



RCAC

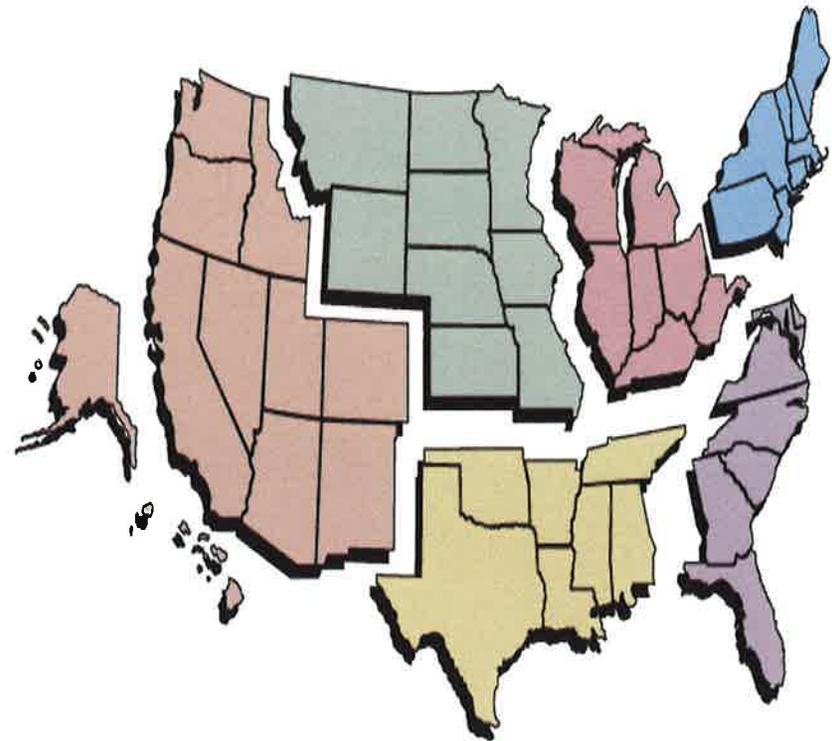
City of Willows
Wastewater Rate Study

Mary Fleming
mfleming@rcac.org

Jean Thompson
jthompson@rcac.org

Who is RCAC?

- Non-Profit 501(c)(3) Corporation operating in the western 12 states.
- Corporate office in West Sacramento.
- 120+ employees
- 2007 Voted Best “Small Non-Profit” to work for.



RCAC Programs

- Affordable housing
- Community facilities
- Water and wastewater infrastructure financing (Loan Fund)
- Classroom and online training
- On-site technical assistance
- Median Household Income (MHI) surveys

“True” Cost of Service

- Operating Costs
- Debt Service
- Reserves
 - Debt reserves
 - Operating reserves
 - Emergency reserves
 - Capital Improvements

City of Willows Revenue and Cost of Service

City of Willows Sewer Enterprise	2016/2017 Audited Financials	2017/2018 Audited Financials	2019/2020 Sewer Budget	2020/2021 Projections Sewer	2021/2022 Projections Sewer	2022/2023 Projections Sewer	2023/2024 Projections Sewer
Total Operating Revenue	\$ 1,574,130	\$ 1,548,216	\$ 1,586,774	\$ 1,586,774	\$ 1,586,774	\$ 1,586,774	\$ 1,586,774
Total Operating Costs	\$ 1,565,589	\$ 1,814,485	\$ 1,423,406	\$ 1,469,855	\$ 1,517,885	\$ 1,567,552	\$ 1,618,917
Sewer Loan Repayment - 2007 Renovation	\$ 352,233	\$ 352,964	\$ 351,889	\$ 352,083	\$ 352,071	\$ 351,853	\$ 351,429
Reserve Funding:							
Debt Reserves (Assumes one Annual Payment is Fully Funded)			\$ -	\$ -	\$ -	\$ -	\$ -
Operating Reserves (assumes funding 12.5% of annual budget over 5 years)			\$ 35,585	\$ 36,746	\$ 37,947	\$ 39,189	\$ 40,473
Emergency Reserves (assumes fully funding @ 6/30/2019)							
Capital Improvement Reserves (Average \$220,000 Annually)			\$ 200,000	\$ 250,000	\$ 200,000	\$ 250,000	\$ 200,000
Total Reserve Debt Service and Reserve Funding	\$ 352,233	\$ 352,964	\$ 587,474	\$ 638,829	\$ 590,018	\$ 641,042	\$ 591,902
Total Costs of Operation	\$ 1,917,822	\$ 2,167,449	\$ 2,010,880	\$ 2,108,684	\$ 2,107,903	\$ 2,208,594	\$ 2,210,819
Net Loss from Operations	\$ (343,692)	\$ (619,233)	\$ (424,106)	\$ (521,910)	\$ (521,129)	\$ (621,820)	\$ (624,045)
Total Non-Operating Revenue	\$ 35,369	\$ 15,629	\$ 33,500	\$ 33,500	\$ 33,500	\$ 33,500	\$ 33,500
Net Revenue/(Loss)	\$ (308,323)	\$ (603,604)	\$ (390,606)	\$ (488,410)	\$ (487,629)	\$ (588,320)	\$ (590,545)



