

City of Colfax
Wastewater Rate Study

FINAL

June 3, 2024

HEC No. 230401

The following report was prepared by Hansford Economic Consulting LLC.

The analyses and findings contained within this report are based on primary data provided by the City of Colfax, as well as additional secondary sources of data available as of the date of this report. Updates to information used in this report could change or invalidate the findings contained herein. While it is believed that the primary and secondary sources of information are accurate, this is not guaranteed.

Every reasonable effort has been made in order that the data contained in this study reflect the most accurate and timely information possible. No responsibility is assumed for inaccuracies in reporting by the client, its consultants and representatives, or any other data source used in the preparation of this study. No warranty or representation is made that any of the projected values or results contained in this report will be achieved. There will usually be differences between forecasted or projected results and actual results due to changes in events and circumstances.

Changes in economic and social conditions that may negatively affect the findings of this report include, but are not limited to, economic recessions, major environmental problems, or natural disasters. Any applications for financing, or bond sales analyses, should re-evaluate the financial health and projection of revenues and expenses at the time of the application or preparation for bond sale.

TABLE OF CONTENTS

SECTION	PAGE
1. Introduction	1
1.1 Study Background	1
1.2 Major Assumptions of the Study	3
1.3 Key Findings and Calculated Fees	5
1.4 Comparison of Current and Calculated Fees	7
1.5 City Council Action May 22, 2024	7
2. City Customers and Financial Health	8
2.1 City Customers	8
2.2 Financial Health of the Wastewater Fund	9
3. Projected Revenue Requirement	13
3.1 Operating Costs	13
3.2 Capital Improvements and Debt Service	14
3.3 System Rehabilitation Costs	16
3.4 Projected Revenue Requirement and Rate Revenue	17
4. Cost of Service Wastewater Fee Calculations	20
4.1 Wastewater Fee Calculations	20
5. City and Customer Impacts	23
5.1 Operating Fund Cash Flow Projection	23
5.2 Wastewater Fund Ending Cash Balances	24
5.3 Residential Bill Impacts	27

Appendix A: Rate Study Support Tables

Appendix B: City of Colfax Resolution No. 26-2024 Adopting New Wastewater Rates

LIST OF TABLES

TABLE		PAGE
1	Calculated Maximum Wastewater Fee per EDU per Month	6
2	Customer Characteristics	9
3	Projected Growth in Wastewater EDUs	9
4	Historical Revenues and Expenses	10
5	Projected Wastewater System CIP Expenditures	14
6	State Water Board Grant-Funded Projects	15
7	Consolidation Efforts Preliminary Cost Estimate	15
8	Restructured SRF Loan Repayment	16
9	Projected Revenue Requirement and Rate Revenue (Alternative 1)	19
10	Calculated Cost per EDU Fiscal Year 2025 (Alternative 1)	20
11	Calculated Rates per EDU and Projected Annual Rate Revenues (Alternative 1)	21
12	Projected Operating Fund Cash Flow (Alternative 1)	23
13	Projected Wastewater Fund Ending Cash Balance (Alternative 1)	25

LIST OF FIGURES

FIGURE		PAGE
1	Fee-Setting Process	2
2	Projected Cash Balances under Three Rate Alternatives	6
3	Projected Monthly Fees for a Home under Three Rate Alternatives	7
4	Wastewater Generation by Customer Group	8
5	Historical Operating Expenditures	11
6	Projected Revenue Requirement and Rate Revenues	18
7	Projected Monthly Wastewater Rate per EDU Alternative 1	21
8	Projected Monthly Fees per EDU under Three Rate Alternatives	22
9	Historical Wastewater Fund Ending Cash Balance	24
10	Projected Wastewater Fund Ending Cash Balance	26
11	Historical and Projected Wastewater Fund Cash Balances	26
12	Residential Regional Bill Comparison	27

Section 1: INTRODUCTION

1.1 STUDY BACKGROUND

The City of Colfax (City) provides wastewater collection, treatment and disposal services to residents and businesses in the Colfax community. The City contracted with Hansford Economic Consulting LLC (HEC) to determine the level of funding required over the next five years to sufficiently fund service provision, and the fees to be collected from customers to achieve that level of funding. The wastewater financial model projects revenues and expenses and calculates required annual property-related fees by customer type to maintain revenue sufficiency.

The property-related fees (also called “rates” in the Study) are exempt from Proposition 26 but are subject to California Constitution Article XIII D (commonly referred to as Proposition 218) requirements for water, wastewater, and solid waste property-related fees.

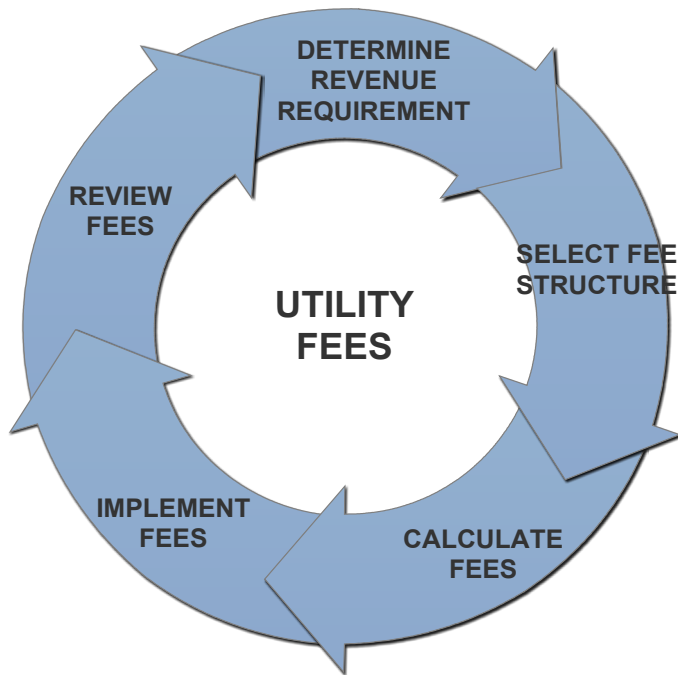
This Study provides an explanation of, and justification for, calculated annual wastewater fees per Equivalent Dwelling Unit (EDU) through June 30, 2029, and documents adherence to the law regarding the setting of property-related fees by a City. Specifically, the California Constitution requires that the fees for wastewater service shall not be extended, imposed, or increased by any agency unless all the following requirements have been met:

- (1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.
- (2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.
- (3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
- (4) No fee or charge may be imposed for a service unless that service is used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted.
- (5) No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance, or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Fee studies are typically conducted every three to five years to ensure revenue sufficiency. In addition, an important part of the fee study is a cost-of-service analysis, so that the study addresses not only revenue sufficiency, but also whether customers are paying for their

share of system costs, adjusting rates and customer classifications to achieve equity to the maximum extent practicable. The fee-setting cycle is illustrated in **Figure 1** below. The City last adopted wastewater rates in June 2018, with the last rate increase effective July 1, 2022.

Figure 1
Fee-Setting Process



This report was prepared using principles established by the American Water Works Association (AWWA), the Water Environment Federation (WEF), and Government Finance Officers Association (GFOA). Standard rate-setting practices are described in the WEF Manual of Practice No. 27 and guidelines prepared by the California State Water Resources Control Board for State Revolving Fund financing. The GFOA publishes guidelines on sufficient cash balances for enterprise funds. Minimum cash balance targets for each utility fund in this Study are based on the GFOA guidelines.

The following four steps outline how wastewater rates are calculated such that the wastewater fees meet California’s legal requirements.

- 1. Establish the Wastewater Customer Base and User Characteristics** – The wastewater customer base includes residential and commercial users. All users are counted in EDUs for purposes of fee-setting, as described in Section 2 of the Study. Section 2 also provides details on the current rate schedule and historical financial health of the City’s wastewater fund.

What is an EDU? City Ordinance No. 475 defines an EDU as the average wastewater discharge from a Single Family Dwelling. For purposes of calculating sewerage system design parameters and comparing wastewater discharge from sewer service users other than single family dwellings, one EDU equals a domestic wastewater volume of 200 gallons per day, and 180 milligrams per liter maximum each, BOD and TSS, per day at average dry weather flow rates. One EDU is further considered to generate domestic wastewater, carrying a minimal to moderate load of non-hazardous contaminants such as common household cleaning and maintenance products.

- 2. Project Revenue Requirement** – The revenue requirement is the amount of money to be raised from rates. The revenue requirement analysis compares the revenues of the utility to its operating and capital costs to determine the adequacy of existing rates to recover the utility’s costs. Components of revenue requirement include capital improvement costs, system rehabilitation costs, operations and maintenance costs, and operating reserve costs. Non-rate revenue credited against the projected costs include interest income, inspection fees, rent and late charges. Revenue requirement calculations are provided in Section 3 of the Study.
- 3. Allocate Revenue Requirement to Customer Types and Determine Cost per EDU** – The revenue requirement is allocated to customer types based on flow (their number of EDUs). Section 4 of this Study describes the rate calculation methodology and determines projected rates per step 3.

Section 5 includes an analysis of the impact of the updated rates on customers, calculated fees, cash flow projection, and a comparison of bills with other regional communities and cities of comparable size.

Appendix A includes support tables for the wastewater rates analysis.

1.2 MAJOR ASSUMPTIONS OF THE STUDY

No Change to the Rate Structure

Most wastewater providers charge all properties that have paid their connection fees and have physically connected to the wastewater system, or are ready to connect, at least some portion of rates, depending on the fee structure used. The EDU fee structure, which is often used for smaller systems, charges properties that have purchased capacity in the wastewater system, whether or not they are currently using the service because the wastewater system must always be ready to receive wastewater flow from properties that have connected or are ready to connect to the system.

The City’s customer base has not changed significantly for many years and there are no industrial customers being served at the wastewater treatment plant. Wastewater strength is similar across all customers currently served. Pursuant to State Water Board guidance, it is reasonable to continue to charge the same fee per EDU across all customer categories.

How is an EDU determined? EDUs are assigned by the City at 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.

Growth

Historical growth of 0.25% per year is included in the 5-year rate model. The growth rate increases the number of wastewater EDUs by three per year.

Potential Consolidation of Shady Glen - Feasibility Analysis Included but Construction not assumed in 5-Year Projection

A feasibility study is proposed for consolidation of the Shady Glen community and its surrounding area with the City's wastewater system. The costs associated with the feasibility study (planning), which would be grant-funded by the State, are included in the cost projection for the next five years as those costs impact cash flow.

If the project is determined to be feasible, and construction is to start before the end of fiscal year 2029, the City will be required to undertake a rate study as part of its financial analysis prepared for the State, and possibly the Local Agency Formation Commission (LAFCO). Construction is not assumed to take place in the 5-year projection.

No New Debt

It is assumed that all operating and capital costs will be paid for with fees and cash reserves, as well as State grants, and that no new debt will be incurred in the next 5-year period.

Three Financial Criteria

The rates are calculated with three financial criteria in mind:

1. General operating cash reserves of at least 75% of operating expenses (9 months of operating costs) shall always be maintained.
2. A minimum \$950,000 shall be kept in restricted and designated reserves to cover the SRF loan reserve requirement of \$439,000 plus at least \$500,000 for capital projects.
3. Every year, the net operating income will exceed debt service by at least 1.25.

Three Rate Alternatives

Wastewater fees for next five fiscal years have been calculated for three rate alternatives. The calculated rates are the maximum that could be imposed. If adopted rates produce revenues that are greater than needed in future years, the City could freeze rates, or even lower rates, or could put aside funds for a dedicated purpose, including rate stabilization.

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, depending on the number of customers added to the wastewater system.

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 to pay for a portion of capital project costs. Cash reserves of about \$155,000 are drawn down to pay for a portion of repairs needed in the next 5 years.

1.3 KEY FINDINGS AND CALCULATED FEES

Key Findings

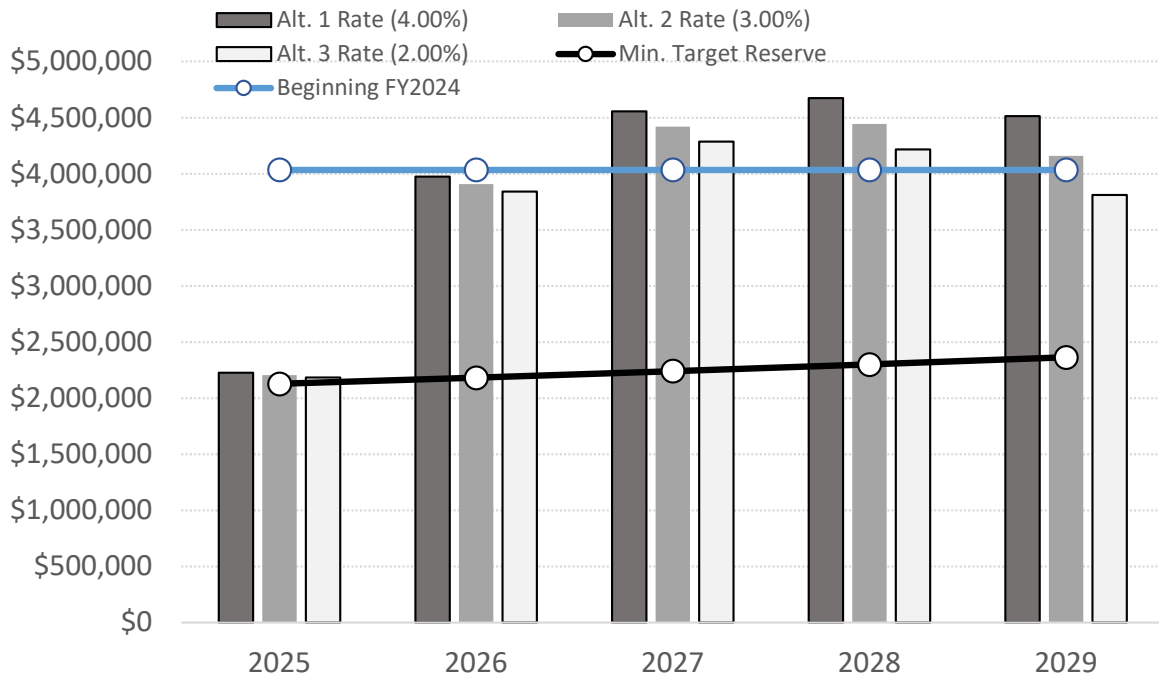
This Study makes the following key findings:

- Cost of service has been distributed among customers proportionately using City Ordinance 475's definition of EDUs.
- It is projected that, with implementation of any of the three alternative fee schedules, the City will be able to pay for all projected costs in the five-year period, meet the obligations of its SRF loan, and maintain sufficient reserves to pay for studies and construction of State-funded projects which costs will be reimbursed.

