

# RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT SPECIAL MEETING OF THE BOARD OF DIRECTORS

June 30, 2021 at 6:00 P.M.

NOTICE: THIS MEETING WILL BE HELD IN ACCORDANCE WITH EXECUTIVE ORDER N-29-20, ISSUED BY CALIFORNIA GOVERNOR GAVIN NEWSOM ON MARCH 17, 2020, THE RALPH M. BROWN ACT (CALIFORNIA GOVERNMENT CODE SECTION 54950, ET SEQ.), AND THE FEDERAL AMERICANS WITH DISABILITIES ACT.

THIS MEETING WILL NOT BE PHYSICALLY OPEN TO THE PUBLIC. ALL MEMBERS OF THE PUBLIC MAY PARTICIPATE IN THE MEETING VIA VIDEO CONFERENCE OR BY TELEPHONE

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AND WILL BE GIVEN THE OPPORTUNITY TO PROVIDE PUBLIC COMMENT, Limited to only items on this agenda.

## AGENDA

The public will be given the opportunity to directly address the Board on each open session listed item during the Board's consideration of that item. Public comment on item(s) appearing on the agenda are subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or any majority of the members of the Board of Directors less than 24- hours before the meeting are available for public inspection at the District office at 730 L Street, Rio Linda, CA 95673. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the District office at (916) 991-1000. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

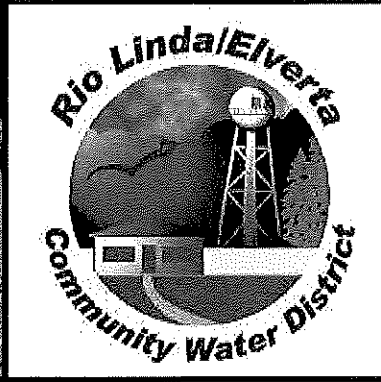
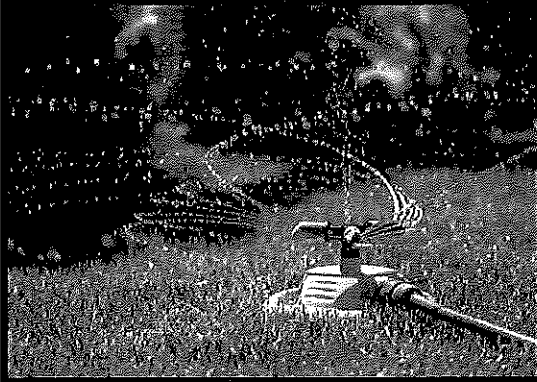
1. **CALL TO ORDER, ROLL CALL**
2. **Consider authorizing the revisions to the Rate Study / Cost of Service Analysis and direct staff to distribute the updated Proposition 218 Notice.**
3. **ADJOURNMENT**

Upcoming meetings:

Regular Board Meeting

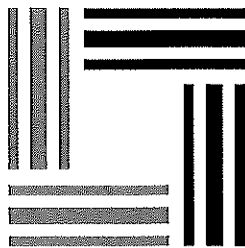
July 19, 2021, Monday, 6:30 pm at Visitor's /Depot Center, 6730 Front Street, Rio Linda, CA 95673.





**RIO LINDA / ELVERTA**  
**COMMUNITY WATER DISTRICT**  
**Rate Study / Cost of Service Study**

**DRAFT REPORT**  
**June 24, 2021**



**LECHOWICZ + TSENG**  
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## SECTION 1: INTRODUCTION AND EXECUTIVE SUMMARY

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### 1.1 Background

The Rio Linda Elverta Community Water District (RLECWD or District) provides water service to about 4,600 customers in the Rio Linda and Elverta communities. The District last conducted a water rate study in March 2016 that provided a schedule of rates through fiscal year (FY) 2020. New regulations, water conservation legislation, and cost increases have prompted this rate update. Requirements of California Senate Bill 606 are incompatible with the District's current bimonthly free water allotment of 6 hundred cubic feet (ccf). As such, this rate study proposes adjustments to the rate structure that will aid RLECWD in being compliant with legal requirements by adopting a cost of service-based 2-tier rate structure for single family residential customers that will incentivize conservation.

### 1.1 Requirements of Proposition 218

Proposition 218, the "Right to Vote on Taxes Act", was approved by California voters in November 1996 and is codified as Articles XIIC and XIID of the California Constitution. Proposition 218 establishes requirements for imposing any new or increasing any existing property-related fees and charges. For many years, there was no legal consensus on whether water service fees met the definition of "property-related fees." In July 2007, the California Supreme Court essentially confirmed that Proposition 218 applies to water service fees.

The District must follow the procedural requirements of Proposition 218 for all water rate increases. These requirements include:

1. **Noticing Requirement** – The District must mail a notice of the proposed rate increases to all affected property owners or ratepayers. The notice must specify the amount of the fee, the basis upon which it was calculated, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted.
2. **Public Hearing** – The District must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed.
3. **Rate Increases Subject to Majority Protest** – At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected property owners or ratepayers submit written protests against the proposed rate increases, the increases cannot be adopted.

Proposition 218 also established substantive requirements that apply to water rates and charges, including:

1. **Cost of Service** – Revenues derived from the fee or charge cannot exceed the funds required to provide the service. In essence, fees cannot exceed the "cost of service".
2. **Intended Purpose** – Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.

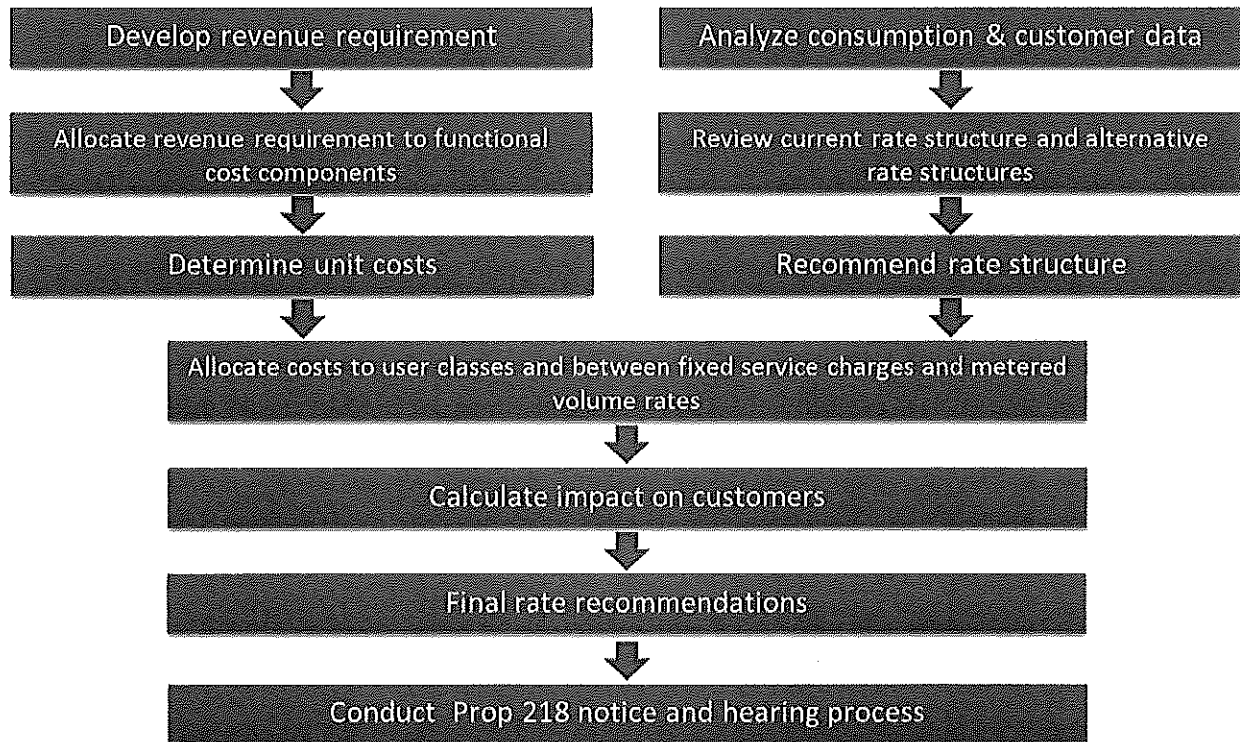
3. **Proportional Cost Recovery** – The amount of the fee or charge levied on any customer shall not exceed the proportional cost of service attributable to that customer.
4. **Availability of Service** – No fee or charge may be imposed for a service unless that service is used by, or immediately available to, the owner of the property.
5. **General Government Services** – No fee or charge may be imposed for general governmental services where the service is available to the public at large.

Charges for water are exempt from additional voting requirements of Proposition 218, provided the charges do not exceed the cost of providing service and are adopted pursuant to the procedural requirements of Proposition 218.

## 1.2 Rate Study Process

This section details the development of the District’s water rates via the Proposition 218 process as shown in the following figure.

**Figure 1: Comprehensive Cost of Service Study Process**



The following is a brief description of the rate study process:

- **Revenue Requirement** – The revenue requirement is analyzed via a financial plan developed from the Operating and Capital Budget. Based on the best information currently available, the financial plan incorporates projected operation and maintenance costs, capital expenditures, debt service, and growth to estimate annual revenue requirements. The plan serves as a roadmap for funding the District’s future operating and capital programs while maintaining long-term fiscal stability.
- **Cost of Service Allocation** – The cost of service process builds on the financial plan analysis and assigns water system costs to functional cost components: base, extra, meters and services, customer service, and backflow prevention. RLECWD evaluated its fire protection expenses and rates in 2018. Thus, fire protection is not evaluated in this study. Debt service expenses that are repaid via existing surcharges were also not evaluated in this study.
- **Rate Design** – Rate design involves developing a rate structure that proportionately recovers costs from customers. Final rate recommendations are designed to (a) fund the utility’s short- and long-term costs of providing service; (b) proportionately allocate costs to all customers and customer classes; and (c) comply with the substantive requirements of Proposition 218, water conservation mandates, and legal rulings.

## **1.2 San Juan Capistrano Court Case and Tiered Rates**

In addition to Proposition 218, case law provides guidance regarding how water rates should be developed. The 2015 ruling in the Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano court case provides clarification of the cost of service requirements applicable to tiered water rates in California. To comply with Proposition 218, each water rate tier breakpoint (i.e. the consumption used in each tier) and the price of each tier must be individually cost-justified. The City of San Juan Capistrano’s rates were found to be out of compliance with Proposition 218 requirements because the City arbitrarily developed its higher water tiers to achieve conservation goals. The City’s tiered rate structure did not reflect the actual cost of providing water to higher tiers. Tiered rates are permitted if a nexus is established between the rate charged and the incremental cost to deliver water. The proposed tiers developed in this report are based on the actual cost of supplying water under average day (tier 1) and peak (tier 2) conditions.

## **1.3 SB 606, AB 1668, SB 555, and Rate Structure Adjustments**

The rate structure changes proposed in this study are also designed to comply with the water conservation mandates of Senate Bill (SB) 606 / Assembly Bill (AB) 1668 and water loss reporting requirements of SB 555. SB 606 and AB 1668 require water purveyors to gradually reduce indoor, residential water use. By 2025, urban water purveyors should achieve average indoor consumption of 52.5 gallons per day (gpd) per capita. Civil enforcement actions begin in 2027 and the ultimate target is 50 gpd per capita by 2030. Under SB 555, water purveyors are required to develop water audits and



report non-billed water to the California Department of Water Resources. RLECWD's free allotment of up to 6 ccf bimonthly is considered non-billed water.

The rate structure described in this report eliminates the free water allotment and proposes a two-tier structure for single family residential customers. RLECWD's first tier encompasses up to 17 ccf bimonthly use and is designed to generate revenues from indoor water usage based on the 2025 water use target of 52.5 gallons per person per day and a four-person home. The second tier generates revenue from water use in excess of the indoor conservation limits set by the State of California. The tier 1 cost of service is made up of a portion of expenses incurred to deliver water at a base (non-peak) level of use. The tier 2 cost of service includes expenses related to some base use plus peak use. Non-residential customers are proposed to have uniform, non-tiered rates that apply to all levels of water use. These customers will either be in a rate class for dedicated irrigation accounts or a rate class denoted CII for commercial, institutional, and industrial accounts.

