



# WEST BAY SANITARY DISTRICT

## Recycled Water Facility Capacity Fees and Rates

**August 14, 2026**





**HF&H Consultants**

590 Ygnacio Valley Rd. Suite 105  
Walnut Creek, CA 94596  
Phone: (925) 977-6950  
Web: hfh-consultants.com

August 14, 2026

Sergio Ramirez  
General Manager  
West Bay Sanitary District  
500 Laurel Street,  
Menlo Park, CA 94025

*Sent via email: sramirez@westbaysanitary.org*

**Subject: Recycled Water Facility Capacity Fees and Rates**

Dear Sergio Ramirez,

HF&H Consultants (HF&H) is pleased to submit this report to set the West Bay Sanitary District's (District's) recycled water rates and connection fees. The report summarizes the analysis that was conducted to develop the recommended rates and fees.

Sincerely,

Rick Simonson  
Senior Vice President





# CONTENTS

|                                                   |           |
|---------------------------------------------------|-----------|
| <b>I. EXECUTIVE SUMMARY.....</b>                  | <b>1</b>  |
| Financial Plan .....                              | 1         |
| Findings and Recommendations .....                | 1         |
| <b>II. INTRODUCTION.....</b>                      | <b>3</b>  |
| Background.....                                   | 3         |
| Financial Plan .....                              | 3         |
| Report Organization .....                         | 4         |
| <b>III. EXPENSE PROJECTIONS.....</b>              | <b>5</b>  |
| Capital Facility Costs .....                      | 5         |
| O&M Facility Costs .....                          | 5         |
| <b>IV. CAPITAL FACILITY FUNDING .....</b>         | <b>7</b>  |
| Contributions in Aid of Construction.....         | 7         |
| Debt Financing .....                              | 8         |
| Types of Connections.....                         | 8         |
| Capacity Fees by Connection Type .....            | 9         |
| Capacity Fee Agreements.....                      | 10        |
| <b>V. O&amp;M FACILITY COST RECOVERY.....</b>     | <b>12</b> |
| Recycled Water Rates by Stage of Connection ..... | 12        |
| Phase-In Recycled Water Rates .....               | 12        |
| <b>VI. RECOMMENDATIONS .....</b>                  | <b>14</b> |

# FIGURES

|                                                                            |    |
|----------------------------------------------------------------------------|----|
| Figure 1-1. Proposed CIAC, Capacity Fees, and Rates .....                  | 2  |
| Figure 3-1. Net Facility Capital Costs .....                               | 5  |
| Figure 3-2. Projected Costs Included in O&M Rates .....                    | 6  |
| Figure 4-1. Interested Developers and Projected Recycled Water Needs ..... | 7  |
| Figure 4-2. Capital Contributions in Aid of Construction .....             | 8  |
| Figure 4-3. Remaining Capital Funding .....                                | 9  |
| Figure 4-4. Capacity Fee Calculations.....                                 | 10 |
| Figure 4-5. Connection Fees by Stage .....                                 | 10 |
| Figure 5-1. Unit Rate Projections for Cost Recovery .....                  | 12 |
| Figure 5-2. Proposed Recycled Water Rates.....                             | 13 |
| Figure 6-1. Proposed CIAC, Connection Fees, and Rates .....                | 14 |



# APPENDICES

## A. FINANCIAL PLAN TABLES

# GLOSSARY

|            |                                                                                     |
|------------|-------------------------------------------------------------------------------------|
| APEC       | Anderson Pacific Engineering Construction                                           |
| CIAC       | Contributions in Aid of Construction                                                |
| Facility   | Bayfront Recycled Water Facility                                                    |
| FY         | Fiscal Year                                                                         |
| HCF        | Hundred cubic feet of metered water; 748 gallons; a cube of water 4.6 feet on edge. |
| LAIF       | Local Agency Investment Fund                                                        |
| MGD        | Million gallons per day                                                             |
| O&M        | Operations and Maintenance                                                          |
| RFQ        | Request for Qualifications                                                          |
| Sewer Fund | The West Bay Sanitary District's reserves.                                          |
| SRF        | State Revolving Fund                                                                |
| W&C        | Woodard & Curran                                                                    |

# ACKNOWLEDGEMENTS

## District Board Members

Fran Dehn, President  
David Walker, Secretary  
Roy Thiele-Sardiña, Treasurer  
Edward Moritz, Director  
George Otte, Director

## District Staff

Sergio Ramirez, General Manager  
Jed Beyer, Water Quality Manager  
Fariborz Heydari, District Engineer

## Woodard & Curran

Dave Richardson, Senior Principal  
Ryker Brown, Principal

**Recycled Water Facility Capacity Fees and Rates**  
Acknowledgements, Limitations



**HF&H Consultants, LLC**

Rick Simonson, Senior Vice President  
Gabe Sasser, Project Manager  
La Velda Peterson, Assistant Analyst

## **LIMITATIONS**

This document was prepared solely for the West Bay Sanitary District (District) in accordance with the contract between the District and HF&H Consultants, (HF&H) and is not intended for use by any other party for any other purpose.

In preparing this study, we relied on information from the District which we consider accurate and reliable. Our analysis is based on the best available information at the time of the study.

Rounding differences caused by stored values in electronic models may exist.

This document represents our understanding of relevant laws, regulations, and court decisions but should not be relied upon as legal advice. Questions concerning the interpretation of legal authorities referenced in this document should be referred to a qualified attorney.

# Recycled Water Facility Capacity Fees and Rates

## I. Executive Summary



## I. Executive Summary

West Bay Sanitary District (District) currently provides sewer services and solid waste collection services to customers across portions of Menlo Park, Atherton, and Portola Valley. In addition to its current services, the District has initiated construction on a recycled water treatment facility that will be put into service July 2027. The District seeks to establish capacity fees to charge future recycled water connections and rates to charge future recycled water customers for ongoing service.

This study documents the process by which the District's proposed recycled water capacity fees and rates were analyzed. This report describes how capital expenditures were determined and how these expenditures affected the capacity fees calculated. Further, this report describes how future expenses are apportioned among customer classes who will receive recycled water service.

### FINANCIAL PLAN

This report presents an updated financial plan for the District's recycled water program that incorporates the capital costs to build the Bayfront Recycled Water Facility (Facility), as well as long-term operating costs to provide service to future recycled water customers. The District's financial plan comprises:

- Projected District capital expenditures to build the Facility.
- Projected District operating expenses to maintain the recycled water system.
- Projected revenues from the District's proposed capacity fees, Contributions in Aid of Construction (CIAC), and recycled water rates.

### FINDINGS AND RECOMMENDATIONS

Future customers (e.g., developers or individual customers) can pay to connect to the system in one of two ways. First, customers may contribute cash payments (i.e., CIAC) at the time of construction. These cash payments reduce the District's need to secure additional funding for construction of the Facility. Customers who do not make these payments will pay a capacity fee at the time of connection. While all customers will pay for ongoing maintenance expenses, only customers who pay a capacity fee will also pay for debt service through demand-related recycled water rates.

Recycled water rate calculations are subject to the projection of water sold. During the Facility's initial seven years of operation, costs will be shared among a smaller ratepayer base, resulting in cost recovery rates that are significantly higher than the potable water rates charged by the neighboring agencies of Cal Water Bear Gulch District and the City of Menlo Park. To incentivize participation in the recycled water program, the District may choose to set rates below the costs of providing service so that the rates charged by the District are competitive with the rates charged by these neighboring agencies. Effectively, the District would be phasing in the full cost of recycled water service over a 10-year period.

## Recycled Water Facility Capacity Fees and Rates

### I. Executive Summary



The District would temporarily bridge revenue shortfalls brought on by charging these phased-in recycled water rates through an interfund loan from its Sewer Fund. The Sewer Fund loan will be paid back over a 30-year period, with the first 10 years being interest only payments to help keep the recycled water rates competitive with the neighboring agencies.

It is recommended that the District proceed with adopting the following schedule of capacity fees for fiscal year (FY) 2026-27 through FY 2030-31 and rates for its recycled water program for FY 2027-28 through FY 2031-32, as shown in **Figure 1-1**.

**Figure 1-1. Proposed CIAC, Capacity Fees, and Rates**

| Proposed Fees and Rates                              | Fiscal Year |         |         |         |         |         |
|------------------------------------------------------|-------------|---------|---------|---------|---------|---------|
|                                                      | 2026-27     | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 |
| <b>Capacity Fees/Payments</b>                        |             |         |         |         |         |         |
| <b>Projected Capacity Fees</b>                       |             |         |         |         |         |         |
| (at time of connection)                              |             |         |         |         |         |         |
| \$ per Gallon of Avg. Day Peak Month Demand          | \$17.77     | \$17.99 | \$20.74 | \$23.59 | \$26.42 | \$29.25 |
| <b>Contributions in Aid of Construction</b>          |             |         |         |         |         |         |
| \$ per Gallon of Avg. Day Peak Month Demand          | \$79.37     | \$79.37 | N/A     | N/A     | N/A     | N/A     |
| <b>Recycled Water Rates</b>                          |             |         |         |         |         |         |
| <b>Water Usage Rates (\$/hcf)</b>                    | N/A         | \$10.69 | \$11.81 | \$13.51 | \$15.57 | \$16.78 |
| <b>Water Usage Rates for CIAC Customers (\$/hcf)</b> | N/A         | \$9.25  | \$10.33 | \$11.40 | \$12.74 | \$13.13 |

1 hcf = 748.052 gallons.

Projected capacity fees in units of average day peak month demand (HCF): \$13,292.88 (FY 2026-27); \$13,457.45 (FY 2027-28); \$15,514.59 (FY 2028-29); \$17,646.54 (FY 2029-30); \$19,763.53 (FY 2030-31).

