

City of Lincoln

Water, Wastewater, and Solid Waste Rate Study

City Council - June 13, 2023



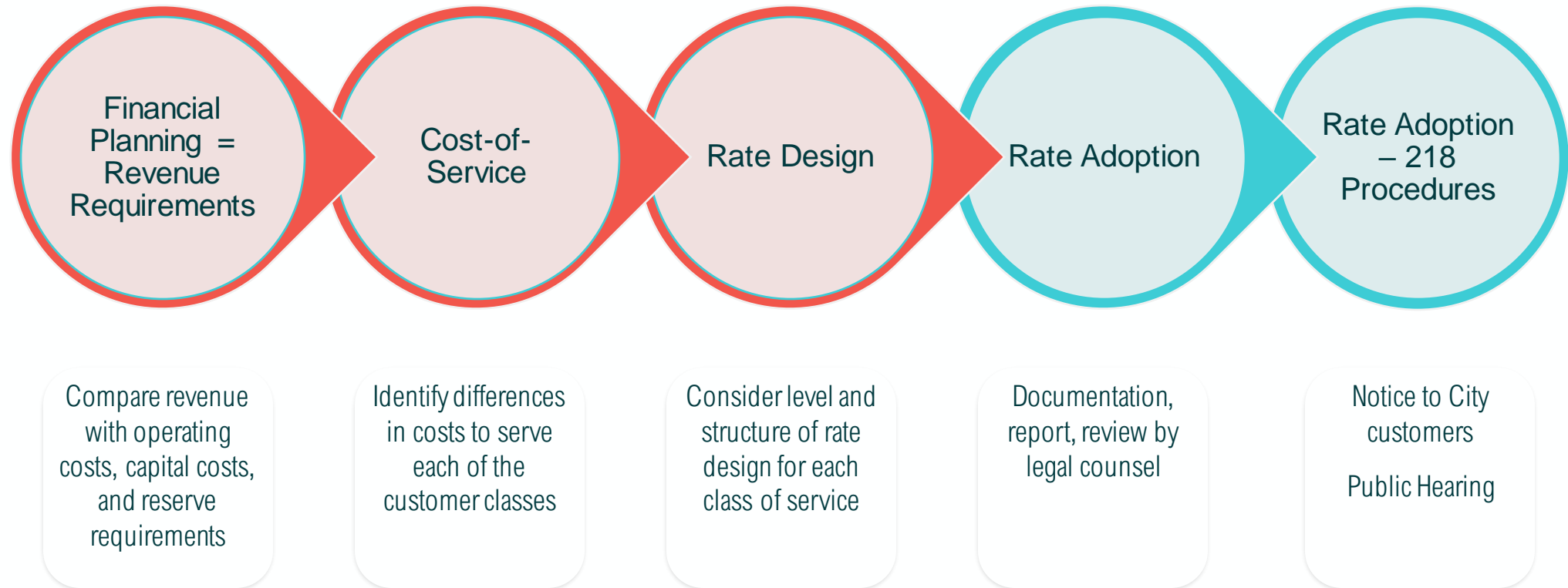
Agenda

1. Where We Are In Rate Setting Process
2. Proposition 218 and Cost-based Rates
3. Water
 1. Financial Plan Scenarios
 2. Cost-of-Service
 3. Rate Design
 4. Advise on Preferred Financial Plan & Associated Rates
4. Wastewater
 1. Financial Plan Scenarios
 2. Cost-of-Service
 3. Rate Design
 4. Advise on Preferred Financial Plan & Associated Rates
5. Solid Waste
 1. Financial Plan Scenarios
 2. Rate Design

Where We Are In Rate Setting Process



Key Steps in Conducting a Rate Study



Financial Plan vs. Cost of Service

Financial Plan

- Determines the TOTAL amount of revenue required from rates each year (i.e., how large of a pie do we need?)

Cost of Service

- Determines how the overall rate revenue requirement is allocated to various customer classes (i.e., how do we slice the pie?)

Proposition 218 and Cost-based Rates



Proposition 218 Substantive Requirements

Revenues

cannot exceed the funds required to provide the service



Revenues

cannot be used for any purpose other than to pay for the service for which it was charged.



The amount of the fee cannot exceed the **proportional cost of providing service.**



Task:

- Set rates proportional to the cost of providing the service
- Reasonably allocate amongst grouped feepayers, based on cost-of-service
- Use reliable data

Proposition 218 Procedural Requirements

Identify parcels
subject to the charge.



Calculate
the amount of the charge to be imposed.



Provide written notice to all record owners including:

- The amount
- The basis upon which the amount was calculated
- The reason for the charge
- The date, time, and location of a public hearing on the charge



Hold a public hearing no less than 45 days from mailing the notice.

- Consider all protests to the charge.
- If a majority of owners protest the charge, the agency shall not adopt it.

Water Enterprise



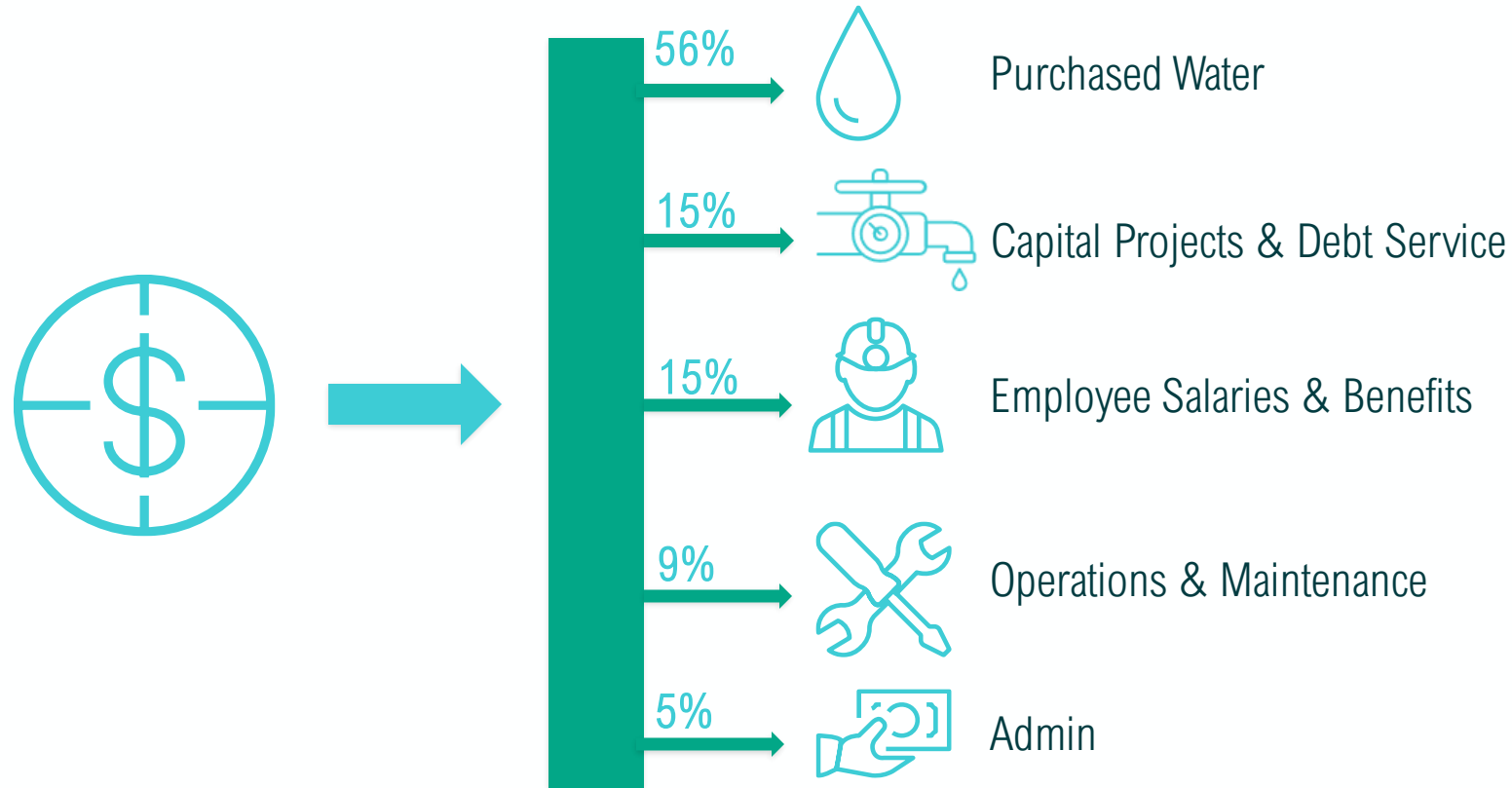
Water Financial Plan Overview



Financial Plan Approach

- Develop Excel model to project revenues and expenses over a 10-year period.
- Use the model to evaluate the overall revenue adjustments needed each year to:
 - › Sufficiently fund operating expenses, debt service, and capital expenditures
 - › Maintain adequate cash reserves

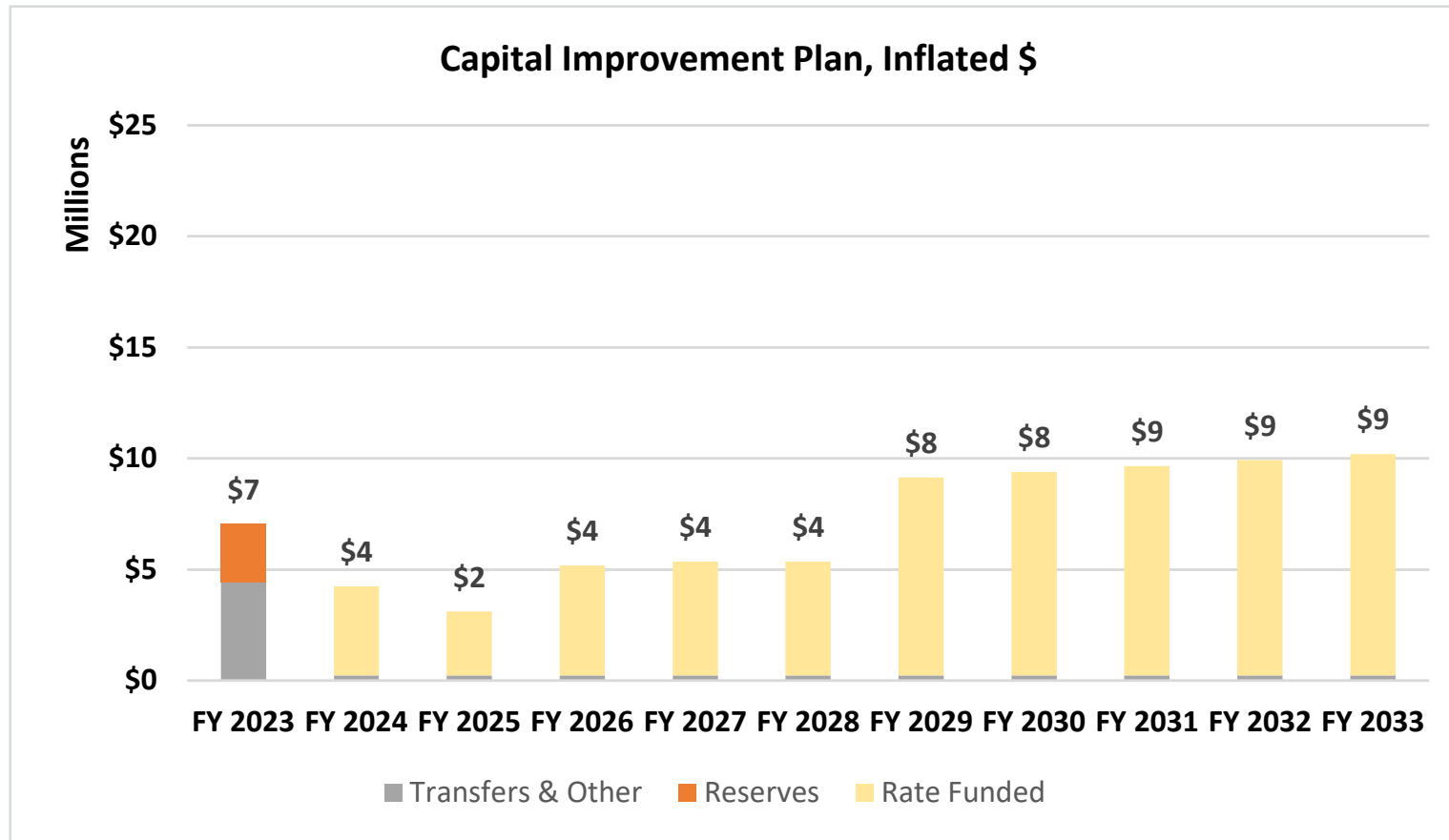
All Revenues Go to Operations and Improvement of the Water System



Water Level of Service Goals

- Provide dependable water services to meet customer demand.
- Provide fresh-tasting, high-quality drinkable water to customers.
- Be a regional partner in future water bank, groundwater storage, and treatment plant expansion projects.
- Build and maintain solid reserves to help fund future water infrastructure improvements.
- Administer cross-connection programs
 - › Verify no cross connections between systems.
 - › Ensures best water quality and preservation of public health.
- Update the Water Master Plan every 5-10 years.

Capital Improvement Program (CIP)

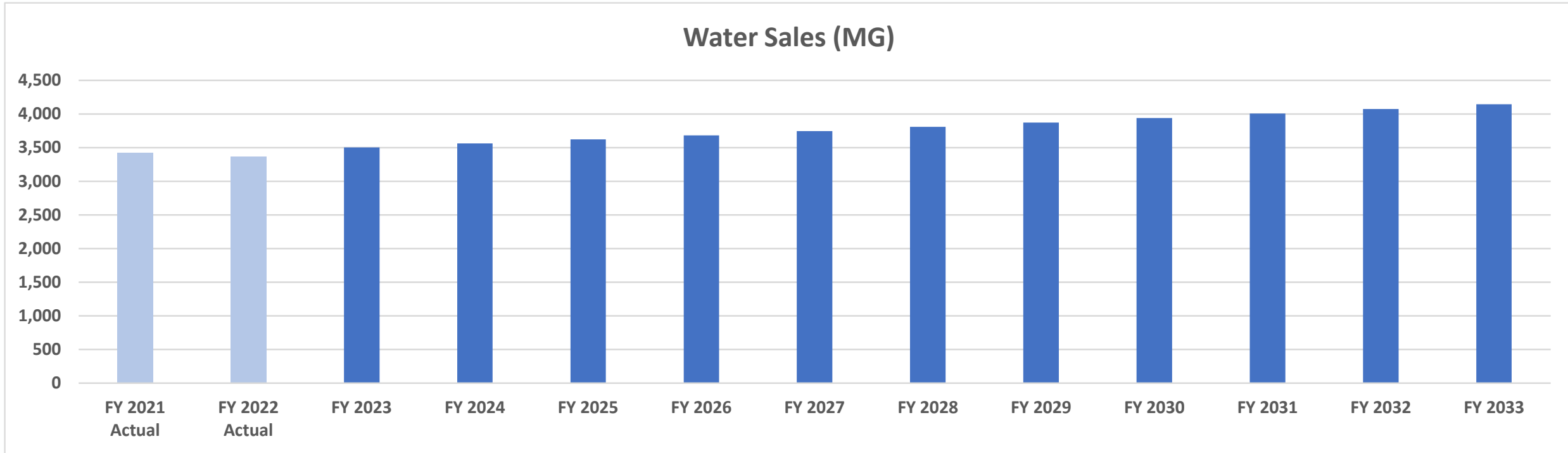


- 1 mile of water pipeline replacement per year initially.
- Build up program to accomplish 2 miles of water pipeline replacement per year in FY2029 onwards.

CIP – How it helps meet Level of Service

- Increased pipe replacement reduces service disruptions due to emergency breaks.
 - › Ultimate goal is to replace 3 miles per year of pipe that is at or beyond its useful service life.
- Update the Water Master Plan in the FY 2023 – FY 2025 timeframe.
 - › Provide in-depth review of future capital needs including asset replacement costs.
- Build reserves to fund future well replacements, water storage tanks, and other infrastructure.

Water Demand Assumptions



Additional Revenue Assumptions

- Non-rate revenue assumptions:
 - › Interest earnings on cash reserves based on assumed 1% interest rate.
 - › Construction water revenues = held constant at FY 2023 budget.
 - › All other miscellaneous revenues:
 - FY 2023: equal to adopted budget.
 - All future years: 0.5% escalation.

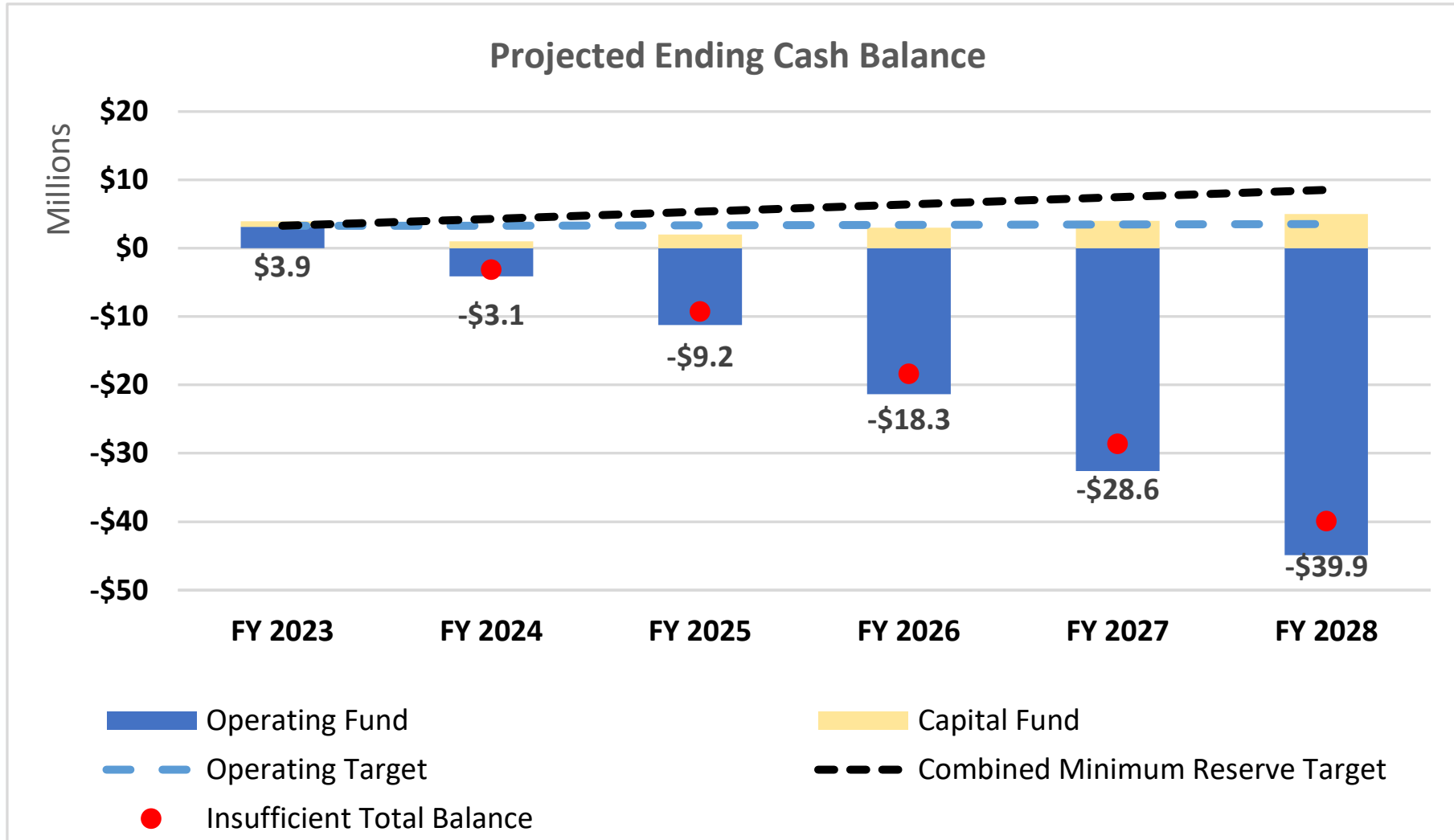
Financial Policies

- Reserve Targets:
 - › Operating Reserve: 25% of water revenues.
 - › Capital Reserve: FY 2024 = \$1M & grow by \$1M per year thereafter.
 - Build reserves to help pay for future well replacement, water storage tanks, pressure regulating valves, SCADA telecommunications and controls, etc.
 - Capital reserves drawn down at that time, then built back up over time.

