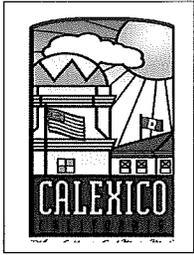


**AGENDA
ITEM**

15



AGENDA STAFF REPORT

DATE: November 28, 2018

TO: Mayor and City Council

APPROVED BY: David B. Dale, City Manager *MB for D.D.*

PREPARED BY: David B. Dale, City Manager
Miguel Figueroa, Assistant City Manager *MF*

SUBJECT: Introduce and Waive First Reading of Ordinance No. 2018 - _____.
An Ordinance of the City Council of the City of Calexico Adopting Fees and Charges for Water and Sewer Service and Making Certain Findings and Taking Certain Actions Relating Thereto

=====

Recommendation:

Introduce and Waive First Reading of Ordinance No. 2018 - _____, an Ordinance of the City Council of the City of Calexico Adopting Fees and Charges for Water and Sewer Service and Making Certain Findings and Taking Certain Actions Relating Thereto.

Background:

The City last conducted a Water and Sewer Rate Study in 2006, with annual increases through 2009. There have been no modifications to the rates since FY 2009. With annual inflation rates above 2%, the cost of collection and treatment of sewer and the treatment and distribution of potable water have risen greatly since 2009. Also, the City has identified a substantial Capital Improvement Program (CIP) 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.

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 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.

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 \$17.24 (FY 18-19) plus \$1.99 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 \$38.08 per month. Monthly charges for multifamily units after the first unit will be \$20.43 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 and sewer 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 City sent the Proposition 218 Notice at least 45 days prior to this public hearing, which presents the proposed modifications to the Water and Sewer 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.

At this time, the City Council may consider adoption of the proposed rates for Water and Sewer Fees after holding a public hearing. If a majority of the owners of separate parcels or customers of record file written protests against the proposed Water Fees or Sewer Fees, the City Council will be prohibited from adopting the increases. If not, the City may proceed with adopting the adjusted fees and charges. If no majority protest is filed, the City Council will have the first reading of the Ordinance adopting the proposed fees and charges, with a second reading to be held on December 5, 2018. The Ordinance will take effect thirty days thereafter, at which point the increased fees and charges may be imposed.

The proposed fees to take effect January 5, 2019.

Fiscal Impact:

The result of the sewer rate structure change for the Sewer Enterprise Fund represents a revenue increase of 2.0% in FY 19-20, FY 20-21, FY 21-22 and FY 22-23.

The result of the water rate structure change for the Water Enterprise Fund represents a revenue increase of 2.0% in FY 19-20, FY 20-21, FY 21-22 and FY 22-23.

Coordinated With:

City Manager's Office.
Public Works Department.
Finance Department.

Attachment(s):

1. Ordinance Adopting Fees and Charges for Water and Sewer and Making Certain Findings and Taking Certain Actions Relating Thereto.
2. Water and Sewer Rate Fee Study, Willdan, November 2018.
3. Water and Sewer Rate Fee Presentation.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CALEXICO, CALIFORNIA, ADOPTING FEES AND CHARGES FOR WATER AND SEWER SERVICE, AND MAKING CERTAIN FINDINGS AND TAKING CERTAIN ACTIONS RELATING THERETO.

WHEREAS, the City of Calexico (the "City") provides certain water and wastewater services and charges rate-payers fees for such services; and

WHEREAS, the Water and Sewer Fees were previously adopted in 2006, and have not been updated to reflect increased costs of providing water and sewer services for which they are charged; and

WHEREAS, the City retained Willdan Financial Services ("Willdan"), an independent fee consultant, to prepare a Water and Sewer Rate and Connection Fee Study (the "Study") to determine the rates necessary to meet the cost of providing the water and sewer services provided by the City, and a copy of the Study has been made available and remains available for public inspection at the office of the City Clerk and is incorporated herein by this reference; and

WHEREAS, based on the findings set forth in the Study, the City now wishes to adopt new and increased Water and Sewer Fees (collectively, the "Fees"), which are fair and equitable and compensate the City for the cost of providing the respective services; and

WHEREAS, the proposed Water Fees comprise two components: (1) a monthly fixed water charge ("Fixed Water Charge"), and (2) monthly volumetric water rates ("Volumetric Water Charge"); and

WHEREAS, the City charges its customers based on customer class, including Residential and Commercial, Manufacturing, and Industrial, and provides water service on a wholesale basis to Construction/Truck customers and customers purchasing water for resale ("Wholesale Customers"); and

WHEREAS, the City's customer classes are established based on shared water usage and consumption patterns, reflecting the varying demands placed on the City's water system; and

WHEREAS, the Fixed Water Charge is designed to recover a portion of the City's fixed costs for providing water service, including billing, customer service, and meter service costs; and

WHEREAS, the Fixed Water Charge is calculated based on customer class, with Residential customers paying a flat fee based on the number of dwelling units, Wholesale

Customers paying a flat fee, and the remaining Commercial, Manufacturing and Industrial customers paying a fee based on meter size; and

WHEREAS, the Volumetric Water Charge is designed to recover the remainder of the City's fixed costs for providing water service, and variable portions of the City's operating costs, and is imposed based on hundred cubic feet ("HCF") of water used per month; and

WHEREAS, the Sewer Service Fees are designed to recover the costs of providing sewer service to the City's customers, and are imposed on customers based on customer class; and

WHEREAS, the City has established four customer classes for sewer service: Residential and Non-Residential Customers, with Non-Residential Customers including Non-Residential Rate II, Non-Residential Rate III, and Non-Residential Rate IV; and

WHEREAS, Sewer Fees for Residential customers include a uniform rate determined based on the number of dwelling units served by the sewer connection, and the Non-Residential Rate customers include a monthly fixed charge and a flow rate, measured as dollars per HCF of flow; and

WHEREAS, the Sewer Service Fees are calculated based on shared characteristics of strength and flow of wastewater, and the varying demands placed on the City's sewer system per customer class; and

WHEREAS, the Fees are proposed to take effect on January 5, 2019, and to be increased in accordance with the maximum amounts set forth in Exhibit "A" hereto on each July 1 thereafter, through and including July 1, 2022; and

WHEREAS, the revenues derived from the Fees will not exceed the funds required to provide water or sewer service, and shall be used exclusively for the operation and maintenance of the water or sewer system, as the case may be; and

WHEREAS, the Fees are equitable to all customers; and

WHEREAS, the amount of the proposed Fees will not exceed the proportional cost of the water service or sewer service, as applicable, attributable to each parcel upon which they are proposed for imposition; and

WHEREAS, the proposed Fees will not be imposed on a parcel unless water or sewer service is actually used by, or immediately available to, the owner of the parcel, as applicable; and

