



CITY COUNCIL REGULAR MEETING AGENDA JULY 6, 2021

CLOSED SESSION: 6:00 P.M. – 7:00 P.M.
OPEN SESSION: 7:00 P.M.

NOTICE: IN ORDER TO MINIMIZE THE SPREAD OF THE COVID-19 VIRUS, THIS MEETING WILL BE CONDUCTED PURSUANT TO THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDER N-29-20, WHICH SUSPENDED CERTAIN REQUIREMENTS OF THE BROWN ACT.

WE ENCOURAGE ALL MEMBERS OF THE PUBLIC TO PARTICIPATE IN THE MEETING VIA TELECONFERENCE BY CALLING (605) 468-8002, ACCESS CODE NUMBER 156811#. ANY MEMBER OF THE PUBLIC PARTICIPATING VIA TELECONFERENCE WILL BE GIVEN THE OPPORTUNITY TO PROVIDE PUBLIC COMMENT.

ADDITIONALLY, THE MEETING WILL BE STREAMED ON YOUTUBE LIVE
https://www.youtube.com/channel/UCB_ZmQZiHElh-ECEPZ2VwZq

(Some Councilmembers may be participating in the meeting remotely via teleconferencing consistent with the Governor's Executive Order N-29-20.)

Notice is hereby given that the City Council will hold a Regular Meeting on July 6, 2021, at the City Council Chambers, 663 Main Street, Livingston, California or conducted pursuant to the provisions of the Governor's Executive Order N-29-20. Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Persons requesting accommodation should contact the Deputy City Clerk at least 24 hours prior to this meeting at (209) 394-8041, Ext. 121. Any writings or documents pertaining to an Open Session item provided to a majority of the members of the legislative body less than 72 hours prior to the meeting shall be made available for public inspection by email if requested. Public comments can be submitted via email at citycouncil@livingstoncity.com. ***Comments must be received by 2:00 p.m.*** on the day of the City Council meeting. You will need to provide: Meeting date, item number, name, email and comment (please limit to 300 words or 3 minutes). Please include: PUBLIC COMMENT in the

subject for the email. The Open Session will begin at 7:00 p.m. the Closed Session will be held in accordance with the state law prior to the Open Session beginning at 6:00 p.m. The Closed Session will be held at the City Council Chambers Located at 663 Main Street. The agenda shall be as follows:

CLOSED SESSION

1. Call to Order
2. Roll Call

CLOSED SESSION

*A "Closed" or "Executive" Session of the City Council or the Successor Agency to the Redevelopment Agency of the City of Livingston may be held in accordance with state law which may include, but is not limited to, the following types of items: personnel matters, labor negotiations, security matters, providing instructions to real property negotiators, conference with legal counsel regarding pending litigation. The Closed Session will be held in the City Council Chambers located at 1416 C Street, Livingston, California. **Any public comment on Closed Session items will be taken before the Closed Session.** Any required announcements or discussion of Closed Session items or actions following the Closed Session will be made in the City Council Chambers, 1416 C Street, Livingston, California.*

3. Public Employee Appointment
(Government Code Section 54957(b)(1))
Title: City Attorney
4. Labor Negotiations
(Government Code Section 54957.6)
Labor Negotiator: City Manager
Employee: City Attorney
5. Conference with Labor Negotiator
(Government Code Section 54957.6)
Labor Negotiator: Jose Antonio Ramirez, City Manager
Employee Organizations: All Unrepresented City Employees
6. Conference with Labor Negotiator
(Government Code Section 54957.6)
Labor Negotiator: Jose Antonio Ramirez, City Manger
Employee Organizations:
OE3 - Police Supervisory Employees Association
OE3- Livingston Police Officer Association
OE3- Management/Confidential Bargaining Unit
OE3- Clerical Bargaining Unit

REGULAR MEETING

CALL TO ORDER

Next Resolution No.: 2021-41
Next Ordinance No.: 643

Pledge of Allegiance.

Moment of Silence – First Responders and Military Members.

Roll Call.

Closed Session Announcements.

Changes to the Agenda.

ANNOUNCEMENTS AND REPORTS

Supervisor Rodrigo Espinoza Announcements and Reports.

City Staff Announcements and Reports.

City Manager Announcements and Reports.

City Council Members' Announcements and Reports.

Mayor's Announcements and Reports.

PUBLIC HEARINGS

1. Ordinance of the City Council of the City of Livingston Adopting a New Rate Schedule for Water Service (Continued from June 15, 2021 City Council Meeting)
2. Resolution and Ordinance of the City Council of the City of Livingston Adopting a New Rate Schedule for Domestic Wastewater Service (Sewer Service) – (Continued from June 15, 2021 City Council Meeting).

CITIZEN COMMENTS

MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE CITY COUNCIL WILL BE GIVEN THE SAME TIME ALLOTMENT FOR COMMENTS (3 MINUTES) AS NORMALLY ALLOWED FOR MEETINGS SUBJECT TO THE PROVISIONS OF EXECUTIVE ORDER N-29-20

This section of the agenda allows members of the public to address the City Council on any item NOT otherwise on the agenda. Members of the public, when recognized by the Mayor, should come forward to the lectern, and identify themselves. Comments are normally limited to three (3) minutes. In accordance with State Open Meeting Laws, no action will be taken by the City Council this evening. For items which are on the agenda this evening members of the public will be provided an opportunity to address the City Council as each item is brought up for discussion.

CONSENT AGENDA

Items on the Consent Calendar are considered routine or non-controversial and will be enacted by one vote, unless separate action is requested by the City Manager or City Council Member. There will be no separate discussion of these items unless members of the City Council or City Manager request that specific items be removed.

3. Ratify Warrant Register Dated June 30, 2021.
4. Second Reading and Adoption of Ordinance of the City Council of the City of Livingston Establishing New Rates for Solid Waste Service (Garbage Service) Fee.
5. Approval of Minutes of Meeting Held on January 19, 2021.
6. Resolution to Accept Bid and Award a Contract to M4 Concrete and Drywall, Inc. for the Phase 1 Paving Six Dirt Alleys, Federal-Aid Project No. CML-5256(018) and Authorizing the City Manager to Execute the Agreement.
7. Resolution to Accept Bid and Award a Contract to M4 Concrete and Drywall, Inc. for the Phase 2 Paving Two Dirt Alleys, Federal –Aid Project No. CML-5256(019) and Authorizing the City Manager to Execute the Agreement.

DISCUSSION AND POTENTIAL ACTION ITEMS

8. Designate Voting Delegate and Alternate for League of California Cities Annual Conference & Expo - September 22-24, 2021.
9. Resolution Approving a Legal Services Agreement for City Attorney Services and Appointing a City Attorney.
10. Discussion and Direction on Naming the Max Foster Complex Future Improvements-Extension.
11. Discussion and Direction on the Possibility of Moving-up Citizen Comments.

COUNCIL DIRECTION ON FUTURE AGENDA ITEMS

ADJOURNMENT

STAFF REPORT

AGENDA ITEM: **ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
LIVINGSTON ESTABLISHING NEW RATES FOR WATER SERVICE
(CONTINUED FROM JUNE 15, 2021 CITY COUNCIL MEETING)**

MEETING DATE: **July 6, 2021**

PREPARED BY: **Vanessa L. Portillo, Finance Director
Catherine Hansford, Consultant**

REVIEWED BY: **Jose Antonio Ramirez, City Manager**

RECOMMENDATION:

Staff recommends that the City Council take the following actions:

1. Waive first reading and introduce Ordinance No. ____, establishing new rates for Water Service, effective August 19, 2021.

BACKGROUND:

In 1996, California voters approved Proposition 218, the “Right to Vote on Taxes Act,” which added Articles X111C and XIID to the California Constitution. Since its adoption, various court cases in 2005 and 2006, most notably *Bighorn-Desert View Water Agency v. Verjil*; *Richmond v. Shasta Community Services District*; and the *Howard Jarvis Taxpayers Association v. City of Fresno*, extended the application of Proposition 218 from general taxes and assessments to utility user fees provided by public agencies (i.e., sewer, water and waste collection, etc.).

The City contracted the services of Hansford Economic Consulting (HEC) in 2014 and retained its services again in 2019 to prepare the rate study for its water, sewer, and sanitation units. However, no action was taken in response to earlier studies. For reference, the previous rate increases were adopted by the City in 2014.

In December 2020, staff contacted HEC to prepare an updated rate study. HEC presented its findings and report to the Utilities Stakeholders Committee and City Council on meetings held on March 30 and April 6 respectively. On April 20, City Council approved staff’s recommendation to continue with the Proposition 218 process.

The City held three (3) public workshops (May 25th, June 3rd, and June 7th of 2021) regarding the proposed water rate increase; one workshop was conducted in English, one in Spanish, and one in Punjabi.

Proposition 218 (Article XIID of the California Constitution) required notification to affected property owners at least forty-five (45) days prior to the scheduled hearing. Staff sent property owners and affected tenants such notice.

The Proposition 218 hearing was held June 15, 2020. At the hearing, the City Council heard and considered all oral testimony, written materials, and written protests concerning the establishment and imposition of the proposed rate increases to the Water Service Rates. Upon close of the hearing, the City did not receive written protests against the establishment and imposition of the proposed rate increases to the Water Service Rates from a majority of the affected property owners and tenants directly liable for the payment of the Water Service Rates. However, the City Council continued the item to the July 6, 2021 Council meeting for further discussion and possible approval/adoption.

ANALYSIS

REASON FOR INCREASE IN RATES. The water rates increase is proposed to:

1. Install identified capital improvements that will improve water quality.
2. Provide a reliable, safe operating water system.
3. Fully fund the operating costs of the system leaving more funding available for other essential City services.

Projected Five-Year Water Rate Schedule

| Charges | Current | Aug-21 | Jul-22 | Jul-23 | Jul-24 | Jul-25 |
|--|------------|------------|------------|------------|------------|------------|
| Base Charge | | | | | | |
| 1" and smaller | \$25.13 | \$28.64 | \$29.79 | \$30.98 | \$32.22 | \$33.52 |
| 1.5" | \$50.27 | \$57.29 | \$59.58 | \$61.96 | \$64.45 | \$67.04 |
| 2" | \$80.43 | \$91.66 | \$95.32 | \$99.14 | \$103.11 | \$107.26 |
| 3" | \$175.94 | \$200.51 | \$208.52 | \$216.86 | \$225.56 | \$234.63 |
| 4" | \$301.61 | \$343.73 | \$357.46 | \$371.76 | \$386.68 | \$402.23 |
| 6" | \$628.35 | \$716.10 | \$744.70 | \$774.51 | \$805.58 | \$837.98 |
| 8" | \$1,206.43 | \$1,374.92 | \$1,429.82 | \$1,487.05 | \$1,546.72 | \$1,608.91 |
| 10" | \$1,910.18 | \$2,176.95 | \$2,263.88 | \$2,354.50 | \$2,448.97 | \$2,547.45 |
| Meter Fee | | | | | | |
| 1" and smaller | \$3.05 | \$3.30 | \$3.39 | \$3.47 | \$3.56 | \$3.65 |
| 1.5" | \$11.11 | \$7.79 | \$7.99 | \$8.18 | \$8.39 | \$8.60 |
| 2" | \$12.13 | \$14.88 | \$15.25 | \$15.63 | \$16.02 | \$16.42 |
| 3" | \$25.74 | \$18.56 | \$19.03 | \$19.50 | \$19.99 | \$20.49 |
| 4" | \$40.61 | \$43.94 | \$45.04 | \$46.17 | \$47.32 | \$48.51 |
| 6" | \$56.33 | \$75.94 | \$77.83 | \$79.78 | \$81.77 | \$83.82 |
| 8" | \$89.50 | \$123.82 | \$126.91 | \$130.09 | \$133.34 | \$136.67 |
| 10" | \$204.51 | \$159.79 | \$163.78 | \$167.88 | \$172.07 | \$176.38 |
| Service Charge Monthly Water Allowance | | | | | | |
| Attached Residential (per Unit) | 10,000 | gallons | | | | |
| Detached Residential (per Unit) | 25,000 | gallons | | | | |
| Non-Residential (per Meter) | 35,000 | gallons | | | | |
| Consumption Charge per 1,000 gallons of water in excess of allowance each month | | | | | | |
| All Customers | \$1.57 | \$1.64 | \$1.72 | \$1.80 | \$1.89 | \$1.98 |
| Construction Water | \$1.17 | \$1.88 | \$1.97 | \$2.06 | \$2.15 | \$2.25 |

Source: City of Livingston and 2021 HEC rate study.

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* Water rate schedules 1.5x outside City limits.

FISCAL IMPACT

Adopting the recommended rates will provide sufficient levels of funding (revenues) to cover ongoing operational costs including Capital Improvement Projects outlined in utility rate study.

Alternative Scenarios

The City may make decisions between now and the date of the public hearing that would affect the calculated rates, specifically:

- Moving forward with a power purchase agreement to install solar facilities at the wastewater treatment plant, and
- Utilizing American Recovery Plan (ARP or Covid Relief) funds to pay for certain water and wastewater infrastructure improvements.

The City is contemplating using ARP funds to cover the expenses associated with Well 12 conveyance and treatment, which are estimated at \$2.0 million. Water rates are lower with Covid Relief funding applied.

ATTACHMENTS

1. Ordinance No. ____, Establishing Rates for Water Services.
2. 2021 Utility Rate Study Report

3796276.1

ORDINANCE NO. ____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LIVINGSTON
ESTABLISHING NEW RATES FOR WATER SERVICE,
EFFECTIVE AUGUST 19, 2021**

WHEREAS, the City of Livingston (the “City”) provides water services to its residents; and

WHEREAS, the City charges customers of this utility a charge to fund the on-going operation and maintenance of the water services; and

WHEREAS, Chapter 9-5 entitled “Water Service Regulations” of the Livingston Municipal Code provides for the establishment and operation of a water system and the imposition and collection of certain fees and charges from recipients of water services; and

WHEREAS, water services provided by the City include, but are not limited to, collecting, pumping, treating, storing, and distributing water obtained from City wells; and

WHEREAS, Section 9-5-27 of the Livingston Municipal Code provides for the setting of water charges, fee, and assessments by resolution or ordinance; and

WHEREAS, Chapter 9-5 of the Livingston Municipal Code addresses various aspects of the City water service and requirements governing its use, including applications for service, deposits, meter installation and use, charges, meter readings, billing, discontinuance of service, and unpaid accounts, including provisions in Section 9-5-27, paragraph (D) of the Livingston Municipal Code establishing that all unpaid accounts for water delivered at any premises “shall constitute a lien against the same and shall be subject to collection all as provided by the Revenue Bond Law of 1941;” and

WHEREAS, the City of Livingston determined to undertake a rate study to analyze the revenue requirements and the rate structure that should be adopted to proportionately allocate the costs of providing water service to its water customers. The rate study was prepared by Hansford Economic Consulting Inc., and has been on file at Livingston City Hall since the notices to property owners and customers were sent out on April 30, 2021; and

WHEREAS, charges for local agency water service have been held to be “property related fees or charges” subject to the requirements of Article XIID of the California Constitution, also known as Proposition 218, pursuant to the holding in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 C4th 205; and

WHEREAS, Section 6 of Article XIID of the California Constitution provides that imposing or increasing any property related fee or charge requires identifying the parcels on which the fee or charge will be imposed, and providing notice by mail of the proposed fee or charge to the record owner of each identified parcel indicating the amount of the fee or charge to be imposed on each parcel, the basis on which the amount of the proposed fee or charge was calculated, the reason for the fee or charge, and the date, time and location of a public hearing on the proposed fee or charge; and

WHEREAS, Section 53756 of the California Government Code provides that agencies providing water and sewer service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water, sewage treatment, or wastewater treatment or inflation adjustments, subject to requirements specified in that section; and

WHEREAS, Section 6 of Article XIID of the California Constitution further provides that hearings on proposed property-related fees or charges must be conducted at least forty-five (45) days after mailed notice to the owners of each identified parcel on which the fee or charge is proposed to be imposed, and that at the hearing, the local agency must consider all protests against the proposed fee or charge, and that if written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge; and

WHEREAS, the City Council directed that notice of a hearing (“Hearing”) thereon be given to the property owners and tenants in the City, with such notice to include, among other matters, the information required to be included pursuant to California Constitution Article XIII D section 6; and

WHEREAS, such notice has been mailed to those persons, at least forty-five (45) days before the Hearing; and

WHEREAS, the Revenue Bond Law of 1941, codified in section 54300 and following of the California Government Code, includes provisions that provide for the enforcement and collection of amounts due for utility services, subject to notice requirements that apply when delinquent charges are made a lien on the property that received the services; and

WHEREAS, Section 54354.5 of the California Government Code prescribes that adoption of local agency resolutions or ordinances revising charges for utility services subject to the imposition of liens under the Revenue Bond Law and follow the notice and a hearing in accordance with that section, including publication of notice of the time and place of a hearing on the proposed resolution or ordinance specifying that any interested person, including all persons owning property in the jurisdiction of the local agency, may appear and be heard on any matter relating to the proposed ordinance or the proposed rates or charges; and

WHEREAS, the notice required under Government Code section 54354.5 must be published at least once each week for two (2) weeks prior to the hearing in a newspaper published within the local agency jurisdiction, with the first publication occurring at least fifteen (15) days prior to the hearing; and

WHEREAS, such notice has been published once each week for two (2) weeks, in accordance with Government Code section 54354.5, in the Merced Sun-Star on May 30, 2021 and June 6, 2021, as evidenced by Proofs of Publication on file with the City Clerk, prior to the public hearing held for this Ordinance; and

WHEREAS, City staff has worked closely with a Stakeholders’ Committee, a Committee formed by the City Council, made up of two (2) Council Members and members of the community, to analyze the City’s water service needs and draft rate studies; and

WHEREAS, the City held several workshops to inform the public of the proposed water service rates; and

WHEREAS, the City held workshops regarding the utility rate study in English, Spanish, and Punjabi. The workshops were held in the City Council Chambers as follows: May 25, 2021, June 3, 2021 and June 7, 2021; and

WHEREAS, the Hearing was held June 15, 2020; and

WHEREAS, at the Hearing, the City Council heard and considered all oral testimony, written materials, and written protests concerning the establishment and imposition of the proposed rate increases to the Water Service Rates; and

WHEREAS, upon close of the Hearing, the City did not receive written protests against the establishment and imposition of the proposed rate increases to the Water Service Rates from a majority of the affected property owners and tenants directly liable for the payment of the Water Service Rates; and

WHEREAS, the City Council continued the item to the July 6, 2021 Council meeting for further discussion; and

WHEREAS, the proposed water service rates are not discriminatory or excessive, are sufficient under Government Code section 54515, comply with the provisions or covenants of any outstanding revenue bonds of the City payable from the revenues of the water enterprise, comply with the provisions of Title 5, Division 2, Part 1, Chapter 6 of the Government Code, and are in compliance with all other applicable law; and

WHEREAS, the revenues derived from the proposed Water Service Rates will not exceed the funds required to provide the water services and shall be used exclusively for the water service system; and

WHEREAS, the amount of the proposed water service rates will not exceed the proportional cost of the service attributable to each parcel upon which they are proposed for imposition; and

WHEREAS, the proposed water service rates will not be imposed on a parcel unless the water services are actually used by, or immediately available to, the owner of the parcel; and

WHEREAS, this Ordinance shall supersede all other previous resolutions and/or ordinances that may conflict with, or be contrary to, this Ordinance respecting the Water Service Rates described more particularly herein.

THE CITY COUNCIL OF THE CITY OF LIVINGSTON DOES ORDAIN AS FOLLOWS:

SECTION 1. RECITALS

The foregoing recitals are true and correct and made a part of this Ordinance.

SECTION 2. WATER SERVICE RATES ADJUSTMENT

The City Council of the City of Livingston does hereby approve the Water Service Rates set forth in the attached Exhibit A. The City Council hereby authorizes and directs the City Manager to implement and take all actions necessary to effectuate the rates for the Service Fees set forth herein effective on August 19, 2021.

SECTION 3. DELINQUENT CHARGES CONSTITUTE A LIEN

Delinquent charges and penalties when recorded in accordance with the provisions of the Revenue Bond Law shall constitute a lien upon the real property served.

SECTION 4. CEQA

The City Council hereby finds that the levy of the proposed water service rates as supported by a water rate study prepared by Hansford Economic Consulting Inc. (which is incorporated herein by reference), is exempt from CEQA review under Public Resources Code section 21080(b)(8) and CEQA Guidelines section 15273 because the proposed water service rates are necessary and reasonable to fund the administration, operation, maintenance, and improvements of the City's water system, are necessary to maintain service within the City's existing service area, and will not result in expansion of the system. The City Council further finds that the action entails the creation of a government funding mechanism which is exempt from CEQA as not being a "project" pursuant to CEQA guidelines section 15378. The City Council authorizes the City Clerk to file a notice of exemption with the County Clerk to that effect.

SECTION 5. GENERAL AUTHORIZATION

The City Manager is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver any and all documents, to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, in order to effect the purposes of this Ordinance. All actions heretofore taken by officers, employees, and agents of the City that are in conformity with the purposes and intent of this resolution are hereby approved, confirmed, and ratified.

SECTION 6. SEVERABILITY

If any provision of this Ordinance or the application thereof to any person or circumstance, is held invalid, the remainder of the Ordinance, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this Ordinance are severable. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be held unconstitutional, invalid, or unenforceable.

SECTION 7. SUPERSESSION/REPEAL

Ordinance No. 614 adopted June 3, 2014, and any and all other resolutions or ordinances and parts thereof in conflict with the provisions of this Ordinance are superseded and repealed, effective on the effective date of this Ordinance. However, violations, rights accrued, liabilities accrued, or appeals taken, prior to the effective date of this Ordinance, under any chapter, ordinance, or part of an ordinance, or resolution or part of a resolution, shall be deemed to remain in full force for the purpose of sustaining any proper suit, action, or other proceedings, with respect to any such violation, right, liability or appeal.

SECTION 8. EFFECTIVE DATE

This Ordinance shall become effective thirty (30) days after its final passage and adoption. The increased Water Service Rates, as attached hereto as Exhibit A, shall become effective on August 19, 2021.

Introduced: July 6, 2021

Passed and Adopted:

Juan Aguilar, Jr., Mayor
of the City of Livingston

ATTEST:

State of California)
County of Merced)
City of Livingston)

I, hereby certify that the foregoing Ordinance was duly introduced at a Regular Meeting of the City Council of the City of Livingston on the 6th day of July, 2021, and was passed and adopted at a Regular Meeting of the City Council of the City of Livingston this ____ day of ____, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

LETICIA VASQUEZ-ZURITA,
City Clerk of the City of Livingston

3795211.1

EXHIBIT A

Total calculated rates include the fixed monthly service charges, meter replacement fees, and consumption charges. The calculated water rate schedule is provided in **Table 10** below.

Table 10
Calculated New Water Rates Schedule

| Charges | Current | Aug-21 | Jul-22 | Jul-23 | Jul-24 | Jul-25 |
|--|------------|------------|------------|------------|------------|------------|
| Base Charge | | | | | | |
| 1" and smaller | \$25.13 | \$28.64 | \$29.79 | \$30.98 | \$32.22 | \$33.52 |
| 1.5" | \$50.27 | \$57.29 | \$59.58 | \$61.96 | \$64.45 | \$67.04 |
| 2" | \$80.43 | \$91.66 | \$95.32 | \$99.14 | \$103.11 | \$107.26 |
| 3" | \$175.94 | \$200.51 | \$208.52 | \$216.86 | \$225.56 | \$234.63 |
| 4" | \$301.61 | \$343.73 | \$357.46 | \$371.76 | \$386.68 | \$402.23 |
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| 8" | \$1,206.43 | \$1,374.92 | \$1,429.82 | \$1,487.05 | \$1,546.72 | \$1,608.91 |
| 10" | \$1,910.18 | \$2,176.95 | \$2,263.88 | \$2,354.50 | \$2,448.97 | \$2,547.45 |
| Meter Fee | | | | | | |
| 1" and smaller | \$3.05 | \$3.30 | \$3.39 | \$3.47 | \$3.56 | \$3.65 |
| 1.5" | \$11.11 | \$7.79 | \$7.99 | \$8.18 | \$8.39 | \$8.60 |
| 2" | \$12.13 | \$14.88 | \$15.25 | \$15.63 | \$16.02 | \$16.42 |
| 3" | \$25.74 | \$18.56 | \$19.03 | \$19.50 | \$19.99 | \$20.49 |
| 4" | \$40.61 | \$43.94 | \$45.04 | \$46.17 | \$47.32 | \$48.51 |
| 6" | \$56.33 | \$75.94 | \$77.83 | \$79.78 | \$81.77 | \$83.82 |
| 8" | \$89.50 | \$123.82 | \$126.91 | \$130.09 | \$133.34 | \$136.67 |
| 10" | \$204.51 | \$159.79 | \$163.78 | \$167.88 | \$172.07 | \$176.38 |
| Service Charge Monthly Water Allowance | | | | | | |
| Attached Residential (per Unit) | 10,000 | gallons | | | | |
| Detached Residential (per Unit) | 25,000 | gallons | | | | |
| Non-Residential (per Meter) | 35,000 | gallons | | | | |
| Consumption Charge per 1,000 gallons of water in excess of allowance each month | | | | | | |
| All Customers | \$1.57 | \$1.64 | \$1.72 | \$1.80 | \$1.89 | \$1.98 |
| Construction Water | \$1.17 | \$1.88 | \$1.97 | \$2.06 | \$2.15 | \$2.25 |

Source: City of Livingston and 2021 HEC rate study.

sched

* Water rate schedules 1.5x outside City limits.

In compliance with California SB-7, which requires all new multi-family residential development to be individually metered or sub-metered, any newly constructed units will pay the same base rate per unit as all current detached residential units unless the owner of the building(s) sub-meters each unit and performs its own internal water billing of each unit.

City of Livingston

**Water, Wastewater and
Solid Waste Rate Study**



June 7, 2021

HEC No. 190294

The following report was prepared by Hansford Economic Consulting LLC.

The analyses and findings contained within this report are based on primary data provided by the City of Livingston, as well as additional secondary sources of data available as of the date of this report. Updates to information used in this report could change or invalidate the findings contained herein. While it is believed that the primary and secondary sources of information are accurate, this is not guaranteed.

Every reasonable effort has been made in order that the data contained in this study reflect the most accurate and timely information possible. No responsibility is assumed for inaccuracies in reporting by the client, its consultants and representatives, or any other data source used in the preparation of this study. No warranty or representation is made that any of the projected values or results contained in this study will actually be achieved. There will usually be differences between forecasted or projected results and actual results due to changes in events and circumstances.

Changes in economic and social conditions due to events including, but not limited to, major recessions, droughts, major environmental problems or disasters that would negatively affect operations, expenses and revenues may affect the result of the findings in this study. In addition, other factors not considered in the study may influence actual results. Any applications for financing, or bond sales analyses, should re-evaluate the financial health and projection of revenues and expenses at the time of the application or preparation for bond sale.

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Section 1: INTRODUCTION AND SUMMARY OF FINDINGS

1.1 PURPOSE OF THE STUDY

The City of Livingston (City) provides three utility services to the residents and businesses of the City; water, wastewater, and solid waste. The purpose of this Utilities Rate Study (Study) is to determine the level of funding required over the next five years to adequately fund each of the utility systems and to determine a schedule of monthly property-related fees to support that level of funding.

This report provides an explanation and justification of the calculated utility rates for the next five years and it documents adherence to the law regarding setting of rates by a municipality. Per California Constitution Article 13D, these types of utility rates shall not be extended, imposed, or increased by any agency unless it meets all of the following requirements:

- (1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.
- (2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.
- (3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
- (4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted.
- (5) No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library, services, where the service is available to the public at large in substantially the same manner as it is to property owners.

The utility financial models presented in this Study project revenues and expenses and calculate rates for the next five fiscal years with the first change in utility rates implemented on the July 2021 billing cycle (August bills).

1.2 BACKGROUND

The City last conducted utility rate studies in the 2012 to 2014 time period. New solid waste rates were adopted in spring 2013, and new water and wastewater rates were adopted in spring 2014. A utility systems rate study is necessary at this time to a) ensure revenue sufficiency of the utility systems for the next five years, and b) demonstrate the City's ability to repay State loans for funding of the water system.

Rate studies are typically conducted every three to five years to ensure revenue sufficiency. A cost of service analysis, which not only allows for revenue sufficiency, but also examines whether customers are paying for their share of system costs and adjusts rates and customer classifications to achieve equity to the maximum extent practicable, is advisable whenever there has been a shift in the economic base of the community, and whenever proportional cost of service is in question. As part of the regular periodic review of the rates, best practices include maintaining financially self-sustaining utilities, setting policies or guidelines on an appropriate reserve levels, including depreciation in the rates, and continual customer outreach to educate on the value of the City services provided.

This Study incorporates all three major elements of cost-based rate making; revenue requirement analysis, cost of service analysis, and rate-design analysis. In determining appropriate rate structures for Livingston that would meet the requirements of Proposition 218, the following key objectives were considered:

- Rates must be capable of generating sufficient revenues to meet all annual financial obligations of the utility enterprise funds;
- Changes to the rate structures must be administratively feasible (compatible with the existing billing system and straightforward to explain to customers);
- The rate structures should be as reflective of local customer use of the services as possible; and
- Revised rates must be supportive of City goals, including meeting target reserve levels and keeping within affordability guidelines.

This report presents the result of the analysis and rate structures that best meets these objectives under current and projected conditions.

1.3 RATE SETTING PRINCIPLES AND REPORT ORGANIZATION

This report was prepared using the principles established by the American Water Works Association (AWWA), the Water Environment Federation (WEF), and Government Finance Officers Association (GFOA).

The AWWA “Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices M1 (the “M1 Manual”) establishes commonly accepted professional standards for cost of service studies. This manual is referenced in the water rate study.

The wastewater rate study uses the functional cost allocation methodology to determine rates¹, as presented in WEF Manual of Practice No. 27 and guidelines prepared by the California State Water Resources Control Board for State Revolving Fund financing.

¹ Chapter 6, pages 110-120, Financing and Charges for Wastewater Systems, Manual of Practice No. 27.

The GFOA publishes guidelines on sufficient cash balances for enterprise funds. Minimum cash balance targets for each utility fund in this Study are based on the GFOA guidelines.

The Study is presented in four sections. Following this introduction and summary of findings, Section 2 provides the water rate study. Section 3 provides the wastewater rate study, and Section 4 provides the solid waste rate study. For each utility study, the analysis begins with a description of the utility fund and its customers, followed by calculation of the revenue requirement, detailed calculations of the utility rates, projected cash flow and bill impacts to customers.

Appendix A includes support tables for the water rate study.

Appendix B includes support tables for the wastewater rate study.

Appendix C includes support tables for the solid waste rate study.

1.4 WATER RATE STUDY FINDINGS

Water rate study summary and key findings are summarized here:

- The City provides water supply, treatment, and distribution to the residents and businesses of Livingston. Monthly water rates pay for 99% of the annual costs of the water fund.
- The water fund has had net positive revenues for the last four years. The last water rate study included several capital improvement project costs that have not yet been incurred; therefore, revenues have deliberately been significantly greater than expenses. In the next five-year period cash reserves will be used to pay for capital improvement projects.
- The vast majority of the water system customer base is single family residential (93%); however, this customer category only uses 23% of the water. In contrast, the industrial customer category uses 65% of the water but holds less than 1% of the customer accounts. Although the residential customers use significantly more water during the peak summer months than winter months, their use is more than doubled by industrial use throughout the year. Industrial use is very steady month-to-month which makes the City less vulnerable to swings in revenues due to summer use; however, the City's largest industrial user, Foster Farms, is responsible for about 65% of the annual water fund revenue stream.
- The functional allocation of costs in the cost of service analysis determines that 36% of the costs should be collected in base "fixed" monthly charges; this is rounded to 35% of costs collected in base monthly charges. In the 2014 water rate study it was determined that 35% was the most appropriate percentage to use because such a large amount of use of the system is from industrial users. The industrial customers do not have many water meters; therefore, capacity of the system, as measured by instantaneous flow through water meters, is much less significant in determining use of the system than it is for most water systems. Note, the functional allocation provides a guideline, not a rule, for allocating costs between base monthly charges and variable use charges.

- There are no proposed changes to the water rate structure except however that the methodology to calculate the construction water variable use rate (which is not a property-related service, and which fee is not included in the public hearing process) has been revised. The change in methodology increases the construction water rate proportionately more than the property-related fees.
- Due to updated pricing provided by the City's water meter supplier, the monthly meter fees for 1.5", 3", and 10" meters are reduced. All other monthly meter fees increase.
- A higher than minimum cash balance at the end of five years would be prudent for the water fund because of the multiple number of CIP projects planned in the next five years. Cash reserves can be used, if necessary, to pay for project cost overruns; it can also be used to pay off State loans early and complete other system rehabilitation projects not currently in the CIP.
- The calculated August 2021 water rates result in an increase of \$3.77 per month during winter months for residential customers, and about \$4.46 per month during summer months. The impact to Foster Farms of the August 2021 rate increase is approximately \$109,000 (a 4.6% increase).

The updated water rate schedule is provided in **Table A** on the following page. Water bills are based on usage in the preceding month; therefore, the August 2021 water bill will be calculated on the end of July water meter read.

**Table A
Proposed Five-Year Water Rate Schedule**

| Charges | Current | Aug-21 | Jul-22 | Jul-23 | Jul-24 | Jul-25 |
|--|------------|------------|------------|------------|------------|------------|
| Base Charge | | | | | | |
| 1" and smaller | \$25.13 | \$28.64 | \$29.79 | \$30.98 | \$32.22 | \$33.52 |
| 1.5" | \$50.27 | \$57.29 | \$59.58 | \$61.96 | \$64.45 | \$67.04 |
| 2" | \$80.43 | \$91.66 | \$95.32 | \$99.14 | \$103.11 | \$107.26 |
| 3" | \$175.94 | \$200.51 | \$208.52 | \$216.86 | \$225.56 | \$234.63 |
| 4" | \$301.61 | \$343.73 | \$357.46 | \$371.76 | \$386.68 | \$402.23 |
| 6" | \$628.35 | \$716.10 | \$744.70 | \$774.51 | \$805.58 | \$837.98 |
| 8" | \$1,206.43 | \$1,374.92 | \$1,429.82 | \$1,487.05 | \$1,546.72 | \$1,608.91 |
| 10" | \$1,910.18 | \$2,176.95 | \$2,263.88 | \$2,354.50 | \$2,448.97 | \$2,547.45 |
| Meter Fee | | | | | | |
| 1" and smaller | \$3.05 | \$3.30 | \$3.39 | \$3.47 | \$3.56 | \$3.65 |
| 1.5" | \$11.11 | \$7.79 | \$7.99 | \$8.18 | \$8.39 | \$8.60 |
| 2" | \$12.13 | \$14.88 | \$15.25 | \$15.63 | \$16.02 | \$16.42 |
| 3" | \$25.74 | \$18.56 | \$19.03 | \$19.50 | \$19.99 | \$20.49 |
| 4" | \$40.61 | \$43.94 | \$45.04 | \$46.17 | \$47.32 | \$48.51 |
| 6" | \$56.33 | \$75.94 | \$77.83 | \$79.78 | \$81.77 | \$83.82 |
| 8" | \$89.50 | \$123.82 | \$126.91 | \$130.09 | \$133.34 | \$136.67 |
| 10" | \$204.51 | \$159.79 | \$163.78 | \$167.88 | \$172.07 | \$176.38 |
| Service Charge Monthly Water Allowance | | | | | | |
| Attached Residential (per Unit) | 10,000 | gallons | | | | |
| Detached Residential (per Unit) | 25,000 | gallons | | | | |
| Non-Residential (per Meter) | 35,000 | gallons | | | | |
| Consumption Charge per 1,000 gallons of water in excess of allowance each month | | | | | | |
| All Customers | \$1.57 | \$1.64 | \$1.72 | \$1.80 | \$1.89 | \$1.98 |
| Construction Water | \$1.17 | \$1.88 | \$1.97 | \$2.06 | \$2.15 | \$2.25 |

Source: City of Livingston and 2021 HEC rate study.

sched

* Water rate schedules 1.5x outside City limits.

1.5 WASTEWATER RATE STUDY FINDINGS

Wastewater rate study summary and key findings are summarized here:

- The City provides wastewater collection, treatment, and disposal services to the residents and businesses of Livingston. Monthly wastewater rates pay for 96% of the annual costs of the wastewater fund.
- The wastewater fund is currently covering all expenses and debt service coverage requirements of existing bond covenants. The wastewater fund has adequate cash reserves.

- Wastewater fee collections need to increase beginning August 2021 to pay for increased operating expenses, equipment and vehicle purchases, and the planned wastewater CIP.
- The cost of service study demonstrates a shift in the customer base. Since 2014, the City has experienced growth, particularly in the non-residential customer categories (hotels, gas stations, and other businesses).
- The shift in the customer base, as well as updated cost allocation factors used in the rate calculations causes some customer rates to increase proportionately more than others.

The updated wastewater rate schedule is provided in **Table B** below. Since the draft rate study report, a new customer classification has been added, Industrial Laundromat. This class was added as the Light Industrial classification (where the customer was originally counted) does not properly capture the user characteristics of the laundromat. Although this sub-customer category was not included in the Proposition 218 notice, it can be included in the new rate schedule because the rates are lower than those in the notice for Light Industrial.

Table B
Proposed Five-Year Wastewater Rate Schedule

| Customer Category | Billing Basis <i>New Rates on Bills -----></i> | Current | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
|--|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | Aug-21 | Jul-22 | Jul-23 | Jul-24 | Jul-25 |
| Residential | per unit | \$43.84 | \$46.05 | \$47.76 | \$51.86 | \$52.09 | \$53.25 |
| Non-Residential | | | | | | | |
| Churches/Temples/Comm.Ctrs. | per account | \$42.28 | \$47.39 | \$49.14 | \$53.35 | \$53.59 | \$54.78 |
| Schools (with cafeteria) | per student | \$1.46 | \$1.74 | \$1.81 | \$1.96 | \$1.97 | \$2.01 |
| Hotel/Motel | per room | \$17.22 | \$18.99 | \$19.70 | \$21.38 | \$21.48 | \$21.96 |
| Light Industrial (Base) | per account | \$43.84 | \$46.05 | \$47.76 | \$51.86 | \$52.09 | \$53.25 |
| Commercial (Base) | per account | \$43.84 | \$46.05 | \$47.76 | \$51.86 | \$52.09 | \$53.25 |
| Variable Charges for Non-Residential Only | | | | | | | |
| Light Industrial | per gallon | \$0.010417 | \$0.010023 | \$0.010397 | \$0.011291 | \$0.011343 | \$0.011599 |
| Industrial Laundromat [1] | per gallon | n.a. | \$0.005444 | \$0.005647 | \$0.006132 | \$0.006159 | \$0.006298 |
| Commercial | per gallon | \$0.003837 | \$0.005783 | \$0.006090 | \$0.006712 | \$0.006843 | \$0.007099 |

Source: 2021 HEC rate study.

sum

[1] New customer category.

1.6 SOLID WASTE RATE STUDY FINDINGS

Solid waste study summary and key findings are summarized here:

- Solid waste rates pay for garbage pickup and disposal by Gilton Waste Management (hereafter “Gilton”). About 78% of annual sanitation fund expenses pay for services provided by Gilton. The remaining annual expenses pay for City-provided sanitation services, including street sweeping.

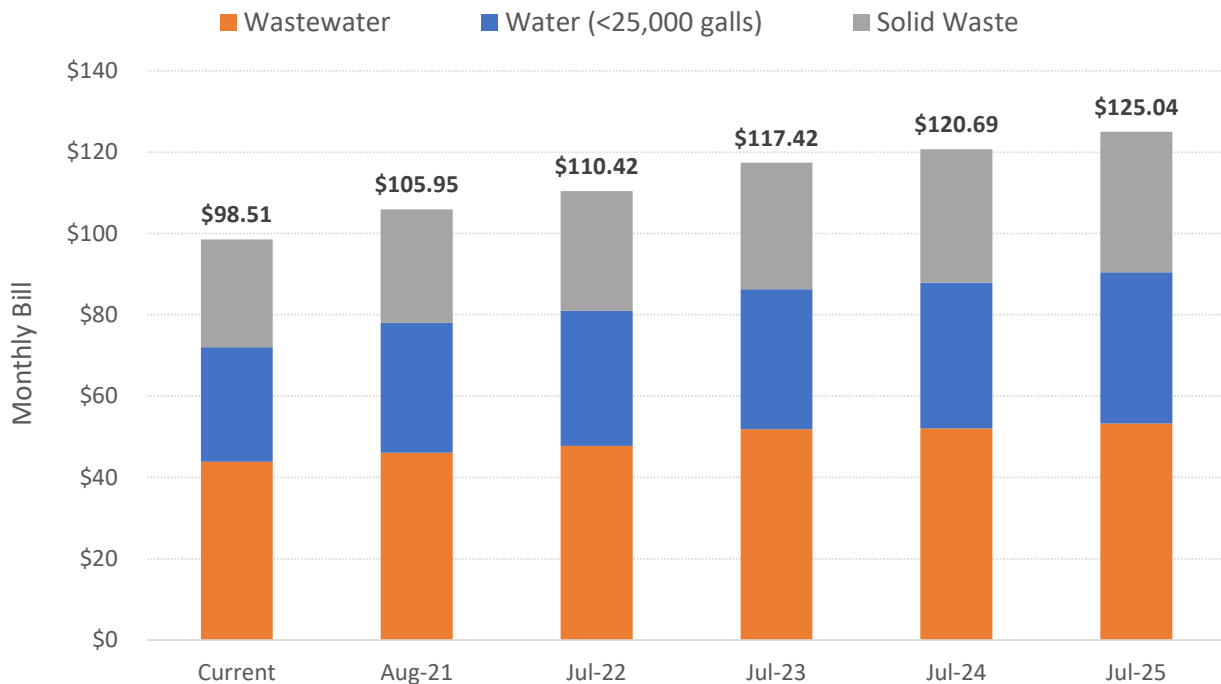
- Solid waste rates need to increase 5.5% per year to pay for the projected costs of solid waste and street sweeping services.
- The calculated rates for the next five years will pay for all of the operating costs that are currently incurred, plus new costs that may be generated by the passage of Senate Bill (SB) 1383. It is anticipated that implementation of SB 1383 will increase legal, education, outreach, enforcement and inspection costs. The City may need to hire a recycling coordinator.

The updated solid waste rate schedule is provided in **Table C** on the next page.

1.7 COMBINED UTILITIES BILL IMPACTS

Livingston residents receive monthly utility bills that include water, wastewater, and solid waste service costs; therefore, it is important to look at the combined impact on customer bills. **Figure A** below shows the total monthly bill impact to a typical home in Livingston using less than 25,000 gallons. In total, monthly bills would increase 7.6% August 2021, and between 2.8% and 6.3% each year for the following four fiscal year adjustments.

Figure A
Combined Utility Bill Impact for a Typical Home



Bill impacts to other customer categories are addressed in each study.

Table C
Proposed Five-Year Solid Waste Rate Schedule

| Service Type | Current | Aug-21 | Jul-22 | Jul-23 | Jul-24 | Jul-25 |
|--|------------------------------|------------------------------------|------------|------------|------------|------------|
| | <i>Rate Increase ---></i> | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| <i>Rates do not include charges for special services that are scheduled between the customer and provider such as off schedule pick up, container maintenance, and delivery charges.</i> | | | | | | |
| Single Family Residential | | Once per week pickup | | | | |
| 96 gal. cart | \$25.16 | \$26.54 | \$28.00 | \$29.54 | \$31.17 | \$32.88 |
| Add'l cart | \$5.97 | \$6.30 | \$6.64 | \$7.01 | \$7.40 | \$7.80 |
| 96 gal. cart greenwaste | \$1.33 | \$1.40 | \$1.48 | \$1.56 | \$1.65 | \$1.74 |
| Add'l greenwaste cart | \$5.97 | \$6.30 | \$6.64 | \$7.01 | \$7.40 | \$7.80 |
| Multi-Family, Commercial, and Organic | | Once per week pickup | | | | |
| 1 cubic yard container | \$47.36 | \$49.96 | \$52.71 | \$55.61 | \$58.67 | \$61.90 |
| 2 cubic yards container | \$94.41 | \$99.60 | \$105.08 | \$110.86 | \$116.96 | \$123.39 |
| 3 cubic yards container | \$139.86 | \$147.55 | \$155.67 | \$164.23 | \$173.26 | \$182.79 |
| 4 cubic yards container | \$179.04 | \$188.89 | \$199.28 | \$210.24 | \$221.80 | \$234.00 |
| 6 cubic yards container | \$251.71 | \$265.55 | \$280.16 | \$295.57 | \$311.82 | \$328.97 |
| Recycle Bins | | | | | | |
| 4 & 6 cubic yard containers | \$71.41 | \$75.34 | \$79.48 | \$83.85 | \$88.46 | \$93.33 |
| Commercial Compacting | | | | | | |
| 3 cubic yards container | n/a | \$513.10 | \$541.32 | \$571.09 | \$602.50 | \$635.64 |
| 4 cubic yards container | n/a | \$650.83 | \$686.62 | \$724.39 | \$764.23 | \$806.26 |
| Multi-Family, Commercial, and Organic | | Twice per week pickup | | | | |
| 1 cubic yard container | \$93.90 | \$99.06 | \$104.51 | \$110.26 | \$116.33 | \$122.72 |
| 2 cubic yards container | \$187.14 | \$197.43 | \$208.29 | \$219.75 | \$231.83 | \$244.58 |
| 3 cubic yards container | \$264.56 | \$279.11 | \$294.46 | \$310.66 | \$327.74 | \$345.77 |
| 4 cubic yards container | \$348.86 | \$368.05 | \$388.29 | \$409.65 | \$432.18 | \$455.95 |
| 6 cubic yards container | \$490.40 | \$517.37 | \$545.83 | \$575.85 | \$607.52 | \$640.93 |
| Recycle Bins | | | | | | |
| 4 & 6 cubic yard containers | n/a | \$150.65 | \$158.94 | \$167.68 | \$176.90 | \$186.63 |
| Commercial Compacting | | | | | | |
| 3 cubic yards container | n/a | \$988.83 | \$1,043.21 | \$1,100.59 | \$1,161.12 | \$1,224.98 |
| 4 cubic yards container | n/a | \$1,245.84 | \$1,314.36 | \$1,386.65 | \$1,462.91 | \$1,543.37 |
| Multi-Family, Commercial, and Organic | | Three times per week pickup | | | | |
| 1 cubic yard container | n/a | \$148.00 | \$156.14 | \$164.73 | \$173.79 | \$183.35 |
| 2 cubic yards container | n/a | \$297.64 | \$314.01 | \$331.28 | \$349.50 | \$368.72 |
| 3 cubic yards container | \$398.63 | \$420.55 | \$443.69 | \$468.09 | \$493.83 | \$520.99 |
| 4 cubic yards container | \$545.64 | \$575.65 | \$607.31 | \$640.71 | \$675.95 | \$713.13 |
| 6 cubic yards container | \$750.40 | \$791.67 | \$835.21 | \$881.15 | \$929.61 | \$980.74 |
| Recycle Bins | | | | | | |
| 4 & 6 cubic yard containers | n/a | \$225.98 | \$238.41 | \$251.53 | \$265.36 | \$279.95 |
| Commercial Compacting | | | | | | |
| 3 cubic yards container | n/a | \$1,484.74 | \$1,566.40 | \$1,652.55 | \$1,743.44 | \$1,839.33 |
| 4 cubic yards container | n/a | \$1,979.65 | \$2,088.53 | \$2,203.40 | \$2,324.59 | \$2,452.44 |

Source: City of Livingston and HEC.

sum

1.8 RATE SCHEDULES UNDER ALTERNATIVE SCENARIOS

Tables A, B, and C present the proposed rates included in the Proposition 218 public hearing notice mailed to all customers of record. These are the maximum rates that the City Council would be authorized to adopt barring a majority protest upon close of the public hearing on June 15, 2021. At its April 20th, 2021 City Council meeting, in addition to receiving the draft rate study report, the City was informed of actions that could reduce the proposed water and wastewater rates (solid waste rates would not be affected). Specifically, these include:

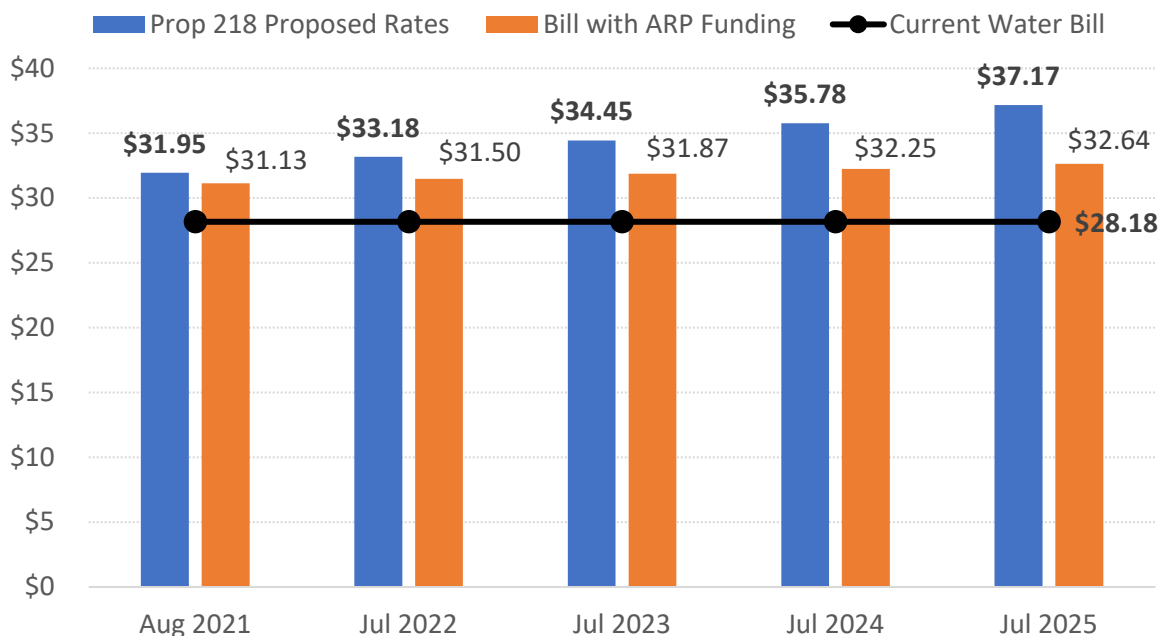
- Moving forward with a power purchase agreement to install solar facilities at the wastewater treatment plant. ***The City has done this.***
- Utilizing American Recovery Plan (ARP or Covid Relief) funds to pay for certain water and wastewater infrastructure improvements. ***The City may still decide to do this.***

Water

The City is contemplating using ARP funds to cover the expenses associated with Well 12 conveyance and treatment, which are estimated at \$2.0 million. **Table A.2** on the next page shows the calculated rates with Covid Relief funding applied.

Water rates are lower with Covid Relief funding applied. **Figure B** compares the water bill for a home using 20,000 gallons in a month under the two rate schedules. Currently, a home pays \$28.18 per month provided water consumption is under 25,000 gallons.

