



CITY COUNCIL
HOUSING AUTHORITY AND
SUCCESSOR AGENCY TO THE EL CAJON
REDEVELOPMENT AGENCY

Council Chamber
200 Civic Center Way
El Cajon, CA 92020

Agenda OCTOBER 8, 2019, 7:00 p.m.

Bill Wells, Mayor
Steve Goble, Deputy Mayor
Gary Kendrick, Councilmember
Bob McClellan, Councilmember
Phil Ortiz, Councilmember

Graham Mitchell, City Manager
Vince DiMaggio, Assistant City Manager
Morgan Foley, City Attorney
Angela Cortez, City Clerk

CALL TO ORDER: Mayor Bill Wells

ROLL CALL: City Clerk Angela Cortez

PLEDGE OF ALLEGIANCE TO FLAG AND MOMENT OF SILENCE

AGENDA CHANGES:

PUBLIC COMMENT:

At this time, any person may address a matter within the jurisdiction of the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency that is not on the Agenda. Comments relating to items on today's docket are to be taken at the time the item is heard. State law prohibits discussion or action on items not on the Agenda; however, Council, Authority and Agency Members may briefly respond to statements or questions. An item may be placed on a future Agenda.

PUBLIC HEARINGS:

100. Wastewater Fund Sewer Service Rate Increase

RECOMMENDATION:

That the City Council:

1. Opens the Public Hearing and receives testimony;
2. Closes the Public Hearing;
3. Certifies that the written protests received do not make a majority of property owners in accordance with Proposition 218; and
4. Adopts the next Resolution, in order, to approve the new sewer rates to commence on November 22, 2019, with four (4) future modifications effective the first day of Fiscal Years 2021, 2022, 2023, and 2024.

ADJOURNMENT: The Adjourned Joint Meeting of the El Cajon City Council/ El Cajon Housing Authority/Successor Agency to the El Cajon Redevelopment Agency held this 8th day of October 2019, is adjourned to Tuesday, October 22, 2019, at 3:00 p.m.



**City Council
Agenda Report**

DATE: 10/08/2019
TO: Honorable Mayor and City Councilmembers
FROM: Dirk Epperson, Director of Public Works
SUBJECT: Wastewater Fund Sewer Service Rate Increase

RECOMMENDATION:

That the City Council:

1. Opens the Public Hearing and receives testimony;
2. Closes the Public Hearing;
3. Certifies that the written protests received do not make a majority of property owners in accordance with Proposition 218; and
4. Adopts the next Resolution, in order, to approve the new sewer rates to commence on November 22, 2019, with four (4) future modifications effective the first day of Fiscal Years 2021, 2022, 2023, and 2024.

BACKGROUND:

On August 13, 2019, City Council directed the City Clerk to set a Public Hearing on October 8, 2019, at 7:00 p.m. regarding the proposed changes to the Sewer Service Rates and directed staff to proceed with mailing of Public Notices in accordance with Proposition 218 in regard to the proposed changes to the Wastewater Service Rates. In accordance with Proposition 218, all properties in El Cajon (21,018) were sent a Notice of Public Hearing on August 19, 2019. At the time of this report, 18 written notices of protest have been received (copies attached). The City Clerk will make a final count of protest letters at the close of the Public Hearing. A majority of property owners would equal 10,510 or greater.

FISCAL IMPACT:

The proposed new rates would increase annual revenue for the Wastewater Enterprise Fund over the next five fiscal years. Additional information is located in Table 1-3, City of El Cajon - Wastewater Rate Study 2019.

REPORT:

The City of El Cajon has conducted two rate studies over the last twenty years, each of which resulted in sewer rate increases. The study conducted in 2011 triggered a rate increase annually for five years to support repayment of a long-term loan by the State Water Resources Control Board for the construction of the Johnson Avenue Sewer Relief Project. After this, two major impacts to the City's Wastewater Enterprise Fund occurred. First, the rate study did not anticipate a substantial increase in wastewater treatment costs from the San Diego Metropolitan Sewer Treatment System (Metro

System) for the Pure Water Program upgrades. Second, the Fund experienced a decrease in revenue due to water use reduction triggered by droughts. Although we are not in a current drought, a new normal has been established and consumers are consistently using less water.

Without adjusting rates, the Wastewater Enterprise Fund is in danger of going into a deficit despite efforts by the City to minimize expenditures. Therefore, a sewer rate adjustment is necessary to consider at this time.

Wastewater charges are calculated to meet the revenue needs of the Wastewater Fund, in compliance with section 204(b)(1) of the Clean Water Act (33 U.S.C. section 1284(b)(1)). The Act requires that each recipient of wastewater treatment services pays their proportionate share of the costs. In accordance with section 5471 of the California Health and Safety Code, revenues derived from wastewater fees are used solely for the purpose of covering program costs and expenses related to operating the City's wastewater utility, including: wastewater treatment and transportation, operation and maintenance activities, capital improvements, program administration, regulatory compliance, and program financing. Furthermore, as a recipient of a State Revolving Fund (SRF) and as a Metro System Participating Agency, El Cajon must also maintain compliance with the revenue program guidelines established by the State.

Although the City operates the wastewater collection system within City limits, wastewater treatment is performed by the Metro System for which the City pays fees on a quarterly basis. These wastewater treatment fees represent the largest portion of the costs of the wastewater system operation (over 50 percent of the cost).

In September 2017, the City hired NV5 to analyze the current rate structure, perform a cost of service analysis, and develop a rate model and a wastewater multi-year financial plan that produces revenues adequate to meet financial needs of the City to cover the funding requirements of the Metro System for its planned Pure Water Program upgrades and the City's operations and capital needs.

Prior to bringing a wastewater rate adjustment to the City Council for approval, the City is required to follow the notification and public hearing requirements set forth under Proposition 218 (California Constitution Article XIII D, section 6). The Proposition 218 process requires that written notification be given to all affected property owners, and that those property owners be given a 45-day period in which to submit written protests if they oppose the proposed rate adjustments. The proposed notice will specify the basis of the rate adjustment, the reason, and the date, time and location of the public hearing at which the proposed rates will be considered. If less than a majority of the City's affected property owners file written protests then the City Council may adjust the rates up to the amounts identified in the notice.

The City provides wastewater service to approximately 17,000 customers within the incorporated area of the City of El Cajon. It owns and operates approximately 190 miles of pipeline, with the majority of the pipelines being constructed before 1965 and some older pipelines dating back to the late 1920s. Increases in the wastewater system Capital Improvement Program (CIP) requirements, the costs associated with the

increase in wastewater treatment costs from the Metro System for the planned Pure Water Program upgrades and the decreased revenue due to water conservation require that the City adjust the wastewater rates for the next five years. The City's sewer rate includes many categories such as single family residential, multi-family, commercial/retail, and industrial. The fee schedule includes the proposed rates for each category.

Using a typical single family residential property as an example, the sewer rate study suggests the following monthly increases:

Year	Monthly Rate	Annual Increase
2019 (current)	\$48.31	
2020	\$55.09	14%
2021	\$61.22	11%
2022	\$69.70	14%
2023	\$77.35	11%
2024	\$88.76	11%

The proposed percent adjustments would be applied in the same manner to all fee categories. Also, the current adopted rate structure has two components: a fixed base charge and a volumetric charge. The principles used to develop this rate structure still meet industry standards and follow Best Management Practices (BMPs) established by the State of California. In addition to the proposed rate adjustments, staff proposes aligning the fixed base charge to more closely reflect current costs associated with wastewater system infrastructure maintenance, repair, and rehabilitation.

Based on the financial projections, staff recommends that wastewater rate adjustments be considered by City Council at a public hearing on October 8, 2019. It is also recommended that the City provide a provision to give the City the ability to pass through transportation, treatment, and disposal costs to customers in accordance with California Government Code section 53756.

Prepared By: Dirk Epperson, Director of Public Works
 Reviewed By: Vince DiMaggio, Assistant City Manager
 Approved By: Graham Mitchell, City Manager

Attachments

Resolution
 Rate Study
 Protest Letters

RESOLUTION NO. ___-19

RESOLUTION DETERMINING THE ABSENCE OF A MAJORITY PROTEST
AND ADOPTING A SCHEDULE OF SEWER SERVICE CHARGES
FOR RESIDENTIAL AND COMMERCIAL CUSTOMERS
IN THE CITY OF EL CAJON PURSUANT TO CHAPTER 13.20
OF THE EL CAJON MUNICIPAL CODE

WHEREAS, pursuant to Article XIID of the California Constitution, the City of El Cajon has proposed an increase in property-related service charges for residential and commercial wastewater customers; and

WHEREAS, the City has provided all notice required to the City's residential and commercial wastewater customers, and has received all written protests or objections to the proposed increases to residential and commercial wastewater service charges; and

WHEREAS, pursuant to the provisions of Chapter 13.20 of the El Cajon Municipal Code, a public hearing was held on October 8, 2019, for the purpose of hearing objections and receiving written protests to scheduled increases in the monthly wastewater service charges for residential and commercial customers in the City of El Cajon; and

WHEREAS, at the conclusion of the public hearing the number of written protests or objections received by the City Council were less than fifty percent (50%) of the owners of properties who are affected by the proposed wastewater service charges.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. The statements contained in the recitals above are true and correct, and are the findings of this City Council.

2. The City Council further finds that revenues derived from the wastewater charges set for in Exhibit "A" do not exceed the amount of funds required to provide wastewater services, including those costs expected to be passed through from the City of San Diego Metropolitan Sewer Treatment System.

3. In accordance with the provisions of section 13.20.150 of Chapter 13.20 of the El Cajon Municipal Code, the City Council hereby approves and adopts the increases in the monthly sewer charges for wastewater services provided to residential and commercial customers in the City of El Cajon effective on the dates and in the amounts set forth in Exhibit "A" to this Resolution, attached hereto and incorporated herein by this reference.

4. This Resolution shall be effective immediately provided, however, that the increase in month sewer charges described herein shall become effective on the dates set forth in Exhibit "A."

10/08/19 CC Agenda

Reso – Approving Wastewater Fund Sewer Service Rate Increase 100119

EXHIBIT A

Monthly Wastewater Service Charges

User Class	Effective 11/22/2019		Effective 7/1/2020		Effective 7/1/2021		Effective 7/1/2022		Effective 7/1/2023	
	Base Charge	Volumetric Charge (per HCF*)	Base Charge	Volumetric Charge (per HCF*)	Base Charge	Volumetric Charge (per HCF*)	Base Charge	Volumetric Charge (per HCF*)	Base Charge	Volumetric Charge (per HCF*)
Residential										
Single Family	\$ 12.43	\$ 4.49	\$ 14.29	\$ 4.94	\$ 17.15	\$ 5.53	\$ 20.07	\$ 6.03	\$ 23.48	\$ 6.51
Multi-Family/Condo w/o Irrigation Meter	\$ 12.43	\$ 3.92	\$ 14.29	\$ 4.31	\$ 17.15	\$ 4.83	\$ 20.07	\$ 5.26	\$ 23.48	\$ 5.69
Multi-Family/Condo w/ Irrigation Meter	\$ 12.43	\$ 4.49	\$ 14.29	\$ 4.94	\$ 17.15	\$ 5.53	\$ 20.07	\$ 6.03	\$ 23.48	\$ 6.51
Non-Residential										
Commercial - Low w/o Irrigation Meter	\$ 16.95	\$ 4.04	\$ 19.49	\$ 4.45	\$ 23.39	\$ 4.98	\$ 27.37	\$ 5.43	\$ 32.02	\$ 6.19
Commercial - Low w/ Irrigation Meter	\$ 16.95	\$ 4.49	\$ 19.49	\$ 4.94	\$ 23.39	\$ 5.53	\$ 27.37	\$ 6.03	\$ 32.02	\$ 6.51
Commercial - Medium w/o Irrigation Meter	\$ 16.95	\$ 5.30	\$ 19.49	\$ 5.83	\$ 23.39	\$ 6.53	\$ 27.37	\$ 7.12	\$ 32.02	\$ 8.12
Commercial - Medium w/ Irrigation Meter	\$ 16.95	\$ 5.89	\$ 19.49	\$ 6.48	\$ 23.39	\$ 7.26	\$ 27.37	\$ 7.91	\$ 32.02	\$ 8.54
Commercial - High w/o Irrigation Meter	\$ 16.95	\$ 7.05	\$ 19.49	\$ 7.75	\$ 23.39	\$ 8.68	\$ 27.37	\$ 9.46	\$ 32.02	\$ 10.79
Commercial - High w/ Irrigation Meter	\$ 16.95	\$ 7.83	\$ 19.49	\$ 8.61	\$ 23.39	\$ 9.65	\$ 27.37	\$ 10.51	\$ 32.02	\$ 11.36
Other										
Septic Haulers		\$ 7.87		\$ 8.66		\$ 9.70		\$ 10.57		\$ 11.41


*HCF = Hundred Cubic Feet; 1 HCF = approximately 748 gallons.

Rates may increase in future years by any amount of pass-through charges, per section 53756 of the California Government Code.

City of El Cajon
Wastewater Rate Study
August 2019

Submitted To:
City of El Cajon
200 Civic Center Way
El Cajon, CA 92020

Submitted By:
NV5
15092 Avenue of Science, Suite 200
San Diego, CA 92128
858.385.0500



City of El Cajon

Wastewater Rate Study

August 2019

Prepared for:

City of El Cajon
200 Civic Center Way
El Cajon, CA 92020

Prepared by:

NV5, Inc.
15092 Avenue of Science, Suite 200
San Diego, CA 92128
858.385.0500

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Appendix A – Wastewater Rate Study

Abbreviations

BMP	Best Management Practices as Prescribed by the State of California
CIP	Capital Improvement Program or Plan
City	City of El Cajon
CPI	Consumer Price Index
FY	Fiscal Year Ending June 30
HCF	Hundred Cubic Feet
Metro	City of San Diego Metropolitan Wastewater System
NV5	NV5, Inc.
O&M	Operations and Maintenance
PA	Participating Agency in the San Diego Metro System
SWRCB	California State Water Resources Control Board
US EPA	U.S. Environmental Protection Agency
WDR	Waste Discharge Requirement

1.0 Executive Summary

This report was prepared for the City of El Cajon (City) to document the development of a wastewater multi-year financial plan, cost-of-service analysis, and rate design for the City (rate case). The specific goals of the study were to:

- Evaluate the adequacy of projected revenues under existing wastewater service charges to meet projected revenue requirements;
- Develop a wastewater cost-of-service and rate model for the City covering a five-year study (Fiscal Year 2020 through Fiscal Year 2024) period for both ongoing operations and planned capital improvements;
- Develop a five-year wastewater service charge program that produces revenues adequate to meet financial needs of the City for both their required funding of the City of San Diego’s Pure Water Program and the City’s operations and capital needs, while recognizing customer costs of service, and local and state legal and policy considerations such as California Constitution Articles XIII C and D (Proposition 218), and Proposition 26; and
- Recommend appropriate reserve levels for operations and capital needs based on industry standards.

1.1 Findings

During the course of our analysis in relation to the specific goals of the study, we made the following findings:

1. The City of El Cajon last adjusted the wastewater service charges in FY 2017, and the most recent Cost of Service Study was completed in August 2011.
2. Wastewater service charge revenues at current levels will not be sufficient over the next five years to meet the increasing cost of City operating and capital expenses without negatively affecting fund balance levels¹. In the absence of annual rate adjustments, projections show that the City would deplete the Net Fund Balance during FY 2021. **Table 1-1** on the next page illustrates the projected financial picture without recommended wastewater service charge adjustments and shows that the City's Fund Balance falls below recommended operating reserve target levels by FY 2020 and falls into a negative cash position by FY 2021.

¹The term "fund balance" refers to the remaining amounts available after short-term liabilities (monies owed) are paid off with the agency's available cash and other financial resources (such as receivables). The fund balance includes reserved and unreserved components. For the purposes of this Study, this term refers to "available cash excluding reserved monies" and the term "fund" refers to the "Wastewater Enterprise Fund" account in which these monies reside.

