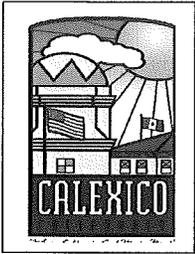


**AGENDA
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09



AGENDA STAFF REPORT

DATE: October 3, 2018

TO: Mayor and City Council

APPROVED BY: David B. Dale, City Manager *DD*

PREPARED BY: David B. Dale, City Manager

SUBJECT: Adopt a Plan to Modify the Water and Sewer Rate Structures over the next Five Years and Authorize City Manager to Begin the Proposition 218 Notification Process and Schedule a Public Hearing to Consider Adoption of Updated Water and Wastewater Rates

=====

Recommendation:

Authorize staff to mail written notice to customers and property owners of the proposed update to Water and Wastewater rates in compliance with all requirements of Proposition 218 and California State Law and schedule a Public Hearing to consider adoption of updated Water and Wastewater rates at a date no less than 45 days after mailing the notice.

Background:

On November 15, 2017, the Calexico City Council approved an agreement with Willdan Financial Services to prepare a Water and Wastewater Rate Study. Over the course of the Study, policy issues aimed at accomplishing the original objectives of the Study were examined in detail. Those objectives included achieving full cost recovery, revenue stabilization, and simplification of the rate structure, while proportionately allocating the costs of service amongst the city's customer classes. Public Hearings were conducted on June 20, 2018, June 27, 2018 and July 5, 2018. The proposed rates were not approved. On August 1, 2018 the City Council authorized the City Manager to sign an amendment to the agreement between the City of Calexico and Willdan Financial Services to update the water and wastewater rate study that is now complete. The rates presented in the updated study are lower than the proposed rates brought to Council in the prior public hearings. This is possible with the anticipation of refinancing and securing additional bonds for the water and sewer enterprise funding for the capital improvement program (CIP).

There have been no modifications to the rates since FY 2009. With annual inflation rates above 2%, the cost of collection and treatment of wastewater and the treatment and distribution of potable water have

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risen greatly since 2009. Also, the City has identified a substantial CIP as discussed above for the next five years that requires funding. Although there are considerable assets in the Enterprise Funds, it is estimated that it is not enough fund the CIP.

Other local cities have recently modified their water and wastewater rates due to rising costs to purchase, treat and distribute water; and collect and treat wastewater to increasingly stricter State of California Department of Water Resources regulations. Infrastructure that was installed in the mid 1900's is starting to fail and requires costly replacement.

Discussion & Analysis:

The purpose of the rate study is to identify the cost of service to deliver safe and reliable water, collect and treat wastewater, and maintain the infrastructure associated with both the water and wastewater systems.

Considerations include the funding needed for the next five years to operate and maintain the systems, and determination of the adequate revenue necessary to fund the Capital Improvement Projects ("CIPs") identified in the Capital Improvement Program. Ultimately the goal is to adequately fund the operations to provide clean, safe and reliable water that meet environmental standards. That goal includes the funding of future system rehabilitation costs and the maintenance to extend the useful lives of the existing infrastructure and assets, as well as maintaining a reserve for emergencies and changes to state and federal water regulations.

The proposed water rate structure is unlike the existing structure, as there is no proposed minimum water usage. This will incentivize consumers to conserve water to save on their bill. The proposed residential rates include a fixed base rate of \$16.91 (FY 18-19) plus \$2.17 for every cubic foot of water used. The commercial base rate will be established on the meter size plus usage. Multi-unit commercial buildings with one water meter will be charged one base rate (charge dependent on meter size) plus consumption.

The proposed sewer rate structure is also modified from the existing, by reducing the monthly sewer charges for multifamily units with one water meter. Additionally, the proposed rate officially removes the excess water fees from the residential and multifamily sewer rate structure. The proposed sewer rates for residential will be \$45.02 per month. Monthly charges for multifamily units after the first unit will be \$22.51 per month.

With the proposed changes to the water and sewer rates, the average City of Calexico rates will still be substantially lower than the surrounding communities in compared costs, both in water and sewer. This is due to City staff efficiency to complete the tasks to treat and distribute the water, and to collect and treat the wastewater. It is also due to the working capital the City has built up over the past years in the enterprise funds.

Pursuant to California Constitution article XIII D, section 6 (approved by the voters by Proposition 218), prior to imposing a new or increasing an existing property-related fee such as water rates, the City is required to hold a public hearing and mail notice of the public hearing to the record owner of the property and any tenant who is directly liable for the payment of the proposed fees (i.e., a customer of record). Proposition 218 requires

that the notice include the following: (a) the amount of the fee or charge proposed to be imposed; (b) the basis upon which it was calculated; (c) the reason for the fee or charge; and (d) the date, time, and location of the public hearing. Consistent with these requirements, the attached Proposition 218 Notice presents the proposed modifications to the Water Fee structure and provides examples of the impact to typical users within the various customer classes, along with a summary explanation of the reason for the proposed rate structure changes and increases, and the basis upon which the rates were calculated. The notices must be mailed at least 45 days in advance of the Public Hearing to consider modifications to the rates, which is scheduled on November 28, 2018, which means the notices must be mailed by October 12, 2018. As indicated above, the Public Hearing will be held on November 28, 2018 to consider adoption of the proposed water rates. If approved, the proposed rates would go into effect on January 1, 2019 and first appear on customer bills in early February 2019.

Fiscal Impact:

The cost to mail the Proposition 218 notice will be less than \$10,000 and will be charged 50% to the Water fund and 50% to the Wastewater fund. Future impacts will be based on the results of the Public Hearing.

Coordinated With:

Public Works Department

Attachment(s):

1. Water and Sewer Rate and Connection Fee Study
2. Notice to Property Owners of Public Hearing Regarding Proposed Water and Sewer Rate Changes

CITY OF CALEXICO



Water and Sewer Rate and Connection Fee Study

September 2018





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Section 1 - Introduction

1.1 Introduction

Willdan Financial Services (“Willdan”) was retained by the City of Calexico, California (“City”) to conduct a Water and Sewer Rate Study (“Rate Study”) for the City’s Water and Sewer utilities (“Utilities”). This report details the results of the Rate Study analysis for the forecast period, Fiscal Year (FY) 2018-19 to FY 2022-23.

The results of the Rate Study presented herein include a financial plan and rate structure designed to provide revenues sufficient to fund the ongoing operating and Council approved capital costs necessary to operate the City’s water and sewer utilities, while meeting the financial requirements and goals set forth by the City for the water and sewer enterprise funds.

1.2 Goal and Objectives

The primary goal of the Rate Study was to develop cost-based rates that will allow the City to meet its ongoing costs (operations & maintenance and capital), and to maintain industry standard financially prudent cash reserves for the utilities. More specifically the Rate Study was undertaken to:

- Conduct the analysis in accordance with industry standards consistent with American Water Works (“AWWA”) and Water Environment Federation (“WEF”) guidelines;
- Develop financial plans and rates consistent with industry standards and best practices while recognizing the needs specific to the City;
- Recommend rates that will meet the City’s revenue requirements based on City specific water and Sewer utility operating and capital costs and reserve requirements; and
- Recommend rates that adhere to and meet Proposition 218 requirements.

1.3 Overview of the Rate Study Process

The Rate Study process consisted of two primary study components. First, a determination of the adequacy of system revenues to meet system expenses during the study forecast period was made. The result of this analysis, known as the Revenue Sufficiency Analysis, is an assessment of the ability of the existing water and sewer rate revenue streams to meet the projected financial requirements of the systems during the forecast period. This analysis also identifies, to the extent required, the magnitude and timing of any required rate adjustments.



Second, specific rates and charges were developed which when implemented, are projected to provide sufficient revenue, as identified in the Revenue Sufficiency Analysis, to recover costs in a manner consistent with general rate-making practices. This step is known as the Rate Design Analysis.

1.4 Organization of this Report

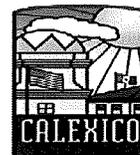
This Rate Study presents an overview of the rate-making concepts utilized in the development of the analysis outlined in this report. The analysis is followed by a discussion of the data, assumptions and results associated with each component of the analysis. Finally, appendices with detailed schedules are presented for further investigation into the data, assumptions and calculations which drive the results presented in this Rate Study.

The report is organized as follows:

- Section 1 - Introduction
- Section 2 – Overview of Utility Rate-Making Principles, Processes and Issues
- Section 3 – Rate Study Development and Results
- Section 4 – Connection Fees
- Section 4 – Conclusions and Recommendations
- Appendix A – Water Financial Plan
- Appendix B - Sewer Financial Plan
- Appendix C – Water Rates
- Appendix D – Sewer Rates
- Appendix E – Water Connection Fees
- Appendix F – Sewer Connection Fees

1.5. Reliance on Data

During the course of this project the City (and/or its representatives) provided Willdan with a variety of technical information, including cost and revenue data. Willdan did not independently assess or test for the accuracy of such data – historic or projected. Willdan has relied on this data in the formulation of its findings and subsequent recommendations, as well as in the preparation of this report. As is often the case, there will be differences between actual and projected data, and these differences may be significant. Therefore, Willdan does not take responsibility for the accuracy of data or projections provided by or prepared on behalf of the City, nor does Willdan have responsibility for updating this report for events occurring after the date of this report.



1.6. Acknowledgements

We wish to extend our appreciation to the City and its staff for their cooperation during the progress of this study. In particular, we would like to thank Mr. David Dale PE, PLS, City Manager, Karla Lobatos, Finance Director and Ms. Lilliana Reyes, Revenue Officer for their guidance and assistance throughout this project.

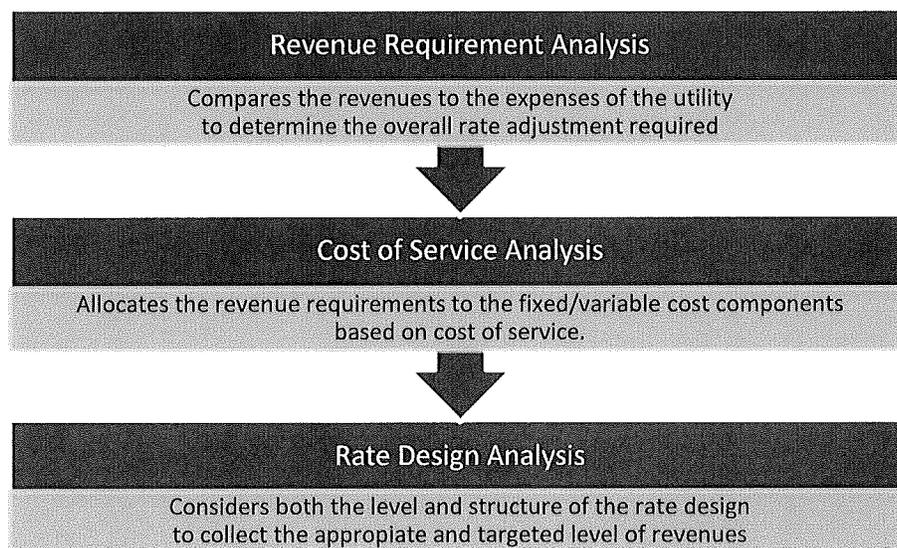


Section 2 – Overview of Utility Rate Making Principals, Processes and Issues

2.1 Introduction

The scope of this study included the development of cost-based water and sewer user charges through a cost of service and rate design analysis. Utility rates must be set at a level where operating and capital expenses are met with the revenues received from customers. This is a significant point, as failure to achieve this level could lead to insufficient funds being available to adequately maintain the system. A comprehensive rate study typically consists of following three interrelated analyses:

- I. **Financial Planning/Revenue Requirement Analysis:** Create a ten-year plan to support an orderly, efficient program of on-going maintenance and operating costs, capital improvement and replacement activities, debt financing, and retirement of any outstanding debt. In addition, the long-term plan should fund and maintain reserve balances to adequate levels based on industry standards and the City of Calexico's fiscal policies.
- II. **Cost of Service Analysis:** Identifies and apportions annual revenue requirements to functional cost components based on the demand placed on the utility system.
- III. **Rate Design:** Develops an equitable and proportionate fixed/variable schedule of rates for the City's customer base. This is also where other policy objectives can be achieved, such as, promoting the efficient use of water. The policy objectives are harmonized with cost of service objectives to achieve the delicate balance between customer equity, financial stability and resource conservation goals.





The Rate Study utilized generally accepted rate-making principles established by the American Water Works Association (AWWA) in its “M1 Principles of Water Rates Fees and Charges” manual and by the Water Environment Federation (WEF) in its “Financing and Charges for Sewer Systems, Manual of Practice No. 27 (2004)”. The principles used resulted in the development of rates and charges which are projected to: 1) generate sufficient revenue to meet the financial requirements of the water and sewer utilities, and 2) address the need to recover costs from users in a manner which is proportionate to the cost of providing service on a fair and equitable basis relative to the service provided, and which does not exceed the cost of providing the service. A discussion of some of the key principles of rate-making, and how the processes employed herein are guided by those principles, is presented below.

2.2 Discussion of General Rate-Making Principles

While the individual rates for the utility vary based on a variety of factors, the development of rates should, for the most part, be consistent with general rate-making principles set forth in utility rate-making practice and literature, and in compliance with State law (Proposition 218). State Law requires that property-related fees and charges (including water and sewer utility rates) must be based upon the proportionate cost of providing the services, and not exceed the cost of providing the services. The principles by which rate practitioners are guided is that rates designed for any utility should strike a reasonable balance between several key factors. In general, rates designed should:

- Generate a stable rate revenue stream which, when combined with other sources of funds, is sufficient to meet the financial requirements and goals of the utility;
- Be fair and equitable – that is, they should generate revenue from customer classes which is reasonably in proportion to the cost to provide service to that customer class;
- Be easy to understand by customers; and
- Be easy to administer by the utility.

Striking the appropriate balance between the principles of rate-making is the result of a detailed process of evaluation of revenue requirements and cost of service, and how those translate into the rate design alternatives which meet legal requirements and the specific objectives of the utility under the circumstances in which the utility operates.



2.3 The Revenue Sufficiency Process

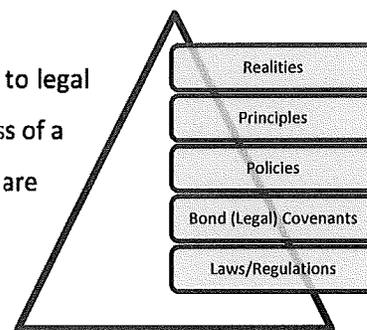
In order to develop rates and charges which will generate sufficient revenue to meet the fiscal requirements of the water and sewer utilities, a determination of the annual rate revenue required must be completed. The first step in the process is the Revenue Sufficiency Analysis. The Revenue Sufficiency Analysis compares the forecasted revenues of the utility under its existing rates to its forecasted operations and maintenance, capital, and reserve costs to determine the adequacy of the existing rates to recover the utility's costs.

The process employed in the Revenue Sufficiency Analysis involves a rigorous review of operating, maintenance and capital budgets for the utility, and results in the identification of revenue requirements of the system, such as operating expenses, capital expenses (minor and major), debt service expense (including a provision for debt service coverage), transfers in and out, and the maintenance of both restricted and unrestricted reserves at appropriate levels. These revenue requirements are then compared to the total sources of funds available during each year of the forecast period to determine the adequacy of projected revenues to meet projected revenue requirements. To the extent that the existing revenue stream is projected to be insufficient to meet the annual revenue requirements of the system during the projection period, a series of rate revenue increases are calculated which would be required to provide revenue sufficient to meet those needs.

2.3.1 Determination of the Revenue Requirements

Considerations in Setting Revenue Requirements

There are a multitude of considerations, ranging from financial to political to legal that must be analyzed or discussed during the revenue requirements process of a rate analysis. This section provides an overview of the considerations that are reviewed during this process.

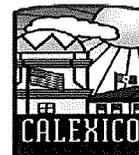


Capital Budgeting and Financing

Capital needs are defined by the City's Water and Sewer Capital Improvement Plan. As part of its budget and planning process, the City identifies capital improvements that are necessary for the continued delivery of clean, safe, drinking water, and collection and treatment of sewer flows. The Capital Improvement Plan is funded by a variety of sources including system depreciation, water rates, connection (impact) fees, and capital reserves.

Capital Funding: Debt vs. PAYGO

The selection of the most appropriate funding strategy for capital projects is primarily a policy decision between use of cash ("Pay-as-you-go financing" or PAYGO), the issuance of debt, or a combination. PAYGO is the use or build-up of cash to fund capital improvements. With debt financing, capital improvements are funded with



borrowed funds (usually through the issuance of bonds) with the obligation of repayment, typically with interest, in future years. Development of an optimal capital financial plan depends on the definition of optimal. Each funding mechanism has a different impact on water rates in the short and long run, different net present values, risks, and legal obligations. Due to the borrowing costs associated with debt, cash funding can be cheaper in the end; however, debt typically ensures greater generational equity for larger and longer lasting capital projects.

The City, as is typical for a public utility, operates its water and sewer utilities on a “cash basis”. Under the “cash basis” approach, revenues and expenses are recognized at the time physical cash is received or paid out. Revenue requirements are determined for a specified period of time (in the case of the City an annual fiscal year), by summing the total anticipated expenses to be paid out during the fiscal year. Where cash flows and balances are insufficient, the revenue requirements analysis recommends the needed additional cash flows to meet all funding goals. The two primary categories of expenses are as follows:

- Operations and Maintenance (O&M) expenses, such as salaries and benefits of utility personnel, transfers out, existing and anticipated debt service, and reserves; and
- Capital expenses, such as the annual capital improvement program, including waterline replacements and sewer capacity projects.

Financial Planning

In the development of the revenue requirements, certain parameters are utilized to project future expenditures, growth in customers and consumption, and necessary revenue adjustments. The City’s budget documents are used as the baseline, which are then projected over a planning horizon to account for fluctuations in costs from year to year as well as any adjustments to debt service payments. Conservative growth assumptions and prudent financial planning are fundamental in ensuring adequate rate revenue to promote financial stability. The financial model developed for this study considers the City’s existing debt service coverage ratio and operating cash balances (cash on hand). The cost of depreciated infrastructure is collected and used to fund annual repair and replacement. As existing debt is redeemed, additional debt may be utilized to fund additional capital improvements required due to aging infrastructure.



2.4 The Cost Allocation Process

In order to provide guidance to the City as to how to appropriately recover the rate revenue requirements identified in the Revenue Sufficiency Analysis, a Cost of Service Analysis is required.

The process employed in the Cost of Service Analysis results in the identification of the cost to provide water and sewer service to customers. These water and sewer cost allocations are then used as the basis for the assignment of revenue requirements to customer classes, upon which the development of rates and charges is based.

The industry standard approach to the development of a cost of service analysis is the Base-Extra Capacity methodology, as detailed in the American Water Works Association (AWWA) M1 Manual – Principles of Water Rates, Fees and Charges.

The general approach to the development of cost of service allocations under the Base-Extra Capacity methodology is to: 1) identify the costs by functional cost category, 2) allocate the functionalized costs further to cost categories and then 3) allocate rate revenue requirements to customer classes based on the distribution of costs and customer characteristics.

