

AGENDA
REDWAY COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS

REGULAR BUSINESS MEETING

Location: RCSD Business Office; 1150 Evergreen Rd. #2

Date: June 15, 2023

Time: 5:30 P.M.

Posted: June 12, 2023

Teleconference Telephone Number: 1(669)900-9128

Meeting ID: 775 285 2234#

Pass Code: 285773

Join Zoom Meeting

<https://us02web.zoom.us/j/7752852234?pwd=UUUrOWxkQjFHcVczNDhRTWNZT3VjZz09>

Meeting ID: 775 285 2234#

Pass Code: 285773

I. CALL TO ORDER

II. ROLL CALL

___ Arthur McClure

___ Linda Sutton

___ Marie Etherton

___ Michael McKaskle

___ Dian Griffith

III. APPROVAL OF THE AGENDA

IV. PUBLIC COMMENT

An opportunity for any member of the public to address the Board of Directors on any matter not on the Agenda but which is within the jurisdiction of the Board. The Board may limit time allowed for each speaker. An item may be discussed by the Board but no action will take place during this portion of the agenda as this would constitute an illegal act of the Board.

V. CONSENT CALENDAR:

All matters listed under the Consent Calendar are to be considered routine and without opposition. The Consent Calendar will be enacted by one motion.

1. Financial Report: Review of the May 2023 Financial Reports.
- 2a. General Manager's Report: Review of the May 2023 General Manager's Report.
- 2b. Office Manager's Report: Review of the May 2023 Office Manager's Report.
3. Production Report: Review of the May 2023 Production Report.

VI. ACTION / DISCUSSION ITEMS

1. Rate Study.
ACTION REQUIRED: Discussion / Report / Action/ Resolution 2022-2023-12
2. Kimtu Water Line; GSD - LAFCo
ACTION REQUIRED: Discussion
3. Denial request letter to county regarding zone reclassification. MB
ACTION REQUIRED: Discussion / Report / Action

VII. CORRESPONDENCE

VIII. ADJOURNMENT OF SPECIAL BUSINESS MEETING

Location of related writings is available for public review: Redway CSD Office, 1150 Evergreen Road #2 Redway, Ca.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the RCSD at **(707)923-3101**. Notification 48 hours prior to the meeting will enable the District to make r reasonable arrangements

Redway Community Services District
Monthly Financial Statement to MAY 31st, 2023

Primary Checking Account	Previous Balance = \$126,360.56	As of APRIL 30th, 2023
Revenues		
1 Customer Revenues Collected per QuickBooks	\$98,088.92	
2 Customer Deposits	\$0.00	
3 Del Oro - Cloro	\$0.00	
4 Rivercrest Mutual Water Testing	\$0.00	
5	\$0.00	
6	\$0.00	
7 Retiree Health Ins Contribution	\$0.00	
8 PAYMENT RECORDED ON 3-31-23 BUT NOT ON MARCH STATEMENT	\$0.00	
9 State reimb. grant to Op. then paynig down GHD	\$0.00	
10 Transfer from savings to Operations	\$0.00	
11 Transfer from savings to Operations SEF2SEF	\$0.00	
12 Transfer from savings to Operations - VAN METER	\$0.00	
Total Income (reconciled bank deposits)	\$98,088.92	
Total Withdrawals (reconciled withdrawals)	\$183,343.16	
Quick Books Balance - Primary Checking Account	\$41,106.32	As of MAY 31st, 2023

UBmax Income: Payments Received	
Water payments - w/ late, reconnect fees, adjustments and deposits	\$33,535.24
Sewer Payments	\$38,803.69
SEF Water fees paid	\$8,040.95
SEF Sewer fees paid	\$9,086.60
Water Syst. Loan Fund	\$6,893.17
Total Payments Received	\$96,359.65
Other Income	\$0.00
Net Total Income	\$96,359.65

Billing for Sales of Water & Sewer Services					
Date: This Year	May-23		Date: Prior Year	May-22	
	WATER	SEWER		WATER	SEWER
WSLF	\$6,630.00		WSLF	\$6,665.69	
Residential	\$25,450.90	\$26,739.24	Residential	\$31,568.36	\$27,437.78
Commercial	\$5,695.00	\$8,864.87	Commercial	\$6,907.33	\$8,779.20
Sub total W&S only	\$37,775.90	\$35,604.11	Sub total W&S only	\$45,141.38	\$36,216.98
SEF	\$7,810.00	\$7,959.00	SEF	\$7,851.99	\$7,992.60
Sub total	\$45,585.90	\$43,563.11	Sub total	\$52,993.37	\$44,209.58
Reconnect fees	\$27.50		Reconnect fees	\$55.00	
Late Fees	\$2,232.00		Late Fees	\$2,400.00	
Adjustments	-\$1,421.91		Adjustments	-\$84.00	
Total Sales/Use	May-23	\$89,986.60	Total Sales/Use	May-22	\$99,573.95

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Redway Community Services District
Balance Sheet - Collapsed w/ Prior Year
As of May 31, 2023

	May 31, 23	May 31, 22
ASSETS		
Current Assets		
Checking/Savings		
1004 - Cash in Bank CCUSH - 71	11,791.87	31,980.16
1010 - CCUSH - Business Savings -00	25.01	25.01
1015 - CCUSH - Connection Fees -52	50,080.53	50,034.74
1020 - CCUSH - Meadows Deposits - 51	16,061.66	16,046.99
1050 - Petty Cash	70.13	-105.00
Cash in County - Water		
1100 - #2546 SRF Water Proj Loan Fund	290,814.74	268,674.74
1105 - #2547 SRF Payment Reserve Fu...	82,329.00	82,329.00
1110 - #2548 Davis Grunsky '68 Reserve	4,584.11	4,584.11
1115 - #2549 Davis Grunsky '74 Reserve	18,563.30	18,563.30
1120 - #2550 Tax Revenue Fund-Water	18,326.06	66,426.71
1125 - #2555 SEF - Water	198,140.50	359,984.00
1130 - #2557 T & D Rehab Proj. Fund	24,910.48	24,910.48
Total Cash in County - Water	637,668.19	825,472.34
Cash in County - Sewer		
1135 - #2551 Tax Revenue -Sewer	18,733.04	13,813.40
1140 - #2554 RCSD RECD Grant Sewer	841.08	841.08
1145 - #2556 SEF - Sewer	27,818.18	105,520.27
1150 - #2558 I & I Project Fund-Sewer	5,885.13	5,885.13
1155 - #9855 95 COP Payment Fund-Se...	1,309.15	1,309.15
1160 - #9856 '95 Reserve Fund Sewer	48,185.09	48,185.09
Total Cash in County - Sewer	102,771.67	175,554.12
Total Checking/Savings	818,469.06	1,099,008.36
Other Current Assets		
Prepaid Expenses	3,000.00	3,000.00
Prepaid Insurance	0.00	10,857.37
Prepaid Rent	700.00	700.00
1300 - Accounts Receivable		
1301 - Allowance for Doubtful Accounts	-4,500.00	-4,500.00
1300 - Accounts Receivable - Other	182,076.04	146,491.22
Total 1300 - Accounts Receivable	177,576.04	141,991.22
1400 - Other Receivables	8,026.49	9,000.00
1500 - Grants Receivable	-168,338.00	0.00
1600 - Inventory - Water	15,820.61	15,820.61
1650 - Inventory - Sewer	1,742.98	1,742.98
Total Other Current Assets	38,528.12	183,112.18
Total Current Assets	856,997.18	1,282,120.54

Redway Community Services District
Balance Sheet - Collapsed w/ Prior Year
As of May 31, 2023

	May 31, 23	May 31, 22
Fixed Assets		
Fixed Assets - Water		
1700 - Land	31,282.45	31,282.45
1705 - Source of Supply Plant	457,413.70	457,413.70
1710 - Autos & Trucks	17,676.58	17,676.58
1715 - Pumping Plant	83,511.68	83,511.68
1720 - Water Treatment Plant	288,733.63	288,733.63
1725 - Structures & Improvements	4,115,506.08	4,115,506.08
1730 - Water Plant - Small Equipment	285,569.58	230,616.77
1735 - Construction in Progress	57,261.00	57,261.00
Total Fixed Assets - Water	5,336,954.70	5,282,001.89
Fixed Assets - Sewer		
1740 - Land	93,493.07	93,493.07
1742 - Road Improvements	116,000.00	116,000.00
1745 - New WW Plant & Lift Stations	2,037,438.28	2,037,438.28
1750 - New Collection Facility	1,748,872.91	1,748,872.91
1755 - Lab Equipment - Plant	43,665.29	43,665.29
1760 - Permanent Seasonal Perc Pond	166,654.40	166,654.40
1765 - Easements	4,633.00	4,633.00
1770 - Collection Facilities - Lift St	607,991.35	607,991.35
1775 - Treatment Plant - Structures	466,708.60	466,708.60
1776 - Treatment Plant - Improvements	100,333.88	100,333.88
1780 - Sludge Bed Construction	64,884.76	64,884.76
1790 - Office Furniture & Equipment	22,544.53	22,544.53
1795 - Autos & Trucks	72,630.85	72,630.85
1796 - Tools & Equipment	214,322.02	154,155.60
1797 - Construction in Progress	321,495.21	180,070.96
Total Fixed Assets - Sewer	6,081,668.15	5,880,077.48
Accumulated Depreciation-Water	-2,822,870.67	-2,722,514.06
Accumulated Depreciation-Sewer	-3,736,285.30	-3,599,487.18
Total Fixed Assets	4,859,466.88	4,840,078.13
Other Assets		
1900 - COP Issuance Costs	14,820.95	14,820.95
Total Other Assets	14,820.95	14,820.95
TOTAL ASSETS	5,731,285.01	6,137,019.62
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 - Accounts Payable	43,547.61	92,638.76
Total Accounts Payable	43,547.61	92,638.76

Redway Community Services District
Balance Sheet - Collapsed w/ Prior Year
As of May 31, 2023

	May 31, 23	May 31, 22
Other Current Liabilities		
2115 - Accrued 457b - Employer	0.00	105.00
2120 - Accrued 457b - Employee	0.00	105.00
2025 - Gym Memberships	-50.00	0.00
2110 - Accrued SUI/ETT	17.84	24.91
2125 - Accrued Vacation	14,996.75	14,190.42
2200 - Interest Payable	-2,006.25	0.00
2300 - Customer Deposits	14,650.00	13,850.00
2340 - Water Connection Deposit	2,650.00	2,650.00
2350 - Sewer Connections Deposit	1,310.00	1,310.00
2400 - Temporary Inv - W&J Project	11,900.00	11,900.00
24000 - Payroll Liabilities		
Garnishments	1,177.22	0.00
Total 24000 - Payroll Liabilities	1,177.22	0.00
Current Portion of Long-Term De	89,085.57	125,363.71
Total Other Current Liabilities	133,731.13	169,499.04
Total Current Liabilities	177,278.74	262,137.80
Long Term Liabilities		
2500 - Loan Payable - SRF Loan	879,750.00	918,000.00
2600 - Loan Payable - 95 WW Project	506,500.00	535,000.00
2700 - Loan Payable - Davis Grunsky	54,597.72	74,891.21
2800 - Interest Payable - Deferred	10,979.70	10,979.70
Less Current Portion of LTD	-89,085.57	-125,363.71
Total Long Term Liabilities	1,362,741.85	1,413,507.20
Total Liabilities	1,540,020.59	1,675,645.00
Equity		
Prior Period Adjustment	-17,321.40	0.00
Water Equity		
3050 - Retained Earnings - Water	2,125,552.34	2,130,632.89
3100 - Debt Reserve - Water	374,151.15	369,070.60
3200 - Contributed Capital - Water		
3250 - Less Accumulated Amortization	-150,001.65	-150,001.65
3200 - Contributed Capital - Water - Ot...	409,340.77	409,340.77
Total 3200 - Contributed Capital - Water	259,339.12	259,339.12
Total Water Equity	2,759,042.61	2,759,042.61
Sewer Equity		
3000 - Retained Earnings - Sewer	-1,059,846.30	-1,059,469.24
3150 - Debt Reserve - Sewer	49,494.24	49,117.18
3300 - Contributed Capital - Sewer		
3350 - Less Accumulated Amortization	-939,028.76	-939,028.76
3300 - Contributed Capital - Sewer - Ot...	3,743,489.16	3,743,489.16
Total 3300 - Contributed Capital - Sewer	2,804,460.40	2,804,460.40
Total Sewer Equity	1,794,108.34	1,794,108.34

Redway Community Services District
Balance Sheet - Collapsed w/ Prior Year
As of May 31, 2023

	<u>May 31, 23</u>	<u>May 31, 22</u>
32000 - Retained Earnings	-23,584.82	0.00
Net Income	-320,980.31	-91,776.33
Total Equity	<u>4,191,264.42</u>	<u>4,461,374.62</u>
TOTAL LIABILITIES & EQUITY	<u>5,731,285.01</u>	<u>6,137,019.62</u>

Redway Community Services District
Profit & Loss
May 2023

	Sewer	Water	TOTAL
Ordinary Income/Expense			
Income			
Water Charges			
4100 - Residential	0.00	24,028.99	24,028.99
4150 - Commercial	0.00	5,695.00	5,695.00
Total Water Charges	0.00	29,723.99	29,723.99
Sewer Charges			
4200 - Residential	26,739.24	0.00	26,739.24
4250 - Commercial	8,864.87	0.00	8,864.87
Total Sewer Charges	35,604.11	0.00	35,604.11
4450 - Reconnect Fees	0.00	27.50	27.50
4500 - Late Charges	0.00	2,232.00	2,232.00
Total Income	35,604.11	31,983.49	67,587.60
Gross Profit	35,604.11	31,983.49	67,587.60
Expense			
Administrative & General			
5015 - Bank Charges	0.00	35.00	35.00
Insurance			
5035 - Retiree Health Insurance	210.01	210.01	420.02
5040 - Employee Health Insurance			
Employee Portion Health	-1,391.87	-1,391.87	-2,783.74
5040 - Employee Health Insurance - Ot...	5,884.31	5,884.31	11,768.62
Total 5040 - Employee Health Insurance	4,492.44	4,492.44	8,984.88
5041 - Employee Life Insurance			
Employee Portion Life	-296.80	-296.80	-593.60
5041 - Employee Life Insurance - Other	461.28	461.28	922.56
Total 5041 - Employee Life Insurance	164.48	164.48	328.96
Total Insurance	4,866.93	4,866.93	9,733.86
5065 - Legal Fees	25.00	25.00	50.00
5070 - Licenses, Permits & Fees	0.00	80.00	80.00
5075 - Mileage/Travel	32.50	32.50	65.00

Redway Community Services District
Profit & Loss
May 2023

	<u>Sewer</u>	<u>Water</u>	<u>TOTAL</u>
Office Expense			
5060 · Computers & Software Expense	165.00	165.00	330.00
5062 · Finance Charges	18.67	18.68	37.35
5105 · Postage	426.85	426.86	853.71
5130 · Office Supplies	62.57	62.57	125.14
5135 · Telephone-all phones	568.38	657.20	1,225.58
5145 · Utilities-pg&e & blue star only	67.43	67.44	134.87
Total Office Expense	1,308.90	1,397.75	2,706.65
5100 · Payroll Taxes	1,431.53	1,680.14	3,111.67
Professional Fees			
5111 · Accounting	300.00	300.00	600.00
5112 · Director Fees	87.50	87.50	175.00
5114 · Other Consultants	5,000.00	0.00	5,000.00
Total Professional Fees	5,387.50	387.50	5,775.00
5125 · Retirement	1,358.45	1,358.46	2,716.91
5150 · Wages	9,869.70	9,849.22	19,718.92
Total Administrative & General	24,280.51	19,712.50	43,993.01
Water Treatment			
5215 · Utilities	0.00	3,400.75	3,400.75
5220 · Wages	0.00	6,685.67	6,685.67
Total Water Treatment	0.00	10,086.42	10,086.42
Water Trans & Distribution			
5310 · Supplies	0.00	49.54	49.54
5315 · Utilities	0.00	179.05	179.05
5320 · Wages	0.00	5,871.61	5,871.61
Total Water Trans & Distribution	0.00	6,100.20	6,100.20
Sewer Treatment			
5415 · Utilities	3,477.51	0.00	3,477.51
5420 · Wages	8,240.60	0.00	8,240.60
Total Sewer Treatment	11,718.11	0.00	11,718.11

