



**REGULAR MEETING OF THE  
CITY COUNCIL OF THE  
CITY OF WESTMORLAND  
WEDNESDAY, JANUARY 7, 2026  
6:00 PM  
City Council Chambers  
355 South Center Street  
Westmorland, CA 92281**

*Mayor's Message*

This is a public meeting. You may be heard on an agenda item before the Council takes action on the item upon being recognized by the mayor. During the oral communications portion of the agenda, you may address the Council on items that do not appear on the agenda that are within the subject matter jurisdiction of the Council. Personal attacks on individuals, slanderous comments, or comments, which may invade an individual's privacy, are prohibited. The mayor reserves the right to limit the speaker's time. Individuals wishing accessibility accommodations at this meeting, under the Americans with Disabilities Act (ADA), may request such accommodations to aid hearing, visual, or mobility impairment by contacting City Hall at (760) 344-3411. Please note that 48 hours advance notice will be necessary to honor your request.

*Brown Act AB 361:*

**Location:** Westmorland City Hall Council Chambers 355 S Center Street  
Judith Rivera- Mayor  
Justina Cruz - Mayor Pro- Tem  
Ana Beltran- Council Member  
Xavier Mendez - Council Member  
Ray Gutierrez- Council Member

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**Call to Order:**

**Pledge of Allegiance & Invocation:**

**Roll Call:**

**Oral Communication-Public Comment:** Now is the time for any member of the public to speak to the Council. Please step to the podium and state your name and address for the record. Three (3) minute maximum time.

**Reports from Council Members Non-Action Items:**

**Staff Reports Non-Action Items:**

Fire Department – Chief Sergio Cruz

Police Department – Chief Lynn Mara

City Manager- Laura Fischer

Public Works Director - Ramiro Barajas

**Consent Agenda:** Approve the Consent Agenda Items 1-2.

1. Approval of Meeting Minutes of December 17, 2025
2. Approval of City Warrant List.

### **Regular Business:**

1. Discussion Action to authorize The Holt Group to Provide Professional Land Surveyor Services to Prepare City of Westmorland Official Boundary Map and Legal Description for an amount not to exceed \$10,000 from account # 110-19-6212 Contract Services.  
Laura Bryant, Manager
2. Discussion Action to authorize improvements to city property located at 198 E. 3<sup>rd</sup> Street for relocation of fire personnel in an amount not to exceed \$60,000.00 from account # 110-19-6215 Building Maintenance Services. Laura Bryant, Manager
3. Information Only: REAP Grant update. Laura Bryant, Manager
4. Discussion and Action to Direct Staff to Administer the Proposition 218 Process for Water and Sewer Rate Adjustments and Set a Public Hearing Date for April 1, 2026.  
Laura Bryant, Manager
5. Discussion and Action to increase Battalion Chief stipend from \$250.00 to \$450.00.  
Sergio Cruz, Fire Chief

### **Closed Session:**

- Public Service Employees Job descriptions and salary scales, as well as Appointment, Employment, or evaluation (Gov't. Code §54957(b)(1)

**Adjournment:** Next regular scheduled meeting January 21, 2026.

Council meetings are Open to the Public  
If you need further assistance, please email the City Clerk  
cityclerk@cityofwestmorland.net



# **CITY OF WESTMORLAND**

## **CITY COUNCIL REPORT**

**DATE:** January 7, 2026

**FROM:** Laura Bryant

**SUBJECT:** Staff Report – Part-Time Manager

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### **City Future Public Safety Building:**

Congressional Funding has been approved for \$1M. Our local USDA office is now open and we will be meeting soon. We have prepared a press release for the project, but we will wait until January for releasing. I am currently working on the RFP for design engineering of the building.

**REAP Grant.** This item is on the agenda for a verbal update with a sample letter for community engagement.

### **Expedited Drinking Water Grant (EDWG).**

The Water Board approved including all of the items we requested into the EDWG grant, which will increase our grant amount significantly. Additionally, we asked that some discretionary funds be released so we could update our design and plans to include the new items in the plans. These funds were released.

The bid for construction can be submitted as soon as Council authorizes the Prop 218 public hearing which we plan on holding on April 1, 2026. The Holt Group is working on modifying the designs and plans, and preparing the bid documents and should have them ready by the April 1<sup>st</sup> date.

### **Rate Study.**

Staff has been working with LT Municipal Consultants to develop our rate study. This item is on the agenda for 1/7/26.

### **Possible New Grants to Apply:**

AB 617 SEP grant for Jake James Park. This application needs to be started soon if we want to apply for an all inclusive application for the park. The SEP application is due in April.

### **Open Grants Awarded:**

The City has several grants open including:

#### **Water – Drought Relief Funding of new filter at Water Plant and pipeline install - \$2.9 M**

Mr. Hamby is in the process of closing out this project. He may have some details to share at the next meeting.

#### **Water – Expedited Drinking Water Grant for Non-Compliance / New Tanks - \$11 M**

Ramiro will have an update for Council as well as my notes above. Our next virtual meeting is later this month.

#### **Fire/Police – USDA Disaster Relief Grant for Public Safety Building \$2.7 M**

The USDA offices are open and Congressman Ruiz' office has approved \$1M for the project. Our Boost partners, Institute for Local Government has secured a consultant to prepare the

Architectural Significance Evaluation of the building, which is part of the USDA requirements for funding. We have drafted a press release to be issued after the USDA offices are re-opened. We have asked our Police Department to take photos to send along with the press release.

**Parks** - PER Capita Grant – near completion of new restrooms at park - \$176,952. Closed. Completed

**Planning** -REAP Grant – Planning and Development for Housing - \$176,000. Meet with consultant regularly. Information on agenda for 1/7/26.

**Sidewalk** - CMAQ – The City has a CMAQ project due by the end of 2026, which includes sidewalk curb and gutter on various areas in the city. The Holt Group has been engaged to design the project and to coordinate with ICTC for funding requirements. As soon as the plans are completed we will bid this project and should be one time for funding.

**Parks** - IID Tree for All Grant Opportunity. We have issued the Notice to Proceed for the tree removal and tree planting; the contractor has submitted all of the necessary documentation to meet our requirements. Ramiro is working with the contractor to schedule work and to ensure public safety. We received word from IID that they second half of the funds will be released. This project is closed.

#### **AB 617:**

We have put together a team to work on these applications. Hanna from ILG, Fumi from THG, Ramiro and I are working on the applications. We are meet weekly, or more if needed, to prepare the narrative, get measurements, cost estimates and other information needed. Three applications were submitted on Thursday, October 30, 2025.

We were asked to modify some emission calculations on our applications, and we resubmitted them on time. We are waiting to hear if our applications will be funded.

**The AB617 Committee has an opening and it would be beneficial for a representative from the city be on the committee. Please consider applying.**

#### **Finance:**

**Public Safety ½ Cent Sales Tax**. We have received a total of \$58,646 for three years. That is an additional \$29,323 in Fire and the same amount in Police. The next submission for FY 25-26 is due to the County. I received the forms for this year via email and will work on getting them submitted.

**Auditors and Accountants**. I have received a data request from the firm preparing our audit and have executed and sent the Agreement with our new auditing firm. Staff is working with our accounting firm to get our trial balances submitted.

**Rate Study**. The Rate Study for the Water Fund is paid for out of the 515 fund, water treatment plant improvement project. The Rate Study for the sewer fund is being paid for out of fund 520.

**Imperial County Transportation Commission**. Attend monthly meetings to stay informed about street funding and projects.

**Imperial County City County Managers Association.** Attend monthly meetings.

**Other administrative items in the works.**

- RDA ROPS –
- REAP – meeting in person with MIG – data collection – UPDATE ON AGENDA
- Rate Study – teleconference with LT – data collection – UPDATE ON AGENDA
- USDA – ILG and USDA to review status – On going
- Audit – data collection – draft – DATA PROVIDED – ON GOING
- Annual Street Report – virtual meeting and data collection list – COMPLETED
- CMAQ – engineers THG and Ramiro – engaged engineers – THG WORKING ON THE DESIGN
- Loves – Company officials virtual – COMPLETED – PAYMENT MADE
- PLHA & ILG – attended meeting ILG is working on the application for funds. – ON GOING
- RDA – ROPS Administration – virtual with Steve Dukett – ON GOING
- ICTC & City Managers – on going projects – ON GOING MONTHLY

**Hours worked.**

My timecard submitted on 12/29/25 recorded 14.5 hours.

Respectfully submitted,

Laura Bryant

**Imperial County  
Planning & Development Services Department  
NOTICE OF AVAILABILITY OF DRAFT PROGRAM EIR FOR THE  
LITHIUM VALLEY SPECIFIC PLAN, REVISED LITHIUM VALLEY SPECIFIC PLAN, PROPOSED  
GENERAL PLAN AND ZONING ORDINANCE/MAP AMENDMENTS, AND CONSTRUCTION  
WORKFORCE ORDINANCE**

The Imperial County Planning & Development Services Department has prepared a Draft Program Environmental Impact Report (Draft PEIR) (State Clearinghouse No. 2023120104), including a Water Supply Assessment, for the proposed Lithium Valley Specific Plan Project (Project or LVSP), as described below. These documents have been prepared in accordance with, and pursuant to, the California Environmental Quality Act ("CEQA"), as amended; Public Resources Code, Section 21000 et seq.; and the "Guidelines for Implementation of the California Environmental Quality Act" (State CEQA Guidelines), California Code of Regulation, Title 14, Chapter 15000 et seq. Also included is a revised version of the Draft Lithium Valley Specific Plan updated from the draft made available in February 2025, and draft proposed General Plan and Zoning Ordinance/Map Amendments. The County has also prepared a Construction Workforce Ordinance which includes prevailing wage provisions for the construction workforce and a local hiring goal of 40%, with exemptions for agricultural and other uses. The County is also referring the Draft PEIR, the revised LVSP, General Plan and Zoning Ordinance/Map Amendments, and Workforce Ordinance to citizens, California Native American Indian tribes, public agencies, public utility companies, water suppliers, and civic, education, and other community groups identified in Government Code Section 65352.

**SUBJECT:** Lithium Valley Specific Plan Draft Program Environmental Impact Report

**PROJECT LOCATION:** The Lithium Valley Specific Plan is located in Imperial County, California, specifically covering an approximate area of 51,622 acres (Plan Area) adjacent to the southeastern shore of the Salton Sea (see Figure 1). This area is in unincorporated Imperial County land, situated within the basin of the Salton Sea, with the Alamo River channel running through the center of the Study Area, draining into the Salton Sea. The Study Area extends from the Imperial Wildlife Area Wister Unit in the north to the City of Calipatria in the south, bounded by the New River on the southwest. It covers shoreline and open water portions of the Salton Sea and extends slightly into the alluvial fans at the base of the Chocolate Mountains. The topography is generally flat but sloping from east to west towards the Salton Sea, and below sea level. The land use in the Study Area primarily consists of agriculture, the Salton Sea, existing geothermal energy facilities, with some limited residential and recreational uses. The proximity to the Salton Sea, National Wildlife Refuges, and abundant open space promotes recreational and commercial farming activities. The Plan Area contains hazardous sites enumerated under Gov. Code Section 65962.5, as detailed in Draft PEIR Section 4.9 and Figures 4.9-1 and 4.9-2.

The Project is located in the Section, Range, and Townships within the U.S. Geological Survey (USGS) quadrangles of Frink, Iris Wash, Niland, Obsidian Butte, Westmorland East, Westmoreland West and Wister Quadrangles. See attached map – Figure 1).

**PROJECT DESCRIPTION:** On June 30, 2022, Governor Gavin Newsom signed into law Senate Bill (SB) 125 authorizing the state to assist in developing Imperial County's lithium resource in an area that is a part of the Salton Sea Known Geothermal Resource Area, known as Lithium Valley. SB 125 appropriated funding to develop a Lithium Valley Specific Plan and PEIR and adopted a lithium excise tax to fund Salton Sea restoration efforts and to fund affected communities. The LVSP facilitates renewable energy development, lithium extraction, associated infrastructure, commercial, and related manufacturing industries, which provide quality local jobs, while minimizing adverse effects on the environment and public health. The LVSP would serve as the land use and zoning regulations on the southeastern side of the Salton Sea. The Project would change the permissible land uses to include Green Industrial (e.g. geothermal energy, lithium/mineral extraction), Manufacturing (e.g. lithium batteries), Logistics, Renewables, Community

Opportunity Areas, Solar, Playa Restoration, Floodplains, and Conservation, with an Agricultural Overlay. This Project would be a pivotal step for Imperial Valley towards a more sustainable and localized economy and support the nations' ability to produce sustainable energy and technologies.

The Project also includes amendments to the County General Plan and Zoning Ordinance/Map.

**EXISTING GENERAL PLAN DESIGNATIONS AND ZONING:** The Project area's existing land use designations include "Recreation and Open Space" and "Agriculture."

**BOARD OF SUPERVISORS DISTRICT:** District 4, Supervisor, Ryan E. Kelly.

**Summary of environmental Impacts:** The Draft PEIR identifies that implementation of the Lithium Valley Specific Plan would result in significant and unavoidable impacts to Aesthetics, Agriculture/Forestry Resources, Air Quality, Biological Resources, Cultural Resources, Greenhouse Gas Emissions, Noise, Population and Housing, Transportation, and Tribal Cultural Resources. All other environmental factors, including Energy, Geology/Soils, Hazards/Hazardous Materials, Hydrology/Water Quality, Land Use and Planning, Public Services, Recreation, Mineral Resources, Utilities and Service Systems, and Wildfire would result in no impacts, less than significant impacts, or less than significant impacts with mitigation.

#### **PUBLIC HEARING**

A public hearing on the LVSP and the Final PEIR will be scheduled before the Imperial County Board of Supervisors at a time and date to be determined subsequent to the close of the Draft PEIR public review period.

#### **PUBLIC REVIEW PERIOD:**

The formal public review period for the Draft PEIR, the revised LVSP, the General Plan and Zoning Ordinance/Map Amendments will be from **December 30, 2025 to March 2, 2026 (60 days) at 5.00 pm** (comments must be **received by** this time). Any person wishing to comment on the Draft PEIR must provide **written** comments to the Imperial County Planning & Development Services Department, 801 Main Street, El Centro, CA 92243 or via email to [publiccomment@co.imperial.ca.us](mailto:publiccomment@co.imperial.ca.us). All comments must be clearly identified in the subject line with the "**LVSP 2025**." Mailed or emailed submissions to the above email or address are the only options for submittal and no oral comments or submissions elsewhere will be included or responded to as part of the Final PEIR.

**AVAILABILITY:** Copies of the Draft PEIR, documents incorporated by reference, the revised LVSP, the General Plan and Zoning Ordinance/Map Amendments, and the Construction Workforce Ordinance are available at the County of Imperial Planning and Development Services offices at 801 Main Street El Centro, CA 92243, and online at: <https://lithiumvalley.imperialcounty.org/>. Copies of the Draft PEIR are also available at Imperial County Free Library, Calipatria Branch, at 105 S Lake Ave, Calipatria, CA 92233.



**MINUTES OF THE  
REGULAR MEETING OF THE  
CITY COUNCIL OF THE  
CITY OF WESTMORLAND  
WEDNESDAY, DECEMBER 17, 2025**  
City Council Chambers  
355 South Center Street  
Westmorland, CA 92281

*Mayor's Message*

This is a public meeting. You may be heard on an agenda item before the Council takes action on the item upon being recognized by the mayor. During the oral communications portion of the agenda, you may address the Council on items that do not appear on the agenda that are within the subject matter jurisdiction of the Council. Personal attacks on individuals, slanderous comments, or comments, which may invade an individual's privacy, are prohibited. The mayor reserves the right to limit the speaker's time. Individuals wishing accessibility accommodations at this meeting, under the Americans with Disabilities Act (ADA), may request such accommodations to aid hearing, visual, or mobility impairment by contacting City Hall at (760) 344-3411. Please note that 48 hours advance notice will be necessary to honor your request.

***Brown Act AB 361:***

**Location:** Westmorland City Hall Council Chambers 355 S Center Street

Judith Rivera- Mayor

Justina Cruz - Mayor Pro- Tem

Ana Beltran- Council Member

Xavier Mendez - Council Member

Ray Gutierrez- Council Member

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**Call to Order:**

The meeting was called to order at 6:00 pm by Mayor Rivera

**Pledge of Allegiance & Invocation:**

The Pledge of Allegiance was led by Mayor Rivera.

**Roll Call:**

**Council Present**

Judith Rivera, Mayor- Present

Justina Cruz, Mayor Pro-Tem- Present

Ray Gutierrez, Member - Present

Xavier Mendez, Member- Present

Anna Beltran, Member - Present

**Staff Present**

Laura Fischer, Manager- Present

Ramiro Barajas, PW director - Present

Sergio Cruz, Fire Chief - Present

Anthony Lyn Mara, Police Chief- Present

Christine Pisch- City Clerk - Present

Mitchel Driskill- City Attorney - Present

**Oral Communication-Public Comment:** Now is the time for any member of the public to speak to the Council. Please step to the podium and state your name and address for the record. Three (3) minute maximum time.

**Reports from Council Members Non-Action Items:**

**Staff Reports Non-Action Items:**

Fire Department – Mr. Cruz stated he had nothing to report at the time.

Police Department – Mr. Mara stated there will be a swearing-in on Friday, December 19<sup>th</sup>, at 3:00 pm for a new reserve.

City Manager- Ms. Fischer, mentioned that the AB617 application has been updated and reminded the council about the City Hall Christmas Party on Thursday, December 18th, for all staff and council members.

Public Works Director – Mr. Barajas reported to the council that the State Board has given the water plant 60 days to address any issues they flagged during their walk-through. He also provided a brief update on the storm drain by Imperial Hay Sales and mentioned that the bathrooms are being repaired following incidents of vandalism. Additionally, he discussed the completion of the tree project, which required the removal of poles in the park to create more space for resident activities. He concluded his update by announcing the Christmas Market in the Park event, which will take place from 5:00 PM to 8:00 PM, with a parade starting at 6:00 PM.

**Consent Agenda:** Approve the Consent Agenda Items 1-2.

1. Approval of Meeting Minutes of December 5, 2025
2. Approval of City Warrant List.

Motion to Approve Meeting Minutes of December 5, 2025, and Warrant List. With a motion approved 5/0 with 0 absent.

AYES: (1) Beltran, (2) Cruz, Mendez, Gutierrez, and Rivera

NOES: 0

ABSENT: 0

**Regular Business:**

1. Discussion & Action for City Council to Nominate and Elect Council member to the offices of:
  - i. Mayor
  - ii. Mayor Pro-Tem

Ms. Beltran began the nominations by nominating Mr. Gutierrez for the position of Mayor. Mr. Gutierrez then nominated Mrs. Justina Cruz. Ms. Rivera seconded Mr. Gutierrez's nomination. The vote was called to have Justina Cruz as Mayor.

Motion to Approve the Nomination and Elect Council member to the office of Mayor, Mrs. Cruz. With a motion approved 4/0 with 1 abstention.

AYES: (1) Beltran, (2) Cruz, Gutierrez, and Rivera

NOES: 0

ABSENT: 0

ABSTAINED: 1 Mendez

Following her appointment, Mrs. Cruz selected Mr. Gutierrez as the new Mayor Pro Tem.

2. Discussion & Action to Appoint Council Member to Serve on Various Agencies, Commissions, or Committees. - City Council

City council appointed the following to serve Various Agencies, Commissions, or Committees:

<p>Community Commissions:</p> <ul style="list-style-type: none"> <li>▪ ICTC- Ms. Cruz/ Alternat Mr. Barajas</li> <li>▪ SCAG- Ms. Beltran</li> <li>▪ IVRMA- Ms. Castro</li> <li>▪ IVRCC- Ms. Cruz</li> <li>▪ Cal Vans- Ms. Beltran</li> <li>▪ PERMA- Ms. Cruz</li> <li>▪ LAFCO- Mr. Barajas</li> <li>▪ IVHA- Appointed by council, Ms. Melissa Barajas</li> <li>▪ Imperial County Air Pollution- Ms. Beltran</li> </ul>	<p>City Council Commission</p> <ul style="list-style-type: none"> <li>▪ Streets Commissioner- Mr. Gutierrez</li> <li>▪ Public Works Commissioner- Ms. Rivera</li> <li>▪ Police/ Fire Department Commissioner- Mr. Mendez</li> <li>▪ Parks and Recreation Commissioner- Mrs. Beltran</li> <li>▪ City Hall- Mrs. Cruz</li> </ul>
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Motion to Approve the Appoint of Council Members to Serve on Various Agencies, Commissions. With a motion approved 5/0 with 0 absent.