Water Financial Plan Scenarios



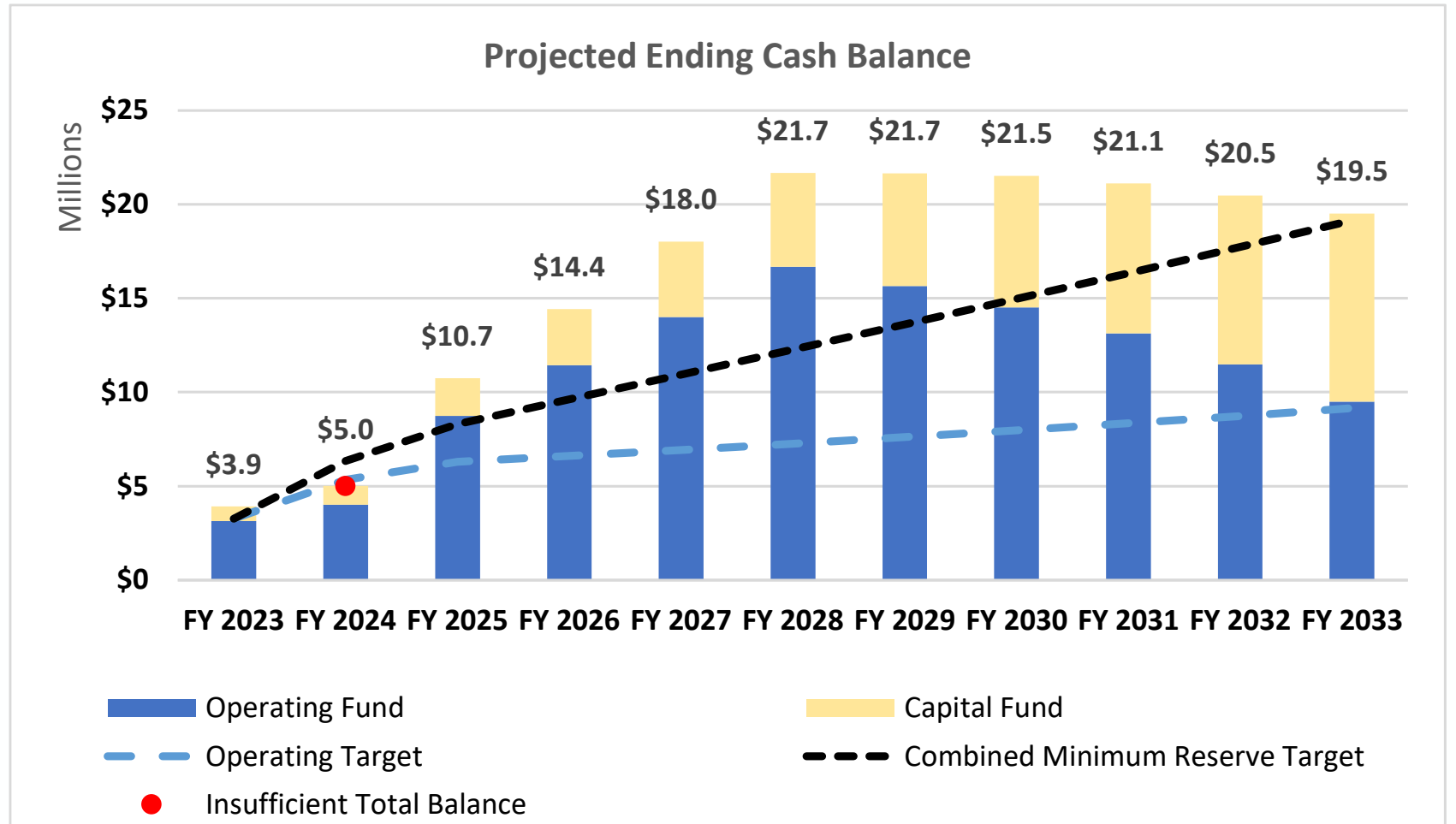
Scenario 1: No Revenue Adjustments



- The operating fund deficit is too large to be offset by deferred preventative maintenance.
- Emergency repairs would need to be funded from the general fund.

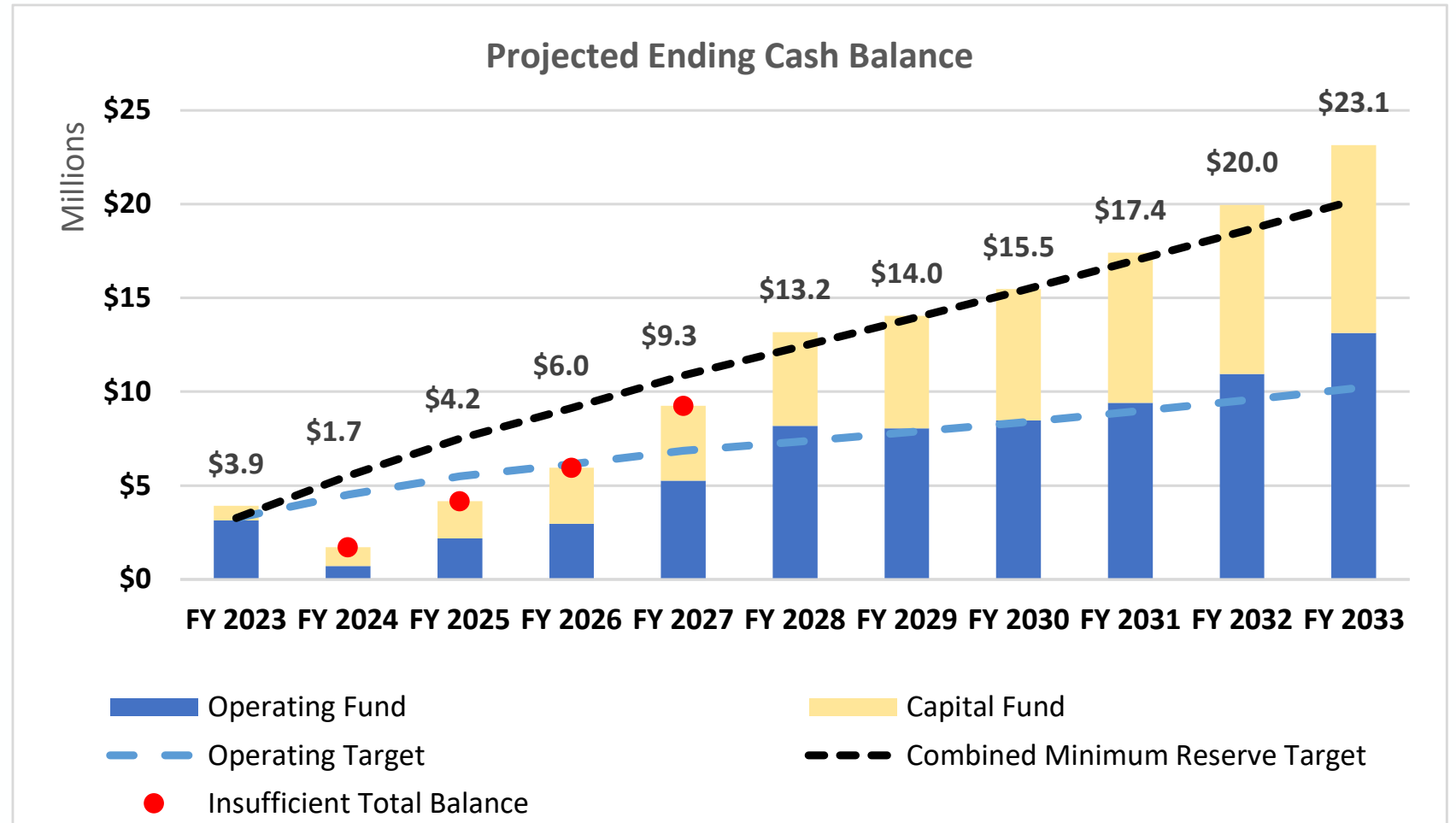
Scenario 2: Right the Ship and Build Back Reserves – Recommended

Effective Date	Adjustment
Oct. 1, 2023	84.0%
July 1, 2024	3.0%
July 1, 2025	3.0%
July 1, 2026	3.0%
July 1, 2027	3.0%
July 1, 2028	3.0%
July 1, 2029	3.0%
July 1, 2030	3.0%
July 1, 2031	3.0%
July 1, 2032	3.0%



Scenario 3: Phase-in Meeting Minimum Targets by FY 2028

Effective Date	Adjustment
Oct. 1, 2023	50.0%
July 1, 2024	10.0%
July 1, 2025	10.0%
July 1, 2026	10.0%
July 1, 2027	5.0%
July 1, 2028	5.0%
July 1, 2029	5.0%
July 1, 2030	5.0%
July 1, 2031	5.0%
July 1, 2032	5.0%



Water Cost of Service



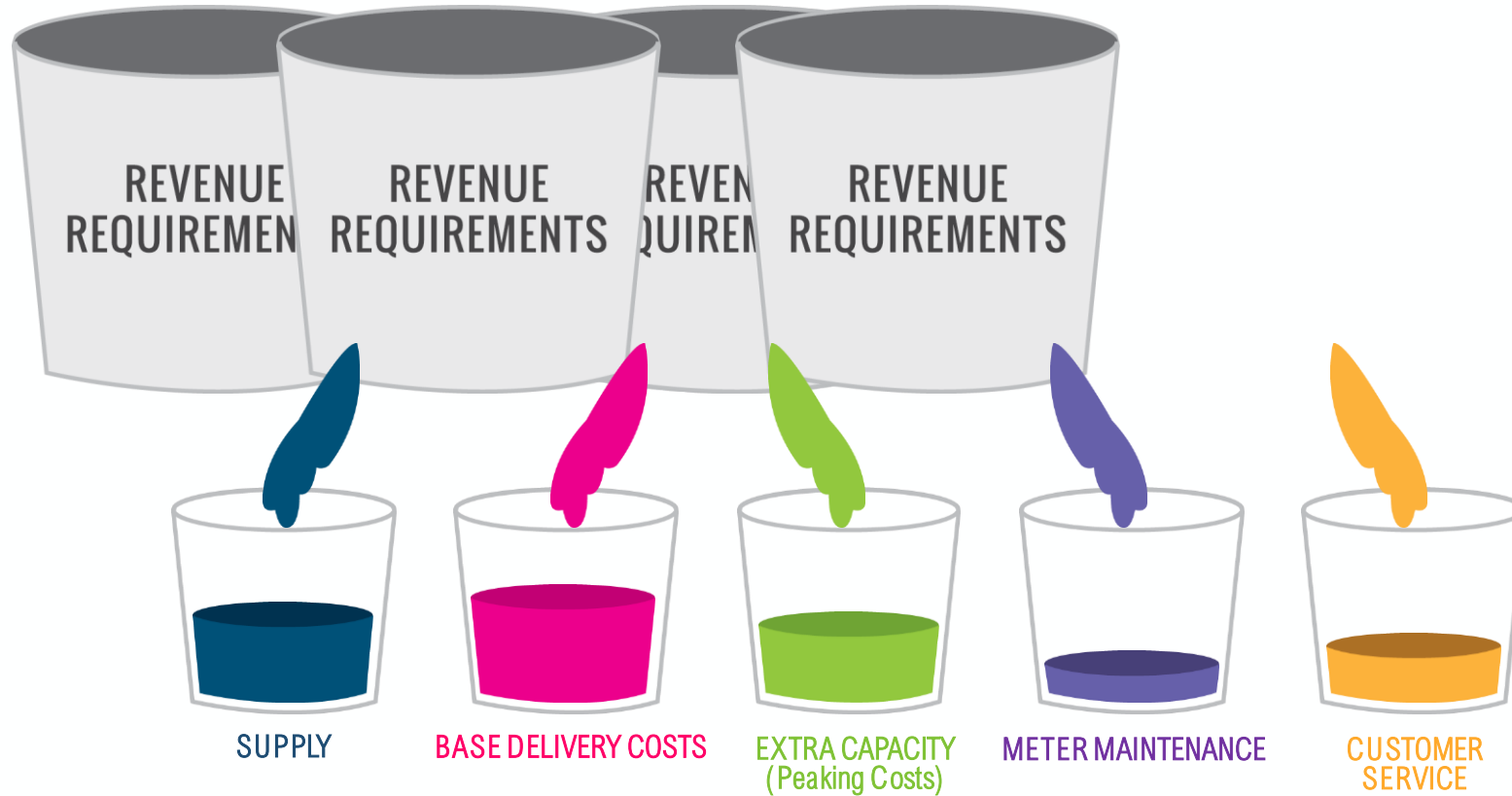
What is Cost-of-Service?



- Method to recover costs from users in proportion to their use of the system, recognizing the impact of each class on system facilities and operations.
 - › A cost-based process of converting revenue requirements into unit costs.
 - › Allocation of cost-of-service to customer classes is based on customer usage characteristics.
- Cost-of-service is the fundamental benchmark used for establishing utility rates in the United States.
- Follow AWWA M1, *Principles of Water Rates, Fees, and Charges*

Water Cost-of-Service

Allocation to Cost Components

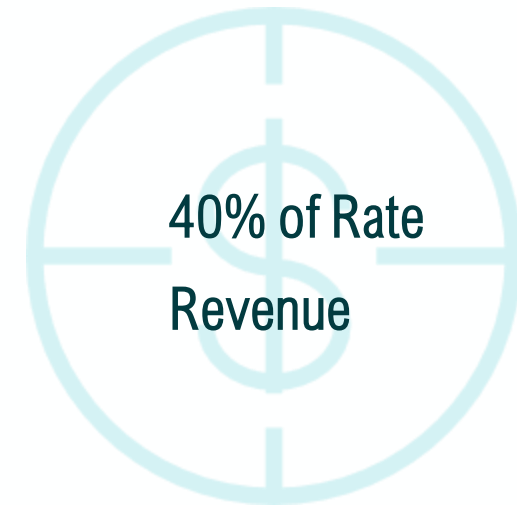


Water Rate Design



City's Current Fixed Charge

- Charge varies by meter size & has two components:
 - Meter component (customer service, billing, meter reading, capacity, etc).
 - CIP component (capital cost recovery).



Fixed Cost Recovery – Types of Costs Included



- Customer service.
- Billing & collection.
- Processing and mailing bills.



- Meter shop /maintenance/repair.
- Meter reading.



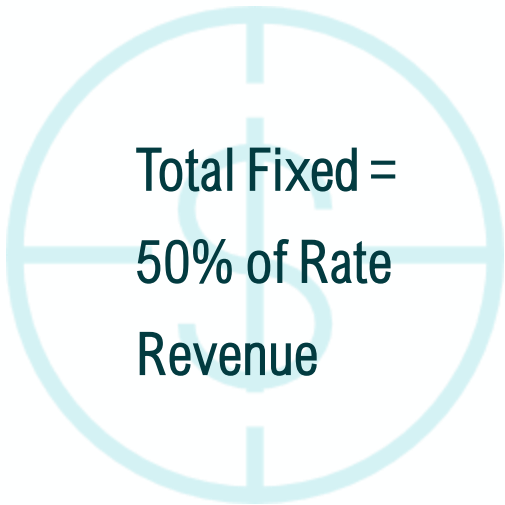
- System Capacity.

