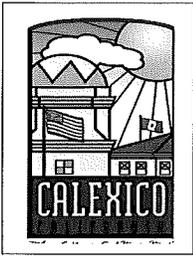


**AGENDA
ITEM**

13



AGENDA STAFF REPORT

DATE: April 18, 2018

TO: Mayor and City Council

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

PREPARED BY: David B. Dale, City Manager

SUBJECT: Adopt a Plan to Modify the Water and Sewer Rate Structures over the next Five Years and Authorize City Manager to Begin the Proposition 218 Notification Process (45 days) and Schedule a Public Hearing to Consider Adoption of Updated Water and Wastewater Rates

=====

Recommendation:

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

Background:

On November 15, 2017, the Calexico City Council approved an agreement with Willdan Financial Services to prepare a Water and Wastewater Rate Study. The Cost-of-Service Study analysis has now been completed by Willdan Financial. 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.

The City last conducted a Water and Wastewater 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 wastewater 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.

AGENDA
ITEM
13

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

Discussion & Analysis:

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

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

The proposed water rate structure is unlike the existing structure, as there is no proposed minimum water usage. This will incentivize consumers to conserve water to save on their bill. The proposed residential rates include a fixed base rate of \$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 cumulative result of the water rate structure change is a 5.0% revenue increase FY 18-19, and 4.5% increase in revenue each year thereafter for the next four years.

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 \$44.46 per month. Monthly charges for multifamily units after the first unit will be \$22.23 per month. The cumulative result of the sewer rate structure change is a 5.0% revenue increase FY 18-19, 4.5% increase in FY 19-20 and FY 20-21, and 2.0 % increase in FY 21-22 and FY 22-23.

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

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

the payment of the proposed fees (i.e., a customer of record). Proposition 218 requires that the notice include the following: (a) the amount of the fee or charge proposed to be imposed; (b) the basis upon which it was calculated; (c) the reason for the fee or charge; and (d) the date, time, and location of the public hearing. Consistent with these requirements, the attached Proposition 218 Notice presents the proposed modifications to the Water Fee structure and provides examples of the impact to typical users within the various customer classes, along with a summary explanation of the reason for the proposed rate structure changes and increases, and the basis upon which the rates were calculated. The notices must be mailed at least 45 days in advance of the Public Hearing to consider modifications to the rates, which is scheduled on June 20, 2018, which means the notices must be mailed by May 6, 2018. As indicated above, the Public Hearing will be held on June 20, 2018 to consider adoption of the proposed water rates. If approved, the proposed rates would go into effect on July 1, 2018 and first appear on customer bills in early August 2018.

Fiscal Impact:

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

Coordinated With:

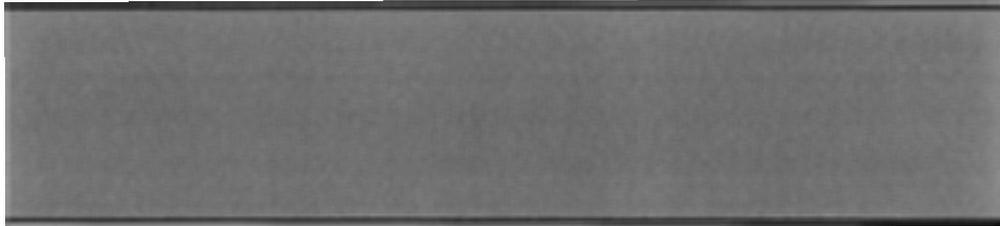
Public Works Department.

Attachment(s):

1. Proposed Sewer Financial Plan and Rates.
2. Proposed Water Financial Plan and Rates.
3. Willdan Financial Services PowerPoint Presentation.
4. Notice to Property Owners of Public Hearing Regarding Proposed Water and Sewer Rate Changes.

City of Calexico
 Projected Operating Results - Sewer System
 Fiscal Years 2017 - 2023

Line No.	Description	2017	2018	2019	2020	2021	2022	2023
Sources of Funds								
1	Beginning-of-Year Cash	\$13,285,987	\$15,908,292	\$16,560,137	\$14,688,867	\$6,700,153	\$1,318,006	\$1,320,972
Operating Revenues								
2	Operating Revenue	\$ 5,400,000	\$ 5,400,000	\$ 5,778,864	\$ 6,154,860	\$ 6,555,320	\$ 6,814,806	\$ 7,084,563
3	Other Revenues	12,000	10,000	10,000	10,000	10,000	10,000	10,000
4	Total Operating Revenues	\$ 5,412,000	\$ 5,410,000	\$ 5,788,864	\$ 6,164,860	\$ 6,565,320	\$ 6,824,806	\$ 7,094,563
Non-Operating Revenue								
5	Interest Income	27,000	27,000	27,000	27,000	27,000	27,000	27,000
6	Total Non-Operating Revenue	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
7	Total Operating Revenues	\$ 5,439,000	\$ 5,437,000	\$ 5,815,864	\$ 6,191,860	\$ 6,592,320	\$ 6,851,806	\$ 7,121,563
Operating Expenses								
8	Wastewater Administration	\$ 590,231	\$ 1,155,429	\$ 1,192,367	\$ 1,230,522	\$ 1,269,934	\$ 1,310,647	\$ 1,352,702
9	Purchased Water	-	-	-	-	-	-	-
10	Wastewater Treatment Plant	1,578,776	1,882,772	2,124,584	2,188,437	2,254,399	2,322,540	2,392,931
11	Wastewater Collection System	647,688	779,954	806,027	832,976	860,830	889,621	919,378
12	Insurance - Gen	-	-	-	-	-	-	-
13	Misc	-	-	-	-	-	-	-
14	Total Operating Expenses	\$ 2,816,695	\$ 3,818,155	\$ 4,122,978	\$ 4,251,935	\$ 4,385,164	\$ 4,522,807	\$ 4,665,012
15	Net Result of Operations	\$ 2,622,305	\$ 1,618,845	\$ 1,692,886	\$ 1,939,925	\$ 2,207,156	\$ 2,328,999	\$ 2,456,551
Non-Operating Expenses								
16	Capital Improvements	\$ -	\$ 967,000	\$ 2,323,664	\$ 8,688,147	\$ 6,348,811	\$ 1,085,541	\$ 1,147,748
17	Existing Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	Other Miscellaneous	-	-	-	-	-	-	-
19	Total Non-Operating Expenses	\$ -	\$ 967,000	\$ 2,323,664	\$ 8,688,147	\$ 6,348,811	\$ 1,085,541	\$ 1,147,748
20	Net Available After Operations	\$ 2,622,305	\$ 651,845	\$ (630,778)	\$ (6,748,222)	\$ (4,141,655)	\$ 1,243,458	\$ 1,308,803
Other Uses								
21	New Debt Service	\$ -	\$ -	\$ 1,240,492	\$ 1,240,492	\$ 1,240,492	\$ 1,240,492	\$ 1,240,492
22	Total Other Uses	\$ -	\$ -	\$ 1,240,492	\$ 1,240,492	\$ 1,240,492	\$ 1,240,492	\$ 1,240,492
23	Net Available After Other Uses	\$ 2,622,305	\$ 651,845	\$ (1,871,270)	\$ (7,988,714)	\$ (5,382,147)	\$ 2,966	\$ 68,311
24	End-of-Year Cash	\$15,908,292	\$16,560,137	\$14,688,867	\$6,700,153	\$1,318,006	\$1,320,972	\$1,389,283
25	Target Cash	\$694,528	\$941,463	\$1,016,625	\$1,048,422	\$1,081,273	\$1,115,213	\$1,150,277
26	Debt Service Coverage Ratio (Operations)	#DIV/0!	#DIV/0!	1.36	1.56	1.78	1.88	1.98
27	Debt Service Coverage Ratio (All Debt)	#DIV/0!	#DIV/0!	1.36	1.56	1.78	1.88	1.98
28	Target Debt Service Coverage Ratio	1.10	1.10	1.10	1.10	1.10	1.10	1.10



Line No	Description	Operating Fund
Current Assets:		
1	Cash and investments	\$ 13,285,987
2	Accounts Receivable	-
3	Due From Other Funds	-
4	Interest Receivable	-
5	Prepaid items	-
6	Inventory	-
7	Total Current Assets	\$ 13,285,987
Current Liabilities (payable from current assets):		
8	Accounts Payable	\$ -
9	Accrued Wages	-
10	Deposits Held for Others	-
11	Interest Payable	-
12	Matured Debt Principalk Payments	-
13	Loans Payable	-
14	Compensated Absences	-
15	Advances In Aid of Construction	-
16	Total Current Liabilities	\$ -
Adjustments:		
Less:		
17	Per City Staff	\$ -
18	Prepaid items	-
19	Inventory	-
20	Net Adjustments	\$ -
21	Net Beginning Balances (Current Assets less Current Liabilities - including Adjustments)	\$ 13,285,987

City of Calexico
 Revenues - Sewer System
 Sewer Financial Model

Line No.	Description	Estimated 2017						
			2018	2019	2020	2021	2022	2023
Operating Revenues								
Sewer								
1	Operating Revenue	\$ 5,400,000	\$ 5,400,000	\$ 5,778,864	\$ 6,154,860	\$ 6,555,320	\$ 6,814,806	\$ 7,084,563
2	Other Revenues	12,000	10,000	10,000	10,000	10,000	10,000	10,000
3	Total Operating Revenues	\$ 5,412,000	\$ 5,410,000	\$ 5,788,864	\$ 6,164,860	\$ 6,565,320	\$ 6,824,806	\$ 7,094,563
Non-Operating Revenue								
4	Non-Utility Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	27,000	27,000	27,000	27,000	27,000	27,000	27,000
6	Total Non-Operating Revenue	\$ 27,000						
7	Total Revenues	\$ 5,439,000	\$ 5,437,000	\$ 5,815,864	\$ 6,191,860	\$ 6,592,320	\$ 6,851,806	\$ 7,121,563
OPERATING REVENUES								
Charges for Services								
8	Rate Revenue	\$ 5,400,000	\$ 5,400,000	\$ 5,400,000	\$ 5,778,864	\$ 6,154,860	\$ 6,555,320	\$ 6,814,806
9	Growth	0.00%	0.00%	1.92%	1.92%	1.92%	1.92%	1.92%
	Revenues Adjusted for Growth	\$ 5,400,000	\$ 5,400,000	\$ 5,503,680	\$ 5,889,818	\$ 6,273,033	\$ 6,681,182	\$ 6,945,650
10	Revenue Increase	0.0%	0.00%	5.00%	4.50%	4.50%	2.00%	2.00%
11	Percent of Year w/Rate Increase	100.0%	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	5,778,864	6,154,860	6,555,320	6,814,806	7,084,563
14	Total Charges for Services - After Revenue Increase	\$ 5,400,000	\$ 5,400,000	\$ 5,778,864	\$ 6,154,860	\$ 6,555,320	\$ 6,814,806	\$ 7,084,563
Other Sewer Revenue								
15	Other fees/charges	12,000	10,000	10,000	10,000	10,000	10,000	10,000
16	Investment Earnings	27,000	27,000	27,000	27,000	27,000	27,000	27,000
20	Total Operating Revenues	\$ 5,439,000	\$ 5,437,000	\$ 5,815,864	\$ 6,191,860	\$ 6,592,320	\$ 6,851,806	\$ 7,121,563