The resulting allocations provide guidance to the rate practitioner which, combined with the other goals and objectives of the utility, provides the necessary information required to proceed to the development of utility rates and charges.

2.5 The Rate Design Process

With the rate revenue requirement determined in the Revenue Sufficiency Analysis, the development of specific rates and charges can be undertaken. Once the rate revenue requirement has been identified, the manner in which those requirements should be recovered, and the billing units to be used to recover the required revenue determined, specific rates and charges can then be developed.

Utilities consider a variety of factors in establishing rates, including cost allocation, customer impact, conservation of resources and ease of administration. The rate design process seeks to find the balance between the need to recover sufficient revenue in a fair and equitable manner and the need to do so within the constraints of other objectives which are unique to each utility. By understanding the types of customers served by the utility, and the general usage characteristics of those customers, a system of rates and charges can be developed that balances those many objectives while also generating sufficient revenue.



First, the rate design goals of the utility are reviewed to identify areas the utility wishes to address over the course of the Rate Study. Next, an assessment of the existing rate design is undertaken to identify what has worked well for the utility with regard to their specific goals and objectives, and the general goals and objectives of utility rate-making. This assessment typically also identifies areas for improvement which can provide guidance to the rate practitioner with respect to the design of future rates and charges.

After a review of the existing rates and charges, a dialog of how to build on the positive aspects of the existing structure and how to address deficiencies in the existing structure occurs with utility management and staff. For instance, for a utility with a primary goal of encouraging water conservation, the substitution of a uniform rate structure, which charges the same unit price for water regardless of consumption level, with a conservation/inclining block rate structure, which charges a greater unit price as usage levels increase beyond certain thresholds, would better address that primary goal.

With an evaluation of the strengths and weaknesses of the existing rate structure and the goals of the utility going forward, the development of a new rate structure can begin. Development of a new rate structure which recovers the costs to provide water and sewer service in a manner which achieves the goals of the utility in a manner consistent with standard rate-making practice requires an analysis of the projected usage characteristics of the customer base to which the rates will apply. This analysis is typically referred to as a billing frequency analysis.

In the State of California, rates must adhere to and conform to the California Constitution article XIII D, section 6 commonly referred to as Proposition 218 (Prop 218). More specifically, Prop 218 requires that property related fees and charges, such as water and sewer rates, must not exceed the reasonable cost of providing the service associated with the fee or charge, and shall not exceed the proportional cost of the service attributable to the parcel that is subject to the fee or charge.

Besides ensuring compliance with State law, another key principle for a comprehensive Rate Study is found in economic theory, which suggests the price of a commodity must roughly equal its cost or value if equity among customers is to be maintained – i.e., cost-based. In terms of economic theory, the principle is that the price of a commodity (water or sewer service) must be proportionately equal to its cost (the City's cost of providing the service).

This Rate Study was performed to allocate the costs of providing service to users to ensure that rates are equitable and in compliance with Proposition 218 requirements.



2.6 Financial Management Goals of the City

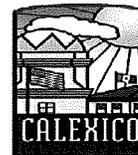
The establishment of specific financial management goals of a utility is a key step in developing financial plans which will ensure the financial health of the utility remains strong. The financial management goals of the City are described below.

2.6.1 Minimum Unrestricted Working Capital Balance

In order to maintain a certain level of liquidity, the financial plans are premised upon a goal of maintaining unrestricted working capital reserves in an amount greater than or equal to approximately 180 days of operating expenses.

2.6.2 Debt Service Coverage

The City currently has outstanding water related debt which contains covenants requiring the City to maintain rates and charges such that a debt service coverage ratio, defined as Current Year Net Revenues divided by Current Year Debt Service, be maintained at a minimum of 1.10. The coverage requirements of 1.10x is associated with all outstanding debt for each specific year the coverage is being calculated. Both the water and the sewer utilities are anticipating issuing new debt during the study period. The new debt is assumed to carry a debt service coverage ratio of 1.25 rather than 1.10. The analysis presented herein meets this goal in each year of the forecast period. The debt service coverage requirement is intended to provide assurance to debt holders that the City will be able to meet its annual debt obligations.



Section 3 – Rate Study Development and Results

3.1 Revenue Sufficiency Analysis

3.1.1 General Methodology

The general methodology utilized in the Revenue Sufficiency Analysis was discussed previously in Section 2.3. In summary, however, the level of revenues generated by rates must be sufficient to recover the fiscal requirements, or projected expenditures of the utility. To the extent that the projected revenue stream based upon current water and sewer rates are not sufficient to meet the annual revenue requirements of the systems, a series of rate revenue increases were calculated to provide the revenue necessary to meet those expenditure needs, while satisfying the financial goals and objectives of the utilities. From a financial perspective, the City's utilities must "stand on their own" by meeting its respective financial obligations without assistance from other City funds. The financial plan was developed for the period fiscal year (FY) 2016-17 through FY 2022-23.

3.1.2 Data Items

Key data items reviewed, discussed and incorporated into the Revenue Sufficiency Analysis were:

- Financial management goals of the City;
- FY 2016-17 end-of-year fund balance;
- FY 2017-18 and FY 2018-19 budgets; and
- Capital Improvement Program (CIP).

General assumptions utilized in the analysis include the following:

- Customer growth; and
- Cost escalation factors.

A discussion of the use of each of the above data items and general assumptions is presented below.

3.1.3 FY 2016-17 End-of-Year Fund Balance

To better understand what funds the City will have on hand to start the forecast period, a detailed review of fund balances from the FY 2016-17 period was discussed and reviewed with City staff. Assumptions were made to estimate the actual unrestricted cash (available cash) balances available at the end of FY 2016-17, and therefore at the beginning of FY 2017-18. A summary of the fund balances for the water and Sewer utilities, for the end of FY 2016-17 and therefore the beginning of FY 2017-18, as adjusted and subsequently used in this analysis, is presented in Table 3-1 below.



Table 3-1
Beginning Fund Balance
Fiscal Year Ending June 30, 2017

Description	Water	Sewer
Cash Balance	\$12,325,888	\$17,815,987

3.1.4 FY 2017-18 and FY 2018-19 Budgets

Staff provided Willdan with the FY 2017-18 and FY 2018-19 budgets, and associated line-item detail, as the basis for the projection of financial needs for FY 2018-19 (the base year). The FY 2017-2018 budget was also used as the basis for the projection of future budgetary line-items for the remainder of the forecast period. Cost escalation factors were reviewed by staff (see section 3.1.6.2) and were used to project line-item costs beyond the FY 2018-19 budget. Those factors were applied based on line-item cost classifications.

In order to maintain a certain level of liquidity, the financial plans for the Water and Sewer utilities have been developed with a goal of maintaining unrestricted working capital reserves in an amount greater than or equal to approximately 180 days of operating expenses.

A summary of the FY 2017-18 operating budgets for Water and Sewer, as well as subsequent projected budgetary expenses through FY 2022-23 is presented in Table 3-2

A more detailed presentation of the line-item budgeted and projected revenues and expenses is presented in Schedules A-3 through A-5 of Appendix A and B-3 through B-5 of Appendix B.

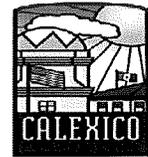
Table 3-2
Operating Budget
Fiscal Years Ending June 30

Description	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Water						
O&M ⁽¹⁾	\$3,516,404	\$4,780,179	\$4,975,127	\$5,178,638	\$5,391,102	\$5,612,925
Debt Service	986,450	1,418,955	1,129,575	1,130,100	1,133,800	1,130,500
Total Expenses	\$4,502,192	\$6,199,134	\$6,104,702	\$6,308,738	\$6,524,902	\$6,743,425
Sewer						
O&M ⁽¹⁾	\$2,875,882	\$3,818,216	\$3,960,270	\$4,108,143	\$4,262,087	\$4,422,367
Debt Service	0	1,310,429	1,307,550	1,309,750	1,308,000	1,310,500
Total Expenses	\$2,875,882	\$5,128,645	\$5,267,820	\$5,417,893	\$5,570,087	\$5,732,867

(1) O&M excludes transfers to the capital fund for capital improvement projects

3.1.5 Capital Improvements Plan (CIP)

The City provided Willdan with a forecast of capital requirements for the study period. The capital projects identified by the City are required to maintain service to customers by making investments in the water and



sewer systems to repair or replace aging system components as they wear out over time. The City provided cost estimates for capital projects in current day dollars which were subsequently annually escalated at 2.59% using the Engineering News Record (ENR) Construction Cost Index (CCI) to adjust the cost items to real dollars for the years in which construction is estimated to occur. These adjusted capital costs were then used in the analysis for rate-making purposes.

A summary table of the adjusted CIP for the FY 2017-18 – FY 2022-23 study period is presented below in Table 3-3. The CIP for the full forecast period is presented in the Schedules B-6 of Appendix B.

Table 3-3							
Capital Improvement Plan							
Fiscal Years Ending June 30 (\$ thousands)							
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Capital Costs - W	\$2,623	\$12,563	\$2,281	\$1,235	\$1,213	\$1,244	\$21,158
Capital Costs - S	353	6,637	16,086	15,766	1,058	1,094	40,995
Note: Values are rounded to the nearest \$1,000							

3.1.6 General Assumptions

In order to develop the financial and rate projections, certain assumptions were made with regard to elements of the revenue sufficiency analysis. A summary of those assumptions is presented below.

3.1.6.1. System Growth

The City anticipates population growth of 1.92% per year based on their analysis of current City population growth projections and trends. Through discussions with City staff, it was determined that the 1.92% annual population increase would reasonably translate to a 1.92% annual increase in water and sewer service units respectively, and is consistent with recent system growth trends.

3.1.6.2. O&M Escalation Factors

Willdan worked with City staff to identify reasonable cost escalation factors to be applied to operations and maintenance expenses in recognition of increasing costs over time. It was determined that a 2.5% general inflationary factor represented a reasonable estimate of annual cost increases during the study period. There were, however, some expenses which were anticipated to have increases above the projected 2.5% general inflationary increase. Due to recent trends in medical related cost increases, personnel increases were projected to increase at an annual rate of 3.0%. Electricity costs were projected to increase at the rate of system growth as there is a correlation between increased system use and increased electricity costs and chemicals at an annual inflationary rate of 3.5% to reflect increased costs to the City as more water is treated. A lease for land utilized



by the water and sewer utility in the amount of \$173,943 and 121,189 a year respectively for each utility is anticipated to begin in FY 2018-19 and continue through the study period.

3.1.6.3. Debt Service

As previously discussed, the City currently has outstanding water related debt which requires a 1.10x debt service coverage. The City is anticipating issuing new water debt and is also anticipating issuing sewer related debt to finance sewer system capital expenditures¹. The new water debt will serve two purposes. The first is to refund the existing outstanding debt to more favorable terms. The second is to provide a funding source for capital needs. By issuing debt for capital related projects, the need to increase rate related revenue to fund capital projects is reduced. The sewer debt issuance will be used to fund sewer related capital projects, and like the water debt issuance, helps to reduce the rate revenue increases that would otherwise be required to fund the capital program. The projected related debt funding for water and sewer is \$18,092,711 and \$22,734,143 respectively and will carry a coverage ratio of 1.25x. Debt funding capital projects helps to minimize rate increases that would need to occur through cash funding the capital needs. It also provides a matching between the cost of the upgrades and the users who will benefit by spreading the cost (through debt service) over the period where existing and future customers pay for the plant debt service through their rates.

3.1.6.4. Results of the Revenue Sufficiency Analysis

After a thorough review of the above-mentioned data elements, a draft of the Revenue Sufficiency Analysis was developed and reviewed with City staff. This draft provided the forum in which various alternative assumptions were discussed, tested and evaluated for both their reasonableness and their impact upon the ultimate financial health of the utility. Table 3-4 provides a summary of the annual revenue requirements for both the water and sewer utilities incorporating the assumptions in Section 3 of this report as compared to the projected rate revenue described in more detail in Schedules A-1 and B-1 of the appendices. The revenue requirements identified in Table 3-4 excludes one-time transfers for defeasance of existing debt and transfers to the capital fund for CIP.

¹ Debt service projections were provided by the City's financial advisor Kosamont Companies and Stifel, Nicolaus & Company, Inc.



Table 3-4

Revenue Requirements vs. Revenue Under Existing Rates

Fiscal Years Ending June 30 (\$ thousands)

	2018-19	2019-20	2020-21	2021-22	2022-23
Water					
Rate Revenue Under Existing Rates	\$6,165	\$6,283	\$6,404	\$6,527	\$6,652
Revenue Requirements ⁽¹⁾	<u>6,199</u>	<u>6,105</u>	<u>6,309</u>	<u>6,525</u>	<u>7,243</u>
Difference	(34)	178	95	2	(591)
Sewer					
Rate Revenue Under Existing Rates	\$5,824	\$5,936	\$6,050	\$6,166	\$6,284
Revenue Requirements ⁽¹⁾	<u>5,128</u>	<u>5,270</u>	<u>5,417</u>	<u>5,572</u>	<u>6,435</u>
Difference	696	666	633	594	(151)
(1) Assumes debt funding of CIP which lowers the annual revenue requirement					
Note: Values are rounded to the nearest \$1,000					

The resulting financial plans presented herein are the embodiment of the data, assumptions and review process undertaken with City staff.

3.1.6.5. Rate Revenue Increases Required

As discussed in section 3.1.6.2, operations and maintenance expenses are growing at a faster rate than the City's increase in service units (section 3.1.6.1). Our financial analysis of the utilities indicates that the increase in operating costs is projected to outpace revenue increases through growth in service units alone. Revenue increases above growth in service units are therefore required in order to maintain the financial integrity of the water and sewer utilities.

The analysis indicated that the City would need to increase water and sewer rate revenues in addition to the anticipated growth in service units, in order to meet revenue requirements (O&M, capital and debt service). Table 3-5 reflects our projections of revenue increases required during the forecast period in order for the City to meet its ongoing operational costs (revenue requirements) and meet minimum prudent financial and system maintenance standards.

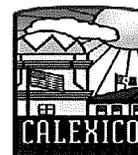


Table 3-5
Projected Rate Revenue Increases
Fiscal Years Ending June 30

Description	Water Rate Revenue Increases	Sewer Rate Revenue Increases
2018-19	0.0%	0.0%
2019-20	2.0%	0.0%
2020-21	2.0%	2.0%
2021-22	2.0%	2.0%
2022-23	2.0%	2.0%

A more detailed presentation of the pro forma, including a fund balance reconciliation is presented in Schedules A-1 and B-1 of the appendices.

3.1.6.6. Summary of Revenue Sufficiency Analysis

The resulting financial plan is presented in Table 3-6, which provides for funding of projected revenue requirements based on the current knowledge of expected expenditure forecasts during the forecast period, as provided by the City, and is projected to meet or exceed the financial operations of the sewer utility. A more detailed presentation of the financial plan, including fund balance reconciliations for the forecast period, is presented in appendices A and B.

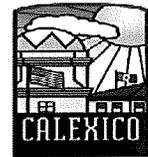


Table 3-6
Projected Net Operating Fund Results
Fiscal Years 2018-19- to 2022-23
(\$ thousands)

Description	2018-19	2019-20	2020-21	2021-22	2022-23
Water					
Beginning Fund Balance	\$14,533	\$2,877	\$3,631	\$4,440	\$5,301
Total Operating Revenue	6,625	6,859	7,118	7,386	7,665
Operating Expenses	<u>4,780</u>	<u>4,975</u>	<u>5,179</u>	<u>5,391</u>	<u>5,613</u>
Net Revenue	1,845	1,884	1,939	1,995	2,052
Less:					
Debt Service	<u>1,418</u>	<u>1,130</u>	<u>1,130</u>	<u>1,134</u>	<u>1,131</u>
Net Cash Flow	<u>427</u>	<u>754</u>	<u>809</u>	<u>861</u>	<u>921</u>
One-Time Transfers	<u>12,082</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Net Cash Flow	<u>(11,655)</u>	<u>754</u>	<u>809</u>	<u>861</u>	<u>921</u>
Ending Fund Balance	\$2,877	\$3,631	\$4,440	\$5,301	\$6,222
Sewer					
Beginning Fund Balance	\$20,578	\$3,387	\$4,078	\$4,862	\$5,741
Total Operating Revenue	5,862	5,961	6,201	6,451	6,709
Operating Expenses	<u>3,818</u>	<u>3,960</u>	<u>4,108</u>	<u>4,262</u>	<u>4,422</u>
Net Revenue	2,044	2,001	2,093	2,189	2,287
Less:					
Debt Service	<u>1,310</u>	<u>1,310</u>	<u>1,309</u>	<u>1,310</u>	<u>2,013</u>
Net Cash Flow	734	691	784	879	274
One-Time Transfers	17,925	0	0	0	0
Adjusted Net Cash Flow	(17,192)	691	784	879	274
Ending Fund Balance	\$3,387	\$4,078	\$4,862	\$5,741	\$6,015
Note: Variances are due to rounding values to the nearest \$1,000					

3.1.6.7. Revenue Sufficiency Analysis Conclusions

Based on the revenue requirements identified in our analysis:

- Revenue projections based on existing rates are insufficient to meet the revenue requirements for the full FY 2018-19 through FY 2022-23 study period. Increases were projected to maintain a positive net cashflow and to help mitigate otherwise larger future year increases;
- Rate revenue adjustments are needed in order to keep pace with increasing O&M and capital costs and adequate funding of reserves; and



-
- The proposed rate revenue increases identified in Table 3-6, maintain the financial integrity of the City's utilities based upon the assumptions contained in this report.

3.2 Rate Design Analysis

3.2.1 General Methodology

With the rate revenue requirement determined in the Revenue Sufficiency Analysis, the development of specific rates and charges was completed as described below.

First, the rate design goals of the City were reviewed to identify areas the City wanted to address over the forecast period included in this Rate Study. Next, an assessment of the existing rate design was completed to identify areas which have worked well for the City with regard to their specific goals and objectives, and the general goals and objectives of utility rate-making. In addition to the City's goals, rate design should seek to achieve the following industry standard objectives:

- Generate a stable rate revenue stream which, when combined with other sources of funds, is sufficient to meet the financial requirements and goals of the utility;
- Be fair and equitable – that is, they should generate revenue from customer classes which is reasonably in proportion to the cost to provide service to that customer class;
- Be easy to understand by customers;
- Be easy to administer by the utility; and
- Be compliant with State law, specifically Proposition 218, whereby the rates must be based upon the proportionate cost of providing sewer service.

This analysis was conducted consistent with the provisions of Proposition 218.

3.2.2 Review of Existing Rate Structure

The City's current water rates are comprised of a minimum monthly charge that includes the first 3,000 cubic feet (CF) of water use for the first residential dwelling unit, an additional 1,000 CF for each additional dwelling unit, and 1,000 CF for non-residential customers. In addition to the monthly minimum charge there is a volume rate per 100 CF of use above the monthly minimum. The City's sewer rate structure mirrors the water rate structure with a monthly minimum charge and a flow-based charge for sewer flows above the minimum. The minimum monthly sewer flows are the same as for water.