Figure B
Water Bill Comparison under Alternative Rate Scenarios



**Table A.2
Calculated Water Rates with Covid Relief Funding**

| Charges | Current | Aug-21 | Jul-22 | Jul-23 | Jul-24 | Jul-25 |
|--|------------|------------|------------|------------|------------|------------|
| Base Charge | | | | | | |
| 1" and smaller | \$25.13 | \$27.83 | \$28.11 | \$28.40 | \$28.70 | \$29.00 |
| 1.5" | \$50.27 | \$55.65 | \$56.22 | \$56.80 | \$57.39 | \$57.99 |
| 2" | \$80.43 | \$89.04 | \$89.95 | \$90.88 | \$91.83 | \$92.79 |
| 3" | \$175.94 | \$194.78 | \$196.77 | \$198.80 | \$200.87 | \$202.98 |
| 4" | \$301.61 | \$333.91 | \$337.32 | \$340.80 | \$344.35 | \$347.96 |
| 6" | \$628.35 | \$695.64 | \$702.75 | \$710.00 | \$717.39 | \$724.91 |
| 8" | \$1,206.43 | \$1,335.63 | \$1,349.28 | \$1,363.20 | \$1,377.38 | \$1,391.83 |
| 10" | \$1,910.18 | \$2,114.75 | \$2,136.37 | \$2,158.40 | \$2,180.85 | \$2,203.74 |
| Meter Fee | | | | | | |
| 1" and smaller | \$3.05 | \$3.30 | \$3.39 | \$3.47 | \$3.56 | \$3.65 |
| 1.5" | \$11.11 | \$7.79 | \$7.99 | \$8.18 | \$8.39 | \$8.60 |
| 2" | \$12.13 | \$14.88 | \$15.25 | \$15.63 | \$16.02 | \$16.42 |
| 3" | \$25.74 | \$18.56 | \$19.03 | \$19.50 | \$19.99 | \$20.49 |
| 4" | \$40.61 | \$43.94 | \$45.04 | \$46.17 | \$47.32 | \$48.51 |
| 6" | \$56.33 | \$75.94 | \$77.83 | \$79.78 | \$81.77 | \$83.82 |
| 8" | \$89.50 | \$123.82 | \$126.91 | \$130.09 | \$133.34 | \$136.67 |
| 10" | \$204.51 | \$159.79 | \$163.78 | \$167.88 | \$172.07 | \$176.38 |
| Service Charge Monthly Water Allowance | | | | | | |
| Attached Residential (per Unit) | 10,000 | gallons | | | | |
| Detached Residential (per Unit) | 25,000 | gallons | | | | |
| Non-Residential (per Meter) | 35,000 | gallons | | | | |
| Consumption Charge per 1,000 gallons of water in excess of allowance each month | | | | | | |
| All Customers | \$1.57 | \$1.59 | \$1.62 | \$1.65 | \$1.68 | \$1.72 |
| Construction Water | \$1.17 | \$1.82 | \$1.85 | \$1.88 | \$1.91 | \$1.94 |

Source: City of Livingston and 2021 HEC rate study.

sched

* Water rate schedules 1.5x outside City limits.

Wastewater

The City received bids for installation of solar facilities at the wastewater treatment plant and has taken action to move forward with the project. Once complete, solar generation will reduce electricity bills for the wastewater treatment plant. **Table B.2** on the next page provides the calculated rates with solar installation.

**Table B.2
Wastewater Rates with Solar Installation**

| Customer Category | Billing Basis | Current | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
|--|-------------------------------------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | <i>New Rates on Bills -----></i> | | <i>Aug-21</i> | <i>Jul-22</i> | <i>Jul-23</i> | <i>Jul-24</i> | <i>Jul-25</i> |
| Residential | per unit | \$43.84 | \$44.89 | \$47.03 | \$51.21 | \$51.42 | \$52.62 |
| Non-Residential | | | | | | | |
| Churches/Temples/Comm.Ctrs. | per account | \$42.28 | \$46.19 | \$48.39 | \$52.69 | \$52.90 | \$54.13 |
| Schools (with cafeteria) | per student | \$1.46 | \$1.70 | \$1.78 | \$1.94 | \$1.94 | \$1.99 |
| Hotel/Motel | per room | \$17.22 | \$18.51 | \$19.39 | \$21.12 | \$21.20 | \$21.70 |
| Light Industrial (Base) | per account | \$43.84 | \$44.89 | \$47.03 | \$51.21 | \$51.42 | \$52.62 |
| Commercial (Base) | per account | \$43.84 | \$44.89 | \$47.03 | \$51.21 | \$51.42 | \$52.62 |
| Variable Charges for Non-Residential Only | | | | | | | |
| Light Industrial | per gallon | \$0.010417 | \$0.009770 | \$0.010236 | \$0.011149 | \$0.011196 | \$0.011461 |
| Industrial Laundromat [1] | per gallon | n.a. | \$0.005307 | \$0.005560 | \$0.006055 | \$0.006080 | \$0.006223 |
| Commercial | per gallon | \$0.003837 | \$0.005637 | \$0.005996 | \$0.006628 | \$0.006754 | \$0.007014 |

Source: 2021 HEC rate study.

sum

[1] New customer category.

The City is also considering funding the disc and ripper tractor, which is estimated to cost \$222,525 in the next fiscal year, with Covid Relief funding. **Table B.3** provides the calculated rates with solar installation and Covid Relief funding.

**Table B.3
Wastewater Rates with Solar Installation and Covid Relief Funding**

| Customer Category | Billing Basis | Current | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
|--|-------------------------------------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | <i>New Rates on Bills -----></i> | | <i>Aug-21</i> | <i>Jul-22</i> | <i>Jul-23</i> | <i>Jul-24</i> | <i>Jul-25</i> |
| Residential | per unit | \$43.84 | \$44.06 | \$45.72 | \$49.91 | \$50.00 | \$51.03 |
| Non-Residential | | | | | | | |
| Churches/Temples/Comm.Ctrs. | per account | \$42.28 | \$45.34 | \$47.04 | \$51.35 | \$51.44 | \$52.50 |
| Schools (with cafeteria) | per student | \$1.46 | \$1.67 | \$1.73 | \$1.89 | \$1.89 | \$1.93 |
| Hotel/Motel | per room | \$17.22 | \$18.17 | \$18.85 | \$20.58 | \$20.62 | \$21.05 |
| Light Industrial (Base) | per account | \$43.84 | \$44.06 | \$45.72 | \$49.91 | \$50.00 | \$51.03 |
| Commercial (Base) | per account | \$43.84 | \$44.06 | \$45.72 | \$49.91 | \$50.00 | \$51.03 |
| Variable Charges for Non-Residential Only | | | | | | | |
| Light Industrial | per gallon | \$0.010417 | \$0.009590 | \$0.009951 | \$0.010867 | \$0.010889 | \$0.011116 |
| Industrial Laundromat [1] | per gallon | n.a. | \$0.005209 | \$0.005405 | \$0.005902 | \$0.005913 | \$0.006035 |
| Commercial | per gallon | \$0.003837 | \$0.005533 | \$0.005829 | \$0.006460 | \$0.006569 | \$0.006803 |

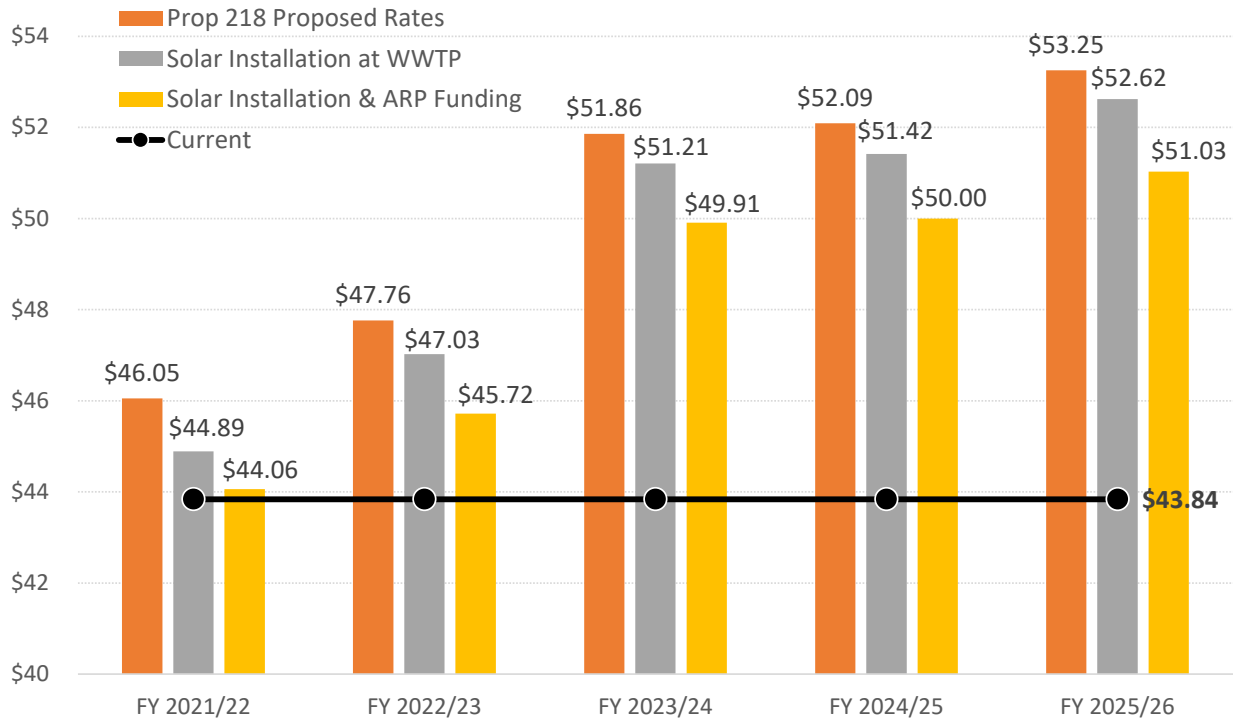
Source: 2021 HEC rate study.

sum

[1] New customer category.

Figure C compares the sewer bill for a single family home under all three scenarios over the five-year projection period. The current bill is \$43.84 per month.

Figure C
Sewer Bills under Alternative Rate Scenarios



Section 2: WATER RATE STUDY

2.1 THE WATER FUND AND ITS CUSTOMERS

The City’s water enterprise fund accounts for the revenues and expenses associated with provision of water service. An enterprise fund is a fund that is intended to recover its costs through user fees and charges for a specific service. Money collected for an enterprise fund cannot be spent on other services. Generally accepted accounting principles (GAAP) require state and local government to use the enterprise fund type to account for “business type activities”. As a business type fund, enterprise funds must be self-sufficient. Enterprise funds also provide the repayment capacity for, and make debt service payments on, any debt incurred for capital projects; therefore, any water enterprise fund bond-funded projects do not diminish the City’s general fund debt capacity.

It is important for enterprise funds to be self-sufficient, without subsidies from other funds, including the City’s General Fund. General Fund cash should be used to protect against factors that could limit the City’s ability to provide critical services. Decreasing General Fund reserves could leave the City financially vulnerable, reducing funds necessary to recover from a natural disaster, for example.

Table 1 shows historical revenues and expenses for the water operating fund for fiscal years 2017 through 2020. Net revenues have been positive each year. The last water rate study included several capital improvement project costs that have not yet been incurred; therefore, revenues have deliberately been significantly greater than expenses. In the next five-year period cash reserves will be used to pay for capital improvement projects.

Table 1
Water Fund Historical Revenues and Expenses

| Revenues and Expenses | Fiscal Year Ending | | | |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2017 actual | 2018 actual | 2019 actual | 2020 unaudited |
| Revenue | \$3,484,226 | \$3,736,933 | \$3,873,948 | \$4,381,278 |
| Expense | \$1,868,403 | \$1,952,499 | \$2,009,274 | \$2,399,786 |
| Net Income | \$1,615,824 | \$1,784,434 | \$1,864,674 | \$1,981,491 |
| less Transfers Out | \$0 | \$1,773,333 | \$0 | \$0 |
| Net Revenue after Transfers | \$1,615,824 | \$11,102 | \$1,864,674 | \$1,981,491 |

Appendix A Tables A-1 and A-2 show the details of historical water fund revenues and expenses.

2.1.1. Revenues

Water system operations are funded through monthly rates, meter installation fees, interest income, utility penalties, and other small miscellaneous revenues. In some years, the City receives intergovernmental revenues for special regional projects.

Rate revenue is generated by application of the water rate schedule shown in **Table 2** below. Under the current rate schedule all customers pay fixed monthly charges (which include a service charge and meter replacement fee) by meter size, and a use charge according to the quantity of water used each month. Water is measured in thousands of gallons. All customers pay the same rate for every unit of water consumed above their base allowance. The monthly base allowance varies by customer category.

**Table 2
Current Water Rates Schedule**

| Charges | 2019 (Current) Water Rates | |
|--|----------------------------|-----------|
| | Inside City * | |
| | Base Charge | Meter Fee |
| Fixed Monthly Charges | | |
| 1" and smaller | \$25.13 | \$3.05 |
| 1.5" | \$50.27 | \$11.11 |
| 2" | \$80.43 | \$12.13 |
| 3" | \$175.94 | \$25.74 |
| 4" | \$301.61 | \$40.61 |
| 6" | \$628.35 | \$56.33 |
| 8" | \$1,206.43 | \$89.50 |
| 10" | \$1,910.18 | \$204.51 |
| Service Charge Monthly Water Allowance | | |
| Attached Residential (per Unit) | 10,000 | gallons |
| Detached Residential (per Unit) | 25,000 | gallons |
| Non-Residential (per Meter) | 35,000 | gallons |
| Construction | 0 | gallons |
| Consumption Charge per 1,000 gallons of water in excess of allowance each month | | |
| All Customers except Construction | \$1.57 | |
| Construction | \$1.17 | |

curr

* Water rate schedules 1.5x outside City limits.

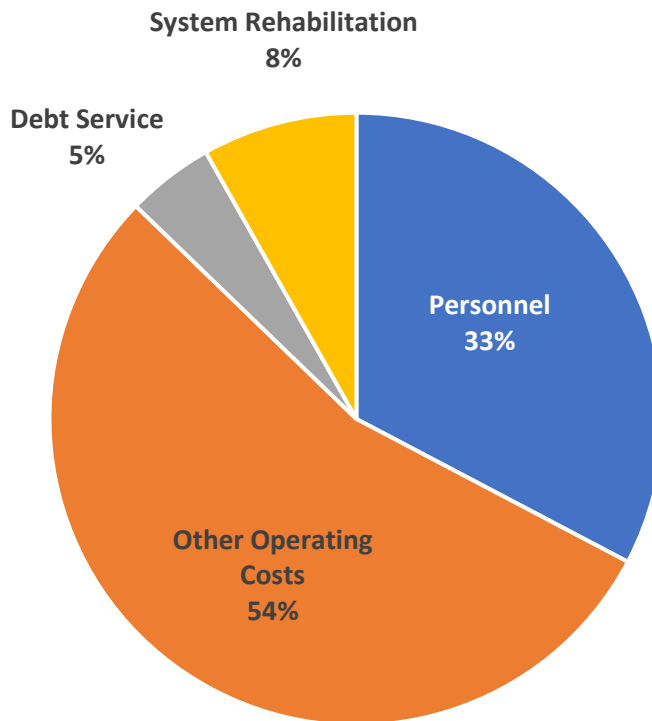
2.1.2. Expenses

Annual operating costs include all water system operating expenses, capital outlay, and debt service. Expenditures were grouped into five categories:

- Personnel (Payroll and Benefits)
- System Rehabilitation
- Debt Service
- New Infrastructure Projects
- Other Operating Costs

Personnel and other operating costs comprise the largest cost items budgeted for fiscal year ending 2021, which is the base year for the study. Fiscal year 2021 costs are illustrated in **Figure 1**.

Figure 1
Historical Water Fund Operating Expenses



2.1.3. Customer Base

Per the California Department of Finance, Livingston has a population of approximately 15,100, and it has sustained an annual average population increase of 1.8% since 2000. Population growth is shown in **Figure 2** on the next page.

The City serves water to about 3,100 households and 200 non-residential establishments, including large customers such as Foster Farms, and several irrigation-only customers. A pie chart illustrating the customer base is provided in **Figure 3** on the next page. As the pie chart shows, the City's water customers are primarily (93%) single family residential.

Figure 2
Population Growth

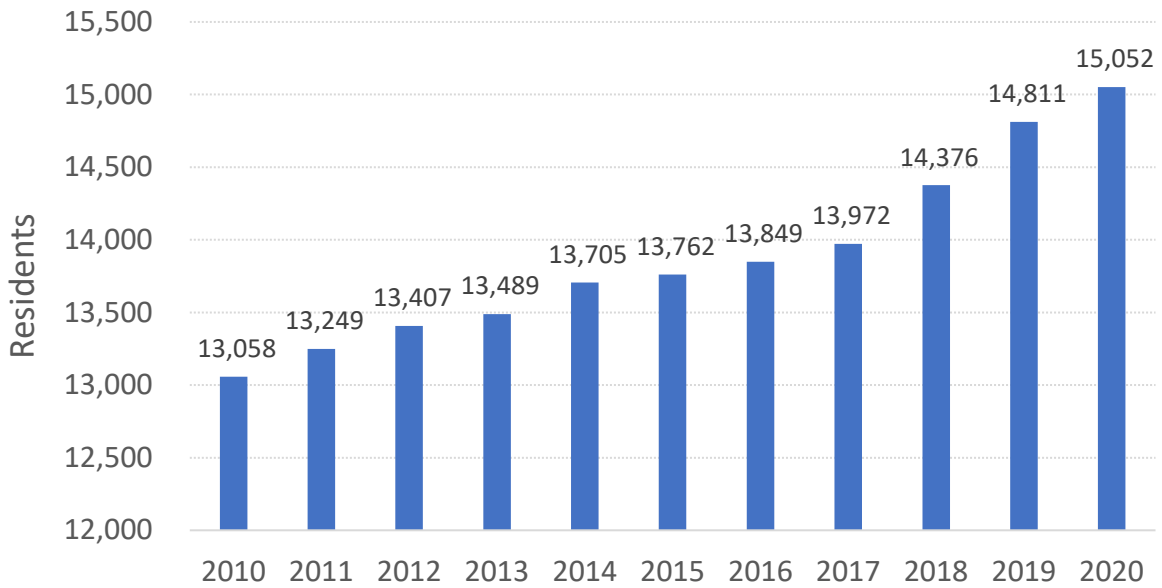
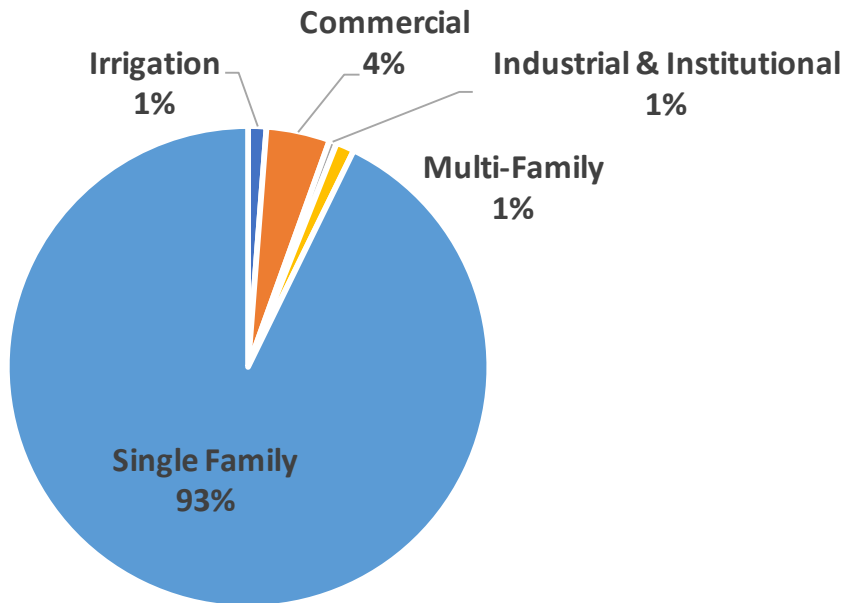


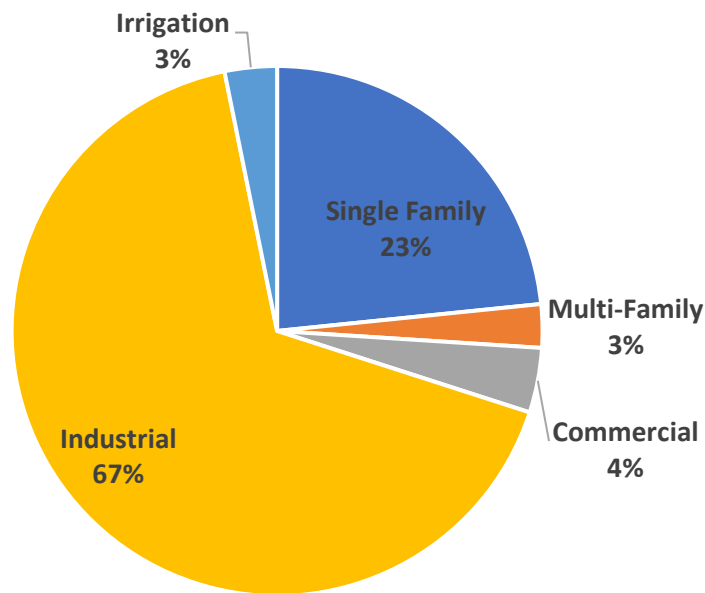
Figure 3
Customer Base



2.1.4. Water Consumption and Production

Figure 4 shows total water consumption by customer category. Although single family residential makes up 93% of the customer base, this group uses 23% of annual water consumption. Industrial customers, which make up less than 1% of the customer base, use 67% of total water consumed.

Figure 4
Water Consumption by Customer Category

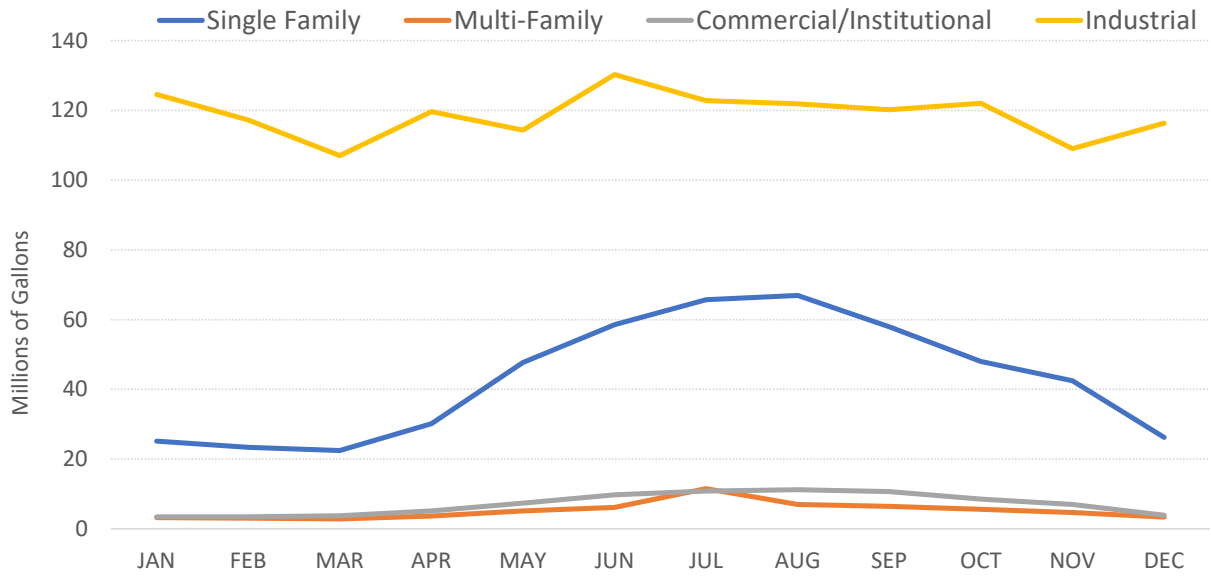


The City's water supply is 100% groundwater. Water use fluctuates from year to year depending on several factors including, but not limited to, growth, the weather, sustained drought, plumbing retrofits, and pricing of water. Historical average water use for 2015-2019 by customer category is used as the basis on which to project water use in the rate study. Historical potable water consumption is provided in **Appendix Table A-3**.

Like most cities in the western U.S., Livingston experiences greater water demand in the summer than the winter due to outside applications of water. **Figure 5** shows water use by month using 2017 through 2019 water use data provided by the City. Greater demand during the summer is driven by the single family customer category. Because such a large quantity of water is consumed by the industrial customers, with a steady water demand throughout the year, the City is not as susceptible to large swings in water use as many central valley communities.

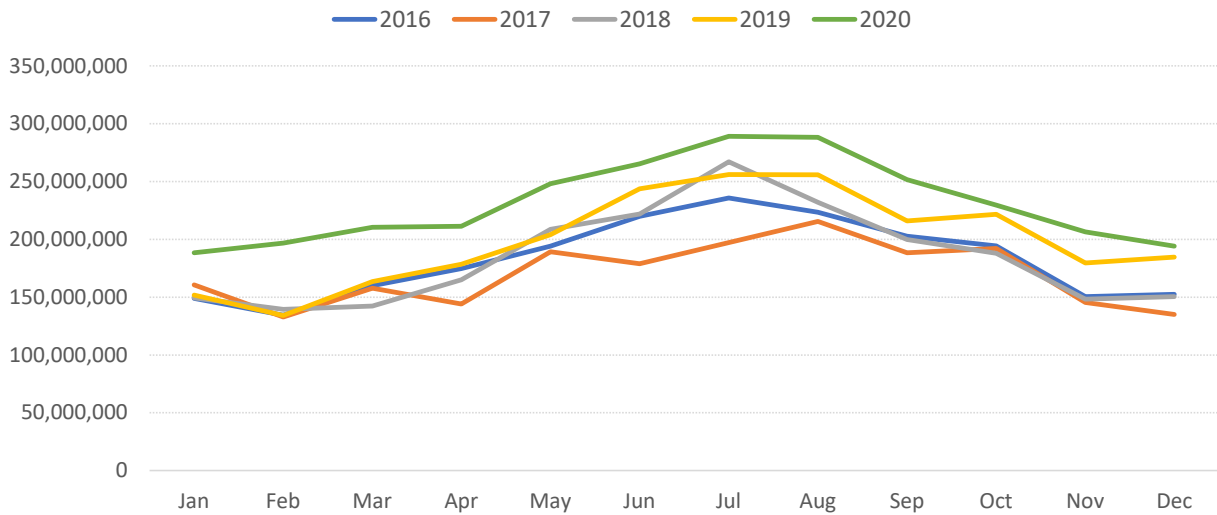
Well production data is provided in **Appendix Table A-4**. Approximately 84% of annual water production is for year-round water consumption, and approximately 16% of annual water production is additional water for increased demand during the summer months. Typically, central valley communities use 60%-65% of water for year-round demand, and 35%-40% of water additionally during the summer. Livingston has a higher year-round consumption due to water use by a large industrial customer, Foster Farms. **Figure 6** shows seasonal water production for the last three years.

Figure 5
Water Use Patterns by Customer Category



System-wide annual water production by month in gallons is shown in **Figure 7**.

Figure 6
Annual Water Production – Seasonal Trend



2.2 REVENUE REQUIREMENT

According to the American W M1 Manual, the first step in the ratemaking analysis is to determine the adequate and appropriate funding of a utility. This is referred to as the “revenue requirements” analysis. This analysis considers the short-term and long-term service objectives of the utility over a

given planning horizon, including capital facilities and system operations and maintenance, to determine the adequacy of a utility's existing rates to recover its costs. A number of factors may affect these projections, including: the number of customers served, water-use trends, nonrecurring sales, weather, conservation, use restrictions, inflation, interest rates, wholesale contracts, capital finance needs, and other changes in operating and economic conditions.

After determining a utility's revenue requirements, a utility's next step is determining the cost of service. Utilizing a public agency's approved budget, financial reports, operating data, and capital improvement plans, a rate study generally categorizes (functionalizes) the costs, expenses, and assets of the water system among major operating functions to determine the cost of service.

After the assets and the costs of operating those assets are properly categorized by function, the rate study allocates those "functionalized costs" to the various customer classes (e.g., single-family residential, multi-family residential and commercial) by determining the characteristics of those classes and the contribution of each to incurred costs such as peaking factors or different delivery costs, service characteristics and demand patterns. Rate design is the final part of the M1 Manual's rate-making procedure and generally uses the revenue requirement and cost of service analysis to determine appropriate rates for each customer class.

The revenue requirement refers to the amount of money that must be raised for revenue sufficiency of the water fund through rates. The projection of the revenue requirement is the cornerstone for the calculation of rates. This section explains the derivation of revenue requirement for this study. Components of the revenue requirement include:

- Capital Improvements
- Debt Service
- Operations Expenses and Reserves
- System Rehabilitation

Non-water sales revenue projections are credited against projected operations costs. Non-water sales include meter replacement fees, meter installation fees, fines and forfeitures (penalties), interest income, and miscellaneous revenue.

2.2.1. Capital Improvements

Water system capital costs in any one year are dependent on the state of the current infrastructure to serve existing customers and necessary improvements to accommodate potential new customers. Over the next five years, total water system capital improvement costs are estimated at \$25.27 million. The largest project cost is anticipated to be for wells 13 and 17 conveyance, treatment plant and storage tank (\$9.02 million). The new well 11 (estimated cost \$1.23 million) will be constructed and paid for by Foster Farms under agreement with the City.

Table 3 summarizes the total estimated costs and anticipated funding sources. Total estimated costs are in future dollars (cost estimates were provided in 2020 dollars; the rate study inflates the cost estimates by 3% each year per the 10-year historical average increase in the Engineering News

Record (ENR) Construction Cost Index (CCI)). **Appendix Tables A-5 and A-6** provides greater detail of the CIP items and costs.

A \$4.0 million loan has already been executed with the State Water Resources Control Board (SWRCB) for wells 14 and 16 treatment and conveyance facilities. Improvements to wells 8, 9, 13, and 17 are anticipated to be funded with additional loans from the SWRCB. All other capital improvement projects will be funded with reserves (currently accumulated and future collections of water rate revenues), and the park surface water irrigation project will be partially funded with a grant.

Two projects are estimated to benefit future water users; 25% of the well 8 and 9, as well as the well 13 and 17 project costs, are allocated to future users. These two projects are anticipated to be funded by SRF loans; therefore, 25% of annual debt service will be paid for with accumulated water connection fees.

Table 3
Summary of CIP Costs Fiscal Years Ending 2022-2026

| | Estimated Cost in Inflated Dollars | Funding |
|--|------------------------------------|--------------|
| | 2021-2026 | Source |
| Well 8 - New Well | \$1,060,900 | Reserves |
| Well 9 - New Well | \$1,236,000 | Reserves |
| Well 11 - New Well | \$1,236,000 | Foster Farms |
| Well 12 Conveyance & Treatment | \$1,993,951 | Reserves |
| Well 8 & 9 Conveyance & Treatment Plant | \$4,774,050 | SRF Loan [1] |
| Well 14 & 16 Conveyance & Treatment Plant - secured loan | \$4,120,000 | SRF Loan |
| Well 13 & 17 Conveyance, Treatment Plant & Storage Tank | \$9,017,650 | SRF Loan [1] |
| Water Line Replacement Ph 4 (Walnut, Davis, White, N Main) | \$1,454,769 | Reserves |
| Park Surface Water Irrigation | \$381,924 | Reserves [2] |
| Total Estimated Water Improvements Cost | \$25,275,245 | |

Source: City of Livingston January 2021.

cip sum

[1] A portion of debt service to be repaid with connection fees.

[2] A portion of this project will be funded by a grant.

2.2.2. Debt Service

The City has two existing loans with the SWRCB for wells 13 (\$1.35 million) and wells 14 and 16 (\$4.00 million). Repayment schedules are provided in **Appendix A Tables A-7 and A-8**.

New debt service is assumed to be incurred for wells 8 and 9 (total \$3.61 million), as well as wells 13 and 17 (total \$8.76 million). The City does not yet know what the terms of financing will be; the rate study assumes 2.50% interest with a 30-year amortization. The State requires one year of debt service be held in reserve for debt payments. The City can either collect this up-front or increase debt service 10% for the first ten years of payments. The rate study assumes that an additional 10% per year is collected for the first ten years for both of these projects. Debt calculations associated with the estimated additional two new SWRCB loans is provided in **Appendix A Table A-9**.

In addition, the City has executed an agreement with TRANE for energy efficiency projects Citywide. A portion of the total projects cost is to upgrade water system components to be more energy efficient. The water system's share of debt service associated with these projects is estimated at \$47,000 per year.

2.2.3. Operating Expenses and Reserves

Future year operating expenses are based on budgeted fiscal year 2021 operating expenses. Personnel costs are increased 6.0% each year, utilities costs are increased 4.0% each year, and all other annual expenses are increased 2.5%, 3.0%, or 3.5% each year. These cost increases were based on historical cost increases and discussions with City staff. In the past four years, City water operating expenses have increased about 7.0% per year. It is very typical for water utility annual costs, and therefore water rates, to outstrip inflation. In May 2019, the American Water Works Association released an article, "Rate survey: water cost increases outpacing other U.S. goods and services" in which it documented that between 2014 and 2018 water rates increased 5.1% per year and wastewater rates increased 5.6% per year. In June 2020 the National Association of Clean Water Agencies determined that the cost of wastewater service more than doubled the rate of inflation over the past twelve months, the 18th consecutive year that the increase in charges has outpaced inflation.

In addition to historical types of costs incurred by the water fund, the City is adding new operations and maintenance costs for (1) new personnel, and (2) facilities included in the CIP. New personnel costs include half of the costs of a new Water/Wastewater Manager, as well as one-third of the costs of a new Account Clerk. The costs of these positions are shared with the wastewater fund and the wastewater fund and solid waste fund, respectively. The estimated additional operations and maintenance costs are provided in **Appendix Table A-6**.

2.2.4. System Rehabilitation

Depreciation is used as the basis on which to collect rates to cover system rehabilitation costs. Inclusion of system rehabilitation costs demonstrates fiscal responsibility toward the assets to potential future investors and helps to establish good credit². Depreciation is calculated based on

² Per Governmental Accounting Standards Board (GASB) 34, local governments must report on the value of their infrastructure assets and plan for asset maintenance (including collecting sufficient revenue) to obtain good credit when issuing bonds or procuring other forms of financing for long-term construction projects.

existing water facilities and new facilities built in the next five-year period. **Table 4** shows the total annual amount included in the rates for system rehabilitation. The estimated cost includes replacement of existing assets and assets that are estimated to be constructed during the study time period. The water rates include 50% depreciation; in many years not all of the money collected is spent; in these years the additional amount is kept in the reserves and spent in another year in which capital costs exceed collections for system rehabilitation.

Table 4
System Rehabilitation Annual Budget Estimate

| Depreciation | Fiscal Year Ending | | | | | |
|---------------------------|--------------------|------------------|------------------|------------------|------------------|------------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Current Depreciation [1] | \$183,000 | \$183,000 | \$183,000 | \$183,000 | \$183,000 | \$183,000 |
| New Depreciation | \$756,000 | \$756,000 | \$756,000 | \$756,000 | \$756,000 | \$756,000 |
| Total Depreciation | \$939,000 | \$939,000 | \$939,000 | \$939,000 | \$939,000 | \$939,000 |
| | 50% | 50% | 50% | 50% | 50% | 50% |
| Amount in Rev. Req. | \$469,500 | \$469,500 | \$469,500 | \$469,500 | \$469,500 | \$469,500 |

Source: City of Livingston and HEC.

depr

[1] Current book value of all water assets minus wells which are to be replaced.

2.2.5. Calculated Revenue Requirement

Table 5 provides the projection of annual costs and revenues and the resulting revenue requirement through fiscal year 2026. Over the next five years, the revenue requirement is projected to continue to increase to account for inflation, to fund capital expenditures and depreciation, and to account for new debt. The total revenue requirement is projected to increase from \$2.52 million in fiscal year 2021 to \$6.25 million in fiscal year 2026. A portion of the revenue requirement will be met with use of cash reserves; to account for this use and to smooth out the rate increases over the five-year period; the water rates will need to increase 5.0% per year.

The amount to be raised each year by water rates is the “user fees” line underneath the revenue requirement line in **Table 5**. Note that although the amount to be raised by rates increases 5.0% in the first year, not all customer categories will have the same percentage increase. The difference in customer category increases is due to the cost of service analysis.

Table 5
Projected Revenue Requirement

| Expenses and Credits | Inflator | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|-----------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | budget | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Operating Expenses | | | | | | | |
| Personnel | 6.0% | \$897,994 | \$951,873 | \$1,008,986 | \$1,069,525 | \$1,133,696 | \$1,201,718 |
| New Personnel [1] | 6.0% | | \$77,400 | \$82,044 | \$86,967 | \$92,185 | \$97,716 |
| Contract Services | 3.0% | \$130,000 | \$133,900 | \$137,917 | \$142,055 | \$146,316 | \$150,706 |
| Utilities | 4.0% | \$600,000 | \$624,000 | \$648,960 | \$674,918 | \$701,915 | \$729,992 |
| less Electricity Savings [2] | 4.0% | | (\$75,000) | (\$78,000) | (\$81,120) | (\$84,365) | (\$87,739) |
| SGMA Regulatory Fee | 2.5% | \$50,000 | \$51,250 | \$52,531 | \$53,845 | \$55,191 | \$56,570 |
| Infrastructure O&M | 3.5% | \$456,000 | \$471,960 | \$488,479 | \$505,575 | \$523,270 | \$541,585 |
| Other Operating Costs | 2.5% | \$259,820 | \$266,316 | \$272,973 | \$279,798 | \$286,793 | \$293,962 |
| New Infrastructure Op. Costs | Table A-6 | \$0 | \$97,850 | \$100,786 | \$103,809 | \$106,923 | \$110,131 |
| Total Operating Expenses | | \$2,393,814 | \$2,599,549 | \$2,714,675 | \$2,835,371 | \$2,961,925 | \$3,094,641 |
| Debt Service | | | | | | | |
| SRF D15-02037 (\$1.35 Mill - well 13) | secured | \$78,778 | \$78,778 | \$78,778 | \$78,778 | \$78,778 | \$78,778 |
| SRF D18-02003 (\$4.0 Mill -wells 14 & 16) | secured | \$47,358 | \$172,989 | \$172,989 | \$172,989 | \$172,989 | \$172,989 |
| Energy Retrofits [3] | estimate | | \$47,000 | \$47,000 | \$47,000 | \$47,000 | \$47,000 |
| New Debt - Wells 13 & 17 | estimate | | | \$355,520 | \$355,520 | \$355,520 | \$355,520 |
| New Debt - Wells 8 & 9 | estimate | | | \$188,210 | \$188,210 | \$188,210 | \$188,210 |
| Subtotal Debt Service | | \$126,136 | \$298,767 | \$842,497 | \$842,497 | \$842,497 | \$842,497 |
| System Rehabilitation and New Projects | | | | | | | |
| Meter Replacement | | \$140,000 | \$60,000 | \$60,000 | \$60,000 | \$60,000 | \$60,000 |
| Equipment Purchase | | \$59,100 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 |
| Vehicle Replacement | | \$25,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 |
| Wells GAC | | \$0 | \$0 | \$424,360 | \$0 | \$675,305 | \$0 |
| Cash-Funded Capital Projects | | \$0 | \$1,236,000 | \$1,259,693 | \$1,454,769 | \$0 | \$1,993,951 |
| Subtotal System Rehabilitation and New Projects | | \$224,100 | \$1,333,000 | \$1,781,053 | \$1,551,769 | \$772,305 | \$2,090,951 |
| Additional Collection for Depreciation | | \$0 | \$469,500 | \$469,500 | \$469,500 | \$469,500 | \$469,500 |
| Total Costs | | \$2,744,050 | \$4,700,816 | \$5,807,725 | \$5,699,138 | \$5,046,227 | \$6,497,589 |
| Credits | | | | | | | |
| Meter Replacement Fees | 2.5% | \$165,635 | \$166,373 | \$170,532 | \$174,795 | \$179,165 | \$183,644 |
| Meter Installation Fees | estimate | \$0 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 |
| Fines & Forfeitures | 3.0% | \$42,000 | \$43,260 | \$44,558 | \$45,895 | \$47,271 | \$48,690 |
| Interest Income | 0.0% | \$4,040 | \$4,040 | \$4,040 | \$4,040 | \$4,040 | \$4,040 |
| Loss of Highway Irrigation Area Revenue [4] | 4.5% | | (\$16,000) | (\$16,720) | (\$17,472) | (\$18,259) | (\$19,080) |
| Miscellaneous Revenue | 0.0% | \$8,125 | \$8,125 | \$8,125 | \$8,125 | \$8,125 | \$8,125 |
| Subtotal Credits | | \$219,800 | \$225,798 | \$230,535 | \$235,383 | \$240,343 | \$245,419 |
| Revenue Requirement | | \$2,524,250 | \$4,475,018 | \$5,577,190 | \$5,463,755 | \$4,805,884 | \$6,252,171 |
| Increase in User Fees [5] | | | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| User Fees | | \$3,864,360 | \$4,057,578 | \$4,260,457 | \$4,473,480 | \$4,697,154 | \$4,932,011 |

Source: City of Livingston fiscal year 2021 budget, and HEC.

rev req

[1] Includes the water fund's portion of two new positions: water/wastewater manager and account clerk.

[2] TRANE estimate is \$79,953 in first year. This has been rounded down to the nearest \$5,000.

[3] Bank estimate of annual payments is \$46,694. This has been rounded up to the nearest \$1,000.

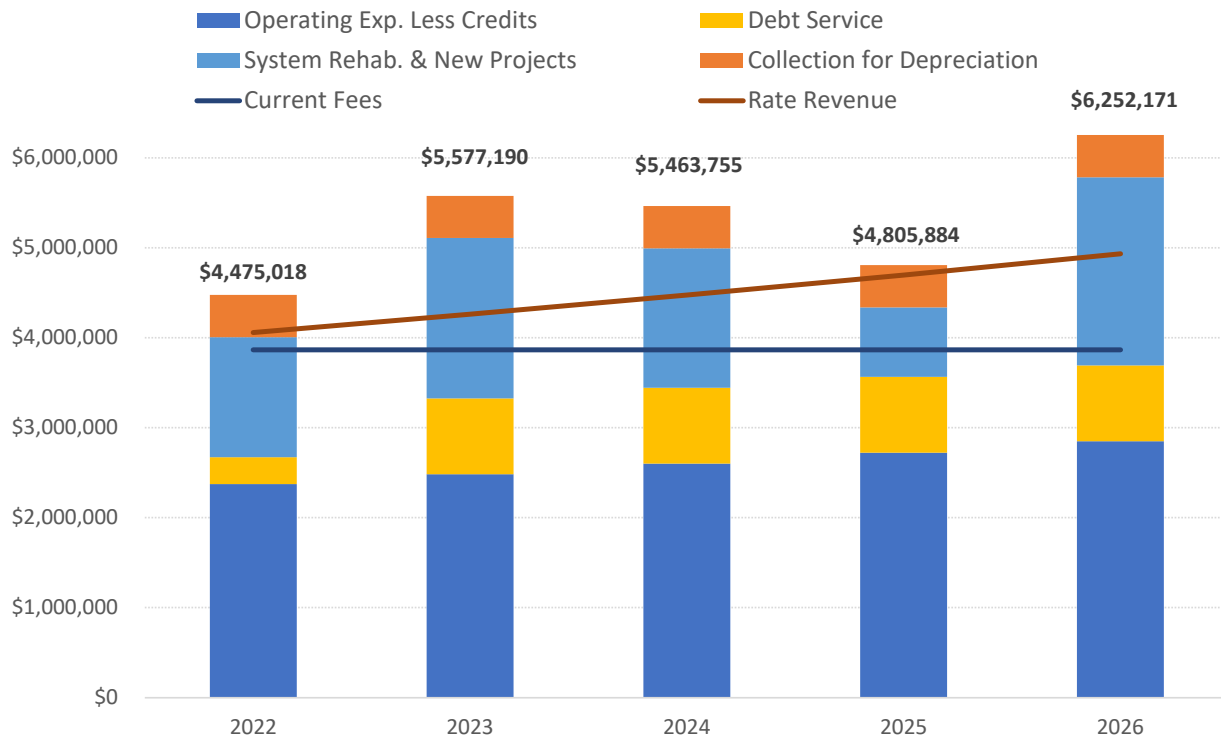
[4] Well 15 will be removed from domestic consumption supplies due to poor water quality; however, it will continue to provide irrigation water.

At this time, it is unknown what revenues might be collected from the well 15 irrigation system.

[5] The amount to be raised from water sales is increased each year by a percentage to smooth out the changes.

Components of revenue requirement and projected water sales revenues are illustrated in **Figure 7**. The total revenue requirement decreases in 2025 because of a decrease in cash spending on capital improvement projects during that year.

Figure 7
Components of Revenue Requirement



One of the credits in the revenue requirement is revenue generated by the monthly meter replacement fee. City crews replace older water meters that are near the end of their useful life, or which are inaccurately measuring water flow. The cost to replace meters by size of meter was used to determine appropriate monthly collection of fees to support routine meter replacements in **Appendix Table A-10**. Projected meter replacement fee revenue by year is shown in **Appendix Table A-11**.

The next step in calculating water rates is performing functional cost allocation and cost of service. Functional cost allocation is provided in **Appendix A, Tables A-12 and A-13**. The cost classification provides a *guideline* for the City in determining the portion of revenue requirement to collect through service charges versus usage charges. There is no set formula for determining exactly how much to collect in the service charge versus the use charge.

City water system costs were classified into two categories; fixed (service) and variable (use) costs.

- **Fixed Costs.** Included in this category are costs associated with customer-driven costs and the water system’s readiness to serve, which includes a portion of the water system’s capacity costs for typical non-peaking water use. Thirty-six percent of annual costs were determined to be fixed costs after performing a functional allocation of the 2020 actual water fund expenses.

Fixed costs are allocated to customers based on the number of equivalent meters, determined by the relative hydraulic capacity of the meter size relative to a 1-inch meter. **Table A-14** shows the calculation of equivalent meters. Note that the number of equivalent meters is calculated using current number of billing meters (rather than total number of meters) on the water system at any one time.

- **Variable Costs.** These costs vary with the quantity of water consumed. They include the peaking portion of capacity costs and commodity costs. Commodity costs are expenses that increase or decrease almost directly with the amount of water supplied. Operations and maintenance variable costs primarily include well pumping electricity costs, but also a portion of administrative costs, debt service and other costs as determined in the functional allocation. Variable costs are recovered through use charges applied per thousand gallons above the base allowance each month.

Table 6 shows allocation of the amount to be collected in user fees each year between service and use charges in the rate model for the study. The amount to be collected in monthly service charges (the “fixed” fee component) is rounded to 35%. In the last water rate study, which was conducted in 2014, it was determined that 35% was the most appropriate percentage to use because such a large amount of use of the system is from industrial users. The industrial customers do not have many water meters; therefore, capacity of the system, as measured by instantaneous flow through water meters, is much less significant in determining use of the system than it is for most water systems.

Table 6
Allocation of User Fees

| Allocated Rev. Requirement | Fiscal Year Ending | | | | | | |
|-------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | |
| Revenue Requirement | \$3,754,022 | \$3,922,953 | \$4,099,486 | \$4,283,963 | \$4,476,741 | \$4,678,195 | |
| Fixed | 35% | \$1,313,908 | \$1,373,034 | \$1,434,820 | \$1,499,387 | \$1,566,860 | \$1,637,368 |
| Variable | 65% | \$2,440,115 | \$2,549,920 | \$2,664,666 | \$2,784,576 | \$2,909,882 | \$3,040,827 |

Source: City of Livingston November 2019 and HEC.

rev alloc

2.3 WATER RATE CALCULATIONS

The calculation of monthly service charges is shown in **Table 7** below. Monthly service charges are applied to customers based on the size of their meter.

Table 7
Calculation of Monthly Service Charges

| Base Meter Fee | Fiscal Year Ending | | | | |
|-------------------|--------------------|-------------|-------------|-------------|-------------|
| | 2022 | 2023 | 2024 | 2025 | 2026 |
| Total Costs | \$1,420,152 | \$1,491,160 | \$1,565,718 | \$1,644,004 | \$1,726,204 |
| Meter Equivalents | 4,132 | 4,172 | 4,212 | 4,252 | 4,292 |

| Meter Size | Ratio | Monthly Service Charge per Meter | | | | |
|----------------|-------|----------------------------------|------------|------------|------------|------------|
| 1" and smaller | 1 | \$28.64 | \$29.79 | \$30.98 | \$32.22 | \$33.52 |
| 1.5" | 2 | \$57.29 | \$59.58 | \$61.96 | \$64.45 | \$67.04 |
| 2" | 3 | \$91.66 | \$95.32 | \$99.14 | \$103.11 | \$107.26 |
| 3" | 7 | \$200.51 | \$208.52 | \$216.86 | \$225.56 | \$234.63 |
| 4" | 12 | \$343.73 | \$357.46 | \$371.76 | \$386.68 | \$402.23 |
| 6" | 25 | \$716.10 | \$744.70 | \$774.51 | \$805.58 | \$837.98 |
| 8" | 48 | \$1,374.92 | \$1,429.82 | \$1,487.05 | \$1,546.72 | \$1,608.91 |
| 10" | 76 | \$2,176.95 | \$2,263.88 | \$2,354.50 | \$2,448.97 | \$2,547.45 |

Source: City of Livingston and HEC.

base fees

The calculation of use charges is shown in **Table 8** on the next page. Beginning with the July billing cycle (the August 2021 water bill), water use greater than the monthly allowance would be billed at \$1.64 per thousand gallons.

Table 8
Calculation of Use Costs per Thousand Gallons

| Customer Category | Fiscal Year Ending | | | | |
|--|--|--------------------|--------------------|--------------------|--------------------|
| | 2022 | 2023 | 2024 | 2025 | 2026 |
| Allocated Costs | \$2,637,426 | \$2,769,297 | \$2,907,762 | \$3,053,150 | \$3,205,807 |
| Annual Demand (Thousands of Gallons) | 2,160,001 | 2,167,815 | 2,175,738 | 2,183,772 | 2,191,919 |
| Gallons Above Monthly Allowance | | | | | |
| Residential | <i>All figures in thousands of gallons</i> | | | | |
| Single Family | 53,056 | 53,677 | 54,305 | 54,941 | 55,584 |
| Multi-Family | 16,595 | 16,595 | 16,595 | 16,595 | 16,595 |
| Subtotal Residential | 69,651 | 70,271 | 70,900 | 71,535 | 72,178 |
| Non-Residential | | | | | |
| Commercial | 42,537 | 43,448 | 44,378 | 45,328 | 46,298 |
| Industrial | 1,436,712 | 1,436,712 | 1,436,712 | 1,436,712 | 1,436,712 |
| Irrigation | 60,164 | 60,164 | 60,164 | 60,164 | 60,164 |
| Subtotal Non-Residential | 1,539,414 | 1,540,324 | 1,541,254 | 1,542,204 | 1,543,174 |
| Gallons Above Monthly Allowance | 1,609,064 | 1,610,596 | 1,612,154 | 1,613,739 | 1,615,352 |
| Estimated Total Water Billed | 74% | 74% | 74% | 74% | 74% |
| Cost per 1,000 Gallons above Base Allowance | \$1.64 | \$1.72 | \$1.80 | \$1.89 | \$1.98 |
| Construction Water | \$1.88 | \$1.97 | \$2.06 | \$2.15 | \$2.25 |

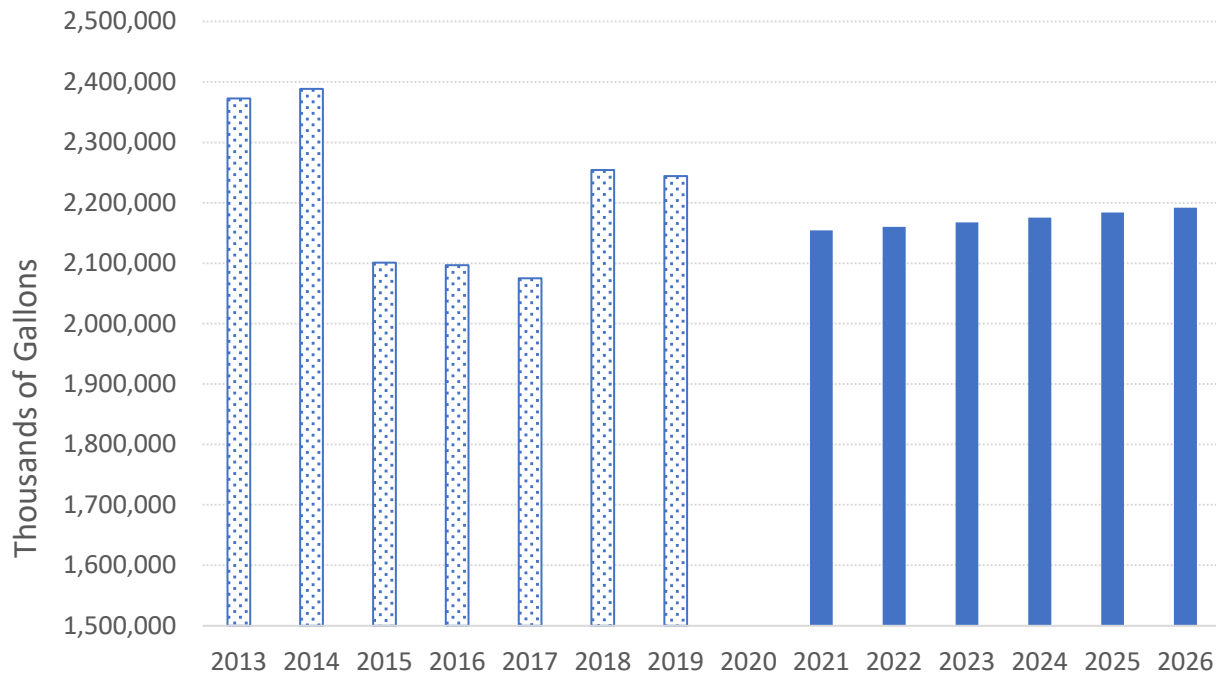
Source: City of Livingston and HEC January 2021.

use fees

The calculation of use charges is based on allocated cost and projected water demand for each customer category. Total projected water demand is shown in **Figure 8** on the next page and by customer category in **Appendix Table A-15**. The projection of water demand is based on average water use for the past three years plus the assumed growth of 45 new one-inch or smaller water meters per year. In addition, the projected water use accounts for customers' reactions to price increases. The relationship between increased prices and decreased demand is referred to as price elasticity. Price elasticity varies by geography due to many micro-economic variables. HEC applied industry knowledge to establish assumed price elasticity factors for the Study. Price elasticity analysis is shown in **Tables A-16** and **A-17**.

