



RIO DELL CITY COUNCIL
VIRTUAL MEETING AGENDA
REGULAR MEETING - 6:30 P.M.
TUESDAY, FEBRUARY 15, 2022
CITY COUNCIL CHAMBERS
675 WILDWOOD AVENUE, RIO DELL

***WELCOME** - Copies of this agenda, staff reports and other material available to the City Council are available at the City Clerk's office in City Hall, 675 Wildwood Avenue and available on the City's website at cityofriodell.ca.gov. Your City Government welcomes your interest and hopes you will attend and participate in Rio Dell City Council meetings often.*

**SPECIAL PUBLIC HEALTH EMERGENCY ALTERATIONS TO MEETING FORMAT
CORONAVIRUS (COVID-19)**

Due to the unprecedented public health threats posed by COVID-19 and the resultant need for social distancing, changes to the City Council meeting format are required. Executive Order N-25-20 and N-29-20 from Governor Gavin Newsom allow for telephonic Council meetings of the City Council and waives in-person accessibility for Council meetings, provided that there are other means for the public to participate. Therefore, and effective immediately, and continuing only during the period in which state or local public health officials have imposed or recommended social distancing measures, the Rio Dell City Council will only be viewable via livestreaming through our partners at Access Humboldt via their YouTube channel or Suddenlink channels on Cable TV.

Public Comment by Email:

In balancing the health risks associated with COVID-19 and need to conduct government in an open and transparent manner, public comment on agenda items can be submitted via email at publiccomment@cityofriodell.ca.gov. Please note the agenda item the comment is directed to (example: Public Comments for items not on the agenda). Your comments will be read out loud, for up to three minutes.

Meetings can be viewed on Access Humboldt's website at <https://www.accesshumboldt.net/>. Suddenlink Channels 10, 11 & 12 or Access Humboldt's YouTube Channel at <https://www.youtube.com/user/accesshumboldt>.

Zoom Public Comment:

When the Mayor announces the agenda item that you wish to comment on, call the conference line and turn off your TV or live stream. Please call the toll-free number **1-888-475-4499**, enter meeting **ID 987 154 0944** and press star (*) 9 on your phone – this will raise your hand. You will continue to hear the meeting on the call. When it is time for public comment on the item you wish to speak on, the Clerk will unmute your phone. You will hear a prompt that will indicate your phone is unmuted. Please state your name and begin your comment. You will have 3 minutes to comment.

- A. CALL TO ORDER
- B. ROLL CALL
- C. PLEDGE OF ALLEGIANCE
- D. CEREMONIAL MATTERS
- E. PUBLIC PRESENTATIONS

This time is for persons who wish to address the Council on any matter not on this agenda and over which the Council has jurisdiction. As such, a dialogue with the Council or staff is not allowed under the Ralph M. Brown Act. Items requiring Council action not listed on this agenda may be placed on the next regular agenda for consideration if the Council directs, unless a finding is made by at least 2/3 of the Council that the item came up after the agenda was posted and is of an urgency nature requiring immediate action. Please limit comments to a maximum of 3 minutes.

F. CONSENT CALENDAR

The Consent Calendar adopting the printed recommended Council action will be enacted with one vote. The Mayor will first ask the staff, the public, and the Councilmembers if there is anyone who wishes to address any matter on the Consent Calendar. The matters removed from the Consent Calendar will be considered individually following action on the remaining consent calendar items.

- 1) 2022/0215.01 - Approve Minutes of the February 1, 2022 Regular Meeting **(ACTION)** **1**
- 2) 2022/0215.02 - Approve Resolution No. 1526-2022 Authorizing Submittal of Applications for all CalRecycle Grants for which the City of Rio Dell is Eligible **(ACTION)** **8**
- 3) 2022/0215.03 – Approve Resolution No. 1527-2022 Authorizing the City Manager to Execute Financial Assistance Application for Financing Agreement with the State Water Resources Control Board for Planning, Design, and Construction of the Painter Street Upsizing Project **(ACTION)** **11**
- 4) 2022/0215.04 - Receive & File Check Register for January 2022 **(ACTION)** **14**

G. ITEMS REMOVED FROM THE CONSENT CALENDAR

H. REPORTS/STAFF COMMUNICATIONS

- 1) 2022/0215.05 - City Manager/Staff Update **(RECEIVE & FILE)** 18

I. SPECIAL PRESENTATIONS/STUDY SESSIONS/PUBLIC HEARINGS

- 1) 2022/0215.06 - Presentation/Public Hearing - Water/Sewer Rate Study
(DISCUSSION/POSSIBLE ACTION) 25

J. SPECIAL CALL ITEMS/COMMUNITY AFFAIRS/PUBLIC HEARINGS

- 1) 2022/0215.07 - Authorize Staff to Pursue Grant Funding or other Non-City
Funded Acquisition of Property for Rio Dell Community
Forest **(DISCUSSION/POSSIBLE ACTION)** 188

K. ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

- 1) 2022/0215.08 - Second Reading (by title only) and Adoption of Resolution
No. 1524-2022 and Ordinance No. 389-2022 Approving
Zoning and Land Use Designation of City Owned Parcel
Located South of Painter Street, East of Ireland Avenue,
North of Center Street and West of Highway 101 as Public
Facility (PF) File No. 052-321-000; Case No. ZR/GPA 22-01
(DISCUSSION/POSSIBLE ACTION) 191

L. COUNCIL REPORTS/COMMUNICATIONS

M. ADJOURNMENT

*The next regular City Council meeting is scheduled for
Tuesday, March 1, 2022 at 6:30 p.m.*

**RIO DELL CITY COUNCIL
REGULAR MEETING MINUTES
FEBRUARY 1, 2022**

The regular “virtual” meeting of the Rio Dell City Council was called to order at 6:30 p.m. by Mayor Garnes.

ROLL CALL: Present: Mayor Garnes, Mayor Pro Tem Johnson, Councilmembers
Councilmembers Carter and Wilson

Absent: Councilmembers Woodall (Joined at 6:37 p.m.)

Others Present: City Manager Knopp, Finance Director Dillingham, Chief of
Police Conner, Community Development Director Caldwell,
Water/Roadways Superintendent Jensen, Wastewater
Superintendent Taylor, Management Analyst Sanborn
and City Clerk Dunham

PUBLIC PRESENTATIONS

Mayor Garnes called for public comment on non-agenda matters. There were no public comments received.

CONSENT CALENDAR

Mayor Garnes asked if any councilmember, staff or member of the public would like to remove any item from the consent calendar for separate discussion. No items were removed.

Motion was made by Carter/Johnson to approve the consent calendar approving the minutes of the January 18, 2022 regular meeting, approving the job description for Police Officer Recruit, adopting Resolution No. 1522-2022 approving the application for Rural Recreation and Tourism Program Grant Funds, adopting Resolution No. 1523-2022 amending the City Master Salary Table, and to receive and file Rio Dell’s 2021 Annual Traffic Accident Report. Motion carried 5-0.

REPORTS/STAFF COMMUNICATIONS

City Manager/Staff Update

City Manager Knopp provided highlights of the staff update and said that staff has been placing surplus vehicles and equipment on www.govdeals.org with the current auction ending on Monday. He noted that overall the auction was very successful with sales in the \$25,000 range. City staff participated in the Homeless Point in Time (PIT) count for 2022 which included Scotia, and the numbers were lower than the last count. Staff will have an update soon on the wastewater regulatory compliance. Staff has also received multiple inquiries regarding the Façade Improvement Program from interested participants.

City Manager Knopp concluded the update and called for questions from the Council.

Councilmember Wilson referred to the crane that went to auction and asked where the City acquired it.

City Manager Knopp said that in the late 1990's or early 2000's, the former Chief of Police arranged to obtain surplus items through the Department of Defense at no cost to the City other than the transportation costs which included the crane. He noted that the crane has remained largely unused and was told that it was used once to pull out an abandoned vehicle that was embedded in the river bar. He indicated that no maintenance had been done to this particular piece of equipment and it was essentially just taking up space at the City corporation yard.

Mayor Garnes called for public comment on the staff update. No public comment was received.

SPECIAL CALL ITEMS/COMMUNITY AFFAIRS/PUBLIC HEARINGS

Receive Report from Davis Street Park Ad Hoc Committee and Authorize City Manager to Sign Correspondence

City Manager Knopp provided a staff report and said that Mayor Pro Tem Johnson and Councilmember Woodall were appointed to the Davis Street Park Ad Hoc Committee to discuss potential acquisition and future development plans of the Davis Street Park. Over time, there has been several communications between the City and the Rio Dell School Superintendent, Angela Johnson. He said that obviously with the COVID situation, the School District has had a lot on their plate to deal with and the progress of this issue has been slow and cumbersome. He noted that the park continues to deteriorate and nobody is particularly happy with the current status of the park. The agreement in itself is poorly written and neither the District or the City have adequately maintained the facility.

He explained that the Ad Hoc Committee is recommending that the Council move to terminate the City's agreement with the School District related to collaboration on the Davis Street Park. The current agreement requires a two-year noticing period and the letter essentially serves as a Notice of Termination on the Joint Use Agreement. He pointed out that since the agreement will not officially terminate until February 1, 2024, there is still sufficient time to draft a new long-term lease agreement, or an agreement for potential purchase of the park. He said the letter sets a broader timeline to consider future use of the facility.

Councilmember Woodall commented that the letter sets a perfect balance and lets the school district know where the City stands on the issue and at the same time leaves it open for further discussion.

Mayor Pro Tem Johnson concurred with City Manager Knopp and Councilmember Woodall.

Councilmember Carter agreed with the letter and said that she hoped that the City could come to an understanding and a more collaborative effort with the School District.

Mayor Garnes called for public comment on the issue. No public comment was received.

Motion was made by Johnson/Woodall authorizing the City Manager to sign the Notice of Termination of the Joint Use Agreement for the Davis Street Park. Motion carried 5-0.

Authorize Mayor to Sign Correspondence to the Region IX Administrator of the Federal Emergency Management Agency (FEMA)

City Manager Knopp provided a staff report and explained that there were a series of storms back in February 2017 that caused damage statewide including Humboldt County. Monument Road was one of the approximate 300 other similar storm event damages in Humboldt County.

After discussion with the County of Humboldt and FEMA, it was agreed that the County would take the lead on this particular project since the area is equally divided between the City and the County. He noted that the County has a lot more expertise in handling these types of projects with FEMA so everybody agreed that it would best be handled by them. In this process there was an original proposal put forward which was a cheaper type solution to the problem that essentially was placing compacted dirt and gravel, smoothing it over and laying new asphalt on top. Included in the proposal was a geotechnical survey that the County conducted of the site. What it confirmed was that City's original suspicion was correct in that this slip out had happened before and the proposed solution had already been implemented at the site and failed. This solution would be repeating the same thing guaranteeing the slip out would occur again.

He noted that the geotechnical survey recommended a "soldier pile wall" which is a much more expensive solution at a magnitude of 4-5 times. The County submitted an amendment to the original proposal suggesting the "soldier pile wall" and FEMA denied the request. There is now an appeal process that has been going on since September 2021 and we will be going through yet another summer construction season where it is highly unlikely we will see a solution to the slip out.

The purpose of the letter is to encourage FEMA to bring a timely resolution to this issue and state the City's position as aligned with the County of Humboldt related to the repair work.

City Manager Knopp added that the engineering report speaks for itself and that a more robust solution is appropriate for this location. In addition, CalOES agrees with the County's assessment and have issued correspondence yet the appeal is still not resolved.

He said the concern is that the appeal will continue to be delayed over and over with the magnitude of all the FEMA related projects nationwide. Staff reached out to the County Public Works Department and asked what the City could do to assist and sending the letter is what they suggested.

City Manager Knopp explained that as of now, staff is not recommending the letter be forwarded to Congressman Huffman or other elected federal officials but want to first give notice to FEMA.

Councilmember Wilson asked if the recommendation is to authorize the City Manager to sign

the letter and send it at a time he sees appropriate.

City Manager Knopp clarified that the recommended action is to authorize the Mayor to sign the letter to be sent to the Region IX Administrator of the Federal Emergency Management Agency (FEMA).

Mayor Pro Tem Johnson noted that the Council saw the plans prepared by GHD approximately 2-2 ½ years ago for a “soldier pile wall” with tiebacks and at that time, the design was approximately 95% complete. He noted that soldier pile walls are used with about a 100% probability that anything less than this would fail. It is like the last resort and although an expensive proposition, in this case the absolute right decision.

Motion was made by Johnson/Carter to authorize the Mayor to sign correspondence to the Region IX administrator of the Federal Emergency Management Agency (FEMA). Motion carried 5-0.

ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

Adopt Resolution No. 1525-2022 Declaring the Need for Continued Virtual City Council and Commission Meetings in Accordance with AB 361 for Another 30 days or Discontinuing Virtual Meetings and Resuming In-Person/Virtual (Hybrid) Meetings

Motion was made by Garnes/Johnson to adopt Resolution No. 1525-2022 declaring the need to discontinue virtual meetings and resume in-person (hybrid) meetings beginning March 1, 2022.

Councilmember Woodall asked staff for the current stats on COVID cases.

City Clerk Dunham provided an update and said that in watching the numbers for daily reported cases in Humboldt County, last Tuesday there were 412 cases, 241 on Wednesday, 160 on Thursday, followed by a slight increase on Friday with 196 reported cases.

She noted that the County Board of Supervisors was scheduled to resume with in-person (hybrid) meetings on March 1, 2022. She also reached out to the Cities of Eureka and Fortuna and learned that Fortuna is still meeting virtually and Eureka had gone back to in-person/hybrid meetings last fall until the last meeting when they went to full Zoom. They will be going back to in-person/hybrid meeting after this week.

Councilmember Wilson asked about the mask requirement and if the mandate would be lifted on March 1, 2022 for in-person meetings and if public access to the meetings would be limited.

City Clerk Dunham explained that the latest mask order from the County Public Health Department on November 8, 2021 was still in force which requires all participants at in-person meetings to wear masks during the entire meeting regardless of vaccination status although that could change.

Councilmember Wilson asked if the current setup of the council chambers was going to be changed suggesting that seating councilmembers further apart might be allowed in lieu of masks.

City Manager Knopp said that the configuration of the council chambers is the same as it was about six months ago when the Council held in-person meetings. He pointed out that in a hybrid format, councilmembers could still attend remotely as well as some staff members for the time being. He suggested the City Clerk poll the members prior to the meeting to see who would be attending in-person or virtually so staff can configure the chambers accordingly. Public capacity would be limited but there would be no limit on virtual attendees.

Councilmember Woodall commented that she had attended some hybrid meetings with other agencies which have gone well. She noted that the City of Arcata's Council meetings are in-person but the public is required to attend virtually which is another option.

Mayor Pro Tem Johnson supported resuming with in-person (hybrid) meetings.

Mayor Garnes asked if the Council goes back to in-person meetings and the COVID numbers surge, if the item could come back to the Council for reconsideration.

City Manager Knopp suggested the item come back to the Council every 30 days to allow the Council the opportunity to reconsider the circumstances. He said overall, the COVID situation seems to have improved over the past six months.

Councilmember Woodall asked Mayor Garnes what she has against in-person (hybrid) meetings, and what the goal is as far as numbers before the pandemic is no longer considered a threat.

Mayor Garnes clarified that she made the motion to resume with in-person (hybrid) meetings and from her perspective, anyone who wanted to attend in-person before probably could have in a hybrid format with others attending remotely.

Councilmember Woodall made a substitute motion to resume with in-person (hybrid) meeting beginning March 1, 2022.

City Manager Knopp interjected that the original motion was the same as Councilmember Woodall's substitute motion.

Councilmember Woodall then withdrew her motion and apologized for misunderstanding the original motion made by Mayor Garnes.

City Manager Knopp pointed out that running in-person (hybrid) meetings requires at least three staff members present in the chambers; the City Clerk, City Manager and the operator of the equipment to facilitate the meeting so not all staff members have the option to attend virtually. In the event there is a serious situation that occurs, the meetings would need to go back into a virtual environment.

Mayor Garnes stated for clarification that the motion is to resume with in-person (hybrid) meetings effective March 1, 2022 with the item back on the March 1, 2022 agenda to reconsider the circumstances of the emergency.

Mayor Garnes called for public comment on the motion. No public comment was received.

Motion then carried 5-0.

Introduction and first reading (by title only) of Resolution No. 1524-2022 and Ordinance No. 389-2022 Approving Zoning and Land Use Designation of City Owned Parcel Located South of Painter Street, East of Ireland Avenue, North of Center Street and West of Highway 101 as Public Facility (PF) – File No. 052-321-000; Case No. ZR/GPA 22-01

Community Development Director Caldwell provided a staff report and explained that this parcel was originally acquired by Caltrans in the mid 1970's for the realignment of Highway 101. After construction of the freeway, Caltrans deeded the property back to the City. As part of the grant application approved for the establishment of a dog park on the parcel, staff realized that the parcel was not zoned after the parcel was deeded back to the City. As such, staff is recommending the parcel be zoned Public Facility (PF).

He reviewed the procedures for General Plan/Zoning Ordinance Amendments and the required findings which were all met. He noted that staff sent out approximately fifteen public notices to properties within 300 feet of the subject property and no comments or concerns were received regarding designating the parcel Public Facility (PF).

Mayor Pro Tem Johnson noted that for 40 plus years, the City has owned this parcel and treated it as a Public Facility parcel so it's time to get it legal.

Mayor Garnes called for public comment on the proposed zoning and land use designation amendment. No public comment was received.

Motion was made by Johnson/Woodall approving the introduction and first reading (by title only) of Resolution No. 1524-2022 and Ordinance No. 389-2022 Approving Zoning and Land Use Designation of City Owned Parcel Located South of Painter Street, East of Ireland Avenue, North of Center Street and West of Highway 101 as Public Facility (PF) and scheduling the second reading and adoption of Resolution No. 1524-2022 and Ordinance No. 389-2022 for the meeting of February 15, 2022. Motion carried 5-0.

COUNCIL REPORTS/COMMUNICATIONS

Mayor Pro Tem Johnson said at the last meeting during the presentation by GHD, Councilmember Woodall asked what was Vitrified Clay (VCP) and that he had provided a partial answer explaining that it was something like modeling clay. He expanded on his answer and said that it is true to the extent that it is one component of it and that there is normally some shale mixed in with it. He explained that the vitrification process is firing it or heating it similar to firing ceramics. These red clay tiles or terracotta type materials are

normally seen in 6-foot lengths in small diameters of up to about 12 inches with their normal life span of about 50 years. There are a lot of plastics out there that come in normally 20-foot lengths which are easier to handle and not nearly as brittle and have a life span of probably 100 years.

Councilmember Carter reported that she attended a RREDC meeting on January 24, 2022 and they received a presentation from the Humboldt County Growers Association which was very informative.

Councilmember Woodall reported that she would be attending an HTA meeting tomorrow. She also commented on the last Nuisance Abatement Committee meeting and said that things are going really well and Mary, the new Community Service Officer is doing a great job. She said that there were two large nuisance abatements done and it was a nice collaboration between Mary, Sabrina and the Chief.

Councilmember Wilson reported on his attendance at the last Redwood Coast Energy Authority (RCEA) meeting and said that they are still moving forward with the offshore wind project. He said that the one item that everyone might want to pay attention to is that the California Public Utilities Commission (PUC) and the State legislature in general are now working on a bill to change the net metering for people that have solar and basically raise the rates and fees for solar customers. He said the main line of thought is that the lower income people in the state of California are subsidizing the people that have solar panels. He said that it is making it difficult not only for people who want to install solar but for the solar companies who install it.

He also noted that the micro grid is up and functioning at the Arcata Airport with battery backups that power the airport and neighboring businesses that are tied into that grid. He said that this is a project brought about by RCEA.

ADJOURNMENT

Motion was made by Johnson/Carter to adjourn the meeting at 7:25 p.m. to the February 15, 2022. Motion carried 5-0.

Attest:

Debra Garnes, Mayor

Karen Dunham, City Clerk

675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
(707) 764-5480 (fax)



DATE: February 15, 2022

TO: Mayor and Members of the City Council

FROM: Travis Sanborn, Management Analyst

THROUGH: Kyle Knopp, City Manager

SUBJECT: AUTHORIZING SUBMITTAL OF APPLICATION(S) FOR ALL CALRECYCLE GRANTS FOR WHICH THE CITY OF RIO DELL IS ELIGIBLE

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Approve attached RESOLUTION NO. 1526-2022 AUTHORIZING SUBMITTAL OF APPLICATION(S) FOR ALL CALRECYCLE GRANTS FOR WHICH THE CITY OF RIO DELL IS ELIGIBLE

BACKGROUND AND DISCUSSION

The City of Rio Dell is looking to participate in the fight against climate change through the recycling of organic waste. The City would be using anticipated grant funds to facilitate public outreach campaigns and distribute organic waste bins to the community.

City staff is currently pursuing funding opportunities through the State of California, Department of Resources Recycling and Recovery (CalRecycle).

It is staff's recommendation that the City Council approve the attached RESOLUTION NO. 1526-2022 AUTHORIZING SUBMITTAL OF APPLICATION(S) FOR ALL CALRECYCLE GRANTS FOR WHICH THE CITY OF RIO DELL IS ELIGIBLE

Attachments:

RESOLUTION NO. 1526-2022 AUTHORIZING SUBMITTAL OF APPLICATION(S) FOR ALL CALRECYCLE GRANTS FOR WHICH THE CITY OF RIO DELL IS ELIGIBLE



RESOLUTION NO. 1526-2022
RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIO DELL
AUTHORIZING SUBMITTAL OF APPLICATION(S) FOR ALL CALRECYCLE
GRANTS FOR WHICH THE CITY OF RIO DELL IS ELIGIBLE

WHEREAS, Public Resources Code sections 48000 et seq. authorize the Department of Resources Recycling and Recovery (CalRecycle) to administer various grant programs (grants) in furtherance of the State of California's (state) efforts to reduce, recycle and reuse solid waste generated in the state thereby preserving landfill capacity and protecting public health and safety and the environment; and

WHEREAS, in furtherance of this authority CalRecycle is required to establish procedures governing the application, awarding, and management of the grants; and

WHEREAS, CalRecycle grant application procedures require, among other things, an applicant's governing body to declare by resolution certain authorizations related to the administration of CalRecycle grants.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Rio Dell authorizes the submittal of application(s) to CalRecycle for all grants for which the City of Rio Dell is eligible; and

BE IT FURTHER RESOLVED that the City Manager, or **his/her designee** is hereby authorized and empowered to execute in the name of the City of Rio Dell all grant documents, including but not limited to, applications, agreements, amendments and requests for payment, necessary to secure grant funds and implement the approved grant project; and

BE IT FURTHER RESOLVED that these authorizations are effective for five (5) years from the date of adoption of this resolution.

I HEREBY CERTIFY that the forgoing Resolution was PASSED, APPROVED, and ADOPTED by the City Council of the City of Rio Dell on February 15, 2022 by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Mayor Debra Garnes

ATTEST:

I, Karen Dunham, City Clerk for the City of Rio Dell, State of California, hereby certify the above and foregoing to be a full, true, and correct copy of Resolution No. 1526-2022 adopted by the City Council of the City of Rio Dell February 15, 2022.

Karen Dunham, City Clerk, City of Rio Dell

*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
cityofriodell.ca.gov*



February 15, 2022

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: Approve Resolution No. 1527-2022 Authorizing the City Manager to Execute a Financial Assistance Application with the State Water Resources Control Board for the Painter Street Upsize Project.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Approve Resolution No 1527-2022

BACKGROUND AND DISCUSSION

An additional grant opportunity has been identified to replace the wastewater collection pipe system between Painter Street and the Wastewater Treatment Plant with a larger conveyance. The project has been on the radar of the city for approximately 5 years. Much of the engineering for the project has been completed by the City. This section represents a choke point for wastewater collected in approximately 50% of the City and during periods of high wastewater flow (as the result of adverse weather and increased inflow & infiltration) the system regularly fails, emitting diluted but raw wastewater into the Eel River. The City and the Council have long recognized this issue as a top priority for correction, and now there appears to be a path forward to acquire grant funds to help solve this particular issue.

This particular project is being recommended for expedited delivery, despite the ongoing Sanitary Sewer Evaluation Study (SSES) of the overall system which is currently in progress. That study will likely result in other additional projects to further correct deficiencies in the wastewater collection system.

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RESOLUTION NO. 1527-2022

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIO DELL
AUTHORIZING THE CITY MANAGER TO EXECUTE FINANCIAL
ASSISTANCE APPLICATION FOR FINANCING AGREEMENT
WITH THE STATE WATER RESOURCES CONTROL BOARD
FOR PLANNING, DESIGN, AND CONSTRUCTION OF THE
PAINTER STREET UPSIZING PROJECT**

WHEREAS, the City of Rio Dell is eligible to receive funding for the Painter Street Upsizing Project or other projects through the State Water Resources Control Board; and

WHEREAS, Financial Assistance Applications and financing agreements need to be executed with the State Water Resources Control Board before such funds could be claimed; and

WHEREAS, the City of Rio Dell would like to delegate authorization to execute these agreements and any amendments thereto, and that the City Manager be authorized to execute all Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements, Fund Transfer Agreements and/or any amendments thereto with the State Water Resources Control Board.

**NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF RIO DELL AS FOLLOWS:**

The City Manager or designee is hereby authorized and directed to sign and file, for on behalf of the City of Rio Dell, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of the Painter Street Upsizing Project.

This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto.

The Authorized Representative, or his/her designee, is designated to represent the Entity in carrying out the Entity's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the Entity and compliance with applicable state and federal laws.

PASSED AND ADOPTED by the City Council of the City of Rio Dell on the 15th day of February, 2022 by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Debra Garnes, Mayor

Attest:

CERTIFICATION

I do hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted at a meeting of the Rio Dell City Council held on February 15, 2022.

Karen Dunham, City Clerk
City of Rio Dell

City of Rio Dell
Check Listing for City Council Meeting

| Ref# | Date | Vendor | Description | Amount |
|-------|-----------|---|--|-----------|
| 10656 | 1/05/2022 | [0576] 101 AUTO PARTS | Wiper Blades, Hoses and Male Pipe for Sewer Letter, 2003 Ford F350 Wiper Blades, Super HC V-Belt | 290.12 |
| 10657 | 1/05/2022 | [4109] ACCESS HUMBOLDT | SL FRANCHISE OVERSIGHT ON BEHALF OF LFA'S PER AGREEMENT OF 6/01/2008 | 270.00 |
| 10658 | 1/05/2022 | [6038] ACCURATE TERMITE & PEST SOLUTIONS | RODENT & INSECT CONTROL @ 475 HILLTOP DR | 140.00 |
| 10659 | 1/05/2022 | [5381] ALTERNATIVE BUSINESS CONCEPTS | MONTHLY MAINTENANCE & COPIER CHARGES FOR DECEMBER 2021 | 312.73 |
| 10660 | 1/05/2022 | [5463] APPLY-A-LINE, INC. | Pavement Striping and Marking | 15,362.00 |
| 10662 | 1/05/2022 | [4949] ASAP Lock & Key | 5 Do Not Duplicate Keys | 16.28 |
| 10663 | 1/05/2022 | [3975] AT&T - 5709 | FAX LINE EXPENSES FOR DEC. 2021-PD, FAX LINE EXPENSES FOR DEC. 2021-CITY HALL | 54.57 |
| 10664 | 1/05/2022 | [4603] CALIF. BUILDING STANDARDS COMMISSION | PERMIT ASSESSMENT FEES FOR OCTOBER THROUGH DECEMBER 2021 | 35.10 |
| 10665 | 1/05/2022 | [2303] COAST CENTRAL CREDIT UNION | POA Dues for PPE 12/17/2021 | 120.00 |
| 10666 | 1/05/2022 | [2342] DEPT OF CONSERVATION DIVISION OF ADMIN. | STRONG MOTION INSTRUMENTATION & SEISMIC HAZARD MAPPING FEE FOR OCTOBER THROUGH DECEMBER 2021 | 176.43 |
| 10667 | 1/05/2022 | [5568] DIVISION OF THE STATE ARCHITECT | DISABILITY ACCESS & EDUCATION FEES FOR OCTOBER THROUGH DECEMBER 2021 | 6.00 |
| 10668 | 1/05/2022 | [2407] FORBUSCO LUMBER | Tell 8300 Series 36" Exit Device, Tell TP81 Exterior Pull w/ Thumb Piece, Schlage Keyway Cylinder, SPO 86788 JT | 334.00 |
| 10670 | 1/05/2022 | [2423] GEORGE'S GLASS, INC | Windshield Replacement on Ford F Series F350 2003, Rear Right Door Window Replacement on Ford Explorer 2021, Windshield Replacement on Nissan Altima 2014 | 1,137.68 |
| 10671 | 1/05/2022 | [2474] HUMMEL TIRE & WHEEL, INC | Tire Change for Ford F-350 2003 | 840.67 |
| 10672 | 1/05/2022 | [2485] INDUSTRIAL ELECTRIC ARCATA, INC | Labor, Motor, Rewind Supplies, Koyo Bearing, Fag Radial Ball Bearing | 2,061.92 |
| 10673 | 1/05/2022 | [2551] MIRANDA'S ANIMAL RESCUE | Animal Control for December 2021 | 1,900.00 |
| 10674 | 1/05/2022 | [3006] MISSION LINEN SUPPLY, INC | MAINTENANCE & LAUNDER UTILITY WORKERS SHIRTS; CLEAN MOP HEAD, MAINTENANCE & LAUNDRY UTILITY WORKERS SHIRTS; CLEAN MOP HEAD, MAINTENANCE & LAUNDRY UTILITY WORKERS SHIRTS; CLEAN MOP HEAD | 331.64 |
| 10675 | 1/05/2022 | [4393] NYLEX.net, Inc. | MAINTENANCE & LAUNDER UTILITY WORKERS SHIRTS; CLEAN MOP HEAD | |
| 10676 | 1/05/2022 | [6349] RECOLOGY EEL RIVER | Monthly Maintenance for Jan. 15 Through Feb. 15, 2022; and Security Gateway for PD | 1,280.00 |
| 10677 | 1/05/2022 | [2664] ROGERS MACHINERY INC | Garbage Bags Month of December 2021 | 111.20 |
| 10678 | 1/05/2022 | [4525] SHERLOCK RECORDS MGMT | Blowers and Aqua-Vac Drives | 260.00 |
| 10679 | 1/05/2022 | [2682] SMALL CITIES ORGANIZED RISK EFFORT (SCORE) | STORAGE SERVICE FOR JANUARY 2022 | 124.00 |
| 10680 | 1/05/2022 | [7185] STAPLES ADVANTAGE | QUARTERLY PREMIUM FOR WORKER'S COMPENSATION INSURANCE 7/1/21 - 6/30/22 | 29,712.62 |
| 10681 | 1/05/2022 | [2709] STAPLES DEPT. 11-04079109 | Canon Black Ink, High Yield Black Toner, Protective Sheets, Tape Strips, Letter Pad, Facial Tissues, High Yield Black Toner, Brother High Yield Black Toner | 307.09 |
| 10682 | 1/05/2022 | [2724] STATE WATER RESOURCES CONTROL BOARD | HP Black Toner, HP Cyan Toner, HP Yellow Toner, HP Magenta Toner, HP Color Laserjet Pro, and Stapler, Ink Recycling on Rewards # 4004701761 | 728.82 |
| 10683 | 1/05/2022 | [6590] SUN RIDGE SYSTEMS, INC. | Water System Annual Fees Billing Period 7/1/21-6/30/22 | |
| 10684 | 1/05/2022 | [6373] THATCHER COMPANY, INC. | RIMS ANNUAL SUPPORT SERVICES | 9,752.30 |
| 10685 | 1/05/2022 | [2750] USA BLUEBOOK | Sierra San-Chlor - 330 G Tote | 6,169.00 |
| 10686 | 1/05/2022 | [6037] WELLS FARGO VENDOR FIN SERV | Ultrasonic Sensor 10' Cable, Pump w/ External Speed Control | 2,668.00 |
| | | | KYOCERA COPIER PAYMENT FOR JANUARY 2022 | 2,468.86 |
| | | | | 391.07 |

**City of Rio Dell
Check Listing for City Council Meeting**

| Ref# | Date | Vendor | Description | Amount |
|-------|-----------|---|---|-----------|
| 10687 | 1/05/2022 | [2225] AQUA SIERRA CONTROLS, INC | Programming Tech to Troubleshoot Reporting Issues, Credit to Correct Error on Invoice 32068 | 1,264.00 |
| 10688 | 1/12/2022 | [4949] ASAP Lock & Key | Service call for front door lock, 4 ABUS 83/55 Padlock IMLSS 142156 and Re-Key | 343.70 |
| 10689 | 1/12/2022 | [2293] CITY OF FORTUNA | POLICE DISPATCH SERVICES FOR JANUARY 2022, LAB TESTING -COLIFORM QUANTI.-TRAY; BOD; TSS/MLSS; COLIFORM PA; COLIFORM 3XS | 7,611.66 |
| 10690 | 1/12/2022 | [2303] COAST CENTRAL CREDIT UNION | POA Dues for PPE 12/31/2021 | 120.00 |
| 10691 | 1/12/2022 | [2304] COLLEGE OF THE REDWOODS | EVOC (Driving) & ARCON Training | 110.00 |
| 10692 | 1/12/2022 | [7030] DAVID M. TIDWELL & ASSOC. | Appraisal Report, Todd Property @ 410 Fourth Ave | 4,000.00 |
| 10693 | 1/12/2022 | [2452] HORIZON BUSINESS PRODUCTS | USB, 16GB, Flash Drives | 43.55 |
| 10694 | 1/12/2022 | [2471] HUMBOLDT WASTE MANAGEMENT AUTHORITY | Solid Waste and Treated Wood Waste Handling @ 520 First Ave | 18.00 |
| 10695 | 1/12/2022 | [2570] NILSEN COMPANY | 315 Salt Softener Solar 40# - Salt for Chlorine Gen. | 1,995.75 |
| 10696 | 1/12/2022 | [6349] RECOLOGY EEL RIVER | 20 yd Debris Box, 2 Car Tires, 8 Truck Tires - 520 First Ave, 30 yd Debris Box, 1 Truck Tire - 520 First Ave, 30 yd Debris Box, 3 Fleon Appl., 1 Car Tire - 520 First Ave | 2,901.57 |
| 10697 | 1/12/2022 | [7307] REDWOOD TEEN CHALLENGE | Property Cleanup @ 520 First Ave, Three People on 12/7 & 12/8/21, Trash Cleanup @ 483 Fourth Ave, 4 people on 12/28/21 | 900.00 |
| 10698 | 1/12/2022 | [2719] STATE WATER RESOURCES CONTROL BD | Drinking Water Distribution Operator Certification Renewal for Grade D2 | 130.00 |
| 10699 | 1/12/2022 | [2724] STATE WATER RESOURCES CONTROL BOARD | Annual Permit Fees Required by Sections 13260 & 13269 of California Water Code; 7/1/21-6/30/22 | 763.00 |
| 10700 | 1/12/2022 | [6825] SUDDENLINK | INTERNET SERVICES JANUARY 2022 | 900.00 |
| 10701 | 1/12/2022 | [4908] THE MITCHELL LAW FIRM, LLP | LEGAL SERVICES FOR DECEMBER 2022, LEGAL SERVICES FOR DECEMBER 2022 | 1,925.00 |
| 10702 | 1/19/2022 | [3114] 3T EQUIPMENT CO, INC. | Jetter Replacement Hoses: Leader Hose & Piranha Hose | 1,384.21 |
| 10703 | 1/19/2022 | [2304] COLLEGE OF THE REDWOODS | Firearms Training, EVOC (Driving) & ARCON Training | 195.00 |
| 10704 | 1/19/2022 | [2405] FORTUNA ACE HARDWARE | Hole Dozer, Pilot Drill, Bit Pilot Drill, Pilot Drill Bit, 2gals Distilled White Vinegar, 3gals Distilled Water | 97.28 |
| 10705 | 1/19/2022 | [6372] HOLTERMANN-HENNING, HEIDI | REFUND CUSTOMER DEPOSIT | 57.63 |
| 10706 | 1/19/2022 | [2475] HUMBOLDT TOWNING, INC. | EVIDENCE STORAGE | 1,840.00 |
| 10707 | 1/19/2022 | [3462] ITRON | Technical Support | 250.00 |
| 10708 | 1/19/2022 | [7290] JAMACK, DARLENE (BUSINESS ACCOUNT) | REFUND DEPOSIT | 115.56 |
| 10709 | 1/19/2022 | [6849] JAY WEST dba MOBILE DIESEL REPAIR | Operation & Maintenance of Lift Station Generators @ Painter St | 2,058.18 |
| 10710 | 1/19/2022 | [7220] LARRY WALKER ASSOCIATES, INC. | Assistance during NPPES permit reissuance. For Services Rendered Through 12/31/2021 | 209.25 |
| 10711 | 1/19/2022 | [7203] LECHOWICZ & TSENG MUNICIPAL CONSULTANTS, LLC | Water/Sewer Rate Study | 4,375.00 |
| 10712 | 1/19/2022 | [6979] ROSAMARIA A MACIEL | Reimbursement - Amazon: KN95 masks | 65.24 |
| 10713 | 1/19/2022 | [2569] NORTH COAST LABORATORIES, INC. | ACID DIGESTION; AMMONIA NITROGEN-UN IONIZED; AMMONIA NITROGEN W/O DISTILLATION; HARDNESS; ICAP METALS; NITRATE/NITRITE; THM BY EPA 624; TOTAL DISSOLVED SOLIDS; TOTAL NITROGEN; TOTAL PHOSPHATE PHOSPHORUS; TURBIDITY | 745.00 |
| 10714 | 1/19/2022 | [6100] NORTHERN CALIFORNIA GLOVE | Gloves & Respirators | 180.47 |
| 10715 | 1/19/2022 | [4393] NVLEX.net, Inc. | Install New Computer Cables for Chief's Office, New AccuFund Server, part of estimate #4448179 | 18,345.55 |
| 10716 | 1/19/2022 | [2659] RIO DELL PETTY CASH | PETTY CASH FOR DECEMBER 2021: Anniversary Cake (City Clerk 40 w/ City), Postage (Reserve Stamps) | 138.00 |

City of Rio Dell
Check Listing for City Council Meeting

| Ref# | Date | Vendor | Description | Amount |
|------------------------------|-----------|--|--|-------------------|
| 10717 | 1/19/2022 | [2724] STATE WATER RESOURCES CONTROL BOARD | Annual Permit Fees Required by Sections 13260 & 13269 of California Water Code; 7/1/21-6/30/22 - Facility ID: 1B831340HUM | 8,153.00 |
| 10718 | 1/19/2022 | [2319] SUDDENLINK COMMUNICATIONS | PUBLIC WORKS INTERNET & CITY HALL/PD/ PW PHONE SERVICES 1/10/22 - 2/9/22 | 537.99 |
| 10719 | 1/19/2022 | [6373] THATCHER COMPANY, INC. | Sodium Bisulfite 25%, Tote Return | 2,388.02 |
| 10720 | 1/19/2022 | [2750] USA BLUEBOOK | pH Buffer Pack | 171.52 |
| 10721 | 1/19/2022 | [5392] DANIEL WARMBOLD | REFUND CUSTOMER DEPOSIT | 11.66 |
| 10722 | 1/19/2022 | [2787] WYCKOFF'S | Pipe Thread Sealant | 29.27 |
| 10723 | 1/26/2022 | [6038] ACCURATE TERMITE & PEST SOLUTIONS | BI-MONTHLY PEST CONTROL @ 675 WILDWOOD AVE | 105.00 |
| 10724 | 1/26/2022 | [5781] CALIFORNIA BUILDING OFFICIALS | Webinar - Community Wildfire Risk Reduction | 70.00 |
| 10725 | 1/26/2022 | [2303] COAST CENTRAL CREDIT UNION | POA Dues for PPE 1/14/2022 | 120.00 |
| 10726 | 1/26/2022 | [2340] DEPARTMENT OF JUSTICE ACCOUNTING OFFICE | BLOOD ALCOHOL ANALYSIS FOR DEC 2021 | 35.00 |
| 10727 | 1/26/2022 | [2405] FORTUNA ACE HARDWARE | Gopher & Mole Traps, Gopher & Mole Traps | 96.53 |
| 10728 | 1/26/2022 | [4474] IIMC | Annual Membership through 3/31/2023 | 175.00 |
| 10729 | 1/26/2022 | [6653] CRYSTAL LANDRY | ICI Core Class Travel Expense Reimbursement | 810.45 |
| 10730 | 1/26/2022 | [6943] PACE SUPPLY CORP | Water Parts Inventory | 875.93 |
| 10731 | 1/26/2022 | [6806] PINTERMEDIA LLC | MONTHLY WEB HOSTING FEE FOR FEBRUARY 2022 | 30.00 |
| 10732 | 1/26/2022 | [4338] QUILL CORPORATION | Wecare KN95 Black Masks | 201.13 |
| 10733 | 1/26/2022 | [4215] ROCHAS AUTOMOTIVE, INC. | 2003 Ford F350 Plate 1164827, 2008 Ford F250 Plate 1267533 | 701.63 |
| 10734 | 1/26/2022 | [4570] SHRED AWARE | Shredding | 72.10 |
| 10735 | 1/26/2022 | [2754] US CELLULAR | MONTHLY SERVICE FOR SAFETY PHONE 1/08-02/02/2022 | 62.08 |
| 10736 | 1/26/2022 | [2750] USA BLUEBOOK | 24 GPD 100 PSI FlexFlo A-100N (SBS Dosing Pump), 24 GPD 100 PSI FlexFlo A-100N (SBS Dosing Pump) - Refund for Invoice #806123, Grundfos KIT (C12 Pump Repair), Black Polyethylene Tubing | 277.88 |
| 10737 | 1/26/2022 | [6037] WELLS FARGO VENDOR FIN SERV | KYODERA COPIER PAYMENT FOR FEBRUARY 2022 | 391.07 |
| Total Checks/Deposits | | | | 145,759.96 |
| Ref# | Date | Vendor | Description | Amount |
| 596308 | 1/03/2022 | ELECTRONIC FUNDS TRANSFER | EFT FOR AFLAC INSURANCE ONLINE PAYMENT FOR DECEMBER 2021 | -845.80 |
| 304361 | 1/04/2022 | ELECTRONIC FUNDS TRANSFER | EFT FOR MISSIONSQUARE RETIREMENT ONLINE PAYMENT FOR PPE 12/31/2021 | -8,530.39 |
| 3237970 | 1/10/2022 | ELECTRONIC FUNDS TRANSFER | EFT FOR EFTPS PAYROLL TAXES FOR PPE 12/31/2021 | -15,976.12 |
| 339-616 | 1/10/2022 | ELECTRONIC FUNDS TRANSFER | EFT FOR EDD PAYROLL TAXES FOR PPE 12/31/2021 | -4,792.90 |
| 2822162215 | 1/10/2022 | ELECTRONIC FUNDS TRANSFER | EFT for California Dept. of Tax & Fee Admin. Annual Sales Payable from Jan-Dec. 2021 | -528.00 |
| 680014 | 1/19/2022 | ELECTRONIC FUNDS TRANSFER | EFT FOR MISSIONSQUARE RETIREMENT ONLINE PAYMENT FOR PPE 01/14/2022 | -8,602.60 |
| 9837091 | 1/19/2022 | ELECTRONIC FUNDS TRANSFER | EFT FOR ALLIED ADMINISTRATORS-DELTA DENTAL ONLINE PAYMENT FOR FEB 2022. | -2,099.49 |
| 9837089 | 1/19/2022 | ELECTRONIC FUNDS TRANSFER | EFT FOR PG&E ONLINE PAYMENT FOR DECEMBER/JANUARY 2022. | -17,158.81 |
| 9837092 | 1/19/2022 | ELECTRONIC FUNDS TRANSFER | EFT FOR VSP INSURANCE ONLINE PAYMENT FOR FEBRUARY 2022 | -379.73 |
| 9837090 | 1/20/2022 | ELECTRONIC FUNDS TRANSFER | EFT FOR DEARBORN LIFE INSURANCE ONLINE PAYMENT FOR FEBRUARY 2022 | -397.50 |
| 9837087 | 1/20/2022 | ELECTRONIC FUNDS TRANSFER | EFT FOR WEXBANK/SHELL FUEL COMPANY ONLINE PAYMENT FOR DEC-JAN 2021-2022. | -3,105.71 |
| 9837093 | 1/21/2022 | ELECTRONIC FUNDS TRANSFER | EFT FOR BENEFIT BRIDGE/PUBLIC AGENCY COALITION ONLINE PAYMENT FOR FEB 2022. | -21,930.26 |

City of Rio Dell
Check Listing for City Council Meeting

| Ref# | Date | Vendor | Description | Amount |
|-------------------------------------|-----------|---------------------------|--|--------------------|
| 552-480 | 1/24/2022 | ELECTRONIC FUNDS TRANSFER | EFT FOR EDD PAYROLL TAXES FOR PPE 12/3/2021 | -3,835.51 |
| 3000044 | 1/24/2022 | ELECTRONIC FUNDS TRANSFER | EFT FOR EFTPS PAYROLL TAXES FOR PPE 01/14/2022 | -13,728.90 |
| 9837086 | 1/25/2022 | WITHDRAWALS | BANK ANALYSIS FEE FOR JANUARY 2022 | -262.31 |
| 9837088 | 1/25/2022 | ELECTRONIC FUNDS TRANSFER | EFT FOR BANK OF AMERICA CREDIT CARDS ONLINE PAYMENT FOR DEC - JAN 2022 | -1,709.41 |
| Total EFT's/Bank Withdrawals | | | | -103,883.44 |

| Ref# | Date | Vendor | Description | Amount |
|--|-----------|--|---|-------------------|
| TRX TO PR | 1/04/2022 | TRANSFER FROM CHECK TO PAYROLL ACCOUNT | TRANSFER TO PAYROLL ACCT FOR PPE 12/31/2021 | -42,066.67 |
| TRX TO PR | 1/19/2022 | TRANSFER FROM CHECK TO PAYROLL ACCOUNT | TRANSFER TO PAYROLL ACCT FOR PPE 01/14/2022 | -38,055.54 |
| Total Transfer Between Accounts | | | | -80,122.21 |

| Ref# | Date | Vendor | Description | Amount |
|------------------------------------|-----------|-------------|---|----------------|
| 7705207 | 1/21/2022 | WITHDRAWALS | DEBIT FOR POSTAGE TO MAIL EVERY DOOR DIRECT BIKE & WALKING TRAIL PETITION | -330.80 |
| 9837094 | 1/28/2022 | WITHDRAWALS | DEBIT FOR POSTAGE TO MAIL U/B BILLS FOR JANUARY 2022 | -443.86 |
| Total Debit Card Withdrawal | | | | -774.66 |



Staff Highlights – 2022-02-15

City Council

City Manager

The City Manager is pleased to announce that of the 110 customers at risk of water shutoff, as reported to the Council on January 18, 2022, 42 paid in full, 45 established payment plans, 14 were assigned to the “other” category (vacant buildings, other circumstances), and only nine customers had their water shut off due to nonpayment. This is a significant improvement to this particular problem and a significant improvement over pre-covid shutoff levels. The finance staff and public works should take credit for this, in particular Grace Hamaker. The level of outreach was far above and beyond anything required.

Discussions with Wastewater Superintendent & consultants over compliance.

Attended League of California Cities CM Conference.

Multiple meetings with City Engineer over various projects, including the “Dog Park” STIP funds, street projects, FEMA etc.

Responded to State Water Board questions about grant submittals.

Clean California Grants submitted.

City Clerk

Processed One (1) Building Permit Application:

177 Birch St. – PV Solar

Processed two (2) Encroachment Permit Applications:

MJZ – Filming Company

PG&E – Replaced broken lighting arrester – 285 Tolman Place

Misc:

Submitted Fair Political Practices Commission Form 700’s to FPPC and agencies

Submitted CHF/CIRB Monthly Building Report for January 2022

Submitted Monthly Report to Bureau of Labor Statistics for February 2022

Sent out letters to Building Permit applicants to facilitate closing out of files



Completed the spreadsheet for 2022-23 Property/Vehicle insurance renewal

City Attorney

Human Resources, Risk & Training

Finance Department

Public Works Water

Public Works Wastewater

Routine Cleaning and Sewer Jetting in the collection System

Schedule lower lateral and water service replacement on Cherry

Biweekly Check up meeting with GHD about the SSES.

Clarifier and Contact basin cleaning and Switch over.

Confined Space safety training with the public works staff.

Sewer lateral test at 111 Nally lane.

Listing out manhole replacement for upcoming streets projects.

Finishing up the Annual Report for State Resource Control Board.

Annual Acute and Chronic Toxicity Testing.

Public Works Streets, Buildings and Grounds

Public Works City Engineer

Public Works Capital Projects

Police Department

The Department had the following statistics for the period of January 26 to February 8, 2022. This period of time saw higher than average numbers across all three metrics. The summation of Calls for Service may greater than the total as multiple officers can now be assigned to the same call for service. There may also be administrative calls for service that are not documented below.

| Officer | Calls for Service | Reports | Arrests |
|------------|-------------------|---------|---------|
| Conner | 40 | 5 | 1 |
| Beauchaine | 30 | 7 | 5 |
| Landry | 53 | 9 | 6 |



| | | | |
|---------------------|--------------|---------------|--------------|
| Burns | 62 | 4 | 1 |
| Johnson | 55 | 7 | 5 |
| Fielder | 12 | 1 | 0 |
| Clark | 42 | 1 | N/A |
| Totals | 237 | 34 | 18 |
| Averages | 16.9 per day | 17.0 per week | 9.0 per week |
| 2021 Yearly Average | 15.6 per day | 14.2 per week | 5.7 per week |

Calls for Service at 355 Center Street

| Type | Date | Time | Location | Primary Unit | Case # |
|--------|------------|----------|---------------|--------------|--------|
| FU | 01/28/2022 | 16:51:05 | 355 CENTER ST | R615 | |
| UNW | 01/31/2022 | 15:07:51 | 355 CENTER ST | 6S2 | |
| 415 | 02/03/2022 | 16:53:21 | 355 CENTER ST | 6S1 | |
| 459A | 02/05/2022 | 22:02:49 | 355 CENTER ST | R618 | |
| 415FAM | 02/06/2022 | 17:55:02 | 355 CENTER ST | R618 | |
| 415 | 02/07/2022 | 20:30:50 | 355 CENTER ST | R618 | |

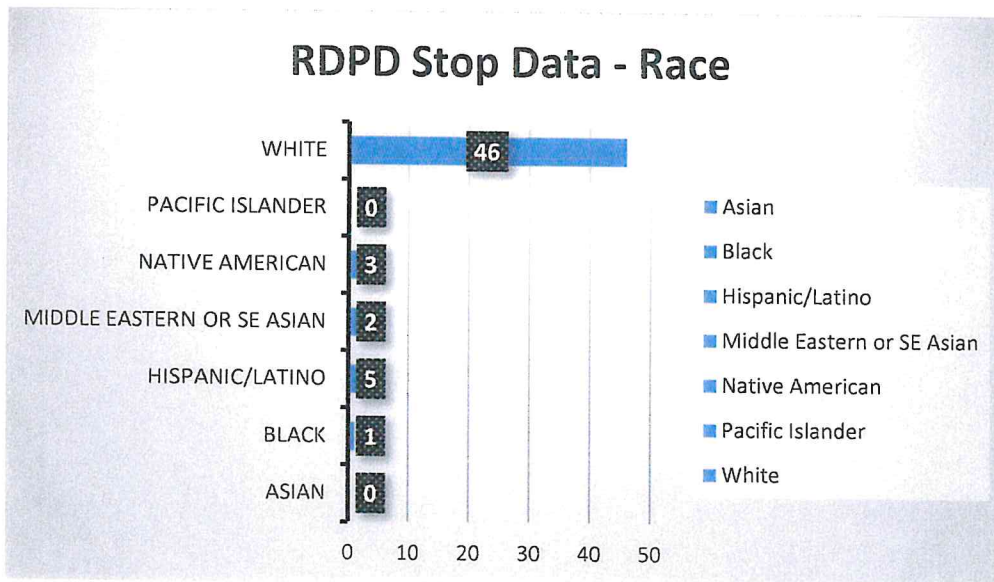
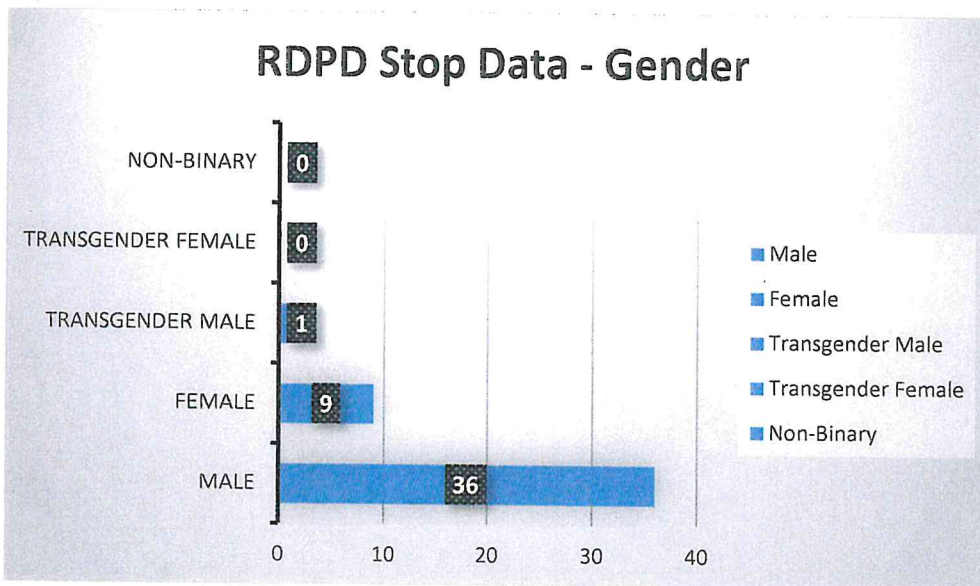
- 415 – Disturbance
- 459A – Burglary alarm
- FU – Follow-up or other generic call for service
- UNW – Unwanted person
- 415FAM – Family argument

- R615 – Officer Liam Burns
- R618 – Officer Russell Johnson
- 6S1 – Sergeant John Beauchaine
- 6S2 – Corporal Crystal Landry

During the period of January 26 to February 8, 2022, there were 12 calls for service related to animal control issues. Eight small dogs were transported to Miranda’s Rescue after their human died and her friends were not able to find homes for all of her dogs. On February 7, 2022, CSO Clark responded to the end of Edwards after a woman reported a severed cow’s head on the riverbar. CSO Clark was able to locate the head and brought it back to the station for disposal. The County’s brand inspector was contacted and he responded to the station. The two officers were unable to locate the owner of the cow, but it is believed that the cow was butchered and the carcass was not disposed of properly. Dogs and other inquisitive creatures may have moved the head to the location where it was found. In addition, an informal hearing was held to declare one the City’s more infamous canines as a Potentially Dangerous Dog after he bit more than one person. The dog’s owners claimed that one of the bites was the result of the dog being teased by a group of juveniles and this was agreed to. However, the dog had bitten a woman recently as she walked away. Fortunately, no one has been seriously hurt so far. Freddy was declared to be potentially dangerous and the owners agreed to abide by the regulations concerning such dogs if they return to Rio Dell.

