

City of Rialto

Water Subcommittee

Preliminary Water and Wastewater Scenarios

September 18, 2025



**Water Resources
Economics**

PROMOTING THE VALUE AND PRICE OF
WATER SERVICE

Agenda

- Water Financial Plan Scenarios
- Wastewater Financial Plan Scenarios

Financial Plan Assumptions

- No lease payments from RUA to the City for use of city assets are included
- Revenues
 - No customer growth or change in demand is projected
- Operating expenses
 - Operating expenses are projected to increase by on average 3.2% annually

Key Financial Performance Markers

Fund Balance, Trustee Coverage, and Debt Coverage

RUA and Trustee Fund Balance

The minimum fund balance for **trustee reserves** is 25% of operating expenses, capital charges, and debt service (see **Trustee Reserve Target**)

Remaining funds after meeting the trustee reserve target (25%) are transferred to **RUA reserves** where CIP is funded. This fund balance must stay above \$0 (see **Alert Balance**)

Trustee Coverage

As part of the City's Concession Agreement, rates must be high enough to ensure that net revenues less capital charges and debt service are at least equal to 17.7% (for water) or 15% (for wastewater) of annual capital charges and debt service

Debt Coverage

The City has no existing debt. Any proposed debt issuance will have a debt coverage requirement typically equal to 125%. This means that net revenues divided by annual debt service payments must be at least greater than 125%

Water Fund Balances

- Trustee Fund
 - Beginning balance = \$4.5M
- RUA Fund
 - Beginning balance = \$1.0M (Combined Remedy Reimbursement)
- Construction Fund
 - Beginning balance = \$3.2M
- Rate Stabilization for CIP and O&M
 - Available money on hand = \$6.6M

Water CIP

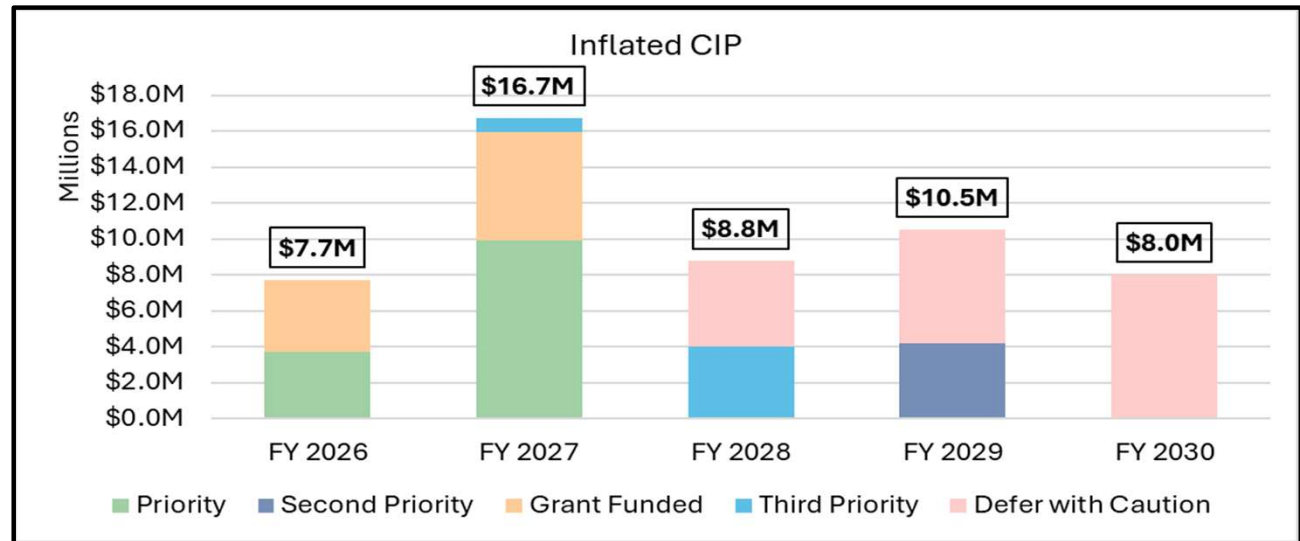
Capital Improvement Plan (CIP) (Inflated)	Planned Status	Funding Eligibility	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Water Main: Etiwanda (Riverside to Eucalyptus)	Priority	Rates / 20% DIF	\$0	\$5,408,000	\$0	\$0	\$0	\$5,408,000
Pressure Relief Valves (PRVs) Zone 2 to Zone 3	Priority	100% DIF	\$0	\$648,960	\$0	\$0	\$0	\$648,960
Well "City 3A" Groundwater Treatment System	Priority	Rates / Grants / 25% DIF	\$3,744,000	\$3,893,760	\$0	\$0	\$0	\$7,637,760
4" S. Oakdale & S. Marcella (E Rialto and Allen)	Second Priority	Rates	\$0	\$0	\$0	\$4,211,491	\$0	\$4,211,491
Security for Water and Wastewater	Grant Funded	Grants	\$0	\$2,000,000	\$0	\$0	\$0	\$2,000,000
Automatic Meter Infrastructure (AMI)	Grant Funded	Grants	\$4,000,000	\$4,000,000	\$0	\$0	\$0	\$8,000,000
Service line: South Alice, South Palm, West Voddan, Alru St.	Third Priority	Rates	\$0	\$778,752	\$809,902	\$0	\$0	\$1,588,654
Service line: Bonnie View (Acacia and Eucalyptus)	Third Priority	Rates	\$0	\$0	\$3,239,608	\$0	\$0	\$3,239,608
Cedar Reservoir 2, Overhaul, and Dome Preservation	Defer with Caution	Rates	\$0	\$0	\$0	\$3,509,576	\$0	\$3,509,576
Service Line, Hydrant Laterals, Etiwanda	Defer with Caution	Rates	\$0	\$0	\$4,724,429	\$0	\$0	\$4,724,429
Serviceline&Hydrant: Woodcrest, Yucca, etc	Defer with Caution	Rates	\$0	\$0	\$0	\$2,807,661	\$0	\$2,807,661
Service Line: Cedar & Larch	Defer with Caution	Rates	\$0	\$0	\$0	\$0	\$3,211,964	\$3,211,964
Service Line & Hydrant: Palm, Orange, Olive, Date	Defer with Caution	Rates	\$0	\$0	\$0	\$0	\$4,817,945	\$4,817,945
Total - Capital Projects			\$7,744,000	\$16,729,472	\$8,773,939	\$10,528,727	\$8,029,909	\$51,806,047

