

ATTACHMENT 2

Water Consultancy

3585 Maple Street, Suite 250
Ventura, CA 93003
805-404-1467

City of Buellton
Wastewater Rate Study
Final Report

July 2016

City of Buellton
140 West Highway 246
Buellton CA 93427

WC Project No. WC-029

Table of Contents

<i>List of Tables</i>	<i>ii</i>
<i>List of Figures</i>	<i>ii</i>
Section 1: Introduction	1
1.1 Background and Objectives	1
1.2 Study Methodology	2
1.3 Scope of Services	2
Section 2: Historical and Current Financial Condition	3
2.1 Historical Financial Condition	3
2.2 Historical Number of Customer Accounts.....	6
2.3 FY 14-15 Water Use and Operating Revenues	7
Section 3: Future Revenue Requirements	8
3.1 Projected Customer Growth	8
3.2 Projected Water Use	9
3.3 Budgeted/Projected Operating Expenses.....	10
3.4 Projected Capital Improvement Program.....	11
3.5 Projected Operating Revenue at Current Rates	11
3.6 Projected Connection Fee Revenues at Current Rates	12
3.7 Recommended Facility Capacity Charges.....	14
3.8 Projected Revenue and Expenses at Current Rates	17
3.9 Revenue Requirements.....	19
Section 4: Current Sewer Service Charges	21
4.1 Current Sewer Service Charges.....	21
4.2 Current Facility Capacity Charges.....	22
Section 5: Cost of Service Evaluation	23
5.1 Cost of Service Allocation	23
5.2 Unit Rates	24
Section 6: Recommended Sewer Service Charge Rates	25
6.1 Current Rate Structure	25
6.2 Recommended Rate Structure	25
6.3 Development of Sewer Service Charge Rates	25
6.4 Recommended Sewer Service Charge Rates	25

Table of Contents (cont'd)

List of Tables

- 1 Historical Operating Revenues and Expenses
- 2 Historical Number of Connections by Customer Class
- 3 FY 14-15 Water Use and Revenue by Customer Class
- 4 Projected Number of Connections by Customer Class
- 5 Projected Water Use by Customer Class
- 6 Capital Improvement Program
- 7 Projected Operating Revenues by Customer Class at Current Rates
- 8 Current Sewer Connection Fees
- 9 Projected Connection Fee Revenue at Current Rates
- 10 Equivalent Residential Units by Customer Class in FY 14-15
- 11 Recommended Facility Capacity Charges
- 12 Projected Connection Fee Revenue at Recommended Rates
- 13 Projected Operating Revenues and Expenses at Current Rates
- 14 Projected Operating Revenues and Expenses at Recommended Rates
- 15 Current Sewer Service Charges
- 16 Revenue Requirements by Customer Class
- 17 Recommended Sewer Service Charges for FY 16-17
- 18 Recommended Sewer Service Charges for FY 17-18
- 19 Recommended Sewer Service Charges for FY 18-19

List of Figures

- 1 Historical Net Operating Income
- 2 Historical Net Income
- 3 Projected Net Operating Income at Current Rates
- 4 Projected Net Income at Current Rates
- 5 Projected Net Operating Income at Recommended Rates
- 6 Projected Net Income at Recommended Rates

Section 1: Introduction

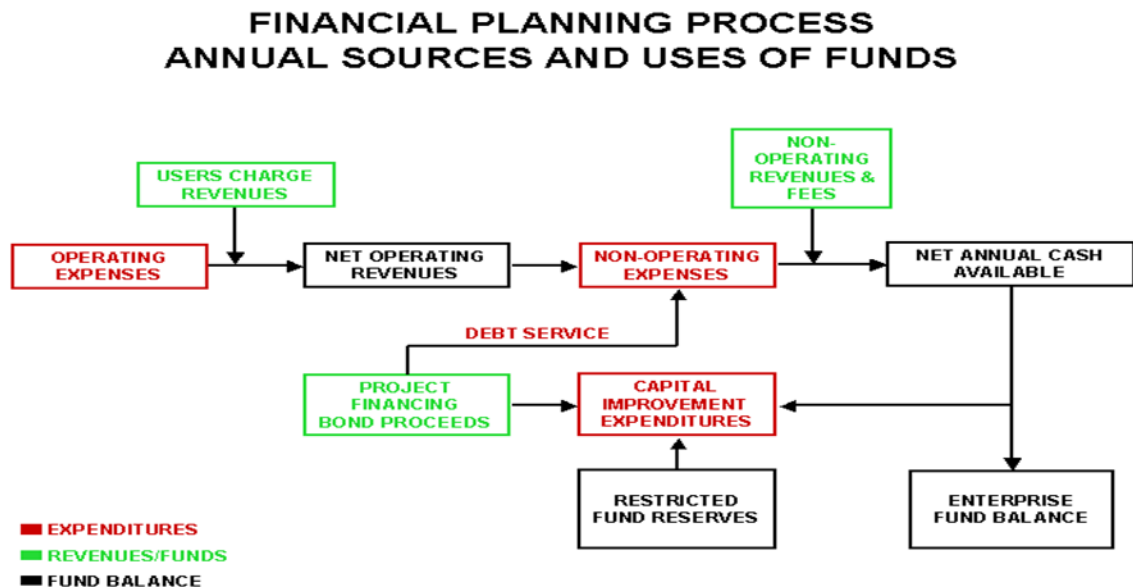
1.1 Background and Objectives

The City of Buellton (City) provides wastewater collection and treatment to 1,600 residents and businesses in the City. The City’s wastewater system currently consists of approximately 96,000 feet of gravity sewers, 850 feet of force mains, 3 lift stations, and a wastewater treatment plant with a capacity of 650,000 gallons per day.

The City desires to assess the applicability of its current rate structures, develop rate structures that provide equity to all customer classes, and provide adequate financial stability. In addition, the recommended rate structures must comply with the requirements of Proposition 218.

The City’s current wastewater rates have a fixed monthly charge and additional charges for commercial customers that use more than 900 cubic feet of water per month or that are included in specified customer categories. In addition to addressing revenue shortfalls, the City desires to conduct an updated wastewater rate study and evaluate its rates and rate structure and adopt updated rates in accordance with Proposition 218.

Our approach to comprehensive rate studies is generally well defined. As a process, the cornerstone of our approach is our commitment to interact with the City on an ongoing basis. A flow diagram of our proven financial planning process is shown below.



To address its current revenue shortfalls, the City desires to conduct an updated wastewater rate study and evaluate its rates and rate structure and adopt updated rates in accordance with Proposition 218. A parallel water rate study is also being conducted.

1.2 Study Methodology

In order to recommend fair and equitable wastewater rates for the City, a rate setting process that conforms to industry standards and current legal requirements must be undertaken. Generally, the steps necessary to implement this process are:

1. **Compile historical and current financial information.** To assess the City's current financial condition and make realistic economic projections, several years of financial data and the City's current budget are compiled and evaluated. In addition, the historical characteristics of the City's customer classes are compiled and the City's current financial policies are summarized.
2. **Evaluate revenue requirements for the study period.** Based on the compiled financial and customer information and assumptions related to customer growth and cost escalation, the City's capital and operating costs over the study period are projected. From these projections the City's annual revenue requirements are established.
3. **Conduct cost of service analysis.** To assure that each customer class is allocated the appropriate proportion of the City's projected revenue requirements, a cost of service analysis is conducted. Cost allocations are based on establishing functional cost categories such as wastewater flow and strength characteristics as well as customer growth projections.
4. **Recommend updated wastewater rates.** Based on the cost of service analysis, the rate structure for each customer class is reviewed and updated as necessary. Appropriate wastewater rates for each customer class are recommended. Based on the recommended rates, typical bills for representative customers are presented and compared with other comparable wastewater utilities in Santa Barbara County.

1.3 Scope of Services

To perform the evaluation described above, the following scope of services was utilized:

Task 1. Project Management and Communication

Task 2. Kick Off Meeting and Data Collection & Review

Task 3. Assess Revenue Requirements

Task 4. Update Wastewater System Cost of Service Analysis

Task 5. Develop Proposed Wastewater Rates

Task 6. Meetings, Draft/Final Reports

This report summarizes the results of the evaluation and recommends updated wastewater rates for the City.