Redway Community Services District
Profit & Loss
 May 2023

	<u>Sewer</u>	<u>Water</u>	<u>TOTAL</u>
Sewer Collection			
5510 - Supplies	49.53	0.00	49.53
5515 - Utilities	1,487.76	0.00	1,487.76
5520 - Wages	225.27	0.00	225.27
Total Sewer Collection	<u>1,762.56</u>	<u>0.00</u>	<u>1,762.56</u>
Total Expense	<u>37,761.18</u>	<u>35,899.12</u>	<u>73,660.30</u>
Net Ordinary Income	-2,157.07	-3,915.63	-6,072.70
Other Income/Expense			
Other Income			
5905 - SEF Fees - Water	0.00	7,810.00	7,810.00
5900 - SEF Fees - Sewer	7,959.00	0.00	7,959.00
4400 - SRF Fees	0.00	6,630.00	6,630.00
Total Other Income	<u>7,959.00</u>	<u>14,440.00</u>	<u>22,399.00</u>
Other Expense			
8300 - Capital Improvements			
8310 - Cap. Improvement -Water Plant	5,287.51	0.00	5,287.51
8330 - Cap Improvements- Sewer Plant	14.35	0.00	14.35
Total 8300 - Capital Improvements	<u>5,301.86</u>	<u>0.00</u>	<u>5,301.86</u>
Total Other Expense	<u>5,301.86</u>	<u>0.00</u>	<u>5,301.86</u>
Net Other Income	<u>2,657.14</u>	<u>14,440.00</u>	<u>17,097.14</u>
Net Income	<u><u>500.07</u></u>	<u><u>10,524.37</u></u>	<u><u>11,024.44</u></u>

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Redway Community Services District
Checking Account Activity
As of May 31, 2023

	Type	Date	Num	Name	Memo	Debit	Credit	Balance
1004 - Cash in Bank CCUSH - 71								22,274.16
	Deposit	05/01/2023			ALL PAID	1,259.80		23,533.96
	Deposit	05/01/2023			ALL PAID	1,222.91		24,756.87
	Bill Pmt -Check	05/01/2023	14040	Advanced Security Systems	INV#646917 coverage 05-01-2023 thru 07-31-2023		117.00	24,639.87
	Bill Pmt -Check	05/01/2023	14041	Calpers	100000017145226- Health Care Premiums - MAY 2023		11,355.43	13,284.44
	Bill Pmt -Check	05/01/2023	14042	colonial Life	E5494117 Invoice for MAR 13, 27-2023		888.90	12,395.54
	Bill Pmt -Check	05/01/2023	14043	Fire District Association of CA EBA	Extended Benefits Dental, Vision, Life MAY 2023		904.22	11,491.32
	Bill Pmt -Check	05/01/2023	14044	Johnson Propereties	1150 Evergreen #2 - Rent - MAY 2023		700.00	10,791.32
	Bill Pmt -Check	05/01/2023	14045	Metron Farnier, LLC	INV#36684 INNOV8 verizon 1-year-plan		21.55	10,769.77
	Bill Pmt -Check	05/01/2023	14046	Pacific Gas & Electric	Water Plant & Lift Stfations- MAR/APR billing		5,286.08	5,483.69
	Bill Pmt -Check	05/01/2023	14047	Southern Humboldt Chamber of Commerce	2023 annual renewal INV# 22-300		75.00	5,408.69
	Bill Pmt -Check	05/01/2023	14048	USA Bluebook	VOID: 917867	0.00		5,408.69
	Check	05/02/2023	14039	Postmaster Redway	APR 2023 billing		220.00	5,188.69
	Check	05/02/2023	14049	Southern Humboldt Unified School District	Redway Multipurpose room 6-21-23 5pm-8pm		65.00	5,123.69
	Deposit	05/02/2023			Deposit	6,466.32		11,590.01
	Check	05/03/2023	14050	Postmaster Redway	Public Hearing Notice		301.71	11,288.30
	Deposit	05/03/2023			ALL PAID	337.50		11,625.80
	Deposit	05/04/2023			Deposit	543.34		12,169.14
	Check	05/05/2023	14051	Cox, Cody R.	05-05-2023 Cash Advance		500.00	11,669.14
	Deposit	05/05/2023			Deposit	4,443.32		16,112.46
	Deposit	05/05/2023			Deposit	970.23		17,082.69
	Deposit	05/08/2023			Deposit	304.29		17,386.98
	Deposit	05/08/2023			Deposit	1,437.79		18,824.77
	Liability Check	05/09/2023	14057	Variable Annuity Life Ins. Co.			2,306.59	16,518.18
	Liability Check	05/09/2023	14058	California State Disbursement Unit	Case #0230052791-01		777.22	15,740.96
	Liability Check	05/09/2023	14059	Franchise Tax Board	641633706534050444		400.00	15,340.96
	Liability Check	05/10/2023		QuickBooks Payroll Service	Created by Payroll Service on 05/09/2023		4,987.03	10,353.93
	Deposit	05/10/2023			Deposit	549.03		10,902.96
	Deposit	05/10/2023			Deposit	5,789.49		16,692.45
	Deposit	05/10/2023			Deposit	2,153.97		18,846.42
	Bill Pmt -Check	05/10/2023	14060	Blue Star	Office 05-1016979		214.09	18,632.33
	Bill Pmt -Check	05/10/2023	14061	Frontier	ALL+ Office		503.29	18,129.04
	Bill Pmt -Check	05/10/2023	14062	NTU Technologies	INV# 12336 Pro pac 9800 1 drum		1,032.00	17,097.04
	General Journal	05/10/2023	GAG		QB APRIL fees		35.00	17,062.04
	Paycheck	05/11/2023	DD1299	Chaille, Calvin C	Direct Deposit	0.00		17,062.04
	Paycheck	05/11/2023	DD1300	Cherubini, Dru A	Direct Deposit	0.00		17,062.04
	Paycheck	05/11/2023	14052	Cox, Cody R.			2,720.17	14,341.87
	Paycheck	05/11/2023	14053	Esget, Douglas R			1,565.72	12,776.15
	Paycheck	05/11/2023	DD1301	Gradin, Glenn A	Direct Deposit	0.00		12,776.15
	Paycheck	05/11/2023	14054	Moore, Eric S			2,126.50	10,649.65
	Paycheck	05/11/2023	14055	Moore, Marshall C			1,211.73	9,437.92
	Paycheck	05/11/2023	14056	Sawboh, Andrew D			871.78	8,566.14
	Liability Check	05/11/2023	E-pay	United States Treasury	94-1634964 QB Tracking # 1498028490		4,827.70	3,738.44
	Liability Check	05/11/2023	EFT	Employment Development Department-800	800-3247-7		391.16	3,347.28
	Liability Check	05/11/2023	EFT	Employment Development Department-800	800-3247-7		173.40	3,173.88
	Deposit	05/11/2023			ALL PAID	254.20		3,428.08
	Deposit	05/12/2023			ALL PAID	2,261.94		5,690.02
	Deposit	05/12/2023			Deposit	9,101.75		14,791.77
	Deposit	05/12/2023			Deposit	4,074.87		18,866.64
	Deposit	05/15/2023			ALL PAID	460.61		19,327.25
	Deposit	05/15/2023			ALL PAID	493.65		19,820.90
	Bill Pmt -Check	05/15/2023	14063	C & K	32585		117.25	19,703.65
	Bill Pmt -Check	05/15/2023	14064	Dazey's/Stephen's	APR 2023 Billing		36.07	19,667.58
	Bill Pmt -Check	05/15/2023	14065	Jamie Corsetti, CPA	INV#12095 QUARTERLIES , GCR		600.00	19,067.58
	Bill Pmt -Check	05/15/2023	14066	McMurchie Law Firm	INV#4756Covid / ww ordinance		1,269.00	17,798.58
	Bill Pmt -Check	05/15/2023	14067	Milt's Saw Shop	INV#2023-867		231.83	17,566.75
	Bill Pmt -Check	05/15/2023	14068	NorthPoint Consulting Group	Water Treatment ADA bathroom planning and design		2,426.71	15,140.04
	Bill Pmt -Check	05/15/2023	14069	Randall Sand & Gravel	INV# 1019528		378.05	14,761.99
	Bill Pmt -Check	05/15/2023	14070	Recology Eel River	Debris 30 ton- APR Billing #205526		54.30	14,707.69
	Bill Pmt -Check	05/15/2023	14071	Recology Humboldt County	APR INV#30380497 - Office		29.76	14,677.93
	Bill Pmt -Check	05/15/2023	14072	True Value	1451		81.30	14,596.63
	Bill Pmt -Check	05/15/2023	14073	Wyckoff's-Fortuna	Customer #2-7001 4-30-23 statement		18.52	14,578.11
	Bill Pmt -Check	05/16/2023	14076	Verizon One Talk	DESK PHONE month billing -JAN 8 - MAY 7		421.76	14,156.35
	Deposit	05/17/2023			ALL PAID	325.25		14,481.60
	Deposit	05/17/2023			Deposit	7,531.53		22,013.13
	Deposit	05/17/2023			Deposit	5,562.41		27,575.54
	Bill Pmt -Check	05/17/2023	14077	Kevin Tupes Fabrication	INV#11-04-2022		1,040.00	26,535.54
	Bill Pmt -Check	05/17/2023	14078	Pace Supply	inv#02854454, 028493267, 028482474		1,990.97	24,544.57

Redway Community Services District
Checking Account Activity
As of May 31, 2023

	Type	Date	Num	Name	Memo	Debit	Credit	Balance
	Bill Pmt -Check	05/17/2023	14079	Pacific Gas & Electric	WastePlant, Evergreen B&L&S, Office		4,046.01	20,498.56
	Bill Pmt -Check	05/17/2023	14080	Umpqua Bank	APR Billing		1,288.23	19,210.33
	Check	05/17/2023	14081	Art McClure	Chair Regular Board Meeting MAY 17, 2023		75.00	19,135.33
	Check	05/17/2023	14082	Dian Griffith	Regular Board Meeting MAY 17, 2023		50.00	19,085.33
	Check	05/17/2023	14083	Michael McKaskle	Regular Board Meeting MAY 17, 2023		50.00	19,035.33
	Check	05/17/2023	14084	Marie Etherton	Regular Board Meeting MAY 17, 2023		50.00	18,985.33
	Deposit	05/18/2023			ALL PAID	90.76		19,076.09
	Deposit	05/19/2023			ALL PAID	88.53		19,164.62
	Deposit	05/19/2023			Deposit	10,133.27		29,297.89
	Bill Pmt -Check	05/19/2023	14085	North Coast Labs	Apr 2023 Statement		3,670.00	25,627.89
	Bill Pmt -Check	05/19/2023	14086	Valley Pacific	195225 APR 2023		1,115.35	24,512.54
	Bill Pmt -Check	05/19/2023	14087	Verizon	CELL PHONE month billing - APR 4-MAY 5		261.55	24,250.99
	Deposit	05/22/2023			ALL PAID	100.00		24,350.99
	Deposit	05/22/2023			CHECKBOOK	584.40		24,935.39
	Deposit	05/22/2023			ALL PAID	1,029.03		25,964.42
	Bill Pmt -Check	05/23/2023	14088	Pacific Gas & Electric	WWTP Engineering Advance PG&E		5,000.00	20,964.42
	Liability Check	05/23/2023	E-pay	United States Treasury	94-1634964 QB Tracking # 1965251490		4,703.64	16,260.78
	Liability Check	05/23/2023	EFT	Employment Development Department-800	800-3247-7		363.74	15,897.04
	Liability Check	05/23/2023	EFT	Employment Development Department-800	800-3247-7		168.23	15,728.81
	Liability Check	05/23/2023	14094	Variable Annuity Life Ins. Co.			2,283.98	13,444.83
	Check	05/23/2023	14095	SWRCB-DWOCF	D2 Treatment certificate renewal-Cox		80.00	13,364.83
	Deposit	05/23/2023			Deposit	7,142.37		20,507.20
	Liability Check	05/24/2023		QuickBooks Payroll Service	Created by Payroll Service on 05/23/2023		4,788.85	15,718.35
	Deposit	05/24/2023			ALL PAID	1,347.35		17,065.70
	Paycheck	05/25/2023	DD1302	Chaille, Calvin C	Direct Deposit	0.00		17,065.70
	Paycheck	05/25/2023	DD1303	Cherubini, Dru A	Direct Deposit	0.00		17,065.70
	Paycheck	05/25/2023	14089	Cox, Cody R.			2,171.90	14,893.80
	Paycheck	05/25/2023	14090	Esget, Douglas R			1,883.45	13,010.35
	Paycheck	05/25/2023	DD1304	Gradin, Glenn A	Direct Deposit	0.00		13,010.35
	Paycheck	05/25/2023	14091	Moore, Eric S			1,567.46	11,442.89
	Paycheck	05/25/2023	14092	Moore, Marshall C			711.74	10,731.15
	Paycheck	05/25/2023	14093	Sawboh, Andrew D			843.04	9,888.11
	Deposit	05/25/2023			ALL PAID	2,002.06		11,890.17
	Deposit	05/25/2023			Deposit	7,065.30		18,955.47
	Deposit	05/26/2023			ALL PAID	748.38		19,703.85
	Deposit	05/26/2023			Deposit	3,368.70		23,072.55
	Bill Pmt -Check	05/27/2023	14097	Calpers	100000017173915- Health Care Premiums - JUNE 2023		11,355.43	11,717.12
	Bill Pmt -Check	05/27/2023	14098	colonial Life	E5494117 Invoice for MAY, 11,25-2023		888.90	10,828.22
	Bill Pmt -Check	05/27/2023	14099	Fire District Association of CA EBA	Extended Benefits Dental, Vision, Life JUNE 2023		904.22	9,924.00
	Bill Pmt -Check	05/27/2023	14100	Mobile Diesel Repair	INV# 7807 PM Gennies		2,292.50	7,631.50
	Bill Pmt -Check	05/27/2023	14101	Pacific Gas & Electric	Water Plant & Lift Stations- April billing		4,633.93	2,997.57
	Deposit	05/30/2023			ALL PAID	560.49		3,558.06
	Deposit	05/30/2023			ALL PAID	4,839.22		8,397.28
	Deposit	05/31/2023			ALL PAID	606.63		9,003.91
	Deposit	05/31/2023			Deposit	2,838.23		11,842.14
	Total 1004 - Cash in Bank CCUSH - 71					98,088.92	108,520.94	11,842.14
TOTAL						98,088.92	108,520.94	11,842.14

Redway Community Services District
Reconciliation Summary
1004 - Cash in Bank CCUSH - 71, Period Ending 05/31/2023

	May 31, 23
Beginning Balance	126,360.56
Cleared Transactions	
Checks and Payments - 76 items	-183,343.16
Deposits and Credits - 45 items	98,088.92
Total Cleared Transactions	-85,254.24
Cleared Balance	41,106.32
Uncleared Transactions	
Checks and Payments - 21 items	-29,808.18
Total Uncleared Transactions	-29,808.18
Register Balance as of 05/31/2023	11,298.14
New Transactions	
Checks and Payments - 11 items	-14,094.40
Deposits and Credits - 6 items	6,010.93
Total New Transactions	-8,083.47
Ending Balance	3,214.67

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Type	Date	Num	Name	Memo	Debit	Credit	Balance
1010 - CCUSH - Business Savings -00							25.01
Total 1010 - CCUSH - Business Savings -00							25.01
1015 - CCUSH - Connection Fees -52							50,038.85
Deposit	07/31/2022			Interest	4.25		50,043.10
Deposit	08/31/2022			Interest	4.25		50,047.35
Deposit	09/30/2022			Interest	4.11		50,051.46
Deposit	10/31/2022			Interest	4.25		50,055.71
Deposit	11/30/2022			Interest	4.11		50,059.82
Deposit	12/31/2022			Interest	4.25		50,064.07
Deposit	01/31/2023			Interest	4.25		50,068.32
Deposit	02/28/2023			Interest	3.84		50,072.16
Deposit	03/31/2023			Interest	4.25		50,076.41
Deposit	04/30/2023			Interest	4.12		50,080.53
Deposit	05/31/2023			Interest	4.25		50,084.78
Total 1015 - CCUSH - Connection Fees -52					45.93	0.00	50,084.78
1020 - CCUSH - Meadows Deposits - 51							16,048.31
Deposit	07/31/2022			Interest	1.36		16,049.67
Deposit	08/31/2022			Interest	1.36		16,051.03
Deposit	09/30/2022			Interest	1.32		16,052.35
Deposit	10/31/2022			Interest	1.36		16,053.71
Deposit	11/30/2022			Interest	1.32		16,055.03
Deposit	12/31/2022			Interest	1.36		16,056.39
Deposit	01/31/2023			Interest	1.36		16,057.75
Deposit	02/28/2023			Interest	1.23		16,058.98
Deposit	03/31/2023			Interest	1.36		16,060.34
Deposit	04/30/2023			Interest	1.32		16,061.66
Deposit	05/31/2023			Interest	1.36		16,063.02
Total 1020 - CCUSH - Meadows Deposits - 51					14.71	0.00	16,063.02
Cash in County - Water							847,624.08
1100 - #2546 SRF Water Proj Loan Fund							268,674.74
General Journal	07/11/2022	GAG		JULY 2022 Payment		38,250.00	230,424.74
General Journal	08/01/2022	GAG		TRF from 2555 OCT<NOV<DEC 2021 - JAN<FEB<MARCH 2022	39,918.00		270,342.74
Check	04/27/2023	14033	SRF Water Project Loan Fund #	For Deposit to fund #2546 For APR,MAY, JUNE 2022	20,472.00		290,814.74
Total 1100 - #2546 SRF Water Proj Loan Fund					60,390.00	38,250.00	290,814.74
1105 - #2547 SRF Payment Reserve Fund							82,329.00
Total 1105 - #2547 SRF Payment Reserve Fund							82,329.00
1110 - #2548 Davis Grunsky '68 Reserve							4,584.11
Total 1110 - #2548 Davis Grunsky '68 Reserve							4,584.11
1115 - #2549 Davis Grunsky '74 Reserve							18,563.30
Total 1115 - #2549 Davis Grunsky '74 Reserve							18,563.30
1120 - #2550 Tax Revenue Fund-Water							88,578.45
General Journal	08/01/2022	GAG		transfer to SEF Water Oct 21 through March 22		46,970.00	41,608.45
General Journal	12/01/2022	GAG				23,282.39	18,326.06
Total 1120 - #2550 Tax Revenue Fund-Water					0.00	70,252.39	18,326.06
1125 - #2555 SEF - Water							359,984.00
General Journal	08/01/2022	GAG		SEF PYMTS OCT<NOV<DEC 2021<JAN<FEB<MARCH 2022	46,970.00		406,954.00
General Journal	08/01/2022	GAG		transfer to SRF		39,918.00	367,036.00
General Journal	09/22/2022	GAG		1/4 cost of pavement project to Meadows tank		15,942.50	351,093.50
General Journal	11/16/2022	GAG		Transfer to Operstion to cover any shortages		30,000.00	321,093.50
General Journal	01/19/2023	GAG		Transfer from savings to Operations		25,000.00	296,093.50
General Journal	02/27/2023	GAG		Transfer to operations from Water SEF		20,000.00	276,093.50
General Journal	04/21/2023	Transfer		Transfer to Operations		21,000.00	255,093.50
General Journal	04/24/2023	Transfer		Transfer to Operations - Van Meter Briceleand Road 04-2023		13,000.00	242,093.50
General Journal	04/26/2023	Transfer		Transfer to operations for transfer back to savings		67,497.00	174,596.50
Check	04/27/2023	14032	SEF Water	Acct# 2555000- APR, MAY, JUNE 2022	23,544.00		198,140.50
Total 1125 - #2555 SEF - Water					70,514.00	232,357.50	198,140.50
1130 - #2557 T & D Rehab Proj. Fund							24,910.48
Total 1130 - #2557 T & D Rehab Proj. Fund							24,910.48

