



Public Workshop:

Wednesday, May 1, 2024 at 6 p.m.
Colfax City Hall, 33 S. Main Street

Public Hearing to Adopt Proposed Rates:

Wednesday, May 22, 2024 at 6 p.m.
Colfax City Hall, 33 S. Main Street

CUSTOMER RIGHTS – SUBMIT A WRITTEN PROTEST

Under Proposition 218, ratepayers and property owners have the right to oppose the proposed wastewater rate increases. If you oppose the rate increases, your protest must be submitted in writing to be valid, even if you attend the Public Hearing. If written protests are submitted by the majority of affected parcel owners, the proposed rate changes cannot be imposed.

Option 1: If you do not oppose the rate increases, you need not take any action.

Option 2: If you do oppose the proposed rate increases, your protest must be submitted in writing, even if you attend the Public Hearing. All written protests must be received in writing via mail before the Public Hearing on May 22, 2024, at 6 p.m. Submit or mail protests to:

City of Colfax, ATTN: City Clerk
33 S. Main Street, P.O. Box 702
Colfax, CA 95713

Protests may also be submitted in person at the Public Hearing any time before the close of the Public Hearing.

All protests must contain:

- A statement that the proposed wastewater rate increase is being protested,
- Name of the property owner OR customer of record who is submitting the protest,
- Parcel number OR street address,
- Original signature and legibly printed name of the property owner of record or tenant,
- Indicate if the signature is of the property owner or tenant, and
- Date of signature.

At the conclusion of the Public Hearing, the City Council will consider adopting the proposed rate increases. If, at the close of the Public Hearing, complete written protests are submitted by the record owners for the

majority of the parcels served by the City (50% plus one, a “majority protest”), the City Council cannot approve the proposed rate increases. If, at the close of the Public Hearing a majority protest does not exist for the proposed rate increases, the City Council may impose rates up to the maximum amounts proposed.

Only one written protest per parcel will be counted (either owner or tenant, not both). Written protests received after the close of the Public Hearing will not be counted. Protests emailed or submitted by any electronic means will not be accepted.

Pursuant to Government Code Section 53759(d), there is a 120-day statute of limitation for ratepayers to challenge increased wastewater rates. Any challenge must be filed within 120 days of the effective date or date of final passage, adoption, or approval of the ordinance or resolution adopting the wastewater rates.

ATTEND A PUBLIC WORKSHOP

The City of Colfax will be holding a public workshop on May 1, 2024, at 6 p.m. at City Hall, 33 S. Main Street. The public is encouraged to attend to learn more about the rate increase, planned capital improvements, and other pertinent information. Information may also be found at <https://colfax-ca.gov/government/public-works/sewer-collection-system/>.

PUBLIC HEARING TO ADOPT PROPOSED RATES

Wednesday, May 22, 2024, at 6 p.m. at Colfax City Hall, 33 S. Main Street

Questions? Contact Ron Walker, City Manager, (530) 346-2313 or city.manager@colfax-ca.gov.

Notice of Proposed Rate Increase and Public Hearing

City of Colfax Wastewater Rate Study

BACKGROUND

The City of Colfax provides wastewater services to about 760 accounts, most of which are residential (70%), with the remainder being commercial and institutional customers. The city's customer base is steady with relatively little change year to year. The city meets all federal and state regulatory requirements for public health, safety, and water quality.

The wastewater system is funded by the Wastewater Enterprise fund, a city fund that is completely self-supported by customer fees, interest, grants, and other miscellaneous revenues. Customer monthly fees (or "rates") constitute 98% of typical annual total wastewater fund revenues. Because of the importance of having sufficient rate revenue, rate studies are usually completed every five years. The last rate study was adopted by Colfax City Council in 2018 and the last increase was implemented July 1, 2022.

FUTURE REVENUE NEED

The city currently has sufficient annual revenues to fund daily operations and maintenance needs of the wastewater system because it has implemented best management practices; however, revenues need to continue to increase to keep pace with inflation. In addition, the wastewater treatment plant (WWTP) and collection system infrastructure is aging.

As projected in the city's Capital Improvement Plan (CIP), the city anticipates needing to fund several capital improvements at the wastewater treatment plant as well as the replacement of pumps at four lift stations over the next five years. The projects are estimated to cost \$1.6 million, which the city will fund with rate revenues without needing to take out loans or otherwise incur debt.

In addition, WWTP staff will be managing two large state grant-funded projects to mitigate issues with the collection system and algae reduction treatment at the WWTP. The grants total roughly \$10 million.

NECESSARY RATE INCREASES

The proposed rate increases would provide the revenue needed to fund projected CIP costs and meet the three financial criteria of the rate study:

1. Maintain at least 9-months unrestricted operating cash reserve,
2. Maintain a minimum of \$950,000 in restricted and designated reserves to cover the SRF loan reserve (existing debt) requirement of \$439,000 plus at least \$500,000 for capital projects, and
3. Maintain a debt service coverage ratio of at least 1.25 each year.

PROPOSED RATE INCREASE SCENARIOS

The Rate Study has calculated three rate alternatives that could be implemented over the next five fiscal years: annual increases at 2.0%, 3.0%, or 4.0%. The alternatives and monthly bill impacts are described as follows.

Alternative 1: The revenue requirement, and three financial criteria, are met over the next 5 years by applying a 4.00% rate increase each year. The City stops collecting rates for system rehabilitation because sufficient cash reserves have been accumulated. The total cash balance is projected to increase \$400,000 to \$500,000 over the next five years with receipt of state reimbursements.

Alternative 2: Rates are increased 3.00% each year to meet the revenue requirement and ensure the three financial criteria are met. As with alternative 1, no additional cash is generated over the next 5 years to fund system rehabilitation. The total cash balance is projected to remain about the same between the end of fiscal years 2023 and 2029.

Alternative 3: The three financial criteria to remain fiscally healthy are met over the next 5 years by applying a 2.00% rate increase each year. The City does not fully fund the revenue requirement and draws on cash reserves of about \$155,000 to pay for a portion of the repairs needed in the next 5 years at the WWTP.

All customers are charged on an Equivalent Dwelling Unit (EDU) basis. A home usually has one EDU. EDUs are assigned by the City at the time of application for service, depending on the intended use(s) of the property. The number of EDUs are reviewed upon change in building use and/or application for building alterations. The current wastewater fee per EDU is \$143.07 per month.

CALCULATED MAXIMUM WASTEWATER FEE PER EDU PER MONTH

SCENARIO	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Alt. 1 (4%)	\$148.79	\$154.74	\$160.93	\$167.37	\$174.06
Alt. 2 (3%)	\$147.36	\$151.78	\$156.33	\$161.02	\$165.85
Alt. 3 (2%)	\$145.93	\$148.85	\$151.83	\$154.87	\$157.97

*Note: The calculated rates under the three alternatives are the **maximum** that City Council would adopt and subsequently impose annually. If collected fees in a given fiscal year produce revenues that are greater than projected to be needed in future years, the City does not have to impose an increase the next fiscal year. This allows the City to have flexibility with projecting its budget and needs, and with implementing annual rate increases.*