City's Proposed Monthly Meter Component – Scenario 2: Right the Ship

Line No.	Meter Size (A)	Billing \$/bill (B)	Meter \$/mtr/mo (C)	Total \$/mo (D)	Current \$/mo (E)
1	3/4-inch	\$8.61	\$18.38	\$26.99	\$16.79
2	1-inch	\$8.61	\$30.64	\$39.25	\$27.92
3	1 1/2-inch	\$8.61	\$73.53	\$82.14	\$67.14
4	2-inch	\$8.61	\$116.42	\$125.03	\$106.36
5	3-inch	\$8.61	\$266.54	\$275.15	\$243.37
6	4-inch	\$8.61	\$459.54	\$468.16	\$419.59
7	6-inch	\$8.61	\$980.36	\$988.97	\$859.18
8	8-inch	\$8.61	\$1,715.63	\$1,724.24	\$1,566.53

City's Proposed Monthly CIP Component

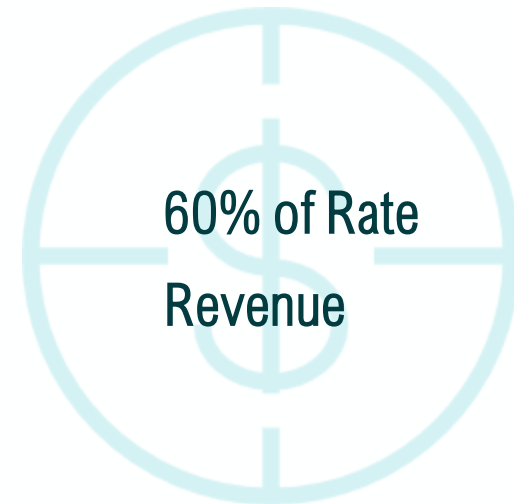
Line No.	Meter Size	Meter \$/mtr/yr	Total \$/mo	Current \$/mo	Rocklin R&R Charge 2024 \$/mo
1	3/4-inch	\$170.88	\$14.25	\$0.81	\$22.05
2	1-inch	\$284.80	\$23.74	\$1.34	\$33.06
3	1 1/2-inch	\$683.52	\$56.97	\$3.22	\$55.10
4	2-inch	\$1,082.24	\$90.19	\$5.09	\$110.18
5	3-inch	\$2,477.77	\$206.49	\$11.67	\$176.28
6	4-inch	\$4,272.01	\$356.01	\$20.13	\$385.61
7	6-inch	\$9,113.62	\$759.47	\$42.93	\$661.03
8	8-inch	\$15,948.83	\$1,329.07	\$75.13	\$1,487.31



Total Fixed =
50% of Rate
Revenue

City's Current Commodity Rate

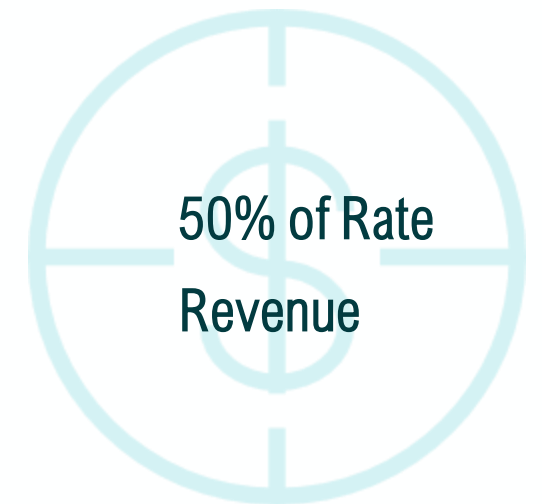
- Uniform rate for all customers.



Commodity Rate Derivation – Scenario 2: Right the Ship

	Cost-of-Service	Annual Usage	Total	Current
	\$	kgal	\$/kgal	\$/kgal
All Usage	\$11,870,458	3,261,761	\$3.64	\$2.37

- Kgal = thousand gallons.
- Construction water = remain unchanged at \$4.74/kgal.



Rate Schedule - Scenario 2: Right the Ship

Monthly Fixed Charge

Proposed Rates	Fiscal Year					
	Current	2024	2025	2026	2027	2028
Effective Date		Oct 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Revenue Adjustment			3.0%	3.0%	3.0%	3.0%
Monthly Fixed Charge						
Meter Size						
3/4-inch	\$16.79	\$26.99	\$27.80	\$28.64	\$29.50	\$30.39
1-inch	\$27.92	\$39.25	\$40.43	\$41.65	\$42.90	\$44.19
1 1/2-inch	\$67.14	\$82.14	\$84.61	\$87.15	\$89.77	\$92.47
2-inch	\$106.36	\$125.03	\$128.79	\$132.66	\$136.64	\$140.74
3-inch	\$243.37	\$275.15	\$283.41	\$291.92	\$300.68	\$309.71
4-inch	\$419.59	\$468.16	\$482.21	\$496.68	\$511.59	\$526.94
6-inch	\$859.18	\$988.97	\$1,018.64	\$1,049.20	\$1,080.68	\$1,113.11
8-inch	\$1,566.53	\$1,724.24	\$1,775.97	\$1,829.25	\$1,884.13	\$1,940.66

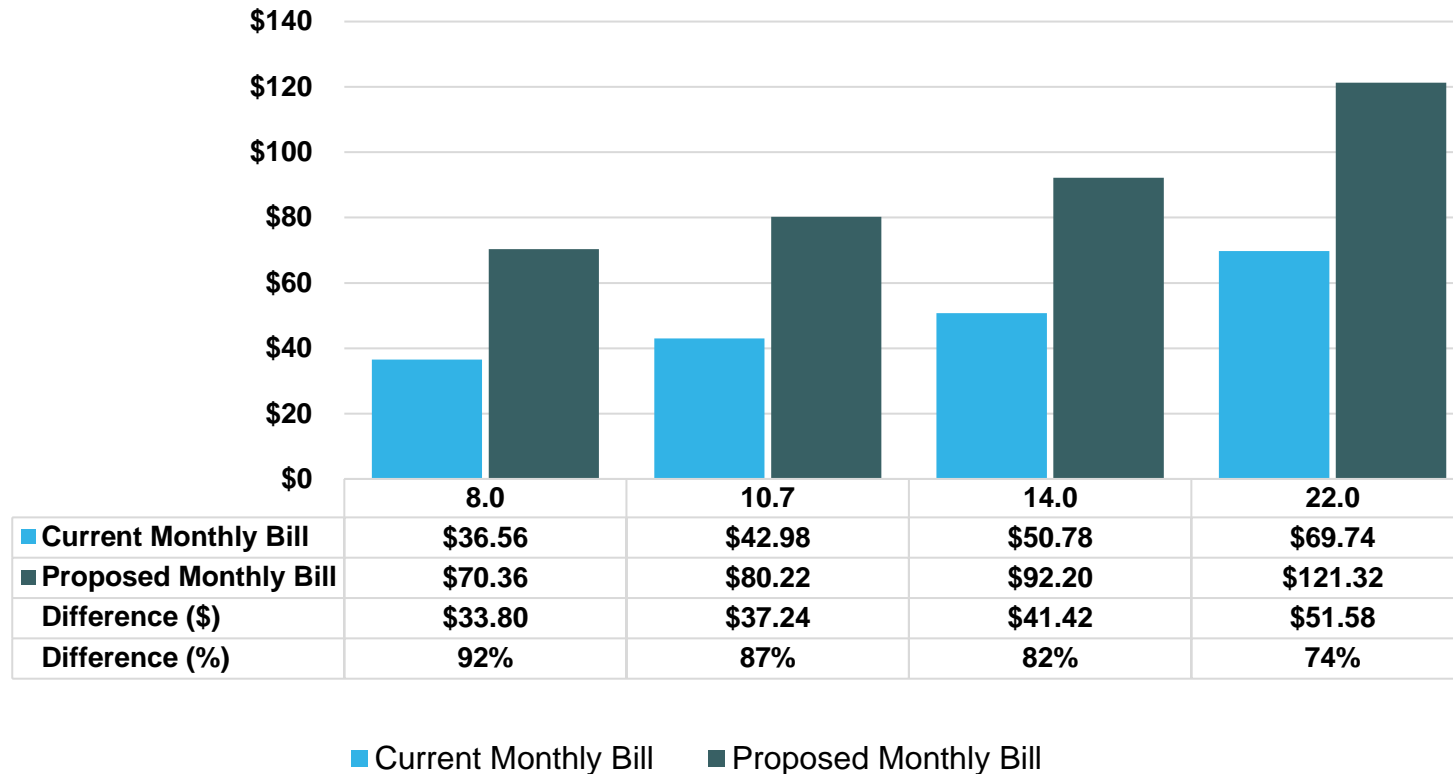
Rate Schedule - Scenario 2: Right the Ship

Monthly CIP Component & Usage Rate

Proposed Rates	Fiscal Year					
	Current	2024	2025	2026	2027	2028
Effective Date		Oct 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Revenue Adjustment			3.0%	3.0%	3.0%	3.0%
Monthly Water CIP Component						
Meter Size						
3/4-inch	\$0.81	\$14.25	\$14.68	\$15.13	\$15.59	\$16.06
1-inch	\$1.34	\$23.74	\$24.46	\$25.20	\$25.96	\$26.74
1 1/2-inch	\$3.22	\$56.97	\$58.68	\$60.45	\$62.27	\$64.14
2-inch	\$5.09	\$90.19	\$92.90	\$95.69	\$98.57	\$101.53
3-inch	\$11.67	\$206.49	\$212.69	\$219.08	\$225.66	\$232.43
4-inch	\$20.13	\$356.01	\$366.70	\$377.71	\$389.05	\$400.73
6-inch	\$42.93	\$759.47	\$782.26	\$805.73	\$829.91	\$854.81
8-inch	\$75.13	\$1,329.07	\$1,368.95	\$1,410.02	\$1,452.33	\$1,495.90
Usage, \$/kgal						
Potable Water	\$2.37	\$3.64	\$3.75	\$3.87	\$3.99	\$4.11
Construction	\$4.74	\$4.74	\$4.74	\$4.74	\$4.74	\$4.74

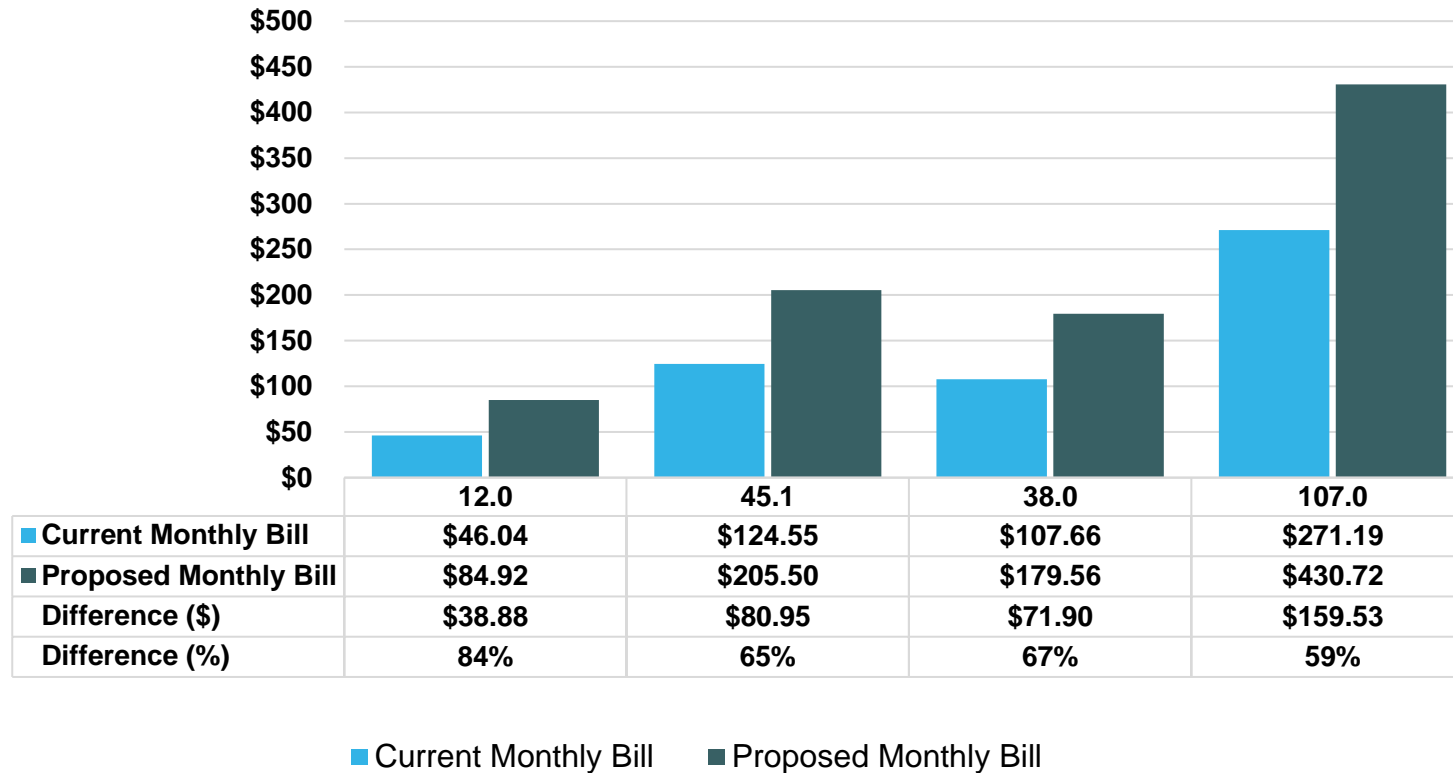
Scenario 2 Bill Impact: FY2024

Single Family Residential Monthly Bill Impacts (3/4" Meter)

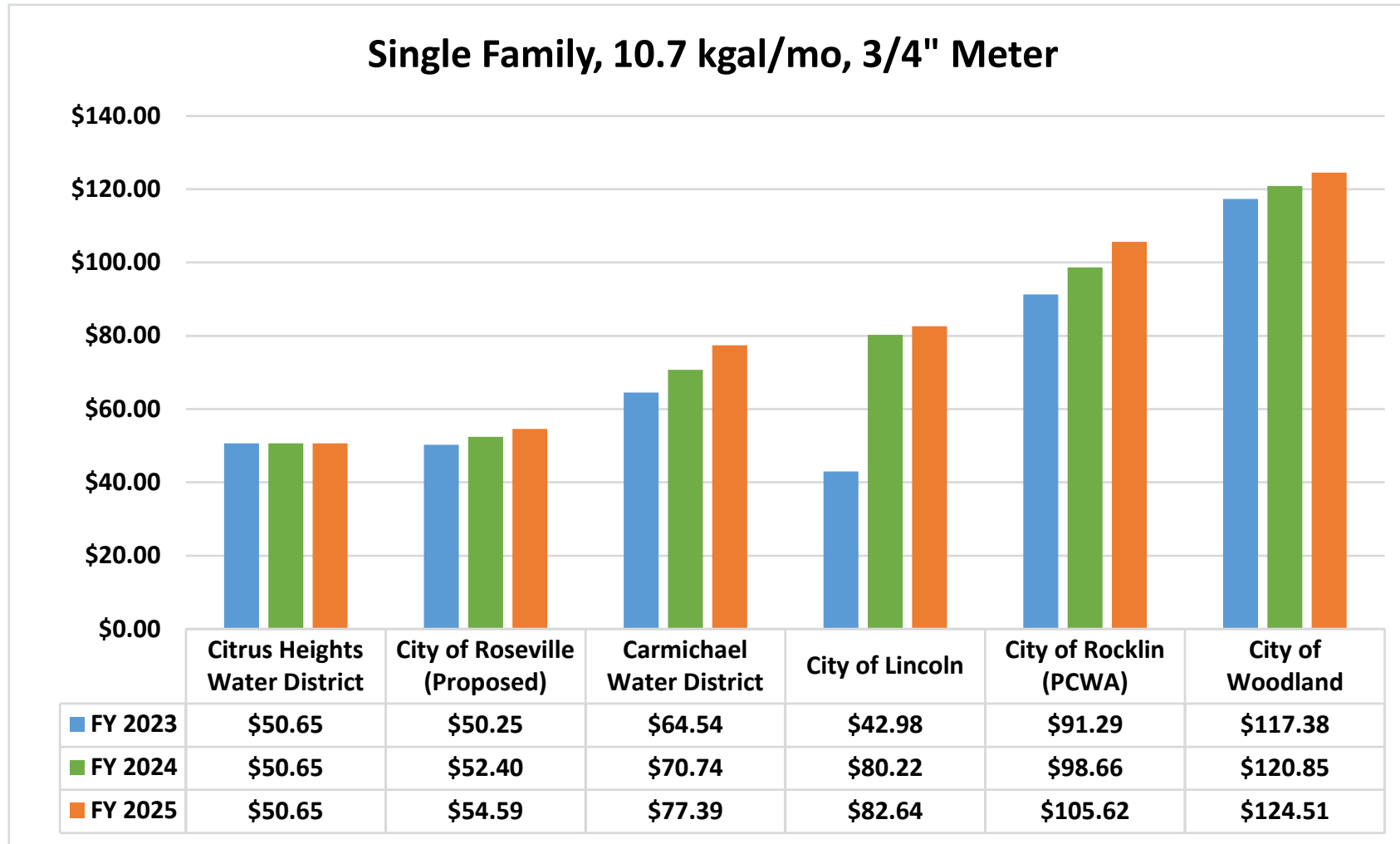


Scenario 2 Bill Impact: FY2024

Commercial Monthly Bill Impacts (3/4" Meter)



Neighboring Comparison – Scenario 2



Rate Schedule - Scenario 3: Phase In Monthly Fixed Charge

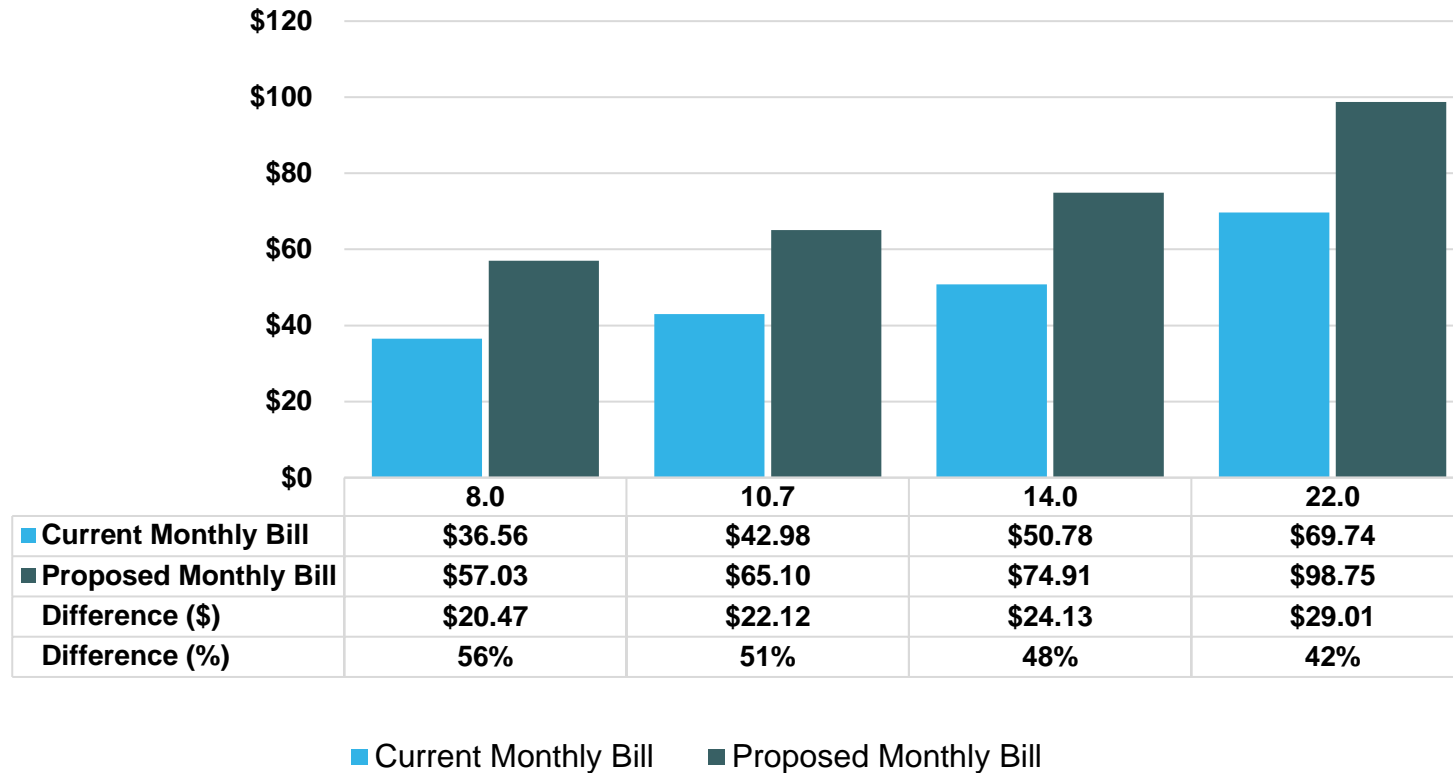
Proposed Rates	Fiscal Year					
	Current	2024	2025	2026	2027	2028
Effective Date		Oct 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Revenue Adjustment			10.0%	10.0%	10.0%	5.0%
Monthly Fixed Charge						
Meter Size						
3/4-inch	\$16.79	\$18.94	\$20.84	\$22.93	\$25.23	\$26.50
1-inch	\$27.92	\$28.68	\$31.55	\$34.71	\$38.19	\$40.10
1 1/2-inch	\$67.14	\$62.79	\$69.07	\$75.98	\$83.58	\$87.76
2-inch	\$106.36	\$96.89	\$106.58	\$117.24	\$128.97	\$135.42
3-inch	\$243.37	\$216.24	\$237.87	\$261.66	\$287.83	\$302.23
4-inch	\$419.59	\$369.70	\$406.67	\$447.34	\$492.08	\$516.69
6-inch	\$859.18	\$783.78	\$862.16	\$948.38	\$1,043.22	\$1,095.39
8-inch	\$1,566.53	\$1,368.38	\$1,505.22	\$1,655.75	\$1,821.33	\$1,912.40

