



**CITY COUNCIL  
STAFF REPORT**

**TO:** Honorable Mayor and Councilmembers  
**DATE :** September 20, 2005  
**THROUGH:** John W. Donlevy, Jr., City Manager  
**FROM:** Shelly Gunby, Director of Financial Management  
**SUBJECT:** Water and Sewer Rates

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**RECOMMENDATION:**

City Council approve the attached letter and public notice for a public hearing regarding the increase in water and sewer rates for the City of Winters effective January 1, 2006.

**BACKGROUND:**

The City of Winters has retained Hilton, Farnkopf and Hobson to provide a water and sewer rate analysis. This review of our current rates and the expenses of the water and sewer fund has revealed a need to increase rates to accommodate a fund balance reserve that meets the goals of the fiscal policies of the city, allows for funding for the repair and replacement of capital assets and infrastructure, and provides for the level of service the citizens of Winters expect.

**WATER FUNDS**

The current funds for the water operation is the Operating and Maintenance Fund (O&M), the Reservoir Repair Fund, and the Impact Fee Fund. The O & M Fund is the fund that contains all the financial information for operating and maintaining the water distribution system. All revenues for water service is recorded in this fund, and all expenses related to providing safe water to our citizens is recorded in this fund. The O & M fund has been operating with a negative cash flow since the end of the 2002-2003 fiscal year. The year-end cash balance for the O & M fund is as follows with the most recent year on top:

6//30/05	(\$128,050.92)
6/30/04	(\$ 62,595.19)
6/30/03	(\$ 473.16)
6/30/02	\$ 25,798.36

The projected deficit at 6/30/06 is ( \$147,714) without any rate changes taking affect.

The Reservoir Repair Fund was created in 1982 to accumulate in a reserve fund to be used for tank maintenance and repairs. In 1986 the Council approved using the funds

for water storage tanks, maintenance and related water problems. This fund has a balance of \$244,370 as of 6/30/05. Staff proposes keeping this fund and re-titling it the Capital improvement fund. This fund would continue to accumulate revenues to fund the repair of water wells.

The Impact Fee Fund accounts for the collection and expenditure of development impact fees. These funds can only be expended on items listed in the AB1600 document prepared by EPS and only for the portion of those items impacted by new development..

Staff is recommending creating an additional fund, the Capital Replacement fund, this would be for the replacement of water lines throughout the city.

Current funding allows for the repair or replacement of water system equipment and infrastructure on an emergency only basis, no funds are available to institute a maintenance program for wells and pipes that would allow the city to assess the state of the equipment or infrastructure and develop a program for replacing or repairing the capital item before it completely fails. The program that staff is proposing would create a funding source for the operations and maintenance function as well as for the capital improvement and replacement functions of the water department.

A component of the funding staff is proposing is have three (3) debt issues of \$2,000,000 to accomplish the infrastructure issues that we believe to exist within the City. These debt issues will take place approximately every other year beginning in 2006-2007 as presented in the rate analysis. Staff is proposing projects that will evaluate the valves that are part of the water system, as well as implementing a leak detection program. The areas needing replacement will be identified and ranked by priority, as determined by the Director of Public Works, and these areas will be replaced based on the schedule the Director of Public Works and the City Engineer determine is reasonable. The proposed debt issue will be sufficient to provide for the replacement of the water lines, and to repave any streets that will be damaged due to the repair. The use of bond financing is an important component of the rate analysis, the bond financing approach allows us to have access to funds when we need to expend them, but allows us to spread the cost to the citizens over a multi year period. The rate structure without the bonds would prevent the city from undertaking the aggressive capital replacement program that is needed throughout the city.

An additional source of funding is from the Community Development Agency. At its inception, the Community Development Agency proposed using tax increment as a funding source to replace water pipes in the project area, more specifically, in the downtown area of the project area. The Community Development Agency currently has \$350,000 reserved and designated for the water line replacement in the project area, and this amount has been included as a revenue source for the proposed water replacement fund in 2006-2007.

The proposed rate consists of the following components:

- Operations and Maintenance
- Capital Improvement
- Capital Replacement
- Debt Service
- Maintaining Reserves according to the City of Winters Financial Policies

Proposed Capital Projects are as follows:

	Budgeted		Projected				
	05-06	06-07	07-08	08-09	09-10	10-11	11-12
Valve Exercising Equipment	16,000						
Evaluation of Wells (Study Only)	15,000						
Reroute well water discharge from surface to Storm	25,000						
Water Meter Installation Program			250,000	250,000	250,000		
SCADA system (in conjunction with Sewer)		37,500	37,500				
One ton service truck with hoist		45,000					
Main Line Leak Detection Program		25,000					
Backhoe (1/2 paid by Sewer)		50,000					
GPS/GIS (1/2 in conjunction with Sewer)			50,000				
Well Improvements		183,333	183,333	183,333			
Infrastructure Replacement		838,812	838,812	838,812	838,812	838,812	838,812
Total by year	56,000	1,179,645	1,359,645	1,272,145	1,088,812	838,812	838,812