Section 2: Historical and Current Financial Condition

2.1 Historical Financial Condition

The financial condition of the City's wastewater utility was reviewed and a summary of financial performance is presented in **Table 1**. The information presented in this table was derived from the City's Comprehensive Annual Financial Reports (CAFRs), the City's FY¹ 2015-16 Budget, and special financial analyses developed by City staff for this rate study.

The financial condition of a utility is assessed by contrasting several financial parameters with the recorded financial performance. Foremost among these parameters are criteria for net operating revenues and an assessment of the utility's fund balance stability. The findings related to each of these elements are provided as follows.

Net operating income is an important financial parameter of a utility's performance. Based on industry-accepted guidelines, this financial parameter is generally desired to be at least 20% of total operating revenues to generate adequate capital improvement funding for new and replacement (depreciation-based) assets. As shown in **Table 1**, the net operating income of the City as a percentage of total operating revenues has been declining since its last rate adjustment and will rely on transfers from its unrestricted funds unless additional rate adjustments are implemented. This condition is primarily due to increases in operating expenses.

¹ FY = fiscal year which runs from July 1st of each year through June 30th of the following year.

**TABLE 1
HISTORICAL OPERATING REVENUES AND EXPENSES**

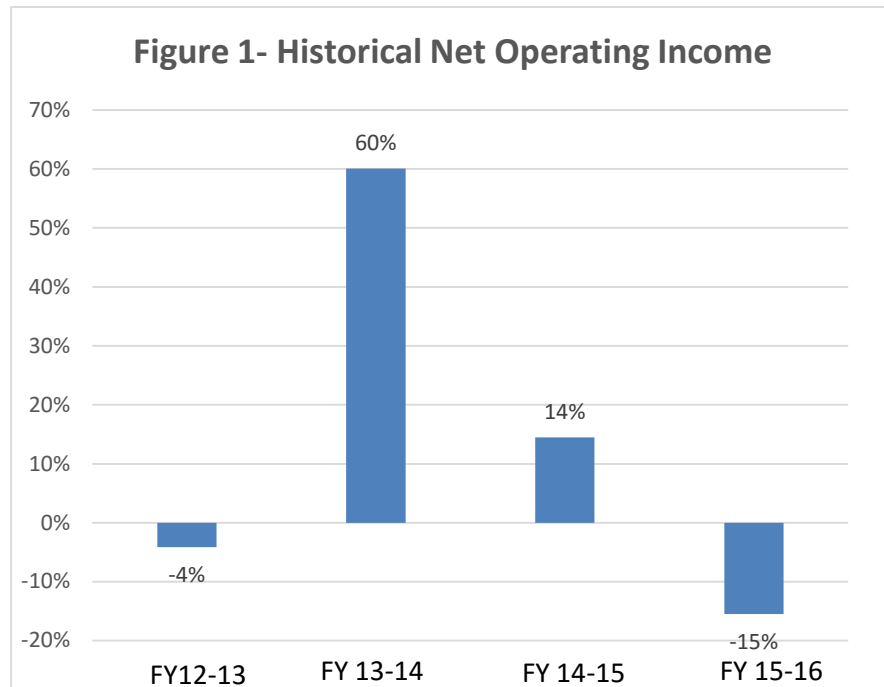
Sources and Uses of Funds	Fiscal Year				Notes
	FY 12-13	FY 13-14	FY 14-15	FY 15-16 Budget	
Operating Revenues					
Charges for Services	\$649,703	\$695,725	\$734,289	\$725,000	
Other Services Operating Services	\$0	\$0	\$92,077	\$4,900	
Total Operating Revenues	\$649,703	\$695,725	\$826,366	\$729,900	
Operating Expenses					
Personnel Services	\$283,523	\$233,081	\$228,440	\$253,567	See Note 1
Operations and Maintenance	\$393,087	\$44,713	\$478,236	\$589,315	
Total Operating Expenses	\$676,610	\$277,794	\$706,676	\$842,882	
Net Operating Income (Loss)					
Net Op Income as % of Total Op Revenue	-4%	60%	14%	-15%	
Non-Operating Revenue					
Reimbursements	\$434	\$0	\$0	\$0	
Investment Income	\$5,790	\$3,386	\$3,491	\$2,000	
Connection Fees	\$0	\$0	\$90,000	\$346,000	
Capital Contributions	\$36,380	\$0	\$0	\$0	
Total Non-Operating Revenues	\$42,604	\$3,386	\$93,491	\$348,000	
Non-Operating Expenses					
Capital Expenditures	\$49,001	\$470,766	\$57,179	\$250,000	
Depreciation	\$170,912	\$175,934	\$250,585	\$175,000	
Total Non-Operating Expenses	\$219,913	\$646,700	\$307,764	\$425,000	
Net Income (Loss)					
	(\$204,216)	(\$225,383)	(\$94,583)	(\$189,982)	
Cashflow of Unrestricted Funds					
Beginning Balance	(\$167,417)	(\$188,099)	(\$208,594)	(\$174,642)	See Note 2 See Note 2 See Note 2
Revenue	\$655,927	\$699,111	\$740,630	\$562,443	
Expenses	\$676,609	\$719,606	\$706,678	\$525,912	
Ending Balance	(\$188,099)	(\$208,594)	(\$174,642)	(\$138,111)	
Cashflow of Restricted Funds (Connection Fees)					
Beginning Balance	(\$817,963)	(\$849,102)	(\$1,203,379)	(\$1,114,152)	See Note 2 See Note 2 See Note 2
Revenue	\$0	\$0	\$89,227	\$219,902	
Expenses	\$31,139	\$354,277	\$0	\$39,595	
Ending Balance	(\$849,102)	(\$1,203,379)	(\$1,114,152)	(\$933,845)	

Notes

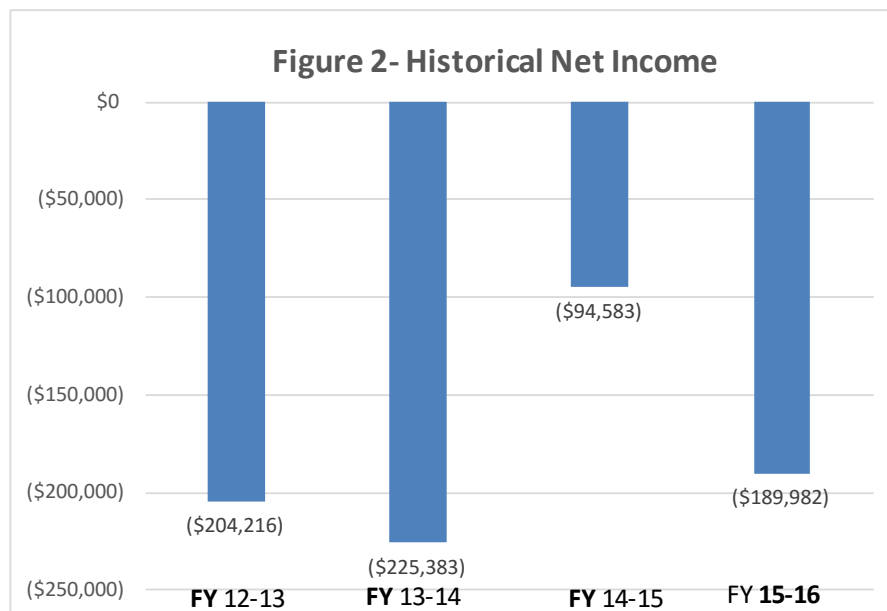
1. Excludes depreciation.
2. As of 3/31/16 for FY 15-16

During this period, Net Operating Income has ranged from a positive 60% in FY 13-14-13 to a projected negative 15% in FY 15-16 which is below the desired 20% minimum level. This trend is shown graphically on **Figure 1**. The decrease in Net Operating Income reflects the fact that the City

currently may not be generating sufficient funds to provide for future capital expenditures and increased operating expenses.



Net income (total operating and non-operating revenues, in excess of total operating and non-operating expenses) should be positive. As shown on **Figure 2**, the City is projected to have a significant negative net income in FY 15-16.



Fund balances are also important financial considerations. In addition to a utility's operational performance, the impact of non-operating revenues and capital expenditures can also have a significant impact on the City's financial condition, specifically as it impacts fund balances.

Unrestricted funds are usually accumulated from a utility's net income and are available for operations and maintenance expenses as well as any other discretionary purposes. In addition, the wastewater enterprise has restricted funds collected from Facility Capacity Charges. These funds can only be utilized for capacity-related capital improvement projects. The City was unable to identify the fund balances but developed the annual cashflow of the unrestricted and restricted funds. Depreciation is excluded as a non-cash expense in the evaluation of the cashflow in the unrestricted fund. As shown in **Table 1**, the cashflow of both funds are significantly negative over the historical period evaluated.

