



**City Council
Successor Redevelopment Agency
Financing Authority
Housing Authority**

AGENDA

Wednesday

Regular

**Closed Session 5:30 p.m.
Regular Session 6:00 p.m.**

April 17, 2013

**City Hall
100 West California Avenue
Ridgecrest CA 93555**

(760) 499-5000

**Daniel O. Clark, Mayor
Jason Patin, Mayor Pro Tempore
Marshall 'Chip' Holloway, Vice Mayor
James Sanders, Council Member
Lori Acton, Council Member**

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LAST ORDINANCE NO. 13-01
LAST RESOLUTION CITY COUNCIL NO. 13-13
LAST RESOLUTION FINANCING AUTHORITY NO. 13-xx
LAST RESOLUTION OF THE HOUSING AUTHORITY NO. 13-xx
LAST RESOLUTION OF THE SUCCESSOR REDEVELOPMENT AGENCY NO. 13-xx

CITY OF RIDGECREST

CITY COUNCIL REDEVELOPMENT SUCCESSOR AGENCY HOUSING AUTHORITY FINANCING AUTHORITY

AGENDA

Regular Council
Wednesday April 17, 2013

CITY COUNCIL CHAMBERS CITY HALL
100 West California Avenue
Ridgecrest, CA 93555

Closed Session – 5:30 p.m.
Regular Session – 6:00 p.m.

This meeting room is wheelchair accessible. Accommodations and access to City meetings for people with other handicaps may be requested of the City Clerk (499-5002) five working days in advance of the meeting.

In compliance with SB 343. City Council Agenda and corresponding writings of open session items are available for public inspection at the following locations:

1. City of Ridgecrest City Hall, 100 W. California Ave., Ridgecrest, CA 93555
2. Kern County Library – Ridgecrest Branch, 131 E. Las Flores Avenue, Ridgecrest, CA 93555
3. City of Ridgecrest official website at <http://ci.ridgecrest.ca.us>

CALL TO ORDER

ROLL CALL

APPROVAL OF AGENDA

PUBLIC COMMENT – CLOSED SESSION

AGENDA - CITY COUNCIL - REGULAR

April 17, 2013

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CLOSED SESSION

- GC54956.9 (b) Conference with Legal Counsel – Existing Litigation – City of Ridgecrest v MATASANTOS
- GC54956.9 (b) Conference with Legal Counsel – Liability Claim of Eva M. Balfour – Claim No. 13-03

REGULAR SESSION – 6:00 p.m.

- Pledge Of Allegiance
- Invocation

CITY ATTORNEY REPORT

- Closed Session
- Other

PUBLIC COMMENT

PRESENTATIONS

1. Employee of the Month Award Clark
2. Presentation Of A Proclamation Celebrating The 35th Anniversary Of National Health Services Ford
3. Presentation Of A Proclamation To The Indian Wells Valley Masonic Lodge Recognizing Public Schools Month Ford

CONSENT CALENDAR

4. Approve A Resolution Awarding A Construction Contract For The Safe Routes To School Cycle 9 Project To Cen-Cal And Authorizing The Interim City Manager, To Execute The Contract Speer
5. Approve A Resolution Authorizing An Agreement With The Consulting Firm Of Willdan Engineering To Provide Construction Management For The City Of Ridgecrest On The Safe Routes To School Cycle 9 Project Speer
6. Approve A Resolution Authorizing The Mayor To Sign An At-Will Agreement For City Manager Services Lemieux
7. Approve A Resolution Authorizing A Proclamation For The Department Of Motor Vehicles Donate Life California Event Ford

AGENDA - CITY COUNCIL - REGULAR

April 17, 2013

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8. Approval Of Draft Minutes Of The Regular Council Meeting Dated April 3, 2013 Ford

DISCUSSION AND OTHER ACTION ITEMS

9. Presentation Of Wastewater Rate Scenarios And Cost Of Service Analysis By Red Oak Consultants Speer
10. Discussion Of Increasing Fees For Wastewater Services And Establishing A Public Hearing Speer
11. Monthly Budget Projections Update for Fiscal Year 2012-13 McQuiston

COMMITTEE REPORTS

City Organization

Members: Dan Clark, Jim Sanders
Meeting: 3rd Tuesday Of The Month At 5:00 P.M.; Council Conference Room
Next Meeting: May 21, 2013

Community Development Committee

Members: Jason Patin, Chip Holloway
Meetings: 1st Thursday Of The Month At 5:00 P.M.; Council Conference Room
Next Meeting: May 2, 2013

Infrastructure Committee

Members: Dan Clark, Jason Patin
Meeting: 2nd Wednesday Of The Month At 5:00 P.M., Council Conference Room
Next Meeting: May 8, 2013

Quality Of Life

Members: Chip Holloway, Lori Acton
Meeting: 2nd Thursday Of The Month At 5:00 P.M.; Kerr-McGee Center
Next Meeting: May 9, 2013 (Dark in June, July, December, and January)

Activate Community Talents And Interventions For Optimal Neighborhoods Task Force (ACTION)

Members: Jim Sanders, Jason Patin
Meetings: 3rd Tuesday of the Month at 4:00 P.M., Kerr-McGee Center
Next Meeting: May 21, 2013

AGENDA - CITY COUNCIL - REGULAR

April 17, 2013

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Veterans Advisory Committee

Members: Jason Patin, Lori Acton

Meetings: 1st and 3rd Monday of the Month At 6:00 p.m., Council Conference Room

Next Meeting: May 6, 2013

Ridgecrest Area Convention And Visitors Bureau (RACVB)

Members: Jason Patin, Chip Holloway

Meetings: 1st Wednesday Of The Month, 8:00 A.M.

Next Meeting: May 1, 2013 at location to be announced

OTHER COMMITTEES, BOARDS, OR COMMISSIONS

CITY MANAGER REPORT

MAYOR AND COUNCIL COMMENTS

ADJOURNMENT

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/FINANCING
AUTHORITY/HOUSING AUTHORITY AGENDA ITEM**

SUBJECT: Presentation Of the Employee of the Month Award
PRESENTED BY: Dan Clark - Mayor
SUMMARY: Staff recently implemented an Employee of the Month awards program, which gives the Council the opportunity to publicly recognize and extend their appreciation to employee's for exceptional service. This month's recipient is Lane Ritchey, Maintenance Worker II
FISCAL IMPACT: No Fiscal Impact Reviewed by Finance Director
ACTION REQUESTED: Presentation of a Certificate from Council to the Employee of the Month
CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION: Action as requested: Present a recognition certificate to the Employee of the Month

Submitted by: Dan Clark
(Rev. 02/13/12)

Action Date: April 17, 2013

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A Proclamation of The City Of Ridgecrest, California

Recognizing National Health Services, Inc. 35th Anniversary

WHEREAS, National Health Services, Inc., (NHSI), formerly the Buttonwillow Health Center, Inc., is a nonprofit corporation which operates thirteen sites in the western, northwestern, and northeastern portions of Kern County including Ridgecrest; and

WHEREAS, All sites operate on a year-round basis, providing a full range of primary and preventive care and supportive services to an under served population, including migrant and seasonal farm workers, in each community and other surrounding areas; and

WHEREAS, The roots of NHSI were planted in 1978 by the community. The corporation was based on the concept of "Health for All," a comprehensive health care delivery system linked to hospitals, nursing homes, home health agencies and Federal, State. and local health agencies and other surrounding areas; and

WHEREAS, NHSI received Joint Commission on Accreditation of Healthcare Organizations (JCAHO) accreditation in 1997; and

WHEREAS, National Health Services, Inc. provides a wide variety of services to the community including Domestic Violence Screening, Diabetes Management Classes, Infant Car Seat Programs, Medical Diagnostic Screening, Obstetrics and other valuable services.

Now, therefore, be it proclaimed:

The City Council of the City of Ridgecrest does hereby Recognize National Health Services, Inc. and offers sincere congratulations and appreciation to the staff of National Health Services, Inc. for thirty-five years of providing the residents of Ridgecrest and Kern County with affordable, high-quality health care.

Proclaimed April 17, 2013


Dan O Clark, Mayor


***Jason Patin
Mayor Pro Tem***


***Marshall "Chip" Holloway
Vice Mayor***


***James Sanders
Council Member***


***Lori Acton
Council Member***

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*A Proclamation of
The City Of Ridgecrest, California
Public Schools Month*

WHEREAS, Public Education is an essential part of the infrastructure of the Indian Wells Valley and the key to our future successes in building and sustaining a better city for every citizen; and

WHEREAS, Freemasons in California have been dedicated to supporting public schools for more than 160 years, including the creation of the first Public Schools Week in 1920. The Masonic fraternity is built upon the same tenets of truth and equality that are the basis of free public education; and

WHEREAS, Freemasons regard an educated citizenry as the first necessity of a progressive state and that our nation's democratic ideals are advanced by our system of public education; and

WHEREAS, The Indian Wells Valley Masonic Lodge, as the local representative of the Grand Masonic Lodge of the State of California, publicly pledges its unqualified support of all Public Schools, teachers, staff and programs within the State of California and in the Indian Wells Valley.

Now, therefore, be it proclaimed:

The City Council of the City of Ridgecrest does hereby proclaim the month of April 2013 as "PUBLIC SCHOOLS MONTH" and asks all citizens of Ridgecrest to join with the Indian Wells Valley Masonic Lodge in renewing their commitment to Public Schools, Students, Teachers and Administrators, and work together to make a profound difference for public education.

Proclaimed April 17, 2013

Dan O Clark

Dan O Clark, Mayor

Jason Patin

*Jason Patin
Mayor Pro Tem*

Marshall "Chip" Holloway

*Marshall "Chip" Holloway
Vice Mayor*

James B. Sanders

*James Sanders
Council Member*

Lori Acton

*Lori Acton
Council Member*

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/FINANCING
AUTHORITY/HOUSING AUTHORITY AGENDA ITEM**

SUBJECT: A Resolution Awarding a Construction Contract for the Safe Routes to School Cycle 9 Project to Cen-Cal and authorizing the Interim City Manager, to execute the contract.

PRESENTED BY:
Dennis Speer, Public Works Director

SUMMARY:
On Wednesday March 20, 2013 the bids were opened for the construction of Safe Routes to School Cycle 9 Project on the East side of Guam Avenue, Upjohn Avenue to Bowman Road and the North side of Las Flores Avenue, Downs Street to Sierra View Street. A total of three bids were received. The bids are as follows:

<u>Bidder</u>	<u>Bid</u>
ANM Construction	\$92,936.00
Cen-Cal Construction	\$82,742.25
MJS Construction Inc	\$109,897.75

The bids were reviewed by our City Engineer, Loren Culp. Based on this review, it is recommended that the contract be awarded to the lowest responsible and responsive bidder, Cen-Cal with the low bid of \$82,742.25. A purchase order will be issued to Cen-Cal for a total amount of \$82,742.25 for the construction of the Safe Routes to School Cycle 9 Project. The total cost of the project to include construction management is \$96,075.25. This project is funded through the State and is administered by Caltrans.

The bids were originally rejected by the Ridgecrest City Council Resolution No. 12-94 on December 19, 2012 due to the high bid amounts. The City then rebid the project after reducing the scope of the project and this is the result of that rebid process.

Funding for the execution of the contract shall come from account 018-4760-430-4601 ST11-08.

FISCAL IMPACT:
\$15,932.25
Reviewed by: Finance Director

ACTION REQUESTED:
Adopt the resolution that authorizes the award of a construction contract for the Safe Routes to School Cycle 9 Project to Cen-Cal and authorizes the Interim City Manager, to execute the contract.

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested: Adopt the resolution that authorizes the award of a construction contract for the Safe Routes to School Cycle 9 Project to Cen-Cal and authorizes the Interim City Manager, to execute the contract.

Submitted by: Dennis Speer
(Rev. 02/13/12)

Action Date: April 17, 2013

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RESOLUTION NO. 13-XX

A RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE SAFE ROUTES TO SCHOOL CYCLE 9 PROJECT TO CEN-CAL AND AUTHORIZING THE INTERIM CITY MANAGER, TO EXECUTE THE CONTRACT

WHEREAS, on Wednesday March 20, 2013 the bids were opened for the construction of Safe Routes to School Cycle 9 Project on the East side of Guam Avenue, Upjohn Avenue to Bowman Road and the North side of Las Flores Avenue, Downs Street to Sierra View Street; and

WHEREAS, three bids were received and the results are as follows:

<u>Bidder</u>	<u>Bid</u>
ANM Construction	\$92,936.00
Cen-Cal Construction	\$82,742.25
MJS Construction Inc	\$109,897.75

WHEREAS, these bids were reviewed by the City Engineer, Loren Culp for a determination of the lowest responsible and responsive bidder; and

WHEREAS, it was determined that Cen-Cal was the low bidder with the low bid of \$82,742.25; and

WHEREAS, a purchase order will be issued to Cen-Cal in a total amount of \$82,742.25 for construction of curb, gutter and sidewalk; and

WHEREAS, the State funds this project and it is administered by Caltrans; and

WHEREAS, the funding for the execution of the contract shall come from account 018-4760-430-4601 ST11-08.