Included in the capital projects is a water meter installation program. On January 1, 2010, the State of California requires any building built in or after 1992 to be billed for water use on a metered basis. Buildings built prior to 1992 must be billed on a metered basis effective January 1, 2015. Staff is proposing to install meters at all buildings throughout the City of Winters prior to January 1, 2010 and begin billing on a metered basis throughout the City beginning January 1, 2010. By instituting the metered billing throughout the city at one time, all residents and business will be billed on the same basis. The cost of installing the meters is included in the capital projects above, and will be funded through the bond issues discussed earlier.

Due to the fact that the city is mandated to bill on a metered basis for some of its residences beginning January 2010, staff anticipates preparing an additional rate analysis in Spring and Summer of 2009 to develop the appropriate rates for billing on a metered basis, therefore, the rates proposed below are valid through the 08-09 and the first half of 09-10.

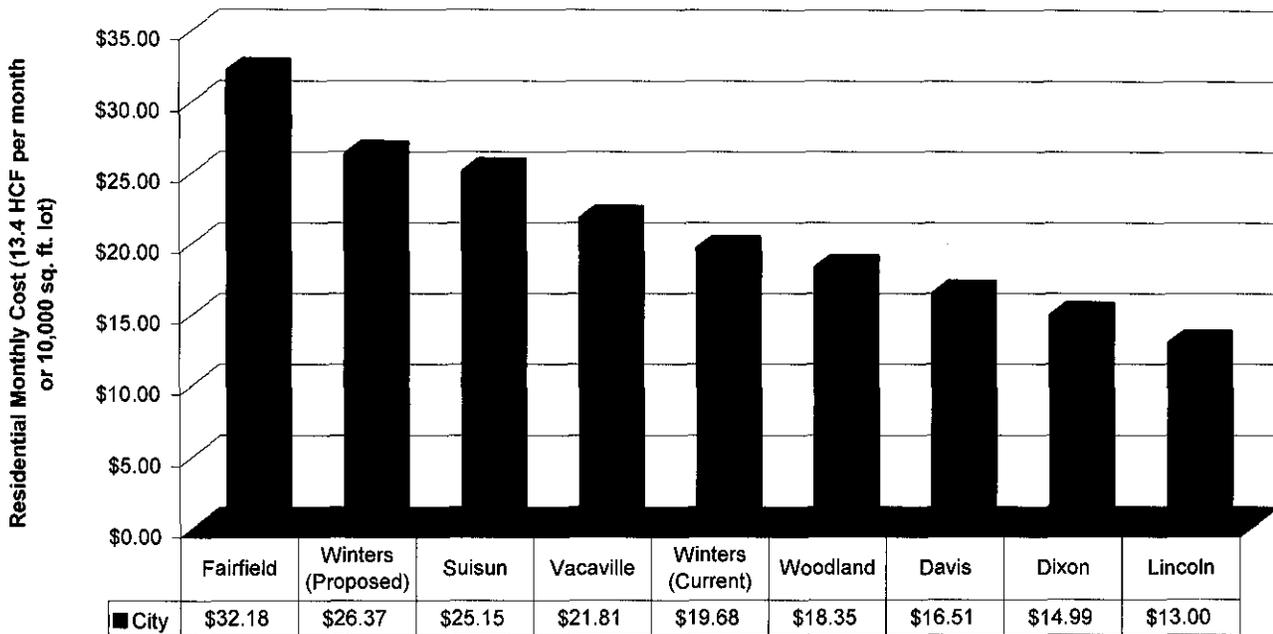
The proposed rates with debt financing and without debt financing are shown in the tables below:

Proposed rates with Debt Financing								
	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
	Current	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Single Family	19.68	26.37	31.65	37.66	37.66	37.66	41.05	41.05
Multi Family	17.94	24.04	28.85	34.33	34.33	34.33	37.42	37.42
Commercial I	17.94	24.04	28.85	34.33	34.33	34.33	37.42	37.42
Commercial II	21.56	28.89	34.67	41.26	41.26	41.26	44.97	44.97
School-Public	342.08	458.39	550.06	654.58	654.58	654.58	713.49	713.49
Industrial	21.56	28.89	34.67	41.26	41.26	41.26	44.97	44.97
Out of City Limits	59.04	79.11	94.94	112.97	112.97	112.97	123.14	123.14
All Metered Connections	17.94	24.04	28.85	34.33	34.33	34.33	37.42	37.42
Non-Active/Locked Off	3.41	4.57	5.48	6.53	6.53	6.53	7.11	7.11

