

2025 Water and Wastewater Rate & Capital Facility Fee Study City Council Study Session

**City of Merced
January 27, 2025**

AGENDA

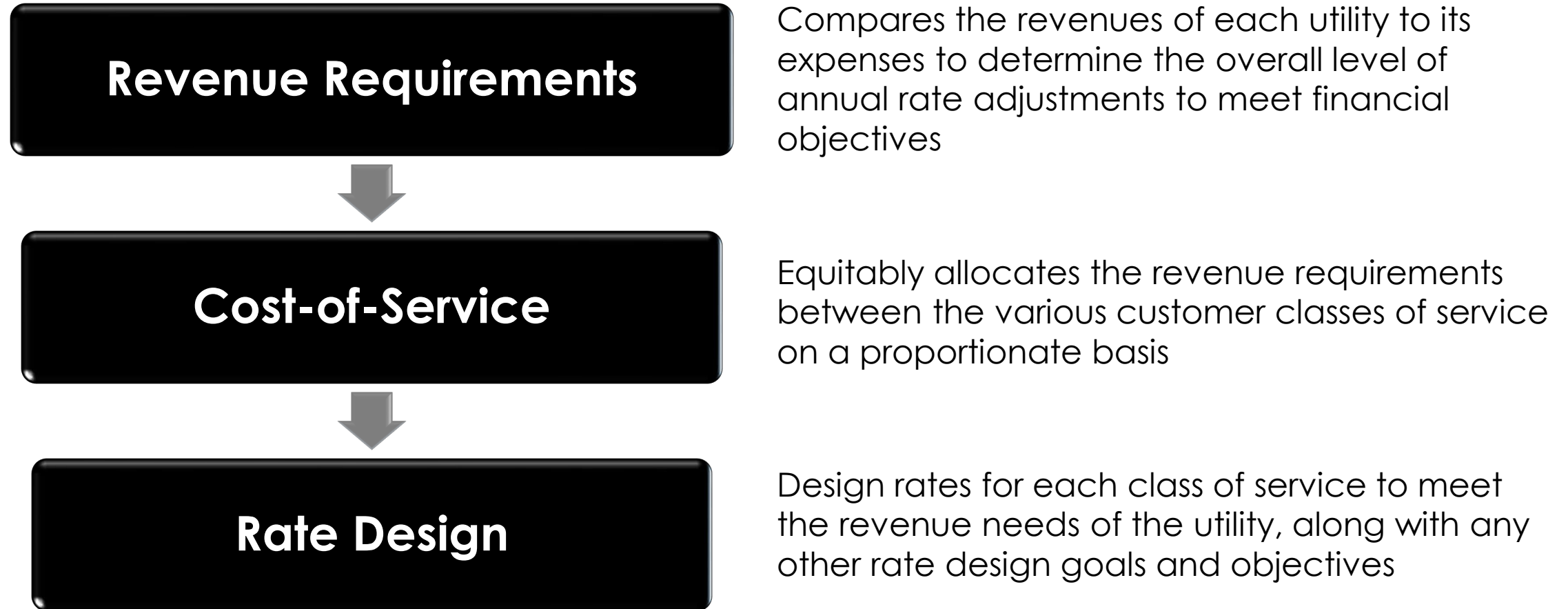
1. Rate Studies Overview & Scope
2. Water Utility
 - Financial Plan
 - Proposed Rates
3. Wastewater
 - Financial Plan
 - Rate Design & Structure
4. Capital Facility Fees
 - Water
 - Wastewater
5. Project Schedule

Legal Requirements for Setting Water & Wastewater Rates In California

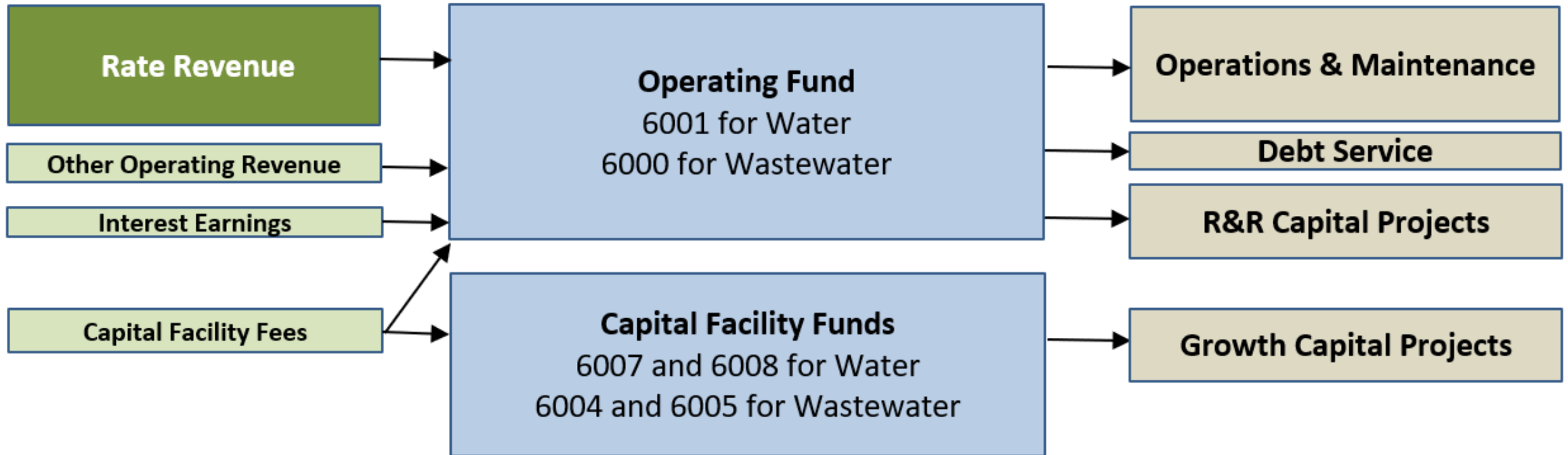
Proposition 218 (Article XIII D, Section 6 of California Constitution)

- Revenues shall not exceed funds required to provide service; nor used for another purpose
- Amount shall not exceed the proportional cost of the service attributable to the parcel
- Service must be actually used or immediately available
- Approval process includes 45-day notice, public hearing, and written majority protest. Does not require a voting process (unlike taxes).

The Rate Setting Process



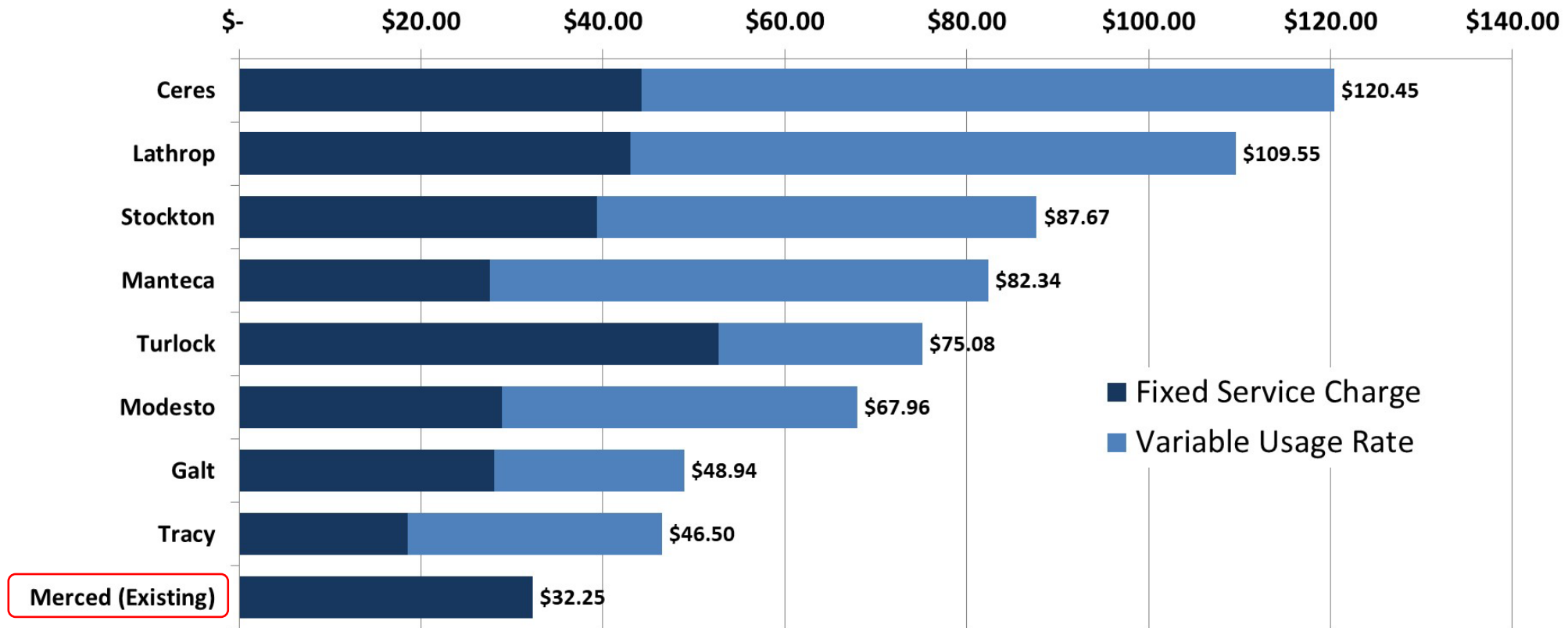
Cash Flow Schematic



Water Utility

Water Rate Survey

Monthly bill for Single Family with 3/4" meters and 17 HCF of water usage (423 gallons per day)



Water Enterprise Revenue

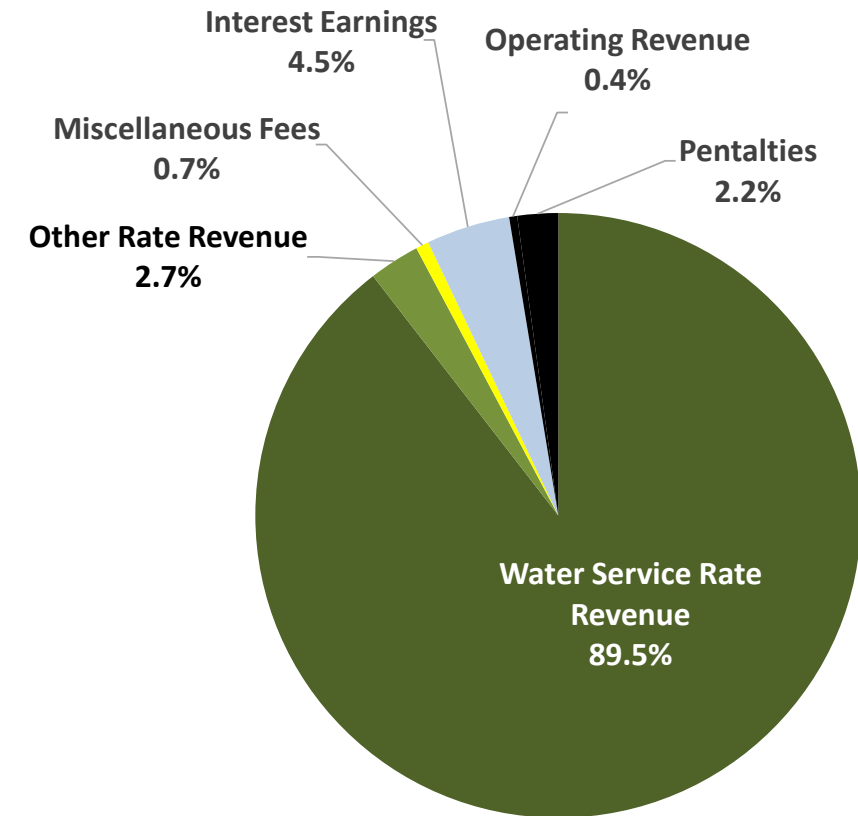
FY 2025/26 Beginning Fund Balance

Fund 6001	\$40,461,000
Total Operating Fund:	\$40,461,000
Fund 6007	\$43,773,000
Fund 6008	\$9,555,000
Total Capital Facility Funds:	\$53,328,000

