



# Amador City Wastewater Rate Study

**Rural Community  
Assistance Corporation**



Rural Community Assistance Corporation  
is an Equal Opportunity Employer

## Funder Acknowledgement

This material is based upon work supported under a grant by the Rural Utilities Service, United States Department of Agriculture, and produced as part of the RCAP Technitrain Project. Any opinions, findings, and conclusions or recommendations expressed in this material are solely the responsibility of the authors and do not necessarily represent the official views of the Rural Utilities Service.

This material was funded under a grant from the U.S. Department of Health and Human Services.

## Table of Contents

1	Introduction .....	5
2	System Basic Statistics .....	6
3	Current Financial condition and analysis .....	8
4	Future Financial condition and analysis.....	10
5	Recommendations .....	11
6	Appendix .....	12

## Executive Summary

Amador City (Amador City) requested Rural Community Assistance Corporation (RCAC) conduct a rate study for their wastewater system. The study calculated wastewater rates that would meet revenue requirements, provide financial stability for the system, and comply with state regulation. The rates proposed in the study were developed according to industry standards.

RCAC recommends that Amador City adopts the equivalent single family residential (ESFR) rate adjustments described in this report and summarized in Table 3. Two primary areas utilized in proposing rates are:

- Budget- RCAC utilizes historic information, as well as inflationary adjustments and input from staff to develop a five-year projection of expenses (Table 1)
- Capital Improvement Planning – RCAC works with the system to develop a capital improvement plan to estimate future cash needs for capital improvements (Table 2)

Each of these is summarized below.

	2020	2021	2022	2023	2024	2025	2026	2027
<b>O&amp;M Expenses:</b>	\$123,815	\$122,170	\$122,152	\$126,427	\$130,852	\$135,432	\$148,172	\$153,078
<b>Admin Expenses:</b>	\$0	\$0	\$0	\$61,992	\$55,961	\$43,583	\$43,583	\$43,583
<b>TOTAL EXPENSES</b>	\$123,815	\$122,170	\$122,152	\$188,419	\$186,813	\$179,015	\$191,755	\$196,661
<b>TOTAL REVENUE</b>	\$19,086	\$19,495	\$0	\$155,707	\$161,647	\$175,998	\$190,654	\$196,323
<b>NET LOSS OR GAIN:</b>	-\$104,729	-\$102,675	-\$122,152	-\$33,491	-\$25,973	-\$3,897	-\$2,054	-\$1,320
<b>Reserve Contribution</b>	-\$104,729	-\$102,675	-\$122,152	\$28,501	\$29,987	\$34,028	\$35,872	\$36,606

Table 1: Historic and Projected 5-year Expenses/Revenues

Reserve	2023	2024	2025	2026	2027
<b>Opening Balance</b>	\$400,000	\$240,082	\$83,256	-\$61,731	-\$217,614
<b>Capital Expenditures</b>	\$188,419	\$186,813	\$179,015	\$191,755	\$196,661
<b>Contributions</b>	\$28,501	\$29,987	\$34,028	\$35,872	\$36,606
<b>Ending Balance</b>	\$240,082	\$83,256	-\$61,731	-\$217,614	-\$377,669

Table 2: Capital Reserve Funding Summary

The FY 2023/24 rate increase is assumed to be implemented on July 1, 2023, and future increases are implemented July 1 each year. RCAC's proposed rates to achieve the above are included below.

	2023	2024	2025	2026	2027
<b>Per ESFR Rate</b>	\$91.47	\$94.96	\$103.39	\$112.00	\$115.33
<b>Percent Increase</b>	35.31%	3.82%	8.88%	8.33%	2.97%

Table 3: Proposed 5-year Rates

## Introduction

Founded in 1978, RCAC provides training, technical, and financial resources and advocacy so rural communities can achieve their goals. Since 1978, our dedicated staff and active board, coupled with our key values: leadership, collaboration, commitment, quality, and integrity, have helped effect positive change in rural communities across the West. RCAC's work includes environmental infrastructure (water, wastewater, and solid waste facilities); affordable housing development; economic and leadership development; and community development finance. These services are available to communities with populations of fewer than 50,000, other nonprofit groups, Tribal organizations, farmworkers, colonias and other specific populations. Headquartered in West Sacramento, California, RCAC's employees serve rural communities in 13 western states and the Pacific Island.

The elected governing body of Amador City has a fiduciary responsibility to set the rates at a level that the utility will continue to operate in the future, including future funds to replace all parts of the system as they wear out. Amador City staff worked cooperatively with RCAC by providing revenues and expenditures, utility planned capital improvement costs, and an inventory of assets to assist with determining net revenue and calculating the reserve funds required for other repairs and replacement projects.