Rate Schedule - Scenario 3: Phase In Monthly CIP Component & Usage Rate

Proposed Rates	Fiscal Year					
	Current	2024	2025	2026	2027	2028
Effective Date		Oct 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Revenue Adjustment			10.0%	10.0%	10.0%	5.0%
Monthly Water CIP Component						
Meter Size						
3/4-inch	\$0.81	\$14.25	\$15.68	\$17.25	\$18.98	\$19.93
1-inch	\$1.34	\$23.74	\$26.12	\$28.74	\$31.62	\$33.21
1 1/2-inch	\$3.22	\$56.97	\$62.67	\$68.94	\$75.84	\$79.64
2-inch	\$5.09	\$90.19	\$99.21	\$109.14	\$120.06	\$126.07
3-inch	\$11.67	\$206.49	\$227.14	\$249.86	\$274.85	\$288.60
4-inch	\$20.13	\$356.01	\$391.62	\$430.79	\$473.87	\$497.57
6-inch	\$42.93	\$759.47	\$835.42	\$918.97	\$1,010.87	\$1,061.42
8-inch	\$75.13	\$1,329.07	\$1,461.98	\$1,608.18	\$1,769.00	\$1,857.45
Usage, \$/kgal						
Potable Water	\$2.37	\$2.98	\$3.28	\$3.61	\$3.98	\$4.18
Construction	\$4.74	\$4.74	\$4.74	\$4.74	\$4.74	\$4.74

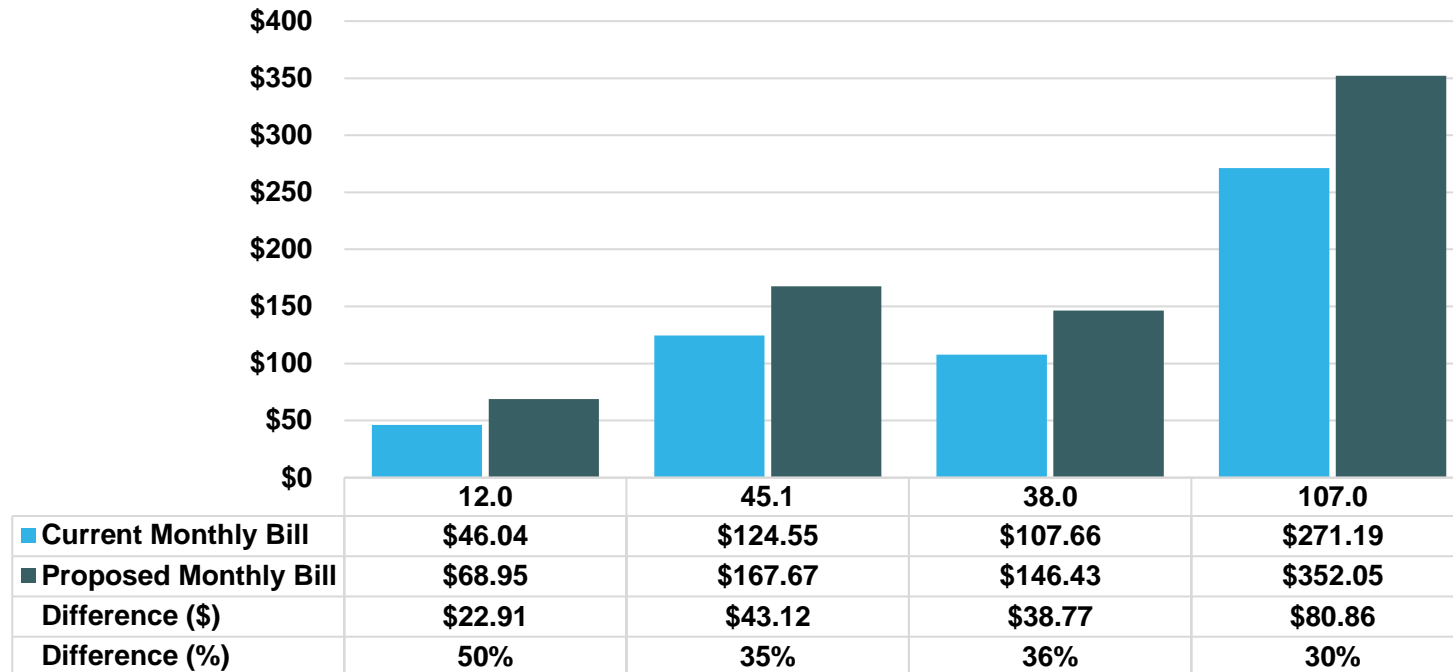
Scenario 3 Bill Impact: FY2024

Single Family Residential Monthly Bill Impacts (3/4" Meter)



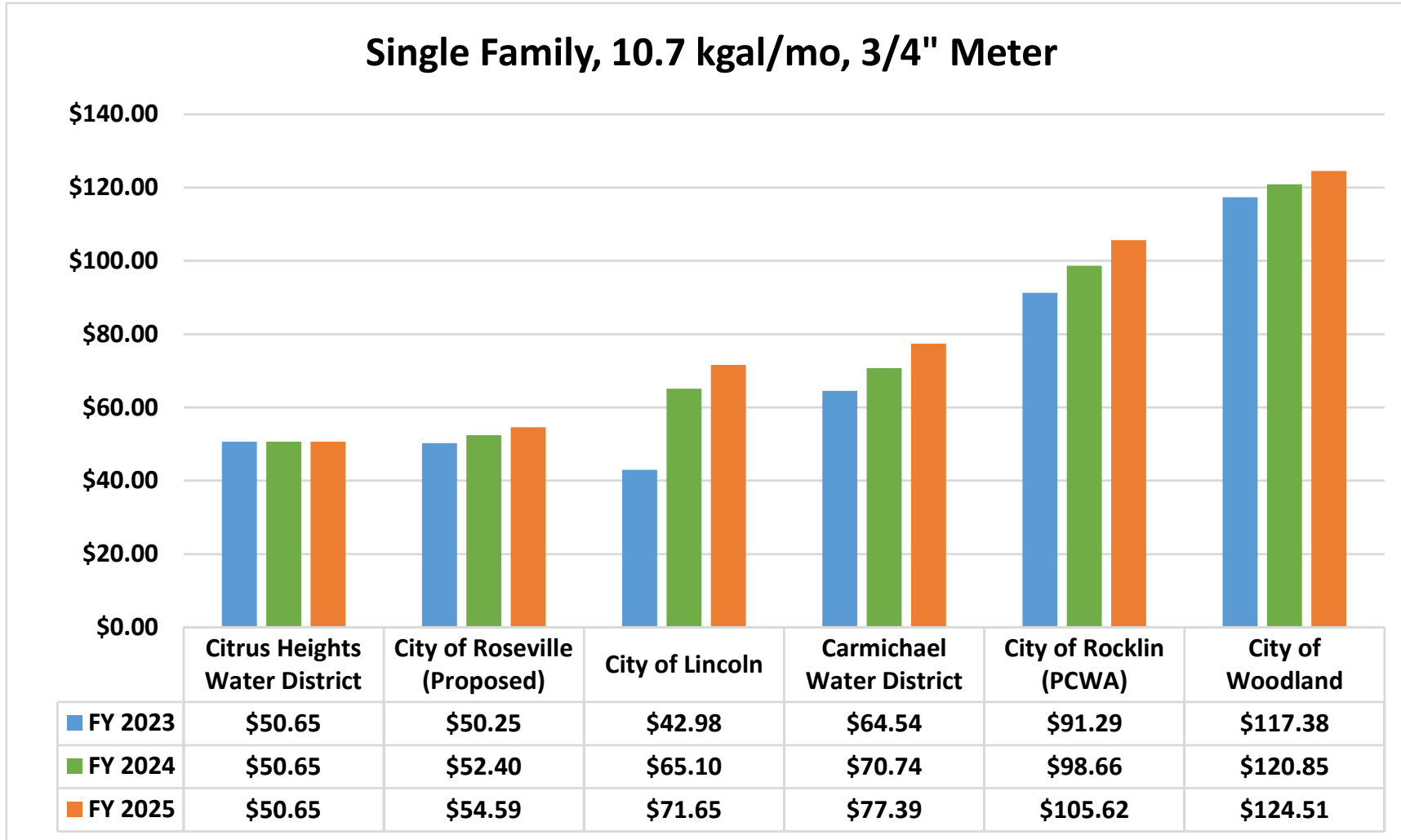
Scenario 3 Bill Impact: FY2024

Commercial Monthly Bill Impacts (3/4" Meter)

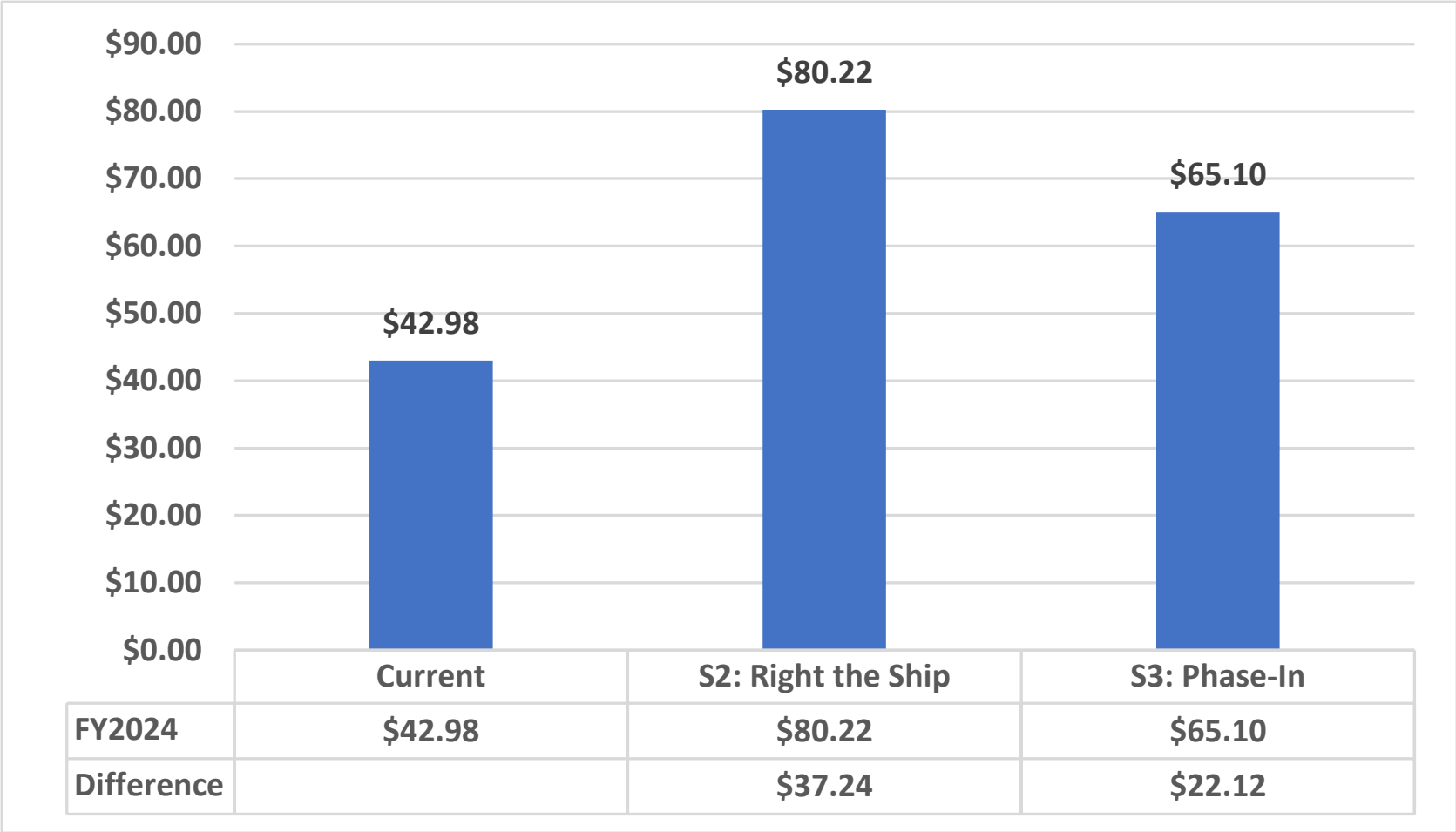


■ Current Monthly Bill ■ Proposed Monthly Bill

Neighboring Comparison – Scenario 3



Comparison of Scenarios, FY 2024 Single Family Average Bill, 3/4" Meter



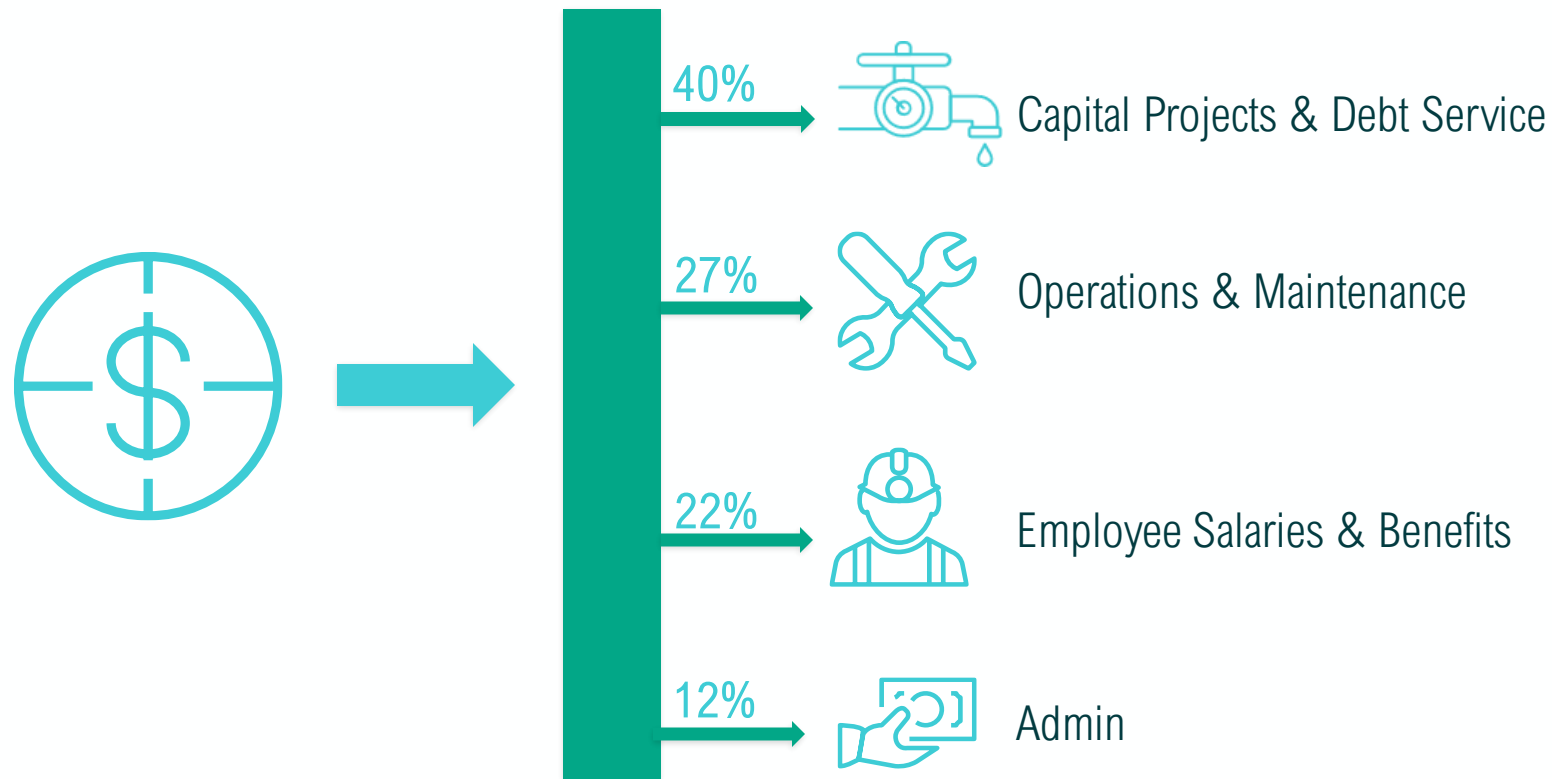
Wastewater Enterprise



Wastewater Financial Plan Assumptions



All Revenues Go to Operations and Improvement of the Wastewater Collection System

