



**AMENDED
AGENDA
APRIL 5, 2016
REGULAR MEETING
CITY COUNCIL
CITY OF YUBA CITY**

**5:00 P.M. – CLOSED SESSION: BUTTE ROOM
6:00 P.M. – REGULAR MEETING: COUNCIL CHAMBERS**

MAYOR	• John Buckland
VICE MAYOR	• Stanley Cleveland, Jr
COUNCILMEMBER	• Preet Didbal
COUNCILMEMBER	• John Dukes
COUNCILMEMBER	• Kash Gill
CITY MANAGER	• Steven Kroeger
CITY ATTORNEY	• Timothy Hayes

**1201 Civic Center Blvd
Yuba City CA 95993**

Wheelchair Accessible



*If you need assistance in order to attend the City Council meeting, or if you require auxiliary aids or services, e.g., hearing aids or signing services to make a presentation to the City Council, the City is happy to assist you. Please contact City offices at 530/822-4817 at least 72 hours in advance so such aids or services can be arranged. **City Hall TTY: 530-822-4732***

**AGENDA (AMENDED)
REGULAR MEETING OF THE CITY COUNCIL
CITY OF YUBA CITY
COUNCIL CHAMBERS
APRIL 5, 2016
5:00 P.M. – CLOSED SESSION
6:00 P.M. – REGULAR MEETING**

Materials related to an item on this Agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's office at 1201 Civic Center Blvd., Yuba City, during normal business hours. Such documents are also available on the City of Yuba City's website at www.yubacity.net, subject to staff's availability to post the documents before the meeting.

Public Comment:

Any member of the public wishing to address the City Council on any item listed on the closed session agenda will have an opportunity to present testimony to the City Council prior to the City Council convening into closed session. Comments from the public will be limited to three minutes. No member of the public will be allowed to be present once the City Council convenes into closed session. Contact the City Clerk in advance of the closed session either in person at City Hall, by phone, 822-4817, or email, tlocke@yubacity.net, to allow for time for testimony.

Closed Session—Butte Room

- A) Confer with real property negotiator Steve Kroeger pursuant to Government Code Section 54956.8 regarding negotiations regarding possible purchase of the following properties or portions thereof: APN 17-113-008 associated with Eagle Moulding
- B) Confer with labor negotiators Steve Kroeger and Natalie Springer regarding negotiations with the following association: Yuba City Firefighters Local 3793 pursuant to Section 54957.6 of the Government Code

Regular Meeting—Council Chambers

Call to Order

Roll Call: _____ Mayor Buckland
 _____ Vice Mayor Cleveland
 _____ Councilmember Didbal
 _____ Councilmember Dukes
 _____ Councilmember Gill

Invocation

Pledge of Allegiance to the Flag

Presentations & Proclamations

- 1. **Child Abuse Awareness Month – Casa de Esperanza**

Public Communication

You are welcome and encouraged to participate in this meeting. Public comment is taken on items listed on the agenda when they are called. Public comment on items not listed on the

agenda will be heard at this time. Comments on controversial items may be limited and large groups are encouraged to select representatives to express the opinions of the group.

2. Written Requests

Members of the public submitting written requests, at least 24 hours prior to the meeting, will be normally allotted five minutes to speak

3. Appearance of Interested Citizens

Members of the public may address the City Council on items of interest that are within the City's jurisdiction. Individuals addressing general comments are encouraged to limit their statements to three minutes

Public Hearing

4. Consideration of Pre-annexation Rezone 16-01 for the South Yuba City area

Recommendation: A. Adopt the negative declaration, EA-16-01 that determined that the proposed project will not create any significant environmental impacts

B. Introduce a pre-annexation ordinance for approval of Rezoning 16-01 for amendments to the Official Zoning Map pertaining to approximately 1,382 parcels totaling roughly 625 acres consistent with the City of Yuba City (City) General Plan, and waive the first reading

Consent Calendar

All matters listed under Consent Calendar are considered to be routine and can be enacted in one motion. There will be no separate discussion of these items prior to the time that Council votes on the motion unless members of the City Council, staff or public request specific items to be discussed or removed from the Consent Calendar for individual action

5. Minutes of February 23, 2016 & March 1, 2016

Recommendation: Approve the City Council Meeting Minutes of February 23, 2016 & March 1, 2016

General Items

6. Water and Wastewater Rate Study

Recommendation: A. Accept and Adopt the Water and Wastewater Rate Study

B. Set the protest hearing for June 7, 2016 at 6:00 pm at the Council Chambers

C. Approve form of Notice for Proposition 218 Protest Hearing

7. Purchase of Laboratory Metals Testing Instrumentation

Recommendation: Authorize the purchase of metals testing equipment to Perkin-Elmer in the amount of \$197,234.34 with the finding it is in the best interest of the City

Business from the City Council

8. City Council Reports

- Councilmember Didbal
- Councilmember Dukes
- Councilmember Gill
- Vice Mayor Cleveland
- Mayor Buckland

Adjournment



Proclamation

of the City Council

CHILD ABUSE PREVENTION AWARENESS MONTH APRIL 2016

WHEREAS, the tragedy of child abuse and neglect affects every community in California and touches the lives of far too many citizens regardless of cultural, ethnic, religious or socioeconomic level; and

WHEREAS, the threat to our children's welfare is demonstrated by steady increases in the number and in the seriousness of reported cases of child abuse and neglect; and

WHEREAS, if our children are to become productive adults, they should have the right to a childhood free from neglect, physical abuse, sexual molestation and exploitation; and

WHEREAS, it is recognized that primary prevention programs designed to work with children themselves, their parents, and care givers within the community are successful in preventing first time abuse situations; and

WHEREAS, early identification and intervention are essential to successfully interrupting the generational cycle of abuse and neglect. Collaboration among professionals, concerned parents, volunteers and policy makers can help to reduce the level of child abuse and neglect in our communities; and

WHEREAS, dedicated volunteers and professionals are working to decrease the incidence of child abuse through prevention programs and coordination among agencies delivering services to child abuse victims and their families; and

WHEREAS, the observance of Child Abuse Prevention Month provides an excellent opportunity for all citizens to reflect on this tragic crime, while rededicating themselves to taking an active role in child abuse prevention activities in their community.

NOW, THEREFORE, BE IT RESOLVED, that the Yuba City City Council does hereby proclaim April 2016 as Child Abuse Prevention Month in the City of Yuba City and encourages all residents to join with local community efforts in making sure that every child's rights are protected and keeping all children "SAFE, STRONG AND FREE".

NOW, THEREFORE, BE IT RESOLVED that I, John Buckland, Mayor of the City of Yuba City, and on behalf of the entire City Council of the City of Yuba City, do hereby congratulate Isabel Kodani for being awarded Officer of the Year. The City of Yuba City appreciates your service and dedication.

Done on this 19th day of January, 2016 at the City of Yuba City, County of Sutter, State of California.

John Buckland, Mayor

CITY OF YUBA CITY

Written Requests

Members of the public submitting written requests at least 24 hours prior to the meeting will normally be allotted 5 minutes to speak.

Procedure

When requesting to speak, please indicate your name and the topic and mail to:

City of Yuba City
Attn: City Clerk
1201 Civic Center Blvd
Yuba City CA 95993

Or email to:

Terrel Locke, City Clerk

tlocke@yubacity.net

The Mayor will call you to the podium when it is time for you to speak.

CITY OF YUBA CITY

Appearance of Interested Citizens

Members of the public may address the City Council on items of interest that are within the City's jurisdiction. Individuals addressing general comments are encouraged to limit their statements.

Procedure

Complete a Speaker Card located in the lobby and give to the City Clerk. When a matter is announced, wait to be recognized by the Mayor. Comment should begin by providing your name and place of residence. A three-minute limit is requested when addressing Council.

- For Items on the Agenda

Public comments on items on the agenda are taken during Council's consideration of each agenda item. If you wish to speak on any item appearing on the agenda, please note the number of the agenda item about which you wish to speak. If you wish to speak on more than one item, please fill out a separate card for each item.

- Items not listed on the Agenda

Public comments on items not listed on the agenda will be heard during the Public Communication portion of the meeting.

CITY OF YUBA CITY
STAFF REPORT

Date: April 5, 2016

To: Honorable Mayor & Members of the City Council

From: Development Services Department

Presentation By: Arnaldo Rodriguez, AICP, Development Services Director

Summary

Subject: Consideration of pre-annexation Rezone 16-01 for the South Yuba City area

Recommendation:

- A. Adopt the negative declaration, EA-16-01 that determined that the proposed project will not create any significant environmental impacts
- B. Introduce a pre-annexation ordinance for approval of Rezoning 16-01 for amendments to the Official Zoning Map pertaining to approximately 1,382 parcels totaling roughly 625 acres consistent with the City of Yuba City (City) General Plan, and waive the first reading

Fiscal Impacts: The City has incurred costs, including the costs for retaining the services of a public relations consultant, for the preparation of pertinent documents to initiate the annexation and pre-annexation rezone considering that the City is the project applicant. While the costs for processing land use entitlements is generally funded by the payment of the required entitlement fee, there are no associated entitlements with the subject project. However, it is anticipated that future development in the 625 acre area will be subject to the payment of development impact fees as well as building permit fees that will cover future costs incurred by the City

Purpose:

Preannexation rezone of 625 acres of property in the South Yuba City area consistent with the City's General Plan (**Attachment 1, Location Map**).

Background:

The proposed rezone is a revision to the existing preannexation zoning which was adopted prior to 2004. However, because the property was not annexed into the City prior to 2004, a new rezone is warranted given that the City amended its General Plan in 2004 and as a result there are inconsistencies between the General Plan Land Use Map and the preannexation zoning map that was previously adopted.

Preannexation zoning that is consistent with the General Plan is necessary in order to consider

annexation of this area into the City. Upon annexation, the zoning will convert to the appropriate City zone district, based on the City's plan land use designation.

The proposed annexation is comprised of approximately 1,382 developed and undeveloped parcels, totaling roughly 625 acres, or slightly less than one square mile. It should be noted that there are no affiliated projects, such as Use Permits or subdivisions being proposed as part of this project. Upon annexation, all new projects will be considered pursuant to the City's Municipal Code and pertinent State guidelines.

Planning Commission Action:

On March 23, 2016, the Yuba City Planning Commission (Commission) considered this project. At the public hearing, the Commission heard testimony from City staff. The Commission posed numerous questions pertaining to the City's environmental analysis, and wastewater and water capacity. No members of the public spoke. The Commission, by a vote of 6 to 0, with one Commission member absent, recommended that the City Council approve the rezone.

The role of the Sutter County Local Agency Formation Commission (LAFCo):

Sutter County LAFCo is the public agency that reviews and considers annexations. While the City is responsible for the preparation of the pre-annexation zoning and the filing of the annexation application, LAFCo will ultimately determine if the area will be annexed into the City pursuant to the Policies, Standards, and Procedures of the Cortese-Knox-Hertzberg Government Reorganization Act of 2000. Thus, all annexations, the act of adding territory to a city or district, must first be recognized by LAFCo. The pre-annexation zoning of the property serves as one of the initial steps in such a process. Upon action by the City Council, the City will apply to LAFCo for potential annexation.

General Plan Designation:

The area consists of various General Plan designations ranging from Low Density Residential to several Commercial designations to a Light Industrial designation. **Attachment 2** provides the precise General Plan land use designations for each property. Staff is not proposing any modifications to the existing General Plan Land Uses, which would necessitate a General Plan Amendment.

Zoning:

Existing: Considering that the subject area is currently within jurisdiction of Sutter County, County zoning applies to the property (refer to **Attachment 3**). The existing pre-annexation zoning was completed over 20 years ago, however it consists of various zone districts, some of which are obsolete.

Proposed: The proposed pre-annexation zoning reflects the zone districts that implement the City's General Plan Land Use Map. The proposed pre-annexation zoning is provided on **Attachment 4**.

Setting and Surrounding Uses:

The unincorporated area being considered for this pre-annexation zoning update is surrounded by the City on three sides, sans the south side. The areas just beyond the north, west and east sides of this pre-annexation zoning are within the City and are developed primarily with single-family residential uses. The southern boundary is Bogue Road, which also serves as the City's southern edge of the City's Sphere of Influence (SOI). It is worth noting that the SOI does not identify the official jurisdictional boundaries of a city, but rather designates the outermost

physical boundary and service area of a city acting as a benchmark for future annexation decisions. The subject area is within the City's SOI.

The subject area is generally flat, with lower areas along Gilsizer Slough. It is estimated that two thirds of the area is developed, primarily with single-family residences, with some multiple-family developments. There are also several commercial/office uses located primarily in the northern portion of the pre-annexation area centered along State Route 99. An underdeveloped light industrial area occurs along the east side of State Route 99 in the southern portion. It is primarily used for storage of equipment and materials. Lincrest Elementary School is also located within the pre-annexation zoning area.

The remaining one-third of the area is located on the west side of State Route 99 and is primarily in agricultural use.

Staff Comments:

Although the item before the City Council is pre-annexation zoning, this is part of a larger process, to annex the area into the City. A primary reason for the proposed annexation relates to efficiency of our local governments. The City nearly surrounds the area. The City provides full services around it, minus the area south of Bogue Road, which is outside of the City's SOI. A summary of services is provided in Table 1, while a narrative of services is provided in **Attachment 5** (Plans for Service).

Worth noting is that the Walton Avenue area, which is within the City just west of the proposed annexation area, still receives law enforcement services from the County Sherriff's Office due to a provision within the tax exchange agreement between the City and County. Many of the citizens within the Walton area have requested City Police. Per the tax exchange agreement this cannot occur until the subject area is annexed into the City.¹

Presently the Sutter County Sherriff's Department and the California Highway Patrol provide law enforcement and traffic enforcement in the Walton and South Yuba City areas. While it is undeniable that the Sutter County Sherriff's office and California Highway Patrol provide quality service to the area, the City will create a new police beat for this area, including the Walton Avenue area, with a dedicated team of five police officers, which is a more intensive program than currently exists.

Regarding the pre-annexation zoning, State law regarding annexation of land into a city requires that, prior to annexation, a City must have an adopted and legally adequate General Plan that includes the annexation area. The law further requires appropriate pre-annexation zoning that implements the General Plan. The Yuba City General Plan includes the subject area as well as the remainder of the City's SOI. Thus, the entire SOI has been comprehensively planned. Any annexations that follow come under the umbrella of that comprehensive plan. The pre-annexation zoning is needed to implement the General Plan, as it provides more detailed land use and development standards. If and when the annexation of the area is complete, the pre-annexation zoning will automatically convert to City zoning for the properties.

Should the area be annexed, law enforcement, road maintenance, and Planning and Building services currently provided by the County would transfer to the City. Moreover, annexing the area minimizes the potential to create county islands or city peninsulas. Furthermore, the

¹ Section VI (C) of the Tax Sharing Agreement between Sutter County and the City of Yuba City states that for the "South Beat area, this [from the Sheriff to the Police Dept.] transfer of law enforcement services to the City shall occur when the City has annexed up to eighty-two percent (82%) of the dwelling units within the beat area." With the completion of the South Yuba City annexation the criteria will be met.

proposed annexation represents a logical City expansion considering that it is within the SOI and is partially served by City services.

Table 1: Services to the Area

County Services (Existing)	
Street Maintenance	Law Enforcement (Combination of County Sheriff and California Highway Patrol)
Code Enforcement	Building & Planning Services
City Services (Existing)	
Fire	Water (a portion, there are also private water wells)
Other Services	
Refuse Collection	No change.
Wastewater	Great majority and several businesses are on individual septic systems.
Schools	No change.
Drainage	Gilsizer Slough, operated by the Gilsizer Drainage District. Annexation will not change this. There are some areas within the annexation area that have storm water collection systems that drain into the Gilsizer Slough for which the City will assume responsibility upon annexation.
Ambulance	No change.
Public Transit	No change.

Comparison of City and County Zoning:

Existing County Zoning

Both the Sutter County and Yuba City zoning are based on their respective General Plans. The existing zoning, which again mirrors the Sutter County General Plan, primarily consists of single-family residential districts with exceptions for commercial zones and a light industrial area in the southern portion of the subject area along the east side of State Route 99.

Proposed City Zoning

The City’s pre-annexation zoning is similar to the County’s for much of the area with the exception of the vacant properties on the west side of State Route 99 south of Lincoln Avenue. The proposed City pre-annexation zoning in that area consists of a combination of Office, Regional Commercial and Business & Technology zone districts. This area was contemplated as a job creation center during the General Plan process and the proposed zoning reflects this vision. While initially considered over 20 years ago, based on its excellent location and proximity to State Route 99, City staff is not proposing any modifications.

Environmental Determination:

An environmental assessment (EA 16-01) was prepared for this project in accordance with the requirements of the California Environmental Quality Act (CEQA) Guidelines. This process included the distribution of requests for comment from other responsible or affected agencies and interested organizations.

Based upon the attached environmental assessment, it was determined that there is no

evidence in the record that the project may have a significant effect on the environment and therefore a negative declaration is recommended for this pre-annexation zoning project (**Attachment 6**).

Recommended Action:

The appropriateness of the proposed pre-annexation zoning has been examined with respect to its consistency with the goals and policies of the General Plan, its compatibility with surrounding uses, and its avoidance of potentially significant adverse environmental impacts. These factors have been evaluated as described above and by the accompanying environmental assessment. Therefore, staff recommends that the Council conduct a public hearing and after consideration:

- A. **Environmental:** Adopt Mitigated Negative Declaration EA 16-01 (**Attachment 6**) determining that the proposed annexation and rezoning of the subject area will not create any significant environmental impacts.
- B. **Rezoning:** Introduce a pre-annexation ordinance (**Attachment 7**) for approval of Rezoning 16-01 for amendments to the Official Zoning Map to amend the Zoning classification for approximately 1,382 parcels totaling roughly 625 acres consistent with the City's General Plan as identified in **Attachment 4**, and waive the first reading.

Alternatives:

Delay, modify, or return to staff for additional analysis.

Attachments:

- 1. Location Map
- 2. Yuba City General Plan map
- 3. Existing Zoning (Sutter County)
- 4. Proposed Zoning (Yuba City)
- 5. Plan for Services
- 6. Negative Declaration 16-01
- 7. Pre-annexation Ordinance R-16-01 Rezoning the subject area consistent with the City's General Plan
- 8. Letter from the Sutter County Sheriff's Office

Prepared By:

Arnoldo Rodriguez

Arnoldo Rodriguez
Development Services Director

Submitted By:

Steven C. Kroeger

Steven C. Kroeger
City Manager

Reviewed By:

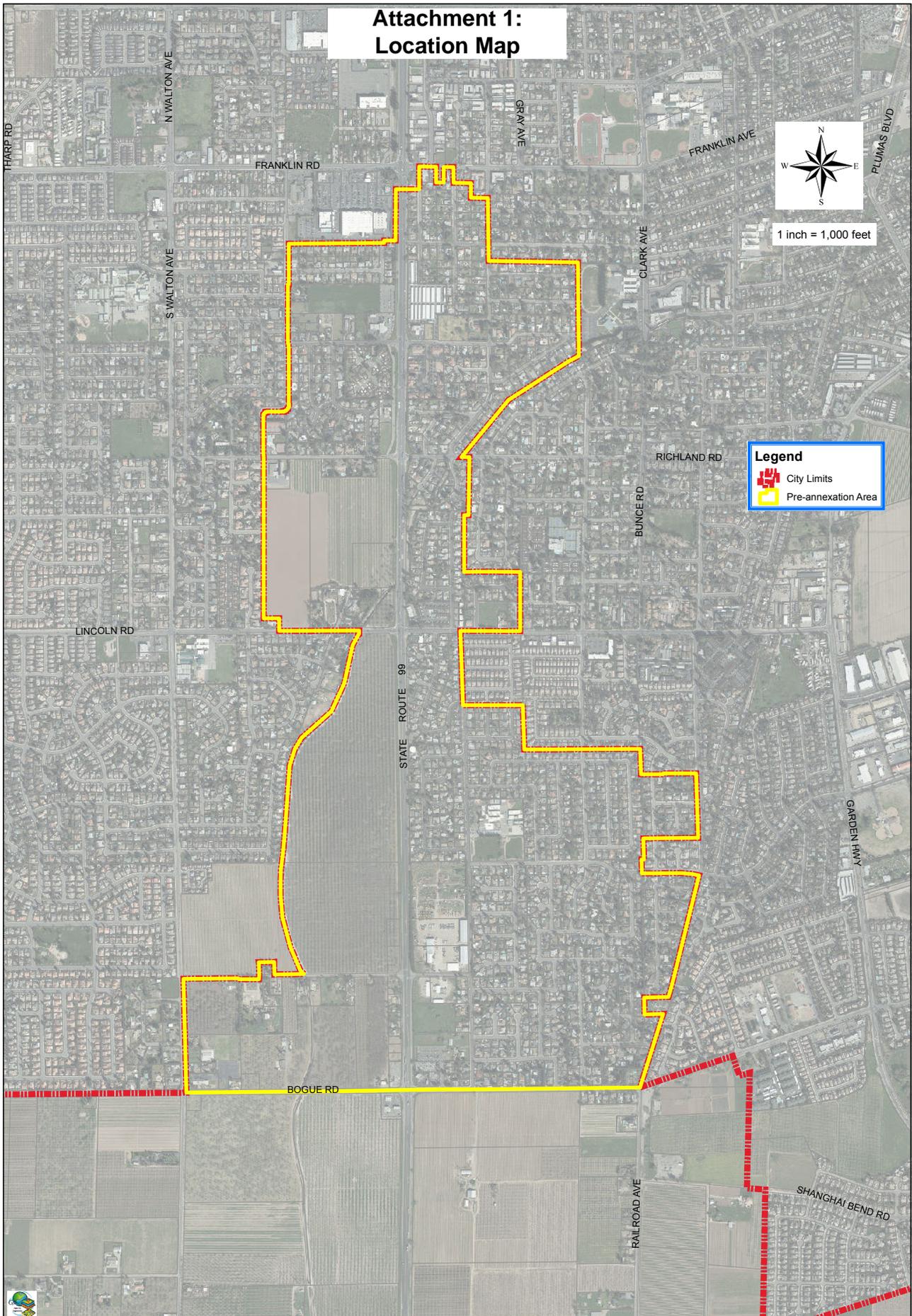
Finance

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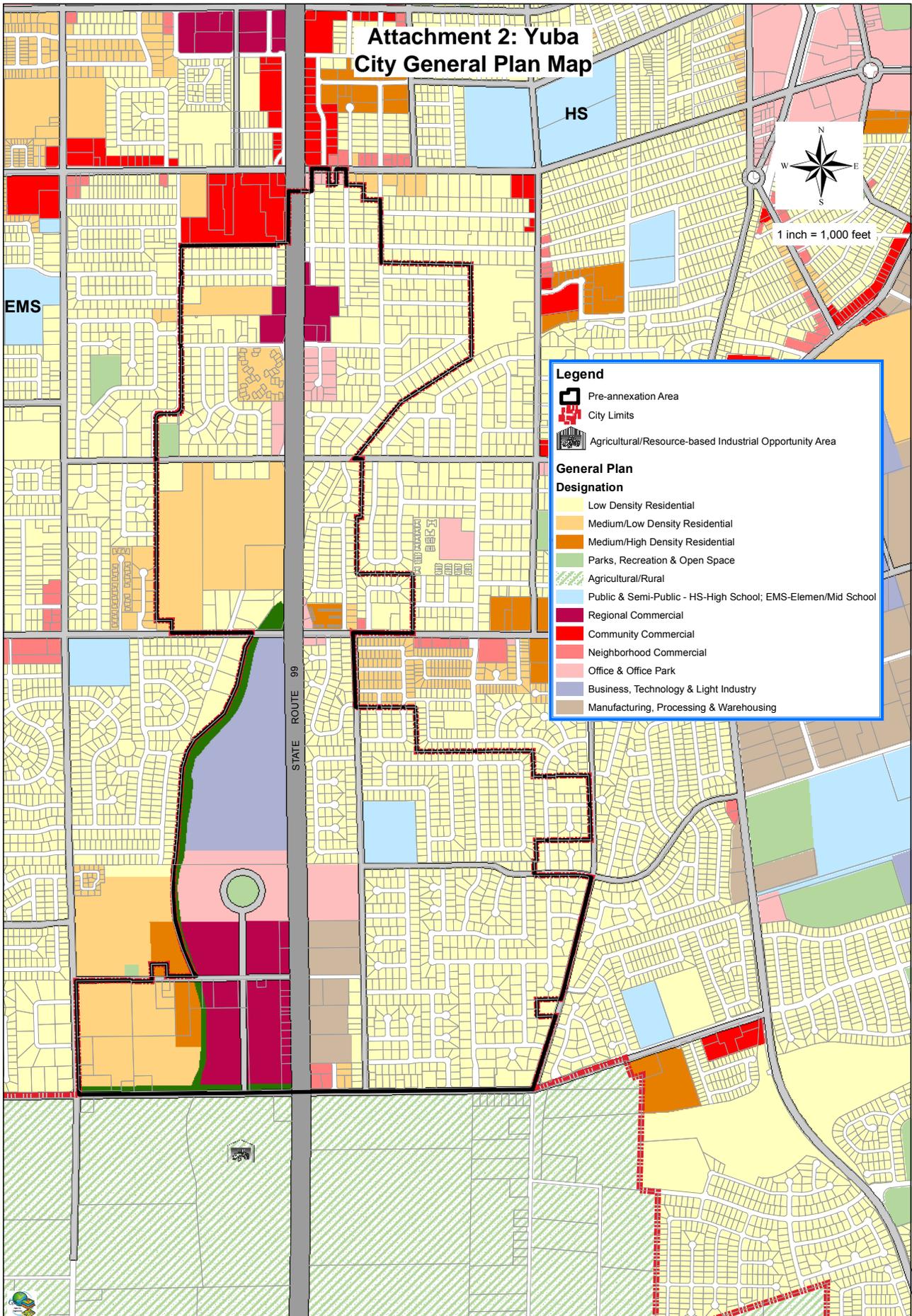
City Attorney

TH via e-mail

Attachment 1: Location Map



Attachment 2: Yuba City General Plan Map



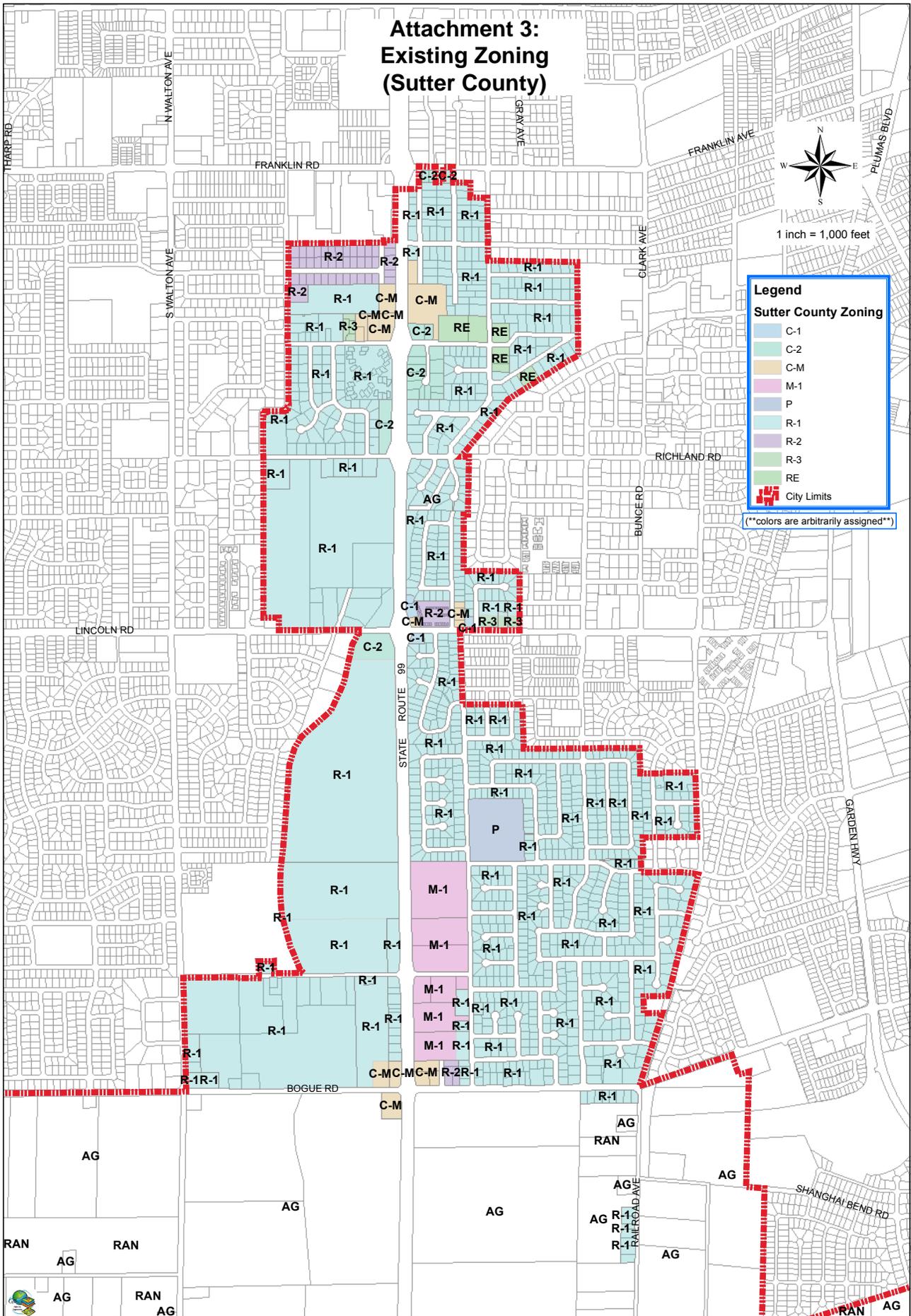
Legend

- Pre-annexation Area
- City Limits
- Agricultural/Resource-based Industrial Opportunity Area

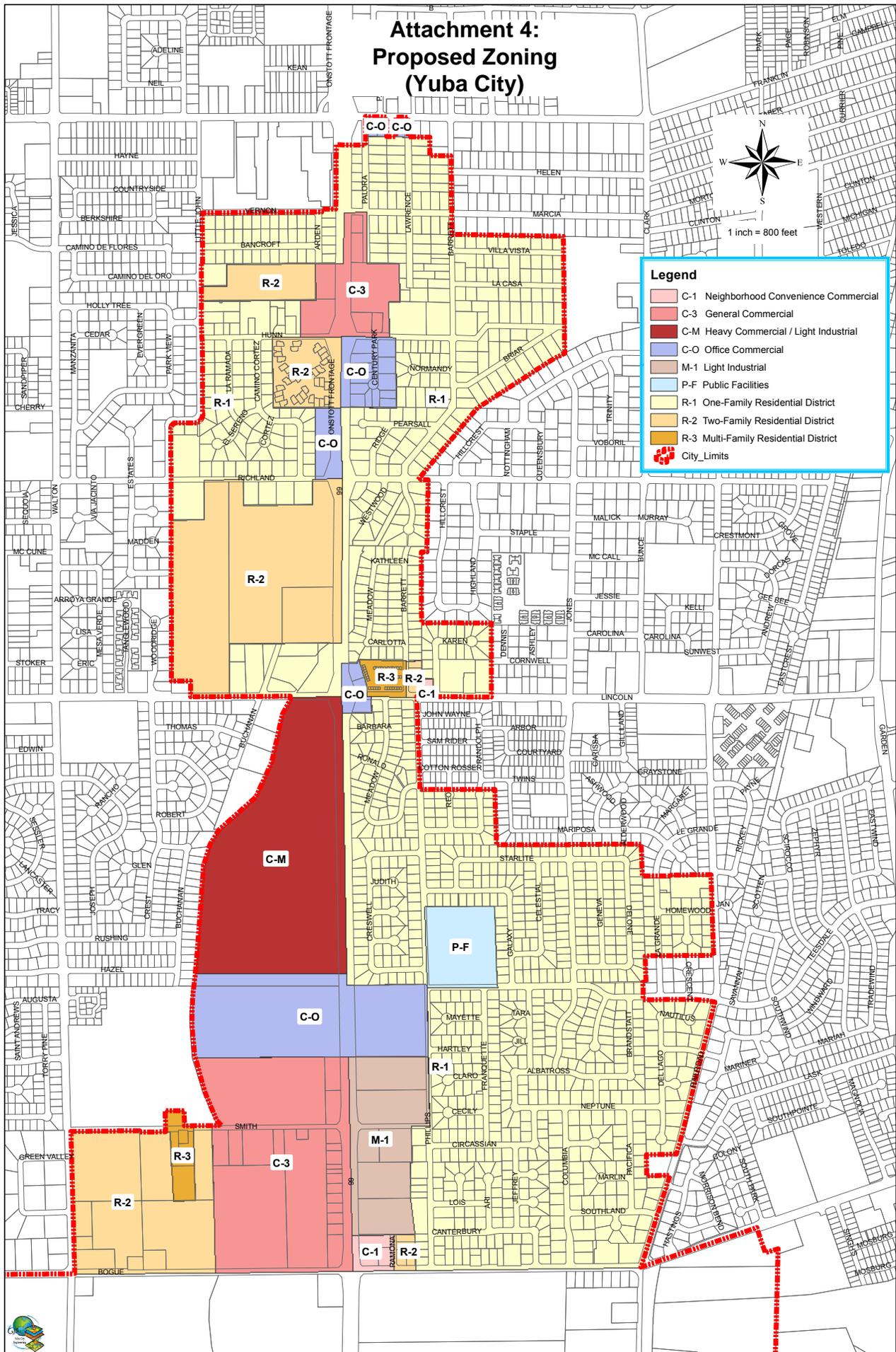
General Plan Designation

- Low Density Residential
- Medium/Low Density Residential
- Medium/High Density Residential
- Parks, Recreation & Open Space
- Agricultural/Rural
- Public & Semi-Public - HS-High School, EMS-Elementary/Middle School
- Regional Commercial
- Community Commercial
- Neighborhood Commercial
- Office & Office Park
- Business, Technology & Light Industry
- Manufacturing, Processing & Warehousing

Attachment 3: Existing Zoning (Sutter County)



Attachment 4: Proposed Zoning (Yuba City)



Attachment 5: Plan for Services



CITY OF YUBA CITY
Development Services Dept.

PLAN FOR SERVICES

SOUTH YUBA CITY ANNEXATION

(Annexation 331 & Rezone 16-01)

MARCH, 2016

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BACKGROUND

In order to provide more efficient government services Yuba City (City) is proposing to annex a remaining unincorporated area located in south Yuba City along both sides of State Route 99 north of Bogue Road. Yuba City is a full service city that is willing and able to serve the proposed annexation area. The City presently provides these services on three sides of the proposed annexation area, except the south side, which receives City Fire Services.

Government Code Section 56653 (Cortese-Knox-Herzberg Government Reorganization Act) requires that prior to a local agency submitting an application to LAFCo for a change of organization (annexation into the City) the local agency must submit a plan for providing services within the affected territory.

Much of the proposed annexation area, which is nearly an unincorporated island, has been developed, primarily with residences. There are also some commercial and light industrial type uses interspersed through the area, primarily along State Route 99. About one-third of the area remains undeveloped or underdeveloped. The annexation proposal encompasses about 625 acres, consisting of approximately 1,382 parcels (includes both developed and undeveloped).

PLANS FOR SERVICES

Water

The proposed annexation area is currently served the Yuba City surface water system.

The remaining residences and businesses rely on individual on-site wells. Upon annexation, those utilizing private wells may continue to use their well until such a time as the Sutter County Environmental Health Department requires them to connect to the City water system, or they otherwise choose to connect to City water. Otherwise the City permits the ongoing use of private wells. Private well users may voluntarily convert to the City surface water system if they the pay the applicable connection fee and, if a water pipeline is not already located in their street, pay for the cost of the water pipeline extension. This service is not available to non-City residents.

The City water treatment plant has capacity to serve the users of individual wells, should residents choose to convert to City water. Planning for water supply improvements for the City and its Sphere of Influence is addressed in the 2006 update to the City Water Supply Master Plan, which was developed to keep pace with water infrastructure needs through build-out of the City's General Plan area.

The primary water supply for the City is from the Feather River. The Water Treatment Plant (WTP) uses two types of treatment systems, conventional and membrane treatment. The permitted capacity of the conventional WTP is 24 million gallons per day (mgd). The membrane treatment system has a permitted capacity of 12 mgd. Water produced from the conventional and the membrane treatment plants are blended for

chlorine disinfection. Operating the conventional and membrane treatment provides a total WTP capacity of 36 mgd. The City's current permitted capacity is 42 mgd. The current average summer demand is 23 mgd. The City has an on-site water well at the water plant that supplements the surface water on an as needed basis.

Wastewater Collection and Treatment

The great majority of the residences and several of the businesses are on individual septic systems; annexation will not change that. With or without annexation, the only way these properties will be required to connect to the City sanitary sewer system is if the Sutter County Environmental Health Department requires they connect due to poor septic system conditions. Otherwise the City has no requirement for existing development to connect to its sanitary sewer system. What annexation will change is that the City offers this service to all City residents if they choose to connect. If they choose to do so, they must pay the applicable connection fees and, if the sewer line is not already in their street, the sewer pipeline extension costs. This option is not available to non-City residents.

There are 37 single-family residences and several businesses that are currently connected to the City's sanitary sewage system. These residences and businesses are located in the north end of the proposed annexation area and along Century Drive.

The Yuba City Wastewater Treatment Facility (WWTF) has capacity available if any newly annexed residences choose to connect to the system. The WWTF current permitted capacity is 10.5 mgd (annual average dry weather flow). The existing average influent flow to the WWTF is approximately 6.5 mgd. The remaining treatment capacity at the WWTF can be used to handle additional flow from future developments.

The City's Wastewater System Master Plan has been adopted by the City Council to provide the means to provide wastewater collection and treatment for the full build-out of the City's General Plan area.

Storm Water Drainage

The annexation area, as well as the surrounding areas, drain into the Gilsizer Slough, operated by the Gilsizer Drainage District. Annexation will not change this. There are some areas within the annexation area that have storm water collection systems that drain into the Gilsizer Slough for which the City will assume responsibility upon annexation.

New development will construct, and the City will maintain, storm water collection and detention systems that will flow into the Gilsizer Slough.

Streets

Upon annexation the Yuba City Public Works Department will assume responsibility for the maintenance of the street system. The City currently maintains approximately 234 centerline miles of streets. The streets within the annexation area will be added to that

inventory. To cover much of the cost, as part of the 2000 Tax Exchange Agreement between the City and Sutter County, the City will begin receiving the one percent road tax that Sutter County now receives.

Street sweeping

Upon annexation, the residents with curbs and gutters will begin to receive street sweeping service, which they presently do not receive.

Street Lighting

Street lighting, where it presently exists within the proposed annexation area, is currently paid for through a special district or a lighting and landscape district. That will not change upon annexation.

Curbs, gutters and sidewalks

Some of the streets within the proposed annexation area do not currently have curbs, gutters and sidewalks. For the areas without those amenities annexation will not change that unless the property owners petition the City for those amenities and establish a method of financing. Yuba City does not require the residents of the newly annexed areas to construct curbs, gutters or sidewalks if they do not already have them. Occasional state or federal grants may enable some of those improvements. New construction will be required to provide curbs, gutters and sidewalks or ensure future payment for their installation should the City determine that it would be premature for the area.

Parks and Recreation

The Parks and Recreation Department allows its parks to be utilized by all citizens, whether or not they are City residents. Annexation will not change that. Currently there are no City or County parks within the proposed annexation area, although an estimated several thousand people reside in the subject area. Given the lack of park space, residents must travel to a park outside of the annexation area. The nearest parks are Happy Park, Shanghai Bend, Blackburn-Talley, and Hillcrest Park. As there is presently undeveloped land within the annexation area, and because it is City policy to provide park facilities near all residents, the City anticipates providing new parks as funding becomes available within the undeveloped areas.

The City's recreation program is presently offered to all. However, non-city residents pay a higher fee to participate in the recreation program. Upon annexation, the residents in this area will no longer pay the additional fee.

Landscape strips (landscaping between the curb and sidewalk)

There is presently one landscape strip along Railroad Avenue in the Southland Village area for which the County does not maintain. Upon annexation, the City will not take on maintenance of the landscape strip unless the residents of the subdivision request that the City establish a landscape maintenance district to fund the regular maintenance of all of the landscaping in the strip.

Police

Upon annexation law enforcement will transfer from the Sutter County Sheriff's Department and the California Highway Patrol (for traffic control) to the Yuba City Police Department. The tax exchange agreement approved in 2000 between Sutter County and the City provides for a logical and smooth transition of services from the Sutter County Sheriff's Department to the City Police Department. It should be noted that the tax exchange agreement covered a much larger area than the subject area, and also included the Walton Avenue area, west of the proposed annexation. While the Walton Avenue area is currently within the City Limits, the tax exchange agreement stipulates that the Sheriff's Department would continue to provide service to the area until 82 percent of the residences within the Sheriff's responsibility area are annexed into the City. With the completion of this South Yuba City annexation the criteria will be met. Upon approval of the annexation, the Yuba City Police Department will begin the transition process by adding a new beat to respond to additional responsibilities. This transition will be determined by the Chief of Police and Sheriff and will not exceed 12 months from the approval of the annexation.

Upon completion of the annexation, the businesses and residences with burglar alarm systems will be required to pay for an alarm permit, which equates to \$43.50 for a three year permit. The first three year alarm permit will be provided at no cost if the business or resident(s) applies within the first year of the annexation. The Police Department will notify and educate the public over the first year to encourage compliance.

Fire Protection

The area is presently served by the Yuba City Fire Department under contract to Sutter County. Funding from the County is provided by Service Area G, which is the mechanism used by Sutter County to pay for the fire service in the unincorporated areas around Yuba City. Upon annexation into the City, the area will be detached from County Service Area G, and that funding will be transferred directly to the City to maintain the ongoing City Fire Department services. The end result is that beyond these technical changes, the existing City fire protection service to this area will not change.

Planning and Building

Upon annexation the Yuba City Development Services Department will assume responsibility for land use planning and building code enforcement. The City's General Plan and preannexation zoning cover the entire annexation area. New development will be required to conform to City land use, development, and design standards. All building construction will be subject to City adopted building codes and standards. City and County adopted building codes are very similar.

Ambulance

Bi-County Ambulance Service provides ambulance services to both unincorporated and incorporated areas, so annexation will not affect that service.

Utilities

Utilities include gas and electric service provided by Pacific Gas & Electric. Phone, internet and cable service is provided by various private companies. Annexation into the City will not change this. The City requires that new utilities be undergrounded.

Public Transit

Yuba-Sutter Transit is the public transit operator for Yuba City and Sutter County, as well as Yuba County, providing transit options for residents and visitors. Yuba-Sutter Transit currently operates three fixed routes within the City. Two of those routes are nearby; the Yuba City Loop near the annexation area and the Southwest Route operating primarily around the perimeter and within the annexation area. Annexation will have no effect on bus service.

Schools

The annexation area is within the Yuba City Unified School District, which provides K-12 education. Annexation will have no impact on school services, given that school district boundaries do not mirror City or County limits.

Solid Waste

Recology Yuba-Sutter is a private firm that both the City and Sutter County contract with to provide solid waste removal and disposal to the entire urban area. Annexation will have no impact on this service.

Attachments

- City Water transmission main and distribution lines
- City Sewer trunk and collector lines
- City Storm Drain Collector lines and Gilsizer Ditch
- Streets without curb, gutter and sidewalk improvements

City Water Transmission main & distribution lines

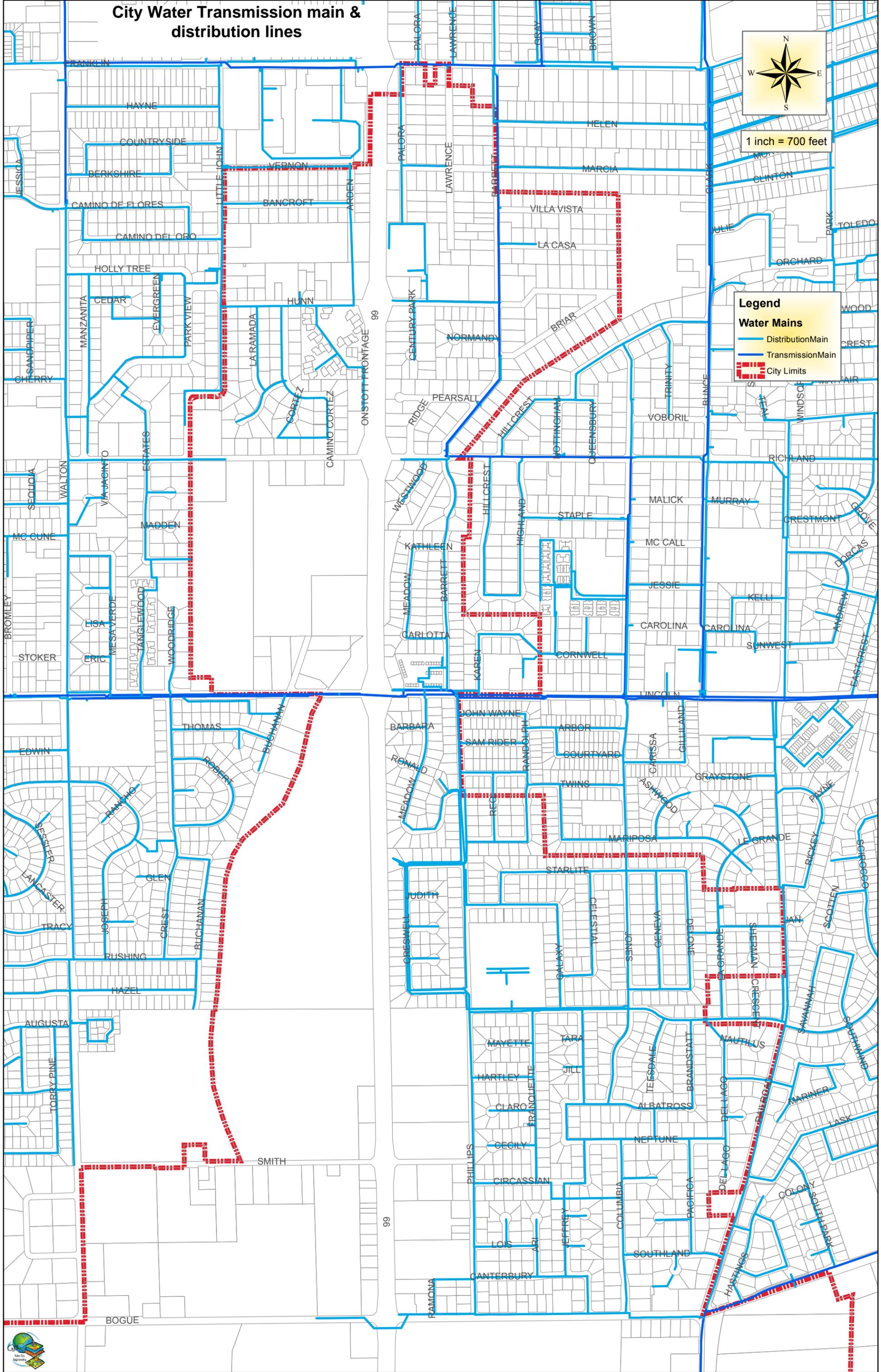


1 inch = 700 feet

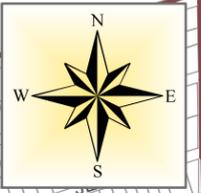
Legend

Water Mains

- Distribution Main
- Transmission Main
- City Limits



City storm drain collection line & Gilsizer ditch

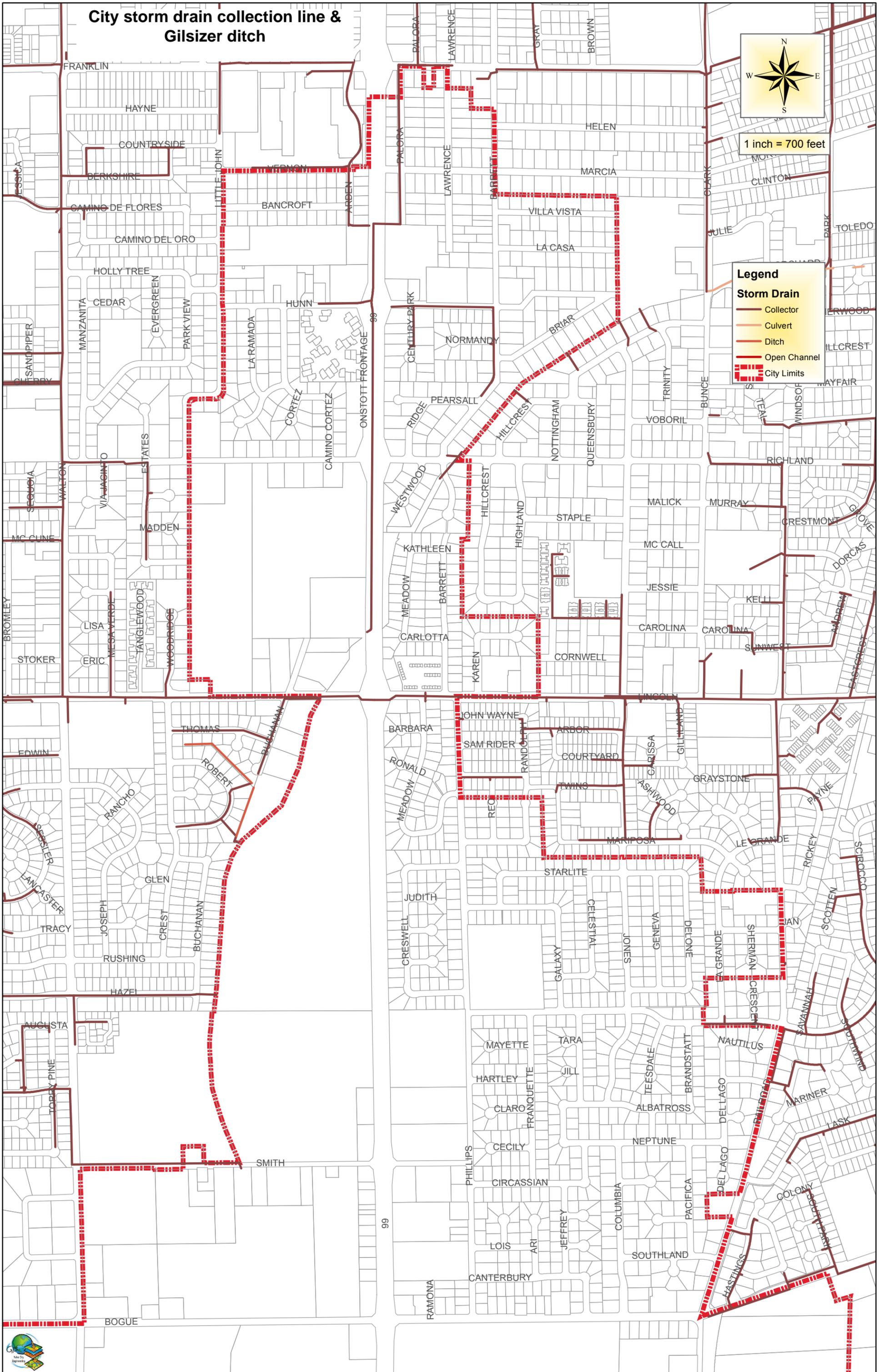


1 inch = 700 feet

Legend

Storm Drain

- Collector
- Culvert
- Ditch
- Open Channel
- City Limits





Attachment 6. Negative Declaration 16-01



**Environmental Assessment 16-01
Initial Study and Negative Declaration for
Rezone 16-01, Preannexation Zoning for the South Yuba City area**

Prepared for:

City of Yuba City
1201 Civic Center Blvd.
Yuba City, CA 95993

Prepared By:

City of Yuba City
Development Services Department
Planning Division
1201 Civic Center Blvd.
Yuba City, CA 95993

March 3, 2015

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CITY OF YUBA CITY

Development Services Department

Planning Division

1201 Civic Center Blvd. Yuba City, CA 95993 Phone (530) 822-4700

Section 1. Introduction & Project Overview

Purpose and CEQA Process

This Initial Study/Negative Declaration (IS/ND) has been prepared to identify any potential environmental impacts in the City of Yuba City, California (City), from implementation of the proposed rezoning and annexation of the area generally referred to as South Yuba City. The rezone and annexation are considered a project under the California Environmental Quality Act (CEQA), and the City has discretionary authority over the project.

This IS/MND has been prepared in conformance with CEQA Guidelines Section 15070. The purpose of the IS/MND is to determine the potential significant impacts associated with rezoning and annexation. In addition, this document is intended to provide the basis for input from public agencies, organizations, and interested members of the public.

Introduction

This Initial Study has been prepared to identify and assess any anticipated environmental impacts resulting from the proposed revisions to the preannexation zoning for the unincorporated South Yuba City area. The area is located north of Bogue Road, on both sides of State Route 99, and extending to the existing city limits on the north, east and west sides. The area includes about 1,382 developed and undeveloped parcels covering approximately 625 acres. Because annexation of this area into Yuba City may follow this preannexation rezoning, this Initial Study also addresses the potential impacts that could result from annexation.

The existing preannexation zoning was adopted prior to 2004, which was when the Yuba City General Plan was adopted. As a result there are inconsistencies between the General Plan Land Use Map and the preannexation zoning map. Since zoning is one of the major tools used to implement the General Plan, this project is to correct those inconsistencies – to make the zoning consistent with the General Plan.

The General Plan had an accompanying Environmental Impact Report (EIR) prepared that addressed the potential environmental impacts associated with that plan. Since this rezoning is an implementation of the General Plan, this initial study tiers off of that EIR and addresses only any further impacts that may occur from this more specific rezoning.

This initial study also addresses any environmental issues that could result from the annexation of this same area into the City, since, as required by the CEQA Guidelines. The preannexation zoning and possible annexation could be considered parts to a single larger project.

This document has been prepared to satisfy the California Environmental Quality Act (CEQA) (Pub. Res. Code, Section 21000 *et seq.*) and the State CEQA Guidelines (Title 14 CCR §15000 *et seq.*). CEQA requires that all state and local government agencies consider the environmental consequences of projects over which they have discretionary authority before acting on those projects.

The initial study is a public document used by the decision-making lead agency to determine whether a project may have a significant effect on the environment. If the lead agency finds substantial evidence that any aspect of the project, either individually or cumulatively, may have a significant effect on the environment, regardless of whether the overall effect of the project is adverse or beneficial, the lead agency is required to use a previously prepared EIR and supplement that EIR, or prepare a subsequent EIR to analyze at hand. If the agency finds no substantial evidence that the project or any of its aspects may cause a significant effect on the environment, a negative declaration shall be prepared. If in the course of the analysis, it is recognized that the project may have a significant impact on the environment, but that with specific recommended mitigation measures, these impacts shall be reduced to less than significant, a mitigated negative declaration shall be prepared.

In reviewing all of the available information for the above referenced project, the City of Yuba City Planning Division has analyzed the potential environmental impacts created by this project and a negative declaration has been prepared for this project.

Intended Uses of this Document

In accordance with CEQA, a good-faith effort has been made during preparation of this IS/ND to contact affected public agencies, organizations, and persons who may have an interest in the proposed project. In reviewing the Draft IS/ND, affected and interested parties should focus on the sufficiency of the document in identifying and analyzing the possible impacts on the environment and ways in which the effects of the rezone and annexation would be avoided or mitigated.

The Draft IS/ND and associated appendixes will be available for review on the City of Yuba City website at <http://www.yubacity.net/>. The Draft IS/ND and associated appendixes also will be available for review during regular business hours at the City of Yuba City Development Services Department (1201 Civic Center Boulevard, Yuba City, California 95993).

Comments on the Draft IS/ND must be submitted in writing during the 20-day comment period, which will commence on March 3, 2016. Written comments on the Draft IS/ND should be sent to the following address by 5:00 p.m. on March 23, 2016:

Notice of Declaration

1. PROJECT TITLE: Zoning 16-01, Amended Preannexation Zoning for the South Yuba City area

2. LEAD AGENCY NAME & ADDRESS:

City of Yuba City
Development Services Department, Planning Division
1201 Civic Center Blvd.
Yuba City, CA 95993

3. CONTACT PERSON & PHONE NUMBER:

Arnoldo Rodriguez, Development Services Director
(530) 822-3231
arodrigu@yubacity.net

4. PROJECT LOCATION:

The proposed project is the unincorporated area located north of Bogue Road, on both sides of State Route 99, and extending out to the existing City limits on the north, east and west sides (See attached map of the area).

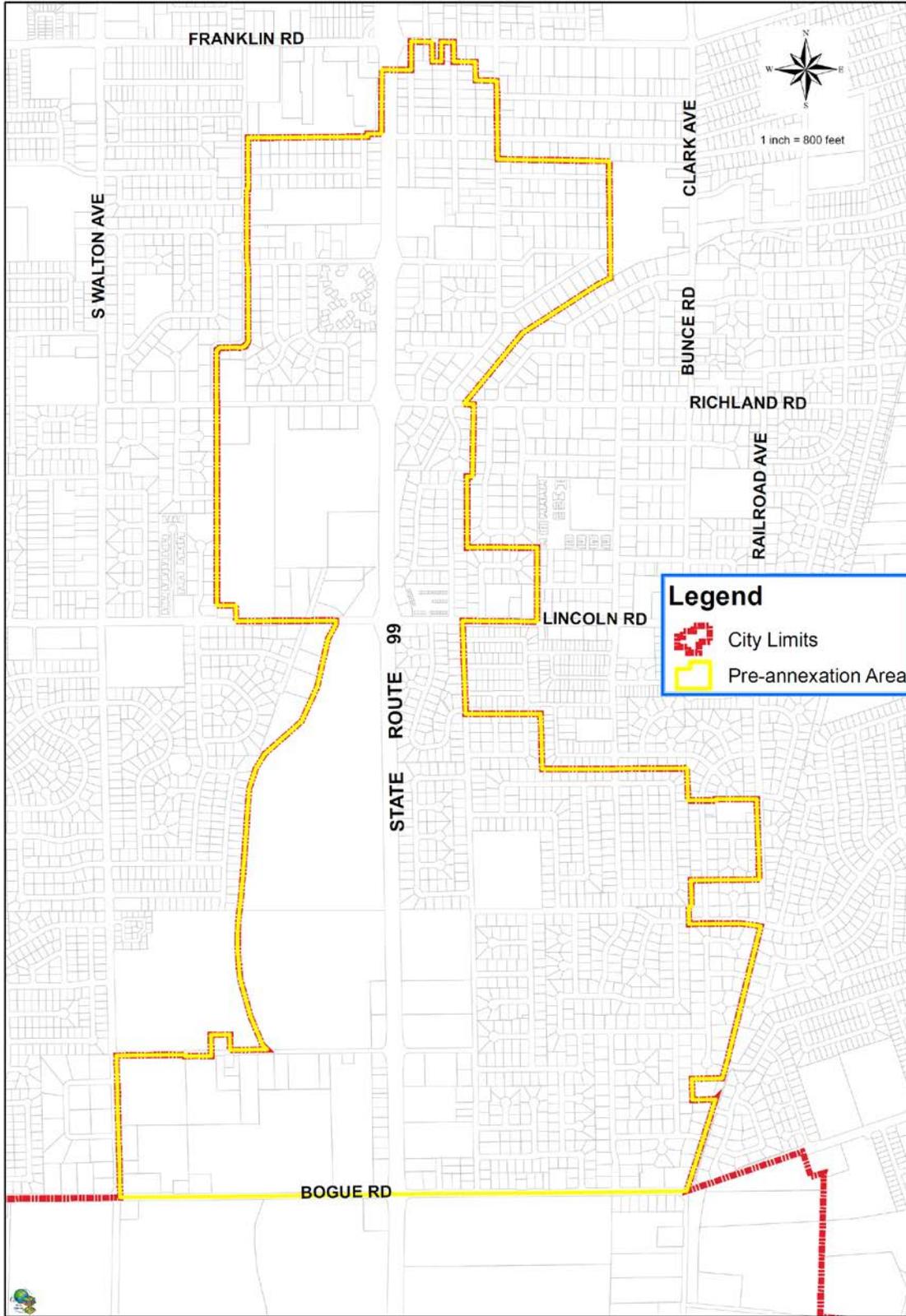
5. ASSESSORS PARCEL NUMBERS:

The area consists of approximately 1,382 parcels, as listed on the following Assessors pages:

Book 20 – pages 5, 8, 9, 20, 21, 24, 32, and 36.

Book 22 – pages 5-8, 14-20, 23-27, 30-32, 34-37, 39, 41, and 43.

Book 26 – pages 3, 4, 6-10, 14, 16, 20, and 29.



Rezone 16-01
 South Yuba City Pre-annexation Zoning

6. PROJECT APPLICANT: City of Yuba City, 1201 Civic Center Boulevard. Yuba City, CA 95993

7. PROPERTY OWNER: Various

8. General Plan designation: Various

9. ZONE DISTRICT:

The existing preannexation zoning is in some cases inconsistent with the General Plan land use designations. This revision to the existing preannexation zoning will bring the zoning into conformance with the General Plan designations that were adopted in 2004.

10. PROJECT DESCRIPTION:

The project is a revision to the preannexation zoning of the unincorporated area along State Route 99 in south Yuba City. The area includes about 1,382 developed and undeveloped parcels covering approximately 625 acres. Because annexation of this area into Yuba City may follow this preannexation rezoning, this Initial Study also addresses the potential impacts that could result from annexation. If the annexation does occur the preannexation zoning would automatically convert to City zoning.

The existing preannexation zoning was adopted prior to 2004, which was when the Yuba City General Plan was adopted. As a result there are inconsistencies between the General Plan map and the preannexation zoning map. Since zoning is one of the major tools utilized to implement the General Plan, this project is to correct those inconsistencies – to make the preannexation zoning consistent with the General Plan.

