TOWN OF WINDSOR
AGENDA REPORT

Joint Windsor Town Council, Windsor Redevelopment Successor Agency and Windsor Water District Meeting Date: June 4, 2025

To: President and Board Members
From: Shannon Cotulla, Public Works Director
Subject: Continuation of the Water, Wastewater, and Recycled Water Rate Increase – Proposition 218 Hearing

Recommendation to Council:
Adopt a Windsor Water District resolution adopting updated water, wastewater, and recycled water rates applicable to Windsor Water District water, water reclamation, and recycled water services customers and superseding the existing rates established by Windsor Water District Resolution No. 1881-20 WWD.

Strategic Plan Element:
The recommended action supports the goal of Fiscal Health. Goal Statement: Ensure the economic health and long-term financial viability of the Town.

Background:
Both the water and water reclamation (also commonly referred to as "wastewater") utilities are self-supporting enterprises of the Town. Water and wastewater rates must be sufficient to cover operating and maintenance costs, meet debt service obligations, and support capital improvement programs. The Town is required to ensure that rates and revenues are maintained to pay debt obligations and at a defined level to comply with debt covenants. The goals of the capital improvement plans are to meet water and wastewater treatment and capacity demands, maintain regulatory compliance, protect the environment, and ensure system resiliency. Several documents have been presented to and approved by Windsor Town Council that support these projects, including but not limited to: Modernization Study, Biosolids Feasibility Study, Urban Water Management Plan, and Groundwater Master Plan.

Updates to the water and wastewater financial plans and rates are periodically needed to ensure that the water and wastewater utilities are fully able to cover the costs of providing services. Rate updates are a key component of the Town's fiscal sustainability as they help to ensure rising costs of providing quality water and wastewater services are paid for in a manner consistent with the Town Council's fiscal management policies. Updates also help to support the Town's Capital Improvement Plan to invest in infrastructure maintenance and improvements, and to ensure that the Town meets its debt service obligations.

Mark Hildebrand with Hildebrand Consulting, LLC was retained to develop the five-year rate plan for the water and wastewater utilities.

This agenda item is a continuation from the May 7, 2025, and May 21, 2025, Town Council meetings.

Discussion:
Recommendations are proposed to the Town's existing water and wastewater rate structures to ensure

the Town is proportionally recovering the cost of service and meeting California's legal requirements. Consistent with the requirements of Proposition 218, the proposed rates are structured to show that they do not exceed the proportional cost of the service attributable to the customer.

Proposed Rate Revenue Increases

Proposed increases to the water and wastewater rate revenues for the next five years are listed below. The proposed rate schedules are also included in Attachment 2, Figures 1-3.

TABLE 1 - PROPOSED 5-YEAR WATER RATE SCHEDULE

Date	Proposed Water Percent Increases	Proposed Wastewater Percent Increases
July 1, 2025	6%	11%
July 1, 2026	6%	11%
July 1, 2027	6%	11%
July 1, 2028	6%	11%
July 1, 2029	5%	4%

Water system infrastructure improvements are required in the next few years and are contributing to the need to increase water rates. Over the next ten years, the water utility plans to invest $29.3 million in capital improvements. This investment will fund a treatment system on an existing well at Esposti Park, the drilling of two new water wells in north Windsor that will be designed for aquifer storage and recovery, a new corrosion control system and water line replacement in the Wild Oak subdivision. These projects will support water supply reliability, emergency resiliency and operations for the water system.

Similarly, the wastewater system also requires infrastructure improvements, which will be supported by the proposed rate increases. Over the next ten years, the wastewater utility plans to invest $175.5 million in capital improvements. This investment will fund replacement of the aging wastewater treatment plant systems and a biosolids handling facility. These projects improve operational efficiency and support environmental protection, regulatory compliance, and long-term rate stability.

The chart in Attachment 2, Figure 4, compares the current and proposed (FY 2025-2026) water and wastewater rates with those in neighboring communities. The comparisons are based on typical water usage in a single-family residential home of 6,000 gallons per month and estimated wastewater usage of 3,000 gallons per month. During the first year of rate increases, a typical resident using these water and wastewater volumes will see an increase of $3.24 to their monthly water bill and $8.82 to their monthly wastewater bill for a combined monthly increase of $12.06.

Projects recommended in the capital plan to be funded by the proposed rates are considered by staff to be essential to the reliability and resiliency of water and wastewater utilities and cost-effective operations.

Water and wastewater rates may be reviewed in the future if the Town receives new revenue or if capital plans or operating costs change. The Council will have the option to consider, in a duly noticed public meeting, modifying the approved rate increases in the future. Any decrease in rates can proceed without the need to repeat the Proposition 218 public process. Consistent with state law, rates may not be higher than the cost of providing service.

Staff have prepared a resolution for adopting updated water, wastewater, and recycled water rates

(Attachment 1). The resolution would supersede Resolution No. 1881-20 WWD and establish rate increases from 2025 through 2030. If approved, the five-year rate schedule will be implemented by staff annually without further Council action. Notices of the annual rate increases will be sent to all customers at least 30 days before the new rates go into effect.

Public Hearing
As required by Proposition 218, the Town mailed notices of the proposed rate increases to all impacted property owners and customers at least 45 days prior to the public hearing. If, after the public hearing is closed, written protests have not been received from individuals representing at least fifty percent (50%) of the impacted parcels, no majority protest of the proposed rates exists. Thereafter, the Town Council can proceed with adopting the proposed rates.

Fiscal Impact:
Adoption of water and wastewater rate adjustments would provide sufficient revenue in Fiscal Year 2025-2026 through Fiscal Year 2029-2030 to fund operation and capital improvements of the water and wastewater systems.

Environmental Review:
This action is exempt from the California Environmental Quality Act (CEQA) per Section 15273 which specifies that CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies for the purpose of meeting operating expenses or obtaining funds for capital projects, necessary to maintain service within existing service areas.

Attachment(s):
1. Resolution - Adopting Water and Wastewater Rates
Exhibits to Resolution
2. Proposed Rate Schedules - Figures 1-4
3. Windsor Prop 218 Mailer
4. Correspondence and Protests Received
12.1 Correspondence Received (Distributed 2025-06-02)
12.1 PowerPoint (Distributed 2025-06-04)

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