



# City of Rialto

## Legislation Text

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**FOR:** City Council and Rialto Utility Authority Meeting June 25, 2024  
**TO:** Honorable Mayor and City Council  
**APPROVAL:** G. Michael Milhiser, Interim City Manager  
**FROM:** Toyasha Sebbag, Assistant to the City Manager

Staff recommends that the City Council and Rialto Utility Authority Board Conduct a Public Hearing, as Required Under Proposition 218, to Consider and Approve **Resolution No. 8254** and **RUA Resolution No. 08-37** Approving the Proposed Adjustments for Water and Wastewater Services as supported by the May 2024 FG Solutions Financial Planning Analysis Report.

**(ACTION)**

### **RECOMMENDATION:**

Staff recommends that the City Council and Rialto Utility Authority Board Conduct a Public Hearing, as Required Under Proposition 218, to Consider and Approve **Resolution No. 8254** and **RUA Resolution No. 08-37** Approving the Proposed Adjustments for Water and Wastewater Services as supported by the May 2024 FG Solutions Financial Planning Analysis Report.

### **BACKGROUND:**

In 2012, the City Council/Rialto Utility Authority (RUA) adopted resolutions approving a Concession Agreement with Rialto Water Services (RWS). The Concession Agreement outsourced the operations and maintenance of the City's Water and Wastewater enterprise to a private contractor for a term of thirty years.

Per the Concession Agreement, the City maintains ownership of all assets and the authority and responsibility for setting utility rates subject to contractual obligations and financial performance standards.

In 2012, the City adopted a five-year rate schedule through the Proposition 218 (Prop. 218) process. From the rate schedule developed in 2012, the water and wastewater rates were last adjusted on January 1, 2018. The multi-year rate adjustments approved in 2012 allowed for the financing and implementation of \$41 million in improvements and repairs that improved system reliability and efficiencies for both the water and wastewater systems.

### **ANALYSIS/DISCUSSION**

On April 11, 2023, the City Council/RUA authorized a sole source Professional Services Agreement Contract with F.G. Solutions, LLC to complete Phase 1: Water/Wastewater

Revenue Analysis of the Water and Wastewater Rate Study. Staff presented the results of the Revenue Analysis to the Water Subcommittee on June 28, 2023, and again on July 26, 2023, to provide answers to questions from the June meeting.

On August 22, 2023, the City Council/RUA authorized staff to proceed with Phase 2, the Water and Wastewater Rate Study.

On December 12, 2023, the City Council adopted Resolution No. 8172 and the Rialto Utility Authority Board adopted Resolution No. 08-25 to set a Public Hearing for February 27, 2024, to consider the proposed water and wastewater utility services rate adjustments.

At the February 27, 2024, City Council/Rialto Utility Authority Board Meeting staff requested that the item pertaining to a public hearing under Proposition 218 to adjust water and wastewater rates be tabled until a future date to be determined. It was further explained that staff would bring back for City Council and Board consideration to set a new public hearing with new and proper 218 notification materials.

Subsequently, staff requested a 2023 Water and Wastewater Rate Study Amendment No. 1 to a professional services agreement with FG Solutions, LLC with a timeline to update the rate calculations with rates effective January 1, 2025, 2026, 2027, 2028, and 2029.

On March 26, 2024, the Water Subcommittee provided feedback on the proposed Water and Wastewater Rate Model.

At the April 16, 2024, Utilities Commission Meeting, the Commission recommended that the item be placed on the City Council/Rialto Utility Authority Board Agenda to set a Public Hearing.

On April 23, 2024, the City Council/Rialto Utility Authority Board approved Resolution No. 8204 and RUA Resolution No. 08-31 to set a Public Hearing for June 25, 2024, as Required Under Proposition 218 to Consider the Proposed Water and Wastewater Utility Services Rate Adjustments as supported by the FG Solutions, LLC Financial Rate Analysis

### Proposed Water Rate Adjustment

The proposed Water rates are established to support the operation and maintenance of the water system, support capital improvements and system replacements, provide adequate reserves, and maintain Concession Agreement debt service coverage ratios. The water rates are structured to comply with Proposition 218, American Water Works Association (AWWA) industry standard guidelines, and state water conservation requirements. Water rates include a fixed charge based on meter size and consumption rates based on the water source, customer class, and delivery costs.

The proposed Water Rate Structure for the 5-year planning period takes the following into account:

1. Financing \$6 million capital improvements (CIPs): RUA, mirroring the challenges encountered by similar utilities, grapples with the pressing issue of capital

improvement needs surpassing the available funds generated through the rate-setting process. Adding to the complexity, the water fund faces the critical challenge of prioritizing Concession Agreement debt coverage ratios before addressing high-priority CIP funding. In response, we have diligently compiled a roster of high-priority, fiscally sound CIPs, creating indispensable benchmarks to inform a prudent and economically viable rate increase.

The table below identifies the high-priority CIP to be completed during the rate study period. Of the \$20.9 million in proposed CIP costs, \$6 million, or 29% of the CIP is proposed to be funded through water rates with coverage of 30-year bond financing at 6% interest. The final bond financing documents have yet to be determined; however, as recommended by the City’s Bond Consultant, Urban Futures, the 30-year bond scenario is the most advantageous to RUA in today’s financial market and necessary to meet revenue debt coverage requirements under the Concession Agreement. The remainder of the project financing is through grant funds and development impact fees.

Table 1: Proposed Water Capital Improvement Financing

	<b>Total Project Cost</b>	<b>Grant/ARPA Funded</b>	<b>Development Impact Fee (DIF)<sup>1</sup></b>	<b>Remaining Cost Funded by Water Rates</b>
Watermain Replacement Project: Etiwanda from Riverside to Eucalyptus	\$6.7 million		\$2.9 million	\$3.8 million
Water System Security Upgrades	\$2 million	\$2 million		
Automatic Meter Infrastructure Upgrades	\$8 million	\$8 million		
City 3A Groundwater Treatment Project	\$4.2 million	\$2 million		\$2.2 million
<b>TOTAL</b>	<b>\$20.9 million</b>	<b>\$12 million</b>	<b>\$2.9 million</b>	<b>\$6 million</b>
		<b>57%</b>	<b>14%</b>	<b>29%</b>

<sup>1</sup>Development impact fees (DIF) are a one-time charge to new development imposed under the Mitigation Fee Act. These fees are charged to new development to mitigate impacts resulting from the development activity and cannot be used to fund existing water system deficiencies.

2. Collection of Depreciation Expenses Through Rates: The collection of depreciation expenses through rates would allow RUA to fund a portion of capital improvements with cash. Cash funding is considered advantageous because it eliminates interest costs and the need for bond coverage on new capital projects. An additional consideration is that much of a utility system’s infrastructure is underground and difficult to inspect material failures; therefore, specific local conditions or catastrophic events may cause infrastructure to wear out or fail sooner than expected. For these reasons, it is proposed that RUA begin collecting depreciation costs and setting them aside for future capital improvement program (CIP) funding. Collection of depreciation expense through rates is being phased in starting in FY 2028-2029 and will be fully phased in by FY 2031-2032. Should the proposed water rates include establishing a

CIP Reserve Policy for RUA then staff will return with a Resolution for City Council consideration that will require an affirmative supermajority vote to set aside depreciation reserves for future CIP costs.

3. Changes Since the 2023 Rate Proposal: As mentioned, on March 26, 2024, the City Council/Rialto Utility Authority Board authorized a \$5.3 million interfund loan for the Water System from the General Fund. The new proposed rates take into account a 4% interest rate in rate projections to be repaid by FY 2032-2033.

The proposed water Monthly Minimum Charge increase on single-family residential using a 1/2" x 5/8" meter and a 3/4" meter is \$4.11, or 13.5% starting January 1, 2025, then one 14.4% increase on January 1, 2026, followed by three 7.5% annual increases starting on January 1, 2027, on each January 1 thereafter through 2029. These meter sizes account for 94% of all Rialto residential water customers. The additional revenue generated from the proposed rate increases over the five years is primarily to support increased operating costs that have increased over the last five years without an adjustment to the water rates, high-priority water system capital projects, and repayment of the general fund loan. These increases are partially offset by using non-rate revenues to lower the cost of Tier 1 and Tier 2 water consumption rates.

**Table 2: Water Current and Proposed Monthly Minimum Charge**

<b>Meter Size</b>	<b>Proposed Monthly Minimum Charges</b>					
	<b>Existing</b>	<b>1/1/2025</b>	<b>1/1/2026</b>	<b>1/1/2027</b>	<b>1/1/2028</b>	<b>1/1/2029</b>
1/2" & 5/8"	\$30.42	\$34.53	\$39.51	\$42.46	\$45.63	\$49.03
3/4"	\$30.42	\$34.53	\$39.51	\$42.46	\$45.63	\$49.03
1"	\$44.01	\$53.03	\$60.68	\$65.21	\$70.07	\$75.30
1-1/2"	\$53.04	\$99.28	\$113.61	\$122.08	\$131.19	\$140.98
2"	\$152.54	\$154.79	\$177.12	\$190.33	\$204.53	\$219.79
3"	\$324.45	\$302.80	\$346.48	\$372.33	\$400.10	\$429.95
4"	\$550.59	\$469.31	\$537.01	\$577.07	\$620.12	\$666.38
6"	\$1,138.62	\$931.84	\$1,066.26	\$1,145.81	\$1,231.28	\$1,323.14
8"	\$1,636.17	\$1,486.88	\$1,701.37	\$1,828.29	\$1,964.68	\$2,111.24

Currently, the City has 4-Tiers for single-family residential customers' water consumption and proposes to move to 3-Tiers. The proposed 3-Tiers consumption rate structure will better align with the State of California's indoor and outdoor water-efficient standards as a component of the 2018 Legislation of Making Water Conservation a Way of Life.

1. Tier 1: 0-9 ccf aligns with Senate Bill (SB) 1147, which requires California's water agencies to limit residential indoor water use to 47 gallons per person per day starting in 2025 and 42 gallons in 2030. The calculation of 47 gallons equates to 0.063 ccf per person per day. Furthermore, 0.063 ccf per person per day times 30 days in a month equals 1.89 ccf per person per month. Rounded to the nearest whole number from the 2020 census of 4 persons per household living in Rialto, equals a standard monthly household indoor total water use of 7.56 ccf per month. This is below the Tier 1 proposed rate of up to 9 ccf per month for household water use.
2. Tier 2: Aligns with the state's Water Code, Division 6, Part 2.55, Chapter 9: Urban Water Use Objectives and Water Use Reporting. The 10 - 30 ccf aligns with efficient outdoor water use for single-family. Similarly, dedicated irrigation meters for commercial, industrial, and institutional customers equate to efficient outdoor water use of 0 - 30 ccf per month and carry the same proposed outdoor irrigation use rate schedule over the 5-year planning period as single-family residential.
3. Tier 3: Aligns with the state's Water Code, Division 6, Part 2.55, Chapter 9: Urban Water Use Objectives and Water Use Reporting. The >31 ccf aligns with less efficient outdoor water use for single-family. Similarly, dedicated irrigation meters for commercial, industrial, and institutional customers equate to less efficient outdoor water use of >31 ccf monthly and carry the same proposed outdoor irrigation use rate schedule over the 5-year planning period as single-family residential.

4.

Table 3: Existing Water Consumption Tier Rates

Volume Charges, \$/ccf	
Residential, Multi-family < or = 49 units, Commercial, Industrial	
1 – 5 units	\$1.07
6 – 30 units	\$1.69
31 – 60 units	\$2.70
61 – over units	\$3.32
<b>Multiple Apartments</b>	
Over 49 units and Mobile Homes	\$2.40
<b>Landscape</b>	
1 to 30 units	\$2.70
31 and over units	\$3.32

Multiple Apartments: For Multiple Apartments with over 49 units and mobile homes, the City is maintaining its policy of having a single rate tier for all water use. The water cost-of-service analysis uses this single rate tier to provide equitable cost recovery from the Multiple Apartments with > 49 units customer class.



Table 4: Existing vs. Proposed Water Consumption Tiers

Residential, Multi-family < or = 49 units, Commercial, Industrial		
	<b>Current</b>	<b>Proposed</b>
Tier 1	0 – 5 ccf/month	0 – 9 ccf/month
Tier 2	6 – 30 ccf/month	10 – 30 ccf/month
Tier 3	31 – 60 ccf/month	> 30 ccf/month
Tier 4	> 60 ccf/month	Discontinued
Multi-Family > 49 units		
	<b>Current</b>	<b>Proposed</b>
	Uniform Block: no tiers	Uniform Block: no tiers
Landscape		
	<b>Current</b>	<b>Proposed</b>
Tier 2	0 – 30 ccf/month	0 – 30 ccf/month
Tier 3	> 30 ccf/month	> 30 ccf/month

Table 5: Proposed Water Consumption/Volume Costs

	Existing	Proposed Volume Charges				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<b>Residential and Commercial</b>						
0 - 9 ccf per month	See Note 1	\$1.95	\$2.20	\$2.36	\$2.54	\$2.73
10 - 30 ccf per month	See Note 1	\$2.19	\$2.47	\$2.66	\$2.85	\$3.07
>31 ccf per month	See Note 1	\$3.19	\$3.62	\$3.89	\$4.18	\$4.49
<b>Multiple Apartments Over 49 Units and Mobile Homes</b>						
All water use	\$2.40	\$2.35	\$2.66	\$2.86	\$3.07	\$3.30
<b>Landscape</b>						
0 - 30 ccf per month	\$2.70	\$2.19	\$2.47	\$2.66	\$2.85	\$3.07
>31 ccf per month	\$3.32	\$3.19	\$3.62	\$3.89	\$4.18	\$4.49
<b>Notes:</b>						
(1) The current tiered volume charges for Residential and Commercial customers is:						
0 - 5 ccf per month: \$1.07/ccf						
6 - 30 ccf per month: \$1/69/ccf						
31 - 60 ccf/month: \$2.70/ccf						
> 61 ccf/month: \$3.32/ccf						

**Proposed Wastewater Rate Adjustment**

The proposed Wastewater rates are established to support the operation and maintenance of the wastewater system, support capital improvements and system replacements, provide adequate reserves, and maintain debt service coverage ratios of the Concession Agreement. The goal of the design of rates is to achieve fairness while ensuring that each customer class pays its fair share of costs. Rates should be simple to administer, easy to understand, and comply with regulatory requirements. The proposed Wastewater rates include a flat rate service charge based on customer classes.

The proposed Wastewater rates are adjusted to account for increases in operating expenses

and high-priority wastewater system capital improvements. Wastewater

revenue from rates for single-family residences is increased by \$4.95, or 8% starting January 1, 2025, then annual increases of 6% each January 1 thereafter through 2029. The additional revenue generated from the proposed rate increases over the five years is due primarily to support for increases in operations and maintenance expenses and support for high-priority wastewater system capital projects.

The proposed Wastewater Rate Structure for the 5-year planning period takes the following into account:

1. Financing \$31.1 million capital improvements: RUA is not unlike similar utilities in that we have more capital improvement needs than cash readily available through the rate-setting process. Therefore, a list of high-priority capital improvement projects (CIP) was compiled to establish benchmarks for an affordable rate increase.

The table below identifies the high-priority CIP to be completed during the rate study period. Of the \$50.5 million in proposed CIP costs, \$31.1 million, or 62% of the CIP is proposed to be funded through wastewater rates with coverage of 30-year bond financing at 6% interest. The final bond financing documents have yet to be determined; however, as recommended by the City’s Bond Consultant, Urban Futures, the 30-year bond scenario is the most advantageous to RUA in today’s financial market and necessary to meet revenue debt coverage requirements under the Concession Agreement. The remainder of the project financing is through grant funds and development impact fees. The remainder of the project financing is through grant funds, the drawdown of Wastewater Reserve Funds, and development impact fees.

Table 6: Proposed Wastewater Capital Improvement Financing

	<b>Total Project Cost</b>	<b>ARPA<sup>1</sup> Funded</b>	<b>RUA Reserves</b>	<b>Development Impact Fee (DIF)<sup>2</sup></b>	<b>Remaining Cost Funded by Sewer Rates</b>
Sewer System Security Upgrades	\$2 million	\$2 million			
Upsizing Sewer Mains in Sycamore Ave. and moving flows to Acacia Ave. via Baseline Road (Master Plan)	\$5 million			\$5 million	
Upsizing Sewer Mains in Acacia Ave. - Victoria to McKinley (Master Plan)	\$2 million			\$2 million	
Digester 1 and 2 Transition, Cleaning, and Rehabilitation	\$1.8 million				\$1.8 million
Solids Handling Upgrades at the WWTP	\$26.4 million		\$10 million	\$400,000	\$16 million
Agua Mansa Sewer Lift Station	\$2 million				\$2 million



Plant 5 Secondary Effluent Clarifiers A&B Overhaul	\$500,000				\$500,000
Ayala Lift Station Upgrade and Repair	\$2 million				\$2 million
Electrical Upgrade	\$8.8 million				\$8.8 million
<b>TOTAL</b>	<b>\$50.5 million</b>	<b>\$2 million</b>	<b>\$10 million</b>	<b>\$7.4 million</b>	<b>\$31.1 million</b>
		<b>4%</b>	<b>20%</b>	<b>15%</b>	<b>62%</b>

<sup>1</sup>Signed into law on March 11, 2021, the American Rescue Plan Act (ARPA) provided funding for Cities to make necessary investments in sewer/wastewater infrastructure

<sup>2</sup>Development impact fees (DIF) are a one-time charge to new development imposed under the Mitigation Fee Act. These fees are charged to new development to mitigate impacts resulting from the development activity and cannot be used to fund existing sewer deficiencies.

2. Collection of Depreciation Expenses Through Rates: The collection of depreciation expenses through rates would allow RUA to fund a portion of capital improvements with cash. Cash funding is considered advantageous because it eliminates interest costs and the need for bond coverage on new capital projects. An additional consideration is that much of a utility system’s infrastructure is underground and difficult to inspect material failures. Additionally, specific local conditions or catastrophic events may cause infrastructure to wear out or fail sooner than expected. For these reasons, it is proposed that RUA begin collecting depreciation costs and setting them aside for future capital improvement program (CIP) funding. Collection of depreciation expense through rates is being phased in starting in FY 2025-2026 and will be fully phased in by FY 2030-2031. Should the proposed wastewater rates include establishing a CIP Reserve Policy for RUA then staff will return with a Resolution for

City Council consideration that will require an affirmative supermajority vote to set aside depreciation reserves for future CIP costs.

3. Extraterritorial Rates: Following the City Council policy established by Resolutions No. 4746 and 6209, extraterritorial customers will continue to pay the 1.3X rate charged to in-City customers.
4. Non-residential Group II Commercial Proposed Rate Decrease: Based on today's cost-of-service analysis of wastewater rates, Non-residential Group II Commercial customers would see an initial rate decrease on January 1, 2024. This is because these customers discharge lower-strength wastewater that costs less to treat than other customer classes. This methodology is important for compliance with the requirements of California's Prop. 218, such that each customer class pays its proportion of the cost to provide services.

Table 7: Proposed Wastewater Rates

	Actual	PROPOSED RATES				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
Group I, \$/month/unit						
Single-family Residential & Multi-family Residential < o = 40 units	\$62.19	\$67.14	\$71.07	\$75.23	\$79.64	\$84.31
Residential X 1.3	\$80.84	\$87.28	\$92.39	\$97.80	\$103.53	\$109.60
Non-Residential, \$/ccf						
Group II: commercial	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
Group III: commercial	\$7.96	\$8.32	\$8.80	\$9.32	\$9.87	\$10.44
Group IV: commercial	\$10.17	\$12.06	\$13.00	\$14.08	\$15.33	\$17.59
Group VI: commercial	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
Commercial II X 1.3	\$8.80	\$7.54	\$7.93	\$8.32	\$8.71	\$8.91
Commercial III X 1.3	\$10.35	\$10.82	\$11.44	\$12.12	\$12.83	\$13.57
Commercial IV X 1.3	\$13.22	\$15.68	\$16.90	\$18.30	\$19.93	\$22.87
Commercial VI X 1.3	\$8.80	\$7.54	\$7.93	\$8.32	\$8.71	\$8.91
Group V: \$/student/month						
Elementary, Continuation, and Adult	\$0.85	\$1.00	\$1.15	\$1.25	\$1.35	\$1.48
Jr. High and High School	\$2.03	\$2.30	\$2.60	\$2.80	\$2.99	\$3.16

NOTE: Extraterritorial (outside the borders of the City of Rialto) sewer fees have been established at one point three (1.3) times the current sewage charges per Resolution No. 6209 adopted January 8, 2013.

The City of Rialto last increased water rates on January 1, 2018. The Revenue Analysis presented to the City Council on August 22, 2023, showed that with no rate increase and no capital improvements in the water system infrastructure over the five-year revenue planning period, there is a \$26 million revenue shortfall.

Furthermore, on March 26, 2024, to remain in compliance with all contractual and credit requirements of the Concession Agreement, the City/RUA authorized the transfer of an additional \$5.3 million from the unrestricted general fund reserves to address the water fund cash flow shortage for the remainder of the fiscal year 2023-2024 and fiscal year 2024-2025. Per City Resolution No. 8196 and RUA Resolution No. 08-30 authorizing the repayment of the \$5.3 million, the updated water rate schedule includes the interest rate on this loan from

the City of Rialto's General Fund that is equivalent to the rate of return earned by the City on funds invested in the Local Agency Investment Fund (LAIF) and the repayment is structured to align with the water fund's cash flow and financial obligations of a loan term of 10 years.

Findings and Alternatives

The City Council/Rialto Utility Authority Board has the following alternatives to staff recommendation to consider that will be presented during the Public Hearing:

1. Adopt 2025 water and/or wastewater/sewer rate adjustment with a commitment to review proposed 2026 through 2029 rates again in 2025;
2. Adopt the 2025, 2026, and 2027 water and/or wastewater/sewer rate adjustments with a commitment to review proposed 2028 through 2029 rates again by 2026; or
3. Provide alternative direction to staff.

**Proposition 218 (Prop. 218) Notification Process**

The City/RUA is committed to a transparent public rate-setting process. Proposition 218 requires all property owners to be notified by mail at least 45 days before the public hearing date. The City/RUA went above the minimum requirement and conducted extensive community outreach by:

1. Mailing Prop. 218 notices to property owners as well as to the utility customer of record in English and Spanish.
2. Making available the Final Draft Water and Wastewater Report for public review on the City's website.
3. Dedicating a section of the city website's homepage to link to information about the Rate Study, Proposition 218 Protest Process, and Proposition 218 Mailed Notification in English and Spanish.

**ENVIRONMENTAL IMPACT:**

The requested City Council action is not a "Project" as defined by the California Environmental Quality Act (CEQA). Pursuant to Section 15378(a), a "Project" means the whole of an action, which has the potential to result in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. According to Section 15378(b), a Project does not include (5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

**GENERAL PLAN CONSISTENCY:**

Approval of this action complies with the following:

*Our City government will lead by example and will operate in an open, transparent,*

*and responsive manner that meets the needs of the citizens and is a good place to do business.*

In addition, approval of this action complies with the City of Rialto General Plan Goals and related Policies:

*Policy 3-6.3: Require an increasing level of public safety infrastructure and service capability tied to population increase and increasing service demand.*

**LEGAL REVIEW:**

The City Attorney has reviewed this staff report.

**FINANCIAL IMPACT:**

**Operating Budget Impact**

The proposed water and wastewater rates will provide resources that will create operating and capital budget impacts for the Water and Wastewater Enterprise Funds. Over the five years, the water rate adjustments are projected to generate \$22.9 million in needed revenue, and the wastewater rate adjustments are projected to generate \$23.1 million in needed revenue.

If the proposed rate adjustments are adopted, the projected RUA water reserve balance will be an estimated \$1.9 million by the end of Fiscal Year 2028/29. The projected wastewater reserve revenues are estimated at \$9.5 million for the same period.

**Capital Improvement Budget Impact**

Without rate increases, the City's ability to complete capital improvement projects will be limited to development impact fees and reserves.



# 2024 Water and Wastewater Rate Study Report

City of Rialto

May 2024

Prepared by:



FG SOLUTIONS  
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Brooklyn, NY 11211  
[www.fg-solutions.com](http://www.fg-solutions.com)

# 2024 Water and Wastewater Rate Study Report

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Prepared for  
City of Rialto  
150 S Palm Avenue Rialto, CA 92376  
May 16, 2024

This report has been prepared for the use of the client for the specific purposes identified in the report. The conclusions, observations and recommendations contained herein attributed to FG Solutions, LLC constitute the opinions of FG Solutions, LLC. To the extent that statements, information, and opinions provided by the client or others have been used in the preparation of this report, FG Solutions, LLC has relied upon the same to be accurate, and for which no assurances are intended, and no representations or warranties are made. FG Solutions, LLC makes no certification and gives no assurances except as explicitly set forth in this report.

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## List of Abbreviations

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AF	Acre-Foot or Acre-Feet	SWRCB	State Water Resources Control Board
AWWA	American Water Works Association	T&D	Transmission and distribution
AWWA M1 Manual	AWWA Ratemaking Manual	WIFIA	Water Infrastructure Finance and Innovation Act
cf	cubic feet	WWWD	West Valley Water District
CIMIS	California Irrigation Management Information System	WWTP	wastewater treatment plant
CIP	Capital Improvement Program		
COSA	Cost-of-Service Analysis		
CPI	Consumer Price Index		
DIF	Development Impact Fees		
DSCR	Debt Service Coverage Ratio		
FTE	full-time equivalent		
FY	fiscal year (July 1–June 30)		
GPM	Gallons per Minute		
hcf	hundred cubic feet		
IEUA	Inland Empire Utilities Agency		
kgal	thousand gallon(s)		
MG	Million Gallons		
MGD	Million Gallons per Day		
MIPP	Municipal Industrial Pretreatment Program		
MWD	Metropolitan Water District		
O&M	operations and maintenance		
OR&R	Operating Repair & Replacement		
PUC	Public Utilities Commission		
RA	Replenishment Assessment		
RHNC	Rialto Habitat Nature Center		
RUA	Rialto Utilities Authority		
RWS	Rialto Water Services		
SBMWD	San Bernardino Municipal Water District		



# Executive Summary

The City of Rialto (“City”) provides water and wastewater services to residences and businesses in the City limits. The wastewater service area is approximately the entire City limits with additional service outside the City limits from portions of Fontana and Bloomington. The water service area is approximately the central portion of the City. The City provides these services through the Rialto Utility Authority (“RUA”).

In 2012, the City entered into a Concession Agreement with Rialto Water Services (“RWS”), where RWS operates the water and wastewater system. Additionally, RWS is responsible for capital project delivery.

The Concession Agreement outlines the roles and responsibilities of each party. The City retains the responsibility to set water and wastewater rates. In 2012, the City adopted a five-year schedule of rates through a process compliant with Proposition 218. Water and wastewater rates were last increased on February 1, 2018.

As part of its ongoing responsibility to provide safe and reliable water and wastewater service as the owner of the water and wastewater systems, the City has determined the need to evaluate the utility’s future financial needs. This rate study projects the ongoing financial needs of the water and wastewater utilities and includes proposed water and wastewater rates through FY 28/29.

This report describes the results of the analysis that support the proposed water and wastewater rates. Specifically, this report:

- Describes current water and wastewater rates.
- Describes the financial structure of the City’s water and wastewater utilities.
- Provides an overview of the trust account structure.
- Outlines the projected expenses and revenues of the water and wastewater utilities.
- Shows the proposed wastewater and sewer rates.
- Compares an example residential monthly water and wastewater bill with neighboring utilities.
- Describes ongoing considerations that the City should monitor with financial implications.

Throughout this report, information for the water and wastewater utilities are shown separately.

Historical and budgeted financial and operational data were provided by the City and used by FG Solutions to develop the projected revenue requirement for the five-year study period. The revenue requirement analysis was an iterative process and draft versions were revised based on comments and input provided by City staff. Next, the revenue requirement was compared with the revenues generated by the existing rates, to calculate how much additional revenues are needed from rate increases. A cost-of-service analysis consistent with industry standards was performed. This analysis is the basis for developing water and wastewater rates.

Key assumptions used in the Revenue Requirement analysis are summarized in Section 2. Section 3 summarizes the cost-of-service analysis and shows the proposed water and wastewater rates. There are five appendices to this report. Report appendices contain the Revenue Requirement Analysis, the Cost-of-Service Analysis and rate calculations for both the Water and Wastewater utilities. The Revenue Requirement Analysis included in the Appendix covers a 9-year period through FY 32/33. The first five years of the Revenue Requirement Analysis (through FY 28/29) form the basis of the proposed water and wastewater rates described in this Rate Study report.

Table ES-1 shows existing water rates for all meter sizes and customer classes. This includes Monthly Minimum Charges and Volume Charges in \$/ccf. Table ES-2 shows existing wastewater rates for all customer classes.

Table ES-1 Existing Water Rates

Line No.	Water Rate Component	Existing Rate (1)
1	<b>Monthly Minimum Charge</b>	
2	Single Family Residences, Multiple Family Connections, Commercial, Landscape, and Industrial Service Customers	
3	1/2 " & 5/8" meter	\$30.42
4	3/4" meter	\$30.42
5	1" meter	\$44.01
6	1 1/2" meter	\$53.04
7	2" meter	\$152.54
8	3" meter	\$324.45
9	4" meter	\$550.59
10	6" meter	\$1,138.62
11	8" meter	\$1,636.17
12	Fire Hydrant Water	\$324.45
13		
14	<b>Volume Charges, \$/ccf</b>	
15	All Customers Except those Noted Below	
16	1 - 5 Units	\$1.07
17	6 - 30 Units	\$1.69
18	31 - 60 Units	\$2.70
19	61 - Over units	\$3.32
20	Multiple Apartments	
21	Over 49 Units and Mobile Homes	\$2.40
22	Landscape	
23	1 to 30 Units	\$2.70
24	31 and over units	\$3.32
25		
26	<b>Fireline (\$/month/inch diameter)</b>	
27	Rate	\$27.91
28		
29	<b>Hydrant</b>	
30	Water Use, \$/ccf	\$3.33
31	Per Day	\$10.81

## Notes:

(1) Existing rates have been effective since 2/1/18. Rates do not include the City's Utility Users Tax.

**Table ES-2 Existing Wastewater Rates**

Line No.	Wastewater Rate Component	Existing Rate (1) (2)
1	<b>Group I (\$/month/residential unit)</b>	
2	Residential	\$62.19
3	Residential X 1.3	\$80.84
4	Residential Multi.	\$62.19
5		
6	<b>Group II, \$/ccf metered water use</b>	
7	Commercial	\$6.77
8	(includes - Softwater Service, Car Wash, Office Buildings, Cleaners,	
9	Department/Retail Stores, Warehouse, Car lots, Equipment Rental, Storage Units,	
10	Hospitals, Manufacturing, Indoor Theater, Day Care, Pre School,	
11	Disabled Care, Nail/Hair Salon, Church)	
12		
13	<b>Group III, \$/ccf metered water use</b>	
14	Commercial	\$7.96
15	(includes - Hotels /Motels (no restaurant), repair and Service Station,	
16	Shopping Center, Recreation Park, Nursery/Florist,	
17	Manufacturing - Non-Domestic, Lumber Yard, Nightclub, Bar, Hall)	
18		
19	<b>Group IV, \$/ccf metered water use</b>	
20	Commercial	\$10.17
21	(includes - Hotels /Motels (w/restaurants), Bakeries, Dairy,	
22	Supermarkets, Dairy, Meat Market, Mom & Pop, Mortuary, Restaurants,	
23	Fast Food, Catering)	
24		
25	<b>Group V, \$/student/month</b>	
26	Schools -	
27	Elementary	\$0.85
28	Junior High	\$2.03
29	High	\$2.03
30	Continuation	\$0.85
31	Adult Education	\$0.85
32		
33	<b>Group VI, \$/ccf water use</b>	
34	Large Volume	\$6.77
35	Hospital	\$6.77
36	Commercial Building	\$6.77

**Notes:**

- (1) Existing rates have been effective since 2/1/18. Rates do not include the City's Utility Users Tax.
- (2) Group II, III, IV, and VI extraterritorial customers are charged 1.3 times the corresponding rates shown in this table for in-city customers.

Current water rates are shown in Table ES-1. These rates were used to project the revenues shown in Table ES-3. Revenue estimates under current rates shown in Table ES-3 for FY 24/25 through FY 28/29 are projected to remain at FY 24/25 values, after adjusting for the projected 0.5 percent annual system growth rate. FY 24/25 revenues are calculated based on actual Calendar Year 2023 revenues.

**Table ES-3. Projected Water Revenues Under Existing Rates**

Revenue	Projected				
	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Rate Revenues Subject to Rate Increases (1)	\$12,760,562	\$12,799,701	\$12,838,841	\$12,877,980	\$12,917,119
Development Impact Fees (2)	200,000	200,000	200,000	200,000	200,000
County Contract - SBCO Water Order	349,264	366,727	385,064	404,317	424,533
Rents & Concessions	50,000	51,250	52,531	53,845	55,191
Trustee Water Reserve Interest Income (3)	215,285	215,285	215,285	215,285	215,285
Turn On/Off	73,000	73,000	73,000	73,000	73,000
Delinquent Water Service Fees	12,000	12,000	12,000	12,000	12,000
Grant Revenue (4)	0	0	0	0	0
Miscellaneous Revenues (5)	94,000	96,350	98,759	101,228	103,758
RUA Investment Income (6)	116,084	72,525	66,072	40,809	31,595
<b>Total</b>	<b>\$13,870,196</b>	<b>\$13,886,839</b>	<b>\$13,941,552</b>	<b>\$13,978,463</b>	<b>\$14,032,481</b>

**Notes:**

- (1) FY 24/25 per draft RWS Budget. Increased in subsequent years for system growth. Refer to Section 3 for system growth projections
- (2) FY 24/25 per FY 23/24 RUA Budget. Development Impact Fee revenues are deposited into the Trust Water Construction Reserve.
- (3) 50% of draft RWS FY 24/25 budget. The RWS budget value is reduced to excludes interest income in the Trust Water Construction Reserve and to anticipate future lowering of interest rates.
- (4) Grant revenues for capital projects are not shown in this table and are considered in developing the capital project funding strategy. See Table 2-5 for more detail.
- (5) FY 24/25 per draft RWS Budget, increased in subsequent years for inflation. Primarily labor reimbursement from San Bernardino County
- (6) Interest income is projected to be 1.5% of the previous fiscal year ending fund balance.

Table ES-4 shows the projected Capital Improvement Plan through FY 28/29. The capital improvements shown in Table ES-4 represent the highest priority capital projects, prioritized by City staff from a longer list of potential capital projects developed by RWS. The City has been successful in pursuing grant funding, which reduces the financial impact of these projects to the City's ratepayers. The total cost of the Capital Improvement Plan is \$20.9 million, of which \$12 million (or 57 percent) is grant funded.

**Table ES-4. FY 24/25 - FY 28/29 Water Capital Improvement Plan**

Project	Funding Sources				Total Cost
	Grants	DIF	RUA Reserves	Debt	
Watermain Replacement - Etiwanda		\$2,900,000		\$3,800,000	\$6,700,000
AMI Project	8,000,000				8,000,000
W-WW Security Upgrade Project	2,000,000				2,000,000
Arsenic Treatment Well 3A	2,000,000				4,200,000
<b>Total</b>	<b>\$12,000,000</b>	<b>\$2,900,000</b>	<b>\$0</b>	<b>\$3,800,000</b>	<b>\$20,900,000</b>

Table ES-5 shows the Projected Uses of Funds for the Water System Trust Accounts. The table shows details of how funds flow through the Waterfalls, resulting in the Total Uses of Funds.

**Table ES-5. Projected Uses of Funds for the Water System Trust Accounts**

	FY 24/25	FY 25/26	Projected FY 26/27	FY 27/28	FY 28/29
Waterfall 1: Water Service Fee (1)					
Fixed, Routine R&R, and Labor Components	\$6,882,388	\$7,054,448	\$7,260,809	\$7,442,329	\$7,628,387
Chemical Component	89,198	91,428	93,714	96,056	98,458
Waterfall 1: Reimbursements (1)					
Insurance Reimbursement	1,028,000	1,053,700	1,080,043	1,107,044	1,134,720
Independent Engineer	127,000	130,175	133,429	136,765	140,184
Maintenance	300,000	307,500	315,188	323,067	331,144
Waterfall 1: Retained RUA Expenses (2)	5,365,000	5,559,590	5,763,367	5,976,862	6,200,643
Waterfall 2: Annual Operating R&R Payment (3)	680,000	697,000	714,425	732,286	750,593
Waterfall 3: Capital Charges	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000
Waterfall 3: New Debt Service (4)	0	455,708	455,708	455,708	455,708
Waterfall 4: Water Reserve Account Deposits (5)	221,141	219,491	116,783	113,359	117,430
Waterfall 5: RUA Lease Payment	400,000	400,000	400,000	400,000	400,000
Transfer to RUA (6)	297,287	349,713	544,933	492,204	1,331,573
<b>Total Uses of Funds</b>	<b>\$18,290,013</b>	<b>\$19,218,752</b>	<b>\$19,778,397</b>	<b>\$20,175,679</b>	<b>\$21,488,839</b>

## Notes:

(1) See Table 2-2.

(2) See Table 2-3.

(3) FY 24/25 from draft FY 24/25 RWS Budget. Projected to increase with inflation in subsequent years.

(4) Based on 30-year debt at 6% interest, per City's Financial Advisor, 10/05/23. Includes approximately capitalized bond reserve and costs of issuance.

(5) This row represents the amount of contributions from RUA to maintain the minimum required balance in the Water Reserve Account held in trust.

(6) This transfer is intended to cover depreciation expense and the Interfund Loan. Collection of depreciation expense through rates is being phased in over time. This number differs from what is shown in Table 2-6 because some transfers out of the waterfall are recorded on the last day of the fiscal year; they appear in RUA accounts in the subsequent fiscal year.

Table ES-6 describes Projected Wastewater Revenues under existing rates. Revenue estimates under current rates are shown for FY 24/25 through FY 28/29. These estimates are based on CY 2023 actual revenues adjusted for projected annual system growth of 0.5 percent.

**Table ES-6: Projected Wastewater Revenues Under Existing Rates**

Revenue	FY 24/25	FY 25/26	Projected FY 26/27	FY 27/28	FY 28/29
Sewer Service Fees (1)	\$26,426,992	\$26,524,381	\$26,621,771	\$26,719,160	\$26,816,550
Extraterritorial Sewer Service Fees (1)	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
Development Impact Fees (2)	350,000	350,000	350,000	350,000	350,000
Fines/Forfeitures/Penalties (3)	0	0	0	0	0
Rents and Concessions (Anaergia Lease) (4)	279,000	279,000	279,000	279,000	279,000
Trustee Wastewater Reserve Interest Income (5)	269,500	269,500	269,500	269,500	269,500
Delinquent Sewer Service Fees (3)	15,315	15,315	15,315	15,315	15,315
Grants (6)	0	0	0	0	0
Effluent Sale to IEUA (7)	144,375	144,375	144,375	144,375	0
RUA Investment Income (8)	269,642	258,811	103,809	91,986	99,188
<b>Total</b>	<b>\$29,704,823</b>	<b>\$29,791,382</b>	<b>\$29,733,769</b>	<b>\$29,819,336</b>	<b>\$29,779,553</b>



Notes:

- (1) FY 24/25 per draft RWS Budget. Increased in subsequent years for system growth. Refer to Section 5 for system growth projections.
- (2) FY 24/25 per FY 23/24 RUA budget. Development Impact Fee revenues are deposited into the Trust Wastewater Construction Reserve
- (3) Projected to remain at FY 24/25 budgeted values in subsequent years.
- (4) Per FY 24/25 RWS Budget. Revenues from the Anaergia lease are projected to continue at this level in subsequent years.
- (5) 50% of draft RWS FY 24/25 budget. The RWS budget value is reduced to exclude interest income in the Trust Wastewater Construction Reserve and to anticipate future lowering of interest rates.
- (6) Grant revenues for capital projects are not shown in this table and are considered in developing the capital project funding strategy. See Table 2-14 for more detail.
- (7) Source: City staff, 7/12/23. 3,500 AFY @ \$275/AF in FY 23/24 dollars. \$/AF adjusted with inflation, and payment starts 1/1/29. Prepayment of 15% of total revenues starting FY 23/24.
- (8) Interest income is projected to be 1.5% of the previous fiscal year ending fund balance.

Table ES-7 is a detailed breakdown of the funding for the Wastewater Capital Improvement Plan. Grants have been obtained for the Sewer System Security Upgrades and the Rialto Habitat Nature Center. Other projects, such as the Sycamore Sewer Upsize, Acacia Sewer Upsize, and the Rialto Biosolids Project are funded partially or entirely with Development Impact Fees. Much of the Capital Improvement Plan is being funded by debt.

**Table ES-7. FY 24/25 - FY 28/29 Wastewater Capital Improvement Plan**

Project	Projected Funding Sources (1)				Total Cost
	Grants (2)	DIF	RUA Reserves	Debt	
Sewer System Security Upgrades	\$2,000,000				\$2,000,000
Sycamore Sewer Upsize		5,000,000			5,000,000
Acacia Sewer Upsize		2,000,000			2,000,000
Digester No. 1 Activation & Digester No. 2 Rehabilitation				1,800,000	1,800,000
Rialto Biosolids Project (3)		854,000	9,546,000	16,000,000	26,400,000
Agua Mansa Lift Station Upgrades				2,000,000	2,000,000
Plant 5 Secondary Clarifier A&B Overhaul				500,000	500,000
Ayala Lift Station Upgrade and Repair				2,000,000	2,000,000
Electrical Upgrade				8,800,000	8,800,000
Rialto Habitat Nature Center	5,250,000			3,000,000	8,250,000
<b>Total</b>	<b>\$7,250,000</b>	<b>\$7,854,000</b>	<b>\$9,546,000</b>	<b>\$34,100,000</b>	<b>\$58,750,000</b>

Notes:

- (1) Source: City of Rialto staff report for 12/12/2023 City Council meeting, except for Rialto Habitat Nature Center per City staff, June 2024
- (2) Grants shown in this table are those that have been received by the City as of April 2024. The City has applied for additional grant funding that if received, would be used in lieu of DIF funding, RUA Reserves, or debt issuance.
- (3) DIF funds used for the Rialto Biosolids Project include \$454,000 used in 2023 and projected \$400,000 future use of DIF funds.

Table ES-8 shows projected uses of funds for the Wastewater System Trust Accounts. Each of the Waterfalls are explained in detail in Section 2. Additional details can be found in Appendix A.

**Table ES-8. Projected Uses of Funds for the Wastewater System Trust Accounts**

	FY 24/25	FY 25/26	Projected FY 26/27	FY 27/28	FY 28/29
<b>Waterfall 1: Wastewater Service Fee (1)</b>					
Fixed, Routine R&R, and Labor Components	\$7,120,579	\$7,359,148	\$7,543,127	\$7,731,705	\$7,924,998
Chemical Component	1,350,000	1,383,750	1,418,344	1,453,802	1,490,147
<b>Waterfall 1: Reimbursements (1)</b>					
Insurance Reimbursement	1,038,000	1,063,950	1,090,549	1,117,812	1,145,758
Independent Engineer	118,000	120,950	123,974	127,073	130,250
<b>Waterfall 1: Retained RUA Expenses (2)</b>	<b>5,692,073</b>	<b>6,038,375</b>	<b>6,247,114</b>	<b>6,465,117</b>	<b>6,692,897</b>
<b>Waterfall 2: Annual Operating R&amp;R Payment (3)</b>	<b>930,000</b>	<b>953,250</b>	<b>977,081</b>	<b>1,001,508</b>	<b>1,026,546</b>
<b>Waterfall 3: Capital Charges</b>	<b>12,682,000</b>	<b>12,682,000</b>	<b>12,682,000</b>	<b>12,682,000</b>	<b>12,682,000</b>
<b>Waterfall 3: New Debt Service (4)</b>	<b>0</b>	<b>0</b>	<b>2,589,940</b>	<b>2,589,940</b>	<b>2,589,940</b>
<b>Waterfall 4: Water Reserve Account Deposits (5)</b>	<b>456,159</b>	<b>169,568</b>	<b>769,598</b>	<b>126,177</b>	<b>130,414</b>
<b>Waterfall 5: RUA Lease Payment</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,600,000</b>
<b>Transfer to RUA (6)</b>	<b>193,212</b>	<b>1,947,512</b>	<b>1,247,448</b>	<b>2,532,970</b>	<b>2,596,858</b>
<b>Total Uses of Funds</b>	<b>\$31,480,023</b>	<b>\$33,626,003</b>	<b>\$36,604,362</b>	<b>\$37,751,173</b>	<b>\$38,340,951</b>

Notes:

- (1) See Appendix A for more detail.
- (2) See Table 2-12.
- (3) FY 24/25 from draft RWS FY 24/25 budget. Projected to increase with inflation in subsequent years.
- (4) Based on 30-year debt at 6% interest, per City's Financial Advisor, 10/05/23. Includes a capitalized bond reserve and costs of issuance
- (5) This row represents the amount of contributions from RUA to maintain the minimum required balance in the Wastewater Reserve Account held in trust.
- (6) This transfer is intended to cover depreciation expense, and collection of depreciation expense through rates is being phased in over time. The drop in the transfer from FY 25/26 to FY 26/27 is to meet cash flow requirements as the projected new debt service payments are required. By FY 30/31, the transfer is sufficient to cover depreciation expense. This number differs from what is shown in Table 2-15 because some transfers out of the waterfall are recorded on the last day of the fiscal year; they appear in RUA accounts in the subsequent fiscal year.

Section 3 details the Cost-of-Service Analysis for both water and wastewater. Table ES-9 is the Proposed Monthly Minimum Charge for the Water system. The Monthly Minimum Charge increases with meter size. 94 percent of residential customers have a 3/4" or smaller water meter and would pay, starting on 1/1/2025, a Monthly Minimum Charge of \$34.53 per month.

**Table ES-9. Proposed Monthly Minimum Charge, Water**

Meter Size	Existing	Proposed Monthly Minimum Charges				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
3/4" and Smaller	\$30.42	\$34.53	\$39.51	\$42.46	\$45.63	\$49.03
1"	\$44.01	\$53.03	\$60.68	\$65.21	\$70.07	\$75.30
1-1/2"	\$53.04	\$99.28	\$113.61	\$122.08	\$131.19	\$140.98
2"	\$152.54	\$154.79	\$177.12	\$190.33	\$204.53	\$219.79
3"	\$324.45	\$302.80	\$346.48	\$372.33	\$400.10	\$429.95
4"	\$550.59	\$469.31	\$537.01	\$577.07	\$620.12	\$666.38
6"	\$1,138.62	\$931.84	\$1,066.26	\$1,145.81	\$1,231.28	\$1,323.14
8"	\$1,636.17	\$1,486.88	\$1,701.37	\$1,828.29	\$1,964.68	\$2,111.24

Table ES-10 shows the proposed volume charges for water. The tier structure for Residential and Commercial customers changed, reduced from four tiers to three tiers. Note 1 for Table ES-10 provides the existing rate structure for comparison. The new tier structure allows for more water in the first tier. 9 ccf is approximately the typical indoor water use per household.

**Table ES-10: Proposed Volume Charges**

	Existing	Proposed Volume Charges				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<u>Residential and Commercial</u>						
0 - 9 ccf per month	See Note 1	\$1.95	\$2.20	\$2.36	\$2.54	\$2.73
10 - 30 ccf per month	See Note 1	\$2.19	\$2.47	\$2.66	\$2.85	\$3.07
>31 ccf per month	See Note 1	\$3.19	\$3.62	\$3.89	\$4.18	\$4.49
<u>Multiple Apartments Over 49 Units and Mobile Homes</u>						
All water use	\$2.40	\$2.35	\$2.66	\$2.86	\$3.07	\$3.30
<u>Landscape</u>						
0 - 30 ccf per month	\$2.70	\$2.19	\$2.47	\$2.66	\$2.85	\$3.07
>31 ccf per month	\$3.32	\$3.19	\$3.62	\$3.89	\$4.18	\$4.49

Notes:

- (1) The current tiered volume charges for Residential and Commercial customers is:
  - 0 - 5 ccf per month: \$1.07/ccf
  - 6 - 30 ccf per month: \$1/69/ccf
  - 31 - 60 ccf/month: \$2.70/ccf
  - > 61 ccf/month: \$3.32/ccf

Table ES-11 describes the proposed Fireline and Hydrant rates. Fireline rates are for customers that have separate meters that provide fire protection. Most residential customers do not pay this. Hydrant rates are for meters that attach to fire hydrants, often used by construction contractors during construction projects.

**Table ES-11. Proposed Fireline and Hydrant Rates**

	Existing	Proposed Rates				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<b>Fireline</b>						
3" meter	\$83.73	\$21.56	\$24.80	\$26.78	\$28.92	\$31.24
4" meter	\$111.64	\$45.95	\$52.84	\$57.07	\$61.63	\$66.56
6" meter	\$167.46	\$133.47	\$153.49	\$165.77	\$179.03	\$193.35
8" meter	\$223.28	\$284.43	\$327.09	\$353.26	\$381.52	\$412.04
10" meter	\$279.10	\$511.50	\$588.22	\$635.28	\$686.10	\$740.99
<b>Hydrant</b>						
Rate, \$/ccf	\$3.33	\$2.70	\$3.10	\$3.35	\$3.62	\$3.91
Per Day	\$10.81	\$3.43	\$3.51	\$3.60	\$3.69	\$3.78

Table ES-12 shows the proposed Wastewater Rates for the study period. The existing rate structure is retained, where residential customers pay a flat monthly fee for wastewater service. Commercial customers continue to pay a wastewater volume charge, based on metered water consumption. Extraterritorial customers, located outside of Rialto city limits, will continue to pay 1.3 times the rate of a customer within the Rialto City limits. More information can be found in Section 3 and Appendix D and E.

**Table ES-12. Proposed Wastewater Rates**

Customer Type	Existing	Proposed Rates				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<b>Group I (\$/month/residential unit)</b>						
Residential	\$62.19	\$67.14	\$71.07	\$75.23	\$79.64	\$84.31
Residential X 1.3	\$80.84	\$87.28	\$92.39	\$97.80	\$103.53	\$109.60
Residential Multi.	\$62.19	\$67.14	\$71.07	\$75.23	\$79.64	\$84.31
<b>Group II, \$/ccf metered water use</b>						
Commercial (includes - Softwater Service, Car Wash, Office Buildings, Cleaners, Department/Retail Stores, Warehouse, Car lots, Equipment Rental, Storage Units, Hospitals, Manufacturing, Indoor Theater, Day Care, Pre School, Disabled Care, Nail/Hair Salon, Church)	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
<b>Group III, \$/ccf metered water use</b>						
Commercial (includes - Hotels /Motels (no restaurant), repair and Service Station, Shopping Center, Recreation Park, Nursery/Florist, Manufacturing - Non-Domestic, Lumber Yard, Nightclub, Bar, Hall)	\$7.96	\$8.32	\$8.80	\$9.32	\$9.87	\$10.44
<b>Group IV, \$/ccf metered water use</b>						
Commercial (includes - Hotels /Motels (w/restaurants), Bakeries, Dairy, Supermarkets, Dairy, Meat Market, Mom & Pop, Mortuary, Restaurants, Fast Food, Catering)	\$10.17	\$12.06	\$13.00	\$14.08	\$15.33	\$17.59
<b>Group V, \$/student/month</b>						
Schools -						
Elementary	\$0.85	\$1.00	\$1.15	\$1.25	\$1.35	\$1.48
Junior High	\$2.03	\$2.30	\$2.60	\$2.80	\$2.99	\$3.16
High	\$2.03	\$2.30	\$2.60	\$2.80	\$2.99	\$3.16
Continuation	\$0.85	\$1.00	\$1.15	\$1.25	\$1.35	\$1.48
Adult Education	\$0.85	\$1.00	\$1.15	\$1.25	\$1.35	\$1.48
<b>Group VI, \$/ccf water use</b>						
Large Volume	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
Hospital	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
Commercial Building	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85

Notes:

- (1) Existing rates have been effective since 2/1/18. Rates do not include the City's Utility Users Tax.
- (2) Group II, III, IV, and VI extraterritorial customers are charged 1.3 times the corresponding rates shown in this table for in-city customers.

Section 4 of the report provides a comparison of the City’s existing and proposed water and wastewater rates with comparator local utilities. This comparison was completed by City Staff and included in this report. Table ES-13 is the Monthly Water Bill Comparison. Existing water rates in the City are in the bottom half of the comparator list. Proposed water rates are in the middle of the pack.

**Table ES-13. Monthly Water Bill Comparison**

Comparator Utility	Monthly Bill as of 1/1/2025 (1)
Fontana Water Company (Water)	105.79
Marygold Water	82.53
City of Banning	82.98
Jurupa Community Services District	69.77
<b>City of Rialto, PROPOSED</b>	<b>67.41</b>
Cucamonga Valley Water District (CVWD)	65.47
City of Corona DWP	64.69
East Valley Water District	63.38
West Valley Water District (WVWD)	57.31
Loma Linda, City of	55.95
<b>City of Rialto, EXISTING</b>	<b>54.36</b>
City of Colton	53.10
City of Riverside Public Utilities	52.19
San Bernardino Municipal Water Department	49.69
City of Redlands Municipal Utilities	46.93

Table ES-14 is the Monthly Wastewater Bill Comparison, Wastewater. The City’s wastewater rates, both existing and proposed, are at the top of the pack. The City’s wastewater rates for residential customers are the highest of the comparators. It should be noted that each utility in the comparator list has a capital improvement plan, debt schedules and O&M costs that differ from the City of Rialto. Additionally, none of the comparators are parties to a Concession Agreement. The Concession Agreement has specific reserve coverage requirements and has unique agreements with the City for capital projects and the debt associated with those projects. Additionally, the City of Rialto recently completed a major upgrade to its wastewater treatment plant. The City invested considerable resources into this capital project, and the debt associated with this project is reflected in both existing and proposed rates.

**Table ES-14. Monthly Wastewater Bill Comparison**

Comparator Utility	Monthly Bill as of 1/1/2025 (1)
<b>City of Rialto, PROPOSED</b>	<b>67.14</b>
<b>City of Rialto, EXISTING</b>	<b>62.19</b>
City of Banning	49.01
San Bernardino Municipal Water District	48.98
Loma Linda, City of	46.46
Jurupa Community Services District	46.37
City of Corona DWP	45.60
East Valley Water District	43.09
City of Riverside Public Utilities	39.59
City of Fontana (Sewer)	35.14
City of Colton	34.33
City of Redlands Municipal Utilities	33.02
Cucamonga Valley Water District (CVWD)	32.02

There are several factors that could change over the next few years that have financial implications. The extent to which these factors change may influence the financial condition of the water and wastewater systems and the City’s ongoing reviews of water and wastewater rates. Section 5 discusses Ongoing Considerations and things the City

should continue to monitor its financial status on an ongoing basis. Below is the list of items that should be monitored. More details are shown in Section 5.