This rate study was conducted using several principles of rate setting and focus on compliance with California laws:

- Fairness to Users – rates should be fair to all rate payers. No single rate payer or group of rate payers should be singled out for different rates. The utility should not charge more for wastewater than the cost to provide the service. The cost should include operations, repairs, interest, loan principal, fines, replacement costs, and all other costs related to the collection, treatment, and disposal of wastewater, now and in the foreseeable future.
- Justifiability – water rates must be based on actual needs of the utility. Revenue generated from wastewater rates cannot be used for anything but to pay for the costs of collecting, treating and disposal of wastewater within its service area, plus any administrative costs now and in the foreseeable future.
- Legality – compliant with California State Proposition 218

Disclaimer: The findings, recommendations, and conclusions contained in this financial analysis are based on financial information provided to RCAC by Amador City. Although reasonable care was made to assure the reliability of this information, no warranty is expressed or implied as to the correctness, accuracy or completeness of the information contained herein. Any action taken based on such findings, recommendations, or conclusions is undertaken at the discretion of Amador City. In no event will RCAC or its partners, employees, or agents, be liable for any decision made or action taken in reliance on the information contained in this analysis.

## System Basic Statistics

Amador City, CA is a small historic gold rush town located between Sutter Creek and Plymouth near the Shenandoah Valley wine region, near the foothills of the Sierra Nevada mountains. The name, Amador City, gets its name from Jose Maria Amador, who owned Ranch San Ramon in present-day Contra Costa County, CA. In the spring of 1863, silver-ore was discovered in Amador Canyon and Amador was ranked among the state's leaders in gold production, second to Nevada County.

The area was first settled in 1853 and incorporated in 1915, and is known as California's smallest Amador City, with a land base of just 0.3 square miles. The commercial district is located on Main Street (Hwy 49), these original mining-era buildings are now home to unique shops, restaurants, and bakeries, the residential infill in and around the commercial district.

Amador City lies within California's 4<sup>th</sup> U.S. Congressional District in Amador County. According to the U.S. Census Bureau, Amador City had an estimated Median Household Income (MHI) of \$65,187 in 2020.; and an estimated poverty of 10.3%. Amador City does not grow rapidly and is made up of largely older homes and includes a mix of income levels, but most households are in the moderate and above moderate-income groups.

Amador City provides wastewater collection services to its boundary area and provides partial treatment before pumping the wastewater to the City of Sutter Creek for treatment and to convey the treated wastewater effluent to land disposal systems. The system operator inspects the treatment plant daily during the business week for a short period of time, but the plant is left unattended for most of the day and on weekends. Plant operations are automated in that pumping is controlled by floats (i.e., water level) timers.

The 335,000-gallon wastewater collection pond and the 125,000-gallon effluent pump station/force main was installed in 1976. The system's wastewater facility provides aeration of its wastewater flows prior to exporting. The wastewater is exported to the City of Sutter Creek's wastewater treatment plant through an effluent pump station and is generally transferred during the evening and other low-flow periods to Sutter Creek. The pump station is equipped with two pumps, with a combined capacity of 136,000 gpd, and a four-inch force main with a capacity of 125,000 gpd. The force main holds approximately 7,000 gallons at any one time and may be drained to the equalization basin for maintenance purposes. Amador City owns and maintains 1.9 miles of sewer collection system, most of which is composed of pipe six inches in diameter. Sewer lines make three crossings of Amador Creek.

Amador City provides wastewater, road maintenance, drainage, parks and recreation, and cemetery services. Amador Water Agency provides retail water services throughout the city. Amador Regional Sanitation Authority provides secondary wastewater treatment and disposal services to all residents within the City's limits.

In 2021, Amador City requested RCAC complete an update of the wastewater rates. The Amador City current rates were adopted on January 23, 2016, under Ordinance No. 174. Amador City is in the sixth year of operating on this budget and have found the users fee is insufficient to continue operating the sewer system.

The Amador City charges by equivalent single family residential unit (ESFR) times \$67.60 and not to be less than a single-family dwelling unit rate of \$67.60 and not less than a single-family dwelling unit rate

of \$67.60. An ESFR unit is determined by the average daily amount of water used during the winter months of December, January, and February by all metered residences divided by the number of residences and is determined by the Amador City sanitation engineer. Otherwise, Amador City charges the same every month of the amount of \$67.60 per ESFR. Amador City has a history of slow population growth and according to the 2020 U.S. Census data 13.2% of the Amador City residents are 65 years or older. Projections of population growth used the Amador

Amador City's wastewater system serves an estimated population of 190 people as indicated by the 2020 U.S. Census has 130 connections - 120 residential accounts, eight (8) commercial accounts and two (2) other accounts consisting of apartments. The system experienced approximately ten sanitary sewer overflow (backup) event in 2021. Peak flow is more than double dry weather flow, indicating infiltration and inflow problems. The city has identified infiltration and inflow problems and taken steps to reduce impacts on the collection system. Excessive infiltration and inflow decrease the efficiency and capacity of wastewater collection and treatment systems. In addition, excessive infiltration and inflow contribute to hydraulic overloading of treatment processes. This can affect public health and the community's compliance with state and federal water quality standards.

Infiltration-excess water that enters the sewer system through defective pipes, pipe joints, connections, or manholes. Infiltration is usually measured during seasonal high ground water conditions, during a dry period.

Inflow - unwanted water that enters a sewer system from multiple sources which include roof leaders, cellar drains, yard drains, area drains, drains from wet areas, cross connection between storm sewer and sanitary sewer, catch basins, cooling towers, stormwater, surface runoff, street wash-water, and drainage.

