

COUNTRY CLUB SEWER MAINTENANCE DISTRICT

CCSMD

SEWER COST OF SERVICE RATE STUDY

Draft

February 2023

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Introduction/Executive Summary

On June 16, 1970, the Board of Supervisors determined that a Sewer Maintenance District should be formed. The Country Club Sewer Maintenance District (CCSMD) was created to perform the functions authorized under Chapter 4, Part 3, Division 5, of the Health and Safety Code of 1970 to protect public health. Although the County of Imperial oversees it, this Special District is a separate agency. It was created at the request of the property owners to maintain the sewer system for the homes located at the Barbara Worth Country Club. On July 21, 1970 (minute order #7) the Imperial County Board of Supervisors authorized the Department of Public Works to perform the administration of the Country Club Sewer Maintenance District (CCSMD) and to negotiate with the City of Holtville for performance of routine maintenance and operation of the plant.

The City of Holtville assumed the responsibility for the operation and maintenance of the District's sewer system on March 31, 1976, under an agreement between the District and the City of Holtville dated December 19, 1972. This agreement gave the City of Holtville the option to opt out of providing maintenance services by giving six months written notice. The City elected this option by giving written notice in December, 2001. Effective July 1, 2002 the CCSMD was responsible for all maintenance costs associated with the sewer lines and the pump station.

The last rate study and Prop 218 process was completed in 2013 when the rates were increased. It has been 10 years since the last rate increase. The total fund balance has never been positive. There has been a negative fund balance (the CCMSD owes the County) since the County took responsibility for the CCMSD. This is due to the excessive maintenance and repairs required due to the undersized two-mile sewer force main that is beyond its expected lifespan.

This report will discuss the expenses of the CCSMD and alternatives to implement an equitable rate structure to replace the aging infrastructure and keep the CCSMD from collapse. Sewer fees in the CCSMD are higher than the surrounding areas, due to the relatively high costs for maintaining the system and implementing the force main replacement project with a relatively small number of sewer connections. The CCMSD is a sewer collection system only; residents of the CCMSD also must pay the City of Holtville for sewage treatment.

This document includes information from several public sources (see references), including the "Auditor's Report Country Club Sewer District FY 20-21". This information was placed here for convenience of the reader.

Board Responsibilities

The Governing Body (Board of Supervisors) has the fiduciary responsibility to set the rates at such a level that the utility will be able to continue to operate now and into the future, including providing funds to replace all parts of the system as they wear out. While this document recommends certain rates, the ultimate decision rests with the Governing Body.

Guiding Principles of This Study

This study is guided by the following principles:

Sustainability: Wastewater rates should cover costs permitting the Barbara Worth Country Club to provide wastewater services now and for the foreseeable future.

Fairness: Wastewater rates should be fair to all ratepayers. No single ratepayer or group of ratepayers should be singled out for different rates. The District should not charge more for collection of wastewater than the cost to provide the services.

Ease of Understanding: Wastewater rates should be easy for staff to understand, implement and explain to customers. The structure should be compatible with current utility billing software.

Justifiability: Wastewater rates must be based on the actual financial needs of the District. Revenue generated from wastewater rates cannot be used for anything else but to pay for the costs of collecting and treating wastewater within its service area, plus any administrative costs and reserves.

History of the CCSMD

On April 16, 1971 David E. Pierson, Director of Imperial County Public Works Department made the first attempt to negotiate with the City of Holtville for maintenance of the sewer system for the CCSMD. At this point the City of Holtville declined the invitation to take over maintenance of the system.

On December 19, 1972 the CCSMD and the City of Holtville entered into an agreement which stipulated that the City of Holtville would operate and maintain the District's sewer system and would establish and collect service charges and maintenance fees to operate the district. This agreement provides the ability for either party to terminate the contract effective at the end of any fiscal year provided that six (6) months prior written notice of such intention is first given. In the event of any such termination, CCSMD shall pay the city a reasonable charge for the right to continue its tie-on with city's sewerage system. If such amount cannot be mutually agreed upon, the charges shall be set through the arbitration process as outlined in paragraph 8 in the 1972 agreement.

On February 15, 1977 the City of Holtville's representatives expressed concern about the 1972 agreement between the city and the CCSMD. The representatives' concern was that the contract could be misconstrued and impose certain duties and obligations on the District to operate and maintain, on the basis or terms set forth therein, sewerage improvements installed on lands which are annexed into the CCSMD in the future; and thereby overburden facilities owned in the city.

The CCSMD was willing to amend the contract as follows:

The city's obligation, under the contract, is to operate and maintain CCSMD's sewage system and to ensure the proper functioning thereof and shall pertain only to the sewage system and works constructed within the district's current legal description. City shall not, by reason of the contract, be responsible for the operation and maintenance of sewage facilities constructed in any area which might be annexed to the legal description stipulated in October 3, 1975 agreement. On December 26, 2001 the Holtville City Council took action to officially notify the County of Imperial and the CCSMD that the City of Holtville was invoking Paragraph 10 of the 1972 agreement between the County, the CCSMD, and the city. Paragraph 10 states the following:

"10. City's agreement to operate and maintain District's sewerage system and to establish and collect service charges and fees may be terminated by either party effective at the end of any fiscal year provided that six (6) months prior written notice of such intention is first given. In the event of any such termination, District shall pay City a reasonable charge for the right to continue the tie-on with City's sewerage system. If the amount of charges cannot be mutually agreed upon, the charges shall be set through the arbitration process as outlined in paragraph 8 above".

In their letter, the Council, City Staff and the City Manager stated their interest in bringing the project to a mutually agreeable resolution. This letter notified the County of Imperial to assume full responsibility for the operation and the maintenance of CCSMD's facilities which included the pump station and sewer force main line no later than June 30, 2002.

On December 26, 2001, the Holtville City Council took action to officially notify the County of Imperial (CCSMD) that the City of Holtville is invoking Paragraph 10 of the agreement between the County CCSMD and the city.

In his letter the City Manager informed the county that the city is only obligated to "maintain the sewer line," it is the county's responsibility to provide funds for the replacement, and to accept any liability should the line fail in any way. The City Manager also states that the council and city staff is interested in bringing the project to a mutually agreeable resolution. This letter notified the County of Imperial to assume full responsibility for the operation and the maintenance of the pump station and sewer line no later than June 30, 2002.

Description of the CCSMD

Sewer service is provided approximately 1.5 miles outside of the city limits to the Barbara Worth Country Club and surrounding residential community. This development is located south of the Alamo River. Wastewater is conveyed from this development to the city's wastewater treatment plant through a dedicated sewer pump station and force main system. The Barbara Worth Pump Station, located off Holton Road, conveys wastewater from the Barbara Worth Country Club and surrounding community. The Barbara Worth Pump Station is a small package type pump station. Wastewater flows from residential sewers to a 10-inch PVC gravity sewer interceptor that flows underneath State Route 115 and the Holton Interurban Railroad to a sub grade manhole type wet well. Duplex end-suction pumps with automatic controls discharge to a 4-inch PVC force main. The force main parallels the Barbara Worth Canal, crosses under the Rositas Canal and the Alamo River and ultimately connects to the city's 15-inch gravity sewer located in Kamm Road near the city's wastewater treatment plant. The total length of the 4-inch force main is approximately 10,400 feet. Although the lift station does not have a permanent back-up power supply, a trailer-mounted generator is available to operate the lift station during extended power outages.

The 10,200 lineal foot wastewater forcemain extending downstream of the Barbara Worth Pump Station has been a source of pipeline ruptures, pipeline clogs, and pump maintenance problems for over three decades. The continued rupturing of the 4-inch wastewater forcemain results in health and safety issues in the vicinity of the Imperial Irrigation District Canal Network. It would be prudent for Imperial County to replace the existing undersized 4-inch diameter forcemain with a heavy wall 6-inch diameter AWWA C-900, Class 150 PVC wastewater forcemain as soon as possible. During the Fiscal Year 20/21 the CCSMD experienced force main breaks, causing sewer spills. A preliminary engineering report was completed Fiscal Year 22-23 that showed the 6-inch diameter to be the appropriate size for the current flows. Should there be any development in the district, the hydraulic calculations should be revisited to verify if the force main diameter should be increased.

This information is based on the Report on Examination Country Club Sewer Maintenance District for the Fiscal Year Ending June 30, 2020 from the Imperial County Auditor Controller.

Cost of System Improvements

A detailed Engineer's Opinion of Probable Cost was prepared regarding the replacement of the existing 4-inch diameter force main with a 6-inch diameter line. The phased installation of the force main would allow for the inclusion of the costs relative to a given phase to be placed in an agency's budget for a given fiscal year. The phased improvements would also increase local contractors' participation regarding the bidding of the project. The installation of segments of the force main would eliminate the pipeline ruptures along the length of the wastewater force main which was replaced and decrease the pressure exerted by the Barbara Worth Lift Station pumps.

Phase 1 Improvements include 5,814 feet of the wastewater force main extending between the Barbara Worth Pump Station and a point immediately south of the Rosita Lateral and Alamo River. Ruptures and blockages of the wastewater force main have been noted to be most prevalent along this section of the pipeline in the past five years. There have been at least one to two ruptures per year along this section. It has been repaired numerous times over the past 20 plus years.

Phase 2 would entail the replacement of the approximately 300 feet of pipeline section which presently passes beneath the Alamo River and Rosita Lateral. This is considered higher priority than Phase 3 because of the proximity to the river. The pipe would be directional drilled beneath said river and lateral, to be installed inside a larger 12" dia. protective casing pipe.

Phase 3 improvements recommend that an approximate 4,086 – foot section of the wastewater force main be replaced between a point immediately north of the Alamo River and the termination point of the wastewater force main at the manhole located along the gravity outfall sewer pipeline at the intersection of Gowling Road and Kamm Road immediately upstream of the Holtville Wastewater Treatment Plant. The installation of the majority of the wastewater force main per Phases I and II would drastically reduce the frictional loss along the length of the pipeline and consequently reduce the maintenance associated with the Barbara Worth Pump Station.

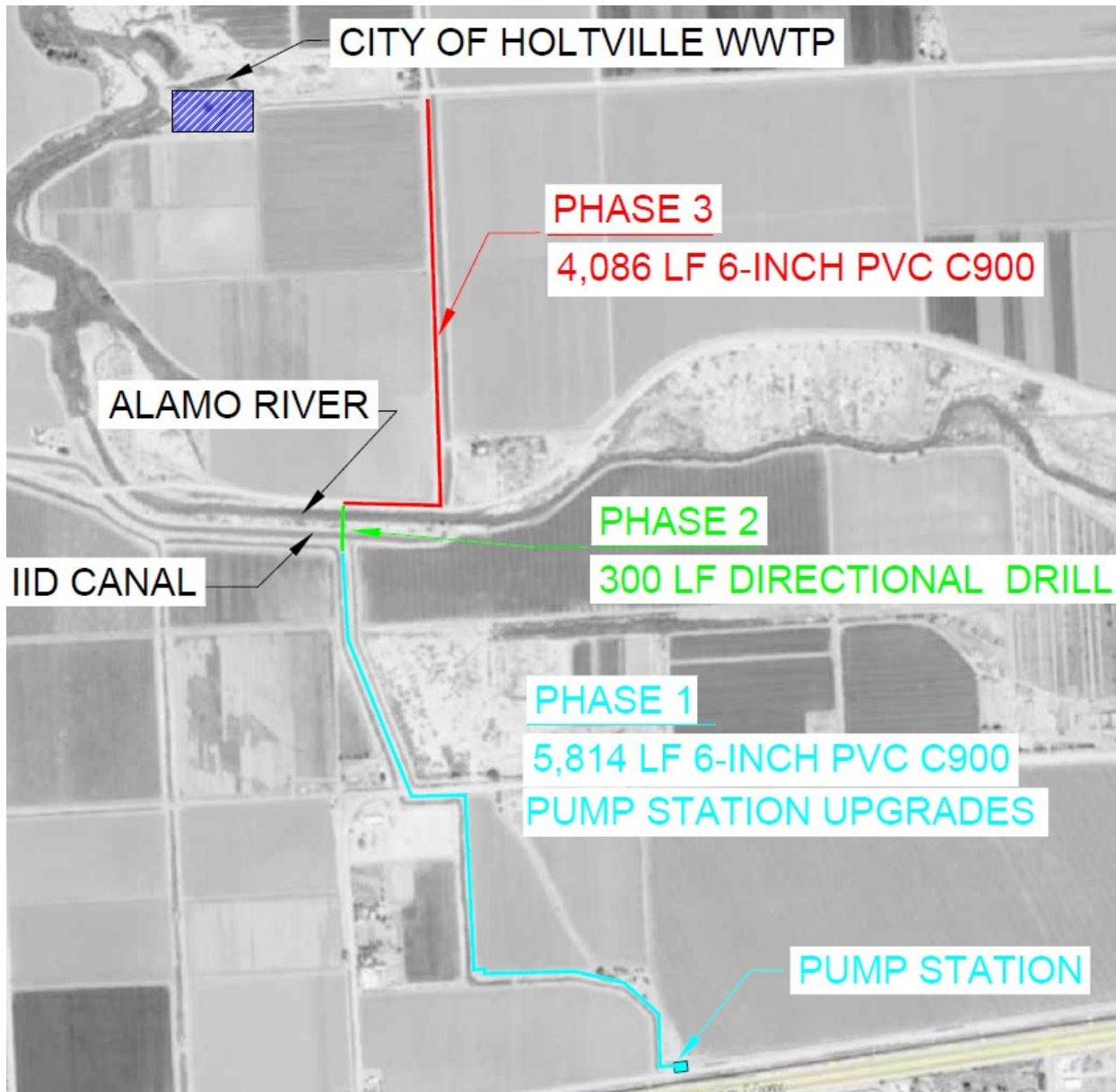


Figure 2 – Proposed Force Main Replacement Phasing Map

Engineer's Opinion of Probable Construction Costs

Construction		Soft Costs			Subtotal
Phase 1	\$ 727,540	Phase 1	\$ 105,856		\$ 833,396
Phase 2	\$ 198,000	Phase 2	\$ 31,720		\$ 229,720
Phase 3	\$ 586,245	Phase 3	\$ 86,074		\$ 672,319
Totals	\$ 1,511,785		\$ 223,650		\$ 1,735,435

Figure 3 – Engineer’s Opinion of Probable Construction Costs

ITEM	QUA	UNIT	ITEM	UNIT COST	AMOUNT
1	1	LS	Mobilization of equipment and material, Bonds, Insurances, project signs, and fees, Restroom Facilities, Business license, and Similar expenses and other costs.	\$ 53,500.00	\$ 53,500.00
2	1	LS	Preparation and Implementation of Dust Control Plan Per Imperial County Air Pollution Control District	\$ 2,500.00	\$ 2,500.00
3	1	LS	Preparation of Traffic Control Plan, Implementation of Traffic Control and Construction Area Signs	\$ 5,500.00	\$ 5,500.00
4	1	LS	Potholing of the Existing Underground Utilities and Pipelines as indicated on Improvement Plans.	\$ 20,000.00	\$ 20,000.00
5	5,814	LF	Furnish and Install New 6-inch Dia. AWWA C-900 DR 18 - Pressure Class 150 PVC Force Main Pipeline, Including all Fittings, magnetic tape, Backfill and Compaction.	\$ 75.00	\$ 436,050.00
6	12	EA	Install force main cleanouts	\$ 3,500.00	\$ 42,000.00
7	180	CYD	Furnish and install Import sand material for backfilling the forcemain pipe.	\$ 100.00	\$ 18,000.00
8	40	LF	Sawcut AC Pavement at Pipeline Trench Crossing Zeons Road	\$ 50.00	\$ 2,000.00
9	0.5	CYD	Remove and Dispose of AC Pavement	\$ 2,700.00	\$ 1,350.00
10	50	SF	Install 4-inches of AC over 10 inches Class 2 Base Zenos Road	\$ 100.00	\$ 5,000.00
11	1	LS	Contractor to Complete Hydrostatic Pressure Testing per Specifications.	\$ 5,000.00	\$ 5,000.00
12	1	LS	Imperial County Encroachment Permit Fee Allowance.	\$ 5,000.00	\$ 5,000.00
13	1	LS	Repair Wet Well Floor, Clean and Line Wet Well with Epoxy Coating	\$ 20,000.00	\$ 20,000.00
14	1	LS	Replace Electrical, Control Panels and Gauges.	\$ 27,000.00	\$ 27,000.00
15	1	LS	Install Screen on Wet Well Opening	\$ 3,500.00	\$ 3,500.00
16	1	LS	Install 6-inch flowmeter	\$ 5,000.00	\$ 5,000.00
17	1	EA	Furnish (1) surplus pump and (1) surplus motor	\$ 10,000.00	\$ 10,000.00
			Total Bid Items:	\$	661,400.00
			Contingencies @10%		\$ 66,140.00
			Total Construction Phase I		\$ 727,540
SOFT COSTS					
			Research right of ways and easements along pipeline route, topographic survey, engineering design, preparation of plans, meetings @ 7%		\$ 50,928
			Bidding of Project		\$ 4,000.00
			Construction Administration and Management @ 7%		\$ 50,928
			Total Soft Costs		\$ 105,856
			Total Project Costs Phase 1		\$ 833,396

Figure 4 – Detailed Engineer’s Opinion of Probable Construction Costs – Phase 1 Only