Construction water use fees for water pulled off fire hydrants, and which are not property-related fees, are calculated as the average cost per gallon for all water service costs excluding meter replacement. This methodology is updated from the 2014 water rate study which is why the cost increase is greater than for other water customers.

Figure 8
Historical and Projected Annual Water Demand



The calculated meter replacement fees are shown in **Table 9**. Due to updated pricing provided by the City’s water meter supplier, the monthly meter fee for 1.5”, 3”, and 10” meters decreased. All other monthly meter fees increased.

Table 9
Calculated Meter Replacement Fees by Meter Size

| Meter Size | Current | Fiscal Year Ending | | | | |
|------------------------------|----------|--------------------|-------------|-------------|-------------|-------------|
| | | 2022 Year 1 | 2023 Year 2 | 2024 Year 3 | 2025 Year 4 | 2026 Year 5 |
| <i>Annual Escalator 2.5%</i> | | | | | | |
| 1" | \$3.05 | \$3.30 | \$3.39 | \$3.47 | \$3.56 | \$3.65 |
| 1-1/2" | \$11.11 | \$7.79 | \$7.99 | \$8.18 | \$8.39 | \$8.60 |
| 2" | \$12.13 | \$14.88 | \$15.25 | \$15.63 | \$16.02 | \$16.42 |
| 3" | \$25.74 | \$18.56 | \$19.03 | \$19.50 | \$19.99 | \$20.49 |
| 4" | \$40.61 | \$43.94 | \$45.04 | \$46.17 | \$47.32 | \$48.51 |
| 6" | \$56.33 | \$75.94 | \$77.83 | \$79.78 | \$81.77 | \$83.82 |
| 8" | \$89.50 | \$123.82 | \$126.91 | \$130.09 | \$133.34 | \$136.67 |
| 10" | \$204.51 | \$159.79 | \$163.78 | \$167.88 | \$172.07 | \$176.38 |

Source HEC.

meter fee

Total calculated rates include the fixed monthly service charges, meter replacement fees, and consumption charges. The calculated water rate schedule is provided in **Table 10** below.

Table 10
Calculated New Water Rates Schedule

| Charges | Current | Aug-21 | Jul-22 | Jul-23 | Jul-24 | Jul-25 |
|--|----------------|------------|------------|------------|------------|------------|
| Base Charge | | | | | | |
| 1" and smaller | \$25.13 | \$28.64 | \$29.79 | \$30.98 | \$32.22 | \$33.52 |
| 1.5" | \$50.27 | \$57.29 | \$59.58 | \$61.96 | \$64.45 | \$67.04 |
| 2" | \$80.43 | \$91.66 | \$95.32 | \$99.14 | \$103.11 | \$107.26 |
| 3" | \$175.94 | \$200.51 | \$208.52 | \$216.86 | \$225.56 | \$234.63 |
| 4" | \$301.61 | \$343.73 | \$357.46 | \$371.76 | \$386.68 | \$402.23 |
| 6" | \$628.35 | \$716.10 | \$744.70 | \$774.51 | \$805.58 | \$837.98 |
| 8" | \$1,206.43 | \$1,374.92 | \$1,429.82 | \$1,487.05 | \$1,546.72 | \$1,608.91 |
| 10" | \$1,910.18 | \$2,176.95 | \$2,263.88 | \$2,354.50 | \$2,448.97 | \$2,547.45 |
| Meter Fee | | | | | | |
| 1" and smaller | \$3.05 | \$3.30 | \$3.39 | \$3.47 | \$3.56 | \$3.65 |
| 1.5" | \$11.11 | \$7.79 | \$7.99 | \$8.18 | \$8.39 | \$8.60 |
| 2" | \$12.13 | \$14.88 | \$15.25 | \$15.63 | \$16.02 | \$16.42 |
| 3" | \$25.74 | \$18.56 | \$19.03 | \$19.50 | \$19.99 | \$20.49 |
| 4" | \$40.61 | \$43.94 | \$45.04 | \$46.17 | \$47.32 | \$48.51 |
| 6" | \$56.33 | \$75.94 | \$77.83 | \$79.78 | \$81.77 | \$83.82 |
| 8" | \$89.50 | \$123.82 | \$126.91 | \$130.09 | \$133.34 | \$136.67 |
| 10" | \$204.51 | \$159.79 | \$163.78 | \$167.88 | \$172.07 | \$176.38 |
| Service Charge Monthly Water Allowance | | | | | | |
| Attached Residential (per Unit) | 10,000 gallons | | | | | |
| Detached Residential (per Unit) | 25,000 gallons | | | | | |
| Non-Residential (per Meter) | 35,000 gallons | | | | | |
| Consumption Charge per 1,000 gallons of water in excess of allowance each month | | | | | | |
| All Customers | \$1.57 | \$1.64 | \$1.72 | \$1.80 | \$1.89 | \$1.98 |
| Construction Water | \$1.17 | \$1.88 | \$1.97 | \$2.06 | \$2.15 | \$2.25 |

Source: City of Livingston and 2021 HEC rate study.

sched

* Water rate schedules 1.5x outside City limits.

In compliance with California SB-7, which requires all new multi-family residential development to be individually metered or sub-metered, any newly constructed units will pay the same base rate per unit as all current detached residential units unless the owner of the building(s) sub-meters each unit and performs its own internal water billing of each unit.

2.4 CASH FLOW AND FUND BALANCE

Table 11 below shows the projected cash flow for the water enterprise fund through fiscal year 2026. With adoption of the calculated rates, it is anticipated that the City will be able to meet all water enterprise fund obligations, including existing and potential debt service coverage requirements, and achieve a target of at twelve months of operating expenses in unrestricted cash each year.

Table 11
Projected Cash Flow

| Revenues and Expenses | Fiscal Year Ending | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2021 | 2022 Year 1 | 2023 Year 2 | 2024 Year 3 | 2025 Year 4 | 2026 Year 5 |
| Revenues | | | | | | |
| User Fees [1] | \$3,864,360 | \$4,025,375 | \$4,260,457 | \$4,473,480 | \$4,697,154 | \$4,932,011 |
| Meter Replacement Fees | \$165,635 | \$166,250 | \$170,532 | \$174,795 | \$179,165 | \$183,644 |
| Meter Installation Fees | \$0 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 |
| Fines & Forfeitures | \$42,000 | \$43,260 | \$44,558 | \$45,895 | \$47,271 | \$48,690 |
| Interest Income | \$4,040 | \$4,040 | \$4,040 | \$4,040 | \$4,040 | \$4,040 |
| Miscellaneous Revenue | \$0 | \$8,125 | \$8,125 | \$8,125 | \$8,125 | \$8,125 |
| Total Revenues | \$4,076,035 | \$4,267,050 | \$4,507,712 | \$4,726,335 | \$4,955,755 | \$5,196,510 |
| Operating Expenses | \$2,393,814 | \$2,599,549 | \$2,714,675 | \$2,835,371 | \$2,961,925 | \$3,094,641 |
| Net Income before Debt Service | \$1,682,221 | \$1,667,501 | \$1,793,036 | \$1,890,964 | \$1,993,831 | \$2,101,870 |
| Debt Service | \$126,136 | \$298,767 | \$842,497 | \$842,497 | \$842,497 | \$842,497 |
| <i>Debt Coverage</i> | <i>13.3</i> | <i>5.6</i> | <i>2.1</i> | <i>2.2</i> | <i>2.4</i> | <i>2.5</i> |
| System Rehab & New Projects Cash-Funded | \$224,100 | \$1,333,000 | \$1,781,053 | \$1,551,769 | \$772,305 | \$2,090,951 |
| Net Revenue | \$1,331,985 | \$35,734 | (\$830,513) | (\$503,303) | \$379,028 | (\$831,579) |
| Beginning Cash Balance [1] | \$5,333,343 | \$6,665,328 | \$6,701,062 | \$6,006,481 | \$5,639,111 | \$6,154,071 |
| Net Revenue | \$1,331,985 | \$35,734 | (\$830,513) | (\$503,303) | \$379,028 | (\$831,579) |
| Transfer In from Capital Fund for Debt | | | \$135,933 | \$135,933 | \$135,933 | \$135,933 |
| Estimated Ending Cash Balance | \$6,665,328 | \$6,701,062 | \$6,006,481 | \$5,639,111 | \$6,154,071 | \$5,458,425 |
| Restricted Balance [2] | \$126,136 | \$298,767 | \$842,497 | \$842,497 | \$842,497 | \$842,497 |
| Unrestricted Balance | \$6,539,192 | \$6,402,295 | \$5,163,984 | \$4,796,613 | \$5,311,574 | \$4,615,927 |
| Min. Unrestricted Balance [3] | \$2,393,814 | \$2,599,549 | \$2,714,675 | \$2,835,371 | \$2,961,925 | \$3,094,641 |

Source: City of Livingston financial documents and HEC.

flow

[1] Only 10 months of the new fees will be in effect FY 2022.

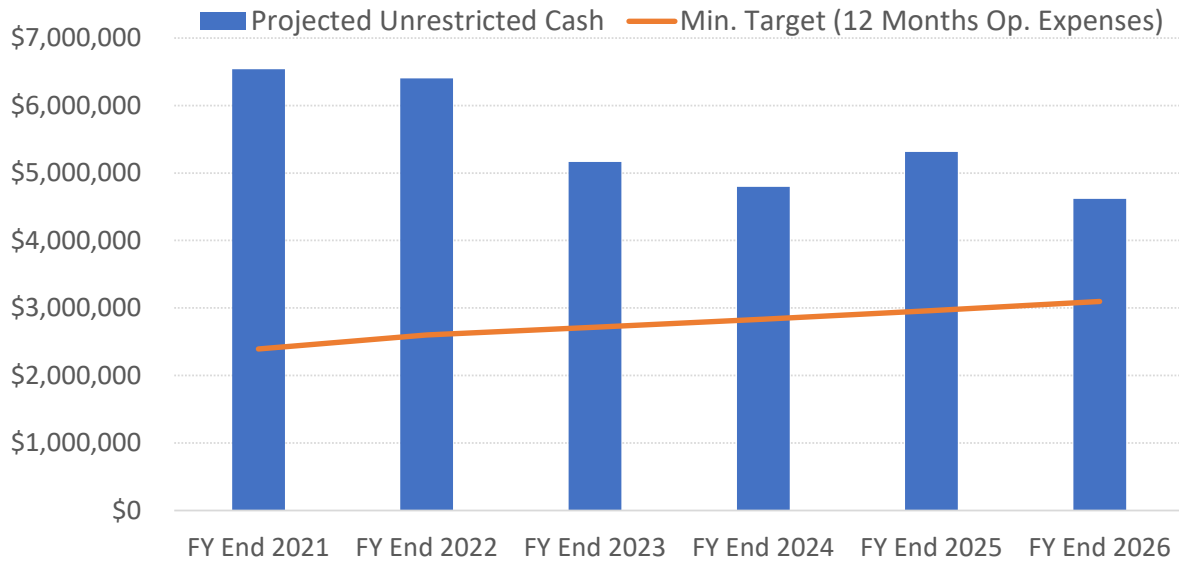
[2] Beginning cash balance as of July 1, 2020.

[3] One year of debt service.

[4] One year operating expenses.

Figure 9 illustrates projected and target water fund balances through fiscal year ending 2026.

Figure 9
Projected Water Fund Cash Balance



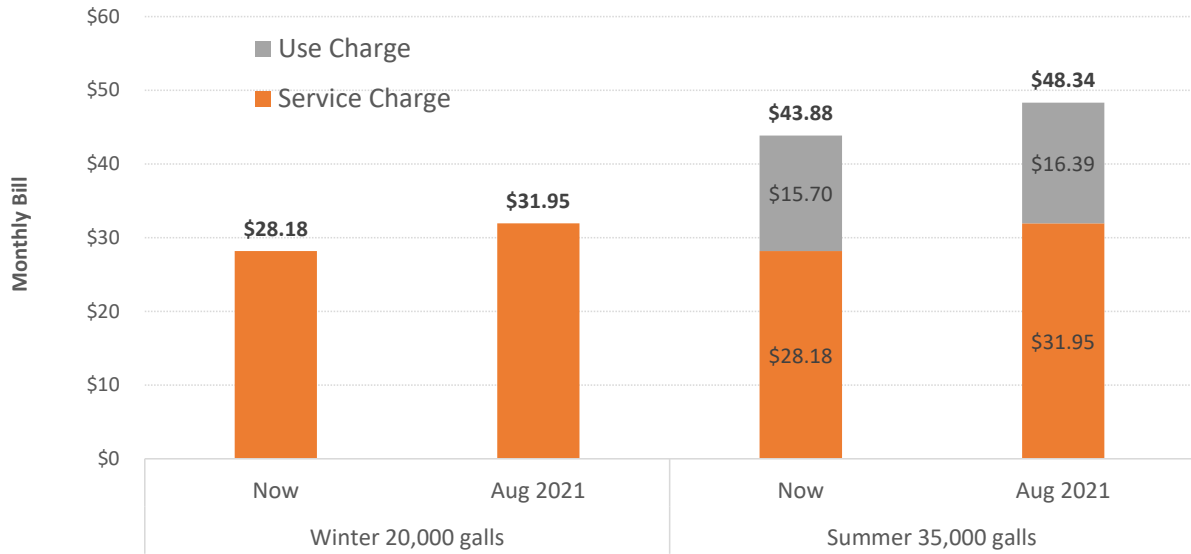
A higher than minimum cash balance at the end of five years would be prudent for the water fund because of the multiple number of CIP project planned in the next five years. Cash reserves can be used, if necessary, to pay for project cost overruns; it can also be used to pay off State loans early and complete other system rehabilitation projects not currently in the CIP.

2.5 BILL IMPACTS

2.5.1. Residential Bill Impacts

Bill impacts arising from new rates beginning August 2021 are illustrated for single family homes at different use levels in **Table 12** on page 30. During the winter, most homes would have an increase of \$3.77 per month. During the summer, most homes would have an increase of about \$4.46 per month. An illustration of bill impacts to a single-family home for winter and summer use is shown in **Figure 10** on the following page.

Figure 10
First Year Seasonal Bill Impacts for Single Family Home



The projection of a monthly bill for homes using 20,000 gallons is illustrated in **Figure 11** for the next five years.

Figure 11
Bill Impact for a Home using 20,000 Gallons

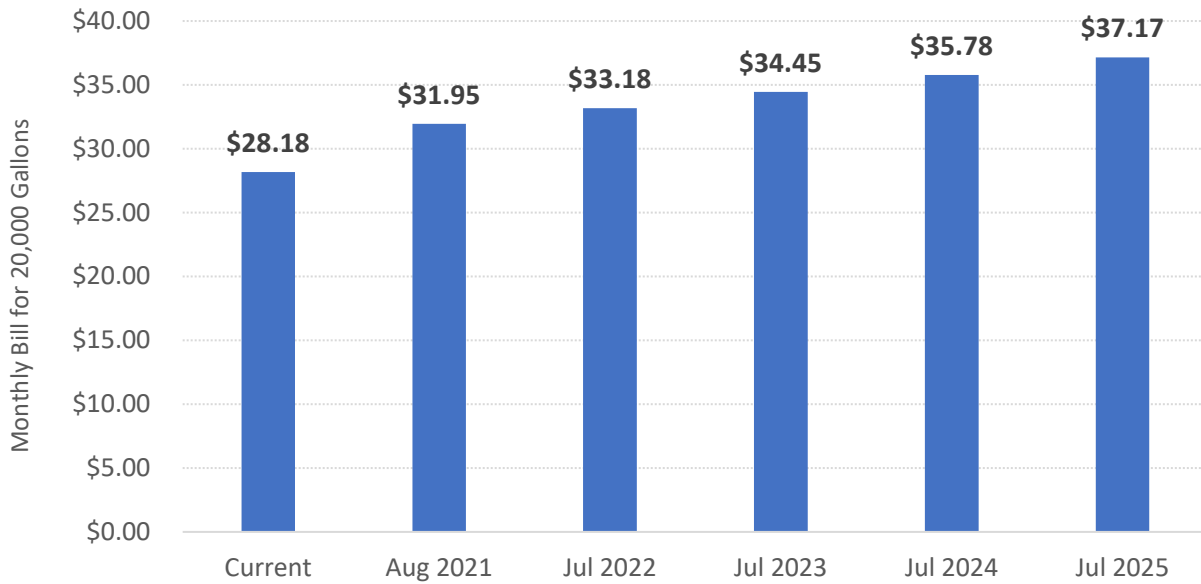


Table 12
Single Family Water Usage Monthly Bill Impacts

| Monthly Use in Thousands of Gallons | Current | | | Total Monthly Bill | New Rates August, 2021 | | | Total Monthly Bill | Difference New less Current |
|---|-------------------------------|-----------|---------------------------------------|--------------------------|-------------------------------|-----------|---------------------------------------|--------------------------|-----------------------------------|
| | Service Fee 1" and Smaller | Meter Fee | Use Charge > 25,000 galls | | Service Fee 1" and Smaller | Meter Fee | Use Charge > 25,000 galls | | |
| | | | <i>Rate per 1,000 galls</i> \$1.57 | | | | <i>Rate per 1,000 galls</i> \$1.64 | | |
| 1 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 2 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 3 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 4 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 5 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 6 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 7 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 8 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 9 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 10 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 11 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 12 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 13 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 14 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 15 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 16 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 17 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 18 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 19 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 20 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 25 | \$25.13 | \$3.05 | \$0.00 | \$28.18 | \$28.64 | \$3.30 | \$0.00 | \$31.95 | \$3.77 |
| 30 | \$25.13 | \$3.05 | \$7.85 | \$36.03 | \$28.64 | \$3.30 | \$8.20 | \$40.14 | \$4.11 |
| 35 | \$25.13 | \$3.05 | \$15.70 | \$43.88 | \$28.64 | \$3.30 | \$16.39 | \$48.34 | \$4.46 |
| 40 | \$25.13 | \$3.05 | \$23.55 | \$51.73 | \$28.64 | \$3.30 | \$24.59 | \$56.54 | \$4.81 |
| 45 | \$25.13 | \$3.05 | \$31.40 | \$59.58 | \$28.64 | \$3.30 | \$32.78 | \$64.73 | \$5.15 |
| 50 | \$25.13 | \$3.05 | \$39.25 | \$67.43 | \$28.64 | \$3.30 | \$40.98 | \$72.93 | \$5.50 |

Source: HEC.

sf bill use

The SWRCB program bases its evaluation of affordability of water rates on two criteria:

1. The median household income (MHI) of the community compared to the State MHI, and
2. The percentage of MHI spent on water bills.

Generally, water rates are considered to be burdensome if they are greater than 2.0 percent of MHI. If a community's MHI is less than 80 percent of the State MHI, the community is considered "Disadvantaged", in which case a rate greater than 1.5 percent of MHI is considered burdensome. The City of Livingston meets the definition of Disadvantaged in 2021.

The affordability test is shown in **Table 13**. Under the calculated water rates for August 2021, a household using less than 25,000 gallons in a month would pay \$31.95, which is 0.70% of the estimated MHI for Livingston. The proposed water rates are, per the SWRCB definitions, affordable.

Table 13
Test of Water Bill Affordability

| Item | Current Rates | Aug-21 [1] |
|--|---------------|---------------|
| Monthly Water Bill | | |
| Monthly Median Household Income (MHI) | \$4,573.83 | \$4,573.83 |
| Monthly Water Bill < 25,000 Gallons | \$28.18 | \$31.95 |
| Average Monthly Water Bill as Percentage of MHI [2] | 0.62% | 0.70% |
| Median Household Income (MHI) | | |
| Statewide California | \$75,235 | |
| Estimated Livingston [3] | \$54,886 | |
| Livingston MHI as a percentage of the State MHI [4] | 73.0% | |

Source: HEC, State Water Resources Control Board, and US Census Bureau.

aff

[1] Bills must be greater than or equal to 1.5% of MHI to qualify for Disadvantaged principal forgiveness

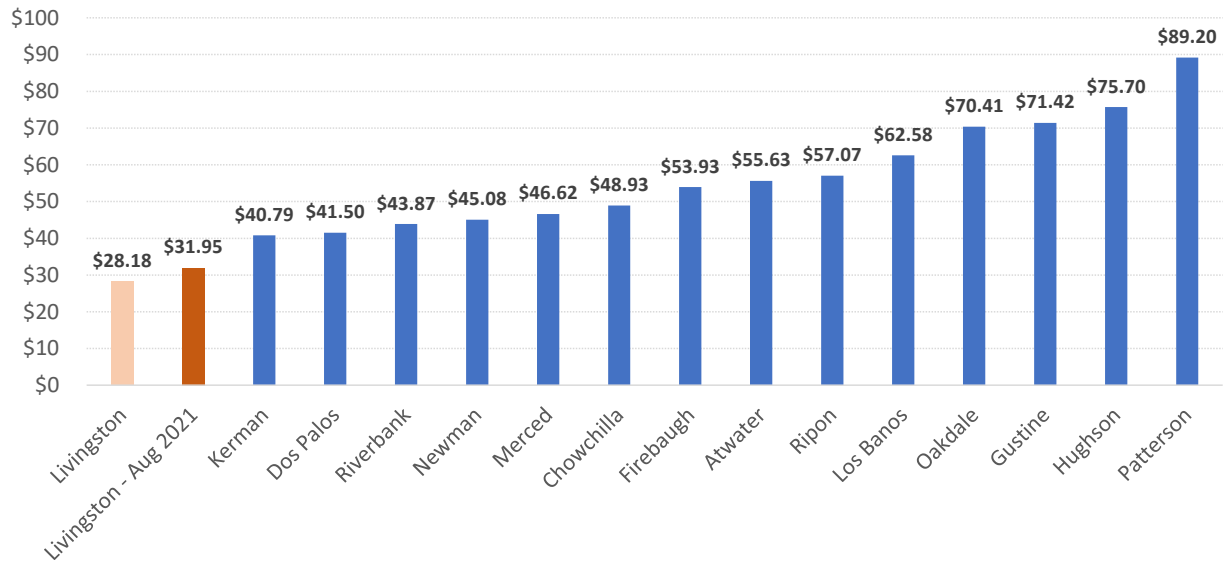
[2] Water bills that are 1.5% to 2.0% of MHI are considered affordable.

[3] 2019 5-year American Community Survey.

[4] Per SWRCB, community with an MHI <80% of the Statewide MHI is Disadvantaged. For a Disadvantaged Community to qualify for grant funding water rates must exceed 1.5% of the service area MHI.

Figure 12 on the next page displays a comparison of regional water bills for a single-family home with a one-inch water meter using 20,000 gallons in a month. Note, however, that some of the comparison cities may be in the process of rate increases as well; this is a snapshot in time.

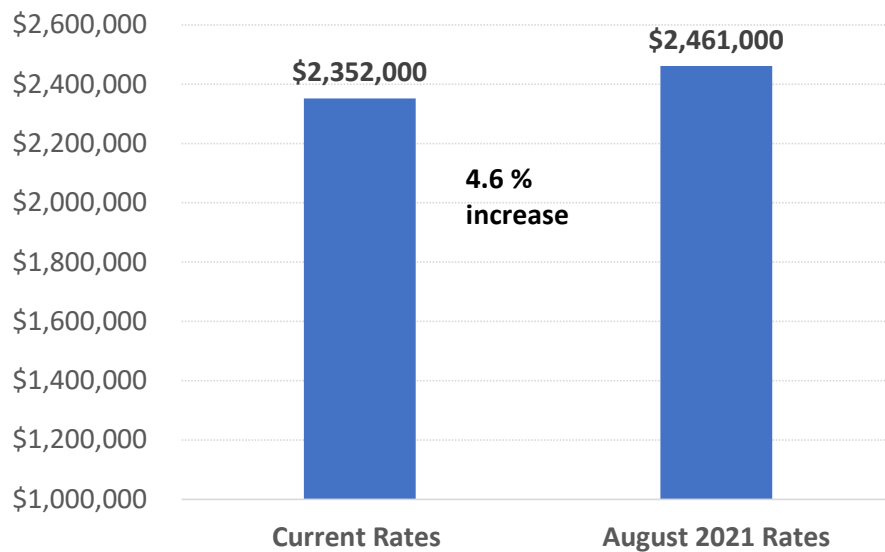
Figure 12
Comparison of Regional Water Bills



2.5.2. Non-Residential Bill Impacts

The estimated financial effect of the August 2021 rate increase on the City’s largest nonresidential customer, Foster Farms, is shown in **Figure 13** below. The total annual bill would increase from approximately \$2.35 million to \$2.46 million, depending on actual water consumption.

Figure 13
Impact of Year 1 Rate Increase on Foster Farms



Section 3: WASTEWATER RATE STUDY

The wastewater rate study was prepared using the principles established by the WEF Manual of Practice No. 27 and guidelines prepared by the SWRCB for State Revolving Fund financing. This study uses the functional cost allocation methodology to determine rates³.

The following four steps outline how wastewater rates are calculated such that the monthly wastewater rates meet California's legal requirements.

- 1. Establish the Wastewater Customer Base and User Characteristics** – Wastewater flow and strength data for each customer type is based on City flow measurements and industry standards.
- 2. Project the Revenue Requirement and Allocate to Collection and Treatment** – The revenue requirement analysis compares the revenues of the utility to its operating and capital costs to determine the adequacy of existing rates to recover the utility's costs. Components of revenue requirement include capital improvement costs, system rehabilitation costs, operations and maintenance costs, debt service costs, and operating reserve costs. Non-rate revenue credited against the projected costs include interest income, fines and forfeits, and miscellaneous revenues.
- 3. Allocate Revenue Requirement based on Flow and Strength and Determine Unit Costs** – The revenue requirement is allocated based on flow and strength depending on the percentage distribution of operations and maintenance operations attributed to flow, biological oxygen demand (BOD),⁴ and total suspended solids (SS).⁵ Per unit revenue requirement for each projected year is determined by dividing the allocated revenue requirement by the demand for each customer type.
- 4. Determine Revenue Requirement by Customer Type** – Per unit costs from step 3 are multiplied by the flow and strength characteristics of each customer category to determine the annual cost by customer type.

3.1 THE WASTEWATER FUND AND ITS CUSTOMERS

3.1.1 Revenues.

The wastewater system is funded through monthly charges, fees, and investment earnings. The existing wastewater rate schedule of monthly charges is shown in **Table 14**.

³ Chapter 6, pages 110-120, Financing and Charges for Wastewater Systems, Manual of Practice No. 27.

⁴ BOD demand is the amount of dissolved oxygen needed by aerobic biological organisms in a body of water to break down organic material present in a given water sample at certain temperature over a specific time period. The term also refers to a chemical procedure for determining this amount.

⁵ Total SS is a measure of the combined content of all inorganic and organic substances contained in a liquid in molecular, ionized or micro-granular (colloidal sol) suspended form.

Table 14
Current Wastewater Rates Schedule

| Customer Category | | Monthly Rates |
|--|-------------|---------------|
| Flat Monthly Charges | | |
| Residential Inside City | per unit | \$43.84 |
| Residential Outside City | per unit | \$65.76 |
| Churches/Temples/Comm. Ctrs | per account | \$42.28 |
| Schools (with Cafeteria) | per student | \$1.46 |
| Hotel / Motel | per room | \$17.22 |
| Flat and Variable Monthly Charges | | |
| Industrial Flat Charge | per account | \$43.84 |
| Commercial Flat Charge | per account | \$43.84 |
| Industrial Variable Charge | per gallon | \$0.010417 |
| Commercial Variable Charge | per gallon | \$0.003837 |

Source: HEC.

curr

Flat monthly charges are paid by residential, church/temple/community center, school and hotel/motel customers. Industrial and commercial customers pay a flat monthly charge plus a use charge. The use charge is applied to water meter monthly readings for industrial and commercial customers.

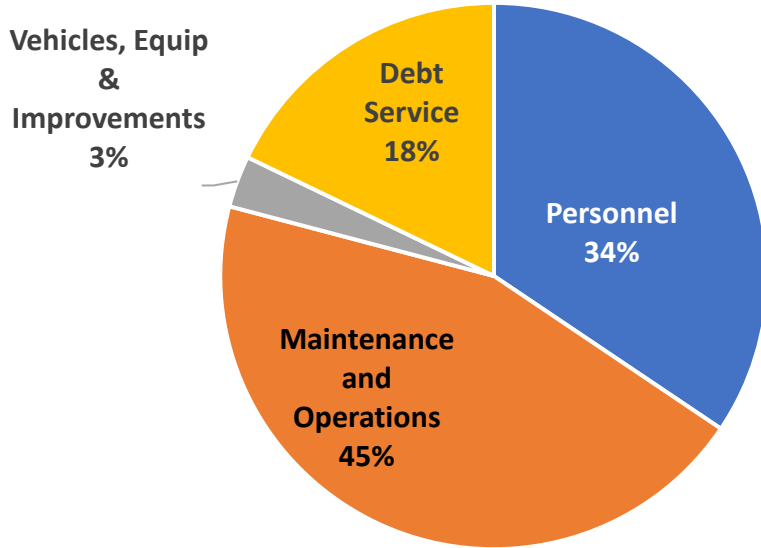
Flat monthly charges are applied to residential users per unit, to churches/temples/community centers, industrial and commercial customers per account, to schools per student, and to hotels/motels per room.

Wastewater fund revenues for the past four years are provided in **Appendix B Table B-1**.

3.1.2 Expenses.

Monthly wastewater bills pay for operating costs, including personnel costs, debt service, and vehicles, equipment and infrastructure replacement and improvements. **Figure 14** on the next page shows what monthly bills pay for. Wastewater fund expenses for the past four years are provided in **Appendix B Table B-2**.

Figure 14
Wastewater Fund Annual Expenses



For the last four years, the wastewater fund has generated sufficient revenues to pay for the costs of the wastewater system. **Table 15** on the next page shows that revenues in fiscal year 2020 were just over \$2.22 million, while expenses were approximately \$1.95 million.

Table 15
Historical Wastewater Fund Revenues and Expenses

| Revenues and Expenses | Fiscal Year Ending | | | |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2017 | 2018 | 2019 | 2020 |
| Revenues | | | | |
| Intergovernmental | \$0 | \$13,230 | (\$3,035) | \$0 |
| Charges for Services | \$2,038,750 | \$2,078,675 | \$2,198,789 | \$2,143,698 |
| Fines & Forfeits | \$24,803 | \$28,702 | \$22,417 | \$18,098 |
| Return on Use of Money/Property | \$16,694 | \$20,976 | \$25,481 | \$38,412 |
| Miscellaneous | \$10,988 | \$41,847 | \$66,466 | \$22,752 |
| Total Revenues | \$2,091,235 | \$2,183,429 | \$2,310,119 | \$2,222,959 |
| Expenses | | | | |
| Personnel | \$422,346 | \$543,621 | \$598,896 | \$724,942 |
| Supplies | \$978,618 | \$618,001 | \$665,647 | \$697,970 |
| Maintenance and Operations | \$3,856 | \$2,741 | \$2,458 | \$888 |
| Vehicles, Equip & Improvements | \$42,348 | \$64,278 | \$21,381 | \$74,769 |
| Debt Service | \$247,046 | \$271,950 | \$214,279 | \$453,000 |
| Total Expenses | \$1,694,213 | \$1,500,591 | \$1,502,660 | \$1,951,569 |
| Net Revenue | \$397,022 | \$682,838 | \$807,458 | \$271,390 |

Source: City of Livingston financial documents.

net

RATE METHODOLOGY STEP 1

Establish the Wastewater Customer Base and User Characteristics

Figure 15 on the next page shows the percentage of wastewater customers by customer category. Residential customers comprise 95% of the wastewater system customer base. Commercial, light industrial and other customers (such as churches and schools) comprise the remaining 5% of the customer base. The current number of wastewater accounts by customer category is provided in **Appendix B Table B-3**.

The wastewater customers generate, on average, 1.20 million gallons per day in flow that is treated at the wastewater treatment plant. Historical wastewater plant influent flow is shown in **Appendix B Table B-4**.

Figure 16 on the next page shows wastewater flows to the treatment plant for the last five years. Wastewater flows fluctuate from year to year with changes to the customer base and quantity of water consumed (that is not applied to landscapes).

Figure 15
Wastewater Customers by Category

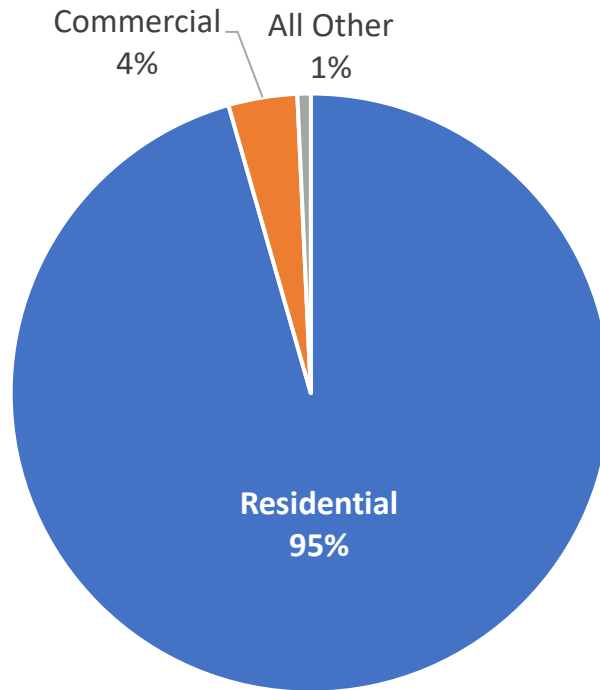
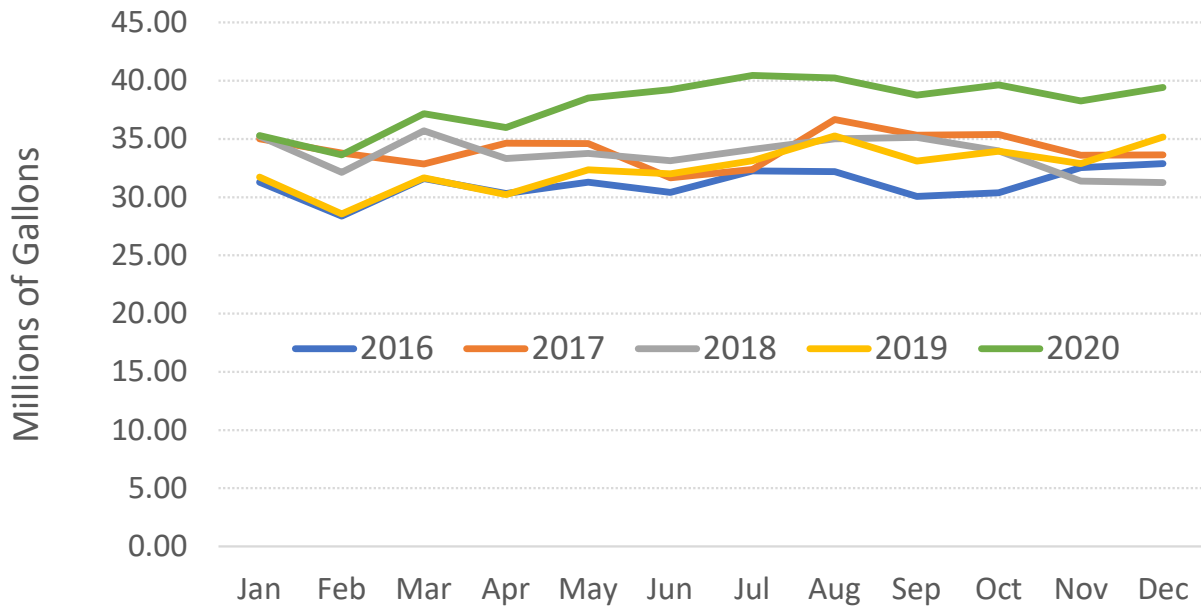


Figure 16
Wastewater Flow for the Last Five Years



The rate study allocates wastewater system costs to customer groups based on their user characteristics. The current number of wastewater customers and total calculated flow for each customer and customer category, BOD, and SS characteristics are summarized in **Table 16** on the following page.

About 80% of total annual flow is generated by residential customers and 20% by non-residential customers. Residential customers generate approximately 65% of the BOD and SS treated annually at the wastewater treatment plant. Generally, non-residential customers generate dirtier wastewater that requires greater costs to clean.

3.2 REVENUE REQUIREMENT

RATE METHODOLOGY STEP 2

Project the Revenue Requirement and Allocate to Collection and Treatment Costs

The revenue requirement is the amount to be raised by wastewater charges. The projection of the revenue requirement is the cornerstone for calculation of rates. This section explains the derivation of the revenue requirement for this Study.

Components of the revenue requirement include:

- Operating Expenses
- Capital Improvement and Debt Service
- System Rehabilitation

Non-wastewater sales revenue projections are credited against projected operations costs. Non-wastewater sales include interest income, fines and forfeits, and other miscellaneous revenues.

3.2.1 Operations Expenses

Operating expenses are projected based on budgeted fiscal year 2021 expenditures. Operating expenses include annual costs for personnel (including benefits), professional and contract services, treatment plant operations and maintenance, collection system and other wastewater facilities operations and maintenance, utilities, facilities equipment and other costs, and tools, subscriptions, and supplies. Operating expenses are budgeted at \$1.58 million in fiscal year 2021. The rate study increases each of the operating cost categories over the next five years in anticipation of cost increases.

Personnel costs are increased 6.0% per year, utilities at 4.0% per year, and other costs between 2.5% and 3.5% per year. The projected operating costs include two new staff positions: half of the costs of a new Water/Wastewater Manager, as well as one-third of the costs of a new Account Clerk. The costs of these positions are shared with the wastewater fund and the wastewater fund and solid waste fund, respectively.

**Table 16
Wastewater User Characteristics**

| Customer Category | Billing Basis | No. Billing Units (A) | Wastewater Characteristics | | | | Treatment Capacity/Load | | | | Annual Capacity/Load | | | | | |
|-----------------------------|---------------|-----------------------|----------------------------|--------------|-------------|--|------------------------------|-----------------------------|---------------------|------------------------------|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| | | | Flow GPD (B) | BOD MG/L (C) | SS MG/L (D) | Avg. Day Dry Weather Flow (MGD) (E)=(A)(B)/1000000 | BOD Lbs/Day (F)= (C)(E)x8.34 | SS Lbs/Day (G)= (D)(E)x8.34 | Flow MG (H)=(E)x365 | BOD Lbs/Year (I)=(C)(H)x8.34 | SS Lbs/Year (J)=(D)(H)x8.34 | | | | | |
| Residential | | | | | | | | | | | | | | | | |
| Detached | Unit | 3,341 | 250 | 250 | 250 | 0.84 | 1,741.50 | 1,741.50 | 304.9 | 635,646 | 635,646 | 89,405 | 89,405 | 635,646 | 89,405 | 635,646 |
| Attached | Unit | 534 | 220 | 250 | 250 | 0.12 | 244.95 | 244.95 | 42.9 | 89,405 | 89,405 | 89,405 | 89,405 | 89,405 | 89,405 | 89,405 |
| Non-Residential | | | | | | | | | | | | | | | | |
| Churches/Temples/Comm.Ctrs. | Account | 16 | 280 | 155 | 170 | 0.00 | 5.79 | 6.35 | 1.6 | 2,114 | 2,318 | 2,114 | 2,318 | 2,114 | 2,318 | 2,318 |
| Schools (with cafeteria) | Student | 3,723 | 20 | 230 | 165 | 0.07 | 142.83 | 102.46 | 13.4 | 25,709 | 18,444 | 25,709 | 18,444 | 25,709 | 18,444 | 18,444 |
| Hotel/Motel | Room | 93 | 85 | 350 | 500 | 0.01 | 23.07 | 32.96 | 2.9 | 8,422 | 12,032 | 8,422 | 12,032 | 8,422 | 12,032 | 12,032 |
| Light Industrial | Account | 1 | 51,110 | 1,000 | 800 | 0.05 | 426.26 | 341.01 | 18.7 | 155,584 | 124,467 | 155,584 | 124,467 | 155,584 | 124,467 | 124,467 |
| Commercial | Account | 131 | 825 | 525 | 650 | 0.11 | 473.21 | 585.87 | 39.4 | 172,720 | 213,844 | 172,720 | 213,844 | 172,720 | 213,844 | 213,844 |
| TOTAL | | | | | | 1.20 | 3,057.60 | 3,055.10 | 423.8 | 1,089,601 | 1,096,157 | 1,089,601 | 1,096,157 | 1,089,601 | 1,096,157 | 1,096,157 |

Source: City of Livingston customer records, and HEC.

char

3.2.2 Capital Improvements and Debt Service

Anticipated capital improvement expenses over the next five years include upgrades of the biosolids dewatering equipment at the treatment plant, as well as replacement of the SCADA tower. The collection system improvements include lift station rehabilitation, sewer line replacement, and vehicles. The CIP was provided in 2020/21 dollars (see **Appendix Table B-5**) and inflated to future dollars as shown in **Table 17**.

Table 17
Inflated Wastewater CIP

| Capital Project | Funding Source | Fiscal Year Ending | | | | | |
|--|----------------|--------------------|--------------------|------------------|------------------|------------------|------------------|
| | | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Treatment Plant | | | | 3.5% | | | |
| Biosolids Dewatering Equipment | Rates | \$0 | \$310,500 | \$214,245 | \$0 | \$0 | \$0 |
| SCADA Tower | Rates | \$0 | \$15,525 | \$0 | \$0 | \$0 | \$0 |
| Total Treatment Plant | | \$0 | \$326,025 | \$214,245 | \$0 | \$0 | \$0 |
| Collection System | | | | | | | |
| Lift Station Rehabilitation (Singh & Burgandy) | Rates | \$0 | \$103,500 | \$107,123 | \$0 | \$0 | \$0 |
| Sewer Line Replacement [1] | Grant | \$3,050,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Additional Sewer Line Replacement | Rates | \$0 | \$0 | \$353,504 | \$554,359 | \$745,890 | \$831,380 |
| New Disc & Ripper Tractor | Rates | \$0 | \$222,525 | \$0 | \$0 | \$0 | \$0 |
| New Vac-On Sewer Truck | Rates | \$0 | \$0 | \$0 | \$388,051 | \$0 | \$0 |
| Total Collection System | | \$3,050,000 | \$326,025 | \$460,627 | \$942,410 | \$745,890 | \$831,380 |
| Total Wastewater System | | \$6,896,602 | \$3,050,000 | \$652,050 | \$674,872 | \$942,410 | \$745,890 |
| Funded by Grants | | \$3,050,000 | \$3,050,000 | \$0 | \$0 | \$0 | \$0 |
| Funded by Rates | | \$3,846,602 | \$0 | \$652,050 | \$674,872 | \$942,410 | \$831,380 |
| Funded by Loan | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Source: City of Livingston Public Works January 2021.

inf cip

[1] The City has secured CDBG grant funding for this project.

Of the total \$6.90 million in the CIP, the City anticipates \$3.05 million will be funded by a Community Development Block Grant. The remaining \$3.85 million would be funded by wastewater rates and the projects would be funded on a pay-as-you-go basis.

No new debt is anticipated to be necessary over the next five years; however, the City does have existing wastewater system debt. The debt was refunded in 2016 with savings to the wastewater customers. The remaining debt payments are provided in **Appendix B Table B-6**. Debt service is about \$450,000 per year.

3.2.3 System Rehabilitation

All of the capital improvement plan is for system rehabilitation. As such, there is no additional collection included in the rates for depreciation. The City's current wastewater assets and estimated annual depreciation cost through the study period is provided in **Appendix B Table B-7** (with support **Table B-8**).

The projected revenue requirement is provided in **Table 18**. Included in the projection is an adjustment to allow for variances from year to year for non-residential use as well as delinquencies. The revenue requirement is projected to increase from \$1.81 million in fiscal year 2019 to \$3.04 million in fiscal year 2025. Currently, the City raises \$2.20 million in user fees. The rate study smooths out rate increases each year so that the amount to be collected from rates increases to \$2.78 million in 2022 and \$3.36 million in 2026.

Table 18
Projected Revenue Requirement for Wastewater

| Expenses | inflatior | Fiscal Year Ending | | | | | |
|--|-----------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Operating Expenses | | | | | | | |
| Personnel | 6.0% | \$718,293 | \$761,390 | \$807,074 | \$855,498 | \$906,828 | \$961,237 |
| New Personnel [1] | 6.0% | \$0 | \$76,100 | \$80,666 | \$85,506 | \$90,636 | \$96,074 |
| Professional & Contract Services | 3.0% | \$134,822 | \$138,867 | \$143,033 | \$147,324 | \$151,743 | \$156,296 |
| Treatment Plant O&M | 3.5% | \$50,000 | \$51,750 | \$53,561 | \$55,436 | \$57,376 | \$59,384 |
| Collection & Facilities O&M | 3.5% | \$60,000 | \$62,100 | \$64,274 | \$66,523 | \$68,851 | \$71,261 |
| Utilities | 4.0% | \$258,900 | \$269,256 | \$280,026 | \$291,227 | \$302,876 | \$314,991 |
| Facilities, Equipment & Other O&M | 3.5% | \$115,000 | \$119,025 | \$123,191 | \$127,503 | \$131,965 | \$136,584 |
| Tools, Subscriptions, Supplies | 2.5% | \$242,180 | \$248,235 | \$254,440 | \$260,801 | \$267,321 | \$274,004 |
| Total Operating Expenses | | \$1,579,195 | \$1,726,722 | \$1,806,264 | \$1,889,818 | \$1,977,598 | \$2,069,833 |
| Debt Service | | | | | | | |
| Series 2016A Refunding | | \$448,650 | \$445,850 | \$447,850 | \$449,450 | \$450,650 | \$451,450 |
| New Debt Service | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Debt Service | | \$448,650 | \$445,850 | \$447,850 | \$449,450 | \$450,650 | \$451,450 |
| System Rehabilitation and New Projects | | | | | | | |
| Equipment & Vehicle Purchases | constant | \$194,204 | \$272,525 | \$50,000 | \$438,051 | \$50,000 | \$50,000 |
| Cash-Funded Capital Projects | | \$0 | \$429,525 | \$674,872 | \$554,359 | \$745,890 | \$831,380 |
| Subtotal System Rehab. And New Projects | | \$194,204 | \$702,050 | \$724,872 | \$992,410 | \$795,890 | \$881,380 |
| Additional Collection for Depreciation | | | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Costs | | \$2,222,049 | \$2,874,622 | \$2,978,986 | \$3,331,678 | \$3,224,138 | \$3,402,663 |
| <i>Fixed</i> | 70% | \$1,471,147 | \$2,099,240 | \$2,178,296 | \$2,504,823 | \$2,370,232 | \$2,520,788 |
| <i>Variable</i> | 30% | \$750,902 | \$775,382 | \$800,690 | \$826,855 | \$853,906 | \$881,875 |
| Credits | | | | | | | |
| Intergovernmental | [2] | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| WWTP Solar Installation Utility Savings | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Charges for Services | [2] | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fines & Forfeits | constant | \$33,900 | \$33,900 | \$33,900 | \$33,900 | \$33,900 | \$33,900 |
| Return on Use of Money | constant | \$14,470 | \$14,470 | \$14,470 | \$14,470 | \$14,470 | \$14,470 |
| Miscellaneous | constant | \$4,550 | \$4,550 | \$4,550 | \$4,550 | \$4,550 | \$4,550 |
| Total Credits | | \$52,920 | \$52,920 | \$52,920 | \$52,920 | \$52,920 | \$52,920 |
| Total Revenue Requirement | | \$2,169,129 | \$2,821,702 | \$2,926,066 | \$3,278,758 | \$3,171,218 | \$3,349,743 |
| Addition/Draw on Operating Reserve | | | (\$41,702) | (\$11,066) | (\$78,758) | \$78,782 | \$10,257 |
| Amount to be Collected through Rates | | \$2,220,000 | \$2,780,000 | \$2,915,000 | \$3,200,000 | \$3,250,000 | \$3,360,000 |

Source: City of Livingston Financial documents, and HEC.

rev req

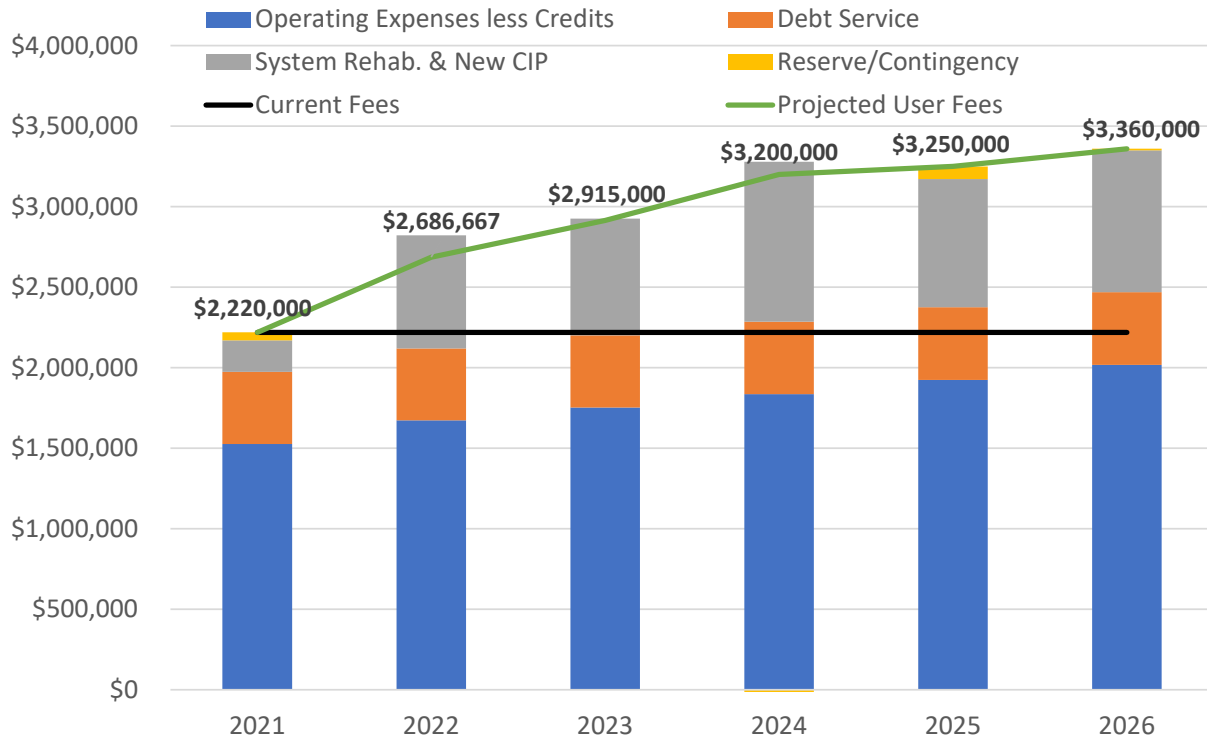
[1] Includes the sewer fund's portion of two new positions: water/wastewater manager and account clerk.

[2] Infrequent, one-time revenues.

[3] Includes allowance for variances year to year for non-residential use as well as delinquencies.

Figure 17 below shows the current fee collections, projected fee collections and components of revenue requirement for the next five years.

Figure 17
Projected Revenue Requirement and Fee Collections



3.3 WASTEWATER RATE CALCULATIONS

All of the tables in this section show the calculations for the first year of the analysis, fiscal year 2021-22 to illustrate how the rates are calculated. The same cost allocation methodology is used for all years considered in this analysis.

RATE METHODOLOGY STEP 3

Allocate Revenue Requirement based on Flow and Strength and Determine Unit Costs

The cost to treat wastewater is a function of the total volume (“flow”) and the level of pollutants (“strength”) of the wastewater discharged by a customer.

Costs are allocated to customer categories as follows:

- A. Allocate the costs (by Cost Category) to flow, BOD and SS
- B. Determine the Unit Cost by Cost Category

Each of these steps is described in greater detail below.