Proposed rates without Debt Financing								
	Current	Proposed 2005-2006	Proposed 2006-2007	Proposed 2007-2008	Proposed 2008-2009	Proposed 2009-2010	Proposed 2010-2011	Proposed 2011-2012
Single Family	19.68	33.85	49.08	63.81	63.81	63.81	63.81	65.08
Multi Family	17.94	30.86	44.74	58.17	58.17	58.17	58.17	59.33
Commercial I	17.94	30.86	44.74	58.17	58.17	58.17	58.17	59.33
Commercial II	21.56	37.08	53.77	69.90	69.90	69.90	69.90	71.30
School-Public	342.08	588.38	853.15	1,109.09	1,109.09	1,109.09	1,109.09	1,131.27
Industrial	21.56	37.08	53.77	69.90	69.90	69.90	69.90	71.30
Out of City Limits	59.04	101.55	147.25	191.42	191.42	191.42	191.42	195.25
All Metered Connections	17.94	30.86	44.74	58.17	58.17	58.17	58.17	59.33
Non-Active/Locked Off	3.41	5.87	8.50	11.06	11.06	11.06	11.06	11.28

Below is a comparison of the Proposed and Current rate with Cities in the surrounding Area and/or of the same approximate size as the City of Winters. These are the proposed rates based on issuing bonds.

Water Rate Survey



## SEWER FUNDS

Current funds for the sewer operation include the Sewer O & M Fund, the Sewer Bond Fund and the Sewer Impact Fee Fund. The O & M fund is the fund that contains all the financial information for operating and maintaining the sewer collection and treatment system. All revenues for sewer service and all expenses related to the collection and treatment of wastewater are recorded in this fund. The Sewer O & M fund has been expending more than the revenues collected since 6/30/02. The year end cash balance for the O&M fund is as follows with the most recent year on top:

6/30/05	\$338,702.60
6/30/04	\$379,340.52
6/30/03	\$495,975.35
6/30/02	\$557,044.53

The above schedule illustrates a declining cash balance; therefore, revenues have not kept pace with the expenses of providing wastewater collection and treatment. The projected cash balance as of 6/30/06 is \$214,631.60 if rates are not increased.

The Sewer Bond Fund is used to collect property taxes dedicated to the repayment of the 1979 Sewer Bonds. No other expenditure is allowed from this fund.

The Impact Fee Fund accounts for the collection and expenditure of development impact fees. These funds can only be expended on items listed in the AB1600 document prepared by EPS and only for the portion of those items impacted by new development.

Staff is recommending creating an additional fund, the Sewer Capital Fund, to be used to provide for the repair and replacement of the sewer equipment at the wastewater treatment facility, as well as for the repair and replacement of the sewer lines throughout the city.

Current funding allows for the repair or replacement of sewer equipment and infrastructure on an emergency basis only, no funding is available to implement a maintenance program for sewer equipment or sewer pipes that would allow staff to assess the state of all the equipment and pipes throughout the city and develop a maintenance program to repair and replace these items before they fail and become an emergency repair. The program that staff is proposing would create a funding source for the operations and maintenance fund as well as for the repair and replacement of equipment and infrastructure.

A component of the funding staff is proposing is to issue 3 separate bond issues of \$1,000,000, \$2,000,000 and \$2,000,000 each. Staff has reviewed the Sewer Master Plan and determined that deferred infrastructure maintenance costs could be as high as \$12 million, however, over a 7 year time period, an aggressive program was determined to accomplish approximately \$5 million in repair or replacement of infrastructure in the sewer department. Staff is aware that additional debt service may be required after 2011-2012, but that time period is outside the scope of this analysis and will need to be reviewed when we next analyze the sewer rates, possible in the spring and summer of

2009. The debt issuance will take place in approximately 2006/2007, 2008/2009 and 2010/2011. Staff is proposing projects that will evaluate the condition of the sewer collection system and identify and prioritize those areas for repair and replacement. Staff will include coordinating with the identified projects in the water department to allow for water and sewer repair at the same location to be performed concurrently, and the debt issue will include enough funding to repave the streets that will be damaged due to the repairs. The use of bond financing is an important component of the rate analysis, the rate without the use of bond financing, but attempting to undertake an extensive repair and replacement program would be prohibitive to our citizens. The use of bond financing allows us to have the funds to undertake the program that are needed, but to spread the cost of the program to our citizens over a series of years.

An additional source of funds included in the rate analysis is the repayment of the loan of \$1,016,557 that the O & M Fund loaned to the Impact Fee Fund when the Phase I Wastewater Treatment Facility Expansion occurred in 2001. At the time the project was undertaken, there were insufficient funds available in the Impact Fee Fund, and the O & M Fund loaned this amount to the Impact Fee Fund to complete the project. Staff is proposing that the loan be repaid beginning in 2006/2007 and continue being repaid as building permits are issued and funds are deposited into the Impact Fee Fund.