#### **1.4 Proposed Rates and Bill Impacts**

The findings and recommendations presented in this report were developed with substantial input from RLECWD staff and the Board of Directors. The proposed water rates are provided in Table 1. The first rate change is proposed to go into effect September 1, 2021, with subsequent increases proposed for July 1 each year thereafter through July 1, 2025. RLECWD's current surcharges are proposed to remain unchanged. The proposed rate structure also includes drought rates, which are provided in Table 2. Drought rates reflect 30%, 40%, or 50% water cutbacks. The drought rates maintain the same rate structure as normal year water rates, with two tiers for single family residential customers and uniform rates for CII and irrigation customers.

**Table 1: Proposed Bimonthly Water Rates - Normal Water Year  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

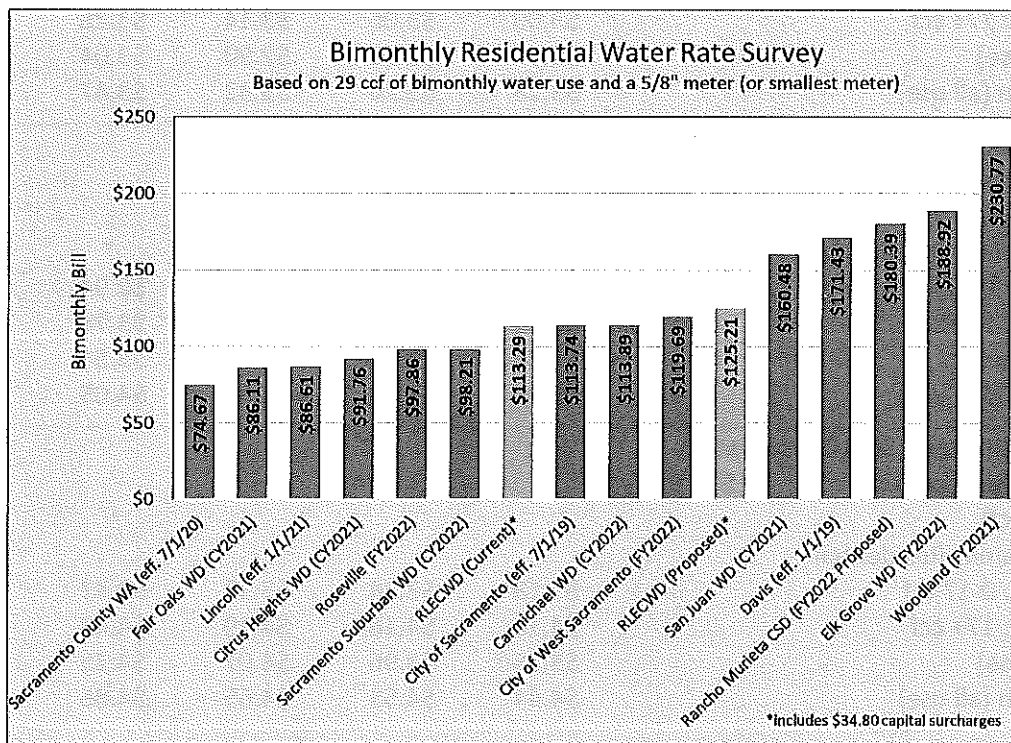
Meter Size	Current	Proposed				
	FY2021	FY2022 Sep 1, '21	FY2023 Jul 1, '22	FY2024 Jul 1, '23	FY2025 Jul 1, '24	FY2026 Jul 1, '25
5/8"	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
3/4"	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
1"	\$99.77	\$55.25	\$56.38	\$57.83	\$60.34	\$62.94
1.5"	\$199.53	\$105.87	\$108.03	\$110.79	\$115.60	\$120.59
2"	\$319.25	\$166.61	\$170.01	\$174.35	\$181.92	\$189.77
3"	\$698.37	\$358.95	\$366.28	\$375.63	\$391.94	\$408.84
4"	\$1,257.06	\$642.41	\$655.52	\$672.24	\$701.43	\$731.68
Inactive	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
Single Family Residential Inoperable Meter Rates (fixed bimonthly fee, no additional volume charges)						
5/8" - Cold Weather		\$68.61	\$69.91	\$71.80	\$74.95	\$78.18
5/8" - Warm Weather		\$120.93	\$123.19	\$126.52	\$132.07	\$137.94
3/4" - Cold Weather		\$68.61	\$69.91	\$71.80	\$74.95	\$78.18
3/4" - Warm Weather		\$120.93	\$123.19	\$126.52	\$132.07	\$137.94
1" - Cold Weather		\$88.85	\$90.57	\$92.99	\$97.06	\$101.24
1" - Warm Weather		\$141.17	\$143.85	\$147.71	\$154.18	\$161.00
CII and Irrigation inoperable meter rates may be based on past average consumption						
<b>Volume Rates \$/ccf</b>						
Current Rate per ccf (over 6ccf)	\$0.81					
Single Family Residential						
Tier 1: 0-17 ccf		\$1.72	\$1.75	\$1.80	\$1.88	\$1.96
Tier 2: 17+ ccf		\$2.18	\$2.22	\$2.28	\$2.38	\$2.49
CII (all use)		\$1.94	\$1.98	\$2.03	\$2.12	\$2.22
Irrigation (all use)		\$2.22	\$2.27	\$2.33	\$2.43	\$2.54
<b>Standby Fire Protection - Fixed Bimonthly Charge</b>						
1.5"	\$4.12	\$4.12	\$4.31	\$4.50	\$4.70	\$4.91
4"	\$40.00	\$54.38	\$56.83	\$59.39	\$62.06	\$64.85
6"	\$60.00	\$157.96	\$165.07	\$172.50	\$180.26	\$188.37
8"	\$80.00	\$157.96	\$165.07	\$172.50	\$180.26	\$188.37
<b>Backflow Prevention - Fixed Bimonthly Charge</b>						
Per device	\$8.33	\$9.00	\$9.27	\$9.55	\$9.84	\$10.14

**Table 2: Proposed Bimonthly Water Rates – Drought Conditions**  
**Rate Study / Cost of Service Study**  
**Rio Linda Elverta Community Water District**

	Current FY2021	Proposed				
		FY2022 Sep 1, '21	FY2023 Jul 1, '22	FY2024 Jul 1, '23	FY2025 Jul 1, '24	FY2026 Jul 1, '25
<b>Stage 2 Drought: 30% Conservation</b>		<b>Volume Rates \$/ccf</b>				
Current Rate per ccf (over 6ccf)	\$0.92					
Single Family Residential						
Tier 1: 0-17 ccf		\$2.34	\$2.39	\$2.45	\$2.56	\$2.67
Tier 2: 17+ ccf		\$3.00	\$3.06	\$3.14	\$3.28	\$3.43
CII (all use)		\$2.77	\$2.83	\$2.90	\$3.04	\$3.17
Irrigation (all use)		\$3.18	\$3.24	\$3.32	\$3.47	\$3.63
<b>Stage 3 Drought: 40% Conservation</b>						
Current Rate per ccf (over 6ccf)	\$1.08					
Single Family Residential						
Tier 1: 0-17 ccf		\$2.69	\$2.74	\$2.81	\$2.94	\$3.07
Tier 2: 17+ ccf		\$3.46	\$3.53	\$3.62	\$3.78	\$3.95
CII (all use)		\$3.23	\$3.30	\$3.39	\$3.54	\$3.70
Irrigation (all use)		\$3.70	\$3.78	\$3.88	\$4.05	\$4.24
<b>Stage 4 Drought: 50% Conservation</b>						
Current Rate per ccf (over 6ccf)	\$1.29					
Single Family Residential						
Tier 1: 0-17 ccf		\$3.18	\$3.24	\$3.32	\$3.47	\$3.62
Tier 2: 17+ ccf		\$4.10	\$4.18	\$4.29	\$4.48	\$4.68
CII (all use)		\$3.88	\$3.96	\$4.07	\$4.25	\$4.44
Irrigation (all use)		\$4.44	\$4.53	\$4.65	\$4.86	\$5.08

The average total bimonthly water use of a single family customer is 29 ccf per bimonthly billing period, and the most common residential meter size is 5/8". Based on these parameters plus surcharges of \$34.80, the District's current typical water bill is \$113.29 per bimonthly period. After the proposed increase, the typical residential bill would increase to \$125.21 per bimonthly period—an increase of about 10%. Figure 2 provides a bill survey comparing RLECWD's typical current and proposed single family residential water bills to the bills of other local agencies.

**Figure 2: Single Family Residential Bill Survey**



## **SECTION 2: CURRENT RATES AND CUSTOMER BASE**

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This section provides an overview of the District’s customer base, water usage statistics, and current rates and revenues.

### **2.1 Current Rates**

#### **2.1.1 Fixed Charges**

RLECWD bills customers for water service on a bimonthly basis such that each billing period covers two months of service. Customers are charged a fixed fee based on the size of their water meter ranging from 5/8” to 4”. All customers are charged these fixed fees regardless of water consumption to reflect costs RLECWD incurs associated with maintaining each connection. All customers are also billed two surcharges regardless of water consumption and meter size—the Capital Improvement Surcharge 1 and Surcharge 2, which fund capital improvement projects and debt service for an Opus Bank loan. Surcharge 1 is \$19.00 and Surcharge 2 is \$15.80 per billing period for all customers. These surcharges are not proposed to be adjusted in this study.

#### **2.1.2 Volume Rates**

Customers are charged for metered consumption over 6 hundred cubic feet (ccf) per billing period. One hundred cubic feet is 748 gallons. The District’s uniform, non-drought volume rate is \$0.81/ccf. RLECWD also has a schedule of approved volume rates for drought conditions ranging from a 30% water cutback to a 50% cutback.

#### **2.1.3 Standby Fire Protection and Backflow Prevention**

RLECWD provides standby fire protection service to private fire lines ranging from 1.5” to 8”. The District evaluated its fire rates in 2018 but did not fully implement the proposed rate changes. RLECWD lowered the rate for 1.5” line customers but did not increase the rates for larger customers.

A schedule of current bimonthly water rates is provided in Table 3.

**Table 3: Current Bimonthly Rates  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

<b>Meter Size</b>	<b>Service Charge</b>	<b>Capital Improvement Surcharge [1]</b>	<b>Surcharge</b>	<b>Total Fixed Charge</b>
5/8"	\$59.86	\$19.00	\$15.80	\$94.66
3/4"	\$59.86	\$19.00	\$15.80	\$94.66
1"	\$99.77	\$19.00	\$15.80	\$134.57
1.5"	\$199.53	\$19.00	\$15.80	\$234.33
2"	\$319.25	\$19.00	\$15.80	\$354.05
3"	\$698.37	\$19.00	\$15.80	\$733.17
4"	\$1,257.06	\$19.00	\$15.80	\$1,291.86
Inactive	\$53.39	\$19.00	\$15.80	\$88.19

<b>Volume Rate</b>	<b>Non-Drought</b>	<b>Stage 2: 30% Reduction</b>	<b>Stage 3: 40% Reduction</b>	<b>Stage 4: 50% Reduction</b>
\$/ccf	\$0.81	\$0.92	\$1.08	\$1.29

<b>Standby Fire Protection</b>	
1.5"	\$4.12
4"	\$40.00
6"	\$60.00
8"	\$80.00
14"	\$140.00

<b>Backflow Prevention</b>	\$8.33
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ccf - hundred cubic feet; 1 ccf = 748 gallons

1 - California Department of Public Health Compliance Order No. 01-09-07-CO-004

## 2.2 Customer Base

The District currently provides water service to over 4,500 meters and has 65 inactive customers. In the prior rate study, RLECWD established ratios that are used to scale the fees of larger meter sizes in comparison to the 5/8" meter. The ratio compares the maximum flow of the 5/8" meter to the maximum flow of other meter sizes. The meter ratios are not proposed to be adjusted in this study. It is estimated that RLECWD serves 5,360 meter equivalents, see Table 4.