The General Plan had an environmental impact report prepared for it that addressed the potential environmental impacts associated with that plan. Since this proposed rezoning is an implementation of the General Plan, this initial study tiers off of that EIR and addresses only any further impacts that may occur from this more specific rezoning. (The General Plan EIR is available for public review at the Yuba City Planning Department.

This initial study also addresses any environmental issues that could result from the annexation of this same area into the City, since, as required by the CEQA Guidelines. The preannexation zoning and possible annexation could be considered parts to a single larger project.

11. SURROUNDING LAND USES & SETTING:

The unincorporated area being considered for this preannexation zoning update is surrounded by the City on most sides, except the south side. The areas just beyond the north, west and east sides of this preannexation zoning are developed primarily with single-family residential uses. The southern boundary is Bogue Road, which is also the southern edge of the City's Sphere of Influence. South of Bogue Road is primarily agricultural uses with the exception of about eight residences on the south side of Bogue

Road at the southeast corner of the preannexation area, and a mini-mart/gas station at the southwest corner of State Route 99 and Bogue Road.

The preannexation zoning area is generally flat, with lower areas along Gilsizer Slough. About two-thirds of the area is developed, primarily with single-family residences, with a few multiple-family uses within the area. There are also several commercial/office uses primarily in the northern portion of the preannexation area centered along State Route 99. An underdeveloped light industrial area occurs along the east side of State Route 99 in the southern portion. It is primarily used for storage of equipment and materials. The remaining one-third of the area is located on the west side of State Route 99 and is primarily in agricultural use.

12. OTHER PUBLIC AGENCIES WHOSE APPROVAL IS REQUIRED

(e.g. permits, financing approval, or participation agreement):

Sutter LAFCo is the public agency that reviews and considers any annexation(s) that may follow this preannexation zoning. If that occurs, Sutter LAFCo would be considered a responsible agency for this environmental document.

Section 2. Environmental Checklist and Impact Evaluation

Environmental Factors Potentially Affected:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is "Less than Significant with Mitigation Incorporated," as indicated by the checklist on the following pages.

- | | | |
|---|---|--|
| <input type="checkbox"/> Aesthetics | <input type="checkbox"/> Agriculture & Forestry Resources | <input type="checkbox"/> Air Quality |
| <input type="checkbox"/> Biological Resources | <input type="checkbox"/> Cultural Resources | <input type="checkbox"/> Geology/Soils |
| <input type="checkbox"/> Greenhouse Gas Emissions | <input type="checkbox"/> Hazards & Hazardous Materials | <input type="checkbox"/> Hydrology/Water Quality |
| <input type="checkbox"/> Land Use/Planning | <input type="checkbox"/> Mineral Resources | <input type="checkbox"/> Noise |
| <input type="checkbox"/> Population/Housing | <input type="checkbox"/> Public Services | <input type="checkbox"/> Recreation |
| <input type="checkbox"/> Transportation/Traffic | <input type="checkbox"/> Utilities/Service Systems | |
| <input type="checkbox"/> Mandatory Findings of Significance | | |

Determination: On the basis of this initial evaluation:

- I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- I find that, although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect (1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and (2) has been addressed by mitigation measures based on the earlier analysis as described on the attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- I find that, although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Written comments may be submitted to the Planning Division prior to the Planning Commission hearing, or at the Planning Commission hearing prior to the close of the public hearing.

Submit comments to:

Development Services Dept.
 Planning Division
 Civic Center Blvd.
 Yuba City, CA

Initial Study Prepared by:

Denis Cook, Planning Consultant

The public hearing for this item is scheduled for March 23, 2016, at 6:00 P.M. before the Yuba City Planning Commission and will be held in the City Council Chambers located at 1201 Civic Center Blvd., Yuba City, California.

Evaluation of Environmental Impacts:

- A. A brief explanation is required for all answers except “No Impact” answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A “No Impact” answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A “No Impact” answer should be explained where it is based on project-specific factors as well as general standards (e.g., the project will not expose sensitive receptors to pollutants, based on a project-specific screening analysis).
- B. All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
- C. Once the lead agency has determined that a particular physical impact may occur, then the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. “Potentially Significant Impact” is appropriate if there is substantial evidence that an effect may be significant. If there are one or more “Potentially Significant Impact” entries when the determination is made, an EIR is required.
- D. “Negative Declaration: Less Than Significant With Mitigation Incorporated” applies where the incorporation of mitigation measures has reduced an effect from “Potentially Significant Impact” to a “Less Than Significant Impact.” The lead agency must describe the mitigation measures and briefly explain how they reduce the effect to a less than significant level (mitigation measures from “Earlier Analysis,” as described below, may be cross referenced).
- E. Earlier analysis may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration. In this case, a brief discussion should identify the following:
 - 1. Earlier Analysis Used. Identify and state where they are available for review.
 - 2. Impacts Adequately Addressed. Identify which effects from the above checklist were within the scope and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.

3. Mitigation Measures. For effects that are “Less than Significant with Mitigation Measures Incorporated,” describe the mitigation measures that were incorporated or refined from the earlier document and the extent to which they addressed site-specific conditions for the project.
- F. Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). Reference to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated.
 - G. Supporting Information Sources: A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.

Section 3. Environmental Checklist and Impact Evaluation

The following section presents the initial study checklist recommended by the California Environmental Quality Act (CEQA) to determine potential impacts of a project. Explanations of all answers are provided following each question, as necessary.

I. AESTHETICS

Would the project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Have a substantial adverse effect on a scenic vista?			X	
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?			X	
c) Substantially degrade the existing visual character or quality of the site and its surroundings?			X	
d) Create a new source of substantial light or glare, which would adversely affect day or nighttime views in the area?			X	

Response to Questions:

- a) There are no designated scenic vistas in this area of Yuba City; the project would therefore have no adverse effect on a designated scenic vista. While not designated as a scenic vista, travelers along State Route 99, primarily north bound, have a view of the Sutter Buttes Mountain Range. New development should not significantly alter this view due to right-of-way widths and building setback standards, and the prevalence of single story construction in this area that is comparatively not significantly taller than the existing walnut trees. Therefore there should be no significant aesthetic impacts on the scenic vista.
- b,c) The majority of the preannexation zoning area is developed, thus no changes are expected to those areas as a result of the preannexation zoning or annexation. For the undeveloped areas, annexation could lead to further development since public services (primarily sewer and water) would become available to those areas. The loss of the orchards to be replaced by buildings could be considered to be a reduction in visual quality. However, the new development must meet the City’s design and landscaping standards, which assures a quality appearance to new development. Any significant development that is proposed post-annexation would itself be required to go through further design review and environmental review. Moreover, State scenic highways are

those highways that are either officially designated as State Scenic Highways by the California Department of Transportation (Caltrans) or are eligible for such designation. According to the California Scenic Highway Mapping System, there are no officially designated or eligible highways within the project area (Caltrans, 2011). Therefore the loss is considered to be less than significant.

- d) New development that could occur as a result of the preannexation zoning and eventual annexation into the City will create more on-site lighting as well as new street lighting that may be added to the undeveloped portions of the area. However, this new lighting would be nearly surrounded by existing City lighting. Also, State Route 99, which runs alongside most of the undeveloped area, has several traffic signals along its route as well as a significant amount of vehicle lighting. In addition, the City Zoning Regulations requires new lighting to be “shielded so as not to produce glare into the public right-of-way or adjoining properties.” Due to the existing lighting in the area and because the City requires new lighting to be shielded from public view, the impact from new lighting in the area is expected to be less than significant.

II. AGRICULTURAL AND FORESTRY RESOURCES

In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland.

Would the project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?			X	
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?				X
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code Section 12220(g)), timberland (as defined by Public Resources Code Section 4256), or timberland zoned Timberland Production (as defined by Government Code Section 51104(g))?				X
d) Result in the loss of forest land or conversion of forest land to non-forest use?				X
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?			X	

In 2002, agricultural lands accounted for approximately 50 percent of the land area within the Yuba City Planning Area (Dyett & Bhatia, 2004).

Response to Questions:

- a) The City contains soils designated by the California Department of Conservation (CDC), Division of Land Resources (DLRP), as Prime Farmlands and Farmland of Statewide Importance (CDC DLRP, 2014). These lands are located primarily in the extreme western portion of the City and adjacent to urban development.

The project area is located on land that has a soil quality that could, and in some cases still does, support agricultural uses. For the two-thirds of the area that is developed there is no potential for the loss of agricultural land, as that loss previously occurred. But this project could lead to new development occurring on the undeveloped portion of the area that is primarily agricultural land. However, the undeveloped areas are well within the boundaries of the Yuba City urban area, and are surrounded by non-agricultural uses. Further, the City and Sutter County General Plans identify this area for urban development, as compared to the vast majority of Sutter County (likely over 95 percent) for which agricultural land is protected from urban growth (this was identified in the EIR's for both the Yuba City and Sutter County General Plans). Therefore, due to surrounding non-agricultural uses that are often not compatible with agricultural uses, and the long term County and City policies intended to minimize impacts on open agricultural areas from urban encroachment, the environmental impacts created by the loss of agricultural land due to development that could result from this preannexation zoning and possible annexation into the City will be less than significant impact.

- b) The City does not contain any land that is subject to a Williamson Act contract, which is designed to retain prime agriculture and open space by providing tax incentives for property owners (CDC DLRP, 2013). Therefore, implementation the rezoning and ultimate annexation of the subject area would not conflict with a Williamson Act contract.
- c) The City's land cover is designated as "Urban" and "Agriculture" on the Fire and Resource Assessment Program (FRAP) State of California Land Cover Map (California Department of Forestry and Fire Protection [Cal Fire], 2006), which identifies forest land and rangeland coverage in California. This designation does not constitute forest land or timberland. There is no land with existing zoning of forest land or timberland within the City. Therefore, the rezone and subsequent annexation of the subject area would not conflict with existing zoning, or cause rezoning of forest land or timberland.
- d) There are no areas designated as forest land in the City of Yuba City. Therefore, implementation of the preannexation rezone and ultimate annexation of the subject area into the City would not result in the loss of forest land or conversion of forest land

to non-forest use.

- e) Because the undeveloped properties in this area are surrounded by existing development, any development that could occur as a result of this preannexation zoning and possible annexation into the City would be considered an urban infill project. Considering this and the discussion provided in Part a, above, this project will not result in any significant impacts due to the conversion of other agricultural properties to non-agricultural uses.

III. AIR QUALITY

Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations.

Would the project?	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Conflict with or obstruct implementation of the applicable air quality plan?			X	
b) Violate any air quality standards or contribute substantially to an existing or projected air quality violation?			X	
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?			X	
d) Expose sensitive receptors to substantial pollutant concentrations?			X	
e) Create objectionable odors affecting a substantial number of people?			X	

The Feather River Air Quality Management District (FRAQMD) is the local agency charged with administering local, state, and federal air quality management programs for Yuba and Sutter Counties. The FRAQMD's jurisdiction is located in Northern California in the Northern Sacramento Valley Air Basin. The major pollutants of concern in the Northern Sacramento Valley are ozone (O3) and particulate matter (PM). According to the Northern Sacramento Valley Planning Area (NSVPA) 2015 Triennial Air Quality Attainment Plan, Sutter County, in which the City of Yuba City is located, was designated as a nonattainment-transitional district that does not exceed the state ozone standards more than three times at any monitoring location in a single calendar year (Sacramento Valley Air Quality Engineering and Enforcement Professionals [SVAQEPP] 2015).

Response to Questions:

- a-d) The State of California and the federal government have established ambient air quality standards for numerous pollutants, which are referred to as Criteria Pollutants. These standards are categorized as primary standards, designed to safeguard public health, or as secondary standards, intended to protect crops and to mitigate such effects as visibility reduction, soiling, nuisance, and other forms of damage. Air quality is also regulated through emissions limits for individual sources of criteria pollutants, i.e., ozone, carbon monoxide, nitrogen dioxide, sulfur dioxide, suspended particulate matter, and lead.

Pursuant to the California Clean Air Act, the state has adopted air quality standards for the criteria air pollutants that are generally more stringent than the federal standards, particularly for ozone and PM-2.5 (particulate matter, less than 2.5 microns in diameter). Also, the State has adopted ambient air quality standards for some pollutants for which there are no corresponding national standards.

Under the California Clean Air Act and amendments to the Federal Clean Air Act, the United States Environmental Protection Agency (EPA) and the State Air Resources Board are required to classify Air Basins, or portions thereof, as either “attainment” or “non-attainment” for each criteria air pollutant, based on whether or not the national and state standards have been met. Yuba City is located in the Northern Sacramento Valley Air Basin (NSVAB). The NSVAB consists of the northern half of the Central Valley. Air quality monitoring has been conducted in the NSVAB for recent years and the monitoring results have shown that the principal pollutants of the NSVAB, including Yuba City, are ozone and particulate matter.

The Feather River Air Quality Management District (FRAQMD) was created to administer local, state, and federal air quality management programs for Yuba and Sutter Counties. They reviewed this project and determined that because this is a legislative item, and no development will directly occur and that no significant impacts will occur to the air quality.

For purposes of this environmental document, it is recognized that some development could occur if annexation of the area follows this preannexation zoning, which could cause some air quality impacts. It is, however, too speculative to try to determine what new development will occur and what impacts it may have on air quality. However the Feather River Air Quality Management District has permitting requirements that all projects are subject too, and any new project will be evaluated for its impacts and will be conditioned to comply with all air quality standards. Therefore no significant environmental impacts are expected to occur from the proposed actions.

The cumulative impacts of growth in the urban area is fully addressed in the EIR prepared for the General Plan update, which this document tiers off of.

- e) As stated in the discussion above, some development could indirectly occur as a result of this preannexation zoning and the annexation into the City that could follow. However, it is too speculative to try to determine if or what type of project may cause any impacts due to smell. The City Zoning regulations for the Light Industrial (M-1) Zone

District (which is the most likely area where an odor producing use could occur) requires a use permit for potential odor causing uses. The environmental document prepared for that project would address those specific issues. All proposed development would undergo evaluation by FRAQMD to determine its impacts, including possible odor concerns, and necessary mitigations would be proposed at that time.

IV. BIOLOGICAL RESOURCES

Would the project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?				X
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?			X	
c) Have a substantial adverse effect on federally protected wetlands as defined by the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?				X
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife corridors, or impede the use of native wildlife nursery sites?			X	
e) Conflict with any local policies or ordinances protecting biological resources?				X
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?				X

Response to Questions:

- a) There have been no special status species identified within the vicinity of the project area. According to the Yuba City General Plan EIR, the only designated special status vegetation species within Yuba City and its Sphere of Influence is the Golden Sunburst, a flowering plant that occurs primarily in non-native grasslands and is threatened mostly by the conversion of habitat to urban uses. The habitat area for this particular species occurs at the extreme eastern boundary of the Planning Area at the confluence of the Feather and Yuba Rivers. This property does not fall within this area, therefore no adverse impacts to special status species will occur as a result of this project. Moreover, General Plan Policies 8.4-I-1 and 8.4-I-2 encourage management and maintenance of

sensitive habitat through the promotion of environmentally sensitive project siting and design. Policy 8.4-I-1 requires protection of sensitive habitat areas and special-status species in new development site designs and assessments of biological resources prior to approval of any development within 300 feet of any creeks, sensitive-habitat areas, or areas of potential sensitive-status species. Policy 8.4-I-2 provides additional requirement to preserve oak trees and other native trees that are of a significant size. All new development that would happen to implement goals and strategies in the subject area would need to be in compliance with the above General Plan policies. Therefore, the impact would be less than significant.

- b-d) As identified in the Yuba City General Plan EIR, there are no riparian habitats or any other sensitive natural communities within the vicinity of the project.

Because the project is surrounded by urban development, the proposed project will not interfere substantially with the movement of any native resident or migratory fish or wildlife corridors, or impede the use of native wildlife nursery sites. The Gilsizer Slough runs through the preannexation area but it is dry during a significant portion of the year and it has not in the past been identified as harboring any native resident or migratory fish or wildlife corridors. In addition, General Plan Policy 8.4-I-4 prohibits development within the protection zone along the Feather River, except as part of the parkway enhancement. In this case, a buffer zone along the river in which no grading or construction activities would occur would need to be identified. This General Plan Policy is consistent with the Feather River Parkway Plan. General Plan policies and implementation programs ensure that riparian habitat and sensitive natural communities are protected, and all development would be evaluated for conformance to these policies to ensure that riparian habitat or sensitive natural communities are not adversely affected. Therefore, the impact would be less than significant.

- e,f) There are no adopted Habitat Conservation Plans, Natural Community Conservation Plans, or any other approved local, regional, or state habitat conservation plans within the project vicinity.

V. CULTURAL RESOURCES

Would the project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Cause a substantial adverse change in the significance of a historical resource.			X	
b) Cause a substantial adverse change in the significance of an archeological resource.			X	
c) Directly or indirectly destroy unique paleontological resources or site or unique geologic features?				X
d) Disturb any human remains, including those interred			X	

outside of formal cemeteries?				
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Response to Questions:

- a) As addressed in the Yuba City General Plan, this region was occupied by native American tribes for about the last 10,000 years. However, original land clearing and a hundred years of farming have diminished any likely archaeological or paleontological sites. Further, about two-thirds of this study area is already developed with buildings, parking lots, etc., further diminishing the likelihood of any archeological sites within those developed areas. However, there remains some potential to uncover archaeological sites. There is also the potential for historical structures to exist within this large area.

This project, as well as the annexation into the City that may follow, is a legislative action that does not directly involve any actual development that could uncover any site or destroy any historically significant structures. However, future development that could result from this preannexation zoning and possible annexation could uncover potential sites. So while this project cannot directly create any significant impacts to any cultural resources, future development may impact possible sites.

It would, however be too speculative to try to determine what and where new projects may be constructed. Instead, because future subdivisions and other larger development projects are required by the City to undergo discretionary review, which includes review for conformance with the General Plan policies and State law for archaeological or historic resources, the potential for any future impacts to these resources is less than significant. The General Plan provides several policies addressing this concern. Future development projects must meet the criteria in General Plan Implementation Policies 8.3-1-1 through 8.3-1-6, which prescribes how these potential sites must be considered and addressed for archeological, paleontological or historic resources prior to the development occurring. State law requires similar actions.

- b) The City is situated on lands that were likely inhabited by various Native American tribes. Also, there are sites that have historic value. The region within which Yuba City lies is part of a valley that was formerly composed of extensive wetlands and broad, shallow lakes. Because of this location and availability of resources, it is believed that different tribes occupied the area on a year-round basis for approximately 10,000 years. However, due to siltation of the area over the years, prehistoric sites have been buried at such depths that very little, if any, evidence remains at the surface. Original land clearing and a hundred years of farming have further diminished any likely archaeological sites. However, damage to or destruction of these resources could still occur as a result of activities that may cause earth disturbance, including planting trees or expanding bike routes.

General Plan Policies 8.3-1-4, 8.3-1-5 and 8.3-1-6 incorporate specific measures to identify, protect, and preserve cultural resources into the City planning and environmental review processes. These policies also require monitoring of ground-disturbing activities in archaeologically and culturally sensitive areas, as well as evaluation by a qualified

archaeologist of cultural resources found prior to or during construction, application of appropriate mitigation measures, and consultation, as appropriate, with Native American Tribes before resumption of development activities. Implementation of these policies reduces impacts to archaeological and Native American cultural resources to a less-than-significant level by requiring the scientific recovery and evaluation of any archaeological resources encountered, which would ensure that important scientific information that could be provided by these resources regarding history or prehistory is not lost. Consequently, potential impacts to archaeological and Native American cultural resources as a result of implementation of the rezone and annexation would be less than significant.

- c) There are no unique paleontological resources or geologic features in the City. Therefore, the implementation of the rezone and annexation would result in no impact.

- d) Human burials, in addition to being potential archaeological resources, have specific provisions for treatment in Section 5097 of the California Public Resources Code. Disturbing human remains could violate the health code, as well as destroy the resource. General Plan Policies 8.3-I-4, 8.3-I-5 and 8.3-I-6 incorporate specific measures to identify, protect, and preserve cultural resources into the City planning and environmental review processes. These policies also require monitoring of ground-disturbing activities in archaeologically and culturally sensitive areas, as well as evaluation by a qualified archaeologist of cultural resources found prior to or during construction, application of appropriate mitigation measures, and consultation, as appropriate, with Native American Tribes before resumption of development activities. These policies provide substantial protection to human burials by protecting and ensuring the appropriate treatment of the archaeological contexts within which these burials would be most likely to be encountered. Consequently, any potential impacts to human remains from discrete development projects would be reduced to less than significant.

VI. GEOLOGY AND SOILS

Would the project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:				
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area, or based on other substantial evidence of a known fault?			X	
ii) Strong seismic ground shaking?			X	
iii) Seismic-related ground failure, including liquefaction?			X	

iv) Landslides?				X
b) Be located on a geological unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse?				X
c) Be located on expansive soil, as defined in the California Building Code creating substantial risks to life or property?				X
d) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?				X

Response to Questions:

a-b) According to the Yuba City General Plan, no active earthquake faults are known to exist in Sutter County, although active faults in the region could produce ground motion in Yuba City (Dyett & Bhatia, 2004). The closest known fault zone is the Bear Mountain Fault Zone, located approximately 20 miles northeast of Yuba City (California Geological Survey [CGS], 2015). Because the distance from the City to the closest known active fault zone is large, the potential for implementation of the rezone and annexation to expose people or structures to substantial adverse effects from fault rupture is low. In addition, the project is a legislative matter and will not directly result in any new construction. However, if annexation does follow there could be new development that results from these actions. The following discussion addresses that potential:

No active earthquake faults are known to exist in Sutter County, although active faults in the region could produce motion in Yuba City. Potentially active faults do exist in the Sutter Buttes but those faults are considered small and have not exhibited activity in recent history.

In the event of a major regional earthquake, fault rupture or seismic ground shaking could potentially injure people and cause collapse or structural damage to existing and proposed structures. Ground shaking could potentially expose people and property to seismic-related hazards, including localized liquefaction and ground failure. All new structures are required to adhere to current California Building Code standards. These standards require adequate design, construction and maintenance of structures to prevent exposure of people and structures to major geologic hazards. General Plan Implementing Policies 9.2-I-1 through 9.2-I-8 and the building codes reduce the potential impacts to less than significant.

According to the Environmental Impact Report prepared for the General Plan, due to the flat topography, erosion, landslides, and mudflows are not considered to be a significant risk in the City limits or within the City's Sphere of Influence.

c) The extreme southwest corner of the Sphere of Influence is the only known area with expansive soils. The project area is not located within that area and therefore will not be impacted by the presence of expansive soils.

- d) If annexation does follow this preannexation zoning there could be new development that results from these actions. However, the City requires new development to connect to its sanitary sewer system, so no development project will use septic tanks or other alternative wastewater disposal systems.

VII. GREENHOUSE GAS EMISSIONS

Would the project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?			X	
b) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?				X

Response to Questions:

a-b) Gases that trap heat in the atmosphere are referred to as greenhouse gases (GHGs) because they capture heat radiated from the sun as it is reflected back into the atmosphere, similar to a greenhouse. The accumulation of GHGs has been implicated as a driving force for Global Climate Change. Definitions of climate change vary between and across regulatory authorities and the scientific community, but in general can be described as the changing of the climate caused by natural fluctuations and the impact of human activities that alter the composition of the global atmosphere. Both natural processes and human activities emit GHGs. Global Climate Change is a change in the average weather on earth that can be measured by wind patterns, storms, precipitation and temperature. Although there is disagreement as to the speed of global warming and the extent of the impacts attributable to human activities, the vast majority of the scientific community now agrees that there is a direct link between increased emission of GHGs and long-term global temperature. Potential global warming impacts in California may include, but are not limited to, loss in snow pack, sea level rise, more extreme heat days per year, more high ozone days, more large forest fires, and more drought years. Secondary effects are likely to include a global rise in sea level, impacts to agriculture, changes in disease vectors, and changes in habitat and biodiversity. GHG impacts are considered to be exclusively cumulative impacts; there are no non-cumulative GHG emission impacts from a climate change perspective (CAPCOA).

As noted elsewhere in this document, this is a legislative item, and no development will occur as a direct result of this project that may cause additional greenhouse gas emissions. However, for purposes of this environmental document, it is recognized that some development could occur if annexation of the area follows. New development will likely cause some greenhouse gas emissions. It is, however, too speculative to try to

determine what new development will occur and what the greenhouse gas quantities may be. Because the City Zoning Regulations trigger discretionary review for all larger projects that may create significant amounts of greenhouse gases, and its subdivision ordinance and the State Subdivision Map Act triggers discretionary review for all land divisions that are subject to CEQA, the detailed review of all of those projects will determine the level of environmental impact and mitigation measures. Therefore this preannexation zoning and possible annexation that may follow will not create any significant environmental impacts from the creation of additional greenhouse gases. Analysis of future projects that could result from this project would be too speculative to try to predetermine those impacts at this time, but they will undergo their own environmental review at that time.

VIII. HAZARDS AND HAZARDOUS MATERIALS

Would the project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?			X	
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?			X	
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?			X	
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section and, as a result, would create a significant hazard to the public or the environment?				X
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?				X
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?				X
g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?				X

Response to Questions:

a-b) The project is a legislative matter and will not directly result in any new construction. However, if annexation to the City occurs as a result of this preannexation zoning, new construction in the area becomes more likely due to the City services that will become

available. In those cases, however, the expected types of construction would be for standard developments that the City typically accepts, like residential or commercial development. The only hazardous materials associated with this type of construction will be those materials associated with construction activities such as solvents, oil and fuel. Provided that legal and proper use and storage is utilized for these materials in accordance with adopted laws, the proposed project will not create a significant hazard to the public or the environment through the routine transport, use, or disposal of these hazardous materials.

If a project is proposed at some later date that utilized or stores hazardous materials that are unusual, the City at that time would have to review that project on its own merits. It would be too speculative at this point to try to determine what type of use that could be. Also, the most likely location for a project that generates large amounts of hazardous materials is in the M-1 zoned properties. However, the M-1 zoned properties require discretionary review (use permit) for any such project for which separate environmental review is required.

- c) This preannexation zoning includes Lincrest Elementary School near which there is a light industrial site (within one-quarter mile of the school). Presently that property is primarily utilized for material, equipment, and vehicle storage. The preannexation zoning will not change that condition. If however, the preannexation zoning action leads to annexation, and public services become available to the area, more intensive development of that property could occur. This creates a potential for new or expanded uses that could involve hazardous materials. However, it is too speculative to determine at this time what those uses could be. Instead, the City's Zoning Regulations require that if an industrial use is proposed that could store or generate hazardous materials or creates other offensive conditions, a use permit is required which is a discretionary review that would consider the specifics of the project and appropriate mitigations or conditions would be considered at that time.

There are other schools within a quarter mile of this preannexation zoning, including Lincoln Elementary School, Andros Karperos Middle School and Saint Isidore Catholic School. All of these schools are, however, located within the City and are not near any industrial areas that are within the preannexation zoning area that could produce hazardous materials issues. Therefore, the potential for significant impacts near a school due to hazardous materials is less than significant.

- d) Since the project involves legislative action only, and no actual development on any specific parcel is being considered, there can be no significant impacts from any existing hazardous material sites. If annexation occurs and development follows, these sites would have to be evaluated by the City at that time.
- e) The eastern portion of Yuba City is located within the airport influence areas of the Sutter County Airport and Yuba County Airport (Airport Land Use Commission [ALUC],

1994, 2011), however the project is not located within an airport land use plan or within two miles of an airport.

- f) There are no private airports or airfields located within the City limits of Yuba City. The closest private airstrip is the Vanderford Ranch Company Airport, located approximately six miles southwest of the City. Therefore, implementation of the rezone and annexation would not result in a safety hazard associated with a private airstrip. No impact would occur.
- g) The Yuba City Fire Department, which presently serves this area, did not express concern over the impacts on any emergency response plans from the preannexation zoning, future annexation into the City, or any development that may result from these actions.

Regarding police services, the area is presently served by the Sutter County Sheriff’s Department. The preannexation zoning alone cannot trigger new development since the area remains outside of the City where City services are not available. Therefore no impacts could occur that would impact the Sheriff’s Department. If annexation follows this action, law enforcement responsibilities will likely transfer to the Yuba City Police Department. If that occurs a new beat will be added to the Police Department to serve this area. The Police Department has reviewed this proposal and did not express any concerns.

IX. HYDROLOGY AND WATER QUALITY

Would the project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Violate any water quality standards or waste discharge requirements?			X	
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level that would not support existing land uses or planned uses for which permits have been granted)?			X	
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner that would result in substantial erosion or siltation onsite or offsite?			X	
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner that would result in flooding onsite or offsite?			X	
e) Create or contribute runoff water that would exceed the			X	

capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?				
f) Otherwise substantially degrade water quality?			X	
g) Place housing within a 100-year flood hazard area, as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?				X
h) Place structures that would impede or redirect flood flows within a 100-year flood hazard area?				X
i) Expose people or structures to a significant risk of loss, injury, or death involving flooding, including flooding as a result of the failure of a levee or dam?			X	
j) Expose people or structures to inundation by seiche, tsunami, or mudflow?				X

Response to Questions:

a) The proposed preannexation zoning in itself will not cause any new development for which water quality concerns could be an issue. However, if annexation follows, new development could occur over time. Any runoff associated with new construction that may result from these actions is addressed in part through General Plan Implementing Policies which require a wide range of developer and City actions involving coordination with the State Regional Water Quality Control Board, protecting waterways, and following Best Management Practices for new construction. Conditions applied to all development projects require implementation of the Storm Water Pollution and Prevention Plan (SWPPP) through the use of Best Management Practices and maintaining the SWPPP. These projects will have the following City requirements placed on them that will reduce construction-related impacts to a less-than significant level:

- Temporary silt fencing shall be erected during construction so that transport of construction debris is reduced and will be retained on-site.
- To prevent track-out, wheel washers shall be installed where project vehicles and/or equipment exit onto a paved street from unpaved roads. Vehicles and/or equipment shall be washed prior to each trip. Alternatively, a gravel bed may be installed as appropriate at vehicle/equipment site exit points to effectively remove soil buildup on tires and tracks to prevent/diminish track-out.
- Paved streets shall be swept frequently (water sweeper with reclaimed water recommended; wet broom) if soil material has been carried onto adjacent paved, public thoroughfares from the project site.

b) Most of the developed preannexation zoning area is already served by the City water system, which primarily uses surface water. There are, however, some existing developments on individual wells that could, as a result of annexation into the City, convert to the City water system. This would result in reduced use of groundwater. Also, some new development could occur as a result of annexation into the City. However, the

City has concluded that it has adequate surface water entitlements from the Feather River, and adequate groundwater supplies are available as a back up, as well as treatment/distribution capacity to accommodate any water needs associated with development. Because new development would be connected to the City surface water system no new groundwater wells are expected to be drilled as a result of this action.

- c) All construction would be subject to regulations related to water quality, erosion, and stormwater runoff that are detailed in General Plan Policies 8.5-I-7, 9.3-I-3 and 9.3-I-6, including the requirement of drainage study and working with Sutter County to establish drainage areas that serve the entire Planning Area for any new development. Compliance with these requirements would reduce any risk of substantial erosion or siltation to less than significant.
- d,e) The preannexation zoning and potential annexation that could follow will not create any new storm water drainage. However, any new construction that could result from those actions will drain into the established Gilsizer Slough, which is managed by the Gilsizer Drainage District. City policies and standards require that a proper drainage system be available or constructed to get the water to the Gilsizer Slough, including storm water detention systems that meter water into Gilsizer Slough to prevent overflows. Further, new development must pay fees to the City and to the Gilsizer Drainage District for expanding the system to accommodate new development.

As noted above, all construction must involve use of Best Management Practices and must install improvements that collect storm water runoff and minimizes any off-site drainage from occurring other than into the designed drainage system.

- g) The proposed project will not substantially degrade water quality. As noted under item a) above, site development will be required to adhere to the General Plan Implementing Policies and all City development standards designed to ensure that water quality degradation does not occur.
- h,i) There are 10 dams located outside Sutter County that could cause significant flooding should failure occur, among which there are six dams that are located on the Feather River and Yuba River. Failure of any one of these dams could cause significant flooding in Yuba City. These dams are under the jurisdiction of the California Department of Water Resources (DWR), Yuba County Water Agency, Pacific Gas & Electric, and the Corps of Engineers. However, all new development must be in compliance with General Plan policies to conduct hydrologic studies before construction and to provide information to property owners about the availability of flood insurance, as detailed in Policy 9.3-I-3 and 9.3-I-5. These policies would minimize the effects of prospective growth from flooding hazards and the impact would be less than significant.

More recent state legislation (SB 5, Urban Level Flood Protection, passed in 2007) identifies areas subject to 1-in 200 chance of flood occurrence. This is due to the southern section of the Feather River levee located just south of Yuba City and the

Sutter Bypass levee west of Yuba City not yet constructed to levels that will withstand a 200-year flood event. Within the preannexation zoning area, there are lower lying properties along and near the Gilsizer Slough that are within that 200-year flood zone. Fixing the levees in the areas described above is the long-term solution. But until that fix occurs, all new construction within the designated area must be built above the estimated high water mark from a 200-year flood event, which is the 52.4 feet elevation level. The City is in the process of developing and adopting an ordinance to effectuate this requirement. The ordinance is expected to be in place before the end of summer, 2016, which is prior to any new development that could occur following annexation of the area. Therefore no further mitigation is needed, and the impact is considered less than significant.

- j) A seiche is the periodic oscillation of a body of water resulting from seismic shaking. The City is not close to any big lakes so seiche is unlikely to happen to the City. A tsunami is a very large ocean wave caused by an underwater earthquake or volcanic eruption. The City is located inland from the Pacific Ocean, so people or structures in the City would not be exposed to inundation by tsunami. Mudflows are shallow water-saturated landslides that travel rapidly down slopes carrying rocks, brush, and other debris. Landslides are unlikely to happen due to the relatively flat topography within the project area. Thus, it is unlikely that the project site would be subject to inundation by a seiche, tsunami, or mudflow. Therefore, there is no impact.

X. LAND USE AND PLANNING

Would the project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Physically divide an established community?				X
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to, the general plan, specific plan, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?				X
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?				X

Response to Questions:

- a) This proposed preannexation zoning will not physically divide an established community and neither would annexation into the City if that follows the preannexation zoning. This area is surrounded by the City and in essence is already part of the Yuba City community. If annexation does occur, any resulting new development would be considered infill.

- b) The purpose of the preannexation zoning revisions is to bring the preannexation zoning into compliance with the General Plan. There is no adopted specific plan for this area. Since this action is corrective in order to gain conformity with the General Plan, any General Plan zoning inconsistencies that now exist will be corrected.
- c) There are currently no adopted habitat conservation plans or natural community conservations plans within the City limits or the City’s Sphere of Influence.

XI. MINERAL RESOURCES

Would the project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporation	Less Than Significant Impact	No Impact
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?				X
b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan?				X

Response to Questions:

- a) Loss of the availability of mineral resources generally is due to the placement of incompatible land uses, which either directly or indirectly make the resource inaccessible for future extraction. The Yuba City General Plan does not recognize any mineral resource zone within the City’s boundary, and no mineral extraction facilities currently exist in the vicinity of the City. Additionally, the City is currently mostly occupied by residential land uses, which generally are considered incompatible with mineral extraction facilities. Furthermore, the proposed rezone and annexation do not propose improvements or changes to existing land use designations. Therefore, this rezone and annexation would not result in the loss of availability of a known mineral resource. No impact would occur.
- b) The Yuba City General Plan does not recognize any locally important mineral resources recovery sites within the City’s boundary. The existing residential land uses within the City generally are considered incompatible with mineral extraction facilities, and the proposed rezone and annexation do not propose improvements or changes to existing land use designations. The proposed project does not have the potential to be a locally important mineral resource recovery site, so no impact would occur.

XII. NOISE

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Would the project result in:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporation	Less Than Significant Impact	No Impact
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?			X	
b) Exposure of persons to or generation of excessive ground borne vibration or ground borne noise levels?			X	
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?			X	
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?			X	
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?				X
f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?				X

Response to Questions:

a-d) The proposed preannexation zoning is a legislative action and involves no new development. If annexation follows the preannexation zoning, new development could occur. The new zoning for this area involves various land use types, including light industrial uses. It is possible that some possible light industrial uses could create noise, but it would be to speculative today to try to guess what those uses might be. The City General Plan and Zoning Regulations contain noise criteria for new uses. Depending on the specific zone district, it would include prohibition on noisy uses or a requirement for a use permit to address noise concerns, at which time any specific noise issues would be addressed under that project review. Therefore, this preannexation zoning, potential annexation and any development that may occur, could not create any significant adverse noise impacts.

Short-term noise impacts (and possibly some ground borne vibrations if site compaction is required prior to construction) may be expected. This would be due to site grading and construction activities. Construction-related noise impacts will be less than significant because adherence to City construction standards is required. These standards limit the hours of operation for construction and use of heavy machinery generally to daytime hours. Further the construction noise is of limited duration, further limiting any adverse impacts.

- e) The nearest airport to the City is Sutter County Airport, located on the east boundary of the City. However, proposed rezone does not include strategies associated with the airport, and would not result in a significant impact on future air traffic operations. Therefore, noise-sensitive land uses would not be exposed to excessive noise levels from aviation noise. No impact would occur.
- f) There are no private airstrips located within or in the immediate vicinity of the City. Therefore, the proposed project would not expose people to excessive noise levels associated with a private airstrip. No impact would occur.

XIII. POPULATION AND HOUSING

Would the project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?			X	
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?				X
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?				X

Response to Questions

- a) The proposed project will not induce substantial population growth in an area, since the area is already designated by the General Plan for development and City infrastructure and development currently exists on three sides of the preannexation area. City services are already designed to be extended to serve this area, as development has been planned for many years. Therefore, instead of inducing growth to an area not previously planned for growth, any resulting new development would be considered infill, which could potentially be a positive environmental action, as compared to expanding urban growth further out into rural areas.
- b-c) No housing is planned for removal by this preannexation zoning or by annexing into the City, if that follows the preannexation zoning.

XIV. PUBLIC SERVICES

Would the project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact

a) Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered government facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:				
i) Fire protection?			X	
ii) Police protection?			X	
iii) Schools?			X	
iv) Parks?			X	
v) Other public facilities?			X	

Response to Questions:

- i) The area is presently served by the Yuba City Fire Department under contract to Sutter County. Funding from the County is provided by Service Area G, which is the mechanism used by Sutter County to pay for the fire service in the unincorporated areas around Yuba City. Upon annexation into the City, the area will be detached from County Service Area G, and that funding will be transferred directly to the City to maintain the ongoing City Fire Department services. The end result is that, beyond these technical changes, the existing City fire protection service to this area will not change, so the potential for any adverse impacts to occur to fire services would be less than significant.

- ii) If the preannexation zoning is approved and the area is annexed into the City, law enforcement will likely transfer from the Sutter County Sheriff’s Department and the California Highway Patrol (for traffic control) to the Yuba City Police Department. The tax exchange agreement approved in 2000 between Sutter County and the City provides for a logical and smooth transition of services from the Sutter County Sheriff’s Department to the City Police Department (that agreement covered a larger area, including this area and the Walton Avenue area). In that agreement the Sheriff’s Department agreed to continue providing service to the area until 82 percent of the residences within the Sheriff’s responsibility are annexed into the City. With the completion of this South Yuba City annexation this criteria will be met. At that time the Police Department will begin the transition process by adding a new beat to handle the additional responsibilities. Therefore, while law enforcement agencies may change, there likely will be little or no change to the service the residents and businesses now receive. Because the City intends to add a new police beat to this and the Walton area, once law enforcement switches to the City, law enforcement may improve for this and the Walton area.

- iii) If the preannexation zoning is approved and annexation occurs, some new residential and/or non-residential development could occur due to the availability of services to the

area that are not now available. The school district charges development impact fees for new residences and businesses, which mitigates the incremental increase of new students that could occur in the area.

- iv) There are presently no City parks within the proposed annexation area, although an estimated several thousand people live there. If the preannexation zoning is approved and the area is annexed into the City a new park could be constructed within the area. These citizens currently must travel to a City park outside of the annexation area. The nearest parks are Happy Park, Shanghai Bend, Hillcrest Park, and Blackburn-Talley Park. As there is presently undeveloped land within the annexation area, and because it is City policy (as identified in the General Plan policies and the Land Use Map for this area) to provide park facilities near all residents, the City has stated that over time it intends to develop a park, or parks, within the undeveloped area of the annexation area. Once developed, the City will include the park(s) in its park inventory and maintain it at no additional cost to the residents. If a new park is created as a result of this action, it could be considered a positive environmental action.

If this preannexation zoning and possible annexation causes new residential development, the City’s development impact fee for parks would mitigate any impacts to a less than significant level.

- v) Future growth could increase ridership on the bus service provided by Yuba-Sutter Transit. However, Yuba-Sutter Transit reviewed this proposal and did not respond that this potential increase in ridership would adversely impact the agency.

XV. RECREATION

Would the project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?			X	
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?			X	

Response to Questions:

- a,b) Currently there are no public parks within the preannexation zoning area. The existing residents must travel out of this area to utilize a park. As discussed in Part XIV a)iv), above, if the preannexation is approved and annexation follows, a new park could be

constructed in the vicinity, which is a positive environmental action. Also, as stated above, any new residences that may occur will pay development impact fees that would mitigate any impacts on parks from new development.

XVI. TRANSPORTATION/TRAFFIC

Would the project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?			X	
b) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?			X	
c) Result in inadequate emergency access?			X	
d) Result in inadequate parking capacity?				X
e) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?			X	

Response to Questions:

- a) The Circulation Element of the General Plan includes a traffic analysis of build-out of this preannexation zoning area, as well as the entire area within the City’s Sphere of Influence. The traffic studies prepared for the General Plan EIR determined that by improving the local road system commensurate with the new traffic caused by development, traffic levels would remain within acceptable levels.

This preannexation zoning and potential annexation that may follow could lead to new residential or commercial development, which would add new traffic to the area. However, the City charges development impact fees for projects that generate additional traffic, which would mitigate traffic impacts to less than a significant level on General Plan streets. Further, all subdivisions and all larger multiple-family uses and non-residential projects will go through a public entitlement process for which additional environmental review (including traffic) would be conducted. As part of the review process, based on the traffic impacts created by any given project, mitigation measures would be added requiring the project to mitigate localized traffic impacts it causes that may not covered by the City’s development impact fees for traffic. Those improvements would be in addition to the traffic impact fees that are paid.

- b) If annexation does occur, it would be too speculative to try to determine what specific

traffic hazards may occur from new development. However, all subdivisions and all larger multiple-family development and non-residential projects, would go through a public entitlement process for which additional environmental review would be conducted, including appropriate traffic studies, mitigation measures would be added requiring the project to mitigate any traffic hazards it causes.

- c) The Fire Department and Police Departments have reviewed the preannexation zoning and potential annexation and did not express concerns about emergency access within the preannexation zoning area. Further, the area has good access. State Route 99 runs north-south through the area and there are significant east-west streets. This includes Franklin Road, Richland Road, Lincoln Road and Bogue Road, all being General Plan level streets.
- d) The City Zoning Regulations requires that adequate parking be provided for all new development. Therefore it is not anticipated that there will be parking shortages within the area.
- e) The General Plan has policies requiring all General Plan streets to ultimately have bikeways and pedestrian ways. The City’s implementing ordinances and development standards reflect the requirement for bike lanes and sidewalks. So it is expected that over time, bicycle and pedestrian access will be improved in the area. Therefore any impacts on alternative transportation will be less than significant and potentially an environmental positive.

Yuba-Sutter Transit provides public transportation in Yuba City. There are four bus routes within the City, and two of those routes are near the project area. During the design process for street improvements or during the project review process, it is City policy that Yuba-Sutter Transit be consulted on the need and location for new bus stops. These needs are typically incorporated into the project. Therefore there should be no significant impacts on public transit from any growth that may occur as a result of these actions.

XVII. UTILITIES AND SERVICE SYSTEMS

Would the project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?			X	
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?			X	
c) Require or result in the construction of new storm water			X	

drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?			X	
e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the projected demand in addition to the existing commitments?			X	
f) Be served by a landfill with sufficient permitted capacity to accommodate the solid waste disposal needs?			X	
g) Comply with federal, state, and local statutes and regulations related to solid waste?			X	

Response to Questions:

a-e) The “Plan for Services” prepared by the City for submission to Sutter LAFCo for the potential annexation of the subject area provides that the City has adequate service capacity for the area if it is annexed into the City. This includes an adequate water source (primarily the Feather River but also groundwater supplies), adequate capacity at the water treatment facility and wastewater treatment facility. City standards also requires and that expanded storm water facilities, including pipelines, detention ponds and pumps, be constructed with new development.

f-g) Yuba-Sutter Disposal, Inc. provides solid waste disposal for the area. Preannexation zoning and annexation into the City will not change that. There is adequate collection and landfill capacity to accommodate the proposed development.

XVIII. MANDATORY FINDINGS OF SIGNIFICANCE

Does the Project:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important example of the major periods of California history or prehistory?			X	
b) Have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)			X	

c) Have environmental effects, which will cause substantial adverse effects on human beings, either directly or indirectly?			X	
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a) Due to the project’s location within the urban area, the proposed preannexation zoning and possible annexation of the area into the City will not degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate an important example of the major periods of California history or prehistory.

b,c) Because the City has adequate public services available to properly serve the preannexation zoning area, and because the City has good development and design standards that will be applied to new projects, and because the EIR for the General Plan did not identify any significant plant or animal species in the preannexation zoning that could be impacted, and because there are no known hazards to the population, the preannexation zoning and possible annexation into the City that may follow the preannexation zoning are not expected to create any direct or cumulative significant environmental impacts.

Section 4. References and/or Incorporated by Reference

According to Section 15150 of the CEQA Guidelines, an ND may incorporate by reference all or portions of another document that is a matter of public record. The incorporated language will be considered to be set forth in full as part of the text of the MND. All documents incorporated by reference are available for review at, or can be obtained through, the City of Yuba City Development Services Department located at the address provided above. The following documents are incorporated by reference:

Airport Land Use Commission. 1994. Sutter County Airport Comprehensive Land Use Plan. April 1994.

Airport Land Use Commission. 2011. Yuba County Airport Land Use Compatibility Plan. Adopted March 17, 2011

California Department of Conservation, Division of Land Resource Protection (CDC DLRP). 2014. Farmland Mapping and Monitoring Program – Sutter County Important Farmland 2012. August 2014.

California Department of Conservation, Division of Land Resource Protection (CDC DLRP). 2013. Sutter County Williamson Act FY 2013/2014.

Carollo. 2011. City of Yuba City 2010 Urban Water Management Plan. June 2011.

Yuba City, City of. 2016. City of Yuba City Municipal Code. https://www.municode.com/library/ca/yuba_city/codes/code_of_ordinances

Dyett & Bhatia. 2004. City of Yuba City General Plan. Adopted April 8, 2004.

Fehr & Peers Associates, Inc. 1995. Yuba-Sutter Bikeway Master Plan. December 1995.

South Yuba City annexation “Plan for Services”, prepared by the City of Yuba City for Sutter LAFCo, March 2015.

“Determination of 1-in-200 Year Floodplain for Yuba City Urban Level of Flood Protection Determination,” prepared for Yuba City by MBK Engineers, November 2015.

Sutter County General Plan.

Feather River Air Quality Management District (FRAQMD) CEQA Significance Thresholds.

Yuba Sutter Transit Route Map.

California Department of Conservation, California Geological Survey. “Fault Zone Activity Map.” Alquist-Priolo Earthquake Fault Zones.

California Department of Toxic Substances Control (DTSC). 2016. EnviroStor. Available at <http://www.envirostor.dtsc.ca.gov/public/>

California Department of Conservation, Division of Land Resource Protection Farmland Mapping and Monitoring Program – Sutter County Important Farmland Map.

Federal Emergency Management Agency (FEMA), Flood Insurance Rate Maps.

Carollo. 2011. City of Yuba City 2010 Urban Water Management Plan. June 2011.

City of Yuba City Wastewater Master Plan.

Sutter County Airport Comprehensive Land Use Plan, April, 1994.

Yuba County Airport Land Use Compatibility Plan, Sept., 2010.

Fehr & Peers Associates, Inc. 1995. Yuba-Sutter Bikeway Master Plan. December 1995.

California Department of Transportation (Caltrans). 2011. California Scenic Highway Mapping System website. Updated September 7, 2011. Available at http://dot.ca.gov/hq/LandArch/16_livability/scenic_highways/index.htm



Attachment 7. Rezone Ordinance

ORDINANCE NO. _____

A PREANNEXATION ORDINANCE OF THE CITY COUNCIL OF THE CITY OF YUBA CITY, CALIFORNIA AMENDING THE ZONING CLASSIFICATION FOR APPROXIMATELY 1,382 PARCELS COVERING ROUGHLY 625 ACRES OF REAL PROPERTY LOCATED WITHIN THE SOUTH YUBA CITY ANNEXATION AREA

WHEREAS, Rezone Application No. R-16-01 has been filed by the City of Yuba City for property located in Sutter County and within the Sphere of Influence of the City of Yuba City (City);

WHEREAS, the City is proposing a preannexation rezone for approximately 625 acres of real property;

WHEREAS, pursuant to the provisions of Article 72, Chapter 8, of the City of Yuba City Municipal Code, the Planning Commission held a public hearing on the 23rd day of March, 2016, to consider Rezone Application No. R-16-01 and related Environmental Assessment No. EA-16-01, during which the Commission considered the environmental assessment and recommended to the Council of the City of Yuba City approval of the rezone application which proposes to amend the City's Zoning Ordinance on real property per Attachment 1 consistent with the City's General Plan;

WHEREAS, the Council of the City of Yuba City, on the 5th day of April, 2016, received the recommendation of the Planning Commission.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF YUBA CITY DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. The City Council of the City of Yuba City having considered said recommendations of the City Planning Commission on the matter of the rezoning of said property and conducted a public hearing on the matter on April 5, 2016, and after review and consideration of the Negative Declaration found that the Negative Declaration prepared for the project is in conformance with State and local environmental guidelines and adopted said Negative Declaration.

Section 2. The Council finds that the requested Zoning Map (Attachment 1) is consistent with the planned land use designation of the City of Yuba City General Plan.

Section 3. The Council finds that the zone districts of the real property described in Attachment 1, located in Sutter County are reclassified from the Existing Zone Map (Attachment 2) to the zone districts depicted in Attachment 1, upon annexation.

This ordinance shall be effective and in full force and effect at 12:01 a.m. on the thirty-first day after its passage and upon annexation into the City of Yuba City, and shall be published as provided by law.

Introduced and read at a regular meeting of the City Council of the City of Yuba City on the ____ day of _____, 2016, and passed and adopted at a regular meeting held on the ____ day of _____, 2016.

AYES:

NOES:

ABSENT:

MAYOR

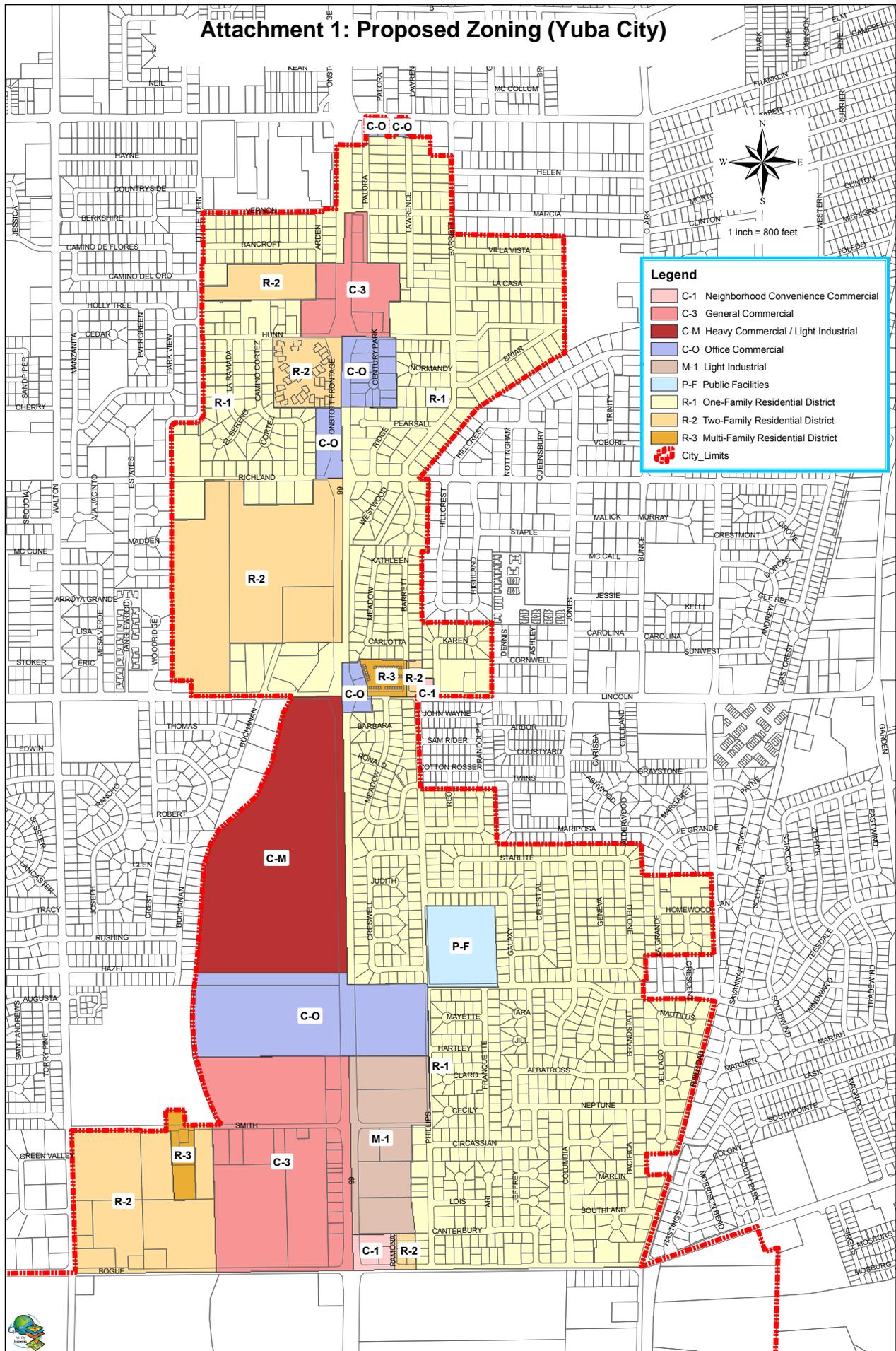
ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

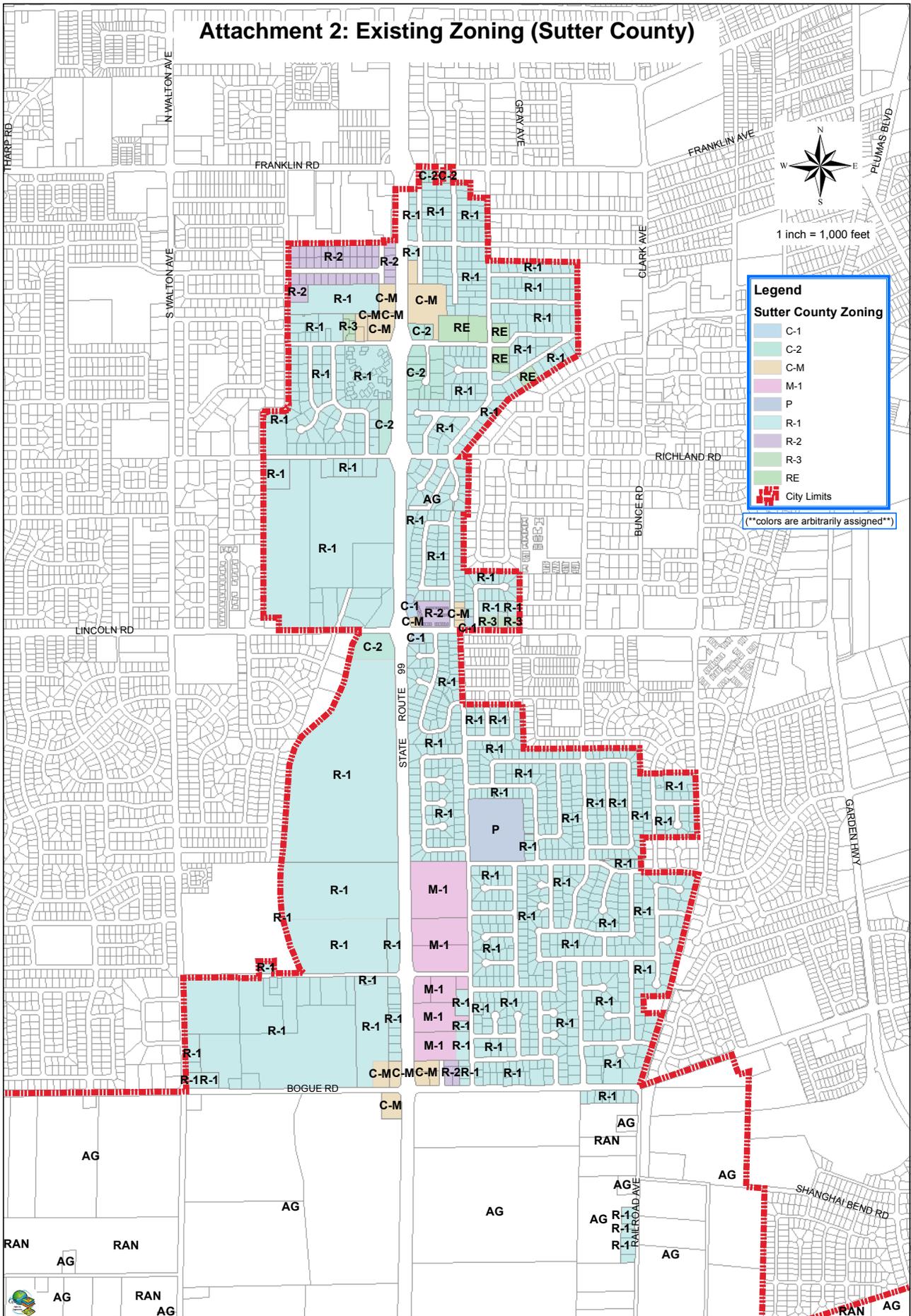
Attachment 1: Proposed Zoning (Yuba City)



Legend

- C-1 Neighborhood Convenience Commercial
- C-3 General Commercial
- C-M Heavy Commercial / Light Industrial
- C-O Office Commercial
- M-1 Light Industrial
- P-F Public Facilities
- R-1 One-Family Residential District
- R-2 Two-Family Residential District
- R-3 Multi-Family Residential District
- City Limits

Attachment 2: Existing Zoning (Sutter County)



EXISTING SUTTER COUNTY ZONING MAP

Attachment 8: Letter from Sutter County Sheriff's Office



SUTTER COUNTY SHERIFF'S OFFICE

J. PAUL PARKER
SHERIFF - CORONER

February 24, 2016

RECEIVED

FEB 29 2016

CITY OF YUBA CITY
PUBLIC WORKS DEPT

Arnoldo Rodriguez
Yuba City Planning Department
1201 Civic Center Blvd
Yuba City, CA 95993

Re: Project # Ann336/EA16-02/RZ 16-01

My only comment is that the enactment of this Pre-annexation Rezone and Annexation is that it should be up to the people affected by the proposed change.

Sincerely,

A handwritten signature in blue ink that reads "J. Paul Parker".

J. Paul Parker
Sheriff-Coroner

**MINUTES (DRAFT)
TRANSPORTATION
SPECIAL WORKSHOP
CITY COUNCIL
CITY OF YUBA CITY**

**CITY HALL – SUTTER ROOM
1201 CIVIC CENTER BLVD
FEBRUARY 23, 2016 5:00 P.M.**

Special Workshop – Sutter Room

Call to Order

The City of Yuba City City Council Special Workshop was called to order by Mayor Buckland at 5:05 p.m.

Roll Call

Present: Councilmembers Cleveland, Didbal, Dukes, Gill (arrived at 5:33 p.m.) and Mayor Buckland

Absent: None

Public Communication on Items on the Agenda

1. **Appearance of Interested Citizens - None**

General Items

2. **Transportation Related Issues**

Discussion on various bills being considered by the State Legislature and their potential impacts on Yuba City; Highway 20 and 99 improvements, Pavement condition assessment, update of Citywide traffic model, and other current road projects. There are no separate documents for this agenda item.

Adjournment

Mayor Buckland adjourned the Special Workshop of the City Council of the City of Yuba City at 6:28 p.m.

Attest:

John Buckland, Mayor

Terrel Locke, City Clerk

**MINUTES (DRAFT)
REGULAR MEETING OF THE CITY COUNCIL
CITY OF YUBA CITY
COUNCIL CHAMBERS
MARCH 15, 2016
5:00 P.M. – CLOSED SESSION
6:00 P.M. – REGULAR MEETING**

Closed Session—Butte Room

- A) Conferred with labor negotiators Steve Kroeger and Pete Daley regarding negotiations with the following association: Yuba City Firefighters Local 3793 pursuant to Section 54957.6 of the Government Code.
- B) Conferred with real property negotiators Steve Kroeger and Diana Langley pursuant to Government Code Section 54956.8 regarding negotiations regarding possible purchase of the following properties or portions thereof: APN 52-480-001, 640 Sutter Street, Copeland Trust.

Regular Meeting—Council Chambers

The City of Yuba City City Council meeting was called to order by Mayor Buckland at 6:03 p.m.

Roll Call

Present: Councilmembers Cleveland, Didbal, Dukes, Gill and Mayor Buckland

Absent: None

Invocation

Councilmember Dukes gave the invocation.

Pledge of Allegiance to the Flag

Councilmember Cleveland led the Pledge of Allegiance.