In consideration of these factors, as well as the integration of additional increases in projected operating and capital costs, additional revenues from wastewater rates are warranted to maintain the utility's sound financial position. The following sections of this report provide the analyses to support the level, timing and cost allocation of the City's financial requirements.

2.2 Historical Number of Customer Accounts

The City's historical customer data were provided by City staff and reviewed. These data are summarized by customer class in **Table 2**. As to be expected with the current economy, there has been very little change in growth-related account activity over the last several years. Consistent with the water use projections from the City, little change in new accounts and wastewater discharges is conservatively projected over the next 3 years. Reflected in these data is that approximately 62% of the wastewater discharges is generated by the residential customer classes.

TABLE 2
HISTORICAL NUMBER OF CONNECTIONS BY CUSTOMER CLASS

Customer Classes	Number of Connections (a)		
	FY 2012-2013	FY 2013-2014	FY 2014-2015
Residential			
SFR 5/8" WM	254	253	254
SFR 3/4" WM	950	950	951
SFR 1" and up	17	18	18
Condominium	116	117	115
Multiple Dwelling	25	25	25
Mobile Homes	2	2	2
Subtotal- Residential	1,364	1,365	1,365
Commercial/Industrial/Institutional			
Comm/Retail	45	45	45
Comm/Service	96	95	95
Industrial	23	23	22
School/Church/Park	4	4	4
Subtotal- CII	168	167	166
Total	1,532	1,532	1,531

Source: City of Buellton

2.3 FY 14-15 Water Use and Operating Revenues

Because wastewater discharges are not generally metered, water use is utilized to estimate the quantity of wastewater discharged by each customer class. FY 14-15 is the test year utilized for financial analyses. Based on data provided by City staff, the water use operating revenue for FY 14-15 by customer class is summarized in **Table 3**.

TABLE 3
FY 14-15 WATER USE AND REVENUE BY CUSTOMER CLASS

Customer Class	FY 14-15 Water Use		FY 14-15 Revenue	
	Per Class (hcf)	Per Connection (hcf)	Per Class	Per Connection
Residential				
SFR 5/8" WM	40,240	158	\$78,041	\$307
SFR 3/4" WM	164,557	173	\$289,038	\$304
SFR 1" and up	7,705	428	\$5,663	\$315
Condominium	6,308	55	\$33,738	\$293
Multiple Dwelling	9,686	387	\$34,133	\$1,365
Mobile Homes	26,116	13058	\$68,802	\$34,401
Subtotal-Residential	254,612	187	\$509,415	\$373
Commercial/Industrial/Institutional				
Comm/Retail	18,338	408	\$41,558	\$924
Comm/Service	103,038	1085	\$191,585	\$2,017
Industrial	15,313	696	\$103,430	\$4,701
School/Church/Park	23,283	5821	\$4,152	\$1,038
Subtotal-CII	159,972	964	\$340,725	\$2,053
Total Water Use/Revenue	414,584	271	\$850,141	\$555

Section 3: Future Revenue Requirements

The financial projections developed herein were produced to assess revenue and funding requirements, and included projections of operating revenue requirements. Future revenue requirements depend primarily on four specific elements:

- Customer growth
- Wastewater operations and maintenance costs
- Necessary capital improvements
- Meeting appropriate levels of fund and reserve targets.

This study examines future revenue requirements over the next three years, with a focus on the development of a three-year rate plan. As such, financial projections and rate recommendations for the next three years are reflected herein.

3.1 Projected Customer Growth

Customer growth affects the revenue requirements of the City in three ways. First, it increases the customer base that is paying for service; second, it increases the level of those costs that vary with the quantity of wastewater discharged such as chemicals and pumping expenses; and lastly, it affects revenues from Facility Capacity Charges.

To develop customer growth projections over the three-year study period, City staff provided a list of approved developments over the study period. These developments were assigned to the appropriate customer classes and completion dates. To develop conservative estimates of the financial impacts of these developments, the projected number of new connections were reduced by 25 percent to account for potential project delays. The results of this evaluation of projected customer growth by customer class are presented in Table 4. As indicated, the most significant growth occurs in the development of condominiums although the growth of new commercial developments is also notable.

**TABLE 4
PROJECTED NUMBER OF CONNECTIONS BY CUSTOMER CLASS**

Customer Classes	Projected Number of Connections (See Note 1)			
	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Residential				
SFR 5/8" WM	256	256	256	256
SFR 3/4" WM	951	951	951	951
SFR 1" and up	31	31	31	31
Condominium	114	194	260	290
Multiple Dwelling	26	26	26	26
Mobile Homes	2	2	2	2
Subtotal-Residential	1380	1460	1526	1556
Commercial/Industrial/Institutional				
Comm/Retail	56	62	62	62
Comm/Service	131	132	133	133
Industrial	27	29	29	30
School/Church/Park	6	7	7	7
Subtotal-CII	220	230	231	232
Total	1600	1690	1757	1787

Notes:

1. The projected number of new connections was reduced by 25% to account for project delays.

3.2 Projected Water Use

As indicated previously, water use is utilized to project wastewater discharges for each customer class which, together with the wastewater strength estimates for each customer class, forms the basis for the cost allocation of revenue requirements. Based on the water use per connection in each customer class (**Table 3**) and the projected number of connections (**Table 4**), the projected water use for each customer class is presented in **Table 5**.

**TABLE 5
PROJECTED WATER USE BY CUSTOMER CLASS**

Customer Class	Projected Water Use (hcf)			
	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Residential				
SFR 5/8" WM	40,557	40,557	40,557	40,557
SFR 3/4" WM	164,557	164,557	164,557	164,557
SFR 1" and up	13,270	13,270	13,270	13,270
Condominium	6,253	10,655	14,275	15,880
Multiple Dwelling	10,073	10,073	10,073	10,073
Mobile Homes	26,116	26,116	26,116	26,116
Subtotal-Residential	260,826	265,228	268,848	270,453
Commercial/Industrial/Institutional				
Comm/Retail	22,821	25,266	25,266	25,266
Comm/Service	142,084	142,897	144,524	144,524
Industrial	18,793	20,185	20,185	20,707
School/Church/Park	34,925	39,290	39,290	39,290
Subtotal-CII	218,622	227,639	229,265	229,787
Total Projected Water Use	479,448	492,867	498,114	500,240

3.3 Budgeted/Projected Operating Expenses

Costs associated with the management, administration, and operations of the City's wastewater utility are accounted for in two basic categories. These are:

- Personnel Services
- Operation and Maintenance

The historical and projected wastewater utility costs for these categories for the prior three years and the current fiscal year are shown in **Table 1**.

The historical wastewater utility costs presented in **Table 1** form the basis for cost projections for the 3-year study period of this rate study. Generally, when an increasing cost trend is observed, the compound growth rate of the cost category between FY 12-13 and FY 14-15 was determined. When no cost trend was observed, the 3-year average of the cost category was determined. Depreciation projections were based on \$175,000 included in the approved FY 15-16 Budget. The

projected cost of capital improvements is based on the capital improvement program provided by City staff and discussed in the Section 3.4. Based on this evaluation, cost projections for FY 15-16 to FY 18-19 were developed. These cost projections represent realistic estimates of the City's current and future costs.

Based on these assumptions, wastewater operation and maintenance costs are projected to increase significantly over the next three years. This is due to continuing plant maintenance and repair to the City's aging infrastructure, and increased costs in plant chemicals and electricity.

Another notable cost element in **Table 1** is depreciation. Providing reliable wastewater service is capital intensive. Depreciation is a non-operating expense that is recorded to represent the annual wear and tear of system assets. Funding depreciation means to set aside money for future capital requirements and replacement of aging infrastructure.

3.4 Projected Capital Improvement Program

To provide regulatory compliance and long range reliability, the City has identified several capital improvement projects to be implemented during the study period and beyond.

The Sewer Service Charges and Facility Capacity Charges recommended herein are intended to maintain a sound City financial condition over the 3-year study period. Additional increases may be required thereafter. For FY15-16, a budgeted capital improvement expense of \$250,000 is utilized in the rate analysis. The City's planned capital improvement program is presented in **Table 6**. In addition, those projects that are capacity-related are identified. These projects form the basis for determination of the recommended Facility Capacity Charges that are described in Section 3.6.