The proposed rate structure consists of the following components:

- Operations and Maintenance
- Capital Repair and Replacement
- Debt Service
- Maintaining Reserves according to the City of Winters Financial Policies

Proposed Capital projects are as follows:

	Budgeted		Projected				
	05-06	06-07	07-08	08-09	09-10	10-11	11-12
TV Camera and System Evaluation inspection of Collection System	25,000	25,000	25,000	25,000			
City owned portable TV Camera	3,500						
SCADA system (in conjunction with Water)	25,000						
Flow Monitoring System	20,000		-	-	-		
Backhoe (1/2 paid by Water)		50,000	-				
Study-WWTF Primary Level to Secondary or Tertiary Level Treatment Feasibility		100,000					
GPS/GIS (1/2 in conjunction with Water)		50,000					
Infrastructure Replacement		-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Refurbish East St. Admin Bldg (reroof, roof trim, paint)	35,000		-				
Sewer lift station prefab building	25,000	-	-	-			
Road Improvements at WWTF		15,000	-	-	-	-	-
Drainage ditch issues at WWTF	25,000	25,000					
Total by year	158,500	265,000	1,025,000	1,025,000	1,000,000	1,000,000	1,000,000

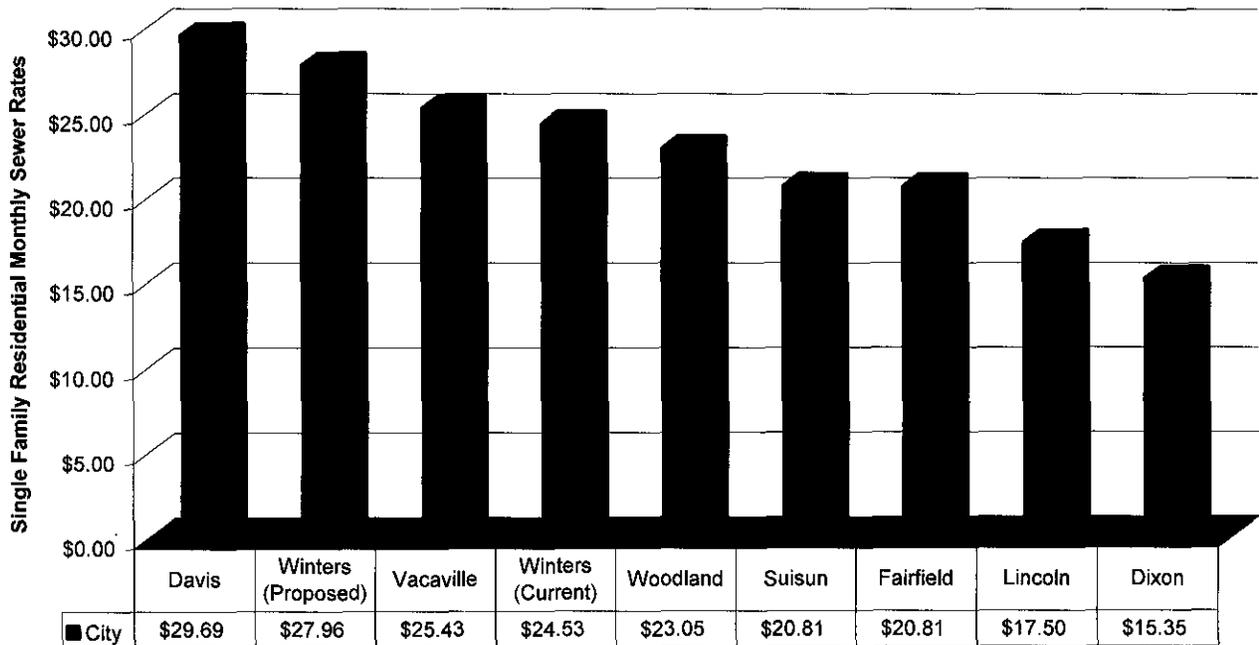
The proposed rates with debt financing and without debt financing are shown in the tables below:

Proposed rates with Debt Financing								
	Current	Proposed 2005-2006	Proposed 2006-2007	Proposed 2007-2008	Proposed 2008-2009	Proposed 2009-2010	Proposed 2010-2011	Proposed 2011-2012
Single Family	24.53	35.57	47.66	51.95	54.55	57.28	60.14	63.15
Multi Family	23.18	33.61	45.04	49.09	51.55	54.12	56.83	59.67
Commercial I	20.05	29.07	38.96	42.46	44.59	46.82	49.16	51.61
Commercial II	23.18	33.61	45.04	49.09	51.55	54.12	56.83	59.67
School-Public	23.18	33.61	45.04	49.09	51.55	54.12	56.83	59.67
Industrial	279.20	404.84	542.49	591.31	620.87	651.92	684.51	718.74
Non-Active/Locked Off	3.07	4.45	5.40	6.50	6.83	7.17	7.53	7.90
Cradwick Building	19.68	28.54	368.24	41.68	43.76	45.95	48.25	50.66
Yolo County Housing Authority	2,338.04	3,390.16	4,542.81	4,951.66	5,199.25	5,459.21	5,732.17	6,018.78
Outside City Rate	60.15	87.22	116.39	127.39	133.76	140.45	147.47	154.84