A. Cost Allocation to Flow, BOD, and SS

Costs are first allocated between treatment and collection functions of the wastewater system, as shown in **Table B-9**. Then, costs are allocated to flow, BOD, and SS based on percentage allocation or distribution factors. These percentage allocation factors are based on the estimated distribution of the treatment and collection facilities operations and maintenance (O&M) activities between or related to flow, BOD, and SS.

B. Unit Cost by Cost Category

The allocated costs are then divided by total annual capacity from **Table 16**. **Table B-10** in Appendix B shows the calculation of unit costs by cost category for flow, BOD, and SS. Collection costs are strictly related to flow and therefore 100 percent of the collection costs are allocated to flow. The offsetting revenues are allocated by cost category for flow, BOD and SS using the subtotal percentages from the collection and treatment cost allocations.

RATE METHODOLOGY STEP 4

Determine Revenue Requirement by Customer Type

The unit costs determined in **Table B-10** are multiplied by the flow, BOD, or SS for each customer type. These costs are then summed to determine the total costs allocated to each customer type. **Table B-11** in Appendix B shows the cost allocated to flow, BOD, and SS by customer category for fiscal year ending 2020. The new customer category, Industrial Laundromat, cost allocation is determined in **Appendix B Table B-12**. Total allocated costs to each customer category are shown in **Appendix B Table B-13**. Residential customers are responsible for 77% of the total costs. Commercial customers are responsible for 12% of the cost, and all other customer categories are responsible for 11% of the total cost. Total treatment cost per thousand gallons is greatest for the highest strength customers (which are in the light industrial customer category) and lowest for churches/temples/community centers, which have the lowest strength wastewater. This is illustrated in **Figure 18**.

Figure 18
Calculated Cost per Thousand Gallons

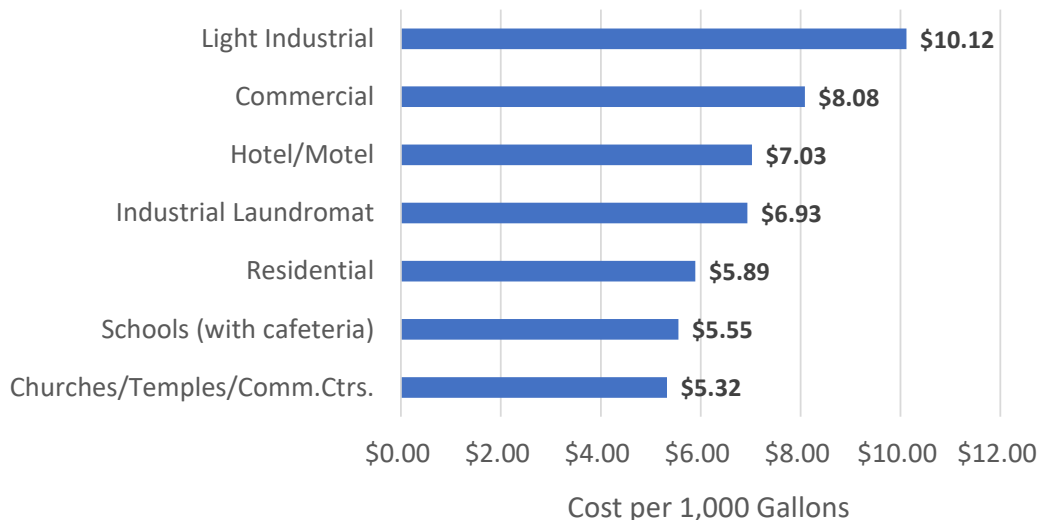


Table 19 on the following page presents the calculated rates for fiscal year ending 2022. The total allocated costs to each customer category provide the basis for the rates. All residential customers will pay for wastewater on a per unit basis. Schools will pay per student. Hotels/motels will pay monthly rates per room. Commercial wastewater customers will pay a flat monthly charge per account and flow charges based on their metered potable water use each month. Light industrial users, including industrial laundromat, will pay a flat monthly charge per account and flow charges based on their metered potable water use each month.

Table 20 shows the calculated rates for the next five years. The rates take into account anticipated additional growth within the City (shown in **Appendix B Table B-14**). Since 2014, the City has experienced growth in the number of commercial customers and types of commercial customer. The shift in the customer base, as well as updated cost allocation factors used in the rate calculations, results in some customers having proportionately greater increases than others.

Table 20
Calculated Wastewater Rates

| Customer Category | Billing Basis | Current | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | Aug-21 | Jul-22 | Jul-23 | Jul-24 | Jul-25 |
| Residential | per unit | \$43.84 | \$46.05 | \$47.76 | \$51.86 | \$52.09 | \$53.25 |
| Non-Residential | | | | | | | |
| Churches/Temples/Comm.Ctrs. | per account | \$42.28 | \$47.39 | \$49.14 | \$53.35 | \$53.59 | \$54.78 |
| Schools (with cafeteria) | per student | \$1.46 | \$1.74 | \$1.81 | \$1.96 | \$1.97 | \$2.01 |
| Hotel/Motel | per room | \$17.22 | \$18.99 | \$19.70 | \$21.38 | \$21.48 | \$21.96 |
| Light Industrial (Base) | per account | \$43.84 | \$46.05 | \$47.76 | \$51.86 | \$52.09 | \$53.25 |
| Commercial (Base) | per account | \$43.84 | \$46.05 | \$47.76 | \$51.86 | \$52.09 | \$53.25 |
| Variable Charges for Non-Residential Only | | | | | | | |
| Light Industrial | per gallon | \$0.010417 | \$0.010023 | \$0.010397 | \$0.011291 | \$0.011343 | \$0.011599 |
| Industrial Laundromat [1] | per gallon | n.a. | \$0.005444 | \$0.005647 | \$0.006132 | \$0.006159 | \$0.006298 |
| Commercial | per gallon | \$0.003837 | \$0.005783 | \$0.006090 | \$0.006712 | \$0.006843 | \$0.007099 |

Source: 2021 HEC rate study.

sum

[1] New customer category.

Table 19
Calculated Rates by Customer Category – Fiscal Year 2022

| Customer Category | Billing Basis | No. Billing Units | Allocated Cost | Base 70% | Flow 30% | Annual Cost per Billing Unit | | Monthly Cost | |
|------------------------------|---------------|-------------------|--------------------|--------------------|--------------------|------------------------------|----------|--------------|---------|
| | | | | | | Base | Flow | Base | Use |
| Residential | Unit | 3,875 | \$2,141,452 | \$1,499,017 | \$642,436 | \$386.84 | \$165.79 | \$552.63 | \$46.05 |
| Non-Residential | | | | | | | | | |
| Churches/Temples/Comm.Ctrs. | Account | 16 | \$9,098 | \$6,369 | \$2,729 | \$398.04 | \$170.59 | \$568.63 | \$47.39 |
| Schools (with cafeteria) | Student | 3,723 | \$77,768 | \$54,437 | \$23,330 | \$14.62 | \$6.27 | \$20.89 | \$1.74 |
| Hotel/Motel | Room | 93 | \$21,192 | \$14,834 | \$6,357 | \$159.51 | \$68.36 | \$227.87 | \$18.99 |
| Light Industrial [1] | Account | 1 | \$197,238 | \$553 | \$196,685 | \$552.63 | | \$552.63 | \$46.05 |
| -- Industrial Laundromat [2] | Account | 1 | \$112,262 | \$553 | \$111,709 | \$552.63 | | \$552.63 | \$46.05 |
| Commercial [1] | Account | 131 | \$333,253 | \$72,395 | \$260,858 | \$552.63 | | \$552.63 | \$46.05 |
| TOTAL | | | \$2,780,000 | \$1,647,604 | \$1,132,396 | | | | |

Source: 2021 HEC wastewater rate study. calc

[1] Costs are allocated based on estimated sewer flow; however, the rates are calculated based on total water use in 2019 and 2020 shown below.

| | |
|---------------------------|--|
| Light Industrial | 19,624,000 gallons |
| --- Industrial Laundromat | 20,519,000 gallons |
| Commercial Customers | 45,111,200 gallons (provides for a 20% variance) |

[2] Subcategory - allocated cost is part of the light industrial category.

3.4 CASH FLOW AND FUND BALANCE

The projected cash flow, with revenues that are based on the calculated wastewater rates presented in **Table 20**, is shown in **Table 21**.

Table 21
Projected Cash Flow for the Wastewater Fund

| Revenues and Expenses | Fiscal Year Ending | | | | | |
|--|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| | <i>New Rates on Bills -----></i> | <i>Aug-21</i> | <i>Jul-22</i> | <i>Jul-23</i> | <i>Jul-24</i> | <i>Jul-25</i> |
| Revenues | | | | | | |
| User Fees | \$2,220,000 | \$2,686,667 | \$2,915,000 | \$3,200,000 | \$3,250,000 | \$3,360,000 |
| Fines & Forfeits | \$33,900 | \$33,900 | \$33,900 | \$33,900 | \$33,900 | \$33,900 |
| Return on Use of Money | \$14,470 | \$14,470 | \$14,470 | \$14,470 | \$14,470 | \$14,470 |
| Miscellaneous | \$4,550 | \$4,550 | \$4,550 | \$4,550 | \$4,550 | \$4,550 |
| Subtotal Revenues | \$2,272,920 | \$2,739,587 | \$2,967,920 | \$3,252,920 | \$3,302,920 | \$3,412,920 |
| Operating Expenses | \$1,579,195 | \$1,726,722 | \$1,806,264 | \$1,889,818 | \$1,977,598 | \$2,069,833 |
| Net Income before Debt Service | \$693,725 | \$1,012,864 | \$1,161,656 | \$1,363,102 | \$1,325,322 | \$1,343,087 |
| Debt Service | \$448,650 | \$445,850 | \$447,850 | \$449,450 | \$450,650 | \$451,450 |
| <i>Debt Service Coverage</i> | <i>1.55</i> | <i>2.27</i> | <i>2.59</i> | <i>3.03</i> | <i>2.94</i> | <i>2.98</i> |
| Net Revenue | \$245,075 | \$567,014 | \$713,806 | \$913,652 | \$874,672 | \$891,637 |
| Beginning Balance [1] | \$1,272,837 | \$1,323,708 | \$1,188,673 | \$1,177,607 | \$1,098,849 | \$1,177,631 |
| Net Revenue | \$245,075 | \$567,014 | \$713,806 | \$913,652 | \$874,672 | \$891,637 |
| Capital Improvements | (\$194,204) | (\$702,050) | (\$724,872) | (\$992,410) | (\$795,890) | (\$881,380) |
| Ending Balance | \$1,323,708 | \$1,188,673 | \$1,177,607 | \$1,098,849 | \$1,177,631 | \$1,187,888 |
| Restricted Cash | \$451,850 | \$451,850 | \$451,850 | \$451,850 | \$451,850 | \$451,850 |
| Est. Ending Unrestricted Cash Balance | \$871,858 | \$736,823 | \$725,757 | \$646,999 | \$725,781 | \$736,038 |
| Target Ending Balance [2] | \$526,398 | \$575,574 | \$602,088 | \$629,939 | \$659,199 | \$689,944 |

Source: City of Livingston financial documents and HEC.

flow

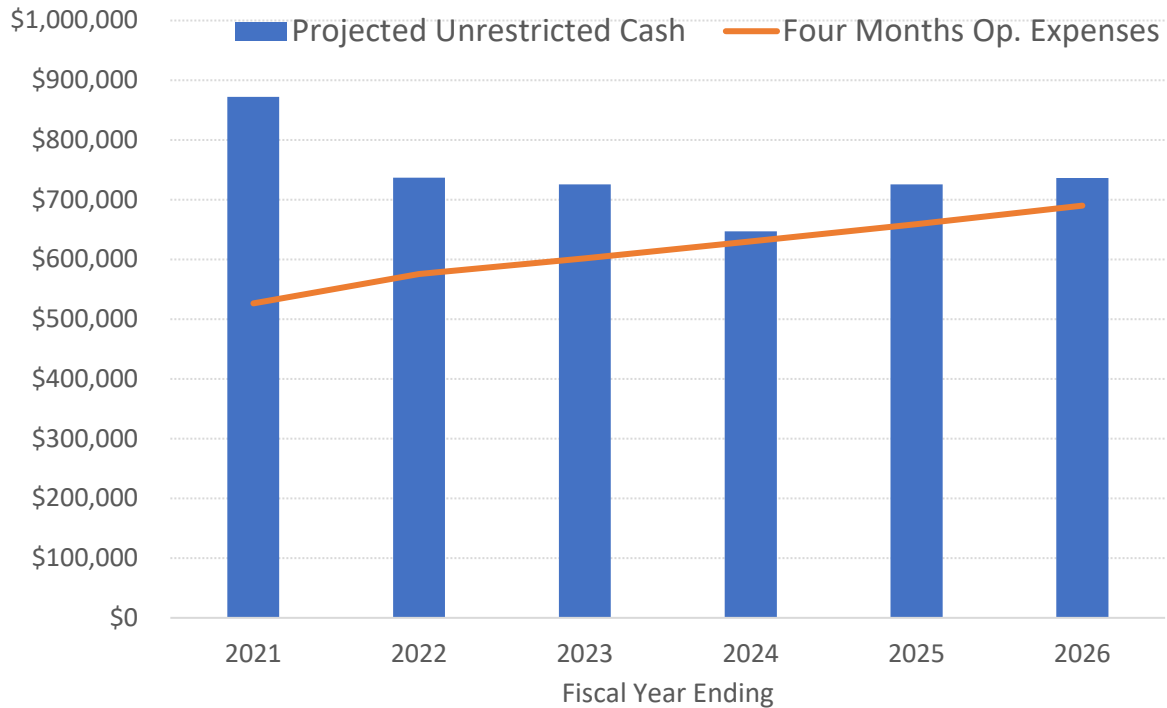
[1] Cash and investments as of July 1, 2020.

[2] Four months of operating expenses.

The projected wastewater fund ending cash balances are shown in **Figure 19** on the next page. Note that although the total cash balance is projected to be greater than illustrated, one year of debt service must be restricted making this cash unavailable for any other purpose.

The target cash balance is four months of operating expenses. If cash accumulation is greater than projected, the City would be able to accelerate sewer main replacements.

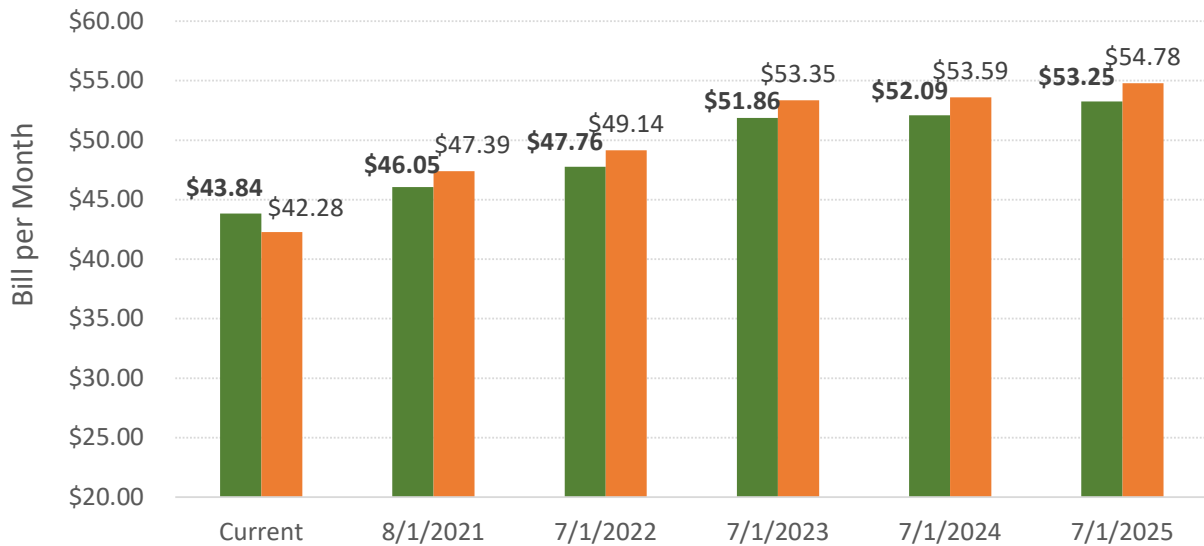
Figure 19
Projected Wastewater Cash Balance



3.5 BILL IMPACTS

Figure 20 illustrates the impact of the new rate schedule on a residential unit and a church. Currently, the monthly rate for churches is a little lower than for a residential unit but in the calculated future rates schedule the monthly charge to a church is greater than the monthly charge to a residential unit. This is because the rate study cost of service analysis assigns greater cost to the churches category in 2021 than it did in 2014. The cost allocation methodology for assigning costs to churches, and all customer categories, was updated following a review of BOD and SS parameters used in fifteen other California communities since 2014.

Figure 20
Bill Impact to a Residential Unit and a Church



Residential monthly wastewater bills are compared in **Figure 21** with other regional wastewater providers. The graph shows that Livingston’s monthly wastewater bill for a home is and will remain in the middle of the range with neighboring and regional cities.

3.5.1 Affordability

The SWRCB also administers the California Clean Water SRF (CWSRF) program and evaluates the affordability of wastewater rates on the same two criteria as water rates.

As shown in **Table 22**, under the calculated wastewater rates for August 2021, a household would pay \$46.05 each month, which is 1.01 percent of the estimated median household income for Livingston. The proposed wastewater rates are, per the SWRCB definitions, affordable.

Figure 21
Comparison of Monthly Residential Wastewater Bills



Table 22
Test of Wastewater Bill Affordability

| Item | Current Rates | Aug-21 [1] |
|--|---------------|---------------|
| Monthly Water Bill | | |
| Monthly Median Household Income (MHI) | \$4,573.83 | \$4,573.83 |
| Monthly Wastewater Bill | \$43.84 | \$46.05 |
| Average Monthly Bill as Percentage of MHI [2] | 0.96% | 1.01% |
| Median Household Income (MHI) | | |
| Statewide California | \$75,235 | |
| Estimated Livingston [3] | \$54,886 | |
| Livingston MHI as a percentage of the State MHI [4] | 73.0% | |

Source: HEC, State Water Resources Control Board, and US Census Bureau.

aff

[1] Bills must be greater than or equal to 1.5% of MHI to qualify for Disadvantaged principal forgiveness.

[2] Bills that are 1.5% to 2.0% of MHI are considered affordable.

[3] 2019 5-year American Community Survey.

[4] Per SWRCB, community with an MHI <80% of the Statewide MHI is Disadvantaged. For a Disadvantaged Community to qualify for principal forgiveness must exceed 1.5% of the service area MHI.

3.5.2 Non-Residential Bill Impacts

Figure 22 illustrates the annual impact of the August 2021 rate increase to a randomly selected convenience store and a randomly selected hotel. Figure 23 illustrates the annual impact of the rate increase on the Livingston Middle School and a randomly selected gas station.

Figure 22
Impacts on a Convenience Store and a Hotel

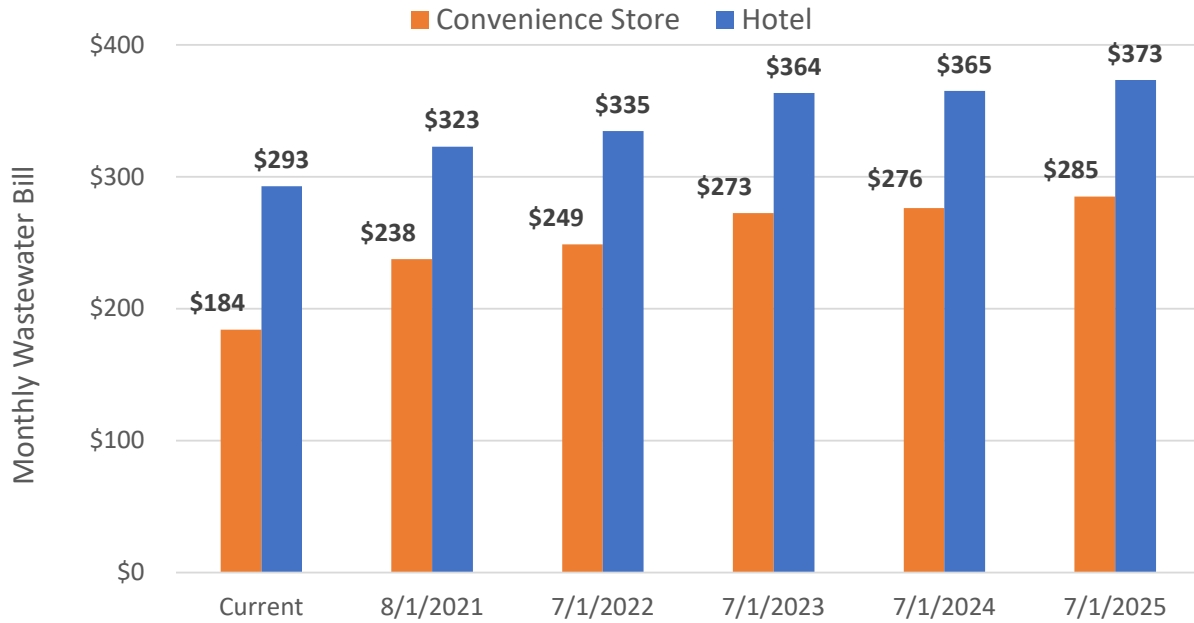
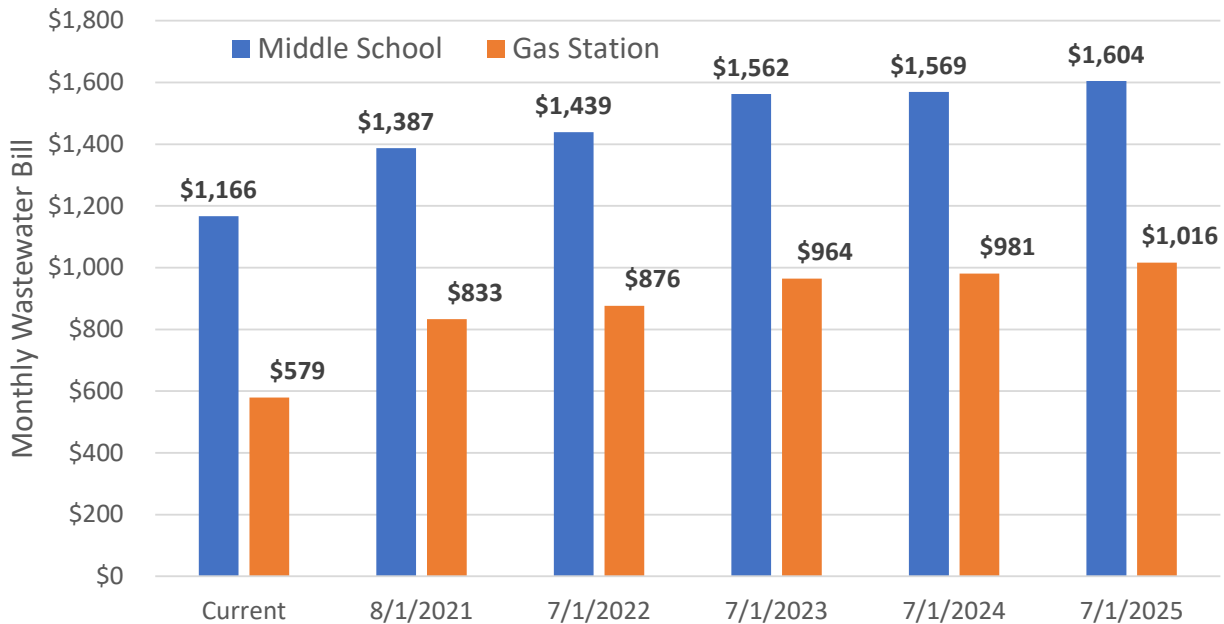


Figure 23
Impacts on a Gas Station and Livingston Middle School



Section 4: SOLID WASTE RATE STUDY

Solid waste service in Livingston is provided by Gilton under an exclusive solid waste collection franchise agreement. The agreement requires solid waste collection at least once a week to all residential customers and more frequently to commercial and industrial customers if needed. The solid waste is disposed at landfills in Merced County.

4.1 THE SOLID WASTE FUND AND ITS CUSTOMERS

The solid waste fund pays for the services provided by Gilton, landfill disposal costs, street sweeping (conducted by City staff, not Gilton), City staff costs to administer and manage both services, and associated City costs.

Historical sanitation fund revenues and expenses are shown in **Table 23**. The fund has been able to cover expenses for each of the past four years. Detail of revenues is provided **Appendix C Table C-1**. Detail of expenses is provided in **Table C-2**.

Table 23
Historical Sanitation Fund Revenues and Expenses

| Expenses and Revenues | Fiscal Year Ending | | | |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2017 | 2018 | 2019 | 2020 |
| | actual | actual | actual | unaudited |
| Revenues | | | | |
| Intergovernmental | \$10,000 | \$14,702 | \$1,965 | \$5,000 |
| Charges for Services | \$1,371,342 | \$1,386,815 | \$1,417,249 | \$1,473,678 |
| Fines & Forfeitures | \$15,229 | \$17,733 | \$15,595 | \$11,648 |
| Return on Use of Money/Property | \$1,476 | \$7,549 | \$14,901 | \$12,395 |
| Miscellaneous | \$3,487 | \$10,019 | \$6,061 | \$5,083 |
| Subtotal Revenues | \$1,401,534 | \$1,436,818 | \$1,455,771 | \$1,507,804 |
| Expenses | | | | |
| Personnel | \$91,307 | \$180,716 | \$194,064 | \$233,479 |
| Disposal Contract Services | \$907,749 | \$919,518 | \$997,084 | \$1,059,650 |
| Maintenance & Operations | \$97,734 | \$75,308 | \$91,808 | \$107,103 |
| Vehicles, Equip. Improvements | \$788 | \$3,791 | \$0 | \$10,621 |
| Subtotal Expenses | \$1,097,578 | \$1,179,333 | \$1,282,957 | \$1,410,853 |
| Net Operating Income | \$303,956 | \$257,485 | \$172,814 | \$96,951 |

Source: City of Livingston financial documents.

net

Almost all of the revenues for solid waste provision are generated by monthly user rates. The current rate schedule is shown in **Table 24**. The table shows n/a for services that currently do not have any customers but that Gilton has provided the City a cost for. Current charges for service by Gilton are provided in **Appendix C Table C-3**.

Table 24
Current Sanitation Fund Rates

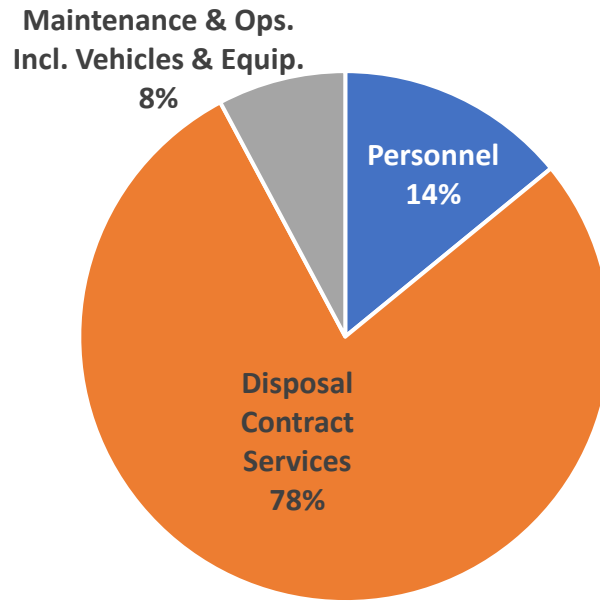
| Collections per Week | Current City Rates | | | | |
|--|--------------------|----------|----------|-----|-----|
| | x1 | x2 | x3 | x4 | x5 |
| Residential | | | | | |
| 96 gal. cart | \$25.16 | | | | |
| Add'l cart | \$5.97 | | | | |
| 96 gal. cart greenwaste | \$1.33 | | | | |
| Add'l greenwaste cart | \$5.97 | | | | |
| Multi-Family Residential, Commercial and Organic Services | | | | | |
| 1 CY | \$47.36 | \$93.90 | n/a | n/a | n/a |
| 2 CY | \$94.41 | \$187.14 | n/a | n/a | n/a |
| 3 CY | \$139.86 | \$264.56 | \$398.63 | n/a | n/a |
| 4 CY | \$179.04 | \$348.86 | \$545.64 | n/a | n/a |
| 6 CY | \$251.71 | \$490.40 | \$750.40 | n/a | n/a |
| Commercial - Compacting Bins | | | | | |
| 3 CY | n/a | n/a | n/a | n/a | n/a |
| 4 CY | n/a | n/a | n/a | n/a | n/a |
| Standard Clean, Mixed Recyclables | | | | | |
| 4 CY | \$71.41 | n/a | n/a | n/a | n/a |
| 6 CY | \$71.41 | n/a | n/a | n/a | n/a |

Source: City of Livingston.

now

The majority of sanitation fund annual expenditures are for the disposal contract with Gilton. **Figure 24** shows that 78% of the total sanitation fund expenses for the last four fiscal years were for the Gilton contract.

Figure 24
Typical Annual Sanitation Fund Expenses



The City provides service to nearly 3,500 customers, of which 96% are single-family or duplex/triplex/four-plex residential. The projection of customer accounts with a 1.2% growth rate through the five-year rate period is provided in **Appendix Table C-4**.

4.2 REVENUE REQUIREMENT

The projected revenue requirement for the solid waste fund is shown in **Table 25**. The revenue requirement is projected to increase from \$1.43 million in fiscal year 2021 to \$1.88 million by fiscal year ending 2026. The rate calculations are based on the user fee increases shown at the bottom of **Table 25**.

Table 25
Projected Revenue Requirement for the Sanitation Fund

| Expenses | Inflator | Fiscal Year Ending | | | | | |
|---|----------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | 2021 budget | 2022 Year 1 | 2023 Year 2 | 2024 Year 3 | 2025 Year 4 | 2026 Year 5 |
| Operating Expenses | | | | | | | |
| Personnel | 6.0% | \$248,044 | \$262,927 | \$278,703 | \$295,425 | \$313,150 | \$331,939 |
| New Personnel [1] | 6.0% | | \$16,900 | \$17,914 | \$18,989 | \$20,128 | \$21,336 |
| Disposal Contract Service [2] | 5.5% | \$1,052,400 | \$1,110,282 | \$1,171,348 | \$1,235,772 | \$1,303,739 | \$1,375,445 |
| Professional Services | 3.0% | \$55,700 | \$57,371 | \$59,092 | \$60,865 | \$62,691 | \$64,572 |
| Computer Support Agreement | 2.5% | \$25,000 | \$25,625 | \$26,266 | \$26,922 | \$27,595 | \$28,285 |
| Equipment and Repairs | 3.5% | \$21,400 | \$22,149 | \$22,924 | \$23,727 | \$24,557 | \$25,416 |
| Insurance | 2.5% | \$5,250 | \$5,381 | \$5,516 | \$5,654 | \$5,795 | \$5,940 |
| Supplies and Other | 2.5% | \$35,140 | \$36,019 | \$36,919 | \$37,842 | \$38,788 | \$39,758 |
| Subtotal Operating Expenses | | \$1,442,934 | \$1,536,654 | \$1,618,681 | \$1,705,194 | \$1,796,444 | \$1,892,691 |
| Equipment Purchase | 3.5% | \$13,750 | \$15,000 | \$15,525 | \$16,068 | \$16,631 | \$17,213 |
| Estimated Annual Costs | | \$1,456,684 | \$1,551,654 | \$1,634,206 | \$1,721,263 | \$1,813,074 | \$1,909,903 |
| <i>Disposal Contract Service % of Op. Costs</i> | | 72% | 72% | 72% | 72% | 72% | 72% |
| Credits | | | | | | | |
| Intergovernmental | estimate | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fines & Forfeitures | 3.0% | \$13,905 | \$14,322 | \$14,752 | \$15,194 | \$15,650 | \$16,120 |
| Return on Use of Money | estimate | \$5,150 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 |
| Miscellaneous | constant | \$5,150 | \$5,200 | \$5,200 | \$5,200 | \$5,200 | \$5,200 |
| Total Credits | | \$24,205 | \$24,522 | \$24,952 | \$25,394 | \$25,850 | \$26,320 |
| Total Revenue Requirement | | \$1,432,479 | \$1,527,132 | \$1,609,254 | \$1,695,868 | \$1,787,224 | \$1,883,584 |
| Increase in User Fees | | | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| User Fees | | \$1,426,625 | \$1,505,089 | \$1,587,869 | \$1,675,202 | \$1,767,338 | \$1,864,542 |

Source: City of Livingston January 2021 and HEC.

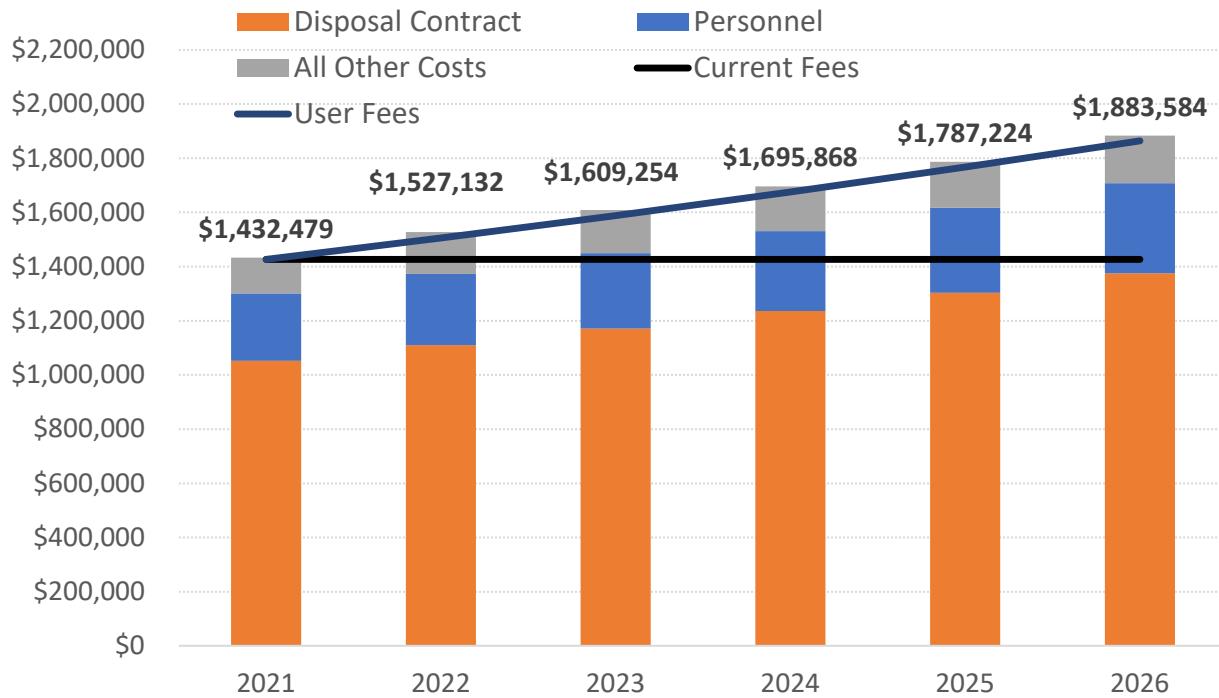
rev req

[1] Sanitation fund's portion of the cost of a new account clerk.

[2] Includes inflation in payments to Gilton, increased Merced County Regional Solid Waste Management Authority costs, and growth in number of customers.

Figure 25 on the following page illustrates the components of revenue requirement in the study period, the amount estimated to be collected in user fees, and the amount currently collected in user fees.

Figure 25
Projected Revenue Requirement and Fee Collections



4.3 SOLID WASTE RATE CALCULATIONS

The cost of service to each customer group is what the Gilton contract cost is plus additional City costs to provide sanitation and street sweeping services. Gilton contract costs are about 78% of total operating costs; however, the City should also be collecting annually for capital costs such as replacement of street sweepers and specialized equipment. In addition, the City anticipates needing additional revenue to comply with Senate Bill 1383.

The rate calculations are based on total user fees to be raised each year to provide revenue sufficiency for the sanitation fund. The calculated rates are shown in **Table 26**.

Table 26
Calculated Five-Year Solid Waste Rates

| Service Type | Current | Aug-21 | Jul-22 | Jul-23 | Jul-24 | Jul-25 |
|--|------------------------------|------------------------------------|------------|------------|------------|------------|
| | <i>Rate Increase ---></i> | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| <i>Rates do not include charges for special services that are scheduled between the customer and provider such as off schedule pick up, container maintenance, and delivery charges.</i> | | | | | | |
| Single Family Residential | | Once per week pickup | | | | |
| 96 gal. cart | \$25.16 | \$26.54 | \$28.00 | \$29.54 | \$31.17 | \$32.88 |
| Add'l cart | \$5.97 | \$6.30 | \$6.64 | \$7.01 | \$7.40 | \$7.80 |
| 96 gal. cart greenwaste | \$1.33 | \$1.40 | \$1.48 | \$1.56 | \$1.65 | \$1.74 |
| Add'l greenwaste cart | \$5.97 | \$6.30 | \$6.64 | \$7.01 | \$7.40 | \$7.80 |
| Multi-Family, Commercial, and Organic | | Once per week pickup | | | | |
| 1 cubic yard container | \$47.36 | \$49.96 | \$52.71 | \$55.61 | \$58.67 | \$61.90 |
| 2 cubic yards container | \$94.41 | \$99.60 | \$105.08 | \$110.86 | \$116.96 | \$123.39 |
| 3 cubic yards container | \$139.86 | \$147.55 | \$155.67 | \$164.23 | \$173.26 | \$182.79 |
| 4 cubic yards container | \$179.04 | \$188.89 | \$199.28 | \$210.24 | \$221.80 | \$234.00 |
| 6 cubic yards container | \$251.71 | \$265.55 | \$280.16 | \$295.57 | \$311.82 | \$328.97 |
| Recycle Bins | | | | | | |
| 4 & 6 cubic yard containers | \$71.41 | \$75.34 | \$79.48 | \$83.85 | \$88.46 | \$93.33 |
| Commercial Compacting | | | | | | |
| 3 cubic yards container | n/a | \$513.10 | \$541.32 | \$571.09 | \$602.50 | \$635.64 |
| 4 cubic yards container | n/a | \$650.83 | \$686.62 | \$724.39 | \$764.23 | \$806.26 |
| Multi-Family, Commercial, and Organic | | Twice per week pickup | | | | |
| 1 cubic yard container | \$93.90 | \$99.06 | \$104.51 | \$110.26 | \$116.33 | \$122.72 |
| 2 cubic yards container | \$187.14 | \$197.43 | \$208.29 | \$219.75 | \$231.83 | \$244.58 |
| 3 cubic yards container | \$264.56 | \$279.11 | \$294.46 | \$310.66 | \$327.74 | \$345.77 |
| 4 cubic yards container | \$348.86 | \$368.05 | \$388.29 | \$409.65 | \$432.18 | \$455.95 |
| 6 cubic yards container | \$490.40 | \$517.37 | \$545.83 | \$575.85 | \$607.52 | \$640.93 |
| Recycle Bins | | | | | | |
| 4 & 6 cubic yard containers | n/a | \$150.65 | \$158.94 | \$167.68 | \$176.90 | \$186.63 |
| Commercial Compacting | | | | | | |
| 3 cubic yards container | n/a | \$988.83 | \$1,043.21 | \$1,100.59 | \$1,161.12 | \$1,224.98 |
| 4 cubic yards container | n/a | \$1,245.84 | \$1,314.36 | \$1,386.65 | \$1,462.91 | \$1,543.37 |
| Multi-Family, Commercial, and Organic | | Three times per week pickup | | | | |
| 1 cubic yard container | n/a | \$148.00 | \$156.14 | \$164.73 | \$173.79 | \$183.35 |
| 2 cubic yards container | n/a | \$297.64 | \$314.01 | \$331.28 | \$349.50 | \$368.72 |
| 3 cubic yards container | \$398.63 | \$420.55 | \$443.69 | \$468.09 | \$493.83 | \$520.99 |
| 4 cubic yards container | \$545.64 | \$575.65 | \$607.31 | \$640.71 | \$675.95 | \$713.13 |
| 6 cubic yards container | \$750.40 | \$791.67 | \$835.21 | \$881.15 | \$929.61 | \$980.74 |
| Recycle Bins | | | | | | |
| 4 & 6 cubic yard containers | n/a | \$225.98 | \$238.41 | \$251.53 | \$265.36 | \$279.95 |
| Commercial Compacting | | | | | | |
| 3 cubic yards container | n/a | \$1,484.74 | \$1,566.40 | \$1,652.55 | \$1,743.44 | \$1,839.33 |
| 4 cubic yards container | n/a | \$1,979.65 | \$2,088.53 | \$2,203.40 | \$2,324.59 | \$2,452.44 |

Source: City of Livingston and HEC.

sum

Table 27 provides the revenue estimated to be generated by each customer group.

Table 27
Estimated Revenue Generation by Customer Type

| Customer Type | 2021 | Annual Revenue with Growth in Number of Services | | | | |
|--|--------------------|--|--------------------|--------------------|--------------------|--------------------|
| | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Residential | | | | | | |
| 96 gal. cart | \$986,675 | \$1,053,364 | \$1,124,741 | \$1,200,783 | \$1,282,161 | \$1,368,858 |
| Add'l cart | \$22,208 | \$23,732 | \$25,356 | \$27,087 | \$28,932 | \$30,898 |
| 96 gal. cart greenwaste | \$51,726 | \$55,228 | \$58,958 | \$62,951 | \$67,204 | \$71,755 |
| Add'l greenwaste cart | \$788 | \$831 | \$877 | \$925 | \$976 | \$1,030 |
| Multi-Family & Comm'l - 1x / Week | | | | | | |
| 1 CY | \$2,842 | \$2,998 | \$3,163 | \$3,337 | \$3,520 | \$3,714 |
| 2 CY | \$35,121 | \$37,052 | \$39,090 | \$41,240 | \$43,508 | \$45,901 |
| 3 CY | \$23,496 | \$24,789 | \$26,152 | \$27,591 | \$29,108 | \$30,709 |
| 4 CY | \$40,821 | \$43,066 | \$45,435 | \$47,934 | \$50,570 | \$53,352 |
| 6 CY | \$21,144 | \$22,307 | \$23,533 | \$24,828 | \$26,193 | \$27,634 |
| Organic Carts | | | | | | |
| 2 CY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4 CY | \$17,188 | \$18,133 | \$19,130 | \$20,183 | \$21,293 | \$22,464 |
| 6 CY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Multi-Family & Comm'l - 2x/Week | | | | | | |
| 1 CY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 CY | \$2,246 | \$2,369 | \$2,499 | \$2,637 | \$2,782 | \$2,935 |
| 3 CY | \$6,349 | \$6,699 | \$7,067 | \$7,456 | \$7,866 | \$8,298 |
| 4 CY | \$62,795 | \$66,249 | \$69,892 | \$73,736 | \$77,792 | \$82,070 |
| 6 CY | \$58,848 | \$62,085 | \$65,499 | \$69,102 | \$72,902 | \$76,912 |
| Organic Carts | | | | | | |
| 2 CY | \$2,246 | \$2,369 | \$2,499 | \$2,637 | \$2,782 | \$2,935 |
| 4 CY | \$20,932 | \$22,083 | \$23,297 | \$24,579 | \$25,931 | \$27,357 |
| 6 CY | \$5,885 | \$6,208 | \$6,550 | \$6,910 | \$7,290 | \$7,691 |
| Multi-Family & Comm'l - 3x/Week | | | | | | |
| 1 CY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 CY | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3 CY | \$4,784 | \$5,047 | \$5,324 | \$5,617 | \$5,926 | \$6,252 |
| 4 CY | \$32,738 | \$34,539 | \$36,439 | \$38,443 | \$40,557 | \$42,788 |
| 6 CY | \$18,010 | \$19,000 | \$20,045 | \$21,148 | \$22,311 | \$23,538 |
| TOTAL | \$1,416,840 | \$1,508,148 | \$1,605,549 | \$1,709,122 | \$1,819,605 | \$1,937,091 |

Source: City of Livingston and HEC January 2021.

rev proj

4.3 CASH FLOW AND FUND BALANCE

The projected sanitation fund cash flow is provided in **Table 28**. Because the new costs associated with SB 1383 are still unknown, they are not modelled in the cash flow; however, money that shown as spent on a new street sweeper in 2026 could be redirected to SB 1383 costs, as a new street sweeper shouldn't be necessary for several more years.

Table 28
Sanitation Fund Projected Cash Flow

| Revenues and Expenses | Fiscal Year Ending | | | | | |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2021 | 2022 Year 1 | 2023 Year 2 | 2024 Year 3 | 2025 Year 4 | 2026 Year 5 |
| Operating Revenues | | | | | | |
| User Fees [1] | \$1,426,625 | \$1,492,012 | \$1,587,869 | \$1,675,202 | \$1,767,338 | \$1,864,542 |
| User Fees from New Growth | \$0 | \$918 | \$17,680 | \$33,920 | \$52,266 | \$72,549 |
| Intergovernmental | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fines & Forfeitures | \$13,905 | \$14,322 | \$14,752 | \$15,194 | \$15,650 | \$16,120 |
| Return on Use of Money | \$5,150 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 |
| Miscellaneous | \$5,150 | \$5,200 | \$5,200 | \$5,200 | \$5,200 | \$5,200 |
| Total Operating Revenues | \$1,450,830 | \$1,517,452 | \$1,630,501 | \$1,734,516 | \$1,845,455 | \$1,963,411 |
| Operating Expenses | | | | | | |
| Contract Disposal Service | \$1,052,400 | \$1,110,282 | \$1,171,348 | \$1,235,772 | \$1,303,739 | \$1,375,445 |
| All Other | \$390,534 | \$426,372 | \$447,333 | \$469,423 | \$492,704 | \$517,246 |
| Total Operating Expenses | \$1,442,934 | \$1,536,654 | \$1,618,681 | \$1,705,194 | \$1,796,444 | \$1,892,691 |
| Equipment Purchase | \$13,750 | \$15,000 | \$15,525 | \$16,068 | \$16,631 | \$17,213 |
| Net Revenues (Deficit) | (\$5,854) | (\$34,202) | (\$3,704) | \$13,253 | \$32,380 | \$53,507 |
| Beginning Cash Balance [2] | \$1,225,567 | \$934,712 | \$900,511 | \$896,806 | \$910,060 | \$942,440 |
| Net Revenues (Deficit) | (\$5,854) | (\$34,202) | (\$3,704) | \$13,253 | \$32,380 | \$53,507 |
| Vehicle Purchase / Replacement | (\$285,000) | \$0 | \$0 | \$0 | \$0 | (\$297,000) |
| Ending Cash Balance | \$934,712 | \$900,511 | \$896,806 | \$910,060 | \$942,440 | \$698,947 |
| Target Minimum Cash [3] | \$480,978 | \$512,218 | \$539,560 | \$568,398 | \$598,815 | \$630,897 |

Source: City of Livingston January 2021 and HEC.

flow

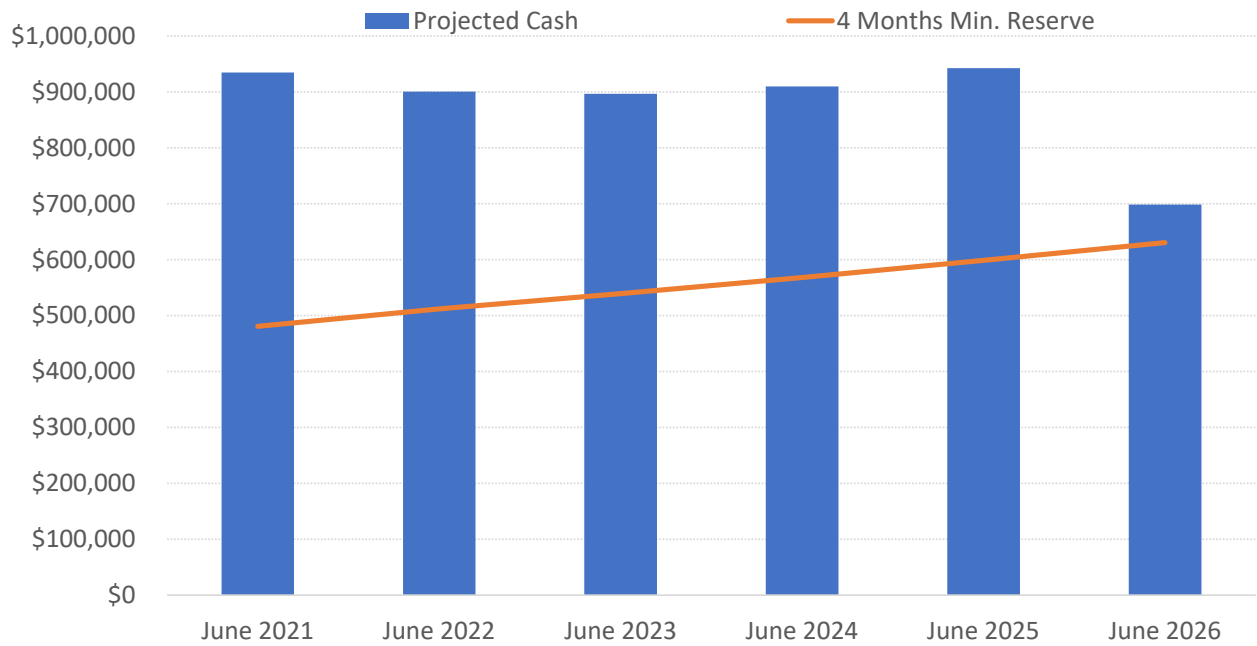
[2] Only 10 months of the new fees will be in effect FY 2022.

[3] Cash and cash equivalents as of July 1, 2020.

[2] Target minimum cash is 4 months of operating costs.

The projected ending fiscal year cash balances are illustrated in **Figure 26** on the next page.

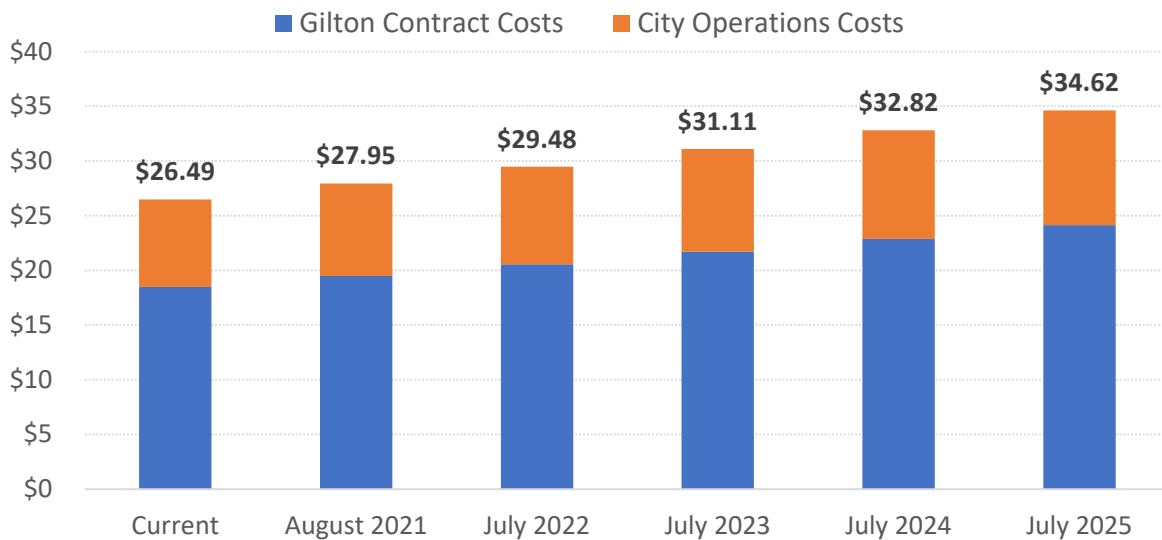
Figure 26
Projected Cash Flow and Fund Balance



4.4 BILL IMPACTS

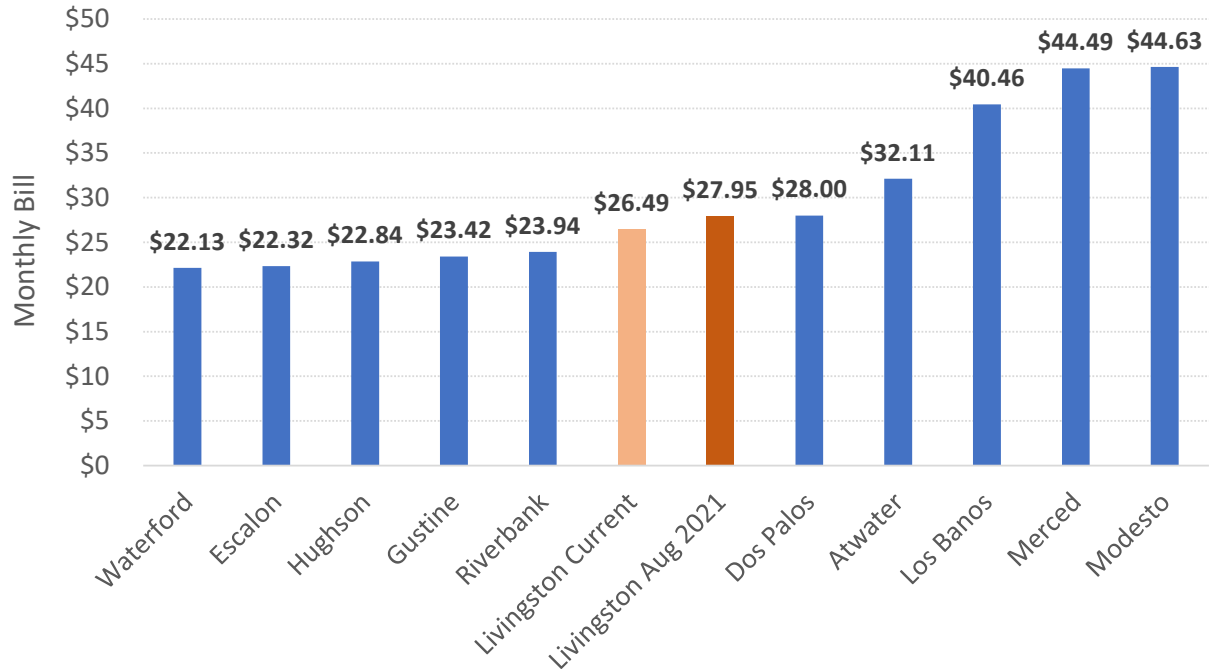
The projected five-year bill impacts for a single family home are shown in **Figure 27**. The monthly sanitation bill would increase from \$26.49 to \$34.62 over the five-year period.

