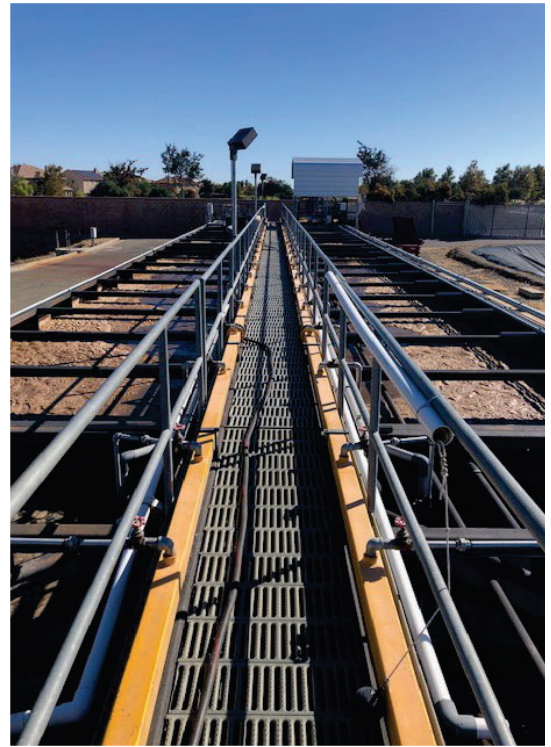


**DRAFT**

# **FY23-24 Wild Wings CSA Wastewater Rate Study Report**



**NOVEMBER 2023**

**Prepared by Luhdorff & Scalmanini Consulting Engineers  
Woodland, CA**

## **FY23-24 Wild Wings CSA**

### **Water and Wastewater Rate Update Project**

#### **Yolo County Board of Supervisors**

District 1 – Oscar Villegas  
District 2 – Lucas Frerichs  
District 3 – Mary Vixie Sandy  
District 4 – Jim Provenza  
District 5 – Angel Barajas

#### **Wild Wings Advisory Committee**

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#### **Yolo County – Wild Wings CSA Administration**

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## LIST OF EXHIBITS

- Exhibit A: Wastewater System Technical Memorandum (TM)
- Exhibit B: Total Charge Information (Water, Wastewater, and Golf Course)
- Exhibit C: Fee Diagram (Wild Wings CSA Map)
- Exhibit D: FY24/25 Fee Roll
- Exhibit E: Proposition 218 Notice

## SECTION 1. INTRODUCTION

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### 1.1 Background

The Wild Wings County Service Area (CSA 15) was established in May 2004 to provide water and sewer services to the community. The Wild Wings CSA operates the only County-run Wastewater Treatment Plant which is fully self-sustained and complies with mandatory state regulations. The CSA also operates the corresponding Water System which includes water supply wells, water storage, and water distribution network facilities.

In March 2009, the Wild Wings CSA acquired the Wild Wings Golf Club. The golf course was recently managed for the CSA by KemperSports, a leader in the golf course management industry with over 30 years of experience. Moving forward, Wild Wings is expected to be managing the golf course in coordination with the County.

The CSA is funded by collecting fees for these services. The County bills Wild Wings customers for water and wastewater service through annual charges applied to the property tax bill for these services. Additional annual charges are collected in association with the golf course through Measure O which establishes maximum golf course fees.

The Wild Wings CSA is governed by the Yolo County Board of Supervisors and the policies and procedures of the County of Yolo (which are available upon request) and is advised by the Wild Wings CSA Advisory Committee. The Wild Wings Recreation/Golf Course Sub-Advisory Committee advises on golf course activities. Those interested in applying to serve on an advisory committee can apply. Services provided in the Wild Wings CSA are coordinated through the Yolo County CSA Administrative Support Team.

The County retained Luhdorff and Scalmanini Consulting Engineers (LSCE) to develop a long-term financial plan and 5-year rate recommendations for the wastewater utility enterprise. The last wastewater rate study was completed in 2018 and the County last increased the wastewater rates in FY23-24 adjusting for inflation. The major objectives of this study include:

- Ensuring continued financial health and stability of the Wild Wings CSA wastewater utility system;
- Developing updated wastewater system operating and capital revenue requirements (2024-2029);
- Recommending updated wastewater rates that meet the updated wastewater revenue requirements;
- Phasing in wastewater rate adjustments, if possible, to minimize the annual impact on ratepayers.
- Calculating wastewater rate and total charge impacts on the CSA utility customers.
- Maintaining user class equity and complying with all legal requirements (e.g. Prop. 218).

## SECTION 1. INTRODUCTION

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· Keeping total water, wastewater and golf course charges during the 2024-2029 period as low as possible with annual increases not exceeding inflation adjustments if possible.