- *Water consumption.* Water system revenues depend on water consumption.
- *Long-Term Water Use Objectives Legislation.* Recent changes to California state law may result in additional water conservation efforts and reduced water consumption.
- *Changing Conditions.* Water and wastewater utility conditions change on an ongoing basis.
  - Increased wastewater chemical costs.
  - Uncollectable debt reimbursement from the State of California.
  - 2024 Labor Reset. Every four years, the Labor Component of the Concession Agreement RWS Service Charge is renegotiated to account for inflation and changes in staffing.
- *Capital project spending and financing.*
  - As capital project construction bids are awarded, the City will have greater certainty regarding capital costs and schedule.
  - The proposed water and wastewater rates are based on capital improvement debt with an interest rate of 6 percent.
  - The proposed water and wastewater rates are based on 25 percent coverage criteria, as specified by the City, for planning purposes.
- *Inflation rates.*
  - Many expenses, including the RWS Service Fees, are tied to actual changes in inflation rates.
- *Development activity in the Division's service area.* If system growth through FY 28/29 is higher than expected, this will result in more revenues than projected in this analysis, from both Development Impact Fees and utility rate revenues paid by the future customers. The City should monitor system growth and make any appropriate adjustments to budgeting and spending plans.

Detailed calculations for the Revenue Requirement, the Cost of Service Analysis, and Rate Calculations can be found in the Appendices, at the end of the report.

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## Section 1

# Background and Report Organization

## 1.1 Introduction

The City of Rialto (“City”) provides water and wastewater services to residences and businesses in the City limits. The wastewater service area is approximately the entire City limits with additional service outside the City limits from portions of Fontana and Bloomington. The water service area is approximately the central portion of the City. The City provides these services through the Rialto Utility Authority (“RUA”).

In 2012, the City entered into a Concession Agreement with Rialto Water Services (“RWS”), where RWS operates the water and wastewater system. Additionally, RWS is responsible for capital project delivery.

The Concession Agreement outlines the roles and responsibilities of each party. The City retains the responsibility to set water and wastewater rates. In 2012, the City adopted a five-year schedule of rates through a process compliant with Proposition 218. Water and wastewater rates were last increased on February 1, 2018.

As part of its ongoing responsibility to provide safe and reliable water and wastewater service as the owner of the water and wastewater systems, the City has determined the need to evaluate the utility’s future financial needs. This rate study projects the ongoing financial needs of the water and wastewater utilities and includes proposed water and wastewater rates through FY 28/29.

This report describes the results of the analysis that support the proposed water and wastewater rates. Specifically, this report:

- Describes current water and wastewater rates.
- Describes the financial structure of the City’s water and wastewater utilities.
- Provides an overview of the trust account structure.
- Outlines the projected expenses and revenues of the water and wastewater utilities.
- Shows the proposed water and wastewater rates.
- Compares an example residential monthly water and wastewater bill with neighboring utilities.
- Describes ongoing considerations that the City should monitor with financial implications.

Throughout this report, information for the water and wastewater utilities are shown separately.

Historical and budgeted financial and operational data were provided by the City and used by FG Solutions to develop the projected revenue requirement for the five-year study period. The revenue requirement analysis was an iterative process and draft versions were revised based on comments and input provided by City staff. Next, the revenue requirement was compared with the revenues generated by the existing rates, to calculate how much additional revenues are needed from rate increases. A cost-of-service analysis consistent with industry standards was performed. This analysis is the basis for developing water and wastewater rates.

Key assumptions used in the Revenue Requirement analysis are summarized in Section 2. Section 3 summarizes the cost-of-service analysis and shows the proposed water and wastewater rates. There are five appendices to this report. Report appendices contain the Revenue Requirement Analysis, the Cost-of-Service Analysis and rate calculations for both the Water and Wastewater utilities. The Revenue Requirement Analysis included in the Appendix covers a 9-year period through FY 32/33. The first five years of the Revenue Requirement Analysis, through FY 28/29, form the basis of the proposed water and wastewater rates described in this Rate Study report.

## 1.2 Current Water and Wastewater Rates

### 1.2.1 Water

Table 1-1 shows current water rates. Table ES-1 shows existing water rates for all meter sizes and customer classes, which were last adjusted on February 1, 2018. This includes Monthly Minimum Charges and Volume Charges in \$/ccf.

**Table 1-1. Existing Water Rates**

Line No.	Water Rate Component	Existing Rate (1)
1	<b>Monthly Minimum Charge</b>	
2	Single Family Residences, Multiple Family Connections, Commercial, Landscape, and Industrial Service Customers	
3	1/2 " & 5/8" meter	\$30.42
4	3/4" meter	\$30.42
5	1" meter	\$44.01
6	1 1/2" meter	\$53.04
7	2" meter	\$152.54
8	3" meter	\$324.45
9	4" meter	\$550.59
10	6" meter	\$1,138.62
11	8" meter	\$1,636.17
12	Fire Hydrant Water	\$324.45
13		
14	<b>Volume Charges, \$/ccf</b>	
15	All Customers Except those Noted Below	
16	1 - 5 Units	\$1.07
17	6 - 30 Units	\$1.69
18	31 - 60 Units	\$2.70
19	61 - Over units	\$3.32
20	Multiple Apartments	
21	Over 49 Units and Mobile Homes	\$2.40
22	Landscape	
23	1 to 30 Units	\$2.70
24	31 and over units	\$3.32
25		
26	<b>Fireline (\$/month/inch diameter)</b>	
27	Rate	\$27.91
28		
29	<b>Hydrant</b>	
30	Water Use, \$/ccf	\$3.33
31	Per Day	\$10.81

Notes:

(1) Existing rates have been effective since 2/1/18. Rates do not include the City's Utility Users Tax.

### 1.2.2 Wastewater

Table 1-2 shows current wastewater rates for all customer classes. These rates were last adjusted on February 1, 2018.



**Table 1-2. Existing Wastewater Rates**

Line No.	Wastewater Rate Component	Existing Rate (1) (2)
1	<b>Group I (\$/month/residential unit)</b>	
2	Residential	\$62.19
3	Residential X 1.3	\$80.84
4	Residential Multi.	\$62.19
5		
6	<b>Group II, \$/ccf metered water use</b>	
7	Commercial	\$6.77
8	(includes - Softwater Service, Car Wash, Office Buildings, Cleaners,	
9	Department/Retail Stores, Warehouse, Car lots, Equipment Rental, Storage Units,	
10	Hospitals, Manufacturing, Indoor Theater, Day Care, Pre School,	
11	Disabled Care, Nail/Hair Salon, Church)	
12		
13	<b>Group III, \$/ccf metered water use</b>	
14	Commercial	\$7.96
15	(includes - Hotels /Motels (no restaurant), repair and Service Station,	
16	Shopping Center, Recreation Park, Nursery/Florist,	
17	Manufacturing - Non-Domestic, Lumber Yard, Nightclub, Bar, Hall)	
18		
19	<b>Group IV, \$/ccf metered water use</b>	
20	Commercial	\$10.17
21	(includes - Hotels /Motels (w/restaurants), Bakeries, Dairy,	
22	Supermarkets, Dairy, Meat Market, Mom & Pop, Mortuary, Restaurants,	
23	Fast Food, Catering)	
24		
25	<b>Group V, \$/student/month</b>	
26	Schools -	
27	Elementary	\$0.85
28	Junior High	\$2.03
29	High	\$2.03
30	Continuation	\$0.85
31	Adult Education	\$0.85
32		
33	<b>Group VI, \$/ccf water use</b>	
34	Large Volume	\$6.77
35	Hospital	\$6.77
36	Commercial Building	\$6.77

Notes:

- (1) Existing rates have been effective since 2/1/18. Rates do not include the City's Utility Users Tax.
- (2) Group II, III, IV, and VI extraterritorial customers are charged 1.3 times the corresponding rates shown in this table for in-city customers.

### 1.3 RUA Financial Structure

The City maintains three funds where water and wastewater utility revenues and expenses are recorded. Fund 670 is the Water Fund, Fund 660 is the Wastewater Fund, and Fund 680 records the City’s RUA Administration expenses. All water revenues are recorded in Fund 670, and nearly all water expenses are paid from Fund 670. Similarly, all wastewater revenues are recorded in Fund 660 and nearly all wastewater expenses are paid from Fund 660. Certain costs associated with City staff who are assigned to the water and wastewater utilities are paid from Fund 680 and the funding source for Fund 680 is transfers from the Water and Wastewater Funds.

In addition, there are two types of transfers from the Water Fund and the Wastewater Fund to the City’s General Fund:

- A transfer to cover the costs incurred by the General Fund that support the water and wastewater utilities, and

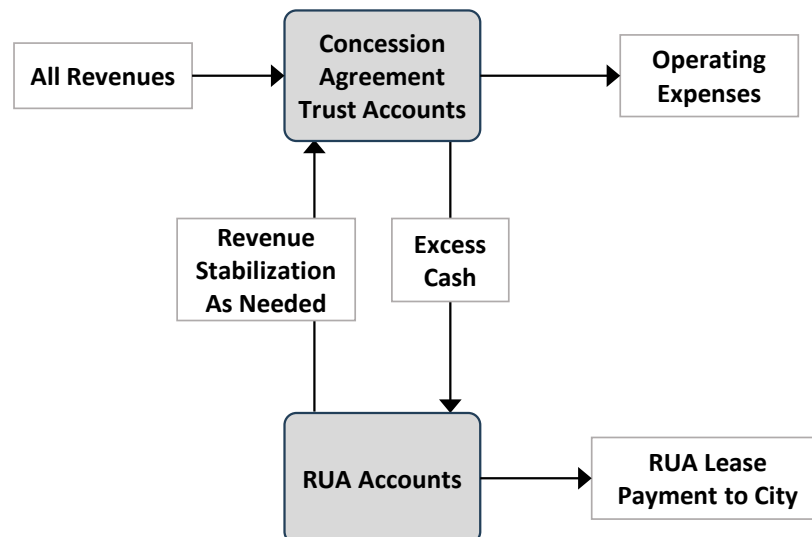
- The RUA Lease payment, as RUA leases the assets of the water and wastewater utilities from the City.

## 1.4 Overview of Trust Account Structure

The Concessionaire, Rialto Water Services, (RWS), is required to operate and maintain the water and wastewater systems and deliver capital projects. The Concession Agreement established a series of accounts held in trust for these purposes, where water and wastewater system revenues are deposited, and from which expenses are paid. Water and wastewater revenues and expenses are accounted for separately within the series of trust accounts.

In an abbreviated form, Figure 1-1 shows the flow of funds to pay operating expenses. The Concession Agreement calls for all water and wastewater revenues to be deposited with the Trustee. The revenues are deposited into a Master Revenue Account held in trust, then transferred to various accounts established by the Concession Agreement and not shown in Figure 1-1. From these accounts, expenses are paid to RWS, the contract operator (Veolia), and third parties.

Figure 1-1. Operating Expense Flow of Funds



At the end of each fiscal year, if there is more cash in the trust accounts than is necessary to meet the Concession Agreement financial performance criteria described in Section 2, the excess cash is returned to RUA.

From time to time, particularly to meet Coverage Requirements established by the Concession Agreement, additional revenue from the City is required. The City and RWS collaborate to estimate, in advance, if additional revenues from the City are expected to be required. If additional revenue is required, a “Revenue Stabilization” payment is made from RUA Water Fund reserves or RUA Wastewater Fund reserves to the Trustee. Revenue Stabilization payments refers to funds provided by the City to the Trustee, to meet the Concession Agreement Coverage Requirement. Refer to Section 2 for a discussion on Concession Agreement Coverage Requirements.

The Concession Agreement also established a priority system for classifying operating expenses paid from the trust accounts, referred to colloquially and in this report as “the Waterfall”. As noted above, separate accounts are maintained for water and wastewater expenses. There are separate Waterfalls for the Water and Wastewater utilities. Below are descriptions of each Waterfall.

### Waterfall 1

Waterfall 1 includes the following items, in no particular order of relative priority:

- RWS Wastewater Service Fee. This is the amount paid to RWS for operating and maintaining the water and wastewater systems.
- RWS Reimbursable Payments. These payments reimburse RWS for its insurance, an Independent Engineer required by the Concession Agreement, and maintenance expenses in excess of contractual limits specified in the Concession Agreement.
- Retained RUA Expenses. These are expenses including (but not limited to) electricity, natural gas, wages and benefits of City employees, biosolids disposal, and other services provided by the City.

#### Waterfall 2

Waterfall 2 are payments into the Operating Repair and Replacement (“OR&R”) accounts. OR&R is a term defined in the Concession Agreement referring to a category of maintenance expenses that are more expensive than “Routine Repair & Replacement” but less expensive than a capital project.

#### Waterfall 3

Waterfall 3 are Capital Charges. Capital Charges are similar to a debt service payment. RWS used debt and equity funding at the initiation of the Concession Agreement for items including:

- Capital Improvements funded by RWS
- Refinancing existing City water and wastewater debt
- Project development costs
- Capitalizing a lump sum RUA Lease Payment to the City
- Revenue Stabilization over the first five years of the Concession Agreement to allow water and wastewater rate increases to be phased in.

Future capital projects, whether funded by the City or by RWS that result in debt service payments, are also a Waterfall 3 expense.

#### Waterfall 4

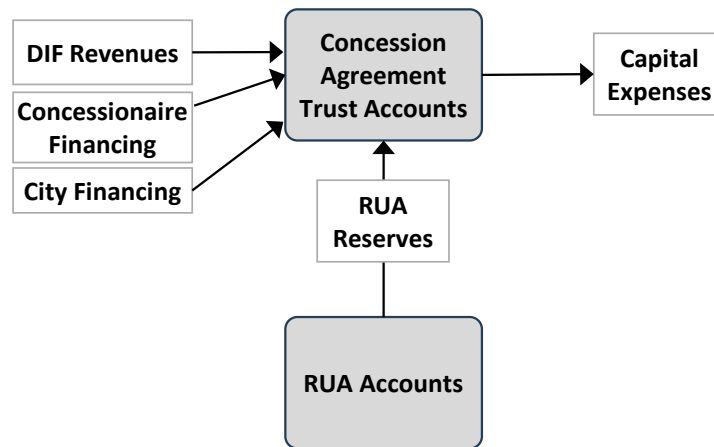
Waterfall 4 are payments to meet trust account minimum reserve balance requirements as established in the Concession Agreement.

#### Waterfall 5

Waterfall 5 is the RUA Lease Payment, payable to the City’s General Fund.

Figure 1-2 shows the flow of funds to pay capital expenses, also in an abbreviated form. Separate sets of accounts are maintained for the water and wastewater utilities. All revenues, including Development Impact Fees (DIF) revenues, are deposited into the Concession Agreement Trust Accounts, from which capital expenses are paid. Concessionaire and City financing could include loan proceeds or grants. At the City’s discretion, the City may choose to use RUA reserves to fund capital projects.

Figure 1-2. Capital Expense Flow of Funds



## 1.5 Rate Study Process

The 2024 Water and Wastewater Rate Study was initiated in April 2023 and was completed in two phases. Phase 1, authorized by City Council on April 11, 2023, consisted of a Revenue Analysis. The focus of Phase 1 was to develop a revenue requirement, by preparing a 10-year water and wastewater financial projection. The financial analysis developed projected revenue needs. The Revenue Analysis was discussed with the City Council Water Subcommittee in June, July, and August 2023. The Revenue Analysis was also presented to the Rialto Utilities Commission in August 2023 and the City Council in September 2023.

On September 12, 2023, the City Council authorized Phase 2, which was the completion of the Rate Study and development of proposed water and wastewater rates. Water and wastewater rates were developed and presented to the Rialto Utilities Commission in April 2024.

The City conducted a series of public meetings in January and February for public outreach. Proposition 218 notices were mailed in April 2024, and the Proposition 218 Public Hearing is scheduled for June 25, 2024. The City Council is expected to consider the proposed water and wastewater rates on June 25, 2024. If adopted by City Council, the first rate increase would be effective January 1, 2025 and subsequent rate increases would be effective on January 1 of successive years through 2029.

## Section 2

# Revenue Requirement Analysis

## 2.1 Introduction

To provide for the continued operation of a utility on a sound financial basis, revenues must be sufficient to meet the cash requirements for operation and maintenance (O&M) expense, debt service requirements, debt service coverage requirements, reserves, and cash-funded capital expenditures not financed with debt. The sum of these cost components for a given year is referred to as a utility's Revenue Requirement.

Historical and budgeted financial and operational data were provided by the City and used by FG Solutions to develop the projected revenue requirement for the five-year study period. The revenue requirement analysis was an iterative process and draft versions were revised based on comments and input provided by City staff. Next, the revenue requirement was compared with the revenues generated by the existing rates to generate additional revenues needed from rate increases. The reserve requirement, described below, is met throughout the five-year projection period. Revenue projections are a critical part of the revenue requirement analysis. The three aspects of revenue projections described in the sections below are non-rate revenues, rate revenues under the current rate schedule, and rate revenues from proposed rate increases.

Key assumptions used in the Revenue Requirement analysis are listed below. Additional assumptions are provided in the Revenue Requirement calculations that comprise Appendix A.

## 2.2 Overview of Methodology and Key Assumptions

The methodology used to generate the proposed revenue requirement is based on meeting the cash needs of the water and wastewater utilities. It consists of:

- Projecting expenses over the five-year period beginning in FY 24/25 and ending in FY 28/29. The expenses include those in all five Waterfall positions described above and are described below.
- Projecting water and wastewater rate revenues under the current rate structure.
- Projecting water and wastewater system revenues from sources other than rates. Examples of which are Development Impact Fees (DIF), interest income, delinquent service fees, rental income, and grants.
- Projecting the amount of revenue from rate increases.

The most significant assumptions include the following:

- The majority of projected revenues and expenses are based on the draft RWS FY 24/25 Budget. RWS's FY 24/25 Budget was in turn based on factors including known contractual requirements, projected work needs, and recent historical expenses.
- Most expenses escalated for inflation at 2.5 percent per year. Exceptions include certain contractual payments (such as the RWS Capital Charges) that are not escalated for inflation, and the RUA Lease Payment.
- Electricity expenses are projected to increase at 7% per year for the entirety of the five-year study period, corresponding to the average cost increase over the last six years.
- A 0.5% annual system growth rate.
- Water use will remain at levels observed in Calendar Year 2023.

## 2.3 Water Revenue Requirement

### 2.3.1 Water System Revenues

Revenue projections are a critical part of the Revenue Requirement analysis. The three aspects of revenue projections described in the sections below are non-rate revenues, rate revenues under the current rate schedule, and rate revenues from proposed rate increases.

#### 2.3.1.1 Non-Rate Revenues

The key sources of water revenues other than rate revenues are predominantly Development Impact Fees (DIF), rents and concession, turn on/turn off fees, and interest income. The City also receives revenues from San Bernardino County for water rights leases and reimbursement for costs incurred by the City.

#### 2.3.1.2 Rate Revenues under Current Rates

Current water rates are shown in Table 1-1. These rates were used to project the revenues shown in Table 2-1. Revenue estimates under current rates shown in Table 2-1 for FY 24/25 through FY 28/29 are projected to remain at FY 24/25 values, after adjusting for the projected 0.5 percent annual system growth rate. FY 24/25 revenues are calculated based on actual Calendar Year 2023 revenues.

**Table 2-1. Projected Water Revenues Under Existing Rates**

Revenue	FY 24/25	FY 25/26	Projected		
			FY 26/27	FY 27/28	FY 27/28
Rate Revenues Subject to Rate Increases (1)	\$12,760,562	\$12,799,701	\$12,838,841	\$12,877,980	\$12,917,119
Development Impact Fees (2)	200,000	200,000	200,000	200,000	200,000
County Contract - SBCO Water Order	349,264	366,727	385,064	404,317	424,533
Rents & Concessions	50,000	51,250	52,531	53,845	55,191
Trustee Water Reserve Interest Income (3)	215,285	215,285	215,285	215,285	215,285
Turn On/Off	73,000	73,000	73,000	73,000	73,000
Delinquent Water Service Fees	12,000	12,000	12,000	12,000	12,000
Grant Revenue (4)	0	0	0	0	0
Miscellaneous Revenues (5)	94,000	96,350	98,759	101,228	103,758
RUA Investment Income (6)	116,084	72,525	66,072	40,809	31,595
<b>Total</b>	<b>\$13,870,196</b>	<b>\$13,886,839</b>	<b>\$13,941,552</b>	<b>\$13,978,463</b>	<b>\$14,032,481</b>

Notes:

- (1) FY 24/25 per draft RWS Budget. Increased in subsequent years for system growth. Refer to Section 3 for system growth projections.
- (2) FY 24/25 per FY 23/24 RUA Budget. Development Impact Fee revenues are deposited into the Trust Water Construction Reserve.
- (3) 50% of draft RWS FY 24/25 budget. The RWS budget value is reduced to excludes interest income in the Trust Water Construction Reserve and to anticipate future lowering of interest rates.
- (4) Grant revenues for capital projects are not shown in this table and are considered in developing the capital project funding strategy. See Table 2-5 for more detail.
- (5) FY 24/25 per draft RWS Budget, increased in subsequent years for inflation. Primarily labor reimbursement from San Bernardino County.
- (6) Interest income is projected to be 1.5% of the previous fiscal year ending fund balance.

### 2.3.2 Projected Water System Expenses

#### 2.3.2.1 Projected Waterfall 1 Expenses

Projected Waterfall 1 expenses are shown in Table 2-2. The largest single expense component is the Water Service Fee which is the City's payment to RWS for the operation and maintenance services they provide. The Service Fee currently has four separate components, and the Concession Agreement specifies the amounts of the Service Fee and how the fee components are escalated for inflation. The Fixed, Routine Repair and Replacement ("R&R"), and Labor Components are escalated for inflation on January 1 of each year, and the Chemical Component is not escalated for inflation.

**Table 2-2. Projected Water Waterfall 1 Expenses**

	Projected (1)				
	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Waterfall 1: Water Service Fee					
Fixed, Routine R&R, and Labor Components	\$6,882,388	\$7,054,448	\$7,260,809	\$7,442,329	\$7,628,387
Chemical Component	89,198	91,428	93,714	96,056	98,458
Waterfall 1: Reimbursements					
Insurance Reimbursement	1,028,000	1,053,700	1,080,043	1,107,044	1,134,720
Independent Engineer	127,000	130,175	133,429	136,765	140,184
Maintenance	300,000	307,500	315,188	323,067	331,144
Waterfall 1: Retained RUA Expenses (2)	5,365,000	5,559,590	5,763,367	5,976,862	6,200,643
<b>Total, Projected Waterfall 1 Expenses</b>	<b>\$13,791,586</b>	<b>\$14,196,840</b>	<b>\$14,646,548</b>	<b>\$13,798,473</b>	<b>\$13,798,473</b>

**Notes:**

(1) Most projected expenses are based on the FY 23/24 Budget and escalated for inflation. See Appendix A for more detail.

(2) See Table 2-3 and Appendix A for more detail.

Table 2-3 provides more detail on Retained RUA Expenses. Some of the items in Table 2-3 with the highest cost to the City include:

- **Water Purchases.** The City purchases water from San Bernardino Valley Municipal Water District (“Valley District”) and the West Valley Water District (“WVWD”). Purchased water costs are established primarily by the terms of agreements with Valley District and WVWD.
- **Electricity.** Electricity costs are for the City’s wells and booster pump stations.
- **City Reimbursement (680 Admin).** The amounts shown in Table 2-3 pay the portion of the City’s 680 Fund expenses attributed to the water system.
- **City Contract.** This covers the costs incurred by the City’s General Fund related to the water system.
- **Perchlorate Treatment.** The City contracts with Veolia, outside the scope of services provided in the Concession Agreement, to operate perchlorate treatment systems at the City’s Chino 2 Well. Costs associated with the Combined Remedy are not included in this rate study, as they are entirely reimbursed by third parties.

**Table 2-3. Projected RUA Retained Expenses**

Retained Expense	Projected (1)				
	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Electricity (2)	\$1,372,000	\$1,468,040	\$1,570,803	\$1,680,759	\$1,798,412
Perchlorate, Not Combined Remedy (3)	78,000	79,950	81,949	83,997	86,097
City Contract (Transfer to General Fund) (4)	505,000	517,625	530,566	543,830	557,426
Water Purchase, Baseline Feeder (5)	642,000	658,050	674,501	691,364	708,648
WVWD Purchases (5)	1,086,000	1,113,150	1,140,979	1,169,503	1,198,741
IT Services (5)	73,000	74,825	76,696	78,613	80,578
City Reimbursement (680 Admin) (5)	828,000	848,700	869,918	891,665	913,957
Consulting Fees: Engineering (5)	300,000	307,500	315,188	323,067	331,144
Miscellaneous Fees and Permits (5)	430,000	440,750	451,769	463,063	474,640
Rebates	51,000	51,000	51,000	51,000	51,000
<b>Total</b>	<b>\$5,365,000</b>	<b>\$5,559,590</b>	<b>\$5,763,367</b>	<b>\$5,976,862</b>	<b>\$6,200,643</b>

**Notes:**

(1) Most projected expenses are based on the draft FY 24/25 RWS Budget and escalated for inflation. See Appendix A for more detail.

(2) Increases with the rate of electricity inflation. Electricity inflation of 7 percent is the six-year 2017 - 2023 average annual Southern California Edison commercial bill increase for a sample of Rialto's wells, rounded to the nearest 1 percent.

(3) Resin replacement for perchlorate treatment not covered by the Combined Remedy. Cost increases with inflation.

(4) For services provided by the City's General Fund. Projected to increase with inflation.

(5) Projected to increase with inflation

### 2.3.2.2 Projected Waterfall 2 Expenses

Waterfall 2 expenses are the OR&R payments. The amount of the OR&R payment is mutually agreed to by the City and RWS. It was established initially in the Concession Agreement and has been adjusted from time to time. The estimated annual OR&R is \$680,000 in FY 24/25 and is adjusted for inflation in subsequent years.

### 2.3.2.3 Projected Waterfall 3 Expenses

Waterfall 3 expenses are the RWS Capital Charges. The amount of the Capital Charges is \$2,900,000 per year. Capital Charges are not adjusted for inflation.

The City is planning on completing additional capital improvements in the next five years. As described below in Table 2-4, the City is planning on using a combination of grants, DIFs, and debt to fund these capital improvements. Future debt service payments are also a Waterfall 3 expense.

### 2.3.2.4 Projected Waterfall 4 Expenses

Waterfall 4 expenses are deposits into the trust to meet required reserve account balances. The Concession Agreement established a Water Reserve Account. The funds in this account are restricted and cannot be used to pay operating or capital expenses. According to the Concession Agreement, the account must contain 25 percent of the sum of Waterfall 1 through Waterfall 3 expenses. As these expenses increase each year due to factors such as inflation or new debt service, the required balance in the Water Reserve Account must also increase. This Rate Study contains projected annual deposits into the Water Reserve Account to reach the minimum balance requirement.

### 2.3.2.5 Projected Waterfall 5 Expenses

Waterfall 5 expenses are the RUA Lease Payment, which for the purposes of this analysis is projected to remain at \$400,000 per year through FY 28/29.

### 2.3.2.6 Expenses Outside of the Waterfall

In FY 23/24, RUA borrowed \$5.3 million from the City's General Fund. The purpose of this Interfund Loan is to provide revenue to meet the RWS Coverage Criteria described below in Section 2.3.6. The interest rate on this Interfund Loan is 4%, and the City intends to repay this loan by FY 32/33. Appendix A Table 5 outlines the repayment plan for this loan, showing projected principal and interest payments. Interfund Loan repayment will begin in FY 26/27.

A second Interfund Loan of \$2 million is anticipated in FY 25/26. The interest rate used in this Rate Study is 4 percent, and the loan would also be repaid by FY 32/33.

### 2.3.2.7 Projected Capital Expenses

Table 2-4 shows the projected Capital Improvement Plan through FY 28/29. The capital improvements shown in Table 2-4 represent the highest priority capital projects, prioritized by City staff from a longer list of potential capital projects developed by RWS. The City has been successful in pursuing grant funding, which reduces the financial impact of these projects to the City's ratepayers. The total cost of the Capital Improvement Plan is \$20.9 million, of which \$12 million (or 57 percent) is grant funded.

The City anticipates using \$2.9 million of DIF revenues held in the Trust Accounts to pay for capital projects, and the remainder will be debt financed. The specific type of loan to be used to fund the Capital Improvement Plan has not yet been identified, though the City is pursuing low-interest Water Infrastructure Finance and Innovation Act ("WIFIA") loans. For the purposes of this Rate Study, the City has provided direction to assume a 30-year loan at an interest rate of 6%.



**Table 2-4. FY 24/25 – FY 28/29 Water Capital Improvement Plan**

Project	Funding Sources				Total Cost
	Grants	DIF	RUA Reserves	Debt	
Watermain Replacement - Etiwanda		\$2,900,000		\$3,800,000	\$6,700,000
AMI Project	8,000,000				8,000,000
W-WW Security Upgrade Project	2,000,000				2,000,000
Arsenic Treatment Well 3A	2,000,000				4,200,000
<b>Total</b>	<b>\$12,000,000</b>	<b>\$2,900,000</b>	<b>\$0</b>	<b>\$3,800,000</b>	<b>\$20,900,000</b>

### 2.3.3 Projected Reserves

There are three different types of reserves related to Rialto’s water utility, which are described below.

1. RUA Reserves. These are reserves held by the City, not held by the Trustee, and recorded in the City’s 670 Fund. RUA reserves are generally unrestricted but must be sufficient to cover variations in receivables and payables over the course of the year. For example, many water utility expenses (such as RWS Service Fees and Capital Charges) are the same every month, but water system revenues increase during the summer months when water consumption is highest. As of the second quarter of 2023, RUA held approximately \$1.6 million in water reserves.
2. Trust Reserves. These reserves are also recorded in the City’s 670 Fund (in account 670-108-0000-0000) but are held by the Trustee. These reserves are restricted for designated uses specified in the Concession Agreement.
3. DIF Reserves. DIF revenues are deposited into a dedicated Trust Accounts (the Water Construction Reserve) as they are received. The City anticipates using approximately \$2.9 million in DIF reserves for capital improvements.

The City recognizes that the RUA water reserves are low. Through the proposed water rate increases, the City is implementing a policy that will increase the RUA water reserves over the long-term. The proposed water rates were developed to phase-in collection of depreciation expense through rates. From an accounting perspective, depreciation is considered a “non-cash” expense – meaning that there is no cash expenditure associated with the collection of depreciation expense through rates. Instead, collecting depreciation expense would rebuild RUA water reserves over time.

The water rate revenues that would cover depreciation expense would be returned to RUA from the Trust Accounts at the end of each fiscal year as “excess cash” (See Figure 1-1). Collection of depreciation expense through rates will be phased-in over time, beginning FY 28/29. Table 2-5 shows projected depreciation expense through FY 28/29.

**Table 2-5. Projected Water Depreciation Expense**

	Projected				
	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Depreciation, Existing Assets (1)	\$888,100	\$888,100	\$888,100	\$888,100	\$888,100
Estimated Depreciation, Capital Expenditures (2)	0	222,000	222,000	222,000	222,000
<b>Total Estimated Depreciation Expense</b>	<b>\$888,100</b>	<b>\$1,110,100</b>	<b>\$1,110,100</b>	<b>\$1,110,100</b>	<b>\$1,110,100</b>

Notes:

(1) Source: FY 23/24 RUA budget.

(2) Based on proposed CIP, using a 50-year life for distribution facilities and a 25-year life for treatment facilities. Depreciation expense is also based on the current CIP schedule and cost. After the projects are completed, City staff will assign useful lives and calculate depreciation expense corresponding to the actual project cost and construction schedule.

### 2.3.4 Projected RUA Operating Statement

Table 2-6 is a projected Operating Statement from the perspective of RUA. Because revenues go directly into the trust, RUA’s sources of funds are the funds from the Trustee to cover the RUA Lease payment plus any additional

funds left over after other expenses have been paid from the trust and the trust reserve requirements are met. Additionally, RUA earns interest income on RUA's reserves.

**Table 2-6. Projected RUA Operating Statement, Water**

	FY 24/25	FY 25/26	Projected FY 26/27	FY 27/28	FY 28/29
<b>RUA Sources of Funds</b>					
Beginning Cash Balance (1)	\$7,738,945	\$4,834,993	\$4,404,805	\$2,720,590	\$2,106,332
From Trustee: Funds Dropping Out of Waterfall					
Funds to Cover Annual Lease Payment (2)	400,000	400,000	400,000	400,000	400,000
Transfers from Waterfall (3)	979,964	297,287	349,713	544,933	1,047,254
Other Revenues					
Interfund Loans	0	2,000,000	0	0	0
RUA Investment Income (4)	116,084	72,525	66,072	40,809	31,595
<b>Total Revenues</b>	<b>\$1,496,048</b>	<b>\$2,769,812</b>	<b>\$815,786</b>	<b>\$985,742</b>	<b>\$1,478,849</b>
<b>RUA Uses of Funds</b>					
Lease Payments (2)	400,000	400,000	400,000	400,000	400,000
Repayment of Interfund Loans	0	0	700,000	900,000	1,300,000
Revenue Stabilization From RUA Reserves (5)	4,000,000	2,800,000	1,400,000	300,000	0
<b>Total Expenses</b>	<b>\$4,400,000</b>	<b>\$3,200,000</b>	<b>\$2,500,000</b>	<b>\$1,600,000</b>	<b>\$1,700,000</b>
Ending RUA Cash Balance	\$4,834,993	\$4,404,805	\$2,720,590	\$2,106,332	\$1,885,181

Notes:

- (1) FY 24/25 beginning balance calculated from actual 670 Fund Cash in Bank balance as of 5/10/23, adjusted for projected FY 23/24 revenues and expenses, plus the FY 23/24 \$5.3M Interfund Loan.
- (2) FY 23/24 per RUA FY 23/24 Budget, and projected to remain at this value through the 10-year planning period.
- (3) This transfer is intended to cover depreciation expense, and collection of depreciation expense through rates is being phased in over time.
- (4) FY 23/24 Interfund Loan of \$5.3 million not shown in this table. Interfund Loans are planned to be repaid by FY 32/33.
- (5) FY 23/24 interest income from the FY 23/24 RUA budget. In subsequent years, interest income is projected to be 1.5% of the previous fiscal year ending fund balance.
- (6) If needed, pre-existing reserves are used to provide supplemental revenue stabilization to meet the RWS coverage requirement.

### 2.3.5 Projected Operating Statement for Water System Trust Accounts

Table 2-7 shows the projected revenues for the water system trust accounts through FY 28/29. The first line of Table 2-7 is water sales under existing rates, and the second line is water sales under the proposed rate increases.

Other sources of funds are the non-rate revenues shown in Table 2-1 and Revenue Stabilization from RUA reserves required to meet the Concession Agreement Coverage Requirement. Projected Revenue Stabilization payments shown in Table 2-7 decrease over time, and are projected to be \$300,000 in FY 27/28, \$0 by FY 28/29.

**Table 2-7. Projected Sources of Funds for the Water System Trust Accounts**

	FY 24/25	FY 25/26	Projected FY 26/27	FY 27/28	FY 28/29
Water Sales (Existing Rates)	\$12,760,562	\$12,799,701	\$12,838,841	\$12,877,980	\$12,917,119
Water Sales (Proposed Rate Increases)	957,042	3,023,929	4,819,701	6,251,384	7,805,383
Other Revenues Deposited into Trust Accounts	793,549	814,613	836,639	859,674	883,767
Revenue Stabilization from RWS Reserves	4,000,000	2,800,000	1,400,000	300,000	0
<b>Total</b>	<b>\$18,511,154</b>	<b>\$19,438,243</b>	<b>\$19,895,181</b>	<b>\$20,289,038</b>	<b>\$21,606,269</b>

Table 2-8 shows the projected uses of funds. The individual lines in Table 2-8 are shown in more detail earlier in this section.

**Table 2-8. Projected Uses of Funds for the Water System Trust Accounts**

	FY 24/25	FY 25/26	Projected FY 26/27	FY 27/28	FY 28/29
Waterfall 1: Water Service Fee (1)					
Fixed, Routine R&R, and Labor Components	\$6,882,388	\$7,054,448	\$7,260,809	\$7,442,329	\$7,628,387
Chemical Component	89,198	91,428	93,714	96,056	98,458
Waterfall 1: Reimbursements (1)					
Insurance Reimbursement	1,028,000	1,053,700	1,080,043	1,107,044	1,134,720
Independent Engineer	127,000	130,175	133,429	136,765	140,184
Maintenance	300,000	307,500	315,188	323,067	331,144
Waterfall 1: Retained RUA Expenses (2)	5,365,000	5,559,590	5,763,367	5,976,862	6,200,643
Waterfall 2: Annual Operating R&R Payment (3)	680,000	697,000	714,425	732,286	750,593
Waterfall 3: Capital Charges	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000
Waterfall 3: New Debt Service (4)	0	455,708	455,708	455,708	455,708
Waterfall 4: Water Reserve Account Deposits (5)	221,141	219,491	116,783	113,359	117,430
Waterfall 5: RUA Lease Payment	400,000	400,000	400,000	400,000	400,000
Transfer to RUA (6)	297,287	349,713	544,933	492,204	1,331,573
<b>Total Uses of Funds</b>	<b>\$18,290,013</b>	<b>\$19,218,752</b>	<b>\$19,778,397</b>	<b>\$20,175,679</b>	<b>\$21,488,839</b>

**Notes:**

(1) See Table 2-2.

(2) See Table 2-3.

(3) FY 24/25 from draft FY 24/25 RWS Budget. Projected to increase with inflation in subsequent years.

(4) Based on 30-year debt at 6% interest, per City's Financial Advisor, 10/05/23. Includes approximately capitalized bond reserve and costs of issuance.

(5) This row represents the amount of contributions from RUA to maintain the minimum required balance in the Water Reserve Account held in trust.

(6) This transfer is intended to cover depreciation expense and the Interfund Loan. Collection of depreciation expense through rates is being phased in over time. This number differs from what is shown in Table 2-6 because some transfers out of the waterfall are recorded on the last day of the fiscal year; they appear in RUA accounts in the subsequent fiscal year.

**2.3.6 Financial Performance Criteria**

There are three separate financial performance criteria that define water rates through FY 28/29 and influence the financial performance of the water utility.

1. **Trust Water Account Reserve Balance.** The Concession Agreement established a Water Reserve Account in the trust. The minimum balance in this account must be 25% of the sum of Waterfall 1 through 3 expenses.
2. **RUA Reserve Balance.** Neither the City nor RUA have specific reserve account requirements for a minimum balance in the RUA 670 Fund. As described above, the City is phasing in the collection of depreciation expense through rates that will result, in the long-term, in a larger RUA water reserve balance.
3. **RWS Coverage Criteria.** The Concession Agreement establishes a Coverage Criteria that is shown in Table 2-9.
  - a. The Coverage Criteria is based on the total water system revenues excluding DIF revenues plus Revenue Stabilization payments, less Waterfall 1 and Waterfall 2 expenses and less Capital Charges including future debt service payments. This total is referred to in the Concession Agreement as "Free Cash Flow". The Concession Agreement requires that Free Cash Flow exceed 17.7 percent of the total Capital Charges including future debt service payments).
  - b. The City is anticipating future debt service to pay for the Capital Improvement Plan, as described above in Table 2-4. Lenders are also expected to have a debt coverage requirement, but that coverage requirement is not yet known. For the purposes of this Rate Study, the City has directed FG Solutions to use a 25 percent coverage factor to calculate the proposed water rates.

**Table 2-9. Projected Water Coverage Calculation**

	FY 24/25	FY 25/26	Projected FY 26/27	FY 27/28	FY 28/29
Revenues Going into Trust Excluding DIF (1)	\$14,295,868	\$16,422,958	\$18,279,895	\$19,773,753	\$21,390,984
Plus Revenue Stabilization	4,000,000	2,800,000	1,400,000	300,000	0
Less Waterfall 1-2	(\$14,471,586)	(\$14,893,840)	(\$15,360,973)	(\$15,814,409)	(\$16,284,128)
Balance, Available for Capital Charge	\$3,824,282	\$4,329,117	\$4,318,922	\$4,259,344	\$5,106,856
Balance, Available for Capital Charge	\$3,824,282	\$4,329,117	\$4,318,922	\$4,259,344	\$5,106,856
Less Capital Charges and Parity Debt Service	(\$2,900,000)	(\$3,355,708)	(\$3,355,708)	(\$3,355,708)	(\$3,355,708)
Free Cash Flow Before Lease Payment	\$924,282	\$973,409	\$963,214	\$903,636	\$1,751,148
Ratio (Free Cash Flow Divided by Capital Charges and Parity Debt Service) (2)	31.9%	29.0%	28.7%	26.9%	52.2%

**Notes**

(1) Excludes Revenue Stabilization, interest income on RUA reserves, and interest income within the trust accounts.

(2) The Concession Agreement requires coverage of at least 17.7%. With the addition of new parity debt, City staff (per 8/14/23 email) has provided direction to use 25% coverage for the purposes of this Rate Study.

## 2.4 Wastewater Revenue Requirement

### 2.4.1 Wastewater System Revenues

The three aspects of wastewater revenue projections described in the sections below are non-rate revenues, rate revenues under the current rate schedule, and rate revenues from proposed rate increases.

#### 2.4.1.1 Non-Rate Revenues

The key sources of wastewater revenues other than rate revenues are predominately DIFs, delinquent sewer service fees, interest income, and effluent sales to the Inland Empire Utilities Agency (IEUA). Because of uncertainty associated with lease revenue from Anaergia, receipt of this lease revenue is not included in the Revenue Requirement projections.

#### 2.4.1.2 Rate Revenues Under Current Rates

Current wastewater rates are shown in Table 1-2. Revenue estimates under current rates shown in Table 2-10 for FY 24/25 through FY 28/29 are based on CY 2023 actual revenues adjusted for annual system growth of 0.5 percent.

**Table 2-10. Projected Wastewater Revenues Under Existing Rates**

Revenue	FY 24/25	FY 25/26	Projected FY 26/27	FY 27/28	FY 28/29
Sewer Service Fees (1)	\$26,426,992	\$26,524,381	\$26,621,771	\$26,719,160	\$26,816,550
Extraterritorial Sewer Service Fees (1)	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
Development Impact Fees (2)	350,000	350,000	350,000	350,000	350,000
Fines/Forfeitures/Penalties (3)	0	0	0	0	0
Rents and Concessions (Anaergia Lease) (4)	279,000	279,000	279,000	279,000	279,000
Trustee Wastewater Reserve Interest Income (5)	269,500	269,500	269,500	269,500	269,500
Delinquent Sewer Service Fees (3)	15,315	15,315	15,315	15,315	15,315
Grants (6)	0	0	0	0	0
Effluent Sale to IEUA (7)	144,375	144,375	144,375	144,375	0
RUA Investment Income (8)	269,642	258,811	103,809	91,986	99,188
Total	\$29,704,823	\$29,791,382	\$29,733,769	\$29,819,336	\$29,779,553

Notes:

- (1) FY 24/25 per draft RWS Budget. Increased in subsequent years for system growth. Refer to Section 5 for system growth projections.
- (2) FY 24/25 per FY 23/24 RUA budget. Development Impact Fee revenues are deposited into the Trust Wastewater Construction Reserve
- (3) Projected to remain at FY 24/25 budgeted values in subsequent years.
- (4) Per FY 24/25 RWS Budget. Revenues from the Anaergia lease are projected to continue at this level in subsequent years.
- (5) 50% of draft RWS FY 24/25 budget. The RWS budget value is reduced to exclude interest income in the Trust Wastewater Constructio Reserve and to anticipate future lowering of interest rates.
- (6) Grant revenues for capital projects are not shown in this table and are considered in developing the capital project funding strategy. See Table 2-14 for more detail.
- (7) Source: City staff, 7/12/23. 3,500 AFY @ \$275/AF in FY 23/24 dollars. \$/AF adjusted with inflation, and payment starts 1/1/29. Prepayment of 15% of total revenues starting FY 23/24.
- (8) Interest income is projected to be 1.5% of the previous fiscal year ending fund balance.

## 2.4.2 Projected Wastewater Expenses

### 2.4.2.1 Projected Waterfall 1 Expenses

Projected Waterfall 1 expenses are shown in Table 2-11. The largest single expense component is the Wastewater Service Fee which is the City’s payment to RWS for the operation and maintenance services they provide. The Service Fee currently has four separate components, and the Concession Agreement specifies the amounts of the Service Fee and how the fee components are escalated for inflation. The Fixed, Routine Repair and Replacement (“R&R”), and Labor Components are escalated for inflation on January 1 of each year, and the Chemical Component is not escalated for inflation.

**Table 2-11. Projected Wastewater Waterfall 1 Expenses**

	FY 24/25	FY 25/26	Projected (1)		
			FY 26/27	FY 27/28	FY 28/29
Waterfall 1: Wastewater Service Fee					
Fixed, Routine R&R, and Labor Components	\$7,120,579	\$7,359,148	\$7,543,127	\$7,731,705	\$7,924,998
Chemical Component	1,350,000	1,383,750	1,418,344	1,453,802	1,490,147
Waterfall 1: Reimbursements					
Insurance Reimbursement	1,038,000	1,063,950	1,090,549	1,117,812	1,145,758
Independent Engineer	118,000	120,950	123,974	127,073	130,250
Waterfall 1: Retained RUA Expenses (2)	5,692,073	6,038,375	6,247,114	6,465,117	6,692,897
<b>Total, Projected Waterfall 1 Expenses</b>	<b>\$15,318,652</b>	<b>\$15,966,173</b>	<b>\$16,423,108</b>	<b>\$13,798,473</b>	<b>\$13,798,473</b>

Notes:

- (1) Most projected expenses are based on the draft RWS FY 24/25 Budget and escalated for inflation. See Appendix A for more detail.
- (2) See Table 2-12 and Appendix A for more detail.

Table 2-12 provides more detail on Retained RUA Expenses. Some of the items in Table 2-12 with the highest cost to the City include:

- City Reimbursement (680 Admin). The amounts shown in Table 2-2 pay the portion of the City’s 680 Fund expenses attributed to the wastewater system.
- City Contract. This covers the costs incurred by the City’s General Fund related to the wastewater system.
- Electricity. This covers electricity costs at the Wastewater Treatment Plant and sewage lift stations in the collection system.
- Biosolids. This covers the costs for disposal of biosolids generated at the Wastewater Treatment Plant.

**Table 2-12. Projected RUA Retained Expenses**

Retained Expense	Projected (1)				
	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Electricity	\$1,200,000	\$1,284,000	\$1,373,880	\$1,470,052	\$1,572,955
Gas	104,000	106,600	109,265	111,997	114,797
Contracted Services					
City Contract (Transfer to General Fund)	710,000	727,750	745,944	764,592	783,707
Biosolids	1,194,000	1,223,850	1,254,446	1,285,807	1,317,953
City Reimbursement (680 Admin)	1,112,000	1,139,800	1,168,295	1,197,502	1,227,440
Consulting Services	500,000	512,500	525,313	538,445	551,906
IT Services: Tyler and Paymentus	136,000	139,400	142,885	146,457	150,119
Other Services and Supplies					
Rialto Habitat Nature Center O&M	0	150,000	153,750	157,594	161,534
Other Retained Services	500,000	512,500	525,313	538,445	551,906
Inland Empire Brine Line Fees (SBVMWD)	92,490	94,802	97,172	99,602	102,092
Wastewater Services (Colton)	9,583	9,823	10,068	10,320	10,578
MIPP Services (Veolia)	134,000	137,350	140,784	144,303	147,911
<b>Total</b>	<b>\$5,692,073</b>	<b>\$6,038,375</b>	<b>\$6,247,114</b>	<b>\$6,465,117</b>	<b>\$6,692,897</b>

**Notes:**

- (1) Most retained expenses are based on the draft RWS FY 24/25 Budget and escalated for inflation. See Appendix A for more detail.
- (2) Increases with the rate of electricity inflation. Electricity inflation of 7 percent is the six-year 2017 - 2023 average annual Southern California Edison commercial bill increase for a sample of Rialto's wells, rounded to the nearest 1 percent.
- (3) For services provided by the City's General Fund. Projected to increase with inflation.
- (4) Projected to increase with inflation.
- (5) Estimated by City staff, with expenses beginning FY 25/26. Projected to increase with inflation in subsequent years. Only includes O&M expenses to be funded by RUA and does not include O&M expenses funded by other City departments.

**2.4.2.2 Projected Waterfall 2 Expenses**

Waterfall 2 expenses are the OR&R payments. The amount of the OR&R payment is mutually agreed to by the City and RWS. It was established initially in the Concession Agreement and has been adjusted from time to time. The estimated annual OR&R is \$930,000 in FY 24/25, with adjustments for inflation in subsequent years.

**2.4.2.3 Projected Waterfall 3 Expenses**

Waterfall 3 expenses are the RWS Capital Charges. The amount of the Capital Charges is \$12,682,000 per year, and Capital Charges are not adjusted for inflation.

The City is planning on completing additional capital improvements in the next five years. As described below in Table 2-13, the City is planning on using a combination of grants, DIFs, RUA wastewater reserves, and debt to fund these capital improvements. Future debt service payments are also a Waterfall 3 expense.

**2.4.2.4 Projected Waterfall 4 Expenses**

Waterfall 4 expenses are deposits into the trust to meet required reserve account balances. The Concession Agreement established a Wastewater Reserve Account. The funds in this account are restricted and can't be used to pay operating or capital expenses. According to the Concession Agreement, the account must contain 25 percent of the sum of Waterfall 1 through Waterfall 3 expenses. As these expenses increase each year due to factors such as inflation or new debt service, the required balance in the Wastewater Reserve Account must also increase. This Rate Study contains projected annual deposits into the Wastewater Reserve Account to reach the minimum balance requirement.

**2.4.2.5 Projected Waterfall 5 Expenses**

Waterfall 5 expenses are the RUA Lease Payment, which for the purposes of this analysis is projected to remain at \$1,600,000 per year through FY 28/29

### 2.4.2.6 Expenses Outside the Waterfall

In FY 28/29, the City anticipates start-up of a well that will pump recycled water to Inland Empire Utilities Agency (IEUA). The well is a component of the Recycled Water Purchase Agreement between the City and IEUA. The City will operate and pay the O&M expense for the well, concurrent with recycled water sales to IEUA. The City's O&M expenses are expected to consist of power, maintenance, and depreciation.

### 2.4.2.7 Projected Capital Expenses

Table 2-13 shows the projected Capital Improvement Plan through FY 28/29. The capital improvements shown in Table 2-13 represent the highest priority capital projects, prioritized by City staff from a longer list of potential capital projects developed by RWS. The City has been successful in pursuing grant funding, which reduces the financial impact of these projects to the City's ratepayers. The total cost of the Capital Improvement Plan is \$58.75 million, of which \$7.25 million is grant funded.

The City anticipates using \$7.4 million of DIF revenues held in the Trust Accounts to pay for capital projects and approximately \$9.55 million from RUA wastewater reserves. The remainder will be debt financed. The specific type of loan to be used to fund the Capital Improvement Plan has not yet been identified, though the City is pursuing low-interest Water Infrastructure Finance and Innovation Act ("WIFIA") loans. For the purposes of this Rate Study, the City has provided direction to assume a 30-year loan at an interest rate of 6%.

**Table 2-13. FY 24/25 - FY 28/29 Wastewater Capital Improvement Plan**

Project	Projected Funding Sources (1)				Total Cost
	Grants (2)	DIF	RUA Reserves	Debt	
Sewer System Security Upgrades	\$2,000,000				\$2,000,000
Sycamore Sewer Upsize		5,000,000			5,000,000
Acacia Sewer Upsize		2,000,000			2,000,000
Digester No. 1 Activation & Digester No. 2 Rehabilitation				1,800,000	1,800,000
Rialto Biosolids Project (3)		854,000	9,546,000	16,000,000	26,400,000
Agua Mansa Lift Station Upgrades				2,000,000	2,000,000
Plant 5 Secondary Clarifier A&B Overhaul				500,000	500,000
Ayala Lift Station Upgrade and Repair				2,000,000	2,000,000
Electrical Upgrade				8,800,000	8,800,000
Rialto Habitat Nature Center	5,250,000			3,000,000	8,250,000
<b>Total</b>	<b>\$7,250,000</b>	<b>\$7,854,000</b>	<b>\$9,546,000</b>	<b>\$34,100,000</b>	<b>\$58,750,000</b>

**Notes:**

- (1) Source: City of Rialto staff report for 12/12/2023 City Council meeting, except for Rialto Habitat Nature Center per City staff, June 2024.
- (2) Grants shown in this table are those that have been received by the City as of April 2024. The City has applied for additional grant funding that if received, would be used in lieu of DIF funding, RUA Reserves, or debt issuance.
- (3) DIF funds used for the Rialto Biosolids Project include \$454,000 used in 2023 and projected \$400,000 future use of DIF funds.

### 2.4.3 Projected Reserves

There are three different types of reserves related to Rialto's wastewater utility, which are described below.

1. RUA Reserves. These are reserves held by the City, not held by the Trustee, and recorded in the City's 660 Fund. RUA reserves are generally unrestricted but must be sufficient to cover variations in receivables and payables over the course of the year. As of June 30 2023, RUA held approximately \$14.9 million in water reserves. An additional \$2.8 million of unrestricted Wastewater reserves is currently held in the Concession Agreement Trust Accounts, that could be transferred to RUA.
2. Trust Reserves. These reserves are also recorded in the City's 660 Fund (in account 660-108-0000-0000) but are held by the Trustee. These reserves are restricted for designated uses specified in the Concession Agreement.



3. DIF Reserves. DIF revenues are deposited into a dedicated Trust Accounts (the Water Construction Reserve) as they are received. The City anticipates using approximately \$7.4 million in DIF reserves for capital improvements.

The City recognizes that the need to maintain RUA wastewater reserves and develop the ability to pay a greater percentage of future capital improvements on a pay-as-you-go basis from reserves. Through the proposed wastewater rate increases the City is implementing a policy that will increase the RUA wastewater reserves over the long-term. The proposed wastewater rates were developed to phase-in collection of depreciation expense through rates. From an accounting perspective, depreciation is considered a “non-cash” expense – meaning that there is no cash expenditure associated with the collection of depreciation expense through rates. Instead, collecting depreciation expense would build RUA water reserves over time.

The wastewater rate revenues that would cover depreciation expense would be returned to RUA from the Trust Accounts at the end of each fiscal year as “excess cash” (See Figure 1-1). Collection of depreciation expense through rates will be phased-in over time. Table 2-14 shows projected depreciation expense through FY 28/29. The estimated depreciation expense associated with the wastewater capital improvements will be calculated by the City in the future after the final cost of the improvements is known.

**Table 2-14. Projected Wastewater Depreciation Expense**

	FY 24/25	FY 25/26	Projected FY 26/27	FY 27/28	FY 28/29
Depreciation, Existing Assets (1)	\$2,306,390	\$2,306,390	\$2,306,390	\$2,306,390	\$2,306,390
Estimated Depreciation, Capital Expenditures					
Sewer Main Projects (2)		140,000	140,000	140,000	140,000
WWTP and Lift Station Projects, Except Biosolids (2)		696,000	696,000	696,000	696,000
WWTP Biosolids (2)		660,000	660,000	660,000	660,000
<b>Total Estimated Depreciation Expense</b>	<b>\$2,306,390</b>	<b>\$3,802,390</b>	<b>\$3,802,390</b>	<b>\$3,802,390</b>	<b>\$3,802,390</b>

Notes:

(1) Source: FY 23/24 RUA budget.

