



**NOTICE OF SPECIAL MEETING
OF THE
BOARD OF DIRECTORS OF THE SERRANO WATER DISTRICT**

The Board of Directors of the Serrano Water District will hold a Special meeting-Public Hearing on Proposal to increase and adjust Serrano Water District's Water Rates. The Special meeting of the District's Board of Directors will be held at 5:00 p.m. on Wednesday, May 27, 2026 at Serrano Water District located at 18021 Lincoln Street Villa Park, CA. 92861. The only items of business to be considered at this special meeting are as set forth in the following agenda.

AGENDA

Wednesday, May 27, 2026 – 5:00 p.m.

Join Zoom Meeting

<https://us06web.zoom.us/j/85184048296?pwd=4brx3KH7bH2CTAhgzSj0tG3bX6nJP.1>

Meeting ID: 851 8404 8296

Passcode: 198610

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1. PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE
 2. ROLL CALL
 3. CONDUCT PUBLIC HEARING ON PROPOSAL TO INCREASE AND ADJUST SERRANO WATER DISTRICT'S WATER RATES FOR A PERIOD OF FIVE YEARS BETWEEN FY 2026/27 AND FY 2030/31 PER PROPOSITION 218

Recommended Actions:

- a. Review and consider Staff Report, and Exhibits and Attachments thereto, as well as additional materials referenced therein (including, but not limited to, the Rate Study found on the District website at <https://www.serranowater.org/prop-218-public-hearing>).
- b. Conduct public hearing on proposed water rate increase and consider testimony and staff reports provided during said hearing.
- c. Receive public comment pursuant to Proposition 218 requirements. Public comment can be made in person at District offices or virtually through zoom link provided above.

d. Consider and tabulate all written protests received at the District before the close of the public hearing. To be considered a valid protest, protests must be in writing and received at the District, via U.S. Mail or in person delivery, prior to the close of the public hearing on May 27, 2026.

e. If insufficient written protests are filed, adopt Resolution No. 2026-05-01 (the "Resolution") authorizing: (1) increases to SWD's Readiness to Serve/Fixed Meter Charge and Commodity/Volumetric Charge between 2026 and 2031; (2) annual adjustments of SWD rates between 2026 and 2031 to pass through wholesale water cost increases (imported water and groundwater replenishment) imposed on the District by the District's wholesale water suppliers (MWDOC and OCWD) between 2026 and 2031; (3) annual adjustments of SWD rates for inflation between 2026 and 2031 per the CPI in the Los Angeles Region as described in the Resolution.

4. DIRECTORS' COMMENTS AND REPORTS

Recommended Action: Informational only. No action required.

5. ATTORNEY'S REPORT

Recommended Action: Board discretion.

6. ADJOURNMENT

As a general rule, agenda reports or other written documentation have been prepared or organized with respect to each item of business listed on the agenda. Copies of these materials and other disclosable public records distributed to all or a majority of the members of the Board of Directors in connection with an open session agenda item are on file with and available for inspection at the office of Serrano Water District, 18021 East Lincoln Street, Villa Park, California, during regular business hours, 8:00 a.m. to 4:30 p.m., Monday through Friday. If such writings are distributed to members of the Board of Directors on the day of a Board meeting, the writings will be available in the Board of Directors meeting room at the Serrano Water District office.

CERTIFICATION OF POSTING

I hereby certify that this Notice of Special Meeting of the Board of Directors of the Serrano Water District was posted in the window of Serrano Water District office, described above, at 9:00 a.m. on May 22, 2026.

Dated: May 22, 2026

Jerry Vilander
Jerry Vilander
Title: General Manager

MEMORANDUM

PROPOSITION 218 APPROVAL HEARING FOR PROPOSED 2026-31 WATER RATES

DATE: 05/27/2026
TO: President and Board Members
FROM: Jerry Vilander, General Manager
SUBJECT: Proposed Approval of District Rates Between July 1, 2026 and June 30, 2031

Discussion

The District's currently adopted five-year water rate schedule extends through FY 2025/26 and would accordingly lapse on June 30, 2026 absent Board action per Proposition 218. Water Resources Economics (WRE) was engaged by the District in October 2025 to prepare a Water Rate Study (Study). The Study supports a five year set of rates that are needed for the District to recoup its costs and continue providing high quality water service to its customers. The new rates supported by the Study, if approved by the Board, will take effect on July 1, 2026 and continue through June 30, 2031. A final version of the Study¹ is on the District's website at <https://www.serranowater.org/prop-218-public-hearing>, and is incorporated herein by reference. The Study supports the rates that District staff is proposing for the next five years in Resolution 2026-05-01, enclosed herewith as Exhibit "1", and demonstrates that the District will not exceed the cost of service for the water it will provide District customers over the next five years.