Redway Community Services District
Savings Account Activity
As of May 31, 2023

	Type	Date	Num	Name	Memo	Debit	Credit	Balance
Total Cash in County - Water						130,904.00	340,859.89	637,668.19
Cash in County - Sewer								196,412.26
1135 · #2551 Tax Revenue -Sewer								59,270.54
	General Journal	08/31/2022	GAG		USDA LOAN PAYMENT AUG 2022		40,537.50	18,733.04
Total 1135 · #2551 Tax Revenue -Sewer						0.00	40,537.50	18,733.04
1140 · #2554 RCSD RECD Grant Sewer								841.08
Total 1140 · #2554 RCSD RECD Grant Sewer								841.08
1145 · #2556 SEF - Sewer								80,921.27
	General Journal	08/02/2022	County		payment for GHD 380-0008554, 0011392, 0013574		35,963.87	44,957.40
	General Journal	09/22/2022	GAG		GHD 380-0016065, 380-0017686		30,145.22	14,812.18
	General Journal	01/22/2023	GAG		MIKSIS Clean Sanitary sewer INV#110227		10,960.00	3,852.18
	Check	04/27/2023	14034	SEF Sewer	Acct# 2556000-800940 SEF SEWER APR,MAY,JUNE2022	23,966.00		27,818.18
Total 1145 · #2556 SEF - Sewer						23,966.00	77,069.09	27,818.18
1150 · #2558 I & I Project Fund-Sewer								5,885.13
Total 1150 · #2558 I & I Project Fund-Sewer								5,885.13
1155 · #9855 95 COP Payment Fund-Sewer								1,309.15
Total 1155 · #9855 95 COP Payment Fund-Sewer								1,309.15
1160 · #9856 '95 Reserve Fund Sewer								48,185.09
Total 1160 · #9856 '95 Reserve Fund Sewer								48,185.09
Total Cash in County - Sewer						23,966.00	117,606.59	102,771.67
TOTAL						154,930.64	458,466.48	806,612.67

Redway Community Services District
Payments from Customers
 As of May 31, 2023

Type	Date	Memo	Amount
1300 - Accounts Receivable			
Deposit	05/01/2023	ALL PAID	-1,259.80
Deposit	05/01/2023	ALL PAID	-1,222.91
Deposit	05/02/2023	Deposit	-6,466.32
Deposit	05/03/2023	ALL PAID	-337.50
Deposit	05/04/2023	ALL PAID	-543.34
Deposit	05/05/2023	Deposit	-4,443.32
Deposit	05/05/2023	ALL PAID	-970.23
Deposit	05/08/2023	ALLPaid	-304.29
Deposit	05/08/2023	ALL PAID	-1,437.79
Deposit	05/10/2023	ALL PAID	-549.03
Deposit	05/10/2023	Deposit	-5,789.49
Deposit	05/10/2023	Deposit	-2,153.97
Deposit	05/11/2023	ALL PAID	-254.20
Deposit	05/12/2023	ALL PAID	-2,261.94
Deposit	05/12/2023	Deposit	-9,101.75
Deposit	05/12/2023	Deposit	-4,074.87
Deposit	05/15/2023	ALL PAID	-460.61
Deposit	05/15/2023	ALL PAID	-493.65
Deposit	05/17/2023	ALL PAID	-325.25
Deposit	05/17/2023	Deposit	-7,531.53
Deposit	05/17/2023	Deposit	-5,562.41
Deposit	05/18/2023	ALL PAID	-90.76
Deposit	05/19/2023	ALL PAID	-88.53
Deposit	05/19/2023	Deposit	-10,133.27
Deposit	05/22/2023	ALL PAID	-100.00
Deposit	05/22/2023	CHECK BOOK - K...	-584.40
Deposit	05/22/2023	ALL PAID	-1,029.03
Deposit	05/23/2023	Deposit	-7,142.37
Deposit	05/24/2023	ALL PAID	-1,347.35
Deposit	05/25/2023	ALL PAID	-2,002.06
Deposit	05/25/2023	Deposit	-7,065.30
Deposit	05/26/2023	ALL PAID	-748.38
Deposit	05/26/2023	Deposit	-3,368.70
Deposit	05/30/2023	ALL PAID	-560.49
Deposit	05/30/2023	ALL PAID	-4,839.22
Deposit	05/31/2023	ALL PAID	-606.63
Deposit	05/31/2023	Deposit	-2,838.23
Total 1300 - Accounts Receivable			-98,088.92
TOTAL			-98,088.92

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Redway Community Services District
A/P Aging Summary
 As of May 31, 2023

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>TOTAL</u>
Emerald Technologi...	330.00	0.00	0.00	0.00	0.00	330.00
Frontier	542.27	0.00	0.00	0.00	0.00	542.27
GHD Inc	5,301.86	0.00	0.00	0.00	27,392.27	32,694.13
gWorks	282.90	0.00	0.00	0.00	0.00	282.90
Milt's Saw Shop	99.07	0.00	0.00	0.00	0.00	99.07
Postmaster Redway	332.00	0.00	0.00	0.00	0.00	332.00
Staples Credit Plan	125.14	0.00	0.00	0.00	0.00	125.14
SUSP	0.00	9,425.00	0.00	0.00	0.00	9,425.00
TOTAL	<u>7,013.24</u>	<u>9,425.00</u>	<u>0.00</u>	<u>0.00</u>	<u>27,392.27</u>	<u>43,830.51</u>

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Redway Community Services District
Payroll Details by Account
May 2023

	<u>May 23</u>	<u>May 22</u>	<u>Jul '22 - M...</u>
Ordinary Income/Expense			
Expense			
Administrative & General			
Insurance			
5035 - Retiree Health Insurance	420.02	116.94	2,309.82
5040 - Employee Health Insuran...	11,768.62	9,425.57	125,880.40
5045 - Workers' Comp	0.00	0.00	11,579.35
Total Insurance	12,188.64	9,542.51	139,769.57
5100 - Payroll Taxes	3,111.67	2,872.21	39,827.87
5150 - Wages	19,718.92	18,143.43	228,300.05
Total Administrative & General	35,019.23	30,558.15	407,897.49
Water Treatment			
5220 - Wages	6,685.67	5,984.29	91,709.97
Total Water Treatment	6,685.67	5,984.29	91,709.97
Water Trans & Distribution			
5320 - Wages	5,871.61	4,563.80	68,395.16
Total Water Trans & Distribution	5,871.61	4,563.80	68,395.16
Sewer Treatment			
5420 - Wages	8,240.60	8,318.05	103,449.77
Total Sewer Treatment	8,240.60	8,318.05	103,449.77
Sewer Collection			
5520 - Wages	225.27	294.48	10,351.60
Total Sewer Collection	225.27	294.48	10,351.60
Total Expense	56,042.38	49,718.77	681,803.99
Net Ordinary Income	-56,042.38	-49,718.77	-681,803.99
Net Income	<u><u>-56,042.38</u></u>	<u><u>-49,718.77</u></u>	<u><u>-681,803.99</u></u>

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The Redway Community Services District has been notifying customers of upcoming service interruption due to being 90 days past due. District Office Staff have been working on an account list.

- Accounts that are *not reachable* and have been shut off. I am suggesting that a letter goes out to the last known address, if no response we would then remove the meter, and when they want to hook back up, they would have to pay the full new meter hook up fee at that time.
- Accounts that have new tenants that have moved in and are paying on time but have a past due balance because of *old tenants that never paid* after they left. This is Post Pandemic related; all we could do during the Pandemic was ask them to please pay their bills at that time. However, they didn't have to because of mandates that were set in place by the Governor's Office that is now trickling into 2023 and action needs to take place so that we can clean up even if it means taking a loss.
- *Lien list* Glenn is handling this process "discussion"
- The 4th list is tenants that have a *due balance in the Business Park*. This list requires direction from the Board as far as enforcement and collection is concerned. Discussion please. It may be necessary to sit down with the owners of the property as well. I do not think that SFRE's are the best course of action for certain accounts.
- We still have customers that are on a *payment plan*.

We continue our field staff service interruption routine which is as many shutoffs as possible that are past due by 90 days. Each Friday shutoff notices are placed at the correct property address and if no payment is received that account is shut off and stays shut off until payment is received.

Rate Study Presentation

The Redway Community Services District is faced with challenges throughout each year here in Humboldt County with ever changing rules and regulations from the State Water Resources Control Board, as well as the Federal Government. The Water Distribution System has reached the end of its useful life. This means that there are very necessary Capital Improvements Projects that need to take place. These projects include Fire Hydrant replacement of all dry barrel failing hydrants with wet barrel hydrants as well as placing several new hydrants in town. Field staff will be replacing and adding new resilient wedge gate valves in the Water Distribution System so that we are able to perform the necessary repairs, and maintenance, while minimizing the number of customers that would be affected by any mainline breaks or other emergency shut offs. This is also extremely important for wildland/structure fire resiliency.

The District is happy to report that we applied for and have received money from the Small Community Relief Drought Program Grant. We have received 1.67 million dollars to rehabilitate the Old Rusk Storage Tank off Rusk Lane, the purchase of an automated meter infrastructure "smart meters", which would allow for 24/7 viewability remotely from a computer/device. This will greatly help both the ratepayer as well as the District regarding cost savings during meter reading since it will be all automated, notification for above average usage for us and the customer, and or a leak. This system would also help greatly with

the production loss report, what is treated at the Water plant and sent to customers, and what is used. Ultimately, water treated, and water used should be within a certain percentage.

The Redway Community Services District (District) has also secured grant funding for the planning and design of improvements to the District's wastewater system infrastructure. The District's existing system dates back more than 50 years. Many years of active service has resulted in system wear despite ongoing maintenance, and many components are at the end of their useful lives and are at greater risk of failure. The overall system is labor intensive to operate and maintain, and there are minimal automated controls and alarms to aid in collection system and wastewater treatment facility operations. The funding amount that we have secured is 11.1 million dollars.

We have finished the 30% design portion and are now moving into 60% design. Project completion is projected out to 2027. These secured grants have helped the District in keeping ratepayer costs down.

To: RCSD Board of Directors

Office Manager's Memo

JUNE 15th, 2023

Credit card processing. For the month of May we had 81 transactions with a value of \$20,406.95. In April we had 65 transactions with a value of \$13,152.10. With ALLPAID the customers are charged 2.25% for each phone, website or in-person transaction with no fees to RCSD. An additional \$2.25 is charged to the customer if the transaction occurs over the telephone through the ALLPAID call center. The ALLPAID call Center has been added to our new phone tree, our customers will need to tell them that our PLC# is a004ye. This is a code number that identifies us, Redway Community Services District.

Profit to Loss. July 1st, 2022, to May 31st, 2023, is 92% of the fiscal year. Income was \$831,273.50 which is 81% which includes 50% the tax revenue that has not been recorded. Expenses were \$1,139,222 which is 110% of the projected income or 95% for the projected expenses for this fiscal year.

Billing and Allocations. Our past due for the month of May was \$92,726.10. In April was \$99,858.05. It appears that the past due fluctuates around \$10,000 up or down every month from 3-2020. The high in April 2023 was \$99,000 from \$37,000 in March 2020, the month the pandemic started.

2021-2022 Audit. We missed the window for an early audit. We are a month away from having it performed. Our CPA needs to review data which we won't have until 06-08-2023. I will review the process to determine why we missed the early window and make accommodations to be on time.

Past Due accounts. Last month we sent out 54 lien letters regarding delinquent accounts. We processed 8 of them for liens on their property; some paid their accounts, some entered into payment arrangements, and some made promises. We offered a payment plan as suggested by the state. Some of the customers who have signed up for the plan have not made their scheduled payments. We will be processing these and shutting off the service to those who have seriously failed the payment plan.

Respectfully,

Glenn Gradin

"When the well is dry, we learn the worth of water." Benjamin Franklin

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Redway CSD – Production/Treatment Activity

June 8, 2023

Unit of measure is gallons:

Water Production Report: For May 2023

	Water Produced	District Use	Unmetered	Sold	Daily Avg.
Mar 2021	4,411,797	562,457	1,201,263	2,648,077	142,316
Mar 2022	4,203,615	432,135	1,157,138	2,614,342	135,600
Mar 2023	4,211,003	1,620,076	442,925	2,148,002	135,839
Apr 2021	4,949,740	625,220	996,653	3,327,867	164,991
Apr 2022	4,056,661	579,449	1,273,282	2,203,930	135,222
Apr 2023	4,214,727	1,443,228	569,985	2,201,514	140,491
May 2021	6,575,031	558,080	2,333,320	3,683,631	212,098
May 2022	4,532,882	407,728	508,963	3,616,191	146,222
May 2023	4,642,290	968,283	1,024,067	2,649,940	149,751

Wastewater Treatment Report: For May 2023

	Influent	Effluent	Difference
Feb 2023	6,077,182	5,479,829	897,353
Mar 2023	13,766,418	12,269,515	1,496,903
Apr 2023	6,205,756	5,619,054	586,702
May 2023	4,655,963	4,064,057	591,906

DE

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To: LAFCO Humboldt County

From: Redway Community Services District

The Redway Community Services District is always interested in what goes on up stream of us in Redway. In Humboldt LAFCO's Resolution 14-06, states that the KIMTU water line in Garberville, was restricted from inducing growth as per CEQA. Making Connections off the KIMTU Water line without following the resolution 14-06 seems to set a precedent for having more connections in the future and losing the protection of the definition "restricted". The Eel River watershed has already been categorized as impaired, along with recently becoming endangered and making the top 10 list of US Endangered rivers.

The Redway Community Services District would like to continually remind folks that most of us in Southern Humboldt depend on the South Fork of the Eel River for potable water, as well as sanitary needs, and we believe that Humboldt LAFCO's resolution 14-06 should be followed.

This is a draft, and this has not been sent off yet, I am looking for more possible input from the Board.

-Cody

-GM

DRAFT

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April 25, 2023
**Water and Sewer
Rate Study Report**

Presented by: California Rural Water Association

In Collaboration With:

Robert D. Niehaus, Inc.