Projected Contributions in Aid of Construction (HCF): \$59,372.88 (FY 2026-27, FY 2027-28).

Projected recycled water usage rates in units of \$/gallon : \$0.01429 (FY 2027-28); \$0.01538 (FY 2028-29); \$0.01806 (FY 2029-30); \$0.02081 (FY 2030-31); \$0.02243 (FY 2031-32).

Projected recycle water usage rates for CIAC customers in units of \$/gallon: \$0.01236 (FY 2027-28); \$0.01380 (FY 2028-29); \$0.01523 (FY 2029-30); \$0.01703 (FY 2030-31); \$0.01755 (FY 2031-32).



## **II. Introduction**

### **BACKGROUND**

The District's Facility project will initially treat 0.3 million gallons per day (MGD) of wastewater and would be completed in time to deliver recycled water by FY 2027-28. The Facility will subsequently be expanded to provide 1.0 MGD of capacity without requiring additional basins, with full production by FY 2029-30.

The proposed project would divert wastewater from the 36-inch sewer pipeline near the intersection of Bayfront Expressway and Marsh Road. The wastewater would then be pumped to a treatment and storage facility to be constructed at the site of the former wastewater treatment facility near the entrance of Bedwell Bayfront Park. The new treatment facility would include grit removal and fine screening, biological reactor tanks, a membrane bioreactor treatment system, and ultraviolet disinfection. The product water would be stored in a recycled water tank, and a distribution pump station would deliver recycled water to customers in the Bayfront area.

A preliminary recycled water market assessment was conducted as part of a market survey in 2014. Subsequently, Woodard and Curran (W&C) updated and refined the assessment through meetings with potential customers (e.g., Meta) and local developers (e.g., Signature, Tarlton, Greystar) to establish demand projections. W&C's refined market survey identified 0.4 MGD of demand from interested developers and up to 0.26 MGD of demand from existing Meta properties.

In July 2026, demands were further revised to reflect a more gradual pace of demand growth and new subscriptions. Consequently, the District anticipates having to provide capacity for peak demand of 0.2 MGD in FY 2027-28 and full capacity of 1.0 MGD will be reached in FY 2033-34. The District will have the ability to expand to full production by FY 2029-30 if customer growth occurs more rapidly.

### **FINANCIAL PLAN**

This report presents a financial plan for the District's recycled water fund. The District's recycled water fund financial plan comprises the following:

1. Projected capital and operating costs to construct and operate the proposed Facility. Initially, these costs were based on the May 2, 2025 technical memorandums prepared by W&C and recently executed construction contracts, with a subsequent September 24, 2025 update of projected power costs to operate the Facility. Additionally, operating expenses were updated in June 2026 to reflect energy savings delivered as a result of the District's solar project. Capital costs have been updated to reflect additional costs since September 2025, including the solar project installation and available federal rebate approved by the District's Board of Directors on February 25, 2026.
2. Project funding, projected costs, and projected rates to be charged to future customers. There are two types of customers, each has its own requirements for how

## Recycled Water Facility Capacity Fees and Rates

### II. Introduction



much and when a new connection must contribute toward the cost to construct the Facility and the ongoing operations and maintenance (O&M) expenses.

3. Reduced rates to encourage customers to join the recycled water program. The plan considers a 10-year phase-in of rates to meet the projected costs and how the shortfall will be made up in future rates beyond the initial 10-year period.

The results of the financial plan indicate the annual increases in recycled water rates that are projected to fund the District's expenses and maintain adequate reserves. Detailed spreadsheets, comprising a 12-year financial plan, are included in **Appendix A**. This duration corresponds to the phase-in of recycled water rates discussed in **Section V**.

### REPORT ORGANIZATION

The report is divided into the following sections: Expense Projections, Capital Facility Funding, O&M Facility Cost Recovery, and Recommendations.

A Glossary of technical terms and acronyms is provided following the Table of Contents.

Additional details pertaining to the 12-year rate study can be found in **Appendix A**.



## III. Expense Projections

Expense projections of the Facility are comprised of capital costs to build the Facility and O&M costs to provide recycled water service once customers have connected to the system and the Facility is online.

### CAPITAL FACILITY COSTS

In September 2023, the District advertised a Request for Qualifications (RFQ) for design-build services to construct the Facility. The successful bidder was Anderson Pacific Engineering Construction (APEC), who successfully constructed the District's Sharon Heights Recycled Water Project. The District entered into an agreement with APEC to construct the Facility for approximately \$84.8 million dollars. In addition to the construction costs, the District has incurred planning costs and entered into agreements with various outside contractors to manage and inspect the progress of the project. **Figure 3-1** summarizes the total project cost of \$94,373,013. The District has applied for and will receive \$15,000,000 in grant funds to offset a portion of the project costs, reducing the amount to be recovered from customers connecting to the system to \$79,373,013.

**Figure 3-1. Net Facility Capital Costs**

| Facility Capital Project Costs                |                     |
|-----------------------------------------------|---------------------|
| WBSD Planning Costs (2017-2019)               | \$289,211           |
| Anderson Pacific Contract - Phase 1           | \$7,148,843         |
| Anderson Pacific Contract - Phase 2           | \$77,642,325        |
| Woodard & Curran - Contract A                 | \$62,710            |
| Woodard & Curran - Contract B                 | \$950,890           |
| Woodard & Curran - Contract C                 | \$1,590,861         |
| KAZ Associates - Stormwater Inspections       | \$54,150            |
| BAGG Engineers - Compaction, Material Testing | \$271,335           |
| Net Solar Project Costs                       | \$2,862,688         |
| Pipeline Extension for Future Growth          | \$3,500,000         |
| <b>Total Facility Project Cost</b>            | <b>\$94,373,013</b> |
| (Less) Estimated Grant Funding                | (\$5,000,000)       |
| (Less) Additional Grant Funding               | (\$10,000,000)      |
| <b>Net Facility Project Cost</b>              | <b>\$79,373,013</b> |

### O&M FACILITY COSTS

Once the Facility is built and operations begin, W&C's opinion of the probable annual O&M costs to treat and deliver recycled water ranges from \$2,660,356 (in 2025 dollars) for the 0.2 MGD output and \$4,413,084 (in 2025 dollars) for the full production of 1.0 MGD in 2034, as shown in **Figure 3-2**. These include collecting reserves for the future repair and replacement of Facility assets. With the installation of solar panels, the District could see a range of savings between 30% and 48% in power costs. Thus, the net projected costs after accounting for energy savings would range from \$2,059,356 for the 2.3 MGD output and \$3,812,084 for the full production of 1.0 MGD, as shown in **Figure 3-2**.

## Recycled Water Facility Capacity Fees and Rates

### III. Expense Projections



**Figure 3-2. Projected Costs Included in O&M Rates**

| FY 2025-26 O&M Costs        | Treatment Plant Capacity (MGD) |                    |                    |                    |                    |
|-----------------------------|--------------------------------|--------------------|--------------------|--------------------|--------------------|
|                             | 0.2                            | 0.4                | 0.6                | 0.8                | 1.0                |
| Power                       | \$1,263,544                    | \$1,446,970        | \$1,656,600        | \$1,826,925        | \$1,984,148        |
| Operating Costs             | \$1,017,573                    | \$1,161,819        | \$1,305,692        | \$1,450,229        | \$1,558,848        |
| Capital Replacement Fund    | \$379,239                      | \$471,351          | \$642,416          | \$733,485          | \$870,088          |
| <b>Subtotal</b>             | <b>\$2,660,356</b>             | <b>\$3,080,140</b> | <b>\$3,604,708</b> | <b>\$4,010,639</b> | <b>\$4,413,084</b> |
| (Less) Solar Energy Savings | (\$601,000)                    | (\$601,000)        | (\$601,000)        | (\$601,000)        | (\$601,000)        |
| <b>Net Total</b>            | <b>\$2,059,356</b>             | <b>\$2,479,140</b> | <b>\$3,003,708</b> | <b>\$3,409,639</b> | <b>\$3,812,084</b> |

Projections of Facility O&M costs depend on the capacity available each year as construction of the Facility allows capacity to ramp up from the initial 0.3 MGD output in FY 2026-27 to the full output of 1.0 MGD projected for FY 2029-30. Initial savings from solar installation will begin in FY 2027-28 and have been modeled based on saving 1,000 kilowatt-hours per year. Refer to **Appendix A, Table 1** for future cost projections to be recovered through recycled water rates.

## Recycled Water Facility Capacity Fees and Rates

### IV. Capital Facility Funding



## IV. Capital Facility Funding

There is a demonstrated demand for recycled water in the Bayfront area. The City of Menlo Park requires new development of 250,000 square feet or larger to use recycled water for irrigation and approved indoor uses (e.g., toilet flushing, cooling systems). These developments will be required to either construct on-site facilities to treat and re-distribute wastewater or receive water from a recycled water producer. Economies of scale can be realized if one regional facility is constructed to accommodate the demand, instead of many smaller, individual facilities for each development.

The \$79,373,013 in net capital costs to construct the Facility shown in **Figure 3-1** can be funded through CIAC from the interested developers identified by the market assessment, debt financing with a low-interest loan from the State Revolving Fund (SRF), or a combination of the two. The market assessment identified six new developments that will be required to use recycled water, and the District is in discussions with additional developments that may choose to connect and pay CIAC. **Figure 4-1** identifies the developers and their projected average peak day demand (in units of MGD). Willow Village was initially one of these six developments but has since made other plans and is not considered in this analysis as an initial connection.