The District, per Prop 218, provided notice of the proposed rate increase—scheduled for District Board consideration and possible approval today— in the Prop 218 Notice ("Notice") which the District sent to 2,361 District ratepayers on March 27, 2026. The list of the persons who were sent the Notice is at the District offices and is available upon request. A copy of the Notice is attached hereto, and incorporated herein, as Exhibit "2." The Notice contained the proposed rates, the justification therefore, and all of the other procedural and substantive requirements of Prop 218 with regard to ratepayer notice.

¹ The Study incorporated an updated cost-of-service analysis in accordance with industry standard guidelines developed by the American Water Works Association.

Proposed Rates:

The Board is being asked today, upon completion of a public hearing and determination that there is no majority protest, to establish a five-year schedule of water rates for FY 2026/27 through FY 2030/31 that will allow the District to continue to provide high quality and reliable water service to its customers for the next five years.

WRE presented the results of the Study to the Board of Directors at the January 27, 2026 Board Meeting, received feedback from the Board, and presented the proposed rates and cost justification therefore again on March 19, and May 14, 2026. The Study determined that given the substantial inflation that has occurred since the District last raised rates in 2021, along with the significant need to repair and replace aging District infrastructure that is either at or beyond its designed useful life, the District needs to generate rate revenue increases of approximately 9% per year over the next five fiscal years in order to meet the District's projected funding requirements between 2026 and 2031.

Pass Through Costs:

Because wholesale water costs for water obtained from other agencies, and inflation, over the next five years is hard to predict (and fully outside of the District's control), California Government Code section 53756 authorizes District Staff to annually adjust the charges approved in Sections 3 and 4 of Resolution 2026-05-01 ("Resolution") if these "pass through" costs cause the District to have insufficient funds to meet all water service obligations (which include, among other things, operations, maintenance, administration, and current/anticipated capital repair, replacement and rehabilitation of District facilities). Government Code § 53756 authorizes the District, if approved as part of its Proposition 218 process, to administratively "pass through" the following costs to District ratepayers: (a) the entirety of any annual increase in the Municipal Water District of Orange County ("MWDOC") wholesale rates, fees and charges imposed on the District by MWDOC after July 1, 2026, and associated with MWDOC's supply of imported water to the District; (b) the entirety of any increase in replenishment assessments, additional replenishment assessments, basin equity assessments, and other wholesale groundwater replenishment related charges and fees adopted or imposed by the Orange County Water District ("OCWD") on the District after July 1, 2026; (c) the costs of inflation within the Los Angeles Metropolitan Statistical Area where real inflation over the prior twelve months exceeds the inflation percentages already budgeted into the rates proposed in sections 3 and 4 of the Resolution enclosed herewith.

These wholesale pass-through rate adjustments are authorized annually until June 30, 2031. However, no pass-through is authorized if it will result in an increase of the District's rates in a manner that results in the District generating revenue in excess of its cost to provide water service. Indeed, as occurred in fiscal year 2025-26, if District staff determine that the District's rates exceed its anticipated costs (plus reserve) as a result of a pass through cost being added to the otherwise applicable rate, then the District can simply decline to pass through the additional costs attributable to increases at OCWD and MWDOC or inflation. Prior to implementing pass through

increases from inflation, or MWDOC/OCWD wholesale charges whose five year rates are dependent on a variety of different factors outside the control of the District, the District will provide written notice of the pass through adjustments authorized herein to District customers not less than 30 days prior to the effective date of the proposed pass through adjustment.