**REDWAY COMMUNITY SERVICES DISTRICT
FINANCIAL PLANNING, REVENUE REQUIREMENTS,
AND RATE SETTING ANALYSIS**

**FINAL REPORT
APRIL 25, 2023**

Prepared for:

Redway Community Services District
1150 Evergreen Rd #2
Redway, CA 95560

Prepared by:

ROBERT D. NIEHAUS, INC.
140 East Carrillo Street
Santa Barbara, CA 93101
(805) 962-0611

RDN Project Number 322.01

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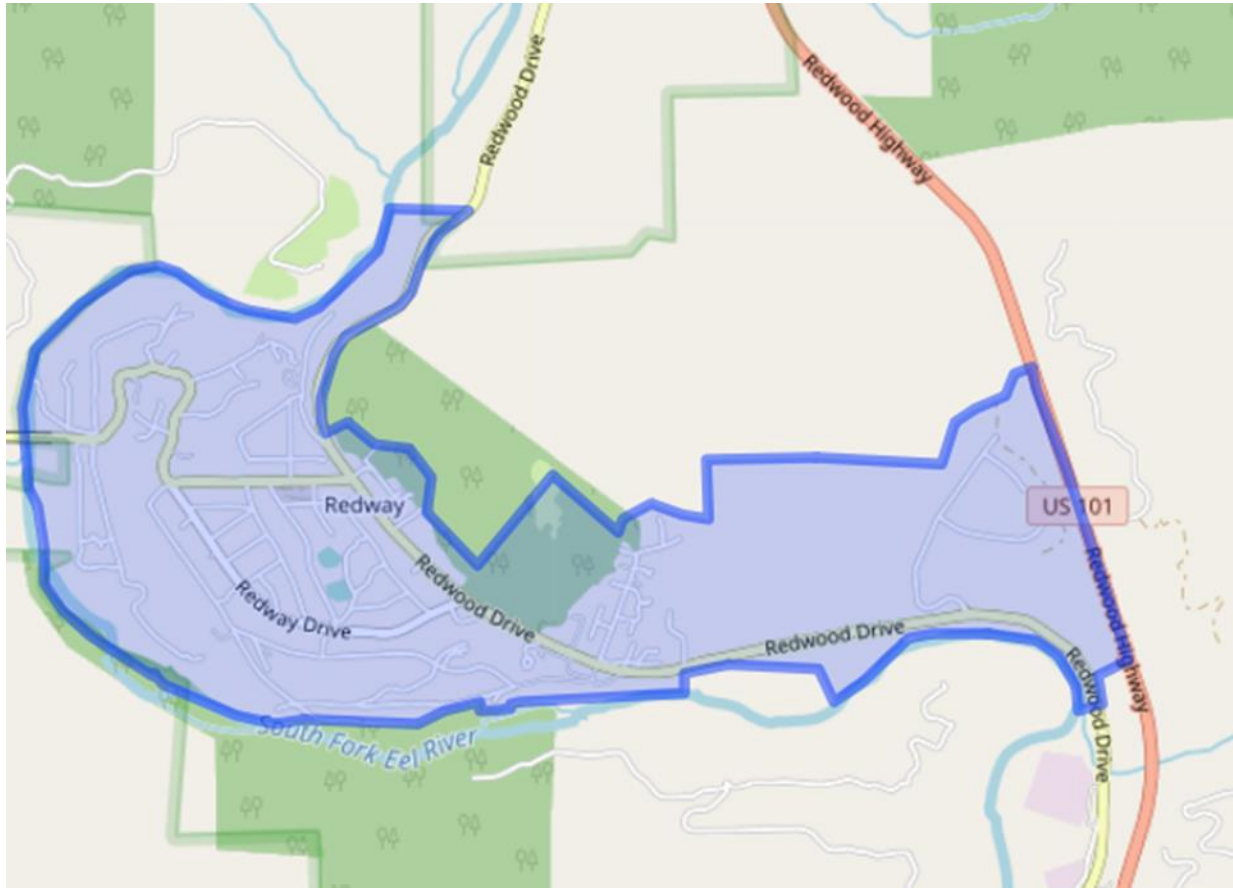
EXECUTIVE SUMMARY

Background

Redway Community Services District (RCSD, District) was formed in 1965 from a private water system. The District maintains and operates a water and wastewater system which provides water and sewer service to most of the residences and businesses in Redway, a census designated place in Humboldt County.

The water system has a single water source, an infiltration gallery located on the banks of the South Fork of the Eel River. The total capacity of the District's three storage tanks is approximately 815,000 gallons. The District maintains approximately 30 miles of distribution piping ranging in size from 1 ½ inches to 10 inches consisting of iron, cement, and plastic pipe. The District's wastewater collection system incorporates both gravity mains and five lift stations. The Wastewater Treatment Plant includes a 300,000-gallon oxidation ditch and a clarification and chlorination system. Effluent is primarily discharged to upland percolation ponds located on land owned by the District. The wastewater system's average flow ranges between 140,000 gpd during dry weather and 430,000 gpd during wet weather. The facility has a permitted dry weather design flow of 186,000 gpd and a peak wet weather design flow of 615,000 gpd. **Figure 1** shows the limits of the Redway CSD in Blue.

Figure 1. Redway Community Services District



Purpose of Study

The purpose of this analysis is to conduct a rate study which evaluates the District's current rates and financial data and propose new rates, if necessary, that meet the District's financial and strategic goals. In June 2022, the California Rural Water Association (CRWA) retained Robert D. Niehaus, Incorporated (RDN) to develop comprehensive water and sewer rate studies (Study) for the RCSD.

The primary objectives of this Study include:

- Projecting revenues and expenses for a five-year study period
- Proposing revenue adjustments to fund the District's projected financial needs
- Proposing rates which do not overly impact customers
- Producing an administrative record which effectively summarizes all findings
- Supporting the District through the Proposition 218 process as necessary

Rate Recommendations and Proposed Rates

Recommendations:

- Build specific reserve funds by making annual contributions from revenue generated from rates
- Implement the proposed annual revenue and rate adjustments for both water and sewer utilities
- Adjust the water tier widths for single family residential customers to reflect current average household sizes
- Reduce the number of tiers for single family residential customers so that variable rates can be based on actual costs to provide service
- Bill only one tier of use for multi-family and commercial water customers
- Bill water customers based on their meter size rather than the number of units
- Maintain the current sewer rate structure with relative rates based on the cost of service analysis

Current Water Rates

Currently, District water customers pay a \$29.00 monthly account charge per connection unit. In addition, customers pay variable charges based on water use. All customers are billed based on a six tiered inclining block rate per hundred cubic feet (hcf) of water used. The first five tiers include 5 hcf of water each, and the sixth tier includes all water used above 25 hcf in a month. The current rates as described are displayed in **Table 1**.

Table 1. Current Water Rates

Fixed Charges		
Customer Class	Meter Size	Monthly Fee
All Customers	All Meters	\$29.00

Variable Charges		
Customer Class	Tier - Width	Unit Cost
All Customers	Tier 1 - 5 hcf	\$0.95
	Tier 2 - 5 hcf	\$2.45
	Tier 3 - 5 hcf	\$3.45
	Tier 4 - 5 hcf	\$4.45
	Tier 5 - 5 hcf	\$5.45
	Tier 6 - All Additional hcf	\$6.45

Proposed Rates

RDN proposes the following rate and revenue adjustments to accomplish the District’s goals of capital and reserve funding. **Table 2** shows the proposed revenue adjustments for the five-year rate study period. In the first year of the study, the District should raise revenues by 20.0 percent in year one and two, followed by 15.0 percent the third year, and 10.0 percent each year after. In addition to revenue adjustments, RDN proposes aligning the rates with the cost of service analysis outlined in this report. The resulting rates form an equitable rate structure which is based on the actual cost to provide service for each customer class. Additionally, the District should bill customers based on their meter size rather than on billing units, as meter size accounts for a reasonable way to determine the relative capacity requirements of each type of customer. One final proposed adjustment to the water rates is to reduce the number of tiers and align them to the cost of providing water service at each level for each customer class. The rates which result from these adjustments are shown in **Table 3**.

Table 2. Proposed Revenue Adjustments FY 2023-24 to FY 2027-28

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Recommended Adjustment	20.0%	20.0%	15.0%	10.0%	10.0%
Multiplier	1.20	1.44	1.66	1.82	2.00
Cumulative Adjustment	20.0%	44.0%	65.6%	82.2%	100.4%

Table 3. Proposed Rates for FY 2023-24 to FY 2027-28

Fixed Charges					
Customer Class	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Residential					
5/8x3/4"	\$38.16	\$45.80	\$52.67	\$57.93	\$63.73
1"	\$56.26	\$67.51	\$77.64	\$85.40	\$93.94
1-1/2"	\$101.09	\$121.31	\$139.51	\$153.46	\$168.81
2"	\$155.11	\$186.13	\$214.06	\$235.46	\$259.01
3"	\$281.24	\$337.49	\$388.12	\$426.93	\$469.62
4"	\$461.39	\$553.67	\$636.72	\$700.39	\$770.43
Commercial					
5/8x3/4"	\$35.59	\$42.71	\$49.11	\$54.02	\$59.42
1"	\$51.96	\$62.35	\$71.70	\$78.87	\$86.76
1-1/2"	\$92.52	\$111.02	\$127.67	\$140.44	\$154.48
2"	\$141.38	\$169.66	\$195.11	\$214.62	\$236.08
3"	\$255.48	\$306.58	\$352.57	\$387.82	\$426.61
4"	\$418.45	\$502.14	\$577.46	\$635.21	\$698.73
MFR					
5/8x3/4"	\$57.01	\$68.41	\$78.68	\$86.54	\$95.20
1"	\$87.74	\$105.28	\$121.07	\$133.18	\$146.50
1-1/2"	\$163.86	\$196.63	\$226.12	\$248.74	\$273.61
2"	\$255.57	\$306.68	\$352.69	\$387.96	\$426.75
3"	\$469.72	\$563.66	\$648.21	\$713.03	\$784.34
4"	\$775.58	\$930.70	\$1,070.30	\$1,177.33	\$1,295.07

Variable Charges						
Tier	Width	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Res						
Tier 1	1-4 HCF	\$1.17	\$1.40	\$1.61	\$1.77	\$1.95
Tier 2	5-11 HFC	\$4.61	\$5.53	\$6.36	\$7.00	\$7.70
Tier 3	All Additional	\$11.78	\$14.14	\$16.26	\$17.88	\$19.67
Commercial						
Tier 1	All Use	\$3.48	\$4.17	\$4.80	\$5.28	\$5.81
MFR						
Tier 1	All use	\$3.01	\$3.61	\$4.16	\$4.57	\$5.03

Capital and Reserve Funding

The proposed rates fund \$140,000 a year in capital expenditures through rate funded PAYGO and maintain the current cash balances. **Figure 2** shows the water fund balance with no adjustments and **Figure 3** shows the water fund balance under the proposed financial plan through the study period. Fund balances are maintained in case emergency capital is needed, or some unforeseen event causes rate revenues to vary. Under the proposed rate plan, cash balances should continue to grow after the study period, which will allow the District to maintain operations well into the future.

Figure 2. Water Fund Balance with No Revenue Adjustment

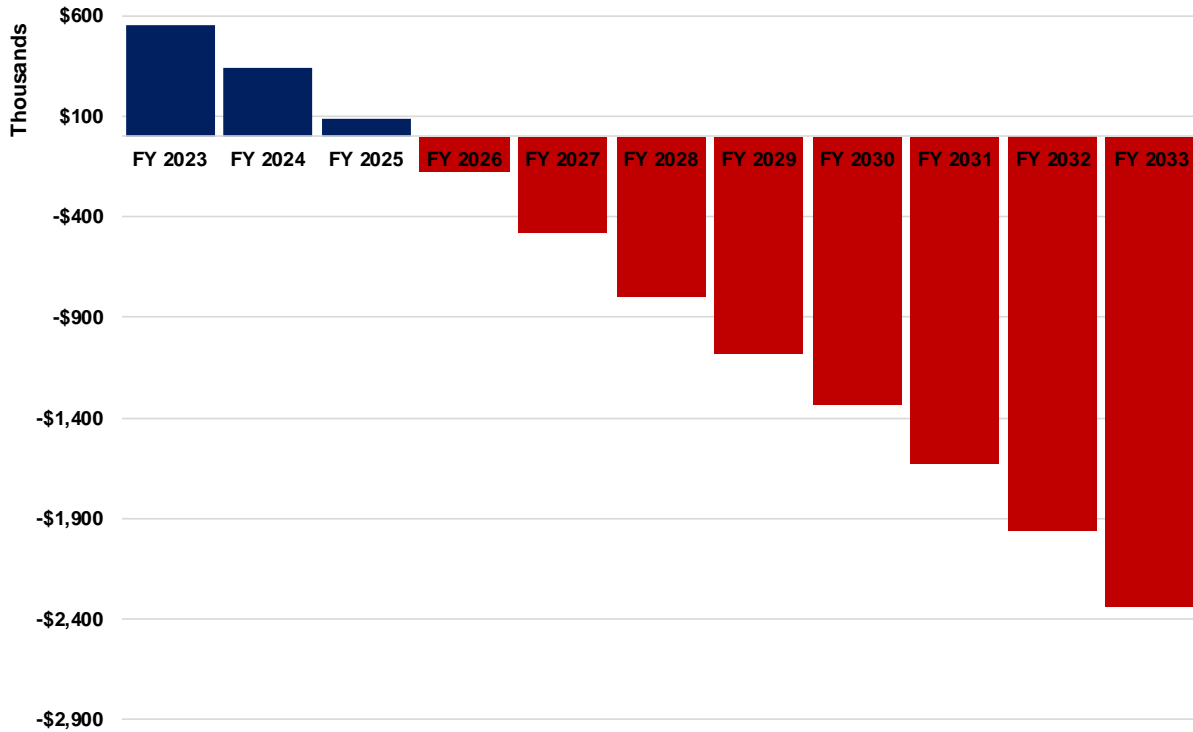
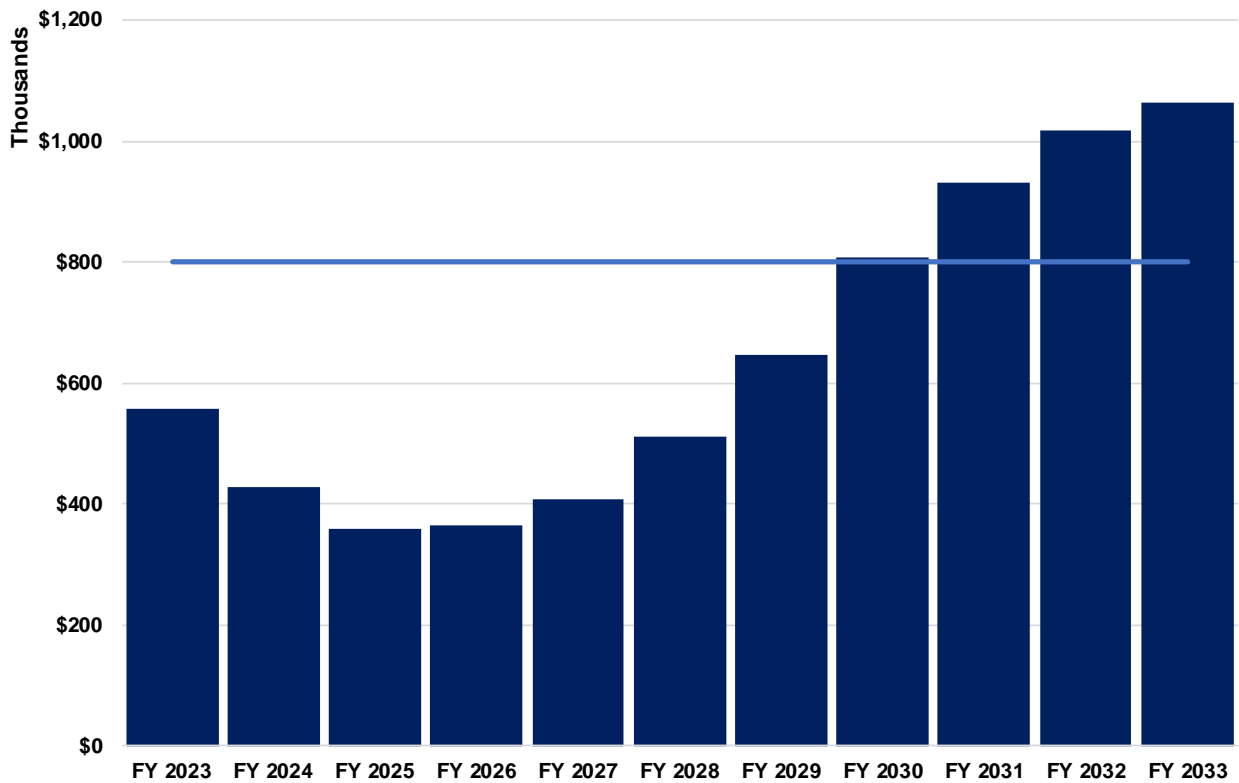


Figure 3. Water Fund Balance under the Proposed Financial Plan



Current Sewer Rates

Currently, District sewer customers pay a fixed equivalent unit rate per month and a usage rate per hcf of water used based on their customer class. Customers are assigned a value in

equivalent units when they join the system to account for differences in sewer flows and strengths between individual customers and classes. Single family residential customers are the baseline equivalent unit and are all assigned a value of one. Multi-residential units and the three levels of commercial accounts are each assigned a number of equivalent units based on their relative flow. Sewer strength differences are accounted for by an increased charge for equivalent unit and variable rates. The current rates as described are displayed in **Table 4**.