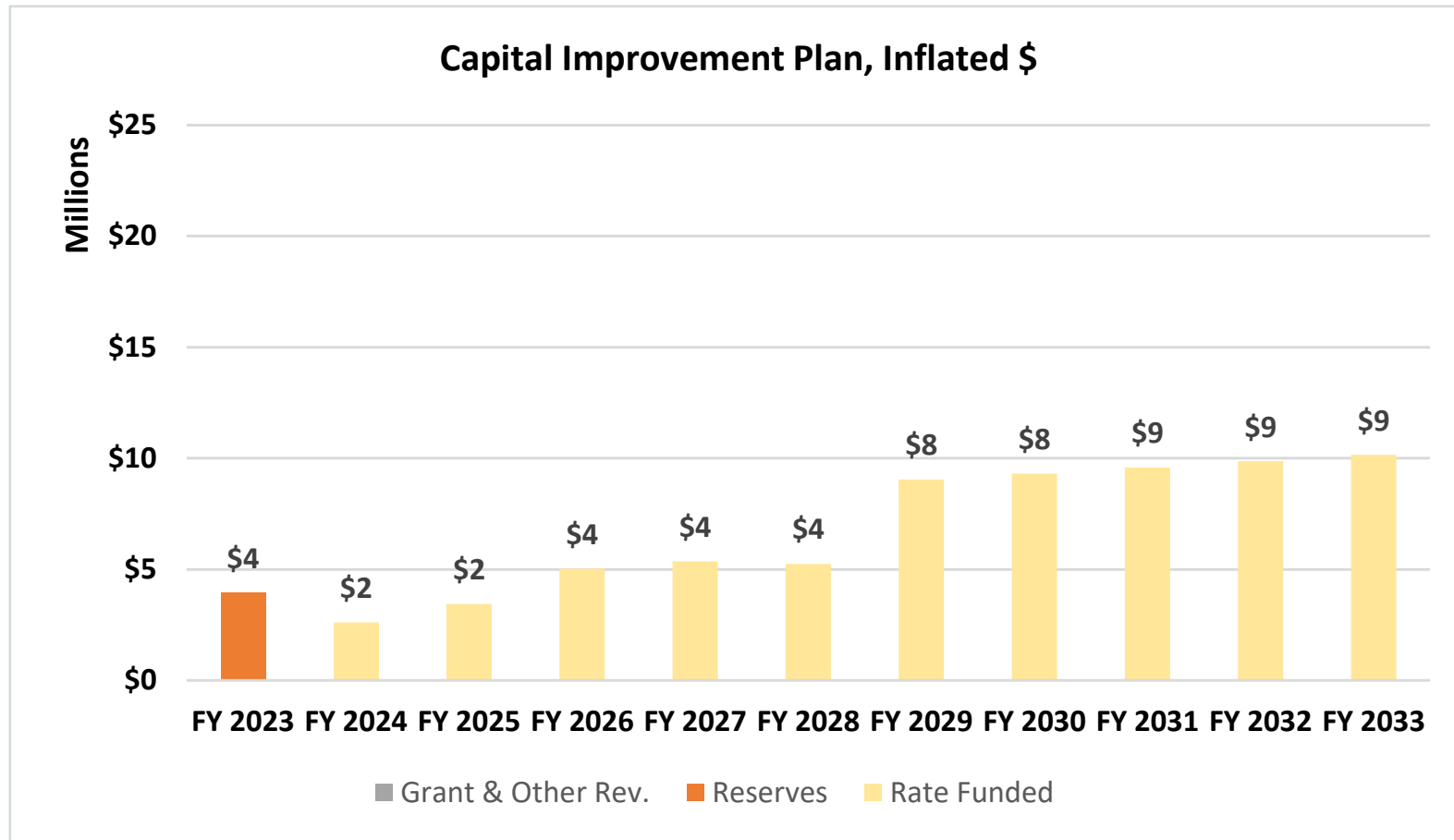


The City will be collecting the Lincoln-SMD1 Wastewater Authority (LiSWA) treatment costs on its bills and passing through those revenues to LiSWA.

Wastewater Level of Service Goals

- Protect water quality and preserve public health.
- Conduct preventative maintenance per standards of practice to minimize costly emergency repairs.
- Improve replacement schedule of older/deteriorated sewer mains to 1 mile/yr. in the next 5 years, then to 2 miles/yr. Replacement has been minimal due to lack of funding in the past.
- Build and maintain solid reserves to help fund future lift station and other replacements.
- Update the Wastewater Master Plan every 5-10 years.

Capital Improvement Program (CIP)



- 1 mile of sewer main replacement per year initially.
- Build up program to accomplish 2 miles of sewer main replacement per year in FY2029 onwards.

CIP – How it helps meet Level of Service

- CIP schedule phases in an increase in sewer main replacement, which should decrease the number of service disruptions due to sewer blockages and emergency repairs.
- Updating the Wastewater Master Plan in the FY 2026 – FY 2027 timeframe.
 - › Provide in-depth review of future capital needs including asset replacement costs.
- Reserve target to fund future lift station replacements, sewer main replacements, and other infrastructure (reserves drawn down at that time, then built back over time).

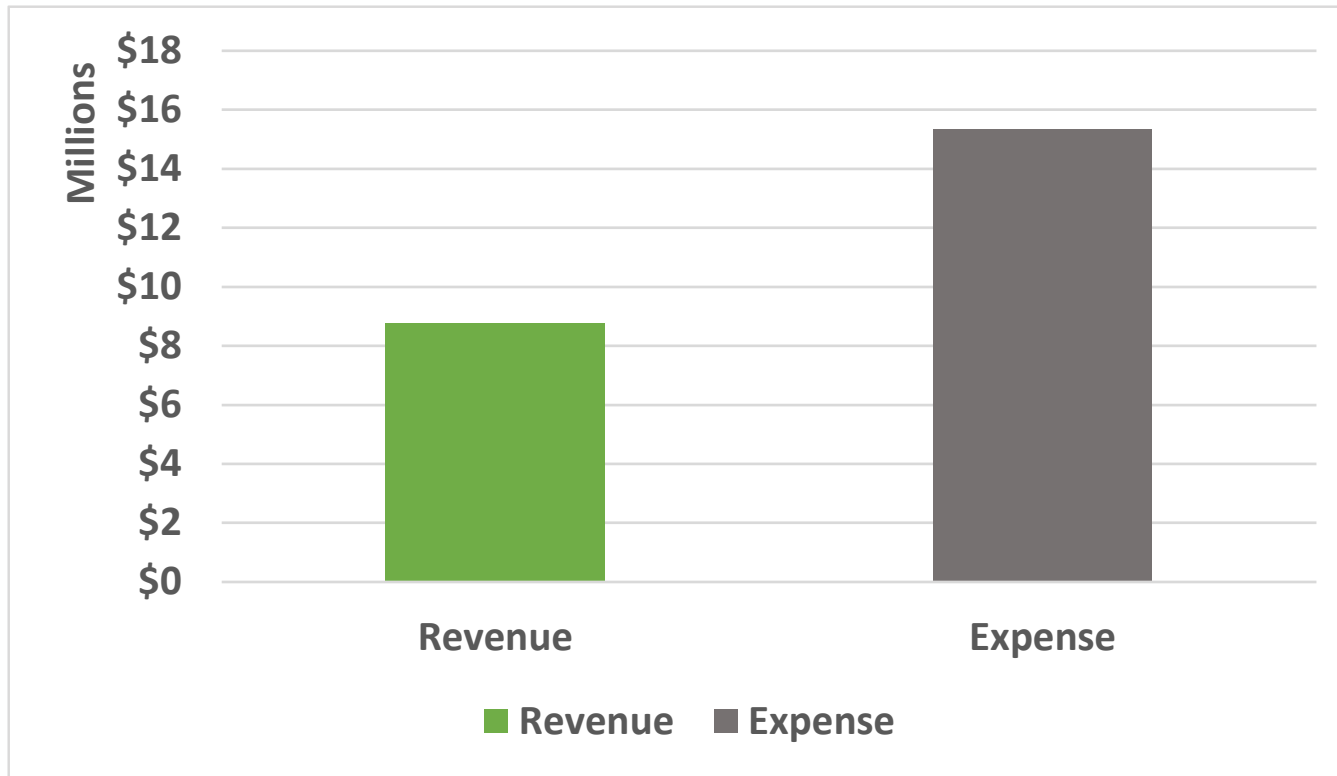
Financial Policies

- Reserve Targets:
 - › Operating Reserve: 25% of wastewater revenues.
 - › Capital Reserve: FY2024 = \$1M & grow by \$1M per year thereafter.
 - Plan is to build reserves to help pay for future lift station replacements.
 - Capital reserves drawn down at that time, then built back up over time.

Wastewater Financial Plan Scenarios

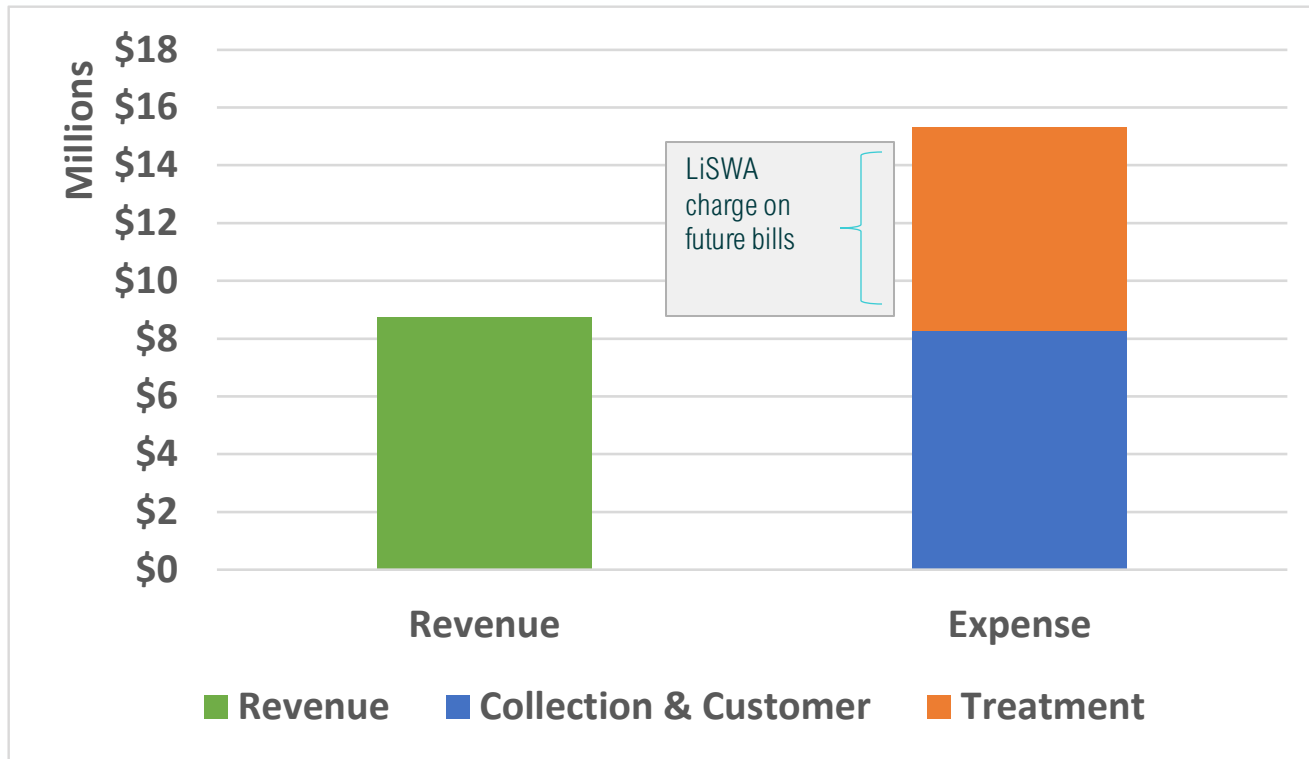


Historical Snapshot: FY2022



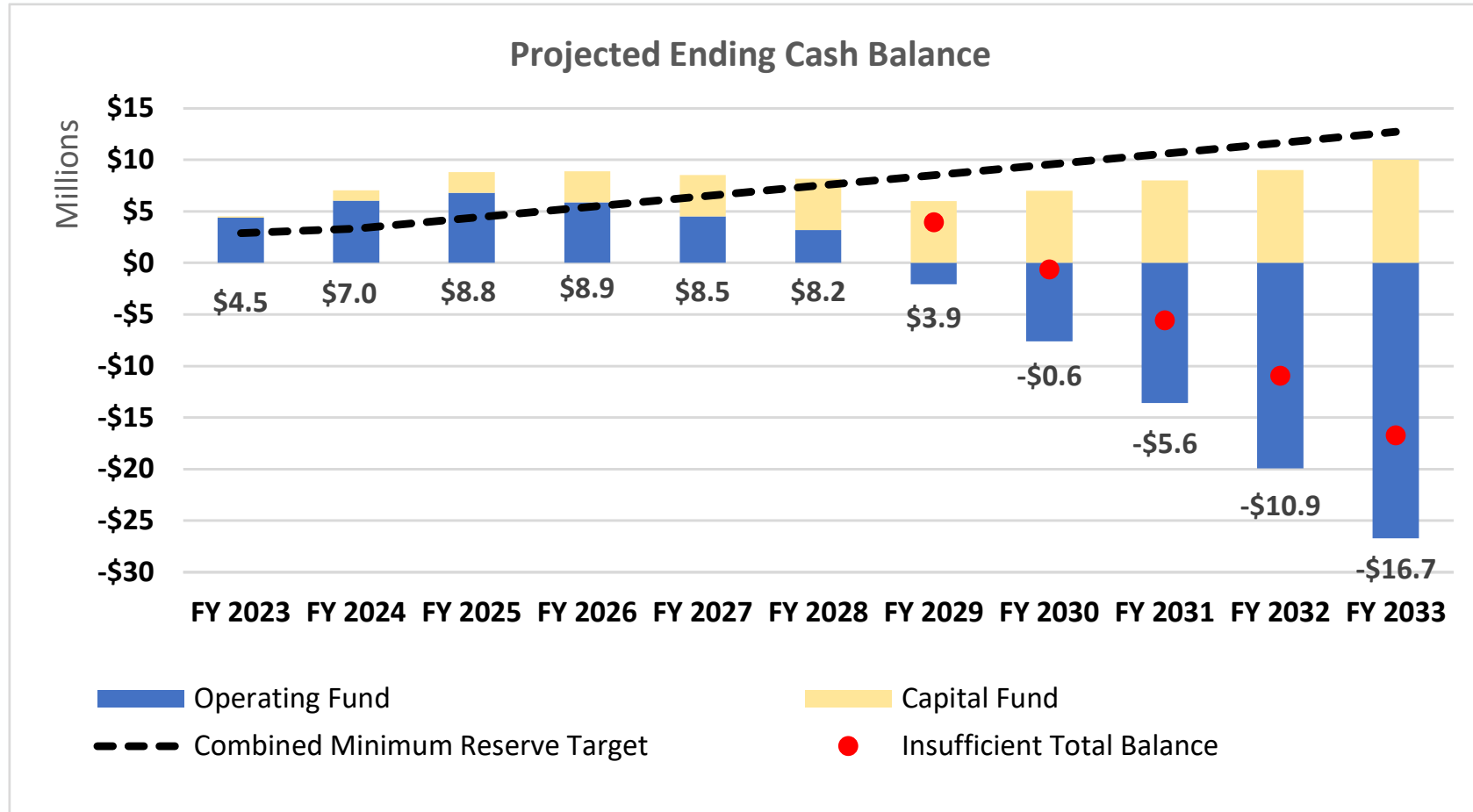
- Revenues have been lagging behind expenses.
- City has deferred capital and drawn down reserves to bridge funding gap.
- Need to almost double revenue to match expenses.

Historical Snapshot: FY2022



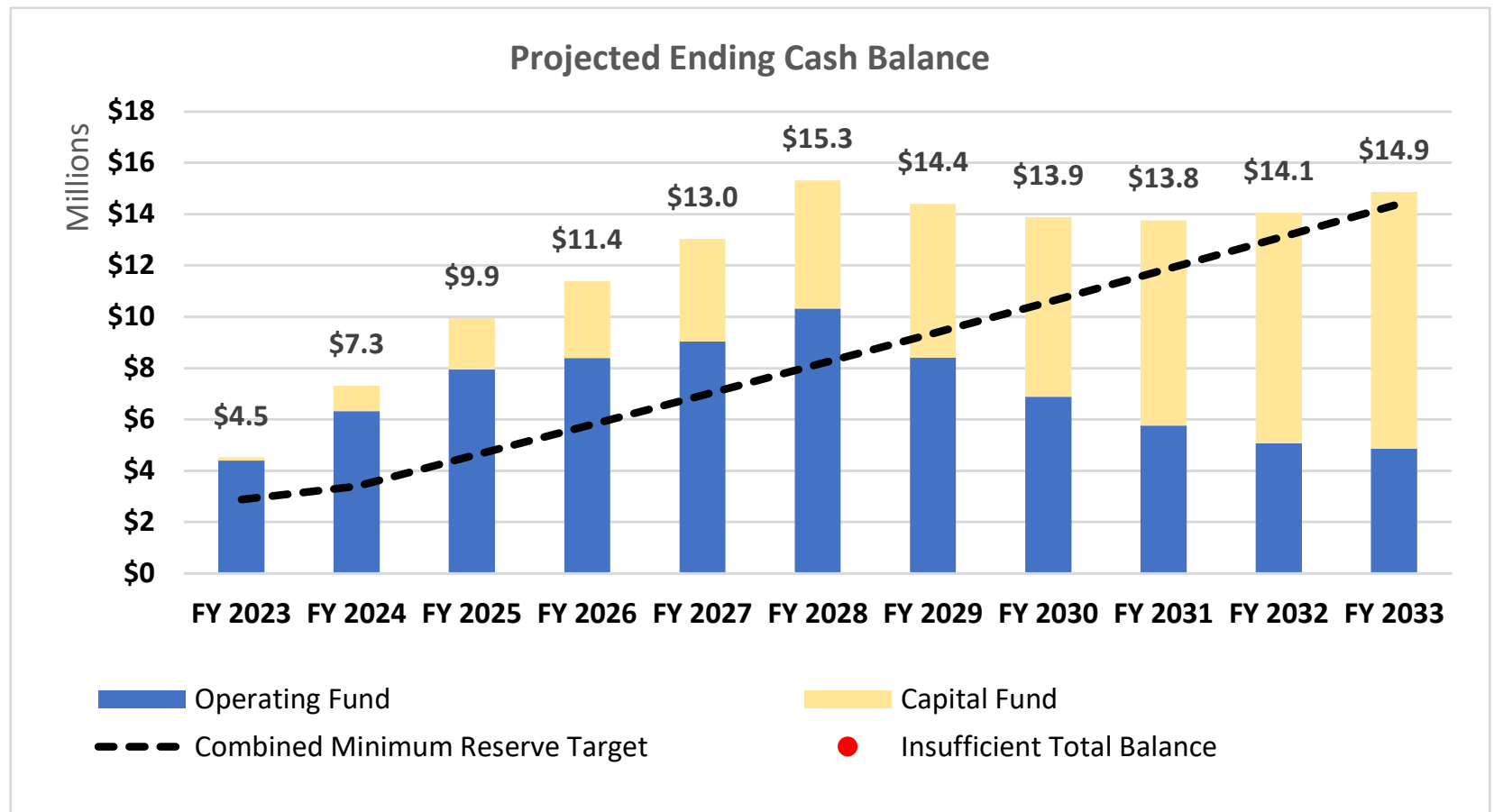
- Expenses generally comprise treatment, collection, and billing/customer service.
- Treatment costs were established in 2023 by LiSWA to include all treatment-related operational, maintenance, and capital costs.
- Need a plan for long-term collection-system sustainability.
- Financing plan focuses on City's wastewater collection system responsibilities.