Figure 2 shows the projected total cash balances under the three rate alternatives. The minimum cash balance target of \$950,000 is shown by the black line. A minimum implies that cash balances should be greater than that amount. When cash balance is greater than the minimum, funds are held for designated purposes, such as rate stabilization, emergency repairs, and so forth.

It is important to note that the cash balance is not lower at the end of the 5-year period, even under rate alternative 3, because of the addition of connection fees (which cannot be used to fund rehabilitation), and reimbursements by the State for grant-funded projects the City has been paying for during fiscal year 2024. As shown by the blue line in Figure 2, cash balance by the end of fiscal year 2029 is projected to be about the same as at the beginning of fiscal year 2024 under alternative 2.

Figure 2
Projected Cash Balances under Three Rate Alternatives



Calculated Rates

The current wastewater fee per EDU is \$143.07 per month. The calculated maximum monthly wastewater fee per EDU for the next five fiscal years is shown in **Table 1** for the three rate alternatives.

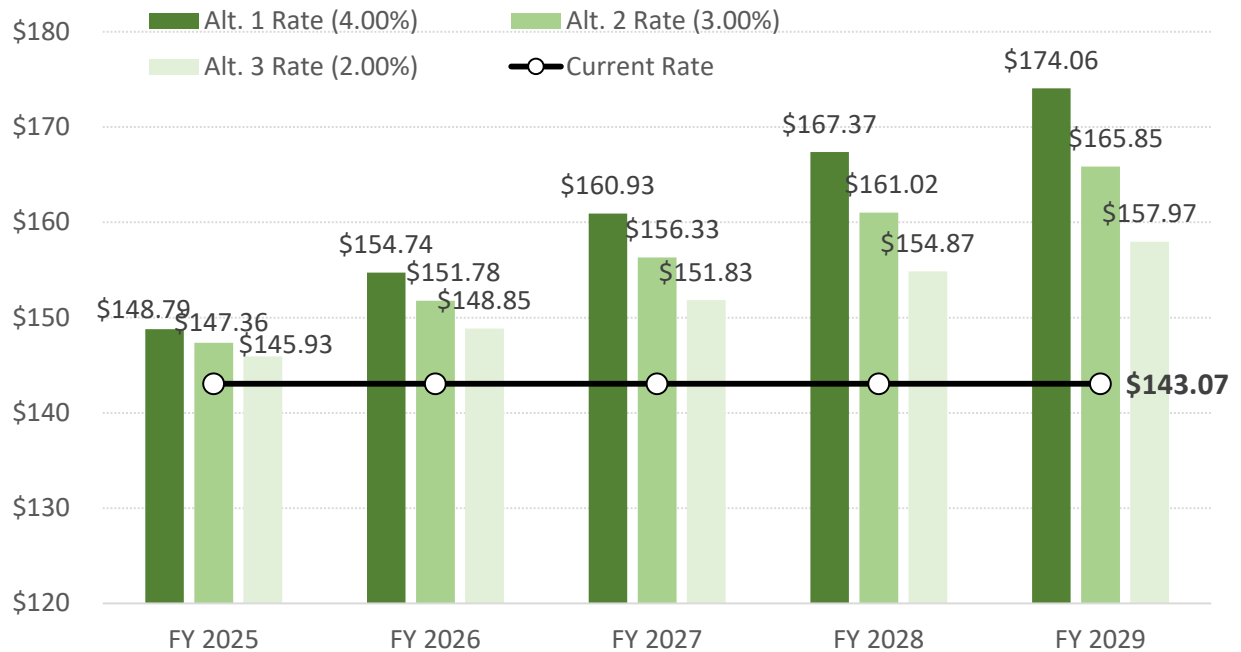
Table 1
Calculated Maximum Wastewater Fee per EDU per Month

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

1.4 COMPARISON OF CURRENT AND CALCULATED FEES

Figure 3 shows the projection of monthly fees for a single family home over the next five years under the three rate alternatives.

Figure 3
Projected Monthly Fees for a Home under Three Rate Alternatives



1.5 CITY COUNCIL ACTION MAY 22, 2024

Upon conclusion of the public hearing May 22, 2024, absent a majority protest to the proposed rates, the City Council adopted the rates presented as Alternative 2 in this report. Alternative 2 provides for rate increases of up to 3% each year, per EDU. City Council also directed the City to increase the rate per EDU for FY 2025 by 2%. Note, the following year, City Council still has authorization to increase rates up to the amounts shown in **Table 1**. For example, the rate per EDU for FY 2025 will be \$145.93 per month with the 2% increase. The authorized maximum rate for FY 2026 remains \$151.78 per month as published in the Proposition 218 Notice.

Resolution No. 26-2024 adopting the Alternative 2 rates is provided as **Appendix B** to this report.

Section 2: CITY CUSTOMERS AND FINANCIAL HEALTH

2.1 CITY CUSTOMERS

RATE METHODOLOGY STEP 1

Establish the Wastewater Customer Base and User Characteristics

The City provides wastewater service to about 760 accounts, which together comprise about 2,150 equivalent dwelling units (EDUs). The City's historical population and housing unit estimates are shown in **Table A-1** in Appendix A.

The City's customers send, on average, about 250,000 gallons of untreated wastewater to the wastewater treatment plant each day. Residential customers generate approximately 70% of the flow. **Figure 4** shows the contributing flow to the wastewater treatment plant from each customer group.

Figure 4
Wastewater Generation by Customer Group

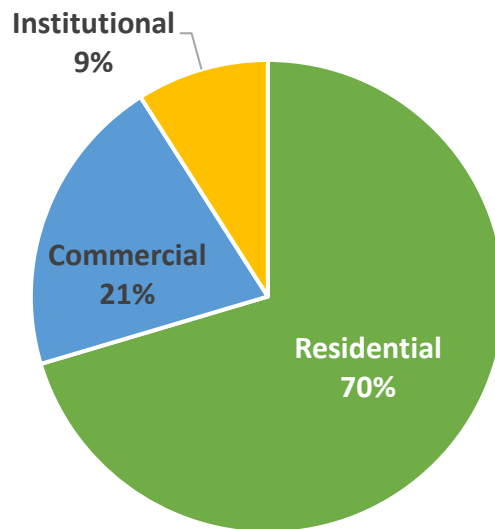


Table 2 shows the City's customer characteristics and the flow and load factors that are used in the rate study to allocate the revenue requirement among the customers. Because the wastewater characteristics are assumed generally the same across all customer types, total revenue requirement is divided by total number of EDUs each year.

Over the next 5 years, it is estimated that the City will add 3 EDUs per year to the wastewater system, as shown in **Table 3**.

Table 2
Customer Characteristics

Customer Category	Number EDUs	Wastewater Characteristics		
		Flow	BOD	SS
		GPD	MG/L	MG/L
	(A)	(B)	(C)	(D)
Residential				
Single Family	601.14	200	180	180
Multi-Unit	280.00	200	180	180
Commercial				
All Commercial	258.50	200	180	180
Institutional				
Church	15.00	200	180	180
Government	10.08	200	180	180
Railroad	30.00	200	180	180
School	58.30	200	180	180
TOTAL	1,253.02			

Source: City of Colfax municipal code 13.080.090 and customer database as of June 2023.

Table 3
Projected Growth in Wastewater EDUs

Item	2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Growth Assumption -->		0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Sewer EDUs	1,250	1,253	1,256	1,259	1,263	1,266	1,269
Increase in EDUs		3	3	3	3	3	3

Source: City of Colfax and HEC, December 2023.

2.2 FINANCIAL HEALTH OF THE WASTEWATER FUND

Table 4 summarizes the City's historical revenues and expenditures. The table excludes depreciation, which is a non-cash item. Every year for the past five fiscal years, the City has had positive net income.

About 95% of the City's revenues are from wastewater service charges. All accounts pay a minimum of one EDU per month, regardless of whether the home or business space is currently occupied or vacant. Other sources of operating revenue include inspection fees, interest income, late charges, and miscellaneous revenue.

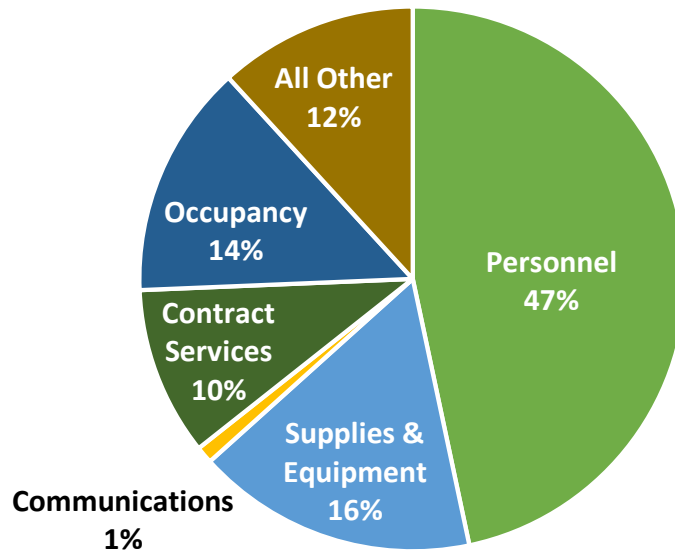
Table 4
Historical Revenues and Expenses

Revenues and Expenses	Fiscal Year Ending				
	2019	2020	2021	2022	2023
Operating Revenues					
Service Charges	\$1,928,185	\$2,172,280	\$2,162,840	\$2,142,729	\$2,140,645
Miscellaneous	\$285,442	\$41,394	\$37,103	\$39,277	\$42,962
Subtotal Operating Revenues	\$2,213,627	\$2,213,674	\$2,199,943	\$2,182,006	\$2,183,607
Operating Expenses					
Personnel Services	\$517,004	\$631,044	\$528,960	\$507,856	\$695,223
Operation and Maintenance	\$567,658	\$576,231	\$685,005	\$662,186	\$851,747
Subtotal Operating Expenses	\$1,084,662	\$1,207,275	\$1,213,965	\$1,170,042	\$1,546,970
Net Operating Income	\$1,128,965	\$1,006,399	\$985,978	\$1,011,964	\$636,637
Non-Operating Revenues (Expenses)					
Insurance Reimbursements	\$0	\$0	\$191,446	\$17,437	\$0
Interest Income	\$58,707	\$54,363	\$17,333	\$12,791	\$72,438
Rental Income	\$0	\$3,000	\$3,000	\$3,000	\$3,000
Other Income	\$0	\$0	\$35,737	\$58,000	\$0
Interest Expense	(\$80,403)	(\$76,817)	(\$73,195)	(\$69,537)	(\$65,844)
Subtotal Non-Operating Revenues	(\$21,696)	(\$19,454)	\$174,321	\$21,691	\$9,594
Capital Contributions					
State Grant	\$5,255	\$280,246	\$162,042	\$1,085,387	\$1,721,175
Transfers In (grants)	\$0	\$0	\$286	\$196,392	\$304,294
Transfers Out	\$0	\$0	\$0	\$0	\$0
Net Income	\$1,112,524	\$1,267,191	\$1,322,627	\$2,315,434	\$2,671,700
Capital Activities					
Capital Expenditures	\$100,438	\$316,597	\$702,156	\$1,317,073	\$2,135,261
Debt Service Principal	\$356,196	\$359,760	\$363,354	\$366,991	\$370,659
Settlements / Other	\$25,602	\$0	\$0	\$0	\$0
Subtotal Capital Activities	\$482,236	\$676,357	\$1,065,510	\$1,684,064	\$2,505,920
Net Income after Capital Expenses	\$630,288	\$590,834	\$257,117	\$631,370	\$165,780

Source: City of Colfax finance department.

Figure 5 illustrates that management of the wastewater system comprises approximately 47% of the total annual costs. Repairs and maintenance comprise 16% of the annual costs, and occupancy, which comprises power costs, building repairs and security, comprise 14% of total annual costs.

Figure 5
Historical Operating Expenditures



Reserves

The City is expected to have approximately \$1.76 million in unrestricted reserves and \$1.83 million in restricted or designated reserves at the end of this fiscal year, June 30th, 2024. Reserves are necessary for several reasons, to:

- Serve cash flow needs
- Pay for emergency and unplanned necessary repairs
- Accumulate for system rehabilitation (planned improvements)
- Provide rate stabilization

The GFOA offers the following guidelines for a wastewater provider to determine its cash reserve needs.

“The maintenance of reserves can be defined generally as the maintenance of cash or financial capabilities to meet unknown changes in the budgets and financial needs of a utility. These needs could arise from new laws and regulations, natural disasters, operating emergencies, financial losses in earning potential from idle cash, drop in economic conditions in the service area or the state, insurance losses, litigation, revenue collection process breakdowns, and operating emergencies in the service area. These needs may vary according to the types and designations of the funds collected or expenses require, thereby necessitating different policies for varying areas or funds of an agency’s operation.”¹

¹ Page 35, Financing and Charges for Wastewater Systems, Manual of Practice No. 27.