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

Line No.	Category Code	Dept Desc	Description	Estimated 2017	Year					
					2018	2019	2020	2021	2022	2023
OPERATING EXPENSES										
1	Wastewater Administration		Wastewater Administration	\$ 590,231	\$ 1,155,429	\$ 1,192,347	\$ 1,230,522	\$ 1,269,934	\$ 1,310,647	\$ 1,352,702
2	Treatment		Wastewater Treatment Plant	1,578,776	1,882,772	2,124,584	2,188,437	2,254,399	2,322,540	2,392,931
3	Collection		Wastewater Collection System	647,688	779,954	806,027	832,976	860,830	889,621	919,378
4			Total OPERATING EXPENSES	\$ 2,816,695	\$ 3,818,155	\$ 4,122,978	\$ 4,251,935	\$ 4,385,164	\$ 4,522,807	\$ 4,645,012
OPERATING EXPENSES										
Wastewater Administration										
5	Wastewater Administration		Regulr Salaries and Earnings	\$ 81,445	\$ 597,764	\$ 618,686	\$ 640,340	\$ 662,752	\$ 685,948	\$ 709,956
6	Wastewater Administration		Overtime	1,348	-	-	-	-	-	-
7	Wastewater Administration		Other Earnings	109	1,799	1,862	1,927	1,995	2,064	2,137
8	Wastewater Administration		Retirement - Unfunded Liability	-	9,134	9,454	9,785	10,127	10,481	10,848
9	Wastewater Administration		Retirement	9,718	8,935	9,248	9,571	9,906	10,253	10,612
10	Wastewater Administration		OASJ (RCA)	5,759	9,511	9,844	10,188	10,545	10,914	11,296
11	Wastewater Administration		Medical Insurance	7,401	11,560	11,965	12,383	12,817	13,265	13,730
12	Wastewater Administration		Worker's Compensation	9,312	14,919	15,441	15,982	16,541	17,130	17,719
13	Wastewater Administration		Unemployment Insurance	1,692	1,243	1,287	1,332	1,378	1,426	1,476
14	Wastewater Administration		Life Insurance	104	201	208	215	223	231	239
15	Wastewater Administration		Sick leave Buyback	1,475	-	-	-	-	-	-
16	Wastewater Administration		Health Allowance Benefit	-	4,159	4,305	4,455	4,611	4,773	4,940
17	Wastewater Administration		Retiree Medical	56,421	27,397	28,356	29,348	30,376	31,439	32,539
18	Wastewater Administration		Medical Program Administration	4,031	3,918	4,055	4,197	4,344	4,496	4,653
19	Wastewater Administration		Bank Fees	30,000	35,000	36,050	37,132	38,245	39,393	40,575
20	Wastewater Administration		Temporary Staffing	25,000	-	-	-	-	-	-
21	Wastewater Administration		Gen Liability Insurance	98,057	69,000	71,070	73,202	75,398	77,660	79,990
22	Wastewater Administration		Airport Lease	-	58,901	59,490	60,085	60,686	61,293	61,906
22	Wastewater Administration		Admin Cost Allocation	288,359	301,988	311,048	320,379	329,990	339,890	350,087
Wastewater Treatment Plant										
23	Treatment		Regular Salaries and Earnings	393,891	404,543	418,702	433,357	448,524	464,222	480,470
24	Treatment		Overtime	14,323	15,538	16,103	16,666	17,249	17,853	18,478
25	Treatment		Other Earnings	28,823	36,685	37,969	39,298	40,673	42,097	43,570
26	Treatment		Retirement - Unfunded Liability	-	28,843	29,853	30,897	31,979	33,098	34,256
27	Treatment		Retirement	67,452	47,439	49,099	50,818	52,596	54,437	56,343
28	Treatment		OASJ (RCA)	33,022	34,944	36,167	37,433	38,743	40,099	41,503
29	Treatment		Medical Insurance	69,465	68,551	70,950	73,434	76,004	78,664	81,417
30	Treatment		Worker's Compensation/HSF Contrib.	48,118	54,814	56,732	58,719	60,773	62,900	65,102
31	Treatment		Unemployment Insurance	8,831	4,568	4,728	4,893	5,065	5,242	5,425
32	Treatment		Life Insurance	593	635	657	680	704	729	754
33	Treatment		Sick leave Buyback	4,531	-	-	-	-	-	-
34	Treatment		Health Allowance Benefit	9,227	8,242	9,565	9,900	10,247	10,605	10,977
35	Treatment		Administration/Office Costs	1,700	2,000	2,060	2,122	2,185	2,251	2,319
36	Treatment		Membership Dues	1,500	1,500	1,545	1,591	1,639	1,688	1,739
37	Treatment		Permit Fees	21,000	25,000	25,750	26,523	27,318	28,136	28,982
38	Treatment		Travel, Conferences & Meetings	100	1,500	1,545	1,591	1,639	1,688	1,739
39	Treatment		Training	550	600	618	637	656	675	696
40	Treatment		Telephone	4,000	4,500	4,635	4,774	4,917	5,065	5,217
41	Treatment		Cell Phone	650	650	670	690	710	732	754
42	Treatment		Tuition/Recertification	1,000	1,000	1,030	1,061	1,093	1,126	1,159
43	Treatment		Material & Supplies	22,000	23,000	23,750	24,523	25,318	26,136	26,982
44	Treatment		Uniforms/Cleaning	1,000	1,000	1,030	1,061	1,093	1,126	1,159
45	Treatment		Vegicle Parts and equipment	2,500	2,500	2,575	2,652	2,732	2,814	2,898
46	Treatment		Chemicals	3,000	3,500	3,605	3,713	3,825	3,939	4,057
47	Treatment		Vehicle fuel and oil	3,000	3,500	3,605	3,713	3,825	3,939	4,057
48	Treatment		Computer supplies	500	500	515	530	546	563	580
49	Treatment		Office supplies	1,500	1,500	1,545	1,591	1,639	1,688	1,739
50	Treatment		Books, maps and publications	-	500	515	530	546	563	580
51	Treatment		Postage	200	500	515	530	546	563	580
52	Treatment		Utility payments - electric	350,000	360,000	372,600	385,641	399,138	413,108	427,567
53	Treatment		Utility payments - water	-	34,000	37,080	38,192	39,338	40,518	41,734
54	Treatment		Equipment - small/non-capitalize	10,000	10,000	10,300	10,609	10,927	11,255	11,593
55	Treatment		Lab Samples	60,000	65,000	66,950	68,959	71,027	73,158	75,353
56	Treatment		Drinking Water	1,000	1,000	1,030	1,061	1,093	1,126	1,159
57	Treatment		Professional Services	-	30,000	30,900	31,827	32,782	33,765	34,778
58	Treatment		Temporary Staffing	-	25,000	25,750	26,523	27,318	28,136	28,982
59	Treatment		Communications	4,000	5,000	5,150	5,305	5,464	5,628	5,796
60	Treatment		Other Operating Contracts	190,000	200,000	206,000	212,180	218,545	225,102	231,855
61	Treatment		IT Software & User Licenses	-	500	515	530	546	563	580
62	Treatment		Alarm/Security	-	50,000	51,500	53,045	54,636	56,275	57,964
63	Treatment		Pest Control	1,500	2,000	2,060	2,122	2,185	2,251	2,319
64	Treatment		Equip Repair & Maintenance	200,000	300,000	309,000	318,270	327,818	337,653	347,782
65	Treatment		Building Maintenance	-	15,000	15,450	15,914	16,391	16,883	17,389
66	Treatment		Office Equipment Maintenance	-	500	515	530	546	563	580
67	Treatment		Other Maintenance	-	1,200	1,236	1,273	1,311	1,351	1,391
68	Treatment		Land Lease	-	-	180,000	180,000	180,000	180,000	180,000
69	Treatment		Jarrollat	-	500	515	530	546	563	580
Wastewater Collection System										
70	Collection		Regulr Salaries and Earnings	241,439	239,454	247,731	256,402	265,376	274,664	284,277
71	Collection		Overtime	63,006	58,735	59,741	60,782	61,859	62,974	64,128
72	Collection		Other Earnings	23,891	26,394	27,318	28,274	29,263	30,288	31,348
73	Collection		Retirement-Unfunded Liability	-	19,229	19,902	20,599	21,320	22,066	22,838
74	Collection		Retirement	40,187	26,407	27,331	28,288	29,278	30,303	31,363
75	Collection		OASJ (RCA)	24,610	22,528	23,314	24,133	24,977	25,851	26,756
76	Collection		Medical Insurance	69,465	68,551	70,950	73,434	76,004	78,664	81,417
77	Collection		Worker's Compensation	35,246	35,438	36,575	37,855	39,180	40,551	41,970
78	Collection		Unemployment Ins/HSF Contrib	6,589	2,945	3,048	3,155	3,265	3,379	3,498