Table 4. Current Rates

Fixed Charges		
Customer Class	Monthly Fee	
Residential	\$42.50	
Commercial A	\$46.50	
Commercial B	\$48.70	
Commercial C	\$49.75	
Jail	\$1,890.00	

Variable Charges		
Customer Class	Tier - Width	Unit Cost
Residential	All Use	\$0.80
Commercial A	All Use	\$0.80
Commercial B	All Use	\$1.90
Commercial C	All Use	\$1.90
Jail	All Use	\$0.00

Proposed Rates

The recommended rates maintain the current rate structure overall but provide a revenue adjustment schedule designed to contribute to District reserves and fund the considerable capital expenditure needs. Additionally, the proposed sewer rates realign the costs for each customer class to match the relative differences in sewer strength and flow. **Table 5** shows the proposed revenue adjustments for the study period. RDN, working with District staff, determined that an increase of 55.0 percent was needed in the first year of the study because of cash flow issues, followed by increases of 20.0 percent, 10.0 percent, 10.0 percent, and 8.0 percent through the rest of the study period, respectively. The resulting rates are shown in **Table 6**.

Table 5. Proposed Revenue Adjustments FY 2023-24 to FY 2027-28

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Recommended Adjustment	55.0%	20.0%	10.0%	10.0%	8.0%
Multiplier	1.55	1.86	2.05	2.25	2.43
Cumulative Adjustment	55.0%	86.0%	104.6%	125.1%	143.1%

Table 6. Proposed Sewer Rates FY 2023-24 to FY 2027-28

Fixed Charges					
Customer Class	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Residential	\$63.72	\$76.46	\$84.10	\$92.52	\$99.92
Commercial A	\$48.04	\$57.65	\$63.41	\$69.75	\$75.33
Commercial B	\$70.32	\$84.38	\$92.82	\$102.10	\$110.27
Commercial C	\$136.29	\$163.55	\$179.90	\$197.89	\$213.72
Prison Camp	\$3,273.31	\$3,927.97	\$4,320.77	\$4,752.85	\$5,133.08

Variable Charges					
Customer Class	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Residential	\$0.58	\$0.70	\$0.77	\$0.85	\$0.91
Commercial A	\$0.58	\$0.70	\$0.77	\$0.85	\$0.91
Commercial B	\$1.75	\$2.10	\$2.31	\$2.54	\$2.74
Commercial C	\$2.62	\$3.15	\$3.46	\$3.81	\$4.11
Prison Camp	\$0.98	\$1.17	\$1.29	\$1.42	\$1.53

Capital and Reserve Funding

The proposed financial plan for the sewer utility contributes approximately \$140,000 a year to additional reserves as well as providing \$180,000 in capital PAYGO funding. **Figure 4** shows the sewer fund balances with no revenue adjustment and **Figure 5** shows the fund balances under the proposed financial plan through the study period.

Figure 4. Sewer Fund Balance with No Revenue Adjustment

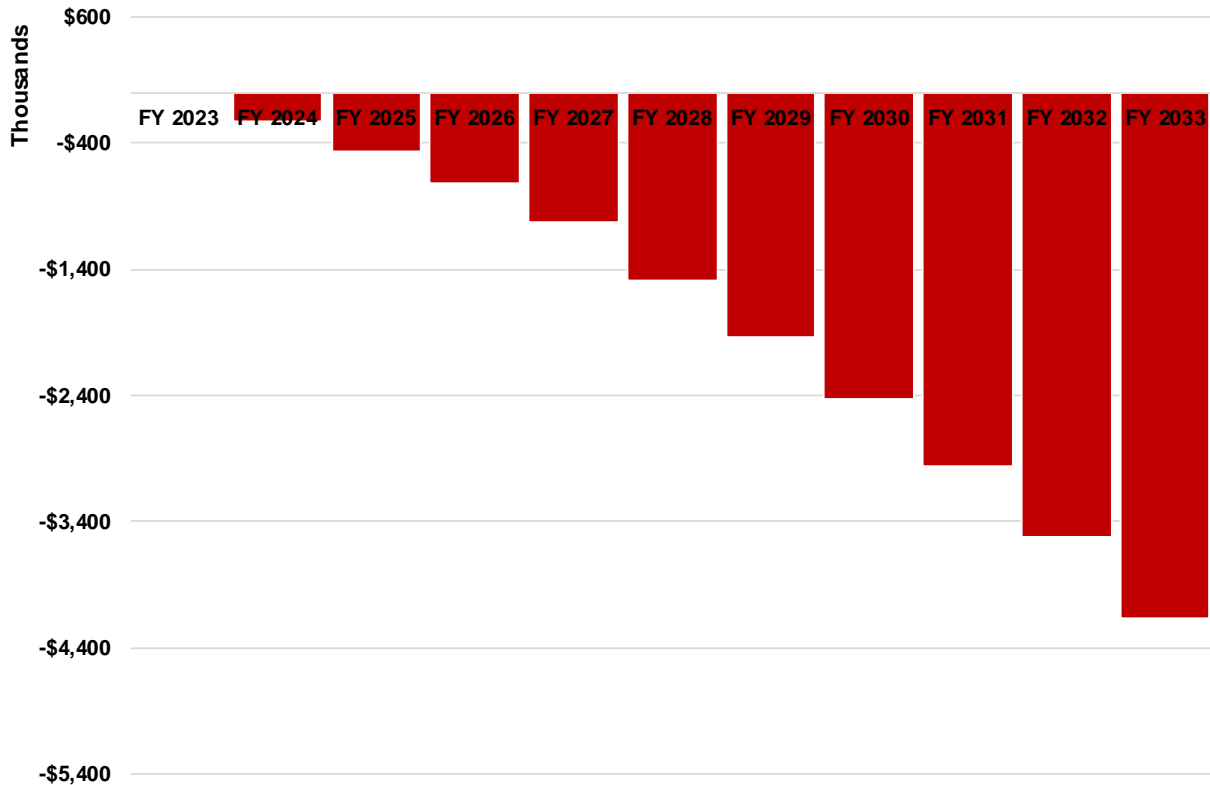
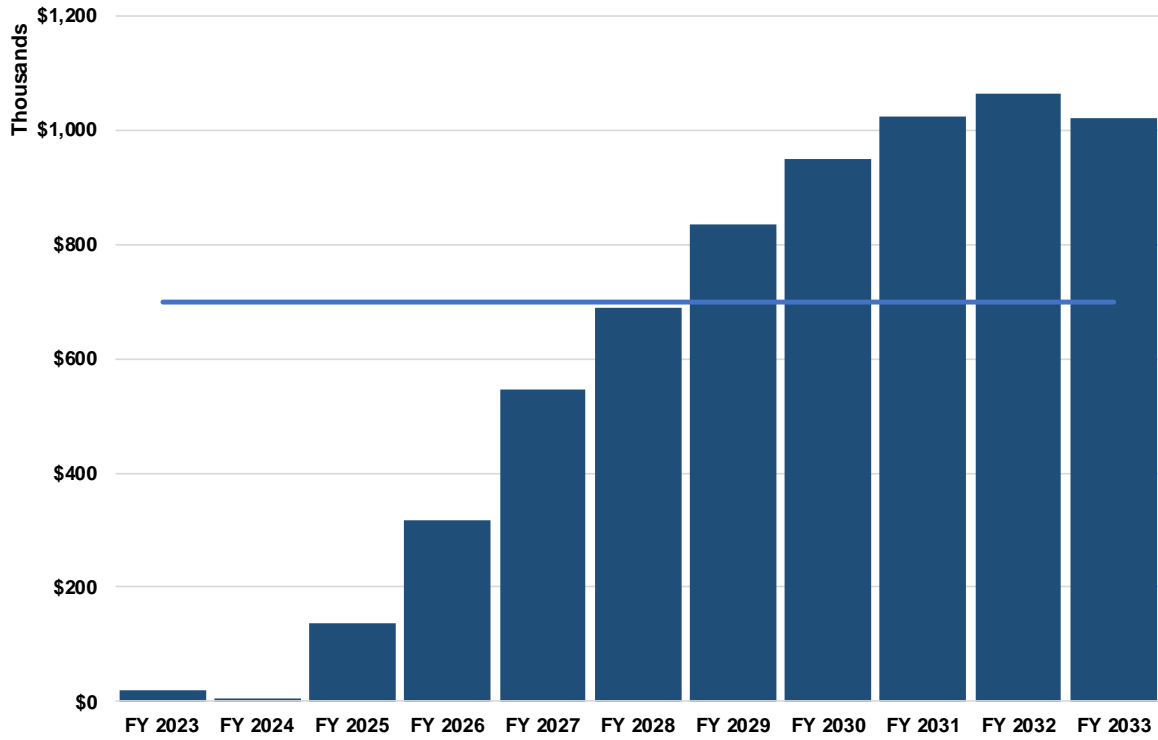


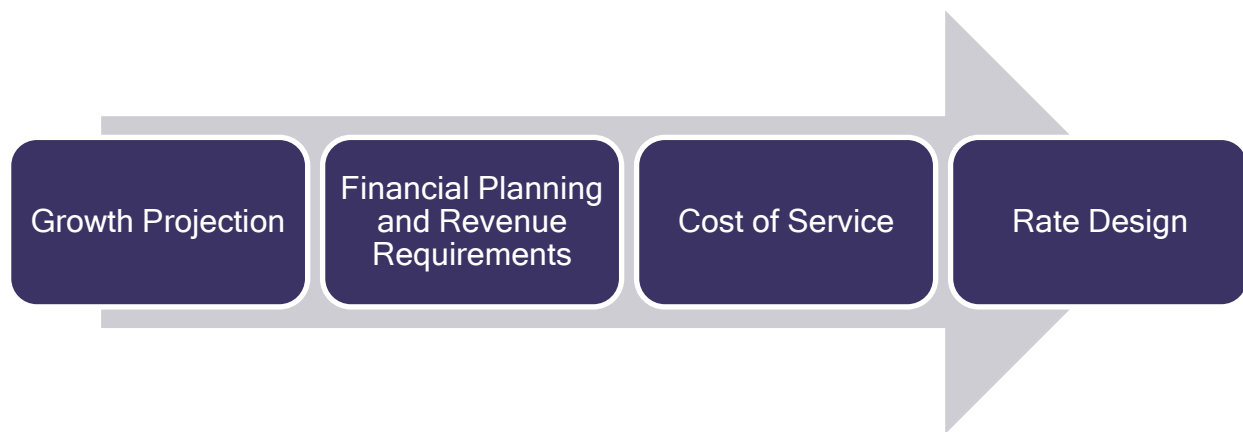
Figure 5. Sewer Fund Balances under the Proposed Financial Plan



GENERAL METHODOLOGY

The water rates formulated in this study were developed using principles set forth by the American Water Works Association (AWWA). RDN rate-making practices incorporate methods described in the AWWA Manual 1 (M1)¹ for Water Systems the WEF Financing and Charges for Wastewater Systems². **Figure 6** presents the steps taken to develop the District’s proposed rates.

Figure 6. Wastewater Rate Study Process



- **Growth Projection:** project customer growth for the five-year study period, FY 2023-2024 through FY 2027-28, using the District’s customers’ historical growth data. Forecast revenues for the study period based on the projected customer growth.
- **Financial Planning and Revenue Requirements:** develop a five-year financial plan based on the projected revenues and annual costs which include both operating and capital expenses. The District’s target reserve level should also be considered as part of the financial planning. Based on the financial planning, revenue requirements are determined for each year of the study period.
- **Cost of Service:** evaluate the customer classifications and allocate costs based on their service requirements.
- **Rate Design:** design rates to recover the rate revenue requirements from each customer.

¹ Principles of Water Rates, Fees, and Charges, Seventh Edition, Manual of Water Supply Practices, American Water Works Association

² Financing and Charges for Wastewater Systems, WEF Manual of Practice Number 27, Water Environment Federation

Legal Considerations

This section of the report describes the legal framework that was considered in the development of the rates to ensure that the calculated cost of service rates provide a fair and equitable allocation of costs to the different customer classes.

California Constitution - Article XIII C (Proposition 26)

The voters in the State approved Proposition 26 on November 2, 2010. Proposition 26 amended Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” with listed exceptions. By means of these exceptions, Article XIII C classifies several types of charges, in addition to property-related charges, that are not taxes, such as charges for specific services or benefits, regulatory charges and penalties. Article XIII C’s definition of “tax” lists the following exceptions: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payer that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payer that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

Proposition 26 also provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payer bear a fair or reasonable relationship to the payer’s burdens on, or benefits received from, the governmental activity. Like the proportionality requirements of Article XIII D, assessment of rates under these requirements, if applicable, would be supported by the cost of service approach.

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

In November 1996, California voters passed Proposition 218, the “Right to Vote on Taxes Act.” This constitutional amendment protects taxpayers by limiting the methods by which local governments can create or increase taxes, fees and charges without taxpayer consent. Between 2002 and 2017, California courts have ruled that fees associated with providing water services are “property-related” and thus under the jurisdiction of Prop 218. The principal requirements for fairness of the fees, as they

relate to public water service, are as follows: Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service. Revenues derived by the fee or charge shall not be used for any other purpose other than that for which the charge was imposed. The amount of the fee or charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel. Reliance by an agency on any parcel map, including, but not limited to, an assessor's parcel map, may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership for purposes of this article.

The rates developed in this Report use a methodology to establish an equitable system of charges that recover the cost of providing service and fairly apportion costs to each customer as required by Proposition 218.

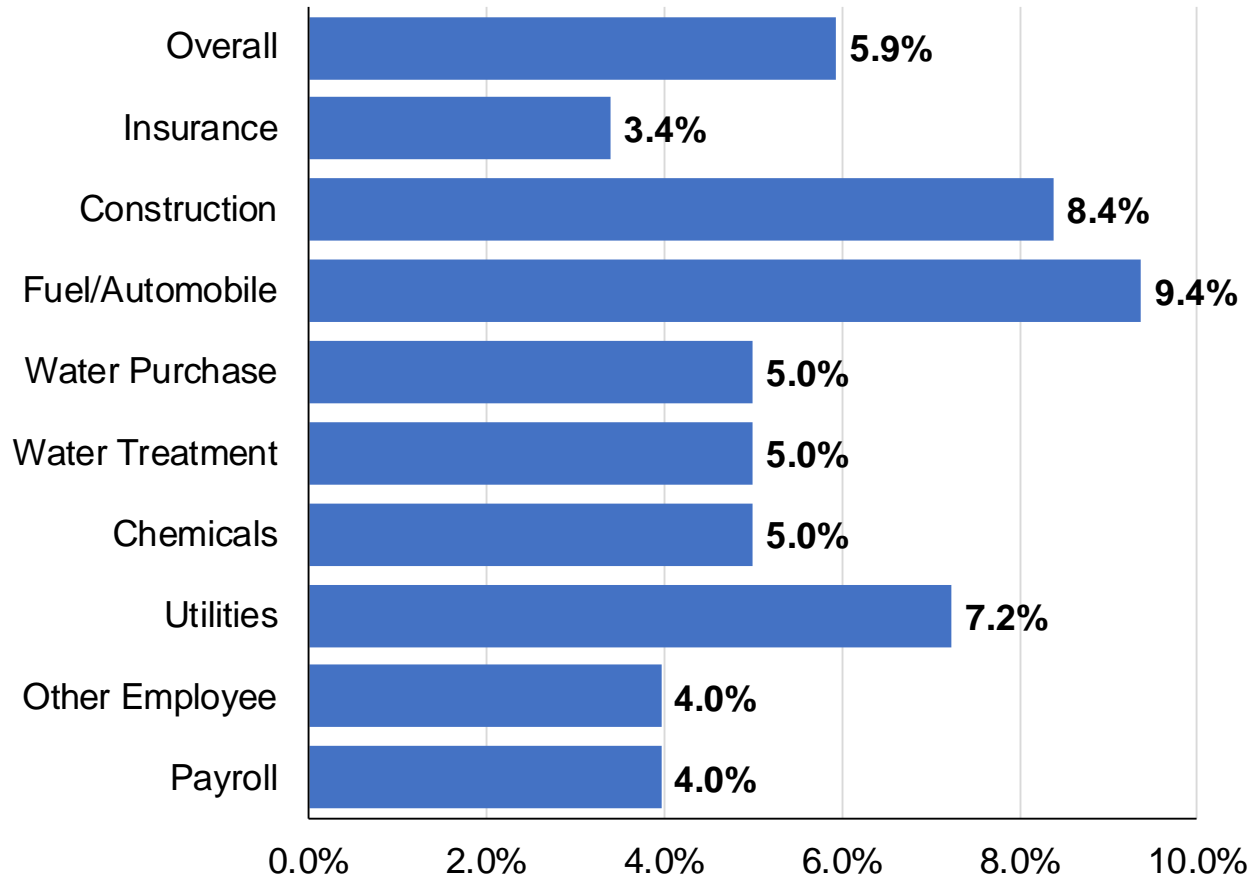
Key Assumptions

A test year, FY 2023-24, was selected for which costs are to be analyzed and rates to be established for this study. The District's fiscal year starts on July 1 and ends on June 30.