## Current Financial condition and analysis

The Amador City current rates were adopted on January 23, 2016, under Ordinance No. 174. Amador City is in the sixth year of operating on this budget and have found the users fee is insufficient to continue operating the sewer system. Amador City charges by ESFR of \$67.60 and not to be less than a single-family dwelling unit rate of \$67.60.

In alignment with the utility's fiscal year the operating budget is simply a 12-month forecast of expected revenues and expenses. The purpose of the budget is to ensure the system's revenues balance expenditures and needed reserves. The utilities management should take into consideration:

- Current budget and historical revenues and expenses from the past 2 to 4 fiscal years
- Current debt-service requirements
- Uncollectable accounts (as % of sales)
- Unplanned "emergency" expenses that occurred within the past several years
- Revenues from customer billings and other sources of income for the past several years
- Recommended reserve levels necessary

Consider previous years revenue and expense records for the utility, and to anticipated changes to those revenues/expenses during the coming year, including:

- Anticipated changes in operating expenses, such as wage/salary increases, new hires, changes in cost of materials, supplies, transportation, electricity, and other utilities, as well as adjustments for inflation. O&M reserves are funds you should have available to pay for the day-to-day operations of the utility. Revenue and expenses do not always coincide and a cushion of 1.5 x the revenue in a billing cycle is recommended. You currently have a negative balance in O&M reserves (-\$122,152)
- Changes in emergency reserves and available on short notice. AWWA recommends the emergency reserve to be the cost of the most expensive piece of equipment that can fail and needs to be replaced immediately. You currently have \$128,547 in emergency reserves
- Changes in revenues due to expected rate and fee adjustments, growth or decline in the customer base, etc.
- Expected transfers to/from financial reserves should have policies in place to clarify:
  - The establishment of these reserve account(s)
  - Who, how and under what circumstances these funds can be accessed
  - How the accounts are to be funded. When funds accumulate in the operating accounts, policies should be in place to periodically transfer funds to the reserve accounts

Amador City's wastewater rate analysis was undertaken with the following objectives:

- Maintain wastewater services through operation and maintenance for the wastewater collection system
- Maintain adequate reserve levels to ensure continuity in operations
- Provide greater revenue stability for the Utility for capital investment
- Comply with Proposition 218 requirements to ensure cost of service are properly allocated amongst user classifications



The proposed equivalent single family residential (ESFR) fixed wastewater rate was calculated based on the net revenue requirements, number of customer accounts, winter water consumption, and other City-provided information. During the rate study, RCAC presented three rate alternatives that would allow the city water board to meet the revenue requirements for the wastewater system. The final rate presented below reflects input from city staff, which includes the priority of maintaining the existing rate structure and applying an across-the-board increase to the existing rate schedule. The specific objective addressed in the wastewater rate analysis is to generate additional revenue needed to meet projected funding requirements.

	2023	2024	2025	2026	2027
<b>Per ESFR Rate</b>	\$91.47	\$94.96	\$103.39	\$112.00	\$115.33

*Table 1: Suggested Rates by Fiscal Year*

## Future Financial condition and analysis

The Amador City’s council understands the importance of maintaining reasonable reserves to handle emergencies, fund working capital to maintain a good credit rating, and generally follow sound financial management practices. Rate increases are governed by the need to meet O&M costs, maintain debt coverage, and build reasonable reserves for financing activities associated with running a wastewater system that include the following:

*Meeting revenue requirements:* The following budget reflects proposed rates and the required revenue to fully fund the system

Revenue Requirements	2023	2024	2025	2026	2027
<b>TOTAL EXPENSES</b>	\$188,419	\$186,813	\$179,015	\$191,755	\$196,661
<b>TOTAL REVENUE</b>	\$154,928	\$160,839	\$175,118	\$189,701	\$195,341
<b>SURPLUS (LOSS)</b>	-\$33,491	-\$25,973	-\$3,897	-\$2,054	-\$1,320
<b>CONTRIBUTION TO RESERVES</b>	\$28,501	\$29,987	\$34,028	\$35,872	\$36,606

*Building and maintaining reserve funds:* Reserves are a valuable aspect of financial sustainability and necessary for systems to withstand emergencies, decreases in revenues and the need to improve their infrastructure. The below table summarizes the financial reserves necessary for financial sustainability:

Reserve	Current Balance	System Goal	Make Up Period	Annual Revenue Requirements
Operating	\$15,803	\$15,803	0	0
Emergency	\$15,000	\$15,000	0	0
Capital (5-year)	\$400,000	\$450,584	5	\$10,117

*Inflation and growth projections* – during the rate study period, the following are assumed regarding inflation and community growth factors.

- Inflation was assumed to be 3.5%, which is low in the current environment but will likely sustain the system for the next 5-years RCAC recommends this study be redone in 2024 if inflation remains above 4% throughout 2023.
- The community was expected to remain stable in population and new connections.

Impact of annual rate adjustment date – this study assumes that rate adjustments occur with the fiscal year and are implemented in July of each year.

The below table summarizes the complete budget found in Appendix A.