Table 1-1 – Wastewater Enterprise Fund Long Range Plan without Revenue Adjustments (Status Quo)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Balance	\$ 25,209,009.82	\$ 15,629,742.93	\$ 2,400,901.78	\$ (3,920,994.39)	\$ (11,995,902.04)	\$ (22,159,175.72)
Revenue						
Non-Operating Revenue	\$ 749,597.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00
Proceeds	\$ 3,546,903.00					
User Fees	\$ 18,880,984.82	\$ 18,880,984.82	\$ 18,880,984.82	\$ 18,880,984.82	\$ 18,880,984.82	\$ 18,880,984.82
Total Revenue	\$ 23,177,484.82	\$ 19,955,689.82	\$ 19,955,689.82	\$ 19,955,689.82	\$ 19,955,689.82	\$ 19,955,689.82
Operations Expenses						
Salaries and Benefits	\$ 4,318,970.00	\$ 4,699,505.00	\$ 5,079,922.00	\$ 5,437,672.00	\$ 5,794,395.00	\$ 6,138,536.00
Materials, Service, and Supplies	\$ 3,626,850.00	\$ 3,717,521.25	\$ 3,810,459.28	\$ 3,905,720.76	\$ 4,003,363.78	\$ 4,103,447.88
Capital Outlay	\$ 23,600.00					
Metro and JPA Costs	\$ 13,560,000.00	\$ 13,500,000.00	\$ 13,845,000.00	\$ 12,945,000.00	\$ 14,579,000.00	\$ 15,016,370.00
Total Operations Expenses	\$ 21,529,420.00	\$ 21,917,026.25	\$ 22,735,381.28	\$ 22,288,392.76	\$ 24,376,758.78	\$ 25,258,353.88
Capital Improvement Program						
Equipment Replacement	\$ 722,877.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Wastewater CIP	\$ 9,812,250.00	\$ 6,025,300.00	\$ 2,800,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00
Debt Repayments						
Principal	\$ 467,097.71	\$ 415,943.40	\$ 424,678.21	\$ 433,596.46	\$ 442,701.98	\$ 451,998.72
Interest	\$ 125,107.00	\$ 176,261.31	\$ 167,526.50	\$ 158,608.25	\$ 149,502.73	\$ 140,205.99
Alvarado	\$ 100,000.00					
Mission Gorge		\$ 4,500,000.00				
Total Expenses	\$ 32,756,751.71	\$ 33,184,530.96	\$ 26,277,585.99	\$ 28,030,597.47	\$ 30,118,963.49	\$ 31,000,558.59
Fund Balance Prior to Reserves	\$ 15,629,742.93	\$ 2,400,901.78	\$ (3,920,994.39)	\$ (11,995,902.04)	\$ (22,159,175.72)	\$ (33,204,044.49)
Reserve Targets						
Operations/Cash Flow and Capital Expansion/Replacement Reserve	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Metro Cash Flow						
Emergency/Nat. Disaster						
Total Recommended Reserves	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Are Reserves Met?	Yes	No	No	No	No	No
Remaining Balance After Reserve Target (Use)/Replacement of Reserves	\$ 12,090,660.19	\$ (1,201,897.05)	\$ (7,658,317.34)	\$ (15,659,747.43)	\$ (26,166,314.15)	\$ (37,356,102.66)
	\$ (9,579,266.89)	\$ (13,228,841.14)	\$ (6,321,896.17)	\$ (8,074,907.66)	\$ (10,163,273.67)	\$ (11,044,868.77)

3. The City does not have a formal reserve policy for their operations or capital funds.
4. The City does not currently have a mechanism to pass through wholesale treatment costs from the City of San Diego to customers should those costs rise beyond projections in the cost-of-service model, or beyond future year projections.
5. Since the most recent Cost of Service Study in 2011, City of San Diego Metropolitan Wastewater System (Metro) and JPA costs have nearly doubled. Metro and JPA costs have increased 45 percent since 2018.
6. Utilities cost per index (CPI) since 2018 rose 3.7 percent, and the cost for wastewater operations and the capital improvement program (CIP) increased 6 percent since 2018.

The City has an adequate system of wastewater service charges to meet regulatory and industry standards, and their current rate schedule reflects the proper elements of a cost-of-service based rate structure. As a result, we are not recommending any structural changes to the current system of charges except for the increase in the base charge to more closely align with fixed versus variable costs and the change in the return-to-sewer flow calculations for multi-family and non-residential commercial users without irrigation meters. The proposed rates help maintain a positive fund balance while covering as much of the increase in expenses as much as possible.

1.2 Recommendations

The following lists NV5, Inc.’s (NV5) recommendations to address the findings listed above:

1. Per the cost-of-service analysis contained within this report, NV5 recommends City wastewater service charges be adjusted to reflect current costs of providing wastewater service to customers within the City. This recommendation includes adjusting total revenue from rates by up to 14 percent beginning in FY 2020, 11 percent in FY 2021, 14 percent in FY 2022, and 11 percent in FY 2023 and 2024, as shown in **Table 1-2**.

Table 1-2 – Recommended Annual Revenue Adjustment

Annual Revenue Adjustment	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenue Adjustment	14%	11%	14%	11%	11%
Effective Month	November	July	July	July	July

Based on the cost-of-service analysis, revenue adjustments per customer class will vary. In total, the City requires between 11 and 14 percent of an increase in revenue from customer rates each year, resulting from an increase in the monthly fixed rate and a decrease in the volumetric rate to more accurately depict the fixed costs versus the volumetric costs associated with wastewater collection and treatment. Since 2018, the utilities CPI rose 3.7 percent and wastewater operations and CIP increased 6 percent. It is also recommended that the City create a provision for a pass through for wholesale treatment costs from the City of San Diego to customers should those costs rise beyond projections in the cost-of-service model, or beyond future year projections. Suggested language is provided at the end of this section. As noted, the City has not had a rate increase since FY 2017, and the last rate study was completed in 2011. Since then, Metro and operations expenses have increased, and as the system continues to age, more capital improvement program expenditures are required to keep the system up to date.

Should the City approve these rate adjustments, the projected financial picture of the City should stabilize significantly; however, it should be noted that the City will only meet recommended reserve targets with the current rate increase recommendation by scaling back some of the capital improvement program expenditures and thereby deferring some of the capital projects until a later

date. **Table 1-3** depicts the projected financial picture given the recommended revenue adjustments described in this section.

Table 1-3 - Wastewater Enterprise Fund Long Range Plan with Recommended Revenue Adjustments

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Balance	\$ 25,209,009.82	\$ 15,629,742.93	\$ 5,091,492.09	\$ 3,824,877.49	\$ 4,059,465.51	\$ 5,111,065.32
Revenue						
Non-Operating Revenue	\$ 749,597.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00
Proceeds	\$ 3,546,903.00					
User Fees	\$ 18,880,984.82	\$ 21,571,575.12	\$ 23,936,266.40	\$ 27,190,480.50	\$ 30,095,858.30	\$ 33,366,669.35
Total Revenue	\$ 23,177,484.82	\$ 22,646,280.12	\$ 25,010,971.40	\$ 28,265,185.50	\$ 31,170,563.30	\$ 34,441,374.35
Operations Expenses						
Salaries and Benefits	\$ 4,318,970.00	\$ 4,699,505.00	\$ 5,079,922.00	\$ 5,437,672.00	\$ 5,794,395.00	\$ 6,138,536.00
Materials, Service, and Supplies	\$ 3,626,850.00	\$ 3,717,521.25	\$ 3,810,459.28	\$ 3,905,720.76	\$ 4,003,363.78	\$ 4,103,447.88
Capital Outlay	\$ 23,600.00	\$ -	\$ -	\$ -	\$ -	\$ -
Metro and JPA Costs	\$ 13,560,000.00	\$ 13,500,000.00	\$ 13,845,000.00	\$ 12,945,000.00	\$ 14,579,000.00	\$ 15,016,370.00
Total Operations Expenses	\$ 21,529,420.00	\$ 21,917,026.25	\$ 22,735,381.28	\$ 22,288,392.76	\$ 24,376,758.78	\$ 25,258,353.88
Capital Improvement Program						
Equipment Replacement	\$ 722,877.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Wastewater CIP	\$ 9,812,250.00	\$ 6,025,300.00	\$ 2,800,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00
Debt Repayments						
Principal	\$ 467,097.71	\$ 415,943.40	\$ 424,678.21	\$ 433,596.46	\$ 442,701.98	\$ 451,998.72
Interest	\$ 125,107.00	\$ 176,261.31	\$ 167,526.50	\$ 158,608.25	\$ 149,502.73	\$ 140,205.99
Alvarado	\$ 100,000.00					
Mission Gorge		\$ 4,500,000.00				
Total Expenses	\$ 32,756,751.71	\$ 33,184,530.96	\$ 26,277,585.99	\$ 28,030,597.47	\$ 30,118,963.49	\$ 31,000,558.59
Fund Balance Prior to Reserves	\$ 15,629,742.93	\$ 5,091,492.09	\$ 3,824,877.49	\$ 4,059,465.51	\$ 5,111,065.32	\$ 8,551,881.08
Reserve Targets						
Operations/Cash Flow and Capital Expansion/Replacement Reserve	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Metro Cash Flow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency/Nat. Disaster	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Recommended Reserves	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Are Reserves Met?	Yes	Yes	Yes	Yes	Yes	Yes
Remaining Balance After Reserve Target (Use)/Replacement of Reserves	\$ 12,090,660.19	\$ 1,488,693.25	\$ 87,554.54	\$ 395,620.13	\$ 1,103,926.89	\$ 4,399,822.91
	\$ (9,579,266.89)	\$ (10,538,250.84)	\$ (1,266,614.59)	\$ 234,588.02	\$ 1,051,599.80	\$ 3,440,815.76

Additional rate models were evaluated, and in an effort to balance the goals to minimize the impact of the rate increases to the customers while improving the financial health of the City's wastewater enterprise fund, the following alternatives were not selected:

- The alternative presented in **Table 1-4** and **Table 1-5** would increase rates by 20 percent and 15 percent in the first and second years, respectively, followed by a maximum rate increase of 10 percent each year. This scenario would also require changes to the capital improvement program as proposed in the model, thereby reducing capital expenditures and deferring some capital projects, and reserve targets would be met each year.

Table 1-4: Alternative Annual Revenue Adjustment – Reduced Capital Improvement Program

Annual Revenue Adjustment	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenue Adjustment	20%	15%	10%	10%	10%
Effective Month	November	July	July	July	July

Table 1-5: Wastewater Enterprise Fund Long Range Plan with Alternative Revenue Adjustments – Reduced Capital Improvement Program

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Balance	\$ 25,209,009.82	\$ 15,629,742.93	\$ 6,243,563.25	\$ 3,789,594.80	\$ 3,711,958.59	\$ 4,044,462.17
Revenue						
Non-Operating Revenue	\$ 749,597.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00
User Fees	\$ 18,880,984.82	\$ 22,723,646.28	\$ 26,048,912.55	\$ 28,578,256.26	\$ 31,376,762.07	\$ 34,670,851.84
Total Revenue	\$ 23,177,484.82	\$ 23,798,351.28	\$ 27,123,617.55	\$ 29,652,961.26	\$ 32,451,467.07	\$ 35,745,556.84
Operations Expenses						
Salaries and Benefits	\$ 4,318,970.00	\$ 4,699,505.00	\$ 5,079,922.00	\$ 5,437,672.00	\$ 5,794,395.00	\$ 6,138,536.00
Materials, Service, and Supplies	\$ 3,626,850.00	\$ 3,717,521.25	\$ 3,810,459.28	\$ 3,905,720.76	\$ 4,003,363.78	\$ 4,103,447.88
Capital Outlay	\$ 23,600.00	\$ -	\$ -	\$ -	\$ -	\$ -
Metro and JPA Costs	\$ 13,560,000.00	\$ 13,500,000.00	\$ 13,845,000.00	\$ 12,945,000.00	\$ 14,579,000.00	\$ 15,016,370.00
Total Operations Expenses	\$ 21,529,420.00	\$ 21,917,026.25	\$ 22,735,381.28	\$ 22,288,392.76	\$ 24,376,758.78	\$ 25,258,353.88
Capital Improvement Program						
Equipment Replacement	\$ 722,877.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Wastewater CIP	\$ 9,812,250.00	\$ 6,025,300.00	\$ 6,100,000.00	\$ 6,700,000.00	\$ 7,000,000.00	\$ 9,500,000.00
Debt Repayments						
Principal	\$ 467,097.71	\$ 415,943.40	\$ 424,678.21	\$ 433,596.46	\$ 442,701.98	\$ 451,998.72
Interest	\$ 125,107.00	\$ 176,261.31	\$ 167,526.50	\$ 158,608.25	\$ 149,502.73	\$ 140,205.99
Alvarado	\$ 100,000.00					
Mission Gorge		\$ 4,500,000.00				
Total Expenses	\$ 32,756,751.71	\$ 33,184,530.96	\$ 29,577,585.99	\$ 29,730,597.47	\$ 32,118,963.49	\$ 35,500,558.59
Fund Balance Prior to Reserves	\$ 15,629,742.93	\$ 6,243,563.25	\$ 3,789,594.80	\$ 3,711,958.59	\$ 4,044,462.17	\$ 4,289,460.42
Reserve Targets						
Operations/Cash Flow and Capital Expansion/Replacement Reserve	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Metro Cash Flow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency/Nat. Disaster	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Recommended Reserves	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Are Reserves Met?	Yes	Yes	Yes	Yes	Yes	Yes
Remaining Balance After Reserve Target	\$ 12,090,660.19	\$ 2,640,764.41	\$ 52,271.85	\$ 48,113.20	\$ 37,323.74	\$ 137,402.25
(Use)/Replacement of Reserves	\$ (9,579,266.89)	\$ (9,386,179.68)	\$ (2,453,968.44)	\$ (77,636.21)	\$ 332,503.58	\$ 244,998.25

- Another alternative presented in **Table 1-6** and **Table 1-7** would increase revenue collected from rates by 30 percent in FY 2020, 15 percent in FY 2021, followed by an increase in rates of 10 percent each year thereafter, from FY 2022 to FY 2024. The rate adjustments in FY 2020 include a significant shift in the cost allocations to the fixed base and volumetric charges. This rate model alternative most sufficiently accounts for the shift in the cost allocations related to infrastructure maintenance, repair, and replacement and wastewater collection and treatment due to the change in Metro costs and the consequences of increased indoor conservation, which led to lower flows and higher strength wastewater throughout

Southern California. As shown in **Table 1-7**, this alternative ensures that all current proposed reserve targets would be sufficiently met while maintaining the capital improvement program as initially projected by the City staff; however, it does result in a significant impact in rates to the customers. As a result, this alternative was not selected as the proposed rate model.

Table 1-6: Alternative Annual Revenue Adjustment – Optimal Capital Improvement Program

Annual Revenue Adjustment	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenue Adjustment	30%	15%	10%	10%	10%
Effective Month	November	July	July	July	July

Table 1-7: Wastewater Enterprise Fund Long Range Plan with Alternative Revenue Adjustments – Optimal Capital Improvement Program

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Balance	\$ 25,209,009.82	\$ 15,629,742.93	\$ 8,142,368.54	\$ 4,010,719.14	\$ 3,725,190.38	\$ 4,219,973.31
Revenue						
Non-Operating Revenue	\$ 749,597.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00
Proceeds	\$ 3,546,903.00					
User Fees	\$ 18,880,984.82	\$ 24,622,451.57	\$ 28,271,231.60	\$ 31,070,363.71	\$ 34,174,041.43	\$ 37,643,975.31
Total Revenue	\$ 23,177,484.82	\$ 25,697,156.57	\$ 29,345,936.60	\$ 32,145,068.71	\$ 35,248,746.43	\$ 38,718,680.31
Operations Expenses						
Salaries and Benefits	\$ 4,318,970.00	\$ 4,699,505.00	\$ 5,079,922.00	\$ 5,437,672.00	\$ 5,794,395.00	\$ 6,138,536.00
Materials, Service, and Supplies	\$ 3,626,850.00	\$ 3,717,521.25	\$ 3,810,459.28	\$ 3,905,720.76	\$ 4,003,363.78	\$ 4,103,447.88
Capital Outlay	\$ 23,600.00	\$ -	\$ -	\$ -	\$ -	\$ -
Metro and JPA Costs	\$ 13,560,000.00	\$ 13,500,000.00	\$ 13,845,000.00	\$ 12,945,000.00	\$ 14,579,000.00	\$ 15,016,370.00
Total Operations Expenses	\$ 21,529,420.00	\$ 21,917,026.25	\$ 22,735,381.28	\$ 22,288,392.76	\$ 24,376,758.78	\$ 25,258,353.88
Capital Improvement Program						
Equipment Replacement	\$ 722,877.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Wastewater CIP	\$ 9,812,250.00	\$ 6,025,300.00	\$ 10,000,000.00	\$ 9,400,000.00	\$ 9,635,000.00	\$ 9,875,875.00
Debt Repayments						
Principal	\$ 467,097.71	\$ 415,943.40	\$ 424,678.21	\$ 433,596.46	\$ 442,701.98	\$ 451,998.72
Interest	\$ 125,107.00	\$ 176,261.31	\$ 167,526.50	\$ 158,608.25	\$ 149,502.73	\$ 140,205.99
Alvarado	\$ 100,000.00					
Mission Gorge		\$ 4,500,000.00				
Total Expenses	\$ 32,756,751.71	\$ 33,184,530.96	\$ 33,477,585.99	\$ 32,430,597.47	\$ 34,753,963.49	\$ 35,876,433.59
Fund Balance Prior to Reserves	\$ 15,629,742.93	\$ 8,142,368.54	\$ 4,010,719.14	\$ 3,725,190.38	\$ 4,219,973.31	\$ 7,062,220.04
Reserve Targets						
Operations/Cash Flow and Capital Expansion/Replacement Reserve	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Metro Cash Flow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency/Nat. Disaster	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Recommended Reserves	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Are Reserves Met?	Yes	Yes	Yes	Yes	Yes	Yes
Remaining Balance After Reserve Target (Use)/Replacement of Reserves	\$ 12,090,660.19	\$ 4,539,569.70	\$ 273,396.19	\$ 61,344.99	\$ 212,834.88	\$ 2,910,161.87
	\$ (9,579,266.89)	\$ (7,487,374.39)	\$ (4,131,649.39)	\$ (285,528.76)	\$ 494,782.94	\$ 2,842,246.72

- Based on cost-of-service projected revenue requirements and the objective to avoid a significant impact in rates to customers, the City should adopt the following wastewater service charges.

