



City of Calistoga

Water and Wastewater Rate Study

Community Open House – October 5, 2022



Agenda

1. Introductions
2. Utilities Overview
3. Rate Study Key Components / Process Steps
4. Pricing Objectives
5. Questions & Tour our Information Stations -
ratestudy@ci.calistoga.ca.us



Water Infrastructure

- 1,600 Customers
- 40+ Miles Watermains
- Kimball Dam/Reservoir
- Water Treatment Plant
- 3 Booster Stations
- 4 Water Tanks
- North Bay Aqueduct



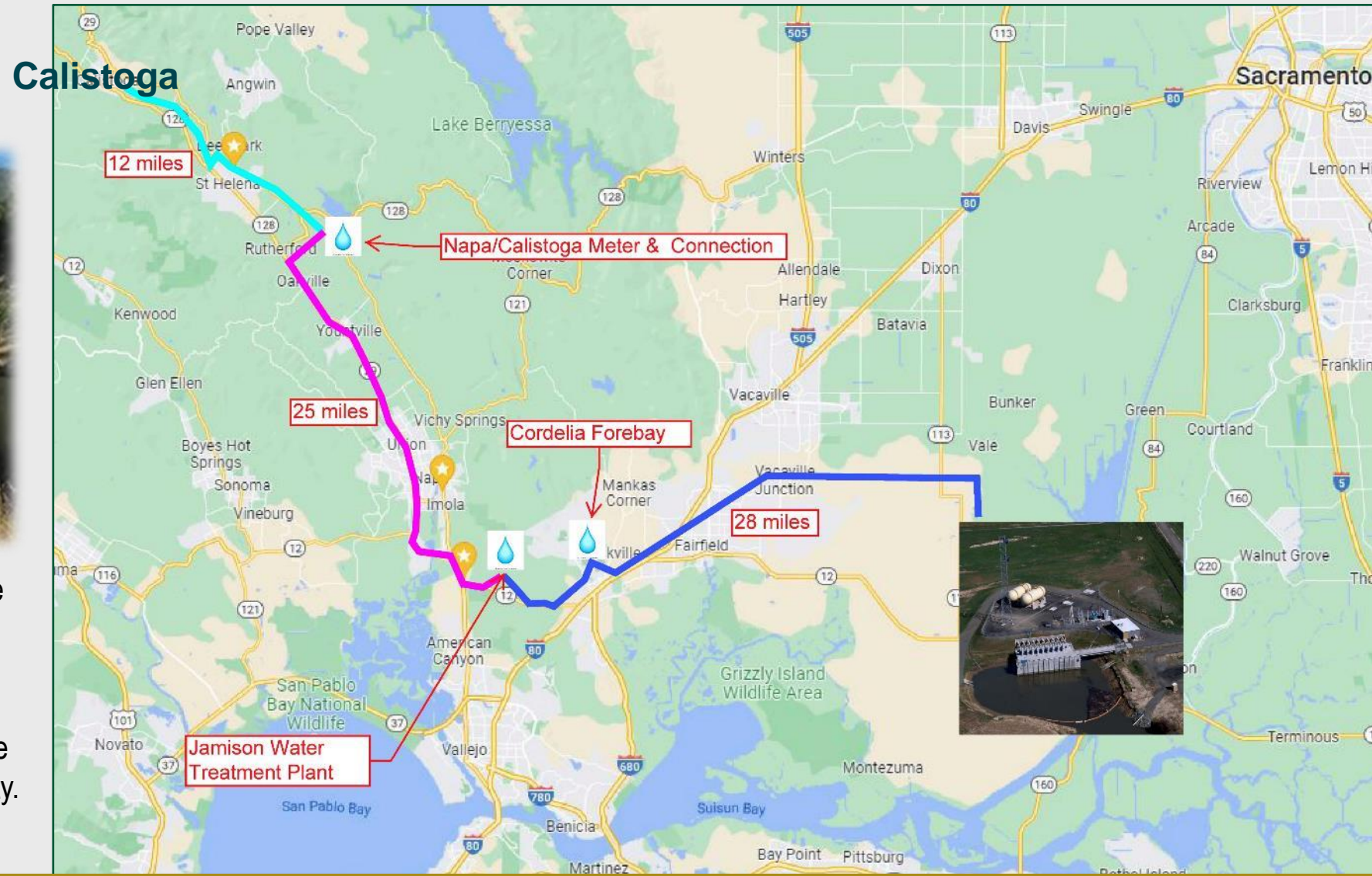


North Bay Aqueduct

Kimball Dam Water Reservoir



The City of Calistoga owns and operates the Kimball Dam Water Reservoir and a conventional surface water treatment facility four miles northwest of the city. This water resource produces approximately 50% of the total annual water demand for our community.





Wastewater Infrastructure

- 1,370 Customers
- 18+ Miles Sewer Collection Mains
- 3,000-lf of Force Main
- 4 Lift Stations
- Wastewater Treatment Plant
- 6 Miles of Recycle Mains
- 2 Booster Stations
- 46 MG of Storage Ponds





Rate Study

- 5-yr Study
- Proposition 218
- Critical to Utility to Keep up with Rising Costs
- CDO, Mandated Projects, Failing Main, Grants
- Previous Studies 2018 & 2014
- Economies of Scale Challenges
- Spring 2023



What is a Rates Study?

A financial planning process to ensure the rates customers pay are:



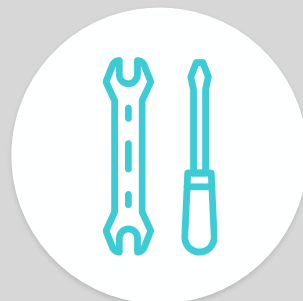
Fair,
equitable



Community
values



Utility financial
viability



Ops and
maintenance



Infrastructure
investment



Legal



Steps in Conducting a Rate Study

Stakeholder Engagement

Step 1 Rate Setting Framework

- Financial goals and policies
- Pricing objectives
- Alternate rate structures for evaluation

Step 3 Rate Design

- Cost of Service Analyses (Cost allocations)