NOW THEREFORE, Be It Resolved that the City Council of the City of Ridgecrest hereby:

1. Authorizes award of the contract for the Safe Routes to School Cycle 9 Project described herein to the lowest responsible and responsive contractor from the bids received as determined by the City Engineer, Loren Culp, and
2. Authorizes the Interim City Manager to execute the contract, and
3. Authorizes the Finance Director to amend the budget to reflect all appropriate capital, revenue and transfer accounts.

APPROVED AND ADOPTED this 17th day April 2013 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Daniel O. Clark, Mayor

ATTEST:

Rachel J. Ford, CMC, City Clerk

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/FINANCING
AUTHORITY/HOUSING AUTHORITY AGENDA ITEM**

SUBJECT:

Agreement With The Consulting Firm Of Willdan Engineering To Provide Construction Management For The City of Ridgecrest On the Safe Routes to School Cycle 9 Project.

PRESENTED BY:

Dennis Speer, Public Works Director

SUMMARY:

The City of Ridgecrest requires the service of an engineering consulting firm to provide construction management for the Safe Routes to School Programs of Cycle 9. The specific project is for sidewalk, ramps, crosswalks and driveways. The project location is on the East Side of Guam Avenue – Upjohn Avenue to Bowman Road and the North Side of Las Flores Avenue – Downs Street to Sierra View Avenue. The proposed service is on a time and material basis not to exceed.

The contract amount of \$13,333.00 is available from the project account set up in 2011 by Traffic Impact Fees and 001-4720-410-2106 account. This expenditure will be taken from 018-4760-430-4601 project ST11-08. This project is funded through the State and is administered by Caltrans.

Staff recommends that the City Council approve the agreement and authorize the Interim City Manager, to execute the agreement with the engineering firm Willdan Engineering.

FISCAL IMPACT:

\$13,333.00

Reviewed by Finance Director

ACTION REQUESTED:

Adopt The Resolution That Approves the Agreement With The Consulting Firm, Willdan Engineering and Authorizes the Interim City Manager, To Execute This Agreement.

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested: Adopt The Resolution That Approves the Agreement With The Consulting Firm, Willdan Engineering and Authorizes the Interim City Manager, To Execute This Agreement.

Submitted by: Dennis Speer
(Rev. 02/13/12)

Action Date: April 17, 2013

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RESOLUTION NO. 13-XX

A RESOLUTION TO APPROVE THE AGREEMENT WITH THE CONSULTING FIRM WILLDAN ENGINEERING, TO PROVIDE CONSTRUCTION MANAGEMENT FOR THE CITY OF RIDGECREST ON THE SAFE ROUTES TO SCHOOL CYCLE 9 PROJECT

WHEREAS, The City of Ridgecrest requires the service of an engineering consulting firm to provide construction management for the City; and

WHEREAS, the proposed service is on an time and material basis not to exceed; and

WHEREAS, the service is for the construction management of the Safe Routes to School Cycle 9 project; and

WHEREAS, the project will include sidewalk, ramps, crosswalks, and driveways; and

WHEREAS, the contract amount of \$13,333.00 is available from the project account set up in 2011 with Traffic Impact Fees and 001-4720-410-2106; and

WHEREAS, the funds will be expended from account 018-4760-430-4601 project ST11-08.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Ridgecrest hereby approves the agreement with the consulting firm, Willdan Engineering, and authorizes the Interim City Manager to execute this Agreement.

APPROVED AND ADOPTED this 17th day of April 2013 by the following vote.

AYES:
NOES:
ABSENT:
ABSTAIN:

Daniel O. Clark, Mayor

ATTEST:

Rachel J. Ford, CMC, City Clerk

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CITY COUNCIL/REDEVELOPMENT SUCCESSOR AGENCY
FINANCING AUTHORITY/HOUSING AUTHORITY AGENDA ITEM

SUBJECT:

A RESOLUTION OF THE RIDGECREST CITY COUNCIL APPROVING BY REFERENCE AND AUTHORIZING THE MAYOR TO EXECUTE AN AT-WILL AGREEMENT FOR CITY MANAGER SERVICES

PRESENTED BY:

Keith Lemieux – City Attorney

SUMMARY:

The position of City Manager was vacated August 16, 2012 as a result of the resignation of Kurt Wilson and has been operating under the direction of Interim City Manager Dennis Speer while staff has conducted a recruitment to fill the vacancy.

After extensive advertisement, interviews and background, and negotiations with one candidate, an at-will employment agreement has been accepted by the candidate. The agreement needs to be accepted by the City Council.

The Council has met in Closed Session to discuss the agreement, if the agreement is acceptable to the Council, the identity of the City Manager candidate will be announced before action is taken on this resolution.

It is recommended that the Ridgecrest City Council approve and adopt the City Manager agreement.

FISCAL IMPACT:

Reviewed by Finance Director

ACTION REQUESTED:

Approve resolution authorizing the Mayor to sign an at-will contract for city manager services

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested:

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RESOLUTION NO. 13-XX

**A RESOLUTION OF THE RIDGECREST CITY COUNCIL APPROVING
BY REFERENCE AND AUTHORIZING THE MAYOR TO EXECUTE AN
AT-WILL AGREEMENT FOR CITY MANAGER SERVICES**

The City Council of the City of Ridgecrest , California, hereby approves by reference and authorizes the Mayor to execute a multi-year, at-will agreement for City Manager services between the City of Ridgecrest and _____

APPROVED AND ADOPTED this 17th day of April, 2013 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Daniel O. Clark, Mayor

ATTEST:

Rachel J. Ford, CMC
City Clerk

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/HOUSING
AUTHORITY/FINANCING AUTHORITY AGENDA ITEM**

SUBJECT: Approve A Resolution Of The Ridgecrest City Council Announcing Proclamations Prepared For The Month Of April

PRESENTED BY:

Rachel J. Ford, City Clerk

SUMMARY:

The Ridgecrest City Council receives requests for presentation of ceremonial proclamations for various events and observations. The resolution lists proclamations that have been processed and will be presented by mail.

1. *Department of Motor Vehicles – Donate Life Month*

To Be Presented via United States Mail to Erika Ospina Awad, Community Programs Supervisor, OneLegacy

FISCAL IMPACT: None

None

Reviewed by Finance Director

ACTION REQUESTED:

Approve resolution recognizing the month of April as Donate Life Month

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested: Approve resolution and authorize City Clerk to mail proclamation to representatives.

Submitted by: Rachel J. Ford
(Rev.6/12/09)

Action Date: April 17, 2013

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RESOLUTION NO. 13-xx

**A RESOLUTION OF THE RIDGECREST CITY COUNCIL
ANNOUNCING PROCLAMATIONS PREPARED FOR THE
MONTH OF APRIL 2013 AND SCHEDULED DATE OF
PRESENTATION**

The Ridgecrest City Council receives requests for presentation of ceremonial proclamations for various event and observations. The following proclamations have been processed and will be presented at location, date and time shown below:

Proclamation Titles

1. *Department of Motor Vehicles – Donate Life Month*

This Proclamation will be mailed to representatives of OneLegacy

APPROVED AND ADOPTED THIS 17th day of April 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Daniel O. Clark, Mayor

ATTEST:

Rachel J. Ford, CMC
City Clerk

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*A Proclamation of
The City Of Ridgecrest, California*

Donate Life Month – April 2013

WHEREAS, organ, tissue, marrow and blood donation are life-giving acts recognized worldwide as expressions of compassion to those in need; and

WHEREAS, more than 116,000 individuals nationwide and more than 20,000 in California are currently on the national organ transplant waiting list, and every 90 minutes one person dies while waiting due to the shortage of donated organs; and

WHEREAS, the need for donated organs is especially urgent in Hispanic and African American communities and more than 600,000 units of blood per year are needed to meet the need in California and at any given time, 6,000 patients are in need of volunteer marrow donors; and

WHEREAS, a single individual's donation of the heart, lungs, liver, kidneys, pancreas and small intestine can save up to eight lives; donation of tissue can save and heal the lives of up to 50 others; and a single blood donation can help three people in need;

WHEREAS, millions of lives each year are saved and healed by donors of organs, tissues, marrow and blood and the spirit of giving and decision to donate are not restricted by age or medical condition; and

WHEREAS, nearly ten million Californians have signed up with the state-authorized Donate Life California Registry to ensure their wishes to be organ and tissue donors are honored and California residents can sign up with the Donate Life California Registry when applying for or renewing their driver's licenses or ID cards at the California Department of Motor Vehicles;

Now, therefore, be it proclaimed:

The City Council of the City of Ridgecrest does hereby proclaim that in recognition of National Donate Life Month, the month of April 2013 is hereby proclaimed "DMV/Donate Life California Month" in the City of Ridgecrest, and in doing so we encourage all Californians to check "YES!" when applying for or renewing their driver's license or I.D. card, or by signing up at www.donateLIFEcalifornia.org or www.doneVIDAcalifornia.org

Proclaimed April 17, 2013


Dan O Clark, Mayor


*Jason Patin
Mayor Pro Tem*


*Marshall "Chip" Holloway
Vice Mayor*


*James Sanders
Council Member*


*Lori Acton
Council Member*

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/HOUSING
AUTHORITY/FINANCING AUTHORITY AGENDA ITEM**

SUBJECT:

Minutes of the Regular City Council/Successor Redevelopment Agency/Housing Authority/Financing Authority Meeting of April 3, 2013

PRESENTED BY:

Rachel J. Ford, City Clerk

SUMMARY:

Draft Minutes of the Regular City Council/Successor Redevelopment Agency/Housing Authority/Financing Authority Meeting of April 3, 2013

FISCAL IMPACT:

None

Reviewed by Finance Director:

ACTION REQUESTED:

Approve minutes

CITY MANAGER 'S RECOMMENDATION:

Action as requested: Approve Draft Minutes

Submitted by: Rachel J. Ford
(Rev. 6-12-09)

Action Date: April 17, 2013

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**MINUTES OF THE REGULAR MEETING OF THE
RIDGECREST CITY. SUCCESSOR AGENCY,
FINANCING AUTHORITY, AND HOUSING AUTHORITY**

**City Council Chambers
100 West California Avenue
Ridgecrest, California 93555**

**April 3, 2013
5:30 p.m.**

This meeting was recorded and will be on file in the Office of the City Clerk for a certain period of time from date of approval by City Council/Redevelopment Agency. Meetings are recorded solely for the purpose of preparation of minutes.

CALL TO ORDER

ROLL CALL

Council Present: Mayor Daniel O. Clark; Mayor Pro-Tem Jason Patin; Vice Mayor Marshall 'Chip' Holloway; Council Members James Sanders and Lori Acton

Staff Present: Interim City Manager Dennis Speer; City Clerk Rachel J. Ford; City Attorney Keith Lemieux; and other staff

APPROVAL OF AGENDA

- Revision to closed session – potential turned to City of Ridgecrest v Matasantos (California Department Of Finance)

Motion To Approve Agenda As Amended Made By Council Member Acton, Second By Council Member Holloway. Motion Carried By Voice Vote Of 5 Ayes; 0 Nays; 0 Abstain; 0 Absent.

PUBLIC COMMENT – CLOSED SESSION

- No Comments Presented

CLOSED SESSION

- GC54956.9 (a) Conference with Legal Counsel – Potential Litigation – Public Disclosure of Potential Litigant Would Prejudice the City of Ridgecrest.
- GC54956.9 (b) Conference with Legal Counsel – Existing Litigation – City of Ridgecrest v. Dale Howard
- GC 54956.9 (b) Conference with Legal Counsel – Liability Claim of Hi-Desert Construction et al. – Claim No. 13-01
- GC54957 Personnel Matters – Public Employee Recruitment – City Manager
- GC54957.6 Labor Negotiations – Confidential Group of Employees – Agency Negotiator Interim City Manager Dennis Speer

REGULAR SESSION – 6:30 p.m.