**Figure 4-1. Interested Developers and Projected Recycled Water Needs**

| Project/Developer          | Average Day of<br>Peak Month Demand<br>(MGD) | % of<br>Peak Demand |
|----------------------------|----------------------------------------------|---------------------|
| 123 Independence (Sobrato) | 0.001                                        | 0.1%                |
| Commonwealth 3 (Sobrato)   | 0.000                                        | 0.0%                |
| 1350 Adams (Tarlton)       | 0.039                                        | 3.9%                |
| Menlo Portal (Greystar)    | 0.013                                        | 1.3%                |
| Menlo Uptown (Greystar)    | 0.012                                        | 1.2%                |
| Menlo Flats (Greystar)     | 0.007                                        | 0.7%                |
| CS Bio                     | 0.006                                        | 0.6%                |
| WBSD Extra Capacity        | 0.923                                        | 92.3%               |
| Total                      | 1.000                                        | 100.0%              |

The interested developers identified in the market assessment make up 7.7% of the total 1.0 MGD capacity. The remaining 92.3% of capacity would be used to serve existing District customers or other new developments separately identified.

## CONTRIBUTIONS IN AID OF CONSTRUCTION

Based on the total projected construction costs of \$79,373,013 to serve the full capacity of 1.0 MGD of peak demand, the cost for developers to buy capacity in the system is \$79.37 per gallon of average day of peak month demand ( $\$79,373,013 \div 1,000,000$  gallons). The estimated contribution for each of the interested developers is summarized in **Figure 4-2**. For example, the developer of the 1350 Adams project would contribute approximately \$1,011,968 (39,000 gallons per day x \$79.37 per gallon).

## Recycled Water Facility Capacity Fees and Rates

### IV. Capital Facility Funding



The currently projected cost for developers to buy capacity in the system, \$79.37 per gallon of average day of peak month demand, reflects \$15,000,000 in grant funding from the SRF. Any additional grant funding received by the District will be considered for reducing the construction costs used to calculate the per-gallon buy-in cost, which could benefit all developers and connectors. However, no further funding is anticipated at this time.

**Figure 4-2. Capital Contributions in Aid of Construction**

| Derivation of Contributions in Aid of Construction Fee        |                |
|---------------------------------------------------------------|----------------|
| Net Facility Capital Costs                                    | \$79,373,013   |
|                                                               | ÷              |
| Total Average Day of Peak Month Demand                        | 1,000,000      |
| <b>Buy-in Cost (per gallon of Avg. Day Peak Month Demand)</b> | <b>\$79.37</b> |

CIAC payments reduce the capital funding costs that the District must meet through the use of reserves and debt financing. However, because the District still has remaining capacity to serve future development, it will also use debt financing to fund the remaining cost of the Facility, which will be repaid through charges to future connections and ratepayers.

## DEBT FINANCING

The District has secured \$66.6 million in funding from the SRF, including \$5,000,000 in grants that does not need to be paid back, leaving \$61.6 million as a low-interest loan to be paid back incrementally once the project has been completed. The additional funds necessary to construct the Facility will come from developers and connections through CIAC, as discussed earlier, and capacity fees from future customers. However, debt for the SRF loan will be repaid through the recycled water rates charged to customers. Refer to **Appendix A, Table 4** for the overall schedule of debt service that will begin once construction concludes. **Appendix A, Table 4** is the sum of two debt service schedules, the California Water Recycling Bonds (**Appendix A, Table 2**), and the California Clean Water SRF Loan (**Appendix A, Table 3**). Repayment of the debt service through the recycled water rates is discussed in **Section V**.

## TYPES OF CONNECTIONS

Future customers (e.g., developers or individual customers) can pay to connect using one of two methods. The choice of system payment increases when customers choose to pay a capacity fee, as this fee also includes retired debt service for the District's two recycled water debt service obligations. Regardless of the payment option a customer chooses when connecting to the system, they will be responsible for paying the annual O&M costs based on their water use, as discussed further in **Section V**.

### ***Developers Who Make Upfront CIAC***

- Pay a one-time upfront capital payment based on MGD of peak month capacity needed (calculated at \$79.37 per gallon of average day peak month demand needed).
- Pay ongoing O&M charges based on actual use. The cost of ongoing O&M will be shared among the customers receiving recycled water service.

## Recycled Water Facility Capacity Fees and Rates

### IV. Capital Facility Funding



- Will not be charged for debt service payments or connection fees (i.e., will not be responsible for payback of the original construction loan as they have made an upfront cash payment).
- Must pay to connect before July 1, 2028. Capacity is reserved for them until connected.

### ***Customers Who Do Not Make Upfront CIAC Payments***

- Pay annually for a proportionate share of annual debt service (including interest) on the original construction loan, in lieu of a one-time upfront capital payment.
- Pay a one-time connection fee equal to a proportionate share of cash-funded capital at the time of connection. Connection fees increase annually as retired debt service accumulates.
- Share in ongoing O&M charges with CIAC customers.
- Can connect at any time.

## CAPACITY FEES BY CONNECTION TYPE

Capacity fees are used to recover a connection's proportionate share of the costs of existing facilities that provide capacity needed to serve that connection. Growth can occur anywhere within the recycled water service area. Hence, the facilities required to serve the District's current customers (CIAC customers) are the same facilities that provide service for growth.

The existing facilities represent all infrastructure that will be required to meet demands within the near term. As a new utility, the District's recycled water system currently consists of the Facility, which will be largely funded through debt service and, to a lesser extent, cash-funded capital, as shown in **Figure 4-3**. Since debt service is to be repaid through recycled water rates, only the portion of debt service that has been retired may be accounted for in the capacity fee analysis. **Figure 4-4** calculates the capacity fee for connections based on the value of the existing facilities and the available capacity at the time of connection. Repayment of debt service does not begin until FY 2028-29. Before repayment begins, capacity fees only include the value of cash-funded capital, net of depreciation.

**Figure 4-3. Remaining Capital Funding**

| Remaining Funding                |                     |
|----------------------------------|---------------------|
| <b>Net Facility Project Cost</b> | <b>\$79,373,013</b> |
| (Less) Clean Water SRF. Bonds    | (\$61,600,000)      |
| (Less) CIAC                      | \$0                 |
| <b>Remaining Funding</b>         | <b>\$17,773,013</b> |

## Recycled Water Facility Capacity Fees and Rates

### IV. Capital Facility Funding



**Figure 4-4. Capacity Fee Calculations**

|                                                    | FY 2026-27          | FY 2027-28          | FY 2028-29          | FY 2029-30          | FY 2030-31          |
|----------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Cash-Funded Capital                                | \$17,773,013        | \$17,773,013        | \$17,773,013        | \$17,773,013        | \$17,773,013        |
| (Less) Depreciation                                | \$0                 | (\$355,460)         | (\$710,921)         | (\$1,066,381)       | (\$1,421,841)       |
|                                                    | \$17,773,013        | \$17,417,553        | \$17,062,093        | \$16,706,632        | \$16,351,172        |
| Construction Cost Index                            | 1.000               | 1.033               | 1.067               | 1.102               | 1.138               |
| <b>Cash Funded Capital (RCNLD)</b>                 | <b>\$17,773,013</b> | <b>\$17,988,630</b> | <b>\$18,199,279</b> | <b>\$18,404,404</b> | <b>\$18,603,415</b> |
| Retired Debt Service                               | \$0                 | \$0                 | \$2,543,808         | \$5,180,977         | \$7,818,146         |
| <b>Subtotal</b>                                    | <b>\$17,773,013</b> | <b>\$17,988,630</b> | <b>\$20,743,087</b> | <b>\$23,585,381</b> | <b>\$26,421,561</b> |
| Total Capacity (MGD)                               | 1.00                | 1.00                | 1.00                | 1.00                | 1.00                |
| (Less) Capacity Reserved from CIAC                 | 0.00                | 0.00                | 0.00                | 0.00                | 0.00                |
| Available Capacity (MGD)                           | 1.00                | 1.00                | 1.00                | 1.00                | 1.00                |
| Available Capacity (gallons)                       | 1,000,000           | 1,000,000           | 1,000,000           | 1,000,000           | 1,000,000           |
| <b>\$ per Gallon of Avg. Day Peak Month Demand</b> | <b>\$17.77</b>      | <b>\$17.99</b>      | <b>\$20.74</b>      | <b>\$23.59</b>      | <b>\$26.42</b>      |

Depreciation based on 50-year useful life of the Facility funded by the cash-funded capital in FY 2026-27.

Currently no customers have reserved capacity by agreeing to make a CIAC payment.

Refer to **Appendix A** for the capacity fee projections schedule. Capacity fees received from customers will provide supplemental funding for the District to invest in capital improvements.

**Figure 4-5** provides the proposed capacity fees and the corresponding fees used to calculate CIAC payments for FY 2026-27 through FY 2030-31. Note: The calculation of the capacity fees does not currently reflect receiving any CIAC payments (i.e., developer contributions) prior to the Facility coming online.

**Figure 4-5. Connection Fees by Stage**

|                                             | Fiscal Year |         |         |         |         |
|---------------------------------------------|-------------|---------|---------|---------|---------|
|                                             | 2026-27     | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
| <b>Projected Capacity Fees/Payments</b>     |             |         |         |         |         |
| <b>Projected Capacity Fees</b>              |             |         |         |         |         |
| (at time of connection)                     |             |         |         |         |         |
| \$ per Gallon of Avg. Day Peak Month Demand | \$17.77     | \$17.99 | \$20.74 | \$23.59 | \$26.42 |
| <b>Contributions in Aid of Construction</b> |             |         |         |         |         |
| \$ per Gallon of Avg. Day Peak Month Demand | \$79.37     | \$79.37 | N/A     | N/A     | N/A     |

## CAPACITY FEE AGREEMENTS

Existing potable water customers served by Menlo Park or the Cal Water Bear Gulch District may be less motivated to move from their existing service to the District's recycled water program. A capacity fee may be an additional barrier to entry for these customers, who may be reluctant to make a one-time payment based on their proportionate share of system

## Recycled Water Facility Capacity Fees and Rates

### IV. Capital Facility Funding



capacity. To promote participation in the recycled water program, the District may establish individual agreements that allow customers to pay capacity fees over time. Such arrangements will reduce the upfront costs for prospective customers and support the development of a consistent demand base for the Facility during its initial years of operation. Each arrangement is subject to negotiation between the District and the customer and should be based on the capacity fees calculated in **Figure 4-5**. However, the repayment structure, including the repayment term, payment frequency, method of fee recovery, and any applicable carrying costs, would be determined through individual customer agreements. The District would need to administer and track these agreements to ensure that each customer pays their proportionate share of system capacity based on the information available at the time of connection.