	2023	2024	2025	2026	2027
<b>TOTAL EXPENSES</b>	\$188,419	\$186,813	\$179,015	\$191,755	\$196,661
<b>TOTAL REVENUE</b>	\$154,928	\$160,839	\$175,118	\$189,701	\$195,341
<b>OVER(SHORT) REVENUE NEEDS:</b>	-\$33,491	-\$25,973	-\$3,897	-\$2,054	-\$1,320
<b>CONTRIBUTION TO RESERVES</b>	\$28,501	\$29,987	\$34,028	\$35,872	\$36,606

## Recommendations

RCAC recommends ACWW adopt this rate study and its recommendations and proceed with the next steps required to implement the proposed rate to maintain current level of service and minimize the overall impact.

Based on successfully meeting the Proposition 218 procedural requirements, ACWW should proceed with implementing the 5-year schedule of proposed rates and rate adjustments previously shown in Table 3. This will help ensure the continued financial health of the City's wastewater utility.

The purpose of this rate study is to provide the opportunity for Amador City to take the following actions:

- Public outreach – improve customer awareness and understanding of the rate change before it goes into effect through:
  - Flyers, newsletters, postings in public places, billing inserts, websites
  - Hold or speak at public meetings – school board meetings, volunteer organizations, senior center lunches
  - Offer to send sample bills to provide customers with a snapshot of future billing amounts
- Strive to be transparent – a sustainable utility must promote its services and continuously educate its customers.
- Establish a pattern of small rate adjustments every year to keep up with inflation and capital projects – this practice improves customer awareness of the cost of operating the wastewater service and minimizes large rate increases every 5 or 10 years.
- Review reserve policies for adequacy to meet current and projected reserve funding needs.

After the successful implementation of the new utility rates or rate structure, those new rates should be closely monitored over the next several years to ensure the revenue generated is sufficient to meet the annual revenue requirements. Due to economic and water consumption patterns always changing, the need for an annual review of the rates is necessary. Monitoring for potential and unseen changes with revenue requirements, especially those relating to environmental regulations, can significantly affect capital improvements and repair/replacement costs.

## Appendix

**1.1** Multi-Year Budget

**1.2** Capital Improvement Plan

**1.3** Prop 218 Text

**1.4** Sample Public Notice

Budget  
Amador City

Date: 12/14/2022  
Inflation Factor(%): 3.50  
Loan Interest (%): 5.00  
System Number: 001-1261

	2020	2021	2022	2023	2024	2025	2026	2027
<b>OPERATIONS &amp; MAINTENANCE EXPENSES</b>								
Bank Fees and Charges	21,392	23,210	20,000	20,700	21,425	22,174	22,950	23,754
Dues and Subscriptions	661			0	0	0	0	0
Engineering	11,833	13,383	14,000	14,490	14,997	15,522	16,065	16,628
Materials, Supplies, Office	323	324	350	362	375	388	402	416
Payroll Expenses (maintenance wages)	14,400	14,400	15,000	15,525	16,068	16,631	17,213	17,815
Payroll Expenses (taxes)	1,242	1,213	1,300	1,346	1,393	1,441	1,492	1,544
Postage	483	445	450	466	482	499	516	534
Private Contract Services	7,200	7,200	7,200	7,452	7,713	7,983	8,262	8,551
Repairs & Maintenance	9,434	7,956	9,000	9,315	9,641	9,978	10,328	10,689
Sewer Transmission	44,427	44,909	45,000	46,575	48,205	49,892	51,639	53,446
Utilities (electric)	8,968	8,520	9,202	9,524	9,857	10,202	10,559	10,929
Utilities (water)	679	610	650	673	696	721	746	772
Utilities (water testing)	2,772	0	0	0	0	0	0	0
Total Refurbishing and Rebuilding Cost							8,000	8,000
<b>Total Operation and Maintenance Expenses:</b>	123,815	122,170	122,152	126,427	130,852	135,432	148,172	153,078
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>								
Debt Reserve	0	0		0	0	0	0	0
Operating Reserve	0	0		0	0	0	0	0
Emergency Reserve	0	0		0	0	0	0	0
Reserves for Existing Capital Assets	0	0		61,991	55,691	37,925	37,925	37,925
Reserves for Funded Project Assets	0	0		0	0	0	0	0
Reserves for Future Project Assets	0	0		0	0	0	0	0
Debt Services	0	0		0	0	5,657	5,657	5,657
<b>Total General and Administrative Expenses:</b>	0	0	0	61,992	55,961	43,583	43,583	43,583
<b>TOTAL EXPENSES</b>	123,815	122,170	122,152	188,419	186,813	179,015	191,755	196,661
<b>SOURCE OF FUNDS / REVENUES RECEIVED</b>								
Sewer Revenue				155,707	161,647	175,998	190,654	196,323
Service Revenue from Operating Connection Fees	9,449	9,449	0%	0	0	0	0	0
Uncollectable Receivables	8,076	8,076	100%	0	0	0	0	0
Other Income (investment earnings)				-779	-808	-880	-953	-982
	1,561	1,970	100%	0	0	0	0	0
<b>TOTAL REVENUE</b>	19,086	19,495	0	154,928	160,839	175,118	189,701	195,341
<b>NET LOSS OR GAIN:</b>	-104,729	-102,675	-122,152	-33,491	-25,973	-3,897	-2,054	-1,320
<b>NET CASH FLOW</b>	-104,729	-102,675	-122,152	28,501	29,987	34,028	35,872	36,606