WHEREAS, article XIII D, section 6 of the California Constitution ("Article XIII D") requires that prior to imposing any new property-related fee such as the Fees, or any increase to existing Fees, the City shall provide written notice (the "Notice") by mail of the

proposed increases to the Fees to the record owner of each parcel upon which the Fees are proposed for imposition and any tenant directly liable for payment of the Fees, the amount of the Fees proposed to be imposed on each parcel, the basis upon which the Fees were calculated, the reason for the Fees, and the date, time and location of a public hearing (the "Hearing") on the proposed Fees; and

WHEREAS, pursuant to Article XIII D such Notice is required to be provided to the affected property owners and tenants directly liable for the payment of the Fees not less than forty-five days prior to the Hearing on the proposed Fees; and

WHEREAS, the City did provide such Notice to the affected property owners and tenants in compliance with Article XIII D at least 45 days prior to the Hearing; and

WHEREAS, a public Hearing was held on November 28, 2018, noticed in the manner and for the time required by law; and

WHEREAS, at the Hearing, the City Council (the "City Council") considered all written materials and written protests to the proposed new or increased Fees received prior to the close of the Hearing, and heard oral testimony concerning the establishment and imposition of the proposed Fees, and at the close of the Hearing the City determined that it did not receive written protests against the establishment and imposition of the proposed Fees from a majority of the affected property owners or tenants directly liable for the payment of such Fees; and

WHEREAS, the Water Fees for Wholesale Customers are not subject to the requirements of article XIII D, section 6 of the California Constitution, because they are not imposed as an incident of property ownership; and

WHEREAS, the Water Fees for Wholesale Customers: (1) are imposed for a specific government activity, service, or product, provided directly to the payor; (2) are no more than necessary to recover the estimated reasonable costs of the governmental activity, service, or product, for which the Water Fee is imposed; and (3) the manner in which those costs are allocated to the payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity, service, or product, for which the Water Fees on Wholesale Customers are imposed, and the Water Fees for Wholesale Customers are not taxes within the meaning of California Constitution, article XIII C, §1(e);

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALEXICO DOES ORDAIN AS FOLLOWS:

SECTION 1. Recitals. The Recitals set forth above are true and correct statements, and are incorporated as an operative part of this Ordinance and made findings and determinations of the City Council by this reference.

SECTION 2. Adoption of Fees. The City Council hereby adopts the Fees in the maximum amounts and on the effective dates set forth in Exhibit "A" hereto. A bill for the Water and Sewer Fees shall be sent to the responsible parties directly.

SECTION 3. Inconsistency with Other Fees. To the extent the Fees established by this Ordinance are inconsistent with any other fee or charge previously adopted by the City Council, it is the explicit intention of the City Council that the Fees adopted pursuant to this Ordinance shall prevail.

SECTION 4. Rules and Regulations. The City Council may make rules or regulations and from time to time may amend, revoke, or add rules and regulations, not consistent with this Ordinance, as they may deem necessary or expedient in respect to billing for the Fees adopted hereby; provided, however, that no such action shall result in any Fees being increased or exceeding the cost of providing the service or product for which it is imposed.

SECTION 5. Severability. If any section, subsection, clause or phrase in this Ordinance or the application thereof to any person or circumstances is for any reason held invalid, the validity of the remainder of this Ordinance or the application of such provision to other persons or circumstances shall not be affected thereby. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses, or phrases or the application thereof to any person or circumstance be held invalid.

SECTION 6. Further Action. The City Council authorizes the City Manager, and other City staff members as designated by the City Manager or the Calexico Municipal Code, to take all actions necessary to effectuate the intent of this Ordinance and to implement the Fees adopted pursuant to this Ordinance.

SECTION 7. Certification. The City Clerk shall certify the passage of this Ordinance and shall cause the same to be entered in the book of original ordinances of the City; shall make a minute passage and adoption thereof in the records of the meeting at which time the same is passed and adopted; and shall, within fifteen (15) days after the passage and adoption thereof, cause the same to be published as required by law, in a local newspaper of general circulation and which is hereby designated for that purpose.

SECTION 8. Effective Date. This Ordinance shall take effect 30 days after its adoption.

SECTION 9. CEQA Compliance. The City Council finds that the administration, operation, maintenance, and improvements of the City's water and sewer systems, which are to be funded by the Fees as set forth herein, are necessary to maintain water and sewer service within the City's existing service areas as described herein. The City Council further finds that the administration, operation, maintenance and improvements of the City's water and sewer systems, to be funded by the Fees, will not expand the

City's water and sewer systems. The City Council further finds that the adoption of the rates for the Fees is necessary and reasonable to fund the administration, operation, maintenance and improvements of the City's water and sewer systems. Based on these findings, the City Council determines that the adoption of the Fees established by this Ordinance are exempt from the requirements of the California Environmental Quality Act pursuant to section 21080(b)(8) of the Public Resources Code and section 15273(a) of the State CEQA Guidelines. The documents and materials that constitute the record of proceedings on which these findings have been based are located at the City's offices, 608 Heber Avenue, Calexico, CA 92231.

SECTION 10. Future Fees and Charges. The Fees adopted pursuant to this Ordinance may be amended in the future by either resolution or ordinance of the City Council. A resolution adopting updated Fees shall supersede the Fees adopted herein with the same force and effect as an ordinance.

PASSED, ADOPTED, AND APPROVED by the City Council of the City of Calexico at the regular meeting this 5th day of December, 2018.

Lewis Pacheco,
Mayor

ATTEST:

Gabriela Garcia
City Clerk

APPROVED AS TO FORM:

Carlos Campos
City Attorney

EXHIBIT "A"