Exhibit A contains the project Technical Memorandum for the wastewater rate update process which addresses the basis for updated revenue projections and provides a transparent budget based on meeting operational and capital project wastewater system objectives and requirements.

### 1.2 Summary of Findings

**Financial Overview** - Overall, the Wild Wings CSA wastewater system revenues need to be updated to reflect the higher costs of providing service for both operational and capital improvement projects experienced since the 2018 Wastewater Rate Study was prepared. Labor costs have increased by about 25% since 2018 and chlorine prices have increased by 100%. In order to keep the Wild Wings CSA wastewater enterprise in good financial condition wastewater rates must be increased in 2024 to cover the increased costs associated with inflationary pressures since 2018. Wastewater enterprise reserves are adequate and will continue to be added to cover the future costs of water system repair and replacement costs. Once wastewater rates are increased in 2024 annual inflation adjustments are expected in years 2 through 5 through FY28/29. The proposed wastewater rates allow for funding the second treatment train if required by regulators during the five-year rate period. The combination of increasing wastewater rates in 2024 to reflect the current costs of service and prudent fiscal management will allow the CSA to cover expenditures and maintain fund reserves, which as of July 1, 2023, totaled approximately \$2.0 million.

**Capital Needs** - The 5-year wastewater capital improvement program from FY24/25 through FY28/29 includes about \$1,679,138 in potential wastewater system improvements consistent with the County's 2021 Water Reserve Report recommendations. An additional \$135,000 per year could be required if State regulators require the CSA to install the 2<sup>nd</sup> Treatment Train over the next five years. All the proposed capital project costs are projected to be funded through Wild Wing CSA customer wastewater rate charges.

**Debt** - The CSA wastewater utility enterprise has no outstanding loans or bond issues. The \$450,000 loan acquired by the wastewater fund from the CSA water fund was paid in full in 2023.

The financial plan contained in this report assumes that the CSA will not have to issue any new debt to fund any portion of future planned capital improvements unless regulators require installation of the 2<sup>nd</sup> treatment train to meet State treatment plan redundancy requirements. The County will continue to look for grant and low interest loan opportunities as needed to keep future wastewater rates as low as possible.



**SECTION 1. INTRODUCTION**

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**Wastewater Rate Adjustments** – Wastewater rate increases are needed to keep rates in line with higher cost inflation for labor, commodities, supplies, materials, equipment, treatment systems, supply-chain issues, and related factors that have increased the costs of service for wastewater utility operations substantially since 2018. Once the initial wastewater rate increase is implemented in 2024, annual inflation adjustments are expected over years two through five to provide sufficient revenues for CSA operating and capital improvement program costs. Rate adjustments will take effect on July 1<sup>st</sup>, 2024, and each July 1<sup>st</sup> of each following year through FY2028-29.

**Exhibit A** contains the Technical Memorandum prepared by LSCE documenting the updated wastewater revenue projections process and captures the cost increases that need to be included in the wastewater rates proposed for the FY24-25 through FY28-29 period.

**1.3 Proposed Rates**

**Table 1.3** provides the proposed wastewater rate schedule for FY24/25 through FY28/29. Wastewater rates are proposed to increase in accordance with the County’s CPI index per year over years 2 through 5 during the FY24/25 to FY28/29 period. The typical Wild Wings single family residential customer receiving wastewater service through the CSA produces on average about 60,000 gallons per year. This is equivalent to about 50 billing units per month (1 billing unit = 100 gallons) and pays an average monthly wastewater bill of \$264.20. Following the proposed July 1, 2024, wastewater rate increase, the typical residential bill will increase by \$32.49/month to t \$304.86 per month. Keep in mind that total charges for water, wastewater and golf course will only increase slightly (3.61%) compared to FY23-24.

**Table 1.3: Proposed Wild Wings Wastewater Rates**

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29
<b>Wild Wings Charge Type</b>	<b>Annual Charges</b>	<b>Annual Charges</b>	<b>Annual Charges</b>	<b>Annual Charges</b>	<b>Annual Charges</b>
Wastewater-Residential	\$3,658.34	\$3,684.02	\$3,687.31	\$4,772.58	\$5,396.09
Assumes 2.5% annual inflation adjustments in years FY25/26 through FY28/29.					
Assumes golf course covers 1.2% of total wastewater revenue needs.					
Assumes 2nd Treatment Project is implemented in years FY27/28 and FY28/29 (if required by State).					

For this rate study, a wastewater rate comparison survey was not conducted. However, the proposed Wild Wings wastewater rates were compared to the State’s wastewater affordability criteria (4% of Median Household Income) as depicted in Table 1.4 below.