- Pledge Of Allegiance
- Invocation

CITY ATTORNEY REPORT

- Closed Session
 - Amended Agenda to change the title of undisclosed litigation to City of Ridgecrest v MATASANTOS – no reportable action
 - Ridgecrest v. Dale Howard – no reportable action
 - Hi-Desert construction – considered in closed session – rejected – City Clerk directed to send notice.
 - Labor Negotiations – no reportable action
 - Personnel Matters – City Manager recruitment – item to be placed on agenda April 17 for public matter
- Other
 - Report on MATASANTOS dispute between City and State related to dissolution of redevelopment.
 - Enforceable obligation presented and was rejected therefore City has filed litigation
 - Litigation petition for Writ Of Mandate filed asking court to direct the State to make finding of enforceable obligation

PUBLIC COMMENT

Betty Bumgarner

- Representing dollar rent-a-car rental service
- Announced shuttle services for out of town hospital visits or college visits
- Some insurances will cover the services
- Also rents equipment such as trucks and trailers
- Located at corner of China Lake Blvd and Inyokern road

Grant Hanson

- Unhappy with decision to close Pinney pool
- Base also shutting down one of their pools and remaining pools would be inadequate
- Related various teams that utilize the pool facility
- Recreational and exercise swimming
- Swim lessons generate revenue
- Negative impact on community greater than ball field shut down
- Offered solution of a year round facility highlighting suggestion that if City builds a year round facility the base will close all pools thereby providing all business to City.
- Reiterated indoor pool generating revenue and offered support.

Ray Hoffman

- Agrees with Mr. Hanson about the pool.
- Employed by Raytheon, president of swim team and a parent
- Pleads with Council to not close the pool.
- Used swim education to save a life once.
- Suggested if pool closes, it will not reopen.
- Leading cause of death for young children is drowning.
- Asked Council to find a way to keep the pool.

Doug Lueck

- Reported to Council of RACVB news.
- Tough Mudder event preliminary schedule for April 19-20, 2014.
 - Negotiations beginning now.
- Hi-Desert Racing Association for off-road vehicles in town this weekend.
 - RACVB engaged with event with filming and helicopters.
 - 300-400 rooms are booked.
 - Concerned with hotel room availability and have contacted restaurants to prepare with plenty of food.
- SNORE also coming and bringing worldwide travelers.

Harris Brokke

- Announced wildflower festival next weekend.
- Confident there will be wildflowers to see and encouraged community to support the event and vendors coming from out of town.

Unknown Speaker

- Asked Council not to close the pool for youth and seniors.
- Base pool is full so there is a need for the children to have a pool.

Albert Halman

- Been in community for 15 years
- Five children who were taught to swim in San Clemente and a grandson who learned to swim in Ridgecrest and is now on the swim team
- Valuable part of education and can be a matter of life or death
- Spoke on their life in San Clemente who closed their pool in the 1970's
- San Clemente promised they would close the pool with idea to build a new pool. Pool was closed but never built a new pool and population has increased.
- If Pinney Pool is closed before construction of another pool is begun, it will not happen and community will be without a pool and the education the young people need.
- Asked Council to consider the subject carefully and find a way to keep the pool open.

Chris Nicolson

- Property owner since 1958 and owns a rental property
- Reprehensible that City will spend money to have feasibility study for compliance to extend Sunland to Bowman when cannot fix current street.
- 533 Inyokern Road condemned and nothing done. Additionally tall weeds that create a hazard for residents.
- Asked about the shortfall in the gas tax.

Ken Amstar

- Attended several meetings and like the efforts to keep Pinney Pool open
- Asked Council to evaluate needs assessment such as roads, parks, etc. rather than revenue generation
- Goal of City government is to provide for the needs.
- Wide gap between an aquatic center and a bandage on existing pool, need to go in-between and look toward a 12-month indoor pool.
- Suggested adapting locker rooms and present facility.
- Suggested bubble structure rather than brand new building.

MINUTES – RIDGECREST CITY COUNCIL/REDEVELOPMENT AGENCY - REGULAR

April 3, 2013

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Heidi Castandale

- Supports the Pinney Pool and does not want to see it closed
- Recounted accomplishments of various swim teams

Tina Halterman

- Supports the Pinney Pool and does not want it to close.
- Related personal family experience with children and the pool
- Referred to the importance of young swimmers learning for safety and seniors for exercise.
- Worried that son would not be able to continue competitive swimming as he grows up.
- Asked Council to keep the pool open and possibly improve it.

Dave Matthews

- Supports keeping the pool open as long as possible.
- Salutations on Council's decision to sue the State, first step toward what was previously suggested.
- Mentioned events in town including the free April 12 at 6:00pm showing movie about the oppression against Catholic Church in Mexico in the 1920's. Seeing a tendency to do the same thing in this country. Invites community to attend.

Tony Small

- Supports Pinney Pool
- Spoke on competitive swimming for the youth
- Family activity for limited cost
- Fear that if the pool is closed will never open again.

Unknown speaker

- Supports keeping Pinney Pool open.
- Asked Council to give community a chance to work on solution.

Jimmy Brantley

- Chairman of Veterans Advisory Committee
- Spoke on the veteran's stand-down which provides unmet needs for local veterans
- Looking to reach out to Inyokern and Trona
- Asked for local community to support the veterans by offering services in this year's veteran's stand-down.
- Commented on what was offered throughout the past year.
- September 27, 2013 is date for next veteran's stand-down
- Meetings scheduled the 1st and 3rd meeting of each month at 6:30pm in City Hall.

Mike Neel

- Observation about the pool, support was for Pinney Pool, not an aquatics complex.
- Reiterated data about DUI checkpoints.
- Recounted local checkpoint information.
- Encouraged more saturation patrols that do not impede the average driver.

Terry Beyer

- Supports Pinney Pool and noted it is challenged to accommodate the number of functions requested each year.
- Spoke on successes of the girls swim team.
- Mentioned potential scholarships for local students that will disappear if the pool is closed.
- Supports youth and seniors who cannot all afford to pay for in-shape or who do not have access to the base pool.
- Asked Council to consider leaving the pool open.
- Some families may support an assessment district however there are people who do not utilize the pool and would not support taxes without proper education.

Jerry Taylor

- Family members have all been lifeguards
- Asked council to speak with the school district who pay utilities several months of the year.
- Asked council to consider community guidance and compared cost of cafeteria cash out for health benefits to employees who do not have insurance coverage.
- CalPERS is going up, can't take away benefit packages for current employees but strongly look at a multi-tier retirement plan.
- Between 30 years service retirement combined with Social Security employees will make more at 65 than their final salary as an active employee.
- Provide a package comparable to the other citizens of Ridgecrest.
- Mentioned Sunland is on Measure 'L' list.
- College heights is ½ mile death trap, bike path cut in half due to lack of funding.

Closed Public Comment at 7:35pm

PRESENTATIONS

1. **Eileen Shibley Of The Inyokern Unmanned Aircraft Systems (UAS) Committee Will Give A Presentation To The Council Of The UAS Program**

Clark

Eileen Shibley

- Gave PowerPoint presentation.
- Donations can be provided to Donna Hawker.
- Letters received the past few weeks have helped.

Dave Matthews

- Mentioned idea of unmanned mail delivery system and current ability of delivering packages with unmanned helicopters
- Commented on farmer already using a home built system to monitor property.

CONSENT CALENDAR

2. Approve A Resolution Authorizing A Final Invoice And Balancing Change Orders, Authorizing The Interim City Manager To Sign The Notice Of Completion, Authorizing The City Clerk To File The Notice Of Completion And Authorizing The Release Of Retention On The Eastbound Lanes Of Drummond Avenue Project Between China Lake Boulevard And North Norma Street Speer
3. Approve A Resolution To Approve A Professional Services Agreement With, Quad Knopf Inc. For The Preliminary Engineering Of Sunland Drive From Upjohn Avenue To Bowman Road And Authorize The Interim City Manager To Execute This Agreement Contingent Upon The City Attorney's Review And Approval Of The Agreement Speer
4. Approve A Letter Of Support For The Creation Of An Innovation In Defense, Energy And Aerospace Hub (iDEA Hub) At The Inyokern Airport Speer
5. Approve A Resolution Of The Ridgecrest City Council Approving The Lease Agreement With Waste Management Of California, Inc. And Authorizing The Interim City Manager To Execute The Agreement Speer
6. Approve Draft Minutes Of The Regular Council Meeting Of March 20, 2013 Ford

Items Removed

- Item 5

Motion To Approve Consent Calendar As Amended Made By Council Member Patin, Second By Council Member Sanders. Motion Carried By Voice Vote Of 5 Ayes; 0 Noes; 0 Abstain; 0 Absent

Item 5 discussion

Dave Matthews

- Researched the property location mentioned in the lease agreement and questioned the zoning for that location.
- Asked if a variance has been placed on the operation.

Mike Neel

- Questioned if the surrounding businesses and residential properties have filed any complaints about odor from the trucks being parked at the location.

Item tabled to the next meeting on April 17, 2013

DISCUSSION AND OTHER ACTION ITEMS

7. Appointment to Personnel Commission

Clark

Lori Acton

- Nominated Sharon Gereau

COMMITTEE REPORTS

City Organization

Members: Dan Clark, Jim Sanders
Meeting: 3rd Tuesday of the Month at 5:00 P.M.; Council Conference Room
Next Meeting: April 16, 2013

Jim Sanders

- Announced next meeting

Community Development Committee

Members: Jason Patin, Chip Holloway
Meetings: 1st Thursday of the Month at 5:00 P.M.; Council Conference Room
Next Meeting: Cancelled

Jason Patin

- Plan on meeting in meeting.

Infrastructure Committee

Members: Dan Clark, Jason Patin
Meeting: 2nd Wednesday of the Month at 5:00 P.M., Council Conference Room
Next Meeting: April 10, 2013

Jason Patin

- Announced next meeting.

Quality Of Life

Members: Chip Holloway, Lori Acton

Meeting: 2nd Thursday of the Month at 5:00 P.M.; Kerr-McGee Center

Next Meeting: April 11, 2013 (Dark in June, July, December, and January)

Chip Holloway

- Will be discussing pool at the quality of life committee meeting.
- Announced next meeting

Lori Acton

- Asked community to bring information on what is needed to make Pinney Pool sufficient.

Activate Community Talents And Interventions For Optimal Neighborhoods Task Force (ACTION)

Members: Jim Sanders, Jason Patin

Meetings: 3rd Tuesday of the Month at 4:00 P.M., Kerr-McGee Center

Next Meeting: May 21, 2013

Jason Patin

- Next meeting date to be determined

Veterans Advisory Committee

Members: Jason Patin, Lori Acton

Meetings: 1st and 3rd Monday of the Month At 6:00 p.m., Council Conference Room

Next Meeting: April 8, 2013

Dan Clark

- Attended in the absence of Council Members Patin and Acton
- Introduced new logo for the veterans committee.
- Working on logo polo shirts for sale as a fund raiser.

Ridgecrest Area Convention And Visitors Bureau (RACVB)

Members: Jason Patin, Chip Holloway

Meetings: 1st Wednesday Of The Month, 8:00 A.M.

Next Meeting: May 1, 2013 at location to be announced

Chip Holloway

- Presented the RACVB Directors Report from today's meeting. *(Copy available in the City Clerk's Office)*
- Next meeting at Marriott Springhill Streets

OTHER COMMITTEES, BOARDS, OR COMMISSIONS

Dan Clark

- Asked for meeting dates of the youth advisory committee

Jason Patin

- Youth Advisory Committee is Friday in the Council Chambers

CITY MANAGER REPORT

Dennis Speer

- Moving toward budget hearings, requested dates April 22-30, 2013. Asked Council to pick 3 dates to hold hearings.
 - Lori Acton – asked for evening meetings and include a Saturday.
 - Jason Patin – will be there for any dates scheduled
 - Jim Sanders – no on the 24th, available the other dates
 - Chip Holloway – available anytime.
 - Dan Clark – suggested Thursday & Saturday all day. April 25 and April 27
 - Acton – keep Monday as placeholder if needed.

Budget Hearing Dates:

- April 25 6-9pm
- April 27 9-12am & 2-5pm
- April 29 reserve evening for adjournment if needed
 - Held in Council Chambers
 - Televised

MAYOR AND COUNCIL COMMENTS

Lori Acton

- Appreciated comments about the pool

Jim Sanders

- Thanked Eileen for efforts on the UAS program
- Appreciate comments on the pool. Council will take these into account during budget hearings.
- Would like to hold regular town hall meetings for the community. Suggested quarterly.

Chip Holloway

- Supports town hall meeting, participation is light unless there is a hot topic.
- Thanked Eileen and the China Lake Alliance for the support of the UAS program. Frustrated with the State of California for not being engaged in the efforts.

Jason Patin

- Participated in town hall meetings and attendance was poor. Suggested setting up individual meetings which usually have a better attendance.
- Supports a parks plan which includes the pool. Not ok with the options being presented right now that does not include a pool.
- Other factors pending that will affect the pool
- Asked community to get engaged with the discussions and provide ideas that can be brought before council.
- Hope to have budget completed by the end of the month. Tough decisions to be made and need to live within our means and forget about one time money.