Additional Procedural Issues:

The District cannot approve Resolution No. 2026-05-01, and the five years of rates proposed for approval therein, if after public hearing a majority of ratepayers have protested the proposed rates. The Notice instructed ratepayers on the process, and timing, for filing a written protest if they desired to do so. As of the date of the drafting of this staff report, no written protests have been received by the District. The District Board will need to confirm, prior to voting on Resolution No. 2026-05-01, that no majority protest has occurred.

Additionally, starting in January 2025, legislation took effect that sought to ensure agencies like the District are given an opportunity to respond to legal concerns about proposed rates prior to aggrieved persons initiating litigation to challenge water rates. The result was Government Code § 53759.1, which prevents initiation of Proposition 218 litigation challenging approval of rates where a water/wastewater agency was not first given an opportunity to hear and respond to legal concerns prior to their consideration for approval. Thus, as part of the Notice sent to ratepayers on March 27, 2026, the District invited all ratepayers with legal objections to the proposed rates to deliver those objections in writing to the District on or before 4:00 P.M. on May 13, 2026. The District received no such legal objections.

Recommendation

That the District Board: (1) conduct a public hearing per Prop 218;
(2) consider evidence provided by District staff and the public at the public hearing;
(3) provided a majority of ratepayers eligible to protest do not submit a valid written protest prior to the close of the public hearing, approve Resolution No. 2026-05-01 and the rates and pass through charges authorized in Resolution No. 2026-05-01.

RESOLUTION NO. 2026-05-01

RESOLUTION OF THE BOARD OF DIRECTORS OF
SERRANO WATER DISTRICT INCREASING THE AMOUNT
OF THE DISTRICT'S READINESS TO SERVE/FIXED METER
CHARGE AND THE COMMODITY/VOLUMETRIC CHARGE
FOR THE DELIVERY OF WATER SERVICE BETWEEN 2026
AND 2031

WHEREAS, Water Code Section 22280 authorizes the Serrano Water District ("District") to impose water rates and charges for any service furnished by the District, including but not limited to the use or sale of water; and

WHEREAS, the revenue generated by rates and charges of the District are necessary to fund the ongoing cost of operations and maintenance of the District, its employees and administration, its equipment and capital facilities, as well to fund a reasonable reserve reflecting the District's financial standards and sound accounting principles; and

WHEREAS, District staff—assisted by consultant Water Resources Economics ("WRE")—prepared a rate study that can be found on the District website at <https://www.serranowater.org/prop-218-public-hearing>, have analyzed the costs required to be incurred by the District in the provision of water service to the property owners, residents and water users served by the District during fiscal years 2026-2031, and

WHEREAS, District Staff have evaluated the revenues needed to continuously support the District's provision of water service, including, but not limited to the provision of customer service, administration, capital costs, debt service, operation and maintenance, District overhead, and operational and emergency contingencies, and determined, with the assistance of WRE, that the rates and charges proposed for approval in this Resolution do not exceed the estimated cost of providing service for which the proposed charges will be imposed and will otherwise comply in all other respects with the requirements of California Government Code Section 53756 and the Right to Vote on Taxes Act – Article XIII ID of the California Constitution (Proposition 218); and

WHEREAS, on March 27, 2026, District staff mailed notice (the "Notice"), in the form posted on the District website at <https://www.serranowater.org/prop-218-public-hearing> to all 2,361 parcel owners and/or tenants responsible for paying the District's rates and charges within the District's service area, informing the recipients of the District's consideration of proposed increases to the District's Readiness to Serve/Fixed Meter Charge and its Commodity/ Volumetric Charge that are proposed to take place between 2026 and 2031, as well as informing the recipients of: the amount of the proposed increases, the District's method of calculating the charges and the proposed

increases, the District's proposed approval of pass throughs and adjustments authorized by Government Code 53756, the basis and reasons for the proposed increases and pass throughs, the recipients' opportunity to file written legal objections and written protests, and the recipients' opportunity to attend and provide testimony on the proposed rate increases at a public hearing scheduled for May 27, 2026, at the District's office; and

WHEREAS, the Notice informed recipients of their right to submit written protests or legal objections by mail or in person to the District and the deadline for such written submissions; and