ITEM	QUA	UNIT	ITEM	UNIT COST	AMOUNT
1	1	LS	Mobilization of equipment and material, Bonds, Insurances, project signs, and fees, Restroom Facilities, Business license, and Similar expenses and other costs.	\$ 25,000.00	\$ 25,000.00
2	300	LF	Directional Drill a 12-Inch Diameter C900 Fusible Casing Beneath the Alamo River and the IID Lateral. Install a 6-Inch Diameter AWWA C-900, Class 150 PVC Pipeline within the Casing. Utilize Skids to Place the Pipe.	\$ 600.00	\$ 180,000.00
Total Bid Items:					\$ 180,000.00
Contingencies @10%					\$ 18,000.00
Total Construction Phase 2					\$ 198,000.00
SOFT COSTS					
Research right of ways and easements along pipeline route, topographic survey, engineering design, preparation of plans, meetings @ 7%					\$ 13,860
Bidding of Project					\$ 4,000.00
Construction Administration and Management @ 7%					\$ 13,860
Total Soft Costs					\$ 31,720
Total Project Costs Phase 2					\$ 229,720

Figure 5 – Detailed Engineer’s Opinion of Probable Construction Costs – Phase 2 Only

ITEM	QUA	UNIT	ITEM	UNIT COST	AMOUNT
1	1	LS	Mobilization of equipment and material, Bonds, Insurances, project signs, and fees, Restroom Facilities, Business license, and Similar expenses and other costs.	\$ 50,000.00	\$ 50,000.00
2	1	LS	Preparation and Implementation of Dust Control Plan Per Imperial County Air Pollution Control District	\$ 2,500.00	\$ 2,500.00
3	1	LS	Preparation of Traffic Control Plan, Implementation of Traffic Control and Construction Area Signs	\$ 5,500.00	\$ 5,500.00
4	1	LS	Potholing of the Existing Underground Utilities and Pipelines as indicated on Improvement Plans.	\$ 15,000.00	\$ 15,000.00
5	4,086	LF	Furnish and Install New 6-inch Dia. AWWA C-900 DR 18 - Pressure Class 150 PVC Force Main Pipeline, Including all Fittings, magnetic tape, Backfill and Compaction.	\$ 75.00	\$ 306,450.00
6	8	EA	Install force main cleanouts	\$ 3,500.00	\$ 28,000.00
7	120	CYD	Furnish and install Import sand material for backfilling the forcemain pipe.	\$ 100.00	\$ 12,000.00
8	1	LS	Connect to existing manhole along Kamm Road.	\$ 3,500.00	\$ 3,500.00
9	1	LS	Contractor to Complete Hydrostatic Pressure Testing per Specifications.	\$ 5,000.00	\$ 5,000.00
10	1	LS	Imperial County Encroachment Permit Fee Allowance.	\$ 5,000.00	\$ 5,000.00
11	1	LS	Furnish and Install Backup Generator for Pump Station	\$ 100,000.00	\$ 100,000.00
				Total Bid Items:	\$ 532,950.00
				Contingencies @10%	\$ 53,295.00
				Total Construction Phase 3	\$ 586,245
SOFT COSTS					
				Research right of ways and easements along pipeline route, topographic survey, engineering design, preparation of plans, meetings @ 7%	\$ 41,037
				Bidding of Project	\$ 4,000.00
				Construction Administration and Management @ 7%	\$ 41,037
				Total Soft Costs	\$ 86,074
				Total Project Costs Phase 3	\$ 672,319

Figure 6 – Detailed Engineer’s Opinion of Probable Construction Costs – Phase 3 Only

CCSMD Financial Status

The Auditor Controller of Imperial County conducted an audit in accordance with generally accepted auditing standards in conjunction with Section 26909 of the Government Code and included such tests of the accounting records and such other auditing procedures as they considered necessary in the circumstances. The following information regarding the Country Club Sewer District Financial Status was extracted from the most recent audit Imperial County submitted to the Department of Public Works of the revenues, expenditures, and financial position for the fiscal year 2020-2021.

Fees to CCSMD have been implemented per the Rate Study prepared in 2013. The district has a negative cash balance of (\$180,9242) as of the date of this report, and a negative fund balance of (\$257,765.48) including the costs of this rate study, preparation of design documents for the replacement of the force main pipeline and a 50% annual costs reserve.

The Country Club Sewer Maintenance District has had negative working capital since July 2002. During the most recent audit period (FY2021), the district had negative working capital in the amount of (\$193,368). The negative working capital was due to maintenance costs in excess of fees collected by the CCSMD. Cash flows have been positive for the past five years.

Funding the Pump Station Improvements and Force Main Replacement

Imperial County Public Works Department has explored various ways to fund the necessary improvements without having the residents incur the cost. Through extensive research the county has learned that the district does not qualify for any grants to pay for the system upgrade because the median income of the residents within the CCSMD is too high. Therefore, the county is researching various low interest loans, available to the CCSMD provided by the United States Department of Agriculture (USDA) or from the Federal Government and the State Infrastructure Revolving Fund (SIRF) from State of California. If any of these loan mechanisms are considered, the agencies will be dependent on collateral sufficient to pay back the loan. The collateral could come from the landowners, which would require a fee levied on each parcel in the CCSMD through the Proposition 218 process. The per parcel assessment would have to be supported by a detailed engineer's report, prepared by a registered professional engineer, certified by the State of California, that outlines the basis upon which the amount of the proposed assessment was calculated. As with the maintenance and operations fee, it is still inconclusive as to whether there will be a flat fee for every landowner or if it will vary on single-family units, undeveloped parcels, and developed parcels.

FINANCING PROGRAMS

The following discussion addresses funding mechanisms to provide a method to finance the improvements to the system as outlined in the reports prepared by the consulting engineers.

Internal Financing

Internal financing is a commonly used pay-as-you-go financing method used by many communities to fund capital improvements. The most common forms of internal financing are associated with funding capital projects from the cash proceeds derived from both user charges and capital facility charges (connection fees). Several common methods utilized to support capital project funding are discussed as follows:

User Charges:

These are charges applied to the utility's customer for use of the service provided by the utility, and generally provide most or all a utility's revenues. Charges are collected through an established set of rate schedules with the charge schedules based on a combination of the costs of providing service on local policies, related financial inducements for water conservation and other community goals.

Property Taxes:

County ad valorem (property) taxes are appropriated by many utilities. Taxes are collected from users in proportion to the assessed property value. Although the assessed property value bears little relationship to the cost of providing basic water and wastewater services to a user's property, property-based taxes may be used to fund capital projects wherein a user's property value may be increased by the improvements. However, no California utilities rely heavily on tax funds to cover utility operating and capital costs, and appropriations are subject to variations by the state government. The statewide trend is presently to fund utility operations through larger proportions of user charges.

Capital Facility Charges:

These fees, also known as front footage fees, connection fees, line extension fees and contributions in aid of construction, are sources of capital project funds which can be provided by new customers requesting service. These monies cannot be used for operating expenses and based on applicable state law must be segregated from other fund reserves. Design of appropriate fees and contributions may reflect the cost of providing facilities or may reflect a policy of encouraging service area development. Based on applicable state law, a capital facility fee can compensate the utility for the cost of a new customer's demand on the projected and available system capacity to provide service but cannot exceed the cost that the new customer places on an existing system. Contributions in aid of construction can be requested from customers or developers causing a large capital investment to be made on-premise or off-premise for their specific benefit. Capital facility fee revenues, like capital project expenditures, are capital asset based and should be treated as changes in asset type rather than utility revenues. As such, these fees are excluded from annual financial reporting revenue and expenditure

statements for the same reason that capital expenditures are not shown in the revenue and expenditure statement. However, most utilities prefer to include these revenues in their revenue and expenditure statements.

Capital Reserve Funds and Interest Earnings (Reserve):

Funds for capital improvements are accumulated from user charges or other income sources and retained in a reserve fund in advance of construction. This method is commonly called pay-as you-go financing and is supported by budgeting depreciation as a non-cash expense. Capital reserve funding eliminates interest costs incurred for financing and earns interest on funds deposited.

External Financing

External Financing is a commonly used financing method to fund capital improvements under a pay-as you-use approach is based on the repayment of debt on borrowed capital over the life of the asset. As such, external financing methods employ a pay for it as you use it strategy. The primary benefit of external financing is that projects need not be pre-funded through a long period of sinking fund-based cash accumulation. The disadvantages are that there are limited grant monies available for utility projects, low interest loans from government agencies require significant and time-consuming documentation, and financially insecure projects have high interest rate assessments by the financial market.

Some of the options include:

State Infrastructure Revolving Fund:

The Infrastructure State Revolving Fund (ISRF) Program provides low-cost financing to public agencies for a wide variety of infrastructure projects. ISRF Program funding is available in amounts ranging from \$250,000 to \$10,000,000, with loan terms of up to 30 years. Interest rates are set monthly. Preliminary applications are continuously accepted.

Eligible applicants include any subdivision of a local government, including cities, counties, redevelopment agencies, special districts, assessment districts, joint powers authorities and nonprofit corporations formed on behalf of a local government. Eligible project categories include city streets, county highways, state highways, drainage, water supply and flood control, educational facilities, environmental mitigation measures, parks and recreational facilities, port facilities, public transit, sewage collection and treatment, solid waste collection and disposal, water treatment and distribution, defense conversion, public safety facilities, and power and communications facilities.

USDA Loan:

In the United States Department of Agriculture, Rural Development administers financial and technical assistance programs to help rural communities develop safe and affordable sewage treatment and waste disposal systems. The programs that target wastewater treatment needs are administered by the

Water Programs Division of the Rural Utilities Service (RUS). The Water and Waste Disposal Loans and Grants Program provide loans, guaranteed loans, and grants for water, sewer, storm water, and solid waste disposal facilities. Public bodies (e.g., municipalities, counties, Indian tribes, nonprofit organizations) serving rural areas may be eligible for loans or grants from the water and waste disposal program. The program makes assistance available only to rural areas with 10,000 or fewer people. Small communities with wastewater treatment or disposal needs can apply for loans and grants to construct, repair or modify waste collection and waste disposal facilities. To receive loans small communities must show that they:

- 1) Can't get funds at reasonable rates from commercial sources,
- 2) Have the capacity to borrow and repay loans, and pledge security, and
- 3) Can operate and maintain the affected facilities.

Depending on the economic status of the service area, borrowers may receive one of three interest rates: the poverty rate (median household income is below poverty or below 80 percent of the statewide metropolitan median and the project is necessary to meet applicable health or sanitary standards), market rate (where median household income exceeds the statewide non-metropolitan household income), or the intermediate rate.

Proposition 218:

Limits the authority of local governments to impose taxes and property related assessments, fees, and charges. Requires majority of voters to approve increases in general taxes and reiterates that two-thirds must approve a special tax. Assessments, fees, and charges must be submitted to property owners for approval or rejection, after notice and public hearing. Assessments are limited to the special benefit conferred. Fees and charges are limited to the cost of providing the service and may not be imposed for general governmental services available to the public.

Usage-based sewer rates and the related charges are not incidents of property ownership or fees for a property related service; therefore, they are excluded from Proposition 218 under Article XIII D Section 6(c) of the California Constitution. If the rates and charges are imposed as a condition of receiving sewer service from the district (as opposed to being levied solely by virtue of property ownership), then they are not assessments requiring voter approval as defined in Article 13D. As stated by the California Supreme Court: "Taxes, assessments, fees, and charges are subject to the constitutional strictures when they burden landowners as landowners..." The District can raise its rates for maintenance and operation, because it is entitled to recover all of its costs for utility services through user fees.

City of Holtville Rates

Residents of the CCSMD pay the City of Holtville for the treatment of sewage. The City of Holtville established discounted rates for the Barbara Worth Country Club because the city does not have expenses related to collection, only treatment of the sewage. The hotel/restaurant and residents of the CCSMD also pay a fee to the district for the collection and conveyance of sewer. The following are the current City of Holtville sewer rates for the CCSMD:

Single family:	\$39.09 monthly
Multifamily (per EDU):	\$39.09 monthly
Restaurants (under 30 persons):	\$104.36 monthly
Restaurants (over 30 persons):	\$189.95 monthly
Hotel, over 30 persons:	\$321.79 monthly

See Exhibit B for more information.

Operation and Maintenance

The costs of operating and maintaining the CCSMD are shown in Figure 6. The cost of operation and maintenance of the CCSMD in FY 2021 was \$25,781 per the FY2020 audit. Operation and maintenance costs include but are not limited to contracts for operation of the pump station, call-outs for emergencies, electricity, replacement of faulty equipment, and repair of broken pipelines.

If the force main is replaced, it is anticipated that the operation and maintenance costs will decrease substantially due to increased efficiency of the pumps and fewer call-outs and problems.

Reserve for existing infrastructure replacement

The CCSMD should set a reserve for replacement of infrastructure. The operation and maintenance costs are intended to pay for the day-to-day operation, including electricity, replacement of minor parts, personnel costs, etc. It is not intended to pay for large projects such as pipeline or pump station replacement. Figure 7 shows the replacement costs for infrastructure within the CCSMD in 2023 dollars.

In this study it was assumed that the infrastructure has a life expectancy of 75 years. The total lengths of pipelines were estimated based on existing documents and maps. Estimated unit costs for the replacement were assigned to each item. Total infrastructure assets and replacement cost, including the pump station and forcemain (400gpm) is estimated to be \$5,100,300.

BWCC Asset Valuation and Infrastructure Replacement Cost (\$2023)				
	Quantity	Unit	Cost/unit	
8" Gravity Sewer Pipe	7,530	LF	\$ 240	\$ 1,807,200
Deep 10" Gravity Sewer Pipe	1330	LF	\$ 270	\$ 359,100
Manholes	12	EA	\$ 25,000	\$ 300,000
Pump Station (400gpm)	1	LS	\$ 900,000	\$ 900,000
Forcemain (8")	10,200	LF	\$ 170	\$ 1,734,000
				\$5,100,300
				(2023\$)

Figure 7 –CCSMD Existing Infrastructure Valuation and Cost to Replace Existing Sewer Collection System

Reserves are intended to be a “rainy day” fund, also known as a budget stabilization fund. This fund will allow the district to set aside revenue for use during emergencies, such as when major components of the collection system fail unexpectedly. Since there is a current budget deficit (debt to the County), there are no current reserves in place. For purposes of this rate study, \$200,000 was selected as a target reserve amount. This amount could cover a major pump station failure, pipeline break or manhole collapse. Since the value of the total collection system assets is approximately \$5,100,300, it is recommended that the district consider additional fees and revenue for the replacement of the collection system. This rate study assumes that during the next five years (the period of this rate study), Phase 1 of the force main project will be completed, and will have an estimated useful life of 75 years. The remaining existing infrastructure is also nearing the end of its useful life and will need to be addressed in the next 10 years. The next rate study is anticipated to be completed in five years, and this should be addressed at that time.

Existing Expenses and Revenue

BWCCSMD Expenses - With Reserve Funding			
	Debt 2023 Dollars	Monthly	Annual
Amortized Monthly Payment from CCSMD to County of Imperial (3% Interest, 10-year payback)	\$ (257,765.48)	(\$2,489.00)	(\$29,868.00)
CCSMD Maintenance Costs (2021)	\$ (25,781.00)	(\$2,148.42)	(\$25,781.00)
Reserve Needs (estimate five years)	\$ (200,000.00)	(\$3,333.33)	(\$40,000.00)
Phase 1 Pump Station and Force Main Project, 6" pipeline (Amortized at 2.5% low interest loan for 40 years)	\$ (833,396.00)	(\$2,748.33)	(\$32,980.00)
	Total	(\$7,385.75)	(\$128,629)

Figure 8 – CCSMD Table of Total Annual Estimated Expenses for FY 23-24

ITEM No.	ITEM	EDU	TOTAL PARCELS	Current Monthly Rate	Current Annual Rate	Annual CCSMD Revenue
1	Single Family Homes	88	88	\$ 43.00	\$ 516.00	\$ 45,408.00
2	Multifamily	25	10	\$ 43.00	\$ 516.00	\$ 12,900.00
3	Hotel and Restaurant		1	\$ 677.75	\$ 8,133.00	\$ 8,133.00
CCSMD Estimated Annual Sewer Revenue						\$ 66,441.00

Figure 9 – CCSMD Table of Existing Rates and Revenue

The current annual revenue is \$66,441. The fees are paid via property taxes. Total estimated expenses for FY 23 - 24 is \$128,129, a difference of (-\$61,688). The proposed rate structure will be able to generate enough revenue to pay the total estimated expenses for FY 23-24 through FY 28-29.

It is not anticipated that the full force main project will be implemented in the next five years. However, if the district decides to complete the full project, the following will be the total annual costs:

BWCCSMD Expenses - Reserve Funding and Full Project Costs			
	Debt 2022 Dollars	Monthly	Annual
Amortized Monthly Payment from CCSMD to County of Imperial (3% Interest, 10 year payback)	\$ (257,765.48)	(\$2,489.00)	(\$29,868.03)
CCSMD Maintenance Costs (2021)	\$ (25,781.00)	(\$2,148.42)	(\$25,781.00)
Reserve Needs (estimate five years)	\$ (200,000.00)	(\$3,333.33)	(\$40,000.00)
Pump Station and Force Main Project, 6" pipeline (Amortized at 2.5% low interest loan for 40 years)	\$(1,735,350.00)	(\$5,722.81)	(\$68,673.68)
	Total	(\$10,360.23)	(\$164,322.71)

Figure 10 – CCSMD Table of Total Annual Expenses if Full Force Main Project is Implemented (Phase 1, Phase 2 and Phase 3)

Capacity Fee Calculation

The amount above should be charged to new development to defray the cost of the existing infrastructure and for a replacement fund in the future. It was calculated using the total asset valuation divided by the number of EDUs that can be served by the system:

Capacity Fee -		
Existing EDU	113	
Hotel/Restaurant EDU	30	
Total Existing EDU	143	
1 EDU sewer capacity	290	Gallons per Day (80% of water demand of 363 gallons per day per household based on the 2020 City of El Centro Urban Water Management Plan)
Pumping Capacity	400	Gallons per Minute
Pumping Capacity	288,000	Gallon per Day (50% operation time)
Total EDU Capacity	993	EDU
Total Asset Valuation	\$5,100,300	
Proposed Sewer Capacity		
Fee to CCSMD (per EDU)	\$ 5,136.25	

Figure 11 –CCSMD Capacity Fee Calculation

Imperial County Payback

During the past years, the CCSMD experienced several incidents, including force main breaks and sewer line backing up into homeowners' properties.