“The utility should identify the drivers affecting [its] financial activities. It should determine the maximum length of time that it might have to operate without the revenue or expense and then determine the cumulative dollar value for this period of time.”²

While each utility needs to assess its risks on an individual basis using knowledge of the current status of infrastructure, regulatory requirements, cash flow “bumps” and so forth, there are some general guidelines to measure what a prudent reserve would be for the utility. The GFOA best practice is to start with a baseline of 90 days of operating expenses and adjust depending on local circumstance. GFOA guidelines to adjust the target for local circumstances include:

- Frequency of revenue collection – The City’s wastewater fund has predictable, steady revenues – this lowers the cash flow concern.
- Diversity of the customer base – timely payments and cash flow is less of a concern with a diverse customer base. Colfax’s customer base is becoming more diverse as it grows; however, it is predominantly a residential community.
- Unpredictable weather events – large weather events can cause need for costly emergency work. Colfax does experience snow and flood events, and large wildfires in the region in recent years should be considered. In the case of major environmental disaster, government funding relief may be found for rebuilding the wastewater system, but these sources of funding will not cover loss of rate revenues.
- Ever-increasing California environmental standards / requirements for wastewater treatment – may require new infrastructure and/or monitoring expenses. The City has been subject to large increased costs due to environmental concerns in the past.
- Rate stabilization – raising rates is unappealing; especially with a small customer base such as the City’s. When there are sufficient reserves, more gradual rate increases can be introduced.

This rate study makes the following cash reserve recommendations, which are two of three financial criteria used in the rate model:

- Maintain general operating cash reserves of at least 75% of operating expenses (9 months of operating costs).
- Keep a minimum \$950,000 in restricted and designated reserves to cover the SRF loan reserve requirement of \$439,000 plus at least \$500,000 for capital projects.

² Page 37, Financing and Charges for Wastewater Systems, Manual of Practice No. 27.

Section 3: PROJECTED REVENUE REQUIREMENT

RATE METHODOLOGY STEP 2

Project the Revenue Requirement and Allocate to Collection and Treatment Costs

The revenue requirement is the amount to be raised by wastewater fees. The projection of the revenue requirement is the cornerstone for calculation of rates. This section explains the derivation of the revenue requirement for this Study.

Components of the revenue requirement include:

- Operating Expenses
- Debt Service
- System Rehabilitation
- Capital Project Costs (new facilities and expansion of existing facilities)

Non-wastewater fees revenue projections are credited against projected costs. Non-wastewater fee revenues include inspection fees, interest income, late charges, and miscellaneous revenue.

3.1 OPERATING COSTS

Operating expenses are projected based on fiscal year 2024 budgeted expenditures and conversations with City staff regarding adjustments for the next five-year period. Operating expenses include annual costs for personnel (including benefits), professional and contract services, treatment plant operations and maintenance, collection system and other wastewater facilities operations and maintenance, utilities, facilities equipment, tools, subscriptions, and supplies. Operating expenses are budgeted at \$1.5 million in fiscal year 2024.

Appendix Table A-2 shows how City expenses have increased annually, on average, compared with the San Francisco Engineering News Record Construction Cost Index (ENR CCI) and the West Region Consumer Price Index (CPI). Overall, the City's annual operating expenses increased 8.2% per year for the last five years compared with 5.0% for the San Francisco ENR CCI and 4.2% for the West Region CPI. It is typical for utility costs to increase at a greater pace than these two indices. The rate study increases each of the operating cost categories by 4.0% to 5.0% each year over the next five years in anticipation of inflationary cost increases.

Appendix Tables A-3 through Table A-5 provide detail of historical revenues and expenses by treatment plant, collection system, and debt service financial components of the wastewater fund.

Table 6
State Water Board Grant-Funded Projects

Improvement Project	2023 Bid Amount [1]
Collection System	
Inflow & Infiltration Mitigation	\$5,225,633
Treatment Plant	
Algae Reduction	\$4,564,224
Total Grant-Funded Projects	\$9,789,857

Source: City of Colfax, January 2024.

[1] Includes contingencies.

Table 7
Consolidation Efforts Preliminary Cost Estimate

Category	Cost Estimate [1]
Colfax Planning	\$3,590,000
Shady Glen Planning	\$2,230,000
Preliminary Planning Cost	\$5,820,000
Construction Cost Estimate	\$46,970,000

Source: Wood Rodgers, Project Engineer, January 2024.

[1] Costs include inflation.

Debt

The City has a State Revolving Fund (SRF) loan with the State Water Resources Control Board. The loan was restructured in 2017. The scheduled loan repayments are shown in **Table 8**. The State requires the City hold \$439,000 in a restricted reserve account, which can be drawn upon if the City has insufficient funds to make a payment.

A debt service coverage of 1.25 provides the third financial criterion to be met in the rate model. This is the debt service coverage typically required for revenue bonds. Each year, the net operating income should exceed debt service by at least 1.25.

**Table 8
Restructured SRF Loan Repayment**

FY Ending	Principal	Interest	Total	Accrued Interest	Outstanding Principal
<i>Payment due October 31</i>					
2024	\$374,366	\$64,608	\$438,974	\$64,608	\$6,086,395
2025	\$378,110	\$60,864	\$438,974	\$60,864	\$5,708,285
2026	\$381,891	\$57,083	\$438,974	\$57,083	\$5,326,394
2027	\$385,710	\$53,264	\$438,974	\$53,264	\$4,940,684
2028	\$389,567	\$49,407	\$438,974	\$49,407	\$4,551,117
2029	\$393,463	\$45,511	\$438,974	\$45,511	\$4,157,654
2030	\$397,397	\$41,577	\$438,974	\$41,577	\$3,760,257
2031	\$401,371	\$37,603	\$438,974	\$37,603	\$3,358,886
2032	\$405,385	\$33,589	\$438,974	\$33,589	\$2,953,501
2033	\$409,439	\$29,535	\$438,974	\$29,535	\$2,544,062
2034	\$413,533	\$25,441	\$438,974	\$25,441	\$2,130,529
2035	\$417,669	\$21,305	\$438,974	\$21,305	\$1,712,861
2036	\$421,845	\$17,129	\$438,974	\$17,129	\$1,291,015
2037	\$426,064	\$12,910	\$438,974	\$12,910	\$864,952
2038	\$430,324	\$8,650	\$438,974	\$8,650	\$434,627
2039	\$434,627	\$4,346	\$438,974	\$4,346	\$0

Source: SWRCB Payment Schedule, September 15, 2022.

Loan Terms: 25 years repayment period, 1.00% interest.

Total Funding	\$12,989,267
Principal Forgiveness	<u>\$3,319,000</u>
Loan	\$9,670,267

3.3 SYSTEM REHABILITATION COSTS

Depreciation is used as the basis for which to collect rates to cover system rehabilitation costs. Collecting for system rehabilitation in the rates allows the City to replace assets as they outlive their useful lives. Depreciation is approximately \$770,000 per year for the wastewater system. In fiscal year 2024, the City is funding approximately 15% of annual depreciation.

The level of funding of depreciation significantly influences the level of wastewater rates. While it is important to include replacement of assets in rates, most entities do not include 100% depreciation in their rates because of the ability to obtain low-cost financing, or even grants, when the need arises to undertake the rehabilitation or replacement work. Another reason rehabilitation costs may be only partially recovered, or not recovered in rates is when

much of the system is currently being repaired and improved, or when the city has built up cash reserves that are greater than targeted and can prudently be drawn on. City Council was presented with a rate alternative that would continue to fund depreciation at 15% at its regular meeting February 28, 2024. The Council directed staff and the consultant to continue with rate alternatives that do not fund depreciation in the next five years.

Although the rate alternatives presented in this report do not fund depreciation, the City is continuing to designate about \$37,000 each year for replacement of short-lived assets (assets with a useful life of 15 years or less). Under each alternative, end of year net revenues greater than 9 months of operating costs are transferred to designated and restricted reserves and may be used for capital improvements costs.

The three rate alternatives are:

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, depending on the number of customers added to the wastewater system.

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 to pay for a portion of capital project costs. Cash reserves of about \$155,000 are drawn down to pay for a portion of repairs needed in the next 5 years.

3.4 PROJECTED REVENUE REQUIREMENT AND RATE REVENUE

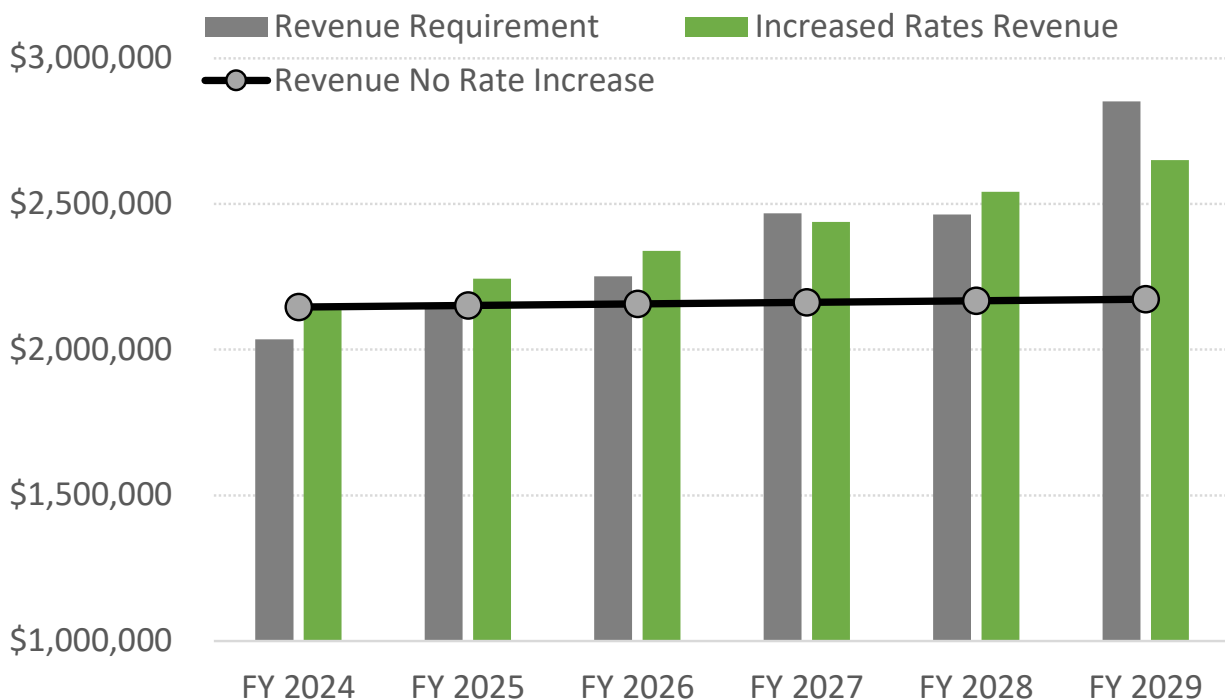
Table 9 estimates the revenue requirement for the next five years. The revenue requirement is projected to increase to account for increases in some cost categories that are anticipated to increase by more than inflation, for inflation, to fund capital expenditures, and to make SRF debt service payments. Non-rate revenue is credited against the estimated annual costs. Non-rate revenue is held constant due to variability in these revenues given the health of the local and national economy. The revenue requirement is projected to increase from \$2.03 million in fiscal year 2024 to \$2.16 million in fiscal year 2025. By year five, the revenue requirement is projected to be \$2.85 million.

Calculated Rates. Using the revenue requirement projection, wastewater rates would need to increase different percentages each year; however, it is preferable to adopt equal percentage rate increases each year. Under each of the three rate alternatives, the City would be able to pay for projected costs and meet the three financial criteria of the rate study:

1. General operating cash reserves of at least 75% of operating expenses (9 months of operating costs) shall always be maintained.
2. A minimum \$950,000 shall be kept in restricted and designated reserves to cover the SRF loan reserve requirement of \$439,000 plus at least \$500,000 for capital projects.
3. Every year, the net operating income will exceed debt service by at least 1.25.

Figure 6 illustrates projected rate revenue without rate increases, the projected revenue requirement, and the amount projected raised by rates under alternative 1 (4.00% rate increase each year). In some years, the rate revenue will exceed costs, and in other years it will produce less than needed to pay costs; however, over the total 5-year period, the revenues will pay for total costs included in the revenue requirement.

Figure 6
Projected Revenue Requirement and Rate Revenues



Under alternative 2, rates raise about \$340,000 less than the projected 5-year revenue requirement. Under alternative 3, rates raise about \$685,000 less than the projected revenue requirement.