* Water CIP is annually inflated by 4%, except for grant funded projects which are non-inflated

Water CIP

Total Value of Projects:

- **Priority:** \$13,694,720
- **Second Priority:** \$4,211,491
- **Grant Funded:** \$10,000,000
- **Third Priority:** \$4,828,262
- **Defer with Caution:** \$19,071,574

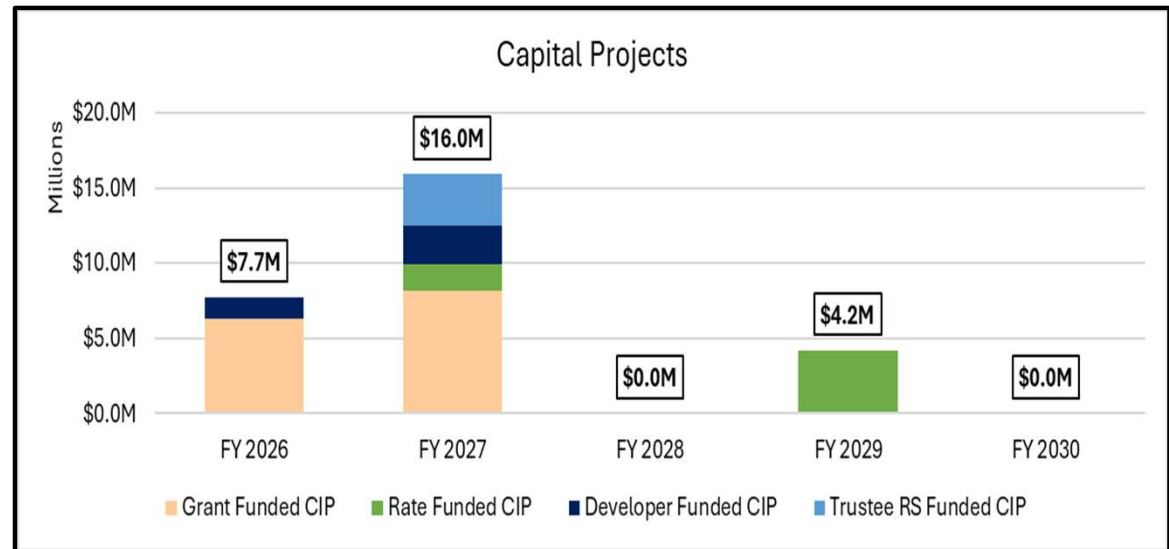


Water CIP Scenario

Priority, Second Priority, and Grant Funded CIP, Funded by Rates/ Grants/ DIF/ Rate Stabilization