The district currently owes the County of Imperial an estimated \$257,765.48. The County has been funding the CCSMD since July 2002 when the City of Holtville opted out of the maintenance agreement. It has been calculated that to pay the County back over a ten-year period, the district would pay the County \$29,868.03 per year for ten years, figuring a minimal 3% interest, compounded monthly.

CCSMD Proposed Rates

The numbers presented here are estimates based on information available at the time of this report. Users are charged an annual fee via property taxes.

There are 113 equivalent dwelling units (EDU) within the CCSMD, not including the hotel. The hotel has four existing sewer connections with a total of 104 rooms, banquet facilities and a restaurant. The CCSMD charges per parcel on the tax rolls. The hotel/restaurant are located on one parcel; therefore, they are billed together as one. The City of El Centro uses a factor 0.33 EDU per hotel room. Other districts and cities assign a value of between 0.38 and 0.60 EDU per room (assuming no kitchen facilities). Since the hotel is located in the County, each hotel room was assigned a value of 0.25 EDU, resulting in 26 EDU. Although the hotel rooms are currently full, that may not always be the case. The restaurant and banquet facilities were assigned 4.0 EDU. For calculating total annual fees for the hotel and restaurant a total of $26.0 + 4.0 = 30.0$ EDU was assigned. The hotel's share is then approximately 26% of the total costs of operating and maintaining the CCSMD. Figure 6 illustrates the potential monthly expenses of the CCSMD. These expenses were used to calculate the rates/fees and are further explained in the following pages.

The County received preliminary plans for a proposed RV/Mobile Home Park with 116 spaces. At this time there have been no final plans submitted for review and no additional correspondence from the developer, and therefore the RV Park has not been considered as a part of this rate study. Calculations were performed to determine the impact on the rates if the RV Park is constructed with 116 spaces. Defining each space as 0.25 EDU (as other local agencies use), there would be approximately 20% additional revenue to the district. If the RV Park is approved and constructed, the CCSMD would have the option to reduce the fees shown below by 20%, after the County loan is paid in full and the required reserve funding is met.

Funding Phase 1 of the Pump Station Repairs and Force Main Replacement Project – The Operator of the CCSMD collection system report that the force main sewer pipeline breaks have occurred in only the Phase 1 portion as shown in the Preliminary Engineering Plan and in this report. The estimated cost of the Phase 1 project is \$833,396. The estimated annual debt service with a low interest loan at 2.5% interest and 40-year term is \$32,980.30.

PROPOSED RATES FY 23-24							
Costs include Reserve Funding, Phase 1 FM Project Only:							
ITEM No.	ITEM	EDU	TOTAL PARCELS	Current Monthly Rate	Proposed Monthly Rate	Proposed Annual Rate	Annual CCSMD Revenue
1	Single Family Homes	88	88	\$ 43.00	\$ 75.00	\$ 900.00	\$ 79,200.00
2	Multifamily	25	10	\$ 43.00	\$ 75.00	\$ 900.00	\$ 22,500.00
3	Hotel and Restaurant	30	1	\$ 677.75	\$ 2,250.00	\$ 27,000.00	\$ 27,000.00
4	RV Spaces (per space)	0.25	1	-	\$ 18.75	\$ 225.00	-
CCSMD Estimated Monthly Sewer Revenue							\$ 128,700.00
Total Estimated Annual Costs for CCSMD FY 23-24:							(\$128,629.33)

Figure 12 – Proposed Sewer Rates Including Phase 1 Force Main Project

Funding Phase 1, Phase 2 and Phase 3 Pump Station Repairs and Force Main Replacement Project – If the full project is implemented, the estimated costs is \$1,735,350. The estimated annual debt service with a 2.5% interest and 40-year term is \$68,673.68. This option is not recommended at this time, because Phase 1 of the force main project is the most pressing. It is recommended to revisit the full project funding at the time of the next rate study in five years.

ITEM No.	ITEM	EDU	TOTAL PARCELS	Current Monthly Rate	Proposed Monthly Rate	Proposed Annual Rate	Annual CCSMD Revenue
1	Single Family Homes	88	88	\$ 43.00	\$ 96.00	\$ 1,152.00	\$ 101,376.00
2	Multifamily	25	10	\$ 43.00	\$ 96.00	\$ 1,152.00	\$ 28,800.00
3	Hotel and Restaurant	30	1	\$ 677.75	\$ 2,880.00	\$ 34,560.00	\$ 34,560.00
CCSMD Estimated Monthly Sewer Revenue							\$ 164,736.00

Figure 13 – Sewer Rates Including Full Force Main Project (Phase 1, Phase 2 and Phase 3)

Conclusion and Proposed Rate Structure

The purpose of this report is to study and show the estimated income required by the CCSMD to continue operations now and into the future. It has been shown that the existing revenue from the current CCSMD rate structure is insufficient to keep the CCSMD a going concern. The County of Imperial has been supporting the deficits incurred by the CCSMD.

It is clear that the CCSMD will need to update the current fees in order to continue without incurring additional debt to the County. The fees for the hotel/restaurant were calculated based on the number of equivalent dwelling unit (EDU) assigned. The EDUs assigned to the hotel/restaurant are based on 0.25 EDU per hotel room and 4.0 EDU for the restaurant. The fees are based on an annual assessment on the property taxes. The hotel and restaurant are on one parcel, and therefore are billed as one. It is proposed to increase the fees by 3% each year for the next five years to account for inflation.

ITEM No.	ITEM	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
1	Single Family Homes	\$ 75.00	\$ 77.25	\$ 79.57	\$ 81.95	\$ 84.41
2	Duplex	\$ 150.00	\$ 154.50	\$ 159.14	\$ 163.91	\$ 168.83
3	Triplex	\$ 225.00	\$ 231.75	\$ 238.70	\$ 245.86	\$ 253.24
4	4-Plex	\$ 300.00	\$ 309.00	\$ 318.27	\$ 327.82	\$ 337.65
5	Hotel and Restaurant	\$ 2,250.00	\$ 2,317.50	\$ 2,387.03	\$ 2,458.64	\$ 2,532.39
6	RV Spaces (per space)	\$ 18.75	\$ 19.31	\$ 19.89	\$ 20.49	\$ 21.10

Figure 14 – Proposed CCSMD Sewer Rates from FY 23-24 Through FY 28-29

Applicable Proposition 218 Procedural Requirements

The parcels upon which a fee or charge is proposed for imposition shall be identified.

Article XII D, section 6(a)(1)

The amount of the proposed fee or charge on each parcel shall be calculated.

Article XIII D, section 6(a)(1)

The agency shall provide mailed written notice of the fee to each parcels record owner, defined as the person whose name appears on the last equalized secured property tax assessment roll.

Article XIII D, section 6(a)(1); Cal. Gov't Code 53750(j)

The mailed notice must include the amount of the fee.

Article XIII D, section 2(g)

The mailed notice must include the basis upon which the amount of the fee was calculated.

Article XIII D, section 6(a)(1)

The mailed notice must include the reason for the fee.

Article XIII D, section 6(a)(1)

The mailed notice must include the date, time and location of a public hearing on the proposed fee.

Article XIII D, section 6(a)(1)

Prior to adopting the fee, the agency must conduct a public hearing to receive protests no less than 45 days after mailing the notices of the proposed fee.

Article XIII D, section 6(a)(2)

If written protests against the proposed fee are presented by a majority of the owners of the identified parcels, the agency shall not impose the fee.

Article XIII D, section 6(a)(2). One vote per parcel counts toward the majority. Cal. Gov't Code 53755(b)

Revenues derived from the fee must not exceed the funds required to provide the property related service.

Article XII D 6(b)(1)

Revenue from the fee must not be used for any purpose other than that for which the fee is imposed.

Article XII D, section 6(b)(2)

General governmental services may not be funded by the property related fee.

Article XII D, section 6(b)(5)

The amount of the fee imposed upon any parcel or person must not exceed the proportional cost of the service attributable to the parcel

Article XIID, section 6(b)(3)

The fee may not be imposed for service unless the service is actually used by, or immediately available to the owner of the property in question

Article XII D, section 6(b)(4)

Appendix A – City of Holtville Sewer Rates

Attachment "A"

CITY OF HOLTVILLE Sewer Service Rates

Sewer Rate Schedule for the City of Holtville and Surrounding Area*

Line	# Customer Class	Rates Effective 7/1/2013			Rates Effective 7/1/2016	
		Fixed \$/Month	Consumption Fee		Fixed \$/Month	Cons Fee
			Max gallon Threshold	Overage Fee / 1,000 gals		
	1 Single Family	\$52.57			\$53.57	
	2 Multifamily (per dwelling unit)	52.57			53.57	
	3 Senior Discount	42.04			42.84	
	4 Offices	47.99	10,000	\$4.21	48.90	\$4.29
	5 Churches	47.99	25,000	4.21	48.90	4.29
	6 Service Stations	69.21	15,000	4.21	70.52	4.29
	7 <u>Restaurants</u>					
	8 Under 30 persons	140.37	30,000	4.21	143.04	4.29
	9 Over 30 persons	255.49	60,000	4.21	260.34	4.29
	10 <u>Hotels</u>					
	11 Under 30 persons	229.04	50,000	4.21	233.39	4.29
	12 Over 30 persons	432.81	175,000	4.21	441.03	4.29
	13 Laundromats	240.35	100,000	4.21	244.92	4.29
	14 Schools	344.73	150,000	4.21	351.28	4.29
	15 Meat Processors, Packing Sheds, coolers, ice plants, etc.	344.73	500,000	4.21	351.28	4.29

Sewer Rate Schedule for the Barbara Worth Country Club Area*

	# Customer Class	Rates Effective 7/1/2013		
		Fixed \$/Month	Consumption Fee	
			Max gallon Threshold	Overage Fee / 1,000 gals
	1 Single Family	\$40.12		
	2 Multifamily (per dwelling unit)	40.12		
	3 Senior Discount (<i>not offered</i>)			
	4 Offices	36.62	10,000	\$3.21
	5 Churches	36.62	25,000	3.21
	6 Service Stations	52.82	15,000	3.21
	7 <u>Restaurants</u>			
	8 Under 30 persons	107.13	30,000	3.21
	9 Over 30 persons	194.99	60,000	3.21
	10 <u>Hotels</u>			
	11 Under 30 persons	174.80	50,000	3.21
	12 Over 30 persons	330.32	175,000	3.21
	13 Laundromats	183.44	100,000	3.21
	14 Schools	263.10	150,000	3.21
	15 Meat Processors, Packing Sheds, coolers, ice plants, etc.	263.10	500,000	3.21

* Maximum rates – actual rates may be lower if costs are lower than projected.

CITY OF HOLTVILLE

Sewer Rate Study

Funded by Community Development Block Grant

Raftelis Financial Consultants, Inc.



June 19, 2012

July 19, 2012

Alexander P. Meyerhoff, AICP
City Manager
City of Holtville
121 W. 5th Street
Holtville, CA 92250

Subject: Sewer Rate Study Report

Dear Mr. Meyerhoff:

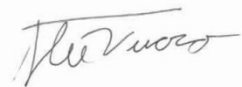
Raftelis Financial Consultants Inc. (RFC) is pleased to present this report on sewer rates to the City of Holtville (City). We are confident that the results developed will ensure the financial viability of the utility. This report summarizes the recommendations and findings of the study.

It was a pleasure working with you and we appreciate the assistance you, Jack Holt, David Aguirre and other City staff members provided during the course of the study. If you have any questions, please call me at (626) 583-1895.

Sincerely,



Sudhir Pardiwala
Vice President



Steve Vuoso
Senior Consultant

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CITY OF HOLTVILLE - SEWER RATE STUDY 2012

1 EXECUTIVE SUMMARY

The City of Holtville (City) engaged Raftelis Financial Consultants, Inc. (RFC) to conduct a comprehensive sewer rate study to determine the sewer rates over the planning period from fiscal year¹ (FY) 2013 to 2017. These fiscal years encompass the period beginning July 1, 2012 and ending June 30, 2017. This report documents the resultant findings, analyses, and proposed changes that were developed with data collected from the City.

The main driving force for this study was the need for the City to complete major capital improvement projects including a Wastewater Treatment Plant (WWTP) upgrade and a Sewer Outfall Pipeline (Pipeline) replacement and residential collection system improvement. The WWTP is expected to cost \$6 million over 3 years (from FY 2012 through FY 2014). The Pipeline project is expected to cost \$4.5 million over 2 years (from FY 2012 through FY 2013). The City is still in the process of securing funding for these projects; however, at its direction we have developed financial plans and associated rate increases under two scenarios. The first scenario assumes that the two major capital projects are funded via Clean Water State Revolving Fund (CWSRF) Program Funds. The second scenario assumes CWSRF loans with fifty percent of the loans being forgivable (CWSRF 50). The two scenarios have significantly different impacts on the additional revenues needed over the next five years.

One major element of the rate component of this study is regarding the Barbara Worth Country Club (BWCC). The BWCC currently maintains its own collection system and therefore does not utilize the vast majority of the City's collection system. The City requested that RFC calculate the appropriate rates for the BWCC given this situation.

1.1 CWSRF SCENARIO

Under this scenario, the \$10.5 million in major capital projects (WWTP and Pipeline) will be funded via two SRF loans received during FY 2013. The loan terms are assumed to be 20 years with an annual interest rate of 2.4%. Payments on the loans commence the year after the projects are completed.

1.1.1 CWSRF SCENARIO RATE INCREASES

Annual rate increases of 22% will be needed for the first 3 years to ensure the City continues to meet all its operational and capital financing, debt coverage requirements and sustain the sewer utility fund.

Table 1-1 displays the proposed rate increases and effective dates.

¹ A fiscal year for the City is defined as the period from July 1 to June 30 of the following year. Therefore, fiscal year July 1, 2011 through June 30, 2012 is identified as FY 2012; fiscal year July 1, 2012 through June 30, 2013 is identified as FY 2013; and so forth.

CITY OF HOLTVILLE - SEWER RATE STUDY 2012

TABLE 1-1
PROPOSED RATE INCREASES - CWSRF SCENARIO - FY 2013 – FY 2016

<u>Effective Date</u>	<u>Proposed Increases</u>
January 1, 2013	22%
January 1, 2014	22%
January 1, 2015	22%
January 1, 2016	0%
January 1, 2017	0%

1.1.2 CWSRF SCENARIO PROPOSED RATES

The proposed rate structure is similar to the current rate structure. Although there are increases in rates planned as part of the forecast, the structural changes to the rates resulted from calculating BWCC rates taking into account their limited use of the collection system.

Table 1-2 outlines the proposed rates for the forecast period after the annual rate increases outlined in Table 1-1 are applied and the rate adjustments regarding the BWCC rates. The current consumption allotments associated with non-residential customers remain unchanged (i.e., industrial, commercial).