Proposed rates without Debt Financing								
	Current	Proposed 2005-2006	Proposed 2006-2007	Proposed 2007-2008	Proposed 2008-2009	Proposed 2009-2010	Proposed 2010-2011	Proposed 2011-2012
Single Family	24.53	27.96	31.32	34.77	36.85	39.06	40.23	40.64
Multi Family	23.18	26.43	29.60	32.85	34.82	36.91	38.02	38.40
Commercial I	20.05	22.86	25.60	28.42	30.12	31.93	32.89	33.21
Commercial II	23.18	26.43	29.60	32.85	34.82	36.91	38.02	38.40
School-Public	23.18	26.43	29.60	32.85	34.82	36.91	38.02	38.40
Industrial	279.20	318.29	356.48/	395.70	419.44	444.60	457.94	462.52
Non-Active/Locked Off	3.07	3.50	3.92	4.35	4.61	4.89	5.04	5.09
Cradwick Building	19.68	22.44	25.13	27.89	29.56	31.34	32.28	32.60
Yolo County Housing Authority	2,338.04	2,665.37	2,985.21	3,313.58	3,512.40	3,723.14	3,834.38	3,873.18
Outside City Rate	60.15	698.57	76.80	85.25	90.36	95.78	98.66	99.64

Below is a comparison of the Proposed and Current City of Winters Rate with other Cities in the surrounding area and/or approximately the same size as the City of Winters. The proposed rate is that rate with the bond issues.

Sewer Rate Study



**FISCAL IMPACT:**

The fiscal impact upon the City of Winters will be to increase the revenue to provide the distribution of water to our citizens and the collection and treatment of wastewater for our citizens and provide funding sources to implement regular repair and replacement for the equipment and infrastructure of the water and sewer departments.

**ALTERNATIVES:**

1. Approve an alternative rate increase schedule to be determined by the City Council
2. Approve no rate increase

**ATTACHMENTS**

- A. City of Winters Public Notice of Proposed Increase in Water and Sewer Service Rates Notice of Public Hearing
- B. Letter to the Property Owners of Property Within the City Limits of the City of Winters.

**MAYOR:**  
 Dan Martinez  
**MAYOR PRO TEM:**  
 Woody Fridae  
**COUNCIL:**  
 Tom Stone  
 Bob Chapman  
 Harold Anderson



**MAYOR EMRITUS:**  
 Bob Chapman  
**TREASURER:**  
 Margaret Dozier  
**CITY CLERK:**  
 Nanci Mills  
**CITY MANAGER:**  
 John W. Donlevy, Jr.

September 20, 2005

Dear Property Owner,

The City has completed a study of utility funding requirements and is proposing increases in the rates to deal with increased operations and maintenance costs, and an expanded repair and capital replacement program for water , sewer collection and waste water treatment.

The City provides the full range of water and sewer services, from the production and treatment of drinking water at wells throughout the city, maintenance and operation of the distribution system to deliver the water to you, and then collection and treatment of the resulting wastewater. Our legal mandate is to do that in full compliance with local, state, and federal laws and regulations. Our goal is to meet all legal requirements while providing a dependable and high quality product to out customers.

Key issues being addressed in the proposed rate increases are staffing levels for field crews and staff to plan and manage a proactive maintenance and repair program and funding for capital upgrades and replacement, primarily in the water distribution and sewer collection systems. Additionally, some of the existing wells are going to need to be upgraded to meet current standards

The impacts on the monthly costs for a typical single -family residence are shown below.

The proposed monthly increase on a utility bill for a single-family residence would be phased in approximately as follows, with an annual cost escalator thereafter.

	Current	1/1/06-6/30/06	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Sewer	24.53	27.96	31.32	34.77	36.85	39.06	40.23	40.64
Water	19.68	26.37	31.65	37.66	37.66	37.66	41.05	41.05
Reservoir	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Muni Tax	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Total	\$ 54.71	\$ 64.83	\$ 73.47	\$ 82.93	\$ 85.01	\$ 87.22	\$ 91.78	\$ 92.19

These increases provide for the expanded capital and operations/maintenance programs needed to meet the needs of the City.