**TABLE 6
CAPITAL IMPROVEMENT PROGRAM**

Project No.	Project Description	Fiscal Year					Total
		FY 15-16 Budget	FY 16-17	FY 17-18	FY 18-19	Beyond FY 18-19	
092-702	Sewer Collection System Clean CCTV	\$30,000	\$50,000	\$50,000		\$100,000	\$230,000
092-703	WWTP and Lift Station Security and Reliability Project				\$25,000	\$50,000	\$75,000
092-704	Sewer Line Replacement		\$100,000	\$100,000	\$100,000	\$150,000	\$450,000
092-705	Headworks Improvement Project					\$0	\$0
092-706	WWTP Facilities Improvements	\$100,000	\$100,000	\$100,000	\$100,000	\$300,000	\$700,000
092-707	Endeloe Pilot Project					\$0	\$0
092-708	Sewer Jetter/Vac Truck				\$200,000	\$0	\$200,000
092-709	WWTP Lift Station and Power Plant Reliability			\$280,000		\$0	\$280,000
092-611	Recycled Water Concept/Feasibility Joint Project	\$120,000		\$400,000		\$0	\$520,000
Total Capital Improvement Program-Wastewater		\$250,000	\$250,000	\$930,000	\$425,000	\$600,000	\$2,455,000
Capacity Related Capital Improvement Program		\$250,000	\$250,000	\$930,000	\$225,000	\$600,000	\$2,255,000

3.5 Projected Operating Revenue at Current Rates

Based on the operating revenue per connection (**Table 3**) and the projected number of connections over the study period (**Table 4**), the operating revenue at current rates were projected for each customer class. These projections are shown in **Table 7**.

**TABLE 7
PROJECTED OPERATING REVENUES BY CUSTOMER CLASS AT CURRENT RATES**

Customer Class	Projected Annual Revenue			
	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Residential				
SFR 5/8" WM	\$78,655	\$78,655	\$78,655	\$78,655
SFR 3/4" WM	\$289,038	\$289,038	\$289,038	\$289,038
SFR 1" and up	\$9,753	\$9,753	\$9,753	\$9,753
Condominium	\$33,445	\$56,988	\$76,351	\$84,932
Multiple Dwelling	\$35,498	\$35,498	\$35,498	\$35,498
Mobile Homes	\$68,802	\$68,802	\$68,802	\$68,802
Subtotal-Residential	\$515,191	\$538,735	\$558,097	\$566,679
Commercial/Industrial/Institutional				
Comm/Retail	\$51,717	\$57,258	\$57,258	\$57,258
Comm/Service	\$264,186	\$265,698	\$268,723	\$268,723
Industrial	\$126,937	\$136,340	\$136,340	\$139,866
School/Church/Park	\$6,228	\$7,007	\$7,007	\$7,007
Subtotal-CII	\$449,067	\$466,302	\$469,327	\$472,853
Total Projected Revenue	\$964,258	\$1,005,037	\$1,027,424	\$1,039,531

3.6 Projected Connection Fee Revenues at Current Rates

The City's current sewer connection fees are shown in **Table 8**. Based on these rates and the development assumptions presented in **Table 4**, the projected connection fee revenues at current rates is shown in **Table 9**.

**TABLE 8
CURRENT SEWER CONNECTION FEES**

Customer Class	Connection Charge
Residential Accounts	Amount
Single Family Dwelling	\$2,640 per unit
Multi Family	\$2,420 per unit
Commercial Accounts	Amount
RV Parks	\$1,920 plus \$149 per space
Hotels/Motels	\$1,920 plus \$178 per room
General Commercial	\$1,920 plus \$225/750 sf
Dry Manufacturing	\$1,920 plus \$127.50/750 sf
Supermarkets	\$1920 plus \$427.50/750 sf
Restaurants	\$1,920 plus \$4,155/750 sf
Laundromats	\$1,920 plus \$10,350/750 sf
Industrial Accounts	\$1920 plus \$10.70/cf/day of flow, \$400/lb. of BOD, and \$500/lb. of SS

**TABLE 9
PROJECTED CONNECTION FEE REVENUE AT CURRENT RATES**

Customer Classes	FY 2016-2017	FY 2017-2018	FY 2018-2019	Notes
Residential				
SFR 5/8" WM	\$0	\$0	\$0	
SFR 3/4" WM	\$0	\$0	\$0	
SFR 1" and up	\$0	\$0	\$0	
Condominium	\$194,205	\$159,720	\$70,785	
Multiple Dwelling	\$0	\$0	\$0	
Mobile Homes	\$0	\$0	\$0	
Subtotal-Residential	\$194,205	\$159,720	\$70,785	
Commercial/Industrial/Institutional				
Comm/Retail	\$13,449	\$0	\$0	
Comm/Service	\$19,720	\$10,264	\$0	See Note 1
Industrial	\$27,420	\$0	\$6,420	See Note 2
School/Church	\$1,920	\$0	\$0	
Subtotal-CII	\$62,509	\$10,264	\$6,420	
Total	\$256,714	\$169,984	\$77,205	

Notes:

1. Hotel is assumed to be 100 rooms.
2. Undesignated industrial buildings are assumed to be 15,000 square feet and are assessed as general commercial.

3.7 Recommended Facility Capacity Charges

This section describes the development of cost-based Facility Capacity Charges, also known as Connection Fees, for customers requiring additional capacity in the City's wastewater system. These charges provide the means of balancing the cost requirements for utility infrastructure between existing and new customers. The portion of existing infrastructure and future capital improvements that will provide service (i.e., capacity) to new customers is included in the calculation of the charges. In contrast to this, the City has capital improvement projects that are related to renewal and replacement of existing infrastructure in service. These infrastructure costs are included within the rates of the service fees charged to the City's customers, and are not included within the calculation of the proposed capacity fees. By establishing cost-based capacity fees, the City maintains an approach of having "growth pay for growth" so that existing utility customers are essentially sheltered from the financial impacts associated with future system demands.

California Government Code Sections 66013, 66022, and 66023 are the primary Government Code sections applicable to the development and recovery of capacity charges. The focus of these sections is summarized below:

- The City must establish that the capacity charge does not exceed the estimated reasonable cost of capacity in facilities in existence or to be constructed for the benefit of the customer charged.
- The capacity charge revenues must be segregated from operating and maintenance funds and deposited in a separate fund.
- The Department may only expend the revenues for the purpose for which the charges were collected.

These sections of the Government Code suggest that the basis for facility charges be consistent with the new development's impact on the cost of capacity in the City's wastewater system. It should be noted however, that the documentation and supporting nexus for deriving the level of fair and equitable charges is not limited to a single criterion, acknowledging the fact that individual agencies may have unique circumstances that would result in charges that are fair and reasonable. Because the courts have approved assorted charge structure and methods over the years, there is a wide variation in the approach and method behind the development of these charges throughout California.

The first step in establishing capacity fees is the determination of the system planning criterion to be utilized to calculate the amount of capacity required by a new customer. Because both wastewater flow and strength must be considered in determining the service requirements of new customers, the Equivalent Residential Unit (ERU) is most often used for wastewater systems because it represents the basis for system design, and subsequent customer demands that are placed on the system. This metric equates the requirements of the new customer to the current requirements of a single family residential customer. The estimated wastewater flow of each customer class is based on its water consumption. The estimated wastewater strength, expressed as Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS), of each customer class is based on guidelines provided by the State Water Resources Control Board for a wide variety of customer types. These assumptions are then reconciled with actual monitoring data at the City's wastewater treatment plant. Because the City does not monitor BOD at the plant, monitoring data from the City's Industrial Discharge Program's required monitoring was utilized to reconcile the BOD assumptions. The results of this analysis are presented in **Table 10**.