Scenario 1: No Revenue Adjustments



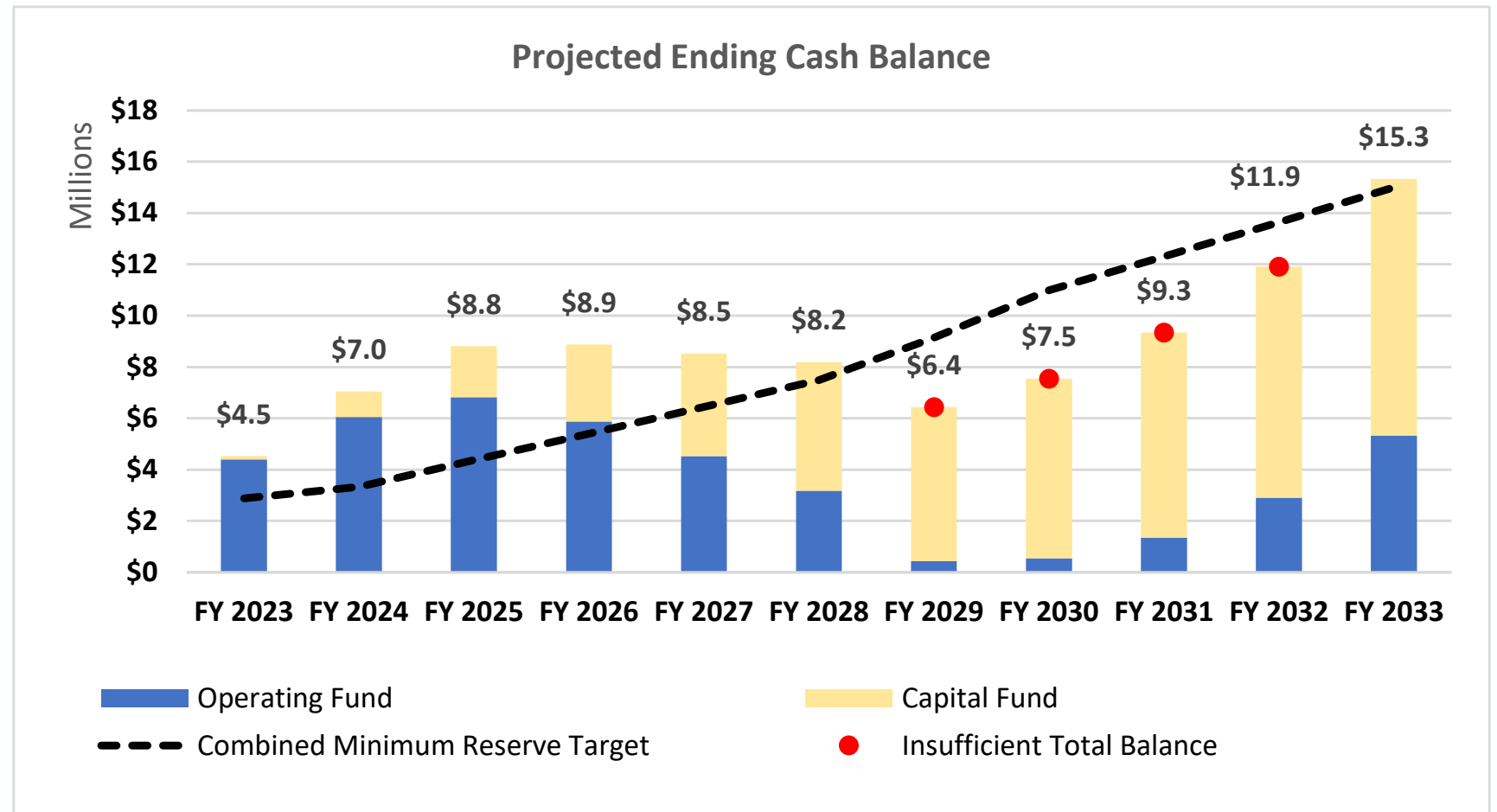
Scenario 2: Maintaining *Collection-System*, the long view - Recommended

Effective Date	Adjustment
Oct. 1, 2023	4.0%
July 1, 2024	5.0%
July 1, 2025	5.0%
July 1, 2026	5.0%
July 1, 2027	5.0%
July 1, 2028	5.0%
July 1, 2029	5.0%
July 1, 2030	5.0%
July 1, 2031	5.0%
July 1, 2032	5.0%



Scenario 3: Defer Collection System Revenue Adjustments for 5 Years

Effective Date	Adjustment
Oct. 1, 2023	0%
July 1, 2024	0%
July 1, 2025	0%
July 1, 2026	0%
July 1, 2027	0%
July 1, 2028	25.0%
July 1, 2029	25.0%
July 1, 2030	6.0%
July 1, 2031	6.0%
July 1, 2032	6.0%



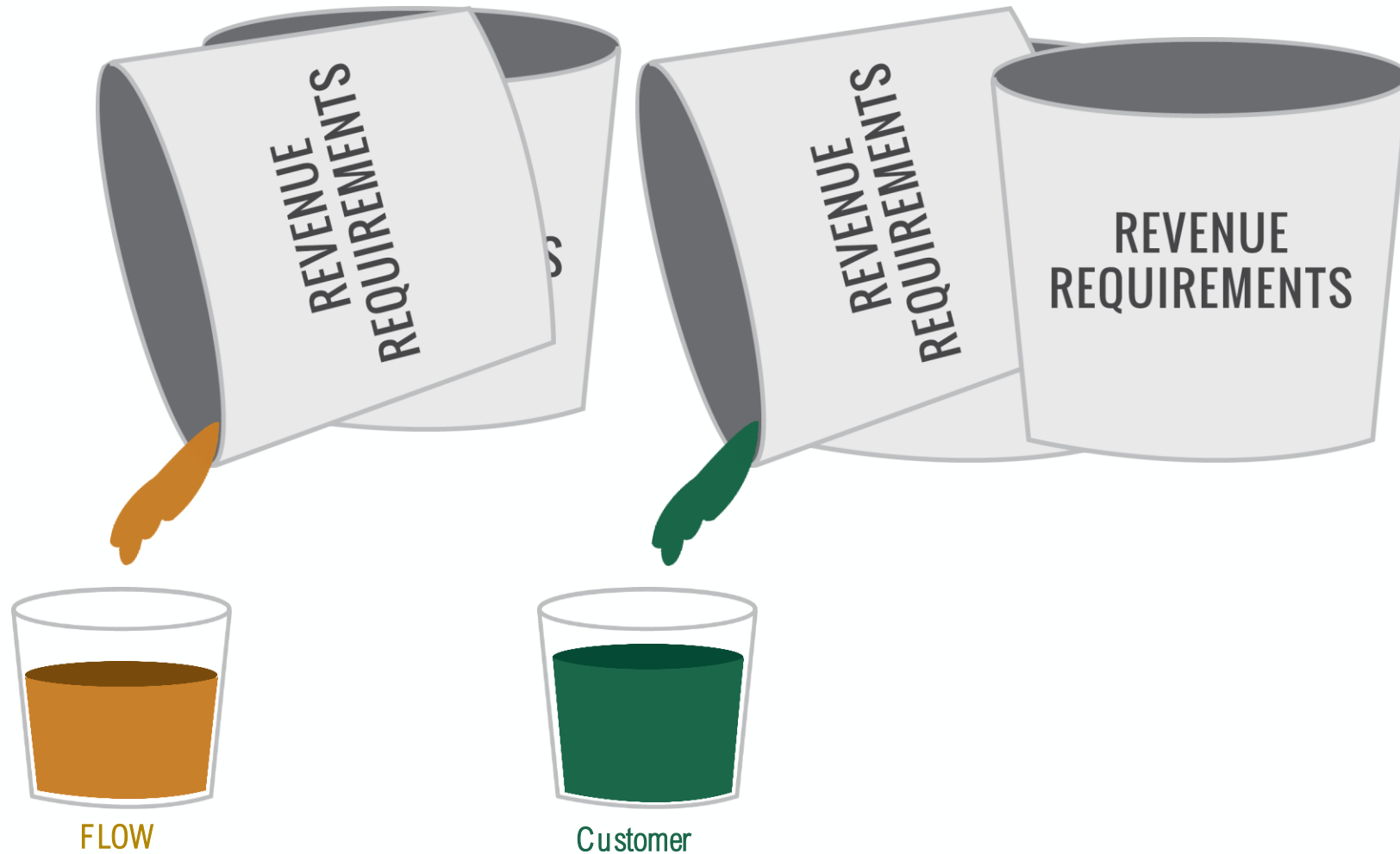
LiSWA treatment charges would be in addition and shown separately on bills.

Wastewater Cost of Service



Wastewater Cost of Service Analysis

Allocation of Revenue Requirements

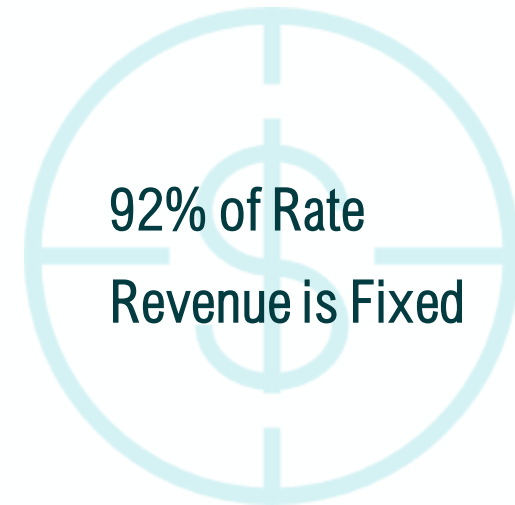


Wastewater Rate Design



City's Current Wastewater Rate Structure

- Monthly Charge per Equivalent Dwelling Unit (EDU), \$32.08/EDU.
 - Residential = 1 EDU
 - Non-residential = # of EDUs determined by the City.
- Commercial Volumetric Charge.
 - \$4.92/kgal – average strength.
 - \$8.07/kgal – high strength.



Why Changes to Rate Structure Needed?



- LiSWA now provides treatment.
- LiSWA defines Wastewater Treatment and Reclamation Unit (WWTRU) for different customer types.

- City now collection-only.
- Revise analysis to reflect collection-only.

- Future bills will show a separate charge for City's collection rates & LiSWA's treatment charge.

Proposed Wastewater Rate Structure

- Monthly Charge per Equivalent Dwelling Unit (EDU).
 - Residential = 1 EDU.
- Non-Residential, \$/kgal volume charge.
 - Parks.
 - Other Non-Residential.
 - All non-residential subject to a minimum charge equal to the residential EDU charge.

Proposed Wastewater Rate Schedule

- Monthly Collection Charge \$/EDU for Residential Customers.
- Non-Residential charged \$/kgal subject to a minimum charge equal to the Residential charge for 1 EDU.
- All customers charged pass-through of LiSWA treatment charge, \$/WWTRU.

Proposed Rates	Fiscal Year					
	Current	2024	2025	2026	2027	2028
Effective Date		Oct 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Monthly Collection Fixed Charge, \$/EDU						
Residential	\$32.08	\$31.59	\$33.17	\$34.83	\$36.58	\$38.41
Usage, \$/kgal						
Non-Residential (1)	\$4.92	\$4.86	\$5.11	\$5.37	\$5.64	\$5.93
Parks (1), (2)		\$0.90	\$0.95	\$1.00	\$1.05	\$1.11
<i>Monthly LiSWA Treatment Fixed Charge, \$/WWTRU</i>						
<i>All Customers</i>	\$22.79	\$34.56	\$35.60	\$36.67	\$37.77	TBD

(1) Subject to a minimum charge equal to the Residential charge.

(2) Parks are currently charged on an EDU basis. Starting in FY2024, they will be charged on billed water use.

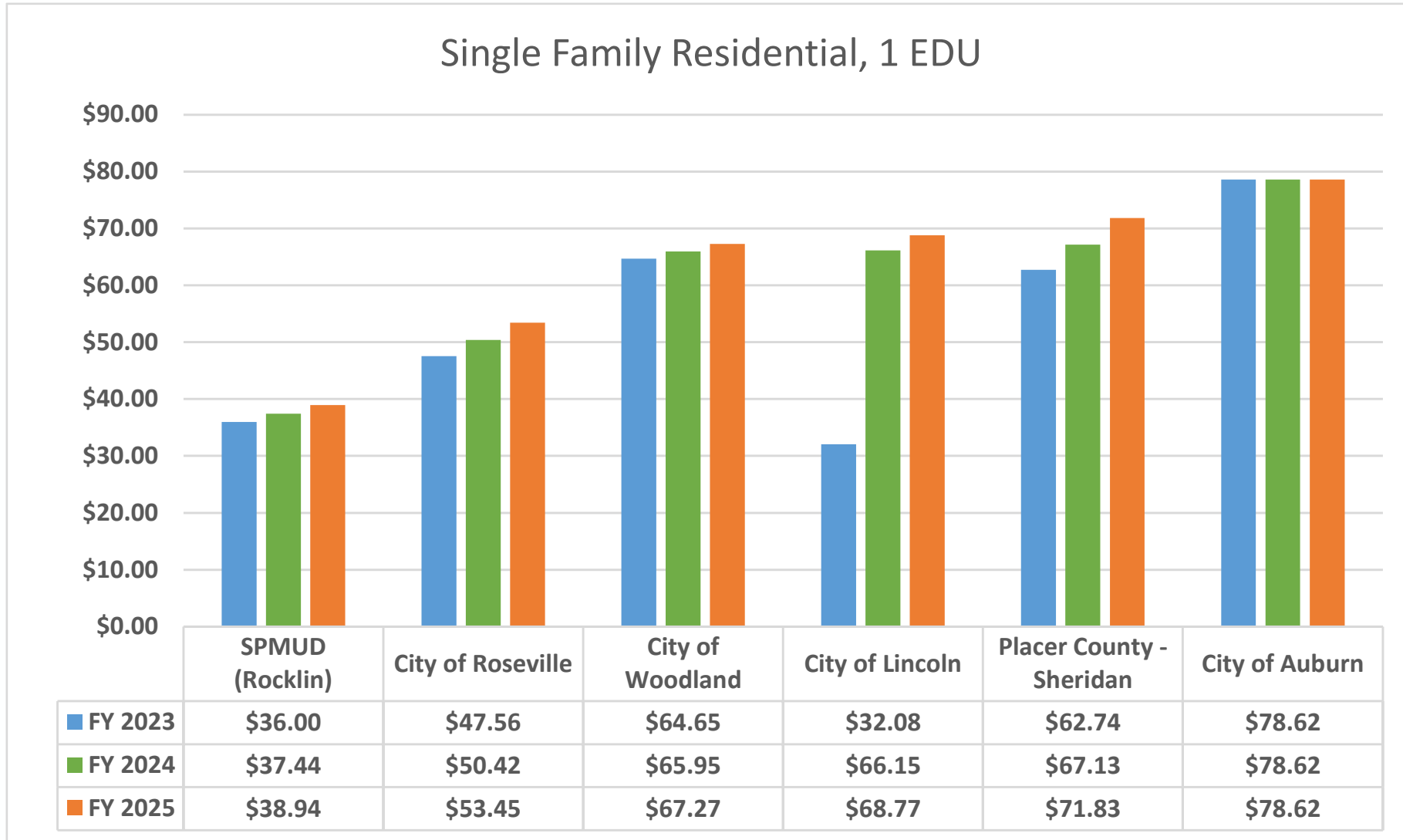
TBD = to be determined by LiSWA

Bill Impact: FY2024

Single Family Residential Customer (1 EDU, 1 WWTRU)

Customer	Current	Proposed Oct. 1, 2023	Change, \$
Monthly Charge - Collection	\$32.08	\$31.59	-\$0.49
Monthly Charge - LiSWA Treatment		\$34.56	
Total Bill	\$32.08	\$66.15	\$34.07