Water Enterprise Revenue

FY2025/26 Budget

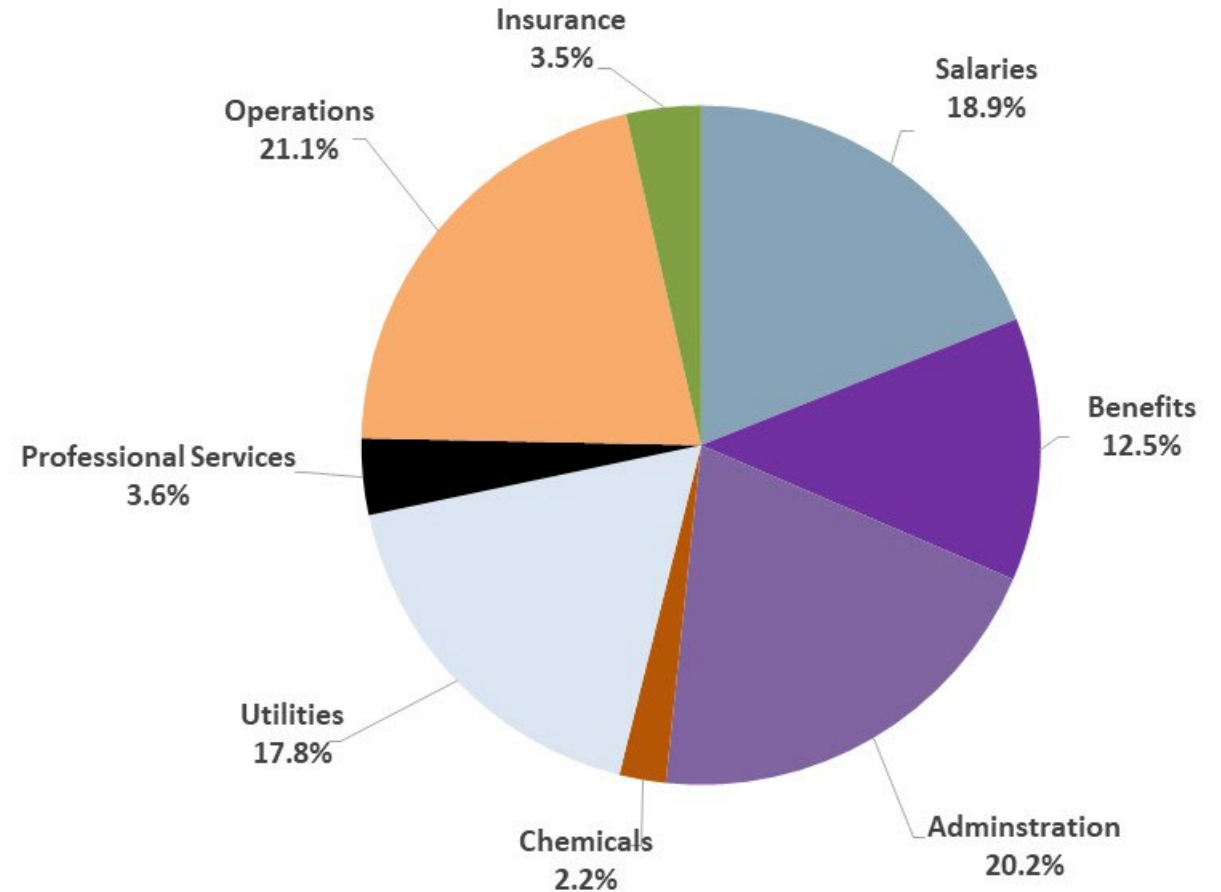
Water Service Rate Revenue	\$14,171,000
Other Rate Revenue	\$429,000
Non-Rate Revenue	
Miscellaneous Fees	\$110,000
Interest Earnings	\$707,000
Operating Revenue	\$68,000
Pentalties	\$343,000
Total:	\$15,828,000



Water Operating Budget

Estimated for FY2025/26*

Salaries	\$2,755,000
Benefits	\$1,819,000
Adminstration	\$2,938,000
Chemicals	\$322,000
Utilities	\$2,591,000
Professional Services	\$528,000
Operations	\$3,072,000
Insurance	\$516,000
Total Budget:	\$14,541,000



* Based on 7% increase over FY 2024/25 actuals

Financial Assumptions

Annual Inflation:	Personnel, Chemicals	4%
	Health Insurance	4%
	Utilities and OPEB	5%
	General Insurance	10% for three years and then 5%
	All other costs	3%

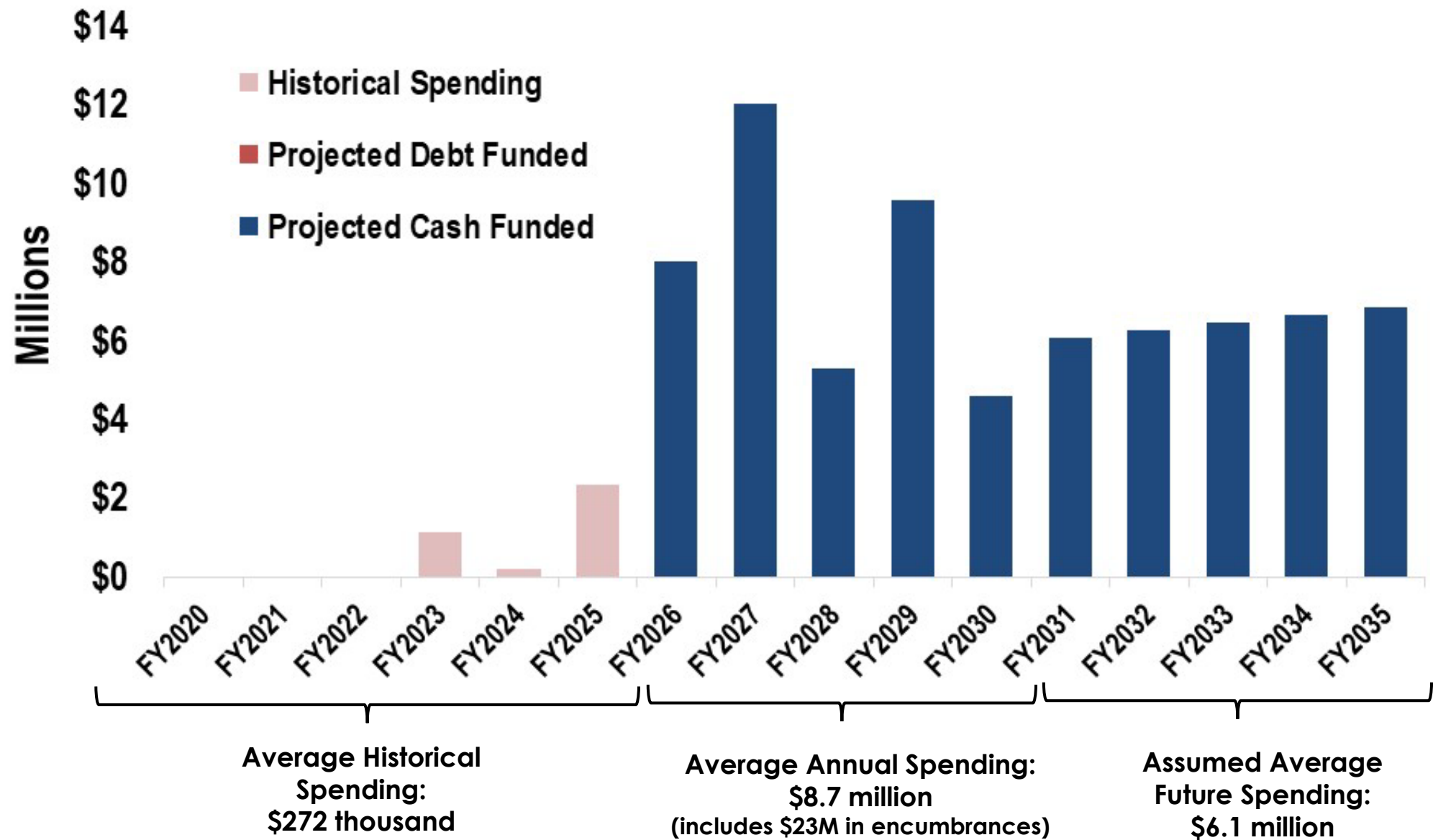
Interest Earnings: 2.0%

Growth Rate: 1.4%

Debt terms:

Interest:	5%
Period:	25 years
Cost of issuance:	1%

Water Capital Spending



Water Enterprise Reserves

Adopting reserve policies protect the City's rate payers and have a beneficial impact on the enterprise's bond rating (which contributes towards qualifying for affordable debt).