Water Rates

Proposed Water Rates - Fiscal Years 2018-19 through 2022-23					
Class	2018-19	2019-20	2020-21	2021-22	2022-23
Monthly Fixed Charge					
Residential - First Dwelling Unit	\$ 17.24	\$ 17.58	\$ 17.94	\$ 18.30	\$ 18.66
Additional Dwelling Unit	\$ 8.62	\$ 8.79	\$ 8.97	\$ 9.15	\$ 9.33
Commercial, Manufacturing and Industrial					
3/4-inch meter	\$ 19.11	\$ 19.49	\$ 19.88	\$ 20.28	\$ 20.69
1-inch meter	\$ 31.92	\$ 32.56	\$ 33.21	\$ 33.87	\$ 34.55
1-1/2 inch meter	\$ 63.65	\$ 64.92	\$ 66.22	\$ 67.55	\$ 68.90
2-inch meter	\$ 101.87	\$ 103.91	\$ 105.99	\$ 108.11	\$ 110.27
3-inch meter	\$ 203.94	\$ 208.02	\$ 212.18	\$ 216.42	\$ 220.75
4-inch meter	\$ 318.62	\$ 324.99	\$ 331.49	\$ 338.12	\$ 344.88
6-inch meter	\$ 637.04	\$ 649.78	\$ 662.78	\$ 676.03	\$ 689.55
Construction/Truck	\$ 102.42	\$ 104.47	\$ 106.56	\$ 108.69	\$ 110.86
Water for Resale	\$ 102.46	\$ 104.51	\$ 106.60	\$ 108.73	\$ 110.91
Volume Rate \$/100 Cubic Feet					
Residential - All Use	\$ 1.99	\$ 2.03	\$ 2.07	\$ 2.11	\$ 2.15
Commercial, Manufacturing and Industrial	\$ 3.19	\$ 3.25	\$ 3.32	\$ 3.39	\$ 3.45
Construction/Truck	\$ 7.56	\$ 7.71	\$ 7.87	\$ 8.02	\$ 8.18
Water for Resale	\$ 10.86	\$ 11.08	\$ 11.30	\$ 11.52	\$ 11.76

*Effective January 5, 2019, and increased each July 1 thereafter commencing July 1, 2019 through and including July 1, 2022.

Sewer Rates

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	\$ 38.08	\$ 41.67	\$ 42.51	\$ 43.36	\$ 44.23
Additional Dwelling Unit	\$ 20.43	\$ 20.84	\$ 21.25	\$ 21.68	\$ 22.11
Non-Residential II	\$ 38.08	\$ 38.84	\$ 39.62	\$ 40.41	\$ 41.22
Non-Residential III	\$ 42.91	\$ 43.77	\$ 44.64	\$ 45.54	\$ 46.45
Non-Residential IV	\$ 47.69	\$ 48.58	\$ 49.55	\$ 50.55	\$ 51.56
Volumetric Rate \$/100 Cubic Feet					
Non-Residential II (Over 1,000 cubic feet)	\$ 3.81	\$ 3.89	\$ 3.96	\$ 4.04	\$ 4.12
Non-Residential III (Over 1,000 cubic feet)	\$ 4.29	\$ 4.38	\$ 4.46	\$ 4.55	\$ 4.64
Non-Residential IV (Over 1,000 cubic feet)	\$ 4.76	\$ 4.86	\$ 4.95	\$ 5.05	\$ 5.15

*Effective January 5, 2019, and increased each July 1 thereafter commencing July 1, 2019 through and including July 1, 2022.

CITY OF CALEXICO



Water and Sewer Rate and Connection Fee Study Final Report

November 2018





3.2.3	Revised Rates	22
3.2.4	Summary of the Rate Study	24
Section 4 – Connection Fees		25
4.1	Connection Fee Calculation Methodology.....	25
4.1.1	System Valuation	25
4.1.2	System Capacity	26
4.1.3	Buy-In Fee	27
Section 5 – Conclusions and Recommendations		28
5.1	Conclusions	28
5.2	Recommendations	28



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.

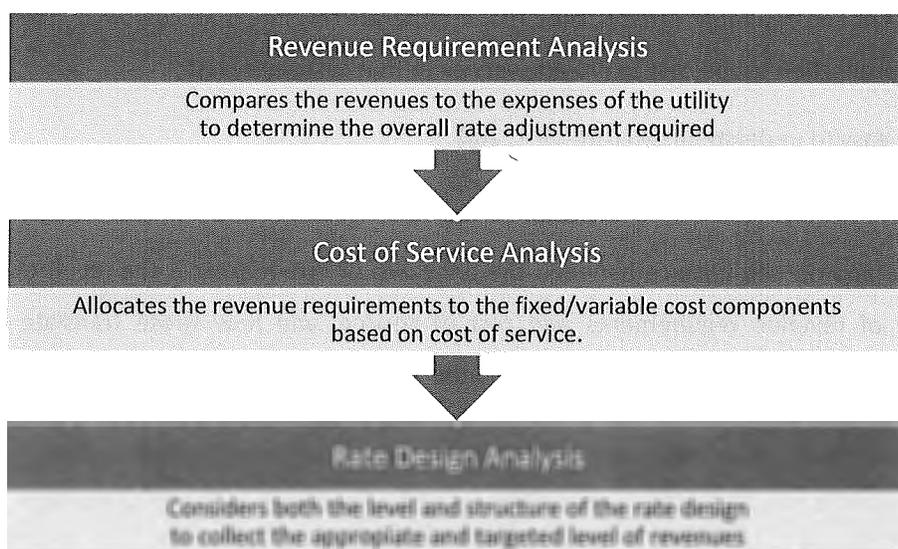


Section 2 – Overview of Utility Rate Making Principals, Processes and Issues

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.





2.3 The Revenue Sufficiency Process

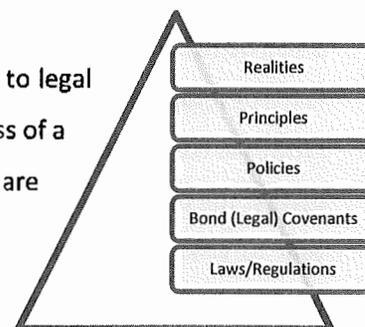
In order to develop rates and charges which will generate sufficient revenue to meet the fiscal requirements of the water and sewer utilities, a determination of the annual rate revenue required must be completed. The first step in the process is the Revenue Sufficiency Analysis. The Revenue Sufficiency 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.

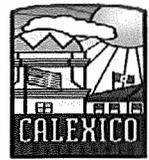


Capital Budgeting and Financing

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



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.



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. To be conservative 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.



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

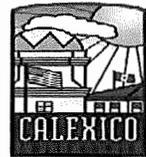
A more detailed presentation of the line-item budgeted and projected revenues and expenses is presented in Schedules A-3 through A-5 of Appendix A and B-3 through B-5 of Appendix B.

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	<u>986,450</u>	<u>1,418,955</u>	<u>1,129,575</u>	<u>1,130,100</u>	<u>1,133,800</u>	<u>1,130,500</u>
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	<u>0</u>	<u>218,725</u>	<u>1,309,925</u>	<u>1,309,050</u>	<u>1,309,500</u>	<u>1,312,500</u>
Total Expenses	\$2,875,882	\$4,036,941	\$5,270,195	\$5,417,193	\$5,571,587	\$5,734,867
(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



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 expenditures.¹ 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. 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 exclude 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.



Description	Water Rate Revenue Increases	Sewer Rate Revenue Increases
2018-19	0.0%	0.0%
2019-20	2.0%	2.0%
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.



- 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.