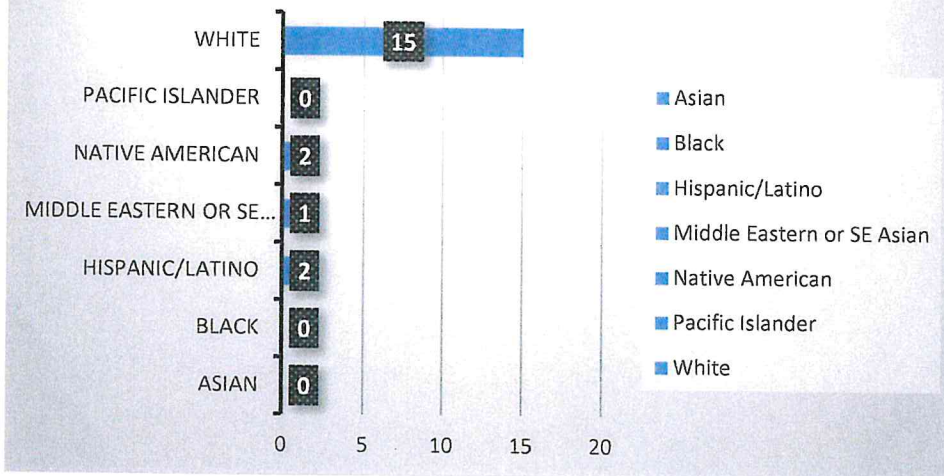


The Department has started to collect stop data as required by the Race and Identity Profiling Act of 2015. The following charts show the data for gender, race, searched by race, and arrested by race in the month of January, 2022. There were 56 detentions/searches in that time period. We have started to submit our data to the Department of Justice. Larger agencies have been doing this since 2018 and so there is data viewable for the years 2018 and 2019 at the site [State of California Department of Justice - OpenJustice](https://openjustice.org)

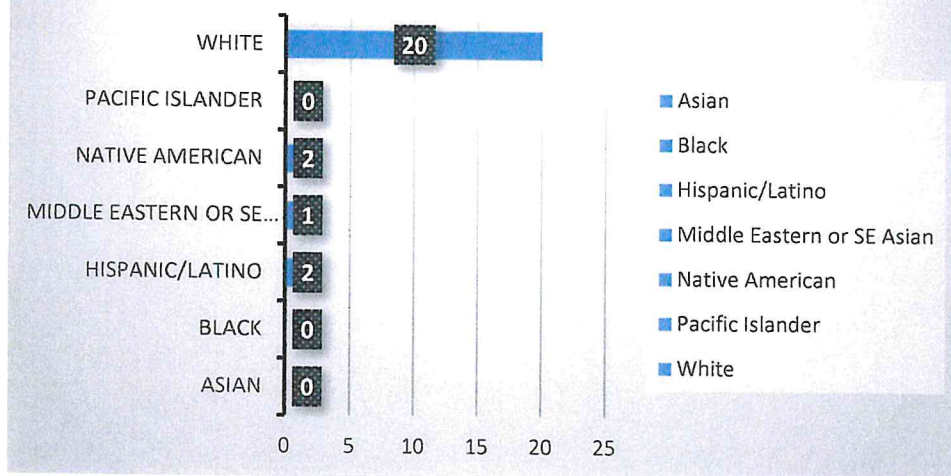




RDPD Stop Data - Search by Race



RDPD Stop Data - Arrest by Race



On January 29, 2022, Officer Johnson attempted to stop a truck that was leaving a suspected drug house. The truck failed to yield to his lights and siren and entered the freeway northbound. It entered the center divider and the soft ground caused it to slow. This allowed Officer Johnson to get a good look at the driver and the license plate. The truck crossed the center divider and headed south on the freeway at speeds of about 70 mph. The truck took the Shively Road exit and Officer Johnson terminated the pursuit for safety reasons. Officer Johnson and Corporal Landry were able to identify the driver of the truck and they saw him at his mother's house the next day. A foot pursuit ensued and the man was apprehended, out of breath, a few blocks away. He was transported to the jail after being cleared at the hospital. Officer Johnson checked Shively Road later than night and located the truck over the bank and covered with vegetation in an attempt to hide it. It was towed.



On February 2, 2022, Sergeant Beauchaine was contacted by a grocery store and advised that a man had just walked out of the store with a cart filled with items and carrying a bag of dog food. He had not paid for any of these items. Sergeant Beauchaine checked the area, but was unable to locate the man. The following night at about the same time, Sergeant Beauchaine was again contacted and told that the same man had again left with a grocery cart full of items without paying. This time Sergeant Beauchaine was able to locate the man and took him into custody for disorderly conduct and shoplifting. The man admitted to stealing the dog food the previous night. He was also the same man who was arrested on January 29 for failing to yield to Officer Johnson.

On February 5, 2022, Officer Burns responded to a house well known to the Department. This house had been the scene of several arrests for violation of a restraining order and domestic violence. On this occasion, the man was screaming at his girlfriend and throwing ceramic plates on the floor. When he learned that the police had been called, he gathered a large kitchen knife and retreated to the back yard. Officer Burns had the occupants of the house leave and spoke to the man through an open sliding glass door. The man wanted Officer Burns to shoot him and threatened to use the knife if an attempt was made to take him into custody. Corporal Landry arrived as a backing officer and was able to convince the man to drop the knife without any use of force. The man was taken to the hospital for a mental health evaluation and the report will be forwarded to the District Attorney's Office for possible prosecution.

On February 7, 2022, Chief Conner was dispatched to the report of a home-invasion robbery. The victim, who is disabled, was found lying in the doorway to his apartment. The neighbor helped the victim to the couch and called the police. Chief Conner was able to learn that two men had forced their way into the apartment while the man was asleep and struck him in the head when he awoke. The intruders took cash and prescription medications and then fled. The investigation is ongoing.

Code Enforcement

During the period of January 26 to February 8, 2022, the Department opened three new code enforcement cases dealing with junk or inoperable vehicles and closed two. Of the closed cases, one car was towed by the City while the other was moved by their owner. At the end of this reporting period, there were three open cases involving junk vehicles.

During the period of January 26 to February 8, 2022, the Department did not open any new code enforcement cases. The Department closed four cases in the same time frame. Two of closed cases dealt with excessive vegetation that was removed by the owners. Another dealt with a crowing rooster and the last was a solid waste complaint. These too, were abated by the owners. A considerable amount of the Department's code enforcement resources were spent dealing with a house on Belleview that was seriously damaged by a fire. The owners are working with the City to secure the structure and develop a plan for repairing or replacing the residence.

Community Development Department

Attend CAP virtual meeting.

Olea Grayland Heights - roof, siding, gas line test inspections.



Review Katri plans, prepare Plan Check Agreement, route plans.

Attend REAP Virtual meeting.

Framing and shear wall inspections 1275 Northwestern Avenue

Meeting w/ Allan Baird's staff regarding improvement plans @ Marathon 101 site

Foundation pad inspections, rough electrical 853 Northwestern Ave

Shear/Panel inspection 1325 Northwestern Avenue

Staff Reports, Ordinance, Resolution for Dog Park designation to Public Facility

Multiple Inspections City Solar/Battery, Generator project.

Follow-up meeting with Margo Advisors regarding potential Cannabis Farmers Market, prepare map/contacts for possible parking spaces.

Multifamily Energy Code Update webinar.

Continue work on Residential Addition Handout.

Review Solar Permit application 177 Davis Street, refer to RDFPD.

Inspection 655 Rigby Avenue

Review and refer sprinkler plans for 1275 Northwestern Ave to Engineered Fire Systems.

Footing/foundation inspection 230 Smither Court.

Review Plan Check comments/corrections for Katri addition, forward to applicant and designer.

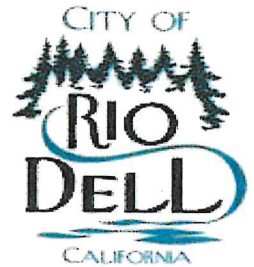
Meet w/Joe Enos regarding potential Community Forest.

Review Building Codes for braced wall requirements.

Review Calfire maps, County GIS, Building Code for Wildland Urban Interface regulations.

Intergovernmental

Humboldt-Rio Dell Business Park



*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
cityofriodell.ca.gov*

February 15, 2022

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: 1.) Receive a Report on the Water and Sewer Rate Study Cost of Services Including Proposed Rate Adjustments; 2.) Receive Public Comment Regarding the Proposed Adjustments; 3.) Consider and Approve Staff Recommendations; 4.) Set a Date of April 19, 2022 to Consider Proposed Rate Adjustments for Water and Wastewater for Fiscal Year(s) 2022-2027; and 5.) Direct Staff to Mail Notices to the Affected Property Owners and Water and Wastewater Customers as Required under the California Constitution (Proposition 218).

IT IS RECOMMENDED THAT THE CITY COUNCIL:

- 1.) Receive the presentation on the Water and Sewer Rate Study.
- 2.) Receive public comment.
- 3.) Consider, approve or amend staff & consultant recommendations.
- 4.) Set a date of April 19, 2022 to consider rate adjustments.
- 5.) Direct staff to mail notices in accordance to California Constitution, Proposition 218 with the City Attorney's review and concurrence.

Alternative: Continue the current meeting to a future date.

BACKGROUND AND DISCUSSION

Wastewater system rate schedules were last adjusted on February 3rd 2015 via Resolution No. 1253-2015 and a Proposition 218 hearing was last conducted on April 15, 2014. Water system rate schedules were last adjusted on December 1, 2015 and a Proposition 218 hearing was last conducted on the same date.

On April 21, 2021 the City Council of the City of Rio Dell approved the issuance of a Request for Proposal for a professional water and sewer rate study. This RFP was developed by an Ad Hoc Committee composed of Councilmember's Wilson and Johnson in conjunction with staff. On July 6, 2021 the City Council approved the firm Lechowicz and Tseng to conduct a Water and Wastewater Rate Study on behalf of the City. On January 4, 2022 the City Council received a presentation and update on the draft water and wastewater rate study.

The primary objective of the study is to develop a five-year rate schedule for water and wastewater services that equitably distributes costs to customers and adequately funds operations, debt service, reserves and capital projects.

Water and Wastewater customers in the City of Rio Dell enjoy the benefit of prior major capital improvements to the central processing plants associated with the systems, including a new main water plant and intake, new wastewater plant and new backup well system with filtration. Additionally, some improvements have been made over the past twenty years to the main distribution system and water storage. While much of the cost of these projects was funded through State grants, the city does have some debt (its only debt) related to the main water and wastewater processing facilities.

Significant unresolved infrastructure issues in both systems currently relate to the distribution and collection systems, which have both received significant state funds to study these deficiencies and prepare the City to acquire additional grants to resolve these problems. Additionally water storage, water seismic resiliency, strict wastewater environmental requirements and qualified employee recruitment and retention remain as important issues.

City of Rio Dell utility rates are based entirely on the City's cost of operating and maintaining its water and wastewater facilities and services. Each utility is operated as an independent enterprise and all expenses and revenues for each service are accounted for in separate funds that are audited annually. State law requires that all fees collected by each utility be used within that utility and are not allowed to be used for unrelated purposes.

Representatives from Lechowicz and Tseng will present the attached powerpoint. It is recommended that the Council authorize staff to proceed with the required 45-day noticing requirement, per Proposition 218. As such, no final decision on the rates will be made at tonight's meeting. The proposed rate hearing would be held on April 19, 2022.

Staff Recommendations on Structure:

On January 4, 2022 the Council was presented with several options for change in the rate structure system. This included a discussion on variable and fixed rates. Staff is recommending to maintain the current system of 70 percent fixed cost and 30 percent variable. This recommendation is made to maintain the relative stability in revenue provided by this model.

Also on January 4, 2022 the council was presented with an option to issue a "low income discount" using water and wastewater late fee revenue to fund the discount. Staff is recommending moving forward with this discount based upon the prerequisite PG&E CARES program. This recommendation is made to provide a process and level of relief to the most vulnerable members of the community in compliance with the strict requirements of Proposition 218.

Major Capital Projects - Water:

For the water system, the City currently has three significant grants in process at the state and federal levels, totaling \$14,900,000 in major capital improvements. This includes the Distribution System Upgrade (\$9.5m) in process at the state level, and two federal Hazard Mitigation Grant Program applications (HMGP) for the Eel River Crossing Seismic Upgrade (\$3.5m) and the Douglas Tank Seismic Upgrade (\$1.9m). City staff believes all three grants are likely to be awarded to the City; however the matching requirements for the water fund remain

undefined. The City has been informed that more information will be forthcoming on or around November of 2022.

Three scenarios are listed on Page 15 of the Powerpoint, including (1) a loan for the total amount of the financial assistance for the capital projects, (2) a 90%/10% split between a grant and a loan, and (3) a 100% grant scenario. At the moment, the staff believes that the 90%/10% split is the most likely scenario for the City, based upon correspondence with state officials. Additionally, it is possible the State could fund a portion of the 25% local match for the HMGP projects. Again, these important details are not expected to be defined for the City for another ten months, or possibly longer.

Major Capital Projects - Wastewater:

The type, size, scope and City financial obligations for future major wastewater capital projects remains largely undefined. The City is currently conducting a Sanitary Sewer Evaluation Study (SSES) that is not expected to be completed until 2023. The SSES will ultimately help define needed investments on the collection piping system and also help make the system more eligible for grants. The "Painter Street Upsizing" project is currently being developed for a grant submittal to the State and the Council has earmarked funds from the federal American Rescue Plan Act to help cover local match requirements. The other outstanding wastewater capital improvement is related to disinfection byproduct elimination, either through a new method using existing systems, or the installation of a more expensive UV Disinfection system.

Attachments

- Proposition 218 Notice
- Powerpoint
- Draft cost of services Water and Sewer Rate Study

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CITY OF RIO DEL

Water and Sewer Rate Study Final Recommendations



City Council Meeting
February 15, 2022



LECHOWICZ + TSENG
MUNICIPAL CONSULTANTS

Catherine Tseng
Project Manager



Background

Water Rates

Rates have increased each year since 2015

Rate structure was last updated in 2015

Wastewater Rates

Rates have increased annually by the change in the CPI since 2013

Rate structure was last updated in 2014

Enterprise funds

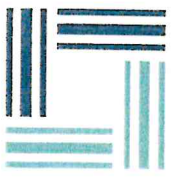
Self supported from rates and charges

Separate from General Fund

No tax revenue received

Rate study covers 5-year period (FY2023 through FY2027)

New rates effective July 1, 2022



Proposition 218

Adopted by California voters in 1996 and added Articles 13C and 13D to the California Constitution

Governs how property-related charges are adopted

- Rates must be based on the reasonable cost of service

- Rates must proportionally recover costs based on how customers take service

- Revenues from rates can only be used for intended purpose

- Covers rates over a maximum 5-year period

Procedural requirements:

- Conduct a rate study

- Mail a notice to property owners

- Hold a public hearing a minimum of 45 days after notice is mailed

- Rates cannot be adopted if more than 50% of ratepayers submit written protests



Water & Sewer Fund Objectives

Meet debt service coverage (1.2x)

Financial measure of an agency's ability to repay outstanding debt

Net Operating Revenue/Total Annual Debt Service => 1.20

Meet Fund Reserve targets

Operating Reserve Target = 30% of annual operating costs

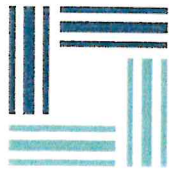
Capital Reserve Target = \$1.0 million

Debt Service Reserve Target = Total debt service for one year

Maintain positive net operating revenues

To ensure the each utility is covering its cost of service

To avoid an operating deficit and dipping into reserves



Why Rate Increases Are Needed

Fund the cost of providing service:

Operating & maintenance costs

Debt service obligations

Debt service coverage covenants

1.20 times the annual payment

Capital improvement projects

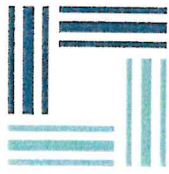
Maintaining reserve funds for emergencies

Eliminate sewer operating deficit

Retain positive credit rating to obtain grants, loans, and/or other debt financing

WATER RATES





Historic and Current Monthly Water Rates

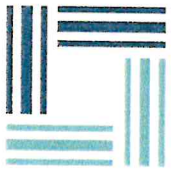
| Calendar Year (1) | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------|---------|---------|---------|---------|---------|
| BASE RATE (2) | | | | | |
| All Customers per EDU | \$40.06 | \$46.63 | \$47.57 | \$48.50 | \$49.48 |
| % Change | | 16.4% | 2.0% | 2.0% | 2.0% |
| CONSUMPTION RATE (3) | | | | | |
| All Consumption per ccf | \$2.61 | \$3.04 | \$3.10 | \$3.17 | \$3.23 |
| % Change | | 16.5% | 2.0% | 2.3% | 1.9% |
| ADDITIONAL CHARGES | | | | | |
| Dinsmore Zone (4) | \$39.13 | \$65.21 | \$65.36 | \$65.51 | \$65.66 |
| % Change | | 66.6% | 0.2% | 0.2% | 0.2% |

1 - Rates effective January 1 of each year

2 - EDU = Equivalent Dwelling Unit. For R.V. & Mobile Home Parks with significant R.V. Space parking, the Base Rate per rented R.V Space is 50% of current Base Rate.

3 - One unit = 1 ccf = 748 gallons

4 - Additional flat charge for Dinsmore area



Water Rate Components

1. FIXED CHARGE:

All customers are charged the same fixed charge per EDU

Levied regardless of water consumption and recognizes that even when a customer does not use any water the City incurs fixed costs associated with maintaining the ability or readiness to serve each connection

Currently generates 73.6% of total water sales revenues

2. CONSUMPTION RATE PER CCF:

All customer classes are billed at a single tier and pay the same charge per unit (1 CCF = 748 gallons)

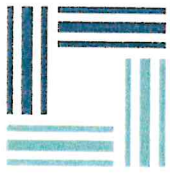
Recovers costs that vary based on the amount of water used, such as utilities and chemicals

Currently generates 26.4% of total water sales revenues

3. DINSMORE ZONE CHARGE:

Additional flat charge to pay for additional operating and capital costs the City incurs to provide water service to the area

27 customers



Water Fund Reserves

| Fund # | Enterprise Fund | Beginning Fund Balance | | Percent Change |
|--------|-----------------------------|------------------------|--------------------|----------------|
| | | July 1, 2020 | July 1, 2021 | |
| 060 | Water Operations Fund | \$943,523 | \$1,225,156 | 29.8% |
| 061 | Water Restricted Reserve | \$136,000 | \$136,000 | 0.0% |
| 061 | Water Debt Service Fund | \$210,322 | \$259,930 | 23.6% |
| 062 | Water Capital Fund | \$906,740 | \$1,032,568 | 13.9% |
| 063 | Water Metro Wells Fund | \$42,892 | \$57,651 | 34.4% |
| 064 | Water Dinsmore Zone | <u>\$67,208</u> | <u>\$143,974</u> | <u>114.2%</u> |
| | TOTAL WATER RESERVES | \$2,306,685 | \$2,855,279 | 23.8% |

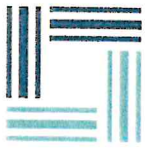
RESERVE FUND TARGETS

- *Operating Reserve*: 30% of annual operating expenses
- *Debt Service Reserve*: One year's debt service payments
- *Capital Reserve (Proposed)*: \$1 million to fund infrastructure projects and emergency repairs on a cash basis



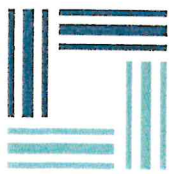
Water Net Revenues

| | Actual | | | Budget 2021/22 |
|---------------------------|------------------|------------------|------------------|--------------------|
| | 2018/19 | 2019/20 | 2020/21 | |
| WATER REVENUES | | | | |
| Operating | \$977,624 | \$857,184 | \$905,773 | \$797,500 |
| Capital | \$190,643 | \$186,466 | \$183,906 | \$239,400 |
| Debt | \$115,193 | \$181,163 | \$185,608 | \$136,000 |
| Metro Wells | \$17,752 | \$18,287 | \$18,630 | \$17,100 |
| <u>Dinsmore</u> | <u>\$21,894</u> | <u>\$22,659</u> | <u>\$79,601</u> | <u>\$21,800</u> |
| Subtotal | \$1,323,106 | \$1,265,759 | \$1,373,518 | \$1,211,800 |
| WATER EXPENSES | | | | |
| Operating | \$669,392 | \$629,766 | \$622,297 | \$738,614 |
| Capital | \$125,361 | \$31,869 | \$58,078 | \$88,000 |
| Debt | \$266,727 | \$367,106 | \$136,106 | \$136,000 |
| Metro Wells | \$9,180 | \$4,349 | \$3,873 | \$22,050 |
| <u>Dinsmore</u> | <u>\$2,035</u> | <u>\$3,237</u> | <u>\$2,170</u> | <u>\$155,100</u> |
| Subtotal | \$1,072,695 | \$1,036,327 | \$822,524 | \$1,139,764 |
| NET REVENUES | | | | |
| Operating | \$308,232 | \$227,418 | \$283,476 | \$58,886 |
| Capital | \$65,282 | \$154,597 | \$125,828 | \$151,400 |
| Debt | (\$151,534) | (\$185,943) | \$49,502 | \$0 |
| Metro Wells | \$8,572 | \$13,938 | \$14,757 | (\$4,950) |
| <u>Dinsmore</u> | <u>\$19,859</u> | <u>\$19,422</u> | <u>\$77,431</u> | <u>(\$133,300)</u> |
| TOTAL NET REVENUES | \$250,411 | \$229,432 | \$550,994 | \$72,036 |



Water Operating Expenses

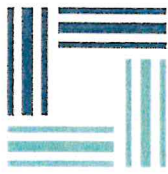
| | Budget 2021/22 | | Projected | | | | 2026/27 | | | | |
|-------------------------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|
| | Cost | Escalation Factor | 2022/23 | | 2023/24 | | 2024/25 | | 2025/26 | | |
| | | | Cost | Escalation Factor | Cost | Escalation Factor | Cost | Escalation Factor | Cost | Escalation Factor | |
| Operating Expenses | | | | | | | | | | | |
| Salaries & Benefits | \$417,679 | 5.0% | \$439,000 | 5.0% | \$461,000 | 5.0% | \$484,000 | 5.0% | \$508,000 | 5.0% | \$533,000 |
| Chemicals | \$18,300 | 300.0% | \$73,000 | 3.0% | \$75,000 | 3.0% | \$77,000 | 3.0% | \$79,000 | 3.0% | \$81,000 |
| Professional Services | \$70,927 | 3.0% | \$73,000 | 3.0% | \$75,000 | 3.0% | \$77,000 | 3.0% | \$79,000 | 3.0% | \$81,000 |
| Maintenance - Repair | \$44,168 | 3.0% | \$45,000 | 3.0% | \$46,000 | 3.0% | \$47,000 | 3.0% | \$48,000 | 3.0% | \$49,000 |
| Insurance | \$39,236 | 3.0% | \$40,000 | 3.0% | \$41,000 | 3.0% | \$42,000 | 3.0% | \$43,000 | 3.0% | \$44,000 |
| Utilities | \$34,157 | 3.0% | \$35,000 | 3.0% | \$36,000 | 3.0% | \$37,000 | 3.0% | \$38,000 | 3.0% | \$39,000 |
| Regulatory Fees & Other Fees | \$13,951 | 3.0% | \$14,000 | 3.0% | \$14,000 | 3.0% | \$14,000 | 3.0% | \$14,000 | 3.0% | \$14,000 |
| Computer Maintenance & Software | \$17,566 | 3.0% | \$18,000 | 3.0% | \$19,000 | 3.0% | \$20,000 | 3.0% | \$21,000 | 3.0% | \$22,000 |
| Other Operating Expenses | \$82,630 | 3.0% | \$85,000 | 3.0% | \$88,000 | 3.0% | \$91,000 | 3.0% | \$94,000 | 3.0% | \$97,000 |
| Subtotal Operating Expenses | \$738,614 | | \$822,000 | | \$855,000 | | \$889,000 | | \$924,000 | | \$960,000 |
| % Change | | | 11.3% | | 4.0% | | 4.0% | | 3.9% | | 3.9% |
| Metro Wells Expenses (063) | | | | | | | | | | | |
| Salaries & Benefits | \$10,684 | 5.0% | \$11,000 | 5.0% | \$12,000 | 5.0% | \$13,000 | 5.0% | \$14,000 | 5.0% | \$15,000 |
| 5150 Electricity | \$6,000 | 3.0% | \$6,000 | 3.0% | \$6,000 | 3.0% | \$6,000 | 3.0% | \$6,000 | 3.0% | \$6,000 |
| Public Works | \$1,200 | 3.0% | \$1,200 | 3.0% | \$1,000 | 3.0% | \$1,000 | 3.0% | \$1,000 | 3.0% | \$1,000 |
| Other Metro Wells Expenses | \$4,166 | 3.0% | \$4,000 | 3.0% | \$4,000 | 3.0% | \$4,000 | 3.0% | \$4,000 | 3.0% | \$4,000 |
| Subtotal Metro Wells Expenses | \$22,050 | | \$22,200 | | \$23,000 | | \$24,000 | | \$25,000 | | \$26,000 |
| % Change | | | 0.7% | | 3.6% | | 4.3% | | 4.2% | | 4.0% |
| Dinismore Expenses (064) | | | | | | | | | | | |
| 5115 Contract/Professional Services | \$7,500 | 3% | \$7,700 | 3% | \$7,900 | 3% | \$8,100 | 3% | \$8,300 | 3% | \$8,500 |
| 5150 Electricity | \$2,200 | 3% | \$2,300 | 3% | \$2,400 | 3% | \$2,500 | 3% | \$2,600 | 3% | \$2,700 |
| Other Dinismore Expenses | \$400 | 3% | \$400 | 3% | \$400 | 3% | \$400 | 3% | \$400 | 3% | \$400 |
| Subtotal Dinismore Expenses | \$10,100 | | \$10,400 | | \$10,700 | | \$11,000 | | \$11,300 | | \$11,600 |
| % Change | | | 3.0% | | 2.9% | | 2.8% | | 2.7% | | 2.7% |
| TOTAL WATER EXPENSES | \$770,764 | | \$854,600 | | \$888,700 | | \$924,000 | | \$960,300 | | \$997,600 |
| % Change | | | 10.9% | | 4.0% | | 4.0% | | 3.9% | | 3.9% |



Water CIP

| Project Title | Current 2021/22 | Projected | | | | Total CIP | Funding | | |
|--------------------------------------|--------------------|-------------|-------------|------------|------------------|--------------------|------------------|--------------------|------------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | | 2026/27 | Local Funding | Grant Funding |
| Citywide Projects | | | | | | | | | |
| SCADA Upgrades | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Water Meter Replacement | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$60,000 | \$60,000 | | |
| Meter Reading Equipment Replacement | \$26,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Backwash Flow Meter | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| <u>Turbidity Meter Replacement</u> | <u>\$30,000</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | |
| Subtotal | \$88,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$60,000 | \$60,000 | | |
| Other Major Projects | | | | | | | | | |
| Distribution System Upgrade | \$0 | \$4,750,000 | \$4,750,000 | \$0 | \$0 | \$9,500,000 | \$0 | \$9,500,000 | SWRCB |
| Eel River Crossing Pipeline Retrofit | \$0 | \$0 | \$0 | \$0 | \$1,750,000 | \$3,500,000 | \$875,000 | \$2,625,000 | HMGP-FEMA |
| <u>Douglas Tank Seismic Retrofit</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$950,000</u> | <u>\$1,900,000</u> | <u>\$475,000</u> | <u>\$1,425,000</u> | <u>HMGP-FEMA</u> |
| Subtotal | \$0 | \$4,750,000 | \$4,750,000 | \$0 | \$2,700,000 | \$14,900,000 | \$1,350,000 | \$13,550,000 | |
| TOTAL WATER CIP | \$88,000 | \$4,762,000 | \$4,762,000 | \$12,000 | \$2,712,000 | \$14,960,000 | \$1,410,000 | \$13,550,000 | |

Water Utility needs \$15 million in capital improvements over the next 5 years.

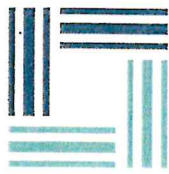


Eel River Crossing Pipeline & Douglas Tank Seismic Retrofit Financing Scenarios

| | Eel River Crossing Pipeline Retrofit | Douglas Tank Seismic Retrofit |
|---|--------------------------------------|-------------------------------|
| Total Project Cost | \$3,500,000 | \$1,900,000 |
| <u>Amount Grant Funded (75%)</u> | <u>\$2,625,000</u> | <u>\$1,425,000</u> |
| Total Amount of Loan (25%) | \$875,000 | \$475,000 |
| Loan Terms | | |
| Term (years) | 30 | 30 |
| Interest Rate | 3.0% | 3.0% |
| Annual Loan Payment (1) | \$45,000 | \$24,000 |
| Reserve Fund Requirement (2) | | |
| Equal to Annual Debt Service | \$45,000 | \$24,000 |

1 - Estimates for financial planning purposes. Assumes first payment is due one year after project completion (2027/28).

2 - Assumes the City must set aside 1 year of debt service for reserve requirement

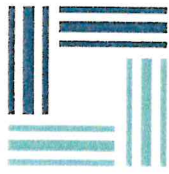


Distribution System Project Financing Scenarios

| | Scenario 1: 100% Loan | Scenario 2: 90% Grant/10% Loan | Scenario 3: 100% Grant |
|--|--------------------------|-----------------------------------|---------------------------|
| Total Project Cost | \$9,500,000 | \$9,500,000 | \$9,500,000 |
| <u>Amount Grant Funded</u> | <u>\$0</u> | <u>\$8,550,000</u> | <u>\$9,500,000</u> |
| Total Amount of Loan | \$9,500,000 | \$950,000 | \$0 |
| Loan Terms | | | |
| Term (years) | 20 | 20 | - |
| Interest Rate | 0.0% | 0.0% | - |
| Annual Loan Payment (1) | \$475,000 | \$48,000 | - |
| Reserve Fund Requirement (2) Equal to Annual Debt Service | \$475,000 | \$48,000 | - |

1 - Estimates for financial planning purposes. Assumes first payment is due one year after project completion (2025/26).

2 - Agencies must set aside 1 year of debt service for reserve requirement at least 90 days prior to project completion date.



Water Rate Scenarios

Scenario #1: 100% Loan

Rate Option A: 70% Fixed/30% Variable

Rate Option B: 50% Fixed/50% Variable

Current Revenue Recovery:
74% Fixed / 26% Variable

Scenario #2: 90% Grant/10% Loan

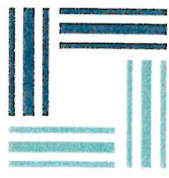
Rate Option A: 70% Fixed/30% Variable

Rate Option B: 50% Fixed/50% Variable

Scenario #3: 100% Grant

Rate Option A: 70% Fixed/30% Variable

Rate Option B: 50% Fixed/50% Variable



Water Cash Flow Assumptions

REVENUES

- Water Service revenues are based on the FY 2021/22 budget and estimated at \$1.15 million.
- All Other Revenues are increased by 3.0% each year.
- Dinsmore Zone revenues are not included.
- Service Late Fees have been cancelled out to fund a Low Income Discount.
- Interest is estimated at \$10,000 beginning in 2022/23 and increases by 1% each year.
- Minimal growth has been included at 0.5% increase per year.
- Total consumption is expected to increase about 2.0% each year.

EXPENSES

- Salaries & Benefits are increased by 5.0% annually.
- All other expenses are increased by 3.0% each year.
- Chemicals have been increased by 300.0% for 2022/23. Budgeted cost for 2021/22 is \$18,300. Estimated cost for 2022/23 is \$73,000.
- The only current debt obligation is the 2005 SRF Loan for \$2.72 million. Total annual debt service is \$136,000 and will be paid off in 2030.
- Debt service coverage is estimated at 1.20x and is calculated by dividing Net Revenues by Total Debt Service.
- Dinsmore Zone expenses are not included.
- Citywide capital projects are based on the Water CIP (2022/22 through 2026/27), totaling \$60,000. Beginning in 2027/28, \$30,000 is included as placeholder for future projects.



Water Scenario Comparison

| | Current 2021/22 | Proposed | | | | |
|---------------------------------|--------------------|----------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| No Rate Increases | - | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Scenario #1: 100% Loan | - | 12.0% | 12.0% | 12.0% | 4.0% | 4.0% |
| Scenario #2: 90% Grant/10% Loan | - | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Scenario #3: 100% Grant | - | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |

GOAL 1 : MEET DEBT SERVICE COVERAGE

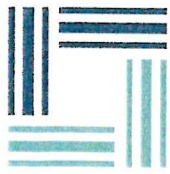
| | Current 2021/22 | Proposed | | | | |
|---|--------------------|----------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| <i>Debt Service Coverage Ratio Required</i> | | | | | | |
| No Rate Increases | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 |
| Scenario #1: 100% Loan | 3.16 | 2.64 | 2.40 | 2.15 | 1.40 | 1.18 |
| Scenario #2: 90% Grant/10% Loan | 3.16 | 3.46 | 4.35 | 5.38 | 1.24 | 1.29 |
| Scenario #3: 100% Grant | 3.16 | 2.70 | 2.71 | 2.73 | 2.03 | 2.04 |
| | 3.16 | 2.62 | 2.54 | 2.46 | 2.38 | 2.29 |

GOAL 2 : MEET WATER RESERVE FUND TARGETS

| | Current 2021/22 | Proposed | | | | |
|---------------------------------|--------------------|----------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| No Rate Increases | yes | yes | yes | yes | yes | yes |
| Scenario #1: 100% Loan | yes | yes | yes | yes | yes | yes |
| Scenario #2: 90% Grant/10% Loan | yes | yes | yes | yes | yes | yes |
| Scenario #3: 100% Grant | yes | yes | yes | yes | yes | yes |

GOAL 3 : MAINTAIN POSITIVE NET OPERATING REVENUES

| | Current 2021/22 | Proposed | | | | |
|---------------------------------|--------------------|-----------|-----------|-----------|-----------|-----------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| No Rate Increases | \$429,336 | \$358,800 | \$326,000 | \$292,000 | \$257,000 | \$221,000 |
| Scenario #1: 100% Loan | \$429,336 | \$470,800 | \$592,000 | \$731,000 | \$760,000 | \$790,000 |
| Scenario #2: 90% Grant/10% Loan | \$429,336 | \$366,800 | \$369,000 | \$371,000 | \$373,000 | \$375,000 |
| Scenario #3: 100% Grant | \$429,336 | \$355,800 | \$346,000 | \$335,000 | \$324,000 | \$312,000 |



Proposed Water Rates

PROPOSED MONTHLY WATER RATES

| | Current | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|
| BASE RATE | \$49.48 | \$45.47 | \$46.62 | \$47.79 | \$48.98 | \$50.20 |
| CONSUMPTION RATE per ccf (1) | \$3.23 | \$3.33 | \$3.37 | \$3.41 | \$3.46 | \$3.50 |
| DINSMORE ZONE CHARGE | \$65.66 | \$67.63 | \$69.66 | \$71.75 | \$73.90 | \$76.12 |

1 - One hundred cubic feet (ccf) = 748 gallons

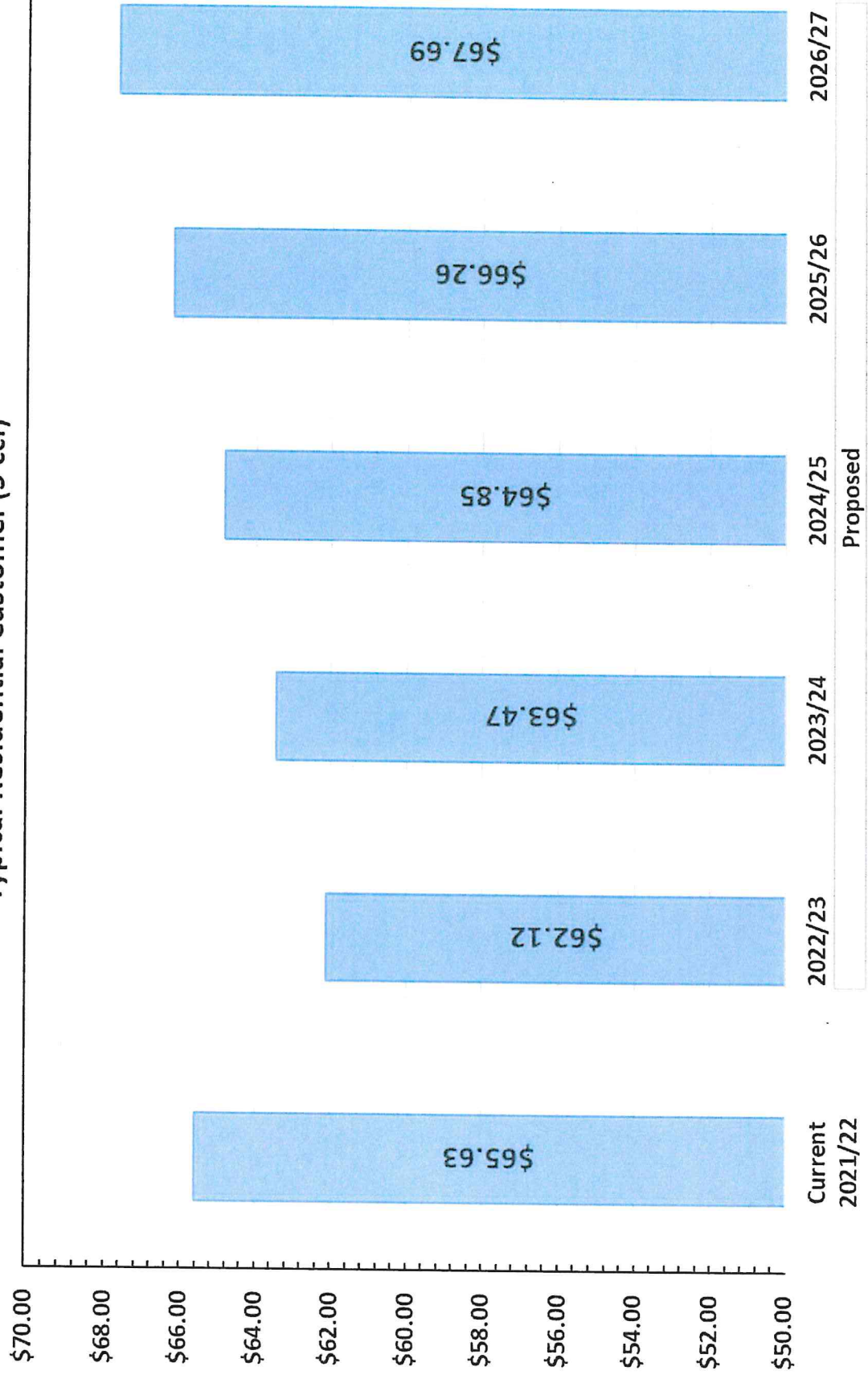


Sample Water Bill Impacts

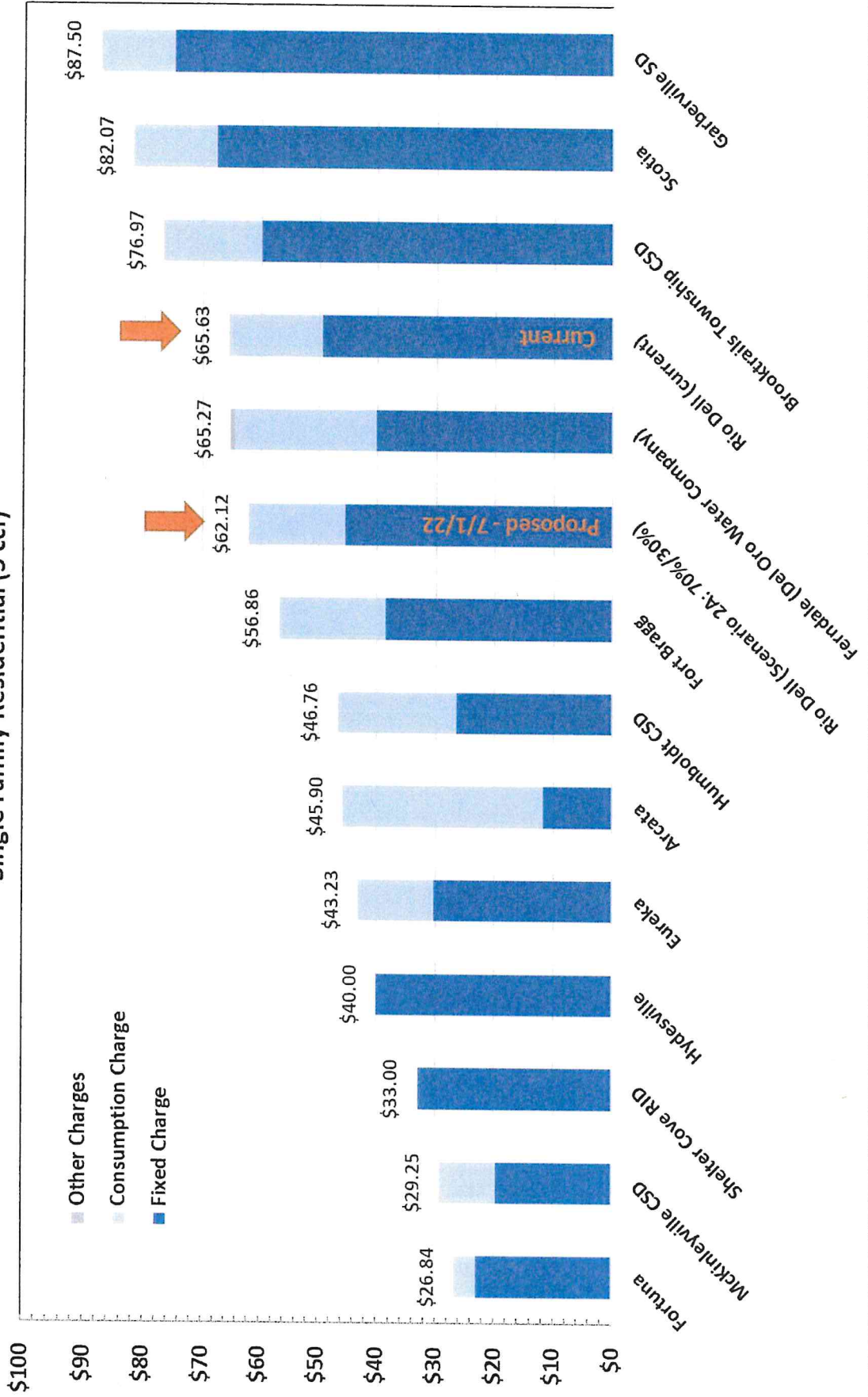
Due to the updated cost of service allocation, the bill impact for the first year will vary based on a customer's actual monthly usage.

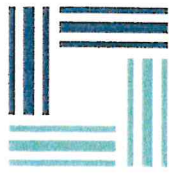
| | Monthly Use (ccf) | Current Bill | Proposed | | | | |
|--|-------------------|--------------|----------|----------|----------|----------|---------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Monthly Use = 3 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$46.62 | \$47.79 | \$48.98 | \$50.20 | |
| Consumption Charge | 3 | \$9.69 | \$10.11 | \$10.24 | \$10.37 | \$10.49 | |
| Total Monthly Water Bill | | \$59.17 | \$56.73 | \$58.03 | \$59.35 | \$60.69 | |
| \$ Change | | | (\$3.71) | \$1.30 | \$1.32 | \$1.35 | |
| % Change | | | -6.3% | 2.3% | 2.3% | 2.3% | |
| Monthly Use = 5 ccf (Residential Avg Use) | | | | | | | |
| Base Rate | | \$49.48 | \$46.62 | \$47.79 | \$48.98 | \$50.20 | |
| Consumption Charge | 5 | \$16.15 | \$16.86 | \$17.07 | \$17.28 | \$17.49 | |
| Total Monthly Water Bill | | \$65.63 | \$63.47 | \$64.85 | \$66.26 | \$67.69 | |
| \$ Change | | | (\$3.51) | \$1.38 | \$1.41 | \$1.43 | |
| % Change | | | -5.3% | 2.2% | 2.2% | 2.2% | |
| Monthly Use = 20 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$46.62 | \$47.79 | \$48.98 | \$50.20 | |
| Consumption Charge | 20 | \$64.60 | \$67.43 | \$68.27 | \$69.11 | \$69.96 | |
| Total Monthly Water Bill | | \$114.08 | \$114.04 | \$116.05 | \$118.10 | \$120.16 | |
| \$ Change | | | (\$2.02) | \$2.01 | \$2.04 | \$2.07 | |
| % Change | | | -1.8% | 1.8% | 1.8% | 1.8% | |
| Monthly Use = 40 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$46.62 | \$47.79 | \$48.98 | \$50.20 | |
| Consumption Charge | 40 | \$129.20 | \$134.85 | \$136.54 | \$138.23 | \$139.93 | |
| Total Monthly Water Bill | | \$178.68 | \$181.47 | \$184.32 | \$187.21 | \$190.13 | |
| \$ Change | | | (\$0.03) | \$2.85 | \$2.89 | \$2.92 | |
| % Change | | | 0.0% | 1.6% | 1.6% | 1.6% | |

**Proposed Monthly Water Bill for
Typical Residential Customer (5 ccf)**



Monthly Water Bill Survey - October 2021 Single Family Residential (5 ccf)





Water Low Income Discount

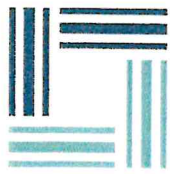
- To comply with Prop 218, water rate revenues from one group of customers cannot be used to subsidize the rates of another group
- Instead, the City can utilize non-rate revenues, such as General Fund revenues, interest earnings, or late fees to fund a low income discount program
- To ease administrative burden, qualification can be based on the PG&E's CARE program requirements
- Program should be reviewed annually to determine whether the water fund has adequate non-rate revenues to fund the program

| | |
|--|----------|
| Total Number of Customers Eligible per PG&E | 700 |
| Total 2020/21 Water Late Fee Revenue | \$25,000 |
| Annual Discount per Customer (1) | \$35.70 |
| Monthly Discount per Customer (1) | \$3.00 |
| Proposed 7/1/22 Average Water Bill | \$62.12 |
| Proposed 7/1/22 Average Water Bill with Discount | \$59.12 |
| % of Discount | 4.8% |

1 - Rounded

SEWER RATES





Historic and Current Sewer Rates

| Calendar Year (1) | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| Fixed Monthly Charge per EDU (2) | \$47.01 | \$47.76 | \$47.76 | \$48.43 | \$49.64 | \$50.68 | \$51.49 | \$52.78 |
| <i>% Change</i> | | 1.6% | 0.0% | 1.4% | 2.5% | 2.1% | 1.6% | 2.5% |
| Volume Rate per ccf (3) | \$3.29 | \$3.34 | \$3.34 | \$3.39 | \$3.48 | \$3.55 | \$3.61 | \$3.66 |
| <u>Customer Class</u> | | | | | | | | |
| Low | \$3.29 | \$3.34 | \$3.34 | \$3.39 | \$3.48 | \$3.55 | \$3.61 | \$3.66 |
| <i>% Change</i> | | 1.5% | 0.0% | 1.5% | 2.7% | 2.0% | 1.7% | 1.4% |
| Domestic Strength | \$4.11 | \$4.18 | \$4.18 | \$4.24 | \$4.35 | \$4.44 | \$4.51 | \$4.58 |
| <i>% Change</i> | | 1.7% | 0.0% | 1.4% | 2.6% | 2.1% | 1.6% | 1.5% |
| Medium | \$6.17 | \$6.27 | \$6.27 | \$6.36 | \$6.52 | \$6.66 | \$6.77 | \$6.87 |
| <i>% Change</i> | | 1.6% | 0.0% | 1.4% | 2.5% | 2.1% | 1.7% | 1.5% |
| High | \$7.19 | \$7.31 | \$7.31 | \$7.41 | \$7.60 | \$7.76 | \$7.88 | \$8.01 |
| <i>% Change</i> | | 1.7% | 0.0% | 1.4% | 2.6% | 2.1% | 1.5% | 1.6% |

1 - Rates effective January 1 of each year

2 - EDU = Equivalent Dwelling Unit.

3 - One ccf = hundred cubic feet = 748 gallons

Volume Rate is based on three-month average of winter (Dec, Jan, & Feb) water use. Single family & multi-family residential consumption is capped at 15 ccf per month.