CITY OF HOLTVILLE - SEWER RATE STUDY 2012

TABLE 1-2 PROPOSED MONTHLY RATES – CWSRF SCENARIO – FY 2013 – FY 2017

City Rates		Existing		FY 2013		FY 2014		FY 2015		FY 2016		FY 2017	
Line No.	Customer Class	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)
1	Single Family	\$ 49.32		\$ 60.17		\$ 75.19		\$ 93.96		\$ 96.24		\$ 98.58	
2	Multifamily (per dwelling unit)	\$ 49.32		\$ 60.17		\$ 75.19		\$ 93.96		\$ 96.24		\$ 98.58	
3	Senior Discount	\$ 39.44		\$ 48.12		\$ 60.13		\$ 75.14		\$ 76.97		\$ 78.84	
4	Offices	\$ 45.02	\$ 3.95	\$ 54.92	\$ 4.94	\$ 68.63	\$ 6.17	\$ 85.76	\$ 7.71	\$ 87.84	\$ 7.90	\$ 89.98	\$ 8.09
5	Churches	\$ 45.02	\$ 3.95	\$ 54.92	\$ 4.94	\$ 68.63	\$ 6.17	\$ 85.76	\$ 7.71	\$ 87.84	\$ 7.90	\$ 89.98	\$ 8.09
6	Service Stations	\$ 64.93	\$ 3.95	\$ 79.21	\$ 4.94	\$ 98.99	\$ 6.17	\$ 123.70	\$ 7.71	\$ 126.71	\$ 7.90	\$ 129.79	\$ 8.09
7	<u>Restaurants</u>												
8	Under 30 persons	\$ 131.69	\$ 3.95	\$ 160.66	\$ 4.94	\$ 200.77	\$ 6.17	\$ 250.89	\$ 7.71	\$ 256.99	\$ 7.90	\$ 263.24	\$ 8.09
9	Over 30 persons	\$ 239.69	\$ 3.95	\$ 292.42	\$ 4.94	\$ 365.43	\$ 6.17	\$ 456.66	\$ 7.71	\$ 467.76	\$ 7.90	\$ 479.13	\$ 8.09
10	<u>Hotels</u>												
11	Under 30 persons	\$ 214.88	\$ 3.95	\$ 262.15	\$ 4.94	\$ 327.60	\$ 6.17	\$ 409.39	\$ 7.71	\$ 419.34	\$ 7.90	\$ 429.53	\$ 8.09
12	Over 30 persons	\$ 406.05	\$ 3.95	\$ 495.38	\$ 4.94	\$ 619.06	\$ 6.17	\$ 773.61	\$ 7.71	\$ 792.42	\$ 7.90	\$ 811.68	\$ 8.09
13	Laundromats	\$ 225.49	\$ 3.95	\$ 275.10	\$ 4.94	\$ 343.78	\$ 6.17	\$ 429.61	\$ 7.71	\$ 440.05	\$ 7.90	\$ 450.75	\$ 8.09
14	Schools	\$ 323.42	\$ 3.95	\$ 394.57	\$ 4.94	\$ 493.08	\$ 6.17	\$ 616.18	\$ 7.71	\$ 631.16	\$ 7.90	\$ 646.50	\$ 8.09
15	Meat Processors, Packing Sheds, coolers, ice plants, etc.	\$ 323.42	\$ 3.95	\$ 394.57	\$ 4.94	\$ 493.08	\$ 6.17	\$ 616.18	\$ 7.71	\$ 631.16	\$ 7.90	\$ 646.50	\$ 8.09
16	<u>Truck Disposal</u>												
17	Roto-Rooter	\$ 0.12		\$ 0.15		\$ 0.18		\$ 0.22		\$ 0.22		\$ 0.22	
18	Alpha Site Logistics	\$ 0.12		\$ 0.15		\$ 0.18		\$ 0.22		\$ 0.22		\$ 0.22	
19	A&S, AnconM, Mt.View	\$ 0.14		\$ 0.17		\$ 0.21		\$ 0.26		\$ 0.26		\$ 0.26	
20	Sharps Sanitation	\$ 0.12		\$ 0.15		\$ 0.18		\$ 0.22		\$ 0.22		\$ 0.22	
21	Lori's Sanitation	\$ 0.12		\$ 0.15		\$ 0.18		\$ 0.22		\$ 0.22		\$ 0.22	
22	AG Portable Services	\$ 0.12		\$ 0.15		\$ 0.18		\$ 0.22		\$ 0.22		\$ 0.22	
23	SD,VMJ,Maui,Och,Prim	\$ 0.14		\$ 0.17		\$ 0.21		\$ 0.26		\$ 0.26		\$ 0.26	
24	Joel and Munoz Labor	\$ 0.12		\$ 0.15		\$ 0.18		\$ 0.22		\$ 0.22		\$ 0.22	
25	Rent-A-Can	\$ 0.12		\$ 0.15		\$ 0.18		\$ 0.22		\$ 0.22		\$ 0.22	
		Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)
<u>Barbara Worth Country Club Rates</u>													
26	Single Family	\$ 49.32		\$ 36.41		\$ 45.49		\$ 56.85		\$ 58.23		\$ 59.64	
27	Multifamily (per dwelling unit)	\$ 49.32		\$ 36.41		\$ 45.49		\$ 56.85		\$ 58.23		\$ 59.64	
28	Senior Discount	\$ 39.44		\$ 29.11		\$ 36.38		\$ 45.46		\$ 46.57		\$ 47.70	
29	Offices	\$ 45.02	\$ 3.95	\$ 33.23	\$ 2.99	\$ 41.52	\$ 3.73	\$ 51.89	\$ 4.66	\$ 53.15	\$ 4.78	\$ 54.44	\$ 4.89
30	Churches	\$ 45.02	\$ 3.95	\$ 33.23	\$ 2.99	\$ 41.52	\$ 3.73	\$ 51.89	\$ 4.66	\$ 53.15	\$ 4.78	\$ 54.44	\$ 4.89
31	Service Stations	\$ 64.93	\$ 3.95	\$ 47.93	\$ 2.99	\$ 59.89	\$ 3.73	\$ 74.84	\$ 4.66	\$ 76.66	\$ 4.78	\$ 78.53	\$ 4.89
32	<u>Restaurants</u>												
33	Under 30 persons	\$ 131.69	\$ 3.95	\$ 97.21	\$ 2.99	\$ 121.47	\$ 3.73	\$ 151.80	\$ 4.66	\$ 155.49	\$ 4.78	\$ 159.27	\$ 4.89
34	Over 30 persons	\$ 239.69	\$ 3.95	\$ 176.93	\$ 2.99	\$ 221.10	\$ 3.73	\$ 276.30	\$ 4.66	\$ 283.01	\$ 4.78	\$ 289.89	\$ 4.89
35	<u>Hotels</u>												
36	Under 30 persons	\$ 214.88	\$ 3.95	\$ 158.61	\$ 2.99	\$ 198.21	\$ 3.73	\$ 247.70	\$ 4.66	\$ 253.72	\$ 4.78	\$ 259.88	\$ 4.89
37	Over 30 persons	\$ 406.05	\$ 3.95	\$ 299.73	\$ 2.99	\$ 374.56	\$ 3.73	\$ 468.07	\$ 4.66	\$ 479.45	\$ 4.78	\$ 491.10	\$ 4.89
38	Laundromats	\$ 225.49	\$ 3.95	\$ 166.45	\$ 2.99	\$ 208.00	\$ 3.73	\$ 259.93	\$ 4.66	\$ 266.25	\$ 4.78	\$ 272.72	\$ 4.89
39	Schools	\$ 323.42	\$ 3.95	\$ 238.73	\$ 2.99	\$ 298.33	\$ 3.73	\$ 372.81	\$ 4.66	\$ 381.88	\$ 4.78	\$ 391.16	\$ 4.89
40	Meat Processors, Packing Sheds, coolers, ice plants, etc.	\$ 323.42	\$ 3.95	\$ 238.73	\$ 2.99	\$ 298.33	\$ 3.73	\$ 372.81	\$ 4.66	\$ 381.88	\$ 4.78	\$ 391.16	\$ 4.89

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1.2 CWSRF 50 SCENARIO

Under this scenario, the \$10.5 million in major capital projects (WWTP and Pipeline) will be funded via two SRF loans received during FY 2013, with fifty percent of the loan value being forgivable. The loan terms are assumed to be 20 years with an annual interest rate of 2.4%. Payments on the loans commence the year after the projects are completed.

1.2.1 CWSRF 50 SCENARIO RATE INCREASES

A rate increase of 13% will be needed in FY 2013 and 12% increases in FY 2014 and FY 2015 to ensure the City continues to meet all its financial obligations and sustain the sewer utility. Table 1-3 displays the proposed rate increases and effective dates.

TABLE 1-3
PROPOSED RATE INCREASES – CWSRF 50 SCENARIO - FY 2013 – FY 2017

Effective Date	Proposed Increases
January 1, 2013	13%
January 1, 2014	12%
January 1, 2015	12%
January 1, 2016	0%
January 1, 2017	0%

1.2.2 CWSRF 50 PROPOSED RATES

Table 1-4 outlines the proposed rates for the forecast period after the annual rate increases outlined in Table 1-3 are applied, along with changes to the results of the changing of the BWCC rates. The current consumption allotments associated with non-residential customers remain unchanged.

CITY OF HOLTVILLE - SEWER RATE STUDY 2012

TABLE 1-4 PROPOSED RATE INCREASES – CWSRF 50 SCENARIO - FY 2013 – FY 2017

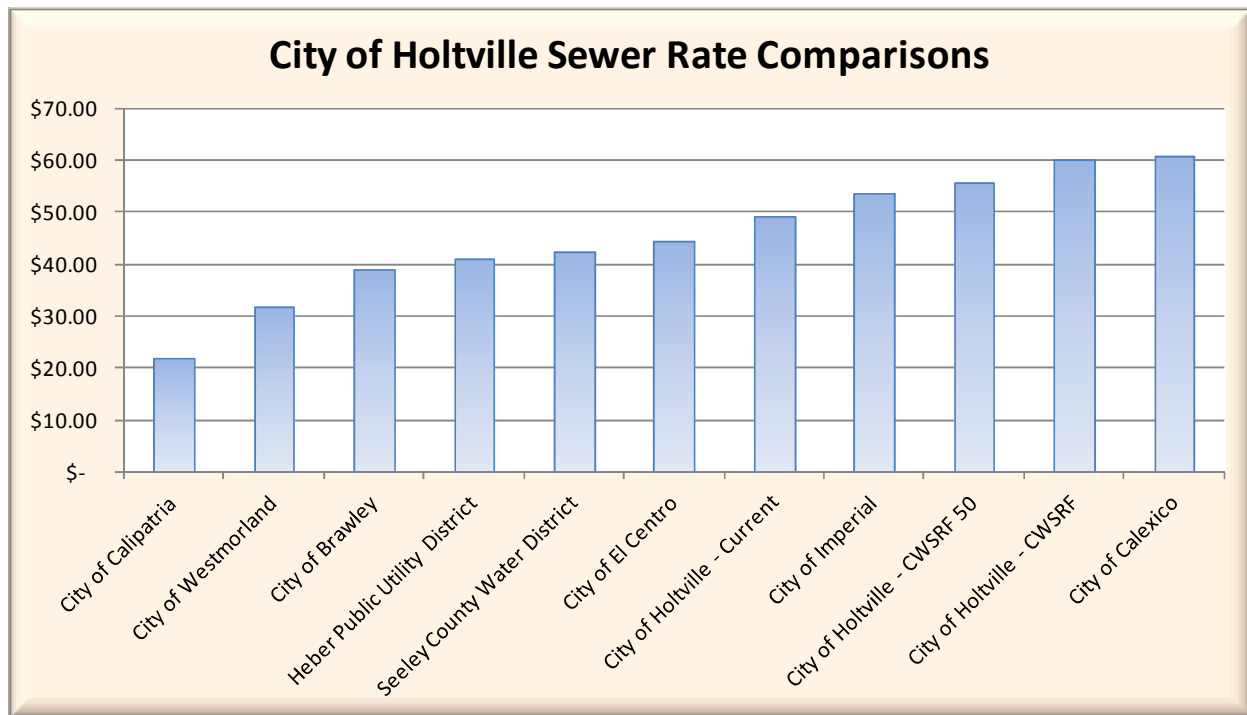
City Rates		Existing		FY 2013		FY 2014		FY 2015		FY 2016		FY 2017	
Line No.	Customer Class	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)
1	Single Family	\$ 49.32		\$ 55.73		\$ 63.92		\$ 73.31		\$ 75.07		\$ 76.87	
2	Multifamily (per dwelling unit)	\$ 49.32		\$ 55.73		\$ 63.92		\$ 73.31		\$ 75.07		\$ 76.87	
3	Senior Discount	\$ 39.44		\$ 44.57		\$ 51.12		\$ 58.63		\$ 60.04		\$ 61.48	
4	Offices	\$ 45.02	\$ 3.95	\$ 50.87	\$ 4.57	\$ 58.34	\$ 5.24	\$ 66.91	\$ 6.01	\$ 68.52	\$ 6.15	\$ 70.16	\$ 6.30
5	Churches	\$ 45.02	\$ 3.95	\$ 50.87	\$ 4.57	\$ 58.34	\$ 5.24	\$ 66.91	\$ 6.01	\$ 68.52	\$ 6.15	\$ 70.16	\$ 6.30
6	Service Stations	\$ 64.93	\$ 3.95	\$ 73.37	\$ 4.57	\$ 84.15	\$ 5.24	\$ 96.51	\$ 6.01	\$ 98.83	\$ 6.15	\$ 101.20	\$ 6.30
7	Restaurants												
8	Under 30 persons	\$ 131.69	\$ 3.95	\$ 148.81	\$ 4.57	\$ 170.67	\$ 5.24	\$ 195.74	\$ 6.01	\$ 200.44	\$ 6.15	\$ 205.25	\$ 6.30
9	Over 30 persons	\$ 239.69	\$ 3.95	\$ 270.85	\$ 4.57	\$ 310.63	\$ 5.24	\$ 356.25	\$ 6.01	\$ 364.80	\$ 6.15	\$ 373.55	\$ 6.30
10	Hotels												
11	Under 30 persons	\$ 214.88	\$ 3.95	\$ 242.81	\$ 4.57	\$ 278.47	\$ 5.24	\$ 319.37	\$ 6.01	\$ 327.03	\$ 6.15	\$ 334.88	\$ 6.30
12	Over 30 persons	\$ 406.05	\$ 3.95	\$ 458.84	\$ 4.57	\$ 526.23	\$ 5.24	\$ 603.52	\$ 6.01	\$ 618.00	\$ 6.15	\$ 632.83	\$ 6.30
13	Laundromats	\$ 225.49	\$ 3.95	\$ 254.80	\$ 4.57	\$ 292.22	\$ 5.24	\$ 335.14	\$ 6.01	\$ 343.18	\$ 6.15	\$ 351.42	\$ 6.30
14	Schools	\$ 323.42	\$ 3.95	\$ 365.46	\$ 4.57	\$ 419.14	\$ 5.24	\$ 480.70	\$ 6.01	\$ 492.24	\$ 6.15	\$ 504.05	\$ 6.30
15	Meat Processors, Packing Sheds, coolers, ice plants, etc.	\$ 323.42	\$ 3.95	\$ 365.46	\$ 4.57	\$ 419.14	\$ 5.24	\$ 480.70	\$ 6.01	\$ 492.24	\$ 6.15	\$ 504.05	\$ 6.30
16	Truck Disposal												
17	Roto-Rooter	\$ 0.12		\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.18		\$ 0.18	
18	Alpha Site Logistics	\$ 0.12		\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.18		\$ 0.18	
19	A&S, AnconM, Mt.View	\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.20		\$ 0.20		\$ 0.20	
20	Sharps Sanitation	\$ 0.12		\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.18		\$ 0.18	
21	Lori's Sanitation	\$ 0.12		\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.18		\$ 0.18	
22	AG Portable Services	\$ 0.12		\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.18		\$ 0.18	
23	SD,VMJ,Maui,Och,Prim	\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.20		\$ 0.20		\$ 0.20	
24	Joel and Munoz Labor	\$ 0.12		\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.18		\$ 0.18	
25	Rent-A-Can	\$ 0.12		\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.18		\$ 0.18	
		Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)
Barbara Worth Country Club Rates													
26	Single Family	\$ 49.32		\$ 34.02		\$ 39.02		\$ 44.75		\$ 45.82		\$ 46.92	
27	Multifamily (per dwelling unit)	\$ 49.32		\$ 34.02		\$ 39.02		\$ 44.75		\$ 45.82		\$ 46.92	
28	Senior Discount	\$ 39.44		\$ 27.20		\$ 31.20		\$ 35.79		\$ 36.65		\$ 37.53	
29	Offices	\$ 45.02	\$ 3.95	\$ 31.05	\$ 2.79	\$ 35.61	\$ 3.20	\$ 40.84	\$ 3.67	\$ 41.82	\$ 3.75	\$ 42.82	\$ 3.85
30	Churches	\$ 45.02	\$ 3.95	\$ 31.05	\$ 2.79	\$ 35.61	\$ 3.20	\$ 40.84	\$ 3.67	\$ 41.82	\$ 3.75	\$ 42.82	\$ 3.85
31	Service Stations	\$ 64.93	\$ 3.95	\$ 44.78	\$ 2.79	\$ 51.36	\$ 3.20	\$ 58.91	\$ 3.67	\$ 60.32	\$ 3.75	\$ 61.77	\$ 3.85
32	Restaurants												
33	Under 30 persons	\$ 131.69	\$ 3.95	\$ 90.83	\$ 2.79	\$ 104.17	\$ 3.20	\$ 119.48	\$ 3.67	\$ 122.35	\$ 3.75	\$ 125.28	\$ 3.85
34	Over 30 persons	\$ 239.69	\$ 3.95	\$ 165.32	\$ 2.79	\$ 189.60	\$ 3.20	\$ 217.45	\$ 3.67	\$ 222.67	\$ 3.75	\$ 228.01	\$ 3.85
35	Hotels												
36	Under 30 persons	\$ 214.88	\$ 3.95	\$ 148.21	\$ 2.79	\$ 169.97	\$ 3.20	\$ 194.94	\$ 3.67	\$ 199.61	\$ 3.75	\$ 204.41	\$ 3.85
37	Over 30 persons	\$ 406.05	\$ 3.95	\$ 280.07	\$ 2.79	\$ 321.20	\$ 3.20	\$ 368.38	\$ 3.67	\$ 377.22	\$ 3.75	\$ 386.27	\$ 3.85
38	Laundromats	\$ 225.49	\$ 3.95	\$ 155.53	\$ 2.79	\$ 178.37	\$ 3.20	\$ 204.56	\$ 3.67	\$ 209.47	\$ 3.75	\$ 214.50	\$ 3.85
39	Schools	\$ 323.42	\$ 3.95	\$ 223.07	\$ 2.79	\$ 255.84	\$ 3.20	\$ 293.41	\$ 3.67	\$ 300.46	\$ 3.75	\$ 307.66	\$ 3.85
40	Meat Processors, Packing Sheds, coolers, ice plants, etc.	\$ 323.42	\$ 3.95	\$ 223.07	\$ 2.79	\$ 255.84	\$ 3.20	\$ 293.41	\$ 3.67	\$ 300.46	\$ 3.75	\$ 307.66	\$ 3.85

CITY OF HOLTVILLE - SEWER RATE STUDY 2012

1.3 RATE SURVEY

RFC conducted a survey comparing monthly bills for City of Holtville SFR (Single Family Residence) customers under the existing and two proposed scenarios to other regional sewer utilities for FY 2013. Figure 1-1 displays the results. Where the City falls in comparison is impacted by which financial plan is implemented.