Dan Clark

- Thanked Eileen for presentation on the UAS.
- Thanked other attendees
- Announced memorials for Rose Vargas and Diane Grattarotti
- Asked for survey of Measure 'L' from community perspective. Asked for council input on the process. Read suggested survey questions.
 - Jason Patin – input objection of community putting percentages of the budget to departments or measure 'I' functions.
 - Lori Acton – agrees with Jason, does not understand what good another survey will do since the numbers were already decided when Measure 'L' was drafted.
- Expectations for Measure 'L' did not happen due to circumstances, next year's priorities in the community may change.
 - Lori Acton – community elected council to make the decisions. Input received at the meetings is beneficial but do not see a benefit to this survey.
 - Jason Patin – do not recall definite money split ever being identified, just functions. Split is based on the need.
 - Jim Sanders – not sure how a survey such as this can get an accurate sampling of the community. Want public support at the meetings from those who do pay attention to the community.
 - Chip Holloway – Leary about rejecting information in any form but agree with the comments made. If going to do some kind of poll, suggest the chamber survey and also use the survey that was already performed for Measure 'L'. Not ready to move forward but not totally opposed to do some type of poll.
- Agree with fellow Council; only put this together on the suggestion of a few persons attending the meetings.
 - Jason Patin – not in favor of a survey related to the budget because most people do not understand the full budget.
 - Lori Acton – asked community to attend budget hearings. Also suggested getting down to basics with pennies in jars.
- Scrap the survey at this time due to lack of time to hold and evaluate the results.

MINUTES – RIDGECREST CITY COUNCIL/REDEVELOPMENT AGENCY - REGULAR

April 3, 2013

Page 12 of 12

- Encouraged public to attend the budget hearings and speak with Council Members to provide input.

ADJOURNMENT at 8:51 pm

Rachel J. Ford, CMC, City Clerk

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CITY COUNCIL/REDEVELOPMENT AGENCY AGENDA ITEM

SUBJECT:

Presentation of Wastewater Rate Scenarios and Cost of Service Analysis
by Red Oak Consultants

PRESENTED BY:

Mark Hildebrand, Red Oak Consultants

SUMMARY:

Representatives from the consulting firm, Red Oak, the Management Consulting Practice of Malcolm Pirnie/ARCADIS, will be giving a power point presentation regarding the Wastewater Rate Scenarios and Cost of Service Analysis for the Wastewater Treatment Facility and the Sanitary Sewer Collection System.

FISCAL IMPACT: None

Reviewed by: Finance Director

ACTION REQUESTED: None

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested:

Submitted by: Dennis Speer
(Rev. 2-14-07)

Action Date: April 17, 2013

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/FINANCING
AUTHORITY/HOUSING AUTHORITY AGENDA ITEM**

SUBJECT:

Discussion and direction on sewer rate analysis and cost of service analysis for sewer rate increase, and resolution stating intention to revise the City's sewer charges effective fiscal year 2013-14

PRESENTED BY:

Dennis Speer, Public Works Director

SUMMARY:

Background

The City's Sewer Rate Revenue is used to fund operations, maintenance and improvements of the City of Ridgecrest's wastewater treatment plant and the collection system. It also provides reserve funds intended for the new Wastewater Treatment Plant and other capital improvements.

On July 11, 2011, the City's rate consultant, Red Oak consulting, presented the Wastewater Financial Plan. The consultant recommended that the City proceed with a proposed fee increase following the Proposition 218 guidelines. However, no action was taken.

Tonight the Council heard the consultant's presentation entitled Wastewater Rate Scenarios. This report is attached for reference.

Summary

The City of Ridgecrest prepares an annual analysis of the Sewer Enterprise Fund to evaluate the Fund's financial position and to determine whether or not sewer rates need to be increased. The recommended rates will increase the average single family residential charge from \$10 to \$18.78 per month, an 87.8% increase, which is equivalent to \$105.36 per year. Commercial rates will increase by an average of 9%. A Proposition 218 hearing is required before the City Council can impose an increase in sewer rates. An authorizing resolution, approved by Council, directs the mailing of Proposition 218 Notices. The authorizing resolution sets rules for tabulating protests, proposes the rates and rate structure, and schedules a public hearing.

Discussion

As discussed above, the proposed rate increase will result in an 87.8% increase in the average single family residential customer's bill.

At tonight's meeting, staff requests that the Council approve the authorizing resolution directing the mailing of the Proposition 218 Notices and scheduling the public hearing for June 5, 2013.

FISCAL IMPACT: None

Reviewed by Finance Director

ACTION REQUESTED:

That the City Council approve the Rate Analysis Report attached to this report, adopt the Cost of services Analysis, and approve the authorizing resolution stating the City's intentions to increase Sewer Rates effective fiscal year 2013-14 and scheduling the public hearing on the proposed the rate structure.

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested:

Submitted by: Dennis Speer
(Rev. 02/13/12)

Action Date: April 17, 2013

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RESOLUTION NO. 13-XX

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIDGECREST
STATING ITS INTENTION TO REVISE THE CITY'S SEWER CHARGES
EFFECTIVE TAX YEAR 2013-14**

WHEREAS, the City of Ridgecrest levies charges for sewer services pursuant to Section 3-10 of the Ridgecrest Municipal Code and pursuant to Section 5470 *et seq.* of the California Health & Safety Code; and,

WHEREAS, the City Council desires to conduct proceedings to revise the rate and methodology for the sewer charges, to be effective beginning in the 2013-14 tax year.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ridgecrest that:

1. The foregoing recitals are all true and correct.
2. The City Council approves the Rate Analysis Report.
3. The City Council adopts the Cost of Service Analysis.
4. The City Council proposes the imposition of the rates and methodology generally described in Exhibit "A" to this Resolution, which is incorporated herein by reference.
5. On June 5, 2013, at 6:00 PM or as soon thereafter as may be practicable in the City Council Chambers located at 100 West California Ave., Ridgecrest, CA, the City Council will hold a public hearing pursuant to Article XIID of the California Constitution with respect to the proposed rates. At this hearing, all interested persons will be permitted to present oral and written testimony with respect to the proposed rates and methodology.
6. The City Council further directs staff to give notice of the hearing in the manner required by law.
7. The City will accept and tabulate protests against the proposed rate revision pursuant to the procedures set forth in Exhibit "B" to this Resolution, which is incorporated herein by reference.

APPROVED AND ADOPTED this 17th day of April 2013 by the following vote.

AYES:

NOES:

ABSENT:

ABSTAIN:

Daniel O. Clark, Mayor

ATTEST:

Rachel J. Ford, CMC, City Clerk

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EXHIBIT A

PROPOSED SEWER CHARGE RATE SCHEDULE

	2014	2015	2016	2017	2018
Rate Increase %	100%	100%	3%	3%	3%
Single Family Rate (per month)	\$18.78	\$37.56	\$38.69	\$39.85	\$41.04
Multi-Family Rate (per month)	\$16.29	\$32.58	\$33.56	\$34.57	\$35.60

Status Quo Commercial Rate Schedule

Fixed Fee (all accounts)

Per Month: \$9.39
Per Year: \$112.68

Volumetric Rate (based on sewage strength)

(dollars per hundred cubic feet)

Auto: Repair Shop and Service Station	\$0.88
Auto: Steam Cleaning	\$1.88
Bakery and Food Preparation	\$1.36
Bars w/o Dining Facilities	\$0.83
Car Wash	\$0.74
Commercial & Institutional - Other	\$0.73
Department and Retail Store	\$0.77
Hospital and Convalescent	\$0.77
Hotel with dining facilities	\$1.21
Hotel/Motel without dining	\$0.80
Institutional and Professional: Restrooms Only	\$0.72
Laundromat	\$0.74
Laundry: Commercial	\$0.93
Laundry: Industrial	\$1.32
Market with Garbage Grinders	\$1.45
Mortuary	\$1.45
Restaurant	\$1.36
Septage Service	\$11.14
Septic Tank or No Service	\$0.62
Naval Facility	\$0.94

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EXHIBIT B

GUIDELINES FOR THE SUBMISSION AND TABULATION OF PROTESTS

Submission of Protests

1. Any property owner may submit a written protest to the City Clerk, either by delivery to the office of the City Clerk or by submitting the protest at the public hearing. Protest must be received by the end of the public hearing. No postmarks will be accepted.
2. Each protest must identify the affected property (by assessor's parcel number or street address) and include the signature of the record property owner. Email 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 charges.
3. If a parcel served by the City is owned by more than a single record owner, each owner 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.
4. In order to be valid a protest must bear the original signature of the record owner with respect to the property identified on the protest. Protests not bearing the original signature of a record owner shall not be counted.
5. Any person who submits a protest may withdraw it by submitting to the City Clerk a 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.
6. A charge protest proceeding is not an election.
7. To ensure transparency and accountability in the charge protest tabulation, protests shall constitute disclosable public records from and after the time they are received.

Tabulation of Protests

1. The City Clerk shall determine the validity of all protests. The City Clerk shall not accept as valid any protest if the City Clerk determines that any of the following exist:
 - a) The protest does not identify a property served by the City.
 - b) The protest does not bear an original signature of a record owner of the parcel identified on the protest.
 - c) The protest does not state its opposition to the proposed charges.
 - d) The protest was not received by the City Clerk before the close of the public hearing on the proposed charges.
 - e) A request to withdraw the protest is received prior to the close of the public hearing on the proposed charges.
2. The City Clerk's decision that a protest is not valid or does not apply to a specific charge 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 of a majority of the properties subject to the proposed charge.
4. At the conclusion of the public hearing, the City Clerk shall complete the tabulation of all protests received, including those received during the public hearing and shall report the results

of the tabulation 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 charge which is the subject of the protest, then the Clerk may advise the City Council of the absence of a majority protest without determining the validity of all protests.

**NOTICE TO PROPERTY OWNERS OF PUBLIC HEARING ON
PROPOSED SEWER RATES**

Hearing Date & Time:

June 5, 2013 6:00PM

Hearing Location:

City Council Chambers

100 California Ave, Ridgecrest, CA 93555

Why are you receiving this notice?

This notice is being provided to you by the City of Ridgecrest (“City”) pursuant to the terms of California Constitution Article XIID (also known as “Proposition 218”). The City is required to notify property owners of proposed changes to property-related fees, such as the City’s Sewer Availability Charge.

Why is a rate adjustment necessary?

All revenue generated from the City’s Sewer Availability Charge is used exclusively to operate and maintain the City’s sewer systems; it is not used for other general government purposes. The proposed rate adjustment is necessary to keep pace with inflation as well as to meet the increasing costs of providing sewer services. It is worth noting that sewer rates have ***not been increased since 1996*** and that the City’s current rates are approximately ***one third of the regional average***. The proposed adjustments will bring Ridgecrest’s rates in-line with the regional average by 2015.

How are the rates calculated?

The City recently completed a comprehensive financial planning and cost-of-service project. This analysis examined the cost of providing sewer services and developed rates that would generate sufficient revenues in a fair and equitable manner.

Written protests on the proposed increase in the monthly sewer service charge may be mailed or delivered to the City Clerk at 100 W California Avenue, Ridgecrest, CA 93555, and must identify the owner(s) and address of the property or properties. Protests must be received prior to the close of the Public Hearing on June 5th, 2013. Email protests will not be accepted. If written protests are presented by owners from a majority of parcels, the City Council cannot approve the increase.

Proposed Sewer Availability Charges

The City is proposing the following rates over the next 5 years:

Residential Sewer Rates (per month)

Residential Classes	2014	2015	2016	2017	2018
Single Family Residential	\$18.78	\$28.17	\$29.01	\$29.88	\$30.78
Multi-Family Residential	\$16.29	\$24.44	\$25.17	\$25.93	\$26.70
Mobile Homes	\$13.80	\$20.71	\$21.33	\$21.97	\$22.63

Commercial customers have an annual fixed fee in addition to volumetric rates, which are calculated based on actual potable water flows which are multiplied by a unit charge based on typical sewer strengths of respective commercial customer classes.

These proposed fixed and volumetric rates are presented in the table below.