**TABLE 10
EQUIVALENT RESIDENTIAL UNITS BY CUSTOMER CLASS IN FY 14-15**

Customer Classes	Estimated Wastewater Flow						Estimated Wastewater Strength					Estimated ERUs	
	Number of Connections	Annual Water Use (hcf)	Annual Water Use per Connection	Assumed Return to Sewer Ratio	Estimated Average Daily Wastewater Flow (gpd)	Estimated Average Daily Flow per Connection	Assumed BOD (mg/l)	BOD Loading (ppd)	Assumed TSS (mg/l)	TSS Loading (ppd)	Strength Ratio	Estimated ERUs	ERUs per Connection
Residential													
Single Family													
SFR 5/8" WM	254	40240	158	50%	41,232	162	250	86	230	79	1.0	254	1
SFR 3/4" WM	951	164557	173	50%	168,615	177	250	352	230	323	1.0	951	1
SFR 1" and up	18	7705	428	50%	7,895	439	250	16	230	15	1.0	45	2.5
Condominium	115	6308	55	75%	9,695	84	250	20	230	19	1.0	56	0.5
Multiple Dwelling	25	9686	387	75%	14,887	595	250	31	230	29	1.0	85	3.4
Mobile Homes	2	26116	13058	75%	40,140	20,070	250	84	230	77	1.0	230	115.2
Subtotal- Residential	1,365	254,612	187		282,464	207		589		542		1622	
Commercial/Industrial /Institutional													
Comm/Retail	45	18338	408	75%	28,185	626	150	35	150	35	0.6	101	2.2
Comm/Service	95	103038	1085	50%	105,579	1,111	1000	881	500	440	3.1	1895	19.9
Industrial	22	15313	696	75%	23,536	1,070	700	137	500	98	2.5	338	15.4
School/Church/Park	4	23283	5821	30%	14,314	3,579	130	16	100	12	0.5	39	9.8
Subtotal- CII	166	159972	964		171,614	1,034		1069		586		2373	
Total	1531	414,584			454,078	297		1,658		1,127		3995	

After the basis upon which the capacity requirements will be determined, an assessment of the utility system assets is performed to establish the assets that should be included in the capacity charge analysis. In this process, the existing assets must be valued. Existing assets may be valued in a number of different ways. For the purpose of this analysis the reproduction new less depreciation (RCNLD) method of valuation was utilized. In this method, the value of the existing assets is estimated by indexing the original cost of each asset from the time it was completed to the date of the valuation. For the purpose of this valuation a recent escalation of the Engineering News Record (ENR) Index of 2.7 percent per year was utilized. To this value the rate of depreciation currently utilized by the City is applied to determine the RCNLD value. In addition to the value of the City’s existing assets, the capacity-related capital improvements must be added. These improvements are presented in **Table 6**.

Based on this methodology, the determination of the recommended Facility Capacity Charges is presented in **Table 11**. The recommended surcharges are based on the cost allocation guidelines from the State Water Resources Control Board. Based on the development assumptions noted, the projected connection fee revenue at the recommended rates is presented in **Table 12**.

**TABLE 11
RECOMMENDED FACILITY CAPACITY CHARGES**

Category	Fiscal Year					
	FY 14-15	FY 15-16	FY 16-17	FY17-18	FY 18-19	
Available Capacity (gpd)						
Wastewater Treatment Capacity (gpd)	650,000	650,000	650,000	650,000	650,000	
Estimated Influent Flow (gpd)	454,078	514,672	528,713	535,944	539,212	
Available Capacity (gpd)	195,922	135,328	121,287	114,056	110,788	
Available ERUs						
Estimated ERUs	3,995		4976	5038	5064	See Note 1
ERUs at Capacity	5,719	5,840	5,840	5,840	5,840	
Available ERUs	1,724		864	802	776	
RCNLD Value						
RCNLD Value		\$3,787,912	\$3,862,912	\$4,617,912	\$4,867,912	
RCNLD per ERU			\$776	\$917	\$961	
Capacity Related CIP						
Capacity Related CIP	\$2,255,000		\$2,255,000	\$2,255,000	\$2,255,000	
Capacity Related CIP per ERU	\$1,308		\$2,610	\$2,812	\$2,905	
Facility Capacity Charge						
Recommended Facility Capacity Charge per ERU			\$3,387	\$3,728	\$3,866	
For Industrial Connections:						
Flow Surcharge (Over 56 gpd per ERU)			\$2,032	\$2,237	\$2,320	See Note 2
BOD Surcharge (Over 0.5 ppd per ERU)			\$643	\$708	\$735	See Note 3
TSS Surcharge (Over 0.2 ppd per ERU)			\$643	\$708	\$735	See Note 3

Notes:

1. From Table 17
2. Based on 60 percent allocation of charge
3. Based on 19 percent allocation of charge

**TABLE 12
PROJECTED CONNECTION FEE REVENUE AT RECOMMENDED RATES**

Customer Classes	FY 2016-2017	FY 2017-2018	FY 2018-2019	Notes
Residential				
SFR 5/8" WM	\$0	\$0	\$0	
SFR 3/4" WM	\$0	\$0	\$0	
SFR 1" and up	\$0	\$0	\$0	
Condominium	\$131,571	\$119,125	\$54,744	
Multiple Dwelling	\$0	\$0	\$0	
Mobile Homes	\$0	\$0	\$0	
Subtotal-Residential	\$131,571	\$119,125	\$54,744	
Commercial/Industrial/Institutional				
Comm/Retail	\$45,676	\$0	\$0	
Comm/Service	\$50,654	\$111,529	\$0	See Note 1
Industrial	\$104,023	\$0	\$44,531	See Note 2
School/Church	\$25,010	\$0	\$0	
Subtotal-CII	\$225,363	\$111,529	\$44,531	
Total	\$356,934	\$230,655	\$99,275	

Notes:

1. Hotel is assumed to be 100 rooms.
2. Undesignated industrial buildings are assumed to be 15,000 square feet and are assessed

3.8 Projected Revenue and Expenses at Current Rates

An annualized revenue plan has been prepared to assess the financial implications of the City's programs and costs. This plan integrates operating and capital costs, and depreciation.

Based on the assumptions described in the preceding sections, the projected financial condition of the City for FY 16-17 to FY 18-19 was evaluated at current rates. This evaluation is presented in **Table 13**.

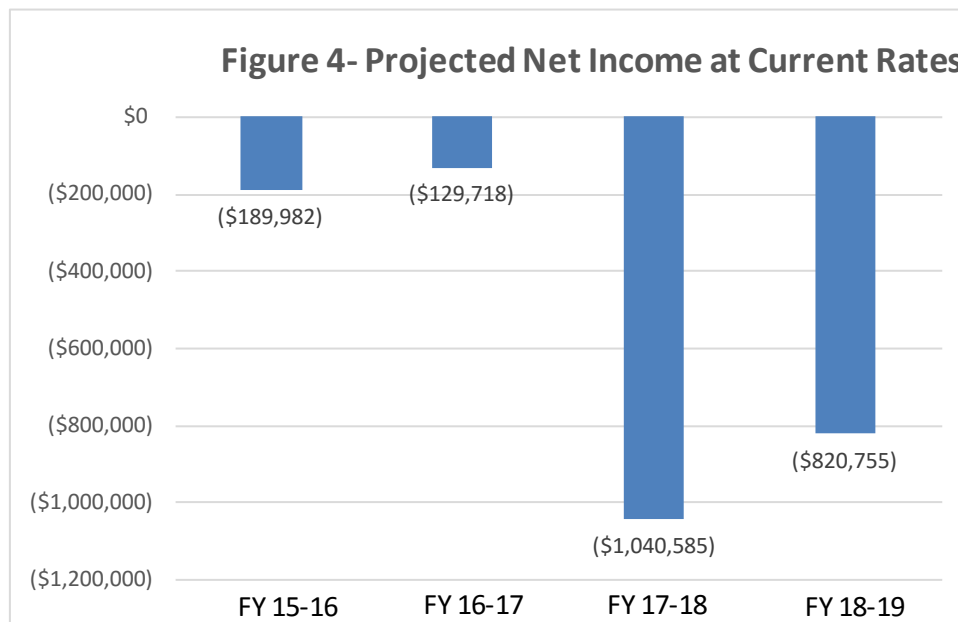
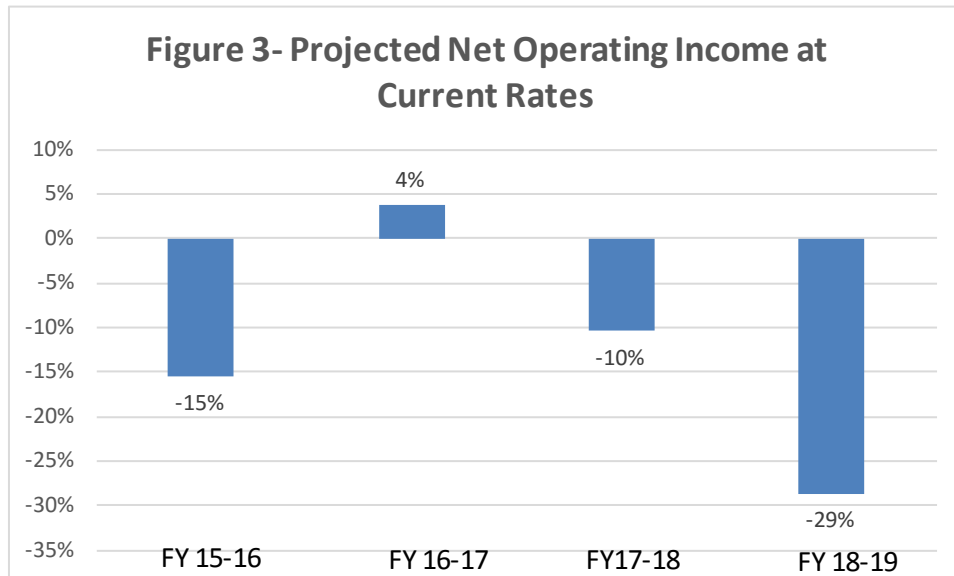
TABLE 13
PROJECTED OPERATING REVENUES AND EXPENSES AT CURRENT RATES