**FIGURE 1-1
BILL COMPARISON TO SURROUNDING AGENCIES FY 2013**



CITY OF HOLTVILLE - SEWER RATE STUDY 2012

2 INTRODUCTION

The City of Holtville (City) engaged Raftelis Financial Consultants, Inc. (RFC) to conduct a sewer rates and fees study that could be utilized to evaluate the revenue requirements and rates to be collected from City customers to ensure the financial viability of the utility. This report documents the findings and analyses of the study, as well as proposed changes.

The City's population was estimated at 6,479 in 2008. This is forecasted to grow to 7,915 by the year 2035. The City provides sewer services to approximately 2,000 residences and businesses. The majority of the customers are within City boundaries, with some customers outside of the City, including those at the Barbara Worth Country Club.

The City last increased rates on July 1, 2009. The City is currently in the process of completing two major capital projects. The City estimates that \$6 million dollars will be spent on an upgrade for the Wastewater Treatment Plant (WWTP) through FY 2014. The upgrade is necessary to ensure the City remains in compliance with discharge requirements by Colorado Regional Water Quality Control Board; failure to do so will result in significant fines for the City. The second project is a Sewer Outfall Pipeline Replacement (Pipeline). This project is estimated to cost the City a total of \$4.5 million through FY 2013.

The City is currently in the process of trying to secure subsidized funding for these two projects, including grants. However, the City directed RFC to conduct analyses under the best and worst case funding scenario assumptions. The first scenario assumes that the two major capital projects are funded via Clean Water State Revolving Fund (CWSRF) Program Funds. The second scenario assumes CWSRF loans with fifty percent of the loans being forgivable (CWSRF 50).

The City completed implementing a five year rate plan at the end of FY 2010. Rates have not been increased in FY 2011 or FY 2012. The City wishes to implement another five-year rate plan. Rates should be fair and equitable to the different customer classes and consistent with regulatory requirements. One major element of the rate component of this study is regarding the Barbara Worth Country Club (BWCC). The BWCC now currently maintains its own collection system and therefore does not benefit from the vast majority of the City collection system expenditures. The City requested that RFC calculate the appropriate rates for the BWCC given this situation.

CITY OF HOLTVILLE - SEWER RATE STUDY 2012

3 SEWER RATE STUDY

The following subsections present the findings and recommendations of the rate study pertaining to the sewer utility.

3.1 EXISTING SEWER RATES

Under the current sewer rate structure, residential customers are charged a fixed monthly fee for each dwelling unit. Non-residential customers are charged a fixed monthly charge plus a volume charge for each thousand gallons of water consumption that exceeds a defined allotment that varies by customer class. The City also charges a per gallon charge for Truck Disposal customers that are not permanently connected to the system. The current rate structure has been in effect since July 1, 2010 and is outlined in Table 3-1.

**TABLE 3-1
EXISTING SEWER RATE STRUCTURE**

Line No.	Customer Class	Fixed \$/Month	Consumption Allotment (gal.)	Consumption Fee (\$/kgal)
1	Single Family	\$ 49.32		
2	Multifamily (per dwelling unit)	\$ 49.32		
3	Senior Discount	\$ 39.44		
4	Offices	\$ 45.02	10,000	\$ 3.95
5	Churches	\$ 45.02	25,000	\$ 3.95
6	Service Stations	\$ 64.93	15,000	\$ 3.95
7	<u>Restaurants</u>			
8	Under 30 persons	\$ 131.69	30,000	\$ 3.95
9	Over 30 persons	\$ 239.69	60,000	\$ 3.95
10	<u>Hotels</u>			
11	Under 30 persons	\$ 214.88	50,000	\$ 3.95
12	Over 30 persons	\$ 406.05	175,000	\$ 3.95
13	Laundromats	\$ 225.49	100,000	\$ 3.95
14	Schools	\$ 323.42	150,000	\$ 3.95
15	Meat Processors, Packing Sheds, coolers, ice plants, etc.	\$ 323.42	500,000	\$ 3.95
16	<u>Truck Disposal</u>	<u>\$/gallon</u>		
17	Roto-Rooter	\$ 0.12		
18	Alpha Site Logistics	\$ 0.12		
19	A&S, AnconM, Mt.View	\$ 0.14		
20	Sharps Sanitation	\$ 0.12		
21	Lori's Sanitation	\$ 0.12		
22	AG Portable Services	\$ 0.12		
23	SD,VMJ,Maui,Och,Prim	\$ 0.14		
24	Joel and Munoz Labor	\$ 0.12		
25	Rent-A-Can	\$ 0.12		

3.2 SEWER BILLING UNITS & GROWTH

Table 3-2 displays the current number of dwelling units and non-residential accounts that are billed during FY 2012. The accounts are shown by customer class and location (inside city, outside city, and

CITY OF HOLTVILLE - SEWER RATE STUDY 2012

country club). Multifamily accounts are billed on a per dwelling unit basis and therefore shown similarly in the following table.

**TABLE 3-2
SEWER BILLING UNITS – FY 2012**

Line No.	Customer Class	Inside City	Outside City	Country Club	Total
1	Single Family	1,020	53	69	1,142
2	Multifamily (dwelling units)	658	9	41	708
3	Senior Discount	45			45
4	Offices	38	2		40
5	Churches	17			17
6	Service Stations	13	3		16
7	<u>Restaurants</u>				
	Under 30 persons	6		1	7
	Over 30 persons	1		1	2
8	<u>Hotels</u>				
	Under 30 persons	2			2
	Over 30 persons	1		1	2
9	Schools	3			3
10	Meat Processors, Packing Sheds, coolers, ice plants, etc.	9			9

Although there may be some minor growth in accounts, dwelling units and non-residential accounts are forecasted to remain constant throughout the forecast period of FY 2013 through FY 2017.

4 SEWER REVENUE REQUIREMENTS

A review of a utility’s revenue requirements is a key first step in the financial planning process. The review involves an analysis of annual operating revenues under the current rates, non-rate revenues, operation and maintenance (O&M) expenses, capital expenditures, and reserve requirements. This section of the report provides a discussion of the projected revenues, O&M and capital expenditures, capital improvement financing plan, and debt service requirements.

4.1 SEWER SYSTEM RATE REVENUE

The City owns and operates the sewer system. The principal source of operating revenues and capital revenues comes from sewer service charges from the City’s users; such revenues are forecasted to be approximately \$1.4 million during the forecast period if rates are kept constant. Table 4-1 outlines the rate revenue by source.

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TABLE 4-1
SEWER RATE REVENUE UNDER CURRENT RATES FY 2013 – FY 2017

Line	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
No. Customer Classes	\$	\$	\$	\$	\$	\$
1 Fixed Rate Revenue	1,237,751	1,237,751	1,237,751	1,237,751	1,237,751	1,237,751
2 Consumption Rate Revenue	35,092	35,092	35,092	35,092	35,092	35,092
3 Truck Disposal Revenue	137,260	70,000	70,000	70,000	70,000	70,000
4 Total	1,410,103	1,342,843	1,342,843	1,342,843	1,342,843	1,342,843

4.2 SEWER SYSTEM EXPENDITURES

For the sound financial operation of the City's sewer system, revenues generated must be sufficient to meet the revenue requirements or cash obligations of the system. Revenue requirements include O&M expenses of collection, treatment, and disposal costs, capital improvement program (CIP) expenditures, and principal and interest payments on existing debt. Additionally, debt coverage requirements, discussed later, need to be met.

4.2.1 SEWER OPERATION AND MAINTENANCE (O&M) EXPENSES

O&M expenditures include the cost of operating and maintaining sewer collection, treatment, and disposal facilities. O&M expenses also include the costs of providing technical services, such as laboratory services and other administrative costs of the sewer system. These costs are a normal obligation of the system, and such requirements are met from operating revenues as they are incurred. The comprehensive forecasted annual O&M expenditures for the study are based upon the City's budgeted FY 2011 expenditures, adjusted for the effect of inflation in future years. The City conservatively uses an inflation factor of 3% in projecting all O&M expenditures. Projected O&M expenditures for the study period are detailed in Table 4-2.

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**TABLE 4-2
SEWER O&M EXPENDITURES FY 2012 – FY 2017**

Line No.		FY 2012 \$	FY 2013 \$	FY 2014 \$	FY 2015 \$	FY 2016 \$	FY 2017 \$
Sewer Treatment Plant							
1	Salaries	199,367	205,348	211,508	217,853	224,389	224,389
2	Fringe Benefits	87,242	89,859	92,555	95,332	98,192	98,192
3	Personal Expenses	8,446	8,699	8,960	9,229	9,506	9,506
4	Materials, Supplies, & Se	282,220	290,687	299,407	308,389	317,641	317,641
5	Other	5,150	5,305	5,464	5,628	5,796	5,796
6	Debt Service	141,225	144,225	141,975	139,725	142,081	142,081
7	Sewer Treatment Plant Total	723,650	744,123	759,870	776,156	797,606	797,606
Sewer Collection System							
8	Salaries	202,606	208,684	214,945	221,393	228,035	228,035
9	Fringe Benefits	96,811	99,715	102,707	105,788	108,961	108,961
10	Personal Expenses	8,343	8,593	8,851	9,117	9,390	9,390
11	Materials, Supplies, & Services	67,723	69,754	71,847	74,002	76,222	76,222
12	Other	129,059	132,931	136,919	141,026	145,257	145,257
13	Sewer Collection System Total	504,541	519,678	535,268	551,326	567,866	567,866
14	Total Sewer O&M	1,228,191	1,263,800	1,295,137	1,327,482	1,365,471	1,365,471

4.2.2 SEWER CAPITAL IMPROVEMENT PROGRAM (CIP)

As discussed in a previous section, the City has two major capital improvement projects that must be completed in the coming years. The WWTP and Pipeline projects comprise the vast majority of the City's CIP during the forecast period. However, additional replacement projects, averaging approximately \$131,601 annually during FY 2013 through FY 2017, are also planned. The total CIP expenditures are outlined in Table 4-3.

**TABLE 4-3
SEWER CAPITAL IMPROVEMENT PROGRAM FY 2012 – FY 2017**

	FY 2012 \$	FY 2013 \$	FY 2014 \$	FY 2015 \$	FY 2016 \$	FY 2017 \$
Major Projects						
Wastewater Treatment Plant Upgrade	700,000	2,500,000	2,800,000	-	-	-
Sewer Outfall Pipeline Upgrade	600,000	3,900,000	-	-	-	-
Total Major Projects	1,300,000	6,400,000	2,800,000	-	-	-
Replacement Projects	45,320	152,770	157,353	112,551	115,927	115,927
Total CIP	1,345,320	6,552,770	2,957,353	112,551	115,927	115,927

CITY OF HOLTVILLE - SEWER RATE STUDY 2012

4.2.3 EXISTING DEBT SERVICE REQUIREMENTS

Debt service requirements consist of principal and interest payments on existing debt. The City currently has debt service obligations associated with the outstanding 2003 Sewer Revenue Bonds. Existing debt service annual payments are approximately \$140,000 per year and are displayed in Table 4-4.

TABLE 4-4
EXISTING DEBT SERVICE REQUIREMENTS FY 2012 – FY 2017

Line No.		FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
		\$	\$	\$	\$	\$	\$	\$
	Sewer Revenue Bonds - 2003							
1	Principal	40,000	40,000	45,000	45,000	45,000	50,000	55,000
2	Interest	103,225	101,225	99,225	96,975	94,725	92,081	89,144
3	Total	143,225	141,225	144,225	141,975	139,725	142,081	144,144

4.2.4 DEBT SERVICE COVERAGE

The City must meet debt service coverage requirements on its outstanding (and future) bond issues. Coverage requirements typically vary between 1.0 and 1.25 or higher. The City's required debt coverage is 1.25, which means that the City's Net System Revenues shall amount to at least 1.25 times the Annual Debt Service. All potential financial plans must continue to meet this requirement.

4.2.5 OPERATING RESERVE

Operating reserves may be used to meet ongoing cash flow requirements as well as emergency requirements. Typically, a balance in the range of 10% to 50% of annual operating expenses is considered appropriate - this represents one (1) to six (6) months of working capital. Given that the City bills on a monthly basis, the cash flow is relatively stable; therefore, we recommend a target operating reserve of 25% of annual O&M expenditures.

The City should plan to establish and fund a capital reserve of between 50 and 100% of the annual replacement type project costs in the future after the financial situation has stabilized.

CITY OF HOLTVILLE - SEWER RATE STUDY 2012

5 PROPOSED FINANCIAL PLANS

A financial plan compares the revenue requirements and the non rate revenues to determine the rate revenues needed for the financial stability of the enterprise. In order to meet all of the revenue requirements outlined in section 4, RFC has developed two potential financial planning scenarios that will be discussed further in this section. At the direction of the City, the first scenario (CWSRF) assumes that the two major capital projects (WWTP and Pipeline) will be funded via SRF loans. The second scenario (CWSRF 50) assumes that the two major capital projects will be funded via SRF loans that are fifty percent forgivable.

5.1 Rate Structure Revision

Under both of the two following Financial Plan Scenarios, changes to all customer rates will occur due to the BWCC now maintaining its own collection system. In order to allocate their fair share of the costs, the City's costs should be looked at in total and the portion that BWCC shares some percentage in should be separated to equitably allocate costs. Table 5-1 first displays the total City operating and capital costs and the second section displays those portions and pro-rated portions that BWCC benefits from.

**TALBE 5-1
CITY OPERATING AND CAPITAL COSTS AND AMOUNTS BWCC BENEFITS FROM**

Line No.		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	<u>City</u>						
1	O&M- Collection	\$ 504,541	\$ 519,678	\$ 535,268	\$ 551,326	\$ 567,866	\$ 584,902
2	O&M- Treatment	\$ 582,425	\$ 599,898	\$ 617,895	\$ 636,431	\$ 655,524	\$ 675,190
3	Existing Debt Service	\$ 141,225	\$ 144,225	\$ 141,975	\$ 139,725	\$ 142,081	\$ 144,144
4	SRF Loan, Pipeline	\$ -	\$ -	\$ 142,971	\$ 142,971	\$ 142,971	\$ 142,971
5	SRF Loan WWTP	\$ -	\$ -	\$ -	\$ 190,628	\$ 190,628	\$ 190,628
6	Rate Funded Capital	\$ 45,320	\$ 152,770	\$ 157,353	\$ 112,551	\$ 115,927	\$ 119,405
7	Total	\$ 1,273,511	\$ 1,416,570	\$ 1,595,461	\$ 1,773,633	\$ 1,814,998	\$ 1,857,240
	<u>BWCC</u>						
8	O&M- Collection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	O&M- Treatment	\$ 582,425	\$ 599,898	\$ 617,895	\$ 636,431	\$ 655,524	\$ 675,190
10	Existing Debt Service	\$ 141,225	\$ 144,225	\$ 141,975	\$ 139,725	\$ 142,081	\$ 144,144
11	SRF Loan, Pipeline	\$ -	\$ -	\$ 10,008	\$ 10,008	\$ 10,008	\$ 10,008
12	SRF Loan WWTP	\$ -	\$ -	\$ -	\$ 190,628	\$ 190,628	\$ 190,628
13	Rate Funded Capital	\$ 45,320	\$ 152,770	\$ 157,353	\$ 112,551	\$ 115,927	\$ 119,405
14	Total	\$ 768,970	\$ 896,892	\$ 927,230	\$ 1,089,343	\$ 1,114,169	\$ 1,139,375
15	Percent of costs BWCC shares in	60%	63%	58%	61%	61%	61%

There are two specific items in Table 5-1 that vary across the two sections. Line 1 indicates the collection system related operating costs for the City. As BWCC maintains its own collection system, these costs are excluded in the BWCC section shown on line 8. Similarly, line 4 reflects the SRF loan payments for the Pipeline project. Per the City's engineers, the BWCC will benefit partially from this project and should share in 7% of the loan payment costs, which is reflected on line 11.

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Line 15 in Table 5-1 reflects the percentage of the total costs that the BWCC should share in². This number may fluctuate slightly from year-to-year, but as this number should reflect a long-term relationship, an average of the years is appropriate to use when setting rates. An average of the percentages shown on line 15 is approximately 61%. This reflects that the BWCC rates should be approximately 61% of the City rates.

However, simply reducing the BWCC rates would not allow the City to meet its overall revenue requirement. Therefore, the remaining customer rates have to be adjusted to recover revenue no longer being collected from BWCC.

Table 5-2 displays the important figures in adjusting the BWCC and City rates and how they were derived.