Affordability assuming MHI of \$62,772 for residential meters

	2023	2024	2025	2026	2027
Affordability	1.75%	1.82%	1.98%	2.14%	2.20%
Affordable? (between 1.5% and 4%)	Yes	Yes	Yes	Yes	Yes

Capital Improvement Plan  
Amador City Wastewater Export System

AWWA Cash-Needs Approach

Exhibit 1

Date: 12/14/2022

System Number: 001-1261

Service Connections: 130

Quantity	Asset	Year Acquired	Unit Cost (Historic, Current or Future)	Cost Type (H, C, F)	% Belonging to Sewer	Normal Estimated Life	Current Age	Estimated Current Cost	Planned Remaining Life	Estimated Remaining Life	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Existing Reserves	Annual Reserve Required
<b>Replacement of Existing Capital Assets</b>																
	2 4" C.I. Check Valves	2022	1,000	C	100%	40	1	2,000	39	39	7,651	100%	0%	0%	499	127
	9 4" C.I. Flanged Spools	2022	500	C	100%	37	1	4,500	36	5	5,345	100%	0%	0%	1,123	809
	1 Pump House	2022	40,000	C	100%	37	1	40,000	36	5	47,507	25%	50%	25%	2,495	1,797
	1 Main Control Panel	2022	30,000	C	100%	25	1	30,000	24	15	50,260	50%	50%	0%	3,743	1,235
	2 Vacuum Switches	2022	2,200	C	100%	50	1	4,400	49	15	7,372	100%	0%	0%	1,098	362
	2 Variable Speed Motor Controls	2022	2,200	C	100%	25	1	4,400	24	10	6,207	100%	0%	0%	1,098	465
	2 Pump Motors w/Starters	2022	3,000	C	100%	12	1	6,000	11	12	9,066	100%	0%	0%	1,497	563
	2 10 Hp Pumps	2022	6,000	C	100%	12	1	12,000	11	12	18,133	100%	0%	0%	2,994	1,125
	1 Spare Pump	2022	6,000	C	100%	12	1	6,000	11	12	9,066	100%	0%	0%	1,497	563
	1 30" Tube Strainer Filter	2022	5,500	C	100%	12	1	5,500	11	10	7,758	100%	0%	0%	1,372	581
	1 Lined (HDPE Liner) Holding Pond	2022	250,000	C	100%	25	1	250,000	24	10	352,650	15%	85%	0%	9,358	3,962
	2 Aerator Motor	2022	10,000	C	100%	12	1	20,000	11	5	23,754	50%	50%	0%	2,495	1,797
	1 Concrete Sludge Drying Bed	2022	27,000	C	100%	45	1	27,000	44	15	45,234	25%	50%	25%	1,684	556
	1 Sand Fill and Drains	2022	6,000	C	100%	40	1	6,000	39	5	7,126	100%	0%	0%	1,497	1,078
	405 Fencing	2022	59	C	100%	27	1	24,000	26	20	47,756	25%	50%	25%	1,497	431
	1 Concrete Pond outlet Structure	2022	82,000	C	100%	45	1	82,000	44	15	137,379	15%	85%	0%	3,069	1,013
	1 Hand Crane for Removing Screens	2022	5,300	C	100%	17	1	5,300	16	15	8,879	100%	0%	0%	1,323	437
	50 Hose for Sludge Removal	2022	600	C	100%	20	1	30,000	19	2	32,137	25%	0%	75%	1,872	3,047
	1 Meter	2022	9,000	C	100%	12	1	9,000	11	5	10,689	100%	0%	0%	2,246	1,617
	200 6" PVC from Meter to Pond	2022	250	C	100%	55	1	50,000	54	2	53,561	25%	0%	75%	3,119	5,079
	50 4" D.I. from Pond to Pump House	2022	250	C	100%	10	1	12,500	9	5	14,846	100%	0%	0%	3,119	2,246
	1 Access Driveway from Old Hwy 49	2022	35,000	C	100%	25	1	35,000	24	10	49,371	25%	0%	75%	2,183	924
	1 Parking Area and East End of Pond	2022	15,000	C	100%	25	1	15,000	24	10	21,159	25%	0%	75%	936	396
	1 Access Road Repair	1971	40,250	C	100%	25	52	40,250	-27	5	47,804	25%	0%	75%	2,511	1,808
	1 Building Repair	1971	10,350	C	100%	30	52	10,350	-22	2	11,087	100%	0%	0%	2,583	4,206
	1 Replace Filter Screen at Pond	2022	8,625	C	100%	12	1	8,625	11	1	8,927	100%	0%	0%	2,152	6,775
	1 Construct Maintenance Slab at Bar Screen	2022	3,450	C	100%	45	1	3,450	44	45	16,223	100%	0%	0%	861	224
	1 Replace Sand with Concrete at Drying Bed	2022	20,125	C	100%	45	1	20,125	44	45	94,635	25%	0%	75%	1,255	326
	1 Improve Access Area at South Side of Pond	2022	7,475	C	100%	25	1	7,475	24	5	8,878	100%	0%	0%	1,865	1,343
	1 Replace Piping and Tube Filter in Pump Building	2022	50,025	C	100%	12	1	50,025	11	2	53,588	25%	50%	25%	3,121	5,082
	1 Replace Motor and Pump	2022	9,200	C	100%	10	1	9,200	9	2	9,855	100%	0%	0%	2,296	3,738
	600 6" Diameter PVC Sewer Main	2022	98	C	100%	55	1	58,650	54	5	69,658	25%	50%	25%	3,659	2,635
	150 6" Diameter Ductile Iron Force Main	2022	109	C	100%	97	1	16,388	96	5	19,463	25%	50%	25%	1,022	736
	400 4" Diameter Ductile Iron Force Main	2022	98	C	100%	97	1	39,100	96	5	46,439	25%	50%	25%	2,439	1,756
	3 System Manholes	2022	8,050	C	100%	22	1	24,150	21	5	28,683	25%	50%	25%	1,507	1,085
	2 Air Release Valves	2022	5,750	C	100%	37	1	11,500	36	5	13,658	100%	0%	0%	2,870	2,066
	<b>Total Capital Reserves</b>							<b>1,049,618</b>			<b>1,490,536</b>	<b>37%</b>	<b>42%</b>	<b>21%</b>	<b>97,358</b>	<b>48,606</b>