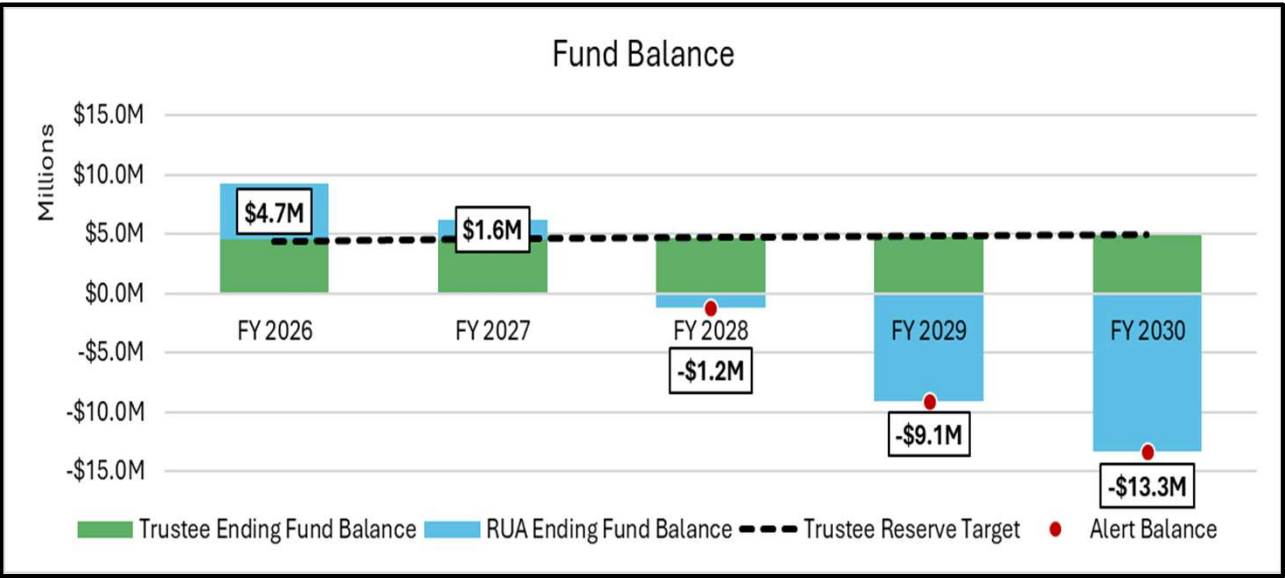
CIP Funding Sources:

- **Trustee Rate Stabilization** = \$3.5 Million
- **DIF** = \$4 Million
- **Grants** = \$14.5 Million
- **Rates** = \$6 Million



Water No Revenue Adjustment Scenario

Priority, Second Priority, and Grant Funded CIP + O&M, Funded by Rates/ Grants/ DIF/ Rate Stabilization