Table 9
Projected Revenue Requirement and Rate Revenue (Alternative 1)

Expenses and Credits	Inflation Factor	FY 2024 Budget	FY 2025 1	FY 2026 2	FY 2027 3	FY 2028 4	FY 2029 5
Treatment Plant Operating Expenses							
Personnel	5.0%	\$537,146	\$564,003	\$592,203	\$621,813	\$652,904	\$685,549
Supplies & Equipment	5.0%	\$229,000	\$240,450	\$252,473	\$265,096	\$278,351	\$292,268
Communications	4.0%	\$10,100	\$10,504	\$10,924	\$11,361	\$11,816	\$12,288
Contract Services	4.5%	\$86,500	\$90,393	\$94,460	\$98,711	\$103,153	\$107,795
Resource Development	4.0%	\$7,000	\$7,280	\$7,571	\$7,874	\$8,189	\$8,517
Occupancy	4.0%	\$193,500	\$201,240	\$209,290	\$217,661	\$226,368	\$235,422
Miscellaneous	4.0%	\$161,500	\$167,960	\$174,678	\$181,666	\$188,932	\$196,489
Subtotal Treatment Plant		\$1,224,746	\$1,281,829	\$1,341,599	\$1,404,182	\$1,469,712	\$1,538,329
Collection System Operating Expenses							
Personnel	5.0%	\$178,267	\$187,180	\$196,539	\$206,366	\$216,685	\$227,519
Supplies & Equipment	5.0%	\$25,100	\$26,355	\$27,673	\$29,056	\$30,509	\$32,035
Communications	4.0%	\$2,600	\$2,704	\$2,812	\$2,925	\$3,042	\$3,163
Contract Services	4.5%	\$20,500	\$21,423	\$22,387	\$23,394	\$24,447	\$25,547
Occupancy	4.0%	\$25,000	\$26,000	\$27,040	\$28,122	\$29,246	\$30,416
Miscellaneous	4.0%	\$24,000	\$24,960	\$25,958	\$26,997	\$28,077	\$29,200
Subtotal Collection System		\$275,467	\$288,622	\$302,409	\$316,860	\$332,005	\$347,880
Capital Expenses							
Capital Improvements	Table 5	\$26,310	\$195,855	\$214,562	\$353,600	\$268,642	\$572,000
System Rehabilitation [1]	4.0%	\$115,474	\$0	\$0	\$0	\$0	\$0
Capital Expenses in Rates		\$141,784	\$195,855	\$214,562	\$353,600	\$268,642	\$572,000
Debt Service							
SRF WWTP	Table 8	\$438,974	\$438,974	\$438,974	\$438,974	\$438,974	\$438,974
Subtotal Debt Service		\$438,974	\$438,974	\$438,974	\$438,974	\$438,974	\$438,974
Total Costs		\$2,080,970	\$2,205,280	\$2,297,545	\$2,513,616	\$2,509,334	\$2,897,182
Credits							
Inspection Fees	constant	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Interest Income	constant	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Rent	constant	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Interest/Late Charges	constant	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000
Subtotal Credits		\$46,000	\$46,000	\$46,000	\$46,000	\$46,000	\$46,000
Revenue Requirement		\$2,034,970	\$2,159,280	\$2,251,545	\$2,467,616	\$2,463,334	\$2,851,182
Amount Raised by Rates [2]		\$2,151,450	\$2,243,059	\$2,338,589	\$2,438,219	\$2,542,130	\$2,650,351

Source: City of Colfax and HEC, March 2024.

[1] System rehabilitation currently funds 15% of depreciation.

[2] Budgeted rate revenue for fiscal year 2024 is \$2,202,349. The rates model projects lower revenue for this year.

SECTION 4: COST OF SERVICE WASTEWATER FEE CALCULATIONS

4.1 WASTEWATER FEE CALCULATIONS

RATE METHODOLOGY STEP 3

Allocate Revenue Requirement to Customer Types and Determine Cost per EDU

The amount to be raised by rates is allocated among customer types according to EDU count by customer type. Total allocated cost to each customer category and the calculated fee per EDU for fiscal year 2025 are shown in **Table 10** below for alternative 1. Residential customers are responsible for 70% of the total costs. Commercial and institutional customers are responsible for the remaining 30% of cost.

Table 10
Calculated Cost per EDU Fiscal Year 2025 (Alternative 1)

Customer Type	Amount to be Raised by Rates	Percentage of Cost	No. of EDUs	Cost per EDU
Residential				per month
Single Family	\$1,079,140	48%	604.40	\$148.79
Multi-Unit	\$499,934	22%	280.00	\$148.79
Subtotal Residential	\$1,579,075	70%		
Commercial				
All Commercial	\$461,547	21%	258.50	\$148.79
Institutional				
Church	\$26,782	1%	15.00	\$148.79
Government	\$17,998	1%	10.08	\$148.79
Railroad	\$53,564	2%	30.00	\$148.79
School	\$104,093	5%	58.30	\$148.79
TOTAL	\$2,243,059	100%	1,256.28	\$148.79
Number of EDUs	1,256			
Fee per EDU per Month	\$148.79			

Source: HEC March 2024.

The projected monthly wastewater rates per EDU for the next five fiscal years are shown in **Figure 7**. Most rate revenues pay for treatment plant operating and capital costs. The calculations of rate per EDU, the portion of rates supporting the treatment plant, collection system, and debt service, and annual wastewater rate revenues under rate alternative 1 (4.00% fee increase each year) are shown in **Table 11**.

Figure 7
Projected Monthly Wastewater Rate per EDU Alternative 1

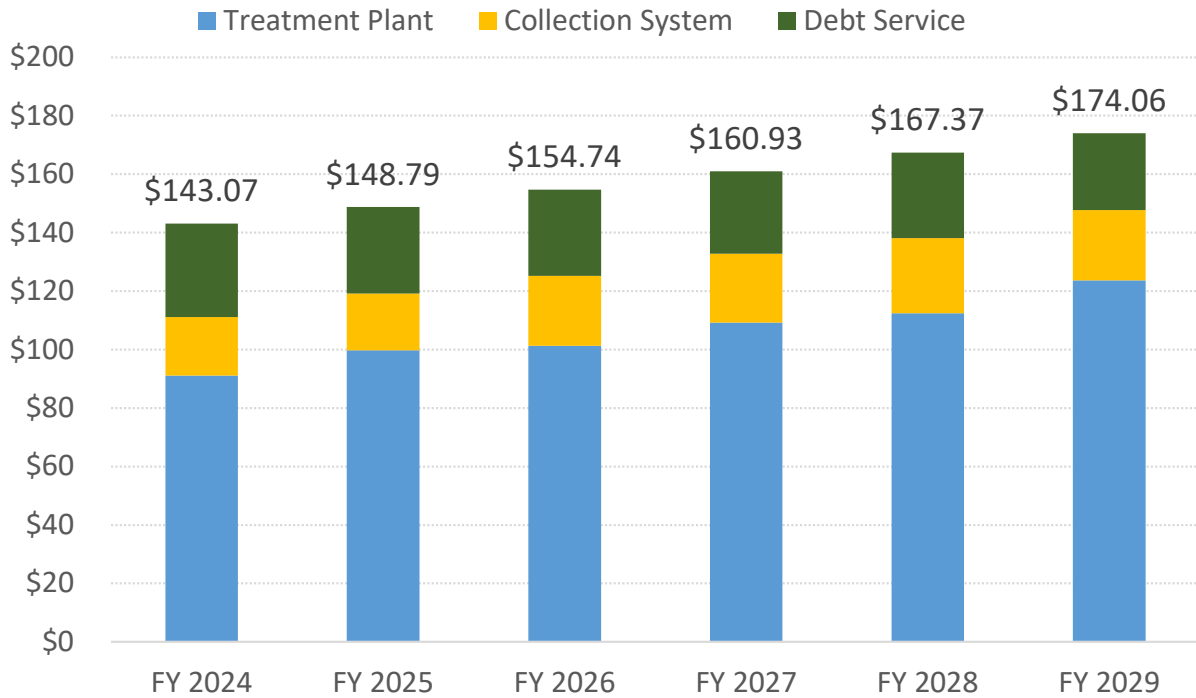


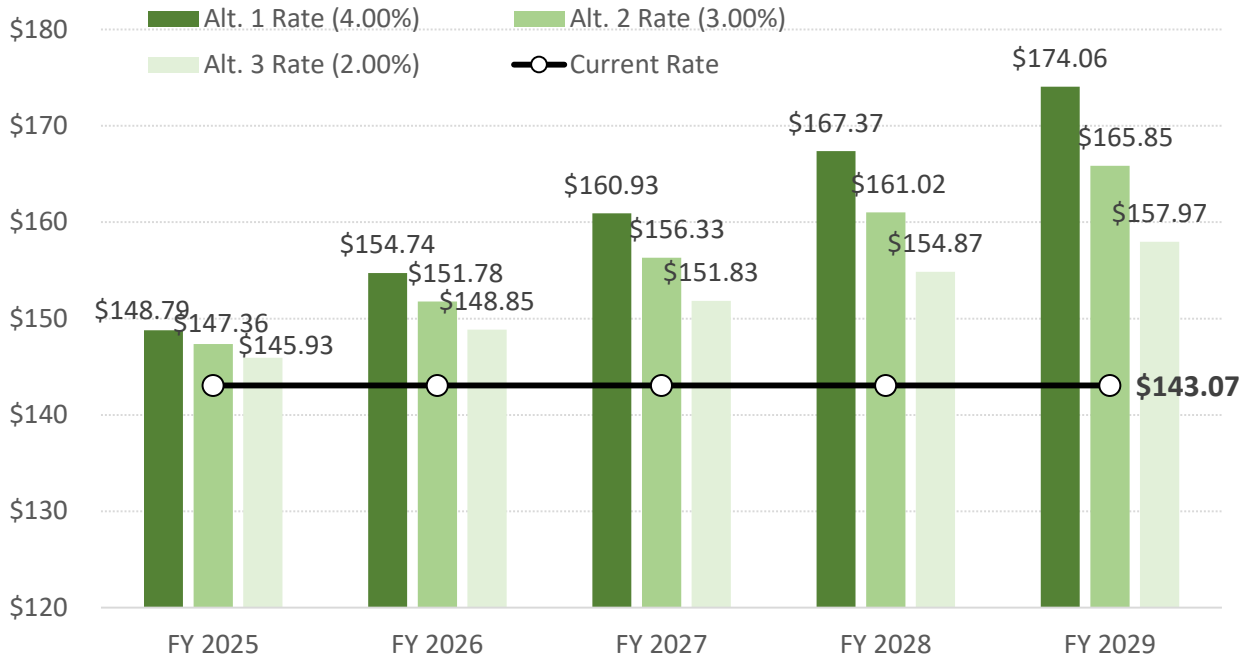
Table 11
Calculated Rates per EDU and Projected Annual Rate Revenues (Alternative 1)

Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<i>Annual Rates percentage increase 3.00%</i>						
Monthly Rate per EDU	\$143.07	\$147.36	\$151.78	\$156.33	\$161.02	\$165.85
Treatment Plant	\$91.07	\$98.74	\$99.37	\$106.09	\$108.21	\$117.83
Collection System	\$20.05	\$19.29	\$23.41	\$22.94	\$24.64	\$22.89
Debt Service	\$31.95	\$29.33	\$29.00	\$27.30	\$28.17	\$25.13
Number of EDUs	1,253.15	1,256.28	1,259	1,263	1,266	1,269
Est. New Rates Revenue	\$2,151,450	\$2,221,501	\$2,293,855	\$2,368,525	\$2,445,682	\$2,525,341
Revenue Requirement	\$2,034,970	\$2,159,280	\$2,251,545	\$2,467,616	\$2,463,334	\$2,851,182
Rates Rev. less Rev. Req't	\$116,479	\$62,221	\$42,310	(\$99,090)	(\$17,652)	(\$325,842)
Five-Year Total (2025-2029) Revenue Requirement						\$12,192,956
Five-Year Total (2025-2029) Rate Revenue						\$11,854,904

Source: HEC March 2024.

The calculated monthly fees per EDU over the next five years under the three rate alternatives are illustrated in **Figure 8**.

Figure 8
Projected Monthly Fees per EDU under Three Rate Alternatives



SECTION 5: CITY AND CUSTOMER IMPACTS

5.1 OPERATING FUND CASH FLOW PROJECTION

The projected operating fund cash flow, assuming the calculated fee revenues are collected under rate alternative 1, is presented in **Table 12**. This table shows two of the three financial criteria being met:

1. Maintaining a debt service coverage ratio of at least 1.25.
2. At least 9 months of operating expenses in reserve.

Table 12
Projected Operating Fund Cash Flow (Alternative 1)

Revenues and Expenses	FY 2024	FY 2025 1	FY 2026 2	FY 2027 3	FY 2028 4	FY 2029 5
Revenues						
Rate Revenue [1]	\$2,151,450	\$2,243,059	\$2,338,589	\$2,438,219	\$2,542,130	\$2,650,351
Inspection Fees	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Interest Income	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Rent	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Interest/Late Charges	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000
Total Revenues	\$2,197,450	\$2,289,059	\$2,384,589	\$2,484,219	\$2,588,130	\$2,696,351
Operating Expenses						
Treatment Plant	\$1,224,746	\$1,281,829	\$1,341,599	\$1,404,182	\$1,469,712	\$1,538,329
Collection System	\$275,467	\$288,622	\$302,409	\$316,860	\$332,005	\$347,880
Total Operating Expenses	\$1,500,213	\$1,570,451	\$1,644,008	\$1,721,042	\$1,801,717	\$1,886,209
Net Income	\$697,237	\$718,608	\$740,581	\$763,177	\$786,413	\$810,143
Debt Service	\$438,974	\$438,974	\$438,974	\$438,974	\$438,974	\$438,974
<i>Debt Service Coverage</i>	<i>1.59</i>	<i>1.64</i>	<i>1.69</i>	<i>1.74</i>	<i>1.79</i>	<i>1.85</i>
Net Operating Revenue	\$258,263	\$279,634	\$301,607	\$324,204	\$347,439	\$371,169
Beginning Operations Cash Balance	\$2,036,738	\$1,757,877	\$1,180,387	\$1,234,870	\$1,291,950	\$1,352,264
plus Net Operating Revenue	\$258,263	\$279,634	\$301,607	\$324,204	\$347,439	\$371,169
Ending Operations Cash (Unrestricted)	\$2,295,001	\$2,037,511	\$1,481,994	\$1,559,074	\$1,639,388	\$1,723,434
Transfer to Operating Reserve	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)
Transfer to Short-Lived Asset Reserve [2]	(\$37,124)	(\$37,124)	(\$37,124)	(\$37,124)	(\$37,124)	(\$37,124)
Transfer to Capital Reserve	(\$450,000)	(\$770,000)	(\$160,000)	(\$180,000)	(\$200,000)	(\$220,000)
Ending Balance Operations Cash	\$1,757,877	\$1,180,387	\$1,234,870	\$1,291,950	\$1,352,264	\$1,416,310
Months of Operating Expenses	14.06	9.02	9.01	9.01	9.01	9.01
Target Minimum Cash	\$1,125,160	\$1,177,839	\$1,233,006	\$1,290,781	\$1,351,288	\$1,414,656

Source: City of Colfax financial records and HEC, March 2024.