Commercial Sewer Rates

	2014	2015	2016	2017	2018
Annual Fixed Fee*	\$225.35	\$338.03	\$348.17	\$358.61	\$369.37
Volumetric Charge (per hundred cubic feet)**					
Auto: Repair Shop and Service Station	\$1.76	\$2.64	\$2.72	\$2.80	\$2.88
Auto: Steam Cleaning	\$3.77	\$5.65	\$5.82	\$6.00	\$6.18
Bakery and Food Preparation	\$2.71	\$4.07	\$4.19	\$4.32	\$4.45
Bars w/o Dining Facilities	\$1.65	\$2.48	\$2.55	\$2.63	\$2.71
Car Wash	\$1.47	\$2.21	\$2.27	\$2.34	\$2.41
Commercial & Institutional - Other	\$1.46	\$2.19	\$2.26	\$2.33	\$2.40
Department and Retail Store	\$1.55	\$2.32	\$2.39	\$2.46	\$2.54
Hospital and Convalescent	\$1.53	\$2.30	\$2.37	\$2.44	\$2.51
Hotel with dining facilities	\$2.42	\$3.63	\$3.74	\$3.85	\$3.97
Hotel/Motel without dining	\$1.60	\$2.39	\$2.47	\$2.54	\$2.62
Institutional and Professional: Restrooms Only	\$1.43	\$2.15	\$2.21	\$2.28	\$2.35
Laundromat	\$1.49	\$2.23	\$2.30	\$2.37	\$2.44
Laundry: Commercial	\$1.86	\$2.78	\$2.87	\$2.95	\$3.04
Laundry: Industrial	\$2.64	\$3.96	\$4.08	\$4.20	\$4.33
Market with Garbage Grinders	\$2.89	\$4.34	\$4.47	\$4.61	\$4.74
Mortuary	\$2.89	\$4.34	\$4.47	\$4.61	\$4.74
Restaurant	\$2.71	\$4.07	\$4.19	\$4.32	\$4.45
Septic Tank or No Service	\$1.24	\$1.86	\$1.91	\$1.97	\$2.03
Soft Water Service	\$1.32	\$1.98	\$2.04	\$2.10	\$2.16
China Lake Naval Air Weapons Station	\$1.88	\$2.82	\$2.90	\$2.99	\$3.08

*The annual fixed fee includes the first 71 hundred cubic feet of water flow per year.

** Based on 80% of potable water consumption to account for water not returned to the sewer.

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City of Ridgecrest

Comprehensive Wastewater Rate Study

DRAFT FOR STAFF REPORT

April 11, 2013

Report Prepared By:



For:



069000001.0000



DRAFT

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LIST OF ACRONYMS

BOD	Biochemical Oxygen Demand
CIP	Capital Improvement Plan
FY	Fiscal Year
DSC	Debt Service Coverage
GPDU	Gallons per Day per Unit
HCF	Hundred Cubic Feet (equal to 748 gallons)
NAWS	China Lake Naval Air Weapons Station
LACSD	Los Angeles County Sanitation District
MFR	Multi-Family Residential
MG	Million Gallons
MGY	Million Gallons per Year
MOU	Memorandum of Understanding
O&M	Operation and Maintenance
R&R	Repair and Replacement
SFR	Single Family Residential
SWRCB	State Water Resources Control Board
TSS	Total Suspended Solids
WWTP	Wastewater Treatment Plant



1. Introduction

1.1. Introduction

The City of Ridgecrest (City) retained Red Oak Consulting, through Provost & Pritchard Consulting Group, to conduct a comprehensive wastewater rate study. This report includes the five-year Wastewater Financial Plan, cost-of-service analysis, rate design, and rate recommendations.

1.2. System Overview

The City owns and operates wastewater collection, treatment, and disposal facilities serving its residents and businesses, as well as the China Lake Naval Air Weapons Station (NAWS). The existing City wastewater treatment plan (WWTP) is located approximately 3.5 miles northeast of the center of the City, within the NAWS. The fact that the existing WWTP site is located on NAWS property means that the land is owned and controlled by the U.S. Navy. The City has been operating this WWTP at the NAWS site since 1974 and it provides sufficient capacity to treat both the City and NAWS current flows.

1.3. Study Objectives and Background

The purpose of this document is to make recommendations regarding the appropriate user rates (“Sewer Availability Charge”) for wastewater services to support both operational and repair/replacement spending in the near term and financially prepare for future capital programs such as replacing the existing WWTP. The City’s last sewer rate study was conducted in 1994 and most rates have not been adjusted since that time¹. As a result of modest revenue, the City has deferred repair and replacement (“R&R”) activities at both the WWTP and for its sewers. The City may need to build a new WWTP to provide additional capacity to serve future City growth. The planning process for that WWTP is underway² but a final decision has not been made.

1.4. Rate Study Process

A sewer rate study includes three distinct steps. As a first step, the total annual expenditures are identified in order to understand the rate revenue. Next, the cost-of-

¹ A minor adjustment was made to mobile home rates in the late nineties.

² See Provost and Pritchard’s draft Facility Plan, dated June 6, 2011.



service analysis develops an equitable method of recovering the revenue requirements from each respective customer class. Finally, the “rate design” is completed in order to determine how, exactly, those revenues will be collected from each respective customer class.

Consistent with the steps described above, this report contains the following sections:

- S **Current Rates and Survey** – We begin by describing the City’s existing sewer rates and how they compare to regional, peer sewer utilities.
- S **Financial Plan** – Describes the assumptions and findings of Red Oak’s revenue sufficiency forecast model.
- S **Cost-of-Service Analysis** – Describes the methodology and assumptions used to allocate costs equitably across customer classes.
- S **Rate Recommendations** – Based on the revenue sufficiency analysis and cost-of-service analysis, recommendations are made for sewer rates for fiscal year 2014 (FY 2014) through FY2018.

1.5. Reliance on City Provided Data

During the course of this project, the City provided Red Oak with information from planning documents and both audited and unaudited financial results, including customer, cost and revenue data. While Red Oak was actively engaged with the City to ensure that the best financial data was being used, Red Oak did not independently assess or test for the accuracy of such data – historic or projected. We have relied on this data in the formulation of our findings and subsequent recommendations, as well as in the preparation of this report.

As is often the case, there will be differences between actual and projected data, and some of the assumptions used in this report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the data or results projected in this report and actual results achieved and those differences may be material.



2. Current Sewer Rates and Regional Survey

The following sections describe the City’s current Sewer Availability Charge and how those rates compare to similar sewer utilities in the region.

2.1. Existing Sewer Availability Charge

The existing Sewer Availability Charge have largely been in effect since 1996 and have the following structure:

- Single family residential (SFR) dwelling and multi-family residential (MFR) dwelling accounts pay a flat annual charge per dwelling unit.
- Mobile home dwelling accounts pay a flat annual charge per space in the park, plus a volumetric rate based on the previous year’s water consumption.
- Non-residential (“Commercial”) accounts pay an annual charge which is a function of the previous year’s water consumption and two strength factors; biochemical oxygen demand (BOD) and total suspended solids (TSS). The strength factors are assigned to each respective account based on the type of business that is conducted.

Table 1 summarized current year Sewer Availability Charge for all customer classes.

Table 1 – Current Annual Sewer Availability Charge

	Fixed Fee (per unit)	Volumetric Fee (per unit)	Biochemical Oxygen (BOD)	Total Suspended (TSS)
Single Family Residential	\$120.00	NA	NA	NA
Multi-family Residential	\$96.00	NA	NA	NA
Mobile-Homes	\$74.00		NA	NA
Non-Residential	\$120 (minimum charge)	$\frac{\text{Flow} \times 49\% \times \$120}{250 \text{ gals}}$	$\frac{\text{Flow} \times 25.5\% \times \$120}{150 \text{ mg/L}}$	$\frac{\text{Flow} \times 25.5\% \times \$120}{150 \text{ mg/L}}$

Currently the City collects the Sewer Availability Charge on an annual basis via the County Treasurer and Tax Collector’s property tax bill. Certain non-residential accounts receive “hand bills” from the City.



2.2. Rate Survey

A regional sewer service charge survey was conducted of the following seven (7) agencies, in addition to Ridgecrest:

- City of Bakersfield (“Bakersfield”)
- City of Barstow (“Barstow”)
- City of Lancaster (“Lancaster”)
- Rosamond Community Services District (“Rosamond”)
- City of Victorville (“Victorville”)
- City of Visalia (“Visalia”)
- City of Wasco (“Wasco”)

All of the surveyed agencies assess their sewer service charge on a monthly basis except for Ridgecrest and Bakersfield, who assess their charges annually. All of the agencies surveyed with the exception of Lancaster assess a single sewer service charge for both collection and treatment services. Lancaster provides sewage collection services, while sewage treatment services are provided by the Los Angeles County Sanitation District (LACSD): therefore the services are charged separately. Table 2 summarizes the findings of the survey, by presenting the respective monthly sewer service charges for single family residential accounts.

Table 2 – Monthly Sewer Service Charge by Agency
Single Family Residential (SFR) Accounts

Agency	Monthly Sewer Fee
Ridgecrest	\$10.00
Bakersfield	17.08
Visalia	23.78
Wasco	25.50
Barstow	26.45
Victorville	27.43
Rosamond	36.50
Lancaster ⁽¹⁾	38.89

(1) Includes Los Angeles County Sanitation District charge

Figure 1 presents the same information in bar chart format.



Figure 1 – Survey: Monthly Sewer Service Charge to SRF Accounts



This survey demonstrates that the City has a comparatively low sewer service charge. In fact, the City's service charges are 41% lower than the next lowest agency and 64% lower than the average, which is \$27.95. Without a rate adjustment at Ridgecrest, this discrepancy is expected to continue to grow as many agencies increase their rates annually to at least match market inflation.



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3. Wastewater Financial Plan

The following financial plan establishes the level of Sewer Availability Charge revenue that would be needed to:

1. Fund the utility’s annual expenses, such as:
 - Operation and maintenance (O&M)
 - Capital costs
 - Debt service (if applicable)
2. While maintaining financial performance requirements, including:
 - Reserve targets (see Section 3.6.1)
 - Debt service coverage (DSC) ratio targets (see Section 3.3)

3.1. Utility Accounts and Use

The City currently serves approximately 9815 wastewater accounts, which are divided into residential and non-residential customer classes. Non-residential includes commercial, institutions, industry, and military accounts. Residential accounts are further divided into single family residential (SFR), multi-family residential (MFR) and mobile homes. Table 3 summarizes the number of each type of account.

Table 3 – Wastewater Service Accounts

Account Type	Number of Accounts	Number of Units
Single Family Residential	7738	(same)
Multifamily Residential	1312	3144
Mobile Homes	15	861
Commercial	749	(same)

The NAWS is the City’s largest customer, typically comprising of between 25% and 35% of annual wastewater flows. NAWS is treated as a non-residential account, with the fee being based on the volume of metered sewage.

3.2. Growth Assumptions

Future Sewer Availability Charge revenue will be affected, in part, on the rate of real estate development within the wastewater service area. The City population is closely tied to NAWS operations and growth. As a consequence, City population growth has been somewhat erratic, rising and falling with NAWS expansions or cut backs. The timing and significance of population spurts in the City cannot be forecast dependably; however, long term growth projections can still be made.



In 2010, the City’s population was about 28,013 according to the U.S. Census Bureau’s 2010 census. This population includes only those residing within the corporate limits of the City. The China Lake NAWS had a 2010 population of 2,440, yielding a total service area population of 30,453. The addition (or elimination) of new jobs at NAWS has a “multiplier” effect on the population, both because many NAWS personnel relocate with their families and also because of the economic stimulation. Since the City’s growth is so closely tied to the activity of the NAWS, the projection of the City’s population is particularly challenging. . As such, for purposes of projecting future changes to the rate-payer base, we have adopted county-level population forecasts. The Kern Council of Governments has estimated a growth rate for the Ridgecrest area of 1.8 percent annually³. Using these population projections, the total service area population will be approximately 35,926 in 2020, as shown in Table 4.

Table 4 – Historical and Projected Population for the City of Ridgecrest

Year	Population	Annual Percent
1985	21,700 ^a	na
1990	27,600 ^a	na
1995	27,900 ^a	na
2000	24,927 ^b	na
2001	25,219 ^b	1.2%
2002	25,533 ^b	1.2%
2003	25,587 ^b	0.2%
2004	25,842 ^b	1.0%
2005	26,666 ^b	3.2%
2006	26,515 ^b	-0.6%
2007	27,944 ^b	5.4%
2008	28,631	2.5% ^d
2009	29,335	2.5% ^d
2010	30,056 ^c	2.5% ^d
(forecast)		
2015	32,860	1.8%
2020	35,926	1.8%
2025	39,278	1.8%
2030	42,942	1.8%
2035	46,949	1.8%
2040	51,329	1.8%
2045	56,118	1.8%
2050	61,354	1.8%

^a California Department of Finance population data, as referenced in 2008 Carollo Report.
^b California Department of Finance, Demographic Research Unit - City/County Population and Housing Estimates, 2000-2007 (City of Ridgecrest only; does not include NAWS population).
^c U.S. Census Bureau, 2010 Census for City of Ridgecrest and China Lake NAWS.
^d Annual percent growth not a real value. Calculated based on perceived growth between 2007 and 2010, however 2007 population does not include NAWS population and 2010 population value does.

³ Kern Council of Governments, *Final Regional Growth Forecast Report*, October 2009



3.3. Current Balance

Based on the City's Published FY2013 budget, the beginning balance on July 1, 2012 for the Sewer Enterprise was \$3,797,819, which is down significantly from \$10,861,875 in FY 2009.

3.4. Enterprise Revenue

The following presents the wastewater enterprise's revenue sources and their historical trends.

