	Christy CI Lid W/Bolt Hole	1,807.70
ICONIX WATERWORKS (US), INC	8/27/2026	ACH	Christy Bolt Down Valve Box	4,585.92
ICONIX WATERWORKS (US), INC	8/27/2026	ACH	8 MJ 90 Ell Epoxy	932.54
ICONIX WATERWORKS (US), INC	8/27/2026	ACH	8 Hymax 2 FLIP Coupling, PVC Pipe	1,654.08
ICONIX WATERWORKS (US), INC	8/27/2026	ACH	3/4 Ford BV FIPXMTR	646.86
IDEXX LABORATORIES, INC	8/27/2026	35066	WV120SBST-200 Vessels	332.16
INFOSEND	8/27/2026	35067	Statement Data Processing & Mailing July 2026	3,023.48
JENSEN RAHNI	8/13/2026	35030	Reimburse for July 4th Parade, Peet's Coffee	36.45
JENSEN RAHNI	8/13/2026	35030	Reimburse for Costco - Vomvolakis Farewell Lunch	97.21
KASSIS JANETTE	8/13/2026	35031	Premium Reimbursement July 2026	506.29
KASSIS JANETTE	8/27/2026	35068	Premium Reimbursement August 2026	506.29
LAS ANIMAS CONCRETE	8/13/2026	35032	Recycled Water Main line Leak, Casa Way - Slurry	686.32
LAS ANIMAS CONCRETE	8/27/2026	35069	Slurry, Shortload 3 Yards	728.95
MESITI-MILLER ENGINEERING, INC	8/13/2026	35033	Bethany Tank Replacement Construction Documents	195.00
MESITI-MILLER ENGINEERING, INC	8/13/2026	35033	Bethany Tank Replacement - Project Management	4,264.00
MESITI-MILLER ENGINEERING, INC	8/13/2026	35033	Bethany Tank Geotechnical Investigation	9,447.63
MILLER MAXFIELD, INC	8/13/2026	35034	Public Outreach Consulting Services July 2026	11,730.00
MISSION UNIFORM SERVICE	8/13/2026	35035	Uniform Laundering Service 8/11/26	210.87
MISSION UNIFORM SERVICE	8/13/2026	35035	Uniform Laundering Service 8/4/26	129.98
MISSION UNIFORM SERVICE	8/27/2026	35070	Uniform Laundering Service 8/25/26	210.87
MISSION UNIFORM SERVICE	8/27/2026	35070	Uniform Laundering Service 8/18/26	129.98
MONTEREY BAY ANALYTICAL SERVICES	8/13/2026	ACH	Samples 8/7/26	90.00
MONTEREY BAY ANALYTICAL SERVICES	8/13/2026	ACH	Samples 8/4/26	140.00
MONTEREY BAY ANALYTICAL SERVICES	8/13/2026	ACH	Samples 7/28/26	415.00
MONTEREY BAY ANALYTICAL SERVICES	8/13/2026	ACH	Samples 7/21/26	269.00
MONTEREY BAY ANALYTICAL SERVICES	8/27/2026	ACH	Samples 8/21/26	90.00
MONTEREY BAY ANALYTICAL SERVICES	8/27/2026	ACH	Samples 8/18/26	303.00
MONTEREY BAY ANALYTICAL SERVICES	8/27/2026	ACH	Samples 8/14/26	90.00
MONTEREY BAY ANALYTICAL SERVICES	8/27/2026	ACH	Samples 8/12/26	95.00

