

Staff Report

TO: Board of Directors

FROM: Jennifer Hanson, General Manager

DATE: August 6, 2026

SUBJECT: Water Service Rate Schedule, 2027

ADMINISTRATION

RECOMMENDATION:

It is recommended that the Board of Directors adopt a resolution to establish the water rates for 2027.

BACKGROUND:

On May 27, 2026, the Board of Directors conducted a public hearing to adopt Proposition 218-compliant water rates for 2027 through 2031. The adopting resolution approved a rate schedule that established the maximum water rates that could be implemented each year of the rate period. In the adopting resolution, the Board of Directors included guidelines that would be considered each year before approval of the actual water rates implemented annually. Below is a summary of each of the guidelines and the specific actions taken to establish the 2027 water rates:

- a) The Board of Directors will, by formal action in an open and public meeting, set the actual rate increase annually before the adoption of the following year's annual budget.

Implementation: Meeting to be held on August 6, 2026.

- b) The Board of Directors will hold two or more public workshops before setting the following year's rates.

Implementation: Two workshops were held on July 22, 2026, and July 28, 2026.

- c) Potential decreases in actual annual rate adjustments will be considered separately for irrigation and treated water customers.

Implementation: The treated water allocation between the fixed and volumetric charges is maintained in the proposed rates for 2027, and the remaining rate increase is proposed to be 9 percent. For irrigation rates, the proposed 2027 rates do not implement the Proposition 218-noticed reallocation and instead are based on a flat 9 percent increase when compared to the existing irrigation rates. Proposed 2027 rates for both customer classes are less than the Proposition 218 noticed rates.

- d) The Board of Directors will consider the District's receipt of extraordinary external revenue, if any, for potentially lowering annual rate increases.

Implementation: The reduced increase proposed for 2027 is partially due to increased hydropower revenues collected in 2025, resulting in higher beginning year balances for Fund 50.

- e) The Board of Directors will consider the projected rolling five-year unspent fund balance at the fiscal year end for both Funds 10 and 50 for potentially lowering annual rate increases.

Implementation: The reduced increase proposed for 2027 is partially due to decreased actual hydropower expenditures in 2025, resulting in higher beginning fiscal year fund balances for Fund 50.

- f) The Board of Directors will consider the cost-benefit of infrastructure improvements before approval of any capital improvement project.

Implementation: This guideline will be implemented during the 2027 annual budget process.

- g) The Board of Directors will direct Staff to aggressively look for external sources of revenue and cost-cutting measures, including private and public partnerships, governmental grants, reduction of unfunded mandates, and out-of-the-box options.

Implementation: Staff provided an update at the July 22, 2026, Board of Directors meeting regarding potential grant opportunities.

- h) The Board of Directors directed staff to explore developing a grant program for agricultural efficiencies and water conservation to reduce water use and costs for the District's participating irrigation water users.

Implementation: Staff is establishing a stakeholder committee to solicit input on developing an agricultural efficiencies and water conservation grant program.

FINDINGS AND ANALYSIS:

Staff is recommending a reduced water rate increase for 2027 for both treated and inside District irrigation customers. The attached rate schedule will result in a projected revenue loss over the five-year rate period of \$8,640,055.

To offset the projected revenue loss associated with this reduced rate increase, it is proposed that excess fund balance associated with Fund 50 Hydroelectric be transferred annually to Water Fund 10. Below is the proposed transfer schedule. Please note that actual transfers will be approved during the Annual Budget Process.

	2027	2028	2029	2030	2031	Total
Total Lost Revenue	\$1,277,966	\$1,463,820	\$1,680,808	\$1,957,465	\$2,259,995	\$8,640,055

ALTERNATIVES: Alternatively, the Board could choose to implement no rate increase or a lower rate increase.

ENVIRONMENTAL ANALYSIS: A utility rate is not subject to the provisions of the California Environmental Quality Act (CEQA) because a rate study and/or increase is not a project as defined in CEQA Guidelines section 15378, since it will not have a direct or reasonably foreseeable indirect impact on the environment.

BUDGETARY IMPACT:

If approved, the proposed rate schedule will result in a \$1,277,966 transfer in 2027 from Fund 50 to Fund 10.

JH

Attachments: Two (2)