3.2.2.1. Allocation to Cost Categories

Water costs are allocated on their need to meet base demand, peak demand (max day and max hour water needs), as well as customer service costs such as billing and collection. Table 3-7 summarizes the cost of service based allocation of the City's water costs.

Table 3-7
Water System - Summary of Functional Allocations to Cost Categories
Fiscal Year 2018-19

Functional Cost	Base	Max Day	Max Hour	Meters & Services	Billing & Collection	Total
Treatment	\$1,457,531	\$850,226	\$121,461	\$-	\$-	\$2,429,218
Transmission & Distribution	103,800	17,300	17,300	-	34,600	173,000
Customer Service	-	-	-	13,840	124,560	138,400
Administration	1,631,649	-	-	203,956	203,956	2,039,561
Debt Service	738,510	-	-	246,170	-	984,680
Transfers	2,292,408	0	0	0	0	2,292,408
Non-Operating Revenue/Changes in Reserves ⁽¹⁾	<u>(1,264,051)</u>	<u>(343,440)</u>	<u>(54,933)</u>	<u>(86,222)</u>	<u>(143,752)</u>	<u>(1,892,399)</u>
Total	\$4,959,846	\$524,086	\$83,828	\$377,744	\$219,364	\$6,164,868
Units (CF/Bills)	<u>2,293,045</u>	<u>386</u>	<u>6,513</u>	<u>109,358</u>	<u>109,358</u>	
Cost per Unit	\$2.16	\$1,357.34	\$12.87	\$3.45	\$2.01	

(1) A positive value results in an increase of reserves through rates, while a negative value indicates use of non-operating revenue and existing reserves to meet annual expenses in addition to rates.

Table 3-7 illustrates the distribution of the costs that are incurred by the utility, to provide water service to customers. Total costs are allocated to functional categories such as treatment or transmission and distribution and then to cost categories such as base or peak demand (max day and max hour). The cost categories are then used to distribute costs to each respective customer class such as residential or commercial, based on their respective demand factors. Table 3-8 provides a summary of the cost categories and ultimately the cost to serve each customer class. The full cost analysis can be found in Appendix C-3.

Table 3-8
Water System - Allocation of Costs to Class
Fiscal Year 2018-19

Functional Cost	Base Costs	Max Day Costs	Max Hour Costs	Meters & Services Costs	Billing & Collection Costs	Total Cost
Residential	\$4,564,610	\$236,793	\$72,680	\$355,155	\$206,246	\$5,435,484
Commercial, Manufacturing & Industrial	387,594	262,897	10,589	21,686	12,593	695,360
Construction/Truck	2,907	8,255	194	352	205	11,913
Water for Resale	<u>4,734</u>	<u>16,140</u>	<u>365</u>	<u>551</u>	<u>320</u>	<u>22,111</u>
Total	\$4,959,846	\$547,233	\$83,828	\$377,744	\$219,364	\$6,164,868



3.2.3 Revised Rates

Through discussions with City staff it was determined that improvements could be made to the existing water rate structure.

Water

The water rate structure was revised to change the minimum monthly charge to a monthly fixed charge that does not include any water use. Under the revised approach a customer only pays for the water they use and has greater control over their monthly bill. As a result of the elimination of the minimum charge, it was assumed that water use would decrease by 10% as there would be more incentive to use less water under the new structure. The second change that is being proposed is that the monthly fixed charge varies by meter size. The larger the meter the higher the monthly fixed charge. This recognizes the fact that larger meters have higher flow capacity, place higher demands on the City's water resources, and are costlier to maintain and repair. The proposed water rates are summarized in Table 3-9.

Table 3-9					
Proposed Water Rates					
Fiscal Years 2018-19 through FY 2022-23					
Monthly Charge/ Volume Rate	2018-19	2019-20	2020-21	2021-22	2022-23
Fixed Charge - \$/Month					
Residential					
First Dwelling Unit	\$16.91	\$17.25	\$17.59	\$17.95	\$18.30
Additional Dwelling Units	8.45	8.62	8.79	8.97	9.15
Commercial, Manufacturing and Industrial					
3/4-inch	\$18.70	\$19.08	\$19.46	\$19.85	\$20.25
1-inch	31.24	31.86	32.50	33.15	33.81
1 1/2-inch	62.29	63.53	64.80	66.10	67.42
2-inch	99.70	101.69	103.72	105.80	107.91
3-inch	199.58	203.57	207.64	211.79	261.03
4-inch	311.81	318.04	324.44	330.89	337.51
6-inch	623.43	635.89	648.61	661.58	674.82
Construction/Truck	97.57	99.52	101.51	103.54	105.61
Water for Resale	97.58	99.53	101.52	103.55	105.62
Volume Rate - \$/100 Cubic Feet					
Residential – All Use	\$2.17	\$2.22	\$2.26	\$2.31	\$2.35
Commercial, Manufacturing & Industrial – All Use	2.91	2.97	3.03	3.09	3.15
Construction/Truck	5.22	5.32	5.43	5.54	5.65
Water for Resale	8.87	9.05	9.23	9.42	9.61

Figure 3-1 provides an illustration of the current and proposed single family monthly bills from 0 to 40 units of water. As identified in the graphic, a user with monthly consumption of less than 12 units (100 cubic feet = 1



unit) of water will see a decrease in their monthly bill, while users with monthly consumption in excess of 12 units of water a month will see an increase in their monthly bill.

Single Family Monthly Water Bill

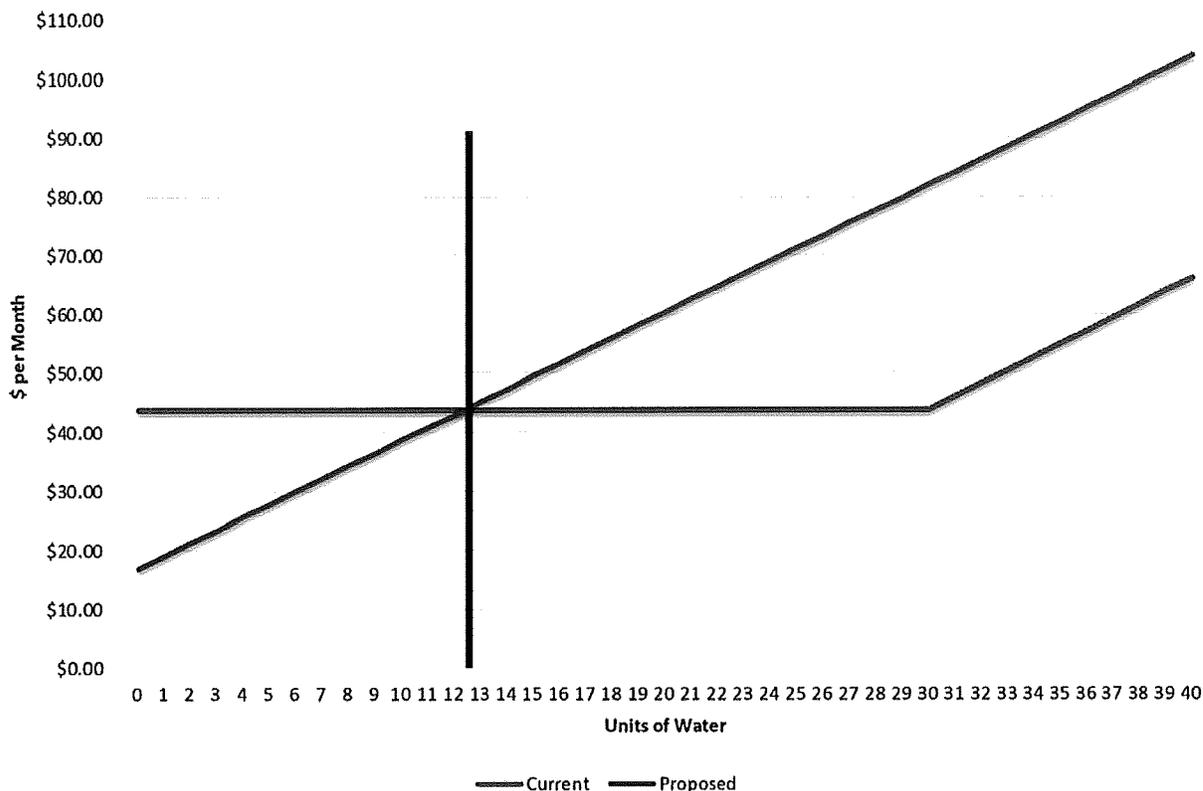


Figure 3-1 – Single Family Monthly Bill Comparison

Sewer

Willdan did not identify significant issues with the City’s existing sewer rate structure, furthermore, through discussions with City staff it was determined that the existing sewer structure is effectively meeting the City’s goals and is consistent with both AWWA and WEF rate making practices. One refinement is proposed to the sewer rate structure for the residential class such that it matches the water rate structure whereby additional dwelling units are assessed a reduced monthly rate. The residential class is proposed to be assessed a flat monthly charge only. The proposed sewer rates are illustrated in Table 3-10.



Table 3-10
Proposed Sewer Rates
Fiscal Years 2018-19 through FY 2022-23

Class	2018-19	2019-20	2020-21	2021-22	2022-23
Fixed Charge \$/Month					
Residential – First Dwelling Unit	\$45.02	\$45.02	\$45.92	\$46.84	\$47.77
Additional Dwelling Unit	22.51	22.51	23.42	23.89	24.36
Non-Residential II	38.08	38.08	38.84	39.62	40.41
Non-Residential III	42.91	42.91	43.77	44.64	45.54
Non-Residential IV	47.63	47.63	48.58	49.55	50.55
Flow Rate \$/100 Cubic Feet					
Non-Residential II (over 1,000 cubic feet)	\$3.81	\$3.81	\$3.89	\$3.96	\$4.04
Non-Residential III (over 1,000 cubic feet)	4.29	4.29	4.38	4.46	4.55
Non-Residential IV (over 1,000 cubic feet)	4.76	4.76	4.86	4.95	5.05

Water and sewer rates are further presented in appendices C and D.

3.2.4 Summary of the Rate Study

The Rate Study presented herein utilized generally accepted rate-making principles which resulted in the development of rates and charges which are projected to: 1) generate sufficient revenue to meet the financial requirements of the utility, 2) address the need to recover costs from users in a manner which is fair and equitable relative to service provided, and 3) meet the financial and rate design goals of the City.



Section 4 – Connection Fees

4.1 Connection Fee Calculation Methodology

There are three basic industry standard methodologies used to calculate connection fees. There is no single right approach to be used in developing all connection fees. The methodologies are used to determine an equitable measure of demand created by or consumed by new development. The methodologies can be classified as looking at the past or future system infrastructure capacities. The three basic methodologies are described below:

The **buy-in** methodology is used where system infrastructure has been built in advance of new development and excess capacity is available for new development. Under this methodology, new development repays the system for previous capacity investments via the connection fee.

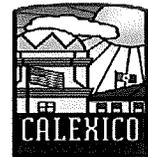
The second approach is the **incremental cost** methodology. This methodology uses a capital improvement plan (CIP) and any related plans to determine new developments' share of planned future projects. Projects that do not add capacity, such as routine maintenance or replacement of existing facilities, are not included in the calculation. Projects that add capacity are further evaluated as to the percentage of the project attributable to existing development versus new development. Only the incremental growth-related projects attributable to new development are included in the connection fee calculation.

The third approach that is often used is the **hybrid** methodology. The hybrid methodology is a combination of the buy-in method and the incremental cost method. It looks at both past investments in system infrastructure that have capacity to serve future development, as well as the need for future projects to serve anticipated growth.

The buy-in approach was used to calculate both the City's water and sewer connection fees.

4.1.1 System Valuation

The current value of the City's water and sewer system assets were brought to today's dollars using the Engineering News Record (ENR) Construction Cost Index (CCI). Using this index attempts to value the City's assets at what it would cost to purchase or construct those assets today. It is important to recognize, however, that these assets are not new and are not being purchased today, but rather have been depreciated over time. Therefore, the accumulated depreciation is subtracted from the calculated current day value of the assets to determine what is referred to as the Replacement Cost New Less Depreciation (RCNLD) fixed asset value. The RCNLD fixed asset value for water was calculated at \$115,925,539 and at \$47,855,425 for sewer. The water system has outstanding debt that was used to fund the fixed assets of the water system and the debt will be



repaid through user rates. To prevent new development from paying for the assets twice (once through the connection fee and then again through rates to pay debt service), the outstanding debt is subtracted from the system value to determine a new system value for the basis of calculating connection fees. A summary of the fixed assets by asset classification is shown in Table 4-1. A full list of the City's fixed assets can be found in Appendices E and F.

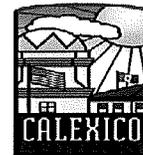
Description	Water	Sewer
Land	\$180,000	\$30,000
Buildings	7,325,757	0
Improvements	69,952,938	30,577,790
Infrastructure	29,482,318	13,641,663
Equipment	8,984,526	1,340,244
Construction Work in Progress	<u>0</u>	<u>2,265,729</u>
Total	115,925,539	47,855,425
Less: Outstanding Debt	<u>19,725,451</u>	<u>0</u>
Revised Total	\$96,200,088	\$47,855,425

4.1.2 System Capacity

The second step in the connection fee calculation process is to determine the denominator of the equation, in this case the current number of equivalent units that can be served by existing system assets. The City's master plan was used to identify flows per capita as well as the capacities of the water and sewer systems. Flows were identified at 142 gallons per person per day and an estimated 4 persons per household the average flows per equivalent dwelling unit (EDU) is 568 gallons per day. However, the systems are designed to meet peak demand not average demand. Peak demand is the flow capacity required to meet system needs during the period of highest demand. For water, the max day demand was identified as 1.58 average day demand and for sewer it was 1.52 times average day demand, based on City of Calexico system operating data as included in the Water Master Plan. Thus, the peak demand gallons per day per EDU is 899 and 863 for water and sewer respectively.

The flows per EDU are then divided into the total capacity of each respective system to determine the number of EDUs that can be served. Per the City's master plan, the water system has a peak demand capacity of 9.1 million gallons per day (MGD) and can therefore serve 10,123 EDUs (9,100,000 / 899). The City's current peak day water use is 8,003,185 gallons per day. With use per EDU of 899 gallons the City is currently serving 8,902 EDUs (8,003,185 / 899) and has the capacity to serve an additional 1,221 EDUs (10,123 - 8,902).

The sewer system has a capacity of 4.3 MGD and can serve 4,981 EDUs (4,300,000 / 863). Current peak day sewer flows for the City are 1,439,411 gallons. Using flows per EDU of 863 gallons per day, the City is currently



providing service to 1,688 EDUs (1,439,411 / 863) and has the capacity to serve an additional 3,293 EDUs (4,981 - 1,688).

4.1.3 Buy-In Fee

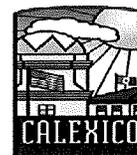
Having identified the current value of the City's water and sewer systems (Section 4.1.1) and the projected number of equivalent units that can be served (Section 4.1.2), the buy-in fee or value of the existing water system is calculated at \$9,503 per equivalent unit (\$96,200,088 / 10,123). The sewer fee per unit is calculated at \$9,608 (\$47,855,425 / 4,981). As was the case for the monthly fixed charge for water, connection fees are higher for larger meter sizes due to the larger capacity associated with larger meters. Connection fees for meter sizes 1-inch and greater are determined based on the meter capacity ratios of maximum safe continuous capacity as published in the AWWA Manual M6. For example, the capacity of a 1-inch meter is roughly 1.67 times greater than that of a ¾-inch meter. Thus, a 1-inch meter represents 1.67 equivalent meters and the fee for a 1-inch meter is approximately 1.67 times greater than that of the ¾-inch meter. The maximum supportable connection fees for all meter sizes are presented in Table 4-2.

Meter Size	Meter Capacity Ratio	Water	Sewer
¾-inch	1.00	\$9,503	\$9,608
1-inch	1.67	15,870	16,046
1 1/2-inch	3.33	31,645	31,996
2-inch	5.33	50,650	51,213
3-inch	10.00	95,029	96,085
4-inch	16.67	158,413	160,173
6-inch	33.33	316,732	320,251

The connection fees presented in Table 4-2 represent the maximum supportable connection fees we feel the City could justify assessing new development. Through discussions with City staff, a lower fee is being proposed. The proposed fees are presented in Table 4-3.

Meter Size	Meter Capacity Ratio	Water	Sewer
¾-inch	1.00	\$5,000	\$5,000
1-inch	1.67	8,350	8,350
1 1/2-inch	3.33	16,650	16,650
2-inch	5.33	26,650	26,650
3-inch	10.00	50,000	50,000
4-inch	16.67	83,350	83,350
6-inch	33.33	166,650	166,650

The full connection analysis can be found in Appendices E and F.



Section 5 – Conclusions and Recommendations

5.1 Conclusions

- Projected operating revenues and operating expenses for the forecast period were developed by, and/or in consultation with, City staff and are based upon reasonable projections.
- The projected capital project expenses have been developed by City staff to address water and sewer systems renewal and replacement.
- Based on Conclusions 1 and 2 above, Willdan is of the opinion that the financial projections presented herein demonstrate the water and sewer utilities' ability to meet their obligations with regard to:
 - Operating expenses,
 - Non-operating expenses,
 - Capital project expenses, and
 - Key financial policies, including maintenance of at least 45 days of operating reserve balances.
- The proposed rates presented herein are in conformance with industry standard rate-making practice, Proposition 218 and/or the City's rate policies with respect to:
 - The fair and equitable recovery of costs through water and sewer rates;
 - Water and sewer rates based upon the proportionate cost of providing services, and
 - Generation of sufficient revenue to fully recover system revenue requirements and reserve requirements.
- The connection fees presented in this report represent the maximum supportable fees that the City can assess to new development.

5.2 Recommendations

- It is recommended that the City implement the proposed rates presented in this Report for FY 2018-19 through FY 2022-23.
- It is recommended that the City update the Revenue Sufficiency Analysis portion of this study each year to ensure projected revenue is sufficient to fund projected expenses going forward as assumptions made during this analysis may change and have a material impact upon the analysis.
- It is recommended that at a minimum, the City consider inflationary rate increases for water and sewer rates beyond FY 2022-23 to help maintain a matching between revenues and increasing operating costs.