Figure 27
Single Family Home Projected Bill Impact



In **Figure 28**, Livingston’s two-can monthly rate is compared with Modesto, Riverbank, Escalon, Waterford, and Hughson, all of which contract with Gilton for service provision, and several other regional communities. The rates for all comparison communities include at least two cans (one for recycle items) although not all can sizes are the same and additional cans cost more in most other communities than in Livingston. The rate for Merced includes three cans.

Figure 28
Comparison of Single Family Solid Waste Monthly Bills



APPENDIX A

WATER RATE STUDY

SUPPORT TABLES

Table A-1
City of Livingston 2021 Water Rates Update
Historical Water Fund Revenues

| Revenues | Fiscal Year Ending | | | | |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2017 actual | 2018 actual | 2019 actual | 2020 unaudited | 2021 budget |
| Intergovernmental Revenue | \$0 | \$68,868 | (\$3,035) | \$0 | \$0 |
| Charges for Services | | | | | |
| User Fees | \$3,305,476 | \$3,360,495 | \$3,592,366 | \$4,082,854 | \$3,864,360 |
| Connection Fees | \$0 | \$25 | \$0 | \$0 | \$0 |
| Meter Installation | \$0 | \$75,563 | \$51,718 | \$50,121 | \$0 |
| Meter Replacement Fees | \$142,204 | \$148,077 | \$158,192 | \$158,673 | \$165,635 |
| Subtotal Charges for Services | \$3,447,680 | \$3,584,161 | \$3,802,276 | \$4,291,647 | \$4,029,995 |
| Fines & Forfeitures | \$21,204 | \$37,322 | \$17,980 | \$17,693 | \$42,000 |
| Interest Income | \$4,427 | \$26,788 | \$48,768 | \$55,588 | \$4,040 |
| Miscellaneous Revenue | \$10,916 | \$19,794 | \$7,959 | \$16,349 | \$8,125 |
| Total Revenues | \$3,484,226 | \$3,736,933 | \$3,873,948 | \$4,381,278 | \$4,084,160 |

Source: City of Livingston financial documents.

revs

Table A-2
City of Livingston 2021 Water Rates Update
Historical Water Fund Expenses

| Expenses | Fiscal Year Ending | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2017 actual | 2018 actual | 2019 actual | 2020 unaudited | 2021 budget |
| Personnel | \$436,617 | \$679,088 | \$708,457 | \$879,686 | \$897,994 |
| Maintenance and Operations | | | | | |
| Professional Services | \$67,097 | \$12,795 | \$9,632 | \$4,336 | \$15,000 |
| Contract Services | \$137,619 | \$117,483 | \$110,320 | \$87,675 | \$130,000 |
| Reg. Tuition Training | \$1,521 | \$1,503 | \$3,200 | \$674 | \$3,000 |
| City Audit | \$7,501 | \$7,600 | \$7,600 | \$7,600 | \$7,600 |
| Computer Support Agreements | \$24,764 | \$38,631 | \$28,947 | \$26,376 | \$37,000 |
| Water Storage Tanks O&M | \$0 | \$7,940 | \$3,348 | \$2,538 | \$10,000 |
| Water Wells O&M | \$330,266 | \$140,513 | \$279,608 | \$222,882 | \$350,000 |
| Distribution O&M | \$60,431 | \$33,708 | \$60,746 | \$48,671 | \$50,000 |
| Utilities | \$556,957 | \$600,424 | \$560,431 | \$739,242 | \$600,000 |
| Vehicle O&M | \$18,623 | \$35,258 | \$19,981 | \$18,366 | \$22,000 |
| Equipment O&M | \$5,625 | \$3,962 | \$6,855 | \$4,795 | \$9,000 |
| Facilities O&M | \$7,427 | \$3,306 | \$5,977 | \$4,597 | \$15,000 |
| Insurance | \$40,569 | \$36,274 | \$36,682 | \$40,775 | \$43,350 |
| CommCell Phones | \$5,368 | \$8,175 | \$6,638 | \$5,923 | \$7,000 |
| Advertisement | \$1,374 | \$1,073 | \$2,786 | \$975 | \$3,000 |
| Printing | \$3,246 | \$3,212 | \$3,375 | \$3,392 | \$5,000 |
| Bank Service Fees | \$5,176 | \$6,467 | \$7,496 | \$9,318 | \$8,000 |
| Travel | \$1,966 | \$992 | \$3,166 | \$244 | \$2,500 |
| Small Tools & Equip. | \$6,300 | \$11,411 | \$8,953 | \$3,306 | \$6,000 |
| Office Supplies | \$3,220 | \$2,540 | \$2,679 | \$1,186 | \$3,500 |
| Postage | \$8,453 | \$7,627 | \$8,105 | \$3,340 | \$9,000 |
| Miscellaneous | \$1,178 | \$1,270 | (\$8,272) | \$1,590 | \$3,500 |
| Books/Subscriptions | \$0 | \$66 | \$397 | \$40 | \$500 |
| Dues/Memberships | \$23,107 | \$22,549 | \$19,816 | \$21,883 | \$30,870 |
| Reimbursements/Refunds | \$0 | \$0 | \$1,017 | \$0 | \$0 |
| SGMA Compliance Contrib. | \$0 | \$0 | \$0 | \$15,289 | \$50,000 |
| Water Meter Purchase | \$0 | \$2,858 | \$0 | \$0 | \$0 |
| Water Hydrant Maint. | \$288 | \$0 | \$0 | \$0 | \$0 |
| System Rehabilitation | (\$8,500) | \$0 | (\$7,200) | \$0 | \$75,000 |
| Subtotal Maintenance and Operations | \$1,309,576 | \$1,107,636 | \$1,182,283 | \$1,275,010 | \$1,495,820 |
| Projects | | | | | |
| Infrastructure | \$0 | \$0 | \$0 | \$0 | \$0 |
| Water Tank Rehab. | \$0 | \$0 | \$37,364 | \$2,908 | \$0 |
| Well 9 replacement | \$0 | \$0 | \$0 | \$53,082 | \$0 |
| New Well #8 | \$0 | \$0 | \$10,094 | \$7,255 | \$0 |
| Subtotal Projects | \$0 | \$0 | \$47,458 | \$63,245 | \$0 |
| Vehicles, Equip. & Improvements | | | | | |
| Equipment Purchase | \$34,280 | \$11,872 | \$15,370 | \$45,348 | \$59,100 |
| Vehicle Purchase / Replacement | \$0 | \$0 | \$0 | \$7,509 | \$25,000 |
| Meter Replacement | \$76,118 | \$133,057 | \$36,295 | \$50,210 | \$140,000 |
| Furniture | \$0 | \$498 | \$0 | \$0 | \$0 |
| Subtotal Vehicles, Equip. & Improvements | \$110,399 | \$145,427 | \$51,666 | \$103,068 | \$224,100 |
| Total Expenses excl. Debt Service | \$1,856,591 | \$1,932,151 | \$1,989,865 | \$2,321,008 | \$2,617,914 |
| Transfers Out | \$0 | \$1,773,333 | \$0 | \$0 | \$1,000,000 |
| Debt Service | \$11,812 | \$20,348 | \$19,409 | \$78,778 | \$112,337 |

Source: City of Livingston financial documents.

exps

Table A-3
City of Livingston 2021 Water Rates Update
Historical Consumption

| Year | Water Used |
|-----------------------------|----------------------|
| | gallons |
| 2013 | 2,372,789,000 |
| 2014 | 2,388,570,000 |
| 2015 | 2,101,135,349 |
| 2016 | 2,096,915,212 |
| 2017 | 2,074,911,951 |
| 2018 | 2,254,177,000 |
| 2019 | 2,244,031,000 |
| Average | 2,218,932,787 |
| Average last 5 Years | 2,154,234,102 |

Source: City of Livingston billing records.

hist use

Table A-4
City of Livingston 2021 Water Rates Update

Well Production

| Month | Calendar Year | | | | | Annual Average | % Delivery by Month |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------|---------------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | | |
| <i>All Figures in Gallons</i> | | | | | | | |
| Jan | 149,052,000 | 160,517,162 | 149,314,098 | 151,827,309 | 188,387,796 | 159,819,673 | 6.9% |
| Feb | 134,313,000 | 132,900,237 | 139,437,808 | 134,267,112 | 196,735,774 | 147,530,786 | 6.4% |
| Mar | 160,004,000 | 157,806,860 | 142,435,778 | 163,437,223 | 210,447,097 | 166,826,192 | 7.2% |
| Apr | 174,700,000 | 144,083,799 | 165,066,889 | 178,385,022 | 211,326,842 | 174,712,510 | 7.5% |
| May | 194,107,000 | 189,298,693 | 208,602,845 | 204,009,214 | 248,085,653 | 208,820,681 | 9.0% |
| Jun | 219,983,000 | 178,863,153 | 221,974,266 | 243,784,833 | 265,249,523 | 225,970,955 | 9.7% |
| Jul | 235,689,000 | 197,205,625 | 267,180,750 | 256,024,390 | 289,093,016 | 249,038,556 | 10.7% |
| Aug | 223,396,000 | 215,617,627 | 231,995,178 | 255,857,000 | 288,298,196 | 243,032,800 | 10.5% |
| Sep | 202,670,000 | 188,491,756 | 199,879,868 | 215,993,908 | 251,599,483 | 211,727,003 | 9.1% |
| Oct | 194,270,000 | 192,171,330 | 187,961,790 | 221,622,859 | 229,561,376 | 205,117,471 | 8.8% |
| Nov | 150,548,912 | 145,490,025 | 148,353,782 | 179,628,834 | 206,479,231 | 166,100,157 | 7.2% |
| Dec | 152,557,513 | 135,045,974 | 150,523,769 | 184,704,455 | 194,232,084 | 163,412,759 | 7.0% |
| Total | 2,191,290,425 | 2,037,492,241 | 2,212,726,821 | 2,389,542,159 | 2,779,496,071 | A 2,322,109,543 | 100.0% |
| Peaking Period (May through October inclusive) | | | | | | B 1,343,707,466 | 58% |
| Base Monthly Flow | | | | | | C 163,067,013 | |
| Base Annual Flow | | | | | | D = C*12 1,956,804,154 | 84% |
| Additional Flow | | | | | | E = A-D 365,305,389 | 16% |

Source: City of Livingston records.

wells

Table A-5
City of Livingston 2021 Water Rates Update
Estimated Water Capital Improvement Plan Costs

| Water Project | Funding Source | Fiscal Year Ending | | | | | |
|---|-----------------|---------------------|--------------------|---------------------|--------------------|-----------------|--------------------|
| | | 2022 Year 1 | 2023 Year 2 | 2024 Year 3 | 2025 Year 4 | 2026 Year 5 | |
| Water CIP Projects | | | | | | | |
| Well 8 - New Well | Reserves | | \$1,000,000 | | | | |
| Well 9 - New Well | Reserves | \$1,200,000 | | | | | |
| Well 11 - New Well | Foster Farms | \$1,200,000 | | | | | |
| Well 12 Conveyance & Treatment | Reserves | | | | | \$1,720,000 | |
| Well 8 & 9 Conveyance & Treatment Plant (75%) | SRF Loan | | \$3,375,000 | | | | |
| Well 8 & 9 Conveyance & Treatment Plant (25%) | Connection Fees | | \$1,125,000 | | | | |
| Well 14 & 16 Conveyance & Treatment Plant - <i>secured loan</i> | SRF Loan | \$4,000,000 | | | | | |
| Well 13 & 17 Conveyance, Treatment Plant & Storage Tank (75%) | SRF Loan | | \$6,375,000 | | | | |
| Well 13 & 17 Conveyance, Treatment Plant & Storage Tank (25%) | Connection Fees | | \$2,125,000 | | | | |
| Water Line Replacement Ph 4 (Walnut, Davis, White, N Main) | Reserves | | | \$1,331,320 | | | |
| Park Surface Water Irrigation | Reserves | | \$187,381 | | | | |
| | Grant | | \$172,619 | | | | |
| Total Estimated Water Improvements Cost | | \$23,811,320 | \$6,400,000 | \$14,360,000 | \$1,331,320 | \$0 | \$1,720,000 |
| Funding Sources | | | | | | | |
| SRF Loan | | \$13,750,000 | \$4,000,000 | \$9,750,000 | \$0 | \$0 | \$0 |
| Reserves | | \$5,438,701 | \$1,200,000 | \$1,187,381 | \$1,331,320 | \$0 | \$1,720,000 |
| Connection Fees | | \$3,250,000 | \$0 | \$3,250,000 | \$0 | \$0 | \$0 |
| Grant | | \$172,619 | \$0 | \$172,619 | \$0 | \$0 | \$0 |
| Foster Farms | | \$1,200,000 | \$1,200,000 | \$0 | \$0 | \$0 | \$0 |
| Total Funding | | \$23,811,320 | \$6,400,000 | \$14,360,000 | \$1,331,320 | \$0 | \$1,720,000 |
| Estimated New O&M Costs from CIP Projects | | | | | | | |
| Well 8 & 9 GAC | | | | \$200,000 | | \$200,000 | |
| Well 13 & 17 GAC | | | | | | \$200,000 | |
| Well 13 Green Sand | | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| Well 14 & 16 GAC | | | | \$200,000 | | \$200,000 | |
| Well 16 Green Sand | | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| Well 17 Green Sand | | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| Bulk Chemicals - Wells | | \$65,000 | \$65,000 | \$65,000 | \$65,000 | \$65,000 | \$65,000 |
| Estimated New Media & Chemicals Cost | | \$95,000 | \$495,000 | \$95,000 | \$695,000 | \$95,000 | |

Source: City of Livingston January 2021.

cip

Table A-6
City of Livingston 2021 Water Rates Update
Inflated CIP

| Water Project | Funding Source | TOTAL | 2022 Year 1 | 2023 Year 2 | 2024 Year 3 | 2025 Year 4 | 2026 Year 5 |
|---|-----------------|------------------------------------|--------------------|---------------------|--------------------|------------------|--------------------|
| Water CIP Projects | | <i>Costs inflated each year 3%</i> | | | | | |
| Well 8 - New Well | Reserves | \$1,060,900 | \$0 | \$1,060,900 | \$0 | \$0 | \$0 |
| Well 9 - New Well | Reserves | \$1,236,000 | \$1,236,000 | \$0 | \$0 | \$0 | \$0 |
| Well 11 - New Well | Foster Farms | \$1,236,000 | \$1,236,000 | \$0 | \$0 | \$0 | \$0 |
| Well 12 Conveyance & Treatment | Reserves | \$1,993,951 | \$0 | \$0 | \$0 | \$0 | \$1,993,951 |
| Well 8 & 9 Conveyance & Treatment Plant (75%) | SRF Loan | \$3,580,538 | \$0 | \$3,580,538 | \$0 | \$0 | \$0 |
| Well 8 & 9 Conveyance & Treatment Plant (25%) | Connection Fees | \$1,193,513 | \$0 | \$1,193,513 | \$0 | \$0 | \$0 |
| Well 14 & 16 Conveyance & Treatment Plant - secured loan | SRF Loan | \$4,120,000 | \$4,120,000 | \$0 | \$0 | \$0 | \$0 |
| Well 13 & 17 Conveyance, Treatment Plant & Storage Tank (75%) | SRF Loan | \$6,763,238 | \$0 | \$6,763,238 | \$0 | \$0 | \$0 |
| Well 13 & 17 Conveyance, Treatment Plant & Storage Tank (25%) | Connection Fees | \$2,254,413 | \$0 | \$2,254,413 | \$0 | \$0 | \$0 |
| Water Line Replacement Ph 4 (Walnut, Davis, White, N Main) | Reserves | \$1,454,769 | \$0 | \$0 | \$1,454,769 | \$0 | \$0 |
| Park Surface Water Irrigation | Reserves | \$381,924 | \$0 | \$381,924 | \$0 | \$0 | \$0 |
| Total Estimated Water Improvements Cost | | \$25,275,245 | \$6,592,000 | \$15,234,524 | \$1,454,769 | \$0 | \$1,993,951 |
| Funding Sources | | | | | | | |
| SRF Loan | | \$14,463,775 | \$4,120,000 | \$10,343,775 | \$0 | \$0 | \$0 |
| Reserves | | \$5,944,413 | \$1,236,000 | \$1,259,693 | \$1,454,769 | \$0 | \$1,993,951 |
| Connection Fees | | \$3,447,925 | \$0 | \$3,447,925 | \$0 | \$0 | \$0 |
| Grant and Covid Relief | | \$183,131 | \$0 | \$183,131 | \$0 | \$0 | \$0 |
| Foster Farms | | \$1,236,000 | \$1,236,000 | \$0 | \$0 | \$0 | \$0 |
| Total Funding | | \$25,275,245 | \$6,592,000 | \$15,234,524 | \$1,454,769 | \$0 | \$1,993,951 |
| Estimated New O&M Costs from CIP Projects | | | | | | | |
| Well 8 & 9 GAC | | | \$0 | \$212,180 | \$0 | \$225,102 | \$0 |
| Well 13 & 17 GAC | | | \$0 | \$0 | \$0 | \$225,102 | \$0 |
| Well 13 Green Sand | | | \$10,300 | \$10,609 | \$10,927 | \$11,255 | \$11,593 |
| Well 14 & 16 GAC | | | \$0 | \$212,180 | \$0 | \$225,102 | \$0 |
| Well 16 Green Sand | | | \$10,300 | \$10,609 | \$10,927 | \$11,255 | \$11,593 |
| Well 17 Green Sand | | | \$10,300 | \$10,609 | \$10,927 | \$11,255 | \$11,593 |
| Bulk Chemicals - Wells | | | \$66,950 | \$68,959 | \$71,027 | \$73,158 | \$75,353 |
| Estimated New Media & Chemicals Cost | | | \$97,850 | \$525,146 | \$103,809 | \$782,229 | \$110,131 |

Source: City of Livingston January 2021.

cip inf

Table A-7
City of Livingston 2021 Water Rates Update
SRF Financing Agreement for Well 13

| Fiscal Year | | | | |
|----------------------|--------------------|------------------|--------------------------|-----------------------|
| Ending | Principal | Interest | Total Payment | Ending Balance |
| <i>Term</i> | <i>20 years</i> | | <i>Completed Project</i> | |
| <i>Interest Rate</i> | <i>1.6%</i> | | | |
| | | | | \$1,353,245 |
| 2017 | \$66,967 | \$11,811 | \$78,778 | \$1,286,278 |
| 2018 | \$58,430 | \$20,348 | \$78,778 | \$1,227,848 |
| 2019 | \$59,369 | \$19,409 | \$78,778 | \$1,168,479 |
| 2020 | \$60,323 | \$18,455 | \$78,778 | \$1,108,156 |
| 2021 | \$61,292 | \$17,486 | \$78,778 | \$1,046,864 |
| 2022 | \$62,276 | \$16,502 | \$78,778 | \$984,588 |
| 2023 | \$63,277 | \$15,501 | \$78,778 | \$921,311 |
| 2024 | \$64,293 | \$14,485 | \$78,778 | \$857,018 |
| 2025 | \$65,326 | \$13,452 | \$78,778 | \$791,692 |
| 2026 | \$66,375 | \$12,403 | \$78,778 | \$725,317 |
| 2027 | \$67,442 | \$11,336 | \$78,778 | \$657,875 |
| 2028 | \$68,525 | \$10,253 | \$78,778 | \$589,350 |
| 2029 | \$69,626 | \$9,152 | \$78,778 | \$519,724 |
| 2030 | \$70,744 | \$8,034 | \$78,778 | \$448,980 |
| 2031 | \$71,881 | \$6,897 | \$78,778 | \$377,099 |
| 2032 | \$73,035 | \$5,743 | \$78,778 | \$304,064 |
| 2033 | \$74,209 | \$4,569 | \$78,778 | \$229,855 |
| 2034 | \$75,401 | \$3,377 | \$78,778 | \$154,455 |
| 2035 | \$76,612 | \$2,166 | \$78,778 | \$77,843 |
| 2036 | \$77,843 | \$935 | \$78,778 | (\$0) |
| TOTAL | \$1,353,245 | \$222,315 | \$1,575,560 | |

Source: SRF Financing Agreement D15-02037 Exhibit C.

srf other

Table A-8
City of Livingston 2021 Water Rates Update
SRF Financing Agreement for Wells 14 & 16

| Fiscal Year | | | | |
|----------------------|--------------------|--------------------|--------------------------------------|-----------------------|
| Ending | Principal | Interest | Total Payment | Ending Balance |
| <i>Term</i> | <i>30 years</i> | | <i>Est. Construction Completion:</i> | |
| <i>Interest Rate</i> | <i>1.8%</i> | | <i>7/1/2022</i> | |
| 2021 | \$0 | \$60,758 | \$47,358 | \$3,224,618 |
| 2022 | \$105,048 | \$67,942 | \$172,989 | \$3,894,952 |
| 2023 | \$103,343 | \$69,646 | \$172,989 | \$3,971,609 |
| 2024 | \$105,212 | \$67,778 | \$172,989 | \$3,686,398 |
| 2025 | \$107,114 | \$65,875 | \$172,989 | \$3,579,284 |
| 2026 | \$109,051 | \$63,939 | \$172,989 | \$3,470,233 |
| 2027 | \$111,022 | \$61,967 | \$172,989 | \$3,359,211 |
| 2028 | \$113,030 | \$59,959 | \$172,989 | \$3,246,181 |
| 2029 | \$115,074 | \$57,916 | \$172,989 | \$3,131,107 |
| 2030 | \$117,154 | \$55,835 | \$172,989 | \$3,013,953 |
| 2031 | \$119,272 | \$53,717 | \$172,989 | \$2,894,681 |
| 2032 | \$121,429 | \$51,560 | \$172,989 | \$2,773,252 |
| 2033 | \$123,625 | \$49,365 | \$172,989 | \$2,649,627 |
| 2034 | \$125,860 | \$47,129 | \$172,989 | \$2,523,767 |
| 2035 | \$128,136 | \$44,854 | \$172,989 | \$2,395,632 |
| 2036 | \$130,452 | \$42,537 | \$172,989 | \$2,265,179 |
| 2037 | \$132,811 | \$40,178 | \$172,989 | \$2,132,368 |
| 2038 | \$135,212 | \$37,777 | \$172,989 | \$1,997,156 |
| 2039 | \$137,657 | \$35,332 | \$172,989 | \$1,859,499 |
| 2040 | \$140,146 | \$32,843 | \$172,989 | \$1,719,353 |
| 2041 | \$142,680 | \$30,309 | \$172,989 | \$1,576,672 |
| 2042 | \$145,260 | \$27,729 | \$172,989 | \$1,431,412 |
| 2043 | \$147,886 | \$25,103 | \$172,989 | \$1,283,526 |
| 2044 | \$150,560 | \$22,429 | \$172,989 | \$1,132,966 |
| 2045 | \$153,283 | \$19,707 | \$172,989 | \$979,683 |
| 2046 | \$156,054 | \$16,935 | \$172,989 | \$823,629 |
| 2047 | \$158,876 | \$14,114 | \$172,989 | \$664,753 |
| 2048 | \$161,748 | \$11,241 | \$172,989 | \$503,005 |
| 2049 | \$164,673 | \$8,316 | \$172,989 | \$338,332 |
| 2050 | \$167,650 | \$5,339 | \$172,989 | \$170,682 |
| 2051 | \$170,682 | \$2,308 | \$172,989 | \$0 |
| TOTAL | \$4,000,000 | \$1,250,437 | \$5,237,037 | |

Source: SRF Financing Agreement D18-02003 Exhibit C.

srf 4M

Table A-9
City of Livingston 2021 Water Rates Update
Estimated New SRF Debt

| Item | Well 8 & 9 Conveyance & Treatment Plant | Well 13 & 17 Conveyance, Treatment Plant & Storage Tank |
|--------------------------------------|---|--|
| <i>Estimated Completion Date</i> | 12/1/2022 | 4/1/2023 |
| Construction Proceeds | \$3,580,538 | \$6,763,238 |
| Estimated Annual Debt Service | \$171,100 | \$323,200 |
| Operations Fund | \$128,325 | \$242,400 |
| Capital Fund | \$42,775 | \$80,800 |
| Total Payments | \$5,133,000 | \$9,696,000 |
| Estimated Total Financing Costs | \$1,552,463 | \$2,932,763 |
| DWSRF loan assumptions: | | |
| Interest Rate [1] | 2.5000% | 2.5000% |
| Term (years) | 30 | 30 |

Source: City of Livingston and HEC.

new debt

[1] Estimate based on historical rates; the interest rate fluctuates year to year.

Table A-10
City of Livingston 2021 Water Rates Update

Meter Replacement Fee Calculation

| Item | Assumption / Total | Meter Size | | | | | | | |
|-----------------------------------|-----------------------|--------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 1" | 1-1/2" | 2" | 3" | 4" | 6" | 8" | 10" |
| New Meter with Transponder [1] | | \$246 | \$579 | \$1,106 | \$1,380 | \$3,266 | \$5,644 | \$9,204 | \$11,877 |
| Installation Costs [2] | 25% | \$61 | \$145 | \$276 | \$345 | \$817 | \$1,411 | \$2,301 | \$2,969 |
| New Technology Fee [3] | 20% | \$61 | \$145 | \$276 | \$345 | \$817 | \$1,411 | \$2,301 | \$2,969 |
| Administration Costs | 5% | \$18 | \$43 | \$83 | \$103 | \$245 | \$423 | \$690 | \$891 |
| Total Cost per Meter | | \$387 | \$912 | \$1,742 | \$2,173 | \$5,145 | \$8,890 | \$14,496 | \$18,707 |
| Total Number of Meters | 3,533 | 3,418 | 12 | 73 | 12 | 13 | 4 | 0 | 1 |
| Meter Cost Replacement | \$1,607,674 | \$1,322,354 | \$10,945 | \$127,150 | \$26,077 | \$66,881 | \$35,560 | \$0 | \$18,707 |
| Replacement Interval (years) | | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Cost per Meter per Year | | \$39 | \$91 | \$174 | \$217 | \$514 | \$889 | \$1,450 | \$1,871 |
| Monthly Cost per Meter | | \$3.22 | \$7.60 | \$14.51 | \$18.11 | \$42.87 | \$74.08 | \$120.80 | \$155.89 |
| Updated Annual Fee Revenue | \$160,767 | \$132,235 | \$1,094 | \$12,715 | \$2,608 | \$6,688 | \$3,556 | \$0 | \$1,871 |

Source: City of Livingston and HEC.

meter prog

[1] Prices from City's meter vendor, May 2019, inflated.

[2] Actual installation costs vary by meter size as a percentage of meter cost.

[3] Estimated costs to keep meters up to date with new technology.

Table A-11
City of Livingston 2021 Water Rates Update
Estimated Meter Replacement Fee Program Revenue

| Item | Fiscal Year Ending | | | | | |
|--|--------------------|------------------|------------------|------------------|------------------|------------------|
| | 2021 | 2022 Year 1 | 2023 Year 2 | 2024 Year 3 | 2025 Year 4 | 2026 Year 5 |
| Projected New 1" or less Meters | 0 | 40 | 40 | 40 | 40 | 40 |
| Projected City Water Meters | 3,533 | 3,573 | 3,613 | 3,653 | 3,693 | 3,733 |
| Current Revenue Inflated | \$160,767 | \$164,787 | \$168,906 | \$173,129 | \$177,457 | \$181,894 |
| New Growth Revenue | \$0 | \$1,586 | \$1,626 | \$1,667 | \$1,708 | \$1,751 |
| Estimated Meter Replacement Fee Revenue | \$160,767 | \$166,373 | \$170,532 | \$174,795 | \$179,165 | \$183,644 |

Source: City of Livingston and HEC.

meter rev

Table A-12
City of Livingston 2021 Water Rates Update
Functional Allocation of Plant In Service

| Plant in Service | Customer | Capacity | Commodity (Use) | Total Cost | Customer | Capacity | Commodity (Use) |
|---------------------------------------|-----------------|-----------------|------------------------|---------------------|------------------|---------------------|------------------------|
| Pumps | | 80% | 20% | \$159,869 | \$0 | \$127,895 | \$31,974 |
| Water Lines | | 80% | 20% | \$5,833,669 | \$0 | \$4,666,936 | \$1,166,734 |
| Wells | | 80% | 20% | \$7,947,079 | \$0 | \$6,357,663 | \$1,589,416 |
| Tanks | | 80% | 20% | \$833,822 | \$0 | \$667,058 | \$166,764 |
| Equipment | 45% | 30% | 25% | \$280,794 | \$126,357 | \$84,238 | \$70,198 |
| General | 15% | 85% | | \$556,209 | \$83,431 | \$472,777 | \$0 |
| Total Plant in Service | | | | \$15,611,442 | \$209,789 | \$12,376,567 | \$3,025,086 |
| Percentage of Plant in Service | | | | 100% | 1% | 79% | 19% |

Source: City of Livingston and HEC.

plant

Table A-13
City of Livingston 2021 Water Rates Update
Functional Allocation of Operating Costs

| Expenditures | ACTUAL FY 2019-20 | Allocation Basis | Fixed Costs | | Variable Cost | |
|--------------------------------------|----------------------|--------------------------|------------------|------------------|--------------------|--------------------|
| | | | Customer | Capacity | Commodity (Use) | Unclassified |
| Personnel | \$879,686 | Avg. of Classified | 0% | 0% | 0% | 100% |
| Professional Services | \$4,336 | Avg. of Classified | 0% | 0% | 0% | 100% |
| Contract Services | \$87,675 | Avg. of Classified | 0% | 0% | 0% | 100% |
| Reg. Tuition Training | \$674 | Avg. of Classified | 0% | 0% | 0% | 100% |
| City Audit | \$7,600 | Avg. of Classified | 0% | 0% | 0% | 100% |
| Computer Support Agreements | \$26,376 | Avg. of Classified | 0% | 0% | 0% | 100% |
| Water Storage Tanks O&M | \$2,538 | Ratio Avg. to Peak Month | 84% | 0% | 16% | 0% |
| Water Wells O&M | \$222,882 | Ratio Avg. to Peak Month | 84% | 0% | 16% | 0% |
| Distribution O&M | \$48,671 | Ratio Avg. to Peak Month | 84% | 0% | 16% | 0% |
| Utilities | \$739,242 | Utilities | 0% | 0% | 100% | 0% |
| Vehicle O&M | \$18,366 | Plant In Service | 1% | 79% | 19% | 0% |
| Equipment O&M | \$4,795 | Plant In Service | 1% | 79% | 19% | 0% |
| Facilities O&M | \$4,597 | Plant In Service | 1% | 79% | 19% | 0% |
| Insurance | \$40,775 | Customers | 100% | 0% | 0% | 0% |
| CommCell Phones | \$5,923 | Customers | 100% | 0% | 0% | 0% |
| Advertisement | \$975 | Customers | 100% | 0% | 0% | 0% |
| Printing | \$3,392 | Customers | 100% | 0% | 0% | 0% |
| Bank Service Fees | \$9,318 | Customers | 100% | 0% | 0% | 0% |
| Travel | \$244 | Customers | 100% | 0% | 0% | 0% |
| Small Tools & Equip. | \$3,306 | Customers | 100% | 0% | 0% | 0% |
| Office Supplies | \$1,186 | Customers | 100% | 0% | 0% | 0% |
| Postage | \$3,340 | Customers | 100% | 0% | 0% | 0% |
| Miscellaneous | \$1,590 | Avg. of Classified | 0% | 0% | 0% | 100% |
| Books/Subscriptions | \$40 | Customers | 100% | 0% | 0% | 0% |
| Dues/Memberships | \$21,883 | Avg. of Classified | 0% | 0% | 0% | 100% |
| SGMA Fees | \$15,289 | Avg. of Classified | 0% | 0% | 0% | 100% |
| Refunds/Reimb | \$0 | Customers | 100% | 0% | 0% | 0% |
| Equipment Purchase | \$45,348 | Plant In Service | 1% | 79% | 19% | 0% |
| Vehicle Purchase / Replacement | \$7,509 | Plant In Service | 1% | 79% | 19% | 0% |
| Meter Replacement | \$50,210 | Customers | 100% | 0% | 0% | 0% |
| TOTAL OPERATING COSTS | \$2,257,764 | | \$350,762 | \$63,911 | \$797,982 | \$1,045,109 |
| Reallocate Unclassified | \$1,045,109 | | \$302,299 | \$55,081 | \$687,729 | |
| ALLOCATION OF OPERATING COSTS | \$2,257,764 | | \$653,062 | \$118,991 | \$1,485,711 | |
| Existing Debt Service | \$78,778 | Plant In Service | 1% | 79% | 19% | |
| Debt Service | | | \$1,059 | \$62,454 | \$15,265 | |
| TOTAL ALLOCATED COSTS [1] | \$2,336,542 | | \$654,120 | \$181,446 | \$1,500,976 | |
| Percentage of Allocation | | | 28% | 8% | 64% | |
| Fixed/Variable Allocation | | | | 36% | 64% | |

Source: City of Livingston and HEC, January 2021.

func

[1] Excludes capital project costs.

Table A-14
City of Livingston 2021 Water Rates Update
Number of Meters and Meter Equivalents

| Meter Size | Billing Meters | Flow (gpm) | Ratio | Meter Equivalents |
|-------------------|-----------------------|-------------------|--------------|--------------------------|
| < 1 | 3,418 | 50 | 1.0 | 3,418 |
| 1.5 | 12 | 100 | 2.0 | 24 |
| 2 | 73 | 160 | 3.2 | 234 |
| 3 | 12 | 350 | 7.0 | 84 |
| 4 | 13 | 600 | 12.0 | 156 |
| 6 | 4 | 1,250 | 25.0 | 100 |
| 8 | 0 | 2,400 | 48.0 | 0 |
| 10 | 1 | 3,800 | 76.0 | 76 |
| Total | 3,533 | | | 4,092 |

Source: City of Livingston March 2021.

meters

Table A-15
City of Livingston 2021 Water Rates Update
Projection of Water Demand

| Customer Category | Fiscal Year Ending | | | | | |
|---------------------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2021 (uses 5-yr avg) | 2022 Year 1 | 2023 Year 2 | 2024 Year 3 | 2025 Year 4 | 2026 Year 5 |
| Residential | | | | | | |
| Single-Family | 503,560,000 | 508,982,302 | 514,938,795 | 520,964,995 | 527,061,718 | 533,229,790 |
| Multi-Family | 57,007,000 | 56,943,791 | 56,943,791 | 56,943,791 | 56,943,791 | 56,943,791 |
| Subtotal Residential | 560,567,000 | 565,926,093 | 571,882,586 | 577,908,786 | 584,005,509 | 590,173,580 |
| Non-Residential | | | | | | |
| Commercial | 85,113,000 | 86,774,113 | 88,631,435 | 90,528,512 | 92,466,194 | 94,445,351 |
| Industrial | 1,440,006,000 | 1,438,941,548 | 1,438,941,548 | 1,438,941,548 | 1,438,941,548 | 1,438,941,548 |
| Irrigation | 68,549,000 | 68,358,982 | 68,358,982 | 68,358,982 | 68,358,982 | 68,358,982 |
| Subtotal Non-Residential | 1,593,668,000 | 1,594,074,642 | 1,595,931,965 | 1,597,829,042 | 1,599,766,724 | 1,601,745,881 |
| Total Water Demand Est. | 2,154,235,000 | 2,160,000,735 | 2,167,814,550 | 2,175,737,827 | 2,183,772,233 | 2,191,919,461 |

Source: City of Livingston and HEC.

proj d

Table A-16
City of Livingston 2021 Water Rates Update

Price Elasticity Assumptions

| Customer Type | Estimated Elasticity | Fiscal Year Ending | | | | |
|--|----------------------|--------------------|----------------|----------------|----------------|----------------|
| | | 2022 Year 1 | 2023 Year 2 | 2024 Year 3 | 2025 Year 4 | 2026 Year 5 |
| Rate Increase | | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Assumption for Inflation | | 2.20% | 2.20% | 2.20% | 2.20% | 2.20% |
| Price Increase Adjusted for Inflation | | 2.80% | 2.80% | 2.80% | 2.80% | 2.80% |
| Customer Type | | | | | | |
| Attached Residential | -0.10 | -0.28% | -0.28% | -0.28% | -0.28% | -0.28% |
| Detached Residential | -0.12 | -0.34% | -0.34% | -0.34% | -0.34% | -0.34% |
| Commercial | -0.20 | -0.56% | -0.56% | -0.56% | -0.56% | -0.56% |
| Industrial | -0.08 | -0.22% | -0.22% | -0.22% | -0.22% | -0.22% |
| Irrigation | -0.30 | -0.84% | -0.84% | -0.84% | -0.84% | -0.84% |

Source: HEC.

elasticity

California CPI Change

| | | |
|------------------------------|------|--------------|
| February | 2009 | 222.181 |
| February | 2019 | 276.655 |
| Total Change | | 54.47 |
| Average Annual Change | | 2.22% |

Table A-17
City of Livingston 2021 Water Rates Update
Projected Changes in Water Demand due to Price Changes

| Customer Category | Fiscal Year Ending | | | | | |
|--------------------------------------|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2021 | 2022 Year 1 | 2023 Year 2 | 2024 Year 3 | 2025 Year 4 | 2026 Year 5 |
| Residential | <i>Projected Growth each year is 40 SF units and five 1" commercial meters</i> | | | | | |
| Single-Family | 503,560,000 | 509,453,037 | 515,415,038 | 521,446,812 | 527,549,174 | 533,722,950 |
| Multi-Family | 57,007,000 | 57,007,000 | 57,007,000 | 57,007,000 | 57,007,000 | 57,007,000 |
| Subtotal Residential | 560,567,000 | 566,460,037 | 572,422,038 | 578,453,812 | 584,556,174 | 590,729,950 |
| Non-Residential | | | | | | |
| Commercial | 85,113,000 | 86,934,768 | 88,795,529 | 90,696,119 | 92,637,388 | 94,620,209 |
| Industrial | 1,440,006,000 | 1,440,006,000 | 1,440,006,000 | 1,440,006,000 | 1,440,006,000 | 1,440,006,000 |
| Irrigation | 68,549,000 | 68,549,000 | 68,549,000 | 68,549,000 | 68,549,000 | 68,549,000 |
| Subtotal Non-Residential | 1,593,668,000 | 1,595,489,768 | 1,597,350,529 | 1,599,251,119 | 1,601,192,388 | 1,603,175,209 |
| Total Water Demand Est. | 2,154,235,000 | 2,161,949,805 | 2,169,772,568 | 2,177,704,930 | 2,185,748,562 | 2,193,905,159 |
| Change in Demand due to Price | | | | | | |
| Residential | | | | | | |
| Single-Family | | -470,735 | -476,243 | -481,817 | -487,455 | -493,160 |
| Multi-Family | | -63,209 | -63,209 | -63,209 | -63,209 | -63,209 |
| Subtotal Residential | | -533,944 | -539,453 | -545,026 | -550,665 | -556,369 |
| Non-Residential | | | | | | |
| Commercial | | -160,655 | -164,094 | -167,606 | -171,194 | -174,858 |
| Industrial | | -1,064,452 | -1,064,452 | -1,064,452 | -1,064,452 | -1,064,452 |
| Irrigation | | -190,018 | -190,018 | -190,018 | -190,018 | -190,018 |
| Subtotal Non-Residential | | -1,415,126 | -1,418,564 | -1,422,077 | -1,425,664 | -1,429,328 |
| Total Water Demand Est. | | -1,949,070 | -1,958,017 | -1,967,103 | -1,976,329 | -1,985,698 |

Source: HEC.

elas eff

[1] Change applied to summer months consumption only.

APPENDIX B

WASTEWATER RATE STUDY

SUPPORT TABLES

Table B-1
City of Livingston 2021 Wastewater Rates Update
Historical and Budgeted FY2021 Wastewater Fund Revenue

| Revenues | Fiscal Year Ending | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2017 actual | 2018 actual | 2019 actual | 2020 unaudited | 2021 budget |
| Intergovernmental | | | | | |
| FEMA Reimbursement | \$0 | \$3,528 | \$0 | \$0 | \$0 |
| SJVAPCD-Grnt Veh Purchase Rev | \$0 | \$9,702 | (\$3,035) | \$0 | \$0 |
| Total Intergovernmental | \$0 | \$13,230 | (\$3,035) | \$0 | \$0 |
| Charges for Services | | | | | |
| User Fees | \$2,038,750 | \$2,075,866 | \$2,182,325 | \$2,135,272 | \$2,220,000 |
| Connection Fees | \$0 | \$0 | \$0 | \$0 | \$0 |
| MS4 Review Fees | \$0 | \$2,809 | \$16,464 | \$8,426 | \$0 |
| Total Charges for Services | \$2,038,750 | \$2,078,675 | \$2,198,789 | \$2,143,698 | \$2,220,000 |
| Fines & Forfeits | | | | | |
| Penalty Fees | \$24,803 | \$28,702 | \$22,417 | \$18,098 | \$33,900 |
| Total Fines & Forfeits | \$24,803 | \$28,702 | \$22,417 | \$18,098 | \$33,900 |
| Return on Use of Money/Property | | | | | |
| Interest Income | \$2,194 | \$7,976 | \$13,481 | \$16,412 | \$610 |
| Rental Income | \$12,000 | \$12,000 | \$12,000 | \$22,000 | \$12,360 |
| Doms WW Land Lease Agmt | \$2,500 | \$1,000 | \$0 | \$0 | \$1,500 |
| Total Return on Use of Money | \$16,694 | \$20,976 | \$25,481 | \$38,412 | \$14,470 |
| Miscellaneous | | | | | |
| Miscellaneous | \$4,188 | \$19,281 | \$0 | \$0 | \$0 |
| Reimbursements | \$1,306 | \$1,642 | \$66,181 | \$19,388 | \$4,550 |
| Other Revenue | \$5,494 | \$20,923 | \$285 | \$3,364 | \$0 |
| Total Miscellaneous | \$10,988 | \$41,847 | \$66,466 | \$22,752 | \$4,550 |
| Total Revenues | \$2,091,235 | \$2,183,429 | \$2,310,119 | \$2,222,959 | \$2,272,920 |

Source: City of Livingston financial documents.

revs

Table B-2
City of Livingston 2021 Wastewater Rates Update
Historical and Budgeted FY2021 Wastewater Fund Expenses

| Operating Expenses | Fiscal Year Ending | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2017 actual | 2018 actual | 2019 actual | 2020 unaudited | 2021 budget |
| Personnel | \$422,346 | \$543,621 | \$598,896 | \$724,942 | \$718,293 |
| Maintenance and Operations | | | | | |
| Professional Services | \$29,159 | \$2,627 | \$3,467 | \$5,101 | \$20,000 |
| Contract Services | \$170,414 | \$93,526 | \$84,263 | \$77,160 | \$107,222 |
| RegistrationTuitionTraining | \$1,653 | \$3,037 | \$2,923 | \$1,911 | \$2,500 |
| City Audit | \$7,420 | \$7,600 | \$7,600 | \$7,600 | \$7,600 |
| Computer Support Agreements | \$15,757 | \$21,453 | \$21,012 | \$20,140 | \$28,000 |
| Distribution O & M | \$6,147 | \$8,141 | \$6,214 | \$1,591 | \$10,000 |
| Utilities | \$219,906 | \$246,101 | \$237,325 | \$292,630 | \$258,900 |
| Soccer Field Utilities | \$1,907 | \$1,890 | \$0 | \$0 | \$0 |
| Vehicle O & M | \$16,190 | \$28,114 | \$22,432 | \$18,417 | \$40,000 |
| Equipment O & M | \$60,062 | \$13,349 | \$20,791 | \$37,302 | \$50,000 |
| Facilities O & M | \$48,438 | \$20,398 | \$47,757 | \$22,660 | \$50,000 |
| Storm Drain O & M | \$0 | \$0 | \$14,047 | \$291 | \$25,000 |
| Wastewater Trtmnt Plant O&M | \$5,116 | \$13,543 | \$22,976 | \$27,994 | \$50,000 |
| RentsLeases | \$8,600 | \$4,390 | \$5,736 | \$0 | \$10,000 |
| Insurance | \$59,012 | \$59,075 | \$61,562 | \$71,987 | \$63,060 |
| CommCell PhonesTelephone | \$4,641 | \$7,844 | \$7,185 | \$8,353 | \$9,000 |
| Advertisement | \$140 | \$1,671 | \$437 | \$952 | \$2,000 |
| Printing | \$463 | \$366 | \$1,121 | \$428 | \$5,000 |
| Bank Service Fee Agreements | \$5,176 | \$6,467 | \$7,496 | \$9,318 | \$3,500 |
| TravelConferencesMeetings | \$586 | \$520 | \$253 | \$35 | \$2,250 |
| Lab Processing Expense | \$16,288 | \$17,892 | \$26,802 | \$17,728 | \$30,000 |
| Small Tools & Equipment | \$7,748 | \$5,897 | \$7,997 | \$3,540 | \$7,000 |
| Postage | \$7,763 | \$7,233 | \$7,911 | \$1,543 | \$8,500 |
| Miscellaneous Expenditures | \$1,392 | \$831 | \$262 | \$1,861 | \$2,500 |
| DuesMembershipFees | \$27,150 | \$41,621 | \$43,554 | \$57,802 | \$53,870 |
| Cost of Issuance-2016ARfndBond | \$250,931 | \$0 | \$0 | \$0 | \$0 |
| Amortizat. Exp 2016A Refunding | (\$4,548) | (\$6,822) | (\$6,822) | \$0 | \$0 |
| Merced County Taxes | \$11,106 | \$11,237 | \$11,342 | \$11,626 | \$11,500 |
| Total Maintenance & Operations | \$978,618 | \$618,001 | \$665,647 | \$697,970 | \$857,402 |
| Supplies | | | | | |
| Office Supplies | \$3,856 | \$2,741 | \$2,458 | \$888 | \$3,500 |
| Total Supplies | \$3,856 | \$2,741 | \$2,458 | \$888 | \$3,500 |
| Vehicles, Equip & Improvements | | | | | |
| Equipment Purchase | \$42,348 | \$9,976 | \$21,381 | \$67,260 | \$94,204 |
| Vehicle Purchase | \$0 | \$0 | \$0 | \$7,509 | \$0 |
| Vehicle Replacement Fee | \$0 | \$0 | \$0 | \$0 | \$100,000 |
| FurnitureFixtureImprovements | \$0 | \$500 | \$0 | \$0 | \$0 |
| ImprovementsInfrastructure | \$0 | \$53,802 | \$0 | \$0 | \$0 |
| SJVAPCD Grnt Vehicle Purchase | \$0 | \$0 | \$0 | \$0 | \$0 |
| Vehicles, Equip & Improvements | \$42,348 | \$64,278 | \$21,381 | \$74,769 | \$194,204 |
| Debt Service | | | | | |
| Refnd Bond Ser.2016A-Principal | \$0 | \$0 | \$0 | \$190,000 | \$190,000 |
| USDA Series A - Interest | \$31,470 | \$0 | \$0 | \$0 | \$0 |
| USDA Series B - Interest | \$28,553 | \$0 | \$0 | \$0 | \$0 |
| Refund Bond Ser.2016A-Interest | \$187,023 | \$271,950 | \$214,279 | \$263,000 | \$261,250 |
| Debt Service | \$247,046 | \$271,950 | \$214,279 | \$453,000 | \$451,250 |
| Transfer Out | \$0 | \$0 | \$148,566 | \$0 | \$0 |
| Total Expenses | \$1,694,213 | \$1,500,591 | \$1,651,226 | \$1,951,569 | \$2,224,649 |

Source: City of Livingston financial documents.

exps

Table B-3
City of Livingston 2021 Wastewater Rates Update
Current Number of Wastewater Accounts

| Customer Code | Billing Cycle | | | | | TOTAL |
|---------------------------------|---------------|-----------|------------|----------|----------|--------------|
| | 1 | 2 | 3 | 4 | 999 | |
| Flat Monthly Charges | | | | | | |
| SCOO Commercial Base | 3 | | 126 | | | 129 |
| SOUT Residential Outside City | 2 | | 1 | | | 3 |
| SRES Residential | 3,235 | 57 | 4 | 2 | | 3,298 |
| SMU Multi Unit Residential | | 22 | 4 | | | 26 |
| SC02 Churches/Temples/Comm Ctrs | | | 16 | | | 16 |
| SC16 Schools | | | 6 | | | 6 |
| SHM Hotels /Motels | | | 2 | | | 2 |
| SCC2 Laudromat | | | | | 1 | 1 |
| TOTAL | 3,240 | 79 | 159 | 2 | 1 | 3,481 |

Source: City of Livingston Utility billing records.

accounts

Table B-4
City of Livingston 2021 Wastewater Rates Update

Wastewater Treatment Plant Flow

| Month | 2016 | 2017 | 2018 | 2019 | 2020 | Average | |
|--------------------------|---------------------|---------------|---------------|---------------|---------------|------------|------------|
| | | | | | | BOD | SS |
| | Millions of Gallons | | | | | Mg/L | Mg/L |
| Jan | 31.27 | 35.02 | 35.24 | 31.72 | 35.28 | 288 | 346 |
| Feb | 28.38 | 33.80 | 32.14 | 28.57 | 33.64 | 425 | 1,115 |
| Mar | 31.61 | 32.85 | 35.69 | 31.65 | 37.18 | 288 | 368 |
| Apr | 30.32 | 34.64 | 33.33 | 30.22 | 35.98 | 250 | 177 |
| May | 31.28 | 34.60 | 33.77 | 32.34 | 38.51 | 200 | 155 |
| Jun | 30.40 | 31.65 | 33.12 | 31.99 | 39.23 | 350 | 403 |
| Jul | 32.26 | 32.38 | 34.11 | 33.14 | 40.45 | 313 | 320 |
| Aug | 32.20 | 36.66 | 35.00 | 35.25 | 40.24 | 353 | 630 |
| Sep | 30.08 | 35.31 | 35.14 | 33.09 | 38.76 | 280 | 353 |
| Oct | 30.39 | 35.38 | 33.98 | 33.96 | 39.65 | 265 | 440 |
| Nov | 32.55 | 33.60 | 31.39 | 32.89 | 38.27 | 310 | 411 |
| Dec | 32.89 | 33.62 | 31.26 | 35.18 | 39.42 | 263 | 193 |
| Total | 373.63 | 409.51 | 404.17 | 390.00 | 456.61 | 299 | 409 |
| Avg. Flow per Day | 1.02 | 1.12 | 1.11 | 1.07 | 1.25 | | |

Source: City of Livingston treatment plant records.

param

**Table B-5
City of Livingston 2021 Wastewater Rates Update**

Wastewater Capital Improvements Plan

No COVID Relief Funding

| Capital Project | Funding Source | Fiscal Year Ending | | | | | |
|--|----------------|--------------------|--------------------|------------------|------------------|------------------|------------------|
| | | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Treatment Plant | | | | | | | |
| Biosolids Dewatering Equipment | Rates | | \$300,000 | \$200,000 | | | |
| SCADA Tower | Rates | | \$15,000 | | | | |
| Total Treatment Plant | | \$0 | \$315,000 | \$200,000 | \$0 | \$0 | \$0 |
| Collection System | | | | | | | |
| Lift Station Rehabilitation (Singh & Burgandy) | Rates | | \$100,000 | \$100,000 | | | |
| Sewer Line Replacement [1] | Grant | \$3,050,000 | | | | | |
| Additional Sewer Line Replacement | Rates | | | \$330,000 | \$500,000 | \$650,000 | \$700,000 |
| New Disc & Ripper Tractor | Rates | | \$215,000 | | | | |
| New Vac-On Sewer Truck | Rates | | | | \$350,000 | | |
| Total Collection System | | \$3,050,000 | \$315,000 | \$430,000 | \$850,000 | \$650,000 | \$700,000 |
| Total Wastewater System | | \$6,510,000 | \$3,050,000 | \$630,000 | \$630,000 | \$850,000 | \$700,000 |
| Funded by Grants | | \$3,050,000 | \$3,050,000 | \$0 | \$0 | \$0 | \$0 |
| Funded by Rates | | \$3,460,000 | \$0 | \$630,000 | \$630,000 | \$850,000 | \$700,000 |
| Funded by Loan | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Source: City of Livingston Public Works January 2021.

cip

[1] The City has secured CDBG grant funding for this project.