[1] Budgeted rate revenue for fiscal year 2024 is \$2,202,349. The rates model projects lower revenue for this year.

[2] Per the requirement of the USDA Letter of Conditions attached to the SRF loan.

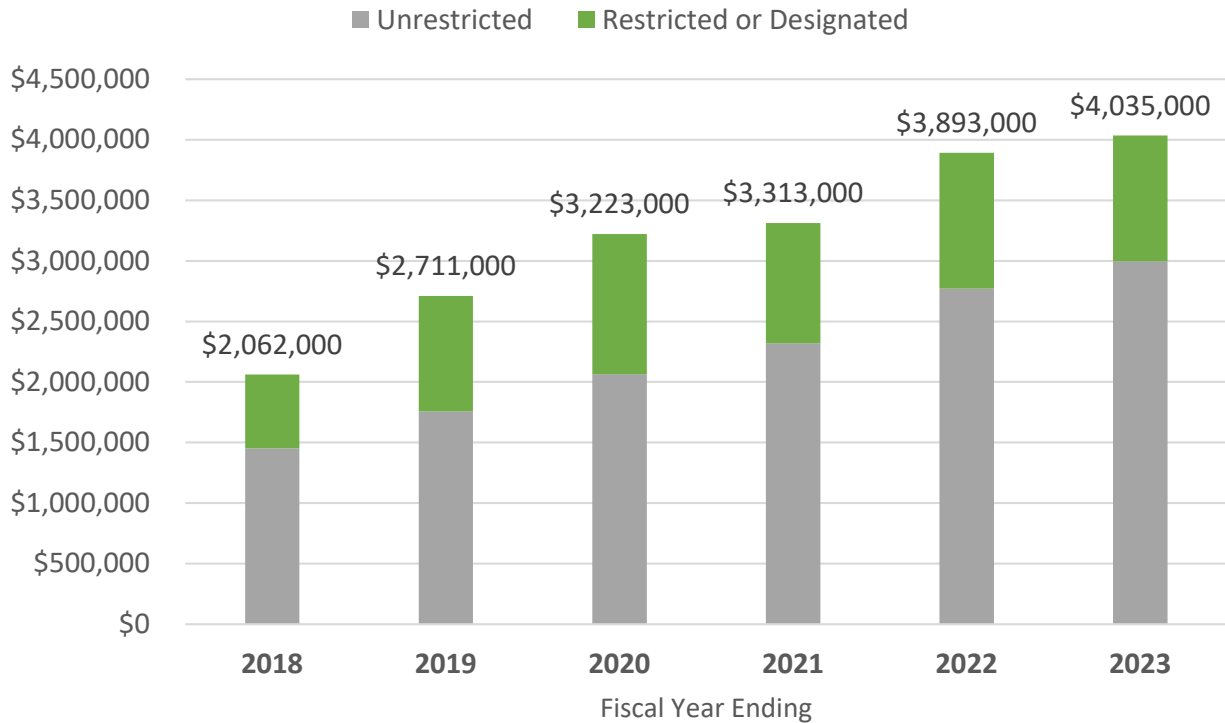
If rates are increased 4.00% each year, all operating costs and debt service are paid for; the remaining cash is kept in the operating fund to maintain at least 9 months of operating expenses. When cash exceeds what is necessary to maintain at least 9 months of operating expenses, it is transferred out to other unrestricted and designated funds that support capital expenditures of the wastewater fund.

Transfers include (a) \$37,124 each year to fund the short-lived assets of the system, per the City’s USDA Letter of Conditions attached to the SRF loan, (b) \$50,000 each year to an operating reserve that may be used for any purpose, such as emergency repairs, and (c) variable transfers each year to pay for the City’s CIP.

5.2 WASTEWATER FUND ENDING CASH BALANCES

Historical ending cash balances for the wastewater fund are provided in Appendix A **Table A-8** and are illustrated in **Figure 9**. The City has been accumulating cash in anticipation of capital expenditures to replace worn assets and upgrade facilities to meet current State regulations.

Figure 9
Historical Wastewater Fund Ending Cash Balance



The projected cash balances of the wastewater fund, including the operating fund, capital funds, and temporary funds set up for State grant-funded projects, are shown in **Table 13** for alternative 1.

Table 13
Projected Wastewater Fund Ending Cash Balance (Alternative 1)

Project Description	Total	FY 2024	FY 2025 1	FY 2026 2	FY 2027 3	FY 2028 4	FY 2029 5
Reserve Funds Available for Capital Projects / Reimbursement from Grants		\$1,559,340	\$1,387,759	\$608,982	\$2,299,814	\$2,825,985	\$2,884,178
Estimated Drawdowns [1]							
Consolidation Project (Planning)	\$5,820,000	\$0	\$2,037,000	\$2,037,000	\$1,746,000		
Consolidation Construction	\$0					\$0	\$0
Collection System I&I	\$5,225,633	\$1,567,690	\$3,657,943				
WWTP Algae Reduction Project	\$4,564,224	\$1,825,690	\$2,738,534				
Subtotal Estimated Drawdowns	\$15,609,857	\$3,393,380	\$8,433,478	\$2,037,000	\$1,746,000	\$0	\$0
Estimated Reimbursements							
Consolidation Project (Planning)	\$5,820,000	\$300,000	\$1,200,000	\$2,000,000	\$2,320,000		
Consolidation Construction	\$0					\$0	\$0
Collection System I&I	\$5,225,633	\$1,097,383	\$3,292,149	\$836,101			
WWTP Algae Reduction Project	\$4,564,224	\$1,277,983	\$2,464,681	\$821,560			
Subtotal Estimated Reimbursements	\$15,609,856	\$2,675,366	\$6,956,830	\$3,657,661	\$2,320,000	\$0	\$0
Cash from Rates & Connection Fees		\$546,433	\$697,870	\$70,171	(\$47,829)	\$58,193	(\$224,070)
Ending Reserves Balance		\$1,387,759	\$608,982	\$2,299,814	\$2,825,985	\$2,884,178	\$2,660,109

Source: HEC March 2024.

[1] Drawdowns based on percentage of project:

Consolidation Project (Planning)	100%		35%	35%	30%
Collection System I&I	100%	30%	70%		
WWTP Algae Reduction Project	0%	40%	60%		

Figure 10 illustrates the total ending cash balances with breakdown of operating reserves, debt service reserve, and all other reserves (which may be used for capital) under rate alternative 1. Detailed estimates of cash used for capital facilities and grant projects are provided in **Tables A-9 and A-10** in Appendix A.

The historical and projected wastewater fund ending cash balances are shown in **Figure 11** under rate Alternative 1.

Note, figures in Table 13 and figures 10 and 11 may not match exactly due to rounding to thousands of dollars.

Figure 10
Projected Wastewater Fund Ending Cash Balance

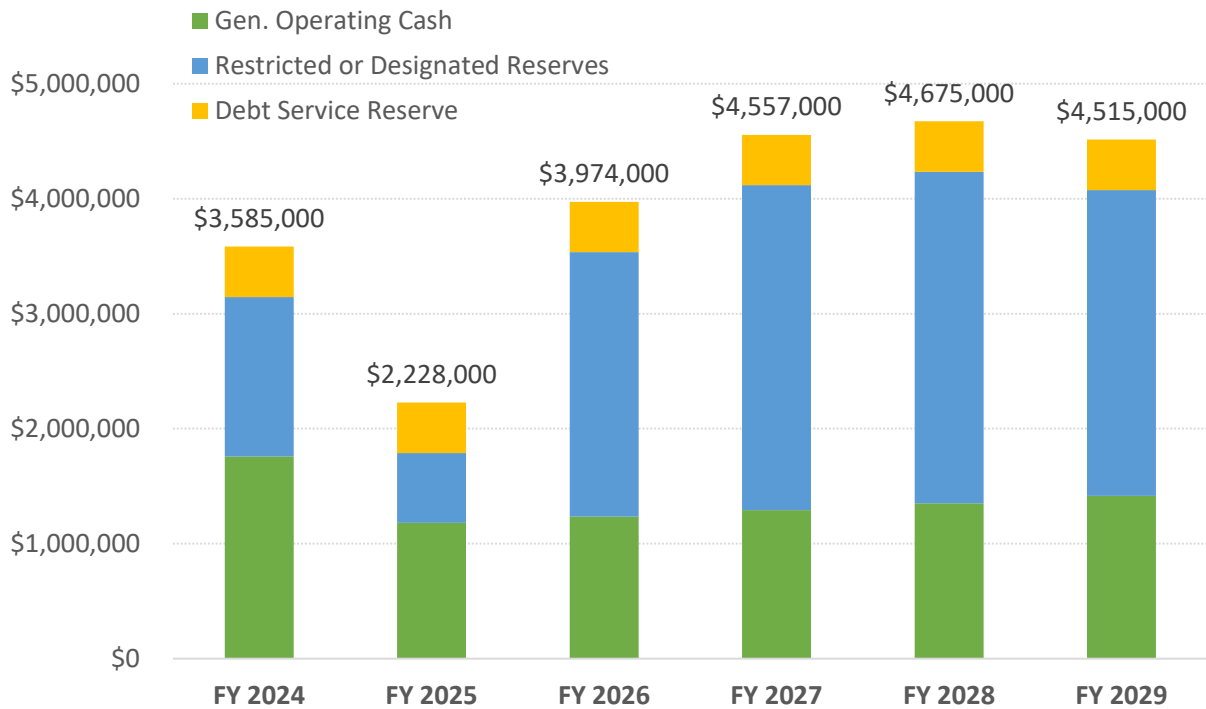
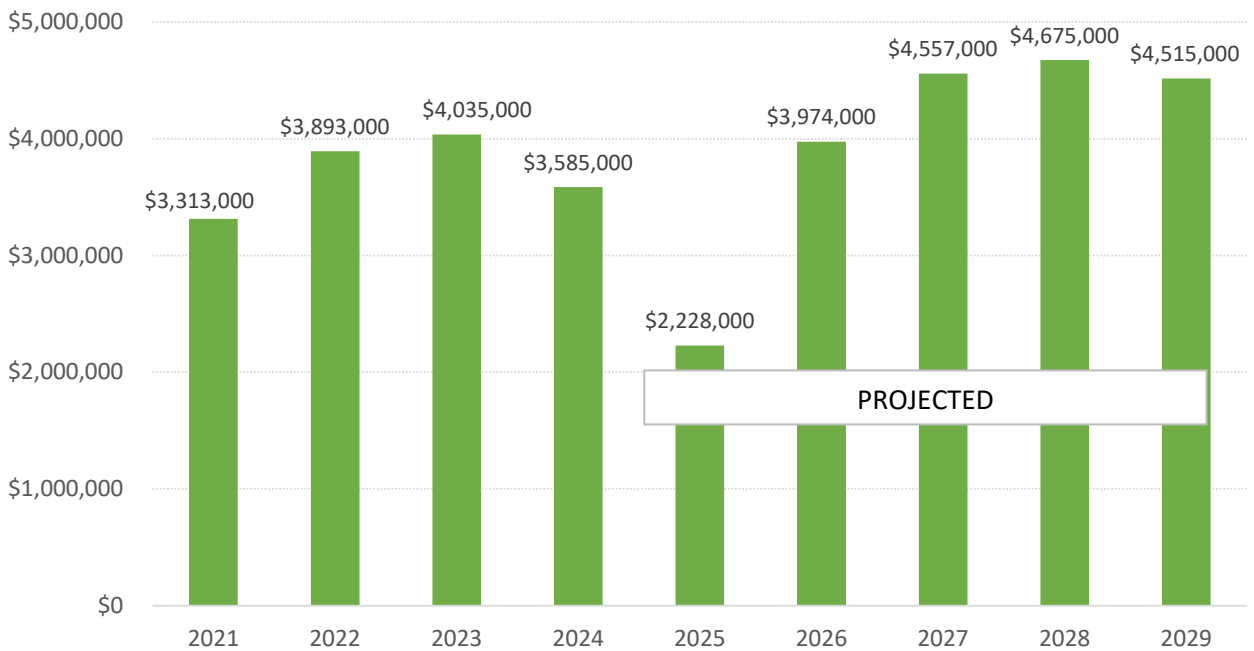