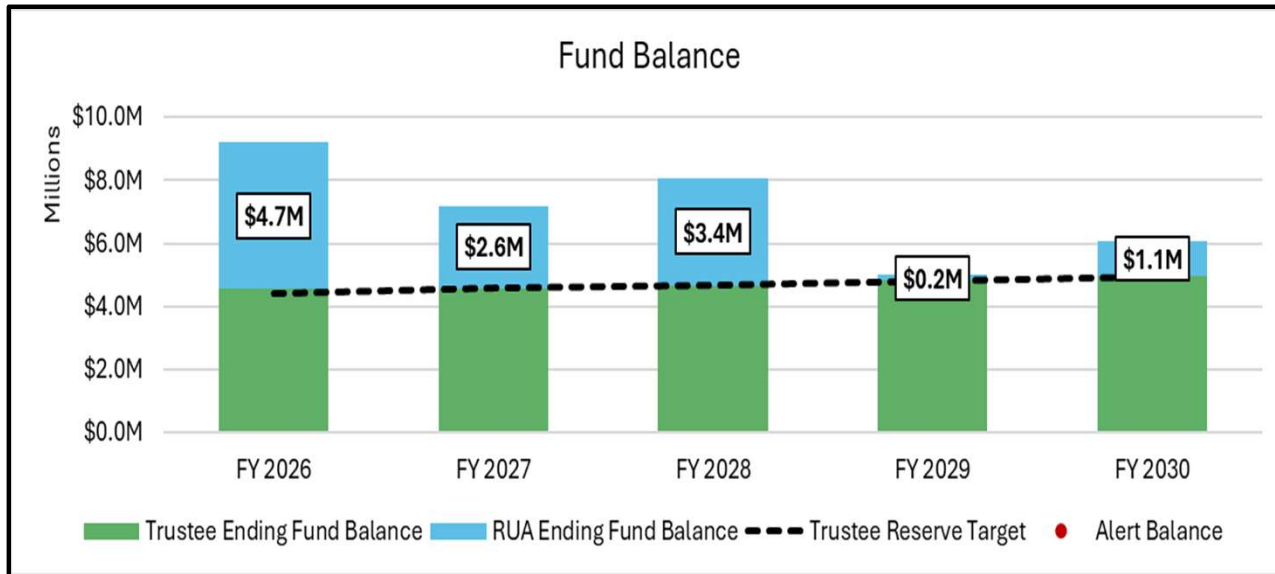


In this scenario the City does not meet its trustee coverage requirements starting in FY 2027

No Revenue Adjustment Scenario	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Rate Adjustment	0%	0%	0%	0%	0%	0%

Water Proposed Scenario

Priority, Second Priority, and Grant Funded CIP + O&M, Funded by Rates/ Grants/ DIF/ Rate Stabilization

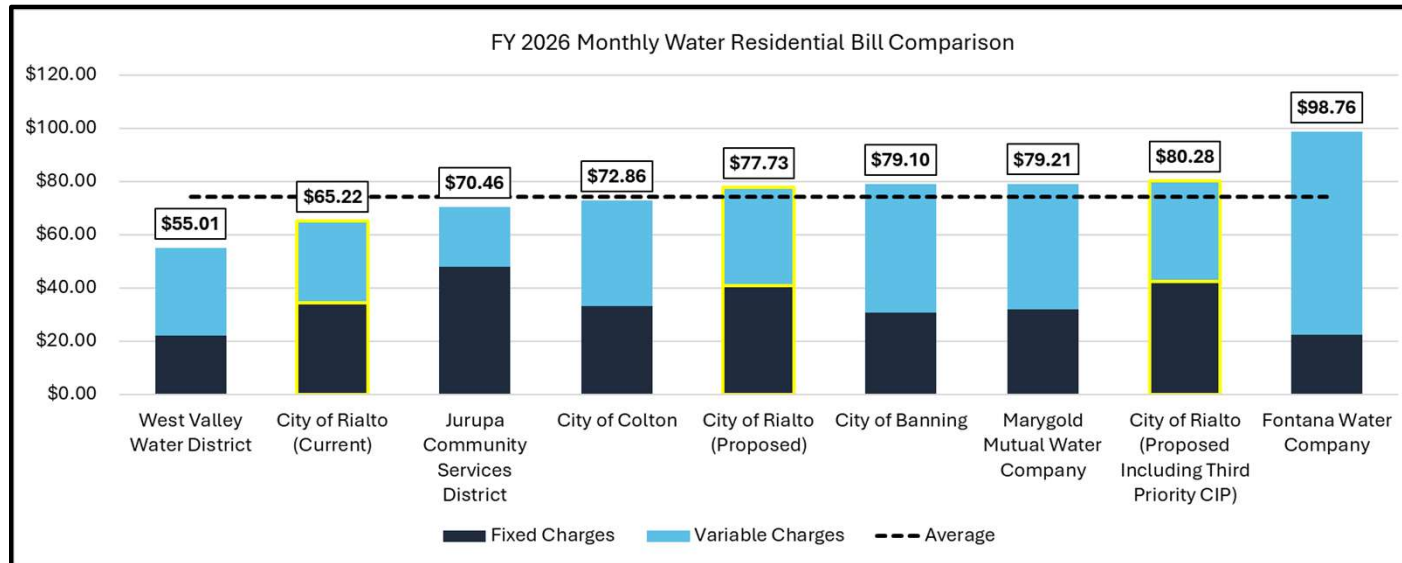


In this scenario the City will meet its trustee coverage requirements in each year

Proposed Scenario	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Rate Adjustment (Proposed Scenario)	19%	9%	3%	3%	3%	37%
Rate Adjustment (Including Third Priority CIP)	23%	18%	17%	3%	3%	64%

Water Customer Impacts

Proposed Scenario based on 19%/23% Revenue Adjustment in FY 2026



Proposed Scenario	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Rate Adjustment (Proposed Scenario)	19%	9%	3%	3%	3%	37%
Rate Adjustment (Including Third Priority CIP)	23%	18%	17%	3%	3%	64%