3.2.3 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	\$17.24	\$17.58	\$17.94	\$18.30	\$18.66
Additional Dwelling Units	8.62	8.79	9.97	9.15	9.33
Commercial, Manufacturing and Industrial					
3/4-inch	\$19.11	\$19.49	\$19.88	\$20.28	\$20.69
1-inch	31.92	32.56	33.21	33.87	34.55
1 1/2-inch	63.65	64.92	66.22	67.55	68.90
2-inch	101.87	103.91	105.99	108.11	110.27
3-inch	203.94	208.02	212.18	216.42	220.75
4-inch	318.62	324.99	331.49	338.12	344.88
6-inch	637.04	649.78	662.78	676.03	689.55
Construction/Truck	102.42	104.47	106.56	108.69	110.86
Water for Resale	102.46	104.51	106.60	108.73	110.91
Volume Rate - \$/100 Cubic Feet					
Residential – All Use	\$1.99	\$2.03	\$2.07	\$2.11	\$2.15
Commercial, Manufacturing & Industrial – All Use	3.19	3.25	3.32	3.39	3.45
Construction/Truck	7.56	7.71	7.87	8.02	8.18
Water for Resale	10.86	11.08	11.30	11.52	11.76

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

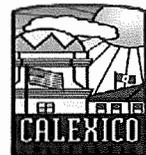


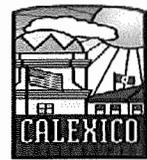
Table 3-10
Proposed Sewer Rates
Fiscal Years 2018-19 through FY 2022-23

Class	2018-19	2019-20	2020-21	2021-22	2022-23
Fixed Charge \$/Month					
Residential – First Dwelling Unit	\$38.08	\$41.67	\$42.51	\$43.36	\$44.23
Additional Dwelling Unit	20.43	20.84	21.25	21.68	22.11
Non-Residential II	38.08	38.84	39.62	40.41	41.22
Non-Residential III	42.91	43.77	44.64	45.54	46.45
Non-Residential IV	47.63	48.58	49.55	50.55	51.56
Flow Rate \$/100 Cubic Feet					
Non-Residential II (over 1,000 cubic feet)	\$3.81	\$3.89	\$3.96	\$4.04	\$4.12
Non-Residential III (over 1,000 cubic feet)	4.29	4.38	4.46	4.55	4.64
Non-Residential IV (over 1,000 cubic feet)	4.76	4.86	4.95	5.05	5.15

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.



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.

Table 4-1
Replacement Cost New Less Depreciation Value of Fixed Assets

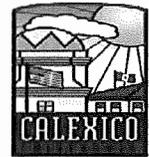
Description	Water	Sewer
Land	\$180,000	\$30,000
Buildings	7,325,757	0
Improvements	69,952,938	30,577,790
Infrastructure	29,482,318	13,641,663
Equipment	8,984,526	1,340,244
Construction Work in Progress	<u>0</u>	<u>2,265,729</u>
Total	115,925,539	47,855,425
Less: Outstanding Debt	<u>19,725,451</u>	<u>0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



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 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	Beginning-of-Year Cash	(\$54,742)	\$0	\$5,545,235	\$3,264,660	\$2,030,111	\$817,575
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	\$ 12,671,000	\$ 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	\$ 12,671,000	\$ 2,280,576	\$ 1,234,548	\$ 1,212,537	\$ 1,243,941
10	Net Cashflow	\$ 54,742	\$ 5,545,235	\$ (2,280,576)	\$ (1,234,548)	\$ (1,212,537)	\$ (743,941)
11	End-of-Year Cash	0	5,545,235	3,264,660	2,030,111	817,575	73,634
12	Debt Service Coverage Ratio	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
13	Debt Service Coverage Ratio - Target	1.20	1.20	1.20	1.20	1.20	1.20

City of Calexico
 Revenues - Water System
 Water Financial Model

Line No.	Description	Estimated 2018	Fiscal Year Ending June 30				
			2019	2020	2021	2022	2023
Operating Revenues							
<u>Water</u>							
1	Operating Revenue	\$ 6,250,000	\$ 6,164,868	\$ 6,408,898	\$ 6,662,588	\$ 6,926,320	\$ 7,200,491
2	Other Revenues	440,000	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	\$ 7,640,491
<u>Non-Operating Revenue</u>							
4	Non-Utility Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	20,000	20,000	10,519	15,266	20,140	24,518
6	Total Non-Operating Revenue	\$ 20,000	\$ 20,000	\$ 10,519	\$ 15,266	\$ 20,140	\$ 24,518
7	Total Revenues	\$ 6,710,000	\$ 6,624,868	\$ 6,859,417	\$ 7,117,854	\$ 7,386,460	\$ 7,665,009
OPERATING REVENUES							
<u>Charges for Services</u>							
8	Rate Revenue	\$ 6,250,000	\$ 6,164,868	\$ 6,164,868	\$ 6,408,898	\$ 6,662,588	\$ 6,926,320
9	Growth	0.00%	0.00%	1.92%	1.92%	1.92%	1.92%
	Revenues Adjusted for Growth	\$ 6,250,000	\$ 6,164,868	\$ 6,283,233	\$ 6,531,949	\$ 6,790,510	\$ 7,059,305
10	Revenue Increase	0.0%	0.00%	2.00%	2.00%	2.00%	2.00%
11	Percent of Year w/Rate Increase	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
12	Revenues under old rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Revenues under new rates	6,250,000	6,164,868	6,408,898	6,662,588	6,926,320	7,200,491
14	Total Charges for Services - After Revenue Increase	\$ 6,250,000	\$ 6,164,868	\$ 6,408,898	\$ 6,662,588	\$ 6,926,320	\$ 7,200,491
<u>Other Water Revenue</u>							
15	Other Fees/Charges	440,000	440,000	440,000	440,000	440,000	440,000
				-	-	-	-
				-	-	-	-
<u>Interest Income</u>							
16	Investment Earnings	20,000	20,000	10,519	15,266	20,140	24,518
20	Total Operating Revenues	\$ 6,710,000	\$ 6,624,868	\$ 6,859,417	\$ 7,117,854	\$ 7,386,460	\$ 7,665,009