AYES: (1) Rivera, (2) Mendez, Beltran Gutierrez, and Cruz

NOES: 0

ABSENT: 0

**Closed Session: Council did not have any reportable action after closed session.**

- Public Service Employees Job descriptions and salary scales, as well as Appointment, Employment, or evaluation (Gov't. Code §54957(b)(1).) Significant exposure to litigation pursuant to § 54956.9(b): (1 case)

The council adjourned at 6:29 pm. No reportable action from Closed Session. Adjourned with a motion approved 5/0 with 0 absent.

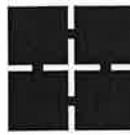
**Adjournment:** Next regular scheduled meeting January 7, 2026.

Council meetings are Open to the Public  
If you need further assistance, please email the City Clerk  
[cityclerk@cityofwestmorland.net](mailto:cityclerk@cityofwestmorland.net)



# The Holt Group, Inc.

Engineering Department



Municipal Design ■ Infrastructure Engineering ■ Construction Management ■ Land Surveying

December 22, 2025

Ms. Laura Fischer  
City Manager  
City of Westmorland  
355 South Center Street  
Westmorland, CA 92281

**RE: Professional Land Surveyor Services to Prepare City of Westmorland Official Boundary Map and Legal Description – THG Proposal #2025-084**

Dear Ms. Fischer:

The Holt Group, Inc. proposes to prepare a City of Westmorland Official Boundary Map and Legal Description. The Holt Group, Inc. proposes to complete the preparation of the Official Boundary Map and Legal Description based on the following:

## SCOPE OF WORK

### I. RECORDS SEARCH

In order to accurately determine the City Limits of the City of Westmorland, it is imperative to search and acquire records such as recorded maps and annexation documents for the City of Westmorland. The Holt Group, Inc. proposes to assist with the acquisition of the following items:

1. **Annexation Documents** – The Holt Group, Inc. will search both city and county records for recorded annexation documents.
2. **City and County Maps** – The Holt Group, Inc. will search both city and county records for recorded maps.
3. **Other** – The Holt Group, Inc. will search for and acquire other miscellaneous maps and documents necessary for completion of the boundary annexation.

### II. OFFICIAL BOUNDARY MAP AND LEGAL DESCRIPTION

The Holt Group, Inc. will prepare legal description to define the legal boundary of the City of Westmorland. The legal description will identify city boundaries and provide a description that identifies the precise location of the City of Westmorland City Limits. An Official Boundary Map will

be prepared illustrating sufficient background information to identify the precise location of the City of Westmorland boundary line.

The Holt Group, Inc. will correct the City/County limits at the Westmorland Unified School District site and also at the southwesterly boundary to eliminate the split within properties.

### III. APPLICATION

The Holt Group, Inc. will prepare and submit all application forms, as needed, for the boundary and legal description review by the Imperial County Local Agency Formation Commission (LAFCo). The Holt Group, Inc. will complete all Boundary Map and Legal Description revisions until approved by LAFCo.

### SCHEDULE AND COST

It is anticipated that the entire scope of work would be completed in an eight-week timeframe. The Holt Group, Inc. proposes to complete the work items outlined above at a time and material basis with a not-to-exceed cap of **ten thousand dollars (\$10,000.00)**. Additional time and costs may be necessary to accommodate any meeting requests beyond this timeframe.

### EXCLUSIONS & ASSUMPTIONS

1. The preparation of a Record of Survey is excluded from the proposed Scope of Work.
2. The establishment of Survey Monumentation is excluded from the proposed Scope of Work.
3. The costs for Record Maps, Deeds, Official Records and similar documents shall be regarded as a reimbursable expense to be compensated for the actual document cost.
4. The costs for Title Reports, if required, shall be regarded as a reimbursable expense.
5. Recording Costs, if applicable, shall be paid by the City of Westmorland.
6. Annexation and deannexation related services are excluded from the Scope of Work.

Thank you for this opportunity to be of service. We look forward to a successful project. Should you have any questions or concerns regarding this communication, please do not hesitate to contact Jeorge Galvan or myself at (760) 337-3883 or [jack@theholtgroup.net](mailto:jack@theholtgroup.net) and [jgalvan@theholtgroup.net](mailto:jgalvan@theholtgroup.net).

Sincerely,



James G. "Jack" Holt, PE  
Secretary/CFO  
The Holt Group, Inc.

# **City of Westmorland**

## **REPORT TO City Council**

**MEETING DATE:** January 7, 2026

**FROM:** Laura Bryant, Manager

**SUBJECT:** Authorize staff to purchase materials to remodel the restroom and make repairs to the new Public Safety Building and to hire a handyman to install in an amount not to exceed \$60,000.

**ISSUE:** Authorize staff to coordinate a remodel of the Public Safety Building in an amount not to exceed \$18,000 for materials and \$40,000 for labor.

### **GENERAL MANAGER'S RECOMMENDATION:**

It is recommended that the City Council Authorize staff to coordinate a remodel of the Public Safety Building in an amount not to exceed \$60,000.

**FISCAL IMPACT:** The \$60,000 will be paid out of the General Fund Reserve Account and a transfer would be made from Reserves to our Operating Budget in this amount.

### **CONCLUSION:**

The City owns the building and it would only require upgrades to the restrooms, new doors and upgrades to some phones and internet services to make it operational for our Fire Department Staff.

Remodeling of the existing building is included in the USDA Grant project, however any upgrades we make will not be removed or undone during the construction of the new Public Safety Building. These funds will not be counted as part of our matching funds, but will house our Fire department staff who are currently working out of FEMA trailers or in the unsafe fire station.

Respectfully Submitted,

Laura Bryant, Manager

Jose F. Lainez

527 H Street  
Brawley, CA 92227  
(760) 457-7394

## QUOTE

Quote# 232435479  
Date: 12/31/2025

To:  
City of Westmorland  
355 So Center  
Westmorland, CA 92281

Salesperson	Job	Payment terms	Due date
Fernando Lainez	Remodel	TBD	TBD

Quotation prepared by: Fernando Lainez

Payment Terms: Material total due upon start of project  
Remaining Balance upon completion

To accept this quotation, sign here and return: \_\_\_\_\_

Westmorland

Quote # 232435479

Created on Dec 31, 2025

Quote valid until Jan 6, 2026, 11:59 p.m.\*

Business Name Jose F Lainez

Customer Contact Jose Lainez

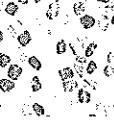
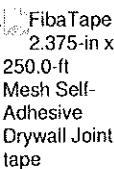
flainez15@gmail.com

(760) 457-7394

Lowe's Contact Jose C

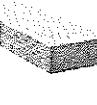
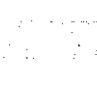
Lowe's Store # 2550, El Centro, CA

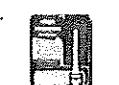
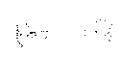
Store Phone (760) 337-6700

	Item	Fulfillment Type	Unit Price	Qty	Item Total
1.	 MAPEI Keraflex Plus White Thinset/Medium bed Tile Mortar ( 44... Item #: 4903353   Model #: 1194836USA	PICKUP El Centro Lowe's	\$29.98	3	\$89.94
2.	 Satori Carrara Nero 12-in x 12-in Honed Natural Quartz Pebble Mosaic Floor and... Item #: 1216128   Model #: 1001-0298-0	PICKUP El Centro Lowe's	\$9.98	20	\$199.60
3.	 allen + roth Thunder White 12-in x 24-in Matte Porcelain Floor and Wall Tile ( 1.9... Item #: 5092087   Model #: 1103685	PICKUP El Centro Lowe's	\$4.43	64	\$283.52
4.	 Schluter Systems Quadec 0.375-in W x 98.5-in L Matte black textured color-... Item #: 5122666   Model #: Q100MGS	PICKUP El Centro Lowe's	\$36.98	4	\$147.92
5.	 Johns Manville GoBoard 3-ft x 5-ft x 1/2-in Waterproof Polyisocyanurate Backer... Item #: 762192   Model #: 90016810	PICKUP El Centro Lowe's	\$27.48	7	\$192.36
6.	 Fibatape 2.375-in x 250.0-ft Mesh Self-Adhesive Drywall Joint tape Item #: 6034558   Model #: FDW8666-U	PICKUP El Centro Lowe's	\$15.68	1	\$15.68
7.	 SHEETROCK Brand Plus 3 3.5 Gallons Premixed Lightweight Drywall Joint... Item #: 11542   Model #: 383640064	PICKUP El Centro Lowe's	\$14.34	5	\$71.70
8.	 ToughRock 1/2-in x 4-ft x 8-ft Lite-Weight Regular Drywall Panel Item #: 240891   Model #: 12237	PICKUP El Centro Lowe's	\$14.98	10	\$149.80

9.	Eaton 3 -Gang Midsize Size White Polycarbonate Indoor Decorator Wall... Item #: 65197   Model #: PJ263W-F-LW	PICKUP El Centro Lowe's	\$3.88	2	\$7.76
10.	Eaton 15-amp 3-way Rocker Light Switch , White Item #: 67436   Model #: 7503W-BX-LW	PICKUP El Centro Lowe's	\$4.98	10	\$49.80
11.	Eaton 2 -Gang Midsize Size White Polycarbonate Indoor Duplex Wall Plate Item #: 97792   Model #: PJ82W-F-LW	PICKUP El Centro Lowe's	\$2.88	10	\$28.80
12.	Eaton Arrow Hart 15 -Amp 125-volt Tamper Resistant... Item #: 1614008   Model #: TRBR15W-10-LW	PICKUP El Centro Lowe's	\$50.60	2	\$101.20
13.	Hubbell RACO 2 -Gang Galvanized steel New work Square Electrical Box Item #: 70965   Model #: 8232	PICKUP El Centro Lowe's	\$3.78	10	\$37.80
14.	1/2-in x 10.0-ft Silver Metallic EMT Conduit Item #: 72711   Model #: 3550010000	PICKUP El Centro Lowe's	\$6.42	10	\$64.20
15.	RELIABILT 36-in x 80-in x 4-9/16-in Steel Half lite Right-hand inswing Prime... Item #: 5518826   Model #: ABS612072	PICKUP El Centro Lowe's	\$478.00	1	\$478.00
16.	Style Selections Merrill 36-in Desert Beige Bathroom Vanity Base Cabinet... Item #: 5502054   Model #: W027836P1-SD	PICKUP El Centro Lowe's	\$599.00	1	\$599.00
17.	Project Source Concealed Peened 36-in Stainless steel Wall mount ADA... Item #: 4979490   Model #: 20315-36202	PICKUP El Centro Lowe's	\$49.48	2	\$98.96
18.	Hookless 71.0-in W x 187.0-in L Frost Grey Solid Mildew Resistant Polyester... Item #: 3834043   Model #: RBH40MY759	PICKUP El Centro Lowe's	\$44.98	1	\$44.98
19.	allen + roth 44-in to 72-in Brushed Nickel Fixed or tension Double curve Adjustabl... Item #: 3834043   Model #: RBH40MY759	PICKUP	\$92.98	1	\$92.98

	Item #: 5138223   Model #: SHLSNC02SN-2T	El Centro Lowe's				
20.	 allen + roth 3 -Piece Veda Matte Black Decorative Bathroom Hardware Set...	PICKUP El Centro Lowe's	\$65.98	1	\$65.98	
	Item #: 5287671   Model #: BTH-033-R8005-MB					
21.	 KOHLER Florez Vibrant Polished Nickel Widespread 2-handle WaterSense High-arc...	PICKUP El Centro Lowe's	\$179.00	1	\$179.00	
	Item #: 5287430   Model #: R27819-4D-SN					
22.	 KOHLER Rill Rite-Temp Matte Black 1-handle 4.59-in Round Bathtub and shower...	PICKUP El Centro Lowe's	\$259.00	1	\$259.00	
	Item #: 5303282   Model #: R27955-4G-BL					
23.	 Oatey 2-in or 3-in ABS Low Profile Shower Drain with Square Stainless Steel...	PICKUP El Centro Lowe's	\$20.98	1	\$20.98	
	Item #: 253184   Model #: 423124					
24.	 MAPEI Mapelastic Aquadefense 1 Gallon(s) Liquid Indoor or outdoor...	PICKUP El Centro Lowe's	\$69.00	1	\$69.00	
	Item #: 309486   Model #: 7339104					
25.	 MAPEI Ultracolor Plus FA Eggshell #5220 All-in-one Grout (25-lb)	PICKUP El Centro Lowe's	\$34.98	1	\$34.98	
	Item #: 4903330   Model #: 6BU522011					
26.	 American Standard Madera White Elongated Standard Height 12-in Rough...	PICKUP El Centro Lowe's	\$103.20	1	\$103.20	
	Item #: 602039   Model #: 2234001.020					
27.	 TOTO 0.5 GPF (1.89 LPF) Cotton White WaterSense Wall-mounted Touchless...	PICKUP El Centro Lowe's	\$273.95	1	\$273.95	
	Item #: 7791811   Model #: UT447E-01					
28.	 Schlage Camelot Satin Nickel Keypad Electronic Deadbolt and Handle Lock	PICKUP El Centro Lowe's	\$159.00	2	\$318.00	
	Item #: 370289   Model #: FBE365 V CAM 619 ACC					
29.	 SHEETROCK Brand Easy Sand 18 -lbs Powder Lightweight Drywall Joint...	PICKUP El Centro Lowe's	\$14.48	1	\$14.48	
	Item #: 11793   Model #: 384214					

30.		<b>SHEETROCK</b> Brand 50 Pound(s) White Multiple finishes Dry mix Wall and Ceiling Plaster	PICKUP El Centro Lowe's	\$18.46	1	\$18.46
31.		<b>Southwire</b> 500-ft 14 -AWG Green Stranded Copper THHN wire ( By-the-roll )	PICKUP El Centro Lowe's	\$78.00	1	\$78.00
32.		<b>Southwire</b> 500-ft 14 -AWG Red Stranded Copper THHN wire ( By-the-roll )	PICKUP El Centro Lowe's	\$78.00	1	\$78.00
33.		<b>Southwire</b> 500-ft 14 -AWG White Stranded Copper THHN wire ( By-the-roll )	PICKUP El Centro Lowe's	\$78.00	1	\$78.00
34.		<b>Southwire</b> 500-ft 14 -AWG Black Solid Copper THHN wire ( By-the-roll )	PICKUP El Centro Lowe's	\$74.00	1	\$74.00
35.		<b>allen + roth</b> Dolomiti Bianco 37-in x 22-in White Sintered Stone Undermount Single Basin	PICKUP El Centro Lowe's	\$299.00	1	\$299.00
36.		2-in x 4-in x 8-ft #2 Douglas Fir Kiln-Dried Lumber	PICKUP El Centro Lowe's	\$3.48	50	\$174.00
37.		2-in x 4-in x 16-ft #2 BTR Douglas Fir Green Lumber	PICKUP El Centro Lowe's	\$9.57	8	\$76.56
38.		<b>Severe Weather</b> 2-in x 4-in x 16-ft 2 Btr Hem fir Above ground Pressure Treated...	PICKUP El Centro Lowe's	\$16.78	4	\$67.12
39.		<b>Metabo HPT</b> 3-1/4-in x 0.131-in 21 -Degree 12d Bright Smooth Shank...	PICKUP El Centro Lowe's	\$44.98	1	\$44.98
40.		<b>Fas-n-Tite</b> #6 x 1-5/8-in Bugle Fine Thread Drywall Screws 5-lb ( 950 -Pack )	PICKUP El Centro Lowe's	\$24.98	2	\$49.96

41.	 <b>allen + roth</b> Unfinished 10-ft x 25-in x 1.5-in Finger-Jointed Acacia Wood...	PICKUP El Centro Lowe's Item #: 5615534   Model #: 53896	\$449.00	2	\$898.00
42.	 <b>RELIABILT</b> 8-in x 1.125-in x 8-in 5.3 - Gauge Zinc-plated Steel Corner brace	PICKUP El Centro Lowe's Item #: 3632078   Model #: 22509ZCLLG	\$9.68	2	\$19.36
43.	 <b>HGTV HOME by Sherwin-Williams</b> Infinity Semi-gloss Ultra White Tintable...	PICKUP El Centro Lowe's Item #: 4347342   Model #: IN4025001-20	\$325.00	2	\$650.00
44.	 <b>Valspar</b> Walls, Ceilings Trim 6 -Piece Knit Paint Roller Kit	PICKUP El Centro Lowe's Item #: 1643419   Model #: 889905960	\$15.98	2	\$31.96
45.	 <b>Project Source</b> 12-ft x 400-ft Clear 0.5-mil Light-duty Plastic sheeting	PICKUP El Centro Lowe's Item #: 3487103   Model #: 110SG12400LOWES.5C	\$29.98	2	\$59.96
			Item Subtotal	\$6,789.93	
			Delivery Fees & Taxes	Calculated in Checkout	
			Estimated Total	\$6,789.93	

\*The prices quoted are valid until 11:59 p.m. on the date shown above, subject to the following exclusions, conditions, and exceptions.

Delivery fees will be added at time of purchase where applicable.

Prices listed on this quote will be honored at Lowe's Store # 2550, El Centro, CA. Please request a new online quote if you'd like to purchase the listed items at a different store, or contact the Pro Service Desk with any questions.

Any changes you make to this quote, for example, adding or removing one or more items or changing the quantity of any item or items, will create a new quote and cancel this quote.

Additional discounts, if applicable, are subject to Lowe's standard discount policy, and are calculated at checkout.

All products are available while supplies last and may vary by market. Lowe's reserves the right to correct any error and/or limit quantities sold.

Lowe's is offering to supply materials only. Lowe's is not offering engineering, architecture, or general contracting services or advice. Lowe's is not responsible for the selection or choice of materials for a general or specific use; for quantities or sizing of materials; for the use or installation of materials; or for compliance with any building code or standard of workmanship.

This quote is based on Lowe's standard commercial terms. Lowe's does not agree to terms and conditions (including, but not limited to, governmental regulations) not specifically indicated or referenced in the request for this quote. If terms and conditions are presented, product selection and pricing may change pending legal review.



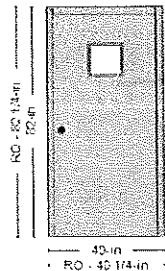
# Lowe's Custom Order Quote

Quote # 232433455

Quote Name: westmorland door

Date Printed: 12/31/2025

Customer: Jose Lainez	Store: (2550) LOWE'S OF EL CENTRO, CA	Item Total: 4
Email: flainez15@gmail.com	Associate: JOSE CORTES (1800890)	PreSavings Total: \$2,358.13
Address: 527 H St Brawley, CA 92227	Address: 2053 NORTH IMPERIAL AVENUE EL CENTRO, CA 92243-1324	Freight Total: \$0.00
Phone: (760) 457-7394	Phone: (760) 337-6700	Labor Total: \$0.00
		Pre-Tax Total: \$2,358.13



L.I.F. Industries

Commercial Exterior Door | Single Prehung  
RO: 40 1/4-in x 82 1/4-in | Outside Frame: 40-in  
x 82-in | Slab: 35 3/4-in x 79 1/8-in |  
Steel | 10-in x 10-in Square Lite | Polished Wire  
Glass  
Standard (20-ga) | Honeycomb Core

LIF Steel Warranty



Room Location: None Assigned

Line #	Item Summary	Production	Est. Cmp. Days	Was Price	Now Price	Qty	Total Savings	Pre-Tax Total
100-1	Single Prehung, RO: 40 1/4-in x 82 1/4-in, Outside Frame: 40-in x 82-in, Slab: 35 3/4-in x 79 1/8-in   90 Minute, Steel	42 days		\$1,991.40	\$1,991.40	1		\$1,991.40
Line #	Item Summary	Production	Est. Cmp. Days	Was Price	Now Price	Qty	Total Savings	Pre-Tax Total
100-2	Security Hinges, Prime Coat , Qty: 3	42 days		\$58.22	\$58.22	1		\$58.22
Line #	Item Summary	Production	Est. Cmp. Days	Was Price	Now Price	Qty	Total Savings	Pre-Tax Total
100-3	Single Heavy Duty Closer	42 days		\$208.99	\$208.99	1		\$208.99
Line #	Item Summary	Production	Est. Cmp. Days	Was Price	Now Price	Qty	Total Savings	Pre-Tax Total
100-4	8-in	42 days		\$99.52	\$99.52	1		\$99.52

Begin Line 100 Descriptions

---- Line 100-1 ----

L.I.F. Industries  
Single Prehung Commercial Exterior Door  
RO: 40 1/4-in x 82 1/4-in | Outside Frame: 40-in x 82-in  
Slab: 35 3/4-in x 79 1/8-in | 90 Minute | Right Hand Outswing

10-in x 10-in Square Lite | Polished Wire Glass  
| Standard (20-ga) | Honeycomb Core  
Lockseam Edge | No Door Cap  
Jamb Width: 8 1/4-in  
Standard (16-ga) Butt-Up 1-Piece Welded  
Frame  
Masonry Anchor (New Opening)  
Single Bore  
Satin Chrome Finish

In-Store Pick-Up

Security Hinges | Prime Coat

Qty: 3

---- Line 100-3 - No description was generated for this line ----

---- Line 100-4 - No description was generated for this line ----

End Line 100 Descriptions

Accepted by: \_\_\_\_\_

Date: 12/31/2025

Pre-Tax Total	\$2,358.13
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This quote is an estimate only and valid for 30 days on all regularly priced items. For promotional items please refer to the dates listed above.  
This estimate does not include tax or delivery charges. Estimated arrival will be determined at the time of purchase. All of the above quantities, dimensions, specifications and accessories have been verified and accepted by the customer.