Recommended Rate Adjustment

Adjusted Rates against Projected Costs	# Units Billed	Monthly Rate	Adjustment	Adjusted Rate	Average Monthly Revenue	Average Annual Fee Revenue
			9.50%			
Residential - In City Limits	2,476	\$ 40.19	\$ 3.82	\$ 44.01	\$ 108,963.93	\$ 1,307,567
Residential - Northeast Willows CSD	302	\$ 40.19	\$ 3.82	\$ 44.01	\$ 13,290.43	\$ 159,485
Total Base Revenue	2,778				122,254	\$ 1,467,052
Flow Charges	Rate Per CCF	Adjustment	Adjusted Rate	Average Annual Usage	Billable Usage (100 CFs)	Average Annual Flow Revenue
		9.50%				
Motel/Hotel	\$ 3.22	0.3059	\$ 3.53		-	\$ -
Hospital/Rest Home	\$ 3.17	0.30	\$ 3.47		-	\$ -
Restaurant/Bakery	\$ 4.18	0.40	\$ 4.58		-	\$ -
Market/Morgue	\$ 3.94	0.37	\$ 4.31		-	\$ -
Laundry	\$ 3.42	0.32	\$ 3.74		-	\$ -
Car Wash	\$ 3.05	0.29	\$ 3.34		-	\$ -
Jail	\$ 3.54	0.34	\$ 3.88		-	\$ -
Other Commercial	\$ 3.01	0.29	\$ 3.30		-	\$ -
Total Flow Charges				\$ -	\$ -	\$ 284,700
County Fees (Contra Revenue)						\$ (13,000)
Budget Assuming 3% Inflation per year	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	Five Year Total
Total Monthly Required Reserves Fund	\$ 19,632	\$ 19,632	\$ 19,632	\$ 19,632	\$ 19,632	
Total yearly required reserve fund	\$ 235,585	\$ 286,746	\$ 237,947	\$ 289,189	\$ 240,473	\$ 1,289,940
Debt Service	\$ 351,889	\$ 352,083	\$ 352,071	\$ 351,853	\$ 351,429	\$ 1,759,325
Operating Costs	\$ 1,423,406	\$ 1,469,855	\$ 1,517,885	\$ 1,567,552	\$ 1,618,917	\$ 7,597,615
Total Operating Costs	\$ 2,010,880	\$ 2,108,684	\$ 2,107,903	\$ 2,208,594	\$ 2,210,819	\$ 10,646,881
	6/30/2020	6/30/2021 Assumes 9.3 % Annual Increase	6/30/2022 Assumes 9.3 % Annual Increase	6/30/2023 Assumes 9.3 % Annual Increase	6/30/2024 Assumes 9.3 % Annual Increase	Five Year Total
Estimated Annual Revenue From Base Rate	\$ 1,467,052	\$ 1,603,488	\$ 1,752,613	\$ 1,915,606	\$ 2,093,757	\$ 8,832,516
Estimated Annual Revenue - Flow Charges	\$ 284,700	\$ 311,177	\$ 340,117	\$ 371,747	\$ 406,320	\$ 1,714,061
Estimated County Cost of Collection (Contra Revenue)	\$ (13,000)	\$ (13,000)	\$ (13,000)	\$ (13,000)	\$ (13,000)	\$ (65,000)
Total Operating Revenue	\$ 1,738,752	\$ 1,901,665	\$ 2,079,729	\$ 2,274,353	\$ 2,487,077	\$ 10,481,577
Net Operating Revenue/(Loss)	\$ (272,128)	\$ (207,019)	\$ (28,174)	\$ 65,759	\$ 276,268	\$ (166,304)
Non-Operating Revenue						
Interest Revenue	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 75,000
Sewer Connection	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 75,000
Interest on Sewer Connection Fees	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 17,500
Total Non-Operating Income	\$ 33,500	\$ 33,500	\$ 33,500	\$ 33,500	\$ 33,500	\$ 167,500
Net Revenue/(Loss)	\$ (238,628)	\$ (173,519)	\$ 5,326	\$ 99,259	\$ 309,768	\$ 2,196