Table 1-8 shows the proposed wastewater charges for FY 2020 through FY 2024 and compares them to existing charges.

Table 1-8: Recommended Monthly Wastewater Service Charges

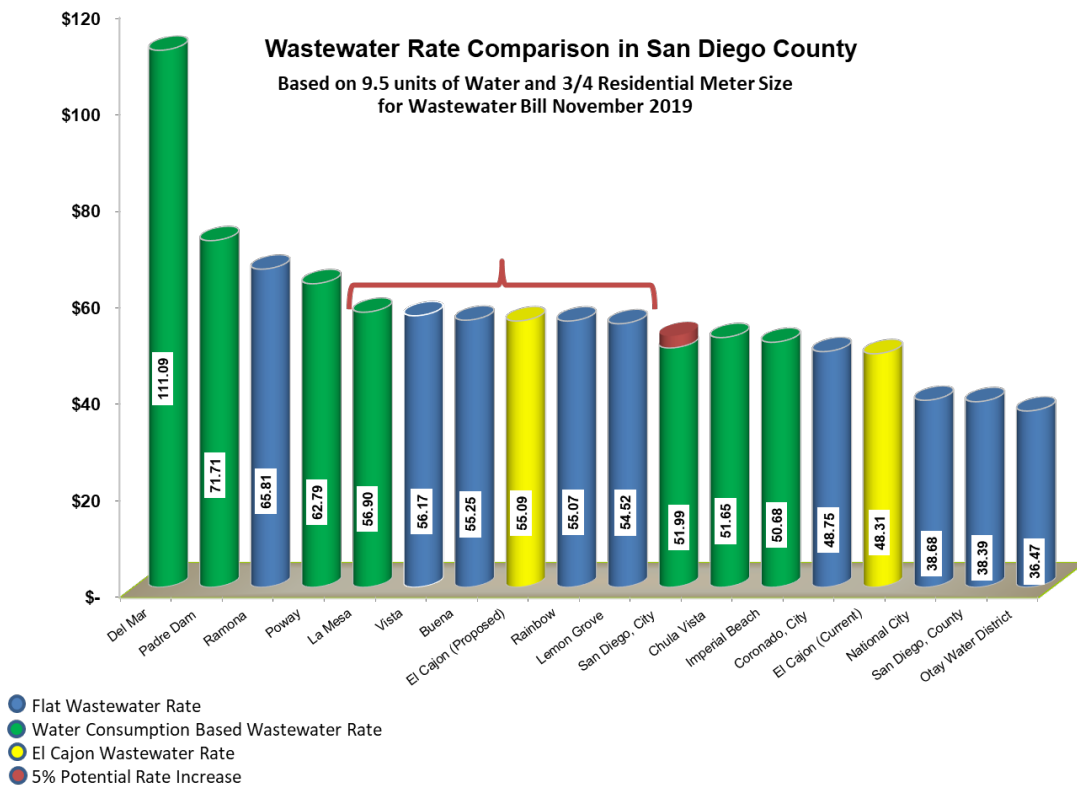
User Class	FY 2019		FY 2020		FY 2021	
	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)
Residential:						
Single Family	\$ 5.65	\$ 4.49	\$ 12.43	\$ 4.49	\$ 14.29	\$ 4.94
Multi-Family/Condo w/o Irrig Meter ²	\$ 5.65	\$ 3.92	\$ 12.43	\$ 3.92	\$ 14.29	\$ 4.31
Multi-Family/Condo w/ Irrig Meter ²	\$ 5.65	\$ 4.49	\$ 12.43	\$ 4.49	\$ 14.29	\$ 4.94
Non-Residential:						
Commercial - Low w/o Irrig Meter	\$ 5.65	\$ 3.67	\$ 16.95	\$ 4.04	\$ 19.49	\$ 4.45
Commercial - Low w/ Irrig Meter	\$ 5.65	\$ 4.49	\$ 16.95	\$ 4.49	\$ 19.49	\$ 4.94
Commercial - Medium w/o Irrig Meter	\$ 5.65	\$ 4.31	\$ 16.95	\$ 5.30	\$ 19.49	\$ 5.83
Commercial - Medium w/ Irrig Meter	\$ 5.65	\$ 5.89	\$ 16.95	\$ 5.89	\$ 19.49	\$ 6.48
Commercial - High w/o Irrig Meter	\$ 5.65	\$ 7.13	\$ 16.95	\$ 7.05	\$ 19.49	\$ 7.75
Commercial - High w/ Irrig Meter	\$ 5.65	\$ 7.83	\$ 16.95	\$ 7.83	\$ 19.49	\$ 8.61
Septic Haulers		\$ 7.04		\$ 7.87		\$ 8.66
User Class	FY 2022		FY 2023		FY 2024	
	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)
Residential:						
Single Family	\$ 17.15	\$ 5.53	\$ 20.07	\$ 6.03	\$ 23.48	\$ 6.51
Multi-Family/Condo w/o Irrig Meter ²	\$ 17.15	\$ 4.83	\$ 20.07	\$ 5.26	\$ 23.48	\$ 5.69
Multi-Family/Condo w/ Irrig Meter ²	\$ 17.15	\$ 5.53	\$ 20.07	\$ 6.03	\$ 23.48	\$ 6.51
Non-Residential:						
Commercial - Low w/o Irrig Meter	\$ 23.39	\$ 4.98	\$ 27.37	\$ 5.43	\$ 32.02	\$ 6.19
Commercial - Low w/ Irrig Meter	\$ 23.39	\$ 5.53	\$ 27.37	\$ 6.03	\$ 32.02	\$ 6.51
Commercial - Medium w/o Irrig Meter	\$ 23.39	\$ 6.53	\$ 27.37	\$ 7.12	\$ 32.02	\$ 8.12
Commercial - Medium w/ Irrig Meter	\$ 23.39	\$ 7.26	\$ 27.37	\$ 7.91	\$ 32.02	\$ 8.54
Commercial - High w/o Irrig Meter	\$ 23.39	\$ 8.68	\$ 27.37	\$ 9.46	\$ 32.02	\$ 10.79
Commercial - High w/ Irrig Meter	\$ 23.39	\$ 9.65	\$ 27.37	\$ 10.51	\$ 32.02	\$ 11.36
Septic Haulers		\$ 9.70		\$ 10.57		\$ 11.41

Figure 1-1 summarizes all San Diego Metro Member Agencies comparative wastewater user rates based on 9.5 HCF of water usage/wastewater flow and a residential monthly base fee. The figure also includes the City’s current monthly rate as well as the proposed FY 2020 typical rate of \$55.09 per month for a single family residential customer. It should be noted that the rates shown are those effective November 22, 2019, which is when the City’s first proposed rate adjustment would go into effect. By that time, many of these rates will be 5 to 10 percent higher as all agencies except San Diego have either adopted current rate cases or are in the process of updating their current rate cases to phase in the required Pure Water Program costs. At the time of this report, very few member agencies, except City of National City, Poway, and the County of San Diego have conducted a wastewater cost-of-service studies that incorporates the most recent increase in the Metro costs due to the Pure Water Program.

¹ Additional Base Charge of 50 percent of Single Family Residential Base Charge per dwelling unit (i.e., for FY 2020, a Multi-Family Residential customer with 22 dwelling units would have a base charge of \$149.50)

In the figure below, agencies that have not implemented a rate increase for FY 2019 are shown with a 5 percent potential rate increase added to the current rate. Even with the proposed 5-year rate adjustments, the City of El Cajon will still enjoy rates that are within the average range amongst the users of the Metro System. The typical proposed FY 2020 single family residence rate will be approximately \$55.09.

Figure 1-1 Metro Member Agencies Wastewater Rates Comparison



- The City should establish a definitive reserve policy to protect the financial integrity of their wastewater enterprise fund. The following operational and capital reserves are recommended:

<p>Operations/Cash Flow Reserve and Capital Expansion and Replacement Reserves</p>	<p>The operating reserve provides working capital for-day-to-day operations and helps to absorb fluctuations in cash balances due to routine difference in revenue and expense cycles. The City’s fiscal year begins July 1 of each year and must fund their ongoing operations and capital budget requirements starting at that date. As the City currently bills customers bi-monthly, there is a regular and ongoing stream of revenue, and this was taken into consideration in the development of the reserve target.</p>
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	<p>As a participating agency (PA) in the San Diego Metro System, the City is required by State and US Environmental Protection Agency (US EPA) regulations to maintain reserves that provide for the expansion and replacement of the City’s collection system. The current CIP includes approximately of \$5 million most years for routine replacement, repair, and rehabilitation of wastewater infrastructure, including work to reduce infiltration and inflows to the wastewater collection system. The capital expansion and replacement reserves provide funding in addition to the CIP program for replacement, repair, or rehabilitation of wastewater infrastructure for extraordinary events, such as the catastrophic failure of a major system asset.</p> <p>While a 90-day cash flow reserve would be recommended to allow for the orderly payment of the City’s wastewater enterprise fund’s expenditures throughout the fiscal year, given the City’s current financial situation, the City has elected to take a measured approach to rebuilding City reserves incrementally over the next decade. Thereby, a 60-day cash flow reserve is the current target, which would provide additional funding for replacement, repair, or rehabilitation of wastewater infrastructure, especially in the event of catastrophic failure of a major system asset.</p>
<p>Metro Cash Flow Reserve</p>	<p>In 2015, the City of San Diego launched a massive public works program, the Pure Water San Diego Program. This program has the potential to introduce an additional risk of annual cost overruns to the City’s required payments to the City of San Diego for transportation, treatment, and disposal of wastewater collected from the City’s customers. In 2015, San Diego provided the City with a draft financing plan for the entire program which established the City of El Cajon’s non-debt funded portion of the program to be approximately \$11.7 million in estimated pay-go expenses. It is recommended that the City establish a Metro Cash Flow Reserve of at least \$5.5 million to be used to offset unplanned cost increases for this project with a future reserve goal that would cover the full amount of the City’s non-debt funded portion of the program in the next rate study.</p>
<p>Emergency/Natural Disaster Reserve</p>	<p>Recent historic events such as Hurricanes Harvey and Irma have only emphasized the need for an agency to have additional monies set aside to pay for unforeseen events, such a restoring service to flooded pump stations, emergency response, etc. It is recommended that this reserve be established at a minimum of 60-days of operating cash as part of the next rate study. This would provide cash-flow until the City was able to secure outside funding and/or FEMA reimbursements.</p>

4. NV5 recommends that the City provide a provision to give the City the ability to pass through City of San Diego wholesale transportation, treatment, and disposal costs to customers should those costs rise beyond projections in the cost-of-service model or beyond what the City notices to customers at time of rate implementation. This action would obviate the need for the City to conduct another Proposition 218 mailed 45-day notice and public hearing requirement. The authority to provide this provision is located in California Government Code Section 53756. Specifically, the Government Code reads as follows:

An agency providing water, wastewater, sewer, or refuse collection service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water, sewage treatment, or wastewater treatment or adjustments for inflation, if it complies with all of the following:

(a) It adopts the schedule of fees or charges for a property-related service for a period not to exceed five years pursuant to Section 53755.

(b) The schedule of fees or charges may include a schedule of adjustments, including a clearly defined formula for adjusting for inflation. Any inflation adjustment to a fee or charge for a property-related service shall not exceed the cost of providing that service.

(c) The schedule of fees or charges for an agency that purchases wholesale water, sewage treatment, or wastewater treatment from a public agency may provide for automatic adjustments that pass through the adopted increases or decreases in the wholesale charges for water, sewage treatment, or wastewater treatment established by the other agency.

2.0 Introduction

This study takes a long-range planning approach to establishing wastewater service charges and fees. A discussion of the long-range plan and recommended wastewater charge and fee adjustments are included in the following section of this report. The analyses contained herein include operation and maintenance (O&M) costs, Metro transportation, treatment and disposal costs, reserve levels, and identified CIP. To that end, the Study examines the revenues generated by the City and makes recommendations for revenue adjustments, as needed. The City retained NV5 in 2017 to update a wastewater cost-of-service study previously developed by CDM in FY 2012. Megan Yoo Schneider of Seven Management and Consulting, Inc., is the lead rate consultant for this study. The FY 2017 wastewater service charges are still in effect today.

For purposes of this report, the study period is the fiscal years beginning July 1, 2019, and ending June 30, 2024. Unless otherwise noted, references in this report to a specific year are for the City's fiscal year ending June 30. To avoid confusion between calendar and fiscal years, the term FY refers to the year beginning July 1 and ending June 30. Presented herein are the results of a study of the City's projected revenues, revenue requirements, cost-of-service, and rates for service.

Given the timing of the study, the revenue calculations for FY 2020 do not account for the projected rate adoption date of November 22, 2019. The revenues for July through October 2019 are based on the recommended rates, not the existing rates. Additionally, given the data available at the time the study commenced, flow data from FY 2017 was used. Many agencies have not been seeing as much of a “bounceback” to pre-2014 flows as originally anticipated, and due to the passage of AB 1668/SB 606, it is anticipated that FY 2017 flows should be applicable to future years. Due to the recent conservation mandates, the City has seen a reduction in revenue due to the lower flows, and a conservative approach was taken to minimize shortfalls in revenue projections.

2.1 Background: City of El Cajon

The City provides wastewater service to approximately 17,700 customers within the incorporated area of the City of El Cajon. It owns and operates approximately 190 miles of pipeline, and an additional 3.5 miles of privately-owned sewers connect to the City's system. In addition, the City maintains 13 inverted siphons. Most of the existing trunk sewers (60 percent) were constructed before 1965 and are now over 40 to 60 years old, with some of the oldest sewer mains being constructed in the late 1920s and the oldest trunk sewers dating back to the 1940s.

Environmentally safe and efficient collection, treatment, and disposal of wastewater promotes healthy communities and increases the quality of life for residents. The City is responsible for collecting and conveying wastewater flows originating within the City to the City of San Diego's

Point Loma Treatment Plant for treatment and disposal. The City's primary goals are operating the wastewater system safely and efficiently while meeting the needs of their customers.

To meet these goals, the City undertakes routine cleaning, inspections, and repairs and rehabilitates its facilities as needed. The wastewater system operates in an area subject to strict regulatory oversight by Federal and State agencies such as the U.S. Environmental Protection Agency (US EPA) and the California State Water Resources Control Board (SWRCB). The City must comply with a multitude of laws including, but not limited to, State Wastewater Discharge Requirements (WDRs). Complying with these regulations and resulting mandates contributes to a large share of the cost burden on the City's system.

The City completed a Wastewater Master Plan in 2008, which was updated with an addendum in 2015, and the City has identified an average of \$5.5 million per year in required rehabilitation and replacement projects. Annual projected CIP costs of approximately of \$5 million most years for routine replacement, repair, and rehabilitation of wastewater infrastructure, including work to reduce infiltration and inflows to the wastewater collection system, are incorporated into this study and form the basis for the City's annual capital requirements.

2.2 Background: City of San Diego Metropolitan Sewage Treatment System

The City of El Cajon is one of thirteen participating agencies (PAs) who send their wastewater to the Metro for treatment and disposal. Along with the other Pas, the City entered into the Regional Disposal Agreement with San Diego in 1998. Because of positive financial negotiations with San Diego since that time and particularly since the establishment of the "Administrative Protocol on Allocation of Operating Reserves and Debt Service Coverage" during FY 2010, the City has enjoyed stable annual billings for the last 8 years from the City of San Diego except for changes in the City's sewage strengths associated with water conservation. In 2015, however, the City of San Diego initiated a multi-billion dollar public works project entitled the Pure Water Program which will provide the double benefit of "secondary equivalency" to San Diego's wastewater customers including the City of El Cajon, as well as a significant new potable water supply for the City of San Diego.

In November 2017 the City of San Diego provided the PAs with a range of annual costs from FY 2018 through FY 2022 for Phase I and FY 2023 and beyond for Phase II of the Pure Water Program, and the City of El Cajon provided NV5 with cost projections to be used for the study. These annual cost increases began with FY 2018 (current fiscal year) and are the basis for establishing the San Diego portion of the revenue requirement developed by this study.