Sources and Uses of Funds	Projected				Notes
	FY 15-16 Budget	FY 16-17	FY 17-18	FY 18-19	
Operating Revenues					
Charges for Services	\$725,000	\$1,005,037	\$1,027,424	\$1,039,531	
Other Services Operating Services	\$4,900	\$4,900	\$4,900	\$4,900	
Total Operating Revenues	\$729,900	\$1,009,937	\$1,032,324	\$1,044,431	
Operating Expenses					
Personnel Services	\$253,567	\$248,348	\$248,348	\$248,348	
Operations and Maintenance	\$589,315	\$724,445	\$890,560	\$1,094,766	
Total Operating Expenses	\$842,882	\$972,793	\$1,138,908	\$1,343,114	
Net Operating Income (Loss)	-\$112,982	\$37,144	-\$106,584	-\$298,682	
Net Op Income as % of Total Op Revenue	-15%	4%	-10%	-29%	
Non-Operating Revenue					
Reimbursements	\$0	\$0	\$0	\$0	
Investment Income	\$2,000	\$1,424	\$1,014	\$722	
Connection Fees	\$346,000	\$256,714	\$169,984	\$77,205	
Capital Contributions	\$0	\$0	\$0	\$0	
Total Non-Operating Revenues	\$348,000	\$258,138	\$170,998	\$77,927	
Non-Operating Expenses					
Capital Expenditures	\$250,000	\$250,000	\$930,000	\$425,000	
Depreciation	\$175,000	\$175,000	\$175,000	\$175,000	
Total Non-Operating Expenses	\$425,000	\$425,000	\$1,105,000	\$600,000	
Net Income (Loss)	(\$189,982)	(\$129,718)	(\$1,040,585)	(\$820,755)	
Cashflow of Unrestricted Funds					
Beginning Balance	(\$174,642)	(\$138,111)	(\$99,543)	(\$205,112)	
Revenue	\$731,900	\$1,011,361	\$1,033,339	\$1,045,154	See Note 1
Expenses	\$842,882	\$972,793	\$1,138,908	\$1,543,114	See Note 1
Ending Balance	(\$138,111)	(\$99,543)	(\$205,112)	(\$703,072)	
Cashflow of Restricted Funds (Connection Fees)					
Beginning Balance	(\$1,114,152)	(\$1,018,152)	(\$1,011,438)	(\$1,771,454)	
Revenue	\$346,000	\$256,714	\$169,984	\$77,205	See Note 1
Expenses	\$250,000	\$250,000	\$930,000	\$225,000	See Note 1
Ending Balance	(\$1,018,152)	(\$1,011,438)	(\$1,771,454)	(\$1,919,249)	

Notes:

1. As budgeted for FY15-16

As shown in **Table 13** and on **Figures 3 and 4**, at current rates, net operating income declines from a projected negative 15 percent in FY 15-16 to negative 40 percent in FY 18-19 and net income declines from a projected negative \$485,982 in FY 15-16 to a negative \$905,686 in FY 18-19. In turn, these financial conditions create significant negative cashflows in the City's unrestricted and restricted funds.



3.9 Revenue Requirements

As expected, additional revenues are needed to meet the obligations of the City. Accordingly, the revenue requirements to maintain a stable financial performance were evaluated. This revenue plan is designed to produce net operating income of a no less than 20 percent in order to provide adequate funding for capital expenditures while maintaining relatively stable fund balances.

The resulting revenue plan needed to fund City's wastewater utility costs is shown in **Table 14**. The focus of the financial plan is to maintain the financial stability of the City's wastewater enterprise.

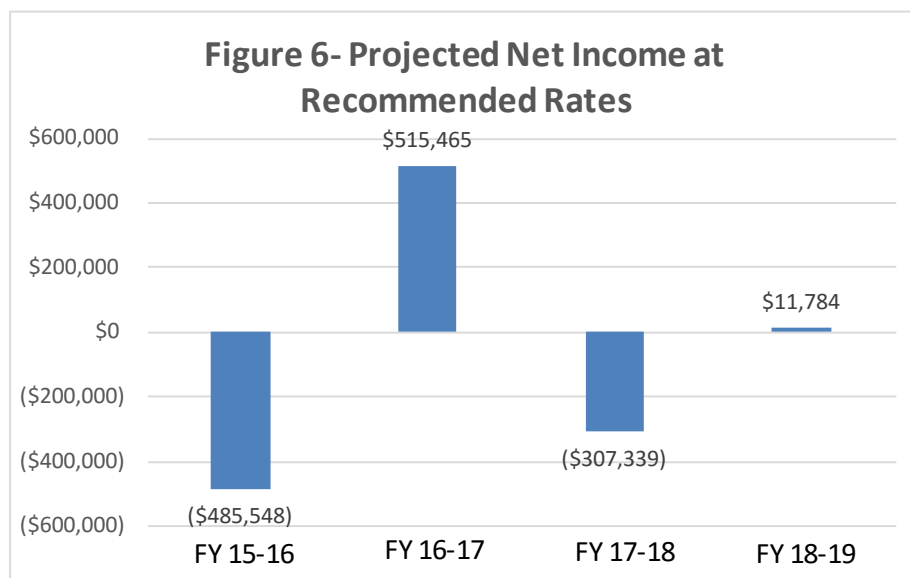
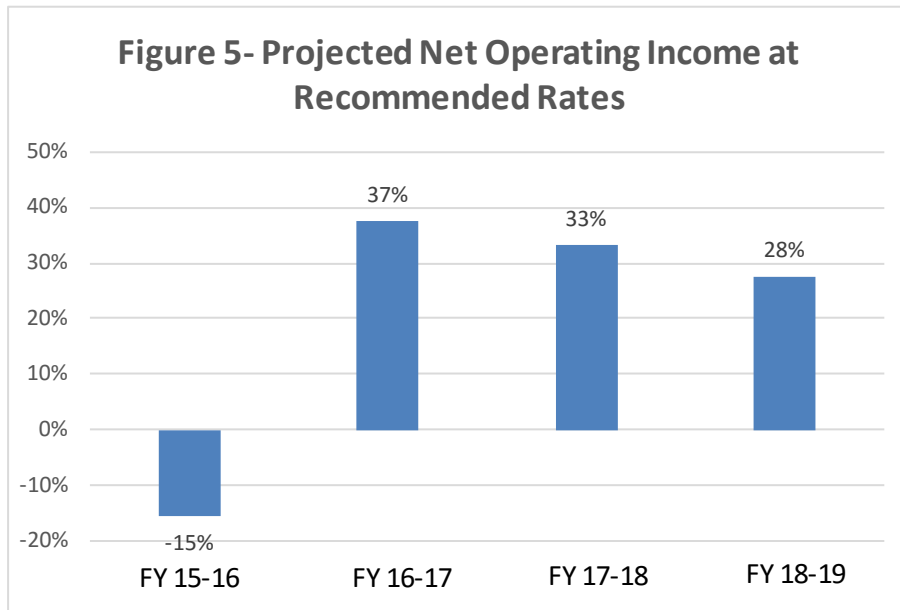
TABLE 14
PROJECTED OPERATING REVENUES AND EXPENSES AT RECOMMENDED RATES