WHEREAS, per the Notice and Government Code 53759.1, all written legal objections were required to be filed with the District on or before 4:00 P.M. on May 13, 2026, and no such legal objections were filed with the District; and

WHEREAS, written protests were filed with the District before or during the public hearing on May 27, 2026; and

WHEREAS, on May 27, 2026, the District conducted a noticed public hearing on the proposed increases to the District's Readiness to Serve/Fixed Meter Charge and its Commodity/Volumetric Charge to take place between 2026 and 2031, considered the testimony and evidence presented at that public hearing, and accepted and considered any written protests filed with the District prior to the close of the public hearing on May 27, 2026; and

WHEREAS, of the total of 2,361 property owners and water users within the District, written protest(s) were filed or submitted by property owners or water users opposed to the proposed water rate increases and adjustments authorized to occur between 2026 and 2031.

NOW, THEREFORE, the Board of Directors of the Serrano Water District does hereby resolve as follows:

Section 1. Based upon the analysis reflected in the Rate Study prepared by District staff and WRE, and summarized in the Recitals above, and in the Staff Report and exhibits thereto, which are incorporated herein by reference, and based upon the fact that the District received no written legal objections in response to the Notice, which was posted in accordance with Government Code § 53759.1 (c) and contained all of the required information detailed therein, the Board of Directors finds and determines as follows:

- (a) The revenues derived from the proposed increases to the District's Readiness to Serve/Fixed Meter Charge and its Commodity/Volumetric Charge to take place between 2026 and 2031, will not exceed the funds required for the District to provide water service to the lands, residents and water users within the District's service area;

- (b) The revenues derived from proposed increases to the District's Readiness to Serve/Fixed Meter Charge and its Commodity/Volumetric Charge to take place between 2026 and 2031, will not be used for any purpose other than to provide District water service to the lands, residents and water users within the District's service area;
- (c) The amount of the proposed increases to the District's Readiness to Serve/Fixed Meter Charge and its Commodity/Volumetric Charge to take place between 2026 and 2031 that will be imposed upon any parcel, or person will not exceed the proportional cost of the water service attributable to such parcel or person;
- (d) The entirety of the proposed increases to the District's Readiness to Serve/Fixed Meter Charge and its Commodity/Volumetric Charges proposed to take place between 2026 and 2031, will be imposed only for water service actually used by, or available to, the property owner, resident or water user, and the proposed increases and adjustments to the District's water rates between 2026 and 2031 do not contain any standby fees or charges based on potential or future use of a service; and
- (e) No part of the proposed increases to the District's Readiness to Serve/Fixed Meter Charge and its Commodity/Volumetric Charges proposed to take place between 2026 and 2031, are imposed for general governmental services, where the service is available to the public at large in substantially the same manner as it is to the property owners, residents and water users of the District.

Section 2. The Board of Directors finds and determines that a majority of the property owners, residents and water users within the District's service area have not filed with or presented to the District written protests against the proposed increases to the District's Readiness to Serve/Fixed Meter Charge and its Commodity/Volumetric Charge proposed to take place between 2026 and 2031, and that thus there is no successful property owner majority protest to the proposed rate increases and adjustments authorized herein.

Section 3. Commencing July 1, 2026, the District's Readiness to Serve/Fixed Meter Charge for each meter size shall be the amounts listed in Table 1 below, and such amounts shall increase each year, on July 1, per the schedule in Table 1, until June 30, 2031.

METER SIZE	CURRENT RATES	Proposed July 2026	Proposed July 2027	Proposed July 2028	Proposed July 2029	Proposed July 2030
Fixed Meter/Readiness to Serve Charge (Monthly)						
1-Inch and Under	\$ 45.23	\$ 47.72	\$ 52.02	\$ 56.71	\$ 61.82	\$ 67.39
1.5-Inch	50.12	74.03	80.70	87.97	95.89	104.53
2-Inch	54.94	105.60	115.11	125.47	136.77	149.08
3-Inch	64.61	189.79	206.88	225.50	245.80	267.93
4-Inch	74.32	284.50	310.11	338.02	368.45	401.62
6-Inch	132.33	547.59	596.88	650.60	709.16	772.99

Readiness to serve charge includes 1 billing unit or one hundred cubic feet delivered per month.
 Volumetric rate starts when water use exceeds one unit of water.