## V. O&M Facility Cost Recovery

### RECYCLED WATER RATES BY STAGE OF CONNECTION

Once customers have connected to the system, they will participate in recovering the cost of ongoing O&M expenses through recycled water rates. In addition to the O&M expenses and future capital reserve funding identified in **Figure 3-2** and **Appendix A, Table 1**, recycled water rates will also cover the cost of annual debt service that the District pays for the original Facility. These expenses are shown in **Figure 5-1**.

**Figure 5-1. Unit Rate Projections for Cost Recovery**

| Recycled Water Service Unit Costs - Connections Paying CIAC |                |                |                |                |                |
|-------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Assumed Plant Capacity (MGD)                                | 0.2            | 0.2            | 0.4            | 0.4            | 0.6            |
| Fiscal Year                                                 | FY 2027-28     | FY 2028-29     | FY 2029-30     | FY 2030-31     | FY 2031-32     |
| Annual Operational Cost                                     | \$2,256,048    | \$2,362,620    | \$2,989,327    | \$3,135,476    | \$3,996,382    |
| Annual Water use (MG)                                       | 58.40          | 58.40          | 116.80         | 116.80         | 175.20         |
| Rate per million gallons                                    | \$38,631       | \$40,456       | \$25,594       | \$26,845       | \$22,810       |
| <b>Recycled Water Unit Rate (\$/HCF)</b>                    | <b>\$28.90</b> | <b>\$30.26</b> | <b>\$19.15</b> | <b>\$20.08</b> | <b>\$17.06</b> |

  

| Recycled Water Service Unit Costs - Connections Paying Capacity Fees |                    |                    |                    |                    |                    |
|----------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Assumed Plant Capacity (MGD)                                         | 0.2                | 0.2                | 0.4                | 0.4                | 0.6                |
| Fiscal Year                                                          | FY 2027-28         | FY 2028-29         | FY 2029-30         | FY 2030-31         | FY 2031-32         |
| Annual Operational Cost                                              | \$2,256,048        | \$2,362,620        | \$2,989,327        | \$3,135,476        | \$3,996,382        |
| Debt Service payment                                                 | \$0                | \$2,543,808        | \$2,637,169        | \$2,637,169        | \$2,637,169        |
| <b>Subtotal</b>                                                      | <b>\$2,256,048</b> | <b>\$4,906,428</b> | <b>\$5,626,497</b> | <b>\$5,772,646</b> | <b>\$6,633,552</b> |
| Annual Water use (MG)                                                | 58.40              | 58.40              | 116.80             | 116.80             | 175.20             |
| Rate per million gallons                                             | \$38,631           | \$84,014           | \$48,172           | \$49,423           | \$37,863           |
| <b>Recycled Water Unit Rate (\$/HCF)</b>                             | <b>\$28.90</b>     | <b>\$62.85</b>     | <b>\$36.04</b>     | <b>\$36.97</b>     | <b>\$28.32</b>     |

The proposed rate structure is assumed to be a uniform volumetric rate that will be applied to two classes. This means that all expenses are recovered according to the recycled water demand recorded by the parcel meter in units of hundred cubic feet (HCF). Expenses to be recovered through the volumetric rates are the annual operating costs and debt service payment. The separation of two customer classes reflects that customers who made a CIAC payment only contribute toward their share of annual operating costs. However, customers paying a capacity fee—who benefit from the District’s initial debt service funding of the Facility—will pay for both the annual operating cost components and the debt service payment component. The final row of **Figure 5-1** reflects the unit rate for cost recovery that would be attributable to customers who pay a capacity fee. The unit rate for cost recovery assumes that water sales will be 80% of the volume of total capacity. However, timing of connection and future participation may affect the actual sales recorded and rate revenues received.

### PHASE-IN RECYCLED WATER RATES

Rate calculations are subject to the projection of water sold. During the initial seven years of operation, until full capacity is reached, costs will be spread across a smaller ratepayer base, yielding unit rates that are significantly higher than potable water rates. To encourage participation in the recycled water program, the District may establish rates below the costs of providing service to maintain competitiveness with potable water rates charged by agencies, including the Cal Water Bear Gulch District and the City of Menlo Park.

## Recycled Water Facility Capacity Fees and Rates

### V. O&M Facility Cost Recovery



Addressing a rate revenue shortfall through an interfund loan from the Sewer Fund is one option available to the District. Each year that reduced rates do not meet O&M costs creates an operating shortfall that can be structured as an interfund loan. Repayment of the interfund loan will occur through future recycled water rates. Therefore, revised rates would assume the following to accommodate such a scenario:

1. Recycled water rates would be phased in for 10 years beginning with FY 2026-27 and ending FY 2035-36.
2. Interest on the cumulative shortfall would be repaid through rates in the following fiscal year at an interest rate of 3.5%, in line with recent historical Local Agency Investment Fund (LAIF) rates. Therefore, the first year for which revised rates include interest repayment is FY 2028-29.
3. Interest to be repaid would be calculated per HCF of total annual projected water sales.
4. Rates projected for FY 2028-29 through FY 2036-37 account for interest repayment of the cumulative shortfall.
5. The cumulative shortfall after FY 2035-36 represents the principal of the interfund loan, which would begin a payment schedule effective FY 2037-38. This is projected to be \$20.8 million.
6. Beginning FY 2037-38, rates would account for repayment of the interfund loan over a 20-year period using 20 equal payments of remaining principal and interest.
7. Interfund loan payments in FY 2037-38 through FY 2056-57 would be calculated per HCF of total annual projected water sales.

**Appendix A, Table 5** provides the supporting calculations to generate the proposed recycled water rates shown in **Figure 5-2**. The District can establish rates for five years and conduct an additional rate study to reassess rates thereafter.

**Figure 5-2** summarizes the proposed rates for the recycled water services.

**Figure 5-2. Proposed Recycled Water Rates**

| Recycled Water Rates                          | Proposed Rates by Fiscal Year |         |         |         |         |
|-----------------------------------------------|-------------------------------|---------|---------|---------|---------|
|                                               | 2027-28                       | 2028-29 | 2029-30 | 2030-31 | 2031-32 |
| Water Usage Rates (\$/hcf)                    | \$10.69                       | \$11.81 | \$13.51 | \$15.57 | \$16.78 |
| Water Usage Rates for CIAC Customers (\$/hcf) | \$9.25                        | \$10.33 | \$11.40 | \$12.74 | \$13.13 |

## Recycled Water Facility Capacity Fees and Rates

### VI. Recommendations



## VI. Recommendations

It is recommended that the District proceed with adopting the following schedule of capacity fees for FY 2026-27 through FY 2030-31 and rates for its recycled water program for FY 2027-28 through FY 2031-32, as shown in **Figure 6-1**.

**Figure 6-1. Proposed CIAC, Connection Fees, and Rates**

| Proposed Fees and Rates                              | Fiscal Year |         |         |         |         |         |
|------------------------------------------------------|-------------|---------|---------|---------|---------|---------|
|                                                      | 2026-27     | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 |
| <b>Capacity Fees/Payments</b>                        |             |         |         |         |         |         |
| <b>Projected Capacity Fees</b>                       |             |         |         |         |         |         |
| (at time of connection)                              |             |         |         |         |         |         |
| \$ per Gallon of Avg. Day Peak Month Demand          | \$17.77     | \$17.99 | \$20.74 | \$23.59 | \$26.42 | \$29.25 |
| <b>Contributions in Aid of Construction</b>          |             |         |         |         |         |         |
| \$ per Gallon of Avg. Day Peak Month Demand          | \$79.37     | \$79.37 | N/A     | N/A     | N/A     | N/A     |
| <b>Recycled Water Rates</b>                          |             |         |         |         |         |         |
| <b>Water Usage Rates (\$/hcf)</b>                    | N/A         | \$10.69 | \$11.81 | \$13.51 | \$15.57 | \$16.78 |
| <b>Water Usage Rates for CIAC Customers (\$/hcf)</b> | N/A         | \$9.25  | \$10.33 | \$11.40 | \$12.74 | \$13.13 |

1 hcf = 748.052 gallons.

Projected capacity fees in units of average day peak month demand (HCF): \$13,292.88 (FY 2026-27); \$13,457.45 (FY 2027-28); \$15,514.59 (FY 2028-29); \$17,646.54 (FY 2029-30); \$19,763.53 (FY 2030-31).

Projected Contributions in Aid of Construction (HCF): \$59,372.88 (FY 2026-27, FY 2027-28).

Projected recycled water usage rates in units of \$/gallon : \$0.01429 (FY 2027-28); \$0.01538 (FY 2028-29); \$0.01806 (FY 2029-30); \$0.02081 (FY 2030-31); \$0.02243 (FY 2031-32).

Projected recycle water usage rates for CIAC customers in units of \$/gallon: \$0.01236 (FY 2027-28); \$0.01380 (FY 2028-29); \$0.01523 (FY 2029-30); \$0.01703 (FY 2030-31); \$0.01755 (FY 2031-32).