Table B-6
City of Livingston 2021 Wastewater Rates Update
2016A Sewer Revenue Refunding Bonds

| Fiscal Year Ending | Principal | Interest | Total Debt Service |
|-------------------------------|------------------|-----------------|-------------------------------|
| 2017 | \$220,000 | \$95,790 | \$315,790 |
| 2018 | \$175,000 | \$273,700 | \$448,700 |
| 2019 | \$180,000 | \$268,450 | \$448,450 |
| 2020 | \$190,000 | \$261,250 | \$451,250 |
| 2021 | \$195,000 | \$253,650 | \$448,650 |
| 2022 | \$200,000 | \$245,850 | \$445,850 |
| 2023 | \$210,000 | \$237,850 | \$447,850 |
| 2024 | \$220,000 | \$229,450 | \$449,450 |
| 2025 | \$230,000 | \$220,650 | \$450,650 |
| 2026 | \$240,000 | \$211,450 | \$451,450 |
| 2027 | \$250,000 | \$201,850 | \$451,850 |
| 2028 | \$260,000 | \$191,850 | \$451,850 |
| 2029 | \$265,000 | \$181,450 | \$446,450 |
| 2030 | \$280,000 | \$170,850 | \$450,850 |
| 2031 | \$290,000 | \$159,650 | \$449,650 |
| 2032 | \$300,000 | \$148,050 | \$448,050 |
| 2033 | \$315,000 | \$136,050 | \$451,050 |
| 2034 | \$325,000 | \$123,450 | \$448,450 |
| 2035 | \$335,000 | \$112,888 | \$447,888 |
| 2036 | \$345,000 | \$102,000 | \$447,000 |
| 2037 | \$355,000 | \$90,788 | \$445,788 |
| 2038 | \$365,000 | \$78,806 | \$443,806 |
| 2039 | \$385,000 | \$66,488 | \$451,488 |
| 2040 | \$395,000 | \$53,494 | \$448,494 |
| 2041 | \$410,000 | \$40,163 | \$450,163 |
| 2042 | \$420,000 | \$26,325 | \$446,325 |
| 2043 | \$360,000 | \$12,150 | \$372,150 |

Source: Revenue Bond documents.

ref bonds

Table B-7
City of Livingston 2021 Wastewater Rates Update

Summary of Depreciation in Rates

| Facility Depreciation | Fiscal Year Ending | | | | | |
|------------------------------|--------------------|------------------|------------------|------------------|------------------|------------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Existing System [1] | \$375,112 | \$375,112 | \$375,112 | \$375,112 | \$375,112 | \$375,112 |
| New Facilities | \$38,125 | \$73,626 | \$87,864 | \$133,598 | \$142,922 | \$153,314 |
| Total Depreciation | \$413,237 | \$448,738 | \$462,976 | \$508,711 | \$518,034 | \$528,427 |
| Percentage in Rates | 0% | 0% | 0% | 0% | 0% | 0% |
| Depreciation in Rates | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Source: City of Livingston and HEC.

depr

[1] Current annual depreciation:

| | |
|----------------------------------|------------------|
| Lift Stations | \$30,424 |
| Collection System | \$9,932 |
| Treatment Plant | \$317,635 |
| Equipment & Vehicles | \$17,122 |
| Total Annual Depreciation | \$375,112 |

Table B-8
City of Livingston 2021 Wastewater Rates Update
Depreciation for New CIP

| Wastewater System | Useful Life | Fiscal Year Ending | | | | | |
|--|-------------|--------------------|-----------------|-----------------|------------------|------------------|------------------|
| | | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Treatment Plant | | | | | | | |
| | years | | | | | | |
| Biosolids Dewatering Equipment | 30 | \$0 | \$10,350 | \$17,492 | \$17,492 | \$17,492 | \$17,492 |
| SCADA Tower | 50 | \$0 | \$311 | \$311 | \$311 | \$311 | \$311 |
| Total Treatment Plant | | \$0 | \$10,661 | \$17,802 | \$17,802 | \$17,802 | \$17,802 |
| Collection System | | | | | | | |
| Lift Station Rehabilitation (Singh & Burgandy) | 40 | \$0 | \$2,588 | \$5,266 | \$5,266 | \$5,266 | \$5,266 |
| Sewer Line Replacement | 80 | \$38,125 | \$38,125 | \$38,125 | \$38,125 | \$38,125 | \$38,125 |
| Additional Sewer Line Replacement | 80 | \$0 | \$0 | \$4,419 | \$11,348 | \$20,672 | \$31,064 |
| New Disc & Ripper Tractor | 10 | \$0 | \$22,253 | \$22,253 | \$22,253 | \$22,253 | \$22,253 |
| New Vac-On Sewer Truck | 10 | \$0 | \$0 | \$0 | \$38,805 | \$38,805 | \$38,805 |
| Total Collection System | | \$38,125 | \$62,965 | \$70,062 | \$115,796 | \$125,120 | \$135,512 |
| TOTAL | | \$38,125 | \$73,626 | \$87,864 | \$133,598 | \$142,922 | \$153,314 |

Source: City of Livingston capital improvement plan, and HEC.

new depr

Table B-9

City of Livingston 2021 Wastewater Rates Update

Projected Costs and Distribution between Collection and Treatment System

Year 1

Fiscal Year Ending 2022

| Expenditures | Projected Total | Allocation | | Collection | | | Treatment | | |
|--|--------------------|------------|-----------|------------------|------------------|------------------|--------------------|------------------|--------------------|
| | | Collection | Treatment | Operations | Capital | Total | Operations | Capital | Total |
| Personnel | \$761,390 | 20% | 80% | \$152,278 | | \$152,278 | \$609,112 | | \$609,112 |
| New Personnel [1] | \$76,100 | 20% | 80% | \$15,220 | | \$15,220 | \$60,880 | | \$60,880 |
| Professional & Contract Services | \$138,867 | 20% | 80% | \$27,773 | | \$27,773 | \$111,093 | | \$111,093 |
| Treatment Plant O&M | \$51,750 | 20% | 80% | \$10,350 | | \$10,350 | \$41,400 | | \$41,400 |
| Collection & Facilities O&M | \$62,100 | 20% | 80% | \$12,420 | | \$12,420 | \$49,680 | | \$49,680 |
| Utilities | \$269,256 | 20% | 80% | \$53,851 | | \$53,851 | \$215,405 | | \$215,405 |
| Facilities, Equipment & Other O&M | \$119,025 | 20% | 80% | \$23,805 | | \$23,805 | \$95,220 | | \$95,220 |
| Tools, Subscriptions, Supplies | \$248,235 | 20% | 80% | \$49,647 | | \$49,647 | \$198,588 | | \$198,588 |
| Series 2016A Refunding | \$445,850 | 20% | 80% | | \$89,170 | \$89,170 | | \$356,680 | \$356,680 |
| New Debt Service | \$0 | 20% | 80% | | \$0 | \$0 | | \$0 | \$0 |
| System Rehabilitation and New Projects | \$702,050 | 20% | 80% | | \$140,410 | \$140,410 | | \$561,640 | \$561,640 |
| Additional Collection for Depreciation | \$0 | 20% | 80% | | \$0 | \$0 | | \$0 | \$0 |
| Subtotal Costs | \$2,874,622 | | | \$345,344 | \$229,580 | \$574,924 | \$1,381,378 | \$918,320 | \$2,299,698 |
| Less Offsetting Credits | (\$52,920) | | | | | | | | |
| Adjustment for Rate Collection | (\$41,702) | | | | | | | | |
| Total | \$2,780,000 | | | | | | | | |

Source: City of Livingston financial documents and HEC.

distr

Table B-10
City of Livingston 2021 Wastewater Rates Update
Unit Cost Determination

Year 1
Fiscal Year Ending 2022

| Cost Category | Allocated Costs | Percent Allocation | | | Cost | | | Total Influent | | | Unit Cost Per: | | |
|----------------------------------|--------------------|--------------------|------------|------------|--------------------|------------------|------------------|----------------|-------|-------|----------------|--------------|--------------|
| | | Flow | BOD | SS | Flow | BOD | SS | Flow | BOD | SS | Mgal of Flow | Klb of BOD | Klb of SS |
| | (A) | (B) | (C) | (D) | (E) = (A)*(B) | (F)=(A)*(C) | (G)=(A)*(D) | (H) | (I) | (J) | (K)=(E)/(H) | (L)=(F)/(I) | (M)=(G)/(J) |
| Operating Costs | | | | | | | | | | | | | |
| Collection System Costs | \$345,344 | 100% | 0% | 0% | \$345,344 | \$0 | \$0 | 424 | 1,090 | 1,096 | \$815 | \$0 | \$0 |
| Treatment Costs | \$1,381,378 | 60% | 20% | 20% | \$828,827 | \$276,276 | \$276,276 | 424 | 1,090 | 1,096 | \$1,956 | \$254 | \$252 |
| Capital Costs | | | | | | | | | | | | | |
| Collection System Costs | \$229,580 | 100% | 0% | 0% | \$229,580 | \$0 | \$0 | 424 | 1,090 | 1,096 | \$542 | \$0 | \$0 |
| Treatment Costs | \$918,320 | 60% | 20% | 20% | \$550,992 | \$183,664 | \$183,664 | 424 | 1,090 | 1,096 | \$1,300 | \$169 | \$168 |
| Subtotal Collection Costs | \$574,924 | 100% | 0% | 0% | \$574,924 | \$0 | \$0 | | | | \$1,357 | \$0 | \$0 |
| Subtotal Treatment Costs | \$2,299,698 | 60% | 20% | 20% | \$1,379,819 | \$459,940 | \$459,940 | | | | \$3,256 | \$422 | \$420 |
| Subtotal Costs | \$2,874,622 | 68% | 16% | 16% | \$1,954,743 | \$459,940 | \$459,940 | | | | \$4,613 | \$422 | \$420 |
| Less Offsetting Credits | (\$52,920) | 68% | 16% | 16% | (\$35,986) | (\$8,467) | (\$8,467) | 424 | 1,090 | 1,096 | (\$85) | (\$8) | (\$8) |
| Adjustment for Rate Collector | (\$41,702) | 68% | 16% | 16% | (\$28,358) | (\$6,672) | (\$6,672) | 424 | 1,090 | 1,096 | (\$67) | (\$6) | (\$6) |
| TOTAL COSTS | \$2,780,000 | | | | \$1,890,400 | \$444,800 | \$444,800 | | | | \$4,461 | \$408 | \$406 |

Source: City of Livingston financial documents and HEC.

units

Table B-11

City of Livingston 2021 Wastewater Rates Update

Allocation of Costs to Flow, BOD and SS by Customer Category

Year 1
Fiscal Year Ending 2022

| Unit Cost / Customer Category | Flow MG/Yr | BOD Klb/Yr | SS Klb/Yr | Collection | Treatment | | | Other | | | TOTAL |
|-------------------------------|---------------|----------------|----------------|------------------|--------------------|------------------|------------------|-------------------|-------------------|-------------------|--------------------|
| | | | | Flow \$/Mgal | Flow \$/Mgal | BOD \$/Klb | SS \$/Klb | Flow \$/Mgal | BOD \$/Klb | SS \$/Klb | |
| Unit Cost | | | | \$1,357 | \$3,256 | \$422 | \$420 | (\$152) | (\$14) | (\$14) | |
| Residential | | | | | | | | | | | |
| Detached | 304.9 | 635.6 | 635.6 | \$413,607 | \$992,656 | \$268,317 | \$266,713 | (\$46,289) | (\$8,832) | (\$8,779) | \$1,877,392 |
| Attached | 42.9 | 89.4 | 89.4 | \$58,175 | \$139,620 | \$37,740 | \$37,514 | (\$6,511) | (\$1,242) | (\$1,235) | \$264,060 |
| Non-Residential | | | | | | | | | | | |
| Churches/Temples/Comm.Ctrs. | 1.6 | 2.1 | 2.3 | \$2,218 | \$5,324 | \$892 | \$973 | (\$248) | (\$29) | (\$32) | \$9,098 |
| Schools (with cafeteria) | 13.4 | 25.7 | 18.4 | \$18,183 | \$43,640 | \$10,852 | \$7,739 | (\$2,035) | (\$357) | (\$255) | \$77,768 |
| Hotel/Motel | 2.9 | 8.4 | 12.0 | \$3,914 | \$9,395 | \$3,555 | \$5,048 | (\$438) | (\$117) | (\$166) | \$21,192 |
| Light Industrial | 18.7 | 155.6 | 124.5 | \$25,309 | \$60,742 | \$65,675 | \$52,226 | (\$2,832) | (\$2,162) | (\$1,719) | \$197,238 |
| Commercial | 39.4 | 172.7 | 213.8 | \$53,518 | \$128,442 | \$72,908 | \$89,728 | (\$5,989) | (\$2,400) | (\$2,954) | \$333,253 |
| TOTAL | 423.8 | 1,089.6 | 1,096.2 | \$574,924 | \$1,379,819 | \$459,940 | \$459,940 | (\$64,343) | (\$15,140) | (\$15,140) | \$2,780,000 |

Source: City of Livingston financial documents and HEC.

alloc

Table B-12
City of Livingston 2021 Wastewater Rates Update
Allocation of Cost to Industrial Laundromat (a sub-category within the Light Industrial Category)

| | User Characteristics | | | | Annual Quantities | | |
|-----------------------------|----------------------|--------------|----------|---------|-------------------|-----------------|-----------------|
| | No. Billing Units | Flow [1] GPD | BOD MG/L | SS MG/L | Flow MG | BOD Lbs | SS Lbs |
| Industrial Laundromat | 1 | 42,447 | 490 | 330 | 15.5 | 63,314 | 42,640 |
| Cost per Unit | | | | | \$4,461 | \$408 | \$406 |
| Total Allocated Cost | \$112,262 | | | | \$69,113 | \$25,846 | \$17,303 |

| Category | SWRCB Guideline | | |
|--|-----------------|------------|------------|
| Laundromat | NO | 150 | 110 |
| Laundry, Commercial | LOW-END | 450 | 240 |
| Livingston Industrial Laundromat (est.) | | 490 | 330 |
| Industrial Laundry | HIGH-END | 670 | 680 |

Source: City of Livingston billing records and HEC, May 2021. text

[1] 75% of actual flow averaged over the past 24 months.

Table B-13

**City of Livingston 2021 Wastewater Rates Update
Calculated Cost per Thousand Gallons**

**Year 1
Fiscal Year Ending 2022**

| Customer Type | Allocated Cost | Percentage of Cost | Annual Flow (MG) | Cost per 1,000 Gallons |
|-------------------------------------|-----------------------|---------------------------|-------------------------|-------------------------------|
| Residential | | | | |
| Detached | \$1,877,392 | 67.5% | 304.87 | \$6.16 |
| Attached | \$264,060 | 9.5% | 42.88 | \$6.16 |
| Subtotal Residential | \$2,141,452 | 77.0% | 347.75 | \$6.16 |
| Non-Residential | | | | |
| Churches/Temples/Comm.Ctrs. | \$9,098 | 0.3% | 1.64 | \$5.56 |
| Schools (with cafeteria) | \$77,768 | 2.8% | 13.40 | \$5.80 |
| Hotel/Motel | \$21,192 | 0.8% | 2.89 | \$7.34 |
| Light Industrial | \$197,238 | 7.1% | 18.66 | \$10.57 |
| Industrial Laudromat (sub-category) | \$112,262 | | 15.49 | \$7.25 |
| Commercial | \$333,253 | 12.0% | 39.45 | \$8.45 |
| Subtotal Non-Residential | \$638,548 | 23.0% | 91.52 | \$6.98 |
| TOTAL | \$2,780,000 | 100.0% | 439.27 | \$6.33 |

Source: City of Livingston financial documents and HEC.

cos

Table B-14
City of Livingston 2021 Wastewater Rates Update
Projected Number of Billing Units

| Customer Categories | | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|------------------------------|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | <i>Growth Rate [1] ---></i> | | 1.2% | 1.2% | 1.2% | 1.2% | 1.2% |
| Residential | | | | | | | |
| Detached | Units | 3,301 | 3,341 | 3,381 | 3,422 | 3,463 | 3,505 |
| Attached | Units | 528 | 534 | 540 | 546 | 553 | 560 |
| Subtotal Residential | | 3,829 | 3,875 | 3,921 | 3,968 | 4,016 | 4,065 |
| Non-Residential | | | | | | | |
| Churches/Temples/Comm.Ctrs. | Accounts | 16 | 16 | 16 | 16 | 16 | 16 |
| Schools (with cafeteria) [2] | Students | 3,723 | 3,723 | 3,723 | 3,723 | 3,723 | 3,723 |
| Hotel/Motel | Rooms | 93 | 93 | 93 | 93 | 93 | 93 |
| Light Industrial | Accounts | 1 | 1 | 1 | 1 | 1 | 1 |
| Commercial | Accounts | 129 | 131 | 133 | 135 | 137 | 139 |

Source: City of Livingston customer records, and HEC.

services

[1] Growth rate applied to residential and commercial categories only.

[2] No growth - historical data for last 5 years shows no growth.

APPENDIX C

SOLID WASTE RATE STUDY

SUPPORT TABLES

Table C-1
City of Livingston 2021 Solid Waste Rates Update
Historical and Budgeted Sanitation Fund Revenues

| Revenues | Fiscal Year Ending | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2017 actual | 2018 actual | 2019 actual | 2020 unaudited | 2021 budget |
| Intergovernmental | | | | | |
| Grant Funds | \$10,000 | \$5,000 | \$5,000 | \$5,000 | \$0 |
| CMAQ Grant For CNG Sweeper | \$0 | \$0 | \$0 | \$0 | \$0 |
| SJVAPCD-Grnt Veh Purchase Rev | \$0 | \$9,702 | (\$3,035) | \$0 | \$0 |
| Subtotal Intergovernmental | \$10,000 | \$14,702 | \$1,965 | \$5,000 | \$0 |
| Charges for Services | | | | | |
| User Fees | \$1,371,342 | \$1,386,815 | \$1,417,249 | \$1,473,678 | \$1,426,625 |
| Developer Impact Fees | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal Charges for Services | \$1,371,342 | \$1,386,815 | \$1,417,249 | \$1,473,678 | \$1,426,625 |
| Fines & Forfeitures | | | | | |
| Penalty Fees | \$15,229 | \$17,733 | \$15,595 | \$11,648 | \$13,905 |
| Subtotal Fines & Forfeitures | \$15,229 | \$17,733 | \$15,595 | \$11,648 | \$13,905 |
| Return on Use of Money/Property | | | | | |
| True Value Parking Lot Maint | \$0 | \$0 | \$0 | \$0 | \$0 |
| Plaza Parking Lot Maint | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interest Income | \$1,476 | \$7,549 | \$14,901 | \$12,395 | \$5,150 |
| Subtotal Return on Use of Money/Property | \$1,476 | \$7,549 | \$14,901 | \$12,395 | \$5,150 |
| Miscellaneous | | | | | |
| Reimbursements/Refunds | \$3,080 | \$9,782 | \$5,991 | \$4,956 | \$5,150 |
| Other Revenue | \$407 | \$236 | \$71 | \$127 | \$0 |
| RMA Insurance Refunds | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal Miscellaneous | \$3,487 | \$10,019 | \$6,061 | \$5,083 | \$5,150 |
| Total Revenues | \$1,401,534 | \$1,436,818 | \$1,455,771 | \$1,507,804 | \$1,450,830 |

Source: City of Livingston financial documents.

rev

Table C-2
City of Livingston 2021 Solid Waste Rates Update
Historical and Budgeted Sanitation Fund Expenses

| Expenses | Fiscal Year Ending | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| | actual | actual | actual | unaudited | budget |
| Personnel | \$91,307 | \$180,716 | \$194,064 | \$233,479 | \$248,044 |
| Maintenance and Operations | | | | | |
| Professional Services | \$3,727 | \$1,123 | \$1,180 | \$3,031 | \$2,700 |
| Contract Services | \$54,788 | \$18,930 | \$17,060 | \$44,120 | \$45,000 |
| Service Agreements | \$0 | \$0 | \$0 | \$0 | \$0 |
| Disposal Contract Services | \$907,749 | \$919,518 | \$997,084 | \$1,059,650 | \$1,052,400 |
| RegistrationTuitionTraining | \$81 | \$0 | \$0 | \$78 | \$750 |
| City Attorney | \$0 | \$0 | \$0 | \$0 | \$0 |
| City Audit | \$7,420 | \$7,600 | \$8,000 | \$8,000 | \$8,000 |
| Computer Support Agreements | \$14,639 | \$22,009 | \$21,136 | \$20,432 | \$25,000 |
| Plaza Parking Lot O & M | \$0 | \$0 | \$0 | \$0 | \$0 |
| Utilities | \$0 | \$0 | \$0 | \$0 | \$0 |
| Vehicle O & M | \$2,807 | \$942 | \$5,050 | \$6,858 | \$8,700 |
| Equipment O & M | \$13 | \$39 | \$0 | \$64 | \$6,700 |
| Facilities O & M | \$810 | \$120 | \$0 | \$87 | \$6,000 |
| True Value Parking Lot O & M | \$0 | \$0 | \$0 | \$0 | \$0 |
| RentsLeases | \$0 | \$0 | \$0 | \$0 | \$0 |
| Street Sweeper O & M | \$0 | \$0 | \$0 | \$0 | \$0 |
| Insurance | \$5,594 | \$4,811 | \$4,831 | \$5,220 | \$5,250 |
| CommCell PhonesTelephone | \$134 | \$2,201 | \$2,447 | \$2,481 | \$3,000 |
| Advertisement | \$0 | \$0 | \$417 | \$58 | \$800 |
| Printing | \$463 | \$366 | \$507 | \$428 | \$2,000 |
| Bank Service Fee Agreements | \$5,176 | \$6,467 | \$7,496 | \$9,318 | \$6,000 |
| Trustee Fees | \$0 | \$0 | \$0 | \$0 | \$0 |
| TravelConferencesMeetings | \$586 | \$102 | \$146 | \$87 | \$1,000 |
| Small Tools & Equipment | \$351 | \$434 | \$82 | \$198 | \$750 |
| Office Supplies | \$3,230 | \$2,412 | \$2,178 | \$737 | \$3,800 |
| Postage | \$7,774 | \$7,192 | \$7,905 | \$1,433 | \$10,500 |
| ReimbursementRefunds | \$0 | \$0 | \$0 | \$0 | \$0 |
| Miscellaneous Expenditures | \$0 | \$78 | (\$56) | \$0 | \$0 |
| BooksSubscriptionsPeriodical | \$0 | \$0 | \$0 | \$0 | \$0 |
| DuesMembershipFees | \$2,088 | \$482 | \$732 | \$3,172 | \$2,290 |
| RecycleLitter Grant Expense | (\$11,947) | \$0 | \$12,698 | \$1,301 | \$5,000 |
| Payment In Lieu Tax | \$0 | \$0 | \$0 | \$0 | \$0 |
| Bad Debt Write Offs | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal Maintenance and Operations | \$1,005,483 | \$994,826 | \$1,088,893 | \$1,166,753 | \$1,195,640 |
| Vehicles, Equip & Improvements | | | | | |
| Equipment Purchase | \$788 | \$3,592 | \$0 | \$3,111 | \$13,750 |
| Garbage Container Purchase | \$0 | \$0 | \$0 | \$0 | \$0 |
| Vehicle Purchase | \$0 | \$0 | \$0 | \$7,509 | \$285,000 |
| Vehicle Replacement Fee | \$0 | \$0 | \$0 | \$0 | \$0 |
| Purchase Street Sweeper | \$0 | \$0 | \$0 | \$0 | \$0 |
| FurnitureFixtureImprovements | \$0 | \$199 | \$0 | \$0 | \$0 |
| SJVAPCD Grant Vehicle Purchase | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal Vehicles, Equip. & Improvements | \$788 | \$3,791 | \$0 | \$10,621 | \$298,750 |
| Total Expenses | \$1,097,578 | \$1,179,333 | \$1,282,957 | \$1,410,853 | \$1,742,434 |

Source: City of Livingston financial documents.

exp

Table C-3
City of Livingston 2021 Solid Waste Rates Update
Gilton Rates Fiscal Year 2020/21

| Collections per Week | Rates Effective 1 July 2020 | | | | |
|--|------------------------------------|----------|------------|------------|------------|
| | x1 | x2 | x3 | x4 | x5 |
| Residential | | | | | |
| 96 gal. cart | \$17.54 | | | | |
| Add'l cart | \$4.63 | | | | |
| 96 gal. cart greenwaste | \$0.93 | | | | |
| Add'l greenwaste cart | \$4.63 | | | | |
| Multi-Family Residential, Commercial and Organic Services | | | | | |
| 1 CY | \$33.03 | \$65.49 | \$97.84 | \$130.26 | \$162.67 |
| 2 CY | \$65.84 | \$130.50 | \$196.76 | \$261.95 | \$327.13 |
| 3 CY | \$97.54 | \$184.49 | \$277.99 | \$365.78 | \$445.00 |
| 4 CY | \$124.85 | \$243.29 | \$380.49 | \$465.25 | \$557.42 |
| 6 CY | \$175.54 | \$342.18 | \$523.29 | \$652.47 | \$821.32 |
| Commercial - Compacting Bins | | | | | |
| 3 CY | \$339.19 | \$653.68 | \$981.51 | \$1,308.68 | \$1,635.84 |
| 4 CY | \$430.24 | \$823.58 | \$1,308.68 | \$1,744.90 | \$2,181.14 |
| Standard Clean, Mixed Recyclables | | | | | |
| 4 CY | \$49.79 | \$99.59 | \$149.39 | \$199.19 | \$248.98 |
| 6 CY | \$49.79 | \$99.59 | \$149.39 | \$199.19 | \$248.98 |

Source: Letter 5/1/20 from Gilton Solid Waste Management, Inc.

gilton

Table C-4
City of Livingston 2021 Solid Waste Rates Update

Projected Number of Sanitation Services

| Customer Type | Current No. of Customers | Projected Number of Services | | | | |
|--|--------------------------|------------------------------|--------------|--------------|--------------|--------------|
| | | 2022 | 2023 | 2024 | 2025 | 2026 |
| <i>Estimated Growth Rate --></i> | | 1.2% | 1.2% | 1.2% | 1.2% | 1.2% |
| Residential | | | | | | |
| 96 gal. cart | 3,268 | 3,307 | 3,347 | 3,387 | 3,428 | 3,469 |
| Add'l cart | 310 | 314 | 318 | 322 | 326 | 330 |
| 96 gal. cart greenwaste | 3,241 | 3,280 | 3,319 | 3,359 | 3,399 | 3,440 |
| Add'l greenwaste cart | 11 | 11 | 11 | 11 | 11 | 11 |
| Multi-Family & Comm'l - 1x / Week | | | | | | |
| 1 CY | 5 | 5 | 5 | 5 | 5 | 5 |
| 2 CY | 31 | 31 | 31 | 31 | 31 | 31 |
| 3 CY | 14 | 14 | 14 | 14 | 14 | 14 |
| 4 CY | 19 | 19 | 19 | 19 | 19 | 19 |
| 6 CY | 7 | 7 | 7 | 7 | 7 | 7 |
| Organic Carts | | | | | | |
| 2 CY | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 CY | 8 | 8 | 8 | 8 | 8 | 8 |
| 6 CY | 0 | 0 | 0 | 0 | 0 | 0 |
| Multi-Family & Comm'l - 2x/Week | | | | | | |
| 1 CY | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 CY | 1 | 1 | 1 | 1 | 1 | 1 |
| 3 CY | 2 | 2 | 2 | 2 | 2 | 2 |
| 4 CY | 15 | 15 | 15 | 15 | 15 | 15 |
| 6 CY | 10 | 10 | 10 | 10 | 10 | 10 |
| Organic Carts | | | | | | |
| 2 CY | 1 | 1 | 1 | 1 | 1 | 1 |
| 4 CY | 5 | 5 | 5 | 5 | 5 | 5 |
| 6 CY | 1 | 1 | 1 | 1 | 1 | 1 |
| Multi-Family & Comm'l - 3x/Week | | | | | | |
| 1 CY | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 CY | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 CY | 1 | 1 | 1 | 1 | 1 | 1 |
| 4 CY | 5 | 5 | 5 | 5 | 5 | 5 |
| 6 CY | 2 | 2 | 2 | 2 | 2 | 2 |
| TOTAL | 3,395 | 3,434 | 3,474 | 3,514 | 3,555 | 3,596 |

Source: City of Livingston and HEC January 2021.

services

STAFF REPORT

AGENDA ITEM: **RESOLUTION AND ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LIVINGSTON ESTABLISHING NEW RATES FOR WASTEWATER SERVICE (CONTINUED FROM JUNE 15, 2021 CITY COUNCIL MEETING)**

MEETING DATE: **July 6, 2021**

PREPARED BY: **Vanessa L. Portillo, Finance Director
Catherine Hansford, Consultant**

REVIEWED BY: **Jose Antonio Ramirez, City Manager**

RECOMMENDATION:

Staff recommends that the City Council take the following actions:

1. Adopt Resolution No. 2021-____, adopting a New Rate Schedule for Domestic Wastewater Service, effective July 20, 2021; and
2. Waive first reading and introduce Ordinance No. ____, establishing rates for Domestic Wastewater Service, effective August 19, 2021.

BACKGROUND:

In 1996, California voters approved Proposition 218, the “Right to Vote on Taxes Act,” which added Articles XI11C and XI11D to the California Constitution. Since its adoption, various court cases in 2005 and 2006, most notably *Bighorn-Desert View Water Agency v. Verjil*; *Richmond v. Shasta Community Services District*; and the *Howard Jarvis Taxpayers Association v. City of Fresno*, extended the application of Proposition 218 from general taxes and assessments to utility user fees provided by public agencies (i.e., sewer, water and waste collection, etc.).

The City contracted the services of Hansford Economic Consulting (HEC) in 2014 and retained its services again in 2019 to prepare the rate study for its water, sewer, and sanitation units. However, no action was taken in response to earlier studies. For reference, the previous rate increases were adopted by the City in 2014.

In December 2020, staff contacted HEC to prepare an updated rate study. HEC presented its findings and report to the Utilities Stakeholders Committee and City Council on meetings held on March 30 and April 6 respectively. On April 20, City Council approved staff’s recommendation to continue with the Proposition 218 process.

The City held three (3) public workshops (May 25th, June 3rd, and June 7th of 2021) regarding the proposed wastewater rate increase; one workshop was conducted in English, one in Spanish, and one in Punjabi.

Proposition 218 (Article XI11D of the California Constitution) required notification to affected property owners at least forty-five (45) days prior to the scheduled hearing. Staff sent property owners and affected tenants such notice.

The Proposition 218 hearing was held June 15, 2020. At the hearing, the City Council heard and considered all oral testimony, written materials, and written protests concerning the establishment and imposition of the proposed rate increases to the Domestic Wastewater Service. Upon close of the hearing, the City did not receive written protests against the establishment and imposition of the proposed rate increases to the Domestic Wastewater Service from a majority of the affected property owners and tenants directly liable for the payment of the Domestic Wastewater Service. However, the City Council continued the item to the July 6, 2021 Council meeting for further discussion and possible approval/adoption of the Ordinance and the Resolution.

ANALYSIS

REASON FOR INCREASE IN RATES. The wastewater rates increase is proposed to:

1. Replenish the debt reserve fund per the United States Department of Agriculture loan requirements.
2. Provide a reliable, safe operating wastewater system.
3. Fully fund the operating costs of the system leaving more funding available for other essential City services.

A summary comparison of current and proposed wastewater rates by customer group is shown in the table below:

Calculated Five-Year Wastewater Rate Schedule

| Customer Category | Billing Basis <i>New Rates on Bills -----></i> | Current | FY 2021/22 <i>Aug-21</i> | FY 2022/23 <i>Jul-22</i> | FY 2023/24 <i>Jul-23</i> | FY 2024/25 <i>Jul-24</i> | FY 2025/26 <i>Jul-25</i> |
|--|--|------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Residential | per unit | \$43.84 | \$46.05 | \$47.76 | \$51.86 | \$52.09 | \$53.25 |
| Non-Residential | | | | | | | |
| Churches/Temples/Comm.Ctrs. | per account | \$42.28 | \$47.39 | \$49.14 | \$53.35 | \$53.59 | \$54.78 |
| Schools (with cafeteria) | per student | \$1.46 | \$1.74 | \$1.81 | \$1.96 | \$1.97 | \$2.01 |
| Hotel/Motel | per room | \$17.22 | \$18.99 | \$19.70 | \$21.38 | \$21.48 | \$21.96 |
| Light Industrial (Base) | per account | \$43.84 | \$46.05 | \$47.76 | \$51.86 | \$52.09 | \$53.25 |
| Commercial (Base) | per account | \$43.84 | \$46.05 | \$47.76 | \$51.86 | \$52.09 | \$53.25 |
| Variable Charges for Non-Residential Only | | | | | | | |
| Light Industrial | per gallon | \$0.010417 | \$0.010023 | \$0.010397 | \$0.011291 | \$0.011343 | \$0.011599 |
| Commercial | per gallon | \$0.003837 | \$0.005783 | \$0.006090 | \$0.006712 | \$0.006843 | \$0.007099 |

Source: 2021 HEC rate study.

sum

FISCAL IMPACT

Adopting the recommended rates will provide sufficient levels of funding (revenues) to cover ongoing operational costs including Capital Improvement Projects outlined in utility rate study.

Alternative Scenarios

The City may make decisions between now and the date of the public hearing that would affect the calculated rates, specifically:

- Moving forward with a power purchase agreement to install solar facilities at the wastewater treatment plant, and
- Utilizing American Recovery Plan (ARP or Covid Relief) funds to pay for certain water and wastewater infrastructure improvements.

The City has received bids for installation of solar facilities at the wastewater treatment plant. If the City moves forward with this project there will be cost savings to the sewer fund as electricity bills are reduced. In addition to putting Covid Relief funding toward the water system, the City is also considering funding the disc and ripper tractor, which is estimated to cost \$222,525 in the next fiscal year, with Covid Relief funding. Sewer rates are lower under the three alternative scenarios presented.

The attached Resolution is drafted to take effect on the effective date of Ordinance No. ____, which if adopted by the City Council on July 20, 2021, shall be effective thirty (30) days after adoption. The increased Wastewater Service Rates would become effective on August 19, 2021, contingent on adoption and effective date of Ordinance No. ____.

ATTACHMENTS

1. Resolution 2021-_____, Establishing Rates for Wastewater Services
2. Ordinance No. ____, Establishing Rates for Wastewater Services

3797287.1

RESOLUTION NO. 2021-

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LIVINGSTON
ADOPTING A NEW RATE SCHEDULE FOR DOMESTIC WASTEWATER SERVICE,
EFFECTIVE AUGUST 19, 2021**

WHEREAS, the City of Livingston (the “City”) provides domestic wastewater services to its residents; and

WHEREAS, the City charges customers of this utility a charge to fund the on-going operation and maintenance of the domestic wastewater services; and

WHEREAS, Chapter 9-6 entitled “Sewer Service System” of the Livingston Municipal Code provides for the establishment and operation of a wastewater system and the imposition and collection of certain fees and charges from recipients of wastewater services; and

WHEREAS, pursuant to Section 9-6-25 of the Livingston Municipal Code, the costs of operation, maintenance, debt service, equipment replacement and any and all other costs of administration of the City wastewater collection, treatment and disposal system are authorized to be levied against all users thereof in proportion to the quantity and quality of the discharge; and

WHEREAS, Section 9-6-25 of the Livingston Municipal Code provides for the setting of wastewater schedule of charges and fees by resolution; and

WHEREAS, the City of Livingston determined to undertake a rate study to analyze the revenue requirements and the rate structure that should be adopted to proportionately allocate the costs of providing wastewater service to its wastewater customers. The rate study was prepared by Hansford Economic Consulting Inc., and has been on file at Livingston City Hall since the notices to property owners and customers were sent out on April 30, 2021; and

WHEREAS, charges for local agency wastewater service have been held to be “property related fees or charges” subject to the requirements of Article XIID of the California Constitution, also known as Proposition 218, pursuant to the holding in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 C4th 205; and

WHEREAS, Section 6 of Article XIID of the California Constitution provides that imposing or increasing any property related fee or charge requires identifying the parcels on which the fee or charge will be imposed, and providing notice by mail of the proposed fee or charge to the record owner of each identified parcel indicating the amount of the fee or charge to be imposed on each parcel, the basis on which the amount of the proposed fee or charge was calculated, the reason for the fee or charge, and the date, time, and location of a public hearing on the proposed fee or charge; and

WHEREAS, Section 53756 of the California Government Code provides that agencies providing water and sewer service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water, sewage treatment, or wastewater treatment or inflation adjustments, subject to requirements specified in that Section; and

WHEREAS, Section 6 of Article XIID of the California Constitution further provides that hearings on proposed property-related fees or charges must be conducted at least forty-five (45) days after mailed notice to the owners of each identified parcel on which the fee or charge is proposed to be imposed, and that at the hearing, the local agency must consider all protests against the proposed fee or

charge, and that if written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge; and

WHEREAS, the City Council directed that notice of a hearing (“Hearing”) thereon be given to the property owners and tenants in the City, with such notice to include, among other matters, the information required to be included pursuant to California Constitution Article XIII D section 6; and

WHEREAS, such notice has been mailed to those persons, at least forty-five (45) days before the Hearing; and

WHEREAS, City staff has worked closely with a Stakeholders’ Committee, a Committee formed by the City Council, made up of two (2) Council Members and members of the community, to analyze the City’s wastewater service needs and draft rate studies; and

WHEREAS, the City held several workshops to inform the public of the proposed wastewater service rates; and

WHEREAS, the City held workshops regarding the utility rate study in English, Spanish, and Punjabi. The workshops were held in the City Council Chambers as follows: May 25, June 3 and June 7, 2021; and

WHEREAS, pursuant to Government Code section 54354.5, notice of a hearing was given with such notice including the information required to be included by Government Code section 54354.5; and

WHEREAS, the notice required under Government Code section 54354.5 must be published at least once each week for two (2) weeks prior to the hearing in a newspaper published within the local agency jurisdiction, with the first publication occurring at least fifteen (15) days prior to the hearing; and

WHEREAS, such notice has been published once each week for two (2) weeks, in accordance with Government Code section 54354.5, in the Merced Sun-Star on May 30, 2021 and June 6, 2021 as evidenced by Proofs of Publication on file with the City Clerk; and

WHEREAS, the Hearing was held June 15, 2021; and

WHEREAS, at the Hearing, the City Council heard and considered all oral testimony, written materials, and written protests concerning the establishment and imposition of the proposed rate increases to the wastewater service rates (“Wastewater Service Rates”); and

WHEREAS, upon close of the Hearing, the City did not receive written protests against the establishment and imposition of the proposed rate increases to the Wastewater Service Rates from a majority of the affected property owners and tenants directly liable for the payment of the Wastewater Service Rates; and

WHEREAS, the City Council continued the item to the July 6, 2021 Council meeting for further discussion; and

WHEREAS, the proposed domestic Wastewater Service Rates are not discriminatory or excessive, are sufficient under Government Code section 54515, comply with the provisions or covenants of any outstanding revenue bonds of the City payable from the revenues of the domestic wastewater enterprise, comply with the provisions of Title 5, Division 2, Part 1, Chapter 6 of the Government Code, and are in compliance with all other applicable law; and

WHEREAS, the revenues derived from the proposed sewer service rates will not exceed the funds required to provide the domestic wastewater services and shall be used exclusively for the domestic wastewater service system; and

WHEREAS, the amount of the proposed sewer service rates will not exceed the proportional cost of the service attributable to each parcel upon which they are proposed for imposition; and

WHEREAS, the proposed domestic wastewater service rates will not be imposed on a parcel unless the domestic wastewater services are actually used by, or immediately available to, the owner of the parcel; and

WHEREAS, due to Section 9-6-25 of the Livingston Municipal Code stating that the City shall adopt a schedule of charges and fees by resolution, the City has prepared both this Resolution and Ordinance No. ____, adopting the new rate schedule for the Wastewater Service Rates; and

WHEREAS, this Resolution and Ordinance No. ____ shall supersede all other previous resolutions that may conflict with, or be contrary to, this Resolution and Ordinance No. ____ respecting the Water Service Rates described more particularly herein.

NOW, THEREFORE, the City Council of the City of Livingston resolves as follows:

SECTION 1. RECITALS

The foregoing recitals are true and correct and made a part of this Resolution.

SECTION 2. WASTEWATER SERVICE RATES ADJUSTMENT

The City Council of the City of Livingston does hereby approve the Water Service Rates set forth in the attached **Exhibit A**. The City Council hereby authorizes and directs the City Manager to implement and take all actions necessary to effectuate the rates for the Service Fees set forth herein effective on the date described in Section 8 of this Resolution.

SECTION 3. DELINQUENT CHARGES CONSTITUTE A LIEN

Delinquent charges and penalties when recorded in accordance with the provisions of the Revenue Bond Law shall constitute a lien upon the real property served.

SECTION 4. CEQA

The City Council hereby finds that the levy of the proposed sewer service rates as supported by a domestic wastewater and solid waste rate study prepared by Hansford Economic Consulting Inc. (which is incorporated herein by reference), is exempt from CEQA review under Public Resources Code section 21080(b)(8) and CEQA Guidelines section 15273 because the proposed sewer service rates are necessary and reasonable to fund the administration, operation, maintenance, and improvements of the City's domestic wastewater system, are necessary to maintain service within the City's existing service area, and will not result in expansion of the system. The City Council further finds that the action entails the creation of a government funding mechanism which is exempt from CEQA as not being a "project" pursuant to CEQA guidelines section 15378. The City Council authorizes the City Clerk to file a notice of exemption with the County Clerk to that effect.

SECTION 5. GENERAL AUTHORIZATION

The City Manager is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver any and all documents, to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, in order to effect the purposes of this Resolution. All actions heretofore taken by officers, employees, and agents of the City that are in conformity with the purposes and intent of this resolution are hereby approved, confirmed, and ratified.

SECTION 6. SEVERABILITY

If any provision of this Resolution or the application thereof to any person or circumstance, is held invalid, the remainder of the Resolution, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this Resolution are severable. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be held unconstitutional, invalid or unenforceable.

SECTION 7. SUPERSESSON/REPEAL

Resolution No. 2014-21 adopted May 20, 2014, and any and all other resolutions or ordinances and parts thereof in conflict with the provisions of this Resolution and Ordinance No. ___ are superseded and repealed, effective on the effective date of the Ordinance No. ___. However, violations, rights accrued, liabilities accrued, or appeals taken, prior to the effective date of Ordinance No. ___ and this Resolution, under any chapter, ordinance, or part of an ordinance, or resolution or part of a resolution, shall be deemed to remain in full force for the purpose of sustaining any proper suit, action, or other proceedings, with respect to any such violation, right, liability, or appeal.

SECTION 8. EFFECTIVE DATE

This Resolution shall take effect on the effective date of Ordinance No. ___, which if adopted by the City Council on July 20, 2021, shall be effective thirty (30) days after adoption. The increased Wastewater Service Rates, as attached hereto as **Exhibit A**, shall become effective on August 19, 2021, contingent on adoption and effective date of Ordinance No. ___.

PASSED AND ADOPTED this 6th day of July, 2021, by the following votes:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

JUAN AGUILAR, JR., Mayor
of the City of Livingston

ATTEST:

I, hereby certify that the foregoing Resolution was regularly introduced, passed and adopted at a Regular Meeting of the City Council of the City of Livingston this 6th day of July, 2021.

LETICIA VASQUEZ-ZURITA, City Clerk
of the City of Livingston

3795236.1

ORDINANCE NO. ____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LIVINGSTON
ADOPTING A NEW RATE SCHEDULE FOR DOMESTIC WASTEWATER SERVICE,
EFFECTIVE AUGUST 19, 2021**

WHEREAS, the City of Livingston (the “City”) provides domestic wastewater services to its residents; and

WHEREAS, the City charges customers of this utility a charge to fund the on-going operation and maintenance of the domestic wastewater services; and

WHEREAS, Chapter 9-6 entitled “Sewer Service System” of the Livingston Municipal Code provides for the establishment and operation of a wastewater system and the imposition and collection of certain fees and charges from recipients of wastewater services; and

WHEREAS, pursuant to Section 9-6-25 of the Livingston Municipal Code, the costs of operation, maintenance, debt service, equipment replacement and any and all other costs of administration of the City wastewater collection, treatment and disposal system are authorized to be levied against all users thereof in proportion to the quantity and quality of the discharge; and

WHEREAS, Section 9-6-25 of the Livingston Municipal Code provides for the setting of wastewater schedule of charges and fees by resolution; and

WHEREAS, the City of Livingston determined to undertake a rate study to analyze the revenue requirements and the rate structure that should be adopted to proportionately allocate the costs of providing wastewater service to its wastewater customers. The rate study was prepared by Hansford Economic Consulting Inc., and has been on file at Livingston City Hall since the notices to property owners and customers were sent out on April 30, 2021; and

WHEREAS, charges for local agency wastewater service have been held to be “property related fees or charges” subject to the requirements of Article XIID of the California Constitution, also known as Proposition 218, pursuant to the holding in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 C4th 205; and

WHEREAS, Section 6 of Article XIID of the California Constitution provides that imposing or increasing any property related fee or charge requires identifying the parcels on which the fee or charge will be imposed, and providing notice by mail of the proposed fee or charge to the record owner of each identified parcel indicating the amount of the fee or charge to be imposed on each parcel, the basis on which the amount of the proposed fee or charge was calculated, the reason for the fee or charge, and the date, time and location of a public hearing on the proposed fee or charge; and

WHEREAS, Section 53756 of the California Government Code provides that agencies providing water and sewer service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water, sewage treatment, or wastewater treatment or inflation adjustments, subject to requirements specified in that section; and

WHEREAS, Section 6 of Article XIID of the California Constitution further provides that hearings on proposed property-related fees or charges must be conducted at least forty-five (45) days after mailed notice to the owners of each identified parcel on which the fee or charge is proposed to be

imposed, and that at the hearing, the local agency must consider all protests against the proposed fee or charge, and that if written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge; and

WHEREAS, the City Council directed that notice of a Proposition 218 hearing (“Proposition 218 Hearing”) thereon be given to the property owners and tenants in the City, with such notice to include, among other matters, the information required to be included pursuant to California Constitution Article XIII D section 6; and

WHEREAS, such notice has been mailed to those persons, at least forty-five (45) days before the Proposition 218 Hearing; and

WHEREAS, the Revenue Bond Law of 1941, codified in section 54300 and following of the California Government Code, includes provisions that provide for the enforcement and collection of amounts due for utility services, subject to notice requirements that apply when delinquent charges are made a lien on the property that received the services; and

WHEREAS, Section 54354.5 of the California Government Code prescribes that adoption of local agency resolutions or ordinances revising charges for utility services subject to the imposition of liens under the Revenue Bond Law and follow the notice and a hearing in accordance with that section, including publication of notice of the time and place of a hearing on the proposed resolution or ordinance specifying that any interested person, including all persons owning property in the jurisdiction of the local agency, may appear and be heard on any matter relating to the proposed ordinance or the proposed rates or charges; and

WHEREAS, the notice required under Government Code section 54354.5 must be published at least once each week for two (2) weeks prior to the hearing in a newspaper published within the local agency jurisdiction, with the first publication occurring at least fifteen (15) days prior to the hearing; and

WHEREAS, such notice has been published once each week for two (2) weeks, in accordance with Government Code section 54354.5, in the Merced Sun-Star on May 30, 2021 and June 6, 2021 as evidenced by Proofs of Publication on file with the City Clerk, prior to the public hearing held for this Ordinance; and

WHEREAS, City staff has worked closely with a Stakeholders’ Committee, a Committee formed by the City Council, made up of two (2) Council Members and members of the community, to analyze the City’s wastewater service needs and draft rate studies; and

WHEREAS, the City held several workshops to inform the public of the proposed wastewater service rates; and

WHEREAS, the City held workshops regarding the utility rate study in English, Spanish, and Punjabi. The workshops were held in the City Council Chambers as follows: May 25, June 3 and June 7, 2021; and

WHEREAS, the Proposition 218 Hearing was held June 15, 2021; and

WHEREAS, at the Proposition 218 Hearing, the City Council heard and considered all oral testimony, written materials, and written protests concerning the establishment and imposition of the proposed rate increases to the wastewater service rates (“Wastewater Service Rates”); and

WHEREAS, upon close of the Proposition 218 Hearing, the City did not receive written protests against the establishment and imposition of the proposed rate increases to the Wastewater Service Rates from a majority of the affected property owners and tenants directly liable for the payment of the Wastewater Service Rates; and

WHEREAS, the City Council continued the item to the July 6, 2021 Council meeting for further discussion; and

WHEREAS, the proposed domestic Wastewater Service Rates are not discriminatory or excessive, are sufficient under Government Code section 54515, comply with the provisions or covenants of any outstanding revenue bonds of the City payable from the revenues of the domestic wastewater enterprise, comply with the provisions of Title 5, Division 2, Part 1, Chapter 6 of the Government Code, and are in compliance with all other applicable law; and

WHEREAS, the revenues derived from the proposed sewer service rates will not exceed the funds required to provide the domestic wastewater services and shall be used exclusively for the domestic wastewater service system; and

WHEREAS, the amount of the proposed sewer service rates will not exceed the proportional cost of the service attributable to each parcel upon which they are proposed for imposition; and

WHEREAS, the proposed domestic wastewater service rates will not be imposed on a parcel unless the domestic wastewater services are actually used by, or immediately available to, the owner of the parcel; and

WHEREAS, due to Section 9-6-25 of the Livingston Municipal Code stating that the City shall adopt a schedule of charges and fees by resolution, the City has prepared both this Ordinance and Resolution No. 2020-__, adopting the new rate schedule for the Wastewater Service Rates; and

WHEREAS, this Ordinance and Resolution No. 2021-__ shall supersede all other previous resolutions and/or ordinances that may conflict with, or be contrary to, this Ordinance and Resolution No. 2021-__ respecting the Water Service Rates described more particularly herein.

THE CITY COUNCIL OF THE CITY OF LIVINGSTON DOES ORDAIN AS FOLLOWS:

SECTION 1. RECITALS

The foregoing recitals are true and correct and made a part of this Ordinance.

SECTION 2. WASTEWATER SERVICE RATES ADJUSTMENT

The City Council of the City of Livingston does hereby approve the Wastewater Service Rates set forth in the attached **Exhibit A**. The City Council hereby authorizes and directs the City Manager to implement and take all actions necessary to effectuate the rates for the Service Fees set forth herein effective on August 19, 2021.

SECTION 3. DELINQUENT CHARGES CONSTITUTE A LIEN

Delinquent charges and penalties when recorded in accordance with the provisions of the Revenue Bond Law shall constitute a lien upon the real property served.

