

City of Rialto

PHASE 1: Water and Wastewater 2023 Revenue Analysis

August 22, 2023

City Council Meeting





Agenda

- **Comparator Rates for wastewater and water**
- **Review wastewater financial status, then water**
 - Review the current utility budget and compare it with revenues
 - Show reserves
 - Show projected financial condition with no rate increases
 - Performance measures:
 - Amount of Revenue Stabilization funds needed
 - Trustee debt service coverage
 - Ability to pay O&M expenses
 - Ability to pay capital expenses
 - Show funds available for capital projects with no rate increases
- **Discuss staff recommendation to move forward with Phase 2**



FY 23/24 RUA

Budget: Wastewater

	FY 23/24 Budget
RWS Service Charges	
Fixed and Routine R&R Component	\$2,956,205
Chemical Component	\$729,932
Labor Component	\$3,847,946
Other RWS Expenses	
Wastewater ORR	\$930,000
CA: Independent Engineer	\$109,349
RWS Insurance	\$999,756
Capital Charges	\$12,682,000
Allowance for Maintenance < \$250	\$0
MIPP Services (Veolia)	\$111,920
Other Wastewater Expenses	
Electricity	\$1,167,308
Gas	\$188,520
Biosolids	\$887,285
City Reimbursement (680 Admin)	\$1,072,830
All Other Expenses	\$1,037,966
Other City Expenses	
City Contract (Transfer to General Fund)	\$685,000
RUA Lease Payment	\$1,600,000
Total	\$29,006,018
Required Deposit to RWS Reserve Fund	\$238,082



FY 23/24 RUA Budget: Wastewat

Comparison of Revenues and Expenses

Expenses	FY 23/24 Budget
RWS Service Charges	\$7,534,084
Other RWS Expenses	\$14,833,025
Electricity, Gas, Biosolids	\$2,243,113
City Reimbursement (680 Admin)	\$1,072,830
City Contract (Transfer to General Fund)	\$685,000
RUA Lease Payment	\$1,600,000
All Other Expenses	\$1,037,966
Total Expenses	<hr/> \$29,006,018

Deposits to Trust Wastewater Reserve Fund	\$238,082
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Revenues	
Wastewater Rates	\$27,920,183
Development Impact Fees	\$350,000
Anaergia Lease	\$300,000
Grants	\$370,000
RUA Interest Income (Not in Waterfall)	\$3,930
All Other Revenues	\$302,000
Total Revenues	<hr/> \$29,246,113



Wastewater reserves

- RUA cash in bank: \$21.5M
- DIF funds held in trust: \$7.5M
- Estimated next five years of DIF revenues: \$1.75M
- Additional restricted reserves held in trust
- No formal policy exists regarding minimum RUA cash in bank balance



FY 23/24 RUA

Budget: Water

	FY 23/24
	Budget
RWS Service Charges	
Fixed and Routine R&R Component	\$3,057,485
Chemical Component	\$63,096
Labor Component	\$3,533,470
Other RWS Expenses	
Water ORR (1)	\$680,000
CA: Independent Engineer	\$109,296
RWS Insurance	\$869,512
Capital Charges	\$2,900,000
Allowance for Maintenance < \$250	\$221,300
Other Water Production and Purchase	
Electricity (2)	\$1,540,932
Water Purchase, Baseline Feeder	\$500,749
Water Purchases, Other	\$671,129
Perchlorate, Not Reimbursed	\$87,300
Other Utility Operating Costs	
City Reimbursement (680 Admin)	\$799,560
All Other Expenses	\$974,172
Other City Expenses	
City Contract (Transfer to General Fund)	\$479,023
RUA Lease Payment	\$400,000
Total	\$16,887,024
Required Deposit to RWS Reserve Fund	\$272,119



FY 23/24 RUA Budget: Water

Comparison of Revenues and Expenses

Expenses

RWS Service Charges	\$6,654,051
Other RWS Expenses	\$4,780,108
Other Water Production and Purchase	\$2,800,110
City Reimbursement (680 Admin)	\$799,560
City Contract (Transfer to General Fund)	\$479,023
RUA Lease Payment	\$400,000
All Other Expenses	\$974,172
Total Expenses	<hr/> \$16,887,024