The following reserve targets are recommended for the utility enterprises:

Operating Reserve

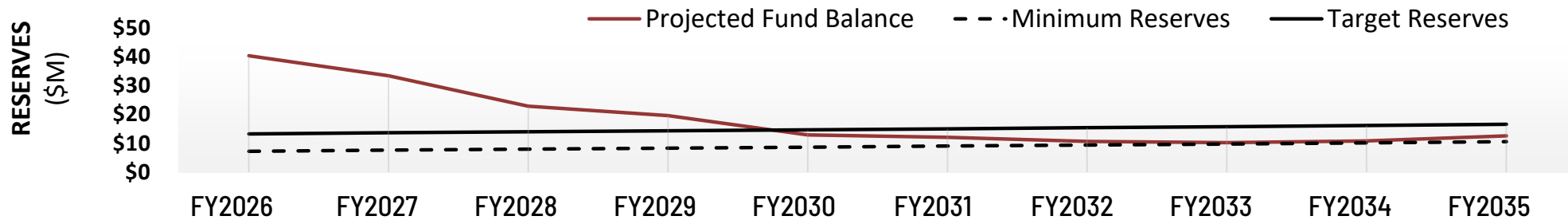
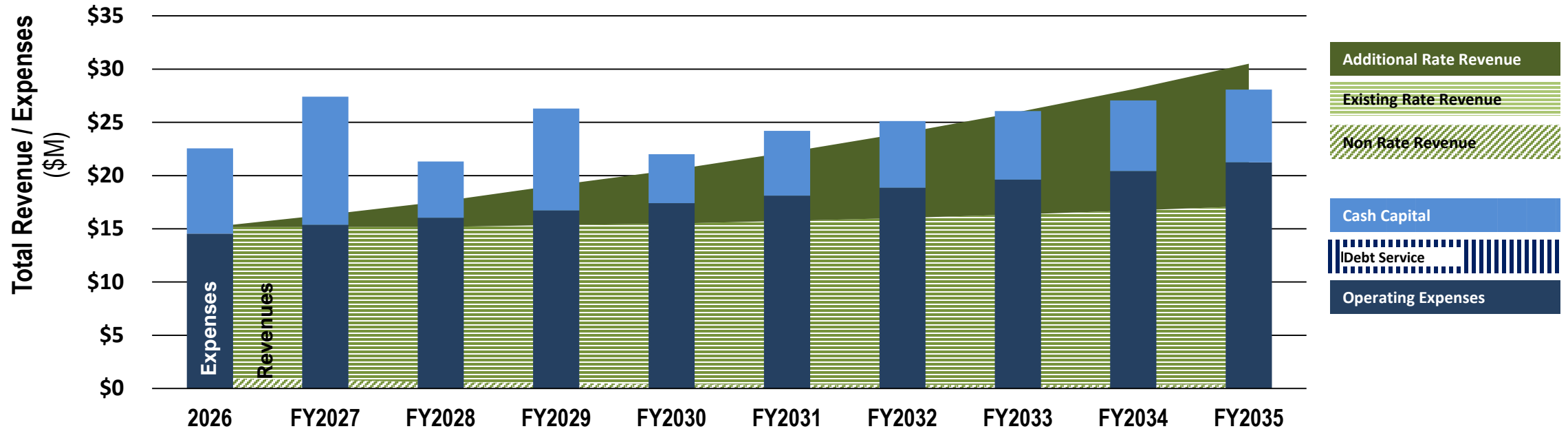
- 50% of annual expenses
- Current target: \$7.3 million

Capital Reserve Fund

- Equal to average annual capital spending
- Current target: \$6.0 million

Combined Target: \$13.3 million

Water Financial Forecast



	Proposed					Forecasted			
Rate Revenue Increase:	8.0%	8.0%	8.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%



Water System Background

Customers: 24,014 Accounts

- 20,881 “Residential”
- 1,584 Apartments (multifamily)
- 1,198 Non-Residential
- 440 Irrigation

Source: Groundwater Wells

Treatment: Wellhead Treatment

Existing Water Rate Design*

- **Fixed Meter Charge Rate** (78.4% of revenue)
 - Based on meter size
 - Includes a “water allocation”
 - 20 hcf per month (~ 15,000 gallons) for most customers, increases with meter size
- **Usage Rates (above water allotment)** (21.6% of revenue)
 - ✓ Uniform for all customers

The only proposed structural change is to reduce the water allocation from 20 hcf to 15 hcf which is better aligned with average water usage.

* Water rates are based on a 2018 rate study and have not increased since 2022

Water Utility

Unit Rate Calculation

System Function:	Account	Meter	Commodity
Units of Service:	25,194 Accounts	29,197 Equivalent Meters	4,744,000 HCF *
Revenue Requirement:	\$438,000	\$10,985,000	\$4,059,000
Unit Costs:	\$17.39 per account per year or \$1.45 per account per month	\$376.24 per equivalent meter per year or \$31.35 per equivalent meter per month	\$0.856 per HCF

* Assumes that water allocation will be lowered to 15 HCF per month

Proposed Year 1 increase to Water Rates

	Current*	Proposed Year 1	Change*	
Usage Rates (per HCF)				
All Customers	\$0.77	\$0.86	\$0.09	11.2%
Fixed Monthly Service Charges (per month)				
5/8" meter	\$32.25	\$32.80	\$0.55	1.7%
3/4" meter	\$32.25	\$32.80	\$0.55	1.7%
1" meter	\$32.25	\$32.80	\$0.55	1.7%
1.5" meter	\$64.02	\$64.15	\$0.13	0.2%
2" meter	\$102.12	\$101.77	-\$0.35	-0.3%
3" meter	\$203.77	\$202.09	-\$1.68	-0.8%
4" meter	\$318.12	\$314.95	-\$3.17	-1.0%
6" meter	\$635.73	\$628.45	-\$7.28	-1.1%
8" meter	\$1,016.87	\$1,004.65	-\$12.22	-1.2%
10" meter	\$1,525.06	\$1,506.25	-\$18.81	-1.2%
12" meter	\$2,144.42	\$2,117.58	-\$26.84	-1.3%

* Changes differ from 8% overall rate revenue increase due to changes in the rate structure.

Proposed Water Rate Schedule

		Proposed				
		July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Rate Revenue Increases:		8.0%	8.0%	8.0%	7.0%	7.0%
	Current					
Usage Rates (\$/hcf) ¹						
All Customers	\$0.77	\$0.86	\$0.93	\$1.00	\$1.07	\$1.14
Fixed Monthly Service Charges						
5/8" meter	\$32.25	\$32.80	\$35.42	\$38.25	\$40.93	\$43.80
3/4" meter	\$32.25	\$32.80	\$35.42	\$38.25	\$40.93	\$43.80
1" meter	\$32.25	\$32.80	\$35.42	\$38.25	\$40.93	\$43.80
1.5" meter	\$64.02	\$64.15	\$69.28	\$74.82	\$80.06	\$85.66
2" meter	\$102.12	\$101.77	\$109.91	\$118.70	\$127.01	\$135.90
3" meter	\$203.77	\$202.09	\$218.26	\$235.72	\$252.22	\$269.88
4" meter	\$318.12	\$314.95	\$340.15	\$367.36	\$393.08	\$420.60
6" meter	\$635.73	\$628.45	\$678.73	\$733.03	\$784.34	\$839.24
8" meter	\$1,016.87	\$1,004.65	\$1,085.02	\$1,171.82	\$1,253.85	\$1,341.62
10" meter	\$1,525.06	\$1,506.25	\$1,626.75	\$1,756.89	\$1,879.87	\$2,011.46
12" meter	\$2,144.42	\$2,117.58	\$2,286.99	\$2,469.95	\$2,642.85	\$2,827.85

¹ For water use in excess of the base allocation

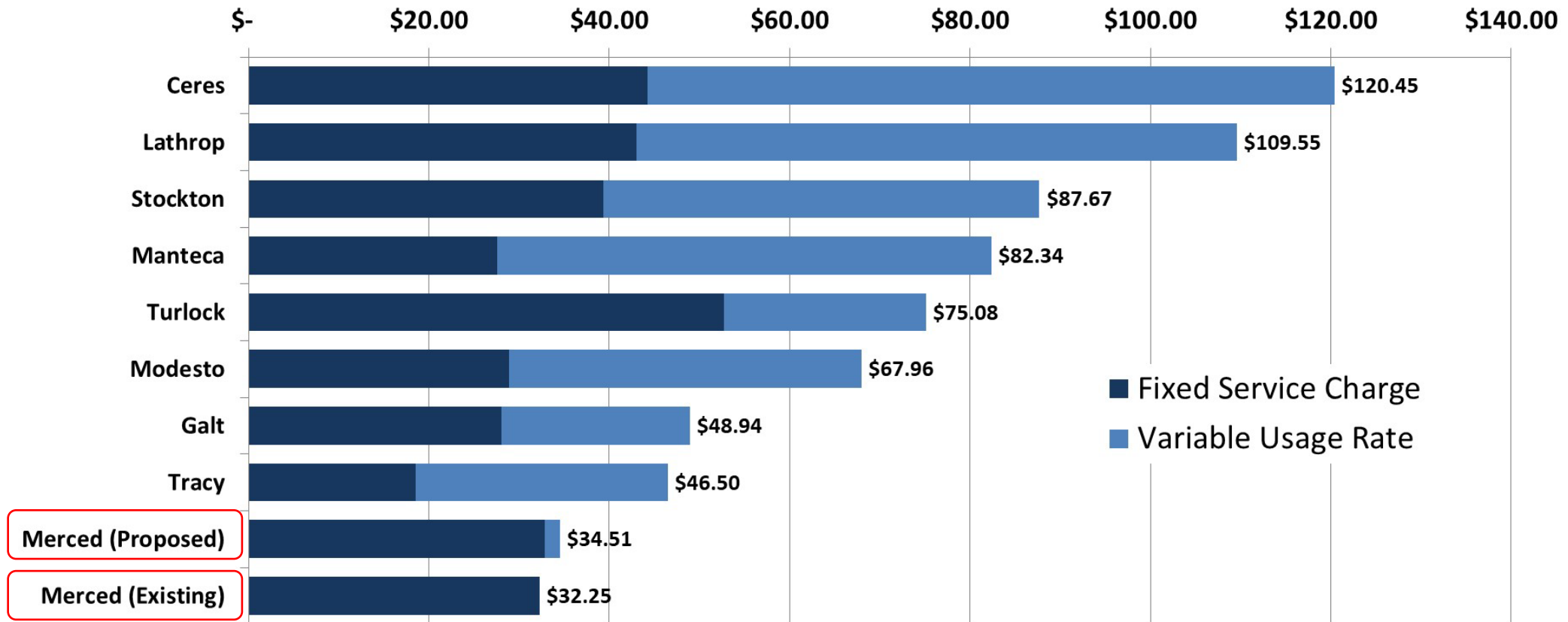
Monthly Water Bill Impacts in Year 1

	Meter Size	Monthly Water Use (hcf)	Current Bill	Proposed Bill	Change	
					\$	%
Single Family						
Low Use	3/4"	7.0	\$32.25	\$32.80	\$0.55	1.7%
Median Use	3/4"	12.0	\$32.25	\$32.80	\$0.55	1.7%
Average Use	3/4"	17.0	\$32.25	\$34.52	\$2.27	7.0%
Above Average Use	3/4"	22.0	\$33.79	\$38.82	\$5.03	14.9%
High Use	1"	60.0	\$63.05	\$71.50	\$8.45	13.4%
Multifamily						
Small Complex, Average Use	3/4"	30.0	\$39.95	\$45.70	\$5.75	14.4%
Medium Complex, Average Use	1.5"	64.0	\$82.50	\$93.39	\$10.89	13.2%
Large Complex, Average Use	2"	236.0	\$234.56	\$263.45	\$28.89	12.3%
Commercial						
Average Water Use	3/4"	15.0	\$32.25	\$32.80	\$0.55	1.7%
High Water Use	3/4"	45.0	\$51.50	\$58.60	\$7.10	13.8%
Average Water Use	2"	91.0	\$122.91	\$138.75	\$15.84	12.9%
High Water Use	2"	273.0	\$263.05	\$295.27	\$32.22	12.2%
Average Water Use	4"	296.0	\$392.04	\$440.51	\$48.47	12.4%
High Water Use	4"	888.0	\$1,001.88	\$1,078.63	\$76.75	7.7%
Landscape						
Average Water Use	3/4"	12.0	\$41.49	\$43.12	\$1.63	3.9%
Average Water Use	2"	164.0	\$228.40	\$242.81	\$14.41	6.3%
Average Water Use	4"	650.0	\$818.62	\$873.95	\$55.33	6.8%

* Results include the 8% increase in Year 1

Water Rate Survey

Monthly bill for Single Family with 3/4" meters and 17 HCF of water usage (423 gallons per day)



Water Shortage Surcharge Policy

Decreases in water sales may occur because of:

- Drought
- State mandates
- Changes in customer behavior

Water shortage events can have significant financial impact on the City's water utility:

- 1) Water sales drop, resulting in less revenue
- 2) Pumping and treatment volumes drop, resulting in less costs
- 3) Water conservation efforts increase, resulting in more costs

The net impact of the above results in financial deficits for the Water Utility.