MONTEREY BAY ANALYTICAL SERVICES	8/27/2026	ACH	Samples 8/11/26	988.00
MONTEREY BAY ANALYTICAL SERVICES	8/27/2026	ACH	Samples 8/4/26	179.00
MONTGOMERY & ASSOCIATES, INC	8/27/2026	ACH	Professional Services Orchard Run Well Rehab	13,615.00
MP EXPRESS	8/13/2026	35036	Business Card Imprints	144.49
MP EXPRESS	8/27/2026	35071	Name Badge - John Dillon & Ryan Ritchie	146.33
MPRESS DIGITAL	8/13/2026	35037	Well mailing AB2257 (Prop 218) Flyers	3,023.30
MPRESS DIGITAL	8/27/2026	35072	Comment Cards, Prop 218, Display Boards	404.43
MTM TRUCK & TRACTOR, INC	8/13/2026	35038	1' Water Service 599 & 603 Hacienda Dr.	14,200.00
NATIONWIDE RETIREMENT SOLUTIONS	8/5/2026	ACH	IRS Plan PW-32 Ended 8/3/26	2,867.34
NATIONWIDE RETIREMENT SOLUTIONS	8/5/2026	ACH	Vomvolakis Final Payment IRS 457 Plan	125.00
NATIONWIDE RETIREMENT SOLUTIONS	8/21/2026	ACH	IRS Plan PW-34 Ended 8/17/26	2,867.34
NIGRO & NIGRO	8/13/2026	35039	Interim Audit Work - June 30, 2026	9,500.00
OLIVE SPRINGS QUARRY	8/13/2026	35040	1/2" MM HMA	434.15
OLIVE SPRINGS QUARRY	8/27/2026	35073	1/2" MM HMA	246.51
ONPOINT GENERATORS, INC.	8/27/2026	35074	Repair - Replaced Block Heater, Silicone Heater Hose	1,662.59
PACE SUPPLY CORP	8/27/2026	35075	5/8"x3/4" M25 Meter 6 Nicor Conn Badger	5,811.26
PACIFIC GAS & ELECTRIC	8/27/2026	35076	Service 07/09/26 - 08/09/26 6030 Scotts Valley Dr	84.41
PACIFIC GAS & ELECTRIC	8/27/2026	35076	Service 07/09/26 - 08/09/26 2 Civic Ctr	1,704.68
PACIFIC GAS & ELECTRIC	8/27/2026	35076	Service 07/09/26 - 08/09/26	67,657.53
PARC ENVIRONMENTAL	8/13/2026	35041	Evacuate Sodium Hydroxide from Tank 70 El Pueblo	12,314.00
PATHPOINT MERCHANT SERVICES	8/1/2026	ACH	PathPoint CC Processing Fees - July 2026	5,733.10
PATHPOINT MERCHANT SERVICES	8/31/2026	ACH	PathPoint CC Processing Fees - August 2026	5,823.26
PERRI CHRISTOPHER	8/13/2026	35042	Premium Reimbursement July 2026	712.22
PERRI CHRISTOPHER	8/27/2026	35077	Premium Reimbursement August 2026	712.22
PETTY CASHIER - SCOTTS VALLEY WATER DISTRICT	8/27/2026	35078	Replenish Petty Cash Box FY 2026	50.00
PIED PIPER EXTERMINATORS	8/13/2026	35043	Monthly Rodent Control El Pueblo	100.00
PIED PIPER EXTERMINATORS	8/13/2026	35043	Monthly Rodent Control 4 Locations	270.00
PIED PIPER EXTERMINATORS	8/27/2026	35079	Monthly Rodent Control El Pueblo, Mt. Hermon	100.00
PITNEY BOWES INC	8/27/2026	35080	Postage Meter Service Aug 23, 2025 - Aug 22, 2026	482.59
PRESS BANNER	8/13/2026	35044	1/4 Monthly Ad 1/4s-New Tab	410.00
PRESS BANNER	8/27/2026	35081	1/4 proposed Rate Increase 1/4S-New Tab	410.00
REBER DANIEL	8/13/2026	35045	Premium Reimbursement July 2026	2,209.51
REBER DANIEL	8/27/2026	35082	Premium Reimbursement August 2026	2,209.51
RED WING BUSINESS ADVANTAGE ACCOUNT	8/13/2026	ACH	Work Boots - Urman	325.95
RED WING BUSINESS ADVANTAGE ACCOUNT	8/13/2026	ACH	Work Boots - Flores	344.29
RED WING BUSINESS ADVANTAGE ACCOUNT	8/13/2026	ACH	Work Boots - Beaton	321.29
REIN & REIN	8/13/2026	35046	Legal Counsel July 2026	3,500.00
SANTA CRUZ FIRE EQUIPMENT CO	8/13/2026	35047	Annual Fire Extinguisher Maintenance	1,291.74
SANTA CRUZ FIRE EQUIPMENT CO	8/13/2026	35047	4 New Fire Extinguishers	414.86
SANTA CRUZ RECORDS MANAGEMENT	8/13/2026	35048	Document Destruction	50.00