SECTION 4. CEQA

The City Council hereby finds that the levy of the proposed sewer service rates as supported by a domestic wastewater and solid waste rate study prepared by Hansford Economic Consulting Inc.(which is incorporated herein by reference), is exempt from CEQA review under Public Resources Code section 21080(b)(8) and CEQA Guidelines section 15273 because the proposed sewer service rates are necessary and reasonable to fund the administration, operation, maintenance, and improvements of the City's domestic wastewater system, are necessary to maintain service within the City's existing service area, and will not result in expansion of the system. The City Council further finds that the action entails the creation of a government funding mechanism which is exempt from CEQA as not being a "project" pursuant to CEQA guidelines section 15378. The City Council authorizes the City Clerk to file a notice of exemption with the County Clerk to that effect.

SECTION 5. GENERAL AUTHORIZATION

The City Manager is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver any and all documents, to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, in order to effect the purposes of this Ordinance. All actions heretofore taken by officers, employees, and agents of the City that are in conformity with the purposes and intent of this resolution are hereby approved, confirmed, and ratified.

SECTION 6. SEVERABILITY

If any provision of this Ordinance or the application thereof to any person or circumstance, is held invalid, the remainder of the Ordinance, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this Ordinance are severable. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be held unconstitutional, invalid or unenforceable.

SECTION 7. SUPERSESSON/REPEAL

Resolution No. 2014-21 adopted May 20, 2014, Ordinance No. 615 adopted June 3, 2014, and any and all other resolutions or ordinances and parts thereof in conflict with the provisions of this Ordinance and Resolution No. 2021-__ are superseded and repealed, effective on the effective date of this Ordinance. However, violations, rights accrued, liabilities accrued, or appeals taken, prior to the effective date of this Ordinance and Resolution No. 2021-__, under any chapter, ordinance, or part of an ordinance, or resolution or part of a resolution, shall be deemed to remain in full force for the purpose of sustaining any proper suit, action, or other proceedings, with respect to any such violation, right, liability or appeal.

SECTION 8. EFFECTIVE DATE

This Ordinance shall become effective thirty (30) days after its final passage and adoption. The increased Wastewater Service Rates, as attached hereto as Exhibit A, shall become effective on August 19, 2021.

Introduced: July 6, 2021
Passed and Adopted:

JUAN AGUILAR, JR., Mayor
of the City of Livingston

ATTEST:

State of California)
County of Merced)
City of Livingston)

I, hereby certify that the foregoing Ordinance was duly introduced at a Regular Meeting of the City Council of the City of Livingston on the 6th day of July, 2021, and was passed and adopted at a Regular Meeting of the City Council of the City of Livingston this ___ day of _____, 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

LETICIA VASQUEZ-ZURITA, City Clerk
of the City of Livingston

3795219.1

EXHIBIT A

Table 19 on the following page presents the calculated rates for fiscal year ending 2022. The total allocated costs to each customer category provide the basis for the rates. All residential customers will pay for wastewater on a per unit basis. Schools will pay per student. Hotels/motels will pay monthly rates per room. Commercial wastewater customers will pay a flat monthly charge per account and flow charges based on their metered potable water use each month. Light industrial users, including industrial laundromat, will pay a flat monthly charge per account and flow charges based on their metered potable water use each month.

Table 20 shows the calculated rates for the next five years. The rates take into account anticipated additional growth within the City (shown in **Appendix B Table B-14**). Since 2014, the City has experienced growth in the number of commercial customers and types of commercial customer. The shift in the customer base, as well as updated cost allocation factors used in the rate calculations, results in some customers having proportionately greater increases than others.

Table 20
Calculated Wastewater Rates

| Customer Category | Billing Basis | Current | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | Aug-21 | Jul-22 | Jul-23 | Jul-24 | Jul-25 |
| Residential | per unit | \$43.84 | \$46.05 | \$47.76 | \$51.86 | \$52.09 | \$53.25 |
| Non-Residential | | | | | | | |
| Churches/Temples/Comm.Ctrs. | per account | \$42.28 | \$47.39 | \$49.14 | \$53.35 | \$53.59 | \$54.78 |
| Schools (with cafeteria) | per student | \$1.46 | \$1.74 | \$1.81 | \$1.96 | \$1.97 | \$2.01 |
| Hotel/Motel | per room | \$17.22 | \$18.99 | \$19.70 | \$21.38 | \$21.48 | \$21.96 |
| Light Industrial (Base) | per account | \$43.84 | \$46.05 | \$47.76 | \$51.86 | \$52.09 | \$53.25 |
| Commercial (Base) | per account | \$43.84 | \$46.05 | \$47.76 | \$51.86 | \$52.09 | \$53.25 |
| Variable Charges for Non-Residential Only | | | | | | | |
| Light Industrial | per gallon | \$0.010417 | \$0.010023 | \$0.010397 | \$0.011291 | \$0.011343 | \$0.011599 |
| Industrial Laundromat [1] | per gallon | n.a. | \$0.005444 | \$0.005647 | \$0.006132 | \$0.006159 | \$0.006298 |
| Commercial | per gallon | \$0.003837 | \$0.005783 | \$0.006090 | \$0.006712 | \$0.006843 | \$0.007099 |

Source: 2021 HEC rate study.

sum

[1] New customer category.



STAFF REPORT

AGENDA ITEM: Warrant Register dated June 30, 2021

MEETING DATE: July 6, 2021

PREPARED BY: Nancy Fuentes, Sr. Account Clerk

REVIEWED BY: Jose Antonio Ramirez, City Manager

RECOMMENDATION:

Ratify the warrant register dated June 30, 2021

DISCUSSION:

Government Code sections 37208(b) and 37209 provide that accounts payable warrants or checks drawn in payment of demands certified or approved by the finance director as conforming to a budget approved by ordinance or resolution of the legislative body need not be audited by the legislative body prior to payment.

In addition, Government Code section 37208(a) provides that payroll warrants or checks need not be audited by the legislative body prior to payment. Payrolls shall be presented to the legislative body for ratification and approval at the first meeting after delivery of the payroll warrants or checks. The sum total of any payroll checks issued within the week prior to the date of the check register is also noted on the accompanying check register.

The following checks have been certified to be in accordance with the City’s approved budget. The checks have been issued and the check register is presented to the City Council for ratification:

June 10, 2021 – June 30, 2021

| | | | |
|-----------------------------------|-----------|-------------------|------------------|
| GENERAL WARRANTS..... | \$ | 450,924.73 | 4672-4781 |
| PAYROLL/WIRE WARRANTS..... | \$ | 302,724.76 | 1631-1648 |
| TOTAL WARRANTS..... | \$ | 753,649.49 | |

ATTACHMENTS:

Warrant Register (summarized by date and check number)

Accounts Payable

Checks by Date - Summary by Check Date

User: nfuentes
 Printed: 6/30/2021 10:37 AM



City of Livingston
 1416 C Street
 Livingston, CA 95334

| Check No | Vendor No | Vendor Name | Check Date | Check Amount |
|----------------------|-----------|---|------------|--------------|
| 4672 | 658 | California State Controllers Betty T. Yee | 06/15/2021 | 160.00 |
| 4673 | 393 | State of California | 06/15/2021 | 2,056.75 |
| Total for 6/15/2021: | | | | 2,216.75 |
| | | | | |
| 4674 | 289 | Able Ribbon Technology, INC. | 06/30/2021 | 469.76 |
| 4675 | 251 | ABS Direct, Inc. | 06/30/2021 | 1,180.22 |
| 4676 | 665 | Accent Fence Company | 06/30/2021 | 8,853.00 |
| 4677 | 616 | Adams Ashby Group, Inc. | 06/30/2021 | 4,600.00 |
| 4678 | 395 | Administrative Solution, Inc. | 06/30/2021 | 628.84 |
| 4679 | 659 | Consuelo Aguilar | 06/30/2021 | 132.50 |
| 4680 | 394 | Joel Aguilar | 06/30/2021 | 4,000.00 |
| 4681 | 250 | Alhambra | 06/30/2021 | 235.99 |
| 4682 | 252 | Allways Towing | 06/30/2021 | 180.00 |
| 4683 | 396 | American Fidelity Assurance | 06/30/2021 | 4,014.95 |
| 4684 | 397 | American Fidelity Assurance Company | 06/30/2021 | 297.90 |
| 4685 | 282 | AT&T Mobility | 06/30/2021 | 306.70 |
| 4686 | UB*01954 | MARIO AVINA | 06/30/2021 | 170.76 |
| 4687 | 411 | Harpreet Bains | 06/30/2021 | 50.00 |
| 4688 | 566 | Barton Overhead Door, Inc. | 06/30/2021 | 7,538.00 |
| 4689 | 162 | Steve Bassi | 06/30/2021 | 50.00 |
| 4690 | 538 | Adanan Bath | 06/30/2021 | 50.00 |
| 4691 | 672 | Bauer Compressors, Inc. | 06/30/2021 | 51,494.80 |
| 4692 | 255 | Big Creek Lumber Company | 06/30/2021 | 221.54 |
| 4693 | 546 | Bogie's Pump Systems | 06/30/2021 | 784.97 |
| 4694 | 417 | Brenntag Pacific, Inc. | 06/30/2021 | 1,874.04 |
| 4695 | 193 | BSK Associates | 06/30/2021 | 1,813.00 |
| 4696 | 192 | Cal Traffic | 06/30/2021 | 1,140.37 |
| 4697 | 168 | Calaveras Materials, Inc. | 06/30/2021 | 1,336.90 |
| 4698 | 660 | Calgon Carbon Corporation | 06/30/2021 | 42,232.00 |
| 4699 | 256 | California Police Chiefs Association | 06/30/2021 | 348.00 |
| 4700 | 272 | Charter Communications | 06/30/2021 | 34.01 |
| 4701 | 259 | Collins & Schoettler Planning Consultants | 06/30/2021 | 9,266.25 |
| 4702 | 189 | ComTech21 LLC | 06/30/2021 | 39.79 |
| 4703 | 447 | Conco West, Inc | 06/30/2021 | 19,683.26 |
| 4704 | 384 | Cooling Shedd Air Conditioning Co. | 06/30/2021 | 804.25 |
| 4705 | 661 | Cumulus Broadcasting, LLC | 06/30/2021 | 535.79 |
| 4706 | 292 | Donlee Pump Company | 06/30/2021 | 1,119.09 |
| 4707 | 455 | Ernest Packaging Solutions | 06/30/2021 | 2,005.60 |
| 4708 | 603 | Far West Laboratories, Inc. | 06/30/2021 | 235.00 |
| 4709 | 663 | Natalie Farinelli | 06/30/2021 | 150.00 |
| 4710 | 241 | Christine Fernandez | 06/30/2021 | 32.50 |
| 4711 | 260 | First Communications, LLC | 06/30/2021 | 17.60 |
| 4712 | 662 | Forsta Filters, Inc. | 06/30/2021 | 5,101.39 |
| 4713 | 188 | Frontier | 06/30/2021 | 2,350.91 |
| 4714 | 387 | Frontier Communications Corp Frontier Co | 06/30/2021 | 1,407.94 |
| 4715 | 164 | Garza Tire & Wheel, Inc | 06/30/2021 | 45.00 |

| Check No | Vendor No | Vendor Name | Check Date | Check Amount |
|----------|-----------|---|------------|--------------|
| 4716 | 262 | Gilton Solid Waste | 06/30/2021 | 8,667.20 |
| 4717 | 356 | Gouveia Engineering, Inc. | 06/30/2021 | 40,792.65 |
| 4718 | 664 | Cynthia Haro | 06/30/2021 | 150.00 |
| 4719 | 469 | Hewlett Packard Financial Services Co. | 06/30/2021 | 901.99 |
| 4720 | 266 | Hilmar Lumber | 06/30/2021 | 482.57 |
| 4721 | 358 | Hilmar Ready Mix Rockery Nursery, LLC | 06/30/2021 | 167.01 |
| 4722 | 642 | Hilmar Rentals, LLC | 06/30/2021 | 296.32 |
| 4723 | 359 | Hinderliter, de Llamas & Associates | 06/30/2021 | 1,134.44 |
| 4724 | 482 | Hi-Tech EVS, Inc, | 06/30/2021 | 5,366.38 |
| 4725 | 267 | Hoffman Security | 06/30/2021 | 159.95 |
| 4726 | HOLT | Holt of California | 06/30/2021 | 679.66 |
| 4727 | 593 | Horizon | 06/30/2021 | 385.37 |
| 4728 | 501 | Hunt & Sons, Inc. | 06/30/2021 | 5,020.53 |
| 4729 | 670 | Ideal Electric, Inc. | 06/30/2021 | 547.69 |
| 4730 | 458 | IEH- Aquatic Research | 06/30/2021 | 312.00 |
| 4731 | 521 | Jim Brisco Enterprises, Inc. | 06/30/2021 | 297.00 |
| 4732 | 167 | Kimball Midwest | 06/30/2021 | 230.58 |
| 4733 | 668 | Jose Mejia Jr. | 06/30/2021 | 150.00 |
| 4734 | 533 | Francisco Mendoza- Gonzalez | 06/30/2021 | 50.00 |
| 4735 | 278 | Merced Irrigation District | 06/30/2021 | 46,611.63 |
| 4736 | 269 | Merced Pest Control | 06/30/2021 | 160.00 |
| 4737 | 595 | Metro Uniform Merced | 06/30/2021 | 305.88 |
| 4738 | 389 | Mid Valley IT | 06/30/2021 | 3,421.74 |
| 4739 | 170 | MintierHarnish Planning Consultants | 06/30/2021 | 6,008.35 |
| 4740 | 180 | Mission Linen Service | 06/30/2021 | 690.29 |
| 4741 | 194 | Modesto Welding Products | 06/30/2021 | 21.00 |
| 4742 | 431 | Monte Vista Small Animal Hospital | 06/30/2021 | 555.52 |
| 4743 | 197 | N & S Tractor | 06/30/2021 | 132.45 |
| 4744 | 199 | Northstar Chemical | 06/30/2021 | 6,719.89 |
| 4745 | 302 | Office Depot, Inc. | 06/30/2021 | 1,069.86 |
| 4746 | 201 | O'reilly Automotive, Inc. | 06/30/2021 | 61.32 |
| 4747 | 667 | Max Pangelina | 06/30/2021 | 150.00 |
| 4748 | 525 | Pape Machinery | 06/30/2021 | 899.49 |
| 4749 | 205 | Paramount Pest Services | 06/30/2021 | 121.00 |
| 4750 | 203 | PG&E | 06/30/2021 | 60,259.01 |
| 4751 | 305 | Platt | 06/30/2021 | 57.82 |
| 4752 | 273 | Potential Electric Inc. | 06/30/2021 | 11,060.00 |
| 4753 | 405 | Premier Access Insurance Company | 06/30/2021 | 3,944.30 |
| 4754 | 669 | Carmen Pulido | 06/30/2021 | 150.00 |
| 4755 | 430 | Quadient Finance USA, Inc. | 06/30/2021 | 322.78 |
| 4756 | 392 | Randik Paper | 06/30/2021 | 591.77 |
| 4757 | 433 | Razzari Ford | 06/30/2021 | 526.33 |
| 4758 | 306 | Ricoh USA, Inc. | 06/30/2021 | 502.14 |
| 4759 | 673 | Robic Refrigeration, Inc. | 06/30/2021 | 499.74 |
| 4760 | 365 | Rolfe Construction Co. | 06/30/2021 | 8,610.00 |
| 4761 | 535 | Jason Roth | 06/30/2021 | 50.00 |
| 4762 | 450 | S & A Manufacturing | 06/30/2021 | 195.24 |
| 4763 | 208 | Saenz Pest Control, Inc. | 06/30/2021 | 250.00 |
| 4764 | 307 | Shred-It, C/O Stericycle, Inc. | 06/30/2021 | 398.21 |
| 4765 | 671 | Natalie Sobalvarro | 06/30/2021 | 150.00 |
| 4766 | 309 | St. Francis Electric | 06/30/2021 | 554.00 |
| 4767 | 393 | State of California | 06/30/2021 | 2,056.75 |
| 4768 | 471 | Summit Technology Affiliate CA1, LLC | 06/30/2021 | 186.58 |
| 4769 | 666 | Sun Ridge Systems, Inc. | 06/30/2021 | 21,572.00 |
| 4770 | 609 | T & T Valve and Instrument | 06/30/2021 | 2,820.21 |
| 4771 | 472 | Aqua-Metric Sales Company Thirkettle Co | 06/30/2021 | 1,833.98 |
| 4772 | 310 | Totlcom, Inc. | 06/30/2021 | 81.00 |

| Check No | Vendor No | Vendor Name | Check Date | Check Amount |
|----------------------------|-----------|-----------------------------------|------------|--------------|
| 4773 | 284 | Trans Union LLC | 06/30/2021 | 272.58 |
| 4774 | 249 | United Site Services | 06/30/2021 | 252.94 |
| 4775 | 366 | USA Blue Book | 06/30/2021 | 299.12 |
| 4776 | 367 | Verizon Wireless | 06/30/2021 | 1,727.14 |
| 4777 | 536 | Robert Wallis | 06/30/2021 | 50.00 |
| 4778 | 287 | West Coast Code Consultants, Inc. | 06/30/2021 | 19,159.62 |
| 4779 | 563 | West Coast Turf | 06/30/2021 | 289.31 |
| 4780 | 597 | Work Wellness | 06/30/2021 | 337.00 |
| 4781 | 317 | Zee Medical Service Co. | 06/30/2021 | 96.03 |
| Total for 6/30/2021: | | | | 448,707.98 |
| Report Total (110 checks): | | | | 450,924.73 |

STAFF REPORT

AGENDA ITEM: SECOND READING AND ADOPTION OF ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LIVINGSTON ESTABLISHING NEW RATES FOR SOLID WASTE SERVICE FEE

MEETING DATE: July 6, 2021

PREPARED BY: Vanessa L. Portillo, Finance Director
Catherine Hansford, Consultant

REVIEWED BY: Jose Antonio Ramirez, City Manager

RECOMMENDATION:

Staff recommends that the City Council take the following action:

1. Adopt Ordinance No. ____, establishing rates for Solid Waste Service Fees.

BACKGROUND:

In 1996, California voters approved Proposition 218, the “Right to Vote on Taxes Act,” which added Articles XI11C and XI11D to the California Constitution. Since its adoption, various court cases in 2005 and 2006, most notably *Bighorn-Desert View Water Agency v. Verjil*; *Richmond v. Shasta Community Services District*; and the *Howard Jarvis Taxpayers Association v. City of Fresno*, extended the application of Proposition 218 from general taxes and assessments to utility user fees provided by public agencies (i.e., sewer, water and waste collection, etc.).

The City contracted the services of Hansford Economic Consulting (HEC) in 2014 and retained its services again in 2019 to prepare the rate study for its Water, Sewer, and Solid Waste units. However, no action was taken in response to earlier studies. For reference, the previous rate increases were adopted by the City in 2014.

In December 2020, staff contacted HEC to prepare an updated rate study. HEC presented its findings and report to the Utilities Stakeholders Committee and City Council on meetings held on March 30 and April 6 respectively. On April 20, City Council approved staff’s recommendation to continue with the Proposition 218 process.

The City held three (3) public workshops (May 25th, June 3rd, and June 7th of 2021) regarding the proposed solid waste rate increase; one workshop was conducted in English, one in Spanish, and one in Punjabi.

Although there is an argument that Solid Waste service fees (“Solid Waste Service Fees” or “Service Fees”) within the City of Livingston are not subject to Proposition 218 because the services are provided by a private solid waste hauler and not the City, the City Council and the City Manager have decided to follow the process detailed by Proposition 218 in order to promote transparency and involvement by City property owners and customers.

Proposition 218 (Article XIII D of the California Constitution) required notification to affected property owners at least forty-five (45) days prior to the scheduled hearing. Staff sent property owners and affected tenants such notice.

The Proposition 218 hearing was held June 15, 2020. At the hearing, the City Council heard and considered all oral testimony, written materials, and written protests concerning the establishment and imposition of the proposed rate increases to the Solid Waste Service Fees/Rates. Upon close of the hearing, the City did not receive written protests against the establishment and imposition of the proposed rate increases to the Solid Waste Service Fees/Rates from a majority of the affected property owners and tenants directly liable for the payment of the Solid Waste Service Fees/Rates.

The City Council adopted Resolution No. ___ and waived the first Reading of Ordinance No. ___, establishing rates for Solid Waste Service Fees by the vote of 3-1 with one Council Member absent.

At this July 6, 2021 meeting, the Council is being asked to hold the second reading and adopt Ordinance No. ___. The Ordinance will be in effect 30 days after its adoption. The Resolution adopted by the Council on June 15, 2021 set rates contingent on Ordinance No. ___ being adopted and into effect so that the rates would be effective at the same time. New Solid Waste Service Fees/Rates will be in effect on August 5, 2021.

ANALYSIS

REASON FOR INCREASE IN RATES. The solid waste rates increase is proposed to:

1. Provide a reliable, safe operating Solid Waste Handling system.
2. Fully fund the operating costs of the system leaving more funding available for other essential City services.

A summary comparison of current and proposed Solid Waste rates by customer group is shown in the table below:

Calculated Five-Year Solid Waste Rate Schedule

| Service Type | Current | Aug-21 | Jul-22 | Jul-23 | Jul-24 | Jul-25 |
|--|-----------------------------|------------------------------------|------------|------------|------------|------------|
| | <i>Rate Increase --></i> | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| <i>Rates do not include charges for special services that are scheduled between the customer and provider such as off schedule pick up, container maintenance, and delivery charges.</i> | | | | | | |
| Single Family Residential | | <i>Once per week pickup</i> | | | | |
| 96 gal. cart | \$25.16 | \$26.54 | \$28.00 | \$29.54 | \$31.17 | \$32.88 |
| Add'l cart | \$5.97 | \$6.30 | \$6.64 | \$7.01 | \$7.40 | \$7.80 |
| 96 gal. cart greenwaste | \$1.33 | \$1.40 | \$1.48 | \$1.56 | \$1.65 | \$1.74 |
| Add'l greenwaste cart | \$5.97 | \$6.30 | \$6.64 | \$7.01 | \$7.40 | \$7.80 |
| Multi-Family, Commercial, and Organic | | <i>Once per week pickup</i> | | | | |
| 1 cubic yard container | \$47.36 | \$49.96 | \$52.71 | \$55.61 | \$58.67 | \$61.90 |
| 2 cubic yards container | \$94.41 | \$99.60 | \$105.08 | \$110.86 | \$116.96 | \$123.39 |
| 3 cubic yards container | \$139.86 | \$147.55 | \$155.67 | \$164.23 | \$173.26 | \$182.79 |
| 4 cubic yards container | \$179.04 | \$188.89 | \$199.28 | \$210.24 | \$221.80 | \$234.00 |
| 6 cubic yards container | \$251.71 | \$265.55 | \$280.16 | \$295.57 | \$311.82 | \$328.97 |
| Recycle Bins | | | | | | |
| 4 & 6 cubic yard containers | \$71.41 | \$75.34 | \$79.48 | \$83.85 | \$88.46 | \$93.33 |
| Commercial Compacting | | | | | | |
| 3 cubic yards container | n/a | \$513.10 | \$541.32 | \$571.09 | \$602.50 | \$635.64 |
| 4 cubic yards container | n/a | \$650.83 | \$686.62 | \$724.39 | \$764.23 | \$806.26 |
| Multi-Family, Commercial, and Organic | | <i>Twice per week pickup</i> | | | | |
| 1 cubic yard container | \$93.90 | \$99.06 | \$104.51 | \$110.26 | \$116.33 | \$122.72 |
| 2 cubic yards container | \$187.14 | \$197.43 | \$208.29 | \$219.75 | \$231.83 | \$244.58 |
| 3 cubic yards container | \$264.56 | \$279.11 | \$294.46 | \$310.66 | \$327.74 | \$345.77 |
| 4 cubic yards container | \$348.86 | \$368.05 | \$388.29 | \$409.65 | \$432.18 | \$455.95 |
| 6 cubic yards container | \$490.40 | \$517.37 | \$545.83 | \$575.85 | \$607.52 | \$640.93 |
| Recycle Bins | | | | | | |
| 4 & 6 cubic yard containers | n/a | \$150.65 | \$158.94 | \$167.68 | \$176.90 | \$186.63 |
| Commercial Compacting | | | | | | |
| 3 cubic yards container | n/a | \$988.83 | \$1,043.21 | \$1,100.59 | \$1,161.12 | \$1,224.98 |
| 4 cubic yards container | n/a | \$1,245.84 | \$1,314.36 | \$1,386.65 | \$1,462.91 | \$1,543.37 |
| Multi-Family, Commercial, and Organic | | <i>Three times per week pickup</i> | | | | |
| 1 cubic yard container | n/a | \$148.00 | \$156.14 | \$164.73 | \$173.79 | \$183.35 |
| 2 cubic yards container | n/a | \$297.64 | \$314.01 | \$331.28 | \$349.50 | \$368.72 |
| 3 cubic yards container | \$398.63 | \$420.55 | \$443.69 | \$468.09 | \$493.83 | \$520.99 |
| 4 cubic yards container | \$545.64 | \$575.65 | \$607.31 | \$640.71 | \$675.95 | \$713.13 |
| 6 cubic yards container | \$750.40 | \$791.67 | \$835.21 | \$881.15 | \$929.61 | \$980.74 |
| Recycle Bins | | | | | | |
| 4 & 6 cubic yard containers | n/a | \$225.98 | \$238.41 | \$251.53 | \$265.36 | \$279.95 |
| Commercial Compacting | | | | | | |
| 3 cubic yards container | n/a | \$1,484.74 | \$1,566.40 | \$1,652.55 | \$1,743.44 | \$1,839.33 |
| 4 cubic yards container | n/a | \$1,979.65 | \$2,088.53 | \$2,203.40 | \$2,324.59 | \$2,452.44 |

Source: City of Livingston and HEC.

sum

FISCAL IMPACT

Adopting the recommended rates will provide sufficient levels of funding (revenues) to cover ongoing operational costs outlined in utility rate study.

ATTACHMENTS

1. Ordinance No. ____, Establishing Rates for Solid Waste Service Fees.
3796270.1

ORDINANCE NO. ____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LIVINGSTON
ESTABLISHING RATES FOR SOLID WASTE SERVICE FEES**

WHEREAS, in 1996, California voters approved Proposition 218, the “Right to Vote on Taxes Act,” which added Articles X111C and XIID to the California Constitution; and

WHEREAS, various court cases in 2005 and 2006, most notably *Bighorn-Desert View Water Agency v. Verjil*; *Richmond v. Shasta Community Services District*; and the *Howard Jarvis Taxpayers Association v. City of Fresno*, extended the application of Proposition 218 from general taxes and assessments to utility user fees (i.e., sewer, water, and waste collection, etc.); and

WHEREAS, although there is an argument that solid waste collection service fees (“Solid Waste Service Fees” or “Service Fees”) within the City of Livingston are not subject to Proposition 218 because the services are provided by a private solid waste hauler and not the City, the City Council and the City Manager have decided to follow the process detailed by Proposition 218 in order to promote transparency and involvement by City property owners and customers. Accordingly, the City does not waive its right to conduct Solid Waste Service Fee increases without following the Proposition 218 procedures; and

WHEREAS, the City of Livingston determined to undertake a rate study to analyze the revenue requirements and the rate structure that should be adopted to proportionately allocate the costs of providing solid waste service to its solid waste customers. The rate study was prepared by Hansford Economic Consulting Inc., and has been on file at Livingston City Hall since the notices to property owners and customers were sent out on April 30, 2021; and

WHEREAS, the City must generate revenues in an amount sufficient to cover the City’s ongoing costs of the City’s solid waste system’s (the “System”) operations, maintenance, and capital facilities; and

WHEREAS, the rate study determined that increases to the schedule of rates for the City’s solid waste service fees, (“Service Fees”) are necessary for a five (5) year period to generate revenues sufficient to cover the City’s ongoing costs of the System’s operations, maintenance, and capital facilities; and

WHEREAS, the revenues derived from the proposed Service Fees will not exceed the funds required to provide the solid waste services and shall be used exclusively for the System; and

WHEREAS, the amount of the proposed Service Fees will not exceed the proportional cost of the service attributable to each parcel upon which they are proposed for imposition; and

WHEREAS, the proposed Service Fees will not be imposed on a parcel unless the solid waste services are actually used by, or immediately available to, the owner of the parcel; and

WHEREAS, California Constitution article XIII D, section 6 (“Article XIII D”) requires that prior to imposing any increase to the Service Fees, the City shall provide written notice (the “Notice”) by mail of the proposed increases to the Service Fees to the record owner of each parcel upon which the rate increases to the Service Fees are proposed for imposition, and any tenant directly liable for payment of such Service Fees, the amount of the rates for the Service Fees proposed to be imposed on each parcel, the basis upon which the rates for the Service Fees were calculated, the reason for the rate increases to the Service Fees, and the date time and location of a public hearing (the “Hearing”) on the proposed rate increases to the Service Fees; and

WHEREAS, pursuant to Article XIII D, such Notice is required to be provided to the affected property owners and any tenant directly liable for the payment of the Service Fees not less than forty-five (45) days prior to the Hearing on the proposed rates; and

WHEREAS, on April 30, 2021 the City provided the Notice to the affected property owners and tenants of the proposed rate increases to the Service Fees in compliance with Article XIII D; and

WHEREAS, the Hearing was held June 15, 2021; and

WHEREAS, at the Hearing, the City Council heard and considered all oral testimony, written materials, and written protests concerning the establishment and imposition of the proposed rate increases to the Service Fees; and

WHEREAS, upon close of the Hearing, the City did not receive written protests against the establishment and imposition of the proposed rate increases to the Service Fees from a majority of the affected property owners and tenants directly liable for the payment of the Service Fees; and

WHEREAS, Livingston Municipal Code section 8-2-43 requires that “monthly customer collection charges for single-family units, multi-family units, commercial units, industrial units, institutional units, and Government units shall be set by Resolution of the City Council;” and

WHEREAS, this Ordinance and Resolution No. 2021-__ shall supersede all other previous resolutions and ordinances that may conflict with, or be contrary to, this Ordinance and Resolution No. 2021-__ respecting the rates for Service Fees described more particularly herein.

THE CITY COUNCIL OF THE CITY OF LIVINGSTON DOES ORDAIN AS FOLLOWS:

SECTION 1. RECITALS

The foregoing recitals are true and correct and made a part of this Ordinance.

SECTION 2. SOLID WASTE SERVICE FEE ADJUSTMENT

The City Council of the City of Livingston does hereby approve the Solid Waste Service Fees set forth in the attached **Exhibit A**. The City Council hereby authorizes and directs the City Manager to implement and take all actions necessary to effectuate the rates for the Service Fees set forth herein.

SECTION 3. CEQA

The approval of this Ordinance is not a project within the meaning of the California Environmental Quality Act (Public Resources Code §§ 21000 et seq., “CEQA,” and 14 Cal. Code Reg. §§ 15000 et seq., “CEQA Guidelines”). Further, pursuant to CEQA Guidelines section 15273 and Public Resources Code § 21080(b)(8), this Ordinance is not subject to CEQA because CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies for certain purposes, including for the purpose of meeting operating expenses. This Ordinance does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. If the Solid Waste Service Fees are used for any project that would have such effect, the City will undertake the required CEQA review for that particular project.

SECTION 4. SEVERABILITY

If any provision of this Ordinance, or the application thereof to any person or circumstance, is held invalid, the remainder of the Ordinance, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this Ordinance are severable. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be held unconstitutional, invalid or unenforceable.

SECTION 5. EFFECTIVE DATE

This Ordinance shall become effective thirty (30) days after its final passage and adoption.

Introduced: June 15, 2021

Passed and Adopted:

JUAN AGUILAR, JR., Mayor
of the City of Livingston

ATTEST:

State of California)
County of Merced)
City of Livingston)

I, hereby certify that the foregoing Ordinance was duly introduced at a Regular Meeting of the City Council of the City of Livingston on June 15, 2021, and was regularly passed and adopted by the City Council of the City of Livingston this ____ day of _____, 2021.

AYES:

NOES:

ABSENT:

ABSTAIN:

LETICIA VASQUEZ-ZURITA,
City Clerk of the City of Livingston

EXHIBIT A

Table 26
Calculated Five-Year Solid Waste Rates

| Service Type | Current | Aug-21 | Jul-22 | Jul-23 | Jul-24 | Jul-25 |
|--|------------------------------|------------------------------------|------------|------------|------------|------------|
| | <i>Rate Increase ---></i> | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| <i>Rates do not include charges for special services that are scheduled between the customer and provider such as off schedule pick up, container maintenance, and delivery charges.</i> | | | | | | |
| Single Family Residential | | Once per week pickup | | | | |
| 96 gal. cart | \$25.16 | \$26.54 | \$28.00 | \$29.54 | \$31.17 | \$32.88 |
| Add'l cart | \$5.97 | \$6.30 | \$6.64 | \$7.01 | \$7.40 | \$7.80 |
| 96 gal. cart greenwaste | \$1.33 | \$1.40 | \$1.48 | \$1.56 | \$1.65 | \$1.74 |
| Add'l greenwaste cart | \$5.97 | \$6.30 | \$6.64 | \$7.01 | \$7.40 | \$7.80 |
| Multi-Family, Commercial, and Organic | | Once per week pickup | | | | |
| 1 cubic yard container | \$47.36 | \$49.96 | \$52.71 | \$55.61 | \$58.67 | \$61.90 |
| 2 cubic yards container | \$94.41 | \$99.60 | \$105.08 | \$110.86 | \$116.96 | \$123.39 |
| 3 cubic yards container | \$139.86 | \$147.55 | \$155.67 | \$164.23 | \$173.26 | \$182.79 |
| 4 cubic yards container | \$179.04 | \$188.89 | \$199.28 | \$210.24 | \$221.80 | \$234.00 |
| 6 cubic yards container | \$251.71 | \$265.55 | \$280.16 | \$295.57 | \$311.82 | \$328.97 |
| Recycle Bins | | | | | | |
| 4 & 6 cubic yard containers | \$71.41 | \$75.34 | \$79.48 | \$83.85 | \$88.46 | \$93.33 |
| Commercial Compacting | | | | | | |
| 3 cubic yards container | n/a | \$513.10 | \$541.32 | \$571.09 | \$602.50 | \$635.64 |
| 4 cubic yards container | n/a | \$650.83 | \$686.62 | \$724.39 | \$764.23 | \$806.26 |
| Multi-Family, Commercial, and Organic | | Twice per week pickup | | | | |
| 1 cubic yard container | \$93.90 | \$99.06 | \$104.51 | \$110.26 | \$116.33 | \$122.72 |
| 2 cubic yards container | \$187.14 | \$197.43 | \$208.29 | \$219.75 | \$231.83 | \$244.58 |
| 3 cubic yards container | \$264.56 | \$279.11 | \$294.46 | \$310.66 | \$327.74 | \$345.77 |
| 4 cubic yards container | \$348.86 | \$368.05 | \$388.29 | \$409.65 | \$432.18 | \$455.95 |
| 6 cubic yards container | \$490.40 | \$517.37 | \$545.83 | \$575.85 | \$607.52 | \$640.93 |
| Recycle Bins | | | | | | |
| 4 & 6 cubic yard containers | n/a | \$150.65 | \$158.94 | \$167.68 | \$176.90 | \$186.63 |
| Commercial Compacting | | | | | | |
| 3 cubic yards container | n/a | \$988.83 | \$1,043.21 | \$1,100.59 | \$1,161.12 | \$1,224.98 |
| 4 cubic yards container | n/a | \$1,245.84 | \$1,314.36 | \$1,386.65 | \$1,462.91 | \$1,543.37 |
| Multi-Family, Commercial, and Organic | | Three times per week pickup | | | | |
| 1 cubic yard container | n/a | \$148.00 | \$156.14 | \$164.73 | \$173.79 | \$183.35 |
| 2 cubic yards container | n/a | \$297.64 | \$314.01 | \$331.28 | \$349.50 | \$368.72 |
| 3 cubic yards container | \$398.63 | \$420.55 | \$443.69 | \$468.09 | \$493.83 | \$520.99 |
| 4 cubic yards container | \$545.64 | \$575.65 | \$607.31 | \$640.71 | \$675.95 | \$713.13 |
| 6 cubic yards container | \$750.40 | \$791.67 | \$835.21 | \$881.15 | \$929.61 | \$980.74 |
| Recycle Bins | | | | | | |
| 4 & 6 cubic yard containers | n/a | \$225.98 | \$238.41 | \$251.53 | \$265.36 | \$279.95 |
| Commercial Compacting | | | | | | |
| 3 cubic yards container | n/a | \$1,484.74 | \$1,566.40 | \$1,652.55 | \$1,743.44 | \$1,839.33 |
| 4 cubic yards container | n/a | \$1,979.65 | \$2,088.53 | \$2,203.40 | \$2,324.59 | \$2,452.44 |

Source: City of Livingston and HEC.

sum



MEETING MINUTES

CLOSED SESSION/REGULAR MEETING LIVINGSTON CITY COUNCIL JANUARY 19, 2021

A Closed Session/Regular Meeting of the Livingston City Council was held on January 19, 2021, in the City Council Chambers with Mayor Aguilar presiding.

CALL TO ORDER

Mayor Aguilar called the meeting to order at 6:05 p.m.

ROLL CALL

- Mayor Juan Aguilar Jr.
- Mayor Pro-Tem Raul Garcia (via Teleconference)
- Council Member Maria Baptista-Soto
- Council Member Jose A. Moran
- Council Member Gagandeep Kang (Excused Absence)

Mayor Pro-Tem Garcia was marked absent during roll call; however, Mayor Pro-Tem Garcia joined the meeting via teleconference at 6:06 p.m. after the roll call was taken. Therefore, the roll call was changed to Mayor Pro-Tem Garcia being present.

CLOSED SESSION

Mayor Aguilar opened the meeting for public comments at 6:06 p.m. There were no comments, and the Council went into Closed Session immediately thereafter to discuss the following matters:

3. Conference with Real Property Negotiator
(Government Code Section 54956.8)
Real Property:
APN: 024-145-011
Negotiating Parties for City: City Manager/City Attorney
Under Negotiation: Terms of Lease of Property
4. Public Employee Performance Evaluation
(Government Code Section 54957)

Title: City Manager

5. Labor Negotiations
(Government Code Section 54957.6)
Labor Negotiator: City Attorney
Unrepresented City Employee: City Manager
6. Public Employee Performance Evaluation
(Government Code Section 54957)
Title: City Attorney
7. Labor Negotiations
(Government Code Section 54957.6)
Labor Negotiator: City Manager
Employee: City Attorney
8. Employee Appointment
(Government Code Section 54957(b)(1))
Title: City Attorney

Clerk's Notes: Mayor Aguilar continued Items No. 4 and 5.

REGULAR MEETING

Mayor Aguilar called the meeting to order at 7:01 p.m.

PLEDGE OF ALLEGIANCE

The pledge of allegiance to the flag was recited.

ROLL CALL

- Mayor Juan Aguilar Jr.
- Mayor Pro-Tem Raul Garcia (Late Attendance)
- Council Member Maria Baptista-Soto
- Council Member Jose A. Moran
- Council Member Gagandeep Kang (Excused Absence)

CLOSED SESSION ANNOUNCEMENTS

Mayor Aguilar reported that on behalf of the City Council on a 4-0 vote, Trevor Taniguchi was appointed the new City Attorney. He congratulated Mr. Taniguchi on his new appointment. Mr. Aguilar indicated that Mr. Taniguchi brings experience, hard work, and dedication. Moreover, he noted that the former City Attorney (Jose Sanchez) would be staying as special counsel. Mr. Aguilar thanked Mr. Sanchez for everything he has done for the City. He stated that Mr. Sanchez had been a great asset to the community and council, and they will miss him.

Council Member Moran thanked Mr. Sanchez for all his years of service to the City of Livingston.

Council Member Soto thanked Mr. Sanchez for being part of their team. She noted that it was a pleasure working with him.

City Manager Ramirez thanked Mr. Sanchez for all his years of service.

Jose Sanchez noted that it was an honor and a true pleasure being the City Attorney for Livingston. He indicated that he is excited for Trevor Taniguchi to be the new City Attorney. He noted that he will still be around as a special counsel.

CHANGES TO THE AGENDA

None.

AWARDS, PRESENTATIONS, PROCLAMATIONS

1. Presentation by Kanat Tibet, Program Manager, Public Health Institute; CA4Health: Racial Justice, Equity, Diversity, and Inclusion City Resolution.

Kanat Tibet gave a PowerPoint presentation on racial justice, equity, diversity, and inclusion resolution. He noted that there is a growing movement among local governments across the nation to set goals and build alliances to address any form of racial discrimination by adopting racial justice and inclusion resolution over the past year. He discussed policy goal areas, background, proposed resolution, and cities that have adopted the resolution.

Mayor Aguilar thanked Mr. Tibet for his presentation.

2. Proclamation Declaring January 9, 2021 as “Law Enforcement Appreciation Day.”

Mayor Aguilar introduced this item and read the proclamation declaring January 9, 2021, as Law Enforcement Appreciation Day. Mayor Aguilar presented the proclamation to Police Chief Soria.

ANNOUNCEMENTS AND REPORTS

Supervisor Rodrigo Espinoza Announcements and Reports.

None.

City Staff Announcements and Reports.

City Manager Ramirez noted that they are having some technical issues streaming the meeting. They are working on the issue.

Recreation Superintendent Benoit reported that they are going to have a recreation commission meeting on Thursday at 6:00 p.m.

Police Chief Soria thanked the council for the proclamation and for recognizing the work that the men and women do in the police department. Moreover, Mr. Soria noted that he had received many complaints about tractor-trailers parking in the City. He stated that many people think they can park their tractor-trailers on their property. However, the ordinance does not allow it. The ordinance also states that they can't drive the tractor-trailers within the City that is out of the truck route. Lastly, he invited the council to the use of force training on January 20, 2021, at 7:00 p.m.

Council Member Moran stated that in the future, he is looking forward to the animal control presentation.

Police Chief Soria noted that in February, they are going to have animal control and their supervisor give a presentation. He pointed out that he would like to have each department introduce themselves every other month and provide their job duties. Moreover, Mr. Soria noted that they only had two people sign up for the citizens' academy. He said that there were not enough people to have the class, but they would post it again.

Mayor Aguilar thanked the police department for everything they do.

City Manager's Announcements and Reports.

City Manager Ramirez noted that he and the Mayor met with Foster Farms regarding the point of sale, beautification, mural program, and covid-19 protocols. Moreover, he said that the county implemented vaccination phases. The county is currently on phases 1a and 1b. Lastly, Mr. Ramirez indicated that the City installed suggestion boxes in all the different departments in the City.

Council Member Moran noted that he participated in a zoom meeting with Gray Davis yesterday. He said that Mr. Davis reported that Merced County has a shortage of vaccines.

City Manager Ramirez stated that was correct. He noted that the elected officials are working on getting the state to provide more doses.

Mayor Aguilar asked Mr. Ramirez if he could provide some information on the campaign that the City is participating in in support of Livingston restaurants.

City Manager Ramirez stated that the county put out notifications to get people to buy locally and support their restaurants. In addition, he noted that there are different types of grants out there.

Mayor Aguilar inquired about the Self-help Enterprise.

City Manager Ramirez stated that the City applied for a grant and was successful in getting it. The grant has two components which are mortgage assistance and subsistence funding.

Mayor Aguilar noted that there are resources out there for the community.

Clerk Notes: Mayor Pro-Tem Garcia entered the Council Chambers at 7:30 p.m.

City Council Members' Announcements and Reports.

Council Member Moran thanked all the residents in Livingston that reached out to him to share their questions, concerns, and improvements. He encouraged all residents to reach out to all elected officials by email or by phone. Moreover, he was invited to participate in the Delhi community group to meet with Senator Ana Caballero via zoom.

Council Member Soto reported that she has been working with the VFW. Their last takeout dinner will be on January 28th. Moreover, she noted that as part of the community outreach and youth activities program Director, she would be meeting with some people at Camp Pacifica to generate ideas for future activities. She also reached out to Merced and Los Banos to consider adopting the national motto "In God We Trust." Lastly, she discussed the Livingston youth football and cheer organization, Fourth of July, and local business assistance. She mentioned that she attended a League of California zoom meeting, Planning Commission meeting and will be attending the use of force training.

Mayor Pro-Tem Garcia shared that they lost a Sacramento County Deputy Sheriff and a K-9 officer yesterday. He asked everyone to follow the officers' directions, and if they have a complaint about an officer, the Chief is there to listen. Mr. Garcia thanked the officers in the City of Livingston, Chief of Police, and dispatchers for everything they do. He provided his condolences to the Sacramento Sheriff's office and the deputy's family.

Mayor's Announcements and Reports

Mayor Aguilar informed the public that it is imperative for him to establish communication and relationships with city staff as a mayor. He also mentioned that he and the City Manager had a meeting with Foster Farms CEO and Human Resource. Mr. Aguilar noted that they presented a few things that benefit the City of Livingston and Foster Farms. He asked the City Manager and City staff to prioritize scheduling a priority workshop to establish the goals for the next two years. Moreover, he noted that he is going to attend the MCAAG meeting on Thursday and the use of force training.

PUBLIC HEARINGS

3. Resolution Approving an Application for Funding and the Execution of a Grant Agreement and any Amendments thereto from the 2020 Community Development Block Grant Program Coronavirus Response Round 2 & 3 (CDBG-CV2&3) NOFA dated December 18, 2020.

City Manager Ramirez introduced this item.

Council Member Moran asked if people can still participate in the program if they applied for a similar program before.

City Manager Ramirez noted that he did not see anything on the document that precludes people that have received assistance in the past.

Mayor Aguilar stated that he is unsure if the program would have a conflict with other programs received.

City Manager Ramirez reiterated that he did not see anything in the document that precludes people from getting help when they have received previous assistance.

Mayor Aguilar opened and closed Public Hearing at 7:49 p.m., as there were no comments from the public.

Motion: M/S Moran/Soto to approve Resolution No. 2021-03, Approving an Application for Funding and the Execution of a Grant Agreement and any Amendments thereto from the 2020 Community Development Block Grant Program Coronavirus Response Round 2 & 3 (CDBG-CV2&3) NOFA dated December 18, 2020. The motion carried 4-0-1 by the following roll call vote:

AYES: Council Members: Soto, Moran, Garcia, and Aguilar
NOES: Council Members: None
ABSENT: Council Members: Kang

4. Public Hearing - Resolution Approving Conditional Use Permit 2020-04, to Allow an Outdoor Dining Area and the On-Sale of Beer and Wine for Indoor and Outdoor Dining at Hugo's

Mexican Grill, 1472 B Street, Suite G, Located within the Downtown Zoning District (DTC) and less than 1,000 feet from Another Restaurant Serving Beer and Wine.

Contract City Planner Hatch introduced this item.

Council Member Moran inquired about access to the drinking area from the Westside of the building.

Contract City Planner Hatch replied that there is a proposed gate that the individuals can enter or exit.

Council Member Moran asked if people under the age of 21 would be allowed in the drinking area.

Contract City Planner Hatch noted that they would have to follow ABC rules. He stated that a person under 21 could be at the table as long as they do not have an alcoholic beverage.

Council Member Moran verified that a person under the age of 21 would have access (to the drinking area) as long as they are not drinking.

Contract City Planner Hatch stated yes.

Council Member Moran asked if the restaurant plans to have ambiance music.

Contract City Planner Hatch stated that the information was not shared with him.

Council Member Moran inquired about Exhibit A - Conditions of Approval section five.

Contract City Planner Hatch replied that the business owner would have to come back after a year of operation. If there have been no complaints or concerns by the police department, staff could administratively allow them to continue with no further reviews.

Council Member Moran asked if the sidewalk on the Westside of the drinking area was being obstructed.

Contract City Planner Hatch stated that currently, there is an unused patio area. Additionally, he noted that the outdoor dining area is not encroaching.

Council Member Soto asked about the fencing style.

Contract City Planner Hatch stated that he asked about the fence, but they don't have a proposal. He noted that the council could add an additional condition on the fence matter.

Hugo Barrigan stated that the fence would be done to City code standards if the City provides him with the information.

Mayor Aguilar informed the business owner that they are asking about the fence because they are trying to make the area look good.

Hugo Barrigan stated that he would be willing to collaborate in a prudent way as necessary.

Council Member Soto asked Mr. Ramirez if Mr. Barrigan can apply for some of the upcoming grants.

City Manager Ramirez stated that he would look into it. He said that he doubts it, given what the money is going to be used for, but he would work with them to see what is out there in terms of the building materials.

Mayor Pro-Tem Garcia asked if the permit could be revoked at any time.

Contract City Planner Hatch stated yes. He noted that there is a procedure for revocation under the use permit, and it requires a public hearing.

Mayor Pro-Tem Garcia asked if there would be a time to serve alcohol outside in the dining area.

Contract City Planner Hatch stated that ABC controls it. However, he noted that closing by 2 a.m. would apply.

Mayor Aguilar asked if other restaurants are less than a thousand feet from another restaurant.

Contract City Planner Hatch state no.

Mayor Aguilar opened and closed Public Hearing at 8:15 p.m., as there were no comments from the public.

Council Member Moran thanked the people that are trying to open new businesses in town.

City Attorney Sanchez stated that from hearing some of the concerns from the council, he recommends adding a condition to Exhibit A - Conditions of Approval that would say, "The applicant shall present the plans for the fencing of the outdoor dining areas to the City Manager and Planning Director for approval prior to construction." Moreover, in regards to the permit being revoked, Mr. Sanchez stated that it could be done. He indicated that he would like a section to be added to state, "The use of the site shall not result in a negative public health and safety issue or a public nuisance." He asked Mr. Hatch if there is any objection on the planning side to have the language on the Exhibit to address some concerns by the council.

Contract City Planner Hatch stated that they are great additions, and they could add it if the council chooses.

Council Member Soto asked if they were going to pass the item with one or two resolutions.

City Attorney Sanchez stated that there is one resolution for the item.

Contract City Planner Hatch noted that he combined the items in one resolution.

Motion: M/S Soto/Garcia to approve Resolution No. 2021-04, Approving Conditional Use Permit 2020-04, to Allow an Outdoor Dining Area and the On-Sale of Beer and Wine for Indoor and Outdoor Dining at Hugo's Mexican Grill, 1472 B Street, Suite G, Located within the Downtown Zoning District (DTC) and less than 1,000 feet from Another Restaurant Serving Beer and Wine and adding section 6 and 7 to Exhibit A, Conditions of Approval. The motion carried 4-0-1 by the following roll call vote:

AYES: Council Members: Soto, Moran, Garcia, and Aguilar

NOES: Council Members: None
ABSENT: Council Members: Kang

CITIZEN COMMENTS

Mayor Aguilar opened Citizen Comments at 8:20 p.m.

Margarita Aguilar stated that it would be a good idea for them (the council) to go out and connect with the community. She asked the City Manager if there are still workshops available to the Council Members and Mayor to teach them how to conduct themselves, conflict of interest, and bring items forward.

City Manager Ramirez replied that there is a mandated requirement that all new officials need to go through AB1234 Ethics training. Legal counsel conducts them; they can also take the class online or with the League of California Cities.

Margarita Aguilar asked when the council would be allowed to be part of the training.

City Attorney Sanchez stated that the new council members received a packet of the new laws, and they are required to take an ethics training. In addition, he noted that his office is coordinating training on the Brown Act, Public Records Act, and conflict of the political reform act section 1090. They are currently scheduling for the entire council.

Margarita Aguilar stated that the training would guide the council to make better judgments. She noted that transparency is very important as a Council Member.

Mayor Aguilar pointed out that Ms. Aguilar was a former Council Member of the City of Livingston.

Katherine Schell Rodriguez pointed out that the live stream did not go live until the end of Police Chief Soria's report. She asked if they could catch them up on what they missed and whether or not the first portion of the meeting will be available when the video goes up.

City Manager Ramirez replied that they have everything recorded. He noted that there was no video for the first portion because there were some technical difficulties. However, they could provide the audio.

Mayor Aguilar stated that on the closed session announcements, the council appointed Trevor Taniguchi as City Attorney with Jose Sanchez as special counsel on a 4-0 vote. Moreover, He noted that there was a presentation by the Public Health Institute about racial justice, equity, diversity, and inclusion city resolution. Mr. Aguilar stated that they also had a proclamation declaring January 2021 as Law Enforcement Appreciation Day. Lastly, he noted that Council Member Kang is absent due to a family emergency.

JT Mann thanked Mayor Aguilar and Council Members Moran and Soto for reaching out and meeting with him and his family. He noted that he spent two to three hours with each of them. Mr. Mann pointed out that their prompt attention and kindness spoke volumes. Moreover, he stated that Mayor Pro-Tem Garcia had not attempted to reach out to him or his family to comprehend the situation better. Mr. Mann said that he does not believe Mr. Garcia understands the magnitude of what is occurring around him or simply does not care. Mr. Mann noted that his inaction and silence speaks volume. He indicated that Mr. Garcia called him an hour and a half before the council meeting. Lastly, Mr. Mann stated that he was seeking an update and asked where they are in the process and what has taken place so far. Mr. Mann noted that a slap in the wrist is not going to suffice. He stated that he would be attending regularly and asking the same questions, so the matter is not swept under the rug and ignored.