Neighboring Comparison - Wastewater



Solid Waste Enterprise



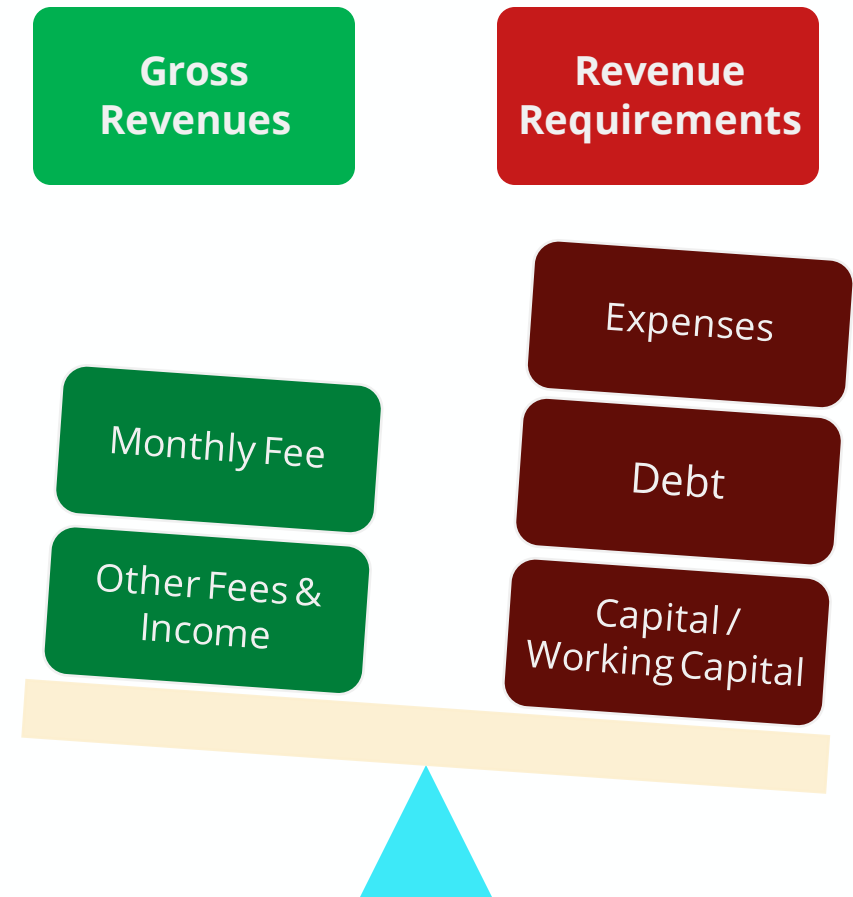
Solid Waste Financial Plan



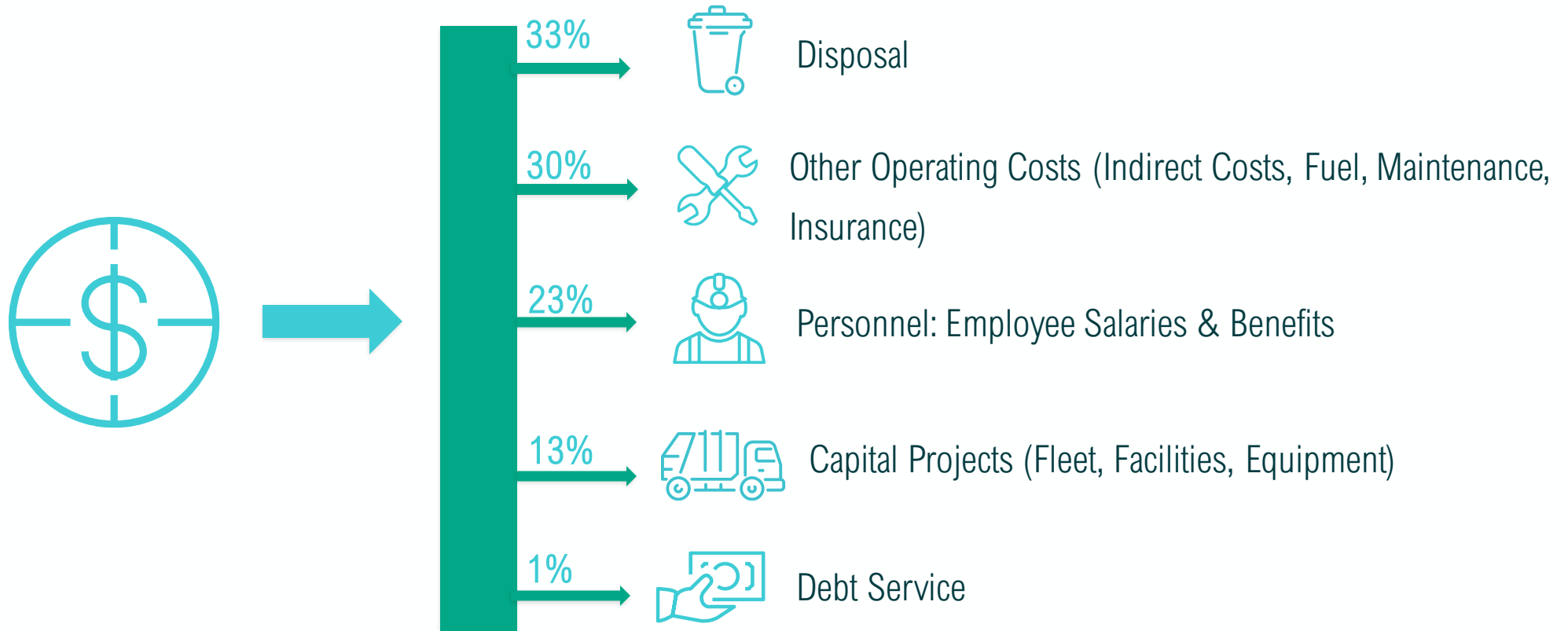
Solid Waste Study Background

- Fees Not Increased Since FY 2017
 - › Significant inflation in costs since 2017.
- Key Study Objective
 - › Develop fiscally sustainable fees that equitably recover cost of service.
- Study Focus Areas:
 - › Review of trends in customer statistics, operating expenses, and projected capital needs.

Solid Waste Financial Planning Overview



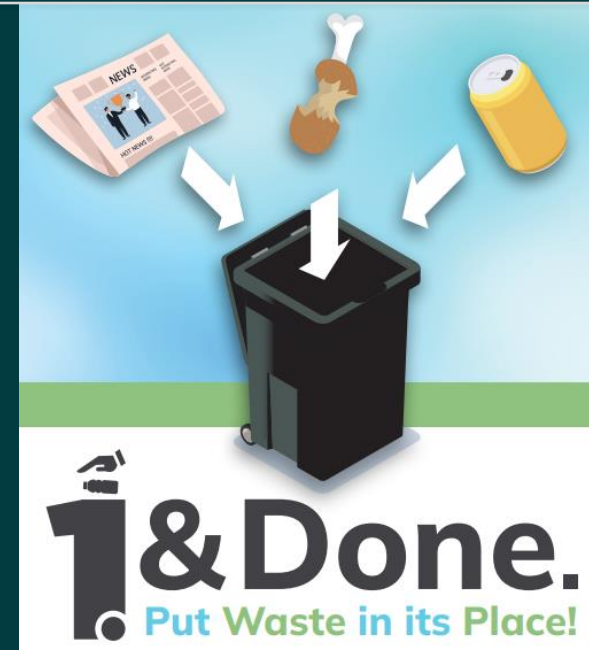
All Revenues Fund Solid Waste System Operations





Solid Waste Services Overview

One Bin System 1x
week



Green Bin System Every
Other Week

Yard Waste – Green Waste Container



- Yard waste less than 2 feet long and 2 inches in diameter
- Includes grass clippings, leaves, and pruning

Commercial Service



Solid Waste Service Requirements *(Routes & Staffing)*

6



Residential Garbage Routes

2



Green Waste Routes

1



Organic Waste Route

3



1 Roll-off and 2 Commercial Routes

5



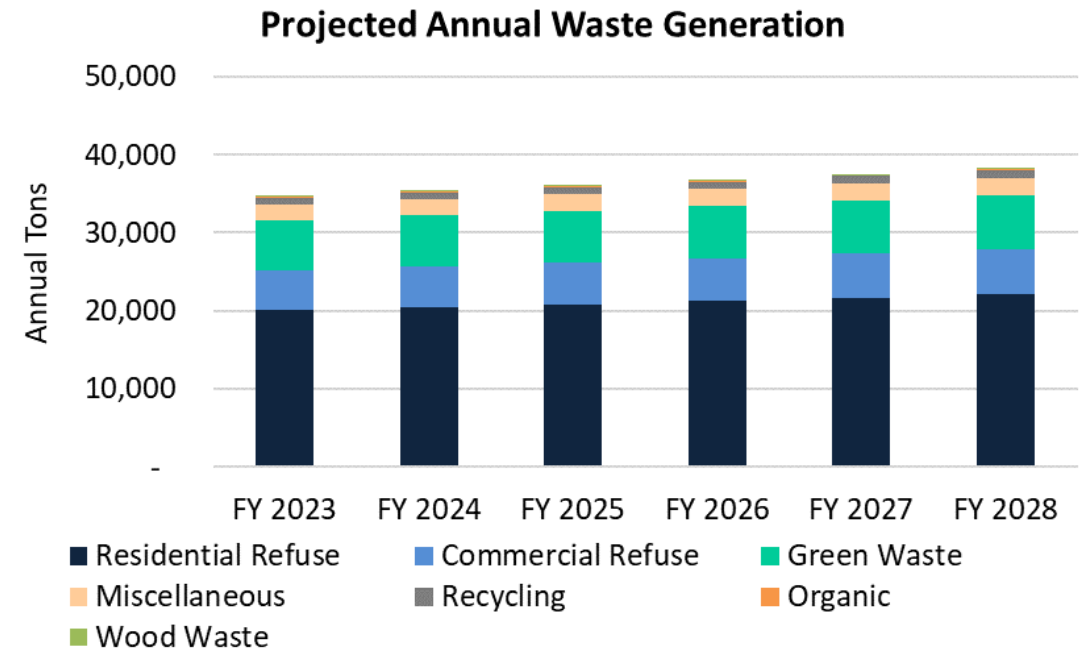
1 Supervisor + 4 Add'l Staffing to Backfill Routes, Deliver Bins, Assist with Recycling

Solid Waste Key Assumptions

- Customer Statistics

- › Based on customer billing reports.
- › Assumed 2.00% growth for customer accounts and waste generation.

FY 2023	Accounts
Single Family Residential	19,452
Additional Cart (1)	951
Multi-Family Residential (4 units or less)	15
Non-Residential	
One 90-Gallon Can	762
Two 90-Gallon Cans	27
Three 90-Gallon Cans	2
Four 90-Gallon Cans	4
Multi-Family & Non-Residential	
3 - Yard Bin Monthly Lease	118
4 - Yard Bin Monthly Lease	96
5 - Yard Bin Monthly Lease	4



Solid Waste Key Assumptions

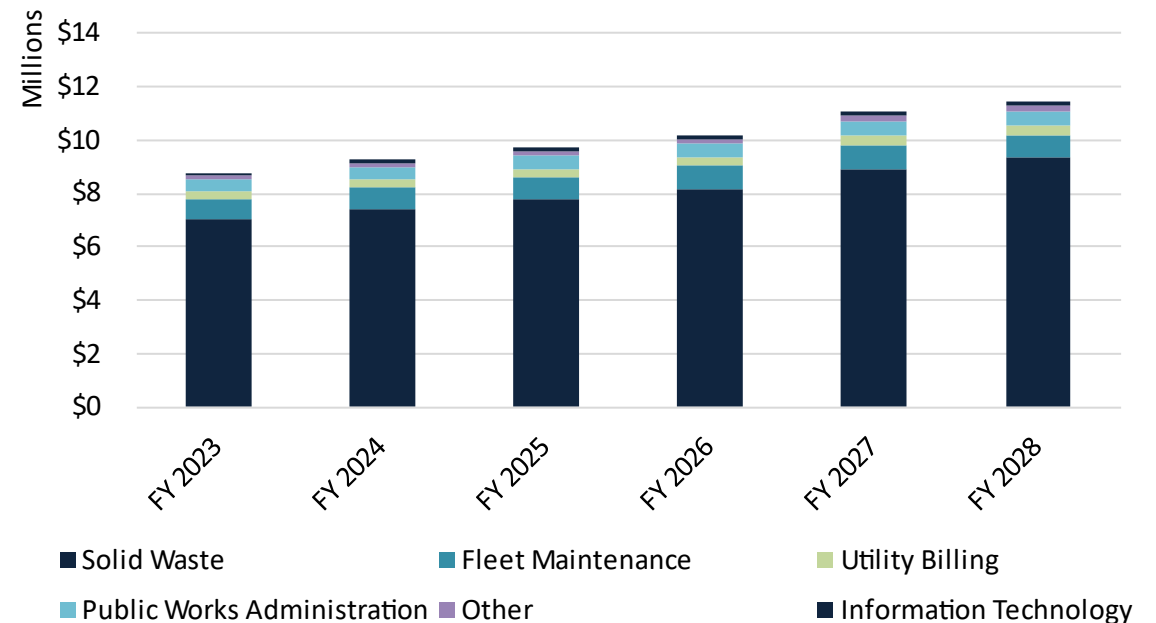
- Operating Expenses

- › Based on FY 2023 Budget.

- Solid waste cost center accounts for 80% of total expenses.
- Capital outlays are reflected in CIP.
- Contracted disposal costs calculated based on contractual rate and tons.
- One-time cost for routing software assumed in FY 2023.

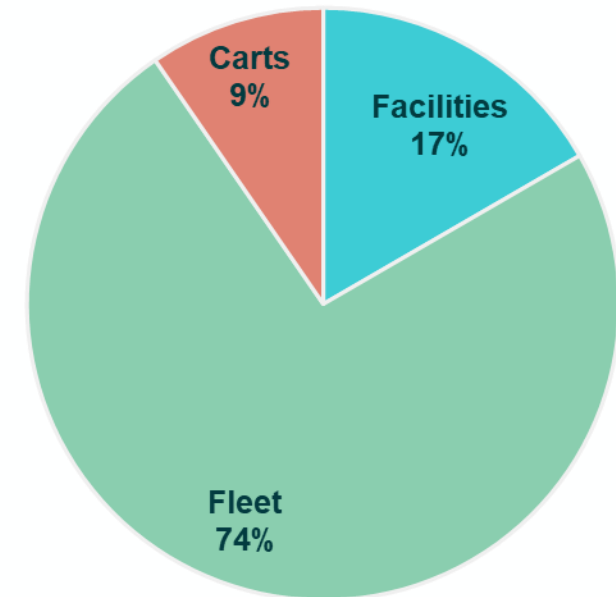
- › CAGR - 5.5% (FY 2023 – FY 2028).

Projected Operating Expenses by Budget Cost Center



Capital Improvement Program (CIP) Funding

- Capital is funded from reserves and future revenues.
 - › No debt is assumed in the forecast.
 - › \$1.9 million of PFE Funding for new facilities (recycling center) and equipment for new customers (carts, trucks).
- Average spend \$1.55 million/yr. through FY 2028.
- Majority of spending for Fleet (Vehicles).
 - › No garbage truck electrification assumed in forecast.



Capital Projects	2023	2024	2025	2026	2027	2028
Facilities	\$0	\$131,250	\$388,250	\$0	\$1,033,000	\$0
Fleet	\$1,605,359	\$376,085	\$1,127,308	\$405,767	\$1,351,821	\$2,009,825
Carts	\$137,454	\$141,990	\$146,675	\$151,515	\$156,515	\$161,681
Total	\$1,742,813	\$649,325	\$1,662,233	\$557,282	\$2,541,336	\$2,171,506

CIP – How it helps meet Level of Service

- Utilize new garbage truck routing software to establish more efficient routes.
- Capital investment to expand cardboard recycling facilities citywide.
- Fleet replacement management program to ensure service reliability.
- Use of in-house mechanics to immediately address vehicle breakdowns.
- Enhance customer engagement with accessible web-based information portal.
- Industry leading technological sustainability upgrades to the Western Placer Waste Management Authority's Material Recovery Facility.

Minimum Cash Reserve Targets

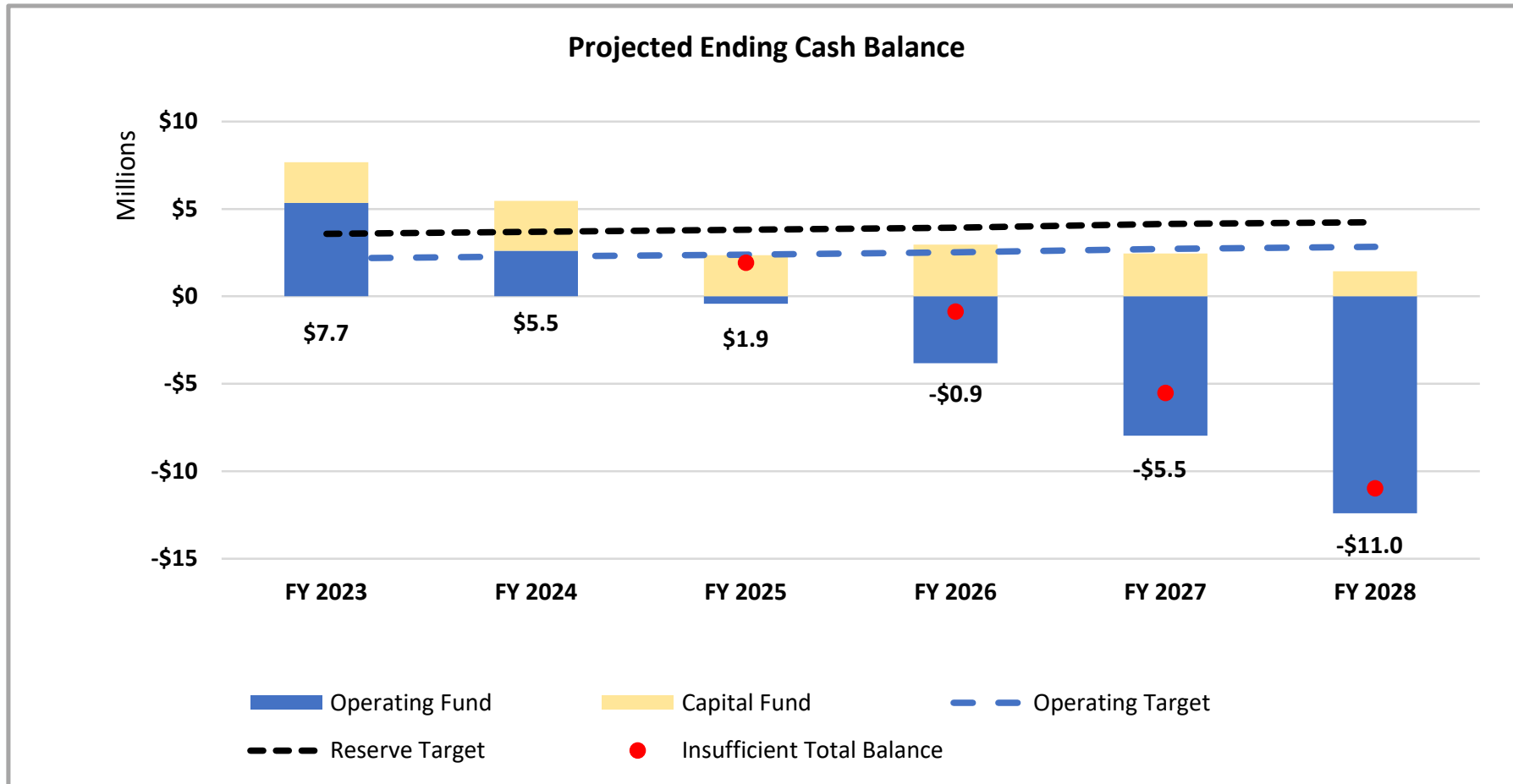
- **Operating Reserves:** Target Equal to 90 Days of Operating Expenses for Working Capital.
- **Capital Reserves:** Target Equal to Average Annual Forecast of CIP Expenditures to provide sufficient cash reserves to appropriate future capital funding.