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/13/2026	ACH	Wrap Pipe	65.81
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/13/2026	ACH	Stihl Moto Mix	83.39
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/13/2026	ACH	Spray Paint	17.54
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/13/2026	ACH	Replacement Strips Command	15.78
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/13/2026	ACH	Purelite Distilled Water	16.64
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/13/2026	ACH	Bulk Ptopane	46.53
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/13/2026	ACH	1-1/8 Sturdi 4x8	181.61
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/27/2026	ACH	Tablecloth, Astroturf, Collapsible Sink, Flex Headlamp	126.95
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/27/2026	ACH	Synthetic Grease, Wood Screws, Lumber Crayons	114.23
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/27/2026	ACH	Spray-paint, Windex Cleaner	17.54
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/27/2026	ACH	Redwood, Wood Screws	138.94
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/27/2026	ACH	Quikrete Concrete Mix	28.49
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/27/2026	ACH	Misc Screws, Bolt	5.10
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/27/2026	ACH	Garage Door Opener	109.73
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/27/2026	ACH	Dawn Soap, Kitchen Sponge	21.88
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/27/2026	ACH	Bungee Bag, Alligator Clip	27.01
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/27/2026	ACH	Batteries AA	25.23
SCARBOROUGH LUMBER & BUILDING SUPPLY	8/27/2026	ACH	90 Elbow	9.84
SCHAAF & WHEELER	8/27/2026	35083	SA-219 On-Call Support 4585 Scotts Valley Dr	4,725.00
SCHAAF & WHEELER	8/27/2026	35083	On-Call Support Meetings	945.00
SCOTTS VALLEY SPRINKLER	8/13/2026	35049	Misc Nipples, Coupler, Adapter, Thread Pipe Tape	140.93
SHIER RANDY	8/13/2026	35050	Lawn Replacement Rebate, 576 Sq. Ft.	1,152.00
STILES RUTH	8/13/2026	35051	Premium Reimbursement July 2026	398.21
STILES RUTH	8/27/2026	35084	Premium Reimbursement August 2026	398.21
SWRCB-DWCP CERTIFICATION PROGRAM	8/27/2026	35085	T2 Certification - DeBrito	60.00
UNITED SITE SERVICES	8/13/2026	ACH	Restroom Rental 8/11/26 - 9/7/26	423.16
UNITED SITE SERVICES	8/13/2026	ACH	Restroom Rental 8/5/26 - 9/1/26	372.22
UNITED SITE SERVICES	8/13/2026	ACH	Fence Rental 7/31/26 - 8/27/26	559.37
UNITED SITE SERVICES	8/27/2026	ACH	Restroom Rental 8/19/26 - 9/15/26	423.16
UNIVERSAL BUILDING SERVICES AND SUPPLY	8/13/2026	35052	Monthly Janitorial Services July 2026	1,139.00
USABBLUEBOOK	8/13/2026	ACH	Free Chlorine Reagent Set for Hach	2,084.54
USABBLUEBOOK	8/27/2026	ACH	Botl Boston Round I-Chem 500mL	434.13
USABBLUEBOOK	8/27/2026	ACH	Adjustable Ball Valve Lockout	160.12
VERTEXONE SOFTWARE LLC	8/13/2026	ACH	Monthly WaterSmart Mait. July 2026	98.20
WATER RESOURCES ECONOMICS	8/13/2026	35053	SVWD 2025 Rate Study, Project Management, July 2026	4,616.25
WEBSOFT DEVELOPERS, INC	8/13/2026	35054	GIS Website Hosting	12,870.00
XPRESS BILL PAY	8/6/2026	ACH	XPress Bill Payment Processing Fees July 2026	3,840.71
Grand Total				\$ 1,004,804.08