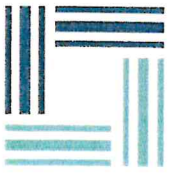
4 Customer Classes based on Strength:

Low Strength: Car wash, office, retail store, school w/o cafeteria, laundromat

Domestic: Residential, hotel, school with cafeteria, motel, mobile home park, churches, auto shop, gas station, bars without dining

Medium: Beauty shop, medical office, dental office

High: Restaurant, market with food prep, bakery



Sewer Rate Components

1. FIXED CHARGE:

All customer classes are charged the same fixed charge per EDU

Minimum charge for all customers

Currently generates 70.5% of total Sewer Service Revenues

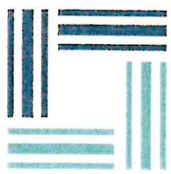
2. VOLUME RATE PER CCF

Rate varies based on customer strength

Based on average consumption during the winter months of December, January and February

Residential customers are considered domestic strength and consumption is capped at 15 ccf per month

Currently generates 29.5% of total Sewer Service Revenues

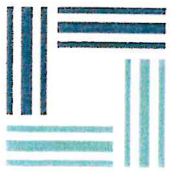


Sewer Fund Reserves

| Fund # | Enterprise Fund | Beginning Fund Balance | | Percent Change |
|--------|-----------------------------|------------------------|--------------------|----------------|
| | | July 1, 2020 | July 1, 2021 | |
| 050 | Sewer Operations Fund | \$607,174 | \$678,461 | 11.7% |
| 052 | Sewer Capital Fund | \$1,194,930 | \$1,264,300 | 5.8% |
| 054 | Sewer Debt Service Fund | \$77,524 | \$113,651 | 46.6% |
| 054 | Sewer Restricted Reserve | <u>\$302,822</u> | <u>\$302,822</u> | <u>0.0%</u> |
| | TOTAL SEWER RESERVES | \$2,182,450 | \$2,359,234 | 8.1% |

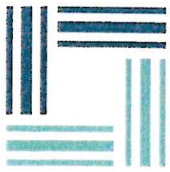
RESERVE FUND TARGETS

- *Operating Reserve*: 30% of annual operating expenses
- *Debt Service Reserve*: One year's debt service payments
- *Capital Reserve (Proposed)*: \$1 million to fund infrastructure projects and emergency repairs on a cash basis



Sewer Net Revenues

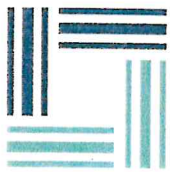
| | Actual | | | Budget 2021/22 |
|---------------------------|--------------------|--------------------|------------------|--------------------|
| | 2018/19 | 2019/20 | 2020/21 | |
| SEWER REVENUES | | | | |
| Operating | \$984,695 | \$898,340 | \$900,469 | \$892,066 |
| Capital | \$145,527 | \$120,644 | \$109,782 | \$110,000 |
| <u>Debt</u> | <u>\$334,082</u> | <u>\$332,884</u> | <u>\$338,949</u> | <u>\$302,934</u> |
| Subtotal | \$1,464,304 | \$1,351,868 | \$1,349,200 | \$1,305,000 |
| SEWER EXPENSES | | | | |
| Operating | \$823,989 | \$827,171 | \$839,048 | \$1,036,555 |
| Capital | \$438,497 | \$631,652 | \$40,480 | \$160,000 |
| <u>Debt</u> | <u>\$304,162</u> | <u>\$303,639</u> | <u>\$304,730</u> | <u>\$302,934</u> |
| Subtotal | \$1,566,648 | \$1,762,462 | \$1,184,258 | \$1,499,489 |
| NET REVENUES | | | | |
| Operating | \$160,706 | \$71,169 | \$61,421 | (\$144,489) |
| Capital | (\$292,970) | (\$511,008) | \$69,302 | (\$50,000) |
| <u>Debt</u> | <u>\$29,920</u> | <u>\$29,245</u> | <u>\$34,219</u> | <u>\$0</u> |
| TOTAL NET REVENUES | (\$102,344) | (\$410,594) | \$164,942 | (\$194,489) |



Sewer Operating Expenses

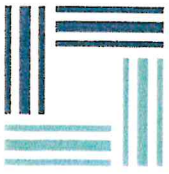
| | Budget 2021/22 | | 2022/23 | | 2023/24 | | 2024/25 | | 2025/26 | | 2026/27 | |
|---------------------------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|
| | Cost | Escalation Factor | Cost | Escalation Factor | Cost | Escalation Factor | Cost | Escalation Factor | Cost | Escalation Factor | Cost | Escalation Factor |
| Operating Expenses (050) | | | | | | | | | | | | |
| Salaries & Benefits | \$510,733 | 5% | \$536,000 | 5% | \$563,000 | 5% | \$591,000 | 5% | \$621,000 | 5% | \$652,000 | 5% |
| 5109 Chemicals | \$25,000 | 300% | \$100,000 | 3% | \$103,000 | 3% | \$106,000 | 3% | \$109,000 | 3% | \$112,000 | 3% |
| Professional Services | \$97,647 | 3% | \$101,000 | 3% | \$104,000 | 3% | \$107,000 | 3% | \$110,000 | 3% | \$113,000 | 3% |
| 5135 Maintenance - Repair | \$34,343 | 3% | \$35,000 | 3% | \$36,000 | 3% | \$37,000 | 3% | \$38,000 | 3% | \$39,000 | 3% |
| Insurance | \$36,729 | 3% | \$38,000 | 3% | \$39,000 | 3% | \$40,000 | 3% | \$41,000 | 3% | \$42,000 | 3% |
| Utilities | \$182,987 | 3% | \$188,000 | 3% | \$194,000 | 3% | \$200,000 | 3% | \$206,000 | 3% | \$212,000 | 3% |
| Regulatory Fees & Other Fees | \$16,270 | 3% | \$17,000 | 3% | \$18,000 | 3% | \$19,000 | 3% | \$20,000 | 3% | \$21,000 | 3% |
| Computer Software & Maintenance | \$10,851 | 3% | \$11,000 | 3% | \$11,000 | 3% | \$11,000 | 3% | \$11,000 | 3% | \$11,000 | 3% |
| Public Works | \$39,000 | 3% | \$40,000 | 3% | \$41,000 | 3% | \$42,000 | 3% | \$43,000 | 3% | \$44,000 | 3% |
| Other Operating Expenses (1) | \$82,995 | 3% | \$85,000 | 3% | \$88,000 | 3% | \$91,000 | 3% | \$94,000 | 3% | \$97,000 | 3% |
| Total Sewer Operating Expenses | \$1,036,555 | | \$1,151,000 | | \$1,197,000 | | \$1,244,000 | | \$1,293,000 | | \$1,393,000 | |
| % Change | | | 11% | | 4% | | 4% | | 4% | | 8% | |

1 - Includes additional \$50,000 beginning in 2026/27 for operating expenses related to UV Disinfection



Sewer CIP

| Project Title | CURRENT 2021/22 | PROJECTED - RATE STUDY PERIOD | | | | | Five-Year Total |
|---|--------------------|-------------------------------|-----------|-----------|-----------|-----------|--------------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | |
| Planned Projects | | | | | | | |
| Generator & Transfer Switch Replacement | \$65,000 | - | - | - | - | - | \$0 |
| SCADA Upgrades | \$10,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$75,000 |
| Boiler | \$15,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$150,000 |
| I&I Reductions | \$45,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$150,000 |
| Chloramine System | \$25,000 | - | - | - | - | - | \$0 |
| Subtotal Planned Projects | \$160,000 | \$75,000 | \$75,000 | \$75,000 | \$75,000 | \$75,000 | \$375,000 |
| Future Projects | | | | | | | |
| UV Disinfection | - | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$150,000 |
| Subtotal Future Projects | \$0 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$150,000 |
| TOTAL SEWER CIP | \$160,000 | \$105,000 | \$105,000 | \$105,000 | \$105,000 | \$105,000 | \$525,000 |



Sewer Rate Scenarios

Scenario #1: Inflationary Rate Increases

Rate Option A: 70% Fixed/30% Variable

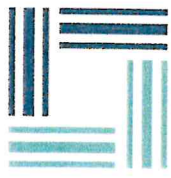
Rate Option B: 50% Fixed/50% Variable

Current Revenue Recovery:
70% Fixed / 30% Variable

Scenario #2: Meet Goals by 2026/27

Rate Option A: 70% Fixed/30% Variable

Rate Option B: 50% Fixed/50% Variable



Sewer Cash Flow Assumptions

REVENUES

Sewer Service revenues are based on the FY 2021/22 budget and estimated at \$1.27 million.

All Other Revenues are increased by 3.0% each year.

Service Late Fees have been cancelled out to fund a Low Income Discount.

Interest is estimated at \$10,000 beginning in 2022/23 and increases by 1% each year.

Minimal growth has been included at 0.5% increase per year.

EXPENSES

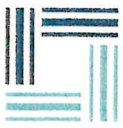
Salaries & Benefits are increased by 5.0% annually.

Chemicals have been increased by 300.0% for 2022/23. Budgeted cost for 2021/22 is \$25,000. Estimated cost for 2022/23 is \$100,000.

All other expenses are increased by 3.0% each year.

The only current debt obligation is a loan from the California Department of Water Resources for \$6,980,359. Total payment is \$302,933 and continues through 2043/44.

Debt service coverage is estimated at 1.20x and is calculated by dividing Net Revenues by Total Debt Service. Capital projects for the five-year rate study period (FY 2023 through 2027)) totals \$525,000. Beginning in 2027/28, \$50,000 is included as placeholder for future projects.



Sewer Scenario Comparison

PROPOSED RATE INCREASES

| | Current 2021/22 | Proposed | | | | |
|--|--------------------|----------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| No Rate Increases | - | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Scenario #1: Inflationary Rate Increases | - | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| Scenario #2: Meet Goals by 2026/27 | - | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% |

GOAL 1 : MEET DEBT SERVICE COVERAGE

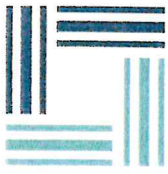
| | Current 2021/22 | Proposed | | | | |
|--|--------------------|----------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Debt Service Coverage Ratio Required | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 |
| No Rate Increases | 0.89 | 0.43 | 0.28 | 0.12 | -0.04 | -0.37 |
| Scenario #1: Inflationary Rate Increases | 0.89 | 0.60 | 0.62 | 0.65 | 0.67 | 0.54 |
| Scenario #2: Meet Goals by 2026/27 | 0.89 | 0.77 | 0.98 | 1.21 | 1.48 | 1.60 |

GOAL 2: MEET SEWER RESERVE FUND TARGETS

| | Current 2021/22 | Proposed | | | | |
|--|--------------------|----------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| No Rate Increases | yes | yes | no | no | no | no |
| Scenario #1: Inflationary Rate Increases | yes | yes | yes | no | no | no |
| Scenario #2: Meet Goals by 2026/27 | yes | yes | yes | yes | yes | yes |

GOAL 3: MAINTAIN POSITIVE NET REVENUES

| | Current 2021/22 | Proposed | | | | |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| No Rate Increases | (194,489) | (278,000) | (324,000) | (371,000) | (420,000) | (520,000) |
| Scenario #1: Inflationary Rate Increases | (\$194,489) | (\$227,000) | (\$220,000) | (\$212,000) | (\$204,000) | (\$245,000) |
| Scenario #2: Meet Goals by 2026/27 | (\$194,489) | (\$176,000) | (\$112,000) | (\$40,000) | \$39,000 | \$77,000 |



Proposed Sewer Rates

| PROPOSED MONTHLY WASTEWATER RATES | | | | | | |
|---|---------|---------|---------|---------|---------|---------|
| | Current | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| FIXED MONTHLY CHARGE per EDU (1) | \$52.78 | \$54.28 | \$58.34 | \$62.71 | \$67.39 | \$72.40 |
| VOLUME RATE per ccf (2) | | | | | | |
| Low Strength | \$3.66 | \$4.15 | \$4.49 | \$4.85 | \$5.24 | \$5.66 |
| Domestic Strength | \$4.58 | \$5.18 | \$5.59 | \$6.04 | \$6.52 | \$7.04 |
| Medium Strength | \$6.87 | \$7.73 | \$8.35 | \$9.02 | \$9.74 | \$10.52 |
| High Strength | \$8.01 | \$9.01 | \$9.73 | \$10.51 | \$11.35 | \$12.26 |

1 - EDU = Equivalent Dwelling Unit.

2 - One hundred cubic feet (ccf) = 748 gallons. Volume Rate is based on three-month average of winter (Dec, Jan, & Feb) water use. Single family & multi-family residential consumption is capped at 15 ccf per month.

Customer Strength Classes:

- Low Strength: Car wash, office, retail store, school w/o cafeteria, laundromat
- Domestic Strength : Residential, hotel, school with cafeteria, motel, mobile home park, churches, auto shop, gas station, bars without dining
- Medium Strength: Beauty shop, medical office, dental office
- High Strength: Restaurant, market with food prep, bakery

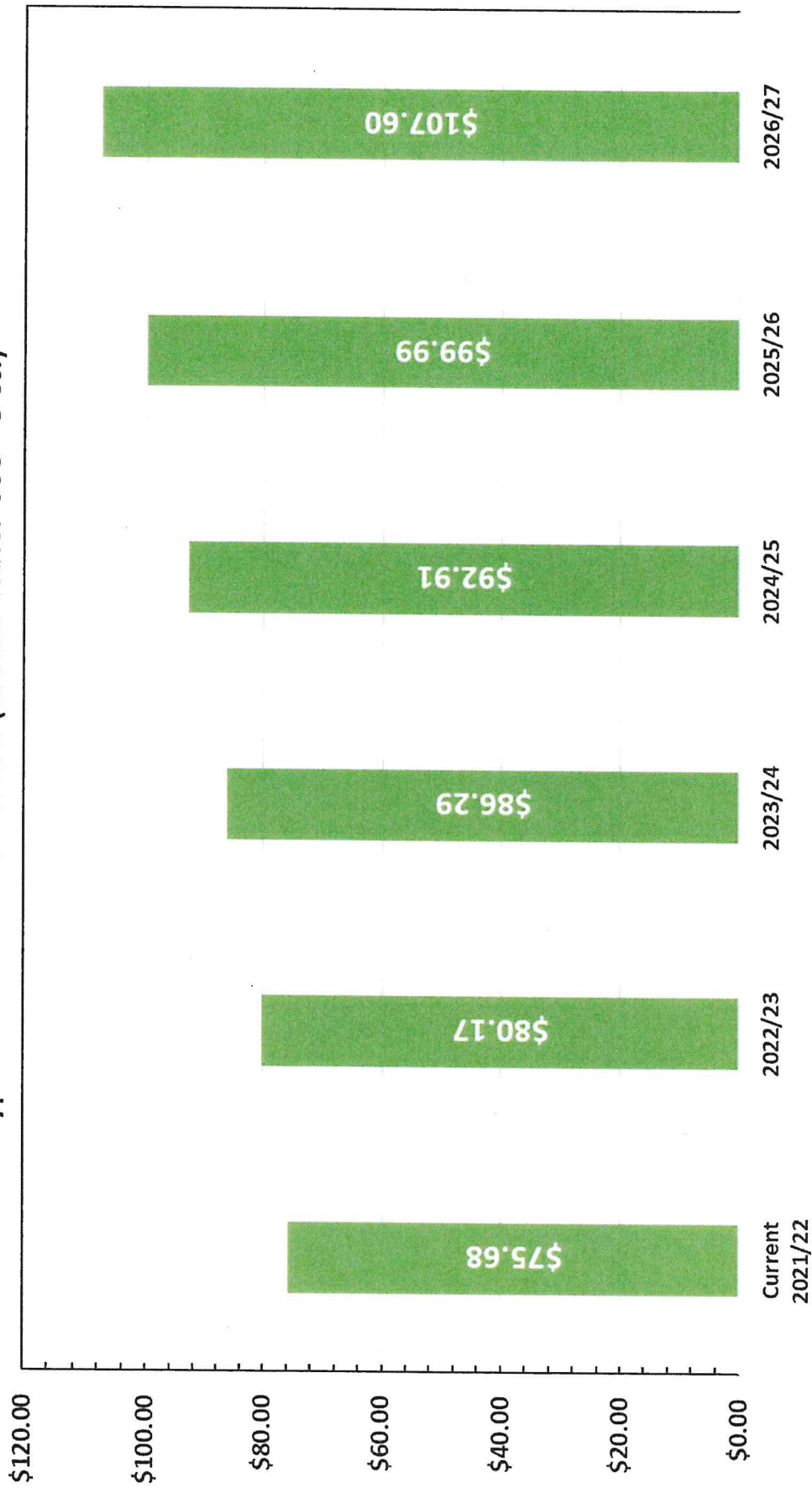


Sample Sewer Bill Impacts

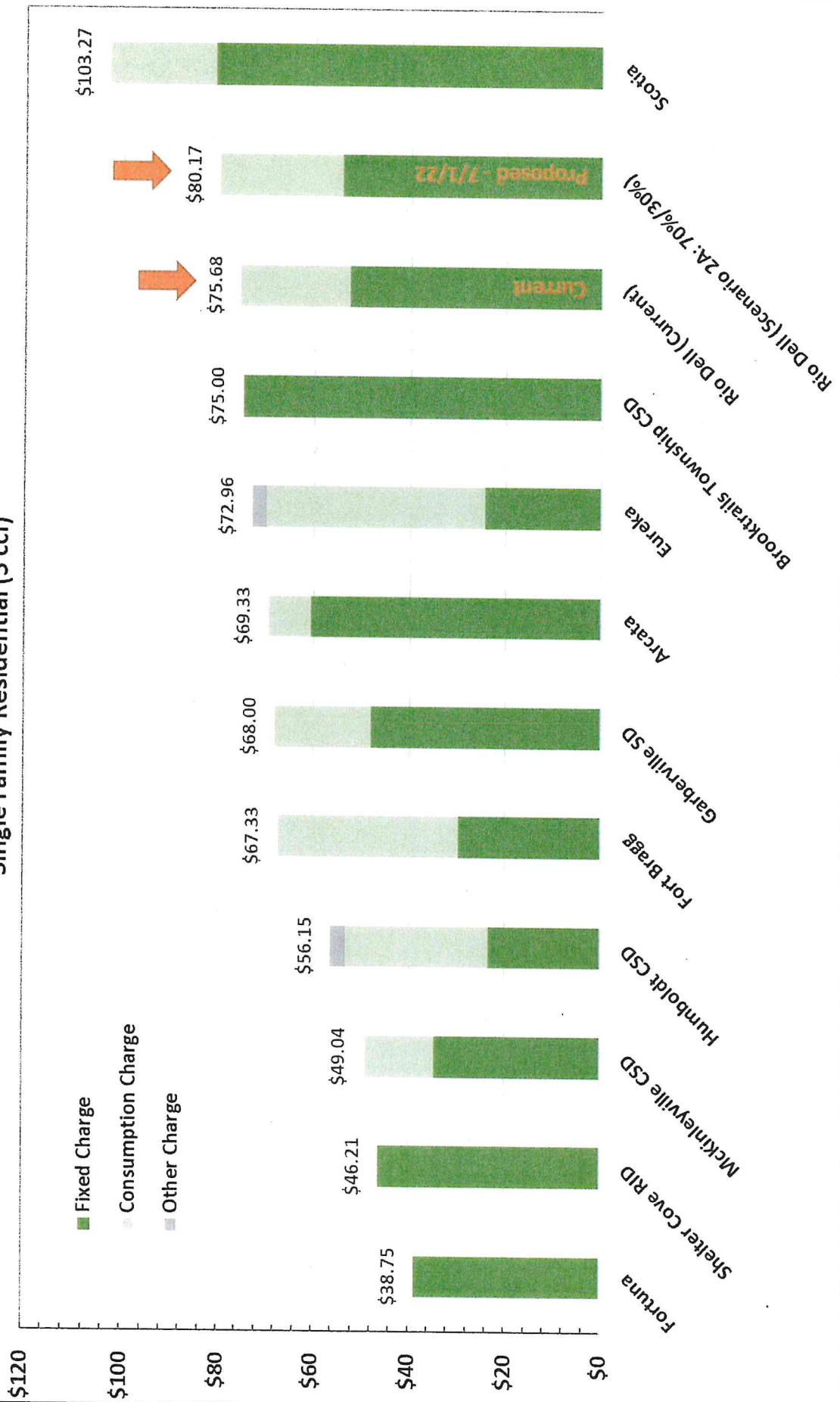
| | Monthly Use (ccf) | Current Bill | Proposed | | | |
|---|-------------------|----------------|----------------|----------------|----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| Residential/Domestic Strength - Low User (3 ccf) | | | | | | |
| Fixed Charge | | \$52.78 | \$58.34 | \$62.71 | \$67.39 | \$72.40 |
| <u>Variable Charge</u> | 3 | <u>\$13.74</u> | <u>\$16.77</u> | <u>\$18.12</u> | <u>\$19.56</u> | <u>\$21.12</u> |
| Total Monthly Sewer Bill | | \$66.52 | \$75.11 | \$80.83 | \$86.95 | \$93.52 |
| \$ Change | | \$3.29 | \$5.30 | \$5.72 | \$6.12 | \$6.57 |
| % Change | | 4.9% | 7.6% | 7.6% | 7.6% | 7.6% |
| Residential/Domestic Strength - Average User (5 ccf) | | | | | | |
| Fixed Charge | | \$52.78 | \$58.34 | \$62.71 | \$67.39 | \$72.40 |
| <u>Variable Charge</u> | 5 | <u>\$22.90</u> | <u>\$27.95</u> | <u>\$30.20</u> | <u>\$32.60</u> | <u>\$35.20</u> |
| Total Monthly Sewer Bill | | \$75.68 | \$86.29 | \$92.91 | \$99.99 | \$107.60 |
| \$ Change | | \$4.49 | \$6.12 | \$6.62 | \$7.08 | \$7.61 |
| % Change | | 5.9% | 7.6% | 7.7% | 7.6% | 7.6% |
| Residential/Domestic Strength - High User (15 ccf) | | | | | | |
| Fixed Charge | | \$52.78 | \$58.34 | \$62.71 | \$67.39 | \$72.40 |
| <u>Variable Charge</u> | 15 | <u>\$68.70</u> | <u>\$83.85</u> | <u>\$90.60</u> | <u>\$97.80</u> | <u>\$105.60</u> |
| Total Monthly Sewer Bill | | \$121.48 | \$142.19 | \$153.31 | \$165.19 | \$178.00 |
| \$ Change | | \$10.46 | \$10.25 | \$11.12 | \$11.88 | \$12.81 |
| % Change | | 8.6% | 7.8% | 7.8% | 7.7% | 7.8% |

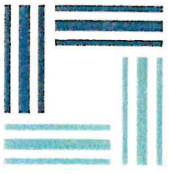
Due to the updated cost of service allocation, the bill impact for the first year will vary based on your winter water use and customer strength class.

Proposed Monthly Sewer Bill for
Typical Residential Customer (Winter Water Use = 5 ccf)



Monthly Sewer Bill Survey - October 2021
Single Family Residential (5 ccf)



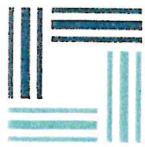


Sewer Low Income Discount

- To comply with Prop 218, sewer rate revenues from one group of customers cannot be used to subsidize the rates of another group
- Instead, the City can utilize non-rate revenues, such as General Fund revenues, interest earnings, or late fees to fund a low income discount program
- To ease administrative burden, qualification can be based on the PG&E's CARE program requirements
- Program should be reviewed annually to determine whether the water fund has adequate non-rate revenues to fund the program

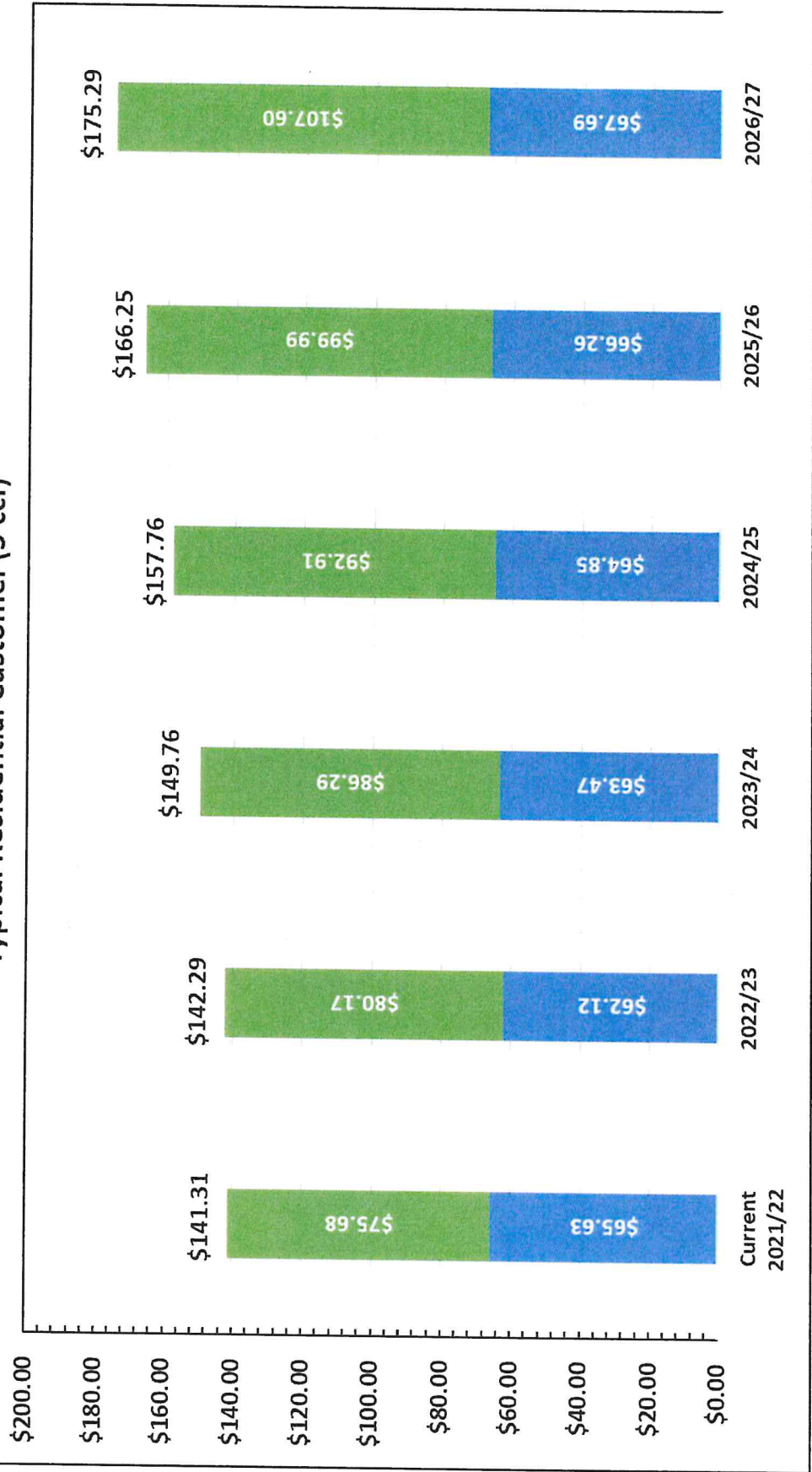
| | |
|--|----------|
| Total Number of Customers Eligible per PG&E | 700 |
| Total 2020/21 Sewer Late Fee Revenue | \$25,000 |
| Annual Discount per Customer (1) | \$35.70 |
| Monthly Discount per Customer (1) | \$3.00 |
| Proposed 7/1/22 Average Sewer Bill | \$80.17 |
| Proposed 7/1/22 Average Sewer Bill with Discount | \$77.17 |
| % of Discount | 3.7% |

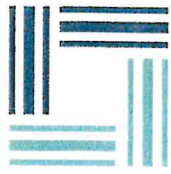
1 - Rounded



Proposed Combined Monthly Bill

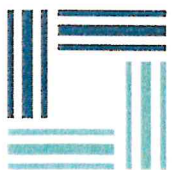
Total Proposed Monthly Utility Bill for
Typical Residential Customer (5 ccf)



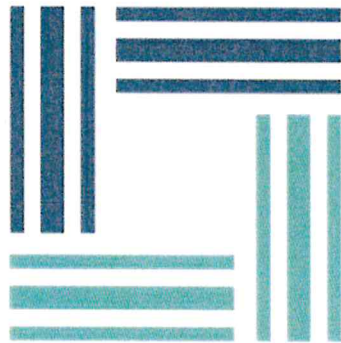


Next Steps

| DATE | ACTION |
|--------------|---|
| Feb 15, 2022 | Present final recommendations to City Council; Council votes to proceed with Prop 218 process |
| Mar 1, 2022 | Mail out Prop 218 Notices |
| Apr 19, 2022 | Prop 218 Hearing |
| Jul 1, 2022 | First rate increase goes into effect |



Questions?

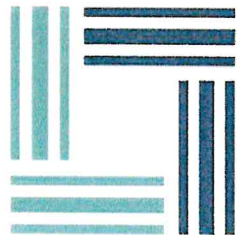




CITY OF RIO DELL

Water and Sewer Rate Study

DRAFT REPORT
February 8, 2022



LECHOWICZ + TSENG
MUNICIPAL CONSULTANTS

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Alameda, CA 94501
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SECTION 1: INTRODUCTION

1.1 Background

The City of Rio Dell (City) engaged Lechowicz & Tseng Municipal Consultants in July 2021 to complete a comprehensive water and wastewater (sewer) rate study to recommend utility rates which ensure the continued financial health and stability of the City's enterprise funds, while minimizing the impact of any proposed rates changes on customers. The study period covers the five-year period beginning in 2022/23 through 2026/27.

The City provides water and wastewater (sewer) service to about 1,300 customers, serving a total population of about 3,600 people. Both water and sewer rates are billed monthly on the same bill. The sewer rates have increased each year since 2013, and the water rates have increased annually since 2015.

1.2 Requirements of Proposition 218

The implementation of utility rates in California are governed by the substantive and procedural requirements of Proposition 218 the "Right to Vote on Taxes Act" which is codified as Articles XIII C and XIII D of the California Constitution. The City must follow the procedural requirements of Proposition 218 for all utility rate increases. These requirements include:

1. **Noticing Requirement** – The City must mail a notice of the proposed rate increases to all affected property owners or ratepayers. The notice must specify the amount of the fee, the basis upon which it was calculated, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted.
2. **Public Hearing** – The City must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed.
3. **Rate Increases Subject to Majority Protest** – At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected property owners or ratepayers submit written protests against the proposed rate increases, the increases cannot be adopted.

Proposition 218 also established substantive requirements that apply to water and sewer rates and charges, including:

1. **Cost of Service** – Revenues derived from the fee or charge cannot exceed the funds required to provide the service. In essence, fees cannot exceed the "cost of service".
2. **Intended Purpose** – Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.

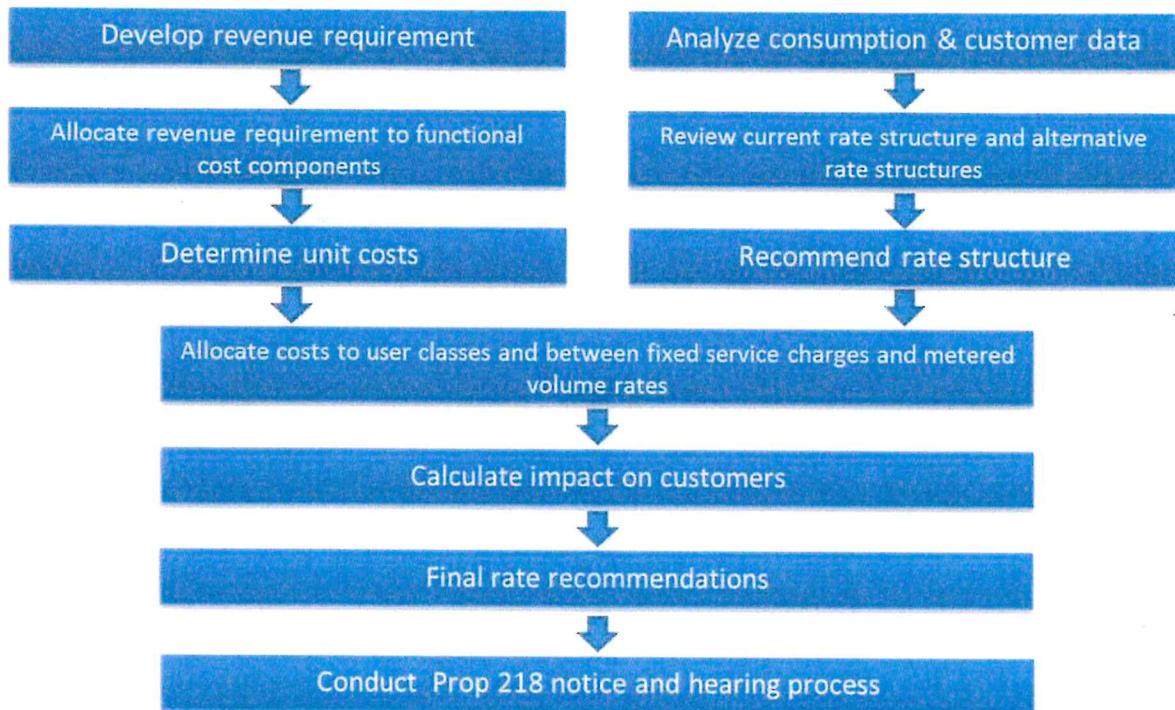
3. **Proportional Cost Recovery** – The amount of the fee or charge levied on any customer shall not exceed the proportional cost of service attributable to that customer.
4. **Availability of Service** – No fee or charge may be imposed for a service unless that service is used by, or immediately available to, the owner of the property.
5. **General Government Services** – No fee or charge may be imposed for general governmental services where the service is available to the public at large.

Charges for water, sewer, and refuse collection are exempt from additional voting requirements of Proposition 218, provided the charges do not exceed the cost of providing service and are adopted pursuant to the procedural requirements of Proposition 218.

1.3 Rate Study Process

This section details the development of the City’s water and sewer rates via the Proposition 218 process as shown in the following figure.

Figure 1: Comprehensive Cost of Service Study Process



The following is a brief description of the rate study process:

- **Revenue Requirements** - Revenue requirements are analyzed via financial plans developed from the Water and Sewer Fund budgets. Based on the best information currently available, the financial plans incorporate projected operation and maintenance costs, capital expenditures, debt service, and growth to estimate annual revenue requirements. The plans serve as a roadmap for funding the City's future operating and capital programs while maintaining long-term fiscal stability.
- **Cost of Service Allocation** - The cost of service process builds on the financial plan analysis and assigns water and sewer system costs to functional cost components: *metering and customer service, base, and extra* for water, and *customer service, capital, and treatment/disposal* for sewer.
- **Rate Design** - Rate design involves developing a rate structure that proportionately recovers costs from customers. Final rate recommendations are designed to (a) fund the utilities' short- and long-term costs of providing service; (b) proportionately allocate costs to all customers and customer classes; and (c) comply with the substantive requirements of Proposition 218.

The rates developed in this report were based on the best available information gathered from City budgets, audits, and input from staff. The cost allocations proposed herein are based on American Water Works Association methodologies and industry standard practice. The proposed rates are based on the reasonable cost of providing service and are proportional to the benefits received by each customer.

SECTION 2: WATER RATE STUDY

The City of Rio Dell provides water service to approximately 1,300 water accounts. On average, the City consumes roughly 100,000 ccf (hundred cubic feet) of water each year. The last water rate study was conducted in 2015 in which the City adopted water rates through 2020. Based on City billing records, the current average monthly residential water use is 5 ccf per month. The average water bill is currently \$65.63 per month.

2.1 Historic and Current Water Rates

A schedule of historic and current monthly water rates for the past 5 years is provided in Table 1. Water rate increases are effective on January 1 of each year. The City's current rate structure includes two components: (a) a Base Rate and (b) a Consumption Rate.

2.1.1 Base Rate

All customers are charged the same Base Rate regardless of water consumption to reflect that even when a customer does not use any water, the City incurs fixed costs associated with maintaining the ability or readiness to serve each connection.

The Base Fixed charges currently are designed to recover the City's fixed expenses and currently generate about 73.6% of total water rate revenues. Fixed costs include staffing, customer service, debt service, system maintenance, and repairs.

In addition to the Base Rate, customers in the Dinsmore Zone service area pay an additional monthly flat charge to pay for the additional operating and capital costs the City incurs to provide water service to the Dinsmore area.

2.1.2 Consumption Rate

In addition to the base rate, all customers pay a Consumption Rate per ccf of water consumption per month. One ccf is equal to 748 gallons of water. The Consumption Rate is a uniform tier, meaning that all customers pay the same charge for each unit of water.

The Consumption Rate is intended to recover costs that vary based on the amount of water consumed and currently generate roughly 26.4% of total water rate revenues. Variable expenses include utilities and chemicals.

**Table 1: Historic and Current Monthly Water Rates (1)
City of Rio Dell
Water and Sewer Rate Study**

| Calendar Year | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------|---------|---------|---------|---------|---------|
| BASE RATE (2) | | | | | |
| All Customers per EDU | \$40.06 | \$46.63 | \$47.57 | \$48.50 | \$49.48 |
| % Change | | 16.4% | 2.0% | 2.0% | 2.0% |
| CONSUMPTION RATE (3) | | | | | |
| All Consumption per ccf | \$2.61 | \$3.04 | \$3.10 | \$3.17 | \$3.23 |
| % Change | | 16.5% | 2.0% | 2.3% | 1.9% |
| ADDITIONAL CHARGES | | | | | |
| Dinsmore Zone (4) | \$39.13 | \$65.21 | \$65.36 | \$65.51 | \$65.66 |
| % Change | | 66.6% | 0.2% | 0.2% | 0.2% |

1 - Rates effective January 1 of each year

2 - EDU = Equivalent Dwelling Unit. For R.V. & Mobile Home Parks with significant R.V. Space parking, the Base Rate per rented R.V. Space is 50% of current Base Rate.

3 - One unit = 1 ccf = 748 gallons

4 - Additional flat charge for Dinsmore area

2.2 Water System Overview

2.2.1 Water System

Raw water is pumped from infiltration galleries under the Eel River to the City of Rio Dell treatment plant. The City has completed an approximately \$8.5 million project to establish a new raw water intake at this location. The completion of this project lifted a water emergency declaration within the City that had been in place for over five years. This project also dramatically improved the quality of water delivered to residents. In 2014, work began on redeveloping a second source of water in light of the 2011-2017 drought. The Metropolitan Wells project provided a state-of-the-art filtration system upon the City's old well site and added an additional layer of water security for the City.

2.2.2 Water Customers

Table 2 includes a three-year history of equivalent dwelling units (EDUs) by customer class based on the City's billing data. The water utility has about 1,300 active accounts, representing about 1,500 equivalent dwelling units (EDUs). An EDU represents the usage of a typical single family residential customer. In total, single family residential customers account for the majority of all customers at roughly 76.2%. The Dinsmore Zone has 27 customers as of 2020/21.

Table 2: Water EDUs by Customer Class
City of Rio Dell
Water and Sewer Rate Study

| | 2018/19 | 2019/20 | 2020/21 | Three-Year Avg | % of Total |
|-----------------------------|--------------|--------------|--------------|----------------|---------------|
| CITY ACCOUNTS | | | | | |
| Single Family Residential | 1,106 | 1,128 | 1,154 | 1,129 | 76.0% |
| Multi-Family Residential | 188 | 190 | 190 | 189 | 12.7% |
| Commercial | 153 | 151 | 152 | 152 | 10.2% |
| Institutional | 4 | 4 | 4 | 4 | 0.3% |
| Irrigation | 10 | 10 | 10 | 10 | 0.7% |
| <u>Special Projects</u> | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> | <u>0.1%</u> |
| Total City Accounts | 1,461 | 1,483 | 1,512 | 1,485 | 100.0% |
| DINSMORE ACCOUNTS | | | | | |
| Single Family Residential | 22 | 22 | 24 | 23 | 88.3% |
| Multi-Family Residential | 1 | 1 | 1 | 1 | 3.9% |
| Irrigation | 1 | 1 | 1 | 1 | 3.9% |
| <u>Special Projects</u> | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> | <u>3.9%</u> |
| Total Dinsmore Accounts | 25 | 25 | 27 | 26 | 100.0% |
| TOTAL ACCOUNTS | | | | | |
| Single Family Residential | 1,128 | 1,150 | 1,178 | 1,152 | 76.2% |
| Multi-Family Residential | 189 | 191 | 191 | 190 | 12.6% |
| Commercial | 153 | 151 | 152 | 152 | 10.1% |
| Institutional | 4 | 4 | 4 | 4 | 0.3% |
| Irrigation | 11 | 11 | 11 | 11 | 0.7% |
| <u>Special Projects</u> | <u>2</u> | <u>2</u> | <u>2</u> | <u>2</u> | <u>0.1%</u> |
| TOTAL WATER ACCOUNTS | 1,486 | 1,508 | 1,539 | 1,511 | 100.0% |

2.2.3 Water Consumption

Table 3 summarizes water consumption by customer class for the past three years. On average, the City sells approximately 100,000 ccf of water each year. In 2020/21, overall water consumption increased about 8.0% from the prior year. Single family residential customers account for the majority of all usage at approximately 73.1%, followed by the commercial class which represents 14.0% of total consumption. Although total water consumption increased over the last year, the total number of accounts has only increased slightly.

Table 3: Water Consumption by Customer Class
City of Rio Dell
Water and Sewer Rate Study

| | 2018/19 | 2019/20 | 2020/21 | Three-Year Avg | % of Total |
|-----------------------------------|----------------|---------------|----------------|----------------|---------------|
| CITY CONSUMPTION (ccf) | | | | | |
| Single Family Residential | 69,214 | 70,803 | 75,135 | 71,717 | 73.2% |
| Multi-Family Residential | 8,200 | 8,575 | 8,620 | 8,465 | 8.6% |
| Commercial | 17,885 | 11,406 | 12,933 | 14,075 | 14.4% |
| Institutional | 251 | 235 | 252 | 246 | 0.3% |
| Irrigation | 2,953 | 2,908 | 4,556 | 3,472 | 3.5% |
| <u>Special Projects</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0.0%</u> |
| Total City Consumption | 98,503 | 93,927 | 101,496 | 97,975 | 100.0% |
| % Change | | -4.6% | 8.1% | | |
| DINSMORE CONSUMPTION (ccf) | | | | | |
| Single Family Residential | 1,593 | 1,839 | 1,856 | 1,763 | 70.1% |
| Multi-Family Residential | 122 | 153 | 163 | 146 | 5.8% |
| Irrigation | 584 | 243 | 280 | 369 | 14.7% |
| <u>Special Projects</u> | <u>193</u> | <u>62</u> | <u>452</u> | <u>236</u> | <u>9.4%</u> |
| Total Dinsmore Consumption | 2,492 | 2,297 | 2,751 | 2,513 | 100.0% |
| % Change | | -7.8% | 19.8% | | |
| TOTAL CONSUMPTION (ccf) | | | | | |
| Single Family Residential | 70,807 | 72,642 | 76,991 | 73,480 | 73.1% |
| Multi-Family Residential | 8,322 | 8,728 | 8,783 | 8,611 | 8.6% |
| Commercial | 17,885 | 11,406 | 12,933 | 14,075 | 14.0% |
| Institutional | 251 | 235 | 252 | 246 | 0.2% |
| Irrigation | 3,537 | 3,151 | 4,836 | 3,841 | 3.8% |
| <u>Special Projects</u> | <u>193</u> | <u>62</u> | <u>452</u> | <u>236</u> | <u>0.2%</u> |
| TOTAL CONSUMPTION | 100,995 | 96,224 | 104,247 | 100,489 | 100.0% |
| % Change | | -4.7% | 8.3% | | |

2.3 Water Financial Plan

2.3.1 Water Reserves

As of the beginning of 2021/22, the water utility had operating fund reserves of approximately \$2.9 million. Table 4 shows the reserve amounts by each sub-fund at the beginning of the two most recent

fiscal years. Total reserves increased nearly 24.0% over the last year as the City began setting aside funds for capital projects.

Adequate fund reserves protect the City when faced with unforeseen financial challenges such as emergency expenses or revenue deficits. Fund reserves allow the City to maintain its financial health and positive credit ratings, especially during emergencies. Moreover, funding can be drawn from reserves to supplement rate revenues lost during drought conditions or other unexpected situations. It is acceptable if reserves dip below the target on a temporary basis, provided the City takes action to attain the target over the longer run.

The City's current and proposed water reserve fund targets are as follows:

- *Operating Reserve:* The fund balance target is equal to 30% of annual operating expenses per City policy. This is in line with industry standards that recommend an operating reserve target of at least 25% of annual expenses to account for the time (at least 4 months) that it would take an agency to approve new rate increases to comply with Proposition 218.
- *Debt Service Reserve:* The fund balance target is equal to one year's debt service payments.
- *Capital Reserve:* L&T also included a Water Capital Reserve fund reserve with a target of \$1 million to fund infrastructure projects and emergency repairs on a cash basis.

Table 4: Water Reserves
City of Rio Dell
Water and Sewer Rate Study

| Fund # | Enterprise Fund | Beginning Fund Balance | | Percent Change |
|--------|-----------------------------|------------------------|--------------------|----------------|
| | | July 1, 2020 | July 1, 2021 | |
| 060 | Water Operations Fund | \$943,523 | \$1,225,156 | 29.8% |
| 061 | Water Restricted Reserve | \$136,000 | \$136,000 | 0.0% |
| 061 | Water Debt Service Fund | \$210,322 | \$259,930 | 23.6% |
| 062 | Water Capital Fund | \$906,740 | \$1,032,568 | 13.9% |
| 063 | Water Metro Wells Fund | \$42,892 | \$57,651 | 34.4% |
| 064 | Water Dinsmore Zone | <u>\$67,208</u> | <u>\$143,974</u> | <u>114.2%</u> |
| | TOTAL WATER RESERVES | \$2,306,685 | \$2,855,279 | 23.8% |

2.3.2 Water Revenues

Table 8 summarizes revenues by each water sub-fund since 2018/19. In total, the City expects to collect about \$1.21 million in total water revenues in 2021/22. Though the majority of revenues are collected

from water sales, other revenue sources include Dinsmore Zone charges, late fees, delinquent fees, and connection fees.

Table 5: Water Revenues
City of Rio Dell
Water and Sewer Rate Study

| | Actual | | | Budget 2021/22 |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2018/19 | 2019/20 | 2020/21 | |
| Operating Revenues (060) | | | | |
| 4310 Interest Income | \$7,295 | \$11,724 | \$4,061 | \$0 |
| 4480 Insurance Premium | \$0 | \$4,876 | \$0 | \$0 |
| 4610 Water - Service | \$766,264 | \$787,423 | \$859,859 | \$767,500 |
| 4620 Water - Connection | \$70,400 | \$15,900 | \$8,800 | \$0 |
| 4630 Water - Service Late Fees | \$26,126 | \$27,482 | \$30,773 | \$25,000 |
| 4635 Delinquent Fees | \$10,050 | \$8,040 | \$120 | \$5,000 |
| 4640 Water - Damage Replacement | \$400 | \$0 | \$0 | \$0 |
| 4641 Water - After Hours Call | \$0 | \$0 | \$75 | \$0 |
| 4920 Misc-Public Works Revenue | \$130 | \$36 | \$0 | \$0 |
| 4936 Bad Debt Recovery | \$2,249 | \$1,478 | \$1,635 | \$0 |
| <u>4990 Misc - Other</u> | <u>\$94,710</u> | <u>\$225</u> | <u>\$450</u> | <u>\$0</u> |
| Subtotal Operating Revenues | \$977,624 | \$857,184 | \$905,773 | \$797,500 |
| % Change | | -12.3% | 5.7% | -12.0% |
| Capital Revenues (062) | | | | |
| 4310 Interest Income | \$7,017 | \$11,738 | \$3,610 | \$0 |
| 4610 Water - Service | \$35 | \$35 | \$0 | \$0 |
| 4620 Water - Connection/Capital | \$16,000 | \$3,000 | \$2,000 | \$5,400 |
| 4650 Water Capital | \$168,591 | \$171,693 | \$178,296 | \$234,000 |
| <u>4763 Grant Rest.- Prop. 84/NCIRWMP</u> | <u>(\$1,000)</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Subtotal Capital Revenues | \$190,643 | \$186,466 | \$183,906 | \$239,400 |
| % Change | | -2.2% | -1.4% | 30.2% |
| Debt Revenues (061) | | | | |
| 4310 Interest Income | \$2,137 | \$3,529 | \$1,128 | \$0 |
| 4615 Water - Debt Service | \$174,414 | \$177,634 | \$184,461 | \$136,000 |
| <u>4616 Water - Debt Service Restricted</u> | <u>(\$61,358)</u> | <u>\$0</u> | <u>\$19</u> | <u>\$0</u> |
| Subtotal Debt Revenues | \$115,193 | \$181,163 | \$185,608 | \$136,000 |
| % Change | | 57.3% | 2.5% | -26.7% |
| Metro Wells Revenue (063) | | | | |
| 4310 Interest Income | \$301 | \$516 | \$182 | \$0 |
| <u>4653 Water - Metro Wells</u> | <u>\$17,451</u> | <u>\$17,771</u> | <u>\$18,448</u> | <u>\$17,100</u> |
| Subtotal Wells Revenues | \$17,752 | \$18,287 | \$18,630 | \$17,100 |
| % Change | | 3.0% | 1.9% | -8.2% |
| Dinsmore Revenue (064) | | | | |
| 4310 Interest Income | \$465 | \$823 | \$311 | \$0 |
| <u>4654 Water - Dinsmore Zone</u> | <u>\$21,429</u> | <u>\$21,836</u> | <u>\$79,290</u> | <u>\$21,800</u> |
| Subtotal Dinsmore Revenues | \$21,894 | \$22,659 | \$79,601 | \$21,800 |
| % Change | | 3.5% | 251.3% | -72.6% |
| TOTAL WATER REVENUES | \$1,323,106 | \$1,265,759 | \$1,373,518 | \$1,211,800 |
| % Change | | -4.3% | 8.5% | -11.8% |

Sources: Water Budget Worksheets by Dept 4 Year Budget Variance, June 30, 2022

2.3.3 Water Expenses

Table 6 summarizes expenses by each water sub-fund since 2018/19. For 2021/22, total expenses are projected to increase by roughly 39.0% in large part due to capital costs for the Dinsmore Zone.

**Table 6: Water Expenses
City of Rio Dell
Water and Sewer Rate Study**

| | Actual | | | Budget |
|---|--------------------|--------------------|------------------|--------------------|
| | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
| Operating Expenses (060) | | | | |
| Salaries & Benefits | \$392,706 | \$385,171 | \$401,116 | \$417,679 |
| Chemicals | \$13,981 | \$18,253 | \$14,231 | \$18,300 |
| Professional Services | \$21,499 | \$19,700 | \$23,444 | \$70,927 |
| Maintenance - Repair | \$34,674 | \$31,774 | \$30,821 | \$44,168 |
| Insurance | \$34,292 | \$37,867 | \$44,098 | \$39,236 |
| Utilities | \$71,328 | \$48,091 | \$29,761 | \$34,157 |
| Regulatory Fees & Other Fees | \$9,568 | \$11,047 | \$11,089 | \$13,951 |
| Computer Maintenance & Software | \$6,981 | \$9,495 | \$9,525 | \$17,566 |
| <u>Other Operating Expenses</u> | <u>\$84,363</u> | <u>\$68,368</u> | <u>\$58,212</u> | <u>\$82,630</u> |
| Subtotal Operating Expenses | \$669,392 | \$629,766 | \$622,297 | \$738,614 |
| % Change | | -5.9% | -1.2% | 18.7% |
| Capital Expenses (062) | | | | |
| 5115 Contract/Professional Services | \$0 | \$31,193 | \$26,169 | \$10,000 |
| Fixed Asset | \$23,818 | \$0 | \$22,119 | \$66,000 |
| 6500 Infrastructure | \$97,257 | \$0 | \$4,457 | \$12,000 |
| <u>Other Capital Expenses</u> | <u>\$4,286</u> | <u>\$676</u> | <u>\$5,333</u> | <u>\$0</u> |
| Subtotal Capital Expenses | \$125,361 | \$31,869 | \$58,078 | \$88,000 |
| % Change | | -74.6% | 82.2% | 51.5% |
| Debt Expenses (061) | | | | |
| 5400 Retirement of Principle | \$136,000 | \$136,000 | \$136,000 | \$0 |
| 6700 Fixed Asset- Debt Service | \$0 | \$0 | \$0 | \$136,000 |
| Depreciation | \$248,198 | \$259,927 | \$0 | \$0 |
| 5610 Bad Debt | \$978 | \$839 | \$106 | \$0 |
| <u>7010 Fixed Asset Transfer</u> | <u>(\$118,449)</u> | <u>(\$29,660)</u> | <u>\$0</u> | <u>\$0</u> |
| Subtotal Debt Expenses | \$266,727 | \$367,106 | \$136,106 | \$136,000 |
| % Change | | 37.6% | -62.9% | -0.1% |
| Metro Wells Expenses (063) | | | | |
| Salaries & Benefits | \$0 | \$0 | \$2 | \$10,684 |
| 5150 Electricity | \$8,390 | \$4,279 | \$3,473 | \$6,000 |
| Public Works | \$0 | \$0 | \$0 | \$1,200 |
| <u>Other Metro Wells Expenses</u> | <u>\$790</u> | <u>\$70</u> | <u>\$398</u> | <u>\$4,166</u> |
| Subtotal Metro Wells Expenses | \$9,180 | \$4,349 | \$3,873 | \$22,050 |
| % Change | | -52.6% | -10.9% | 469.3% |
| Dinsmore Expenses (064) | | | | |
| 5115 Contract/Professional Services | \$0 | \$0 | \$0 | \$7,500 |
| 5150 Electricity | \$2,035 | \$2,203 | \$2,170 | \$2,200 |
| 6500 Infrastructure - Monument Water Line Replacement | \$0 | \$0 | \$0 | \$145,000 |
| <u>Other Dinsmore Expenses</u> | <u>\$0</u> | <u>\$1,034</u> | <u>\$0</u> | <u>\$400</u> |
| Subtotal Dinsmore Expenses | \$2,035 | \$3,237 | \$2,170 | \$155,100 |
| % Change | | 59.1% | -33.0% | 7047.5% |
| TOTAL WATER EXPENSES | \$1,072,695 | \$1,036,327 | \$822,524 | \$1,139,764 |
| % Change | | -3.4% | -20.6% | 38.6% |

Sources: Water Budget Worksheets by Dept 4 Year Budget Variance, June 30, 2022

Table 7 includes a projection of future water operating expenses over the next five years through 2026/27. All expenses except for Salaries & Benefits and Chemicals are anticipated to increase 3.0% each year. Salaries & Benefits are escalated by 5.0% annually. Per staff recommendation, Chemicals are escalated by 600% for 2022/23 and then increase by 3.0% thereafter. Overall, expenses are projected to increase approximately 4.0% every year.