City of Calexico
Projected Operating Results - Water System
Fiscal Years 2018 - 2023

Line No.	Description	Fiscal Year Ended June 30				
		2018	2019	2020	2021	2022
Sources of Funds						
1	Beginning-of-Year Cash	\$ 12,325,888	\$ 14,533,034	\$ 2,876,284	\$ 3,630,999	\$ 4,440,115
Operating Revenues						
2	Operating Revenue	\$ 6,250,000	\$ 6,164,868	\$ 6,408,898	\$ 6,662,588	\$ 6,926,320
3	Other Revenues	440,000	440,000	440,000	440,000	440,000
4	Total Operating Revenues	\$ 6,690,000	\$ 6,604,868	\$ 6,848,898	\$ 7,102,588	\$ 7,366,320
Non-Operating Revenue						
5	Interest Income	20,000	20,000	10,519	15,266	20,140
6	Total Non-Operating Revenue	\$ 20,000	\$ 20,000	\$ 10,519	\$ 15,266	\$ 20,140
7	Total Operating Revenues	\$ 6,710,000	\$ 6,624,868	\$ 6,859,417	\$ 7,117,854	\$ 7,386,460
Operating Expenses						
8	Water Admin	\$ 1,576,844	\$ 2,039,561	\$ 2,103,014	\$ 2,168,632	\$ 2,236,490
9	Treatment	1,701,260	2,429,218	2,550,679	2,678,213	2,812,123
10	Transmission & Distribution	132,000	173,000	178,190	183,536	189,042
11	Refunding/System Draw Down	-	12,082,484	-	-	-
12	Transfer to Capital Fund	-	-	-	-	500,000
13	Water Customer Service	106,300	138,400	143,244	148,258	158,817
14	Total Operating Expenses	\$ 3,516,404	\$ 16,862,663	\$ 4,975,127	\$ 5,178,638	\$ 5,391,102
15	Net Result of Operations	\$ 3,193,596	\$ (10,237,795)	\$ 1,884,290	\$ 1,939,215	\$ 1,995,357
Non-Operating Expenses						
16	Capital Improvements	\$ -	\$ -	\$ -	\$ -	\$ -
17	Existing Debt Service	986,450	984,680	0	0	0
18	Other Miscellaneous	-	-	-	-	-
19	Total Non-Operating Expenses	\$ 986,450	\$ 984,680	\$ -	\$ -	\$ -
20	Net Available After Operations	\$ 2,207,146	\$ (11,222,475)	\$ 1,884,290	\$ 1,939,215	\$ 1,995,357
Other Uses						
	New Debt Service	\$ -	\$ 434,275	\$ 1,129,575	\$ 1,130,100	\$ 1,130,500
	Additional Capital Improvements	-	-	-	-	-
21	Total Other Uses	\$ -	\$ 434,275	\$ 1,129,575	\$ 1,130,100	\$ 1,130,500
22	Net Available After Other Uses	\$ 2,207,146	\$ (11,656,750)	\$ 754,715	\$ 809,115	\$ 861,557
23	Annual Revenue Requirements	\$ 4,502,854	\$ 18,281,618	\$ 6,104,702	\$ 6,308,738	\$ 6,524,902
24	End-of-Year Cash	\$ 14,533,034	\$ 2,876,284	\$ 3,630,999	\$ 4,440,115	\$ 5,301,672
25	Target Cash	\$ 17,341,117	\$ 2,357,349	\$ 2,453,487	\$ 2,553,849	\$ 2,658,626
26	Debt Service Coverage Ratio (Operations)	3.24	1.30	1.67	1.72	1.76
27	Debt Service Coverage Ratio (All Debt)	3.24	1.30	1.67	1.72	1.82
28	Target Debt Service Coverage Ratio	1.25	1.25	1.25	1.25	1.25

City of Calexico
Projected Capital Fund Results - Water System
Fiscal Years 2018 - 2023

Line No.	Description	Fiscal Year Ended June 30					
		2018	2019	2020	2021	2022	2023
Sources of Funds							
1	<u>Beginning-of-Year Cash</u>	(\$54,742)	\$0	\$5,653,235	\$3,372,660	\$2,138,111	\$925,575
Total Revenues							
1	Transfer In From Operations	-	-	-	-	-	500,000
2	Transfer In From Water Development Fee	2,677,742	123,524	-	-	-	-
3	Total Total Revenues	\$ 2,677,742	\$ 123,524	\$ -	\$ -	\$ -	\$ 500,000
Other Cash Inflows							
4	New Bond Funds	\$ -	\$ 18,092,711	\$ -	\$ -	\$ -	\$ -
5	Total Other Cash Inflows	\$ -	\$ 18,092,711	\$ -	\$ -	\$ -	\$ -
Expenses							
6	Capital Improvements	\$ 2,623,000	\$ 12,563,000	\$ 2,280,576	\$ 1,234,548	\$ 1,212,537	\$ 1,243,941
7	Existing Debt Service	0	0	0	0	0	0
8	New Debt Service	-	-	-	-	-	-
9	Total Expenses	\$ 2,623,000	\$ 12,563,000	\$ 2,280,576	\$ 1,234,548	\$ 1,212,537	\$ 1,243,941
10	Net Cashflow	\$ 54,742	\$ 5,653,235	\$ (2,280,576)	\$ (1,234,548)	\$ (1,212,537)	\$ (743,941)
11	<u>End-of-Year Cash</u>	0	5,653,235	3,372,660	2,138,111	925,575	181,634

Fund Balance

Line No	Description	Beginning Balances		
		Operating Fund	Capital Improvement Fund	
Current Assets:				
1	Cash and Investments	\$ 12,325,888	\$	(54,742)
2	Accounts Receivable	-	-	-
3	Due From Other Funds	-	-	-
4	Interest Receivable	-	-	-
5	Prepaid Items	-	-	-
6	Inventory	-	-	-
7	Total Current Assets	\$ 12,325,888	\$	(54,742)
Current Liabilities (payable from current assets):				
8	Accounts Payable	\$	-	\$
9	Accrued Wages	-	-	-
10	Deposits Held for Others	-	-	-
11	Interest Payable	-	-	-
12	Matured Debt Principalk Payments	-	-	-
13	Loans Payable	-	-	-
14	Compensated Absences	-	-	-
15	Advances In Aid of Construction	-	-	-
16	Total Current Liabilities	\$	-	\$
Adjustments:				
Less:				
17	Per City Staff	\$	-	\$
18	Prepaid Items	-	-	-
19	Inventory	-	-	-
20	Net Adjustments	\$	-	\$
Net beginning balances (Current Assets less Current Liabilities, including Adjustments)				
21		\$ 12,325,888	\$	(54,742)

City of Calexico
 Revenues - Water System
 Water Financial Model

Line No.	Description	Estimated 2018	Fiscal Year Ending June 30			
			2019	2020	2021	2022
Operating Revenues						
Water						
1	Operating Revenue	\$ 6,250,000	\$ 6,164,868	\$ 6,408,898	\$ 6,662,588	\$ 6,926,320
2	Other Revenues	440,000	440,000	440,000	440,000	440,000
3	Total Operating Revenues	\$ 6,690,000	\$ 6,604,868	\$ 6,848,898	\$ 7,102,588	\$ 7,366,320
Non-Operating Revenue						
4	Non-Utility Income	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	20,000	20,000	10,519	15,266	20,140
6	Total Non-Operating Revenue	\$ 20,000	\$ 20,000	\$ 10,519	\$ 15,266	\$ 20,140
7	Total Revenues	\$ 6,710,000	\$ 6,624,868	\$ 6,859,417	\$ 7,117,854	\$ 7,386,460
OPERATING REVENUES						
Charges for Services						
8	Rate Revenue	\$ 6,250,000	\$ 6,164,868	\$ 6,164,868	\$ 6,408,898	\$ 6,662,588
9	Growth	0.00%	0.00%	1.92%	1.92%	1.92%
10	Revenues Adjusted for Growth	\$ 6,250,000	\$ 6,164,868	\$ 6,283,233	\$ 6,531,949	\$ 6,790,510
11	Revenue Increase	0.0%	0.00%	2.00%	2.00%	2.00%
12	Percent of Year w/Rate Increase	100.0%	100.0%	100.0%	100.0%	100.0%
13	Revenues under old rates	6,250,000	6,164,868	6,408,898	6,662,588	6,926,320
14	Total Charges for Services - After Revenue Increase	\$ 6,250,000	\$ 6,164,868	\$ 6,408,898	\$ 6,662,588	\$ 6,926,320
Other Water Revenue						
15	Other Fees/Charges	440,000	440,000	440,000	440,000	440,000
Interest Income						
16	Investment Earnings	20,000	20,000	10,519	15,266	20,140
20	Total Operating Revenues	\$ 6,710,000	\$ 6,624,868	\$ 6,859,417	\$ 7,117,854	\$ 7,386,460

City of Calexico
 Estimated & Projected Uses of Funds - Water System
 Water Financial Model

Line No.	Description	Estimated 2018	Fiscal Year Ending December 31				
			2019	2020	2021	2022	2023
OPERATING EXPENSES							
Water Costs							
1	Water Admin	\$ 1,576,844	\$ 2,039,561	\$ 2,103,014	\$ 2,168,632	\$ 2,236,490	\$ 2,306,665
2	Treatment	1,701,260	2,429,218	2,550,679	2,678,213	2,812,123	2,952,730
3	Transmission & Distribution	132,000	173,000	178,190	183,536	189,042	194,713
4	Transfers	-	12,082,484	-	-	-	500,000
5	Water Customer Service	106,300	138,400	143,244	148,258	153,447	158,817
6	Total OPERATING EXPENSES	\$ 3,516,404	\$ 16,862,663	\$ 4,975,127	\$ 5,178,638	\$ 5,391,102	\$ 6,112,925
OPERATING EXPENSES							
7	Salaries and Benefits	\$ 1,701,260	\$ 2,429,218	\$ 2,550,679	\$ 2,678,213	\$ 2,812,123	\$ 2,952,730
8	Materials/Supplies	769,000	926,650	959,083	992,651	1,027,393	1,063,352
9	Repairs/Maintenance	127,000	148,000	152,440	157,013	161,724	166,575
10	Contracts/Professional Services	283,250	368,750	379,813	391,207	402,943	415,031
11	General Liability Insurance	146,484	171,618	177,625	183,841	190,276	196,936
12	Administration/Office Costs	106,300	138,400	143,244	148,258	153,447	158,817
13	City-Wide Cost Allocation	378,110	398,500	412,551	426,990	441,935	457,403
14	Land Lease	-	173,943	173,943	173,943	173,943	173,943
15	Capital Outlay	5,000	25,000	25,750	26,523	27,318	28,138
16	Refunding/System Draw Down	-	12,082,484	-	-	-	-
17	Transfer to Capital Fund	-	-	-	-	-	500,000
18	TOTAL OPERATING EXPENSES	\$ 3,516,404	\$ 16,862,663	\$ 4,975,127	\$ 5,178,638	\$ 5,391,102	\$ 6,112,925

City of Calexico
Existing Debt

Water System Lease Revenue Bonds 2007
Total

	2018	2019	2020	2021	2022	2023
	\$986,450	\$984,680	\$0	\$0	\$0	\$0
	\$986,450	\$984,680	\$0	\$0	\$0	\$0

New Debt Service Operations Bond Debt Service

				2019	2020	2021	2022	2023
Annual New Debt Required				\$ 18,574,041	\$ -	\$ -	\$ -	\$ -
Fiscal Year	Capital Project	Proceeds	Issuance	2019	2020	2021	2022	2023
	Required	Costs	Required					
2019	\$ 18,092,711	\$ 481,330	\$ 18,574,041	\$ 434,275	\$ 1,129,575	\$ 1,130,100	\$ 1,133,800	\$ 1,130,500
2020	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
Cumulative Annual New Operating Bond Debt Service				\$ 434,275	\$ 1,129,575	\$ 1,130,100	\$ 1,133,800	\$ 1,130,500

City of Calexico
 Projected Operating Results - Sewer System
 Fiscal Years 2018 - 2023

Line No.	Description	Fiscal Year Ended June 30					
		2018	2019	2020	2021	2022	2023
Sources of Funds							
1	Beginning-of-Year Cash	\$17,815,987	\$20,578,105	\$3,386,014	\$4,079,104	\$4,862,160	\$5,742,583
Operating Revenues							
2	Operating Revenue	\$ 5,600,000	\$ 5,824,000	\$ 5,935,821	\$ 6,170,784	\$ 6,415,049	\$ 6,668,982
3	Other Revenues	11,000	11,000	11,000	11,000	11,000	11,000
4	Total Operating Revenues	\$ 5,611,000	\$ 5,835,000	\$ 5,946,821	\$ 6,181,784	\$ 6,426,049	\$ 6,679,982
Non-Operating Revenue							
5	Interest Income	27,000	27,000	14,089	19,165	24,462	29,114
6	Total Non-Operating Revenue	\$ 27,000	\$ 27,000	\$ 14,089	\$ 19,165	\$ 24,462	\$ 29,114
7	Total Operating Revenues	\$ 5,638,000	\$ 5,862,000	\$ 5,960,910	\$ 6,200,949	\$ 6,450,510	\$ 6,709,095
Operating Expenses							
8	Wastewater Administration	\$ 783,600	\$ 876,200	\$ 902,486	\$ 929,561	\$ 957,447	\$ 986,171
9	Wastewater Treatment Plant	1,663,482	2,147,616	2,239,552	2,335,804	2,436,578	2,542,091
10	Transfers	-	17,925,446	-	-	-	700,000
11	Wastewater Collection System	428,800	794,400	818,232	842,779	868,062	894,104
12	Total Operating Expenses	\$ 2,875,882	\$ 21,743,662	\$ 3,960,270	\$ 4,108,143	\$ 4,262,087	\$ 5,122,367
13	Net Result of Operations	\$ 2,762,118	\$(15,881,662)	\$ 2,000,640	\$ 2,092,806	\$ 2,188,423	\$ 1,586,729
Non-Operating Expenses							
14	Capital Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Existing Debt Service	-	-	-	-	-	-
16	Other Miscellaneous	-	-	-	-	-	-
17	Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	Net Available After Operations	\$ 2,762,118	\$(15,881,662)	\$ 2,000,640	\$ 2,092,806	\$ 2,188,423	\$ 1,586,729
Other Uses							
19	New Debt Service	\$ -	\$ 1,310,429	\$ 1,307,550	\$ 1,309,750	\$ 1,308,000	\$ 1,310,500
20	Total Other Uses	\$ -	\$ 1,310,429	\$ 1,307,550	\$ 1,309,750	\$ 1,308,000	\$ 1,310,500
21	Net Available After Other Uses	\$ 2,762,118	\$(17,192,091)	\$ 693,090	\$ 783,056	\$ 880,423	\$ 276,229
22	Annual Revenue Requirements	\$ 2,875,882	\$ 23,054,091	\$ 5,267,820	\$ 5,417,893	\$ 5,570,087	\$ 6,432,867
23	End-of-Year Cash	\$20,578,105	\$3,386,014	\$4,079,104	\$4,862,160	\$5,742,583	\$6,018,811
24	Target Cash	\$1,418,243	\$1,882,956	\$1,933,010	\$2,025,934	\$2,101,851	\$2,180,893
25	Debt Service Coverage Ratio (Operations)	#DIV/0!	1.56	1.53	1.60	1.67	1.74
26	Debt Service Coverage Ratio (All Debt)	#DIV/0!	1.56	1.53	1.60	1.67	1.74
27	Target Debt Service Coverage Ratio	1.25	1.25	1.25	1.25	1.25	1.25

City of Calexico
 Projected Capital Improvement Fund Results - Sewer System
 Fiscal Years 2018 - 2023

Line No.	Description	Fiscal Year Ended June 30					
		2018	2019	2020	2021	2022	2023
Sources of Funds							
1	Beginning-of-Year Cash	\$0	\$(147,033)	\$33,874,227	\$17,788,115	\$2,022,103	\$963,968
Total Revenues							
1	Transfer In - Operating Fund	-	17,925,446	-	-	-	700,000
2	Transfer In - Impact Fee Fund	205,967	-	-	-	-	-
3	Total Total Revenues	\$ 205,967	\$ 17,925,446	\$ -	\$ -	\$ -	\$ 700,000
Other Cash Inflows							
4	New Bond Funds	\$0	\$22,732,814	\$0	\$0	\$0	\$0
5	Total Other Cash Inflows	\$ -	\$ 22,732,814	\$ -	\$ -	\$ -	\$ -
Expenses							
6	Capital Improvements	\$ 353,000	\$ 6,637,000	\$ 16,086,112	\$ 15,766,013	\$ 1,058,135	\$ 1,094,402
7	Existing Debt Service	0	0	0	0	0	0
8	New Debt Service	-	-	-	-	-	-
9	Total Expenses	\$ 353,000	\$ 6,637,000	\$ 16,086,112	\$ 15,766,013	\$ 1,058,135	\$ 1,094,402
10	Net Cashflow	\$ (147,033)	\$ 34,021,240	\$ (16,086,112)	\$ (15,766,013)	\$ (1,058,135)	\$ (394,402)
11	End-of-Year Cash	(147,033)	33,874,227	17,788,115	2,022,103	963,968	569,565

Fund Balance

Line No.	Description	Beginning Balances	
		Operating Fund	Capital Improvement Fund
Current Assets:			
1	Cash and Investments	\$ 17,815,987	\$ -
2	Accounts Receivable	-	-
3	Due From Other Funds	-	-
4	Interest Receivable	-	-
5	Prepaid Items	-	-
6	Inventory	-	-
7	Total Current Assets	\$ 17,815,987	\$ -
Current Liabilities (payable from current assets):			
8	Accounts Payable	\$ -	\$ -
9	Accrued Wages	-	-
10	Deposits Held for Others	-	-
11	Interest Payable	-	-
12	Matured Debt Principal Payments	-	-
13	Loans Payable	-	-
14	Compensated Absences	-	-
15	Advances in Aid of Construction	-	-
16	Total Current Liabilities	\$ -	\$ -
Adjustments:			
Less:			
17	Per City Staff	\$ -	\$ -
18	Prepaid Items	-	-
19	Inventory	-	-
20	Net Adjustments	\$ -	\$ -
Net Reporting Balance (Current Assets less Current Liabilities, including Adjustments)		\$ 17,815,987	\$ -

City of Calexico
Revenues - Sewer System
Sewer Financial Model

Line No.	Description	Estimated Fiscal Year Ending June 30				
		2018	2019	2020	2021	2022
Operating Revenues						
Sewer						
1	Operating Revenue	\$ 5,600,000	\$ 5,824,000	\$ 5,935,821	\$ 6,170,784	\$ 6,415,049
2	Other Revenues	11,000	11,000	11,000	11,000	11,000
3	Total Operating Revenues	\$ 5,611,000	\$ 5,835,000	\$ 5,946,821	\$ 6,181,784	\$ 6,426,049
Non-Operating Revenue						
4	Non-Utility Income	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	27,000	27,000	14,089	19,165	24,462
6	Total Non-Operating Revenue	\$ 27,000	\$ 27,000	\$ 14,089	\$ 19,165	\$ 24,462
7	Total Revenues	\$ 5,638,000	\$ 5,862,000	\$ 5,960,910	\$ 6,200,949	\$ 6,450,510
OPERATING REVENUES						
Charges for Services						
8	Rate Revenue	\$ 5,600,000	\$ 5,824,000	\$ 5,824,000	\$ 5,935,821	\$ 6,170,784
9	Growth	0.00%	0.00%	1.92%	1.92%	1.92%
10	Revenues Adjusted for Growth	\$ 5,600,000	\$ 5,824,000	\$ 5,935,821	\$ 6,049,789	\$ 6,289,263
11	Percent of Year w/Rate Increase	0.0%	0.00%	0.00%	2.00%	2.00%
12	Revenues under old rates	100.0%	100.0%	100.0%	100.0%	100.0%
13	Revenues under new rates	\$ 5,600,000	\$ 5,824,000	\$ 5,935,821	\$ 6,170,784	\$ 6,415,049
14	Total Charges for Services - After Revenue Increase	\$ 5,600,000	\$ 5,824,000	\$ 5,935,821	\$ 6,170,784	\$ 6,415,049
Other Sewer Revenue						
15	Other Fees/Charges	11,000	11,000	11,000	11,000	11,000
16	Investment Earnings	27,000	27,000	14,089	19,165	24,462
20	Total Operating Revenues	\$ 5,638,000	\$ 5,862,000	\$ 5,960,910	\$ 6,200,949	\$ 6,450,510