Figure 11
Historical and Projected Wastewater Fund Ending Cash Balance



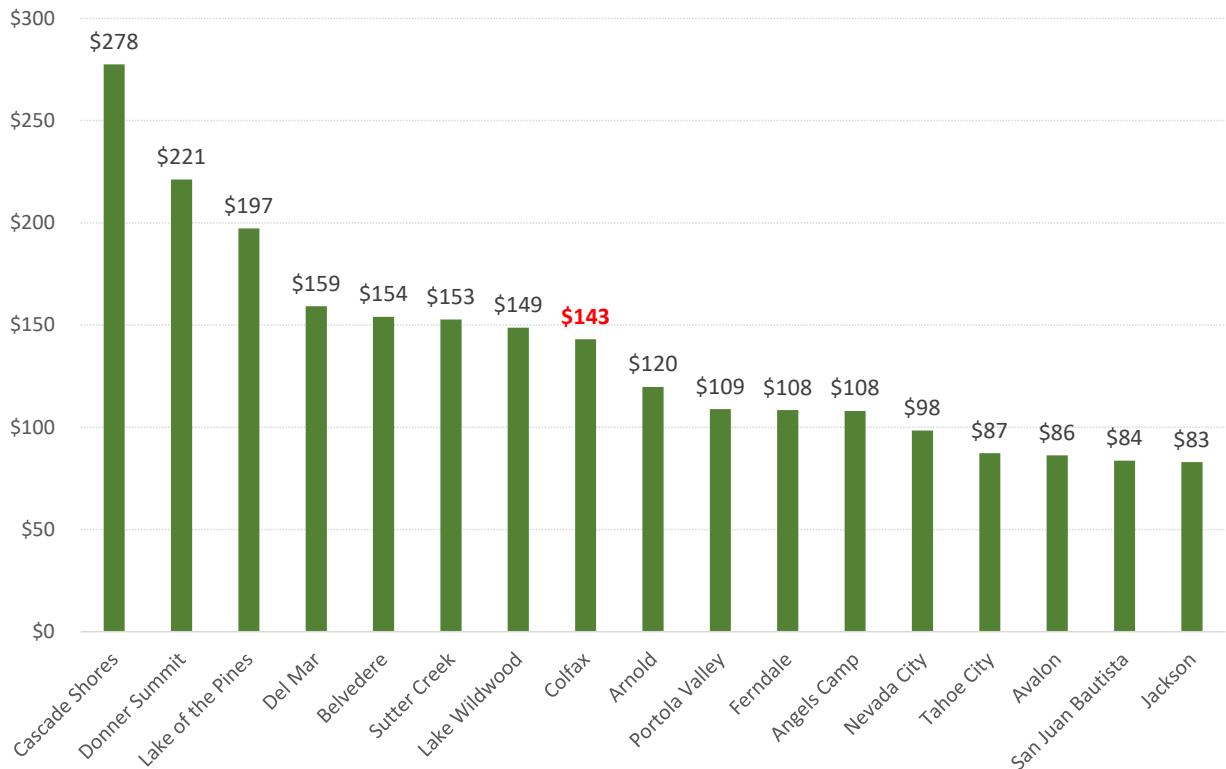
5.3 RESIDENTIAL BILL IMPACTS

Figure 12 compares the City’s wastewater bill for a single-family home with that of regional communities, and other cities of similar population size.

Regional communities include Cascade Shores, Lake of the Pines, and Lake Wildwood, which have sanitation systems run by Nevada County, and Donner Summit. Cities with similar population range from 1,370 people (Ferndale) to 4,240 (Portola Valley – which is in the Bay Area). The City of Colfax has a population of approximately 2,020.

Rates are lower than in neighboring communities (Lake Wildwood, Lake of the Pines, and Cascade Shores), but are higher than many other California cities of comparable size. With the calculated rate increase for fiscal year 2025 under any of the 3 rate alternatives, Colfax’s single family home wastewater bill would remain in the mid to high range of the comparison communities shown.

**Figure 12
Residential Regional Bill Comparison**



APPENDIX A

SUPPORTING TABLES FOR CITY OF COLFAX WASTEWATER RATE STUDY

Table A-1
City of Colfax Wastewater Rate Study
Historical Population and Housing Units

Jan. 1	Population	Housing Units
2010	1,963	929
2011	1,984	929
2012	2,013	929
2013	2,058	928
2014	2,070	927
2015	2,069	926
2016	2,097	926
2017	2,113	926
2018	2,131	926
2019	2,139	926
2020	2,001	921
2021	2,005	927
2022	2,038	955
2023	2,016	963
Change	53	34
Avg. % Change	0.21%	0.28%

Source: California Department of Finance.

Table A-2
City of Colfax Wastewater Rate Study
Historical Annual Changes in Operating Costs

Operating Cost	Fiscal Year Ending					2019 - 2023 Change	Avg. Annual % Change
	2019	2020	2021	2022	2023		
Personnel	\$528,685	\$619,320	\$514,122	\$590,667	\$637,407	\$108,722	4.8%
Supplies & Equipment	\$172,018	\$178,544	\$133,777	\$225,127	\$320,355	\$148,338	16.8%
Communications	\$11,685	\$10,499	\$11,423	\$15,321	\$13,622	\$1,937	3.9%
Contract Services	\$87,589	\$66,415	\$215,750	\$78,334	\$172,539	\$84,949	18.5%
Resource Development	\$1,035	\$910	\$2,701	\$10,466	\$4,983	\$3,948	48.1%
Occupancy	\$158,639	\$152,020	\$178,091	\$181,766	\$189,213	\$30,574	4.5%
Miscellaneous	\$121,464	\$155,613	\$138,247	\$147,215	\$146,356	\$24,892	4.8%
Total Operating Costs	\$1,081,115	\$1,183,321	\$1,194,112	\$1,248,897	\$1,484,475	\$403,361	8.2%
San Francisco Engineering News Record Construction Cost Index (2018-2023)							5.0%
West Region Consumer Price Index (2018-2023)							4.2%

Source: City financial records, Bureau of Labor Statistics, and the Engineering News Record.

Table A-3
City of Colfax Wastewater Rate Study
Fund #560 - Operating Fund Historical Revenues and Expenses

Treatment Plant

Revenues and Expenditures Number Description	Fiscal Year Ending Actuals					Budget
	2019	2020	2021	2022	2023	2023-2024
REVENUES						
4660 Sewer Service Charges	\$1,154,885	\$1,195,763	\$1,213,220	\$1,276,877	\$1,332,447	\$1,372,768
4800 Rent	\$2,900	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
4900 Miscellaneous Revenue	\$0	\$227	\$0	\$0	\$0	\$0
4980 Interest Income	\$52,167	\$53,305	\$15,709	\$12,245	\$72,437	\$10,000
4982 Interest/Late Charges	\$16,399	\$24,032	\$19,451	\$19,384	\$23,557	\$18,000
TOTAL REVENUE	\$1,226,351	\$1,276,327	\$1,251,379	\$1,311,506	\$1,431,441	\$1,403,768
EXPENDITURES						
Personnel						
5010 Salaries and Wages	\$247,711	\$321,562	\$247,124	\$295,509	\$308,805	\$385,205
5030 Overtime	\$1,973	\$2,787	\$4,287	\$2,699	\$0	\$4,000
5040 Salary - Call back/Standby	\$11,183	\$15,672	\$15,545	\$18,621	\$19,472	\$0
5110 Social Security Taxes	\$19,400	\$24,807	\$20,407	\$23,408	\$25,254	\$29,468
5115 Unemployment and Training Tax	\$1,681	\$2,245	\$2,058	\$1,715	\$2,494	\$2,265
5120 Worker's Compensation	\$24,016	\$18,531	\$26,535	\$29,724	\$23,927	\$30,197
5130 Health & Life Insurance	\$53,791	\$56,227	\$44,178	\$50,760	\$64,015	\$53,940
5150 Uniform & Shoe Allowances	\$3,296	\$4,022	\$2,758	\$2,648	\$3,046	\$3,500
5160 Retirement	\$21,527	\$28,664	\$26,031	\$29,152	\$30,794	\$28,571
5175 Temporary	\$14,132	\$0	\$2,291	\$2,074	\$0	\$0
Subtotal Personnel	\$398,710	\$474,517	\$391,214	\$456,310	\$477,805	\$537,146
Supplies & Equipment						
5201 Materials and Supplies	\$8,877	\$26,110	\$13,644	\$27,819	\$27,440	\$40,000
5220 Copy Machine	\$2,587	\$1,928	\$1,451	\$1,557	\$1,641	\$3,000
5300 Equipment Repairs and Maintenance	\$50,578	\$23,284	\$17,448	\$58,423	\$43,139	\$60,000
5320 Vehicle Repairs and Maintenance	\$618	\$1,287	\$1,246	\$2,533	\$3,544	\$1,500
5325 Gas & Oil	\$4,041	\$8,102	\$4,564	\$13,614	\$9,258	\$1,500
5340 Chemicals	\$99,656	\$98,613	\$65,365	\$90,176	\$198,927	\$121,000
5350 Tools Rental	\$170	\$0	\$0	\$1,863	\$5,176	\$2,000
Subtotal Supplies & Equipment	\$166,527	\$159,325	\$103,718	\$195,985	\$289,125	\$229,000
Communications						
5410 Postage	\$1,247	\$1,275	\$1,669	\$1,290	\$1,784	\$1,500
5420 Telephone/Internet	\$2,786	\$3,436	\$3,721	\$3,562	\$4,137	\$3,800
5425 Cell phone and pagers	\$3,710	\$3,844	\$3,564	\$3,845	\$3,889	\$3,800
5440 Printing and Advertising	\$1,464	\$214	\$395	\$4,894	\$1,699	\$1,000
Subtotal Communications	\$9,207	\$8,770	\$9,349	\$13,592	\$11,509	\$10,100
Contract Services						
5540 City Engineering Services	\$11,428	\$4,840	\$3,230	\$0	\$25,935	\$5,000
5560 Software Maintenance Contracts	\$1,626	\$1,707	\$1,951	\$1,882	\$11,215	\$3,500
5570 Planning Services	\$0	\$0	\$105	\$0	\$0	\$0
5650 Auditors	\$10,673	\$10,575	\$12,700	\$10,810	\$11,085	\$15,000
5660 Professional Services	\$42,774	\$30,708	\$157,203	\$51,490	\$83,949	\$57,500
5665 Legal Fees	\$864	\$2,987	\$1,496	\$1,081	\$8,599	\$5,500
Subtotal Contract Services	\$67,364	\$50,817	\$176,686	\$65,263	\$140,782	\$86,500
Resource Development						
5810 Membership and Dues	\$912	\$768	\$643	\$4,075	\$3,909	\$3,500
5815 Conferences and Meetings	\$0	\$0	\$0	\$0	\$0	\$500
5820 Education & Training	\$123	\$142	\$2,058	\$6,391	\$1,074	\$2,500
5830 Travel and Mileage	\$0	\$0	\$0	\$0	\$0	\$500
Subtotal Resource Development	\$1,035	\$910	\$2,701	\$10,466	\$4,983	\$7,000
Occupancy						
6120 Utilities	\$136,458	\$135,928	\$158,393	\$149,476	\$157,031	\$185,000
6140 Repairs & Maintenance	\$2,966	\$272	\$141	\$3,460	\$4,679	\$5,000
6160 Security	\$0	\$0	\$0	\$3,392	\$1,283	\$3,500
Subtotal Occupancy	\$139,424	\$136,200	\$158,534	\$156,328	\$162,993	\$193,500
Miscellaneous						
8250 Miscellaneous	\$0	\$0	\$952	\$607	\$3,000	\$1,000
8270 Medical Expenses	\$0	\$478	\$90	\$0	\$219	\$1,000
8280 Sludge Removal	\$4,702	\$8,934	\$9,763	\$15,134	\$14,785	\$10,000
8300 Payments to Other Agencies	\$25,332	\$55,521	\$23,168	\$24,291	\$27,366	\$25,000
8400 Bonds and Insurance	\$26,938	\$26,495	\$35,117	\$36,356	\$38,776	\$45,000
8525 Testing and Monitoring	\$40,592	\$39,220	\$39,827	\$35,134	\$32,432	\$40,000
8530 Bacteria and Lab Test Supplies	\$9,203	\$7,974	\$5,982	\$4,226	\$3,201	\$35,000
8532 Acute and Chronic Testing	\$0	\$325	\$4,350	\$10,890	\$4,720	\$4,500
Subtotal Miscellaneous	\$106,766	\$138,947	\$119,249	\$126,639	\$124,499	\$161,500
TOTAL EXPENDITURES	\$889,033	\$969,486	\$961,451	\$1,024,583	\$1,211,696	\$1,224,746
NET INCOME FUND 560	\$337,318	\$306,841	\$289,928	\$286,923	\$219,745	\$179,022

Source: City of Colfax financial records, November 2023.