City of Calexico
Capital Improvement Plan

SUMMARY	CIP Summary			
	#	Item	Est. \$	
	1	Water Treatment Facility	\$ 9,368,000	
	2	Water Distribution System	\$ 20,175,000	
		Total \$ 29,543,000		
WATER	Water Treatment Facility			
	#	Item	Project Number	\$
	1	TTHM Analyzer	926	\$ 55,000
	2	Chlorine Analyzer	927	\$ 73,000
	3	Switch to Hypochlorite	927	\$ 400,000
	4	Filter Control Replacement System	959	\$ 1,700,000
	5	New Clarifier and Filter System	960	\$ 5,200,000
	6	Raw Water Reservoir Improvements	961	\$ 1,100,000
	7	Storage Tank Baffle Repairs	962	\$ 120,000
	8	Vehicle and Equipment Replacement	975	\$ 720,000
	9			\$ -
	10			\$ -
				\$ 9,368,000
	Water Distribution System			
	#	Item	Project Number	Est. \$
	1	Urban Water Management Study	984	\$ 50,000
	2	Eastside Storage Tank Improvements	964	\$ 500,000
	3	Vehicle and Equipment Replacement	965	\$ 1,875,000
	4	Water Pipeline Replacement	966	\$ 14,250,000
	5	Water Distribution Expansion		\$ 3,500,000
	6			\$ -
7			\$ -	
8			\$ -	
			\$ 20,175,000	

		Year of Expenditure				
		Current/2019	2020	2021	2022	2023
\$	55,000	\$ -	\$ -	\$ -	\$ -	\$ -
	73,000	-	-	-	-	-
	400,000	-	-	-	-	-
	1,700,000	-	-	-	-	-
	5,200,000	-	-	-	-	-
	-	1,100,000	-	-	-	-
	120,000	-	-	-	-	-
	48,000	48,000	48,000	48,000	48,000	48,000
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	7,596,000	\$ 1,148,000	\$ 48,000	\$ 48,000	\$ 48,000	\$ 48,000
\$	-	\$ -	\$ 50,000	\$ -	\$ -	\$ -
	500,000	-	-	-	-	-
	125,000	125,000	125,000	125,000	125,000	125,000
	950,000	950,000	950,000	950,000	950,000	950,000
	3,500,000	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	5,075,000	\$ 1,075,000	\$ 1,125,000	\$ 1,075,000	\$ 1,075,000	\$ 1,075,000

New Debt Service
Operations Bond Debt Service

				2019	2020	2021	2022	2023
Annual New Debt Required				\$ 18,574,041	\$ -	\$ -	\$ -	\$ -
Fiscal Year	Capital Project Proceeds Required	Issuance Costs	Total Debt Required	2019	2020	2021	2022	2023
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 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)	\$ 34,021,260	\$ (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

City of Calexico
 Revenues - Sewer System
 Sewer Financial Model

Line No.	Description	Estimated 2018	Fiscal Year Ending June 30				
			2019	2020	2021	2022	2023
Operating Revenues							
Sewer							
1	Operating Revenue	\$ 5,400,000	\$ 5,400,000	\$ 5,613,754	\$ 5,835,968	\$ 6,066,979	\$ 6,307,135
2	Other Revenues	11,000	11,000	11,000	11,000	11,000	11,000
3	Total Operating Revenues	\$ 5,411,000	\$ 5,411,000	\$ 5,624,754	\$ 5,846,968	\$ 6,077,979	\$ 6,318,135
Non-Operating Revenue							
4	Non-Utility Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	27,000	27,000	12,127	16,381	20,824	24,589
6	Total Non-Operating Revenue	\$ 27,000	\$ 27,000	\$ 12,127	\$ 16,381	\$ 20,824	\$ 24,589
7	Total Revenues	\$ 5,438,000	\$ 5,438,000	\$ 5,636,880	\$ 5,863,349	\$ 6,098,804	\$ 6,342,724
OPERATING REVENUES							
Charges for Services							
8	Rate Revenue	\$ 5,400,000	\$ 5,400,000	\$ 5,400,000	\$ 5,613,754	\$ 5,835,968	\$ 6,066,979
9	Growth	0.00%	0.00%	1.92%	1.92%	1.92%	1.92%
	Revenues Adjusted for Growth	\$ 5,400,000	\$ 5,400,000	\$ 5,503,680	\$ 5,721,538	\$ 5,948,019	\$ 6,183,465
10	Revenue Increase	0.0%	0.00%	2.00%	2.00%	2.00%	2.00%
11	Percent of Year w/Rate Increase	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
12	Revenues under old rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Revenues under new rates	5,400,000	5,400,000	5,613,754	5,835,968	6,066,979	6,307,135
14	Total Charges for Services - After Revenue Increase	\$ 5,400,000	\$ 5,400,000	\$ 5,613,754	\$ 5,835,968	\$ 6,066,979	\$ 6,307,135
Other Sewer Revenue							
15	Other fees/charges	11,000	11,000	11,000	11,000	11,000	11,000
16	Investment Earnings	27,000	27,000	12,127	16,381	20,824	24,589
20	Total Operating Revenues	\$ 5,438,000	\$ 5,438,000	\$ 5,636,880	\$ 5,863,349	\$ 6,098,804	\$ 6,342,724

City of Calexico
Capital Improvement Plan

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

SEWER	Wastewater Treatment			
	#	Item	Project Number	\$
	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			\$ -
				\$ 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			\$ -
			\$ 18,213,000

Sewer Total

	Year of Expenditure				
	Current/2019	2020	2021	2022	2023
\$	-	\$ 1,000,000	\$ -	\$ -	\$ -
	-	450,000	-	-	-
	-	100,000	-	-	-
	-	1,200,000	-	-	-
	-	1,700,000	-	-	-
	1,550,000	-	-	-	-
	-	10,250,000	14,000,000	-	-
	66,000	44,000	44,000	44,000	44,000
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	1,616,000	\$ 14,744,000	\$ 14,044,000	\$ 44,000	\$ 44,000

\$	1,950,000	\$ -	\$ -	\$ -	\$ -
	2,700,000	900,000	900,000	900,000	900,000
	150,000	-	-	-	-
	36,000	36,000	36,000	36,000	44,000
	185,000	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	5,021,000	\$ 936,000	\$ 936,000	\$ 936,000	\$ 944,000

\$	6,637,000	\$ 15,680,000	\$ 14,980,000	\$ 980,000	\$ 988,000
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City of Calexico
Development of Rate Revenue Requirement

		A	
Line No:		Test Year for Rate Revenue Requirement	
		FY 2019	
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 Water Costs Test Year FY 2019