Presentations & Proclamations

1. National Agriculture Day – Farm Bureau

Mayor Buckland presented Claudia Street, Executive Director of the Yuba-Sutter Farm Bureau with a Proclamation in honor of National Agriculture Day.

Public Communication

2. Written Requests

Ms. Lynn Bankhead submitted a written request to speak on Item No. 9 regarding the Park Grant and will wait to speak when the item is discussed by Council.

3. Appearance of Interested Citizens – None.

Consent Calendar

Councilmember Gill moved to adopt the Consent Calendar as presented. Councilmember Dukes seconded the motion that passed with a unanimous vote.

4. Minutes of March 1, 2016

Approved the City Council Meeting Minutes of March 1, 2016.

5. Proposition 1 Grant Stormwater Resource Plan Development Support Letter

Authorized the Mayor to sign a letter of support for the submittal of a Proposition 1 grant application to develop a Stormwater Resources Plan.

6. City of Yuba City representation on the Sutter County Planning Commission

Approved forwarding the Planning Commission's recommendation that Chairperson Jana Shannon represent the City of Yuba City on the Sutter County Planning Commission to the Board of Supervisors

General Items

7. Extend and Revise the Existing Lease of the Madden House for the Yuba-Sutter Chamber of Commerce Offices

The following person spoke:

Rikki Shaffer, Executive Director Yuba-Sutter Chamber of Commerce

Councilmember Dukes moved to approve the amended lease with purchase option agreement with the Yuba-Sutter Chamber, with removing language regarding specific appointees to the inspection committee and authorizing the City Manager to sign the agreement. Councilmember Gill seconded the motion that passed with a unanimous vote.

8. Amendment to the 2011 Recology Yuba-Sutter Collection Service Agreement for the Green Waste Diversion Program

The following persons spoke:

Pat Miller, Sutter County Tax Payer's Association
Elaine Miles, Yuba City
Phil Graham, Recology Yuba-Sutter

Councilmember Dukes moved to adopt **Resolution No. 16-014** amending the 2011 Collection Service Agreement with Recology Yuba-Sutter relating to the Green Waste Diversion Program. Councilmember Didbal seconded the motion that passed with the following vote:

Ayes: Councilmembers Dukes, Didbal, Cleveland, Gill and Mayor Buckland

Noes: None

9. Land and Water Conservation Fund Grant Opportunity (LWCF)

The following persons spoke:

Lynn Bankhead, Jefferson Dr. Yuba City
Linda Baker, Kimberly Dr. Yuba City
LaDonna Curtman, Libby Lane Yuba City

Councilmember Dukes moved to adopt **Resolution No. 16-015** authorizing application for a grant from California Department of Parks and Recreation, Land and Water Conservation Fund in the amount of \$1,100,000, for the development of the recommended full option park located within the Harter Specific Plan. Councilmember Didbal seconded the motion that passed with a unanimous vote.

10. Energy Related Improvements to City Facilities – Final Report

Noted and filed the presentation.

11. Garden Highway Improvements – Winship to Lincoln (Plans and Specifications)

Councilmember Gill moved to adopt **Resolution No. 16-016** approving the plans and specifications for the Garden Highway Improvements – Winship Road to Lincoln Road Project and authorizing advertisement for bids on the project. Councilmember Dukes seconded the motion that passed with a unanimous vote.

Business from the City Council

12. City Council Reports

- Councilmember Didbal
- Councilmember Dukes
- Councilmember Gill
- Vice Mayor Cleveland
- Mayor Buckland

Adjournment

Mayor Buckland adjourned the Regular Meeting of the City Council of the City of Yuba City at 7:29 p.m.

John Buckland, Mayor

Attest:

Terrel Locke, City Clerk

CITY OF YUBA CITY
STAFF REPORT

Date: April 5, 2016
To: Honorable Mayor & Members of the City Council
From: Public Works Department
Presentation by: Diana Langley, Public Works Director

Summary

Subject: Water and Wastewater Rate Study

Recommendation: A. Accept and adopt the Water and Wastewater Rate Study
B. Set the protest hearing for June 7, 2016 at 6:00 pm at the Council Chambers
C. Approve form of Notice for Proposition 218 Protest Hearing

Fiscal Impact: If approved by Council and rate payers, a rate increase would be added to monthly bills to fund on-going operation and maintenance expenses, provide adequate debt-service coverage, and fund capital improvement projects identified as Priority 1 & 2 as part of the 5-Year Rate Plan, Option 1

Purpose:

To address revenue needs in the Water and Wastewater Enterprise Funds.

Background:

The City's last water and wastewater rate studies were completed in 2011 and the proposed rates were adopted by Council in July 2011 through the Proposition 218 process. The adopted rates provided for increases to the City's water and wastewater rates through FY 15/16.

In September 2014, the City Council awarded a contract to NBS for the preparation of updated water and wastewater rate studies. With the historic drought in California, much has changed since 2011. Over the last few months, staff has worked with NBS to gather data, prepare a rate model, and evaluate alternatives to address revenue needs in the Water and Wastewater Enterprise Funds.

To present the information, two workshops were held on January 12 and February 9. The January 12 workshop focused on water and wastewater operational needs, condition of the water and wastewater systems, and major capital improvements required. The February 9 workshop focused on existing water and wastewater rates, three options to increase revenues, and review of the Proposition 218 process.

A brief summary of each workshop is provided below.

January 12, 2016 Workshop:

1. Operational Needs

The workshop highlighted the impact that California's historic drought has had on revenues in both the Water and Wastewater Funds, with the biggest impact on the Water Fund. Water sale revenues declined 3% in FY 13/14, 12% in FY 14/15, and 19% in the first 6 months of FY 15/16. Figure 1 shows water revenues received versus the water revenues anticipated under the 2011 approved rates.

The drought has also had an impact on the Wastewater Fund, primarily due to conservation within the commercial accounts as residential accounts are charged a flat rate. Figure 2 shows wastewater revenues received versus the wastewater revenues anticipated under the 2011 approved rates.

The City's bond covenants require that the City consider a rate increase in order to maintain the minimum 1.20 debt coverage ratio. With this significant fall in revenues, there is a need to consider both water and wastewater rate increases as it is anticipated that the debt service ratio will fall below the minimum required 1.20 threshold in the near future. In addition, with the debt coverage ratio approaching the 1.20 threshold, it becomes impossible to apply for potential low interest loans, which often become available in combination with grants. Potential grants also require local matching funds.

2. Condition of Infrastructure and Major Capital Improvements

The condition of the Water Treatment Plant (WTP), water distribution system, Wastewater Treatment Facility (WWTF), and sewer collection system were also presented and discussed.

Water:

The WTP was placed in to operation in 1969 and is in need of major improvements. Table 1 highlights priority capital improvement projects at the WTP.

Table 1: Priority Projects at the Water Treatment Plant

Project	Estimated Cost	Priority
Electrical & Instrumentation Improvements	\$1,000,000	1
Aquifer Storage Recovery/Second Well	\$4,600,000	1
Fluoride System Replacement	\$200,000	1
Security Improvements	\$75,000	1
Carbon Feed System Replacement	\$500,000	2
Backwash Recovery	\$1,000,000	3
Sedimentation/Floc Basin Rehabilitation	\$1,800,000	3
Groundwater Well Abandonments	\$400,000	4
Total:	\$9,575,000	

In addition, the water distribution system is comprised of water lines that are nearly 100 years old and in need of replacement, water meters that are nearing the end of their service life, and water storage reservoirs in need of recoating. Table 2 highlights priority capital improvement projects in the water distribution system.

Table 2: Priority projects in the water distribution system

Project	Estimated Cost	Priority
Recoating Water Storage Reservoirs	\$400,000 Annual	1
Replacement of Water Mains*	\$27,400,000	1
Replace Water Services/Water Meters	\$700,000 Annual	1

*Note: It is not expected to replace the water mains all at once. Historically, the City has programmed a nominal amount of funds on an annual basis for repair and replacement of water mains.

Wastewater:

The WWTF was placed in to operation in 1972 and also is in need of major improvements. Table 3 highlights priority capital improvement projects at the WWTF.

Table 3: Priority Projects at the Wastewater Treatment Facility

Project	Estimated Cost	Priority
Digester Improvements	\$3,300,000	1
Secondary Clarifier No. 4	\$5,500,000	1
West Chlorine Contact Basin Rehabilitation	\$650,000	1
New Outfall Diffuser	\$11,500,000	1
Advanced Treatment & Water Recycling Opportunities Evaluation	\$270,000	1
Barscreen Rehabilitation/Replacement	\$1,200,000	2
Dewatering System Improvements	\$3,550,000	2
Electrical & Instrumentation Improvements	\$1,000,000	2
Oxygen Generation Improvements	\$4,000,000	3
Disinfection System Evaluation & Replacement	\$3,150,000	3
New Septage Receiving Facility	\$1,650,000	3
Secondary Clarifier Improvements	\$980,000	3
New Co-Generation System	\$2,800,000	3
Grit Removal Facility	\$4,000,000	4
Total:	\$43,550,000	

In addition, the sewer collection system is comprised of sewer lines that are nearly 100 years old and in need of rehabilitation and/or replacement. Table 4 highlights priority capital improvement projects in the sewer collection system.

Table 4: Priority projects in the sewer collection system

Project	Estimated Cost	Priority
Replacement/Rehabilitation of Sewer Lines*	\$33,000,000	1
Lift Station Improvements	\$150,000 Annual	1

*Note: It is not expected to replace the sewer lines all at once. Historically, the City has programmed a nominal amount of funds on an annual basis for repair and replacement of sewer lines.

February 9, 2016 Workshop

1. Existing Water and Wastewater Rates

As noted above, the existing rates were approved through a rate study and Proposition 218 process in 2011. The rates have increased annually beginning September 1, 2011, with the final increase going into effect September 1, 2015. Prior to that, the water and wastewater rates had not increased in 4 and 3 years, respectively.

2. Three Options to Increase Revenues

To address the decline in revenues, staff presented 3 rate options for Council consideration. Those options are as follows:

- 2 Year Rate Plan
 - Operation & Maintenance (O&M) Expenses + Debt Service
- 5 Year Rate Plan
 - Option 1: O&M Expenses + Debt Service + Priority 1 & 2 Projects
 - Option 2: O&M Expenses + Debt Service + All Projects noted above

Even though the replacement of water mains and sewer lines are categorized as Priority 1 projects, staff is not proposing to fund the entirety of those projects through the proposed rate increases at this time. The rate study assumes that a nominal amount will continue to be budgeted on an annual basis for these projects.

Figures 3 – 5 provide the funding allocation over time for the proposed water rate increase options noted above. In addition, Figures 6 and 7 provide a comparison of the proposed rate options over 5 years for an average residential account on a 1” water meter and an average commercial account on a 2” water meter.

Figures 8 – 10 provide the funding allocation over time for the proposed wastewater rate increase options noted above. Figures 11 and 12 provide a comparison of the proposed rate options over 5 years for a single family residential account and an average C1 commercial customer.

In addition, staff is proposing to reduce the baseline allocation for water by 33%. For instance, a 1” water meter currently has a baseline allocation of 15 hundred cubic feet (HCF) that is included in the monthly rate. With the proposal, the baseline allocation would be reduced to 10 HCF. This is in line with the mandate from the State for the City to reduce water consumption by 29% and it supports the City’s efforts to reduce overall water consumption by 20% by 2020.

3. Review of Proposition 218 Process

The purpose of Proposition 218 is to ensure that all taxes and most charges on property owners are subject to voter approval, including water and wastewater rate increases. The process requires that the City Council approve “Guidelines for the Submission and Tabulation of Protests”, mail a Notice of Public Hearing for proposed water and wastewater rate increases to property owners and customers at least 45 days prior to the protest hearing, conduct a protest hearing, and then tabulate the protests. A rate increase is approved if written protests do not exceed 50% of the property owners or customers.

The presentations for both workshops can be found on the City’s website at www.yubacity.net.

March 1, 2016 Council Meeting

On March 1, 2016, staff again reviewed the three rate plan options and a public hearing was held. Upon conclusion of the public hearing, Council directed staff to proceed with finalizing the Rate Study using the 5-Year Rate Plan - Option 1. In addition, Council asked staff to consider reducing the baseline allocation for water by 29% instead of 32%, to match the City's current conservation mandate, rounding up to the nearest whole number. For example, consider reducing the baseline allocation for a 1" water service from 15 units to 11 units, rather than 10 units.

Analysis:

The draft Rate Study (Exhibit A) has been completed utilizing the 5-Year Rate Plan – Option 1 in accordance with Council's direction at the March 1st Council meeting. Under the 5-Year Rate Plan – Option 1, the proposed rates are as follows for water and wastewater:

Water

Table 1 – Proposed Water Rates

Meter Size	Current Rate**	Year 1	Year 2	Year 3	Year 4	Year 5
1"	\$21.59	\$27.64	\$32.89	\$39.130	\$40.70	\$42.33
1-1/2"	\$43.18	\$55.27	\$65.77	\$78.27	\$81.40	\$84.66
2"	\$86.37	\$110.55	\$131.56	\$156.55	\$162.82	\$169.33
3"	\$345.47	\$442.20	\$526.22	\$626.20	\$651.25	\$677.30
4"	\$690.95	\$884.42	\$1,052.46	\$1,252.42	\$1,302.52	\$1,354.62
6"	\$1,295.52	\$1,658.27	\$1,973.34	\$2,348.27	\$2,442.20	\$2,539.89
8"	\$3,022.89	\$3,869.30	\$4,604.47	\$5,479.31	\$5,698.49	\$5,926.43
Flow Rate per Excess HCF	\$1.43	\$1.430	\$1.701	\$2.025	\$2.105	\$2.190

*1 HCF = 748 Gallons

**Current Rate includes a higher baseline allocation than what is proposed for the Year 1 – 5 rates.

As noted above, on March 1st, Council directed staff to evaluate reducing the baseline allocation for water by 29% instead of 32%, to match the City's current conservation mandate, rounding up to the nearest whole number. Below is a comparison of the current baseline allocation, current proposed baseline allocation, and modified proposed baseline allocation.

Meter Size	Current Baseline Allocation (HCF)	Current Proposed Baseline Allocation (HCF)	Modified Proposed Baseline Allocation (HCF)
1"	15	10	11
1-1/2"	30	20	22
2"	60	40	44
3"	240	160	176
4"	480	320	352
6"	900	600	660
8"	2,100	1,400	1,540

If Council chooses to proceed with the Modified Proposed Baseline Allocation, the fiscal impact is as follows:

Year	Revenues as Compared to Staff Proposed Baseline Allocation
1	-\$66,139.48
2	-\$78,705.98
3	-\$93,660.11
4	-\$97,406.52
5	-\$101,302.78
Total:	-\$437,214.87

With the recent rains, there has been discussion as to whether the emergency water conservation requirements will remain in effect. There is no indication at this time that the Governor is going to remove the conservation mandate. However, if the emergency water conservation requirements were reduced or canceled, staff would expect water consumption and revenues to increase over time. This would not occur immediately, and would not occur in time to increase revenues sufficiently to meet the City's debt coverage ratio of 1.2 in FY 2016/17. Staff recommends proceeding with the Current Proposed Baseline Allocation and proposed water rates with the understanding that the Council can levy a lesser increase in any given year.

Wastewater

Table 2 – Proposed Wastewater Rates – Residential, Commercial, and Schools

Sewer Rate Schedule	Current Rate	Year 1	Year 2	Year 3	Year 4	Year 5
Single Family	\$40.53	\$44.58	\$49.04	\$53.95	\$59.34	\$65.27
Multi-Family	\$32.43	\$35.67	\$39.24	\$43.16	\$47.48	\$52.23
Commercial – C1	\$40.53	\$44.58	\$49.04	\$53.95	\$59.34	\$65.27
Commercial – C2	\$45.60	\$50.16	\$55.18	\$60.69	\$66.76	\$73.44
Commercial – C3	\$55.23	\$60.75	\$66.83	\$73.51	\$80.86	\$88.95
Commercial Volumetric Charge (HCF)	\$1.60	\$1.76	\$1.93	\$2.13	\$2.34	\$2.57
Schools – Per Student/Year	\$18.61	\$20.47	\$22.52	\$24.77	\$27.25	\$29.97

Table 3 – Proposed Wastewater Rates – Industrial and Septage Haulers

Sewer Rate Schedule	Current Rate	Year 1	Year 2	Year 3	Year 4	Year 5
Industrial						
Volume (MG)	\$2,336.92	\$2,570.61	\$2,827.67	\$3,110.44	\$3,421.48	\$3,763.63
TSS (lbs)	\$0.180	\$0.198	\$0.218	\$0.240	\$0.264	\$0.290
BOD (lbs)	\$0.239	\$0.263	\$0.290	\$0.319	\$0.350	\$0.385
Septage Hauler						
\$/Gallon	\$0.312	\$0.343	\$0.378	\$0.415	\$0.457	\$0.502
400 Gallons	\$124.80	\$137.28	\$151.01	\$166.11	\$182.72	\$200.99
1,000 Gallons	\$312.00	\$343.20	\$377.52	\$415.27	\$456.80	\$502.48
1,500 Gallons	\$468.00	\$514.80	\$566.28	\$622.91	\$685.20	\$753.72

Proposition 218 Process

Proposition 218, which was adopted by the electorate in 1996, requires that the City hold a public hearing before adopting rate increases. If the City receives written protests with respect to a majority of parcels affected by the rates, then it may not implement the proposed increases.

The guidelines for the submission and tabulation of protests (Exhibit B) describe who can protest, what information must be provided on the protest, how protests are tabulated, and what constitutes a majority protest. The guidelines were previously adopted by resolution in 2011.

At Council's direction, staff will mail the attached protest hearing notice for water (Exhibit C) and wastewater (Exhibit D) to property owners and utility customers. The protest hearing is scheduled for June 7, 2016, at 6:00 pm in the Council Chambers and the notices will be mailed not less than 45 days prior to the protest hearing. At the protest hearing, property owners or customers may provide testimony and submit their protests. Protests may also be mailed or delivered to the City Clerk. If more than fifty percent (50%) of the affected property owners or customers protest in writing before the close of the public hearing, the rate increases will fail. If there is no majority protest, staff will make the appropriate changes to the rate ordinances for formal adoption by the Council.

Fiscal Impact:

If the rate increases are approved by Council and rate payers, a rate increase would be added to monthly bills to fund ongoing operation and maintenance expenses, provide adequate debt-service coverage, and fund capital improvement projects identified as Priority 1 & 2 as part of the 5-Year Rate Plan, Option 1.

Staff will provide Council with a status update of the Water and Wastewater Funds on an annual basis prior to the implementation of the increase for the following year. This will allow staff to make a recommendation to Council as to the rate increase that should be implemented, with the understanding that any increases cannot exceed those approved through the Proposition 218 process.

If the rate increases are not approved, reductions to ongoing costs will need to be implemented, the City may default on bond covenants, and capital improvement projects will not be funded.

Alternatives:

- a. Direct staff to consider an alternative rate option.

Recommendation:

- a. Accept and adopt the Water and Wastewater Rate Study.
- b. Set the protest hearing for June 7, 2016 at 6:00 pm at the Council Chambers.
- c. Approve form of Notice for Proposition 218 Protest Hearing.

Prepared by:

Diana Langley

Diana Langley
Public Works Director

Submitted by:

Steven C. Kroeger

Steven C. Kroeger
City Manager

Reviewed by:

Finance

City Attorney

RB

TH by e-mail

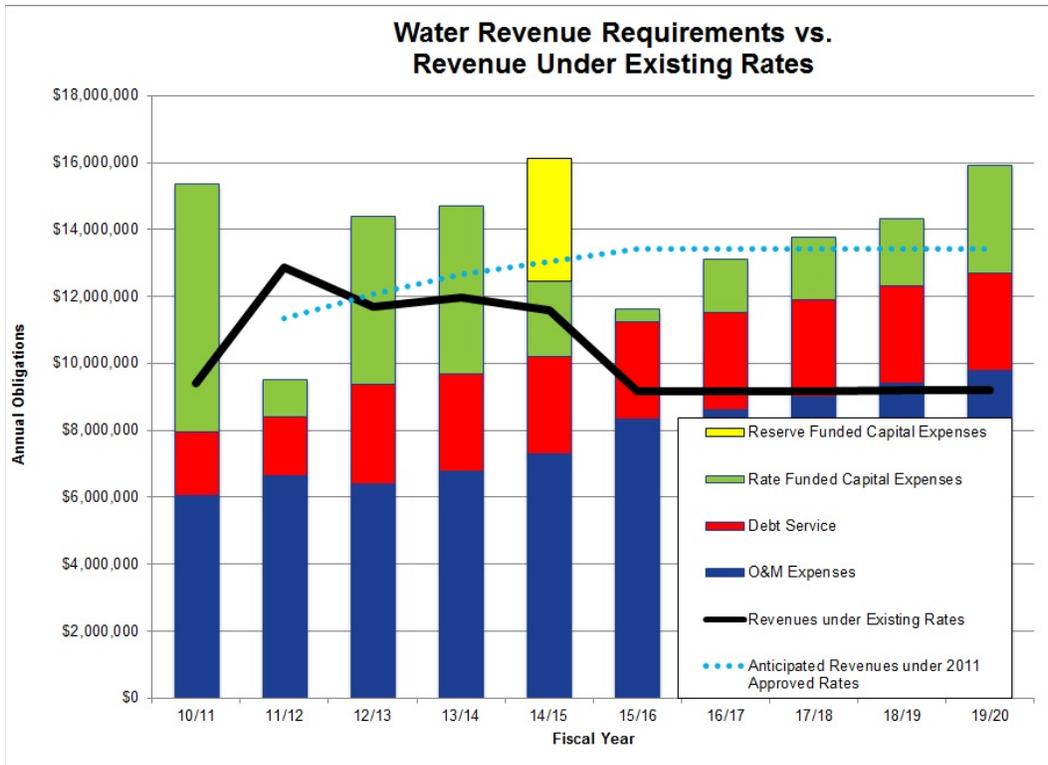


Figure 1: Comparison of Water Revenues Received to Anticipated Revenues Under 2011 Approved Rates

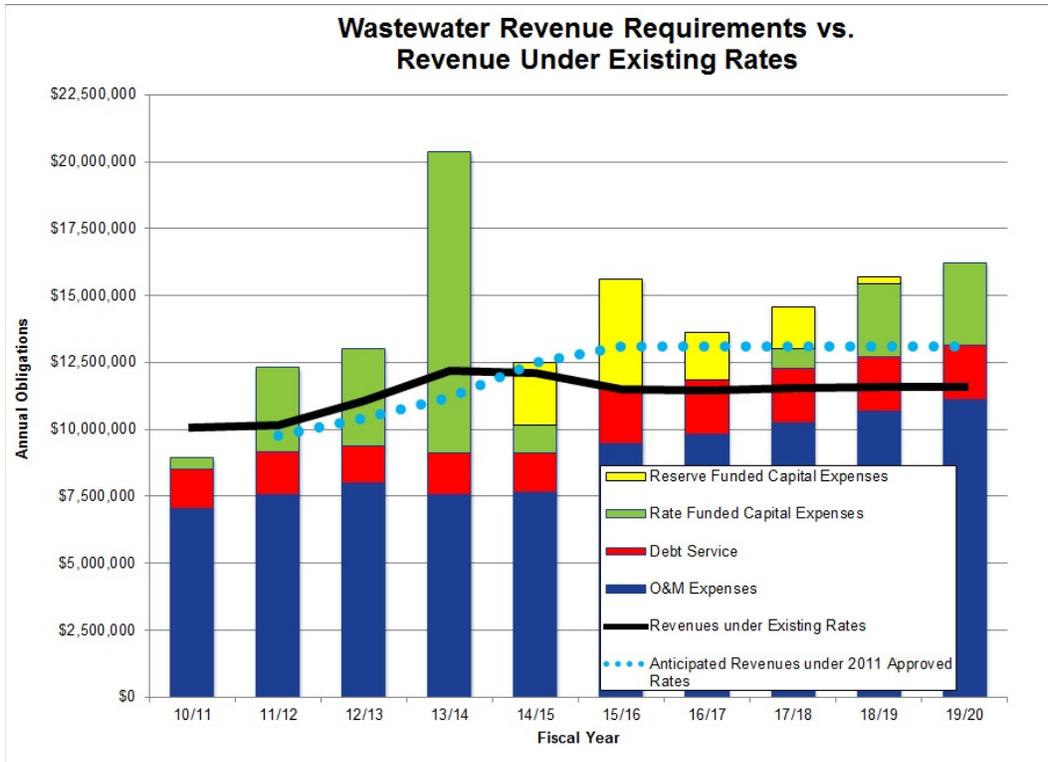


Figure 2: Comparison of Wastewater Revenues Received to Anticipated Revenues Under 2011 Approved Rates

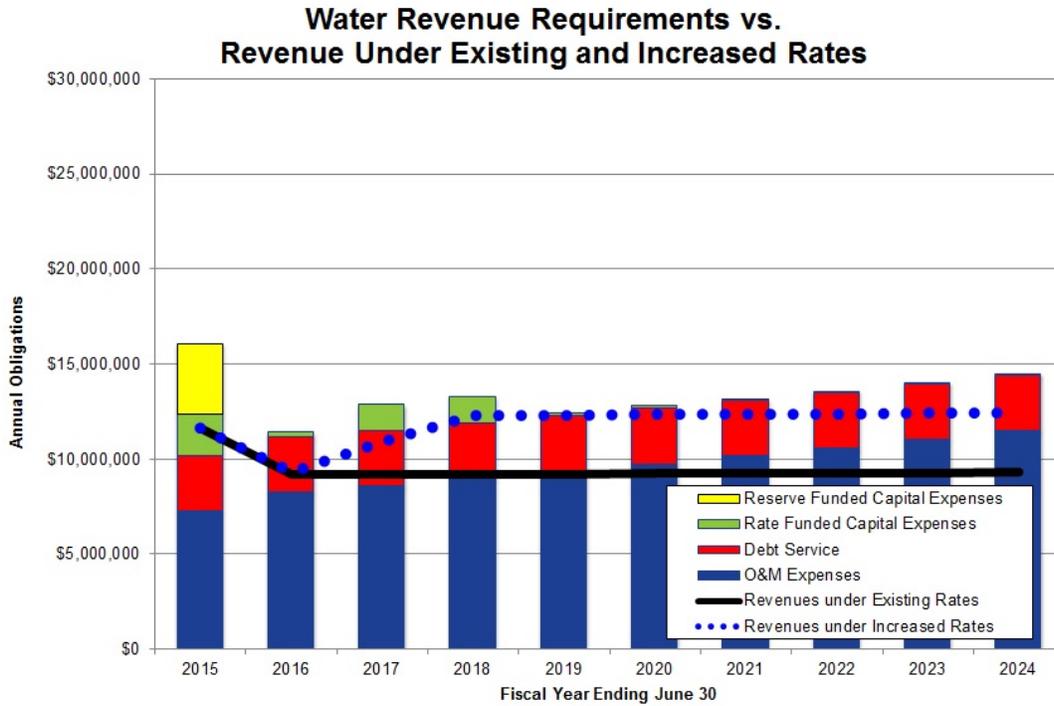


Figure 3: Water Revenues – 2 Year Rate Plan

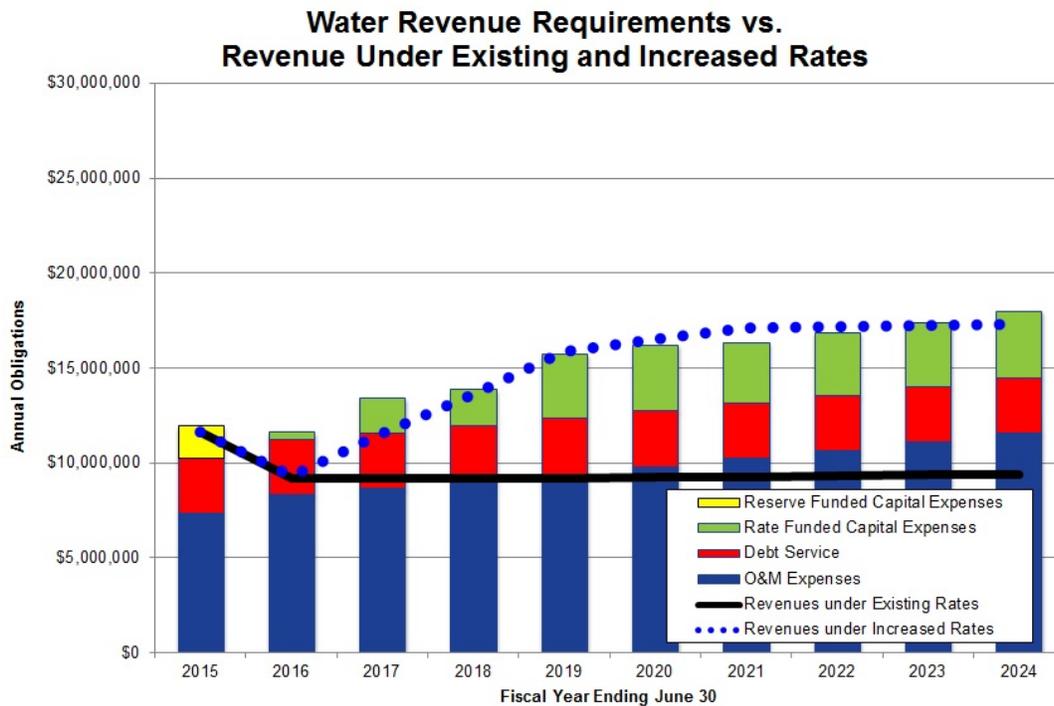


Figure 4: Water Revenues – 5 Year Rate Plan – Option 1

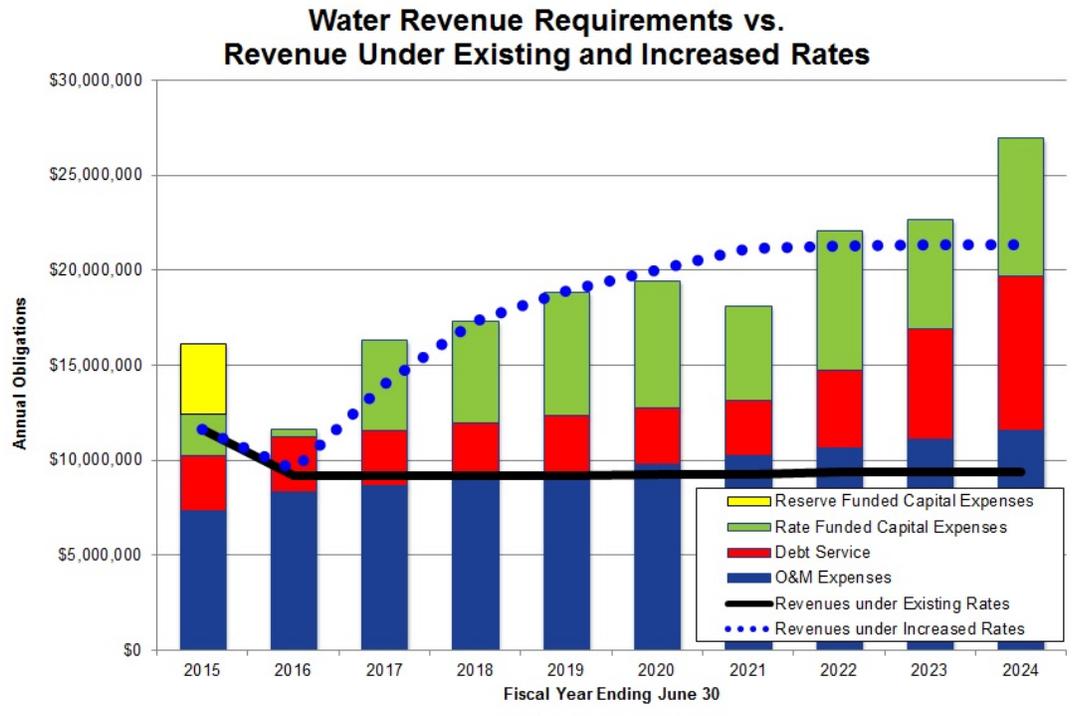


Figure 5: Water Revenues – 5 Year Rate Plan – Option 2

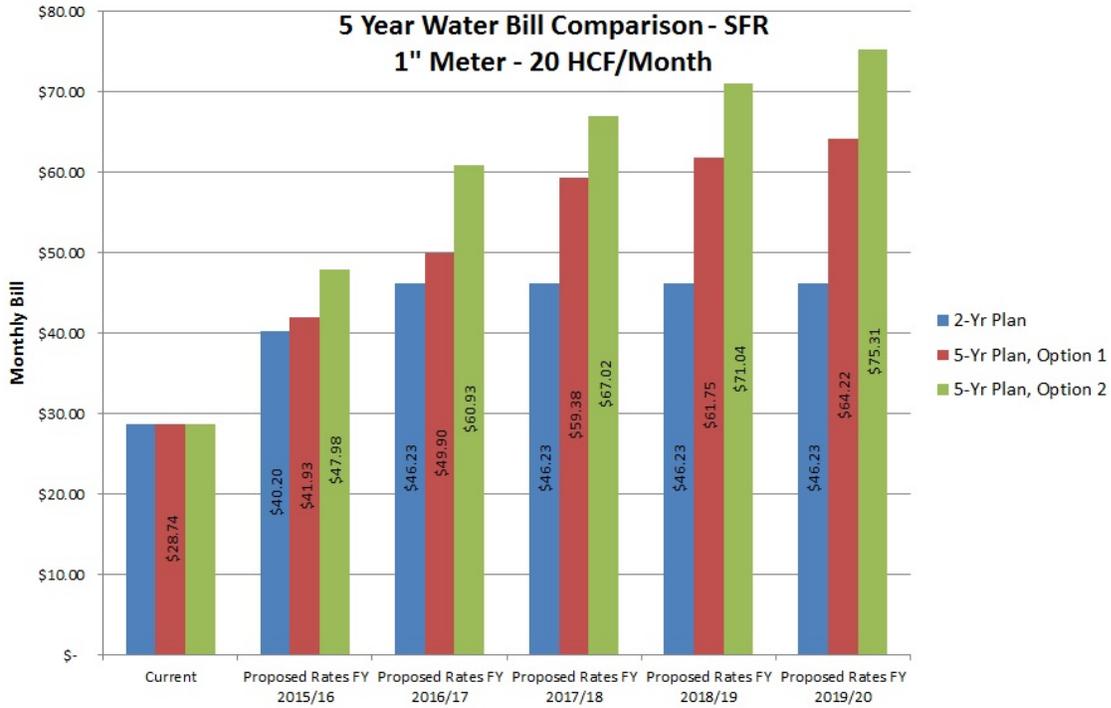


Figure 6: Summary of Water Rate Options – Average 1” Single Family Residential Account

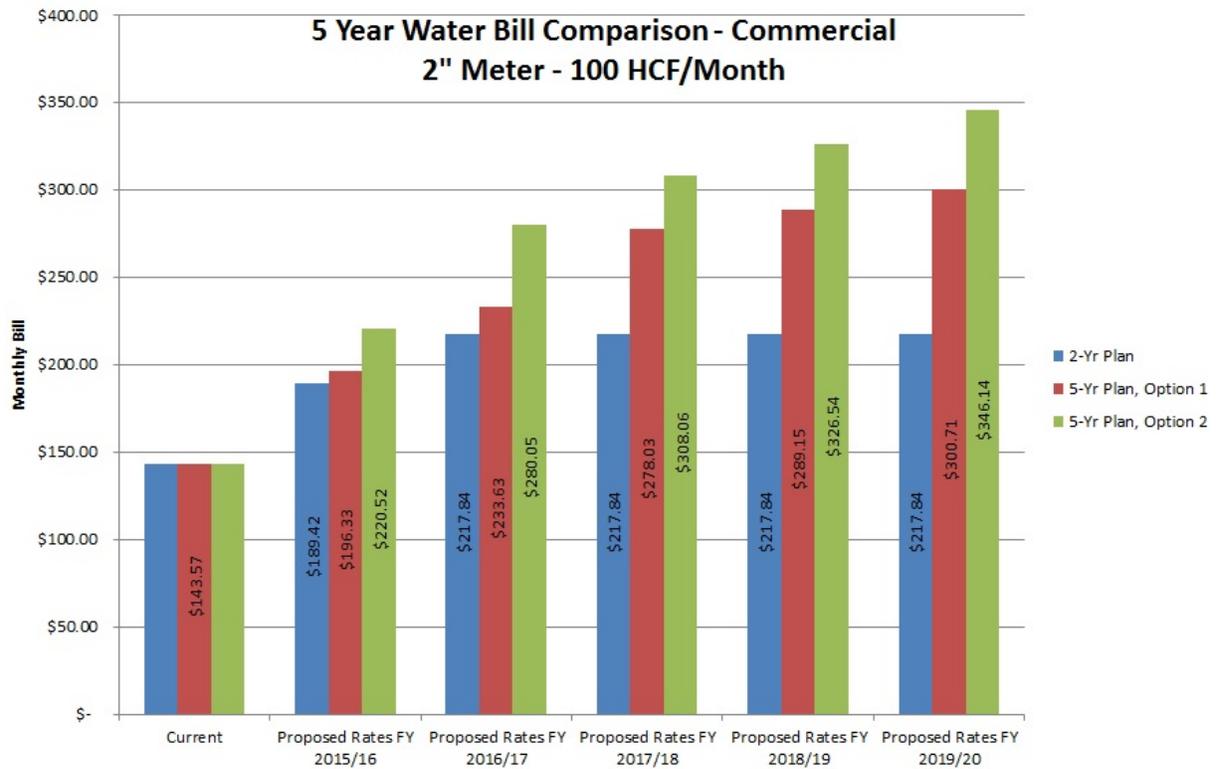


Figure 7: Summary of Water Rate Options – Average 2” Commercial Account

Wastewater Revenue Requirements vs. Revenue Under Existing and Increased Rates

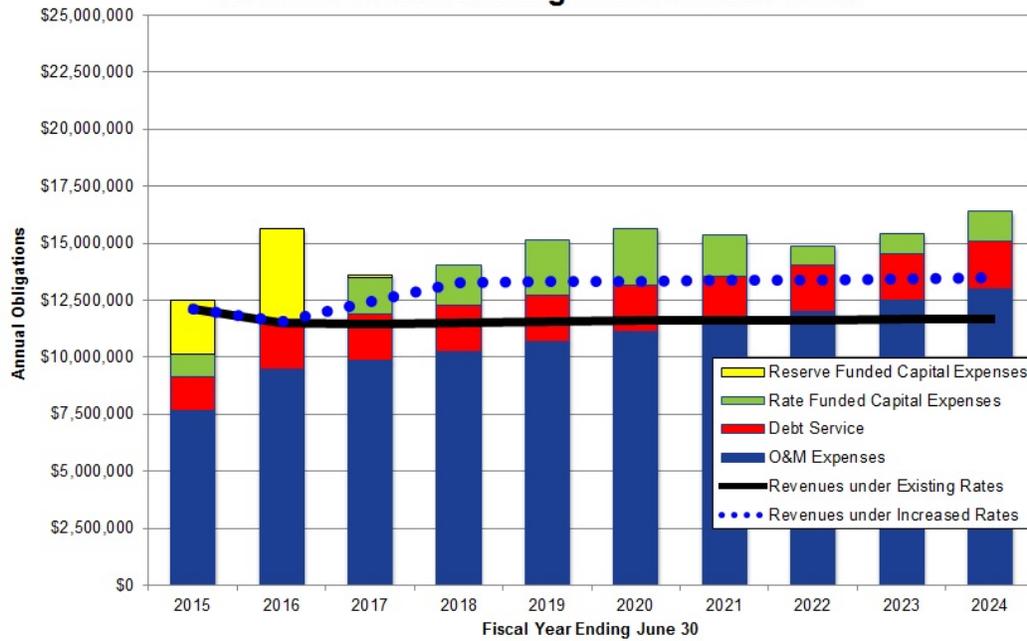


Figure 8: Wastewater Revenues – 2 Year Rate Plan

Wastewater Revenue Requirements vs. Revenue Under Existing and Increased Rates

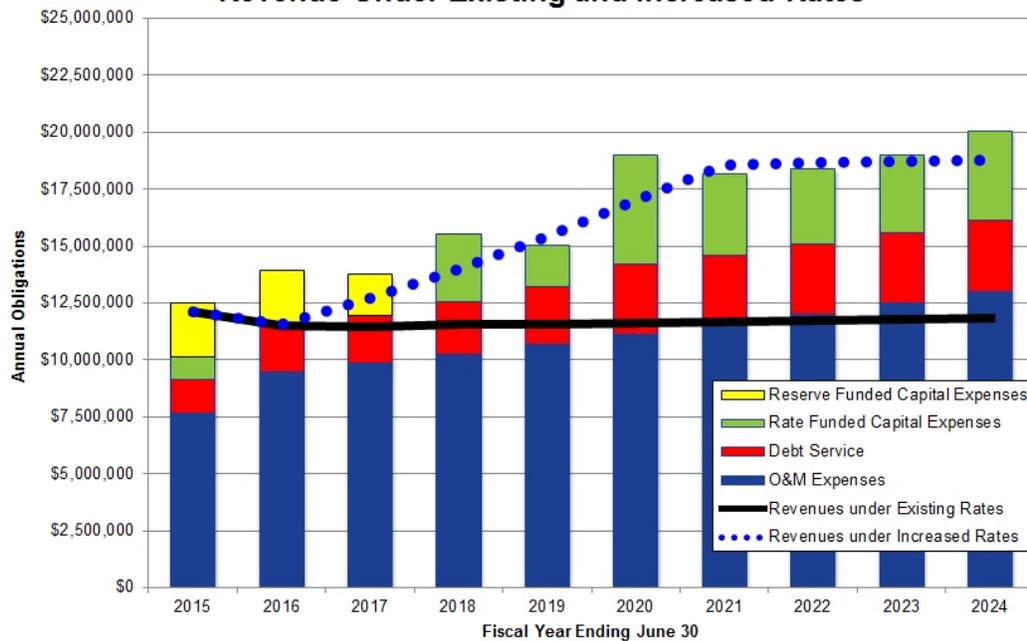


Figure 9: Wastewater Revenues – 5 Year Rate Plan – Option 1

Wastewater Revenue Requirements vs. Revenue Under Existing and Increased Rates

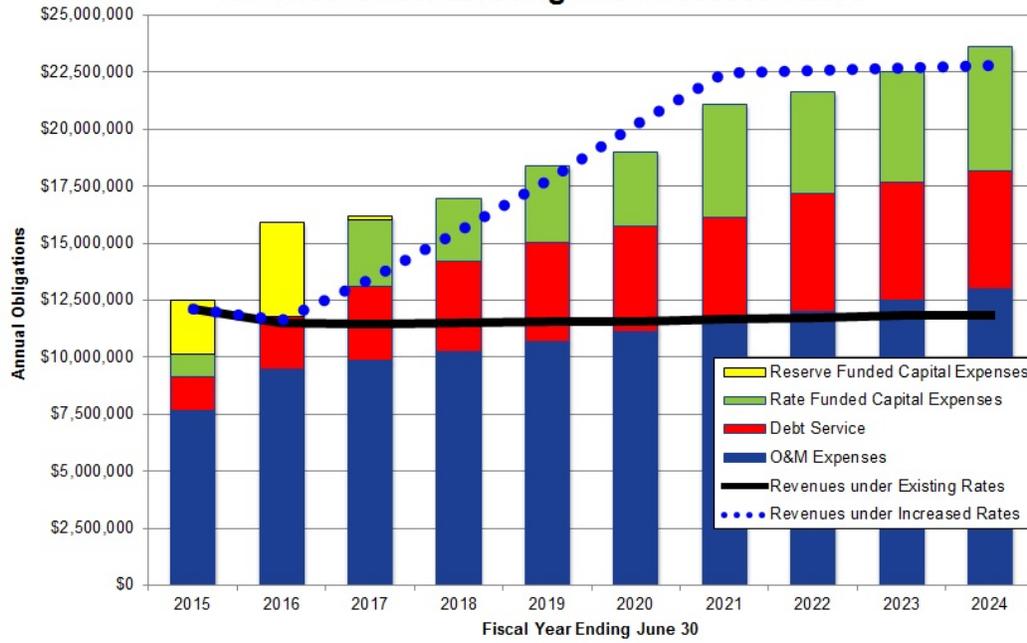


Figure 10: Wastewater Revenues - 5 Year Rate Plan – Option 2

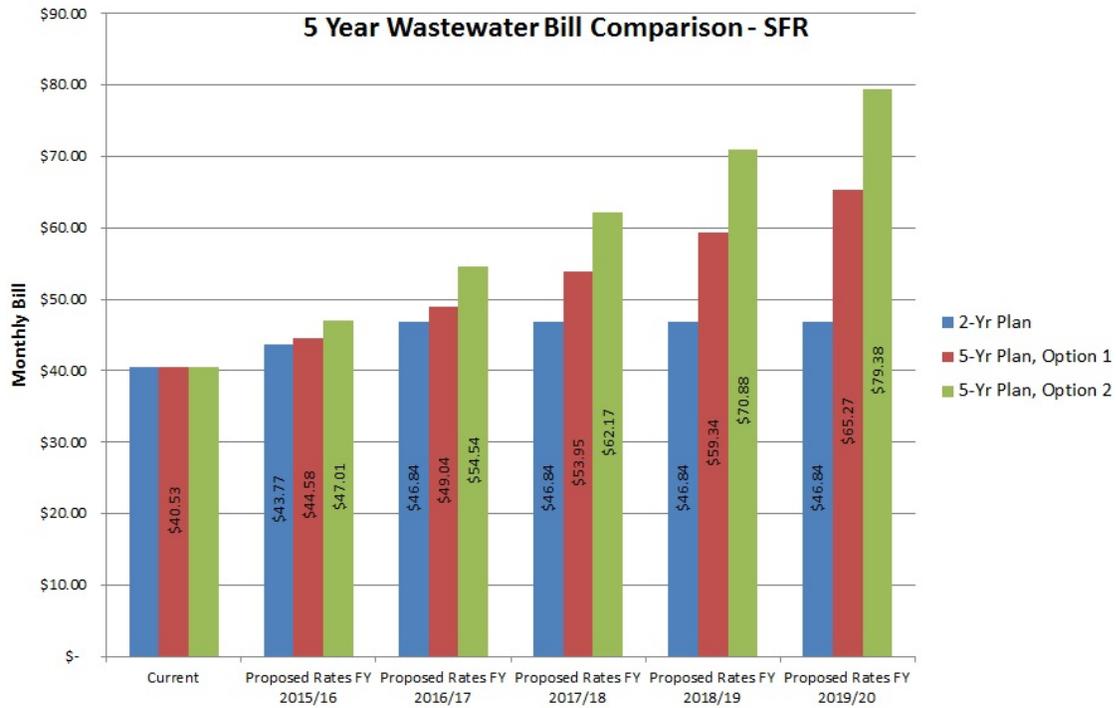


Figure 11: Summary of Wastewater Rate Options – Single Family Residential Account

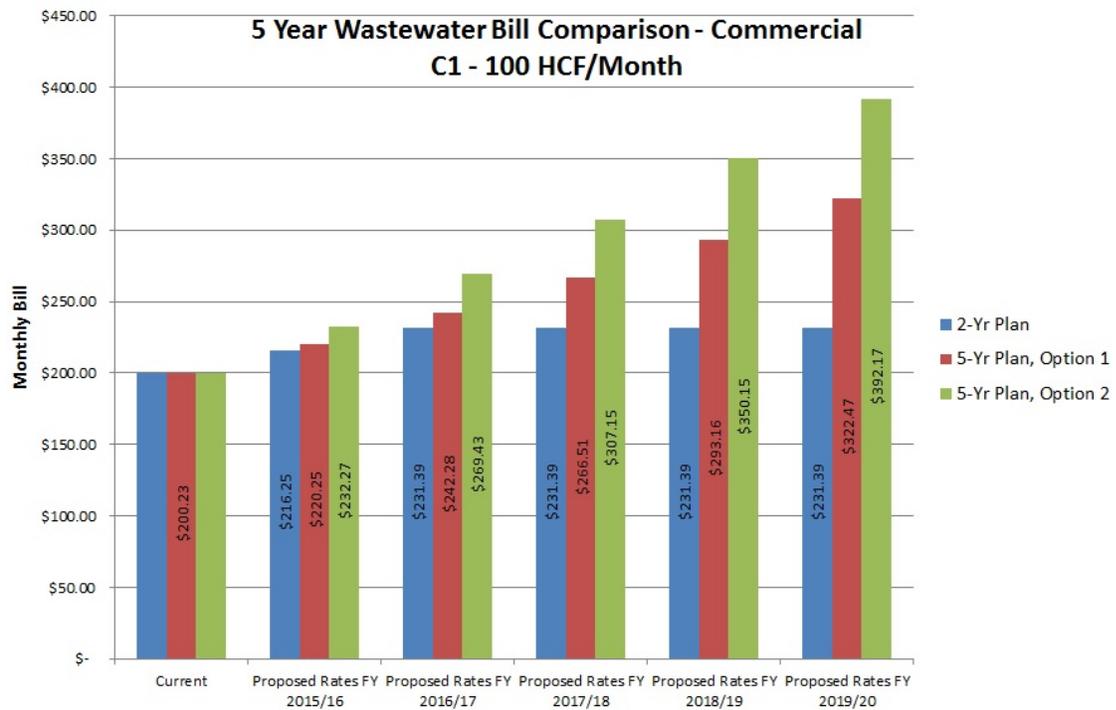


Figure 12: Summary of Wastewater Rate Options – Average Commercial Account

EXHIBIT A
Draft Rate Study

Draft Rate Study provided as separate attachment.

EXHIBIT B
Guidelines for the Submission and Tabulation of Protests

When notice of a public hearing with respect to a utility or other rate increase has been given by the City pursuant to Article XIII D, Section 6 of the California Constitution, the following shall apply:

Submission of Protests

1. Any property owner or utility customer may submit a written protest to the City Clerk, either by mail or delivery to the City Clerk's Office, 1201 Civic Center Blvd, Yuba City CA 95993 or by submitting the protest at the public hearing. Protests must be received by the end of the public hearing. No postmarks will be accepted.
2. Each protest must state that it is a protest (or indicate opposition to the proposed rates). If the City has given notices for public hearings regarding rates for both sewer and water service, and those hearing are to be held on the same date, then the protest may indicate whether it is made (i) with respect only to water rates, (ii) with respect only to sewer rates, or (iii) with respect to both water and sewer rates. If no limitation is indicated, the City will interpret the protest as covering all rates to be considered on the hearing date. Email or facsimile protests cannot be accepted. Although oral comments at the public hearing will not qualify as a formal protest unless accompanied by a written protest, the City Council welcomes input from the community during the public hearing on the proposed fees.
3. A protest by a property owner that is a trust must be signed by the Trustee and identified as such with the signature (i.e., John Smith, Trustee for Smith Family Trust). Protests by property owners that are corporations, partnerships, or similar entities must be signed by a person authorized to execute documents on behalf of the property owner.
4. If a parcel served by the City is owned by more than one record owner or more than one name appears on the City's records as the customer for the property, or the customer is not the record owner, each owner or customer may submit a protest, but only one protest will be counted per parcel and any one protest submitted in accordance with these rules will be sufficient to count as a protest for that property
5. In order to be valid, a protest must bear date, designation of parcel address or parcel number, printed name, and original signature of the record owner or customer of record with respect to the property identified on the protest. The customer of record is the name of the person whose name is printed on the Utility Bills for the parcel. Except as set forth in paragraph 3 above protests not bearing the original signature of a record owner or customer of record shall not be counted. Protests which have been altered by someone other than the person who signed them shall not be counted.
6. Any person who submits a protest may withdraw it by submitting to the City Clerk a dated written request that the protest be withdrawn. The withdrawal of a protest shall contain sufficient information to identify the affected parcel and the name of the record owner or record customer who submitted both the protest and the request that it be withdrawn.
7. A fee protest proceeding is not an election.
8. To ensure transparency and accountability in the fee protest tabulation, protests shall constitute disclosable public records from and after the close of the public hearing. Records shall be maintained for three years and then may be destroyed.

Tabulation of Protests

1. The City Clerk, or designee, shall determine the validity of all protests. The City Clerk shall not accept as valid any protest if s/he determines that any of the following conditions exist:
 - a. The protest does not identify a property that will be subject to the proposed fees.
 - b. The protest does not bear an original signature of a record owner or identified as trustee of the parcel identified on the protest or of a record customer of that parcel.
 - c. The protest does not state its opposition to the proposed fees or is illegible.
 - d. The protest has been altered in any way by someone other than the person who signed it.
 - e. The protest was not received by the City Clerk before the close of the public hearing on the proposed fees.
 - f. A request to withdraw the protest was received by the City Clerk prior to the close of the public hearing on the proposed fees.
 - g. The protest or request for withdrawal is dated prior to the date of mailing of the notices of hearing on the proposed fees.
2. The City Clerk's decision that a protest is not valid shall constitute a final action of the City and shall not be subject to any internal appeal.
3. A majority protest exists if written protests are timely submitted and not withdrawn by the record owners, trustee, or customers with respect to, a majority (50.0% plus one) of the properties subject to the proposed fee. If both water and sewer rates are being considered, a separate determination will be made for with respect to each of these two types of rates.
4. At the conclusion of the public hearing, the City Clerk shall count all protests received, including those received during the public hearing, and shall report the results to the City Council upon completion. If review of the protests received demonstrates that the number received is manifestly less than one-half of the parcels served by the City with respect to the fee which is the subject of the protest, then the City Clerk may advise the Council of the absence of a majority protest without determining the validity of all protests.
5. If, at the conclusion of the public hearing, the Clerk determines that s/he will require additional time to count the protests, s/he shall so advise the Council, which may adjourn the meeting to allow the count to be completed on another day or days. If so, the Council shall declare the time and place of the count, which shall be conducted in a place where interested members of the public may observe the counting, and the Council shall declare the time at which its meeting shall be resumed to receive and act on the report of the Clerk.

EXHIBIT C
Notice of Public Hearing – Proposed Water Rate Increase

Notice is hereby given that a public hearing will be held by the City of Yuba City City Council to consider a proposed water rate increase.

The public hearing will be held on Tuesday, June 7, 2016, at 6:00 pm at the Council Chambers, City Hall, 1201 Civic Center Boulevard, Yuba City, CA. During the Proposition 218 protest hearing, the City Council will hear and consider any objections to the proposed water rate increase.

This notice is being sent to the record owners of parcels that receive water service from the City and existing customers who currently receive water service from the City.

The proposed rates are based upon the estimated cost to keep up with on-going operation and maintenance expenses, provide adequate debt service coverage for existing loans, and fund capitalization at a modest level to rehabilitate/replace deteriorating infrastructure. They are designed to ensure that each customer only pay their proportional share of the water system costs.

Proposed Water Rates

Each water customer pays a monthly rate, based on the size of their water meter, plus a “flow rate” for each hundred cubic feet (HCF) of metered water use above the baseline use that is included in the monthly rate.

Monthly Water Rates

Meter Size	Baseline HCF's	Existing Rate	Year 1	Year 2	Year 3	Year 4	Year 5
1"	10	\$21.59	\$27.64	\$32.89	\$39.130	\$40.70	\$42.33
1-1/2"	20	\$43.18	\$55.27	\$65.77	\$78.27	\$81.40	\$84.66
2"	40	\$86.37	\$110.55	\$131.56	\$156.55	\$162.82	\$169.33
3"	160	\$345.47	\$442.20	\$526.22	\$626.20	\$651.25	\$677.30
4"	320	\$690.95	\$884.42	\$1,052.46	\$1,252.42	\$1,302.52	\$1,354.62
6"	600	\$1,295.52	\$1,658.27	\$1,973.34	\$2,348.27	\$2,442.20	\$2,539.89
8"	1,400	\$3,022.89	\$3,869.30	\$4,604.47	\$5,479.31	\$5,698.49	\$5,926.43

Water Flow Rates

	Existing Rate	Year 1	Year 2	Year 3	Year 4	Year 5
Per Excess HCF	\$1.43	\$1.430	\$1.701	\$2.025	\$2.105	\$2.190

If approved, the Year 1 rates will go into effect 30 days after their adoption by ordinance of the City Council. Rates for subsequent years will go into effect automatically on July 1.

Protest

You may submit a written protest against the proposed water rate increase with the City of Yuba City before the close of the public comment portion of the public hearing on June 7, 2016 at 6:00 pm. If written protests against the proposed water rate increase are filed by the record owners or customers of record with a respect to a majority of the parcels to which the proposed water

rate increase applies, the rate increase will not be imposed. **Only one protest will be counted per parcel.**

A written protest may be submitted by a record owner or a customer of record and must (i) indicate opposition to the proposed rates, (ii) be signed and dated, and (iii) indicate the name of the person submitting the protest and the address or parcel number of the parcel for which the protest is submitted. Protests may be mailed or delivered to:

City of Yuba City
Proposed Utility Rate Increase Protest
City Clerk
1201 Civic Center Boulevard
Yuba City, CA 95993

Protests must be *received* by the City Clerk at this address *prior* to the public hearing. Protests may also be submitted to the City Clerk at the public hearing any time prior to the close of public input. Emailed or faxed protests cannot be accepted. Protests will be accepted and tabulated according to procedures adopted by the City Council, which are available for review at www.yubacity.net.

EXHIBIT D
Notice of Public Hearing – Proposed Wastewater Rate Increases

Notice is hereby given that a public hearing will be held by the City of Yuba City City Council to consider a proposed wastewater rate increase.

The public hearing will be held on Tuesday, June 7, 2016, at 6:00 pm at the Council Chambers, City Hall, 1201 Civic Center Boulevard, Yuba City, CA. During the Proposition 218 protest hearing, the City Council will hear and consider any objections to the proposed wastewater rate increase.

This notice is being sent to the record owners of parcels that receive sewer service from the City and existing customers who currently receive sewer service from the City.

The proposed rates are based upon the estimated cost to keep up with on-going operation and maintenance expenses, provide adequate debt service coverage for existing loans, fund capitalization at a modest level to rehabilitate/replace deteriorating infrastructure, and provide adequate debt service coverage for two proposed loans to fund major capital projects attributable to existing rate payers. They are designed to ensure that each customer only pay their proportional share of wastewater system costs.

Proposed Wastewater Rates

The following represents the existing and proposed wastewater rates:

Table 1 – Proposed Wastewater Rates – Residential, Commercial, and Schools

Sewer Rate Schedule	Current Rate	Year 1	Year 2	Year 3	Year 4	Year 5
Single Family	\$40.53	\$44.58	\$49.04	\$53.95	\$59.34	\$65.27
Multi-Family	\$32.43	\$35.67	\$39.24	\$43.16	\$47.48	\$52.23
Commercial – C1	\$40.53	\$44.58	\$49.04	\$53.95	\$59.34	\$65.27
Commercial – C2	\$45.60	\$50.16	\$55.18	\$60.69	\$66.76	\$73.44
Commercial – C3	\$55.23	\$60.75	\$66.83	\$73.51	\$80.86	\$88.95
Commercial Volumetric Charge (HCF)	\$1.60	\$1.76	\$1.93	\$2.13	\$2.34	\$2.57
Schools – Per Student/Year	\$18.61	\$20.47	\$22.52	\$24.77	\$27.25	\$29.97

HCF = Hundred Cubic Feet

Table 2 – Proposed Wastewater Rates – Industrial and Septage Haulers

Sewer Rate Schedule	Current Rate	Year 1	Year 2	Year 3	Year 4	Year 5
Industrial						
Volume (MG)	\$2,336.92	\$2,570.61	\$2,827.67	\$3,110.44	\$3,421.48	\$3,763.63
Total Suspended Solids (lbs)	\$0.180	\$0.198	\$0.218	\$0.240	\$0.264	\$0.290
Biochemical Oxygen Demand (lbs)	\$0.239	\$0.263	\$0.290	\$0.319	\$0.350	\$0.385

Septage Hauler						
\$/Gallon	\$0.312	\$0.343	\$0.378	\$0.415	\$0.457	\$0.502
400 Gallons	\$124.80	\$137.28	\$151.01	\$166.11	\$182.72	\$200.99
1,000 Gallons	\$312.00	\$343.20	\$377.52	\$415.27	\$456.80	\$502.48
1,500 Gallons	\$468.00	\$514.80	\$566.28	\$622.91	\$685.20	\$753.72

If approved, the Year 1 rates will go into effect 30 days after their adoption by ordinance of the City Council. Rates for subsequent years will go into effect automatically on July 1.

Protest

You may submit a written protest against the proposed wastewater rate increase with the City of Yuba City before the close of the public comment portion of the public hearing on June 7, 2016 at 6:00 pm. If written protests against the proposed wastewater rate increase are filed by the record owners or customers of record with a respect to a majority of the parcels to which the proposed wastewater rate increase applies, the rate increase will not be imposed. Only one protest will be counted per parcel.

A written protest may be submitted by a record owner or a customer of record and must (i) indicate opposition to the proposed rates, (ii) be signed and dated, and (iii) indicate the name of the person submitting the protest and the address or parcel number of the parcel for which the protest is submitted. Protests may be mailed or delivered to:

City of Yuba City
Proposed Utility Rate Increase Protest
City Clerk
1201 Civic Center Boulevard
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Protests must be received by the City Clerk at this address prior to the public hearing. Protests may also be submitted to the City Clerk at the public hearing any time prior to the close of public input. Emailed or faxed protests cannot be accepted. Protests will be accepted and tabulated according to procedures adopted by the City Council, which are available for review at www.yubacity.net.