The attached legal **PUBLIC NOTICE OF PROPOSED INCREASE IN WATER AND SEWER SERVICE RATES, NOTICE OF PUBLIC HEARING** provides detailed information on the proposed rate increases and your rights as a property owner to voice your concerns or protests to the city. If the City receives written protests from over 50% of the affected properties, the rate increase cannot be imposed and in addition to having to differ maintenance and capital repairs, the city rate-payers would be subject to fines from the Regional Water Quality Control Board for non-compliance with permit requirements.

The City Council will hold a public hearing on the proposed increases [November 15, 2005 at 7:30 pm in the City Council Chambers to take public testimony. Any written protest must be delivered to the City Clerk by the close of this public hearing in order to be considered.

Comparison rates in other cities include:

	Water	Sewer
Davis	\$ 16.51	\$ 29.69
Winters Proposed	26.37	37.96
Vacaville	21.81	25.43
Winters Current	19.68	24.53
Woodland	18.35	23.05
Suisun	25.15	20.81
Fairfield	32.18	20.81
Lincoln	13.00	17.50
Dixon	14.99	15.35

Please contact the Public Works Department at (530) 795-4910 ext 113 or the Finance Department at (530) 795-4910 ext 104 if you have any questions or would like additional information.

**City of Winters  
Public Notice of  
Proposed increase in Water and Service Rates  
Notice of Public Hearing**

**NOTICE IS HEREBY GIVEN** pursuant to Article XIID of the California Constitution that the City of Winters is proposing to increase its rates for water and sewer services as follows:

The purpose of the proposed increases is to pay for ongoing operation and maintenance, replacement and improvements to the City's water and sewer systems.

A description of how the rates are calculated and the proposed schedule of rate increase are attached to this notice. If the proposed rates are approved, adjustments will commence with the January 2006 and will continue per the proposed schedule until otherwise modified by the City.

Before taking final action on the proposed rate increase, the City Council will hold a PUBLIC HEARING on November 15, 2005 at 7:30pm in the City Hall Council Chambers, 318 First St., Winters, CA 95694. At the Public Hearing, the City Council will hear public testimony and receive written protests on the proposed water and sewer rate increases. The council may continue the hearing from time to time without further written notice.

Any property owner may file with the City Clerk, at any time before the end of the Public Hearing, a written protest against either or both of the proposed water and sewer rate increases. The protest must identify the property and property owner, give a reason or reasons for the protest and be signed by the owner of the property. The written protests may be hand delivered or mailed to the City Clerk at the City's address shown above. **To be counted, the City Clerk must receive a written protest not later than the end of the Public Hearing specified above.** A majority protest exists if, upon the end of the Public Hearing, there are valid written protests submitted by owners of a majority of the properties subject to the proposed rate increases. A majority protest will result in the rate increases not being imposed. Note that no more than one protest per parcel may be submitted.

To receive additional information about the proposed rate increases, contact:

Charles Simpson  
Public Works Director  
318 First Street  
Winters, CA 95694  
(530) 795-4910 ext 113

Shelly Gunby  
Director of Financial Management  
318 First Street  
Winters, CA 95694  
(530) 795-4910 ext 104

Material relating to the proposed water and sewer rates may be reviewed at City Hall in the Public Works Department during regular business hours.

City of Winters  
Proposed Sewer Rates

Sewer rates and rate structures were analyzed by determining costs and the customer base. The following rates result from that analysis:

Billing Classification	Current Monthly Rate	Proposed 1/1/06-6/30/06	Proposed 2006/2007	Proposed 2007/2008	Proposed 2008/2009	Proposed 2009/2010	Proposed 2010/2011	Proposed 2011/2012
Single Family	\$ 24.53	\$ 27.96	\$ 31.32	\$ 34.77	\$ 36.85	\$ 39.06	\$ 40.23	\$ 40.64
Multi Family	23.18	26.43	29.60	32.85	34.82	36.91	38.02	38.40
Commercial I	20.05	22.86	25.60	28.42	30.12	31.93	32.89	33.21
Commercial II	23.18	26.43	29.60	32.85	34.82	36.91	38.02	38.40
School-Public	23.18	26.43	29.60	32.85	34.82	36.91	38.02	38.40
Industrial	279.20	318.29	356.48	395.70	419.44	444.60	457.94	462.52
Non Active/Locked off services	3.07	3.50	3.92	4.35	4.61	4.89	5.04	5.09
Cradwick Building	19.69	22.44	25.13	27.89	29.56	31.34	32.28	32.60
Yolo County Housing Authority	2,338.04	2,665.37	2,985.21	3,313.58	3,512.40	3,723.14	3,834.84	3,873.18
Outside of City Rate	60.15	68.57	76.80	85.25	90.36	95.78	98.66	99.64

City of Winters  
Proposed Water Rates

Water rates and rate structures were analyzed by determining costs, the customer base and the volumes of water consumption of the various customers, the following rates result from this analysis:

Billing Classification	Current Monthly Rate	Proposed 1/1/06-6/30/06	Proposed 2006/2007	Proposed 2007/2008	Proposed 2008/2009	Proposed 2009/2010	Proposed 2010/2011	Proposed 2011/2012
Single Family	\$ 19.68	\$ 26.37	\$ 31.65	\$ 37.66	\$ 37.66	\$ 37.66	\$ 41.05	\$ 41.05
Multi Family	17.94	24.04	28.85	34.33	34.33	34.33	37.42	37.42
Commercial I	17.94	24.04	28.85	34.33	34.33	34.33	37.42	37.42
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Industrial	21.56	28.89	34.67	41.26	41.26	41.26	44.97	44.97
Outside of City Rate	59.04	79.11	94.94	112.97	112.97	112.97	123.14	123.14
All Metered Connections	17.94	24.04	28.85	34.33	34.33	34.33	37.42	37.42
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A description of how the rates are calculated and the proposed schedule of rate increase are attached to this notice. If the proposed rates are approved, adjustments will commence with the January 2006 bills and will continue per the proposed schedule until otherwise modified by the City.

Before taking final action on the proposed rate increase, the City Council will hold a **PUBLIC HEARING** on November 15, 2005 at 7:30pm in the City Hall Council Chambers, 318 First St., Winters, CA 95694. At the Public Hearing, the City Council will hear public testimony and receive written protests on the proposed water and sewer rate increases. The council may continue the hearing from time to time without further written notice.

Any property owner may file with the City Clerk, at any time before the end of the Public Hearing, a written protest against either or both of the proposed water and sewer rate increases. The protest must identify the property and property owner, give a reason or reasons for the protest and be signed by the owner of the property. The written protests may be hand delivered or mailed to the City Clerk at the City's address shown above. **To be counted, the City Clerk must receive a written protest not later than the end of the Public Hearing specified above.** A majority protest exists if, upon the end of the Public Hearing, there are valid written protests submitted by owners of a majority of the properties subject to the proposed rate increases. A majority protest will result in the rate increases not being imposed. Note that no more than one protest per parcel may be submitted.

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Winters, CA 95694  
(530) 795-4910 ext 104

Material relating to the proposed water and sewer rates may be reviewed at City Hall in the Public Works Department during regular business hours.

City of Winters  
Proposed Sewer Rates

Sewer rates and rate structures were analyzed by determining costs and the customer base. The following rates result from that analysis:

Proposed Sewer Rates

Billing Classification	Current Monthly Rate	Proposed Effective 1/1/06 1/1/06-6/30/06	Proposed Effective 7/1/06 2006/2007	Proposed Effective 7/1/07 2007/2008	Proposed Effective 7/1/08 2008/2009
Single Family	\$ 24.53	\$ 27.96	\$ 31.32	\$ 34.77	\$ 36.85
Multi Family	23.18	26.43	29.60	32.85	34.82
Commercial I	20.05	22.86	25.60	28.42	30.12
Commercial II	23.18	26.43	29.60	32.85	34.82
School-Public	23.18	26.43	29.60	32.85	34.82
Industrial	279.20	318.29	356.48	395.70	419.44
Non Active/Locked off services	3.07	3.50	3.92	4.35	4.61
Cradwick Building	19.69	22.44	25.13	27.89	29.56
Yolo County Housing Authority	2,338.04	2,665.37	2,985.21	3,313.58	3,512.40
Outside of City Rate	60.15	68.57	76.80	85.25	90.36

City of Winters  
Proposed Water Rates

Water rates and rate structures were analyzed by determining costs, the customer base and the volumes of water consumption of the various customers, the following rates result from this analysis:

Proposed Water Rates

Billing Classification	Current Monthly Rate	Proposed Effective 1/1/06 1/1/06-6/30/06	Proposed Effective 7/1/06 2006/2007	Proposed Effective 7/1/07 2007/2008	Proposed Effective 7/1/08 2008/2009
Single Family	\$ 19.68	\$ 26.57	\$ 32.15	\$ 38.90	\$ 38.90
Multi Family	17.94	24.22	29.30	35.46	35.46
Commercial I	17.94	24.22	29.30	35.46	35.46
Commercial II	21.56	29.11	35.22	42.61	42.61
School-Public	342.08	461.81	558.79	676.13	676.13
Industrial	21.56	29.11	35.22	42.61	42.61
Outside of City Rate	59.04	79.70	96.44	116.69	116.69
All Metered Connections	17.94	24.22	29.30	35.46	35.46
Non Active& Locked Off	3.41	4.60	5.57	6.74	6.74

**MAYOR:**  
 Dan Martinez  
**MAYOR PRO TEM:**  
 Woody Fridae  
**COUNCIL:**  
 Tom Stone  
 Bob Chapman  
 Harold Anderson



**MAYOR EMRITUS:**  
 Bob Chapman  
**TREASURER:**  
 Margaret Dozier  
**CITY CLERK:**  
 Nanci Mills  
**CITY MANAGER:**  
 John W. Donlevy, Jr.