Allocation to Base Extra Capacity - Water

Line No.	Water Costs	Extra Capacity			Meters & Services	Billing & Collection	Total		
		Base	Max Day	Max Hour					
1	Treat	\$2,429,218	\$1,457,531	\$850,226	\$121,461	\$0	\$0	\$2,429,218	-
2	T&D	173,000	103,800	17,300	17,300	0	34,600	173,000	-
3	CS	138,400	0	0	0	13,840	124,560	138,400	-
4	Admin	2,039,561	1,631,649	0	0	203,956	203,956	2,039,561	-
5	Existing Bond DS	984,680	738,510	0	0	246,170	0	984,680	-
6	New Bond DS	0	0	0	0	0	0	0	-
7	CIP	0	0	0	0	0	0	0	-
8	New Bond DS - General	0	0	0	0	0	0	0	-
9	Transfers	2,292,408	2,292,408	0	0	0	0	2,292,408	-
10	Non-Rate Revenue & Fund Balance	(1,892,399)	(1,264,051)	(343,440)	(54,933)	(86,222)	(143,752)	(1,892,399)	-
11	Total	\$6,164,868	\$ 4,959,846	\$ 524,086	\$ 83,828	\$ 377,744	\$ 219,364	\$ 6,164,868	\$ -
12	Fixed Charge Component		\$ 4,959,846	\$ 524,086	\$ 83,828	\$ 377,744	\$ 219,364	\$ 597,108	9.69%
13	Flow Charge Component		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,567,760	90.31%
14	Total		\$ 4,959,846	\$ 524,086	\$ 83,828	\$ 377,744	\$ 219,364	\$ 6,164,868	100.00%

Allocation to Customer Class - Water - Annual Basis

Line No.	Customer Class	Total Annual Flow	Average Daily Flow	Maximum Day			Maximum Hour			Total Costs
				Base	Capacity Factor	Total Capacity	Extra Capacity	Capacity Factor	Total Capacity	
15	RES	2,110,319	5,782		103%	5,956	174	198%	11,429	5,647
16	COM	179,193	491		139%	685	194	268%	1,314	823
17	CONST	1,344	4		265%	10	6	509%	19	15
18	RESALE	2,189	6		298%	18	12	572%	34	28
19	Total	2,293,045	6,282			6,668	386		12,795	6,513
20										
21	Allocated Costs			\$ 4,959,846		\$ 524,086			\$ 83,828	\$ 5,567,760
22	Billing Units			2,293,045		386			6,513	
23	Rate			2.16		1,357.34			12.87	

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		Meters & Services	Billing & Collection	Total Base Extra Capacity Costs Allocated to Customer Class
				Extra Capacity	Customer Class	Extra Capacity	Class			
24	RES	2,110,319	\$ 4,564,610	174	\$ 236,793	5,647	\$ 72,680	\$ 355,155	\$ 206,246	\$ 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	Total	2,293,045	\$ 4,959,846	386	\$ 524,086	6,513	\$ 83,828	\$ 377,744	\$ 219,364	\$ 6,164,868
29										

Development of Proposed FY 2019 Construction/Truck Rates

Development of Proposed FY 2019 Construction/Truck Rates						FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Service Charge, \$ per Bill		Rate	Bills	Revenue					
Per Unit		\$ 102.42	46	\$4,698		\$104.47	\$106.56	\$108.69	\$110.86
Total Service Charge Revenue						\$4,698			
Block	% Volume in Block	Billed Volume	Cumulative Factor	Volume Rate	Rate Revenue				
All Use	100.0%	1,344	1.00	\$7.56	\$10,162	7.71	7.87	8.02	8.18
Total	100%	1,344			\$10,162				

Development of Proposed FY 2019 Resale Rates

Development of Proposed FY 2019 Resale Rates						FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Service Charge, \$ per Bill		Rate	Bills	Revenue					
Per Unit		\$ 102.46	72	\$7,356		\$104.51	\$106.60	\$108.73	\$110.91
Total Service Charge Revenue						\$7,356			
Block	% Volume in Block	Billed Volume	Cumulative Factor	Volume Rate	Rate Revenue				
All Use	100.0%	2,189	1.00	\$10.86	\$23,770	11.08	11.30	11.52	11.76
Total	100%	2,189			\$23,770				

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)
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
 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

Change	\$5,796

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		899

Total EDUs		10,123

Calxico
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	50	1.20	530,000
	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
2006002	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	1,285,509	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	36,504	36,504	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
1022001	Portable Structure/Construction	1997	104,625	81,608	1.81	107,543
124901	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/Sewer/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	63,418	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)
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	58,104
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	4,247	10.85	51,794
9.80703E+11	Collect & Distribute (Water/Sewer)	1970	6,762	4,837	7.63	46,277
9.80703E+11	Collect & Distribute (Water/Sewer)	1975	9,982	6,373	4.76	41,149
9.80703E+11	Collect & Distribute (Water/Sewer)	1980	8,722	4,926	3.25	32,450
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	32,455
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	58,916
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
9.80703E+11	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	33,270	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
 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



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CITY OF
CALEXICO, CALIFORNIA

WATER AND SEWER RATE STUDY



Presented by **Chris Fisher**
Kevin Burnett

PRESENTATION CONTENTS

- Introduction
- Review purpose and process of study
- Summary of proposed revenue increases
- Proposed rates
- Rate comparisons
- Next steps



PURPOSE OF A RATE STUDY

- Ensure utility is meeting its annual costs
- Provide funds for capital projects
- Provide funds for repayment of bonds
- Develop rates that are equitable
- Ensure rates comply with Prop 218



3

RATE STUDY PROCESS

- Worked with City staff to identify financial options for Council consideration
- Present results, finalize financial plan and recommended rates based on Council direction
- Prepare and mail Prop 218 Notice
- ***Today - hold Public Hearing on new rates***
- New rates effective January 1, 2019



4

WATER FINANCIAL PLAN

WHY INCREASE WATER REVENUE?

- Water utility is not currently meeting its annual costs and is losing money
- Operating costs are increasing
- Without added revenue and new bond funding, the water utility will continue to lose money (Approximately \$2 million a year)
- Cash reserves will be gone – reserves are needed for emergencies
- Critical capital projects need to be completed

REVENUE RECOMMENDATION – WATER

Proposed Water Financial Plan		
Fiscal Year	Revenue Increase	Debt (Millions)
2018-19	0.0%	\$18.5
2019-20	2.0%	0.0
2020-21	2.0%	0.0
2021-22	2.0%	0.0
2022-23	2.0%	0.0

PROPOSED RATES

CHANGES TO WATER RATES

- Rate structure updated for all customers:
 - Monthly base charge no longer includes water use
 - Base charges reduced
 - Customers will now pay for all water used
 - New rates for water used
- Non-Residential customers:
 - Base charge increases by meter size