Deposits to Trust Water Reserve Fund

\$272,119

Revenues

Water Rates	\$13,053,423
Perchlorate Revenues	\$0
Development Impact Fees	\$200,000
Water Rights Lease to SB County	\$332,264
Grants	\$165,025
RUA Interest Income (Not in Waterfall)	\$110,640
All Other Revenues	\$243,050
Total Revenues	<hr/> \$14,104,402



Water reserves

- RUA cash in bank: \$1.6M
- DIF funds held in trust: \$2.6M
- Estimated next five years of DIF revenues: \$1.0M
- Rate stabilization reserves held in trust: \$2.785M
 - These funds will be used in FY 23/24
- Additional restricted reserves held in trust
- No formal policy exists regarding minimum RUA cash in bank balance



Status Quo: no rate increases; no C

	Rate Increases		W + WW Monthly Bill	Unfunded Revenue		End of Year RUA	
	Effective January 1			Stabilization, \$M		Reserve Balance, \$M	
	Water	WW		16 ccf/mo	Water	WW	Water
2023			\$116.55				
2024	0.0%	0.0%	\$116.55	\$0.0	\$0.0	\$1.9	\$21.5
2025	0.0%	0.0%	\$116.55	\$1.8	\$0.0	\$0.1	\$21.3
2026	0.0%	0.0%	\$116.55	\$3.5	\$0.0	\$0.3	\$21.1
2027	0.0%	0.0%	\$116.55	\$3.8	\$0.0	\$0.3	\$20.9
2028	0.0%	0.0%	\$116.55	\$4.2	\$0.0	\$0.3	\$20.4
2029	0.0%	0.0%	\$116.55	\$4.4	\$0.0	\$0.3	\$19.8
2030	0.0%	0.0%	\$116.55	\$4.7	\$0.0	\$0.3	\$18.9
2031	0.0%	0.0%	\$116.55	\$5.0	\$0.0	\$0.3	\$17.7
2032	0.0%	0.0%	\$116.55	\$5.3	\$0.0	\$0.2	\$16.2
2033	0.0%	0.0%	\$116.55	\$5.7	\$0.0	\$0.2	\$14.3

- \$13.2M in unfunded water revenue stabilization in next five years



Capital Improvements: \$55.9 M

Priority Infrastructure Upgrades

Wastewater: \$47 M

- Sycamore Sewer Upsize: \$5M
- Acacia Sewer Upsize: \$2M
- Digester 1 Activation & Digester 2 Rehab: \$1.8M
- Rialto Biosolids: \$21.9M Remaining
- Agua Mansa Lift Station Upgrades: \$2M
- Secondary Clarifier 1 and 2 Upgrades: \$0.5M
- Ayala Lift Station Upgrade and Repair: \$2M
- WWTP Electrical Upgrades: \$8.8M
- Rialto Habitat Nature Center: \$3M Remaining

Water: \$8.9 M

- Etiwanda Avenue Water Main Replacement: \$6.7M
- Well 3A Arsenic Treatment: \$2.2M Remaining



Updated Contract Timeline		Date	Notes/Status
PHASE 1	1 Kick-off Meeting with staff	On or before April 21, 2023	COMPLETE
	2 Water Subcommittee Meeting	June 28, 2023	COMPLETE
	2A Water Subcommittee Meeting	July 26, 2023	COMPLETE
	3 Meetings with Council	Week of August 6 & 13	COMPLETE
	4 Utilities Commission Meeting	August 15, 2023	COMPLETE
	5 City Council Meeting	August 22, 2023	Present Results of Phase 1
PHASE 2	6 Water Subcommittee Meeting	August 29, 2023	August date rescheduled
	One Month for Public Education		
	7 Campaign	September 2023	
	8 Utilities Commission Meeting	September 19, 2023	
	9 Set Prop 218 Public Hearing	September 26, 2023	
	10 Prop 218 Mailing	September 29, 2023	
	11 Conduct Prop 218 Public Hearing	November 14, 2023	
	12 Rates Effective	January 1, 2024	



Recommendation

Request that the City Council and Rialto Utility Authority authorize staff to proceed with the preparation of Phase 2: Water and Wastewater Rate Schedule.