These projections provided both a low and a high end-of-range, starting in 2023 with Phase II of the Pure Water Program. **Table 2-1** summarizes the range of costs provided to the City of El Cajon,

which are recommended by San Diego to be used in establishing this rate case. After discussions with City staff, NV5 is recommending that the Metro low cost numbers be used for this rate analysis, and that a pass through resolution should be adopted should the costs exceed the Metro low projections. The Metro rate projections presented in this report have recently been updated to reflect slightly lower costs. In order to maintain a more conservative approach, however, the original projections have been used in this study, as the more recent cost projections have yet to be verified and validated.

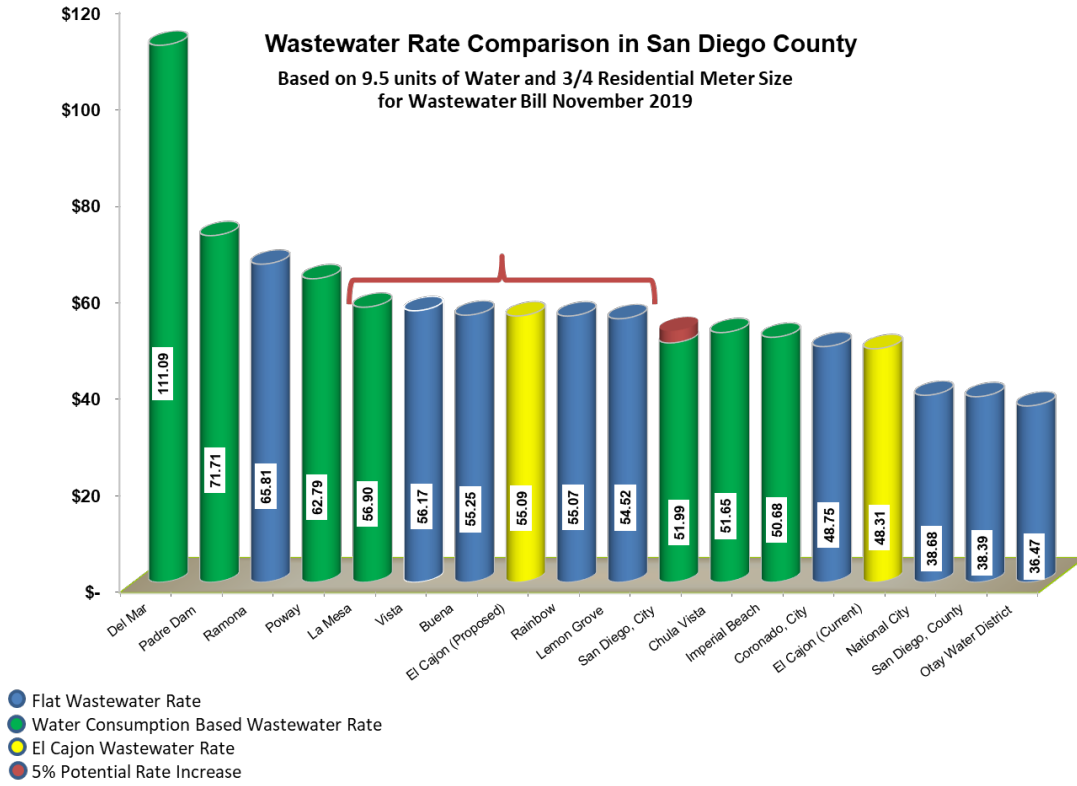
Table 2-1 Summary of Low and High Metro Cost Projections

		2019	2020	2021	2022	2023	2024
METRO	Low	13,560	13,500	13,845	12,945	14,579	15,016
	High	13,560	13,500	13,845	12,945	15,767	16,204

2.3 Rate Study Summary

The City of El Cajon customers enjoy wastewater service charges that are consistent with other agencies in the Metro System as shown in **Figure 2-1** and have been for many years. The City last adjusted wastewater service charges in FY 2017. Increases in the system CIP requirements and the costs associated with the Pure Water Program require that the City adjust their wastewater rates for the next five years adjusting total revenue from rates by up to 14 percent beginning in FY 2020, 11 percent in FY 2021, 14 percent in FY 2022, and 11 percent in FY 2023 and 2024. The initial increase includes an increase in the fixed base charge and a decrease in the volumetric charge to more closely reflect current costs associated with system infrastructure maintenance, repair, and replacement versus wastewater collection and treatment costs. The proposed rate increases are higher in the first and third years due to increased expenditures in the last few years and the lack of a rate increase since FY 2017.

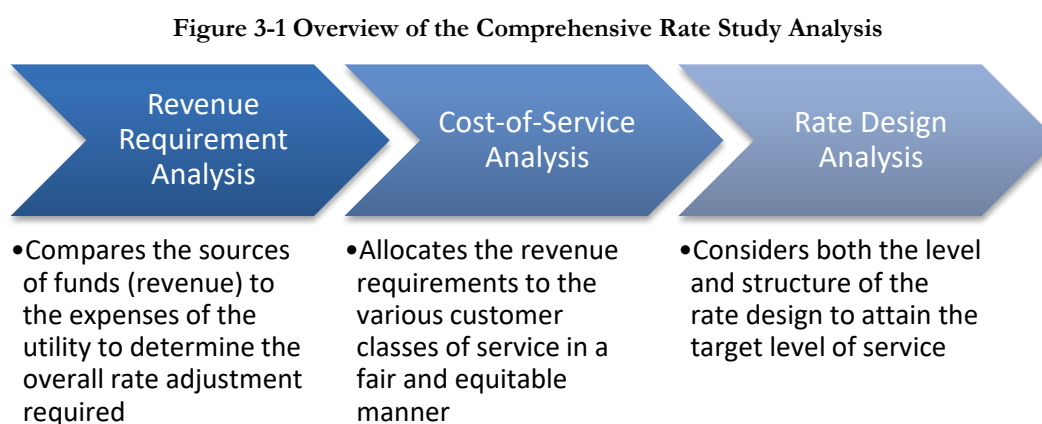
Figure 2-1 Wastewater Rate Comparison for Participating Agencies in Metro System



3.0 Wastewater Rate Study

3.1 Overview of the Wastewater Service Charge Update Process

A comprehensive cost-of-service study typically utilizes three interrelated analyses to address the adequacy and equity of the rates. These three analyses are comprised of the following: a revenue requirement analysis; a cost-of-service analysis; and a rate design analysis. The process is illustrated in **Figure 3 -1**.



The City’s wastewater utility was evaluated on a “stand-alone” basis. It was assumed that no subsidies between the utility or other City funds would occur. By reviewing the utility finances and financial obligations on a stand-alone basis, the need to adequately fund both O&M costs and the CIP must be balanced with consideration for the rate impacts on utility customers.

A detailed and comprehensive process was used to review the City’s rates. As a part of the cost-of-service study process, several on-site project meetings and conference calls were used to review the results with City management, staff, and the City Council. From this process, final proposed rates were developed, and the process to develop these rates is reviewed in this section of the report. Following is a summary of each step in the process.

Revenue Requirement Analysis: The revenue requirement analysis revealed that several significant financial changes have occurred since the City’s 2011 rate study and subsequently adopted wastewater user rates. The significant changes are:

- The current 5-Year CIP contains an annual capital requirement ranging from \$5.0 million to \$9.0 million needed in capital projects. As the infrastructure reaches the end of its usual life, a comprehensive maintenance, repair, and replacement program and infiltration and inflow reduction program are required to avoid unintended consequences, such as catastrophic system failures and sewer system overflows. These costs need to be incorporated into the budget and long-term financial plan.
- The planning phase of the City of San Diego’s Pure Water Program has begun and during FY 2019 to FY 2023 additional Metro costs are anticipated for Phase 1 of this program. City of San Diego staff has identified the increased funding level for the participating agencies from the 2010 adopted Protocol level of \$65 million to \$86.3 million per year over the next four-years. The City’s portion of this budget is currently 15 percent. El Cajon’s increased funding level for the Pure Water Program is included in this rate case.
- As a result of the most recent historic drought and impending long-term conservation legislation, the City must shift its cost allocations to fit the “new normal.” The City has seen a reduction in flow due to increased indoor conservation, and consequentially, an increase in wastewater strength. These shifts have an impact on the infrastructure system maintenance and wastewater collection and treatment costs.

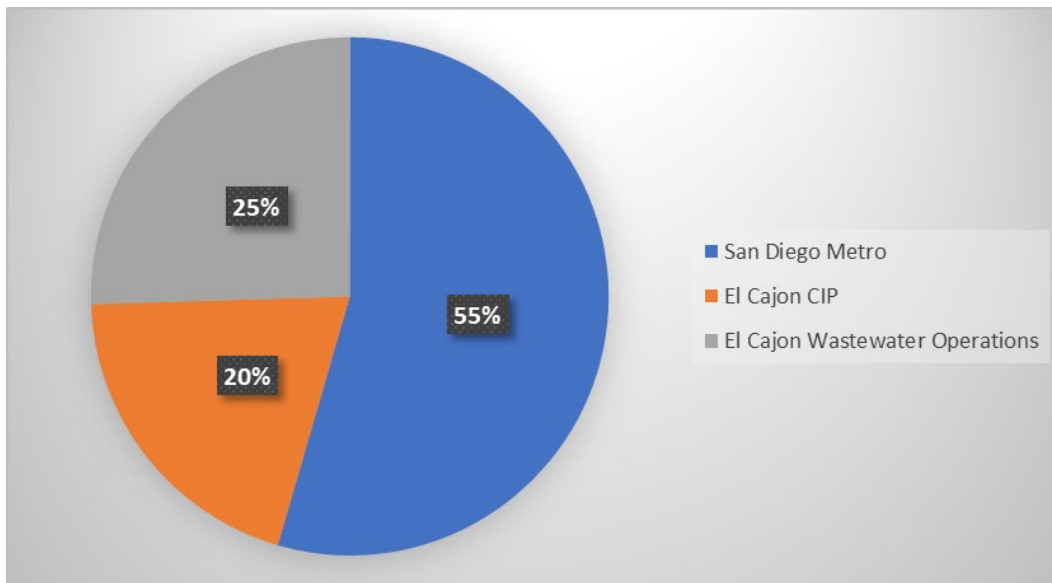
The largest component of the City of El Cajon’s revenue requirement is the cost associated with transportation, treatment, and disposal of the City’s wastewater by the Metro facilities. A summary of the projected City collection system O&M and CIP, in addition to the Metro expenses to be included in the City’s cost-of-service study, are included in **Table 3-1**.

Table 3-1: City of El Cajon Revenue Requirements

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Operations Expenses						
Salaries and Benefits	\$ 4,318,970.00	\$ 4,699,505.00	\$ 5,079,922.00	\$ 5,437,672.00	\$ 5,794,395.00	\$ 6,138,536.00
Materials, Service, and Supplies	\$ 3,626,850.00	\$ 3,717,521.25	\$ 3,810,459.28	\$ 3,905,720.76	\$ 4,003,363.78	\$ 4,103,447.88
Capital Outlay	\$ 23,600.00	\$ -	\$ -	\$ -	\$ -	\$ -
Metro and JPA Costs	\$ 13,560,000.00	\$ 13,500,000.00	\$ 13,845,000.00	\$ 12,945,000.00	\$ 14,579,000.00	\$ 15,016,370.00
Total Operations Expenses	\$ 21,529,420.00	\$ 21,917,026.25	\$ 22,735,381.28	\$ 22,288,392.76	\$ 24,376,758.78	\$ 25,258,353.88
Capital Improvement Program						
Equipment Replacement	\$ 722,877.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Wastewater CIP	\$ 9,812,250.00	\$ 6,025,300.00	\$ 2,800,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00
Debt Repayments						
Principal	\$ 467,097.71	\$ 415,943.40	\$ 424,678.21	\$ 433,596.46	\$ 442,701.98	\$ 451,998.72
Interest	\$ 125,107.00	\$ 176,261.31	\$ 167,526.50	\$ 158,608.25	\$ 149,502.73	\$ 140,205.99
Alvarado	\$ 100,000.00					
Mission Gorge		\$ 4,500,000.00				
Total Expenses	\$ 32,756,751.71	\$ 33,184,530.96	\$ 26,277,585.99	\$ 28,030,597.47	\$ 30,118,963.49	\$ 31,000,558.59

Figure 3-2 shows the percentage of each of the major cost centers in the City’s rate case. As noted, most of all required revenue from rates (55 percent) will be paid directly to the City of San Diego.

Figure 3-2 Major Cost Components of City of El Cajon’s FY 2020 Revenue Requirements



City staff requested guidance from NV5 in establishing guidelines for the reserve policy to ensure financial protection of the City’s wastewater enterprise fund as part of the process in establishing the revenue requirement for the wastewater cost-of-service study.

NV5 reviewed with City staff both the industry standard guidelines in establishing formal reserve policies as well as the City’s needs for financial stability and potential exposures to external forces


which could require unplanned O&M or capital expenditures. After review of these guidelines and exposures the following formal reserve policy is recommended for the City and consists of three cash flow reserves and one emergency and natural disaster reserve. The establishment of this reserve policy has been integrated into the projected revenue requirements for the rate case.

Operations/Cash Flow Reserve and Capital Expansion and Replacement Reserves: The operating reserve provides working capital for day-to-day operations and helps to absorb fluctuations in cash balances due to routine difference in revenue and expense cycles. The City's fiscal year begins July 1 of each year and must fund their ongoing operations and capital budget requirements starting at that date. As the City currently bills customers bi-monthly, there is a regular and ongoing stream of revenue, and this was taken into consideration in the development of the reserve target.

As a PA in the San Diego Metro System, the City is required by State and US EPA regulations to maintain reserves that provide for the expansion and replacement of the City's collection system. The current CIP includes approximately of \$5 million most years for routine replacement, repair, and rehabilitation of wastewater infrastructure, including work to reduce infiltration and inflows to the wastewater collection system. The capital expansion and replacement reserves provide funding in addition to the CIP program for replacement, repair, or rehabilitation of wastewater infrastructure for extraordinary events, such as the catastrophic failure of a major system asset. While a 90-day cash flow reserve would be recommended to allow for the orderly payment of the City's wastewater enterprise fund's expenditures throughout the fiscal year, given the City's current financial situation, the City has elected to take a measured approach to rebuilding City reserves incrementally over the next decade. Thereby, a 60-day cash flow reserve is the current target, which would provide additional funding for replacement, repair, or rehabilitation of wastewater infrastructure, especially in the event of catastrophic failure of a major system asset.

Metro Cash Flow Reserve: In 2015, the City of San Diego launched a massive public works program, the Pure Water San Diego Program. This program has the potential to introduce an additional risk of annual cost overruns to the City's required payments to the City of San Diego for transportation, treatment, and disposal of wastewater collected from the City's customers. In 2015, San Diego provided the City with a draft financing plan for the entire program which established the City of El Cajon's non-debt funded portion of the program to be approximately \$11.7 million in estimated pay-go expenses. It is recommended that the City establish a Metro Cash Flow Reserve of at least \$5.5 million to be used to offset unplanned cost increases for this project with a future reserve goal that would cover the full amount of the City's non-debt funded portion of the program in the next rate study.

Emergency/Natural Disaster Reserve: Recent historic events such as Hurricanes Harvey and Irma have emphasized the need for an agency to have additional monies set aside to pay for



unforeseen events, such a restoring service to flooded pump stations, emergency response, etc. It is recommended that this reserve be established at a minimum of 60-days of operating cash as part of the next rate study. This would provide cash-flow until the City was able to secure outside funding and/or FEMA reimbursements.

The final step in determining the revenue requirement for the City's rate case was to overlay the projected expenditures for the next five years as summarized in **Table 3-1** and the recommended reserve policy. **Table 3-2** creates a long-range plan showing the use of reserves to moderate the annual rate adjustment by adjusting total revenue from rates by up to 14 percent beginning in FY 2020, 11 percent in FY 2021, 14 percent in FY 2022, and 11 percent in FY 2023 and 2024. The use/replacement of the City's reserves is shown in the following table. A detailed copy of the five-year revenue requirement is included in **Appendix A** to this report.