(2) Based on proposed CIP, using a 50-year life for sewer main projects, a 25-year life for treatment facilities, and a 40-year life for biosolids facilities. Depreciation expense is also based on the current CIP schedule and cost. After the projects are completed, City staff will assign useful lives and calculate depreciation expense corresponding to the actual project cost and construction schedule.

#### 2.4.4 Projected RUA Operating Statement

Table 2-15 is a projected Operating Statement from the perspective of RUA. Because revenues go directly into the trust, RUA’s sources of funds are the funds from the Trustee to cover the RUA Lease payment plus any additional funds left over after other expenses have been paid from the trust and the trust reserve requirements are met. Additionally, RUA earns interest income on RUA’s reserves.



**Table 2-15. Projected RUA Wastewater Fund Operating Statement**

	FY 24/25	FY 25/26	Projected FY 26/27	FY 27/28	FY 28/29
<b>RUA Sources of Funds</b>					
Beginning Cash Balance (1)	\$17,976,143	\$17,254,097	\$6,920,599	\$6,132,398	\$6,612,549
From Trustee: Funds Dropping Out of Waterfall					
Funds to Cover Annual Lease Payment (2)	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Transfers from Waterfall (3)	1,008,312	953,690	2,707,990	2,388,165	3,673,687
Other Revenues					
RUA Investment Income (4)	269,642	258,811	103,809	91,986	99,188
<b>Total Revenues</b>	<b>\$2,877,954</b>	<b>\$2,812,502</b>	<b>\$4,411,799</b>	<b>\$4,080,151</b>	<b>\$5,372,876</b>
<b>RUA Uses of Funds</b>					
Lease Payments (2)	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
Use of Reserves for Capital Projects	0	9,546,000	0	0	0
RUA Expenses Outside Waterfall: IEUA Well (5)	0	0	0	0	357,500
Revenue Stabilization From RUA Reserves (6)	2,000,000	2,000,000	3,600,000	2,000,000	500,000
<b>Total Expenses</b>	<b>\$3,600,000</b>	<b>\$13,146,000</b>	<b>\$5,200,000</b>	<b>\$3,600,000</b>	<b>\$2,457,500</b>
<b>Ending RUA Cash Balance</b>	<b>\$17,254,097</b>	<b>\$6,920,599</b>	<b>\$6,132,398</b>	<b>\$6,612,549</b>	<b>\$9,527,925</b>

**Notes:**

- (1) FY 23/24 Source: City staff, 5/10/23. Fund balance shown is 660 Fund Cash in Bank balance as of 5/10/23.
- (2) FY 23/24 per RUA FY 23/24 Budget, and projected to remain at this value through the Rate Study planning period.
- (3) This transfer is intended to cover depreciation expense, and collection of depreciation expense through rates is being phased in over time. The drop in the transfer from FY 25/26 to FY 26/27 is to meet cash flow requirements as the projected new debt service payments are required. By FY 30/31, the transfer is sufficient to cover depreciation expense.
- (4) FY 23/24 interest income from the FY 23/24 RUA budget. In subsequent years, interest income is projected to be 1.5% of the previous fiscal year ending fund balance.
- (5) Beginning in FY 28/29, the City anticipates the start-up of a well that will deliver water to IEUA. The City is responsible for the O&M expenses of this well, in conjunction with revenues from recycled water sales to IEUA. See Appendix Table B-11 for more detail.
- (6) If needed, pre-existing reserves are used to provide supplemental revenue stabilization to meet the RWS coverage requirement.

## 2.4.5 Projected Operating Statement for Wastewater System Trust Accounts

Table 2-16 shows the projected revenues for the wastewater system trust accounts through FY 28/29. The first line of Table 2-16 is wastewater sales under existing rates, and the second line is wastewater sales under the proposed rate increases. In Table 2-16, wastewater sales revenues includes revenues from extraterritorial customers.

Other sources of funds are the non-rate revenues shown in Table 2-10 and Revenue Stabilization from RUA reserves required to meet the Concession Agreement Coverage Requirement. Projected Revenue Stabilization payments shown in Table 2-16 increase in FY 26/27 as the new debt service associated with the Capital Improvement Plan begins.

**Table 2-16. Projected Sources of Funds for the Wastewater System Trust Accounts**

	FY 24/25	FY 25/26	Projected FY 26/27	FY 27/28	FY 28/29
Sewer Sales Fees (Existing Rates) (1)	\$28,376,992	\$28,474,381	\$28,571,771	\$28,669,160	\$28,766,550
Sewer Sales Fees (Proposed Rate Increases)	851,000	2,613,000	4,494,000	6,500,000	8,641,000
Other Revenues Deposited into Trust Accounts	793,549	814,613	836,639	859,674	883,767
Revenue Stabilization from RWS Reserves	2,000,000	2,000,000	3,600,000	2,000,000	500,000
<b>Total</b>	<b>\$32,021,541</b>	<b>\$33,901,994</b>	<b>\$37,502,410</b>	<b>\$38,028,835</b>	<b>\$38,791,317</b>

**Notes:**

- (1) Includes Extraterritorial Sewer Service Fees.

Table 2-17 shows the projected uses of funds. The individual lines in Table 2-17 are shown in more detail earlier in this section.

**Table 2-17. Projected Uses of Funds for the Wastewater System Trust Accounts**

	FY 24/25	FY 25/26	Projected FY 26/27	FY 27/28	FY 28/29
Waterfall 1: Wastewater Service Fee (1)					
Fixed, Routine R&R, and Labor Components	\$7,120,579	\$7,359,148	\$7,543,127	\$7,731,705	\$7,924,998
Chemical Component	1,350,000	1,383,750	1,418,344	1,453,802	1,490,147
Waterfall 1: Reimbursements (1)					
Insurance Reimbursement	1,038,000	1,063,950	1,090,549	1,117,812	1,145,758
Independent Engineer	118,000	120,950	123,974	127,073	130,250
Waterfall 1: Retained RUA Expenses (2)	5,692,073	6,038,375	6,247,114	6,465,117	6,692,897
Waterfall 2: Annual Operating R&R Payment (3)	930,000	953,250	977,081	1,001,508	1,026,546
Waterfall 3: Capital Charges	12,682,000	12,682,000	12,682,000	12,682,000	12,682,000
Waterfall 3: New Debt Service (4)	0	0	2,589,940	2,589,940	2,589,940
Waterfall 4: Water Reserve Account Deposits (5)	456,159	169,568	769,598	126,177	130,414
Waterfall 5: RUA Lease Payment	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Transfer to RUA (6)	193,212	1,947,512	1,247,448	2,532,970	2,596,858
<b>Total Uses of Funds</b>	<b>\$31,480,023</b>	<b>\$33,626,003</b>	<b>\$36,604,362</b>	<b>\$37,751,173</b>	<b>\$38,340,951</b>

**Notes:**

(1) See Appendix A for more detail.

(2) See Table 2-12.

(3) FY 24/25 from draft RWS FY 24/25 budget. Projected to increase with inflation in subsequent years.

(4) Based on 30-year debt at 6% interest, per City's Financial Advisor, 10/05/23. Includes a capitalized bond reserve and costs of issuance

(5) This row represents the amount of contributions from RUA to maintain the minimum required balance in the Wastewater Reserve Account held in trust.

(6) This transfer is intended to cover depreciation expense, and collection of depreciation expense through rates is being phased in over time. The drop in the transfer from FY 25/26 to FY 26/27 is to meet cash flow requirements as the projected new debt service payments are required. By FY 30/31, the transfer is sufficient to cover depreciation expense. This number differs from what is shown in Table 2-15 because some transfers out of the waterfall are recorded on the last day of the fiscal year; they appear in RUA accounts in the subsequent fiscal year.

## 2.4.6 Financial Performance Criteria

There are three separate financial performance criteria that define wastewater rates through FY 28/29 and influence the financial performance of the water utility.

1. **Trust Water Account Reserve Balance.** The Concession Agreement established a Wastewater Reserve Account in the trust. The minimum balance in this account must be 25% of the sum of Waterfall 1 through 3 expenses.
2. **RUA Reserve Balance.** Neither the City nor RUA have specific reserve account requirements for a minimum balance in the RUA 660 Fund. As described above, the City is phasing in the collection of depreciation expense through rates that will result, in the long-term, in a larger RUA wastewater reserve balance and less reliance on debt service to fund future capital improvements.
3. **RWS Coverage Criteria.** The Concession Agreement establishes a Coverage Criteria that is shown in Table 2-18.
  - a. The Coverage Criteria is based on the total water system revenues excluding DIF revenues plus Revenue Stabilization payments, less Waterfall 1 and Waterfall 2 expenses and less Capital Charges including future debt service payments. This total is referred to in the Concession Agreement as "Free Cash Flow". The Concession Agreement requires that Free Cash Flow exceed 15.0 percent of the total Capital Charges including future debt service payments).
  - b. The City is anticipating future debt service to pay for the Capital Improvement Plan, as described above in Table 2-13. Lenders are expected to also have a debt coverage requirement, but that coverage requirement is not yet known. For the purposes of this Rate Study, the City has directed FG Solutions to use a 25 percent coverage factor after issuance of new debt to calculate the proposed wastewater rates.

**Table 2-18. Projected Wastewater Coverage Calculation**

	FY 24/25	FY 25/26	Projected FY 26/27	FY 27/28	FY 28/29
Revenues Going into Trust Excluding DIF (1)	\$29,522,306	\$31,381,696	\$33,360,085	\$35,463,475	\$37,701,865
Plus Revenue Stabilization	2,000,000	2,000,000	3,600,000	2,000,000	500,000
Less Waterfall 1-2	(\$16,548,652)	(\$17,226,923)	(\$17,715,376)	(\$18,220,085)	(\$18,741,740)
Balance, Available for Capital Charge	\$14,973,654	\$16,154,773	\$19,244,709	\$19,243,390	\$19,460,125
Balance, Available for Capital Charge	\$14,973,654	\$16,154,773	\$19,244,709	\$19,243,390	\$19,460,125
Less Capital Charges and Parity Debt Service	(\$12,682,000)	(\$12,682,000)	(\$15,271,940)	(\$15,271,940)	(\$15,271,940)
Free Cash Flow Before Lease Payment	\$2,291,654	\$3,472,773	\$3,972,769	\$3,971,450	\$4,188,185
Ratio (Free Cash Flow Divided by Capital Charges and Parity Debt Service) (2)	18.1%	27.4%	26.0%	26.0%	27.4%

**Notes**

- (1) Excludes Revenue Stabilization, interest income on RUA reserves, and interest income within the trust accounts.
- (2) The Concession Agreement requires coverage of at least 15%. With the addition of new debt, City staff (per 8/14/23 email) has provided direction to use 25% coverage after the new debt is issued for the purposes of this Rate Study.

## Section 3

# Cost of Service Analysis and Rate Design

This section outlines the proposed water rate structure. The rate structure is developed using a Cost-of-Service Analysis, completed in a consistent manner with industry standards. This Cost-of-Service Analysis uses methodology from the American Water Works Association’s M1 Manual, Principles of Water Rates, Fees, and Charges (7th Edition).

A Cost-of-Service Analysis (COSA) is used to equitably distribute the revenue requirements to the various customer classes served by the utility. The COSA is also used to allocate costs to the various customer classes served (i.e. residential, commercial, industrial, etc.) corresponding to the level of service provided. Many costs are incurred for the joint benefit of all customers, some costs benefit certain customers more than others, and other costs may benefit only specific customers.

### 3.1 Water Cost-of-Service Analysis

The first step in a COSA is functionalization, where water system expenses are grouped according to the functions of a water system. Water functions include pumping, storage, transmission, and distribution (T&D), customer, meter, and administration. Table 3-1 shows the functionalization of the City’s Division’s O&M expenses for FY 24/25. Additional detail is available in Appendix B. Table 3-1 functionalizes the water rate revenue requirement.

- The labor component of the Water Service Fee was functionalized based on actual 2022 labor costs reported by RWS.
- The Fixed and Routine Repair & Replacement components of the Water Service Fee was functionalized based on net plant.
- Capital charges are functionalized based on a review of the items financed by RWS in 2012 at the initiation of the Concession Agreement.
- Within the Retained RUA Expenses, well electricity and purchased water expenses are carried into the Rate Tier calculations.
- Electricity was functionalized between treatment and collection based on a review of Southern California Edison (SCE) power bills.
- Biosolids expenses were functionalized to treatment.

Many other retained expenses were functionalized as administration, including the transfer to the City’s General Fund for services provided to the water utility; the Fund 680 Administrative expenses, consulting services, and IT services.

The second step in a COSA is allocation, where functionalized expenses are allocated to water system characteristics of average day demand, peak day demand, peak hour demand, and customer and water meter size. In addition, source of supply costs are carried through the allocation step to be used in the rate tier calculations described later in this section. Table 3-2 shows the Allocation of FY 24/25 Rate Revenue Requirement. Some of the key aspects of the allocation calculations are:

1. Pumping, treatment, and storage costs are allocated to base (also referred to as average day), demand and maximum day demand. This is because these facilities are sized to meet peak day demands, and they also are in use every day on a 24/7 basis.
2. A portion of storage costs are attributed to providing fire protection, based on an assessment of the amount of reservoir storage that is needed for fire protection, as described in the City's Water Master Plan.
3. Transmission and distribution system expenses are allocated to base, maximum day, and maximum hour demands because sizing of pipes also considers maximum hour demands. A portion of transmission and distribution expenses is also allocated to fire protection, recognizing that pipes are sized to provide fire flow.
4. Water supply costs are carried through to the rate tier calculations. In the Volume Charge calculations described below, the charges for each rate tier are based on water supply costs.
5. Administrative expenses are allocated based on a weighted average of all other expenses.
6. Fire protection expenses and the reallocation of public fire protection expenses are discussed in further detail in Appendix C of this report.

**Table 3-1 Functionalization of Water Rate Revenue Requirement**

	Functionalized Amount (1)									
	FY 24/25 Total	Pumping	Treatment	Storage	T&D	Customer	Meter	Admin	Rate Tier Calculation	Public Fire Protection
Waterfall 1: Water Service Fee (2)	6,971,586	958,724	57,256	1,708,227	3,356,711	775,985	0	0	89,198	25,486
Waterfall 1: Reimbursements (3)	1,200,108	184,906	12,205	309,993	619,600	1,260	2,596	64,886	0	4,662
Waterfall 1: Retained RUA Expenses (4)	5,365,000	184,318	0	0	0	0	0	2,136,000	3,044,682	0
Waterfall 2: Annual Operating R&R Payment (3)	680,000	106,762	6,376	190,226	373,798	0	0	0	0	2,838
Waterfall 3: Capital Charges (5)	2,900,000	362,037	52,462	128,573	530,071	33,425	68,884	1,721,644	0	2,905
Waterfall 4: Water Reserve Account Deposits	221,141	0	0	0	0	0	0	221,141	0	0
Waterfall 5: RUA Lease Payment	400,000	0	0	0	0	0	0	400,000	0	0
Less Water Rights Revenue From SBCO	(349,264)	(42,970)	(3,068)	(55,891)	(116,713)	(19,388)	(1,709)	(108,665)	0	(858)
Less Grant Revenue (6)	0	0	0	0	0	0	0	0	0	0
Less Other Non-Rate Revenues	(560,370)	0	0	0	0	0	0	0	(560,369)	0
Less Revenue Stabilization, Changes in Reserves (6)	(3,110,596)	(382,701)	(27,327)	(497,778)	(1,039,463)	(172,670)	(15,225)	(967,788)	0	(7,645)
<b>Total Rate Revenue Requirement</b>	<b>13,717,604</b>	<b>1,371,076</b>	<b>97,904</b>	<b>1,783,350</b>	<b>3,724,004</b>	<b>618,612</b>	<b>54,546</b>	<b>3,467,218</b>	<b>2,573,511</b>	<b>27,388</b>

Notes:

- (1) See Appendix B for more detail. Discrepancies in total functionalized costs are due to rounding in the cost-of-service analysis.
- (2) Labor portions of the Water Service Fee are functionalized based on RWS organization charts and 2022 labor expenses. Chemical costs are incorporated into the rate tier calculations  
Other components functionalized by net plant.
- (3) Primarily functionalized by net plant.
- (4) Well electricity and purchased water are incorporated into the rate tier calculations. Most of the remaining costs are functionalized as administration.
- (5) Functionalized based on what the 2012 Concession Agreement Funding, upon which the Capital Charges are based, paid for.
- (6) Functionalized based on other components of the rate revenue requirement except for what was incorporated into the rate tier calculations.

**Table 3-2 Allocation of Water Rate Revenue Requirement**

	FY 24/25 Projection	Base	Extra Capacity		Customer	Meter	Rate Tier Calculation	Public Fire Protection	Public & Private Fire Protection	Private Fire Protection
			Max Day	Max Hour						
Water System Function										
Pumping	\$1,371,076	\$788,658	\$582,418	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Treatment	97,904	56,315	41,589	0	0	0	0	0	0	0
Storage	1,783,350	357,317	1,266,381	0	0	0	0	0	159,652	0
Transmission & Distribution	3,724,004	631,916	466,665	1,098,581	0	0	0	0	1,526,842	0
Customer	618,612	0	0	0	618,612	0	0	0	0	0
Meter	54,546	0	0	0	0	54,546	0	0	0	0
Administration	3,467,218	828,408	1,064,549	496,168	279,392	24,635	0	12,370	761,695	0
Rate Tier Calculations	2,573,511	0	0	0	0	0	2,573,511	0	0	0
Fire Protection	27,388	0	0	0	0	0	0	27,388	0	0
Reallocate Public FP	(2,448,189)	0	0	0	0	0	0	0	(2,448,189)	0
Reallocate Public FP	2,448,189	0	0	0	0	0	0	2,080,546	0	367,643
<b>Total</b>	<b>\$13,717,608</b>	<b>\$2,662,614</b>	<b>\$3,421,602</b>	<b>\$1,594,749</b>	<b>\$898,004</b>	<b>\$79,181</b>	<b>\$2,573,511</b>	<b>\$2,120,304</b>	<b>\$0</b>	<b>\$367,643</b>

Some of the key aspects of the allocation calculations are:

1. Pumping, treatment, and storage costs are allocated to base (also referred to as average day) demand and maximum day demand. This is because these facilities are sized to meet peak day demands, and they also are in use every day on a 24/7 basis.
2. A portion of storage costs are attributed to providing fire protection, based on an assessment of the amount of reservoir storage that is needed for fire protection, as described in the City’s Water Master Plan.
3. Transmission and distribution system expenses are allocated to base, maximum day, and maximum hour demands because sizing of pipes also considers maximum hour demands. A portion of transmission and distribution expenses is also allocated to fire protection, recognizing that pipes are sized to provide fire flows.
4. Water supply costs are carried through to the rate tier calculations. In the Volume Charge calculations described below, the charges for each rate tier are based on water supply costs.
5. Administrative expenses are allocated based on a weighted average of all other expenses.
6. Fire protection expenses, and the reallocation of public fire protection expenses, are discussed in further detail in Appendix C of this report.

Table 3-3 defines terms and clarifies the relationship between Water Service Characteristics and how costs are recovered in the proposed rate structure. The terms base, max-day, and max-hour demand are used in the industry standard publication, AWWA M1 Manual, Principles of Water Rates, Fees, and Charges, 7th Edition.

Customer-related costs are recovered in the Monthly Minimum Charge on a per-customer basis. All other costs incorporated into the Monthly Minimum Charge are recovered based on meter size, where the cost increases with increasing meter size.

**Table 3-3: Relationship Between Water Service Characteristics and Rate Structure**

Water Service Characteristic	How Costs are Allocated Among Customer Classes	How Costs are Recovered in Rate Structure
Base Demand	Meter Equivalents and Average Water Use (1)	Mostly Through Monthly Minimum Charge, Partially Through Volume Charges
Max Day and Max Hour Customer	Peak Water Use On a Per-Customer Basis	Volume Charges Monthly Service Charges
Meter	Meter Equivalents	Monthly Service Charges
Rate Tier Calculations	Water Use	Volume Charges
Public Fire Protection Costs	Meter Equivalents	Monthly Service Charges
Private Fire Protection	Fire Protection Equivalents (2)	Fireline Rates

Notes:

- (1) The number of meter equivalents for each water meter size is based on the capacity of the water meter.
- (2) Fire protection equivalents for each size of fireline account are based on the size of the water meter, weighted according to engineering formulas described in Appendix C.

## 3.2 Proposed Water Rates

Proposed water rates are shown below in Table 3-4. Proposed Monthly Minimum Charges increases with meter size. 94 percent of residential customers have a ¾" or smaller water meter and would pay, starting on 1/1/25, a Monthly Minimum Charge of \$34.53 per month.

**Table 3-4. Proposed Monthly Minimum Charge, Water**

Meter Size	Existing	Proposed Monthly Minimum Charges				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
3/4" and Smaller	\$30.42	\$34.53	\$39.51	\$42.46	\$45.63	\$49.03
1"	\$44.01	\$53.03	\$60.68	\$65.21	\$70.07	\$75.30
1-1/2"	\$53.04	\$99.28	\$113.61	\$122.08	\$131.19	\$140.98
2"	\$152.54	\$154.79	\$177.12	\$190.33	\$204.53	\$219.79
3"	\$324.45	\$302.80	\$346.48	\$372.33	\$400.10	\$429.95
4"	\$550.59	\$469.31	\$537.01	\$577.07	\$620.12	\$666.38
6"	\$1,138.62	\$931.84	\$1,066.26	\$1,145.81	\$1,231.28	\$1,323.14
8"	\$1,636.17	\$1,486.88	\$1,701.37	\$1,828.29	\$1,964.68	\$2,111.24



**Table 3-5: Proposed Volume Charges**

	Existing	Proposed Volume Charges				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<u>Residential and Commercial</u>						
0 - 9 ccf per month	See Note 1	\$1.95	\$2.20	\$2.36	\$2.54	\$2.73
10 - 30 ccf per month	See Note 1	\$2.19	\$2.47	\$2.66	\$2.85	\$3.07
>31 ccf per month	See Note 1	\$3.19	\$3.62	\$3.89	\$4.18	\$4.49
<u>Multiple Apartments Over 49 Units and Mobile Homes</u>						
All water use	\$2.40	\$2.35	\$2.66	\$2.86	\$3.07	\$3.30
<u>Landscape</u>						
0 - 30 ccf per month	\$2.70	\$2.19	\$2.47	\$2.66	\$2.85	\$3.07
>31 ccf per month	\$3.32	\$3.19	\$3.62	\$3.89	\$4.18	\$4.49

Notes:

(1) The current tiered volume charges for Residential and Commercial customers is:

0 - 5 ccf per month: \$1.07/ccf

6 - 30 ccf per month: \$1/69/ccf

31 - 60 ccf/month: \$2.70/ccf

&gt; 61 ccf/month: \$3.32/ccf

Most customers will see their water bills change from a four-tier to a three-tier water rate structure. The first tier will contain 0–9 ccf per month. This is an approximate amount of indoor water use for most residential customers. The second tier, from 10 to 30 ccf per month, is meant to capture most residential outdoor irrigation use. The third tier is for large water users and residential customers that use more than approximately twice the citywide average. Multi-family customers with more than 49 units and landscape customers retain their current tier structure.

The cost of water in each tier is calculated by first calculating the cost of water from each individual source. The City has five primary production wells. The City buys water from SBMVD through the baseline feeder and baseline feeder wells. The City also buys water from the West Valley Water District that is treated at the Roemer Water Filtration Facility. The least expensive water for the City to produce is from the City's Well 4A, Rialto 3, and Miro 3 wells. The Tier 1 cost is based on the cost of water from these wells. The most expensive water is from the Roemer Water Filtration Facility, the Baseline Feeder, and the Chino 2 well. The cost of water in the third tier is based on the cost from these water sources. The cost of water in the second tier is from the City's remaining sources. Full rate calculations can be found in Appendix C.

**Table 3-6. Proposed Fireline and Hydrant Rates**

	Existing	Proposed Rates				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<u>Fireline</u>						
3" meter	\$83.73	\$21.56	\$24.80	\$26.78	\$28.92	\$31.24
4" meter	\$111.64	\$45.95	\$52.84	\$57.07	\$61.63	\$66.56
6" meter	\$167.46	\$133.47	\$153.49	\$165.77	\$179.03	\$193.35
8" meter	\$223.28	\$284.43	\$327.09	\$353.26	\$381.52	\$412.04
10" meter	\$279.10	\$511.50	\$588.22	\$635.28	\$686.10	\$740.99
<u>Hydrant</u>						
Rate, \$/ccf	\$3.33	\$2.70	\$3.10	\$3.35	\$3.62	\$3.91
Per Day	\$10.81	\$3.43	\$3.51	\$3.60	\$3.69	\$3.78

Fireline and Hydrant Rates are applicable to customers with separate fire service accounts. Table 3-6 shows the proposed Private Fire Service rates. These rates recover costs associated with transmission, distribution and storage that are related to providing fire protection services to private fire service connections.

### 3.3 Wastewater Cost-of-Service Analysis

Similar to the Water COSA, the first step in determining the wastewater COSA is functionalization, where wastewater system expenses are grouped according to the functions of a sewer system. Wastewater functions include treatment, collection, customer, admin, Direct Assign Commercial, and Direct Assign Rialto Habitat Nature Center (RHNC).

Table 3-7 shows the Functionalization of the Wastewater Rate Revenue Requirement, for FY 24/25 Included in the rate revenue requirement are O&M expenditures, debt service payments, capital improvements and replacement expenditures. In FY 24/25, these expenditures are partially offset by non-rate revenues and use of reserves. Refer to Appendix D for more detail on the wastewater COSA.

Table 3-7 functionalizes each Waterfall. Waterfall 1 is divided into the Wastewater Service Fee and Reimbursements.

**Table 3-7 Functionalization of Wastewater Rate Revenue Requirement**

	Functionalized Amount (1)						
	FY 24/25 Total	Treatment	Collection	Customer	Admin	Direct Assign Commercial	Direct Assign RHNC
Waterfall 1: Wastewater Service Fee (2)	\$8,470,579	\$6,504,409	\$1,642,550	\$323,620	\$0	\$0	\$0
Waterfall 1: Reimbursements (3)	1,456,000	1,077,102	313,940	0	64,958	0	0
Waterfall 1: Retained RUA Expenses (4)	5,692,073	2,533,737	56,753	0	2,967,583	134,000	0
Waterfall 2: Annual Operating R&R Payment (3)	930,000	0	930,000	0	0	0	0
Waterfall 3: Capital Charges (5)	12,682,000	4,981,436	719,199	0	6,981,365	0	0
Waterfall 4: Wastewater Reserve Account Deposits	456,159	0	0	0	456,159	0	0
Waterfall 5: RUA Lease Payment	1,600,000	0	0	0	1,600,000	0	0
Less Non-Rate Revenues	(977,832)	(279,000)	0	0	(554,457)	0	(144,375)
Plus Change Reserve Balances (7)	(1,080,987)	(528,481)	(130,623)	(11,542)	(410,711)	(4,779)	5,149
<b>Total Rate Revenue Requirement</b>	<b>\$29,227,992</b>	<b>\$14,289,203</b>	<b>\$3,531,819</b>	<b>\$312,078</b>	<b>\$11,104,897</b>	<b>\$129,221</b>	<b>(\$139,226)</b>

Notes:

- (1) See Appendix D for more detail. Discrepancies in total functionalized costs are due to rounding in the cost-of-service analysis.
- (2) Labor portions of the Wastewater Service Fee are functionalized based on RWS organization charts and 2022 labor expenses. Chemical costs are treatment-related. Other components functionalized by net plant.
- (3) Primarily functionalized by net plant.
- (4) Electricity is assigned to treatment and collection based on a review of power bills. Biosolids and brine line fees are assigned to treatment. Most remaining costs are functionalized to administration. Pretreatment costs are assigned to high-strength commercial customers (Classes III and IV)
- (5) Functionalized based on what the 2012 Concession Agreement Funding, upon which the Capital Charges are based, paid for.
- (6) Grants assigned to treatment. Effluent sales revenues are assigned to the Rialto Nature Habitat Center. The remaining non-rate revenues are functionalized to administration.
- (7) Functionalized based on other components of the rate revenue requirement except for what was incorporated into the rate tier calculations.

The second step in a COSA is allocation, where functionalized expenses are allocated to water system characteristics of average day demand, peak day demand, peak hour demand, and customer and water meter size. In addition, source of supply costs are carried through the allocation step to be used in the rate tier calculations described later in this section. Table 3-8 shows the Allocation of FY 24/25 Rate Revenue Requirement. Some of the key aspects of the allocation calculations are:

- 1. Treatment expenses are allocated equally to flow, BOD, and TSS.
- 2. Collection system expenses are allocated to flow.
- 3. Commercial III and IV expenses are related to the City’s pretreatment program and are carried into the rate design calculations, to be recovered from Commercial II and IV wastewater rates.
- 4. The negative RHNC cost represents effluent sales to IEUA, and are allocated to flow.

- 5. Administrative expenses are allocated based on a weighted average of other items.

**Table 3-8 Allocation of Wastewater Rate Revenue Requirement**

	FY 24/25					
	Total	Flow	BOD	TSS	Customer	Direct: CIII,CIV
Wastewater System Function						
Treatment	\$14,289,203	\$4,763,068	\$4,763,068	\$4,763,068	\$0	\$0
Collection	3,531,819	3,531,819	0	0	0	0
Customer	312,078	0	0	0	312,078	0
Administration	11,104,897	4,997,368	2,918,562	2,918,562	191,225	79,180
Direct Assign: Commercial III and IV	129,221	0	0	0	0	129,221
Direct Assign: RNHC	(139,226)	(139,226)	0	0	0	0
<b>Total Rate Revenue Requirement</b>	<b>\$29,227,992</b>	<b>13,153,028</b>	<b>7,681,630</b>	<b>7,681,630</b>	<b>503,303</b>	<b>208,401</b>

Some of the key aspects of the allocation calculations are:

1. Treatment costs are split between flow, BOD, TSS
2. Collection system costs are allocated to flow
3. Administration costs are allocated based on the total revenue requirement, net of the effluent sales to RNHC.

Table 3-9 defines terms and clarifies the relationship between Wastewater Service Characteristics and rate structure. The table shows how costs are recovered in the proposed rate structure.

Each customer class is assigned BOD and TSS strengths consistent with published data from other Southern California utilities, the City of Rialto’s Development Impact Fees, and other industry standard publications. See Appendix D for more detail.

Residential wastewater flow is estimated using indoor water use of 50 gallons per capita per day and 3.86 people per household. The people per household value is reported by the US Census Bureau for the City of Rialto between 2018 and 2022. Commercial wastewater flow is based on water consumption data, and is recorded by the City of Rialto or the West Valley Water District, depending on customer location.

**Table 3-9. Relationship Between Wastewater Service Characteristics and Rate Structure**

Wastewater Service Characteristic	How Costs are Allocated Among Customer Classes
Flow	Wastewater Flow
BOD	BOD Discharge
TSS	TSS Discharge
Customer	On a Per-Customer Basis
Direct: CIII, CIV	Directly to These Two Customer Classes

The COSA calculates, for each customer class shown in Table 3-10, a revenue requirement based on the estimated sewer flow, BOD loading, TSS loading, and number of customers for each class.

The residential fixed charge is calculated by dividing the residential revenue requirement by the number of customers. The commercial volume charges are calculated by dividing the revenue requirement for each commercial customer class by metered water consumption.

### 3.4 Proposed Wastewater Rates

**Table 3-10. Proposed Wastewater Rates**

Customer Type	Existing	Proposed Rates				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<b>Group I (\$/month/residential unit)</b>						
Residential	\$62.19	\$67.14	\$71.07	\$75.23	\$79.64	\$84.31
Residential X 1.3	\$80.84	\$87.28	\$92.39	\$97.80	\$103.53	\$109.60
Residential Multi.	\$62.19	\$67.14	\$71.07	\$75.23	\$79.64	\$84.31
<b>Group II, \$/ccf metered water use</b>						
Commercial	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
(includes - Softwater Service, Car Wash, Office Buildings, Cleaners, Department/Retail Stores, Warehouse, Car lots, Equipment Rental, Storage Units, Hospitals, Manufacturing, Indoor Theater, Day Care, Pre School, Disabled Care, Nail/Hair Salon, Church)						
<b>Group III, \$/ccf metered water use</b>						
Commercial	\$7.96	\$8.32	\$8.80	\$9.32	\$9.87	\$10.44
(includes - Hotels /Motels (no restaurant), repair and Service Station, Shopping Center, Recreation Park, Nursery/Florist, Manufacturing - Non-Domestic, Lumber Yard, Nightclub, Bar, Hall)						
<b>Group IV, \$/ccf metered water use</b>						
Commercial	\$10.17	\$12.06	\$13.00	\$14.08	\$15.33	\$17.59
(includes - Hotels /Motels (w/restaurants), Bakeries, Dairy, Supermarkets, Dairy, Meat Market, Mom & Pop, Mortuary, Restaurants, Fast Food, Catering)						
<b>Group V, \$/student/month</b>						
Schools -						
Elementary	\$0.85	\$1.00	\$1.15	\$1.25	\$1.35	\$1.48
Junior High	\$2.03	\$2.30	\$2.60	\$2.80	\$2.99	\$3.16
High	\$2.03	\$2.30	\$2.60	\$2.80	\$2.99	\$3.16
Continuation	\$0.85	\$1.00	\$1.15	\$1.25	\$1.35	\$1.48
Adult Education	\$0.85	\$1.00	\$1.15	\$1.25	\$1.35	\$1.48
<b>Group VI, \$/ccf water use</b>						
Large Volume	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
Hospital	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
Commercial Building	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85

**Notes:**

- (1) Existing rates have been effective since 2/1/18. Rates do not include the City's Utility Users Tax.
- (2) Group II, III, IV, and VI extraterritorial customers are charged 1.3 times the corresponding rates shown in this table for in-city customers.

## Section 4

# Comparison With Other Utilities

### 4.1 Introduction

Section 4 describes a comparison of the City of Rialto’s monthly water and wastewater bills with the utilities listed below. The example monthly water and wastewater bills are shown for a typical single-family household consuming 16 hundred cubic feet (hcf) per month.

The City of Rialto’s monthly water bill includes the Monthly Minimum Charge and Volume Charges. Both the current rates and proposed rates are shown in the comparison, see Table 4-1. The City of Rialto monthly wastewater bill is a flat charge that is the same for all single-family residences. Table 4-2 provides both current and proposed wastewater rates for Rialto, in addition to the utilities listed below.

The comparisons shown in Table 4-1 and Table 4-2 below were developed by City staff and are based on comparator rates effective as of January 1, 2025.

### 4.2 Comparison with Other Utilities

This section shows comparisons of existing monthly water and wastewater bills developed by City staff for the following utilities:

- City of Rialto
- City of Banning
- City of Colton
- City of Corona
- City of Fontana (wastewater only)
- City of Loma Linda
- City of Redlands
- City of Riverside
- Cucamonga Valley Water District (“CVWD”)
- East Valley Water District
- Fontana Water Company (water only)
- Jurupa Community Services District
- Marygold Water (water only)
- San Bernardino Municipal Water Department (“SBMWD”)
- West Valley Water District (water only)

Table 4-1 is the Monthly Water Bill Comparison for the utilities named above, for residential single-family customers consuming 16 hcf a month, based on a ½” x 5/8” or a similar size meter, typical for single family dwellings. This table shows that Rialto’s current monthly water bill for the typical example customer is lower than most of the comparators. The proposed water rates for the City of Rialto 1/1/2025 monthly bill is in the middle of the table.

**Table 4-1. Monthly Water Bill Comparison**

Comparator Utility	Monthly Bill as of 1/1/2025 (1)
Fontana Water Company (Water)	105.79
Marygold Water	82.53
City of Banning	82.98
Jurupa Community Services District	69.77
<b>City of Rialto, PROPOSED</b>	<b>67.41</b>
Cucamonga Valley Water District (CVWD)	65.47
City of Corona DWP	64.69
East Valley Water District	63.38
West Valley Water District (WVWD)	57.31
Loma Linda, City of	55.95
<b>City of Rialto, EXISTING</b>	<b>54.36</b>
City of Colton	53.10
City of Riverside Public Utilities	52.19
San Bernardino Municipal Water Department	49.69
City of Redlands Municipal Utilities	46.93

Notes:

- (1) Rates are based on a 1/2" x 5/8" or similar sized meter, for single family residences consuming 16 hcf per month. Include: monthly bills for utilities with adopted rate increases between the date of this report and 1/1/25.

Table 4-2 is the Monthly Wastewater Bill Comparison for the wastewater utilities named above, for residential single-family customers consuming 16 hcf of water per month. The table shows that the City of Rialto's current wastewater rates and the proposed wastewater rates are the highest of the comparators.

**Table 4-2. Monthly Wastewater Bill Comparison**

Comparator Utility	Monthly Bill as of 1/1/2025 (1)
<b>City of Rialto, PROPOSED</b>	<b>67.14</b>
<b>City of Rialto, EXISTING</b>	<b>62.19</b>
City of Banning	49.01
San Bernardino Municipal Water District	48.98
Loma Linda, City of	46.46
Jurupa Community Services District	46.37
City of Corona DWP	45.60
East Valley Water District	43.09
City of Riverside Public Utilities	39.59
City of Fontana (Sewer)	35.14
City of Colton	34.33
City of Redlands Municipal Utilities	33.02
Cucamonga Valley Water District (CVWD)	32.02

Notes:

- (1) Rates are based on a 1/2" x 5/8" or similar sized meter, for single family residences consuming 16 hcf per month. Include: monthly bills for utilities with adopted rate increases between the date of this report and 1/1/25. Some utilities, including the City of Rialto, charge a flat rate for residential sewer services.

It can be noted that each utility in the comparator list has a capital improvement plan, debt schedules and O&M costs that differ from the City of Rialto. Additionally, none of the comparators are parties to Concession Agreements. The Concession Agreement has specific reserve coverage requirements and has unique agreements with the City for capital projects and the debt associated with those projects. Additionally, the City of Rialto recently completed a



major upgrade to its wastewater treatment plant. The City invested considerable resources into this capital project, and the debt associated with this project is reflected in both existing and proposed rates.

## Section 5

# Ongoing Considerations

The 2024 Water and Wastewater Rate Study Report and the projected rate schedules shown in Section 3 cover the planning period from FY 24/25 through FY 28/29. There are several factors that could change over the next few years that have financial implications. The extent to which these factors change may influence the financial condition of the water and wastewater systems and the City's ongoing reviews of water and wastewater rates.

The City should continue to monitor its financial status on an ongoing basis, and should continue to monitor the following:

- *Water consumption.* Water system revenues depend on water consumption. Water consumption in this Rate Study is based on Calendar Year 2023 actual data. Precipitation levels in 2023 were higher than average. When precipitation levels are high, customers tend to use less water. The precipitation levels in summer 2022 were also above average, affecting consumption levels in the summer when irrigation use is highest. Lower water consumption, whether resulting from additional conservation or higher precipitation levels during months where outdoor irrigation is lower, will result in pumping less water, which reduces costs, but it will also result in reduced revenues.
- *Long-Term Water Use Objectives Legislation.* Recent changes to California state law may result in additional water conservation efforts and reduced water consumption. These changes in law will be phased in over time and may impact water demands approaching 2030.
- *Changing Conditions.* Water and wastewater utility conditions change on an ongoing basis. The City should anticipate the following future developments that may have financial impacts that are not known at the time this report was prepared. There are several items that have arisen since the proposed water and wastewater rates were calculated in April 2024:
  - 2024 Labor Reset. Every four years, the Labor Component of the Concession Agreement RWS Service Charge is renegotiated to account for inflation and changes in staffing. The projected RWS Service Charge may differ from what is projected in this Rate Study, depending on the results of the 2024 Labor Reset negotiations.
- *Capital project spending and financing.*
  - The proposed water and wastewater rates are based on an estimated capital project cost and schedule. As capital project construction bids are awarded, the City will have greater certainty regarding capital costs and schedule. Deviations in costs and schedule will affect the financial projections that form the basis of this rate study.
  - The proposed water and wastewater rates are based on capital improvement debt with an interest rate of 6 percent. The actual interest rate the City can obtain will affect the debt service payment the City is required to pay.
  - The proposed water and wastewater rates are based on 25 percent coverage criteria, as specified by the City, for planning purposes. The actual coverage criteria will be established by a lender. This criteria is not yet known. Deviations from the 25 percent coverage factor will affect the financial projections and the projected Revenue Stabilization payments from RUA reserves.
- *Inflation rates.*

- Many expenses, including the RWS Service Fees, are tied to actual changes in inflation rates. Projected expenses are based on a 2.5 percent annual inflation rate for most items. A notable exception is electricity costs, which are projected in this Rate Study to increase at 7 percent per year.
- *Development activity in the Division's service area.* The financial calculations incorporate a 0.5% annual system growth rate. If system growth through FY 28/29 is higher than expected, this will result in more revenues than projected in this analysis, from both Development Impact Fees and utility rate revenues paid by the future customers. The City should monitor system growth and make any appropriate adjustments to budgeting and spending plans.

## Section 6

# Appendix A: Revenue Requirement

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# City of Rialto

## 2024 Water and Wastewater Rate Study

### Fiscal Years FY 24/25 to FY 32/33

Model prepared by FG Solutions, LLC in May 2024

#### Water and Wastewater Revenue Requirement Analysis

TABLE A-1 Key Assumptions

TABLE A-2 Projected Revenues Under Existing Rates

TABLE A-3 Projected RUA Expenses

TABLE A-4 Projected Depreciation Expense

TABLE A-5 Projected Operating Statement - Water

TABLE A-6 Projected Operating Statement - Wastewater

TABLE A-7 Capital Improvement Plan

TABLE A-8 Projected Debt Service

#### Water Cost-of-Service Analysis (COSA) and Rate Design

TABLE B-1 Water COSA - Functionalization Factors

TABLE B-2 Water COSA - Functionalization of Water System Plant

TABLE B-3 Water COSA - Functionalization of CIP by Percentage

TABLE B-4 Water COSA - Functionalization of CIP Projects by Dollar

TABLE B-5 Water COSA - Functionalization of Existing Capital Charge

TABLE B-6 Water COSA - Functionalization of Rate Revenue Requirement

TABLE B-7 Water COSA - Allocation Factors

TABLE B-8 Water COSA - Allocation of Rate Revenue Requirement

TABLE B-9 Water COSA - Distribution of Revenue Requirement

TABLE B-10 Identification of Costs to be Included in Rate Tier Calculations

TABLE B-11 Water and Wastewater Supporting Calculations

TABLE C-1 Water Rate Design Calculations

#### Wastewater Cost-of-Service Analysis (COSA) and Rate Design

TABLE D-1 Wastewater COSA - Functionalization Factors

TABLE D-2 Wastewater COSA - Functionalization of Wastewater System Plant

TABLE D-3 Wastewater COSA - Functionalization of CIP by Percentage

TABLE D-4 Wastewater COSA - Functionalization of CIP by Dollar Amount

TABLE D-5 Wastewater COSA - Functionalization of Capital Charge

TABLE D-6 Wastewater COSA - Functionalization of Rate Revenue Requirement

TABLE D-7 Wastewater COSA - Allocation of Rate Revenue Requirement

TABLE D-8 Wastewater COSA - Distribution of Rate Revenue Requirement

TABLE E-1 Wastewater Rate Design Calculations

**TABLE A-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Key Assumptions**

**Key Assumptions**

1	FY 23/24 Draft RUA Budget used for O&M expenses.		
2	RWS Core and Special Capital Improvement Plan used for the cost potential capital expenses. Source: 04/12/2023 RWS Model		
3	Debt financing assumptions		
4	WIFIA terms		
5	Interest rate	6.00%	Per Mike Busch, Urban Futures, 10/03/23 email.
6	Term	30	year repayment period
7	Principal repayment deferral	0	years, per discussions with City staff and Urban Futures in 4Q 2023.
8	Coverage requirement	1.25	years, per discussions with City staff and Urban Futures in 4Q 2023.
9	Capitalized Bond Reserve requirement	6	months of debt service payment, per 04/12/2023 RWS model
10			
11	Financial Performance Criteria		
12	Water Coverage	17.7%	Existing Concession Agreement Requirement, in absence of future debt.
13	Wastewater Coverage	15%	Existing Concession Agreement Requirement, in absence of future debt.
14			
15	Customer Growth and DIF Revenues		
16	Water		
17	DIF Revenues	\$200,000	Per City staff, 5/3/23 email. Less projected revenue than the City's FY 23/24 draft budget.
18	DIF, \$/EDU	\$3,352	FY 22 Rate, per City's website
19	Number of New Connections	60	
20			
21	Sewer Collection		
22	DIF Revenues	\$150,000	FY 23/24 Budget
23	DIF, \$/EDU	\$900	FY 22 Rate, per City's website
24	Number of New Connections	167	Calculated by dividing budgeted DIF Revenues by DIF per EDU
25			
26	Sewer Treatment		
27	DIF Revenues	\$200,000	FY 23/24 Budget
28	DIF, \$/EDU	\$2,124	FY 22 Rate, per City's website
29	Number of New Connections	94	Calculated by dividing budgeted DIF Revenues by DIF per EDU
30			
31	Rate Revenue Growth from New Development, Existing Rates		
32		Water	Wastewater
33	Number of New Connections Per Year	60	131
34		Water: connections predicted by DIF revenues; Wastewater: average number of new collection and treatment connections predicted by FY 23/24 DIF budget.	
35	Monthly Bill, 16 ccf/month	\$54.36	\$62.19
36	Annual Increase in Rate Revenue	\$39,139.20	\$97,389.54
37	Number of Jul-Dec 2022 Connections	11,690	20,639
38	Annual Percent Growth	0.500%	0.500%
39		Water: exclude fire hydrant connections Wastewater: adjusted down to 0.5%	
40	<b>General Assumptions Used in Revenue Requirement Analysis</b>		
41	Rounding	(3)	For Calculation of Certain Revenues and Expenses
42	Interest Income on RUA Reserves, %/ Year	1.5%	Does not apply to reserves held in trust
43	Electricity Inflation	7.0%	Rounded to nearest 1%, the 6-year 2017 - 2023 average annual SCE commercial rate increase. See MiscCalcs worksheet.
44		Direction to use historical average per City staff.	

**TABLE A-2**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Projected Revenues Under Existing Rates**

Water Utility			RWS Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Notes
Line	Account Number	Description	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	
1	670-400-7150-7799	Miscellaneous Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	1
2	670-400-7150-7672	Meter Installation and Service										
3	670-400-7952-7677	Fire Line Installation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
4	670-400-7953-7679	Development Impact Fees	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	2
5	670-400-7959-7659	Recycled/Reclaimed Water Sales										
6	670-400-7960-7401	RUA Investment Income	INTEREST INCOME IS PROJECTED IN THE OPERATING STATEMENT									3
7	670-400-7960-7402	Rents & Concessions	\$50,000	\$51,250	\$52,531	\$53,845	\$55,191	\$56,570	\$57,985	\$59,434	\$60,920	4
8	670-400-7960-7404	Trustee Interest Income										
9	670-400-7960-7536	Grant Funding	\$0	\$0	\$0	0	\$0	\$0	\$0	\$0	\$0	5
10	670-400-7960-7560	Misc Grant Revenue										
11	670-400-7960-7585	County Contract - SBCO Water Order	\$349,264	\$366,727	\$385,064	\$404,317	\$424,533	\$445,759	\$468,047	\$491,450	\$516,022	6
12	670-400-7960-7659	Water Sales (Existing Rates)	12,721,522	\$12,760,662	\$12,799,801	\$12,838,940	\$12,878,079	\$12,917,218	\$12,956,358	\$12,995,497	\$13,034,636	7
13	670-400-7960-7667	Municipal Water Sales County Contract										
14	670-400-7960-7673	Turn On/Off	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	8
15	670-400-7960-7689	Delinquent Water Service Fees	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	8
16	670-400-7960-7699	Other Charges for Current Services										
17		Perchlorate Charges Combined Remedy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	4, 9
18		Miscellaneous Revenues	\$94,000	\$96,350	\$98,759	\$101,228	\$103,758	\$106,352	\$109,011	\$111,736	\$114,530	4
19		Emhart (Electricity Reimbursement)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	4
20	670-400-7960-7720	Other Charges for Current Services										
21	670-400-7960-7799	Miscellaneous Revenue										
22	Total, Water Revenues		\$13,499,786	\$13,559,989	\$13,621,154	\$13,683,329	\$13,746,561	\$13,810,900	\$13,876,401	\$13,943,117	\$14,011,108	

Notes, Water:

- (1) Water meter damage/lost/replacement fee. Not included in draft RWS FY 24/25 Budget.
- (2) Per City staff via email, May 2023. Same value as RUA FY 23/24 Budget.
- (3) Interest income is calculated each year in Table A5, Operating Statement. FY 23/24 per RUA draft FY 23/24 budget.
- (4) FY 24/25 per draft RWS FY 24/25 Budget. Projected to increase with inflation in subsequent years. Emhart Electricity Reimbursement is a Combined Remedy revenue and is not included in the Rate Study.
- (5) Grants are non-recurring.
- (6) Through FY 24/25 per City Staff at 5/3/23 meeting. This is payment by County for use of Rialto water rights for water that is produced for Fontana Water Company. Agreement through 2025 in place. Extension of the agreement (and revenues) requires future Regional Board decision whether, after FY 24/25, County has met its obligations. Increases after FY 24/25 at 5% per year per City staff 5/16/23.
- (7) FY 24/25 per draft RWS FY 24/25 budget. Increases in subsequent years based on projected growth based on DIF fees of \$200,000 per year and resulting number of new EDUs.
- (8) FY 24/25 per RWS draft FY 24/25 Budget. Projected to remain at this value through the Rate Study planning period.
- (9) Pass through revenues to pay for Combined Remedy O&M expenses are included in the 680 Fund and are not part of this Rate Study.

**TABLE A-2**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Projected Revenues Under Existing Rates**

Wastewater Utility			RWS Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Notes
Line	Account Number	Description	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	
23	660-400-7860-7303	Fines/Forfeitures/Penalties	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	1
24	660-400-7860-7401	RUA Interest Income	INTEREST INCOME IS PROJECTED IN THE OPERATING STATEMENT									
25	660-400-7860-7402	Rents and Concessions (Anaergia)	\$279,000	\$279,000	\$279,000	\$279,000	\$279,000	\$279,000	\$279,000	\$279,000	\$279,000	2
27	660-400-7860-7405	Grants										3
29	660-400-7860-7661	Sewer Service Fees (Existing Rates)	\$26,426,992	\$26,524,381	\$26,621,771	\$26,719,160	\$26,816,550	\$26,913,939	\$27,011,329	\$27,108,718	\$27,206,108	4
31	660-400-7860-7666	Delinquent Sewer Service Fees	\$15,315	\$15,315	\$15,315	\$15,315	\$15,315	\$15,315	\$15,315	\$15,315	\$15,315	1
32	660-400-7860-7699	Other Charges for Current Svcs (Extraterritorial)	\$1,950,000	\$1,950,000	\$1,950,000	\$1,950,000	\$1,950,000	\$1,950,000	\$1,950,000	\$1,950,000	\$1,950,000	1
33	660-400-7860-7703	Sewage Collection Fees	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	5
34	660-400-7860-7705	Sewer Treatment Fees	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	5
35	660-400-7860-7729	Cash Over/Short										
36	660-400-7860-7799	Miscellaneous Revenue										
37	660-400-7860-9010	Transfers General Fund										
38	660-400-7959-7659	Reclaimed/Recycled Water Sales										
39		Effluent Sale to IEUA	\$144,375	\$144,375	\$144,375	\$144,375	\$0	\$1,024,205	\$1,144,110	\$1,172,713	\$1,202,031	6
40	Total, Wastewater Revenues		\$29,021,306	\$29,118,696	\$29,216,085	\$29,313,475	\$29,410,865	\$29,508,254	\$29,605,644	\$29,703,033	\$29,800,423	

Notes, Wastewater:

- (1) Per draft RWS FY 24/25 budget.
- (2) FY 24/25 per John Maher, 3/18/24 email. \$10,750 per month plus \$37,500 pe quarter.
- (3) Grants are non-recurring.
- (4) FY 24/25, per draft FY 24/25 RWS Budget, which equals actual revenues from FY 22/23.
- (5) Per RUA FY 23/24 Budget.
- (6) Source: City staff, 7/12/23. 3,500 AFY @ \$275/AF in FY 23/24 dollars. \$/AF adjusted with inflation, and payment starts 1/1/29. Prepayment of 15% of total revenues starting FY 23/24. Prepayment subtracted from revenues received starting 1/1/29. Prepayment results in \$0 income in FY 28/29 and approximately \$92,000 credit in FY 29/30.
- (7) Interest income is calculated each year in Table A5, Operating Statement.