Table A-4
City of Colfax Wastewater Rate Study
Fund #561 - Operating Fund Historical Revenues and Expenses

Collection Systems/Lift Stations

Revenues and Expenditures		Fiscal Year Ending Actuals					Budget 2023-2024
		2019	2020	2021	2022	2023	
Number	Description						
REVENUES							
4680	Lift Charges/Collection System	\$181,181	\$187,693	\$190,042	\$199,716	\$208,762	\$212,016
4672	Inspection Fees	\$10,328	\$8,140	\$9,768	\$12,210	\$10,582	\$10,000
	TOTAL REVENUE	\$191,509	\$195,833	\$199,810	\$211,926	\$219,344	\$222,016
EXPENDITURES							
Personnel							
5010	Salaries and Wages	\$78,062	\$97,189	\$77,784	\$86,484	\$105,560	\$128,233
5030	Overtime	\$122	\$1,074	\$354	\$0	\$0	\$0
5040	Salary - Call Back	\$10,757	\$5,097	\$5,051	\$5,859	\$6,196	\$0
5110	Social Security Taxes	\$6,752	\$7,652	\$6,387	\$6,992	\$8,410	\$9,810
5115	Unemployment & Training Tax	\$758	\$888	\$794	\$745	\$1,017	\$754
5120	Worker's Compensation	\$7,770	\$5,910	\$8,304	\$9,984	\$7,991	\$10,052
5130	Health & Life Insurance	\$18,351	\$18,707	\$14,979	\$15,015	\$21,698	\$19,050
5150	Uniform & Shoe Allowance	\$1,012	\$1,200	\$738	\$870	\$1,284	\$1,200
5160	Retirement	\$5,655	\$7,085	\$6,226	\$6,525	\$7,445	\$9,168
5175	Temporary Services	\$738	\$0	\$2,291	\$1,884	\$0	\$0
	Subtotal Personnel	\$129,975	\$144,803	\$122,908	\$134,357	\$159,602	\$178,267
Supplies & Equipment							
5201	Materials and Supplies	\$846	\$2,063	\$2,196	\$571	\$2,587	\$3,000
5220	Copy Machine	\$577	\$528	\$482	\$518	\$545	\$600
5300	Equipment Repairs & Maintenance	\$693	\$9,300	\$24,886	\$23,175	\$18,959	\$11,000
5320	Vehicle Repairs & Maintenance	\$550	\$895	\$173	\$207	\$326	\$1,000
5325	Gas & Oil	\$2,824	\$6,434	\$2,322	\$4,671	\$4,498	\$8,000
5350	Tools Rental	\$0	\$0	\$0	\$0	\$4,316	\$1,500
	Subtotal Supplies & Equipment	\$5,490	\$19,220	\$30,058	\$29,142	\$31,231	\$25,100
Communications							
5410	Postage	\$717	\$666	\$863	\$678	\$870	\$1,000
5425	Cell Phones and Pagers	\$1,019	\$1,064	\$1,011	\$1,051	\$1,243	\$1,100
5440	Printing and Advertising	\$743	\$0	\$200	\$0	\$0	\$500
	Subtotal Communications	\$2,478	\$1,729	\$2,074	\$1,729	\$2,113	\$2,600
Contract Services							
5540	City Engineers	\$5,535	\$185	\$2,960	\$0	\$16,388	\$5,000
5560	Software Maintenance Contract	\$697	\$732	\$768	\$807	\$847	\$2,000
5660	Professional Services	\$13,994	\$14,681	\$35,276	\$11,504	\$13,689	\$13,000
5820	Education and Training	\$0	\$0	\$61	\$760	\$833	\$0
5830	Travel and Mileage Reimbursement	\$0	\$0	\$0	\$0	\$0	\$500
	Subtotal Contract Services	\$20,225	\$15,598	\$39,065	\$13,071	\$31,756	\$20,500
Occupancy							
6120	Utilities	\$18,550	\$15,043	\$16,732	\$24,003	\$25,471	\$23,000
6125	Water	\$497	\$441	\$483	\$529	\$513	\$500
6140	Building Repairs and Maintenance	\$168	\$336	\$564	\$504	\$236	\$500
6160	Security	\$0	\$0	\$1,778	\$402	\$0	\$1,000
	Subtotal Occupancy	\$19,215	\$15,820	\$19,557	\$25,438	\$26,220	\$25,000
Miscellaneous							
8250	Miscellaneous	\$0	\$0	\$154	\$0	\$0	\$0
8300	Payments to Other Agencies	\$3,521	\$4,277	\$4,500	\$5,110	\$5,362	\$5,500
8400	Bonds and Insurance	\$11,177	\$10,823	\$14,345	\$15,466	\$16,496	\$18,500
8525	Testing and Monitoring	\$0	\$1,566	\$0	\$0	\$0	\$0
	Subtotal Miscellaneous	\$14,698	\$16,666	\$18,998	\$20,576	\$21,858	\$24,000
	TOTAL EXPENDITURES	\$192,082	\$213,836	\$232,660	\$224,314	\$272,780	\$275,467
	NET INCOME FUND 561	(\$573)	(\$18,003)	(\$32,850)	(\$12,388)	(\$53,436)	(\$53,451)

Source: City of Colfax financial records, November 2023.

Table A-5
City of Colfax Wastewater Rate Study
Fund #563 - Operating Fund Historical Revenues and Expenses

WWTP Debt Service

Revenues and Expenditures Number Description		Fiscal Year Ending Actuals					Budget
		2019	2020	2021	2022	2023	2023-2024
REVENUES							
4662	Debt Service Charges	\$519,497	\$537,894	\$546,350	\$574,237	\$599,436	\$617,565
4940	Sale of Property	\$0	\$0	\$0	\$58,000	\$0	\$0
4982	Interest/Late Charges	\$6,540	\$8,995	\$7,884	\$7,683	\$8,823	\$5,000
	TOTAL REVENUE	\$526,037	\$546,889	\$554,234	\$639,920	\$608,259	\$622,565
EXPENDITURES							
8710	Interest Expense	\$80,403	\$76,817	\$73,195	\$69,538	\$65,843	\$79,500
8250	Miscellaneous	\$360	\$0	\$430	\$0	\$0	\$0
	TOTAL EXPENDITURES [1]	\$80,763	\$76,817	\$73,625	\$69,538	\$65,843	\$79,500
	NET INCOME FUND 563	\$445,274	\$470,072	\$480,609	\$570,383	\$542,415	\$543,065

Source: City of Colfax financial records, November 2023.

Table A-6
City of Colfax Wastewater Rate Study
Summary of CIP Estimated Costs in Inflated Dollars

Description	Total	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
	inflation assumption --->	4.0%	4.0%	4.0%	4.0%	4.0%
Treatment Plant						
SCADA tie in of chemical feed systems	\$15,600	\$0	\$0	\$15,600	\$0	\$0
3 New Blowers and VFDs	\$208,000	\$0	\$0	\$104,000	\$104,000	\$0
Filter rehabilitation	\$104,000	\$0	\$0	\$104,000	\$0	\$0
All Control Systems connected to SCADA	\$156,000	\$0	\$78,000	\$78,000	\$0	\$0
Facility Electrical rehabilitation	\$156,000	\$0	\$0	\$0	\$0	\$156,000
Fork Lift	\$62,400	\$0	\$62,400	\$0	\$0	\$0
Boom truck	\$78,000	\$0	\$0	\$0	\$78,000	\$0
Service (Tool) truck with crane	\$104,000	\$104,000	\$0	\$0	\$0	\$0
Combination sewer truck	\$364,000	\$0	\$0	\$0	\$0	\$364,000
Service contract - Trojan Uv	\$9,081	\$9,081	\$0	\$0	\$0	\$0
Service contract - Generators	\$11,014	\$11,014	\$0	\$0	\$0	\$0
Service contract - Server & PLC maintenance	\$15,600	\$15,600	\$0	\$0	\$0	\$0
Service contract - SSMP	\$4,160	\$4,160	\$0	\$0	\$0	\$0
Gantry crane purchase	\$0	\$0	\$0	\$0	\$0	\$0
UV Modules Maintenance (60)	\$44,325	\$0	\$22,162	\$0	\$22,162	\$0
Ponds						
Pond 3 service road repair	\$52,000	\$52,000	\$0	\$0	\$0	\$0
Pond #2 dredging	\$12,480	\$0	\$0	\$0	\$12,480	\$0
Lift Station 1						
Replacement pump	\$36,400	\$0	\$0	\$36,400	\$0	\$0
Panelview HM	\$15,600	\$0	\$0	\$15,600	\$0	\$0
Lift Station 2						
Replacement pump	\$36,400	\$0	\$36,400	\$0	\$0	\$0
Panelview HM	\$15,600	\$0	\$15,600	\$0	\$0	\$0
Lift Station 3						
Replacement pump	\$36,400	\$0	\$0	\$0	\$36,400	\$0
Panelview HM	\$15,600	\$0	\$0	\$0	\$15,600	\$0
Lift Station 4						
Replacement pump	\$36,400	\$0	\$0	\$0	\$0	\$36,400
Panelview HM	\$15,600	\$0	\$0	\$0	\$0	\$15,600
Total Wastewater Treatment Plant Improvements	\$1,604,660	\$195,855	\$214,562	\$353,600	\$268,642	\$572,000

Source: City of Colfax February 2024.

Table A-7
City of Colfax Wastewater Rate Study
Summary of CIP Estimated Costs in 2023 Dollars

Description	Total	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Treatment Plant						
SCADA tie in of chemical feed systems	\$15,000	\$0	\$0	\$15,000	\$0	\$0
3 New Blowers and VFDs	\$200,000	\$0	\$0	\$100,000	\$100,000	\$0
Filter rehabilitation	\$100,000	\$0	\$0	\$100,000	\$0	\$0
All Control Systems connected to SCADA	\$150,000	\$0	\$75,000	\$75,000	\$0	\$0
Facility Electrical rehabilitation	\$150,000	\$0	\$0	\$0	\$0	\$150,000
Fork Lift	\$60,000	\$0	\$60,000	\$0	\$0	\$0
Boom truck	\$75,000	\$0	\$0	\$0	\$75,000	\$0
Service (Tool) truck with crane	\$100,000	\$100,000	\$0	\$0	\$0	\$0
Combination sewer truck	\$350,000	\$0	\$0	\$0	\$0	\$350,000
Service contract - Trojan Uv	\$8,732	\$8,732	\$0	\$0	\$0	\$0
Service contract - Generators	\$10,590	\$10,590	\$0	\$0	\$0	\$0
Service contract - Server & PLC maintenance	\$15,000	\$15,000	\$0	\$0	\$0	\$0
Service contract - SSMP	\$4,000	\$4,000	\$0	\$0	\$0	\$0
Gantry crane purchase	\$0	\$0	\$0	\$0	\$0	\$0
UV Modules Maintenance (60)	\$42,620	\$0	\$21,310	\$0	\$21,310	\$0
Ponds						
Pond 3 service road repair	\$50,000	\$50,000	\$0	\$0	\$0	\$0
Pond #2 dredging	\$12,000	\$0	\$0	\$0	\$12,000	\$0
Lift Station 1						
Replacement pump	\$35,000	\$0	\$0	\$35,000	\$0	\$0
Panelview HM	\$15,000	\$0	\$0	\$15,000	\$0	\$0
Lift Station 2						
Replacement pump	\$35,000	\$0	\$35,000	\$0	\$0	\$0
Panelview HM	\$15,000	\$0	\$15,000	\$0	\$0	\$0
Lift Station 3						
Replacement pump	\$35,000	\$0	\$0	\$0	\$35,000	\$0
Panelview HM	\$15,000	\$0	\$0	\$0	\$15,000	\$0
Lift Station 4						
Replacement pump	\$35,000	\$0	\$0	\$0	\$0	\$35,000
Panelview HM	\$15,000	\$0	\$0	\$0	\$0	\$15,000
Total Wastewater Treatment Plant Improvements	\$1,542,942	\$188,322	\$206,310	\$340,000	\$258,310	\$550,000

Source: City of Colfax February 2024.

Table A-8
City of Colfax Wastewater Rate Study
Historical Wastewater Fund Ending Cash Balances

Cash Category	Fiscal Year Ending, June 30th				
	2019	2020	2021	2022	2023
Restricted Cash					
Debt Service Reserve	\$438,974	\$438,974	\$438,974	\$438,974	\$438,974
Pond 3 Fissure Resource Proceeds	\$292,194	\$231,945	\$0	\$0	\$0
Capital Improvements *	\$55,892	\$282,031	\$351,119	\$443,018	\$321,775
Replacement Short-Lived Assets *	\$167,565	\$205,065	\$202,565	\$240,065	\$277,565
Restricted Cash	\$954,625	\$1,158,015	\$992,658	\$1,122,057	\$1,038,314
Unrestricted Cash	\$1,756,045	\$2,064,508	\$2,320,407	\$2,770,481	\$2,996,738
Total Cash Balance	\$2,710,670	\$3,222,523	\$3,313,065	\$3,892,538	\$4,035,052
Change in Cash Balance	\$649,116	\$511,853	\$90,542	\$579,473	\$142,514

Source: City of Colfax audited financials.

* Designated by the City for capital projects; not restricted by third parties.

Table A-9
City of Colfax Wastewater Rate Study
Reserves Available for Capital Projects Excl. Grant Projects (Alternative 1)

Reserve Fund	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
		1	2	3	4	5
Operating Reserve (Unrestricted)						
Beginning Balance	\$460,000	\$510,000	\$560,000	\$610,000	\$660,000	\$710,000
Transfer from Operating Fund	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Ending Balance a	\$510,000	\$560,000	\$610,000	\$660,000	\$710,000	\$760,000
Capital Reserve (Unrestricted)						
Beginning Balance	\$500,000	\$923,690	\$1,497,835	\$1,443,273	\$1,269,673	\$1,201,030
less Capital Projects	(\$26,310)	(\$195,855)	(\$214,562)	(\$353,600)	(\$268,642)	(\$572,000)
Transfer from Operating Fund	\$450,000	\$770,000	\$160,000	\$180,000	\$200,000	\$220,000
Ending Balance b	\$923,690	\$1,497,835	\$1,443,273	\$1,269,673	\$1,201,030	\$849,030
Capital Improvements (Designated)						
Beginning Balance	\$321,775	\$357,394	\$393,995	\$431,605	\$470,252	\$509,964
Connection Fees	\$35,619	\$36,601	\$37,610	\$38,647	\$39,712	\$40,806
Ending Balance c	\$357,394	\$393,995	\$431,605	\$470,252	\$509,964	\$550,770
Replacement Short-Lived Assets (Designated)						
Beginning Balance	\$277,565	\$314,689	\$351,813	\$388,937	\$426,061	\$463,185
Transfer from Operating Fund	\$37,124	\$37,124	\$37,124	\$37,124	\$37,124	\$37,124
Ending Balance d	\$314,689	\$351,813	\$388,937	\$426,061	\$463,185	\$500,309
Reserve Funds Available for Capital Projects / Grant Reimbursement e = a+b+c	\$2,105,773	\$2,803,644	\$2,873,815	\$2,825,986	\$2,884,179	\$2,660,109
Debt Service Reserve (Restricted) [1]	\$438,974	\$438,974	\$438,974	\$438,974	\$438,974	\$438,974

Source: City of Colfax financial records and HEC, March 2024.

[1] Fully funded per requirement of the SRF loan.