WATER AND WASTEWATER RATE STUDY

Final Report

March 2016

OFFICE LOCATIONS:

San Francisco - Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102

Davis - Regional Office
140 B Street, Suite 5-292
Davis, CA 95616

Temecula - Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

Irvine - Regional Office
18012 Cowan Street, Suite 290
Irvine, CA 92614

Phone: 800.676.7516
www.nbsgov.com

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SECTION 1. PURPOSE AND OVERVIEW OF THE STUDY

A. Purpose

The City of Yuba City (“City”) retained NBS in September 2014 to re-evaluate its water and wastewater rates for a number of reasons, including meeting long-term revenue requirements, encouraging water conservation related to potential future supply constraints, and providing adequate funding for capital improvements. The rates developed in this Study meet basic Proposition 218 (Prop 218) requirements and were developed in a manner that is consistent with industry standards, including recent court rulings. This Study is provided with the intent of meeting the City’s priority of maintaining transparent communications between the City and its residents and businesses.

In developing proposed new water and wastewater rates, NBS and City staff worked cooperatively in developing study results and rate alternatives. Review of study results and recommendations meetings wherein the Council reviewed recommendations and provided NBS and City staff with direction and feedback. According to this input, NBS recommends the water and wastewater rates summarized in this report.

B. Overview of the Study

Key Issues Addressed – In addition to confirming that water and wastewater rates collect sufficient revenue to meet the annual operating and capital improvement plans, several other key issues that were specifically addressed in this study include:

- Financial Planning – The longer-range financial plans of the water and wastewater utilities were closely examined and adjusted to best meet annual operating and broader capital improvement costs. Capital improvement funding alternatives were evaluated, including funding at minimal levels, funding current levels with various contributions to the Capitalization Fund and funding at current levels with all future projects included.
- Timing of Rate Increases – Ultimately, the recommended rates only apply to the last month of Fiscal Year (FY) 2015/16, with implementation of rate increases applying to the full 12 months in FY 2016/17 and thereafter.
- Water Conservation Rates – Conservation rates that could be implemented if the City is required to reduce overall water consumption due to the continuing drought were studied and developed, including four drought scenarios covering 20 percent reductions in consumption (Base Level) up to 60 percent reductions (Scenario 4). The City is currently in Scenario 1: city-wide water conservation at a rate of approximately 30 percent.

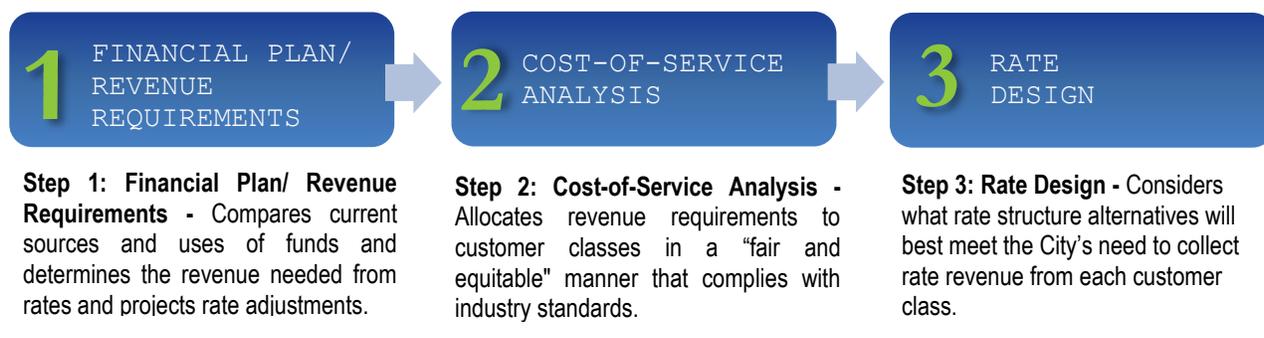
C. Rate Study Methodology

Components of the Rate Study Methodology – Comprehensive rate studies typically include three components: (1) preparation of a financial plan which identifies the net revenue requirements for the utility; (2) analysis of the cost to serve each customer class, and; (3) the rate structure design. These steps are shown in Figure 1 and are intended to follow industry standards and reflect the fundamental principles of cost-of-service rate making embodied in the American Water Works Association (AWWA) Principles of Water Rates, Fees, and Charges¹, also referred to as Manual M1. They also address requirements under Proposition 218 that rates not exceed the cost of providing the service and be proportionate to the cost of providing service for all customers. In terms of the chronology of the study, these three steps represent the order they are typically performed.

¹ *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, AWWA, sixth edition, 2012.*

While NBS completed all three components of the Study, the City has chosen to maintain the existing water and sewer rate structures, and proceed with an across-the-board increase to existing rates based on the percent increases in total revenue needed as determined in the financial plans.

Figure 1. PRIMARY COMPONENTS OF A RATE STUDY



As a part of this rate study, NBS projected revenues, expenditures, and net revenue requirements, performed cost-of-service rate analyses, and recommended new water and wastewater rates. Significant rate increases—or more accurately, increases in the total revenue collected from water and wastewater rates—are recommended. The following sections present an overview of the methodologies, assumptions, and data used along with the financial plans and rates developed during this Study.

Rate Design Criteria – Several criteria are typically considered in setting rates and developing sound rate structures. The fundamentals of this process have been documented in a number of rate-setting manuals. For example, the foundation for evaluating rate structures is generally credited to James C. Bonbright in *Principles of Public Utility Rates*,² which outlines pricing policies, theories, and economic concepts along with various rate designs. The other common industry standard is AWWA Manual M1. The following is a simplified list of the some of the key attributes of a sound rate structure:

- Rates should be easy to understand from the customer's perspective.
- Rates should be easy to administer from the utility's perspective.
- Rates should promote the efficient allocation of the resource.
- Rates should be equitable and non-discriminating (that is, cost based).
- There should be continuity in the rate making philosophy over time.
- Other utility policies should be considered (for example, encouraging conservation and economic development).
- Rates should provide month-to-month and year-to-year revenue stability.

This section covers the basic rate setting design criteria that NBS and City staff considered as a part of their review of the rate structure alternatives.

Rate Structure Issues – The starting point in considering rate structures is the relationship between fixed costs and variable costs. Fixed costs typically do not vary with the amount of water consumed. Debt service and City personnel are examples of a fixed cost. In contrast, variable costs such as the cost of purchased water, chemicals and electricity tend to change with the quantity of water sold. In the City's case, purchased water is treated as a fixed cost, because the price for water is not based on volume purchased and the City pays the same regardless of the quantity used. The vast majority of rate structures contain a fixed or minimum charge in combination with a volumetric charge.

² James C. Bonbright; Albert L. Danielsen and David R. Kamerschen, *Principles of Public Utility Rates*, (Arlington, VA: Public Utilities Report, Inc., Second Edition, 1988), p. 383-384.

Key Financial Assumptions

The following key assumptions were used in the water and wastewater rate analyses:

- **Funding of Capital Projects** – After the City’s extensive review of the planned capital improvement projects (CIP) and funding requirements, the City has decided that the water and wastewater utilities should fund the capital improvements categorized as Priority 1 and Priority 2 projects (all CIP was categorized from Priority 1 through 4). All Priority 3, Priority 4, and other future CIP projects for both utilities are excluded from this analysis.
- **Reserve Targets** – Target reserves for both Water and Wastewater Utilities operations and maintenance (O&M) and capital rehabilitation and replacement (R&R) needs follow industry standards for utility reserve fund management and are set at the following levels:
 - ✓ O&M Reserve target levels – 90 days of O&M expenses.
 - ✓ Capital Rehabilitation and Replacement Reserve levels – approximately 3.0 percent of net assets.
 - ✓ Debt Reserve levels – consistent with bond covenants for outstanding debt obligations.
- **Inflation and Growth Projections:**
 - ✓ Customer growth is based on 50 units per year, for each utility. This translates to 0.27 percent annually for the water utility and 0.34 percent annual growth for the wastewater utility (the difference in growth rate is due to varying number of customers between each system).
 - ✓ General costs (such as professional and contractual services, fuel, vehicle maintenance, and electricity) are inflated at 3 percent annually.
 - ✓ Operating expenses are inflated at a rate of approximately 4 to 6 percent annually, and include chemicals purchased, energy, raw water purchases, and internal transfers.
 - ✓ Labor costs are inflated at 3 percent annually, with the exception of FY 2015/16 (set at 10 percent to overcome recent City-wide furloughs). Health benefits for both utilities are inflated at 10 percent annually, and retirement benefits are inflated between 3 to 16 percent per year.
 - ✓ No inflation is added to other budget items, such as late fee revenue, lease income, and availability fees.

The next two sections discuss the water and wastewater rate studies.

SECTION 2. WATER RATE STUDY

A. Key Water Rate Study Issues

The water rate analysis was undertaken with a few specific objectives, including:

- Generating sufficient revenue to meet projected funding requirements.
- Adjusting the baseline hcf per month quantity currently included in the fixed charge (baseline quantities vary by meter size³) to reflect state-wide conservation mandates.

NBS developed a number of water rate alternatives over the course of this study. After reviewing these alternatives, City staff determined that the current water rate structure should be maintained.

B. Water Utility Revenue Requirements

It is important for municipal utilities to maintain reasonable reserves in order to handle minor emergencies, fund working capital, maintain a good credit rating, and generally follow sound financial management practices. Rate increases are governed by the need to meet operating and capital costs, maintain adequate debt coverage, and maintain sufficient reserve funds. The current state of the City's water utility, with regard to these objectives, follows:

- **Meeting Net Revenue Requirements:** The City's water utility is currently running a structural deficit in FY 2015/16, which would increase significantly in FY 2019/20 if no rate increases are implemented. For FY 2015/16 through 2019/20, the projected net revenue requirement (that is, total annual expenses plus rate-funded capital costs, less non-rate revenues) is approximately \$10.5 million to \$15.1 million. Recommended annual rate increases for the next 5 years of 28 percent, 19 percent, 19 percent, 4 percent, and 4 percent are needed to fund all O&M costs, debt service, and priority 1 and priority 2 capital projects. In addition, the City is currently in jeopardy of not meeting its debt coverage requirement of 1.2 for the outstanding State Revolving Fund (SRF) loans and the 2013 Refunding Bonds. Without these rate increases, the utility may not meet this requirement.
- **Building and Maintaining Reserve Funds:** The City should maintain sufficient reserves. NBS recommends that the City adopt and maintain the following reserve fund target balances:
 - ✓ **Operating Reserve** should normally be equal to 90 days of the Utility's budgeted annual operating expenses, which is equal to a 25 percent cash cushion for normal operations. An Operating Reserve is intended to promote financial viability in the event of any short-term fluctuation in revenues and/or expenditures. Fluctuations might be caused by weather patterns, the natural inflow and outflow of cash during billing cycles, natural variability in demand-based revenue streams (for example, variable charges), and—particularly in periods of economic distress—changes or trends in age of receivables.
 - ✓ **Capital Rehabilitation and Replacement (R&R) Reserve** should typically be equal to a minimum of 3 percent of net depreciable capital assets, which equates to a 33-year replacement cycle for capital assets. This target serves simply as a starting point for addressing long-term capital repair and replacement needs.
 - ✓ **Debt Reserve** is equal to the reserve requirement for the outstanding SRF loans and 2013 Refunding Bonds, which is approximately \$1.53 million⁴.

³ For example, a 1-inch meter has a baseline quantity of 15 hcf while the baseline quantity for an 8-inch meter is 2,100 hcf.

⁴ The State Revolving Fund loan allow reserve requirements to accumulate during the first 10 years of the loan repayment term and maintained at that level thereafter. The Debt Reserve of \$1,528,536 represents the full reserve target, achieved in FY 2021/22.

Figure 2 summarizes the sources and uses of funds, net revenue requirements, and the recommended annual percent increases in total rate revenue for the next 5 years. As this figure shows, the water utility runs at a deficit through FY 2017/18, with surpluses in subsequent years. These surpluses are used to build up reserves, with the intent of meeting target reserve-fund balances at some point in the future.

Figure 2. Summary of Water Revenue Requirements

Summary of Sources and Uses of Funds and Net Revenue Requirements	Budget		Projected			
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Sources of Water Funds						
Rate Revenue Under Prevailing Rates ^{1, 2}	\$ 9,381,644	\$ 8,085,804	\$ 8,107,680	\$ 8,129,556	\$ 8,151,432	\$ 8,173,308
Other Operating Revenue	1,516,484	367,131	367,786	368,440	369,095	369,750
Region 1 Water Customer SRF Surcharge	151,105	150,000	150,000	150,000	150,000	150,000
Region 2/3 Water Customer SRF Surcharge	502,312	500,000	500,000	500,000	500,000	500,000
Interest Earnings ³	43,246	53,400	23,846	23,859	30,173	40,204
Total Sources of Funds	\$ 11,594,791	\$ 9,156,335	\$ 9,149,312	\$ 9,171,855	\$ 9,200,700	\$ 9,233,262
Uses of Water Funds						
Operating Expenses	\$ 7,274,128	\$ 8,304,536	\$ 8,605,872	\$ 8,984,132	\$ 9,380,812	\$ 9,772,920
Debt Service	2,919,853	2,920,023	2,918,543	2,919,578	2,918,441	2,920,081
Rate-Funded Capital Expenses	-	370,075	1,855,249	1,910,906	3,392,002	3,493,762
Total Use of Funds	\$ 10,193,981	\$ 11,594,634	\$ 13,379,664	\$ 13,814,617	\$ 15,691,255	\$ 16,186,763
Surplus (Deficiency) before Rate Increase	\$ 1,400,810	\$ (2,438,299)	\$ (4,230,352)	\$ (4,642,761)	\$ (6,490,555)	\$ (6,953,500)
Additional Revenue from Rate Increases	-	188,669	2,434,466	4,449,447	6,673,170	7,285,654
Surplus (Deficiency) after Rate Increase	\$ 1,400,810	\$ (2,249,630)	\$ (1,795,886)	\$ (193,315)	\$ 182,615	\$ 332,154
Projected Annual Rate Increase	0.00%	28.00%	19.00%	19.00%	4.00%	4.00%
Net Revenue Requirement ⁴	\$ 7,980,834	\$ 10,524,103	\$ 12,338,032	\$ 12,772,317	\$ 14,641,987	\$ 15,126,808

(1) Revenues for FY 2014/15 -2015/16 are from the City's Projected FY 2014/15 and Proposed FY 2015/16 Pro Forma Analysis.

(2) Per the City's direction, growth is based on 50 new water connections, or 0.27% per year (meeting with City staff on 03/19/2015).

(3) Interest earnings are per the City's budget in FY 2014/15, and calculated in the Financial Plan for all future years.

(4) Total Use of Funds less non-rate revenues and in interest earnings. This is the annual amount needed from water rates.

Figure 3 summarizes the projected reserve fund balances and reserve targets, for the next 5 years. A summary of the water utility's proposed 10-year financial plan is included in Appendix A – Water Rate Study Summary Tables. These tables include revenue requirements, reserve funds, revenue source, and proposed rate increases for the 10-year period.

Figure 3. Summary of Water Reserve Funds

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget		Projected			
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Operating Reserve						
Ending Balance	\$ 1,819,000	\$ 3,111,689	\$ 1,523,614	\$ 1,359,715	\$ 1,558,797	\$ 1,900,182
<i>Recommended Minimum Target</i>	<i>1,819,000</i>	<i>2,076,000</i>	<i>2,151,000</i>	<i>2,246,000</i>	<i>2,345,000</i>	<i>2,443,000</i>
Capital Rehabilitation & Replacement Reserve						
Ending Balance	\$ 7,187,224	\$ 1,657,558	\$ 1,657,558	\$ 1,657,558	\$ 1,657,558	\$ 1,657,558
<i>Recommended Minimum Target</i>	<i>4,027,500</i>	<i>4,144,100</i>	<i>4,164,800</i>	<i>4,202,100</i>	<i>4,272,800</i>	<i>4,347,400</i>
Debt Reserve						
Ending Balance	\$ 433,452	\$ 548,548	\$ 706,291	\$ 866,588	\$ 1,025,254	\$ 1,188,070
<i>Recommended Minimum Target</i>	<i>458,561</i>	<i>611,414</i>	<i>764,268</i>	<i>917,121</i>	<i>1,069,975</i>	<i>1,222,829</i>
Total Ending Balance	\$ 9,439,676	\$ 5,317,795	\$ 3,887,463	\$ 3,883,862	\$ 4,241,609	\$ 4,745,809
<i>Total Recommended Minimum Target</i>	<i>\$ 6,305,061</i>	<i>\$ 6,831,514</i>	<i>\$ 7,080,068</i>	<i>\$ 7,365,221</i>	<i>\$ 7,687,775</i>	<i>\$ 8,013,229</i>

C. Current vs. Proposed Water Rates

Currently, the City charges all customer classes a monthly fixed charge based on meter size; each meter size includes a baseline allowance of water (in hundred cubic feet [hcf]). For example, a 1-inch meter is charged \$21.59 per month, which includes 15 hcf of water. In addition to a fixed monthly charge, all customers pay a uniform commodity charge of \$1.43 per hcf for water consumed beyond the baseline quantity (hcf) included for their meter size.

NBS recommends adjusting the "baseline" consumption included in fixed charges downwards to reflect state-mandated conservation requirements of 32 percent. **Figure 4** lists the current and proposed

baseline amounts (in hcf) by meter size. For a number of reasons, which are outlined below, NBS also recommends using a uniform volumetric rate rather than a multi-tiered rate design.

Figure 4. Current and Proposed Baseline Amounts

Meter Size	Current Baseline (hcf)	New Baseline (hcf)
1"	15	10
1 1/2"	30	20
2"	60	40
3"	240	160
4"	480	320
6"	900	600
8"	2,100	1,400

The recommended uniform commodity charge for residential customers was the result of evaluating several potential configurations for tiered volumetric rates along with the City's specific sources of water supply. Because of the significant differences in typical water use of commercial customers (for example, laundromat vs. restaurants vs. office space), uniform commodity charges will continue to be applied to their consumption. This is a common approach for these types of customers, and the primary reason why tiered rates aren't used for commercial customers. **Figure 5** provides a comparison of the current and proposed rates for FY 2015/16 through 2019/20. **Figures 6 and 7** show a comparison of monthly bills for residential and commercial customers under current and proposed rates at varying levels of water consumption.

Figure 5. Current and Proposed Water Rates for FY 2015/16 through 2019/20

Water Rate Schedule	Current Rate Structure		Proposed Water Rates					
	Baseline HCF's per month	Current Rates	Baseline HCF's per month	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
<i>Projected Increase in Rate Rev. (Financial Plan):</i>				28.00%	19.00%	19.00%	4.00%	4.00%
Fixed Service Charge								
Monthly Service charge								
5/8 inch	15	\$21.59	10	\$27.64	\$32.89	\$39.13	\$40.70	\$42.33
3/4 inch	15	\$21.59	10	\$27.64	\$32.89	\$39.13	\$40.70	\$42.33
1 inch	15	\$21.59	10	\$27.64	\$32.89	\$39.13	\$40.70	\$42.33
1.5 inch	30	\$43.18	20	\$55.27	\$65.77	\$78.27	\$81.40	\$84.66
2 inch	60	\$86.37	40	\$110.55	\$131.56	\$156.55	\$162.82	\$169.33
2 inch Turbo	60	\$86.37	40	\$110.55	\$131.56	\$156.55	\$162.82	\$169.33
3 inch	240	\$345.47	160	\$442.20	\$526.22	\$626.20	\$651.25	\$677.30
3 inch Compound	240	\$345.47	160	\$442.20	\$526.22	\$626.20	\$651.25	\$677.30
3 inch Turbo	240	\$345.47	160	\$442.20	\$526.22	\$626.20	\$651.25	\$677.30
4 inch	480	\$690.95	320	\$884.42	\$1,052.46	\$1,252.42	\$1,302.52	\$1,354.62
4 inch Compound	480	\$690.95	320	\$884.42	\$1,052.46	\$1,252.42	\$1,302.52	\$1,354.62
4 inch Turbo	480	\$690.95	320	\$884.42	\$1,052.46	\$1,252.42	\$1,302.52	\$1,354.62
6 inch	900	\$1,295.52	600	\$1,658.27	\$1,973.34	\$2,348.27	\$2,442.20	\$2,539.89
8 inch	2,100	\$3,022.89	1,400	\$3,869.30	\$4,604.47	\$5,479.31	\$5,698.49	\$5,926.43
Commodity Charges for All Water Consumed								
Rate Per HCF of Water Consumed ¹	--	\$1.43	--	\$1.430	\$1.701	\$2.025	\$2.105	\$2.190
Conservation Level Volumetric (Uniform) Rates²								
Base Level (20% Conservation)	--	--	--	\$1.336	\$1.590	\$1.892	\$1.968	\$2.047
Scenario 1 (30% Conservation) ³	--	--	--	\$1.430	\$1.701	\$2.025	\$2.105	\$2.190
Scenario 2 (40% Conservation)	--	--	--	\$1.544	\$1.837	\$2.186	\$2.274	\$2.365
Scenario 3 (50% Conservation)	--	--	--	\$1.687	\$2.007	\$2.389	\$2.484	\$2.583
Scenario 4 (60% Conservation)	--	--	--	\$1.870	\$2.226	\$2.649	\$2.755	\$2.865

1. Consumption above baseline hcf/month, as listed above.

2. These conservation levels reflect consumption compared to base-line (2013) consumption levels.

3. Current level, which includes assumed conservation of approximately 30%.

Figure 6. Comparison of Monthly Water Bills for Single-Family Residential Customers

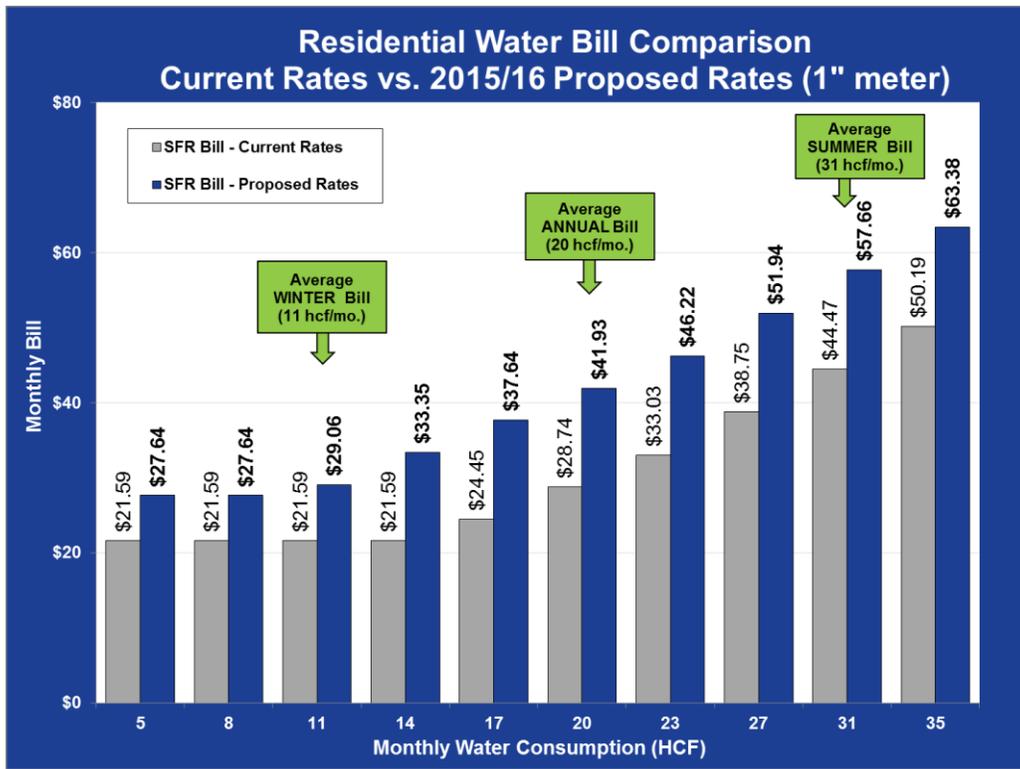
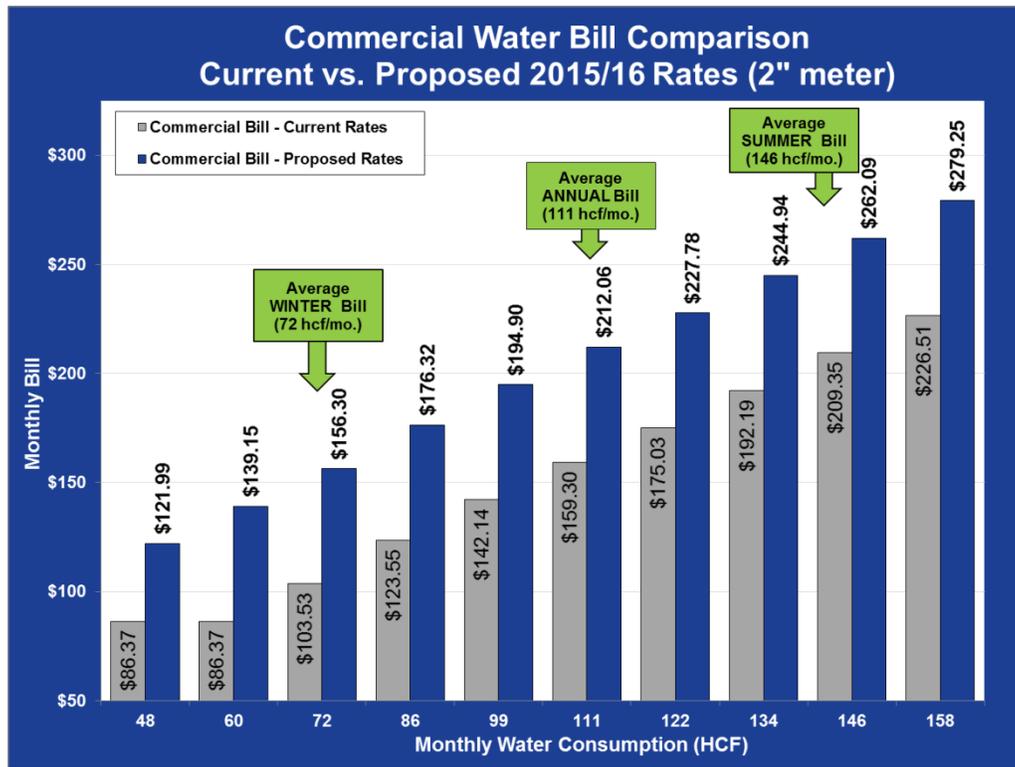


Figure 7. Comparison of Monthly Water Bills for Commercial Customers



D. Conservation Rates

The City recognizes the need to consider adopting conservation rates. The State of California has already implemented drought-related cutbacks⁵ and the City was mandated to reduce water consumption by 32 percent.

Conservation rates can be used to offset potential lost revenue and to encourage customers to reduce consumption levels. While these types of rates can be fixed charges, volumetric rates, or a combination of fixed and volumetric charges, NBS recommends using a strictly volumetric rate, because they do not penalize those who may be conserving (which can be the case with fixed conservation rates). Volumetric conservation rates more appropriately focus on those using the most water.

Assuming consumption reductions are required beyond 2016, the City's water utility would experience a net loss of revenue that, in the long run, would be financially unsustainable. **Figure 8** shows the conservation rates developed to offset these drought-related reductions.

Figure 8. Conservation Rates

Proposed Uniform Volumetric Rates by Conservation Level					
Conservation Scenario	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Projected Rate Revenue Increases (per Financial Plan):	28%	19%	19%	4%	4%
Base Level (20% Conservation)	\$1.336	\$1.590	\$1.892	\$1.968	\$2.047
Scenario 1 ^a (30% Conservation)	\$1.430	\$1.701	\$2.025	\$2.105	\$2.190
Scenario 2 (40% Conservation)	\$1.544	\$1.837	\$2.186	\$2.274	\$2.365
Scenario 3 (50% Conservation)	\$1.687	\$2.007	\$2.389	\$2.484	\$2.583
Scenario 4 (60% Conservation)	\$1.870	\$2.226	\$2.649	\$2.755	\$2.865

a. Current level, which includes assumed conservation of approximately 30%.

⁵ State Water Resources Control Board, Resolution 2015-0032.

SECTION 3. WASTEWATER RATE STUDY

A. Key Wastewater Rate Issues

The specific objectives addressed in the wastewater rate analysis include:

- Generating additional revenue needed to meet projected funding requirements, particularly capital improvement costs.
- Updating the fixed charges for all customers.
- Updating the volumetric-based charges for all customers.

During the course of this study, NBS developed several wastewater rate alternatives for the City to consider. As with the water rates, rate structure alternatives were developed reflecting industry standards and cost-of-service principles, although City staff determined that the current wastewater rate structure should be maintained.

The proposed rate structure for residential customers keeps single family residential customers in one class and multi-family residential in another class. This is equitable because it best reflects the actual effluent generation for each type of residential customer. The rate structure for commercial customers consist of a fixed monthly charge per account, plus a variable rate based on monthly water consumption. The rate structure for schools is based on average daily attendance for each school and the rate is based on the number of students. Reports are submitted by the school district to the City on an annual basis, and bills for the next fiscal year are calculated based on the prior year's attendance information.

The City is the largest regional processor for septage; rates were developed based on a per-gallon charge. Septage loads anticipate trucks with up to 1,500 gallon tanks. The City also has several large industrial customers; the proposed rates maintain the City's current rate structure with charges per million gallon of effluent and additional loading charges based on the strength of effluent received at the treatment plant.

The updated rates were calculated based on the net revenue requirements, and the percentage increase in total rate revenue needed for the next 5 years. Basic components of this analysis include the following:

- **Customer Classes:** Customer classes are typically determined by grouping customers with similar flow and strength characteristics into different categories, in order to reflect the cost differences in servicing each type of customer. The City's existing customer classes have been maintained in the rates developed and proposed in this Study, and are as follows:
 - ✓ **Residential** – Consists of single-family and duplexes that are charged on a per-unit basis.
 - ✓ **Multi-Family** – Multi-family residential accounts are assessed fixed charges based on the number of household equivalent units (HEUs).
 - ✓ **Commercial** – Includes all commercial users (C1, C2, and C3 classes).
 - ✓ **Industrial** – Includes several large industrial customers.
 - ✓ **Schools** – Rates are based per student, per year and charged on an annual basis.
 - ✓ **Septage Haulers** – These customers discharge directly at the wastewater treatment plant.

B. Wastewater Utility Revenue Requirements

It is important for municipal utilities to maintain reasonable reserves in order to handle emergencies, fund working capital, maintain a good credit rating, and generally follow sound financial management practices. Rate increases are governed by the need to meet operating and capital costs, and maintain and build reserve funds. The current state of the City's wastewater utility is as follows:

- **Meeting Net Revenue Requirements:** The City's wastewater utility is currently running a structural deficit in FY 2015/16, which would increase significantly by FY 2019/20 if no rate increases are implemented. Projected net revenue requirement (that is, total annual expenses plus debt service and

rate-funded capital costs, less non-rate revenues) increases from approximately \$11 million to \$18.6 million in FYs 2015/16 through 2019/20. Recommended annual rate increases of 10 percent annually for the next 5 years are needed to fund all operations and maintenance expenses, debt service payments and priority 1 and priority 2 capital projects. Similar to the water utility, if rate increases aren't implemented, the wastewater utility will not meet its debt coverage requirements for its outstanding debt obligations⁶, and will begin running annual deficits, which will require larger rate adjustments in later years.

- **Building and Maintaining Reserve Funds:** The City should maintain sufficient reserves for the Utility. NBS recommends that the City adopt and maintain the following reserve fund targets:
 - ✓ **Operating Reserve** equal to 90 days of the Utility's budgeted annual operating expenses. This reserve target is equal to a 3-month (or 25 percent) cash cushion for normal operations. An Operating Reserve is intended to promote financial viability in the event of any short-term fluctuation in revenues and/or expenditures.
 - ✓ **Capital Rehabilitation and Replacement Reserve** equal to a minimum of 3 percent of net depreciable capital assets (or approximately \$2,738,900 based on a total system asset value of approximately \$84.8 million). This reserve provides for capital repair and replacement needs.
 - ✓ **Debt Reserve** equal to the reserve requirements for the existing and planned debt, which is approximately \$3.4 million by FY2019/20.
 - ✓ **Other Reserves** equal to approximately \$110,000. The wastewater utility has reserves held for the Stonegate system, which will be maintained at a minimal level (around \$110,000). The River Highland reserve funds will be absorbed into the Operating Reserve. The Stonegate system was annexed by Yuba City and separate records were kept for it. Per City staff, this will not continue in the long-run. The River Highland system has already been incorporated into the City's records and a separate fund is no longer needed.

Figure 9 summarizes the sources and uses of funds, including net revenue requirements, and the recommended annual percent increases in total rate revenue for the next 5 years. Any surpluses are used to build up reserves, with the intent of meeting future target reserve-fund balances.

Figure 9. Summary of Wastewater Revenue Requirements

Summary of Sources and Uses of Funds and Net Revenue Requirements	Budget		Projected			
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Sources of Water Funds						
Rate Revenue Under Prevailing Rates ^{1,2}	\$ 11,721,439	\$ 11,081,850	\$ 11,119,770	\$ 11,157,690	\$ 11,195,611	\$ 11,233,531
Other Operating Revenue	311,630	300,603	301,563	302,523	303,483	304,442
Interest Earnings (in Operating & Capital Reserves) ³	54,792	95,700	53,696	76,971	83,052	101,257
Total Sources of Funds	\$ 12,087,861	\$ 11,478,153	\$ 11,475,029	\$ 11,537,184	\$ 11,582,145	\$ 11,639,231
Uses of Water Funds						
Operating Expenses	\$ 7,649,478	\$ 9,440,956	\$ 9,809,314	\$ 10,233,111	\$ 10,677,649	\$ 11,110,946
Debt Service	1,445,998	2,043,193	2,104,558	2,272,319	2,531,897	3,070,048
Rate-Funded Capital Expenses	1,035,525	-	-	2,995,808	1,785,733	4,817,777
Total Use of Funds	\$ 10,131,001	\$ 11,484,149	\$ 11,913,872	\$ 15,501,238	\$ 14,995,279	\$ 18,998,771
Surplus (Deficiency) before Rate Increase	\$ 1,956,860	\$ (5,996)	\$ (438,843)	\$ (3,964,054)	\$ (3,413,134)	\$ (7,359,541)
Additional Revenue from Rate Increases	-	92,349	1,213,908	2,455,622	3,829,925	5,350,540
Surplus (Deficiency) after Rate Increase	\$ 1,956,860	\$ 86,353	\$ 775,066	\$ (1,508,432)	\$ 416,791	\$ (2,009,001)
Projected Annual Rate Increase	0.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Net Revenue Requirement ⁴	\$ 9,764,579	\$ 11,087,846	\$ 11,558,613	\$ 15,121,744	\$ 14,608,745	\$ 18,593,072

(1) FY 2014/15 Revenues are from the City's Fiscal Year 2014-15 Budget (files: 14-15 WW Rev Bond Bgts.pdf and 14-15 WW Rev Op&Conn Bgts).

(2) Per the City's direction, growth is based on 50 new sewer connections, or 0.34% per year (meeting with City staff on 03/19/2015).

(3) Interest earnings are per the City's budget in FY 2014/15, and calculated in the Financial Plan for all future years.

(4) Total Use of Funds less non-rate revenues and in interest earnings. This is the annual amount needed from wastewater rates.

Figure 10 summarizes the projected reserve fund balances and reserve targets, for the next 5 years. A summary of the wastewater utility's proposed 10-year financial plan is included in Appendix B –

⁶ The wastewater utility currently has five debt obligations: 2011 and 2014 revenue refunding bonds, a wastewater treatment plant SRF loan, a collection system SRF loan, and a small Interfund loan from the City for solar.

Wastewater Rate Study Summary Tables. These tables include revenue requirements, reserve funds, revenue source, and proposed rate increases for the 10-year period.

Figure 10. Summary of Wastewater Reserve Funds

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget	Projected				
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Operating Reserve						
Ending Balance	\$ 4,413,431	\$ 5,607,734	\$ 6,951,082	\$ 4,498,552	\$ 3,803,570	\$ 1,811,606
<i>Recommended Minimum Target</i>	<i>1,912,000</i>	<i>2,360,000</i>	<i>2,452,000</i>	<i>2,558,000</i>	<i>2,669,000</i>	<i>2,778,000</i>
Stonegate Reserve						
Ending Balance	\$ 105,776	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000
<i>Recommended Minimum Target</i>	<i>110,000</i>	<i>110,000</i>	<i>110,000</i>	<i>110,000</i>	<i>110,000</i>	<i>110,000</i>
Capital Rehabilitation & Replacement Reserve						
Ending Balance	\$ 2,543,600	\$ 5,131,534	\$ 3,311,702	\$ 3,806,625	\$ 4,297,000	\$ 4,298,375
<i>Recommended Minimum Target</i>	<i>2,543,600</i>	<i>2,738,900</i>	<i>3,288,400</i>	<i>3,805,800</i>	<i>4,295,900</i>	<i>6,044,400</i>
Debt Reserves						
Ending Balance	\$ 390,430	\$ 989,329	\$ 1,308,791	\$ 1,929,893	\$ 2,840,501	\$ 3,396,592
<i>Recommended Minimum Target</i>	<i>1,710,295</i>	<i>2,364,358</i>	<i>2,428,873</i>	<i>2,590,160</i>	<i>2,858,970</i>	<i>3,396,592</i>
Total Ending Balance	\$ 7,453,237	\$ 11,838,597	\$ 11,681,575	\$ 10,345,070	\$ 11,051,071	\$ 9,616,573
<i>Total Recommended Minimum Target</i>	<i>\$ 6,275,895</i>	<i>\$ 7,573,258</i>	<i>\$ 8,279,273</i>	<i>\$ 9,063,960</i>	<i>\$ 9,933,870</i>	<i>\$ 12,328,992</i>

C. Current vs. Proposed Wastewater Rates

Per input provided by City staff, the proposed rates maintain the City's current rate structure. Annual rate increases will reflect the percent increases in rate revenue needed to meet annual net revenue requirements, as shown in Figure 9. Single family and duplex residential customers will pay a fixed monthly service charge and multiple family residential customers pay 80 percent of the single family rate, for each housing unit. Commercial users will pay a fixed monthly service charge, in addition to a volumetric rate depending on the class (C1, C2, or C3), according to their monthly water use. Industrial, school, and septage customers have the same rate structure as described in Section 3A of this Study.

Figure 11 shows current and proposed wastewater rates for FY 2015/16 through FY 2019/20. More detailed tables documenting the development of the proposed wastewater rates are included in Appendix B.

Figure 11. Current vs. Proposed Wastewater Rates

Current vs. Proposed Sewer Rates (Monthly)

Sewer Rate Schedule	Current Rates	Recommended Sewer Rates				
		FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		10.00%	10.00%	10.00%	10.00%	10.00%
Monthly Fixed Service Charge (\$/mo.)						
Single-Family/Duplex Residential (per unit)	\$40.53	\$44.58	\$49.04	\$53.95	\$59.34	\$65.27
Multi Family Residential (per unit)	\$32.43	\$35.67	\$39.24	\$43.16	\$47.48	\$52.23
Commercial - C1	\$40.53	\$44.58	\$49.04	\$53.95	\$59.34	\$65.27
Commercial - C2	\$45.60	\$50.16	\$55.18	\$60.69	\$66.76	\$73.44
Commercial - C3	\$55.23	\$60.75	\$66.83	\$73.51	\$80.86	\$88.95
Commercial Volumetric Charge (\$/HCF) (Applied to Monthly Water Use)						
Commercial - C1	\$1.60	\$1.76	\$1.93	\$2.13	\$2.34	\$2.57
Commercial - C2	\$1.60	\$1.76	\$1.93	\$2.13	\$2.34	\$2.57
Commercial - C3	\$1.60	\$1.76	\$1.93	\$2.13	\$2.34	\$2.57
Large Industrial User Charges						
Waste water (\$/million gallons)	\$2,336.92	\$2,570.61	\$2,827.67	\$3,110.44	\$3,421.48	\$3,763.63
Total Suspended solids (TSS - in \$/lb.)	\$0.180	\$0.198	\$0.218	\$0.240	\$0.264	\$0.290
Biochemical Oxygen Demand (BOD in \$/lb.)	\$0.239	\$0.263	\$0.290	\$0.319	\$0.350	\$0.385
Schools (Average Daily Attendance)						
Schools, per student, per year	\$18.61	\$20.47	\$22.52	\$24.77	\$27.25	\$29.97
Septage Hauler Charges¹						
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		10.00%	10.00%	10.00%	10.00%	10.00%
Charge per Gallon	\$0.312	\$0.343	\$0.378	\$0.415	\$0.457	\$0.502
Minimum Charge: 400 gallons per dump	\$124.80	\$137.28	\$151.01	\$166.11	\$182.72	\$200.99
Minimum Charge: 1,000 gallon truck	\$312.00	\$343.20	\$377.52	\$415.27	\$456.80	\$502.48
Minimum Charge: 1,500 gallon truck	\$468.00	\$514.80	\$566.28	\$622.91	\$685.20	\$753.72

(1) Septage Haulers will be charged for a full tank each occurrence.

Figure 12 compares the average monthly wastewater bills for residential customers under current and proposed rates. Figure 13 compares commercial bills under current vs. proposed rates. Figure 14 compares industrial bills under current vs. proposed rates, on an annual basis.

Figure 12. Residential Wastewater Bill Comparison – Current vs. Proposed Rates

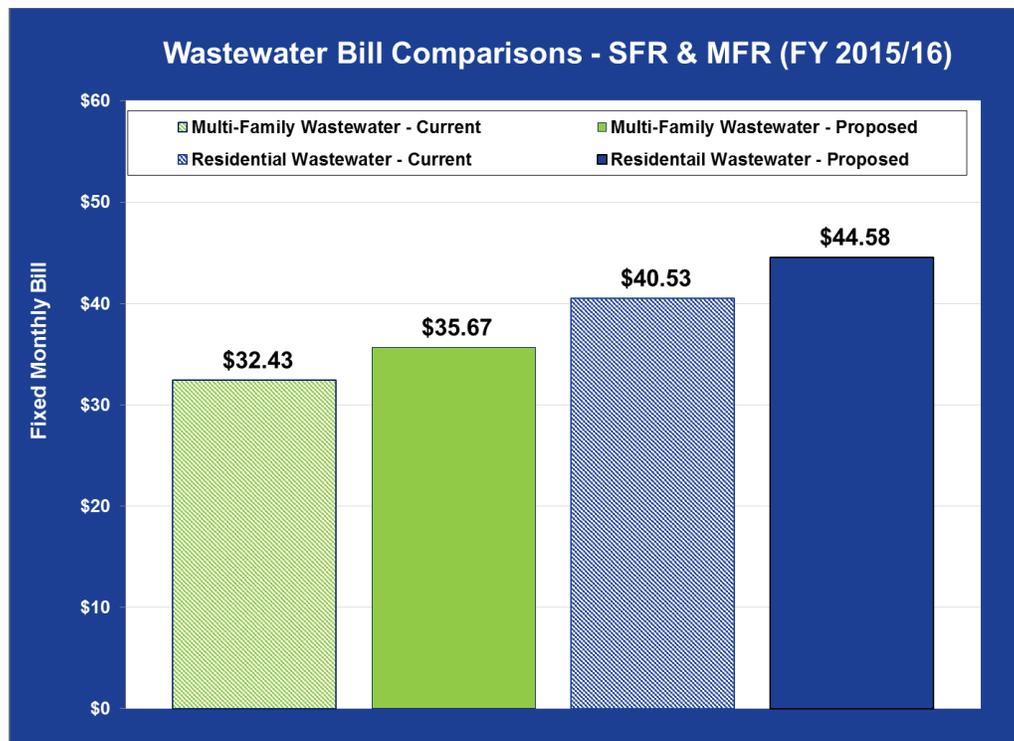


Figure 13. Commercial Wastewater Bill Comparison – Current vs. Proposed Rates

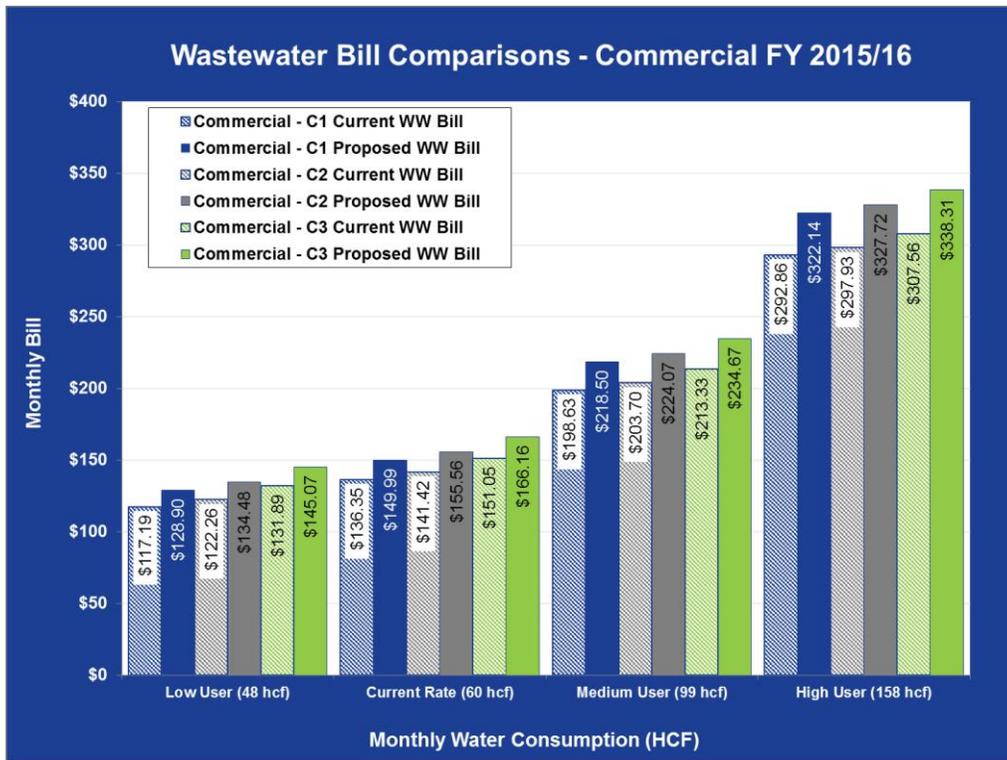
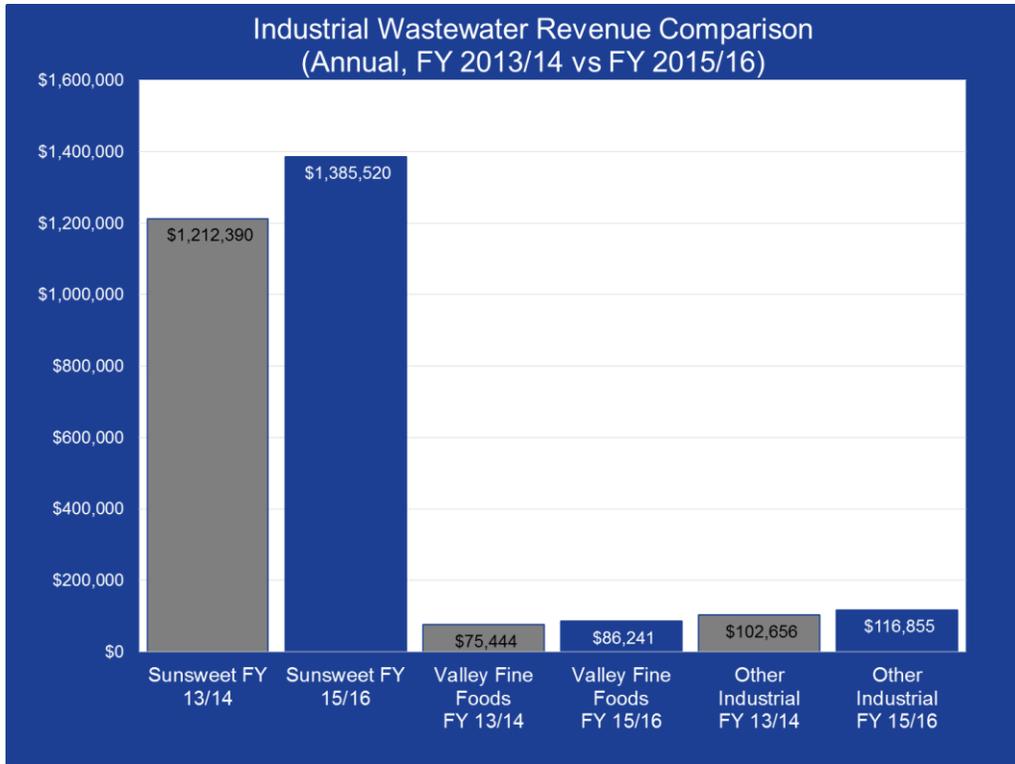


Figure 14. Industrial Wastewater Bill Comparison – Current vs. Proposed Rates



SECTION 4. RECOMMENDATIONS AND NEXT STEPS

A. Consultant Recommendations

NBS recommends the City take the following actions for the water and wastewater rates:

- **Approve and Accept This Study:** NBS recommends the City Council formally approve and adopt this Study and its recommendations. This will provide documentation of the rate study analyses and the basis for analyzing potential changes to future rates.
- **Complete a Review by a Qualified Attorney:** This rate study outlines proposed new rates. Prior to adoption, these rates should be reviewed by competent legal counsel with respect to compliance with Proposition 218 and related State laws, as well as legal assistance developing acceptable language for new resolutions to implement these rates.
- **Implement Recommended Levels of Rate Increases and Proposed Rates:** According to the analysis presented in this report, the City Council should implement the proposed rates recommended in this report for the next 5 years, as shown in Figures 5, 8, and 11. These rate adjustments are necessary to ensure the following objectives are met:
 - Updated water and wastewater rates promote revenue stability.
 - Maintaining the financial health of the City's water and wastewater utilities.
- **Adopt Reserve Fund Targets:** NBS recommends the City Council adopt the consultant-proposed reserve fund targets described in Sections 2 and 3 of this report for the water and wastewater utilities. The City should periodically evaluate reserve fund levels and make it a long-term goal to achieve these levels for the Operating, Capital, and Debt Reserves.

B. Next Steps

NBS recommends the following:

Annually Review Rates and Revenue – Any time an Agency adopts new utility rates or rate structures, those new rates should be closely monitored over the next several years to ensure the revenue generated is sufficient to meet the annual revenue requirements. Changing economic and drought-related water consumption patterns underscore the need for this review, as well as potential and unseen changing revenue requirements, particularly those related to environmental regulations that can significantly affect capital improvements and repair and replacement costs.

Note: The attached Technical Appendices provide more detailed information on the analysis of the water and wastewater revenue requirements that have been summarized in this report.

C. Principal Assumptions and Considerations

In preparing this report and the recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, number of customer accounts, conditions and events that may occur in the future. This information and assumptions, including the City's budgets and customer account information from City staff, were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report and its recommendations, some assumptions will invariably not materialize as stated herein or may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

APPENDIX A – WATER RATE ANALYSIS

Detailed tables in Appendix A include:

- Ten-year Financial Plan Summary
- Graphical representation of 10-year Financial Plans
- Exhibit 1, Operating Expenses
- Exhibit 2, Capital Improvement Plan Expenditures
- Exhibit 3, Existing Debt Obligations
- Current Rates
- Proposed Volumetric Charges Calculations
- Conservation Rate Calculations
- Current and Proposed Rates
- Various Bill Comparison Graphs
- FY 2013-2014 Customer Data
- Water Production Data
- Single Family Residential Distribution Curve for Consumption

TABLE 1
FINANCIAL PLAN AND SUMMARY OF REVENUE REQUIREMENTS

RATE REVENUE REQUIREMENTS SUMMARY	Budget	Projected										
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	
Sources of Water Funds												
Rate Revenue Under Prevailing Rates (1)	\$ 9,381,644	\$ 8,085,804	\$ 8,107,680	\$ 8,129,556	\$ 8,151,432	\$ 8,173,308	\$ 8,195,184	\$ 8,217,060	\$ 8,238,936	\$ 8,260,812	\$ 8,282,688	
Other Operating Revenue	1,516,484	367,131	367,786	368,440	369,095	369,750	370,405	371,059	371,714	372,369	373,024	
Region 1 Water Customer SRF Surcharge	151,105	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
Region 2/3 Water Customer SRF Surcharge	502,312	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	
Interest Earnings (2)	43,246	53,400	23,846	23,859	30,173	40,204	53,366	75,559	105,137	131,269	160,832	
Total Sources of Funds	\$ 11,594,791	\$ 9,156,335	\$ 9,149,312	\$ 9,171,855	\$ 9,200,700	\$ 9,233,262	\$ 9,268,955	\$ 9,313,678	\$ 9,365,787	\$ 9,414,450	\$ 9,466,543	
Uses of Water Funds												
Operating Expenses (3):												
Division 7110 Water Distribution	\$ 1,260,779	\$ 1,436,412	\$ 1,497,968	\$ 1,562,124	\$ 1,629,598	\$ 1,693,151	\$ 1,759,446	\$ 1,829,281	\$ 1,902,915	\$ 1,980,634	\$ 2,062,748	
Division 7120 Water Treatment Plant	4,811,843	5,111,199	5,282,807	5,526,072	5,781,668	6,033,731	6,309,217	6,586,781	6,878,709	7,185,885	7,509,260	
Division 7341 - HWS Region 1	1,125	1,313	1,313	1,313	1,313	1,313	1,313	1,313	1,313	1,313	1,313	
Division 7342 - HWS Region 2	1,125	1,313	1,313	1,313	1,313	1,313	1,313	1,313	1,313	1,313	1,313	
Operational Transfers	1,716,500	1,754,300	1,822,472	1,893,311	1,966,922	2,043,413	2,122,898	2,205,496	2,291,328	2,380,521	2,473,208	
Adjustment for FY 14/15 Actuals (517,244)	-	-	-	-	-	-	-	-	-	-	-	
Subtotal: Operating Expenses	\$ 7,274,128	\$ 8,304,536	\$ 8,605,872	\$ 8,984,132	\$ 9,380,812	\$ 9,772,920	\$ 10,194,186	\$ 10,624,183	\$ 11,075,576	\$ 11,549,665	\$ 12,047,841	
Other Expenditures:												
Existing Debt Service	\$ 2,919,853	\$ 2,920,023	\$ 2,918,543	\$ 2,919,578	\$ 2,918,441	\$ 2,920,081	\$ 2,919,356	\$ 2,916,191	\$ 2,915,511	\$ 2,917,111	\$ 2,916,211	
New Debt Service	-	-	-	-	-	-	-	-	-	-	-	
Rate-Funded Capital Expenses	-	370,075	1,855,249	1,910,906	3,392,002	3,493,762	3,170,676	3,278,032	3,388,613	3,502,514	3,619,835	
Subtotal: Other Expenditures	\$ 2,919,853	\$ 3,290,098	\$ 4,773,792	\$ 4,830,485	\$ 6,310,443	\$ 6,413,843	\$ 6,090,032	\$ 6,194,223	\$ 6,304,124	\$ 6,419,625	\$ 6,536,046	
Total Uses of Water Funds	\$ 10,193,981	\$ 11,594,634	\$ 13,379,664	\$ 13,814,617	\$ 15,691,255	\$ 16,186,763	\$ 16,284,218	\$ 16,818,406	\$ 17,379,700	\$ 17,969,290	\$ 18,583,887	
plus: Revenue from Rate Increases (4)	-	188,669	2,434,466	4,449,447	6,673,170	7,285,654	7,925,168	8,592,859	9,289,922	10,002,423	10,578,259	
Increase/Decrease to Reserves	\$ 1,400,810	\$ (2,249,630)	\$ (1,795,886)	\$ (193,315)	\$ 182,615	\$ 332,154	\$ 909,905	\$ 1,088,131	\$ 1,276,009	\$ 1,447,583	\$ 1,460,916	
Net Revenue Reqtd. (Total Uses less Non-Rate Revenue)	\$ 7,980,834	\$ 10,524,103	\$ 12,338,032	\$ 12,772,317	\$ 14,641,987	\$ 15,126,808	\$ 15,210,447	\$ 15,721,788	\$ 16,252,849	\$ 16,815,652	\$ 17,400,031	
Total Rate Revenue After Rate Increases	\$ 9,381,644	\$ 8,274,473	\$ 10,542,146	\$ 12,579,003	\$ 14,824,602	\$ 15,458,962	\$ 16,120,352	\$ 16,809,918	\$ 17,528,858	\$ 18,263,235	\$ 18,860,947	
Projected Annual Rate Revenue Increase	0.00%	28.00%	19.00%	19.00%	4.00%	4.00%	4.00%	4.00%	4.00%	3.00%	3.00%	
Debt Coverage After Rate Increase (5)	1.48	0.36	1.02	1.59	2.22	2.31	2.40	2.50	2.60	2.70	2.74	
Debt Coverage After Rate Increase (includes connection fee revenue) (5)	1.64	1.07	1.16	1.73	2.37	2.45	2.54	2.64	2.74	2.84	2.88	

(1) FY 2014/15 Revenues are proposed revenues for 2014/15, per the City's Adopted Annual Operating Budget. Water Sales were reduced in FY 2015/16 to account for State mandated conservation.

Variable rate revenues (estimated at 46% of total revenues) were reduced by 32%.

(2) Interest earnings are per the City's budget in FY 2014/15, and calculated in the Financial Plan for all future years.

(3) The FY 2014/15 operating expenses are from the City's Proposed Budget. Inflationary factors are applied to these expenses to project costs in 2015/16 and beyond.

(4) Rate increases are anticipated to be effective 04/01/2016; therefore FY 2015/16 represents three (3) months of revenue from new rates.

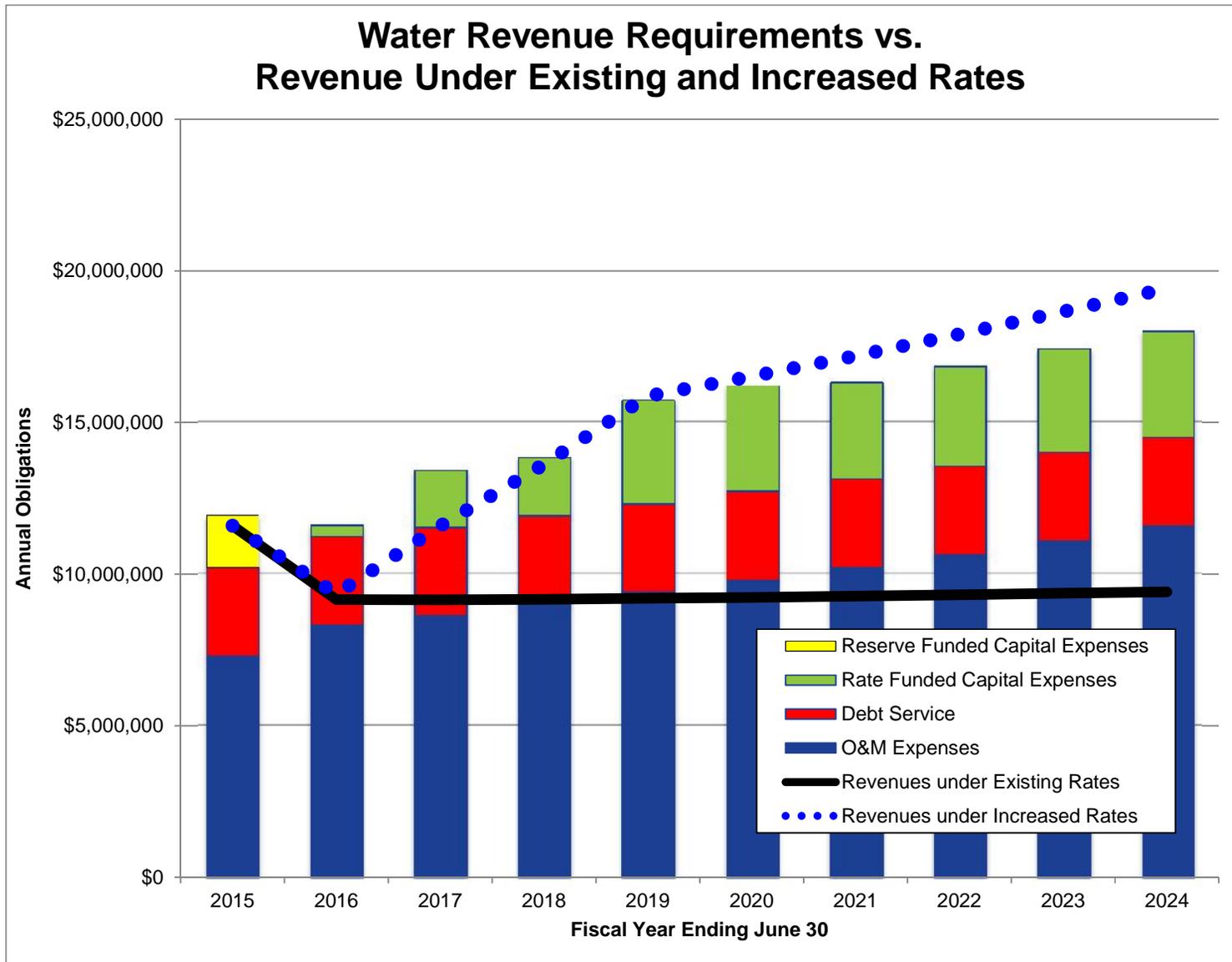
(5) Debt coverage requirement is 1.20 or greater (Water Revenue Refunding Bonds, Official Statement). Per City staff, Debt Coverage is calculated including connection fee revenue.