# **APPENDIX A**

## **FINANCIAL PLAN TABLES**

**West Bay Sanitary District**  
**Bayfront Recycled Water Rates and Capacity Fees Analysis**  
**1. Operating Cost Projections**

|                              |                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|------------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                              | CPI Escalation       | 1.000              | 1.033              | 1.067              | 1.102              | 1.138              | 1.175              | 1.214              | 1.253              | 1.294              | 1.337              | 1.381              | 1.426              | 1.473              |
|                              | Plant Capacity (MGD) | 0.2                | 0.2                | 0.2                | 0.2                | 0.4                | 0.4                | 0.6                | 0.8                | 1.0                | 1.0                | 1.0                | 1.0                | 1.0                |
|                              | <b>Fiscal Year</b>   | <b>FY 2025-26</b>  | <b>FY 2026-27</b>  | <b>FY 2027-28</b>  | <b>FY 2028-29</b>  | <b>FY 2029-30</b>  | <b>FY 2030-31</b>  | <b>FY 2031-32</b>  | <b>FY 2032-33</b>  | <b>FY 2033-34</b>  | <b>FY 2034-35</b>  | <b>FY 2035-36</b>  | <b>FY 2036-37</b>  | <b>FY 2037-38</b>  |
| Power                        |                      | \$1,263,544        | \$1,358,741        | \$1,461,110        | \$1,571,191        | \$1,934,837        | \$2,080,610        | \$2,561,504        | \$3,037,696        | \$3,547,675        | \$3,814,960        | \$4,102,384        | \$4,411,461        | \$4,743,825        |
| Operating Costs              |                      | \$1,017,573        | \$1,050,937        | \$1,085,394        | \$1,120,981        | \$1,321,850        | \$1,365,190        | \$1,584,552        | \$1,817,662        | \$2,017,861        | \$2,084,022        | \$2,152,352        | \$2,222,922        | \$2,295,806        |
| Capital Replacement Fund     |                      | \$379,239          | \$391,674          | \$404,516          | \$417,779          | \$536,276          | \$553,859          | \$779,618          | \$919,322          | \$1,126,291        | \$1,163,219        | \$1,201,358        | \$1,240,748        | \$1,281,429        |
| <b>Operating Costs Total</b> |                      | <b>\$2,660,356</b> | <b>\$2,801,351</b> | <b>\$2,951,019</b> | <b>\$3,109,951</b> | <b>\$3,792,963</b> | <b>\$3,999,659</b> | <b>\$4,925,673</b> | <b>\$5,774,680</b> | <b>\$6,691,827</b> | <b>\$7,062,202</b> | <b>\$7,456,093</b> | <b>\$7,875,131</b> | <b>\$8,321,060</b> |
| (Less) Solar Energy Savings  |                      | (\$601,000)        | (\$646,280)        | (\$694,971)        | (\$747,331)        | (\$803,636)        | (\$864,183)        | (\$929,291)        | (\$999,305)        | (\$1,074,594)      | (\$1,155,555)      | (\$1,242,615)      | (\$1,336,235)      | (\$1,436,909)      |
| <b>Operating Costs</b>       |                      | <b>\$2,059,356</b> | <b>\$2,155,071</b> | <b>\$2,256,048</b> | <b>\$2,362,620</b> | <b>\$2,989,327</b> | <b>\$3,135,476</b> | <b>\$3,996,382</b> | <b>\$4,775,375</b> | <b>\$5,617,234</b> | <b>\$5,906,647</b> | <b>\$6,213,478</b> | <b>\$6,538,895</b> | <b>\$6,884,151</b> |

**West Bay Sanitary District**  
**Bayfront Recycled Water Rates and Capacity Fees Analysis**  
**2. Debt**

| <b>California Water Recycling Bonds Payment Schedule</b> |                 |                          |                        |                         |                              |                      |                       |
|----------------------------------------------------------|-----------------|--------------------------|------------------------|-------------------------|------------------------------|----------------------|-----------------------|
| <b>Ref Num</b>                                           | <b>Due Date</b> | <b>Principal Payment</b> | <b>Interest Rate %</b> | <b>Interest Payment</b> | <b>Total P and I Payment</b> | <b>Total Payment</b> | <b>Ending Balance</b> |
| 1                                                        | 7/1/2028        | \$299,842.05             | 1.700                  | \$196,967.61            | \$496,809.66                 | \$496,809.66         | \$11,300,157.95       |
| 2                                                        | 7/1/2029        | \$304,706.97             | 1.700                  | \$192,102.69            | \$496,809.66                 | \$496,809.66         | \$10,995,450.98       |
| 3                                                        | 7/1/2030        | \$309,886.99             | 1.700                  | \$186,922.67            | \$496,809.66                 | \$496,809.66         | \$10,685,563.99       |
| 4                                                        | 7/1/2031        | \$315,155.07             | 1.700                  | \$181,654.59            | \$496,809.66                 | \$496,809.66         | \$10,370,408.92       |
| 5                                                        | 7/1/2032        | \$320,512.71             | 1.700                  | \$176,296.95            | \$496,809.66                 | \$496,809.66         | \$10,049,896.21       |
| 6                                                        | 7/1/2033        | \$325,961.42             | 1.700                  | \$170,848.24            | \$496,809.66                 | \$496,809.66         | \$9,723,934.79        |
| 7                                                        | 7/1/2034        | \$331,502.77             | 1.700                  | \$165,306.89            | \$496,809.66                 | \$496,809.66         | \$9,392,432.02        |
| 8                                                        | 7/1/2035        | \$337,138.32             | 1.700                  | \$159,671.34            | \$496,809.66                 | \$496,809.66         | \$9,055,293.70        |
| 9                                                        | 7/1/2036        | \$342,869.67             | 1.700                  | \$153,939.99            | \$496,809.66                 | \$496,809.66         | \$8,712,424.03        |
| 10                                                       | 7/1/2037        | \$348,698.45             | 1.700                  | \$148,111.21            | \$496,809.66                 | \$496,809.66         | \$8,363,725.58        |
| 11                                                       | 7/1/2038        | \$354,626.33             | 1.700                  | \$142,183.33            | \$496,809.66                 | \$496,809.66         | \$8,009,099.25        |
| 12                                                       | 7/1/2039        | \$360,654.97             | 1.700                  | \$136,154.69            | \$496,809.66                 | \$496,809.66         | \$7,648,444.28        |
| 13                                                       | 7/1/2040        | \$366,786.11             | 1.700                  | \$130,023.55            | \$496,809.66                 | \$496,809.66         | \$7,281,658.17        |
| 14                                                       | 7/1/2041        | \$373,021.47             | 1.700                  | \$123,788.19            | \$496,809.66                 | \$496,809.66         | \$6,908,636.70        |
| 15                                                       | 7/1/2042        | \$379,362.84             | 1.700                  | \$117,446.82            | \$496,809.66                 | \$496,809.66         | \$6,529,273.86        |
| 16                                                       | 7/1/2043        | \$385,812.00             | 1.700                  | \$110,997.66            | \$496,809.66                 | \$496,809.66         | \$6,143,461.86        |
| 17                                                       | 7/1/2044        | \$392,370.81             | 1.700                  | \$104,438.85            | \$496,809.66                 | \$496,809.66         | \$5,751,091.05        |
| 18                                                       | 7/1/2045        | \$399,041.11             | 1.700                  | \$97,768.55             | \$496,809.66                 | \$496,809.66         | \$5,352,049.94        |
| 19                                                       | 7/1/2046        | \$405,824.81             | 1.700                  | \$90,984.85             | \$496,809.66                 | \$496,809.66         | \$4,946,225.13        |
| 20                                                       | 7/1/2047        | \$412,723.83             | 1.700                  | \$84,085.83             | \$496,809.66                 | \$496,809.66         | \$4,533,501.30        |
| 21                                                       | 7/1/2048        | \$419,740.14             | 1.700                  | \$77,069.52             | \$496,809.66                 | \$496,809.66         | \$4,113,761.16        |
| 22                                                       | 7/1/2049        | \$426,875.72             | 1.700                  | \$69,933.94             | \$496,809.66                 | \$496,809.66         | \$3,686,885.44        |
| 23                                                       | 7/1/2050        | \$434,132.61             | 1.700                  | \$62,677.05             | \$496,809.66                 | \$496,809.66         | \$3,252,752.83        |
| 24                                                       | 7/1/2051        | \$441,512.86             | 1.700                  | \$55,296.80             | \$496,809.66                 | \$496,809.66         | \$2,811,239.97        |
| 25                                                       | 7/1/2052        | \$449,018.58             | 1.700                  | \$47,791.08             | \$496,809.66                 | \$496,809.66         | \$2,362,221.39        |
| 26                                                       | 7/1/2053        | \$456,651.90             | 1.700                  | \$40,157.76             | \$496,809.66                 | \$496,809.66         | \$1,905,569.49        |
| 27                                                       | 7/1/2054        | \$464,414.98             | 1.700                  | \$32,394.68             | \$496,809.66                 | \$496,809.66         | \$1,441,154.51        |
| 28                                                       | 7/1/2055        | \$472,310.03             | 1.700                  | \$24,499.63             | \$496,809.66                 | \$496,809.66         | \$968,844.48          |
| 29                                                       | 7/1/2056        | \$480,339.30             | 1.700                  | \$16,470.36             | \$496,809.66                 | \$496,809.66         | \$488,505.18          |
| 30                                                       | 7/1/2057        | \$488,505.18             | 1.700                  | \$8,304.59              | \$496,809.77                 | \$496,809.77         | \$0.00                |
|                                                          |                 | <b>\$11,600,000</b>      |                        | <b>\$3,304,290</b>      | <b>\$14,904,290</b>          | <b>\$14,904,290</b>  |                       |

