



Fee Study Frequently Asked Questions

How many customers does the City of Colfax provide wastewater services to?

The City of Colfax (City) provides wastewater services to about 760 accounts, most of which are residential (70%), with the remainder being commercial and institutional customers.

How does the City fund day-to-day operations and maintain the sewer system infrastructure?

The wastewater system is funded by the wastewater enterprise fund, a self-sufficient fund supported by customer rates, which constitutes 98% of typical annual total wastewater fund revenues. The wastewater enterprise fund is exclusive for wastewater services.

Could the City contribute funds to the wastewater enterprise fund out of other city budget line items?

No. The wastewater enterprise fund is exclusive for wastewater services and is funded 98% by customers rates as customers are the benefactor of wastewater services. It is important to note that the wastewater treatment plant (WWTP) is the most valuable monetary asset owned by the City; its facility building, lab, solids processing, UV disinfection, holding pond, and pumping station are valued at about \$28.2 million.

What are the significant reasons for the proposed rate increase?

- 1) Day-to-day operational costs are one reason. Everyday supplies, including chemicals, electricity, fuel and similar have risen significantly over the past three years, at a pace greater than the long-term average inflation rate.
- 2) The WWTP and collection system infrastructure are aging. The city has two major projects underway with estimated cost of about \$9.8 million, and additionally has identified a need for several other capital improvements at the wastewater treatment plant and holding ponds, and replacing pumps at four lift stations. The projects are estimated to cost \$1.6 million and need to be completed over the next five years.
- 3) The last rate study was adopted in 2018, and the last increase was implemented in 2022. The current rate study calculates the revenue needed for the next five years of operations, maintenance, and infrastructure needs.

Could the City apply for grant funding?

The City applied and received two significant state-funded grants totaling almost \$10 million to fund collection system projects and for algae reduction treatment at the WWTP.

What capital projects is the City doing or planning on completing?

	Estimated Cost
Inflow & Infiltration Mitigation (in progress)	\$5,226,000
Algae Reduction (in progress)	\$4,564,000
Treatment Plant Components	\$1,332,000
Ponds	\$65,000
Lift Stations	\$208,000
Total 5-Year Investment	\$11,395,000
<i>Grant Funded</i>	<i>\$9,790,000</i>
<i>Rates Funded</i>	<i>\$1,605,000</i>

What are the results of the current rate study?

The rate study determined that rate increases are necessary to 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 an existing loan reserve 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.

What is the proposed wastewater rate structure?

The Rate Study has calculated three rate alternatives to be implemented over the next five fiscal years: annual increases at 2.0%, 3.0% or 4.0%. Each option meets the three rate study criteria and completes the needed system rehabilitations and improvements; however, with a 2.0% increase each year the City will need to draw on cash reserves to pay for a portion of capital project costs. With a 3.0% annual increase, no additional cash is generated to fund system rehabilitation, but reserves should not be depleted. With a 4.0% annual increase, the City does not collect any more revenue to fund rehabilitation, but the cash balance should increase slightly as State reimbursements are received and new customers are added to the wastewater system .

How will the new rates impact wastewater bills?

All customers are charged on an Equivalent Dwelling Unit (EDU) basis. A home typically has one EDU. The City assigns EDUs based on the intended use of the property. 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
Alternative 1 (4.00%)	\$148.79	\$154.74	\$160.93	\$167.37	\$174.06
Alternative 2 (3.00%)	\$147.36	\$151.78	\$156.33	\$161.02	\$165.85
Alternative 3 (2.00%)	\$145.93	\$148.85	\$151.83	\$154.87	\$157.97

Does the City have to implement increases each year?

The proposed rate increases over a five-year period are the maximum allowable rates. The City Council may choose to implement a lower rate at any time during the 5-year period.

When will the City make the decision whether to adopt new rates?

The City of Colfax will hold a Public Hearing to adopt new rates on Wednesday, May 22, 2024 at 6 p.m. at Colfax City Hall, 33 S. Main Street, Colfax.

Can the rates be protested?

Yes, under Proposition 218, ratepayers have the right to submit a **protest in writing via letter** (no emails). Protests must include name, property address or parcel number, a signature stating whether an owner or a tenant, and date. 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. Only one protest per parcel will be accepted.

How do I learn more?

Information about the rate increase and supporting documents are located at <https://colfax-ca.gov/government/public-works/sewer-collection-system/>. Questions? Contact Ron Walker, City Manager, (530) 346-2313 or city.manager@colfax-ca.gov.

Scan the QR Code to review the mailed Proposition 218 Notice.