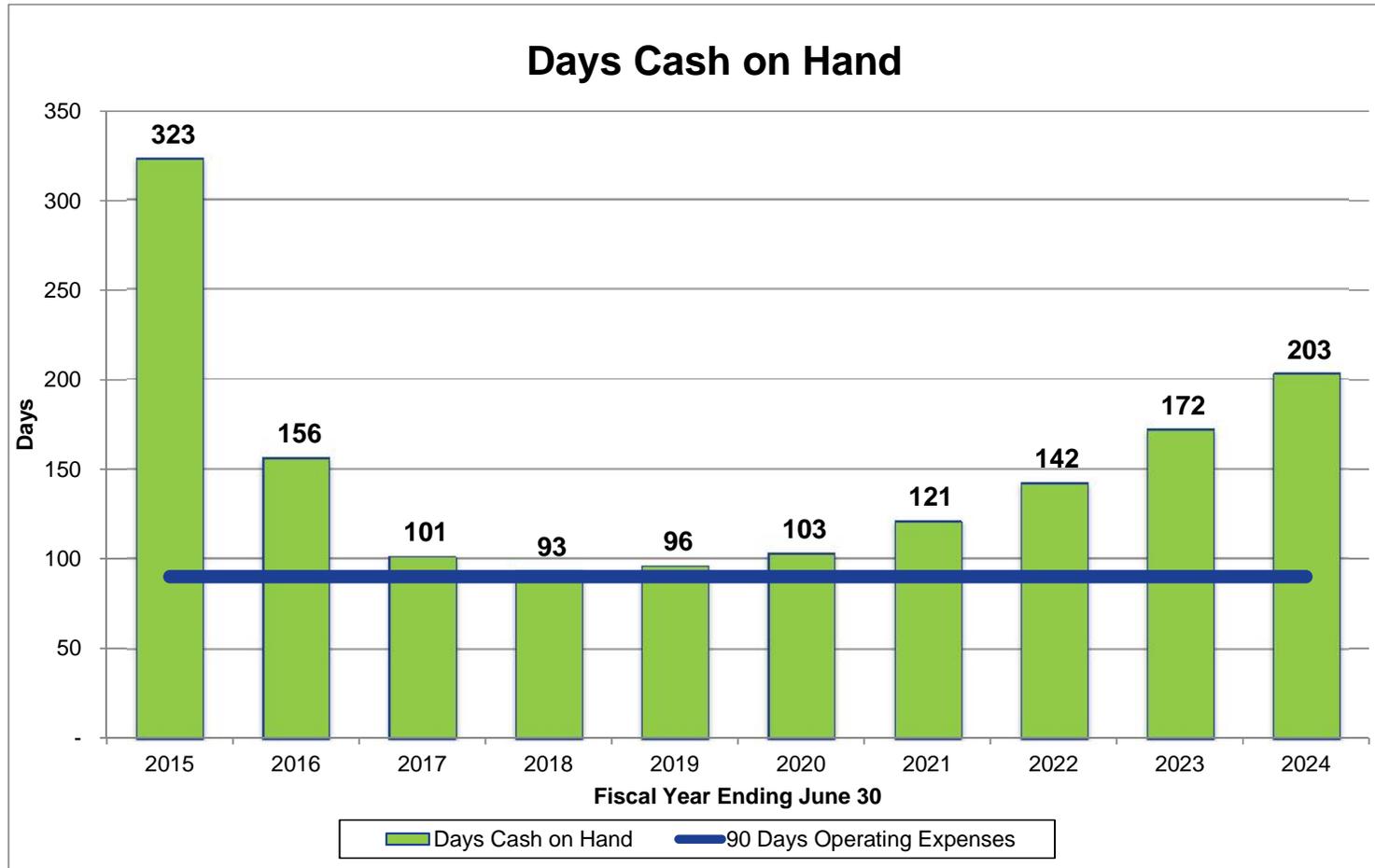
TABLE 2
RESERVE FUND SUMMARY

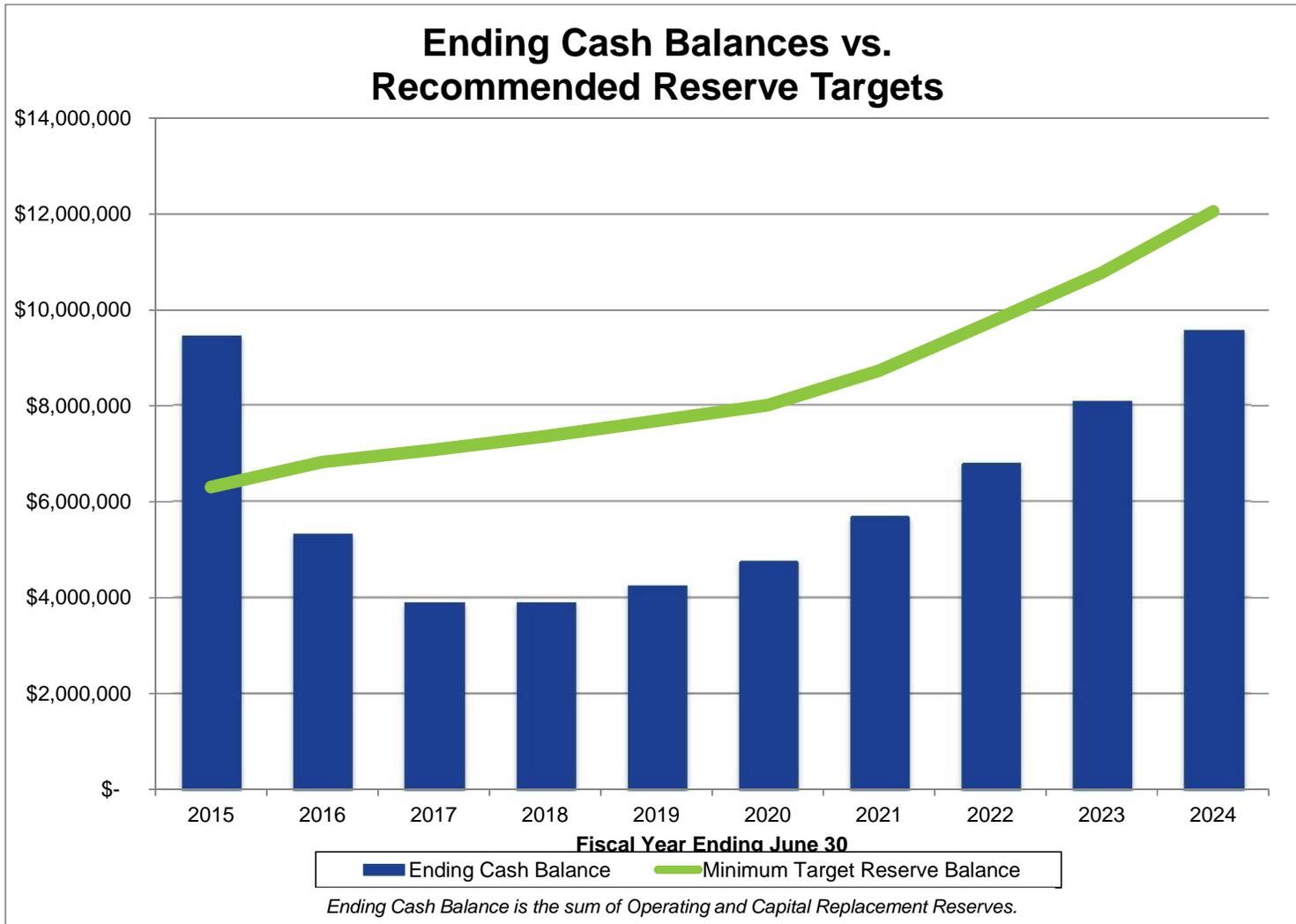
SUMMARY OF CASH ACTIVITY	Budget	Projected									
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Total Beginning Cash (1)	\$ 11,177,932	\$ 6,330,656									
Operating Reserve											
Beginning Reserve Balance (2)	\$ 1,582,257	\$ 4,017,200	\$ 3,111,689	\$ 1,523,614	\$ 1,359,715	\$ 1,558,797	\$ 1,900,182	\$ 2,399,000	\$ 2,506,000	\$ 2,769,000	\$ 2,887,000
Plus: Net Cash Flow (After Rate Increases)	1,400,810	(2,249,630)	(1,795,886)	(193,315)	182,615	332,154	909,905	1,088,131	1,276,009	1,447,583	1,460,916
Plus: Transfer of Debt Reserve Surplus	-	-	-	-	-	-	-	1,083	30,571	30,571	30,571
Less: Transfer Out to Capital Replacement Reserve	(1,164,067)	-	-	-	-	-	(261,086)	(832,214)	(1,043,580)	(1,360,154)	(1,366,486)
Less: Reserve Funding for Existing Debt Obligations (3)	-	(155,000)	(155,000)	(155,000)	(150,000)	(150,000)	(150,000)	(150,000)	-	-	-
Plus: Transfer in from Connection Fee Reserve for Debt Service (4)	-	1,499,119	362,812	184,416	166,466	159,231	-	-	-	-	-
Ending Operating Reserve Balance	\$ 1,819,000	\$ 3,111,689	\$ 1,523,614	\$ 1,359,715	\$ 1,558,797	\$ 1,900,182	\$ 2,399,000	\$ 2,506,000	\$ 2,769,000	\$ 2,887,000	\$ 3,012,000
<i>Target Ending Balance (90-days of O&M)</i>	\$ 1,819,000	\$ 2,076,000	\$ 2,151,000	\$ 2,246,000	\$ 2,345,000	\$ 2,443,000	\$ 2,549,000	\$ 2,656,000	\$ 2,769,000	\$ 2,887,000	\$ 3,012,000
Capital Rehabilitation & Replacement Reserve											
Beginning Reserve Balance (2)	\$ 7,728,631	\$ 1,657,558	\$ 1,657,558	\$ 1,657,558	\$ 1,657,558	\$ 1,657,558	\$ 1,657,558	\$ 1,918,644	\$ 2,750,858	\$ 3,794,438	\$ 5,154,592
Plus: Grant Proceeds	3,965,000	7,100,000	-	-	-	-	-	-	-	-	-
Plus: Transfer of Operating Reserve Surplus	1,164,067	-	-	-	-	-	261,086	832,214	1,043,580	1,360,154	1,366,486
Less: Use of Reserves for Capital Projects	(5,670,474)	(7,100,000)	-	-	-	-	-	-	-	-	-
Ending Capital Improvement & Depreciation Reserve Balance	\$ 7,187,224	\$ 1,657,558	\$ 1,657,558	\$ 1,657,558	\$ 1,657,558	\$ 1,657,558	\$ 1,918,644	\$ 2,750,858	\$ 3,794,438	\$ 5,154,592	\$ 6,521,078
<i>Target Ending Balance (3% of Assets) (5)</i>	\$ 4,027,500	\$ 4,144,100	\$ 4,164,800	\$ 4,202,100	\$ 4,272,800	\$ 4,347,400	\$ 4,809,500	\$ 5,561,200	\$ 6,476,700	\$ 7,639,900	\$ 8,558,900
Ending Balance - Excludes Restricted Reserves	\$ 9,006,224	\$ 4,769,247	\$ 3,181,172	\$ 3,017,273	\$ 3,216,355	\$ 3,557,740	\$ 4,317,644	\$ 5,256,858	\$ 6,563,438	\$ 8,041,592	\$ 9,533,078
Minimum Target Ending Balance - Excludes Restricted Reserves	\$ 5,846,500	\$ 6,220,100	\$ 6,315,800	\$ 6,448,100	\$ 6,617,800	\$ 6,790,400	\$ 7,358,500	\$ 8,217,200	\$ 9,245,700	\$ 10,526,900	\$ 11,570,900
Ending Surplus/(Deficit) Compared to Reserve Targets	\$ 3,159,724	\$ (1,450,853)	\$ (3,134,628)	\$ (3,430,827)	\$ (3,401,445)	\$ (3,232,660)	\$ (3,040,856)	\$ (2,960,342)	\$ (2,682,262)	\$ (2,485,308)	\$ (2,037,822)
Days Cash on Hand	323	156	101	93	96	103	121	142	172	203	233
Restricted Reserves:											
Debt Reserve											
Beginning Reserve Balance (6)	\$ 432,371	\$ 392,567	\$ 548,548	\$ 706,291	\$ 866,588	\$ 1,025,254	\$ 1,188,070	\$ 1,355,891	\$ 1,528,536	\$ 1,528,536	\$ 1,528,536
Plus: Reserve Funding for Existing Debt Obligations (3)	-	155,000	155,000	155,000	150,000	150,000	150,000	150,000	-	-	-
Plus: Interest Earnings	1,081	981	2,743	5,297	8,666	12,816	17,821	23,728	30,571	30,571	30,571
Less: Transfer of Surplus to Operating Reserve	-	-	-	-	-	-	-	(1,083)	(30,571)	(30,571)	(30,571)
Ending Debt Reserve Balance	\$ 433,452	\$ 548,548	\$ 706,291	\$ 866,588	\$ 1,025,254	\$ 1,188,070	\$ 1,355,891	\$ 1,528,536	\$ 1,528,536	\$ 1,528,536	\$ 1,528,536
<i>Target Ending Balance</i>	\$ 458,561	\$ 611,414	\$ 764,268	\$ 917,121	\$ 1,069,975	\$ 1,222,829	\$ 1,375,682	\$ 1,528,536	\$ 1,528,536	\$ 1,528,536	\$ 1,528,536
Bond Project Fund											
Beginning Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: SRF Loan Funding Proceeds	-	-	-	-	-	-	-	-	-	-	-
Plus: Revenue Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-
Less: Use of Bond & Loan Funds for Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Ending Bond Project Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Target Ending Balance</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Fee Reserve											
Beginning Reserve Balance (7)	\$ 1,434,673	\$ 263,331	\$ 171,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: Interest Earnings	3,587	658	855	-	-	-	-	-	-	-	-
Plus: Connection Fee Revenue	399,310	2,030,900	370,940	370,940	370,940	370,940	370,940	370,940	370,940	370,940	370,940
Plus: Other Connection Fee Fund Revenue	80,203	62,800	40,108	40,216	40,325	40,433	40,541	40,649	40,758	40,866	40,974
Less: Use of Reserves for Capital Projects	(1,917,773)	(687,525)	(220,137)	(226,741)	(244,798)	(252,142)	(411,481)	(411,589)	(411,698)	(411,806)	(411,914)
Less: Transfer to Operating Reserve for Debt Service (4)	-	(1,499,119)	(362,812)	(184,416)	(166,466)	(159,231)	-	-	-	-	-
Ending Connection Fee Fund Balance	\$ -	\$ 171,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Annual Interest Earnings Rate (8)</i>	0.25%	0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.00%	2.00%

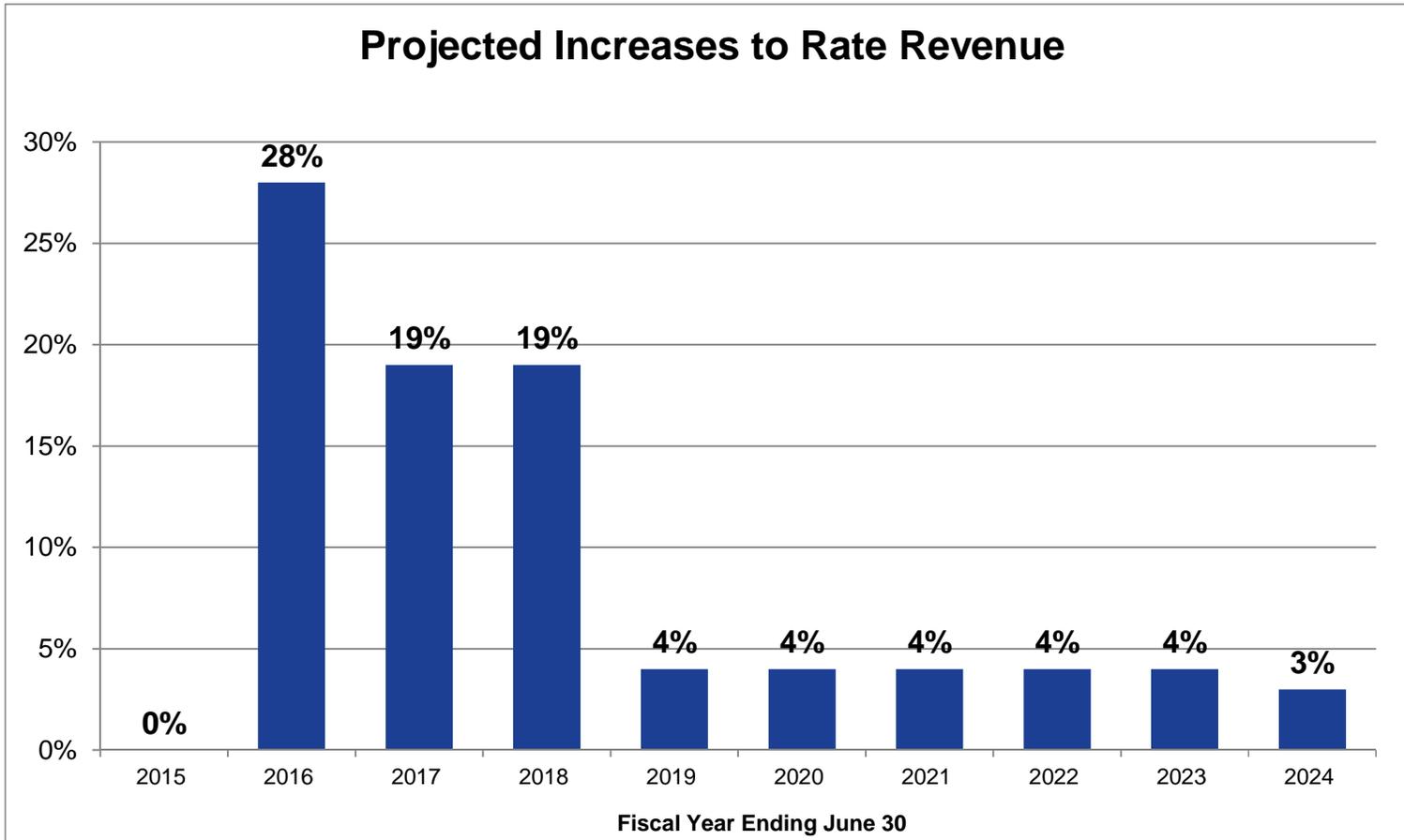
Footnotes to Table 2 - Reserve Fund Summary:

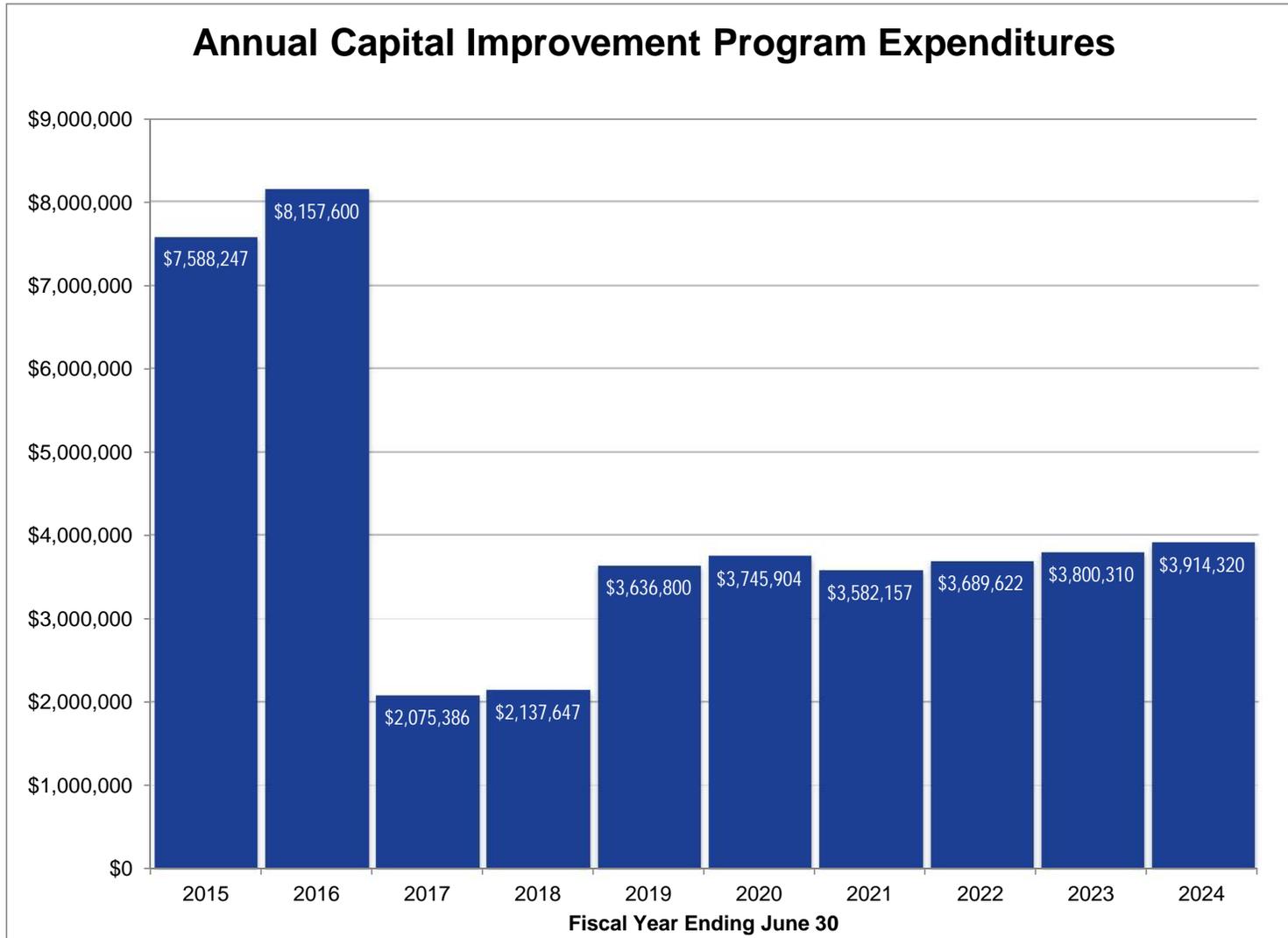
- (1) Beginning cash balance is from both the Consolidated Balance Sheet and the City's proforma analysis for Funds 507, 508, 509, 517, 531, 533, 534 and 537, from FY 2013/14 end; reports provided by City staff 12/19/2014 (file: *14-15 Beg Cash Bal Water.pdf and Water Debt Coverage Ratio Actual 13- 14.xls*). FY 2015/16 Beginning Balances reported in the City's Proposed FY 2015/16 Budget (file: *Proposed Budget - FY 15-16 pn V2.pdf*) and via email from City staff.
- (2) The total beginning cash balance for FY 2014/15 is based on the City's proforma analysis for Funds 517 - Cash CIP and Fund 507 - Water Operating Cash (file: *Water Debt Coverage Ratio Actual 13-14.xls*).
The total beginning cash balance for FY 2015/16 is based on the City's Proposed FY 2015/16 Budget (file: *Proposed Budget - FY 15-16 pn V2.pdf*). Capital R&R Reserve balance for FY 2015/16 was provided by City staff via email 06/02/2015.
- (3) Per the SRF Loan Agreements, the reserve funds for both loans shall be accumulated by FY 2021/22.
- (4) NBS assumes the City will fund the % of debt service allocated to connection fees, with connection fee revenue as long as it is available.
- (5) The Capital Rehabilitation & Replacement reserve target is set to 3% of net assets.
- (6) Beginning cash in the debt reserve for FY 2014/15 is the amount in Fund 533 and Fund 534, (Region 1 and Region 2/3 SRF Loan), per the City's proforma analysis (file: *Water Debt Coverage Ratio Actual 13-14.xls*).
Beginning balance for FY 2015/16 is as reported in the Proposed FY2015/16 Budget (file: *Proposed Budget - FY 15-16 pn V2.pdf*).
- (7) The beginning connection fee reserve balance is per the proforma analysis provided by City Staff (file: *Water Debt Coverage Ratio Actual 13-14.xls*).
- (8) Historical interest earning rates were referenced on the California Treasurer's Office website for funds invested in LAIF. Future years earnings were conservatively estimated through 2021 and phase into the historical 10 year average interest earnings rate.











REVENUE FORECAST (1)

SOURCES OF REVENUE	Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund 507 Water Fund											
44560 Fire Sys Flow Test	10	\$ 1,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44565 Backflow Prev Fees	10	\$ 18,734	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000
44510 Water Sales (2)	1	\$ 9,381,644	\$ 8,085,804	\$ 8,107,680	\$ 8,129,556	\$ 8,151,432	\$ 8,173,308	\$ 8,195,184	\$ 8,217,060	\$ 8,238,936	\$ 8,260,812
44520 Water - Hydrant Fees	1	\$ 2,198	\$ 2,000	\$ 2,005	\$ 2,011	\$ 2,016	\$ 2,022	\$ 2,027	\$ 2,032	\$ 2,038	\$ 2,043
44540 Water - Meter Labor	1	\$ 27,989	\$ 25,000	\$ 25,068	\$ 25,135	\$ 25,203	\$ 25,271	\$ 25,338	\$ 25,406	\$ 25,473	\$ 25,541
44550 Utility Billing Penalties	1	\$ 204,914	\$ 200,000	\$ 200,541	\$ 201,082	\$ 201,623	\$ 202,164	\$ 202,705	\$ 203,247	\$ 203,788	\$ 204,329
44555 Water - Tap Machine	1	\$ 17,637	\$ 15,000	\$ 15,041	\$ 15,081	\$ 15,122	\$ 15,162	\$ 15,203	\$ 15,243	\$ 15,284	\$ 15,325
46110 Interest on Investment (3)	See FP	\$ 38,795	\$ 47,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
49010 Other Revenue	10	\$ 259,025	\$ 111,131	\$ 111,131	\$ 111,131	\$ 111,131	\$ 111,131	\$ 111,131	\$ 111,131	\$ 111,131	\$ 111,131
49510 Lease Proceeds	10	\$ 984,818	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 509 Water Connection Fees											
44515 Water Main Ext Fees	1	\$ 26,698	\$ 30,000	\$ 30,081	\$ 30,162	\$ 30,243	\$ 30,325	\$ 30,406	\$ 30,487	\$ 30,568	\$ 30,649
44525 Water - Connection Fees (4)	10	\$ 399,310	\$ 2,030,900	\$ 370,940	\$ 370,940	\$ 370,940	\$ 370,940	\$ 370,940	\$ 370,940	\$ 370,940	\$ 370,940
44535 Water - Meter Materials	1	\$ 28,433	\$ 10,000	\$ 10,027	\$ 10,054	\$ 10,081	\$ 10,108	\$ 10,135	\$ 10,162	\$ 10,189	\$ 10,216
46110 Interest on Investment (3)	See FP	\$ 25,072	\$ 22,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 533 Reg 1 SRF Loan Debt Service											
44571 Water Customer SRF Surcharge	10	\$ 151,105	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
46110 Interest on Investment (3)	See FP	\$ 433	\$ 700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 534 Reg 2/3 SRF Loan Debt Service											
44571 Water Customer SRF Surcharge	10	\$ 502,312	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
46110 Interest on Investment (3)	See FP	\$ 4,018	\$ 5,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL: REVENUE		\$12,074,304	\$11,250,035	\$ 9,536,514	\$ 9,559,153	\$ 9,581,792	\$ 9,604,431	\$ 9,627,070	\$ 9,649,709	\$ 9,672,348	\$ 9,694,986

REVENUE SUMMARY	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund 507 Water Fund										
Water Rate Revenue	\$ 9,381,644	\$ 8,085,804	\$ 8,107,680	\$ 8,129,556	\$ 8,151,432	\$ 8,173,308	\$ 8,195,184	\$ 8,217,060	\$ 8,238,936	\$ 8,260,812
Other Operating Revenue	\$ 1,516,484	\$ 367,131	\$ 367,786	\$ 368,440	\$ 369,095	\$ 369,750	\$ 370,405	\$ 371,059	\$ 371,714	\$ 372,369
Interest Earnings	\$ 38,795	\$ 47,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 509 Water Connection Fees										
Connection Fees	\$ 399,310	\$ 2,030,900	\$ 370,940	\$ 370,940	\$ 370,940	\$ 370,940	\$ 370,940	\$ 370,940	\$ 370,940	\$ 370,940
Other Connection Fee Fund Revenue	\$ 80,203	\$ 62,800	\$ 40,108	\$ 40,216	\$ 40,325	\$ 40,433	\$ 40,541	\$ 40,649	\$ 40,758	\$ 40,866
Fund 533 Reg 1 SRF Loan Debt Service										
Water Customer SRF Surcharge	\$ 151,105	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Interest Earnings	\$ 433	\$ 700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 534 Reg 2/3 SRF Loan Debt Service										
Water Customer SRF Surcharge	\$ 502,312	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Interest Earnings	\$ 4,018	\$ 5,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL: REVENUE	\$12,074,304	\$11,250,035	\$ 9,536,514	\$ 9,559,153	\$ 9,581,792	\$ 9,604,431	\$ 9,627,070	\$ 9,649,709	\$ 9,672,348	\$ 9,694,986

Check to total revenue

\$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -

CITY OF YUBA CITY
WATER RATE STUDY
Operating Revenue and Expenses
Preliminary Draft - Do Not Cite or Distribute

EXHIBIT 1

OPERATING EXPENSE FORECAST (5):

Operating Transfers	Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Z69990 Operating Transfers Out (Fund 507-7120)	9	\$ 1,471,500	\$ 1,554,300	\$ 1,616,472	\$ 1,681,131	\$ 1,748,376	\$ 1,818,311	\$ 1,891,044	\$ 1,966,685	\$ 2,045,353	\$ 2,127,167
Z69993 OPER TRSF - Sewer Lab Svcs (Fund 507-7120)	3	\$ 245,000	\$ 200,000	\$ 206,000	\$ 212,180	\$ 218,545	\$ 225,102	\$ 231,855	\$ 238,810	\$ 245,975	\$ 253,354
Total: Water Fund Operations - Operating Transfers		\$ 1,716,500	\$ 1,754,300	\$ 1,822,472	\$ 1,893,311	\$ 1,966,922	\$ 2,043,413	\$ 2,122,898	\$ 2,205,496	\$ 2,291,328	\$ 2,380,521
Water Fund Operations - 7100	Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund 507 Water Fund											
Division 7110 Water Distribution											
Salaries and Benefits											
61210 Salaries - Regular	3	\$ 433,559	\$ 448,057	\$ 461,499	\$ 475,344	\$ 489,604	\$ 504,292	\$ 519,421	\$ 535,003	\$ 551,054	\$ 567,585
61211 Salaries - Sick Leave	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61212 Salaries - Vacation	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61215 Salaries - Standby	3	\$ 5,600	\$ 5,600	\$ 5,768	\$ 5,941	\$ 6,119	\$ 6,303	\$ 6,492	\$ 6,687	\$ 6,887	\$ 7,094
61217 Salaries - ADM Payoff	3	\$ 609	\$ 609	\$ 627	\$ 646	\$ 665	\$ 685	\$ 706	\$ 727	\$ 749	\$ 771
61310 Wages - Extra Help	3	\$ 17,000	\$ 17,000	\$ 17,510	\$ 18,035	\$ 18,576	\$ 19,134	\$ 19,708	\$ 20,299	\$ 20,908	\$ 21,535
61430 Overtime - Regular	3	\$ 12,000	\$ 12,000	\$ 12,360	\$ 12,731	\$ 13,113	\$ 13,506	\$ 13,911	\$ 14,329	\$ 14,758	\$ 15,201
61501 Medicare	4	\$ 6,797	\$ 7,094	\$ 7,803	\$ 8,584	\$ 9,442	\$ 10,386	\$ 11,425	\$ 12,567	\$ 13,824	\$ 15,207
61502 Health Plan	4	\$ 112,409	\$ 123,411	\$ 135,752	\$ 149,327	\$ 164,260	\$ 180,686	\$ 198,755	\$ 218,630	\$ 240,493	\$ 264,542
61503 PERS	5	\$ 139,407	\$ 146,308	\$ 158,573	\$ 170,902	\$ 183,828	\$ 189,917	\$ 195,614	\$ 201,483	\$ 207,527	\$ 213,753
61504 Workers Compensation	3	\$ 30,441	\$ 31,543	\$ 32,489	\$ 33,464	\$ 34,468	\$ 35,502	\$ 36,567	\$ 37,664	\$ 38,794	\$ 39,958
61505 Life Insurance	3	\$ 230	\$ 230	\$ 237	\$ 244	\$ 251	\$ 259	\$ 267	\$ 275	\$ 283	\$ 291
61506 Unemployment Insurance	3	\$ 5,689	\$ 48	\$ 49	\$ 51	\$ 52	\$ 54	\$ 56	\$ 57	\$ 59	\$ 61
61507 Dental / Vision	4	\$ 14,762	\$ 14,762	\$ 16,238	\$ 17,862	\$ 19,648	\$ 21,613	\$ 23,774	\$ 26,152	\$ 28,767	\$ 31,644
61508 Premium Incentive - Health	4	\$ -	\$ 5,980	\$ 6,578	\$ 7,236	\$ 7,959	\$ 8,755	\$ 9,631	\$ 10,594	\$ 11,653	\$ 12,819
Supplies and Services											
62201 TEL - Service	2	\$ 1,500	\$ 1,500	\$ 1,545	\$ 1,591	\$ 1,639	\$ 1,688	\$ 1,739	\$ 1,791	\$ 1,845	\$ 1,900
62204 TEL - Long Distance	2	\$ 200	\$ 200	\$ 206	\$ 212	\$ 219	\$ 225	\$ 232	\$ 239	\$ 246	\$ 253
62206 TEL - Voice Mail	2	\$ 135	\$ 135	\$ 139	\$ 143	\$ 148	\$ 152	\$ 157	\$ 161	\$ 166	\$ 171
62210 TEL - Cellular Phone	2	\$ 4,750	\$ 4,750	\$ 4,893	\$ 5,039	\$ 5,190	\$ 5,346	\$ 5,507	\$ 5,672	\$ 5,842	\$ 6,017
62250 TEL - Internet	2	\$ 384	\$ 401	\$ 413	\$ 425	\$ 438	\$ 451	\$ 465	\$ 479	\$ 493	\$ 508
62301 Postage & Freight	2	\$ 500	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615	\$ 633
62501 Office Supplies	2	\$ 1,800	\$ 1,800	\$ 1,854	\$ 1,910	\$ 1,967	\$ 2,026	\$ 2,087	\$ 2,149	\$ 2,214	\$ 2,280
62601 Printing & Binding	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
62701 Professional Services	2	\$ 28,194	\$ 28,194	\$ 29,040	\$ 29,911	\$ 30,808	\$ 31,733	\$ 32,685	\$ 33,665	\$ 34,675	\$ 35,715
62702 PARS Admin Fee	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62706 Employee Physical Exams	2	\$ 500	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615	\$ 633
R62701 Professional Services	2	\$ 1,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62801 Professional Development	2	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334
63101 Dues & Subscriptn	2	\$ 3,400	\$ 3,400	\$ 3,502	\$ 3,607	\$ 3,715	\$ 3,827	\$ 3,942	\$ 4,060	\$ 4,182	\$ 4,307
63201 Rental - Bldgs/Equip/Land	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
63310 O&M Radio Service	2	\$ 900	\$ 900	\$ 927	\$ 955	\$ 983	\$ 1,013	\$ 1,043	\$ 1,075	\$ 1,107	\$ 1,140
63401 Special Equipment O&M	2	\$ 35,200	\$ 35,200	\$ 36,256	\$ 37,344	\$ 38,464	\$ 39,618	\$ 40,806	\$ 42,031	\$ 43,292	\$ 44,590
63424 Spec O&M Fire Service SU	2	\$ 20,000	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881	\$ 24,597	\$ 25,335
63501 Vehicle MTCE - ISF	2	\$ 33,512	\$ 115,725	\$ 119,197	\$ 122,773	\$ 126,456	\$ 130,250	\$ 134,157	\$ 138,182	\$ 142,327	\$ 146,597
63505 Vehicle Maint Fuel	2	\$ 29,757	\$ 34,954	\$ 36,003	\$ 37,083	\$ 38,195	\$ 39,341	\$ 40,521	\$ 41,737	\$ 42,989	\$ 44,279
63510 Vehicle Parts	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63599 Vehicle Replacement Fee	2	\$ 39,115	\$ 61,619	\$ 63,468	\$ 65,372	\$ 67,333	\$ 69,353	\$ 71,433	\$ 73,576	\$ 75,784	\$ 78,057
63601 Bldg O&M Mtce	2	\$ -	\$ 5,700	\$ 5,871	\$ 6,047	\$ 6,229	\$ 6,415	\$ 6,608	\$ 6,806	\$ 7,010	\$ 7,221
63604 Spec O&M Laundry	2	\$ 3,400	\$ 3,400	\$ 3,502	\$ 3,607	\$ 3,715	\$ 3,827	\$ 3,942	\$ 4,060	\$ 4,182	\$ 4,307
63642 Spec O&M Hydrants	2	\$ 20,500	\$ 20,500	\$ 21,115	\$ 21,748	\$ 22,401	\$ 23,073	\$ 23,765	\$ 24,478	\$ 25,212	\$ 25,969
63670 Bldg O&M Lines Repair	2	\$ 60,000	\$ 60,000	\$ 61,800	\$ 63,654	\$ 65,564	\$ 67,531	\$ 69,556	\$ 71,643	\$ 73,792	\$ 76,006
63671 Bldg O&M Lines New	2	\$ 27,000	\$ 27,000	\$ 27,810	\$ 28,644	\$ 29,504	\$ 30,389	\$ 31,300	\$ 32,239	\$ 33,207	\$ 34,203
63672 Bldg O&M Meters	2	\$ 36,500	\$ 73,000	\$ 75,190	\$ 77,446	\$ 79,769	\$ 82,162	\$ 84,627	\$ 87,166	\$ 89,781	\$ 92,474
63673 Bldg O&M Plumbing	2	\$ 24,500	\$ 24,500	\$ 25,235	\$ 25,992	\$ 26,772	\$ 27,575	\$ 28,402	\$ 29,254	\$ 30,132	\$ 31,036
63801 Tools, Supplies, Equip <5k	2	\$ 8,000	\$ 8,000	\$ 8,240	\$ 8,487	\$ 8,742	\$ 9,004	\$ 9,274	\$ 9,552	\$ 9,839	\$ 10,134
63901 Training Program / Aids	2	\$ 6,500	\$ 6,500	\$ 6,695	\$ 6,896	\$ 7,103	\$ 7,316	\$ 7,535	\$ 7,761	\$ 7,994	\$ 8,234
63909 Safety Equipment	2	\$ 17,000	\$ 17,000	\$ 17,510	\$ 18,035	\$ 18,576	\$ 19,134	\$ 19,708	\$ 20,299	\$ 20,908	\$ 21,535
64101 Raw Water Purchases	2	\$ 714	\$ 642	\$ 661	\$ 681	\$ 702	\$ 723	\$ 744	\$ 767	\$ 790	\$ 813
64151 City Fac SWR Charges	2	\$ 241	\$ 259	\$ 267	\$ 275	\$ 283	\$ 292	\$ 300	\$ 309	\$ 319	\$ 328
64310 Liability Insurance	2	\$ 38,303	\$ 24,345	\$ 25,075	\$ 25,828	\$ 26,602	\$ 27,401	\$ 28,223	\$ 29,069	\$ 29,941	\$ 30,840
64910 Depreciation (5)	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65801 Computer Maint/Rep - ISF	2	\$ 14,461	\$ 19,146	\$ 19,720	\$ 20,312	\$ 20,921	\$ 21,549	\$ 22,195	\$ 22,861	\$ 23,547	\$ 24,254
66001 Other Materials & Supplies	2	\$ 15,000	\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883	\$ 17,389	\$ 17,911	\$ 18,448	\$ 19,002
Total: Water Fund Operations - Water Distribution		\$ 1,260,779	\$ 1,436,412	\$ 1,497,968	\$ 1,562,124	\$ 1,629,598	\$ 1,693,151	\$ 1,759,446	\$ 1,829,281	\$ 1,902,915	\$ 1,980,634

Water Fund Operations - 7100, continued	Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund 507 Water Fund											
Division 7120 Water Treatment Plant											
Salaries and Benefits											
61210 Salaries - Regular	3	\$ 928,765	\$ 1,013,709	\$ 1,044,120	\$ 1,075,444	\$ 1,107,707	\$ 1,140,938	\$ 1,175,167	\$ 1,210,422	\$ 1,246,734	\$ 1,284,136
61211 Salaries - Sick Leave	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61212 Salaries - Vacation	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61215 Salaries - Standby	3	\$ 6,000	\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556	\$ 6,753	\$ 6,956	\$ 7,164	\$ 7,379	\$ 7,601
61216 Salary - Shift Differential	3	\$ 7,200	\$ 7,200	\$ 7,416	\$ 7,638	\$ 7,868	\$ 8,104	\$ 8,347	\$ 8,597	\$ 8,855	\$ 9,121
61217 Salaries - ADM Payoff	3	\$ 2,974	\$ 2,910	\$ 2,997	\$ 3,087	\$ 3,180	\$ 3,275	\$ 3,373	\$ 3,475	\$ 3,579	\$ 3,686
61310 Wages - Extra Help	3	\$ 20,000	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881	\$ 24,597	\$ 25,335
61430 Overtime - Regular	3	\$ 44,500	\$ 44,500	\$ 45,835	\$ 47,210	\$ 48,626	\$ 50,085	\$ 51,588	\$ 53,135	\$ 54,729	\$ 56,371
61431 Overtime - Holiday	3	\$ 15,500	\$ 15,500	\$ 15,965	\$ 16,444	\$ 16,937	\$ 17,445	\$ 17,969	\$ 18,508	\$ 19,063	\$ 19,635
61501 Medicare	4	\$ 14,862	\$ 16,389	\$ 18,028	\$ 19,831	\$ 21,814	\$ 23,995	\$ 26,395	\$ 29,034	\$ 31,938	\$ 35,131
61502 Health Plan	4	\$ 183,532	\$ 175,861	\$ 193,447	\$ 212,792	\$ 234,071	\$ 257,478	\$ 283,226	\$ 311,548	\$ 342,703	\$ 376,974
61503 PERS	5	\$ 306,451	\$ 325,271	\$ 352,539	\$ 379,949	\$ 408,685	\$ 422,221	\$ 434,888	\$ 447,935	\$ 461,373	\$ 475,214
61504 Workers Compensation	3	\$ 61,745	\$ 66,815	\$ 68,819	\$ 70,884	\$ 73,011	\$ 75,201	\$ 77,457	\$ 79,781	\$ 82,174	\$ 84,639
61505 Life Insurance	4	\$ 423	\$ 433	\$ 476	\$ 524	\$ 576	\$ 634	\$ 697	\$ 767	\$ 844	\$ 928
61507 Dental / Vision	4	\$ 23,678	\$ 24,473	\$ 26,920	\$ 29,612	\$ 32,574	\$ 35,831	\$ 39,414	\$ 43,355	\$ 47,691	\$ 52,460
61508 Premium Incentive - Health	4	\$ -	\$ 20,436	\$ 22,480	\$ 24,728	\$ 27,200	\$ 29,920	\$ 32,912	\$ 36,204	\$ 39,824	\$ 43,806
Supplies and Services											
62110 Heat/Power - Electric (7)	7	\$ 700,000	\$ 561,000	\$ 583,440	\$ 606,778	\$ 631,049	\$ 656,291	\$ 682,542	\$ 709,844	\$ 738,238	\$ 767,767
62112 Heat/Power - Gas (7)	7	\$ 2,500	\$ 1,700	\$ 1,768	\$ 1,839	\$ 1,912	\$ 1,989	\$ 2,068	\$ 2,151	\$ 2,237	\$ 2,327
62170 Heat/Power - Lift Pumps (7)	7	\$ 300,000	\$ 221,000	\$ 229,840	\$ 239,034	\$ 248,595	\$ 258,539	\$ 268,880	\$ 279,636	\$ 290,821	\$ 302,454
62199 Energy Eff. Contra Expense	7	\$ -	\$ (117,389)	\$ (122,085)	\$ (126,968)	\$ (132,047)	\$ (137,329)	\$ (142,822)	\$ (148,535)	\$ (154,476)	\$ (160,655)
62201 TEL - Service	2	\$ 3,500	\$ 3,500	\$ 3,605	\$ 3,713	\$ 3,825	\$ 3,939	\$ 4,057	\$ 4,179	\$ 4,305	\$ 4,434
62202 TEL - Installation	2	\$ 500	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615	\$ 633
62210 TEL - Cellular Phone	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
62250 TEL - Internet	2	\$ 480	\$ 501	\$ 516	\$ 532	\$ 547	\$ 564	\$ 581	\$ 598	\$ 616	\$ 635
62301 Postage & Freight	2	\$ 2,500	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814	\$ 2,898	\$ 2,985	\$ 3,075	\$ 3,167
62401 Advertising	2	\$ 6,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334
62501 Office Supplies	2	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334
62505 Supplies - Photo	2	\$ -	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
62507 Computer Forms & Supplies	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
62508 Photocopy Machine	2	\$ 250	\$ 1,600	\$ 1,648	\$ 1,697	\$ 1,748	\$ 1,801	\$ 1,855	\$ 1,910	\$ 1,968	\$ 2,027
62599 Photocopy Charges - ISF	2	\$ 100	\$ 100	\$ 103	\$ 106	\$ 109	\$ 113	\$ 116	\$ 119	\$ 123	\$ 127
62601 Printing & Binding	2	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334
62701 Professional Services	2	\$ 80,000	\$ 150,000	\$ 154,500	\$ 159,135	\$ 163,909	\$ 168,826	\$ 173,891	\$ 179,108	\$ 184,481	\$ 190,016
62706 Employee Physical Exams	2	\$ 100	\$ 100	\$ 103	\$ 106	\$ 109	\$ 113	\$ 116	\$ 119	\$ 123	\$ 127
62713 Annual Audit	2	\$ 3,605	\$ 3,605	\$ 3,713	\$ 3,825	\$ 3,939	\$ 4,057	\$ 4,179	\$ 4,305	\$ 4,434	\$ 4,567
62717 Water Contractors	2	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334
62724 Levee Assessments	2	\$ 12,250	\$ 12,250	\$ 12,618	\$ 12,996	\$ 13,386	\$ 13,787	\$ 14,201	\$ 14,627	\$ 15,066	\$ 15,518
62733 Willdan Fees	2	\$ 2,300	\$ 2,300	\$ 2,369	\$ 2,440	\$ 2,513	\$ 2,589	\$ 2,666	\$ 2,746	\$ 2,829	\$ 2,914
62742 DR/CR Card Processing Fees	2	\$ 14,000	\$ 14,000	\$ 14,420	\$ 14,853	\$ 15,298	\$ 15,757	\$ 16,230	\$ 16,717	\$ 17,218	\$ 17,735
62761 Water Conservation	2	\$ 50,000	\$ 250,000	\$ 257,500	\$ 265,225	\$ 273,182	\$ 281,377	\$ 289,819	\$ 298,513	\$ 307,468	\$ 316,693
R62701 Professional Services	2	\$ 33,932	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62801 Professional Development	2	\$ 5,000	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	\$ 11,941	\$ 12,299	\$ 12,668
63101 Dues & Subscripnts	2	\$ 50,000	\$ 50,000	\$ 51,500	\$ 53,045	\$ 54,636	\$ 56,275	\$ 57,964	\$ 59,703	\$ 61,494	\$ 63,339
63202 Rental - Heavy Equipment	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
63320 O&M Computer System	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total: Water Fund Operations - Water Treatment Plant		\$ 2,903,647	\$ 2,934,764	\$ 3,063,611	\$ 3,197,577	\$ 3,338,173	\$ 3,469,226	\$ 3,605,448	\$ 3,748,503	\$ 3,898,852	\$ 4,056,996

Water Fund Operations - 7100, continued		Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund 507 Water Fund												
Division 7120 Water Treatment Plant, continued												
Special Equipment O&M												
63401	Special Equipment O&M	2	\$ 1,500	\$ 1,500	\$ 1,545	\$ 1,591	\$ 1,639	\$ 1,688	\$ 1,739	\$ 1,791	\$ 1,845	\$ 1,900
63405	SPEC O&M - Reagents & Medi	2	\$ 3,000	\$ 3,000	\$ 3,090	\$ 3,183	\$ 3,278	\$ 3,377	\$ 3,478	\$ 3,582	\$ 3,690	\$ 3,800
63420	SPEC O&M - Compressor	2	\$ 1,000	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126	\$ 1,159	\$ 1,194	\$ 1,230	\$ 1,267
63430	SPEC O&M - Electric Control	2	\$ 5,000	\$ 7,500	\$ 7,725	\$ 7,957	\$ 8,195	\$ 8,441	\$ 8,695	\$ 8,955	\$ 9,224	\$ 9,501
63431	SPEC O&M - Elec Spare Part	2	\$ 10,000	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	\$ 11,941	\$ 12,299	\$ 12,668
63432	SPEC O&M - Elec Motors	2	\$ -	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814	\$ 2,898	\$ 2,985	\$ 3,075	\$ 3,167
63433	SPEC O&M - Instrumentation	2	\$ 55,000	\$ 55,000	\$ 56,650	\$ 58,350	\$ 60,100	\$ 61,903	\$ 63,760	\$ 65,673	\$ 67,643	\$ 69,672
63450	SPEC O&M - Lubrication	2	\$ 2,500	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814	\$ 2,898	\$ 2,985	\$ 3,075	\$ 3,167
63451	SPEC O&M - Major MTCE	2	\$ 150,000	\$ 200,000	\$ 206,000	\$ 212,180	\$ 218,545	\$ 225,102	\$ 231,855	\$ 238,810	\$ 245,975	\$ 253,354
63456	SPEC O&M - Machine	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
63457	SPEC O&M - Mech Supplies	2	\$ 13,000	\$ 13,000	\$ 13,390	\$ 13,792	\$ 14,205	\$ 14,632	\$ 15,071	\$ 15,523	\$ 15,988	\$ 16,468
63460	SPEC O&M - Mech Chem Feed	2	\$ 14,000	\$ 14,000	\$ 14,420	\$ 14,853	\$ 15,298	\$ 15,757	\$ 16,230	\$ 16,717	\$ 17,218	\$ 17,735
63463	SPEC O&M - Mech Spare Part	2	\$ 10,000	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	\$ 11,941	\$ 12,299	\$ 12,668
63470	SPEC O&M - Lab Supplies	2	\$ 2,000	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814	\$ 2,898	\$ 2,985	\$ 3,075	\$ 3,167
R63451	SPEC O&M - Major MTCE	2	\$ 65,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63501	Vehicle MTCE - ISF	2	\$ 11,835	\$ 15,414	\$ 15,876	\$ 16,353	\$ 16,843	\$ 17,349	\$ 17,869	\$ 18,405	\$ 18,957	\$ 19,526
63505	Vehicle Maint Fuel	2	\$ 579	\$ 8,810	\$ 9,074	\$ 9,347	\$ 9,627	\$ 9,916	\$ 10,213	\$ 10,520	\$ 10,835	\$ 11,160
63599	Vehicle Replacement Fee	2	\$ 10,580	\$ 14,387	\$ 14,819	\$ 15,263	\$ 15,721	\$ 16,193	\$ 16,678	\$ 17,179	\$ 17,694	\$ 18,225
63601	BLDG O&M - MTCE	2	\$ 25,000	\$ 25,000	\$ 25,750	\$ 26,523	\$ 27,318	\$ 28,138	\$ 28,982	\$ 29,851	\$ 30,747	\$ 31,669
63603	BLDG O&M - Janitorial	2	\$ 1,500	\$ 1,500	\$ 1,545	\$ 1,591	\$ 1,639	\$ 1,688	\$ 1,739	\$ 1,791	\$ 1,845	\$ 1,900
63604	SPEC O&M - Laundry	2	\$ 3,200	\$ 4,200	\$ 4,326	\$ 4,456	\$ 4,589	\$ 4,727	\$ 4,869	\$ 5,015	\$ 5,165	\$ 5,320
63684	SPEC O&M - Landscape	2	\$ 15,000	\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883	\$ 17,389	\$ 17,911	\$ 18,448	\$ 19,002
Chemicals												
63701	Chemicals (7)	6	\$ 5,000	\$ 3,400	\$ 3,570	\$ 3,749	\$ 3,936	\$ 4,133	\$ 4,339	\$ 4,556	\$ 4,784	\$ 5,023
63702	Chlorine (7)	6	\$ 45,000	\$ 30,600	\$ 32,130	\$ 33,737	\$ 35,423	\$ 37,194	\$ 39,054	\$ 41,007	\$ 43,057	\$ 45,210
63703	Alum (7)	6	\$ 160,000	\$ 98,600	\$ 103,530	\$ 108,707	\$ 114,142	\$ 119,849	\$ 125,841	\$ 132,133	\$ 138,740	\$ 145,677
63704	Carbon (7)	6	\$ 25,000	\$ 30,600	\$ 32,130	\$ 33,737	\$ 35,423	\$ 37,194	\$ 39,054	\$ 41,007	\$ 43,057	\$ 45,210
63705	Anthracite (7)	6	\$ 5,000	\$ 3,400	\$ 3,570	\$ 3,749	\$ 3,936	\$ 4,133	\$ 4,339	\$ 4,556	\$ 4,784	\$ 5,023
63706	Polymer (7)	6	\$ 20,000	\$ 13,600	\$ 14,280	\$ 14,994	\$ 15,744	\$ 16,531	\$ 17,357	\$ 18,225	\$ 19,137	\$ 20,093
63707	Lime (7)	6	\$ 150,000	\$ 88,400	\$ 92,820	\$ 97,461	\$ 102,334	\$ 107,451	\$ 112,823	\$ 118,464	\$ 124,388	\$ 130,607
63708	Fluoride (7)	6	\$ 65,000	\$ 37,400	\$ 39,270	\$ 41,234	\$ 43,295	\$ 45,460	\$ 47,733	\$ 50,120	\$ 52,626	\$ 55,257
63714	Citric Acid (7)	6	\$ 20,000	\$ 13,600	\$ 14,280	\$ 14,994	\$ 15,744	\$ 16,531	\$ 17,357	\$ 18,225	\$ 19,137	\$ 20,093
63720	Weed Control (7)	6	\$ 15,000	\$ 10,200	\$ 10,710	\$ 11,246	\$ 11,808	\$ 12,398	\$ 13,018	\$ 13,669	\$ 14,352	\$ 15,070
R63720	Lime (7)	6	\$ 8,711	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Supplies and Services												
63801	Tools, Supplies & Equip <5k	2	\$ 10,000	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	\$ 11,941	\$ 12,299	\$ 12,668
63901	Training Program / Aids	2	\$ 20,000	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881	\$ 24,597	\$ 25,335
63904	Manuals / Codes	2	\$ 500	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615	\$ 633
63909	Safety Equipment	2	\$ 10,000	\$ 7,500	\$ 7,725	\$ 7,957	\$ 8,195	\$ 8,441	\$ 8,695	\$ 8,955	\$ 9,224	\$ 9,501
64101	Raw Water Purchases	8	\$ 805,000	\$ 1,100,000	\$ 1,165,076	\$ 1,234,001	\$ 1,307,004	\$ 1,384,326	\$ 1,466,222	\$ 1,552,963	\$ 1,644,835	\$ 1,742,143
64151	City Fac SWR Charges	2	\$ 442	\$ 513	\$ 528	\$ 544	\$ 561	\$ 577	\$ 595	\$ 613	\$ 631	\$ 650
64310	Liability Insurance	2	\$ 47,038	\$ 50,894	\$ 52,421	\$ 53,993	\$ 55,613	\$ 57,282	\$ 59,000	\$ 60,770	\$ 62,593	\$ 64,471
64910	Depreciation (6)	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65201	Interest (8)	10	\$ -	\$ 78,165	\$ 61,860	\$ 69,231	\$ 77,051	\$ 85,343	\$ 106,176	\$ 116,318	\$ 127,052	\$ 138,406
65202	Principal (8)	10	\$ -	\$ 100,355	\$ 60,812	\$ 58,945	\$ 56,860	\$ 54,544	\$ 51,853	\$ 48,675	\$ 45,198	\$ 41,404
65801	Computer Maint/Rep - ISF	2	\$ 14,715	\$ 14,897	\$ 15,344	\$ 15,804	\$ 16,278	\$ 16,767	\$ 17,270	\$ 17,788	\$ 18,321	\$ 18,871
66001	Other Material & Supplies	2	\$ 20,000	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881	\$ 24,597	\$ 25,335
69201	Equipment	2	\$ 59,250	\$ 35,000	\$ 36,050	\$ 37,132	\$ 38,245	\$ 39,393	\$ 40,575	\$ 41,792	\$ 43,046	\$ 44,337
Sub-Total: Water Fund Operations - Water Treatment Plant			\$ 1,908,196	\$ 2,176,435	\$ 2,219,196	\$ 2,328,494	\$ 2,443,494	\$ 2,564,505	\$ 2,703,769	\$ 2,838,278	\$ 2,979,856	\$ 3,128,889
Total: Water Fund Operations - Water Treatment Plant			\$ 4,811,843	\$ 5,111,199	\$ 5,282,807	\$ 5,526,072	\$ 5,781,668	\$ 6,033,731	\$ 6,309,217	\$ 6,586,781	\$ 6,878,709	\$ 7,185,885

Water Fund Operations - 7300	Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund 533 Water HWS-Region 1 Fund											
Division 7341											
62701 Professional Services	10	\$ 1,125	\$ 1,313	\$ 1,313	\$ 1,313	\$ 1,313	\$ 1,313	\$ 1,313	\$ 1,313	\$ 1,313	\$ 1,313
65201 Interest	See Ex. 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 534 Water HWS-Region 2/3 Fund											
Division 7342											
62701 Professional Services	10	\$ 1,125	\$ 1,313	\$ 1,313	\$ 1,313	\$ 1,313	\$ 1,313	\$ 1,313	\$ 1,313	\$ 1,313	\$ 1,313
65201 Interest	See Ex. 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total: Water Fund Operations - Region 1 & Region 2/3 Funds		\$ 2,250	\$ 2,625	\$ 2,625	\$ 2,625	\$ 2,625					
Total: Water Fund Operations - Operating Transfers		\$ 1,716,500	\$ 1,754,300	\$ 1,822,472	\$ 1,893,311	\$ 1,966,922	\$ 2,043,413	\$ 2,122,898	\$ 2,205,496	\$ 2,291,328	\$ 2,380,521
Total: Water Fund Operations - Water Treatment Plant		\$ 4,811,843	\$ 5,111,199	\$ 5,282,807	\$ 5,526,072	\$ 5,781,668	\$ 6,033,731	\$ 6,309,217	\$ 6,586,781	\$ 6,878,709	\$ 7,185,885
Total: Water Fund Operations - Water Distribution		\$ 1,260,779	\$ 1,436,412	\$ 1,497,968	\$ 1,562,124	\$ 1,629,598	\$ 1,693,151	\$ 1,759,446	\$ 1,829,281	\$ 1,902,915	\$ 1,980,634
Grand Total: Water Fund Operations		\$ 7,791,372	\$ 8,304,536	\$ 8,605,872	\$ 8,984,132	\$ 9,380,812	\$ 9,772,920	\$ 10,194,186	\$ 10,624,183	\$ 11,075,576	\$ 11,549,665

Non-Cash Items, Show for Reference Purposes:

Annual Depreciation Expense (6)	Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water Distribution Depreciation	2	\$ 2,877,754	\$ 2,761,259	\$ 2,844,096	\$ 2,929,419	\$ 3,017,302	\$ 3,107,821	\$ 3,201,056	\$ 3,297,087	\$ 3,396,000	\$ 3,497,880
Water Treatment Plan Depreciation	2	\$ 1,951,400	\$ 1,930,409	\$ 1,988,321	\$ 2,047,971	\$ 2,109,410	\$ 2,172,692	\$ 2,237,873	\$ 2,305,009	\$ 2,374,159	\$ 2,445,384
Total: Annual Depreciation Expense		\$ 4,829,153	\$ 4,691,667	\$ 4,832,418	\$ 4,977,390	\$ 5,126,712	\$ 5,280,513	\$ 5,438,928	\$ 5,602,096	\$ 5,770,159	\$ 5,943,264

Operating Transfers (6)	Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Z69980 Operating Transfers In (Fund 507-7110)	10	\$ (475,636)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Z69990 Operating Transfers Out (Fund 507-7110)	10	\$ 711,098	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Z69970 Debt Service Transfer Out (Fund 507-7120)	10	\$ 792,633	\$ 792,676	\$ 792,306	\$ 792,565	\$ 792,280	\$ 792,690	\$ 792,509	\$ 791,718	\$ 791,548	\$ 791,948
Z69970 Debt Service Transfer Out (Fund 509)	10	\$ 1,498,992	\$ 1,499,119	\$ 1,498,009	\$ 1,498,786	\$ 1,497,932	\$ 1,499,162	\$ 1,498,619	\$ 1,496,245	\$ 1,495,735	\$ 1,496,935
Z69990 Operating Transfers Out (Fund 509)	10	\$ 207,500	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Z69980 Operating Transfers In (Fund 533)	10	\$ -	\$ (222,944)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Z69980 Operating Transfers In (Fund 534)	10	\$ -	\$ (677,364)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total: Water Fund Operations - Operating Transfers		\$ 2,734,587	\$ 1,411,487	\$ 2,290,315	\$ 2,291,350	\$ 2,290,213	\$ 2,291,853	\$ 2,291,128	\$ 2,287,963	\$ 2,287,283	\$ 2,288,883

FORECASTING ASSUMPTIONS:

ECONOMIC VARIABLES	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1 Customer Growth (9)	--	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%
2 General Cost Inflation	--	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
3 Labor Cost Inflation (10)	--	10.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
4 Health Benefits Cost Inflation (11)	--	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
5 Retirement Benefits Cost Inflation (12)	--	14.64%	8.38%	7.77%	7.56%	3.31%	3.00%	3.00%	3.00%	3.00%
6 Chemicals	--	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
7 Energy (13)	--	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
8 Raw Water (14)	--	5.92%	5.92%	5.92%	5.92%	5.92%	5.92%	5.92%	5.92%	5.92%
9 Internal Transfers	--	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
10 No Escalation	--	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

- Revenues for FY 2014/15 -2015/16 are from the City's Actual FY 2014/15 and Proposed FY 2015/16 Pro Forma Analysis (files: *Water Debt Coverage Ratio Actual 14-15.xls*).
- Water Sales were reduced in FY 2015/16 to account for State mandated conservation. Variable revenues (estimated at 46% of total revenues) were reduced by 32%.
- Interest earnings are per the City's budget in FY 2014/15, and calculated in the Financial Plan for all future years.
- Connection fee revenue for FY 2014/15-2015/16 are per the City's budget and includes \$1,630,900 in Proposition 84 Water Line Grant funding in FY 2015/16. NBS has conservatively estimated future connection fee revenue based on 50 new 1-inch connections per year, per City staff's direction on 03/19/2015.
- Inflationary factors are applied to these expenses to project costs in 2015/16 and beyond.
- The City's budgeted depreciation expense is excluded from this forecast for purposes of the analysis. Contributions to reserves is handled in the Financial Plan and Reserve Fund summaries in this model, and Capital Improvement Program funding is handled in Exhibit 2 (CIP). Operating Transfers were also excluded from this analysis as they do not represent actual cash expenditures. All Operating Transfer amounts are set to zero for future years as they vary annually, with the exception of Debt Service Operating Transfers, which are equal to Debt Service payments that are to be satisfied with Water Rates or Connection Fees (see Exhibit 3 for detail).
- FY 2015/16 Budgeted expenses have been reduced by 32%, which is equal to the CA State mandated conservation requirement. These expenses are directly related to the amount of water processed or sold.
- Principal and Interest is for the Opterra Bank of America debt service and the portion thereof that Fund 507 is responsible for. The Opterra debt is charged to divisions instead of using a debt service fund. Data provided by City staff, June 2015, file: *Opterra - Bank of America Debt Service.xlsx*.
- Per the City's direction, growth is based on 50 new 1-inch water connections per year (meeting with City staff on 03/19/2015).
- Labor Cost inflation factor increases noticeably for FY 2016/17 as the City eliminates all furloughs. Inflation is expected to be 3% thereafter (meeting with City staff on 03/19/2015).
- Health Benefit Cost inflation factor was determined by City staff, (meeting with City staff on 03/19/2015).
- Retirement Benefit Cost inflation factor was determined by City staff; inflation factor calculated based on retirement benefits costing an average of 30% of the wastewater utilities payroll annually (meeting with City staff on 03/19/2015).
- Energy Cost inflation factor was determined by City staff (meeting with City staff on 03/19/2015).
- Raw Water inflation factor was determined by City Staff for SWP water and with the All Urban Consumers San Francisco CPI for NYWD water.