\*\*\*\* Special order configured products returned or canceled after 72 hours from purchase are subject to a 20% restocking fee. \*\*\*\*



Timothy Kelley  
Imperial Valley Economic Development Corporation  
2415 Imperial Business Park  
Imperial, CA 92251

**Subject: Downtown Focus Group Invitation – Land Development Community**

Dear Mr. Kelley,

As someone familiar with the Westmorland community, the City would appreciate your participation in an upcoming focus group to discuss strategies to improve Main Street. The City is developing a Downtown Overlay Zone for Main Street and surrounding properties, including new design standards and Zoning Code that can further revitalization and economic development goals. A study area map is attached for reference.

Westmorland faces unique environmental, economic, and housing challenges. This project aims to create practical tools that will help the City attract needed goods and services and support new housing development in our commercial core. At the same time, we want to maintain a design identity that feels true to Westmorland. A major part of this effort is hearing directly from residents, business owners, and other community partners.

We are convening focus groups of local business and property owners, development and building professionals, and invested parties. We will be asking you to share ideas about Downtown needs, what design character should reflect, what barriers make investment challenging, and the housing types that could be feasible and desirable.

The discussion will be informal, just a guided conversation based on a short list of questions. No preparation is needed. The focus groups will be conducted by the City's consultant, MIG, to create a comfortable space for candid, honest feedback. A Zoom link will be provided upon confirmation of your attendance.

**Focus Group Details**

**Date:** January 14, 2026  
**Format:** Remote Zoom Meeting

**Time:** 12:30PM  
**Length:** Approximately 45 minutes

Your participation is voluntary, but your input can help shape new zoning regulations so they reflect local priorities, needs, and lived experiences. We hope you'll consider joining us. Please let us know if you can attend or if you have any questions by contacting me at [lfischer@cityofwestmorland.net](mailto:lfischer@cityofwestmorland.net) or 760-344-3411.

Thank you,

A handwritten signature in black ink that reads "Laura Fischer".

Laura Fischer  
Manager

# **City of Westmorland**

## **REPORT TO City Council**

**MEETING DATE:** January 7, 2025

**FROM:** Laura Bryant, Manager

**SUBJECT:** Discussion and Action to Direct Staff to Administer the Proposition 218 Process for Water and Sewer Rates and Set a Public Hearing Date for April 1, 2026.

**ISSUE:** Shall City Council Direct Staff to Administer the Proposition 218 Process for Water and Sewer Rates.

### **GENERAL MANAGER'S RECOMMENDATION:**

1. It is recommended that the City Council direct staff to administer the Proposition 218 majority protest process and send out notice of the proposed increased water and sewer rates to all property owners with water and/or sewer service connections.
2. Set a Public Hearing on April 1, 2026 for the City Council's consideration of the proposed rate schedules.

**FISCAL IMPACT:** The cost for this purpose is included in the contract services agreement with LT Municipal Services Consultants.

### **CONCLUSION:**

The City is proposing to increase water and sewer rates due to increasing costs of service and costs associated with compliance with State and Federal regulations.

Increasing the rates must comply with Proposition 218, which requires certain procedures to be followed with regard to "property-related" fee increases imposed by government agencies. This attached report and PowerPoint presentation provides the proposed rate increases and identifies the procedures to implement the new rates.

In order to move the rate adjustments forward to meet the requirements of the State Water Board and to secure the Expedited Drinking Water Grant to make mandated improvements to the water plant and to be eligible to apply for grants to make improvements at the sewer plant, it is in the best interest of the city to:

1. Authorize staff to administer the Proposition 218 majority protest process and send out notice of the proposed increased water and sewer rates to all property owners with water and/or sewer service connections.
2. Set a Public Hearing on April 1, 2026 for the City Council's consideration of the proposed rate schedules.

Respectfully Submitted,

Laura Bryant, Manager

Attachments: PowerPoint Presentation; Water and Sewer Rate Study; Prop 218 Notice



LT MUNICIPAL  
CONSULTANTS



# Water and Sewer Rate Study

City of Westmorland

**Draft Report**

**January 7, 2026**



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## SECTION 1: INTRODUCTION AND EXECUTIVE SUMMARY

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### 1.1 Background

The City of Westmorland (City) is a small residential community located in the north end of the Imperial Valley in Imperial County in Southeastern California. The City is situated along Highway 78, about 12 miles south of the Salton Sea. The City owns and operates water and wastewater (sewer) treatment plants, providing service to a population of approximately 2,200 residents through about 540 active service connections. The provision of water and sewer service is funded through monthly rates paid by customers. The current rates for each system were last adjusted in 2022 based on a water and wastewater rate study that was conducted in 2019. The City secured significant grant funding of \$11 million for water treatment upgrades and this rate study was conducted in compliance with funding program requirements.

The goal of this rate study is to determine an updated water and sewer rate plan that covers the City's cost of service for the next five years, spanning fiscal year (FY) 2027 through FY2031. In June 2024, the City Council adopted a five-year Capital Improvement Plan (CIP) which determined a schedule of critical capital projects for each system. Additionally, the City finalized a Master Plan for each system late that year. The City has been successful in securing grants for major infrastructure improvements identified in the CIP such as upgrading the water treatment plant. However, rate increases are needed to cover funding gaps where grants are not available. Additionally, it is anticipated that the City will take on a low-cost loan in about five years to conduct critical improvements to the wastewater treatment plant.

A second goal of this rate study is to transition residential water service customers to metered water rates beginning in FY2028. Currently, residences are unmetered, and customers are billed fixed monthly rates that do not vary based on the amount of water consumed. As part of the grant-funded improvements to the water treatment plant, water meters and a meter reading system will be installed at no cost to ratepayers. It is anticipated that the City will be fully metered by August 2026. Concurrently with meter installations, the City will begin to provide residents with information about their water usage and how that water usage will be used to calculate customer bills in the following year. Beginning July 1, 2027, customers are proposed to be transitioned to a metered structure with both fixed and volumetric components.

The City's sewer rate structure is also proposed to be adjusted to better align with industry best practices, improve customer understanding, and to improve billing efficiency. The current rate structure assigns equivalent dwelling units (EDUs) to each residence or business. The number of EDUs is then multiplied by the current rate per EDU to calculate customer bills. It is difficult for commercial customers to understand how they are assigned EDUs and how the number of EDUs reflects water usage or sewer flows.

## 1.2 Requirements of Proposition 218

The implementation of public agency utility rates in California is governed by the substantive and procedural requirements of Proposition 218 the “Right to Vote on Taxes Act” which is codified as Articles XIIC and XIID of the California Constitution. The City must follow the procedural requirements of Proposition 218 for all utility rate increases. These requirements include:

1. **Noticing Requirement** – The City must mail a notice of the proposed rate increases to all affected property owners or ratepayers. The notice must specify the amount of the fees, the basis upon which they were calculated, the reason for the fees, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted.
2. **Public Hearing** – The City must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed.
3. **Rate Increases Subject to Majority Protest** – At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected property owners or ratepayers submit written protests against the proposed rate increases, the increases cannot be adopted.

Proposition 218 also established substantive requirements that apply to water and sewer rates and charges, including:

1. **Cost of Service** – Revenues derived from the fee or charge cannot exceed the funds required to provide the service. In essence, fees cannot exceed the “cost of service”.
2. **Intended Purpose** – Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.
3. **Proportional Cost Recovery** – The amount of the fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of service attributable to that parcel.
4. **Availability of Service** – No fee or charge may be imposed for a service unless that service is used by, or immediately available to, the owner of the property.
5. **General Government Services** – No fee or charge may be imposed for general governmental services where the service is available to the public at large.

Charges for water and sewer service are exempt from additional voting requirements of Proposition 218, provided the charges do not exceed the cost of providing service and are adopted pursuant to the procedural requirements of Proposition 218.

## 1.3 Rate Study Process

The following is a brief description of the rate study process:

- **Revenue Requirement** – Revenue requirements are analyzed via a cash flow projection based on the best information currently available such as historical operating results, budgets, audits, and input from City staff. The cash flow serves as a roadmap for funding future operating costs and capital expenditures while maintaining long-term fiscal stability, all of which is calculated in this study to produce rates that will be necessary to recover only the actual cost of the water and sewer service per parcel under these proposed rates.
- **Cost of Service Allocation** - The cost of service process builds on the revenue requirement analysis and assigns water costs based on estimated usage. Sewer costs are allocated based on customer service costs and estimated sewer flows.
- **Rate Design** - Rate design involves developing a rate structure that fairly recovers costs from customers but does not exceed the proportional cost of the service attributable to each parcel. Final rate recommendations are designed to fund the City's short- and long-term costs of providing service and fairly allocate costs to all customers.

The rates developed in this report are based on the best available information gathered from City budgets, audits, and input from staff. The proposed rates are based on the reasonable cost of providing service and do not exceed the proportional cost of the service attributable to each parcel.

## 1.4 Proposed Rates

Current and proposed water and sewer rates are provided in Table 1 and Table 2, respectively. If adopted by City Council, rate adjustments are proposed to take effect each July 1 beginning 2026 to 2030. For the first rate increase on July 1, 2026, the water rate structure is proposed to remain the same. The only change is a 3% increase in the rates.

The City intends to install residential water meters and will provide customers with consumption data throughout 2026. Commercial customers are already metered. Residential water meters will be grant funded at no cost to the residents. Beginning July 1, 2027, the City will transition to a metered water rate structure for all customers. Commercial customers are proposed to be charged a fixed fee based on meter size. Residential customers are charged a base fee that is billed per dwelling unit. The base fee is proposed to include an allotment of water usage which varies by customer class as shown in Table 1. Any usage above each customer's base allotment is proposed to be billed an excessive use rate charged per thousand gallons of metered water use. For single family residential customers, the proposed allotment to be included in the base fee is 15 thousand gallons.

For sewer service, most customers are proposed to continue to be billed fixed charges for service. Single family residential and commercial customers will be billed the same fixed charge per dwelling unit or per business. However, it is proposed that new customer classes be created for multifamily residential customers and for schools. Multifamily residential customers are still proposed to be billed per dwelling unit, but at a lower rate to reflect their lower average usage of the sewer system in comparison to single family customers. Schools are proposed to be billed a fixed rate per student. A new flow fee is proposed for commercial customers which will be a volumetric charge billed per thousand gallons (based on metered water usage) for all indoor usage above 6,000 gallons.

Under the proposed July 1, 2026 water rates, the single family water bill will increase from \$77.87 to \$82.08, a 3% increase. Under the proposed July 1, 2026 sewer rates, the single family sewer bill will increase from \$43.03 to \$44.00, a 2% increase. Figure 1 provides a survey comparing the City's current and proposed single family residential water bill with other local agencies. Figure 2 provides a similar survey for sewer bills and Figure 3 provides a survey comparing combined water and sewer bills with other agencies. It should be noted that the agencies listed vary in size, complexity, and treatment standards. It is also likely that many of these agencies will implement water and sewer rate increases over the next five years.

**Table 1: Current and Proposed Monthly Water Rates**

<b>CURRENT</b>		<b>PROPOSED</b>						
		<b>FY2027</b>	<b>Water Included in</b>		<b>FY2028</b>	<b>FY2029</b>	<b>FY2030</b>	<b>FY2031</b>
<b>All Customers</b>	<b>Base Fee</b>	July 1, 2026	<b>Customer Class</b>	<b>Base Fee (1,000 gal)</b>	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Rate per EDU	\$75.60	\$77.87	+3%	Multifamily	8	\$53.38	+7.25%	+7.25%
				Single Family	15	\$82.08	\$57.25	\$61.40
				Commercial Meter Size			\$65.85	\$101.25
				3/4"	15	\$82.08	\$88.03	\$94.41
				1"	25	\$136.80	\$146.72	\$157.36
				1 1/2"	50	\$273.60	\$293.44	\$314.71
				2"	80	\$437.76	\$469.50	\$503.54
				3"	160	\$875.52	\$939.00	\$1,007.08
<b>Excessive Use Rate (\$/1,000 gallons)</b>		\$4.65	\$4.79	<b>Excessive Use Rate (\$/1,000 gallons)</b>				
Rate for use over 16,000 per Non-residential EDU				Rate for use over the amounts shown above for all customers		\$4.10	\$4.40	\$4.72
								\$5.06

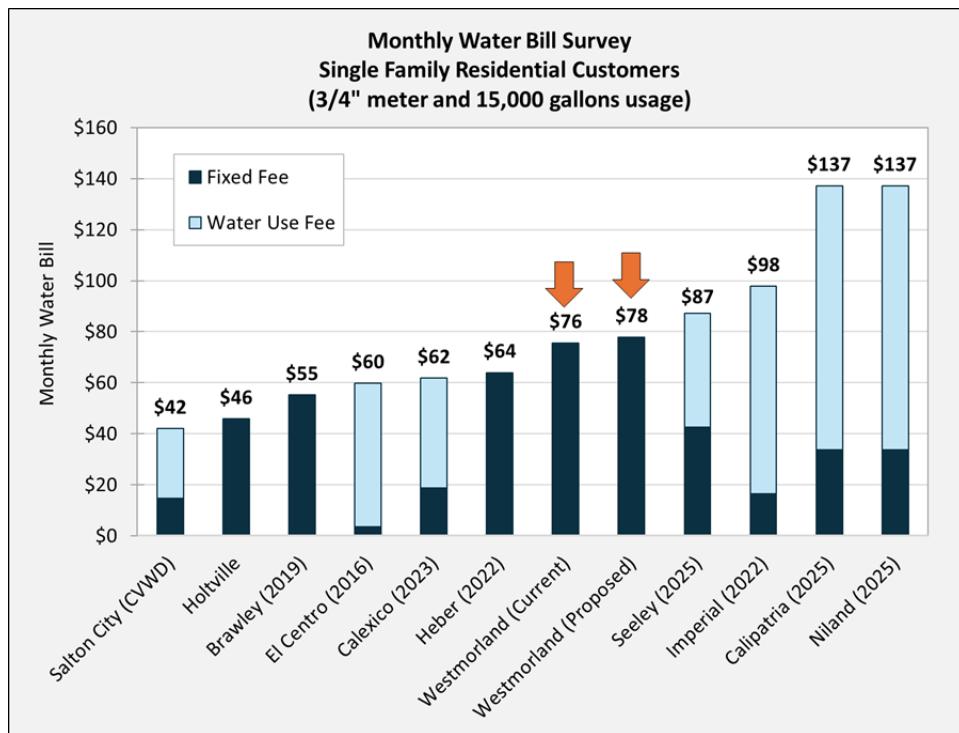
EDU – equivalent dwelling unit. Non-residential customers are currently assigned EDUs based on their estimated water consumption and land use.

**Table 2: Current and Proposed Monthly Residential Sewer Rates**

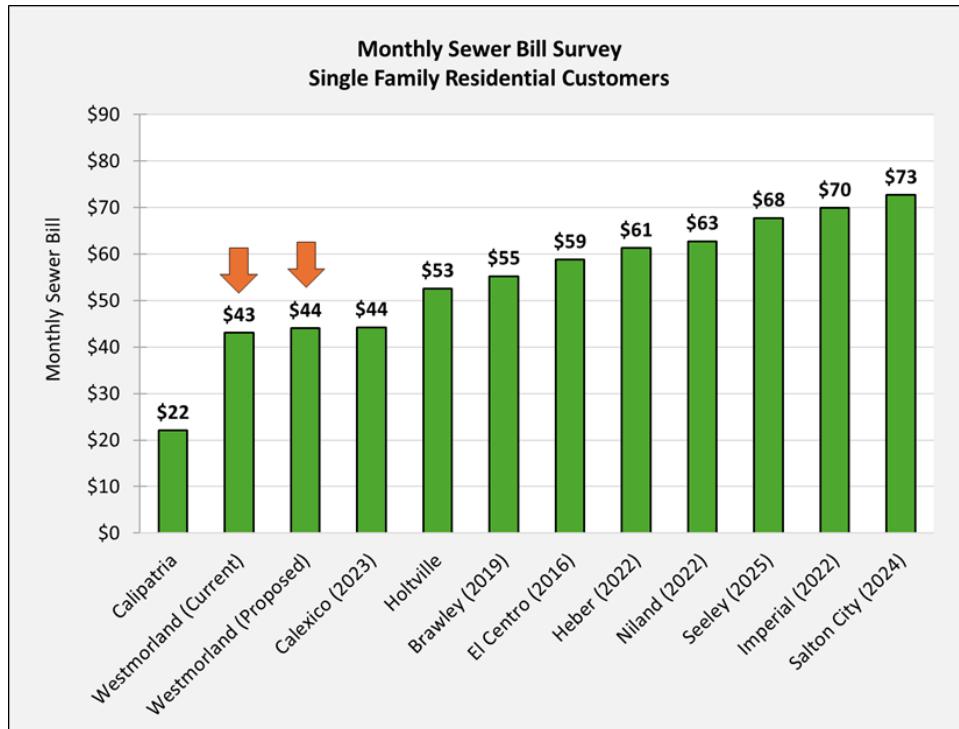
CURRENT		Customer Class	PROPOSED				
All Customers	Base Fee		FY2027 July 1, 2026	FY2028 July 1, 2027	FY2029 July 1, 2028	FY2030 July 1, 2029	FY2031 July 1, 2030
Rate per EDU	\$43.03	Multifamily Total Fee	\$34.66	\$37.77	\$42.68	\$48.44	\$54.98
		Single Family Total Fee	\$44.00	\$47.96	\$54.19	\$61.51	\$69.81
		School per Student	\$1.35	\$1.47	\$1.66	\$1.88	\$2.13
		Commercial Base Fee	\$44.00	\$47.96	\$54.19	\$61.51	\$69.81
		Commercial Flow*	\$5.47	\$5.96	\$6.73	\$7.64	\$8.67
	(*over the first 6,000 gallons of metered water use)						

EDU – equivalent dwelling unit. Non-residential customers are currently assigned EDUs based on their estimated sewer flows, pollutant strength, and land use.

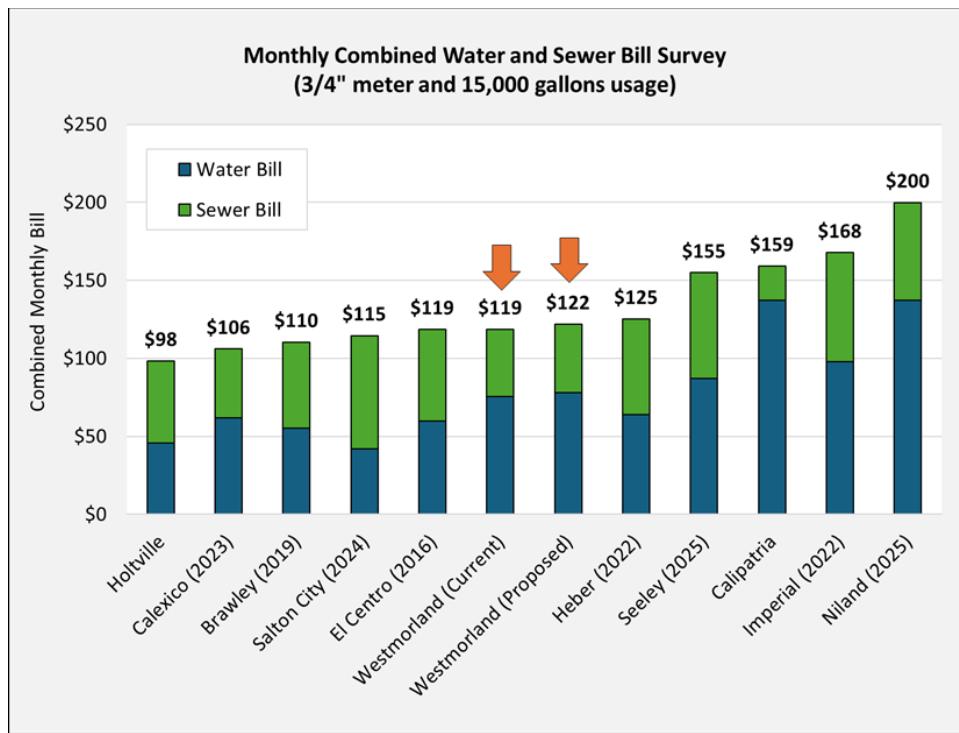
**Figure 1: Monthly Water Bill Survey**



**Figure 2: Monthly Sewer Bill Survey**



**Figure 3: Combined Monthly Water & Sewer Bill Survey**



## SECTION 2: CUSTOMER BASE AND CURRENT RATE REVENUES

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The City of Westmorland provides water and sewer service to about 540 active service connections. This section provides an overview of the City's current water and sewer rates, customer base, and current rate revenues.