Water Service Rate Schedule

Resolution 2026-30 Adopting New Water Service Rate Schedule

Nevada Irrigation District
Rate Schedule

	2026	2027	2028	2029	2030	2031
Treated Water Rates	Existing		<===== Proposed* =====>			
Inside District Monthly Fixed Service Charges (\$ per Service per Month)						
5/8"	\$29.33	\$31.68	\$35.64	\$40.10	\$45.11	\$50.75
3/4"	44.00	47.52	53.46	60.14	67.66	76.12
1"	73.34	79.20	89.10	100.24	112.77	126.87
1.5"	146.67	158.40	178.20	200.48	225.54	253.73
2"	234.68	253.44	285.12	320.76	360.86	405.97
3"	469.35	506.88	570.24	641.52	721.71	811.92
4"	733.36	792.00	891.00	1,002.38	1,127.68	1,268.64
6"	1,466.72	1,584.00	1,782.00	2,004.75	2,255.34	2,537.26
8"	2,346.75	2,534.40	2,851.20	3,207.60	3,608.55	4,059.62
Outside District Monthly Fixed Service Charges (\$ per Service per Month)						
5/8"	36.67	43.16	48.56	54.63	61.46	69.14
3/4"	55.00	64.73	72.82	81.92	92.16	103.68
1"	91.67	107.89	121.38	136.55	153.62	172.82
1.5 "	183.34	215.76	242.73	273.07	307.20	345.60
2"	293.34	345.22	388.37	436.92	491.54	552.98
3"	586.69	690.45	776.76	873.86	983.09	1,105.98
4"	916.70	1,078.82	1,213.67	1,365.38	1,536.05	1,728.06
6"	1,833.40	2,157.64	2,427.35	2,730.77	3,072.12	3,456.14
8"	2,933.44	3,452.22	3,883.75	4,369.22	4,915.37	5,529.79
Additional Monthly Regulatory Fee (\$ per Service per Month)						
All Treated Customers	1.90	0.00	0.00	0.00	0.00	0.00
Inside District Volumetric Rates (\$ per HCF)						
Tier 1 (0-5 HCF)	2.42	3.11	3.50	3.94	4.43	4.98
Tier 2 (>5 HCF)	3.13	3.11	3.50	3.94	4.43	4.98
Outside District Volumetric Rates (\$ per HCF)						
Tier 1 (0-5 HCF)	3.03	4.26	4.79	5.39	6.06	6.82
Tier 2 (>5 HCF)	3.91	4.26	4.79	5.39	6.06	6.82
	2025	2027	2028	2029	2030	2031
Raw Water Rates	Existing		<===== Proposed* =====>			
Fixed Service Charges (\$ per Customer per Season)						
In-District						
Summer	\$570.99	\$622.38	\$700.18	\$787.70	\$886.16	\$996.93
Winter	713.73	777.97	875.21	984.61	1,107.69	1,246.15
Annual	1,284.72	1,400.34	1,575.39	1,772.31	1,993.85	2,243.08
Out-District Raw Water						
Summer	713.73	1,151.87	1,295.85	1,457.83	1,640.06	1,845.07
Winter	890.74	1,298.41	1,460.71	1,643.30	1,848.71	2,079.80
Volumetric Rates (\$ per Miners Inch)						
In-District						
Summer	336.48	366.76	412.61	464.18	522.21	587.48
Winter	420.61	458.46	515.77	580.24	652.78	734.37
Annual	757.09	825.23	928.38	1,044.43	1,174.98	1,321.86
Out-District Raw Water						
Summer	420.61	1,560.03	1,755.03	1,974.41	2,221.21	2,498.86
Winter	524.91	1,639.73	1,844.70	2,075.29	2,334.70	2,626.54
Volumetric Rates (\$ per Acre Foot)						
Inside Municipal	296.79	104.25	117.28	131.94	148.43	166.98
Outside Municipal	370.99	233.82	263.05	295.93	332.92	374.54
	2025	2027	2028	2029	2030	2031
Pumping Charges (\$ per Acre Foot)	Existing		<===== Proposed* =====>			
Magnolia #3	\$62.94	\$47.97	\$48.01	\$48.05	\$48.09	\$49.09
Edgewood Ditch	15.58	14.43	14.47	14.51	14.55	15.55

* 2028-2031 rates to be refined and approved each year by the NID Board of Directors.



RESOLUTION NO. 2026-30
OF THE BOARD OF DIRECTORS OF THE NEVADA IRRIGATION DISTRICT
ADOPTING NEW WATER SERVICE RATE SCHEDULE

WHEREAS, the Nevada Irrigation District (District) provides high-quality drinking water, reliable untreated irrigation water, generates hydroelectric power, provides recreation services, and protects water resources and the local environment; and

WHEREAS, the District relies on rate revenue to fund the operation, repair, maintenance, and improvement of its water system and to continue to reliably provide water services; and

WHEREAS, the District retained an independent rate consultant, Bartle Wells Associates, to assess potential increases in treated and irrigation water and complete a 2026 Cost of Service Study dated March 25, 2026, to comply with the requirements of applicable law, including Proposition 218 (California Constitution, Article XIII D, section 6); and

WHEREAS, on May 27, 2026, the Board of Directors held a public hearing and approved allowable water rates for 2027 through 2031; and

WHEREAS, per Proposition 218, the Board of Directors can adopt annual rates that are at or below the noticed rates; and

WHEREAS, in accordance with the rate approval resolution, the Board of Directors held two public workshops (July 22, 2026, and July 28, 2026) to discuss the actual rate increase for 2027; and

WHEREAS, at the Board of Directors public workshops, rate increases lower than those included in the Proposition 218 Cost of Service Study and the Proposition 218 notice were presented for inside District treated and irrigation water customers; and

WHEREAS, to offset the reduction in rate revenue recovery from the noticed rates, excess monies from Hydroelectric Fund 50 will be transferred to Water Fund 10 in the amount of \$1,277,966 once the 2027 Annual Budget is adopted; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Nevada Irrigation District that the attached rate schedule will be implemented for 2027. This Resolution shall take immediate effect upon its adoption.

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PASSED AND ADOPTED by the Board of Directors of the Nevada Irrigation District at a regular meeting held on the 6th day of August 6, 2026, by the following vote:

AYES:	Directors:
NOES:	Directors:
ABSENT:	Directors:
ABSTAINS:	Directors:

President of the Board of Directors

Attest:

Secretary to the Board of Directors