**Table 4: FY2021 Meter Equivalents  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

<b>Meter Size</b>	<b>Number of Meters</b>	<b>Ratio to 5/8" meter</b>	<b>Meter Equivalents</b>
5/8"	3,746	1.00	3,746
3/4"	44	1.00	44
1"	680	1.67	1,133
1.5"	18	3.33	60
2"	23	5.33	123
3"	9	11.67	105
4"	4	21.00	84
Inactive	<u>65</u>	1.00	<u>65</u>
<b>Total</b>	<b>4,589</b>		<b>5,360</b>

### 2.3 Current Revenues

Based on District billing records<sup>1</sup>, the typical bimonthly residential water use is about 29 to 31 ccf per bimonthly period. Given that a typical home has a 5/8" meter and 29 ccf of water use, the typical water bill is currently \$113.29.

Table 5 provides estimated water usage statistics, customer counts, and estimated total water service charge revenues for FY2021. Table 5 does not include revenues associated with the capital surcharges. The 5/8" meter is the most common meter size in the District. In total, RLECWD expects to collect about \$2.58 million in meter fees and volume rates revenue in FY2021, of which about 75% will be collected from fixed meter fees and 25% will be collected from volume rates. About 16% of the District's total water use falls within the first 6 ccf allotment that is not billed. RLECWD expects to collect \$10,800 from 33 standby fire protection customers and \$26,500 from 531 backflow prevention customers. Total rate revenues (not including surcharges) are estimated at about \$2.62 million based on utility billing records.

<sup>1</sup> This study uses billing data from January 2017 through April 2020

**Table 5: FY2021 Customer Counts and Service Charge Revenue  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

<b>Meter Size</b>	<b>Service Charge (\$/bimo)</b>	<b>Count</b>	<b>FY2021 Estimated Revenue</b>	<b>% of Service Charge Revenues</b>
5/8"	\$59.86	3,746	\$1,345,413	52%
3/4"	\$59.86	44	\$15,803	0.6%
1"	\$99.77	680	\$407,062	16%
1.5"	\$199.53	18	\$21,549	0.8%
2"	\$319.25	23	\$44,057	1.7%
3"	\$698.37	9	\$37,712	1.5%
4"	\$1,257.06	4	\$30,169	1.2%
Inactive	\$59.86	<u>65</u>	<u>\$23,345</u>	<u>1%</u>
<b>Subtotal Meter Charges</b>		4,589	\$1,925,111	75%
<b>Volume Rate (\$/ccf)</b>				
Water Allotment (0 to 6 ccf/bimo)	\$0.00	158,157		0%
Billed Water Use	\$0.81	<u>811,175</u>	<u>\$657,052</u>	<u>25%</u>
<b>Subtotal Volume Rate</b>		969,332	\$657,052	25%
<b>Total Service Charge Revenues</b>			\$2,582,200	100%
<b>Standby Fire Protection</b>				
1.5"	\$4.12	1	\$25	
4"	\$40.00	13	\$3,120	
6"	\$60.00	12	\$4,320	
8"	\$80.00	<u>7</u>	<u>\$3,360</u>	
<b>Total Standby Fire Protection</b>		33	\$10,825	
<b>Backflow Prevention</b>	\$8.33	531	\$26,539	



## SECTION 3: COST OF SERVICE AND FINANCIAL PLAN

This section summarizes the expenses that make up the water utility's cost of service that is recovered from rates and service charges and the cash flow that makes up RLECWD's financial plan.

### 3.1 Revenues

As described in the prior section, meter fees, volume rates, backflow charges, and fire protection fees are estimated to generate about \$2.62 million in revenues. Other revenue sources include delinquency fees, taxes and assessments, interest earnings, and miscellaneous fees. These other sources generate about \$212,400 annually, which is projected to remain constant over the next five years. Total current revenues including rate and non-rate revenues amount to about \$2.83 million.

### 3.2 Expenses

#### 3.2.1 Operating Expenses

RLECWD's current annual operating budget totals just under \$2 million and most operating expenses are projected to increase 3% annually beginning in FY2022. RLECWD's main operating expenses include salaries, benefits, administration, and pumping costs. The District expects to pay down its CalPERS unfunded accrued liability (UAL) via a fixed rate financing that will stabilize the UAL at \$93,000 over the next five years. The District projects additional staffing costs in FY2022 associated with existing operators gaining new licenses and certifications. In FY2024, RLECWD plans to hire an Administrative Manager. Under drought conditions, it is expected that pumping expenses would decrease but all other expenses would remain relatively unchanged.

#### 3.2.2 Capital Improvements

RLECWD has a capital improvement project list, see Table 6. Project costs funded by the surcharges are omitted. The annualized cost in current dollars is about \$577,000 and is projected to increase by 3% per year. RLECWD analyzes its net revenues annually and transfers its excess fund balance to its capital improvement reserves. For FY2021, the District intends to transfer \$549,000 to its capital funds.

**Table 6: Capital Improvement Plan  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

Project Name	Project Budget Amount	Beginning Fund Balance	Accumulated Funding Balance	Years to Implementation Date (as of 7/1/2020)	Annualized Cost
Miscellaneous Pump Replacements				Annually	\$40,000
Service Replacements				Annually	\$30,000
Small Meter Replacements				Annually	\$120,000
Large Meter Replacements				Annually	\$5,000
Annual Pipeline Replacement	\$211,200	\$0	\$211,200	Annually	\$211,200
Well 12A Design	\$500,000	\$167,561	\$189,724	15	\$22,163
Well 12A Construction	<u>\$3,750,000</u>	<u>\$1,228,777</u>	<u>\$1,377,084</u>	17	<u>\$148,307</u>
Total	\$4,461,200	\$1,396,338	\$1,778,008		\$576,670

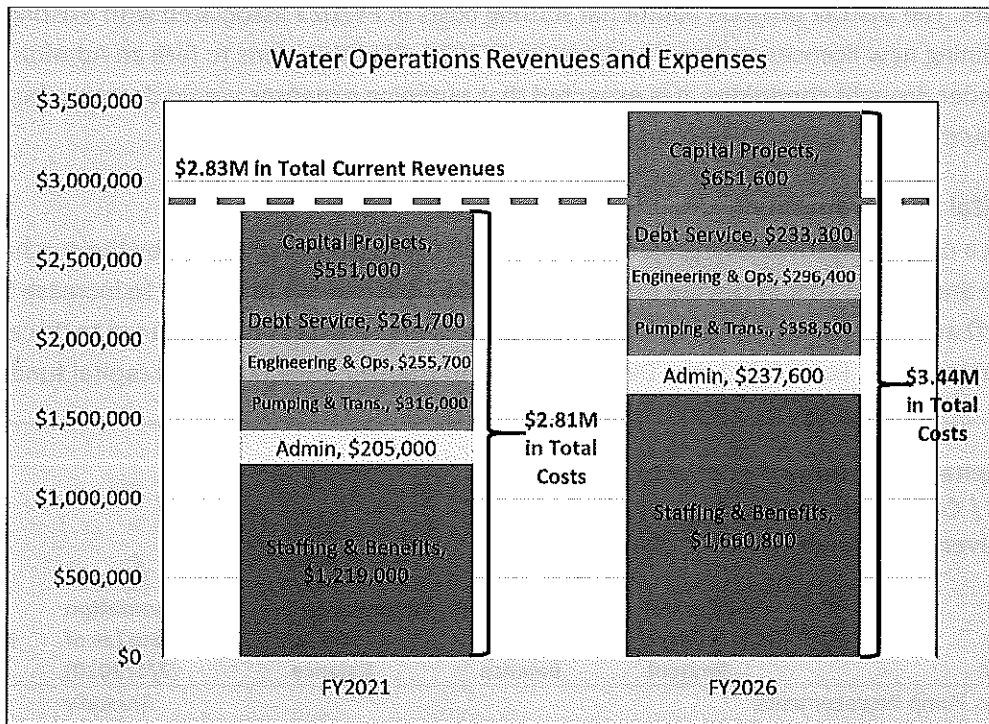
### 3.2.3 Debt Service

The Water Operations Fund is responsible for debt payments on the 2015 Umpqua Bank loan and the Advanced Meter Infrastructure (AMI) loan. The 2015 Umpqua Bank loan debt service is about \$200,000 per year and the AMI loan is about \$58,500 currently. In FY2026, RLECWD will make its final payment on the AMI loan. Currently, RLECWD has strong debt service coverage, estimated at about 3.2 times the annual payment. One goal of this rate study is to maintain the District’s coverage ratio and good financial health. No new debt is proposed for the next five-year period. It should be noted that the District’s other debt obligations paid via the surcharges were not evaluated in this study.

### 3.2.4 5-Year Summary

Current revenues of \$2.83 million generate sufficient funds to cover operations, debt service, and capital expenses. However, by FY2026, expenses are expected to exceed current revenues by about \$610,000. If rates are not increased, RLECWD will be unable to set funds aside for capital improvements.

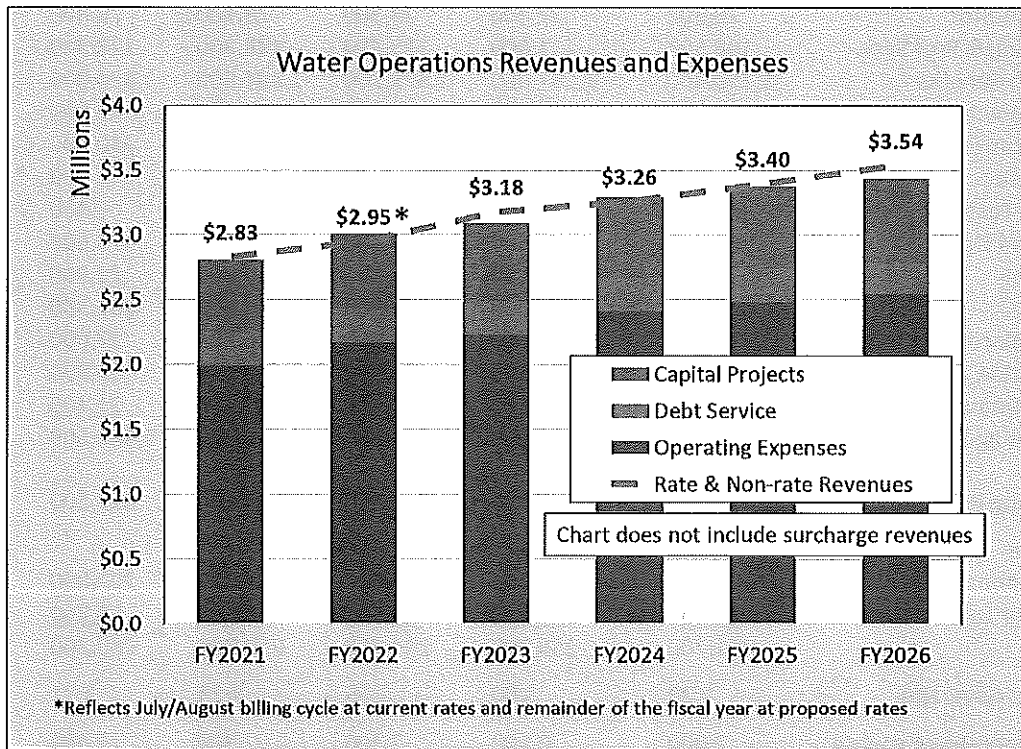
Figure 3: FY2026 Estimated Cost of Service



### 3.3 Cash Flows

Water fund cash flows with proposed revenue increases beginning in September 1, 2021 and spanning the next five fiscal years are provided in Figure 4 and Table 7. The cash flow includes rate and non-rate revenues, operating costs, debt service costs and coverage, and capital projects costs that are applicable to the Operations Fund. The District began FY2021 with a balance of \$773,300. The minimum fund balance target for each subsequent year is based on one month of operating expenses, per RLECWD's Fiscal Policy. The District is projected to meet this ending balance target in each of the five years in the study period. Expenses are projected to slightly exceed revenues in FY2022 to allow for a phase-in of rate adjustments over 5 billing cycles (September 2021 to June 2022) rather than the full fiscal year (July 2021 to June 2022).