### 2.1 Current Rates

In 2019, the City Council (Council) adopted a five-year series of annual rate increases pursuant to Proposition 218 requirements. However, due to the global pandemic, the Council subsequently chose not to increase the rates until 2022 at which time the current rates were put in place. The current rates went into effect on October 1, 2022.

Most customers are billed unmetered, fixed rates for both water and sewer service based on the assignment of equivalent dwelling units (EDUs). Non-residential customers are metered and are billed an additional charge for metered water usage in excess of 16,000 gallons per EDU. The current monthly rates per EDU as well as the designated EDU assignments for each land use type are provided in Table 3 for water service and Table 4 for sewer service.

**Table 3: Current Monthly Water Rates and EDU Assignments**

Current Monthly Water Rate per EDU
\$75.60

Non-Residential Excessive Use Fee (\$/1,000 gal above 16,000 gal)
\$4.65

Water Equivalent Dwelling Units		
Land Use	Water EDUs	Billing Unit
Residential Dwelling Units	1.00	per dwelling unit
Grocery / Liquor Store / Retail	0.24	per 1,000 sq. ft
Truck Stops / Cafes / Restaurants	0.73	per 1,000 sq. ft
Motels	0.30	per room
Bars & Pool Halls	0.85	per 1,000 sq. ft
Laundromats	0.85	per washer
Light Industrial	0.31	per 1,000 sq. ft
Warehouse	0.05	per 1,000 sq. ft
Service Stations	1.04	per station
Schools	0.33	per 1,000 sq. ft
Churches / Public Halls	0.12	per 1,000 sq. ft
Public Facilities	0.29	per 1,000 sq. ft
Bulk Water Sales	1.00	per 16,000 gallons

**Table 4: Current Monthly Sewer Rate and EDU Assignments**

<b>Current Monthly Sewer Rate per EDU</b>		
\$43.03		
<b>Wastewater Equivalent Dwelling Units</b>		
<b>Land Use</b>	<b>Wastewater EDUs</b>	<b>Billing Unit</b>
Residential Dwelling Units	1.00	per dwelling unit
Grocery / Liquor Store / Retail	0.39	per 1,000 sq. ft
Truck Stops / Cafes / Restaurants	1.18	per 1,000 sq. ft
Motels	0.49	per room
Bars & Pool Halls	1.38	per 1,000 sq. ft
Laundromats	1.36	per washer
Light Industrial	0.50	per 1,000 sq. ft
Warehouse	0.08	per 1,000 sq. ft
Service Stations	1.87	per station
Schools	0.43	per 1,000 sq. ft
Churches / Public Halls	0.19	per 1,000 sq. ft
Public Facilities	0.39	per 1,000 sq. ft
Bulk Water Sales	1.38	per 16,000 gallons

## **2.2 Water Rate Revenues**

The current number of accounts, EDUs, and estimated annual revenues for the water system are provided in Table 5. The City currently collects about \$700,000 in water rate revenues per year. Most of this revenue comes from fixed charges billed to residential customers, which account for 88% of annual revenues. Fixed charges billed to non-residential customers account for about 10% of annual revenues. The remaining 2% of annual revenues are collected from the excessive use fee billed to non-residential customers. According to the most recent billing data available, about 19% of total annual non-residential water usage was billed the excessive use fee for use above 16 thousand gallons per month.

**Table 5: Current Water Rates and Revenues**

<b>Residential</b>	<b>Accounts</b>	<b>Dwelling Units</b>	<b>EDUs</b>	<b>Annual Rate Revenue</b>	<b>% of Total</b>
Single Family	503	503	503.00	\$456,322	65.4%
Apartments	3	141	141.00	\$127,915	18.3%
Metered Apartments (0.55 EDUs)	3	23	12.65	\$11,476	1.6%
Senior Housing	1	15	15.00	\$13,608	2.0%
ADUs	<u>0</u>	<u>5</u>	<u>5.00</u>	<u>\$4,536</u>	<u>0.7%</u>
<b>Total Residential</b>	<b>510</b>	<b>687</b>	<b>676.65</b>	<b>\$613,857</b>	<b>88.0%</b>
Non-residential	Each				
Auto service	5		5.40	\$4,899	0.7%
Gas station	4		15.39	\$13,964	2.0%
Gas station/market	1		2.33	\$2,114	0.3%
Homes on industrial parcel	1		2.00	\$1,814	0.3%
Landscape	3		4.33	\$3,928	0.6%
Market	1		1.50	\$1,361	0.2%
Motel	1		8.00	\$7,258	1.0%
Office	5		5.20	\$4,717	0.7%
Production	1		14.27	\$12,946	1.9%
Restaurant	0		3.59	\$3,255	0.5%
Retail	5		7.70	\$6,985	1.0%
School	2		3.93	\$3,565	0.5%
Warehouse	<u>4</u>		<u>5.50</u>	<u>\$4,990</u>	<u>0.7%</u>
<b>Total Non-residential</b>	<b>33</b>		<b>79.14</b>	<b>\$71,796</b>	<b>10.3%</b>
<b>Total Fixed Charges (\$75.60/EDU)</b>	<b>543</b>		<b>755.79</b>	<b>\$685,653</b>	<b>98.3%</b>
Non-residential Water Use			<b>1,000 gallons</b>		
Usage in Base Allotment			10,995	\$0	0.0%
Billed Excessive Use (\$4.65/1,000 gal)			2,500	<u>\$11,623</u>	<u>1.7%</u>
<b>Total Water Use</b>				<b>\$11,623</b>	<b>1.7%</b>
<b>TOTAL WATER RATE REVENUE</b>				<b>\$697,276</b>	<b>100.0%</b>

## 2.3 Sewer Rate Revenues

The current number of accounts, EDUs, and estimated annual revenues for the sewer system are provided in Table 6. The City currently collects about \$391,000 in sewer rate revenues annually from the monthly fixed charge which is billed per EDU to all customer classes. There are about 760 total EDUs in the City's service area. Over 90% of EDUs are residential, consisting primarily of about 500 single family dwelling units and 140 apartments.

**Table 6: Current Sewer Rates and Revenues**

<b>Residential</b>	<b>Accounts</b>	<b>Dwelling</b>		<b>Annual Rate Revenue</b>	<b>% of Total</b>
		<b>Units</b>	<b>EDUs</b>		
Single Family	503	503	503.00	\$259,729	66.4%
Apartments	3	141	141.00	\$72,807	18.6%
Metered Apartments (0.88 EDUs)	3	23	20.24	\$10,451	2.7%
Senior Housing	1	15	15.00	\$7,745	2.0%
Accessory Dwelling Units (ADU)	0	5	5.00	\$2,582	0.7%
<b>Total Residential</b>	<b>510</b>	<b>687</b>	<b>684.24</b>	<b>\$353,314</b>	<b>90.3%</b>
Non-residential	Each				
Auto service	5	6.30	\$3,253	0.8%	
Gas station	4	24.17	\$12,480	3.2%	
Gas station/market	1	3.82	\$1,972	0.5%	
Homes on industrial parcel	1	2.00	\$1,033	0.3%	
Landscape	3	0.00	\$0	0.0%	
Market	1	1.00	\$516	0.1%	
Motel	1	6.54	\$3,377	0.9%	
Office	5	6.20	\$3,201	0.8%	
Production	1	0.00	\$0	0.0%	
Restaurant	1	3.55	\$1,833	0.5%	
Retail	5	9.19	\$4,745	1.2%	
School	2	8.58	\$4,430	1.1%	
Warehouse	4	2.30	\$1,188	0.3%	
<b>Total Non-residential</b>	<b>34</b>	<b>73.65</b>	<b>\$38,030</b>	<b>9.7%</b>	
<b>Total Fixed Charges (\$43.03/EDU)</b>	<b>544</b>	<b>757.89</b>	<b>\$391,344</b>	<b>100.0%</b>	

## **SECTION 3: WATER COST OF SERVICE**

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Proposition 218 requires that utility rates be based on the reasonable cost of providing service to customers. This section provides an analysis of water system revenues and expenses to determine the total cost of service to be recovered via water rates. The cost of service is expressed in a cash flow table that illustrates revenue increases needed to keep up with expenses and maintain financial health. Over the five-year rate study period, rate increases are proposed so that the City can pay for operating costs, fund capital improvements, and maintain reasonable reserves, all of which are calculated in this study to produce rates that will be necessary to recover only the actual cost of the water service per parcel under these proposed water rates. The water utility's cost of service was developed based the FY2026 budget, the City's capital improvement plan, and input from staff.

### **3.1 Water System Overview**

The primary water source throughout Imperial County is the Colorado River. The City purchases the entirety of its untreated water supply from Imperial Irrigation District (IID) and does not have an alternative water supply source. Purchased water is conveyed to the City through IID's canal system which includes the All-American canal, the Westmorland canal, and others. After water is purchased, the City is responsible for treating the raw water supply and distributing it to customers in a safe and dependable manner. Water quality is closely monitored by several State of California regulatory agencies to guarantee compliance with Federal and State mandates.

The City owns and operates a water treatment plant that provides service for the entire City. Current peak demand is 1.2 million gallons per day (MGD), or about 60% of the treatment plant's capacity of 2.0 MGD. Treated water is pumped to the distribution system through 2 operating pumps, although typically only one pump is operational at a time. The distribution system consists of about 10 miles of pipelines, ranging from 2 to 12 inches in diameter. Any surplus treated water is stored in either of the City's 2 above ground reservoirs which together have a combined capacity of about 1 million gallons. The City also maintains sedimentation facilities for raw water storage in case of short-term interruptions in supply from IID.

### **3.2 Revenues**

The City's revenues consist of water service charges, interest earnings, water connection fees, water turn on fees, late fee income, and miscellaneous income. Total projected water system revenues are about \$729,000 for fiscal year (FY) 2026. Water service charge revenues are projected to total \$697,000 as shown in Table 5. Connection fees, turn on fees, and late fees are projected to total about \$12,000. The City is projected to earn about \$10,000 in interest income, and other miscellaneous revenue sources are projected to generate about \$10,000 for the Water Fund. A series of five annual rate increases are proposed to go into effect beginning on July 1, 2026 to fund the costs described below.

### 3.3 Expenses

#### 3.3.1 Operating Costs

Operating costs include salaries, benefits, professional services, equipment & maintenance, testing services, supplies, utilities, chemicals, and miscellaneous costs. In FY2026, the City expects to incur about \$615,900 in expenses to operate and maintain the water system. Operating costs over the course of the rate study period are projected in Table 7 based on the FY2025/26 Budget and projected escalation factors for each year thereafter.

The escalation factors applied in Table 7 were determined based on projected inflation and input from City staff. Salaries and benefits are projected to increase by 5.0% per year to account for cost of living increases and health care cost increases. Utilities are expected to increase by 8.0% each year, except for FY2028 when they are expected to increase by 40.0% due to the completion of water treatment plant improvements. Testing services are also expected to increase above and beyond estimated inflation by about 26.0% in FY2028 due to the treatment plant improvements. All other operating costs are projected to increase by 3% per year to account for estimated inflation.

**Table 7: Water Operating Expense Projection**

	Projected						
	FY2026	Escalation	FY2027	FY2028	FY2029	FY2030	FY2030
Salaries & Benefits	\$305,500	5.0%	\$320,800	\$336,800	\$353,600	\$371,300	\$389,900
Professional Services	\$14,500	3.0%	\$14,900	\$15,300	\$15,800	\$16,300	\$16,800
Equipment & Maintenance	\$65,000	3.0%	\$67,000	\$69,000	\$71,100	\$73,200	\$75,400
Testing Services [1]	\$17,000	3.0%	\$17,500	\$22,000	\$22,700	\$23,400	\$24,100
Supplies and Miscellaneous	\$28,400	3.0%	\$29,300	\$30,200	\$31,100	\$32,000	\$33,000
Utilities [2]	\$70,500	8.0%	\$76,100	\$106,500	\$115,000	\$124,200	\$134,100
<u>Chemicals</u>	<u>\$115,000</u>	3.0%	<u>\$118,500</u>	<u>\$126,000</u>	<u>\$129,800</u>	<u>\$133,700</u>	<u>\$137,700</u>
Total Operating Expenses	\$615,900		\$644,100	\$705,800	\$739,100	\$774,100	\$811,000

1 - +26% in FY2028 due to water treatment plant improvements

2 - +40% in FY2028 due to water treatment plant improvements

#### 3.3.2 Capital Improvements

Concurrent with conducting this rate study, City staff analyzed the water system's condition and needs over the next five years. The City adopted a formal capital improvement plan in June 2025 which identified critical improvements that are needed for the water system, the majority of which will be grant-funded. The City has been successful in securing grants for major system improvements including upgrading the water treatment plant and installing water meters and a meter reading system. By securing grants, City staff have significantly reduced the amount of capital improvement funding needed from rate revenues, thus mitigating rate impacts.

The remaining improvements and equipment replacements that are not anticipated to be funded through grants have been identified and included in the water cash flow, Table 8. In the current year, FY2026, it is expected that the City will incur a cost overrun of \$250,000 on current construction. Over the next five years, it is expected that the City will need to fund about \$440,000 in additional capital costs through rate revenues. This total will be made up of \$200,000 for pump replacements, \$165,000 for vehicle replacements, and \$75,000 for equipment needs.

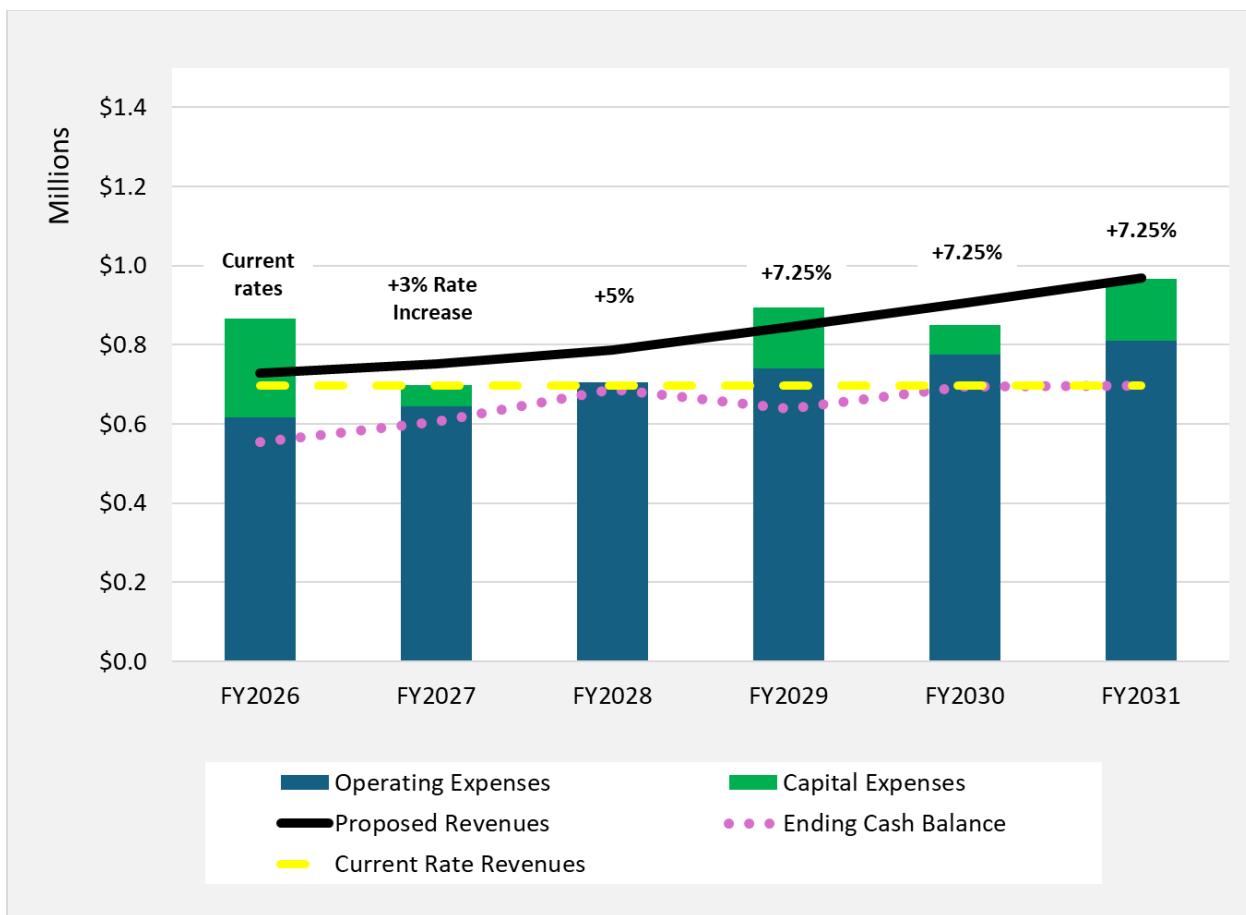
### **3.4 Reserves**

As of July 1, 2025, the Water Fund's cash reserve balance was about \$690,000. It is recommended that the Water Fund maintain a target balance equal to at least 50% of operating costs based on industry common practice. Based on this calculation, the recommended fund target for FY2026 is about \$308,000. The City's current reserves therefore exceed the target, and it is projected that the City will exceed the target reserve balance during all five years of the rate study period. Adequate fund reserves protect the City when faced with unforeseen financial challenges such as emergency expenses and revenue deficits. Fund reserves are a critical tool that will allow the City to maintain its financial health and positive credit ratings, especially during emergencies.

### **3.5 Cash Flow Projection**

Figure 4 and Table 8 provide the five-year cash flow spanning from FY2026 to FY2031. Over the five-year rate study period, water rate increases are proposed to fund operating costs, capital costs, and maintain reserves. Rate increases are proposed to take effect each July 1 from 2026 through 2030. The proposed rates and rate design are described in more detail in the following section.

**Figure 4: Water Cash Flow Chart**



Not every customer will receive exactly the % increases in rates shown above due to rate structure changes and individual water usage patterns.

**Table 8: Water Cash Flow Projection**

	Budget FY2026	PROJECTED				
		FY2027	FY2028	FY2029	FY2030	FY2031
<b>Rate Increase %</b>	<b>0.0%</b>	<b>3.00%</b>	<b>5.00%</b>	<b>7.25%</b>	<b>7.25%</b>	<b>7.25%</b>
Rate Increase Effective Date		July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
<b>Beginning Fund Balance</b>	<b>\$690,200</b>	<b>\$553,600</b>	<b>\$605,300</b>	<b>\$687,400</b>	<b>\$637,700</b>	<b>\$693,400</b>
<b>REVENUES</b>						
Water Service Charges	697,300	718,200	754,100	808,800	867,400	930,300
Water Connection Fees	1,000	1,000	1,100	1,200	1,300	1,400
Water Turn on Fees	1,000	1,000	1,100	1,200	1,300	1,400
Late Fee Income	10,000	10,300	10,800	11,600	12,400	13,300
Other Revenue	10,000	10,300	10,800	11,600	12,400	13,300
Interest Earned	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Subtotal Operations Revenue	729,300	750,800	787,900	844,400	904,800	969,700
<b>EXPENSES</b>						
<i>Operating Expenses</i>						
Salaries & Benefits	305,500	320,800	336,800	353,600	371,300	389,900
Professional Services	14,500	14,900	15,300	15,800	16,300	16,800
Equipment & Maintenance	65,000	67,000	69,000	71,100	73,200	75,400
Testing Services	17,000	17,500	22,000	22,700	23,400	24,100
Supplies and Miscellaneous	28,400	29,300	30,200	31,100	32,000	33,000
Utilities	70,500	76,100	106,500	115,000	124,200	134,100
<u>Chemicals</u>	<u>115,000</u>	<u>118,500</u>	<u>126,000</u>	<u>129,800</u>	<u>133,700</u>	<u>137,700</u>
Subtotal Operational Expenses	615,900	644,100	705,800	739,100	774,100	811,000
<b>Net Operating Revenues</b>	<b>113,400</b>	<b>106,700</b>	<b>82,100</b>	<b>105,300</b>	<b>130,700</b>	<b>158,700</b>
<i>Non-Operating Expenses</i>						
Cost Overrun on current construction	250,000	0	0	0	0	0
Pumps	0	0	0	100,000	0	100,000
Vehicle Replacement	0	55,000	0	55,000	0	55,000
<u>Equipment</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>75,000</u>	<u>0</u>
Subtotal Non-Operating	250,000	55,000	0	155,000	75,000	155,000
<b>Total Expenses</b>	<b>865,900</b>	<b>699,100</b>	<b>705,800</b>	<b>894,100</b>	<b>849,100</b>	<b>966,000</b>
Total Net Revenues	(136,600)	51,700	82,100	(49,700)	55,700	3,700
<b>Ending Fund Balance</b>	<b>\$553,600</b>	<b>\$605,300</b>	<b>\$687,400</b>	<b>\$637,700</b>	<b>\$693,400</b>	<b>\$697,100</b>
Target Reserve Balance [1]	308,000	322,100	352,900	369,600	387,100	405,500
Target Met?	Yes	Yes	Yes	Yes	Yes	Yes

1 – Target equal to 6 months of operating expenses.

