

**A G E N D A**  
**RIO DELL CITY COUNCIL**  
**PUBLIC HEARING- 5:30 P.M.**  
**TUESDAY, FEBRUARY 22, 2011**  
**CITY COUNCIL CHAMBERS**  
**675 WILDWOOD AVENUE, RIO DELL**

*WELCOME . . . By your presence in the City Council Chambers, you are participating in the process of representative government. Copies of this agenda, staff reports and other material available to the City Council are available at the City Clerk's office in City Hall, 675 Wildwood Avenue. Your City Government welcomes your interest and hopes you will attend and participate in Rio Dell City Council meetings often.*

*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at (707) 764-3532. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to this meeting.*

**THE TYPE OF COUNCIL BUSINESS IS IDENTIFIED IMMEDIATELY AFTER EACH TITLE IN BOLD CAPITAL LETTERS**

A. CALL TO ORDER

B. ROLL CALL

C. PLEDGE OF ALLEGIANCE

D. SPECIAL PRESENTATIONS

1) 2011/0201.03 - Public Hearing – Wastewater Rate Adjustments

E. ORDINANCES/SPECIAL RESOLUTIONS

1. 2011/0222.01- Approve Resolution No. 1107-2011 Establishing Wastewater Rates (**Action**)

F. ADJOURNMENT

*The next Regular meeting will be on March 1, 2011  
at 6:30 PM in the City Council Chambers*

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675 Wildwood Avenue  
Rio Dell, CA 95562



## STAFF REPORT

TO: Mayor and Members of the City Council

THROUGH: Ron Henrickson, City Manager

FROM: Stephanie Beauchaine, Finance Director

DATE: February 22, 2011

SUBJECT: Wastewater Rate Increase

### COUNCIL ACTION

1. The Council finds that the protests in opposition to the wastewater rate increase are less than 51% of property owners and rate payers within the City, and therefore adopts Resolution 1107-2011 Establishing Wastewater Rates at \$68.37 per EDU, per month; or
2. The Council finds that the protests in opposition to the wastewater rate increase are less than 51% of property owners and rate payers within the City, and therefore adopts Resolution 1107-2011 Establishing Wastewater Rates at \$69.70 per EDU, per month; or
3. The Council finds that the protests in opposition to the wastewater rate increase exceed 51% of property owners and rate payers within the City, and therefore no increase will be adopted at this time.

### BACKGROUND AND DISCUSSION

The City of Rio Dell provides wastewater collection, treatment, and disposal to properties located within its boundaries. To cover the cost of these services, the City currently charges \$60.13 per single family residence, or equivalent residential unit (EDU). This service charge is based on the actual cost to collect, transport, treat, and dispose of wastewater.

The City was issued a Cease and Desist Order (CDO) in 2003 and again in 2005 by the North Coast Regional Water Quality Control Board (NCRWQCB) mandating the City change its method of treated wastewater disposal. The City also received an Administrative Civil Liability Complaint (ACL) in 2007 for not meeting wastewater performance treatment standards. Failure to address the CDO and ACL within the mandated timeframe will result in daily fees and potential conservatorship of the wastewater operation.

Since 2003 the City has carefully considered multiple compliance project options and methods to address treatment and disposal deficiencies. After several years of environmental and fiscal evaluation, and public outreach a preferred project was identified. The selected project includes new and upgraded treatment processes at the current wastewater plant, and pastureland irrigation in Metropolitan. Phase I of the project was completed in 2010 and phase II is anticipated to begin during the summer of 2011.

The total cost of the selected compliance project is estimated at approximately \$15,500,000. To date the City has acquired a \$2.25 million grant and completed the first phase of the project. The City is aggressively pursuing permanent financing and anticipates securing an additional \$6.0 million grant and an estimated \$6.5 million loan to finance the remainder of the costs. The City's past and future success securing grants have and will continue to reduce the overall cost of service to community wastewater rate payers.

To secure a funding package necessary to finance project costs, the City must demonstrate the ability to fund debt service costs through a Prop 218 compliant wastewater rate increase.