Water Shortage Surcharges are designed to keep the Water Utility financial whole during major changes in water sales.

Proposed Drought Surcharge Policy

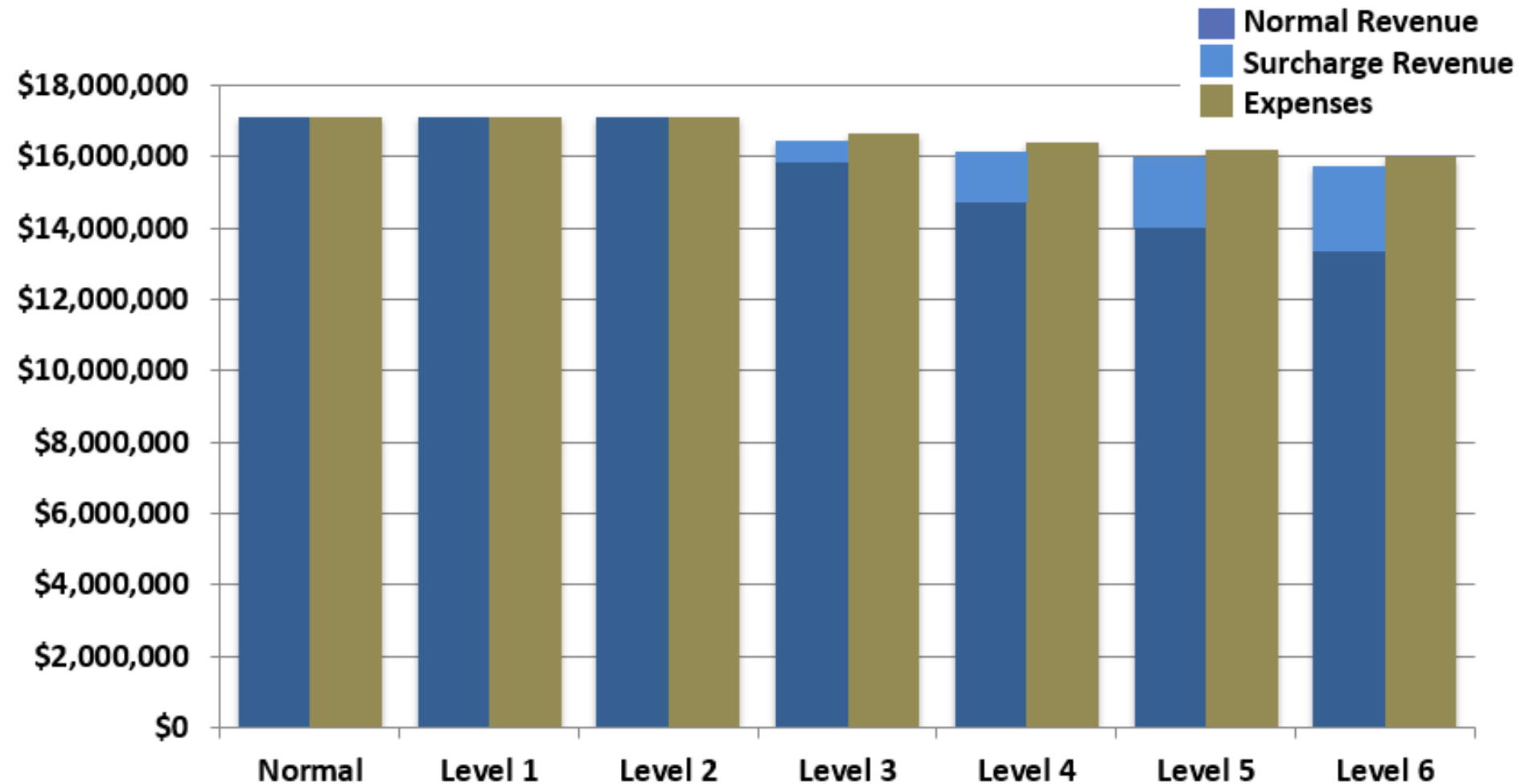
Based on existing shortage levels as defined by the City's Water Shortage Contingency Plan

	Use Reduction Goal -->	Up to 10%	Up to 20%	Up to 30%	Up to 40%	Up to 50%	Greater than 50%
	Assumed Water Use Reduction -->	0%	0%	20%	35%	45%	55%
	Water Shortage Surcharge* -->	0%	0%	5%	11%	16%	21%

	Normal Supply	Shortage Level 1	Shortage Level 2	Shortage Level 3	Shortage Level 4	Shortage Level 5	Shortage Level 6
<i>Estimated Financial Impact from Water Shortage</i>							
Reduced Water Sales Revenue	(na)	\$0	\$0	-\$1,382,000	-\$2,419,000	-\$3,110,000	-\$3,801,000
Reduced Utility Costs	(na)	\$0	\$0	\$408,000	\$714,000	\$918,000	\$1,122,000
Reduced Chemical Costs	(na)	\$0	\$0	\$67,000	\$117,000	\$151,000	\$184,000
Increase in Conservation Program Costs	(na)	\$0	\$0	-\$40,000	-\$120,000	-\$160,000	-\$200,000
Estimated Financial Deficit:	\$0	\$0	\$0	-\$947,000	-\$1,708,000	-\$2,201,000	-\$2,695,000
Increase in Revenue from Surcharges	(na)	(na)	\$0	\$705,000	\$1,437,000	\$1,980,000	\$2,453,000
Strategic Use of Reserves	\$0	\$0	\$0	-\$242,000	-\$271,000	-\$221,000	-\$242,000

* Surcharge is a percentage increase that is applied to then-current water rates

Financial Impact of Water Surcharge



Private Fire Service Lines

Purpose of Fee: Larger infrastructure is required to service private fire service lines to meet the potential water demands during a fire.

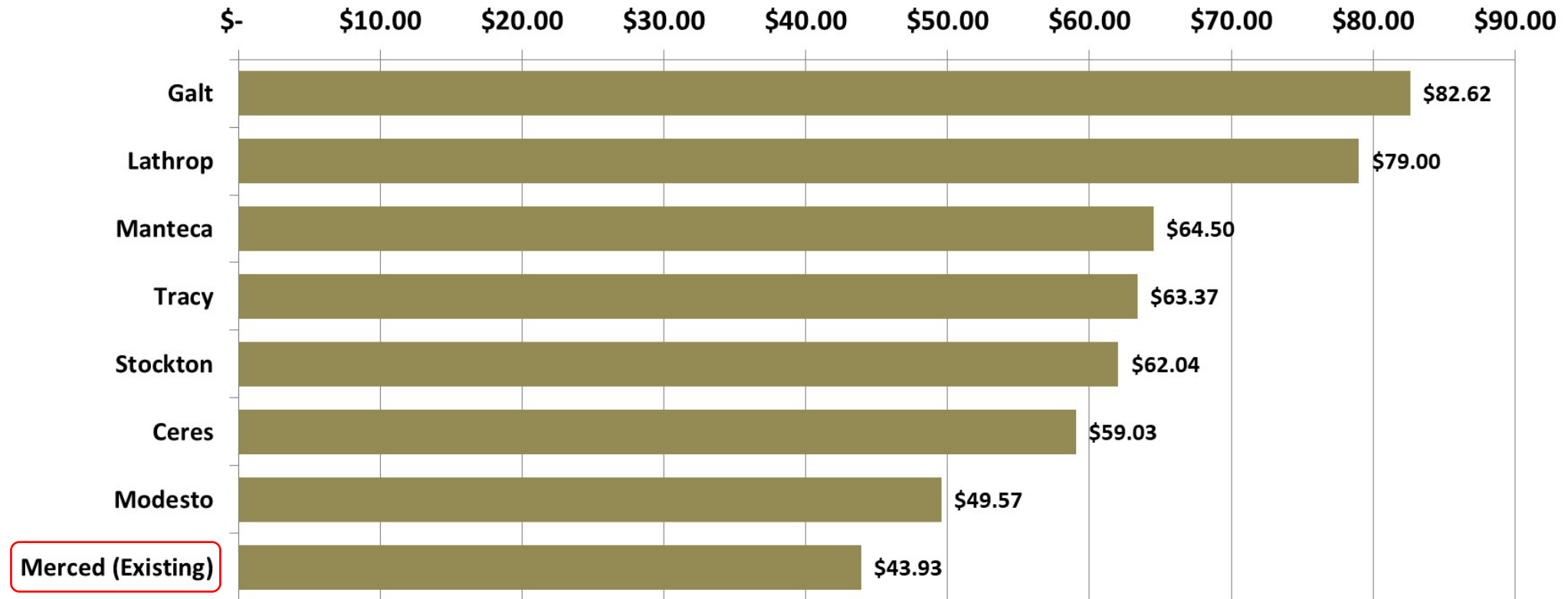
Size of Connection	Hydraulic Demand Factor	Current Monthly Charge	Proposed Monthly Charge	Change	Number of Accounts
2"	6.19	\$1.45	\$1.67	15.4%	0
3"	17.98	\$4.20	\$4.86	15.7%	2
4"	38.32	\$8.96	\$10.36	15.6%	44
5" (hydrants)*	68.91	\$16.12	\$18.63	15.5%	5
6"	111.31	\$26.03	\$30.09	15.6%	97
8"	237.21	\$55.49	\$64.11	15.5%	107
10"	426.58	\$99.77	\$115.30	15.6%	13
12"	689.04	\$161.15	\$186.24	15.6%	2

* Private properties with a public fire hydrant are subject to the Private Fire Charge.