3.4.1. Sewer Availability Charge

As described in Section 2.1, the Sewer Availability Charge is the principal source of revenue for the wastewater enterprise. Residential accounts are charged a flat annual fee, with the addition of a volumetric fee for mobile homes. Non-residential accounts are assessed a fixed fee and volumetric fee based on flow and estimated sewer strength. Sewer Availability Charges are imposed on all residential accounts regardless of occupancy.

3.4.2. Miscellaneous Revenues

The wastewater enterprise has additional miscellaneous revenue sources. Hay is grown and sold as part of the WWTP operation and typically generates approximately \$10,000 per year. Interest is gained on invested cash reserves and thus earnings are a function of the cash balance. Going forward, we have assumed an interest earnings rate of 1.05%⁴.

3.5. Expenditures

The sewer utility's current and forecasted costs have been divided into two types of expenditures: O&M and capital.

3.5.1. Operation & Maintenance Expenses

Table 5 shows current year budgeted O&M expenditures organized in cost categories. The five-year historical trend of these costs is not shown since recent changes in accounting practices and staffing levels detracts from the value of the information. Projected O&M expenditures have been based on this budget and have been adjusted by an inflation rate of 4% for all O&M line-items over the study period.

⁴ Per Rachele McQuiston, March 28, 2013



Table 5 – Budget by Cost Categories

Category	FY 13/14 Budget
Salaries/Benefits	\$709,808
Services/Charges	\$400,760
Materials/Supplies	\$69,950
Administrative/Insurance Costs	\$446,861
Other	\$90,851
Total	\$1,718,230

Table 6 shows a different break-down of the same budget. In this case the budget is organized into sewer enterprise’s respective accounts.

Table 6 – Budget by Account

Account	FY 13-14 Budget
Wastewater Administration	\$343,145
Collection System	\$65,150
Treatment	\$846,824
Reclamation	\$16,250
Transfers	\$446,861
Total	\$1,718,230

The largest line-items in both break-downs are the transfers. The transfers break-down as shown in Table 7.

Table 7 – Summary for Transfers Out

Overhead Transfer Type	FY 11-12 Budget
General Overhead Transfer to City	\$255,664
Overhead Transfer to Public Works	\$96,493
Insurance Costs Transfers to Risk Allocation	\$94,704
Total	\$446,861



3.5.2. Capital

Capital spending is generally divided into two project categories; R&R projects and growth-related projects. R&R projects are related to repairing or replacing existing system assets. Such projects benefit current system customers. Growth-related projects expand or add system capacity to serve future customers and should be paid for through the City's impact fee revenues.

According to the City's draft Facility Plan, the existing WWTP as well as the sewer collection system, is very old and is in need of significant repair to maintain its functionality. Fundamental portions of the WWTP process components are deteriorated and certain conditions would be considered hazardous. The WWTP electrical system does not meet current code requirements. The existing WWTP and many of the City's sewers will likely require substantial improvements or replacement in the next 5 to 10 years.

As Red Oak prepares this financial plan, the City had not completed a Capital Improvement Plan (CIP) for the sewer utility. Whether the WWTP and sewers are replaced or simply maintained, the majority of the costs would be funded through Sewer Availability Charge revenue, as opposed to impact fees, since the work is largely driven by maintenance as opposed to capacity limitations.

Red Oak worked with the City to assess the viability of several potential capital spending scenarios. These scenarios ranged from (1) minimal R&R spending on the WWTP and sewer system to (2) cash-financing a new WWTP in the near term. It was determined that the most viable financial option is to debt-finance a new WWTP in 2018 and increase sewer R&R, spending up to \$800,000 per year.

3.6. Financial Policy Recommendations

The following subsections provide recommended financial policies for managing the wastewater enterprise.

3.6.1. Reserves

Reserve requirements are funds that are set aside for precautionary purposes such as for revenue stabilization or emergency capital replacement. Such policies typically require a predetermined fund balance to be maintained. The target levels are based proportionately to variables such as operating results, asset value, or debt service payments.

While the City has no official reserve requirements for the wastewater enterprise, the enterprise has until recently succeeded in maintaining a cash reserve that would meet typical recommended reserves levels for a utility of its size. The following reserves policies are recommended by Red Oak.



3.6.1.1. Operating Reserve

An operating reserve is established primarily to maintain adequate levels of cash between the time that expenses are incurred and that revenue are received. It may also be used to insulate a utility from cost volatility such as for energy, and provide time for the utility to adjust rates. Utilities that bill monthly typically maintain a reserve that is equal to about 3 months of operating expenditures, while utilities that bill bimonthly typically maintain a reserve equivalent to 6 months of operating expenditures. Since the City bills its customers only once per year, Red Oak recommends a reserve equivalent to 12 months of its operating budget. Currently, that amount is approximately \$1.45 million.

3.6.1.2. Emergency Capital Repair Reserve

An appropriate level of repair reserves is generally based on a criticality assessment of system facilities. This assessment involves quantifying the probability of critical infrastructure being impaired, the level of impairment, and the cost of replacement should a catastrophe occur. The repair reserve may also be used to insulate against early and/or unanticipated capital replacement costs. Based on conversations with City staff, Red Oak recommends a target reserve level equal to \$2 million.

3.6.2. Debt and Debt Service

While the wastewater enterprise doesn't have any outstanding debt, this financial plan does examine some scenarios whereby debt would need to be issued to finance future capital projects. As such, this financial plan has adopted guidelines regarding Debt Service Coverage (DSC) ratios, which is a measure of a borrower's ability to repay its debt obligations. Specifically, the DSC ratio is the ratio of total enterprise revenues less operating expenditures (referred to as "net revenues") divided by the annual debt service. Absent an official city policy, this financial plan uses a DSC of 1.25 consistent with direction given by the City's finance department. Unless otherwise noted, all rate adjustment scenarios presented in this financial plan either meet or exceed a DSC ratio of 1.25.

In cases where this financial plan recommends new debt, the projected debt is assumed at a 6% interest rate, a 30-year term and includes an issuance cost of 1.5% funded from the proceeds of the debt issue.



4. Cost of Service Analysis

Red Oak completed a cost-of-service analysis using the FY2013 budget as the “test year”. The cost-of-service analysis serves to identify the costs associated with sewage characteristics in order to appropriately align those costs with the rates that are charged to specific customer classes.

4.1. Cost Allocation

The cost-of-service analysis begins by allocating utility costs to three categories: capital, O&M, and fixed administrative costs.

4.1.1. Capital Cost Allocation

Wastewater capital facilities are designed around both the flows and the strength of sewage. As such, capital costs are allocated to the system’s following functional components: flow capacity, removal of BOD, and removal of TSS. The cost allocation process includes allocating fixed asset costs to functional components and identifying an overall percentage of capital facilities dedicated to the flow and strength characteristics. Once these percentages are identified, they are used to allocate the costs to functional categories.

The methodology utilized for completing the fixed asset cost allocation consisted of the following steps:

1. Development of a list of fixed assets, original costs or replacement costs, service lives and dates placed in service for both the plant and collection infrastructure⁵;
2. “Normalization” of the facility component costs (where necessary) by estimating the current replacement cost of the wastewater system components⁶. In order to give each component of the system proportional weight, regardless of its age;
3. Amortization of the components over their useful life⁷ to reflect each asset’s service life and associated interest cost;
4. Allocation of the amortized costs to functional cost components; and
5. Development of average capital cost allocation percentages from the annualized capital recovery costs and the functional cost allocation results.

⁵ As provided by Provost & Pritchard, March 2013

⁶ The Handy-Whitman Index of Public Utility Construction Costs to extrapolate replacement costs from original costs.

⁷ Amortization of the replacement costs was based on the service life of each asset and an interest rate of 7 percent.



Amortized costs were allocated to Flow, BOD, and TSS components based on the intended design of the facilities (cost-causative factors). Engineering judgment was used to conduct the cost allocations. A summary of the cost allocations is provided below.

<u>Facility Component</u>	<u>Allocation Basis</u>
Headworks & Raw Sewage Pumping	Flow rates determine the size of the station; therefore, costs were assigned 100% to Flow.
Primary Sedimentation Tank	Used to remove suspended solids; therefore, assigned 100% to TSS.
Aeration System	Used for BOD removal; therefore, assigned 100% to BOD.
Digesters	Used to digest solids; therefore, assigned 100% to TSS.
Sludge Dewatering	Used to thicken solids; therefore, assigned 100% to TSS.
Miscellaneous Structures	Miscellaneous facilities support all aspects of treatment; therefore assigned 40% to Flow, 30% to BOD, and 30% to TSS.
Effluent Disposal	Disposal only deals with flow, not strength; therefore, assigned 100% to Flow.
Sewage Collection System	Collection only deals with flow, not strength; therefore, assigned 100% to Flow.

Based on the fixed asset cost allocations described above, the relative amount of costs assigned to Flow, BOD, and TSS was calculated to determine the capital cost allocation factors, as summarized in Table 8:

Table 8 – Capital Cost Allocations by Function

Flow	BOD	TSS
57%	9%	34%

These cost allocation factors were used to allocate budgeted annual capital outlay and debt service expenditures to cost components.

4.1.2. Operation and Maintenance Cost Allocation

O&M costs were allocated to functional components of Flow, BOD, and TSS categories to recognize the costs incurred to handle these wastewater flow and strength



characteristics. Forecasted O&M expenditures were based on the FY2013 budget. A summary of the cost allocation basis is provided below:

<u>O&M Component</u>	<u>Allocation Basis</u>
Salaries, Wages & Benefits	These costs were allocated based on the average capital cost allocation for the WWTP assets.
Chemicals	Boric acid is the only expenditure and was allocated to Flow since it is used for insect control in the collection system.
Electrical	Allocated to Flow based on actual energy consumption in specific parts of the system.
Contract Services & Supplies	For treatment-related services, these costs were allocated based on the average capital cost allocation for the WWTP assets. For sewer-related services, these costs were allocated 100% to Flow.

Based on the O&M cost allocations, the total O&M costs assigned to Flow, BOD, and TSS were calculated in order to develop overall O&M cost allocation factors. The resulting overall O&M cost allocation factors that were calculated using this method are summarized in Table 9.

Table 9 – O&M Cost Allocations by Function

Flow	BOD	TSS
51%	12%	28%

These cost allocation factors are used to allocate O&M expenditures to cost components.

4.1.3. Administrative Cost Allocation

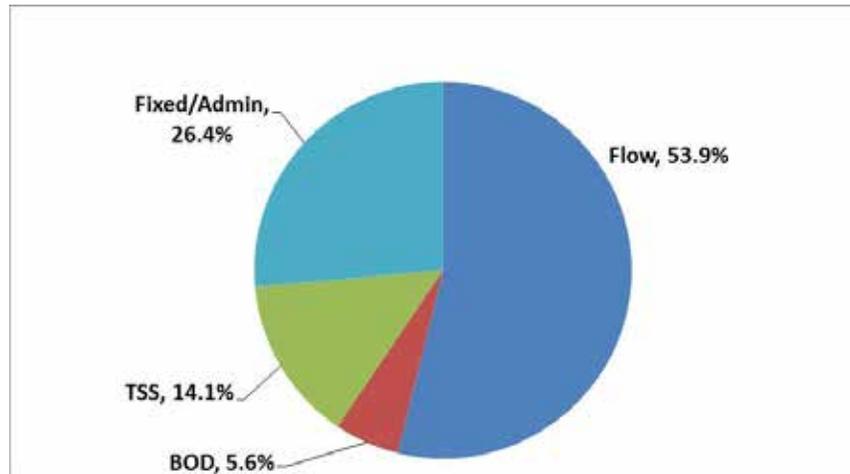
Other costs, including revenue collection, human resources, and insurance were allocated to a “fixed/admin” component, which is ultimately embedded in each customer’s fixed fee.

4.1.4. Allocation of Revenue Requirements to Functional Components

The forecasted revenue requirements for the test year were allocated to each functional component using these cost allocation factors. A summary of the resulting allocations requirements is presented in Figure 2.



Figure 2 – Cost Allocation of Revenue Requirements



4.1.5. Development of Unit Costs

The “unit costs” of sewer service are determined by dividing the costs allocated to each functional component (Flow, BOD, and TSS) by the system’s total annual loadings. The unit costs are then used to distribute costs to customer classes based on their respective loading characteristics (see Section 4.2). The unit cost of service results are provided in Table 10.

Table 10 –Unit Costs

Fiscal Year	Cost Allocation				Rate Revenue Requirement (\$)
	Flow (\$)	BOD (\$)	TSS (\$)	Fixed/Admin (\$)	
FY 2013	\$1,162,541	\$120,552	\$305,263	\$569,874	\$2,158,230

Fiscal Year	Flow (MGY)	Units		
		BOD (1,000 lbs)	TSS (1,000 lbs)	Fixed/Admin (count)
FY 2013	938	1,732	1,704	12,492

Fiscal Year	Dollars per Unit			
	Flow (\$ / MG)	BOD (\$/1,000 lbs)	TSS (\$/1,000 lbs)	Fixed/Admin (\$/Account)
FY 2013	\$1,239.08	\$69.60	\$179.19	\$45.62



4.2. Customer Class Loading Characterization

The following describes the process used to characterize the wastewater generated from each of the City's residential and non-residential customer classes. This analysis was completed for each of the three residential and 21 non-residential customer classes. The results for each respective residential and non-residential customer class are summarized in Table 11.