TABLE A-3  
City of Rialto - 2024 Water and Wastewater Rate Study  
Projected RUA Expenses

RUA Water Expenses Account Number	Description	Type (1)	RUA Budget	RWS Budget	Projected									Notes
			FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33		
1	670-500-7954-2021	Other Services and Supplies (Perchlorate)	R	\$87,300	\$78,000	\$79,950	\$81,949	\$83,997	\$86,097	\$88,250	\$90,456	\$92,717	\$95,035	2
2	670-500-7960-2002	Electricity	R	\$1,540,932	\$1,372,000	\$1,468,040	\$1,570,803	\$1,680,759	\$1,798,412	\$1,924,301	\$2,059,002	\$2,203,132	\$2,357,351	3
3	670-500-7960-2011	Contract Services	R											
4		City Contract (Transfer to General Fund)	R	\$479,023	\$505,000	\$517,625	\$530,566	\$543,830	\$557,426	\$571,361	\$585,645	\$600,286	\$615,293	4
5		Water Production, Baseline Feeder	R	\$500,749	\$642,000	\$658,050	\$674,501	\$691,364	\$708,648	\$726,364	\$744,523	\$763,136	\$782,215	4
6		Water Production, Other	R	\$671,129	\$1,086,000	\$1,113,150	\$1,140,979	\$1,169,503	\$1,198,741	\$1,228,709	\$1,259,427	\$1,290,913	\$1,323,186	4
7		Auditor Fees	R											
8		IT Services	R	\$66,395	\$73,000	\$74,825	\$76,696	\$78,613	\$80,578	\$82,593	\$84,658	\$86,774	\$88,943	4
9		Allowance for Maintenance > \$250	W1	\$221,300	\$300,000	\$307,500	\$315,188	\$323,067	\$331,144	\$339,422	\$347,908	\$356,606	\$365,521	4
10		Rebates	R											
11		City Reimbursement (680 Admin)	R	\$799,560	\$828,000	\$848,700	\$869,918	\$891,665	\$913,957	\$936,806	\$960,226	\$984,232	\$1,008,838	4
12		Consulting Fees	R	\$235,935	\$300,000	\$307,500	\$315,188	\$323,067	\$331,144	\$339,422	\$347,908	\$356,606	\$365,521	4
13		CONSULTING WSC BOR GRANT DCP FY 23	R	\$330,050										5
14		CA: Independent Engineer	W1	\$109,296	\$127,000	\$130,175	\$133,429	\$136,765	\$140,184	\$143,689	\$147,281	\$150,963	\$154,737	4
15		RWS Insurance	W1	\$869,512	\$1,028,000	\$1,053,700	\$1,080,043	\$1,107,044	\$1,134,720	\$1,163,088	\$1,192,165	\$1,221,969	\$1,252,518	4
16		RWS Service Fee												
17		Fixed Component	W1	\$2,782,235	\$2,894,995	\$2,967,369	\$3,041,554	\$3,117,592	\$3,195,532	\$3,275,421	\$3,357,306	\$3,441,239	\$3,527,270	4
18		Routine R&R Component	W1	\$275,249	\$286,393	\$293,553	\$300,892	\$308,414	\$316,125	\$324,028	\$332,128	\$340,432	\$348,943	4
19		Chemical Component	W1	\$63,096	\$89,198	\$91,428	\$93,714	\$96,056	\$98,458	\$100,919	\$103,442	\$106,028	\$108,679	4
20		Labor Component	W1	\$3,533,470	\$3,701,000	\$3,793,525	\$3,918,363	\$4,016,322	\$4,116,730	\$4,219,649	\$4,325,140	\$4,433,268	\$4,544,100	4, 6
21		Water Operating Repair & Replacement	W2	\$680,000	\$680,000	\$697,000	\$714,425	\$732,286	\$750,593	\$769,358	\$788,592	\$808,306	\$828,514	4
22	670-500-7960-2021	Other Services and Supplies	R											
23		Miscellaneous Fees and Permits	R	\$291,792	\$430,000	\$440,750	\$451,769	\$463,063	\$474,640	\$486,506	\$498,668	\$511,135	\$523,913	4
24		Rebates	R	\$50,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	7
25	600-500-7960-2024	Operating Lease Payments	W5	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	7
26	670-500-7960-2080	Allowance for Doubtful Accounts												
27	670-500-7960-3001	Capital Improvements												
28	...7960-4001, 4010, 40	Capital Lease Payments	W3	\$2,900,000	\$2,900,000	\$2,900,000	\$2,900,000	\$2,900,000	\$2,900,000	\$2,900,000	\$2,900,000	\$2,900,000	\$2,900,000	7
30		<b>Total</b>		<b>\$16,887,024</b>	<b>\$17,771,586</b>	<b>\$18,193,840</b>	<b>\$18,660,973</b>	<b>\$19,114,409</b>	<b>\$19,584,128</b>	<b>\$20,070,885</b>	<b>\$20,575,475</b>	<b>\$21,098,742</b>	<b>\$21,641,577</b>	

Notes, Projected Water Expenses:

- (1) "R" in this columns means the expense is an RUA Retained Expense. All entries beginning with W note the waterfall position as described in the Concession Agreement.
- (2) Resin replacement for perchlorate treatment not covered by the Combined Remedy. Cost increases with inflation.
- (3) Increases with the rate of electricity inflation. See Table A-1 for more detail on electricity inflation.
- (4) Increases with inflation. See Table A-1 for more detail.
- (5) Grants are non-recurring.
- (6) Also includes \$30K increase in FY 26/27 for labor reclassification following AMI implementation. Labor reclassification will cost, per Veolia staff, \$5-\$10/hr salary increase for 1 FTE, plus benefits, plus 18%.  
FY 25/26 increased by 4% given notes in RWS Draft Budget, received 3/11/24 from Toyasha, tab WW Budget, cell L26
- (7) Projected to remain constant at this amount for the 10-year Rate Study planning period.

TABLE A-3  
City of Rialto - 2024 Water and Wastewater Rate Study  
Projected RUA Expenses

Line	Wastewater RUA Expenses	Type (1)	RUA Budget	RWS Budget	Projected									Notes
			FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33		
1	660-500-7860-2002	Electricity	R	\$1,167,308	\$1,200,000	\$1,284,000	\$1,373,880	\$1,470,052	\$1,572,955	\$1,683,062	\$1,800,876	\$1,926,938	\$2,061,823	2
2	660-500-7860-2003	Gas	R	\$188,520	\$104,000	\$106,600	\$109,265	\$111,997	\$114,797	\$117,666	\$120,608	\$123,623	\$126,714	3
3	660-500-7860-2011	Contract Services												
4		City Contract (Transfer to General Fund)	R	\$685,000	\$710,000	\$727,750	\$745,944	\$764,592	\$783,707	\$803,300	\$823,382	\$843,967	\$865,066	3
5		Biosolids	R	\$887,285	\$1,194,000	\$1,223,850	\$1,254,446	\$1,285,807	\$1,317,953	\$1,350,901	\$1,384,674	\$1,419,291	\$1,454,773	3
6		City Reimbursement (680 Admin)	R	\$1,072,830	\$1,112,000	\$1,139,800	\$1,168,295	\$1,197,502	\$1,227,440	\$1,258,126	\$1,289,579	\$1,321,819	\$1,354,864	3
7		Consulting Services	R	\$75,000	\$500,000	\$512,500	\$525,313	\$538,445	\$551,906	\$565,704	\$579,847	\$594,343	\$609,201	3
8		Consulting SWRCB Grant BDP	R	\$370,000										4
9		Consulting CEQA for Micro Grid	R	\$50,000										4
10		Consulting Auditor	R	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	3
11		IT Services: Tyler and Paymentus	R	\$124,746	\$136,000	\$139,400	\$142,885	\$146,457	\$150,119	\$153,872	\$157,718	\$161,661	\$165,703	3
12		Independent Engineer	W1	\$109,349	\$118,000	\$120,950	\$123,974	\$127,073	\$130,250	\$133,506	\$136,844	\$140,265	\$143,772	3
13		Insurance Reimbursement	W1	\$999,756	\$1,038,000	\$1,063,950	\$1,090,549	\$1,117,812	\$1,145,758	\$1,174,402	\$1,203,762	\$1,233,856	\$1,264,702	3
14		Maintenance > \$250	W1	\$0	\$300,000	\$307,500	\$315,188	\$323,067	\$331,144	\$339,422	\$347,908	\$356,606	\$365,521	3
15		Operating Repair and Replacement	W2	\$930,000	\$930,000	\$953,250	\$977,081	\$1,001,508	\$1,026,546	\$1,052,210	\$1,078,515	\$1,105,478	\$1,133,115	3
16		RWS Service Fees												
17		Fixed Component	W1	\$2,680,967	\$2,796,482	\$2,866,394	\$2,938,054	\$3,011,505	\$3,086,793	\$3,163,962	\$3,243,061	\$3,324,138	\$3,407,241	3
18		Routine R&R Component	W1	\$275,238	\$287,097	\$294,274	\$301,631	\$309,172	\$316,901	\$324,824	\$332,945	\$341,268	\$349,800	3
19		Chemical Component	W1	\$729,932	\$1,350,000	\$1,383,750	\$1,418,344	\$1,453,802	\$1,490,147	\$1,527,401	\$1,565,586	\$1,604,726	\$1,644,844	3
20		Labor Component	W1	\$3,847,946	\$4,037,000	\$4,198,480	\$4,303,442	\$4,411,028	\$4,521,304	\$4,634,336	\$4,750,195	\$4,868,950	\$4,990,673	3, 4
21	660-500-7860-2021	Other Services and Supplies												
22		Other Retained Services	R	\$275,930	\$500,000	\$512,500	\$525,313	\$538,445	\$551,906	\$565,704	\$579,847	\$594,343	\$609,201	3
23		Inland Empire Brine Line Fees (SBVMWD)	R	\$125,290	\$92,490	\$94,802	\$97,172	\$99,602	\$102,092	\$104,644	\$107,260	\$109,942	\$112,690	3
24		Wastewater Services (Colton)	R	\$12,000	\$9,583	\$9,823	\$10,068	\$10,320	\$10,578	\$10,842	\$11,113	\$11,391	\$11,676	3
25		MIPP Services (Veolia)	R	\$111,920	\$134,000	\$137,350	\$140,784	\$144,303	\$147,911	\$151,609	\$155,399	\$159,284	\$163,266	3
26	660-500-7860-2024	Operating Lease Payment	R	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	6
27	660-500-7860-2080	Allowance for Doubtful Accounts	R	\$0										
28	No Acct. Number Yet	Rialto Habitat Nature Center O&M	R			\$150,000	\$153,750	\$157,594	\$161,534	\$165,572	\$169,711	\$173,954	\$178,303	7
29	...7960-4001, 4010	Capital Lease Payments	W3	\$12,682,000	\$12,682,000	\$12,682,000	\$12,682,000	\$12,682,000	\$12,682,000	\$12,682,000	\$12,682,000	\$12,682,000	\$12,682,000	5
30		<b>Total</b>		<b>\$29,006,018</b>	<b>\$30,830,652</b>	<b>\$31,508,923</b>	<b>\$31,997,376</b>	<b>\$32,502,085</b>	<b>\$33,023,740</b>	<b>\$33,563,066</b>	<b>\$34,120,831</b>	<b>\$34,697,841</b>	<b>\$35,294,949</b>	

Notes, Projected Wastewater Expenses:

- (1) "R" in this columns means the expense is an RUA Retained Expense. All entries beginning with W note the waterfall position as described in the Concession Agreement.
- (2) Increases with the rate of electricity inflation. See Table A-1 for more detail on electricity inflation.
- (3) Increases with inflation. See Table A-1 for more detail.
- (4) Grants are non-recurring.
- (5) FY 25/26 increased by 4% given notes in RWS Draft Budget, received 3/11/24 from Toyasha, tab WW Budget, cell L26
- (6) Projected to remain constant at this amount for the 10-year Rate Study planning period.
- (7) Per City staff, 7/12/2023 email.

**TABLE A-4**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Projected Depreciation Expense**

Line	Water	RUA Budget FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	Projected FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	Notes
1	Depreciation, Existing Assets	\$888,100	\$888,100	\$888,100	\$888,100	\$888,100	\$888,100	\$888,100	\$888,100	\$888,100	\$888,100	
2	Depreciation, Capital Expenditures			\$222,000	\$222,000	\$222,000	\$222,000	\$222,000	\$222,000	\$222,000	\$222,000	1
3	Total Depreciation Expense	\$888,100	\$888,100	\$1,110,100	\$1,110,100	\$1,110,100	\$1,110,100	\$1,110,100	\$1,110,100	\$1,110,100	\$1,110,100	
4												
5	Phase in Collection of Depreciation Expense	0%	0%	0%	0%	0%	50%	80%	100%	100%	100%	2
6												
7	Deprecation Expense Collected Through Rates		\$0	\$0	\$0	\$0	\$555,050	\$888,080	\$1,110,100	\$1,110,100	\$1,110,100	

Notes:  
 (1) Based on proposed CIP, using a 50-year life for distribution facilities and a 25-year life for treatment facilities.  
 (2) Phasing in the collection of depreciation expense through rates is a City policy decision discussed at Water Subcommittee meetings in 3Q 2023.

Line	Wastewater	RUA Budget FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	Projected FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	Notes
1	Depreciation, Existing Assets	\$2,306,390	\$2,306,390	\$2,306,390	\$2,306,390	\$2,306,390	\$2,306,390	\$2,306,390	\$2,306,390	\$2,306,390	\$2,306,390	
2	Depreciation, Capital Expenditures											
3	Sewer Main Projects			\$140,000	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000	1
4	Treatment Plant and Lift Station Projects, Except Biosolids			\$696,000	\$696,000	\$696,000	\$696,000	\$696,000	\$696,000	\$696,000	\$696,000	1
5	Treatment Plant Biosolids			\$660,000	\$660,000	\$660,000	\$660,000	\$660,000	\$660,000	\$660,000	\$660,000	1
6	Total Deprecation Expense	\$2,306,390	\$2,306,390	\$3,802,390	\$3,802,390	\$3,802,390	\$3,802,390	\$3,802,390	\$3,802,390	\$3,802,390	\$3,802,390	
7												
8	Phase in Collection of Depreciation Expense	0%	0%	20%	40%	70%	100%	100%	100%	100%	100%	2
9												
10	Deprecation Expense Collected Through Rates	\$0	\$0	\$760,478	\$1,520,956	\$2,661,673	\$3,802,390	\$3,802,390	\$3,802,390	\$3,802,390	\$3,802,390	

Notes:  
 (1) Based on proposed CIP, using a 50-year life for sewer main projects, a 25-year life for treatment facilities, and a 40-year life for biosolids facilities.  
 (2) Phasing in the collection of depreciation expense through rates is a City policy decision discussed at Water Subcommittee meetings in 3Q 2023.

TABLE A-5  
 City of Rialto - 2024 Water and Wastewater Rate Study  
 Projected Operating Statement - Water

Line	Item	Projected								Notes	
		FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32		FY 32/33
1	<b>RIALTO UTILITY AUTHORITY</b>										
2	<b>RUA Sources of Funds</b>										
3	Beginning Cash Balance	\$7,738,945	\$4,834,993	\$4,404,805	\$2,720,590	\$2,106,332	\$1,885,181	\$1,978,062	\$2,785,172	\$3,845,046	1
4											
5	From Trustee: Funds Dropping Out of Waterfall										
6	Funds to Cover Retained Expenses	0	0	0	0	0	0	0	0	0	
7	Funds to Cover Annual Lease Payment	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	2
8	Depreciation Expense Through Rates	0	0	0	0	555,050	888,080	1,110,100	1,110,100	1,110,100	3
9	Deposits From Waterfall	979,964	297,287	349,713	544,933	492,204	776,523	1,267,339	1,507,997	1,993,552	4
10											
11	Other Revenues										
12	RUA Investment Income	116,084	72,525	66,072	40,809	31,595	28,278	29,671	41,778	57,676	5
13	Interfund Loan	0	2,000,000	0							6
13	Revenues Not Coming Through the Waterfal	0	0	0	0	0	0	0	0	0	7
14	Total Revenues	\$1,496,048	\$2,769,812	\$815,786	\$985,742	\$1,478,849	\$2,092,881	\$2,807,109	\$3,059,875	\$3,561,328	
15											
16	<b>RUA Uses of Funds</b>										
17	Retained Expenses	0	0	0	0	0	0	0	0	0	
18	Lease Payments	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	2
19	Repayment of Interfund Loan	0	0	700,000	900,000	1,300,000	1,600,000	1,600,000	1,600,000	1,479,547	6
20	RUA Reserves Used for RWS Core or Special	0	0	0	0	0	0	0	0	0	
21	Revenue Stabilization From RUA Reserves	4,000,000	2,800,000	1,400,000	300,000	0	0	0	0	0	8
22	Total Expenses	4,400,000	3,200,000	2,500,000	1,600,000	1,700,000	2,000,000	2,000,000	2,000,000	1,879,547	
23											
24	Ending RUA Cash Balance	4,834,993	4,404,805	2,720,590	2,106,332	1,885,181	1,978,062	2,785,172	3,845,046	5,526,828	

REVENUE REQUIREMENT ANALYSIS - WATER OPERATING STATEMENT

TABLE A-5  
City of Rialto - 2024 Water and Wastewater Rate Study  
Projected Operating Statement - Water

Line	Item	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	Notes	
25	<b>TRUSTEE</b>											
26	<b>Trustee Sources of Funds Excluding Construction Reserve</b>											
27	Beginning Year RWS Water Reserve Fund Balanc	\$4,121,756	\$4,342,896	\$4,562,387	\$4,679,170	\$4,792,529	\$4,909,959	\$5,031,648	\$5,157,796	\$5,288,613	9	
28												
29	Rate Revenues Subject to Rate Increases											
30	Water Sales (Existing Rates)	12,760,562	12,799,701	12,838,841	12,877,980	12,917,119	12,956,258	12,995,397	13,034,537	13,073,676	10	
31	Subtotal	\$12,760,562	\$12,799,701	\$12,838,841	\$12,877,980	\$12,917,119	\$12,956,258	\$12,995,397	\$13,034,537	\$13,073,676		
32												
33	Rate Revenues from Future Rate Increases											
34												
35												
36	Effective Date	FY	%									
37	1/1/2024	FY 23/24	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	11	
38	1/1/2025	FY 24/25	15.00%	957,042	1,919,955	1,925,826	1,931,697	1,937,568	1,943,439	1,949,310	1,955,180	1,961,051
39	1/1/2026	FY 25/26	15.00%		1,103,974	2,214,700	2,221,452	2,228,203	2,234,955	2,241,706	2,248,457	2,255,209
40	1/1/2027	FY 26/27	8.00%			679,175	1,362,490	1,366,631	1,370,772	1,374,913	1,379,054	1,383,195
41	1/1/2028	FY 27/28	8.00%				735,745	1,475,962	1,480,434	1,484,906	1,489,378	1,493,850
42	1/1/2029	FY 28/29	8.00%				797,019	1,598,869	1,603,699	1,608,528	1,613,358	1,618,188
43	1/1/2030	FY 29/30	4.00%					431,695	865,997	868,605	871,214	873,823
44	1/1/2031	FY 30/31	4.00%						450,319	903,350	906,062	908,671
45	1/1/2032	FY 31/32	4.00%							469,742	942,305	944,914
46	1/1/2033	FY 32/33	4.00%								489,998	492,607
47	Subtotal Rate Revenue from Future Rate Increas	\$957,042	\$3,023,929	\$4,819,701	\$6,251,384	\$7,805,383	\$9,060,164	\$9,970,850	\$10,922,294	\$11,916,242		
48											11	
49												
50	Other Revenues Not Subject to Rate Increases										10	
51	County Contract - SBCO Water Order	349,264	366,727	385,064	404,317	424,533	445,759	468,047	491,450	516,022		
52	Rents & Concessions	50,000	51,250	52,531	53,845	55,191	56,570	57,985	59,434	60,920		
53	Trustee Water Reserve Interest Income	215,285	215,285	215,285	215,285	215,285	215,285	215,285	215,285	215,285	FY 23/24	
54	Turn On/Off	73,000	73,000	73,000	73,000	73,000	73,000	73,000	73,000	73,000		
55	Delinquent Water Service Fees	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000		
56	Grant Revenue	0	0	0	0	0	0	0	0	0	12	
57	Other Charges for Current Services											
58	Perchlorate Charges Combined Remedy	0	0	0	0	0	0	0	0	0		
59	Miscellaneous Revenues	94,000	96,350	98,759	101,228	103,758	106,352	109,011	111,736	114,530		
60	Miscellaneous Revenues	0	0	0	0	0	0	0	0	0		
61	Revenue Stabilization from RWS Reserves	4,000,000	2,800,000	1,400,000	300,000	0	0	0	0	0	8	
62	New Revenue Stabilization Not from RUA Reserves	0	0	0	0	0	0	0	0	0	8	
63	Total Revenue	\$18,511,154	\$19,438,243	\$19,895,181	\$20,289,038	\$21,606,269	\$22,925,390	\$23,901,576	\$24,919,736	\$25,981,675		



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TABLE A-5  
City of Rialto - 2024 Water and Wastewater Rate Study  
Projected Operating Statement - Water

Line	Item	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	Notes
64	<b>TRUSTEE</b>										
65	<b>Construction Reserve</b>										
66	Beginning Balance	\$2,480,152	(\$182,646)	\$14,614	\$214,834	\$418,056	\$624,327	\$833,692	\$1,046,197	\$1,261,890	13
67	Interest Income	\$37,202	(\$2,740)	\$219	\$3,223	\$6,271	\$9,365	\$12,505	\$15,693	\$18,928	
68	DIF Revenues	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	
69	Less Use of DIF Revenues for Capital Expend	\$2,900,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	13
70	Ending Balance	(\$182,646)	\$14,614	\$214,834	\$418,056	\$624,327	\$833,692	\$1,046,197	\$1,261,890	\$1,480,819	14
71											
72	<b>Trustee Uses of Funds</b>										
73	Waterfall 1: Water Service Fee										15
74	Fixed, Routine R&R, and Labor Components	\$6,882,388	\$7,054,448	\$7,260,809	\$7,442,329	\$7,628,387	\$7,819,097	\$8,014,574	\$8,214,939	\$8,420,312	
75	Chemical Component	89,198	91,428	93,714	96,056	98,458	100,919	103,442	106,028	108,679	
76	Waterfall 1: Reimbursements										15
77	Insurance Reimbursement	1,028,000	1,053,700	1,080,043	1,107,044	1,134,720	1,163,088	1,192,165	1,221,969	1,252,518	
78	Independent Engineer	127,000	130,175	133,429	136,765	140,184	143,689	147,281	150,963	154,737	
79	Maintenance	300,000	307,500	315,188	323,067	331,144	339,422	347,908	356,606	365,521	
80	Waterfall 1: Retained RUA Expenses	5,365,000	5,559,590	5,763,367	5,976,862	6,200,643	6,435,312	6,681,513	6,939,931	7,211,296	
81	Waterfall 2: Annual Operating R&R Payment	680,000	697,000	714,425	732,286	750,593	769,358	788,592	808,306	828,514	15
82	Waterfall 3: Capital Charges	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	15
83	Waterfall 3: New Capital Charges										
84	Future Parity Debt Service	0	455,708	455,708	455,708	455,708	455,708	455,708	455,708	455,708	16
85	Waterfall 4: Water Reserve Account Deposits	221,141	219,491	116,783	113,359	117,430	121,689	126,148	130,817	135,709	17
86	Waterfall 5: RUA Lease Payment	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	2
87	Transfer to RUA: Depreciation Expense	0	0	0	0	555,050	888,080	1,110,100	1,110,100	1,110,100	3
88	Total Uses of Funds	\$17,992,726	\$18,869,039	\$19,233,464	\$19,683,475	\$20,712,316	\$21,536,362	\$22,267,431	\$22,795,367	\$23,343,093	
89											
90	Additional \$ Out the Waterfall	297,287	349,713	544,933	492,204	776,523	1,267,339	1,507,997	1,993,552	2,502,873	4
91											
92	Ending RWS Water Reserve Balance	4,342,896	4,562,387	4,679,170	4,792,529	4,909,959	5,031,648	5,157,796	5,288,613	5,424,321	
93	<b>TRUSTEE</b>										
94	<b>COVERAGE CALCULATION (Criterion: Free Cash Flow After Waterfall 1 -3 Paid &gt; 17.7% of Capital Charges)</b>										
95	Revenues Going into Trust Net of DIF	\$14,295,868	\$16,422,958	\$18,279,895	\$19,773,753	\$21,390,984	\$22,710,104	\$23,686,290	\$24,704,451	\$25,766,390	
96	Plus Revenue Stabilization	4,000,000	2,800,000	1,400,000	300,000	0	0	0	0	0	
97	Less Waterfall 1-2	(\$14,471,586)	(\$14,893,840)	(\$15,360,973)	(\$15,814,409)	(\$16,284,128)	(\$16,770,885)	(\$17,275,475)	(\$17,798,742)	(\$18,341,577)	
98	Balance, Available for Capital Charge	\$3,824,282	\$4,329,117	\$4,318,922	\$4,259,344	\$5,106,856	\$5,939,219	\$6,410,815	\$6,905,708	\$7,424,813	
99	Less Capital Charges and Parity Debt	(\$2,900,000)	(\$3,355,708)	(\$3,355,708)	(\$3,355,708)	(\$3,355,708)	(\$3,355,708)	(\$3,355,708)	(\$3,355,708)	(\$3,355,708)	
100	Free Cash Flow Before Lease Payment	\$924,282	\$973,409	\$963,214	\$903,636	\$1,751,148	\$2,583,512	\$3,055,107	\$3,550,001	\$4,069,105	
101	Ratio (Free Cash Flow Divided by Capital Charges)	31.9%	29.0%	28.7%	26.9%	52.2%	77.0%	91.0%	105.8%	121.3%	18
102											



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TABLE A-5  
 City of Rialto - 2024 Water and Wastewater Rate Study  
 Projected Operating Statement - Water

103											
104	<b>REQUIRED WATER FUND RESERVE CALCULATION</b>										
105	<b>(Criteria: 25% service fees, reimbursable pmts, facility auth expenses, ORR pmts, Capital Charges (waterfall 1 - 3))</b>										
106	Required Water Reserve Fund Reserve Balance										
107	Sum of required items	\$17,371,586	\$17,793,840	\$18,260,973	\$18,714,409	\$19,184,128	\$19,670,885	\$20,175,475	\$20,698,742	\$21,241,577	
108	25% of the sum of required items	\$4,342,896	\$4,448,460	\$4,565,243	\$4,678,602	\$4,796,032	\$4,917,721	\$5,043,869	\$5,174,686	\$5,310,394	
109											
110											
111	<b>CALCULATED DAYS OF RESERVES (Criteria: Ending Year RUA Reserve Balance Divided by Waterfall 1 - 5 Expenses * 365)</b>										
112	Days of Reserves	98	85	52	39	33	34	46	62	86	18
113	30 Days of Waterfall 1-5 Expenses	\$1,478,854	\$1,550,880	\$1,580,833	\$1,617,820	\$1,702,382	\$1,770,112	\$1,830,200	\$1,873,592	\$1,918,610	
114											
115	<b>RUA: ADDITIONAL RETAINED EXPENSE DETAIL</b>										
116											
117	<b>Item</b>	<b>FY 24/25</b>	<b>FY 25/26</b>	<b>FY 26/27</b>	<b>FY 27/28</b>	<b>FY 28/29</b>	<b>FY 29/30</b>	<b>FY 30/31</b>	<b>FY 31/32</b>	<b>FY 32/33</b>	<b>Notes</b>
118	Electricity	\$1,372,000	\$1,468,040	\$1,570,803	\$1,680,759	\$1,798,412	\$1,924,301	\$2,059,002	\$2,203,132	\$2,357,351	14
119	Perchlorate, Not Combined Remedy	\$78,000	\$79,950	\$81,949	\$83,997	\$86,097	\$88,250	\$90,456	\$92,717	\$95,035	14
120	City Contract (Transfer to General Fund)	\$505,000	\$517,625	\$530,566	\$543,830	\$557,426	\$571,361	\$585,645	\$600,286	\$615,293	14
121	Water Purchase, Baseline Feeder	\$642,000	\$658,050	\$674,501	\$691,364	\$708,648	\$726,364	\$744,523	\$763,136	\$782,215	14
122	WVWD and Misc Water Purchase Fees	\$1,086,000	\$1,113,150	\$1,140,979	\$1,169,503	\$1,198,741	\$1,228,709	\$1,259,427	\$1,290,913	\$1,323,186	14
123	IT Services	\$73,000	\$74,825	\$76,696	\$78,613	\$80,578	\$82,593	\$84,658	\$86,774	\$88,943	14
124	City Reimbursement (680 Admin)	\$828,000	\$848,700	\$869,918	\$891,665	\$913,957	\$936,806	\$960,226	\$984,232	\$1,008,838	14
125	Consulting Fees: Engineering	\$300,000	\$307,500	\$315,188	\$323,067	\$331,144	\$339,422	\$347,908	\$356,606	\$365,521	14
126	Consulting Services, Grant Funded	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	11
127	Miscellaneous Fees and Permits	\$430,000	\$440,750	\$451,769	\$463,063	\$474,640	\$486,506	\$498,668	\$511,135	\$523,913	14
128	Rebates	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	14
129											
130											
131	<b>2024 Interfund Loan</b>										
132											
133	<b>Item</b>	<b>FY 24/25</b>	<b>FY 25/26</b>	<b>FY 26/27</b>	<b>FY 27/28</b>	<b>FY 28/29</b>	<b>FY 29/30</b>	<b>FY 30/31</b>	<b>FY 31/32</b>	<b>FY 32/33</b>	<b>Notes</b>
134	Proceeds	\$0	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	6
135	Principal Repaid	\$0	\$0	(\$390,701)	(\$606,329)	(\$1,030,582)	(\$1,371,805)	(\$1,426,677)	(\$1,483,745)	(\$1,422,641)	6
136	End of Year Principal	\$5,512,000	\$7,732,480	\$7,341,779	\$6,735,450	\$5,704,868	\$4,333,063	\$2,906,386	\$1,422,641	\$0	6
137											
138	Interest @4%	\$212,000	\$220,480	\$309,299	\$293,671	\$269,418	\$228,195	\$173,323	\$116,255	\$56,906	6
139	Interest Paid	\$0	\$0	\$309,299	\$293,671	\$269,418	\$228,195	\$173,323	\$116,255	\$56,906	6
140	Capitalized Interest	\$212,000	\$220,480	\$0	\$0	\$0	\$0	\$0	\$0	\$0	6
	Math check, should = \$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0	

**TABLE A-5**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Projected Operating Statement - Water**

## Notes:

- (1) Beginning Year FY 23/24 balance: Per City staff, 3/14/24, filename 5670 Balance Sheet 06-30-23.xls. Fund balance shown is 660 Fund Cash in Bank balance as of 5/10/23.
- (2) FY 24/25 per draft FY 24/25 RWS Budget, and projected to remain at this value through the 10-year planning period.
- (3) The City is implementing a policy of collecting depreciation expense through rates. Collecting depreciation expense through rates will be phased in.
- (4) If revenues exceed the amount needed to meet the RWS reserve requirement, then these revenues will "drop out" of the waterfall and be returned to RUA.  
     FY 23/24 amount obtained from John Maher Accountancy, 5/8/23.
- (5) FY 23/24 interest income from the FY 23/24 RUA budget. In subsequent years, interest income is projected to be 1.5% of the previous fiscal year ending fund balance.
- (6) RUA obtained an Interfund Loan from the General Fund in FY 23/24. A subsequent Interfund Loan is anticipated in FY 25/26.
- (7) For the purposes of this Rate Study, all revenues are assumed to go into the waterfall.
- (8) \$2.785 million of the FY 23/24 Revenue Stabilization is the remaining funds left in the Trustee Water Rate Stabilization Fund as of 6/30/23, per John Maher, 5/5/23.  
     If needed, pre-existing reserves are used to provide supplemental revenue stabilization to meet the RWS coverage requirement.
- (9) Beginning FY 23/24 Balance equals actual RWS Water Construction Reserve Balance as of 1/31/24.
- (10) See Table A-2 for more detail.
- (11) Rate increases will be effective on January 1 of each year. No additional CIP for FY 28/29 - FY 32/33 has yet been identified and no CIP spending for these years is included in this analysis.
- (12) Grant revenues are non-recurring. Grant revenues are used for consulting services for specific grant-funded purposes.
- (13) FY 24/25 balance is that of the Trust Construction Restricted Fund as of 3/1/2024 per RWS on 3/19/24. Negative values are the result of drawdown of the Construction Restricted Fund after May 2023, after the capital funding strategy outlined in Table A-6 was identified.
- (14) The City may have to use more RUA reserves than anticipated for capital improvements if Construction Restricted Funds are not available to fund capital improvements.
- (15) See Table A-3 for more detail.
- (16) See Table A-8 for more detail.
- (17) This row represents the amount, if required, of contributions from RUA to maintain the minimum required balance in the Water Reserve Account held in trust.
- (18) The Concession Agreement requires coverage of at least 17.7%. With the addition of new debt, City staff (per 8/14/23 email) has provided direction to use 25% coverage for the purposes of this Rate Study.
- (19) There is no City policy for a minimum RUA reserve balance.



TABLE A-6  
 City of Rialto - 2024 Water and Wastewater Rate Study  
 Projected Operating Statement - Wastewater

Line	Item	Projected										Notes
		FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	
1	<b>RIALTO UTILITY AUTHORITY</b>											
2	<b>RUA Sources of Funds</b>											
3	Beginning Fund Balance	\$17,738,504	\$17,976,143	\$17,254,097	\$6,920,599	\$6,132,398	\$6,612,549	\$9,527,925	\$11,901,264	\$15,979,474	\$20,775,779	1
4												
5	From Trustee: Funds Dropping Out of Waterfall											
6	Funds to Cover Retained Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
7	Funds to Cover Annual Lease Payment	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	2
8	Depreciation Expense Through Rates	\$0	\$0	\$760,478	\$1,520,956	\$2,661,673	\$3,802,390	\$3,802,390	\$3,802,390	\$3,802,390	\$3,802,390	3
9	Deposits From Waterfall	\$1,000,000	\$1,008,312	\$193,212	\$1,187,034	(\$273,508)	(\$128,703)	(\$1,205,532)	\$472,900	\$1,139,211	\$1,724,570	4
10												
11	Other Revenues											
12	Interest Income on RUA Reserves	\$3,930	\$269,642	\$258,811	\$103,809	\$91,986	\$99,188	\$142,919	\$178,519	\$239,692	\$311,637	5
13	Revenues Not Coming Through the Waterfall	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	6
14	<b>Total Revenues</b>	<b>\$2,603,930</b>	<b>\$2,877,954</b>	<b>\$2,812,502</b>	<b>\$4,411,799</b>	<b>\$4,080,151</b>	<b>\$5,372,876</b>	<b>\$4,339,777</b>	<b>\$6,053,809</b>	<b>\$6,781,293</b>	<b>\$7,438,597</b>	
15												
16	<b>RUA Uses of Funds</b>											
17	Retained Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
18	Lease Payments	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	2
19	Uses of Reserves for Capital Projects	\$0	\$0	\$9,546,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	7
20	RUA Expenses Outside Waterfall: IEUA Well	\$0	\$0	\$0	\$0	\$0	\$357,500	\$366,438	\$375,598	\$384,988	\$394,613	8
21	Revenue Stabilization from RUA Reserves	\$766,291	\$2,000,000	\$2,000,000	\$3,600,000	\$2,000,000	\$500,000	\$0	\$0	\$0	\$0	9
22	<b>Total Expenses</b>	<b>\$2,366,291</b>	<b>\$3,600,000</b>	<b>\$13,146,000</b>	<b>\$5,200,000</b>	<b>\$3,600,000</b>	<b>\$2,457,500</b>	<b>\$1,966,438</b>	<b>\$1,975,598</b>	<b>\$1,984,988</b>	<b>\$1,994,613</b>	
23												
24	<b>Ending RUA Fund Balance</b>	<b>\$17,976,143</b>	<b>\$17,254,097</b>	<b>\$6,920,599</b>	<b>\$6,132,398</b>	<b>\$6,612,549</b>	<b>\$9,527,925</b>	<b>\$11,901,264</b>	<b>\$15,979,474</b>	<b>\$20,775,779</b>	<b>\$26,219,762</b>	
		14.61%	18.07%	27.38%	26.01%	26.00%	27.42%	31.77%	35.40%	39.11%	42.91%	

TABLE A-6  
 City of Rialto - 2024 Water and Wastewater Rate Study  
 Projected Operating Statement - Wastewater

Line	Item	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	Notes
25	<b>TRUSTEE</b>											
26	<b>Trustee Sources of Funds Excluding Construction Reserve</b>											
27	Beginning Year RWS Wastewater Reserve Fund Balance	\$6,923,986	\$6,851,504	\$7,307,663	\$7,477,231	\$8,246,829	\$8,373,006	\$8,503,420	\$8,638,251	\$8,777,693	\$8,921,945	10
28												
29	Rate Revenues Subject to Rate Increases											
30	Sewer Service Fees (Existing Rates)	\$26,080,285	\$26,426,992	\$26,524,381	\$26,621,771	\$26,719,160	\$26,816,550	\$26,913,939	\$27,011,329	\$27,108,718	\$27,206,108	11
31	Other Charges for Current Svcs (Extraterritorial)	1,839,898	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	11
32	Total Rate Revenues, Existing Rates, (Subject to Rate Increases)	\$27,920,183	\$28,376,992	\$28,474,381	\$28,571,771	\$28,669,160	\$28,766,550	\$28,863,939	\$28,961,329	\$29,058,718	\$29,156,108	
33												
34	Future Increases											
35												
36												
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48	Subtotal Rate Revenue from Future Rate Increases	\$0	\$851,000	\$2,613,000	\$4,494,000	\$6,500,000	\$8,641,000	\$10,246,000	\$11,262,000	\$12,308,000	\$13,387,000	
49												
50												
51	Other Revenues Not Subject to Rate Increases											
52	Fines/Forfeitures/Penalties	2,000	0	0	0	0	0	0	0	0	0	
53	Rents and Concessions (Anaergia Lease)	0	279,000	279,000	279,000	279,000	279,000	279,000	279,000	279,000	279,000	13
54	Trustee Interest Income	539,000	269,500	269,500	269,500	269,500	269,500	269,500	269,500	269,500	269,500	14
55	Delinquent Sewer Service Fees	200,000	15,315	15,315	15,315	15,315	15,315	15,315	15,315	15,315	15,315	13
56	Grants	370,000	0	0	0	0	0	0	0	0	0	13
57	Effluent Sale to IEUA	144,375	144,375	144,375	144,375	144,375	0	1,024,205	1,144,110	1,172,713	1,202,031	15
58	Subtotal, Other Revenues Not Subject to Rate Increases	1,255,375	708,190	708,190	708,190	708,190	563,815	1,588,020	1,707,925	1,736,528	1,765,845	
59												
60	Revenue Stabilization from RUA Reserves	766,291	2,000,000	2,000,000	3,600,000	2,000,000	500,000	0	0	0	0	9
61	New Revenue Stabilization Not from RUA Reserves	0	0	0	0	0	0	0	0	0	0	
62												
63	Total Revenue	\$29,941,849	\$31,936,181	\$33,795,571	\$37,373,960	\$37,877,350	\$38,471,365	\$40,697,959	\$41,931,254	\$43,103,246	\$44,308,953	

TABLE A-6  
City of Rialto - 2024 Water and Wastewater Rate Study  
Projected Operating Statement - Wastewater

Line	Item	Projected									Notes	
		FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32		FY 32/33
64	<b>TRUSTEE</b>											
65	<b>Construction Reserve</b>											
66	Beginning Balance	\$5,661,827	\$6,011,827	(\$1,038,173)	(\$688,173)	(\$338,173)	\$11,827	\$361,827	\$711,827	\$1,061,827	\$1,411,827	16
67	DIF Revenues	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	
68	Less Use of DIF Revenues for Capital Expenditure		7,400,000	0	0	0	0	0	0	0	0	16
69	Ending Balance	\$6,011,827	(\$1,038,173)	(\$688,173)	(\$338,173)	\$11,827	\$361,827	\$711,827	\$1,061,827	\$1,411,827	\$1,761,827	16
70												
71	<b>Trustee Uses of Funds</b>											
72	Waterfall 1: Wastewater Service Fee											17
73	Fixed, Routine R&R, and Labor Components	\$6,804,152	\$7,120,579	\$7,359,148	\$7,543,127	\$7,731,705	\$7,924,998	\$8,123,123	\$8,326,201	\$8,534,356	\$8,747,715	
74	Chemical Component	\$729,932	\$1,350,000	\$1,383,750	\$1,418,344	\$1,453,802	\$1,490,147	\$1,527,401	\$1,565,586	\$1,604,726	\$1,644,844	
75	Waterfall 1: Reimbursements											17
76	Insurance Reimbursement	999,756	1,038,000	1,063,950	1,090,549	1,117,812	1,145,758	1,174,402	1,203,762	1,233,856	1,264,702	
77	Independent Engineer	109,349	118,000	120,950	123,974	127,073	130,250	133,506	136,844	140,265	143,772	
78	Maintenance	0	300,000	307,500	315,188	323,067	331,144	339,422	347,908	356,606	365,521	
79	Waterfall 1: Retained RUA Expenses	5,150,829	5,692,073	6,038,375	6,247,114	6,465,117	6,692,897	6,931,003	7,180,015	7,440,555	7,713,281	
80	Waterfall 2: Annual Operating R&R Payment	930,000	930,000	953,250	977,081	1,001,508	1,026,546	1,052,210	1,078,515	1,105,478	1,133,115	17
81	Waterfall 3: Capital Charges	12,682,000	12,682,000	12,682,000	12,682,000	12,682,000	12,682,000	12,682,000	12,682,000	12,682,000	12,682,000	17
82	Waterfall 3: New Capital Charges											
83	Future Parity Debt Service		0	0	2,589,940	2,589,940	2,589,940	2,589,940	2,589,940	2,589,940	2,589,940	18
84	Waterfall 4: Wastewater Reserve Account Deposits	0	456,159	169,568	769,598	126,177	130,414	134,832	139,441	144,253	149,277	19
85	Waterfall 5: RUA Lease Payment	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	2
86	Transfer to RUA: Depreciation Expense			760,478	1,520,956	2,661,673	3,802,390	3,802,390	3,802,390	3,802,390	3,802,390	3
87	Total Uses of Funds	\$29,006,018	\$31,286,811	\$32,438,969	\$36,877,870	\$37,879,875	\$39,546,483	\$40,090,228	\$40,652,602	\$41,234,423	\$41,836,556	
88												
89	Additional \$ Out the Waterfall	\$1,008,312	\$193,212	\$1,187,034	(\$273,508)	(\$128,703)	(\$1,205,532)	\$472,900	\$1,139,211	\$1,724,570	\$2,323,120	20
90												
91	Ending Wastewater Reserve Balance	\$6,851,504	\$7,307,663	\$7,477,231	\$8,246,829	\$8,373,006	\$8,503,420	\$8,638,251	\$8,777,693	\$8,921,945	\$9,071,222	

Line	Item	Projected									Notes	
		FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32		FY 32/33
92	<b>TRUSTEE COVERAGE CALCULATION (Criterion: Free Cash Flow After Waterfall 1 -3 Paid &gt; 15% of Capital Charges)</b>											
93	Revenues Going into Trust Net of DIF Revenues	\$28,492,183	\$29,522,306	\$31,381,696	\$33,360,085	\$35,463,475	\$37,701,865	\$39,404,254	\$40,517,644	\$41,661,033	\$42,837,423	
94	Plus Use of Rev. Stabilization Already in Trust											
95	Plus Revenue Stabilization from RUA Reserves	766,291	2,000,000	2,000,000	3,600,000	2,000,000	500,000	0	0	0	0	
96	Plus Revenue Stabilization not from RUA Reserves	0	0	0	0	0	0	0	0	0	0	
97	Less Waterfall 1-2	(14,724,018)	(16,548,652)	(17,226,923)	(17,715,376)	(18,220,085)	(18,741,740)	(19,281,066)	(19,838,831)	(20,415,841)	(21,012,949)	
98	Balance, Available for Capital Charge	\$14,534,456	\$14,973,654	\$16,154,773	\$19,244,709	\$19,243,390	\$19,460,125	\$20,123,188	\$20,678,813	\$21,245,192	\$21,824,473	
99	Less Capital Charges and Parity Debt Service	(\$12,682,000)	(\$12,682,000)	(\$12,682,000)	(\$15,271,940)	(\$15,271,940)	(\$15,271,940)	(\$15,271,940)	(\$15,271,940)	(\$15,271,940)	(\$15,271,940)	
100	Free Cash Flow Before RUA Lease Payment	\$1,852,456	\$2,291,654	\$3,472,773	\$3,972,769	\$3,971,450	\$4,188,185	\$4,851,248	\$5,406,873	\$5,973,252	\$6,552,534	
101	Ratio (Free Cash Flow Divided by Capital Charges)	14.61%	18.07%	27.38%	26.01%	26.00%	27.42%	31.77%	35.40%	39.11%	42.91%	21



TABLE A-6  
City of Rialto - 2024 Water and Wastewater Rate Study  
Projected Operating Statement - Wastewater

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TABLE A-6  
 City of Rialto - 2024 Water and Wastewater Rate Study  
 Projected Operating Statement - Wastewater

103	<b>TRUSTEE REQUIRED WASTEWATER FUND RESERVE CALCULATION</b>											
104	<b>(Criteria: 25% service fees, reimbursable pmts, facility auth expenses, ORR pmts, Capital Charges (waterfall 1 - 3))</b>											
105	Required Water Reserve Fund Reserve Balance											
106	Sum of above items	\$27,406,018	\$29,230,652	\$29,908,923	\$30,397,376	\$30,902,085	\$31,423,740	\$31,963,066	\$32,520,831	\$33,097,841	\$33,694,949	
107	25% of the sum of above items	\$6,851,504	\$7,307,663	\$7,477,231	\$7,599,344	\$7,725,521	\$7,855,935	\$7,990,767	\$8,130,208	\$8,274,460	\$8,423,737	
108												
109	<b>CALCULATED DAYS OF RESERVES (Criteria: Ending Year RUA Reserve Balance Divided by Waterfall 1 - 5 Expenses * 365)</b>											
110	Days of Reserves	226	201	78	61	64	88	108	143	184	229	
111	90 Days of Waterfall 1-5 Expenses	\$7,152,169	\$7,714,556	\$7,998,650	\$9,093,173	\$9,340,243	\$9,751,188	\$9,885,262	\$10,023,929	\$10,167,392	\$10,315,863	
112												
113	<b>RUA: ADDITIONAL RETAINED EXPENSE DETAIL</b>											
114												
115		Projected										
115	<b>Item</b>	<b>FY 23/24</b>	<b>FY 24/25</b>	<b>FY 25/26</b>	<b>FY 26/27</b>	<b>FY 27/28</b>	<b>FY 28/29</b>	<b>FY 29/30</b>	<b>FY 30/31</b>	<b>FY 31/32</b>	<b>FY 32/33</b>	<b>Notes</b>
116	Electricity	\$1,167,308	\$1,200,000	\$1,284,000	\$1,373,880	\$1,470,052	\$1,572,955	\$1,683,062	\$1,800,876	\$1,926,938	\$2,061,823	17
117	Gas	\$188,520	\$104,000	\$106,600	\$109,265	\$111,997	\$114,797	\$117,666	\$120,608	\$123,623	\$126,714	17
118	Contracted Services											
119	City Contract (Transfer to General Fund)	\$685,000	\$710,000	\$727,750	\$745,944	\$764,592	\$783,707	\$803,300	\$823,382	\$843,967	\$865,066	17
120	Biosolids	\$887,285	\$1,194,000	\$1,223,850	\$1,254,446	\$1,285,807	\$1,317,953	\$1,350,901	\$1,384,674	\$1,419,291	\$1,454,773	17
121	City Reimbursement (680 Admin)	\$1,072,830	\$1,112,000	\$1,139,800	\$1,168,295	\$1,197,502	\$1,227,440	\$1,258,126	\$1,289,579	\$1,321,819	\$1,354,864	17
122	Consulting Services	\$75,000	\$500,000	\$512,500	\$525,313	\$538,445	\$551,906	\$565,704	\$579,847	\$594,343	\$609,201	17
123	Consulting SWRCB Grant BDP	\$370,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	17
124	Consulting CEQA for Micro Grid	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	17
125	Consulting Auditor	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	17
126	IT Services: Tyler and Paymentus	\$124,746	\$136,000	\$139,400	\$142,885	\$146,457	\$150,119	\$153,872	\$157,718	\$161,661	\$165,703	17
127	Other Services and Supplies											
128	Rialto Habitat Nature Center O&M	\$0	\$0	\$150,000	\$153,750	\$157,594	\$161,534	\$165,572	\$169,711	\$173,954	\$178,303	17
129	Other Retained Services	\$275,930	\$500,000	\$512,500	\$525,313	\$538,445	\$551,906	\$565,704	\$579,847	\$594,343	\$609,201	17
130	Inland Empire Brine Line Fees (SBVMWD)	\$125,290	\$92,490	\$94,802	\$97,172	\$99,602	\$102,092	\$104,644	\$107,260	\$109,942	\$112,690	17
131	Wastewater Services (Colton)	\$12,000	\$9,583	\$9,823	\$10,068	\$10,320	\$10,578	\$10,842	\$11,113	\$11,391	\$11,676	17
132	MIPP Services (Veolia)	\$111,920	\$134,000	\$137,350	\$140,784	\$144,303	\$147,911	\$151,609	\$155,399	\$159,284	\$163,266	17
133	<b>Total</b>	<b>\$5,150,829</b>	<b>\$5,692,073</b>	<b>\$6,038,375</b>	<b>\$6,247,114</b>	<b>\$6,465,117</b>	<b>\$6,692,897</b>	<b>\$6,931,003</b>	<b>\$7,180,015</b>	<b>\$7,440,555</b>	<b>\$7,713,281</b>	

TABLE A-6  
 City of Rialto - 2024 Water and Wastewater Rate Study  
 Projected Operating Statement - Wastewater

Notes:

- (1) FY 23/24 RUA Fund balance as of 6/30/23, per City staff 3/14/24, plus \$2.8M that is in the Trust Excess Fund that could be transferred to the RUA per John Maher 3/14/24
- (2) FY 23/24 per RUA FY 23/24 Budget and FY 24/25 per draft RWS FY 24/25 Budget, and projected to remain at this value through the 10-year planning period.
- (3) The City is implementing a policy of collecting depreciation expense through rates. Collecting depreciation expense through rates will be phased in.
- (4) If revenues exceed the amount needed to meet the RWS reserve requirement, then these revenues will "drop out" of the waterfall and be returned to RUA.  
 FY 23/24 amount obtained from John Maher Accountancy, 5/8/23. Negative amount means that depreciation expense noted in the line above will not be fully returned to RUA.
- (5) FY 23/24 interest income from the FY 23/24 RUA budget. In subsequent years, interest income is projected to be 1.5% of the previous fiscal year ending fund balance.
- (6) For the purposes of this Rate Study, all revenues are assumed to go into the waterfall.
- (7) The City anticipates using a portion of the RUA reserves to fund capital projects. See Table A-8.
- (8) Beginning in FY 28/29, the City anticipates the start-up of a well that will deliver water to IEUA. The City is responsible for the O&M expenses of this well, in conjunction with revenues from recycled water sales to IEUA.  
 See Table B-11 for more detail.
- (9) As needed, pre-existing reserves are used to provide supplemental revenue stabilization to meet the RWS coverage requirement. FY 23/24 per John Maher 3/8/24,  
 which excludes use of funds already in the Trust for Revenue Stabilization.
- (10) Beginning FY 23/24 Balance equals actual RWS Wastewater Construction Reserve Balance as of 1/31/24
- (11) See Table A-2 for more detail.
- (12) Rate increases will be effective on January 1 of each year. FY 29/30 - FY 32/33 revenue increases will be higher than what is shown. No additional CIP for FY 28/29 - FY 32/33 has yet been identified and no CIP spending for these years is included in this analysis.
- (13) See Table A-2 for more detail.
- (14) FY 23/24 Per RWS. Revenue cut 50% in subsequent years because (a) some of the interest-earning reserves are in restricted accounts and the interest income is not available for use, and  
 (b) future interest rates may be lower than 2024 interest rates.
- (15) Source: City staff, 7/12/23. 3,500 AFY @ \$275/AF in FY 23/24 dollars. \$/AF adjusted with inflation, and payment starts 1/1/29. Prepayment of 15% of total revenues starting FY 23/24. Prepayment subtracted from revenues received starting 1/1/29. Prepayment results in \$0 income in FY 28/29 and approximately \$92,000 credit in FY 29/30
- (16) FY 23/24 balance is that of the Trust Construction Restricted Fund as of 3/1/2024 per RWS on 3/19/24. Negative values in subsequent years are the result of drawdown of the Construction Restricted Fund after May 2023, after the capital funding strategy outlined in Table A-6 was identified. Also note that DIF revenues exceeded \$1.3M between March 2023 and March 2024, and the projected \$350K/year DIF revenues may be conservative, especially in the near-term. If \$7.4M is not available in the Construction Restricted Fund for the high-priority CIP, RUA may have to use more of its reserves for CIP funding than projected in this Rate Study.
- (17) See Table A-3 for more detail.
- (18) See Table A-8 for more detail.
- (19) This row represents the amount, if required, of contributions from RUA to maintain the minimum required balance in the Wastewater Reserve Account held in trust.
- (20) A negative value in this row added to the depreciation expense will be the net amount transferred to RUA.
- (21) The Concession Agreement requires coverage of at least 15%. With the addition of new debt, City staff (per 8/14/23 email from City staff with Bond Counsel coverage requirements) has provided direction to use 25% coverage for the purposes of this Rate Study.
- (22) There is no City policy for a minimum RUA reserve balance.