CAPITAL FUNDING SUMMARY

CAPITAL FUNDING FORECAST	Budget		Projected								
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Funding Sources:											
Grants	\$ 3,965,000	\$ 7,100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Connection Fee Reserves	\$ 1,917,773	\$ 687,525	\$ 220,137	\$ 226,741	\$ 244,798	\$ 252,142	\$ 411,481	\$ 411,589	\$ 411,698	\$ 411,806	\$ 411,914
SRF Loan Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of New Revenue Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Capital Rehabilitation and Replacement Reserve	\$ 1,705,474	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Revenue	\$ -	\$ 370,075	\$ 1,855,249	\$ 1,910,906	\$ 3,392,002	\$ 3,493,762	\$ 3,170,676	\$ 3,278,032	\$ 3,388,613	\$ 3,502,514	\$ 3,619,835
Total Sources of Capital Funds	\$ 7,588,247	\$ 8,157,600	\$ 2,075,386	\$ 2,137,647	\$ 3,636,800	\$ 3,745,904	\$ 3,582,157	\$ 3,689,622	\$ 3,800,310	\$ 3,914,320	\$ 4,031,749
Uses of Capital Funds:											
Total Project Costs (Inflated to Future Year Dollars)	\$ 7,588,247	\$ 8,157,600	\$ 2,075,386	\$ 2,137,647	\$ 3,636,800	\$ 3,745,904	\$ 3,582,157	\$ 3,689,622	\$ 3,800,310	\$ 3,914,320	\$ 4,031,749
Capital Funding Surplus (Deficiency)	\$ -										
SRF Loan Funding	\$ -										
New Revenue Bond Proceeds	\$ -										

Set Capital Spending here: - \$ 1,956,250 \$ 1,956,250 \$ 3,231,250 \$ 3,231,250 \$ 3,000,000 \$ 3,000,000 \$ 3,000,000 \$ 3,000,000 \$ 3,000,000

Option #2 Total Project Expenditures:	FY 2015/16 - FY 2019/20
Electrical & Instrumentation Improvements	\$ 1,000,000
Aquifer Storage Recovery / Second Well	\$ 4,600,000
Fluoride System Replacement	\$ 200,000
Security Improvements	\$ 75,000
Carbon Feed System Replacement	\$ 500,000
Total:	\$ 6,375,000

Annual % Of Project Expenditures:	2016	2017	2018	2019	2020	Total
	0%	15%	15%	35%	35%	100%

FORECASTING ASSUMPTIONS:

Economic Variables	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Construction Cost Inflation, Per Engineering News Record (1)	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Construction Cost Multiplier from 2015	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34

(1) For reference purposes, the annual Construction Cost Inflation percentage is the 10 year average change in the Construction Cost Index for 2004-2014. Source: Engineering News Record website (<http://enr.construction.com>).

EXISTING DEBT OBLIGATIONS	Budget		Projected									
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	
Annual Repayment Schedules:												
Water Revenue Refunding Bonds - 2013 - \$21,710,000(1)												
Principal Payment	\$ 805,000	\$ 810,000	\$ 815,000	\$ 825,000	\$ 835,000	\$ 850,000	\$ 865,000	\$ 880,000	\$ 900,000	\$ 925,000	\$ 950,000	
Interest Payment	\$ 586,318	\$ 581,488	\$ 575,008	\$ 566,043	\$ 554,905	\$ 541,545	\$ 525,820	\$ 507,655	\$ 486,975	\$ 463,575	\$ 437,675	
Subtotal: Annual Debt Service	\$ 1,391,318	\$ 1,391,488	\$ 1,390,008	\$ 1,391,043	\$ 1,389,905	\$ 1,391,545	\$ 1,390,820	\$ 1,387,655	\$ 1,386,975	\$ 1,388,575	\$ 1,387,675	
Coverage Requirement (\$-Amnt above annual payment) (2)	\$ 1,669,854	\$ 1,669,854	\$ 1,669,854	\$ 1,669,854	\$ 1,669,854	\$ 1,669,854	\$ 1,669,854	\$ 1,669,104	\$ 1,669,104	\$ 1,669,104	\$ 1,669,104	
Reserve Requirement (total fund balance) (3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Water SRF Loan - Region 1 - \$5,927,874 (4)												
Principal Payment	\$ 243,464	\$ 249,593	\$ 255,876	\$ 262,317	\$ 268,921	\$ 275,691	\$ 282,631	\$ 289,745	\$ 297,039	\$ 304,517	\$ 312,183	
Interest Payment	\$ 135,048	\$ 128,919	\$ 122,636	\$ 116,195	\$ 109,591	\$ 102,822	\$ 95,881	\$ 88,767	\$ 81,473	\$ 73,995	\$ 66,330	
Subtotal: Annual Debt Service	\$ 378,512											
Reserve Requirement (total fund balance) (5)	\$ 113,554	\$ 151,405	\$ 189,256	\$ 227,107	\$ 264,959	\$ 302,810	\$ 340,661	\$ 378,512	\$ 378,512	\$ 378,512	\$ 378,512	
Water SRF Loan - Region 2/3 - \$18,381,507 (6)												
Principal Payment	\$ 768,555	\$ 786,205	\$ 804,262	\$ 822,733	\$ 841,628	\$ 860,957	\$ 880,730	\$ 900,957	\$ 921,649	\$ 942,816	\$ 964,469	
Interest Payment	\$ 381,469	\$ 363,818	\$ 345,762	\$ 327,291	\$ 308,396	\$ 289,067	\$ 269,294	\$ 249,066	\$ 228,375	\$ 207,208	\$ 185,555	
Subtotal: Annual Debt Service	\$ 1,150,024											
Reserve Requirement (total fund balance) (7)	\$ 345,007	\$ 460,009	\$ 575,012	\$ 690,014	\$ 805,017	\$ 920,019	\$ 1,035,021	\$ 1,150,024	\$ 1,150,024	\$ 1,150,024	\$ 1,150,024	
Grand Total: Existing Annual Debt Service	\$ 2,919,853	\$ 2,920,023	\$ 2,918,543	\$ 2,919,578	\$ 2,918,441	\$ 2,920,081	\$ 2,919,356	\$ 2,916,191	\$ 2,915,511	\$ 2,917,111	\$ 2,916,211	
Grand Total: Existing Annual Coverage Requirement	\$ 1,669,854	\$ 1,669,104	\$ 1,669,104	\$ 1,669,104	\$ 1,669,104							
Grand Total: Existing Debt Reserve Target	\$ 458,561	\$ 611,414	\$ 764,268	\$ 917,121	\$ 1,069,975	\$ 1,222,829	\$ 1,375,682	\$ 1,528,536	\$ 1,528,536	\$ 1,528,536	\$ 1,528,536	

Existing Annual Debt Obligations to be Satisfied by Water Customer SRF Surcharge (8) :

Existing Annual Debt Service	\$ 628,228	\$ 628,228	\$ 628,228	\$ 628,228	\$ 628,228	\$ 628,228	\$ 628,228	\$ 628,228	\$ 628,228	\$ 628,228	\$ 628,228
Existing Annual Coverage Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Debt Reserve Target	\$ 188,468	\$ 251,291	\$ 314,114	\$ 376,937	\$ 439,760	\$ 502,583	\$ 565,405	\$ 628,228	\$ 628,228	\$ 628,228	\$ 628,228

Existing Annual Debt Obligations to be Satisfied by Water Rates (9) :

Existing Annual Debt Service	\$ 792,633	\$ 792,676	\$ 792,306	\$ 792,565	\$ 792,280	\$ 792,690	\$ 792,509	\$ 791,718	\$ 791,548	\$ 791,948	\$ 791,723
Existing Annual Coverage Requirement	\$ 417,464	\$ 417,464	\$ 417,464	\$ 417,464	\$ 417,464	\$ 417,464	\$ 417,276	\$ 417,276	\$ 417,276	\$ 417,276	\$ 417,276
Existing Debt Reserve Target	\$ 133,441	\$ 177,922	\$ 222,402	\$ 266,882	\$ 311,363	\$ 355,843	\$ 400,324	\$ 444,804	\$ 444,804	\$ 444,804	\$ 444,804

Existing Annual Debt Obligations to be Satisfied by Connection Fees (10) :

Existing Annual Debt Service	\$ 1,498,992	\$ 1,499,119	\$ 1,498,009	\$ 1,498,786	\$ 1,497,932	\$ 1,499,162	\$ 1,498,619	\$ 1,496,245	\$ 1,495,735	\$ 1,496,935	\$ 1,496,260
Existing Annual Coverage Requirement	\$ 1,252,391	\$ 1,252,391	\$ 1,252,391	\$ 1,252,391	\$ 1,252,391	\$ 1,252,391	\$ 1,251,828	\$ 1,251,828	\$ 1,251,828	\$ 1,251,828	\$ 1,251,828
Existing Debt Reserve Target	\$ 136,651	\$ 182,201	\$ 227,752	\$ 273,302	\$ 318,853	\$ 364,403	\$ 409,953	\$ 455,504	\$ 455,504	\$ 455,504	\$ 455,504

(1) Per City staff notes on the Debt Service schedule, it is indicated that the Water Revenue Refunding Bonds are allocated to Fund 507 (Operating) at 25% and Fund 509 (Connection) at 75%.

(2) The City is must have net revenues that are at least equal to 120% of the maximum annual debt service payment (Official Statement, Parity Obligation, section (b), page 10, file A_007.pdf).

(3) There is no reserve fund requirement for this debt issue (Official Statement, page 10, file: A_007.pdf); confirmed with City staff via email 03/23/2015.

(4) Per City staff notes on the Debt Service schedule, it is indicated that the Water SRF Loan Region 1 is allocated to Fund 533 (Debt Service) at 41.1%, Fund 507 (Operating) at 29.1%, and Fund 509 (Connection) at 29.8%.

(5) The Reserve Requirement is equal to two semiannual payments which shall be accumulated during the first ten years of the Loan Repayment Term and thereafter maintained at that level (file:SRF Funding Agreement--Region 1.pdf, Article B-4, pg. 25).

(6) Per City staff notes on the Debt Service schedule, it is indicated that the Water SRF Loan Region 2/3 is allocated to Fund 534 (Debt Service) at 41.1%, Fund 507 (Operating) at 29.1%, and Fund 509 (Connection) at 29.8%.

(7) The Reserve Requirement is equal to two semiannual payments which shall be accumulated during the first ten years of the Loan Repayment Term and thereafter maintained at that level (file:Region 2-3 SRF Funding Agreement.pdf, Article B-4, pg. 25).

(8) Existing Debt Obligations are allocated as follows: Water SRF Loan- Region 1 and Region 2/3 at 41.1%.

(9) Existing Debt Obligations are allocated as follows: Water Revenue Refunding Bonds - 2013 at 25% and Water SRF Loan- Region 1 and Region 2/3 at 29.1%.

(10) Existing Debt Obligations are allocated as follows: Water Revenue Refunding Bonds - 2013 at 75% and Water SRF Loan- Region 1 and Region 2/3 at 29.8%.

NEW DEBT FINANCING ASSUMPTIONS:

Long-Term Debt Terms	State Revolving Fund Loan	Revenue Bonds
Issuance Cost	0.00%	2.00%
Annual Interest Cost (%)	3.00%	5.50%
Term	30	30
Debt Reserve Funded?	Yes	Yes
Coverage Requirement (% above annual pmt)	20%	25%

NEW DEBT OBLIGATIONS:

Annual Repayment Schedules	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
SRF Loan Funding											
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment	-	-	-	-	-	-	-	-	-	-	-
Subtotal: Annual Debt Service	\$ -										
Revenue Bonds											
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment	-	-	-	-	-	-	-	-	-	-	-
Subtotal: Annual Debt Service	\$ -										
Grand Total: New Annual Debt Service	\$ -										
Grand Total: New Annual Coverage Requirement	\$ -										
Grand Total: New Debt Reserve Target	\$ -										

TOTAL DEBT SERVICE:

Annual Obligations	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Debt Service	\$ 2,919,853	\$ 2,920,023	\$ 2,918,543	\$ 2,919,578	\$ 2,918,441	\$ 2,920,081	\$ 2,919,356	\$ 2,916,191	\$ 2,915,511	\$ 2,917,111	\$ 2,916,211
Annual Coverage Requirement	\$ 1,669,854	\$ 1,669,854	\$ 1,669,854	\$ 1,669,854	\$ 1,669,854	\$ 1,669,854	\$ 1,669,104	\$ 1,669,104	\$ 1,669,104	\$ 1,669,104	\$ 1,669,104
Total Debt Reserve Target	\$ 458,561	\$ 611,414	\$ 764,268	\$ 917,121	\$ 1,069,975	\$ 1,222,829	\$ 1,375,682	\$ 1,528,536	\$ 1,528,536	\$ 1,528,536	\$ 1,528,536

**CITY OF YUBA CITY
 WATER RATE STUDY
 Projected Water Rates Under Existing Rate Schedule
 Preliminary Draft - Do Not Cite or Distribute**

EXHIBIT 4

PROJECTED WATER RATES - EXISTING RATE STRUCTURE (NO CHANGES) (1)	Baseline HCF's (2)	Current Rates	
		09/01/14 - 08/31/15	09/01/15 - 08/31/16
<u>Monthly Water Rates (up to baseline hcf)</u>			
1"	15	\$20.98	\$21.59
1 1/2"	30	\$41.96	\$43.18
2"	60	\$83.93	\$86.37
3"	240	\$335.71	\$345.47
4"	480	\$671.42	\$690.95
6"	900	\$1,258.92	\$1,295.52
8"	2,100	\$2,937.48	\$3,022.89
<u>Monthly Variable Water Rates (after baseline hcf)</u>			
Water Flow Rates per Excess HCF		\$1.39	\$1.43
<u>Fire Hydrant Use</u>			
Minimum Monthly Usage - Metered (50 HCF at current rate)		\$69.50	\$71.50
Minimum Monthly Usage - Flat		\$64.00	\$65.00

1. Rates are effective rates as of September 1st, Sections 6-6.18, Water Ordinance.
2. Baseline HCF's per meter size are listed in Water Ordinance 6-6.18.(j)(2), Summary of Charges.

Meter Size	Factor	New Baseline hcf
1"	1	10
1 1/2"	2	20
2"	4	40
3"	16	160
4"	32	320
6"	60	600
8"	140	1,400

CITY OF YUBA CITY
WATER RATE STUDY
Water Cost of Service Analysis/Rate Design
Preliminary Draft - Do Not Cite or Distribute

CURRENT VS. PROPOSED WATER RATES:

Rate Alternative #1 - Net Revenue Requirements				(60% Fixed / 40% Variable)				
Water Rate Schedule	Current Rate Structure		Proposed Water Rates					
	Baseline HCF's per month	Current Rates	Baseline HCF's per month	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
<i>Projected Increase in Rate Rev. (Financial Plan):</i>				28.00%	19.00%	19.00%	4.00%	4.00%
Fixed Service Charge								
Monthly Service charge								
5/8 inch	15	\$21.59	10	\$27.64	\$32.89	\$39.13	\$40.70	\$42.33
3/4 inch	15	\$21.59	10	\$27.64	\$32.89	\$39.13	\$40.70	\$42.33
1 inch	15	\$21.59	10	\$27.64	\$32.89	\$39.13	\$40.70	\$42.33
1.5 inch	30	\$43.18	20	\$55.27	\$65.77	\$78.27	\$81.40	\$84.66
2 inch	60	\$86.37	40	\$110.55	\$131.56	\$156.55	\$162.82	\$169.33
2 inch Turbo	60	\$86.37	40	\$110.55	\$131.56	\$156.55	\$162.82	\$169.33
3 inch	240	\$345.47	160	\$442.20	\$526.22	\$626.20	\$651.25	\$677.30
3 inch Compound	240	\$345.47	160	\$442.20	\$526.22	\$626.20	\$651.25	\$677.30
3 inch Turbo	240	\$345.47	160	\$442.20	\$526.22	\$626.20	\$651.25	\$677.30
4 inch	480	\$690.95	320	\$884.42	\$1,052.46	\$1,252.42	\$1,302.52	\$1,354.62
4 inch Compound	480	\$690.95	320	\$884.42	\$1,052.46	\$1,252.42	\$1,302.52	\$1,354.62
4 inch Turbo	480	\$690.95	320	\$884.42	\$1,052.46	\$1,252.42	\$1,302.52	\$1,354.62
6 inch	900	\$1,295.52	600	\$1,658.27	\$1,973.34	\$2,348.27	\$2,442.20	\$2,539.89
8 inch	2,100	\$3,022.89	1,400	\$3,869.30	\$4,604.47	\$5,479.31	\$5,698.49	\$5,926.43
Commodity Charges for All Water Consumed								
Rate Per HCF of Water Consumed ¹	--	\$1.43	--	\$1.430	\$1.701	\$2.025	\$2.105	\$2.190
Conservation Level Volumetric (Uniform) Rates²								
Base Level (20% Conservation)	--	--	--	\$1.336	\$1.590	\$1.892	\$1.968	\$2.047
Scenario 1 (30% Conservation) ³	--	--	--	\$1.430	\$1.701	\$2.025	\$2.105	\$2.190
Scenario 2 (40% Conservation)	--	--	--	\$1.544	\$1.837	\$2.186	\$2.274	\$2.365
Scenario 3 (50% Conservation)	--	--	--	\$1.687	\$2.007	\$2.389	\$2.484	\$2.583
Scenario 4 (60% Conservation)	--	--	--	\$1.870	\$2.226	\$2.649	\$2.755	\$2.865

1. Consumption above baseline hcf/month, as listed above.
2. These conservation levels reflect consumption compared to base-line (2013) consumption levels.
3. Current level, which includes assumed conservation of approximately 30%.

**CITY OF YUBA CITY
WATER RATE STUDY
Water Cost of Service Analysis/Rate Design
Preliminary Draft - Do Not Cite or Distribute**

PROPOSED VOLUMETRIC CHARGES FOR FY 2015/16:

Adjusted Net Revenue Requirements (60% Fixed / 40% Variable)

Customer Classes	Number of Meters¹	Adjusted Water Consumption	Target Rev. Req't from Vol. Charges	Uniform Commodity Rates (\$/hcf)	Proposed Rate Structure
Single Family Residential	15,542	1,367,935	\$ 1,955,645	\$1.430	<i>Uniform</i>
Multi Family Residential	1,167	446,978	\$ 639,014	\$1.430	<i>Uniform</i>
Commercial	1,218	451,079	\$ 644,878	\$1.430	<i>Uniform</i>
Metered Water	12	23,968	\$ 34,265	\$1.430	<i>Uniform</i>
Industrial	6	739,253	\$ 1,056,860	\$1.430	<i>Uniform</i>
Irrigation	325	259,938	\$ 371,615	\$1.430	<i>Uniform</i>
Construction	36	2,042	\$ 2,919	\$1.430	<i>Uniform</i>
Outside City Limits - SFR	45	6,292	\$ 8,995	\$1.430	<i>Uniform</i>
Outside City Limits - Commercial	30	7,802	\$ 11,154	\$1.430	<i>Uniform</i>
Total	18,381	3,305,286	\$ 4,725,344		

1. Number of meters is for June 2014, as provided by the City staff in files YubaCityConsumption.zip on November 6, 2014.

2. Water consumption is roughly 30% less than FY 2013/14 consumption by customer class (above baseline hcf per month allotment) to account for mandated conservation.

CITY OF YUBA CITY
WATER RATE STUDY
Water Cost of Service Analysis/Rate Design
Preliminary Draft - Do Not Cite or Distribute

CONSERVATION RATES

These conservation surcharges assume that city customers will reduce water use by the reduction levels in each Conservation Scenario.

Adjusted Net Revenue Requirements (60% Fixed / 40% Variable)

Estimated Volumetric Rates Needed to Offset Net Revenue Losses Due to Conservation	Conservation Scenario				
	Base Level	Scenario 1 ^a	Scenario 2	Scenario 3	Scenario 4
<i>Conservation Level (vs. 2013 Level)</i>	20%	30%	40%	50%	60%
<i>Additional Conservation (vs. Current Level)</i>	-10%	0%	10%	20%	30%
Annual Water Sales & Reductions					
Current Water Sales (hcf/yr.) ¹	3,305,286	3,305,286	3,305,286	3,305,286	3,305,286
Change in Water Sales vs. Current per Stage (hcf) ²	<u>330,529</u>	<u>0</u>	<u>(330,529)</u>	<u>(661,057)</u>	<u>(991,586)</u>
Adjusted Water Sales (hcf/yr.)	3,635,815	3,305,286	2,974,758	2,644,229	2,313,700
Revenue Reqts. & Conservation Rate Calculation					
Current Volumetric Rate Revenue Requirements ³	\$4,725,344	\$4,725,344	\$4,725,344	\$4,725,344	\$4,725,344
Adjustment to Volumetric Costs ⁴ :					
Purchased Water	\$33,000	\$0	(\$33,000)	(\$66,000)	(\$99,000)
Chemicals	\$32,980	\$0	(\$32,980)	(\$65,960)	(\$98,940)
Energy	<u>\$66,631</u>	<u>\$0</u>	<u>(\$66,631)</u>	<u>(\$133,262)</u>	<u>(\$199,893)</u>
Total: Adjustment to Volumetric Costs	\$132,611	\$0	(\$132,611)	(\$265,222)	(\$397,833)
Adjusted Volumetric Rate Revenue Reqts.	\$4,857,955	\$4,725,344	\$4,592,733	\$4,460,122	\$4,327,511
Adjusted Uniform Volumetric Rate (\$/hcf)⁵	\$1.336	\$1.430	\$1.544	\$1.687	\$1.870

a. Current level, which includes assumed conservation of approximately 30%.

1. From Water Rate Model. Water sales are based on reduction to FY 2013/14 consumption levels; considered "the new normal."

2. Conservation Scenario % reduction multiplied by Current Water Sales.

3. From proposed new rates (60% fixed/40% variable).

4. FY 2015/16 Budget expense times Conservation Scenario percentage.

Purchased Water is adjusted for NYWD water contract only; Chemicals & Energy represent 68% of FY 2015/16 budgeted expenses.

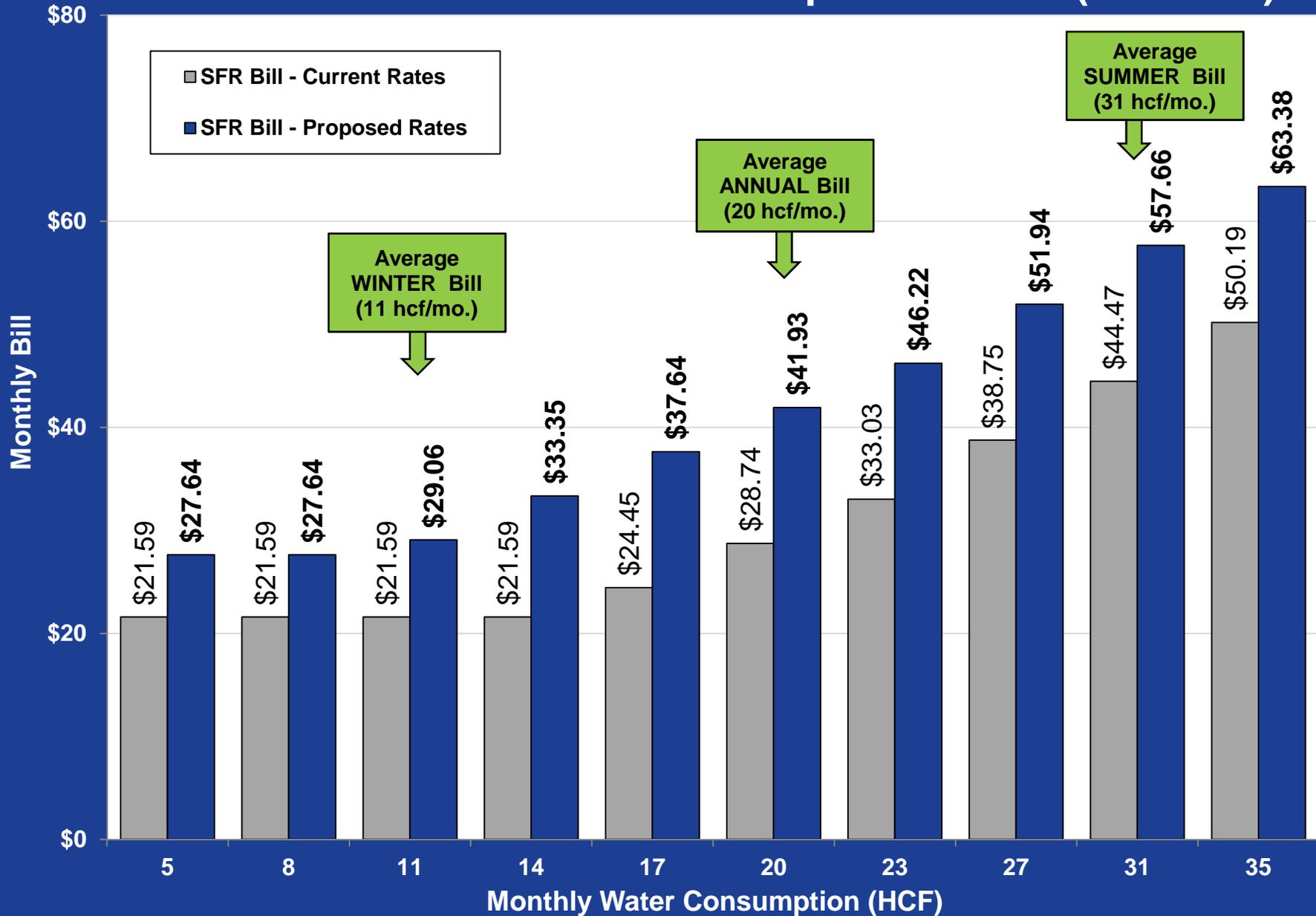
5. Volumetric Rate is calculated by dividing Adjusted Volumetric Rate Revenue Requirements by Adjusted Water Sales.

Proposed Uniform Volumetric Rates by Conservation Level					
Conservation Scenario	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Projected Rate Revenue Increases (per Financial Plan) :	28%	19%	19%	4%	4%
Base Level (20% Conservation)	\$1.336	\$1.590	\$1.892	\$1.968	\$2.047
Scenario 1 ^a (30% Conservation)	\$1.430	\$1.701	\$2.025	\$2.105	\$2.190
Scenario 2 (40% Conservation)	\$1.544	\$1.837	\$2.186	\$2.274	\$2.365
Scenario 3 (50% Conservation)	\$1.687	\$2.007	\$2.389	\$2.484	\$2.583
Scenario 4 (60% Conservation)	\$1.870	\$2.226	\$2.649	\$2.755	\$2.865

a. Current level, which includes assumed conservation of approximately 30%.

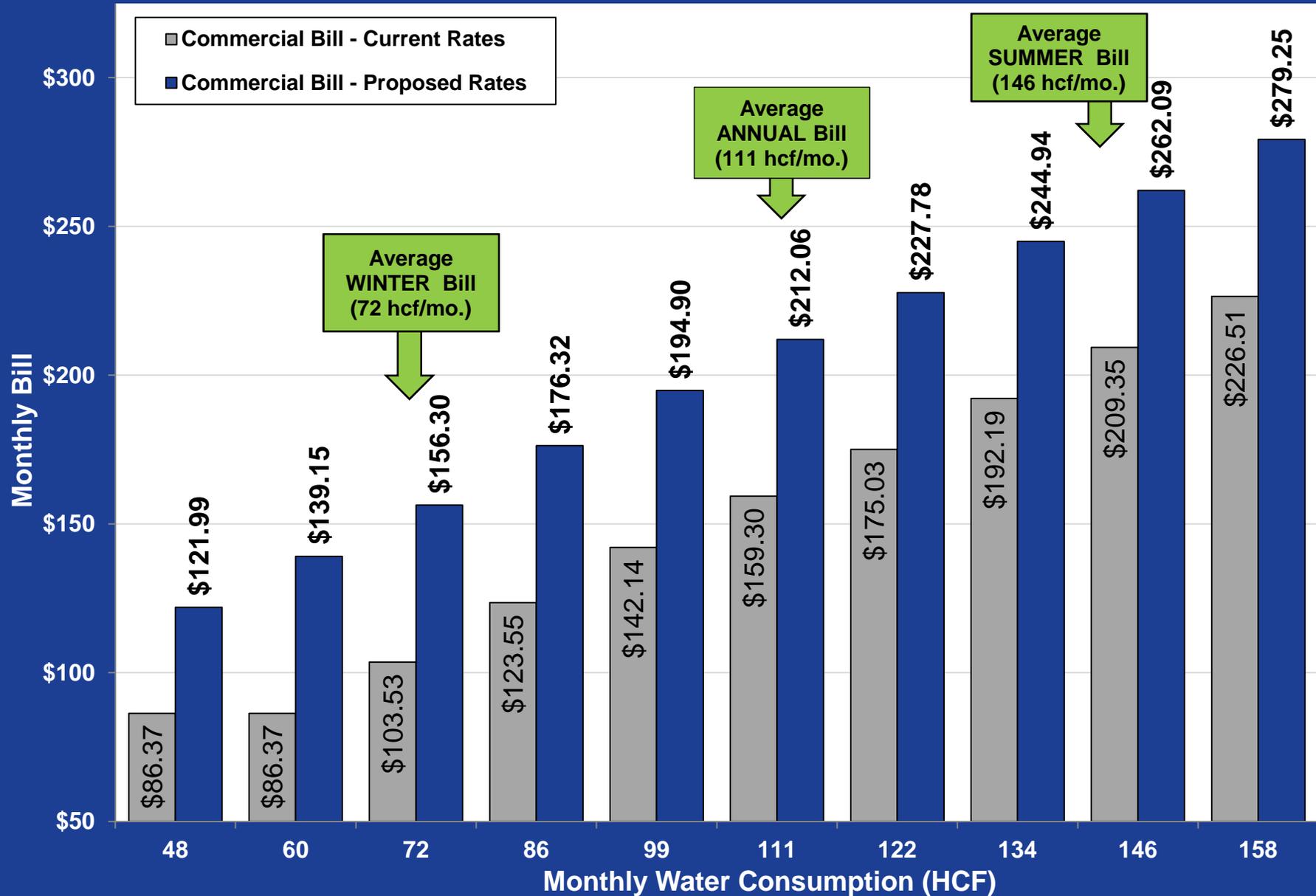
Residential Water Bill Comparison

Current Rates vs. 2015/16 Proposed Rates (1" meter)

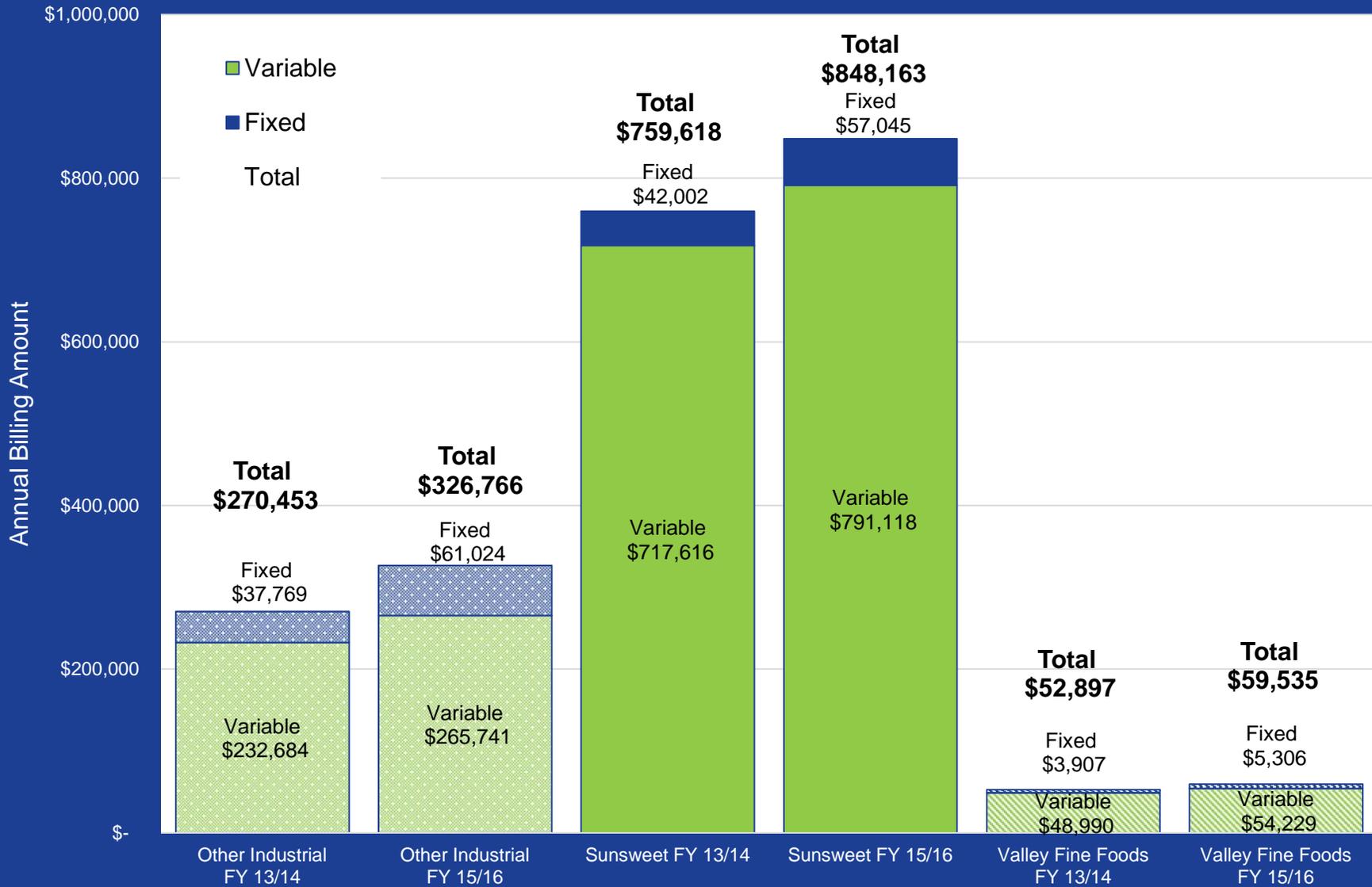


Commercial Water Bill Comparison

Current vs. Proposed 2015/16 Rates (2" meter)



Water Bill Comparison - Industrial Customers (Annual)



CITY OF YUBA CITY
WATER RATE STUDY
Customer Data
Preliminary Draft - Do Not Cite or Distribute

Consumption Summary by Class	FY 2013/14												Total
	Jul 2013	Aug 2013	Sep 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014	
Single Family Residential	461,012	518,509	473,206	390,480	318,925	233,431	184,101	182,773	137,510	170,061	236,591	364,287	3,670,885
Multi Family Residential	82,692	91,563	86,974	76,061	67,470	56,639	52,443	52,261	44,619	50,219	56,356	69,956	787,253
Commercial*	74,069	85,025	80,381	70,967	63,791	52,975	47,821	48,533	41,605	47,899	53,028	66,077	732,169
Metered Water	7,166	7,109	7,098	4,724	3,499	2,200	922	1,245	553	783	2,124	3,504	40,927
Industrial	69,159	83,340	77,542	70,837	68,384	47,466	44,127	63,482	58,100	60,335	64,021	66,700	773,493
Irrigation	74,312	80,327	73,720	66,237	51,697	34,564	15,153	18,914	10,355	13,156	25,269	44,344	508,049
Construction	366	447	350	434	327	112	195	204	223	160	330	815	3,963
Outside City Limits - SFR	1,652	1,792	1,629	1,275	1,068	756	687	674	507	569	802	1,374	12,783
Outside City Limits - Commercial	1,660	1,551	1,829	1,764	1,629	1,008	457	509	367	576	777	1,136	13,263
Total	772,088	869,663	802,729	682,779	576,789	429,151	345,905	368,595	293,838	343,758	439,297	618,192	6,542,784

* Includes Commercial (special) class.

Revenue Summary by Class	FY 2011/12*	FY 2012/13*	FY 2013/14	Total
Single Family Residential	\$ 4,856,528	\$ 5,558,574	\$ 5,673,075	\$ 16,088,177
Multi Family Residential	\$ 663,967	\$ 968,921	\$ 1,130,976	\$ 2,763,864
Commercial**	\$ 1,522,278	\$ 1,482,344	\$ 1,274,466	\$ 4,279,089
Metered Water	--	--	\$ 57,742	\$ 57,742
Industrial	\$ 982,469	\$ 1,035,067	\$ 1,030,071	\$ 3,047,608
Irrigation	\$ 575,206	\$ 800,867	\$ 712,890	\$ 2,088,963
Construction	--	--	\$ 9,080	\$ 9,080
Outside City Limits - SFR	--	--	\$ 19,527	\$ 19,527
Outside City Limits - Commercial	--	--	\$ 20,951	\$ 20,951
Total	\$ 8,600,448	\$ 9,845,773	\$ 9,928,779	\$ 28,375,000

* FY 2011/2012 and FY 2012/2013 Revenue totals are as reported in file: Utility Billing Summaries by Month and FY-Final 2-15.xls .

FY 2013/14 revenue data was further analyzed and categorized for this study.

** Includes Commercial (special) class.

Number of Meters by Class and Size (1)	FY 2013/14														Total
	5/8 inch	3/4 inch	1 inch	1.5 inch	2 inch	2 inch Turbo	3 inch	3 inch Compound	3 inch Turbo	4 inch	4 inch Compound	4 inch Turbo	6 inch	8 inch	
Single Family Residential	-	5,434	10,094	10	4	-	-	-	-	-	-	-	-	-	15,542
Multi Family Residential	1	313	532	171	124	-	8	5	-	6	1	1	4	1	1,167
Commercial (2)	-	150	571	283	159	1	25	3	1	16	5	-	2	2	1,218
Metered Water	-	1	-	7	3	-	-	-	-	1	-	-	-	-	12
Industrial	-	-	-	-	-	-	-	-	-	3	-	-	2	1	6
Irrigation	-	9	145	84	75	1	5	-	1	2	1	1	1	-	325
Construction	-	1	31	1	2	-	1	-	-	-	-	-	-	-	36
Outside City Limits - SFR	-	10	35	-	-	-	-	-	-	-	-	-	-	-	45
Outside City Limits - Commercial	-	2	25	2	1	-	-	-	-	-	-	-	-	-	30
Total	1	5,920	11,433	558	368	2	39	8	2	28	7	2	9	4	18,381

(1) Meter count is for June 2014, as provided by the City of Yuba City in files YubaCityConsumption.zip on November 6, 2014. The City bills customers monthly.

(2) Includes Commercial (special) class.

**CITY OF YUBA CITY
 WATER RATE STUDY
 Water Production Data
 Preliminary Draft - Do Not Cite or Distribute**

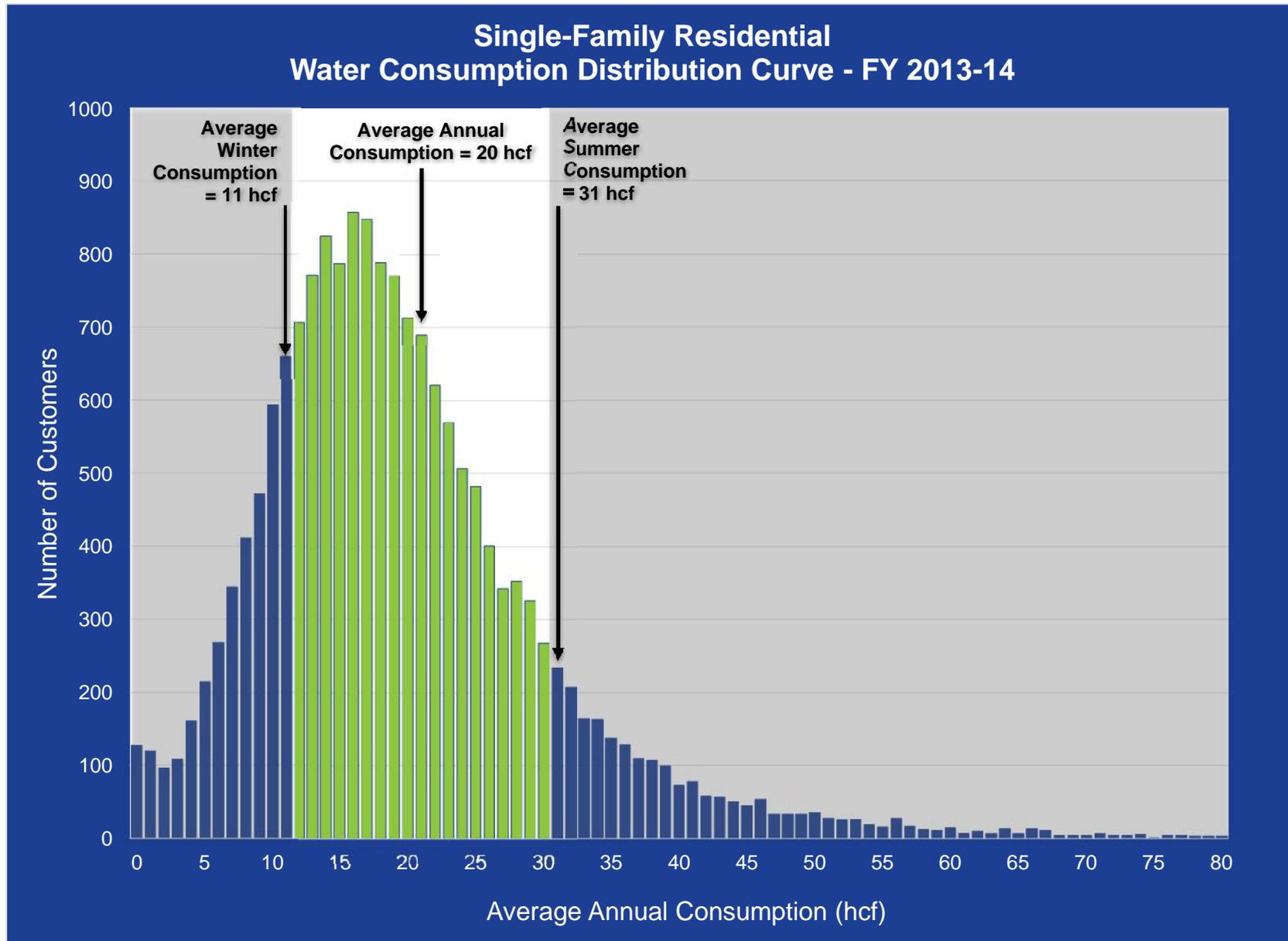
Data Source: Item 11 - Monthly Water System Production.pdf

Month-Year	Water Production (MG)
Jun-12	626
Jul-12	717
Aug-12	701
Sep-12	600
Oct-12	482
Nov-12	296
Dec-12	251
Jan-13	265
Feb-13	263
Mar-13	369
Apr-13	429
May-13	532
Jun-13	639
Jul-13	705
Aug-13	665
Sep-13	553
Oct-13	472
Nov-13	359
Dec-13	294
Jan-14	305
Feb-14	249
Mar-14	288
Apr-14	349
May-14	511
Jun-14	580
Jul-14	615
Aug-14	546
Sep-14	456
Oct-14	402
Total	13,517

2012 Peak Monthly Production: Jul-12 717 MG
 2013 Peak Monthly Production: Jul-13 705 MG
 2014 Peak Monthly Production: Jul-14 615 MG

2012 Estimated Loss 6.2%
 2013 Estimated Loss 5.9%
 2014 Estimated Loss 6.0%

FY 2013/14 Production (MG) 5,330
 FY 2013/14 Production (hcf) 7,120,760



APPENDIX B – WASTEWATER RATE ANALYSIS

Detailed tables in Appendix B include:

- Ten-year Financial Plan Summary
- Graphical representation of 10-year Financial Plans
- Exhibit 1, Operating Expenses
- Exhibit 2, Capital Improvement Plan Expenditures
- Exhibit 3, Existing Debt Obligations
- Current Rates
- Current and Proposed Rates
- Various Bill Comparison Graphs
- FY 2013-2014 Customer Data
- Wastewater Treatment Plant Loading Data

TABLE 1
FINANCIAL PLAN AND SUMMARY OF REVENUE REQUIREMENTS

RATE REVENUE REQUIREMENTS SUMMARY	Budget	Projected									
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Sources of Wastewater Funds											
Rate Revenue Under Prevailing Rates (1,2)	\$ 11,721,439	\$ 11,081,850	\$ 11,119,770	\$ 11,157,690	\$ 11,195,611	\$ 11,233,531	\$ 11,271,452	\$ 11,309,372	\$ 11,347,292	\$ 11,385,213	\$ 11,423,133
Other Operating Revenue	311,630	300,603	301,563	302,523	303,483	304,442	305,402	306,362	307,322	308,281	309,241
Interest Earnings (in Operating & Capital Reserves) (3)	54,792	95,700	53,696	76,971	83,052	101,257	91,650	123,095	159,604	180,024	201,086
Total Sources of Funds	\$ 12,087,861	\$ 11,478,153	\$ 11,475,029	\$ 11,537,184	\$ 11,582,145	\$ 11,639,231	\$ 11,668,503	\$ 11,738,829	\$ 11,814,218	\$ 11,873,518	\$ 11,933,460
Uses of Wastewater Funds											
Operating Expenses (4):											
Division 8110 Sewer Collection	\$ 807,334	\$ 822,511	\$ 859,273	\$ 897,599	\$ 937,965	\$ 975,394	\$ 1,001,875	\$ 1,042,697	\$ 1,085,819	\$ 1,131,420	\$ 1,179,691
Division 8120 Sewer Treatment Plant	5,853,790	6,118,650	6,376,894	6,654,775	6,946,475	7,230,564	7,473,998	7,784,006	8,109,982	8,452,980	8,814,143
Division 8130 Wastewater Pretreatment	148,290	147,634	154,165	160,945	168,068	174,478	178,482	185,392	192,664	200,326	208,405
Division 8140 Treatment Plant Lab	953,402	1,138,638	1,050,485	1,094,050	1,139,789	1,183,084	1,216,500	1,263,565	1,313,100	1,365,284	1,420,312
Division 8200 Stonegate Facility	27,417	82,816	85,292	87,842	90,469	93,175	95,962	98,832	101,788	104,833	107,970
Operational Transfers	1,419,900	1,730,707	1,798,204	1,868,349	1,941,247	2,017,005	2,095,737	2,177,560	2,262,595	2,350,970	2,442,816
Adjustment for FY 14/15 Actuals	(1,560,655)	(600,000)	(515,000)	(530,450)	(546,364)	(562,754)	(579,637)	(597,026)	(614,937)	(633,385)	(652,387)
Subtotal: Operating Expenses	\$ 7,649,478	\$ 9,440,956	\$ 9,809,314	\$ 10,233,111	\$ 10,677,649	\$ 11,110,946	\$ 11,482,916	\$ 11,955,025	\$ 12,451,011	\$ 12,972,427	\$ 13,520,950
Other Expenditures:											
Existing Debt Service	\$ 1,445,998	\$ 2,043,193	\$ 2,040,043	\$ 2,046,518	\$ 2,037,285	\$ 2,037,814	\$ 2,037,783	\$ 2,086,459	\$ 2,080,679	\$ 2,084,729	\$ 1,318,985
New Debt Service	-	-	64,515	225,801	494,612	1,032,234	1,032,234	1,032,234	1,032,234	1,032,234	1,032,234
Rate-Funded Capital Expenses	1,035,525	-	-	2,995,808	1,785,733	4,817,777	3,582,157	3,278,082	3,388,514	3,914,320	4,031,749
Subtotal: Other Expenditures	\$ 2,481,523	\$ 2,043,193	\$ 2,104,558	\$ 5,268,127	\$ 4,317,630	\$ 7,887,825	\$ 6,652,174	\$ 6,396,775	\$ 6,501,427	\$ 7,031,282	\$ 6,382,968
Total Uses of Wastewater Funds	\$ 10,131,001	\$ 11,484,149	\$ 11,913,872	\$ 15,501,238	\$ 14,995,279	\$ 18,998,771	\$ 18,135,089	\$ 18,351,800	\$ 18,952,438	\$ 20,003,710	\$ 19,903,918
plus: Revenue from Rate Increases (5)	-	92,349	1,213,908	2,455,622	3,829,925	5,350,540	6,926,716	7,497,801	8,089,048	8,701,119	9,334,696
Increase/(Decrease) to Reserves	\$ 1,956,860	\$ 86,353	\$ 775,066	\$ (1,508,432)	\$ 416,791	\$ (2,009,001)	\$ 460,130	\$ 884,830	\$ 950,828	\$ 570,927	\$ 1,364,239
Net Revenue Req't. (Total Uses less Non-Rate Revenue)	\$ 9,764,579	\$ 11,087,846	\$ 11,558,613	\$ 15,121,744	\$ 14,608,745	\$ 18,593,072	\$ 17,738,037	\$ 17,922,343	\$ 18,485,512	\$ 19,515,405	\$ 19,393,591
Total Rate Revenue After Rate Increases	\$ 11,721,439	\$ 11,174,198	\$ 12,333,678	\$ 13,613,312	\$ 15,025,536	\$ 16,584,071	\$ 18,198,167	\$ 18,807,173	\$ 19,436,340	\$ 20,086,332	\$ 20,757,829
Projected Annual Rate Revenue Increase	0.00%	10.00%	10.00%	10.00%	10.00%	10.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Debt Coverage After Rate Increase	3.07	1.04	1.37	1.65	1.87	1.91	2.32	2.33	2.39	2.44	3.29
Debt Coverage After Rate Increase (includes connection fee revenue)	3.39	1.24	1.56	1.84	2.03	2.05	2.45	2.47	2.53	2.57	3.47

(1) FY 2014/15 Revenues are from the City's Fiscal Year 2014-15 Budget (files: 14-15 WW Rev Bond Bgts.pdf and 14-15 WW Rev Op&Conn Bgts).
 (2) Per the City's Wastewater System Master Plan 2006 Update, average annual customer growth is estimated to be 3.4% through 2030 (Wastewater System Master Plan Update, March 2006, Table 2-1, Page 2-2). For the purposes of this analysis, NBS has assumed 0.50% growth as a conservative estimate.
 (3) Interest earnings are per the City's budget in FY 2014/15, and calculated in the Financial Plan for all future years.
 (4) The FY 2014/15 operating expenses are from the City's Proposed Budget. Inflationary factors are applied to these expenses to project costs in 2015/16 and beyond.
 (5) Rate increases are anticipated to be effective 01/01/2016; FY 2015/16 represents three (3) months of revenue with increased rates.