Section 4. The District's Commodity/Volumetric Charge for water delivery service applied to each billing unit of water served to the lands, residents and water users within the District's service area from and after July 1, 2026 shall be \$6.08 per billing unit of water for water deliveries in excess of one unit each month, and such amount shall increase each year per the schedule in Table 2 below until June 30, 2031.

METER SIZE	CURRENT RATES	Proposed July 2026	Proposed July 2027	Proposed July 2028	Proposed July 2029	Proposed July 2030
Volumetric Rate (per HCF)						
All Water Use Exceeding One HCF Per Month	\$ 5.58	\$ 6.08	\$ 6.63	\$ 7.23	\$ 7.89	\$ 8.61

*HCF (Hundred Cubic Feet) = 748 Gallons of Water

Section 5. Through June 30, 2031, all charges described in Sections 3 and 4 of this Resolution may be adjusted annually for inflation as calculated in the U.S. Department of Labor Consumer Price Index ("CPI"), all Urban Customers, for the Los Angeles Region, https://www.bls.gov/regions/west/news-release/consumerpriceindex_losangeles.htm, but the District may only make an adjustment for inflation where District staff determine that inflation during the prior 12 months, as measured by the CPI, was higher than projected in the five year rate structure approved in sections 3 and 4 herein, and passing through of additional inflation costs above and beyond the otherwise applicable rates and charges approved in sections 3 and 4 herein will not cause the District to exceed the actual cost of providing water service to District customers.

Notice of each annual inflation adjustment shall be provided in accordance with Government Code Sections 53755 and 53756 at least 30 days prior to the adjusted rate(s) taking effect.

Section 6. Per California Government Code Section 53756, District Staff are authorized to annually adjust the charges approved in Sections 3 and 4 herein through June 30, 2031 to administratively pass through the following costs to District ratepayers: (a) the entirety of any annual increase in the Municipal Water District of Orange County ("MWDOC") wholesale rates, fees and charges imposed on the District by MWDOC after July 1, 2026, and associated with MWDOC's supply of imported water to the District; (b) the entirety of any increase in replenishment assessments, additional replenishment assessments, basin equity assessments, and other wholesale groundwater replenishment related charges and fees adopted or imposed by the Orange County Water District ("OCWD") on the District after July 1, 2026. These wholesale pass-through rate adjustments are authorized annually until June 30, 2031; however, no pass-through of MWDOC or OCWD charges shall increase the District's rates in a manner that results in the District generating revenue in excess of its cost to provide water service. Prior to implementing pass through increases from MWDOC or OCWD, the District will provide written notice of the pass-through adjustments authorized herein to District customers not less than 30 days prior to the effective date of the proposed pass-through adjustment per Government Code Sections 53755 and 53756.

Section 7. The Board of Directors reserves the right to amend or modify this Resolution, and the charges and adjustments authorized herein, at any time, upon the giving of proper notice.

Section 8. Based upon the Rate Study, the Staff Report and exhibits thereto, the presentation made to the Board at the May 27, 2026 public hearing, the rate workshops and public meetings the District conducted in October 2025, January 2026, March 2026, and on May 14, 2026, and the public comments received by the Board at such public workshops and meetings, the proposed fiscal year 2026-27 budget, and the testimony and evidence presented at the public hearing on May 27, 2026, the Board of Directors finds and declares that the increases to the District's Readiness to Serve/Fixed Meter Charge and its Commodity/Volumetric Charge authorized between 2026 and 2031, do not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") and are exempt from CEQA under Public Resources Code Section 21080(b)(8) and State CEQA Guidelines §§ 15378(b)(4) and 15273, because the increased charges and adjustments: (a) involve the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and (b) are for the purposes of meeting operating expenses (including employee wage rates and fringe benefits), purchasing or leasing supplies, equipment or materials, meeting financial reserve needs and requirements, and obtaining funds for capital projects necessary to maintain the level of service within the District's existing boundaries.