Escalation Factors

Escalation Factors were calculated for ten independent variables using historical Consumer Price Index (CPI) data from West Class B/C cities between 2000 and the most current calendar year, and projections by the California Department of Transportation (CADOT), and the California Department of Finance (CADOFF). The analysis for the status quo assumes that Operating Revenues will continue to be stable. The escalation factors capture the effects of price inflation for this period. **Figure 7** displays the projected escalation factors for the study period. Due to local contingencies, the Utility Inflation Rate is expected to rise at the highest rate, representing 7.2 percent in the test year. The Payroll Expenses Inflation Rate, which includes salaries, is expected to rise 4.0 percent during the test year. The analysis assumes that inflation will level out in later years of the study when the current record inflation calms down. Expenses that are not expected to increase during the study period were not escalated as those costs are fixed.

Figure 7. Escalation Factors



Customer Growth

All analyses performed during the study were based on an assumption of customer account growth. The analysis assumes that there will be no customer growth for either water or sewer utilities. Additionally, it was assumed that water use would remain stable over the study period.

Meter Ratios

This study calculates equivalent meter counts using the American Water Works Association (AWWA) standards shown in **Table 7**. The majority of District customers have 5/8x3/4 -inch meters, thus ratios established based on the 5/8x3/4-inch meter as 1.00 unit were used for this study. These ratios were used when the service requirements of system capacity for each meter size was measured.

Table 7. AWWA Meter Ratios

Meter Size	Meter Ratio
5/8x3/4"	1.00
1"	1.67
1-1/2"	3.33
2"	5.33
3"	10.00
4"	16.67

WATER FINANCIAL PLAN

Revenues

Based on the customer growth and water demand projected through the study period, rate revenues under the current rates were calculated for each year of the study. Additionally, non-rate revenues were estimated based on historical values and District input. With no rate increases, the District is expected to collect \$593,000 per year in operating revenue. Additional non-operating revenues total approximately \$69,000 a year from various property taxes and interest income and will be used to offset future revenue requirements.

Operating and Maintenance Expense

This District's FY 2022-23 Budget anticipated approximately \$613,00 in expenses which were classified as O&M expense. Based on the sum of all O&M expense line items, the overall inflation rate for FY 2023-24 is 5.1 percent, which is consistent with the District's budget projections. For the rest of the study period, annual inflation is projected to be approximately between 4.9 and 3.9 percent per year. Total O&M expenses will reach \$762,000 by FY 2027-28.

Capital Expenses

In addition to the costs of daily operation and maintenance, the District has identified necessary capital improvements to maintain a high level of service and water quality for its customers. For this study, an average of \$140,000 in annual PAYGO (pay as you go) capital expenditures was projected.

Target Reserves

The District currently has no reserve policy, but does have some cash balance. At the time of writing, the water fund balance is approximately \$560,000. Optimally, the District should have a detailed reserve plan which separates different funds based on their proposed uses. For example, similar sized utilities will often have an operating fund which totals three months of operating revenue, approximately \$150,000 in FY 2023-24, that can be used in times of revenue shortfall. Additionally, the District should maintain capital reserves which are set aside to address depreciating assets. The proposed financial plan maintains the current water fund balance and projects that positive cash flow will begin in FY 2025-26. Before the next rate study,

the District should develop a formal reserve policy and set target levels for operating and capital reserves.

Debt Funding

The District currently pays \$98,000 per year in debt service payments on various loans, including SFR loans and USDA loans. These payments will continue through the study period. No additional loans are planned at this time.

Revenue Requirements

Revenue requirements include CIP expense and all O&M expenses. The total expense of each year is offset by other operating revenues and non-operating revenues to compute the pure portion of revenue requirements, which need to be collected from water rates. The negative net balance indicates that cash reserves are used to supplement the shortfall for the year and positive net balance indicates that the amount is contributed to the cash reserves. The revenue requirement of \$501,604 for the test year was used to compute cost distribution among distinctive cost components and then allocated to customers equitably in the COS analysis. **Table 8** shows the revenue requirements for each year of the study.

Table 8. Revenue Requirements from Rates FY 2023-24 through FY 2027-28

Revenue Requirements	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
O&M Expenses	\$644,241	\$675,689	\$704,683	\$733,429	\$762,183
Debt Service	\$97,719	\$97,719	\$80,590	\$80,590	\$80,590
Capital Expenditures	\$134,290	\$139,185	\$143,921	\$150,281	\$133,104
Other Operating Revenue	(\$174,906)	(\$174,906)	(\$174,906)	(\$174,906)	(\$174,906)
Non-Operating Revenue	(\$68,549)	(\$68,549)	(\$68,549)	(\$68,549)	(\$68,549)
Net Balance From Operations	(\$131,192)	(\$67,214)	\$6,473	\$40,588	\$105,154
Rate Revenue Requirement	\$501,604	\$601,925	\$692,213	\$761,435	\$837,578

Recommended Financial Plan

The proposed financial plan includes annual revenue adjustments of 20.0 percent in the test year, 20.0 percent the second year, and 15.0 percent in the third year, and 10.0 percent the fourth through fifth year of the study period. Under this plan the District will be able to sufficiently cover their operating expenses and an average of \$140,000 in capital expenditures per year. **Table 9** shows the proposed financial plan and ending reserve balances for the study period. RDN recommends this plan because it best balances the future repair needs of the water system with impacts on ratepayers. The Cost of Service section will use this financial plan as a basis for calculations.

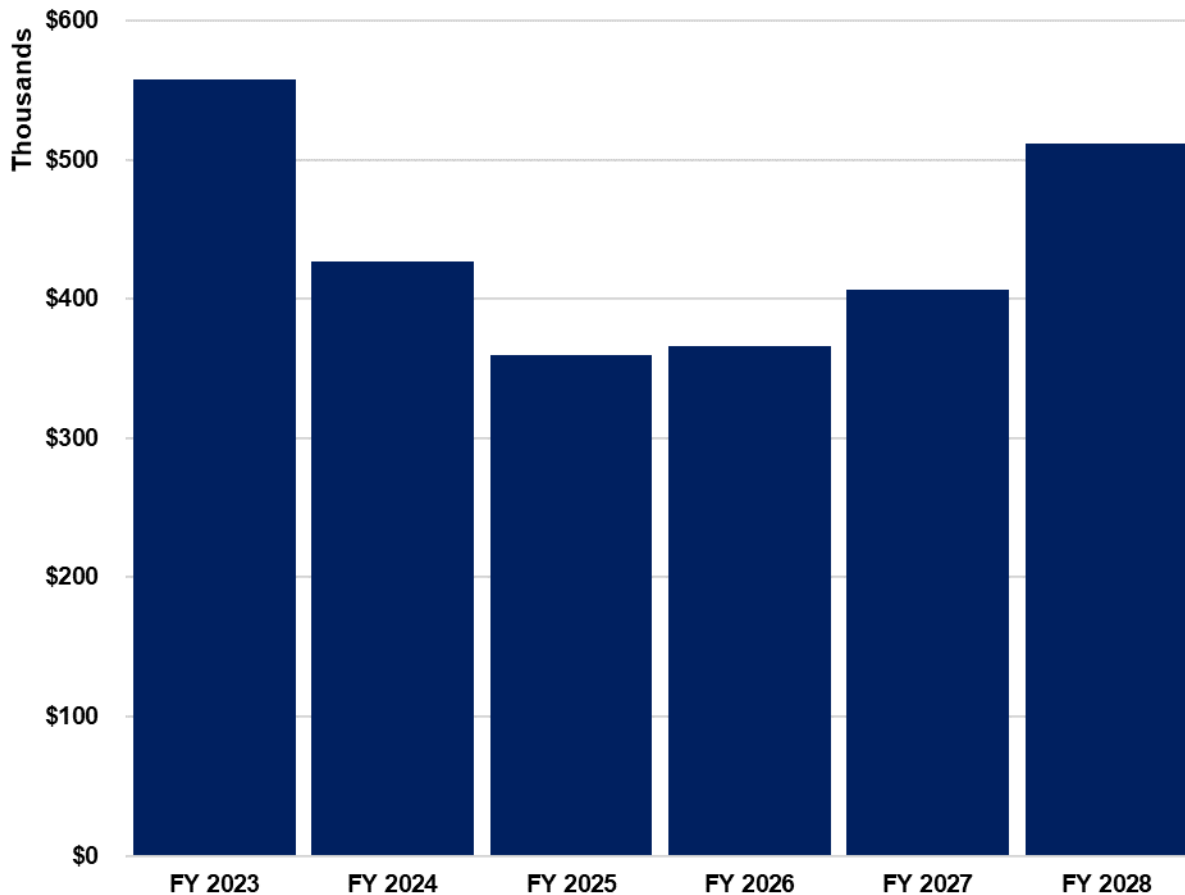
Table 9. Study Period Water Financial Plan, FY 2023-24 to FY 2027-28

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
	20.0%	20.0%	15.0%	10.0%	10.0%
Rate Revenue (Base)	\$418,003	\$418,003	\$418,003	\$418,003	\$418,003
FY 2024	\$83,601	\$83,601	\$83,601	\$83,601	\$83,601
FY 2025		\$100,321	\$100,321	\$100,321	\$100,321
FY 2026			\$90,289	\$90,289	\$90,289
FY 2027				\$69,221	\$69,221
FY 2028					\$76,143
Total Rate Revenue	\$501,604	\$601,925	\$692,213	\$761,435	\$837,578
Other Operating Revenue	\$174,906	\$174,906	\$174,906	\$174,906	\$174,906
Non-Operating Revenue	\$68,549	\$68,549	\$68,549	\$68,549	\$68,549
Total Revenue	\$745,058	\$845,379	\$935,668	\$1,004,889	\$1,081,033
Total Operating Expense	\$644,241	\$675,689	\$704,683	\$733,429	\$762,183
Total Non-operating Expense	\$232,009	\$236,904	\$224,511	\$230,872	\$213,695
Net Revenue after adjustment (expense)	(\$131,192)	(\$67,214)	\$6,473	\$40,588	\$105,154
Total Available Funds	\$426,495	\$359,281	\$365,754	\$406,342	\$511,497

Proposed Reserve Balances

Figure 6 shows the water fund balances under the proposed financial plan through the study period.

Figure 8. District Fund Balances under the Proposed Financial Plan



WATER COST OF SERVICE

Methodology

The purpose of a Cost of Service (COS) analysis is to allocate costs among customers commensurate with their service requirements. RDN employed the “base-extra capacity” cost-of-service method promulgated in AWWA’s M1, whereby costs are first allocated to individual functions, which are typical industry standard activities, then the costs of each function are distributed to appropriate cost causative components, which are defined by the cost driving elements. The results of the COS form a reasonable, equitable, basis for designing rates.

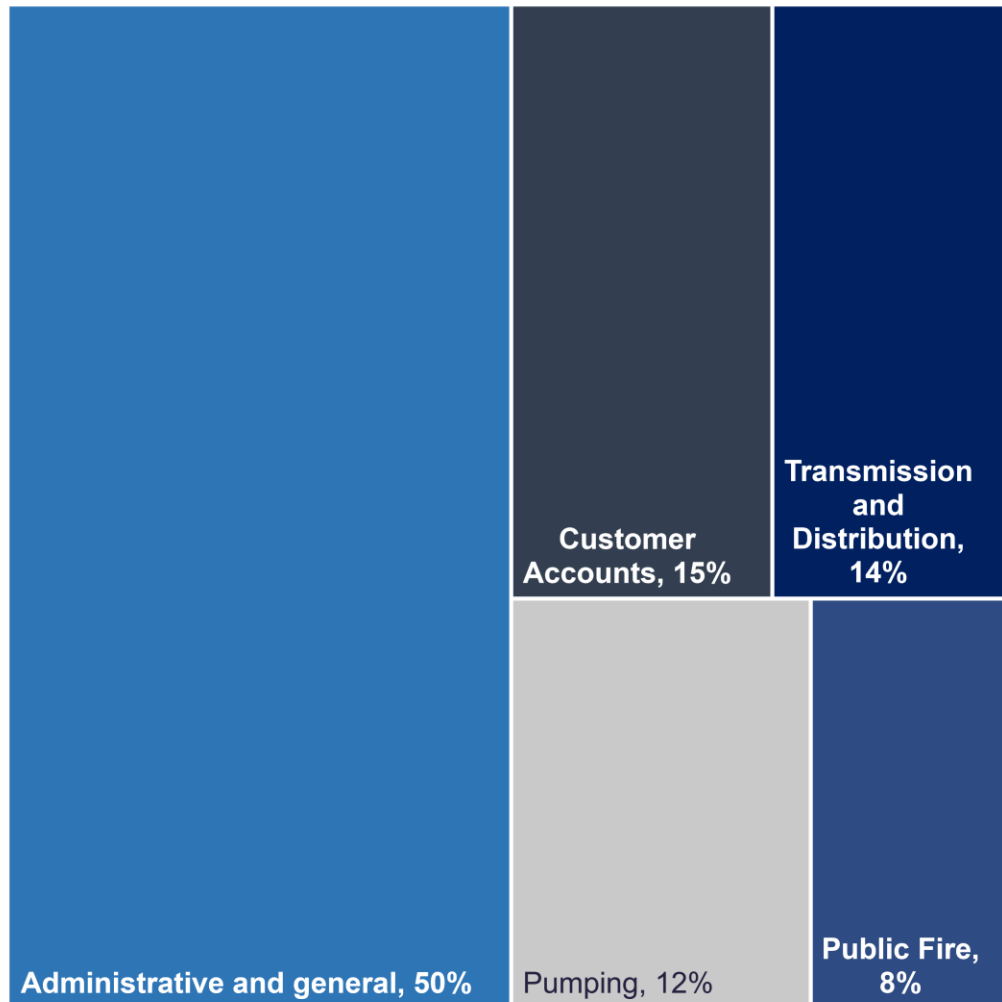
Cost Components

Operating costs are functionalized based on input from District staff with expertise in the system and utility industry. Non-operating expense was functionalized based on ten years of total capital expense. The functions of the water system for both operating and capital expenses include:

- Water Source - costs associated with source of water supply
- Pumping - costs associated with general pumping and energy use
- Transmission and Distribution - costs associated with transmitting and distributing water to customers
- Customer Accounts - costs associated with billing and customer services
- Administrative and General - costs associated with administrative and general functions
- Fire - costs associated with water service for fire protection provided to property and structures

Figure 9 shows the percentage of costs allocated to each cost function.

Figure 9. Total Functionalized Costs



COS Allocation

For the system to reliably provide adequate service to its customers, it must be capable of meeting not only the annual volume requirements, but also the peak demand - the maximum rate at which water is consumed. Therefore, the capacities of the various facilities must meet the maximum coincidental demand of all customers.

Each water service facility within the system has an underlying average demand, exerted by the customers for whom the base cost component applies. For those facilities designed solely to meet average daily demand, 100% of the cost should go to the base cost component. Extra capacity requirements associated with demand in excess of average use consist of Max Day Demand (MDD) and Peak Hourly Demand (PHD). Based on the MDD factor, RDN estimated the average hourly flow during MDD and multiplied it by a peaking factor of 1.5 (the lowest factor recommended by the State Board's Division of Drinking Water) to compute a PHD factor. requirements were distributed to the base, MDD, and PHD cost components for 35.2%, 31.4%,

and 33.3%, respectively. The number of bills in one year (the number of accounts multiplied by 12) serves as the basis for distributing customer service related costs. The number of equivalent meters is used to measure meter related service costs.

The cost causative components therefore include:

- Base - delivering water to customers under average demand conditions
- Maximum Day Demand (MDD) - the costs of delivering water to customers on the day with the highest demand
- Peaking Hourly Demand (PHD) - the costs of delivering water to customers on the hour with the highest demand on highest day
- Meters - the costs of servicing meters, billing, and other customer service-related costs
- Direct Fire Protection Service - the costs of providing water service for public and private fire protection services
- Customer Service - the costs of providing general customer related services to each customer

The result of the COS analysis determines how the total revenue requirements should be allocated to each of the cost components, which are categorized and grouped based on the similar cost driving elements. **Figure 10** shows the total Test Year Revenue Requirements allocated to each cost component.

Figure 10. Cost of Service Cost Components by Category

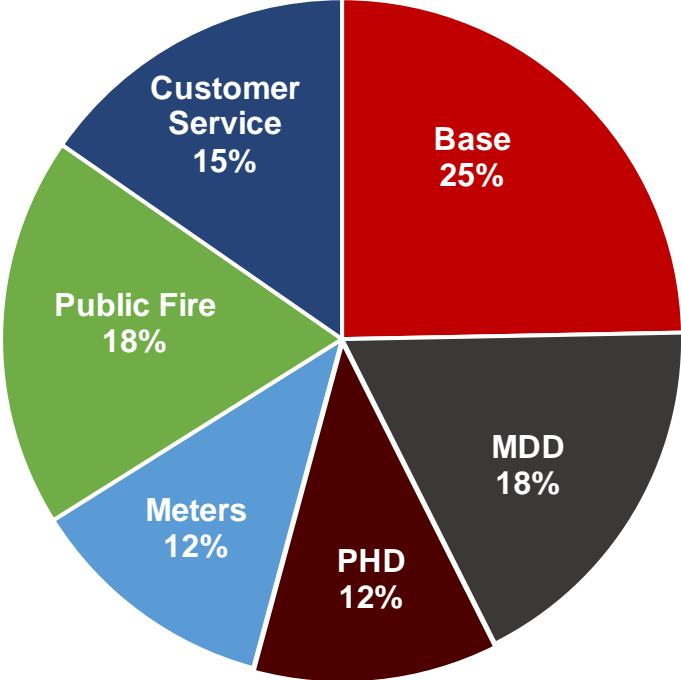


Table 10 shows the revenue requirements by cost causative components under the proposed financial plan. The test year capital expense, debt service payments, and other obligations are allocated to each cost causative component using the percentages derived from the cost allocation.