Affordability Index

MHI	1.00%	1.50%	2.00%	2.50%	3.00%
\$ 28,000.00	\$ 23.33	\$ 35.00	\$ 46.67	\$ 58.33	\$ 70.00
\$ 30,000.00	\$ 25.00	\$ 37.50	\$ 50.00	\$ 62.50	\$ 75.00
\$ 32,000.00	\$ 26.67	\$ 40.00	\$ 53.33	\$ 66.67	\$ 80.00
\$ 34,000.00	\$ 28.33	\$ 42.50	\$ 56.67	\$ 70.83	\$ 85.00
\$ 36,000.00	\$ 30.00	\$ 45.00	\$ 60.00	\$ 75.00	\$ 90.00
\$ 38,000.00	\$ 31.67	\$ 47.50	\$ 63.33	\$ 79.17	\$ 95.00
\$ 40,000.00	\$ 33.33	\$ 50.00	\$ 66.67	\$ 83.33	\$ 100.00
\$ 42,000.00	\$ 35.00	\$ 52.50	\$ 70.00	\$ 87.50	\$ 105.00
\$ 44,000.00	\$ 36.67	\$ 55.00	\$ 73.33	\$ 91.67	\$ 110.00
\$ 46,000.00	\$ 38.33	\$ 57.50	\$ 76.67	\$ 95.83	\$ 115.00
\$ 48,000.00	\$ 40.00	\$ 60.00	\$ 80.00	\$ 100.00	\$ 120.00
\$ 50,000.00	\$ 41.67	\$ 62.50	\$ 83.33	\$ 104.17	\$ 125.00
\$ 50,429.00	\$ 42.02	\$ 63.04	\$ 84.05	\$ 105.06	\$ 126.07
\$ 52,000.00	\$ 43.33	\$ 65.00	\$ 86.67	\$ 108.33	\$ 130.00
\$ 54,000.00	\$ 45.00	\$ 67.50	\$ 90.00	\$ 112.50	\$ 135.00
\$ 56,000.00	\$ 46.67	\$ 70.00	\$ 93.33	\$ 116.67	\$ 140.00



5 Year Rate Schedule under Proposed Adjusted Rate

MHI Per ACS Estimate = \$50,429	Current Rate	July - June 2019 - 2020	July - June 2020 - 2021	July - June 2021 - 2022	July - June 2022 - 2023	July - June 2023 - 2024
Increase (%)		9.5%	9.3%	9.3%	9.3%	9.3%
Affordability Index	0.96%	1.05%	1.14%	1.25%	1.37%	1.49%
Residential	\$ 40.19	\$ 44.01	\$ 48.10	\$ 52.57	\$ 57.46	\$ 62.81
Motel/Hotel	\$ 3.22	\$ 3.53	\$ 3.85	\$ 4.21	\$ 4.60	\$ 5.03
Hospital/Rest Home	\$ 3.17	\$ 3.47	\$ 3.79	\$ 4.15	\$ 4.53	\$ 4.95
Restaurant/Bakery	\$ 4.18	\$ 4.58	\$ 5.00	\$ 5.47	\$ 5.98	\$ 6.53
Market/Morgue	\$ 3.94	\$ 4.31	\$ 4.72	\$ 5.15	\$ 5.63	\$ 6.16
Laundry	\$ 3.42	\$ 3.74	\$ 4.09	\$ 4.47	\$ 4.89	\$ 5.34
Car Wash	\$ 3.05	\$ 3.34	\$ 3.65	\$ 3.99	\$ 4.36	\$ 4.77
Jail	\$ 3.54	\$ 3.88	\$ 4.24	\$ 4.63	\$ 5.06	\$ 5.53
Other Commercial	\$ 3.01	\$ 3.30	\$ 3.60	\$ 3.94	\$ 4.30	\$ 4.70



RCAC

Proposition 218

Rural Community Assistance Corporation

Prop 218 process/step #1

Written notice should be given to both the record owners and customers of record within the area subject to the fee or charge.



Prop 218 Process/Step #2

A formula or schedule of charges by which the property owner or customer of record can easily calculate their own potential charge would seem to be all that could reasonably be required.

Prop 218 Process/Step #3

The notice must state the basis upon which the amount of the proposed fee or charge is to be imposed on each parcel. The basis would include some explanation of the costs which the proposed fee or charge will cover and how the costs are allocated among property owners or customers of record under the proposed rate and fee schedule.

Prop 218 Process/Step #4

- The date, time and location of a public hearing on the proposed charge must be included. The date must be at least 45 days after the mailing of the notice.
- Does not specifically require notice of proposed imposition or increase of fee to contain a statement that a majority protest will prevent the imposition or increase of the fee.

Prop 218 Process/Step #5

- If one is included, remember that the protests required to defeat the fee or charge must be in writing and represent a majority of owners of all of the identified parcels.
- “If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge.” (Cal. Const., art. XIII D, § 6, subd. (a), par. (2).)