*Based on average monthly residential customer usage of 15 ccf

Wastewater Fund Balances

- Trustee Fund
 - Beginning balance = \$7.6M
- RUA Fund
 - Beginning balance = \$10.0M
- Construction Fund
 - Beginning balance = \$11.7M
- Rate Stabilization for CIP and O&M
 - Available money on hand = \$23.3M

Wastewater CIP

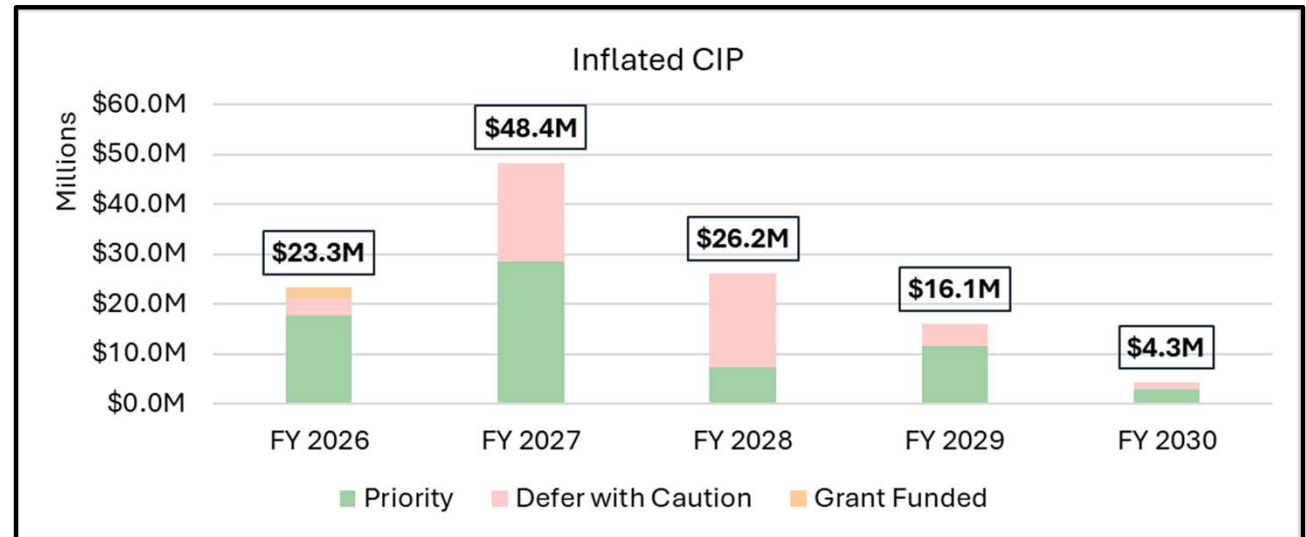
Capital Improvement Plan (CIP) (Inflated)	Planned Status	Funding Eligibility	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Solids Handling	Priority	Rates / 20% DIF	\$12,000,000	\$24,720,000	\$0	\$0	\$0	\$36,720,000
Upsizing Sewer: Sycamore	Priority	Rates / 20% DIF	\$5,740,800	\$0	\$0	\$0	\$0	\$5,740,800
Agua Mansa Sewer Lift Station	Priority	Rates / 20% DIF	\$0	\$0	\$3,374,592	\$701,915	\$0	\$4,076,507
Ayala Lift Station	Priority	Rates / 20% DIF	\$0	\$0	\$0	\$3,509,576	\$0	\$3,509,576
Upsizing Sewer: Willow Ave (Grove to Foothill)	Priority	Rates / 50% DIF	\$0	\$0	\$674,918	\$0	\$0	\$674,918
Secondary EQ Influent Filter Pump	Priority	Rates	\$0	\$0	\$0	\$3,509,576	\$0	\$3,509,576
Upsizing Sewer (Acacia:Bonnie View to South)	Priority	Rates / 20% DIF	\$0	\$648,960	\$0	\$0	\$0	\$648,960
Upsizing Sewer: Merrill Ave (Acacia to Sycamore)	Priority	Rates / 20% DIF	\$0	\$2,595,840	\$0	\$0	\$0	\$2,595,840
Plant 5 Clarifiers	Priority	Rates	\$0	\$648,960	\$0	\$0	\$0	\$648,960
Plant 5 Aeration Basins	Priority	Rates	\$0	\$0	\$1,349,837	\$0	\$0	\$1,349,837
Upsizing Sewer: Sycamore Ave (Huff to Randall)	Priority	Rates / 20% DIF	\$0	\$0	\$2,024,755	\$0	\$0	\$2,024,755