**Table 1.4: Proposed Wild Wings Wastewater Rates - Affordability**

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29
<b>Wild Wings Charge Type</b>	<b>Monthly Charges</b>	<b>Monthly Charges</b>	<b>Monthly Charges</b>	<b>Monthly Charges</b>	<b>Monthly Charges</b>
Wastewater-Residential	\$304.86	\$307.00	\$307.28	\$397.71	\$449.67
Wastewater Affordability-4% MHI	\$450.00	\$461.25	\$472.50	\$483.75	\$495.00
Assumes 4% Median Household Income (MHI) SWRCB wastewater affordability criteria.					
Assumes 2.5% annual inflation adjustments in years FY25/26 through FY28/29.					

The proposed wastewater charges are below the State’s wastewater affordability criteria.

## SECTION 2. RATE SETTING LEGISLATION AND PRINCIPLES

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### 2.1 Constitutional Rate Requirements

The wastewater rates developed in this Wastewater Rate Study are designed to comply with Article 13D of the California Constitution. In accordance with the constitutional provisions, the proposed rates are designed to a) recover the County's cost of providing wastewater service, and b) allocate costs in proportion to the cost for serving each customer class.

### 2.2 Article 13D, Section 6 (Proposition 218)

Proposition 218 was adopted by California voters in 1996 and added Articles 13C and 13D to the California Constitution. Article 13D, Section 6 governs property-related charges, which the California Supreme Court subsequently ruled includes ongoing utility service charges such as water, sewer, and garbage rates. Article 13D, Section 6 establishes a) procedural requirements for imposing or increasing property-related charges, and b) substantive requirements for those charges. Article 13D also requires voter approval for new or increased property-related charges but exempts from this voting requirement rates for water, sewer, and garbage service.

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

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

Proposition 218 also established a number of substantive requirements that apply to wastewater rates and charges, including:

1. *Cost of Service* - Revenues derived from the fee or charge cannot exceed the funds required to provide the service. In essence, fees cannot exceed the "cost of service".
2. *Intended Purpose* - Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.
3. *Proportional Cost Recovery* - The amount of a fee or charge imposed upon any parcel or

## SECTION 2. RATE SETTING LEGISLATION AND PRINCIPLES

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person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.

4. *Availability of Service* - No fee or charge may be imposed for a service unless that service is used by, or immediately available to, the owner of the property.

5. *General Government Services* - No fee or charge may be imposed for general governmental services, such as police or fire services, where the service is available to the public at large in substantially the same manner as it is to property owners.

A subsequent appellate court decision in 2011 further clarified that agencies must demonstrate, satisfactory to a court's independent judgment, that property-related fees and charges meet the substantive requirements of Section 6 (3b). This rate study provides that justification. The wastewater rates derived in this report are based on a cost-of-service methodology that fairly apportions costs to all customers.

### 2.3 Use of Industry Standard Rate-Making Principles

The rates developed in this Wastewater Rate Study use a straightforward methodology to establish equitable system charges that recover the cost of providing service and fairly apportion costs to each rate component. In reviewing the County's wastewater rates and finances, LSCE used the following criteria in developing our recommendations:

1. *Revenue Sufficiency*: Rates should recover the annual cost of service and provide revenue stability.
2. *Rate Impact*: While rates are calculated to generate sufficient revenue to cover operating and capital costs, they should be designed to minimize, as much as possible, the impacts on ratepayers.
3. *Equitable*: Rates should be fairly allocated among all customer classes based on their estimated demand characteristics. Each user class only pays its proportionate share.
4. *Practical*: Rates should be simple in form and, therefore, adaptable to changing conditions, easy to administer and easy to understand.
5. *Provide Incentive*: Rates provide price signals which serve as indicators to produce a minimal amount of wastewater.



## SECTION 3. WASTEWATER UTILITY OVERVIEW

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### 3.1 Wastewater System Overview

The sewage treatment and disposal systems are designed and permitted to meet the wastewater service needs of the Wild Wings community. The treatment facility is currently permitted by the State's Regional Water Quality Control Board, WDR Order No. R5-2002-0077 to operate at a maximum flow of 101,000 gallons per day (gpd). The sewage disposal system is an extended aeration facility that produces Title 22 tertiary effluent which is used to supplement irrigation water supplies for the Wild Wings Golf Course.

The estimated costs for maintenance, operation and repair/replacement include site maintenance, control/restroom/storage buildings, pumping/piping, lift stations, head works, aeration facilities, flocculation facility, clarifiers, tertiary filtration, disinfection, sludge dewatering/disposal, emergency power, recycled water storage pond, emergency bypass storage pond, storm water retention pond, service and supplies, labor, supervision, and on-site contract operators. Costs are included for the design and construction of a 2<sup>nd</sup> Treatment Train to meet State redundancy requirements if required by the State during the five-year rate period.