TABLE A-7  
 City of Rialto - 2024 Water and Wastewater Rate Study  
 Capital Improvement Plan

Line	Water Capital Projects	Estimated Remaining Cost FY 23/24 \$ (1)	CIP Category	Dashboard Input: Funded?	Funds Expended Prior to 4/1/24	Funded Cost from RUA	Funded Cost from DIFs	Funded Debt-Financed Cost	Total Remaining Funded Cost FY 23/24 \$	Year Per RWS Apr 2023 CIP
1	<b>RWS Defined Core Water Capital Projects</b>									
2	Aged Watermain Replacement Etiwanda from Riverside to Eucalyptus (Pavement Project)	\$6,700,000	Highest Priority - W	Yes			\$2,900,000	\$3,800,000	\$6,700,000	2024
3	Pressure Relief Valves (PRVs) Zone 2 to Zone 3 along Merrill Ave.	\$250,000	Other Core CIP - W	No					\$0	2025
4	Service line replacements on South Alice, South Palm, West Godden and Alu St.	\$1,200,000	Other Core CIP - W	No					\$0	2025
5	Main and service line replace; Bonnie View between Acacia and Eucalyptus	\$2,400,000	Other Core CIP - W	No					\$0	2025
6	Mainline Valve Replacements	\$250,000	Other Core CIP - W	No					\$0	2025
7	Cedar Reservoir 2, Overhaul, and Dome Preservation	\$1,000,000	Other Core CIP - W	No					\$0	2026
8	4" South Oakdale and South Marcella between East Rialto Ave and Allen St	\$3,000,000	Other Core CIP - W	No					\$0	2026
9	Mainline Valve Replacements	\$250,000	Other Core CIP - W	No					\$0	2026
10	Mainline and Service Line, Hydrant Laterals, and Mainline Replacement Below Etiwanda between Lilac and Sycamore Streets: Cornell and Victoria	\$2,500,000	Other Core CIP - W	No					\$0	2027
11	Service Line Replacement, Hydrant Lateral for Woodcrest, Yucca, Miramonte, Arrowhead, and Althea	\$1,300,000	Other Core CIP - W	No					\$0	2027
12	Mainline Valve Replacements	\$250,000	Other Core CIP - W	No					\$0	2027
13	Service Line Replacement between Cedar and Larch below Etiwanda on Streets Victoria, Cornell, Rosewood, Church, and Folk	\$2,200,000	Other Core CIP - W	No					\$0	2028
14	Service Line Replacement, Hydrant Laterals for Palm, Orange, Olive, Date Between Foothill to Train Tracks (Part 1)	\$3,300,000	Other Core CIP - W	No					\$0	2028
15	Mainline Valve Replacements	\$250,000	Other Core CIP - W	No					\$0	2028
16	<b>Subtotal RWS Defined Core Water Capital Projects</b>	<b>\$24,850,000</b>				\$0	\$0	\$2,900,000	\$3,800,000	\$6,700,000
17										
18	<b>RWS Defined Special Water Capital Projects</b>									
19	AMI Project (Project Cost Excluding Grants) (2)	\$0	AMI	No					\$0	2025
20	W-WW Security Upgrade Project	\$0	Other Special CIP - W	No					\$0	2026
21	Install a arsenic treatment system at City Well 3A	\$2,200,000	Highest Priority - W	Yes				\$2,200,000	\$2,200,000	2027
22	<b>Subtotal RWS Defined Special Water Capital Projects</b>	<b>\$2,200,000</b>				\$0	\$0	\$0	\$2,200,000	\$2,200,000
23										
24	<b>Total Water Capital Improvement Plan</b>	<b>\$27,050,000</b>				\$0	\$0	\$2,900,000	\$6,000,000	\$8,900,000

**TABLE A-7**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Capital Improvement Plan**

Line	Wastewater Capital Projects	Estimated Remaining Cost FY 23/24 \$ (1)	CIP Category Highest Priority per City staff, 5/17/23	Dashboard Input: Funded?	Funds Expended Prior to 4/1/24	Funded Cost from RUA Reserves	Funded Cost from DIFs	Funded Debt-Financed Cost	Total Remaining Funded Cost FY 23/24 \$	Year Per RWS Apr 2023 CIP
1	<b>RWS Defined Core Wastewater Capital Projects (5)</b>									
2	Sycamore Sewer Lift Station (2)		Other Core CIP - WW	No					\$0	2024
3	Sycamore Sewer Upsize 1 (3)	\$5,000,000	Highest Priority - WW	Yes					\$5,000,000	2024
4	Acacia Sewer Upsize 1	\$2,000,000	Highest Priority - WW	Yes					\$2,000,000	2024
5	Digester No. 1 Activation & Digester No. 2 Rehabilitation	\$1,800,000	Highest Priority - WW	Yes					\$1,800,000	2024
6	Rialto Biosolids Project (4)	\$26,400,000	Highest Priority - WW	Yes	\$454,000				\$25,946,000	2025
7	Agua Mansa Lift Station Upgrades	\$2,000,000	Highest Priority - WW	Yes					\$2,000,000	2025
13	P5 SEC 1 & 2 Upgrades	\$500,000	Highest Priority - WW	Yes					\$500,000	2026
17	Ayala Lift Station Upgrade & Repair	\$2,000,000	Highest Priority - WW	Yes					\$2,000,000	2027
23	<b>Subtotal RWS Defined Core Wastewater Capital Projects</b>	<b>\$49,750,000</b>							<b>\$39,246,000</b>	
24										
25	<b>RWS Defined Special Wastewater Capital Projects (5)</b>									
26	Rialto Microgrid Project	\$20,000,000	Microgrid and Related Projects	No					\$0	2024
27	Rialto WWTP P1 & P2 Demo	\$2,300,000	Microgrid and Related Projects	No					\$0	2024
28	Rialto WWTP Electrical Upgrade for Microgrid	\$8,800,000	Highest Priority - WW	Yes					\$8,800,000	2024
29	Rialto Habitat Nature Center	\$3,000,000	Rialto Habitat Nature Center	Yes					\$3,000,000	2024
30	Rialto Sewer LS SCADA Project	\$750,000	Other Special CIP - WW	No					\$0	2024
31	Rialto WWTP Additional Disk Filter project	\$500,000	Other Special CIP - WW	No					\$0	2024
32	WWTP Sewer LS Generator project	\$900,000	Other Special CIP - WW	No					\$0	2025
33	AMI Project	\$0	Other Special CIP - WW	No					\$0	2025
34	W-WW Security Upgrade Project	\$0	Other Special CIP - WW	No					\$0	2027
35	<b>Subtotal RWS Defined Special Wastewater Capital Projects</b>	<b>\$36,250,000</b>							<b>\$11,800,000</b>	
36										
37	<b>Capitalized Construction Interest, Microgrid</b>	<b>\$2,721,000</b>	Microgrid and Related Projects	No					<b>\$0</b>	2024
38										
39	<b>Total Wastewater Capital Improvement Plan (5)</b>	<b>\$88,721,000</b>			<b>\$454,000</b>	<b>\$9,546,000</b>	<b>\$7,400,000</b>	<b>\$34,100,000</b>	<b>\$51,046,000</b>	

**Notes:**

- (1) Project cost shown excludes grant funds received by the City.
- (2) Funding for this project was identified prior to the time period covered by this Rate Study.
- (3) Project cost revised per City staff, 8/15/23, after receipt of \$4.8M Engineer's Estimate.
- (4) Expenditures prior to 4/1/24 include development of the Guaranteed Maximum Price, per City staff 3/25/24.
- (5) Use of RUA reserves and DIF funds held in trust is not identified on a project-by-project basis for the wastewater system.



**TABLE A-8**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Projected Debt Service**

**1 WIFIA/I-Bank: Water**

2	WIFIA Proceeds for Capital Projects, 2023 Dollars	\$6,000,000	See Table A-7
3			
4	WIFIA Proceeds for Capital Projects, Date of Construction	\$6,000,000	No inflationary adjustment required if projects built within five-year period, per RWS.
5	Costs of Issuance	\$44,888	
6	Capitalized Interest	\$0	
7	Capitalized Bond Reserve	\$227,854	Equal to 1/2 of an annual debt service payment
8	Bond Proceeds	<u>\$6,272,742</u>	
9			
12	Interest Rate	6.00%	
13	Principal Deferral, Years	0	
14	Annual Debt Service Payment	\$455,708	

**Projected Debt Service Payment**

	<b>FY 23/24</b>	<b>FY 24/25</b>	<b>FY 25/26</b>	<b>FY 26/27</b>	<b>FY 27/28</b>	<b>FY 28/29</b>	<b>FY 29/30</b>	<b>FY 30/31</b>	<b>FY 31/32</b>	<b>FY 32/33</b>
20 WIFIA/I-Bank Water Debt Service Payment			\$455,708	\$455,708	\$455,708	\$455,708	\$455,708	\$455,708	\$455,708	\$455,708

**43 WIFIA/I-Bank: Wastewater**

44	WIFIA Proceeds for Capital Projects, 2023 Dollars	\$34,100,000	See Table A-7
45			
46	WIFIA Proceeds for Capital Projects, Date of Construction	\$34,100,000	No inflationary adjustment required if projects built within five-year period, per RWS.
47	Costs of Issuance	\$255,112	
48	Capitalized Interest	\$0	
49	Capitalized Bond Reserve	\$1,294,970	
50	Bond Proceeds	<u>\$35,650,082</u>	
51			
54	Interest Rate	6.00%	
55	Principal Deferral, Years	0	
56	Annual Debt Service Payment	\$2,589,940	

**Projected Debt Service Payment**

	<b>FY 23/24</b>	<b>FY 24/25</b>	<b>FY 25/26</b>	<b>FY 26/27</b>	<b>FY 27/28</b>	<b>FY 28/29</b>	<b>FY 29/30</b>	<b>FY 30/31</b>	<b>FY 31/32</b>	<b>FY 32/33</b>
62 WIFIA Water Debt Service Payment				\$2,589,940	\$2,589,940	\$2,589,940	\$2,589,940	\$2,589,940	\$2,589,940	\$2,589,940



## Appendix B: Water Cost-of-Service Analysis

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City of Rialto - 2024 Water and Wastewater Rate Study  
 Cost-of-Service Analysis Tables: Functionalization

TABLE B-1  
 Water COSA - Functionalization Factors

Line No.	Functionalization Factors	Total	Wells & Pumping	Treatment	Storage	T&D	Customer	Meter	Admin	Rate Tier Calculation	Public Fire Protection	Public & Priv. Fire Prot.	Math Check
1	Direct: Wells and Pumping	100.0%	95.0%	5.0%									TRUE
2	Direct: Treatment	100.0%		100.0%									TRUE
3	Direct: Storage w/ FP	100.0%			100.0%								TRUE
4	Direct: T&D w/ FP	100.0%				100.0%							TRUE
5	Direct: Customer	100.0%					100.0%						TRUE
6	Direct: Meter	100.0%						100.0%					TRUE
7	Direct: Admin	100.0%							100.0%				TRUE
8	Direct: Rate Tier Calculation	100.0%								100.0%			TRUE
9	Direct: Fire Protection	100.0%									100.0%		TRUE
10	Direct: Wells, Treatment, Reservoirs	100.0%	33.3%	33.3%	33.3%								TRUE
11	Direct: Water Plan	100.0%	20.0%	20.0%	20.0%	40.0%							TRUE
12	Direct: T&D and Meter Equivalent	100.0%				50.0%		50.0%					TRUE
13	Net Plant: % (1)	100.0%	15.7%	0.9%	28.0%	55.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%	100.0000%
14	2012 Capital Charge: % (2)	100.0%	12.5%	1.8%	4.4%	18.3%	1.2%	2.4%	59.4%	0.0%	0.1%	0.0%	100.0000%
15	WiFi/1-Bank Debt Service	100.0%	0.0%	0.0%	0.0%	75.3%	0.0%	0.0%	0.0%	24.7%	0.0%	0.0%	TRUE
19	Labor: % (3)	100.0%	12.4%	0.7%	22.1%	43.4%	21.0%	0.0%	0.0%	0.0%	0.3%	0.0%	100.0000%
20	Water Production (from Other Utilities), Amount	\$1,171,878								\$1,171,878	\$0		TRUE
21	Water Production (from Other Utilities), Amount	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	TRUE
22	Electricity, Percentage (4)	100.0%	13.4%							86.6%			TRUE
23	Indirect: Per Rate Revenue Req Excl Tier \$, as %	100.0%	12.3%	0.9%	16.0%	33.4%	5.6%	0.5%	31.1%		0.2%	0.0%	100.0000%

Notes:

(1) Refer to Table B-2

(2) Refer to Table B-5

(3) Refer to Table B-13. Based on W-2 wage totals provided by City staff, 8/1/23.

(4) Based on a review of SCE bills from 2022. Wells & Pumping are booster pumps. All other power costs are source production which goes into rate tier calculation.

TABLE B-2  
 Water COSA - Functionalization of Water System Plant

Line No.	Total	Wells & Pumping	Treatment	Storage	T&D	Customer	Meter	Admin	Rate Tier Calculation	Public Fire Protection	Public & Priv. Fire Prot.	Table B-1 Line No. Reference
1	Source	\$8,591,128	8,161,572	429,556	0	0	0	0	0	0	0	1
2	Storage	\$14,590,178	0	0	14,590,178	0	0	0	0	0	0	3
3	Distribution	\$28,791,008	0	0	0	28,791,008	0	0	0	0	0	4
4	General/SCADA	\$184,611	61,537	61,537	61,537	0	0	0	0	0	0	10
5	Fire Hydrants	\$218,597	0	0	0	0	0	0	0	218,597	0	9
6	Total	\$52,375,522	\$8,223,109	\$491,093	\$14,651,715	\$28,791,008	\$0	\$0	\$0	\$0	\$218,597	\$0
7	As Percent	100.00%	15.70%	0.94%	27.97%	54.97%	0.00%	0.00%	0.00%	0.00%	0.42%	0.00%

Source: Asset data provided by City staff, 7/17/23. Data as of 6/30/23.



City of Rialto - 2024 Water and Wastewater Rate Study  
 Cost-of-Service Analysis Tables: Functionalization

TABLE B-3  
 Water COSA - Functionalization of CIP by Percentage

Line No.	Capital Project	FY 23/24 - FY 27/28 \$	Wells & Pumping	Treatment	Storage	T&D	Customer	Meter	Admin	Rate Tier Calculation	Public Fire Protection	Public & Priv. Fire Prot.
1	Aged Watermain Replacement Etiwanda from Riverside to E	\$6,700,000				100.0%						
2	Pressure Relief Valves (PRVs) Zone 2 to Zone 3 along Merrill	\$0				100.0%						
3	Service line replacements on South Alice, South Palm, West	\$0						100.0%				
4	Main and service line replace; Bonnie View between Acacia	\$0				50.0%		50.0%				
5	Mainline Valve Replacements	\$0				100.0%						
6	Cedar Reservoir 2, Overhaul, and Dome Preservation	\$0			100.0%							
7	4" South Oakdale and South Marcella between East Rialto A	\$0				100.0%						
8	Mainline Valve Replacements	\$0				100.0%						
9	Mainline and Service Line, Hydrant Laterals, and Mainline Re	\$0				50.0%		25.0%				25.0%
10	Service Line Replacement, Hydrant Lateral for Woodcrest, Y	\$0				50.0%		25.0%				25.0%
11	Mainline Valve Replacements	\$0				100.0%						
12	Service Line Replacement between Cedar and Larch below E	\$0				50.0%		25.0%				25.0%
13	Service Line Replacement, Hydrant Laterals for Palm, Orange	\$0				50.0%		25.0%				25.0%
14	Mainline Valve Replacements	\$0				100.0%						
15	AMI Project (Project Cost Excluding Grants) (2)	\$0					50.0%	50.0%				
16	W-WW Security Upgrade Project	\$0	75.0%		25.0%							
17	Install a arsenic treatment system at City Well 3A	\$2,200,000								100.0%		
18	Total	\$8,900,000										

TABLE B-4  
 Water COSA - Functionalization of CIP Projects by Dollar

Line No.	Capital Project	FY 23/24 - FY 27/28 \$	Wells & Pumping	Treatment	Storage	T&D	Customer	Meter	Admin	Rate Tier Calculation	Public Fire Protection	Public & Priv. Fire Prot.
1	Aged Watermain Replacement Etiwanda from Riverside to E	\$6,700,000	\$0	\$0	\$0	\$6,700,000	\$0	\$0	\$0	\$0	\$0	\$0
2	Pressure Relief Valves (PRVs) Zone 2 to Zone 3 along Merrill	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Service line replacements on South Alice, South Palm, West	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Main and service line replace; Bonnie View between Acacia	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Mainline Valve Replacements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Cedar Reservoir 2, Overhaul, and Dome Preservation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	4" South Oakdale and South Marcella between East Rialto A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Mainline Valve Replacements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Mainline and Service Line, Hydrant Laterals, and Mainline Re	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Service Line Replacement, Hydrant Lateral for Woodcrest, Y	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Mainline Valve Replacements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Service Line Replacement between Cedar and Larch below E	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Service Line Replacement, Hydrant Laterals for Palm, Orange	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Mainline Valve Replacements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	AMI Project (Project Cost Excluding Grants) (2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	W-WW Security Upgrade Project	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Install a arsenic treatment system at City Well 3A	\$2,200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,200,000	\$0	\$0
18	Total	\$8,900,000	\$0	\$0	\$0	\$6,700,000	\$0	\$0	\$0	\$2,200,000	\$0	\$0
	As Percent		0.00%	0.00%	0.00%	75.28%	0.00%	0.00%	0.00%	24.72%	0.00%	0.00%



City of Rialto - 2024 Water and Wastewater Rate Study  
 Cost-of-Service Analysis Tables: Functionalization

TABLE B-5  
 Water COSA - Functionalization of Existing Capital Charge

Line No.	Component of Concession Funding	Total Capitalized Amount (1) (2)	Wells & Pumping	Treatment	Storage	T&D	Customer	Meter	Admin	Rate Tier Calculation	Public Fire Protection	Public and Private Fire Protection	Total
1	Water Capital Projects												
2	SCADA Improvements	\$1,820,618	33%	33%	33%								100%
3	Chino Well 1 Nitrate Blending	\$0		100%									100%
4	Booster 3 Improvements	\$0	100%										100%
5	Booster 4/5 Improvements	\$704,043	100%										100%
6	Seismic Improvements	\$137,807			100%								100%
7	City Well 1/2 Improvements	\$1,690,246	100%										100%
8	Water Main and Valve Replacement on W. Baseline	\$243,355				100%							100%
9	Meter Replacement	\$825,622						100%					100%
10	Service Line Replacement	\$25,500						100%					100%
11	Small Main Replacement	\$1,262,960				100%							100%
12	Dead End Line Replacement	\$198,300				100%							100%
13	Large Valves	\$203,341				100%							100%
14	Hydrant Replacement	\$23,500									100%		100%
15	Studies (3)	\$67,558	20.0%	20.0%	20.0%	40.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100%
16	Rialto Well 2 Site Rehab	\$61,243	100%										100%
17	CIS Software Update	\$413,000					100%						100%
18	Willow Booster Value Replacement	\$319,800	100%										100%
19	Riverside Central Water Line Improvements	\$2,982,691				100%							100%
20	City Well 4A and Chino Well 2 Improvements	\$684,305	100%										100%
21	Remaining FIP	\$1,307,112	30.9%	5.7%	6.9%	44.8%	3.8%	7.8%	0.0%	0.0%	0.2%	0.0%	100%
22	Rate Stabilization Fund	\$10,479,000							100%				100%
23	Lease Payment	\$5,000,000							100%				100%
24	Refinance Existing Debt	\$3,322,000	15.7%	0.9%	28.0%	55.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%	100%
25	Trustee Reserves (3)	\$5,678,000							100%				100%
26	Debt Service Reserves	\$1,340,000	12.5%	1.8%	4.4%	18.3%	1.2%	2.4%	59.4%	0.0%	0.1%	0.0%	100%
27	Due Diligence/Transition Costs (4)	\$2,648,000							100%				100%
28	Costs of Issuance (5)	\$2,165,000	12.5%	1.8%	4.4%	18.3%	1.2%	2.4%	59.4%	0.0%	0.1%	0.0%	100%
29	Total	\$43,603,000	\$5,443,407	\$788,796	\$1,933,157	\$7,969,885	\$502,566	\$1,035,702	\$25,885,815	\$0	\$43,673	\$0	
30	As Percent		12.5%	1.8%	4.4%	18.3%	1.2%	2.4%	59.4%	0.0%	0.1%	0.0%	

Notes:

- (1) Source: Staff report to March 12, 2012 Council Meeting, Table 2, except Capital Improvements, described in Note 2.
- (2) Capital Project funding per City's 2023 analysis of Facility Improvement Plan actual spending. FIP spending presented at 4/11/23 Council Meeting. FIP spending is \$35,000 higher than shown in the 2012 Staff Report.
- (3) Consists of Working Capital, Operating R&R account capitalization, and a reserve held by the Trustee.
- (4) Includes Technical, Due Diligence, and Commercial Development Costs, and Transition Costs
- (5) Includes development and financing costs of issuance, underwriter's discount

City of Rialto - 2024 Water and Wastewater Rate Study  
 Cost-of-Service Analysis Tables: Functionalization

TABLE B-6  
 Water COSA - Functionalization of Rate Revenue Requirement

Line No.	FY 24/25 Total (1)	Functionalized Amount										Table B-1 Line No. Reference		
		Pumping	Treatment	Storage	T&D	Customer	Meter	Admin	Rate Tier Calculation	Public Fire Protection	Public & Priv. Fire Prot.			
1	Waterfall 1: Water Service Fee													
2	Fixed Component	\$2,894,995	\$454,523	\$27,145	\$809,856	\$1,591,389	\$0	\$0	\$0	\$0	\$12,083	\$0	13	
3	Routine R&R Component	\$286,393	44,965	2,685	80,117	157,431	0	0	0	0	1,195	0	13	
4	Chemical Component	\$89,198	0	0	0	0	0	0	89,198	0	0	0	8	
5	Labor Component	\$3,701,000	459,236	27,426	818,254	1,607,891	775,985	0	0	0	12,208	0	19	
6	Waterfall 1: Reimbursements													
7	Insurance Reimbursement	\$869,512	136,516	8,153	243,240	477,974	0	0	0	0	3,629	0	13	
8	Independent Engineer	\$109,296	13,645	1,977	4,846	19,977	1,260	2,596	64,886	0	109	0	14	
9	Maintenance	\$221,300	34,745	2,075	61,907	121,649	0	0	0	0	924	0	13	
10	Waterfall 1: Retained RUA Expenses													
11	Electricity	\$1,372,000	184,318	0	0	0	0	0	1,187,682	0	0	0	22	
12	Perchlorate, Not Combined Remedy	\$78,000	0	0	0	0	0	0	78,000	0	0	0	8	
13	City Contract (Transfer to General Fund)	\$505,000	0	0	0	0	0	0	505,000	0	0	0	7	
14	Water Purchase	\$1,728,000	0	0	0	0	0	0	1,728,000	0	0	0	21	
16	IT Services	\$73,000	0	0	0	0	0	0	73,000	0	0	0	7	
17	City Reimbursement (680 Admin)	\$828,000	0	0	0	0	0	0	828,000	0	0	0	7	
18	Consulting Fees: Engineering	\$300,000	0	0	0	0	0	0	300,000	0	0	0	7	
19	Consulting Services, Grant Funded	\$0	0	0	0	0	0	0	0	0	0	0	7	
20	Miscellaneous Fees and Permits	\$430,000	0	0	0	0	0	0	430,000	0	0	0	7	
21	Rebates	\$51,000	0	0	0	0	0	0	51,000	0	0	0	8	
22	Waterfall 2: Annual Operating R&R Payment	\$680,000	106,762	6,376	190,226	373,798	0	0	0	0	2,838	0	13	
23	Waterfall 3: Capital Charges													
24	Amount	\$2,900,000	362,037	52,462	128,573	530,071	33,425	68,884	1,721,644	0	2,905	0	14	
26	Future Parity Debt Service	0	0	0	0	0	0	0	0	0	0	0	14	
27	Waterfall 4: RWS Water Reserve Account Deposits	\$221,141	0	0	0	0	0	0	221,141	0	0	0	7	
28	Waterfall 5: RUA Lease Payment	\$400,000	0	0	0	0	0	0	400,000	0	0	0	7	
29	RUA Spending Not Through Waterfall													
30	Less Water Rights Revenue From SBCO	(349,264)	(42,970)	(3,068)	(55,891)	(116,713)	(19,388)	(1,709)	(108,665)		(858)	0	23	
31	Less Grant Revenue	0	0	0	0	0	0	0	0	0	0	0	7	
32	Less Certain Non-Rate Revenues Applied to Tiers 1 and 2													
33	RUA Investment Income	(116,084)	0	0	0	0	0	0	(116,084)	0	0	0	8	
34	Rents & Concessions	(50,000)	0	0	0	0	0	0	(50,000)	0	0	0	8	
35	Trustee Interest Income	(215,285)	0	0	0	0	0	0	(215,285)	0	0	0	8	
36	Turn On/Off	(73,000)	0	0	0	0	0	0	(73,000)	0	0	0	8	
37	Delinquent Water Service Fees	(12,000)	0	0	0	0	0	0	(12,000)	0	0	0	8	
38	Other Charges for Current Services...mostly perchlorate rei	(94,000)	0	0	0	0	0	0	(94,000)	0	0	0	8	
39	Miscellaneous Revenues	0	0	0	0	0	0	0	0	0	0	0	8	
40	Less Revenue Stabilization and Changes in Reserves	(3,110,596)	(382,701)	(27,327)	(497,778)	(1,039,463)	(172,670)	(15,225)	(967,788)		(7,645)	0	23	
41	Total	\$13,717,604	\$1,371,076	\$97,904	\$1,783,350	\$3,724,004	\$618,612	\$54,546	\$3,467,218	\$2,573,511	\$27,388	\$0		
42														
43	Math Check: Columns = Total	(\$5)												

City of Rialto - 2024 Water and Wastewater Rate Study  
 Cost-of-Service Analysis Tables: Allocation

TABLE B-7  
 Water COSA - Allocation Factors

Line No.	Classification Method	Base	Extra Capacity		Customer		Rate Tier Calculation	Public Fire Protection	Public Private Fire Protection	
			Max Day	Max Hour	Customer	Meter				
1	Direct: Base	100%								Direct: Base
2	Direct: Max Day		100%							Direct: Max Day
3	Direct: Max Hour			100%						Direct: Max Hour
4	Direct: Customer				100%					Direct: Customer
5	Direct: Meters & Services					100%				Direct: Meters & Services
6	Direct: Rate Tier Calculation						100%			Direct: Rate Tier Calculation
7	Direct: Public Fire Protection							100%		Direct: Fire Protection
8	Direct: Purchased Source (1)	50%					50%			Direct: Purchased Source
9	Base and Max Day (gpm) (1)	5,483	4,049							
10	Base and Max Day: %	57.52%	42.48%							Base and Max Day
11	Weighted Average: %	23.89%	30.70%	14.31%	8.06%	0.71%	0.00%	0.36%	21.97%	Weighted Avg ex Rate Tier
12	Base, Max Day, Max Hour (gpm) (1)	5,483	4,049	9,533						
13	Base, Max Day, Max Hour: %	28.76%	21.24%	50.00%						Base, Max Day, Max Hour
14	Storage (2)	20.04%	71.01%						8.95%	Storage
15	Transmission and Distribution (3)	16.97%	12.53%	29.50%					41.00%	Transmission and Distribution

Notes:

- (1) Refer to Table B-11 for further details. Based on actual production data from FY 15/16 provided by RWS to FG Solutions in December 2016.
- (2) Refer to Table B-11 for further details
- (3) 40% allocated to fire protection, remaining 60% allocated based on the Base, Max Day, and Max Hour classification factor



**TABLE B-8**  
**Water COSA - Allocation of Rate Revenue Requirement**

Line No.	FY 24/25 Test Year	Extra Capacity					Rate Tier Calculation (2)	Public Fire Protection	Public & Private Fire Protection	T COS-6 Line No. Reference	
		Base	Max Day (2)	Max Hour(2)	Customer	Meter					
1	<b>Water System Expenses (1)</b>										
1	Pumping	\$1,371,076	\$788,658	\$582,418	\$0	\$0	\$0	\$0	\$0	10	
2	Treatment	\$97,904	\$56,315	\$41,589	\$0	\$0	\$0	\$0	\$0	10	
3	Storage	\$1,783,350	\$357,317	\$1,266,381	\$0	\$0	\$0	\$0	\$159,652	14	
4	T&D	\$3,724,004	\$631,916	\$466,665	\$1,098,581	\$0	\$0	\$0	\$1,526,842	15	
5	Customer	\$618,612	\$0	\$0	\$0	\$618,612	\$0	\$0	\$0	4	
6	Meter	\$54,546	\$0	\$0	\$0	\$0	\$54,546	\$0	\$0	5	
7	Administration	\$3,467,218	\$828,408	\$1,064,549	\$496,168	\$279,392	\$24,635	\$0	\$12,370	\$761,695	11
8	Rate Tier Calculations	\$2,573,511	\$0	\$0	\$0	\$0	\$2,573,511	\$0	\$0	6	
9	Public Fire Protection	\$27,388	\$0	\$0	\$0	\$0	\$0	\$27,388	\$0	7	
10											
11											
12	<b>Total</b>	\$13,717,609	\$2,662,614	\$3,421,602	\$1,594,749	\$898,004	\$79,181	\$2,573,511	\$39,758	\$2,448,189	
13	Percent of Total	100%	19%	25%	12%	7%	1%	19%	0%	18%	
14	Check, Table B-5	\$13,717,604									
15											
16											
17			<b>Base</b>	<b>Extra Capacity</b>	<b>Customer</b>	<b>Meter</b>	<b>Rate Tier Calculation (2)</b>	<b>Public Fire Protection</b>	<b>Public Fire Protection</b>	<b>Private Fire Protection</b>	
18	Redistribution of FP								\$2,080,546	\$367,643	
19	<b>Total</b>	\$13,717,608	\$2,662,614	\$3,421,602	\$1,594,749	\$898,004	\$79,181	\$2,573,511	\$39,758	\$2,080,546	\$367,643

Notes:

- (1) Refer to Table B-5 for Functionalization totals.
- (2) Peaking costs associated with Max-Day and Max-Hour extra capacity are also included in the Rate Tier Calculation in Table C1

TABLE B-9  
Water COSA - Distribution of Revenue Requirement

Line No.	Item	Base (1)	Extra Capacity		Customer (3)		Rate Tier Calculation	Public Fire Protection	Private Fire Protection	Total	
			Max Day (2)	Max Hour (2)	Customer	Meter					
1	<b>Total System</b>										
2	Cost of Service	\$2,662,614	\$3,421,602	\$1,594,749	\$898,004	\$79,181	\$2,573,511	\$2,120,304	\$367,643	\$13,717,609	
3	Units of Service	3,539,451	9,533	19,066	11,808	15,523	3,538,638	14,228			
4	Units	ccf	gpm	gpm	customers	meter equiv.	ccf	meter equiv.	equiv. fire connections		
5	base units of service should be based on metered consumption not production								except landscape & hydrants	per year (2)	
6											
7											
8	Unit Cost of Service	\$0.75	\$358.93	\$83.65	\$76.05	\$5.10	\$0.73	\$149.02			
9											
10	<b>Single Family Residential and MF &lt; 50 Units</b>										
11	Units of service	2,238,017	5,901	11,802	10,305	10,815	2,238,017	10,815	0		
12	Allocated Cost of Service	\$1,683,587	\$2,118,027	\$987,175	\$783,700	\$55,167	\$1,627,621	\$1,611,688	\$0	\$8,866,966	
13											
14	<b>Multiple Apartments &gt; 50 Units</b>										
15	Units of service	252,835	662	1,324	446	1,219	252,835	1,219	0		
16	Allocated Cost of Service	\$190,200	\$237,683	\$110,780	\$33,919	\$6,216	\$183,877	\$181,610	\$0	\$944,284	
17											
18	<b>Commercial, Industrial, and Governmental</b>										
19	Units of service	470,338	1,250	2,500	685	2,194	470,338	2,194	0		
20	Allocated Cost of Service	\$353,820	\$448,576	\$209,073	\$52,095	\$11,193	\$342,058	\$327,006	\$0	\$1,743,821	
21		2,708,355									
22	<b>Landscape</b>										
23	Units of service	540,178	1,657	3,314	372	1,295	540,178	0	0		
24	Allocated Cost of Service	\$406,358	\$594,664	\$277,162	\$28,291	\$6,604	\$392,850	\$0	\$0	\$1,705,929	
25											
26	<b>Private Fire Protection (Excludes Hydrant and Hydrant No Charge Connection)</b>										
27	Units of service	813	2	4							
28	Allocated Cost of Service	\$612	\$673	\$314	\$0	\$0	\$0	\$0	\$367,643	\$369,242	
29											
30	<b>Hydrant</b>										
31	Units of service	37,270	61	122			37,270				
32	Allocated Cost of Service	\$28,037	\$21,980	\$10,244	\$0	\$0	\$27,105		\$0	\$87,366	
33											
34	<b>Total:</b>										
35	Units of service	3,539,451	9,533	19,066	11,808	15,523	3,538,638	14,228	0		
36	Allocated Cost of Service	\$2,662,614	\$3,421,602	\$1,594,749	\$898,004	\$79,181	\$2,573,511	\$2,120,304	\$367,643	\$13,717,608	
								math check Table B-5 Above ==>		\$13,717,604	

(1) CY 22 Consumption

(2) CY 22 Consumption multiplied by max day peaking factor from CY 22 actual, and max hour peaking factor from 2013 Water Master Plan

(3) Projected FY 24/25 number of customers and meter equivalent:



FG Solutions, LLC

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**TABLE B-10**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Identification of Costs to be Included in Rate Tier Calculations**

**Step 1. Identify Costs Included in Rate Tier Calculations**

Cost Included in Rate Tier Calculations	Projected	Amount	Difference	Data Used	How Considered in Rate Tier Costs
	FY 24/25	Included		in Unit	
	Amount	in Unit Costs		Cost Calcs	
1 Chemical Component of RWS Service Fee	\$89,198	\$63,096	\$26,102	FY 23/24	FY 23/24: All of Rialto's wells using chlorine, based on production volume.
2 SCE Energy Direct Bills	\$1,187,682	\$1,333,919	(\$146,237)	FY 23/24	FY 23/24: Direct allocation to specific wells, based on review of electric bills
3 Perchlorate, Not Combined Remedy	\$78,000	\$87,300	(\$9,300)	FY 23/24	FY 23/24: Direct allocation to Rialto 3 and Chino 2 wells
4			\$0		
5 Water Production from Other Utilities			\$0		
6 Water Production, Roemer WWTP	\$1,086,000	\$671,129	\$414,871	FY 23/24	FY 23/24: Direct Allocation to Roemer WTP
7 Water Production, BLF Wells, \$	\$642,000	\$500,749	\$141,251	FY 23/24	FY 23/24: Direct allocation to BLF Wells
8 Rebates	\$51,000	\$50,000	\$1,000	FY 23/24	FY 23/24: Direct allocation to Tier 3
9 Less Certain Non-Rate Revenues			\$0		
10 Rents & Concessions	(\$50,000)	(\$50,000)		FY 24/25	FY 24/25: Direct Allocation to Tiers 1 and 2
11 Trustee Interest Income	(\$215,285)	(\$215,285)		FY 24/25	FY 24/25: Direct Allocation to Tiers 1 and 2
12 Turn On/Off	(\$73,000)	(\$73,000)		FY 24/25	FY 24/25: Direct Allocation to Tiers 1 and 2
13 Delinquent Water Service Fees	(\$12,000)	(\$12,000)		FY 24/25	FY 24/25: Direct Allocation to Tiers 1 and 2
14 Other Charges for Current Services...mostly perchlorate r	(\$94,000)	(\$94,000)		FY 24/25	FY 24/25: Direct Allocation to Tiers 1 and 2
15 Miscellaneous Revenues	\$0	\$0		FY 24/25	FY 24/25: Direct Allocation to Tiers 1 and 2
16 Water Rebates	\$0	\$0		FY 24/25	FY 23/24: Direct allocation to third (top) tier
17 Total	\$2,689,595	\$2,261,908	\$427,687		Difference between FY 23/24 and FY 24/25 assigned to all tiers
18					
19					

**TABLE B-10**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Identification of Costs to be Included in Rate Tier Calculations**

20 **Step 2. Summarize Water Production Data**

21 Step 2a. Show Data from Multiple Sources

	Production, Acre-Feet													
	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total	
25	Source: RWS Monthly Operations Reports, in a table titled "Daily Production Totals in Acre Feet"													
26	Chino 2	0.00	101.92	152.06	153.50	116.29	77.75	136.86	162.22	154.26	160.87	155.38	160.94	1,532.05
27	City 2	161.03	73.20	81.98	75.68	78.78	171.99	135.88	159.32	134.76	144.60	42.25	13.70	1,273.17
28	Rialto 3 (1)	52.68	0.00	0.00	31.52	32.94	18.64	0.00	0.00	0.00	0.00	0.00	0.00	135.78
29	Rialto 5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
30	Miro 3 (1)	30.28	117.62	106.76	69.30	149.74	207.06	240.13	215.36	162.20	232.15	210.72	235.06	1,976.38
31	City 4A (2) (3)	128.54	133.24	122.74	144.79	213.73	250.82	258.21	243.88	235.07	0.00	0.25	2.27	1,733.54
32	Booster 6-9	115.58	116.82	90.03	117.21	238.02	163.49	200.97	171.98	105.48	90.97	98.20	108.95	1,617.70
33	Cactus (2) (5)	126.12	195.34	154.65	140.60	81.74	129.89	125.84	137.95	260.15	75.89	63.43	29.43	1,521.03
34	Roemer (4)	44.60	40.30	68.40	74.06	76.15	71.42	70.99	32.94	55.79	88.30	82.77	82.45	788.17
35	Total	530.29	645.20	653.88	661.87	773.66	840.24	910.67	879.77	872.64	792.78	652.75	630.53	8,845.28
36	Peak Day	30.13	89.38	32.46	35.07	29.79	37.66	40.79	42.13	39.76	32.25	34.38	25.69	
37	Date of Peak Day	1/10/22	2/17/22	3/29/22	4/9/22	5/17/22	6/22/22	7/24/22	8/23/22	9/14/22	10/15/22	11/2/22	12/28/23	

38 Source: RWS Monthly Operations Reports, in the narrative preceding the table titled "Daily Production Totals in Acre Feet"

39	BLF Wells	113.16	178.92	121.94	113.02	106.03	42.56	68.60	66.05	130.56	166.86	161.38	136.11	1,405.19
40	Booster 3A-1	0.04	0.00	80.27	154.40	72.75	5.63	14.68	31.13	23.38	9.05	9.19	23.19	423.71

41

42 Step 2b. Merge Data from Multiple Sources

43	Chino 2	0.00	101.92	152.06	153.50	116.29	77.75	136.86	162.22	154.26	160.87	155.38	160.94	1,532.05
44	City 2	161.03	73.20	81.98	75.68	78.78	171.99	135.88	159.32	134.76	144.60	42.25	13.70	1,273.17
45	Rialto 3/Miro 3	82.96	117.62	106.76	100.82	182.68	225.70	240.13	215.36	162.20	232.15	210.72	235.06	2,112.16
46	Rialto 5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
47	City 4A	128.54	133.24	122.74	144.79	213.73	250.82	258.21	243.88	235.07	0.00	0.25	2.27	1,733.54
48	BLF Wells	113.16	178.92	121.94	113.02	106.03	42.56	68.60	66.05	130.56	166.86	161.38	136.11	1,405.19
49	Roemer	44.60	40.30	68.40	74.06	76.15	71.42	70.99	32.94	55.79	88.30	82.77	82.45	788.17
50	Total	530.29	645.20	653.88	661.87	773.66	840.24	910.67	879.77	872.64	792.78	652.75	630.53	8,844.28

51 Notes:

- 52 (1) Rialto 3 and Miro 3 wells are at the airport. For purposes of rate tier calculations, the production and the costs for these two wells should be combined.
- 53 San Bernardino County owns the Miro 3 well and pays for everything except power and normal wear and tear.
- 54 (2) Cactus total includes City 4A. The total column at the right of the table includes Cactus, and does not include City 4A.
- 55 (3) Pump Station 3A-1 boosts City Well 4A water into the Baseline Feeder. The cost to produce water from City 4A includes costs from PS 3A-1, but does not include the volume
- 56 of water pumped from 3A-1.

57

**TABLE B-10**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Identification of Costs to be Included in Rate Tier Calculations**

58 **Step 3. Allocate Certain FY 23/24 Rate Tier Costs to Specific Water Sources**

61 Cost	Chino 2	City 2	Miro 3/ Rialto 3	Rialto 5	City 4A	Encanto	Cactus and BPS 3A-1 BLF Wells	Roemer	Total	Note
62 RWS Chemical Component, %	23.0%	19.1%	31.8%	0.0%	26.1%				100.0%	1
63 RWS Chemical Component, \$	\$14,534	\$12,078	\$20,038	\$0	\$16,446	\$0	\$0	\$0	\$63,096	1
64 Perchlorate Treatment, \$	\$87,300								\$87,300	2
65 SCE Electricity Direct Billed, \$	\$506,375	\$236,170	\$216,524	\$63,432	\$311,418				\$1,333,919	3
66 Water Production, BLF Wells, \$							\$500,749		\$500,749	
67 Water Production, Roemer WTP, \$								\$671,129	\$671,129	
68 Total	\$608,209	\$248,248	\$236,562	\$63,432	\$327,864	\$0	\$500,749	\$671,129	\$2,656,193	
69 math check: total from Step 1 less items that are directly added to top tier commodity charge or subtracted from bottom tier.									\$2,656,193	

70 Notes:

- 71 (1) Allocated among all Rialto wells using chlorine, based on production volume.
- 72 (2) This is related to Chino 2. This is the perchlorate expense not related to the Combined Remedy.
- 73 (3) Miro 3/Rialto 3 includes \$772 in 2022 power costs from non-active Chino 1 well. This cost was assigned to Miro 3/Rialto 3 because this well forms Tier 1, and the Tier 1 rate is
- 74 partially offset by non-rate revenues.

77 **Step 4. Unit Cost Calculations for Each Water Source**

80	Chino 2	City 2	Miro 3/ Rialto 3	Rialto 5	City 4A	Encanto	BLF Wells	Roemer	Total
81 Cost Allocated to Each Source	\$608,209	\$248,248	\$236,562	\$63,432	\$327,864	\$0	\$500,749	\$671,129	\$2,656,193
82 Production, acre-feet	1,532.05	1,273.17	2,112.16	0.37	1,733.54		1,319.24	788.17	8,758.70
83 Production, ccf	667,361	554,593	920,057	161	755,130	0	574,663	343,327	3,815,291
84 % Adj to Match Projected Water Sales	-7.23%	-7.23%	-7.23%	-7.23%	-7.23%	-7.23%	-7.23%	-7.23%	-7.23%
85 Adjusted FY 23/24 Production	619,112	514,497	853,538	150	700,535	0	533,115	318,505	3,539,451
86 Cost per ccf	\$0.98	\$0.48	\$0.28	\$424.24	\$0.47		\$0.94	\$2.11	\$0.75

- 87 Notes regarding unit costs, per a conversation with Tom Crowley 11/9/23, asking if these unit costs are reasonable:
- 88 - Chino 2 unit cost is higher than average. Chino is a deeper well, and it has treatment. So well pump has to overcome head loss in the treatment unit.
- 89 - City Well 2 is not as deep.
- 90 - Rialto 5 power expense is incurred only to collect water samples for water quality testing. The power expense is SCE's demand charge.
- 91 - Baseline Feeder deliveries from San Bernardino Municipal Water Department from City staff, 11/09/2023.

TABLE B-11  
 City of Rialto - 2024 Water and Wastewater Rate Study  
 Water and Wastewater Supporting Calculations

1 **1. CY 2022 Labor Costs (Water and Wastewater)**

2

3 W2 Labor by Categories

4 Source: Labor Reset Data provided by City staff, 8/1/23

5

6

	CY 22 Amount	Reallocate Admin.	Subtotal	Reallocate WW Admin	Subtotal	Function
7 Wastewater Treatment	\$1,048,029	\$208,818	\$1,256,847	\$337,826	\$1,594,673	WW Treatment
8 Wastewater Collection	\$352,419	\$70,219	\$422,638	\$113,600	\$536,238	WW Collection
9 Water Operations	\$1,361,988	\$271,374	\$1,633,362		\$1,633,362	W, Split by Plant
10 Customer Service	\$516,179	\$102,848	\$619,027		\$619,027	70% Water, to Customer; 30% Wastewater to Customer
11 WW Administration	\$376,425	\$75,002	\$451,427	(\$451,427)	\$0	
12 Administration	\$728,261	(\$728,261)	\$0		\$0	
13 Total	\$4,383,301	\$0	\$4,383,301	\$0	\$4,383,301	

14

15

16 **2. IEUA Well O&M Costs, 4/year (Wastewater)**

17

18 O&M	\$50,000
19 Depreciation	\$62,500
20 Power Cost	\$245,000

21

22 Source: City staff, approximately September 2023

23

24

25 **3. CY 22 Average, Max Day, and Max Hour Demand**

26

27 Average Day Demand (See Table B10)

28 Acre Feet per Year	8,845.28	CY 22
29 Acre Feet per Day	24.23	
30 Million Gallons per Day	7.90	
31 Gallons per Minute	5,483	
32 ccf per year	3,853,004	
33 Maximum Day Demand		
34 Acre Feet	42.13	
35 Gallons per Minute	9,533	
36 Maximum Day/Average Day Ratio	1.74	

37

38 Note: Page 3-4, 2013 Water Master Plan "peak day of record was approximately twice the average daily water use"

39 This may show that conservation since 2013 has shaved the peak

40



**TABLE B-11**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water and Wastewater Supporting Calculations**

41 Peak Hourly Demand  
 42 The City of Rialto SCADA system doesn't have the ability to permit accurate calculation of the peak hourly water demand in the system.  
 43 Our experience with other, similar water systems is that the peak hourly demand in water systems is typically approximately  
 44 twice the peak daily demand (i.e. four times the average daily demand).  
 45 Page 3-5, 2013 Water Master Plan  
 46 Max Hour/Max Day Ratio 2.0  
 47 Max Hour Demand, Gallons Per Minute 19,066  
 48

49 **4. Fire Protection Equivalents**

50	51	52	53 Projected		54 Total	55 Number of Equivalent Fire		
			56 Projected	57 FY 23/24		58 Protection Connections		
59	60	61	62 Public	63 Private	64	65 Public	66 Private	67 Total
68	69	70	71 (2)	72 (3)	73	74	75	76
77	78	79	80	81	82	83	84	85
86	87	88	89	90	91	92	93	94
95	96	97	98	99	100	101	102	103
104	105	106	107	108	109	110	111	112
113	114	115	116	117	118	119	120	121
122	123	124	125	126	127	128	129	130
131	132	133	134	135	136	137	138	139
140	141	142	143	144	145	146	147	148
149	150	151	152	153	154	155	156	157
158	159	160	161	162	163	164	165	166
167	168	169	170	171	172	173	174	175
176	177	178	179	180	181	182	183	184
185	186	187	188	189	190	191	192	193
194	195	196	197	198	199	200	201	202
203	204	205	206	207	208	209	210	211
212	213	214	215	216	217	218	219	220
221	222	223	224	225	226	227	228	229
230	231	232	233	234	235	236	237	238
239	240	241	242	243	244	245	246	247
248	249	250	251	252	253	254	255	256
257	258	259	260	261	262	263	264	265
266	267	268	269	270	271	272	273	274
275	276	277	278	279	280	281	282	283
284	285	286	287	288	289	290	291	292
293	294	295	296	297	298	299	300	301
302	303	304	305	306	307	308	309	310
311	312	313	314	315	316	317	318	319
320	321	322	323	324	325	326	327	328
329	330	331	332	333	334	335	336	337
338	339	340	341	342	343	344	345	346
347	348	349	350	351	352	353	354	355
356	357	358	359	360	361	362	363	364
365	366	367	368	369	370	371	372	373
374	375	376	377	378	379	380	381	382
383	384	385	386	387	388	389	390	391
392	393	394	395	396	397	398	399	400
401	402	403	404	405	406	407	408	409
410	411	412	413	414	415	416	417	418
419	420	421	422	423	424	425	426	427
428	429	430	431	432	433	434	435	436
437	438	439	440	441	442	443	444	445
446	447	448	449	450	451	452	453	454
455	456	457	458	459	460	461	462	463
464	465	466	467	468	469	470	471	472
473	474	475	476	477	478	479	480	481
482	483	484	485	486	487	488	489	490
491	492	493	494	495	496	497	498	499
500	501	502	503	504	505	506	507	508
509	510	511	512	513	514	515	516	517
518	519	520	521	522	523	524	525	526
527	528	529	530	531	532	533	534	535
536	537	538	539	540	541	542	543	544
545	546	547	548	549	550	551	552	553
554	555	556	557	558	559	560	561	562
563	564	565	566	567	568	569	570	571
572	573	574	575	576	577	578	579	580
581	582	583	584	585	586	587	588	589
590	591	592	593	594	595	596	597	598
599	600	601	602	603	604	605	606	607
608	609	610	611	612	613	614	615	616
617	618	619	620	621	622	623	624	625
626	627	628	629	630	631	632	633	634
635	636	637	638	639	640	641	642	643
644	645	646	647	648	649	650	651	652
653	654	655	656	657	658	659	660	661
662	663	664	665	666	667	668	669	670
671	672	673	674	675	676	677	678	679
680	681	682	683	684	685	686	687	688
689	690	691	692	693	694	695	696	697
698	699	700	701	702	703	704	705	706
707	708	709	710	711	712	713	714	715
716	717	718	719	720	721	722	723	724
725	726	727	728	729	730	731	732	733
734	735	736	737	738	739	740	741	742
743	744	745	746	747	748	749	750	751
752	753	754	755	756	757	758	759	760
761	762	763	764	765	766	767	768	769
770	771	772	773	774	775	776	777	778
779	780	781	782	783	784	785	786	787
788	789	790	791	792	793	794	795	796
797	798	799	800	801	802	803	804	805
806	807	808	809	810	811	812	813	814
815	816	817	818	819	820	821	822	823
824	825	826	827	828	829	830	831	832
833	834	835	836	837	838	839	840	841
842	843	844	845	846	847	848	849	850
851	852	853	854	855	856	857	858	859
860	861	862	863	864	865	866	867	868
869	870	871	872	873	874	875	876	877
878	879	880	881	882	883	884	885	886
887	888	889	890	891	892	893	894	895
896	897	898	899	900	901	902	903	904
905	906	907	908	909	910	911	912	913
914	915	916	917	918	919	920	921	922
923	924	925	926	927	928	929	930	931
932	933	934	935	936	937	938	939	940
941	942	943	944	945	946	947	948	949
950	951	952	953	954	955	956	957	958
959	960	961	962	963	964	965	966	967
968	969	970	971	972	973	974	975	976
977	978	979	980	981	982	983	984	985
986	987	988	989	990	991	992	993	994
995	996	997	998	999	1000	1001	1002	1003

68 Notes:  
 69 (1) AWWA M1, page 152 (5th edition page 224; demand factor = diameter ^ 2.63; exponent based on  
 70 Hazen-Williams equation for flow through pressure conduits.  
 71 (2) Source: City of Rialto GIS data. Assume all hydrants on 6" service lines.  
 72 (3) Source: customer data from December 2022. See Table C-1.  
 73 (4) Hydrant connections assumed to be 6".  
 74  
 75

**TABLE B-11**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water and Wastewater Supporting Calculations**

76 **5. Calculation: Fire Protection Demand (1), and Fire Protection Allocation for Supply, Storage, and T&D**

77 Fire Demand (gpm) =  $1020 * \sqrt{\text{population}} / (1 - 0.01 * \sqrt{\text{population}})$   
 78 where population is in thousands  
 79 Fire Protection Allocation =  $\text{Fire Demand} / (\text{Fire Demand} + \text{Maximum Daily Demand})$   
 80  
 81 Population for Rialto's Water Service Area = 54,453 (2)  
 82 Fire Demand (gpm) = 6,971  
 83 Average Daily Demand (mgd) = 7.90 (3)  
 84 Ratio of Peak Day to Average Daily Demand = 1.7 (3)  
 85 Maximum Daily Demand (mgd) = 13.73  
 86 Maximum Daily Demand (gpm) = 9,533  
 87 Therefore, Fire Protection Allocation = 42%  
 88  
 89 Fire Protection Allocation for COS 42%

90 Calculation notes:

- 91 (1) Calculation based on AWWA M1 6th edition, page 143. Calculation published by the American Insurance Association,  
 92 formerly National Fire Underwriters Association.  
 93 (2) Source: Final Draft, 2015 San Bernardino Valley Regional Urban Water Management Plan, page 14-3, for 2015  
 94 (3) See calculation above in this worksheet

96 **6. Allocation of Storage to Average Day, Peak Day, and Fire Flow Components**

97						Operating			
98		Overflow	Zones	Diameter,	Height,	Storage, ft	Operating	Useable	
99	Reservoir	Elevation, ft	Served	feet	feet	in Reservoir	Storage, mg	Storage, mg	
100	Cedar 1	6.00	1565	1A, 1B, 1C	186.00	30.00	4.00	0.80	5.20
101	Cedar 2	6.00	1565	1A, 1B, 1C	186.00	30.00	4.00	0.80	5.20
102	Highland	5.00	1417	2	174.00	28.00	4.00	0.71	4.29
103	Easton	5.00	1417	2	174.00	28.00	4.00	0.71	4.29
104	Cactus	6.00	1370	3A, 3B	215.00	24.00	4.00	1.00	5.00
105	Total	28.00					4.03	23.97	

106  
 107 Notes:



**TABLE B-11**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water and Wastewater Supporting Calculations**

108 (1) Source of MG, Overflow Elevation, Zones Served, Diameter, Height: 2013 Water Master Plan, page 2-5

109

110	Peak Day	Fire Flow
111	Demand	Requirement
112 Zone	mg	mg (2)
113 1A, 1B, 1C	Note 1	0.63
114 2	Note 1	0.63
115 3A, 3B	Note 1	0.54
116 Total	13.73	1.80

117

118 Notes:

119 (1) Peak day demands are based on a peak day/average day ratio of 1.74 (see above calculations on this worksheet)

120 (2) Fireflow demands per zone based on SFR criteria of 1,500 gpm for 2 hours; commercial/MFR criteria of 3,000 gpm for 3 hours;

121 and light industry criteria of 3,500 gpm for 3 hours (2012 Water Master Plan, Table 3-8)

122 Fire flow requirement for Zones 3A and 3B based on the commercial/MFR criteria. For other zones, based on the light industry criteria.

123

124 Storage Cost Classification

125 Function of Reservoir Volume (1)	MG	Avg Day Demand	Peak Day Demand	Fireflow	Total
126 Storage for Peak Day Demand	13.73		100%		100%
127 Fire Flow Storage	1.80			100%	100%
128 Operational Storage	4.03	100%			100%
129 Remainder (2)	8.44	20.60%	70.20%	9.20%	100%
130 Total	28.00	20.60%	70.20%	9.20%	100.00%

131

132 Notes:

133 (1) Criteria in Master Plan is that storage volume exceeds peak day demand plus fire flow storage. It is assumed that storage volume must

134 also exceed peak day plus fire flow plus operational storage.