4.2.1. Customer Wastewater Discharge Characteristics

Most customer class strength characteristics were based on the standards established by the California State Water Resources Control Board (SWRCB)⁸. In the case of NAWS, the actual BOD loading characteristics (180 mg/L) were measured through a sampling program⁹ while TSS was assumed to be the same as SFR accounts (213 mg/L per the SWRCB).

The indoor water consumption patterns for SFR accounts were based on a study of typical indoor water usage in California¹⁰. The water consumption in MFR units and mobile home units were assumed to be 80% and 60% of the water consumption in SFR accounts, respectively¹¹. The return-to-sewer factor for indoor water use in all residential accounts was assumed to be 65%. See Section 4.2.2. For non-residential accounts, indoor water usage characteristics were based on actual water usage data¹² with an assumed 80% return-to-sewer factor. Actual wastewater flow data was used for the NAWS.

A summary of wastewater discharge characteristics by customer class is provided in Table 11.

⁸ Revenue Program Guidelines, Appendix G, March 1998, California State Water Resources Control Board

⁹ Conducted by the City of Ridgecrest, in February through March of 2012.

¹⁰ Residential Indoor Water Conservation Study, July 2003, Peter W. Mayer, William B. DeOreo, Erin Towler, and David M. Lewis

¹¹ Based on a 1996 study by The Keese Company for the City of Ridgecrest.

¹² Based on actual water consumption data as provided by Indian Wells Water District.



Table 11 –Customer Wastewater Loading Characteristics

Description	Accounts	Units	Flow (gpdu)	Concentration (mg/L)		Flow		BOD (1,000 lbs/Y)	TSS (1,000 lbs/Y)
				BOD	TSS	(MG/Y)	HCF/Y		
Residential Customers									
Single Family Residential (SF)	7,738	7,738	134	213	213	377.3	504,328	669.0	669.0
Multi-Family Residential (MF), per unit	1,313	3,144	107	213	213	122.6	163,929	217.5	217.5
Mobile Homes, per unit	15	861	80	213	213	25.2	33,670	44.7	44.7
Total Residential	9,066	11,743				525.1	701,927	931.2	931.2
Commercial Customers									
Auto: Repair Shop and Service Station	43	43	227	180	280	3.6	4,758	5.3	8.3
Auto: Steam Cleaning	0	0	0	1,150	1,250	0.0	0	0.0	0.0
Bakery and Food Preparation	1	1	130	1,000	600	0.0	64	0.4	0.2
Bars w/o Dining Facilities	9	9	384	200	200	1.3	1,688	2.1	2.1
Car Wash	2	2	8,401	20	150	6.1	8,198	1.0	7.7
Commercial & Institutional - Other	18	18	203	130	100	1.3	1,786	1.4	1.1
Department and Retail Store	37	37	837	150	150	11.3	15,108	14.1	14.1
Hospital and Convalescent	2	2	0	250	100	0.0	0	0.0	0.0
Hotel with dining facilities	9	9	4,189	500	600	13.8	18,396	57.4	68.9
Hotel/Motel without dining	17	17	2,364	310	120	14.7	19,607	37.9	14.7
Institutional and Professional: Restrooms	528	528	312	130	80	60.1	80,356	65.2	40.1
Laundromat	0	0	0	150	110	0.0	0	0.0	0.0
Laundry: Commercial	0	0	0	450	240	0.0	0	0.0	0.0
Laundry: Industrial	0	0	0	670	680	0.0	0	0.0	0.0
Market with Garbage Grinders	5	5	2,915	800	800	5.3	7,112	35.5	35.5
Mortuary	2	2	207	800	800	0.2	202	1.0	1.0
Restaurant	50	50	1,016	1,000	600	18.5	24,779	154.7	92.8
Septic Tank or No Service	25	25	336	-	-	3.1	4,100	0.0	0.0
Soft Water Service	0	0	0	3	55	0.0	0	0.0	0.0
China Lake NAWS	1	1	772,013	180	213	281.8	376,690	423.3	499.7
Total Commercial	749	749				421.0	562,846	799.6	786.4
Total All Customer Classes	9,815	12,492				946.1	1,264,773	1,730.7	1,717.6

4.2.2. Wastewater Loading Mass Balance

The total of flow and strength parameters from the individual customer classes were then compared to the known metered influent wastewater flow and strength at the WWTP. This comparison allowed a calibration of the unit costs to ensure that the basis for the sewer rates is in line with the actual loads to the WWTPs by way of the return-to-sewer factor.

The influent wastewater flow and strength concentrations and total mass of BOD and TSS into the WWTP are summarized in Table 12.



Table 12 – Influent Wastewater Flow Characteristic

	Flow (MGD)	BOD (mg/L)	SS (mg/L)
Average Daily Loadings	2.6	161.0	218

	Flow (M HCF)	BOD (1,000 lbs)	SS (1,000 lbs)
Annual Loadings	936	1,257	1,705

4.3. Cost Distribution to Customer Classes

Sewer service costs were distributed to each customer class by multiplying the unit costs shown in Table 10 by the wastewater loadings contribution of each customer class shown in Table 11. The results are expressed as a cost per unit per month. This expression was derived by multiplying the unit cost by the total annual number of units of flow and strength, and then dividing by the number of dwelling units and the number of months in the year. This results in the calculation of the cost responsibility of each customer class. The manner in which those costs are recovered from each customer class is described in Section 5.



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5. Findings and Recommendations

This section provides recommendations regarding the City's Sewer Availability Charge, both in terms of (1) its design for the various customer classes and (2) uniform increases for generating appropriate levels of revenue. For the reader's reference, existing rates are described in Section 2.1.

5.1. Cost-of-Service Results and Rate Design

Red Oak recommends that all customer classes continue to pay some form of a fixed charge in order to (1) provide the utility with revenue stability and (2) ensure that there is sufficient revenue to pay for fixed costs such as infrastructure maintenance and the administration of the sewer system.

Given the unique flow patterns of individual non-residential accounts, we recommend such accounts continue to be assessed a volumetric rate in addition to a fixed charge. All other accounts should be charged a simple flat rate.

Table 13 and Table 14 show the recommended rate structure for residential and non-residential accounts, respectively. To be clear, this rate schedule does not represent a change in total revenue but rather modifies the current rate structure such that it will generate the *same* revenue while meeting the equity requirements of Proposition 218.

The Annual Fixed Fee for non-residential accounts was made equal to the Annual Charge for SFR. This recommendation is based on the fact that all accounts, whether residential or commercial, pay their respective Sewer Availability Charge irrespective of whether the property is occupied or vacant. This recommendation will ensure that vacant accounts generally pay the same amount. Since this study has found that the average SRF account discharges 71 HCF of sewage per year, the first 71 HCF of sewage is included in the non-residential Annual Fixed Fee.

The volumetric rates charged to non-residential accounts will be based on a volume equal to 80% of the previous year's potable water consumption. This adjustment is the return-to-sewer factor, as discussed in Section 4.2.1.



Table 13 –Recommended Cost-of-Service Rate Adjustment for Residential Accounts

	Monthly Charge	Annual Charge
Single Family Residential (SFR)	\$8.84	\$106.10
Multi-Family Residential (MFR), per unit	\$7.71	\$92.51
Mobile Homes (per space)	\$6.58	\$78.92

Table 14 - Recommended Cost-of-Service Rate Adjustment for Non-Residential Accounts

Annual Fixed Fee

All Non-Residential Accounts	\$106.10
-------------------------------------	-----------------

Volumetric Rate

\$/HCF

Auto: Repair Shop and Service Station	\$0.87
Auto: Steam Cleaning	\$1.88
Bakery and Food Preparation	\$1.35
Bars w/o Dining Facilities	\$0.82
Car Wash	\$0.73
Commercial & Institutional - Other	\$0.73
Department and Retail Store	\$0.77
Hospital and Convalescent	\$0.76
Hotel with dining facilities	\$1.21
Hotel/Motel without dining	\$0.79
Institutional and Professional: Restrooms Only	\$0.71
Laundromat	\$0.74
Laundry: Commercial	\$0.92
Laundry: Industrial	\$1.31
Market with Garbage Grinders	\$1.44
Mortuary	\$1.44
Restaurant	\$1.35
Septic Tank or No Service	\$0.61
Soft Water Service	\$0.66
China Lake NAWS	\$0.94



5.2. Financial Forecast with Existing Rates

The following describes the projected financial condition of the sewer enterprise should the City defer an increase in sewer rates. In this scenario, the total capital spending for R&R for both the WWTP and the sewers is limited to \$400,000 per year (see Table 15), which is likely insufficient to maintain the system’s assets. As shown in Figure 3, in the absence of an increase in revenue, the sewer enterprise cash reserves will remain below recommended levels and become depleted within 8 years. The financial details of this scenario are presented as a proforma in Table 16. As the enterprise’s financial condition worsens, the utility’s credit rating will likely suffer and issuing debt will become increasingly difficult and/or more expensive. Note that without a rate increase the enterprise would not be eligible for issuing debt due to a debt service coverage ratio below 1.0 (see Line 23 of Table 16). When cash reserves are depleted, however, debt will be the only way to fund even minimal capital project improvements.

Table 15 – Capital Spending Summary for No Rate Increase Scenario

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
New WWTP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing WWTP R&R	\$0.4M	\$0.2M								
Sewer System R&R	\$ -	\$0.2M								
Total	\$0.4M									

Figure 3 – Sewer Fund Balance Forecast with No Rate Increase

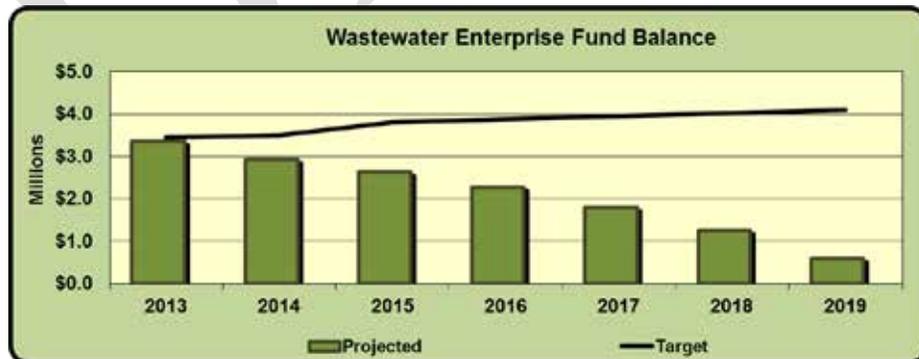




Table 16 – Proforma for No Rate Increase Scenario

		1	2	3	4	5	6	7	8
Line No.	Description	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Revenues									
1	Rate Revenues	\$ 1,580,000	\$ 1,608,440	\$ 1,637,392	\$ 1,666,865	\$ 1,696,869	\$ 1,727,412	\$ 1,758,506	\$ 1,790,159
2	Rate Revenues from Increase	-	-	-	-	-	-	-	4,333,436
3	Miscellaneous Revenue	-	152,940	152,940	152,940	152,940	152,940	152,940	152,940
5	Interest Income	40,000	10,332	9,139	8,075	6,713	5,042	3,044	7,870
6	Total Revenues	\$ 1,620,000	\$ 1,771,712	\$ 1,799,471	\$ 1,827,880	\$ 1,856,521	\$ 1,885,394	\$ 1,914,489	\$ 6,284,405
Revenue Requirements									
7	Operating Expenses	\$ 1,444,966	\$ 1,502,765	\$ 1,795,826	\$ 1,867,659	\$ 1,942,365	\$ 2,020,060	\$ 2,100,862	\$ 2,184,896
8	Non-Operating Expenses	-	-	-	-	-	-	-	-
9	Transfers Out	255,664	265,891	212,093	220,577	229,400	238,576	248,119	258,044
10	Minor Capital Expense	17,600	18,304	19,036	19,798	20,590	21,413	22,270	23,160
Debt Service									
12	New-Revenue Bond	-	-	68,499	68,499	141,169	141,169	218,264	218,264
15	Total Debt Service	\$ -	\$ -	\$ 68,499	\$ 68,499	\$ 141,169	\$ 141,169	\$ 218,264	\$ 218,264
16	Capital Projects Funded with Cash	355,000	412,000	-	-	-	-	-	-
17	Capital Projects Funded with Debt Proceeds	-	-	424,360	437,091	450,204	463,710	477,621	491,950
18	Total Revenue Requirements	\$ 2,073,230	\$ 2,198,959	\$ 2,095,454	\$ 2,176,532	\$ 2,333,523	\$ 2,421,217	\$ 2,589,515	\$ 2,684,365
19	Revenues Over (Under) Expenses	\$ (453,230)	\$ (427,247)	\$ (295,983)	\$ (348,652)	\$ (477,002)	\$ (535,823)	\$ (675,026)	\$ 3,600,040
20	Beginning Balance	\$ 3,797,819	\$ 3,344,589	\$ 2,917,342	\$ 2,621,359	\$ 2,272,708	\$ 1,795,706	\$ 1,259,882	\$ 584,857
21	Revenues Over (Under) Expenses	(453,230)	(427,247)	(295,983)	(348,652)	(477,002)	(535,823)	(675,026)	3,600,040
22	Ending Balance	\$ 3,344,589	\$ 2,917,342	\$ 2,621,359	\$ 2,272,708	\$ 1,795,706	\$ 1,259,882	\$ 584,857	\$ 4,184,896
Debt Service Coverage									
23	Debt Service Coverage Test 1	N/A	N/A	-9%	-70%	-66%	-99%	-87%	1875%
24	Fund Ending Balance	\$ 3,344,589	\$ 2,917,342	\$ 2,621,359	\$ 2,272,708	\$ 1,795,706	\$ 1,259,882	\$ 584,857	\$ 4,184,896