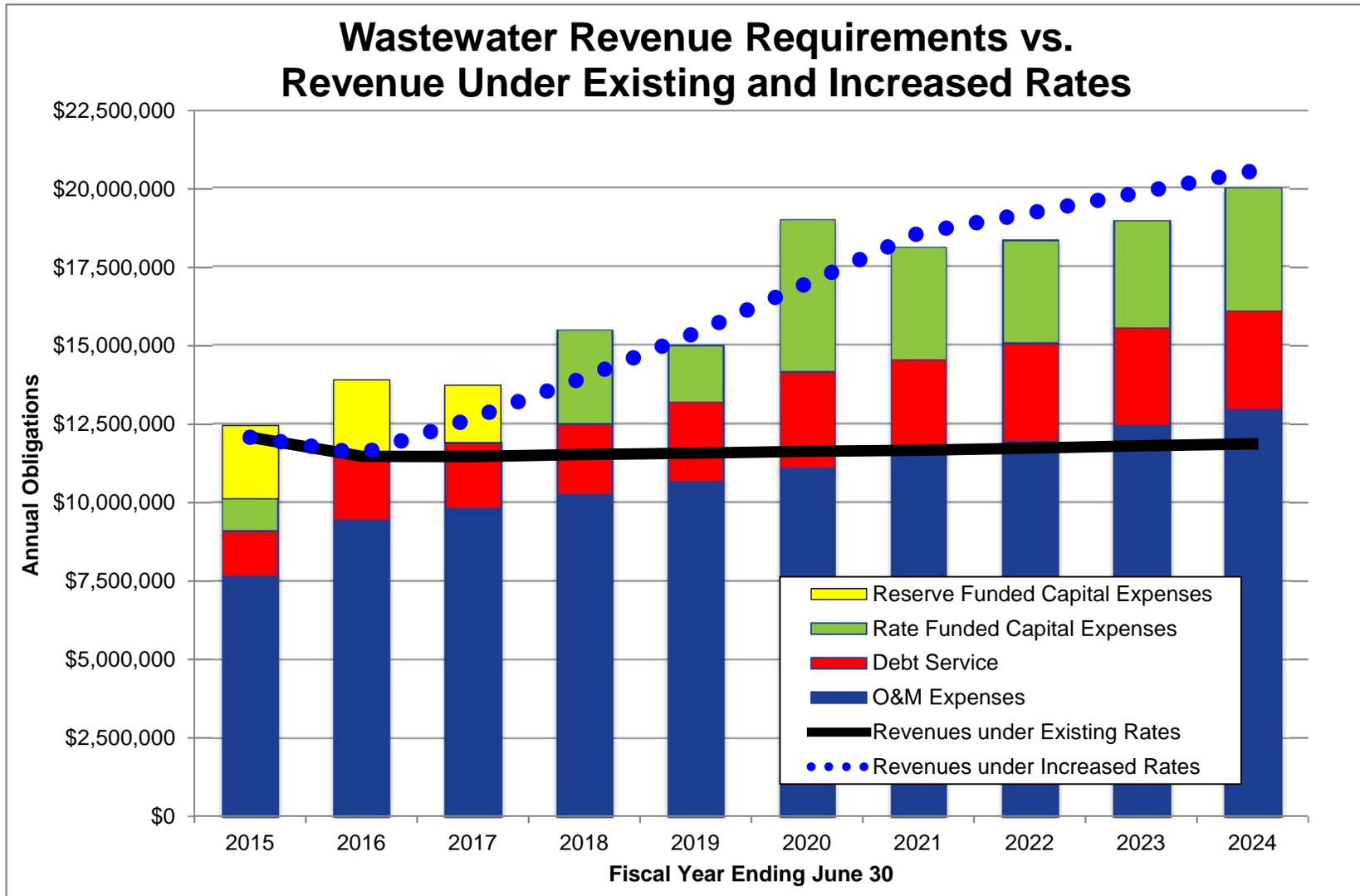
TABLE 2
RESERVE FUND SUMMARY

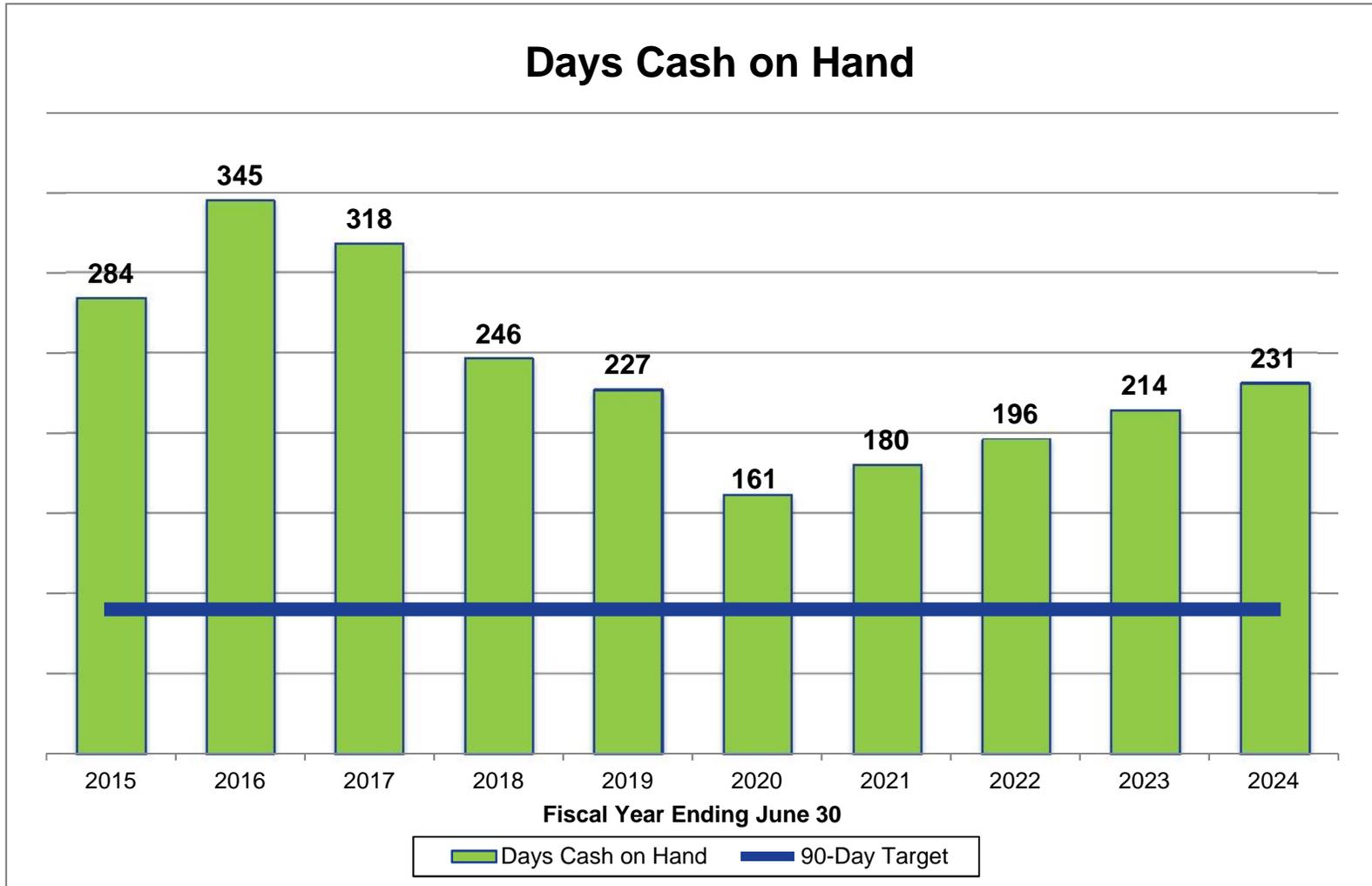
SUMMARY OF CASH ACTIVITY	Budget		Projected								
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Total Beginning Cash (1)	\$ 9,853,656	\$ 15,569,564									
Operating Reserve											
Beginning Reserve Balance (2)	\$ 1,585,213	\$ 5,301,192	\$ 5,607,734	\$ 6,951,082	\$ 4,498,552	\$ 3,803,570	\$ 1,811,606	\$ 2,733,969	\$ 2,989,000	\$ 3,113,000	\$ 3,655,053
Plus: Net Cash Flow (After Rate Increases)	1,956,860	86,353	775,066	(1,508,432)	416,791	(2,009,001)	460,130	884,830	950,828	570,927	1,364,239
Plus: Transfer of Bond Debt Reserve Surplus	-	-	-	-	-	2,679	25,654	29,930	34,206	34,206	793,380
Plus: Transfer of SRF Loan Debt Reserve Surplus	-	-	-	-	2,501	14,358	25,295	29,544	33,725	33,725	33,725
Plus: Transfer of River Highland Reserve Surplus	101,259	-	-	-	-	-	-	-	-	-	-
Less: Transfer Out to Capital Replacement Reserve	-	-	-	(494,098)	(489,275)	-	-	(689,273)	(894,759)	(508,858)	(1,168,860)
Less: Reserve Funding to Meet SRF Loan Reserve Requirements	-	(250,000)	-	-	-	-	-	-	-	-	-
Less: Reserve Funding to Meet Bond Reserve Requirements (3)	-	(350,000)	(250,000)	(450,000)	(625,000)	-	-	-	-	-	-
Plus: Transfer in from Connection Fee Reserve for Debt Service (4)	770,099	820,189	818,283	-	-	-	411,283	-	-	412,053	352,316
Ending Operating Reserve Balance	\$ 4,413,431	\$ 5,607,734	\$ 6,951,082	\$ 4,498,552	\$ 3,803,570	\$ 1,811,606	\$ 2,733,969	\$ 2,989,000	\$ 3,113,000	\$ 3,655,053	\$ 5,029,853
<i>Target Ending Balance (90-days of O&M)</i>	\$ 1,912,000	\$ 2,360,000	\$ 2,452,000	\$ 2,558,000	\$ 2,669,000	\$ 2,778,000	\$ 2,871,000	\$ 2,989,000	\$ 3,113,000	\$ 3,243,000	\$ 3,380,000
Stonagate Reserve											
Beginning Reserve Balance (5)	\$ 105,512	\$ 131,503	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000
Plus: Annual Contributions	-	-	-	-	-	-	-	-	-	-	-
Plus: Interest Earnings	264	329	550	825	1,100	1,375	1,650	1,925	2,200	2,200	2,200
Less: Transfer Out to Capital Replacement Reserve	-	(21,832)	(550)	(825)	(1,100)	(1,375)	(1,650)	(1,925)	(2,200)	(2,200)	(2,200)
Ending Operating Reserve Balance	\$ 105,776	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000
<i>Target Ending Balance</i>	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000
River Highland Reserve											
Beginning Reserve Balance (6)	\$ 101,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: Annual Contributions	-	-	-	-	-	-	-	-	-	-	-
Plus: Interest Earnings	253	-	-	-	-	-	-	-	-	-	-
Less: Transfer Out to Operating Reserve	(101,259)	-	-	-	-	-	-	-	-	-	-
Ending Operating Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Target Ending Balance</i>	--	--	--	--	--	--	--	--	--	--	--
Capital Rehabilitation & Replacement Reserve											
Beginning Reserve Balance (7)	\$ 4,873,075	\$ 7,528,658	\$ 5,131,534	\$ 3,311,702	\$ 3,806,625	\$ 4,297,000	\$ 4,298,375	\$ 4,300,025	\$ 4,991,223	\$ 5,888,182	\$ 6,399,240
Plus: Grant Proceeds	-	-	-	-	-	-	-	-	-	-	-
Plus: Transfer of Operating & Stonagate Reserve Surpluses	-	21,832	550	494,923	490,375	1,375	1,650	691,198	896,959	511,058	1,171,060
Less: Use of Reserves for Capital Projects	(2,329,475)	(2,418,955)	(1,820,382)	-	-	-	-	-	-	-	-
Ending Capital Improvement & Depreciation Reserve Balance	\$ 2,543,600	\$ 5,131,534	\$ 3,311,702	\$ 3,806,625	\$ 4,297,000	\$ 4,298,375	\$ 4,300,025	\$ 4,991,223	\$ 5,888,182	\$ 6,399,240	\$ 7,570,300
<i>Target Ending Balance (3% of Assets) (8)</i>	\$ 2,543,600	\$ 2,738,900	\$ 3,288,400	\$ 3,805,800	\$ 4,295,900	\$ 6,044,400	\$ 6,007,200	\$ 7,067,100	\$ 7,708,500	\$ 7,634,800	\$ 7,568,100
Ending Balance - Excludes Restricted Reserves	\$ 7,062,806	\$ 10,849,268	\$ 10,372,784	\$ 8,415,177	\$ 8,210,570	\$ 6,219,981	\$ 7,143,994	\$ 8,090,223	\$ 9,111,182	\$ 10,164,293	\$ 12,710,153
Minimum Target Ending Balance - Excludes Restricted Reserves:	\$ 4,565,600	\$ 5,208,900	\$ 5,850,400	\$ 6,473,800	\$ 7,074,900	\$ 8,932,400	\$ 8,988,200	\$ 10,166,100	\$ 10,931,500	\$ 10,987,800	\$ 11,058,100
Ending Surplus/(Deficit) Compared to Reserve Targets	\$ 2,497,206	\$ 5,640,368	\$ 4,522,384	\$ 1,941,377	\$ 1,135,670	\$ (2,712,419)	\$ (1,844,206)	\$ (2,075,877)	\$ (1,820,318)	\$ (823,507)	\$ 1,652,053
Days Cash on Hand	284	345	318	246	227	161	180	196	214	231	293

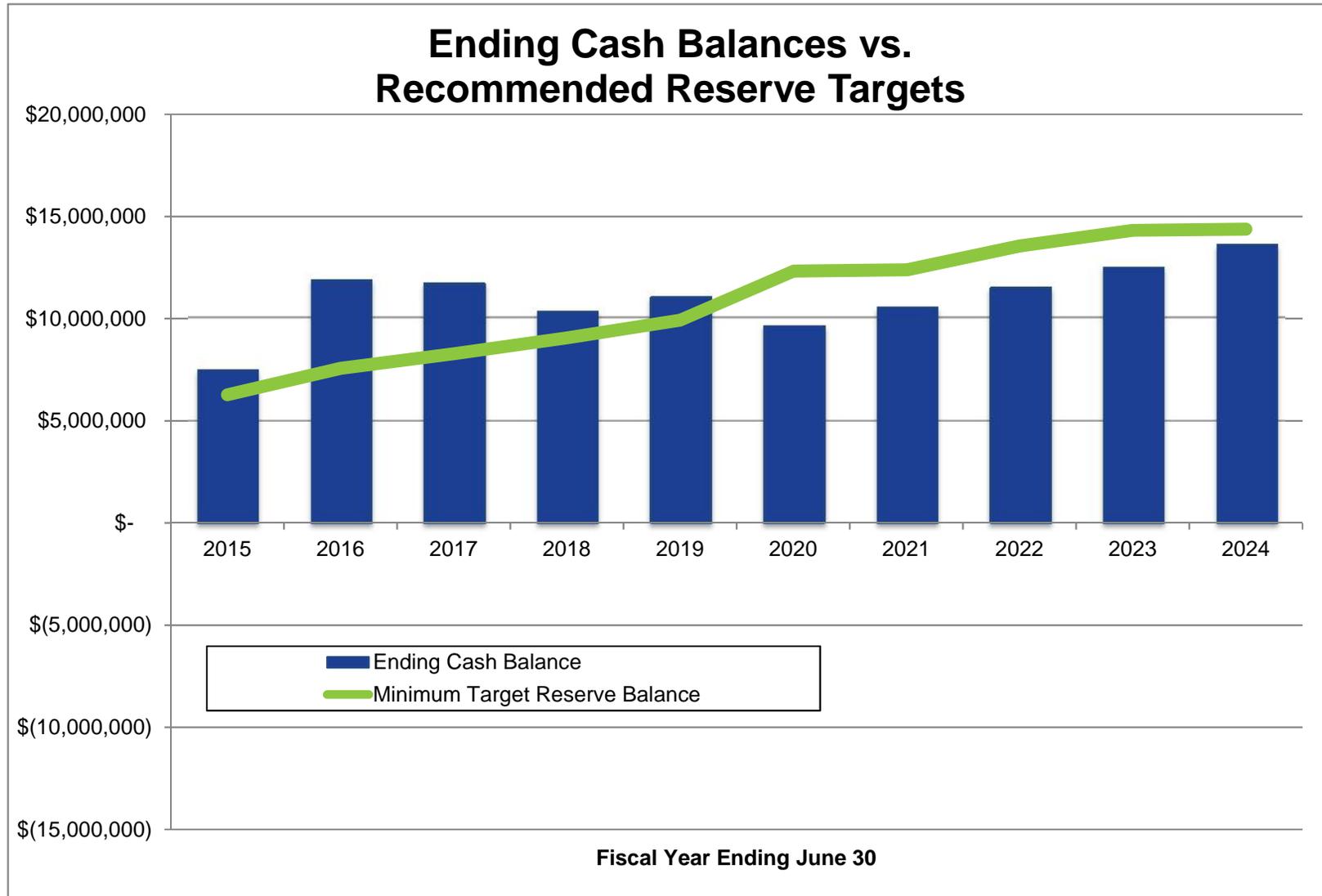
TABLE 3
RESERVE FUND SUMMARY, continued

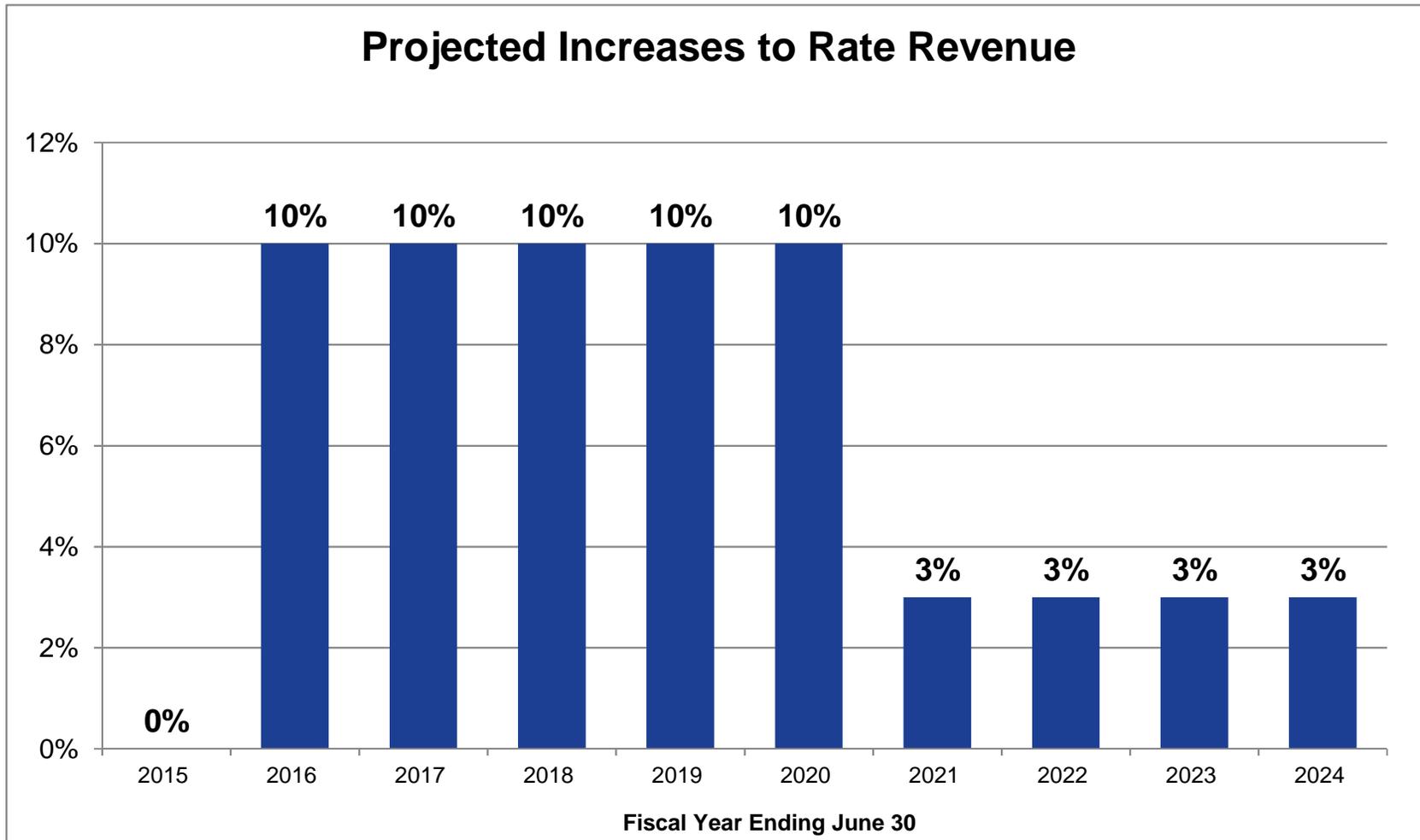
RESTRICTED RESERVES:	Budget	Projected									
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Bond Project Fund											
Beginning Reserve Balance	\$ -	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3
Plus: New SRF Loan Proceeds (9)	-	-	1,200,000	3,000,000	5,000,000	10,000,000	-	-	-	-	-
Plus: New Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-
Less: Use of Bond & Loan Funds for Capital Projects	-	-	(1,200,000)	(3,000,000)	(5,000,000)	(10,000,000)	-	-	-	-	-
Ending Bond Project Fund Balance	\$ -	\$ 3									
<i>Target Ending Balance</i>	<i>\$ -</i>										
Bond Debt Reserve											
Beginning Reserve Balance (10)	\$ 1,098	\$ -	\$ 350,000	\$ 601,750	\$ 1,056,263	\$ 1,691,826	\$ 1,710,295	\$ 1,710,295	\$ 1,710,295	\$ 1,710,295	\$ 1,710,295
Plus: Reserve Funding from New Debt Obligations	-	-	-	-	-	-	-	-	-	-	-
Plus: Reserve Funding to Meet Bond Reserve Requirement (3)	-	350,000	250,000	450,000	625,000	-	-	-	-	-	-
Plus: Interest Earnings	3	-	1,750	4,513	10,563	21,148	25,654	29,930	34,206	34,206	34,206
Less: Transfer of Surplus to Operating Reserve	-	-	-	-	-	(2,679)	(25,654)	(29,930)	(34,206)	(34,206)	(793,380)
Ending Debt Reserve Balance	\$ 1,101	\$ 350,000	\$ 601,750	\$ 1,056,263	\$ 1,691,826	\$ 1,710,295	\$ 951,121				
<i>Target Ending Balance</i>	<i>\$ 1,710,295</i>	<i>\$ 951,121</i>									
SRF Reserve Fund											
Beginning Reserve Balance (11)	\$ 388,358	\$ 388,358	\$ 639,329	\$ 707,041	\$ 873,630	\$ 1,148,676	\$ 1,686,297	\$ 1,686,296	\$ 1,686,263	\$ 1,686,263	\$ 1,686,263
Plus: Reserve Funding from New Debt Obligations	-	-	64,515	161,286	268,811	537,622	-	-	-	-	-
Plus: Reserve Funding to Meet SRF Loan Reserve Requirement (3)	-	250,000	-	-	-	-	-	-	-	-	-
Plus: Interest Earnings	971	971	3,197	5,303	8,736	14,358	25,294	29,510	33,725	33,725	33,725
Less: Transfer of Surplus to Operating Reserve	-	-	-	-	(2,501)	(14,358)	(25,295)	(29,544)	(33,725)	(33,725)	(33,725)
Ending SRF Reserve Balance	\$ 389,329	\$ 639,329	\$ 707,041	\$ 873,630	\$ 1,148,676	\$ 1,686,297	\$ 1,686,296	\$ 1,686,263	\$ 1,686,263	\$ 1,686,263	\$ 1,686,263
<i>Target Ending Balance</i>	<i>\$ -</i>	<i>\$ 654,064</i>	<i>\$ 718,578</i>	<i>\$ 879,865</i>	<i>\$ 1,148,676</i>	<i>\$ 1,686,297</i>	<i>\$ 1,686,296</i>	<i>\$ 1,686,263</i>	<i>\$ 1,686,263</i>	<i>\$ 1,686,263</i>	<i>\$ 1,686,263</i>
Connection Fee Reserve											
Beginning Reserve Balance (12)	\$ 2,799,394	\$ 2,219,850	\$ 1,876,661	\$ 576,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: Interest Earnings	40,875	67,000	9,383	4,322	-	-	-	-	-	-	-
Plus: Connection Fee Revenue	416,111	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000
Plus: Other Connection Fee Fund Revenue	54,646	75,000	75,257	75,513	75,770	76,027	76,283	76,540	76,796	77,053	77,310
Less: Use of Reserves for Capital Projects	(150,000)	-	(901,765)	(991,088)	(410,770)	(411,027)	-	(411,540)	(411,796)	-	-
Less: Transfer to Operating Reserve for Debt Service (4)	(770,099)	(820,189)	(818,283)	-	-	-	(411,283)	-	-	(412,053)	(352,316)
Ending Connection Fee Fund Balance	\$ 2,390,926	\$ 1,876,661	\$ 576,253	\$ -	\$ 59,994						
<i>Annual Interest Earnings Rate (13)</i>	<i>0.25%</i>	<i>0.25%</i>	<i>0.50%</i>	<i>0.75%</i>	<i>1.00%</i>	<i>1.25%</i>	<i>1.50%</i>	<i>1.75%</i>	<i>2.00%</i>	<i>2.00%</i>	<i>2.00%</i>

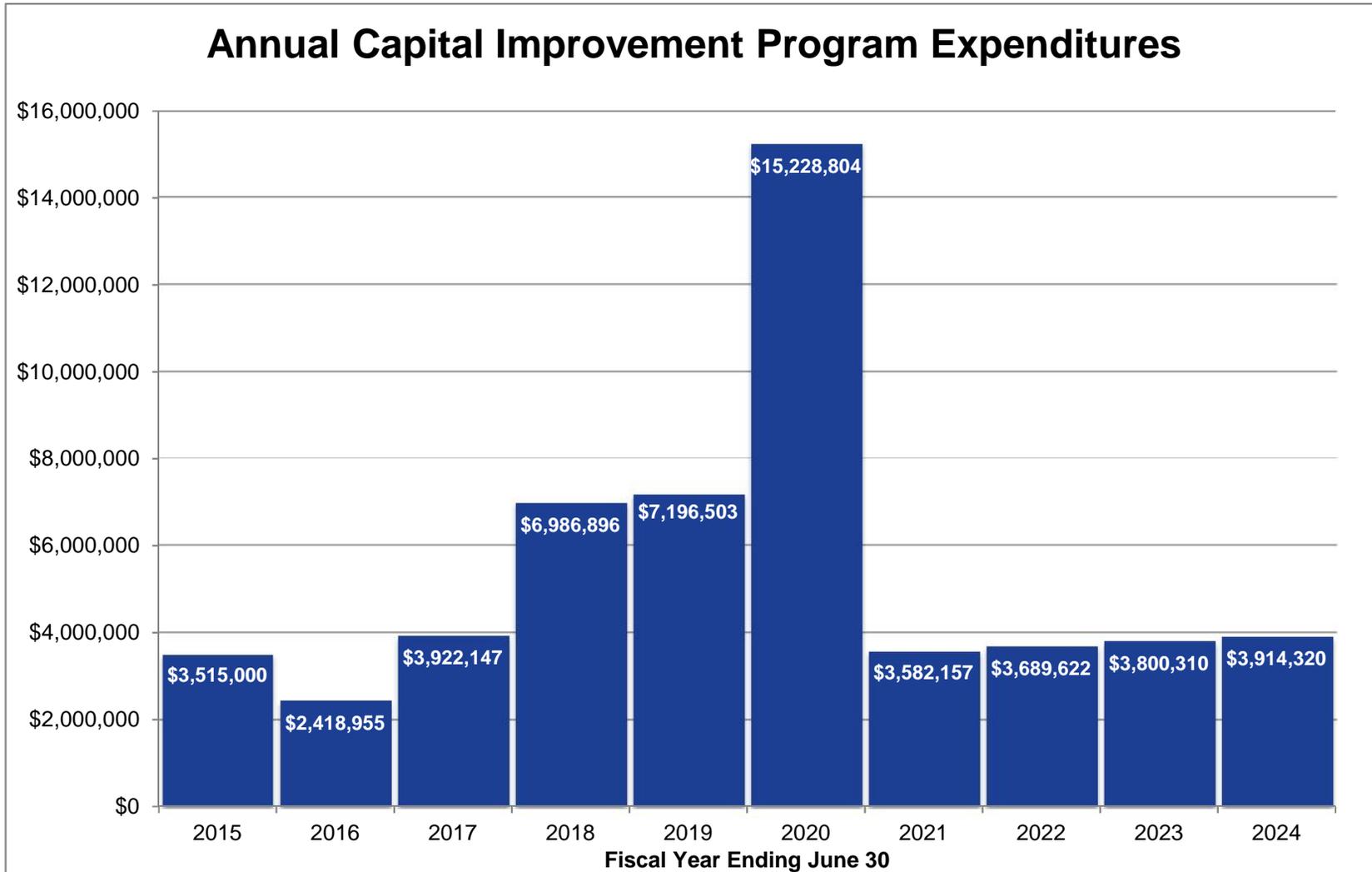
- Beginning cash balance is from the City's Proforma report (file: Wastewater Debt Coverage Ratio Actual FY 13-14.xlsx) and is very close to the values reported in the Consolidated Balance Sheet, Funds 516, 518, 519, 527, 528, 532, 535, 538, and 539 from FY 2013/14 end; report provided by City staff 12/19/2014 (file: 14-15 Beg Cash Bal Wastewater.pdf). FY 2015/16 Beginning Balances reported in the City's Proforma report (file: Wastewater Debt Coverage Ratio Actual FY 14-15.xlsx) and via email from City staff.
- The total beginning cash balance in the Operating reserve is the sum of the balances in Funds 518-Operating, 519-Stonegate and 516-River Highlands.
- Adjustments are made in cash balances to account for fully funding required debt reserve funds for outstanding bonds and SRF Loans.
- NBS assumes the City will fund the % of debt service allocated to connection fees, with connection fee revenue as long as it is available.
- The total beginning cash balance in the Stonegate reserve is the balance in Fund 519-Stonegate.
- The total beginning cash balance in the River Highland reserve is the balance in Fund 516-River Highlands. Per discussion with City Staff, the reserve fund balance will be transferred to Fund 518-Operating.
- The total beginning cash balance in the Capital Rehab & Replacement reserve is the sum of the balances in Funds 528-CIP and 539-WW 14 COP Project Cash.
- The Capital Rehabilitation & Replacement reserve target is set to 3% of net assets.
- NBS assumes that the City has already secured SRF Loans to cover the \$8.38 million in project costs planned for FY 2014/15, per the funding sources listed in the City's CIP document, and that the payments are included in the debt issues shown in Exhibit 3 (Debt) of this model, therefore new debt service payments are not calculated for this issue.
- Beginning cash in the Bond Debt Reserve is the balance in Fund 532-WW 2007 COP-Reserve.
- Beginning cash in the SRF Reserve Fund is the balance in Fund 518-SRF Reserve Cash.
- Beginning cash in the Connection Fee Reserve is the sum of the two balances shown for Fund 527-Connection Fee Cash and Connection Fee-Reserved Cash.
- Historical interest earning rates were referenced on the California Treasurer's Office website for funds invested in LAIF. Future years earnings were conservatively estimated through 2022 and phased into the historical 10 year average interest earnings rate.











CITY OF YUBA CITY
WASTEWATER RATE STUDY
 Operating Revenue and Expenses
 Preliminary Draft: Do Not Cite or Distribute

EXHIBIT 1

REVENUE FORECAST (1)

SOURCES OF REVENUE		Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund 518 - Sewer Fund												
44410	Sewer - Service Charges (2)	1	\$ 10,219,836	\$ 9,611,850	\$ 9,644,740	\$ 9,677,630	\$ 9,710,520	\$ 9,743,411	\$ 9,776,301	\$ 9,809,191	\$ 9,842,081	\$ 9,874,972
44419	Sewer - Septage Charges	1	\$ 281,252	\$ 250,000	\$ 250,855	\$ 251,711	\$ 252,566	\$ 253,422	\$ 254,277	\$ 255,133	\$ 255,988	\$ 256,844
44440	Sewer - Lab Testing	1	\$ 226,005	\$ 200,000	\$ 200,684	\$ 201,369	\$ 202,053	\$ 202,737	\$ 203,422	\$ 204,106	\$ 204,791	\$ 205,475
46315	Lease Payments	1	\$ 30,000	\$ 30,000	\$ 30,103	\$ 30,205	\$ 30,308	\$ 30,411	\$ 30,513	\$ 30,616	\$ 30,719	\$ 30,821
44450	Discharge Permit Fee	1	\$ 3,208	\$ 7,500	\$ 7,526	\$ 7,551	\$ 7,577	\$ 7,603	\$ 7,628	\$ 7,654	\$ 7,680	\$ 7,705
44415	Sewer - Sunsweet O&M	1	\$ 1,174,715	\$ 1,175,000	\$ 1,179,021	\$ 1,183,041	\$ 1,187,062	\$ 1,191,083	\$ 1,195,103	\$ 1,199,124	\$ 1,203,145	\$ 1,207,165
44416	Sewer - Sunsweet Capital	1	\$ 35,304	\$ 35,300	\$ 35,421	\$ 35,542	\$ 35,662	\$ 35,783	\$ 35,904	\$ 36,025	\$ 36,146	\$ 36,266
44417	Sewer - Sunsweet Debt Charge	1	\$ 7,680	\$ 7,680	\$ 7,706	\$ 7,733	\$ 7,759	\$ 7,785	\$ 7,811	\$ 7,838	\$ 7,864	\$ 7,890
46110	Interest on Investment (3)	See FP	\$ 53,884	\$ 94,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
49010	Other Revenue	9	\$ 9,434	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
49210	Sale - Real/Personal Property	9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
49510	Lease Proceeds	9	\$ -	\$ 8,123	\$ 8,123	\$ 8,123	\$ 8,123	\$ 8,123	\$ 8,123	\$ 8,123	\$ 8,123	\$ 8,123
Fund 519 - Stonegate												
44480	Stonegate Revenues	1	\$ 45,636	\$ 45,000	\$ 45,154	\$ 45,308	\$ 45,462	\$ 45,616	\$ 45,770	\$ 45,924	\$ 46,078	\$ 46,232
46110	Interest on Investment (3)	See FP	\$ 908	\$ 1,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 527 - Sewer Connection Fees												
44420	Sewer - Main Extension	1	\$ 36,997	\$ 50,000	\$ 50,171	\$ 50,342	\$ 50,513	\$ 50,684	\$ 50,855	\$ 51,027	\$ 51,198	\$ 51,369
44430	Sewer - Connection Fee	9	\$ 416,111	\$ 335,000	\$ 335,000	\$ 335,000	\$ 335,000	\$ 335,000	\$ 335,000	\$ 335,000	\$ 335,000	\$ 335,000
44431	Sewer - Spec Connection Fee	1	\$ 17,649	\$ 25,000	\$ 25,086	\$ 25,171	\$ 25,257	\$ 25,342	\$ 25,428	\$ 25,513	\$ 25,599	\$ 25,684
46110	Interest on Investment (3)	See FP	\$ 40,875	\$ 67,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL: REVENUE			\$ 12,599,492	\$ 11,955,153	\$ 11,831,590	\$ 11,870,726	\$ 11,909,863	\$ 11,949,000	\$ 11,988,137	\$ 12,027,273	\$ 12,066,410	\$ 12,105,547

REVENUE SUMMARY		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund 518 - Sewer Fund											
Wastewater Rate Revenue		\$ 11,675,803	\$ 11,036,850	\$ 11,074,616	\$ 11,112,382	\$ 11,150,149	\$ 11,187,915	\$ 11,225,682	\$ 11,263,448	\$ 11,301,214	\$ 11,338,981
Sunsweet Non-Rate Revenue		\$ 42,984	\$ 42,980	\$ 43,127	\$ 43,274	\$ 43,421	\$ 43,568	\$ 43,715	\$ 43,862	\$ 44,009	\$ 44,157
Other Operating Revenue		\$ 268,646	\$ 257,623	\$ 258,436	\$ 259,249	\$ 260,061	\$ 260,874	\$ 261,687	\$ 262,499	\$ 263,312	\$ 264,125
Interest Earnings		\$ 53,884	\$ 94,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 519 - Stonegate											
Stonegate Revenues		\$ 45,636	\$ 45,000	\$ 45,154	\$ 45,308	\$ 45,462	\$ 45,616	\$ 45,770	\$ 45,924	\$ 46,078	\$ 46,232
Interest Earnings		\$ 908	\$ 1,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 527 - Sewer Connection Fees											
Connection Fees		\$ 416,111	\$ 335,000	\$ 335,000	\$ 335,000	\$ 335,000	\$ 335,000	\$ 335,000	\$ 335,000	\$ 335,000	\$ 335,000
Other Connection Fee Fund Revenue		\$ 54,646	\$ 75,000	\$ 75,257	\$ 75,513	\$ 75,770	\$ 76,027	\$ 76,283	\$ 76,540	\$ 76,796	\$ 77,053
Interest Earnings		\$ 40,875	\$ 67,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL: REVENUE		\$ 12,599,492	\$ 11,955,153	\$ 11,831,590	\$ 11,870,726	\$ 11,909,863	\$ 11,949,000	\$ 11,988,137	\$ 12,027,273	\$ 12,066,410	\$ 12,105,547

CITY OF YUBA CITY
WASTEWATER RATE STUDY
Operating Revenue and Expenses
Preliminary Draft: Do Not Cite or Distribute
OPERATING EXPENSE FORECAST (4):

EXHIBIT 1

Sewer Fund Operations	Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Fund 518 Sewer Fund												
Division 8110 Sewer Collection												
Salaries and Benefits												
61210	Salaries - Regular	3	\$ 312,532	\$ 327,775	\$ 337,608	\$ 347,736	\$ 358,169	\$ 368,914	\$ 379,981	\$ 391,380	\$ 403,122	\$ 415,216
61211	Salaries - Sick Leave	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61212	Salaries - Vacation	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61215	Salaries - Standby	3	\$ 3,100	\$ 3,100	\$ 3,193	\$ 3,289	\$ 3,387	\$ 3,489	\$ 3,594	\$ 3,702	\$ 3,813	\$ 3,927
61217	Salaries - ADM Payoff	3	\$ 609	\$ 609	\$ 627	\$ 646	\$ 665	\$ 685	\$ 706	\$ 727	\$ 749	\$ 771
61310	Wages - Extra Help	3	\$ 1,000	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126	\$ 1,159	\$ 1,194	\$ 1,230	\$ 1,267
61430	Overtime - Regular	3	\$ 7,000	\$ 7,000	\$ 7,210	\$ 7,426	\$ 7,649	\$ 7,879	\$ 8,115	\$ 8,358	\$ 8,609	\$ 8,867
61501	Medicare	4	\$ 4,701	\$ 5,183	\$ 5,701	\$ 6,271	\$ 6,899	\$ 7,588	\$ 8,347	\$ 9,182	\$ 10,100	\$ 11,110
61502	Health Plan	4	\$ 88,209	\$ 60,594	\$ 66,653	\$ 73,319	\$ 80,651	\$ 88,716	\$ 97,587	\$ 107,346	\$ 118,081	\$ 129,889
61503	PERS	5	\$ 95,937	\$ 100,368	\$ 108,782	\$ 117,240	\$ 126,107	\$ 130,284	\$ 121,624	\$ 125,273	\$ 129,031	\$ 132,902
61504	Workers Compensation	3	\$ 19,575	\$ 20,653	\$ 21,273	\$ 21,911	\$ 22,568	\$ 23,245	\$ 23,942	\$ 24,661	\$ 25,401	\$ 26,163
61505	Life Insurance	4	\$ 190	\$ 190	\$ 209	\$ 230	\$ 253	\$ 278	\$ 306	\$ 337	\$ 370	\$ 407
61507	Dental / Vision	4	\$ 11,584	\$ 11,584	\$ 12,742	\$ 14,017	\$ 15,418	\$ 16,960	\$ 18,656	\$ 20,522	\$ 22,574	\$ 24,831
61508	Premium Incentive - Health	4	\$ -	\$ 17,941	\$ 19,735	\$ 21,709	\$ 23,879	\$ 26,267	\$ 28,894	\$ 31,784	\$ 34,962	\$ 38,458
Supplies and Services												
62210	TEL - Cellular Phone	2	\$ 1,080	\$ 1,080	\$ 1,112	\$ 1,146	\$ 1,180	\$ 1,216	\$ 1,252	\$ 1,290	\$ 1,328	\$ 1,368
62250	TEL - Internet	2	\$ 96	\$ 100	\$ 103	\$ 106	\$ 109	\$ 113	\$ 116	\$ 119	\$ 123	\$ 127
62501	Office Supplies	2	\$ 1,000	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126	\$ 1,159	\$ 1,194	\$ 1,230	\$ 1,267
62701	Professional Services	2	\$ 13,500	\$ 13,500	\$ 13,905	\$ 14,322	\$ 14,752	\$ 15,194	\$ 15,650	\$ 16,120	\$ 16,603	\$ 17,101
62706	Employee Physical Exams	2	\$ 120	\$ 120	\$ 124	\$ 127	\$ 131	\$ 135	\$ 139	\$ 143	\$ 148	\$ 152
62801	Professional Development	2	\$ 1,000	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126	\$ 1,159	\$ 1,194	\$ 1,230	\$ 1,267
63101	Dues & Subscrptn	2	\$ 800	\$ 800	\$ 824	\$ 849	\$ 874	\$ 900	\$ 927	\$ 955	\$ 984	\$ 1,013
63201	Rental - Bldgs/Equip/Land	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
63310	O&M Radio Service	2	\$ 300	\$ 300	\$ 309	\$ 318	\$ 328	\$ 338	\$ 348	\$ 358	\$ 369	\$ 380
63401	Special Equipment O&M	2	\$ 28,019	\$ 28,019	\$ 28,859	\$ 29,725	\$ 30,617	\$ 31,535	\$ 32,481	\$ 33,456	\$ 34,459	\$ 35,493
63501	Vehicle MTCE - ISF	2	\$ 45,577	\$ 29,753	\$ 30,646	\$ 31,565	\$ 32,512	\$ 33,487	\$ 34,492	\$ 35,527	\$ 36,592	\$ 37,690
63505	Vehicle Maint Fuel	2	\$ 34,929	\$ 35,715	\$ 36,786	\$ 37,890	\$ 39,027	\$ 40,198	\$ 41,403	\$ 42,646	\$ 43,925	\$ 45,243
63599	Vehicle Replacement Fee	2	\$ 25,289	\$ 83,177	\$ 85,672	\$ 88,242	\$ 90,890	\$ 93,616	\$ 96,425	\$ 99,318	\$ 102,297	\$ 105,366
63601	Bldg. O&M MTCE	2	\$ -	\$ 5,600	\$ 5,768	\$ 5,941	\$ 6,119	\$ 6,303	\$ 6,492	\$ 6,687	\$ 6,887	\$ 7,094
63604	Spec O&M Laundry	2	\$ 2,400	\$ 2,400	\$ 2,472	\$ 2,546	\$ 2,623	\$ 2,701	\$ 2,782	\$ 2,866	\$ 2,952	\$ 3,040
63670	Bldg. O&M Lines Repair	2	\$ 25,000	\$ 25,000	\$ 25,750	\$ 26,523	\$ 27,318	\$ 28,138	\$ 28,982	\$ 29,851	\$ 30,747	\$ 31,669
63701	Chemicals	2	\$ 5,100	\$ 5,100	\$ 5,253	\$ 5,411	\$ 5,573	\$ 5,740	\$ 5,912	\$ 6,090	\$ 6,272	\$ 6,461
63801	Tools, Supplies, Equip <5k	2	\$ 4,000	\$ 4,000	\$ 4,120	\$ 4,244	\$ 4,371	\$ 4,502	\$ 4,637	\$ 4,776	\$ 4,919	\$ 5,067
63901	Training Program / Aids	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
63909	Safety Equipment	2	\$ 6,000	\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556	\$ 6,753	\$ 6,956	\$ 7,164	\$ 7,379	\$ 7,601
64101	Raw Water Purchases	2	\$ 388	\$ 347	\$ 357	\$ 368	\$ 379	\$ 391	\$ 402	\$ 414	\$ 427	\$ 440
64151	City Fac SWR Charges	2	\$ 131	\$ 140	\$ 144	\$ 149	\$ 153	\$ 158	\$ 162	\$ 167	\$ 172	\$ 177
64310	Liability Insurance	2	\$ 34,168	\$ 19,363	\$ 19,944	\$ 20,542	\$ 21,158	\$ 21,793	\$ 22,447	\$ 23,120	\$ 23,814	\$ 24,528
64910	Depreciation (5)	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
69201	Equipment	2	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total: Sewer Fund Operations - Sewer Collection			\$ 807,334	\$ 822,511	\$ 859,273	\$ 897,599	\$ 937,965	\$ 975,394	\$ 1,001,875	\$ 1,042,697	\$ 1,085,819	\$ 1,131,420

CITY OF YUBA CITY
WASTEWATER RATE STUDY
Operating Revenue and Expenses
Preliminary Draft: Do Not Cite or Distribute

EXHIBIT 1

Sewer Fund Operations, continued		Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund 518 Sewer Fund												
Division 8120 Sewer Treatment Plant												
Other Supplies and Services												
66101	Outreach Materials	2	\$ 8,500	\$ 8,500	\$ 8,755	\$ 9,018	\$ 9,288	\$ 9,567	\$ 9,854	\$ 10,149	\$ 10,454	\$ 10,768
Salaries and Benefits												
61210	Salaries - Regular	3	\$ 1,208,996	\$ 1,356,347	\$ 1,397,037	\$ 1,438,949	\$ 1,482,117	\$ 1,526,580	\$ 1,572,378	\$ 1,619,549	\$ 1,668,136	\$ 1,718,180
61211	Salaries - Sick Leave	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61212	Salaries - Vacation	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61215	Salaries - Standby	3	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334
61216	Salary - Shift Differential	3	\$ 7,000	\$ 7,000	\$ 7,210	\$ 7,426	\$ 7,649	\$ 7,879	\$ 8,115	\$ 8,358	\$ 8,609	\$ 8,867
61217	Salaries - ADM Payoff	3	\$ 2,974	\$ 2,910	\$ 2,997	\$ 3,087	\$ 3,180	\$ 3,275	\$ 3,373	\$ 3,475	\$ 3,579	\$ 3,686
61310	Wages - Extra Help	3	\$ 40,000	\$ 40,000	\$ 41,200	\$ 42,436	\$ 43,709	\$ 45,020	\$ 46,371	\$ 47,762	\$ 49,195	\$ 50,671
61430	Overtime - Regular	3	\$ 40,000	\$ 40,000	\$ 41,200	\$ 42,436	\$ 43,709	\$ 45,020	\$ 46,371	\$ 47,762	\$ 49,195	\$ 50,671
61431	Overtime - Holiday	3	\$ 16,000	\$ 16,000	\$ 16,480	\$ 16,974	\$ 17,484	\$ 18,008	\$ 18,548	\$ 19,105	\$ 19,678	\$ 20,268
61501	Medicare	4	\$ 19,140	\$ 21,521	\$ 23,673	\$ 26,040	\$ 28,644	\$ 31,509	\$ 34,660	\$ 38,126	\$ 41,938	\$ 46,132
61502	Health Plan	4	\$ 256,132	\$ 265,184	\$ 291,702	\$ 320,873	\$ 352,960	\$ 388,256	\$ 427,081	\$ 469,790	\$ 516,769	\$ 568,445
61503	PERS	5	\$ 387,275	\$ 436,857	\$ 473,480	\$ 510,292	\$ 548,887	\$ 587,067	\$ 625,377	\$ 663,258	\$ 700,716	\$ 738,264
61504	Workers Compensation	4	\$ 91,343	\$ 102,362	\$ 112,598	\$ 123,858	\$ 136,244	\$ 149,868	\$ 164,855	\$ 181,341	\$ 199,475	\$ 219,422
61505	Life Insurance	4	\$ 493	\$ 553	\$ 608	\$ 669	\$ 736	\$ 810	\$ 891	\$ 980	\$ 1,078	\$ 1,185
61506	Unemployment Insurance	4	\$ 6,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61507	Dental / Vision	4	\$ 33,213	\$ 34,008	\$ 37,409	\$ 41,150	\$ 45,265	\$ 49,791	\$ 54,770	\$ 60,247	\$ 66,272	\$ 72,899
61508	Premium Incentive - Health	4	\$ -	\$ 16,946	\$ 18,641	\$ 20,505	\$ 22,555	\$ 24,811	\$ 27,292	\$ 30,021	\$ 33,023	\$ 36,325
Supplies and Services												
62110	Heat/Power - Electric	7	\$ 900,000	\$ 750,000	\$ 780,000	\$ 811,200	\$ 843,648	\$ 877,394	\$ 912,490	\$ 948,989	\$ 986,949	\$ 1,026,427
62112	Heat/Power - Gas	7	\$ 50,000	\$ 60,000	\$ 62,400	\$ 64,896	\$ 67,492	\$ 70,192	\$ 72,999	\$ 75,919	\$ 78,956	\$ 82,114
62170	Heat/Power - Lift Pumps	7	\$ 100,000	\$ 120,000	\$ 124,800	\$ 129,792	\$ 134,984	\$ 140,383	\$ 145,998	\$ 151,838	\$ 157,912	\$ 164,228
R62110	Heat/Power - Electric	7	\$ 17,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62199	Energy EFF Contra Expense	7	\$ -	\$ (15,599)	\$ (16,223)	\$ (16,872)	\$ (17,547)	\$ (18,249)	\$ (18,979)	\$ (19,738)	\$ (20,527)	\$ (21,348)
62201	TEL - Service	2	\$ 8,000	\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556	\$ 6,753	\$ 6,956	\$ 7,164	\$ 7,379	\$ 7,601
62210	TEL - Cellular Phone	2	\$ 7,500	\$ 6,500	\$ 6,695	\$ 6,896	\$ 7,103	\$ 7,316	\$ 7,535	\$ 7,761	\$ 7,994	\$ 8,234
62245	TEL - Lease Lines	2	\$ 4,500	\$ 4,500	\$ 4,635	\$ 4,774	\$ 4,917	\$ 5,065	\$ 5,217	\$ 5,373	\$ 5,534	\$ 5,700
62250	TEL - Internet	2	\$ 3,552	\$ 3,707	\$ 3,818	\$ 3,933	\$ 4,051	\$ 4,172	\$ 4,297	\$ 4,426	\$ 4,559	\$ 4,696
62301	Postage & Freight	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
62401	Advertising	2	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334
62501	Office Supplies	2	\$ 7,000	\$ 7,000	\$ 7,210	\$ 7,426	\$ 7,649	\$ 7,879	\$ 8,115	\$ 8,358	\$ 8,609	\$ 8,867
62507	Computer Forms & Supplies	2	\$ 15,000	\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883	\$ 17,389	\$ 17,911	\$ 18,448	\$ 19,002
62508	Photocopy Machine	2	\$ 1,600	\$ 1,500	\$ 1,545	\$ 1,591	\$ 1,639	\$ 1,688	\$ 1,739	\$ 1,791	\$ 1,845	\$ 1,900
62599	Photocopy Charges - ISF	2	\$ 100	\$ 100	\$ 103	\$ 106	\$ 109	\$ 113	\$ 116	\$ 119	\$ 123	\$ 127
62601	Printing & Binding	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
62701	Professional Services	2	\$ 225,000	\$ 250,000	\$ 257,500	\$ 265,225	\$ 273,182	\$ 281,377	\$ 289,819	\$ 298,513	\$ 307,468	\$ 316,693
62702	PARS Admin Fee	2	\$ 100	\$ 100	\$ 103	\$ 106	\$ 109	\$ 113	\$ 116	\$ 119	\$ 123	\$ 127
62706	Employee Physical Exams	2	\$ 1,000	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126	\$ 1,159	\$ 1,194	\$ 1,230	\$ 1,267
62721	Oxygen System	2	\$ 15,000	\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883	\$ 17,389	\$ 17,911	\$ 18,448	\$ 19,002
62724	Levee Assessments	2	\$ 12,000	\$ 12,000	\$ 12,360	\$ 12,731	\$ 13,113	\$ 13,506	\$ 13,911	\$ 14,329	\$ 14,758	\$ 15,201
62733	Willdan Fees	2	\$ 3,500	\$ 3,500	\$ 3,605	\$ 3,713	\$ 3,825	\$ 3,939	\$ 4,057	\$ 4,179	\$ 4,305	\$ 4,434
62742	DR/CR Card Processing Fees	2	\$ 10,000	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	\$ 11,941	\$ 12,299	\$ 12,668
R62701	Professional Services	2	\$ 10,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62759	Specialty Contract Services	2	\$ -	\$ 275,000	\$ 283,250	\$ 291,748	\$ 300,500	\$ 309,515	\$ 318,800	\$ 328,364	\$ 338,215	\$ 348,362
62801	Professional Development	2	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334
63101	Dues & Subscriptns	2	\$ 110,000	\$ 125,000	\$ 128,750	\$ 132,613	\$ 136,591	\$ 140,689	\$ 144,909	\$ 149,257	\$ 153,734	\$ 158,346
63202	Rental - Heavy Equipment	2	\$ 4,000	\$ 4,000	\$ 4,120	\$ 4,244	\$ 4,371	\$ 4,502	\$ 4,637	\$ 4,776	\$ 4,919	\$ 5,067
63301	O&M Office Equipment	2	\$ 500	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615	\$ 633
63310	O&M Radio Service	2	\$ 4,000	\$ 4,000	\$ 4,120	\$ 4,244	\$ 4,371	\$ 4,502	\$ 4,637	\$ 4,776	\$ 4,919	\$ 5,067
63320	O&M Computer System	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
R63310	O&M Radio Service	2	\$ 1,467	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total: Sewer Fund Operations - Sewer Treatment Plant			\$ 3,650,337	\$ 4,027,996	\$ 4,212,337	\$ 4,404,749	\$ 4,607,385	\$ 4,798,653	\$ 4,943,761	\$ 5,152,867	\$ 5,373,659	\$ 5,607,000

CITY OF YUBA CITY
WASTEWATER RATE STUDY
 Operating Revenue and Expenses
 Preliminary Draft: Do Not Cite or Distribute

EXHIBIT 1

Sewer Fund Operations, continued		Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund 518 Sewer Fund												
Division 8120 Sewer Treatment Plant												
Special Equipment O&M												
63401	Special Equipment O&M	2	\$ 25,000	\$ 25,000	\$ 25,750	\$ 26,523	\$ 27,318	\$ 28,138	\$ 28,982	\$ 29,851	\$ 30,747	\$ 31,669
63420	SPEC O&M - Compressor	2	\$ 75,000	\$ 75,000	\$ 77,250	\$ 79,568	\$ 81,955	\$ 84,413	\$ 86,946	\$ 89,554	\$ 92,241	\$ 95,008
63421	SPEC O&M - Analyzer	2	\$ 7,500	\$ 7,500	\$ 7,725	\$ 7,957	\$ 8,195	\$ 8,441	\$ 8,695	\$ 8,955	\$ 9,224	\$ 9,501
63430	SPEC O&M - Electric Control	2	\$ 15,000	\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883	\$ 17,389	\$ 17,911	\$ 18,448	\$ 19,002
63431	SPEC O&M - Elec Spare Part	2	\$ 35,000	\$ 35,000	\$ 36,050	\$ 37,132	\$ 38,245	\$ 39,393	\$ 40,575	\$ 41,792	\$ 43,046	\$ 44,337
63432	SPEC O&M - Elec Motors	2	\$ 20,000	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881	\$ 24,597	\$ 25,335
63433	SPEC O&M - Instrumentation	2	\$ 40,000	\$ 40,000	\$ 41,200	\$ 42,436	\$ 43,709	\$ 45,020	\$ 46,371	\$ 47,762	\$ 49,195	\$ 50,671
63450	SPEC O&M - Lubrication	2	\$ 8,000	\$ 8,000	\$ 8,240	\$ 8,487	\$ 8,742	\$ 9,004	\$ 9,274	\$ 9,552	\$ 9,839	\$ 10,134
63451	SPEC O&M - Major MTCE	2	\$ 175,000	\$ 175,000	\$ 180,250	\$ 185,658	\$ 191,227	\$ 196,964	\$ 202,873	\$ 208,959	\$ 215,228	\$ 221,685
63456	SPEC O&M - Machine	2	\$ 1,500	\$ 1,500	\$ 1,545	\$ 1,591	\$ 1,639	\$ 1,688	\$ 1,739	\$ 1,791	\$ 1,845	\$ 1,900
63457	SPEC O&M - Mech Supplies	2	\$ 9,000	\$ 9,000	\$ 9,270	\$ 9,548	\$ 9,835	\$ 10,130	\$ 10,433	\$ 10,746	\$ 11,069	\$ 11,401
63460	SPEC O&M - Mech Chem Feed	2	\$ 30,000	\$ 30,000	\$ 30,900	\$ 31,827	\$ 32,782	\$ 33,765	\$ 34,778	\$ 35,822	\$ 36,896	\$ 38,003
63462	SPEC O&M - Mech Solid	2	\$ 25,000	\$ 25,000	\$ 25,750	\$ 26,523	\$ 27,318	\$ 28,138	\$ 28,982	\$ 29,851	\$ 30,747	\$ 31,669
63463	SPEC O&M - Mech Spare Part	2	\$ 15,000	\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883	\$ 17,389	\$ 17,911	\$ 18,448	\$ 19,002
63471	SPEC O&M - Bio Solids	2	\$ 275,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
R63420	SPEC O&M - Compressor	2	\$ 14,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
R63433	SPEC O&M - Instrumentation	2	\$ 1,834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
R63451	SPEC O&M - Major MTCE	2	\$ 18,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63501	Vehicle MTCE - ISF	2	\$ 51,882	\$ 89,263	\$ 91,941	\$ 94,699	\$ 97,540	\$ 100,466	\$ 103,480	\$ 106,585	\$ 109,782	\$ 113,076
63505	Vehicle Maint Fuel	2	\$ 30,396	\$ 33,014	\$ 34,004	\$ 35,025	\$ 36,075	\$ 37,158	\$ 38,272	\$ 39,420	\$ 40,603	\$ 41,821
63599	Vehicle Replacement Fee	2	\$ 54,432	\$ 140,327	\$ 144,537	\$ 148,873	\$ 153,339	\$ 157,939	\$ 162,677	\$ 167,558	\$ 172,585	\$ 177,762
63601	BLDG O&M - MTCE	2	\$ 60,000	\$ 60,000	\$ 61,800	\$ 63,654	\$ 65,564	\$ 67,531	\$ 69,556	\$ 71,643	\$ 73,792	\$ 76,006
63603	BLDG O&M - Janitorial	2	\$ 2,500	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814	\$ 2,898	\$ 2,985	\$ 3,075	\$ 3,167
63604	SPEC O&M - Laundry	2	\$ 7,500	\$ 7,500	\$ 7,725	\$ 7,957	\$ 8,195	\$ 8,441	\$ 8,695	\$ 8,955	\$ 9,224	\$ 9,501
63684	SPEC O&M - Landscape	2	\$ 15,000	\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883	\$ 17,389	\$ 17,911	\$ 18,448	\$ 19,002
R63601	BLDG O&M - MTCE	2	\$ 2,822	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Chemicals												
63701	Chemicals	6	\$ 20,000	\$ 20,000	\$ 21,000	\$ 22,050	\$ 23,153	\$ 24,310	\$ 25,526	\$ 26,802	\$ 28,142	\$ 29,549
63702	Chlorine	6	\$ 120,000	\$ 160,000	\$ 168,000	\$ 176,400	\$ 185,220	\$ 194,481	\$ 204,205	\$ 214,415	\$ 225,136	\$ 236,393
63720	Weed Control	6	\$ 20,000	\$ 20,000	\$ 21,000	\$ 22,050	\$ 23,153	\$ 24,310	\$ 25,526	\$ 26,802	\$ 28,142	\$ 29,549
63731	Sodium Bisulfite	6	\$ 80,000	\$ 110,000	\$ 115,500	\$ 121,275	\$ 127,339	\$ 133,706	\$ 140,391	\$ 147,411	\$ 154,781	\$ 162,520
63732	Oxygen	6	\$ 95,000	\$ 300,000	\$ 315,000	\$ 330,750	\$ 347,288	\$ 364,652	\$ 382,884	\$ 402,029	\$ 422,130	\$ 443,237
63733	Polymers	6	\$ 225,000	\$ 225,000	\$ 236,250	\$ 248,063	\$ 260,466	\$ 273,489	\$ 287,163	\$ 301,522	\$ 316,598	\$ 332,427
63735	Sodium Hydroxide	6	\$ 15,000	\$ 15,000	\$ 15,750	\$ 16,538	\$ 17,364	\$ 18,233	\$ 19,144	\$ 20,101	\$ 21,107	\$ 22,162
63738	Chemical - Odor Control	6	\$ 5,000	\$ 5,000	\$ 5,250	\$ 5,513	\$ 5,788	\$ 6,078	\$ 6,381	\$ 6,700	\$ 7,036	\$ 7,387
63739	Ammonium Polyphosphate	6	\$ 10,000	\$ 10,000	\$ 10,500	\$ 11,025	\$ 11,576	\$ 12,155	\$ 12,763	\$ 13,401	\$ 14,071	\$ 14,775
63740	Polymer Daft	6	\$ 110,000	\$ 110,000	\$ 115,500	\$ 121,275	\$ 127,339	\$ 133,706	\$ 140,391	\$ 147,411	\$ 154,781	\$ 162,520
Other Supplies and Services												
63801	Tools, Supplies & Equip <5k	2	\$ 12,500	\$ 12,500	\$ 12,875	\$ 13,261	\$ 13,659	\$ 14,069	\$ 14,491	\$ 14,926	\$ 15,373	\$ 15,835
63901	Training Program / Aids	2	\$ 30,000	\$ 30,000	\$ 30,900	\$ 31,827	\$ 32,782	\$ 33,765	\$ 34,778	\$ 35,822	\$ 36,896	\$ 38,003
63904	Manuals / Codes	2	\$ 1,000	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126	\$ 1,159	\$ 1,194	\$ 1,230	\$ 1,267
63909	Safety Equipment	2	\$ 20,000	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881	\$ 24,597	\$ 25,335
64101	Raw Water Purchases	1	\$ 7,143	\$ 6,933	\$ 6,957	\$ 6,980	\$ 7,004	\$ 7,028	\$ 7,052	\$ 7,075	\$ 7,099	\$ 7,123
64310	Liability Insurance	2	\$ 62,495	\$ 66,940	\$ 68,948	\$ 71,017	\$ 73,147	\$ 75,342	\$ 77,602	\$ 79,930	\$ 82,328	\$ 84,798
64910	Depreciation (4)	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65201	Interest (6)	9	\$ -	\$ 13,336	\$ 8,081	\$ 7,833	\$ 7,556	\$ 7,248	\$ 6,890	\$ 6,468	\$ 6,006	\$ 5,502
65202	Principal (6)	9	\$ -	\$ 10,387	\$ 8,220	\$ 9,200	\$ 10,239	\$ 11,341	\$ 12,509	\$ 13,745	\$ 15,053	\$ 16,437
65801	Computer Maint/Rep - ISF	2	\$ 45,337	\$ 47,455	\$ 48,879	\$ 50,345	\$ 51,855	\$ 53,411	\$ 55,013	\$ 56,664	\$ 58,364	\$ 60,115
66001	Other Material & Supplies	2	\$ 25,000	\$ 25,000	\$ 25,750	\$ 26,523	\$ 27,318	\$ 28,138	\$ 28,982	\$ 29,851	\$ 30,747	\$ 31,669
69201	Equipment	2	\$ 284,250	\$ 53,500	\$ 55,105	\$ 56,758	\$ 58,461	\$ 60,215	\$ 62,021	\$ 63,882	\$ 65,798	\$ 67,772
Sub-Total: Sewer Fund Operations - Sewer Treatment Plant			\$ 2,203,453	\$ 2,090,654	\$ 2,164,557	\$ 2,250,026	\$ 2,339,091	\$ 2,431,911	\$ 2,530,237	\$ 2,631,139	\$ 2,736,323	\$ 2,845,980
Total: Sewer Fund Operations - Sewer Treatment Plant			\$ 5,853,790	\$ 6,118,650	\$ 6,376,894	\$ 6,654,775	\$ 6,946,475	\$ 7,230,564	\$ 7,473,998	\$ 7,784,006	\$ 8,109,982	\$ 8,452,980

CITY OF YUBA CITY
WASTEWATER RATE STUDY
Operating Revenue and Expenses
Preliminary Draft: Do Not Cite or Distribute

EXHIBIT 1

Sewer Fund Operations, continued		Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund 518 Sewer Fund												
Division 8130 Wastewater Pretreatment												
Salaries and Benefits												
61210	Salaries - Regular	3	\$ 66,215	\$ 67,037	\$ 69,048	\$ 71,120	\$ 73,253	\$ 75,451	\$ 77,714	\$ 80,046	\$ 82,447	\$ 84,920
61211	Salaries - Sick Leave	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61212	Salaries - Vacation	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61310	Wages - Extra Help	3	\$ 1,000	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126	\$ 1,159	\$ 1,194	\$ 1,230	\$ 1,267
61430	Overtime - Regular	3	\$ 750	\$ 750	\$ 773	\$ 796	\$ 820	\$ 844	\$ 869	\$ 896	\$ 922	\$ 950
61501	Medicare	4	\$ 985	\$ 1,041	\$ 1,145	\$ 1,260	\$ 1,386	\$ 1,524	\$ 1,677	\$ 1,844	\$ 2,029	\$ 2,231
61502	Health Plan	4	\$ 12,100	\$ 8,174	\$ 8,991	\$ 9,891	\$ 10,880	\$ 11,968	\$ 13,164	\$ 14,481	\$ 15,929	\$ 17,522
61503	PERS	5	\$ 20,039	\$ 21,116	\$ 22,886	\$ 24,666	\$ 26,531	\$ 27,410	\$ 25,588	\$ 26,356	\$ 27,146	\$ 27,961
61504	Workers Compensation	3	\$ 1,167	\$ 1,281	\$ 1,319	\$ 1,359	\$ 1,400	\$ 1,442	\$ 1,485	\$ 1,530	\$ 1,575	\$ 1,623
61505	Life Insurance	3	\$ 33	\$ 33	\$ 34	\$ 35	\$ 36	\$ 37	\$ 38	\$ 39	\$ 41	\$ 42
61507	Dental / Vision	4	\$ 1,590	\$ 1,590	\$ 1,749	\$ 1,924	\$ 2,116	\$ 2,328	\$ 2,561	\$ 2,817	\$ 3,098	\$ 3,408
61508	Premium Incentive - Health	4	\$ -	\$ 2,990	\$ 3,289	\$ 3,618	\$ 3,980	\$ 4,378	\$ 4,815	\$ 5,297	\$ 5,827	\$ 6,409
Supplies and Services												
62210	TEL - Cellular Phone	2	\$ 1,000	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126	\$ 1,159	\$ 1,194	\$ 1,230	\$ 1,267
62250	TEL - Internet	2	\$ 96	\$ 100	\$ 103	\$ 106	\$ 109	\$ 113	\$ 116	\$ 119	\$ 123	\$ 127
62301	Postage & Freight	2	\$ 750	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615	\$ 633
62401	Advertising	2	\$ 500	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615	\$ 633
62501	Office Supplies	2	\$ 500	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615	\$ 633
62507	Computer Forms & Supplies	2	\$ 500	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615	\$ 633
62701	Professional Services	2	\$ 25,000	\$ 25,000	\$ 25,750	\$ 26,523	\$ 27,318	\$ 28,138	\$ 28,982	\$ 29,851	\$ 30,747	\$ 31,669
62801	Professional Development	2	\$ 250	\$ 250	\$ 258	\$ 265	\$ 273	\$ 281	\$ 290	\$ 299	\$ 307	\$ 317
63101	Dues & Subscrptn	2	\$ 500	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615	\$ 633
63401	Special Equipment O&M	2	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334
63470	Spec O&M - Lab Supplies	2	\$ 4,000	\$ 4,000	\$ 4,120	\$ 4,244	\$ 4,371	\$ 4,502	\$ 4,637	\$ 4,776	\$ 4,919	\$ 5,067
63505	Vehicle Maint Fuel	2	\$ 1,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63604	Spec O&M - Laundry	2	\$ -	\$ 250	\$ 258	\$ 265	\$ 273	\$ 281	\$ 290	\$ 299	\$ 307	\$ 317
63901	Training Program / Aids	2	\$ 500	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615	\$ 633
63904	Manuals/Codes	2	\$ 500	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615	\$ 633
63909	Safety Equipment	2	\$ 250	\$ 250	\$ 258	\$ 265	\$ 273	\$ 281	\$ 290	\$ 299	\$ 307	\$ 317
64310	Liability Insurance	2	\$ 3,165	\$ 3,272	\$ 3,370	\$ 3,471	\$ 3,575	\$ 3,683	\$ 3,793	\$ 3,907	\$ 4,024	\$ 4,145
64910	Depreciation (5)	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total: Sewer Fund Operations - Wastewater Pretreatment			\$ 148,290	\$ 147,634	\$ 154,165	\$ 160,945	\$ 168,068	\$ 174,478	\$ 178,482	\$ 185,392	\$ 192,664	\$ 200,326

CITY OF YUBA CITY
WASTEWATER RATE STUDY
Operating Revenue and Expenses
Preliminary Draft: Do Not Cite or Distribute