Table 3-2: City of El Cajon Long Range Financial Plan

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Balance	\$ 25,209,009.82	\$ 15,629,742.93	\$ 5,091,492.09	\$ 3,824,877.49	\$ 4,059,465.51	\$ 5,111,065.32
Revenue						
Non-Operating Revenue	\$ 749,597.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00
Proceeds	\$ 3,546,903.00					
User Fees	\$ 18,880,984.82	\$ 21,571,575.12	\$ 23,936,266.40	\$ 27,190,480.50	\$ 30,095,858.30	\$ 33,366,669.35
Total Revenue	\$ 23,177,484.82	\$ 22,646,280.12	\$ 25,010,971.40	\$ 28,265,185.50	\$ 31,170,563.30	\$ 34,441,374.35
Operations Expenses						
Salaries and Benefits	\$ 4,318,970.00	\$ 4,699,505.00	\$ 5,079,922.00	\$ 5,437,672.00	\$ 5,794,395.00	\$ 6,138,536.00
Materials, Service, and Supplies	\$ 3,626,850.00	\$ 3,717,521.25	\$ 3,810,459.28	\$ 3,905,720.76	\$ 4,003,363.78	\$ 4,103,447.88
Capital Outlay	\$ 23,600.00	\$ -	\$ -	\$ -	\$ -	\$ -
Metro and JPA Costs	\$ 13,560,000.00	\$ 13,500,000.00	\$ 13,845,000.00	\$ 12,945,000.00	\$ 14,579,000.00	\$ 15,016,370.00
Total Operations Expenses	\$ 21,529,420.00	\$ 21,917,026.25	\$ 22,735,381.28	\$ 22,288,392.76	\$ 24,376,758.78	\$ 25,258,353.88
Capital Improvement Program						
Equipment Replacement	\$ 722,877.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Wastewater CIP	\$ 9,812,250.00	\$ 6,025,300.00	\$ 2,800,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00
Debt Repayments						
Principal	\$ 467,097.71	\$ 415,943.40	\$ 424,678.21	\$ 433,596.46	\$ 442,701.98	\$ 451,998.72
Interest	\$ 125,107.00	\$ 176,261.31	\$ 167,526.50	\$ 158,608.25	\$ 149,502.73	\$ 140,205.99
Alvarado	\$ 100,000.00					
Mission Gorge		\$ 4,500,000.00				
Total Expenses	\$ 32,756,751.71	\$ 33,184,530.96	\$ 26,277,585.99	\$ 28,030,597.47	\$ 30,118,963.49	\$ 31,000,558.59
Fund Balance Prior to Reserves	\$ 15,629,742.93	\$ 5,091,492.09	\$ 3,824,877.49	\$ 4,059,465.51	\$ 5,111,065.32	\$ 8,551,881.08
Reserve Targets						
Operations/Cash Flow and Capital Expansion/Replacement Reserve	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Metro Cash Flow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency/Nat. Disaster	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Recommended Reserves	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Are Reserves Met?	Yes	Yes	Yes	Yes	Yes	Yes
Remaining Balance After Reserve Target (Use)/Replacement of Reserves	\$ 12,090,660.19	\$ 1,488,693.25	\$ 87,554.54	\$ 395,620.13	\$ 1,103,926.89	\$ 4,399,822.91
	\$ (9,579,266.89)	\$ (10,538,250.84)	\$ (1,266,614.59)	\$ 234,588.02	\$ 1,051,599.80	\$ 3,440,815.76

Cost-of-service Analysis: The cost-of-service analysis revealed that several major changes have occurred in users and use since the City’s 2011 rate study and subsequently adopted wastewater user rates. The significant changes are:

- As with other communities in San Diego County and Southern California, the City’s citizens and businesses have decreased their water usage significantly since FY 2011. This has resulted in decreased flow from the all customer classes and increased wastewater strength, which necessitated the re-balancing of the rates with a higher fixed base charge to more accurately reflect the costs of system infrastructure maintenance, repair, and rehabilitation and a lower volumetric rate that is more closely aligned with the wastewater collection and treatment costs. To fully recover the costs associated with the system infrastructure maintenance, repair, and rehabilitation, a higher fixed base charge would need to be implemented; however, in the

interest of keeping rate increases to a minimum, the proposed rate model does include a draw on reserves to help offset the cost to the customers.

- The return-to-sewer flow assumption for multi-family/condo and commercial customers without a dedicated irrigation meter was modified to 90 percent of the actual water consumption, in order to more accurately reflect current industry standards and water use practices by multi-family/condo and commercial customers. This value increases to 95 percent of the actual water consumption in FY 2024, as increased indoor water conservation standards are projected to be mandated by the SWRCB.
- The fixed base charge was also increased for non-residential customers to account for the higher flows compared to single-family residential customers.
- The additional base charge of 50 percent of the residential base charge for each additional multi-dwelling unit for multi-family residential customers, which has been part of the City’s rate structure, has also been maintained in this rate model.
- The FY 2020 septic hauler rate was designed to match the City of San Diego septic hauler rate, per the City’s recommendation.
- The residential bi-monthly billing cap of 42 units will continue to apply. This is a cap that is part of the existing rate structure. There is an average of 3.09 persons per household in El Cajon, and the targeted 55 gallons per person per day from AB 1668/SB 606 results in an average of 13.8 billing units a month, which is well below the billing cap. The billing cap should have a very minimal impact on revenue projections.

The City’s rate model was updated with the number of residential and commercial/industrial customers from the FY 2017 billing data and FY 2018 multi-family unit quantities. Given the timing of the study, the revenue calculations for FY 2020 do not account for the projected rate adoption date of November 22, 2019. The revenues for July through October 2019 are based on the recommended rates, not the existing rates. Additionally, given the data available at the time the study commenced, flow data from FY 2017 was used. Many agencies have not been seeing as much of a “bounceback” to pre-2014 flows as originally anticipated, and due to the passage of AB 1668/SB 606, it is anticipated that FY 2017 flows should be applicable to future years. Due to the recent conservation mandates, the City has seen a reduction in revenue due to the lower flows, and a conservative approach was taken to minimize shortfalls in revenue projections.

Table 3-3 summarizes the current number of City users and their projected wastewater flows based on the most current water use billing data for FY 2017.

Table 3-3: Summary of Current Users and Estimated Wastewater Flow

User Class	No. of Active Customers	Total Flow (hcf)
Residential:		
El Cajon Single Family Residential	403	24,998
El Cajon Single Family Res-Fixed Winter	14,057	1,147,759
El Cajon SF Res-FW NO Avg.	33	138
El Cajon Multi-Family Res-No Irr	1,420	1,506,117
El Cajon Multi-Family Residential	104	208,620
El Cajon Multi-Family Res-Fixed Winter	43	9,582
Subtotal - Residential	16,060	2,897,214
Non-Residential:		
El Cajon Comm/Gov-Low Strength-No Irr	1,136	479,139
El Cajon Commercial/Gov-Low Strength	97	50,066
El Cajon Comm/Gov-Med Strength-No Irr	44	77,353
El Cajon Commercial/Gov-Med Strength	12	9,287
El Cajon Comm/Gov-High Strength-No Irr	306	124,952
El Cajon Commercial/Gov-High Strength	33	52,921
Subtotal - Non-Residential	1,628	793,718
TOTAL	17,688	3,690,932

Rate Design Analysis: A thorough review of an agency’s wastewater service charge rate structure is performed as part of the rate setting process to ensure that the agency’s rate structure not only meets industry standards but is compliant with local, State, and Federal guidelines and regulations.

The current rate structure adopted by the City of El Cajon has two components: a fixed base charge and a volumetric charge. The principles used to develop this rate structure still meet industry standards today and follow Best Management Practices (BMPs) established by the State of California. Therefore, there are no recommended changes to the existing rate structure except for the increase in the base charge to more closely align with fixed versus variable costs and the change in the return-to-sewer flow calculations for multi-family and non-residential commercial users without dedicated irrigation meters.

Single family residential customers are billed based on their winter usage, which is typically based on the usage in the months between November and April of the previous year. Most multi-family/condo customers are billed based on actual water consumption. Multi-family/condo and commercial customers without a dedicated irrigation meter are billed at a lower rate that assumes that the return-to-sewer flow is 90 percent of the actual water consumption. Commercial/industrial users are also grouped based on their estimated sewage strengths into three classes of users (low, medium, and high).

All classes of users will continue to be billed bi-monthly based on classification, winter water usage or actual water usage, and sewage strength category. **Table 3-4** compares the current FYE 2019 wastewater rates with the proposed rates for FY 2020 through FY 2024. The entire output from the rate model showing the detailed elements of the cost-of-service study is contained in **Appendix A** of this study.

Table 3-4: Comparison of Current Versus Proposed Monthly Wastewater User Rates

User Class	FY 2019		FY 2020		FY 2021	
	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)
Residential:						
Single Family	\$ 5.65	\$ 4.49	\$ 12.43	\$ 4.49	\$ 14.29	\$ 4.94
Multi-Family/Condo w/o Irrig Meter ²	\$ 5.65	\$ 3.92	\$ 12.43	\$ 3.92	\$ 14.29	\$ 4.31
Multi-Family/Condo w/ Irrig Meter ²	\$ 5.65	\$ 4.49	\$ 12.43	\$ 4.49	\$ 14.29	\$ 4.94
Non-Residential:						
Commercial - Low w/o Irrig Meter	\$ 5.65	\$ 3.67	\$ 16.95	\$ 4.04	\$ 19.49	\$ 4.45
Commercial - Low w/ Irrig Meter	\$ 5.65	\$ 4.49	\$ 16.95	\$ 4.49	\$ 19.49	\$ 4.94
Commercial - Medium w/o Irrig Meter	\$ 5.65	\$ 4.31	\$ 16.95	\$ 5.30	\$ 19.49	\$ 5.83
Commercial - Medium w/ Irrig Meter	\$ 5.65	\$ 5.89	\$ 16.95	\$ 5.89	\$ 19.49	\$ 6.48
Commercial - High w/o Irrig Meter	\$ 5.65	\$ 7.13	\$ 16.95	\$ 7.05	\$ 19.49	\$ 7.75
Commercial - High w/ Irrig Meter	\$ 5.65	\$ 7.83	\$ 16.95	\$ 7.83	\$ 19.49	\$ 8.61
Septic Haulers		\$ 7.04		\$ 7.87		\$ 8.66
User Class	FY 2022		FY 2023		FY 2024	
	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)
Residential:						
Single Family	\$ 17.15	\$ 5.53	\$ 20.07	\$ 6.03	\$ 23.48	\$ 6.51
Multi-Family/Condo w/o Irrig Meter ²	\$ 17.15	\$ 4.83	\$ 20.07	\$ 5.26	\$ 23.48	\$ 5.69
Multi-Family/Condo w/ Irrig Meter ²	\$ 17.15	\$ 5.53	\$ 20.07	\$ 6.03	\$ 23.48	\$ 6.51
Non-Residential:						
Commercial - Low w/o Irrig Meter	\$ 23.39	\$ 4.98	\$ 27.37	\$ 5.43	\$ 32.02	\$ 6.19
Commercial - Low w/ Irrig Meter	\$ 23.39	\$ 5.53	\$ 27.37	\$ 6.03	\$ 32.02	\$ 6.51
Commercial - Medium w/o Irrig Meter	\$ 23.39	\$ 6.53	\$ 27.37	\$ 7.12	\$ 32.02	\$ 8.12
Commercial - Medium w/ Irrig Meter	\$ 23.39	\$ 7.26	\$ 27.37	\$ 7.91	\$ 32.02	\$ 8.54
Commercial - High w/o Irrig Meter	\$ 23.39	\$ 8.68	\$ 27.37	\$ 9.46	\$ 32.02	\$ 10.79
Commercial - High w/ Irrig Meter	\$ 23.39	\$ 9.65	\$ 27.37	\$ 10.51	\$ 32.02	\$ 11.36
Septic Haulers		\$ 9.70		\$ 10.57		\$ 11.41

Most of the revenue requirement recovered by the City’s wastewater service charges are allocated to costs associated with the charges from San Diego Metro. **Figure 3-3** summarizes the major components of the typical proposed FY 2020 monthly single-family residence wastewater service charge of \$55.09. This figure also shows the use of City reserves to phase in the Pure Water Program and City CIP costs:

² Additional Base Charge of 50 percent of Single Family Residential Base Charge per dwelling unit (i.e., for FY 2020, a Multi-Family Residential customer with 22 dwelling units would have a base charge of \$149.50)

Figure 3-3 Components of FY 2019 Typical Single Family Residence Monthly Bill

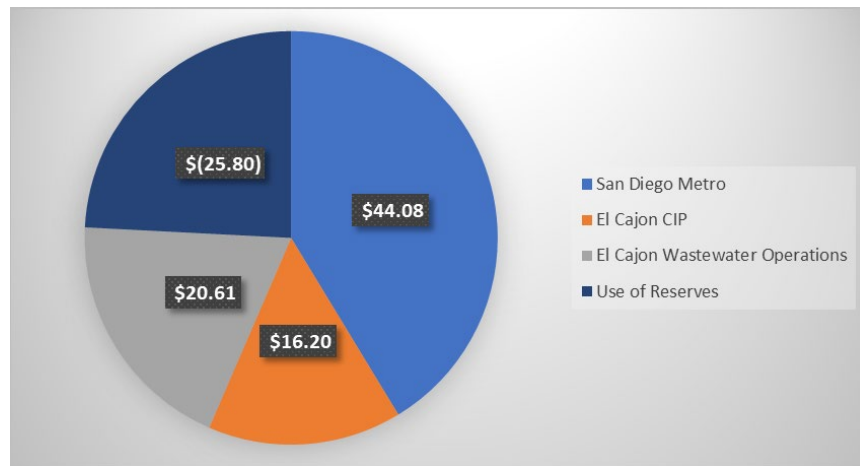
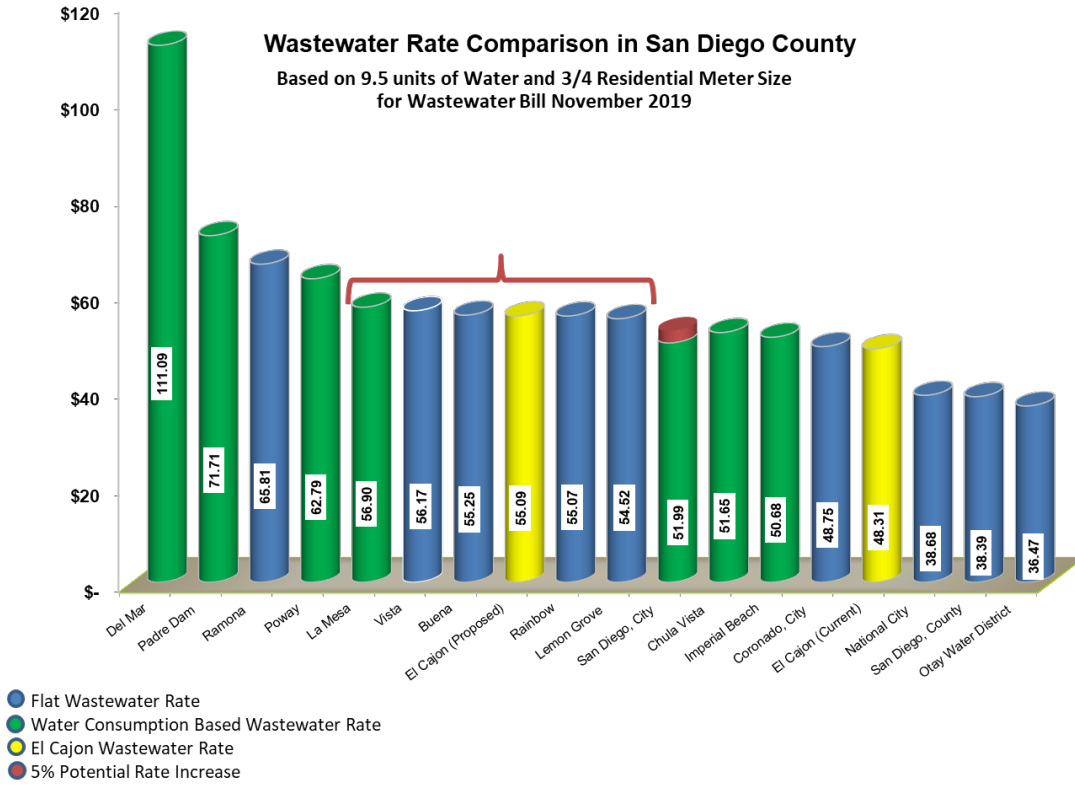


Figure 3-4 summarizes all Metro Member Agencies comparative wastewater user rates based on 9.5 HCF of water usage/wastewater flow and a residential monthly base fee. It should be noted that the rates shown are those effective November 22, 2019, which is when the City’s first proposed rate adjustment would go into effect. By that time, many of these rates will be 5 to 10 percent higher as all agencies except San Diego have either adopted current rate cases or are in the process of updating their current rate cases to phase in the required Pure Water Program costs. At the time of this report, very few member agencies, except for such as the City of National City, Poway and the County of San Diego have conducted a wastewater cost-of-service studies that incorporates the most recent increase in the Metro costs due to the Pure Water Program.

In the figure below, agencies that have not implemented a rate increase for FY 2020 are shown with a 5 percent potential rate increase added to the current rate. Even with the proposed 5-year rate adjustments, the City of El Cajon will still enjoy rates that are within the average rate amongst the users of the Metro System. The typical proposed FY 2019 single family residence bill will be approximately \$55.09.