PASSED AND ADOPTED by the Board of Directors of the Serrano Water District at a Special Board meeting of the District on May 27, 2026, by the following roll call vote:

Directors: YES: Mills, Reese, Pitts, Haight, Bryant
Directors: NO:
Directors: ABSENT:

Board President
Serrano Water District

ATTEST:

District Secretary
Serrano Water District

EXHIBIT 1

RATE STUDY LINK

[https://www.serranowater.org/prop-218-public-hearing,](https://www.serranowater.org/prop-218-public-hearing)

EXHIBIT 2

PROPOSITION 218 NOTICE

How You Can Participate

The District welcomes your participation and input throughout the process as they consider the changes explained in this notice. If you have questions or comments about the District's proposed rates, you can:

Write. Property owners or account holders may submit written protests or legal objections by mail or in person to the Serrano Water District, Attention Clerk of the Board, 18021 East Lincoln Street, Villa Park, CA 92861-6446. Only one written protest per parcel should be submitted and must include the name of the record owner or customer of record, street address or utility account number, and include original signature.

Protests: Protests must be received by mail no later than May 27, 2026, and you may appear at the May 27, 2026 hearing to make comments regarding the proposed rates. Protests may also be delivered in person and must be received until the May 27, 2026, public hearing is closed.

Legal Objections: To be considered sufficient, a legal objection must be submitted in writing and must describe the nature of the objection and alleged noncompliance with sufficient specificity (enough detail) to allow the District to respond in writing. Written legal objections must be received by 4:00pm on May 13, 2026. Pursuant to Government Code Section 53759.1, failure to submit a timely and sufficient written objection will bar any right to challenge the proposed rates in a judicial proceeding. Pursuant to Government Code Section 53759, any judicial action or proceeding challenging any new, increased, or extended water fee or charge must be filed within 120 days from the effective date of the resolution adopting the fee or charge. In any legal challenge, judicial review will generally be limited to the administrative record developed by the District, as provided in Government Code Section 53759.2.

Attend the Public Hearing. Members of the public are welcome to attend the rate study workshop and public hearing regarding the proposed rate changes. At the hearing, all members of the public will have the opportunity to speak, but verbal comments alone do not qualify as a formal protest.

Public Hearing Process. At the time of the public hearing, the District will hear and consider all written protests and public comments. After the public hearing, if a majority of the property owners or account holders of the impacted parcels submit written protests in opposition to the proposed rate adjustments, then the proposed rate adjustments will not be imposed. If a majority written protest is not received, the District may adopt the proposed changes, though they are not obligated to.

Rate Study Workshop: Thursday, May 14, 2026 at 5:00pm
Public Hearing: Wednesday, May 27, 2026 at 5:00pm
Board Room, District's Administrative Office
18021 Lincoln Street, Villa Park, CA 92861

Notice of Public Hearing: Proposed Adjustments to Water Rates

This serves as notice that the Serrano Water District will conduct a public hearing to consider recommended adjustments to the District's water service rates. All members of the public are invited to attend a rate study workshop and public hearing to review the proposed rate study.



18021 East Lincoln Street
Villa Park, California 92861-6446

Notice of Public Hearing: Proposed Adjustments to Water Rates

This notice is being furnished to you by the Serrano Water District (SWD or District) pursuant to California Constitution Article XIID (also known as "Proposition 218"). Under the terms of Proposition 218, the District is required to notify the property owners of record of proposed changes to property-related fees, such as water services.



Important Information About Your Rates

Rate adjustments are based on the updated Rate Study presented to the District's Board of Directors on March 19, 2026. Additional resources, including details on how to participate in the public hearing and a full copy of the Rate Study are available at: serranowater.org/prop-218-public-hearing

All Members of the Public are Invited to Review the Rate Study and Attend:



Rate Study Workshop
Thursday, May 14, 2026 at 5:00pm

Board Room, District's Administrative Office
18021 Lincoln Street, Villa Park, CA 92861