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

Line No.	Category	Dept Desc	Description	Estimated 2017	2018	2019	2020	2021	2022	2023
79	Collection		Life Insurance	405	423	438	453	469	485	502
80	Collection		Sick leave Buyback	1,100	-	-	-	-	-	-
81	Collection		Membership Dues	1,000	1,500	1,545	1,591	1,639	1,688	1,739
82	Collection		Permit Fees	10,000	10,000	10,300	10,609	10,927	11,255	11,593
83	Collection		Unknown	-	1,500	1,545	1,591	1,639	1,688	1,739
84	Collection		Training	-	250	258	265	273	281	290
85	Collection		Bank Fees	160	160	103	106	109	113	116
86	Collection		Telephone	-	500	515	530	546	563	580
87	Collection		Cell Phone	350	400	412	424	437	450	464
88	Collection		Tuition/Recertification	200	300	309	318	328	338	348
89	Collection		Material & Supplies	20,000	25,000	25,750	26,523	27,318	28,138	28,982
90	Collection		Uniforms/Cleaning	650	700	721	743	765	788	811
91	Collection		Vehicle parts and equipment	5,000	5,500	5,645	5,835	6,010	6,190	6,376
92	Collection		Chemicals	3,000	10,000	10,500	10,609	10,927	11,255	11,593
93	Collection		Vehicle fuel and oil	18,500	20,000	20,600	21,218	21,855	22,510	23,185
94	Collection		Office supplies	750	1,000	1,030	1,061	1,093	1,126	1,159
95	Collection		Postage	-	150	155	159	164	169	174
96	Collection		Utility Payments - Electric	60,000	65,000	67,275	69,630	72,067	74,589	77,200
97	Collection		Temporary Staffing	20,000	50,000	51,500	53,045	54,636	56,275	57,964
98	Collection		Other Operating Contracts	600	650	670	690	710	732	754
99	Collection		Alarm/Security	200	500	515	530	546	563	580
100	Collection		Equip Repair & Maintenance	-	35,000	36,050	37,132	38,245	39,393	40,575
101	Collection		Building Maintenance	-	1,500	1,545	1,591	1,639	1,688	1,739
102	Collection		Other Maintenance	400	500	515	530	546	563	580
103	Collection		Machinery & Equipment	-	80,000	82,400	84,872	87,418	90,041	92,742
104		total	TOTAL OPERATING EXPENSES	\$ 2,814,695	\$ 3,818,155	\$ 4,122,978	\$ 4,251,935	\$ 4,385,144	\$ 4,522,807	\$ 4,665,012

City of Calexico
Capital Improvement Plan

SUMMARY	CIP Summary		
	#	Item	Est. \$
	1	Wastewater Treatment	\$ 30,169,000
	2	Wastewater Collection	\$ 5,763,000
		Total	\$ 35,932,000

SEWER	Wastewater Treatment			
	#	Item	Project Number	\$
	1	Boiler Replacement Project	930	\$ 287,000
	2	Emergency Generator Replacement	934	\$ 1,200,000
	3	Centrifuge Unit Replacement	935	\$ -
	4	UV Disinfection System Upgrade	936	\$ 200,000
	5	Laboratory Equipment Replacement	937	\$ 100,000
	6	Compactor/Bar Screen Replacement (Headwork)	938	\$ 250,000
	7	Aeration System Replacement	967	\$ 250,000
	8	Clarifier Rehabilitation (1996)	968	\$ -
	9	Grid Chamber Rehabilitation	969	\$ 150,000
	10	Heat Exchanger	930	\$ 250,000
	11	Lagoon System Rehabilitation	971	\$ 750,000
	12	Lift Station No. 1 Replacement at Headworks	972	\$ 950,000
	13	Wastewater Treatment Plant Improvements	973	\$ 25,500,000
	14	Vehicle and Equipment Replacement	975	\$ 282,000
				\$ 30,169,000

SEWER	Wastewater Collection			
	#	Item	Project Number	Est. \$
	1	Lift Station Replacement and Rehabilitation	933	\$ 350,000
	2	Sewer Manhole Rehabilitation	940	\$ 4,600,000
	3	CCTV Inside of Sewer Collection Pipes	974	\$ 150,000
	4	Vehicle and Equipment Replacement	975	\$ 238,000
	5	Wastewater Master Plan/CCTV Sewer System	931	\$ 190,000
	6	Wastewater Rate Study	977	\$ 235,000
	7			\$ -
				\$ 5,763,000

Sewer Total

Year of Expenditure	Year of Expenditure					
	Current/2018	2019	2020	2021	2022	2023
\$	287,000	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	1,200,000	-	-	-
	-	-	-	-	-	-
	-	-	200,000	-	-	-
	-	-	100,000	-	-	-
	-	-	250,000	-	-	-
	-	250,000	-	-	-	-
	-	-	-	-	-	-
	-	-	150,000	-	-	-
	250,000	-	-	-	-	-
	-	-	750,000	-	-	-
	-	-	950,000	-	-	-
	-	1,000,000	10,500,000	14,000,000	-	-
	40,000	44,000	44,000	44,000	44,000	66,000
\$	577,000	\$ 1,294,000	\$ 14,144,000	\$ 14,044,000	\$ 44,000	\$ 66,000

\$	-	\$ 350,000	\$ -	\$ -	\$ -	\$ -
	100,000	900,000	900,000	900,000	900,000	900,000
	-	150,000	-	-	-	-
	50,000	36,000	36,000	36,000	36,000	44,000
	190,000	-	-	-	-	-
	50,000	185,000	-	-	-	-
	-	-	-	-	-	-
\$	390,000	\$ 1,621,000	\$ 936,000	\$ 936,000	\$ 936,000	\$ 944,000

\$	967,000	\$ 2,915,000	\$ 15,080,000	\$ 14,980,000	\$ 980,000	\$ 1,010,000
----	---------	--------------	---------------	---------------	------------	--------------

New Debt Service
Operations Bond Debt Service

							2018	2019	2020	2021	2022	2023
Annual New Debt Required							\$ -	\$ 17,675,489	\$ -	\$ -	\$ -	\$ -
Fiscal Year	Term (Yrs)	Rate	Issuance Costs	Capital Project		Total Debt Required	2018	2019	2020	2021	2022	2023
				Proceeds Required	Issuance Costs							
2018	30	5.5%	2.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	30	5.5%	2.0%	17,675,489	353,510	18,028,999	-	1,240,492	1,240,492	1,240,492	1,240,492	1,240,492
2020	30	5.5%	2.0%	-	-	-	-	-	-	-	-	-
2021	30	5.5%	2.0%	-	-	-	-	-	-	-	-	-
2022	30	5.5%	2.0%	-	-	-	-	-	-	-	-	-
2023	30	5.5%	2.0%	-	-	-	-	-	-	-	-	-
2024	30	5.5%	2.0%	-	-	-	-	-	-	-	-	-
2025	30	5.5%	2.0%	-	-	-	-	-	-	-	-	-
2026	30	5.5%	2.0%	-	-	-	-	-	-	-	-	-
2027	30	5.5%	2.0%	-	-	-	-	-	-	-	-	-
Cumulative Annual New Operating Bond Debt Service							\$ -	\$ 1,240,492	\$ 1,240,492	\$ 1,240,492	\$ 1,240,492	\$ 1,240,492

Sewer Rate Design FY 208-19 through FY 2022-23

Proposed 2018-19 Residential Rates

Residential	Revenue Requirement	\$4,862,914			
	Bills - First Unit	95,307			
	Bills - Additional Units	<u>27,113</u>			
	Rate per Month - First Unit	\$44.46	FY 2019-20	FY 2020-21	FY 2021-22
	Rate per Month - Additional Units	\$22.23	\$46.46	\$48.55	\$49.52
			23.23	24.27	24.76
					FY 2022-23
					\$50.51

Proposed 2018-19 Commercial II Rates

		Rates			
Commercial - Fixed Charge	\$39.98		41.78	43.66	44.54
Commercial - Volume Rate (Over 10 HCF)	4.00		4.18	4.37	4.46
					45.43
					4.55

Proposed 2018-19 Commercial III Rates

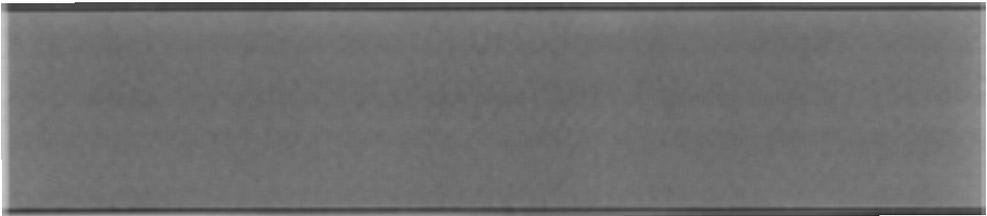
Commercial - Fixed Charge	\$45.06		47.08	49.20	50.19
Commercial - Volume Rate (Over 10 HCF)	4.50		4.71	4.92	5.02
					51.19
					5.12

Proposed 2018-19 Commercial IV Rates

Commercial - Fixed Charge	\$50.01		52.26	54.61	55.71
Commercial - Volume Rate (Over 10 HCF)	5.00		5.22	5.46	5.57
					56.82
					5.68

City of Calexico
 Projected Operating Results - Water System
 Fiscal Years 2017 - 2023