Figure 4: Water Operations Summary Cash Flow



**Table 7: Operating Cash Flow  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

	Budget	Projection				
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Beginning Fund Balance	\$773,300	\$796,800 Sep 1, 2021	\$737,000 Jul 1, 2022	\$828,000 Jul 1, 2023	\$798,900 Jul 1, 2024	\$819,500 Jul 1, 2025
<b>Revenues</b>						
Service Charges [1]	2,582,200	2,690,700	2,915,000	2,993,300	3,128,000	3,268,800
Backflow	26,500	28,300	29,500	30,400	31,300	32,200
Fire Protection	10,800	20,400	23,300	24,300	25,400	26,600
Delinquency Fees	90,000	90,000	90,000	90,000	90,000	90,000
Misc., interest & other	33,900	33,900	33,900	33,900	33,900	33,900
Taxes & Assessments	<u>88,500</u>	<u>88,500</u>	<u>88,500</u>	<u>88,500</u>	<u>88,500</u>	<u>88,500</u>
<b>Total Revenues</b>	<b>2,831,900</b>	<b>2,951,800</b>	<b>3,180,200</b>	<b>3,260,400</b>	<b>3,397,100</b>	<b>3,540,000</b>
<b>Operating Expenses</b>						
		3%	3%	3%	3%	3%
Legal & Auditor	26,500	27,300	28,100	28,900	29,800	30,700
Engineering & Prof Serv.	108,500	111,800	115,200	118,700	122,300	126,000
Salaries & Benefits	1,150,400	1,287,000	1,323,700	1,481,500	1,524,000	1,567,800
Unfunded Accrued Liability	68,600	93,000	93,000	93,000	93,000	93,000
Administration	205,000	211,200	217,500	224,000	230,700	237,600
Conservation	300	0	0	0	0	0
Backflow Testing	3,000	3,100	3,200	3,300	3,400	3,500
Other Field Ops	65,400	67,400	69,400	71,500	73,600	75,800
Treatment	18,000	18,500	19,100	19,700	20,300	20,900
Pumping	230,000	230,000	236,900	244,000	251,300	258,800
Valve Replacement	15,000	15,500	16,000	16,500	17,000	17,500
Transmission & Dist.	86,000	88,600	91,300	94,000	96,800	99,700
Transportation	<u>19,000</u>	<u>19,600</u>	<u>20,200</u>	<u>20,800</u>	<u>21,400</u>	<u>22,000</u>
<b>Total Operating Expenses</b>	<b>1,995,700</b>	<b>2,173,000</b>	<b>2,233,600</b>	<b>2,415,900</b>	<b>2,483,600</b>	<b>2,553,300</b>
<b>Net Operating Revenue</b>	<b>836,200</b>	<b>778,800</b>	<b>946,600</b>	<b>844,500</b>	<b>913,500</b>	<b>986,700</b>
<b>Debt Service</b>						
2015 Umpqua Loan	203,200	201,300	200,900	201,000	201,800	204,000
AMI Meter Loan	<u>58,500</u>	<u>58,500</u>	<u>58,500</u>	<u>58,500</u>	<u>58,500</u>	<u>29,300</u>
<b>Total Debt</b>	<b>261,700</b>	<b>259,800</b>	<b>259,400</b>	<b>259,500</b>	<b>260,300</b>	<b>233,300</b>
<b>Debt Service Coverage</b>	<b>3.20</b>	<b>3.00</b>	<b>3.65</b>	<b>3.25</b>	<b>3.51</b>	<b>4.23</b>
Misc Non-Operating Expense	2,000	2,100	2,200	2,300	2,400	2,500
Capital Improvements	<u>549,000</u>	<u>576,700</u>	<u>594,000</u>	<u>611,800</u>	<u>630,200</u>	<u>649,100</u>
<b>Total Non-Operating</b>	<b>551,000</b>	<b>578,800</b>	<b>596,200</b>	<b>614,100</b>	<b>632,600</b>	<b>651,600</b>
<b>Net Revenue</b>	<b>23,500</b>	<b>(59,800)</b>	<b>91,000</b>	<b>(29,100)</b>	<b>20,600</b>	<b>101,800</b>
<b>Ending Fund Balance</b>	<b>\$796,800</b>	<b>\$737,000</b>	<b>\$828,000</b>	<b>\$798,900</b>	<b>\$819,500</b>	<b>\$921,300</b>
<b>Fund Target [2]</b>	<b>166,300</b>	<b>181,100</b>	<b>186,100</b>	<b>201,300</b>	<b>207,000</b>	<b>212,800</b>
<b>Target Met?</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>

1 - Includes meter fees and volume rate revenues

2 - One month of operating expenses per District policy

## SECTION 4: COST ALLOCATION

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The revenue requirement determines the amount of revenue to be recovered from water rates, and the cost allocation determines how revenues will be recovered from customers based on how they use the water system.

### 4.1 Methodology and Peaking Factors

The American Water Works Association (AWWA) recommends methods to classify costs among various customers. The base-extra capacity method was selected for this study. Costs are allocated to the following categories: (a) base, (b) extra, (c) metering and services, (d) customer service and (e) backflow prevention. A fire protection category is excluded because fire protection costs and service fees were evaluated as a separate analysis in 2018.

The base category is intended to encompass expenses to related to providing water under average conditions (“base”). The extra category includes costs related to providing water above the system average (i.e. related to peak or “extra” usage). To determine appropriate allocations between the base and extra categories, peaking factors were established, see Table 8. Based on RLECWD’s billing data, water use during the peak bimonthly period was 1.72 times the water use during the average period. The average period (1.00) divided by the peak period factor (1.72) results in average or base use making up 58% of peak usage.

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**Table 8: Peaking Factors**  
**Rate Study / Cost of Service Study**  
**Rio Linda Elverta Community Water District**

<b>Metric</b>	<b>Peaking Factor</b>	<b>% of Total</b>
Average Bimonth	1.00	58%
Peak Bimonth	1.72	<u>42%</u>
		100%

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## 4.2 Backflow Prevention

Detailed cost allocation percentages are not required for the backflow prevention category because costs can be directly assigned. RLECWD estimated annual staffing costs and materials needed to provide backflow prevention services. As shown in Table 9, the total annual cost is estimated at \$26,500.

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**Table 9: Backflow Prevention Cost of Service Estimate  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

<b>Category</b>	<b>FY2022 Direct Annual Cost</b>
Staffing Cost [1]	\$22,500
Reporting	\$2,000
Tester certification and training	\$1,000
Materials and Equipment	<u>\$1,000</u>
Total	\$26,500

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Costs estimated by RLECWD staff  
1 - 500 hours at \$35/hr plus \$5,000 for administration

## 4.3 Cost Allocation

Table 10 provides the proposed cost allocation based on FY2022 operating expenses and debt service, capital improvement costs, and other non-operating expenses. The cost allocation excludes the backflow prevention expenses shown above. FY2022 expenses were selected for cost allocation because they represent RLECWD's most up-to-date cost information. Most non-staffing operating costs are allocated based on water usage under average vs. peak conditions throughout the year. The 2015 Umpqua loan debt service, miscellaneous pump replacements, pipeline replacements, and Well 12 A capital costs were allocated based on peaking factors. Because water systems are designed and constructed based on peak period demands, peaking factors are an appropriate cost allocation metric for these expenses. Staffing costs were assigned based on the District's employees, salaries, and staff responsibilities.

**Table 10: Cost Allocation**  
**Rate Study / Cost of Service Study**  
**Rio Linda Elverta Community Water District**

Category	FY2022 Costs	Base	Extra	Meters & Services	Customer Service
<b>Operating Expenses [1]</b>					
Legal & Auditor	27,300	0%	0%	0%	11
Engineering & Prof Serv.	111,800	47%	33%	20%	
Salaries & Benefits	1,287,000	28%	20%	45%	
Unfunded Accrued Liability	93,000	0%	0%	100%	
Less Backflow Staffing	(22,500)	28%	20%	45%	
Administration	211,200	28%	20%	45%	
Other Field Ops	67,400	80%	20%	0%	
Treatment	18,500	80%	20%	0%	
Pumping	230,000	80%	20%	0%	
Valve Replacement	15,500	0%	0%	100%	
Transmission & Dist.	88,600	80%	20%	0%	
Transportation	<u>19,600</u>	<u>0%</u>	<u>0%</u>	<u>100%</u>	
<b>Total Operating Expenses</b>	<b>2,147,400</b>	<b>789,100</b>	<b>416,000</b>	<b>808,600</b>	<b>133,</b>
<b>Non-Operating Expenses</b>					
Debt Service 2015 Umpqua Loan	201,300	58%	42%	0%	
Debt Service AMI Meter Loan	58,500	0%	0%	100%	
Misc Non-Operating Expense	2,100	0%	0%	100%	
<b>Capital Improvements</b>					
Miscellaneous Pumps	40,000	58%	42%	0%	
Service Replacements	30,000	0%	0%	100%	
Small Meter Replacements	120,000	0%	0%	100%	
Large Meter Replacements	5,000	0%	0%	100%	
Annual Pipeline Replacement	211,200	58%	42%	0%	
Well 12A Design & Construction	<u>170,500</u>	<u>58%</u>	<u>42%</u>	<u>0%</u>	
<b>Total Other Non-Operating Expenses</b>	<b>838,600</b>	<b>362,200</b>	<b>260,800</b>	<b>215,600</b>	
	<b>2,986,000</b>	<b>1,151,300</b>	<b>676,800</b>	<b>1,024,200</b>	<b>133,</b>
<b>Proposed Cost Allocation</b>	<b>100.00%</b>	<b>38.6%</b>	<b>22.7%</b>	<b>34.3%</b>	<b>4</b>

1 - Does not include the conservation expense as the conservation expense is being phased out; does not include backflow prevention are directly assigned

Note: FY2022 costs shown here are partially offset by non-rate revenues and a slight draw down of reserves in FY2022

#### 4.4 Fixed Unit Cost Calculation

The cost allocation percentages determined in the prior table are applied to the FY2023 service charge revenue requirement of \$2,915,000 in Table 11. FY2023 was selected as the test year instead of FY2022 because the FY2022 rate change will take place in September and apply to only five of six billing periods prompting a rate mitigation plan. The base and extra categories, representing 61.2% of the revenue requirement, are proposed to be recovered from volume rates.

38.8% of the revenue requirement is proposed to be recovered from fixed charges via the metering and services and customer service categories. For the metering and services revenue requirement, AWWA guidelines recommend using meter equivalents to assign capacity-related costs to larger meter sizes. Utility infrastructure is typically designed to meet peak demands associated with the maximum flow rate of each meter. The flow of larger meters compared to the base meter size of 5/8" determines the meter equivalents, see Table 4. The customer service revenue requirement is proposed to be recovered from each customer regardless of meter size.

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**Table 11: FY2023 Fixed Unit Cost Calculation  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

	Total	Base	Extra	Meters & Services	Customer Service
FY2023 Revenue Requirement	\$2,915,000	\$1,123,925	\$660,707	\$999,847	\$130,619
Cost Allocation	100.0%	38.6%	22.7%	34.3%	4.5%
FY2023 Units of Service				5,377 meter equivalents	4,599 # of meters
FY2023 Unit Cost				\$30.99 \$/meter equiv./bimo	\$4.73 \$/meter/bimo

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## SECTION 5: RATE DESIGN

This section describes rate design considerations for fixed meter charges and volume rates.

### 5.1 Proposed Fixed Charges

Table 12 displays the calculation of bimonthly fixed charges. The meter equivalent charges are first calculated by scaling the base metering and services fee of \$30.99 by the equivalent meter ratio. The customer service charge of \$4.73 is then added to each fee regardless of meter size. The total proposed FY2023 fixed charge for 5/8" meters is \$35.72, a reduction from the current fee of \$59.86.