- Alternative rates design
- Rate calculations & customer impact analyses

Step 5 Rate Adoption - Prop 218 Procedures

- Notice to City customers
- Public Hearing

Step 2 Financial Plan

- Evaluation of operating and capital costs
- Cash flow analysis for financial sufficiency
- CIP Financing Options
- Scenario Analysis (reserves, debt coverage, future revenue requirements)

Step 4 Rate Adoption

- Documentation
- Study Report
- Review by legal counsel

Calistoga Water/Wastewater Rates Studies: Key Contributors and Decision-Making



City Staff



Ratepayers



Consultant



City Council

COMMENT - STUDY - ADVISE



GUIDE - DECIDE

Calistoga Water/Wastewater Rates Studies: Proposition 218 Substantive Requirements

Revenues
cannot exceed
the funds
required to
provide the
service



Revenues
cannot be
used for any
purpose other
than to pay
for the
service for
which it was
charged.



The amount
of the fee
cannot
exceed the
**proportion
al cost of
providing
service** to
that parcel



Task:

- **Set rates proportional to the cost of providing the service**
- **Reasonably allocate amongst grouped feepayers, based on a cost-of-service**
- **Use reliable data**

Calistoga Water/Wastewater Rates Studies: Proposition 218 Procedural Requirements

Identify parcels subject to the charge.

Calculate the amount of the charge to be imposed.

Provide written notice to all record owners including:

- The amount
- The basis upon which the amount was calculated
- The reason for the charge
- The date, time, and location of a public hearing on the charge

Hold a public hearing no less than 45 days from mailing the notice.

- Consider all protests to the charge.
- If a majority of owners protest the charge, the agency shall not adopt it.

Pricing Objectives





Let's Talk!