Line No.	Description	2017	2018	2019	2020	2021	2022	2023
Sources of Funds								
1	Beginning-of-Year Cash	\$11,974,548	\$13,691,163	\$10,918,186	\$8,282,107	\$1,297,464	\$1,138,742	\$1,306,913
Operating Revenues								
2	Operating Revenue	\$ 6,253,259	\$ 5,890,000	\$ 6,303,242	\$ 6,713,357	\$ 7,150,154	\$ 7,615,372	\$ 8,110,859
3	Other Revenues	33,368	34,000	34,000	34,000	34,000	34,000	34,000
4	Total Operating Revenues	\$ 6,286,627	\$ 5,924,000	\$ 6,337,242	\$ 6,747,357	\$ 7,184,154	\$ 7,649,372	\$ 8,144,859
Non-Operating Revenue								
5	Interest Income	20,000	20,000	20,000	20,000	20,000	20,000	20,000
6	Total Non-Operating Revenue	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
7	Total Operating Revenues	\$ 6,306,627	\$ 5,944,000	\$ 6,357,242	\$ 6,767,357	\$ 7,204,154	\$ 7,669,372	\$ 8,164,859
Operating Expenses								
8	Water Admin	\$ 1,031,730	\$ 1,678,720	\$ 1,733,750	\$ 1,790,594	\$ 1,849,312	\$ 1,909,967	\$ 1,972,623
9	Treatment	1,797,785	1,858,734	2,099,389	2,162,035	2,226,737	2,293,564	2,362,586
10	Repairs & Maint	-	-	-	-	-	-	-
11	Transmission & Distribution	719,652	828,973	856,161	884,246	913,257	943,226	974,184
12	Insurance - Gen	-	-	-	-	-	-	-
13	Water Customer Service	53,625	109,100	112,378	115,755	119,233	122,815	126,505
14	Total Operating Expenses	\$ 3,602,792	\$ 4,475,527	\$ 4,801,678	\$ 4,952,629	\$ 5,108,539	\$ 5,269,572	\$ 5,435,897
15	Net Result of Operations	\$ 2,703,835	\$ 1,468,473	\$ 1,555,565	\$ 1,814,728	\$ 2,095,615	\$ 2,399,800	\$ 2,728,961
Non-Operating Expenses								
16	Capital Improvements	\$ -	\$ 3,255,000	\$ 3,206,963	\$ 7,812,491	\$ 1,266,523	\$ 1,243,941	\$ 1,276,159
17	Existing Debt Service	987,220	986,450	984,680	986,880	987,815	987,688	987,438
18	Other Miscellaneous	-	-	-	-	-	-	-
19	Total Non-Operating Expenses	\$ 987,220	\$ 4,241,450	\$ 4,191,643	\$ 8,799,371	\$ 2,254,338	\$ 2,231,629	\$ 2,263,597
20	Net Available After Operations	\$ 1,716,615	\$ (2,772,977)	\$ (2,636,079)	\$ (6,984,643)	\$ (158,723)	\$ 168,171	\$ 465,364
Other Uses								
	New Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Additional Capital Improvements	-	-	-	-	-	-	-
21	Total Other Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Net Available After Other Uses	\$ 1,716,615	\$ (2,772,977)	\$ (2,636,079)	\$ (6,984,643)	\$ (158,723)	\$ 168,171	\$ 465,364
23	End-of-Year Cash	\$13,691,163	\$10,918,186	\$8,282,107	\$1,297,464	\$1,138,742	\$1,306,913	\$1,772,277
24	Target Cash	\$888,360	\$1,103,555	\$1,183,975	\$1,221,196	\$1,259,640	\$1,299,347	\$1,340,358
25	Debt Service Coverage Ratio (Operations)	2.74	1.49	1.58	1.84	2.12	2.43	2.76
26	Debt Service Coverage Ratio (All Debt)	2.74	1.49	1.58	1.84	2.12	2.43	2.76
27	Target Debt Service Coverage Ratio	1.10	1.10	1.10	1.10	1.10	1.10	1.10



		Beginning Balances	
Line No	Description	Operating Fund	
Current Assets:			
1	Cash and investments	\$	11,974,548
2	Accounts Receivable		-
3	Due From Other Funds		-
4	Interest Receivable		-
5	Prepaid items		-
6	Inventory		-
7	Total Current Assets	\$	11,974,548
Current Liabilities (payalbe from current assets):			
8	Accounts Payable	\$	-
9	Accrued Wages		-
10	Deposits Held for Others		-
11	Interest Payable		-
12	Matured Debt Principalk Payments		-
13	Loans Payable		-
14	Compensated Absences		-
15	Advances In Aid of Construction		-
16	Total Current Liabilities	\$	-
Adjustments:			
Less:			
17	Per City Staff	\$	-
18	Prepaid items		-
19	Inventory		-
20	Net Adjustments	\$	-
21	Net Beginning Balances (Current Assets less Current Liabilities - including Adjustments)	\$	11,974,548

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

Line No.	Category Code	Dept Desc	Description	Estimated 2017	2018-2023					
					2018	2019	2020	2021	2022	2023
OPERATING EXPENSES										
Water Costs										
1	Admin		Water Admin	\$ 1,031,730	\$ 1,678,720	\$ 1,733,750	\$ 1,790,594	\$ 1,849,312	\$ 1,909,967	\$ 1,972,623
2	Treatment		Treatment	1,797,785	1,858,734	2,099,389	2,162,033	2,226,737	2,293,564	2,362,586
3	Transmission & Distribution		Transmission & Distribution	719,452	828,973	854,161	884,046	913,257	943,226	974,184
4	Misc		Water Customer Service	53,635	109,100	112,378	115,755	119,233	122,815	126,505
5			Total OPERATING EXPENSES	\$ 3,602,792	\$ 4,475,527	\$ 4,801,678	\$ 4,952,429	\$ 5,108,539	\$ 5,249,572	\$ 5,435,897
OPERATING EXPENSES										
Water Administration										
6	Admin		Regular Salaries and Earnings	\$ 136,360	\$ 744,528	\$ 770,586	\$ 797,557	\$ 825,472	\$ 854,363	\$ 884,266
7	Admin		Overtime	2,709	1,697	1,756	1,816	1,881	1,947	2,016
8	Admin		Other Earnings	609	3,569	3,694	3,823	3,957	4,096	4,239
9	Admin		Retirement - Unfunded Liability	-	13,941	14,429	14,934	15,457	15,998	16,558
10	Admin		Retirement	15,635	11,308	11,600	12,005	12,427	12,861	13,312
11	Admin		OASI (FICA)	9,420	13,126	13,585	14,061	14,553	15,062	15,590
12	Admin		Medical Insurance	7,460	11,560	11,965	12,383	12,817	13,265	13,730
13	Admin		Workers Compensation	14,492	20,590	21,311	22,057	22,829	23,627	24,454
14	Admin		Unemployment Insurance	2,649	1,714	1,776	1,838	1,903	1,969	2,038
15	Admin		Life Insurance	198	307	318	329	340	352	365
16	Admin		Sick Leave Buy-Back	2,543	-	-	-	-	-	-
17	Admin		Health Allowance Benefit	4,614	8,780	9,087	9,405	9,735	10,075	10,428
18	Admin		Retiree Medical	35,933	37,260	38,564	39,914	41,311	42,757	44,253
19	Admin		Medical Program Administration	5,482	5,328	5,514	5,707	5,907	6,114	6,328
20	Admin		Temporary Staffing	60,000	60,000	62,100	64,274	66,523	68,851	71,261
21	Admin		Gen Liability Insurance	223,696	167,000	172,010	177,170	182,485	187,960	193,599
22	Admin		Admin Cost Allocation	369,970	378,110	389,453	401,137	413,171	425,566	438,333
23	Admin		Equipment Repairs and Maintenance	150,000	200,000	206,000	212,180	218,545	225,102	231,855
Water Customer Service										
24	Misc		Bank Fees	35,000	35,000	36,050	37,132	38,245	39,393	40,575
25	Misc		Credit Card Processing Fees	15,000	20,000	20,600	21,218	21,855	22,510	23,185
26	Misc		Office Supplies	500	500	515	530	546	563	580
27	Misc		Postage	300	300	315	330	346	363	380
28	Misc		Utility Payments - Electric	600	1,000	1,035	1,071	1,109	1,148	1,188
29	Misc		Cleaning Supplies	25	100	103	106	109	113	116
30	Misc		Other Operating Costs	2,070	2,000	2,060	2,122	2,185	2,251	2,319
31	Misc		IT Software & User Licenses	-	50,000	51,500	53,045	54,636	56,275	57,964
Water Treatment Plant										
32	Treatment		Regular Salaries and earnings	481,504	487,719	504,789	522,457	540,743	559,669	579,257
33	Treatment		Overtime	111,580	99,915	103,412	107,031	110,778	114,655	118,668
34	Treatment		Other Earnings	38,156	69,926	72,373	74,906	77,528	80,242	83,050
35	Treatment		Retirement - Unfunded Liability	-	33,650	34,828	36,047	37,308	38,614	39,966
36	Treatment		Retirement	84,501	60,046	62,148	64,323	66,574	68,904	71,316
37	Treatment		OASI (FICA)	47,927	44,793	46,361	47,983	49,663	51,401	53,200
38	Treatment		Medical Insurance	94,995	96,311	99,682	103,171	106,782	110,519	114,387
39	Treatment		Worker's Compensation	67,507	78,907	81,669	84,527	87,486	90,548	93,717
40	Treatment		Unemployment Ins-ISO Contrib	12,716	6,576	6,806	7,044	7,291	7,546	7,810
41	Treatment		Life Insurance	694	741	767	794	822	850	880
42	Treatment		Sick Leave Buy-Back	4,652	-	-	-	-	-	-
43	Treatment		Health Allowance Benefit	2,183	-	-	-	-	-	-
44	Treatment		Administration/Office Costs	3,500	4,000	4,120	4,244	4,371	4,502	4,637
45	Treatment		Membership Dues	750	800	824	849	874	900	927
46	Treatment		Permit Fees	10,200	15,000	15,450	15,914	16,391	16,883	17,389
47	Treatment		Travel, Conferenmces & Meetings	100	1,500	1,545	1,591	1,639	1,688	1,739
48	Treatment		Training	-	500	515	530	546	563	580
49	Treatment		Bank Fees	4,000	4,000	4,120	4,244	4,371	4,502	4,637
50	Treatment		Telephone	4,000	4,500	4,635	4,774	4,917	5,065	5,217
51	Treatment		Cell Phone	800	850	876	902	929	957	985
52	Treatment		Tuition/Recertification	300	1,000	1,030	1,061	1,093	1,126	1,159
53	Treatment		Internet/Cable	1,000	1,500	1,545	1,591	1,639	1,688	1,739
54	Treatment		Materials and Supplies	50,000	50,000	51,500	53,045	54,636	56,275	57,964
55	Treatment		Uniforms/Cleaning	2,000	2,000	2,060	2,122	2,185	2,251	2,319
56	Treatment		Vehicle Parts and Equipment	6,000	6,000	6,180	6,365	6,556	6,753	6,956
57	Treatment		Chemicals	100,000	100,000	103,000	106,090	109,273	112,551	115,927
58	Treatment		Vehicle Fuel and Oil	6,500	6,500	6,695	6,895	7,103	7,316	7,535
59	Treatment		Office Supplies	2,000	2,000	2,060	2,122	2,185	2,251	2,319
60	Treatment		Postage	5,500	5,500	5,645	5,835	6,010	6,190	6,376
61	Treatment		Raw Water	90,000	90,000	92,700	95,481	98,345	101,296	104,335
62	Treatment		Utility Payments - Electric	300,000	300,000	309,000	318,270	327,818	337,653	347,782
63	Treatment		Utility Payments - Gas	300	500	515	530	546	563	580
64	Treatment		Cleaning Supplies	600	1,000	1,030	1,061	1,093	1,126	1,159
65	Treatment		Lab Samples	35,000	40,000	41,200	42,436	43,709	45,020	46,371
66	Treatment		Professional Services	14,000	14,500	14,935	15,383	15,845	16,320	16,809
67	Treatment		Communications	4,000	4,000	4,120	4,244	4,371	4,502	4,637
68	Treatment		Advertising	270	300	309	318	328	338	348
69	Treatment		Other Operating Contracts	70,000	70,000	72,100	74,263	76,491	78,786	81,149
70	Treatment		IT Software & User Licenses	150	200	206	212	219	225	232
71	Treatment		Pest Control	3,500	3,500	3,605	3,713	3,825	3,939	4,057
72	Treatment		Equipment Repairs & Maintenance	95,000	95,000	97,850	100,786	103,809	106,923	110,131
73	Treatment		Building Maintenance	1,500	15,000	15,450	15,914	16,391	16,883	17,389
74	Treatment		Office Equipment Maintenance	300	500	515	530	546	563	580
75	Treatment		Other Maintenance	15,400	15,000	15,450	15,914	16,391	16,883	17,389