**Table 12: FY2023 Total Fixed Charges  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

Meter Size	Ratio	Meter Charge		Customer Service Charge	=	Total Fixed Bimonthly Fee
5/8"	1.00	\$30.99	+	\$4.73	=	\$35.72
3/4"	1.00	\$30.99	+	\$4.73	=	\$35.72
1"	1.67	\$51.65	+	\$4.73	=	\$56.38
1.5"	3.33	\$103.30	+	\$4.73	=	\$108.03
2"	5.33	\$165.28	+	\$4.73	=	\$170.01
3"	11.67	\$361.55	+	\$4.73	=	\$366.28
4"	21.00	\$650.79	+	\$4.73	=	\$655.52

The FY2022 fixed service charge for backflow prevention is calculated as \$26,500 (the revenue requirement established in Table 9) divided by 531 devices over six annual billing periods, rounded up for ease in billing. The resulting charge is \$9.00 bimonthly per device. Backflow costs are estimated to increase by 3% annually so backflow rates are also proposed to increase 3% annually.

### 5.2 Proposed Volume Rates

To comply with water use efficiency regulations, RLECWD proposes a two-tiered rate structure for single family customers. Tier 1 is intended to include efficient indoor water use of 52.5 gallons per capita per day – the 2025 target under SB 606 and AB 1668. The District determined an average household size of four occupants which results in a tier breakpoint of 17 ccf, see Table 13. Tier 2 is proposed to encompass inefficient indoor use and outdoor use in excess of 17 ccf per billing period.

**Table 13: Indoor Water Use Estimate  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

2025 Indoor Water Use Target	52.5	gpcd
	x	
Average people per home	4	
	x	
Average days per billing period	61	
	=	
Total indoor use per bimonth	12,810	gallons
Indoor ccf per bimonth	17	ccf

RLECWD also desires a rate class called CII (commercial, industrial, and institutional) and a rate class for dedicated irrigation accounts. These non-residential customers are proposed to have uniform, non-tiered rates that apply to all levels of use. The revenue responsibility of each class is based on class contributions to peak vs. average use as provided in Table 14.

**Table 14: Customer Class Peaking and Volumetric Revenue Allocation  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

	Average Bimonth		Peak Bimonth		Peaking Factor
SFR Residential	136,105	85%	231,213	84%	1.70
CII	22,450	14%	40,191	15%	1.79
Irrigation	<u>1,591</u>	1%	<u>4,074</u>	1.5%	<u>2.56</u>
Total ccf	160,147		275,478		1.72
	<b>Base</b>		<b>Extra</b>		<b>Total</b>
SFR Residential	\$955,201	85%	\$554,542	84%	\$1,509,743
CII	\$157,558	14%	\$96,394	15%	\$253,953
Irrigation	<u>\$11,165</u>	1.0%	<u>\$9,771</u>	1.5%	<u>\$20,937</u>
Total Allocated FY2023 Revenue Requirement	\$1,123,925		\$660,707		\$1,784,632

Note: consumption based on the average of 2018 and 2019 data normalized for 4,333 single family residential customers, 175 CII customers, and 16 irrigation customers  
SFR - single family residential; CII – indoor commercial, industrial, and institutional

Table 15 provides the volume rate calculations for the single family residential, CII, and irrigation customer classes. The average single family customer is expected to use about 29 ccf per billing period. This level of use is set as the average or “base” use for ratemaking. As described, the first 17 ccf of use is set as Tier 1 and makes up 59% of water use included in the typical bill. The remaining 12 ccf is set as Tier 2 use and makes up about 41% of water use in the typical bill. Because tier 1 usage makes up about 59% of the average bill’s water use, Tier 1 is proposed to recover 59% of the “base” revenue requirement allocated to the single family customer class. Tier 2 is proposed to recover 41% of the “base” single family revenue requirement plus 100% of the “extra” revenue requirement. For CII and irrigation customers, the uniform volume rate recovers both the “base” and “extra” revenue requirements.

**Table 15: FY2023 Volume Rate Calculation  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

Indoor Water Use 52.5 gpcd	17	59%
Outdoor Water Use	12	41%
Average Bimonth [1]	29	

<b>SFR Residential</b>	<b>Base</b>		<b>Extra</b>	<b>Total</b>
Allocated Revenue	\$955,201		\$554,542	\$1,509,743
	Indoor	Outdoor	Extra	
	59%	41%	100%	
Suballocated Revenue	\$559,945	\$395,256	\$554,542	\$1,509,743
Tier	Tier 1		Tier 2	
Revenue in Tier	\$559,945	\$949,797		\$1,509,743
Breakpoint	0-17 ccf/bimo		17+ccf/bimo	
Water Use (ccf)	319,308		426,953	746,261
Rate (\$/ccf)	\$1.75		\$2.22	

<b>CII</b>	<b>Base</b>	<b>Extra</b>	<b>Total</b>
Allocated Revenue	\$157,558	\$96,394	\$253,953
Water Use (ccf)			128,254
Rate (\$/ccf)			\$1.98

<b>Irrigation</b>	<b>Base</b>	<b>Extra</b>	<b>Total</b>
Allocated Revenue	\$11,165	\$9,771	\$20,937
Water Use (ccf)			9,238
Rate (\$/ccf)			\$2.27

SFR - Single Family Residential; CII - indoor commercial, industrial, and institutional  
1 - Average bimonthly usage of 29 ccf reflects slight conservation in FY2022 and beyond reflecting the rate structure changes

### 5.3 Projection of Customer Billing Units

The preceding tables calculated fixed and volume rates based on the FY2023 revenue requirement and billing units. For FY2024 through FY2026, the rates are calculated as the revenue requirement provided in Table 7 divided by the billing units shown in Table 16. It is projected that RLECWD will add five single family dwelling units each year that will each use 29 ccf per billing period and be served by a 1" meter. In FY2022, it is projected that water use will decline initially as customers adjust to the new rate structure, particularly the sunset of the District's unbilled allotment of 6 ccf.

**Table 16: Projected Customer Counts  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

	Current	FY2022	FY2023	FY2024	FY2025	FY2026
New Customers [1]		5	5	5	5	5
Cumulative		5	10	15	20	25
Water Meters	4,589	4,594	4,599	4,604	4,609	4,614
Meter Equivalents	5,360	5,368	5,377	5,385	5,393	5,402
Water Use [2]						
Single Family Residential						
SFR Tier 1: 0-17	349,817	324,890	319,308	319,818	320,328	320,838
SFR Tier 2: 17+	468,424	440,602	426,953	427,313	427,673	428,033
Non-SFR Water Use						
CII	140,939	131,860	128,254	128,254	128,254	128,254
Irrigation	<u>10,152</u>	<u>9,548</u>	<u>9,238</u>	<u>9,238</u>	<u>9,238</u>	<u>9,238</u>
Total	969,332	906,900	883,754	884,624	885,494	886,364

1 - Each new customer is assumed to be a single family residential customer with a 1" meter using 29 ccf/bimonth

2 - FY2022 reflects July and August based on typical water usage patterns over the past two years. Water use for September 2021 and beyond reflect a reduction in use as customers adjust to the new rate structure

### 5.4 5-Year Projection of Normal Year and Drought Usage Rates

Table 17 calculates revenues for FY2022 based on the first billing period collecting revenues under current rates and the other five billing periods collecting revenues under proposed rates. As shown in this report, FY2023 rates reflect the proposed cost allocation. To mitigate rate impacts, the September 1, 2021 rates are calculated as the FY2023 rates scaled to 98%.

**Table 17: FY2022 Rate Revenue  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

Meter Size	Jul/Aug '21 (Current) Service Charge (\$/bimo)	Count	Estimated Revenue (1 Billing Cycle)		Sept '21 (Proposed) Service Charge (\$/bimo)	Count [1]	Estima Revel (5 Bil Cyc
5/8"	\$59.86	3,746	\$224,236		\$35.01	3,746	\$655,
3/4"	\$59.86	44	\$2,634		\$35.01	44	\$7,
1"	\$99.77	680	\$67,844		\$55.25	685	\$189,
1.5"	\$199.53	18	\$3,592		\$105.87	18	\$9,
2"	\$319.25	23	\$7,343		\$166.61	23	\$19,
3"	\$698.37	9	\$6,285		\$358.95	9	\$16,
4"	\$1,257.06	4	\$5,028		\$642.41	4	\$12,
Inactive	\$59.86	65	<u>\$3,891</u>		\$35.01	65	<u>\$11,</u>
Subtotal Meter Charges		4,589	\$320,852			4,594	\$921,
<b>Volume Rate (\$/ccf)</b>	<b>CURRENT</b>	<b>Jul/Aug '21</b>			<b>PROPOSED</b>	<b>Sep '21 to Jun '22</b>	
Water Allotment (0 to 6 ccf/bimo)	\$0.00	26,772	\$0	SFR Tier 1: 0-17	\$1.72	256,342	\$440,
Billed Water Use (6+)	\$0.81	<u>241,539</u>	<u>\$195,647</u>	SFR Tier 2: 17+	\$2.18	284,342	\$619,
Subtotal Volume Rate		268,311	\$195,647	CCI	\$1.94	91,802	\$178,
				Irrigation	\$2.22	<u>6,102</u>	<u>\$13,</u>
						638,589	\$1,252,
<b>Total</b>			\$516,498				\$2,174,

1 - It is assumed the District will add five new 1" customers per year

The usage rate calculation shown in Table 15 was repeated for years FY2024 through FY2026 as shown in Table 18. Table 19 through Table 21 provide usage rate calculations under drought conditions ranging from a 30% to 50% water cutback. Under drought conditions, it is assumed that the District’s pumping expense would be reduced proportionately to the water cutback (i.e. a 30% reduction in usage would result in a 30% reduction in pumping expenses). RLECWD reviewed its expenses and determined that there would be no other reductions in operating expenses during a drought. To calculate drought rates, the revenue requirement of each customer class is reduced by a pumping discount and then divided by estimated water use under the water cutback.

**Table 18: Usage Rate Calculation - Normal Water Year  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>
SFR Tier 1 Rev Req.	\$559,945	\$574,986	\$600,861	\$627,907
SFR Tier 1 Use (ccf)	319,308	319,818	320,328	320,838
Tier 1 Rate	\$1.75	\$1.80	\$1.88	\$1.96
SFR Tier 2 Rev Req.	\$949,797	\$975,310	\$1,019,199	\$1,065,076
SFR Tier 2 Use (ccf)	426,953	427,313	427,673	428,033
Tier 2 Rate	\$2.22	\$2.28	\$2.38	\$2.49
CII Rev Req.	\$253,953	\$260,774	\$272,509	\$284,776
CII Use (ccf)	128,254	128,254	128,254	128,254
CII Rate	\$1.98	\$2.03	\$2.12	\$2.22
Irrigation Rev Req.	\$20,937	\$21,499	\$22,466	\$23,478
Irrigation Use (ccf)	9,238	9,238	9,238	9,238
Irrigation Rate	\$2.27	\$2.33	\$2.43	\$2.54

Rev Req. – revenue requirement

**Table 19: Usage Rate Calculation - Stage 2 Drought 30% Conservation  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>
SFR Tier 1 Rev Req.	\$559,945	\$574,986	\$600,861	\$627,907
Less Pumping Discount	<u>(\$25,678)</u>	<u>(\$26,464)</u>	<u>(\$27,272)</u>	<u>(\$28,103)</u>
Total Rev	\$534,267	\$548,522	\$573,588	\$599,804
SFR Tier 1 Use (ccf)	223,515	223,872	224,229	224,586
Tier 1 Rate	\$2.39	\$2.45	\$2.56	\$2.67
SFR Tier 2 Rev Req.	\$949,797	\$975,310	\$1,019,199	\$1,065,076
Less Pumping Discount	<u>(\$34,335)</u>	<u>(\$35,359)</u>	<u>(\$36,412)</u>	<u>(\$37,493)</u>
Total Rev	\$915,463	\$939,951	\$982,788	\$1,027,583
SFR Tier 2 Use (ccf)	298,867	299,119	299,371	299,623
Tier 2 Rate	\$3.06	\$3.14	\$3.28	\$3.43
CII Rev Req.	\$253,953	\$260,774	\$272,509	\$284,776
Less Pumping Discount	<u>(\$10,314)</u>	<u>(\$10,613)</u>	<u>(\$10,919)</u>	<u>(\$11,234)</u>
Total Rev	\$243,639	\$250,162	\$261,590	\$273,541
CII Use (ccf)	89,778	89,778	89,778	89,778
CII Rate	\$2.83	\$2.90	\$3.04	\$3.17
Irrigation Rev Req.	\$20,937	\$21,499	\$22,466	\$23,478
Less Pumping Discount	<u>(\$743)</u>	<u>(\$764)</u>	<u>(\$787)</u>	<u>(\$809)</u>
Total Rev	\$20,194	\$20,734	\$21,680	\$22,668
Irrigation Use (ccf)	6,467	6,467	6,467	6,467
Irrigation Rate	\$3.24	\$3.32	\$3.47	\$3.63