## SECTION 4: WATER COST ALLOCATION & RATE DESIGN

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The prior section determined the total cost of providing water service to customers. This section takes the total annual cost of service developed in the prior section and assigns costs to various customer classes based on their use of the water system.

### 4.1 Proposed Water Rate Structure

The City's service area is primarily unmetered, with the exception of non-residential customers. However, water meters and a water meter reading system will be installed at all residences throughout the next year at no cost to ratepayers. The installations will be funded through the City's Expedited Drinking Water Grant (EDWG) which also provides funding for improvements to the water treatment plant. It is anticipated that the City will be fully metered by August 2026. Concurrently with meter installations, the City will begin to provide customers with information about their current water usage and how that water usage will be used to calculate rates in the following year. Beginning July 1, 2027, customers are proposed to be transitioned to a metered structure with both fixed and volumetric components.

It is also proposed that customers be subdivided into multiple different customer classes after metering occurs. Currently, all customer classes pay the same fixed rate per EDU. Multifamily residential customers are proposed to be billed a lower total base fee than single family residential customers on account of their lower estimated water use and lower proposed water base allotment. Commercial customers are proposed to be billed based on their meter size with the 3/4" meter size equal to the single family base fee.

### 4.2 Methodology

The American Water Works Association (AWWA) recommends methods to classify costs among various customers. Using the Base-Extra Capacity Method as recommended by the AWWA, water operating expenses are allocated to the following categories: (a) Base, (b) Extra, (c) Meters & Services, and (d) Customer Service. The Base and Extra categories are intended to recover the costs to deliver water to customers, while the Customer Service and Meters & Services categories are intended to recover expenses related to maintaining infrastructure in the system to supply water at all times under the proposed water service rates derived in this study. A summary of the cost allocation categories is provided below:

- *Base*: Base costs include the expenses related to providing water under average ("base") demand conditions.
- *Extra*: The extra category includes costs related to providing water above the system average demand (i.e., related to peak, "extra" usage).

- *Meters & Services*: These include costs related to maintaining infrastructure and operating capacity to provide service at any time under the proposed water service fee rates in this study.
- *Customer Service*: This category contains costs associated with serving customers, such as billing and answering customer inquiries.

### 4.3 Proposed Water Cost Allocation

The cost allocation determines the percentage of annual revenue to be collected from each proposed rate component (consisting of the meter fee and the volume rate) based on the actual costs attributable to each. Table 9 allocates the City's FY2028 operating expenses based on how the City incurs each cost to fairly recover costs based on how customers use the system. FY2028 was selected as the test year for the cost allocation because the meter fee and volume rate will not be implemented until July 1, 2027. During FY2027, rates are proposed to be billed according to the same structure as current.

It is proposed that the AWWA recommended cost categories of *Base* and *Extra* be combined as the proposed volume rate is a single tier applied to all levels of use. The new volume rate is proposed to recover costs for utilities, chemicals, equipment & maintenance, supplies & miscellaneous, testing, and 50% of salaries & benefits. The portion of costs allocated to the volume rate is intended to consist of costs which vary depending on the amount of water consumed by customers.

The meter fee is proposed to be made up of the AWWA recommended cost categories of *Meters & Services* and *Customer Service*. It is proposed to recover the remaining 50% of salaries & benefits in addition to professional services costs. The meter fee category is proposed to recover the City's fixed operating and maintenance costs that are incurred to provide service to all customers regardless of the amount of water they use. In total, the new volume rate is proposed to recover 74% of costs and the meter fee is proposed to recover 26% of costs.

**Table 9: Water Expense Projection and Cost Allocation**

	Projected						
	FY2026	Escalation	FY2027	FY2028	FY2029	FY2030	FY2030
Salaries & Benefits	\$305,500	5.0%	\$320,800	\$336,800	\$353,600	\$371,300	\$389,900
Professional Services	\$14,500	3.0%	\$14,900	\$15,300	\$15,800	\$16,300	\$16,800
Equipment & Maintenance	\$65,000	3.0%	\$67,000	\$69,000	\$71,100	\$73,200	\$75,400
Testing Services [1]	\$17,000	3.0%	\$17,500	\$22,000	\$22,700	\$23,400	\$24,100
Supplies and Miscellaneous	\$28,400	3.0%	\$29,300	\$30,200	\$31,100	\$32,000	\$33,000
Utilities [2]	\$70,500	8.0%	\$76,100	\$106,500	\$115,000	\$124,200	\$134,100
<u>Chemicals</u>	<u>\$115,000</u>	3.0%	<u>\$118,500</u>	<u>\$126,000</u>	<u>\$129,800</u>	<u>\$133,700</u>	<u>\$137,700</u>
Total Operating Expenses	\$615,900		\$644,100	\$705,800	\$739,100	\$774,100	\$811,000

<b>Cost Allocation</b>		
Volume Rate		
Utilities		\$106,500
Chemicals		\$126,000
Equipment & Maintenance		\$69,000
Supplies and Miscellaneous		\$30,200
Testing		\$22,000
Staffing - 50%		<u>\$168,400</u>
Total Volume	\$522,100	<b>74.0%</b>
Meter Fee		
All Other O&M Costs	\$183,700	<b>26.0%</b>
Total O&M	\$705,800	

1 - +25% in FY2028 due to water treatment plant improvements

2 - +40% in FY2028 due to water treatment plant improvements

#### 4.4 Unit Cost Calculation

The meter fee is proposed to be recovered based on the meter equivalent capacity ratio for each meter size. The AWWA recommends using meter equivalents to assign demand-related costs to larger meter sizes. The ratio at which the meter charge increases is typically a function of either meter investment (estimated cost) or the meter's safe operating capacity. Larger meters have the ability to place a greater demand on the water system and are therefore charged based on that potential demand. For example, based on the AWWA meter capacity ratios, a customer that has a 2" meter has 5.33 times the capacity equivalency of a customer with a 3/4" meter (a 2" meter has a safe operating capacity of 160 gallons per minute (gpm) compared to a 3/4" meter with 30 gpm capacity). A summary of the City's meters and meter equivalents is provided in Table 10. The City has 722 customers (meters and dwelling units) and about 795 meter equivalents.

The new volume rate is proposed to be recovered per thousand gallons of metered water usage. As a first step in rate design, the water usage of residential and commercial customers is estimated, see Table 10. Multifamily customers are projected to use 8 thousand gallons of water per month. Single family residential customers are projected to use 16 thousand gallons of water per month, and it is proposed that the single family allotment include 15 thousand gallons. Commercial 3/4" meter customers are proposed to have the same base tier allotments as single family residential customers. For each meter size above 3/4", the proposed base tier allotment was determined by multiplying the 3/4" allotment of 15 thousand gallons by the appropriate meter capacity ratio and rounding to the nearest whole number. For example, the 2" meter has a capacity ratio of 5.33, which rounds to 80 thousand gallons when multiplied by 15. Estimated commercial excessive water usage is based on recent meter reads. The annual commercial excess usage is estimated at 2,580,000 gallons under the new allotment of 15,000 gallons per meter equivalent. This is approximately equal to the current excess usage of 2,500,000 gallons (see Table 5).

**Table 10: Water Billing Units**

Meter Size	# of Meters	Operating Capacity (gpm)	Ratio to 3/4"	Total Equivalents		
Multifamily	184	30	1.00	184.00		
Single Family	503	30	1.00	503.00		
Commercial						
3/4"	18	30	1.00	18.00		
1"	5	50	1.67	8.33		
1 1/2"	2	100	3.33	6.67		
2"	6	160	5.33	32.00		
3"	4	320	10.67	<u>42.67</u>		
	722			794.67		
Water Consumption	# of Meters	Base Tier (1,000 gals per Month)	Annual Use in Base	Monthly Avg Excessive Use	Annual Excessive Use	Annual Total Use (Base + Excess)
Multifamily	184	8	17,664	0.0	0	17,664
Single Family	503	15	90,540	1.0	6,036	96,576
Commercial						
3/4"	18	15	3,240	10.0	2,160	5,400
1"	5	25	1,500	5.0	300	1,800
1 1/2"	2	50	1,200	5.0	120	1,320
2"	6	80	5,760	0.0	0	5,760
3"	4	160	<u>7,680</u>	0.0	0	<u>7,680</u>
	722		127,584		8,616	136,200

Gpm - gallons per minute

Table 11 provides the calculation of the volume rate and fixed fee components using the number of AWWA meter equivalents and estimated total annual water usage from Table 10. The total FY2028 water service charge revenue requirement of \$754,100 is taken from the cash flow projection (Table 8) and is allocated 74.0% to the volume rate and 26.0% to the meter fees based on the proposed cost allocation (Table 9). To calculate the total volume rate per thousand gallons, the volume rate revenue requirement is divided by the projected total water consumption. To calculate the base meter fee, the fixed rate revenue requirement is divided by the total number of water meter equivalents.

**Table 11: FY2028 Water Unit Cost Calculation**

Volume Rate Revenues	\$557,829	74.0%
Fixed Rate Revenues	<u>\$196,271</u>	<u>26.0%</u>
Total	\$754,100	100.0%
Volume Rate Revenue	\$557,829	
Usage (1,000 gal)	136,200	
Rate per 1,000 gal	\$4.10	
Fixed Rate Revenues	\$196,271	
Meter Equivalents	794.67	
Rate per Equiv per month	\$20.58	

## 4.5 Base Fee Calculation

The rate derivation for the proposed monthly base fees for FY2028 is shown in Table 12. To account for the water allotment for each customer class, the proposed allotment included in the base tier for each customer class is multiplied by the volume rate derived in Table 11 to calculate the usage cost included in the base fee. Next, the meter fees are calculated by multiplying the fixed rate per meter equivalent per month from Table 11 by the meter equivalent ratios from Table 10 to calculate the fixed fee for each meter size. The total proposed base fee is the sum of the usage cost included in the base fee plus the fixed fee for each meter size. For single family customers, the usage cost of \$61.50 is added to the fixed fee of \$20.58 to generate the total proposed base fee of \$82.08.

**Table 12: FY2028 Water Base Fee Calculation**

Water Consumption	Base Tier (1,000 gals per Month)		Rate per 1,000 gal		Usage Cost in Base Fee
Multifamily	8	x	\$4.10	=	\$32.80
Single Family	15	x	\$4.10	=	\$61.50
Commercial					
3/4"	15	x	\$4.10	=	\$61.50
1"	25	x	\$4.10	=	\$102.50
1 1/2"	50	x	\$4.10	=	\$205.00
2"	80	x	\$4.10	=	\$328.00
3"	160	x	\$4.10	=	\$656.00

Meter Fee	Meter Equivalent		Fee per Equivalent		Fixed Cost in Base Fee
Multifamily	1.0	x	\$20.58	=	\$20.58
Single Family	1.0	x	\$20.58	=	\$20.58
Commercial					
3/4"	1.0	x	\$20.58	=	\$20.58
1"	1.7	x	\$20.58	=	\$34.30
1 1/2"	3.3	x	\$20.58	=	\$68.60
2"	5.3	x	\$20.58	=	\$109.76
3"	10.7	x	\$20.58	=	\$219.52

Total Base Charge		Usage Cost		Fixed Cost		Total Base Fee
Multifamily	per dwelling	\$32.80	+	\$20.58	=	\$53.38
Single Family	per dwelling	\$61.50	+	\$20.58	=	\$82.08
Commercial						
3/4"	per meter	\$61.50	+	\$20.58	=	\$82.08
1"	per meter	\$102.50	+	\$34.30	=	\$136.80
1 1/2"	per meter	\$205.00	+	\$68.60	=	\$273.60
2"	per meter	\$328.00	+	\$109.76	=	\$437.76
3"	per meter	\$656.00	+	\$219.52	=	\$875.52

## **4.6 Proposed Water Rates**

The proposed five-year water rate plan is provided in Table 13. All customers are proposed to be charged according to the proposed rate schedule shown. For any additional connections built out in the City, the rates for water service in Table 13 will also apply to them. As described in the previous sections of this report, the rates have been calculated in this study to produce rates that will be necessary to recover only the actual cost of the water service per parcel under the proposed water rates.

The first rate change is proposed to take effect on July 1, 2026 at the beginning of FY2027. In FY2027, no rate structure adjustments are proposed, and customers will be billed according to the current rate structure plus the proposed 3.0% rate increase. In FY2028, the metered rate structure is proposed to be implemented as described above. FY2029 through FY2031, the metered rates are proposed to be escalated each year by the rate increase percentages proposed in the cash flow projection (Table 8).

**Table 13: Proposed Monthly Water Rates**

CURRENT		PROPOSED							
		FY2027	Customer Class	Water Included in Base Fee (1,000 gal)	FY2028	FY2029	FY2030	FY2031	
All Customers	Base Fee	July 1, 2026			July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030	
Rate per EDU	\$75.60	\$77.87	+3%	Multifamily	8	\$53.38	\$57.25	\$61.40	\$65.85
				Single Family	15	\$82.08	\$88.03	\$94.41	\$101.25
				Commercial Meter Size					
				3/4"	15	\$82.08	\$88.03	\$94.41	\$101.25
				1"	25	\$136.80	\$146.72	\$157.36	\$168.77
				1 1/2"	50	\$273.60	\$293.44	\$314.71	\$337.53
				2"	80	\$437.76	\$469.50	\$503.54	\$540.05
				3"	160	\$875.52	\$939.00	\$1,007.08	\$1,080.09
<b>Excessive Use Rate (\$/1,000 gallons)</b>			<b>Excessive Use Rate (\$/1,000 gallons)</b>						
Rate for use over 16,000 per Non-residential EDU	\$4.65	\$4.79	Rate for use over the amounts shown above for all customers			\$4.10	\$4.40	\$4.72	\$5.06

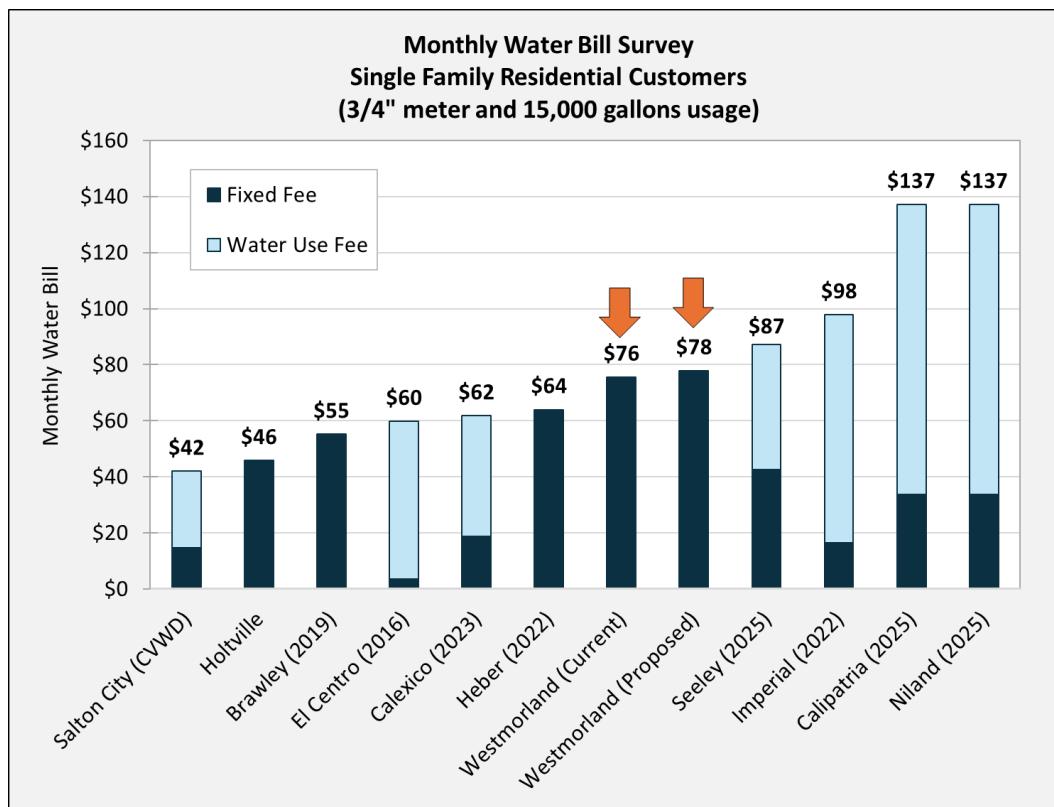
EDU – equivalent dwelling unit. Non-residential customers are currently assigned EDUs based on their estimated water consumption and land use.

## 4.7 Water Bill Impacts

For a single family residential customer, the City's bill is proposed to increase from a fixed fee of \$75.60 per month to a fixed fee of \$77.87, an increase of \$2.27 or 3.0%.

**Figure 5** compares the City's current and proposed July 1, 2026 monthly single family residential water bill with those of surrounding agencies. The City's current water rate is in the mid-range of the surveyed agencies and will not change in the ranking following the proposed rate increase. For a single family residential customer, the City's bill is proposed to increase from a fixed fee of \$75.60 per month to a fixed fee of \$77.87, an increase of \$2.27 or 3.0%.

**Figure 5: Monthly Water Bill Survey**



For comparison purposes, Table 14 on the following page summarizes the amount of water usage included in the base fee of each surveyed agency. Only Brawley, Heber, and Holtville include a water allotment in their base fees. The City of Westmorland currently has a 16 thousand gallon water allotment for non-residential customers and unmetered rates for all residential customers. July 1, 2027, a base allotment of 15 thousand gallons is proposed to be implemented for single family residential customers. Following this rate change, the impact to each customer will depend on individual water use characteristics and bills may vary on a monthly basis depending on water consumption. Customers with

metered water usage above 15 thousand gallons will be subject to the proposed volume rates for excessive water use.

**Table 14: Base Allotment of Comparable Agencies**

<b>Agency</b>	<b>Water usage included in base allotment (gallons)</b>
Brawley	15,000
Calexico	0
Calipatria/Niland (Golden State)	0
El Centro	0
Heber	15,000
Holtville	15,000
Imperial	0
Salton City	0
Seeley	0
Westmorland (Current)	16,000

## SECTION 5: SEWER COST OF SERVICE

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Following the same process as the analysis of the water system's cost of service, the sewer utility's cost of service is developed in this section based on the FY2026 budget, the City's capital improvement plan, and input from staff to produce rates that will be necessary to recover only the actual cost of the sewer service per parcel.

### 5.1 Sewer System Overview

The City owns and operates a sewer collection, treatment, and disposal system whose purpose is to collect, treat, and dispose of residential and commercial wastewater in an environmentally safe manner. This process is closely monitored by several State of California regulatory agencies to guarantee compliance with Federal and State mandates.

The City's wastewater collection system consists of approximately 7 miles of pipelines of various sizes ranging from 4 inches to 12 inches in diameter. Once collected, wastewater flows are gravity-fed to the treatment system. The City's treatment process is an oxidation ditch-type process which consists of a headworks structure, an influent pumping station and flow meter, an oxidation ditch, 2 clarifiers, chlorine contact chambers, and dechlorination operations. Treatment occurs at the City's wastewater treatment plant (WWTP) located about half a mile northwest of the City's service area. The WWTP has a treatment capacity of 0.5 MGD and average dry weather flow is currently 0.25 MGD, or about 50% of capacity. Following disinfection, secondary treated wastewater is discharged from the WWTP. Sludge is dried on-site and final disposal of biosolids occurs off-site at the Imperial County Landfill.