Mayor Aguilar thanked Mr. Mann.

JT Mann asked if there will be any comments.

Mayor Aguilar replied that they take every accusation seriously, and they are taking the matter into consideration and are trying to address the issue as soon as possible. He noted that they don't condone such behavior or comments from anyone representing the City.

JT Mann asked if there is no timeline as of now.

City Attorney Sanchez stated that Trevor has reached out to him (Mr. Mann). He noted that they are looking into the matters he brought up.

JT Mann asked if there is no update again.

City Attorney Sanchez replied that at the moment, they are still gathering all the details and believe there is an item regarding it.

Mayor Aguilar closed Citizen Comments at 8:31 p.m., as there were no further comments from the public.

CONSENT AGENDA

5. Approval of Warrant Register Dated January 14, 2021.
6. Resolution Adopting City of Livingston Master Employee Salary Schedule Effective January 1, 2021.
7. Approve Program Guidelines for Business Assistance Payment Program Funded with CDBG-CV1 Grant.

Motion: M/S Moran/Soto to approve the Consent Agenda. The motion carried 4-0-1 by the following roll call vote:

AYES: Council Members: Soto, Aguilar, Moran, and Garcia
NOES: Council Members: None
ABSENT: Council Members: Kang

DISCUSSION AND POTENTIAL ACTION ITEMS

8. Council Authorize the Reclassification of a Vacant Administrative Analyst Position to Accountant I.

Finance Director Portillo introduced this item. She provided a PowerPoint presentation with the cost comparison of an Administrative Analyst vs. Accountant I position.

Mayor Aguilar opened and closed Public Comments at 8:40 p.m., as there were no comments from the public.

Motion: M/S Moran/Soto to adopt Resolution No. 2021-07, Authorize the Reclassification of a Vacant Administrative Analyst Position to Accountant I. The motion carried 3-1-1 by the following roll call vote:

AYES: Council Members: Aguilar, Soto, and Moran
NOES: Council Members: Garcia
ABSENT: Council Members: Kang

Clerk's Note: Mayor Pro-Tem Garcia left the Council Chambers at 8:42 p.m. and returned at 8:45 p.m.

9. Consider Adoption of a Resolution Appointing Jason Roth as Regular Member to the Planning Commission and Direct Staff to Advertise for Interested Residents to Serve on the Planning Commission.

Contract City Planner Hatch introduced this item. He noted that he took a look at the attendance for 12 months of the commissioners and alternate commissioners. He stated that Chair Wallis, Commissioner Bassi, and Alternate Commissioner Roth have no non-attendance within the last twelve-month period. In addition, Commissioner Bath has one non-excused absence, Commissioner Mendoza Gonzalez and Commissioner Jhutti have two non-excused absences, and Commissioner Kang has four non-excused absences.

Mayor Aguilar asked what would be considered an excused absence. He wondered if they need to provide a doctor's note and whom do they notify when they can't attend a meeting.

Contract City Planner Hatch replied that the code defines an excused absence when it is related to medical reasons for themselves or their immediate family.

Mayor Aguilar asked if they notify him (Mr. Hatch).

Contract City Planner Hatch stated yes. He noted that they call the Administrative Assistant Filomena.

Mayor Aguilar asked what would happen if the commissioner is unable to notify them due to the emergency. Also, he wondered how much time do they have.

Contract City Planner Hatch replied that it is not stated on the code. However, he noted that they could email.

Mayor Aguilar asked if they have reached out to Mr. Kang and informed him of the unexcused absences.

Contract City Planner Hatch stated no. He counted the absences today.

Mayor Aguilar asked if this would be the first time Mr. Kang will hear about it.

Contract City Planner Hatch stated yes.

Mayor Aguilar asked when was the last meeting.

Contract City Planner Hatch stated that they had a meeting last week, representing the fourth unexcused absence for Commissioner Kang.

Mayor Aguilar stated that they (the Kangs) are dealing with a family emergency. He asked Mr. Hatch to reach out to Mr. Kang to verify if it's an unexcused absence.

Council Member Moran asked if the last meeting made the fourth absence for Mr. Kang. He stated that they could only have three unexcused absences based on the planning commission policy and asked if, after the three absences, they could resign or be removed.

Contract City Planner Hatch read the absence policy of the planning commission.

Mayor Aguilar noted that the unexcused absence matter would need to be discussed at a later time.

Council Member Moran stated that it refers back to the actual item being discussed because the people that are interested need to be made aware of it. He asked Mr. Hatch if the commissioners receive a copy of the policy.

Contract City Planner Hatch stated yes.

City Attorney Sanchez noted that the rules and regulations of the planning commission relate to bringing in new planning commissioners. He said that the discussion was specific to one member, and staff can look into the issue to ensure the policies are being followed. He indicated that it is essential for the new planning commissioners to know the policies.

Council Member Soto stated that she received a letter from Chair Wallace regarding the planning commission. Mr. Wallace mentioned in his letter that there was an interview process that is no longer exercised. She asked if the interested applicants are going to go through the application process and then be interviewed by staff or the council.

Contract City Planner Hatch replied that interested parties would need to fill out an application if they open the vacancies. He noted that the interview process is up to the discretion of the council. However, staff does require an application.

Mayor Aguilar opened and closed Public Comments at 8:53 p.m., as there were no comments from the public.

City Attorney Sanchez stated that the members continue to serve until someone is appointed to replace their seat or reappointed. He noted that if they appoint an alternate to a permanent position, one of the two regular planning commissioner's term will end. Only one of them would continue until they are replaced, and the alternate position would be vacant.

Contract City Planner Hatch stated that staff would like them to indicate which of the permanent seats they are replacing.

City Attorney Sanchez added that the options for the council are to appoint Mr. Roth to a permanent position and to advertise for the other positions, or they could decide to direct staff to advertise for all three positions.

Mayor Aguilar stated that it would be fair to advertise all of the positions.

Council Member Soto stated that she would like more discussion on the item.

Mayor Aguilar stated that there should be more discussion, direction, or clarification. He noted that there might be another vacancy and the fair thing to do is to open it to the public and then make a decision.

Council Member Moran noted that additional information could be added to their discussion and believes it would be better to open it up. However, he would like the items to be continued.

Mayor Aguilar asked Mr. Moran if he wants the item to be continued or advertised.

Council Member Moran stated that he would like to advertise all positions.

Motion: M/S Moran/Aguilar to advertise all Planning Commission vacancies. The motion carried 4-0-1 by the following roll call vote:

| | | |
|---------|------------------|----------------------------------|
| AYES: | Council Members: | Soto, Moran, Garcia, and Aguilar |
| NOES: | Council Members: | None |
| ABSENT: | Council Members: | Kang |

10. Resolution of the City Council of the City of Livingston Establishing the City of Livingston Code of Conduct for City Council Members and Appointed Public Officials.

City Attorney Sanchez introduced this item.

Mayor Aguilar stated that the item is important to him and the council. Mr. Aguilar read the preamble to the City of Livingston Code of Conduct. He noted that as a Mayor and Council Member, transparency, communication, and representing the City to their best of capacity is very important. In addition, they want to be respectful and mindful of what they do because they are a reflection of the City.

Council Member Moran thanked Mr. Aguilar for bringing the item forward and leading the code of conduct. He mentioned that he thought the code of conduct was part of the City code for years. Mr. Moran noted that no one should be bullied. In the future, he is looking for the council to consider a censorship policy that the City does not have. Mr. Moran noted that the censorship policy should go along with the code of conduct. He indicated that he would bring it up at a different time to make sure they consider a censorship policy to continue having the trust from the community.

Council Member Soto noted that she agrees with the item.

Mayor Pro-Tem Garcia agrees with all the Council Members. However, he noted that they should be held to a higher standard as Council Members.

Mayor Aguilar noted that he sees the document as a contract between himself and the public and hopes that the council takes the code of conduct seriously. He said that the council wants the best for the community.

Mayor Aguilar opened and closed Public Comment at 9:17 p.m., as there were no comments from the public.

Council Member Moran stated that he appreciates it when people take the time to make public comments. He also thanked JT Mann and everyone else that reached out.

Motion: M/S Moran/Aguilar to adopt Resolution No. 2021-08, Establishing the City of Livingston Code of Conduct for City Council Members and Appointed Public Officials. The motion carried 4-0-1 by the following roll call vote:

AYES: Council Members: Soto, Moran, Garcia, and Aguilar
NOES: Council Members: None
ABSENT: Council Members: Kang

11. Designate Voting Delegate(s) for the 2021 One Voice Trip.

Mayor Aguilar introduced this item.

Council Member Moran asked if they last participated in the One Voice trip was in 2019. In addition, he asked the council who has returned the application.

Mayor Aguilar stated that they did not return the application because they wanted to discuss the item.

Council Member Moran asked who pays for the trip.

Mayor Aguilar stated that the City pays for it.

Council Member Moran asked for the cost amount of the trip.

Mayor Aguilar stated that he is not sure.

City Manager Ramirez stated that for air travel, lodging, and per diem, they are looking at about \$2,000.

Council Member Moran asked if the amount was per person.

City Manager Ramirez stated yes.

Council Member Moran asked how many people attend the conference.

Mayor Aguilar replied that it usually is two members. He noted that in the past, they had included the City Manager too. Mr. Aguilar indicated that he is not sure if the trip is going to happen. It might be a virtual conference or advocacy efforts. They are also looking at pushing it to a later date in the year. He pointed out that it is worth the efforts to attend the conference as a representative because they establish relationships with different organizations and have grant opportunities.

Council Member Soto asked if they should wait on the appointment since it is a pending opportunity.

Mayor Aguilar replied that before the trip, they need to know who will be appointed to the one voice trip because much work needs to get done beforehand.

Mayor Pro-Tem Garcia stated that usually, the two MCAG members are the ones that represent the City of Livingston. He said that he would like to keep it the same.

Mayor Aguilar opened and closed Public Comments at 9:27 p.m., as there were no comments from the public.

Motion: M/S Garcia/Soto to designate the current MCAG representatives (Juan Aguilar and Maria Soto) as the voting delegates for the 2021 One Voice Trip. The motion carried 4-0-1 by the following roll call vote:

| | | |
|---------|------------------|----------------------------------|
| AYES: | Council Members: | Soto, Moran, Garcia, and Aguilar |
| NOES: | Council Members: | None |
| ABSENT: | Council Members: | Kang |

Council Member Moran stated that it would be great for the delegates to come back with a presentation to inform the public of the different opportunities.

Mayor Aguilar stated that he would take it into consideration and follow through.

12. Appointment to the Governing Board of the San Joaquin Valley Air Pollution Control District-Merced City Seat.

City Manager Ramirez introduced this item.

Council Member Moran stated that he knows a couple of the applicants. He asked Mr. Ramirez to explain the responsibilities.

City Manager Ramirez stated that they could select one of the three applicants or reject all. He provided a brief explanation of what the agency does.

Council Member Moran stated that he wanted to have a better understanding of the item being discussed.

Mayor Aguilar opened and closed Public Comments at 9:32 p.m., as there were no comments from the public.

Mayor Aguilar asked if the council needs to choose one applicant or reject all.

City Attorney Sanchez stated that the letter has an attached sample of a resolution and has a deadline of January 22, 2021. He asked Mr. Ramirez if the intent is to have the resolution attached to the document changed to the standard template and adopted by the council.

City Manager Ramirez stated yes.

Council Member Moran verified if they need to select one applicant or none.

City Attorney stated yes.

Mayor Aguilar stated that there is currently a vacancy in the San Joaquin Valley Air Pollution Control District, which will be filled by a Council Member from a small city in Merced County.

Motion: M/S Moran to reject all three applicants. Motion died due to a lack of a second.

Motion: M/S Aguilar/Moran to adopt Resolution No. 2021-09, Nominating Deborah Lewis to the Special City Selection Committee for Appointment to the District Governing Board. The motion carried 4-0-1 by the following roll call vote:

| | | |
|-------|------------------|----------------------------------|
| AYES: | Council Members: | Soto, Moran, Garcia, and Aguilar |
|-------|------------------|----------------------------------|

NOES: Council Members: None
ABSENT: Council Members: Kang

13. Discussion and Direction on moving-up Citizen Comments.

Council Member Moran stated that while attending meetings for several years, he has noticed that people and students have to wait to make public comments or give a presentation for two hours or more. He noted that in other agencies, public comments are at the beginning of meetings. Mr. Moran indicated that in support and in consideration of the public to participate, he would like the council to consider moving public comments up in the agenda.

Council Member Soto stated that it makes sense to move public comments up on the agenda.

Mayor Aguilar stated that it could be beneficial. He noted that if someone requests an item to be moved up, they can accommodate. Mr. Aguilar said that he opposes moving the item up because he has noticed in the past four years that many citizen comments are a direct result of reports from staff, council, and City Manager.

Mayor Aguilar opened and closed Public Comments at 9:40 p.m., as there were no comments from the public.

City Attorney Sanchez noted that one option is to manage the meeting, as the Mayor stated. The second option is to determine where to move the citizen's comment on the agenda. Mr. Sanchez said that the item was brought up as a discussion item, and it is up to the council to decide where on the agenda they would like to put the citizen's comments.

Motion: M/S Moran/Aguilar to manage the meeting as it comes and leave it as is. The motion carried 3-1-1 by the following roll call vote:

AYES: Council Members: Soto, Garcia, and Aguilar
NOES: Council Members: Moran
ABSENT: Council Members: Kang

COUNCIL DIRECTION ON FUTURE AGENDA ITEMS

Mayor Aguilar stated that the City needs to get the priority workshop scheduled as soon as possible. In addition, he asked that an item for a sister city program be brought for discussion and direction. Mr. Aguilar indicated that there had been some interest from the community on having a sister city program with Churintzio, Michoacan, Mexico. He noted that there is a large population in Livingston from that specific city in Michoacan.

Mayor Aguilar asked the council if they had any opposition to his requests.

Clerk's Notes: There was no opposition from the council.

ADJOURNMENT

The meeting was adjourned by consensus at 9:45 p.m.

City Clerk of the City of Livingston

APPROVED:

Mayor or Mayor ProTempore

The written meeting minutes reflect a summary of specific actions taken by the City Council. They do not necessarily reflect all of the comments or dialogue leading up to the action. All meetings are digitally recorded and are an official record of the meeting's proceedings. Digitally recorded verbatim minutes are available upon request and may be obtained at Livingston City Hall.

STAFF REPORT

AGENDA ITEM: **RESOLUTION TO ACCEPT BID AND AWARD A CONTRACT TO M4 CONCRETE AND DRYWALL, INC. FOR THE PHASE 1 PAVING SIX DIRT ALLEYS, FEDERAL-AID PROJECT NO. CML-5256(018) AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT**

MEETING DATE: **JULY 6, 2021**

PREPARED BY: **MARIO GOUVEIA, CITY ENGINEER**

REVIEWED BY: **JOSÉ ANTONIO RAMÍREZ, CITY MANAGER**

RECOMMENDATION:

Staff recommends that the City Council adopt Resolution No. 2021- _____, accepting the low bid from M4 Concrete and Drywall, Inc. in the amount of \$409,931.04 for the Phase 1 Paving Six Dirt Alleys, Federal-Aid Project No. CML-5256(018) and authorizing the City Manager to sign the Agreement on behalf of the City of Livingston.

BACKGROUND:

The major work consists of paving six existing dirt alleys from Park Street to H Street, between 7th Street and Joseph Street, from E Street to F Street in the City of Livingston.

The project was advertised on May 25, 2021 and bids were opened June 22, 2021.

DISCUSSION:

The City received five (5) bids that were opened and read aloud at 2:00 p.m. on June 22, 2021 at the City of Livingston City Hall, this being the advertised bid opening date and time. The lowest responsible bid was submitted by M4 Concrete and Drywall, Inc. in the amount of \$409,931.04. The bid results were as listed:

| <u>Contractor</u> | | <u>Total Bid</u> |
|-----------------------------------|----|------------------|
| M4 Concrete and Drywall, Inc. | \$ | 409,931.04 |
| Rolfe Construction Inc. | \$ | 523,285.00 |
| McFadden Construction, Inc. | \$ | 575,626.00 |
| Dirt Dynasty | \$ | 615,164.50 |
| United Pavement Maintenance, Inc. | \$ | 747,422.00 |
| Engineer's Estimate | \$ | 466,441.00 |

FISCAL IMPACT:

The Phase 1 Paving Six Dirt Alleys, Federal-Aid Project No. CML-5256(018) Project will be funded using a combination of Federal Congestion Mitigation Air Quality (CMAQ) funds and Local Transportation Funds.

ATTACHMENTS:

1. Resolution No. 2021-____
2. Abstract of Bids

RESOLUTION NO. 2021-

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LIVINGSTON
ACCEPTING BID AND AWARDING CONTRACT TO M4 CONCRETE AND DRYWALL, INC.
FOR THE PHASE 1 PAVING SIX DIRT ALLEYS, FEDERAL-AID PROJECT NO. CML-
5256(018) AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT**

WHEREAS, the Invitation to Bid for the PHASE 1 PAVING SIX DIRT ALLEYS, FEDERAL-AID PROJECT NO. CML-5256(018) in the City of Livingston was listed in the Merced Sunstar on May 25, 2021; and

WHEREAS, the project will consist of paving six existing dirt alleys from Park Street to H Street, between 7th Street and Joseph Street, from E Street to F Street in the City of Livingston; and

WHEREAS, the following bids for the project were publicly opened and read aloud at the Livingston City Hall on June 22, 2021 at 2:00 p.m.

| <u>Contractor</u> | | <u>Total Bid</u> |
|-----------------------------------|----|------------------|
| M4 Concrete and Drywall, Inc. | \$ | 409,931.04 |
| Rolfe Construction Inc. | \$ | 523,285.00 |
| McFadden Construction, Inc. | \$ | 575,626.00 |
| Dirt Dynasty | \$ | 615,164.50 |
| United Pavement Maintenance, Inc. | \$ | 747,422.00 |

WHEREAS, the Engineer's Estimate was \$466,441.00.

NOW THEREFORE, BE IT RESOLVED, that the City Council hereby adopts Resolution 2021-____ upon the recommendation of the City Engineer that the PHASE 1 PAVING SIX DIRT ALLEYS, FEDERAL-AID PROJECT NO. CML-5256(018) be awarded to: M4 CONCRETE AND DRYWALL, INC. in the amount of Four Hundred Nine Thousand Nine Hundred Thirty-One Dollars and Four Cents (\$409,931.04).

BE IT FURTHER RESOLVED, that the City Council of the City of Livingston authorizes the City Manager to execute the Agreement.

Passed and adopted this 6th day of July, 2021, by the following vote:

AYES:

NOTES:

ABSENT:

ABSTAIN:

Juan Aguilar, Mayor
of the City of Livingston

ATTEST:

I hereby certify that the foregoing resolution was regularly introduced, passed and adopted at a regular meeting of the City Council of the City of Livingston this 6th day of July, 2021.

Monica Cisneros, Deputy City Clerk
of the City of Livingston

**ABSTRACT OF BIDS FOR
CITY OF LIVINGSTON**

**Ph. 1 Paving Six Dirt Alleys, Fed-Aid Project No. CML-5256(018) and
Ph. 2 Paving Two Dirt Alleys, Fed-Aid Project No. CML-5256(019)**

Bid Opening: June 22, 2021 at 2:00 p.m.

| Item No. | Item Description | Quantity and Unit | Engineer's Estimate | | M4 Concrete and Drywall 2930 Geer Road PMB 122 Turlock, CA 95382 | | Rolfe Construction Inc. 3573 Southern Pacific Ave. Atwater, CA 95301 | | McFadden Construction, Inc. 3817 E. Farmington Road Stockton, CA 95215 | | Dirt Dynasty 4110 Meadow Oaks Drive Valley Springs, CA 95252 | | United Pavement Maint., Inc. 7017 Hughson Ave. Hughson, CA 95326 | | Seal Rite Paving 4237 W. Swift Ave. Fresno, CA 93722 | |
|--|---|-------------------|---------------------|---------------------|--|---------------------|--|---------------------|--|---------------------|--|---------------------|--|-----------------------|--|-----------------------|
| | | | Unit Price | Amount | Unit Price | Amount | Unit Price | Amount | Unit Price | Amount | Unit Price | Amount | Unit Price | Amount | Unit Price | Amount |
| Phase 1 Paving Six Dirt Alleys, Federal-Aid Project No. CML-5256(018) | | | | | | | | | | | | | | | | |
| 1 | Mobilization | 1 LS | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 5,000.00 | 5,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 |
| 2 | Traffic Control Plan | 1 LS | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 |
| 3 | Demolition and Earthwork | 1 LS | 60,000.00 | 60,000.00 | 59,934.00 | 59,934.00 | 76,162.00 | 76,162.00 | 125,000.00 | 125,000.00 | 154,000.00 | 154,000.00 | 100,200.00 | 100,200.00 | 71,391.75 | 71,391.75 |
| 4 | Construct Valley Gutter | 2,078 LF | 40.00 | 83,120.00 | 31.48 | 65,415.44 | 57.00 | 118,446.00 | 50.00 | 103,900.00 | 33.50 | 69,613.00 | 54.00 | 112,212.00 | 27.97 | 58,121.66 |
| 5 | Remove and Replace Alley Approach | 11 EA | 11,000.00 | 121,000.00 | 6,370.50 | 70,075.50 | 8,674.00 | 95,414.00 | 6,000.00 | 66,000.00 | 13,500.00 | 148,500.00 | 19,306.00 | 212,366.00 | 4,450.43 | 48,954.73 |
| 6 | Remove and Replace Residential Driveway | 2 EA | 7,000.00 | 14,000.00 | 3,500.00 | 7,000.00 | 2,625.00 | 5,250.00 | 2,000.00 | 4,000.00 | 3,000.00 | 6,000.00 | 7,000.00 | 14,000.00 | 3,159.65 | 6,319.30 |
| 7 | Construct Retaining Curb | 78 LF | 120.00 | 9,360.00 | 70.80 | 5,522.40 | 83.00 | 6,474.00 | 55.00 | 4,290.00 | 59.00 | 4,602.00 | 50.00 | 3,900.00 | 27.98 | 2,182.44 |
| 8 | Furnish and Install Redwood Header | 4,246 LF | 5.50 | 23,353.00 | 7.95 | 33,755.70 | 12.50 | 53,075.00 | 13.00 | 55,198.00 | 8.25 | 35,029.50 | 17.00 | 72,182.00 | 14.00 | 59,444.00 |
| 9 | Furnish and Place Aggregate Base | 1,290 TN | 50.00 | 64,500.00 | 62.00 | 79,980.00 | 53.40 | 68,886.00 | 60.00 | 77,400.00 | 66.00 | 85,140.00 | 89.00 | 114,810.00 | 40.62 | 52,399.80 |
| 10 | Furnish and Place Asphalt Concrete | 438 TN | 128.00 | 55,808.00 | 147.00 | 64,092.00 | 168.00 | 73,248.00 | 220.50 | 96,138.00 | 155.00 | 67,580.00 | 182.00 | 79,352.00 | 124.87 | 54,443.32 |
| 11 | Reconstruct Catch Basin | 1 EA | 5,500.00 | 5,500.00 | 6,200.00 | 6,200.00 | 4,275.00 | 4,275.00 | 3,500.00 | 3,500.00 | 4,500.00 | 4,500.00 | 5,000.00 | 5,000.00 | 6,160.00 | 6,160.00 |
| 12 | Adjust Water Meter Box to Grade | 29 EA | 450.00 | 13,050.00 | 139.00 | 4,031.00 | 395.00 | 11,455.00 | 800.00 | 23,200.00 | 800.00 | 23,200.00 | 600.00 | 17,400.00 | 1,120.00 | 32,480.00 |
| 13 | Adjust Water Valve Box to Grade | 5 EA | 750.00 | 3,750.00 | 185.00 | 925.00 | 520.00 | 2,600.00 | 800.00 | 4,000.00 | 800.00 | 4,000.00 | 600.00 | 3,000.00 | 840.00 | 4,200.00 |
| CML-5256(018) TOTAL | | | | 466,441.00 | | 409,931.04 | | 523,285.00 | | 575,626.00 | | 615,164.50 | | 747,422.00 | | 409,097.00 |
| Phase 2 Paving Two Dirt Alleys, Federal-Aid Project No. CML-5256(019) | | | | | | | | | | | | | | | | |
| 14 | Mobilization | 1 LS | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 | 1,000.00 | 1,000.00 | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 |
| 15 | Traffic Control Plan | 1 LS | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 1,000.00 | 1,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 |
| 16 | Demolition and Earthwork | 1 LS | 30,000.00 | 30,000.00 | 30,450.00 | 30,450.00 | 21,750.00 | 21,750.00 | 42,000.00 | 42,000.00 | 79,500.00 | 79,500.00 | 69,500.00 | 69,500.00 | 28,592.27 | 28,592.27 |
| 17 | Construct Valley Gutter | 1,255 LF | 53.00 | 66,515.00 | 32.00 | 40,160.00 | 34.00 | 42,670.00 | 50.00 | 62,750.00 | 33.50 | 42,042.50 | 54.00 | 67,770.00 | 30.13 | 37,813.15 |
| 18 | Remove and Replace Alley Approach | 2 EA | 10,500.00 | 21,000.00 | 6,100.00 | 12,200.00 | 8,637.00 | 17,274.00 | 6,000.00 | 12,000.00 | 13,500.00 | 27,000.00 | 19,306.00 | 38,612.00 | 4,221.56 | 8,443.12 |
| 19 | Construct Retaining Curb | 41 LF | 135.00 | 5,535.00 | 72.00 | 2,952.00 | 143.00 | 5,863.00 | 55.00 | 2,255.00 | 59.00 | 2,419.00 | 50.00 | 2,050.00 | 28.06 | 1,150.46 |
| 20 | Furnish and Install Redwood Header | 2,510 LF | 5.50 | 13,805.00 | 8.25 | 20,707.50 | 10.50 | 26,355.00 | 13.00 | 32,630.00 | 8.25 | 20,707.50 | 17.00 | 42,670.00 | 14.00 | 35,140.00 |
| 21 | Furnish and Place Aggregate Base | 630 TN | 65.00 | 40,950.00 | 62.00 | 39,060.00 | 40.00 | 25,200.00 | 60.00 | 37,800.00 | 66.00 | 41,580.00 | 89.00 | 56,070.00 | 35.74 | 22,516.20 |
| 22 | Furnish and Place Asphalt Concrete | 214 TN | 150.00 | 32,100.00 | 153.00 | 32,742.00 | 155.00 | 33,170.00 | 240.00 | 51,360.00 | 155.00 | 33,170.00 | 182.00 | 38,948.00 | 125.70 | 26,899.80 |
| 23 | Adjust Water Meter Box to Grade | 25 EA | 450.00 | 11,250.00 | 150.00 | 3,750.00 | 306.00 | 7,650.00 | 800.00 | 20,000.00 | 800.00 | 20,000.00 | 600.00 | 15,000.00 | 1,120.00 | 28,000.00 |
| 24 | Adjust Water Valve Box to Grade | 2 EA | 870.00 | 1,740.00 | 170.00 | 340.00 | 493.00 | 986.00 | 800.00 | 1,600.00 | 800.00 | 1,600.00 | 600.00 | 1,200.00 | 840.00 | 1,680.00 |
| 25 | Adjust Manhole Cover to Grade | 3 EA | 1,300.00 | 3,900.00 | 1,500.00 | 4,500.00 | 750.00 | 2,250.00 | 1,000.00 | 3,000.00 | 900.00 | 2,700.00 | 900.00 | 2,700.00 | 952.00 | 2,856.00 |
| CML-5256(019) TOTAL | | | | 234,795.00 | | 194,861.50 | | 185,168.00 | | 273,395.00 | | 278,719.00 | | 342,520.00 | | 201,091.00 |
| COMBINED BID TOTAL OF BOTH (2) PROJECTS | | | | \$701,236.00 | | \$604,792.54 | | \$708,453.00 | | \$849,021.00 | | \$893,883.50 | | \$1,089,942.00 | | * \$610,188.00 |

Subcontractors Listed: Central Valley Concrete None MGI Engineering, Inc. Anrak Corporation None Madera Concrete

Addendas Acknowledged: 1 1 1 1 1 1

*Non-Responsive Bid **

STAFF REPORT

AGENDA ITEM: RESOLUTION TO ACCEPT BID AND AWARD A CONTRACT TO M4 CONCRETE AND DRYWALL, INC. FOR THE PHASE 2 PAVING TWO DIRT ALLEYS, FEDERAL-AID PROJECT NO. CML-5256(019) AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT

MEETING DATE: JULY 6, 2021

PREPARED BY: MARIO GOUVEIA, CITY ENGINEER

REVIEWED BY: JOSÉ ANTONIO RAMÍREZ, CITY MANAGER

RECOMMENDATION:

Staff recommends that the City Council adopt Resolution No. 2021-____, accepting the low bid from M4 Concrete and Drywall, Inc. in the amount of \$194,861.50 for the Phase 2 Paving Two Dirt Alleys, Federal-Aid Project No. CML-5256(019) and authorizing the City Manager to sign the Agreement on behalf of the City of Livingston.

BACKGROUND:

The major work consists of paving two existing dirt alleys between Prusso Street and 1st Street, connecting alleyways segments extending from B Street to D Street, and D Street to F Street in the City of Livingston.

The project was advertised on May 25, 2021 and bids were opened June 22, 2021.

DISCUSSION:

The City received five (5) bids that were opened and read aloud at 2:00 p.m. on June 22, 2021 at the City of Livingston City Hall, this being the advertised bid opening date and time. The lowest responsible bid was submitted by M4 Concrete and Drywall, Inc. in the amount of \$194,861.50. The bid results were as listed:

| <u>Contractor</u> | | <u>Total Bid</u> |
|-----------------------------------|----|------------------|
| M4 Concrete and Drywall, Inc. | \$ | 194,861.50 |
| Rolfe Construction Inc. | \$ | 185,168.00 |
| McFadden Construction, Inc. | \$ | 273,395.00 |
| Dirt Dynasty | \$ | 278,719.00 |
| United Pavement Maintenance, Inc. | \$ | 342,520.00 |
| Engineer's Estimate | \$ | 234,795.00 |

FISCAL IMPACT:

The Phase 2 Paving Two Dirt Alleys, Federal-Aid Project No. CML-5256(019) Project will be funded using a combination of Federal Congestion Mitigation Air Quality (CMAQ) funds and Local Transportation Funds.

ATTACHMENTS:

1. Resolution No. 2021- _____
2. Abstract of Bids

RESOLUTION NO. 2021-

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LIVINGSTON
ACCEPTING BID AND AWARDING CONTRACT TO M4 CONCRETE AND DRYWALL, INC.
FOR THE PHASE 2 PAVING TWO DIRT ALLEYS, FEDERAL-AID PROJECT NO. CML-
5256(019) AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT**

WHEREAS, the Invitation to Bid for the PHASE 2 PAVING TWO DIRT ALLEYS, FEDERAL-AID PROJECT NO. CML-5256(019) in the City of Livingston was listed in the Merced Sunstar on May 25, 2021; and

WHEREAS, the project will consist of paving two existing dirt alleys between Prusso Street and 1st Street, connecting alleyways segments extending from B Street to D Street, and D Street to F Street in the City of Livingston; and

WHEREAS, the following bids for the project were publicly opened and read aloud at the Livingston City Hall on June 22, 2021 at 2:00 p.m.

| <u>Contractor</u> | | <u>Total Bid</u> |
|-----------------------------------|----|------------------|
| M4 Concrete and Drywall, Inc. | \$ | 194,861.50 |
| Rolfe Construction Inc. | \$ | 185,168.00 |
| McFadden Construction, Inc. | \$ | 273,395.00 |
| Dirt Dynasty | \$ | 278,719.00 |
| United Pavement Maintenance, Inc. | \$ | 342,520.00 |

WHEREAS, the Engineer's Estimate was \$234,795.00.

NOW THEREFORE, BE IT RESOLVED, that the City Council hereby adopts Resolution 2021-____ upon the recommendation of the City Engineer that the PHASE 2 PAVING TWO DIRT ALLEYS, FEDERAL-AID PROJECT NO. CML-5256(019) project be awarded to: M4 CONCRETE AND DRYWALL, INC. in the amount of One Hundred Ninety-Four Thousand Eight Hundred Sixty-One Dollars and Fifty Cents (\$194,861.50).

BE IT FURTHER RESOLVED, that the City Council of the City of Livingston authorizes the City Manager to execute the Agreement.

Passed and adopted this 6th day of July, 2021, by the following vote:

AYES:

NOTES:

ABSENT:

ABSTAIN:

Juan Aguilar, Mayor
of the City of Livingston

ATTEST:

I hereby certify that the foregoing resolution was regularly introduced, passed and adopted at a regular meeting of the City Council of the City of Livingston this 6th day of July, 2021.

Monica Cisneros, Deputy City Clerk
of the City of Livingston

**ABSTRACT OF BIDS FOR
CITY OF LIVINGSTON
Ph. 1 Paving Six Dirt Alleys, Fed-Aid Project No. CML-5256(018) and
Ph. 2 Paving Two Dirt Alleys, Fed-Aid Project No. CML-5256(019)
Bid Opening: June 22, 2021 at 2:00 p.m.**

| Item No. | Item Description | Quantity and Unit | Engineer's Estimate | | M4 Concrete and Drywall 2930 Geer Road PMB 122 Turlock, CA 95382 | | Rolfe Construction Inc. 3573 Southern Pacific Ave. Atwater, CA 95301 | | McFadden Construction, Inc. 3817 E. Farmington Road Stockton, CA 95215 | | Dirt Dynasty 4110 Meadow Oaks Drive Valley Springs, CA 95252 | | United Pavement Maint., Inc. 7017 Hughson Ave. Hughson, CA 95326 | | Seal Rite Paving 4237 W. Swift Ave. Fresno, CA 93722 | |
|--|---|-------------------|---------------------|---------------------|--|---------------------|--|---------------------|--|---------------------|--|---------------------|--|-----------------------|--|-----------------------|
| | | | Unit Price | Amount | Unit Price | Amount | Unit Price | Amount | Unit Price | Amount | Unit Price | Amount | Unit Price | Amount | Unit Price | Amount |
| Phase 1 Paving Six Dirt Alleys, Federal-Aid Project No. CML-5256(018) | | | | | | | | | | | | | | | | |
| 1 | Mobilization | 1 LS | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 5,000.00 | 5,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 |
| 2 | Traffic Control Plan | 1 LS | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 |
| 3 | Demolition and Earthwork | 1 LS | 60,000.00 | 60,000.00 | 59,934.00 | 59,934.00 | 78,162.00 | 76,162.00 | 125,000.00 | 125,000.00 | 154,000.00 | 154,000.00 | 100,200.00 | 100,200.00 | 71,391.75 | 71,391.75 |
| 4 | Construct Valley Gutter | 2,078 LF | 40.00 | 83,120.00 | 31.48 | 65,415.44 | 57.00 | 118,446.00 | 50.00 | 103,900.00 | 33.50 | 69,613.00 | 54.00 | 112,212.00 | 27.97 | 58,121.66 |
| 5 | Remove and Replace Alley Approach | 11 EA | 11,000.00 | 121,000.00 | 6,370.50 | 70,075.50 | 8,674.00 | 95,414.00 | 6,000.00 | 66,000.00 | 13,500.00 | 148,500.00 | 19,306.00 | 212,366.00 | 4,450.43 | 48,954.73 |
| 6 | Remove and Replace Residential Driveway | 2 EA | 7,000.00 | 14,000.00 | 3,500.00 | 7,000.00 | 2,625.00 | 5,250.00 | 2,000.00 | 4,000.00 | 3,000.00 | 6,000.00 | 7,000.00 | 14,000.00 | 3,159.85 | 6,319.30 |
| 7 | Construct Retaining Curb | 78 LF | 120.00 | 9,360.00 | 70.80 | 5,522.40 | 83.00 | 6,474.00 | 55.00 | 4,290.00 | 59.00 | 4,602.00 | 50.00 | 3,900.00 | 27.98 | 2,182.44 |
| 8 | Furnish and Install Redwood Header | 4,246 LF | 5.50 | 23,353.00 | 7.55 | 33,755.70 | 12.50 | 53,075.00 | 13.00 | 55,198.00 | 8.25 | 35,029.50 | 17.00 | 72,182.00 | 14.00 | 59,444.00 |
| 9 | Furnish and Place Aggregate Base | 1,290 TN | 50.00 | 64,500.00 | 62.00 | 79,980.00 | 53.40 | 68,886.00 | 60.00 | 77,400.00 | 66.00 | 85,140.00 | 89.00 | 114,810.00 | 40.62 | 52,399.80 |
| 10 | Furnish and Place Asphalt Concrete | 436 TN | 128.00 | 55,808.00 | 147.00 | 64,092.00 | 168.00 | 73,248.00 | 220.50 | 96,138.00 | 155.00 | 67,580.00 | 182.00 | 79,352.00 | 124.87 | 54,443.32 |
| 11 | Reconstruct Catch Basin | 1 EA | 5,500.00 | 5,500.00 | 6,200.00 | 6,200.00 | 4,275.00 | 4,275.00 | 3,500.00 | 3,500.00 | 4,500.00 | 4,500.00 | 5,000.00 | 5,000.00 | 6,160.00 | 6,160.00 |
| 12 | Adjust Water Meter Box to Grade | 29 EA | 450.00 | 13,050.00 | 139.00 | 4,031.00 | 395.00 | 11,455.00 | 800.00 | 23,200.00 | 800.00 | 23,200.00 | 600.00 | 17,400.00 | 1,120.00 | 32,480.00 |
| 13 | Adjust Water Valve Box to Grade | 5 EA | 750.00 | 3,750.00 | 185.00 | 925.00 | 520.00 | 2,600.00 | 800.00 | 4,000.00 | 800.00 | 4,000.00 | 600.00 | 3,000.00 | 840.00 | 4,200.00 |
| CML-5256(018) TOTAL | | | | 466,441.00 | | 409,931.04 | | 523,285.00 | | 575,626.00 | | 615,164.50 | | 747,422.00 | | 409,097.00 |
| Phase 2 Paving Two Dirt Alleys, Federal-Aid Project No. CML-5256(019) | | | | | | | | | | | | | | | | |
| 14 | Mobilization | 1 LS | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 | 1,000.00 | 1,000.00 | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 |
| 15 | Traffic Control Plan | 1 LS | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 1,000.00 | 1,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 |
| 16 | Demolition and Earthwork | 1 LS | 30,000.00 | 30,000.00 | 30,450.00 | 30,450.00 | 21,750.00 | 21,750.00 | 42,000.00 | 42,000.00 | 79,500.00 | 79,500.00 | 69,500.00 | 69,500.00 | 28,592.27 | 28,592.27 |
| 17 | Construct Valley Gutter | 1,255 LF | 53.00 | 66,515.00 | 32.00 | 40,160.00 | 34.00 | 42,670.00 | 50.00 | 62,750.00 | 33.50 | 42,042.50 | 54.00 | 67,770.00 | 30.13 | 37,813.15 |
| 18 | Remove and Replace Alley Approach | 2 EA | 10,500.00 | 21,000.00 | 6,100.00 | 12,200.00 | 8,637.00 | 17,274.00 | 6,000.00 | 12,000.00 | 13,500.00 | 27,000.00 | 19,306.00 | 38,612.00 | 4,221.56 | 8,443.12 |
| 19 | Construct Retaining Curb | 41 LF | 135.00 | 5,535.00 | 72.00 | 2,952.00 | 143.00 | 5,863.00 | 55.00 | 2,255.00 | 59.00 | 2,419.00 | 50.00 | 2,050.00 | 28.08 | 1,150.46 |
| 20 | Furnish and Install Redwood Header | 2,510 LF | 5.50 | 13,805.00 | 8.25 | 20,707.50 | 10.50 | 26,355.00 | 13.00 | 32,630.00 | 8.25 | 20,707.50 | 17.00 | 42,670.00 | 14.00 | 35,140.00 |
| 21 | Furnish and Place Aggregate Base | 630 TN | 65.00 | 40,950.00 | 62.00 | 39,060.00 | 40.00 | 25,200.00 | 60.00 | 37,800.00 | 66.00 | 41,580.00 | 89.00 | 56,070.00 | 35.74 | 22,516.20 |
| 22 | Furnish and Place Asphalt Concrete | 214 TN | 150.00 | 32,100.00 | 153.00 | 32,742.00 | 155.00 | 33,170.00 | 240.00 | 51,360.00 | 155.00 | 33,170.00 | 182.00 | 38,948.00 | 125.70 | 28,899.80 |
| 23 | Adjust Water Meter Box to Grade | 25 EA | 450.00 | 11,250.00 | 150.00 | 3,750.00 | 306.00 | 7,650.00 | 800.00 | 20,000.00 | 800.00 | 20,000.00 | 600.00 | 15,000.00 | 1,120.00 | 28,000.00 |
| 24 | Adjust Water Valve Box to Grade | 2 EA | 870.00 | 1,740.00 | 170.00 | 340.00 | 493.00 | 986.00 | 800.00 | 1,600.00 | 800.00 | 1,600.00 | 600.00 | 1,200.00 | 840.00 | 1,680.00 |
| 25 | Adjust Manhole Cover to Grade | 3 EA | 1,300.00 | 3,900.00 | 1,500.00 | 4,500.00 | 750.00 | 2,250.00 | 1,000.00 | 3,000.00 | 900.00 | 2,700.00 | 900.00 | 2,700.00 | 950.00 | 2,850.00 |
| CML-5256(019) TOTAL | | | | 234,795.00 | | 194,861.50 | | 185,168.00 | | 273,395.00 | | 278,719.00 | | 342,520.00 | | 201,091.00 |
| COMBINED BID TOTAL OF BOTH (2) PROJECTS | | | | \$701,236.00 | | \$604,792.54 | | \$708,453.00 | | \$849,021.00 | | \$893,883.50 | | \$1,089,942.00 | | * \$610,188.00 |

Subcontractors Listed: Central Valley Concrete None MGI Engineering, Inc. Anrak Corporation None Madera Concrete

Addendas Acknowledged: 1 1 1 1 1 1

*Non-Responsive Bid **



RECEIVED
JUN 28 2021

Council Action Advised by August 31, 2021

CITY OF LIVINGSTON

June 16, 2021

TO: City Managers and City Clerks

**RE: DESIGNATION OF VOTING DELEGATES AND ALTERNATES
League of California Cities Annual Conference & Expo – September 22-24, 2021**

Cal Cities 2021 Annual Conference & Expo is scheduled for September 22-24, 2021 in Sacramento. An important part of the Annual Conference is the Annual Business Meeting (during General Assembly) on Friday, September 24. At this meeting, Cal Cities membership considers and acts on resolutions that establish Cal Cities policy.

In order to vote at the Annual Business Meeting, your city council must designate a voting delegate. Your city may also appoint up to two alternate voting delegates, one of whom may vote if the designated voting delegate is unable to serve in that capacity.

Please complete the attached Voting Delegate form and return it to Cal Cities office no later than Wednesday, September 15. This will allow us time to establish voting delegate/alternate records prior to the conference.

Please note: Our number one priority will continue to be the health and safety of participants. We are working closely with the Sacramento Convention Center to ensure that important protocols and cleaning procedures continue, and if necessary, are strengthened. Attendees can anticipate updates as the conference approaches.

- **Action by Council Required.** Consistent with Cal Cities bylaws, a city's voting delegate and up to two alternates must be designated by the city council. When completing the attached Voting Delegate form, please attach either a copy of the council resolution that reflects the council action taken, or have your city clerk or mayor sign the form affirming that the names provided are those selected by the city council. Please note that designating the voting delegate and alternates **must** be done by city council action and cannot be accomplished by individual action of the mayor or city manager alone.
- **Conference Registration Required.** The voting delegate and alternates must be registered to attend the conference. They need not register for the entire conference; they may register for Friday only. Conference registration will open mid-June at www.cacities.org. In order to cast a vote, at least one voter must be present at the Business Meeting and in possession of the voting delegate card. Voting delegates and alternates need to pick up their conference badges before signing in and picking up the voting delegate card at the Voting Delegate Desk. This will enable them to receive the special sticker on their name badges that will admit them into the voting area during the Business Meeting.
- **Transferring Voting Card to Non-Designated Individuals Not Allowed.** The voting delegate card may be transferred freely between the voting delegate and alternates, but

only between the voting delegate and alternates. If the voting delegate and alternates find themselves unable to attend the Business Meeting, they may *not* transfer the voting card to another city official.

- **Seating Protocol during General Assembly.** At the Business Meeting, individuals with the voting card will sit in a separate area. Admission to this area will be limited to those individuals with a special sticker on their name badge identifying them as a voting delegate or alternate. If the voting delegate and alternates wish to sit together, they must sign in at the Voting Delegate Desk and obtain the special sticker on their badges.

The Voting Delegate Desk, located in the conference registration area of the Sacramento Convention Center, will be open at the following times: Wednesday, September 22, 8:00 a.m. – 6:00 p.m.; Thursday, September 23, 7:00 a.m. – 4:00 p.m.; and Friday, September 24, 7:30 a.m.– 11:30 a.m. The Voting Delegate Desk will also be open at the Business Meeting on Friday, but will be closed during roll calls and voting.

The voting procedures that will be used at the conference are attached to this memo. Please share these procedures and this memo with your council and especially with the individuals that your council designates as your city's voting delegate and alternates.

Once again, thank you for completing the voting delegate and alternate form and returning it to the League's office by Wednesday, September 15. If you have questions, please call Darla Yacub at (916) 658-8254.

Attachments:

- Annual Conference Voting Procedures
- Voting Delegate/Alternate Form



Annual Conference Voting Procedures

1. **One City One Vote.** Each member city has a right to cast one vote on matters pertaining to Cal Cities policy.
2. **Designating a City Voting Representative.** Prior to the Annual Conference, each city council may designate a voting delegate and up to two alternates; these individuals are identified on the Voting Delegate Form provided to the Cal Cities Credentials Committee.
3. **Registering with the Credentials Committee.** The voting delegate, or alternates, may pick up the city's voting card at the Voting Delegate Desk in the conference registration area. Voting delegates and alternates must sign in at the Voting Delegate Desk. Here they will receive a special sticker on their name badge and thus be admitted to the voting area at the Business Meeting.
4. **Signing Initiated Resolution Petitions.** Only those individuals who are voting delegates (or alternates), and who have picked up their city's voting card by providing a signature to the Credentials Committee at the Voting Delegate Desk, may sign petitions to initiate a resolution.
5. **Voting.** To cast the city's vote, a city official must have in their possession the city's voting card and be registered with the Credentials Committee. The voting card may be transferred freely between the voting delegate and alternates, but may not be transferred to another city official who is neither a voting delegate or alternate.
6. **Voting Area at Business Meeting.** At the Business Meeting, individuals with a voting card will sit in a designated area. Admission will be limited to those individuals with a special sticker on their name badge identifying them as a voting delegate or alternate.
7. **Resolving Disputes.** In case of dispute, the Credentials Committee will determine the validity of signatures on petitioned resolutions and the right of a city official to vote at the Business Meeting.



CITY: _____

**2021 ANNUAL CONFERENCE
VOTING DELEGATE/ALTERNATE FORM**

Please complete this form and return it to Cal Cities office by Wednesday, September 15, 2021. Forms not sent by this deadline may be submitted to the Voting Delegate Desk located in the Annual Conference Registration Area. Your city council may designate one voting delegate and up to two alternates.

To vote at the Annual Business Meeting (General Assembly), voting delegates and alternates must be designated by your city council. Please attach the council resolution as proof of designation. As an alternative, the Mayor or City Clerk may sign this form, affirming that the designation reflects the action taken by the council.

Please note: Voting delegates and alternates will be seated in a separate area at the Annual Business Meeting. Admission to this designated area will be limited to individuals (voting delegates and alternates) who are identified with a special sticker on their conference badge. This sticker can be obtained only at the Voting Delegate Desk.

1. VOTING DELEGATE

Name: _____

Title: _____

2. VOTING DELEGATE - ALTERNATE

Name: _____

Title: _____

3. VOTING DELEGATE - ALTERNATE

Name: _____

Title: _____

PLEASE ATTACH COUNCIL RESOLUTION DESIGNATING VOTING DELEGATE AND ALTERNATES OR

ATTEST: I affirm that the information provided reflects action by the city council to designate the voting delegate and alternate(s).

Name: _____

Email _____

Mayor or City Clerk _____
(circle one) (signature)

Date _____ Phone _____

Please complete and return by Wednesday, September 15, 2021 to:

Darla Yacub, Assistant to the Administrative Services Director

E-mail: dyacub@cacities.org

Phone: (916) 658-8254

STAFF REPORT

AGENDA ITEM: Resolution Approving a Legal Services Agreement for City Attorney Services and Appointing a City Attorney

MEETING DATE: July 6, 2021

PREPARED BY: Joe Antonio Ramirez, City Manager

REVIEWED BY: Jose Antonio Ramirez, City Manager

RECOMMENDATION:

Staff recommends that the City Council adopt Resolution No. _____ approving an agreement between the City of Livingston and _____ for city attorney services, with _____ as designated City Attorney and authorize the Mayor to execute the agreement.

ANALYSIS:

The City Council has appointing authority for the city attorney to serve as the legal advisor for the City Council, city manager and respective departments. The City contracted with _____ for city attorney services after the former City Attorney Trevor Taniguchi moved on from Meyers Nave to pursue other professional endeavors. This agreement is a long-term contract agreement.

The City Council issued a request for proposals (RFP) on June 07, 2021 with a deadline date of June 22, 2021. The RFP has been widely distributed. The City received 7 proposals and city staff reviewed, analyzed and recommended 4 proposals for City Council Consideration. The City Council subsequently held a special council meeting on July 1, 2021 and interviewed the firms in open session followed by a closed session format. The City Council emerged from closed session and has invited two of the four firms to a subsequent interview that has been scheduled for closed session on July 6, 2021.

City Council will direct staff to negotiate final terms for a full service agreement for city attorney services. The City anticipates an agreement that will provide for an appropriate level of service that is reasonable and with competitive rates for commensurate with what other Cities pay for such general and specialized services.

FISCAL IMPACT:

The agreement will either continue the model for services for the position of city attorney through an independent contractor status based on the following options:

- a) hourly work or
- b) use the retainer, flat monthly fee or
- c) overall cap for general legal services associated with this City legal services agreement.

ATTACHMENTS:

1. Resolution
2. Legal Services Agreement

RESOLUTION NO. 2021-

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LIVINGSTON
APPROVING A LEGAL SERVICES AGREEMENT WITH _____ FOR CITY
ATTORNEY SERVICES AND APPOINTING _____ AS CITY ATTORNEY**

WHEREAS, the City desires to engage _____, LLP (“XXXX”) under a Legal Services Agreement (the “Agreement”) to perform the duties of the office of the City Attorney; and,

WHEREAS, the city attorney of the City of Livingston is the chief legal advisor and litigator for the City and is in charged with the responsibility of protecting the interest of the City, its directors, officers, employees and agents in any litigation initiated by or against the City, its Council, officers, employees and agents as provided for by California law and the ordinances of the City; and,

WHEREAS, the city attorney reports to and serves under the direct supervision of the City Council as its legal advisor; and,

WHEREAS, the City Council is authorized by law to enter into an agreement with a private lawfirm to perform the services of city attorney and may designate a city attorney and approve of assistant city attorneys as are deemed necessary, as may be recommended by the city attorney; and,

WHEREAS, _____ certifies that the designated city attorney _____, its attorneys and staff have the skills, qualifications, ability, background, certifications, licenses, knowledge and experience necessary to provide city attorney services on the terms and conditions described herein; and,

WHEREAS, the rates and services to be performed under the Agreement are competitive and reasonable; and,

WHEREAS, the City Council has the authority under law to delegate execution of agreement to the Mayor; and,

WHEREAS, this action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment; and,

WHEREAS, public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Livingston hereby approves the Legal Services Agreement with the firm of _____ attached hereto and incorporated by this reference and authorizes the Mayor to execute the Agreement on behalf of the City of Livingston.

Passed and adopted this 6th day of July, 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Juan Aguilar Jr., Mayor
of the City of Livingston

ATTEST:

I hereby certify that the foregoing resolution was regularly introduced, passed, and adopted at a special meeting of the City Council of the City of Livingston this 6th day of July, 2021.

Leticia Vasquez-Zurita, City Clerk
of the City of Livingston