Rev Req. – revenue requirement

**Table 20: Usage Rate Calculation - Stage 3 Drought 40% Conservation  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>
SFR Tier 1 Rev Req.	\$559,945	\$574,986	\$600,861	\$627,907
Less Pumping Discount	<u>(\$34,238)</u>	<u>(\$35,285)</u>	<u>(\$36,363)</u>	<u>(\$37,471)</u>
Total Rev	\$525,708	\$539,701	\$564,498	\$590,436
SFR Tier 1 Use (ccf)	191,585	191,891	192,197	192,503
Tier 1 Rate	\$2.74	\$2.81	\$2.94	\$3.07
SFR Tier 2 Rev Req.	\$949,797	\$975,310	\$1,019,199	\$1,065,076
Less Pumping Discount	<u>(\$45,780)</u>	<u>(\$47,145)</u>	<u>(\$48,549)</u>	<u>(\$49,991)</u>
Total Rev	\$904,018	\$928,165	\$970,651	\$1,015,086
SFR Tier 2 Use (ccf)	256,172	256,388	256,604	256,820
Tier 2 Rate	\$3.53	\$3.62	\$3.78	\$3.95
CII Rev Req.	\$253,953	\$260,774	\$272,509	\$284,776
Less Pumping Discount	<u>(\$13,752)</u>	<u>(\$14,150)</u>	<u>(\$14,559)</u>	<u>(\$14,979)</u>
Total Rev	\$240,201	\$246,624	\$257,950	\$269,796
CII Use (ccf)	76,953	76,953	76,953	76,953
CII Rate	\$3.30	\$3.39	\$3.54	\$3.70
Irrigation Rev Req.	\$20,937	\$21,499	\$22,466	\$23,478
Less Pumping Discount	<u>(\$991)</u>	<u>(\$1,019)</u>	<u>(\$1,049)</u>	<u>(\$1,079)</u>
Total Rev	\$19,946	\$20,480	\$21,418	\$22,399
Irrigation Use (ccf)	5,543	5,543	5,543	5,543
Irrigation Rate	\$3.78	\$3.88	\$4.05	\$4.24

Rev Req. – revenue requirement



**Table 21: Usage Rate Calculation - Stage 4 Drought 50% Conservation  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

	FY2023	FY2024	FY2025	FY2026
SFR Tier 1 Rev Req.	\$559,945	\$574,986	\$600,861	\$627,907
Less Pumping Discount	<u>(\$42,797)</u>	<u>(\$44,107)</u>	<u>(\$45,454)</u>	<u>(\$46,839)</u>
Total Rev	\$517,148	\$530,880	\$555,407	\$581,068
SFR Tier 1 Use (ccf)	159,654	159,909	160,164	160,419
Tier 1 Rate	\$3.24	\$3.32	\$3.47	\$3.62
SFR Tier 2 Rev Req.	\$949,797	\$975,310	\$1,019,199	\$1,065,076
Less Pumping Discount	<u>(\$57,225)</u>	<u>(\$58,932)</u>	<u>(\$60,686)</u>	<u>(\$62,488)</u>
Total Rev	\$892,573	\$916,379	\$958,513	\$1,002,588
SFR Tier 2 Use (ccf)	213,477	213,657	213,837	214,017
Tier 2 Rate	\$4.18	\$4.29	\$4.48	\$4.68
CII Rev Req.	\$253,953	\$260,774	\$272,509	\$284,776
Less Pumping Discount	<u>(\$17,190)</u>	<u>(\$17,688)</u>	<u>(\$18,199)</u>	<u>(\$18,724)</u>
Total Rev	\$236,763	\$243,086	\$254,310	\$266,052
CII Use (ccf)	64,127	64,127	64,127	64,127
CII Rate	\$3.96	\$4.07	\$4.25	\$4.44
Irrigation Rev Req.	\$20,937	\$21,499	\$22,466	\$23,478
Less Pumping Discount	<u>(\$1,238)</u>	<u>(\$1,274)</u>	<u>(\$1,311)</u>	<u>(\$1,349)</u>
Total Rev	\$19,698	\$20,225	\$21,155	\$22,129
Irrigation Use (ccf)	4,619	4,619	4,619	4,619
Irrigation Rate	\$4.53	\$4.65	\$4.86	\$5.08

Rev Req. – revenue requirement

## 5.5 5-Year Schedule of Proposed Rates

Table 22 provides a summary of proposed meter fees, standby fire protection fees, backflow prevention charges, and normal water year volume rates. Table 23 provides drought rates. Drought rates for September 1, 2021 are calculated as 98% of the FY2023 drought rates consistent with the proposed rate phase-in.

Table 22 also provides inoperable meter fees for the next five years. The fees are calculated as the meter charge plus typical water use for the season - warm weather or cold weather. The warm weather fee is intended to be implemented from May to October and includes average use of 43 ccf per bimonthly period. The cold weather fee is intended to be implemented from November to April and includes average use of 19 ccf. CII and Irrigation inoperable meter rates may be based on past average consumption.

**Table 22: Proposed Bimonthly Water Rates - Normal Water Year  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

Meter Size	Current	Proposed				
	FY2021	FY2022 Sep 1, '21	FY2023 Jul 1, '22	FY2024 Jul 1, '23	FY2025 Jul 1, '24	FY2026 Jul 1, '25
5/8"	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
3/4"	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
1"	\$99.77	\$55.25	\$56.38	\$57.83	\$60.34	\$62.94
1.5"	\$199.53	\$105.87	\$108.03	\$110.79	\$115.60	\$120.59
2"	\$319.25	\$166.61	\$170.01	\$174.35	\$181.92	\$189.77
3"	\$698.37	\$358.95	\$366.28	\$375.63	\$391.94	\$408.84
4"	\$1,257.06	\$642.41	\$655.52	\$672.24	\$701.43	\$731.68
Inactive	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
<b>Single Family Residential Inoperable Meter Rates (fixed bimonthly fee, no additional volume charges)</b>						
5/8" - Cold Weather		\$68.61	\$69.91	\$71.80	\$74.95	\$78.18
5/8" - Warm Weather		\$120.93	\$123.19	\$126.52	\$132.07	\$137.94
3/4" - Cold Weather		\$68.61	\$69.91	\$71.80	\$74.95	\$78.18
3/4" - Warm Weather		\$120.93	\$123.19	\$126.52	\$132.07	\$137.94
1" - Cold Weather		\$88.85	\$90.57	\$92.99	\$97.06	\$101.24
1" - Warm Weather		\$141.17	\$143.85	\$147.71	\$154.18	\$161.00
CII and Irrigation inoperable meter rates may be based on past average consumption						
<b>Volume Rates \$/ccf</b>						
Current Rate per ccf (over 6ccf)	\$0.81					
Single Family Residential						
Tier 1: 0-17 ccf		\$1.72	\$1.75	\$1.80	\$1.88	\$1.96
Tier 2: 17+ ccf		\$2.18	\$2.22	\$2.28	\$2.38	\$2.49
CII (all use)		\$1.94	\$1.98	\$2.03	\$2.12	\$2.22
Irrigation (all use)		\$2.22	\$2.27	\$2.33	\$2.43	\$2.54
<b>Standby Fire Protection - Fixed Bimonthly Charge</b>						
1.5"	\$4.12	\$4.12	\$4.31	\$4.50	\$4.70	\$4.91
4"	\$40.00	\$54.38	\$56.83	\$59.39	\$62.06	\$64.85
6"	\$60.00	\$157.96	\$165.07	\$172.50	\$180.26	\$188.37
8"	\$80.00	\$157.96	\$165.07	\$172.50	\$180.26	\$188.37
<b>Backflow Prevention - Fixed Bimonthly Charge</b>						
Per device	\$8.33	\$9.00	\$9.27	\$9.55	\$9.84	\$10.14

**Table 23: Proposed Bimonthly Water Rates – Drought Conditions**

**Rate Study / Cost of Service Study**

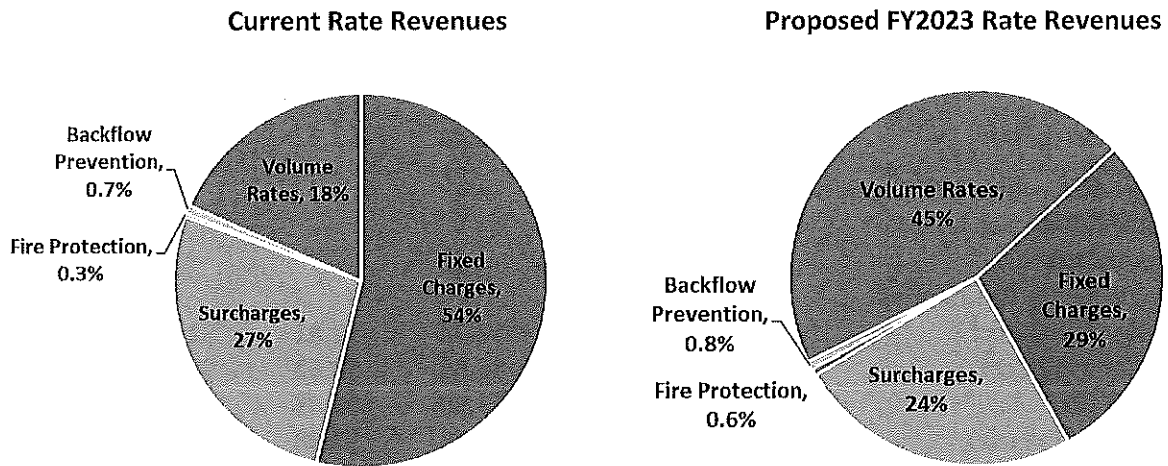
**Rio Linda Elverta Community Water District**

	Current	Proposed				
	FY2021	FY2022 Sep 1, '21	FY2023 Jul 1, '22	FY2024 Jul 1, '23	FY2025 Jul 1, '24	FY2026 Jul 1, '25
<b>Stage 2 Drought: 30% Conservation</b>		<b>Volume Rates \$/ccf</b>				
Current Rate per ccf (over 6ccf)	\$0.92					
Single Family Residential						
Tier 1: 0-17 ccf		\$2.34	\$2.39	\$2.45	\$2.56	\$2.67
Tier 2: 17+ ccf		\$3.00	\$3.06	\$3.14	\$3.28	\$3.43
CII (all use)		\$2.77	\$2.83	\$2.90	\$3.04	\$3.17
Irrigation (all use)		\$3.18	\$3.24	\$3.32	\$3.47	\$3.63
<b>Stage 3 Drought: 40% Conservation</b>						
Current Rate per ccf (over 6ccf)	\$1.08					
Single Family Residential						
Tier 1: 0-17 ccf		\$2.69	\$2.74	\$2.81	\$2.94	\$3.07
Tier 2: 17+ ccf		\$3.46	\$3.53	\$3.62	\$3.78	\$3.95
CII (all use)		\$3.23	\$3.30	\$3.39	\$3.54	\$3.70
Irrigation (all use)		\$3.70	\$3.78	\$3.88	\$4.05	\$4.24
<b>Stage 4 Drought: 50% Conservation</b>						
Current Rate per ccf (over 6ccf)	\$1.29					
Single Family Residential						
Tier 1: 0-17 ccf		\$3.18	\$3.24	\$3.32	\$3.47	\$3.62
Tier 2: 17+ ccf		\$4.10	\$4.18	\$4.29	\$4.48	\$4.68
CII (all use)		\$3.88	\$3.96	\$4.07	\$4.25	\$4.44
Irrigation (all use)		\$4.44	\$4.53	\$4.65	\$4.86	\$5.08

## 5.6 Revenue and Customer Impacts

Current and proposed revenues including surcharge revenues are shown in Table 24 and summarized in Figure 5. Current revenues total about \$3.58 million and are made up of about 82% fixed charge revenues and 18% volume rate revenues. Under the proposed rates, about 55% of revenues are made up of fixed fee revenues and 45% of revenues are generated by volume rates.

