

White Brenner ^{LLP}

2018 Rate Study

June 22, 2023

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History of Rate Study

Water System Operation History

- 2010
 - City and Solano Irrigation District form a joint powers agency, the Dixon-Solano Water Authority (“DSWA”) to operate the City’s water system
 - For the portion of the City outside the downtown core area not served by Cal-Water
- 2014
 - City elects to terminate the DSWA
 - Takes over operation of the City water system in August of 2014

City's Permit to Operate

- City, a public water system, is required to secure a permit to operate from the State Water Resources Control Board
- City's permit to operate, issued once City took control of the water system in 2014, requires that the City complete:
 - Strategic Asset Management Plan
 - Water Rate Study

Studies Completed

- Strategic Asset Management Plan
 - Completed April 2018
 - Part of Water System Master Plan
- Water Rate Study
 - Request for Proposals issued on November 14, 2017
 - Rafetelis Financial Consultants awarded contract on January 23, 2018
 - Rate Study approved and accepted on November 13, 2018

Rate Study Contents

Rate Study Basis

- Relied on a 10-year financial plan of fiscal years 2017-2027
- Only included expenses for the 5-year rate period of 2018-2023
- Based on the costs associated with infrastructure, operation, and maintenance needs of the system

Rate Structure

- Rate Structure proposed both:
 - Abi-monthly base service charge based on meter size
 - Abi-monthly water usage rate
 - Water usage rate charged to all customers
 - Based on volumetric measure of hundred cubic feet (“CCF”) of use

Proposed Bi-Monthly Base Service Charge

Meter Size	Current FY 2018	Proposed FY 2019	Proposed FY 2020	Proposed FY 2021	Proposed FY 2022	Proposed FY 2023
3/4"	\$28.68	\$50.51	\$75.77	\$90.93	\$97.30	\$97.30
1"	\$47.80	\$79.98	\$119.97	\$143.97	\$154.05	\$154.05
1 1/2"	\$95.58	\$153.67	\$230.51	\$276.62	\$295.99	\$295.99
2"	\$152.93	\$242.09	\$363.14	\$435.77	\$466.28	\$466.28
3"	\$320.20	\$522.10	\$783.15	\$939.78	\$1,005.57	\$1,005.57
4"	\$540.03	\$934.75	\$1,402.13	\$1,682.56	\$1,800.34	\$1,800.34
6"	\$1,146.98	\$1,922.15	\$2,883.23	\$3,459.88	\$3,702.08	\$3,702.08
8"	\$1,911.64	\$4,132.75	\$6,199.13	\$7,438.96	\$7,959.69	\$7,959.69

Proposed Bi-Monthly Water Usage Rate

Customer Class/Tier	Current FY 2018	Proposed FY 2019	Proposed FY 2020	Proposed FY 2021	Proposed FY 2022	Proposed FY 2023
Tiered Water Usage Rates						
SFR Tier 1	\$1.23	N/A	N/A	N/A	N/A	N/A
SFR Tier 2	\$1.54	N/A	N/A	N/A	N/A	N/A
SFR Tier 3	\$2.32	N/A	N/A	N/A	N/A	N/A
Uniform Water Usage Rates	\$1.40	\$2.69	\$4.04	\$4.85	\$5.19	\$5.19