### 5.2 Revenues

The City's Sewer Fund revenues consist of sewer service charges, interest earnings, late fee income, interest income, and other revenue and refunds. Total projected sewer system revenues are about \$416,300 for FY2026. Revenues collected from sewer service charges comprise the majority of revenues at about 94%. The sewer utility is expected to operate at a deficit of \$19,100 this fiscal year. A series of annual rate revenue increases are proposed to go into effect each July 1 from 2026 through 2030 to fund the costs described below. To be conservative, late fees, interest income, and other revenues are projected to remain the same over the five-year study period.

### 5.3 Expenses

#### 5.3.1 Operating Costs

Operating costs include salaries & benefits, professional services, equipment & maintenance, testing services, supplies, utilities, chemicals, and miscellaneous costs. In FY2026, the City expects to incur about \$435,000 in expenses to operate and maintain the sewer system. Consequently, current revenues of about \$416,000 are not covering operating expenses, resulting in a projected deficit of about \$19,000 this fiscal year. Operating costs over the course of the rate study period are projected in Table 15 on the following page based on the FY2026 Budget.

Escalation factors used to estimate operating costs for FY2027 through FY2031 were determined based on projected inflation and input from City staff. Similar cost increases are expected for the Sewer Fund as the Water Fund. Salaries & benefits are projected to increase by 5.0% per year to account for cost of living increases and health care cost increases. Utilities are expected to increase by 8.0% each year. All other operating costs are projected to increase by 3.0% per year. An additional increase of \$4,000 above the inflationary increase of 3.0% is expected for equipment & maintenance in FY2027 because the City anticipates a new cost for manhole inspections.

**Table 15: Sewer Operating Cost Projection**

	Projected						
	FY2026	Escalation	FY2027	FY2028	FY2029	FY2030	FY2031
Salaries & Benefits	\$250,200	5.0%	\$262,700	\$275,800	\$289,600	\$304,100	\$319,300
Professional Services	\$15,000	3.0%	\$15,500	\$16,000	\$16,500	\$17,000	\$17,500
Equipment & Maintenance [1]	\$32,000	3.0%	\$37,000	\$38,100	\$39,200	\$40,400	\$41,600
Testing Services	\$25,000	3.0%	\$25,800	\$26,600	\$27,400	\$28,200	\$29,000
Offices Supplies	\$35,200	3.0%	\$36,300	\$37,400	\$38,500	\$39,700	\$40,900
Utilities	\$38,000	8.0%	\$41,000	\$44,300	\$47,800	\$51,600	\$55,700
<u>Chemicals</u>	<u>\$40,000</u>	3.0%	<u>\$41,200</u>	<u>\$42,400</u>	<u>\$43,700</u>	<u>\$45,000</u>	<u>\$46,400</u>
Total Operating Expenses	\$435,400		\$459,500	\$480,600	\$502,700	\$526,000	\$550,400

1 - +\$4,000 in FY2027 for expected additional cost of manhole inspections

### 5.3.2 Sewer Non-Operating Expenses

Concurrent with conducting this rate study, City staff analyzed the sewer system's condition and needs over the next five years. All sewer infrastructure improvements which must be funded through rate revenues are included in the sewer cash flow projection, see Table 16. Over the next five years, it is estimated that the City will need to replace \$75,000 of equipment in FY2028 and again in FY2030.

### 5.3.3 New Debt Service

The City adopted a formal capital improvement plan in June 2024 to identify major projects that will be needed for the sewer system in the future. The most significant project identified is updating the WWTP. It is anticipated that the City will begin conducting WWTP improvements in 5 to 6 years. To conduct these improvements, it is estimated that the City will secure a 0% interest loan for \$4 million of project costs to be repaid over 40 years, resulting in a new expense of about \$100,000 in annual debt service beginning in FY2031.

Most forms of public agency debt require that the issuer maintain a coverage ratio of 1.2 times or greater. This is calculated as net revenues (not including grant funding) divided by the total annual debt service cost. Debt coverage is one factor that lenders take into consideration when determining the credit rating of issuers. In FY2031, it is projected that the City will have sufficient debt coverage of 1.27.

By maintaining a sufficient coverage ratio, the City should have a streamlined debt issuance process in the future.

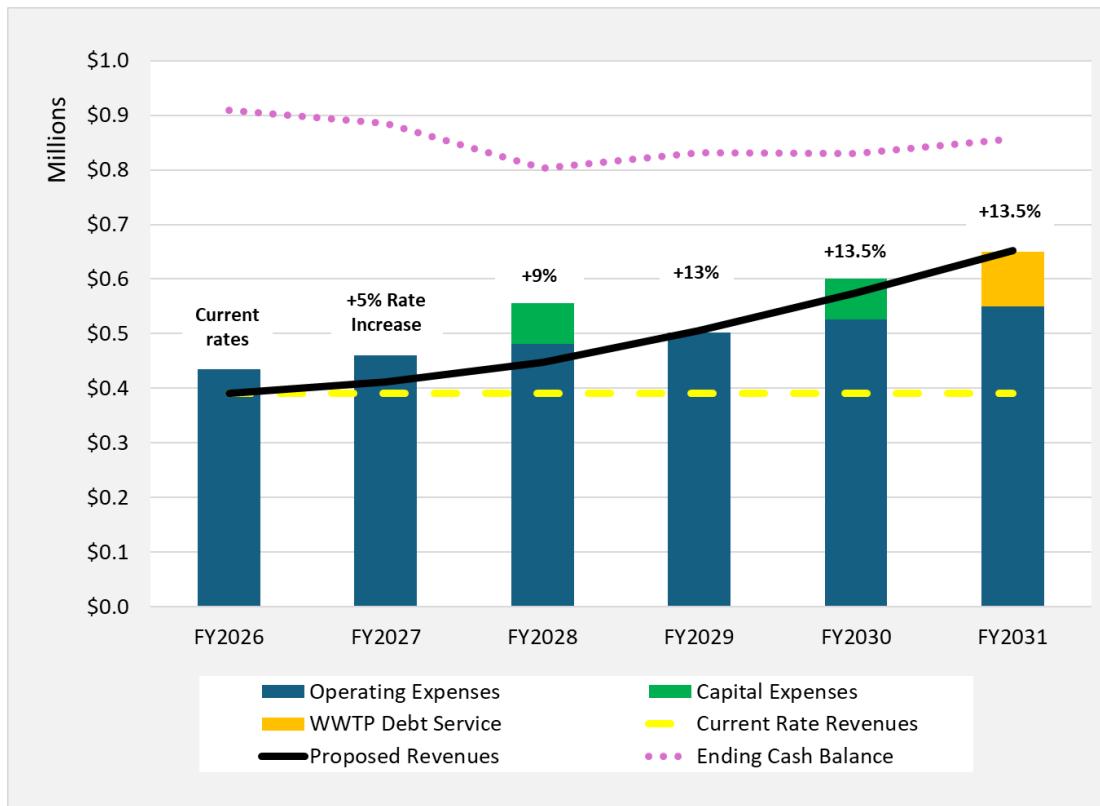
## 5.4 Reserves

The Sewer Fund's cash reserve balance at the start of FY2026 was about \$928,400. Similar to the Water Fund, it is recommended that the Sewer Fund maintain a balance equal to 50% of operations and maintenance costs. Once the City takes on new debt, it is proposed that the target reserve balance increase to include the cost of one annual debt payment. The recommended fund target for FY2026 is about \$217,700, meaning existing reserves well exceed the target. Over the next five years, it is projected that the Sewer Fund will maintain a strong reserve balance and conclude FY2031 with about \$856,300 in cash reserves.

## 5.5 Cash Flow Projection

Figure 6 and Table 16 provide the five-year cash flow spanning from FY2026 to FY2031. Over the five-year rate study period, annual rate revenue increases are proposed to fund operating costs, equipment replacements, future debt service, and maintain reserves. Rate increases are proposed to take effect each July 1 from 2026 through 2030. The proposed rates and rate design are described in more detail in the following section.

Figure 6: Sewer Cash Flow Chart



**Table 16: Sewer Cash Flow Projection**

	Budget FY2026	PROJECTED				
		FY2027	FY2028	FY2029	FY2030	FY2031
<b>Rate Increase %</b>		<b>5.00%</b>	<b>9.00%</b>	<b>13.00%</b>	<b>13.50%</b>	<b>13.50%</b>
Rate Increase Effective Date		July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
<b>Beginning Fund Balance</b>	\$928,400	\$909,300	\$885,700	\$803,000	\$831,400	\$829,800
<b>REVENUES</b>						
Sewer Service Charges	391,300	410,900	447,900	506,100	574,400	651,900
Other Revenue and Refunds	6,000	6,000	6,000	6,000	6,000	6,000
Late Fee Income	10,000	10,000	10,000	10,000	10,000	10,000
Interest Earned	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>
Subtotal Operations Revenue	416,300	435,900	472,900	531,100	599,400	676,900
<b>EXPENSES</b>						
<i>Operating Expenses</i>						
Salaries & Benefits	250,200	262,700	275,800	289,600	304,100	319,300
Professional Services	15,000	15,500	16,000	16,500	17,000	17,500
Equipment & Maintenance	32,000	37,000	38,100	39,200	40,400	41,600
Testing Services	25,000	25,800	26,600	27,400	28,200	29,000
Offices Supplies	35,200	36,300	37,400	38,500	39,700	40,900
Utilities	38,000	41,000	44,300	47,800	51,600	55,700
<u>Chemicals</u>	<u>40,000</u>	<u>41,200</u>	<u>42,400</u>	<u>43,700</u>	<u>45,000</u>	<u>46,400</u>
Subtotal Operating Expenses	435,400	459,500	480,600	502,700	526,000	550,400
<b>Net Operating Revenues</b>	(19,100)	(23,600)	(7,700)	28,400	73,400	126,500
<i>Non-Operating Expenses</i>						
Equipment Replacement	0	0	75,000	0	75,000	0
<u>New Loan Debt Service (WWTP)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000</u>
Subtotal Non-Operating	0	0	75,000	0	75,000	100,000
<b>Total Expenses</b>	435,400	459,500	555,600	502,700	601,000	650,400
Total Net Revenues	(19,100)	(23,600)	(82,700)	28,400	(1,600)	26,500
<b>Ending Fund Balance</b>	<b>\$909,300</b>	<b>\$885,700</b>	<b>\$803,000</b>	<b>\$831,400</b>	<b>\$829,800</b>	<b>\$856,300</b>
Target Reserve Balance	217,700	229,800	240,300	251,400	263,000	375,200
Target Met?	Yes	Yes	Yes	Yes	Yes	Yes
Debt Service Coverage [1]						1.27

1 - Debt service coverage is net operating revenues / total debt service; target is > 1.2

## SECTION 6: SEWER COST ALLOCATION & RATE DESIGN

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The prior section determined the total cost of providing sewer service to customers. In this section, the cost of service is allocated to rates to fairly recover costs based on how customers use the system, and in any event not to exceed the proportional cost of the sewer service attributable to each parcel.

### 6.1 Proposed Sewer Rate Structure

The sewer rate structure is proposed to be updated to be more proportional to how customers use the sewer system. For residential customers, the rates are proposed to continue to be billed as a fixed monthly charge. However, the proposed rate structure includes a new category for multifamily customers to reflect the lower estimated flows discharged by multifamily residential customers compared to single family residential customers. Updates are also proposed to the commercial rate structure to add a flow fee that will be billed to any usage above the first 6 thousand gallons of metered water usage per month. The proposed commercial base fee is the same as the single family base fee and includes the base level of flow equal to the estimated average flow for single family residential customers. Schools are proposed to be billed a fixed rate per student.

### 6.2 Methodology

The revenue requirements of the Sewer Fund and the determination of the sewer flows of the wastewater utility provide the basis for performing the cost of service analysis. The concept of proportionate allocation to each customer class indicates that allocations should take into consideration the quantity of effluent a customer contributes in addition to the strength of that sewer effluent. The total revenue requirement shown in the sewer cash flow projection is the net cost of providing service and is allocated to the flow and customer service parameters. These allocations are then used as the basis to develop unit rates for the sewer parameters and to assign costs to each customer class in proportion to the sewer services rendered.

### 6.3 Proposed Sewer Cost Allocation

Using the projected operating expenses for FY2027 as the base year, sewer costs are allocated to the following categories: (1) *Customer Service* and (2) *Flow*. *Customer Service* costs represent the fixed expenditures of the utility that do not vary significantly with the amount of wastewater discharged into the sewer system, including office supplies and 10% of salaries & benefits and professional services. All other operating expenses are categorized as *Flow* costs which are more closely associated with operations, maintenance, and infrastructure that vary with the total quantity of wastewater collected. Table 17 provides the proposed cost allocation. The budgeted expenses were allocated to each category based on how the City incurs each cost. The overall proposed allocation is 14.0% to customer service and 86.0% to flow.

**Table 17: Sewer Expense Projection and Cost Allocation**

	Projected						
	FY2026	Escalation	FY2027	FY2028	FY2029	FY2030	FY2031
Salaries & Benefits	\$250,200	5.0%	\$262,700	\$275,800	\$289,600	\$304,100	\$319,300
Professional Services	\$15,000	3.0%	\$15,500	\$16,000	\$16,500	\$17,000	\$17,500
Equipment & Maintenance	\$32,000	3.0%	\$37,000	\$38,100	\$39,200	\$40,400	\$41,600
Testing Services	\$25,000	3.0%	\$25,800	\$26,600	\$27,400	\$28,200	\$29,000
Offices Supplies	\$35,200	3.0%	\$36,300	\$37,400	\$38,500	\$39,700	\$40,900
Utilities	\$38,000	8.0%	\$41,000	\$44,300	\$47,800	\$51,600	\$55,700
<u>Chemicals</u>	\$40,000	3.0%	<u>\$41,200</u>	<u>\$42,400</u>	<u>\$43,700</u>	<u>\$45,000</u>	<u>\$46,400</u>
<b>Total Operating Expenses</b>	<b>\$435,400</b>		<b>\$459,500</b>	<b>\$480,600</b>	<b>\$502,700</b>	<b>\$526,000</b>	<b>\$550,400</b>
<b>Cost Allocation</b>							
Customer Service							
Offices Supplies				\$36,300			
Salaries & Benefits (10%)				\$26,270			
Professional Services (10%)				<u>\$1,550</u>			
Total Customer Service				\$64,120		<b>14.0%</b>	
Flow							
All Other Expenses				\$395,380		<b>86.0%</b>	
Total O&M				\$459,500		<b>100.0%</b>	

## 6.4 Sewer Rate Design

As noted in the cost allocation, sewer rates are determined based on customer service costs as well as the amount of wastewater flow flushed into the sewer system. The cost allocation determined the revenue requirements for the cost parameters of customer service and flow. The next step is rate design which determines how those revenue requirements are collected from each proposed customer class based on their estimated impact on the sewer system. Unit costs for customer service and flow are derived in Table 18. The total revenue requirement to be collected from rates from the cash flow projection (Table 16) is divided between each category according to the percentages derived in the cost allocation (Table 17). The revenue requirement for each category is then divided by the number of billing units for each to calculate a unit charge.

Customer service costs are allocated based on the total number of sewer dwelling units (for residential customers) or accounts (for commercial customers). Flow costs are allocated based on the total estimated annual flow in thousand gallons. The average residential sewer flow is estimated as 200 gallons per day (gpd) for a single family home. Total flows for multifamily dwelling units are estimated as 150 gpd and flow per student at schools are estimated as 7 gpd based on industry standard estimates. Commercial flows are estimated based on the City's most recent water usage data multiplied by a discharge factor of 88%. Winter water usage is about 88% of average monthly water usage for commercial customers. It is assumed that winter period use reflects only indoor water usage that flows

into the sewer and does not include other consumption such as irrigation or car washing that does not flow into the sewer.

**Table 18: FY2027 Sewer Unit Cost Calculation**

Customer Class	Dwelling Units	Average Daily Flow (gpd)	Annual Flow (gallons)
Multifamily	184	150	9,936,000
Single Family	503	200	36,216,000
School per student	295	7	753,725
Commercial			<u>9,891,144</u>
			56,796,869
Customer Service		\$57,338	14.0%
Flow		<u>\$353,562</u>	<u>86.0%</u>
FY2027 Revenue Requirement		\$410,900	100.0%
Customer Service		\$57,338	
# of Dwellings/Accounts		722	
Rate per Dwelling or Account per month		\$6.62	
Flow		\$353,562	Commercial Flow Rate
1,000 Gallons of Annual Flow		56,797	(88% Discharge Factor)
\$/1,000 gallons		\$6.23	\$5.47

Gpd – gallons per day

It is proposed that customer service costs be recovered through a fixed portion of the monthly bill that is applied to all customer classes. For residential customers, a monthly flow charge is estimated based on estimated monthly flows and added to the customer service charge portion of the bill to calculate a proposed fixed monthly charge, see Table 19.

Currently, each residential dwelling unit is assigned the same sewer rate regardless of whether it is a single family or multifamily dwelling unit. It is proposed that the residential customer class be subdivided, with single family residential and multifamily residential being split into two separate residential customer classes. The proposed fixed fee per dwelling unit for multifamily customers will be lower, reflecting lower estimated sewer flows for multifamily customers in comparison to single family customers. The single family flow cost is calculated based on 6 thousand gallons of flow per month, while the multifamily flow cost is calculated based on 4.5 thousand gallons of flow per month.

**Table 19: FY2027 Sewer Residential Rate Calculation**

	<b>1,000 Gallons per Month</b>		<b>Rate per Gallon</b>		<b>Flow Cost</b>		<b>Customer Service Charge</b>	<b>Total Monthly Sewer Charge</b>
Multifamily	4.5	x	\$6.23	=	\$28.04	+	\$6.62	\$34.66
Single Family	6.0	x	\$6.23	=	\$37.38	+	\$6.62	\$44.00

For commercial customers, the base fee is proposed to be the same as the single family residential base fee. For residential customers, fixed sewer charges provide revenue stability, are easy for customers to understand, and are straightforward to bill. Moreover, residential customers are a relatively homogeneous group, and peak water usage by residential customers tends not to affect sewer discharge because it occurs in summer months for irrigation needs. By contrast, commercial sewer flow varies widely based on the type and size of business. Thus, including a volumetric component per unit of water used is an appropriate rate structure for commercial customers.

For each commercial customer, the monthly base fee includes the customer service fee and the flow cost for 6 thousand gallons of monthly flow. It is proposed that any additional discharge of sewer flow above 6 thousand gallons per month be billed the commercial flow rate derived in Table 18 multiplied by the month metered water use of each customer. It is recommended that customers with large irrigation water usage install a dedicated irrigation meter to ensure that no irrigation water usage is billed the sewer flow rate.

Schools are proposed to be charged a fixed rate per student. The school sewer rate includes the customer service fee and the estimated flow and number of students from Table 18.

Current and proposed monthly sewer rates are provided in Table 20 on the following page. It is proposed that the new rate structure go into effect July 1, 2026, with subsequent increases each July 1 through 2030. In the first year, the percentage change for each customer does not align with the overall percentage increase shown in the cash flow projection (Table 16) due to the proposed rate structure changes. Beginning in FY2028, the annual change to each customer's monthly rate will match what is shown in the cash flow projection. If additional connections are built out in the City, then the increased rates for the sewer service fees calculated in this study will also apply to them.