Figure 5: Revenue Recovery from Fixed Charges and Volume Rates



**Table 24: Comparison of Current and Proposed FY2023 Service Charge Revenues  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

Meter Size	Current				Proposed			
	FY2021	Count	Revenue	% of Total	FY2023	Count	Revenue	% of Total
5/8"	\$59.86	3,746	\$1,345,413	38%	\$35.72	3,746	\$802,843	20%
3/4"	\$59.86	44	\$15,803	0.4%	\$35.72	44	\$9,430	0.2%
1"	\$99.77	680	\$407,062	11%	\$56.38	690	\$233,413	6%
1.5"	\$199.53	18	\$21,549	1%	\$108.03	18	\$11,667	0%
2"	\$319.25	23	\$44,057	1%	\$170.01	23	\$23,461	1%
3"	\$698.37	9	\$37,712	1%	\$366.28	9	\$19,779	1%
4"	\$1,257.06	4	\$30,169	1%	\$655.52	4	\$15,732	0%
Inactive	\$59.86	65	\$23,345	1%	\$35.72	65	\$13,931	0%
Surcharge 1	\$19.00	4,589	\$523,146	15%	\$19.00	4,599	\$524,286	13%
Surcharge 2	\$15.80	4,589	\$435,037	12%	\$15.80	4,599	\$435,985	11%
<b>Standby Fire Protection – Fixed Bimonthly Charge</b>								
1.5"	\$4.12	1	\$25	0.0%	\$4.31	1	\$26	0.0%
4"	\$40.00	13	\$3,120	0.1%	\$56.83	13	\$4,433	0.1%
6"	\$60.00	12	\$4,320	0.1%	\$165.07	12	\$11,885	0.3%
8"	\$80.00	7	\$3,360	0.1%	\$165.07	7	\$6,933	0.2%
<b>Backflow Prevention – Fixed Bimonthly Charge</b>								
Per device	\$8.33	531	\$26,539	0.7%	\$9.27	531	\$29,534	0.75%
<b>Subtotal Fixed Fees</b>			<b>\$2,920,658</b>	<b>82%</b>			<b>\$2,143,339</b>	<b>55%</b>
Current Rate per ccf (over 6ccf)	\$0.81	811,175	\$657,052	18%				
Single Family Residential								
Tier 1: 0-17 ccf					\$1.75	319,308	\$558,789	
Tier 2: 17+ ccf					\$2.22	426,953	\$947,836	
CII (all use)					\$1.98	128,254	\$253,944	
Irrigation (all use)					\$2.27	9,238	\$20,971	
<b>Subtotal Volume Rates</b>			<b>\$657,052</b>	<b>18%</b>			<b>\$1,781,540</b>	<b>45%</b>
<b>Total</b>			<b>\$3,577,710</b>	<b>100%</b>			<b>\$3,924,879</b>	<b>100%</b>

Table 25 provides sample single family residential bills comparing the current and proposed September 1, 2021 bills under various levels of use. With use of 29 ccf per billing period and a 5/8" meter, the typical customer bill will increase from \$113.29 to \$125.21, an increase of about 10%.

**Table 25: Comparison of Current and Proposed Single Family Bills  
Rate Study / Cost of Service Study  
Rio Linda Elverta Community Water District**

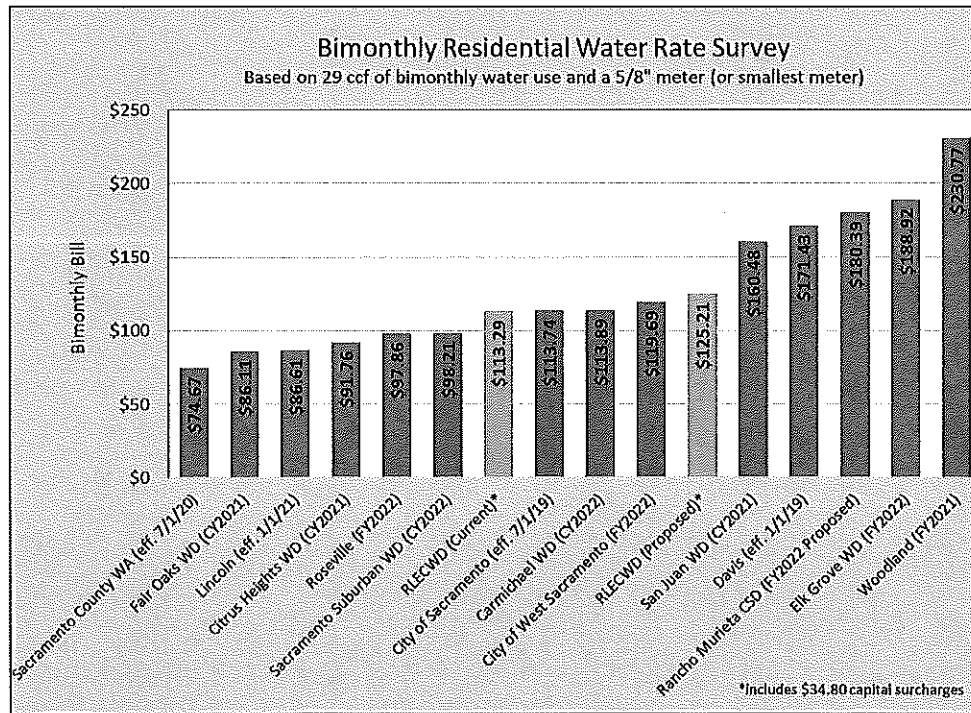
Current					Proposed September 1, 2021				
	Count	Rate	Fees	%		Count	Rate	Fees	%
<b>Average SFR - 29 ccf</b>					<b>Average SFR - 29 ccf</b>				
Fixed Fees					Fixed Fees				
5/8" Meter	1	\$59.86	\$59.86	53%	5/8" Meter	1	\$35.01	\$35.01	28%
Surcharge 1	1	\$19.00	\$19.00	17%	Surcharge 1	1	\$19.00	\$19.00	15%
Surcharge 2	1	\$15.80	<u>\$15.80</u>	<u>14%</u>	Surcharge 2	1	\$15.80	<u>\$15.80</u>	<u>13%</u>
Subtotal Fixed			\$94.66	84%	Subtotal Fixed			\$69.81	56%
Volume Fees					Volume Fees				
Tier 1: 0-6 ccf	6	\$0.00	\$0.00	0%	Tier 1: 0-17 ccf	17	\$1.72	\$29.24	23%
Tier 2: 6+ ccf	<u>23</u>	\$0.81	<u>\$18.63</u>	<u>16%</u>	Tier 2: 17+ ccf	<u>12</u>	\$2.18	<u>\$26.16</u>	<u>21%</u>
Subtotal Volume	29		\$18.63	16%	Subtotal Volume	29		\$55.40	44%
Total Bimonthly Bill			\$113.29	100%	Total Bimonthly Bill			\$125.21	100%
					% Change from Current			10.5%	
<b>Indoor-only SFR - 17 ccf</b>					<b>Indoor-only SFR - 17 ccf</b>				
Fixed Fees					Fixed Fees				
5/8" Meter	1	\$59.86	\$59.86	58%	5/8" Meter	1	\$35.01	\$35.01	35%
Surcharge 1	1	\$19.00	\$19.00	18%	Surcharge 1	1	\$19.00	\$19.00	19%
Surcharge 2	1	\$15.80	<u>\$15.80</u>	<u>15%</u>	Surcharge 2	1	\$15.80	<u>\$15.80</u>	<u>16%</u>
Subtotal Fixed			\$94.66	91%	Subtotal Fixed			\$69.81	70%
Volume Fees					Volume Fees				
Tier 1: 0-6 ccf	6	\$0.00	\$0.00	0%	Tier 1: 0-17 ccf	17	\$1.72	\$29.24	30%
Tier 2: 6+ ccf	<u>11</u>	\$0.81	<u>\$8.91</u>	<u>9%</u>	Tier 2: 17+ ccf	<u>0</u>	\$2.18	<u>\$0.00</u>	<u>0%</u>
Subtotal Volume	17		\$8.91	9%	Subtotal Volume	17		\$29.24	29%
Total Bimonthly Bill			\$103.57	100%	Total Bimonthly Bill			\$99.05	100%
					% Change from Current			-4.4%	
<b>Median Bill SFR - 20 ccf</b>					<b>Median Bill SFR - 20 ccf</b>				
Fixed Fees					Fixed Fees				
5/8" Meter	1	\$59.86	\$59.86	56%	5/8" Meter	1	\$35.01	\$35.01	33%
Surcharge 1	1	\$19.00	\$19.00	18%	Surcharge 1	1	\$19.00	\$19.00	18%
Surcharge 2	1	\$15.80	<u>\$15.80</u>	<u>15%</u>	Surcharge 2	1	\$15.80	<u>\$15.80</u>	<u>15%</u>
Subtotal Fixed			\$94.66	89%	Subtotal Fixed			\$69.81	66%
Volume Fees					Volume Fees				
Tier 1: 0-6 ccf	6	\$0.00	\$0.00	0%	Tier 1: 0-17 ccf	17	\$1.72	\$29.24	28%
Tier 2: 6+ ccf	<u>14</u>	\$0.81	<u>\$11.34</u>	<u>11%</u>	Tier 2: 17+ ccf	<u>3</u>	\$2.18	<u>\$6.54</u>	<u>6%</u>
Subtotal Volume	20		\$11.34	11%	Subtotal Volume	20		\$35.78	34%
Total Bimonthly Bill			\$106.00	100%	Total Bimonthly Bill			\$105.59	100%
					% Change from Current			-0.4%	

Peak Summer Bill SFR - 53 ccf					Peak Summer Bill SFR - 53 ccf				
Fixed Fees					Fixed Fees				
5/8" Meter	1	\$59.86	\$59.86	45%	5/8" Meter	1	\$35.01	\$35.01	20%
Surcharge 1	1	\$19.00	\$19.00	14%	Surcharge 1	1	\$19.00	\$19.00	11%
Surcharge 2	1	\$15.80	<u>\$15.80</u>	<u>12%</u>	Surcharge 2	1	\$15.80	<u>\$15.80</u>	<u>9%</u>
Subtotal Fixed			\$94.66	71%	Subtotal Fixed			\$69.81	39%
Volume Fees					Volume Fees				
Tier 1: 0-6 ccf	6	\$0.00	\$0.00	0%	Tier 1: 0-17 ccf	17	\$1.72	\$29.24	16%
Tier 2: 6+ ccf	<u>47</u>	\$0.81	<u>\$38.07</u>	<u>29%</u>	Tier 2: 17+ ccf	<u>36</u>	\$2.18	<u>\$78.48</u>	<u>44%</u>
Subtotal Volume	53		\$38.07	29%	Subtotal Volume	53		\$107.72	61%
Total Bimonthly Bill					Total Bimonthly Bill				
					\$177.53 100%				
					% Change from Current				
					33.8%				

For customers with 5/8" or 3/4" meters, bimonthly use of up to 20 ccf results in a bill decrease and bimonthly use of 21 ccf or more results in an increase.

Figure 7 provides a bill survey comparing RLECWD's current and proposed typical residential bill with bills charged by other local water purveyors. The District's current bill is in the mid-range of surveyed agencies and will remain in the mid-range following the proposed rate adjustment.