An existing corporation yard houses all equipment and materials required for the maintenance of the Homeowners Association and CSA facilities. All costs to operate, maintain, repair and replace the corporation yard are included in the sewage disposal system costs and are consistent with the 2021 Wastewater Reserves Report. The updated revenue projections included in this report reflects the estimated costs for maintenance and operation for the existing facilities as well as for those additional maintenance and operations requirements that have been determined necessary for system reliability and future facility operations to sustain regulatory compliance.

The updated cost of service estimates reflects the existing equipment schedule for the Sewage Disposal (Treatment) System/Corporation Yard, the estimated service life, replacement value and the annual capital reserve requirements necessary for replacement. The updated operational and capital project budgets reflect those additional facilities, services and studies that have been determined necessary for system reliability and facilities operations, and to sustain regulatory compliance.

The sewage collection system consists of gravity sewer pipelines, a force main, manholes, lift stations and other related sewage collection facilities. The original estimated costs for maintenance, operation and capital replacement were developed by Nolte and Associates (2004) with input from the County and Harris & Associates. These costs were subsequently updated by Lee & Ro with input from Yolo County (March, 2018). And most recently updated in the County's 2021 Wastewater Reserve Report. Costs for the lift stations are reflected in the updated revenue requirements as their maintenance and capital reserve requirements are similar in nature to the treatment facility protocol reflected therein.

Updated revenue projections reflect the estimated costs for maintenance and operations for the existing collection system facilities including additional services that are necessary for facility operations, reliability and to sustain regulatory compliance reflecting the estimated service life, replacement value and the annual capital reserve requirements for rehab and replacement.

## SECTION 3. WASTEWATER UTILITY OVERVIEW

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### 3.2 Current Wastewater Rates

Current annual wastewater charges are \$3,170.44 (\$264.20 per month) \$3,268.42 (\$272.37 per month) and are fixed charges not based on metered water consumption. The current rates reflect that a loan against the wastewater fund was repaid at the end of FY22-23 and is not reflected in FY23-24 wastewater rates. Customers will typically discharge water into the wastewater system through indoor domestic water uses. Wastewater rates are billed based on fixed charges per account and do not reflect domestic indoor water used. Some wastewater utilities charge a fixed fee amount or have a combination of fixed plus consumption-based rates. The Wild Wings CSA treatment plant is currently rated to operate at a maximum flow of 101,000 gallons per day.

### 3.3 Water Customers

The Wild Wings CSA currently provides water service to approximately 339 connections. Of the total 339 water services 338 are residential and 1 is commercial (Watts Airport). The residential services are metered with 1-inch meter sizes. And the commercial service is metered with a 2-inch meter size. The Wild Wings CSA is built-out with no additional services expected to be added to the Wild Wings CSA service area in the future. The residential, commercial customers, pool, and golf course club house are part of the Wild Wings CSA wastewater service connections with a majority of total domestic water used for residential purposes.

### 3.4 Wastewater Flows and Charge Structure

Wastewater rates are charged to maintain adequate wastewater treatment plant operational capacity to meet the wastewater service needs of the Wild Wings CSA community. Recent wastewater inflow data is presented below for informational purposes.

	Wild Wings CSA Wastewater Treatment Plant Influent Flows (gallons)					
Month	2018	2019	2020	2021	2022	2023
Jan	1,613,300	1,930,500	1,629,000	2,012,200	1,740,200	2,209,000
Feb	1,703,800	1,805,500	1,386,400	1,776,800	1,553,100	1,599,300
March	1,786,800	2,003,200	1,774,900	1,948,900	2,156,200	1,774,600
April	1,708,500	1,617,400	1,815,100	1,862,800	1,576,200	1,657,500
May	1,627,200	1,780,100	1,936,200	1,912,900	1,647,400	1,632,300
June	1,585,700	1,626,500	1,701,300	1,900,600	1,579,600	1,659,000
July	1,691,660	1,336,000	1,843,100	2,403,400	1,579,600	1,624,600
Aug	1,615,958	1,573,200	1,771,300	1,667,800	1,651,300	1,625,800
Sep	1,529,340	1,621,800	1,650,400	1,597,500	1,537,500	1,611,500
Oct	1,589,100	1,626,500	1,884,300	1,762,600	1,614,300	
Nov	1,630,400	1,669,700	1,892,700	1,671,300	1,634,000	
Dec	1,558,300	1,943,600	1,986,100	1,838,000	2,337,600	
<b>Total</b>	<b>19,640,058</b>	<b>20,534,000</b>	<b>21,270,800</b>	<b>22,354,800</b>	<b>20,607,000</b>	<b>15,393,600</b>