City of Calexico
Estimated & Projected Uses of Funds - Sewer System
Sewer Financial Model

Line No.	Description	Fiscal Year Ending December 31										
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
OPERATING EXPENSES												
1	Wastewater Administration	\$ 783,600	\$ 876,200	\$ 902,486	\$ 929,561	\$ 957,447	\$ 986,171	\$ 1,015,000	\$ 1,044,000	\$ 1,073,000	\$ 1,102,000	\$ 1,131,000
2	Wastewater Treatment Plant	1,663,482	2,147,616	2,239,552	2,335,804	2,436,578	2,542,091	2,652,000	2,766,000	2,884,000	3,006,000	3,132,000
3	Transfers	-	17,925,446	-	-	-	-	-	-	-	-	-
4	Wastewater Collection System	428,800	794,400	818,232	842,779	868,062	894,104	920,000	946,000	972,000	1,000,000	1,028,000
5	Total OPERATING EXPENSES	\$ 2,875,882	\$ 21,743,662	\$ 3,960,270	\$ 4,108,143	\$ 4,262,087	\$ 4,422,367	\$ 4,588,000	\$ 4,766,000	\$ 4,948,000	\$ 5,134,000	\$ 5,314,000
OPERATING EXPENSES												
6	Salaries and Benefits	\$ 1,301,978	\$ 1,557,167	\$ 1,635,025	\$ 1,716,777	\$ 1,802,615	\$ 1,892,746	\$ 1,987,000	\$ 2,085,000	\$ 2,187,000	\$ 2,292,000	\$ 2,400,000
7	Materials/Supplies	650,100	728,350	750,201	772,707	795,888	819,764	844,000	868,000	892,000	916,000	940,000
8	Repairs/Maintenance	181,500	359,700	370,491	381,606	393,054	404,846	417,000	429,000	441,000	453,000	465,000
9	Contracts/Professional Services	247,300	434,700	447,741	461,173	475,008	489,259	503,500	517,500	531,500	545,500	559,500
10	General Liability Insurance	59,516	70,908	73,035	75,226	77,483	79,808	82,100	84,400	86,700	89,000	91,300
11	Administration/Office Costs	133,500	147,850	152,286	156,854	161,560	166,406	171,200	176,000	180,800	185,600	190,400
12	City-Wide Cost Allocation	301,988	318,352	327,903	337,740	347,872	358,308	369,000	379,500	390,000	400,500	411,000
18	Capital Outlay	-	80,000	82,400	84,872	87,418	90,041	92,700	95,400	98,100	100,800	103,500
19	Land Lease	-	121,189	121,189	121,189	121,189	121,189	121,189	121,189	121,189	121,189	121,189
20	Transfer Out to Capital Fund	-	17,925,446	-	-	-	-	-	-	-	-	-
21	TOTAL OPERATING EXPENSES	\$ 2,875,882	\$ 21,743,662	\$ 3,960,270	\$ 4,108,143	\$ 4,262,087	\$ 4,422,367	\$ 4,588,000	\$ 4,766,000	\$ 4,948,000	\$ 5,134,000	\$ 5,314,000

City of Calexico
Capital Improvement Plan

Year of Expenditure
Current/2019 2020 2021 2022 2023

CIP Summary		
#	Item	Est. \$
1	Wastewater Treatment	\$ 30,932,000
2	Wastewater Collection	\$ 18,213,000
Total		\$ 49,145,000

SEWER			
#	Item	Project Number	Est. \$
1	Emergency Generator Replacement	934	\$ 1,000,000
2	UV Disinfection System Upgrade	936	\$ 450,000
3	Laboratory Equipment Replacement	937	\$ 100,000
4	Compactor/Bar Screen/Grit Chamber Replacement (Headwork)	938	\$ 1,200,000
5	Lift Station No. 1 Replacement at Headworks	972	\$ 1,700,000
6	Wastewater Treatment Plant Improvements	973	\$ 1,550,000
7	Wastewater Treatment Plant Improvements	973	\$ 24,250,000
8	Vehicle and Equipment Replacement	975	\$ 682,000
9			\$ -
10			\$ -
11			\$ -
12			\$ -
13			\$ -
14			\$ -
Total			\$ 30,932,000

Wastewater Treatment			
#	Item	Project Number	Est. \$
1	Emergency Generator Replacement	934	\$ 1,000,000
2	UV Disinfection System Upgrade	936	\$ 450,000
3	Laboratory Equipment Replacement	937	\$ 100,000
4	Compactor/Bar Screen/Grit Chamber Replacement (Headwork)	938	\$ 1,200,000
5	Lift Station No. 1 Replacement at Headworks	972	\$ 1,700,000
6	Wastewater Treatment Plant Improvements	973	\$ 1,550,000
7	Wastewater Treatment Plant Improvements	973	\$ 24,250,000
8	Vehicle and Equipment Replacement	975	\$ 682,000
9			\$ -
10			\$ -
11			\$ -
12			\$ -
13			\$ -
14			\$ -
Total			\$ 30,932,000

Wastewater Collection			
#	Item	Project Number	Est. \$
1	Lift-Station #9, #11 Rehabilitation	933	\$ 1,950,000
2	Sewer Manhole/Collection System Rehabilitation	940	\$ 15,300,000
3	CCTV Inside of Sewer Collection Pipes	974	\$ 150,000
4	Vehicle and Equipment Replacement	975	\$ 628,000
5	Wastewater Collection System Master Plan	986	\$ 185,000
6			\$ -
7			\$ -
Total			\$ 18,213,000

Sewer Total

\$	-	\$ 1,000,000	\$	-	\$	-
-	-	450,000	-	-	-	-
-	-	100,000	-	-	-	-
-	-	1,200,000	-	-	-	-
-	-	1,700,000	-	-	-	-
1,550,000	-	-	14,000,000	-	-	-
66,000	-	44,000	44,000	44,000	44,000	44,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$	1,616,000	\$ 14,744,000	\$ 14,044,000	\$ 44,000	\$ 44,000	\$ 44,000

\$	1,950,000	\$	-	\$	-	\$	-
2,700,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
150,000	-	-	-	-	-	-	-
36,000	36,000	36,000	36,000	36,000	36,000	44,000	44,000
185,000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$	5,021,000	\$ 936,000	\$ 936,000	\$ 936,000	\$ 936,000	\$ 944,000	944,000
\$	6,637,000	\$ 15,680,000	\$ 14,980,000	\$ 980,000	\$ 980,000	\$ 988,000	988,000

**New Debt Service
Operations Bond Debt Service**

		2019	2020	2021	2022	2023
Annual New Debt Required		\$ 22,885,627	\$ -	\$ -	\$ -	\$ -
	Capital Project					
Fiscal Year	Proceeds Required	Issuance Costs	Total Debt Required	2019	2020	2021
2019	\$ 22,732,814	\$ 152,813	\$ 22,885,627	\$ 218,725	\$ 1,309,925	\$ 1,309,050
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
Cumulative Annual New Operating Bond Debt Service		\$ 218,725	\$ 1,309,925	\$ 1,309,050	\$ 1,309,500	\$ 1,312,500

City of Calexico
Development of Rate Revenue Requirement

A

Line No:	Test Year for Rate Revenue Requirement FY 2019	Requirement
1	Total Operating Revenue Requirement	\$ 6,164,868
	Less:	
	<u>Other Operating Revenues</u>	
2	Other Fees/Charges	440,000
3	Investment Earnings	20,000
4	Increase/(Decrease) in Reserves	(460,000)
	Total Other Operating Revenues	-
5	Total Rate Revenue Requirement	\$ 6,164,868
6	Portion to Fixed Charge	
7	Portion to Flow Charge	
8	Total Rate Revenue Requirement	\$ 6,164,868

City of Calexico

Allocation of Test Year Costs to Water Function

A

Line No:	Expense Group	Test Year Rate Revenue Requirements	FY 2019
1	Treat		2,429,218
2	T&D		173,000
3	CS		138,400
4	Admin		2,039,561
5	Transfers		2,292,408
6	Existing Bond DS		984,680
7	Total		\$ 8,057,267

City of Calexico
Allocation of Water Costs Test Year FY 2019

Allocation to Base Extra Capacity - Water

Line No:	Water Costs		Base		Extra Capacity		Meters & Services		Billing & Collection		Total
	Treat	T&D	\$1,457,531	\$650,226	Max Hour	Max Hour	\$0	\$0	\$0	\$2,429,218	
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
14											

Allocation to Customer Class - Water - Annual Basis

Line No:	Customer Class	Total Annual Flow	Average Daily Flow	Base		Extra Capacity		Capacity Factor	Total Capacity	Extra Capacity	Total Costs
				Base	Capacity Factor	Extra Capacity	Capacity Factor				
15	RES	2,110,319	5,782	5,956	103%	174	196%	11,429	5,647	5,647	
16	COM	179,193	491	665	139%	194	266%	1,314	823	823	
17	CONST	1,344	4	10	265%	6	509%	19	15	15	
18	RESALE	2,189	6	18	298%	12	572%	34	28	28	
19											
20	Total	2,293,045	6,282	6,668		386		12,795	6,513	6,513	
21	Allocated Costs										
22	Billing Units										
23	Rate										

Line No:	Customer Class	Total Annual Flow	Base Costs Allocated to Customer Class		Max Day Costs Allocated to Customer Class		Max Hour Costs Allocated to Customer Class		Billing & Collection	Total Base Extra Capacity Costs Allocated to Customer Class
			Base	Customer Class	Extra Capacity	Customer Class	Extra Capacity	Meters & Services		
24	RES	2,110,319	4,564,610	174	236,793	5,647	72,680	355,155	205,246	5,435,484
25	COM	179,193	387,594	194	262,897	823	10,589	21,686	12,593	695,360
26	CONST	1,344	2,907	6	8,255	15	194	352	205	11,913
27	RESALE	2,189	4,734	12	16,140	28	365	551	320	22,111
28										
29	Total	2,293,045	4,959,846	386	524,086	6,513	83,628	377,744	219,364	6,164,868

Development of Proposed FY 2019 Residential Rates

Service Charge, \$ per Bill	Rate	Bills	Revenue
First Unit	\$ 16.91	45,009	\$761,098
Additional Unit	8.45	12,804	108,195
Total Service Charge Revenue			\$869,293

Block	% Volume in Block	Billed Volume	Cumulative Factor	Volume Rate	Rate Revenue
All Use	100.0%	1,001,768	1.00	\$2.17	\$1,958,733
Total	100%	1,001,768			\$1,958,733

Development of Proposed FY 2019 Commercial Rates

Service Charge, \$ per Bill	Rate	Bills	Revenue
3/4-inch	\$18.70	528	\$9,876
1-inch	31.24	1,650	51,541
1 1/2-inch	62.29	0	0
2-inch	99.70	588	58,621
3-inch	199.58	6	1,197
4-inch	311.81	48	14,967
6-inch	623.43	6	3,741
Total Service Charge Revenue			\$139,943

Block	% Volume in Block	Billed Volume	Cumulative Factor	Volume Rate	Rate Revenue
All Use	100.0%	84,669	1.00	\$2.91	\$221,846
Total	100%	84,669			\$221,846

Development of Proposed FY 2019 Construction/Truck Rates

Service Charge, \$ per Bill		Rate	Bills	Revenue	
Per Unit		\$ 97.57	23	\$2,238	
Total Service Charge Revenue				\$2,238	
Block	% Volume in Block	Billed Volume	Cumulative Factor	Volume Rate	Rate Revenue
All Use	100.0%	265	1.00	\$5.22	\$1,383
Total	100%	265			\$1,383

Development of Proposed FY 2019 Resale Rates

Service Charge, \$ per Bill		Rate	Bills	Revenue	
Per Unit		\$ 97.58	36	\$3,503	
Total Service Charge Revenue				\$3,503	
Block	% Volume in Block	Billed Volume	Cumulative Factor	Volume Rate	Rate Revenue
All Use	100.0%	1,190	1.00	\$8.87	\$10,560
Total	100%	1,190			\$10,560

Calexico
Water Connection Fee Model
Fixed Assets by Valuation Method

Asset No.	Fixed Asset	Valuation Date	Original Cost	Accumulated Depreciation	CCI Inflation Factor	Replacement Cost New Less Depreciation (RCNLD)
	Land					
2008-020	Land	2005	\$180,000	\$0	1.41	\$180,000
	Buildings					
2011-026	Land Improvements	2011	15,965	4,124	1.16	11,841
3180024	Land Improvements	1980	37,131	37,131	3.25	0
2009-035	Construction	2009	2,327,000	333,537	1.23	1,993,463
2009-037	Construction	2009	2,353,943	337,399	1.23	2,016,544
2009-045	Construction	2008	110,000	16,867	1.27	93,133
2009-046	Construction	2008	3,715,129	569,653	1.27	3,145,476
2010-029	Construction	2009	75,929	10,630	1.23	65,299
	Improvements					
2009-040	Land Improvements	2009	403,484	144,582	1.23	258,903
2010-028	Land Improvements	2009	526,882	173,432	1.23	353,450
2011-025	Portable Structures/Construction	2010	148,165	33,584	1.20	114,581
1010004	Portable Structures/Construction	1990	29,769	29,769	2.23	0
1010010	Portable Structures/Construction	1999	23,135	16,194	1.74	6,940
1010011	Portable Structures/Construction	1998	100,303	74,224	1.78	26,079
1010016	Portable Structures/Construction	1970	12,553	12,553	7.63	0
1015001	Portable Structures/Construction	1970	6,783	6,783	7.63	0
1015002	Portable Structures/Construction	1970	5,134	5,134	7.63	0
1010001	Construction	1949	308,570	308,570	22.08	6,503,578
1010003	Construction	1949	22,944	22,944	22.08	483,588
1010006	Construction	1960	273,627	273,627	12.79	3,225,313
1010007	Construction	2001	811,000	251,410	1.66	1,095,262
1010008	Construction	1998	333,743	123,485	1.78	470,202
1010009	Construction	2000	1,583,644	522,602	1.69	2,158,197
1010014	Construction	1950	2,067,694	2,067,694	20.66	40,659,749
1015003	Construction	1970	700,566	651,527	7.63	4,690,704
20070013	Construction	2007	14,334	2,580	1.32	16,367
2011-002	Construction	2010	784,208	92,798	1.20	845,768
2011-004	Construction	2010	1,715,688	194,445	1.20	1,858,948
2011-005	Construction	2011	32,944	3,294	1.16	34,956
2011-027	Construction	2011	10,646	1,136	1.16	11,225
2015-007	Construction	2015	5,498,366	155,787	1.05	5,614,888
2015-017	Construction	2015	1,428,399	40,471	1.05	1,458,670
2015-016	Land Improvements	2015	70,514	4,945	1.05	65,570
	Infrastructure					
2010-011	Collect & Distribute (Water/Sewer)	2009	178,240	18,052	1.23	200,971
2010-012	Collect & Distribute (Water/Sewer)	2009	22,669	2,296	1.23	25,560
20050053	Collect & Distribute (Water/Sewer)	2005	8,860	1,499	1.41	11,031
20050055	Collect & Distribute (Water/Sewer)	2005	15,000	2,538	1.41	18,676
20050057	Collect & Distribute (Water/Sewer)	2005	13,000	2,200	1.41	16,186
20040119	Infrastructure	2004	5,974	1,149	1.48	7,693
20040112	Collect & Distribute (Water/Sewer)	2004	22,000	4,231	1.48	28,332
20040135	Collect & Distribute (Water/Sewer)	2004	16,500	3,173	1.48	21,249
980702260015	Collect & Distribute (Water/Sewer)	1940	6,090	6,090	43.52	258,968
980702260016	Collect & Distribute (Water/Sewer)	1950	9,570	9,570	20.66	188,187
980702260017	Collect & Distribute (Water/Sewer)	1955	6,708	6,347	15.96	100,731
980702260018	Collect & Distribute (Water/Sewer)	1960	8,256	7,176	12.79	98,395
980702260019	Collect & Distribute (Water/Sewer)	1965	8,256	6,541	10.85	82,999
980702260020	Collect & Distribute (Water/Sewer)	1970	10,836	7,752	7.63	74,879
980702260021	Collect & Distribute (Water/Sewer)	1975	15,996	10,213	4.76	65,941
980702260022	Collect & Distribute (Water/Sewer)	1980	22,188	12,459	3.25	59,725
980702260023	Collect & Distribute (Water/Sewer)	1985	33,024	16,004	2.51	66,898
980702260024	Collect & Distribute (Water/Sewer)	1990	37,668	15,357	2.23	68,472
980702260025	Collect & Distribute (Water/Sewer)	1992	39,732	14,976	2.11	68,959
980702260026	Collect & Distribute (Water/Sewer)	1994	42,828	14,825	1.95	68,573
980702260027	Collect & Distribute (Water/Sewer)	1996	45,408	14,321	1.87	70,766
980702260028	Collect & Distribute (Water/Sewer)	1998	48,504	13,805	1.78	72,478
980702260029	Collect & Distribute (Water/Sewer)	2000	50,568	12,837	1.69	72,765
980702260030	Collect & Distribute (Water/Sewer)	2002	51,600	11,511	1.61	71,603
980702260031	Collect & Distribute (Water/Sewer)	1920	5,148	5,148	41.96	210,841
980702260032	Collect & Distribute (Water/Sewer)	1930	6,864	6,864	51.88	349,217
980702260033	Collect & Distribute (Water/Sewer)	1940	12,012	12,012	43.52	510,792
980702260034	Collect & Distribute (Water/Sewer)	1950	18,876	18,876	20.66	371,183
980702260035	Collect & Distribute (Water/Sewer)	1955	13,572	12,841	15.96	203,805
980702260036	Collect & Distribute (Water/Sewer)	1960	16,704	14,520	12.79	199,079
980702260037	Collect & Distribute (Water/Sewer)	1965	16,704	13,235	10.85	167,928
980702260038	Collect & Distribute (Water/Sewer)	1970	21,924	15,684	7.63	151,499
980702260039	Collect & Distribute (Water/Sewer)	1975	32,364	20,663	4.76	133,416
980702260040	Collect & Distribute (Water/Sewer)	1980	44,892	25,209	3.25	120,839
980702260041	Collect & Distribute (Water/Sewer)	1985	66,816	32,380	2.51	135,352
980702260042	Collect & Distribute (Water/Sewer)	1990	76,212	31,071	2.23	138,537
980702260043	Collect & Distribute (Water/Sewer)	1992	80,388	30,300	2.11	139,522
980702260044	Collect & Distribute (Water/Sewer)	1994	86,652	29,995	1.95	138,742
980702260045	Collect & Distribute (Water/Sewer)	1996	91,872	28,975	1.87	143,178
980702260046	Collect & Distribute (Water/Sewer)	1998	98,136	27,931	1.78	146,641
980702260047	Collect & Distribute (Water/Sewer)	2000	102,312	25,972	1.69	147,223
980702260048	Collect & Distribute (Water/Sewer)	2002	104,400	23,289	1.61	144,871
980702260049	Collect & Distribute (Water/Sewer)	1920	6,534	6,534	41.96	267,606
980702260050	Collect & Distribute (Water/Sewer)	1930	8,712	8,712	51.88	443,237
980702260051	Collect & Distribute (Water/Sewer)	1940	15,246	15,246	43.52	648,313
980702260052	Collect & Distribute (Water/Sewer)	1950	23,958	23,958	20.66	471,117
980702260053	Collect & Distribute (Water/Sewer)	1955	25,857	24,465	15.96	388,284
980702260054	Collect & Distribute (Water/Sewer)	1960	31,824	27,662	12.79	379,279
980702260055	Collect & Distribute (Water/Sewer)	1965	31,824	25,214	10.85	319,931
980702260056	Collect & Distribute (Water/Sewer)	1970	41,769	29,881	7.63	288,632
980702260057	Collect & Distribute (Water/Sewer)	1975	61,659	39,367	4.76	254,181