TABLE 5-2 CITY AND BWCC RATE ADJUSTMENT PROCESS

Line		
No.	<u>Fixed Rate Revenue</u>	<u>FY 2013</u>
1	BWCC Revenue	74,432
2	City Revenue	1,163,320
3	Total Rate Revenue	1,237,751
4	BWCC % of Fixed Rate Revenue	6.01%
5	City % of Fixed Rate Revenue	93.99%
6	Percentage of City Costs BWCC Share In (BWCC rate should be 61% of City Rates)	61%
7	New BWCC % of Rate Revenue	3.67%
8	Percentage of Revenue Requirement Unmet	2.34%
9	Percentage Applied to All Rates to Meet Revenue Requirement	2.40%

The first three lines of Table 5-2 display the level of fixed revenue from BWCC and the remaining City customers under the current rate structure. Currently, the BWCC fixed revenue is approximately 6.01% (line 4) of the Total City Fixed Revenue (line 3), while the City percentage is approximately 94% (line 5). Line 6 reflects the percentage of costs that the BWCC shares in, as calculated in Table 5-1. Multiplying this factor (line 6) to the existing percentage of rate revenue (line 4) results in what should be the new percentage of total fixed rate revenue collected by the City from BWCC, which is shown on line 7. This

² The value on line 15 for each year is derived from dividing the corresponding BWCC cost participation amount on line 14 by the total City cost on line 7.

CITY OF HOLTVILLE - SEWER RATE STUDY 2012

leaves approximately 2.34% total revenue requirement shortfall (100% - line 5 – line 7). In order to ensure all revenue requirements are met, rates must be increased by a percentage (line 9) of 2.4%. Line 9: line 8 / (line 5 + line 7).

5.2 CWSRF FINANCIAL PLAN SCENARIO

Under this scenario, the \$10.5 million in major capital projects (WTP and Pipeline) will be funded via two SRF loans received during FY 2013. The outfall loan of \$4.5 million will result in debt service payment of \$285,942 for 20 years. The treatment plant SRF loan is for \$6 million and results in \$381,257 in annual debt service. The loan terms are assumed to be 20 years with an annual interest rate of 2.4%. Payments on the loans commence the year after the projects are completed.

In order to meet all revenue requirements as outlined in Section 4, annual rate increases of 22% will be needed under this scenario in the first three years of the forecast. Table 5-3 outlines the proposed rate increases and effective dates.

**TABLE 5-3
PROPOSED RATE INCREASES - CWSRF SCENARIO - FY 2013– FY 2017**

Effective Date	Proposed Increases
January 1, 2013	22%
January 1, 2014	22%
January 1, 2015	22%
January 1, 2016	0%
January 1, 2017	0%

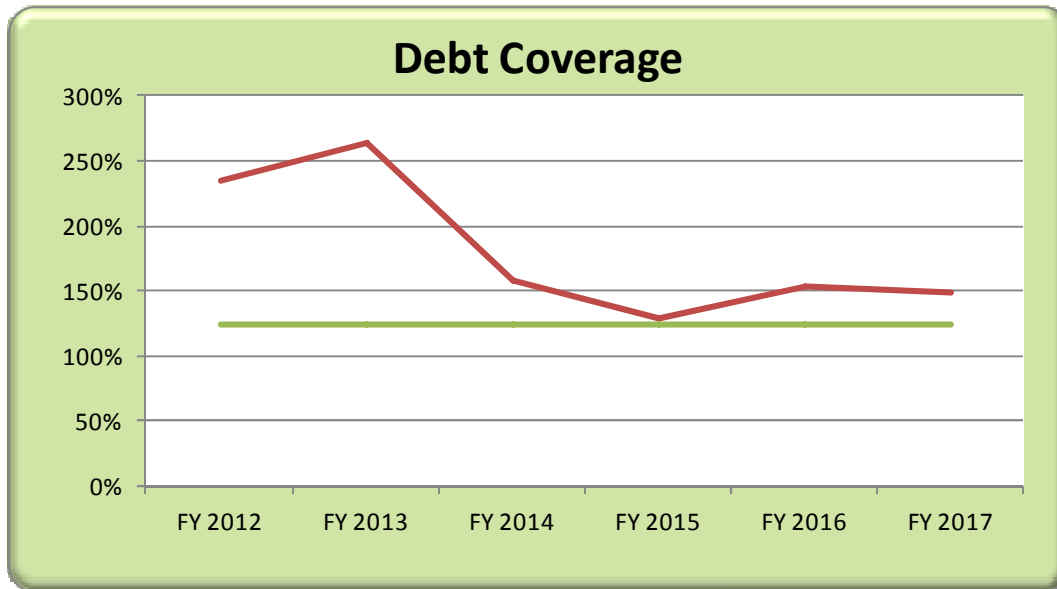
The operating financial plan presented in Table 5-4 provides a basis for evaluating the timing and extent of sewer revenue increases required to meet the projected revenue requirements for the study period. As shown in Table 5-4, and graphically in the following Figure 5-1, debt coverage is met in each year of the forecast period.

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**TABLE 5-4
SEWER OPERATING FINANCIAL PLAN – CWSRF SCENARIO – FY 2012 – FY 2017**

Line No.		FY 2012 \$	FY 2013 \$	FY 2014 \$	FY 2015 \$	FY 2016 \$	FY 2017 \$
1	Revenue from Existing Retail Rates	1,410,103	1,342,843	1,342,843	1,342,843	1,342,843	1,342,843
2	Additional Rate Revenue Required	-	147,700	475,600	875,700	1,095,500	1,095,500
3							
4	Total Rate Revenue	1,410,103	1,490,543	1,818,443	2,218,543	2,438,343	2,438,343
6	Interest Earnings	8,186	9,901	11,215	12,830	16,054	20,357
7	Total Revenue	1,418,289	1,500,444	1,829,657	2,231,373	2,454,397	2,458,700
Revenue Requirements							
8	O&M- Collection	504,541	519,678	535,268	551,326	567,866	584,902
9	O&M- Treatment	582,425	599,898	617,895	636,431	655,524	675,190
10	Existing Debt Service	141,225	144,225	141,975	139,725	142,081	144,144
11	SRF Loan, Pipeline	-	-	285,942	285,942	285,942	285,942
12	SRF Loan WWTP	-	-	-	381,257	381,257	381,257
13	Rate Funded Capital	45,320	152,770	157,353	112,551	115,927	119,405
14	Total Revenue Requirements	1,273,511	1,416,570	1,738,433	2,107,232	2,148,598	2,190,840
15	Net Annual Cash Balance	144,778	83,874	91,225	124,141	305,800	267,860
16	Debt Coverage Ratio	235%	264%	158%	129%	152%	148%
17	Required Coverage Ratio	125%	125%	125%	125%	125%	125%

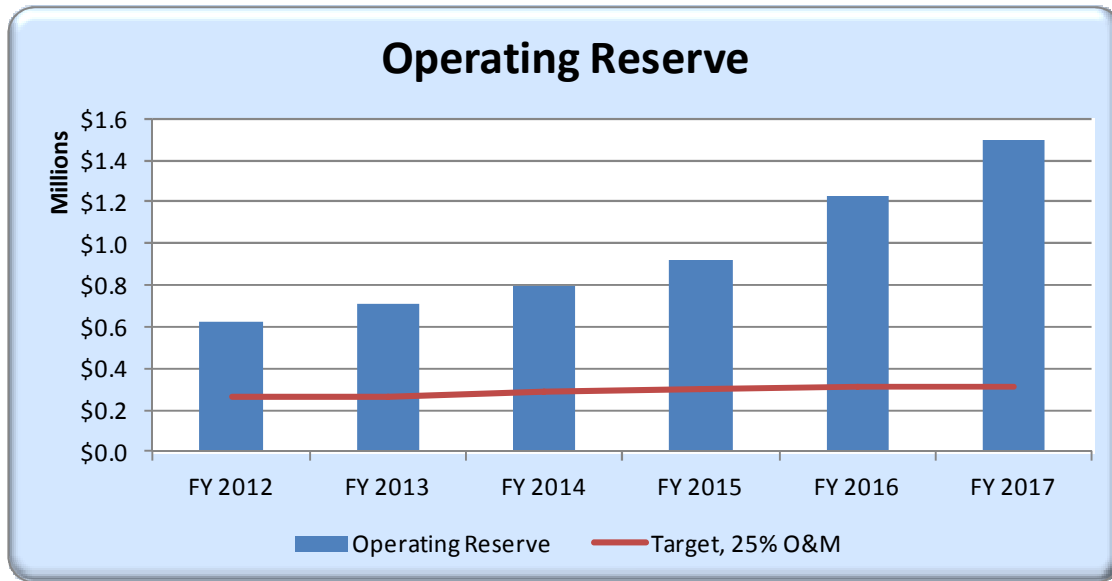
**FIGURE 5-1
DEBT COVERAGE – CWSRF SCENARIO – FY 2012 – FY 2017**



CITY OF HOLTVILLE - SEWER RATE STUDY 2012

Additionally, the operating reserve target of 25% of annual O&M is met under this financial plan, as shown in Figure 5-2. The target is approximately \$272,000 in FY 2012 and increases as O&M expenses increase.

FIGURE 5-2
OPERATING RESERVE – CWSRF SCENARIO – FY 2012 – FY 2017



As shown in Figure 5-2, the operating reserve does accumulate a balance beyond its targeted amount and it would appear that lower rate increases would be acceptable. However, it is the need to meet debt coverage requirements shown in Table 5-4 and Figure 5-1 that ultimately determines the level of rate increases needed under this scenario.

5.3 CWSRF 50 Scenario

Under this scenario, the \$10.5 million in major capital projects (WWTP and Pipeline) will be funded via CWSRF loans with fifty percent of the loans being forgivable. The outfall loan of \$2.25 million will result in loan payment of \$142,971 for 20 years. The treatment plant SRF loan is for \$3 million and results in \$190,628 in annual debt service. The loan terms are assumed to be 20 years with an annual interest rate of 2.4%. Payments on the loans commence the year after the projects are completed.

In order to meet all revenue requirements as outlined in Section 4, annual rate increases of 13% will be required in FY 2013 and 12% in FY 2014 and FY 2015. Table 5-5 outlines the proposed rate increases and effective dates.

CITY OF HOLTVILLE - SEWER RATE STUDY 2012

**TABLE 5-5
PROPOSED RATE INCREASES – CWSRF 50 SCENARIO – FY 2013 – FY 2017**

Effective Date	Proposed Increases
January 1, 2013	13%
January 1, 2014	12%
January 1, 2015	12%
January 1, 2016	0%
January 1, 2017	0%

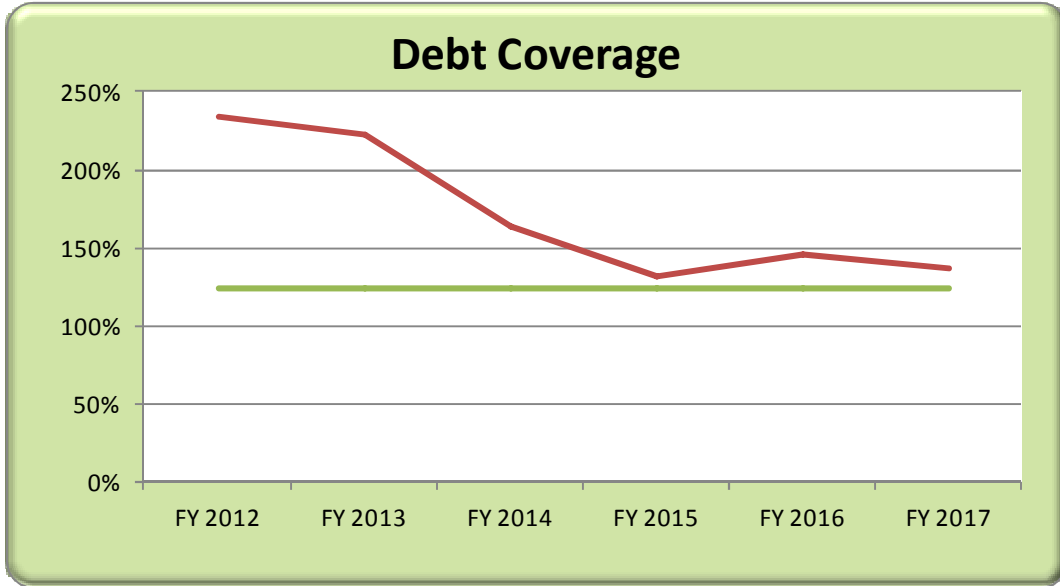
The operating financial plan presented in Table 5-6 provides a basis for evaluating the timing and extent of sewer revenue increases required to meet the projected revenue requirements for the study period.

**TABLE 5-6
SEWER OPERATING FINANCIAL PLAN – CWSRF 50 SCENARIO – FY 2012 – FY 2017**

Line No.		FY 2012 \$	FY 2013 \$	FY 2014 \$	FY 2015 \$	FY 2016 \$	FY 2017 \$
1	Revenue from Existing Retail Rates	1,410,103	1,342,843	1,342,843	1,342,843	1,342,843	1,342,843
2	Additional Rate Revenue Required	-	87,300	265,600	458,700	560,600	560,600
3							
4	Total Rate Revenue	1,410,103	1,430,143	1,608,443	1,801,543	1,903,443	1,903,443
6	Interest Earnings	8,186	9,445	9,788	10,245	11,279	12,467
7	Total Revenue	1,418,289	1,439,588	1,618,231	1,811,788	1,914,722	1,915,910
	Revenue Requirements						
8	O&M- Collection	504,541	519,678	535,268	551,326	567,866	584,902
9	O&M- Treatment	582,425	599,898	617,895	636,431	655,524	675,190
10	Existing Debt Service	141,225	144,225	141,975	139,725	142,081	144,144
11	SRF Loan, Pipeline	-	-	142,971	142,971	142,971	142,971
12	SRF Loan WWTP	-	-	-	190,628	190,628	190,628
13	Rate Funded Capital	45,320	152,770	157,353	112,551	115,927	119,405
14	Total Revenue Requirements	1,273,511	1,416,570	1,595,461	1,773,633	1,814,998	1,857,240
15	Net Annual Cash Balance	144,778	23,018	22,770	38,156	99,724	58,670
16	Debt Coverage Ratio	235%	222%	163%	132%	145%	137%
17	Required Coverage Ratio	125%	125%	125%	125%	125%	125%

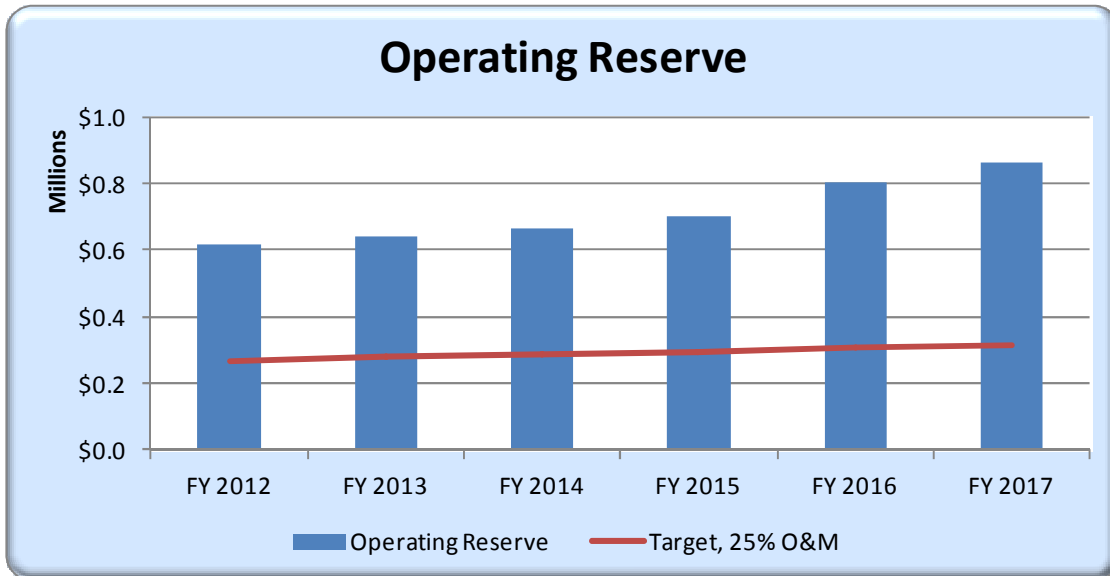
The ultimate driving force for the large rate increases associated with this scenario is the need to meet debt coverage requirements. As shown in Table 5-6, and graphically in the following Figure 5-3, debt coverage is met in each year of the forecast period.

FIGURE 5-3
DEBT COVERAGE – CWSRF 50 SCENARIO – FY 2012 – FY 2017



Additionally, the operating reserve target of 25% of annual O&M is met under this financial plan, as shown in Figure 5-4.

FIGURE 5-4
OPERATING RESERVE - FY 2012 – FY 2017



As with the CWSRF scenario, the operating reserve does accumulate a balance beyond its targeted amount and it would appear that lower rate increases would be acceptable. However, it is the need to meet the debt coverage shown in Table 5-6 and Figure 5-3 that is ultimately responsible for the level of rate increases needed under the CWSRF 50 scenario.

6 PROPOSED RATES

This section outlines the proposed rates over the forecast period under both the CWSRF and CWSRF 50 scenarios. The rates are calculated by applying percentage increases outlined in the previous section across the board to the existing rates. It should be noted that consumption allotments remain unchanged and therefore are not displayed in the proposed rate tables.

6.1 CWSRF SCENARIO RATES

Table 6-1 outlines the proposed monthly rates for the forecast period after rates are adjusted as described in section 5.1 and the annual rate increases outlined in Table 5-3 are applied.

6.2 CWSRF 50 SCENARIO RATES

Table 6-2 outlines the proposed monthly rates for the forecast period after rates are adjusted as described in section 5.1 and the annual rate increases outlined in Table 5-5 are applied.