## SECTION 4. WASTEWATER REVENUE REQUIREMENTS

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### 4.1 Updated Revenue Projection Assumptions

LSCE developed cash flow projections to determine annual revenue requirements and required rate adjustments over the 2024-2029 period. The first five years considered in this rate study are shown in **Table 4.1**. Rate adjustments are designed to 1) ensure a balanced budget in which revenues cover expenses; 2) meet operational and capital budget reserve levels; (3) only take on debt service if coverage requirements are met; and 4) meet wastewater fund targets identified in the County's 2021 Wastewater Reserves Report during the rate period.

Future projections incorporate the latest information available as well as a number of reasonable and slightly conservative assumptions. LSCE interviewed County staff, SUSP (the private water system operator), and vendors and suppliers serving the wastewater industry to ensure that updated revenue projections reflected the current and projected costs of service, and the cash flows only include ratepayers' share of capital improvement projects. Key assumptions include:

- Rate increases are effective based on the fiscal year (July 1 through June 30).
- The projections include annual inflation adjustments of 2.5%.
- Interest on fund reserves is estimated to be 1.5% per year.
- The financial projections include debt financing beginning in FY 26-27 for the Second Train design and construction. The County's actual debt issuances from year to year may vary based on actual financing needs and analysis at the time debt may be issued.
- The financial projections assume a minimum wastewater operating fund reserve target equal to 15% of annual operating and maintenance costs, not including transfers or ongoing capital plus \$35,000 for professional services for technical and compliance assistance. Maintaining a prudent minimal level of fund reserves provides a financial cushion for dealing with unanticipated expenses, revenue shortfalls, and non-catastrophic emergency capital repairs. The fund reserve target will escalate over time as the water system's expenses gradually increase with aging infrastructure. It is acceptable if reserves fall below the target on a temporary basis, provided action is taken to achieve the target over the longer run. The targets are met in all projected years.

The wastewater industry has experienced above average inflationary pressures since 2018 on the major elements of service including significant cost increases in: wages, salaries, and benefits for utility staffing, chlorine compound supplies, steel products used in wastewater system infrastructure, materials and supplies, and supply chain cost impacts. The updated revenue projections reflect the additional costs of service that wastewater utilities must account for in future rate adjustments. The annual 2.5% annual inflation adjustment for rates in years 2 through 5 are consistent with the inflation rates used in the 2021 Wastewater Reserves Report with the hope that inflation regresses towards the 2% federal target during the upcoming five-year planning period.

## SECTION 4. WASTEWATER REVENUE REQUIREMENTS

<b>Table 4. Wild Wings CSA – Long-Term Funding Fee Project</b>					
<b>Updated Five-Year Revenue Projections – Wastewater O&amp;M and CIP Budgets</b>					
5-Year Implementation Inflation Adjustment	0%	2.5%	2.5%	2.5%	2.5%
<b>Proposed</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Cost Category – Wastewater O&amp;M Costs</b>	<b>FY24-25</b>	<b>FY25-26</b>	<b>FY26-27</b>	<b>FY27-28</b>	<b>FY28-29</b>
<b>Personnel/Staffing Costs</b>					
Admin./Mgmt. - County	\$26,000	\$26,650	\$27,316	\$27,999	\$28,699
Operations-SUSP	\$221,240	\$226,771	\$232,440	\$238,251	\$244,208
<b>Personnel/Staffing Costs – Subtotal</b>	<b>\$247,240</b>	<b>\$253,421</b>	<b>\$259,757</b>	<b>\$266,250</b>	<b>\$272,907</b>
<b>Legal Costs</b>					
Legal Services - County Counsel costs	\$26,000	\$26,650	\$27,316	\$27,999	\$28,699
Legal Services - Outside Counsel costs	\$0	\$0	\$0	\$0	\$0
Premia Liability Insurance (Due to HOA Lawsuit, anticipated for next 5-yrs)	\$169,853	\$174,099	\$178,452	\$182,913	\$187,486
<b>Legal Costs - Subtotal</b>	<b>\$195,853</b>	<b>\$200,749</b>	<b>\$205,768</b>	<b>\$210,912</b>	<b>\$216,185</b>
<b>Direct Costs</b>					
State RWQCB Annual Permit Cost (Annual Fee)	\$24,687	\$25,304	\$25,937	\$26,585	\$27,250
Energy Costs (PG&E + 15% Projected Rate Increase & Ramos Oil)	\$67,850	\$69,546	\$71,285	\$73,067	\$74,894
Chemical Costs (Chorine, Permanganate, Odor Blocks, and others)	\$30,049	\$30,800	\$31,570	\$32,359	\$33,168
Wastewater Quality Sampling/Analysis (Laboratory Fees, Sampling Equip.)	\$75,780	\$77,675	\$79,616	\$81,607	\$83,647
WWTP Facilities Maint. (Aeration, Pumps, Blowers, Sludge Hauling, Generators, etc.)	\$83,829	\$85,925	\$88,073	\$90,275	\$92,532
Technology: (SCADA/programing /cell phones/computers/software costs)	\$45,381	\$46,516	\$47,678	\$48,870	\$50,092
Golf Course Recycled Water Disposal Costs (Pumps, Filters, Piping, Valving, Repairs)	\$77,523	\$79,461	\$81,448	\$83,484	\$85,571
Second Train O & M Costs (Starts after Completion of Construction)	\$0	\$0	\$0	\$130,669	\$133,936
<b>Direct Costs - Subtotal</b>	<b>\$405,099</b>	<b>\$415,226</b>	<b>\$425,607</b>	<b>\$566,916</b>	<b>\$581,089</b>
<b>Professional Services</b>					
Planning/Design/Operations/Compliance (Outside Engineering)	\$35,000	\$35,875	\$36,772	\$37,691	\$38,633
<b>Reserves and Contingency</b>					
Wastewater O&M Reserves (2 Mos. Cash flow/15%)	\$0	\$0	\$0	\$162,744	\$166,812
<b>Wastewater O&amp;M Costs - Subtotal</b>	<b>\$883,192</b>	<b>\$905,272</b>	<b>\$927,904</b>	<b>\$1,244,514</b>	<b>\$1,275,626</b>