West Coast Community Bank - Credit Card

Vendor Name	Transaction Date	Description	Amount
ACWA	7/28/2026	Recruitment Posting	475.00
ADOBE	7/11/2026	Adobe Licensing 7/11/26 -8/10/26	287.88
AMAZON	7/9/2026	Compostable Paper Cups (Art&Wine)	147.72
AMAZON	7/10/2026	Spandex Arm Chair Covers	108.63
AMAZON	7/12/2026	Replacement Pad for 2000 Plus Printer	18.23
AMAZON	7/12/2026	Peet's Coffee	44.65
AMAZON	7/12/2026	Chai Latte Pods	39.87
ARIAT INTERNATIONAL	7/30/2026	Matt DeBrito Boots - Split order, July/August	39.46
AT&T	7/3/2026	Backup Internet - El Pueblo 6/26/26 - 7/25/26	128.40
AT&T	7/3/2026	Backup Internet - Civic Center 6/26/26 - 7/25/26	128.40
AWWA	7/16/2026	AWWA Renewal Water Quality Analyst 4	135.00
BC WATER JOBS	7/16/2026	Featured Job Recruitment	99.00
BC WATER JOBS	7/16/2026	Single Job Package	200.00
COMCAST	7/5/2026	Internet-Civic Ctr 6/14/26 - 7/13/26	528.96
COMCAST	7/22/2026	Internet-El Pueblo 7/1/26 -7/30/26	402.93
COSTCO	7/14/2026	Annual Membership Renewal	65.00
CVS PHARMACY	7/20/2026	Farewell Appreciation Customer Service Tech	55.95
DUN& BRADSTREET	6/30/2026	D&B Credit Insights - Basic	49.00
DUN& BRADSTREET	7/30/2026	D&B Credit Insights - Basic	49.00
EVOGOV	7/22/2026	Website Hosting	124.00
HOME DEPOT	7/7/2026	Refrigerator, Ice Maker Kit	868.72
HOME DEPOT	7/13/2026	Return	(19.73)
ICON CLOUD SOLUTIONS	7/13/2026	Phones - Civic Center	319.25
ICON CLOUD SOLUTIONS	7/13/2026	Phones El Pueblo	106.42
MAILCHIMP	7/3/2026	Digital Marketing	148.00
MARRIOTT DESERT SPRING PALM DESERT CA	7/23/2026	Nate Lodging for CSDA conference	182.41
MPRESS DIGITAL SANTA CRUZ CA	7/23/2026	Prop 218 Mailing	1,960.00
NORLAB INC	6/30/2026	200 Toilet Dye Packs	355.35
PLANET ORANGE	7/14/2026	Pest Control - Civic Center	110.00
PLANET ORANGE	7/14/2026	Pest Control - El Pueblo	75.00
SHELL	7/1/2026	F150 Lightning Car Wash	15.99
SOUTHWEST AIRLINES	7/15/2026	Ballinger Airfare to Springbrook Conference	504.40
SOUTHWEST AIRLINES	7/15/2026	Coffman Airfare to Springbrook Conference	504.40
TARGET	7/14/2026	Water, Gatorade	46.97
THE PIZZA SERIES	7/22/2026	Stephanie Vomvolakis Farewell/Appreciation Lunch	212.92
TIMES PUBLISHING	7/7/2026	Monthly Advertising	178.50
USPS	7/7/2026	Certified Mail	10.48
VERIZON	7/1/2026	Monthly Service - Tablets	453.87
ZOOM	7/25/2026	Zoom Cloud Recording 7/25/26 - 8/24/26	40.00
Grand Total			\$ 9,200.03



El Niño in California: Information & Preparedness Guide

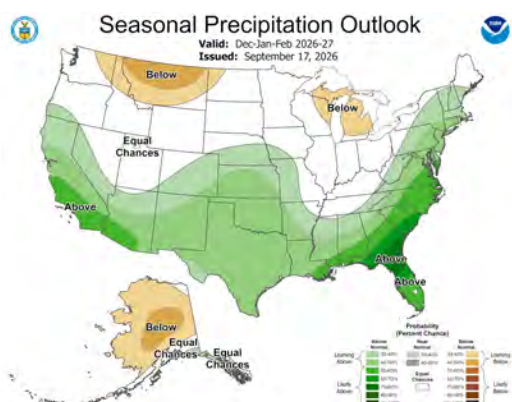
Mid-September 2026 Update

What is El Niño?

- El Niño refers to the warm phase of the El Niño-Southern Oscillation (ENSO) climate pattern, characterized by unusually warm ocean surface temperatures in the central and eastern tropical Pacific Ocean.
- El Niño is an oceanic phenomenon. It is not a storm or a series of storms.
- El Niño can significantly influence atmospheric steering currents and storm track, often altering typical seasonal precipitation, ocean temperatures, and coastal weather hazards in California.

What is the Forecast for 2026-2027?

- A strong El Niño is strengthening in the eastern tropical Pacific Ocean.
- There is a very high likelihood (98% chance) of a very strong El Niño event through the fall and winter.
- There is a high likelihood (75% chance) of a historic event that would exceed the strength of previous El Niño events dating back to 1950.
- Stronger El Niño events can more significantly tilt the odds in favor of expected outcomes but even very strong El Niño events do not lead to the expected impact everywhere.



What are the *Potential* Weather Hazards during El Niño? (These are not a guarantee!)

- **Enhanced Heavy Rainfall:** A warmer ocean increases the amount of available moisture in the atmosphere. This can shift global storm tracks and enhance precipitation in winter storms, leading to prolonged rain events, flash flooding, and urban drainage overflow.
- **Landslides and Debris Flows:** Heavy rainfall on saturated hillsides can increase the risk of mudslides and debris flows—especially in recent burn scars and steep topography across coastal ranges.
- **Coastal Erosion & Storm Surge:** Winter storms can bring large waves and storm surge to coastlines. In addition, higher ocean levels due to warmer than normal waters can lead to more severe coastal erosion and coastal flooding, especially during periods of high tides.
- **Snowpack Dynamics:** While warm ocean temperatures often bring warmer storm systems (raising rain-snow elevations), strong El Niño cycles can yield heavy Sierra Nevada snowpack at higher elevations, impacting spring melt runoff.