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

Line No.	Category Code	Dept Desc	Description	Estimated 2017	2018	2019	2020	2021	2022	2023
76	Treatment		Land Lease	-	-	180,000	180,000	180,000	180,000	180,000
77	Treatment		Machinery and Equipment	25,000	25,000	25,750	26,523	27,318	28,138	28,982
Water Distribution System										
78	Transmission & Distribution		Regular Salaries and Earnings	236,615	237,336	245,643	254,240	263,139	272,349	281,881
79	Transmission & Distribution		Overtime	32,485	30,582	31,652	32,760	33,907	35,094	36,322
80	Transmission & Distribution		Other Earnings	24,403	28,780	29,787	30,830	31,909	33,026	34,182
81	Transmission & Distribution		Retirement - Unfunded Liability	-	24,036	24,877	25,748	26,649	27,582	28,547
82	Transmission & Distribution		Retirement	38,588	26,636	27,568	28,533	29,532	30,565	31,635
83	Transmission & Distribution		OASD (FICA)	22,055	22,597	23,491	24,314	25,165	26,045	26,957
84	Transmission & Distribution		Medical Insurance	34,393	54,606	56,517	58,495	60,543	62,662	64,855
85	Transmission & Distribution		Worker's Compensation	31,439	35,604	36,850	38,140	39,475	40,854	42,286
86	Transmission & Distribution		Unemployment Insurance	5,933	2,967	3,071	3,178	3,290	3,405	3,524
87	Transmission & Distribution		Life Insurance	343	529	548	567	587	607	628
88	Transmission & Distribution		Sick Leave Buy-Back	3,158	-	-	-	-	-	-
89	Transmission & Distribution		Membership Dues	500	1,000	1,030	1,061	1,093	1,126	1,159
90	Transmission & Distribution		Permit Fees	7,925	8,500	8,755	9,018	9,288	9,567	9,854
91	Transmission & Distribution		Travel, Conferences & Meetings	1,000	1,500	1,545	1,591	1,639	1,688	1,739
92	Transmission & Distribution		Training	-	500	515	530	546	563	580
93	Transmission & Distribution		Bank Fees	44	-	-	-	-	-	-
94	Transmission & Distribution		Cell Phone	650	700	721	743	765	788	811
95	Transmission & Distribution		Tuition/Recertification	180	1,500	1,545	1,591	1,639	1,688	1,739
96	Transmission & Distribution		Materials and Supplies	150,000	150,000	154,500	159,135	163,909	168,826	173,891
97	Transmission & Distribution		Uniforms/Cleaning	500	500	515	530	546	563	580
98	Transmission & Distribution		Vehicle Parts & Equipment	10,000	10,000	10,300	10,609	10,927	11,255	11,593
99	Transmission & Distribution		Vehicle Fuel and Oil	10,000	10,000	10,300	10,609	10,927	11,255	11,593
100	Transmission & Distribution		Water Meter Material & Supplies	-	10,000	10,300	10,609	10,927	11,255	11,593
101	Transmission & Distribution		Computer Supplies	-	5,000	5,150	5,305	5,464	5,628	5,796
102	Transmission & Distribution		Office Supplies	1,500	2,000	2,060	2,122	2,185	2,251	2,319
103	Transmission & Distribution		Postage	-	130	155	159	164	169	174
104	Transmission & Distribution		Utility Payments - Electric	-	1,600	1,648	1,697	1,748	1,801	1,855
105	Transmission & Distribution		Utility Payments - Water	161	200	206	212	219	225	232
106	Transmission & Distribution		Equipment - Small/Non Capitalized	2,000	25,000	25,750	26,523	27,318	28,138	28,982
107	Transmission & Distribution		Other Professional Fees & Charges	-	40,000	41,200	42,436	43,709	45,020	46,371
108	Transmission & Distribution		Temporary Staffing	70,000	75,000	77,250	79,568	81,955	84,413	86,946
109	Transmission & Distribution		Other Operating Contracts	550	550	567	583	601	619	638
110	Transmission & Distribution		Alarm/Security	200	500	515	530	546	563	580
111	Transmission & Distribution		Equipment Repairs & Maintenance	15,000	30,000	30,600	31,218	31,855	32,510	33,185
112	Transmission & Distribution		Building Maintenance	-	1,000	1,030	1,061	1,093	1,126	1,159
113			total TOTAL OPERATING EXPENSES	\$ 3,402,792	\$ 4,475,527	\$ 4,801,678	\$ 4,952,429	\$ 5,108,539	\$ 5,249,572	\$ 5,435,897

SUMMARY	CIP Summary			
	#	Item	Est. \$	
	1	Water Treatment Facility	\$ 9,718,000	
	2	Water Distribution System	\$ 7,505,000	
		Total	\$ 17,223,000	
WATER	Water Treatment Facility			
	#	Item	Project Number	\$
	1	THM Analyzer		\$ 55,000
	2	Chlorine Analyzer		\$ 73,000
	3	Emergency Generator Replacement		\$ 1,200,000
	4	Chlorine Unloading Ramp		\$ 50,000
	5	Filter Control Replacement		\$ 1,200,000
	6	Storage Tank Baffle Repairs		\$ 120,000
	7	Raw Water Reservoir Improvements		\$ 1,100,000
	8	New Clarifier and Filter System		\$ 5,200,000
	9	Vehicle and Equipment Replacement		\$ 320,000
	###	Switch to Sodium Hypochlorite		\$ 400,000
				\$ 9,718,000
	Water Distribution System			
	#	Item	Project Number	Est. \$
	1	Eastside Storage Tank Improvements		\$ 155,000
	2	Water Pipeline Replacement Program		\$ 5,000,000
	3	Fifth and C. Chavez 24" Water Pipeline		\$ 1,200,000
	4	Automated Meters		\$ 200,000
	5	Vehicle and Equipment Replacement		\$ 725,000
6	Water System Water Plan		\$ 125,000	
7	Water Rate Study		\$ 50,000	
8	Urban Water Management Study		\$ 50,000	
			\$ 7,505,000	

		Year of Expenditure					
		Current/2018	2019	2020	2021	2022	2023
\$	-	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ -
	-	73,000	-	-	-	-	-
	1,200,000	-	-	-	-	-	-
	50,000	-	-	-	-	-	-
	-	1,200,000	-	-	-	-	-
	-	120,000	-	-	-	-	-
	-	-	1,100,000	-	-	-	-
	-	-	5,200,000	-	-	-	-
	80,000	48,000	48,000	48,000	48,000	48,000	
	-	400,000	-	-	-	-	
\$	1,330,000	\$ 1,896,000	\$ 6,348,000	\$ 48,000	\$ 48,000	\$ 48,000	
\$	-	\$ 155,000	\$ -	\$ -	\$ -	\$ -	
	250,000	950,000	950,000	950,000	950,000	950,000	
	1,200,000	-	-	-	-	-	
	200,000	-	-	-	-	-	
	100,000	125,000	125,000	125,000	125,000	125,000	
	125,000	-	-	-	-	-	
	50,000	-	-	-	-	-	
	-	-	-	50,000	-	-	
\$	1,925,000	\$ 1,230,000	\$ 1,075,000	\$ 1,125,000	\$ 1,075,000	\$ 1,075,000	

City of Calexico
Existing Debt

	2017	2018	2019	2020	2021	2022	2023
Water System Lease Revenue Bonds 2007	\$987,220	\$986,450	\$984,680	\$986,880	\$987,815	\$987,688	\$987,438
Total	\$987,220	\$986,450	\$984,680	\$986,880	\$987,815	\$987,688	\$987,438

Development of Proposed FY 2019 Residential Rates

Residential - Cost of Service Component						\$5,568,284			
Service Charge, \$ per Bill		Rate	Bills	Revenue		FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
First Unit		\$ 17.24	90,273	\$1,556,307		\$18.02	\$18.83	\$19.67	\$20.56
Additional Unit		8.62	25,681	221,370		9.01	9.41	9.84	10.28
Total Service Charge Revenue					\$1,777,677				
Volume Charge Revenue to be Recovered					\$3,790,608				
Block	% Volume in Block	Billed Volume	Cumulative Factor	Volume Rate	Rate Revenue				
All Use	100.0%	2,116,309	1.00	\$1.99	\$3,790,608	2.08	2.17	2.27	2.37
Total	100%	2,116,309			\$3,790,608				
Annual Surplus/(Deficiency)					\$0				