## SECTION 4. WASTEWATER REVENUE REQUIREMENTS

<b>Table 4. Wild Wings CSA – Long-Term Funding Fee Project, Cont.</b>					
<b>Updated Five-Year Revenue Projections – Wastewater O&amp;M and CIP Budgets</b>					
5-Year Implementation Inflation Adjustment	0%	2.5%	2.5%	2.5%	2.5%
<b>Proposed</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Cost Category – Wastewater CIP Costs</b>	<b>FY24-25</b>	<b>FY25-26</b>	<b>FY26-27</b>	<b>FY27-28</b>	<b>FY28-29</b>
<b>Wastewater CIP Project Summary</b>					
Paving (Asphalt Crack Repair)	\$6,600				
Structural Repairs (Roof Repairs)	\$11,000				
Lined Ponds (HDPE Liner Repairs)			\$25,512		
Fencing (WWTP Gate Replacement)	\$16,500				
Mechanical Equipment (WWTP HVAC Replace.)				\$5,632	
WWTP (Replace Pumps, Blowers, Catwalks, Telemetry)	\$232,243	\$268,023	\$97,750	\$130,512	\$90,774
WWTP (Paint Tanks after Second Train Built)					\$225,000
Distribution System Infrastructure (Valves, Lift Stations, Piping, etc.)		\$34,000	\$28,000		
Misc. (Safety Equip. Tank Leak Repair, SCADA for Odor Control)	\$77,000	\$28,028			
Wastewater CIP Funding (Obtain Grants and Loans for Second Train)	\$25,000	\$25,000	\$15,000	\$15,000	\$15,000
Wastewater Reserves (Based on Reserve Study)	\$0	\$0	\$100,000	\$102,500	\$105,063
<b>Wastewater CIP Subtotal</b>	<b>\$368,343</b>	<b>\$355,051</b>	<b>\$266,263</b>	<b>\$253,644</b>	<b>\$435,837</b>
<b>Cost Category – Wastewater System Debt Service</b>					
Second Train Loan (\$2.849 M, 30 yrs., 2.1% int.)	\$0	\$0	\$67,283	\$134,566	\$134,566
<b>Debt Service Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$67,283</b>	<b>\$134,566</b>	<b>\$134,566</b>
<b>Total CSA Wastewater System Budget</b>	<b>\$1,251,535</b>	<b>\$1,260,323</b>	<b>\$1,261,449</b>	<b>\$1,632,724</b>	<b>\$1,846,029</b>

The 2<sup>nd</sup> Train Treatment Project reflected in FY26/27 through FY28/29 would be implemented if required by the State to comply with the Wild Wings CSA wastewater NPDES permit.



## SECTION 5. COST ALLOCATION

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### 5.1 Cost Allocation

**Table 5.1** shows an allocation of wastewater system costs to the various wastewater rate components including: operational costs, capital project costs, and debt service costs. LSCE recommends recovering 98.8% of total wastewater system costs from the fixed wastewater charge and 1.2% from golf course charges based on wastewater inflow volumes.