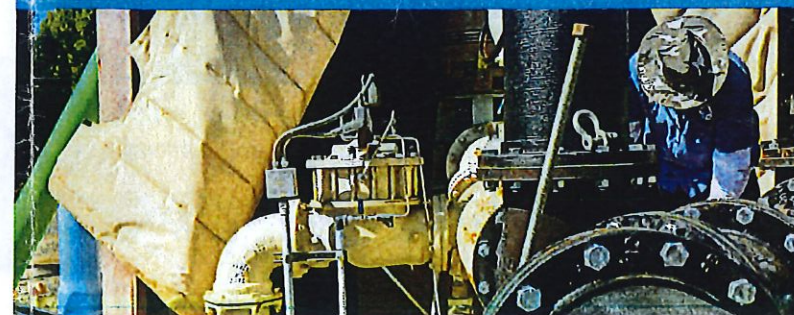


Public Hearing
Wednesday, May 27, 2026 at 5:00pm

Board Room, District's Administrative Office
18021 Lincoln Street, Villa Park, CA 92861



Details about the proposed water rate adjustments and water supply pass-through fees are included in this notice.



Why Have You Received this Notice?

You have received this information because the District is evaluating rate adjustments that would affect your water bill. SWD periodically evaluates water rates to ensure sufficient revenue is available to provide safe and reliable service.

The proposed changes are based on a rate study conducted by an independent financial consultant. The research, reasoning and analysis behind the proposed adjustments are explained in this document, will be addressed at the rate study workshop and public hearing, and are available on the District's website at: serranowater.org/prop-218-public-hearing

The meeting and hearing will cover proposed rate increases for water services and water supply pass-through fees. If approved, the proposed water rate adjustments will take effect July 2026, July 2027, July 2028, July 2029, and July 2030.

Please refer to the "How Can You Participate" section for instructions on submitting a formal written protest against the proposed action. All written protests will be verified. You may also appear at the public hearing to share any comments or concerns.



Why Are Rate Adjustments Necessary?

Rate adjustments ensure the District can continue to maintain reliable water services and invest in critical infrastructure. The updated rates will allow the District to address the long-term needs of the community, including:



Aging Mainline Replacement Project



Aging Well Replacement and Local Water Reliability Enhancement



Smith Reservoir Booster and Reservoir Replacement Project



Increased Operational Costs, Including but not Limited to Energy, Wholesale Water Supplies, and Personnel Costs

Please refer to the "Planning for the Future" section for additional information about planned projects.

What are the Proposed Rate Changes?

If approved, the average household will see an average water rate increase of 8.2% on their monthly bill beginning July 2026.



Residential customers will see the following increases in the first year.

+ \$16.99

MONTHLY AVERAGE

The majority of monthly bills are expected to increase by less than \$20.

Pass-Through Adjustments. The proposed rates include projected cost increases in imported water purchases and groundwater pumping assessments that the District pays to outside agencies. The District has little or no control over these costs. Per California Government Code Section 53756, the District reserves the right to adjust the proposed rates to pass through actual cost increases to imported water purchases and groundwater pumping assessments that exceed the projected costs presented in the 2026 Water Rate Study Report.

Costs eligible for pass-through include:

- Municipal Water District of Orange County (MWDOC) rates, fees and charges imposed on the District by MWDOC for imported water purchases and other MWDOC charges, and
- The entirety of any increase in replenishment assessments, basin equity assessments, and other charges and fees adopted or imposed by Orange County Water District (OCWD) relating to groundwater produced by the District. No pass-through event shall increase rates in a manner that results in the District exceeding its cost of providing water service.
- Additionally, Government Code 53756 authorizes a water supplier to pass through the costs of inflation where actual inflation exceeds projected inflation included in the five-year rate structure proposed herein. The District therefore proposes to authorize, but not require, annual adjustments for inflation, as measured by the Labor Consumer Price Index, All Urban Consumers, for the Los Angeles Region, <https://www.bls.gov/regions/west/news-release/consumerpriceindex-losangeles.htm> (CPI), where the District determines that inflation during the prior 12 months, as measured by the CPI, was higher than projected in the five year rate structure proposed for approval herein, and passing through of such additional inflation costs will not cause the District to exceed the actual cost of providing water service to District customers.

Prior to implementing pass-through increases as described herein, the District will provide written notice of the rate increase or increases to customers not less than 30 days prior to the effective date of the increase.