135 (2) Remainder of storage allocated indirectly based on the classification of the other storage components

136

137

**138 7. Average Metered Consumption per Residential Account, CY 22**

139

140 Total metered consumption per residential account (Customer Type = RE)

141 Bill Code W00 (metered water consumption) 1,999,896 Source: Billing data compiled by FG Solutions. Source: Veolia, 6/5/23

142 Number of meter reads 126,610 Source: Billing data compiled by FG Solutions. Source: Veolia, 6/5/23

143 Metered consumption per residential account, ccf/mo 15.80



## Appendix C: Water Rate Design

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**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

**Step 1. Estimated Calendar Year 2022 Number of Customers by Customer Class and Meter Size**

**1 Single Family Residential and Multi-Family < 50 Units**

July - Dec 2022					Jan - Jun 2022				
Meter Size	Base Charge Cycle Bill \$	Base Charge Total \$	Monthly Rate	No. of Customers		Base Charge Cycle Bill \$	Base Charge Total \$	Monthly Rate	No. of Customers
1/2" & 5/8" meter	147	179	\$30.42	1	WB1, RE	183	179	\$30.42	1
3/4" meter	1,750,826	1,755,879	\$30.42	9,593	WB2, RE	1,750,153	1,755,879	\$30.42	9,589
1" meter	156,258	157,222	\$44.01	592	WB3, RE	141,403	157,222	\$44.01	535
1 1/2" meter	955	955	\$53.04	3	WB4, RE	955	955	\$53.04	3
2" meter	9,829	9,981	\$152.54	11	WB5, RE	9,305	9,981	\$152.54	10
3" meter	1,947	1,947	\$324.45	1	WB6, RE	1,947	1,947	\$324.45	1
4" meter	9,360	9,360	\$550.59	3	WB7, RE	9,911	9,360	\$550.59	3
6" meter			\$1,138.62	0				\$1,138.62	0
8" meter			\$1,636.17	0				\$1,636.17	0
Total									

**16 Multi-Family 50 + Units**

July - Dec 2022					Jan - Jun 2022				
Meter Size	Base Charge Cycle Bill \$	Base Charge Total \$	Monthly Rate	No. of Customers		Base Charge Cycle Bill \$	Base Charge Total \$	Monthly Rate	No. of Customers
1/2" & 5/8" meter			\$30.42	0				\$30.42	0
3/4" meter	37,380	37,380	\$30.42	205	WB2, MF	37,493	37,380	\$30.42	205
1" meter	46,725	46,747	\$44.01	177	WB3, MF	46,428	46,747	\$44.01	176
1 1/2" meter	5,410	5,458	\$53.04	17	WB4, MF	5,463	5,458	\$53.04	17
2" meter	16,190	16,718	\$152.54	18	WB5, MF	16,474	16,718	\$152.54	18
3" meter	11,680	11,680	\$324.45	6	WB6, MF	11,680	11,680	\$324.45	6
4" meter	43,497	43,497	\$550.59	13	WB7, MF	42,946	43,497	\$550.59	13
6" meter	13,663	13,663	\$1,138.62	2	WB8, MF	13,663	13,663	\$1,138.62	2
8" meter	35,450	38,941	\$1,636.17	4	WB9, MF	39,268	38,941	\$1,636.17	4
Total									

**31 Commercial**

July - Dec 2022					Jan - Jun 2022				
Meter Size	Base Charge Cycle Bill \$	Base Charge Total \$	Monthly Rate	No. of Customers		Base Charge Cycle Bill \$	Base Charge Total \$	Monthly Rate	No. of Customers
1/2" & 5/8" meter			\$30.42	0				\$30.42	0
3/4" meter	40,142	40,320	\$30.42	220	WB2, CO	40,297	40,320	\$30.42	221
1" meter	36,860	36,968	\$44.01	140	WB3, CO	37,087	36,968	\$44.01	140
1 1/2" meter	30,975	30,991	\$53.04	97	WB4, CO	30,866	30,991	\$53.04	97
2" meter	144,384	145,615	\$152.54	158	WB5, CO	142,391	145,615	\$152.54	156
3" meter	23,360	23,360	\$324.45	12	WB6, CO	39,268	23,360	\$324.45	20
4" meter	13,214	13,214	\$550.59	4	WB7, CO	13,214	13,214	\$550.59	4
6" meter	13,663	13,663	\$1,138.62	2	WB8, CO	13,663	13,663	\$1,138.62	2
8" meter			\$1,636.17	0	WB9, CO			\$1,636.17	0
Total									

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

46 **Governmental**

47	48 Meter Size	July - Dec 2022				Jan - Jun 2022			
		49 Base Charge Cycle Bill \$	Base Charge Total \$	Monthly Rate	No. of Customers	Base Charge Cycle Bill \$	Base Charge Total \$	Monthly Rate	No. of Customers
50	1/2 " & 5/8" meter			\$30.42	0			\$30.42	0
51	3/4" meter	1,460	1,460	\$30.42	8 WB2, GO	1,643	1,460	\$30.42	9
52	1" meter	1,320	1,320	\$44.01	5 WB3, GO	1,320	1,320	\$44.01	5
53	1 1/2" meter	1,591	1,591	\$53.04	5 WB4, GO	1,591	1,591	\$53.04	5
54	2" meter	9,152	9,152	\$152.54	10 WB5, GO	9,152	9,152	\$152.54	10
55	3" meter	29,201	29,201	\$324.45	15 WB6, GO	29,201	29,201	\$324.45	15
56	4" meter	9,911	9,911	\$550.59	3 WB7, GO	9,911	9,911	\$550.59	3
57	6" meter			\$1,138.62	0 WB8, GO			\$1,138.62	0
58	8" meter			\$1,636.17	0 WB9, GO			\$1,636.17	0
59	Total								

61 **Landscape**

62	63 Meter Size	July - Dec 2022				Jan - Jun 2022			
		Base Charge Cycle Bill \$	Base Charge Total \$	Monthly Rate	No. of Customers	Base Charge Cycle Bill \$	Base Charge Total \$	Monthly Rate	No. of Customers
65	1/2 " & 5/8" meter			\$30.42	LS1			\$30.42	
66	3/4" meter	8,777	8,777	\$30.42	48 LS2	8,791	8,791	\$30.42	48
67	1" meter	37,023	37,023	\$44.01	140 LS3	36,010	36,010	\$44.01	136
68	1 1/2" meter	17,358	17,358	\$53.04	55 LS4	16,976	16,976	\$53.04	53
69	2" meter	97,021	97,021	\$152.54	106 LS5	95,993	95,993	\$152.54	105
70	3" meter	21,414	21,414	\$324.45	11 LS6	21,414	21,414	\$324.45	11
71	4" meter	26,428	26,428	\$550.59	8 LS7	26,942	26,942	\$550.59	8
72	6" meter			\$1,138.62	LS8			\$1,138.62	
73	8" meter			\$1,636.17	LS9			\$1,636.17	

75 Source of Data: water customer data from FY 21/22, received by FG Solutions 6/5/2023 from Veolia staff.  
 76 Methodology: discussed with Robert Lee, Veolia, 11/1/23 remote meeting;  
 77 Appropriate to use cycle bill revenues instead of total bill revenues to estimate number of connections. Total bill = cycle + final charges etc.

80 **Fireline (Private)**

81 See Approximately Row 1300 for calculation of Fireline Connection Data from December 2022

83 **Hydrant Service**

84	Jan 2022 - June 2022 Revenues from Hydrant Meter Daily Charges and Consumption Charges	\$80,196.97
85	July 2022 - December 2022 Revenues from Hydrant Meter Daily Charges and Consumption Charges	\$96,384.72
86	Total Calendar Year 2022 Revenues from Hydrant Meter Daily Charges	\$176,581.69

88	CY 22 Revenues from Daily Charges Only	67,161
89	Daily Rate for Hydrant Meter	\$10.81
91	Hydrant Meter Rental Days	6,213

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

94 **Step 2. Projected Number of Customers by Customer Class and Meter Size**

95

96 **Single Family Residential and Multi-Family < 50 Units**

97 Meter Size	Jul-Dec	Projected (1)					
	2022	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
99 1/2 " & 5/8" meter	1	1	1	1	1	1	1
100 3/4" meter	9,593	9,640	9,688	9,736	9,785	9,834	9,883
101 1" meter	592	595	598	601	604	607	610
102 1 1/2" meter	3	3	3	3	3	3	3
103 2" meter	11	11	11	11	11	11	11
104 3" meter	1	1	1	1	1	1	1
105 4" meter	3	3	3	3	3	3	3
106 6" meter	0	0	0	0	0	0	0
107 8" meter	0	0	0	0	0	0	0
108 Total	10,203	10,254	10,305	10,356	10,408	10,460	10,512

109

110 **Multi-Family 50 + Units**

111 Meter Size	Jul-Dec	Projected (1)					
	2022	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
113 1/2 " & 5/8" meter	0	0	0	0	0	0	0
114 3/4" meter	205	206	207	208	209	210	211
115 1" meter	177	178	179	180	181	182	183
116 1 1/2" meter	17	17	17	17	17	17	17
117 2" meter	18	18	18	18	18	18	18
118 3" meter	6	6	6	6	6	6	6
119 4" meter	13	13	13	13	13	13	13
120 6" meter	2	2	2	2	2	2	2
121 8" meter	4	4	4	4	4	4	4
122 Total	441	444	446	448	450	452	454

123

124 **Commercial**

125 Meter Size	Jul-Dec	Projected (1)					
	2022	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
127 1/2 " & 5/8" meter	0	0	0	0	0	0	0
128 3/4" meter	220	221	222	223	224	225	226
129 1" meter	140	140	141	142	143	144	145
130 1 1/2" meter	97	98	98	98	98	98	98
131 2" meter	158	159	160	161	162	163	164
132 3" meter	12	12	12	12	12	12	12
133 4" meter	4	4	4	4	4	4	4
134 6" meter	2	2	2	2	2	2	2
135 8" meter	0	0	0	0	0	0	0
136 Total	633	636	639	642	645	648	651

137

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

138 **Governmental**

139	Jul-Dec	Projected (1)					
140 Meter Size	2022	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
141 1/2" & 5/8" meter	0	0	0	0	0	0	0
142 3/4" meter	8	8	8	8	8	8	8
143 1" meter	5	5	5	5	5	5	5
144 1 1/2" meter	5	5	5	5	5	5	5
145 2" meter	10	10	10	10	10	10	10
146 3" meter	15	15	15	15	15	15	15
147 4" meter	3	3	3	3	3	3	3
148 6" meter	0	0	0	0	0	0	0
149 8" meter	0	0	0	0	0	0	0
150 Total	46	46	46	46	46	46	46

151

152 **Landscape**

153	Jul-Dec	Projected (1)					
154 Meter Size	2022	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
155 1/2" & 5/8" meter	0	0	0	0	0	0	0
156 3/4" meter	48	48	48	48	48	48	48
157 1" meter	140	141	142	143	144	145	146
158 1 1/2" meter	55	55	55	55	55	55	55
159 2" meter	106	107	108	109	110	111	112
160 3" meter	11	11	11	11	11	11	11
161 4" meter	8	8	8	8	8	8	8
162 6" meter	0	0	0	0	0	0	0
163 8" meter	0	0	0	0	0	0	0
164 Total	368	370	372	374	376	378	380

177

165

166 **Fireline (Private)**

167	December	Projected (1)					
168 Meter Size	2022	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
169 1/2" & 5/8" meter							
170 3/4" meter							
171 1" meter							
172 1 1/2" meter							
173 2" meter							
174 3" meter	3	3	3	3	3	3	3
175 4" meter	14	14	14	14	14	14	14
176 6" meter	88	88	88	88	88	88	88
177 8" meter	77	77	77	77	77	77	77
178 10" meter	2	2	2	2	2	2	2
179 Total	184	184	184	184	184	184	184

180

181

182 **Hydrant Meter Connections**

183 The number of hydrant meter rental days is not projected to change through FY 28/29.  
 184 The number of hydrant meter rental days depends on construction activity, which is projected to remain at  
 185 current levels through FY 28/29.

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

186 **Total, All Customer Classes, Excluding Potable Hydrant Connections and Fireline Connections**

187	Jul-Dec	Projected (1)					
188 Meter Size	2022	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
189 1/2" & 5/8" meter	1	1	1	1	1	1	1
190 3/4" meter	10,073	10,123	10,173	10,223	10,274	10,325	10,376
191 1" meter	1,053	1,059	1,065	1,071	1,077	1,083	1,089
192 1 1/2" meter	177	178	178	178	178	178	178
193 2" meter	302	305	307	309	311	313	315
194 3" meter	45	45	45	45	45	45	45
195 4" meter	31	31	31	31	31	31	31
196 6" meter	4	4	4	4	4	4	4
197 8" meter	4	4	4	4	4	4	4
198 Total	11,690	11,750	11,808	11,866	11,925	11,984	12,043

199

200

201 Note:

202 (1) Projected water system growth is 0.5% per year, see Table A-1, Assumptions.

203

204

205 **Step 3. Projected Number of Meter Equivalents by Customer Class and Meter Size**

206

207 **Single Family Residential and Multi-Family < 50 Units**

208	Jul-Dec	Projected (1)						Capacity,	Equivalent
209 Meter Size	2022	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	gpm (1)	Ratio (2)
210 1/2" & 5/8" meter	1	1	1	1	1	1	1	30	1.00
211 3/4" meter	9,593	9,640	9,688	9,736	9,785	9,834	9,883	30	1.00
212 1" meter	986	992	997	1,002	1,007	1,012	1,017	50	1.67
213 1 1/2" meter	10	10	10	10	10	10	10	100	3.33
214 2" meter	57	59	59	59	59	59	59	160	5.33
215 3" meter	11	11	11	11	11	11	11	320	10.67
216 4" meter	47	50	50	50	50	50	50	500	16.67
217 6" meter	0	0	0	0	0	0	0	1,000	33.33
218 8" meter	0	0	0	0	0	0	0	1,600	53.33
219 Total	10,705	10,762	10,815	10,868	10,922	10,976	11,030		

220

221 **Multi-Family 50 + Units**

222	Jul-Dec	Projected (1)						Meter	Meter
223 Meter Size	2022	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	Capacity,	Equivalent
								gpm (1)	Ratio (2)
224 1/2" & 5/8" meter	0	0	0	0	0	0	0	30	1.00
225 3/4" meter	205	206	207	208	209	210	211	30	1.00
226 1" meter	295	297	298	300	302	303	305	50	1.67
227 1 1/2" meter	57	57	57	57	57	57	57	100	3.33
228 2" meter	94	96	96	96	96	96	96	160	5.33
229 3" meter	64	64	64	64	64	64	64	320	10.67
230 4" meter	219	217	217	217	217	217	217	500	16.67
231 6" meter	67	67	67	67	67	67	67	1,000	33.33
232 8" meter	193	213	213	213	213	213	213	1,600	53.33
233 Total	1,193	1,216	1,219	1,221	1,224	1,227	1,229		

234 **Commercial**

235	Jul-Dec	Projected (1)						Meter	Meter
								Capacity,	Equivalent
								gpm (1)	Ratio (2)





**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

	2022	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	gpm (1)	Ratio (2)
236 Meter Size									
237 1/2" & 5/8" meter	0	0	0	0	0	0	0	30	1
238 3/4" meter	220	221	222	223	224	225	226	30	1
239 1" meter	233	234	235	237	239	240	242	50	1.67
240 1 1/2" meter	324	326	326	326	326	326	326	100	3.33
241 2" meter	841	847	853	858	863	869	874	160	5.33
242 3" meter	128	128	128	128	128	128	128	320	10.67
243 4" meter	67	67	67	67	67	67	67	500	16.67
244 6" meter	67	67	67	67	67	67	67	1,000	33.33
245 8" meter	0	0	0	0	0	0	0	1,600	53.33
246 Total	1,879	1,890	1,898	1,906	1,914	1,922	1,930		
247									
248 <b>Governmental</b>									
249	Jul-Dec	Projected (1)						Meter Capacity, gpm (1)	Meter Equivalent Ratio (2)
250 Meter Size	2022	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29		
251 1/2" & 5/8" meter	0	0	0	0	0	0	0	30	1.00
252 3/4" meter	8	8	8	8	8	8	8	30	1.00
253 1" meter	8	8	8	8	8	8	8	50	1.67
254 1 1/2" meter	17	17	17	17	17	17	17	100	3.33
255 2" meter	53	53	53	53	53	53	53	160	5.33
256 3" meter	160	160	160	160	160	160	160	320	10.67
257 4" meter	50	50	50	50	50	50	50	500	16.67
258 6" meter	0	0	0	0	0	0	0	1,000	33.33
259 8" meter	0	0	0	0	0	0	0	1,600	53.33
260 Total	296	296	296	296	296	296	296		
261									
262 <b>Landscape</b>									
263	Jul-Dec	Projected (1)						Meter Capacity, gpm (1)	Meter Equivalent Ratio (2)
264 Meter Size	2022	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29		
265 1/2" & 5/8" meter	0	0	0	0	0	0	0	30	1.00
266 3/4" meter	48	48	48	48	48	48	48	30	1.00
267 1" meter	234	235	237	238	240	242	243	50	1.67
268 1 1/2" meter	182	183	183	183	183	183	183	100	3.33
269 2" meter	565	571	576	581	587	592	597	160	5.33
270 3" meter	117	117	117	117	117	117	117	320	10.67
271 4" meter	133	133	133	133	133	133	133	500	16.67
272 6" meter	0	0	0	0	0	0	0	1,000	33.33
273 8" meter	0	0	0	0	0	0	0	1,600	53.33
274 Total	1,280	1,288	1,295	1,302	1,309	1,316	1,323		
275									
276 <b>Total System</b>	15,353	15,452	15,523	15,593	15,665	15,737	15,808		

277 Notes:

278 (1) AWWA M1 Manual, Table B-1 (Sixth Edition).

279 (2) Where meters 3/4" or smaller are assigned a meter equivalent ratio of 1.0 by definition. Rounded to nearest 0.01.

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

281 **Step 4. Calendar Year 2022 Water Consumption, ccf/month**

282

283	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total
284 Residential & MF < 50 l	159,285	140,780	154,223	187,016	184,187	185,780	255,056	210,176	214,083	239,077	163,802	144,552	2,238,017
285 MF > 50 Units	19,672	18,680	18,719	22,751	18,293	19,142	25,167	22,436	22,494	26,829	18,614	20,038	252,835
286 Commercial	27,859	23,980	26,143	31,343	26,990	26,141	36,095	27,713	29,445	33,818	26,347	24,722	340,596
287 Governmental	5,359	5,756	7,470	9,553	10,503	12,393	16,995	14,922	14,469	16,816	9,267	6,239	129,742
288 Landscape	19,206	29,923	35,086	46,066	47,568	51,731	66,237	57,210	58,034	67,124	35,911	26,082	540,178
289 Fireline	71	59	45	150	57	49	74	36	56	76	74	66	813
290 Hydrant Meter	9,835	3,854	240	962	526	563	4,086	1,004	11,480	2,481	1,114	1,125	37,270
291 Total	241,287	223,032	241,926	297,841	288,124	295,799	403,710	333,497	350,061	386,221	255,129	222,824	3,539,451

292

293 % of consumption from July through December 55%

294 % of consumption from January through June 45%

295

296

297 Check with Bill Frequency Data Total

298	Consumption	Bill Freq
299	Data	Data
300 W00	2,708,355	2,719,808
301 WM0	252,835	252,696
302 Landscape	540,178	516,067 use consumption data

303

304 **Step 5. Estimated Peak Day and Peak Hour Units of Service**

305 Methodology: Peak day of FY 22/23 occurred in October 2022. Use monthly consumption during October 2022 to calculate

306	October	% of	% of
307	2022 hcf	Peak Day	Peak Hour
308 Residential & MF < 50 l	239,077	62%	62%
309 MF > 50 Units	26,829	7%	7%
310 Commercial	33,818	9%	9%
311 Governmental	16,816	4%	4%
312 Landscape	67,124	17%	17%
313 Fireline	76	0%	0%
314 Hydrant Meter	2,481	1%	1%
315 Total	386,221	100%	100%

316

317

318 **Step 6. Adjust CY 22 Metered Consumption for Projected FY 24/25 Consumption**

319

320 2024 Rate Study Update Notes:

321 The rate proposal developed in 4Q2023 used CY 22 metered consumption data. Revenues under existing rates (using the CY 22 metered consumption data) backcalculated well to the FY 23/24

322 budget for water sales revenues.

323

324 Actual CY 23 water sales revenues were lower than projected, and lower than calculated using CY 22 metered consumption data. The actual CY 23 water sales revenues were used in RWS's

325 draft FY 24/25 budget.

326

327 The CY 22 water consumption data can no longer be used to develop rates, as it will lead to undercollection of revenues. With the CY 22 water consumption data, the resulting volume charges will be

328 too low, resulting in undercollection of revenues.

329

330 An Adjusted Projected Consumption is calculated based on the projected decrease in revenues (CY 23 actuals vs FY 23/24 budget). Because the City has prioritized schedule in completing this 2024 Rate Study Update,

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

331 updated water consumption data from CY 23 was not compiled as it normally would have been in a Water Rate Study. The percentage adjustment is applied to all customer classes for this Rate Study.

332

333	Decrease in Revenue	
334	FY 23/24 Budget	\$13,053,423
335	RWS FY 24/25 Budget	<u>\$12,721,522</u>
336	Decrease in Revenue	\$331,901

337

338	Estimated Composite Volume Charge	\$2.70
-----	-----------------------------------	--------

339 Note: The expectation is that water conservation will result in reductions in Tier 2, 3, and 4 water use but not Tier 1 water use.

340

341	Decrease in ccf/year	(122,926)
342	as percent of CY 22 ccf/year	-3.47%

343

344	Estimated FY 24/25 ccf/year	3,416,525 ccf
-----	-----------------------------	---------------

345

346 The percentage adjustment will applied equally to all customer classes, absent ability to compile data indicating otherwise.

347

348

349

350 **Step 7. Define Costs to Be Recovered by Monthly Minimum Charges and Volume Charges**

351

352

353

	Customer	Meter	Public Fire Protection	Base	Peaking	Rate Tiers	Hydrant	Private Fire Protection	Total
354	Total FY 24/25 Revenue Requirement	\$898,004	\$79,181	\$2,120,304	\$2,662,614	\$5,016,351	\$2,573,511	\$367,643	\$13,717,608
355	Less Costs for Hydrant Customers	\$0	\$0	\$0	(\$28,037)	(\$32,224)	\$60,261		\$0
356	Less Costs for Fire Protection Customers	\$0	\$0	\$0	(\$612)	(\$987)		\$1,599	\$0
357	Subtotal	\$898,004	\$79,181	\$2,120,304	\$2,633,965	\$4,983,140	\$2,573,511	\$369,242	\$13,717,608
358	As Percent	6.55%	0.58%	15.46%	19.20%	36.33%	18.76%	2.69%	100.00%

359

360

Math Check: estimated FY 24/25 ccf/year

MF>49	244,054
SFR	2,160,290
Comm	454,003
Landscape	521,417
Private FP	785
Hydrant	<u>35,976</u>
Total	3,416,525
Delta	0

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

361	Adjustment: Revenue Collected if Rates Were In Effect for the Full FY									
362	Rates Effective for Six Months	\$898,004	\$79,181	\$2,120,304	\$2,633,965	\$4,983,140	\$2,573,511	\$60,261	\$369,242	\$13,717,608
363	Adjustment	\$62,651	\$5,524	\$147,928	\$183,765	\$347,661	\$179,547	\$4,204	\$25,761	\$957,042
364	Full-Year Implementation Rate Revenue	\$960,655	\$84,705	\$2,268,232	\$2,817,730	\$5,330,801	\$2,753,058	\$64,465	\$395,003	\$14,674,650
365										
366										
367	Costs Recovered from Monthly Minimum Charge									
368	% Recovered Through Monthly Minimum Charge	100%	100%	100%	100%	0.00%				
369	\$ Recovered Through Monthly Minimum Charge	\$960,655	\$84,705	\$2,268,232	\$2,817,730	\$0				\$6,131,323
370	Number of Billing Determinants (3)	11,808	15,523	15,523	15,523	15,523				
371	Unit Cost, \$/month	\$6.78	\$0.45	\$12.18	\$15.13	\$0.00				
372	Units	\$/mo/cust.	\$/mo/ME	\$/mo/ME	\$/mo/ME	\$/mo/ME				
373										
374	Costs Recovered from Volume Charge (Except Hydrant and Private Firelines)									
375	% Recovered Through Volume Charge	0%	0%	0%	0%	100.00%				
376	\$ Recovered Through Volume Charge	\$0	\$0	\$0	\$0	\$5,330,801	\$2,753,058			\$8,083,859
377										
378	Other Costs Recovered from Hydrant and Fireline Charges							\$64,465	\$395,003	\$459,468
379	Total	\$960,655	\$84,705	\$2,268,232	\$2,817,730	\$5,330,801	\$2,753,058	\$64,465	\$395,003	\$14,674,650
380										

381 Notes:

- 382 (1) See AWWA M1, 7th edition, page 227, last paragraph on page
- 383 (2) Private Fire Protection and Hydrant Rates Shown Below
- 384 (3) See Table B-9, excludes hydrant and private fire protection customers

386 **Step 8. Calculate Cost-of-Service Monthly Service Charge, FY 24/25**

387		Customer	Meter	Total COS			Revenue		Revenue
388		Allocated	Equivalent	Monthly		Billing	Backcalc	Reported	Backcalc
389		Component	Allocated	Service	Current	Determinants	Current	CY 22	COS
390			Component	Charge			Rates	Revenues	Rates
391	Meter Size								
392	1/2 " & 5/8" meter	\$6.78	\$27.76	\$34.54	\$30.42	1	365	359	414
393	3/4" meter	\$6.78	\$27.76	\$34.54	\$30.42	10,173	3,713,552	3,687,647	4,216,310
394	1" meter	\$6.78	\$46.26	\$53.04	\$44.01	1,065	562,448	557,549	677,905
395	1 1/2" meter	\$6.78	\$92.53	\$99.31	\$53.04	178	113,293	112,325	212,123
396	2" meter	\$6.78	\$148.05	\$154.83	\$152.54	307	561,957	555,947	570,380
397	3" meter	\$6.78	\$296.09	\$302.87	\$324.45	45	175,203	175,203	163,551
398	4" meter	\$6.78	\$462.65	\$469.42	\$550.59	31	204,819	205,333	174,626
399	6" meter	\$6.78	\$925.29	\$932.07	\$1,138.62	4	54,654	54,654	44,739
400	8" meter	\$6.78	\$1,480.46	\$1,487.24	\$1,636.17	4	78,536	77,882	71,388
401	Total						5,464,828	5,426,898	6,131,437
402									6,131,323 math check
402									

TABLE C-1  
 City of Rialto - 2024 Water and Wastewater Rate Study  
 Water Rate Design Calculations

432 Step 9. Calculate Revenues from Monthly Service Charge by Customer Class (Cost of Service Based Rates)

	FY 24/25	FY 24/25	FY 24/25	FY 24/25	
	Single-Family Residential	Multi-Family > 50 Units	Commercial, Institutional, Governmental	Landscape	Total
433	\$390	\$0	\$0	\$0	\$0
434	\$3,775,414	\$80,668	\$89,631	\$18,706	
435	\$348,184	\$104,222	\$85,008	\$82,679	
436	\$2,742	\$15,537	\$94,137	\$50,267	
437	\$20,284	\$33,191	\$313,475	\$199,149	
438	\$3,763	\$22,581	\$101,614	\$41,398	
439	\$18,358	\$79,552	\$42,836	\$48,955	
440	\$0	\$24,846	\$24,846	\$0	
441	\$0	\$74,953	\$0	\$0	
442	\$4,169,135	\$435,551	\$751,547	\$441,154	\$5,797,388

	FY 25/26	FY 25/26	FY 25/26	FY 25/26	
	Single-Family Residential	Multi-Family > 50 Units	Commercial, Institutional, Governmental	Landscape	Total
451	\$444	\$0	\$0	\$0	\$444
452	\$4,325,178	\$92,403	\$102,621	\$21,324	
453	\$410,047	\$122,809	\$100,294	\$97,565	
454	\$3,832	\$21,715	\$131,567	\$70,254	
455	\$21,906	\$35,846	\$340,535	\$217,066	
456	\$3,896	\$23,374	\$105,183	\$42,852	
457	\$18,114	\$78,493	\$42,265	\$48,303	
458	\$0	\$23,977	\$23,977	\$0	
459	\$0	\$76,518	\$0	\$0	
460	\$4,783,416	\$475,135	\$846,442	\$497,365	\$6,602,358

	FY 26/27	FY 26/27	FY 26/27	FY 26/27	
	Single-Family Residential	Multi-Family > 50 Units	Commercial, Institutional, Governmental	Landscape	Total
461	\$492	\$0	\$0	\$0	\$492
462	\$4,812,426	\$102,790	\$114,101	\$23,607	
463	\$456,222	\$136,715	\$111,789	\$108,768	
464	\$4,242	\$24,040	\$145,655	\$77,777	
465	\$24,251	\$39,684	\$379,205	\$242,515	
466	\$4,313	\$25,877	\$116,446	\$47,441	
467	\$20,053	\$86,898	\$46,791	\$53,476	
468	\$0	\$26,545	\$26,545	\$0	
469	\$0	\$84,712	\$0	\$0	
470	\$5,322,000	\$527,261	\$940,533	\$553,584	\$7,343,378

481 Step 10. Compile CY 22 Water Use Data by Customer Class and Rate Tier

	FY 27/28	FY 27/28	FY 27/28	FY 27/28	
	Single-Family Residential	Multi-Family > 50 Units	Commercial, Institutional, Governmental	Landscape	Total
471	\$529	\$0	\$0	\$0	\$529
472	\$5,197,330	\$110,986	\$123,142	\$25,368	
473	\$492,691	\$147,726	\$120,941	\$117,694	
474	\$4,559	\$25,834	\$156,521	\$83,579	
475	\$26,061	\$42,645	\$409,863	\$262,975	
476	\$4,635	\$27,807	\$125,133	\$50,980	
477	\$21,549	\$93,381	\$50,282	\$57,465	
478	\$0	\$28,525	\$28,525	\$0	
479	\$0	\$91,031	\$0	\$0	
480	\$5,747,353	\$567,935	\$1,014,406	\$598,062	\$7,927,756



**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

Proposed Tier Structure	Single-Family Residential	MF>49 Units	Commercial, Institutional, Government	Landscape	Private Fire Protection	Hydrant Connections	Total	
Tier 1	972,498		48,837				1,021,335	0 - 9 ccf
Tier 2	918,325		69,276	75,227			1,062,828	9 - 30
Tier 3	347,194		352,225	464,951			1,164,370	>30
"Uniform Block" (No Tiers)		252,835			813	37,270	290,918	
<b>Total</b>	<b>2,238,017</b>	<b>252,835</b>	<b>470,338</b>	<b>540,178</b>	<b>813</b>	<b>37,270</b>	<b>3,539,451</b>	

Existing Tier Structure	Single-Family Residential	MF>49 Units	Commercial, Institutional, Government	Landscape	Private Fire Protection	Hydrant Connections	Total	
Tier 1	582,807		29,963				612,770	
Tier 2	1,308,016		88,150	75,227			1,471,393	
Tier 3	216,800		58,520	464,951			740,271	
Tier 4	130,394		293,705				424,099	
"Uniform Block" (No Tiers)		252,835			813	37,270	290,918	
<b>Total</b>	<b>2,238,017</b>	<b>252,835</b>	<b>470,338</b>	<b>540,178</b>	<b>813</b>	<b>37,270</b>	<b>3,539,451</b>	

**Step 11. Compile Estimated FY 24/25 Water Use Data by Customer Class and Rate Tier**  
**2024 Rate Study Update: estimate FY 24/25 water use by applying adjustment calculated in Step 6.**

<u>SFR and MF &lt; 49 Units</u>		
Total CY 22 Consumption		2,238,017
SFR: total % adjustment		-3.47%
Decrease in SFR Consumption		77,727
Estimated FY 24/25 Consumption		2,160,290
<u>Existing Tiers</u>		
No projected change to Tier 1 Use		
Total Tiers 2, 3, and 4 ccf/year		1,655,210
Decrease in ccf/year		77,727
% Decrease in Tiers 2, 3, and 4 ccf/year		-4.70%
<u>Proposed Tiers</u>		
No projected change to Tier 1 use		
Total Tier 2 and Tier 3 ccf/year		1,265,519
Decrease in ccf/year		77,727
% Decrease in Tier 2 and Tier 3 ccf/yr		-6.14%
<u>MFR &gt; 49 Units</u>		
CY 22 Water Consumption		252,835
% Adjustment for FY 24/25		-3.47%
Estimated FY 24/25 Consumption		244,054

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

530	<u>Commercial, Institutional, Government</u>		
531	Total CY 22 Consumption	470,338	
532	Comm/Inst.Govt: total % adjustment	-3.47%	
533	Decrease in Consumption	16,335	
534	Estimated FY 24/25 Consumption	454,003	
535			
536	Existing Tiers		
537	No projected change to Tier 1 Use		
538	Total Tiers 2, 3, and 4 ccf/year	440,375	
539	Decrease in ccf/year	16,335	
540	% Decrease in Tiers 2, 3, and 4 ccf/year	-3.71%	
541			
542	Proposed Tiers		
543	No projected change to Tier 1 Use		
544	Total Tiers 2 and 3 ccf/year	421,501	
545	Decrease in ccf/year	16,335	
546	% Decrease in Tiers 2 and 3 ccf/year	-3.88%	
547			
548	<u>Landscape</u>		
549	Total CY 22 Consumption	540,178	
550	Landscape: total % adjustment	-3.47%	
551	Decrease in Consumption	18,761	
552	Estimated FY 24/25 Consumption	521,417	
553			
554	Existing Tiers		
555	No projected change to Tier 2 Use		No projected change to Tier 1 Use
556	Total Tier 3 ccf/year	464,951	Total Tiers 2, 3, and 4 ccf/year
557	Decrease in ccf/year	18,761	Decrease in ccf/year
558	% Decrease in Tier 3 ccf/year	-4.03%	% Decrease in Tiers 2, 3, and 4 ccf/year
559			
560	Proposed Tiers		
561	No projected change to Tier 2 Use		
562	Total Tier 3 ccf/year	464,951	
563	Decrease in ccf/year	18,761	
564	% Decrease in Tier 3 ccf/year	-4.03%	
565			
566	<u>Private Fire Protection</u>		
567	CY 22 Water Consumption	813	
568	% Adjustment for FY 24/25	-3.47%	
569	Estimated FY 24/25 Consumption	785	
570			
571	<u>Hydrant</u>		
572	CY 22 Water Consumption	37,270	
573	% Adjustment for FY 24/25	-3.47%	
574	Estimated FY 24/25 Consumption	35,976	
575			

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

576	577	Single-Family	MF>49	Commercial, Institutional,	Landscape	Private Fire Protection	Hydrant Connections	Total	
578	Proposed Tier Structure	Residential	Units	Government					
579	Tier 1	972,498		48,837				1,021,335	0 - 9 ccf
580	Tier 2	861,922		66,591	75,227			1,003,741	9 - 30
581	Tier 3	325,870		338,575	446,190			1,110,635	>30
582	"Uniform Block" (No Tiers)		244,054			785	35,976	280,814	
583	Total	2,160,290	244,054	454,003	521,417	785	35,976	3,416,525	
584	As Percent	63.23%	7.14%	13.29%	15.26%	0.02%	1.05%	100.00%	
585									
586	587	Single-Family	MF>49	Commercial, Institutional,	Landscape	Private Fire Protection	Hydrant Connections	Total	
588	Existing Tier Structure	Residential	Units	Government					
589	Tier 1	582,807		29,963				612,770	
591	Tier 2	1,246,593		84,734	75,227			1,406,554	
592	Tier 3	206,619		56,252	446,190			709,062	
593	Tier 4	124,271		282,323				406,594	
594	"Uniform Block" (No Tiers)		244,054			785	35,976	280,814	
595	Total	2,160,290	244,054	454,003	521,417	785	35,976	3,416,525	

598 **Step 12. Calculate Volume Charge for MF>50 Customers**

599									
600				Multi-Family					
601				> 49 Units					
602	Total Revenue Requirement (Full Year Implementation)			\$1,010,164					
603	Less Revenue from Monthly Service Charge			(435,551)					
604	Revenue Requirement from Volume Charge			\$574,613					
605									
606	Calculate the Uniform Block Volume Charge								
607	Revenue Requirement from Volume Charge			\$574,613					
608	Water Consumption, ccf/year CY 22			244,054					
609	Volume Charge, \$/ccf			\$2.35					

610  
611  
612



**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

613 **Step 13. Calculate Volume Charge (Cost of Service Based Rates, Test Year FY 24/25)**

614

615 **1. Base costs. For the portion of base costs recovered through the volume charge, a single unit cost is calculated and is applied to all tiers.**

616

617	Total Base Costs from Customers Paying Volume Charges	\$2,817,730	Line 364 above. Already excludes base charges from Private FP and Hydrant customers
618	Less Base Costs from MF>49	(\$190,200)	
619	Total Base Costs from Customers Paying Tiered Volume Charges	\$2,627,531	
620	Percent of Base Costs Recovered from Volume Charges	0.0%	
621	Total Base Costs Included in the Volume Charge	\$0	
622	ccf/year	3,135,711	Excludes Private Fire Protection and Hydrant Connections, and MF > 49
623	Component of Tiered Volume Charge that is for Base Costs	\$0.00	

624

625 **2. Peaking Costs. Peak Month Costs are Allocated into the Tiered Costs According to Peak Month use in Each Tier**

626

627	Total Peaking Costs from Customers Paying Volume Charges	\$5,330,801	
628	Less Peaking Costs from MF>49, Private FP, Hydrant Customers	(\$348,463)	
629	Total Peaking Costs from Customers Paying Tiered Volume Charges	\$4,982,338	
630	Percent of Peaking Costs Recovered from Volume Charges	100.00%	
631	Total Peaking Costs Recovered from Volume Charges	\$4,982,338	
632	ccf/year	3,135,711	Excludes Private Fire Protection and Hydrant Connections, and MF > 49
633	Component of Tiered Volume Charge that is for Peaking Costs	\$1.59	

634

635

636 **3. Source Specific Costs. The least expensive sources are grouped into Tier 1; The most expensive sources are grouped into Tier 2. MF and Hydrant/Fire Protection**

637 **water use is distributed among all sources proportionately to adjusted production from each source. Production per source adjusted by factor converting CY 22 ccf/year to estimated FY 24/25 ccf/year.**

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	Unit Cost \$/ccf (1)	Adjusted ccf/year	Ccf/year for MF>49	Ccf/year for Hydrant, Private Fire Protection	Remaining ccf/year (2)	ccf/Tier Tier 1	ccf/Tier Tier 2	ccf/Tier Tier 3	Source-Specific Costs ex Fire Prot, MF>49			Rank of Sources by Unit Cost
									Tier 1	Tier 2	Tier 3	
Chino 2	\$0.98	597,610	42,689	6,430	548,490			548,490			\$538,832	5
City 2	\$0.48	496,628	35,476	5,344	455,809		455,809			\$219,931		3
Miro 3/Rialto 3	\$0.28	823,894	58,854	8,865	756,176	756,176			\$209,578			1
Rialto 5	\$424.24	144	10	2	132			132			\$56,196	7
Roemer	\$2.11	307,443	21,962	3,308	282,173			282,173			\$594,574	6
Well 4A	\$0.47	676,205	48,304	7,276	620,626	265,159	355,467		\$124,099	\$166,365		2
Baseline Feeder	\$0.94	514,600	36,760	5,537	472,304		192,465	279,839		\$180,780	\$262,849	4
<b>Total</b>		<b>3,416,525</b>	<b>244,054</b>	<b>36,760</b>	<b>3,135,711</b>	<b>1,021,335</b>	<b>1,003,741</b>	<b>1,110,635</b>	<b>\$333,677</b>	<b>\$567,076</b>	<b>\$1,452,452</b>	<b>\$2,353,205</b>
Unit Costs from Source-Specific Costs									\$0.33	\$0.56	\$1.31	

(1) See Table B-10

(2) This table calculates how source-specific costs are incorporated into the three-tier volume charge. To calculate this, only the consumption that the tiered rate structure is applicable to should be considered. Therefore, the consumption for MF>49 and fire protection customers (which will not be a tiered rate structure) is excluded.

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

657 **4. Conservation Costs. These costs are added directly to the 3rd tier**

658

659	Total Conservation Costs	
660	Conservation Program	
661	Water Rebates	<u>\$51,000</u>
662	Total	\$51,000
663		
664	Third Tier Consumption, ccf/year	1,110,635
665		
666	Unit Cost, \$/ccf	\$0.05

667

668 **5. FY 24/25 Source of Supply Costs Not Recovered Under the FY 23/24-based Source Specific Costs From Item 3.**

669

670 Methodology: the source-specific costs in Item 3 are based on FY 23/24 costs. Because of the schedule requirements of this 2024 Rate Study update, it was not possible to revise this

671 analysis for projected FY 24/25 costs. Source of supply costs in the RWS draft FY 24/25 budget are higher than in the FY 23/24 budget. The increase in costs from the FY 23/24 budgeted costs and the draft

672 FY 24/25 costs will be recovered from all tiers.

673

674	Increase in Source of Supply costs from FY 23/24 budget to draft RWS FY 24/25 budget	\$427,687	
675	Estimated FY 24/25 consumption, ccf/year	1,708,262	funds must be recovered by increase in six months for FY 24/25
676	Unit Cost, \$/ccf, applied to all water use	\$0.25	For 1/1/24 increase
677	Unit Cost, \$/ccf, applied to all water use	\$0.25	For 1/1/25 increase and beyond

678

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

679 **6. Apply Certain Non-Rate Revenues to Tier 1 and Tier 2**  
 680 Policy direction: City staff, 11/15/23 meeting in Rialto offices. Provides incentive to irrigate.  
 681  
 682 Non-Rate Revenue Applied to Tier 1 and Tier 2 (FY 24/25 Draft Estimate)  
 683 Rents & Concessions (\$50,000)  
 684 Trustee Interest Income (\$215,285)  
 685 Turn On/Off (\$73,000)  
 686 Delinquent Water Service Fees (\$12,000)  
 687 Other Charges for Current Services...n (\$94,000)  
 688 Miscellaneous Revenues \$0  
 689 Total (\$444,285)  
 690  
 691 Tier 1 and Tier 2 ccf/year 2,084,163  
 692  
 693 Reduction in Tier 1, 2 Unit Cost, \$/ccf (\$0.21)  
 694

695 **7. Summarize 1/1/24 Cost-of-Service Tiered Volume Charge**

696  
 697 Everyone Except MF>50, Private Fire Protection, Hydrant Meters  
 698

	Tier 1	Tier 2	Tier 3
699 Base Costs	\$0.00	\$0.00	\$0.00
700 Peaking Costs	\$1.59	\$1.59	\$1.59
701 Source-Specific Costs	\$0.33	\$0.56	\$1.31
702 Conservation Costs			\$0.05
703 FY 24/25 Increase in Source Costs	\$0.25	\$0.25	\$0.25
704 Apply Certain Non-Rate Revenues to Tier	(\$0.21)	(\$0.21)	
705 Total	\$1.95	\$2.19	\$3.19

707 **Step 14. Revenue Backcalculation for FY 24/25, COS Based Rates**

710 Customer Class	709 Volume Charge Revenues						708 Monthly Service Charge		707 Math Check, Revenue Requirement (Table B-9)	
	711 Jul-Dec ccf	712 Jul-Dec \$/ccf	713 Jul-Dec \$	714 Jan-Jun ccf	715 Jan-Jun \$/ccf	716 Jan-Jun \$	717 \$/year	718 Total \$		
712 MF>50	134,557	\$2.40	\$322,936	109,497	2.35	\$257,806	\$580,742	\$435,551	\$1,016,293	\$944,284
713 Landscape								\$441,154	\$2,083,009	\$1,705,929
714 Tier 2	41,476	\$2.70	\$111,984	33,751	2.19	\$73,951	\$185,935			
715 Tier 3	246,003	\$3.32	\$816,729	200,188	3.19	\$639,190	\$1,455,919			
716 Everyone Else								\$4,920,682	\$10,417,674	\$10,610,787
717 Tier 1	337,845	\$1.07	\$361,494				\$361,494			
718 Tier 2	734,014	\$1.69	\$1,240,484				\$1,240,484			
719 Tier 3	144,932	\$2.70	\$391,315				\$391,315			
720 Tier 4	224,171	\$3.32	\$744,249				\$744,249			
721 Tier 1				458,232	1.95	\$894,835	\$894,835			
722 Tier 2				416,587	2.19	\$912,765	\$912,765			
723 Tier 3				298,109	3.19	\$951,849	\$951,849			
724 Hydrant Connections (Rate Design Below)						REV REQ		\$87,366	\$87,366	\$87,366
725 Private Fire Protection (Rate Design Below)						REV REQ		\$369,242	\$369,242	\$369,242
726 Total	1,862,997			1,516,364			\$7,719,588	\$6,253,996	\$13,973,584	\$13,717,608
727								45%		
728										

6 month implementation math check ==>

\$255,976 1.87% difference.

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

729	730 <b>Step 15. Revenue Backcalculation for FY 25/26, COS Based Rates</b>											
731												
732	Volume Charge Revenues							Monthly Service		Revenue Requirement		
733	Jul-Dec	Jul-Dec	Jul-Dec	Jan-Jun	Jan-Jun	Jan-Jun	\$/year	Charge \$/yr	Total \$	(Table A-5)		
734	Customer Class	ccf	\$/ccf	\$	ccf	\$/ccf	\$					
735	MF>50	135,230	\$2.35	\$318,392	110,045	\$2.66	\$292,495	\$610,887	\$475,135	\$1,086,022	\$1,089,257	
736	Landscape								\$497,365	\$2,189,698	\$1,967,835	
737	Tier 2	41,683	\$2.19	\$91,330	33,920	\$2.47	\$83,817	\$175,147				
738	Tier 3	247,233	\$3.19	\$789,403	201,189	\$3.62	\$727,784	\$1,517,187				
739	Everyone Else								\$5,629,858	\$12,168,509	\$12,239,828	
740	Tier 1	565,919	\$1.95	\$1,105,126	460,523	\$2.20	\$1,012,403	\$2,117,530				
741	Tier 2	514,487	\$2.19	\$1,127,269	418,670	\$2.47	\$1,034,533	\$2,161,803				
742	Tier 3	368,167	\$3.19	\$1,175,539	299,600	\$3.62	\$1,083,779	\$2,259,318				
743	Hydrant Connections (Rate Design Below)								REV REQ	\$100,779	\$100,779	
744	Private Fire Protection (Rate Design Below)								REV REQ	\$425,931	\$425,931	
745	Total	1,872,717			1,523,946					\$15,970,938	\$15,823,630	-0.93%
746												
747		1.005217549			1.005				math check ==>		\$147,308	
748												
749												

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

750 **Step 16. Revenue Backcalculation for FY 26/27, COS Based Rates**

751	Volume Charge Revenues							Monthly	Revenue			
752	Jul-Dec	Jul-Dec	Jul-Dec	Jan-Jun	Jan-Jun	Jan-Jun	Service	Requirement				
753	ccf	\$/ccf	\$	ccf	\$/ccf	\$	Charge \$/yr	Total \$	(Table A-5)			
754	Customer Class											
755	MF>50	135,906	\$2.66	\$361,233	110,595	\$2.86	\$315,887	\$677,120	\$527,261	\$1,204,381	\$1,215,568	
756	Landscape								\$553,584	\$2,432,421	\$2,196,026	
757	Tier 2	41,891	\$2.47	\$103,514	34,090	\$2.66	\$90,520	\$194,034				
758	Tier 3	248,469	\$3.62	\$898,817	202,195	\$3.89	\$785,987	\$1,684,804				
759	Everyone Else								\$6,262,533	\$13,510,072	\$13,659,161	
760	Tier 1	568,748	\$2.20	\$1,250,323	462,826	\$2.36	\$1,093,368	\$2,343,691				
761	Tier 2	517,059	\$2.47	\$1,277,654	420,763	\$2.66	\$1,117,268	\$2,394,922				
762	Tier 3	370,008	\$3.62	\$1,338,473	301,098	\$3.89	\$1,170,452	\$2,508,925				
763	Hydrant Connections (Rate Design Below)								REV REQ	\$112,465	\$112,465	
764	Private Fire Protection (Rate Design Below)								REV REQ	\$475,322	\$475,322	
765	Total	1,882,081			1,531,566					\$17,734,660	\$17,658,542	-0.43%
766												
767										math check ==>	\$76,119	
768												
769												

770 **Step 17. Revenue Backcalculation for FY 27/28, COS Based Rates**

771	Volume Charge Revenues							Monthly	Revenue			
772	Jul-Dec	Jul-Dec	Jul-Dec	Jan-Jun	Jan-Jun	Jan-Jun	Service	Requirement				
773	ccf	\$/ccf	\$	ccf	\$/ccf	\$	Charge \$/yr	Total \$	(Table A-5)			
774	Customer Class											
775	MF>50	136,585	\$2.86	\$390,122	111,148	\$3.07	\$341,149	\$731,271	\$567,935	\$1,299,206	\$1,356,525	
776	Landscape								\$598,062	\$2,627,156	\$2,450,678	
777	Tier 2	42,101	\$2.66	\$111,792	34,260	\$2.85	\$97,759	\$209,551				
778	Tier 3	249,711	\$3.89	\$970,698	203,206	\$4.18	\$848,845	\$1,819,543				
779	Everyone Else								\$6,761,759	\$14,588,905	\$15,243,080	
780	Tier 1	571,592	\$2.36	\$1,350,315	465,140	\$2.54	\$1,180,808	\$2,531,123				
781	Tier 2	519,644	\$2.66	\$1,379,832	422,867	\$2.85	\$1,206,619	\$2,586,451				
782	Tier 3	371,858	\$3.89	\$1,445,515	302,603	\$4.18	\$1,264,057	\$2,709,572				
783	Hydrant Connections (Rate Design Below)								REV REQ	\$125,507	\$125,507	
784	Private Fire Protection (Rate Design Below)								REV REQ	\$530,440	\$530,440	
785	Total	1,891,491			1,539,223					\$19,171,213	\$19,129,364	-0.22%
786												
787										math check ==>	\$41,850	
788												
789												

790 **Step 18. Revenue Backcalculation for FY 28/29, COS Based Rates**

791	Volume Charge Revenues							Monthly	Revenue		
792	Jul-Dec	Jul-Dec	Jul-Dec	Jan-Jun	Jan-Jun	Jan-Jun	Service	Requirement			
793	ccf	\$/ccf	\$	ccf	\$/ccf	\$	Charge \$/yr	Total \$	(Table A-5)		
794	Customer Class										
795	MF>50	137,268	\$3.07	\$421,321	111,704	\$3.30	\$368,432	\$789,753	\$611,743	\$1,401,496	\$1,513,828
796	Landscape								\$646,095	\$2,837,462	\$2,734,859
797	Tier 2	42,311	\$2.85	\$120,733	34,431	\$3.07	\$105,577	\$226,309			
798	Tier 3	250,960	\$4.18	\$1,048,328	204,222	\$4.49	\$916,729	\$1,965,057			
799	Everyone Else								\$7,300,618	\$15,753,724	\$17,010,670



**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

800	Tier 1	574,450	\$2.54	\$1,458,304	467,465	\$2.73	\$1,275,241	\$2,733,545		
801	Tier 2	522,243	\$2.85	\$1,490,181	424,981	\$3.07	\$1,303,116	\$2,793,297		
802	Tier 3	373,717	\$4.18	\$1,561,117	304,116	\$4.49	\$1,365,147	\$2,926,264		
803	Hydrant Connections (Rate Design Below)								REV REQ	\$140,061
804	Private Fire Protection (Rate Design Below)								REV REQ	\$591,950
805	Total	1,900,949			1,546,920					\$20,724,692
806										\$20,722,502

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

807 **Step 19. Fireline Rates**

808						
809	Revenue Requirement				\$369,242	
810	Number of Equivalent Fire Service Connections				29,504	
811	Unit Cost Per Month Per Equivalent Fire Service Connection				\$1.04	See AWWA M1, 7th Edition, page 228
812			Cost of	Cost of		
813			Service	Service		
814		Demand	Service	Revenue	Current	Number of
815	Fireline Size, Inches	Factor	Rates	Backcheck	Charge	Connections
816	1	1.00	\$1.04	\$0.00	\$27.91	0
817	1.5	2.90	\$3.03	\$0.00	\$41.87	0
818	2	6.19	\$6.46	\$0.00	\$55.82	0
819	3	17.98	\$18.75	\$675.12	\$83.73	3
820	4	38.32	\$39.96	\$6,713.96	\$111.64	14
821	6	111.31	\$116.09	\$122,589.45	\$167.46	88
822	8	237.21	\$247.39	\$228,586.21	\$223.28	77
823	10	426.58	\$444.89	\$10,677.33	\$279.10	2
824				\$369,242.07		
825						
826						

827 **Step 20. Hydrant Rates**

828						
829	Revenue Requirement, Usage				\$87,366	
830	Usage, ccf				37,270	
831	\$/ccf				2.34	
832						
833	Daily Rental Rate. Estimated depreciation expense. Per Veolia staff 11/7/23, customer interaction is very limited. Per Veolia staff 11/20, there were only 10 meters returned at any time from 1/1/23 to 11/20/23.					
834	Number of Meters				18	Source: impage.png, received 11/20/2023 from Veolia staff
835	Estimated Cost per Meter				\$1,500	eBay sale, 12/17/23
836	Useful Life				5	Years, placeholder
837						
838	Deprecation Expense, Total				\$5,400	
839	Number of Rental Days				6,213	
840	Daily Rental Rate, Depreciation Expense Recovery				\$0.87	
841						
842	Labor to read meters. 1 hour @ \$75/hour					
843	Monthly Charge				\$75	
844	Daily Charge				\$2.47	
845						
846	total Rental Rate, \$/day				\$3.34	
847						
848						
849						

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

850 **Step 21. Proposed Rate Structure Through FY 2029**

851  
 852 0.999757 1.000000 1.000000 1/1/25 Adjustment to match rates included in staff report for 4/23/24 Council Meeting

853	Proposed Rates						
854 <b>Monthly Minimum Charge</b>	Current	1/1/24	1/1/25	1/1/26	1/1/27	1/1/28	1/1/29
855 <u>Single Family Residences, Multiple Family Connections, Commercial, Landscape, and Industrial Service Customers</u>							
856 1/2 " & 5/8" meter	\$30.42	\$30.42	\$34.53	\$39.51	\$42.46	\$45.63	\$49.03
857 3/4" meter	\$30.42	\$30.42	\$34.53	\$39.51	\$42.46	\$45.63	\$49.03
858 1" meter	\$44.01	\$44.01	\$53.03	\$60.68	\$65.21	\$70.07	\$75.30
859 1 1/2" meter	\$53.04	\$53.04	\$99.28	\$113.61	\$122.08	\$131.19	\$140.98
860 2" meter	\$152.54	\$152.54	\$154.79	\$177.12	\$190.33	\$204.53	\$219.79
861 3" meter	\$324.45	\$324.45	\$302.80	\$346.48	\$372.33	\$400.10	\$429.95
862 4" meter	\$550.59	\$550.59	\$469.31	\$537.01	\$577.07	\$620.12	\$666.38
863 6" meter	\$1,138.62	\$1,138.62	\$931.84	\$1,066.26	\$1,145.81	\$1,231.28	\$1,323.14
864 8" meter	\$1,636.17	\$1,636.17	\$1,486.88	\$1,701.37	\$1,828.29	\$1,964.68	\$2,111.24

867	Proposed Rates						
868 <b>Volume Charge, \$/ccf</b>	Current	1/1/25	1/1/26	1/1/27	1/1/28	1/1/29	
869 <u>All Customers Except those Noted Below</u>							
870 0 - 9 ccf		\$1.95	\$2.20	\$2.36	\$2.54	\$2.73	
871 10 - 30 ccf		\$2.19	\$2.47	\$2.66	\$2.85	\$3.07	
872 >31 ccf		\$3.19	\$3.62	\$3.89	\$4.18	\$4.49	
873							
874 <u>Multiple Apartments</u>							
875 Over 49 Units and Mobile Homes	\$2.40	\$2.35	\$2.66	\$2.86	\$3.07	\$3.30	
876							
877 <u>Landscape</u>							
878 0 - 30 ccf	\$2.70	\$2.19	\$2.47	\$2.66	\$2.85	\$3.07	
879 >31 ccf	\$3.32	\$3.19	\$3.62	\$3.89	\$4.18	\$4.49	

880  
 881 0.999757 1/1/25 Adjustment to match rates included in staff report for 4/23/24 Council Meeting

882	Proposed Rates						
883	Current	1/1/25	1/1/26	1/1/27	1/1/28	1/1/29	
884 <b>Fireline</b>							
888 3" meter	\$83.73	\$18.75	\$21.56	\$24.80	\$26.78	\$28.92	\$31.24
889 4" meter	\$111.64	\$39.96	\$45.95	\$52.84	\$57.07	\$61.63	\$66.56
890 6" meter	\$167.46	\$116.09	\$133.47	\$153.49	\$165.77	\$179.03	\$193.35
891 8" meter	\$223.28	\$247.39	\$284.43	\$327.09	\$353.26	\$381.52	\$412.04
892 10" meter	\$279.10	\$444.89	\$511.50	\$588.22	\$635.28	\$686.10	\$740.99
893							
894 <b>Hydrant</b>							
895 Rate, \$/ccf	\$3.33	\$2.34	\$2.70	\$3.10	\$3.35	\$3.62	\$3.91
896 Per Day	\$10.81	\$3.34	\$3.43	\$3.51	\$3.60	\$3.69	\$3.78
897							