Table 10. Rate Revenue Requirements for Test Year, FY 2024

Cost Allocation Summary	Total	Source of Supply	Base	MDD	PHD	Meters	Public Fire	Customer Service
O&M Revenue Requirements	\$644,241	\$0	\$145,575	\$93,719	\$36,451	\$104,149	\$129,886	\$134,459
Non-Operating Revenue Requirements	\$232,009	\$0	\$70,829	\$63,108	\$65,208	\$0	\$32,865	\$0
	\$876,250	\$0	\$216,404	\$156,827	\$101,659	\$104,149	\$162,751	\$134,459
		0%	25%	18%	12%	12%	19%	15%
Other Operating Revenue	(\$174,906)	\$0	(\$43,196)	(\$31,304)	(\$20,292)	(\$20,789)	(\$32,486)	(\$26,839)
Non-Operating Revenue	(\$68,549)	\$0	(\$16,929)	(\$12,269)	(\$7,953)	(\$8,148)	(\$12,732)	(\$10,519)
Net Balance From Operations	(\$131,192)	\$0	(\$32,400)	(\$23,480)	(\$15,220)	(\$15,593)	(\$24,367)	(\$20,131)
Rate Revenue Requirement	\$501,604	\$0	\$123,879	\$89,775	\$58,194	\$59,619	\$93,166	\$76,970

Allocation to Units

The final step of the COS analysis is to allocate the cost causative components back to the customers. In order to perform this, unit values were determined for each cost component. **Table 11** shows the number of systemwide units under each category. Equivalent meters are determined by multiplying the total meters by their equivalent meter value. All use categories (Water Use, Max Month, Average Day, Max Day, and Peak Hourly) are expressed in hcf.

Table 11. Cost of Service, Total Units of Service

Unit	Count of Units
Customers	575
EMs	664
Water Use	53,285
Max Month	8,588
Average Day	146
Max Day	277
Peak Hourly	416

Dividing total cost of service per cost causative component by the number of applicable units produces a cost per unit which is then reallocated to each customer class based on the total number of units which is attributable to each. **Table 12** the unit costs for each cost causative component.

Table 12. Total Cost of Service Divided by Units

	Source of Supply	Base	MDD	PHD	Meters	Public Fire	Customer Service
Rate Revenue Requirement	\$0.00	\$123,879.22	\$89,774.83	\$58,194.12	\$59,619.48	\$93,165.84	\$76,970.29
Units	53,285	53,285	277	416	664	664	575
Unit Cost	\$0.00	\$2.32	\$324.06	\$140.04	\$89.78	\$140.30	\$133.86

Allocation to Customer Classes

The final step of the COS analysis is to allocate the cost causative components back to the customers. In developing equitable rate structures, revenue requirements were allocated to Single Family, Multi-Family, and Commercial customers commensurate with the customer demand and services rendered. The costs are allocated to customer classes according to the amount of water consumed, required peaking demand, number of customers and other relevant factors. The costs allocated to each distinguished customer class determined in the COS analysis are shown in Table 13.

Table 13. Cost Allocation between Customer Classes

Customer Class	Total	Base	MDD	PHD	Meters	Public Fire	Customer Service
Residential	\$369,213	\$86,937	\$69,198	\$44,856	\$41,511	\$64,868	\$61,844
Commercial	\$98,616	\$22,636	\$13,671	\$8,862	\$16,103	\$25,163	\$12,181
Multi-Unit	\$33,774	\$14,306	\$6,906	\$4,477	\$2,006	\$3,134	\$2,945

WATER RATE SETTING

The last step of a rate study is designing rates. Rates must be designed to equitably recover the rate revenue requirements from each customer given the projected customer demand identified as a result of the COS analysis. In reviewing the District's water rates and finances, RDN used the following criteria in developing our recommendations:

- 1) Revenue sufficiency: rates should recover the annual cost of service and provide revenue stability.
- 2) Rate impacts: while rates are calculated to generate sufficient revenue to cover all costs, they should be designed to minimize, as much as possible, the impacts on ratepayers.
- 3) Equitability: rates should be fairly allocated among all customers based on their estimated demand characteristics.
- 4) Practicality: rates should be simple in form and, therefore, adaptable to changing conditions, easy to administer, and easy to understand.

Recommendations

The financial plan and COS analysis provides a rate structure which increases overall customer equity by allocating costs based on each customer's relative strain on the system. The proposed revenue requirements include funding for both the capital plan and sufficient funding for the daily operations of the District. If the District is able to secure additional funding sources, or if customer growth is higher than expected, resulting in increased revenues, the District can choose to not implement increases in any year.

Proposed Water Rates

The District needs revenue increases to fund critical capital projects necessary to maintain compliance with state regulations. The proposed revenue requirements include funding for both the capital plan and sufficient funding for the daily operations of the water utility.

Base, customer service, meter, and fire protection service costs in the fixed charge components are distributed among various meter sizes using the AWWA ratio discussed in the Key Assumptions section (**Table 7**). While the majority of costs incurred by the District are fixed, in that they aren't affected by changes in customer demand, in order to balance revenue stability with customer affordability and the interest to promote conservation, a proportion of fixed costs are also allocated to variable rates. **Table 14** shows the total costs allocated to fixed and variable charges for each customer class based on their share of the total cost of service and their service requirements.

Table 14. Costs Allocated to Fixed and Variable Rates

Customer Class	Cost of Service	Variable	Percent	Fixed	Percent
Residential	\$369,213	\$157,522	42.7%	\$211,691	57.3%
Commercial	\$98,616	\$33,851	34.3%	\$64,766	65.7%
Multi-Unit	\$33,774	\$18,536	54.9%	\$15,238	45.1%
Total	\$501,604	\$209,909	41.8%	\$291,695	58.2%

Fixed Rates

Currently, all customers are billed the same base fixed charge despite their meter size. Customers, particularly commercial customers, who are deemed to require a higher level of service are billed multiple fixed charges each month. To better align the rates with rate setting norms, the proposed rates instead bill each customer based on their meter size, which is representative of their cost of service. To derive fixed rates, the total fixed costs allocated to each customer class are divided by the number of equivalent meters for each customer class and the number of bills per year, which gives the rate for the base meter, 5/8"x3/4". Larger meter rates are multiplied by the number of equivalent meters each represents according to the AWWA M1. The resulting rates for the test year for each customer class are shown in **Table 15**.

Table 15. Proposed Fixed Rates, FY 2023-24

Meter Size	Residential	Commercial	MFR
5/8x3/4"	\$38.16	\$35.59	\$57.01
1"	\$56.26	\$51.96	\$87.74
1-1/2"	\$101.09	\$92.52	\$163.86
2"	\$155.11	\$141.38	\$255.57
3"	\$281.24	\$255.48	\$469.72
4"	\$461.39	\$418.45	\$775.58

Variable Rates

The current variable rates bill all customers on a six-tiered inclining block rate structure where each tier increases in price in 5 unit increments. During the study, it was deemed that this tier structure is not defensible under Proposition 218 as tier widths and prices are not tied to the costs to provide service at each level. The proposed variable rate structure includes three tiers for single family residential customers, and one tier for commercial and multi-unit customers which aligns costs to peak use at each level and between customers.

Single Family Tiers

Tier widths for Single Family customer classes were determined based on efficient water use standards as defined by the State of California and peak summer use as expressed in the customer billing data. Tier 1 allocation of 4 hcf per month provides 55 gallons of water per capita per day, assuming an average household size of 1.72 people per household³. At the projected usage levels for FY 2024, the Tier 1 water usage includes approximately 17,130 hcf of usage by Single Family customers.

The Tier 2 width is based on the maximum month of historical use reported in District billing records. Dividing the use during July by the number of customers yields a total use of 11 hcf in the max month, thus, the Tier 2 width was designed to include up to 11 hcf, or an additional 7 hcf beyond the essential water use included in Tier 1.

Tier 3 is not capped for Single Family customers. All usage exceeding Tier 2 is considered Tier 3 usage.

Table 16 shows the cost matrix where proposed variable costs are assigned to each tier level.

Table 16. Variable Costs Assigned to Single Family Tiered Rates

		Base Assigned to Volumetric Rates	Max Day Demand	Peak Hourly Demand
	Units (hcf)	\$43,468.58	\$69,197.73	\$44,855.57
All Use	37,223	\$1.17	\$1.17	\$1.17
Tier 2 and Tier 3	20,093		\$3.44	\$3.44
Tier 3	6,257			\$7.17
		Tier 1	Tier 2	Tier 3
Proposed Rates		\$1.17	\$4.61	\$11.78
Tier Use		17,130	13,836	6,257
Revenue		\$20,004	\$63,808	\$73,710

Other Variable Rates

Other customer classes, such as Commercial and Multi-Unit customers are billed on a uniform rate structure because peaking levels do not fluctuate as drastically as with single family residences and master meters may reduce the ability of the District to determine use for individual units. To develop rates for these classes, the allocated costs to each customer class were divided by the projected water use. **Table 17** shows the proposed test year variable rates for Commercial and Multi-Unit customers.

³ Source: Bureau of Labor Statistics (2022)

Table 17. Variable Rates for Other Customer Classes

Customer Class	Base Assigned to Volumetric Rates	Max Day Demand	Peak Hourly Demand	Units (hcf)	Variable Rate
Com	\$11,318.00	\$13,670.78	\$8,861.72	9,737	\$3.48
MFR	\$7,153.03	\$6,906.32	\$4,476.84	6,154	\$4.01

Based on the proposed water financial plan outlined in this report, **Table 18** show the proposed fixed and variable rates for each year of the study period.

Table 18. Proposed Rates

Fixed Charges						
Customer Class	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	
Residential						
5/8x3/4"	\$38.16	\$45.80	\$52.67	\$57.93	\$63.73	
1"	\$56.26	\$67.51	\$77.64	\$85.40	\$93.94	
1-1/2"	\$101.09	\$121.31	\$139.51	\$153.46	\$168.81	
2"	\$155.11	\$186.13	\$214.06	\$235.46	\$259.01	
3"	\$281.24	\$337.49	\$388.12	\$426.93	\$469.62	
4"	\$461.39	\$553.67	\$636.72	\$700.39	\$770.43	
Commercial						
5/8x3/4"	\$35.59	\$42.71	\$49.11	\$54.02	\$59.42	
1"	\$51.96	\$62.35	\$71.70	\$78.87	\$86.76	
1-1/2"	\$92.52	\$111.02	\$127.67	\$140.44	\$154.48	
2"	\$141.38	\$169.66	\$195.11	\$214.62	\$236.08	
3"	\$255.48	\$306.58	\$352.57	\$387.82	\$426.61	
4"	\$418.45	\$502.14	\$577.46	\$635.21	\$698.73	
MFR						
5/8x3/4"	\$57.01	\$68.41	\$78.68	\$86.54	\$95.20	
1"	\$87.74	\$105.28	\$121.07	\$133.18	\$146.50	
1-1/2"	\$163.86	\$196.63	\$226.12	\$248.74	\$273.61	
2"	\$255.57	\$306.68	\$352.69	\$387.96	\$426.75	
3"	\$469.72	\$563.66	\$648.21	\$713.03	\$784.34	
4"	\$775.58	\$930.70	\$1,070.30	\$1,177.33	\$1,295.07	
Variable Charges						
Tier	Width	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Res						
Tier 1	1-4 HCF	\$1.17	\$1.40	\$1.61	\$1.77	\$1.95
Tier 2	5-11 HFC	\$4.61	\$5.53	\$6.36	\$7.00	\$7.70
Tier 3	All Additional	\$11.78	\$14.14	\$16.26	\$17.88	\$19.67
Commercial						
Tier 1	All Use	\$3.48	\$4.17	\$4.80	\$5.28	\$5.81
MFR						
Tier 1	All use	\$4.01	\$4.81	\$5.54	\$6.09	\$6.70

SEWER FINANCIAL PLANNING

Revenues

Based on the projected customer growth through the study period, rate revenues under the current rates were calculated for each year of the study. Additionally, non-rate revenues were estimated based on historical values and District input. With no rate increases, the District is expected to collect around \$423,000 a year from rates. Other operating revenues contribute approximately \$126,000 a year to total revenues. Additional non-operating revenues total approximately \$69,000 a year from investment income and will be used to offset future revenue requirements.

Operating and Maintenance Expense

This District's FY 2022-23 Budget anticipated approximately \$624,000 in expenses which were classified as O&M expense. Based on the sum of all O&M expense line items, a total overall inflation rate for FY 2023-24 is 5.1 percent, which accounts for the current record inflation being experienced across the country. For the rest of the study period, annual inflation is projected to be approximately 4.4 percent per year. Total O&M expenses will reach \$741,000 by FY 2027-28.

Capital Expenses

In addition to the costs of daily operation and maintenance, the District has capital expenses which average \$182,000 per year for the sewer system. Capital expenses include main replacements, vehicle replacements, and general office repairs.

Target Reserves

The District currently has no reserve policy for the sewer fund and a minimal cash balance. Optimally, the District should have a detailed reserve plan which separates different funds based on their proposed uses. For example, similar sized utilities will often have an operating fund which totals three months of operating revenue, approximately \$180,000 in FY 2027-28 for the RCSD, that can be used in times of revenue shortfall. Additionally, the District should maintain capital reserves which are set aside to address depreciating assets. The proposed financial plan includes annual contributions of approximately \$140,000 a year to the District's sewer reserves, reaching a target balance of \$690,000 by the end of the study.

Debt Funding

The District currently pays \$52,000 in debt service payments per year on a USDA Loan. These payments will continue through the study period. The current financial plan maintains debt service coverage ratios well above the industry standard of 1.20 through the duration. No additional loans are planned at this time.

Revenue Requirements

Under the recommended rates revenue requirements include reserve contributions. The total revenue requirements are offset by the sum of Other Operating Revenues and Non-operating Revenues.

Recommended Financial Plan

Based on the revenue requirements outlined, the proposed financial plan includes annual revenue adjustments of 55.0 percent in the test year, 20.0 percent the second year, 10.0 percent in years 3 and 4, and 8.0 percent in the final year of the study period. Under this plan a total of \$690,000 will be contributed to fund balances; additionally, the District will be able to sufficiently cover their operating expenses and an average of \$182,000 in capital expenditures per year. Table 19 shows the proposed financial plan and ending reserve balances for the study period. RDN recommends this plan because it best balances the future repair needs of the sewer system with customer impacts. The Cost of Service section will use this financial plan as a basis for calculations.