CITY OF HOLTVILLE - SEWER RATE STUDY 2012

TABLE 6-1 PROPOSED MONTHLY RATES – CWSRF SCENARIO – FY 2013 – FY 2017

<u>City Rates</u>		Existing		FY 2013		FY 2014		FY 2015		FY 2016		FY 2017	
Line No.	Customer Class	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)
1	Single Family	\$ 49.32		\$ 60.17		\$ 75.19		\$ 93.96		\$ 96.24		\$ 98.58	
2	Multifamily (per dwelling unit)	\$ 49.32		\$ 60.17		\$ 75.19		\$ 93.96		\$ 96.24		\$ 98.58	
3	Senior Discount	\$ 39.44		\$ 48.12		\$ 60.13		\$ 75.14		\$ 76.97		\$ 78.84	
4	Offices	\$ 45.02	\$ 3.95	\$ 54.92	\$ 4.94	\$ 68.63	\$ 6.17	\$ 85.76	\$ 7.71	\$ 87.84	\$ 7.90	\$ 89.98	\$ 8.09
5	Churches	\$ 45.02	\$ 3.95	\$ 54.92	\$ 4.94	\$ 68.63	\$ 6.17	\$ 85.76	\$ 7.71	\$ 87.84	\$ 7.90	\$ 89.98	\$ 8.09
6	Service Stations	\$ 64.93	\$ 3.95	\$ 79.21	\$ 4.94	\$ 98.99	\$ 6.17	\$ 123.70	\$ 7.71	\$ 126.71	\$ 7.90	\$ 129.79	\$ 8.09
7	Restaurants												
8	Under 30 persons	\$ 131.69	\$ 3.95	\$ 160.66	\$ 4.94	\$ 200.77	\$ 6.17	\$ 250.89	\$ 7.71	\$ 256.99	\$ 7.90	\$ 263.24	\$ 8.09
9	Over 30 persons	\$ 239.69	\$ 3.95	\$ 292.42	\$ 4.94	\$ 365.43	\$ 6.17	\$ 456.66	\$ 7.71	\$ 467.76	\$ 7.90	\$ 479.13	\$ 8.09
10	Hotels												
11	Under 30 persons	\$ 214.88	\$ 3.95	\$ 262.15	\$ 4.94	\$ 327.60	\$ 6.17	\$ 409.39	\$ 7.71	\$ 419.34	\$ 7.90	\$ 429.53	\$ 8.09
12	Over 30 persons	\$ 406.05	\$ 3.95	\$ 495.38	\$ 4.94	\$ 619.06	\$ 6.17	\$ 773.61	\$ 7.71	\$ 792.42	\$ 7.90	\$ 811.68	\$ 8.09
13	Laundromats	\$ 225.49	\$ 3.95	\$ 275.10	\$ 4.94	\$ 343.78	\$ 6.17	\$ 429.61	\$ 7.71	\$ 440.05	\$ 7.90	\$ 450.75	\$ 8.09
14	Schools	\$ 323.42	\$ 3.95	\$ 394.57	\$ 4.94	\$ 493.08	\$ 6.17	\$ 616.18	\$ 7.71	\$ 631.16	\$ 7.90	\$ 646.50	\$ 8.09
15	Meat Processors, Packing Sheds, coolers, ice plants, etc.	\$ 323.42	\$ 3.95	\$ 394.57	\$ 4.94	\$ 493.08	\$ 6.17	\$ 616.18	\$ 7.71	\$ 631.16	\$ 7.90	\$ 646.50	\$ 8.09
16	Truck Disposal												
17	Roto-Rooter	\$ 0.12		\$ 0.15		\$ 0.18		\$ 0.22		\$ 0.22		\$ 0.22	
18	Alpha Site Logistics	\$ 0.12		\$ 0.15		\$ 0.18		\$ 0.22		\$ 0.22		\$ 0.22	
19	A&S, AnconM, Mt.View	\$ 0.14		\$ 0.17		\$ 0.21		\$ 0.26		\$ 0.26		\$ 0.26	
20	Sharps Sanitation	\$ 0.12		\$ 0.15		\$ 0.18		\$ 0.22		\$ 0.22		\$ 0.22	
21	Lori's Sanitation	\$ 0.12		\$ 0.15		\$ 0.18		\$ 0.22		\$ 0.22		\$ 0.22	
22	AG Portable Services	\$ 0.12		\$ 0.15		\$ 0.18		\$ 0.22		\$ 0.22		\$ 0.22	
23	SD,VMJ,Maui,Och,Prim	\$ 0.14		\$ 0.17		\$ 0.21		\$ 0.26		\$ 0.26		\$ 0.26	
24	Joel and Munoz Labor	\$ 0.12		\$ 0.15		\$ 0.18		\$ 0.22		\$ 0.22		\$ 0.22	
25	Rent-A-Can	\$ 0.12		\$ 0.15		\$ 0.18		\$ 0.22		\$ 0.22		\$ 0.22	
		Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)
26	Single Family	\$ 49.32		\$ 36.41		\$ 45.49		\$ 56.85		\$ 58.23		\$ 59.64	
27	Multifamily (per dwelling unit)	\$ 49.32		\$ 36.41		\$ 45.49		\$ 56.85		\$ 58.23		\$ 59.64	
28	Senior Discount	\$ 39.44		\$ 29.11		\$ 36.38		\$ 45.46		\$ 46.57		\$ 47.70	
29	Offices	\$ 45.02	\$ 3.95	\$ 33.23	\$ 2.99	\$ 41.52	\$ 3.73	\$ 51.89	\$ 4.66	\$ 53.15	\$ 4.78	\$ 54.44	\$ 4.89
30	Churches	\$ 45.02	\$ 3.95	\$ 33.23	\$ 2.99	\$ 41.52	\$ 3.73	\$ 51.89	\$ 4.66	\$ 53.15	\$ 4.78	\$ 54.44	\$ 4.89
31	Service Stations	\$ 64.93	\$ 3.95	\$ 47.93	\$ 2.99	\$ 59.89	\$ 3.73	\$ 74.84	\$ 4.66	\$ 76.66	\$ 4.78	\$ 78.53	\$ 4.89
32	Restaurants												
33	Under 30 persons	\$ 131.69	\$ 3.95	\$ 97.21	\$ 2.99	\$ 121.47	\$ 3.73	\$ 151.80	\$ 4.66	\$ 155.49	\$ 4.78	\$ 159.27	\$ 4.89
34	Over 30 persons	\$ 239.69	\$ 3.95	\$ 176.93	\$ 2.99	\$ 221.10	\$ 3.73	\$ 276.30	\$ 4.66	\$ 283.01	\$ 4.78	\$ 289.89	\$ 4.89
35	Hotels												
36	Under 30 persons	\$ 214.88	\$ 3.95	\$ 158.61	\$ 2.99	\$ 198.21	\$ 3.73	\$ 247.70	\$ 4.66	\$ 253.72	\$ 4.78	\$ 259.88	\$ 4.89
37	Over 30 persons	\$ 406.05	\$ 3.95	\$ 299.73	\$ 2.99	\$ 374.56	\$ 3.73	\$ 468.07	\$ 4.66	\$ 479.45	\$ 4.78	\$ 491.10	\$ 4.89
38	Laundromats	\$ 225.49	\$ 3.95	\$ 166.45	\$ 2.99	\$ 208.00	\$ 3.73	\$ 259.93	\$ 4.66	\$ 266.25	\$ 4.78	\$ 272.72	\$ 4.89
39	Schools	\$ 323.42	\$ 3.95	\$ 238.73	\$ 2.99	\$ 298.33	\$ 3.73	\$ 372.81	\$ 4.66	\$ 381.88	\$ 4.78	\$ 391.16	\$ 4.89
40	Meat Processors, Packing Sheds, coolers, ice plants, etc.	\$ 323.42	\$ 3.95	\$ 238.73	\$ 2.99	\$ 298.33	\$ 3.73	\$ 372.81	\$ 4.66	\$ 381.88	\$ 4.78	\$ 391.16	\$ 4.89

CITY OF HOLTVILLE - SEWER RATE STUDY 2012

TABLE 6-2 PROPOSED MONTHLY RATES – CWSRF 50 SCENARIO – FY 2013 – FY 2017

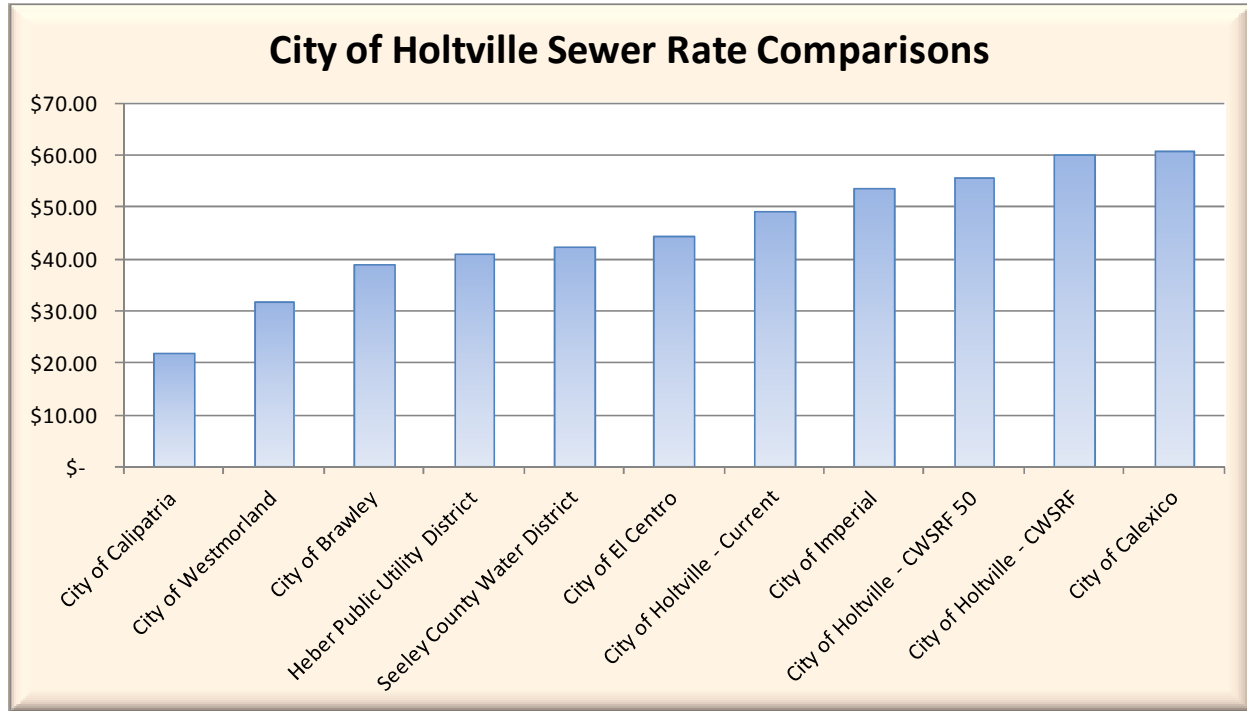
City Rates		Existing		FY 2013		FY 2014		FY 2015		FY 2016		FY 2017	
Line No.	Customer Class	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)
1	Single Family	\$ 49.32		\$ 55.73		\$ 63.92		\$ 73.31		\$ 75.07		\$ 76.87	
2	Multifamily (per dwelling unit)	\$ 49.32		\$ 55.73		\$ 63.92		\$ 73.31		\$ 75.07		\$ 76.87	
3	Senior Discount	\$ 39.44		\$ 44.57		\$ 51.12		\$ 58.63		\$ 60.04		\$ 61.48	
4	Offices	\$ 45.02	\$ 3.95	\$ 50.87	\$ 4.57	\$ 58.34	\$ 5.24	\$ 66.91	\$ 6.01	\$ 68.52	\$ 6.15	\$ 70.16	\$ 6.30
5	Churches	\$ 45.02	\$ 3.95	\$ 50.87	\$ 4.57	\$ 58.34	\$ 5.24	\$ 66.91	\$ 6.01	\$ 68.52	\$ 6.15	\$ 70.16	\$ 6.30
6	Service Stations	\$ 64.93	\$ 3.95	\$ 73.37	\$ 4.57	\$ 84.15	\$ 5.24	\$ 96.51	\$ 6.01	\$ 98.83	\$ 6.15	\$ 101.20	\$ 6.30
7	Restaurants												
8	Under 30 persons	\$ 131.69	\$ 3.95	\$ 148.81	\$ 4.57	\$ 170.67	\$ 5.24	\$ 195.74	\$ 6.01	\$ 200.44	\$ 6.15	\$ 205.25	\$ 6.30
9	Over 30 persons	\$ 239.69	\$ 3.95	\$ 270.85	\$ 4.57	\$ 310.63	\$ 5.24	\$ 356.25	\$ 6.01	\$ 364.80	\$ 6.15	\$ 373.55	\$ 6.30
10	Hotels												
11	Under 30 persons	\$ 214.88	\$ 3.95	\$ 242.81	\$ 4.57	\$ 278.47	\$ 5.24	\$ 319.37	\$ 6.01	\$ 327.03	\$ 6.15	\$ 334.88	\$ 6.30
12	Over 30 persons	\$ 406.05	\$ 3.95	\$ 458.84	\$ 4.57	\$ 526.23	\$ 5.24	\$ 603.52	\$ 6.01	\$ 618.00	\$ 6.15	\$ 632.83	\$ 6.30
13	Laundromats	\$ 225.49	\$ 3.95	\$ 254.80	\$ 4.57	\$ 292.22	\$ 5.24	\$ 335.14	\$ 6.01	\$ 343.18	\$ 6.15	\$ 351.42	\$ 6.30
14	Schools	\$ 323.42	\$ 3.95	\$ 365.46	\$ 4.57	\$ 419.14	\$ 5.24	\$ 480.70	\$ 6.01	\$ 492.24	\$ 6.15	\$ 504.05	\$ 6.30
15	Meat Processors, Packing Sheds, coolers, ice plants, etc.	\$ 323.42	\$ 3.95	\$ 365.46	\$ 4.57	\$ 419.14	\$ 5.24	\$ 480.70	\$ 6.01	\$ 492.24	\$ 6.15	\$ 504.05	\$ 6.30
16	Truck Disposal												
17	Roto-Rooter	\$ 0.12		\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.18		\$ 0.18	
18	Alpha Site Logistics	\$ 0.12		\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.18		\$ 0.18	
19	A&S, AnconM, Mt.View	\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.20		\$ 0.20		\$ 0.20	
20	Sharps Sanitation	\$ 0.12		\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.18		\$ 0.18	
21	Lori's Sanitation	\$ 0.12		\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.18		\$ 0.18	
22	AG Portable Services	\$ 0.12		\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.18		\$ 0.18	
23	SD,VMJ,Maui,Och,Prim	\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.20		\$ 0.20		\$ 0.20	
24	Joel and Munoz Labor	\$ 0.12		\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.18		\$ 0.18	
25	Rent-A-Can	\$ 0.12		\$ 0.14		\$ 0.16		\$ 0.18		\$ 0.18		\$ 0.18	
		Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)	Fixed \$/Month	Consumption Fee (\$/kgal)
Barbara Worth Country Club Rates													
26	Single Family	\$ 49.32		\$ 34.02		\$ 39.02		\$ 44.75		\$ 45.82		\$ 46.92	
27	Multifamily (per dwelling unit)	\$ 49.32		\$ 34.02		\$ 39.02		\$ 44.75		\$ 45.82		\$ 46.92	
28	Senior Discount	\$ 39.44		\$ 27.20		\$ 31.20		\$ 35.79		\$ 36.65		\$ 37.53	
29	Offices	\$ 45.02	\$ 3.95	\$ 31.05	\$ 2.79	\$ 35.61	\$ 3.20	\$ 40.84	\$ 3.67	\$ 41.82	\$ 3.75	\$ 42.82	\$ 3.85
30	Churches	\$ 45.02	\$ 3.95	\$ 31.05	\$ 2.79	\$ 35.61	\$ 3.20	\$ 40.84	\$ 3.67	\$ 41.82	\$ 3.75	\$ 42.82	\$ 3.85
31	Service Stations	\$ 64.93	\$ 3.95	\$ 44.78	\$ 2.79	\$ 51.36	\$ 3.20	\$ 58.91	\$ 3.67	\$ 60.32	\$ 3.75	\$ 61.77	\$ 3.85
32	Restaurants												
33	Under 30 persons	\$ 131.69	\$ 3.95	\$ 90.83	\$ 2.79	\$ 104.17	\$ 3.20	\$ 119.48	\$ 3.67	\$ 122.35	\$ 3.75	\$ 125.28	\$ 3.85
34	Over 30 persons	\$ 239.69	\$ 3.95	\$ 165.32	\$ 2.79	\$ 189.60	\$ 3.20	\$ 217.45	\$ 3.67	\$ 222.67	\$ 3.75	\$ 228.01	\$ 3.85
35	Hotels												
36	Under 30 persons	\$ 214.88	\$ 3.95	\$ 148.21	\$ 2.79	\$ 169.97	\$ 3.20	\$ 194.94	\$ 3.67	\$ 199.61	\$ 3.75	\$ 204.41	\$ 3.85
37	Over 30 persons	\$ 406.05	\$ 3.95	\$ 280.07	\$ 2.79	\$ 321.20	\$ 3.20	\$ 368.38	\$ 3.67	\$ 377.22	\$ 3.75	\$ 386.27	\$ 3.85
38	Laundromats	\$ 225.49	\$ 3.95	\$ 155.53	\$ 2.79	\$ 178.37	\$ 3.20	\$ 204.56	\$ 3.67	\$ 209.47	\$ 3.75	\$ 214.50	\$ 3.85
39	Schools	\$ 323.42	\$ 3.95	\$ 223.07	\$ 2.79	\$ 255.84	\$ 3.20	\$ 293.41	\$ 3.67	\$ 300.46	\$ 3.75	\$ 307.66	\$ 3.85
40	Meat Processors, Packing Sheds, coolers, ice plants, etc.	\$ 323.42	\$ 3.95	\$ 223.07	\$ 2.79	\$ 255.84	\$ 3.20	\$ 293.41	\$ 3.67	\$ 300.46	\$ 3.75	\$ 307.66	\$ 3.85

CITY OF HOLTVILLE - SEWER RATE STUDY 2012

7 RATE SURVEY

RFC conducted a survey comparing monthly bills for City SFR customers under the existing and two proposed scenarios to other regional utilities for FY 2013. Figure 7-1 displays the results. Where the City falls in comparison is impacted by which financial plan is implemented.