Sources and Uses of Funds	Projected				
	FY 15-16 Budget	FY 16-17	FY 17-18	FY 18-19	
Operating Revenues					
Charges for Services	\$725,000	\$1,550,000	\$1,700,000	\$1,850,000	
Other Services Operating Services	\$4,900	\$4,900	\$4,900	\$4,900	
Total Operating Revenues	\$729,900	\$1,554,900	\$1,704,900	\$1,854,900	
Operating Expenses					
Personnel Services	\$253,567	\$248,348	\$248,348	\$248,348	
Operations and Maintenance	\$589,315	\$724,445	\$890,560	\$1,094,766	
Total Operating Expenses	\$842,882	\$972,793	\$1,138,908	\$1,343,114	
Net Operating Income (Loss)	(\$112,982)	\$582,107	\$565,992	\$511,786	
Net Op Income as % of Total Op Revenue	-15%	37%	33%	28%	
Non-Operating Revenue					
Reimbursements	\$434	\$0	\$0	\$0	
Investment Income	\$2,000	\$1,424	\$1,014	\$722	
Connection Fees	\$346,000	\$356,934	\$230,655	\$99,275	
Capital Contributions	\$0	\$0	\$0	\$0	
Total Non-Operating Revenues	\$348,434	\$358,358	\$231,669	\$99,997	
Non-Operating Expenses					
Capital Expenditures	\$250,000	\$250,000	\$930,000	\$425,000	
Depreciation	\$175,000	\$175,000	\$175,000	\$175,000	
Total Non-Operating Expenses	\$425,000	\$425,000	\$1,105,000	\$600,000	
Net Income (Loss)	(\$189,548)	\$515,465	(\$307,339)	\$11,784	
Cashflow of Unrestricted Funds					
Beginning Balance	(\$174,642)	(\$138,111)	\$445,420	\$1,012,427	
Revenue	\$731,900	\$1,556,324	\$1,705,914	\$1,855,622	See Note 1
Expenses	\$842,882	\$972,793	\$1,138,908	\$1,543,114	See Note 1
Ending Balance	(\$138,111)	\$445,420	\$1,012,427	\$1,324,936	See Note 1
Cashflow of Restricted Funds (Connection Fees)					
Beginning Balance	(\$1,114,152)	(\$1,018,152)	(\$911,218)	(\$1,610,564)	
Revenue	\$346,000	\$356,934	\$230,655	\$99,275	See Note 1
Expenses	\$250,000	\$250,000	\$930,000	\$225,000	See Note 1
Ending Balance	(\$1,018,152)	(\$911,218)	(\$1,610,564)	(\$1,736,289)	See Note 1

Notes

1. As budgeted for FY 15-16.

Recommended revenue requirements shown in **Table 14** result in projected net operating income levels are shown in **Figure 5**, which meet the target of no less than 20%. In addition, as shown in **Figure 6** net income is positive over the study period. As a result of the improved financial performance, the cashflow of the unrestricted fund is stabilized but the cashflow of the restricted fund remains negative due to the high level of projected capital expenditures.



Section 4: Current Sewer Service Charges

The City strives to provide cost-effective wastewater collection, treatment and disposal services for its customers, particularly with the low density of development within the City and its relatively small customer base.

4.1 Current Sewer Service Charges

The City last increased its wastewater rates in 2011 for the years FY 11-12 to FY 14-15.

Residential Customers: The City's current residential sewer service charges consist of a fixed monthly service charge for each single family dwelling and the same fixed monthly charge for the first unit of multiple family dwelling customer classes plus a lower fixed monthly charge for each additional unit.

Commercial and Industrial Customers: Commercial user classes consist of a fixed monthly charge plus a surcharge for monthly water use over 900 cubic feet. The wastewater rates for industrial customers and combinations of customer classes are established by the Public Works Director.

The City's current wastewater rates and rate structure are shown in **Table 15**.

**TABLE 15
CURRENT SEWER SERVICE CHARGES**

Customer Class	Charges by Customer Class	
Residential Accounts	Monthly Charge	Charge for Excess Water Use
Single Family Dwelling	\$25	
Multi Family-Townhouses & Condos	\$25 plus \$23.08 for each additional unit	
Multi Family-Apts	\$25 plus \$17.38 for each additional unit	
Mobile Home Parks	\$25 plus \$18.17 for each additional space	
Commercial Accounts	Monthly Charge	
Motels	\$30.84	\$1.74/hcf for water use over 900 cf
Restaurant	\$30.84	\$1.74/hcf for water use over 900 cf
Fast Food/Bar	\$30.84	\$1.74/hcf for water use over 900 cf
Theaters/Banquet	\$30.84	\$1.74/hcf for water use over 900 cf
Camper/Trailer Parks (unmetered)	\$30.84 plus \$5.50 for each additional space	\$1.74/hcf for water use over 900 cf
Camper/Trailer Parks (metered)	\$30.84 for first space	\$1.74/hcf for water use over 900 cf
Schools	\$30.84	\$1.74/hcf for 85% of water use over 900 cf
Churches (w/o School)	\$30.84	
Other Commercial	\$30.84	\$1.74/hcf for 85% of water use over 900 cf
Industrial Accounts	Determined by Public Works Director	
Combinations	Determined by Public Works Director	

4.2 Current Facility Capacity Charges

The City levies a connection fee on new development to recover the costs of new development's impact on the wastewater system. The City's current Facility Capacity Charges are described in Section 3 of this report and summarized in **Table 8** which is duplicated below.

**TABLE 8
CURRENT SEWER CONNECTION FEES**

Customer Class	Connection Charge
Residential Accounts	Amount
Single Family Dwelling	\$2,640 per unit
Multi Family	\$2,420 per unit
Commercial Accounts	Amount
RV Parks	\$1,920 plus \$149 per space
Hotels/Motels	\$1,920 plus \$178 per room
General Commercial	\$1,920 plus \$225/750 sf
Dry Manufacturing	\$1,920 plus \$127.50/750 sf
Supermarkets	\$1920 plus \$427.50/750 sf
Restaurants	\$1,920 plus \$4,155/750 sf
Laundromats	\$1,920 plus \$10,350/750 sf
Industrial Accounts	\$1920 plus \$10.70/cf/day of flow, \$400/lb. of BOD, and \$500/lb. of SS

Section 5: Cost of Service Evaluation

To allocate the required revenue requirements to the appropriate customer classifications, a cost of service evaluation was performed.

5.1 Cost of Service Allocation

To allocate the revenue requirements to the customer classes, the cost of service is based on Equivalent Residential Units (ERUs). The number of ERUs for the commercial customer classes are based on their relationship to the amount of wastewater per ERU attributed to residential customers and adjusted by the strength ratios shown in **Table 10**. From the FY 14-15 test year analysis, the estimated ERUs per connection (**Table 10**) were applied to the projection of connections during the study period shown in **Table 4**. The cost of service allocation for wastewater service is designed around the concept of an equivalent residential units (ERU), based on the system load and discharges of a single-family dwelling parcel. This ERU applies to all accounts, whether residential or commercial. A single-family residence is 1.0 ERUs. In the assessment of the ERUs for each residential connection, it was assumed that the condominium and multiple dwelling customer classes represent 0.7 ERU per unit and mobile homes represent 0.5 ERU per connection. The resulting projection of ERUs for each customer class is presented in **Table 16**.