Figure 3-4 Metro Member Agencies Wastewater Rate Comparison





Appendix A – Rate Model

- Appendix A1 - Recommended Annual Revenue Adjustment - Adjusted Fixed Base Charge and Volumetric Charge Cost Allocations
- Appendix A2 - Alternative Annual Revenue Adjustment – Adjusted Fixed Base Charge and Volumetric Charge Cost Allocations – Reduced Capital Improvement Program
- Appendix A3 - Alternative Annual Revenue Adjustment – Adjusted Fixed Base Charge and Volumetric Charge Cost Allocations – Optimal Capital Improvement Program

Sewer Enterprise Fund Long Range Plan without Revenue Adjustments (Status Quo)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Balance	\$ 25,209,009.82	\$ 15,629,742.93	\$ 2,400,901.78	\$ (3,920,994.39)	\$ (11,995,902.04)	\$ (22,159,175.72)
Revenue						
Non-Operating Revenue	\$ 749,597.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00
Proceeds	\$ 3,546,903.00					
User Fees	\$ 18,880,984.82	\$ 18,880,984.82	\$ 18,880,984.82	\$ 18,880,984.82	\$ 18,880,984.82	\$ 18,880,984.82
Total Revenue	\$ 23,177,484.82	\$ 19,955,689.82	\$ 19,955,689.82	\$ 19,955,689.82	\$ 19,955,689.82	\$ 19,955,689.82
Operations Expenses						
Salaries and Benefits	\$ 4,318,970.00	\$ 4,699,505.00	\$ 5,079,922.00	\$ 5,437,672.00	\$ 5,794,395.00	\$ 6,138,536.00
Materials, Service, and Supplies	\$ 3,626,850.00	\$ 3,717,521.25	\$ 3,810,459.28	\$ 3,905,720.76	\$ 4,003,363.78	\$ 4,103,447.88
Capital Outlay	\$ 23,600.00					
Metro and JPA Costs	\$ 13,560,000.00	\$ 13,500,000.00	\$ 13,845,000.00	\$ 12,945,000.00	\$ 14,579,000.00	\$ 15,016,370.00
Total Operations Expenses	\$ 21,529,420.00	\$ 21,917,026.25	\$ 22,735,381.28	\$ 22,288,392.76	\$ 24,376,758.78	\$ 25,258,353.88
Capital Improvement Program						
Equipment Replacement	\$ 722,877.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Wastewater CIP	\$ 9,812,250.00	\$ 6,025,300.00	\$ 2,800,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00
Debt Repayments						
Principal	\$ 467,097.71	\$ 415,943.40	\$ 424,678.21	\$ 433,596.46	\$ 442,701.98	\$ 451,998.72
Interest	\$ 125,107.00	\$ 176,261.31	\$ 167,526.50	\$ 158,608.25	\$ 149,502.73	\$ 140,205.99
Alvarado	\$ 100,000.00					
Mission Gorge		\$ 4,500,000.00				
Total Expenses	\$ 32,756,751.71	\$ 33,184,530.96	\$ 26,277,585.99	\$ 28,030,597.47	\$ 30,118,963.49	\$ 31,000,558.59
Fund Balance Prior to Reserves	\$ 15,629,742.93	\$ 2,400,901.78	\$ (3,920,994.39)	\$ (11,995,902.04)	\$ (22,159,175.72)	\$ (33,204,044.49)
Reserve Targets						
Operations/Cash Flow and Capital Expansion/Replacement Reserve	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Metro Cash Flow						
Emergency/Nat. Disaster						
Total Recommended Reserves	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Are Reserves Met?	Yes	No	No	No	No	No
Remaining Balance After Reserve Target (Use)/Replacement of Reserves	\$ 12,090,660.19	\$ (1,201,897.05)	\$ (7,658,317.34)	\$ (15,659,747.43)	\$ (26,166,314.15)	\$ (37,356,102.66)
	\$ (9,579,266.89)	\$ (13,228,841.14)	\$ (6,321,896.17)	\$ (8,074,907.66)	\$ (10,163,273.67)	\$ (11,044,868.77)

Annual Revenue Adjustment	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenue Adjustment	0%	14%	11%	14%	11%	11%
Effective Month	July	November	July	July	July	July

Sewer Enterprise Fund Long Range Plan with Recommended Revenue Adjustments

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Balance	\$ 25,209,009.82	\$ 15,629,742.93	\$ 5,091,492.09	\$ 3,824,877.49	\$ 4,059,465.51	\$ 5,111,065.32
Revenue						
Non-Operating Revenue	\$ 749,597.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00
Proceeds	\$ 3,546,903.00					
User Fees	\$ 18,880,984.82	\$ 21,571,575.12	\$ 23,936,266.40	\$ 27,190,480.50	\$ 30,095,858.30	\$ 33,366,669.35
Total Revenue	\$ 23,177,484.82	\$ 22,646,280.12	\$ 25,010,971.40	\$ 28,265,185.50	\$ 31,170,563.30	\$ 34,441,374.35
Operations Expenses						
Salaries and Benefits	\$ 4,318,970.00	\$ 4,699,505.00	\$ 5,079,922.00	\$ 5,437,672.00	\$ 5,794,395.00	\$ 6,138,536.00
Materials, Service, and Supplies	\$ 3,626,850.00	\$ 3,717,521.25	\$ 3,810,459.28	\$ 3,905,720.76	\$ 4,003,363.78	\$ 4,103,447.88
Capital Outlay	\$ 23,600.00	\$ -	\$ -	\$ -	\$ -	\$ -
Metro and JPA Costs	\$ 13,560,000.00	\$ 13,500,000.00	\$ 13,845,000.00	\$ 12,945,000.00	\$ 14,579,000.00	\$ 15,016,370.00
Total Operations Expenses	\$ 21,529,420.00	\$ 21,917,026.25	\$ 22,735,381.28	\$ 22,288,392.76	\$ 24,376,758.78	\$ 25,258,353.88
Capital Improvement Program						
Equipment Replacement	\$ 722,877.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Wastewater CIP	\$ 9,812,250.00	\$ 6,025,300.00	\$ 2,800,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00
Debt Repayments						
Principal	\$ 467,097.71	\$ 415,943.40	\$ 424,678.21	\$ 433,596.46	\$ 442,701.98	\$ 451,998.72
Interest	\$ 125,107.00	\$ 176,261.31	\$ 167,526.50	\$ 158,608.25	\$ 149,502.73	\$ 140,205.99
Alvarado	\$ 100,000.00					
Mission Gorge		\$ 4,500,000.00				
Total Expenses	\$ 32,756,751.71	\$ 33,184,530.96	\$ 26,277,585.99	\$ 28,030,597.47	\$ 30,118,963.49	\$ 31,000,558.59
Fund Balance Prior to Reserves	\$ 15,629,742.93	\$ 5,091,492.09	\$ 3,824,877.49	\$ 4,059,465.51	\$ 5,111,065.32	\$ 8,551,881.08
Reserve Targets						
Operations/Cash Flow and Capital Expansion/Replacement Reserve	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Metro Cash Flow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency/Nat. Disaster	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Recommended Reserves	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Are Reserves Met?	Yes	Yes	Yes	Yes	Yes	Yes
Remaining Balance After Reserve Target (Use)/Replacement of Reserves	\$ 12,090,660.19	\$ 1,488,693.25	\$ 87,554.54	\$ 395,620.13	\$ 1,103,926.89	\$ 4,399,822.91
	\$ (9,579,266.89)	\$ (10,538,250.84)	\$ (1,266,614.59)	\$ 234,588.02	\$ 1,051,599.80	\$ 3,440,815.76

Recommended Annual Sewer Service Charges

User Class	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)
Residential:												
Single Family	\$ 5.65	\$ 4.49	\$ 12.43	\$ 4.49	\$ 14.29	\$ 4.94	\$ 17.15	\$ 5.53	\$ 20.07	\$ 6.03	\$ 23.48	\$ 6.51
Multi-Family/Condo w/o Irrig Meter ²	\$ 5.65	\$ 3.92	\$ 12.43	\$ 3.92	\$ 14.29	\$ 4.31	\$ 17.15	\$ 4.83	\$ 20.07	\$ 5.26	\$ 23.48	\$ 5.69
Multi-Family/Condo w/ Irrig Meter ²	\$ 5.65	\$ 4.49	\$ 12.43	\$ 4.49	\$ 14.29	\$ 4.94	\$ 17.15	\$ 5.53	\$ 20.07	\$ 6.03	\$ 23.48	\$ 6.51
Non-Residential:												
Commercial - Low w/o Irrig Meter	\$ 5.65	\$ 3.67	\$ 16.95	\$ 4.04	\$ 19.49	\$ 4.45	\$ 23.39	\$ 4.98	\$ 27.37	\$ 5.43	\$ 32.02	\$ 6.19
Commercial - Low w/ Irrig Meter	\$ 5.65	\$ 4.49	\$ 16.95	\$ 4.49	\$ 19.49	\$ 4.94	\$ 23.39	\$ 5.53	\$ 27.37	\$ 6.03	\$ 32.02	\$ 6.51
Commercial - Medium w/o Irrig Meter	\$ 5.65	\$ 4.31	\$ 16.95	\$ 5.30	\$ 19.49	\$ 5.83	\$ 23.39	\$ 6.53	\$ 27.37	\$ 7.12	\$ 32.02	\$ 8.12
Commercial - Medium w/ Irrig Meter	\$ 5.65	\$ 5.89	\$ 16.95	\$ 5.89	\$ 19.49	\$ 6.48	\$ 23.39	\$ 7.26	\$ 27.37	\$ 7.91	\$ 32.02	\$ 8.54
Commercial - High w/o Irrig Meter	\$ 5.65	\$ 7.13	\$ 16.95	\$ 7.05	\$ 19.49	\$ 7.75	\$ 23.39	\$ 8.68	\$ 27.37	\$ 9.46	\$ 32.02	\$ 10.79
Commercial - High w/ Irrig Meter	\$ 5.65	\$ 7.83	\$ 16.95	\$ 7.83	\$ 19.49	\$ 8.61	\$ 23.39	\$ 9.65	\$ 27.37	\$ 10.51	\$ 32.02	\$ 11.36
Septic Haulers		\$ 7.04		\$ 7.87		\$ 8.66		\$ 9.70		\$ 10.57		\$ 11.41

User Class	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)
Residential:												
Single Family	\$ 11.30	\$ 4.49	\$ 24.86	\$ 4.49	\$ 28.59	\$ 4.94	\$ 34.31	\$ 5.53	\$ 40.14	\$ 6.03	\$ 46.96	\$ 6.51
Multi-Family/Condo w/o Irrig Meter	\$ 11.30	\$ 3.92	\$ 24.86	\$ 3.92	\$ 28.59	\$ 4.31	\$ 34.31	\$ 4.83	\$ 40.14	\$ 5.26	\$ 46.96	\$ 5.69
Multi-Family/Condo w/ Irrig Meter	\$ 11.30	\$ 4.49	\$ 24.86	\$ 4.49	\$ 28.59	\$ 4.94	\$ 34.31	\$ 5.53	\$ 40.14	\$ 6.03	\$ 46.96	\$ 6.51
Non-Residential:												
Commercial - Low w/o Irrig Meter	\$ 11.30	\$ 3.67	\$ 33.90	\$ 4.04	\$ 38.99	\$ 4.45	\$ 46.78	\$ 4.98	\$ 54.73	\$ 5.43	\$ 64.04	\$ 6.19
Commercial - Low w/ Irrig Meter	\$ 11.30	\$ 4.49	\$ 33.90	\$ 4.49	\$ 38.99	\$ 4.94	\$ 46.78	\$ 5.53	\$ 54.73	\$ 6.03	\$ 64.04	\$ 6.51
Commercial - Medium w/o Irrig Meter	\$ 11.30	\$ 4.31	\$ 33.90	\$ 5.30	\$ 38.99	\$ 5.83	\$ 46.78	\$ 6.53	\$ 54.73	\$ 7.12	\$ 64.04	\$ 8.12
Commercial - Medium w/ Irrig Meter	\$ 11.30	\$ 5.89	\$ 33.90	\$ 5.89	\$ 38.99	\$ 6.48	\$ 46.78	\$ 7.26	\$ 54.73	\$ 7.91	\$ 64.04	\$ 8.54
Commercial - High w/o Irrig Meter	\$ 11.30	\$ 7.13	\$ 33.90	\$ 7.05	\$ 38.99	\$ 7.75	\$ 46.78	\$ 8.68	\$ 54.73	\$ 9.46	\$ 64.04	\$ 10.79
Commercial - High w/ Irrig Meter	\$ 11.30	\$ 7.83	\$ 33.90	\$ 7.83	\$ 38.99	\$ 8.61	\$ 46.78	\$ 9.65	\$ 54.73	\$ 10.51	\$ 64.04	\$ 11.36

Annual Revenue Adjustment	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenue Adjustment	0%	20%	15%	10%	10%	10%
Effective Month	July	November	July	July	July	July

Sewer Enterprise Fund Long Range Plan with Recommended Revenue Adjustments

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Balance	\$ 25,209,009.82	\$ 15,629,742.93	\$ 6,243,563.25	\$ 3,789,594.80	\$ 3,711,958.59	\$ 4,044,462.17
Revenue						
Non-Operating Revenue	\$ 749,597.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00
User Fees	\$ 18,880,984.82	\$ 22,723,646.28	\$ 26,048,912.55	\$ 28,578,256.26	\$ 31,376,762.07	\$ 34,670,851.84
Total Revenue	\$ 23,177,484.82	\$ 23,798,351.28	\$ 27,123,617.55	\$ 29,652,961.26	\$ 32,451,467.07	\$ 35,745,556.84
Operations Expenses						
Salaries and Benefits	\$ 4,318,970.00	\$ 4,699,505.00	\$ 5,079,922.00	\$ 5,437,672.00	\$ 5,794,395.00	\$ 6,138,536.00
Materials, Service, and Supplies	\$ 3,626,850.00	\$ 3,717,521.25	\$ 3,810,459.28	\$ 3,905,720.76	\$ 4,003,363.78	\$ 4,103,447.88
Capital Outlay	\$ 23,600.00	\$ -	\$ -	\$ -	\$ -	\$ -
Metro and JPA Costs	\$ 13,560,000.00	\$ 13,500,000.00	\$ 13,845,000.00	\$ 12,945,000.00	\$ 14,579,000.00	\$ 15,016,370.00
Total Operations Expenses	\$ 21,529,420.00	\$ 21,917,026.25	\$ 22,735,381.28	\$ 22,288,392.76	\$ 24,376,758.78	\$ 25,258,353.88
Capital Improvement Program						
Equipment Replacement	\$ 722,877.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Wastewater CIP	\$ 9,812,250.00	\$ 6,025,300.00	\$ 6,100,000.00	\$ 6,700,000.00	\$ 7,000,000.00	\$ 9,500,000.00
Debt Repayments						
Principal	\$ 467,097.71	\$ 415,943.40	\$ 424,678.21	\$ 433,596.46	\$ 442,701.98	\$ 451,998.72
Interest	\$ 125,107.00	\$ 176,261.31	\$ 167,526.50	\$ 158,608.25	\$ 149,502.73	\$ 140,205.99
Alvarado	\$ 100,000.00					
Mission Gorge		\$ 4,500,000.00				
Total Expenses	\$ 32,756,751.71	\$ 33,184,530.96	\$ 29,577,585.99	\$ 29,730,597.47	\$ 32,118,963.49	\$ 35,500,558.59
Fund Balance Prior to Reserves	\$ 15,629,742.93	\$ 6,243,563.25	\$ 3,789,594.80	\$ 3,711,958.59	\$ 4,044,462.17	\$ 4,289,460.42
Reserve Targets						
Operations/Cash Flow and Capital Expansion/Replacement Reserve	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Metro Cash Flow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency/Nat. Disaster	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Recommended Reserves	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Are Reserves Met?	Yes	Yes	Yes	Yes	Yes	Yes
Remaining Balance After Reserve Target (Use)/Replacement of Reserves	\$ 12,090,660.19	\$ 2,640,764.41	\$ 52,271.85	\$ 48,113.20	\$ 37,323.74	\$ 137,402.25
	\$ (9,579,266.89)	\$ (9,386,179.68)	\$ (2,453,968.44)	\$ (77,636.21)	\$ 332,503.58	\$ 244,998.25