## Exhibit 4

### Proposition 218 Certification

CALIFORNIA CONSTITUTION

ARTICLE 13C (VOTER APPROVAL FOR LOCAL TAX LEVIES)

SECTION 1. Definitions. As used in this article:

(a) "General tax" means any tax imposed for general governmental purposes.

(b) "Local government" means any county, city, city and county, including a charter city or county, any special district, or any other local or regional governmental entity.

(c) "Special district" means an agency of the State, formed pursuant to general law or a special act, for the local performance of governmental or proprietary functions with limited geographic boundaries including, but not limited to, school districts and redevelopment agencies.

(d) "Special tax" means any tax imposed for specific purposes, including a tax imposed for specific purposes, which is placed into a general fund.

CALIFORNIA CONSTITUTION

ARTICLE 13C (VOTER APPROVAL FOR LOCAL TAX LEVIES)

SEC. 2. Local Government Tax Limitation. Notwithstanding any other provision of this Constitution:

(a) All taxes imposed by any local government shall be deemed to be either general taxes or special taxes. Special purpose districts or agencies, including school districts, shall have no power to levy general taxes.

(b) No local government may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body.

(c) Any general tax imposed, extended, or increased, without voter approval, by any local government on or after January 1, 1995, and prior to the effective date of this article, shall continue to be imposed only if approved by a majority vote of the voters voting in an election on the issue of the imposition, which election shall be held within two years of the effective date of this article and in compliance with subdivision (b).

(d) No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved.

CALIFORNIA CONSTITUTION

ARTICLE 13C (VOTER APPROVAL FOR LOCAL TAX LEVIES)

SEC. 3. Initiative Power for Local Taxes, Assessments, Fees and Charges.

Notwithstanding any other provision of this Constitution, including, but not limited to, Sections 8 and 9 of Article II, the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter

shall impose a signature requirement higher than that applicable to statewide statutory initiatives.

CALIFORNIA CONSTITUTION

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SECTION 1. Application. Notwithstanding any other provision of law, the provisions of this article shall apply to all assessments, fees and charges, whether imposed pursuant to state statute or local government charter authority. Nothing in this article or Article XIIIIC shall be construed to:

(a) Provide any new authority to any agency to impose a tax, assessment, fee, or charge.

(b) Affect existing laws relating to the imposition of fees or charges as a condition of property development.

(c) Affect existing laws relating to the imposition of timber yield taxes.

CALIFORNIA CONSTITUTION

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 2. Definitions. As used in this article:

(a) "Agency" means any local government as defined in subdivision (b) of Section 1 of Article XIIIIC.

(b) "Assessment" means any levy or charge upon real property by an agency for a special benefit conferred upon the real property. "Assessment" includes, but is not limited to, "special assessment," "benefit assessment," "maintenance assessment" and "special assessment tax."

(c) "Capital cost" means the cost of acquisition, installation, construction, reconstruction, or replacement of a permanent public improvement by an agency.

(d) "District" means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service.

(e) "Fee" or "charge" means any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.

(f) "Maintenance and operation expenses" means the cost of rent, repair, replacement, rehabilitation, fuel, power, electrical current, care, and supervision necessary to properly operate and maintain a permanent public improvement.

(g) "Property ownership" shall be deemed to include tenancies of real property where tenants are directly liable to pay the assessment, fee, or charge in question.

(h) "Property-related service" means a public service having a direct relationship to property ownership.

(i) "Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."

CALIFORNIA CONSTITUTION

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)



SEC. 3. Property Taxes, Assessments, Fees and Charges Limited. (a) No tax, assessment, fee, or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except:

(1) The ad valorem property tax imposed pursuant to Article XIII and Article XIII A.

(2) Any special tax receiving a two-thirds vote pursuant to Section 4 of Article XIII A.