September 20, 2005

Dear Property Owner,

The City has completed a study of utility funding requirements and is proposing increases in the rates to deal with increased operations and maintenance costs, and an expanded repair and capital replacement program for water, sewer collection and waste water treatment.

The City provides the full range of water and sewer services, from the production and treatment of drinking water at wells throughout the city, maintenance and operation of the distribution system to deliver the water to you, and then collection and treatment of the resulting wastewater. Our legal mandate is to do that in full compliance with local, state, and federal laws and regulations. Our goal is to meet all legal requirements while providing a dependable and high quality product to our customers.

Key issues being addressed in the proposed rate increases are staffing levels for field crews and staff to plan and manage a proactive maintenance and repair program and funding for capital upgrades and replacement, primarily in the water distribution and sewer collection systems. Additionally, some of the existing wells are going to need to be upgraded to meet current standards

The impacts on the monthly costs for a typical single-family residence are shown below.

The proposed monthly increase on a utility bill for a single-family residence would be phased in approximately as follows, with an annual cost escalator thereafter.

	Current	1/1/06-6/30/06	2006/2007	2007/2008	2008/2009
		Effective 1/1/06	Effective 7/1/06	Effective 7/1/07	Effective 7/1/08
Sewer	24.53	27.96	31.32	34.77	36.85
Water	19.68	26.57	32.15	38.90	38.90
Reservoir	0.50	0.50	0.50	0.50	0.50
Muni Tax	10.00	10.00	10.00	10.00	10.00
<b>Total</b>	<b>\$ 54.71</b>	<b>\$ 65.03</b>	<b>\$ 73.97</b>	<b>\$ 84.17</b>	<b>\$ 86.25</b>

These increases provide for the expanded capital and operations/maintenance programs needed to meet the needs of the City.

The attached legal **PUBLIC NOTICT OF PROPOSED INCREASE IN WATER AND SEWER SERVICE RATES, NOTICE OF PUBLIC HEARING** provides detailed information on the proposed rate increases and your rights as a property owner to voice your concerns or protests to the city. If the City receives written protests from over 50% of the affected properties, the rate increase cannot be imposed and in addition to having to differ maintenance and capital repairs, the city ratepayers would be subject to fines from the Regional Water Quality Control Board for non-compliance with permit requirements.

The City Council will hold a public hearing on the proposed increases [November 15, 2005 at 7:30 pm in the City Council Chambers to take public testimony. Any written protest must be delivered to the City Clerk by the close of this public hearing in order to be considered.

Comparison rates in other cities include:

	Water	Sewer
Davis	\$ 16.51	\$ 29.69
Winters Proposed	26.37	37.96
Vacaville	21.81	25.43
Winters Current	19.68	24.53
Woodland	18.35	23.05
Suisun	25.15	20.81
Fairfield	32.18	20.81
Lincoln	13.00	17.50
Dixon	14.99	15.35

Please contact the Public Works Department at (530) 795-4910 ext 113 or the Finance Department at (530) 795-4910 ext 104 if you have any questions or would like additional information.



**CITY COUNCIL  
STAFF REPORT**

**TO:** Honorable Mayor and Councilmembers  
**DATE:** September 20, 2006  
**FROM:** John W. Donlevy, Jr., City Manager   
**SUBJECT:** Winters Highlands Development Agreement

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**RECOMMENDATION:**

That the City Council receive an overview of the Development Agreement subject items and provide input to staff as necessary.

**DISCUSSION:**

As the City Council is aware, the City is in the process of the development application for the Winters Highlands Subdivision.

In recent weeks, Staff has begun the negotiation of a draft Development Agreement with the applicants of this project, Granite Bay Holdings. The negotiations have centered on key issues which have arisen due to the infrastructure needs of the projects and the mandates of the City's General Plan. This memo is to provide an overview of the key issues under consideration and to gain input and/or guidance from the City Council on the key issues and recommended positions.

**Why a Development Agreement:**

The Development Agreement (DA) is the City's most powerful tool to ensure compliance for the entitlements given. It provides the ability of the City to gain infrastructure and concessions from the developers which would not be normally received through the conditions of approval or mandated exactions. It is not applicable and needed for all subdivision projects, however, in the case of Winters Highlands, the need for extra ordinary approvals from the City have caused the DA.

**School Funding:**

A key concern regarding new development has been the need for contributions to the Winters Joint Unified School District. In order to remedy this issue, a key position in recent years has involved the prospect of increasing overall facility funding for schools.

In the Winters Highlands project, there are approximately 413 single family units to be developed. In order to offset impacts to schools and provide a significant community