MONTHLY BASE CHARGE – PROPOSED

Meter Size	Current	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Residential						
First Unit ⁽¹⁾	\$43.89	\$17.24	\$17.58	\$17.94	\$18.30	\$18.66
Additional Units ⁽²⁾	21.94	8.62	8.79	8.97	9.15	9.33
Commercial, Manufacturing and Industrial						
3/4-inch ⁽²⁾	\$48.89	\$19.11	\$19.49	\$19.88	\$20.28	\$20.69
1-inch ⁽²⁾	48.89	31.92	32.56	33.21	33.87	34.55
1 1/2-inch ⁽²⁾	48.89	63.65	64.92	66.22	67.55	68.90
2-inch ⁽²⁾	48.89	101.87	103.91	105.99	108.11	110.27
3-inch ⁽²⁾	48.89	203.94	208.02	212.18	216.42	220.75
4-inch ⁽²⁾	48.89	318.62	324.99	331.49	338.12	344.88
6-inch ⁽²⁾	48.89	637.04	649.78	662.78	676.03	689.55
Construction/Truck	97.57	102.42	104.47	106.56	108.69	110.86
Water for Resale	97.58	102.46	104.51	106.60	108.73	110.91

⁽¹⁾ Current rate structure includes first 3,000 CU FT
⁽²⁾ Current rate structure includes first 1,000 CU FT



VOLUME RATE – PROPOSED

\$/100 CU FT

Class/Use	Current	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Residential						
All Use ⁽¹⁾	\$2.22	\$1.99	\$2.03	\$2.07	\$2.11	\$2.15
Commercial, Manufacturing and Industrial						
All Use ⁽¹⁾	\$3.01	\$3.19	\$3.25	\$3.32	\$3.39	\$3.45
Construction/Truck						
All Use ⁽¹⁾	\$6.61	\$7.56	\$7.71	\$7.87	\$8.02	\$8.18
Water for Resale						
All Use ⁽¹⁾	\$9.75	\$10.86	\$11.08	\$11.30	\$11.52	\$11.76

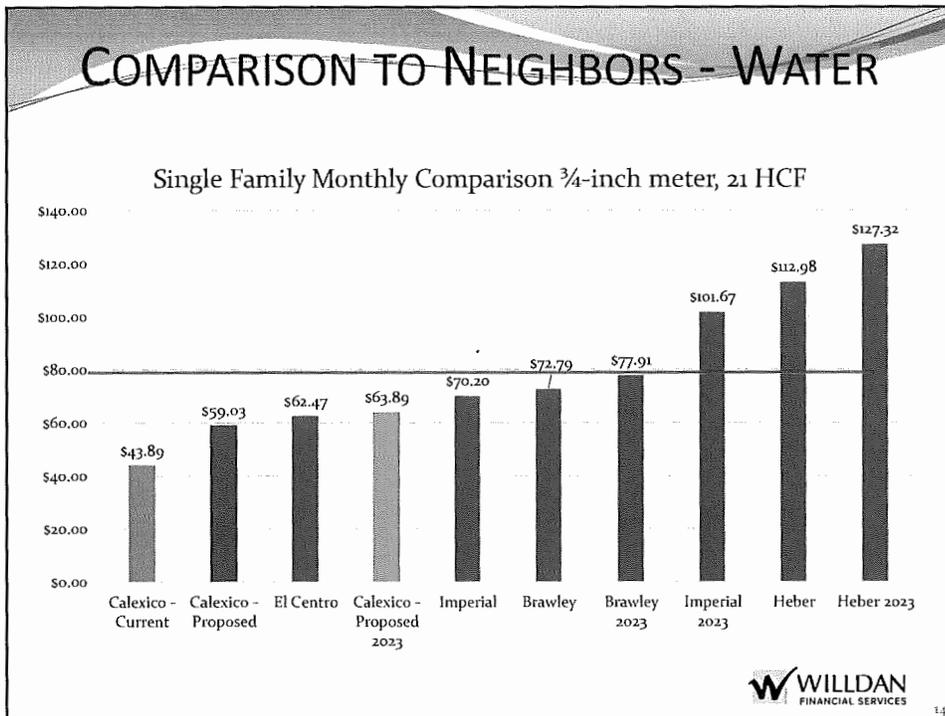
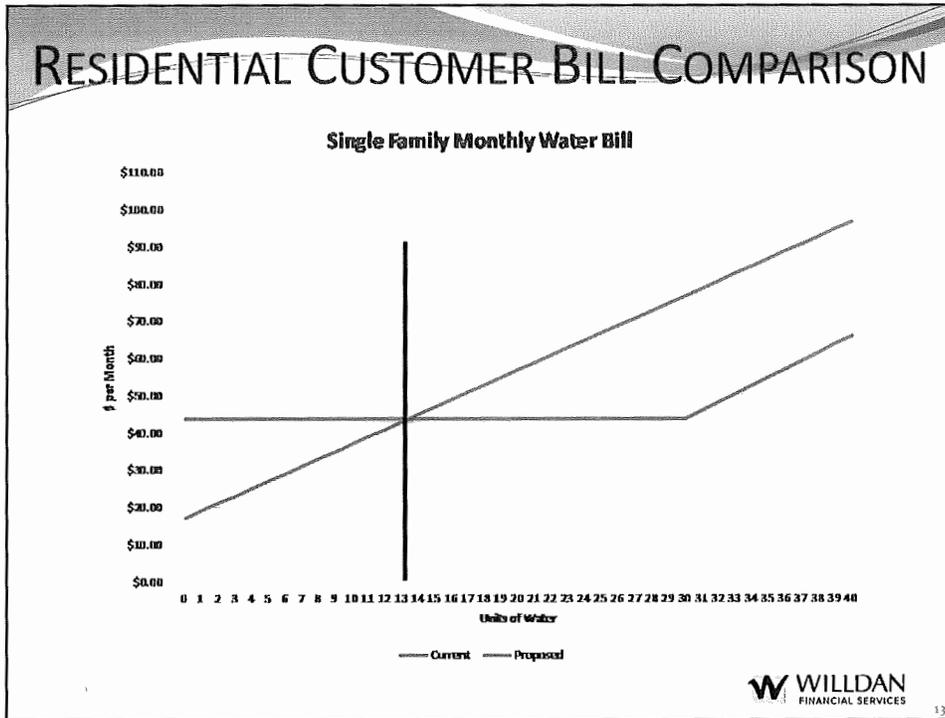
(1) Current rate structure rates are for use above the minimum

 **WILLDAN**
FINANCIAL SERVICES

RESIDENTIAL CUSTOMER BILL COMPARISON CONTINUED

Use	Current	Proposed	\$ Difference	% Difference
5 Units	\$43.89	\$27.19	(\$16.70)	(38.0%)
10 Units	43.89	37.14	(6.75)	(15.4%)
13 Units	43.89	43.11	(0.78)	(1.8%)
20 Units	43.89	57.05	13.16	29.9%

 **WILLDAN**
FINANCIAL SERVICES



SEWER FINANCIAL PLAN

WHY INCREASE SEWER REVENUE?