**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

898 Note 1: The existing rate structure is:  
 899 1 - 5 ccf/month \$1.07 per ccf  
 900 6 - 30 ccf/month \$1.69 per ccf  
 901 31 - 60 ccf/month \$2.70 per ccf  
 902 61 or more ccf/month \$3.32 per ccf  
 903  
 904

905 Monthly	1/1/2025		1/1/2026		1/1/2027		1/1/2028		1/1/2029			
906 Minimum Charge	Current	Rate	\$ Change	Rate	\$ Change	Rate	\$ Change	Rate	\$ Change	Rate	\$ Change	
907	Single Family Residences, Multiple Family Connections, Commercial, Landscape, and Industrial Service Customers											
908	1/2 " & 5/8" meter	\$30.42	\$34.53	\$4.11	\$39.51	\$4.98	\$42.46	\$2.95	\$45.63	\$3.17	\$49.03	\$3.40
909	3/4" meter	\$30.42	\$34.53	\$4.11	\$39.51	\$4.98	\$42.46	\$2.95	\$45.63	\$3.17	\$49.03	\$3.40
910	1" meter	\$44.01	\$53.03	\$9.02	\$60.68	\$7.65	\$65.21	\$4.53	\$70.07	\$4.86	\$75.30	\$5.23
911	1 1/2" meter	\$53.04	\$99.28	\$46.24	\$113.61	\$14.32	\$122.08	\$8.48	\$131.19	\$9.11	\$140.98	\$9.79
912	2" meter	\$152.54	\$154.79	\$2.25	\$177.12	\$22.33	\$190.33	\$13.21	\$204.53	\$14.20	\$219.79	\$15.26
913	3" meter	\$324.45	\$302.80	(\$21.65)	\$346.48	\$43.68	\$372.33	\$25.85	\$400.10	\$27.78	\$429.95	\$29.85
914	4" meter	\$550.59	\$469.31	(\$81.28)	\$537.01	\$67.70	\$577.07	\$40.06	\$620.12	\$43.05	\$666.38	\$46.26
915	6" meter	\$1,138.62	\$931.84	(\$206.78)	\$1,066.26	\$134.42	\$1,145.81	\$79.54	\$1,231.28	\$85.48	\$1,323.14	\$91.85
916	8" meter	\$1,636.17	\$1,486.88	(\$149.29)	\$1,701.37	\$214.48	\$1,828.29	\$126.92	\$1,964.68	\$136.39	\$2,111.24	\$146.56
917												
918 Monthly	Current	Rate	% Change	Rate	% Change	Rate	% Change	Rate	% Change	Rate	% Change	
919	Single Family Residences, Multiple Family Connections, Commercial, Landscape, and Industrial Service Customers											
921	1/2 " & 5/8" meter	\$30.42	\$34.53	13.5%	\$39.51	14.4%	\$42.46	7.5%	\$45.63	7.5%	\$49.03	7.5%
922	3/4" meter	\$30.42	\$34.53	13.5%	\$39.51	14.4%	\$42.46	7.5%	\$45.63	7.5%	\$49.03	7.5%
923	1" meter	\$44.01	\$53.03	20.5%	\$60.68	14.4%	\$65.21	7.5%	\$70.07	7.5%	\$75.30	7.5%
924	1 1/2" meter	\$53.04	\$99.28	87.2%	\$113.61	14.4%	\$122.08	7.5%	\$131.19	7.5%	\$140.98	7.5%
925	2" meter	\$152.54	\$154.79	1.5%	\$177.12	14.4%	\$190.33	7.5%	\$204.53	7.5%	\$219.79	7.5%
926	3" meter	\$324.45	\$302.80	-6.7%	\$346.48	14.4%	\$372.33	7.5%	\$400.10	7.5%	\$429.95	7.5%
927	4" meter	\$550.59	\$469.31	-14.8%	\$537.01	14.4%	\$577.07	7.5%	\$620.12	7.5%	\$666.38	7.5%
928	6" meter	\$1,138.62	\$931.84	-18.2%	\$1,066.26	14.4%	\$1,145.81	7.5%	\$1,231.28	7.5%	\$1,323.14	7.5%
929	8" meter	\$1,636.17	\$1,486.88	-9.1%	\$1,701.37	14.4%	\$1,828.29	7.5%	\$1,964.68	7.5%	\$2,111.24	7.5%
930												

**TABLE C-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Water Rate Design Calculations**

931		1/1/2025		1/1/2026		1/1/2027		1/1/2028		1/1/2029		
932												
933	<b>Volume Charge, \$/ccf</b>	<b>Current</b>	<b>Rate</b>	<b>\$ Change</b>	<b>Rate</b>	<b>\$ Change</b>	<b>Rate</b>	<b>\$ Change</b>	<b>Rate</b>	<b>\$ Change</b>	<b>Rate</b>	<b>\$ Change</b>
934	<u>All Customers Except those Noted Below</u>											
935	0 - 9 ccf		\$1.95		\$2.20	\$0.25	\$2.36	\$0.16	\$2.54	\$0.18	\$2.73	\$0.19
936	10 - 30 ccf		\$2.19		\$2.47	\$0.28	\$2.66	\$0.18	\$2.85	\$0.20	\$3.07	\$0.21
937	>31 ccf		\$3.19		\$3.62	\$0.42	\$3.89	\$0.27	\$4.18	\$0.29	\$4.49	\$0.31
938												
939	<u>Multiple Apartments</u>											
940	Over 49 Units and Mobile Homes	\$2.40	\$2.35	(\$0.05)	\$2.66	\$0.30	\$2.86	\$0.20	\$3.07	\$0.21	\$3.30	\$0.23
941												
942	<u>Landscape</u>											
943	0 - 30 ccf	\$2.70	\$2.19	(\$0.51)	\$2.47	\$0.28	\$2.66	\$0.18	\$2.85	\$0.20	\$3.07	\$0.21
944	>31 ccf	\$3.32	\$3.19	(\$0.13)	\$3.62	\$0.42	\$3.89	\$0.27	\$4.18	\$0.29	\$4.49	\$0.31
945												
946												
947	<b>Volume Charge, \$/ccf</b>	<b>Current</b>	<b>Rate</b>	<b>% Change</b>	<b>Rate</b>	<b>% Change</b>	<b>Rate</b>	<b>% Change</b>	<b>Rate</b>	<b>% Change</b>	<b>Rate</b>	<b>% Change</b>
948	<u>All Customers Except those Noted Below</u>											
949	0 - 9 ccf		\$1.95		\$2.20	12.6%	\$2.36	7.5%	\$2.54	7.5%	\$2.73	7.5%
950	10 - 30 ccf		\$2.19		\$2.47	12.8%	\$2.66	7.5%	\$2.85	7.5%	\$3.07	7.5%
951	>31 ccf		\$3.19		\$3.62	13.3%	\$3.89	7.5%	\$4.18	7.5%	\$4.49	7.5%
952												
953	<u>Multiple Apartments</u>											
954	Over 49 Units and Mobile Homes	\$2.40	\$2.35	-1.9%	\$2.66	12.9%	\$2.86	7.5%	\$3.07	7.5%	\$3.30	7.5%
955												
956	<u>Landscape</u>											
957	0 - 30 ccf	\$2.70	\$2.19	-18.8%	\$2.47	12.8%	\$2.66	7.5%	\$2.85	7.5%	\$3.07	7.5%
958	>31 ccf	\$3.32	\$3.19	-3.8%	\$3.62	13.3%	\$3.89	7.5%	\$4.18	7.5%	\$4.49	7.5%



## **Appendix D: Wastewater Cost of Service Analysis**

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City of Rialto - 2024 Water and Wastewater Rate Study  
Wastewater Cost-of-Service Analysis Tables

TABLE D-1  
Wastewater COSA - Functionalization Factors

Line No.	Functionalization Factors	Total	System Function					Direct Assign RNHC	Math Check	Notes
			Treatment	Collection	Customer	Admin	Direct Assign Commercial			
1	Direct: Treatment	100.0%	100.0%						TRUE	Direct: Treatment
2	Direct: Collection	100.0%		100.0%					TRUE	Direct: Collection
3	Direct: Customer	100.0%			100.0%				TRUE	Direct: Customer
4	Direct: Admin	100.0%				100.0%			TRUE	Direct: Admin
5	Direct: Commercial	100.0%					100.0%		TRUE	Direct: Commercial
6	Direct: RHNC	100.0%						100.0%	TRUE	Direct: RHNC
7	Direct: Master Plan	100.0%	50.0%	50.0%					TRUE	Direct: Master Plan
8	Net Plant: % (1)	100.0%	77.0%	23.0%	0.0%	0.0%	0.0%		TRUE	Net Plant
9	Capital Charge: % (2)	100.0%	39.3%	5.7%	0.0%	55.0%	0.0%		TRUE	Capital Charge
10	WIFIA/I-Bank Debt Service	100.0%	28.6%	65.5%	0.0%	0.0%	0.0%	5.9%	TRUE	New Debt Service
11	W2 Wage \$, Use to Define Labor Functionalization Factor		\$1,594,673	\$536,238	\$185,708				FALSE	
12	Labor: % PLACEHOLDER (4)	100.0%	68.8%	23.1%	8.0%	0.0%	0.0%		TRUE	Labor
13	Electricity, Amount (5)	\$934,497	\$890,301	\$44,196					FALSE	
14	Electricity, Percentage	100.0%	95.3%	4.7%	0.0%	0.0%	0.0%	0.0%	TRUE	Electricity
15	Indirect: Per Rate Revenue Requirement, I	100.00%	48.9%	12.1%	1.1%	38.0%	0.4%	-0.5%	FALSE	Rate Revenue Requirement

Notes for Tables D-1 through D-5

- (1) Refer to Table COS-2
- (2) Refer to Table COS-3
- (3) Refer to Table COS-3
- (4) Refer to Table COS-10
- (5) Based on a review of SCE power bills from CY 2022. Data provided by Veolia via City staff.

TABLE D-2  
Wastewater COSA - Functionalization of Wastewater System Plant

Line No.	Total	System Function					
		Treatment	Collection	Customer	Admin	Direct Assign Commercial	
1	Total	\$92,186,291	\$71,017,395	\$21,168,896	\$0	\$0	\$0
2	As Percent	100.00%	77.04%	22.96%	0.00%	0.00%	0.00%

Source: City of Rialto 2022 Fixed Asset Data



City of Rialto - 2024 Water and Wastewater Rate Study  
Wastewater Cost-of-Service Analysis Tables

TABLE D-3  
Wastewater COSA - Functionalization of CIP by Percentage

Line No.	Total	System Function					Direct Assign	Direct Assign
		Treatment	Collection	Customer	Admin	Commercial	RHNC	
1	Sycamore Sewer Upsize 1 (3)	\$5,000,000		100.0%				
2	Acacia Sewer Upsize 1	\$2,000,000	100.0%					
3	Digester No. 1 Activation & Digester No. 2	\$1,800,000	100.0%					
4	Rialto Biosolids Project (4)	\$25,946,000		100.0%				
5	Agua Mansa Lift Station Upgrades	\$2,000,000	100.0%					
6	P5 SEC 1 & 2 Upgrades	\$500,000		100.0%				
7	Ayala Lift Station Upgrade & Repair	\$2,000,000		100.0%				
8	Rialto WWTP Electrical Upgrade for Microq	\$8,800,000	100.0%					
9	Rialto Habitat Nature Center	\$3,000,000						100.0%

TABLE D-4  
Wastewater COSA - Functionalization of CIP by Dollar Amount

Line No.	Total	System Function					Direct Assign	Direct Assign
		Treatment	Collection	Customer	Admin	Commercial	RHNC	
2	Sycamore Sewer Upsize 1 (3)	\$5,000,000	\$0	\$5,000,000	\$0	\$0	\$0	\$0
3	Acacia Sewer Upsize 1	\$2,000,000	\$2,000,000	\$0	\$0	\$0	\$0	\$0
4	Digester No. 1 Activation & Digester No. 2	\$1,800,000	\$1,800,000	\$0	\$0	\$0	\$0	\$0
5	Rialto Biosolids Project (4)	\$25,946,000	\$0	\$25,946,000	\$0	\$0	\$0	\$0
6	Agua Mansa Lift Station Upgrades	\$2,000,000	\$2,000,000	\$0	\$0	\$0	\$0	\$0
12	P5 SEC 1 & 2 Upgrades	\$500,000	\$0	\$500,000	\$0	\$0	\$0	\$0
16	Ayala Lift Station Upgrade & Repair	\$2,000,000	\$0	\$2,000,000	\$0	\$0	\$0	\$0
24	Rialto WWTP Electrical Upgrade for Microq	\$8,800,000	\$8,800,000	\$0	\$0	\$0	\$0	\$0
25	Rialto Habitat Nature Center	\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$3,000,000
32	Total	\$51,046,000	\$14,600,000	\$33,446,000	\$0	\$0	\$0	\$3,000,000
	As Percent	94%	29%	66%	0%	0%	0%	6%

City of Rialto - 2024 Water and Wastewater Rate Study  
Wastewater Cost-of-Service Analysis Tables

TABLE D-5  
Wastewater COSA - Functionalization of Capital Charge

Line	Component of Concession Funding	Total Capitalized Amount (1) (2)	System Function				Direct Assign Commercial	Total	
			Treatment	Collection	Customer	Admin			
1	Wastewater Capital Projects								
2	S1 WWTP Improvements	\$26,768,554	100%					100%	
3	S2 - S6 Sewer Main Replacement	\$31,230		100%				100%	
4	S7 - WWTP FOG Modifications	\$0	100%					100%	
5	SA - Manhole Rehabilitation	\$576,534		100%				100%	
6	SB - Main Cleaning and Lining	\$0		100%				100%	
7	SC - Studies	\$0	100%					100%	
8	S1.1 - Digester 1	\$384,020	100%					100%	
9	S8 - Emergency Repairs at WWTP	\$305,662	100%					100%	
10	Rate Stabilization Fund	\$26,097,000				100%		100%	Direct Allocation to Administration
11	Lease Payment	\$25,000,000				100%		100%	Direct Allocation to Administration
12	Refinance Existing Debt, as net plant	\$24,111,000	77.0%	23.0%	0.0%	0.0%	0.0%	100%	As Net Plant
13	Trustee Reserves (3)	\$9,481,000				100%		100%	Direct Allocation to Administration
14	Debt Service Reserves	\$4,236,000	77.0%	23.0%	0.0%	0.0%	0.0%	100%	As Net Plant
15	Due Diligence/Transition Costs (4)	\$8,509,000				100%		100%	Direct Allocation to Administration
16	Costs of Issuance (5)	\$7,933,000	39.3%	5.7%	0.0%	55.0%	0.0%	100%	Weighted Average of All Other Items
17	Total	\$133,433,000	\$52,411,914	\$7,567,016	\$0	\$73,454,069	\$0		
18	As Percent		39.3%	5.7%	0.0%	55.0%	0.0%		

Notes:

- (1) Source: Staff report to March 12, 2012 Council Meeting, Table 2, except Capital Improvements, described in Note 2.
- (2) Capital Project funding per City's 2023 analysis of Facility Improvement Plan actual spending. FIP spending presented at 4/11/23 Council Meeting. FIP spending is \$35,000 lower than shown in the 2012 Staff Report.
- (3) Consists of Working Capital, Operating R&R account capitalization, and a reserve held by the Trustee.
- (4) Includes Technical, Due Diligence, and Commercial Development Costs, and Transition Costs
- (5) Includes development and financing costs of issuance, underwriter's discount

City of Rialto - 2024 Water and Wastewater Rate Study  
Wastewater Cost-of-Service Analysis Tables

TABLE D-6  
Wastewater COSA - Functionalization of Rate Revenue Requirement

Line No.	FY 24/25 Total	System Function						Table B-1	
		Treatment	Collection	Customer	Admin	Direct Assign Commercial	Direct Assign RHNC	Line No. Reference	Functionalization Factor
1		Waterfall 1: Water Service Fee							
2	\$2,796,482	\$2,154,321	\$642,161	\$0	\$0	\$0	\$0	8	Net Plant
3	\$287,097	\$221,170	\$65,927	\$0	\$0	\$0	\$0	8	Net Plant
4	\$1,350,000	\$1,350,000	\$0	\$0	\$0	\$0	\$0	1	Direct: Treatment
5	\$4,037,000	\$2,778,918	\$934,462	\$323,620	\$0	\$0	\$0	12	Labor
6		Waterfall 1: Reimbursements							
7	\$1,038,000	\$799,642	\$238,358	\$0	\$0	\$0	\$0	8	Net Plant
8	\$118,000	\$46,350	\$6,692	\$0	\$64,958	\$0	\$0	9	Capital Charge
9	\$300,000	\$231,110	\$68,890	\$0	\$0	\$0	\$0	8	Net Plant
10		Waterfall 1: Retained RUA Expenses							
11	\$1,200,000	\$1,143,247	\$56,753	\$0	\$0	\$0	\$0	14	Electricity
12	\$104,000	\$104,000	\$0	\$0	\$0	\$0	\$0	1	Direct: Treatment
13		Contracted Services							
14	\$710,000	\$0	\$0	\$0	\$710,000	\$0	\$0	4	Direct: Admin
15	\$1,194,000	\$1,194,000	\$0	\$0	\$0	\$0	\$0	1	Direct: Treatment
16	\$1,112,000	\$0	\$0	\$0	\$1,112,000	\$0	\$0	4	Direct: Admin
17	\$500,000	\$0	\$0	\$0	\$500,000	\$0	\$0	4	Direct: Admin
18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	4	Direct: Admin
19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	1	Direct: Treatment
20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	4	Direct: Admin
21	\$136,000	\$0	\$0	\$0	\$136,000	\$0	\$0	4	Direct: Admin
22		Other Services and Supplies							
23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	4	Direct: Admin
24	\$500,000	\$0	\$0	\$0	\$500,000	\$0	\$0	4	Direct: Admin
25	\$92,490	\$92,490	\$0	\$0	\$0	\$0	\$0	1	Direct: Treatment
26	\$9,583	\$0	\$0	\$0	\$9,583	\$0	\$0	4	Direct: Admin
27	\$134,000	\$0	\$0	\$0	\$0	\$134,000	\$0	5	Direct: Commercial
28	\$930,000	\$0	\$930,000	\$0	\$0	\$0	\$0	2	Direct: Collection
29		Waterfall 3: Capital Charges							
30	\$12,682,000	\$4,981,436	\$719,199	\$0	\$6,981,365	\$0	\$0	9	Capital Charge
32	0	\$0	\$0	\$0	\$0	\$0	\$0	10	New Debt Service
33	456,159	\$0	\$0	\$0	\$456,159	\$0	\$0	4	Direct: Admin
34	\$1,600,000	\$0	\$0	\$0	\$1,600,000	\$0	\$0	4	Direct: Admin



City of Rialto - 2024 Water and Wastewater Rate Study  
Wastewater Cost-of-Service Analysis Tables

35	Less Non-Rate Revenues											
36	Fines/Forfeitures/Penalties	\$0	\$0	\$0	\$0	\$0	\$0	\$0	4	Direct: Admin		
37	Rents and Concessions (Anaergia Lease)	(\$279,000)	(\$279,000)	\$0	\$0	\$0	\$0	\$0	1	Direct: Treatment		
38	Trustee Interest Income	(\$269,500)	\$0	\$0	\$0	(\$269,500)	\$0	\$0	4	Direct: Admin		
39	Delinquent Sewer Service Fees	(\$15,315)	\$0	\$0	\$0	(\$15,315)	\$0	\$0	4	Direct: Admin		
40	Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	1	Direct: Treatment		
41	Effluent Sale to IEUA	(\$144,375)	\$0	\$0	\$0	\$0	\$0	(\$144,375)	6	Direct: RHNC		
42	Less Interest Income on RUA Reserves	(\$269,642)	\$0	\$0	\$0	(\$269,642)	\$0	\$0	4	Direct: Admin		
43	Plus Change Reserve Balances	(1,080,987)	(\$528,481)	(\$130,623)	(\$11,542)	(\$410,711)	(\$4,779)	\$5,149	15	Rate Revenue Requirement		
44	Total	\$29,227,992	\$14,289,203	\$3,531,819	\$312,078	\$11,104,897	\$129,221	(\$139,226)				
45												
46	Compare With Operating Statement	\$29,227,992										

TABLE D-7  
Wastewater COSA - Allocation of Rate Revenue Requirement

Line		TY FY 24/25					Total \$					
		Total (\$)	Flow	BOD	TSS	Customer	Direct: CIII,CIV	Flow	BOD	TSS	Customer	Direct: CIII,CIV
1	Treatment	\$14,289,203	4,763,068	4,763,068	4,763,068	0	0	33.3%	33.3%	33.3%	0.0%	0.0%
2	Collection	\$3,531,819	3,531,819	0	0	0	0	100.0%	0.0%	0.0%	0.0%	0.0%
3	Customer	\$312,078	0	0	0	312,078	0	0.0%	0.0%	0.0%	100.0%	0.0%
4	Administration	\$11,104,897	4,997,368	2,918,562	2,918,562	191,225	79,180	45.0%	26.3%	26.3%	1.7%	0.7%
5	Direct Assign: Commercial III and IV	\$129,221	0	0	0	0	129,221	0.0%	0.0%	0.0%	0.0%	100.0%
6	Direct Assign: RNHC	(\$139,226)	(139,226)	0	0	0	0	100.0%	0.0%	0.0%	0.0%	0.0%
7	Total Rate Revenue Requirement	\$29,227,992	\$13,153,028	\$7,681,630	\$7,681,630	\$503,303	\$208,401					
8												
9	Adj. for Fontana Extraterritorial Revenue	(\$2,008,479)	(\$903,845)	(\$527,863)	(\$527,863)	(\$34,586)	(\$14,321)					
10	Rate Rev. Req. from City Direct Customers	\$27,219,513	\$12,249,183	\$7,153,766	\$7,153,766	\$468,717	\$194,080					
11												
12	Adjustment for Full Year Implementation	\$792,521	\$356,646.29	\$208,288.51	\$208,288.51	\$13,647.14	\$5,650.82					
13	Full Year Implementation Rev Req	\$28,012,035	\$12,605,830	\$7,362,055	\$7,362,055	\$482,365	\$199,731					

Methodology: Extraterritorial customers are not part of the City’s billing data, and therefore the billing determinants (flow, BOD, TSS, number of customers) are not available from the City. The extraterritorial revenue is subtracted so this table contains an allocated Rate Revenue Requirement from City direct customers.

City of Rialto - 2024 Water and Wastewater Rate Study  
Wastewater Cost-of-Service Analysis Tables

TABLE D-8  
Wastewater COSA - Distribution of Rate Revenue Requirement

Line	Flow	BOD	TSS	Customer	Direct: C III, C IV	FY 24/25	FY 24/25	No. of Billing Determinants
						Full Year Implementation Total (\$)	Full Year Implementation As Percent	
1	Rate Revenue Requirement	\$12,605,830	\$7,362,055	\$7,362,055	\$482,365	\$199,731	\$28,012,035	
2	Units of Service						28,012,035	100.00%
3	Amount (1)	3,400,386	7,813,429	7,660,797	20,639	184,695		
4	Units hcf Sewer Flow		lbs	lbs	accounts	C III, C IV hcf		
5	Unit Cost-of-Service, \$/unit							
6	Unadjusted	\$3.71	\$0.94	\$0.96	\$23.37	\$1.08		
7								
8	Allocation to Customers							
9	Residential 1.3X							
10	Units of Service	12,872	34,203	34,203	138	0		
11	Percentage of Service	0%	0%	0%	1%	0%		
12	Cost of Service	\$47,717	\$32,227	\$32,870	\$3,221	\$0	\$116,035	0.41%
13								
14	Residential, Combined SF and MFR							
15	Units of Service	2,514,720	6,386,440	6,386,440	19,659	\$0		
16	Percentage of Service	74%	82%	83%	95%	0%		
17	Cost of Service	\$9,322,508	\$6,017,501	\$6,137,393	\$459,457	\$0	\$21,936,859	26,923
18								
19	Commercial, Group II							
20	Units of Service	599,336	561,121	561,121	539			
21	Percentage of Service	18%	7%	7%	3%	0%		
22	Cost of Service	\$2,221,844	\$528,705	\$539,239	\$12,586	\$0	\$3,302,374	11.79%
23								599,336
24	Commercial, Group III							
25	Units of Service	78,474	146,940	146,940	160	78,474		
26	Percentage of Service	2%	2%	2%	1%	42%		
27	Cost of Service	\$290,917	\$138,452	\$141,210	\$3,728	\$84,862	\$659,169	2.35%
28								78,474
29	Commercial, Group IV							
30	Units of Service	106,221	596,689	464,092	134	106,221		
31	Percentage of Service	3%	8%	6%	1%	58%		
32	Cost of Service	\$393,781	\$562,219	\$445,994	\$3,140	\$114,869	\$1,520,002	5.43%
33								106,221
34	Schools, S1 and S4							
35	Units of Service	21,216	17,214	13,242				
36	Percentage of Service	0.6%	0.2%	0.2%				
37	Cost of Service	\$78,650	\$16,220	\$12,725			\$107,595	0.38%
38								
39	Schools, S2							
40	Units of Service	63,666	51,659	39,737				
41	Percentage of Service	1.9%	0.7%	0.5%				



FG Solutions, LLC

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City of Rialto - 2024 Water and Wastewater Rate Study  
 Wastewater Cost-of-Service Analysis Tables

42	Cost of Service	\$236,020	\$48,674	\$38,188		\$322,883	1.15%
43							
44	Sewer - Commercial II X 1.3						
45	Units of Service	565	529	529	4		
46	Percentage of Service	0.0%	0.0%	0.0%	0.0%		
47	Cost of Service	\$2,096	\$499	\$509	\$93	\$3,197	0.01%
48							
49	Sewer - Commercial IV X 1.3						
50	Units of Service	3,317	18,633	14,492	6		
51	Percentage of Service	0.1%	0.2%	0.2%	0.0%		
52	Cost of Service	\$12,297	\$17,557	\$13,927	\$140	\$43,921	0.16%
53							
54	Total	3,400,386	7,813,429	7,660,797	20,639	184,695	



## Appendix E: Wastewater Rate Design

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**TABLE E-1**  
**City of Rialto - 2024 Water and Wastewater Rate Study**  
**Wastewater Rate Design Calculations**

1 **1. Key Sewer Rate Design Assumptions**

2	People per Household, Residential	3.86	<a href="https://www.census.gov/quickfacts/fact/table/rialto/california/PST04522">https://www.census.gov/quickfacts/fact/table/rialto/california/PST04522</a>
3			Applicable to Single-Family Residential and Multi-Family Residential,
4			per policy direction from City staff 11/15/23
5	Per capita BOD, lb/d	0.17	
6	Per capita TSS, lb/d	0.17	
7			<a href="https://www.climate-policy-watcher.org/wastewater-treatment-3/population-equivalent-or-unit-loading-factor.html">How Water Conservation Trends Are Challenging Wastewater Treatment Facility Design Standards - Integrated Water Service;</a>
8			<a href="https://www.climate-policy-watcher.org/wastewater-treatment-3/population-equivalent-or-unit-loading-factor.html">https://www.climate-policy-watcher.org/wastewater-treatment-3/population-equivalent-or-unit-loading-factor.html</a> ; Ten States Standards (2013 Versior

12 **2. Compile CY 2022 Monthly Sewer Revenues**

14	Rate Code	2022 Jan	2022 Feb	2022 Mar	2022 Apr	2022 May	2022 June	2022 July	2022 Aug	2022 Sept	2022 Oct	2022 Nov	2022 Dec	Total
16	SC2	\$318,807	\$308,696	\$314,688	\$343,731	\$335,986	\$332,990	\$378,446	\$352,293	\$347,744	\$374,071	\$336,790	\$313,264	\$4,057,506
17	SC3	\$55,588	\$48,547	\$47,929	\$54,648	\$57,766	\$49,356	\$58,513	\$48,244	\$51,841	\$60,773	\$45,572	\$45,876	\$624,652
18	SC4	\$86,898	\$77,308	\$74,444	\$93,742	\$86,821	\$84,010	\$105,730	\$85,649	\$97,867	\$120,474	\$91,197	\$76,130	\$1,080,270
19	SNB	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	SR1	\$1,175,880	\$1,179,411	\$1,179,774	\$1,178,888	\$1,178,764	\$1,179,278	\$1,178,696	\$1,181,211	\$1,181,860	\$1,182,964	\$1,182,255	\$1,182,303	\$14,161,283
21	SR2	\$11,140	\$11,140	\$11,140	\$11,140	\$11,140	\$11,140	\$11,140	\$11,137	\$11,148	\$11,140	\$11,140	\$11,140	\$133,682
22	SR3	\$493,710	\$493,444	\$493,706	\$493,728	\$493,621	\$493,480	\$493,664	\$493,664	\$493,664	\$493,695	\$499,311	\$495,211	\$5,930,899
23	SR4	\$124	\$124	\$174	\$124	\$187	\$187	\$187	\$187	\$187	\$187	\$187	\$187	\$2,040
24	SR5	\$560	\$560	\$560	\$560	\$560	\$560	\$560	\$560	\$560	\$560	\$560	\$560	\$6,717
25	SR6	\$1,351	\$1,351	\$1,351	\$1,351	\$1,351	\$1,351	\$1,351	\$1,351	\$1,351	\$1,351	\$1,351	\$1,351	\$16,209
26	SS1	\$6,412	\$6,412	\$6,412	\$6,412	\$6,412	\$6,412	\$6,412	\$6,412	\$6,412	\$6,412	\$6,268	\$6,308	\$76,691
27	SS2	\$21,699	\$21,699	\$21,699	\$21,699	\$21,699	\$21,699	\$21,699	\$21,699	\$21,699	\$21,699	\$21,699	\$21,699	\$257,794
28	SS4	\$430	\$430	\$430	\$430	\$430	\$430	\$430	\$430	\$430	\$430	\$430	\$430	\$5,059
29	SX2	\$427	\$399	\$391	\$408	\$401	\$408	\$435	\$443	\$383	\$461	\$419	\$401	\$4,976
30	SX4	\$3,148	\$3,280	\$2,580	\$3,399	\$4,060	\$4,323	\$6,690	\$4,138	\$2,844	\$3,743	\$3,175	\$2,474	\$43,855
31	Total	\$2,176,173	\$2,152,801	\$2,155,275	\$2,210,259	\$2,199,196	\$2,185,623	\$2,263,950	\$2,207,417	\$2,217,989	\$2,277,957	\$2,200,351	\$2,154,640	\$26,401,632

34 Methodology/Source:  
 35 1. Use file Billing With Consumption July 2022 to Dec 2022, and Billing With Consumption Jan 2022 to Jun 2022; provided by Veolia (R Lee) on 6/16/23.  
 36 2. Pivot table:  
 37 rows: Bill Code  
 38 Columns: C\_Year, C\_Month, C\_BillDesc, SumValues  
 39 Data: Sum of Y\_Charges  
 40  
 41

42 **3. CY 22 Number of Billing Determinants**

		CY 2022 Number of Billing Determinants Based on Revenues							
Rate Code Description	Rate Code	CY 22 Revenues	Current Sewer Rate	Units	Number of Residential		Interim Data: Avg CY 22		No. of Students
					Flow, ccf	Units	Bills	# of Accounts	
48 Sewer - Residential	SR1	14,161,283	\$62.19	\$/mo/unit		18,976			18,976
49 Sewer - Residential X 1.3	SR2	133,682	\$80.84	\$/mo/unit			138		138
50 Sewer - Residential Multi.	SR3	5,930,899	\$62.19	\$/mo/unit		7,947			683
54 Sewer - Commercial II	SC2	4,057,506	\$6.77	\$/ccf	599,336		6,462		539
55 Sewer - Commercial III	SC3	624,652	\$7.96	\$/ccf	78,474		1,914		160
56 Sewer - Commercial IV	SC4	1,080,270	\$10.17	\$/ccf	106,221		1,612		134
57 Sewer - School - Elementary	SS1	76,691	\$0.85	\$/pupil					16
58 Sewer - School - Junior High	SS2	257,794	\$2.03	\$/pupil					10
59 Sewer - School - High	SS3								0
60 Sewer - School - Continuation	SS4	5,059	\$0.85	\$/pupil					2
66 Sewer - Commercial II X 1.3	SX2	4,976	\$8.80	\$/ccf	565		48		4
68 Sewer - Commercial IV X 1.3	SX4	43,855	\$13.22	\$/ccf	3,317		72		6
74 Total		26,376,667							

76 **4. CY 22 Flow, BOD, and TSS for Each Rate Class**

Rate Code Description	Rate Code	BOD mg/L	Calculated BOD and TSS lb/pupil/day	TSS mg/L	Flow, ccf/year	BOD lb/year	TSS lb/year	Flow, gpd/student	
82 Sewer - Residential X 1.3	SR2	N/A	N/A	N/A	12,872	34,203	34,203	50 gpcd times 3.86 people per house	
83 Sewer - Residential Multi.	SR3	N/A	N/A	N/A	742,306	1,676,638	1,676,638	50 gpcd times 3.86 people per house	
84 Sewer - Residential Multi.	SR4	N/A	N/A	N/A	0	0	0		
85 Sewer - Residential Multi.	SR5	N/A	N/A	N/A	0	0	0		
86 Sewer - Residential Multi.	SR6	N/A	N/A	N/A	0	0	0		
87 Sewer - Commercial II	SC2	150		150	599,336	561,121	561,121	Composite: industry standards and City's definition of customer class	
88 Sewer - Commercial III	SC3	300		300	78,474	146,940	146,940	Composite: industry standards and City's definition of customer class	
89 Sewer - Commercial IV	SC4	900		700	106,221	596,689	464,092	Composite: industry standards and City's definition of customer class	
90 Sewer - School - Elementary	SS1	130	0.009	100	19,903	16,149	12,422	11 <a href="http://www.pollutioncontrolsystem.com/Uploads/images/Pages/SEWAGE%20F">www.pollutioncontrolsystem.com/Uploads/images/Pages/SEWAGE%20F</a>	
91 Sewer - School - Junior High	SS2	130	0.021	100	63,666	51,659	39,737	25 elementary, continuation: gpcd for classrooms. No cafeteria or showers	
92 Sewer - School - High	SS3	130	0.021	130	0			25 jr high and high: classrooms, cafeteria, and showers	
93 Sewer - School - Continuation	SS4	130	0.009	100	1,313	1,065	819	11 180 days school per year	
99 Sewer - Commercial II X 1.3	SX2	150		150	565	529	529		
100 Sewer - Commercial III X 1.3	SX3				0				
101 Sewer - Commercial IV X 1.3	SX4	900		700	3,317	18,633	14,492		
107 Total					3,400,386	7,813,429	7,660,797		
109 Flow, mgd					6,968,463				
110 Compare with DMRs					6.92	5,998,637	5,337,629		

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113 **5. Projected Number of Billing Determinants**

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116

Rate Code Description	Rate Code	Jul-Dec 2022	Projected (1)						
			FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	
Number of Customer Bills									
Sewer - Residential	SR1	18,976	19,071	19,166	19,262	19,358	19,455	19,552	
Sewer - Residential X 1.3	SR2	138	138	139	140	141	142	143	
Sewer - Residential Multi.	SR3	7,947	7,987	8,027	8,067	8,107	8,148	8,189	
Metered Water Consumption, ccf/year									
Sewer - Commercial II	SC2	599,336	602,333	605,345	608,372	611,414	614,471	617,543	
Sewer - Commercial III	SC3	78,474	78,866	79,260	79,656	80,054	80,454	80,856	
Sewer - Commercial IV	SC4	106,221	106,752	107,286	107,822	108,361	108,903	109,448	
Sewer - Commercial II X 1.3	SX2	565	568	571	574	577	580	583	
Sewer - Commercial III X 1.3	SX3								
Sewer - Commercial IV X 1.3	SX4	3,317	3,334	3,351	3,368	3,385	3,402	3,419	
Number of Pupils									
Sewer - School - Elementary	SS1	7,519	7,556	7,594	7,632	7,670	7,708	7,747	
Sewer - School - Junior High	SS2	10,583	10,636	10,689	10,742	10,796	10,850	10,904	
Sewer - School - High	SS3								
Sewer - School - Continuation	SS4	496	498	500	503	506	509	512	

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136 **6. Projected Revenue Requirement Excluding Fontana Extraterritorial, Adjusted for Full Year Implementation**

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	Projected (1)					
	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Revenue, Existing Rates	\$26,080,285	\$26,426,992	\$26,524,381	\$26,621,771	\$26,719,160	\$26,816,550
Revenue From Fully Implemented Rate Increases		\$0	\$1,708,000	\$3,531,000	\$5,476,000	\$7,551,000
Less Portion Attributable to Fontana Extraterritorial		\$0	(\$116,968)	(\$240,988)	(\$372,463)	(\$511,860)
Rate Increase Revenues, 6 Months Implementation	\$0	851,000	905,000	963,000	1,024,000	1,090,000
Less Portion Attributable to Fontana Extraterritorial	\$0	(\$58,479)	(\$61,977)	(\$65,724)	(\$69,650)	(\$73,888)
Revenue Adjustment for Full Year Implementation	\$0	\$851,000	\$905,000	\$963,000	\$1,024,000	\$1,090,000
Less Portion Attributable to Fontana Extraterritorial	\$0	(\$58,479)	(\$61,977)	(\$65,724)	(\$69,650)	(\$73,888)
Revenue Requirement, Full Year Implementation	\$26,080,285	\$28,012,034	\$29,801,459	\$31,706,335	\$33,731,398	\$35,887,914
% Adjustment for Full-Year Implementation		0.00%	0.00%	0.00%	0.00%	0.00%
% Change over Prior Year		7.407%	6.388%	6.392%	6.387%	6.393%

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155 **7. Revenue Requirement by Customer Class**

156

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Partial Year Implementation	Projected (1)					
	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Sewer - Residential and Residential Multi		\$21,936,859	\$23,338,199	\$24,829,950	\$26,415,823	\$28,104,639
Sewer - Residential X 1.3		\$116,035	\$123,447	\$131,338	\$139,726	\$148,659
Sewer - Commercial II		\$3,302,374	\$3,513,332	\$3,737,900	\$3,976,637	\$4,230,871
Sewer - Commercial III		\$659,169	\$701,277	\$746,102	\$793,755	\$844,501
Sewer - Commercial IV		\$1,520,002	\$1,617,101	\$1,720,464	\$1,830,349	\$1,947,367
Sewer - Commercial II X 1.3		\$3,197	\$3,401	\$3,619	\$3,850	\$4,096
Sewer - Commercial IV X 1.3		\$43,921	\$46,727	\$49,714	\$52,889	\$56,270
Sewer - School - Elementary and Continuing		\$107,595	\$114,468	\$121,785	\$129,563	\$137,846
Sewer - School - Junior High and High		\$322,883	\$343,508	\$365,465	\$388,807	\$413,664
Total		\$28,012,035	\$29,801,460	\$31,706,335	\$33,731,398	\$35,887,914

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171 **8. Cost of Service Based Rates**

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	Current	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 27/28
172							
173							
174	Group I, \$/month/unit						
175	Residential SF and Multi-Family	\$62.19	\$62.19	\$67.23	\$71.16	\$75.34	\$79.75
177							
178	Non-Residential, \$/ccf						
179	Group II - Commercial	\$6.77	\$6.77	\$5.46	\$5.77	\$6.11	\$6.47
180	Group III - Commercial	\$7.96	\$7.96	\$8.32	\$8.80	\$9.32	\$9.87
181	Group IV - Commercial	\$10.17	\$10.17	\$14.17	\$15.00	\$15.88	\$16.81
182	Group VI - Commercial	\$6.77	\$6.77	\$5.46	\$5.77	\$6.11	\$6.47
183	Commercial II X 1.3	\$8.80	\$8.80	\$5.60	\$5.93	\$6.27	\$6.64
184	Commercial III X 1.3	\$10.35	\$10.35	\$10.81	\$11.44	\$12.12	\$12.83
185	Commercial IV X 1.3	\$13.22	\$13.22	\$13.11	\$13.87	\$14.69	\$15.55
186							
187	Schools: \$/pupil/month						
188	Elementary, Continuing, and Adult Education	\$0.85	\$0.85	\$1.18	\$1.25	\$1.32	\$1.40
189	Junior High and High	\$2.03	\$2.03	\$2.52	\$2.66	\$2.82	\$2.99
190							
191							

192 **9. Back-Calculation of Rate Revenues, Cost-of-Service Rates**

	Current	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
193							
194							
195	Group I, \$/month/unit						
196	Residential	\$20,192,844	\$21,115,226	\$22,692,385	\$24,142,144	\$25,685,266	\$27,326,263
197	Residential X 1.3	\$66,936	\$58,017	\$120,158	\$127,833	\$135,998	\$144,685
198							
199	Non-Residential, \$/ccf						
200	Group II - Commercial	4,077,794	3,700,280	3,416,110	3,634,399	3,866,613	4,113,695
201	Group III - Commercial	627,773	645,039	681,869	725,441	771,792	821,111
202	Group IV - Commercial	1,085,668	1,305,550	1,572,348	1,672,824	1,779,709	1,893,438
203	Commercial II X 1.3	4,999	4,111	3,308	3,519	3,744	3,983
204	Commercial IV X 1.3	44,079	44,112	45,435	48,338	51,426	54,712
205	Schools: \$/pupil/month						
206	Elementary and Continuing	82,151	98,619	118,636	126,223	134,295	142,891
207	Junior High and High	259,093	291,633	333,996	355,350	378,050	402,203
208	Total	\$26,441,337	\$27,262,588	\$28,984,246	\$30,836,073	\$32,806,893	\$34,902,980
209							
210	Compare with Revenue Requirement (Partial Year Implementation)	\$26,080,285	\$27,219,513	\$28,958,436	\$30,809,059	\$32,777,047	\$34,871,802
211	Delta	\$361,052	\$43,075	\$25,810	\$27,014	\$29,845	\$31,178
212							
213							
214							

215 **10. Cost-of-Service Adjustments**

216							
217	<u>10A. COS Adjustments: Residential 1.3X Rates are 1.3X Residential</u>						
218	Combined Revenue Requirement, Res and Res 1.3X		\$22,052,894	\$23,461,646	\$24,961,288	\$26,555,549	\$28,253,298
219	Weighted Billing Determinants (Res + 1.3x Res1.3X)		27,374	27,511	27,648	27,788	27,927
220	Adjusted Residential Rate		\$67.14	\$71.07	\$75.23	\$79.64	\$84.31
221							
222	<u>10B. COS Adjustments: Commercial II 1.3X Rates are 1.3X Commercial II</u>		De Minimus Change. No Calculation Performed				
223							
224	<u>10C. COS Adjustments: Commercial IV 1.3X Rates are 1.3X Commercial IV</u>						
225	Combined Revenue Requirement, Comm IV and Comm IV 1.3X		\$1,563,923	\$1,663,828	\$1,770,177	\$1,883,238	\$2,003,637
226	Weighted Billing Determinants (CommIV + 1.3x CommIV 1.3X)		111,642	112,200	112,762	113,326	113,893
227	Adjusted Commercial IV Rate, \$/ccf		\$14.01	\$14.83	\$15.70	\$16.62	\$17.59
228							
229							

230	<u>10D. COS Adjustments: Gradual Commercial IV Rate Increase With Concurrent Adjustment to Commercial II Rates</u>							
231								
232	Extra Revenue Collected in Commercial II Rates							
233	Proposed Commercial II Rates	\$6.77		\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
234	COS Commercial II Rate		\$6.77	\$5.46	\$5.77	\$6.11	\$6.47	\$6.85
235	Billing Determinants			605,345	608,372	611,414	614,471	617,543
236	Additional Revenue			\$208,627	\$197,738	\$175,150	\$140,319	\$0
237								
238	Commercial IV Billing Determinants, ccf/year		106,752	107,286	107,822	108,361	108,903	109,448
239								
240	Decrease in Commercial IV Rates From COS Rates			\$1.94	\$1.83	\$1.62	\$1.29	\$0.00
241	Proposed Commercial IV Rates	\$10.17		\$12.06	\$13.00	\$14.08	\$15.33	\$17.59
242	Commercial IV COS Rates			\$14.01	\$14.83	\$15.70	\$16.62	\$17.59
243	Increase in Commercial IV Rates from Prior Year			\$1.89	\$0.93	\$1.09	\$1.25	\$2.26
244								
245	<u>10E. COS Adjustments: Schools - Phase in Rates</u>							
246								
247	Elementary and Continuing							
248	COSA	\$0.85	\$0.85	\$1.18	\$1.25	\$1.32	\$1.40	\$1.48
249	Adjusted	\$0.00	\$0.85	\$1.00	\$1.15	\$1.25	\$1.35	\$1.48
250	Change In Revenues		(\$41,075)	(\$8,776)	(\$13,695)	(\$8,489)	(\$6,109)	(\$2,515)
251								
252	Junior High and High							
253	COSA	\$2.03	\$2.03	\$2.52	\$2.66	\$2.82	\$2.99	\$3.16
254	Adjusted	\$0.00	\$2.03	\$2.30	\$2.60	\$2.80	\$2.99	\$3.16
255	Change in Revenues		(\$129,546)	(\$13,933)	(\$18,181)	(\$5,560)	(\$1,367)	\$0
256								
257	<b>11. Proposed Rates</b>							
258								
259		<b>Current</b>	<b>1/1/2024</b>	<b>1/1/2025</b>	<b>1/1/2026</b>	<b>1/1/2027</b>	<b>1/1/2028</b>	<b>1/1/2029</b>
260	Group I, \$/month/unit							
261	Residential SF and MF < or = 49 Units	\$62.19	\$62.19	\$67.14	\$71.07	\$75.23	\$79.64	\$84.31
262	Residential X 1.3	\$80.84	\$80.84	\$87.28	\$92.39	\$97.80	\$103.53	\$109.60
263								
264	Non-Residential, \$/ccf							
265	Group II - Commercial	\$6.77	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
266	Group III - Commercial	\$7.96	\$7.96	\$8.32	\$8.80	\$9.32	\$9.87	\$10.44
267	Group IV - Commercial	\$10.17	\$10.17	\$12.06	\$13.00	\$14.08	\$15.33	\$17.59
268	Group VI - Commercial	\$6.77	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
269	Commercial II X 1.3	\$8.80	\$8.80	\$7.54	\$7.93	\$8.32	\$8.71	\$8.91
270	Commercial III X 1.3	\$10.35	\$10.35	\$10.81	\$11.44	\$12.12	\$12.83	\$13.58
271	Commercial IV X 1.3	\$13.22	\$13.22	\$15.68	\$16.90	\$18.30	\$19.93	\$22.87
272	Commercial VI X 1.3	\$8.80	\$8.80	\$7.54	\$7.93	\$8.32	\$8.71	\$8.91
273								
274	Schools: \$/pupil/month							
275	Elementary, Continuing, and Adult Education	\$0.85	\$0.85	\$1.00	\$1.15	\$1.25	\$1.35	\$1.48
276	Junior High and High	\$2.03	\$2.03	\$2.30	\$2.60	\$2.80	\$2.99	\$3.16
277								
314								

315 **12. Back-Calculation of Rate Revenues, Proposed Rates**

316		Current	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 27/28
317								
318	Group I, \$/month/unit							
319	Residential SF and Multi.			\$21,101,224	\$22,662,847	\$24,108,777	\$25,649,260	\$27,288,822
320	Residential X 1.3			\$140,214	\$150,925	\$160,901	\$171,534	\$182,870
321								
322	Non-Residential, \$/ccf							
323	Group II - Commercial			3,804,593	3,619,813	3,821,338	4,024,785	4,183,854
324	Group III - Commercial			645,176	681,855	725,289	771,956	821,093
325	Group IV - Commercial			1,192,484	1,351,010	1,467,208	1,601,419	1,801,514
326	Commercial II X 1.3			4,665	4,440	4,688	4,939	5,135
327	Commercial IV X 1.3			48,420	54,861	59,583	65,034	73,160
328	Schools: \$/pupil/month							
329	Elementary and Continuing			89,843	104,942	117,734	128,185	140,376
330	Junior High and High			277,700	315,815	349,790	376,684	402,203
331	Total, Excluding Fontana Extraterritorial			\$27,304,321	\$28,946,508	\$30,815,308	\$32,793,795	\$34,899,026
332								
333	Compare with Revenue Requirement (Partial Year Implementation)			\$27,161,034	\$28,896,459	\$30,743,335	\$32,707,398	\$34,797,914
334	Delta			\$143,287	\$50,049	\$71,973	\$86,398	\$101,113



1 mail of the proposed rate or fee be provided to the “owner of record” for each identified parcel, and (4)  
2 all properties receiving the service for which the fee is charged with a minimum of 45 days written  
3 notice prior to the City Council holding a public hearing on the proposed rate increase; and

4 **WHEREAS**, the City Council has authorized the vote to include property owners and tenants  
5 to have the ability to "protest" the proposed rate increase until the close of the public hearing; and

6 **WHEREAS**, if written protests against the proposed rate or fee are presented by a majority of  
7 owners or tenants of the identified parcels, the fee or charge may not be imposed; and

8 **WHEREAS**, the City, jointly with the Rialto Utility Authority, desires to initiate proceedings  
9 to increase water and sewer rates and desires to set a Proposition 218 public hearing date and time.

10 **NOW THEREFORE, BE IT RESOLVED**, by the City Council of the City of Rialto as  
11 follows:

12 **Section 1.** The foregoing recitals are true and correct and incorporated herein by this  
13 reference.

14 **Section 2.** The Proposition 218 public hearing shall be held on June 25, 2024, at 6:30 p.m.  
15 in the City Council Chambers located at 150 South Palm Avenue, Rialto, California.

16 **Section 3.** The City Council hereby approves the “Proposition 218 Notice to Property  
17 Owners of a Public Hearing on Proposed Increases in Water and Sewer/Wastewater Rates” and  
18 authorizes the Proposition 218 notifications be mailed to the owner of record’s address shown on the  
19 most recently available San Bernardino County Auditor-Controller’s assessment roll and the Rialto  
20 Water Services account holder at least forty-five (45) days prior to the Proposition 218 public hearing.

21 **Section 4.** The property owners or tenant may file a written protest opposing the rates  
22 before the end of the Public Hearing and only one written protest per affected property will be counted  
23 towards the majority protest.

24 **Section 5.** This Resolution shall take effect from and after the date of its passage and  
25 adoption.  
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**PASSED, APPROVED, AND ADOPTED** this 23<sup>rd</sup> day of April, 2024.

*Andy Carrizales*

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ANDY CARRIZALES, Mayor Pro Tem

**ATTEST:**

*Barbara A. McGee*

\_\_\_\_\_  
BARBARA A. MCGEE, City Clerk

**APPROVED AS TO FORM:**

*E. S. Vail*

\_\_\_\_\_  
ERIC S. VAIL, City Attorney

1 **STATE OF CALIFORNIA** )  
2 **COUNTY OF SAN BERNARDINO** ) ss  
3 **CITY OF RIALTO** )

4 I, Barbara McGee, City Clerk of the City of Rialto, do hereby certify that the foregoing  
5 Resolution No. 8204 was duly passed and adopted at a regular meeting of the City Council of the City  
6 of Rialto held on the 23<sup>rd</sup> day of April 2024.

7 Upon motion of Council Member Scott, seconded by Council Member Trujillo, the foregoing  
8 Resolution No. 8204 was duly passed and adopted.

9 Vote on the motion:

10 AYES: Mayor Pro Tem Carrizales, Council Members Scott, Baca, and Trujillo

11 NOES: None

12 ABSENT: Mayor Robertson

13 **IN WITNESS WHEREOF**, I have hereunto set my hand and the Official Seal of the City of  
14 Rialto this 25<sup>th</sup> day of April, 2024.

15 *Barbara A. McGee*  
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17 BARBARA A. MCGEE, City Clerk  
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**RUA RESOLUTION NO. 08-31**

**A RESOLUTION OF THE RIALTO UTILITY AUTHORITY OF THE CITY OF RIALTO, CALIFORNIA, APPROVING A DATE FOR A PROPOSITION 218 PUBLIC HEARING FOR THE PROPOSED ADJUSTMENT TO THE WATER AND WASTEWATER RATES**

**WHEREAS**, the City of Rialto last performed a rate study for the water and wastewater utilities in 2018; and

**WHEREAS**, the City of Rialto’s last water and wastewater rate adjustment was January 1, 2018; and

**WHEREAS**, Industry standards dictate that utility rates be reviewed at least every five years to ensure that utility rates accurately reflect the cost of running these funds in a self-sufficient manner; and

**WHEREAS**, On April 11, 2023, the Rialto Utility Authority authorized FG Solutions, LLC to evaluate that water and wastewater rates accurately reflected the cost of running these funds in a self-sufficient manner; and

**WHEREAS**, On December 12, 2023, the City Council adopted Resolution No. 8172 and the Rialto Utility Authority Board adopted Resolution No. 08-25 to set a Public Hearing for February 27, 2024, to consider the proposed water and wastewater utility services rate adjustments; and

**WHEREAS**, On February 27, 2024, staff requested that the item pertaining to a public hearing under Proposition 218 to adjust water and wastewater rates be tabled until a future date to be determined with new and proper 218 notification materials; and

**WHEREAS**, Proposition 218, (California Constitution Articles XIII C and D), which was passed by the voters in November 1996 and became an Amendment to the California Constitution, which imposed certain requirements when implementing increased rates or fees for services including water and wastewater services; and

**WHEREAS**, Proposition 218, (California Constitution Articles XIII C and D), which was passed by the voters in November 1996 and became an Amendment to the California Constitution,



1 which imposed certain requirements when implementing increased rates or fees for services including  
2 water and wastewater services; and

3 **WHEREAS**, in order for a fee or rate to be imposed or increased, Article XIID requires that,  
4 among other things, (1) the parcel upon which a rate or fee is proposed for imposition, be identified,  
5 (2) the amount of the rate or fee to be imposed on each such parcel be calculated, (3) written notice by  
6 mail of the proposed rate or fee be provided to the “owner of record” for each identified parcel, and (4)  
7 all properties receiving the service for which the fee is charged with a minimum of 45 days written  
8 notice prior to the Rialto Utility Authority holding a public hearing on the proposed rate increase; and

9 **WHEREAS**, the Rialto Utility Authority has authorized the vote to include property owners  
10 and tenants to have the ability to "protest" the proposed rate increase until the close of the public  
11 hearing; and

12 **WHEREAS**, if written protests against the proposed rate or fee are presented by a majority of  
13 owners or tenants of the identified parcels, the fee or charge may not be imposed; and

14 **WHEREAS**, the City, jointly with the Rialto Utility Authority, desires to initiate proceedings  
15 to increase water and sewer rates and desires to set a Proposition 218 public hearing date and time.

16 **NOW THEREFORE, BE IT RESOLVED**, by the Rialto Utility Authority of the City of  
17 Rialto as follows:

18 **Section 1.** The foregoing recitals are true and correct and incorporated herein by this  
19 reference.

20 **Section 2.** The Proposition 218 public hearing shall be held on June 25, 2024, at 6:30 p.m.  
21 in the City Council Chambers located at 150 South Palm Avenue, Rialto, California.