For the 2023 rate update process LSCE has developed updated revenue projections that better reflect the costs of providing wastewater service to CSA customers over the next five-year period. LSCE recommends that the allocation method for the wastewater facilities be changed to reflect an allocation based on the percentage of wastewater flows customers contribute to the wastewater treatment facility rather than the method used in the 2018 Fee Report which was based on equivalent water meter connections. Monthly wastewater flows from 2018 to the present (September 2023) are included in Section 3 and **Exhibit A** of this report. For the new allocation each household is equivalent to one home and the golf course is equivalent to four (4) homes. That equates to the homes contributing 98.8% of the wastewater inflows and the golf course contributing 1.2% of the wastewater inflows to the wastewater treatment plant. The proposed new cost allocation is shown in **Table 5.1**.

<b>Table 5.1. Wild Wings CSA Wastewater Cost Allocation</b>					
	<b>FY24-25</b>	<b>FY25-26</b>	<b>FY26-27</b>	<b>FY27-28</b>	<b>FY28-29</b>
<b>Total CSA Revenue Needs (\$)</b>	\$1,251,535	\$1,260,323	\$1,261,449	\$1,632,724	\$1,846,029
Residential Allocation (98.8% of Flow)	\$1,236,518	\$1,245,199	\$1,246,312	\$1,613,131	\$1,823,877
Golf Course Allocation (1.2% of Flow)	\$15,017	\$15,124	\$15,137	\$19,593	\$22,152
<b>Annualized Total Assessment (100%)</b>	\$1,251,535	\$1,260,323	\$1,261,449	\$1,632,724	\$1,846,029

Basing wastewater cost allocation on inflows to the treatment plant is a more direct representation of how costs should be allocated based on the actual cost of operating and maintaining the treatment plant to process inflows from the collection system. The cost allocation was based on evaluating wastewater inflows and estimating the inflows that are received from the golf course vs. from the 339 domestic users that generate wastewater inflows at the treatment plant. It was determined that an approximate average wastewater inflow of 670 gallons per day is received at the treatment plant from the golf course which represents 1.2% of the total wastewater inflows received at the treatment plant on an annual basis. The updated cost allocation approach more accurately identifies the costs of wastewater service the golf course should be responsible for covering in their annual golf course budget. The previous cost allocation method used in the 2018 Fee Study allocated more costs based on using equivalent water meter units to establish the golf course cost allocations vs. actual wastewater flows which more accurately reflects the cost of service.

## SECTION 6. PROPOSED WASTEWATER RATES

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### 6.1 Proposed Wastewater Rate Charges

**Table 6.1** shows the updated Wild Wings CSA wastewater service charges for FY24/25 through FY28/29 based on the updated revenue projections and cost allocation of wastewater system costs to the various wastewater rate components including: operational charges, capital project costs, and debt service costs allocated to CSA residential vs. golf course accounts. In years 2 through 5 the wastewater rates would be increased by inflation for the given year with costs included for the 2<sup>nd</sup> Treatment Train if required by the State during the rate period.

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29
<b>Wild Wings Charge Type</b>	<b>Annual Charges</b>	<b>Annual Charges</b>	<b>Annual Charges</b>	<b>Annual Charges</b>	<b>Annual Charges</b>
Wastewater-Residential	\$3,658.34	\$3,684.02	\$3,687.31	\$4,772.58	\$5,396.09
Assumes 2.5% annual inflation adjustments in years FY25/26 through FY28/29.					
Assumes golf course covers 1.2% of total wastewater revenue needs.					
Assumes 2nd Treatment Project is implemented in years FY26/27 and FY28/29 (if required by State).					

In the 2018 Fee Study there was combination of factors used to generate a recommended cost allocation approach. Acreage was used to allocate costs based on residential vs. golf course. And equivalent meter units were used to allocate costs for wastewater disposal costs. Neither of these methodologies are particularly accurate for derivation of the total wastewater system revenue requirements that should be allocated to residential vs. golf course budgets. Equivalent water meter units represent a gross estimation of maximum water use capacity and may not accurately represent wastewater inflows received at the treatment plant. Acreage estimates are also very general in allocating costs with the exact relationship between acreage and wastewater inflows unknown. These conclusions led LSCE to recommend that the updated method of using estimated wastewater inflow values to allocate wastewater system costs to residential vs. golf course budgets would result in a more equitable cost allocation approach.