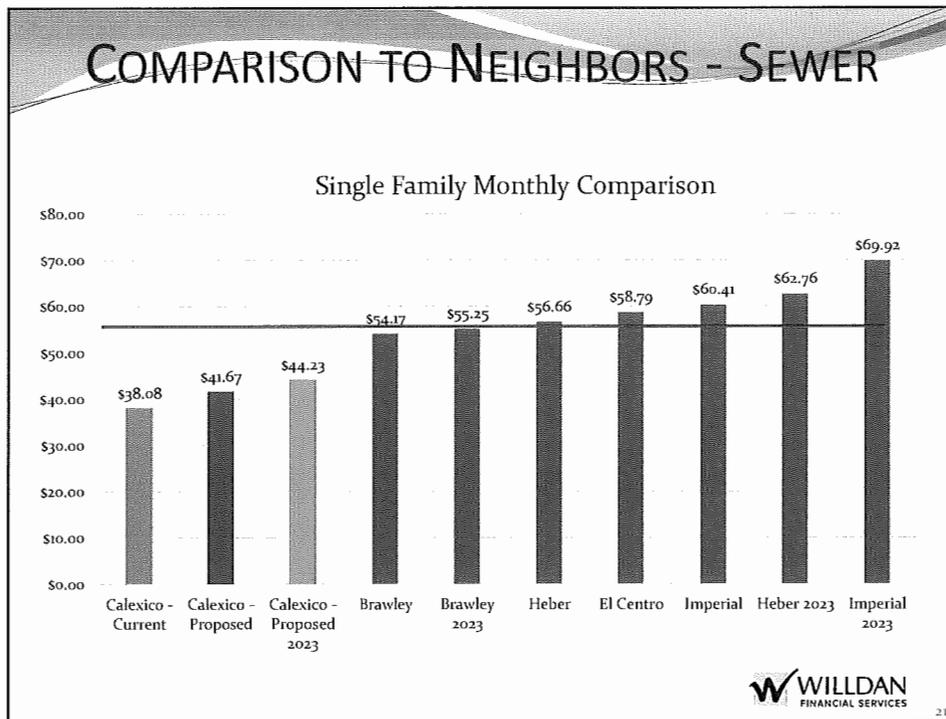
- Sewer utility is spending more money than it is generating (Approximately \$5.9 million a year)
- Cash reserves are being used up
- Additional revenue needed to:
 - Meet costs and operate the system
 - Provide funding for capital projects
 - Ensure reserve cash is available for emergencies

REVENUE RECOMMENDATION - SEWER

Proposed Sewer Financial Plan

Fiscal Year	Revenue Increase	Debt (Millions)
2018-19	0.0%	\$22.8
2019-20	2.0%	0.0
2020-21	2.0%	0.0
2021-22	2.0%	0.0
2022-23	2.0%	0.0

SEWER RATES



NEXT STEPS

- New rates go into effect January 1, 2019
- First rate adjustment July 1, 2019

23

QUESTIONS & DISCUSSION

WATER CASHFLOW PROJECTIONS – STATUS QUO ⁽¹⁾

Year	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Beginning Cash Reserves	\$14,533	\$2,370	\$410	(\$588)	(\$1,653)
Rate Revenue	6,165	6,283	6,404	6,527	6,652
O&M	4,780	4,975	5,179	5,391	6,113
Cash Funded Capital	12,563	2,281	1,235	1,213	1,244
Debt Service	<u>985</u>	<u>987</u>	<u>988</u>	<u>988</u>	<u>987</u>
Total Expenses	18,328	8,243	7,402	7,592	8,344
Net Cashflow	(12,163)	(1,960)	(998)	(1,065)	(1,692)
End of Year Cash Reserves	\$2,370	\$410	(\$588)	(\$1,653)	(\$3,345)
Target Reserves	2,357	2,453	2,554	2,659	3,015
DSC – 1.25 Requirement	1.30	1.56	1.49	1.41	1.33

(1) In thousands

WATER CASHFLOW PROJECTIONS

PROPOSED ⁽¹⁾

Year	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Beginning Cash Reserves	\$14,533	\$2,370	\$2,674	\$3,028	\$3,429
Rate Revenue	6,165	6,409	6,663	6,926	7,200
O&M	4,780	4,975	5,179	5,391	6,113
One-Time Transfers	12,082	0	0	0	0
Cash Funded Capital	0	0	0	0	0
Debt Service	<u>1,419</u>	<u>1,130</u>	<u>1,130</u>	<u>1,134</u>	<u>1,131</u>
Total Expenses	<u>18,281</u>	<u>6,105</u>	<u>6,309</u>	<u>6,525</u>	<u>7,244</u>
Net Cashflow	(12,163)	304	354	401	(44)
End of Year Cash Reserves	\$2,370	\$2,674	\$3,028	\$3,429	\$3,385
Target Reserves	2,357	2,453	2,554	2,659	3,015
DSC – 1.25 Requirement	1.30	1.67	1.72	1.76	1.82

(1) In thousands



25

SEWER CASHFLOW PROJECTIONS – STATUS QUO ⁽¹⁾

Year	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Beginning Cash Reserves	\$20,578	\$15,947	\$1,837	(\$11,987)	(\$11,141)
Rate Revenue	5,824	5,936	6,050	6,166	6,284
O&M	3,818	3,960	4,108	4,262	4,422
Cash Funded Capital	6,637	16,086	15,766	1,058	1,094
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	<u>10,455</u>	<u>20,046</u>	<u>19,874</u>	<u>5,320</u>	<u>5,516</u>
Net Cashflow	(4,631)	(14,110)	(13,824)	846	768
End of Year Cash Reserves	\$15,947	\$1,837	(\$11,987)	(\$11,141)	(\$10,373)
Target Reserves	1,883	1,953	2,026	2,102	2,181

(1) In thousands



26

SEWER CASHFLOW PROJECTIONS PROPOSED ⁽¹⁾

Year	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Beginning Cash Reserves	\$20,578	\$2,925	\$3,271	\$3,689	\$4,186
Rate Revenue	5,400	5,614	5,836	6,067	6,307
O&M	3,818	3,960	4,108	4,262	4,422
One-Time Transfers	17,925	0	0	0	0
Cash Funded Capital	0	0	0	0	700
Debt Service	1,310	1,308	1,310	1,308	1,311
Total Expenses	23,053	5,268	5,418	5,570	6,433
Net Cashflow	(17,653)	346	418	497	(126)
End of Year Cash Reserves	\$2,925	\$3,271	\$3,689	\$4,186	\$4,060
Target Reserves	1,883	1,953	2,026	2,102	2,181
DSC – 1.25 Requirement	7.41	1.28	1.34	1.40	1.46

(1) In thousands