Capital Improvements Table, Exhibit B to Rate Study

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Capital Projects											
AS1600 Program Update	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Northeast Quadrant North #3 Facility	\$0	\$0	\$0	\$0	\$0	\$6,884,180	\$0	\$0	\$0	\$0	\$0
SCADA System Improvements	\$24,000	\$20,000	\$30,000	\$133,900	\$12,731	\$13,113	\$13,506	\$0	\$0	\$0	\$0
Water Master Plan Update	\$100,000	\$0	\$0	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668
Water Rate & Fee Study	\$95,000	\$0	\$7,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Chromium-6 Study	\$115,000	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Strategic Asset Management Plan	\$110,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Solano GSA GSP	\$0	\$0	\$3,000	\$51,500	\$5,305	\$5,464	\$5,628	\$0	\$0	\$0	\$0
Urban Water Management Plan	\$0	\$0	\$0	\$103,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Meter Replacement Program	\$6,000	\$0	\$0	\$226,600	\$116,699	\$120,200	\$123,806	\$1,213,760	\$0	\$0	\$0
Valve Replacement Program	\$55,000	\$50,000	\$22,000	\$113,300	\$53,045	\$54,636	\$0	\$0	\$0	\$0	\$0
Chromium-6 Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Watson Ranch Well Improvements	\$0	\$0	\$0	\$239,990	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Watson Ranch Well Replacement	\$0	\$0	\$0	\$0	\$0	\$2,403,999	\$0	\$0	\$0	\$0	\$0
Valley Glen Instrumentation Upgrades	\$0	\$0	\$0	\$28,840	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Industrial Well & Hydro Tank Improvements	\$0	\$0	\$0	\$568,560	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Industrial Well Replacement	\$0	\$0	\$0	\$0	\$0	\$0	\$2,813,772	\$0	\$0	\$0	\$0
School Well Site Upgrades	\$0	\$0	\$0	\$0	\$636,540	\$0	\$0	\$0	\$0	\$0	\$0
School Well Replacement	\$0	\$0	\$0	\$0	\$4,137,510	\$0	\$0	\$0	\$0	\$0	\$0
Parklane VFD & Instrumentation Upgrades	\$0	\$0	\$0	\$0	\$0	\$416,329	\$0	\$0	\$0	\$0	\$0
Arc Flash Study & Labeling	\$0	\$0	\$0	\$34,505	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Valley Glen Electrical Upgrades	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$745,413	\$0	\$0	\$0
School Well Generator Replacement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$275,826	\$0	\$0
Watson Ranch Misc Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$353,439	\$0	\$0
Parklane Electrical Upgrades	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$826,475	\$0
Industrial Well Site Building Replacements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$230,552
Fitzgerald Mechanical Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$325,560
Asbestos Concrete Pipe Replacement	\$0	\$0	\$0	\$0	\$0	\$655,636	\$675,305	\$695,564	\$716,431	\$737,924	\$760,062
Distribution System Appurtenance Replacement	\$0	\$0	\$0	\$824,000	\$742,630	\$764,909	\$787,856	\$811,492	\$835,837	\$860,912	\$886,739
Watson Ranch Tank Cleaning	\$0	\$0	\$0	\$216,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School Well Upgrades	\$0	\$0	\$0	\$447,020	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Industrial Electrical System Upgrades	\$0	\$0	\$0	\$596,430	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fitzgerald VFD/Instrumentation Upgrades	\$0	\$0	\$0	\$139,050	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Watson Ranch Service Replacement	\$0	\$0	\$0	\$566,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Watson Ranch Site Improvements	\$0	\$0	\$0	\$154,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fitzgerald Booster Pump Add	\$0	\$0	\$0	\$95,790	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Storage Tank Piping Seismic Upgrades	\$0	\$0	\$0	\$196,730	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fitzgerald & Parklane Tank Cleaning	\$0	\$75,000	\$525,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fitzgerald/Parklane/Watson Booster	\$0	\$0	\$112,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fitzgerald Electrical Upgrades	\$0	\$0	\$0	\$0	\$0	\$0	\$479,467	\$0	\$0	\$0	\$0
Cost Allocation (Transfer to General Fund)	\$0	\$0	\$2,018	\$2,079	\$2,141	\$2,205	\$2,271	\$2,339	\$2,410	\$2,482	\$2,556
Placeholder	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placeholder	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total - Capital Projects	\$530,000	\$165,000	\$701,518	\$4,750,894	\$5,717,209	\$11,331,599	\$4,912,866	\$3,480,162	\$2,195,884	\$2,440,092	\$2,218,137

Rate Study Adoption Process

Proposition 218 Process

- December 2018, notice and protest vote ballots sent out
 - 49-day period to collect the protest vote ballots followed
 - Longer than the required 45-day period
- January 22, 2019
 - Public hearing held
 - Protest votes counted
 - City received 1,195 protest votes, less than required 1,364 votes
 - City Council adopted the rates

Measure S

- Placed on the November 3, 2020 general election ballot by initiative petition
- Proposed an ordinance that amends the City water rates back to those that existed when DSWA operated the system in 2014
- Measure was approved the 72.43% of voters
- Since the passage of Measure S, the City's water rates have remained as they were in 2014, before the City took over operation of the system

Thank you