Calexico
Water Connection Fee Model
Fixed Assets by Valuation Method

Asset No.	Fixed Asset	Valuation Date	Original Cost	Accumulated Depreciation	CCI Inflation Factor	Replacement Cost New Less Depreciation (RCNLD)
980702260058	Collect & Distribute (Water/Sewer)	1980	85,527	48,027	3.25	230,218
980702260059	Collect & Distribute (Water/Sewer)	1985	79,680	38,614	2.51	161,411
980702260060	Collect & Distribute (Water/Sewer)	1990	145,197	59,196	2.23	263,936
980702260061	Collect & Distribute (Water/Sewer)	1992	153,153	57,727	2.11	265,813
980702260062	Collect & Distribute (Water/Sewer)	1994	103,335	35,770	1.95	165,453
980702260063	Collect & Distribute (Water/Sewer)	1996	175,032	55,202	1.87	272,778
980702260064	Collect & Distribute (Water/Sewer)	1998	186,966	53,213	1.78	279,376
980702260065	Collect & Distribute (Water/Sewer)	2000	122,010	30,972	1.69	175,567
980702260066	Collect & Distribute (Water/Sewer)	2002	198,900	44,370	1.61	276,004
980702260067	Collect & Distribute (Water/Sewer)	1960	9,136	7,941	12.79	108,883
980702260068	Collect & Distribute (Water/Sewer)	1965	9,136	7,239	10.85	91,846
980702260069	Collect & Distribute (Water/Sewer)	1970	11,991	8,578	7.63	82,860
980702260070	Collect & Distribute (Water/Sewer)	1975	17,701	11,301	4.76	72,970
980702260071	Collect & Distribute (Water/Sewer)	1980	24,553	13,787	3.25	66,091
980702260072	Collect & Distribute (Water/Sewer)	1985	36,544	17,710	2.51	74,029
980702260073	Collect & Distribute (Water/Sewer)	1990	41,683	16,994	2.23	75,771
980702260074	Collect & Distribute (Water/Sewer)	1992	43,967	16,572	2.11	76,309
980702260075	Collect & Distribute (Water/Sewer)	1994	47,393	16,405	1.95	75,883
980702260076	Collect & Distribute (Water/Sewer)	1996	50,248	15,848	1.87	78,309
980702260077	Collect & Distribute (Water/Sewer)	1998	53,674	15,276	1.78	80,203
980702260078	Collect & Distribute (Water/Sewer)	2000	55,958	14,205	1.69	80,521
980702260079	Collect & Distribute (Water/Sewer)	2002	57,100	12,738	1.61	79,235
980702260080	Collect & Distribute (Water/Sewer)	1920	10,212	10,212	41.96	418,242
980702260081	Collect & Distribute (Water/Sewer)	1930	13,616	13,616	51.88	692,735
980702260082	Collect & Distribute (Water/Sewer)	1940	23,828	23,828	43.52	1,013,249
980702260083	Collect & Distribute (Water/Sewer)	1950	37,444	37,444	20.66	736,310
980702260084	Collect & Distribute (Water/Sewer)	1955	54,717	51,771	15.96	821,663
980702260085	Collect & Distribute (Water/Sewer)	1960	67,344	58,537	12.79	802,607
980702260086	Collect & Distribute (Water/Sewer)	1965	67,344	53,357	10.85	677,019
980702260087	Collect & Distribute (Water/Sewer)	1970	88,389	62,232	7.63	611,786
980702260088	Collect & Distribute (Water/Sewer)	1975	130,479	83,306	4.76	537,882
980702260089	Collect & Distribute (Water/Sewer)	1980	180,987	101,631	3.25	487,174
980702260090	Collect & Distribute (Water/Sewer)	1985	269,376	130,544	2.51	545,686
980702260091	Collect & Distribute (Water/Sewer)	1990	307,257	125,266	2.23	558,526
980702260092	Collect & Distribute (Water/Sewer)	1992	324,093	122,158	2.11	562,497
980702260093	Collect & Distribute (Water/Sewer)	1994	349,347	120,928	1.95	559,352
980702260094	Collect & Distribute (Water/Sewer)	1996	370,392	116,816	1.87	577,237
980702260095	Collect & Distribute (Water/Sewer)	1998	395,646	112,607	1.78	591,198
980702260096	Collect & Distribute (Water/Sewer)	2000	412,482	104,707	1.69	593,545
980702260097	Collect & Distribute (Water/Sewer)	2002	420,900	93,893	1.61	584,062
980702260098	Collect & Distribute (Water/Sewer)	1990	84,826	34,583	2.23	154,195
980702260099	Collect & Distribute (Water/Sewer)	1992	89,474	33,725	2.11	155,291
980702260100	Collect & Distribute (Water/Sewer)	1994	96,446	33,385	1.95	154,423
980702260101	Collect & Distribute (Water/Sewer)	1996	102,256	32,250	1.87	159,361
980702260102	Collect & Distribute (Water/Sewer)	1998	109,228	31,088	1.78	163,215
980702260103	Collect & Distribute (Water/Sewer)	2000	113,876	28,907	1.69	163,863
980702260104	Collect & Distribute (Water/Sewer)	2002	116,200	25,922	1.61	161,245
980702260105	Collect & Distribute (Water/Sewer)	1994	56,537	19,508	1.95	90,586
980702260106	Collect & Distribute (Water/Sewer)	1996	59,752	18,845	1.87	93,120
980702260107	Collect & Distribute (Water/Sewer)	1998	63,826	18,166	1.78	95,373
980702260108	Collect & Distribute (Water/Sewer)	2000	66,542	16,891	1.69	95,751
980702260109	Collect & Distribute (Water/Sewer)	2002	67,900	15,147	1.61	94,221
980702260110	Collect & Distribute (Water/Sewer)	1994	575,356	199,162	1.95	921,223
980702260111	Collect & Distribute (Water/Sewer)	1996	310,376	97,888	1.87	483,705
980702260112	Collect & Distribute (Water/Sewer)	1998	651,608	185,458	1.78	973,672
980702260113	Collect & Distribute (Water/Sewer)	2000	679,336	172,447	1.69	977,537
980702260114	Collect & Distribute (Water/Sewer)	2002	693,200	154,637	1.61	961,920
2011-003	Collect & Distribute (Water/Sewer)	2011	227,538	18,086	1.16	246,102
	Equipment					
2009-036	Machinery & Tools	2009	300,000	143,333	1.23	156,667
2009-039	Machinery & Tools	2009	160,000	76,444	1.23	83,556
2009-041	Machinery & Tools	2008	320,000	163,556	1.27	156,444
2009-042	Machinery & Tools	2008	500,000	255,556	1.27	244,444
2009-043	Machinery & Tools	2008	200,000	102,222	1.27	97,778
2009-038	Utilities/Water/Sewer/Elec Equip	2009	1,451,346	346,710	1.23	1,104,636
2009-044	Utilities/Water/Sewer/Elec Equip	2008	367,700	93,968	1.27	273,732
4883	Computer Equipment	2004	7,430	7,430	1.48	0
4884	Licensed Vehicles	2006	13,962	13,962	1.36	0
4889	Licensed Vehicles	2006	13,962	13,962	1.36	0
458	Machinery & Tools	1999	5,882	5,882	1.74	0
489	Machinery & Tools	2001	5,000	5,000	1.66	0
519	Machinery & Tools	1999	29,409	29,409	1.74	0
520	Machinery & Tools	1999	29,409	29,409	1.74	0
521	Machinery & Tools	1999	7,352	7,352	1.74	0
522	Machinery & Tools	1999	7,352	7,352	1.74	0
523	Machinery & Tools	1999	7,352	7,352	1.74	0
524	Machinery & Tools	1999	7,352	7,352	1.74	0
525	Machinery & Tools	1999	7,352	7,352	1.74	0
741	Machinery & Tools	1990	100,787	100,787	2.23	0
742	Machinery & Tools	1985	9,758	9,758	2.51	0
973	Utilities/Water/Sewer/Elec Equip	2003	9,021	3,909	1.57	5,112
974	Utilities/Water/Sewer/Elec Equip	2003	6,435	2,699	1.57	3,736
978	Utilities/Water/Sewer/Elec Equip	2003	35,564	15,214	1.57	20,351
2061	Licensed Vehicles	2007	34,416	34,416	1.32	0
2062	Licensed Vehicles	2006	59,263	59,263	1.36	0
2063	Grounds & Maintenance Equipment	2007	5,388	3,262	1.32	2,125
2064	Licensed Vehicles	2007	33,510	33,510	1.32	0
2065	Grounds & Maintenance Equipment	2006	75,371	48,991	1.36	26,380
4886	Machinery & Tools	2006	26,598	17,880	1.36	8,718
4887	Machinery & Tools	2006	76,986	51,752	1.36	25,234

Calexico
Water Connection Fee Model
Fixed Assets by Valuation Method

Asset No.	Fixed Asset	Valuation Date	Original Cost	Accumulated Depreciation	CCI Inflation Factor	Replacement Cost New Less Depreciation (RCNLD)
1.50003E+11	Machinery & Tools	1985	6,970	6,970	2.51	0
1.50003E+11	Machinery & Tools	1985	6,970	6,970	2.51	0
1.50003E+11	Machinery & Tools	1985	6,970	6,970	2.51	0
1.50003E+11	Machinery & Tools	1985	6,970	6,970	2.51	0
2.30003E+11	Machinery & Tools	1980	15,885	15,885	3.25	0
2.30003E+11	Machinery & Tools	1980	15,885	15,885	3.25	0
2.30003E+11	Machinery & Tools	1999	5,269	5,269	1.74	0
2.30003E+11	Machinery & Tools	1999	5,269	5,269	1.74	0
2.30003E+11	Machinery & Tools	1999	5,269	5,269	1.74	0
2.30003E+11	Machinery & Tools	2001	7,000	7,000	1.66	0
2.30003E+11	Machinery & Tools	2001	5,000	5,000	1.66	0
2.30003E+11	Machinery & Tools	1998	9,139	9,139	1.78	0
2.30003E+11	Machinery & Tools	1998	9,139	9,139	1.78	0
2.30003E+11	Machinery & Tools	1998	9,139	9,139	1.78	0
2.30003E+11	Machinery & Tools	1998	9,139	9,139	1.78	0
2.30003E+11	Machinery & Tools	1999	8,333	8,333	1.74	0
2.30003E+11	Machinery & Tools	1999	9,313	9,313	1.74	0
2.30003E+11	Machinery & Tools	1999	8,333	8,333	1.74	0
004882A	Machinery & Tools	2006	10,763	7,474	1.36	3,289
004901A	Business Machines	2005	13,374	13,374	1.41	0
08-012	Furniture & Accessories	2007	19,670	8,442	1.32	11,228
08-013	Machinery & Tools	2007	5,924	3,522	1.32	2,403
08-014	Machinery & Tools	2007	9,698	5,711	1.32	3,987
08-015	Machinery & Tools	2007	7,866	4,545	1.32	3,321
08-018	Licensed Vehicles	2008	41,846	41,846	1.27	0
2009-004	Utilities/Water/Sewer/Elec Equip	2008	59,386	15,506	1.27	43,880
2009-005	Utilities/Water/Sewer/Elec Equip	2009	54,103	13,075	1.23	41,028
2009-006	Computer Equipment	2009	6,863	6,863	1.23	0
2010-013	Machinery & Tools	2010	49,829	20,209	1.20	29,621
2010-014	Utilities/Water/Sewer/Elec Equip	2010	154,626	31,355	1.20	123,271
2010-016	Licensed Vehicles	2010	40,308	31,910	1.20	8,397
2011-028	Machinery & Tools	2011	14,310	4,770	1.16	9,540
2012-15	Communications Equipment	2011	13,983	6,525	1.16	7,458
2014-101	Machinery & Tools	2014	8,384	1,351	1.07	7,034
2014-102	Machinery & Tools	2014	9,165	1,477	1.07	7,689
2014-103	Machinery & Tools	2014	7,679	1,109	1.07	6,570
2014-104	Machinery & Tools	2014	7,679	1,109	1.07	6,570
2014-105	Machinery & Tools	2014	7,679	1,109	1.07	6,570
2014-106	Machinery & Tools	2014	7,679	1,109	1.07	6,570
2014-107	Machinery & Tools	2014	7,679	1,109	1.07	6,570
2014-108	Machinery & Tools	2014	7,679	1,109	1.07	6,569
2014-109	Machinery & Tools	2014	46,976	6,524	1.07	40,452
2014-110	Machinery & Tools	2014	15,574	2,076	1.07	13,497
2014-111	Machinery & Tools	2014	15,574	2,076	1.07	13,497
2015-008	Audio/Visual Equipment	2014	13,763	2,408	1.07	11,354
2015-009	Machinery & Tools	2014	14,190	1,655	1.07	12,534
2015-010	Machinery & Tools	2014	14,190	1,655	1.07	12,534
2015-011	Machinery & Tools	2014	14,190	1,577	1.07	12,613
2015-012	Machinery & Tools	2014	14,698	1,633	1.07	13,065
2015-013	Machinery & Tools	2014	14,698	1,633	1.07	13,065
2015-058	Audio/Visual Equipment	2014	13,763	2,408	1.07	11,354
2015-059	Machinery & Tools	2014	14,190	1,655	1.07	12,534
2015-060	Machinery & Tools	2014	14,190	1,655	1.07	12,534
2015-061	Machinery & Tools	2014	14,190	1,577	1.07	12,613
2015-062	Machinery & Tools	2014	14,698	1,633	1.07	13,065
2015-063	Machinery & Tools	2014	14,698	1,633	1.07	13,065
2015-081	Machinery & Tools	2015	15,938	1,151	1.05	14,787
2015-082	Machinery & Tools	2015	15,953	1,152	1.05	14,801
2015-083	Machinery & Tools	2015	5,916	493	1.05	5,423
2015-084	Machinery & Tools	2015	5,916	394	1.05	5,521
2015-085	Machinery & Tools	2015	5,916	394	1.05	5,521
2015-086	Machinery & Tools	2015	18,925	1,367	1.05	17,558
2015-087	Computer Software	2015	25,000	5,000	1.05	20,000
2015-088	Grounds & Maintenance Equipment	2015	46,671	3,111	1.05	43,560
2015-090	Machinery & Tools	2014	21,485	2,507	1.07	18,978
2015-091	Machinery & Tools	2014	41,877	4,420	1.07	37,456
2015-092	Licensed Vehicles	2015	50,759	6,874	1.05	43,885
2015-094	Machinery & Tools	2015	18,821	1,882	1.05	16,939
2015-095	Machinery & Tools	2015	18,851	1,885	1.05	16,966
2015-096	Machinery & Tools	2015	107,978	8,398	1.05	99,580
2016-23	Equipment	2016	9,785	326	1.00	9,459
2016-24	Equipment	2016	8,428	281	1.00	8,147
2016-25	Equipment	2016	8,428	281	1.00	8,147
2016-26	Equipment	2016	8,428	281	1.00	8,147
2016-27	Equipment	2016	8,428	281	1.00	8,147
2016-28	Equipment	2016	7,717	257	1.00	7,459
2016-39	Equipment	2016	6,005,993	200,200	1.00	5,805,794
			<u>\$48,324,818</u>	<u>\$12,822,851</u>		<u>\$115,925,539</u>

Calexico
 Water Connection Fee Model
 Summary of System Assets by Valuation Method

Item	Replacement Cost New Less Depreciation (RCNLD)
ASSETS	
Fixed Assets	\$115,925,539

TOTAL ASSETS	115,925,539
Add: Debt (Growth)	0
Less: Debt (Non-Growth)	19,725,451

Net System Value	\$96,200,088

Calexico
 Water Connection Fee Model
 Connection Fee Calculation - Buy-In

Description	Replacement Cost New Less Depreciation (RCNLD)
Fixed Assets	
Land	\$180,000
Buildings	7,325,757
Improvements	69,952,938
Infrastructure	29,482,318
Equipment	8,984,526

Total Fixed Assets	115,925,539
Add: Debt (Growth)	0
Less: Debt (Non-Growth)	19,725,451

Total Assets	96,200,088
Number of EDU's	10,123

Proposed Capacity Fee per EDU	\$9,503
Current Capacity Fee per EDU	\$3,707

<u>Change</u>	<u>\$5,796</u>

Peak Day Demand Capacity		9,100,000
Average Water Flows per person (gpd)	142	
Average Use per EDU (4 pph)		568
Peak Demand (Max Day to Avg Day)		1.58
Water Flows per EDU		-----
Total EDUs		899

		10,123

Calexico
 Water Connection Fee Model
 Connection Fee Calculation - Summary

	Replacement Cost New Less Depreciation (RCNLD)
Approach: Buy-In	
Calculated Fee	\$9,503
Current Fee	3,707

Change	\$5,796

Meter		
Meter Size	Capacity Ratio	
3/4"	1.00	\$9,503
1"	1.67	15,870
1 1/2"	3.33	31,645
2"	5.33	50,650
3"	10.00	95,029
4"	16.67	158,413
6"	33.33	316,732
8"	53.33	506,789
10"	76.67	728,587