Table A-10
City of Colfax Wastewater Rate Study
Estimated Designated & Restricted Funds Balances with Grant Projects (Alternative 1)

Project Description	Total	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
			1	2	3	4	5
Reserve Funds Available for Capital Projects / Reimbursement from Grants		\$1,559,340	\$1,387,759	\$608,982	\$2,299,814	\$2,825,985	\$2,884,178
Estimated Drawdowns [1]							
Consolidation Project (Planning)	\$5,820,000	\$0	\$2,037,000	\$2,037,000	\$1,746,000		
Consolidation Construction	\$0					\$0	\$0
Collection System I&I	\$5,225,633	\$1,567,690	\$3,657,943				
WWTP Algae Reduction Project	\$4,564,224	\$1,825,690	\$2,738,534				
Subtotal Estimated Drawdowns	\$15,609,857	\$3,393,380	\$8,433,478	\$2,037,000	\$1,746,000	\$0	\$0
Estimated Reimbursements							
Consolidation Project (Planning)	\$5,820,000	\$300,000	\$1,200,000	\$2,000,000	\$2,320,000		
Consolidation Construction	\$0					\$0	\$0
Collection System I&I	\$5,225,633	\$1,097,383	\$3,292,149	\$836,101			
WWTP Algae Reduction Project	\$4,564,224	\$1,277,983	\$2,464,681	\$821,560			
Subtotal Estimated Reimbursements	\$15,609,856	\$2,675,366	\$6,956,830	\$3,657,661	\$2,320,000	\$0	\$0
Cash from Rates & Connection Fees		\$546,433	\$697,870	\$70,171	(\$47,829)	\$58,193	(\$224,070)
Ending Reserves Balance		\$1,387,759	\$608,982	\$2,299,814	\$2,825,985	\$2,884,178	\$2,660,109

Source: HEC March 2024.

[1] Drawdowns based on percentage of project:

Consolidation Project (Planning)		35%	35%	30%
Collection System I&I	30%	70%		
WWTP Algae Reduction Project	40%	60%		

APPENDIX B

CITY OF COLFAX RESOLUTION 26-2024 ADOPTING NEW WASTEWATER RATES

City of Colfax

City Council

Resolution № 26-2024

ADOPTING THE CITY OF COLFAX WASTEWATER RATE STUDY AND ESTABLISHING
SEWER SERVICE CHARGES FOR FISCAL YEARS 2024/2025, 2025/2026, 2026/2027, 2027/2028,
2028/2029

WHEREAS, the rates required to be charged to each user of City sewer service for City capital and operating and maintenance purposes in order to raise sufficient revenue for the City to provide sewer service will be referred to herein as the City's Sewer Service Charges; and,

WHEREAS, the City prepared and filed with the City Clerk a written report containing a description of each and every parcel of real property receiving sewer service from the City and the amount or rate of the City's Sewer Service Charges for each City customer for the forthcoming fiscal years; and,

WHEREAS, the City Clerk has duly and timely given notice of filing of said written report and the City's intention to collect said Sewer Service Charges and of the time and place of hearing thereon; and,

WHEREAS, on May 22, 2024, after due and proper notice was given, the City Council conducted a public hearing at which it heard all oral comments in favor of and in opposition to, and received and tallied all written protests in opposition to the City's proposed Sewer Service Charges for City Fiscal Years 2024/2025 through 2028/2029, inclusive; and

WHEREAS, the City received only 72 written protests in opposition to the City's proposed Sewer Service Charges for City Fiscal Years 2024/2025 through 2028/2029, inclusive, which number did not constitute a majority of the City's customers eligible to submit written protests; and

WHEREAS, the City Council hereby makes the following findings and determinations pursuant to the California Environmental Quality Act, Public Resources Code §21000 et seq ("CEQA") and the Guidelines for Implementation of the California Environmental Quality Act published by the State of California Office of Planning and Research ("CEQA Guideline"):

1. Adopting this Resolution and the City's Sewer Service Charges does not constitute a "Project" as that term is defined by or use in CEQA, the CEQA Guidelines or any court or attorney general opinion construing the same, that the provisions of CEQA and the CEQA Guidelines are not applicable.

2. Adopting this Resolution and the City's Sewer Service Charges is covered, if at all, by Public Resources Code §21080(b)(8) and Section 15273 of the CEQA Guidelines which provide that CEQA does not apply to the establishment, modification, structuring, restructuring or approval of rates, tolls, fares or other charges by public agencies which the public agency finds are for the purpose (1) meeting operating expenses, including employee wage rates and fringe benefits, (2) purchasing or leasing supplies, equipment or materials, (3) meeting

financial reserve needs and requirements, or (4) obtaining funds for capital projects necessary to maintain service within existing service areas. Adopting this Resolution and the City's Sewer Service Charges is for the purpose (1) meeting operating expenses, including employee wage rates and fringe benefits, (2) purchasing or leasing supplies, equipment or materials, (3) meeting financial reserve needs and requirements, or (4) obtaining funds for capital projects necessary to maintain service within existing service areas.

3. Adopting this Resolution and the Sewer Service Charges fall within the "common sense" CEQA exemption provided in 14 CCR 15061(b)(3) in that CEQA applies only to projects which have the potential for causing a significant effect on the environment and, where it can be seen with certainty that there is no possibility that the action may have a significant effect on the environment, the action is not subject to CEQA. In this case, it can be seen with certainty that that there is no possibility that the proposed rate adjustment may have a significant effect on the environment.

NOW, THEREFORE BE IT RESOLVED AND THE CITY COUNCIL OF THE CITY OF COLFAX HEREBY FINDS, DETERMINES AND RESOLVES:

1. The City has adopted an approved revenue program as the basis for instituting the Sewer Service Charges to finance operation and maintenance costs, including replacement and certain capital costs as necessary to operate, maintain and repair the City's sewer system.
2. The City has adopted Colfax Municipal Code Chapter 13.08, which provides for the implementation of Sewer Service Charges and their collection.
3. The City Council, after due notice, public hearing and protests heard and received in an open and public meeting hereby finds that the City of Colfax Wastewater Rate Study prepared by Hansford Economic Consulting (HEC) relating to the Sewer Service Charges for Fiscal Years 2024/2025 through 2028/2029 are fair and correctly calculated and are hereby adopted and approved.
4. The attached Sewer Service Charges for Fiscal Years 2024/25, 2025/26, 2026/27, 2027/28 and 2028/29, as attached to this Resolution, accurately reflect the reasonable costs of providing the services for which the fees are charged.
5. The Sewer Service Charges adopted by this Resolution are for the purpose of:
 - meeting operational and maintenance expenses, including employee wage rates and benefits,
 - purchasing or leasing supplies, equipment or material,
 - meeting financial reserve needs and requirements, and
 - obtaining funds for capital projects necessary to maintain service within existing areas.
6. All notices, hearings and public data required by law have been duly given, provided and held.
7. The Sewer Service Charges for the various properties of City sewer service customers receiving the benefits from the City, by categories of users, to be applied and collected attached hereto and incorporated herein and are hereby adopted.
8. The above recitals are true and correct statements of fact and are incorporated into this Resolution by this reference.

9. The City Clerk is hereby authorized to file a Notice of Exemption from CEQA with the County Clerk of the County of Placer, California regarding this Resolution and the Sewer Service Charges hereby adopted.

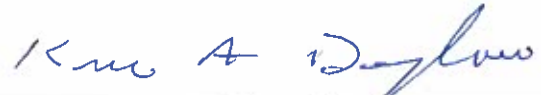
PASSED, APPROVED AND ADOPTED at the Regular Meeting of the City Council of the City of Colfax held on the 22nd day of May 2024 by the following vote:

AYES: Hillberg, Lomen, McCully, Douglass

NOES:

ABSTAIN:

ABSENT: Burrus



Kim Douglass, Mayor

ATTEST:



Amanda Ahre, City Clerk

Attachment A
City of Colfax Resolution 26-2024

Maximum Wastewater Rate per EDU per Month

- FY 2024/25 -- \$147.36
- FY 2025/26 -- \$151.78
- FY 2026/27 -- \$156.33
- FY 2027/28 -- \$161.02
- FY 2028/29 -- \$165.85

City of Colfax

City Council

Resolution № 26-2024

ADOPTING THE CITY OF COLFAX WASTEWATER RATE STUDY AND ESTABLISHING
SEWER SERVICE CHARGES FOR FISCAL YEARS 2024/2025, 2025/2026, 2026/2027, 2027/2028,
2028/2029

WHEREAS, the rates required to be charged to each user of City sewer service for City capital and operating and maintenance purposes in order to raise sufficient revenue for the City to provide sewer service will be referred to herein as the City's Sewer Service Charges; and,

WHEREAS, the City prepared and filed with the City Clerk a written report containing a description of each and every parcel of real property receiving sewer service from the City and the amount or rate of the City's Sewer Service Charges for each City customer for the forthcoming fiscal years; and,

WHEREAS, the City Clerk has duly and timely given notice of filing of said written report and the City's intention to collect said Sewer Service Charges and of the time and place of hearing thereon; and,

WHEREAS, on May 22, 2024, after due and proper notice was given, the City Council conducted a public hearing at which it heard all oral comments in favor of and in opposition to, and received and tallied all written protests in opposition to the City's proposed Sewer Service Charges for City Fiscal Years 2024/2025 through 2028/2029, inclusive; and

WHEREAS, the City received only 72 written protests in opposition to the City's proposed Sewer Service Charges for City Fiscal Years 2024/2025 through 2028/2029, inclusive, which number did not constitute a majority of the City's customers eligible to submit written protests; and

WHEREAS, the City Council hereby makes the following findings and determinations pursuant to the California Environmental Quality Act, Public Resources Code §21000 et seq ("CEQA") and the Guidelines for Implementation of the California Environmental Quality Act published by the State of California Office of Planning and Research ("CEQA Guideline"):

1. Adopting this Resolution and the City's Sewer Service Charges does not constitute a "Project" as that term is defined by or use in CEQA, the CEQA Guidelines or any court or attorney general opinion construing the same, that the provisions of CEQA and the CEQA Guidelines are not applicable.

2. Adopting this Resolution and the City's Sewer Service Charges is covered, if at all, by Public Resources Code §21080(b)(8) and Section 15273 of the CEQA Guidelines which provide that CEQA does not apply to the establishment, modification, structuring, restructuring or approval of rates, tolls, fares or other charges by public agencies which the public agency finds are for the purpose (1) meeting operating expenses, including employee wage rates and fringe benefits, (2) purchasing or leasing supplies, equipment or materials, (3) meeting

financial reserve needs and requirements, or (4) obtaining funds for capital projects necessary to maintain service within existing service areas. Adopting this Resolution and the City's Sewer Service Charges is for the purpose (1) meeting operating expenses, including employee wage rates and fringe benefits, (2) purchasing or leasing supplies, equipment or materials, (3) meeting financial reserve needs and requirements, or (4) obtaining funds for capital projects necessary to maintain service within existing service areas.

3. Adopting this Resolution and the Sewer Service Charges fall within the "common sense" CEQA exemption provided in 14 CCR 15061(b)(3) in that CEQA applies only to projects which have the potential for causing a significant effect on the environment and, where it can be seen with certainty that there is no possibility that the action may have a significant effect on the environment, the action is not subject to CEQA. In this case, it can be seen with certainty that that there is no possibility that the proposed rate adjustment may have a significant effect on the environment.

NOW, THEREFORE BE IT RESOLVED AND THE CITY COUNCIL OF THE CITY OF COLFAX HEREBY FINDS, DETERMINES AND RESOLVES:

1. The City has adopted an approved revenue program as the basis for instituting the Sewer Service Charges to finance operation and maintenance costs, including replacement and certain capital costs as necessary to operate, maintain and repair the City's sewer system.
2. The City has adopted Colfax Municipal Code Chapter 13.08, which provides for the implementation of Sewer Service Charges and their collection.
3. The City Council, after due notice, public hearing and protests heard and received in an open and public meeting hereby finds that the City of Colfax Wastewater Rate Study prepared by Hansford Economic Consulting (HEC) relating to the Sewer Service Charges for Fiscal Years 2024/2025 through 2028/2029 are fair and correctly calculated and are hereby adopted and approved.
4. The attached Sewer Service Charges for Fiscal Years 2024/25, 2025/26, 2026/27, 2027/28 and 2028/29, as attached to this Resolution, accurately reflect the reasonable costs of providing the services for which the fees are charged.
5. The Sewer Service Charges adopted by this Resolution are for the purpose of:
 - meeting operational and maintenance expenses, including employee wage rates and benefits,
 - purchasing or leasing supplies, equipment or material,
 - meeting financial reserve needs and requirements, and
 - obtaining funds for capital projects necessary to maintain service within existing areas.
6. All notices, hearings and public data required by law have been duly given, provided and held.
7. The Sewer Service Charges for the various properties of City sewer service customers receiving the benefits from the City, by categories of users, to be applied and collected attached hereto and incorporated herein and are hereby adopted.
8. The above recitals are true and correct statements of fact and are incorporated into this Resolution by this reference.

9. The City Clerk is hereby authorized to file a Notice of Exemption from CEQA with the County Clerk of the County of Placer, California regarding this Resolution and the Sewer Service Charges hereby adopted.

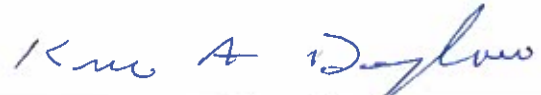
PASSED, APPROVED AND ADOPTED at the Regular Meeting of the City Council of the City of Colfax held on the 22nd day of May 2024 by the following vote:

AYES: Hillberg, Lomen, McCully, Douglass

NOES:

ABSTAIN:

ABSENT: Burrus



Kim Douglass, Mayor

ATTEST:



Amanda Ahre, City Clerk

Attachment A
City of Colfax Resolution 26-2024

Maximum Wastewater Rate per EDU per Month

- FY 2024/25 -- \$147.36
- FY 2025/26 -- \$151.78
- FY 2026/27 -- \$156.33
- FY 2027/28 -- \$161.02
- FY 2028/29 -- \$165.85