Development of Proposed FY 2019 Commercial Rates

Commercial Cost of Service						\$699,030			
Service Charge, \$ per Bill		Rate	Bills	Revenue		FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
3/4-inch		\$19.11	1,056	\$20,184		19.97	20.87	21.81	22.79
1-inch		31.92	3,300	105,333		33.36	34.86	36.42	38.06
1 1/2-inch		63.65	0	0		66.51	69.50	72.63	75.90
2-inch		101.87	1,176	119,803		106.46	111.25	116.25	121.49
3-inch		203.94	12	2,447		213.11	222.70	232.73	243.20
4-inch		318.62	96	30,587		332.95	347.94	363.59	379.96
6-inch		637.04	12	7,645		665.71	695.67	726.97	759.68
Total Service Charge Revenue					\$285,998				
Volume Charge Revenue to be Recovered					\$413,032				
Block	% Volume in Block	Billed Volume	Cumulative Factor	Volume Rate	Rate Revenue				
All Use	100.0%	144,062	1.00	\$3.19	\$413,032	3.33	3.48	3.64	3.80
Total	100%	144,062			\$413,032				
Annual Surplus/(Deficiency)					\$0				

Development of Proposed FY 2019 Construction/Truck Rates

Construction/Truck Cost of Service **\$12,606**

Service Charge, \$ per Bill		Rate	Bills	Revenue	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	
Per Unit		\$ 102.45	46	\$4,713	107.06	111.88	116.91	122.17	
Total Service Charge Revenue				\$4,713					
Volume Charge Revenue to be Recovered				\$7,894					
Block	% Volume in Block	Billed Volume	Cumulative Factor	Volume Rate	Rate Revenue				
All Use	100.0%	1,160	1.00	\$7.56	\$7,894	7.90	8.26	8.63	9.02
Total	100%	1,160			\$7,894				
Annual Surplus/(Deficiency)				\$0					

Development of Proposed FY 2019 Resale Rates

Resale Cost of Service **\$23,322**

Service Charge, \$ per Bill		Rate	Bills	Revenue	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	
Per Unit		\$ 102.46	72	\$7,377	107.07	111.89	116.92	122.18	
Total Service Charge Revenue				\$7,377					
Volume Charge Revenue to be Recovered				\$15,945					
Block	% Volume in Block	Billed Volume	Cumulative Factor	Volume Rate	Rate Revenue				
All Use	100.0%	1,631	1.00	\$10.86	\$15,945	11.35	11.86	12.40	12.95
Total	100%	1,631			\$15,945				
Annual Surplus/(Deficiency)				\$0					



CITY OF
CALEXICO, CALIFORNIA

WATER AND SEWER RATE STUDY



Presented by **Kevin Burnett**

PRESENTATION CONTENTS

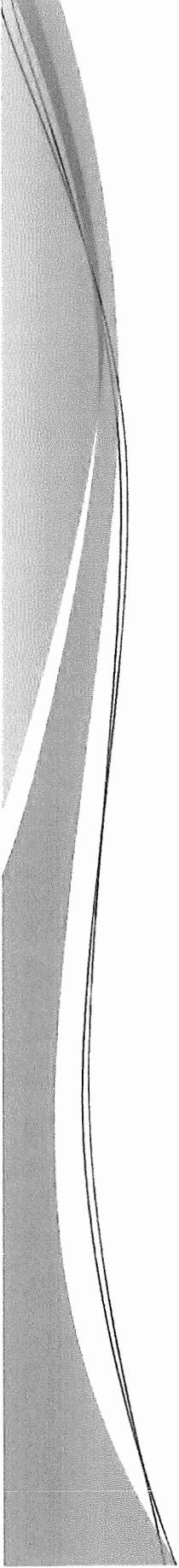
- Introduction
- Review purpose of study
- Overview of utility rate setting process
 - Current study process
- Summary of proposed revenue increases
- Financial plan summary
- Proposed rates
- Comparisons
- Next steps

PURPOSE OF A RATE STUDY

- Evaluate sufficiency of existing water and sewer revenues to:
 - Provide funding for current and future operating, maintenance, and **capital expenses**
 - Meet minimum reserve level requirements
 - Meet legal obligations associated with outstanding debt
- Develop rates which will generate sufficient revenue **to** meet cost of providing essential services

CURRENT RATE STUDY PROCESS

- Worked with City staff to identify financial plan options incorporating:
 - Ongoing operations and maintenance expense needs
 - Capital needs to maintain and operate the systems
- *Present preliminary financial plans and rates*
- Prepare notice of intent based on Council direction, mail Proposition 218 notices, conduct Public Hearing, adopt rates
- New rates effective July 1, 2018



WATER FINANCIAL PLAN

WHY INCREASE WATER REVENUE?

- Additional revenue is needed to:
 - Meet increasing operational costs
 - Including land lease for treatment plant site
 - Repair and maintain the system
 - Pipeline replacements
 - New clarifier and filter system
 - Raw water reservoir improvements

REVENUE RECOMMENDATION - WATER

Proposed Water Financial Plan

Fiscal Year	Revenue Increase	Debt (Millions)
2018-19	5.0%	\$0.0
2019-20	4.5%	0.0
2020-21	4.5%	0.0
2021-22	4.5%	0.0
2022-23	4.5%	0.0

WATER CASHFLOW PROJECTIONS – STATUS QUO (1)

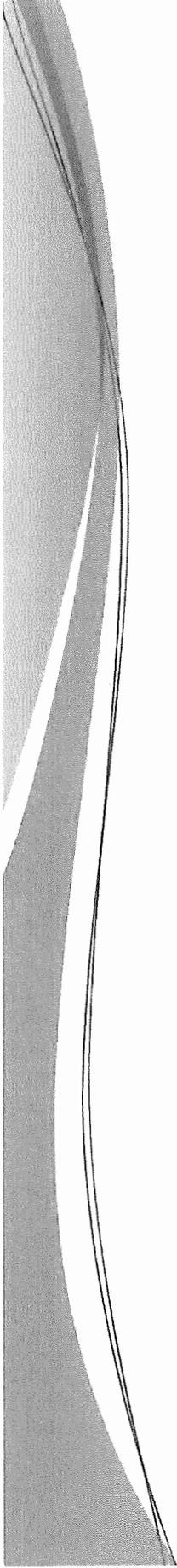
Year	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Beginning Cash Reserves	\$10,918	\$8,162	\$762	(\$131)	(\$1,042)
Revenue	6,057	6,172	6,290	6,410	6,532
O&M	4,622	4,773	4,929	5,090	5,256
Capital	3,207	7,812	1,267	1,244	1,276
Debt Service	<u>985</u>	<u>987</u>	<u>988</u>	<u>988</u>	<u>987</u>
Total Expenses	<u>8,813</u>	<u>13,572</u>	<u>7,183</u>	<u>7,321</u>	<u>7,519</u>
Net Cashflow	(2,756)	(7,400)	(893)	(912)	(988)
End of Year Cash Reserves	\$8,162	\$762	(\$131)	(\$1,042)	(\$2,030)
Target Reserves	1,140	1,177	1,215	1,255	1,296
DSC – 1.20 Requirement	1.46	1.42	1.38	1.34	1.29

(1) In thousands

CASHFLOW PROJECTIONS – PROPOSED ⁽¹⁾

Year	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Beginning Cash Reserves	\$10,918	\$8,282	\$1,297	\$1,139	\$1,307
Revenue	6,357	6,767	7,204	7,669	8,165
O&M	4,802	4,953	5,109	5,270	4,436
Capital	3,207	7,812	1,267	1,244	1,276
Debt Service	<u>985</u>	<u>987</u>	<u>988</u>	<u>988</u>	<u>987</u>
Total Expenses	<u>8,993</u>	<u>13,752</u>	<u>7,363</u>	<u>7,501</u>	<u>7,699</u>
Net Cashflow	(2,636)	(6,985)	(159)	168	465
End of Year Cash Reserves	\$8,282	\$1,297	\$1,139	\$1,307	\$1,772
Target Reserves	1,184	1,221	1,260	1,299	1,340
DSC – 1.20 Requirement	1.58	1.84	2.12	2.43	2.76

(1) In thousands



PROPOSED RATES

CHANGES TO RATES/STRUCTURE

Water

- Rate structure updated for all customers:
 - Minimum charge has been replaced with a monthly fixed charge
 - The monthly charge no longer includes any water use, all volume is billed going forward
- Non-Residential customers:
 - Base charge increases by meter size
 - Single non-residential meter serving multiple units will only be assed 1 monthly fixed charge

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	\$18.02	\$18.83	\$19.67	\$20.56
Additional Units ⁽²⁾	21.94	8.62	9.01	9.41	9.84	10.28
Commercial, Manufacturing and Industrial						
3/4-inch ⁽²⁾	\$48.89	\$19.11	\$19.97	\$20.87	\$21.81	\$22.79
1-inch ⁽²⁾	48.89	31.92	33.36	34.86	36.42	38.06
1 1/2-inch ⁽²⁾	48.89	63.65	66.51	69.50	72.63	75.90
2-inch ⁽²⁾	48.89	101.87	106.46	111.25	116.25	121.49
3-inch ⁽²⁾	48.89	203.94	213.11	222.70	232.73	243.20
4-inch ⁽²⁾	48.89	318.62	332.95	347.94	363.59	379.96
6-inch ⁽²⁾	48.89	637.04	665.71	695.67	726.97	759.68
Construction/Truck	97.57	102.42	107.06	111.88	116.91	122.17
Water for Resale	97.58	102.46	107.07	111.89	116.92	122.18

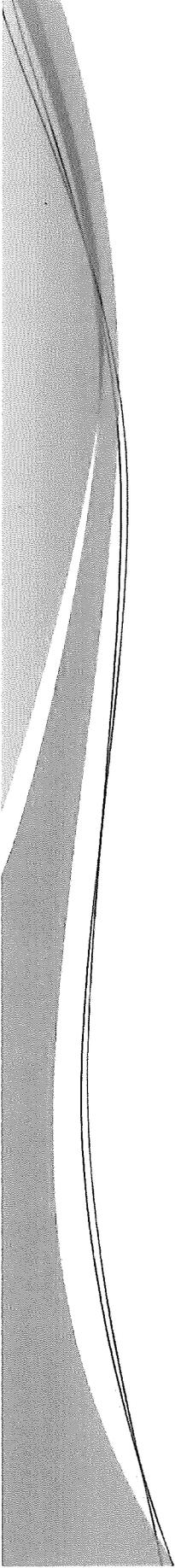
(1) Current rate structure includes first 3,00 CU FT

(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	\$2.08	\$2.17	\$2.27	\$2.37
Commercial, Manufacturing and Industrial						
All Use ⁽¹⁾	\$3.01	\$3.19	\$3.33	\$3.48	\$3.64	\$3.80
Construction/Truck						
All Use ⁽¹⁾	\$6.61	\$7.56	\$7.90	\$8.26	\$8.63	\$9.02
Water for Resale						
All Use ⁽¹⁾	\$9.75	\$10.86	\$11.35	\$11.86	\$12.40	\$12.95

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



SEWER FINANCIAL PLAN

WHY INCREASE SEWER REVENUE?