Wastewater Utility

Wastewater Rate Survey

Monthly bill for Single Family



Wastewater Enterprise Revenue

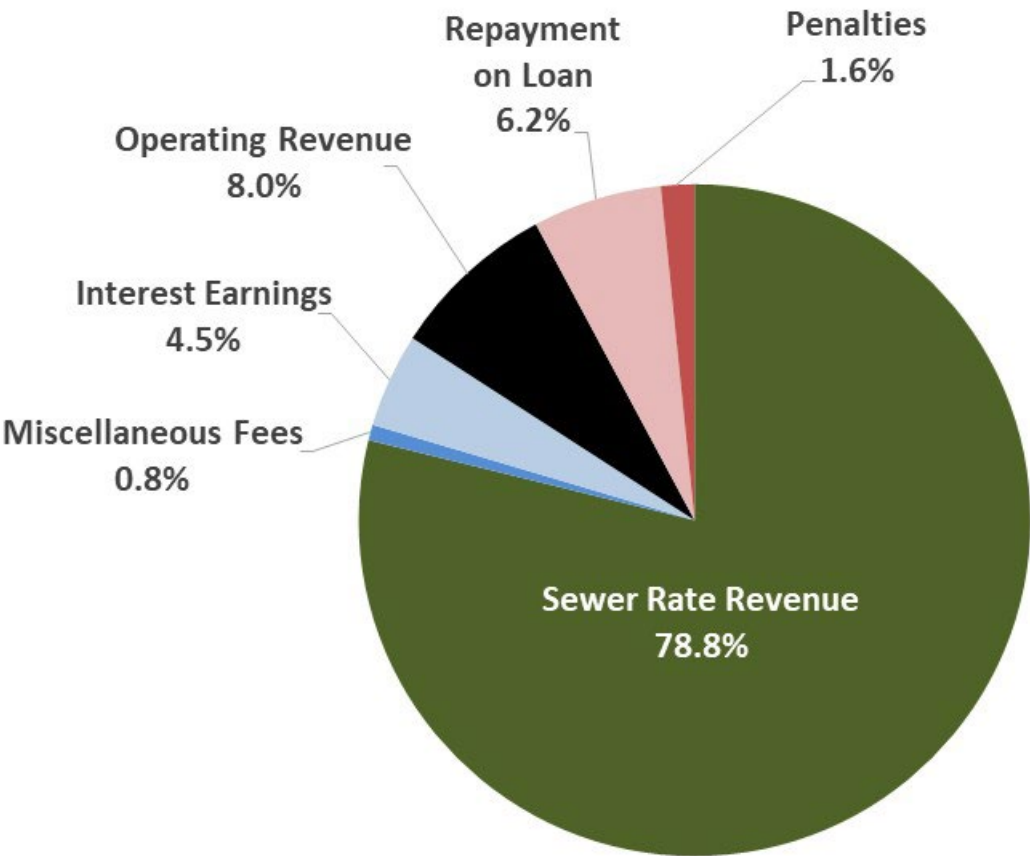
FY 2025/26 Beginning Fund Balance

Fund 6000	\$65,104,000
Total Operating Fund:	\$65,104,000
Fund 6004	\$12,513,000
Fund 6005	\$19,736,000
Total Capital Facility Funds:	\$32,249,000

Wastewater Enterprise Revenue

FY2025/26 Budget

Sewer Rate Revenue	\$19,795,000
Non-Rate Revenue	
Miscellaneous Fees	\$190,000
Interest Earnings	\$1,137,000
Operating Revenue	\$2,020,000
Repayment on Loan	\$1,562,000
Penalties	\$405,000
Total:	\$25,109,000

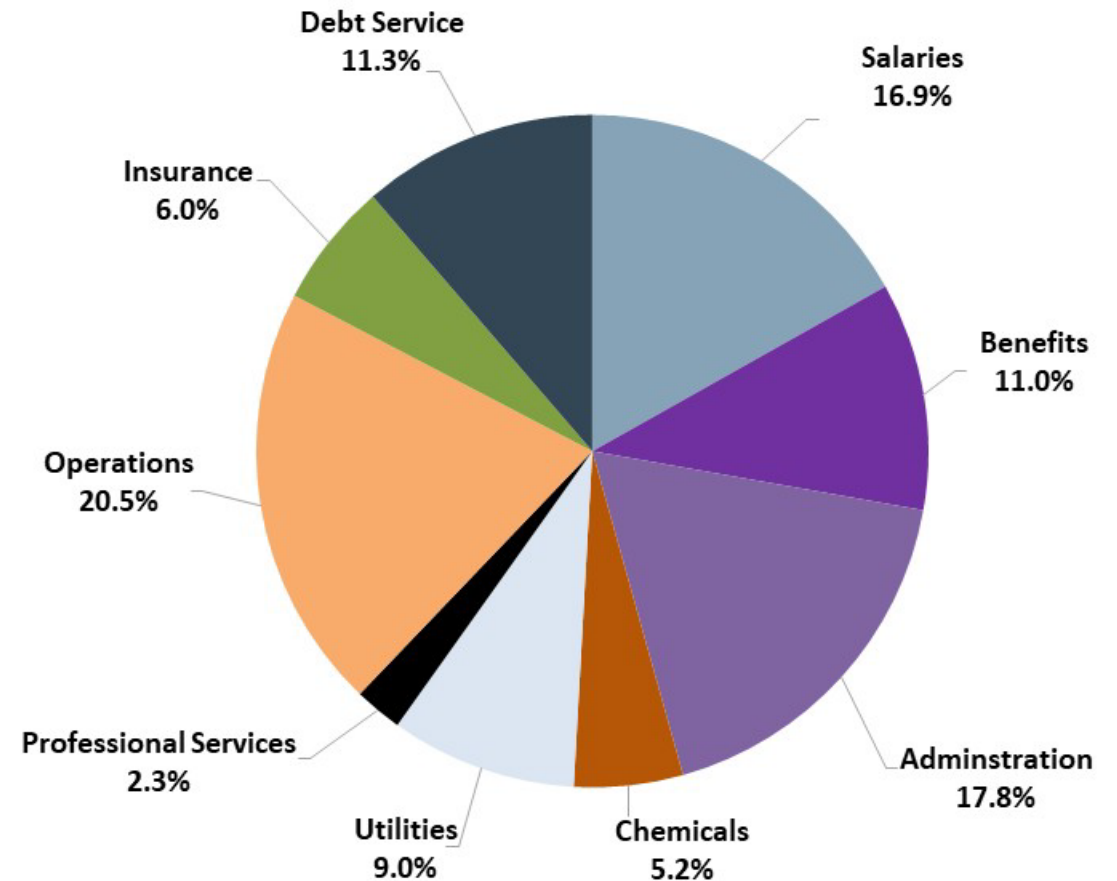


Wastewater Operating Budget

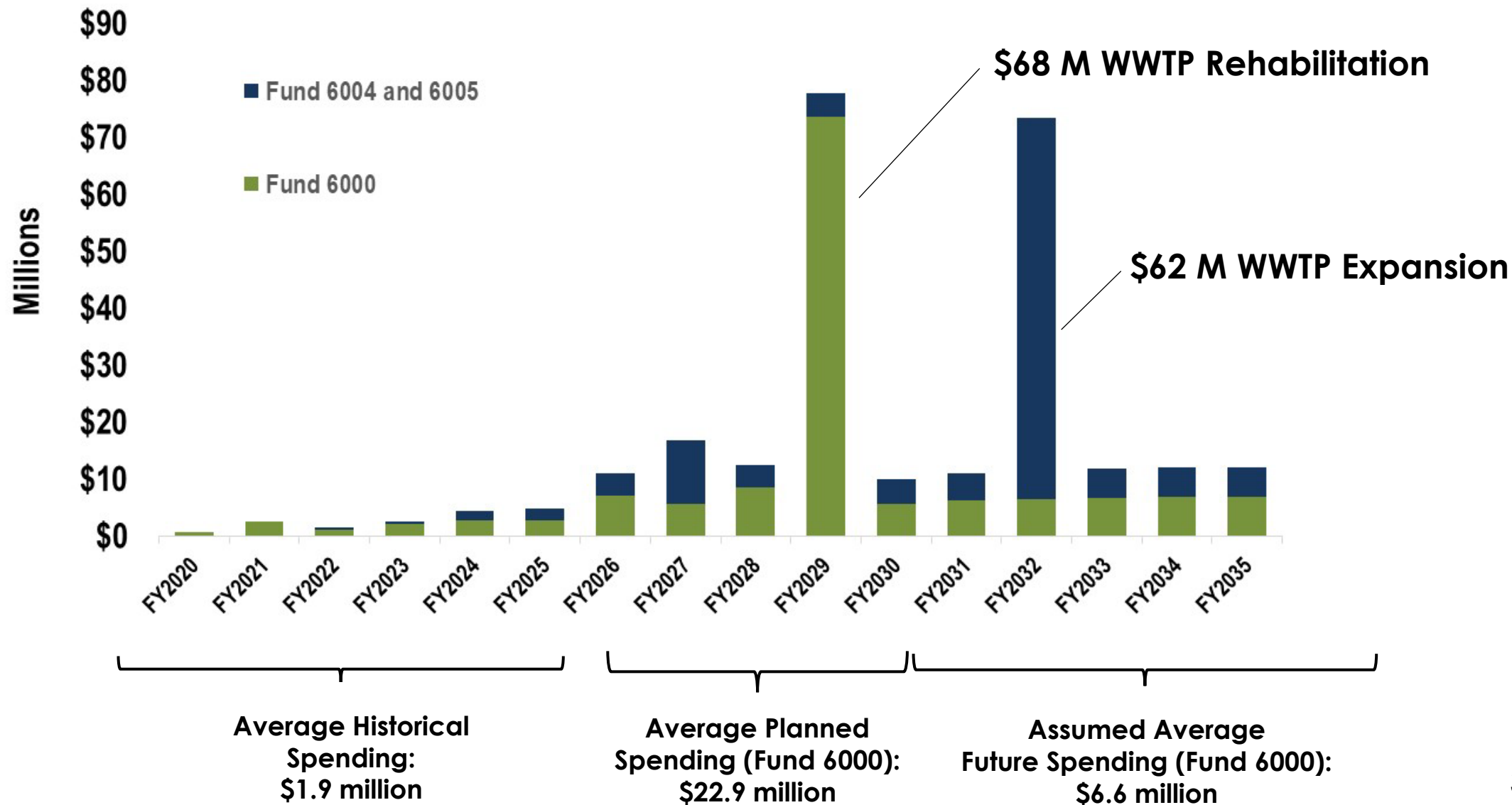
FY2025/26 Budget

Salaries	\$3,461,000
Benefits	\$2,250,000
Adminstration	\$3,663,000
Chemicals	\$1,076,000
Utilities	\$1,841,000
Professional Services	\$474,000
Operations	\$4,208,000
Insurance	\$1,236,000
Debt Service	\$2,326,000

Total Budget: \$20,535,000



Wastewater Capital Spending



Wastewater Enterprise Reserves

Adopting reserve policies protect the City's rate payers and have a beneficial impact on the enterprise's bond rating (which contributes towards qualifying for affordable debt).