**West Bay Sanitary District**  
**Bayfront Recycled Water Rates and Capacity Fees Analysis**  
**2. Debt**

| California CWSRF Payment Schedule |          |                     |                 |                     |                       |                     |                 |
|-----------------------------------|----------|---------------------|-----------------|---------------------|-----------------------|---------------------|-----------------|
| Ref Num                           | Due Date | Principal Payment   | Interest Rate % | Interest Payment    | Total P and I Payment | Total Payment       | Ending Balance  |
| 1                                 | 7/1/2028 | \$1,312,453.37      | 1.700           | \$734,544.71        | \$2,046,998.08        | \$2,046,998.08      | \$46,559,886.63 |
| 2                                 | 7/1/2029 | \$1,316,851.00      | 1.700           | \$823,508.62        | \$2,140,359.62        | \$2,140,359.62      | \$47,370,695.63 |
| 3                                 | 7/1/2030 | \$1,335,057.79      | 1.700           | \$805,301.83        | \$2,140,359.62        | \$2,140,359.62      | \$46,035,637.84 |
| 4                                 | 7/1/2031 | \$1,357,753.78      | 1.700           | \$782,605.84        | \$2,140,359.62        | \$2,140,359.62      | \$44,677,884.06 |
| 5                                 | 7/1/2032 | \$1,380,835.59      | 1.700           | \$759,524.03        | \$2,140,359.62        | \$2,140,359.62      | \$43,297,048.47 |
| 6                                 | 7/1/2033 | \$1,404,309.80      | 1.700           | \$736,049.82        | \$2,140,359.62        | \$2,140,359.62      | \$41,892,738.67 |
| 7                                 | 7/1/2034 | \$1,428,183.06      | 1.700           | \$712,176.56        | \$2,140,359.62        | \$2,140,359.62      | \$40,464,555.61 |
| 8                                 | 7/1/2035 | \$1,452,462.17      | 1.700           | \$687,897.45        | \$2,140,359.62        | \$2,140,359.62      | \$39,012,093.44 |
| 9                                 | 7/1/2036 | \$1,477,154.03      | 1.700           | \$663,205.59        | \$2,140,359.62        | \$2,140,359.62      | \$37,534,939.41 |
| 10                                | 7/1/2037 | \$1,502,265.65      | 1.700           | \$638,093.97        | \$2,140,359.62        | \$2,140,359.62      | \$36,032,673.76 |
| 11                                | 7/1/2038 | \$1,527,804.17      | 1.700           | \$612,555.45        | \$2,140,359.62        | \$2,140,359.62      | \$34,504,869.59 |
| 12                                | 7/1/2039 | \$1,553,776.84      | 1.700           | \$586,582.78        | \$2,140,359.62        | \$2,140,359.62      | \$32,951,092.75 |
| 13                                | 7/1/2040 | \$1,580,191.04      | 1.700           | \$560,168.58        | \$2,140,359.62        | \$2,140,359.62      | \$31,370,901.71 |
| 14                                | 7/1/2041 | \$1,607,054.29      | 1.700           | \$533,305.33        | \$2,140,359.62        | \$2,140,359.62      | \$29,763,847.42 |
| 15                                | 7/1/2042 | \$1,634,374.21      | 1.700           | \$505,985.41        | \$2,140,359.62        | \$2,140,359.62      | \$28,129,473.21 |
| 16                                | 7/1/2043 | \$1,662,158.58      | 1.700           | \$478,201.04        | \$2,140,359.62        | \$2,140,359.62      | \$26,467,314.63 |
| 17                                | 7/1/2044 | \$1,690,415.27      | 1.700           | \$449,944.35        | \$2,140,359.62        | \$2,140,359.62      | \$24,776,899.36 |
| 18                                | 7/1/2045 | \$1,719,152.33      | 1.700           | \$421,207.29        | \$2,140,359.62        | \$2,140,359.62      | \$23,057,747.03 |
| 19                                | 7/1/2046 | \$1,748,377.92      | 1.700           | \$391,981.70        | \$2,140,359.62        | \$2,140,359.62      | \$21,309,369.11 |
| 20                                | 7/1/2047 | \$1,778,100.35      | 1.700           | \$362,259.27        | \$2,140,359.62        | \$2,140,359.62      | \$19,531,268.76 |
| 21                                | 7/1/2048 | \$1,808,328.05      | 1.700           | \$332,031.57        | \$2,140,359.62        | \$2,140,359.62      | \$17,722,940.71 |
| 22                                | 7/1/2049 | \$1,839,069.63      | 1.700           | \$301,289.99        | \$2,140,359.62        | \$2,140,359.62      | \$15,883,871.08 |
| 23                                | 7/1/2050 | \$1,870,333.81      | 1.700           | \$270,025.81        | \$2,140,359.62        | \$2,140,359.62      | \$14,013,537.27 |
| 24                                | 7/1/2051 | \$1,902,129.49      | 1.700           | \$238,230.13        | \$2,140,359.62        | \$2,140,359.62      | \$12,111,407.78 |
| 25                                | 7/1/2052 | \$1,934,465.69      | 1.700           | \$205,893.93        | \$2,140,359.62        | \$2,140,359.62      | \$10,176,942.09 |
| 26                                | 7/1/2053 | \$1,967,351.60      | 1.700           | \$173,008.02        | \$2,140,359.62        | \$2,140,359.62      | \$8,209,590.49  |
| 27                                | 7/1/2054 | \$2,000,796.58      | 1.700           | \$139,563.04        | \$2,140,359.62        | \$2,140,359.62      | \$6,208,793.91  |
| 28                                | 7/1/2055 | \$2,034,810.12      | 1.700           | \$105,549.50        | \$2,140,359.62        | \$2,140,359.62      | \$4,173,983.79  |
| 29                                | 7/1/2056 | \$2,069,401.90      | 1.700           | \$70,957.72         | \$2,140,359.62        | \$2,140,359.62      | \$2,104,581.89  |
| 30                                | 7/1/2057 | \$2,104,581.89      | 1.700           | \$35,777.89         | \$2,140,359.78        | \$2,140,359.78      | \$0.00          |
|                                   |          | <b>\$50,000,000</b> |                 | <b>\$14,117,427</b> | <b>\$64,117,427</b>   | <b>\$64,117,427</b> |                 |

**West Bay Sanitary District**  
**Bayfront Recycled Water Rates and Capacity Fees Analysis**  
**2. Debt**

| Due Date     | Combined Annual Debt Service Payments |                     |                     |                     |
|--------------|---------------------------------------|---------------------|---------------------|---------------------|
|              | Combined Principle                    | Combined Interest   | Combined Payment    | Cumulative Payments |
| 7/1/2028     | \$1,612,295                           | \$931,512           | \$2,543,808         | \$2,543,808         |
| 7/1/2029     | \$1,621,558                           | \$1,015,611         | \$2,637,169         | \$5,180,977         |
| 7/1/2030     | \$1,644,945                           | \$992,225           | \$2,637,169         | \$7,818,146         |
| 7/1/2031     | \$1,672,909                           | \$964,260           | \$2,637,169         | \$10,455,316        |
| 7/1/2032     | \$1,701,348                           | \$935,821           | \$2,637,169         | \$13,092,485        |
| 7/1/2033     | \$1,730,271                           | \$906,898           | \$2,637,169         | \$15,729,654        |
| 7/1/2034     | \$1,759,686                           | \$877,483           | \$2,637,169         | \$18,366,823        |
| 7/1/2035     | \$1,789,600                           | \$847,569           | \$2,637,169         | \$21,003,993        |
| 7/1/2036     | \$1,820,024                           | \$817,146           | \$2,637,169         | \$23,641,162        |
| 7/1/2037     | \$1,850,964                           | \$786,205           | \$2,637,169         | \$26,278,331        |
| 7/1/2038     | \$1,882,431                           | \$754,739           | \$2,637,169         | \$28,915,501        |
| 7/1/2039     | \$1,914,432                           | \$722,737           | \$2,637,169         | \$31,552,670        |
| 7/1/2040     | \$1,946,977                           | \$690,192           | \$2,637,169         | \$34,189,839        |
| 7/1/2041     | \$1,980,076                           | \$657,094           | \$2,637,169         | \$36,827,008        |
| 7/1/2042     | \$2,013,737                           | \$623,432           | \$2,637,169         | \$39,464,178        |
| 7/1/2043     | \$2,047,971                           | \$589,199           | \$2,637,169         | \$42,101,347        |
| 7/1/2044     | \$2,082,786                           | \$554,383           | \$2,637,169         | \$44,738,516        |
| 7/1/2045     | \$2,118,193                           | \$518,976           | \$2,637,169         | \$47,375,686        |
| 7/1/2046     | \$2,154,203                           | \$482,967           | \$2,637,169         | \$50,012,855        |
| 7/1/2047     | \$2,190,824                           | \$446,345           | \$2,637,169         | \$52,650,024        |
| 7/1/2048     | \$2,228,068                           | \$409,101           | \$2,637,169         | \$55,287,193        |
| 7/1/2049     | \$2,265,945                           | \$371,224           | \$2,637,169         | \$57,924,363        |
| 7/1/2050     | \$2,304,466                           | \$332,703           | \$2,637,169         | \$60,561,532        |
| 7/1/2051     | \$2,343,642                           | \$293,527           | \$2,637,169         | \$63,198,701        |
| 7/1/2052     | \$2,383,484                           | \$253,685           | \$2,637,169         | \$65,835,870        |
| 7/1/2053     | \$2,424,004                           | \$213,166           | \$2,637,169         | \$68,473,040        |
| 7/1/2054     | \$2,465,212                           | \$171,958           | \$2,637,169         | \$71,110,209        |
| 7/1/2055     | \$2,507,120                           | \$130,049           | \$2,637,169         | \$73,747,378        |
| 7/1/2056     | \$2,549,741                           | \$87,428            | \$2,637,169         | \$76,384,548        |
| 7/1/2057     | \$2,593,087                           | \$44,082            | \$2,637,170         | \$79,021,717        |
| <b>Total</b> | <b>\$61,600,000</b>                   | <b>\$17,421,717</b> | <b>\$79,021,717</b> |                     |