22 **Section 3.** The Rialto Utility Authority hereby approves the “Proposition 218 Notice to  
23 Property Owners of a Public Hearing on Proposed Increases in Water and Sewer/Wastewater Rates”  
24 and authorizes the Proposition 218 notifications be mailed to the owner of record’s address shown on  
25 the most recently available San Bernardino County Auditor-Controller’s assessment roll and the Rialto  
26 Water Services account holder at least forty-five (45) days prior to the Proposition 218 public hearing.

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**Section 4.** The property owners or tenant may file a written protest opposing the rates before the end of the Public Hearing and only one written protest per affected property will be counted towards the majority protest.

**Section 5.** This Resolution shall take effect from and after the date of its passage and adoption.

**PASSED, APPROVED, AND ADOPTED** this 23<sup>rd</sup> day of April, 2024.

*Andy Carrizales*

\_\_\_\_\_  
ANDY CARRIZALES, Chairperson

**ATTEST:**

*Barbara A. McGee*

\_\_\_\_\_  
BARBARA A. MCGEE, Board Secretary

**APPROVED AS TO FORM:**

*Eric S. Vail*

\_\_\_\_\_  
ERIC S. VAIL, Authority Counsel

1     **STATE OF CALIFORNIA**                     )  
2     **COUNTY OF SAN BERNARDINO**         ) ss  
3     **CITY OF RIALTO**                         )

4             I, Barbara McGee, Board Secretary of the Rialto Utility Authority Board, do hereby certify that  
5 the foregoing Resolution No. 08-31 was duly passed and adopted at a regular meeting of the Rialto  
6 Utility Authority Board of the City of Rialto held on the 23<sup>rd</sup> day of April 2024.

7             Upon motion of Board Member Scott, seconded by Board Member Trujillo, the foregoing  
8 Resolution No. 08-31 was duly passed and adopted.

9             Vote on the motion:

10            AYES: Mayor Pro Tem Carrizales, Council Members Baca, Scott, and Trujillo

11            NOES: None

12            ABSENT: Mayor Robertson

13            **IN WITNESS WHEREOF**, I have hereunto set my hand and the Official Seal of the City of  
14 Rialto this 25<sup>th</sup> day of April, 2024.

*Barbara A. McGee*

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BARBARA A. MCGEE, Board Secretary

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May 7, 2024

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**CITY OF RIALTO/RIALTO UTILITY AUTHORITY  
NOTICE OF PUBLIC HEARING FOR PROPOSED INCREASED WATER AND  
SEWER/WASTEWATER RATES**

**Hearing Date & Time: June 25, 2024, 6:30 PM**

**Hearing Location: City Council Chambers**

**150 S. Palm Avenue, Rialto, CA 92376**

*This notice is being sent to property owners in the City of Rialto who are listed in the San Bernardino County Assessor's database as well as to all customer account holders. As a result, you may receive more than one copy of this notice. We apologize for the inconvenience this may cause.*

Notice is hereby given that the Rialto City Council/Rialto Utility Authority Board will hold a public hearing to comply with California Proposition 218, (California Constitution Article XIII D, Section 6) on **Tuesday, June 25, 2024, at 6:30 PM** or as soon thereafter as can be heard, in the Council Chambers located at 150 South Palm Avenue, Rialto, California. The purpose of the public hearing is to consider proposed modifications and increases to water and sewer/wastewater charges for services furnished by the City/Rialto Utility Authority and to hear and consider objections and protests to the proposed water and sewer/wastewater rate modifications.

**THIS NOTICE SHALL ONLY APPLY TO CUSTOMERS WHO RECEIVE THEIR WATER AND/OR SEWER/WASTEWATER SERVICES FROM RIALTO WATER SERVICES, AS AUTHORIZED BY THE CITY OF RIALTO/RIALTO UTILITY AUTHORITY.**

**THIS NOTICE DOES NOT APPLY TO WEST VALLEY WATER DISTRICT (WVWD) OR FONTANA WATER COMPANY (FWC) WATER CUSTOMERS.**

**LOCATION OF REPORT:** A report by FG Solutions, LLC, dated May 2024, describing details of the water and sewer/wastewater rate modifications and increases and the method used to calculate the rate modifications and increases (the "Report") has been prepared. The Report is on file at Rialto City Hall, 150 S. Palm Avenue, and can also be found on the City of Rialto website. A copy of the Report can also be reviewed or obtained upon request by calling (909) 820-2525 ext. 2062 or by emailing [AskRUA@rialtoca.gov](mailto:AskRUA@rialtoca.gov).

**AMOUNT OF PROPOSED RATE MODIFICATIONS FOR YOU:** The amounts of water and sewer/wastewater rates (existing and proposed) are included as Exhibit "A".

**REASON FOR THE PROPOSED MODIFICATION OF WATER AND SEWER/WASTEWATER RATES:** The proposed modification of Rialto's water and sewer/wastewater rates is to make the rate structure consistent with the cost of services provided. For water, the increases are primarily to cover an accrued deficit

and operational costs for services provided by Rialto Water Services. For sewer, the increases are to cover increased operating costs, and partially for capital improvements needed to the wastewater treatment plant. The revenue from the modified rates and charges will not be more than the funds required for the City/RUA to provide adequate water and sewer/wastewater services.

**BASIS FOR PROPOSED MODIFICATIONS OF WATER AND SEWER/WASTEWATER RATES:** A description of how the modifications were calculated can be found in the Report on file at Rialto City Hall and on the City of Rialto website starting May 2024. A copy of the Report can also be reviewed or obtained upon request by calling (909) 820-2525 ext. 2062 or by emailing [AskRUA@rialtoca.gov](mailto:AskRUA@rialtoca.gov).

**PROCEDURE FOR HEARING AND DETERMINING MAJORITY PROTEST:** At the time stated above, the Council/RUA Board will hear and consider all objections and protests, if any, to the proposed water and sewer/wastewater rate modifications and other matters described in the Report. The Council/RUA Board may continue the hearing from time to time. Prior to the close of the hearing, if **written protests** against the proposed modified water and/or sewer/wastewater rates are presented and not withdrawn by a majority of the record owners of the parcels or rate-paying tenants of the parcel that would be subject to the modified water and/or sewer/wastewater rates, the City/RUA may not impose the modified water and/or sewer/wastewater rates; instead, water and/or sewer/wastewater rates would continue at their existing, previously-approved amounts. If, at the close of the protest hearing, there is no majority protest as described above, the Council/RUA Board may approve the water and/or sewer/wastewater rate modifications, as proposed or as changed by the Council/RUA Board, to be effective commencing January 1, 2025.

**PRESERVING THE RIGHT TO CHALLENGE:** Any person who wants to preserve the opportunity to file a lawsuit challenging the proposed water and sewer/wastewater rate modifications, if imposed, or other matters described in the Report **must file a written protest** with the Council/RUA Board, stating the specific grounds of the protest. Any grounds not stated in a **written protest** filed with the Council/RUA Board before the close of the protest hearing on June 25, 2024, will be deemed waived and may not be raised in any subsequent lawsuit.

**HOW TO PROTEST THE PROPOSED RATE INCREASES:** All owners and tenants of property receiving water and/or sewer/wastewater service, and interested persons are invited to attend the Public Hearing noticed above. Written protests must be received (*not postmarked*) by the City Clerk before or during the public hearing. Council/RUA Board will not count written protests submitted after the conclusion of the public hearing. In compliance with Proposition 218, any protest submitted by e-mail or other electronic means will not be accepted. The protest must be signed by the property owner(s) or tenant(s) and must include the assessor's parcel number(s) or street address(es) of all property(ies) serviced, and your statement that you protest the increase in either the water or sewer rates. **Should the property owner(s) or tenant(s) protest both the water and the sewer rate, then one protest will need to be completed protesting the water rate, and another protest will need to be completed protesting the sewer rate.** Only one written protest per identified parcel or property will be counted for purposes of determining whether there is a majority protest.

**ADDITIONAL INFORMATION:** For additional information and answers to questions about the proposed water and sewer/wastewater rate proceeding, contact Toyasha Sebbag, Assistant to the City Manager, at (909) 820-2525 x 2062, or [tsebbag@rialtoca.gov](mailto:tsebbag@rialtoca.gov).

*Do you need help paying your water or sewer bill? Customers aged 65 and over or households who have incomes at or below the Low-Income Limits may qualify for a 20% discount on the "Total Sewer Flat Rate." For more information and how to apply, call (909) 820-2661.*

**EXHIBIT "A"**

**WATER CURRENT AND PROPOSED MONTHLY MINIMUM CHARGE:**

Meter Size	Proposed Monthly Minimum Charges					
	Existing	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
1/2" & 5/8"	\$30.42	\$34.53	\$39.51	\$42.46	\$45.63	\$49.03
3/4"	\$30.42	\$34.53	\$39.51	\$42.46	\$45.63	\$49.03
1"	\$44.01	\$53.03	\$60.68	\$65.21	\$70.07	\$75.30
1-1/2"	\$53.04	\$99.28	\$113.61	\$122.08	\$131.19	\$140.98
2"	\$152.54	\$154.79	\$177.12	\$190.33	\$204.53	\$219.79
3"	\$324.45	\$302.80	\$346.48	\$372.33	\$400.10	\$429.95
4"	\$550.59	\$469.31	\$537.01	\$577.07	\$620.12	\$666.38
6"	\$1,138.62	\$931.84	\$1,066.26	\$1,145.81	\$1,231.28	\$1,323.14
8"	\$1,636.17	\$1,486.88	\$1,701.37	\$1,828.29	\$1,964.68	\$2,111.24

**WATER CURRENT VOLUME CHARGE:**

Current rates for each tier
• 0 – 5: \$1.07/ccf
• 6 – 30: \$1.69/ccf
• 31 – 60: \$2.70/ccf
• > 61: \$3.32/ccf

**WATER PROPOSED VOLUME CHARGE:**

	Existing	Proposed Volume Charges				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<u>Residential and Commercial</u>						
0 - 9 ccf per month	See Note 1	\$1.95	\$2.20	\$2.36	\$2.54	\$2.73
10 - 30 ccf per month	See Note 1	\$2.19	\$2.47	\$2.66	\$2.85	\$3.07
>31 ccf per month	See Note 1	\$3.19	\$3.62	\$3.89	\$4.18	\$4.49
<u>Multiple Apartments Over 49 Units and Mobile Homes</u>						
All water use	\$2.40	\$2.35	\$2.66	\$2.86	\$3.07	\$3.30
<u>Landscape</u>						
0 - 30 ccf per month	\$2.70	\$2.19	\$2.47	\$2.66	\$2.85	\$3.07
>31 ccf per month	\$3.32	\$3.19	\$3.62	\$3.89	\$4.18	\$4.49

Notes:

(1) The current tiered volume charges for Residential and Commercial customers is:

- 0 - 5 ccf per month: \$1.07/ccf
- 6 - 30 ccf per month: \$1.69/ccf
- 31 - 60 ccf/month: \$2.70/ccf
- > 61 ccf/month: \$3.32/ccf

**FIRELINE AND HYDRANT RATES:**

	Existing	Proposed Rates				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<b>Fireline</b>						
3" meter	\$83.73	\$21.56	\$24.80	\$26.78	\$28.92	\$31.24
4" meter	\$111.64	\$45.95	\$52.84	\$57.07	\$61.63	\$66.56
6" meter	\$167.46	\$133.47	\$153.49	\$165.77	\$179.03	\$193.35
8" meter	\$223.28	\$284.43	\$327.09	\$353.26	\$381.52	\$412.04
10" meter	\$279.10	\$511.50	\$588.22	\$635.28	\$686.10	\$740.99
<b>Hydrant</b>						
Rate, \$/ccf	\$3.33	\$2.70	\$3.10	\$3.35	\$3.62	\$3.91
Per Day	\$10.81	\$3.43	\$3.51	\$3.60	\$3.69	\$3.78

**SEWER/WASTEWATER CURRENT AND PROPOSED RATES:**

	Actual	PROPOSED RATES				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<b>Group I, \$/month/unit</b>						
Single-family Residential & Multi-family Residential < o = 40 units Residential X 1.3	\$62.19	\$67.14	\$71.07	\$75.23	\$79.64	\$84.31
Residential X 1.3	\$80.84	\$87.28	\$92.39	\$97.80	\$103.53	\$109.60
<b>Non-Residential, \$/ccf</b>						
Group II: commercial	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
Group III: commercial	\$7.96	\$8.32	\$8.80	\$9.32	\$9.87	\$10.44
Group IV: commercial	\$10.17	\$12.06	\$13.00	\$14.08	\$15.33	\$17.59
Group VI: commercial	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
Commercial II X 1.3	\$8.80	\$7.54	\$7.93	\$8.32	\$8.71	\$8.91
Commercial III X 1.3	\$10.35	\$10.82	\$11.44	\$12.12	\$12.83	\$13.57
Commercial IV X 1.3	\$13.22	\$15.68	\$16.90	\$18.30	\$19.93	\$22.87
Commercial VI X 1.3	\$8.80	\$7.54	\$7.93	\$8.32	\$8.71	\$8.91
<b>Group V: \$/student/month</b>						
Elementary, Continuation, and Adult	\$0.85	\$1.00	\$1.15	\$1.25	\$1.35	\$1.48
Jr. High and High School	\$2.03	\$2.30	\$2.60	\$2.80	\$2.99	\$3.16

NOTE: Extraterritorial (outside the borders of the City of Rialto) sewer fees have been established at one point three (1.3) times the current sewage charges per Resolution No. 6209 adopted January 8, 2013.

**CIUDAD DE RIALTO/AUTORIDAD DE SERVICIOS PÚBLICOS DE RIALTO**  
**NOTIFICACIÓN DE LA AUDIENCIA PÚBLICA PARA LA PROPUESTA DE AUMENTO DE LAS**  
**TARIFAS DE AGUA Y ALCANTARILLADO/AGUAS RESIDUALES**

**Fecha y hora de la audiencia: 25 de Junio de 2024, 6:30 p.m.**

**Lugar de la audiencia: Camaras del Ayuntamiento**  
**150 S. Palm Avenue, Rialto, CA 92376**

*Este aviso se envía a los propietarios de la ciudad de Rialto que figuran en la base de datos del Asesor del Condado de San Bernardino, así como a todos los titulares de cuentas de clientes. Como resultado, puede recibir más de una copia de este aviso. Disculpe las molestias que esto pueda causar.*

Por medio de la presente se notifica que el Concejo de la Ciudad de Rialto/la Junta de la Autoridad de Servicios Públicos de Rialto celebrará una audiencia pública para cumplir con la Proposición 218 de California, (Artículo XIII D, Sección 6 de la Constitución de California) el martes **25 de junio de 2024**, a las 6:30 PM o tan pronto como sea posible, en las Cámaras del Consejo ubicadas en 150 South Palm Avenue, Rialto, California. El propósito de la audiencia pública es considerar las modificaciones e incrementos propuestos a los cargos de agua y alcantarillado/aguas residuales por los servicios prestados por la Autoridad de Servicios Públicos de la Ciudad/Rialto y escuchar y considerar las objeciones y protestas a las modificaciones propuestas a las tarifas de agua y alcantarillado/aguas residuales.

**ESTA NOTIFICACIÓN SÓLO SE APLICARÁ A LOS CLIENTES QUE RECIBEN SUS SERVICIOS DE AGUA Y/O ALCANTARILLADO/AGUAS RESIDUALES DE RIALTO WATER SERVICES, SEGÚN LO AUTORIZADO POR LA AUTORIDAD DE SERVICIOS PÚBLICOS DE LA CIUDAD DE RIALTO/RIALTO.**

**ESTE AVISO NO SE APLICA A LOS CLIENTES DE AGUA DE "WEST VALLEY WATER DISTRICT" (WVWD) NI DE CLIENTES DE "FONTANA WATER COMPANY"(FWC).**

**UBICACIÓN DEL INFORME:** Se ha preparado un informe de FG Solutions, LLC, con fecha mayo de 2024, en el que se describen los detalles de las modificaciones y los aumentos de las tarifas de agua y alcantarillado/aguas residuales y el método utilizado para calcular las modificaciones y los aumentos de las tarifas (el "Informe"). El Informe se encuentra archivado en el Ayuntamiento de Rialto, 150 S. Palm Avenue, y también puede consultarse en el sitio web de la Ciudad de Rialto. También se puede consultar u obtener una copia del Informe llamando al (909) 820-2525 ext. 2062 o enviando un correo electrónico a [AskRUA@rialtoca.gov](mailto:AskRUA@rialtoca.gov).

**IMPORTE DE LAS MODIFICACIONES DE TARIFAS PROPUESTAS PARA USTED:** Los importes de las tarifas de agua y alcantarillado/aguas residuales (existentes y propuestos) se incluyen como Anexo "A".

**MOTIVO DE LA PROPUESTA DE MODIFICACIÓN DE LAS TARIFAS DE AGUA Y ALCANTARILLADO/AGUAS RESIDUALES:** La modificación propuesta de las tarifas de agua y alcantarillado/aguas residuales de Rialto es para que la estructura de tarifas sea coherente con el coste de los servicios prestados. En el caso del agua, los aumentos se destinan principalmente a cubrir un déficit acumulado y los costes operativos de los servicios prestados por Rialto Water Services. En el caso del alcantarillado, los aumentos se destinan a cubrir el aumento de los costes operativos y, en parte, a las mejoras de capital necesarias en la planta de tratamiento de aguas residuales. Los ingresos procedentes de las tarifas y cargos modificados no serán superiores a los fondos necesarios para que la Ciudad/RUA preste servicios adecuados de agua y alcantarillado/aguas residuales.

**BASE PARA LAS MODIFICACIONES PROPUESTAS DE LAS TARIFAS DE AGUA Y ALCANTARILLADO/AGUAS RESIDUALES:** Una descripción de cómo se calcularon las modificaciones se



puede encontrar en el Informe archivado en el Ayuntamiento de Rialto y en el sitio web de la Ciudad de Rialto. También se puede consultar u obtener una copia del informe llamando al (909) 820-2525 ext. 2062 o enviando un correo electrónico a [AskRUA@rialtoca.gov](mailto:AskRUA@rialtoca.gov).

**PROCEDIMIENTO PARA LA AUDIENCIA Y DETERMINACIÓN DE LA PROTESTA MAYORITARIA:** A la hora indicada anteriormente, la Junta del Concejo/RUA escuchará y considerará todas las objeciones y protestas, si las hubiera, a las modificaciones propuestas de las tarifas de agua y alcantarillado/aguas residuales y otros asuntos descritos en el Informe. La Junta del Concejo/RUA podrá prorrogar la audiencia de vez en cuando. Antes del cierre de la audiencia, si se presentan **protestas por escrito** contra las tarifas modificadas de agua y/o alcantarillado/aguas residuales propuestas y no son retiradas por la mayoría de los propietarios registrados de las parcelas o inquilinos que pagan la tarifa de la parcela que estaría sujeta a las tarifas modificadas de agua y/o alcantarillado/aguas residuales, la Ciudad/RUA no podrá imponer las tarifas modificadas de agua y/o alcantarillado/aguas residuales; en su lugar, las tarifas de agua y/o alcantarillado/aguas residuales continuarían en sus cantidades existentes, aprobadas previamente. Si, al término de la audiencia de protesta, no se produce una protesta mayoritaria según lo descrito anteriormente, la Junta del Concejo/RUA podrá aprobar las modificaciones de las tarifas de agua y/o alcantarillado/aguas residuales, según lo propuesto o modificado por la Junta del Concejo/RUA, para que entren en vigor a partir del 1 de enero de 2025.

**CONSERVACIÓN DEL DERECHO DE OPOSICIÓN:** Toda persona que desee conservar la oportunidad de presentar una demanda oponiéndose a las modificaciones propuestas de las tarifas de agua y alcantarillado/aguas residuales, si se imponen, u otros asuntos descritos en el Informe, **deberá presentar una protesta por escrito** ante la Junta del Concejo/RUA, indicando los motivos específicos de la protesta. Se considerará que se ha renunciado a cualquier motivo no expresado en una **protesta por escrito** presentada ante el Concejo/Junta de la RUA antes del cierre de la audiencia de protesta el 25 de junio de 2024, y no podrá plantearse en ninguna demanda posterior.

**CÓMO PROTESTAR CONTRA LOS PROPUESTOS AUMENTOS DE TARIFAS:** Se invita a todos los propietarios e inquilinos de bienes raíces que reciban servicios de agua y/o alcantarillado/aguas residuales, y a las personas interesadas, a asistir a la Audiencia Pública mencionada anteriormente. Las protestas por escrito deben ser recibidas (*no mataselladas*) por el Secretario Municipal antes o durante la audiencia pública. El Concejo/Junta de la RUA no tendrá en cuenta las protestas por escrito presentadas después de la conclusión de la audiencia pública. En cumplimiento de la Proposición 218, no se aceptará ninguna protesta presentada por correo electrónico u otros medios electrónicos. La protesta debe estar firmada por el o los propietarios o inquilinos y debe incluir el o los números de parcela o la(s) dirección(es) de todas las propiedades a las que se presta servicio, y su declaración de que protesta contra el aumento de las tarifas de agua o alcantarillado. **En caso de que el o los propietarios o inquilinos protesten tanto por la tarifa del agua como por la del alcantarillado, deberá presentar una protesta por la tarifa del agua y otra por la del alcantarillado.** Sólo se tendrá en cuenta una protesta por escrito por parcela o propiedad identificada a efectos de determinar si existe una protesta mayoritaria.

**INFORMACIÓN ADICIONAL:** Para obtener información adicional y respuestas a preguntas sobre el procedimiento propuesto de tarifas de agua y alcantarillado/aguas residuales, póngase en contacto con Toyasha Sebbag, Asistente Municipal, (909) 820-2525 x 2062, o [tsebbag@rialtoca.gov](mailto:tsebbag@rialtoca.gov).

*¿Necesita ayuda para pagar su factura de agua o alcantarillado? Los clientes de 65 años o más o los hogares que tienen ingresos iguales o inferiores a los límites de bajos ingresos pueden calificar para un descuento del 20% en la "tarifa plana total de alcantarillado". Para obtener más información y cómo solicitarlo, llame al (909) 820-2661.*

**DOCUMENTO/EXHIBICIÓN "A"**

**TARIFA MÍNIMA MENSUAL DE AGUA ACTUAL Y PROPUESTA:**

Tarifa Minima Mensual	Actual	Tarifas Propuestas				
		1/1/25	1/1/26	1/1/27	1/1/28	1/1/29
<u>Clientes de Servicio: Residencias unifamiliares, conexiones multifamiliares, comercial, industrial y jardinería</u>						
1/2" & 5/8" metro	\$30.42	\$34.53	\$39.51	\$42.46	\$45.63	\$49.03
3/4" metro	\$30.42	\$34.53	\$39.51	\$42.46	\$45.63	\$49.03
1" metro	\$44.01	\$53.03	\$60.68	\$65.21	\$70.07	\$75.30
1 1/2" metro	\$53.04	\$99.28	\$113.61	\$122.08	\$131.19	\$140.98
2" metro	\$152.54	\$154.79	\$177.12	\$190.33	\$204.53	\$219.79
3" metro	\$324.45	\$302.80	\$346.48	\$372.33	\$400.10	\$429.95
4" metro	\$550.59	\$469.31	\$537.01	\$577.07	\$620.12	\$666.38
6" metro	\$1,138.62	\$931.84	\$1,066.26	\$1,145.81	\$1,231.28	\$1,323.14
8" metro	\$1,636.17	\$1,486.88	\$1,701.37	\$1,828.29	\$1,964.68	\$2,111.24

**TARIFA ACTUAL POR VOLUMEN DE AGUA:**

<u>Tarifa actual por cada nivel</u>
• 0 – 5: \$1.07/ccf
• 6 – 30: \$1.69/ccf
• 31 – 60: \$2.70/ccf
• > 61: \$3.32/ccf

**PROPUESTA DE TARIFA POR VOLUMEN DE AGUA:**

Tarifa por Volumen,\$/ccf	Actual	Tarifas propuestas				
		1/1/25	1/1/26	1/1/27	1/1/28	1/1/29
<u>Todos los clientes excepto los indicados a continuación</u>						
0 – 9 ccf	NOTA #1	\$1.95	\$2.20	\$2.36	\$2.54	\$2.73
10 – 30 ccf	NOTA #1	\$2.19	\$2.47	\$2.66	\$2.85	\$3.07
> 31 ccf	NOTA #1	\$3.19	\$3.62	\$3.89	\$4.18	\$4.49
<u>Apartamentos múltiples</u>						
Más de 49 unidades y casas móviles	\$2.40	\$2.35	\$2.66	\$2.86	\$3.07	\$3.30
<u>Jardinería</u>						
0 – 30 ccf	\$2.70	\$2.19	\$2.47	\$2.66	\$2.85	\$3.07
> 31 ccf	\$3.32	\$3.19	\$3.62	\$3.89	\$4.18	\$4.49

NOTA #1: Tarifa actual por cada nivel Tarifa actual por cada nivel

- 0 – 5: \$1.07/ccf
- 6 – 30: \$1.69/ccf
- 31 – 60: \$2.70/ccf
- > 61: \$3.32/ccf

**TARIFAS DE LÍNEAS DE FUEGO E HIDRANTES:** Las tarifas por línea de fuego se aplican a los clientes comerciales con servicios contra incendios independientes; los clientes residenciales no pagan estas tarifas.

	Actual	Tarifas propuestas				
		1/1/25	1/1/26	1/1/27	1/1/28	1/1/29
<b>Línea de fuego</b>						
3" metros	\$83.73	\$21.56	\$24.80	\$26.78	\$28.92	\$31.24
4" metros	\$111.64	\$45.95	\$52.84	\$57.07	\$61.63	\$66.56
6" metros	\$167.46	\$133.47	\$153.49	\$165.77	\$179.03	\$193.35
8" metros	\$223.28	\$284.43	\$327.09	\$353.26	\$381.52	\$412.04
10" metros	\$279.10	\$511.50	\$588.22	\$635.28	\$686.10	\$740.99
<b>Hidrante</b>						
Tarifa \$/ccf	\$3.33	\$2.70	\$3.10	\$3.35	\$3.62	\$3.91
Por día	\$10.81	\$3.43	\$3.51	\$3.60	\$3.69	\$3.78

### Tarifas propuestas de alcantarillado/aguas residuales

	Actual	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<b>Grupo I, \$/mes/unidad</b>						
SF y MF residencial < o = 40 unidades	\$62.19	\$67.14	\$71.07	\$75.23	\$79.64	\$84.31
Residencial X 1.3	\$80.84	\$87.28	\$92.39	\$97.80	\$103.53	\$109.60
<b>No residencial, \$/ccf</b>						
Grupo II: comercial	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
Grupo III: comercial	\$7.96	\$8.32	\$8.80	\$9.32	\$9.87	\$10.44
Grupo IV: comercial	\$10.17	\$12.06	\$13.00	\$14.08	\$15.33	\$17.59
Grupo VI: comercial	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
Comercial II X 1.3	\$8.80	\$7.54	\$7.93	\$8.32	\$8.71	\$8.91
Comercial III X 1.3	\$10.35	\$10.82	\$11.44	\$12.12	\$12.83	\$13.57
Comercial IV X 1.3	\$13.22	\$15.68	\$16.90	\$18.30	\$19.93	\$22.87
Comercial VI X 1.3	\$8.80	\$7.54	\$7.93	\$8.32	\$8.71	\$8.91
<b>Escuelas: \$/estudiante/mes</b>						
Educación primaria, continua y de adultos	\$0.85	\$1.00	\$1.15	\$1.25	\$1.35	\$1.48
Secundaria y preparatoria	\$2.03	\$2.30	\$2.60	\$2.80	\$2.99	\$3.16

NOTA: Las tarifas mostradas en la tabla como "X 1.3" son tarifas de alcantarillado extraterritoriales (fuera de los límites de la ciudad de Rialto). Estas tarifas se han establecido en uno punto tres (1.3) veces los cargos actuales de alcantarillado por la Resolución N°. 6209 aprobada el 8 de enero de 2013.

**SAN BERNARDINO COUNTY SUN**

This space for filing stamp only

473 E CARNEGIE DR #200, SAN BERNARDINO, CA 92408  
Telephone (909) 889-9666 / Fax (909) 884-2536

MELISSA GAMBOA  
CITY OF RIALTO CITY CLERK  
290 W RIALTO AVE  
RIALTO, CA - 92376

SB #: 3809080

**PROOF OF PUBLICATION**

(2015.5 C.C.P.)

State of California )  
County of SAN BERNARDINO ) ss

Notice Type: HRGSB - NOTICE OF HEARING-SB

Ad Description:

Public Hearing - Prop 218 Water and Sewer (Eng)

I am a citizen of the United States and a resident of the State of California; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of the SAN BERNARDINO COUNTY SUN, a newspaper published in the English language in the city of SAN BERNARDINO, county of SAN BERNARDINO, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of SAN BERNARDINO, State of California, under date 06/27/1952, Case No. 73081. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

05/29/2024

Executed on: 05/29/2024  
At Riverside, California

I certify (or declare) under penalty of perjury that the foregoing is true and correct.



Signature



Email

\* A 0 0 0 0 0 6 7 7 9 8 6 5 \*

**SAN BERNARDINO COUNTY SUN**

This space for filing stamp only

473 E CARNEGIE DR #200, SAN BERNARDINO, CA 92408  
Telephone (909) 889-9666 / Fax (909) 884-2536

MELISSA GAMBOA  
CITY OF RIALTO CITY CLERK  
290 W RIALTO AVE  
RIALTO, CA - 92376

SB #: 3809082

**PROOF OF PUBLICATION**

(2015.5 C.C.P.)

State of California )  
County of SAN BERNARDINO ) ss

Notice Type: HRGSB - NOTICE OF HEARING-SB

Ad Description:

Public Hearing - Prop 218 Water and Sewer (Spanish)

I am a citizen of the United States and a resident of the State of California; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of the SAN BERNARDINO COUNTY SUN, a newspaper published in the English language in the city of SAN BERNARDINO, county of SAN BERNARDINO, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of SAN BERNARDINO, State of California, under date 06/27/1952, Case No. 73081. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

05/29/2024

Executed on: 05/29/2024  
At Riverside, California

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Signature



Email \* A 0 0 0 0 0 6 7 7 9 8 6 7 \*



1 such parcel be calculated, (3) written notice by mail of the proposed rate or fee be  
2 provided to the owner of record for each identified parcel, and (4) a public hearing must  
3 be conducted upon the proposed rate or fee; and

4 **WHEREAS**, in accordance with Article XIID to the California Constitution, a  
5 notice regarding the Public Hearing on the revised schedule for water and  
6 wastewater/sewer rates was distributed by United States Postal Service mail at least  
7 forty-five (45) days prior to the Public Hearing, to all property owners of record; and

8 **WHEREAS**, in accordance with California Government Code § 5956.6, a notice  
9 regarding the Public Hearing on the proposed adjusted water and wastewater/sewer  
10 rates was published in the San Bernardino County Sun newspaper at least ten (10)  
11 days prior to the Public Hearing; and

12 **WHEREAS**, a properly noticed Public Hearing concerning the proposed rates  
13 set forth in this Resolution was held on June 25, 2024, as required by law; and

14 **WHEREAS**, a tally of the written responses against the revised schedule of  
15 water and wastewater/sewer rates and charges shows that less than a majority of the  
16 property owners have submitted written protests against the revised schedule of water  
17 and wastewater/sewer rates.

18 **NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RIALTO DOES**  
19 **HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:**

20 **Section 1:** The foregoing recitals are true and correct and incorporated herein  
21 by this reference.

22 **Section 2:** Effective January 1, 2025, water and wastewater/sewer rates are  
23 adjusted and established in the amounts as set forth in the “Water Rates” and  
24 “Wastewater/Sewer Rates” attached hereto and incorporated herein by this reference  
25 as Exhibit A and Exhibit B, respectively.

26 **Section 3:** Water and Wastewater/Sewer rates in subsequent years 2026,  
27 2027, 2028, and 2029, commencing January 1 of each year, will be adjusted in  
28 accordance with Exhibit A and Exhibit B, respectively.

1           **WHEREFORE**, this Resolution is passed, approved, and adopted on this 25th  
2 day of June 2024.

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5           DEBORAH ROBERTSON, Mayor  
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9   **ATTEST:**

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13   BARBARA A. McGEE, City Clerk  
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15   **APPROVED AS TO FORM:**

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18 \_\_\_\_\_  
19   ERIC VAIL, City Attorney  
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1 STATE OF CALIFORNIA )  
2 COUNTY OF SAN BERNARDINO ) ss  
3 CITY OF RIALTO )

4 I, Barbara A. McGee, City Clerk of the City of Rialto, do hereby certify that the  
5 foregoing Resolution No. \_\_\_\_\_ was duly passed and adopted at a regular meeting of  
6 the City Council of the City of Rialto held on the 25th day of June 2024.

7 Upon motion of Councilmember \_\_\_\_\_, seconded by Councilmember  
8 \_\_\_\_\_, the foregoing Resolution No. \_\_\_\_\_ was duly passed and  
9 adopted.

10 Vote on the motion:

11 AYES:

12 NOES:

13 ABSENT:

14 IN WITNESS WHEREOF, I have hereunto set my hand and the Official Seal of  
15 the City of Rialto this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

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18 \_\_\_\_\_  
19 BARBARA A. MCGEE, City Clerk  
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EXHIBIT A  
WATER RATES

**WATER CURRENT AND PROPOSED MONTHLY MINIMUM CHARGE:**

Meter Size	Existing	Proposed Monthly Minimum Charges				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
1/2" & 5/8"	\$30.42	\$34.53	\$39.51	\$42.46	\$45.63	\$49.03
3/4"	\$30.42	\$34.53	\$39.51	\$42.46	\$45.63	\$49.03
1"	\$44.01	\$53.03	\$60.68	\$65.21	\$70.07	\$75.30
1-1/2"	\$53.04	\$99.28	\$113.61	\$122.08	\$131.19	\$140.98
2"	\$152.54	\$154.79	\$177.12	\$190.33	\$204.53	\$219.79
3"	\$324.45	\$302.80	\$346.48	\$372.33	\$400.10	\$429.95
4"	\$550.59	\$469.31	\$537.01	\$577.07	\$620.12	\$666.38
6"	\$1,138.62	\$931.84	\$1,066.26	\$1,145.81	\$1,231.28	\$1,323.14
8"	\$1,636.17	\$1,486.88	\$1,701.37	\$1,828.29	\$1,964.68	\$2,111.24

**WATER PROPOSED VOLUME CHARGE:**

	Existing	Proposed Volume Charges				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<u>Residential and Commercial</u>						
0 - 9 ccf per month	See Note 1	\$1.95	\$2.20	\$2.36	\$2.54	\$2.73
10 - 30 ccf per month	See Note 1	\$2.19	\$2.47	\$2.66	\$2.85	\$3.07
>31 ccf per month	See Note 1	\$3.19	\$3.62	\$3.89	\$4.18	\$4.49
<u>Multiple Apartments Over 49 Units and Mobile Homes</u>						
All water use	\$2.40	\$2.35	\$2.66	\$2.86	\$3.07	\$3.30
<u>Landscape</u>						
0 - 30 ccf per month	\$2.70	\$2.19	\$2.47	\$2.66	\$2.85	\$3.07
>31 ccf per month	\$3.32	\$3.19	\$3.62	\$3.89	\$4.18	\$4.49

Notes:

(1) The current tiered volume charges for Residential and Commercial customers is:

- 0 - 5 ccf per month: \$1.07/ccf
- 6 - 30 ccf per month: \$1/69/ccf
- 31 - 60 ccf/month: \$2.70/ccf
- > 61 ccf/month: \$3.32/ccf

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**FIRELINE AND HYDRANT RATES:**

	Existing	Proposed Rates				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<b>Fireline</b>						
3" meter	\$83.73	\$21.56	\$24.80	\$26.78	\$28.92	\$31.24
4" meter	\$111.64	\$45.95	\$52.84	\$57.07	\$61.63	\$66.56
6" meter	\$167.46	\$133.47	\$153.49	\$165.77	\$179.03	\$193.35
8" meter	\$223.28	\$284.43	\$327.09	\$353.26	\$381.52	\$412.04
10" meter	\$279.10	\$511.50	\$588.22	\$635.28	\$686.10	\$740.99
<b>Hydrant</b>						
Rate, \$/ccf	\$3.33	\$2.70	\$3.10	\$3.35	\$3.62	\$3.91
Per Day	\$10.81	\$3.43	\$3.51	\$3.60	\$3.69	\$3.78

EXHIBIT B  
WASTEWATER/SEWER RATES

**SEWER/WASTEWATER CURRENT AND PROPOSED RATES:**

	Actual	PROPOSED RATES				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<b>Group I, \$/month/unit</b>						
Single-family Residential & Multi-family Residential < o = 40 units	\$62.19	\$67.14	\$71.07	\$75.23	\$79.64	\$84.31
Residential X 1.3	\$80.84	\$87.28	\$92.39	\$97.80	\$103.53	\$109.60
<b>Non-Residential, \$/ccf</b>						
Group II: commercial	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
Group III: commercial	\$7.96	\$8.32	\$8.80	\$9.32	\$9.87	\$10.44
Group IV: commercial	\$10.17	\$12.06	\$13.00	\$14.08	\$15.33	\$17.59
Group VI: commercial	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
Commercial II X 1.3	\$8.80	\$7.54	\$7.93	\$8.32	\$8.71	\$8.91
Commercial III X 1.3	\$10.35	\$10.82	\$11.44	\$12.12	\$12.83	\$13.57
Commercial IV X 1.3	\$13.22	\$15.68	\$16.90	\$18.30	\$19.93	\$22.87
Commercial VI X 1.3	\$8.80	\$7.54	\$7.93	\$8.32	\$8.71	\$8.91
<b>Group V: \$/student/month</b>						
Elementary, Continuation, and Adult	\$0.85	\$1.00	\$1.15	\$1.25	\$1.35	\$1.48
Jr. High and High School	\$2.03	\$2.30	\$2.60	\$2.80	\$2.99	\$3.16

NOTE: Extraterritorial (outside the borders of the City of Rialto) sewer fees have been established at one point three (1.3) times the current sewage charges per Resolution No. 6209 adopted January 8, 2013.



1 such parcel be calculated, (3) written notice by mail of the proposed rate or fee be  
2 provided to the owner of record for each identified parcel, and (4) a public hearing must  
3 be conducted upon the proposed rate or fee; and

4 **WHEREAS**, in accordance with Article XIID to the California Constitution, a  
5 notice regarding the Public Hearing on the revised schedule for water and  
6 wastewater/sewer rates was distributed by United States Postal Service mail at least  
7 forty-five (45) days prior to the Public Hearing, to all property owners of record; and

8 **WHEREAS**, in accordance with California Government Code § 5956.6, a notice  
9 regarding the Public Hearing on the proposed adjusted water and wastewater/sewer  
10 rates was published in the San Bernardino County Sun newspaper at least ten (10)  
11 days prior to the Public Hearing; and

12 **WHEREAS**, a properly noticed Public Hearing concerning the proposed rates  
13 set forth in this Resolution was held on June 25, 2024, as required by law; and

14 **WHEREAS**, a tally of the written responses against the revised schedule of  
15 water and wastewater/sewer rates and charges shows that less than a majority of the  
16 property owners have submitted written protests against the revised schedule of water  
17 and wastewater/sewer rates.

18 **NOW, THEREFORE, THE UTILITY AUTHORITY BOARD OF THE CITY OF**  
19 **RIALTO DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:**

20 **Section 1:** The foregoing recitals are true and correct and incorporated herein  
21 by this reference.

22 **Section 2:** Effective January 1, 2025, water and wastewater/sewer rates are  
23 adjusted and established in the amounts as set forth in the “Water Rates” and  
24 “Wastewater/Sewer Rates” attached hereto and incorporated herein by this reference  
25 as Exhibit A and Exhibit B, respectively.

26 **Section 3:** Water and Wastewater/Sewer rates in subsequent years 2026,  
27 2027, 2028, and 2029, commencing January 1 of each year, will be adjusted in  
28 accordance with Exhibit A and Exhibit B, respectively.

1           **WHEREFORE**, this Resolution is passed, approved, and adopted on this 25th  
2 day of June 2024.

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5 DEBORAH ROBERTSON, President  
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9 **ATTEST:**

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13 BARBARA A. McGEE, Secretary  
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15 **APPROVED AS TO FORM:**

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19 ERIC VAIL, General Counsel  
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1 **STATE OF CALIFORNIA** )  
2 **COUNTY OF SAN BERNARDINO** ) ss  
3 **CITY OF RIALTO** )

4 I, Barbara A. McGee, Secretary of the Rialto Utility Authority of the City of Rialto,  
5 do hereby certify that the foregoing RUA Resolution No. \_\_\_\_\_ was duly passed and  
6 adopted at a regular meeting of the Rialto Utility Authority of the City of Rialto held on  
7 the 25th day of June 2024.

8 Upon motion of Board Member \_\_\_\_\_, seconded by Board Member  
9 \_\_\_\_\_, the foregoing RUA Resolution No. \_\_\_\_\_ was duly passed and  
10 adopted.

11 Vote on the motion:

12 AYES:

13 NOES:

14 ABSENT:

15 IN WITNESS WHEREOF, I have hereunto set my hand and the Official Seal of  
16 the City of Rialto this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

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20 BARBARA A. MCGEE, SECRETARY  
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EXHIBIT A  
WATER RATES

**WATER CURRENT AND PROPOSED MONTHLY MINIMUM CHARGE:**

Meter Size	Existing	Proposed Monthly Minimum Charges				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
1/2" & 5/8"	\$30.42	\$34.53	\$39.51	\$42.46	\$45.63	\$49.03
3/4"	\$30.42	\$34.53	\$39.51	\$42.46	\$45.63	\$49.03
1"	\$44.01	\$53.03	\$60.68	\$65.21	\$70.07	\$75.30
1-1/2"	\$53.04	\$99.28	\$113.61	\$122.08	\$131.19	\$140.98
2"	\$152.54	\$154.79	\$177.12	\$190.33	\$204.53	\$219.79
3"	\$324.45	\$302.80	\$346.48	\$372.33	\$400.10	\$429.95
4"	\$550.59	\$469.31	\$537.01	\$577.07	\$620.12	\$666.38
6"	\$1,138.62	\$931.84	\$1,066.26	\$1,145.81	\$1,231.28	\$1,323.14
8"	\$1,636.17	\$1,486.88	\$1,701.37	\$1,828.29	\$1,964.68	\$2,111.24

**WATER PROPOSED VOLUME CHARGE:**

	Existing	Proposed Volume Charges				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<u>Residential and Commercial</u>						
0 - 9 ccf per month	See Note 1	\$1.95	\$2.20	\$2.36	\$2.54	\$2.73
10 - 30 ccf per month	See Note 1	\$2.19	\$2.47	\$2.66	\$2.85	\$3.07
>31 ccf per month	See Note 1	\$3.19	\$3.62	\$3.89	\$4.18	\$4.49
<u>Multiple Apartments Over 49 Units and Mobile Homes</u>						
All water use	\$2.40	\$2.35	\$2.66	\$2.86	\$3.07	\$3.30
<u>Landscape</u>						
0 - 30 ccf per month	\$2.70	\$2.19	\$2.47	\$2.66	\$2.85	\$3.07
>31 ccf per month	\$3.32	\$3.19	\$3.62	\$3.89	\$4.18	\$4.49

Notes:

(1) The current tiered volume charges for Residential and Commercial customers is:

- 0 - 5 ccf per month: \$1.07/ccf
- 6 - 30 ccf per month: \$1/69/ccf
- 31 - 60 ccf/month: \$2.70/ccf
- > 61 ccf/month: \$3.32/ccf

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**FIRELINE AND HYDRANT RATES:**

	Existing	1/1/2025	1/1/2026	Proposed Rates		
				1/1/2027	1/1/2028	1/1/2029
<b>Fireline</b>						
3" meter	\$83.73	\$21.56	\$24.80	\$26.78	\$28.92	\$31.24
4" meter	\$111.64	\$45.95	\$52.84	\$57.07	\$61.63	\$66.56
6" meter	\$167.46	\$133.47	\$153.49	\$165.77	\$179.03	\$193.35
8" meter	\$223.28	\$284.43	\$327.09	\$353.26	\$381.52	\$412.04
10" meter	\$279.10	\$511.50	\$588.22	\$635.28	\$686.10	\$740.99
<b>Hydrant</b>						
Rate, \$/ccf	\$3.33	\$2.70	\$3.10	\$3.35	\$3.62	\$3.91
Per Day	\$10.81	\$3.43	\$3.51	\$3.60	\$3.69	\$3.78

EXHIBIT B  
WASTEWATER/SEWER RATES

**SEWER/WASTEWATER CURRENT AND PROPOSED RATES:**

	Actual	PROPOSED RATES				
		1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
<b>Group I, \$/month/unit</b>						
Single-family Residential & Multi-family Residential < o = 40 units Residential X 1.3	\$62.19	\$67.14	\$71.07	\$75.23	\$79.64	\$84.31
Residential X 1.3	\$80.84	\$87.28	\$92.39	\$97.80	\$103.53	\$109.60
<b>Non-Residential, \$/ccf</b>						
Group II: commercial	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
Group III: commercial	\$7.96	\$8.32	\$8.80	\$9.32	\$9.87	\$10.44
Group IV: commercial	\$10.17	\$12.06	\$13.00	\$14.08	\$15.33	\$17.59
Group VI: commercial	\$6.77	\$5.80	\$6.10	\$6.40	\$6.70	\$6.85
Commercial II X 1.3	\$8.80	\$7.54	\$7.93	\$8.32	\$8.71	\$8.91
Commercial III X 1.3	\$10.35	\$10.82	\$11.44	\$12.12	\$12.83	\$13.57
Commercial IV X 1.3	\$13.22	\$15.68	\$16.90	\$18.30	\$19.93	\$22.87
Commercial VI X 1.3	\$8.80	\$7.54	\$7.93	\$8.32	\$8.71	\$8.91
<b>Group V: \$/student/month</b>						
Elementary, Continuation, and Adult	\$0.85	\$1.00	\$1.15	\$1.25	\$1.35	\$1.48
Jr. High and High School	\$2.03	\$2.30	\$2.60	\$2.80	\$2.99	\$3.16

NOTE: Extraterritorial (outside the borders of the City of Rialto) sewer fees have been established at one point three (1.3) times the current sewage charges per Resolution No. 6209 adopted January 8, 2013.

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**RUA RESOLUTION NO. 08-31**

**A RESOLUTION OF THE RIALTO UTILITY AUTHORITY OF THE CITY OF RIALTO, CALIFORNIA, APPROVING A DATE FOR A PROPOSITION 218 PUBLIC HEARING FOR THE PROPOSED ADJUSTMENT TO THE WATER AND WASTEWATER RATES**

**WHEREAS**, the City of Rialto last performed a rate study for the water and wastewater utilities in 2018; and

**WHEREAS**, the City of Rialto’s last water and wastewater rate adjustment was January 1, 2018; and

**WHEREAS**, Industry standards dictate that utility rates be reviewed at least every five years to ensure that utility rates accurately reflect the cost of running these funds in a self-sufficient manner; and

**WHEREAS**, On April 11, 2023, the Rialto Utility Authority authorized FG Solutions, LLC to evaluate that water and wastewater rates accurately reflected the cost of running these funds in a self-sufficient manner; and

**WHEREAS**, On December 12, 2023, the City Council adopted Resolution No. 8172 and the Rialto Utility Authority Board adopted Resolution No. 08-25 to set a Public Hearing for February 27, 2024, to consider the proposed water and wastewater utility services rate adjustments; and

**WHEREAS**, On February 27, 2024, staff requested that the item pertaining to a public hearing under Proposition 218 to adjust water and wastewater rates be tabled until a future date to be determined with new and proper 218 notification materials; and

**WHEREAS**, Proposition 218, (California Constitution Articles XIII C and D), which was passed by the voters in November 1996 and became an Amendment to the California Constitution, which imposed certain requirements when implementing increased rates or fees for services including water and wastewater services; and

**WHEREAS**, Proposition 218, (California Constitution Articles XIII C and D), which was passed by the voters in November 1996 and became an Amendment to the California Constitution,

1 which imposed certain requirements when implementing increased rates or fees for services including  
2 water and wastewater services; and

3 **WHEREAS**, in order for a fee or rate to be imposed or increased, Article XIID requires that,  
4 among other things, (1) the parcel upon which a rate or fee is proposed for imposition, be identified,  
5 (2) the amount of the rate or fee to be imposed on each such parcel be calculated, (3) written notice by  
6 mail of the proposed rate or fee be provided to the “owner of record” for each identified parcel, and (4)  
7 all properties receiving the service for which the fee is charged with a minimum of 45 days written  
8 notice prior to the Rialto Utility Authority holding a public hearing on the proposed rate increase; and

9 **WHEREAS**, the Rialto Utility Authority has authorized the vote to include property owners  
10 and tenants to have the ability to "protest" the proposed rate increase until the close of the public  
11 hearing; and

12 **WHEREAS**, if written protests against the proposed rate or fee are presented by a majority of  
13 owners or tenants of the identified parcels, the fee or charge may not be imposed; and

14 **WHEREAS**, the City, jointly with the Rialto Utility Authority, desires to initiate proceedings  
15 to increase water and sewer rates and desires to set a Proposition 218 public hearing date and time.

16 **NOW THEREFORE, BE IT RESOLVED**, by the Rialto Utility Authority of the City of  
17 Rialto as follows:

18 **Section 1.** The foregoing recitals are true and correct and incorporated herein by this  
19 reference.

20 **Section 2.** The Proposition 218 public hearing shall be held on June 25, 2024, at 6:30 p.m.  
21 in the City Council Chambers located at 150 South Palm Avenue, Rialto, California.

22 **Section 3.** The Rialto Utility Authority hereby approves the “Proposition 218 Notice to  
23 Property Owners of a Public Hearing on Proposed Increases in Water and Sewer/Wastewater Rates”  
24 and authorizes the Proposition 218 notifications be mailed to the owner of record’s address shown on  
25 the most recently available San Bernardino County Auditor-Controller’s assessment roll and the Rialto  
26 Water Services account holder at least forty-five (45) days prior to the Proposition 218 public hearing.

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**Section 4.** The property owners or tenant may file a written protest opposing the rates before the end of the Public Hearing and only one written protest per affected property will be counted towards the majority protest.

**Section 5.** This Resolution shall take effect from and after the date of its passage and adoption.

**PASSED, APPROVED, AND ADOPTED** this 23<sup>rd</sup> day of April, 2024.

*Andy Carrizales*

\_\_\_\_\_  
ANDY CARRIZALES, Chairperson

**ATTEST:**

*Barbara A. McGee*

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BARBARA A. McGEE, Board Secretary

**APPROVED AS TO FORM:**

*Eric S. Vail*

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ERIC S. VAIL, Authority Counsel

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**STATE OF CALIFORNIA** )  
**COUNTY OF SAN BERNARDINO** ) ss  
**CITY OF RIALTO** )

I, Barbara McGee, Board Secretary of the Rialto Utility Authority Board, do hereby certify that the foregoing Resolution No. 08-31 was duly passed and adopted at a regular meeting of the Rialto Utility Authority Board of the City of Rialto held on the 23<sup>rd</sup> day of April 2024.

Upon motion of Board Member Scott, seconded by Board Member Trujillo, the foregoing Resolution No. 08-31 was duly passed and adopted.

Vote on the motion:

AYES: Mayor Pro Tem Carrizales, Council Members Baca, Scott, and Trujillo

NOES: None

ABSENT: Mayor Robertson

**IN WITNESS WHEREOF**, I have hereunto set my hand and the Official Seal of the City of Rialto this 25<sup>th</sup> day of April, 2024.

*Barbara A. McGee*  
\_\_\_\_\_  
BARBARA A. MCGEE, Board Secretary





1 mail of the proposed rate or fee be provided to the “owner of record” for each identified parcel, and (4)  
2 all properties receiving the service for which the fee is charged with a minimum of 45 days written  
3 notice prior to the City Council holding a public hearing on the proposed rate increase; and

4 **WHEREAS**, the City Council has authorized the vote to include property owners and tenants  
5 to have the ability to "protest" the proposed rate increase until the close of the public hearing; and

6 **WHEREAS**, if written protests against the proposed rate or fee are presented by a majority of  
7 owners or tenants of the identified parcels, the fee or charge may not be imposed; and

8 **WHEREAS**, the City, jointly with the Rialto Utility Authority, desires to initiate proceedings  
9 to increase water and sewer rates and desires to set a Proposition 218 public hearing date and time.

10 **NOW THEREFORE, BE IT RESOLVED**, by the City Council of the City of Rialto as  
11 follows:

12 **Section 1.** The foregoing recitals are true and correct and incorporated herein by this  
13 reference.

14 **Section 2.** The Proposition 218 public hearing shall be held on June 25, 2024, at 6:30 p.m.  
15 in the City Council Chambers located at 150 South Palm Avenue, Rialto, California.

16 **Section 3.** The City Council hereby approves the “Proposition 218 Notice to Property  
17 Owners of a Public Hearing on Proposed Increases in Water and Sewer/Wastewater Rates” and  
18 authorizes the Proposition 218 notifications be mailed to the owner of record’s address shown on the  
19 most recently available San Bernardino County Auditor-Controller’s assessment roll and the Rialto  
20 Water Services account holder at least forty-five (45) days prior to the Proposition 218 public hearing.

21 **Section 4.** The property owners or tenant may file a written protest opposing the rates  
22 before the end of the Public Hearing and only one written protest per affected property will be counted  
23 towards the majority protest.

24 **Section 5.** This Resolution shall take effect from and after the date of its passage and  
25 adoption.  
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**PASSED, APPROVED, AND ADOPTED** this 23<sup>rd</sup> day of April, 2024.

*Andy Carrizales*

\_\_\_\_\_  
ANDY CARRIZALES, Mayor Pro Tem

**ATTEST:**

*Barbara A. McGee*

\_\_\_\_\_  
BARBARA A. MCGEE, City Clerk

**APPROVED AS TO FORM:**

*E. S. Vail*

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ERIC S. VAIL, City Attorney

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**STATE OF CALIFORNIA** )  
**COUNTY OF SAN BERNARDINO** ) ss  
**CITY OF RIALTO** )

I, Barbara McGee, City Clerk of the City of Rialto, do hereby certify that the foregoing Resolution No. 8204 was duly passed and adopted at a regular meeting of the City Council of the City of Rialto held on the 23<sup>rd</sup> day of April 2024.

Upon motion of Council Member Scott, seconded by Council Member Trujillo, the foregoing Resolution No. 8204 was duly passed and adopted.

Vote on the motion:

AYES: Mayor Pro Tem Carrizales, Council Members Scott, Baca, and Trujillo

NOES: None

ABSENT: Mayor Robertson

**IN WITNESS WHEREOF**, I have hereunto set my hand and the Official Seal of the City of Rialto this 25<sup>th</sup> day of April, 2024.

*Barbara A. McGee*  
\_\_\_\_\_  
BARBARA A. MCGEE, City Clerk