The following reserve targets are recommended for the utility enterprises:

Operating Reserve

- 50% of annual expenses
- Current target: **\$9.1 million**

Capital Reserve Fund

- Equal to average annual capital spending
- Current target: **\$5.5 million**

Combined Target: \$14.6 million

Wastewater Finance Scenarios

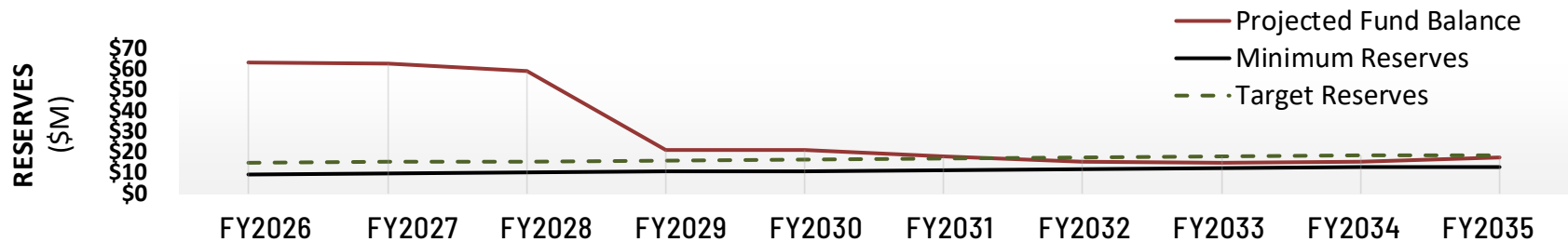
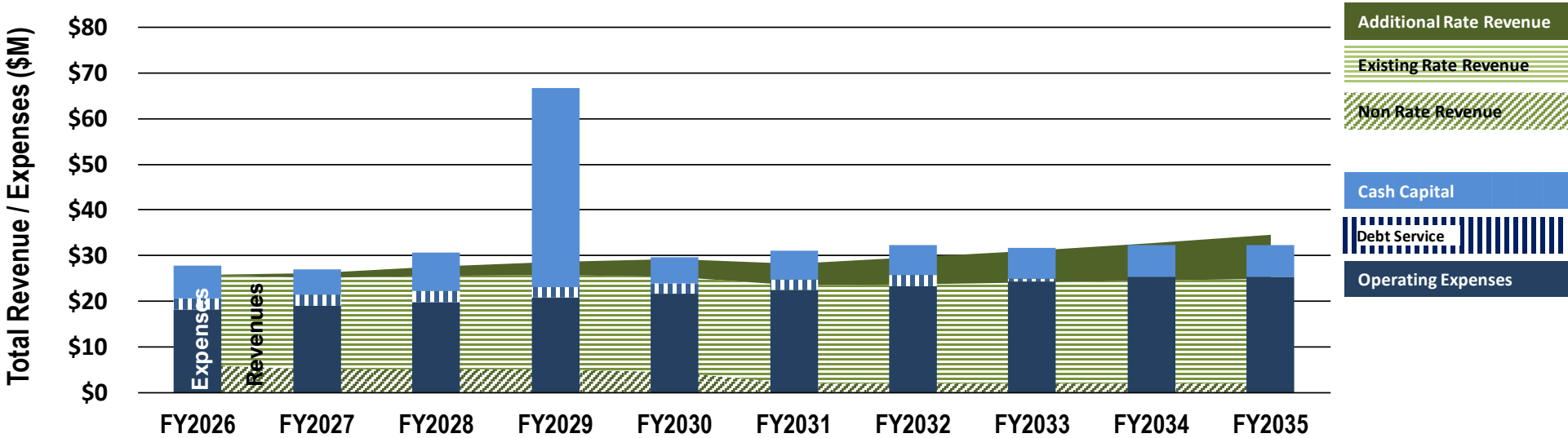
How to finance the \$67M WWTP Rehabilitation Project?

Scenario 1: Receive \$30M grant, cash finance the balance (\$37M)

Scenario 2: Issue \$50M SRF loan, cash finance the balance (\$17M)

Wastewater Financial Forecast

Scenario 1: Receive \$30M grant, cash finance the balance of the WWTP project

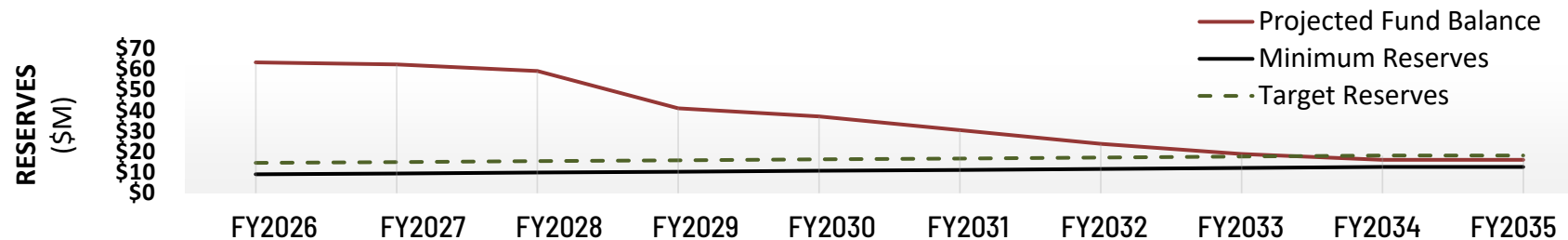
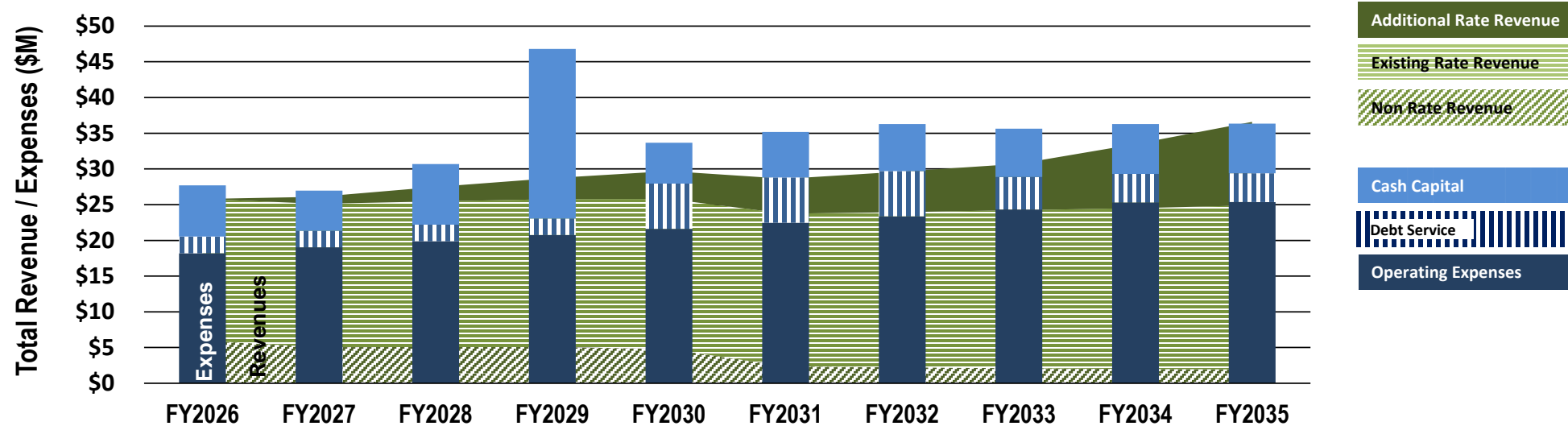


	Proposed					Forecasted			
Rate Revenue Increase:	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Debt Coverage Ratio:	4.22	4.39	4.57	4.46	4.73	4.99	22.34	2.43	2.72
Funds 6004/5 Debt Proceeds:						\$49.7M			

Debt-funded portion of WWTP Expansion Project
(funded with Capital Facility Charges)

Wastewater Financial Forecast

Scenario 2: Issue \$50M SRF loan, cash finance the balance of the WWTP project



Note the projected later year rate adjustments

	Proposed					Forecasted			
Rate Revenue Increase:	5.0%	5.0%	4.0%	4.0%	4.0%	3.0%	3.0%	8.0%	8.0%
Debt Coverage Ratio:	4.22	4.39	4.57	1.69	1.78	1.82	2.55	1.46	1.76
Funds 6004/5 Debt Proceeds:						\$49.7M			
Fund 6000 Debt Proceeds:	\$50.0M								

Existing Wastewater Rate Design

- **Residential Rates**

- ✓ Fixed based on number of dwelling units

- **Non-Residential Rates**

- ✓ Fixed Monthly Account Charge
- ✓ Usage Charge based on metered water usage
 - Various usage rates depending on business category which accounts for sewage strength.

} ~ 80% of rate revenue

} ~ 20% revenue

- Wastewater rates are based on a 2010 rate study and haven't increased since 2021

Proposed Changes to Wastewater Rate Structure

- A fixed account charge (1.5% of all rate revenue) will be assessed to all customers
 - Included in the “per dwelling” charge for residential customers
 - The account charge will be in addition to the usage charge for non-residential customers (currently treated as a minimum charge)
- Charge special industrial customers using the same unit rates as other non-residential customers
 - These customers are currently charged using a date rate structure that considers monthly peaking behavior
 - This will result in more volatility in monthly billing for customers that only operate seasonally.

Proposed Year 1 increase to Wastewater Rates

	Current	Proposed July 1, 2026		Change ²
<i>Residential Fixed Dwelling Rates (monthly)</i>				
Single Family	\$43.93	\$47.01	per dwelling unit	7.0%
Multi-Family	\$35.14	\$36.89	per dwelling unit	5.0%
Mobile Home	\$22.48	\$23.73	per dwelling unit	5.6%
<i>Non-Residential Rates</i>				
<i>Fixed Monthly Charge</i> ¹	\$1.60	\$1.10	per account	(new)
<i>Wastewater Usage Rate (per HCF)</i>				
Bakery	\$8.57	\$7.86	per HCF	-8%
Barber / Beauty Shop	\$3.73	\$4.14	per HCF	11%
Bars without dining	\$4.27	\$4.10	per HCF	-4%
Car Wash	\$3.47	\$3.49	per HCF	1%
Church	(varies)	\$3.66	per HCF	na
Construction	\$3.91	\$3.92	per HCF	0%
Government Building	\$3.58	\$3.95	per HCF	10%
Department / Store	\$3.91	\$3.82	per HCF	-2%
Dry Industrial	\$6.32	\$5.37	per HCF	-15%
Hospital & convalescent	\$4.07	\$3.93	per HCF	-3%
Hotel with dining	\$5.30	\$6.32	per HCF	19%
Hotel without dining	\$4.35	\$4.17	per HCF	-4%
Laundromat	\$3.76	\$3.66	per HCF	-3%
Laundry / Dry Cleaner	\$5.30	\$4.08	per HCF	-23%
Light Manufacturing	\$4.35	\$4.74	per HCF	9%
Market	\$8.65	\$7.89	per HCF	-9%
Mortuary	\$8.65	\$7.90	per HCF	-9%
Professional Office	\$3.58	\$3.66	per HCF	2%
Recreation Hall	\$3.58	\$3.94	per HCF	10%
Repair / Service Station	\$4.51	\$4.31	per HCF	-5%
Restaurant / Restaurant	\$8.57	\$7.84	per HCF	-9%
Mixed Commercial	\$4.35	\$4.74	per HCF	9%
Theater	\$3.73	\$4.13	per HCF	11%
Warehouse / Warehouse	\$3.58	\$4.11	per HCF	15%
School	\$3.28	\$3.66	per HCF	12%
Special	\$6.73	\$5.50	per HCF	-18%

¹Treated as a minimum charge for existing rates

²Variations in the changes to rates is a result of structural changes (only applicable in Year 1).