The City of Rio Dell is proposing to raise wastewater rates effective March 1, 2011 to secure funding for future debt service payments on the mandated compliance project. Two different rate increase options will be presented to the Council for consideration and include: Option 1: \$8.24 per EDU per month and Option 2: \$9.57 per EDU per month. Each wastewater rate option presented provides (1) for the daily costs of operation and maintenance to ensure reliable uninterrupted wastewater services, (2) funding for capital replacements and improvements to continuously meet wastewater quality and regulatory requirements, and (3) for debt service on rehabilitation to wastewater infrastructure.

To date, the City has sent an information flyer to every property owner and utility customer within the City, facilitated 2 wastewater plant tours, and held two public hearings to ensure community input and Proposition 218 compliance.

**RESOLUTION NO. 1107-2011**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
RIO DELL ESTABLISHING WASTEWATER FEES AND CHARGES FOR  
WASTEWATER CUSTOMERS PURSUANT TO ORDINANCE NO. 207**

**WHEREAS**, the City of Rio Dell is authorized by the California Constitution and the California Code to charge fees to cover expenses for the services it provides; and

**WHEREAS**, the City Council of the City of Rio Dell did adopt Ordinance No. 207 that allows for sewer rates and charges to be modified by resolution of the City Council to provide for future changes; and

**WHEREAS**, Ordinance No. 207 deemed reasonable and authorizes the Council for the City of Rio Dell to fix charges to pay for expenses to be incurred by the wastewater department. The expenses to be paid include: (a) salaries, office expenses and other necessary disbursements; (b) the operation expenses of the utility; (c) provisions for the appropriate funds for repairs, replacements or betterments...”

**WHEREAS**, all wastewater system connections, once purchased, place a demand on the capacity of the treatment and collection system for processing and treat possible effluent whether in service or not; and

**WHEREAS**, the City Council of the City of Rio Dell has held public meetings pursuant to Proposition 218 to discuss the need for an increase in wastewater rates and charges; and

**WHEREAS**, the Wastewater Enterprise spending plan does not provide sufficient funding for Debt Service on the wastewater system; and

**WHEREAS**, the City Council has selected a wastewater effluent preferred alternative project to address conditions of the Cease and Desist Order issued in 2003 and updated in 2005, as well as the Administrative Civil Liability Complaint received in 2007; and

**WHEREAS**, the City has is pursuing a funding agreement to construct a \$12.6 million Sewer Plant and Effluent Disposal Project; and

**WHEREAS**, the City anticipates a 30 year 0% interest loan with \$6 million in principle forgiveness from the State Water Resources Control Board; and

**WHEREAS**, the City must earmark funds for the repayment of the anticipated loan to access any potential funding; and

**NOW, THEREFORE BE IT RESOLVED** that this Resolution establishes and fixes wastewater service rates and charges for residential, commercial and institutional customers and replaces the wastewater rates and previously set by Ordinance or Resolution for the following services and classifications as defined in Exhibit “A” – Definitions as follows:

**Fees and charges per Equivalent Sewer Service Unit (ESU):**

1. Single Residential Customers	\$68.37 Per ESU
2. Multiple Residential Customers	\$68.37 Per ESU
3. Commercial Customers	\$68.37 Per ESU
4. Institutional Customers	\$68.37 Per ESU

**BE IT RESOLVED** that the funds will be distributed as follows:

1. \$39.10 Per ESU will be deposited into the wastewater operations fund for ongoing operations and maintenance costs.
2. \$9.31 Per ESU will be deposited into the wastewater capital fund for past and future capital outlay.
3. \$19.96 Per ESU will be deposited into the wastewater debt service fund for repayment of loans related to the preferred alternative wastewater project.
4. Should the wastewater debt service funds accumulate in excess of funds payable to CWSRF or any other lender, those funds shall be made available for future capital outlay or debt service activities.

**BE IT RESOLVED** that the rates stated in this Resolution will be effective March 1, 2011; and

**BE IT RESOLVED** that rates will be increased by three percent each year effective July 1<sup>st</sup> of each fiscal year for inflation; and

**BE IT FURTHER RESOLVED** that these fees and charges apply to all connections to the City of Rio Dell's wastewater collection and treatment system, once they are purchased from the City, without regard to the actual status of the connection or if the premises are occupied or unoccupied; and

**PASSED AND ADOPTED** at a special council meeting of the City of Rio Dell held on Tuesday, February 22, 2011 by the following vote:

Ayes:  
 Noes:  
 Abstain:  
 Absent:

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Mayor

ATTEST:

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City Clerk

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