**West Bay Sanitary District**  
**Bayfront Recycled Water Rates and Capacity Fees Analysis**  
**3. Capacity Fees**

|                                                    | FY 2026-27                 | FY 2027-28                 | FY 2028-29                 | FY 2029-30                 | FY 2030-31                 | FY 2031-32                 | FY 2032-33                 | FY 2033-34                 | FY 2034-35                 | FY 2035-36                 | FY 2036-37                 | FY 2037-38                 |
|----------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Cash-Funded Capital                                | \$17,773,013               | \$17,773,013               | \$17,773,013               | \$17,773,013               | \$17,773,013               | \$17,773,013               | \$17,773,013               | \$17,773,013               | \$17,773,013               | \$17,773,013               | \$17,773,013               | \$17,773,013               |
| (Less) Depreciation                                | \$0                        | (\$355,460)                | (\$710,921)                | (\$1,066,381)              | (\$1,421,841)              | (\$1,777,301)              | (\$2,132,762)              | (\$2,488,222)              | (\$2,843,682)              | (\$3,199,142)              | (\$3,554,603)              | (\$3,910,063)              |
|                                                    | <u>\$17,773,013</u>        | <u>\$17,417,553</u>        | <u>\$17,062,093</u>        | <u>\$16,706,632</u>        | <u>\$16,351,172</u>        | <u>\$15,995,712</u>        | <u>\$15,640,252</u>        | <u>\$15,284,791</u>        | <u>\$14,929,331</u>        | <u>\$14,573,871</u>        | <u>\$14,218,411</u>        | <u>\$13,862,950</u>        |
| Construction Cost Index                            | 1.000                      | 1.033                      | 1.067                      | 1.102                      | 1.138                      | 1.175                      | 1.214                      | 1.253                      | 1.294                      | 1.337                      | 1.381                      | 1.426                      |
| <b>Cash Funded Capital (RCNLD)</b>                 | <b><u>\$17,773,013</u></b> | <b><u>\$17,988,630</u></b> | <b><u>\$18,199,279</u></b> | <b><u>\$18,404,404</u></b> | <b><u>\$18,603,415</u></b> | <b><u>\$18,795,691</u></b> | <b><u>\$18,980,577</u></b> | <b><u>\$19,157,381</u></b> | <b><u>\$19,325,375</u></b> | <b><u>\$19,483,790</u></b> | <b><u>\$19,631,818</u></b> | <b><u>\$19,768,608</u></b> |
| Retired Debt Service                               | \$0                        | \$0                        | \$2,543,808                | \$5,180,977                | \$7,818,146                | \$10,455,316               | \$13,092,485               | \$15,729,654               | \$18,366,823               | \$21,003,993               | \$23,641,162               | \$23,641,162               |
| <b>Subtotal</b>                                    | <b><u>\$17,773,013</u></b> | <b><u>\$17,988,630</u></b> | <b><u>\$20,743,087</u></b> | <b><u>\$23,585,381</u></b> | <b><u>\$26,421,561</u></b> | <b><u>\$29,251,007</u></b> | <b><u>\$32,073,062</u></b> | <b><u>\$34,887,035</u></b> | <b><u>\$37,692,198</u></b> | <b><u>\$40,487,783</u></b> | <b><u>\$43,272,980</u></b> | <b><u>\$43,409,769</u></b> |
| Total Capacity (MGD)                               | 1.00                       | 1.00                       | 1.00                       | 1.00                       | 1.00                       | 1.00                       | 1.00                       | 1.00                       | 1.00                       | 1.00                       | 1.00                       | 1.00                       |
| (Less) Capacity Reserved from CIAC                 | 0.00                       | 0.00                       | 0.00                       | 0.00                       | 0.00                       | 0.00                       | 0.00                       | 0.00                       | 0.00                       | 0.00                       | 0.00                       | 0.00                       |
| Available Capacity (MGD)                           | <u>1.00</u>                | <u>1.00</u>                | <u>1.00</u>                | <u>1.00</u>                | <u>1.00</u>                | <u>1.00</u>                | <u>1.00</u>                | <u>1.00</u>                | <u>1.00</u>                | <u>1.00</u>                | <u>1.00</u>                | <u>1.00</u>                |
| Available Capacity (gallons)                       | 1,000,000                  | 1,000,000                  | 1,000,000                  | 1,000,000                  | 1,000,000                  | 1,000,000                  | 1,000,000                  | 1,000,000                  | 1,000,000                  | 1,000,000                  | 1,000,000                  | 1,000,000                  |
| <b>\$ per Gallon of Avg. Day Peak Month Demand</b> | <b><u>\$17.77</u></b>      | <b><u>\$17.99</u></b>      | <b><u>\$20.74</u></b>      | <b><u>\$23.59</u></b>      | <b><u>\$26.42</u></b>      | <b><u>\$29.25</u></b>      | <b><u>\$32.07</u></b>      | <b><u>\$34.89</u></b>      | <b><u>\$37.69</u></b>      | <b><u>\$40.49</u></b>      | <b><u>\$43.27</u></b>      | <b><u>\$43.41</u></b>      |

West Bay Sanitary District  
Bayfront Recycled Water Rates and Capacity Fees Analysis  
4. Summary Capacity Fees

|                                             | Fiscal Year |         |         |         |         |         |         |         |         |         |         |         |
|---------------------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                             | 2026-27     | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | 2036-37 | 2037-38 |
| <b>Projected Capacity Fees/Payments</b>     |             |         |         |         |         |         |         |         |         |         |         |         |
| <b>Projected Capacity Fees</b>              |             |         |         |         |         |         |         |         |         |         |         |         |
| (at time of connection)                     |             |         |         |         |         |         |         |         |         |         |         |         |
| \$ per Gallon of Avg. Day Peak Month Demand | \$17.77     | \$17.99 | \$20.74 | \$23.59 | \$26.42 | \$29.25 | \$32.07 | \$34.89 | \$37.69 | \$40.49 | \$43.27 | \$43.41 |
| <b>Contributions in Aid of Construction</b> |             |         |         |         |         |         |         |         |         |         |         |         |
| \$ per Gallon of Avg. Day Peak Month Demand | \$79.37     | \$79.37 | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     |

West Bay Sanitary District  
Bayfront Recycled Water Rates and Capacity Fees Analysis  
5. Phase-In