Overhaul Headworks, Plant 5	Priority	Rates / 20% DIF	\$0	\$0	\$0	\$1,403,830	\$0	\$1,403,830
Spencer Aeration Blowers	Priority	Rates	\$0	\$0	\$0	\$0	\$1,094,988	\$1,094,988
Barscreen #1 Replacement	Priority	Rates	\$0	\$0	\$0	\$0	\$364,996	\$364,996
Future Sewer Main Replacement 2028	Priority	Rates	\$0	\$0	\$0	\$1,403,830	\$0	\$1,403,830
Future Sewer Main Replacement 2029	Priority	Rates	\$0	\$0	\$0	\$0	\$1,459,983	\$1,459,983
4th Disk Filter	Priority	100% DIF	\$0	\$0	\$0	\$1,052,873	\$0	\$1,052,873
Security Project - Wastewater	Grant Funded	Grants	\$2,000,000	\$0	\$0	\$0	\$0	\$2,000,000
Manhole 2026	Defer with Caution	Rates	\$0	\$259,584	\$0	\$0	\$0	\$259,584
Demolish Plants 1 and 2	Defer with Caution	Rates	\$0	\$3,063,091	\$0	\$0	\$0	\$3,063,091
Manhole 2027	Defer with Caution	Rates	\$0	\$0	\$269,967	\$0	\$0	\$269,967
Manhole 2028	Defer with Caution	Rates	\$0	\$0	\$0	\$280,766	\$0	\$280,766
Flare and Biogas System Modifications	Defer with Caution	Rates	\$0	\$0	\$0	\$4,211,491	\$0	\$4,211,491
Manhole 2029	Defer with Caution	Rates	\$0	\$0	\$0	\$0	\$291,997	\$291,997
Electrical Upgrade	Defer with Caution	Rates / 20% DIF	\$3,600,480	\$7,469,530	\$0	\$0	\$0	\$11,070,010
Backup Power (CoGen)	Defer with Caution	Rates / 20% DIF	\$0	\$9,013,333	\$18,459,769	\$0	\$0	\$27,473,101
SCADA Upgrades to Lift Stations	Defer with Caution	Rates / 20% DIF	\$0	\$0	\$0	\$0	\$1,094,988	\$1,094,988
Total - Capital Projects			\$23,341,280	\$48,419,298	\$26,153,838	\$16,073,857	\$4,306,951	\$118,295,224