Recommended Annual Sewer Service Charges

User Class	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)
Residential:												
Single Family	\$ 5.65	\$ 4.49	\$ 15.82	\$ 4.49	\$ 18.98	\$ 5.07	\$ 21.83	\$ 5.48	\$ 25.11	\$ 5.92	\$ 28.87	\$ 6.38
Multi-Family/Condo w/o Irrig Meter	\$ 5.65	\$ 3.92	\$ 15.82	\$ 3.92	\$ 18.98	\$ 4.43	\$ 21.83	\$ 4.78	\$ 25.11	\$ 5.17	\$ 28.87	\$ 5.57
Multi-Family/Condo w/ Irrig Meter	\$ 5.65	\$ 4.49	\$ 15.82	\$ 4.49	\$ 18.98	\$ 5.07	\$ 21.83	\$ 5.48	\$ 25.11	\$ 5.92	\$ 28.87	\$ 6.38
Non-Residential:												
Commercial - Low w/o Irrig Meter	\$ 5.65	\$ 3.67	\$ 22.60	\$ 4.04	\$ 27.12	\$ 4.57	\$ 31.19	\$ 4.93	\$ 35.87	\$ 5.33	\$ 41.25	\$ 6.06
Commercial - Low w/ Irrig Meter	\$ 5.65	\$ 4.49	\$ 22.60	\$ 4.49	\$ 27.12	\$ 5.07	\$ 31.19	\$ 5.48	\$ 35.87	\$ 5.92	\$ 41.25	\$ 6.38
Commercial - Medium w/o Irrig Meter	\$ 5.65	\$ 4.31	\$ 22.60	\$ 5.30	\$ 27.12	\$ 5.99	\$ 31.19	\$ 6.47	\$ 35.87	\$ 6.99	\$ 41.25	\$ 7.95
Commercial - Medium w/ Irrig Meter	\$ 5.65	\$ 5.89	\$ 22.60	\$ 5.89	\$ 27.12	\$ 6.66	\$ 31.19	\$ 7.19	\$ 35.87	\$ 7.76	\$ 41.25	\$ 8.36
Commercial - High w/o Irrig Meter	\$ 5.65	\$ 7.13	\$ 22.60	\$ 7.05	\$ 27.12	\$ 7.96	\$ 31.19	\$ 8.60	\$ 35.87	\$ 9.29	\$ 41.25	\$ 10.56
Commercial - High w/ Irrig Meter	\$ 5.65	\$ 7.83	\$ 22.60	\$ 7.83	\$ 27.12	\$ 8.85	\$ 31.19	\$ 9.56	\$ 35.87	\$ 10.32	\$ 41.25	\$ 11.12
Septic Haulers		\$ 7.04		\$ 7.87		\$ 8.89		\$ 9.60		\$ 10.37		\$ 11.18

User Class	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)
Residential:												
Single Family	\$ 11.30	\$ 4.49	\$ 31.64	\$ 4.49	\$ 37.97	\$ 5.07	\$ 43.66	\$ 5.48	\$ 50.21	\$ 5.92	\$ 57.74	\$ 6.38
Multi-Family/Condo w/o Irrig Meter	\$ 11.30	\$ 3.92	\$ 31.64	\$ 3.92	\$ 37.97	\$ 4.43	\$ 43.66	\$ 4.78	\$ 50.21	\$ 5.17	\$ 57.74	\$ 5.57
Multi-Family/Condo w/ Irrig Meter	\$ 11.30	\$ 4.49	\$ 31.64	\$ 4.49	\$ 37.97	\$ 5.07	\$ 43.66	\$ 5.48	\$ 50.21	\$ 5.92	\$ 57.74	\$ 6.38
Non-Residential:												
Commercial - Low w/o Irrig Meter	\$ 11.30	\$ 3.67	\$ 45.20	\$ 4.04	\$ 54.24	\$ 4.57	\$ 62.38	\$ 4.93	\$ 71.73	\$ 5.33	\$ 82.49	\$ 6.06
Commercial - Low w/ Irrig Meter	\$ 11.30	\$ 4.49	\$ 45.20	\$ 4.49	\$ 54.24	\$ 5.07	\$ 62.38	\$ 5.48	\$ 71.73	\$ 5.92	\$ 82.49	\$ 6.38
Commercial - Medium w/o Irrig Meter	\$ 11.30	\$ 4.31	\$ 45.20	\$ 5.30	\$ 54.24	\$ 5.99	\$ 62.38	\$ 6.47	\$ 71.73	\$ 6.99	\$ 82.49	\$ 7.95
Commercial - Medium w/ Irrig Meter	\$ 11.30	\$ 5.89	\$ 45.20	\$ 5.89	\$ 54.24	\$ 6.66	\$ 62.38	\$ 7.19	\$ 71.73	\$ 7.76	\$ 82.49	\$ 8.36
Commercial - High w/o Irrig Meter	\$ 11.30	\$ 7.13	\$ 45.20	\$ 7.05	\$ 54.24	\$ 7.96	\$ 62.38	\$ 8.60	\$ 71.73	\$ 9.29	\$ 82.49	\$ 10.56
Commercial - High w/ Irrig Meter	\$ 11.30	\$ 7.83	\$ 45.20	\$ 7.83	\$ 54.24	\$ 8.85	\$ 62.38	\$ 9.56	\$ 71.73	\$ 10.32	\$ 82.49	\$ 11.12

Annual Revenue Adjustment	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenue Adjustment	0%	30%	15%	10%	10%	10%
Effective Month	July	November	July	July	July	July

Sewer Enterprise Fund Long Range Plan with Recommended Revenue Adjustments

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Balance	\$ 25,209,009.82	\$ 15,629,742.93	\$ 8,142,368.54	\$ 4,010,719.14	\$ 3,725,190.38	\$ 4,219,973.31
Revenue						
Non-Operating Revenue	\$ 749,597.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00	\$ 1,074,705.00
Proceeds	\$ 3,546,903.00					
User Fees	\$ 18,880,984.82	\$ 24,622,451.57	\$ 28,271,231.60	\$ 31,070,363.71	\$ 34,174,041.43	\$ 37,643,975.31
Total Revenue	\$ 23,177,484.82	\$ 25,697,156.57	\$ 29,345,936.60	\$ 32,145,068.71	\$ 35,248,746.43	\$ 38,718,680.31
Operations Expenses						
Salaries and Benefits	\$ 4,318,970.00	\$ 4,699,505.00	\$ 5,079,922.00	\$ 5,437,672.00	\$ 5,794,395.00	\$ 6,138,536.00
Materials, Service, and Supplies	\$ 3,626,850.00	\$ 3,717,521.25	\$ 3,810,459.28	\$ 3,905,720.76	\$ 4,003,363.78	\$ 4,103,447.88
Capital Outlay	\$ 23,600.00	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Metro and JPA Costs	\$ 13,560,000.00	\$ 13,500,000.00	\$ 13,845,000.00	\$ 12,945,000.00	\$ 14,579,000.00	\$ 15,016,370.00
Additional Metro Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operations Expenses	\$ 21,529,420.00	\$ 21,917,026.25	\$ 22,735,381.28	\$ 22,288,392.76	\$ 24,376,758.78	\$ 25,258,353.88
Capital Improvement Program						
Equipment Replacement	\$ 722,877.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Wastewater CIP	\$ 9,812,250.00	\$ 6,025,300.00	\$ 10,000,000.00	\$ 9,400,000.00	\$ 9,635,000.00	\$ 9,875,875.00
I&I Reduction Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Repayments						
Mission Gorge						
Principal	\$ 467,097.71	\$ 415,943.40	\$ 424,678.21	\$ 433,596.46	\$ 442,701.98	\$ 451,998.72
Interest	\$ 125,107.00	\$ 176,261.31	\$ 167,526.50	\$ 158,608.25	\$ 149,502.73	\$ 140,205.99
Alvarado	\$ 100,000.00					
Mission Gorge		\$ 4,500,000.00				
Total Expenses	\$ 32,756,751.71	\$ 33,184,530.96	\$ 33,477,585.99	\$ 32,430,597.47	\$ 34,753,963.49	\$ 35,876,433.59
Fund Balance Prior to Reserves	\$ 15,629,742.93	\$ 8,142,368.54	\$ 4,010,719.14	\$ 3,725,190.38	\$ 4,219,973.31	\$ 7,062,220.04
Reserve Targets						
Operations/Cash Flow and Capital Expansion/Replacement Reserve	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Metro Cash Flow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency/Nat. Disaster	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Expansion Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Recommended Reserves	\$ 3,539,082.74	\$ 3,602,798.84	\$ 3,737,322.95	\$ 3,663,845.39	\$ 4,007,138.43	\$ 4,152,058.17
Are Reserves Met?	Yes	Yes	Yes	Yes	Yes	Yes
Remaining Balance After Reserve Target (Use)/Replacement of Reserves	\$ 12,090,660.19	\$ 4,539,569.70	\$ 273,396.19	\$ 61,344.99	\$ 212,834.88	\$ 2,910,161.87
	\$ (9,579,266.89)	\$ (7,487,374.39)	\$ (4,131,649.39)	\$ (285,528.76)	\$ 494,782.94	\$ 2,842,246.72

Recommended Annual Sewer Service Charges

User Class	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)
Residential:												
Single Family	\$ 5.65	\$ 4.49	\$ 19.10	\$ 4.71	\$ 22.92	\$ 5.33	\$ 26.35	\$ 5.75	\$ 30.31	\$ 6.21	\$ 34.85	\$ 6.65
Multi-Family/Condo w/o Irrig Meter	\$ 5.65	\$ 3.92	\$ 19.10	\$ 4.12	\$ 22.92	\$ 4.65	\$ 26.35	\$ 5.02	\$ 30.31	\$ 5.43	\$ 34.85	\$ 5.80
Multi-Family/Condo w/ Irrig Meter	\$ 5.65	\$ 4.49	\$ 19.10	\$ 4.71	\$ 22.92	\$ 5.33	\$ 26.35	\$ 5.75	\$ 30.31	\$ 6.21	\$ 34.85	\$ 6.65
Non-Residential:												
Commercial - Low w/o Irrig Meter	\$ 5.65	\$ 3.67	\$ 27.12	\$ 4.24	\$ 32.54	\$ 4.79	\$ 37.43	\$ 5.18	\$ 43.04	\$ 5.59	\$ 49.50	\$ 6.32
Commercial - Low w/ Irrig Meter	\$ 5.65	\$ 4.49	\$ 27.12	\$ 4.71	\$ 32.54	\$ 5.33	\$ 37.43	\$ 5.75	\$ 43.04	\$ 6.21	\$ 49.50	\$ 6.65
Commercial - Medium w/o Irrig Meter	\$ 5.65	\$ 4.31	\$ 27.12	\$ 5.57	\$ 32.54	\$ 6.29	\$ 37.43	\$ 6.79	\$ 43.04	\$ 7.34	\$ 49.50	\$ 8.29
Commercial - Medium w/ Irrig Meter	\$ 5.65	\$ 5.89	\$ 27.12	\$ 6.18	\$ 32.54	\$ 6.99	\$ 37.43	\$ 7.55	\$ 43.04	\$ 8.15	\$ 49.50	\$ 8.72
Commercial - High w/o Irrig Meter	\$ 5.65	\$ 7.13	\$ 27.12	\$ 7.40	\$ 32.54	\$ 8.36	\$ 37.43	\$ 9.03	\$ 43.04	\$ 9.75	\$ 49.50	\$ 11.01
Commercial - High w/ Irrig Meter	\$ 5.65	\$ 7.83	\$ 27.12	\$ 8.22	\$ 32.54	\$ 9.29	\$ 37.43	\$ 10.03	\$ 43.04	\$ 10.84	\$ 49.50	\$ 11.59
Septic Haulers		\$ 7.04		\$ 7.87		\$ 8.89		\$ 9.60		\$ 10.37		\$ 11.10

User Class	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)	Base Charge	Volumetric Charge (per hcf)
Residential:												
Single Family	\$ 11.30	\$ 4.49	\$ 38.19	\$ 4.71	\$ 45.83	\$ 5.33	\$ 52.71	\$ 5.75	\$ 60.61	\$ 6.21	\$ 69.71	\$ 6.65
Multi-Family/Condo w/o Irrig Meter	\$ 11.30	\$ 3.92	\$ 38.19	\$ 4.12	\$ 45.83	\$ 4.65	\$ 52.71	\$ 5.02	\$ 60.61	\$ 5.43	\$ 69.71	\$ 5.80
Multi-Family/Condo w/ Irrig Meter	\$ 11.30	\$ 4.49	\$ 38.19	\$ 4.71	\$ 45.83	\$ 5.33	\$ 52.71	\$ 5.75	\$ 60.61	\$ 6.21	\$ 69.71	\$ 6.65
Non-Residential:												
Commercial - Low w/o Irrig Meter	\$ 11.30	\$ 3.67	\$ 54.24	\$ 4.24	\$ 65.09	\$ 4.79	\$ 74.85	\$ 5.18	\$ 86.08	\$ 5.59	\$ 98.99	\$ 6.32
Commercial - Low w/ Irrig Meter	\$ 11.30	\$ 4.49	\$ 54.24	\$ 4.71	\$ 65.09	\$ 5.33	\$ 74.85	\$ 5.75	\$ 86.08	\$ 6.21	\$ 98.99	\$ 6.65
Commercial - Medium w/o Irrig Meter	\$ 11.30	\$ 4.31	\$ 54.24	\$ 5.57	\$ 65.09	\$ 6.29	\$ 74.85	\$ 6.79	\$ 86.08	\$ 7.34	\$ 98.99	\$ 8.29
Commercial - Medium w/ Irrig Meter	\$ 11.30	\$ 5.89	\$ 54.24	\$ 6.18	\$ 65.09	\$ 6.99	\$ 74.85	\$ 7.55	\$ 86.08	\$ 8.15	\$ 98.99	\$ 8.72
Commercial - High w/o Irrig Meter	\$ 11.30	\$ 7.13	\$ 54.24	\$ 7.40	\$ 65.09	\$ 8.36	\$ 74.85	\$ 9.03	\$ 86.08	\$ 9.75	\$ 98.99	\$ 11.01
Commercial - High w/ Irrig Meter	\$ 11.30	\$ 7.83	\$ 54.24	\$ 8.22	\$ 65.09	\$ 9.29	\$ 74.85	\$ 10.03	\$ 86.08	\$ 10.84	\$ 98.99	\$ 11.59

August 22, 2019

City Clerk
City of El Cajon City Hall
200 Civic Center Way
El Cajon, CA 92020

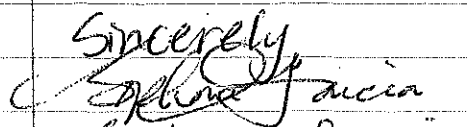
RE: PROTEST AGAINST PROPOSED SEWER RATE
ADJUSTMENTS

Dear City Clerk,

This is my formal, written, and signed protest to the proposed sewer rate adjustments

Please let the city council know that there is a need to stop tapping already strained budgets of property owners in El Cajon for shortfalls/deficit.

We have ~~not~~ taken steps to reduce our water usage by pouring concrete in our backyard over the grass. We bought a pool cover to reduce pool water evaporation. We should not get punished with increasing rates.

Sincerely

Sophone Garcia

RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA

2019 AUG 26 P 2: 19

August 24, 2019

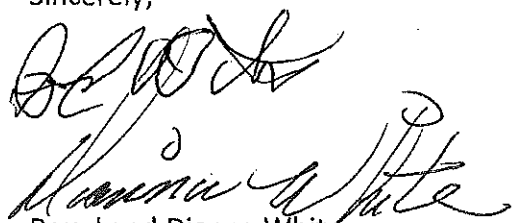
City Clerk
City of El Cajon City Hall
200 Civic Center Way
El Cajon, CA 92020

City Clerk,

We are the property owners at _____, El Cajon, CA .. We are protesting the planned changes to sewer service rates. This will be a huge burden to us seniors on limited incomes.

We are unable to attend the public hearing on Tuesday, October 8, 2019 and would like this letter to be an official protest to the proposed sewer changes.

Sincerely,


Reuel and Dianna White

El Cajon, CA
Account #

RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA

August 23, 2019

2019 AUG 26 P 2: 19

City Clerk,
City of El Cajon City Hall
200 Civic Center Way
El Cajon CA 92020

City Clerk,

I am the property owner at _____ El Cajon, CA _____ would like to protest the changes to sewer service rates. These increases are way too high, too fast.

I am unable to attend the public hearing on Tuesday, October 8, 2019 and would like to officially protest the increase by written protest.

Sincerely,



Paul Naumann

El Cajon, CA
Account #



RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA

August 22, 2019

2019 AUG 26 P 2:45

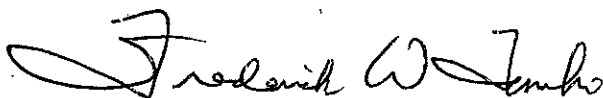
City of El Cajon City Hall
200 Civic Center Way
El Cajon, CA 92020

Attn: City Clerk

Dear El Cajon City Clerk:

Yesterday I received the NOTICE OF PUBLIC HEARING for the proposed sewer rate changes. Attached please find my analysis. Having retired as the Director of Operations for a utility (natural gas with operations in Illinois and Ohio), I understand that utility costs increase. However, I also understand that seniors such as my wife and I live on what is referred to as a "fixed income". The annual increases in our pensions is 3% or less (when you factor in annual Social Security COLA's) and interest rates on savings accounts are a joke these days. If you turn to my analysis, you'll find that the first year increase for us is an OUTRAGEOUS 46.3%. The COMPOUND (annual compounding basis) increase for the 4 year period is an UNCONSCIENABLE 25.7%/YEAR. I'd like to hear El Cajon's explanation how in the world you expect us to pay 46.3% more as of this November or even 25.7% more/year over the next 4 years when our income AT BEST will only increase 3%. With these kind of OUTRAGEOUS increases in the offing, it looks as if we need the equivalent of Proposition 13 for utility rates. I strongly urge that the City consider the BIG PICTURE and figure to how to moderate these rate increases. As an ABSOLUTE MINIMUM, they need to be spread out over a longer period so as to minimize the annual impact, especially the first year 46.3%.