- Additional revenue is needed to:
 - Meet increasing operational costs
 - Including cost of lease for treatment plant land
 - Repair and maintain the system
 - Wastewater treatment plant improvements
 - Manhole rehabilitation
 - Lagoon system rehabilitation

REVENUE RECOMMENDATION - SEWER

Proposed Sewer Financial Plan

Fiscal Year	Revenue Increase	Debt (Millions)
2018-19	5.0%	\$18.0
2019-20	4.5%	0.0
2020-21	4.5%	0.0
2021-22	2.0%	0.0
2022-23	2.0%	0.0

SEWER CASHFLOW PROJECTIONS – STATUS QUO (1)

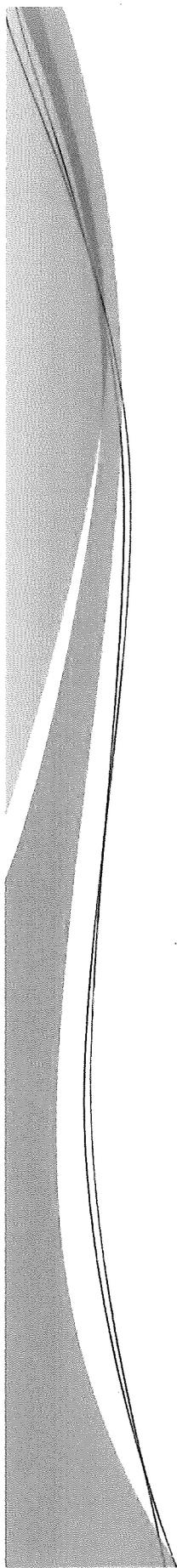
Year	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Beginning Cash Reserves	\$16,560	\$15,387	\$1,519	(\$12,454)	(\$11,354)
Revenue	5,761	6,075	6,406	6,529	6,653
O&M	3,943	4,072	4,205	4,343	4,485
Capital	2,990	15,871	16,174	1,086	1,148
Debt Service	0	0	0	0	0
Total Expenses	6,933	19,943	20,380	5,428	5,633
Net Cashflow	(1,173)	(13,868)	(13,973)	1,100	1,020
End of Year Cash Reserves	\$15,387	\$1,519	(\$12,454)	(\$11,354)	(\$10,334)
Target Reserves	972	1,004	1,037	1,071	1,106

(1) In thousands

SEWER CASHFLOW PROJECTIONS – PROPOSED ⁽¹⁾

Year	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Beginning Cash Reserves	\$16,650	\$14,689	\$6,700	\$1,318	\$1,321
Revenue	5,816	6,192	6,592	6,852	7,152
O&M	4,123	4,252	4,385	4,523	4,665
Cash Funded Capital	2,324	8,688	6,349	1,086	1,148
Debt Service	<u>1,240</u>	<u>1,240</u>	<u>1,240</u>	<u>1,240</u>	<u>1,240</u>
Total Expenses	7,687	14,181	11,974	6,849	7,053
Net Cashflow	(1,871)	(7,989)	(5,382)	3	68
End of Year Cash Reserves	\$14,689	\$6,700	\$1,318	\$1,321	\$1,339
Target Reserves	1,017	1,048	1,081	1,115	1,150
DSC – 1.20 Requirement	1.36	1.56	1.78	1.88	1.98

(1) In thousands



SEWER RATES



Changes to Rates/Structure

Sewer

- Residential Rate structure updated to a flat rate and matches water approach - lower fee for additional units

SEWER RATES – PROPOSED

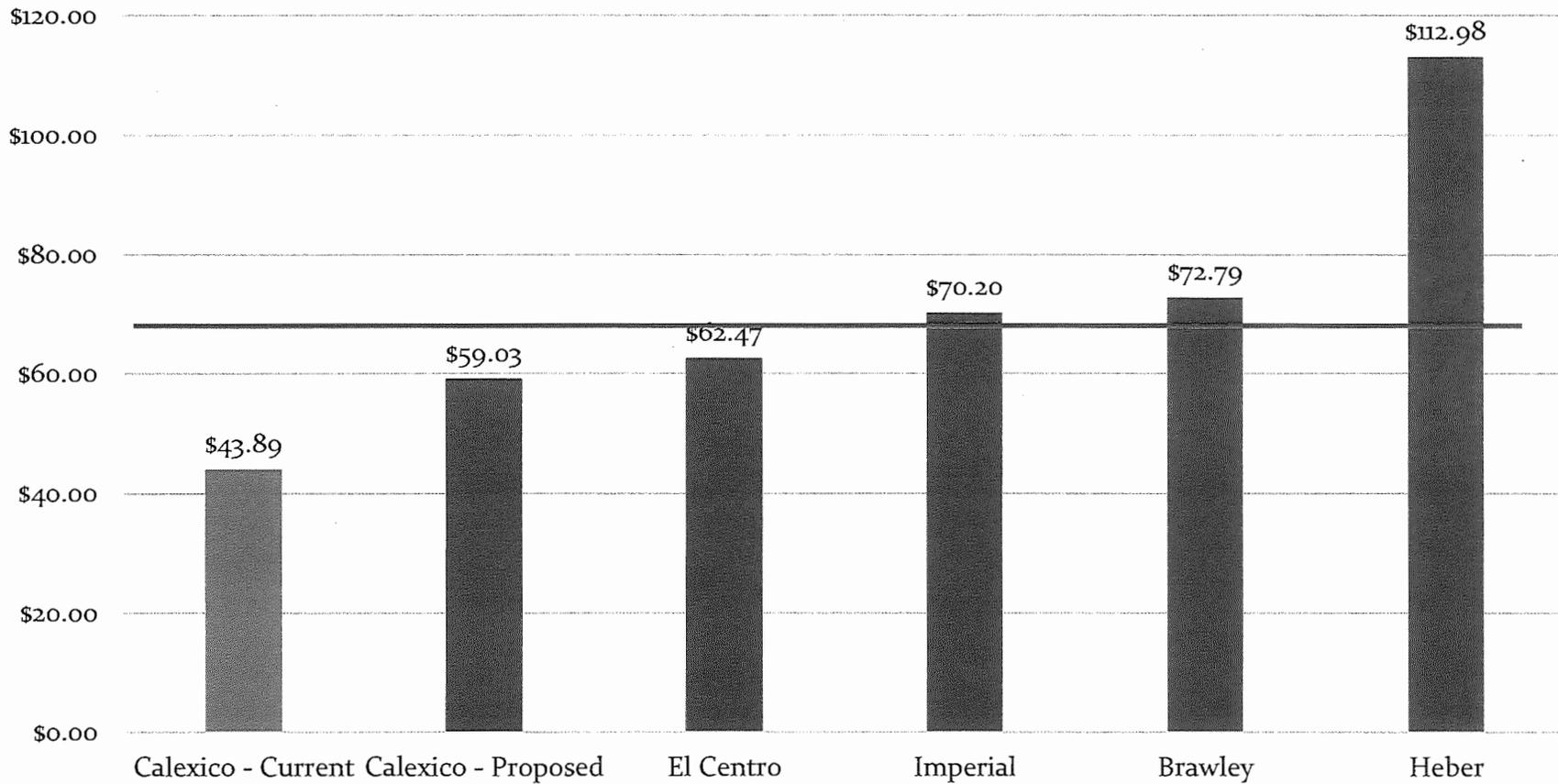
Class/Use	Current	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Residential						
Monthly Charge – First Unit ⁽¹⁾	\$38.08	\$44.46	\$46.46	\$48.55	\$49.52	\$50.51
Monthly Charge – Additional Unit	n/a	22.23	23.23	24.27	24.76	25.25
Flow Component (\$/100 CF)	3.81	n/a	n/a	n/a	n/a	n/a
Non-Residential Rate II						
Monthly Charge ⁽²⁾	\$38.08	\$39.98	\$41.78	\$43.66	\$44.54	\$45.43
Flow Component (\$/100 CF)	3.81	4.00	4.18	4.37	4.46	4.55
Non-Residential Rate III						
Monthly Charge ⁽²⁾	\$42.91	\$45.06	\$47.08	\$49.20	\$50.19	\$51.19
Flow Component (\$/100 CF)	4.29	4.50	4.71	4.92	5.02	5.12
Non-Residential Rates IV						
Monthly Charge ⁽²⁾	\$47.63	\$50.01	\$52.26	\$54.61	\$55.71	\$56.82
Flow Component (\$/100 CF)	4.76	5.00	5.22	5.46	5.57	5.68