Calexico
Sewer Connection Fee Model
Fixed Assets by Valuation Method

Asset No.	Fixed Asset	Valuation Date	Original Cost	Accumulated Depreciation	CCI Inflation Factor	Replacement Cost New Less Depreciation (RCNLD)
	Land					
2010-018	Land	2010	530,000	\$0	1.20	\$30,000
	Construction Work In Progress					
20070016	Construction in Progress	2007	652,926	0	1.32	863,051
2015-023	Construction in Progress	2015	572,449	0	1.05	572,449
2015-024	Construction in Progress	2015	59,621	0	1.05	59,621
20060007	Construction in Progress	2006	120,477	0	1.36	120,477
20070015	Construction in Progress	2007	351,597	0	1.32	351,597
2008-018	Construction in Progress	2008	120,021	0	1.27	120,021
2009-050	Construction in Progress	2009	83,507	0	1.23	83,507
2010-042	Construction in Progress	2010	95,006	0	1.20	95,006
	Improvements					
2009-051	Portable Structure/Construction	2008	331,593	106,110	1.27	225,483
20060002	Construction	2006	206,609	43,044	1.36	237,667
1007001	Construction	1950	34,608	24,608	20.66	690,547
1007002	Construction	1999	192,378	67,332	1.74	267,034
1007003	Construction	1985	86,922	54,761	2.51	163,444
1007004	Construction	1994	201,671	90,752	1.95	301,960
1007005	Portable Structure/Construction	1980	10,906	10,906	3.25	0
1007007	Construction	1970	420,198	390,785	7.63	2,813,476
1007008	Construction	1970	420,198	390,785	7.63	2,813,476
1007009	Construction	1990	2,425,111	1,285,309	2.23	4,111,711
1007010	Construction	1970	378,746	352,234	7.63	2,535,929
1007011	Construction	1970	378,746	352,234	7.63	2,535,929
1007013	Portable Structure/Construction	1967	12,716	12,716	9.81	111,967
1007014	Portable Structure/Construction	1970	14,555	14,555	7.63	96,438
1007015	Construction	1969	144,014	136,813	8.30	1,058,300
1007016	Construction	1969	144,014	136,813	8.30	1,058,300
1007017	Construction	1969	87,506	83,131	8.30	643,049
1007018	Construction	1990	289,364	153,363	2.23	490,609
1007019	Construction	1980	1,051,228	767,396	3.25	2,652,566
1007020	Construction	1980	149,651	109,245	3.25	377,615
1007021	Portable Structure/Construction	1967	30,504	30,504	9.81	321,430
1007022	Construction	1975	34,446	28,590	4.76	135,399
1007023	Portable Structure/Construction	1967	35,662	35,662	9.81	314,014
1007024	Portable Structure/Construction	1975	8,891	8,891	4.76	33,439
1007025	Portable Structure/Construction	1967	18,262	18,262	9.81	0
1007026	Construction	1967	356,782	353,214	9.81	3,145,157
1007027	Construction	1967	26,911	26,642	9.81	237,227
1007030	Construction	1997	212,364	82,822	1.81	301,108
1016001	Portable Structure/Construction	2001	110,900	68,758	1.66	115,392
1017001	Portable Structure/Construction	1980	47,082	47,082	3.25	106,090
1018001	Portable Structure/Construction	1996	101,677	83,375	1.87	107,150
1019001	Portable Structure/Construction	1996	101,677	83,375	1.87	107,150
1020001	Portable Structure/Construction	1995	100,670	86,576	1.92	107,200
1021001	Portable Structure/Construction	1995	100,670	86,576	1.92	107,200
1023001	Portable Structure/Construction	1997	104,625	81,608	1.81	107,543
124001	Portable Structure/Construction	1985	76,022	76,022	2.51	114,820
1025001	Portable Structure/Construction	1989	83,449	83,449	2.28	106,973
1026001	Portable Structure/Construction	1990	87,108	87,108	2.23	106,748
1027001	Portable Structure/Construction	1994	97,751	87,976	1.95	102,373
1029001	Portable Structure/Construction	1980	58,999	58,999	3.25	132,942
1031001	Portable Structure/Construction	1980	58,999	58,999	3.25	132,942
1032001	Portable Structure/Construction	2000	108,619	108,619	1.69	75,252
1033001	Portable Structure/Construction	1960	19,360	19,360	12.79	228,204
3180002	Construction	2002	19,037	5,457	1.61	25,206
20060004	Land Improvements	2006	37,312	18,811	1.36	18,501
20070018	Portable Structure/Construction	2007	223,000	80,280	1.32	214,486
150003190026	Land Improvements	1980	30,164	30,164	3.25	0
150003190027	Land Improvements	1980	6,973	6,973	3.25	0
150003190028	Land Improvements	1980	43,886	43,886	3.25	0
150003190029	Land Improvements	1980	31,357	31,357	3.25	0
2011-006	Construction	2010	89,511	10,443	1.20	96,687
2011-007	Construction	2010	89,511	10,443	1.20	96,687
2011-008	Construction	2010	174,060	20,597	1.20	187,724
2011-010	Construction	2010	125,567	15,068	1.20	135,215
2014-057	Construction	2013	353,845	18,282	1.10	372,031
	Equipment					
185	Machinery & Tools	1975	37,651	37,651	4.76	0
187	Machinery & Tools	1985	6,970	6,970	2.51	0
189	Machinery & Tools	1985	15,334	15,334	2.51	0
190	Machinery & Tools	1985	15,334	15,334	2.51	0
191	Machinery & Tools	1985	9,758	9,758	2.51	0
192	Machinery & Tools	1985	9,758	9,758	2.51	0
193	Machinery & Tools	1985	23,697	23,697	2.51	0
300	Machinery & Tools	1985	12,197	12,197	2.51	0
303	Science & Engineering Equipment	1985	5,470	5,470	2.51	0
308	Science & Engineering Equipment	1998	285,569	285,569	1.78	0
309	Machinery & Tools	1998	17,316	17,316	1.78	0
313	Machinery & Tools	1980	59,567	59,567	3.25	0
314	Machinery & Tools	1985	52,273	52,273	2.51	0
316	Machinery & Tools	1994	6,597	6,597	1.95	0
320	Machinery & Tools	1985	87,122	87,122	2.51	0
322	Machinery & Tools	1995	7,218	7,218	1.92	0
324	Machinery & Tools	1985	16,727	16,727	2.51	0
325	Machinery & Tools	1990	96,755	96,755	2.23	0
412	Grounds & Maintenance Equipment	2002	5,159	4,987	1.61	172
419	Machinery & Tools	1990	6,047	6,047	2.23	0
420	Grounds & Maintenance Equipment	2000	25,337	25,337	1.69	0
425	Machinery & Tools	1967	8,866	8,866	9.81	0
426	Machinery & Tools	1980	14,892	14,892	3.25	0
429	Machinery & Tools	1998	72,152	72,152	1.78	0
431	Machinery & Tools	1995	108,263	108,263	1.92	0
432	Machinery & Tools	1995	50,523	50,523	1.92	0
752	Machinery & Tools	2000	5,923	5,923	1.69	0
756	Machinery & Tools	1995	5,413	5,413	1.92	0
778	Machinery & Tools	1995	5,413	5,413	1.92	0
858	Utilities/Water/Sever/Elec Equip	2004	5,175	2,099	1.48	3,076
2059	Licensed Vehicles	2007	34,416	34,416	1.32	0
2060	Licensed Vehicles	2006	59,263	59,263	1.36	0
4851	Machinery & Tools	2004	6,120	4,692	1.48	1,428
4853	Grounds & Maintenance Equipment	2004	69,418	13,388	1.48	50,030
4857	Licensed Vehicles	2006	5,720	5,720	1.36	0
10976	Licensed Vehicles	2003	14,431	14,431	1.57	0
20050010	Machinery & Tools	2005	47,000	34,728	1.41	12,272
20060003	Machinery & Tools	2006	605,130	420,229	1.36	184,901
98000391	Machinery & Tools	2003	8,227	7,176	1.57	1,051
150002270018	Machinery & Tools	1995	15,337	15,337	1.92	0
150002270038	Machinery & Tools	1990	16,126	16,126	2.23	0
150002270039	Machinery & Tools	1990	16,126	16,126	2.23	0
150002270040	Machinery & Tools	1990	16,126	16,126	2.23	0
150002270041	Machinery & Tools	1990	16,126	16,126	2.23	0
150002270042	Machinery & Tools	1990	16,126	16,126	2.23	0
150002270043	Machinery & Tools	1990	16,126	16,126	2.23	0

Calexico
Sewer Connection Fee Model
Fixed Assets by Valuation Method

Asset No.	Fixed Asset	Valuation Date	Original Cost	Accumulated Depreciation	CCI Inflation Factor	Replacement Cost New Less Depreciation (RCNLD)
150003130111	Licensed Vehicles	1994	14,000	14,000	1.95	0
150003130112	Licensed Vehicles	1997	14,000	14,000	1.81	0
150003130113	Licensed Vehicles	1999	20,000	20,000	1.74	0
150003130115	Licensed Vehicles	2002	20,000	20,000	1.61	0
150003130116	Licensed Vehicles	2003	47,000	47,000	1.57	0
150003130118	Licensed Vehicles	1987	8,000	8,000	2.39	0
150003130120	Licensed Vehicles	1999	19,000	19,000	1.74	0
150003103121	Licensed Vehicles	2000	18,000	18,000	1.69	0
150003130123	Licensed Vehicles	2001	13,333	13,333	1.66	0
230002270023	Machinery & Tools	1980	8,439	8,439	3.25	0
230002270024	Machinery & Tools	1980	8,439	8,439	3.25	0
230002270025	Machinery & Tools	1980	8,439	8,439	3.25	0
230002270028	Machinery & Tools	1980	8,439	8,439	3.25	0
230002270051	Machinery & Tools	1995	10,826	10,826	1.92	0
230002270052	Machinery & Tools	1995	10,826	10,826	1.92	0
230002270058	Machinery & Tools	2003	15,000	13,500	1.57	1,500
230002270059	Machinery & Tools	2003	15,000	13,500	1.57	1,500
230002270061	Machinery & Tools	1983	9,211	9,211	2.59	0
230002270062	Machinery & Tools	1983	9,211	9,211	2.59	0
230002270063	Machinery & Tools	1983	9,211	9,211	2.59	0
230002270064	Machinery & Tools	1983	9,211	9,211	2.59	0
230002270065	Machinery & Tools	1983	9,211	9,211	2.59	0
230002270066	Machinery & Tools	1983	9,211	9,211	2.59	0
230002270067	Machinery & Tools	1983	9,211	9,211	2.59	0
230002270068	Machinery & Tools	1983	9,211	9,211	2.59	0
230002270069	Machinery & Tools	1983	9,211	9,211	2.59	0
230002270070	Machinery & Tools	1983	9,211	9,211	2.59	0
230002270071	Machinery & Tools	1983	9,211	9,211	2.59	0
230002270072	Machinery & Tools	1983	9,211	9,211	2.59	0
230002270083	Machinery & Tools	1980	8,439	8,439	3.25	0
230002270084	Machinery & Tools	1980	8,439	8,439	3.25	0
980702270029	Machinery & Tools	1996	12,582	12,582	1.87	0
980702270033	Machinery & Tools	1980	6,949	6,949	3.25	0
980702270034	Machinery & Tools	1980	6,949	6,949	3.25	0
980702270035	Machinery & Tools	1980	6,949	6,949	3.25	0
980702270045	Machinery & Tools	1988	6,322	6,322	2.33	0
9.80702E+11	Machinery & Tools	2003	5,400	4,860	1.57	540
9.80702E+11	Machinery & Tools	1990	6,047	6,047		0
004852A	Kitchen/Appliance/Custodial Equip	2006	5,544	3,727	1.36	1,817
08-019	Utilities/Water/Sewer/Elec Equip	2008	12,559	3,524	1.27	9,036
08-020	Utilities/Water/Sewer/Elec Equip	2008	6,625	1,822	1.27	4,803
08-021	Utilities/Water/Sewer/Elec Equip	2008	8,027	2,208	1.27	5,820
08-024	Licensed Vehicles	2008	22,874	22,874	1.27	0
2009-008	Machinery & Tools	2008	37,853	19,978	1.27	17,875
2009-009	Machinery & Tools	2008	13,132	6,858	1.27	6,274
2009-010	Machinery & Tools	2008	59,386	31,013	1.27	28,373
2009-011	Machinery & Tools	2009	7,267	3,512	1.23	3,755
2009-012	Machinery & Tools	2009	9,401	4,544	1.23	4,857
2009-013	Machinery & Tools	2009	17,700	8,260	1.23	9,440
2009-014	Machinery & Tools	2009	30,104	14,019	1.23	16,056
2010-019	Licensed Vehicles	2009	12,318	10,393	1.23	1,925
2010-020	Utilities/Water/Sewer/Elec Equip	2010	32,939	7,045	1.20	25,894
2010-021	Utilities/Water/Sewer/Elec Equip	2010	32,939	7,045	1.20	25,894
2010-022	Licensed Vehicles	2010	40,308	31,910	1.20	8,397
2010-023	Licensed Vehicles	2010	40,308	31,910	1.20	8,397
2012-16	Machinery & Tools	2011	21,921	6,576	1.16	15,344
2012-17	Machinery & Tools	2011	21,921	6,576	1.16	15,344
2013-018	Machinery & Tools	2013	19,540	4,234	1.10	15,306
2014-058	Machinery & Tools	2014	56,914	8,853	1.07	48,060
2014-063	Machinery & Tools	2013	7,704	1,327	1.10	6,377
2014-064	Machinery & Tools	2013	7,704	1,327	1.10	6,377
2014-065	Machinery & Tools	2013	10,028	1,027	1.10	8,901
2014-066	Machinery & Tools	2013	10,028	1,727	1.10	8,301
2014-067	Machinery & Tools	2013	7,704	1,370	1.10	6,334
2014-068	Machinery & Tools	2013	7,704	1,370	1.10	6,334
2014-069	Machinery & Tools	2013	14,376	2,556	1.10	11,820
2014-070	Audio/Visual Equipment	2013	6,628	1,823	1.10	4,805
2015-089	Grounds & Maintenance Equipment	2015	46,671	3,111	1.05	43,560
2015-093	Licensed Vehicles	2015	50,759	6,345	1.05	44,414
2015-097	Licensed Vehicles	2015	419,260	61,142	1.05	358,118
2015-098	Machinery & Tools	2015	70,700	6,499	1.05	64,201
2015-099	Machinery & Tools	2015	24,952	1,802	1.05	23,150
2015-100	Machinery & Tools	2015	12,807	925	1.05	11,882
2015-101	Machinery & Tools	2015	5,475	395	1.05	5,080
2015-102	Machinery & Tools	2015	5,475	395	1.05	5,080
2015-103	Machinery & Tools	2014	10,588	1,353	1.07	9,235
2015-104	Machinery & Tools	2015	19,014	1,268	1.05	17,746
2015-105	Machinery & Tools	2015	19,014	1,268	1.05	17,746
2015-106	Machinery & Tools	2014	22,717	2,903	1.07	19,814
2015-107	Machinery & Tools	2014	18,461	2,256	1.07	16,204
New	New	2017	15,995	533	1.00	15,462
New	New	2017	15,995	533	1.00	15,462
New	New	2017	15,995	533	1.00	15,462
New	New	2017	72,246	2,408	1.00	69,838
Infrastructure						
9.80703E+11	Collect & Distribute (Water/Sewer)	1980	6,278	3,525	3.25	16,899
9.80703E+11	Collect & Distribute (Water/Sewer)	1985	9,344	4,528	2.51	18,929
9.80703E+11	Collect & Distribute (Water/Sewer)	1990	10,658	4,345	2.23	19,374
9.80703E+11	Collect & Distribute (Water/Sewer)	1992	11,242	4,237	2.11	19,512
9.80703E+11	Collect & Distribute (Water/Sewer)	1994	12,118	4,195	1.95	19,403
9.80703E+11	Collect & Distribute (Water/Sewer)	1996	12,848	4,052	1.87	20,023
9.80703E+11	Collect & Distribute (Water/Sewer)	1998	13,724	3,906	1.78	20,507
9.80703E+11	Collect & Distribute (Water/Sewer)	2000	14,308	3,632	1.69	20,589
9.80703E+11	Collect & Distribute (Water/Sewer)	2002	14,600	3,257	1.61	20,260
9.80703E+11	Collect & Distribute (Water/Sewer)	1920	6,333	6,333	41.96	259,374
9.80703E+11	Collect & Distribute (Water/Sewer)	1930	8,444	8,444	51.88	429,602
9.80703E+11	Collect & Distribute (Water/Sewer)	1940	14,777	14,777	43.52	628,369
9.80703E+11	Collect & Distribute (Water/Sewer)	1950	23,221	23,221	20.66	456,625
9.80803E+11	Collect & Distribute (Water/Sewer)	1955	15,704	14,858	15.96	235,820
9.80703E+11	Collect & Distribute (Water/Sewer)	1960	19,328	16,800	12.79	230,531
9.80703E+11	Collect & Distribute (Water/Sewer)	1965	19,328	15,314	10.85	194,307
9.80703E+11	Collect & Distribute (Water/Sewer)	1970	25,368	18,148	7.63	175,298
9.80703E+11	Collect & Distribute (Water/Sewer)	1975	37,448	23,909	4.76	154,374
9.80703E+11	Collect & Distribute (Water/Sewer)	1980	51,944	29,169	3.25	139,821
9.80703E+11	Collect & Distribute (Water/Sewer)	1985	77,312	37,467	2.51	156,614
9.80703E+11	Collect & Distribute (Water/Sewer)	1990	88,184	35,952	2.23	160,299
9.80703E+11	Collect & Distribute (Water/Sewer)	1992	93,016	35,060	2.11	161,439
9.80703E+11	Collect & Distribute (Water/Sewer)	1994	100,264	34,707	1.95	160,536
9.80703E+11	Collect & Distribute (Water/Sewer)	1996	106,304	33,527	1.87	165,669
9.80703E+11	Collect & Distribute (Water/Sewer)	1998	113,522	32,319	1.78	169,623
9.80703E+11	Collect & Distribute (Water/Sewer)	2000	118,384	30,051	1.69	170,350
9.80703E+11	Collect & Distribute (Water/Sewer)	2002	120,800	26,948	1.61	167,628
9.80703E+11	Collect & Distribute (Water/Sewer)	1970	5,187	3,710	7.63	35,844
9.80703E+11	Collect & Distribute (Water/Sewer)	1975	7,657	4,889	4.76	31,565
9.80703E+11	Collect & Distribute (Water/Sewer)	1980	5,117	2,873	3.25	13,774
9.80703E+11	Collect & Distribute (Water/Sewer)	1985	7,616	3,691	2.51	15,428