How Should You Prepare?

- Prepare for winter storms like you do every winter in California with heightened awareness.
- Clear storm drainage systems and complete maintenance on vulnerable infrastructure.
- Forecasts, details, and impacts from potential winter storms come into view in the one to two week forecast. Coordinate with your local NWS office for briefings or visit [weather.gov](https://www.weather.gov) for the latest forecasts, watches, and warnings!

WELL INFORMED

SCOTTS VALLEY WATER DISTRICT

IN THIS EDITION:

Repaving begins for Bethany Drive

Progress on Grace Way Well Project

Water Efficiency Tips for the Fall

Public Hearing for Proposed Rate Increase





CIP Update: Repaving begins on Bethany Drive after pipeline replacement

Crews are repaving Bethany Drive following the replacement of 120 feet of old water main pipeline.

The road repavement follows emergency repairs made in August after a water main break. The water main has been replaced with a larger pipe. The District conducted a geotechnical study in collaboration with the City of Scotts Valley to ensure the quality of the road repair.

Stay informed about this and other projects by visiting the [District website](#).



Rebates

Get up to \$100 in rebates for installing a weather-based irrigation controller.





CIP Update: Crews connecting power to wellhead at Grace Way Well

The [Grace Way Well Project](#) is in the final stretch of construction after a perimeter fence was installed at the site. PG&E and SVWD crews are slated to install electrical connections from the motor control building to the wellhead as part of the next steps.

The Grace Way Well will be the District's sixth production well. Each well pumps water from the Santa Margarita Groundwater Basin to water treatment plants before being sent to District's more than 4,000 customers. The project is expected to come online by the end of 2026.

Learn more about the project and groundwater supply by visiting the [District website](#).





Fall in love with these water efficiency tips

With fall here, it's time to think about preparing your home for the rainy and wet season. These tasks can be as simple as updating the irrigation schedule on your phone or as ambitious as planning for home projects that will save you water and money! Here are three things everyone can do in the next month:

- **Update Your Irrigation Schedule:** Shorter days and wetter weather mean gardeners can update their irrigation schedule to use less water than the summer. Save the water (and your plants) by not overwatering them this fall. Purchasing timers for the garden? The District offers [rebates to customers](#) for weather-based irrigation controllers.
- **Pool Covers:** For people preparing their pool for the colder months, consider purchasing a pool cover. These help keep the leaves out of the water, prevent evaporation during hotter days and, as a bonus, are eligible for [District rebates](#)!
- **Rain Barrels:** Rain barrels are a great way to save hundreds of gallons of water throughout the year. Once they're set up around the house, they collect rain runoff from downspouts and provide a ready (and free) source of water for chores. Use water from the rain barrels to hose down the driveway, wash the car or water flowers in the garden

Get more tips by following the District on [Facebook](#) and [Instagram](#).



Free Devices!

Cut down on your water usage with a free water-saving devices if you're a customer.



PROPOSED

RATE INCREASE

A Board Public Hearing will be held on Oct. 8, 2026.
The meeting is open to the public.

Board to consider water rate increase

The Board of Directors for the Scotts Valley Water District will consider the adoption of the proposed rate increase and changes to customer rate structure at a public hearing. Here are the details:

- When: 6 p.m. on Thursday, Oct. 8
- Where: Santa Margarita Community Room, [2 Civic Center Drive, Scotts Valley, CA 95066](#)

The proposed rate increase would fund ongoing operation costs, maintain current water facilities, and replace aging infrastructure. The public hearing follows a community meeting on Aug. 19, where District customers came to learn more about the proposed rate increase from District staff.

District General Manager Dave McNair is also slated to speak at the Scotts Valley State of the City Address at 5:30 p.m. on Thursday, Sept. 24, at The Landing ([251 Kings Village Road in Scotts Valley](#)). The event is hosted by the Scotts Valley Chamber of Commerce and will also feature updates from the Scotts Valley mayor, fire chief, police chief and school superintendent.

Learn more about the proposed rate increase and the meeting by visiting www.svwd.org/ratestudy.



**SCOTTS VALLEY
WATER DISTRICT**
svwd.org



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