(1) Current monthly charge includes first 3,000 CU FT of flow

(2) Includes first 1,000 CU FT of flow

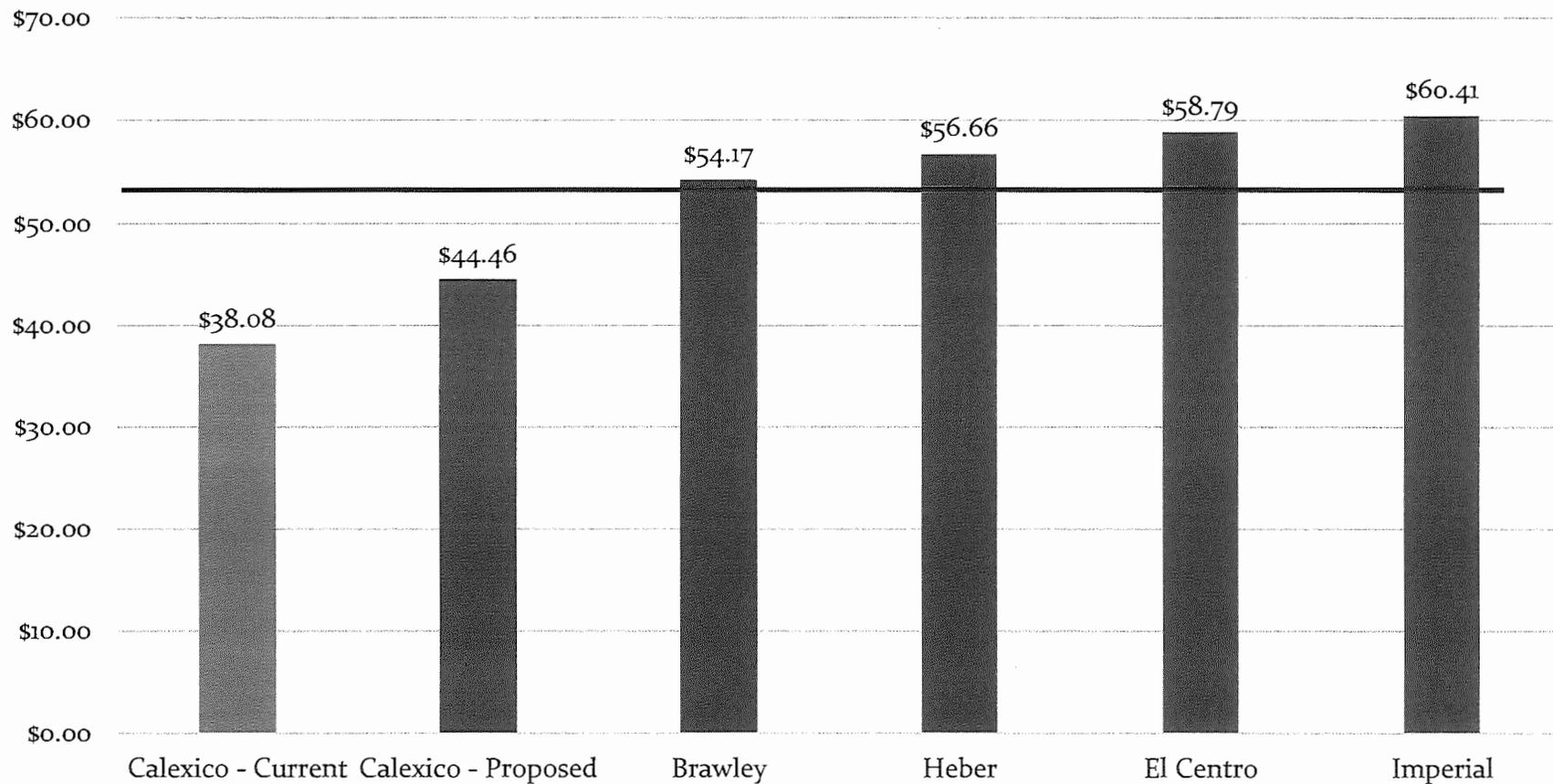
COMPARISON TO NEIGHBORS - WATER

Single Family Monthly Comparison 3/4-inch meter, 21 HCF



COMPARISON TO NEIGHBORS - SEWER

Single Family Monthly Comparison





NEXT STEPS

- Conduct Public Hearing
- Adopt New Rates
- New Rates Effective July 1

QUESTIONS & DISCUSSION



**Notice to Property Owners of Public Hearing
Regarding Proposed Water and Sewer Rate Changes
Hearing Date & Time: June 20, 2018 at 5:00 p.m.
Hearing Location: Calexico Council Chambers
608 Heber Avenue, Calexico, CA 92231**

Why are you receiving this notice?

The City of Calexico (the “City”) is mailing this notice to you because you are a water and/or sewer customer directly liable for payment of water and/or sewer service fees, or are the owner of record of a property that receives one or both of the services. This notice describes proposed **rate changes** to be implemented to recover cost of providing water and sewer service to City customers, and provides a notice of a public hearing to be held on **June 20, 2018** regarding these proposed changes.

Monthly water and sewer service fees are the primary source of revenue used to pay for the water and sewer systems that provide services to customers. Expenses for those services include, but are not limited to, operations and maintenance, debt service, major and minor capital improvements, administration, as well as costs related to prudent long-term operational, capital planning and financial management of the systems. Financial management would include maintaining adequate fund reserves and planning for contingencies.

Why are Rate Increases needed?

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

Over the next five years, the City has planned capital improvements to replace water transmission mains and pipes as well as equip wells to provide for ongoing water service. In addition, the City has planned capital improvements to the City’s Wastewater Treatment plant (WWTP) and sewer system.

The proposed rates are calculated using the costs associated with providing the service to each customer class. These costs include, but are not limited to operations, maintenance, required repairs and/or replacement of aging system components. Since some costs are fixed in nature and some costs fluctuate based on system demands, there are two types of revenue rates: fixed costs and variable/volumetric costs.

The fixed monthly service charge recovers the fixed costs of providing water services, which are allocated based on number of accounts and the size of a customer’s water meter. The volume rate recovers the variable costs of providing water treatment and the costs associated with the delivery of water, which are allocated based on the demand (amount of base & peak usage) that each customer class places on the water utility. Sewer rates are designed to recover the cost of collection and treatment of sewer flows.

What do the new rates look like?

The following tables identify the “customer classes” and the Fixed and Volume (variable) Rates that are currently set to be implemented on July 1, 2018, and the proposed rates which, if approved, will be implemented annually each July 1.

Proposed Monthly Water Fixed Charges						
Meter Size	Current	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Residential						
First Dwelling Unit ⁽¹⁾	\$43.89	\$17.24	\$18.02	\$18.83	\$19.67	\$20.56
Additional Dwelling Unit ⁽²⁾	21.94	8.62	9.01	9.41	9.84	10.28
Commercial, Manufacturing and Industrial						
3/4-inch ⁽²⁾	\$48.89	\$19.11	\$19.97	\$20.87	\$21.81	\$22.79
1-inch ⁽²⁾	48.89	31.92	33.36	34.86	36.42	38.06
1 ½-inch ⁽²⁾	48.89	63.65	66.51	69.50	72.63	75.90
2-inch ⁽²⁾	48.89	101.87	106.46	111.25	116.25	121.49
3-inch ⁽²⁾	48.89	203.94	213.11	222.70	232.73	243.20
4-inch ⁽²⁾	48.89	318.62	332.95	347.94	363.59	379.96
6-inch ⁽²⁾	48.89	637.04	665.71	695.67	726.97	759.68
Construction/Truck	97.57	102.42	107.06	111.88	116.91	122.17
Water for Resale	97.58	102.46	107.07	111.89	116.92	122.18
(1) Current rate structure includes the first 3,000 cubic feet of water						
(2) Current rate structure includes the first 1,000 cubic feet of water use						

Proposed Water Volumetric Rates						
HCF per Month	Rate per HCF of Water 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	\$2.08	\$2.17	\$2.27	\$2.37
Commercial, Manufacturing and Industrial						
All Use ⁽¹⁾	\$3.01	\$3.19	\$3.33	\$3.48	\$3.64	\$3.80
Construction/Truck						
All Use ⁽¹⁾	\$6.61	\$7.56	\$7.90	\$8.26	\$8.63	\$9.02
Water for Resale						
All Use ⁽¹⁾	\$9.75	\$10.86	\$11.35	\$11.86	\$12.40	\$12.95
(1) Current rate structure volume rates are for use above the minimum included in the monthly charge						

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

Proposed Sewer Rates						
Customer Class	Current	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Residential						
Monthly Charge						
First Dwelling Unit ⁽¹⁾	\$38.08	\$44.46	\$46.46	\$48.55	\$49.52	\$50.51
Additional Dwelling Unit	n/a	22.23	23.23	24.27	24.76	25.25
Non-Residential Rate II						
Monthly Charge ⁽²⁾	\$38.08	\$39.98	\$41.78	\$43.66	\$44.54	\$45.43
Flow Rate (\$/100 CF)	3.81	4.00	4.18	4.37	4.46	4.55
Non-Residential Rate III						
Monthly Charge ⁽²⁾	\$42.91	\$45.06	\$47.08	\$49.20	\$50.19	\$51.19
Flow Rate (\$/100 CF)	4.29	4.50	4.71	4.92	5.02	5.12
Non-Residential Rate IV						
Monthly Charge ⁽²⁾	\$47.63	\$50.01	\$52.26	\$54.61	\$55.71	\$56.82
Flow Rate (\$/100 CF)	4.76	5.00	5.22	5.46	5.57	5.68
(1) Current monthly charge includes the first 3,000 cubic feet of flow						
(2) Includes the first 1,000 cubic feet of flow						

In addition to the changes in rates in the prior 3 tables, the City is proposing to change the utility fees as identified in the table below.

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

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

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

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

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

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

The City Council will hear and consider all written and oral protests to the proposed rate changes at the Public Hearing. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. Upon the conclusion of the Public Hearing, there will be no more written protests accepted and no more testimony taken and the City Council will consider adoption of the proposed rates for water and sewer service described in this notice. If written protests against the proposed rates, as outlined above, are not presented by a **majority** of property owners or customers of record, the City Council will be authorized to implement the proposed rates. If adopted, the rates for water and sewer will be in effect beginning July 1, 2018, and would be reflected in the bill you receive in August 2018.

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