EXHIBIT 1

Sewer Fund Operations, continued		Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund 518 Sewer Fund												
Division 8140 Treatment Plant Lab												
Salaries and Benefits												
61210	Salaries - Regular	3	\$ 283,016	\$ 284,895	\$ 293,442	\$ 302,245	\$ 311,312	\$ 320,652	\$ 330,271	\$ 340,180	\$ 350,385	\$ 360,896
61211	Salaries - Sick Leave	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61212	Salaries - Vacation	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61310	Wages - Extra Help	3	\$ 6,500	\$ 6,500	\$ 6,695	\$ 6,896	\$ 7,103	\$ 7,316	\$ 7,535	\$ 7,761	\$ 7,994	\$ 8,234
61430	Overtime - Regular	3	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334
61431	Overtime - Holiday	3	\$ 3,000	\$ 3,000	\$ 3,090	\$ 3,183	\$ 3,278	\$ 3,377	\$ 3,478	\$ 3,582	\$ 3,690	\$ 3,800
61501	Medicare	4	\$ 4,314	\$ 4,385	\$ 4,824	\$ 5,306	\$ 5,836	\$ 6,420	\$ 7,062	\$ 7,768	\$ 8,545	\$ 9,400
61502	Health Plan	4	\$ 72,600	\$ 76,856	\$ 84,542	\$ 92,996	\$ 102,295	\$ 112,525	\$ 123,777	\$ 136,155	\$ 149,771	\$ 164,748
61503	PERS	5	\$ 90,711	\$ 93,335	\$ 101,160	\$ 109,025	\$ 117,270	\$ 121,154	\$ 113,102	\$ 116,495	\$ 119,990	\$ 123,590
61504	Workers Compensation	3	\$ 5,102	\$ 5,566	\$ 5,733	\$ 5,905	\$ 6,082	\$ 6,265	\$ 6,453	\$ 6,646	\$ 6,845	\$ 7,051
61505	Life Insurance	3	\$ 133	\$ 133	\$ 137	\$ 141	\$ 145	\$ 150	\$ 154	\$ 159	\$ 164	\$ 168
61507	Dental / Vision	4	\$ 9,535	\$ 9,535	\$ 10,489	\$ 11,537	\$ 12,691	\$ 13,960	\$ 15,356	\$ 16,892	\$ 18,581	\$ 20,439
61508	Premium Incentive - Health	4	\$ -	\$ 2,990	\$ 3,289	\$ 3,618	\$ 3,980	\$ 4,378	\$ 4,815	\$ 5,297	\$ 5,827	\$ 6,409
Supplies and Services												
62250	TEL - Internet	2	\$ 1,056	\$ 1,102	\$ 1,135	\$ 1,169	\$ 1,204	\$ 1,240	\$ 1,278	\$ 1,316	\$ 1,355	\$ 1,396
62301	Postage & Freight	2	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334
62501	Office Supplies	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
62507	Computer Forms & Supplies	2	\$ 1,500	\$ 1,500	\$ 1,545	\$ 1,591	\$ 1,639	\$ 1,688	\$ 1,739	\$ 1,791	\$ 1,845	\$ 1,900
62508	Photocopy Machine	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
62701	Professional Services	2	\$ 150,000	\$ 175,000	\$ 180,250	\$ 185,658	\$ 191,227	\$ 196,964	\$ 202,873	\$ 208,959	\$ 215,228	\$ 221,685
62725	Commercial Lab Expenses	2	\$ 40,000	\$ 50,000	\$ 51,500	\$ 53,045	\$ 54,636	\$ 56,275	\$ 57,964	\$ 59,703	\$ 61,494	\$ 63,339
62801	Professional Development	2	\$ 1,500	\$ 1,500	\$ 1,545	\$ 1,591	\$ 1,639	\$ 1,688	\$ 1,739	\$ 1,791	\$ 1,845	\$ 1,900
63101	Dues & Subscrptn	2	\$ 1,250	\$ 1,250	\$ 1,288	\$ 1,326	\$ 1,366	\$ 1,407	\$ 1,449	\$ 1,493	\$ 1,537	\$ 1,583
63401	Special Equipment O&M	2	\$ 10,000	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	\$ 11,941	\$ 12,299	\$ 12,668
63470	Spec O&M - Lab Supplies	2	\$ 125,000	\$ 125,000	\$ 128,750	\$ 132,613	\$ 136,591	\$ 140,689	\$ 144,909	\$ 149,257	\$ 153,734	\$ 158,346
63501	Vehicle MTCE - ISF	2	\$ 3,422	\$ 8,852	\$ 9,118	\$ 9,391	\$ 9,673	\$ 9,963	\$ 10,262	\$ 10,570	\$ 10,887	\$ 11,213
63505	Vehicle Maint Fuel	2	\$ 2,177	\$ 1,765	\$ 1,818	\$ 1,872	\$ 1,929	\$ 1,987	\$ 2,046	\$ 2,108	\$ 2,171	\$ 2,236
63599	Vehicle Replacement Fee	2	\$ 482	\$ 2,384	\$ 2,456	\$ 2,529	\$ 2,605	\$ 2,683	\$ 2,764	\$ 2,847	\$ 2,932	\$ 3,020
63601	BLDG O&M - MTCE	2	\$ 7,500	\$ 7,500	\$ 7,725	\$ 7,957	\$ 8,195	\$ 8,441	\$ 8,695	\$ 8,955	\$ 9,224	\$ 9,501
63603	BLDG O&M - Janitorial	2	\$ 350	\$ 350	\$ 361	\$ 371	\$ 382	\$ 394	\$ 406	\$ 418	\$ 430	\$ 443
63604	SPEC O&M - Laundry	2	\$ 1,250	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814	\$ 2,898	\$ 2,985	\$ 3,075	\$ 3,167
63901	Training Program / Aids	2	\$ 2,500	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814	\$ 2,898	\$ 2,985	\$ 3,075	\$ 3,167
63904	Manuals/Codes	2	\$ 750	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615	\$ 633
63909	Safety Equipment	2	\$ 1,750	\$ 1,500	\$ 1,545	\$ 1,591	\$ 1,639	\$ 1,688	\$ 1,739	\$ 1,791	\$ 1,845	\$ 1,900
64310	Liability Insurance	2	\$ 14,004	\$ 14,240	\$ 14,667	\$ 15,107	\$ 15,560	\$ 16,027	\$ 16,508	\$ 17,003	\$ 17,513	\$ 18,039
64910	Depreciation (5)	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66001	Other Materials & Supplies	2	\$ 10,000	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	\$ 11,941	\$ 12,299	\$ 12,668
69201	Equipment	2	\$ 90,000	\$ 220,000	\$ 92,700	\$ 95,481	\$ 98,345	\$ 101,296	\$ 104,335	\$ 107,465	\$ 110,689	\$ 114,009
Total: Sewer Fund Operations - Treatment Plant Lab			\$ 953,402	\$ 1,138,638	\$ 1,050,485	\$ 1,094,050	\$ 1,139,789	\$ 1,183,084	\$ 1,216,500	\$ 1,263,565	\$ 1,313,100	\$ 1,365,284

CITY OF YUBA CITY
WASTEWATER RATE STUDY
Operating Revenue and Expenses
Preliminary Draft: Do Not Cite or Distribute

EXHIBIT 1

Sewer Fund Operations		Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund 519 Stonegate Fund												
Department 8200 Stonegate Facility												
Salaries and Benefits												
61210	Salaries - Regular	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61501	Medicare	4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61502	Health Plan	4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61503	PERS	5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61504	Workers Compensation	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61505	Life Insurance	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61507	Dental / Vision	4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies and Services												
63101	Dues & Subscrptn	2	\$ 1,800	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814	\$ 2,898	\$ 2,985	\$ 3,075	\$ 3,167
63401	Special Equipment O&M	2	\$ 25,000	\$ 80,000	\$ 82,400	\$ 84,872	\$ 87,418	\$ 90,041	\$ 92,742	\$ 95,524	\$ 98,390	\$ 101,342
63451	Spec O&M - Major MTCE	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
R63401	Special Equipment O&M	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63601	BLDG O&M - MTCE	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64101	Raw Water Purchases	1	\$ 617	\$ 316	\$ 317	\$ 318	\$ 319	\$ 320	\$ 321	\$ 322	\$ 324	\$ 325
Total: Sewer Fund Operations - Stonegate Facility			\$ 27,417	\$ 82,816	\$ 85,292	\$ 87,842	\$ 90,469	\$ 93,175	\$ 95,962	\$ 98,832	\$ 101,788	\$ 104,833
Sewer Fund Operations												
Operating Transfers												
Z69990	Operation Transfers Out (Fund 518-8120)	8	\$ 1,419,900	\$ 1,557,600	\$ 1,619,904	\$ 1,684,700	\$ 1,752,088	\$ 1,822,172	\$ 1,895,059	\$ 1,970,861	\$ 2,049,695	\$ 2,131,683
--	Operation Transfers Out (Fund 518 to Fund 620)	3	\$ -	\$ 173,107	\$ 178,300	\$ 183,649	\$ 189,159	\$ 194,833	\$ 200,678	\$ 206,699	\$ 212,900	\$ 219,287
Total: Sewer Fund Operations - Operating Transfers			\$ 1,419,900	\$ 1,730,707	\$ 1,798,204	\$ 1,868,349	\$ 1,941,247	\$ 2,017,005	\$ 2,095,737	\$ 2,177,560	\$ 2,262,595	\$ 2,350,970
Grand Total: Sewer Fund Operations			\$ 9,210,133	\$ 10,040,956	\$ 10,324,314	\$ 10,763,561	\$ 11,224,012	\$ 11,673,701	\$ 12,062,553	\$ 12,552,051	\$ 13,065,948	\$ 13,605,812

CITY OF YUBA CITY
WASTEWATER RATE STUDY
Operating Revenue and Expenses
Preliminary Draft: Do Not Cite or Distribute

EXHIBIT 1

Non-Cash Items, Show for Reference Purposes:

Annual Depreciation Expense (5)	Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Sewer Collection Depreciation	2	\$ 1,043,944	\$ 1,127,876	\$ 1,161,712	\$ 1,196,563	\$ 1,232,460	\$ 1,269,434	\$ 1,307,517	\$ 1,346,743	\$ 1,387,145	\$ 1,428,759
Sewer Treatment Plant Depreciation	2	\$ 1,949,024	\$ 1,919,649	\$ 1,977,238	\$ 2,036,555	\$ 2,097,652	\$ 2,160,582	\$ 2,225,399	\$ 2,292,161	\$ 2,360,926	\$ 2,431,754
Wastewater Pretreatment Depreciation	2	\$ 2,200	\$ 2,200	\$ 2,266	\$ 2,334	\$ 2,405	\$ 2,477	\$ 2,551	\$ 2,627	\$ 2,706	\$ 2,787
Treatment Plant Lab Depreciation	2	\$ 49,373	\$ 57,642	\$ 59,371	\$ 61,152	\$ 62,987	\$ 64,877	\$ 66,823	\$ 68,828	\$ 70,892	\$ 73,019
Total: Annual Depreciation Expense		\$ 3,044,542	\$ 3,107,367	\$ 3,200,588	\$ 3,296,606	\$ 3,395,504	\$ 3,497,369	\$ 3,602,290	\$ 3,710,359	\$ 3,821,669	\$ 3,936,319

Operating Transfers (5)	Basis	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Z69980 Operating Transfers In (Fund 518-8110)	9	\$ (289,250)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Z69990 Operating Transfers Out (Fund 518-8110)	9	\$ 431,386	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Z69970 Debt Service Transfer Out (Fund 518-8120)	9	\$ 675,899	\$ 1,049,897	\$ 1,048,653	\$ 1,051,211	\$ 1,047,552	\$ 1,047,773	\$ 1,047,760	\$ 1,096,714	\$ 1,094,431	\$ 1,096,031
Total: Sewer Fund Operations - Operating Transfers		\$ 818,035	\$ 1,049,897	\$ 1,048,653	\$ 1,051,211	\$ 1,047,552	\$ 1,047,773	\$ 1,047,760	\$ 1,096,714	\$ 1,094,431	\$ 1,096,031

FORECASTING ASSUMPTIONS:

ECONOMIC VARIABLES	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1 Customer Growth (7)	--	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.33%
2 General Cost Inflation	--	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
3 Labor Cost Inflation (8)	--	10.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
4 Health Benefits Cost Inflation (9)	--	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
5 Retirement Benefits Cost Inflation (10)	--	16.33%	8.38%	7.77%	7.56%	3.31%	-6.65%	3.00%	3.00%	3.00%
6 Chemicals	--	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
7 Energy (11)	--	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
8 Internal Transfers	--	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
9 No Escalation	--	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

- (1) Revenues for FY 2014/15 -2015/16 are from the City's Actual FY 2014/15 and Proposed FY 2015/16 Pro Forma Analysis (files: *Wastewater Debt Coverage Ratio Actual 14-15.xls*).
- (2) Sewer Service Charges were reduced in FY 2015/16 to account for State mandated conservation; commercial variable revenue was reduced by 32%.
- (3) Interest earnings are per the City's budget in FY 2014/15, and calculated in the Financial Plan for all future years.
- (4) Expenses for FY 2014/15 are from the City's Fiscal Year 2014-15 Budget (file: *14-15 WtrWW Rev Op Bgts Line Item Detail.pdf*). FY 2015/16 expenses are from file: *Wastewater Fund - Expenditures.xls*. Inflationary factors are applied to these expenses to project costs in 2015/16 and beyond.
- (5) The City's budgeted depreciation expense is excluded from this forecast for purposes of the analysis. Contributions to reserves is handled in the Financial Plan and Reserve Fund summaries in this model, and Capital Improvement Program funding is handled in Exhibit 2 (CIP). Operating Transfers were also excluded from this analysis as they do not represent actual cash expenditures. All Operating Transfer amounts are set to zero for future years as they vary annually, with the exception of Debt Service Operating Transfers, which are equal to Debt Service payments that are to be satisfied with Wastewater Rates, excluding the Wastewater Solar Project payments (see Exhibit 3 (Debt) for detail).
- (6) Principal and Interest is for the Opterra Bank of America debt service and the portion thereof that Fund 518 is responsible for. The Opterra debt is charged to divisions instead of using a debt service fund. Data provided by City staff, June 2015, file: *Opterra - Bank of America Debt Service.xlsx*.
- (7) Per the City's direction, growth is based on 50 new sewer connections per year (meeting with City staff on 03/19/2015).
- (8) Labor Cost inflation factor increases noticeably for FY 2016/17 as the City eliminates all furloughs. Inflation is expected to be 3% thereafter (meeting with City staff on 03/19/2015).
- (9) Health Benefit Cost inflation factor was determined by City staff (meeting with City staff on 03/19/2015).
- (10) Retirement Benefit Cost inflation factor was determined by City staff; inflation factor calculated based on retirement benefits costing an average of 30% of the wastewater utilities payroll annually (meeting with City staff on 03/19/2015).
- (11) Energy Cost inflation factor was determined by City staff (meeting with City staff on 03/19/2015).

CAPITAL FUNDING SUMMARY

CAPITAL FUNDING FORECAST	Budget					Projected					
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Funding Sources:											
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Capacity Fee Reserves	\$ 150,000	\$ -	\$ 901,765	\$ 991,088	\$ 410,770	\$ 411,027	\$ -	\$ 411,540	\$ 411,796	\$ -	\$ -
Use of SRF Loan Funding	\$ -	\$ -	\$ 1,200,000	\$ 3,000,000	\$ 5,000,000	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Use of New Revenue Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Capital Rehabilitation and Replacement Reserve	\$ 2,329,475	\$ 2,418,955	\$ 1,820,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Revenue	\$ 1,035,525	\$ -	\$ -	\$ 2,995,808	\$ 1,785,733	\$ 4,817,777	\$ 3,582,157	\$ 3,278,082	\$ 3,388,514	\$ 3,914,320	\$ 4,031,749
Total Sources of Capital Funds	\$ 3,515,000	\$ 2,418,955	\$ 3,922,147	\$ 6,986,896	\$ 7,196,503	\$ 15,228,804	\$ 3,582,157	\$ 3,689,622	\$ 3,800,310	\$ 3,914,320	\$ 4,031,749
Uses of Capital Funds:											
Total Project Costs (Inflated to Future Year Dollars)	\$ 3,515,000	\$ 2,418,955	\$ 3,922,147	\$ 6,986,896	\$ 7,196,503	\$ 15,228,804	\$ 3,582,157	\$ 3,689,622	\$ 3,800,310	\$ 3,914,320	\$ 4,031,749
Capital Funding Surplus (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
New SRF Loan Funding	\$ -	\$ -	\$ 1,200,000	\$ 3,000,000	\$ 5,000,000	\$ 10,000,000	\$ -				
New Revenue Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					

Set Capital Spending here: \$ 2,348,500 \$ 3,697,000 \$ 6,394,000 \$ 6,394,000 \$ 13,136,500 \$ 3,000,000 \$ 3,000,000 \$ 3,000,000 \$ 3,000,000 \$ 3,000,000

Option #2 Total Project Expenditures:	FY 2015/16 - FY 2019/20	SFR Loan Funding
Digester Improvements	\$ 3,300,000	\$ 3,000,000
Secondary Clarifier #4	\$ 5,500,000	\$ 5,000,000
West Chlorine Contact Basin Rehabilitation	\$ 650,000	\$ -
New Outfall Diffuser	\$ 11,500,000	\$ 10,000,000
Advanced Treatment & Water Recycling Opportunities Evaluation	\$ 270,000	\$ -
Barscreen Rehabilitation / Replacement	\$ 1,200,000	\$ 1,200,000
Dewatering System Improvements	\$ 3,550,000	\$ -
Electrical Instrumentation Improvements	\$ 1,000,000	\$ -
Total:	\$ 26,970,000	\$ 19,200,000

Annual % Of Project Expenditures:	2016	2017	2018	2019	2020	Total
	5%	10%	20%	20%	45%	100%

FORECASTING ASSUMPTIONS:

Economic Variables	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Construction Cost Inflation, Per Engineering News Record (1)	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Construction Cost Multiplier from 2015	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34

(1) For reference purposes, the annual Construction Cost Inflation percentage is the 10 year average change in the Construction Cost Index for 2004-2014. Source: Engineering News Record website (<http://enr.construction.com>).

CITY OF YUBA CITY
WASTEWATER RATE STUDY
Debt Service
Preliminary Draft: Do Not Cite or Distribute

EXHIBIT 3

EXISTING DEBT OBLIGATIONS	Budget		Projected								
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Wastewater Revenue Refunding Bonds - 2011 - \$9,715,000 (1)											
Principal Payment	\$ 155,000	\$ 150,000	\$ 150,000	\$ 160,000	\$ 155,000	\$ 160,000	\$ 165,000	\$ 170,000	\$ 170,000	\$ 180,000	\$ 180,000
Interest Payment	\$ 358,716	\$ 356,004	\$ 352,854	\$ 349,329	\$ 345,129	\$ 340,634	\$ 335,594	\$ 330,149	\$ 324,369	\$ 318,419	\$ 311,849
Subtotal: Annual Debt Service	\$ 513,716	\$ 506,004	\$ 502,854	\$ 509,329	\$ 500,129	\$ 500,634	\$ 500,594	\$ 500,149	\$ 494,369	\$ 498,419	\$ 491,849
Coverage Requirement (\$-Amnt above annual payment) (2)	\$ 1,488,119	\$ 1,488,119	\$ 1,488,119	\$ 1,488,119	\$ 1,488,119	\$ 1,488,119	\$ 1,488,119	\$ 1,488,119	\$ 1,488,119	\$ 1,488,119	\$ 1,488,119
Reserve Requirement (total fund balance) (3)	\$ 951,121	\$ 951,121	\$ 951,121	\$ 951,121	\$ 951,121	\$ 951,121	\$ 951,121	\$ 951,121	\$ 951,121	\$ 951,121	\$ 951,121
Wastewater Revenue Refunding Bonds - 2014 - \$7,321,914 (4)											
Principal Payment	\$ 595,966	\$ 610,568	\$ 625,527	\$ 640,852	\$ 656,553	\$ 672,638	\$ 689,118	\$ 706,001	\$ 723,298	\$ 741,019	\$ -
Interest Payment	\$ 163,208	\$ 148,607	\$ 133,648	\$ 118,322	\$ 102,621	\$ 86,526	\$ 70,056	\$ 53,173	\$ 35,876	\$ 18,155	\$ -
Subtotal: Annual Debt Service	\$ 759,174	\$ 759,164	\$ 759,174	\$ 759,174	\$ 759,174	\$ 759,174	\$ -				
Coverage Requirement (\$-Amnt above annual payment) (5)	\$ 911,009	\$ 911,009	\$ 911,009	\$ 911,009	\$ 911,009	\$ 911,009	\$ 911,009	\$ 911,009	\$ 911,009	\$ 911,009	\$ -
Reserve Requirement (total fund balance) (6)	\$ 759,174	\$ 759,174	\$ 759,174	\$ 759,174	\$ 759,174	\$ 759,174	\$ 759,174	\$ 759,174	\$ 759,174	\$ 759,174	\$ -
Wastewater SRF Loan - WWTF - \$3,500,000 (7)											
Principal Payment	\$ -	\$ 141,734	\$ 144,852	\$ 148,039	\$ 151,273	\$ 154,625	\$ 158,026	\$ 161,478	\$ 165,030	\$ 168,661	\$ 172,372
Interest Payment	\$ -	\$ 77,290	\$ 74,172	\$ 70,985	\$ 67,718	\$ 64,400	\$ 60,998	\$ 57,513	\$ 53,960	\$ 50,330	\$ 46,619
Subtotal: Annual Debt Service	\$ -	\$ 219,024	\$ 219,024	\$ 219,024	\$ 218,991	\$ 219,025	\$ 219,024	\$ 218,991	\$ 218,991	\$ 218,991	\$ 218,991
Coverage Requirement (\$-Amnt above annual payment) (8)	\$ -	\$ 262,830	\$ 262,830	\$ 262,830	\$ 262,830	\$ 262,830	\$ 262,829	\$ 262,789	\$ 262,789	\$ 262,789	\$ 262,789
Reserve Requirement (total fund balance) (9)	\$ -	\$ 219,025	\$ 219,025	\$ 219,025	\$ 219,025	\$ 219,025	\$ 219,024	\$ 218,991	\$ 218,991	\$ 218,991	\$ 218,991
Wastewater SRF Loan - Collection - \$7,193,965 (10)											
Principal Payment	\$ -	\$ 273,328	\$ 274,947	\$ 279,896	\$ 284,934	\$ 290,063	\$ 295,284	\$ 338,890	\$ 344,990	\$ 351,200	\$ 357,522
Interest Payment	\$ -	\$ 112,556	\$ 110,937	\$ 105,988	\$ 100,950	\$ 95,821	\$ 90,600	\$ 96,148	\$ 90,048	\$ 83,839	\$ 77,517
Subtotal: Annual Debt Service	\$ -	\$ 385,884	\$ 435,039	\$ 435,039	\$ 435,039	\$ 435,039					
Coverage Requirement (\$-Amnt above annual payment) (11)	\$ -	\$ 522,046	\$ 522,046	\$ 522,046	\$ 522,046	\$ 522,046	\$ 522,046	\$ 522,046	\$ 522,046	\$ 522,046	\$ 522,046
Reserve Requirement (total fund balance) (12)	\$ -	\$ 435,039	\$ 435,039	\$ 435,039	\$ 435,039	\$ 435,039	\$ 435,039	\$ 435,039	\$ 435,039	\$ 435,039	\$ 435,039
Wastewater Solar Project - \$2,398,711 (13)											
Principal Payment	\$ 82,164	\$ 85,451	\$ 88,869	\$ 92,423	\$ 96,120	\$ 99,965	\$ 103,964	\$ 108,122	\$ 112,447	\$ 116,945	\$ 121,623
Interest Payment	\$ 90,943	\$ 87,657	\$ 84,239	\$ 80,684	\$ 76,987	\$ 73,142	\$ 69,143	\$ 64,985	\$ 60,660	\$ 56,162	\$ 51,484
Subtotal: Annual Debt Service	\$ 173,107										
Grand Total: Existing Annual Debt Service	\$ 1,445,998	\$ 2,043,193	\$ 2,040,043	\$ 2,046,518	\$ 2,037,285	\$ 2,037,814	\$ 2,037,783	\$ 2,086,459	\$ 2,080,679	\$ 2,084,729	\$ 1,318,985
Grand Total: Existing Annual Coverage Requirement	\$ 2,399,128	\$ 3,184,004	\$ 3,184,003	\$ 3,183,963	\$ 3,183,963	\$ 3,183,963	\$ 2,272,954				
Grand Total: Existing Debt Reserve Target	\$ 1,710,295	\$ 2,364,358	\$ 2,364,357	\$ 2,364,324	\$ 2,364,324	\$ 2,364,324	\$ 1,605,150				

Existing Annual Debt Obligations to be Satisfied by Wastewater Rates:

Existing Annual Debt Service	\$ 675,899	\$ 1,223,004	\$ 1,221,760	\$ 1,224,318	\$ 1,220,659	\$ 1,220,880	\$ 1,220,867	\$ 1,269,821	\$ 1,267,538	\$ 1,269,138	\$ 966,669
Existing Annual Coverage Requirement	\$ 947,655	\$ 1,666,824	\$ 1,666,824	\$ 1,666,824	\$ 1,666,824	\$ 1,666,824	\$ 1,666,823	\$ 1,666,793	\$ 1,666,793	\$ 1,666,793	\$ 1,306,945
Existing Bond Debt Reserve Target	\$ 675,566	\$ 675,566	\$ 675,566	\$ 675,566	\$ 675,566	\$ 675,566	\$ 675,566	\$ 675,566	\$ 675,566	\$ 675,566	\$ 375,693
Existing SRF Loan Debt Reserve Target	\$ -	\$ 599,307	\$ 599,307	\$ 599,307	\$ 599,307	\$ 599,307	\$ 599,307	\$ 599,282	\$ 599,282	\$ 599,282	\$ 599,282

Existing Annual Debt Obligations to be Satisfied by Connection Fees:

Existing Annual Debt Service	\$ 770,099	\$ 820,189	\$ 818,283	\$ 822,200	\$ 816,626	\$ 816,934	\$ 816,916	\$ 816,638	\$ 813,141	\$ 815,591	\$ 352,316
Existing Annual Coverage Requirement	\$ 1,451,472	\$ 1,517,180	\$ 1,517,180	\$ 1,517,180	\$ 1,517,180	\$ 1,517,180	\$ 1,517,179	\$ 1,517,169	\$ 1,517,169	\$ 1,517,169	\$ 966,009
Existing Bond Debt Reserve Target	\$ 1,034,728	\$ 1,034,728	\$ 1,034,728	\$ 1,034,728	\$ 1,034,728	\$ 1,034,728	\$ 1,034,728	\$ 1,034,728	\$ 1,034,728	\$ 1,034,728	\$ 575,428
Existing SRF Loan Debt Reserve Target	\$ -	\$ 54,756	\$ 54,756	\$ 54,756	\$ 54,756	\$ 54,756	\$ 54,756	\$ 54,748	\$ 54,748	\$ 54,748	\$ 54,748

**CITY OF YUBA CITY
WASTEWATER RATE STUDY
Debt Service**

Preliminary Draft: Do Not Cite or Distribute

- (1) The 2011 Wastewater Bonds refunded the 2002 Bonds. 2011 Bonds are Debt Service Fund 535; payment breakdown is 39.50% paid by Fund 518 and 60.50% by Fund 527. File: *Wastewater 2014 & 2011 Debt Service Schedule.pdf*
- (2) The Coverage Requirement for the 2011 Wastewater Bonds is at least equal to 120% of Maximum Annual Debt Service, taking into account all Parity Debt. File: *2011 Wastewater Refunding Indenture of Trust.pdf*; 3.05(b), page 10.
- (3) The Reserve Requirement for the 2011 Wastewater Bonds is equal to the lesser of (a) \$951,120.59, being 125% of Average Annual Debt Service on the bonds or (b) the amount of Maximum Annual Debt Service on the Bonds.
File: *2011 Wastewater Refunding Indenture of Trust.pdf*; Appendix A, Definitions, page A-8.
- (4) The 2014 Wastewater Bonds refunded the 2007 Bonds. 2014 Bonds are Debt Service Fund 539; payment breakdown is 39.50% paid by Fund 518 and 60.50% by Fund 527. File: *Wastewater 2014 & 2011 Debt Service Schedule.pdf*
- (5) The Coverage Requirement for the 2014 Wastewater Revenue Refunding Bonds are at least equal to 120% Parity Debt. File: *A_003.pdf* City of Yuba City Resolution No. 14-026, Section 5.07, page 15.
- (6) NBS assumes the Reserve Requirement for the 2014 Wastewater Certificates is equal to the Maximum Annual Debt Service on the Bonds as Section 5.02 of Resolution 14-026 states that the city will observe all conditions of Parity Debt.
File: *A_003.pdf* City of Yuba City Resolution No. 14-026, Section 5.02, page 13.
- (7) The Wastewater SRF Loan - WWTF is allocated 75% to Fund 518 (Operating) and 25% to Fund 527 (Connection). Original SRF loan amount was \$6,500,000 less \$3,000,000 in Contingent Principal Forgiveness.
File: *Wastewater SRF - Fund 541 WWTF - revised 5-28-14.pdf* and *Agreement 11-830-550 \$6.5m.pdf*, Exhibit B (4), Project Financing Amount.
- (8) The Wastewater SRF Loan - WWTF Coverage Requirement is equal to at least 1.2 times the total annual debt service. File: *Agreement 11-830-550 \$6.5m.pdf*, Exhibit D (2), Special Conditions.
- (9) The Wastewater SRF Loan - WWTF Reserve Fund is equal to one years debt service. File: *Agreement 11-830-550 \$6.5m.pdf*, Exhibit D (1), Special Conditions.
- (10) The Wastewater SRF Loan - Collection is 100% allocated to Fund 518, and paid for with Debt Service Fund 542. Revised SRF loan amount was \$10,193,965 less \$3,000,000 in Contingent Principal Forgiveness.
File: *Wastewater SRF - Fund 542 Collection System - Revised.pdf* and *Agreement 12-804-550 \$7.7m - Revised 8-8-13.pdf*, Exhibit B (1) and (3), Project Financing Amount.
- (11) The Wastewater SRF Loan - Collection Coverage Requirement is equal to at least 1.2 times the total annual debt service. File: *Agreement 12-804-550 \$7.7m.pdf*, Exhibit D, Special Conditions.
- (12) The Wastewater SRF Loan - Collection Reserve Fund is equal to one years debt service. File: *Agreement 12-804-550 \$7.7m.pdf*, Exhibit D, Special Conditions.
- (13) The Wastewater Solar Project is 100% allocated to Fund 518. NBS assumes there is no coverage or reserve requirement on this debt as it is a loan from the City of Yuba City - Pooled Cash Investment Fund. File: *Wastewater Solar System.pdf*.

NEW DEBT FINANCING ASSUMPTIONS:

Long-Term Debt Terms	State Revolving Fund Loan	Revenue Bonds
Issuance Cost	0.00%	2.00%
Annual Interest Cost (%)	3.00%	5.50%
Term	30	30
Debt Reserve Funded?	Yes	Yes
Coverage Requirement (% above annual pmt)	20%	25%

NEW DEBT OBLIGATIONS:

Annual Repayment Schedules	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
SRF Loan Funding											
Principal Payment	\$ -	\$ -	\$ 26,579	\$ 93,824	\$ 207,386	\$ 435,100	\$ 448,153	\$ 461,598	\$ 475,446	\$ 489,709	\$ 504,400
Interest Payment	-	-	37,935	131,977	287,226	597,133	584,080	570,636	556,788	542,524	527,833
Subtotal: Annual Debt Service	\$ -	\$ -	\$ 64,515	\$ 225,801	\$ 494,612	\$ 1,032,234					
Revenue Bonds											
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment	-	-	-	-	-	-	-	-	-	-	-
Subtotal: Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total: New Annual Debt Service	\$ -	\$ -	\$ 64,515	\$ 225,801	\$ 494,612	\$ 1,032,234					
Grand Total: New Annual Coverage Requirement	\$ -	\$ -	\$ 12,903	\$ 45,160	\$ 98,922	\$ 206,447					
Grand Total: New Bond Debt Reserve Target	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total: New SRF Loan Debt Reserve Target	\$ -	\$ -	\$ 64,515	\$ 225,801	\$ 494,612	\$ 1,032,234					

TOTAL DEBT SERVICE:

Annual Obligations	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Debt Service	\$ 1,445,998	\$ 2,043,193	\$ 2,104,558	\$ 2,272,319	\$ 2,531,897	\$ 3,070,048	\$ 3,070,017	\$ 3,118,693	\$ 3,112,913	\$ 3,116,963	\$ 2,351,219
Annual Coverage Requirement	\$ 2,399,128	\$ 3,184,004	\$ 3,196,907	\$ 3,229,164	\$ 3,282,926	\$ 3,390,451	\$ 3,390,449	\$ 3,390,409	\$ 3,390,409	\$ 3,390,409	\$ 2,479,400
Total Debt Reserve Target	\$ 1,710,295	\$ 2,364,358	\$ 2,428,873	\$ 2,590,160	\$ 2,858,970	\$ 3,396,592	\$ 3,396,591	\$ 3,396,558	\$ 3,396,558	\$ 3,396,558	\$ 2,637,383

CITY OF YUBA CITY
WASTEWATER RATE STUDY
Projected Water Rates Under Existing Rate Schedule
Preliminary Draft: Do Not Cite or Distribute

EXHIBIT 4

EXISTING WASTEWATER RATES (1)	Current Rates	
	09/01/14 - 08/31/15	09/01/15 - 08/31/16
Projected Annual Revenue Increase		
<u>Sewer Service Charges (updated September 1st each year)</u>		
Single family dwelling (per unit)	\$38.39	\$40.53
Duplex (per unit)	\$38.39	\$40.53
Multiple dwellings (per unit)	\$30.71	\$32.43
Churches	See Comm Rates	See Comm Rates
Offices & retail businesses, non-metered, each service	See Comm Rates	See Comm Rates
Schools, per student, per year (2)	\$17.63	\$18.61
<u>Commercial</u>		
C1 (Retail, Doctor, Church, Barber, Fitness, Theater, etc.)	\$38.39	\$40.53
C2 (Auto Sales, Motel, Auto Shop, Dry Cleaners, etc.)	\$43.19	\$45.60
C3 (Fast food, Bakery, Deli, Restaurant, Market, Gas, etc.)	\$52.29	\$55.23
<u>Metered Rate Sewer Service Charges (per 100 cf)</u>		
\$ per 100 cubic feet	\$1.513	\$1.597
<u>Septage Waste Disposal</u>		
Septic tank trucks discharging at the WWTP (per gallon)	\$0.296	\$0.312
Minimum 400 gallons per dump	\$118.40	\$124.80
<u>Large Industrial User charges</u>		
Waste water (per million gallons)	\$2,240.06	\$2,336.92
Suspended solids (per pound)	\$0.1724	\$0.1800
Biochemical demand (per pound)	\$0.2292	\$0.2393

(1) Rates are effective rates as of September 1st, Sections 6-5.408 and 6-5.507, Wastewater Ordinance.

(2) Average Daily Attendance (ADA) for past school year, for number of students.

CITY OF YUBA CITY
WASTEWATER RATE STUDY
Wastewater Cost of Service Analysis/Rate Design
Preliminary Draft: Do Not Cite or Distribute

Current vs. Proposed Sewer Rates (Monthly)

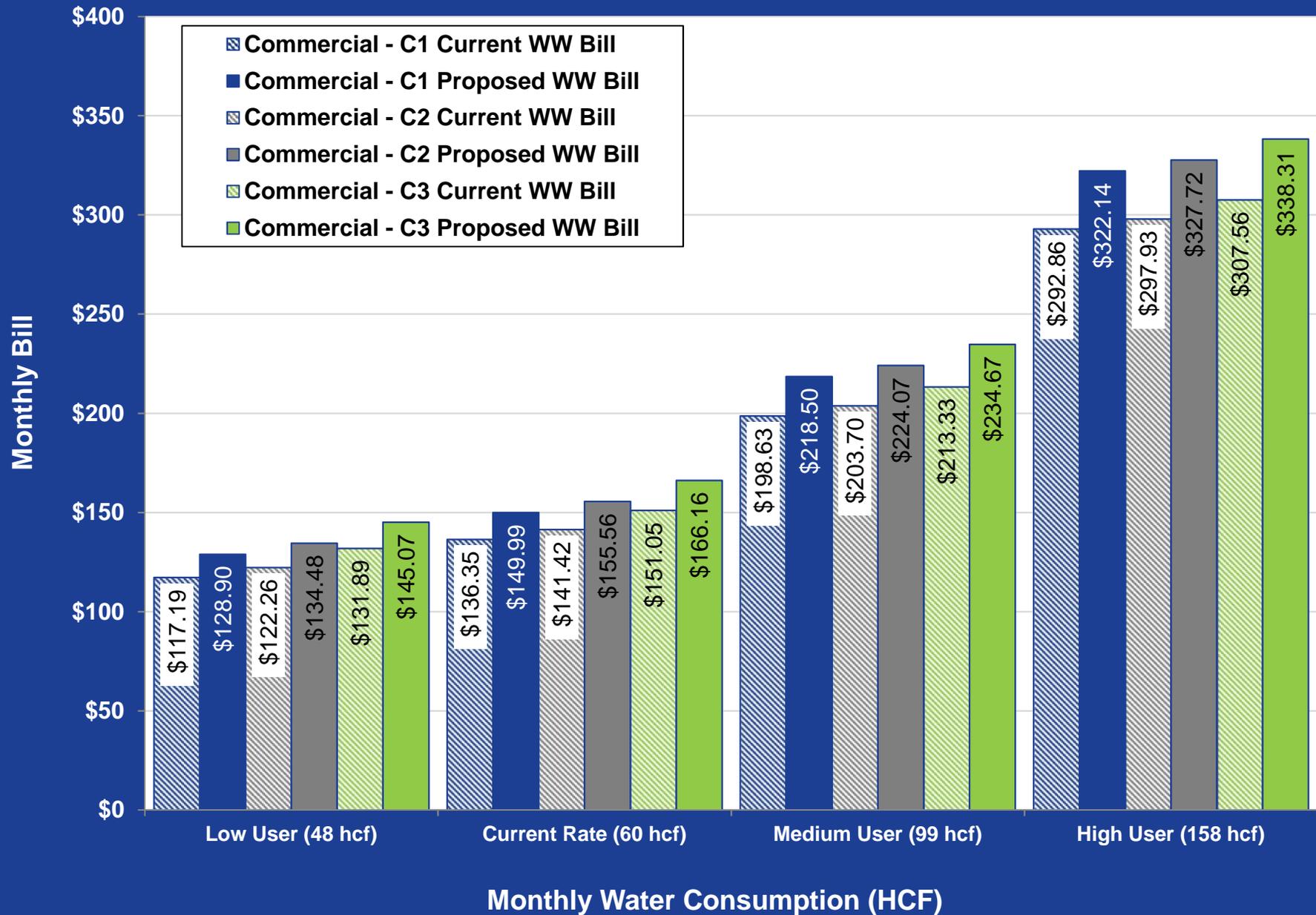
Sewer Rate Schedule	Current Rates	Recommended Sewer Rates				
		FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		10.00%	10.00%	10.00%	10.00%	10.00%
Monthly Fixed Service Charge (\$/mo.)						
Single-Family/Duplex Residential (per unit)	\$40.53	\$44.58	\$49.04	\$53.95	\$59.34	\$65.27
Multi Family Residential (per unit)	\$32.43	\$35.67	\$39.24	\$43.16	\$47.48	\$52.23
Commercial - C1	\$40.53	\$44.58	\$49.04	\$53.95	\$59.34	\$65.27
Commercial - C2	\$45.60	\$50.16	\$55.18	\$60.69	\$66.76	\$73.44
Commercial - C3	\$55.23	\$60.75	\$66.83	\$73.51	\$80.86	\$88.95
Commercial Volumetric Charge (\$/HCF) (Applied to Monthly Water Use)						
Commercial - C1	\$1.60	\$1.76	\$1.93	\$2.13	\$2.34	\$2.57
Commercial - C2	\$1.60	\$1.76	\$1.93	\$2.13	\$2.34	\$2.57
Commercial - C3	\$1.60	\$1.76	\$1.93	\$2.13	\$2.34	\$2.57
Large Industrial User Charges						
Waste water (\$/million gallons)	\$2,336.92	\$2,570.61	\$2,827.67	\$3,110.44	\$3,421.48	\$3,763.63
Total Suspended solids (TSS - in \$/lb.)	\$0.180	\$0.198	\$0.218	\$0.240	\$0.264	\$0.290
Biochemical Oxygen Demand (BOD in \$/lb.)	\$0.239	\$0.263	\$0.290	\$0.319	\$0.350	\$0.385
Schools (Average Daily Attendance)						
Schools, per student, per year	\$18.61	\$20.47	\$22.52	\$24.77	\$27.25	\$29.97
Septage Hauler Charges¹						
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		10.00%	10.00%	10.00%	10.00%	10.00%
Charge per Gallon	\$0.312	\$0.343	\$0.378	\$0.415	\$0.457	\$0.502
Minimum Charge: 400 gallons per dump	\$124.80	\$137.28	\$151.01	\$166.11	\$182.72	\$200.99
Minimum Charge: 1,000 gallon truck	\$312.00	\$343.20	\$377.52	\$415.27	\$456.80	\$502.48
Minimum Charge: 1,500 gallon truck	\$468.00	\$514.80	\$566.28	\$622.91	\$685.20	\$753.72

(1) Septage Haulers will be charged for a full tank each occurrence.

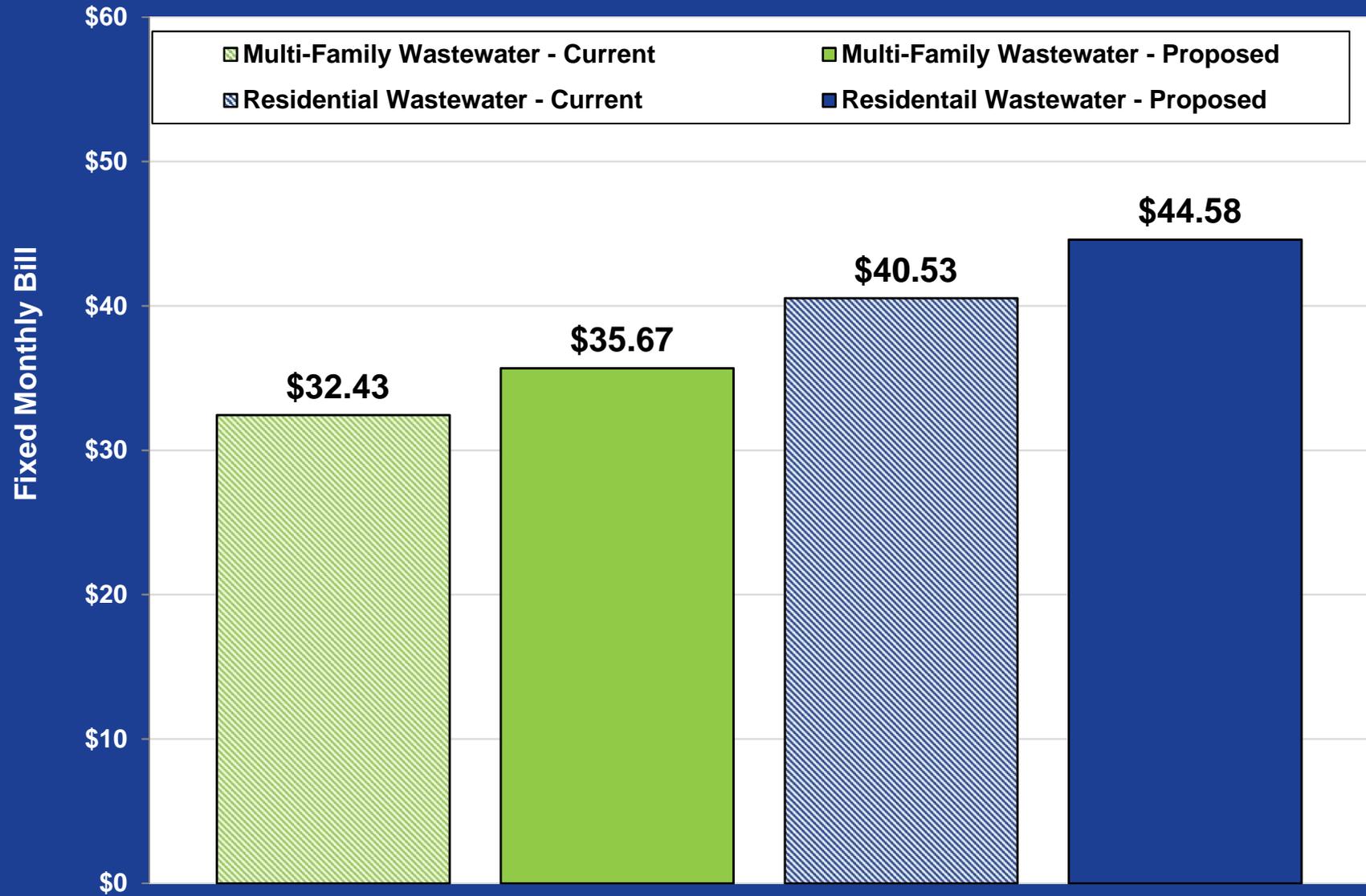
Sewer Rate Schedule - Conservation Rates (Commercial Customers Only) ¹	Current Rates	Recommended Sewer Conservation Rates				
		FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		10.00%	10.00%	10.00%	10.00%	10.00%
Volumetric Charge (\$/HCF) - Adjusted for Conservation Scenarios¹						
<i>Scenario 1 (20% Conservation)</i>						
Commercial - C1	\$1.60	\$ 1.76	\$ 1.93	\$ 2.13	\$ 2.34	\$ 2.57
Commercial - C2	\$1.60	\$ 1.76	\$ 1.93	\$ 2.13	\$ 2.34	\$ 2.57
Commercial - C3	\$1.60	\$ 1.76	\$ 1.93	\$ 2.13	\$ 2.34	\$ 2.57
<i>Scenario 2 (30% Conservation)</i>						
Commercial - C1	\$1.60	\$ 2.02	\$ 2.22	\$ 2.44	\$ 2.69	\$ 2.96
Commercial - C2	\$1.60	\$ 2.02	\$ 2.22	\$ 2.44	\$ 2.69	\$ 2.96
Commercial - C3	\$1.60	\$ 2.02	\$ 2.22	\$ 2.44	\$ 2.69	\$ 2.96
<i>Scenario 3 (40% Conservation)</i>						
Commercial - C1	\$1.60	\$ 2.20	\$ 2.42	\$ 2.66	\$ 2.92	\$ 3.21
Commercial - C2	\$1.60	\$ 2.20	\$ 2.42	\$ 2.66	\$ 2.92	\$ 3.21
Commercial - C3	\$1.60	\$ 2.20	\$ 2.42	\$ 2.66	\$ 2.92	\$ 3.21
<i>Scenario 4 (50% Conservation)</i>						
Commercial - C1	\$1.60	\$ 2.37	\$ 2.61	\$ 2.87	\$ 3.16	\$ 3.47
Commercial - C2	\$1.60	\$ 2.37	\$ 2.61	\$ 2.87	\$ 3.16	\$ 3.47
Commercial - C3	\$1.60	\$ 2.37	\$ 2.61	\$ 2.87	\$ 3.16	\$ 3.47
<i>Scenario 5 (60% Conservation)</i>						
Commercial - C1	\$1.60	\$ 2.55	\$ 2.80	\$ 3.08	\$ 3.39	\$ 3.73
Commercial - C2	\$1.60	\$ 2.55	\$ 2.80	\$ 3.08	\$ 3.39	\$ 3.73
Commercial - C3	\$1.60	\$ 2.55	\$ 2.80	\$ 3.08	\$ 3.39	\$ 3.73

(1) Only Commercial customers have a true variable (volumetric rate). These rates reflect annual rate increases and percent rate increases needed to offset drought stage conservation.

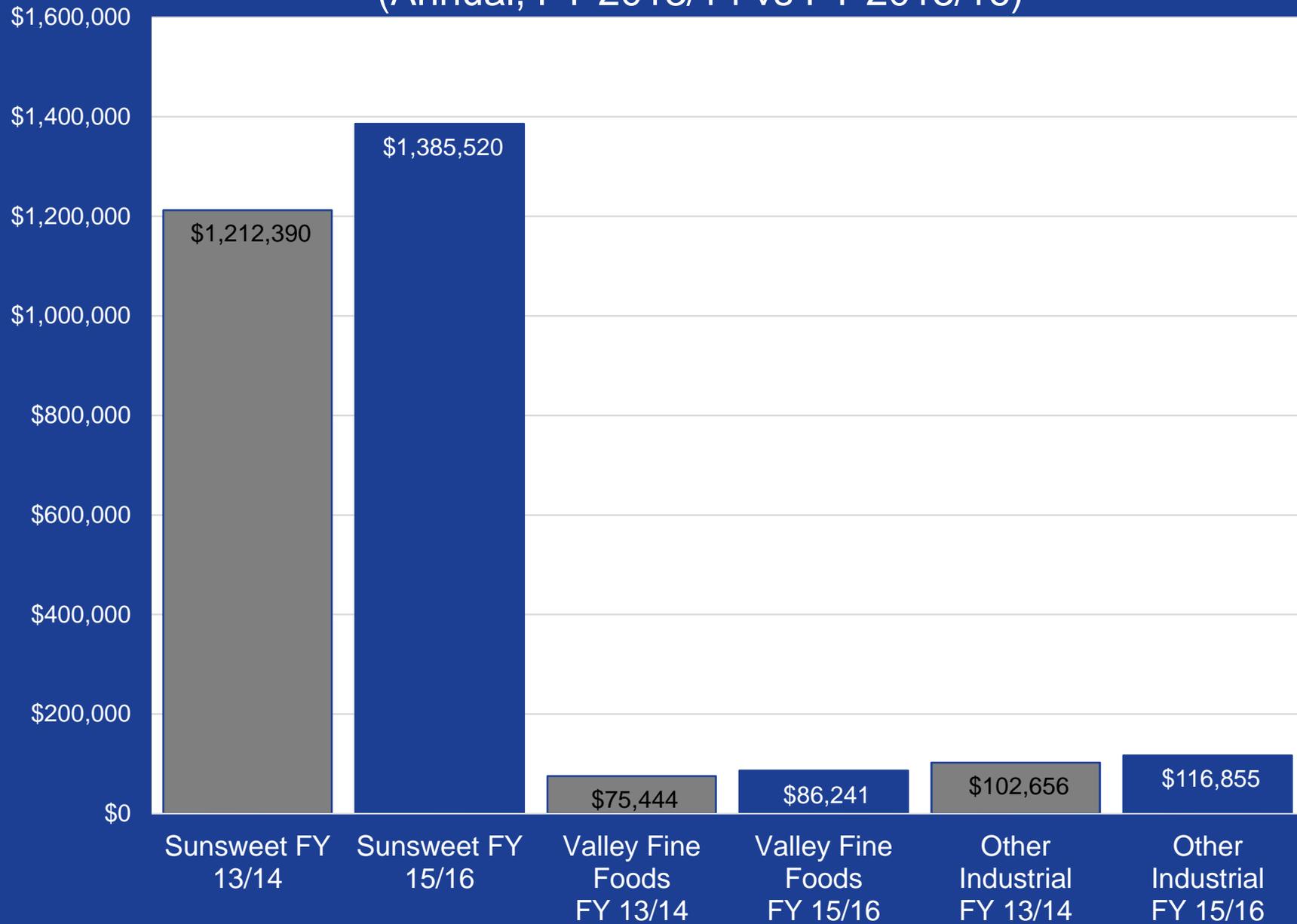
Wastewater Bill Comparisons - Commercial FY 2015/16



Wastewater Bill Comparisons - SFR & MFR (FY 2015/16)



Industrial Wastewater Revenue Comparison (Annual, FY 2013/14 vs FY 2015/16)



CITY OF YUBA CITY
WASTEWATER RATE STUDY
Customer Data
Preliminary Draft: Do Not Cite or Distribute

Number of Accounts by Class and Size (1)	FY 2013/14							Total
	1 inch	1.5 inch	2 inch	3 inch	4 inch	6 inch	Unknown Meter Size	
Single Family	-	-	-	-	-	-	12,312	12,312
Multi Family	-	-	-	-	-	-	1,028	1,028
Stonegate	-	-	-	-	-	-	103	103
Commercial - C1	502	202	101	15	6	1	31	858
Commercial - C2	39	13	5	1	-	-	-	58
Commercial - C3	35	42	23	4	1	-	1	106
Industrial	-	-	-	-	-	-	6	6
Schools ADA	6	2	6	7	7	-	13	41
Outside City Limits - Commercial C-1	-	1	-	-	-	-	-	1
Total	582	260	135	27	14	1	13,494	14,513

(1) Meter count is for June 2014, as provided by the City of Yuba City in file: *Utility Billing Summaries by Month and FY-Final 2-15.xls* and *YCUSD reports*. The City bills customers monthly.

Revenue Summary by Class FY 2013/14	Fixed	Variable	Other Revenues	Total
Single Family Residential	\$ 5,345,051	\$ -	\$ -	\$ 5,345,051
Multi Family Residential	\$ 2,570,530	\$ -	\$ -	\$ 2,570,530
Stonegate	\$ 45,358	\$ -	\$ -	\$ 45,358
Commercial - C1	\$ 20,737	\$ 860,926	\$ -	\$ 881,663
Commercial - C2	\$ -	\$ 67,480	\$ -	\$ 67,480
Commercial - C3	\$ 834	\$ 212,056	\$ -	\$ 212,890
Industrial	\$ 51,965	\$ 1,264,723	\$ -	\$ 1,316,688
Schools ADA	\$ 17,361	\$ -	\$ -	\$ 17,361
Outside City Limits - Commercial C-1	\$ -	\$ 6,288	\$ -	\$ 6,288
City Facility Sewer	\$ -	\$ -	\$ 18,329	\$ 18,329
Septage Charges	\$ -	\$ -	\$ 263,883	\$ 263,883
Back Sewer	\$ -	\$ -	\$ 85,563	\$ 85,563
Total	\$ 8,051,836	\$ 2,411,473	\$ 367,775	\$ 10,831,084

CITY OF YUBA CITY
WASTEWATER RATE STUDY
WWTF Loading Data
Preliminary Draft: Do Not Cite or Distribute

WWTF Loading Data

Month	days	Influent Daily Average			Influent Daily Average			Influent Monthly Average		
		Flow, MGD	BOD, mg/L	TSS, mg/L	Flow, MGD	BOD, lbs/day	TSS, lbs/day	Flow, MG	BOD, lbs/mo.	TSS, lbs/mo.
June-12	30	6.896	420	298	6.896	24,155	17,139	207	724,659	514,163
July-12	31	6.904	465	285	6.904	26,774	16,410	214	830,006	508,714
August-12	31	6.444	387	298	6.444	20,799	16,015	200	644,754	496,477
September-12	30	6.382	422	293	6.382	22,461	15,595	191	673,840	467,855
October-12	31	6.535	431	332	6.535	23,490	18,095	203	728,200	560,934
November-12	30	6.294	404	344	6.294	21,207	18,057	189	636,203	541,717
December-12	31	6.623	390	320	6.623	21,542	17,675	205	667,801	547,939
January-13	31	6.737	414	297	6.737	23,261	16,687	209	721,099	517,310
February-13	28	6.892	393	305	6.892	22,589	17,531	193	632,502	490,873
March-13	31	6.812	368	271	6.812	20,907	15,396	211	648,112	477,278
April-13	30	6.920	387	239	6.920	22,335	13,793	208	670,046	413,801
May-13	31	6.748	395	275	6.748	22,230	15,477	209	689,128	479,773
June-13	30	6.854	367	262	6.854	20,979	14,977	206	629,358	449,296
July-13	31	6.625	361	241	6.625	19,946	13,316	205	618,331	412,791
August-13	31	6.641	393	255	6.641	21,767	14,123	206	674,767	437,826
September-13	30	6.285	395	257	6.285	20,705	13,471	189	621,140	404,134
October-13	31	6.012	435	235	6.012	21,811	11,783	186	676,139	365,270
November-13	30	5.776	457	257	5.776	22,015	12,380	173	660,436	371,405
December-13	31	5.677	378	246	5.677	17,897	11,647	176	554,803	361,062
January-14	31	5.893	382	263	5.893	18,774	12,926	183	582,006	400,701
February-14	28	6.067	389	323	6.067	19,683	16,343	170	551,122	457,615
March-14	31	6.130	350	278	6.130	17,893	14,213	190	554,698	440,588
April-14	30	6.290	383	301	6.290	20,092	15,790	189	602,749	473,701
May-14	31	6.214	441	307	6.214	22,855	15,910	193	708,496	493,216
June-14	30	6.396	421	299	6.396	22,457	15,949	192	673,718	478,483
July-14	31	6.324	391	259	6.324	20,622	13,660	196	639,288	423,467
August-14	31	6.271	401	265	6.271	20,972	13,860	194	650,143	429,646
September-14	30	5.999	433	252	5.999	21,664	12,608	180	649,911	378,239
October-14	31	5.954	395	257	5.954	19,614	12,762	185	608,042	395,612

Source: WWTF loading.xls

FY 2013/14 Summary			
Average Daily Flow	6.17	Total Flow (million gallons)	2,251
Average BOD	399	Total BOD (lbs/yr)	7,478,404
Average TSS	272	Total TSS (lbs/yr)	5,096,794

Residential & Commercial Customers	
Total Flow (million gallons)	1,951
Total BOD (lbs/yr)	5,064,168
Total TSS (lbs/yr)	4,566,069

2014 Summary - Industrial Customers ONLY			
Average Daily Flow	0.00	Total Flow (million gallons)	300
Average BOD	0	Total BOD (lbs/yr)	2,414,236
Average TSS	0	Total TSS (lbs/yr)	530,725

Industrial Customers	
Total Flow (million gallons)	300
Total Flow (million gallons/day, or MGD)	0.822
Total BOD (lbs/yr)	2,414,236
Total TSS (lbs/yr)	530,725

CITY OF YUBA CITY
STAFF REPORT

Date: April 5th, 2016

To: Honorable Mayor & Members of the City Council

From: Public Works

Presentation By: Michael Paulucci, Deputy Public Works Director - Utilities

Summary

Subject: Purchase of Laboratory Metals Testing Instrumentation

Recommendation: Authorize the purchase of metals testing equipment to Perkin-Elmer in the amount of \$197,234.34 with the finding it is in the best interest of the City

Fiscal Impact: \$197,234.34 - Account No. 8140-69201 Equipment (\$220,000 budgeted)

Purpose:

To replace obsolete instrumentation used by City laboratory staff to test for metals such as lead and arsenic in drinking water, wastewater, storm water, industrial waste, sludge, etc. for City and commercial clients.

Background:

Laboratory instrumentation is used by City staff to test metals in drinking water, wastewater, storm water, industrial discharges and sludges. Test results are used by the City and commercial clients (other nearby municipalities) for State and Federal regulatory purposes, treatment process control decisions, industrial compliance and special studies. The laboratory has supported other City Departments as needed (haz-mat, swimming pool testing, spills, etc.). The City of Yuba City operates the only State certified full-service environmental laboratory in the Yuba-Sutter area.

The City owns one Inductively Coupled Plasma (ICP-OES) Spectrophotometer and one Graphite Furnace Spectrophotometer (GFAA). Both instruments are past their useful life spans and have little to no resale and/or trade-in value. A typical lifespan for this type of laboratory instrument is about 10 years. The City's ICP-OES was placed in service in 1998 and the GFAA was placed in service in 2002.

The new instrumentation will replace both obsolete units and will enable laboratory staff to keep all metals testing (except trace level mercury) in-house. This will avoid sending the testing to the City's contract laboratory (Caltest – Napa, Ca.).

Analysis:

The City's laboratory is averaging about 2,000 metals tests per year over the last three years. The City's cost to process these samples and the annual value of the testing is summarized in Table 1.

Table 1.	
Equipment Cost, \$	\$ 197,234.00
Equipment Lifespan, years	10
Equipment Cost per Year	\$ 19,723.40
Consumables Cost per Year	\$ 5,000.00
Labor Cost per Year	\$ 9,968.00
Total Cost per Year (\$17.07/metal)	\$ 34,491.40
# Metals Tested per Year	2,021
Current Fee Schedule \$ per metal	\$ 25.00
Annual Value of Metal testing	\$ 50,525.00
Net Resources	\$ 16,033.60

Additional benefits to the City of conducting metals testing in-house are:

- Faster return of test results. Sending samples to outside laboratories can take up to and over 2 weeks to get results. If the City requires results from outside laboratories sooner than 2 weeks, additional fees up to 3x base prices apply.
- A higher level of data quality - Everything from sampling to reporting is done by City staff. The City does not lose custody of the sample or data at any point in the process.
- Elimination of shipping costs - Staff time preparing sample coolers for shipment and shipment costs are eliminated. Some sub-contracting laboratories provide courier service; however, staff is still required to prepare shipping paperwork and the shipment cooler packaged with samples, ice, zip-loc baggies and bubble wrap. This assumes the samples arrive to the sub-contracting laboratory intact and within temperature as specified by EPA methodology. Samples arriving out of regulatory specification may need to be resampled and resent.

Over the past year, various ICP manufacturers were evaluated by City staff. Staff spoke with owners of different systems to gather their input, evaluated industry media articles and spoke with sales representative and/or manufacturer's technical staff. After evaluating the different systems, staff reduced their choice to two manufacturers; Perkin-Elmer and Agilent. Both Manufacturers provide good systems and would meet the City's metals testing needs; however, staff selected Perkin-Elmer for the following reasons:

- Perkin-Elmer equipment has served the City very well in the past.
- Staff familiarity with Perkin-Elmer instrumentation operation software.
- Perkin-Elmer has provided excellent field service.
- The Laboratory Information Management System (LIMS) data management system is a Perkin-Elmer product (standardization of equipment). This system has never gone down since coming online January 1997 and is mission critical for the development of process control, regulatory and commercial reporting requirements.
- The Perkin-Elmer quote for instrumentation was over \$30,000 less than Agilent.
- Perkin-Elmer included instrument training at their San Jose facility.
- Perkin-Elmer extended the warranty to 3 years total.

Fiscal Impact: \$197,234.34 - Account No. 8140-69201 Equipment (\$220,000 budgeted).

Alternatives:

Do not proceed with the purchase of new laboratory instrumentation and continue to contract the testing to Caltest.

Recommendation:

Authorize the purchase of metals testing equipment to Perkin-Elmer in the amount of \$197,234.34 with the finding it is in the best interest of the City.

Prepared by:

Submitted by:

Michael Paulucci

Michael Paulucci
Deputy Public Works Director - Utilities

Steven C. Kroeger

Steven C. Kroeger
City Manager

Reviewed by:

Department Head

DL

Finance

RB

City Attorney

TH via e-mail

CITY OF YUBA CITY

City Council Reports

- Councilmember Didbal
- Councilmember Dukes
- Councilmember Gill
- Vice Mayor Cleveland
- Mayor Buckland

Adjournment