The total annual wastewater inflows have averaged 20,881,332 gallons over the 2018 through 2022 calendar year period. Wild Wings CSA wastewater inflows have been very consistent during this period ranging between 19,640,058 and 22,354,800 gallons per year. The average per capita wastewater inflows have averaged about 57 gallons per day which is very close to the current indoor per capita water use standard of 55 gallons per day. The estimated wastewater inflows at the golf clubhouse suggest that an approximate average of 50-60 persons per day visit the golf course and use the facilities for indoor water use purposes. Based on average golf course activity prior to the recent downturn this seems like a reasonable basis for the recommended cost allocation approach. In the future the assumptions for this cost allocation approach can be updated based on the availability of new data or information that more accurately predicts the allocation of wastewater inflows between residential and golf course purposes.

**Table 6.1** shows the recommended wastewater rates over the FY24/25 through FY28/29 rate period based on updated wastewater system revenue projections and inflation adjustments for years FY25/26 through FY28/29. The projected wastewater revenues to be collected through

**SECTION 6. PROPOSED WASTEWATER RATES**

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the proposed rates would meet the total wastewater revenue needs over the five-year rate period and cover the increased costs of providing service since the 2018 Fee Study. This would also enable the Wild Wings CSA to complete necessary infrastructure repairs, rehabilitation work, and replacements to provide safe reliable service while meeting regulatory requirements.

**6.2 Total FY24/25 Water, Wastewater and Golf Course Charges**

Table 6.2 shows the updated Wild Wings CSA water, wastewater, and golf course charges for FY24/25 vs. the current charges in FY23-24. The service charges for FY24/25 are based on the updated revenue projections and cost allocation of water, wastewater, and golf course charges. The FY24/25 water, and wastewater rates are increasing due to higher costs of service, while the golf course rates are declining resulting in a net 3.61% increase in total charges.

**Table 6.2: Total FY24/25 Wild Wings Charge Increase**

Wild Wings Charge Type	FY23/24	FY24/25
	Annual Charges	Annual Charges
Water	\$1,371.31	\$1,762.14
Wastewater	\$3,268.42	\$3,658.34
Golf Course	\$1,838.00	\$1,300.00
<b>Total Annual Charges</b>	<b>\$6,477.73</b>	<b>\$6,720.48</b>
<b>% Annual Increase</b>		<b>3.61%</b>

Golf course charges can be reduced with adjusted utility rate cost allocations that better represent the costs of service and costs of operations under the new management starting in FY23-24. In years 2 through 5 the Golf Course charges would be increased by inflation for the given year. **Exhibit “B”** contains preliminary updated golf course budget information.

**6.3 Rate Administration Overview**

**General Administrative Requirements**

The property-related fee levies are calculated for all parcels on the new fiscal year’s Assessor Roll. This roll includes all parcels that are in existence prior to January 1 of the previous fiscal year. After the fee levies have been calculated, the levy data must be filed with the County Auditor prior to August 10 for inclusion on property tax bills.

After submission of the fee levies, the final levies will be confirmed with the County Auditor prior to the preparation of the tax bills, which typically occurs in October. The fees are collected in two equal installments on the tax bills that are due by December 10 and April 10. Alternatively, the fees could be collected by direct bills to the property owners.

## SECTION 6. PROPOSED WASTEWATER RATES

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### ***Delinquency Procedure***

The CSA participates in the “Teeter Plan” with the County of Yolo whereby the County pays all delinquent fees to the CSA. In return, the County institutes collection proceedings and when collected, keeps all delinquent payments with interest and penalties. This plan allows the CSA to maintain reliable fee revenues and reduces the cost of collection.

### **FEE Diagram**

The existing Boundary Map/Fee Diagram for the Wild Wings County Service Area (CSA), as adopted by Yolo Local Agency Formation Commission (LAFCO) July 28, 2016, is on file with the Yolo County Recorder’s office. A copy of the Boundary Map/Fee Diagram is attached to this report as **Exhibit “C”**. There has been one change as reflected on the Boundary Map since the original approval in 2004. No additional service connections are anticipated at this time.

### **2024/2025 FEE ROLL**

The fee roll listing the fiscal year 2024/2025 fees for all Assessor’s parcels of land within the boundaries of the Wild Wings CSA are incorporated into this report and attached to this report as **Exhibit “D”**. The fees attributed to each parcel are computed in accordance with the approved fee methodology as confirmed by vote or agreement of the property owners that are subject to this fee.

### **2024 Proposition 218 Notice**

The draft 2024 Proposition 218 Notice for utility charges within the Wild Wings CSA boundaries, is incorporated into this report and attached as **Exhibit “E”**. The Proposition 218 Notice would be mailed directly to each parcel subject to the water charges and includes a protest form for parcel owners to complete and submit at the public hearing if protesting the proposed water charges.