Proposed Wastewater Rate Schedule

	Effective Date				
	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
	5.0%	5.0%	4.0%	4.0%	4.0%
Residential Fixed Dwelling Rates (monthly)					
Single Family	\$47.01	\$49.36	\$51.33	\$53.38	\$55.52
Multi-Family	\$36.89	\$38.73	\$40.28	\$41.89	\$43.57
Mobile Home	\$23.73	\$24.92	\$25.92	\$26.96	\$28.04
Non-Residential Rates					
<i>Fixed Monthly Charge (per acc</i>	\$1.10	\$1.16	\$1.21	\$1.26	\$1.31
<u>Wastewater Usage Rate (per HCF)</u>					
Bakery	\$7.86	\$8.25	\$8.58	\$8.92	\$9.28
Barber / Beauty Shop	\$4.14	\$4.34	\$4.51	\$4.69	\$4.88
Bars without dining	\$4.10	\$4.30	\$4.47	\$4.65	\$4.84
Car Wash	\$3.49	\$3.66	\$3.81	\$3.96	\$4.12
Church	\$3.66	\$3.85	\$4.00	\$4.16	\$4.33
Construction	\$3.92	\$4.11	\$4.27	\$4.44	\$4.62
Government Building	\$3.95	\$4.14	\$4.31	\$4.48	\$4.66
Department / Store	\$3.82	\$4.01	\$4.17	\$4.34	\$4.51
Dry Industrial	\$5.37	\$5.63	\$5.86	\$6.09	\$6.33
Hospital & convalescent	\$3.93	\$4.12	\$4.28	\$4.45	\$4.63
Hotel with dining	\$6.32	\$6.64	\$6.91	\$7.19	\$7.48
Hotel without dining	\$4.17	\$4.38	\$4.56	\$4.74	\$4.93
Laundromat	\$3.66	\$3.84	\$3.99	\$4.15	\$4.32
Laundry / Dry Cleaner	\$4.08	\$4.29	\$4.46	\$4.64	\$4.83
Light Manufacturing	\$4.74	\$4.97	\$5.17	\$5.38	\$5.60
Market	\$7.89	\$8.28	\$8.61	\$8.95	\$9.31
Mortuary	\$7.90	\$8.30	\$8.63	\$8.98	\$9.34
Professional Office	\$3.66	\$3.85	\$4.00	\$4.16	\$4.33
Recreation Hall	\$3.94	\$4.14	\$4.31	\$4.48	\$4.66
Repair / Service Station	\$4.31	\$4.52	\$4.70	\$4.89	\$5.09
Restaurant / Restaurant	\$7.84	\$8.23	\$8.56	\$8.90	\$9.26
Mixed Commercial	\$4.74	\$4.97	\$5.17	\$5.38	\$5.60
Theater	\$4.13	\$4.33	\$4.50	\$4.68	\$4.87
Warehouse / Warehouse	\$4.11	\$4.31	\$4.48	\$4.66	\$4.85
School	\$3.66	\$3.85	\$4.00	\$4.16	\$4.33
Special	\$5.50	\$5.77	\$6.00	\$6.24	\$6.49

¹Currently treated as a minimum charge. Proposed to be a fixed monthly charge per account going forward

Proposed Special Industrial Wastewater Rates

to be charged based on actual measured flows and loadings

Metric	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Flow (\$ per HCF)	\$2.84	\$2.98	\$3.10	\$3.22	\$3.35
BOD (\$/ 1,000 lbs)	\$391.20	\$410.76	\$427.19	\$444.28	\$462.05
SS (\$/ 1,000 lbs)	\$423.60	\$444.78	\$462.57	\$481.07	\$500.31
Account Charge (per month)	\$1.10	\$1.16	\$1.21	\$1.26	\$1.31

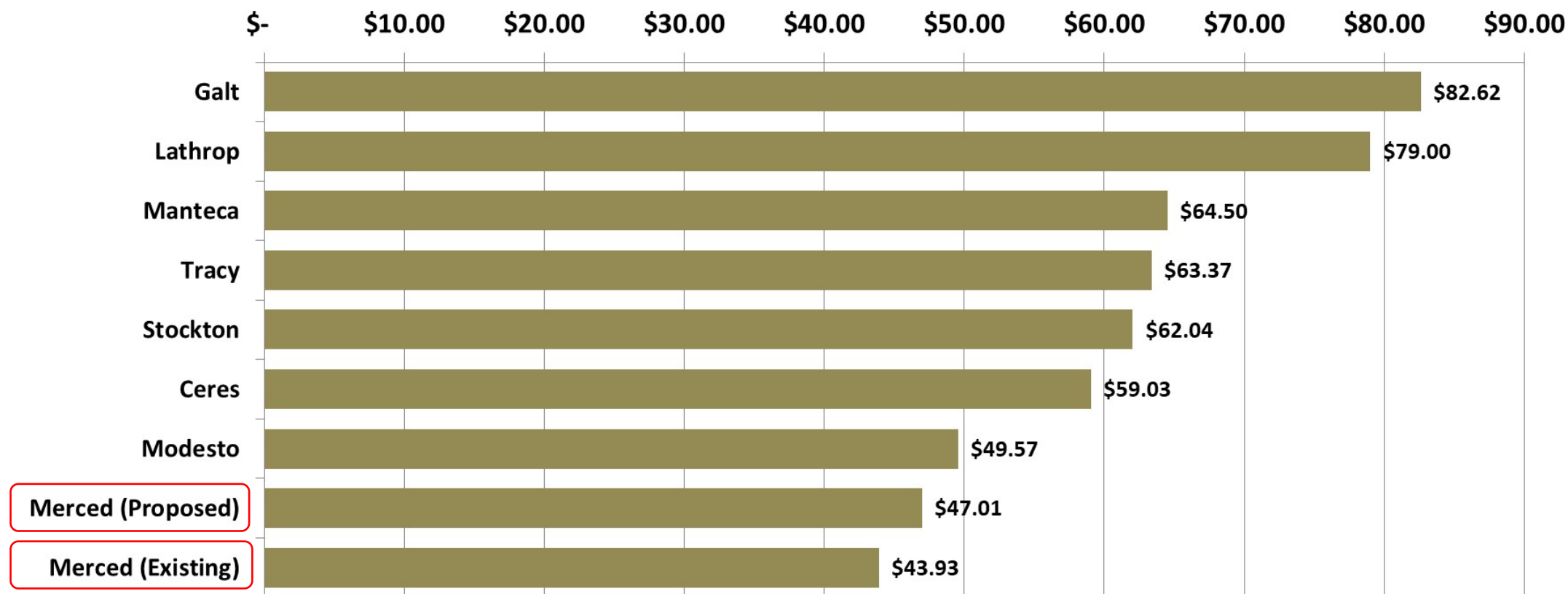
HCF = hundred cubic feet (748 gallons)

BOD = biochemical oxygen demand

SS = suspended solids

Wastewater Rate Survey

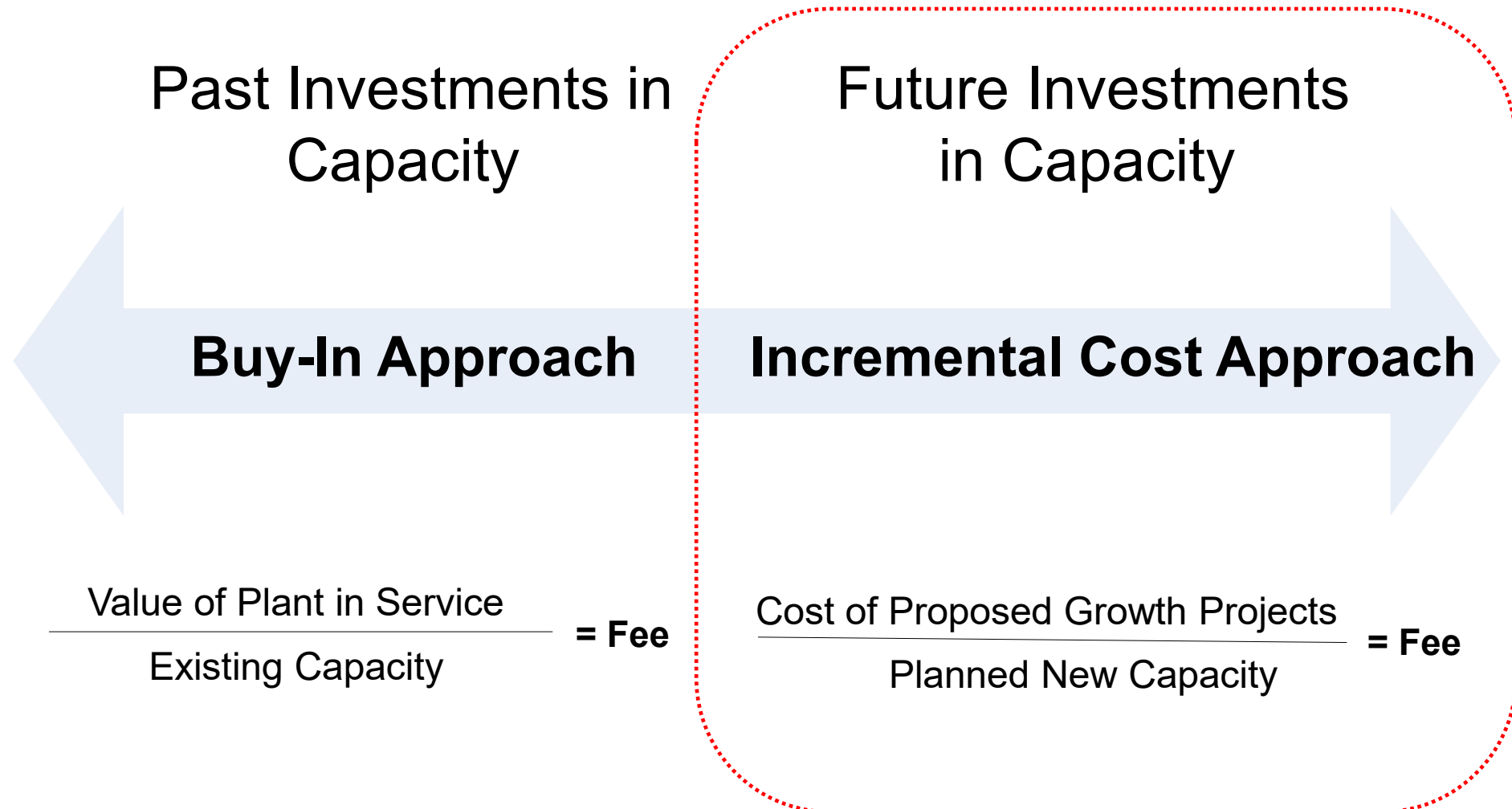
Monthly bill for Single Family



Capital Facility Fees

a.k.a. connection fees or capacity charges

Capital Facility Fee Calculation Methodologies



Water Capital Facility Fees (last fee study in 2018)

Basis of Incremental Approach calculation

Future Cost of Expansion: \$131 million

Associated New Capacity: 14.4 MGD

Average Demand of New Development: 608 gallons per day* per equivalent residential unit (ERU)

Peak Daily Demand per ERU: 1,155 gallons per day

* Based on average per capita demand of 190 gallons per day and 3.2 residents per EDU