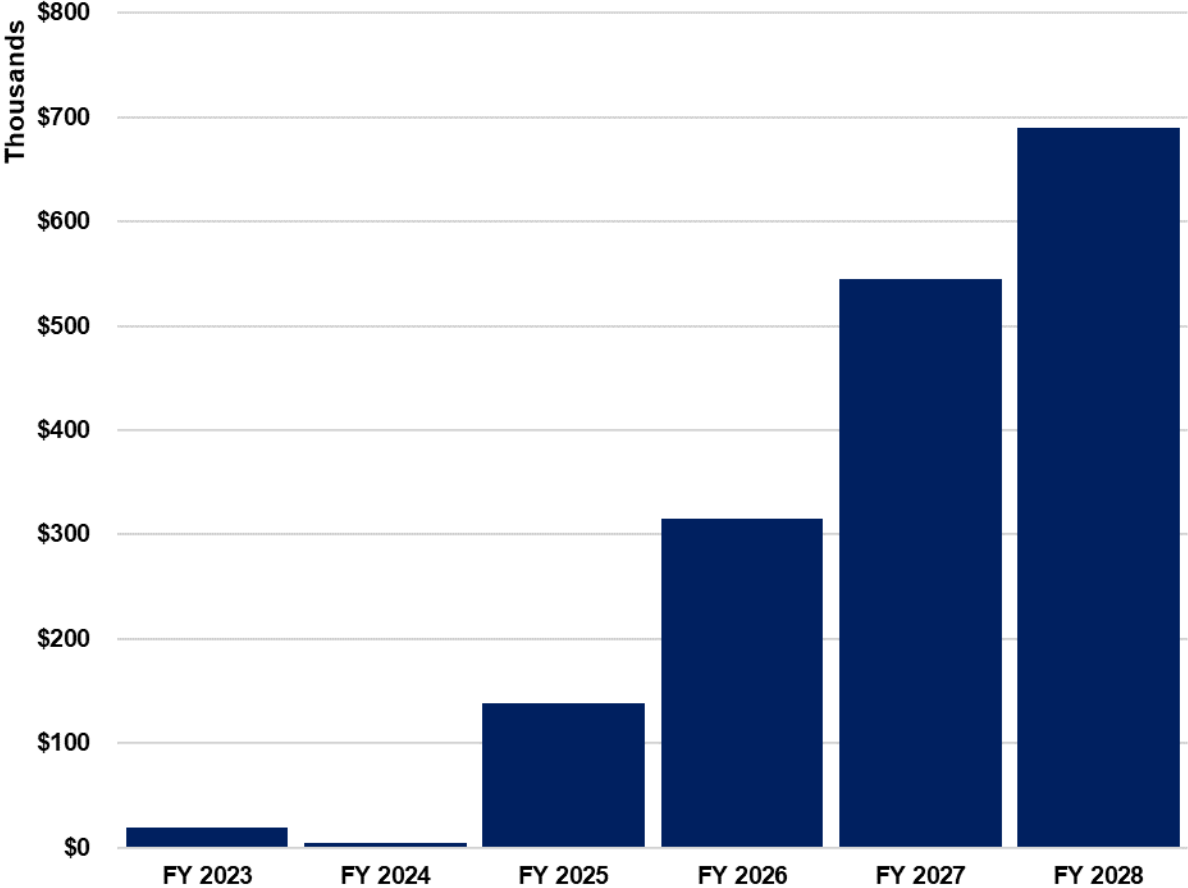
Table 19. Study Period Financial Plan, FY 2023-24 to FY 2027-28

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
	55.0%	20.0%	10.0%	10.0%	8.0%
Rate Revenue (Base)	\$422,512	\$422,512	\$422,512	\$422,512	\$422,512
FY 2024	\$232,382	\$232,382	\$232,382	\$232,382	\$232,382
FY 2025		\$130,979	\$130,979	\$130,979	\$130,979
FY 2026			\$78,587	\$78,587	\$78,587
FY 2027				\$86,446	\$86,446
FY 2028					\$76,072
Total Rate Revenue	\$654,894	\$785,873	\$864,460	\$950,906	\$1,026,979
Other Operating Revenue	\$125,725	\$125,725	\$125,725	\$125,725	\$125,725
Non-Operating Revenue	\$68,549	\$68,549	\$68,549	\$68,549	\$68,549
Total Revenue	\$849,168	\$980,146	\$1,058,734	\$1,145,180	\$1,221,252
Total O&M Expense	\$624,255	\$655,199	\$684,027	\$712,597	\$741,173
Total Non-operating Expense	\$238,684	\$192,151	\$196,821	\$203,271	\$336,075
Net Revenue after adjustment (expens	(\$13,771)	\$132,797	\$177,886	\$229,312	\$144,005
Total Available Funds	\$5,195	\$137,992	\$315,878	\$545,190	\$689,194

Proposed Reserve Balances

Figure 11 shows the sewer fund balances under the proposed financial plan through the study period.

Figure 11. District Sewer Fund Balances under the Proposed Financial Plans



SEWER COST OF SERVICE

Methodology

A sewer system's COS analysis utilizes a three-step approach to allocate costs equitably among customers. These steps include 1) functionalization of cost and asset items, 2) cost classification, and 3) cost allocation to customers. The typical major functions included in a sewer study are collection, sewer treatment, customer accounts, and other general and administrative costs. RDN determined that the District current sewer rates follow generally accepted cost of service principles, so the proposed rates maintain the current rate structure with slight adjustments to the total cost allocations between each customer class.

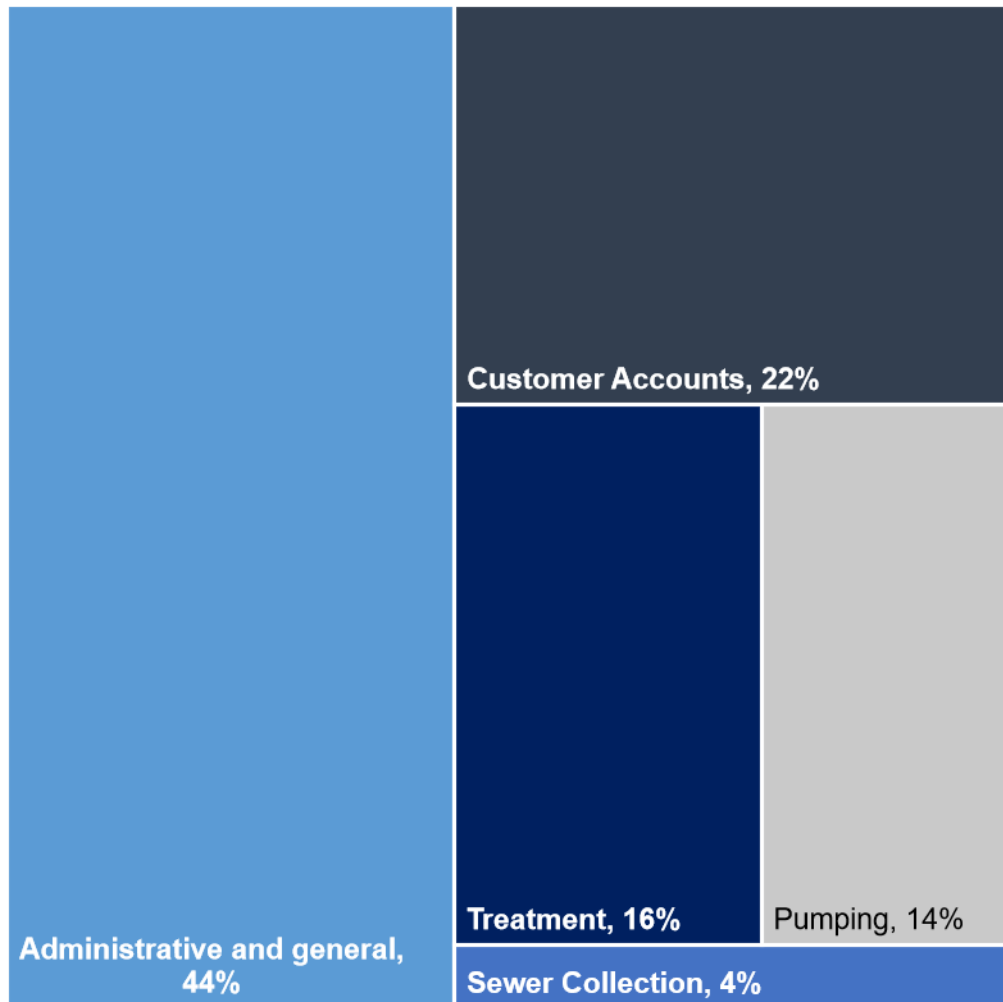
Equivalent Units

Sewer customers are billed by the number of equivalent units in each charge category. For example, a residential or commercial customer is billed a fixed charge for each unit and a variable charge based on the total amount of water used by that customer. Equivalent units and commercial category are applied to customers by District engineers at the time they join the sewer system and reflect the relative impact each has on the system. To determine each customer's cost allocation, estimated representative sewer strengths and actual water use were used.

COS Allocation

The total Test Year revenue requirement developed in the financial planning stage, \$655,000, was functionalized into five cost causative functions: Collection, Pumping, Treatment, Customer Accounts, and Administrative and General. **Figure 12** shows the percentage of Test Year revenue requirements allocated to each function.

Figure 12. Functionalized Costs by Category



COS Allocation

The result of the COS allocation determines how the total revenue requirements should be allocated to each of the cost components, which are categorized and grouped based on the similar cost driving elements.

The cost causative components for the sewer rate study include:

- Volume - the amount of sewer flow produced by each customer
- Biological Oxygen Demand (BOD) - a measure of wastewater strength
- Total Suspended Solids (TSS) - a measure of wastewater strength
- Sewer Service - the costs of providing general customer related services to each customer

Figure 13 shows the total Test Year Revenue Requirements allocated to each cost component.

Figure 13. Cost of Service Cost Components by Category

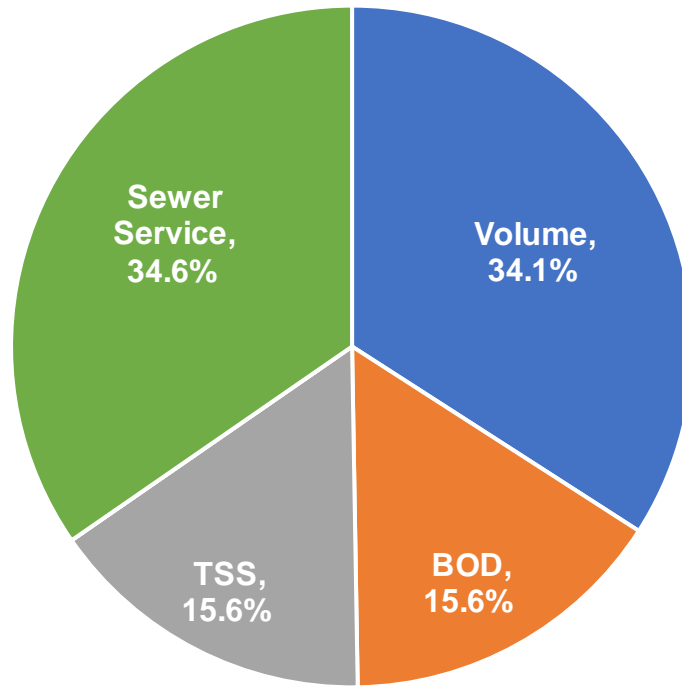


Table 20 shows the revenue requirements by cost causative components under the proposed financial plan. The test year capital expense, debt service payments, and other obligations are allocated to each cost causative component using the percentages derived from the cost allocation.

Table 20. Rate Revenue Requirements for Test Year, FY 2024

Cost Allocation Summary	Total	Volume	BOD	TSS	Sewer Service
O&M Revenue Requirements	\$624,255	\$173,929	\$75,994	\$75,994	\$298,337
Non-Operating Revenue Requirements	\$238,684	\$120,328	\$58,948	\$58,948	\$461
	\$862,939	\$294,257	\$134,942	\$134,942	\$298,798
	0%	34%	16%	16%	35%
Other Operating Revenue	(\$125,725)	(\$42,872)	(\$19,660)	(\$19,660)	(\$43,533)
Non-Operating Revenue	(\$68,549)	(\$23,375)	(\$10,719)	(\$10,719)	(\$23,735)
Net Balance From Operations	(\$13,771)	(\$4,696)	(\$2,153)	(\$2,153)	(\$4,768)
Rate Revenue Requirement	\$654,894	\$223,315	\$102,409	\$102,409	\$226,761

Allocation to Units

The final step of the COS analysis is to allocate the cost causative components back to the customers. To perform this analysis, unit values were determined for each cost component. Table 21 shows the number of systemwide units under each category. The flow category is expressed in hcf and strength categories (BOD and TSS) are expressed in pounds per year (LBS/year).

Table 21. Cost of Service, Total Units of Service

Unit	Count of Units
Customers	595
Flow	53,356
BOD	88,494
TSS	86,979

Dividing total cost of service per cost causative component by the number of applicable units produces a cost per unit which is then reallocated to each customer class based on the total number of units which is attributable to each. **Table 22** the unit costs for each cost causative component.

Table 22. Total Cost of Service Divided by Units

	Volume	BOD	TSS	Sewer Service
Rate Revenue Requirement	\$223,315	\$102,409	\$102,409	\$226,761
Units	53,356	88,494	86,979	595
Unit Cost	\$4.19	\$1.16	\$1.18	\$381.11

Allocation to Customer Classes

The final step of the COS analysis is to allocate the cost causative components back to the customers. In developing equitable rate structures, revenue requirements were allocated to Single Family, Multi-Family, and Commercial customers commensurate with the customer demand and services rendered. The costs are allocated to customer classes according to the amount of water consumed, required peaking demand, number of customers and other relevant factors. The costs allocated to each distinguished customer class determined in the COS analysis are shown in **Table 23**.

Table 23. Cost Allocation between Customer Classes

Customer Class	Total	Volume	BOD	TSS	Sewer Service
Residential	\$466,732	\$167,064	\$57,675	\$58,679	\$183,314
Commercial A	\$58,259	\$16,819	\$5,806	\$5,907	\$29,727
Commercial B	\$30,711	\$6,857	\$7,101	\$7,225	\$9,528
Commercial C	\$55,221	\$12,445	\$21,481	\$17,484	\$3,811
Prison Camp	\$43,972	\$20,131	\$10,346	\$13,114	\$381

SEWER RATE SETTING

Recommendations

RDN recommends the District implement the rates outlined in this report in fiscal year 2023-24. The District needs revenue increases to fund needed capital improvement projects and to develop reserve balances. The financial plan and COS analysis provides a Proposition 218 compliant rate structure. The proposed revenue requirements include funding for both the sewer reserves and Capital expenditures as well as sufficient funding for the daily operations of the sewer utility. If the District is able to secure additional funding sources, or if customer growth is higher than expected, resulting in increased revenues, the Board of Directors can choose to not implement increases in any year.

Proposed Sewer Rates

Generally speaking, the majority of costs incurred by the sewer utility are fixed, in that they aren't affected by changes in customer demand, in order to balance revenue stability with customer affordability, a proportion of fixed costs are also allocated to variable rates. **Table 24** shows the total costs allocated to fixed and variable charges for each customer class based on their share of the total cost of service and their service requirements. Some costs associated with sewer treatment will fluctuate based on total BOD and TSS, thus 20 percent of the costs allocated to those categories are allocated to variable rates.

Table 24. Costs Allocated to Fixed and Variable Rates

Customer Class	Cost of Service	Variable	Percent	Fixed	Percent
Residential	\$466,732	\$23,271	5.0%	\$443,461	95.0%
Commercial A	\$58,259	\$2,343	4.0%	\$55,916	96.0%
Commercial B	\$30,711	\$2,865	9.3%	\$27,845	90.7%
Commercial C	\$55,221	\$7,793	14.1%	\$47,428	85.9%
Prison Camp	\$43,972	\$4,692	10.7%	\$43,972	100.0%

Fixed Rates

To develop fixed rates for the sewer utility, the total cost of service allocated to the fixed portion of rates was divided by the number of customer billing units and bills per year. The proposed monthly fixed charge for each customer is shown in **Table 25**.

Table 25. Proposed Fixed Rates, FY 2023-24

Customer Class	Fixed Charge
Residential	\$63.72
Commercial A	\$48.04
Commercial B	\$70.32
Commercial C	\$136.29
Prison Camp	\$3,273.31

Variable Rates

The proposed variable rate structure was designed by dividing the costs allocated to the variable rate category by the projected water use for each customer class. **Table 26** shows the proposed test year variable rates for all customers.

Table 26. Variable Rates for All Customer Classes

Customer Class	Variable Rate
Residential	\$0.58
Commercial A	\$0.58
Commercial B	\$1.75
Commercial C	\$2.62
Prison Camp	\$0.98

Based on the proposed sewer financial plan outlined in this report, **Table 27** show the proposed fixed and variable rates for each year of the study period.

Table 27. Proposed Sewer Rates

Fixed Charges					
Customer Class	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Residential	\$63.72	\$76.46	\$84.10	\$92.52	\$99.92
Commercial A	\$48.04	\$57.65	\$63.41	\$69.75	\$75.33
Commercial B	\$70.32	\$84.38	\$92.82	\$102.10	\$110.27
Commercial C	\$136.29	\$163.55	\$179.90	\$197.89	\$213.72
Prison Camp	\$3,273.31	\$3,927.97	\$4,320.77	\$4,752.85	\$5,133.08

Variable Charges					
Customer Class	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Residential	\$0.58	\$0.70	\$0.77	\$0.85	\$0.91
Commercial A	\$0.58	\$0.70	\$0.77	\$0.85	\$0.91
Commercial B	\$1.75	\$2.10	\$2.31	\$2.54	\$2.74
Commercial C	\$2.62	\$3.15	\$3.46	\$3.81	\$4.11
Prison Camp	\$0.98	\$1.17	\$1.29	\$1.42	\$1.53

CONCLUSION

Recommendations:

- Build specific reserve funds by making annual contributions from revenue generated from rates
- Implement the proposed annual revenue and rate adjustments for both water and sewer utilities
- Adjust the water tier widths for single family residential customers to reflect current average household sizes
- Reduce the number of tiers for single family residential customers so that variable rates can be based on actual costs to provide service
- Bill only one tier of use for multi-family and commercial water customers
- Bill water customers based on their meter size rather than the number of units
- Maintain the current sewer rate structure with relative rates based on the cost of service analysis

Water Rate Impacts:

Because of the proposed changes to the rate structure, customers will have slightly different impacts based on their water use. **Figure 14** shows the potential impacts of rate changes in the test year for Single Family Residential customers with a 5/8" meter at different use levels. A single family residence with a 5/8" meter and water and sewer service who uses 6 hcf of water in a month will have a bill of \$119.27 (\$148.27 when the additional SEF and Loan fees are included) compared to the current bill of \$85.00 (\$114.00 with included fees) an overall increase of approximately \$34 a month. Due to the changes in the water rate structure, customers who use more water will see a greater change in rates than customers who use less water.

Figure 14. Single Family Residential with 5/8" Meter Water Rates Under Various Use Levels