(3) Assessments as provided by this article.

(4) Fees or charges for property related services as provided by this article.

(b) For purposes of this article, fees for the provision of electrical or gas service shall not be deemed charges or fees imposed as an incident of property ownership.

#### CALIFORNIA CONSTITUTION

#### ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 4. Procedures and Requirements for All Assessments. (a) An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel. Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.

(b) All assessments shall be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.

(c) The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owner's particular parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, together with the date, time, and location of a public hearing on the proposed assessment. Each notice shall also include, in a conspicuous place thereon, a summary of the procedures applicable to the completion, return, and tabulation of the ballots required pursuant to subdivision (d), including a disclosure statement that the existence of a majority protest, as defined in subdivision (e), will result in the assessment not being imposed.

(d) Each notice mailed to owners of identified parcels within the district pursuant to subdivision (c) shall contain a ballot which includes the agency's address for receipt of the ballot once completed by any owner receiving the notice whereby the owner may indicate his or her name, reasonable identification of the parcel, and his or her support or opposition to the proposed assessment.

(e) The agency shall conduct a public hearing upon the proposed assessment not less than 45 days after mailing the notice of the proposed assessment to record owners of each identified parcel. At the public hearing, the agency shall consider all protests against the proposed assessment and tabulate the

ballots. The agency shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property.

(f) In any legal action contesting the validity of any assessment, the burden shall be on the agency to demonstrate that the property or properties in question receive a special benefit over and above the benefits conferred on the public at large and that the amount of any contested assessment is proportional to, and no greater than, the benefits conferred on the property or properties in question.

(g) Because only special benefits are assessable, electors residing within the district who do not own property within the district shall not be deemed under this Constitution to have been deprived of the right to vote for any assessment. If a court determines that the Constitution of the United States or other federal law requires otherwise, the assessment shall not be imposed unless approved by a two-thirds vote of the electorate in the district in addition to being approved by the property owners as required by subdivision (e).

#### CALIFORNIA CONSTITUTION

#### ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 5. Effective Date. Pursuant to subdivision (a) of Section 10 of Article II, the provisions of this article shall become effective the day after the election unless otherwise provided. Beginning July 1, 1997, all existing, new, or increased assessments shall comply with this article. Notwithstanding the foregoing, the following assessments existing on the effective date of this article shall be exempt from the procedures and approval process set forth in Section 4:

(a) Any assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems or vector control. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.

(b) Any assessment imposed pursuant to a petition signed by the persons owning all of the parcels subject to the assessment at the time the assessment is initially imposed. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.

(c) Any assessment the proceeds of which are exclusively used to repay bonded indebtedness of which the failure to pay would violate the Contract Impairment Clause of the Constitution of the United States.

(d) Any assessment which previously received majority voter approval from the voters voting in an election on the issue of the assessment. Subsequent increases in those assessments shall be subject to the procedures and approval process set forth in Section 4.

#### CALIFORNIA CONSTITUTION

#### ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 6. Property Related Fees and Charges. (a) Procedures for New or Increased Fees and Charges. An agency shall follow the procedures pursuant to this section in imposing or increasing any fee or charge as defined pursuant to this article, including, but not limited to, the following:

(1) The parcels upon which a fee or charge is proposed for imposition shall be identified. The amount of the fee or charge proposed to be imposed upon each parcel shall be calculated. The agency shall provide written notice by mail of the proposed fee or charge to the record owner of each identified parcel upon which the fee or charge is proposed for imposition, the amount of the fee or charge proposed to be imposed upon each, the basis upon which the amount of the proposed fee or charge was calculated, the reason for the fee or charge, together with the date, time, and location of a public hearing on the proposed fee or charge.

(2) The agency shall conduct a public hearing upon the proposed fee or charge not less than 45 days after mailing the notice of the proposed fee or charge to the record owners of each identified parcel upon which the fee or charge is proposed for imposition. At the public hearing, the agency shall consider all protests against the proposed fee or charge. If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge.

(b) Requirements for Existing, New or Increased Fees and Charges a fee or charge shall not be extended, imposed, or increased by any agency unless it meets all of the following requirements:

(1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.

(2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.

(3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.

(4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with Section 4.

(5) No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Reliance by an agency on any parcel map, including, but not limited to, an assessor's parcel map, may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership for purposes of this article. In any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance with this article.

(c) Voter Approval for New or Increased Fees and Charges. Except for fees or charges for sewer, water, and refuse collection services, no property related fee or charge shall be imposed or increased unless and until that fee or charge is submitted and approved by a majority vote of the property owners of the property subject to the fee or charge or, at the option of the agency, by a two-thirds vote of the electorate residing in the affected area. The election shall be conducted not less than 45 days after the public hearing. An agency may adopt procedures similar to those for increases in assessments in the conduct of elections under this subdivision.

(d) Beginning July 1, 1997, all fees or charges shall comply with this section.