**Wastewater CIP is annually inflated by 4%, except for grant funded projects and the Solids Handling project which are non-inflated*

Wastewater CIP

Total Value of Projects:

- **Priority:** \$68,280,229
- **Grant Funded :** \$2,000,000
- **Defer with Caution :** \$48,014,995

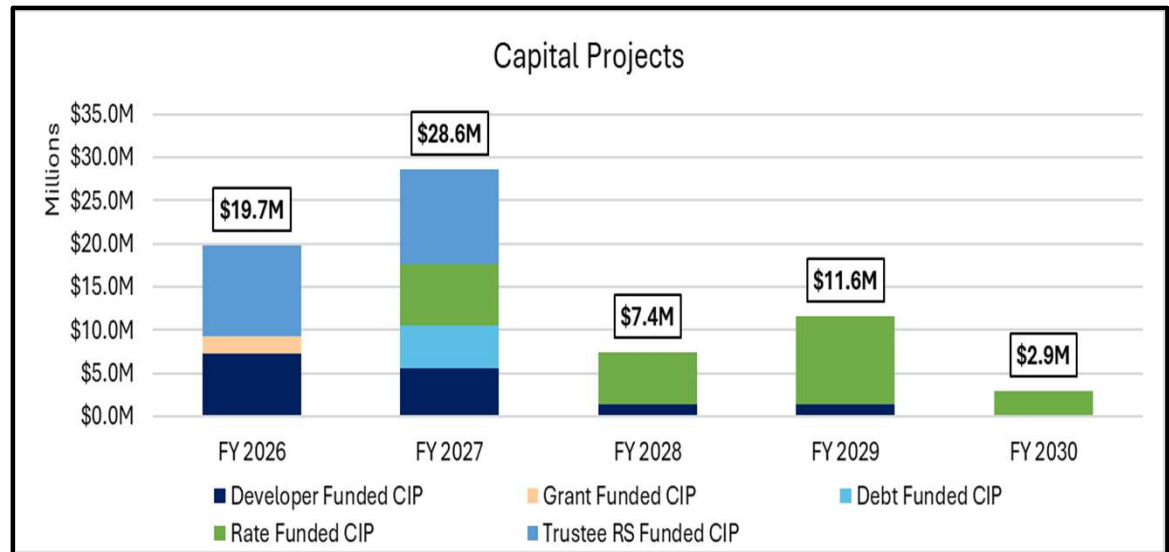


Wastewater CIP Scenario

Priority and Grant Funded CIP, Funded by Rates/ DIF/ Rate Stabilization/ Debt

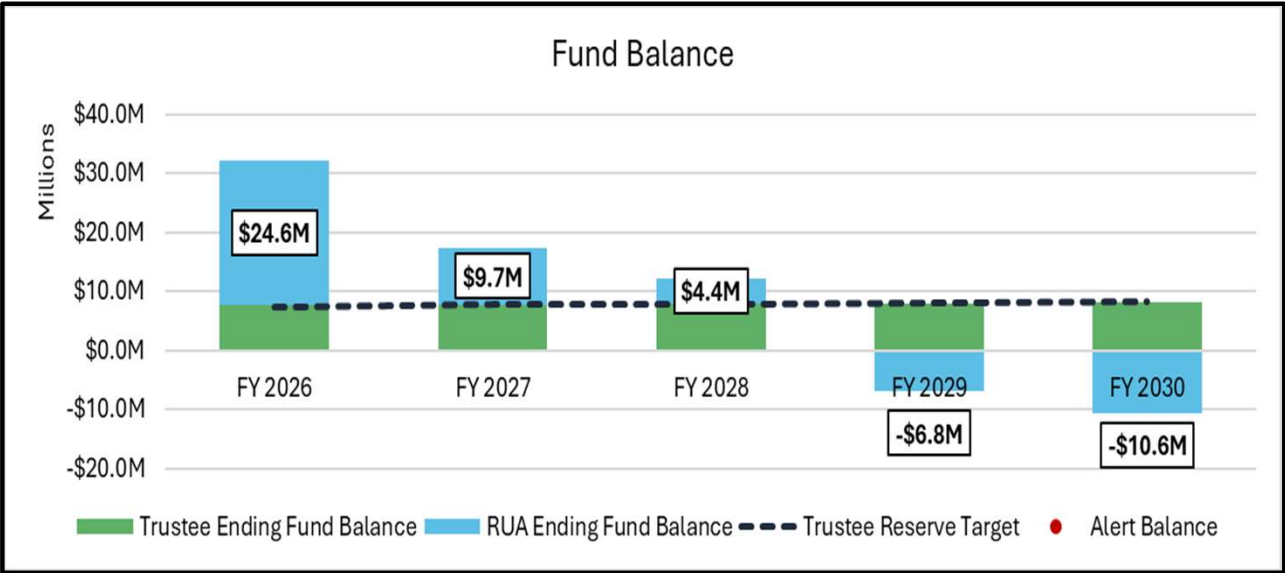
CIP Funding Sources:

- **Trustee Rate Stabilization** = \$21.3 Million
- **DIF** = \$15.7 Million
- **Grants** = \$2 Million
- **Debt** = \$5 Million
- **Rates** = \$26.2 Million
 - With no debt CIP funded by rates would be \$31.2 Million (\$5 Million Increase)



Wastewater No Revenue Adjustment and No Debt Scenario

Priority and Grant Funded CIP + O&M, Funded by Rates/ Grants/ DIF/ Rate Stabilization