**Table 7: Projection of Future Water Operating Expenses
City of Rio Dell
Water and Sewer Rate Study**

| | Budget | | Projected | | | | | | | | | |
|-------------------------------------|-----------|-------------------|-----------|-------------------|-----------|-------------------|-----------|-------------------|-------------|-------------------|-------------|-------------------|
| | 2021/22 | | 2022/23 | | 2023/24 | | 2024/25 | | 2025/26 | | 2026/27 | |
| | Cost | Escalation Factor | Cost | Escalation Factor | Cost | Escalation Factor | Cost | Escalation Factor | Cost | Escalation Factor | Cost | Escalation Factor |
| Operating Expenses | | | | | | | | | | | | |
| Salaries & Benefits | \$417,679 | 5.0% | \$439,000 | 5.0% | \$461,000 | 5.0% | \$484,000 | 5.0% | \$508,000 | 5.0% | \$533,000 | 5.0% |
| Chemicals | \$18,300 | 600.0% | \$128,000 | 3.0% | \$132,000 | 3.0% | \$136,000 | 3.0% | \$140,000 | 3.0% | \$144,000 | 3.0% |
| Professional Services | \$70,927 | 3.0% | \$73,000 | 3.0% | \$75,000 | 3.0% | \$77,000 | 3.0% | \$79,000 | 3.0% | \$81,000 | 3.0% |
| Maintenance - Repair | \$44,168 | 3.0% | \$45,000 | 3.0% | \$46,000 | 3.0% | \$47,000 | 3.0% | \$48,000 | 3.0% | \$49,000 | 3.0% |
| Insurance | \$39,236 | 3.0% | \$40,000 | 3.0% | \$41,000 | 3.0% | \$42,000 | 3.0% | \$43,000 | 3.0% | \$44,000 | 3.0% |
| Utilities | \$34,157 | 3.0% | \$35,000 | 3.0% | \$36,000 | 3.0% | \$37,000 | 3.0% | \$38,000 | 3.0% | \$39,000 | 3.0% |
| Regulatory Fees & Other Fees | \$13,951 | 3.0% | \$14,000 | 3.0% | \$14,000 | 3.0% | \$14,000 | 3.0% | \$14,000 | 3.0% | \$14,000 | 3.0% |
| Computer Maintenance & Software | \$17,566 | 3.0% | \$18,000 | 3.0% | \$19,000 | 3.0% | \$20,000 | 3.0% | \$21,000 | 3.0% | \$22,000 | 3.0% |
| Other Operating Expenses | \$82,630 | 3.0% | \$85,000 | 3.0% | \$88,000 | 3.0% | \$91,000 | 3.0% | \$94,000 | 3.0% | \$97,000 | 3.0% |
| Subtotal Operating Expenses | \$738,614 | | \$877,000 | | \$912,000 | | \$948,000 | | \$985,000 | | \$1,023,000 | |
| % Change | | | 18.7% | | 4.0% | | 3.9% | | 3.9% | | 3.9% | |
| Metro Wells Expenses (063) | | | | | | | | | | | | |
| Salaries & Benefits | \$10,684 | 5.0% | \$11,000 | 5.0% | \$12,000 | 5.0% | \$13,000 | 5.0% | \$14,000 | 5.0% | \$15,000 | 5.0% |
| 5150 Electricity | \$6,000 | 3.0% | \$6,000 | 3.0% | \$6,000 | 3.0% | \$6,000 | 3.0% | \$6,000 | 3.0% | \$6,000 | 3.0% |
| Public Works | \$1,200 | 3.0% | \$1,200 | 3.0% | \$1,000 | 3.0% | \$1,000 | 3.0% | \$1,000 | 3.0% | \$1,000 | 3.0% |
| Other Metro Wells Expenses | \$4,166 | 3.0% | \$4,000 | 3.0% | \$4,000 | 3.0% | \$4,000 | 3.0% | \$4,000 | 3.0% | \$4,000 | 3.0% |
| Subtotal Metro Wells Expenses | \$22,050 | | \$22,200 | | \$23,000 | | \$24,000 | | \$25,000 | | \$26,000 | |
| % Change | | | 0.7% | | 3.6% | | 4.3% | | 4.2% | | 4.0% | |
| Dinsmore Expenses (064) | | | | | | | | | | | | |
| 5115 Contract/Professional Services | \$7,500 | 3% | \$7,700 | 3% | \$7,900 | 3% | \$8,100 | 3% | \$8,300 | 3% | \$8,500 | 3% |
| 5150 Electricity | \$2,200 | 3% | \$2,300 | 3% | \$2,400 | 3% | \$2,500 | 3% | \$2,600 | 3% | \$2,700 | 3% |
| Other Dinsmore Expenses | \$400 | 3% | \$400 | 3% | \$400 | 3% | \$400 | 3% | \$400 | 3% | \$400 | 3% |
| Subtotal Dinsmore Expenses | \$10,100 | | \$10,400 | | \$10,700 | | \$11,000 | | \$11,300 | | \$11,600 | |
| % Change | | | 3.0% | | 2.9% | | 2.8% | | 2.7% | | 2.7% | |
| TOTAL WATER EXPENSES | \$770,764 | | \$909,600 | | \$945,700 | | \$983,000 | | \$1,021,300 | | \$1,060,600 | |
| % Change | | | 18.0% | | 4.0% | | 3.9% | | 3.9% | | 3.8% | |

2.3.4 Water Net Revenues

The water utility has been doing well for the past few years, fully covering costs while building reserves. For 2021/22, total net revenues are projected at approximately \$72,000, as detailed below in Table 8 which shows net revenues by each sub-fund.

**Table 8: Water Net Revenues
City of Rio Dell
Water and Sewer Rate Study**

| | Actual | | | Budget |
|---------------------------|------------------|------------------|------------------|--------------------|
| | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
| WATER REVENUES | | | | |
| Operating | \$977,624 | \$857,184 | \$905,773 | \$797,500 |
| Capital | \$190,643 | \$186,466 | \$183,906 | \$239,400 |
| Debt | \$115,193 | \$181,163 | \$185,608 | \$136,000 |
| Metro Wells | \$17,752 | \$18,287 | \$18,630 | \$17,100 |
| <u>Dinsmore</u> | <u>\$21,894</u> | <u>\$22,659</u> | <u>\$79,601</u> | <u>\$21,800</u> |
| Subtotal | \$1,323,106 | \$1,265,759 | \$1,373,518 | \$1,211,800 |
| WATER EXPENSES | | | | |
| Operating | \$669,392 | \$629,766 | \$622,297 | \$738,614 |
| Capital | \$125,361 | \$31,869 | \$58,078 | \$88,000 |
| Debt | \$266,727 | \$367,106 | \$136,106 | \$136,000 |
| Metro Wells | \$9,180 | \$4,349 | \$3,873 | \$22,050 |
| <u>Dinsmore</u> | <u>\$2,035</u> | <u>\$3,237</u> | <u>\$2,170</u> | <u>\$155,100</u> |
| Subtotal | \$1,072,695 | \$1,036,327 | \$822,524 | \$1,139,764 |
| NET REVENUES | | | | |
| Operating | \$308,232 | \$227,418 | \$283,476 | \$58,886 |
| Capital | \$65,282 | \$154,597 | \$125,828 | \$151,400 |
| Debt | (\$151,534) | (\$185,943) | \$49,502 | \$0 |
| Metro Wells | \$8,572 | \$13,938 | \$14,757 | (\$4,950) |
| <u>Dinsmore</u> | <u>\$19,859</u> | <u>\$19,422</u> | <u>\$77,431</u> | <u>(\$133,300)</u> |
| TOTAL NET REVENUES | \$250,411 | \$229,432 | \$550,994 | \$72,036 |

2.3.5 Water Capital Improvement Plan

Table 9 details the water capital projects for the next five years. The projects are broken out between Citywide infrastructure needs and projects specific to the Dinsmore Zone. The current total for Citywide projects is \$148,000. In addition, the Water Fund has three major potential projects totaling \$14.9 million for which the City is applying for grants to cover some costs. The projects include: 1) Distribution System Upgrade, 2) Eel River Crossing Pipeline Retrofit, and 3) Douglas Tank Seismic Retrofit. The feasibility of these projects will depend on the City's ability to obtain either grant or loan funding assistance.

**Table 9: Water Capital (062) Improvement Program (CIP)
City of Rio Dell
Water and Sewer Rate Study**

| Project Title | Current 2021/22 | Projected | | | | | Total CIP | Funding | |
|--|--------------------|-------------|-------------|----------|-------------|-------------|--------------|---------------|---------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | | Local Funding | Grant Funding |
| Citywide Projects | | | | | | | | | |
| SCADA Upgrades | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$10,000 | \$10,000 | |
| Water Meter Replacement | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$72,000 | \$72,000 | |
| Meter Reading Equipment Replacement | \$26,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$26,000 | \$26,000 | |
| Backwash Flow Meter | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$10,000 | \$10,000 | |
| Turbidity Meter Replacement | \$30,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$30,000 | \$30,000 | |
| Subtotal | \$88,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$148,000 | \$148,000 | |
| Other Major Projects | | | | | | | | | |
| Distribution System Upgrade (1) | \$0 | \$4,750,000 | \$4,750,000 | \$0 | \$0 | \$0 | \$9,500,000 | \$0 | SWRCB |
| Eel River Crossing Pipeline Retrofit (2) | \$0 | \$0 | \$0 | \$0 | \$1,750,000 | \$1,750,000 | \$3,500,000 | \$875,000 | HMGF-FEMIA |
| Douglas Tank Seismic Retrofit (3) | \$0 | \$0 | \$0 | \$0 | \$950,000 | \$950,000 | \$1,900,000 | \$475,000 | HMGF-FEMIA |
| Subtotal | \$0 | \$4,750,000 | \$4,750,000 | \$0 | \$2,700,000 | \$2,700,000 | \$14,900,000 | \$1,350,000 | |
| TOTAL WATER CIP | \$88,000 | \$4,762,000 | \$4,762,000 | \$12,000 | \$2,712,000 | \$2,712,000 | \$15,048,000 | \$1,498,000 | |
| DINSMORE CIP | | | | | | | | | |
| Monument Water Line Replacement | \$45,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$45,000 | \$45,000 | |
| Dinmore Replacement/Upgrades | \$100,000 | \$250,000 | \$0 | \$0 | \$0 | \$0 | \$350,000 | \$350,000 | |
| TOTAL DINSMORE CIP | \$145,000 | \$250,000 | \$0 | \$0 | \$0 | \$0 | \$395,000 | \$395,000 | |

1 - City will most likely receive State Grant

2 - City would only fund this project if they received grant funding

3 - Priority project. City has applied for grant but will fund with reserves if they do not receive grant funding

2.3.6 Debt Service

The water utility currently has one outstanding debt obligation – a 2005 State Revolving Fund (SRF) Loan for \$2.72 million. Total annual debt service is \$136,000 and will be paid off in 2030.

Debt Service Coverage

A chief covenant for the City to secure State loans/grants or revenue bonds/Certificates of Participation (COPs) is to maintain a specific debt service coverage ratio. A debt service coverage ratio is a financial measure of an agency's ability to repay outstanding debt. For the Water Fund, the debt service coverage ratio means that annual water net revenues (gross revenues less operating and maintenance expenses) must be at least 1.20 times the combined annual debt service payments on all parity obligations. Failure to meet the debt service coverage ratio on an annual basis is considered to be technical default, thereby making the revenue bonds/COPs callable or payable upon demand. Thus, rates and fees must be set to meet this legal requirement.

2.3.7 Water Cash Flow Projection with No Rate Increases

Table 10 forecasts the financial health of the water utility over the next 10 years if the City does not implement any rate increases. Aside from the Water Meter Replacement project, no additional capital projects and/or loans and grants have been included. Using 2021/22 as the base year, the cash flow shows that the water fund will likely miss debt service coverage (line 56) beginning in 2026/27 and will have negative net operating revenues beginning in 2027/28 (line 43).

Table 10: Water Cash Flow Projection – No Rate Increases
City of Rio Dell
Water and Sewer Rate Study

| | Budget 2021/22 | Years 1-5: Proposition 218 | | | | | Years 6-10: Extended Projection | | | | |
|--|-------------------|----------------------------|-------------|-------------|-------------|-------------|---------------------------------|-------------|-------------|-------------|-------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
| 1 Overall Revenue Adjustment | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 2 Rate Increase Effective | | Jul 1, 2022 | Jul 1, 2023 | Jul 1, 2024 | Jul 1, 2025 | Jul 1, 2026 | Jul 1, 2027 | Jul 1, 2028 | Jul 1, 2029 | Jul 1, 2030 | Jul 1, 2031 |
| 4 BEGINNING FUND BALANCE | \$2,711,305 | \$2,916,641 | \$3,072,441 | \$3,193,441 | \$3,278,441 | \$3,326,441 | \$3,336,441 | \$3,288,441 | \$3,198,441 | \$3,063,441 | \$2,881,441 |
| 6 REVENUES | | | | | | | | | | | |
| 7 Operating Revenues | | | | | | | | | | | |
| 8 Water Service | 1,154,600 | 1,155,000 | 1,155,000 | 1,155,000 | 1,155,000 | 1,155,000 | 1,155,000 | 1,155,000 | 1,155,000 | 1,155,000 | 1,155,000 |
| 9 Interest Income | 0 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 10 Water - Connection | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 Water - Service Late Fees | 25,000 | 26,000 | 27,000 | 28,000 | 29,000 | 30,000 | 31,000 | 32,000 | 33,000 | 34,000 | 35,000 |
| 12 Delinquent Fees | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| 13 Water - Connection/Capital | 5,400 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| 14 Other Revenues | 0 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 15 Subtotal Operating Revenues | 1,190,000 | 1,203,000 | 1,204,000 | 1,205,000 | 1,206,000 | 1,207,000 | 1,208,000 | 1,209,000 | 1,210,000 | 1,211,000 | 1,212,000 |
| 17 Loan Proceeds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 TOTAL REVENUES | 1,190,000 | 1,203,000 | 1,204,000 | 1,205,000 | 1,206,000 | 1,207,000 | 1,208,000 | 1,209,000 | 1,210,000 | 1,211,000 | 1,212,000 |
| 21 EXPENSES | | | | | | | | | | | |
| 22 Operating Expenses | | | | | | | | | | | |
| 23 Operating | 738,614 | 877,000 | 912,000 | 948,000 | 985,000 | 1,023,000 | 1,063,000 | 1,105,000 | 1,150,000 | 1,197,000 | 1,245,000 |
| 24 Metro Wells | 22,060 | 22,200 | 23,000 | 24,000 | 25,000 | 26,000 | 27,000 | 28,000 | 29,000 | 30,000 | 31,000 |
| 25 Subtotal Operating Expenses | 760,664 | 899,200 | 935,000 | 972,000 | 1,010,000 | 1,049,000 | 1,090,000 | 1,133,000 | 1,179,000 | 1,227,000 | 1,276,000 |
| 27 Net Operating Revenues | 429,336 | 303,800 | 269,000 | 233,000 | 196,000 | 158,000 | 118,000 | 76,000 | 31,000 | (16,000) | (64,000) |
| 29 Debt Service | | | | | | | | | | | |
| 30 Current Debt Service | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 0 |
| 31 Distribution System Upgrade Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 32 Eel River Crossing Pipeline Retrofit Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 33 Douglas Tank Seismic Retrofit Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 34 Subtotal Debt Service | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 0 |
| 36 Capital Improvement Plan | | | | | | | | | | | |
| 37 Citywide Projects | 88,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| 38 Other Major Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 39 Subtotal CIP | 88,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| 42 TOTAL EXPENSES | 984,664 | 1,047,200 | 1,083,000 | 1,120,000 | 1,158,000 | 1,197,000 | 1,256,000 | 1,299,000 | 1,345,000 | 1,393,000 | 1,306,000 |
| 43 TOTAL NET REVENUES | 205,336 | 155,800 | 121,000 | 85,000 | 48,000 | 10,000 | (48,000) | (90,000) | (135,000) | (182,000) | (94,000) |
| 45 ENDING FUND BALANCE | 2,916,641 | 3,072,441 | 3,193,441 | 3,278,441 | 3,326,441 | 3,336,441 | 3,288,441 | 3,198,441 | 3,063,441 | 2,881,441 | 2,787,441 |
| 48 RESERVE FUND TARGETS | | | | | | | | | | | |
| 49 Operating Reserve Target (30% of O&M) | 228,200 | 269,800 | 280,500 | 291,600 | 303,000 | 314,700 | 327,000 | 339,900 | 353,700 | 368,100 | 382,800 |
| 50 Capital Reserve Target (\$1M) | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 51 Debt Service (Annual Debt Service) | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 0 |
| 52 Total Water Reserve Target | 1,364,200 | 1,405,800 | 1,416,500 | 1,427,600 | 1,439,000 | 1,450,700 | 1,463,000 | 1,475,900 | 1,489,700 | 1,504,100 | 1,382,800 |
| 53 Target Met? | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 55 DEBT SERVICE COVERAGE | | | | | | | | | | | |
| 56 Target - 1.20x (1) | 3.16 | 2.23 | 1.98 | 1.71 | 1.44 | 1.16 | 0.87 | 0.56 | 0.23 | -0.12 | - |
| 57 Target Met? | yes | yes | yes | yes | yes | no | no | no | no | no | no |

59 1 - Net Operating Revenues divided by Total Debt Service

2.3.8 Water Cash Flow Goals

With input from City Staff and the State Water Resources Control Board (SWRCB), L&T developed three water cash flow scenarios based on various funding options for the \$9.5 million Distribution System Upgrade Project. The following three goals are indicators of the overall fiscal health of the water utility, and the proposed rate adjustments for the rate scenarios have been designed to meet these objectives each year of the rate study.

1. Meet debt service coverage (1.2x)
 - a. The Safe Water Drinking loan requires the City to maintain a ratio of 1.2x
2. Meet Water Fund reserve targets
 - a. Operating Reserve Target = 30.0% of annual operating costs
 - b. Capital Reserve Target = \$1.0 million
 - c. Debt Service Reserve = Total debt service for one year
3. Maintain positive net operating revenues
 - a. To ensure that the Water Fund is covering its cost of service
 - b. To avoid an operating deficit and dipping into reserves

2.3.9 Capital Project Financing

The three water cash flow scenarios to fund the \$9.5 million Distribution System Upgrade Project are provided in Table 13, Table 14, and Table 15. The financing assumptions for the three scenarios are summarized below:

➤ **Scenario #1: 100% Loan**

- Assumes the City will borrow \$9.5 million in 2023
- Loan terms: 0.0% interest rate with a payback term of 20 years
- Construction will take 2 years and will be completed in 2025
- Debt service is estimated at \$475,000 each year
- First debt service payment in due in 2026 (one year after construction is complete)

➤ **Scenario #2: 90% Grant/10% Loan**

- Assumes the City will receive \$8,550,000 in grant funding and will borrow \$950,000 in 2023
- Loan terms: 0.0% interest rate with a payback term of 20 years
- Construction will take 2 years and will be completed in 2025
- Debt service is estimated at \$48,000 each year
- First debt service payment in due in 2026 (one year after construction is complete)

➤ **Scenario #3: 100% Grant**

- Assumes the City will receive \$9.5 million in grant funding and will not need to borrow any money for the Distribution System Upgrade Project
- Construction will take 2 years and will be completed in 2025

Table 11 summarizes the assumptions for cash flow financing scenarios for the Distribution System Upgrade project as recommended by the SWRCB.

Table 11: Distribution System Upgrade Water Financing Scenarios
City of Rio Dell
Water and Sewer Rate Study

| | Scenario 1: 100% Loan | Scenario 2: 90% Grant/10% Loan | Scenario 3: 100% Grant |
|-------------------------------------|----------------------------------|---|-----------------------------------|
| Total Project Cost | \$9,500,000 | \$9,500,000 | \$9,500,000 |
| <u>Amount Grant Funded</u> | <u>\$0</u> | <u>\$8,550,000</u> | <u>\$9,500,000</u> |
| Total Amount of Loan | \$9,500,000 | \$950,000 | \$0 |
| Loan Terms | | | |
| Term (years) | 20 | 20 | - |
| Interest Rate | 0.0% | 0.0% | - |
| Annual Loan Payment (1) | \$475,000 | \$48,000 | - |
| Reserve Fund Requirement (2) | | | |
| Equal to Annual Debt Service | \$475,000 | \$48,000 | - |

1 - Estimates for financial planning purposes.

2 - Agencies must set aside 1 year of debt service for reserve requirement at least 90 days prior to project completion date.

In addition to the Distribution System Upgrade Project, the water utility's other major capital projects include the Eel River Crossing Pipeline Retrofit (\$3.5 million) and the Douglas Tank Seismic Retrofit (\$1.9 million). For both projects, the City has submitted applications with the Hazard Mitigation Grant Program through the Federal Emergency Management Agency (HGMP-FEMA). The program is based on 75% grant funding with a 25% local match. Table 12 summarizes the funding assumptions for the Eel River Crossing Pipeline and Douglas Tank Seismic Retrofit projects assuming that the City receives grant funding from the HGMP-FEMA program. The City's local share of the project cost is assumed to be funded with USDA loans with borrowing terms of 3.0% interest rate for 30 years. The assumptions for the Eel River Crossing Pipeline Retrofit and the Douglas Tank Seismic Retrofit projects are summarized below:

- **Eel River Crossing Pipeline Retrofit**
 - Assumes the City will receive \$2,625,000 in grant funding (75% of total project costs) in 2025
 - City's share of project costs is \$875,000 (25% of total project costs) & will be funded with USDA loan
 - USDA Loan Terms: 3.0%, 30 years
 - Construction will take 2 years and will be completed in 2027
 - First debt service payment is due in 2028 (one year after construction is complete)

- **Douglas Tank Seismic Retrofit**
 - Assumes the City will receive \$1,425,000 in grant funding (75% of total project costs) in 2025
 - City's share of project costs is \$475,000 (25% of total project costs) & will be funded with USDA loan
 - USDA Loan Terms: 3.0%, 30 years
 - Construction will take 2 years and will be completed in 2027
 - First debt service payment is due in 2028 (one year after construction is complete)

**Table 12: USDA Financing Scenarios for Eel River Crossing Pipeline & Douglas Tank Seismic Retrofit
City of Rio Dell
Water and Sewer Rate Study**

| | Eel River Crossing Pipeline Retrofit | Douglas Tank Seismic Retrofit |
|-------------------------------------|---|--------------------------------------|
| Total Project Cost | \$3,500,000 | \$1,900,000 |
| Amount Grant Funded (75%) | <u>\$2,625,000</u> | <u>\$1,425,000</u> |
| Total Amount of Loan (25%) | \$875,000 | \$475,000 |
| Loan Terms | | |
| Term (years) | 30 | 30 |
| Interest Rate | 3.0% | 3.0% |
| Annual Loan Payment (1) | \$45,000 | \$24,000 |
| Reserve Fund Requirement (2) | | |
| Equal to Annual Debt Service | \$45,000 | \$24,000 |

1 - Estimates for financial planning purposes.

2 - Assumes the City must set aside 1 year of debt service for reserve requirement

2.3.10 Cash Flow Projection for Scenario #1: 100% Loan

Table 13 shows the cash flow projection for *Scenario #1: 100% Loan*. This scenario assumes that the City will borrow the entire \$9.5 million project cost for the Distribution System Upgrade Project. The cash flow is based on the 2021/22 budget and is based on the following assumptions:

Distribution System Upgrade Project

- Assumes City will borrow \$9.5 million in 2023
- Loan terms: 0.0% interest rate with a payback term of 20 years
- Construction will take 2 years and will be completed in 2025
- Debt service is estimated at \$475,000 each year
- First debt service payment is in due in 2026 (one year after construction is complete)

Revenues

- The beginning Water Operating Reserve fund balance is estimated at \$2.7 million as shown on Table 4 and does not include the Dinsmore Zone reserve.
- Water Service revenues are based on the FY 2021/22 budget and estimated at \$1.15 million.
- Water Connection Fees, Service Late Fees, Delinquent Fees, Connection/Capital and all Other Revenues are increased by 3.0% each year.
- Dinsmore Zone revenues are not included.
- Service Late Fees have been cancelled out to fund a Low Income Discount.
- Interest is estimated at \$10,000 beginning in 2022/23 and increases by 1% each year.
- Minimal growth has been included at 0.5% increase per year.

Expenses

- Salaries & Benefits are increased by 5.0% annually.
- Chemicals have been increased by 600.0% for 2022/23.
- All other expenses are increased by 3.0% each year.
- The only current debt obligation is the 2005 SRF Loan for \$2.72 million. Total annual debt service is \$136,000 and will be paid off in 2030.
- Debt service coverage target is estimated at 1.20x and is calculated by dividing Net Revenues by Total Debt Service.
- Dinsmore Zone expenses are not included.
- Capital projects are based on the Water CIP (2021/22 through 2026/27), totaling \$148,000.
- The Eel River Crossing Pipeline Retrofit and the Douglas Tank Seismic Retrofit projects are included and are based on the assumptions in Table 12.

Table 13: Water Cash Flow Projection - Scenario #1: 100% Loan
City of Rio Dell
Water and Sewer Rate Study

| | Budget 2021/22 | Years 1 -5: Proposition 218 | | | | | Years 6 - 10: Extended Projection | | | | |
|--|-------------------|-----------------------------|-------------|-------------|-------------|-------------|-----------------------------------|-------------|-------------|-------------|-------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
| 1 Overall Revenue Adjustment | | 14.0% | 14.0% | 14.0% | 4.0% | 4.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| 2 Rate Increase Effective | | Jul 1, 2022 | Jul 1, 2023 | Jul 1, 2024 | Jul 1, 2025 | Jul 1, 2026 | Jul 1, 2027 | Jul 1, 2028 | Jul 1, 2029 | Jul 1, 2030 | Jul 1, 2031 |
| 3 | | | | | | | | | | | |
| 4 BEGINNING FUND BALANCE | \$2,711,305 | \$2,916,641 | \$3,207,441 | \$3,646,441 | \$4,258,441 | \$3,750,441 | \$3,274,441 | \$3,400,441 | \$3,540,441 | \$3,693,441 | \$3,859,441 |
| 5 | | | | | | | | | | | |
| 6 REVENUES | | | | | | | | | | | |
| 7 Operating Revenues | | | | | | | | | | | |
| 8 Water Service | 1,154,600 | 1,316,000 | 1,500,000 | 1,710,000 | 1,778,000 | 1,849,000 | 1,904,000 | 1,961,000 | 2,020,000 | 2,081,000 | 2,143,000 |
| 9 Interest Income | 0 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 10 Water - Connection | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 Water - Service Late Fees | 25,000 | 26,000 | 27,000 | 28,000 | 29,000 | 30,000 | 31,000 | 32,000 | 33,000 | 34,000 | 35,000 |
| 12 Delinquent Fees | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| 13 Water - Connection/Capital | 5,400 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| 14 Other Revenues | 0 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 15 Less: Low Income Rate Assistance | 0 | (26,000) | (27,000) | (28,000) | (29,000) | (30,000) | (31,000) | (32,000) | (33,000) | (34,000) | (35,000) |
| 16 Subtotal Operating Revenues | 1,190,000 | 1,338,000 | 1,522,000 | 1,732,000 | 1,800,000 | 1,871,000 | 1,926,000 | 1,983,000 | 2,042,000 | 2,103,000 | 2,165,000 |
| 17 | | | | | | | | | | | |
| 18 Loan Proceeds (1) | 0 | 0 | 4,750,000 | 4,750,000 | 2,025,000 | 2,025,000 | 0 | 0 | 0 | 0 | 0 |
| 19 | | | | | | | | | | | |
| 20 TOTAL REVENUES | 1,190,000 | 1,338,000 | 6,272,000 | 6,482,000 | 3,825,000 | 3,896,000 | 1,926,000 | 1,983,000 | 2,042,000 | 2,103,000 | 2,165,000 |
| 21 | | | | | | | | | | | |
| 22 EXPENSES | | | | | | | | | | | |
| 23 Operating Expenses | | | | | | | | | | | |
| 24 Operating | 738,614 | 877,000 | 912,000 | 948,000 | 985,000 | 1,023,000 | 1,063,000 | 1,105,000 | 1,150,000 | 1,197,000 | 1,245,000 |
| 25 Metro Wells | 22,050 | 22,200 | 23,000 | 24,000 | 25,000 | 26,000 | 27,000 | 28,000 | 29,000 | 30,000 | 31,000 |
| 26 Subtotal Operating Expenses | 760,664 | 899,200 | 935,000 | 972,000 | 1,010,000 | 1,049,000 | 1,090,000 | 1,133,000 | 1,179,000 | 1,227,000 | 1,276,000 |
| 27 | | | | | | | | | | | |
| 28 Net Operating Revenues | 429,336 | 438,800 | 587,000 | 760,000 | 790,000 | 822,000 | 836,000 | 850,000 | 863,000 | 876,000 | 889,000 |
| 29 | | | | | | | | | | | |
| 30 Debt Service | | | | | | | | | | | |
| 31 Current Debt Service | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 0 |
| 32 Distribution System Upgrade Debt Service | 0 | 0 | 0 | 0 | 475,000 | 475,000 | 475,000 | 475,000 | 475,000 | 475,000 | 475,000 |
| 33 Eel River Crossing Pipeline Retrofit Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| 34 Douglas Tank Seismic Retrofit Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 24,000 | 24,000 | 24,000 | 24,000 | 24,000 |
| 35 Subtotal Debt Service | 136,000 | 136,000 | 136,000 | 136,000 | 611,000 | 611,000 | 680,000 | 680,000 | 680,000 | 680,000 | 544,000 |
| 36 | | | | | | | | | | | |
| 37 Capital Improvement Plan | | | | | | | | | | | |
| 38 Citywide Projects | 88,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| 39 Other Major Projects | 0 | 0 | 4,750,000 | 4,750,000 | 2,700,000 | 2,700,000 | 0 | 0 | 0 | 0 | 0 |
| 40 Subtotal CIP | 88,000 | 12,000 | 4,762,000 | 4,762,000 | 2,712,000 | 2,712,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| 41 | | | | | | | | | | | |
| 42 TOTAL EXPENSES | 984,664 | 1,047,200 | 5,833,000 | 5,870,000 | 4,333,000 | 4,372,000 | 1,800,000 | 1,843,000 | 1,889,000 | 1,937,000 | 1,850,000 |
| 43 | | | | | | | | | | | |
| 44 TOTAL NET REVENUES | 205,336 | 290,800 | 439,000 | 612,000 | (508,000) | (476,000) | 126,000 | 140,000 | 153,000 | 166,000 | 315,000 |
| 45 | | | | | | | | | | | |
| 46 ENDING FUND BALANCE | 2,916,641 | 3,207,441 | 3,646,441 | 4,258,441 | 3,750,441 | 3,274,441 | 3,400,441 | 3,540,441 | 3,693,441 | 3,859,441 | 4,174,441 |
| 47 | | | | | | | | | | | |
| 48 | | | | | | | | | | | |
| 49 RESERVE FUND TARGETS | | | | | | | | | | | |
| 50 Operating Reserve Target (30% of O&M) | 228,200 | 269,800 | 280,500 | 291,600 | 303,000 | 314,700 | 327,000 | 339,900 | 353,700 | 368,100 | 382,800 |
| 51 Capital Reserve Target (\$1M) | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 52 Debt Service (Annual Debt Service) | 136,000 | 136,000 | 136,000 | 136,000 | 611,000 | 611,000 | 680,000 | 680,000 | 680,000 | 680,000 | 544,000 |
| 53 Total Water Reserve Target | 1,364,200 | 1,405,800 | 1,416,500 | 1,427,600 | 1,914,000 | 1,925,700 | 2,007,000 | 2,019,900 | 2,033,700 | 2,048,100 | 1,926,800 |
| 54 Target Met? | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 55 | | | | | | | | | | | |
| 56 DEBT SERVICE COVERAGE | | | | | | | | | | | |
| 57 Target - 1.20x (2) | 3.16 | 3.23 | 4.32 | 5.59 | 1.29 | 1.35 | 1.23 | 1.25 | 1.27 | 1.29 | 1.63 |
| 58 Target Met? | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 59 | | | | | | | | | | | |

60 1 - Total loan amount is \$9.5 million. Project will most likely be completed in 2 years.
61 2 - Net Operating Revenues divided by Total Debt Service

2.3.11 Cash Flow Projection for Scenario #2: 90% Grant, 10% Loan

Scenario #2 assumes the City will receive \$8,550,000 in grant funding and will borrow \$950,000 in 2023.

The cash flow is based on the 2021/22 budget and is based on the following assumptions:

Distribution System Upgrade Project

- Assumes City will receive \$8,550,000 in grant funding and will borrow \$950,000 in 2023
- Loan terms: 0.0% interest rate with a payback term of 20 years
- Construction will take 2 years and will be completed in 2025
- Debt service is estimated at \$48,000 each year
- First debt service payment is in due in 2026 (one year after construction is complete)

The assumptions for the Revenues and Expenses are the same as Table 13 (*Scenario #1*).

Table 14: Water Cash Flow Projection - Scenario #2: 90% Grant, 10% Loan
City of Rio Dell
Water and Sewer Rate Study

| | Budget 2021/22 | Years 1 -5: Proposition 218 | | | | | Years 6 - 10: Extended Projection | | | | |
|--|-------------------|-----------------------------|-------------|-------------|-------------|-------------|-----------------------------------|-------------|-------------|-------------|-------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
| 1 Overall Revenue Adjustment | | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| 2 Rate Increase Effective | | Jul 1, 2022 | Jul 1, 2023 | Jul 1, 2024 | Jul 1, 2025 | Jul 1, 2026 | Jul 1, 2027 | Jul 1, 2028 | Jul 1, 2029 | Jul 1, 2030 | Jul 1, 2031 |
| 4 BEGINNING FUND BALANCE | \$2,711,305 | \$2,916,641 | \$3,092,441 | \$3,280,441 | \$3,481,441 | \$2,973,441 | \$2,480,441 | \$2,576,441 | \$2,672,441 | \$2,767,441 | \$2,860,441 |
| 6 REVENUES | | | | | | | | | | | |
| 7 Operating Revenues | | | | | | | | | | | |
| 8 Water Service | 1,154,600 | 1,201,000 | 1,249,000 | 1,299,000 | 1,351,000 | 1,405,000 | 1,447,000 | 1,490,000 | 1,535,000 | 1,581,000 | 1,628,000 |
| 9 Interest Income | 0 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 10 Water - Connection | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 Water - Service Late Fees | 25,000 | 26,000 | 27,000 | 28,000 | 29,000 | 30,000 | 31,000 | 32,000 | 33,000 | 34,000 | 35,000 |
| 12 Delinquent Fees | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| 13 Water - Connection/Capital | 5,400 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| 14 Other Revenues | 0 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 15 Less: Low Income Rate Assistance | 0 | (26,000) | (27,000) | (28,000) | (29,000) | (30,000) | (31,000) | (32,000) | (33,000) | (34,000) | (35,000) |
| 16 Subtotal Operating Revenues | 1,190,000 | 1,223,000 | 1,271,000 | 1,321,000 | 1,373,000 | 1,427,000 | 1,469,000 | 1,512,000 | 1,557,000 | 1,603,000 | 1,650,000 |
| 18 Loan Proceeds (1) | 0 | 0 | 4,750,000 | 4,750,000 | 2,025,000 | 2,025,000 | 0 | 0 | 0 | 0 | 0 |
| 20 TOTAL REVENUES | 1,190,000 | 1,223,000 | 6,021,000 | 6,071,000 | 3,398,000 | 3,452,000 | 1,469,000 | 1,512,000 | 1,557,000 | 1,603,000 | 1,650,000 |
| 22 EXPENSES | | | | | | | | | | | |
| 23 Operating Expenses | | | | | | | | | | | |
| 24 Operating | 738,614 | 877,000 | 912,000 | 948,000 | 985,000 | 1,023,000 | 1,063,000 | 1,105,000 | 1,150,000 | 1,197,000 | 1,245,000 |
| 25 Metro Wells | 22,050 | 22,200 | 23,000 | 24,000 | 25,000 | 26,000 | 27,000 | 28,000 | 29,000 | 30,000 | 31,000 |
| 26 Subtotal Operating Expenses | 760,664 | 899,200 | 935,000 | 972,000 | 1,010,000 | 1,049,000 | 1,090,000 | 1,133,000 | 1,179,000 | 1,227,000 | 1,276,000 |
| 28 Net Operating Revenues | 429,336 | 323,800 | 336,000 | 349,000 | 363,000 | 378,000 | 379,000 | 379,000 | 378,000 | 376,000 | 374,000 |
| 30 Debt Service | | | | | | | | | | | |
| 31 Current Debt Service | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 0 |
| 32 Distribution System Upgrade Debt Service | 0 | 0 | 0 | 0 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 |
| 33 Eel River Crossing Pipeline Retrofit Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| 34 Douglas Tank Seismic Retrofit Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 24,000 | 24,000 | 24,000 | 24,000 | 24,000 |
| 35 Subtotal Debt Service | 136,000 | 136,000 | 136,000 | 136,000 | 184,000 | 184,000 | 253,000 | 253,000 | 253,000 | 253,000 | 117,000 |
| 37 Capital Improvement Plan | | | | | | | | | | | |
| 38 Citywide Projects | 88,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| 39 Other Major Projects | 0 | 0 | 4,750,000 | 4,750,000 | 2,700,000 | 2,700,000 | 0 | 0 | 0 | 0 | 0 |
| 40 Subtotal CIP | 88,000 | 12,000 | 4,762,000 | 4,762,000 | 2,712,000 | 2,712,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| 42 TOTAL EXPENSES | 984,664 | 1,047,200 | 5,833,000 | 5,870,000 | 3,906,000 | 3,945,000 | 1,373,000 | 1,416,000 | 1,462,000 | 1,510,000 | 1,423,000 |
| 44 TOTAL NET REVENUES | 205,336 | 175,800 | 188,000 | 201,000 | (508,000) | (493,000) | 96,000 | 96,000 | 95,000 | 93,000 | 227,000 |
| 46 ENDING FUND BALANCE | 2,916,641 | 3,092,441 | 3,280,441 | 3,481,441 | 2,973,441 | 2,480,441 | 2,576,441 | 2,672,441 | 2,767,441 | 2,860,441 | 3,087,441 |
| 48 RESERVE FUND TARGETS | | | | | | | | | | | |
| 49 Operating Reserve Target (30% of O&M) | 228,200 | 269,800 | 280,500 | 291,600 | 303,000 | 314,700 | 327,000 | 339,900 | 353,700 | 368,100 | 382,800 |
| 50 Capital Reserve Target (\$1M) | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 52 Debt Service (Annual Debt Service) | 136,000 | 136,000 | 136,000 | 136,000 | 184,000 | 184,000 | 253,000 | 253,000 | 253,000 | 253,000 | 117,000 |
| 53 Total Water Reserve Target | 1,364,200 | 1,405,800 | 1,416,500 | 1,427,600 | 1,487,000 | 1,498,700 | 1,580,000 | 1,592,900 | 1,606,700 | 1,621,100 | 1,499,800 |
| 54 Target Met? | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 56 DEBT SERVICE COVERAGE | | | | | | | | | | | |
| 57 Target - 1.20x (2) | 3.16 | 2.38 | 2.47 | 2.57 | 1.97 | 2.05 | 1.50 | 1.50 | 1.49 | 1.49 | 3.20 |
| 58 Target Met? | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |

60 1 - Total loan amount is \$9.5 million. Project will most likely be completed in 2 years.

61 2 - Net Operating Revenues divided by Total Debt Service

2.3.12 Cash Flow Projection for Scenario #3: 100% Grant

Scenario #3 assumes the City will receive \$9.5 million in grant funding and will not need to borrow any money for the Distribution System Upgrade Project. The cash flow is based on the FY 2021/22 budget and is based on the following assumptions:

Distribution System Upgrade Project

- Assumes the City will not need to borrow any money for the Distribution System Upgrade Project
- Construction will take 2 years and will be completed in 2025

The assumptions for the Revenues and Expenses are the same as Table 13 (*Scenario #1*).

Table 15: Water Cash Flow Projection – Scenario #3: 100% Grant
City of Rio Dell
Water and Sewer Rate Study

| | Budget 2021/22 | Years 1-5: Proposition 218 | | | | | Years 6-10: Extended Projection | | | | |
|--|-------------------|----------------------------|-------------|-------------|-------------|-------------|---------------------------------|-------------|-------------|-------------|-------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
| 1 Overall Revenue Adjustment | | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| 2 Rate Increase Effective | | Jul 1, 2022 | Jul 1, 2023 | Jul 1, 2024 | Jul 1, 2025 | Jul 1, 2026 | Jul 1, 2027 | Jul 1, 2028 | Jul 1, 2029 | Jul 1, 2030 | Jul 1, 2031 |
| 4 BEGINNING FUND BALANCE | \$2,711,305 | \$2,916,641 | \$3,080,441 | \$3,244,441 | \$3,408,441 | \$2,897,441 | \$2,386,441 | \$2,462,441 | \$2,536,441 | \$2,607,441 | \$2,674,441 |
| 6 REVENUES | | | | | | | | | | | |
| 7 Operating Revenues | | | | | | | | | | | |
| 8 Water Service | 1,154,600 | 1,189,000 | 1,225,000 | 1,262,000 | 1,300,000 | 1,339,000 | 1,379,000 | 1,420,000 | 1,463,000 | 1,507,000 | 1,552,000 |
| 9 Interest Income | 0 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 10 Water - Connection | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 Water - Service Late Fees | 25,000 | 26,000 | 27,000 | 28,000 | 29,000 | 30,000 | 31,000 | 32,000 | 33,000 | 34,000 | 35,000 |
| 12 Delinquent Fees | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| 13 Water - Connection/Capital | 5,400 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| 14 Other Revenues | 0 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 15 Less: Low Income Rate Assistance | 0 | (26,000) | (27,000) | (28,000) | (29,000) | (30,000) | (31,000) | (32,000) | (33,000) | (34,000) | (35,000) |
| 16 Subtotal Operating Revenues | 1,190,000 | 1,211,000 | 1,247,000 | 1,284,000 | 1,322,000 | 1,361,000 | 1,401,000 | 1,442,000 | 1,485,000 | 1,529,000 | 1,574,000 |
| 18 Loan Proceeds (1) | 0 | 0 | 4,750,000 | 4,750,000 | 2,025,000 | 2,025,000 | 0 | 0 | 0 | 0 | 0 |
| 20 TOTAL REVENUES | 1,190,000 | 1,211,000 | 5,997,000 | 6,034,000 | 3,347,000 | 3,386,000 | 1,401,000 | 1,442,000 | 1,485,000 | 1,529,000 | 1,574,000 |
| 22 EXPENSES | | | | | | | | | | | |
| 23 Operating Expenses | | | | | | | | | | | |
| 24 Operating | 738,614 | 877,000 | 912,000 | 948,000 | 985,000 | 1,023,000 | 1,063,000 | 1,105,000 | 1,150,000 | 1,197,000 | 1,245,000 |
| 25 Metro Wells | 22,050 | 22,200 | 23,000 | 24,000 | 25,000 | 26,000 | 27,000 | 28,000 | 29,000 | 30,000 | 31,000 |
| 26 Subtotal Operating Expenses | 760,664 | 899,200 | 935,000 | 972,000 | 1,010,000 | 1,049,000 | 1,090,000 | 1,133,000 | 1,179,000 | 1,227,000 | 1,276,000 |
| 28 Net Operating Revenues | 429,336 | 311,800 | 312,000 | 312,000 | 312,000 | 312,000 | 311,000 | 309,000 | 306,000 | 302,000 | 298,000 |
| 30 Debt Service | | | | | | | | | | | |
| 31 Current Debt Service | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 0 |
| 32 Distribution System Upgrade Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 33 Eel River Crossing Pipeline Retrofit Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| 34 Douglas Tank Seismic Retrofit Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 24,000 | 24,000 | 24,000 | 24,000 | 24,000 |
| 35 Subtotal Debt Service | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 205,000 | 205,000 | 205,000 | 205,000 | 69,000 |
| 37 Capital Improvement Plan | | | | | | | | | | | |
| 38 Citywide Projects | 88,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| 39 Other Major Projects | 0 | 0 | 4,750,000 | 4,750,000 | 2,700,000 | 2,700,000 | 0 | 0 | 0 | 0 | 0 |
| 40 Subtotal CIP | 88,000 | 12,000 | 4,762,000 | 4,762,000 | 2,712,000 | 2,712,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| 42 TOTAL EXPENSES | 984,664 | 1,047,200 | 5,833,000 | 5,870,000 | 3,858,000 | 3,897,000 | 1,325,000 | 1,368,000 | 1,414,000 | 1,462,000 | 1,375,000 |
| 44 TOTAL NET REVENUES | 205,336 | 163,800 | 164,000 | 164,000 | (511,000) | (511,000) | 76,000 | 74,000 | 71,000 | 67,000 | 199,000 |
| 46 ENDING FUND BALANCE | 2,916,641 | 3,080,441 | 3,244,441 | 3,408,441 | 2,897,441 | 2,386,441 | 2,462,441 | 2,536,441 | 2,607,441 | 2,674,441 | 2,873,441 |
| 49 RESERVE FUND TARGETS | | | | | | | | | | | |
| 50 Operating Reserve Target (30% of O&M) | 228,200 | 269,800 | 280,500 | 291,600 | 303,000 | 314,700 | 327,000 | 339,900 | 353,700 | 368,100 | 382,800 |
| 51 Capital Reserve Target (\$1M) | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 52 Debt Service (Annual Debt Service) | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 136,000 | 205,000 | 205,000 | 205,000 | 205,000 | 69,000 |
| 53 Total Water Reserve Target | 1,364,200 | 1,405,800 | 1,416,500 | 1,427,600 | 1,439,000 | 1,450,700 | 1,532,000 | 1,544,900 | 1,558,700 | 1,573,100 | 1,451,800 |
| 54 Target Met? | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 56 DEBT SERVICE COVERAGE | | | | | | | | | | | |
| 57 Target - 1.20x (2) | 3.16 | 2.29 | 2.29 | 2.29 | 2.29 | 2.29 | 1.52 | 1.51 | 1.49 | 1.47 | 4.32 |
| 58 Target Met? | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |

60 1 - Total loan amount is \$9.5 million. Project will most likely be completed in 2 years.

61 2 - Net Operating Revenues divided by Total Debt Service

2.3.13 Water Scenario Comparison

Table 16 includes a summary of the proposed rate adjustments and the three financial goals for all three scenarios. Based on the proposed rate adjustments, all scenarios are projected to meet the financial goals throughout the 5-year rate study period.

Table 16: Water Scenario Comparison
City of Rio Dell
Water and Sewer Rate Study

PROPOSED RATE INCREASES

| | Current 2021/22 | Proposed | | | | |
|---------------------------------|--------------------|----------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Scenario #1: 100% Loan | - | 14.0% | 14.0% | 14.0% | 4.0% | 4.0% |
| Scenario #2: 90% Grant/10% Loan | - | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| Scenario #3: 100% Grant | - | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |

GOAL 1 : MEET DEBT SERVICE COVERAGE

| | Current 2021/22 | Proposed | | | | |
|--------------------------------------|--------------------|----------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Debt Service Coverage Ratio Required | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 |
| Scenario #1: 100% Loan | 3.16 | 3.23 | 4.32 | 5.59 | 1.29 | 1.35 |
| Scenario #2: 90% Grant/10% Loan | 3.16 | 2.38 | 2.47 | 2.57 | 1.97 | 2.05 |
| Scenario #3: 100% Grant | 3.16 | 2.29 | 2.29 | 2.29 | 2.29 | 2.29 |

GOAL 2: MEET WATER RESERVE FUND TARGETS

| | Current 2021/22 | Proposed | | | | |
|---------------------------------|--------------------|----------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Scenario #1: 100% Loan | yes | yes | yes | yes | yes | yes |
| Scenario #2: 90% Grant/10% Loan | yes | yes | yes | yes | yes | yes |
| Scenario #3: 100% Grant | yes | yes | yes | yes | yes | yes |

GOAL 3: MAINTAIN POSITIVE NET OPERATING REVENUES

| | Current 2021/22 | Proposed | | | | |
|---------------------------------|--------------------|-----------|-----------|-----------|-----------|-----------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Scenario #1: 100% Loan | \$429,336 | \$438,800 | \$587,000 | \$760,000 | \$790,000 | \$822,000 |
| Scenario #2: 90% Grant/10% Loan | \$429,336 | \$323,800 | \$336,000 | \$349,000 | \$363,000 | \$378,000 |
| Scenario #3: 100% Grant | \$429,336 | \$311,800 | \$312,000 | \$312,000 | \$312,000 | \$312,000 |

2.3.14 Dinsmore Water Cash Flow Projection

Table 17 includes a cash flow projection for the Dinsmore Zone with 3.0% annual rate increases to cover annual operating cost inflation. The assumptions for the Dinsmore Zone are:

- The beginning reserve fund balance is \$143,974 as shown on Table 4.
- All operating expenses are increased by 3.0% per year.
- The \$250,000 Dinsmore Replacement/Upgrades project will be paid by developer contributions.
- No growth is included.