Calexico
Sewer Connection Fee Model
Fixed Assets by Valuation Method

Asset No.	Fixed Asset	Valuation Date	Original Cost	Accumulated Depreciation	CCI Inflation Factor	Replacement Cost New Less Depreciation (RCNLD)
9.80703E+11	Collect & Distribute (Water/Sewer)	1990	8,687	3,542	2.23	15,791
9.80703E+11	Collect & Distribute (Water/Sewer)	1992	9,163	3,454	2.11	15,903
9.80703E+11	Collect & Distribute (Water/Sewer)	1994	9,877	3,419	1.95	15,814
9.80703E+11	Collect & Distribute (Water/Sewer)	1996	10,472	3,303	1.87	16,320
9.80703E+11	Collect & Distribute (Water/Sewer)	1998	11,186	3,184	1.78	16,715
9.80703E+11	Collect & Distribute (Water/Sewer)	2000	11,662	2,960	1.69	16,781
9.80703E+11	Collect & Distribute (Water/Sewer)	2002	11,900	2,655	1.61	16,513
9.80703E+11	Collect & Distribute (Water/Sewer)	1940	6,188	6,188	43.52	263,135
9.80703E+11	Collect & Distribute (Water/Sewer)	1950	9,724	9,724	20.66	191,216
9.80703E+11	Collect & Distribute (Water/Sewer)	1955	11,492	10,873	15.96	172,571
9.80703E+11	Collect & Distribute (Water/Sewer)	1960	14,144	12,294	12.79	168,568
9.80703E+11	Collect & Distribute (Water/Sewer)	1965	14,144	11,206	10.85	142,192
9.80703E+11	Collect & Distribute (Water/Sewer)	1970	18,564	13,280	7.63	128,281
9.80703E+11	Collect & Distribute (Water/Sewer)	1975	27,404	17,496	4.76	112,969
9.80703E+11	Collect & Distribute (Water/Sewer)	1980	21,586	12,121	3.25	38,104
9.80703E+11	Collect & Distribute (Water/Sewer)	1985	32,128	15,570	2.51	65,083
9.80703E+11	Collect & Distribute (Water/Sewer)	1990	36,646	14,940	2.23	66,614
9.80703E+11	Collect & Distribute (Water/Sewer)	1992	38,654	14,570	2.11	67,088
9.80703E+11	Collect & Distribute (Water/Sewer)	1994	41,666	14,423	1.95	66,713
9.80703E+11	Collect & Distribute (Water/Sewer)	1996	44,176	13,932	1.87	68,846
9.80703E+11	Collect & Distribute (Water/Sewer)	1998	47,188	13,430	1.78	70,511
9.80703E+11	Collect & Distribute (Water/Sewer)	2000	49,196	12,488	1.69	70,791
9.80703E+11	Collect & Distribute (Water/Sewer)	2002	50,200	11,198	1.61	69,660
9.80703E+11	Collect & Distribute (Water/Sewer)	1960	5,152	4,478	12.79	61,402
9.80703E+11	Collect & Distribute (Water/Sewer)	1965	5,152	4,082	10.85	51,794
9.80703E+11	Collect & Distribute (Water/Sewer)	1970	6,762	4,837	7.63	46,727
9.80703E+11	Collect & Distribute (Water/Sewer)	1975	9,982	5,373	4.76	41,149
9.80703E+11	Collect & Distribute (Water/Sewer)	1980	8,722	4,926	3.25	23,450
9.80703E+11	Collect & Distribute (Water/Sewer)	1985	13,056	6,327	2.51	26,448
9.80703E+11	Collect & Distribute (Water/Sewer)	1990	14,892	6,071	2.23	27,070
9.80703E+11	Collect & Distribute (Water/Sewer)	1992	15,708	5,921	2.11	27,263
9.80703E+11	Collect & Distribute (Water/Sewer)	1994	16,932	5,861	1.95	27,110
9.80703E+11	Collect & Distribute (Water/Sewer)	1996	17,952	5,662	1.87	27,977
9.80703E+11	Collect & Distribute (Water/Sewer)	1998	19,176	6,458	1.78	27,654
9.80703E+11	Collect & Distribute (Water/Sewer)	2000	19,992	5,075	1.69	28,768
9.80703E+11	Collect & Distribute (Water/Sewer)	2002	20,400	4,551	1.61	28,308
9.80703E+11	Collect & Distribute (Water/Sewer)	1960	5,360	4,659	12.79	63,881
9.80703E+11	Collect & Distribute (Water/Sewer)	1965	5,360	4,247	10.85	53,885
9.80703E+11	Collect & Distribute (Water/Sewer)	1970	7,035	5,033	7.63	48,613
9.80703E+11	Collect & Distribute (Water/Sewer)	1975	10,385	6,630	4.76	42,811
9.80703E+11	Collect & Distribute (Water/Sewer)	1980	8,342	4,684	3.25	22,455
9.80703E+11	Collect & Distribute (Water/Sewer)	1985	12,416	6,017	2.51	25,152
9.80703E+11	Collect & Distribute (Water/Sewer)	1990	14,162	5,774	2.23	25,743
9.80703E+11	Collect & Distribute (Water/Sewer)	1992	14,938	5,631	2.11	25,926
9.80703E+11	Collect & Distribute (Water/Sewer)	1994	16,102	5,574	1.95	25,782
9.80703E+11	Collect & Distribute (Water/Sewer)	1996	17,072	5,384	1.87	26,606
9.80703E+11	Collect & Distribute (Water/Sewer)	1998	18,236	5,190	1.78	27,249
9.80703E+11	Collect & Distribute (Water/Sewer)	2000	19,012	4,826	1.69	27,358
9.80703E+11	Collect & Distribute (Water/Sewer)	2002	19,400	4,328	1.61	26,920
9.80703E+11	Collect & Distribute (Water/Sewer)	1955	5,278	4,994	15.96	79,258
9.80703E+11	Collect & Distribute (Water/Sewer)	1960	6,496	5,647	12.79	77,419
9.80703E+11	Collect & Distribute (Water/Sewer)	1965	6,496	5,147	10.85	65,305
9.80703E+11	Collect & Distribute (Water/Sewer)	1970	8,526	6,099	7.63	58,074
9.80703E+11	Collect & Distribute (Water/Sewer)	1975	12,586	8,036	4.76	51,884
9.80703E+11	Collect & Distribute (Water/Sewer)	1980	9,632	5,409	3.25	25,927
9.80703E+11	Collect & Distribute (Water/Sewer)	1985	14,336	6,947	2.51	29,041
9.80703E+11	Collect & Distribute (Water/Sewer)	1990	16,352	6,667	2.23	29,724
9.8078E+12	Collect & Distribute (Water/Sewer)	1992	17,248	6,501	2.11	29,936
9.80703E+11	Collect & Distribute (Water/Sewer)	1994	18,592	6,436	1.95	29,768
9.80703E+11	Collect & Distribute (Water/Sewer)	1996	19,712	6,217	1.87	30,720
9.80703E+11	Collect & Distribute (Water/Sewer)	1998	21,056	5,993	1.78	31,463
9.80703E+11	Collect & Distribute (Water/Sewer)	2000	21,952	5,572	1.69	31,588
9.80703E+11	Collect & Distribute (Water/Sewer)	2002	22,400	4,997	1.61	31,083
9.80703E+11	Collect & Distribute (Water/Sewer)	1990	84,534	34,464	2.23	153,664
9.80703E+11	Collect & Distribute (Water/Sewer)	1992	89,156	33,609	2.11	154,736
9.80703E+11	Collect & Distribute (Water/Sewer)	1994	96,114	32,270	1.95	153,801
9.80703E+11	Collect & Distribute (Water/Sewer)	1996	101,904	32,139	1.87	158,812
9.80703E+11	Collect & Distribute (Water/Sewer)	1998	108,852	30,981	1.78	162,653
9.80703E+11	Collect & Distribute (Water/Sewer)	2000	113,484	28,808	1.69	163,299
9.80703E+11	Collect & Distribute (Water/Sewer)	2002	115,800	25,832	1.61	160,690
9.80703E+11	Collect & Distribute (Water/Sewer)	1990	62,123	25,327	2.23	112,926
9.80703E+11	Collect & Distribute (Water/Sewer)	1992	65,527	24,699	2.11	113,729
9.80703E+11	Collect & Distribute (Water/Sewer)	1994	70,633	24,450	1.95	113,093
9.80703E+11	Collect & Distribute (Water/Sewer)	1996	74,888	23,618	1.87	116,709
9.80703E+11	Collect & Distribute (Water/Sewer)	1998	79,994	22,768	1.78	119,532
9.80703E+11	Collect & Distribute (Water/Sewer)	2000	83,398	21,170	1.69	120,006
9.80703E+11	Collect & Distribute (Water/Sewer)	2002	85,100	18,984	1.61	118,089
9.80703E+11	Collect & Distribute (Water/Sewer)	1990	77,453	31,577	2.23	140,793
9.80703E+11	Collect & Distribute (Water/Sewer)	1992	81,697	30,794	2.11	141,793
9.80703E+11	Collect & Distribute (Water/Sewer)	1994	88,063	30,483	1.95	141,001
9.80703E+11	Collect & Distribute (Water/Sewer)	1996	93,368	29,447	1.87	145,509
9.80703E+11	Collect & Distribute (Water/Sewer)	1998	997,354	28,386	1.78	1,745,782
9.80703E+11	Collect & Distribute (Water/Sewer)	2000	103,978	26,394	1.69	149,620
9.80703E+11	Collect & Distribute (Water/Sewer)	2002	106,100	23,668	1.61	147,230
2011-009	Collect & Distribute (Water/Sewer)	2010	376,026	34,710	1.20	415,331
2011-011	Collect & Distribute (Water/Sewer)	2010	220,079	18,904	1.20	244,494
2012-23	Collect & Distribute (Water/Sewer)	2012	126,383	8,426	1.13	134,562
2013-010	Collect & Distribute (Water/Sewer)	2012	10,842	667	1.13	11,600
2013-011	Collect & Distribute (Water/Sewer)	2012	10,842	667	1.13	11,600
2013-012	Collect & Distribute (Water/Sewer)	2012	42,047	2,372	1.13	45,199
2013-013	Collect & Distribute (Water/Sewer)	2012	42,047	2,372	1.13	45,199
2013-014	Collect & Distribute (Water/Sewer)	2012	42,047	2,372	1.13	45,199
2013-015	Collect & Distribute (Water/Sewer)	2013	28,526	1,426	1.10	30,040
2013-016	Collect & Distribute (Water/Sewer)	2013	38,426	1,823	1.10	40,563
2013-017	Collect & Distribute (Water/Sewer)	2013	114,632	5,585	1.10	120,861
2014-059	Collect & Distribute (Water/Sewer)	2013	17,630	746	1.10	18,702
2014-060	Collect & Distribute (Water/Sewer)	2013	13,355	565	1.10	14,167
2014-061	Collect & Distribute (Water/Sewer)	2013	36,400	1,400	1.10	38,751
2014-062	Collect & Distribute (Water/Sewer)	2013	16,805	619	1.10	17,918
			<u>\$22,341,607</u>	<u>\$10,742,977</u>		<u>\$47,855,425</u>

Calexico
 Sewer Connection Fee Model
 Summary of System Assets by Valuation Method

Item	Replacement Cost New Less Depreciation (RCNLD)
ASSETS	
Fixed Assets	\$47,855,425
TOTAL ASSETS	----- 47,855,425
Add: Debt (Growth)	0
Less: Debt (Non-Growth)	0
Net System Value	----- \$47,855,425

Calexico
 Sewer Connection Fee Model
 Connection Fee Calculation - Buy-In

Description	Replacement Cost New Less Depreciation (RCNLD)
Fixed Assets	
Land	\$30,000
Construction Work In Progress	2,265,729
Improvements	30,577,790
Equipment	1,340,244
Infrastructure	13,641,663

Total Fixed Assets	47,855,425
Add: Debt (Growth)	0
Less: Debt (Non-Growth)	0

Total Assets	47,855,425
Number of EDU's	4,981

Proposed Capacity Fee per EDU	\$9,608
Current Capacity Fee per EDU	\$2,884

Change	\$6,724

Peak Day Demand Capacity		4,300,000
Average Flows per person (gpd)	142	
Average Use per EDU (4 pph)		568
Peak Demand (Max Day to Avg Day)		1.52

Flows per EDU		863

Total EDUs		4,981

Calexico
 Sewer Connection Fee Model
 Connection Fee Calculation - Summary

	Replacement Cost New Less Depreciation (RCNLD)
Approach: Buy-In	
Calculated Fee	\$9,608
Current Fee	2,884

Change	\$6,724

Meter		
Meter Size	Capacity Ratio	
3/4"	1.00	\$9,608
1"	1.67	16,046
1 1/2"	3.33	31,996
2"	5.33	51,213
3"	10.00	96,085
4"	16.67	160,173
6"	33.33	320,251
8"	53.33	512,420
10"	76.67	736,682



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Notice to Property Owners of Public Hearing
Regarding Proposed Water and Sewer Rate Changes
Hearing Date & Time: November 28, 2018 at 6:30 p.m.
Hearing Location: Calexico Council Chambers
608 Heber Avenue, Calexico, CA 92231

Why are you receiving this notice?

The City of Calexico (the “City”) is mailing this notice to you because you are a water and/or sewer customer directly liable for payment of water and/or sewer service fees or are the owner of record of a property that receives one or both services. This notice describes proposed rate changes to be implemented to recover cost of providing water and sewer service to City customers and provides a notice of a public hearing to be held on **November 28, 2018** regarding these proposed changes.

Why are Rate Increases needed?

The City of Calexico is committed to providing high quality, reliable water service at the lowest possible rates for our customers. It is critically important for the City to continually maintain, repair and improve the assets it holds, and keep pace with ever increasing operating costs. These costs include operating, maintaining, repairing and replacing infrastructure. The proposed water and sewer rates will ensure that the utilities collect sufficient revenue to cover fixed expenses, fund capital improvements and build up cash reserves to fund ongoing repair and replacement of the water and sewer systems to address aging system components.

What do the new rates look like?

The following tables identify the “customer classes” and the Fixed and Volume (variable) Rates that are currently set to be implemented on **January 1, 2019**, and the proposed rates which, if approved, will be implemented annually the beginning of each fiscal year on July 1.

Proposed Water Rates - Fiscal Years 2018-19 through 2022-23					
Class	2018-19	2019-20	2020-21	2021-22	2022-23
Monthly Charge/Volume Rate					
Residential - First Dwelling Unit	\$ 16.91	\$ 17.25	\$ 17.59	\$ 17.95	\$ 18.30
Additional Dwelling Unit	\$ 8.45	\$ 8.62	\$ 8.79	\$ 8.97	\$ 9.15
Commercial, Manufacturing and Industrial					
3/4-inch meter	\$ 18.70	\$ 19.08	\$ 19.46	\$ 19.85	\$ 20.25
1-inch meter	\$ 31.24	\$ 31.86	\$ 32.50	\$ 33.15	\$ 33.81
1-1/2 inch meter	\$ 62.29	\$ 63.53	\$ 64.80	\$ 66.10	\$ 67.42
2-inch meter	\$ 99.70	\$101.69	\$103.72	\$105.80	\$107.91
3-inch meter	\$199.58	\$203.57	\$207.64	\$211.79	\$261.03
4-inch meter	\$311.81	\$318.04	\$324.44	\$330.89	\$337.51
6-inch meter	\$623.43	\$635.89	\$648.61	\$661.58	\$674.82
Construction/Truck	\$ 97.57	\$ 99.52	\$101.51	\$103.54	\$105.61
Water for Resale	\$ 97.58	\$ 99.53	\$101.52	\$103.55	\$105.62
Volume Rate \$/100 Cubic Feet					
Residential - All Use	\$ 2.17	\$ 2.22	\$ 2.26	\$ 2.31	\$ 2.35
Commercial, Manufacturing and Industrial	\$ 2.91	\$ 2.97	\$ 3.03	\$ 3.09	\$ 3.15
Construction/Truck	\$ 5.22	\$ 5.32	\$ 5.43	\$ 5.54	\$ 5.65
Water for Resale	\$ 8.87	\$ 9.05	\$ 9.23	\$ 9.42	\$ 9.61

The table below illustrates the proposed Sewer Rates by customer class:

Proposed Sewer Rates - Fiscal Years 2018-19 through 2022-23					
Class	2018-19	2019-20	2020-21	2021-22	2022-23
Fixed Charge \$/Month					
Residential - First Dwelling Unit	\$ 45.02	\$ 45.02	\$ 45.92	\$ 46.84	\$ 47.77
Additional Dwelling Unit	\$ 22.51	\$ 22.51	\$ 23.42	\$ 23.89	\$ 24.36
Non-Residential II	\$ 38.08	\$ 38.08	\$ 38.84	\$ 39.62	\$ 40.41
Non-Residential III	\$ 42.91	\$ 42.91	\$ 43.77	\$ 44.64	\$ 45.54
Non-Residential IV	\$ 47.63	\$ 47.63	\$ 48.58	\$ 49.55	\$ 50.55
Volumetric Rate \$/100 Cubic Feet					
Non-Residential II (Over 1,000 cubic feet)	\$ 3.81	\$ 3.81	\$ 3.89	\$ 3.96	\$ 4.04
Non-Residential III (Over 1,000 cubic feet)	\$ 4.29	\$ 4.29	\$ 4.38	\$ 4.46	\$ 4.55
Non-Residential II (Over 1,000 cubic feet)	\$ 4.76	\$ 4.76	\$ 4.86	\$ 4.95	\$ 5.05

The rates as shown above are lower than the rates as presented in the public hearing on June 20, 2018. City staff reviewed options and were able to reduce the impact of the proposed rate structure to the residents and commercial customers over the next five years.

In addition to the changes in rates in the prior tables, the City is proposing to change the utility fees as identified in the table below.

Proposed Utility Fees		
Fee	Current	Proposed
Deposit (Residential)	\$ 104.30	\$ 120.00
Deposit (Commercial)	\$ 200.00	\$ 300.00
Work Order	\$ 2.64	\$ 35.00
Late Fees	\$ 13.19	\$ 13.19
Meter Removal Fee	\$ -	\$ 200.00
Reconnection Fee	\$ 26.64	\$ 35.00
Disconnection Fee	\$ -	\$ 35.00
After Hours	\$ 75.00	\$ 100.00
Non Sufficient Fund (NSF) Fee	\$ 20.00	\$ 20.00

How do you file a protest or participate in the public hearing?

Any property owner of a parcel subject to City water and/or sewer service fees or any tenant directly responsible for the payment of water and/or sewer service fees (i.e., a customer of record) may submit a written protest to the proposed rate changes. Only one protest will be counted per identified parcel. Should there be property owners who own multiple properties and wish to submit a protest letter, they may list those properties with the respective parcel number on one letter and each parcel will be counted provided there were no other letters received for that parcel.

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

- (1) State that the identified property owner or customer of record is in opposition to the proposed rate changes;**
- (2) Provide the location of the identified parcel by including the street address or assessor's parcel number (APN);**
- (3) Include the name and signature of the property owner or customer of record submitting the protest.**

Written protests may be submitted by mail to the City Clerk at: 608 Heber Avenue, Calexico, CA 92231, in person to the City Clerk, or at the Public Hearing (date and time noted above). Regardless of how the written protest is submitted, it must be received by the City prior to the conclusion of the public comment portion of the Public Hearing. Any protest submitted via e-mail or other electronic means will not be accepted. Please identify on the front of the envelope for any written protest, whether mailed or submitted in person to the City Clerk, that the enclosed protest is for the Public Hearing on the Proposed Rate Changes - Water and Sewer Service Fees.

The City Council will hear and consider all written and oral protests to the proposed rate changes at the Public Hearing. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. Upon the conclusion of the Public Hearing, there will be no more written protests accepted and no more testimony taken and the City Council will consider adoption of the proposed rates for water and sewer service described in this notice. If written protests as outlined above, are not presented by a **majority** of property owners or customers of record, the City Council will be authorized to implement the proposed rates. If adopted, the rates for water and sewer will be in effect beginning **January 1, 2019** and would be reflected in the bill you receive in February 2019.

If you have any questions about the proposed rate changes or would like to see more information about data used for the study, please contact David Dale at: (760) 768-2110 8:00 a.m. to 5:00 p.m. Monday through Friday. Additional information and documents related to the proposed rate changes can be found on the City of Calexico's website at www.Calexico.ca.gov.