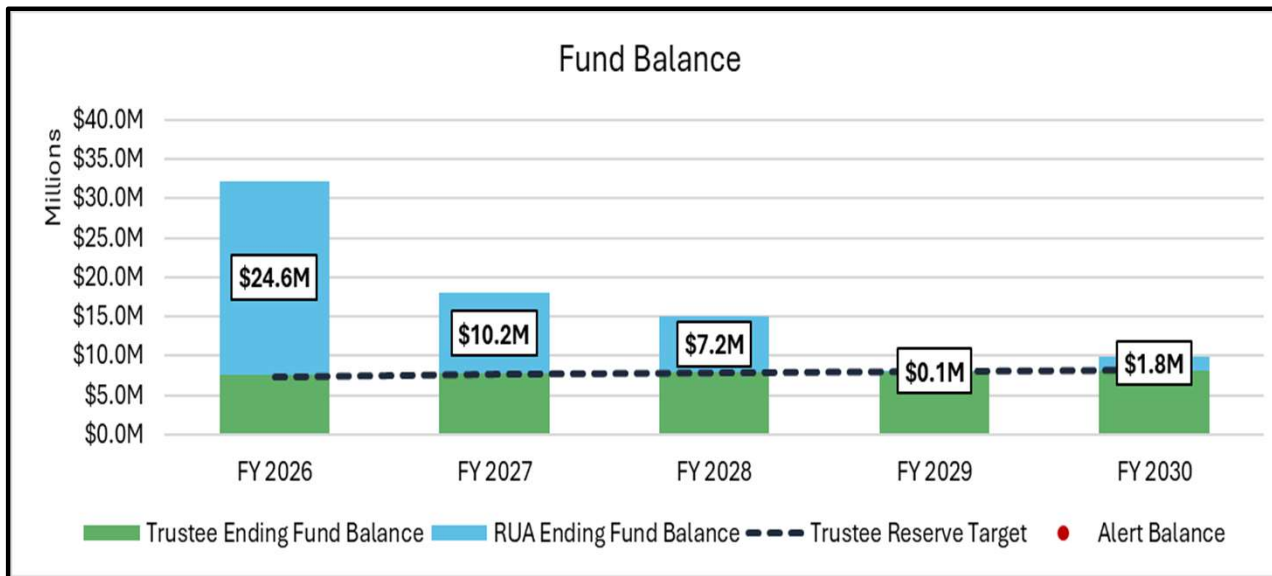


In this scenario the City does not meet its trustee coverage requirements starting in FY 2027

No Revenue Adjustment Scenario	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Rate Adjustment	0%	0%	0%	0%	0%	0%

Wastewater Proposed Scenario

Priority and Grant Funded CIP + O&M, Funded by Rates/ Grants/ DIF/ Revenue Stabilization/ Debt



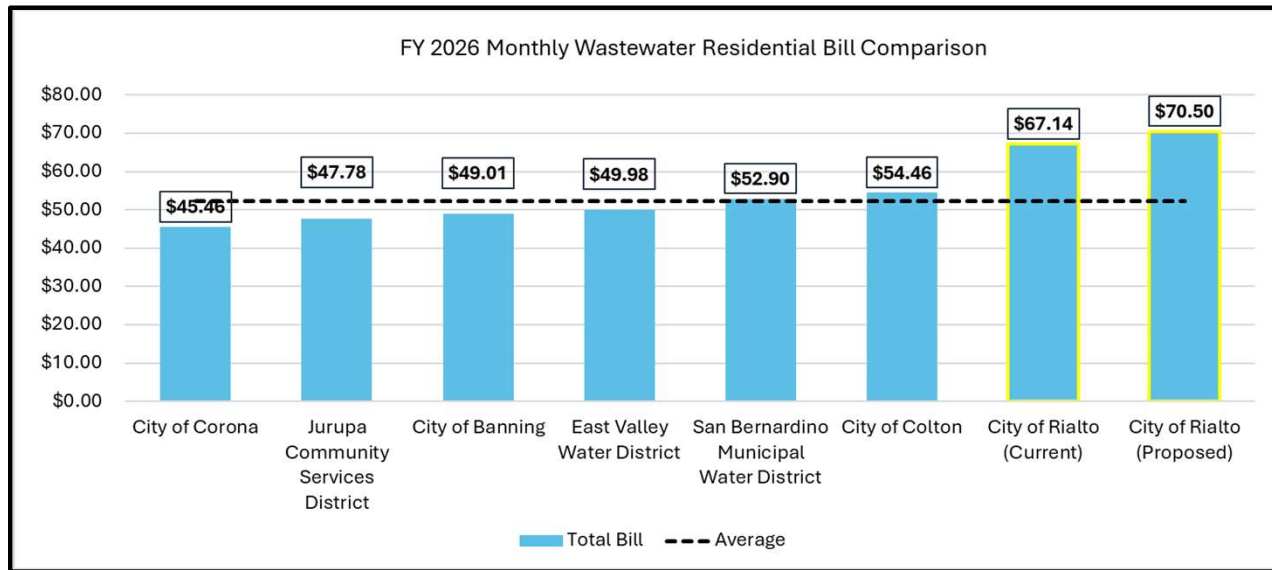
In this scenario the City will meet its trustee coverage requirements in each year

For the City's new debt issuance (\$5 Million in FY 2027), the City will meet its debt coverage requirements in each year

Proposed Scenario	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Rate Adjustment	5%	5%	5%	4%	4%	23%

Wastewater Customer Impacts

Proposed Scenario based on 5% Revenue Adjustment in FY 2026



Proposed Scenario	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Rate Adjustment	5%	5%	5%	4%	4%	23%



Water Resources Economics

PROMOTING THE VALUE AND PRICE OF
WATER SERVICE

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