**Table 17: Dinsmore Water Cash Flow Projection
City of Rio Dell
Water and Sewer Rate Study**

| | Budget 2021/22 | Years 1 - 5: Proposition 218 | | | | | Years 6 - 10: Extended Projection | | | | | | | | |
|--|-------------------|------------------------------|----------|----------|----------|----------|-----------------------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | | | | |
| 1 Overall Rate Adjustment | | | | | | | | | | | | | | | |
| 2 Rate Increase Effective | | | | | | | | | | | | | | | |
| 3 Dinsmore Zone Monthly Charge | \$65.66 | | | | | | | | | | | | | | |
| 4 \$ Change | | \$1.97 | \$2.03 | \$2.09 | \$2.15 | \$2.22 | \$2.28 | \$2.35 | \$2.42 | \$2.50 | \$2.57 | \$2.64 | \$2.72 | \$2.80 | \$2.88 |
| 5 | | | | | | | | | | | | | | | |
| 6 BEGINNING FUND BALANCE | \$143,974 | \$12,074 | \$24,274 | \$36,974 | \$50,274 | \$64,074 | \$78,374 | \$93,274 | \$108,674 | \$124,674 | \$141,174 | \$157,674 | \$174,174 | \$190,674 | \$207,174 |
| 7 | | | | | | | | | | | | | | | |
| 8 REVENUES | | | | | | | | | | | | | | | |
| 9 Water - Dinsmore Zone | 21,800 | 22,500 | 23,200 | 23,900 | 24,600 | 25,300 | 26,100 | 26,900 | 27,700 | 28,500 | 29,400 | 30,300 | 31,200 | 32,100 | 33,000 |
| 10 Interest Income | 1,400 | 100 | 200 | 400 | 500 | 600 | 800 | 900 | 1,100 | 1,200 | 1,400 | 1,600 | 1,800 | 2,000 | 2,200 |
| 11 Developer Contributions | 0 | 250,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 TOTAL REVENUES | 23,200 | 272,600 | 23,400 | 24,300 | 25,100 | 25,900 | 26,900 | 27,800 | 28,800 | 29,700 | 30,800 | 31,900 | 33,000 | 34,200 | 35,400 |
| 13 | | | | | | | | | | | | | | | |
| 14 EXPENSES | | | | | | | | | | | | | | | |
| 15 Operating Expenses | | | | | | | | | | | | | | | |
| 16 Contract/Professional Services | 7,500 | 7,700 | 7,900 | 8,100 | 8,300 | 8,500 | 8,800 | 9,100 | 9,400 | 9,700 | 10,000 | 10,300 | 10,600 | 10,900 | 11,200 |
| 17 Electricity | 2,200 | 2,300 | 2,400 | 2,500 | 2,600 | 2,700 | 2,800 | 2,900 | 3,000 | 3,100 | 3,200 | 3,300 | 3,400 | 3,500 | 3,600 |
| 18 Other Dinsmore Expenses | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| 19 Subtotal Operating Expenses | 10,100 | 10,400 | 10,700 | 11,000 | 11,300 | 11,600 | 12,000 | 12,400 | 12,800 | 13,200 | 13,600 | 14,000 | 14,400 | 14,800 | 15,200 |
| 20 | | | | | | | | | | | | | | | |
| 21 Capital Expenses | | | | | | | | | | | | | | | |
| 22 Monument Water Line Replacement | 45,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 23 Dinsmore Replacement/Upgrades | 100,000 | 250,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 Subtotal Capital Expenses | 145,000 | 250,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 | | | | | | | | | | | | | | | |
| 26 TOTAL EXPENSES | 155,100 | 260,400 | 10,700 | 11,000 | 11,300 | 11,600 | 12,000 | 12,400 | 12,800 | 13,200 | 13,600 | 14,000 | 14,400 | 14,800 | 15,200 |
| 27 | | | | | | | | | | | | | | | |
| 28 TOTAL NET REVENUES | (131,900) | 12,200 | 12,700 | 13,300 | 13,800 | 14,300 | 14,900 | 15,400 | 16,000 | 16,500 | 17,200 | 17,800 | 18,400 | 19,000 | 19,600 |
| 29 | | | | | | | | | | | | | | | |
| 30 ENDING FUND BALANCE | 12,074 | 24,274 | 36,974 | 50,274 | 64,074 | 78,374 | 93,274 | 108,674 | 124,674 | 141,174 | 157,674 | 174,174 | 190,674 | 207,174 | 223,674 |
| 31 | | | | | | | | | | | | | | | |
| 32 | | | | | | | | | | | | | | | |
| 33 RESERVE FUND | | | | | | | | | | | | | | | |
| 34 Operating Reserve Target (30% of O&M) | 3,000 | 3,100 | 3,200 | 3,300 | 3,400 | 3,500 | 3,600 | 3,700 | 3,800 | 4,000 | 4,100 | 4,200 | 4,300 | 4,400 | 4,500 |
| 35 Target Met? | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 36 | | | | | | | | | | | | | | | |

2.4 Water Cost Allocation

The water revenue requirement detailed in the previous section determines the amount of revenue to be recovered from water rates, and the cost of service allocation determines how revenues will be recovered from customers based on how they use the water system. Proposition 218 requires that agencies providing “property-related services” (including water utility service) set rates and charges that are based on the cost of providing those services and are proportional to how customers use the system.

2.4.1 Current Water Rate Revenues - Fixed vs. Consumption Revenue Recovery

Table 18 summarizes the percentage of service charge revenues derived from the Base Rate versus the Consumption Charge over the past three years. On average, the City collects roughly 73.6% of revenues from the Base Rate and 26.4% from the Consumption Charge.

Table 18: Fixed vs. Variable Water Service Revenue
City of Rio Dell
Water and Sewer Rate Study

| | 2018/19 | 2019/20 | 2020/21 | Three-Year Avg |
|------------------------------------|------------------|------------------|------------------|------------------|
| Base Rate (Fixed) | \$862,077 | \$891,875 | \$919,039 | \$890,997 |
| <u>Consumption Rate (Variable)</u> | <u>\$316,269</u> | <u>\$307,730</u> | <u>\$336,718</u> | <u>\$320,239</u> |
| Total Water Sales | \$1,178,345 | \$1,199,605 | \$1,255,757 | \$1,211,236 |
| Base Rate (Fixed) | 73.2% | 74.3% | 73.2% | 73.6% |
| <u>Consumption Rate (Variable)</u> | <u>26.8%</u> | <u>25.7%</u> | <u>26.8%</u> | <u>26.4%</u> |
| Total Water Sales | 100.0% | 100.0% | 100.0% | 100.0% |

Source: UB Activity with Consumption FY 2018 2019, FY 2019 2020, FY 2020 2021

2.4.2 Fixed vs. Variable Rate Options

Based on staff input, in addition to the cash flow scenarios, L&T developed two rate options based on different fixed vs. variable revenue recovery percentages. L&T is not recommending any changes to the current rate structure and recommends maintaining the same Base Rate for all customers and uniform Consumption Rate. The two rate options are:

- *Rate Option #1: 70% Fixed/30% Variable*
 - This is the current revenue recovery allocation. L&T updated the cost of service basis for the 70%/30% split based on the most recent information available.

- *Rate Option #2: 50% Fixed/50% Variable*
 - This rate option results in a lower overall fixed charge and higher consumption charge. The lower fixed charge benefits low water users.

In total, L&T evaluated six water rate scenarios. For brevity, this report includes the rate derivation, proposed rates, and bill impacts for *Scenario #1: 100% Loan*. The analysis for the other scenarios is included in the appendix.

- Scenario #1A: 100% Loan – 70% Fixed/30% Variable
- Scenario #1B: 100% Loan – 50% Fixed/50% Variable
- Scenario #2A: 90% Grant/10% Loan – 70% Fixed/30% Variable
- Scenario #2B: 90% Grant/10% Loan – 50% Fixed/50% Variable
- Scenario #3A: 100% Grant – 70% Fixed/30% Variable
- Scenario #3B: 100% Grant – 50% Fixed/50% Variable

2.4.3 Overview of Water Cost of Service Methodology

The purpose of the cost allocation is to classify costs and to determine the amount of revenue that will be recovered from base rates and from consumption charges. The American Water Works Association (AWWA) recommends methods to classify costs among various customers. Using the Base-Extra Capacity Method as recommended by the AWWA, water operating expenses are allocated to the following categories: (a) Base, (b) Extra, (c) Metering and Services, and (d) Customer Service. The *Base* and *Extra* categories are intended to recover variable (consumption) costs, while the *Customer Service* and *Metering and Services* categories are intended to recover fixed expenses that are incurred regardless of water used.

- *Base*: Base costs include the expenses related to providing water under average, “base” demand conditions.

- *Extra*: The extra category includes costs related to providing water above the system average demand (ie. related to peak, “extra” usage).

- *Metering and Services*: These include costs related to maintaining and replacing water meters.
- *Customer Service*: This category contains costs associated with serving customers, such as billing and answering customer inquiries.

2.4.4 70% Fixed/30% Variable Cost Allocation

The *Customer Service* and *Metering and Services* have been combined to calculate the Base Charge because the City has the same fixed charge for all customers. Because the City has a single tier for water consumption for all customers, the *Base* and *Extra* categories are combined to calculate the Consumption Rate. Table 19 provides the proposed cost allocation if 70.0% of costs are recovered from the Base Charge while the remaining 30.0% are recovered from the Consumption Rate.

**Table 19: 70% Fixed / 30% Variable Water Cost Allocation
City of Rio Dell
Water and Sewer Rate Study**

| Expenses | Budget FY2022/23 | FIXED CHARGES | CONSUMPTION CHARGES | Total | Notes |
|--|---------------------|---|---------------------|--------------------|----------------|
| | | Meters & Services + Customer Service | Base + Extra | | |
| <u>Operating Expenses</u> | | | | | |
| Salaries & Benefits | \$439,000 | 75% | 25% | 100% | Peaking |
| Chemicals | \$128,000 | 10% | 90% | 100% | Staff Estimate |
| Professional Services | \$73,000 | 75% | 25% | 100% | Peaking |
| Maintenance - Repair | \$45,000 | 75% | 25% | 100% | Peaking |
| Insurance | \$40,000 | 75% | 25% | 100% | Peaking |
| Utilities | \$35,000 | 75% | 25% | 100% | Peaking |
| Regulatory Fees & Other Fees | \$14,000 | 75% | 25% | 100% | Peaking |
| Computer Maintenance & Software | \$18,000 | 75% | 25% | 100% | Peaking |
| <u>Other Operating Expenses</u> | <u>\$85,000</u> | <u>75%</u> | <u>25%</u> | <u>100%</u> | Peaking |
| Subtotal Operating Expenses | \$877,000 | \$574,600 | \$302,500 | \$877,100 | |
| <u>Metro Wells Expenses</u> | | | | | |
| Salaries & Benefits | \$11,000 | 75% | 25% | 100% | Peaking |
| 5150 Electricity | \$6,000 | 10% | 90% | 100% | Staff Estimate |
| Public Works | \$1,200 | 75% | 25% | 100% | Peaking |
| <u>Other Metro Wells Expenses</u> | <u>\$4,000</u> | <u>75%</u> | <u>25%</u> | <u>100%</u> | Peaking |
| Subtotal Metro Wells Expenses | \$22,200 | \$12,800 | \$9,500 | \$22,200 | |
| <u>Non-Operating Expenses</u> | | | | | |
| Debt Service | \$136,000 | 10% | 90% | 100% | Staff Estimate |
| <u>Capital Improvement Plan (5-Year Avg)</u> | <u>\$2,508,000</u> | <u>75%</u> | <u>25%</u> | <u>100%</u> | Peaking |
| Subtotal Non-Operating Expenses | \$2,644,000 | \$1,894,600 | \$749,400 | \$2,644,000 | |
| TOTAL EXPENSES | \$3,543,200 | \$2,482,000 | \$1,061,400 | \$3,543,300 | |
| PROPOSED COST ALLOCATION % | | 70.1% | 30.0% | 100.0% | |

2.4.5 50% Fixed/50% Variable Cost Allocation

Based on the staff input, L&T analyzed the impact to the water rates if 50.0% of costs are recovered from the Base Charge and 50.0% is recovered from the Consumption Rate. Table 20 provides the proposed cost allocation for a 50%/50% cost recovery.

Table 20: 50% Fixed / 50% Variable Water Cost Allocation
City of Rio Dell
Water and Sewer Rate Study

| Expenses | Budget FY2022/23 | FIXED CHARGES | CONSUMPTION CHARGES | Total |
|--|---------------------|---|---------------------|--------------------|
| | | Meters & Services + Customer Service | Base + Extra | |
| <i><u>Operating Expenses</u></i> | | | | |
| Salaries & Benefits | \$439,000 | 50% | 50% | 100% |
| Chemicals | \$128,000 | 50% | 50% | 100% |
| Professional Services | \$73,000 | 50% | 50% | 100% |
| Maintenance - Repair | \$45,000 | 50% | 50% | 100% |
| Insurance | \$40,000 | 50% | 50% | 100% |
| Utilities | \$35,000 | 50% | 50% | 100% |
| Regulatory Fees & Other Fees | \$14,000 | 50% | 50% | 100% |
| Computer Maintenance & Software | \$18,000 | 50% | 50% | 100% |
| <u>Other Operating Expenses</u> | <u>\$85,000</u> | <u>50%</u> | <u>50%</u> | <u>100%</u> |
| Subtotal Operating Expenses | \$877,000 | \$438,500 | \$438,500 | \$877,000 |
| <i><u>Metro Wells Expenses</u></i> | | | | |
| Salaries & Benefits | \$11,000 | 50% | 50% | 100% |
| 5150 Electricity | \$6,000 | 50% | 50% | 100% |
| Public Works | \$1,200 | 50% | 50% | 100% |
| <u>Other Metro Wells Expenses</u> | <u>\$4,000</u> | <u>50%</u> | <u>50%</u> | <u>100%</u> |
| Subtotal Metro Wells Expenses | \$22,200 | \$11,100 | \$11,100 | \$22,200 |
| <i><u>Non-Operating Expenses</u></i> | | | | |
| Debt Service | \$136,000 | 50% | 50% | 100% |
| <u>Capital Improvement Plan (5-Year Avg)</u> | <u>\$2,467,200</u> | <u>50%</u> | <u>50%</u> | <u>100%</u> |
| Subtotal Non-Operating Expenses | \$2,603,200 | \$1,301,600 | \$1,301,600 | \$2,603,200 |
| TOTAL EXPENSES | \$3,502,400 | \$1,751,200 | \$1,751,200 | \$3,502,400 |
| PROPOSED COST ALLOCATION % | | 50.0% | 50.0% | 100.0% |

2.5 Water Rate Design

Following the allocation of costs, the next step is to derive the total cost responsibility for each customer class by developing unit costs of service for each cost function and then assigning those costs to the customer classes based on the respective service requirements of each.

2.5.1 Projected Customer Growth & Water Consumption

Table 21 presents a projection of customer counts and meter equivalents over the 5-year rate study period. Growth is estimated at 0.5% each year while consumption is anticipated to increase by 1.0% annually. Beginning in 2022/23, the City anticipates that there will be a 4,010 ccf (3,000,000 gallons) increase in consumption in the Dinsmore area, resulting in an overall increase in consumption of nearly 5.0%. To smooth out the water rates, L&T leveled out the projected water use and is projecting an increase of almost 2.0% in total annual consumption.

Table 21: Projected Customer Growth & Water Consumption
City of Rio Dell
Water and Sewer Rate Study

| | ACTUAL 2020/21 | PROJECTED 2021/22 | PROJECTED - RATE STUDY PERIOD | | | | |
|--|-------------------|----------------------|-------------------------------|--------------|--------------|--------------|--------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| NUMBER OF EDUs | | | | | | | |
| Growth Increase % | | 0.00% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| Total Water EDUs | 1,539 | 1,539 | 1,547 | 1,554 | 1,562 | 1,570 | 1,578 |
| WATER CONSUMPTION (ccf) | | | | | | | |
| Consumption Increase % | | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| <u>City Accounts</u> | | | | | | | |
| Residential | 75,135 | 75,886 | 76,645 | 77,412 | 78,186 | 78,968 | 79,757 |
| Multiple Family Residence | 8,620 | 8,706 | 8,793 | 8,881 | 8,970 | 9,060 | 9,150 |
| Commercial | 12,933 | 13,062 | 13,193 | 13,325 | 13,458 | 13,593 | 13,729 |
| Institutional | 252 | 255 | 257 | 260 | 262 | 265 | 268 |
| <u>Irrigation</u> | <u>4,556</u> | <u>4,602</u> | <u>4,648</u> | <u>4,694</u> | <u>4,741</u> | <u>4,788</u> | <u>4,836</u> |
| Total City Consumption | 101,496 | 102,511 | 103,536 | 104,571 | 105,617 | 106,673 | 107,740 |
| <u>Dinsmore Accounts</u> | | | | | | | |
| Residential | 1,856 | 1,875 | 1,893 | 1,912 | 1,931 | 1,951 | 1,970 |
| Multiple Family Residence | 163 | 165 | 166 | 168 | 170 | 171 | 173 |
| <u>Irrigation & Special Projects (1)</u> | <u>732</u> | <u>739</u> | <u>4,749</u> | <u>4,797</u> | <u>4,845</u> | <u>4,893</u> | <u>4,942</u> |
| Total Dinsmore Consumption | 2,751 | 2,779 | 6,809 | 6,877 | 6,946 | 7,015 | 7,085 |
| Total Consumption | 104,247 | 105,289 | 110,345 | 111,448 | 112,563 | 113,689 | 114,825 |
| % Change | | 1.0% | 4.8% | 1.0% | 1.0% | 1.0% | 1.0% |
| Adjusted Total Consumption (2) | | 105,289 | 107,132 | 109,007 | 110,914 | 112,855 | 114,830 |
| % Change | | | 1.8% | 1.8% | 1.8% | 1.8% | 1.8% |

1 - Consumption to increase by 3,000,000 gallons (4,010 ccf) in 2022/23 for new customers

2 - Consumption adjusted to smooth rates

For brevity, this report only shows the rate design for *Scenario #1A: 100% Loan – 70% Fixed/30% Variable* and *Scenario #1B: 100% Loan – 50% Fixed/50% Variable*. The rates for the other scenarios are derived in the same manner and are included in the appendix.

2.5.2 Scenario #1A: 100% Loan – 70% Fixed/30% Variable: Water Rate Derivation

Error! Reference source not found. shows the rate derivation for the Base Rate and Consumption Charge for *Scenario #1: 100% Loan* based on a 70% fixed/30% variable revenue recovery. For the Base Rate, the *Base Revenue Requirement* is divided by the *Total Number of EDUs* from Table 21. The proposed Base Rate for 2022/23 is \$49.63, representing a \$0.15 (or 0.3%) increase from the current charge of \$49.48. For the Consumption Rate, the total *Consumption Revenue Requirement* is divided by the *Total Consumption*. The proposed Consumption Rate for 2022/23 is \$3.69, representing a \$0.46 (or 14.1%) increase from the current charge of \$3.23. The proposed rates for the remaining years are detailed in **Error! Reference source not found.**

Table 22: Scenario 1A: 100% Loan - 70% Fixed / 30% Variable: Water Rate Derivation
City of Rio Dell
Water and Sewer Rate Study

| | | PROJECTED - RATE STUDY PERIOD | | | | |
|---|--------------------------|-------------------------------|-------------|-------------|-------------|-------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| TOTAL REVENUE REQUIREMENT (1) | | \$1,316,000 | \$1,500,000 | \$1,710,000 | \$1,778,000 | \$1,849,000 |
| ALLOCATION TO BASE RATE VS. CONSUMPTION CHARGE | | | | | | |
| | Cost Allocation % | | | | | |
| Base Rate (Fixed) | 70.0% | \$921,200 | \$1,050,000 | \$1,197,000 | \$1,244,600 | \$1,294,300 |
| Consumption Charge (Variable) | 30.0% | \$394,800 | \$450,000 | \$513,000 | \$533,400 | \$554,700 |
| Total | 100.0% | \$1,316,000 | \$1,500,000 | \$1,710,000 | \$1,778,000 | \$1,849,000 |
| BASE RATE DERIVATION | | | | | | |
| Base Revenue Requirement | | \$921,200 | \$1,050,000 | \$1,197,000 | \$1,244,600 | \$1,294,300 |
| Total Number of EDUs | | 1,547 | 1,554 | 1,562 | 1,570 | 1,578 |
| Proposed Monthly Base Rate | | <u>Current</u> \$49.48 | \$56.29 | \$63.85 | \$66.06 | \$68.36 |
| % Increase | | 0.3% | 13.4% | 13.4% | 3.5% | 3.5% |
| \$ Increase | | \$0.15 | \$6.66 | \$7.56 | \$2.21 | \$2.30 |
| CONSUMPTION CHARGE DERIVATION | | | | | | |
| Consumption Revenue Requirement | | \$394,800 | \$450,000 | \$513,000 | \$533,400 | \$554,700 |
| Total Consumption (ccf) | | 104,247 | 107,132 | 110,914 | 112,855 | 114,830 |
| Proposed Monthly Consumption Charge | | \$3.23 | \$3.69 | \$4.13 | \$4.63 | \$4.83 |
| % Increase | | 14.1% | 12.0% | 12.0% | 2.2% | 2.2% |
| \$ Increase | | \$0.46 | \$0.44 | \$0.50 | \$0.10 | \$0.10 |

1 - Table 13, Line 8

2.5.3 Scenario #1B: 100% Loan – 50% Fixed/50% Variable: Water Rate Derivation

Table 23 shows the rate derivation for the Base Rate and Consumption Charge for *Scenario #1: 100% Loan* based on a 50% fixed/50% variable revenue recovery. For the Base Rate, the *Base Revenue Requirement* is divided by the *Total Number of EDUs* from Table 21. Under this scenario, the proposed Base Rate for 2022/23 is \$35.45, representing a \$14.03 (or 28.4%) decrease from the current charge of \$49.48. For the Consumption Rate, the total *Consumption Revenue Requirement* is divided by the *Total Consumption*. Under this scenario, the proposed Consumption Rate for 2022/23 is \$6.14, representing a \$2.91 (or 90.2%) increase from the current charge of \$3.23. The proposed rates for the remaining years are detailed in Table 23.

Table 23: Scenario 1A: 100% Loan - 50% Fixed / 50% Variable: Water Rate Derivation
City of Rio Dell
Water and Sewer Rate Study

| | | PROJECTED - RATE STUDY PERIOD | | | | |
|---|--------------------------|-------------------------------|-------------|-------------|-------------|-------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| TOTAL REVENUE REQUIREMENT (1) | | \$1,316,000 | \$1,500,000 | \$1,710,000 | \$1,778,000 | \$1,849,000 |
| ALLOCATION TO BASE RATE VS. CONSUMPTION CHARGE | | | | | | |
| | <u>Cost Allocation %</u> | | | | | |
| Base Rate (Fixed) | 50.0% | \$658,000 | \$750,000 | \$855,000 | \$889,000 | \$924,500 |
| Consumption Charge (Variable) | 50.0% | \$658,000 | \$750,000 | \$855,000 | \$889,000 | \$924,500 |
| Total | 100.0% | \$1,316,000 | \$1,500,000 | \$1,710,000 | \$1,778,000 | \$1,849,000 |
| BASE RATE DERIVATION | | | | | | |
| Base Revenue Requirement | | \$658,000 | \$750,000 | \$855,000 | \$889,000 | \$924,500 |
| Total Number of EDUs | | 1,547 | 1,554 | 1,562 | 1,570 | 1,578 |
| Proposed Monthly Base Rate | <u>Current</u> | \$49.48 | \$40.21 | \$45.61 | \$47.19 | \$48.83 |
| % Increase | | -28.4% | 13.4% | 13.4% | 3.5% | 3.5% |
| \$ Increase | | -\$14.03 | \$4.76 | \$5.40 | \$1.58 | \$1.64 |
| CONSUMPTION CHARGE DERIVATION | | | | | | |
| Consumption Revenue Requirement | | \$658,000 | \$750,000 | \$855,000 | \$889,000 | \$924,500 |
| Total Consumption (ccf) | 104,247 | 107,132 | 109,007 | 110,914 | 112,855 | 114,830 |
| Proposed Monthly Consumption Charge | \$3.23 | \$6.14 | \$6.88 | \$7.71 | \$7.88 | \$8.05 |
| % Increase | | 90.2% | 12.0% | 12.0% | 2.2% | 2.2% |
| \$ Increase | | \$2.91 | \$0.74 | \$0.83 | \$0.17 | \$0.17 |

1 - Table 13, Line 8

2.5.4 Scenario #1: 100% Loan Comparison: Proposed 5-Year Schedule of Rates

Table 24 below summarizes the proposed water rates for *Scenario #1A* and *Scenario #1B*. The table also shows the proposed Dinsmore Zone charge increased by 3.0% each year. The proposed rates for the other scenarios are included in the appendix.

Table 24: Scenario #1: 100% Loan – Proposed Water Rates
City of Rio Dell
Water and Sewer Rate Study

SCENARIO 1A: 100% LOAN -- RATE OPTION 1: 70% FIXED/30% VARIABLE

| | Current Rates | PROJECTED - RATE STUDY PERIOD | | | | |
|----------------------------|---------------|-------------------------------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| BASE RATE | \$49.48 | \$49.63 | \$56.29 | \$63.85 | \$66.06 | \$68.36 |
| CONSUMPTION RATE (per ccf) | \$3.23 | \$3.69 | \$4.13 | \$4.63 | \$4.73 | \$4.83 |
| DINSMORE ZONE CHARGE | \$65.66 | \$67.63 | \$69.66 | \$71.75 | \$73.90 | \$76.12 |

SCENARIO 1B: 100% LOAN -- RATE OPTION 1: 50% FIXED/50% VARIABLE

| | Current Rates | PROJECTED - RATE STUDY PERIOD | | | | |
|----------------------------|---------------|-------------------------------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| BASE RATE | \$49.48 | \$35.45 | \$40.21 | \$45.61 | \$47.19 | \$48.83 |
| CONSUMPTION RATE (per ccf) | \$3.23 | \$6.14 | \$6.88 | \$7.71 | \$7.88 | \$8.05 |
| DINSMORE ZONE CHARGE | \$65.66 | \$67.63 | \$69.66 | \$71.75 | \$73.90 | \$76.12 |

2.5.5 Water Bill Impacts

Table 25 and Table 26 include sample monthly water bill impacts for *Scenarios #1A* and *#1B*, respectively. Due to the updated cost of service allocation, the bill impacts to customers for the first year will vary based on customer class and actual consumption. Moreover, water consumption, particularly for single family customers, typically varies due to seasonal variations in weather and/or other factors. Hence, a single customer could face a range of impacts throughout the year.

Table 25: Scenario #1A: 100% Loan – 70% Fixed / 30% Variable - Sample Water Bill Impacts
City of Rio Dell
Water and Sewer Rate Study

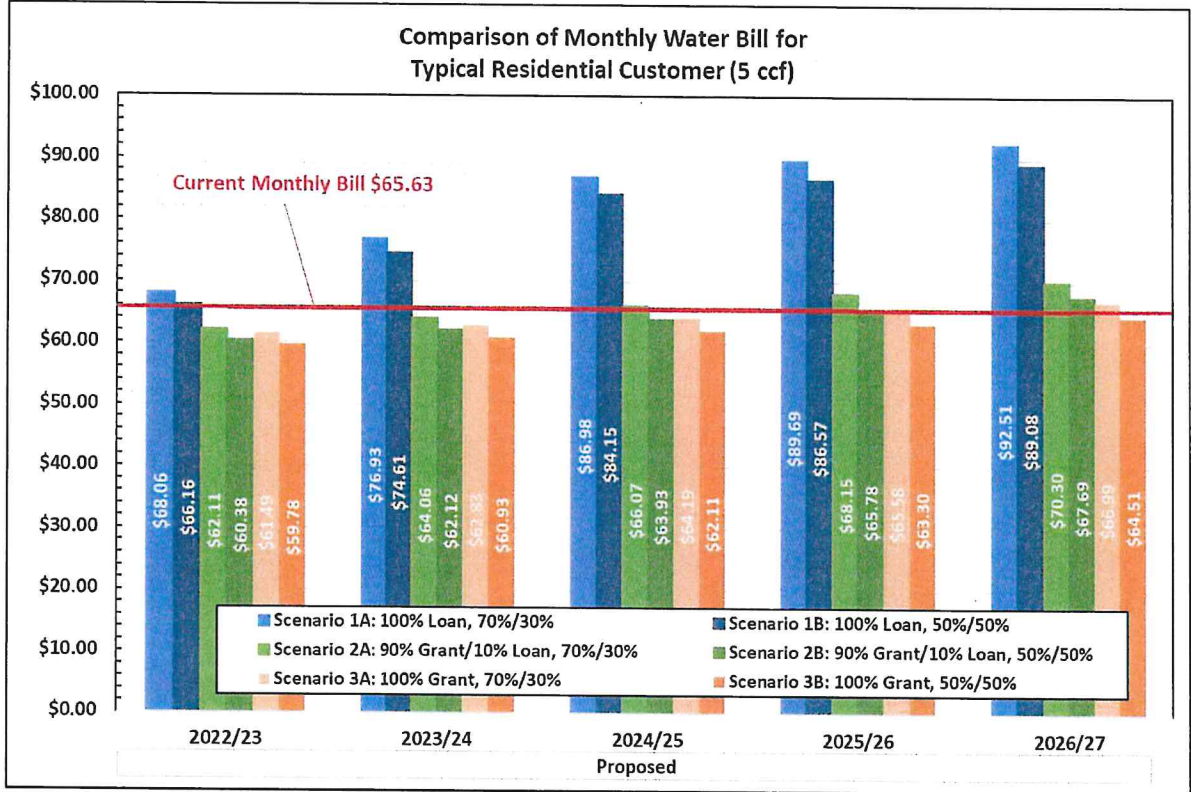
| | Monthly Use (ccf) | Current Bill | Proposed | | | | |
|--|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Monthly Use = 3 ccf | | | | | | | |
| Base Rate | 3 | \$49.48 | \$49.63 | \$56.29 | \$63.85 | \$66.06 | \$68.36 |
| <u>Consumption Charge</u> | | <u>\$9.69</u> | <u>\$11.06</u> | <u>\$12.38</u> | <u>\$13.88</u> | <u>\$14.18</u> | <u>\$14.49</u> |
| Total Monthly Water Bill | | \$59.17 | \$60.69 | \$68.68 | \$77.73 | \$80.24 | \$82.85 |
| \$ Change | | | \$1.52 | \$7.99 | \$9.05 | \$2.51 | \$2.61 |
| % Change | | | 2.6% | 13.2% | 13.2% | 3.2% | 3.3% |
| Monthly Use = 5 ccf (Residential Avg Use) | | | | | | | |
| Base Rate | 5 | \$49.48 | \$49.63 | \$56.29 | \$63.85 | \$66.06 | \$68.36 |
| <u>Consumption Charge</u> | | <u>\$16.15</u> | <u>\$18.43</u> | <u>\$20.64</u> | <u>\$23.13</u> | <u>\$23.63</u> | <u>\$24.15</u> |
| Total Monthly Water Bill | | \$65.63 | \$68.06 | \$76.93 | \$86.98 | \$89.69 | \$92.51 |
| \$ Change | | | \$2.43 | \$8.87 | \$10.05 | \$2.71 | \$2.82 |
| % Change | | | 3.7% | 13.0% | 13.1% | 3.1% | 3.1% |
| Monthly Use = 10 ccf | | | | | | | |
| Base Rate | 10 | \$49.48 | \$49.63 | \$56.29 | \$63.85 | \$66.06 | \$68.36 |
| <u>Consumption Charge</u> | | <u>\$32.30</u> | <u>\$36.85</u> | <u>\$41.28</u> | <u>\$46.25</u> | <u>\$47.26</u> | <u>\$48.31</u> |
| Total Monthly Water Bill | | \$81.78 | \$86.48 | \$97.57 | \$110.10 | \$113.33 | \$116.66 |
| \$ Change | | | \$4.70 | \$11.09 | \$12.53 | \$3.22 | \$3.34 |
| % Change | | | 5.8% | 12.8% | 12.8% | 2.9% | 2.9% |
| Monthly Use = 20 ccf | | | | | | | |
| Base Rate | 20 | \$49.48 | \$49.63 | \$56.29 | \$63.85 | \$66.06 | \$68.36 |
| <u>Consumption Charge</u> | | <u>\$64.60</u> | <u>\$73.70</u> | <u>\$82.56</u> | <u>\$92.50</u> | <u>\$94.53</u> | <u>\$96.61</u> |
| Total Monthly Water Bill | | \$114.08 | \$123.34 | \$138.85 | \$156.36 | \$160.59 | \$164.97 |
| \$ Change | | | \$9.26 | \$15.52 | \$17.50 | \$4.23 | \$4.38 |
| % Change | | | 8.1% | 12.6% | 12.6% | 2.7% | 2.7% |
| Monthly Use = 40 ccf | | | | | | | |
| Base Rate | 40 | \$49.48 | \$49.63 | \$56.29 | \$63.85 | \$66.06 | \$68.36 |
| <u>Consumption Charge</u> | | <u>\$129.20</u> | <u>\$147.41</u> | <u>\$165.13</u> | <u>\$185.01</u> | <u>\$189.06</u> | <u>\$193.22</u> |
| Total Monthly Water Bill | | \$178.68 | \$197.04 | \$221.42 | \$248.86 | \$255.12 | \$261.58 |
| \$ Change | | | \$18.36 | \$24.38 | \$27.44 | \$6.26 | \$6.46 |
| % Change | | | 10.3% | 12.4% | 12.4% | 2.5% | 2.5% |

Table 26: Scenario #1B: 100% Loan – 50% Fixed / 50% Variable - Sample Water Bill Impacts
City of Rio Dell
Water and Sewer Rate Study

| | Monthly Use (ccf) | Current Bill | Proposed | | | | |
|--|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Monthly Use = 3 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$35.45 | \$40.21 | \$45.61 | \$47.19 | \$48.83 |
| Consumption Charge | 3 | <u>\$9.69</u> | <u>\$18.43</u> | <u>\$20.64</u> | <u>\$23.13</u> | <u>\$23.63</u> | <u>\$24.15</u> |
| Total Monthly Water Bill | | \$59.17 | \$53.88 | \$60.85 | \$68.73 | \$70.82 | \$72.98 |
| \$ Change | | | (\$5.29) | \$6.97 | \$7.89 | \$2.08 | \$2.16 |
| % Change | | | -8.9% | 12.9% | 13.0% | 3.0% | 3.1% |
| Monthly Use = 5 ccf (Residential Avg Use) | | | | | | | |
| Base Rate | | \$49.48 | \$35.45 | \$40.21 | \$45.61 | \$47.19 | \$48.83 |
| Consumption Charge | 5 | <u>\$16.15</u> | <u>\$30.71</u> | <u>\$34.40</u> | <u>\$38.54</u> | <u>\$39.39</u> | <u>\$40.26</u> |
| Total Monthly Water Bill | | \$65.63 | \$66.16 | \$74.61 | \$84.15 | \$86.57 | \$89.08 |
| \$ Change | | | \$0.53 | \$8.45 | \$9.54 | \$2.42 | \$2.51 |
| % Change | | | 0.8% | 12.8% | 12.8% | 2.9% | 2.9% |
| Monthly Use = 10 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$35.45 | \$40.21 | \$45.61 | \$47.19 | \$48.83 |
| Consumption Charge | 10 | <u>\$32.30</u> | <u>\$61.42</u> | <u>\$68.80</u> | <u>\$77.09</u> | <u>\$78.77</u> | <u>\$80.51</u> |
| Total Monthly Water Bill | | \$81.78 | \$96.87 | \$109.01 | \$122.70 | \$125.96 | \$129.34 |
| \$ Change | | | \$15.09 | \$12.14 | \$13.68 | \$3.26 | \$3.38 |
| % Change | | | 18.5% | 12.5% | 12.6% | 2.7% | 2.7% |
| Monthly Use = 20 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$35.45 | \$40.21 | \$45.61 | \$47.19 | \$48.83 |
| Consumption Charge | 20 | <u>\$64.60</u> | <u>\$122.84</u> | <u>\$137.61</u> | <u>\$154.17</u> | <u>\$157.55</u> | <u>\$161.02</u> |
| Total Monthly Water Bill | | \$114.08 | \$158.29 | \$177.81 | \$199.78 | \$204.73 | \$209.85 |
| \$ Change | | | \$44.21 | \$19.52 | \$21.97 | \$4.95 | \$5.11 |
| % Change | | | 38.8% | 12.3% | 12.4% | 2.5% | 2.5% |
| Monthly Use = 40 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$35.45 | \$40.21 | \$45.61 | \$47.19 | \$48.83 |
| Consumption Charge | 40 | <u>\$129.20</u> | <u>\$245.68</u> | <u>\$275.21</u> | <u>\$308.35</u> | <u>\$315.09</u> | <u>\$322.04</u> |
| Total Monthly Water Bill | | \$178.68 | \$281.13 | \$315.42 | \$353.95 | \$362.28 | \$370.87 |
| \$ Change | | | \$102.45 | \$34.29 | \$38.53 | \$8.33 | \$8.59 |
| % Change | | | 57.3% | 12.2% | 12.2% | 2.4% | 2.4% |

Figure 2 below compares the bill impacts for a typical residential customer using 5 ccf per month for all 6 scenarios.

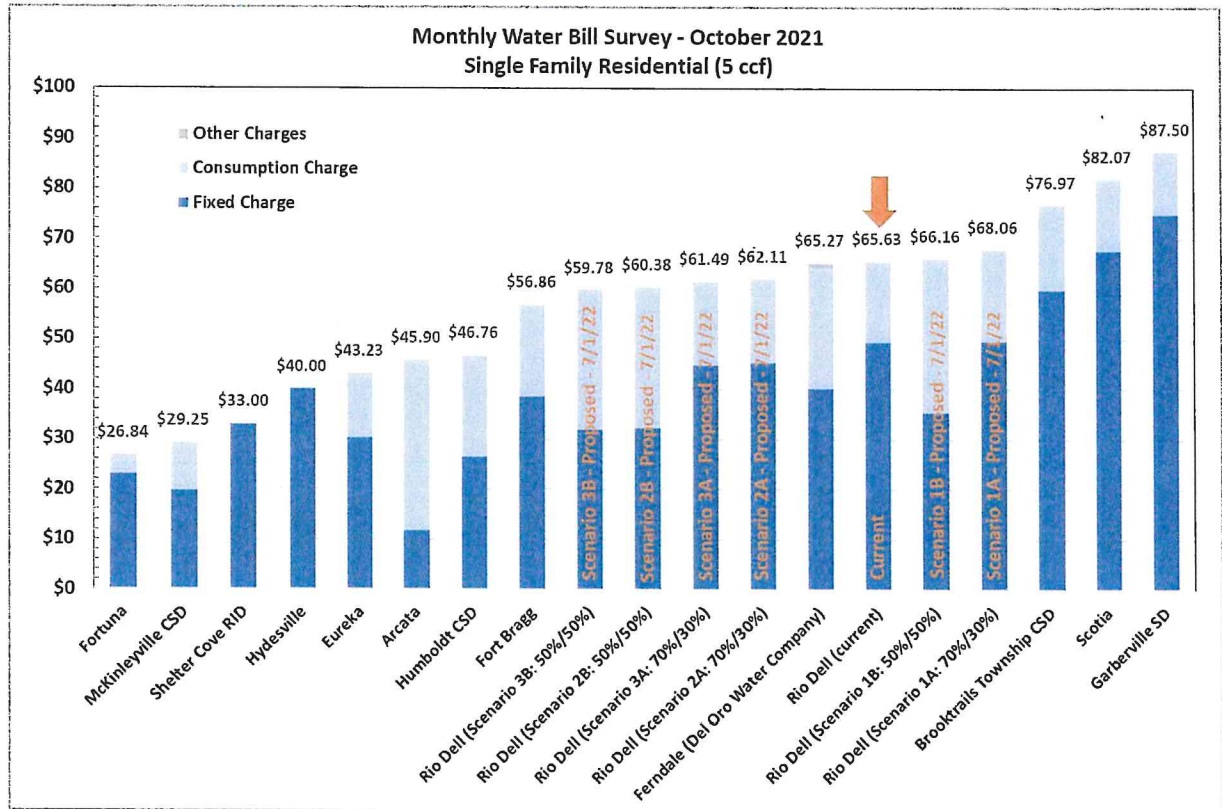
Figure 2: Comparison of Monthly Water Bill for Typical Residential Customer



2.5.6 Regional Water Bill Survey

The typical monthly water use for a single family customer is 5 ccf of water use. The City's current average water bill is \$65.63 per month. Figure 3 compares the City's current average monthly single family residential bill with those of surrounding agencies. The chart also shows the proposed 2022/23 bill for each of the 6 rate options.

Figure 3: Regional Water Bill Survey



2.6 Water Low Income Discount

Table 27 calculates a sample low income discount for water that is funded from the Water Late Fees which are estimated at \$25,000 for the current year. The City estimates that approximately 700 customers or nearly 55.0% of all accounts could qualify for a discount based on the PG&E's CARE program requirements. Based on 700 customers, the table shows a monthly discount of \$2.98 per customer. For an average residential customer with 5 ccf monthly water use, this equates to a 4.5% discount off the currently monthly bill.

Because non-water rate revenues will be used to pay for the discount, the amount of the low income discount is based on the discretion of the City.

**Table 27: Water Low Income Discount
City of Rio Dell
Water and Sewer Rate Study**

| | |
|---|----------|
| Total Number of Customers Eligible per PG&E | 700 |
| Total 2020/21 Water Late Fee Revenue | \$25,000 |
| Annual Discount per Customer | \$35.71 |
| Monthly Discount per Customer | \$2.98 |
| Current Average Water Bill | \$65.63 |
| Current Average Water Bill with Discount | \$62.65 |
| % of Discount | 4.5% |

SECTION 3: WASTEWATER RATE STUDY

The City of Rio Dell provides sewer service to approximately 1,300 water accounts. On average, the City consumes roughly 100,000 ccf of water each year. The last wastewater rate study was conducted in 2014 in which the City added a volumetric component to the wastewater rate structure. Based on City billing records, the current average monthly residential sewer flow is 5 ccf per month. The average sewer bill is currently \$75.68 per month.

3.1 Historic and Current Wastewater Rates

A schedule of past and current monthly wastewater rates for the past 8 years is provided in Table 1. Historically wastewater rate increases are effective on July 1 of each year. The City's current rate structure includes two components: (a) a Fixed Charge and (b) a Volume Rate.

3.1.1 Fixed Charge

All customers are charged the same Fixed Charge per EDU. The Fixed Charge is the minimum charge for all customers. Even when a customer does not use the sewer system, the City incurs fixed costs associated with maintaining the ability or readiness to serve each connection.

The Fixed Charges currently are intended to recover the City's fixed expenses and currently generate about 70.5% of total wastewater rate revenues. Fixed costs include staffing, customer service, debt service, system maintenance, and repairs.

3.1.2 Volume Rate

In addition to the Fixed Charge, customers pay a Volume Rate per ccf based on average consumption during the winter months of December, January and February. The Volume Rate varies based on four customer strength categories as shown on Table 28. Residential customers are considered domestic strength and consumption is capped at 15 ccf per month. On average, the sewer rates have increased by 1.5% each year since 2013.

The Volume Rate is intended to recover costs that vary based on the amount of sewer flow and currently generate roughly 29.5% of total wastewater rate revenues. Variable expenses include utilities and chemicals.

**Table 28: Historic and Current Monthly Wastewater Rates
City of Rio Dell
Water and Sewer Rate Study**

| Calendar Year (1) | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| Fixed Monthly Charge per EDU (2) | \$47.01 | \$47.76 | \$47.76 | \$48.43 | \$49.64 | \$50.68 | \$51.49 | \$52.78 |
| <i>% Change</i> | | 1.6% | 0.0% | 1.4% | 2.5% | 2.1% | 1.6% | 2.5% |
| Volume Rate per ccf (3) | | | | | | | | |
| <u>Customer Class</u> | | | | | | | | |
| Low | \$3.29 | \$3.34 | \$3.34 | \$3.39 | \$3.48 | \$3.55 | \$3.61 | \$3.66 |
| <i>% Change</i> | | 1.5% | 0.0% | 1.5% | 2.7% | 2.0% | 1.7% | 1.4% |
| Domestic Strength | \$4.11 | \$4.18 | \$4.18 | \$4.24 | \$4.35 | \$4.44 | \$4.51 | \$4.58 |
| <i>% Change</i> | | 1.7% | 0.0% | 1.4% | 2.6% | 2.1% | 1.6% | 1.6% |
| Medium | \$6.17 | \$6.27 | \$6.27 | \$6.36 | \$6.52 | \$6.66 | \$6.77 | \$6.87 |
| <i>% Change</i> | | 1.6% | 0.0% | 1.4% | 2.5% | 2.1% | 1.7% | 1.5% |
| High | \$7.19 | \$7.31 | \$7.31 | \$7.41 | \$7.60 | \$7.76 | \$7.88 | \$8.01 |
| <i>% Change</i> | | 1.7% | 0.0% | 1.4% | 2.6% | 2.1% | 1.5% | 1.6% |

1 - Rates effective July 1 of each year

2 - EDU = Equivalent Dwelling Unit.

3 - One ccf = hundred cubic feet = 748 gallons

Volume Rate is based on three-month average of winter (Dec, Jan, & Feb) water use. Single family & multi-family residential consumption is capped at 15 ccf per month

4 Customer Classes based on Strength:

Low Strength: Car wash, office, retail store, school w/o cafeteria, laundromat

Domestic: Residential, hotel, school with cafeteria, motel, mobile home park, churches, auto shop, gas station, bars without dining

Medium: Beauty shop, medical office, dental office

High: Restaurant, market with food prep, bakery

3.2 Wastewater System Overview

3.2.1 Wastewater System

The City's wastewater system consists of a network of wastewater collection pipes, manholes, clean outs, and pumps that convey wastewater to the treatment plant. The City utilizes an aerated activated sludge process to provide secondary treatment of wastewater. In 2013, the City completed a major plant upgrade which replaced the old conventional wastewater plant with the new activated sludge process to address nutrient removal. This project also included construction of the flood irrigation field located in Metropolitan.

3.2.2 Sewer Customers and Flow

Table 29 includes a three-year history of EDUs and sewer flow by customer strength based on the billing data files. On average, the City's sewer system provides service to about 1,300 accounts within the City, or about 1,500 EDUs. For 2020/21, the City had a total of 1,468 sewer EDUs with total flow of 78,849 ccf per year. The table shows that total flow has decreased the past 2 years although the number of EDUs has increased.

**Table 29: Sewer Accounts and Flow by Customer Class
City of Rio Dell
Water and Sewer Rate Study**

| NUMBER OF EDUS (1) | 2018/19 | | 2019/20 | | 2020/21 | |
|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | No. of EDUs | % of Total | No. of EDUs | % of Total | No. of EDUs | % of Total |
| <i>Customer Class</i> | | | | | | |
| Low Strength | 8 | 0.6% | 9 | 0.6% | 9 | 0.6% |
| Domestic Strength | 1,397 | 98.1% | 1,414 | 97.9% | 1,440 | 98.1% |
| Medium Strength | 4 | 0.3% | 4 | 0.3% | 4 | 0.3% |
| High Strength | <u>15</u> | <u>1.1%</u> | <u>17</u> | <u>1.2%</u> | <u>15</u> | <u>1.0%</u> |
| Total | 1,424 | 100.0% | 1,444 | 100.0% | 1,468 | 100.0% |
| % Change | | | 1.4% | | 1.7% | |
| SEWER FLOW (2) | Flow (ccf) | % of Total | Flow (ccf) | % of Total | Flow (ccf) | % of Total |
| <i>Customer Class</i> | | | | | | |
| Low | 228 | 0.3% | 204 | 0.2% | 240 | 0.3% |
| Domestic | 85,499 | 98.6% | 81,063 | 98.8% | 77,781 | 98.6% |
| Medium | 240 | 0.3% | 132 | 0.2% | 108 | 0.1% |
| High | <u>768</u> | <u>0.9%</u> | <u>611</u> | <u>0.7%</u> | <u>720</u> | <u>0.9%</u> |
| Total Sewer Flow | 86,735 | 100.0% | 82,010 | 100.0% | 78,849 | 100.0% |
| % Change | | | -5.4% | | -3.9% | |

Source: UB Activity with Consumption FY 2018 2019, FY 2019 2020, FY 2020 2021

1 - EDU = equivalent dwelling unit

2 - Based on winter water use during the months of Dec, Jan, & Feb

3.3 Wastewater Financial Plan

3.3.1 Sewer Reserves

As of the beginning of 2021/22, the wastewater utility had operating fund reserves of approximately \$2.4 million. Table 30 shows the reserve amounts by each sub-fund at the beginning of the two most recent fiscal years. Total reserves increased 8.1% over the last year.

Adequate fund reserves protect the City when faced with unforeseen financial challenges such as emergency expenses or revenue deficits. Fund reserves allow the City to maintain its financial health

and positive credit ratings, especially during emergencies. Moreover, funding can be drawn from reserves to supplement rate revenues lost during drought conditions or other unexpected situations. It is acceptable if reserves dip below the target on a temporary basis, provided the City takes action to attain the target over the longer run.

The City’s current and proposed sewer reserve fund targets are as follows:

- *Operating Reserve:* The fund balance target is equal to 30% of annual operating expenses per City policy. This is in line with industry standards that recommend an operating reserve target of at least 25% of annual expenses to account for the time (at least 4 months) that it would take an agency to approve new rate increases to comply with Proposition 218.
- *Debt Service Reserve:* The fund balance target is equal to one year’s debt service payments.
- *Capital Reserve:* L&T also included a Wastewater Capital Reserve fund reserve with a target of \$1 million to fund infrastructure projects and emergency repairs on a cash basis.

Table 30: Sewer Reserves
City of Rio Dell
Water and Sewer Rate Study

| Fund # | Enterprise Fund | Beginning Fund Balance | | Percent Change |
|--------|-----------------------------|------------------------|--------------------|----------------|
| | | July 1, 2020 | July 1, 2021 | |
| 050 | Sewer Operations Fund | \$607,174 | \$678,461 | 11.7% |
| 052 | Sewer Capital Fund | \$1,194,930 | \$1,264,300 | 5.8% |
| 054 | Sewer Debt Service Fund | \$77,524 | \$113,651 | 46.6% |
| 054 | Sewer Restricted Reserve | <u>\$302,822</u> | <u>\$302,822</u> | <u>0.0%</u> |
| | TOTAL SEWER RESERVES | \$2,182,450 | \$2,359,234 | 8.1% |

3.3.2 Sewer Revenues

Table 31 shows a history of the Sewer Fund’s revenues. Overall, total revenues are projected to decrease by 3.0% in 2021/22. Sewer Service revenues are estimated at \$1.27 million for 2021/22, representing 97.0% of all Sewer Fund revenues. Other Revenues include interest, late fees, connection fees, and delinquent fees.

Table 31: Sewer Revenues
City of Rio Dell
Water and Sewer Rate Study

| | Actual | | | Budget |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
| Operating Revenues | | | | |
| 4199 Sewer Lien Fees | \$0 | \$45 | (\$105) | \$0 |
| 4310 Interest Income | \$5,168 | \$8,113 | \$2,293 | \$0 |
| 4480 Insurance Premium | \$0 | \$4,697 | \$0 | \$0 |
| 4510 Sewer - Service | \$830,556 | \$835,392 | \$858,209 | \$867,066 |
| 4520 Sewer - Connection | \$121,104 | \$22,030 | \$8,352 | \$0 |
| 4630 Late Fee | \$26,279 | \$27,453 | \$30,751 | \$25,000 |
| 4635 Delinquent Fees | \$0 | \$0 | \$0 | \$0 |
| 4920 Misc - Public Works Revenue | \$130 | \$36 | \$0 | \$0 |
| <u>4936 Bad Debt Recovery</u> | <u>\$1,458</u> | <u>\$574</u> | <u>\$969</u> | <u>\$0</u> |
| Subtotal Operating Revenues | \$984,695 | \$898,340 | \$900,469 | \$892,066 |
| % Change | | -8.8% | 0.2% | -0.9% |
| Capital Revenues (052) | | | | |
| 4310 Interest Income | \$14,580 | \$14,180 | \$3,698 | \$0 |
| 4520 Sewer - Connection | \$30,276 | \$5,220 | \$2,088 | \$10,000 |
| <u>4540 Sewer - Replacement Reserve</u> | <u>\$100,671</u> | <u>\$101,244</u> | <u>\$103,996</u> | <u>\$100,000</u> |
| Subtotal Capital Revenues | \$145,527 | \$120,644 | \$109,782 | \$110,000 |
| % Change | | -17.1% | -9.0% | 0.2% |
| Debt Revenues (054) | | | | |
| 4310 Interest Income | \$6,908 | \$3,773 | \$909 | \$0 |
| <u>4516 Sewer - Debt Service</u> | <u>\$327,174</u> | <u>\$329,111</u> | <u>\$338,040</u> | <u>\$302,934</u> |
| Subtotal Debt Revenues | \$334,082 | \$332,884 | \$338,949 | \$302,934 |
| % Change | | -0.4% | 1.8% | -10.6% |
| TOTAL WASTEWATER REVENUES | \$1,464,304 | \$1,351,868 | \$1,349,200 | \$1,305,000 |
| % Change | | -7.7% | -0.2% | -3.3% |

Sources: Sewer Budget Worksheets by Dept 4 Year Budget Variance, June 30, 2022

3.3.3 Sewer Expenses

Table 32 details the Sewer Fund's expenses including debt service and capital projects from the budget since 2018/19. For 2021/22, Operating Expenses are expected to increase roughly 24.0%. Overall, total expenses are anticipated to increase 27.0% in large part due to planned capital projects.