**Table 20: Proposed Monthly Sewer Rates**

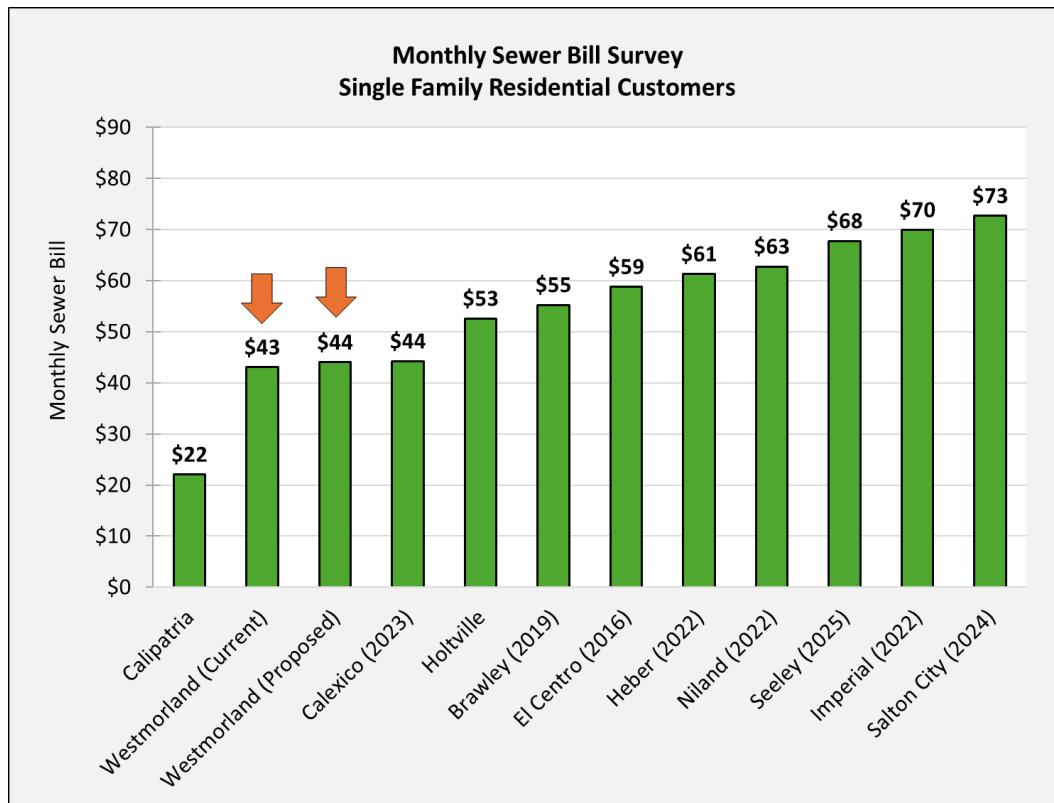
CURRENT		PROPOSED					
All Customers	Base Fee	Customer Class	FY2027	FY2028	FY2029	FY2030	FY2031
			July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Rate per EDU	\$43.03	Multifamily Total Fee	\$34.66	\$37.77	\$42.68	\$48.44	\$54.98
		Single Family Total Fee	\$44.00	\$47.96	\$54.19	\$61.51	\$69.81
		School per Student	\$1.35	\$1.47	\$1.66	\$1.88	\$2.13
		Commercial Base Fee	\$44.00	\$47.96	\$54.19	\$61.51	\$69.81
		Commercial Flow*	\$5.47	\$5.96	\$6.73	\$7.64	\$8.67
		(*over the first 6,000 gallons of metered water use)					

EDU – equivalent dwelling unit. Non-residential customers are currently assigned EDUs based on their estimated sewer flows, pollutant strength, and land use.

## 6.5 Sewer Bill Impacts

Figure 7 compares the City's current and proposed July 1, 2026 monthly single family residential sewer bill with those of surrounding agencies. The City's current sewer rate is at the low end of the surveyed agencies and will not change in the ranking following the proposed rate increase. For a single family residential customer, the City's bill is proposed to increase from a fixed fee of \$43.03 per month to a fixed fee of \$44.00, an increase of \$0.97 or about 2.0%.

**Figure 7: Monthly Sewer Bill Survey**

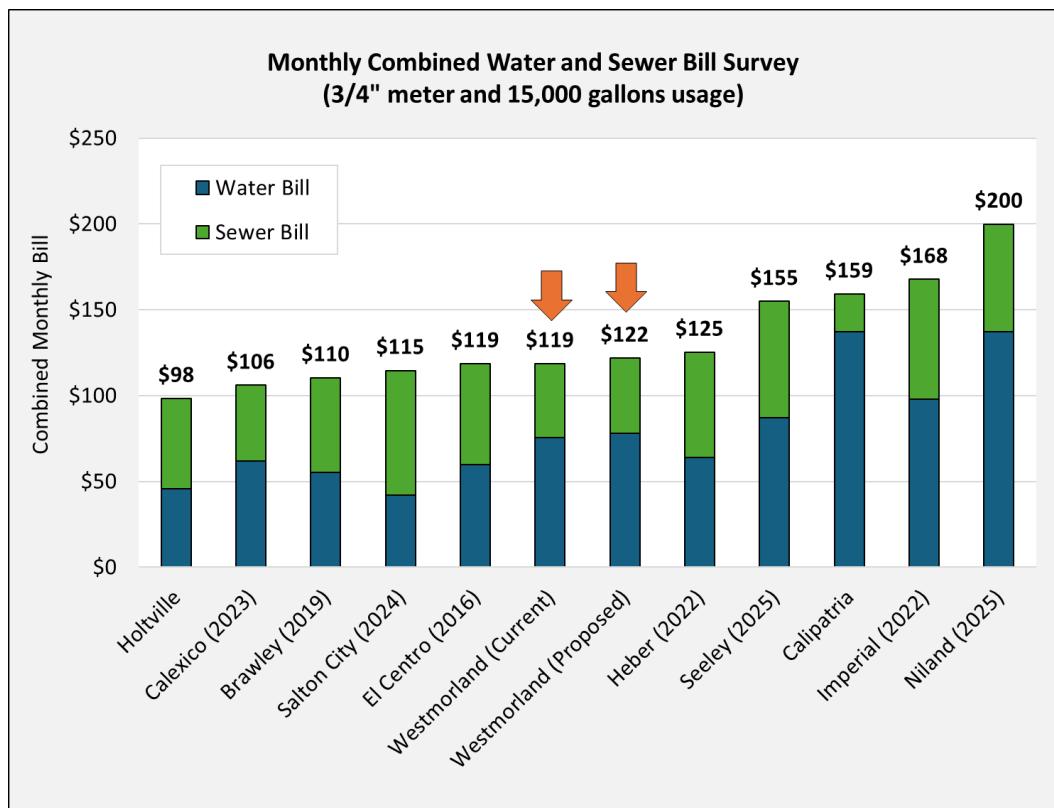


## 6.6 Combined Bill Impacts

### 6.6.1 Single Family Residential Bill Survey

Figure 8 provides a survey comparing the current and proposed combined monthly water and sewer bill for a single family residential customer with other local agencies. The City's combined utility bill for the typical single family customer is proposed to increase from \$118.63 to \$121.87 on July 1, 2026. The current combined bill is in the mid-range of those charged by other local agencies, and the City's bill will not change in the ranking after the proposed rate increases.

**Figure 8: Monthly Combined Water and Sewer Bill Survey**



### 6.6.2 Five-Year Bill Impacts for Residential Customers

Table 21 shows the combined monthly water and sewer bill impacts of the proposed five-year rate plan for single family and multifamily residential customers. Under the proposed rates, the new rates for multifamily customers will be implemented in FY2027 for sewer service and FY2028 for water service.

**Table 21: Proposed Combined Residential Bill Impacts**

	CURRENT	PROPOSED				
		FY2027	FY2028	FY2029	FY2030	FY2031
<b>Single Family Residential Bill</b>						
Water	\$75.60	\$77.87	\$82.08	\$88.03	\$94.41	\$101.25
Sewer	<u>\$43.03</u>	<u>\$44.00</u>	<u>\$47.96</u>	<u>\$54.19</u>	<u>\$61.51</u>	<u>\$69.81</u>
Total Bill	\$118.63	\$121.87	\$130.04	\$142.22	\$155.92	\$171.06
		3%	7%	9%	10%	10%
		\$3.24	\$8.17	\$12.18	\$13.70	\$15.14
<b>Multifamily Residential Bill</b>						
Water	\$75.60	\$77.87	\$53.38	\$57.25	\$61.40	\$65.85
Sewer	<u>\$43.03</u>	<u>\$34.66</u>	<u>\$37.77</u>	<u>\$42.68</u>	<u>\$48.44</u>	<u>\$54.98</u>
Total Bill	\$118.63	\$112.52	\$91.15	\$99.93	\$109.84	\$120.83
		-5%	-19%	10%	10%	10%
		(\$6.11)	(\$21.37)	\$8.78	\$9.91	\$10.99



City of Westmorland  
355 South Center Street  
Westmorland, CA 92281  
(760) 344-3411

**Name  
Address  
City, State ZIP**

## **NOTICE OF PUBLIC HEARING ON PROPOSED ADJUSTMENTS TO WATER AND SEWER RATES**

**Wednesday, April 1, 2026 at 6:00 pm  
in the Council Chambers at 355 South Center St, Westmorland, CA 92281**

You are receiving this notice as owner of property or ratepayer receiving water and/or sewer service from the City of Westmorland (City). The City Council will hold a public hearing on April 1, 2026 to hear public input and to consider and potentially approve water and sewer (wastewater) rate changes for the next five years.

### ***Background***

The City of Westmorland provides water and sewer service to about 540 service connections including single family residences, apartments, businesses, and schools throughout the City. The City's Water and Sewer Funds are self-supported from rate revenues and do not receive tax revenues to fund their operations. Rates were last increased November 1, 2024.

Since then, the City has been very successful in pursuing grant funding for water system improvements. Westmorland will receive over \$11 million for treatment upgrades and the installation of water meters. As part of the funding process, the City was required to conduct a rate study to ensure that it has funds available for operations and maintenance costs that are not covered by the grant. The proposed rates are based on a comprehensive cost of service study that calculates water and sewer rates over the next five years, beginning July 1, 2026. The proposed rates do not exceed the proportional cost of the service attributable to each parcel. Rate structure adjustments are also proposed to better align with industry standard practices, improve customer understanding, and implement metered water rates. The study upon which the rates are based is available for review on the City's website.

### ***Why are rate increases needed?***

Rate increases are needed for both the water and sewer utilities to fund operating and maintenance expenses, infrastructure improvements that will not be funded by grants, and to maintain emergency reserves. For example, the City plans to spend about \$440,000 over the next five years to purchase new water pumps, vehicles, and other equipment.

Current sewer rate revenues are no longer sufficient to cover operating expenses, and the Sewer Fund is expected to draw down reserves this year to cover costs. Rate increases are needed to cover these expenses as well as replace about \$150,000 of equipment over the next five years. It is also anticipated that the City will take on a low-cost loan in about five years to conduct critical improvements to the wastewater treatment plant, resulting in a new expense of about \$100,000 in annual debt service.

### **Current Billing Method**

The City is largely unmetered and residential customers are billed flat (fixed) rates for water and sewer service. The current rate structure assigns a number of equivalent dwelling units (EDUs) to each residence or business. The number of EDUs is then multiplied by the current rate to calculate customer fixed charges. Commercial customers are metered and are billed an excessive use rate for any water use above 16 thousand gallons per EDU per month. Table 1 provides the number of EDUs assigned to each customer class for water and sewer service. Each single family home or residential dwelling unit is assigned 1 EDU. Commercial customers are typically assigned multiple EDUs to reflect their higher use of the systems in comparison to one residential dwelling unit. If you have questions about your customer class or current assignment of EDUs, please contact the City.

**Table 1: Current EDU Assignments**

Land Use	Water EDUs	Sewer EDUs	Billing Unit
Residential Dwelling Units	1.00	1.00	per dwelling unit
Grocery / Liquor Store / Retail	0.24	0.39	per 1,000 sq. ft
Truck Stops / Cafes / Restaurants	0.73	1.18	per 1,000 sq. ft
Motels	0.30	0.49	per room
Bars & Pool Halls	0.85	1.38	per 1,000 sq. ft
Laundromats	0.85	1.36	per washer
Light Industrial	0.31	0.50	per 1,000 sq. ft
Warehouse	0.05	0.08	per 1,000 sq. ft
Service Stations	1.04	1.87	per station
Schools	0.33	0.43	per 1,000 sq. ft
Churches / Public Halls	0.12	0.19	per 1,000 sq. ft
Public Facilities	0.29	0.39	per 1,000 sq. ft
Bulk Water Sales	1.00	1.38	per 16,000 gallons

EDU – equivalent dwelling unit

### **Proposed Water Rate Structure Changes**

The first water rate change beginning July 1, 2026 is proposed to be an inflationary adjustment to the current rates. The number of EDUs assigned to each customer is not proposed to change. Beginning August 2026 and into 2027, the City will install residential water meters and provide usage data to customers. Beginning July 1, 2027, a new, fully metered rate structure is proposed to go into effect. This change will modernize the rate structure, better align with industry standard practices, and recover costs in a manner that is more proportional to how customers use the utilities.

Commercial customers are proposed to be charged a fixed fee based on meter size. Residential customers are proposed to be charged a base fee that is billed per dwelling unit. The base fee is proposed to include

an allotment of water usage which varies by customer class as shown in Table 2. Any usage above each customer's base allotment is proposed to be billed an excessive use rate charged per thousand gallons of metered water use. For single family residential customers, the proposed allotment included in the base fee is 15 thousand gallons per month. For multifamily residential customers, the proposed usage allotment included in the base fee is 8 thousand gallons per month per dwelling unit.

### ***Proposed Sewer Rate Structure Changes***

For sewer service, most customers are proposed to continue to be billed fixed charges for service. Single family residential and commercial customers will be billed the same fixed charge per dwelling unit or per business. However, it is proposed that new customer classes be created for multifamily residential customers and for schools. Multifamily residential customers are still proposed to be billed per dwelling unit, but at a lower rate to reflect their lower average usage of the sewer system in comparison to single family customers. Schools are proposed to be billed a fixed rate per student. A new flow fee is proposed for commercial customers which will be a volumetric charge billed per thousand gallons (based on metered water usage) for all indoor usage above 6,000 gallons. It is recommended that customers with large irrigation water usage install a dedicated irrigation meter to ensure that no irrigation water usage is billed the sewer flow rate.

### ***Proposed Monthly Rates***

Table 2 and Table 3 list the current and proposed water and sewer rates, respectively. If adopted, new rates would go into effect July 1 of each year from 2026 to 2030. The bill impacts to each customer will vary based on customer class and water usage. For a single family residential customer, the current monthly water bill is \$75.60 (1 EDU) and the proposed July 1, 2026 water bill is \$77.87, an increase of \$2.27. The current monthly sewer bill is \$43.03 (1 EDU) and the proposed July 1, 2026 single family bill is \$44.00, an increase of \$0.97. If you would like additional information on how the proposed changes in water and sewer rates will affect your monthly bill, please contact the City at (760) 344-3411.

### ***Senior Discount***

Beginning July 1, 2026, the City will offer a discount of 10% off the total water and sewer utility bill for seniors aged 65 or older. To qualify for the discount, the utility billing account must be in the senior's name (not a family member) and the service address must be a single family home. The account holder must provide proof of age. To apply for the program, please contact the City at (760) 344-3411.

### ***How do I file a protest or participate in the public hearing?***

Proposition 218 provides that "Property Related Fees" such as the water and sewer rates the City is proposing to adjust are subject to a "majority protest" process. Any property owner or ratepayer may submit a written protest of the proposed rates; provided, however, that only one protest will be counted per property. If protests are filed on behalf of a majority of the properties subject to the rates, the City cannot adopt the proposed rates. Please see page 5 of this notice for a detailed description of how to submit a written protest to the proposed rates.

**Table 2: Current and Proposed Monthly Water Rates**

CURRENT		PROPOSED						
		FY2027	Water Included in Customer Class Base Fee (1,000 gal)		FY2028	FY2029	FY2030	FY2031
All Customers	Base Fee	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030	July 1, 2030	July 1, 2030
Rate per EDU	\$75.60	+3%	Multifamily (per dwelling unit)	8	\$53.38	\$57.25	\$61.40	\$65.85
	\$77.87		Single Family (per dwelling unit)	15	\$82.08	\$88.03	\$94.41	\$101.25
			Commercial Meter Size					
			3/4"	15	\$82.08	\$88.03	\$94.41	\$101.25
			1"	25	\$136.80	\$146.72	\$157.36	\$168.77
			1 1/2"	50	\$273.60	\$293.44	\$314.71	\$337.53
			2"	80	\$437.76	\$469.50	\$503.54	\$540.05
			3"	160	\$875.52	\$939.00	\$1,007.08	\$1,080.09
<b>Excessive Use Rate (\$/1,000 gallons)</b> Rate for use over 16,000 per Non-residential EDU	\$4.65	\$4.79	<b>Excessive Use Rate (\$/1,000 gallons)</b> Rate for use over the amounts shown above for all customers		\$4.10	\$4.40	\$4.72	\$5.06

**Table 3: Current and Proposed Monthly Sewer Rates**

CURRENT		PROPOSED						
		Customer Class	FY2027	FY2028	FY2029	FY2030	FY2031	
All Customers	Base Fee		July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030	
Rate per EDU	\$43.03	Multifamily Total Fee	\$34.66	\$37.77	\$42.68	\$48.44	\$54.98	+9.0% +13.0% +13.5% +13.5%
		Single Family Total Fee	\$44.00	\$47.96	\$54.19	\$61.51	\$69.81	
		School per Student	\$1.35	\$1.47	\$1.66	\$1.88	\$2.13	
		Commercial Base Fee	\$44.00	\$47.96	\$54.19	\$61.51	\$69.81	
		Commercial Flow*	\$5.47	\$5.96	\$6.73	\$7.64	\$8.67	
		(*over the first 6,000 gallons of metered water use)						

EDU – equivalent dwelling unit. Non-residential customers are currently assigned EDUs based on their estimated water consumption or sewer flow and land use. Residential customers are assigned 1 EDU per dwelling unit.

## How to Participate

The proposed rate increases are governed by section 6 of Article XIII D of the California Constitution (Proposition 218), Government Code sections 53751 et seq. and 53759 et seq., and related laws. Property owners subject to the proposed rates and ratepayers may participate in this ratemaking in a variety of ways. More information and the Rate Study Report are on the City's website at <https://www.cityofwestmorland.net/> or you can call (760) 344-3411.

The City will hold a public hearing on April 1, 2026, to receive public comment, including any written protests to the proposed rates. Any property owner or ratepayer may submit one written protest per parcel. Immediately following the close of the public hearing on April 1, 2026, protests will be counted and validated. If valid protests are submitted for a majority (50% plus 1) of the parcels subject to the proposed rate increases, the City Council will not adopt the rates.

### **Every written protest MUST include ALL of the following to be counted:**

1. A statement that it is a protest against the proposed water rates, sewer rates, or both;
2. Name of the property owner or customer who is submitting the protest;
3. Identification of the assessor's parcel number or street address (service address) of the property for which the protest is made; and
4. An original signature of the record owner or customer who is submitting the protest.

Written protests may be submitted by:

1. Mail to: Prop 218 Protest, 355 South Center St, Westmorland, CA 92281; or
2. In-person delivery during normal business hours at 355 South Center St, Westmorland, CA 92281; or
3. In-person delivery at the Public Hearing, before the end of the Public Hearing.

**Regardless of how the written protest is submitted, it must be received by the City before the end of the public hearing to be held on April 1, 2026, beginning at 6:00 p.m. at 355 South Center Street (City Council chambers), Westmorland, CA 92281.** (Postmark dates will not be accepted.) To ensure protests are genuine, they will not be accepted by e-mail or other electronic means. Please identify on the front of the envelope for any written protest, whether mailed or submitted in person to the City, that the enclosed protest is for the Proposition 218 Protest. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest, but the Council welcomes all public input.

At the end of the public hearing, written protests will be counted in public view. Only one written protest per parcel in the City's service area (i.e. address/assessor parcel number) will be counted. If valid written protests are not submitted for a majority (50% plus 1) of the properties subject to the fees, the Council may adopt the proposed rates. The first rate change, if approved, will take effect on or after July 1, 2026.