|                                                                                                                                              |                                                                                                                                       |                 |                                                                                                    |                              |                |               |               |               |               |             |             |                      |             |  |
|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------------------------------------------------------------------------------|------------------------------|----------------|---------------|---------------|---------------|---------------|-------------|-------------|----------------------|-------------|--|
| Assumptions: 10-year phase-in of rates to meet cost of production. Loan to meet phase-in begins payback in Year 12 for principal outstanding |                                                                                                                                       |                 |                                                                                                    |                              |                |               |               |               |               |             |             | re-payment<br>begins |             |  |
| 1                                                                                                                                            | Initial Rates before Interest                                                                                                         | 2026-27         | 2027-28                                                                                            | 2028-29                      | 2029-30        | 2030-31       | 2031-32       | 2032-33       | 2033-34       | 2034-35     | 2035-36     | 2036-37              | 2037-38     |  |
| 2                                                                                                                                            | 10-year phase-in                                                                                                                      | Year 1          | Year 2                                                                                             | Year 3                       | Year 4         | Year 5        | Year 6        | Year 7        | Year 8        | Year 9      | Year 10     | Year 11              | Year 12     |  |
| 3                                                                                                                                            | Phase-in water usage rates for CIAC Customers (\$/hcf)                                                                                |                 | \$9.25                                                                                             | \$9.69                       | \$10.17        | \$10.68       | \$11.22       | \$11.78       | \$12.37       | \$12.98     | \$13.63     | \$16.75              | \$17.64     |  |
| 4                                                                                                                                            |                                                                                                                                       |                 |                                                                                                    | \$0.44                       | \$0.48         | \$0.51        | \$0.53        | \$0.56        | \$0.59        | \$0.62      | \$0.65      | \$3.12               | \$0.88      |  |
| 5                                                                                                                                            | % change                                                                                                                              |                 |                                                                                                    | 5%                           | 5%             | 5%            | 5%            | 5%            | 5%            | 5%          | 5%          | 23%                  | 5%          |  |
| 6                                                                                                                                            | Phase in water usage rates (\$/hcf)                                                                                                   |                 | \$10.69                                                                                            | \$11.17                      | \$12.29        | \$13.52       | \$14.87       | \$16.35       | \$17.99       | \$19.79     | \$21.57     | \$23.51              | \$24.39     |  |
| 7                                                                                                                                            | \$ change                                                                                                                             |                 | \$10.69                                                                                            | \$0.48                       | \$1.12         | \$1.23        | \$1.35        | \$1.49        | \$1.64        | \$1.80      | \$1.78      | \$1.94               | \$0.88      |  |
| 8                                                                                                                                            | % change                                                                                                                              |                 |                                                                                                    | 4%                           | 10%            | 10%           | 10%           | 10%           | 10%           | 10%         | 9%          | 9%                   | 4%          |  |
| 9                                                                                                                                            | Annual Water Sales (MG)                                                                                                               | 58.4            | 58.4                                                                                               | 58.4                         | 116.8          | 116.8         | 175.2         | 233.6         | 292.0         | 292.0       | 292.0       | 292.0                | 292.0       |  |
| 10                                                                                                                                           | Annual Water Sales (hcf)                                                                                                              | 78,069          | 78,069                                                                                             | 78,069                       | 156,139        | 156,139       | 234,208       | 312,278       | 390,347       | 390,347     | 390,347     | 390,347              | 390,347     |  |
| 11                                                                                                                                           | % of Sales to Stage 1                                                                                                                 | 100%            | 0%                                                                                                 | 0%                           | 0%             | 0%            | 0%            | 0%            | 0%            | 0%          | 0%          | 0%                   | 0%          |  |
| 12                                                                                                                                           | Interest Cost per HCF                                                                                                                 |                 | N/A                                                                                                | \$0.64                       | \$1.22         | \$2.05        | \$1.92        | \$1.79        | \$1.64        | \$1.75      | \$1.82      | \$1.86               | \$3.74      |  |
| 13                                                                                                                                           | added to rates on rows 3 and 6                                                                                                        |                 |                                                                                                    |                              |                |               |               |               |               |             |             |                      |             |  |
| 14                                                                                                                                           | Rates including Loan Payback costs from Row 40                                                                                        |                 | Rates include interest payments on cumulative annual shortfall from FY 2027-28 through FY 2036-37. |                              |                |               |               |               |               |             |             |                      |             |  |
| 15                                                                                                                                           | Final Rates to be Published                                                                                                           |                 |                                                                                                    |                              |                |               |               |               |               |             |             |                      |             |  |
| 16                                                                                                                                           | 10-year phase-in                                                                                                                      | 2026-27         | 2027-28                                                                                            | 2028-29                      | 2029-30        | 2030-31       | 2031-32       | 2032-33       | 2033-34       | 2034-35     | 2035-36     | 2036-37              | 2037-38     |  |
| 17                                                                                                                                           | Water Usage Rates for CIAC Customers (\$/hcf)                                                                                         | Year 1          | Year 2                                                                                             | Year 3                       | Year 4         | Year 5        | Year 6        | Year 7        | Year 8        | Year 9      | Year 10     | Year 11              | Year 12     |  |
| 18                                                                                                                                           |                                                                                                                                       | \$8.00          | \$9.25                                                                                             | \$10.33                      | \$11.40        | \$12.74       | \$13.13       | \$13.57       | \$14.01       | \$14.73     | \$15.46     | \$18.61              | \$21.38     |  |
| 19                                                                                                                                           | % change                                                                                                                              |                 | \$1.25                                                                                             | \$1.08                       | \$1.07         | \$1.34        | \$0.40        | \$0.43        | \$0.44        | \$0.73      | \$0.72      | \$3.16               | \$2.77      |  |
| 20                                                                                                                                           | Water Usage Rates (\$/hcf)                                                                                                            |                 | 16%                                                                                                | 12%                          | 10%            | 12%           | 3%            | 3%            | 3%            | 5%          | 5%          | 20%                  | 15%         |  |
| 21                                                                                                                                           | \$ change                                                                                                                             |                 | \$10.69                                                                                            | \$11.81                      | \$13.51        | \$15.57       | \$16.78       | \$18.14       | \$19.63       | \$21.54     | \$23.39     | \$25.37              | \$28.14     |  |
| 22                                                                                                                                           | % change                                                                                                                              |                 |                                                                                                    | \$1.12                       | \$1.70         | \$2.06        | \$1.21        | \$1.36        | \$1.48        | \$1.91      | \$1.85      | \$1.98               | \$2.77      |  |
|                                                                                                                                              |                                                                                                                                       |                 |                                                                                                    | 10%                          | 14%            | 15%           | 8%            | 8%            | 8%            | 10%         | 9%          | 8%                   | 11%         |  |
|                                                                                                                                              | Menlo Park water use rates                                                                                                            |                 | \$11.88                                                                                            | \$12.41                      |                |               |               |               |               |             |             |                      |             |  |
| 23                                                                                                                                           | Determination of Interfund Loan from Sewer Fund                                                                                       |                 |                                                                                                    |                              |                |               |               |               |               |             |             |                      |             |  |
| 24                                                                                                                                           | Recycled Rates                                                                                                                        |                 |                                                                                                    |                              |                |               |               |               |               |             |             |                      |             |  |
| 25                                                                                                                                           | Revenue                                                                                                                               |                 |                                                                                                    |                              |                |               |               |               |               |             |             |                      |             |  |
| 26                                                                                                                                           | Cost-Based Recycled Water Usage Rates (CIAC Customers) (\$/hcf)                                                                       | N/A             | \$28.90                                                                                            | \$30.26                      | \$19.15        | \$20.08       | \$17.06       | \$15.29       | \$14.39       | \$15.13     | \$15.92     | \$16.75              | \$17.64     |  |
| 27                                                                                                                                           | Recycled Water Sold (hcf)                                                                                                             | 0               | 0                                                                                                  | 0                            | 0              | 0             | 0             | 0             | 0             | 0           | 0           | 0                    | 0           |  |
| 28                                                                                                                                           | Cost-Based Recycled Water Usage Rates (\$/hcf)                                                                                        |                 | \$28.90                                                                                            | \$62.85                      | \$36.04        | \$36.97       | \$28.32       | \$23.74       | \$21.15       | \$21.89     | \$22.67     | \$23.51              | \$24.39     |  |
| 29                                                                                                                                           | Recycled Water Sold (hcf)                                                                                                             |                 | 78,069                                                                                             | 78,069                       | 156,139        | 156,139       | 234,208       | 312,278       | 390,347       | 390,347     | 390,347     | 390,347              | 390,347     |  |
| 30                                                                                                                                           | Revenue at COS Rates                                                                                                                  | N/A             | \$2,256,048                                                                                        | \$4,906,428                  | \$5,626,497    | \$5,772,646   | \$6,633,552   | \$7,412,544   | \$8,254,403   | \$8,543,816 | \$8,850,647 | \$9,176,065          | \$9,521,320 |  |
| 31                                                                                                                                           | Reduced Recycled Water Usage Rates (CIAC Customers)                                                                                   |                 | \$9.25                                                                                             | \$9.69                       | \$10.17        | \$10.68       | \$11.22       | \$11.78       | \$12.37       | \$12.98     | \$13.63     | \$16.75              | \$17.64     |  |
| 32                                                                                                                                           | Recycled Water Sold (hcf)                                                                                                             |                 | 0                                                                                                  | 0                            | 0              | 0             | 0             | 0             | 0             | 0           | 0           | 0                    | 0           |  |
| 33                                                                                                                                           | Reduced Recycled Water Rate (Capacity Fee Connections)                                                                                |                 | \$10.69                                                                                            | \$11.17                      | \$12.29        | \$13.52       | \$14.87       | \$16.35       | \$17.99       | \$19.79     | \$21.57     | \$23.51              | \$24.39     |  |
| 34                                                                                                                                           | Recycled Water Sold (hcf)                                                                                                             |                 | 78,069                                                                                             | 78,069                       | 156,139        | 156,139       | 234,208       | 312,278       | 390,347       | 390,347     | 390,347     | 390,347              | 390,347     |  |
| 35                                                                                                                                           | Revenue at Discounted Rates                                                                                                           |                 | \$834,562                                                                                          | \$872,036                    | \$1,918,478    | \$2,110,326   | \$3,482,038   | \$5,106,989   | \$7,022,111   | \$7,724,322 | \$8,419,511 | \$9,176,065          | \$9,521,320 |  |
| 36                                                                                                                                           | Total Subsidy                                                                                                                         |                 | (\$1,421,486)                                                                                      | (\$4,034,392)                | (\$3,708,018)  | (\$3,662,320) | (\$3,151,513) | (\$2,305,555) | (\$1,232,292) | (\$819,495) | (\$431,137) | \$0                  | \$0         |  |
| 37                                                                                                                                           | Costs to be included in Recycled Water Rates                                                                                          |                 |                                                                                                    |                              |                |               |               |               |               |             |             |                      |             |  |
| 38                                                                                                                                           | Interest Only Payment                                                                                                                 | N/A             | N/A                                                                                                | \$49,752                     | \$190,956      | \$320,736     | \$448,918     | \$559,221     | \$639,915     | \$683,045   | \$711,727   | \$726,817            |             |  |
| 39                                                                                                                                           | Cost per HCF                                                                                                                          |                 |                                                                                                    | \$0.64                       | \$1.22         | \$2.05        | \$1.92        | \$1.79        | \$1.64        | \$1.75      | \$1.82      | \$1.86               | \$3.74      |  |
| 40                                                                                                                                           | Total Interfund Loan from Sewer                                                                                                       | (\$20,766,207)  | total Repayments                                                                                   | Average \$/hcf to repay loan |                |               |               |               |               |             |             |                      |             |  |
| 41                                                                                                                                           | interest rate                                                                                                                         | 3.50%           |                                                                                                    |                              |                |               |               |               |               |             |             |                      |             |  |
| 42                                                                                                                                           | 20-year Principal                                                                                                                     | \$20,766,207.27 | avg. interest/year                                                                                 | \$1,038,310.36               | \$2.66 per hcf |               |               |               |               |             |             |                      |             |  |
| 43                                                                                                                                           | 20-year interest                                                                                                                      | \$8,456,446.81  | avg. interest/year                                                                                 | \$422,822.34                 | \$1.08 per hcf |               |               |               |               |             |             |                      |             |  |
| 44                                                                                                                                           | Note: Based on current conditions, no CIAC customers have been assumed in this analysis as there are no existing agreements in place. |                 |                                                                                                    |                              |                |               |               |               |               |             |             |                      |             |  |