Table 32: Sewer Expenses
City of Rio Dell
Water and Sewer Rate Study

| | Actual | | | Budget |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
| Operating Expenses (050) | | | | |
| Salaries & Benefits | \$404,952 | \$384,223 | \$402,508 | \$510,733 |
| 5109 Chemicals | \$27,121 | \$24,415 | \$25,623 | \$25,000 |
| Professional Services | \$24,721 | \$16,285 | \$32,393 | \$97,647 |
| 5135 Maintenance - Repair | \$19,764 | \$31,385 | \$42,972 | \$34,343 |
| Insurance | \$31,718 | \$35,025 | \$40,789 | \$36,729 |
| Utilities | \$177,038 | \$190,173 | \$169,501 | \$182,987 |
| Regulatory Fees & Other Fees | \$12,160 | \$13,627 | \$15,213 | \$16,270 |
| Computer Software & Maintenance | \$7,037 | \$10,044 | \$9,953 | \$10,851 |
| Public Works | \$41,879 | \$44,256 | \$36,889 | \$39,000 |
| <u>Other Operating Expenses</u> | <u>\$77,599</u> | <u>\$77,738</u> | <u>\$63,207</u> | <u>\$82,995</u> |
| Subtotal Operating Expenses | \$823,989 | \$827,171 | \$839,048 | \$1,036,555 |
| % Change | | 0% | 1% | 24% |
| Capital Expenses (052) | | | | |
| 5115 Contract/Professional Services | \$4,617 | \$1,533 | \$68 | \$10,000 |
| Fixed Asset | \$70,482 | \$9,402 | \$34,393 | \$65,000 |
| 6500 Infrastructure | \$132,021 | \$22,972 | \$5,467 | \$85,000 |
| <u>Other Capital Expenses</u> | <u>\$231,377</u> | <u>\$597,745</u> | <u>\$552</u> | <u>\$0</u> |
| Subtotal Capital Expenses | \$438,497 | \$631,652 | \$40,480 | \$160,000 |
| % Change | | 44% | -94% | 295% |
| Debt Expenses (054) | | | | |
| 5400 Retirement of Principle | \$172,038 | \$175,823 | \$179,691 | \$183,644 |
| 5410 Interest Expense | \$130,896 | \$127,111 | \$123,243 | \$119,290 |
| 5610 Bad Debt | \$1,228 | \$705 | \$1,796 | \$0 |
| <u>6700 Fixed Asset- Debt Service</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Subtotal Debt Expenses | \$304,162 | \$303,639 | \$304,730 | \$302,934 |
| % Change | | 0% | 0% | -1% |
| TOTAL SEWER EXPENSES | \$1,566,648 | \$1,762,462 | \$1,184,258 | \$1,499,489 |
| % Change | | 12% | -33% | 27% |

Sources: Sewer Budget Worksheets by Dept 4 Year Budget Variance, June 30, 2022

Table 33 includes a projection of future operating expenses with 2021/22 as the base year budget. All expenses except for Salaries & Benefits and Chemicals are anticipated to increase 3.0% each year. Salaries & Benefits are escalated by 5.0% annually. Chemicals have been escalated by 600% for 2022/23 and then increased by 3.0% thereafter. Overall, expenses are projected to increase approximately 4.0% every year.

**Table 33: Projection of Future Sewer Operating Expenses
City of Rio Dell
Water and Sewer Rate Study**

| | Budget 2021/22 | | 2022/23 | | 2023/24 | | 2024/25 | | 2025/26 | | 2026/27 | |
|---------------------------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| | Cost | Escalation Factor | Cost | Escalation Factor | Cost | Escalation Factor | Cost | Escalation Factor | Cost | Escalation Factor | Cost | Escalation Factor |
| Operating Expenses (050) | | | | | | | | | | | | |
| Salaries & Benefits | \$510,733 | 5% | \$536,000 | 5% | \$563,000 | 5% | \$591,000 | 5% | \$621,000 | 5% | \$652,000 | 5% |
| 5109 Chemicals | \$25,000 | 600% | \$175,000 | 3% | \$180,000 | 3% | \$185,000 | 3% | \$191,000 | 3% | \$197,000 | 3% |
| Professional Services | \$97,647 | 3% | \$101,000 | 3% | \$104,000 | 3% | \$107,000 | 3% | \$110,000 | 3% | \$113,000 | 3% |
| 5135 Maintenance - Repair | \$34,343 | 3% | \$35,000 | 3% | \$36,000 | 3% | \$37,000 | 3% | \$38,000 | 3% | \$39,000 | 3% |
| Insurance | \$36,729 | 3% | \$38,000 | 3% | \$39,000 | 3% | \$40,000 | 3% | \$41,000 | 3% | \$42,000 | 3% |
| Utilities | \$182,987 | 3% | \$188,000 | 3% | \$194,000 | 3% | \$200,000 | 3% | \$206,000 | 3% | \$212,000 | 3% |
| Regulatory Fees & Other Fees | \$16,270 | 3% | \$17,000 | 3% | \$18,000 | 3% | \$19,000 | 3% | \$20,000 | 3% | \$21,000 | 3% |
| Computer Software & Maintenance | \$10,851 | 3% | \$11,000 | 3% | \$11,000 | 3% | \$11,000 | 3% | \$11,000 | 3% | \$11,000 | 3% |
| Public Works | \$39,000 | 3% | \$40,000 | 3% | \$41,000 | 3% | \$42,000 | 3% | \$43,000 | 3% | \$44,000 | 3% |
| Other Operating Expenses (1) | \$82,995 | 3% | \$85,000 | 3% | \$88,000 | 3% | \$91,000 | 3% | \$94,000 | 3% | \$97,000 | 3% |
| Total Sewer Operating Expenses | \$1,036,555 | | \$1,226,000 | | \$1,274,000 | | \$1,323,000 | | \$1,375,000 | | \$1,478,000 | |
| % Change | | | 18% | | 4% | | 4% | | 4% | | 7% | |

1 - Includes additional \$50,000 beginning in 2026/27 for operating expenses related to UV Disinfection

3.3.4 Sewer Net Revenues

Table 34 shows a history of the sewer fund's net revenues. In both 2018/19 and 2019/20, the fund was in an operating deficit for a combined loss of nearly \$513,000. In 2020/21, the sewer fund rebounded; however, the 2021/22 budget is projecting a deficit of approximately \$195,000 which means that the sewer fund will need to rely on reserves to cover expenses.

Table 34: Sewer Net Revenues
City of Rio Dell
Water and Sewer Rate Study

| | Actual | | | Budget |
|---------------------------|--------------------|--------------------|------------------|--------------------|
| | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
| SEWER REVENUES | | | | |
| Operating | \$984,695 | \$898,340 | \$900,469 | \$892,066 |
| Capital | \$145,527 | \$120,644 | \$109,782 | \$110,000 |
| <u>Debt</u> | <u>\$334,082</u> | <u>\$332,884</u> | <u>\$338,949</u> | <u>\$302,934</u> |
| Subtotal | \$1,464,304 | \$1,351,868 | \$1,349,200 | \$1,305,000 |
| SEWER EXPENSES | | | | |
| Operating | \$823,989 | \$827,171 | \$839,048 | \$1,036,555 |
| Capital | \$438,497 | \$631,652 | \$40,480 | \$160,000 |
| <u>Debt</u> | <u>\$304,162</u> | <u>\$303,639</u> | <u>\$304,730</u> | <u>\$302,934</u> |
| Subtotal | \$1,566,648 | \$1,762,462 | \$1,184,258 | \$1,499,489 |
| NET REVENUES | | | | |
| Operating | \$160,706 | \$71,169 | \$61,421 | (\$144,489) |
| Capital | (\$292,970) | (\$511,008) | \$69,302 | (\$50,000) |
| <u>Debt</u> | <u>\$29,920</u> | <u>\$29,245</u> | <u>\$34,219</u> | <u>\$0</u> |
| TOTAL NET REVENUES | (\$102,344) | (\$410,594) | \$164,942 | (\$194,489) |

3.3.5 Sewer Capital Improvement Plan

Table 35 details the sewer capital projects for the next five years. Annual CIP expenditures are estimated at \$105,000 with the five-year (FY 2023 through 2027) capital plan totaling \$525,000. Projects include UV Disinfection, SCADA upgrades, I&I reductions, and maintaining the Boiler.

**Table 35: Sewer Capital (052) Improvement Program (CIP)
City of Rio Dell
Water and Sewer Rate Study**

| Project Title | CURRENT 2021/22 | PROJECTED - RATE STUDY PERIOD | | | | | Five-Year Total |
|---|--------------------|-------------------------------|-----------|-----------|-----------|-----------|--------------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | |
| Planned Projects | | | | | | | |
| Generator & Transfer Switch Replacement | \$65,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| SCADA Upgrades | \$10,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$75,000 |
| Boiler | \$15,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$150,000 |
| I&I Reductions | \$45,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$150,000 |
| Chloramine System | \$25,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal Planned Projects | \$160,000 | \$75,000 | \$75,000 | \$75,000 | \$75,000 | \$75,000 | \$375,000 |
| Future Projects | | | | | | | |
| UV Disinfection | \$0 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$150,000 |
| Subtotal Future Projects | \$0 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$150,000 |
| TOTAL SEWER CIP | \$160,000 | \$105,000 | \$105,000 | \$105,000 | \$105,000 | \$105,000 | \$525,000 |

3.3.6 Debt Service

The sewer utility currently has one outstanding debt obligation – a loan from the California Department of Water Resources for \$6,980,359. Total annual debt service is \$302,933 and continues through 2043/44.

Debt Service Coverage

A chief covenant for the City to secure State loans/grants or revenue bonds/Certificates of Participation (COPs) is to maintain a specific debt service coverage ratio. A debt service coverage ratio is a financial measure of an agency’s ability to repay outstanding debt. For the Sewer Fund, the debt service coverage ratio means that annual sewer net revenues (gross revenues less operating and maintenance expenses) must be at least 1.20 times the combined annual debt service payments on all parity obligations. Failure to meet the debt service coverage ratio on an annual basis is considered to be technical default, thereby making the revenue bonds/COPs callable or payable upon demand. Thus, rates and fees must be set to meet this legal requirement.

3.3.7 Sewer Cash Flow Projection with No Rate Increases

Table 36 forecasts the financial health of the sewer utility over the next 10 years if the City does not implement any rate increases. Using 2021/22 as the base year, the cash flow shows that the sewer fund is currently operating in a deficit (line 32) because sewer revenues are not covering total expenses. Moreover, the sewer fund is not meeting its debt service coverage

requirement (line 45). Without rate increases, the sewer fund will continue to miss coverage and operate in a deficit, having to draw down reserves to pay for expenses.

Table 36: Sewer Cash Flow Projection – No Rate Increases
City of Rio Dell
Water and Sewer Rate Study

| | Budget 2021/22 | Years 1 - 5: Proposition 218 | | | | | Years 6 - 10: Extended Projection | | | | |
|--|-------------------|------------------------------|-------------|-------------|-------------|-------------|-----------------------------------|-------------|---------------|---------------|---------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
| 1 Overall Revenue Adjustment | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 2 Rate Increase Effective | | Jul 1, 2022 | Jul 1, 2023 | Jul 1, 2024 | Jul 1, 2025 | Jul 1, 2026 | Jul 1, 2027 | Jul 1, 2028 | Jul 1, 2029 | Jul 1, 2030 | Jul 1, 2031 |
| 4 BEGINNING FUND BALANCE | \$2,359,234 | \$2,164,745 | \$1,811,745 | \$1,410,745 | \$960,745 | \$458,745 | (\$146,255) | (\$752,255) | (\$1,417,255) | (\$2,144,255) | (\$2,935,255) |
| 6 REVENUES | | | | | | | | | | | |
| 7 Sewer Service | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 | 1,270,000 |
| 8 Interest Income | 0 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 9 Sewer - Connection | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Sewer - Service Late Fees | 25,000 | 26,000 | 27,000 | 28,000 | 29,000 | 30,000 | 31,000 | 32,000 | 33,000 | 34,000 | 35,000 |
| 11 Other Revenues | 0 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 12 Less: Low Income Rate Assistance | 0 | (26,000) | (27,000) | (28,000) | (29,000) | (30,000) | (31,000) | (32,000) | (33,000) | (34,000) | (35,000) |
| 12 TOTAL REVENUES | 1,305,000 | 1,281,000 | 1,281,000 | 1,281,000 | 1,281,000 | 1,281,000 | 1,281,000 | 1,281,000 | 1,281,000 | 1,281,000 | 1,281,000 |
| 14 EXPENSES | | | | | | | | | | | |
| 15 Operating | 1,036,555 | 1,226,000 | 1,274,000 | 1,323,000 | 1,375,000 | 1,478,000 | 1,534,000 | 1,593,000 | 1,655,000 | 1,719,000 | 1,786,000 |
| 16 Subtotal Operating Expenses | 1,036,555 | 1,226,000 | 1,274,000 | 1,323,000 | 1,375,000 | 1,478,000 | 1,534,000 | 1,593,000 | 1,655,000 | 1,719,000 | 1,786,000 |
| 18 Net Operating Revenues | 268,445 | 55,000 | 7,000 | (42,000) | (94,000) | (197,000) | (253,000) | (312,000) | (374,000) | (438,000) | (505,000) |
| 20 Debt Service | | | | | | | | | | | |
| 21 Current Debt Service | 302,934 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 |
| 22 Future Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 23 Subtotal Debt Service | 302,934 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 |
| 25 Capital Improvement Plan | | | | | | | | | | | |
| 26 Planned Projects | 160,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 0 | 0 | 0 | 0 | 0 |
| 27 Future Projects | 0 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| 28 Subtotal CIP | 160,000 | 105,000 | 105,000 | 105,000 | 105,000 | 105,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| 30 TOTAL EXPENSES | 1,499,489 | 1,634,000 | 1,682,000 | 1,731,000 | 1,783,000 | 1,886,000 | 1,887,000 | 1,946,000 | 2,008,000 | 2,072,000 | 2,139,000 |
| 32 TOTAL NET REVENUES | (194,489) | (353,000) | (401,000) | (450,000) | (502,000) | (605,000) | (606,000) | (665,000) | (727,000) | (791,000) | (858,000) |
| 34 ENDING FUND BALANCE | 2,164,745 | 1,811,745 | 1,410,745 | 960,745 | 458,745 | (146,255) | (752,255) | (1,417,255) | (2,144,255) | (2,935,255) | (3,793,255) |
| 37 RESERVE FUND TARGETS | | | | | | | | | | | |
| 38 Operating Reserve Target (30% of O&M) | 311,000 | 367,800 | 382,200 | 396,900 | 412,500 | 443,400 | 460,200 | 477,900 | 496,500 | 515,700 | 535,800 |
| 39 Capital Reserve Target (\$1M) | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 40 Debt Service | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 |
| 41 Total Sewer Reserve Target | 1,613,822 | 1,670,622 | 1,685,022 | 1,699,722 | 1,715,322 | 1,746,222 | 1,763,022 | 1,780,722 | 1,799,322 | 1,818,522 | 1,838,622 |
| 42 Target Met? | yes | yes | no | no | no | no | no | no | no | no | no |
| 44 DEBT SERVICE COVERAGE | | | | | | | | | | | |
| 45 Target - 1.20x (1) | 0.89 | 0.18 | 0.02 | -0.14 | -0.31 | -0.65 | -0.83 | -1.03 | -1.23 | -1.45 | -1.67 |
| 46 Target Met? | no | no | no | no | no | no | no | no | no | no | no |

1 - Net Operating Revenue (line 18) divided by Total Debt Service (line 23)

3.3.8 Sewer Cash Flow Goals

With input from City Staff, L&T developed two sewer cash flow scenarios based on the following three financial objectives.

1. Meet debt service coverage (1.2x)
 - a. The CWSRF loan requires the City to maintain a ratio of 1.2x
2. Meet Sewer Fund reserve targets
 - a. Operating Reserve Target = 30.0% of annual operating costs
 - b. Capital Reserve Target = \$1.0 million
 - c. Debt Service Reserve = Total debt service for one year
3. Maintain positive net revenues
 - a. To ensure that the sewer fund is covering its annual cost of service
 - b. To avoid an operating deficit and dipping into reserves

3.3.9 Sewer Cash Flow Scenarios

The cash flow scenarios are as follows:

- **Scenario #1: Inflationary Increases of 4.0%**
 - Based on our projection of future expenses, total sewer operating expenses, on average, are projected to increase by roughly 4.0% each year.
- **Scenario #2: Meet Goals by 2026/27**
 - This scenario includes annual rate increases of 8.5% which allows the Sewer Fund to meet the three objectives by the end of the 5-year Prop 218 period in 2026/27.

3.3.10 Cash Flow Projection for Scenario #1: Inflationary Increases of 4.0%

Table 37 includes a cash flow projection *Scenario #1* which includes annual rate increases of 4.0% equivalent to the minimum increase for the sewer fund to cover its operating cost inflation. The cash flow is based on the FY 2021/22 budget and the following assumptions:

Revenues

- The beginning Sewer Reserve fund balance is estimated at \$2.36 million as shown on Table 31.
- Sewer Service revenues are based on the FY 2021/22 budget and estimated at \$1.27 million.
- Sewer Connection Fees, Service Late Fees, and all Other Revenues are increased by 3.0% each year.
- Service Late Fees have been cancelled out to fund a Low Income Discount.
- Interest is estimated at \$10,000 beginning in 2022/23 and increases by 1% each year.
- Minimal growth has been included at 0.5% increase per year.

Expenses

- Salaries & Benefits are increased by 5.0% annually.
- Chemicals have been increased by 600.0% for 2022/23.
- All other expenses are increased by 3.0% each year.
- The only current debt obligation is a loan from the California Department of Water Resources for \$6,980,359. Total payment is \$302,933 and continues through 2043/44.
- Debt service coverage is estimated at 1.20x and is calculated by dividing Net Revenues by Total Debt Service.
- Capital projects for the five-year rate study period (FY 2023 through 2027)) totals \$525,000. Beginning in 2027/28, \$50,000 is included as placeholder for future projects.

Table 37: Sewer Cash Flow Projection - Scenario #1: Inflationary Increases
City of Rio Dell
Water and Sewer Rate Study

| | Budget 2021/22 | Years 1 - 5: Proposition 218 | | | | | Years 6 - 10: Extended Projection | | | | |
|--|-------------------|------------------------------|-------------|-------------|-------------|-------------|-----------------------------------|-------------|-------------|-------------|-------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
| 1 Overall Revenue Adjustment | | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| 2 Rate Increase Effective | | Jul 1, 2022 | Jul 1, 2023 | Jul 1, 2024 | Jul 1, 2025 | Jul 1, 2026 | Jul 1, 2027 | Jul 1, 2028 | Jul 1, 2029 | Jul 1, 2030 | Jul 1, 2031 |
| 4 BEGINNING FUND BALANCE | \$2,359,234 | \$2,164,745 | \$1,862,745 | \$1,565,745 | \$1,274,745 | \$988,745 | \$658,745 | \$389,745 | \$125,745 | (\$133,255) | (\$386,255) |
| 6 REVENUES | | | | | | | | | | | |
| 7 Sewer Service | 1,270,000 | 1,321,000 | 1,374,000 | 1,429,000 | 1,486,000 | 1,545,000 | 1,607,000 | 1,671,000 | 1,738,000 | 1,808,000 | 1,880,000 |
| 8 Interest Income | 0 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 9 Sewer - Connection | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Sewer - Service Late Fees | 25,000 | 26,000 | 27,000 | 28,000 | 29,000 | 30,000 | 31,000 | 32,000 | 33,000 | 34,000 | 35,000 |
| 11 Other Revenues | 0 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 12 Less: Low Income Rate Assistance | 0 | (26,000) | (27,000) | (28,000) | (29,000) | (30,000) | (31,000) | (32,000) | (33,000) | (34,000) | (35,000) |
| 12 TOTAL REVENUES | 1,305,000 | 1,332,000 | 1,385,000 | 1,440,000 | 1,497,000 | 1,556,000 | 1,618,000 | 1,682,000 | 1,749,000 | 1,819,000 | 1,891,000 |
| 14 EXPENSES | | | | | | | | | | | |
| 15 Operating | 1,036,555 | 1,226,000 | 1,274,000 | 1,323,000 | 1,375,000 | 1,478,000 | 1,534,000 | 1,593,000 | 1,655,000 | 1,719,000 | 1,786,000 |
| 16 Subtotal Operating Expenses | 1,036,555 | 1,226,000 | 1,274,000 | 1,323,000 | 1,375,000 | 1,478,000 | 1,534,000 | 1,593,000 | 1,655,000 | 1,719,000 | 1,786,000 |
| 18 Net Operating Revenues | 268,445 | 106,000 | 111,000 | 117,000 | 122,000 | 78,000 | 84,000 | 89,000 | 94,000 | 100,000 | 105,000 |
| 20 Debt Service | | | | | | | | | | | |
| 21 Current Debt Service | 302,934 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 |
| 22 Future Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 23 Subtotal Debt Service | 302,934 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 |
| 25 Capital Improvement Plan | | | | | | | | | | | |
| 26 Planned Projects | 160,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 0 | 0 | 0 | 0 | 0 |
| 27 Future Projects | 0 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| 28 Subtotal CIP | 160,000 | 105,000 | 105,000 | 105,000 | 105,000 | 105,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| 30 TOTAL EXPENSES | 1,499,489 | 1,634,000 | 1,682,000 | 1,731,000 | 1,783,000 | 1,886,000 | 1,887,000 | 1,946,000 | 2,008,000 | 2,072,000 | 2,139,000 |
| 32 TOTAL NET REVENUES | (194,489) | (302,000) | (297,000) | (291,000) | (286,000) | (330,000) | (269,000) | (264,000) | (259,000) | (253,000) | (248,000) |
| 34 ENDING FUND BALANCE | 2,164,745 | 1,862,745 | 1,565,745 | 1,274,745 | 988,745 | 658,745 | 389,745 | 125,745 | (133,255) | (386,255) | (634,255) |
| 37 RESERVE FUND TARGETS | | | | | | | | | | | |
| 38 Operating Reserve Target (30% of O&M) | 311,000 | 367,800 | 382,200 | 396,900 | 412,500 | 443,400 | 460,200 | 477,900 | 496,500 | 515,700 | 535,800 |
| 39 Capital Reserve Target (\$1M) | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 40 Debt Service | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 |
| 41 Total Sewer Reserve Target | 1,613,822 | 1,670,622 | 1,685,022 | 1,699,722 | 1,715,322 | 1,746,222 | 1,763,022 | 1,780,722 | 1,799,322 | 1,818,522 | 1,838,622 |
| 42 Target Met? | yes | yes | no | no | no | no | no | no | no | no | no |
| 44 DEBT SERVICE COVERAGE | | | | | | | | | | | |
| 45 Target - 1.20x (1) | 0.89 | 0.35 | 0.37 | 0.39 | 0.40 | 0.26 | 0.28 | 0.29 | 0.31 | 0.33 | 0.35 |
| 46 Target Met? | no | no | no | no | no | no | no | no | no | no | no |

1 - Net Operating Revenue (line 18) divided by Total Debt Service (line 23)

3.3.11 Cash Flow Projections for Scenario #2: Meet Goals by 2026/27

Table 38 includes the same assumptions as Table 37 but includes 9.0% annual rate increases to meet the three financial goals by the end of the five-year rate study period in 2026/27.

Table 38: Sewer Cash Flow Projection - Scenario #2: Meet Goals by 2026/27
City of Rio Dell
Water and Sewer Rate Study

| | Budget 2021/22 | Years 1-5: Proposition 218 | | | | | Years 6-10: Extended Projection | | | | |
|--|-------------------|----------------------------|-------------|-------------|-------------|-------------|---------------------------------|-------------|-------------|-------------|-------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
| 1 Overall Revenue Adjustment | | 9.0% | 9.0% | 9.0% | 9.0% | 9.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| 2 Rate Increase Effective | | Jul 1, 2022 | Jul 1, 2023 | Jul 1, 2024 | Jul 1, 2025 | Jul 1, 2026 | Jul 1, 2027 | Jul 1, 2028 | Jul 1, 2029 | Jul 1, 2030 | Jul 1, 2031 |
| 3 | | | | | | | | | | | |
| 4 BEGINNING FUND BALANCE | \$2,359,234 | \$2,164,745 | \$1,925,745 | \$1,763,745 | \$1,688,745 | \$1,709,745 | \$1,788,745 | \$1,944,745 | \$2,122,745 | \$2,323,745 | \$2,548,745 |
| 5 | | | | | | | | | | | |
| 6 REVENUES | | | | | | | | | | | |
| 7 Sewer Service | 1,270,000 | 1,384,000 | 1,509,000 | 1,645,000 | 1,793,000 | 1,954,000 | 2,032,000 | 2,113,000 | 2,198,000 | 2,286,000 | 2,377,000 |
| 8 Interest Income | 0 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 9 Sewer - Connection | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Sewer - Service Late Fees | 25,000 | 26,000 | 27,000 | 28,000 | 29,000 | 30,000 | 31,000 | 32,000 | 33,000 | 34,000 | 35,000 |
| 11 Other Revenues | 0 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 12 Less: Low Income Rate Assistance | 0 | (26,000) | (27,000) | (28,000) | (29,000) | (30,000) | (31,000) | (32,000) | (33,000) | (34,000) | (35,000) |
| 13 | | | | | | | | | | | |
| 14 TOTAL REVENUES | 1,305,000 | 1,395,000 | 1,520,000 | 1,656,000 | 1,804,000 | 1,965,000 | 2,043,000 | 2,124,000 | 2,209,000 | 2,297,000 | 2,388,000 |
| 15 EXPENSES | | | | | | | | | | | |
| 16 Operating | 1,036,555 | 1,226,000 | 1,274,000 | 1,323,000 | 1,375,000 | 1,478,000 | 1,534,000 | 1,593,000 | 1,655,000 | 1,719,000 | 1,786,000 |
| 17 Subtotal Operating Expenses | 1,036,555 | 1,226,000 | 1,274,000 | 1,323,000 | 1,375,000 | 1,478,000 | 1,534,000 | 1,593,000 | 1,655,000 | 1,719,000 | 1,786,000 |
| 18 Net Operating Revenues | 268,445 | 169,000 | 246,000 | 333,000 | 429,000 | 487,000 | 509,000 | 531,000 | 554,000 | 578,000 | 602,000 |
| 19 | | | | | | | | | | | |
| 20 Debt Service | | | | | | | | | | | |
| 21 Current Debt Service | 302,934 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 |
| 22 Future Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 23 Subtotal Debt Service | 302,934 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 | 303,000 |
| 24 | | | | | | | | | | | |
| 25 Capital Improvement Plan | | | | | | | | | | | |
| 26 Planned Projects | 160,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 0 | 0 | 0 | 0 | 0 |
| 27 Future Projects | 0 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| 28 Subtotal CIP | 160,000 | 105,000 | 105,000 | 105,000 | 105,000 | 105,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| 29 | | | | | | | | | | | |
| 30 TOTAL EXPENSES | 1,499,489 | 1,634,000 | 1,682,000 | 1,731,000 | 1,783,000 | 1,886,000 | 1,887,000 | 1,946,000 | 2,008,000 | 2,072,000 | 2,139,000 |
| 31 | | | | | | | | | | | |
| 32 TOTAL NET REVENUES | (194,489) | (239,000) | (162,000) | (75,000) | 21,000 | 79,000 | 156,000 | 178,000 | 201,000 | 225,000 | 249,000 |
| 33 | | | | | | | | | | | |
| 34 ENDING FUND BALANCE | 2,164,745 | 1,925,745 | 1,763,745 | 1,688,745 | 1,709,745 | 1,788,745 | 1,944,745 | 2,122,745 | 2,323,745 | 2,548,745 | 2,797,745 |
| 35 | | | | | | | | | | | |
| 36 RESERVE FUND TARGETS | | | | | | | | | | | |
| 37 Operating Reserve Target (30% of O&M) | 311,000 | 367,800 | 382,200 | 396,900 | 412,500 | 443,400 | 460,200 | 477,900 | 496,500 | 515,700 | 535,800 |
| 38 Capital Reserve Target (\$1M) | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 39 Debt Service | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 | 302,822 |
| 40 Total Sewer Reserve Target | 1,613,822 | 1,670,622 | 1,685,022 | 1,699,722 | 1,715,322 | 1,746,222 | 1,763,022 | 1,780,722 | 1,799,322 | 1,818,522 | 1,838,622 |
| 41 Target Met? | yes | yes | yes | no | no | yes | yes | yes | yes | yes | yes |
| 42 | | | | | | | | | | | |
| 43 DEBT SERVICE COVERAGE | | | | | | | | | | | |
| 44 Target - 1.20x (1) | 0.89 | 0.56 | 0.81 | 1.10 | 1.42 | 1.61 | 1.68 | 1.75 | 1.83 | 1.91 | 1.99 |
| 45 Target Met? | no | no | no | no | yes | yes | yes | yes | yes | yes | yes |
| 46 | | | | | | | | | | | |
| 47 | | | | | | | | | | | |

1 - Net Operating Revenue (line 18) divided by Total Debt Service (line 23)

3.3.12 Sewer Scenario Comparison

Table 39 includes a summary of the proposed rate adjustments and the three financial goals for both scenarios. As discussed, the sewer fund is currently not meeting its coverage requirement of 1.20. With the inflationary 4% increases included *Scenario #1*, it is projected that the sewer fund will continue to miss debt service coverage and operate in a deficit and will not meet its reserve fund targets beginning in 2023/24 as reserves are drawn down. With the 9.0% annual rate increases recommended in *Scenario #2*, the sewer fund is expected to meet all three financial goals by 2026/27.

Table 39: Sewer Scenario Goal Comparison
City of Rio Dell
Water and Sewer Rate Study

PROPOSED RATE INCREASES

| | Current 2021/22 | Proposed | | | | |
|--|--------------------|----------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Scenario #1: Inflationary Rate Increases | - | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| Scenario #2: Meet Goals by 2026/27 | - | 9.0% | 9.0% | 9.0% | 9.0% | 9.0% |

GOAL 1 : MEET DEBT SERVICE COVERAGE

| | Current 2021/22 | Proposed | | | | |
|--|--------------------|----------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Debt Service Coverage Ratio Required | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 |
| Scenario #1: Inflationary Rate Increases | 0.89 | 0.35 | 0.37 | 0.39 | 0.40 | 0.26 |
| Scenario #2: Meet Goals by 2026/27 | 0.89 | 0.56 | 0.81 | 1.10 | 1.42 | 1.61 |

GOAL 2: MEET SEWER RESERVE FUND TARGETS

| | Current 2021/22 | Proposed | | | | |
|--|--------------------|----------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Scenario #1: Inflationary Rate Increases | yes | yes | no | no | no | no |
| Scenario #2: Meet Goals by 2026/27 | yes | yes | yes | no | no | yes |

GOAL 3: MAINTAIN POSITIVE NET REVENUES

| | Current 2021/22 | Proposed | | | | |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Scenario #1: Inflationary Rate Increases | (\$194,489) | (\$302,000) | (\$297,000) | (\$291,000) | (\$286,000) | (\$330,000) |
| Scenario #2: Meet Goals by 2026/27 | (\$194,489) | (\$239,000) | (\$162,000) | (\$75,000) | \$21,000 | \$79,000 |

3.4 Sewer Cost Allocation

The revenue requirements detailed in the previous section determine the amount of revenue to be recovered from sewer rates. The cost of service allocation determines how revenues will be recovered from customers based on their estimated impact on the sewer system. Proposition 218 requires that agencies providing “property-related services” (including sewer service) set rates and charges that are based on the cost of providing those services.

3.4.1 Current Sewer Service Revenues - Fixed vs. Variable Revenue Recovery

Table 40 summarizes what percentage of Sewer Service Revenues is currently derived from the Fixed Charges vs. Volume Charges. On average, the City collects roughly 70.5% of total Sewer Service Revenues from the Fixed Charge and 29.5% from the Volume Charges.

Table 40: Current Sewer Service Revenues - Fixed vs. Variable Sewer Revenue Recovery
City of Rio Dell
Water and Sewer Rate Study

| | 2018/19 | 2019/20 | 2020/21 | Three-Year Avg |
|------------------------------|------------------|------------------|------------------|------------------|
| Fixed Charges | \$865,108 | \$891,292 | \$928,822 | \$895,074 |
| <u>Volume Rate</u> | <u>\$387,983</u> | <u>\$372,039</u> | <u>\$363,625</u> | <u>\$374,549</u> |
| Total Sewer Service Revenues | \$1,253,091 | \$1,263,331 | \$1,292,447 | \$1,269,623 |
| Fixed Charges | 69.0% | 70.6% | 71.9% | 70.5% |
| <u>Volume Rate</u> | <u>31.0%</u> | <u>29.4%</u> | <u>28.1%</u> | <u>29.5%</u> |
| Total Sewer Service Revenues | 100.0% | 100.0% | 100.0% | 100.0% |

Source: UB Activity with Consumption FY 2018 2019, FY 2019 2020, FY 2020 2021

3.4.2 Fixed vs. Variable Rate Options

Based on staff input, in addition to the cash flow scenarios, L&T developed two rate options based on different fixed vs. variable revenue recovery percentages. L&T is not recommending any changes to the current rate structure and recommends maintaining the same fixed charge for all customers with the volume charges varying by strengths. The two rate options are:

- *Rate Option #1: 70% Fixed/30% Variable*
 - This is the current revenue recovery allocation. L&T updated the cost of service basis for the 70%/30% split based on the most recent information available.
- *Rate Option #2: 50% Fixed/50% Variable*
 - This rate option results in a lower overall fixed charge which benefits low water users.

In total, L&T evaluated four sewer rate scenarios. For brevity, this report includes the rate derivation, proposed rates, and bill impacts for *Scenario #2: Meet Goals by 2026/27 (9.0%)* which are the highest rates that are being proposed. The analysis for *Scenario #1* is included in the appendix.

- Scenario #1A: Inflationary Rate Increases (4.0%) – 70% Fixed/30% Variable
- Scenario #1B: Inflationary Rate Increases (4.0%) – 50% Fixed/50% Variable
- Scenario #2A: Meet Goals by 2026/27 (9.0%) – 70% Fixed/30% Variable
- Scenario #2B: Meet Goals by 2026/27 (9.0%) – 50% Fixed/50% Variable

3.4.3 Overview of Sewer Cost Allocation Methodology

The determination of the sewer flows, sewer loadings, and the revenue requirements of the sewer utility provide the basis for performing the cost of service analysis. The concept of proportionate allocation to each customer class indicates that allocations should take into consideration the quantity of effluent a customer contributes in addition to the strength of sewer.

The key factors used to assign sewer utility costs are estimated effluent (flow) going to the wastewater treatment plant and effluent strengths, measured in biochemical oxygen demand (BOD) and total suspended solids (TSS). Higher levels of BOD or TSS typically equate to increased treatment costs. The total revenue requirement shown in the sewer cash flow projections is the net cost of providing service and is allocated to the flow, BOD and TSS parameters. These allocations are then used as the basis to develop unit rates for the sewer parameters and to assign costs to each customer classes in proportion to the sewer services rendered.

Using the 2022/23 budget as the base year, sewer expenses are allocated to the following categories (a) Base, (b) Flow, and (c) Strength typically measured in biochemical oxygen demand (BOD) and total suspended solids (TSS).

- *Base Costs:* Base costs represent the fixed expenditures of the sewer utility, including personnel costs and overhead expenses. These fixed costs are allocated based on the total number of sewer accounts or meters.
- *Flow Costs:* Volume- or flow-related costs that vary with the total quantity of wastewater collected. Because most agencies do not meter wastewater discharges, metered water consumption is used to estimate contributed average wastewater volume units of service.
- *Strength Costs:* Strength-related costs are those expenditures associated with the additional handling and treatment of high strength sewer. Sewer strength is typically measured in BOD and TSS. Increased levels of BOD or TSS typically equate to increased treatment costs.

3.4.4 70% Fixed/30% Variable Cost Allocation

Table 41 provides the proposed cost allocation if 70.0% of costs are recovered from the Fixed Charge while the remaining 30.0% are recovered from the Volume Rate.

Table 41: 70% Fixed / 30% Variable Sewer Cost Allocation
City of Rio Dell
Water and Sewer Rate Study

| Expenses | FY2022/23 Budget | Cost Allocation % | | | | |
|-----------------------------------|---------------------|-------------------|--------------|--------------|--------------|---------------|
| | | Base | Flow | BOD | TSS | Total |
| <i>Operating Expenses</i> | | | | | | |
| Salaries & Benefits | \$536,000 | 70% | 10% | 10% | 10% | 100% |
| 5109 Chemicals | \$175,000 | 70% | 10% | 10% | 10% | 100% |
| Professional Services | \$101,000 | 70% | 10% | 10% | 10% | 100% |
| 5135 Maintenance - Repair | \$35,000 | 70% | 10% | 10% | 10% | 100% |
| Insurance | \$38,000 | 70% | 10% | 10% | 10% | 100% |
| Utilities | \$188,000 | 70% | 10% | 10% | 10% | 100% |
| Regulatory Fees & Other Fees | \$17,000 | 70% | 10% | 10% | 10% | 100% |
| Computer Software & Maintenance | \$11,000 | 70% | 10% | 10% | 10% | 100% |
| Public Works | \$40,000 | 70% | 10% | 10% | 10% | 100% |
| <u>Other Operating Expenses</u> | <u>\$85,000</u> | <u>70%</u> | <u>10%</u> | <u>10%</u> | <u>10%</u> | <u>100%</u> |
| Subtotal Operating Expenses | \$1,226,000 | \$858,000 | \$123,000 | \$123,000 | \$123,000 | \$1,226,000 |
| <i>Non-Operating Expenses</i> | | | | | | |
| Debt Service | \$303,000 | 70% | 10% | 10% | 10% | 100% |
| <u>Capital Improvement Plan</u> | <u>\$105,000</u> | <u>70%</u> | <u>10%</u> | <u>10%</u> | <u>10%</u> | <u>100%</u> |
| Subtotal Debt Service | \$408,000 | \$286,000 | \$41,000 | \$41,000 | \$41,000 | \$408,000 |
| TOTAL EXPENSES | \$1,634,000 | \$1,144,000 | \$164,000 | \$164,000 | \$164,000 | \$1,634,000 |
| PROPOSED COST ALLOCATION % | | 70.0% | 10.0% | 10.0% | 10.0% | 100.0% |

3.4.5 50% Fixed/50% Variable Cost Allocation

Based on the staff input, L&T analyzed the impact to the sewer rates if 50.0% of costs are recovered from the Fixed Charge and 50.0% is recovered from the Volume Rate. Table 41 provides the proposed cost allocation for a 50%/50% cost recovery.

Table 42: 50% Fixed / 50% Variable Sewer Cost Allocation
City of Rio Dell
Water and Sewer Rate Study

| Expenses | FY2022/23 Budget | Cost Allocation % | | | | |
|-----------------------------------|---------------------|-------------------|--------------|--------------|--------------|---------------|
| | | Base | Flow | BOD | TSS | Total |
| <i>Operating Expenses</i> | | | | | | |
| Salaries & Benefits | \$536,000 | 50% | 16.7% | 16.7% | 16.7% | 100% |
| 5109 Chemicals | \$175,000 | 50% | 16.7% | 16.7% | 16.7% | 100% |
| Professional Services | \$101,000 | 50% | 16.7% | 16.7% | 16.7% | 100% |
| 5135 Maintenance - Repair | \$35,000 | 50% | 16.7% | 16.7% | 16.7% | 100% |
| Insurance | \$38,000 | 50% | 16.7% | 16.7% | 16.7% | 100% |
| Utilities | \$188,000 | 50% | 16.7% | 16.7% | 16.7% | 100% |
| Regulatory Fees & Other Fees | \$17,000 | 50% | 16.7% | 16.7% | 16.7% | 100% |
| Computer Software & Maintenance | \$11,000 | 50% | 16.7% | 16.7% | 16.7% | 100% |
| Public Works | \$40,000 | 50% | 16.7% | 16.7% | 16.7% | 100% |
| <u>Other Operating Expenses</u> | <u>\$85,000</u> | <u>50%</u> | <u>16.7%</u> | <u>16.7%</u> | <u>16.7%</u> | <u>100%</u> |
| Subtotal Operating Expenses | \$1,226,000 | \$613,000 | \$204,000 | \$204,000 | \$204,000 | \$1,226,000 |
| <i>Non-Operating Expenses</i> | | | | | | |
| Debt Service | \$303,000 | 50% | 16.7% | 16.7% | 16.7% | 100% |
| <u>Capital Improvement Plan</u> | <u>\$105,000</u> | <u>50%</u> | <u>16.7%</u> | <u>16.7%</u> | <u>16.7%</u> | <u>100%</u> |
| Subtotal Debt Service | \$408,000 | \$204,000 | \$68,000 | \$68,000 | \$68,000 | \$408,000 |
| TOTAL EXPENSES | \$1,634,000 | \$817,000 | \$272,000 | \$272,000 | \$272,000 | \$1,634,000 |
| PROPOSED COST ALLOCATION % | | 50.0% | 16.7% | 16.7% | 16.7% | 100.0% |

3.5 Sewer Rate Design

The cost of service analysis calculated the revenue requirements for each customer class. The next step is rate design which determines how those revenue requirements are collected from each class based on their estimated impact on the sewer system. The City proposes to maintain its current wastewater rate structure in which the City added a volumetric component to the rates in 2014. The objective was to achieve rate equitability so that lower wastewater users pay a lower monthly bill than high wastewater users. Hence, each customer pays a wastewater bill more closely proportional to how they contribute to the wastewater system. Moreover, all customer classes will continue to pay the same fixed charge.

For brevity, this report only shows the rate design for *Scenario #2A: Meet Goals by 2026/27 – 70% Fixed/30% Variable* and *Scenario #2B: Meet Goals by 2026/27 – 50% Fixed/50% Variable*. The rates for *Scenario #1: Inflationary Rate Increases (4.0%)* are derived in the same manner and are included in the appendix.

3.5.1 Sewer Flow and Loadings

Table 43 summarizes the flow and strength characteristics by customer class. Sewer flow is based on 2020/21 billing data for the winter months of December through February. The strength factors and sewer loadings are from the *2014 City of Rio Dell Wastewater Rate and Capacity Fee Study (2014 Study)*, the guidelines from the State Water Resources Control Council (SWRCB) Revenue Program, and standards utilized by other wastewater agencies.

Table 43: Sewer Flow and Loadings
City of Rio Dell
Water and Sewer Rate Study

| Customer Class | BASE | | FLOW (1) | | BOD | | TSS | | Sewer Strength Factor | | |
|-------------------|----------|--------|------------|-----------|--------|-----------------|----------------|--------|-----------------------|-----------------|----------------|
| | Accounts | Factor | Flow (ccf) | Flow (MG) | Factor | Strength (mg/l) | Loadings (lbs) | Factor | | Strength (mg/l) | Loadings (lbs) |
| Low Strength | 9 | 0.6% | 240 | 0.2 | 0.3% | 100 | 150 | 0.1% | 100 | 150 | 0.1% |
| Domestic Strength | 1,440 | 98.1% | 77,781 | 58.2 | 98.6% | 200 | 97,045 | 97.0% | 200 | 97,045 | 97.0% |
| Medium Strength | 4 | 0.3% | 108 | 0.1 | 0.1% | 450 | 303 | 0.3% | 450 | 303 | 0.3% |
| High Strength | 15 | 1.0% | 720 | 0.5 | 0.9% | 575 | 2,583 | 2.6% | 575 | 2,583 | 2.6% |
| Total | 1,468 | 100.0% | 78,849 | 59.0 | 100.0% | | 100,080 | 100.0% | | 100,080 | 100.0% |

1 - Based on 2020/21 billing data

3.5.2 Projected Sewer Accounts & Sewer Flow

Table 44 shows a projection of sewer accounts and flow for the rate study period through 2026/27. Growth is estimated at 0.5% each year for both accounts and flow.

Table 44: Projected Sewer Accounts & Sewer Flow
City of Rio Dell
Water and Sewer Rate Study

| | ACTUAL 2020/21 | PROJECTED 2021/22 | PROJECTED - RATE STUDY PERIOD | | | | |
|----------------------------|-------------------|----------------------|-------------------------------|------------|------------|------------|------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| NUMBER OF EDUS (1) | | | | | | | |
| Increase % | | 0.00% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| <i>Customer Class</i> | | | | | | | |
| Low Strength | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Domestic Strength | 1,440 | 1,440 | 1,447 | 1,454 | 1,462 | 1,469 | 1,476 |
| Medium Strength | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| <u>High Strength</u> | <u>15</u> | <u>15</u> | <u>15</u> | <u>15</u> | <u>15</u> | <u>15</u> | <u>15</u> |
| Total Sewer EDUs (1) | 1,468 | 1,468 | 1,475 | 1,483 | 1,490 | 1,498 | 1,505 |
| SEWER FLOW | | | | | | | |
| Increase % | | 0.00% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| <i>Customer Class</i> | | | | | | | |
| Low | 240 | 240 | 241 | 242 | 244 | 245 | 246 |
| Domestic | 77,781 | 77,781 | 78,170 | 78,561 | 78,954 | 79,348 | 79,745 |
| Medium | 108 | 108 | 109 | 109 | 110 | 110 | 111 |
| <u>High</u> | <u>720</u> | <u>720</u> | <u>724</u> | <u>727</u> | <u>731</u> | <u>735</u> | <u>738</u> |
| Total Estimated Flow (ccf) | 78,849 | 78,849 | 79,243 | 79,639 | 80,038 | 80,438 | 80,840 |

1 - EDU = equivalent dwelling unit

3.5.3 Scenario #2A: Meet Goals by 2026/27– 70% Fixed/30% Variable: Fixed Charge Rate Derivation

Table 45 details the rate derivation for the Fixed Charge for *Scenario #2A: Meet Goals by 2026/27* based on a 70% Fixed and 30% Variable revenue recovery. For the rate study period, the “Fixed Revenue Requirement” for each year is divided by the “Total Number of EDUs” to derive a monthly “Fixed Charge per EDU.” The proposed 2022/23 Fixed Charge for *Scenario #2A* is \$54.73, representing a \$1.95 (or 3.7%) increase from the current Fixed Charge of \$52.78.

The rates have been calculated to increase total Sewer Service Revenues by 9.0% each year. However, for 2022/23, the proposed revenue adjustments in the cash flow do not directly correlate to the same increase in rates because the cost of service analysis reallocates the required revenue proportionate to each customer class’s demand on the sewer system.

Table 45: Scenario #2A: Meet Goals by 2026/27 - 70% Fixed/30% Variable: Sewer Fixed Charge Derivation
City of Rio Dell
Water and Sewer Rate Study

| | Current | PROJECTED - RATE STUDY PERIOD | | | | |
|--------------------------------------|---------|-------------------------------|-------------|-------------|-------------|-------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Total Revenue Requirement (1) | | \$1,384,000 | \$1,509,000 | \$1,645,000 | \$1,793,000 | \$1,954,000 |
| Fixed/Variable Allocation | | | | | | |
| Fixed Charge | | 70.0% | 70.0% | 70.0% | 70.0% | 70.0% |
| Variable Charge | | 30.1% | 30.1% | 30.1% | 30.1% | 30.1% |
| Total | | 100.1% | 100.1% | 100.1% | 100.1% | 100.1% |
| Fixed Charge Calculation | | | | | | |
| Fixed Revenue Requirement | | \$968,938 | \$1,056,451 | \$1,151,665 | \$1,255,279 | \$1,367,995 |
| Total Number of EDUs | | 1,475 | 1,483 | 1,490 | 1,498 | 1,505 |
| Monthly Fixed Charge per EDU | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| \$ Change | | \$1.95 | \$4.65 | \$5.03 | \$5.44 | \$5.89 |
| % Change | | 3.7% | 8.5% | 8.5% | 8.4% | 8.4% |

1 - Table 38, Line 7

3.5.4 Scenario #2A: Meet Goals by 2026/27– 70% Fixed/30% Variable: 2022/23 Sewer Volume Rate Derivation

Table 46 demonstrates how the Volume Charge for 2022/23 is calculated for *Scenario #2A: Meet Goals by 2026/27* based on a 70% Fixed and 30% Variable revenue recovery. The total “Volume Rate Recovery \$” is first apportioned to flow, BOD and TSS using the “Cost Allocation %” (60% to Flow, 20% to BOD, and 20% to TSS). These percentages are based on the allocations from the 2014 Study. Next, the “Cost Allocation \$” for each parameter is then divided by its respective loadings (Table 43) to derive unit costs.

**Table 46: Scenario #2A: Meet Goals by 2026/27 - 70% Fixed/30% Variable: 2022/23 Sewer Volume Rate Derivation
City of Rio Dell
Water and Sewer Rate Study**

| | | | |
|------------------------------------|-------------------|------------------|------------------|
| Allocation to Volume Rate | | | |
| FY2022/23 Revenue Requirement (1) | | \$1,384,000 | |
| Volume Rate Recovery % | | 30% | |
| Volume Rate Recovery \$ | | \$416,861 | |
| Allocation to Flow, BOD, SS | | | |
| | <u>Flow</u> | <u>BOD</u> | <u>TSS</u> |
| Cost Allocation % | 60% | 20% | 20% |
| Cost Allocation \$ | \$250,000 | \$83,000 | \$83,000 |
| Total Annual Loadings (2) | 78,849 | 100,080 | 100,080 |
| Units | ccf | lbs | lbs |
| Unit Cost | \$3.17 per ccf | \$0.83 per lb | \$0.83 per lb |

1 - Table 38, Line 7

2 - Table 43

3.5.5 Scenario #2A: Meet Goals by 2026/27– 70% Fixed/30% Variable: 2022/23 Sewer Volume Rate by Customer Class

The unit rates Table 46 from are multiplied by each customer class’s respective loadings to determine a total “Volume Rate per ccf” for each customer class. The Volume Rate is the sum of the flow, BOD and TSS unit costs. For Domestic-strength customers, the proposed “Total Volume Rate” for 2022/23 is \$5.24, representing a \$0.66 (or 14.4%) increase from the current Volume Rate of \$4.58.

Table 47: Scenario #2A: Meet Goals by 2026/27 - 70% Fixed/30% Variable: 2022/23 Volume Rate by Customer Class
City of Rio Dell
Water and Sewer Rate Study

| Customer Class | Wastewater | | Unit Rates (\$ per ccf or lb) | | | Total Volume Rate per ccf (1) |
|-------------------|-----------------|-----|-------------------------------|---------------|---------------|-------------------------------|
| | Strength (mg/l) | | Flow \$3.17 | BOD \$0.83 | TSS \$0.83 | |
| | BOD | TSS | | | | |
| Low Strength | 100 | 100 | \$3.17 | \$0.52 | \$0.52 | \$4.21 |
| Domestic Strength | 200 | 200 | \$3.17 | \$1.03 | \$1.03 | \$5.24 |
| Medium Strength | 450 | 450 | \$3.17 | \$2.33 | \$2.33 | \$7.83 |
| High Strength | 575 | 575 | \$3.17 | \$2.98 | \$2.98 | \$9.13 |

1 - Based on winter consumption (Oct, Nov, Dec & Jan). Residential consumption is capped at 15 ccf.

3.5.6 Scenario #2B: Meet Goals by 2026/27– 50% Fixed/50% Variable: Fixed Charge Rate Derivation

Table 45 details the rate derivation for the Fixed Charge for *Scenario #2A: Meet Goals by 2026/27* based on a 50% Fixed and 50% Variable revenue recovery. For the rate study period, the “Fixed Revenue Requirement” for each year is divided by the “Total Number of EDUs” to derive a monthly “Fixed Charge per EDU.” The proposed 2022/23 Fixed Charge for *Scenario #2B* is \$39.09, representing a \$13.69 (or 25.9%) decrease from the current Fixed Charge of \$52.78.