5.3. Recommended Rate Adjustments

As previously discussed, Red Oak worked with City staff to determine the appropriate level of capital spending, given the likely infrastructure needs over the next 5 to 10 years. According to Provost & Pritchard, capital spending on the WWTP will need to increase significantly by either building a new WWTP or investing in the R&R of the existing WWTP. Ultimately City Staff agreed that the fiscally prudent approach is being to financially prepare for the mostly likely spending requirements. The recommended rate increases would be sufficient to:

- 1) Build a new WWTP¹³ in 2018;
- 2) Establish a sewer rehabilitation program that spends \$800,000 per year¹⁴;

¹³ The new WWTP is estimated to cost \$46 million in 2013 dollars.



- 3) Maintain the recommended sewer enterprise cash reserve level of approximately \$4 million; and
- 4) Maintain a debt service coverage ratio of at least 1.25.

The capital spending schedule is shown in Table 17.

Table 17 – Capital Spending Summary for Recommended Scenario

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
New WWTP	\$ -	\$ -	\$ -	\$2.3M	\$2.3M	\$11.5M	\$23M	\$6.9M	\$ -	\$ -
Existing WWTP R&R	\$0.4M	\$0.2M	\$0.2M	\$0.2M	\$0.2M	\$0.2M	\$0.2M	\$0.2M	\$0.2M	\$0.2M
Sewer System R&R	\$ -	\$0.8M	\$0.8M	\$0.8M	\$0.8M	\$0.8M	\$0.8M	\$0.8M	\$0.8M	\$0.8M
Total	\$0.4M	\$1M	\$1M	\$3.3M	\$3.3M	\$12.5M	\$24M	\$7.9M	\$1M	\$1M

The recommended uniform rate increases (applied to all customer classes and to both fixed and volumetric rates) are presented in Table 17.

Table 18 – Recommended Rate Increases

FY2014	FY2015	FY2016	FY2017	FY2018
100%	50%	3%	3%	3%

Table 19 and Table 20 show how these rate increases would translate into actual rates for residential and non-residential accounts, respectively.

Table 19 – Proposed Residential Rate Schedule

Monthly Sewer Availability Charge					
	2014	2015	2016	2017	2018
Single Family Residential	\$18.78	\$28.17	\$29.01	\$29.88	\$30.78
Multi-Family Residential	\$16.29	\$24.44	\$25.17	\$25.93	\$26.70
Mobile Homes	\$13.80	\$20.71	\$21.33	\$21.97	\$22.63

¹⁴ Based on the assumption that the City has 170 miles of sewer lines, 50% of which needs to be repaired or replaced over the next 30 years. Replacement cost is assumed to be \$57 per foot.



Table 20 – Proposed Non-Residential Rate Schedule

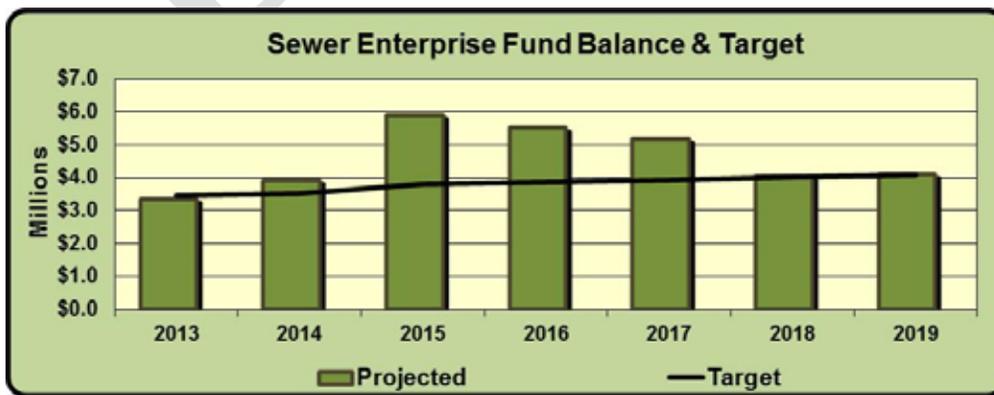
Sewer Availability Charge					
	2014	2015	2016	2017	2018
Annual Fixed Fee*	\$225.35	\$338.03	\$348.17	\$358.61	\$369.37
Volumetric Charge (per hundred cubic feet)**					
Auto: Repair Shop and Service Station	\$1.76	\$2.64	\$2.72	\$2.80	\$2.88
Auto: Steam Cleaning	\$3.77	\$5.65	\$5.82	\$6.00	\$6.18
Bakery and Food Preparation	\$2.71	\$4.07	\$4.19	\$4.32	\$4.45
Bars w/o Dining Facilities	\$1.65	\$2.48	\$2.55	\$2.63	\$2.71
Car Wash	\$1.47	\$2.21	\$2.27	\$2.34	\$2.41
Commercial & Institutional - Other	\$1.46	\$2.19	\$2.26	\$2.33	\$2.40
Department and Retail Store	\$1.55	\$2.32	\$2.39	\$2.46	\$2.54
Hospital and Convalescent	\$1.53	\$2.30	\$2.37	\$2.44	\$2.51
Hotel with dining facilities	\$2.42	\$3.63	\$3.74	\$3.85	\$3.97
Hotel/Motel without dining	\$1.60	\$2.39	\$2.47	\$2.54	\$2.62
Institutional and Professional: Restrooms Only	\$1.43	\$2.15	\$2.21	\$2.28	\$2.35
Laundromat	\$1.49	\$2.23	\$2.30	\$2.37	\$2.44
Laundry: Commercial	\$1.86	\$2.78	\$2.87	\$2.95	\$3.04
Laundry: Industrial	\$2.64	\$3.96	\$4.08	\$4.20	\$4.33
Market with Garbage Grinders	\$2.89	\$4.34	\$4.47	\$4.61	\$4.74
Mortuary	\$2.89	\$4.34	\$4.47	\$4.61	\$4.74
Restaurant	\$2.71	\$4.07	\$4.19	\$4.32	\$4.45
Septic Tank or No Service	\$1.24	\$1.86	\$1.91	\$1.97	\$2.03
Soft Water Service	\$1.32	\$1.98	\$2.04	\$2.10	\$2.16
China Lake Naval Air Weapons Station	\$1.88	\$2.82	\$2.90	\$2.99	\$3.08

*The annual fixed fee includes the first 71 hundred cubic feet of water flow per year.

** Based on 80% of potable water consumption to account for water not returned to the sewer.

As shown in Figure 4, the reserve levels would quickly rise until the spending for the future WWTP begins in 2016. It should be noted that even if the new WWTP is delayed, the healthy cash reserves will allow the City to finance more of the WWTP with cash rather than debt. The financial details of this scenario are presented as a proforma in Table 21. Row 23 shows about \$48M in debt being issued between FY2017 and FY 2020.

Figure 4 – Sewer Fund Balance Forecast with Recommended Rates





City of Ridgecrest: Comprehensive Wastewater Rate Study

Table 21 – Recommended Scenario Proforma

Proforma - Operating Fund		1	2	3	4	5	6	7	8
Line No.	Description	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Revenues									
1	Rate Revenues	\$ 1,580,000	\$ 1,608,440	\$ 3,274,784	\$ 5,000,595	\$ 5,243,324	\$ 5,497,835	\$ 5,764,700	\$ 5,868,464
2	Rate Revenues from Increase	-	1,608,440	1,637,392	150,018	157,300	164,935	-	1,375,766
3	Miscellaneous Revenue	-	152,940	152,940	152,940	152,940	152,940	152,940	152,940
5	Interest Income	40,000	11,969	16,190	18,833	17,634	15,173	13,400	13,672
6	Total Revenues	\$ 1,620,000	\$ 3,381,789	\$ 5,081,306	\$ 5,322,386	\$ 5,571,197	\$ 5,830,883	\$ 5,931,039	\$ 7,410,842
Revenue Requirements									
7	Operating Expenses	\$ 1,444,966	\$ 1,502,765	\$ 1,795,826	\$ 1,867,659	\$ 1,942,365	\$ 2,020,060	\$ 2,100,862	\$ 2,184,896
8	Non-Operating Expenses	-	-	-	-	-	-	-	-
9	Transfers Out	255,664	265,891	212,093	220,577	229,400	238,576	248,119	258,044
10	Minor Capital Expense	17,600	18,304	19,036	19,798	20,590	21,413	22,270	23,160
Debt Service									
12	New-Revenue Bond	-	-	-	-	-	3,305,778	3,305,778	4,047,467
15	Total Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,305,778	\$ 3,305,778	\$ 4,047,467
16	Capital Projects Funded with Cash	355,000	1,030,000	1,060,900	3,605,999	3,714,179	1,400,884	173,208	813,240
17	Capital Projects Funded with Debt Proceeds	-	-	-	-	-	13,090,042	28,484,047	8,902,764
18	Total Revenue Requirements	\$ 2,073,230	\$ 2,816,959	\$ 3,087,855	\$ 5,714,032	\$ 5,906,534	\$ 6,986,711	\$ 5,850,237	\$ 7,326,808
19	Revenues Over (Under) Expenses	\$ (453,230)	\$ 564,830	\$ 1,993,451	\$ (391,646)	\$ (335,336)	\$ (1,155,828)	\$ 80,802	\$ 84,034
20	Beginning Balance	\$ 3,797,819	\$ 3,344,589	\$ 3,909,419	\$ 5,902,870	\$ 5,511,224	\$ 5,175,887	\$ 4,020,060	\$ 4,100,862
21	Revenues Over (Under) Expenses	(453,230)	564,830	1,993,451	(391,646)	(335,336)	(1,155,828)	80,802	84,034
22	Ending Balance	\$ 3,344,589	\$ 3,909,419	\$ 5,902,870	\$ 5,511,224	\$ 5,175,887	\$ 4,020,060	\$ 4,100,862	\$ 4,184,896
Debt Service Coverage									
23	Debt Service Coverage Test 1	N/A	N/A	N/A	N/A	N/A	115%	116%	129%
24	Fund Ending Balance	\$ 3,344,589	\$ 3,909,419	\$ 5,902,870	\$ 5,511,224	\$ 5,175,887	\$ 4,020,060	\$ 4,100,862	\$ 4,184,896

5.4. Billing Frequency

The current practice of piggy-backing sewer bills with County property bills allows the City to avoid the expense of managing a large customer database and sending invoices. While there would be some benefits to more frequent billing, such as revenue stability, the City currently does not intend to purchase and implement its own billing system. As such, we have assumed that the Sewer Availability Charge will continue to be billed on an annual basis.

5.5. Future Revenue Reviews

This study was completed using the best available projections for growth, inflation, regulatory requirements and capital spending. As with any financial projection, the City should conduct a regular (annual) review of the sewer enterprise’s financial condition and verify that spending and revenue levels are consistent with the findings of this report.

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/FINANCING
AUTHORITY/HOUSING AUTHORITY AGENDA ITEM**

SUBJECT:

Executive Summary and Discussion of Fiscal Year 2012-13 Budget Projections

PRESENTED BY:

Rachelle McQuiston – Director of Finance

SUMMARY:

Pursuant to Council request, the Director of Finance has actively researched revenue and expenditure projections for the remaining Fiscal Year 2012-13 Budget.

These projections and the impact to the current budget will be presented and discussed at the Council meeting.

FISCAL IMPACT:

No Fiscal Impact

Reviewed by Finance Director

ACTION REQUESTED:

Discussion item only, no action required

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested: Discussion and possible direction to staff

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