Respectfully submitted,



Frederick W Tamkin

El Cajon, CA

Account Number:

see attached sst

RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA

2019 AUG 26 P 2: 19

Attention City of El Cajon,

This letter is in regard to the proposed changes to sewer service rate INCREASES!

It is very discouraging to live in this city and state nowadays, I have seen nothing but increase in rates in every area of public utility, this includes water, sewer, gas taxes, trash pickup and electricity without any proof or justification for the need.

To double the sewer bill within 4 years is simply unheard of.

I am encouraging the mayor of El Cajon to focus on serving the public in ways where we are protected from these constant increases of bills, failure to deal with homelessness issues, and many other public services so we can afford a living in our homes and secure our kids' future.

Many of my friends have left the state because of inability to keep up with the raising costs of this state and our cities; **This is my home and I am not going anywhere, and I want action from our leaders or let someone else who can do the job take over.**


People should be able to vote on any proposed increase for public services. We had enough of these games played by our officials.

Again, I and my family are totally against these increasing rates.

I recommend fees should be raised using means where businesses are created by the city to pay for all public services. So, a gradual decrease in billing the residents should take place to where fees are totally eliminated.

Has anyone thought of that? Or made a suggestion to try that?

My annual raises simply cannot keep up with all these continuous increases of fees, don't throw us out of our homes, we have enough homeless people!


Shahdost Jack Gulla

Parcel Number



RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA

8/21/2019

CITY CLERK

CITY OF EL CAJON 2019 AUG 26 P 2: 19

200 CIVIC CENTER WAY

EL CAJON, CA. 92020

RE: PROTEST TO THE PROPOSED RATE ADJUSTMENT - SEWER

WE DO NOT WANT THE PROPOSED SEWER RATE ADJUSTMENT
TO BE PASSED BY THE CITY COUNCIL.

THE PROPOSED "ADJUSTMENT" MORE THAN DOUBLES THE
CURRENT RATE BY JULY 2023! THIS IS AN OBSCENE
INCREASE! ARE OUR SS BENEFITS GOING TO
DOUBLE IN THAT TIMEFRAME? WE ARE BOTH ON
A VERY LIMITED BUDGET AND CANNOT AFFORD SUCH
AN INCREASE. WE ARE STRONGLY OPPOSED TO
THE INCREASE.

MR/MRS DENNIS & THEODORA CUCCARISE

7

Yukio & Marie Ochi

EL CAJON, CALIFORNIA

08/26/19

*El Cajon City Council
City Clerk
City of El Cajon City Hall
200 Civic Center Way
El Cajon, CA 92020*

RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA
2019 AUG 28 A 11:10

Re: Increase of Sewer Charges

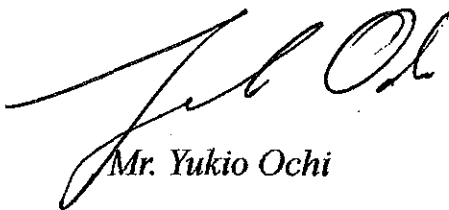
Dear Members of El Cajon City Council:

Upon reviewing the proposed schedule of sewer charges, we find the increases astonishing! We see NO reasons why these increases are warranted.

You all must know that our City's population has a number of citizens, like us, that rely on fixed incomes such as Social Security. Water and trash utilities are already more than they should be. Over all our lives, we have contributed more than our fair share of taxes. Obviously, if you vote for this schedule, you are not thinking of us!

You and the City of San Diego Metropolitan Sewer Treatment System must rethink passing on these huge increases to us.

Awaiting a lower schedule of changes,


Mr. Yukio Ochi


Mrs. Marie Ochi

8-26-19

Dear City of El Cajon,

Re: Proposed Rate Increase Prop 218
Rate Increase next 5 years = Sewer
(I PROTEST = NO)

I am writing this letter to put my vote at "NO", I DO Protest Rates being increased on Residential parcels.

My family consists of disabled and senior people. These increases put a direct hit on our monthly budget which is already not enough.

Once again I can not attend the meeting because of my caregivers daily needs but I do want my vote to be counted @ a "NO"!!!

Thank you,
Pamela M Clijt

Parcel #
address :
phone :
email :

✓

Margot Szeterlak

El CAJON . CA
Parcel Number

To whom it maybe concern,

I am writing this letter to protest the recent decision for the proposed sewer rate adjustments made by the City of El Cajon.

I truly think this a bed idea and the City should review how can better scale its water operations and capital improvements in light of " new" normal water demand to reduce its operating costs and lessen rate increases year after year.

Sincerely

A concerned citizen

Margot Szeterlak 8/26/19
Margot Szeterlak

RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA

2019 SEP -5 A.M: 12

PO Box
El Cajon CA
September 2, 2019

City Clerk, City of El Cajon
200 Civic Center Way
El Cajon CA 92020

RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA
2019 SEP -3 P 1:32

Ref: Sewer Service Rate Notice of Changes

Attention City Clerk:

This letter is in regard to the notice received of sewer service rate changes in the foreseeable future.

My husband and I, both senior citizens and both on fixed incomes, **hereby protest the rate increases** as we do not have the option to request increases on our pensions to be able to live in El Cajon.

The amount of money spent for a 3rd party engineering – consulting firm to conduct the rate study must have been in the thousands, of which the City had to expend to find out what to do. Why should the residents of El Cajon have to pay for this study on top of paying for increases in rates? If El Cajon has that type of financial ability to spend, then you really do not need to ask the residents for more.

Your rates are not 'fair and equitable' for those of us who live here, have lived here and continue to live here. How many of your employees live in El Cajon, versus outside the city limits and need not be applicable to them? To collect sufficient revenue to replace that which you spent on the consulting firm is inexcusable.

Did you ask the citizens of El Cajon prior to the contractual agreement with said consulting firm if there were objections? Obviously no, because you list the hearing date as October 2019, well past the time and financial expenditures.

We have been residents of El Cajon since 1988, and from what I can recall, all the increases that are listed as keeping the City's operations updated, may also be a hidden fee for your employees' retirements, bonuses, or pay increases. Try cutting other expenses before increasing those of us who can least afford them.

Final comment: We protest the increases, not supported.

Sheila Snyder
Sheila & Greth Snyder
El Cajon CA



PROPOSITION 218 PROTEST FORM

By signing the form below, I protest the proposed wastewater rate increases and affirm under penalty of law that I am the owner or authorized representative of the owner of the below parcel.

Parcel Information

*Assessor's Parcel Number: [grid]

*Street Address: _____

*City, State, Zip Code: El Cajon, Ca.

Customer Account Number: _____

Submitted By

*Print Owner Name: DIXIE R. BLOMMER

If the above is not an individual(s), e.g. an LLC, Trust, Corporation, etc.

*Print Authorized Signatory: DIXIE R. BLOMMER

*Signature: Dixie R Blommer Date: 8-28-19
Electronic signatures will not be accepted

*Required

RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA
2019 08 29 4: 08: 37

Aug 24, 2019

City Clerk for El Cajon:

This is a letter of protest for
the proposed increase in sewer rates
for El Cajon taxpayers.

The increase is exorbitant!

Stacy Matthews

El Cajon, Ca

Re: parcel #

RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA
2019 AUG 28 AM 11:19

RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA

2019 SEP -9 A 11: 20

Sofya Nektalova

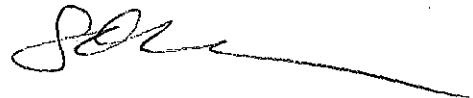
parcel #

El Cajon, CA

I protest to Proposition 218

I protest for the proposed sewer
rate adjustments.

9-05-2018



RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA

PROPOSITION 218 PROTEST FORM

2019 SEP -9 A 11: 20

By signing the form below, I protest the proposed wastewater rate increases and affirm under penalty of law that I am the owner or authorized representative of the owner of the below parcel.

Parcel Information

*Assessor's Parcel Number:

--	--	--	--	--	--	--	--	--	--

*Street Address: _____

*City, State, Zip Code: El Cajon CA

Customer Account Number: _____

Submitted By

*Print Owner Name: Linda Moskovic / Moskovic
Linda Revocable
Trust 06-18-0

If the above is not an individual(s), e.g. an LLC, Trust, Corporation, etc.

*Print Authorized Signatory: _____

*Signature: Linda Moskovic Date: 9/3/19

Electronic signatures will not be accepted

*Required

✓

September 10, 2019

RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA

City Clerk

2019 SEP 16 P 12: 08

City of El Cajon City Hall 200 Civic Center Way
El Cajon, CA 92020

Dear City Clerk,

Re: PROTEST to the proposed sewer rate adjustment

We are homeowners in El Cajon and deeply resent the continued raising of our rates to live in this city.

First, it was SDGE; now sewer: which rates were already increased for us \$50 between June 2018 and October 2018, based upon our water usage. This increase appears to be based upon the assumption that all water used goes down into the sewer drain. It does not! It goes into the garden and pool, and we drink it, and cook with it.

This newest proposed rate increase is truly egregious: the base charge all but doubles in 32 months from \$24.85 to \$46.96. It is difficult to believe you or anyone can know it will be necessary to collect almost double what the City of El Cajon receives now come July 2022. To further add insult to injury, once we get there and you do NOT need all that, the City powers that be will more than likely NEVER lower these rates to cover what is truthfully needed.

These newest rates are based upon projections that appear seriously flawed, and no one who made these proposed increases has a crystal ball.

PLEASE STOP the rape!

Sincerely,


Catherine Brattland

El Cajon, CA

Dear Representatives and City Clerk office,

I am writing in opposition to the sewer utility rate hike for El Cajon.

The letter states a proposed 180% rate hike between now and 4 years. Wow, average hike of 45% per year.

As you might recall there are two sides to balancing a budget- revenue and expenses.

Before increasing our fees, your revenue from us citizens, have you looked at cutting expenses?

If there is not enough funds coming in may be you are not running the department in an optimal manner. Is there another way to provide sewer services at a lower cost?

Has anyone looked around to see what operations should be cut, which employees should be cut, which actions, practices, equipment leases should be ended?

I wonder how much of your expense includes employee benefits, pensions, perks.

In summary, please cut your costs and expenses and create the most efficient operation before you ask us for more money at the rate of a 45% increase per year.

Keith Hilinski
citizen, El Cajon CA

RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA
2019 SEP 12 P 4: 10

City Clerk
City of El Cajon City Hall
200 Civic Center Way
El Cajon, CA 92020

RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA

2019 SEP 19 A 11: 05

September 16, 2019

Re: Proposed Sewer Rate Increase for Parcel Number

Dear Sir/Ma'am,

I am just in receipt of the Notice of Public Hearing for proposed changes to sewer service rates, and after reviewing it and proposed rates per year of adjustment, I read small print to the effect of "Rates may increase in future years by any amount of pass-through charges, per section 53756 of the California Government Code, see below." Due to the uncertainty involved, and the possibility of additional expense, I am not in favor of these increases.

With the enactment of rent control on the horizon (expecting to see it on November ballot), general San Diego workforce wages remaining stagnant, the availability of implementation of new materials to coat current older pipes, fluctuating economic performance nationwide and locally, I feel this is the wrong time to increase sewer rates.

If there are any questions relating to my letter, please feel free to call or write to me.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Juan Silva". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Juan Silva, Juan Silva Living Trust

San Diego, CA

RECEIVED OFFICE OF
CITY CLERK
EL CAJON CA

2019 SEP 30 P 1: 55

HILTON VAIL
EL CAJON, CA

18 ✓
RECEIVED

SEP 30 2019

CITY MANAGER'S
OFFICE

September 28, 2019

Mayor Bill Wells and Deputy Mayor Steve Goble
City Council Members Phil Ortiz, Gary Kendrick and Bob McClellan
200 Civic Center Way
El Cajon, CA 92020

RE: Proposition 218

I've been a resident of El Cajon since 1975. I worked at the El Cajon based company, GKN Corp (formerly known as Chem-Tronics Inc) from 1969 until I retired in 2001. From 1969 until 2001 I was the Executive Vice President in charge of Marketing, Engineering and New Product Development. Our clients were primarily in the aerospace industry and their purchase contracts were enormous. Part of my responsibility was to find out what the client needed, work with their engineering on how to build it and then determine the cost in order to price the products.

During my tenure, Chem-Tronics was a very successful company with annual sales that reached \$163,000,000. I had to know our company's costs of overhead, labor, materials and equipment maintenance. By knowing these factors, I could determine the prices of the products we provided to our customers and be a major driving factor for the company's success. I also know that after the retirement of the leadership team I was a part of, the subsequent leadership of GKN/Chem-Tronics has driven the company into a sad financial downward spiral due to their mismanagement. So, I have firsthand knowledge of how a successful company should be managed and what happens when a company is mismanaged.

In 2001 the price for sewer services was based on 50% of the volume of water used during the heavy rainfall months. This was certainly reasonable for residents. However, things changed around 2011 and the pricing factor was increased from 50% to 88% of the volume of water used during the heavy rainfall months. This 38% increase in our sewer charges was outrageous but we, the residents of the City of El Cajon, had no alternative but to accept this untenable increase.

Now we've received notice of Prop 218 which is based on a study performed by NV5 to establish the prices for sewer services between 11/22/19 and 7/1/2023. I have done a complete and thorough reading and analysis of this report. I'm shocked that the City of El Cajon's leaders bought into these numbers and it becomes obvious that you have no background in or idea of how to define the true costs of operating the sewer department for the City of El Cajon.

First of all, you have to understand your past costs, current costs and how to forecast your future costs based on future wear and tear plus cost of goods and operating costs. It is clear that neither you nor the executive management that were hired to run the sewer department understand how to do this and have dug a huge hole throughout the years that you're now trying to get out of at a great disservice to the residents of El Cajon.

As per the notice for Prop 218, on 11/22/19 you're going to increase the base rate from \$11.30 to \$24.86 which is an immediate 220% increase and by 7/1/23 (less than 4 years) the total increase will be 342%. This is outrageous.

Then there's the volumetric charges. When the average person looks at the annual volumetric price increases, they see annual increases of \$0.45, \$0.59, \$0.50 and \$0.48. It doesn't look like much but in percentages those increases from the current rate are 10%, 12%, 9% and 8% for a total increase of 34% by 7/1/2023. Again, this is outrageous and while it's nice to see the percentages slightly decreasing from 7/1/2021 to 7/1/2023, how did the engineering firm determine that all of the sudden the operating costs would go down when operating costs always increase, especially when it's the government managing the "business"?

When I compare my current bill to what I'll be paying starting 7/1/23 (less than 4 years), the increase is 69.74% when other costs of living typically increase by 1.5% - 3%.

-Do you realize that the increase in my fixed income has ranged from 0% - 2.5% over the past 4 years?

-Do you realize that the increase for the average wage earner is expected to be 3.3% in 2020?

How can you justify increasing sewer costs by 69.74% in less than 4 years when fixed income for retired people may increase by a total of 5.17% (or less) over the next 4 years and the average wage earner's income may increase by a total of 10% (or less) over the next 4 years but only if the economy remains at least as good as it is now?

Conversely, the budgeted increase in salaries and benefits for the sewer department is more than 34% in less than 4 years. This 34% increase in the salaries and benefits of the sewer department is the largest increase in the budget which explains where our money is going. Based on the average City of El Cajon employee receiving an increase in salary and benefits of 3% to 4% each year, it is obvious that the majority of the 34% increase in salaries and benefits will go to the executives who have mismanaged the sewer department. This is contemptible and indefensible.

As an experienced business person, I understand that costs of doing business never go down but I also know that a typical company's costs of goods and labor typically increase by .5% to 2.5%. If any non-governmental organization raised their prices by 69.74% in less than 4 years for the same products and same service, they would go out of business because their customers

would find another company to do business with. However, the residents of the City of El Cajon have no alternatives. They are held hostage to the mismanagement of their government.

I hope the facts I have presented will make you realize that NV5's recommendations are unreasonably heavy handed over such a short period of time. Spreading these increases over a 10-15 year time period would more closely follow sound business practices.

Obviously, the executives in charge of the City of El Cajon's sewer department have failed in their financial management responsibilities which is disgraceful and unacceptable. It is incumbent upon you to know that if you approve Prop 218 as is, you will be doing irreversible harm to the welfare of the residents and constituents that put you in office.

I implore you to reevaluate your decisions and spread the increases over a reasonable period of time that won't cause the outrageous payment shock that Prop 218 will impose on the residents of the City of El Cajon that are held hostage to the City's sewer services.

Sincerely,



Hilton Vail