\$ in Millions	2023	2024	2025	2026	2027	2028
Operating Reserves	\$2.16	\$2.29	\$2.39	\$2.51	\$2.72	\$2.82
Capital Reserves	\$1.41	\$1.41	\$1.41	\$1.41	\$1.41	\$1.41
Total Reserve Target	\$3.57	\$3.70	\$3.80	\$3.92	\$4.13	\$4.23

Solid Waste Financial Plan Scenarios



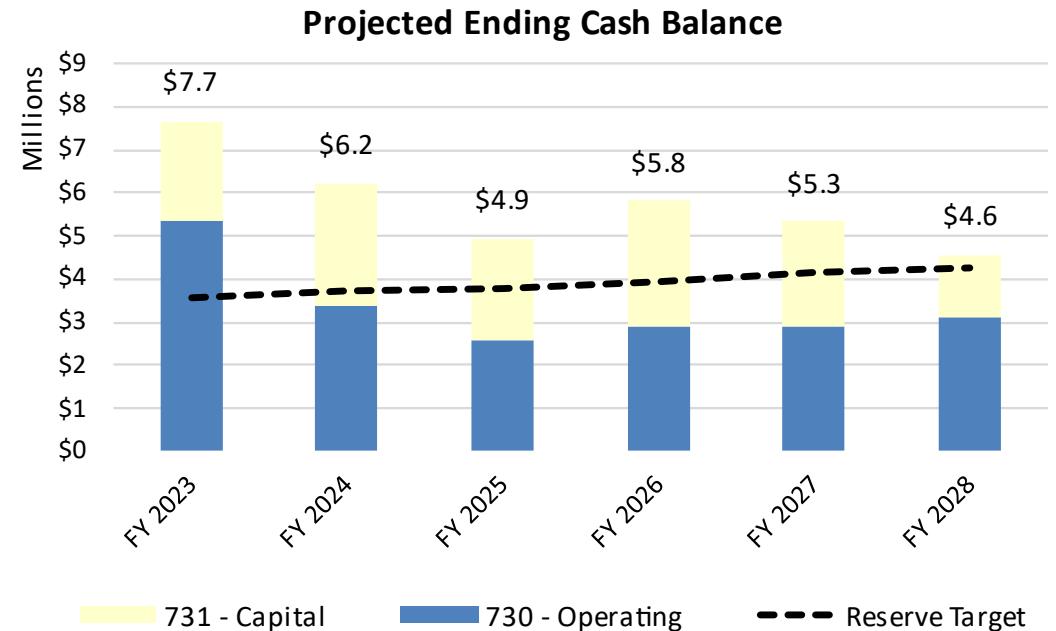
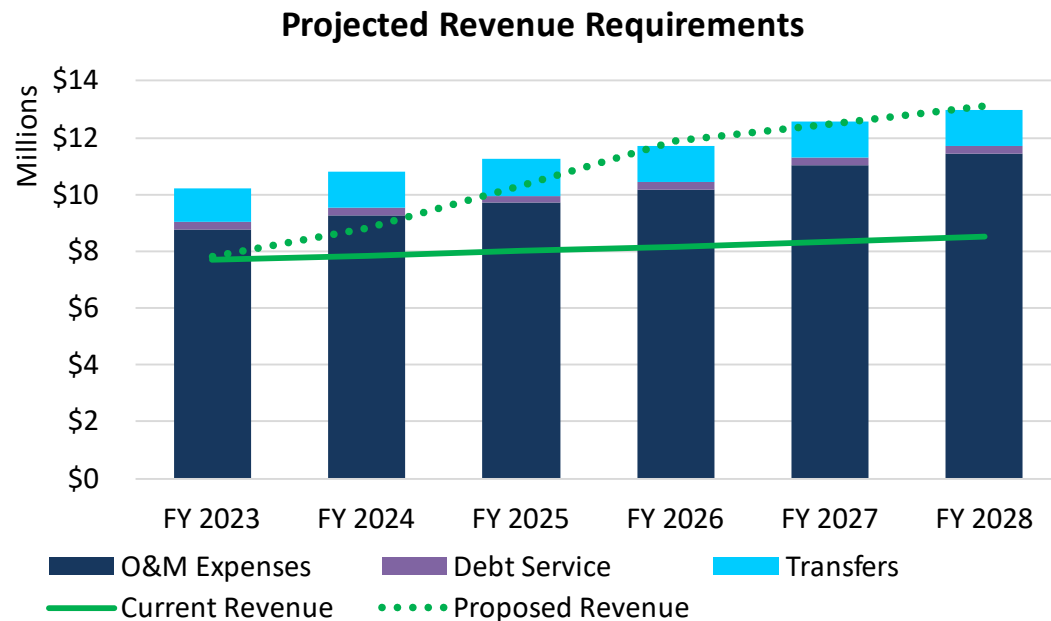
Scenario 1: No Revenue Adjustments



Scenario 2: Phased Increase (Recommended)

- Identified \$2 million annual cash flow funding shortfall equivalent to 25% of rate revenues.
- Assumed use of cash reserves to phase in rate adjustments.

	FY2024	FY2025	FY2026	FY2027	FY2028
Revenue Adjustments - All Customers	13.00%	13.00%	13.00%	3.00%	3.00%
Effective Month	October	July	July	July	July



Solid Waste Rate Design



Proposed Solid Waste Rate Schedule

- Monthly Charge for Cart Collection \$/Cart for Residential Customers.

Residential Collection Rates	Current	Proposed				
	2023	2024	2025	2026	2027	2028
1 - Cart	\$26.00	\$29.36	\$33.17	\$37.46	\$38.58	\$39.73
Additional Carts	\$16.11	\$16.38	\$16.68	\$17.03	\$17.12	\$17.21

Proposed Solid Waste Rate Schedule

Monthly Charge for Non-Residential / Commercial Customers.

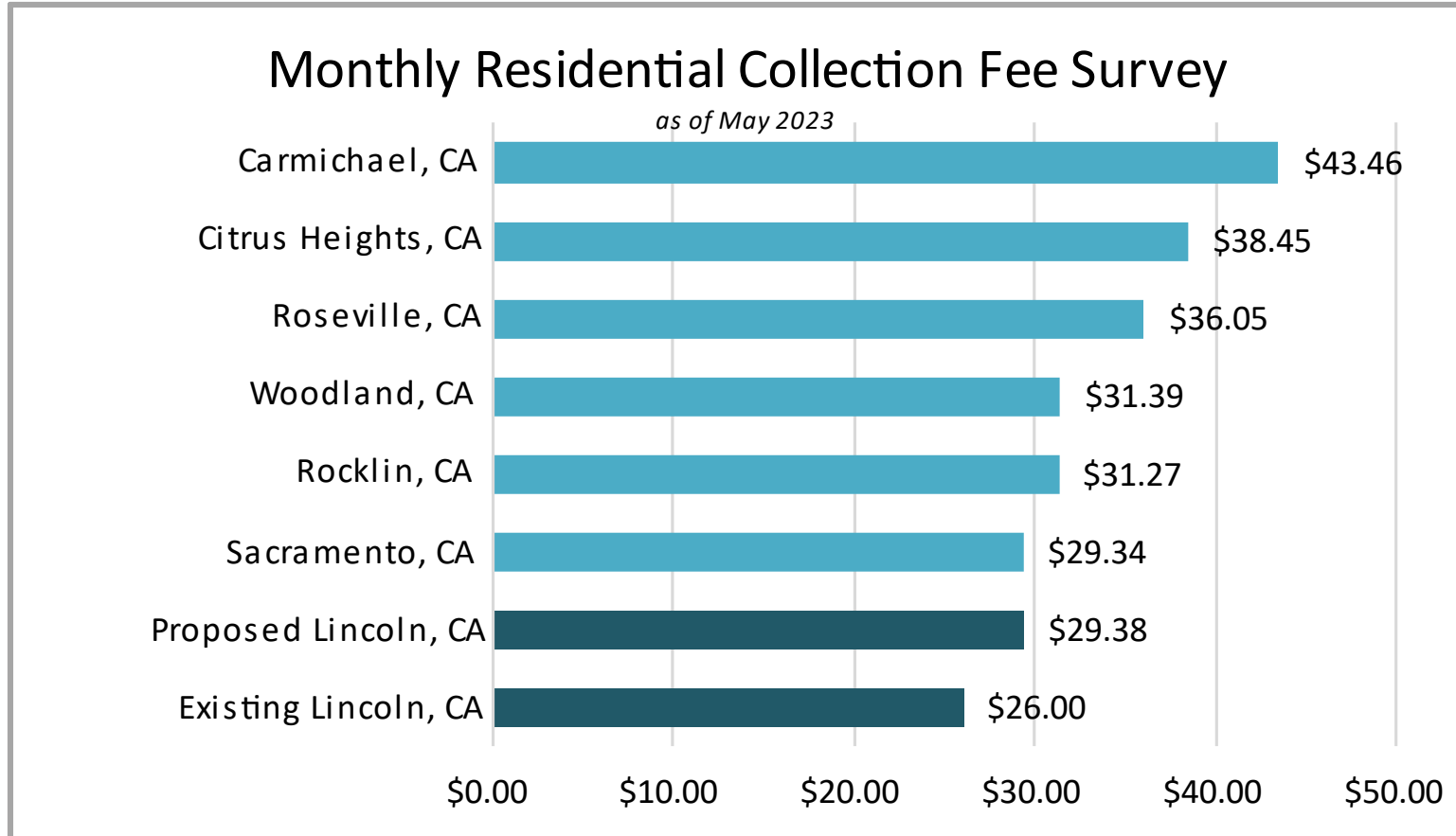
Non-Residential Collection Rates	Current		Proposed			
	2023	2024	2025	2026	2027	2028
One 90-Gallon Cart	\$31.23	\$32.90	\$34.79	\$36.93	\$37.48	\$38.06
Two 90-Gallon Cart	\$60.17	\$64.08	\$68.49	\$73.47	\$74.77	\$76.11
Three 90-Gallon Cart	\$89.11	\$95.25	\$102.18	\$110.02	\$112.07	\$114.17
Four 90-Gallon Cart	\$118.05	\$126.42	\$135.88	\$146.57	\$149.36	\$152.23

Proposed Solid Waste Rate Schedule

Non-Residential Collection Rates	Current		Proposed			
	2023	2024	2025	2026	2027	2028
Commercial Bins						
3 - Yard Bin per Pickup	\$34.04	\$39.28	\$45.20	\$51.89	\$53.63	\$55.43
4 - Yard Bin per Pickup	\$44.45	\$51.67	\$59.82	\$69.03	\$71.43	\$73.91
5 - Yard Bin per Pickup	\$54.85	\$64.04	\$74.43	\$86.17	\$89.23	\$92.39
Commercial Compactors						
2-YD Compactor (Mon-Fri)	\$26.27	\$34.88	\$44.62	\$55.61	\$58.48	\$61.43
3-YD Compactor (Mon-Fri)	\$51.38	\$61.37	\$72.65	\$85.40	\$88.73	\$92.15
3-YD Compactor (Sat-Sun)	\$69.38	\$81.86	\$95.96	\$111.89	\$116.05	\$120.33
4-YD Compactor (Mon-Sat)	\$68.51	\$81.82	\$96.87	\$113.87	\$118.30	\$122.87
5-YD Compactor (Sun-Sat)	\$60.17	\$94.55	\$133.40	\$177.30	\$188.75	\$200.54
6-YD Compactor (Mon-Fri)	\$102.76	\$122.73	\$145.30	\$170.80	\$177.45	\$184.30
6-YD Compactor (Sat)	\$120.76	\$150.12	\$183.31	\$220.80	\$230.58	\$240.65

Pick-up Charge for Commercial compactor Customers.

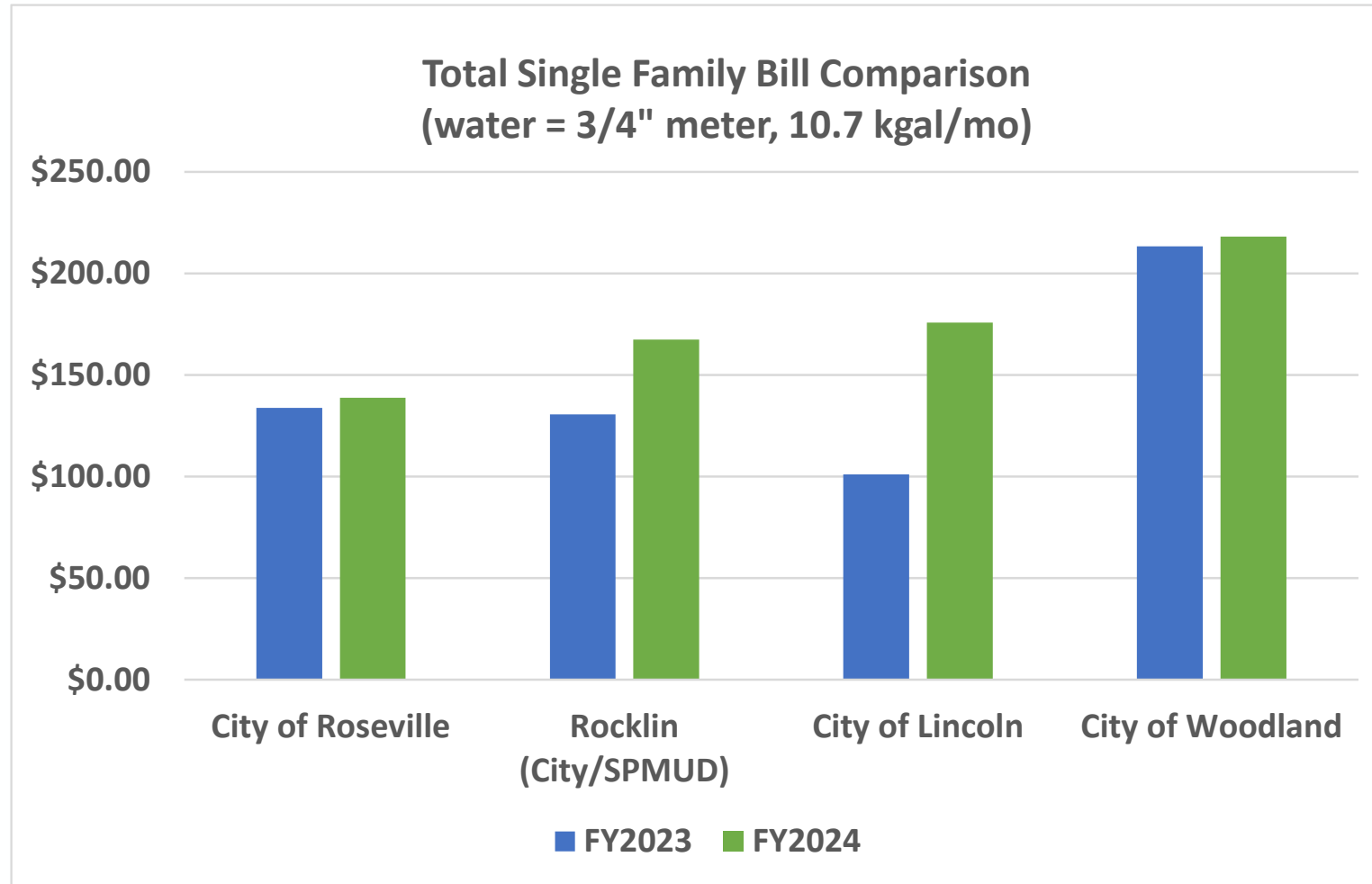
Neighboring Comparison – Solid Waste

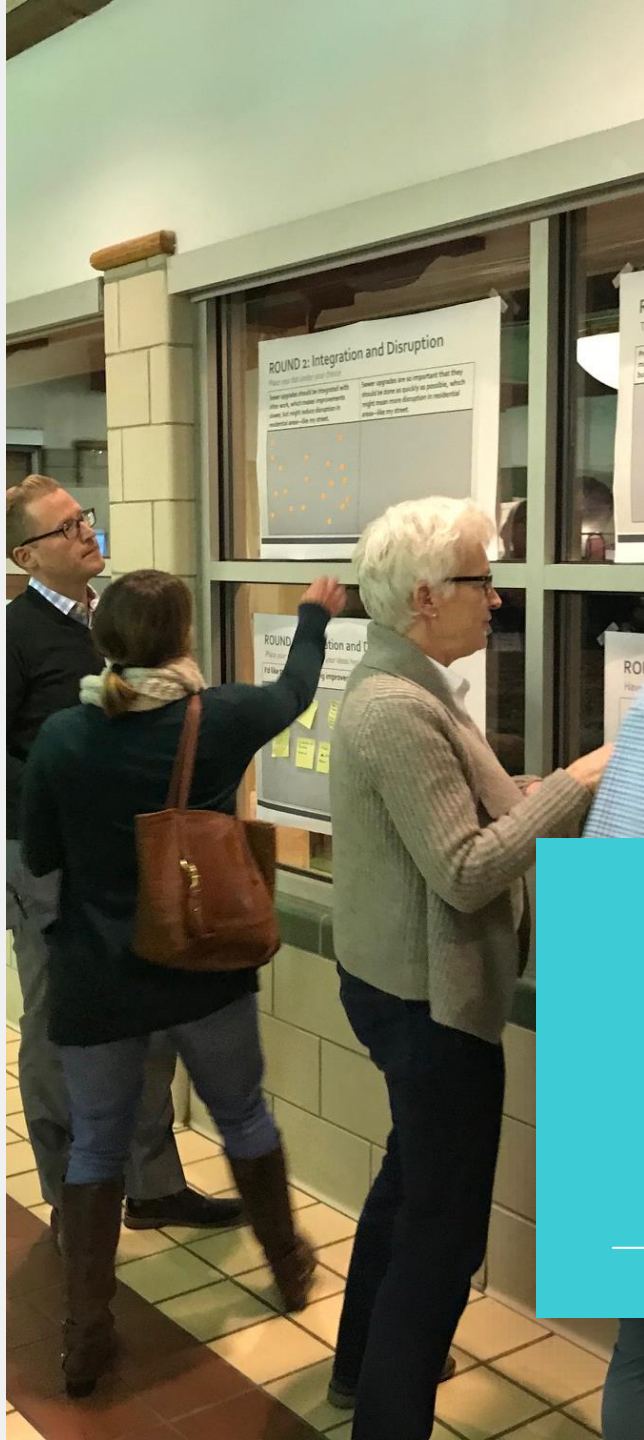


Combined Bill Comparison



Neighboring Comparison – Combined Bill





Next Steps

Seek Council approval to proceed with the Proposition 218 Notice.

Hold additional community meetings.

Thank you!