**Figure 6: Single Family Residential Bill Survey**









RLECWD Prop 218 Notice  
 PO Box 400  
 Rio Linda, CA 95673



First Name Last Name  
 Number Street  
 City, State Zip

**NOTICE OF PUBLIC HEARING TO ADJUST WATER SERVICE RATES AND FEES**  
**Monday, August 16, 2021 at 6:30 pm**  
**at Visitors/Depot Center 6730 Front St Rio Linda, CA**

***Background & Purpose of this Notice***

You are receiving this notice because you are a Rio Linda / Elverta Community Water District (RLECWD or District) water customer, or you own property receiving District services. RLECWD will be considering the adoption of adjustments in the District's water service fees and changes in the water rate structure for the next five years. As described below, the Board of Directors will be holding a Public Hearing on **Monday, August 16, 2021 at 6:30 pm** to consider proposed rate adjustments as well as the methodology for calculating the proposed rates. The District relies on rates paid by customers to fund the costs of operations, maintenance, and infrastructure improvements. The District provides water service to about 4,600 customers, including homes and businesses.

***Why are rate changes necessary?***

The District is regulated by the State. The State continues to implement mandates to manifest improved water use efficiency. Failing to achieve the State's water use efficiency mandates may result in the District being fined as much as \$10,000 per day. RLECWD's current rate structure is not compatible with State mandates. Additionally, the District is committed to providing quality service and the lowest possible rates for customers. To meet these standards and commitments, the District monitors customers' water consumption trends, the cost of providing water service, and the total operating costs associated with delivering drinking water which meets or exceeds all state and federal standards.

The District recently engaged an independent rate consultant who reviewed the comprehensive cost of providing service and the requirements of new State legislation (California Senate Bills 606 and 555 and Assembly Bill 1668) regarding water conservation and water loss reporting. The rate study report developed by the consultant is available on the District's website. Based on this evaluation, water service fee adjustments are necessary to: (a) enable the District to recover current and projected costs of operations and maintenance; (b) fund capital infrastructure maintenance; and (c) maintain financial stability. Water rate structure adjustments are necessary to comply with the substantive requirements of Proposition 218, water conservation mandates, and legal rulings. If adopted by the District's Board of Directors, the new rates would go into effect on or after September 15, 2021 with subsequent rate changes going into effect on or after July 1, 2022 through 2025. Rate changes are proposed to take place on or after the dates described in this notice coinciding with RLECWD's scheduled meter reads and billing dates.

### ***Proposed Water Rate Structure Changes***

RLECWD bills for water service on a bimonthly basis such that each bill reflects two months of water usage. The District's current water service fees are comprised of three components: (1) a fixed charge that is determined based on the size of the meter serving the property; (2) a volume charge that is imposed for each hundred cubic foot (ccf; one ccf is 748 gallons) of water consumed above 6 ccf per billing period; and (3) two surcharges that fund capital improvements and are billed regardless of water consumption and meter size. Customers participating in the standby fire protection and backflow prevention programs are charged additional fixed bimonthly amounts for these services.

The District is proposing a rate structure that will be compliant with new water use efficiency regulations and will more fairly recover costs from customers. The proposed rate structure does not adjust existing capital surcharges. These surcharges have been obligated for servicing long-term debt for state mandated water capacity improvements and mitigation of Hexavalent Chromium. While the current rate structure features high fixed charges and a low volume rate, the proposed structure is designed with lower fixed charges and higher volume rates. Fixed charges primarily recover the District's fixed costs to maintain and improve infrastructure, including wells, water treatment, and pipelines. The volume rate charged per unit of water consumed primarily recovers the cost of supply and conveyance of water to customers.

RLECWD is proposing a two-tiered volume charge for single family residential customers. The first tier reflects efficient water use at a base level of demand. The second tier reflects water use above 17 ccf bimonthly, which is use in excess of the State's indoor conservation target for a four-person home. The second tier is higher cost because it reflects the increased expenses of providing water at peak demand, including higher pumping costs. Non-residential customers are proposed to have uniform volume rates that apply to all levels of water use. The non-residential volume rates recover the costs of supplying water at both base and peak demand. Previously, the first 6 ccf of water used per billing cycle was included in the fixed charge; however, the proposed adjustment will eliminate this allotment for all customers. Compared to existing rates, low water users will experience bill decreases while high water users will experience bill increases.

The proposed rate structure also includes a set of fees for single family residential inoperable meters. The fees are fixed charges that include the meter fee plus typical water use for cold weather periods (November to April) and warm weather periods (May to October).

### ***Proposed Bimonthly Water Service Fees***

The current and proposed rates for the District's water service fees are set forth in Table 1. Standby fire protection and backflow prevention charges will only apply to customers in these programs.

Due to the rate structure adjustments, bill impacts will vary based on water meter size and bimonthly usage. High water users will have bill increases, while low water users will have bill decreases. For the average single-family home using 29 ccf of water over two months, the rate adjustment would increase the bimonthly bill (including \$34.80 in existing surcharges not shown in Table 1) from \$113.29 to \$125.21 after September 15, 2021. For a single family customer with a 5/8" meter, usage up to 20 ccf per bimonthly period would result in a bill decrease, and usage above 20 ccf would result in a bill increase.

The proposed rate structure also includes drought rates, which are provided in Table 2. Drought rates reflect 30%, 40%, or 50% water cutbacks. The drought rates maintain the same rate structure as normal year water rates, with 2 tiers for single family residential customers and uniform tiers for commercial, institutional, and industrial (CII) and irrigation customers. Should a drought occur, customers will be billed the volume rates shown in Table 2 based on the necessary level of water cutback. Fixed charges would remain as shown in Table 1.

**TABLE 1: Current and Proposed Bimonthly Water Rates (Non-drought)**

Meter Size	Current	Proposed on or after				
		September 15, 2021	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
5/8"	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
3/4"	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
1"	\$99.77	\$55.25	\$56.38	\$57.83	\$60.34	\$62.94
1.5"	\$199.53	\$105.87	\$108.03	\$110.79	\$115.60	\$120.59
2"	\$319.25	\$166.61	\$170.01	\$174.35	\$181.92	\$189.77
3"	\$698.37	\$358.95	\$366.28	\$375.63	\$391.94	\$408.84
4"	\$1,257.06	\$642.41	\$655.52	\$672.24	\$701.43	\$731.68
Inactive	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
<b>Single Family Residential Inoperable Meter Fees</b> (fixed bimonthly fee, no additional volume charges; cold weather period is November to April; warm weather period is May to October)						
5/8" - Cold Weather		\$68.61	\$69.91	\$71.80	\$74.95	\$78.18
5/8" - Warm Weather		\$120.93	\$123.19	\$126.52	\$132.07	\$137.94
3/4" - Cold Weather		\$68.61	\$69.91	\$71.80	\$74.95	\$78.18
3/4" - Warm Weather		\$120.93	\$123.19	\$126.52	\$132.07	\$137.94
1" - Cold Weather		\$88.85	\$90.57	\$92.99	\$97.06	\$101.24
1" - Warm Weather		\$141.17	\$143.85	\$147.71	\$154.18	\$161.00
Commercial, institutional, and industrial (CII) and irrigation inoperable meter rates may be based on past average consumption						
<b>Volume Rates \$/ccf *</b>						
Current Rate per ccf (over 6 ccf)	\$0.81					
Single Family Residential						
Tier 1: 0-17 ccf		\$1.72	\$1.75	\$1.80	\$1.88	\$1.96
Tier 2: 17+ ccf		\$2.18	\$2.22	\$2.28	\$2.38	\$2.49
CII ** (all use)		\$1.94	\$1.98	\$2.03	\$2.12	\$2.22
Irrigation (all use)		\$2.22	\$2.27	\$2.33	\$2.43	\$2.54
<b>Standby Fire Protection (Fixed Bimonthly Charge)</b>						
1.5"	\$4.12	\$4.12	\$4.31	\$4.50	\$4.70	\$4.91
4"	\$40.00	\$54.38	\$56.83	\$59.39	\$62.06	\$64.85
6"	\$60.00	\$157.96	\$165.07	\$172.50	\$180.26	\$188.37
8"	\$80.00	\$157.96	\$165.07	\$172.50	\$180.26	\$188.37
<b>Backflow Prevention (Fixed Bimonthly Charge)</b>						
Per device	\$8.33	\$9.00	\$9.27	\$9.55	\$9.84	\$10.14

Note: Rate changes are proposed to take place on or after the dates shown in this table coinciding with RLECWD's scheduled meter reads and billing dates.

\* ccf – hundred cubic fee; one ccf = 748 gallons

\*\*CII – commercial, institutional, and industrial

**TABLE 2: Current and Proposed Bimonthly Drought Rates**

Current	Proposed on or after				
	September 15, 2021	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
<b>Stage 2 Drought: 30% Conservation</b>	<b>Volume Rates \$/ccf *</b>				
Current Rate per ccf (over 6 ccf)	\$0.92				
Single Family Residential					
Tier 1: 0-17 ccf	\$2.34	\$2.39	\$2.45	\$2.56	\$2.67
Tier 2: 17+ ccf	\$3.00	\$3.06	\$3.14	\$3.28	\$3.43
CII ** (all use)	\$2.77	\$2.83	\$2.90	\$3.04	\$3.17
Irrigation (all use)	\$3.18	\$3.24	\$3.32	\$3.47	\$3.63
<b>Stage 3 Drought: 40% Conservation</b>					
Current Rate per ccf (over 6 ccf)	\$1.08				
Single Family Residential					
Tier 1: 0-17 ccf	\$2.69	\$2.74	\$2.81	\$2.94	\$3.07
Tier 2: 17+ ccf	\$3.46	\$3.53	\$3.62	\$3.78	\$3.95
CII ** (all use)	\$3.23	\$3.30	\$3.39	\$3.54	\$3.70
Irrigation (all use)	\$3.70	\$3.78	\$3.88	\$4.05	\$4.24
<b>Stage 4 Drought: 50% Conservation</b>					
Current Rate per ccf (over 6 ccf)	\$1.29				
Single Family Residential					
Tier 1: 0-17 ccf	\$3.18	\$3.24	\$3.32	\$3.47	\$3.62
Tier 2: 17+ ccf	\$4.10	\$4.18	\$4.29	\$4.48	\$4.68
CII ** (all use)	\$3.88	\$3.96	\$4.07	\$4.25	\$4.44
Irrigation (all use)	\$4.44	\$4.53	\$4.65	\$4.86	\$5.08

Note: Rate changes are proposed to take place on or after the dates shown in this table coinciding with RLECWD’s scheduled meter reads and billing dates.

\* ccf – hundred cubic fee; one ccf = 748 gallons; \*\*CII – commercial, institutional, and industrial

**Public Notice and Majority Protest Process**

In 1996, California voters adopted Proposition 218. The provisions of Proposition 218 provide that certain types of “Property Related Fees” are subject to a “majority protest” process. Under the majority protest process, any property owner or customer of record may submit a written protest for the proposed rate adjustments; provided, however, that only one protest be counted per identified parcel. If protests are filed on behalf of a majority of the parcels subject to the rates before the end of the public hearing on August 16th, the District’s Board of Directors cannot adopt the proposed rates.

Any written protest must: (1) state that the identified property owner or customer of record is in opposition to the proposed adjustments; (2) provide the location of the identified parcel (by assessor's parcel number or street address); and (3) include the name and signature of the property owner or customer of record submitting the protest. Written protests may be submitted by mail addressed to RLECWD PO Box 400 Rio Linda, CA 95673, in person drop box at 730 L St. Rio Linda, CA, or at the Public Hearing on August 16th. Any protest submitted via e-mail or other electronic means will not be accepted.

At the public hearing, the Board of Directors will review the amounts of the rates as well as the methodology for calculating the proposed rates. At the conclusion of the hearing, protests will be counted and validated. If protests are filed on behalf of a majority of the parcels subject to the rates before the end of the public hearing, the District’s Board of Directors cannot adopt the proposed rates. If a majority of the parcels do not protest the proposed increase, the Board has the authority to adopt the proposed rates. If adopted, the rates will not exceed the rates presented in this notice. Any rate change, if enacted, will take effect no earlier than September 15, 2021.