**FIGURE 7-1
BILL COMPARISON TO SURROUNDING AGENCIES FY 2012**



Appendix B – Country Club Sewer Maintenance District FY 2020-21 Audit

INDEPENDENT AUDITOR'S REPORT



Shelly Smail, Assistant
Auditor Controller
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County Administration Center
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AUDITOR-CONTROLLER

February 25, 2022

Board of Supervisors
County of Imperial
And,
Board of Directors
Country Club Sewer Maintenance District

Subject: Report on the Country Club Sewer Maintenance District

Dear Board Members:

We have audited the comparative balance sheet of the Country Club Sewer Maintenance District as of June 30, 2021 and the related comparative statements of revenues, expenditures, and changes in fund balance and changes in financial position for the years then ended. Our audit was made in accordance with generally accepted auditing standards in conjunction with Section 26909 of the Government Code and included such tests of the accounting records and such other auditing procedures, as we considered necessary in the circumstances.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. As shown in the financial statements for the fiscal year ended June 30, 2021, the District had revenue of \$39,292. In the prior fiscal year, they had revenue

INDEPENDENT AUDITOR'S REPORT



of \$59,242. These factors, including a deficit in their fund balance of (\$193,368) may indicate that the District may be unable to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In the previous audit we expressed the same concern about the District and recommended the District to immediately initiate measures to increase revenues to fund the maintenance costs. In May 2009, Dynamic Consulting Engineers, Inc. completed for the County Public Works Department and Country Club Sewer Maintenance District a sewer rate study. The sewer rate study report was submitted to the Board of Supervisors acting as the Country Club Sewer Maintenance District for discussion/action on January 12, 2010, at which time the Board gave approval to Public Works to commence with the process to revise the fee schedule in accordance with the rate study. At the date of this audit, the District has a secure tax roll bill to its residents to address the ongoing concern of County funds being used to support the District's operations. As a result, the District has decreased its deficit in their fund balance. Nonetheless, the District has addressed a couple of minor spills, has assessed the need to install a monitoring system that allows the operator to be notified in the event of a failure, and the use of a degreaser to help ease the pressures of the force main. In efforts to facilitate the expenses, CCSMD submitted a General Information Package to the State of California to obtain a revolving fund loan of \$700,000, which they are waiting for the process to be completed, to repair the force main and pump station to improve the efficiency and the life of the sewer system. CCSMD has received their initial submittal with comments, and the staff is working to address the State's concerns.

In our opinion, the statements referred to above present fairly, in all material respects, the financial position of the Country Club Sewer Maintenance District, for the years ended June 30, 2021, in conformity with accounting principles generally accepted in the United States of America.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Shelly Smail".

Shelly Smail
Assistant Auditor-Controller

AUDITOR'S REPORT
COUNTRY CLUB SEWER MAINTENANCE DISTRICT
JULY 1, 2020 TO JUNE 30, 2021



SHELLY SMAIL, ASSISTANT AUDITOR CONTROLLER
IMPERIAL COUNTY AUDITOR-CONTROLLER

INDEPENDENT AUDITOR'S REPORT



COUNTRY CLUB SEWER MAINTENANCE DISTRICT JULY 1, 2020 TO JUNE 30, 2021

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EXECUTIVE SUMMARY

OVERVIEW:

The Country Club Sewer Maintenance District (CCSMD) is a Special District that was established on June 16, 1970, under section 4877 of the Health and Safety Code. This Special District is a separate agency from the County of Imperial. It was created at the request of the property owners to maintain the sewer system for the homes located at the Barbara Worth Country Club. On July 21, 1970 (minute order #7) the Imperial County Board of Supervisors authorized the Department of Public Works to perform the administration of the Country Club Sewer Maintenance District, and to negotiate with the City of Holtville for performance of routine maintenance and operation of the plant.

In December of 2001, the City of Holtville elected to opt out of providing maintenance services to the District's sewer system. Effective July 1, 2002, the CCSMD was responsible for all maintenance costs associated with the sewer lines.

The Dynamic Consulting Services, Inc. performed a sewer rate study per CCSMD's request, which was concluded on May 2009. As a result, the Board approved a fee schedule revision in accordance with the rate study presented.

The Department of Public Works' Director has secured a \$700,000 State Revolving Fund loan to help the District's sewer system's efficiency and its life to be extended by repairing the force main and pump station, which has continuously caused setbacks to improving their financial position. The funds have yet to be received. However, they received their initial submittal with comments from the State, which the staff is working on addressing.

On April 1, 2014, Resolution 2014-035 approved by the Board of Director, which consisted of a secure tax bill for the District's residents, was set in place to address present and future costs and help alleviate the debt owed to the county.

A direct charge in the District's resident's tax roll bill, implemented by County of Imperial was implemented. In fiscal year 2020-21 the District had projected \$60,000.00 to be collected. As of June 30, 2021, \$64,118.76 was collected.

INDEPENDENT AUDITOR'S REPORT



OVERALL OBJECTIVE:

Our purpose was to provide the Board of Supervisor with an independent assessment of the District's ability to continue as a going concern, and to assess the adequacy of internal controls over the District's processes and accounting procedure.

OVERALL CONCLUSION:

Based upon the results of our audit testing, we determined that the Country Club Sewer Maintenance District implemented proper internal controls over the accounting procedures. In response to the County of Imperial's prospective liability, should the sewer system fail, the District has applied a direct charge on its resident's secure tax bill. The amount projected to be collected by the District through the tax bill was further to the actual amount that has been collected for the last fiscal year. The District is in the process of obtaining a revolving fund loan from the State of California to promote efficiency and extend the life of the sewer system. Their initial submittal has been returned with comments and the staff has been working on addressing the State's concerns.

Due to the negative fund balance of (\$193,368), the District's financial uncertainty had caused considerable doubt as to its ongoing operation. Consequently, the County of Imperial continues to financially support the District's operations.

Details about our audit methodologies, results, findings and recommendations are provided in the body of our report.

INDEPENDENT AUDITOR'S REPORT



OBJECTIVES:

To determine:

- The accuracy of the Country Club Sewer Maintenance District's cash balance in the County's General Ledger
- The existence of adequate internal controls over cash receipts and disbursements.
- Fluctuations of fund balance from prior periods and explain significant variations.

METHODOLOGY:

To accomplish our objectives, we:

- Performed a financial analysis of the cash balance.
- Performed detailed testing of the department's payroll and expenditures.
- Analyzed any large fund variances from previous fiscal years to identify the source of any fluctuation.



INDEPENDENT AUDITOR'S REPORT

SUMMARY OF FINDINGS AND RECOMMENDATIONS

No new findings were found for the current fiscal year.

INDEPENDENT AUDITOR'S REPORT



COUNTRY CLUB SEWER MAINTENANCE DISTRICT
JULY 1, 2018 TO JUNE 30, 2019

STATUS OF PRIOR YEAR FINDINGS

No new findings were found for the fiscal year 2018-2019.

COUNTRY CLUB SEWER MAINTENANCE DISTRICT
COMPARATIVE BALANCE SHEET
JUNE 30, 2020 AND 2021

	June 30		Increase (Decrease)
	2021	2020	
ASSETS			
Current:			
Cash	\$ 0	\$ 0	\$ 0
Interest Receivable	\$ 0	\$ 0	\$ 0
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Long Term:			
Structures & Improvements	<u>\$ 223,523</u>	<u>\$ 223,523</u>	<u>\$ 0</u>
Total Assets	<u><u>\$ 223,523</u></u>	<u><u>\$ 223,523</u></u>	<u><u>\$ 0</u></u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Deficit Cash	\$ 189,803	\$ 229,223	\$ (39,420)
Accounts Payable	\$ 1,781	\$ 1,653	\$ 128
Due to Other Funds	\$ -	\$ -	\$ -
Total Liabilities	<u>\$ 191,584</u>	<u>\$ 230,877</u>	<u>\$ (39,292)</u>
Fund Equity:			
Investment in Fixed Assets	\$ 223,523	\$ 223,523	\$ 0
PY Encumbrance	\$ -	\$ 0	\$ -
Fund Balance Unrestricted	\$ (191,584)	\$ (230,877)	\$ 39,292
Total Fund Equity	<u>\$ 31,939</u>	<u>\$ (7,354)</u>	<u>\$ 39,292</u>
Total Liabilities and Fund Equity	<u><u>\$ 223,523</u></u>	<u><u>\$ 223,523</u></u>	<u><u>\$ 0</u></u>

COUNTRY CLUB SEWER MAINTENANCE DISTRICT
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2021

	Fiscal Year Ended		Increase (Decrease)
	June 30 2021	June 30 2020	
REVENUES			
Interest	\$ (2,130)	\$ (4,446)	\$ 2,316
Current Secured Taxes	\$ 2,752	\$ 2,636	\$ 117
Current Unsecured Taxes	\$ 281	\$ 271	\$ 10
Homeowners Prop. Tax Relief	\$ 23	\$ 23	\$ (0)
Supplemental Assessment	\$ 28	\$ 37	\$ (9)
Special Assessment	\$ 64,119	\$ 104,906	\$ (40,787)
Total Revenues	\$ 65,074	\$ 103,427	\$ (38,354)
EXPENDITURES			
Maintenance-Equipment	\$ 8,515	\$ 17,270	\$ (8,755)
Prof. & Specialized Svs Other	\$ 456	\$ -	\$ 456
Prof. & Specialized Service	\$ 12,000	\$ 21,905	\$ (9,905)
Special Departmental Expense	\$ 0	\$ 0	\$ 0
Utilities	\$ 4,810	\$ 5,010	\$ (200)
Total Expenditures	\$ 25,781	\$ 44,186	\$ (18,405)
Excess of Revenues Over (under) Expenditures	\$ 39,291	\$ 59,241	\$ (19,950)
Fund Balance July 1	\$ (249,115)	\$ (308,356)	\$ 59,241
PY Encumbrance	\$ 0	\$ 0	\$ 0
Fund Balance June 30	\$ (209,824)	\$ (249,115)	\$ 39,291

COUNTRY CLUB SEWER MAINTENANCE DISTRICT
COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2021

	Fiscal Year Ended		Increase (Decrease)
	June 30 2021	June 30 2020	
Sources of Working Capital:			
Interest	\$ (2,130)	\$ (4,446)	\$ 2,316
District Taxes	\$ 67,203	\$ 107,873	\$ (40,670)
Total Sources of Working Capital	<u>\$ 65,074</u>	<u>\$ 103,427</u>	<u>\$ (38,354)</u>
Uses of Working Capital:			
Maintenance-Equipment	\$ 8,515	\$ 17,270	\$ (8,755)
Prof. & Specialized Services Other	\$ 456	\$ -	\$ 456
Prof. & Specialized Services	\$ 12,000	\$ 21,905	\$ (9,905)
Special Departmental Expense	\$ 0	\$ 0	\$ 0
Utilities	\$ 4,810	\$ 5,010	\$ (200)
Total Uses of Working Capital	<u>\$ 25,781</u>	<u>\$ 44,186</u>	<u>\$ (18,405)</u>
Net Increase (Decrease) in Working Capital	<u>\$ 39,292</u>	<u>\$ 59,242</u>	<u>\$ (19,949)</u>
Elements of Increase (Decrease) in Working Capital:			
Cash	\$ 0	\$ 0	\$ 0
Interest Receivable	\$ 0	\$ 0	\$ 0
Deficit Cash	\$ 39,292	\$ 59,242	\$ (19,949)
Accounts Payable	\$ 0	\$ 0	\$ -
Due To Other Funds	\$ 0	\$ 0	\$ 0
Adjustment to Fund Balance	\$ 0	\$ 0	\$ 0
Total	<u>\$ 39,292</u>	<u>\$ 59,242</u>	<u>\$ (19,949)</u>

COUNTRY CLUB SEWER MAINTENANCE DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Interest	\$ (3,000)	\$ (2,130)	\$ 870
District Taxes	\$ 3,325	\$ 3,062	\$ (263)
Special Assessments	\$ 30	\$ 23	\$ (7)
Charges for Service	<u>\$ 60,000</u>	<u>\$ 64,119</u>	<u>\$ 4,119</u>
 Total Revenues	 <u>\$ 60,355</u>	 <u>\$ 65,074</u>	 <u>\$ 4,719</u>
 Expenditures			
Maintenance-Equipment	\$ 10,000	\$ 8,515	\$ 1,485
Prof. & Specialized Services Other	\$ 1,000	\$ 456	\$ 544
Prof. & Specialized Services	\$ 12,000	\$ 12,000	\$ -
Communications-Phone Charges	\$ 240	\$ 274	\$ (34)
Utilities	<u>\$ 5,000</u>	<u>\$ 4,535</u>	<u>\$ 465</u>
 Total Expenditures	 <u>\$ 28,240</u>	 <u>\$ 25,781</u>	 <u>\$ 2,459</u>
 Excess of Revenues Over (Under) Expenditures	 <u>\$ 32,115</u>	 <u>\$ 39,292</u>	 <u>\$ 7,177</u>
 Fund Balance July 1		 \$ (229,223)	
 PY Encumbrance		 <u>\$ 0</u>	
 Fund Balance June 30		 <u>\$ (189,931)</u>	

Exhibit E

**Country Club Sewer Maintenance District
Reconciliation of Fund Balance Activities
For the Fiscal Years Ended June 30, 2001 through 2020**

	2021	2020	2019	2018	2017	2016	2015	2014	Totals
Fund Balance July 1	<u>(\$232,660)</u>	<u>(\$291,902)</u>	<u>(\$333,368)</u>	<u>(\$357,697)</u>	<u>(\$375,935)</u>	<u>(\$416,435)</u>	<u>(\$438,726)</u>	<u>(\$346,071)</u>	
Sources of Working Capital:									
Interest	(\$2,130)	(\$4,446)	(\$4,391)	(\$2,829)	(\$2,358)	(\$2,429)	(\$2,399)	(\$1,776)	(\$29,026)
District Taxes	\$67,203	\$107,873	\$69,392	\$59,773	\$62,745	\$59,332	\$67,087	\$2,557	\$529,500
Total Sources of Working Capital	<u>\$65,074</u>	<u>\$103,427</u>	<u>\$65,002</u>	<u>\$56,944</u>	<u>\$60,386</u>	<u>\$56,903</u>	<u>\$64,688</u>	<u>\$781</u>	<u>\$500,474</u>
Uses of Working Capital:									
Maintenance-Equipment	\$8,515	\$17,270	\$8,495	\$16,868	\$13,598	\$2,341	\$22,056	\$41,261	\$180,687
Prof. & Specialized Services	\$12,000	\$21,905	\$12,066	\$12,011	\$24,443	\$11,000	\$11,000	\$5,482	\$402,877
Prof. & Specialized Services Other	\$456	\$0	\$456	\$456	\$456	\$155	\$6,053	\$42,521	\$50,553
Special Departmental Expense									\$43,725
Utilities	\$4,810	\$5,010	\$2,518	\$3,280	\$3,651	\$2,907	\$3,288	\$3,088	\$50,027
Total Uses of Working Capital	<u>\$25,781</u>	<u>\$44,186</u>	<u>\$23,536</u>	<u>\$32,615</u>	<u>\$42,148</u>	<u>\$16,403</u>	<u>\$42,397</u>	<u>\$92,352</u>	<u>\$727,868</u>
Net Increase (Decrease) in Working Capital	<u>\$39,292</u>	<u>\$59,242</u>	<u>\$41,466</u>	<u>\$24,329</u>	<u>\$18,238</u>	<u>\$40,500</u>	<u>\$22,291</u>	<u>(\$91,571)</u>	<u>(\$227,394)</u>
Fund Balance June 30	<u>(\$193,368)</u>	<u>(\$232,660)</u>	<u>(\$291,902)</u>	<u>(\$333,368)</u>	<u>(\$357,697)</u>	<u>(\$375,935)</u>	<u>(\$416,435)</u>	<u>(\$437,642)</u>	
Adjustment to Fund Balance	\$0	\$0	\$0	\$0 ^a	\$0	\$0	\$0	(\$1,084) ^c	
Adjusted Fund Balance	<u>(\$193,368)</u>	<u>(\$232,660)</u>	<u>(\$291,902)</u>	<u>(\$333,368)</u>	<u>(\$357,697)</u>	<u>(\$375,935)</u>	<u>(\$416,435)</u>	<u>(\$438,726)</u>	

a On May 8, 2006, an adjustment to the ledger was made to set up a liability due to the County of Imperial from the Country Club Sewer Maintenance District for property damage claims that were paid on July 30. The journal entry was booked incorrectly, and was subsequently corrected on March 12, 2007.

b Prior year Encumbrance recorded June 2013

c Prior year Encumbrance recorded June 2014

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Nolte Associates, Inc., “Water and Wastewater Rate Study”, May 2005