# CITY OF AMADOR CITY

INCORPORATED JUNE 2, 1915

## California

### NOTICE OF PUBLIC HEARING ON PROPOSED WASTEWATER WATER RATES FOR AMADOR CITY WASTEWATER

Public Hearing, March 2, 2023, at 6 PM at the Amador City Hall, 14531 East School St, Amador City

#### WHY ARE YOU RECEIVING THIS NOTICE?

This notice is being furnished to you by Amador City Wastewater [ACWW] pursuant to the California Constitution Article XIII Section D (also known as "Proposition 218"). Under terms of Proposition 218, the district is required to notify property owners of proposed changes to property related fees such as wastewater services. This letter serves as notice that ACWW will hold a public hearing to consider changes to its current wastewater rates.

#### WHAT DO WASTEWATER RATES FUND?

ACWW provides wastewater services to about 130 customers. These services must be financially self-sufficient. Monthly rates paid by users of the system are the primary sources of revenue. All revenue generated from your utility bill is used to maintain and operate the wastewater collection system. These revenues must meet all costs, such as electricity, maintenance, licensing, fees, repairs, staff salaries, and build up reserves for emergency repairs and future replacement of the system when it is time to be replaced. ACWW is committed to responsible financial management of our public wastewater system.

#### WHY ARE RATE CHANGES REQUIRED?

A complete budget review and analysis was done by an independent consultant. This analysis examined the cost of providing wastewater services with the objective of ensuring long term fiscal sustainability. Rates need to be adequate to recover the expenses while ensuring that costs are equitably allocated so that rates are proportion to the services received by each user. The rates that Amador City currently charges have resulted in an approximately \$1,000 shortfall each month for more than one-year.

The ACWW also recently completed an analysis of the capital replacement requirements. All the capital assets of ACWW were reviewed and an estimated replacement timeframe and cost were assigned. These ongoing replacements will be funded with grants, loans and the proposed rate adjustments.

#### NEW RATES

Wastewater equivalent single family residential (ESFR) rates will adjust over a five-year period according to the below schedule.

	2023	2024	2025	2026	2027
Per ESFR Rate	\$91.47	\$94.96	\$103.39	\$112.00	\$115.33

The above Rates would go in effect beginning with the bill due in April 2023. Thereafter, rates will adjust on the bill due by July 2024, 2025, 2026, and 2027.

Over a five-year period, ACWW will have a balanced budget that covers the expenses and the required reserves. **These rates are the minimum that can be justified as being prudent and necessary.**

#### HOW ARE RATES CALCULATED?

The study calculated wastewater rates that would meet revenue requirements, provide financial stability for the system, and comply with state regulation. The rates proposed in the study were developed according to industry standards. The primary areas utilized in calculating the proposed rates are a five year projected budget created using ACWW historical budget, inflationary adjustments, and input from staff ; and a 30 year capital improvement plan to estimate the cash needs of systems management into the future.



# CITY OF AMADOR CITY

INCORPORATED JUNE 2, 1915

California

## NOTICE OF PUBLIC HEARING ON PROPOSED WASTEWATER WATER RATES FOR AMADOR CITY WASTEWATER

### MEETING & PROTEST

The purpose of the public hearing is for the ACWW Board of Directors to consider all comments about the rate adjustments to be imposed on parcels within the district. As the record owner or renter of a parcel identified to be subject to the imposition of the proposed rate adjustments, you may submit a **written** protest against the proposed rate adjustments. Provided, however, **if the identified parcel has more than one record owner or renter, only one written protest will be counted**. Each protest must (1) be in writing, (2) state that you are against the proposed water rates, (3) provide the parcel APN or ACWW account #, and (4) include the **original signature of the record owner or renter submitting the protest**. Protests submitted by e-mail, fax, or other electronic means will **not** be accepted.

Written protests must be submitted by mail to ACWW, PO Box 200, Amador City, CA 95601, or in person at the public hearing on March 2, 2023, so long as they are received prior to the start of the public hearing. ACWW staff will **not** accept protest letters as they all must be mailed to the address above or delivered in person at the March 2, 2023 public hearing before 6 PM. Please identify on the front of the envelope of any protest, whether mailed or submitted in person, that the enclosed letter is for the Proposed Adjustments of the Water Rates.

During the March 2, 2023, public hearing the written protests will be tallied by an impartial person. At the conclusion of the public hearing on March 2, 2023, the ACWW Board of Directors will consider adopting the proposed rate changes. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest and delivered as stated above. If, at the beginning of the March 2, 2023, public hearing, written protests against the rate adjustments are not presented, as outlined above, by a **majority of the owners or renters of the identified parcels** upon which the new rates are proposed to be imposed, the ACWW Board of Directors will be authorized to impose the rate adjustments as presented here.

The ACWW staff encourages questions regarding this proposal, and appointments will be accepted to determine future monthly wastewater bills for concerned customers (**these individual calculations cannot be done at the public hearing**). Questions or comments can be directed to Mayor Anne Kel-Artinian at [kelartinian.anne@gmail.com](mailto:kelartinian.anne@gmail.com) or City Manager Dave Groth at [David.groth@amador-city.com](mailto:David.groth@amador-city.com).

### Reminder:

**Public Hearing, March 2, 2023, at 6 PM at the Amador City Hall, 14531 East School St, Amador City**

Thank you,

AMADOR CITY WASTEWATER EXPORT SYSTEM