Water Capital Facility Fee

Proposed

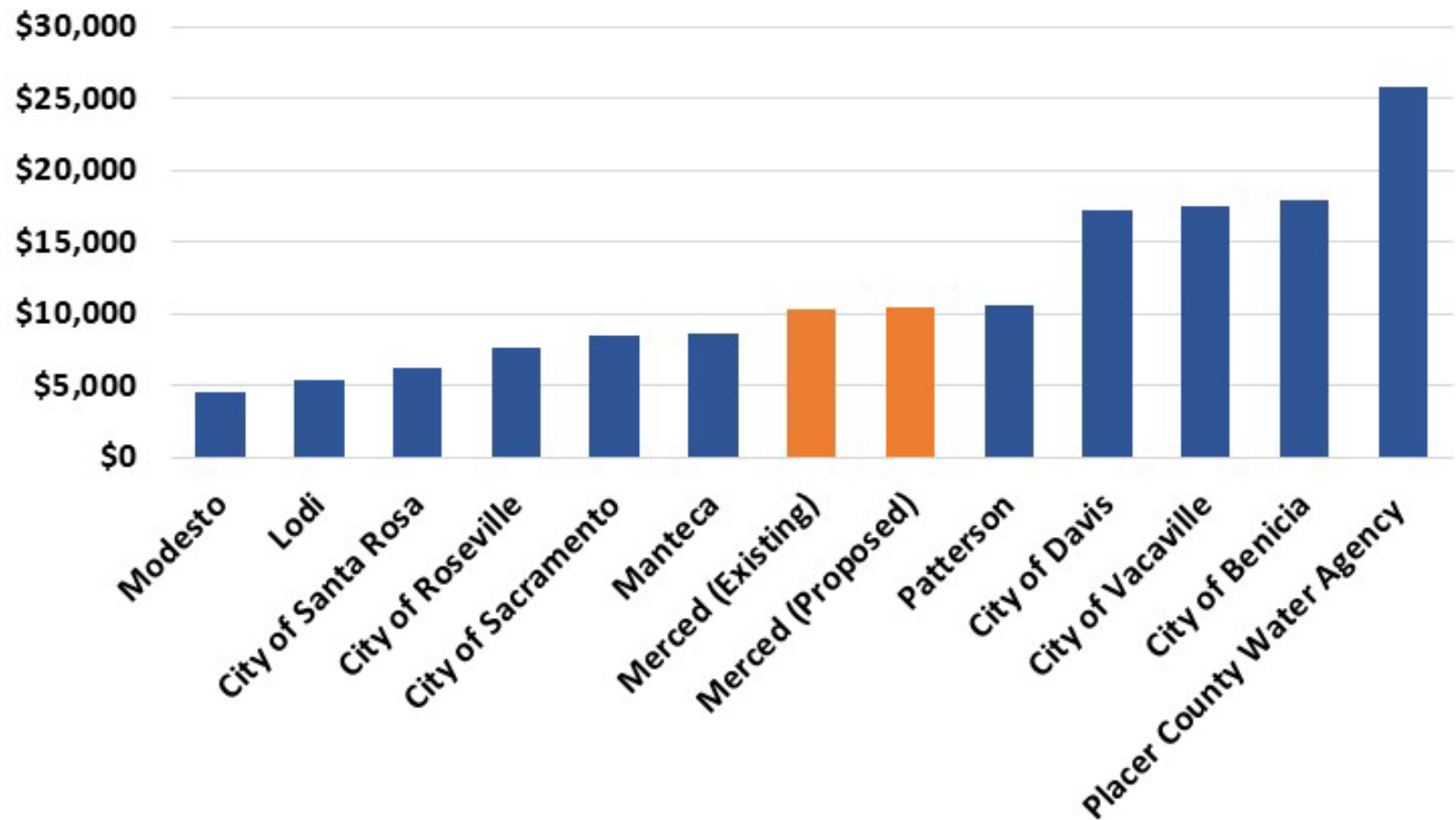
Meter Size	Rated Flow Capacity (gpm) ¹	Hydraulic Capacity Factor	Facility Charges		Change
			Current	Proposed	
1" meter	50	1.0	\$10,305	\$10,500	1.9%
1 1/2" meter	100	2.0	\$20,609	\$21,000	1.9%
2" meter	160	3.2	\$32,974	\$33,700	2.2%
3" meter	320	6.4	\$65,949	\$67,300	2.0%
4" meter	500	10.0	\$103,045	\$105,200	2.1%
6" meter	1000	20.0	\$206,091	\$210,400	2.1%
8" meter	1600	32.0	\$329,745	\$336,600	2.1%
10" meter	2400	48.0	\$494,618	\$505,000	2.1%
12" meter	3375	67.5	\$695,557	\$710,100	2.1%

¹ AWWA M1 Manual, 7th Edition, Table B-2

Private Fire Capital Facility Fee - Accounts with fire flow requirements that are higher than the basic requirement (1,500 gpm for 2 hours) will be charged proportionately higher in increments of 1" meter charges.

Water Capital Facility Fees

Survey - Single Family Homes



Wastewater Capital Facility Fee (last fee study in 2010)

Basis of Incremental Approach calculation

The Wastewater Capital Facility Fee is bifurcated into two components:

Line component = collection system

Plant component = wastewater treatment plant

	Lines	Plant
Cost of Growth Projects (\$)	\$33,552,000	\$52,700,000
Divided by: Additional Capacity (EDUs)	34,628	5,346
Equals: Unit Valuation of Additional Capacity	\$968.93	\$9,858.44

Wastewater Capital Facility Fees

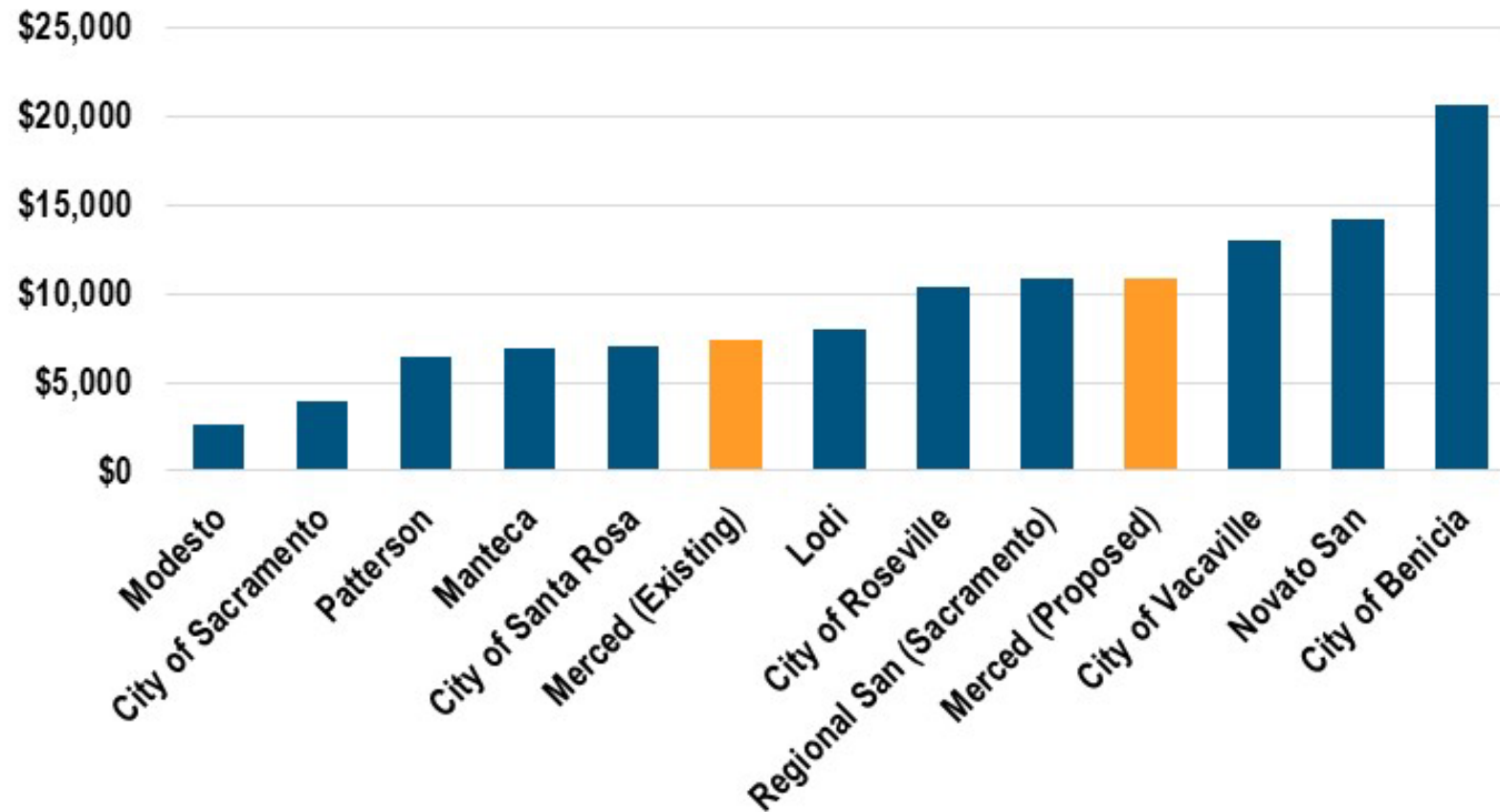
Proposed

<u>Customer Class</u>		<u>Plant Component</u>	<u>Line Component*</u>	<u>Total Capital Facility Fee</u>	<u>Current Capital Facility Fee</u>	<u>Change</u>	
Single Family	per house	\$9,859	\$969	\$10,828 per house	\$7,433	\$3,395	45.7%
Multi-Family	per DU	\$7,895	\$775	\$8,671 per dwelling unit	\$6,188	\$2,483	40.1%
Mobile Home	per unit	\$5,122	\$504	\$5,626 per unit		na	na
Light commercial or institutional	per 1,000 sq. ft.	\$5,370	\$640	\$6,009 per 1,000. sq. ft.	\$4,369	\$1,640	37.5%
Light industrial	per 1,000 sq. ft.	\$3,728	\$446	\$4,174 per 1,000. sq. ft.	\$3,853	\$321	8.3%
Heavy strength and/or flow		(case by case basis depending on estimated flow and loadings)					

* Properties that are located south of Bear Creek are assessed an additional surcharge of 14.6 percent to the Line Component based on the costs associated with a 1987 Special Assessment District for a force main that was built and paid for by the City. This additional charge applies to undeveloped properties that opted out of contributing to the project in 1987.

Wastewater Capital Facility Fees

Survey – Single Family Homes



Implementation of AB 2257

Proposal to adopt new rate setting procedures per authority of AB 2257

- Creates a formal process for exhausting administrative remedies for would-be rate litigants (AB2257)
- Establishes a formal written objection procedures for ratepayers to raise substantive concerns about potential increases
- Objections must be received by the City prior to the deadline established as part of the rate setting process (no less than 45 days after the public hearing notice is mailed)
- The City will respond to the written objections and provide response to Council at the Public Hearing

Project Schedule

Study Session

January 27



Final Council Recommendation

February 17

Sent 218 Notification

Late Feb

Objections Deadline

Mid April

Public Hearing

Early May

Implement Rates

July 1, 2026

EXTRA SLIDES