Table 48: Scenario #2B: Meet Goals by 2026/27 - 50% Fixed/50% Variable: Sewer Fixed Charge Derivation
City of Rio Dell
Water and Sewer Rate Study

| | Current | PROJECTED - RATE STUDY PERIOD | | | | |
|--------------------------------------|---------|-------------------------------|--------------|--------------|--------------|--------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Total Revenue Requirement (1) | | \$1,384,000 | \$1,509,000 | \$1,645,000 | \$1,793,000 | \$1,954,000 |
| Fixed/Variable Allocation | | | | | | |
| Fixed Charge | | 50.0% | 50.0% | 50.0% | 50.0% | 50.0% |
| <u>Variable Charge</u> | | <u>50.0%</u> | <u>50.0%</u> | <u>50.0%</u> | <u>50.0%</u> | <u>50.0%</u> |
| Total | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Fixed Charge Calculation | | | | | | |
| Fixed Revenue Requirement | | \$692,000 | \$754,500 | \$822,500 | \$896,500 | \$977,000 |
| Total Number of EDUs | | 1,475 | 1,483 | 1,490 | 1,498 | 1,505 |
| Monthly Fixed Charge per EDU | \$52.78 | \$39.09 | \$42.41 | \$46.00 | \$49.89 | \$54.09 |
| <i>\$ Change</i> | | (\$13.69) | \$3.32 | \$3.59 | \$3.89 | \$4.20 |
| <i>% Change</i> | | -25.9% | 8.5% | 8.5% | 8.5% | 8.4% |

1 - Table 38, Line 7

3.5.7 Scenario #2B: Meet Goals by 2026/27– 50% Fixed/50% Variable: 2022/23 Sewer Volume Rate Derivation

Table 49 demonstrates how the Volume Charge for 2022/23 is calculated for *Scenario #2B: Meet Goals by 2026/27* based on a 50% Fixed and 50% Variable revenue recovery. The total “Volume Rate Recovery \$” is first apportioned to flow, BOD and TSS using the “Cost Allocation %” (60% to Flow, 20% to BOD, and 20% to TSS). These percentages are based on the allocations from the 2014 Study. Next, the “Cost Allocation \$” for each parameter is then divided by its respective loadings (Table 43) to derive unit costs.

**Table 49: Scenario #2B: Meet Goals by 2026/27 - 50% Fixed/50% Variable: 2022/23 Sewer Volume Rate Derivation
City of Rio Dell
Water and Sewer Rate Study**

| Allocation to Volume Rate | | | |
|------------------------------------|-------------------|------------------|------------------|
| FY2022/23 Revenue Requirement (1) | | \$1,384,000 | |
| Volume Rate Recovery % | | 50% | |
| Volume Rate Recovery \$ | | \$692,000 | |
| Allocation to Flow, BOD, SS | | | |
| | <u>Flow</u> | <u>BOD</u> | <u>TSS</u> |
| Cost Allocation % | 60% | 20% | 20% |
| Cost Allocation \$ | \$415,000 | \$138,000 | \$138,000 |
| Total Annual Loadings (2) | 78,849 | 100,080 | 100,080 |
| Units | ccf | lbs | lbs |
| Unit Cost | \$5.26 per ccf | \$1.38 per lb | \$1.38 per lb |

1 - Table 38, Line 7

2 - Table 43

3.5.8 Scenario #2B: Meet Goals by 2026/27– 50% Fixed/50% Variable: 2022/23 Sewer Volume Rate by Customer Class

The unit rates from Table 49 are multiplied by each customer class’s respective loadings to determine a total “Volume Rate per ccf” for each customer class. The Volume Rate is the sum of the flow, BOD and TSS unit costs. For Domestic-strength customers, the proposed “Total Volume Rate” for 2022/23 is \$8.70, representing a \$4.12 (or 90.0%) increase from the current Volume Rate of \$4.58.

**Table 50: Scenario #2B: Meet Goals by 2026/27 - 70% Fixed/30% Variable: 2022/23 Volume Rate by Customer Class
City of Rio Dell
Water and Sewer Rate Study**

| Customer Class | Wastewater Strength (mg/l) | | Unit Rates (\$ per ccf or lb) | | | Total Volume Rate per ccf (1) |
|-------------------|----------------------------|-----|-------------------------------|--------|--------|-------------------------------|
| | BOD | TSS | Flow | BOD | TSS | |
| | | | \$5.26 | \$1.38 | \$1.38 | |
| Low Strength | 100 | 100 | \$5.26 | \$0.86 | \$0.86 | \$6.98 |
| Domestic Strength | 200 | 200 | \$5.26 | \$1.72 | \$1.72 | \$8.70 |
| Medium Strength | 450 | 450 | \$5.26 | \$3.87 | \$3.87 | \$13.01 |
| High Strength | 575 | 575 | \$5.26 | \$4.95 | \$4.95 | \$15.16 |

1 - Based on winter consumption (Oct, Nov, Dec & Jan). Residential consumption is capped at 15 ccf.

3.5.9 Scenario #2: Meet Goals by 2026/27: Comparison of Proposed 5-Year Schedule of Sewer Rates

Table 51 compares the proposed rates for *Scenario #2: Meet Goals by 2026/27*. The rates for *Scenario #1A* have been derived in the same manner as *Scenario #2*.

Table 51: Scenario #2: Meet Goals by 2026/27 – Proposed Sewer Rates
City of Rio Dell
Water and Sewer Rate Study

RATE OPTION 1: 70% FIXED/30% VARIABLE

| | Current 2021/22 | PROJECTED - RATE STUDY PERIOD | | | | |
|--------------------------------|--------------------|-------------------------------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| FIXED MONTHLY CHARGE | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| VOLUME RATE PER CCF (1) | | | | | | |
| Low Strength | \$3.66 | \$4.21 | \$4.58 | \$4.99 | \$5.44 | \$5.93 |
| Domestic Strength | \$4.58 | \$5.24 | \$5.71 | \$6.22 | \$6.78 | \$7.39 |
| Medium Strength | \$6.87 | \$7.83 | \$8.53 | \$9.30 | \$10.14 | \$11.05 |
| High Strength | \$8.01 | \$9.13 | \$9.95 | \$10.85 | \$11.83 | \$12.89 |

RATE OPTION 2: 50% FIXED/50% VARIABLE

| | Current 2021/22 | PROJECTED - RATE STUDY PERIOD | | | | |
|--------------------------------|--------------------|-------------------------------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| FIXED MONTHLY CHARGE | \$52.78 | \$39.09 | \$42.41 | \$46.00 | \$49.89 | \$54.09 |
| VOLUME RATE PER CCF (1) | | | | | | |
| Low Strength | \$3.66 | \$6.98 | \$7.61 | \$8.29 | \$9.04 | \$9.85 |
| Domestic Strength | \$4.58 | \$8.70 | \$9.49 | \$10.34 | \$11.27 | \$12.28 |
| Medium Strength | \$6.87 | \$13.01 | \$14.18 | \$15.46 | \$16.85 | \$18.37 |
| High Strength | \$8.01 | \$15.16 | \$16.53 | \$18.02 | \$19.64 | \$21.41 |

1 - Volume Rate is based on three-month average of winter (Dec, Jan, & Feb) water use. Single family & multi-family residential consumption is capped at 15 ccf per month.

3.5.10 Sewer Bill Impacts

Table 52 includes a sample of bill impacts for residential and commercial customers for *Scenario #2A* and Table 53 includes a sample of bill impacts for residential and commercial customers for *Scenario #2B*. Due to the updated cost of service allocation, the bill impacts to customers for the first year will vary based on customer class and actual consumption.

RESIDENTIAL/DOMESTIC STRENGTH SAMPLE BILL IMPACTS

| | Monthly Use (ccf) | Current Bill | Proposed | | | | |
|---|-------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Residential/Domestic Strength - Low User (3 ccf) | | | | | | | |
| Fixed Charge | 3 | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| Variable Charge | | <u>\$13.74</u> | <u>\$15.72</u> | <u>\$17.13</u> | <u>\$18.66</u> | <u>\$20.34</u> | <u>\$22.17</u> |
| Total Monthly Sewer Bill | | \$66.52 | \$70.45 | \$76.51 | \$83.07 | \$90.19 | \$97.91 |
| \$ Change | | | \$3.93 | \$6.06 | \$6.56 | \$7.12 | \$7.72 |
| % Change | | | 5.9% | 8.6% | 8.6% | 8.6% | 8.6% |
| Residential/Domestic Strength - Average User (5 ccf) | | | | | | | |
| Fixed Charge | 5 | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| Variable Charge | | <u>\$22.90</u> | <u>\$26.20</u> | <u>\$28.55</u> | <u>\$31.10</u> | <u>\$33.90</u> | <u>\$36.95</u> |
| Total Monthly Sewer Bill | | \$75.68 | \$80.93 | \$87.93 | \$95.51 | \$103.75 | \$112.69 |
| \$ Change | | | \$5.25 | \$7.00 | \$7.58 | \$8.24 | \$8.94 |
| % Change | | | 6.9% | 8.6% | 8.6% | 8.6% | 8.6% |
| Residential/Domestic Strength - High User (15 ccf) | | | | | | | |
| Fixed Charge | 15 | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| Variable Charge | | <u>\$68.70</u> | <u>\$78.60</u> | <u>\$85.65</u> | <u>\$93.30</u> | <u>\$101.70</u> | <u>\$110.85</u> |
| Total Monthly Sewer Bill | | \$121.48 | \$133.33 | \$145.03 | \$157.71 | \$171.55 | \$186.59 |
| \$ Change | | | \$11.85 | \$11.70 | \$12.68 | \$13.84 | \$15.04 |
| % Change | | | 9.8% | 8.8% | 8.7% | 8.8% | 8.8% |

LOW STRENGTH SAMPLE BILL IMPACTS

| | Monthly Use (ccf) | Current Bill | Proposed | | | | |
|------------------------------|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Low Strength - 5 ccf | | | | | | | |
| Fixed Charge | 5 | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| Variable Charge | | <u>\$18.30</u> | <u>\$21.03</u> | <u>\$22.90</u> | <u>\$24.95</u> | <u>\$27.20</u> | <u>\$29.65</u> |
| Total Monthly Sewer Bill | | \$71.08 | \$75.76 | \$82.28 | \$89.36 | \$97.05 | \$105.39 |
| \$ Change | | | \$4.68 | \$6.52 | \$7.08 | \$7.69 | \$8.34 |
| % Change | | | 6.6% | 8.6% | 8.6% | 8.6% | 8.6% |
| Low Strength - 10 ccf | | | | | | | |
| Fixed Charge | 10 | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| Variable Charge | | <u>\$36.60</u> | <u>\$42.05</u> | <u>\$45.80</u> | <u>\$49.90</u> | <u>\$54.40</u> | <u>\$59.30</u> |
| Total Monthly Sewer Bill | | \$89.38 | \$96.78 | \$105.18 | \$114.31 | \$124.25 | \$135.04 |
| \$ Change | | | \$7.40 | \$8.40 | \$9.13 | \$9.94 | \$10.79 |
| % Change | | | 8.3% | 8.7% | 8.7% | 8.7% | 8.7% |

MEDIUM STRENGTH SAMPLE BILL IMPACTS

| | Bimonthly Use (ccf) | Current Bill | Proposed | | | | |
|---------------------------------|---------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Medium Strength - 5 ccf | 5 | | | | | | |
| Fixed Charge | | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| <u>Variable Charge</u> | | <u>\$34.35</u> | <u>\$39.13</u> | <u>\$42.65</u> | <u>\$46.50</u> | <u>\$50.70</u> | <u>\$55.25</u> |
| Total Monthly Sewer Bill | | \$87.13 | \$93.86 | \$102.03 | \$110.91 | \$120.55 | \$130.99 |
| \$ Change | | | \$6.73 | \$8.17 | \$8.88 | \$9.64 | \$10.44 |
| % Change | | | 7.7% | 8.7% | 8.7% | 8.7% | 8.7% |
| Medium Strength - 10 ccf | 10 | | | | | | |
| Fixed Charge | | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| <u>Variable Charge</u> | | <u>\$68.70</u> | <u>\$78.27</u> | <u>\$85.30</u> | <u>\$93.00</u> | <u>\$101.40</u> | <u>\$110.50</u> |
| Total Monthly Sewer Bill | | \$121.48 | \$133.00 | \$144.68 | \$157.41 | \$171.25 | \$186.24 |
| \$ Change | | | \$11.52 | \$11.68 | \$12.73 | \$13.84 | \$14.99 |
| % Change | | | 9.5% | 8.8% | 8.8% | 8.8% | 8.8% |

HIGH STRENGTH BILL IMPACTS

| | Bimonthly Use (ccf) | Current Bill | Proposed | | | | |
|-------------------------------|---------------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| High Strength - 5 ccf | 5 | | | | | | |
| Fixed Charge | | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| <u>Variable Charge</u> | | <u>\$40.05</u> | <u>\$45.65</u> | <u>\$49.75</u> | <u>\$54.25</u> | <u>\$59.15</u> | <u>\$64.45</u> |
| Total Monthly Sewer Bill | | \$92.83 | \$100.38 | \$109.13 | \$118.66 | \$129.00 | \$140.19 |
| \$ Change | | | \$7.55 | \$8.75 | \$9.53 | \$10.34 | \$11.19 |
| % Change | | | 8.1% | 8.7% | 8.7% | 8.7% | 8.7% |
| High Strength - 10 ccf | 10 | | | | | | |
| Fixed Charge | | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| <u>Variable Charge</u> | | <u>\$80.10</u> | <u>\$91.31</u> | <u>\$99.50</u> | <u>\$108.50</u> | <u>\$118.30</u> | <u>\$128.90</u> |
| Total Monthly Sewer Bill | | \$132.88 | \$146.04 | \$158.88 | \$172.91 | \$188.15 | \$204.64 |
| \$ Change | | | \$13.16 | \$12.84 | \$14.03 | \$15.24 | \$16.49 |
| % Change | | | 9.9% | 8.8% | 8.8% | 8.8% | 8.8% |

**Table 52: Scenario #2A: Meet Goals by 2026/27 - 70% Fixed/30% Variable - Sample Sewer Bill Impacts
City of Rio Dell
Water and Sewer Rate Study**

RESIDENTIAL/DOMESTIC STRENGTH SAMPLE BILL IMPACTS

| | Monthly Use (ccf) | Current Bill | Proposed | | | | |
|---|-------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Residential/Domestic Strength - Low User (3 ccf) | | | | | | | |
| Fixed Charge | 3 | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| Variable Charge | | <u>\$13.74</u> | <u>\$15.72</u> | <u>\$17.13</u> | <u>\$18.66</u> | <u>\$20.34</u> | <u>\$22.17</u> |
| Total Monthly Sewer Bill | | \$66.52 | \$70.45 | \$76.51 | \$83.07 | \$90.19 | \$97.91 |
| \$ Change | | | \$3.93 | \$6.06 | \$6.56 | \$7.12 | \$7.72 |
| % Change | | | 5.9% | 8.6% | 8.6% | 8.6% | 8.6% |
| Residential/Domestic Strength - Average User (5 ccf) | | | | | | | |
| Fixed Charge | 5 | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| Variable Charge | | <u>\$22.90</u> | <u>\$26.20</u> | <u>\$28.55</u> | <u>\$31.10</u> | <u>\$33.90</u> | <u>\$36.95</u> |
| Total Monthly Sewer Bill | | \$75.68 | \$80.93 | \$87.93 | \$95.51 | \$103.75 | \$112.69 |
| \$ Change | | | \$5.25 | \$7.00 | \$7.58 | \$8.24 | \$8.94 |
| % Change | | | 6.9% | 8.6% | 8.6% | 8.6% | 8.6% |
| Residential/Domestic Strength - High User (15 ccf) | | | | | | | |
| Fixed Charge | 15 | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| Variable Charge | | <u>\$68.70</u> | <u>\$78.60</u> | <u>\$85.65</u> | <u>\$93.30</u> | <u>\$101.70</u> | <u>\$110.85</u> |
| Total Monthly Sewer Bill | | \$121.48 | \$133.33 | \$145.03 | \$157.71 | \$171.55 | \$186.59 |
| \$ Change | | | \$11.85 | \$11.70 | \$12.68 | \$13.84 | \$15.04 |
| % Change | | | 9.8% | 8.8% | 8.7% | 8.8% | 8.8% |

LOW STRENGTH SAMPLE BILL IMPACTS

| | Monthly Use (ccf) | Current Bill | Proposed | | | | |
|------------------------------|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Low Strength - 5 ccf | | | | | | | |
| Fixed Charge | 5 | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| Variable Charge | | <u>\$18.30</u> | <u>\$21.03</u> | <u>\$22.90</u> | <u>\$24.95</u> | <u>\$27.20</u> | <u>\$29.65</u> |
| Total Monthly Sewer Bill | | \$71.08 | \$75.76 | \$82.28 | \$89.36 | \$97.05 | \$105.39 |
| \$ Change | | | \$4.68 | \$6.52 | \$7.08 | \$7.69 | \$8.34 |
| % Change | | | 6.6% | 8.6% | 8.6% | 8.6% | 8.6% |
| Low Strength - 10 ccf | | | | | | | |
| Fixed Charge | 10 | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| Variable Charge | | <u>\$36.60</u> | <u>\$42.05</u> | <u>\$45.80</u> | <u>\$49.90</u> | <u>\$54.40</u> | <u>\$59.30</u> |
| Total Monthly Sewer Bill | | \$89.38 | \$96.78 | \$105.18 | \$114.31 | \$124.25 | \$135.04 |
| \$ Change | | | \$7.40 | \$8.40 | \$9.13 | \$9.94 | \$10.79 |
| % Change | | | 8.3% | 8.7% | 8.7% | 8.7% | 8.7% |

MEDIUM STRENGTH SAMPLE BILL IMPACTS

| | Bimonthly Use (ccf) | Current Bill | Proposed | | | | |
|---------------------------------|---------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Medium Strength - 5 ccf | 5 | | | | | | |
| Fixed Charge | | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| <u>Variable Charge</u> | | <u>\$34.35</u> | <u>\$39.13</u> | <u>\$42.65</u> | <u>\$46.50</u> | <u>\$50.70</u> | <u>\$55.25</u> |
| Total Monthly Sewer Bill | | \$87.13 | \$93.86 | \$102.03 | \$110.91 | \$120.55 | \$130.99 |
| \$ Change | | | \$6.73 | \$8.17 | \$8.88 | \$9.64 | \$10.44 |
| % Change | | | 7.7% | 8.7% | 8.7% | 8.7% | 8.7% |
| Medium Strength - 10 ccf | 10 | | | | | | |
| Fixed Charge | | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| <u>Variable Charge</u> | | <u>\$68.70</u> | <u>\$78.27</u> | <u>\$85.30</u> | <u>\$93.00</u> | <u>\$101.40</u> | <u>\$110.50</u> |
| Total Monthly Sewer Bill | | \$121.48 | \$133.00 | \$144.68 | \$157.41 | \$171.25 | \$186.24 |
| \$ Change | | | \$11.52 | \$11.68 | \$12.73 | \$13.84 | \$14.99 |
| % Change | | | 9.5% | 8.8% | 8.8% | 8.8% | 8.8% |

HIGH STRENGTH BILL IMPACTS

| | Bimonthly Use (ccf) | Current Bill | Proposed | | | | |
|-------------------------------|---------------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| High Strength - 5 ccf | 5 | | | | | | |
| Fixed Charge | | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| <u>Variable Charge</u> | | <u>\$40.05</u> | <u>\$45.65</u> | <u>\$49.75</u> | <u>\$54.25</u> | <u>\$59.15</u> | <u>\$64.45</u> |
| Total Monthly Sewer Bill | | \$92.83 | \$100.38 | \$109.13 | \$118.66 | \$129.00 | \$140.19 |
| \$ Change | | | \$7.55 | \$8.75 | \$9.53 | \$10.34 | \$11.19 |
| % Change | | | 8.1% | 8.7% | 8.7% | 8.7% | 8.7% |
| High Strength - 10 ccf | 10 | | | | | | |
| Fixed Charge | | \$52.78 | \$54.73 | \$59.38 | \$64.41 | \$69.85 | \$75.74 |
| <u>Variable Charge</u> | | <u>\$80.10</u> | <u>\$91.31</u> | <u>\$99.50</u> | <u>\$108.50</u> | <u>\$118.30</u> | <u>\$128.90</u> |
| Total Monthly Sewer Bill | | \$132.88 | \$146.04 | \$158.88 | \$172.91 | \$188.15 | \$204.64 |
| \$ Change | | | \$13.16 | \$12.84 | \$14.03 | \$15.24 | \$16.49 |
| % Change | | | 9.9% | 8.8% | 8.8% | 8.8% | 8.8% |

**Table 53: Scenario #2B: Meet Goals by 2026/27 - 50% Fixed/50% Variable - Sample Sewer Bill Impacts
City of Rio Dell
Water and Sewer Rate Study**

RESIDENTIAL/DOMESTIC STRENGTH BILL IMPACTS

| | Monthly Use (ccf) | Current Bill | Proposed | | | | |
|---|-------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Residential/Domestic Strength - Low User (3 ccf) | | | | | | | |
| Fixed Charge | | \$52.78 | \$39.09 | \$42.41 | \$46.00 | \$49.89 | \$54.09 |
| <u>Variable Charge</u> | 3 | <u>\$13.74</u> | <u>\$26.11</u> | <u>\$28.47</u> | <u>\$31.02</u> | <u>\$33.81</u> | <u>\$36.84</u> |
| Total Monthly Sewer Bill | | \$66.52 | \$65.20 | \$70.88 | \$77.02 | \$83.70 | \$90.93 |
| \$ Change | | | -\$1.32 | \$5.68 | \$6.14 | \$6.68 | \$7.23 |
| % Change | | | -2.0% | 8.7% | 8.7% | 8.7% | 8.6% |
| Residential/Domestic Strength - Average User (5 ccf) | | | | | | | |
| Fixed Charge | | \$52.78 | \$39.09 | \$42.41 | \$46.00 | \$49.89 | \$54.09 |
| <u>Variable Charge</u> | 5 | <u>\$22.90</u> | <u>\$43.52</u> | <u>\$47.45</u> | <u>\$51.70</u> | <u>\$56.35</u> | <u>\$61.40</u> |
| Total Monthly Sewer Bill | | \$75.68 | \$82.61 | \$89.86 | \$97.70 | \$106.24 | \$115.49 |
| \$ Change | | | \$6.93 | \$7.25 | \$7.84 | \$8.54 | \$9.25 |
| % Change | | | 9.2% | 8.8% | 8.7% | 8.7% | 8.7% |
| Residential/Domestic Strength - High User (15 ccf) | | | | | | | |
| Fixed Charge | | \$52.78 | \$39.09 | \$42.41 | \$46.00 | \$49.89 | \$54.09 |
| <u>Variable Charge</u> | 15 | <u>\$68.70</u> | <u>\$130.56</u> | <u>\$142.35</u> | <u>\$155.10</u> | <u>\$169.05</u> | <u>\$184.20</u> |
| Total Monthly Sewer Bill | | \$121.48 | \$169.65 | \$184.76 | \$201.10 | \$218.94 | \$238.29 |
| \$ Change | | | \$48.17 | \$15.11 | \$16.34 | \$17.84 | \$19.35 |
| % Change | | | 39.7% | 8.9% | 8.8% | 8.9% | 8.8% |

LOW STRENGTH

| | Bimonthly Use (ccf) | Current Bill | Proposed | | | | |
|------------------------------|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Low Strength - 5 ccf | | | | | | | |
| Fixed Charge | | \$52.78 | \$39.09 | \$42.41 | \$46.00 | \$49.89 | \$54.09 |
| <u>Variable Charge</u> | 5 | <u>\$18.30</u> | <u>\$34.92</u> | <u>\$38.05</u> | <u>\$41.45</u> | <u>\$45.20</u> | <u>\$49.25</u> |
| Total Monthly Sewer Bill | | \$71.08 | \$74.01 | \$80.46 | \$87.45 | \$95.09 | \$103.34 |
| \$ Change | | | \$2.93 | \$6.45 | \$6.99 | \$7.64 | \$8.25 |
| % Change | | | 4.1% | 8.7% | 8.7% | 8.7% | 8.7% |
| Low Strength - 10 ccf | | | | | | | |
| Fixed Charge | | \$52.78 | \$39.09 | \$42.41 | \$46.00 | \$49.89 | \$54.09 |
| <u>Variable Charge</u> | 10 | <u>\$36.60</u> | <u>\$69.84</u> | <u>\$76.10</u> | <u>\$82.90</u> | <u>\$90.40</u> | <u>\$98.50</u> |
| Total Monthly Sewer Bill | | \$89.38 | \$108.93 | \$118.51 | \$128.90 | \$140.29 | \$152.59 |
| \$ Change | | | \$19.55 | \$9.58 | \$10.39 | \$11.39 | \$12.30 |
| % Change | | | 21.9% | 8.8% | 8.8% | 8.8% | 8.8% |

MEDIUM STRENGTH

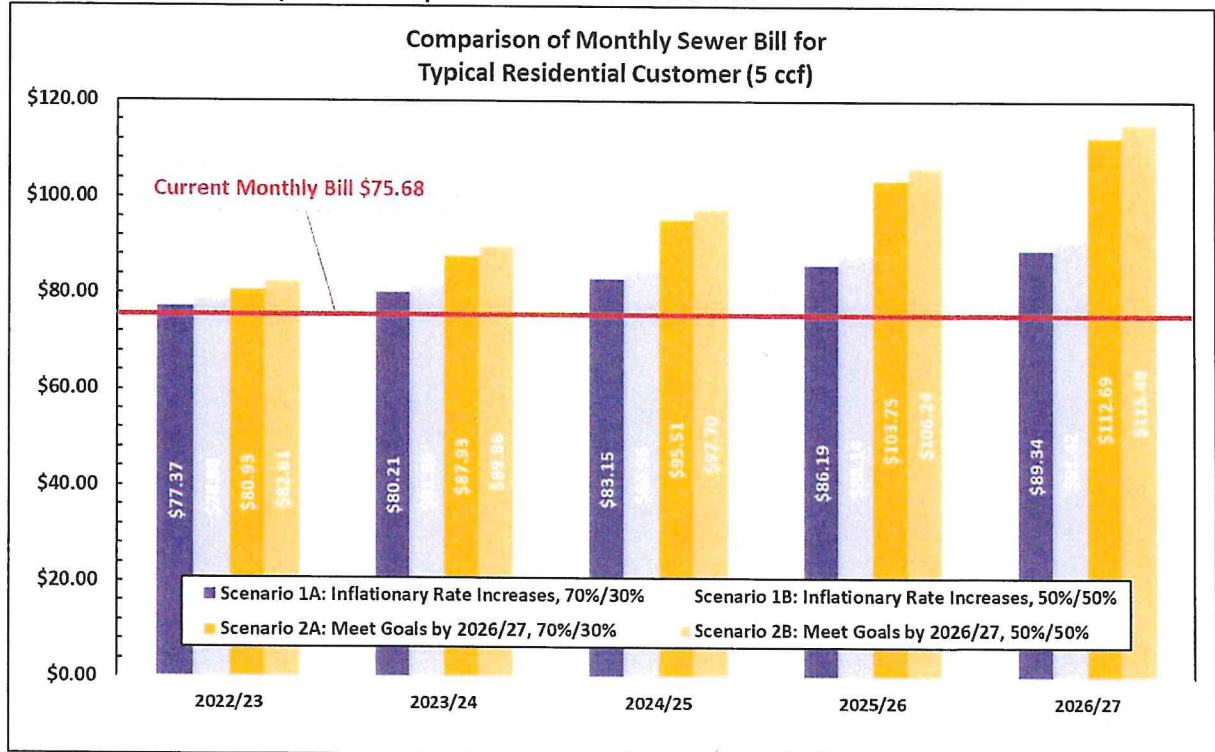
| | Bimonthly Use (ccf) | Current Bill | Proposed | | | | |
|---------------------------------|---------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Medium Strength - 5 ccf | 5 | | | | | | |
| Fixed Charge | | \$52.78 | \$39.09 | \$42.41 | \$46.00 | \$49.89 | \$54.09 |
| Variable Charge | | <u>\$34.35</u> | <u>\$65.03</u> | <u>\$70.90</u> | <u>\$77.30</u> | <u>\$84.25</u> | <u>\$91.85</u> |
| Total Monthly Sewer Bill | | \$87.13 | \$104.12 | \$113.31 | \$123.30 | \$134.14 | \$145.94 |
| \$ Change | | | \$16.99 | \$9.19 | \$9.99 | \$10.84 | \$11.80 |
| % Change | | | 19.5% | 8.8% | 8.8% | 8.8% | 8.8% |
| Medium Strength - 10 ccf | 10 | | | | | | |
| Fixed Charge | | \$52.78 | \$39.09 | \$42.41 | \$46.00 | \$49.89 | \$54.09 |
| Variable Charge | | <u>\$68.70</u> | <u>\$130.05</u> | <u>\$141.80</u> | <u>\$154.60</u> | <u>\$168.50</u> | <u>\$183.70</u> |
| Total Monthly Sewer Bill | | \$121.48 | \$169.14 | \$184.21 | \$200.60 | \$218.39 | \$237.79 |
| \$ Change | | | \$47.66 | \$15.07 | \$16.39 | \$17.79 | \$19.40 |
| % Change | | | 39.2% | 8.9% | 8.9% | 8.9% | 8.9% |

HIGH STRENGTH

| | Bimonthly Use (ccf) | Current Bill | Proposed | | | | |
|-------------------------------|---------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| High Strength - 5 ccf | 5 | | | | | | |
| Fixed Charge | | \$52.78 | \$39.09 | \$42.41 | \$46.00 | \$49.89 | \$54.09 |
| Variable Charge | | <u>\$40.05</u> | <u>\$75.82</u> | <u>\$82.65</u> | <u>\$90.10</u> | <u>\$98.20</u> | <u>\$107.05</u> |
| Total Monthly Sewer Bill | | \$92.83 | \$114.91 | \$125.06 | \$136.10 | \$148.09 | \$161.14 |
| \$ Change | | | \$22.08 | \$10.15 | \$11.04 | \$11.99 | \$13.05 |
| % Change | | | 23.8% | 8.8% | 8.8% | 8.8% | 8.8% |
| High Strength - 10 ccf | 10 | | | | | | |
| Fixed Charge | | \$52.78 | \$39.09 | \$42.41 | \$46.00 | \$49.89 | \$54.09 |
| Variable Charge | | <u>\$80.10</u> | <u>\$151.63</u> | <u>\$165.30</u> | <u>\$180.20</u> | <u>\$196.40</u> | <u>\$214.10</u> |
| Total Monthly Sewer Bill | | \$132.88 | \$190.72 | \$207.71 | \$226.20 | \$246.29 | \$268.19 |
| \$ Change | | | \$57.84 | \$16.99 | \$18.49 | \$20.09 | \$21.90 |
| % Change | | | 43.5% | 8.9% | 8.9% | 8.9% | 8.9% |

Figure 4 compares the City's current typical monthly residential sewer bill using 5 ccf (the City's winter average use) with the proposed rates for all scenarios. The current monthly sewer bill is \$75.68. The purple bars represent *Scenario #1*, and the orange bars represent *Scenario #2*.

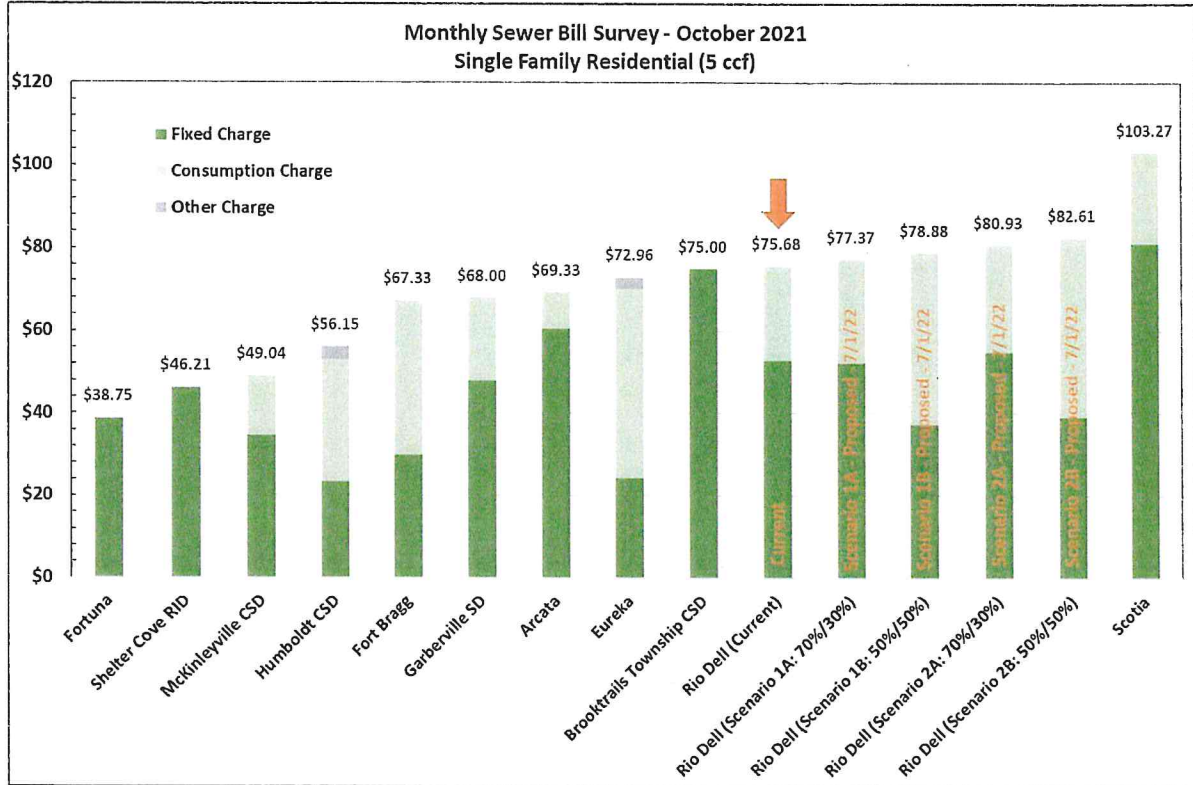
Figure 4: Scenario Comparison - Proposed Residential Sewer Bills



3.5.11 Regional Sewer Bill Survey

The typical single family customer discharges 5 ccf of sewer flow each month which is the City’s average winter water use. The current average sewer bill is \$75.68 per month. Figure 5 compares the City’s current average monthly single family residential bill with those of surrounding agencies. The chart shows the proposed 2022/23 bill for each of the four rate options.

Figure 5: Regional Sewer Bill Survey



3.6 Sewer Low Income Discount

Table 54 calculates a sample low income discount for sewer. The proposed discount will be funded from Sewer Late Fees which are estimated at \$25,000 for the current year. The City estimates that approximately 700 customers or nearly 55.0% of all accounts could qualify for a discount based on the PG&E's CARE program requirements. Based on 700 customers, the table shows a monthly discount of \$2.98 per customer. For an average residential customer with 5 ccf monthly water use, this equates to a 3.9% discount off the currently monthly sewer bill.

Because non-sewer rate revenues will be used to pay for the discount, the amount of the low income discount is based on the discretion of the City.

**Table 54: Sewer Low Income Discount
City of Rio Dell
Water and Sewer Rate Study**

| | |
|---|----------|
| Total Number of Customers Eligible per PG&E | 700 |
| Total 2020/21 Sewer Late Fee Revenue | \$25,000 |
| Annual Discount per Customer | \$35.71 |
| Monthly Discount per Customer | \$2.98 |
| Average Sewer Bill | \$75.68 |
| Average Sewer Bill with Discount | \$72.70 |
| % of Discount | 3.9% |

APPENDIX A: WATER TABLES

**Appendix 1: Scenario #2A: 90% Grant/10% Loan – 70% Fixed/30% Variable: Water Rate Derivation
City of Rio Dell
Water and Sewer Rate Study**

| | | PROJECTED - RATE STUDY PERIOD | | | | |
|---|---------------------------|-------------------------------|------------------|------------------|------------------|------------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| TOTAL REVENUE REQUIREMENT (1) | | \$1,201,000 | \$1,249,000 | \$1,299,000 | \$1,351,000 | \$1,405,000 |
| ALLOCATION TO BASE RATE VS. CONSUMPTION CHARGE | | | | | | |
| | <u>Cost Allocation %</u> | | | | | |
| Base Rate (Fixed) | 70.0% | \$840,700 | \$874,300 | \$909,300 | \$945,700 | \$983,500 |
| Consumption Charge (Variable) | 30.0% | <u>\$360,300</u> | <u>\$374,700</u> | <u>\$389,700</u> | <u>\$405,300</u> | <u>\$421,500</u> |
| Total | 100.0% | \$1,201,000 | \$1,249,000 | \$1,299,000 | \$1,351,000 | \$1,405,000 |
| BASE RATE DERIVATION | | | | | | |
| Base Revenue Requirement | | \$840,700 | \$874,300 | \$909,300 | \$945,700 | \$983,500 |
| Total Number of EDUs | | 1,547 | 1,554 | 1,562 | 1,570 | 1,578 |
| Proposed Monthly Base Rate | <u>Current</u> \$49.48 | \$45.30 | \$46.87 | \$48.51 | \$50.20 | \$51.94 |
| % Increase | | -8.5% | 3.5% | 3.5% | 3.5% | 3.5% |
| \$ Increase | | -\$4.18 | \$1.58 | \$1.63 | \$1.69 | \$1.75 |
| CONSUMPTION CHARGE DERIVATION | | | | | | |
| Consumption Revenue Requirement | | \$360,300 | \$374,700 | \$389,700 | \$405,300 | \$421,500 |
| Total Consumption (ccf) | 104,247 | 107,132 | 109,007 | 110,914 | 112,855 | 114,830 |
| Proposed Monthly Consumption Charge | \$3.23 | \$3.36 | \$3.44 | \$3.51 | \$3.59 | \$3.67 |
| % Increase | | 4.1% | 2.2% | 2.2% | 2.2% | 2.2% |
| \$ Increase | | \$0.13 | \$0.07 | \$0.08 | \$0.08 | \$0.08 |

1 - From Cash Flow (Table 14, line 8)

**Appendix 2: Scenario #2A: 90% Grant/10% Loan – 70% Fixed/30% Variable: Proposed Water Rates
 City of Rio Dell
 Water and Sewer Rate Study**

| | Current Rates | PROJECTED - RATE STUDY PERIOD | | | | |
|-----------------------------------|---------------|-------------------------------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| BASE RATE | \$49.48 | \$45.30 | \$46.87 | \$48.51 | \$50.20 | \$51.94 |
| CONSUMPTION RATE (per ccf) | \$3.23 | \$3.36 | \$3.44 | \$3.51 | \$3.59 | \$3.67 |
| DINSMORE ZONE CHARGE | \$65.66 | \$67.63 | \$69.66 | \$71.75 | \$73.90 | \$76.12 |

**Appendix 3: Scenario #2A: 90% Grant/10% Loan – 70% Fixed/30% Variable: Sample Water Bill Impacts
City of Rio Dell
Water and Sewer Rate Study**

| | Monthly Use (ccf) | Current Bill | Proposed | | | | |
|--|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Monthly Use = 3 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$45.30 | \$46.87 | \$48.51 | \$50.20 | \$51.94 |
| <u>Consumption Charge</u> | 3 | <u>\$9.69</u> | <u>\$10.09</u> | <u>\$10.31</u> | <u>\$10.54</u> | <u>\$10.77</u> | <u>\$11.01</u> |
| Total Monthly Water Bill | | \$59.17 | \$55.38 | \$57.18 | \$59.05 | \$60.97 | \$62.95 |
| \$ Change | | | (\$3.79) | \$1.80 | \$1.86 | \$1.92 | \$1.98 |
| % Change | | | -6.4% | 3.2% | 3.3% | 3.3% | 3.3% |
| Monthly Use = 5 ccf (Residential Avg Use) | | | | | | | |
| Base Rate | | \$49.48 | \$45.30 | \$46.87 | \$48.51 | \$50.20 | \$51.94 |
| <u>Consumption Charge</u> | 5 | <u>\$16.15</u> | <u>\$16.82</u> | <u>\$17.19</u> | <u>\$17.57</u> | <u>\$17.96</u> | <u>\$18.35</u> |
| Total Monthly Water Bill | | \$65.63 | \$62.11 | \$64.06 | \$66.07 | \$68.15 | \$70.30 |
| \$ Change | | | (\$3.52) | \$1.95 | \$2.01 | \$2.08 | \$2.14 |
| % Change | | | -5.4% | 3.1% | 3.1% | 3.1% | 3.1% |
| Monthly Use = 10 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$45.30 | \$46.87 | \$48.51 | \$50.20 | \$51.94 |
| <u>Consumption Charge</u> | 10 | <u>\$32.30</u> | <u>\$33.63</u> | <u>\$34.37</u> | <u>\$35.14</u> | <u>\$35.91</u> | <u>\$36.71</u> |
| Total Monthly Water Bill | | \$81.78 | \$78.93 | \$81.25 | \$83.64 | \$86.11 | \$88.65 |
| \$ Change | | | (\$2.85) | \$2.32 | \$2.40 | \$2.47 | \$2.54 |
| % Change | | | -3.5% | 2.9% | 2.9% | 3.0% | 2.9% |
| Monthly Use = 20 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$45.30 | \$46.87 | \$48.51 | \$50.20 | \$51.94 |
| <u>Consumption Charge</u> | 20 | <u>\$64.60</u> | <u>\$67.26</u> | <u>\$68.75</u> | <u>\$70.27</u> | <u>\$71.83</u> | <u>\$73.41</u> |
| Total Monthly Water Bill | | \$114.08 | \$112.56 | \$115.62 | \$118.78 | \$122.02 | \$125.36 |
| \$ Change | | | (\$1.52) | \$3.06 | \$3.16 | \$3.25 | \$3.33 |
| % Change | | | -1.3% | 2.7% | 2.7% | 2.7% | 2.7% |
| Monthly Use = 40 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$45.30 | \$46.87 | \$48.51 | \$50.20 | \$51.94 |
| <u>Consumption Charge</u> | 40 | <u>\$129.20</u> | <u>\$134.53</u> | <u>\$137.50</u> | <u>\$140.54</u> | <u>\$143.65</u> | <u>\$146.83</u> |
| Total Monthly Water Bill | | \$178.68 | \$179.82 | \$184.37 | \$189.05 | \$193.85 | \$198.77 |
| \$ Change | | | \$1.14 | \$4.55 | \$4.68 | \$4.80 | \$4.92 |
| % Change | | | 0.6% | 2.5% | 2.5% | 2.5% | 2.5% |

**Appendix 4: Scenario #2B: 90% Grant/10% Loan – 50% Fixed/50% Variable: Water Rate Derivation
City of Rio Dell
Water and Sewer Rate Study**

| | | PROJECTED - RATE STUDY PERIOD | | | | |
|---|--------------------------|-------------------------------|------------------|------------------|------------------|------------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| TOTAL REVENUE REQUIREMENT (1) | | \$1,201,000 | \$1,249,000 | \$1,299,000 | \$1,351,000 | \$1,405,000 |
| ALLOCATION TO BASE RATE VS. CONSUMPTION CHARGE | | | | | | |
| | <u>Cost Allocation %</u> | | | | | |
| Base Rate (Fixed) | 50.0% | \$600,500 | \$624,500 | \$649,500 | \$675,500 | \$702,500 |
| <u>Consumption Charge (Variable)</u> | <u>50.0%</u> | <u>\$600,500</u> | <u>\$624,500</u> | <u>\$649,500</u> | <u>\$675,500</u> | <u>\$702,500</u> |
| Total | 100.0% | \$1,201,000 | \$1,249,000 | \$1,299,000 | \$1,351,000 | \$1,405,000 |
| BASE RATE DERIVATION | | | | | | |
| Base Revenue Requirement | | \$600,500 | \$624,500 | \$649,500 | \$675,500 | \$702,500 |
| Total Number of EDUs | | 1,547 | 1,554 | 1,562 | 1,570 | 1,578 |
| Proposed Monthly Base Rate | <u>Current</u> | \$49.48 | \$32.35 | \$33.48 | \$34.65 | \$35.85 |
| % Increase | | | -34.6% | 3.5% | 3.5% | 3.5% |
| \$ Increase | | | -\$17.13 | \$1.13 | \$1.17 | \$1.25 |
| CONSUMPTION CHARGE DERIVATION | | | | | | |
| Consumption Revenue Requirement | | \$600,500 | \$624,500 | \$649,500 | \$675,500 | \$702,500 |
| Total Consumption (ccf) | 104,247 | 107,132 | 109,007 | 110,914 | 112,855 | 114,830 |
| Proposed Monthly Consumption Charge | \$3.23 | \$5.61 | \$5.73 | \$5.86 | \$5.99 | \$6.12 |
| % Increase | | 73.5% | 2.2% | 2.2% | 2.2% | 2.2% |
| \$ Increase | | \$2.38 | \$0.12 | \$0.13 | \$0.13 | \$0.13 |

1 - From Cash Flow (Table 14, line 8)

**Appendix 5: Scenario #2B: 90% Grant/10% Loan – 50% Fixed/50% Variable: Proposed Water Rates
 City of Rio Dell
 Water and Sewer Rate Study**

| | Current Rates | PROJECTED - RATE STUDY PERIOD | | | | |
|-----------------------------------|---------------|-------------------------------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| BASE RATE | \$49.48 | \$32.35 | \$33.48 | \$34.65 | \$35.85 | \$37.10 |
| CONSUMPTION RATE (per ccf) | \$3.23 | \$5.61 | \$5.73 | \$5.86 | \$5.99 | \$6.12 |
| DINSMORE ZONE CHARGE | \$65.66 | \$67.63 | \$69.66 | \$71.75 | \$73.90 | \$76.12 |

**Appendix 6: Scenario #2B: 90% Grant/10% Loan – 50% Fixed/50% Variable: Sample Water Bill Impacts
City of Rio Dell
Water and Sewer Rate Study**

| | Monthly Use (ccf) | Current Bill | Proposed | | | | |
|--|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Monthly Use = 3 ccf | | | | | | | |
| Base Rate | 3 | \$49.48 | \$32.35 | \$33.48 | \$34.65 | \$35.85 | \$37.10 |
| <u>Consumption Charge</u> | | <u>\$9.69</u> | <u>\$16.82</u> | <u>\$17.19</u> | <u>\$17.57</u> | <u>\$17.96</u> | <u>\$18.35</u> |
| Total Monthly Water Bill | | \$59.17 | \$49.17 | \$50.67 | \$52.21 | \$53.81 | \$55.46 |
| \$ Change | | | (\$10.00) | \$1.50 | \$1.55 | \$1.60 | \$1.64 |
| % Change | | | -16.9% | 3.0% | 3.1% | 3.1% | 3.1% |
| Monthly Use = 5 ccf (Residential Avg Use) | | | | | | | |
| Base Rate | 5 | \$49.48 | \$32.35 | \$33.48 | \$34.65 | \$35.85 | \$37.10 |
| <u>Consumption Charge</u> | | <u>\$16.15</u> | <u>\$28.03</u> | <u>\$28.64</u> | <u>\$29.28</u> | <u>\$29.93</u> | <u>\$30.59</u> |
| Total Monthly Water Bill | | \$65.63 | \$60.38 | \$62.12 | \$63.93 | \$65.78 | \$67.69 |
| \$ Change | | | (\$5.25) | \$1.74 | \$1.80 | \$1.86 | \$1.91 |
| % Change | | | -8.0% | 2.9% | 2.9% | 2.9% | 2.9% |
| Monthly Use = 10 ccf | | | | | | | |
| Base Rate | 10 | \$49.48 | \$32.35 | \$33.48 | \$34.65 | \$35.85 | \$37.10 |
| <u>Consumption Charge</u> | | <u>\$32.30</u> | <u>\$56.05</u> | <u>\$57.29</u> | <u>\$58.56</u> | <u>\$59.86</u> | <u>\$61.18</u> |
| Total Monthly Water Bill | | \$81.78 | \$88.41 | \$90.77 | \$93.21 | \$95.71 | \$98.28 |
| \$ Change | | | \$6.63 | \$2.36 | \$2.44 | \$2.50 | \$2.57 |
| % Change | | | 8.1% | 2.7% | 2.7% | 2.7% | 2.7% |
| Monthly Use = 20 ccf | | | | | | | |
| Base Rate | 20 | \$49.48 | \$32.35 | \$33.48 | \$34.65 | \$35.85 | \$37.10 |
| <u>Consumption Charge</u> | | <u>\$64.60</u> | <u>\$112.10</u> | <u>\$114.58</u> | <u>\$117.12</u> | <u>\$119.71</u> | <u>\$122.35</u> |
| Total Monthly Water Bill | | \$114.08 | \$144.46 | \$148.06 | \$151.76 | \$155.56 | \$159.46 |
| \$ Change | | | \$30.38 | \$3.60 | \$3.70 | \$3.80 | \$3.89 |
| % Change | | | 26.6% | 2.5% | 2.5% | 2.5% | 2.5% |
| Monthly Use = 40 ccf | | | | | | | |
| Base Rate | 40 | \$49.48 | \$32.35 | \$33.48 | \$34.65 | \$35.85 | \$37.10 |
| <u>Consumption Charge</u> | | <u>\$129.20</u> | <u>\$224.21</u> | <u>\$229.16</u> | <u>\$234.23</u> | <u>\$239.42</u> | <u>\$244.71</u> |
| Total Monthly Water Bill | | \$178.68 | \$256.56 | \$262.64 | \$268.88 | \$275.28 | \$281.81 |
| \$ Change | | | \$77.88 | \$6.08 | \$6.24 | \$6.39 | \$6.53 |
| % Change | | | 43.6% | 2.4% | 2.4% | 2.4% | 2.4% |

Appendix 7: Scenario #3A: 100% Grant – 70% Fixed/30% Variable: Water Rate Derivation
City of Rio Dell
Water and Sewer Rate Study

| | | PROJECTED - RATE STUDY PERIOD | | | | |
|---|---------------------------|-------------------------------|-------------|-------------|-------------|-------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| TOTAL REVENUE REQUIREMENT (1) | | \$1,189,000 | \$1,225,000 | \$1,262,000 | \$1,300,000 | \$1,339,000 |
| ALLOCATION TO BASE RATE VS. CONSUMPTION CHARGE | | | | | | |
| | <u>Cost Allocation %</u> | | | | | |
| Base Rate (Fixed) | 70.0% | \$832,300 | \$857,500 | \$883,400 | \$910,000 | \$937,300 |
| Consumption Charge (Variable) | 30.0% | \$356,700 | \$367,500 | \$378,600 | \$390,000 | \$401,700 |
| Total | 100.0% | \$1,189,000 | \$1,225,000 | \$1,262,000 | \$1,300,000 | \$1,339,000 |
| BASE RATE DERIVATION | | | | | | |
| Base Revenue Requirement | | \$832,300 | \$857,500 | \$883,400 | \$910,000 | \$937,300 |
| Total Number of EDUs | | 1,547 | 1,554 | 1,562 | 1,570 | 1,578 |
| Proposed Monthly Base Rate | <u>Current</u> \$49.48 | \$44.84 | \$45.97 | \$47.12 | \$48.30 | \$49.50 |
| % Increase | | -9.4% | 2.5% | 2.5% | 2.5% | 2.5% |
| \$ Increase | | -\$4.64 | \$1.13 | \$1.15 | \$1.18 | \$1.20 |
| CONSUMPTION CHARGE DERIVATION | | | | | | |
| Consumption Revenue Requirement | | \$356,700 | \$367,500 | \$378,600 | \$390,000 | \$401,700 |
| Total Consumption (ccf) | 104,247 | 107,132 | 109,007 | 110,914 | 112,855 | 114,830 |
| Proposed Monthly Consumption Charge | \$3.23 | \$3.33 | \$3.37 | \$3.41 | \$3.46 | \$3.50 |
| % Increase | | 3.1% | 1.3% | 1.2% | 1.2% | 1.2% |
| \$ Increase | | \$0.10 | \$0.04 | \$0.04 | \$0.04 | \$0.04 |

1 - From Cash Flow (Table 15, line 8)

Appendix 8: Scenario #3A: 100% Grant – 70% Fixed/30% Variable: Proposed Water Rates
City of Rio Dell
Water and Sewer Rate Study

| | Current Rates | PROJECTED - RATE STUDY PERIOD | | | | |
|-----------------------------------|---------------|-------------------------------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| BASE RATE | \$49.48 | \$44.84 | \$45.97 | \$47.12 | \$48.30 | \$49.50 |
| CONSUMPTION RATE (per ccf) | \$3.23 | \$3.33 | \$3.37 | \$3.41 | \$3.46 | \$3.50 |
| DINSMORE ZONE CHARGE | \$65.66 | \$67.63 | \$69.66 | \$71.75 | \$73.90 | \$76.12 |