TABLE 16
REVENUE REQUIREMENTS BY CUSTOMER CLASSES

Category	Projected Number of ERUs			Revenue Requirements			Notes
	FY 16-17	FY 17-18	FY 18-19	FY 16-17	FY 17-18	FY 18-19	
Wastewater Revenue Requirements							
Residential	1697	1729	1744	\$1,550,000	\$1,700,000	\$1,850,000	
Commercial	3279	3309	3320	\$528,731	\$583,560	\$637,003	
Total ERUs	4976	5038	5064				
Residential Revenue Requirements							
Single Family	1284	1284	1284	\$399,950	\$433,268	\$469,107	
Condominium	94	126	140	\$29,292	\$42,514	\$51,204	
Multiple Dwelling	89	89	89	\$27,693	\$30,000	\$32,482	
Mobile Homes	230	230	230	\$71,796	\$77,777	\$84,211	
Subtotal-Residential	1697	1729	1744	\$528,731	\$583,560	\$637,003	
Residential Charges	Monthly Charge						
	FY 16-17	FY 17-18	FY 18-19				
Single Family	\$25.96	\$28.12	\$30.45				
Condominium	\$18.17	\$19.68	\$21.31				See Note 1
Multiple Dwelling	\$18.17	\$19.68	\$21.31				See Note 1
Mobile Homes	\$12.98	\$14.06	\$15.22				See Note 2
Commercial Revenue Requirements							
Comm/Retail	139	139	139	\$43,412	\$47,028	\$50,918	
Comm/Service	2627	2657	2657	\$818,424	\$896,698	\$970,870	
Industrial	445	445	457	\$138,730	\$150,287	\$166,927	
School/Church/Park	66	66	66	\$20,703	\$22,427	\$24,282	
Subtotal-Commercial	3279	3309	3320	\$1,021,269	\$1,116,440	\$1,212,997	
Commercial Charges	Monthly Charge			Variable Charge (per hcf of water use)			
	FY 16-17	FY 17-18	FY 18-19	FY 16-17	FY 17-18	FY 18-19	
Comm/Retail	\$58.35	\$63.21	\$68.44				
Comm/Service	\$51.77	\$56.08	\$60.72	\$5.15	\$5.58	\$6.05	
Industrial	\$39.86	\$43.19	\$46.76	\$6.19	\$6.70	\$7.26	
School/Church/Park	\$25.56	\$27.69	\$29.98	\$0.47	\$0.51	\$0.56	

Notes

1. Assumes these customer classes represent 0.7 ERU per unit.

2. Assumes this class represents 0.5 ERU per unit. Camper/trailer parks are assumed to have an average occupancy of 70 percent.

5.2 Unit Rates

Based on the projection of ERUs for each customer class, the allocation of revenue requirements to each customer class was performed. The allocation of revenue requirements for each customer class is shown in **Table 16**. Assuming that a rate structure similar to the City's current structure is utilized, the fixed monthly charges for the residential customer classes and the fixed monthly charges and variable consumption charges for the commercial customer classes are shown in **Table 16**. This analysis assumes that 10 percent of the commercial revenue requirements are allocated to the fixed charge and 90 percent to the variable charge. This approach communicates a strong price signal to the City's commercial customers to continue aggressive water conservation.

Section 6: Recommended Sewer Service Charge Rates

Recommended wastewater rates have been developed to meet the revenue requirements of the City. As indicated in Section 3, revenues generated from current wastewater rates are approximately \$0.7 million per year. Development of the recommended sewer service charge rates follows.

6.1 Current Rate Structure

The current rate structure for wastewater service is described in Section 4. This rate structure includes a fixed monthly charge for residential customers and fixed monthly charge and variable consumption charge for commercial customers.

6.2 Recommended Rate Structure

Water Consultancy recommends that the City continue the current rate structure. Continuation of the current structure would also minimize any confusion by ratepayers. The current rate structure has adequately served the City's recent financial requirements. The current rate structure provides the financial stability that is necessary to fund the City's operating expenses most of which are fixed.

6.3 Development of Sewer Service Charge Rates

To develop appropriate sewer service charge rates for each customer class, the revenue requirements for FY 16-17 to FY 18-19 developed in **Table 14** were allocated to the residential and commercial customer classes based on the ERUs for each class shown in **Table 16**. Consistent with the current rate structure, the revenue requirements for the residential customer classes were divided by the number of ERUs in each class assuming the condominium and multiple dwelling classes represent 0.7 ERUs per unit and mobile homes represent 0.5 ERU per connection. The revenue requirements for the commercial customer classes were allocated 10 percent to the fixed monthly charge and 90 percent to the variable consumption charge to encourage conservation.

6.4 Recommended Sewer Service Charge Rates

Based on the analysis described in the preceding section, the recommended sewer service charge rates for the City were developed. Water Consultancy recommends that the City adopt the rates summarized in **Table 17** for FY 16-17, **Table 18** for FY 17-18, and **Table 19** for FY 18-19.

**TABLE 17
RECOMMENDED SEWER SERVICE CHARGES FOR FY 16-17**

Customer Class	Charges by Customer Class	
Residential Accounts	Monthly Charge	Charge for Excess Water Use
Single Family Dwelling	\$25.96	
Multiple Dwelling	\$25.96 plus \$18.17 for each additional unit	
Multi Family-Townhouses & Condos	\$25.96 plus \$18.17 for each additional unit	
Multi Family-Apts	\$25.96 plus \$18.17 for each additional unit	
Mobile Home Parks	\$25.96 plus \$12.98 for each additional space	
Commercial Accounts	Monthly Charge	
Motels	\$51.77	\$5.15/hcf for water use over 1400 cf
Restaurant	\$51.77	\$5.15/hcf for water use over 1400 cf
Fast Food/Bar	\$51.77	\$5.15/hcf for water use over 1400 cf
Theaters/Banquet	\$51.77	\$5.15/hcf for water use over 1400 cf
Camper/Trailer Parks (unmetered)	\$51.77 plus \$14.06 for each additional space	
Camper/Trailer Parks (metered)	\$51.77 for first space	\$5.15/hcf for water use over 1400 cf
Schools	\$25.56	\$0.47/hcf for water use over 1400 cf
Churches (w/o School)	\$25.56	\$0.47/hcf for water use over 1400 cf
Other Commercial	\$58.35	\$5.51/hcf for water use over 1400 cf
Industrial Accounts	Determined by Public Works Director	
Combinations	Determined by Public Works Director	

**TABLE 18
RECOMMENDED SEWER SERVICE CHARGES FOR FY 17-18**

Customer Class	Charges by Customer Class	
Residential Accounts	Monthly Charge	Charge for Excess Water Use
Single Family Dwelling	\$28.12	
Multiple Dwelling	\$28.12 plus \$19.68 for each additional unit	
Multi Family-Townhouses & Condos	\$28.12 plus \$19.68 for each additional unit	
Multi Family-Apts	\$28.12 plus \$19.68 for each additional unit	
Mobile Home Parks	\$26.47 plus \$14.06 for each additional space	
Commercial Accounts	Monthly Charge	
Motels	\$56.08	\$5.58/hcf for water use over 1400 cf
Restaurant	\$56.08	\$5.58/hcf for water use over 1400 cf
Fast Food/Bar	\$56.08	\$5.58/hcf for water use over 1400 cf
Theaters/Banquet	\$56.08	\$5.58/hcf for water use over 1400 cf
Camper/Trailer Parks (unmetered)	\$56.08 plus \$14.06 for each additional space	
Camper/Trailer Parks (metered)	\$56.08 for first space	\$5.58/hcf for water use over 1400 cf
Schools	\$27.69	\$0.51/hcf for water use over 1400 cf
Churches (w/o School)	\$27.69	\$0.51/hcf for water use over 1400 cf
Other Commercial	\$63.21	\$5.58/hcf for water use over 1400 cf
Industrial Accounts	Determined by Public Works Director	
Combinations	Determined by Public Works Director	

**TABLE 19
RECOMMENDED SEWER SERVICE CHARGES FOR FY 18-19**

Customer Class	Charges by Customer Class	
Residential Accounts	Monthly Charge	Charge for Excess Water Use
Single Family Dwelling	\$30.45	
Multiple Dwelling	\$30.45 plus \$21.31 for each additional unit	
Multi Family-Townhouses & Condos	\$30.45 plus \$21.31 for each additional unit	
Multi Family-Apts	\$30.45 plus \$21.31 for each additional unit	
Mobile Home Parks	\$30.45 plus \$15.22 for each additional space	
Commercial Accounts	Monthly Charge	
Motels	\$60.72	\$6.05/hcf for water use over 1400 cf
Restaurant	\$60.72	\$6.05/hcf for water use over 1400 cf
Fast Food/Bar	\$60.72	\$6.05/hcf for water use over 1400 cf
Theaters/Banquet	\$60.72	\$6.05/hcf for water use over 1400 cf
Camper/Trailer Parks (unmetered)	\$60.72 plus \$15.22 for each additional space	
Camper/Trailer Parks (metered)	\$60.72 for first space	\$6.05/hcf for water use over 1400 cf
Schools	\$29.98	\$0.56/hcf for water use over 1400 cf
Churches (w/o School)	\$29.98	\$0.56/hcf for water use over 1400 cf
Other Commercial	\$68.44	\$6.05/hcf for water use over 1400 cf
Industrial Accounts	Determined by Public Works Director	
Combinations	Determined by Public Works Director	