**Pursuant to California Government Code 53759, a 120-day statute of limitations applies to any legal challenge to a new, increased, or extended fee adopted by the City Council pursuant to this notice. If you challenge this proposal in court, you may be limited to raising only those issues you, or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Clerk at, or prior to, the public hearing.**



# Water and Sewer Rate Study

City of Westmorland

January 7, 2026





# Background

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- The City of Westmorland currently provides water and sewer service to about 544 customers
- The City last conducted a water and sewer rate study in 2019
  - In 2023 and 2024 rates were increased as a catch up of two years of postponed rates
  - Customers are currently billed per equivalent dwelling unit
  - Commercial customers are metered and billed an excessive water usage rate
- This rate update is a 5-year plan with new rates proposed to go into effect each July 1 from 2026 through 2030 (no increase in 2025)
- This rate study will transition residential customers from fixed to metered water rates beginning July 1, 2027
- New proposed rates for multifamily customers
- New proposed 10% senior discount



# Legal Requirements: Proposition 218

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- Governs how water and sewer service charges can be calculated and adopted
  - Rates can be adopted over a maximum 5-year period with a single study
  - Rates must be based on the reasonable cost of providing service
  - Rates must proportionally recover costs based on how customers take service
- Procedural requirements for adopting rate adjustments: mail a notice of hearing and conduct hearing at least 45 days later
- Ratepayers can block the increase with a 50% protest



# WATER ENTERPRISE



# Current Monthly Water Rates

Current Water Monthly Rate per EDU	
\$75.60	

Water Equivalent Dwelling Units		
Land Use	Water EDUs	Billing Unit
Residential Dwelling Units	1.00	per dwelling unit
Grocery / Liquor Store / Retail	0.24	per 1,000 sq. ft
Truck Stops / Cafes / Restaurants	0.73	per 1,000 sq. ft
Motels	0.30	per room
Bars & Pool Halls	0.85	per 1,000 sq. ft
Laundromats	0.85	per washer
Light Industrial	0.31	per 1,000 sq. ft
Warehouse	0.05	per 1,000 sq. ft
Service Stations	1.04	per station
Schools	0.33	per 1,000 sq. ft
Churches / Public Halls	0.12	per 1,000 sq. ft
Public Facilities	0.29	per 1,000 sq. ft
Bulk Water Sales	1.00	per 16,000 gallons

1 EDU =  
equivalent  
dwelling unit

= 16,000 gallons  
per month for  
non-residential  
customers

Unlimited water  
use for  
residential  
customers



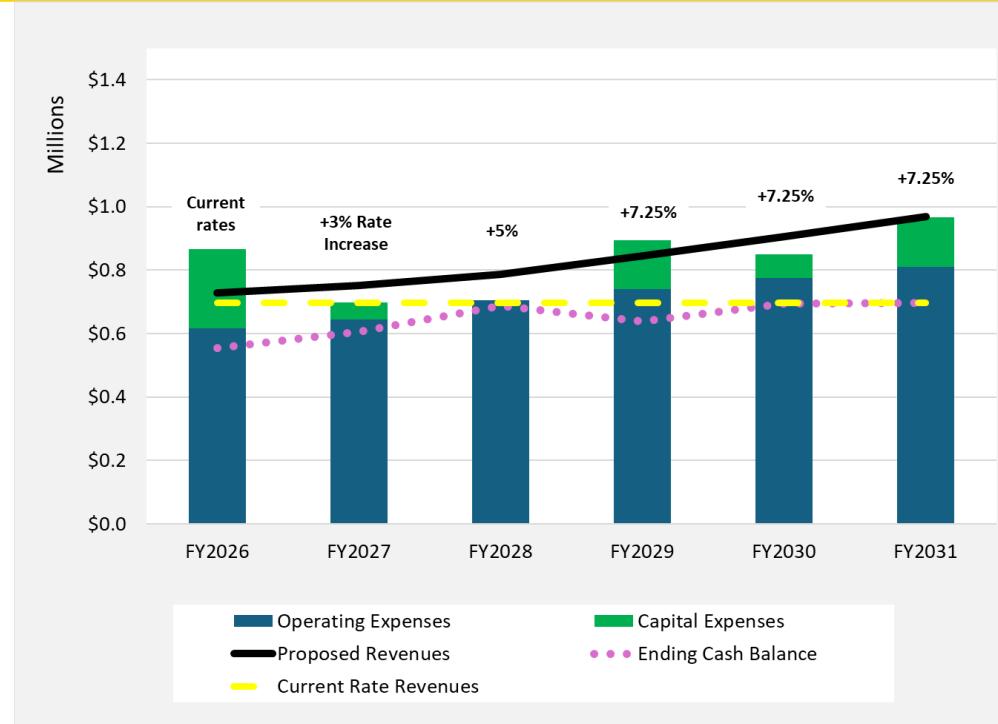
# Current Water System Financial Standing

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- Current reserves of about **\$690,000**
- Current revenues of about **\$730,000** are covering expenses of about **\$616,000** resulting in net positive revenues of about **\$114,000**.
- City has secured large grants for water filter replacements, main replacements, and the water treatment plant upgrade
- However, the City must fund other needed infrastructure improvements totaling \$690,000 over 5 years
  - Cost overrun on existing construction projects (\$250,000)
  - Pumps (\$200,000)
  - Vehicles (\$165,000)
  - Other equipment (\$75,000)



# Water Financial Projection



Average revenue increases shown above. Not every customer will receive exactly the % increase shown due to rate structure changes.

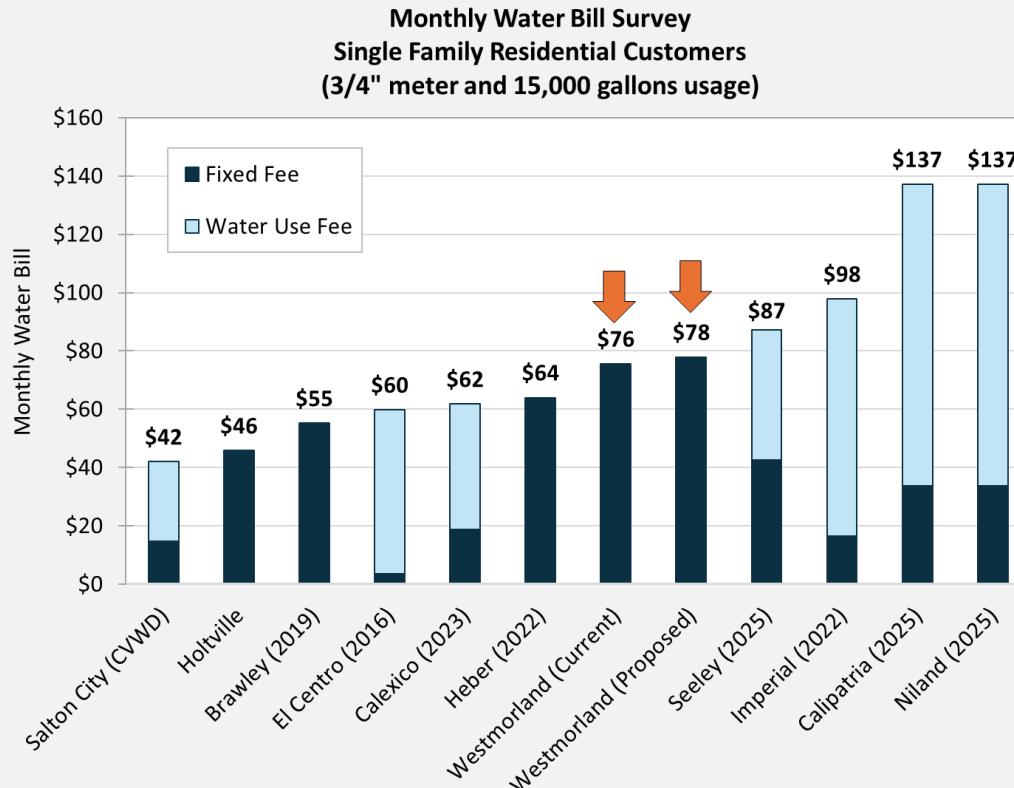


# Proposed Monthly Water Rates

All Customers	CURRENT	FY2027	Customer Class	Water Included in	FY2028	FY2029	FY2030	FY2031
	Base Fee	July 1, 2026		Base Fee (1,000 gal)	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Rate per EDU	\$75.60	\$77.87	Multifamily	8	\$53.38	\$57.25	\$61.40	\$65.85
			Single Family	15	\$82.08	\$88.03	\$94.41	\$101.25
			Commercial Meter Size					
			3/4"	15	\$82.08	\$88.03	\$94.41	\$101.25
			1"	25	\$136.80	\$146.72	\$157.36	\$168.77
			1 1/2"	50	\$273.60	\$293.44	\$314.71	\$337.53
			2"	80	\$437.76	\$469.50	\$503.54	\$540.05
			3"	160	\$875.52	\$939.00	\$1,007.08	\$1,080.09
Excessive Use Rate (\$/1,000 gallons)			Excessive Use Rate (\$/1,000 gallons)					
Rate for use over 16,000 per Non- residential EDU	\$4.65	\$4.79	Rate for use over the amounts shown above for all customers		\$4.10	\$4.40	\$4.72	\$5.06



# Water Survey





# SEWER ENTERPRISE



# Current Monthly Sewer Rates

Current Monthly Sewer Rates per EDU		
\$43.03		
Wastewater Equivalent Dwelling Units		
Land Use	Wastewater EDUs	Billing Unit
Residential Dwelling Units	1.00	per dwelling unit
Grocery / Liquor Store / Retail	0.39	per 1,000 sq. ft
Truck Stops / Cafes / Restaurants	1.18	per 1,000 sq. ft
Motels	0.49	per room
Bars & Pool Halls	1.38	per 1,000 sq. ft
Laundromats	1.36	per washer
Light Industrial	0.50	per 1,000 sq. ft
Warehouse	0.08	per 1,000 sq. ft
Service Stations	1.87	per station
Schools	0.43	per 1,000 sq. ft
Churches / Public Halls	0.19	per 1,000 sq. ft
Public Facilities	0.39	per 1,000 sq. ft
Bulk Water Sales	1.38	per 16,000 gallons

1 EDU =  
equivalent  
dwelling unit

= 16,000 gallons  
of sewer flow per  
month for non-  
residential  
customers



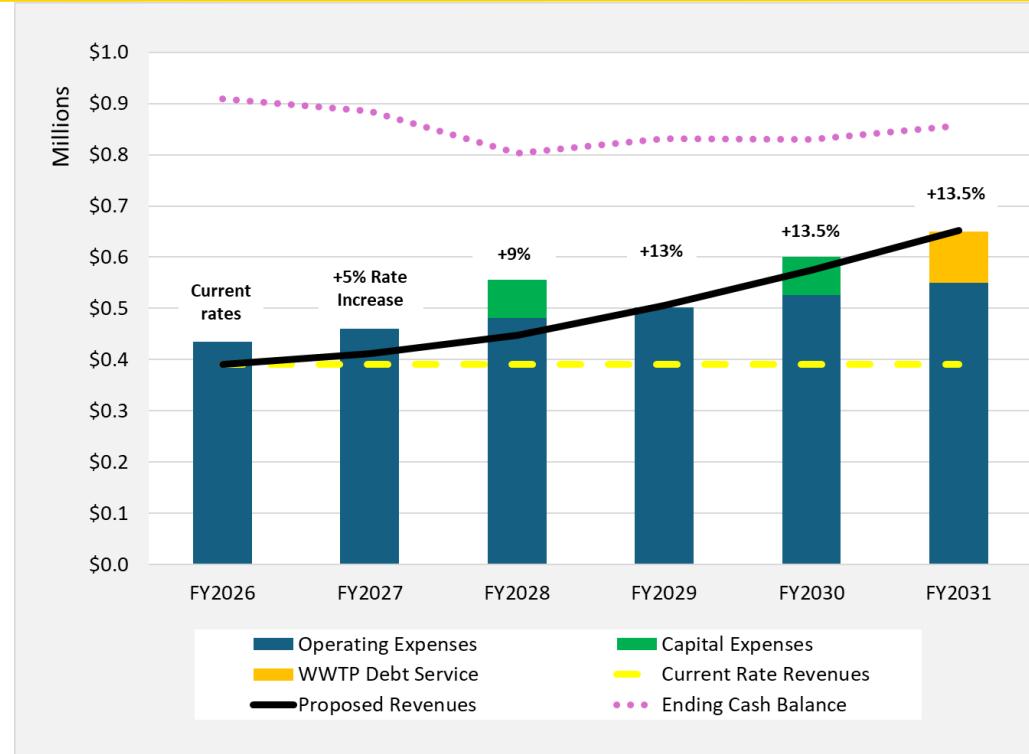
## Current Sewer System Financial Standing

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- Current reserves of about **\$930,000**
- Current revenues of about **\$416,000** are NOT covering expenses of about **\$435,000** resulting in deficit of about **\$19,000**.
- The City intends to fund \$150,000 of equipment costs.
- It is anticipated that the City will conduct improvements to the wastewater treatment plant in 5 to 6 years. It is estimated that the City would receive a 0% interest loan for \$4M of project costs over 40 years resulting in about \$100,000 annual debt service.



# Sewer Financial Projection



Average revenue increases shown above. Not every customer will receive exactly the % increase shown due to rate structure changes.



# Proposed Monthly Sewer Rates

Multifamily Fee is based on 4,500 gallons of flow per dwelling unit

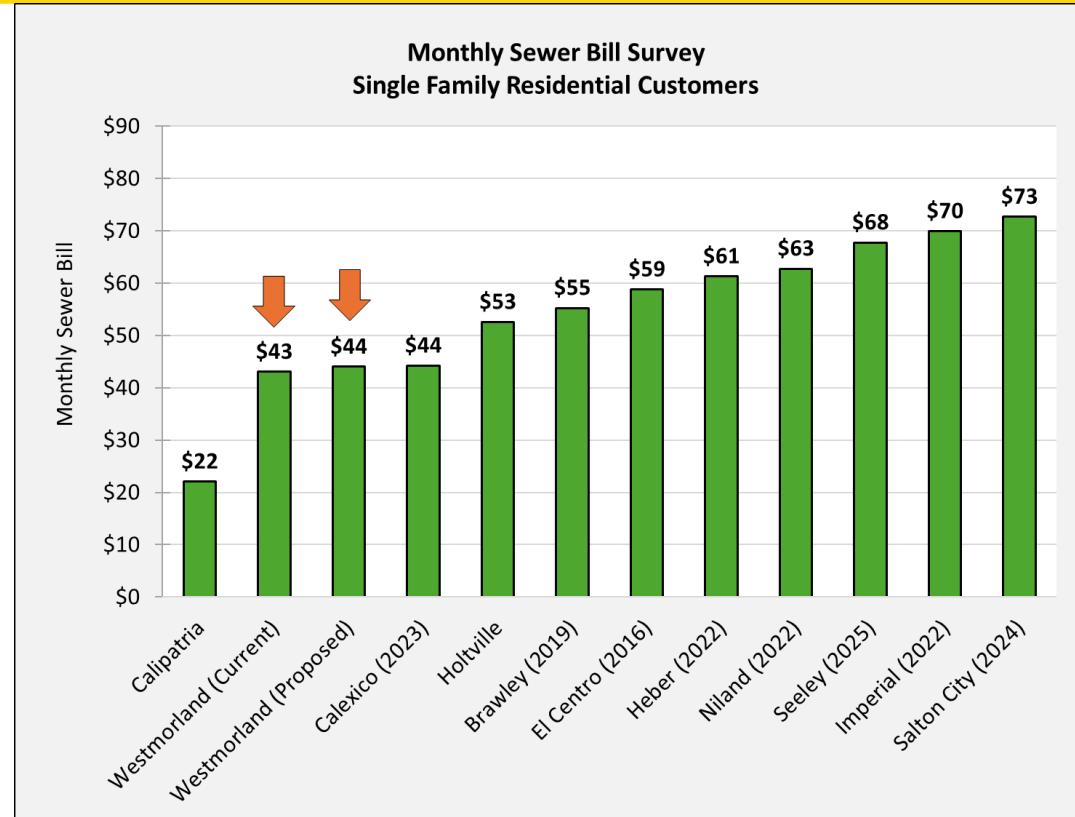
Single Family Fee is based on 6,000 gallons of flow per dwelling unit

School Fee per student is based on 7 gallons per day of flow per student

CURRENT		Effective Date	PROPOSED				
All Customers	Base Fee		FY2027	FY2028	FY2029	FY2030	FY2031
		July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030	July 1, 2031
			+9.0%	+13.0%	+13.5%	+13.5%	
		Multifamily Total Fee	\$34.66	\$37.77	\$42.68	\$48.44	\$54.98
Rate per EDU	\$43.03	Single Family Total Fee	\$44.00	\$47.96	\$54.19	\$61.51	\$69.81
		School per Student	\$1.35	\$1.47	\$1.66	\$1.88	\$2.13
		Commercial Base Fee	\$44.00	\$47.96	\$54.19	\$61.51	\$69.81
		Commercial Flow*	\$5.47	\$5.96	\$6.73	\$7.64	\$8.67
		(*over the first 6,000 gallons of metered water use)					

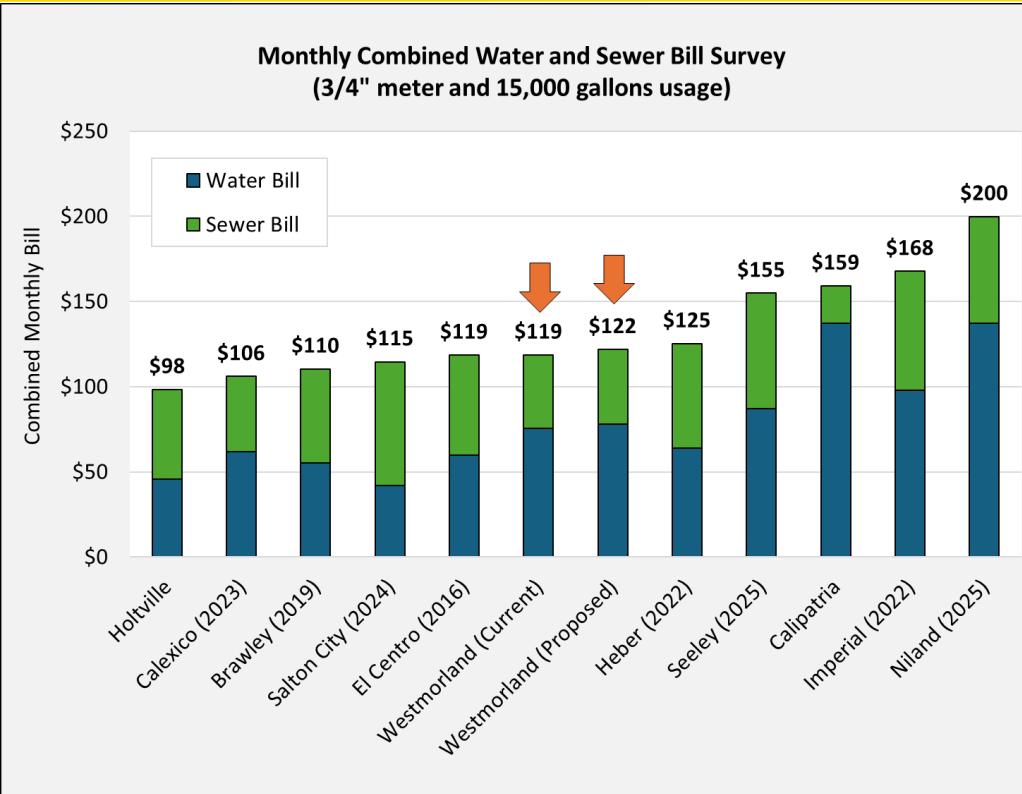


# Sewer Survey





# Water & Sewer Survey





# Single Family Water & Sewer Bill Impacts

Current	FY2027	FY2028	Proposed FY2029	FY2030	FY2031
Effective Date	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Water	\$75.60	\$77.87	\$82.08	\$88.03	\$94.41
Sewer	<u>\$43.03</u>	<u>\$44.00</u>	<u>\$47.96</u>	<u>\$54.19</u>	<u>\$61.51</u>
Total Bill	\$118.63	\$121.87	\$130.04	\$142.22	\$155.92
Increase		3%	7%	9%	10%
\$ Increase		\$3.24	\$8.17	\$12.18	\$15.14



# MultiFamily Water & Sewer Bill Impacts

Current	FY2027	FY2028	Proposed FY2029	FY2030	FY2031
Effective Date	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Water	\$75.60	\$77.87	\$53.38	\$57.25	\$61.40
Sewer	<u>\$43.03</u>	<u>\$34.66</u>	<u>\$37.77</u>	<u>\$42.68</u>	<u>\$48.44</u>
Total Bill	\$118.63	\$112.52	\$91.15	\$99.93	\$120.83
Increase		-5%	-19%	10%	10%
\$ Increase		(\$6.11)	(\$21.37)	\$8.78	\$9.91
					\$10.99



# Senior Discount

- 10% discount on the total water + sewer bill
- City estimates about 80 senior single family homes
- Total cost over 5 years under the proposed rates: \$69,235

	FY2027	FY2028	Proposed FY2029	FY2030	FY2031
Effective Date	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Water	\$7.79	\$8.21	\$8.80	\$9.44	\$10.13
Sewer	<u>\$4.40</u>	<u>\$4.80</u>	<u>\$5.42</u>	<u>\$6.15</u>	<u>\$6.98</u>
Total Discount	\$12.19	\$13.01	\$14.22	\$15.59	\$17.11
Total Cost	\$11,702	\$12,490	\$13,651	\$14,966	\$16,426



# Tentative Schedule

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- January 7, 2026: Present final rates to City Council; Initiate Proposition 218 process
- February 13, 2026: Mail Proposition 218 notice of public hearing (47 days in advance)
- April 1, 2026: Proposition 218 Hearing