Appendix 9: Scenario #3A: 100% Grant – 70% Fixed/30% Variable: Sample Water Bill Impacts
City of Rio Dell
Water and Sewer Rate Study

| | Monthly Use (ccf) | Current Bill | Proposed | | | | |
|--|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Monthly Use = 3 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$44.84 | \$45.97 | \$47.12 | \$48.30 | \$49.50 |
| <u>Consumption Charge</u> | 3 | <u>\$9.69</u> | <u>\$9.99</u> | <u>\$10.11</u> | <u>\$10.24</u> | <u>\$10.37</u> | <u>\$10.49</u> |
| Total Monthly Water Bill | | \$59.17 | \$54.83 | \$56.08 | \$57.36 | \$58.67 | \$60.00 |
| \$ Change | | | (\$4.34) | \$1.25 | \$1.28 | \$1.30 | \$1.33 |
| % Change | | | -7.3% | 2.3% | 2.3% | 2.3% | 2.3% |
| Monthly Use = 5 ccf (Residential Avg Use) | | | | | | | |
| Base Rate | | \$49.48 | \$44.84 | \$45.97 | \$47.12 | \$48.30 | \$49.50 |
| <u>Consumption Charge</u> | 5 | <u>\$16.15</u> | <u>\$16.65</u> | <u>\$16.86</u> | <u>\$17.07</u> | <u>\$17.28</u> | <u>\$17.49</u> |
| Total Monthly Water Bill | | \$65.63 | \$61.49 | \$62.83 | \$64.19 | \$65.58 | \$66.99 |
| \$ Change | | | (\$4.14) | \$1.34 | \$1.36 | \$1.39 | \$1.41 |
| % Change | | | -6.3% | 2.2% | 2.2% | 2.2% | 2.2% |
| Monthly Use = 10 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$44.84 | \$45.97 | \$47.12 | \$48.30 | \$49.50 |
| <u>Consumption Charge</u> | 10 | <u>\$32.30</u> | <u>\$33.30</u> | <u>\$33.71</u> | <u>\$34.13</u> | <u>\$34.56</u> | <u>\$34.98</u> |
| Total Monthly Water Bill | | \$81.78 | \$78.14 | \$79.68 | \$81.26 | \$82.86 | \$84.48 |
| \$ Change | | | (\$3.64) | \$1.55 | \$1.57 | \$1.60 | \$1.63 |
| % Change | | | -4.5% | 2.0% | 2.0% | 2.0% | 2.0% |
| Monthly Use = 20 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$44.84 | \$45.97 | \$47.12 | \$48.30 | \$49.50 |
| <u>Consumption Charge</u> | 20 | <u>\$64.60</u> | <u>\$66.59</u> | <u>\$67.43</u> | <u>\$68.27</u> | <u>\$69.11</u> | <u>\$69.96</u> |
| Total Monthly Water Bill | | \$114.08 | \$111.43 | \$113.40 | \$115.39 | \$117.42 | \$119.47 |
| \$ Change | | | (\$2.65) | \$1.96 | \$1.99 | \$2.02 | \$2.05 |
| % Change | | | -2.3% | 1.8% | 1.8% | 1.8% | 1.7% |
| Monthly Use = 40 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$44.84 | \$45.97 | \$47.12 | \$48.30 | \$49.50 |
| <u>Consumption Charge</u> | 40 | <u>\$129.20</u> | <u>\$133.18</u> | <u>\$134.85</u> | <u>\$136.54</u> | <u>\$138.23</u> | <u>\$139.93</u> |
| Total Monthly Water Bill | | \$178.68 | \$178.02 | \$180.82 | \$183.66 | \$186.53 | \$189.43 |
| \$ Change | | | (\$0.66) | \$2.80 | \$2.84 | \$2.87 | \$2.90 |
| % Change | | | -0.4% | 1.6% | 1.6% | 1.6% | 1.6% |

Appendix 10: Scenario #3B: 100% Grant – 50% Fixed/50% Variable: Water Rate Derivation
City of Rio Dell
Water and Sewer Rate Study

| | | PROJECTED - RATE STUDY PERIOD | | | | |
|---|---------------------------|-------------------------------|-------------|-------------|-------------|-------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| TOTAL REVENUE REQUIREMENT (1) | | \$1,189,000 | \$1,225,000 | \$1,262,000 | \$1,300,000 | \$1,339,000 |
| ALLOCATION TO BASE RATE VS. CONSUMPTION CHARGE | | | | | | |
| | <u>Cost Allocation %</u> | | | | | |
| Base Rate (Fixed) | 50.0% | \$594,500 | \$612,500 | \$631,000 | \$650,000 | \$669,500 |
| <u>Consumption Charge (Variable)</u> | 50.0% | \$594,500 | \$612,500 | \$631,000 | \$650,000 | \$669,500 |
| Total | 100.0% | \$1,189,000 | \$1,225,000 | \$1,262,000 | \$1,300,000 | \$1,339,000 |
| BASE RATE DERIVATION | | | | | | |
| Base Revenue Requirement | | \$594,500 | \$612,500 | \$631,000 | \$650,000 | \$669,500 |
| Total Number of EDUs | | 1,547 | 1,554 | 1,562 | 1,570 | 1,578 |
| Proposed Monthly Base Rate | <u>Current</u> \$49.48 | \$32.03 | \$32.84 | \$33.66 | \$34.50 | \$35.36 |
| % Increase | | -35.3% | 2.5% | 2.5% | 2.5% | 2.5% |
| \$ Increase | | -\$17.45 | \$0.81 | \$0.82 | \$0.84 | \$0.86 |
| CONSUMPTION CHARGE DERIVATION | | | | | | |
| Consumption Revenue Requirement | | \$594,500 | \$612,500 | \$631,000 | \$650,000 | \$669,500 |
| Total Consumption (ccf) | 104,247 | 107,132 | 109,007 | 110,914 | 112,855 | 114,830 |
| Proposed Monthly Consumption Charge | \$3.23 | \$5.55 | \$5.62 | \$5.69 | \$5.76 | \$5.83 |
| % Increase | | 71.8% | 1.3% | 1.2% | 1.2% | 1.2% |
| \$ Increase | | \$2.32 | \$0.07 | \$0.07 | \$0.07 | \$0.07 |

1 - From Cash Flow (Table 15, line 8)

Appendix 11: Scenario #3B: 100% Grant – 50% Fixed/50% Variable: Proposed Water Rates
City of Rio Dell
Water and Sewer Rate Study

| | Current Rates | PROJECTED - RATE STUDY PERIOD | | | | |
|-----------------------------------|---------------|-------------------------------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| BASE RATE | \$49.48 | \$32.03 | \$32.84 | \$33.66 | \$34.50 | \$35.36 |
| CONSUMPTION RATE (per ccf) | \$3.23 | \$5.55 | \$5.62 | \$5.69 | \$5.76 | \$5.83 |
| DINSMORE ZONE CHARGE | \$65.66 | \$67.63 | \$69.66 | \$71.75 | \$73.90 | \$76.12 |

Appendix 12: Scenario #3B: 100% Grant – 50% Fixed/50% Variable: Sample Bill Impacts
City of Rio Dell
Water and Sewer Rate Study

| | Monthly Use (ccf) | Current Bill | Proposed | | | | |
|--|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Monthly Use = 3 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$32.03 | \$32.84 | \$33.66 | \$34.50 | \$35.36 |
| <u>Consumption Charge</u> | 3 | <u>\$9.69</u> | <u>\$16.65</u> | <u>\$16.86</u> | <u>\$17.07</u> | <u>\$17.28</u> | <u>\$17.49</u> |
| Total Monthly Water Bill | | \$59.17 | \$48.68 | \$49.69 | \$50.73 | \$51.78 | \$52.85 |
| \$ Change | | | (\$10.49) | \$1.01 | \$1.03 | \$1.05 | \$1.07 |
| % Change | | | -17.7% | 2.1% | 2.1% | 2.1% | 2.1% |
| Monthly Use = 5 ccf (Residential Avg Use) | | | | | | | |
| Base Rate | | \$49.48 | \$32.03 | \$32.84 | \$33.66 | \$34.50 | \$35.36 |
| <u>Consumption Charge</u> | 5 | <u>\$16.15</u> | <u>\$27.75</u> | <u>\$28.09</u> | <u>\$28.45</u> | <u>\$28.80</u> | <u>\$29.15</u> |
| Total Monthly Water Bill | | \$65.63 | \$59.78 | \$60.93 | \$62.11 | \$63.30 | \$64.51 |
| \$ Change | | | (\$5.85) | \$1.15 | \$1.17 | \$1.19 | \$1.21 |
| % Change | | | -8.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| Monthly Use = 10 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$32.03 | \$32.84 | \$33.66 | \$34.50 | \$35.36 |
| <u>Consumption Charge</u> | 10 | <u>\$32.30</u> | <u>\$55.49</u> | <u>\$56.19</u> | <u>\$56.89</u> | <u>\$57.60</u> | <u>\$58.30</u> |
| Total Monthly Water Bill | | \$81.78 | \$87.52 | \$89.03 | \$90.55 | \$92.10 | \$93.66 |
| \$ Change | | | \$5.74 | \$1.50 | \$1.53 | \$1.55 | \$1.57 |
| % Change | | | 7.0% | 1.7% | 1.7% | 1.7% | 1.7% |
| Monthly Use = 20 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$32.03 | \$32.84 | \$33.66 | \$34.50 | \$35.36 |
| <u>Consumption Charge</u> | 20 | <u>\$64.60</u> | <u>\$110.98</u> | <u>\$112.38</u> | <u>\$113.78</u> | <u>\$115.19</u> | <u>\$116.61</u> |
| Total Monthly Water Bill | | \$114.08 | \$143.02 | \$145.21 | \$147.44 | \$149.69 | \$151.97 |
| \$ Change | | | \$28.94 | \$2.20 | \$2.23 | \$2.25 | \$2.27 |
| % Change | | | 25.4% | 1.5% | 1.5% | 1.5% | 1.5% |
| Monthly Use = 40 ccf | | | | | | | |
| Base Rate | | \$49.48 | \$32.03 | \$32.84 | \$33.66 | \$34.50 | \$35.36 |
| <u>Consumption Charge</u> | 40 | <u>\$129.20</u> | <u>\$221.97</u> | <u>\$224.76</u> | <u>\$227.56</u> | <u>\$230.38</u> | <u>\$233.21</u> |
| Total Monthly Water Bill | | \$178.68 | \$254.00 | \$257.59 | \$261.22 | \$264.88 | \$268.57 |
| \$ Change | | | \$75.32 | \$3.59 | \$3.63 | \$3.66 | \$3.69 |
| % Change | | | 42.2% | 1.4% | 1.4% | 1.4% | 1.4% |

APPENDIX B: SEWER TABLES

**Appendix 13: Scenario #1A: Inflationary Increases – 70% Fixed/30% Variable: Sewer Fixed Charge Derivation
City of Rio Dell
Water and Sewer Rate Study**

| | Current | PROJECTED - RATE STUDY PERIOD | | | | |
|--------------------------------------|---------|-------------------------------|--------------|--------------|--------------|--------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Total Revenue Requirement (1) | | \$1,321,000 | \$1,374,000 | \$1,429,000 | \$1,486,000 | \$1,545,000 |
| Fixed/Variable Allocation | | | | | | |
| Fixed Charge | | 70.0% | 70.0% | 70.0% | 70.0% | 70.0% |
| <u>Variable Charge</u> | | <u>30.0%</u> | <u>30.0%</u> | <u>30.0%</u> | <u>30.0%</u> | <u>30.0%</u> |
| Total | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Fixed Charge Calculation | | | | | | |
| Fixed Revenue Requirement | | \$924,832 | \$961,937 | \$1,000,443 | \$1,040,349 | \$1,081,655 |
| Total Number of EDUs | | 1,475 | 1,483 | 1,490 | 1,498 | 1,505 |
| Monthly Fixed Charge per EDU | \$52.78 | \$52.24 | \$54.06 | \$55.95 | \$57.89 | \$59.89 |
| <i>\$ Change</i> | | (\$0.54) | \$1.82 | \$1.89 | \$1.94 | \$2.00 |
| <i>% Change</i> | | -1.0% | 3.5% | 3.5% | 3.5% | 3.5% |

1 - Table 37, Line 7

**Appendix 14: Scenario #1A: Inflationary Increases – 70% Fixed/30% Variable: 2022/23 Sewer Volume Rate Derivation
City of Rio Dell
Water and Sewer Rate Study**

Allocation to Volume Rate

| | |
|-----------------------------------|-------------|
| FY2022/23 Revenue Requirement (1) | \$1,321,000 |
| Volume Rate Recovery % | 30% |
| Volume Rate Recovery \$ | \$397,885 |

Allocation to Flow, BOD, SS

| | <u>Flow</u> | <u>BOD</u> | <u>TSS</u> |
|------------------------------------|-------------------|------------------|------------------|
| Cost Allocation % | 60% | 20% | 20% |
| Cost Allocation \$ | \$239,000 | \$80,000 | \$80,000 |
| Total Annual Loadings (2) Units | 78,849 ccf | 100,080 lbs | 100,080 lbs |
| Unit Cost | \$3.03 per ccf | \$0.80 per lb | \$0.80 per lb |

1 - Table 37, Line 7

2 - Table 43

Appendix 15: Scenario #1A: Inflationary Increases – 70% Fixed/30% Variable: 2022/23 Volume Rate by Customer Class
City of Rio Dell
Water and Sewer Rate Study

| Customer Class | Wastewater Strength (mg/l) | | Unit Rates (\$ per ccf or lb) | | | Total Volume Rate per ccf (1) |
|-------------------|----------------------------|-----|-------------------------------|--------|--------|-------------------------------|
| | BOD | TSS | Flow | BOD | TSS | |
| | | | \$3.03 | \$0.80 | \$0.80 | |
| Low Strength | 100 | 100 | \$3.03 | \$0.50 | \$0.50 | \$4.03 |
| Domestic Strength | 200 | 200 | \$3.03 | \$1.00 | \$1.00 | \$5.03 |
| Medium Strength | 450 | 450 | \$3.03 | \$2.24 | \$2.24 | \$7.52 |
| High Strength | 575 | 575 | \$3.03 | \$2.87 | \$2.87 | \$8.77 |

1 - Based on winter consumption (Oct, Nov, Dec & Jan). Residential consumption is capped at 15 ccf.

**Appendix 16: Scenario #1A: Inflationary Increases – 70% Fixed/30% Variable: Proposed Sewer Rates
 City of Rio Dell
 Water and Sewer Rate Study**

| | Current 2021/22 | PROJECTED - RATE STUDY PERIOD | | | | |
|-----------------------------|--------------------|-------------------------------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| FIXED MONTHLY CHARGE | \$52.78 | \$52.24 | \$54.06 | \$55.95 | \$57.89 | \$59.89 |
| VOLUME RATE PER CCF | | | | | | |
| Low Strength | \$3.66 | \$4.03 | \$4.19 | \$4.36 | \$4.53 | \$4.71 |
| Domestic Strength | \$4.58 | \$5.03 | \$5.23 | \$5.44 | \$5.66 | \$5.89 |
| Medium Strength | \$6.87 | \$7.52 | \$7.82 | \$8.13 | \$8.46 | \$8.80 |
| High Strength | \$8.01 | \$8.77 | \$9.12 | \$9.48 | \$9.86 | \$10.25 |

1 - Based on winter consumption (Oct, Nov, Dec & Jan). Residential consumption is capped at 15 ccf.

**Appendix 17: Scenario #1A: Inflationary Increases – 70% Fixed/30% Variable: Sample Sewer Bill Impacts
City of Rio Dell
Water and Sewer Rate Study**

RESIDENTIAL/DOMESTIC STRENGTH SAMPLE BILL IMPACTS

| | Monthly Use (ccf) | Current Bill | Proposed | | | | |
|---|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Residential/Domestic Strength - Low User (3 ccf) | | | | | | | |
| Fixed Charge | | \$52.78 | \$52.24 | \$54.06 | \$55.95 | \$57.89 | \$59.89 |
| <u>Variable Charge</u> | 3 | <u>\$13.74</u> | <u>\$15.08</u> | <u>\$15.69</u> | <u>\$16.32</u> | <u>\$16.98</u> | <u>\$17.67</u> |
| Total Monthly Sewer Bill | | \$66.52 | \$67.32 | \$69.75 | \$72.27 | \$74.87 | \$77.56 |
| \$ Change | | | \$0.80 | \$2.43 | \$2.52 | \$2.60 | \$2.69 |
| % Change | | | 1.2% | 3.6% | 3.6% | 3.6% | 3.6% |
| Residential/Domestic Strength - Average User (5 ccf) | | | | | | | |
| Fixed Charge | | \$52.78 | \$52.24 | \$54.06 | \$55.95 | \$57.89 | \$59.89 |
| <u>Variable Charge</u> | 5 | <u>\$22.90</u> | <u>\$25.13</u> | <u>\$26.15</u> | <u>\$27.20</u> | <u>\$28.30</u> | <u>\$29.45</u> |
| Total Monthly Sewer Bill | | \$75.68 | \$77.37 | \$80.21 | \$83.15 | \$86.19 | \$89.34 |
| \$ Change | | | \$1.69 | \$2.84 | \$2.94 | \$3.04 | \$3.15 |
| % Change | | | 2.2% | 3.7% | 3.7% | 3.7% | 3.7% |
| Residential/Domestic Strength - High User (15 ccf) | | | | | | | |
| Fixed Charge | | \$52.78 | \$52.24 | \$54.06 | \$55.95 | \$57.89 | \$59.89 |
| <u>Variable Charge</u> | 15 | <u>\$68.70</u> | <u>\$75.39</u> | <u>\$78.45</u> | <u>\$81.60</u> | <u>\$84.90</u> | <u>\$88.35</u> |
| Total Monthly Sewer Bill | | \$121.48 | \$127.63 | \$132.51 | \$137.55 | \$142.79 | \$148.24 |
| \$ Change | | | \$6.15 | \$4.88 | \$5.04 | \$5.24 | \$5.45 |
| % Change | | | 5.1% | 3.8% | 3.8% | 3.8% | 3.8% |

LOW STRENGTH SAMPLE BILL IMPACTS

| | Monthly Use (ccf) | Current Bill | Proposed | | | | |
|------------------------------|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Low Strength - 5 ccf | | | | | | | |
| Fixed Charge | | \$52.78 | \$52.24 | \$54.06 | \$55.95 | \$57.89 | \$59.89 |
| <u>Variable Charge</u> | 5 | <u>\$18.30</u> | <u>\$20.14</u> | <u>\$20.95</u> | <u>\$21.80</u> | <u>\$22.65</u> | <u>\$23.55</u> |
| Total Monthly Sewer Bill | | \$71.08 | \$72.38 | \$75.01 | \$77.75 | \$80.54 | \$83.44 |
| \$ Change | | | \$1.30 | \$2.63 | \$2.74 | \$2.79 | \$2.90 |
| % Change | | | 1.8% | 3.6% | 3.7% | 3.6% | 3.6% |
| Low Strength - 10 ccf | | | | | | | |
| Fixed Charge | | \$52.78 | \$52.24 | \$54.06 | \$55.95 | \$57.89 | \$59.89 |
| <u>Variable Charge</u> | 10 | <u>\$36.60</u> | <u>\$40.28</u> | <u>\$41.90</u> | <u>\$43.60</u> | <u>\$45.30</u> | <u>\$47.10</u> |
| Total Monthly Sewer Bill | | \$89.38 | \$92.52 | \$95.96 | \$99.55 | \$103.19 | \$106.99 |
| \$ Change | | | \$3.14 | \$3.44 | \$3.59 | \$3.64 | \$3.80 |
| % Change | | | 3.5% | 3.7% | 3.7% | 3.7% | 3.7% |

MEDIUM STRENGTH SAMPLE BILL IMPACTS

| | Bimonthly Use (ccf) | Current Bill | Proposed | | | | |
|---------------------------------|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Medium Strength - 5 ccf | 5 | | | | | | |
| Fixed Charge | | \$52.78 | \$52.24 | \$54.06 | \$55.95 | \$57.89 | \$59.89 |
| Variable Charge | | <u>\$34.35</u> | <u>\$37.60</u> | <u>\$39.10</u> | <u>\$40.65</u> | <u>\$42.30</u> | <u>\$44.00</u> |
| Total Monthly Sewer Bill | | \$87.13 | \$89.84 | \$93.16 | \$96.60 | \$100.19 | \$103.89 |
| \$ Change | | | \$2.71 | \$3.32 | \$3.44 | \$3.59 | \$3.70 |
| % Change | | | 3.1% | 3.7% | 3.7% | 3.7% | 3.7% |
| Medium Strength - 10 ccf | 10 | | | | | | |
| Fixed Charge | | \$52.78 | \$52.24 | \$54.06 | \$55.95 | \$57.89 | \$59.89 |
| Variable Charge | | <u>\$68.70</u> | <u>\$75.19</u> | <u>\$78.20</u> | <u>\$81.30</u> | <u>\$84.60</u> | <u>\$88.00</u> |
| Total Monthly Sewer Bill | | \$121.48 | \$127.43 | \$132.26 | \$137.25 | \$142.49 | \$147.89 |
| \$ Change | | | \$5.95 | \$4.83 | \$4.99 | \$5.24 | \$5.40 |
| % Change | | | 4.9% | 3.8% | 3.8% | 3.8% | 3.8% |

HIGH STRENGTH BILL IMPACTS

| | Bimonthly Use (ccf) | Current Bill | Proposed | | | | |
|-------------------------------|---------------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| High Strength - 5 ccf | 5 | | | | | | |
| Fixed Charge | | \$52.78 | \$52.24 | \$54.06 | \$55.95 | \$57.89 | \$59.89 |
| Variable Charge | | <u>\$40.05</u> | <u>\$43.86</u> | <u>\$45.60</u> | <u>\$47.40</u> | <u>\$49.30</u> | <u>\$51.25</u> |
| Total Monthly Sewer Bill | | \$92.83 | \$96.10 | \$99.66 | \$103.35 | \$107.19 | \$111.14 |
| \$ Change | | | \$3.27 | \$3.56 | \$3.69 | \$3.84 | \$3.95 |
| % Change | | | 3.5% | 3.7% | 3.7% | 3.7% | 3.7% |
| High Strength - 10 ccf | 10 | | | | | | |
| Fixed Charge | | \$52.78 | \$52.24 | \$54.06 | \$55.95 | \$57.89 | \$59.89 |
| Variable Charge | | <u>\$80.10</u> | <u>\$87.71</u> | <u>\$91.20</u> | <u>\$94.80</u> | <u>\$98.60</u> | <u>\$102.50</u> |
| Total Monthly Sewer Bill | | \$132.88 | \$139.95 | \$145.26 | \$150.75 | \$156.49 | \$162.39 |
| \$ Change | | | \$7.07 | \$5.31 | \$5.49 | \$5.74 | \$5.90 |
| % Change | | | 5.3% | 3.8% | 3.8% | 3.8% | 3.8% |

**Appendix 18: Scenario #1A: Inflationary Increases – 50% Fixed/50% Variable: Sewer Fixed Charge Derivation
City of Rio Dell
Water and Sewer Rate Study**

| | Current | PROJECTED - RATE STUDY PERIOD | | | | |
|--------------------------------------|---------|-------------------------------|---------------|---------------|---------------|---------------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Total Revenue Requirement (1) | | \$1,321,000 | \$1,374,000 | \$1,429,000 | \$1,486,000 | \$1,545,000 |
| Fixed/Variable Allocation | | | | | | |
| Fixed Charge | | 50.0% | 50.0% | 50.0% | 50.0% | 50.0% |
| <u>Variable Charge</u> | | <u>50.0%</u> | <u>50.0%</u> | <u>50.0%</u> | <u>50.0%</u> | <u>50.0%</u> |
| Total | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Fixed Charge Calculation | | | | | | |
| Fixed Revenue Requirement | | \$660,500 | \$687,000 | \$714,500 | \$743,000 | \$772,500 |
| Total Number of EDUs | | 1,475 | 1,483 | 1,490 | 1,498 | 1,505 |
| Monthly Fixed Charge per EDU | \$52.78 | \$37.31 | \$38.61 | \$39.96 | \$41.34 | \$42.77 |
| <i>\$ Change</i> | | <i>(\$15.47)</i> | <i>\$1.30</i> | <i>\$1.35</i> | <i>\$1.38</i> | <i>\$1.43</i> |
| <i>% Change</i> | | <i>-29.3%</i> | <i>3.5%</i> | <i>3.5%</i> | <i>3.5%</i> | <i>3.5%</i> |

1 - Table 37, Line 7

**Appendix 19: Scenario #1A: Inflationary Increases – 50% Fixed/50% Variable: 2022/23 Sewer Volume Rate Derivation
City of Rio Dell
Water and Sewer Rate Study**

Allocation to Volume Rate

| | |
|-----------------------------------|-------------|
| FY2022/23 Revenue Requirement (1) | \$1,321,000 |
| Volume Rate Recovery % | 50% |
| Volume Rate Recovery \$ | \$660,500 |

Allocation to Flow, BOD, SS

| | <u>Flow</u> | <u>BOD</u> | <u>TSS</u> |
|---------------------------|-------------------|------------------|------------------|
| Cost Allocation % | 60% | 20% | 20% |
| Cost Allocation \$ | \$396,000 | \$132,000 | \$132,000 |
| Total Annual Loadings (2) | 78,849 | 100,080 | 100,080 |
| Units | ccf | lbs | lbs |
| Unit Cost | \$5.02 per ccf | \$1.32 per lb | \$1.32 per lb |

1 - Table 37, Line 7

2 - Table 43

Appendix 20: Scenario #1A: Inflationary Increases – 50% Fixed/50% Variable: 2022/23 Volume Rate by Customer Class
City of Rio Dell
Water and Sewer Rate Study

| Customer Class | Wastewater Strength (mg/l) | | Unit Rates (\$ per ccf or lb) | | | Total Volume Rate per ccf (1) |
|-------------------|----------------------------|-----|-------------------------------|--------|--------|-------------------------------|
| | BOD | TSS | Flow | BOD | TSS | |
| | | | \$5.02 | \$1.32 | \$1.32 | |
| Low Strength | 100 | 100 | \$5.02 | \$0.82 | \$0.82 | \$6.67 |
| Domestic Strength | 200 | 200 | \$5.02 | \$1.65 | \$1.65 | \$8.31 |
| Medium Strength | 450 | 450 | \$5.02 | \$3.70 | \$3.70 | \$12.43 |
| High Strength | 575 | 575 | \$5.02 | \$4.74 | \$4.74 | \$14.50 |

1 - Based on winter consumption (Oct, Nov, Dec & Jan). Residential consumption is capped at 15 ccf.

Appendix 21: Scenario #1A: Inflationary Increases – 50% Fixed/50% Variable: Proposed Sewer Rates
City of Rio Dell
Water and Sewer Rate Study

| | Current 2021/22 | PROJECTED - RATE STUDY PERIOD | | | | |
|-----------------------------|--------------------|-------------------------------|---------|---------|---------|---------|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| FIXED MONTHLY CHARGE | \$52.78 | \$37.31 | \$38.61 | \$39.96 | \$41.34 | \$42.77 |
| VOLUME RATE PER CCF | | | | | | |
| Low Strength | \$3.66 | \$6.67 | \$6.93 | \$7.21 | \$7.50 | \$7.80 |
| Domestic Strength | \$4.58 | \$8.31 | \$8.65 | \$9.00 | \$9.36 | \$9.73 |
| Medium Strength | \$6.87 | \$12.43 | \$12.92 | \$13.44 | \$13.98 | \$14.54 |
| High Strength | \$8.01 | \$14.50 | \$15.08 | \$15.68 | \$16.31 | \$16.96 |

1 - Based on winter consumption (Oct, Nov, Dec & Jan). Residential consumption is capped at 15 ccf.

**Appendix 22: Scenario #1A: Inflationary Increases – 50% Fixed/50% Variable: Sample Sewer Bill Impacts
City of Rio Dell
Water and Sewer Rate Study**

RESIDENTIAL/DOMESTIC STRENGTH BILL IMPACTS

| | Monthly Use (ccf) | Current Bill | Proposed | | | | |
|---|-------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Residential/Domestic Strength - Low User (3 ccf) | | | | | | | |
| Fixed Charge | | \$52.78 | \$37.31 | \$38.61 | \$39.96 | \$41.34 | \$42.77 |
| Variable Charge | 3 | <u>\$13.74</u> | <u>\$24.94</u> | <u>\$25.95</u> | <u>\$27.00</u> | <u>\$28.08</u> | <u>\$29.19</u> |
| Total Monthly Sewer Bill | | \$66.52 | \$62.25 | \$64.56 | \$66.96 | \$69.42 | \$71.96 |
| \$ Change | | | -\$4.27 | \$2.31 | \$2.40 | \$2.46 | \$2.54 |
| % Change | | | -6.4% | 3.7% | 3.7% | 3.7% | 3.7% |
| Residential/Domestic Strength - Average User (5 ccf) | | | | | | | |
| Fixed Charge | | \$52.78 | \$37.31 | \$38.61 | \$39.96 | \$41.34 | \$42.77 |
| Variable Charge | 5 | <u>\$22.90</u> | <u>\$41.57</u> | <u>\$43.25</u> | <u>\$45.00</u> | <u>\$46.80</u> | <u>\$48.65</u> |
| Total Monthly Sewer Bill | | \$75.68 | \$78.88 | \$81.86 | \$84.96 | \$88.14 | \$91.42 |
| \$ Change | | | \$3.20 | \$2.98 | \$3.10 | \$3.18 | \$3.28 |
| % Change | | | 4.2% | 3.8% | 3.8% | 3.7% | 3.7% |
| Residential/Domestic Strength - High User (15 ccf) | | | | | | | |
| Fixed Charge | | \$52.78 | \$37.31 | \$38.61 | \$39.96 | \$41.34 | \$42.77 |
| Variable Charge | 15 | <u>\$68.70</u> | <u>\$124.70</u> | <u>\$129.75</u> | <u>\$135.00</u> | <u>\$140.40</u> | <u>\$145.95</u> |
| Total Monthly Sewer Bill | | \$121.48 | \$162.01 | \$168.36 | \$174.96 | \$181.74 | \$188.72 |
| \$ Change | | | \$40.53 | \$6.35 | \$6.60 | \$6.78 | \$6.98 |
| % Change | | | 33.4% | 3.9% | 3.9% | 3.9% | 3.8% |

LOW STRENGTH

| | Bimonthly Use (ccf) | Current Bill | Proposed | | | | |
|------------------------------|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Low Strength - 5 ccf | | | | | | | |
| Fixed Charge | | \$52.78 | \$37.31 | \$38.61 | \$39.96 | \$41.34 | \$42.77 |
| Variable Charge | 5 | <u>\$18.30</u> | <u>\$33.34</u> | <u>\$34.65</u> | <u>\$36.05</u> | <u>\$37.50</u> | <u>\$39.00</u> |
| Total Monthly Sewer Bill | | \$71.08 | \$70.65 | \$73.26 | \$76.01 | \$78.84 | \$81.77 |
| \$ Change | | | -\$0.43 | \$2.61 | \$2.75 | \$2.83 | \$2.93 |
| % Change | | | -0.6% | 3.7% | 3.8% | 3.7% | 3.7% |
| Low Strength - 10 ccf | | | | | | | |
| Fixed Charge | | \$52.78 | \$37.31 | \$38.61 | \$39.96 | \$41.34 | \$42.77 |
| Variable Charge | 10 | <u>\$36.60</u> | <u>\$66.68</u> | <u>\$69.30</u> | <u>\$72.10</u> | <u>\$75.00</u> | <u>\$78.00</u> |
| Total Monthly Sewer Bill | | \$89.38 | \$103.99 | \$107.91 | \$112.06 | \$116.34 | \$120.77 |
| \$ Change | | | \$14.61 | \$3.92 | \$4.15 | \$4.28 | \$4.43 |
| % Change | | | 16.3% | 3.8% | 3.8% | 3.8% | 3.8% |

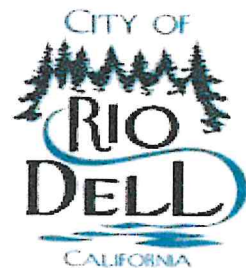
MEDIUM STRENGTH

| | Bimonthly Use (ccf) | Current Bill | Proposed | | | | |
|---------------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Medium Strength - 5 ccf | 5 | \$52.78 | | | | | |
| Fixed Charge | | | \$37.31 | \$38.61 | \$39.96 | \$41.34 | \$42.77 |
| <u>Variable Charge</u> | | | <u>\$62.14</u> | <u>\$64.60</u> | <u>\$67.20</u> | <u>\$69.90</u> | <u>\$72.70</u> |
| Total Monthly Sewer Bill | | | \$99.45 | \$103.21 | \$107.16 | \$111.24 | \$115.47 |
| \$ Change | | | \$12.32 | \$3.76 | \$3.95 | \$4.08 | \$4.23 |
| % Change | | | 14.1% | 3.8% | 3.8% | 3.8% | 3.8% |
| Medium Strength - 10 ccf | 10 | \$52.78 | | | | | |
| Fixed Charge | | | \$37.31 | \$38.61 | \$39.96 | \$41.34 | \$42.77 |
| <u>Variable Charge</u> | | | <u>\$124.27</u> | <u>\$129.20</u> | <u>\$134.40</u> | <u>\$139.80</u> | <u>\$145.40</u> |
| Total Monthly Sewer Bill | | | \$161.58 | \$167.81 | \$174.36 | \$181.14 | \$188.17 |
| \$ Change | | | \$40.10 | \$6.23 | \$6.55 | \$6.78 | \$7.03 |
| % Change | | | 33.0% | 3.9% | 3.9% | 3.9% | 3.9% |

HIGH STRENGTH

| | Bimonthly Use (ccf) | Current Bill | Proposed | | | | |
|-------------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| High Strength - 5 ccf | 5 | \$52.78 | | | | | |
| Fixed Charge | | | \$37.31 | \$38.61 | \$39.96 | \$41.34 | \$42.77 |
| <u>Variable Charge</u> | | | <u>\$72.51</u> | <u>\$75.40</u> | <u>\$78.40</u> | <u>\$81.55</u> | <u>\$84.80</u> |
| Total Monthly Sewer Bill | | | \$109.82 | \$114.01 | \$118.36 | \$122.89 | \$127.57 |
| \$ Change | | | \$16.99 | \$4.19 | \$4.35 | \$4.53 | \$4.68 |
| % Change | | | 18.3% | 3.8% | 3.8% | 3.8% | 3.8% |
| High Strength - 10 ccf | 10 | \$52.78 | | | | | |
| Fixed Charge | | | \$37.31 | \$38.61 | \$39.96 | \$41.34 | \$42.77 |
| <u>Variable Charge</u> | | | <u>\$145.02</u> | <u>\$150.80</u> | <u>\$156.80</u> | <u>\$163.10</u> | <u>\$169.60</u> |
| Total Monthly Sewer Bill | | | \$182.33 | \$189.41 | \$196.76 | \$204.44 | \$212.37 |
| \$ Change | | | \$49.45 | \$7.08 | \$7.35 | \$7.68 | \$7.93 |
| % Change | | | 37.2% | 3.9% | 3.9% | 3.9% | 3.9% |

*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
cityofriodell.ca.gov*



February 15, 2022

TO: Rio Dell City Council
FROM: Kyle Knopp, City Manager
SUBJECT: Discussion and Possible Action on Rio Dell Community Forest

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Authorize staff to pursue grant funding or other non-city funded acquisition of the property

BACKGROUND AND DISCUSSION

As part of the City Council approved Economic Development Plan and Immediate Action Plan, the Council has directed staff to look at the creation of recreational assets for the community. Staff have contacted several property owners in the community with strategically located undeveloped parcels that could fit well with recreational amenities.

Currently listed are three contiguous parcels on the hillside slope between Pacific Avenue and the Dinsmore Plateau. The 40 acre site also hosts the Douglas Tank facility, the City's main water storage tank. Discussion has been underway regarding the concept of acquisition of the property for use as a "Rio Dell Community Forest" a facility with hiking trails and other recreational amenities. The owner of the property is supportive of the project. The Cities of Eureka, Arcata, Fortuna and Ferndale all have forests of varying size. A community forest is now under development with the McKinleyville Community Services District.

The City has limited financial resources outside of the Council priorities for street improvements and other economic development programs and priorities. However, there could be significant grant funds made available to municipal governments or other strategies for such property acquisition. It is recommended that staff begin further research and discussions regarding this potential acquisition to pull together a financing plan that does not involve use of limited city funds.


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675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532



For Meeting of: February 15, 2022
 Consent Item; Public Hearing Item

To: City Council

From: Kevin Caldwell, Community Development Director 

Through: Kyle Knopp, City Manager

Date: February 2, 2022

Subject: Zoning and General Plan Designation of City Owned Parcel
File No. 052-321-000; Case No. ZR/GPA 22-01

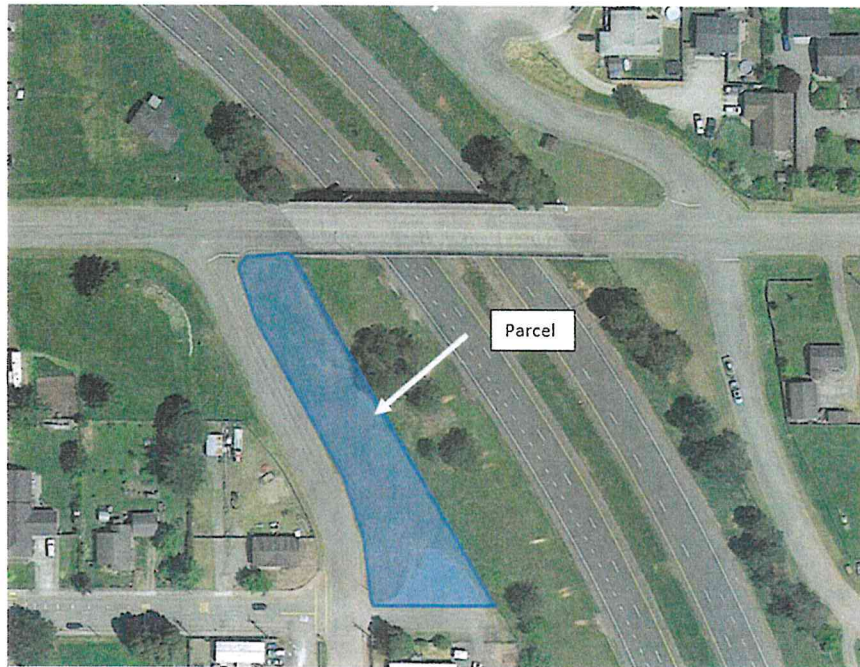
Recommendation:

That the City Council:

1. Receive staff's report regarding designating the Caltrans give-back parcel located south of Painter Street, east of Ireland Street, north of Center Street and west of Highway 101 Public Facility; and
2. Open the public hearing, receive public input and deliberate; and
3. Close the public hearing; and
4. Approve and Adopt Resolution No. 1524-2022 and Ordinance No. 389-2022

Background

As reported at the Council meeting of February 1st, this parcel and portions of many others were originally acquired by Caltrans in the mid 1970's for the realignment of Highway 101. After construction, Caltrans deeded the excess properties back to the original landowners and the City. After the parcel was deeded back to the City it was never zoned. Again, this was recently brought to staff's attention as part of a grant application to establish a dog park on the parcel. As such, staff recommended that the parcel be zoned and designated Public Facility (PF).



Your Council approved the introduction and first reading at the Council meeting of February 1st and scheduled the second reading, approval and adoption for this meet.

Plan and Zone Amendment Required Findings:

1. The proposed amendments are deemed to be in the public interest.

State law requires that parcels have a land use designation to ensure planned orderly development. Staff believes that the parcel not being designated was an oversight when the current General Plan was adopted. It is in the public interest and required by State law that parcels have a land use designation.

As a City owned parcel, the appropriate designation of the parcel is Public Facility. The Public Facility or PF zone is intended to be applied to lands owned by public agencies or to lands upon which such agencies operate public facilities.

2. The proposed amendments are consistent and compatible with the rest of the General Plan and any implementation programs that may be affected.

The proposed Plan designation is also Public Facility. Staff is not aware of any policies and/or programs which are inconsistent or incompatible in designating the parcel Public Facility.

3. The potential impacts of the proposed amendments have been assessed and have been determined not to be detrimental to the public health, safety, or welfare.

There is no evidence to suggest that the proposed designation of Public Facility to the parcel would be detrimental to the public health, safety or welfare.

4. The proposed amendments have been processed in accordance with the applicable provisions of the California Government Code and the California Environmental Quality Act (CEQA).

The primary purpose of the California Environmental Quality Act (CEQA) is to inform the decision makers and the public of potential environmental effects of a proposed project.

The City determined that the development of the Dog Park qualified for Categorical Exemption per Sections 15301, 15303 and 15304 of the CEQA Guidelines as it involves the minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use and consists of construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made to the exterior of the structure and consists of minor public or private alterations in the condition of land, water, and/or vegetation which do not involve the removal of healthy, mature, and scenic trees.

Because the development of a Dog Park on the is exempt from CEQA, staff believes designating the parcel Public Facility is Statutorily Exempt pursuant to Section 15061(b) (3) of the CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations. Pursuant to Section 15061(b) (3) of the CEQA Guidelines this exemption is covered by the general rule that CEQA applies only to projects which have the potential for causing a *significant* effect on the environment.

Attachments

Attachment 1: City Council Resolution No. 1524-2020 applying the Public Facility General Plan designation to the parcel.

Attachment 2: Ordinance No. 389-2020 applying the Public Facility Zoning designation to the parcel.

RESOLUTION NO. 1524-2022



RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIO DELL DESIGNATING THE CALTRANS GIVE-BACK PARCEL LOCATED SOUTH OF PAINTER STREET, EAST OF IRELAND STREET, NORTH OF CENTER STREET AND WEST OF HIGHWAY 101 TO PUBLIC FACILITY.

WHEREAS the subject parcel and portions of many others were originally acquired by Caltrans in the mid 1970's for the realignment of Highway 101; and

WHEREAS after construction of Highway 101, Caltrans deeded the excess properties back to the original landowners and the City; and

WHEREAS after the parcel was deeded back to the City, a zoning and plan designation was never applied to the parcel; and

WHEREAS this was recently brought to staff's attention as part of a grant application to establish a dog park on the parcel; and

WHEREAS staff is recommending that the parcel be zoned and designated Public Facility (PF); and

WHEREAS pursuant to the requirements of state and local law, the Planning Commission conducted a duly noticed public hearing on January 25, 2022 to consider the proposed zone boundary adjustment, at which time all interested person were given an opportunity to be heard; and

WHEREAS after discussion, the Planning Commission adopted Resolution No. 166-2022 recommending that your Council designate the parcel Public Facility (PF); and

WHEREAS the City has reviewed and processed the proposed designation of the parcel in conformance with Sections 65350-65362 of the California Government Code and Section 17.30,010 of the Rio Dell Municipal Code; and

WHEREAS the proposed designation of the parcel has been processed in accordance with the applicable provisions of the California Government Code and the California Environmental Quality Act (CEQA); and

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Rio Dell finds that:

1. That the parcel should be designated Public Facility (PF); and
2. Designating the parcel is in the public interest; and
3. Designating the parcel Public Facility is consistent and compatible with the rest of the General Plan and any implementation programs that may be affected; and
4. The potential impacts of designating the parcel to Public Facility is not to be detrimental to the public health, safety, or welfare; and
5. The proposed designation of the parcel to Public Facility is Statutorily Exempt pursuant to Section 15061(b) (3) of the CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Council of the City of Rio Dell hereby designates the parcel identified in the attached Exhibit A to Public Facility (PF).

I HEREBY CERTIFY that the forgoing Resolution was PASSED and ADOPTED at a regular meeting of the City Council of the City of Rio Dell on February 15, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor Debra Garnes

ATTEST:

I, Karen Dunham, City Clerk for the City of Rio Dell, State of California, hereby certify the above and foregoing to be a full, true and correct copy of Resolution No. 1524-2022 adopted by the City Council of the City of Rio Dell on February 15, 2022.

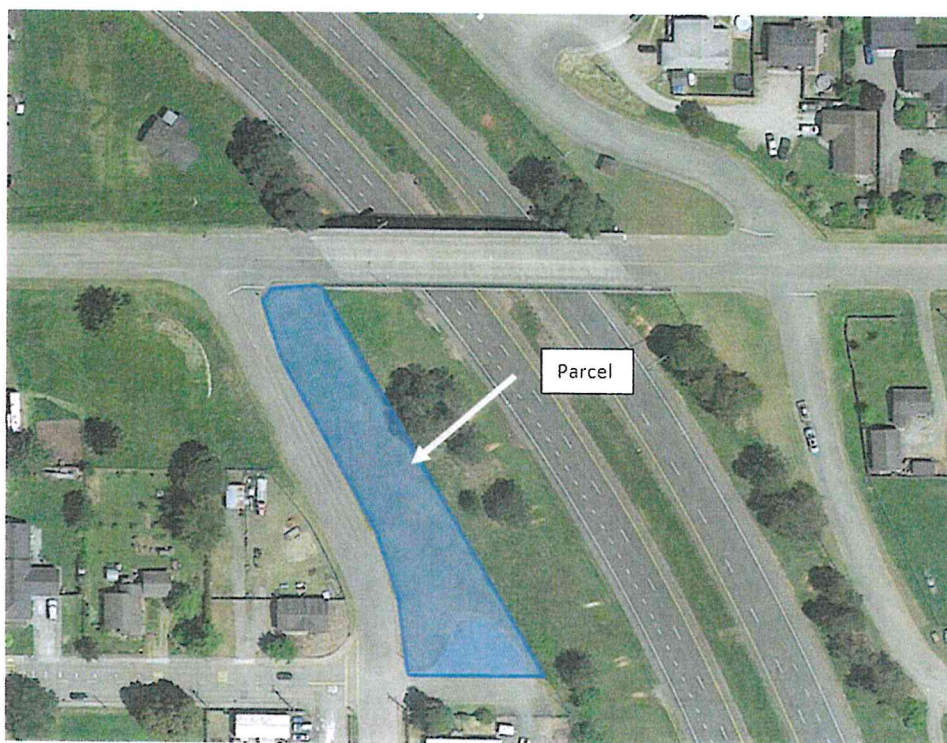
Karen Dunham, City Clerk, City of Rio Dell

EXHIBIT A

RESOLUTION NO. 1524-2022



RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIO DELL DESIGNATING THE CALTRANS GIVE-BACK PARCEL LOCATED SOUTH OF PAINTER STREET, EAST OF IRELAND STREET, NORTH OF CENTER STREET AND WEST OF HIGHWAY 101 TO PUBLIC FACILITY.



**Zoning and General Plan Designation of City Owned Parcel
File No. 052-321-000; Case No. ZR/GPA 22-01**

ORDINANCE NO. 389-2022



ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RIO DELL ZONING THE CALTRANS GIVE-BACK PARCEL LOCATED SOUTH OF PAINTER STREET, EAST OF IRELAND STREET, NORTH OF CENTER STREET AND WEST OF HIGHWAY 101 TO PUBLIC FACILITY.

WHEREAS the subject parcel and portions of many others were originally acquired by Caltrans in the mid 1970's for the realignment of Highway 101; and

WHEREAS after construction of Highway 101, Caltrans deeded the excess properties back to the original landowners and the City; and

WHEREAS after the parcel was deeded back to the City, a zoning and plan designation was never applied to the parcel; and

WHEREAS this was recently brought to staff's attention as part of a grant application to establish a dog park on the parcel; and

WHEREAS staff is recommending that the parcel be zoned and designated Public Facility (PF); and

WHEREAS pursuant to the requirements of state and local law, the Planning Commission conducted a duly noticed public hearing on January 25, 2022 to consider the proposed zone boundary adjustment, at which time all interested person were given an opportunity to be heard; and

WHEREAS after discussion, the Planning Commission adopted Resolution No. 166-2022 recommending that your Council designate the parcel Public Facility (PF); and

WHEREAS the City has reviewed and processed the proposed designation of the parcel in conformance with Sections 65350-65362 of the California Government Code and Section 17.30,010 of the Rio Dell Municipal Code; and

WHEREAS the proposed designation of the parcel has been processed in accordance with the applicable provisions of the California Government Code and the California Environmental Quality Act (CEQA); and

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Rio Dell finds that:

1. That the parcel should be designated Public Facility (PF); and
2. Designating the parcel is in the public interest; and
3. Designating the parcel Public Facility is consistent and compatible with the rest of the General Plan and any implementation programs that may be affected; and
4. The potential impacts of designating the parcel to Public Facility is not to be detrimental to the public health, safety, or welfare; and
5. The proposed designation of the parcel to Public Facility is Statutorily Exempt pursuant to Section 15061(b) (3) of the CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations.

BE IT FURTHER RESOLVED, that the City Council of the City of Rio Dell does hereby ordain as follows:

Section 1. Zoning Map Amendment

Section 17.15.030 (Zoning Map) of the Rio Dell Municipal Code is hereby amended to zone the parcel identified in the attached Exhibit A to Public Facility (PF)..

Section 2. Severability

If any provision of the ordinance is invalidated by any court of competent jurisdiction, the remaining provisions shall not be affected and shall continue in full force and effect.

Section 3. Limitation of Actions

Any action to challenge the validity or legality of any provision of this ordinance on any grounds shall be brought by court action commenced within ninety (90) days of the date of adoption of this ordinance.

Section 4. Effective Date

This ordinance becomes effective thirty (30) days after the date of its approval and adoption.

I HEREBY CERTIFY that the forgoing Ordinance was PASSED and ADOPTED at a regular meeting of the City Council of the City of Rio Dell on February 15, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor Debra Garnes

ATTEST:

I, Karen Dunham, City Clerk for the City of Rio Dell, State of California, hereby certify the above and foregoing to be a full, true and correct copy of Ordinance No. 389-2022 adopted by the City Council of the City of Rio Dell on February 15, 2022.

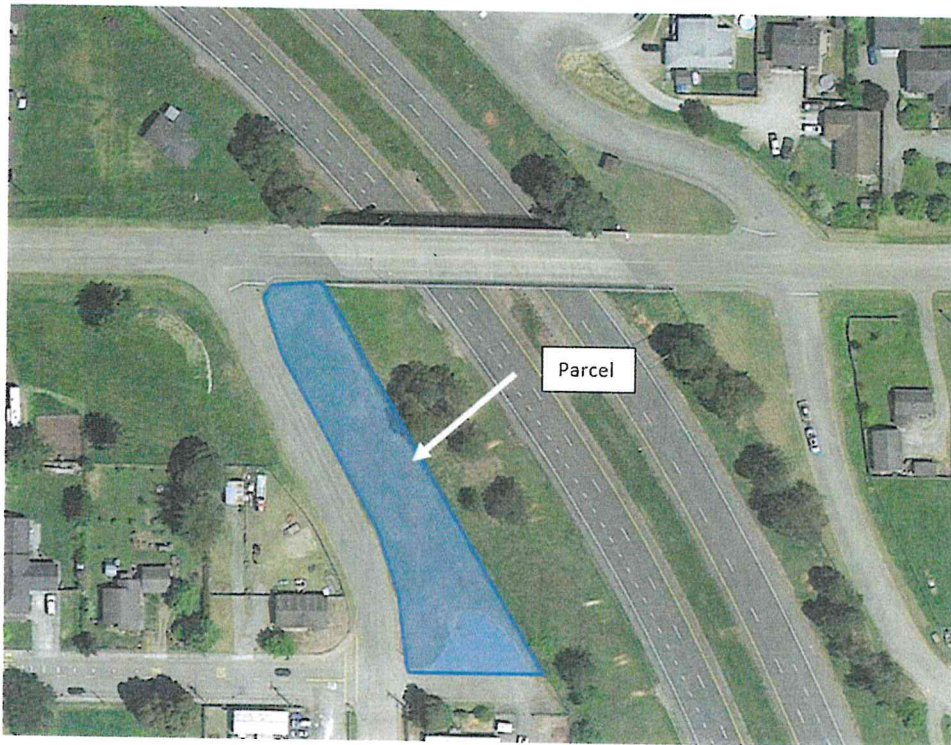
Karen Dunham, City Clerk, City of Rio Dell

EXHIBIT A

ORDINANCE NO. 389-2022



RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIO DELL ZONING THE CALTRANS GIVE-BACK PARCEL LOCATED SOUTH OF PAINTER STREET, EAST OF IRELAND STREET, NORTH OF CENTER STREET AND WEST OF HIGHWAY 101 TO PUBLIC FACILITY.



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