Understanding Your Rate Structure

No changes to the current water rate structure for this fiscal year were proposed as part of this rate study. The rate increases proposed herein will not take effect until July 1, 2026. The District's current water rate structure includes:

Fixed Meter/Readiness to Serve Charge. Meter charges are fixed and based on the meter size. This charge is the same each month regardless of how much water is used each billing period. It is calculated to recover a portion of the District's fixed costs, including administration, billing and collections, customer service, meter reading and maintenance, and a portion of costs to provide and meet system capacity (water treatment, distribution, and storage).

Commodity/Volumetric Charge. The commodity/volumetric charge structure consists of a single rate per unit of water consumed. It is calculated based on the cost of providing water, including water treatment costs, groundwater extraction, and purchasing imported water. It also recovers costs for the District's capital improvement and conservation programs.

SWD is committed to providing the highest quality services at the lowest possible rates for its customers.

While the District continually strives for cost reductions and better utilization of the assets it holds, it also requires rate adjustments to allow the District to continue operating its facilities in a safe manner.

District Overview

SWD is an independent water district established in 1927, with a five-member elected Board of Directors.

6,464

Population in City of Villa Park

4.7

Square Mile Service Area

2,355

Water Service Meters

The District service area is largely built out with large lot single-family homes, one shopping center and office building, schools, and City Hall complex.

Proposed Water Rates

A proposed five-year schedule of fixed charges/readiness to serve and volumetric rates are shown below.

METER SIZE	CURRENT RATES	Proposed July 2026	Proposed July 2027	Proposed July 2028	Proposed July 2029	Proposed July 2030
Fixed Meter/Readiness to Serve Charge (Monthly)						
1-Inch and Under	\$ 45.23	\$ 47.72	\$ 52.02	\$ 56.71	\$ 61.82	\$ 67.39
1.5-Inch	50.12	74.03	80.70	87.97	95.89	104.53
2-Inch	54.94	105.60	115.11	125.47	136.77	149.08
3-Inch	64.61	189.79	206.88	225.50	245.80	267.93
4-Inch	74.32	284.50	310.11	338.02	368.45	401.62
6-Inch	132.33	547.59	596.88	650.60	709.16	772.99

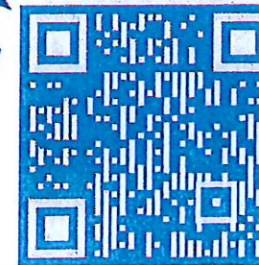
Readiness to serve charge includes 1 billing unit or one hundred cubic feet delivered per month. Volumetric rate starts when water use exceeds one unit of water.

Volumetric Rate (per HCF)

All Water Use	\$ 5.58	\$ 6.08	\$ 6.63	\$ 7.23	\$ 7.89	\$ 8.61
Exceeding One HCF Per Month						

*HCF (Hundred Cubic Feet) = 748 Gallons of Water

Proposed changes, and the cost justifications therefore, are described in more detail in the District's Rate Study, which is incorporated herein by reference, and which is available by scanning this QR code or visiting serranowater.org/prop-218-public-hearing.



As a public agency, SWD cannot earn a profit from the services it provides, and must charge no more than the actual costs associated with providing services to its customers.

An independent financial consultant conducted a cost-of-service study in partnership with the District. The study includes a legally compliant rate framework and is updated every five years to ensure it remains fair and equitable.



Planning for the Future

Capital improvement projects are carefully planned and prioritized. This ensures infrastructure investments are designed to support and maintain reliable water service, meeting current and future needs of the community. These projects include:

New Groundwater Well (\$8 million)

Provides an additional groundwater supply to support reliability.

Smith Reservoir & Pump Station Replacement (\$27 million)

Replaces aging infrastructure to maintain storage capacity.

Mainline Replacement Program (\$11.1 million)

Replaces and upgrades aging water pipelines to reduce leaks and service disruptions.

Lockett Reservoir Corrosion Prevention (\$2 million)

Protects existing reservoir from corrosion to extend its service life and maintain water quality.

Miscellaneous Capital Replacement (\$1.2 million)

Addresses replacement of critical system components.



If you have questions about the proposed rate increase, please contact SWD staff at (714) 538-0079.