

<b>County Of Sonoma Agenda Item Summary Report</b>		<b>Clerk of the Board Use Only</b> <b>Meeting Date</b> / / <b>Agenda Item No:</b> _____
<b>Department:</b> Sonoma County Water Agency, and County Sanitation Districts		<b>4/5 Vote Not Required</b>
<b>Name and Phone Number:</b> Candi Bryon - (707) 521-6212	<b>Board Date:</b> 5/22/2012	<b>Deadline for Board Action:</b>
<b>AGENDA SHORT TITLE:</b> Sewer Rates and Written Report of Charges.		
<b>REQUESTED BOARD ACTION:</b> See Supplemental Page.		
<b>CURRENT FISCAL YEAR FINANCIAL IMPACT - None.</b>		
<b>Explanation (if required):</b> None. This action sets the rates for FY 12/13 only with no impact on FY 11/12. The anticipated revenue for FY 12/13 is expected to increase by \$1,220,005 with these new rates.		
<b>Prior Board Action:</b> 05/24/11 Board approved sewer rate increases for Fiscal Year 2011/2012.		
<b>Alternatives – Results of Non-Approval:</b> Existing rates and ordinance language would remain unchanged. Staff would recommend options to meet reduced revenue levels. Charges to be collected on tax roll would have to be invoiced.		

**SUPPLEMENTAL PAGE**

**REQUESTED BOARD ACTION:**

1. Adopt Resolutions (4) overruling objections, adopting a report on charges for sewage services, and confirming charges for various Sonoma County Agency Sanitation Zones and County Sanitation Districts listed below:

Airport-Larkfield-Wikiup Sanitation Zone	Occidental County Sanitation District
Geyserville Sanitation Zone	Russian River County Sanitation District
Penngrove Sanitation Zone	South Park County Sanitation District
Sea Ranch Sanitation Zone	

**Note:** The engineers report and resolution to adopt the report on charges for sewage services and confirming charges for Sonoma Valley will be submitted separately once all the volume usage data is obtained and individual parcel charges are calculated.

2. **SONOMA COUNTY WATER AGENCY**  
Ordinance setting sewer service charges, on behalf of Sonoma County Water Agency Sanitation Zones Airport-Larkfield-Wikiup, Geyserville, Penngrove, and Sea Ranch, calling for collection on the tax roll for all Zones, and remaining in effect until modified by the Board, and making findings and determination of exemption pursuant to the California Environmental Quality Act (4/5 vote required).
3. **OCCIDENTAL COUNTY SANITATION DISTRICT**  
Ordinance setting sewer service charges, calling for collection on the tax roll, and remaining in effect until modified by the Board, and making findings and determination of exemption pursuant to the California Environmental Quality Act (4/5 vote required).
4. **RUSSIAN RIVER COUNTY SANITATION DISTRICT**  
Ordinance setting sewer service charges, calling for collection on the tax roll, and remaining in effect until modified by the Board, and making findings and determination of exemption pursuant to the California Environmental Quality Act (4/5 vote required).
5. **SONOMA VALLEY COUNTY SANITATION DISTRICT**  
Ordinance setting sewer service charges, calling for collection on the tax roll, and remaining in effect until modified by the Board, and making findings and determination of exemption pursuant to the California Environmental Quality Act.
6. **SOUTH PARK COUNTY SANITATION DISTRICT**  
Ordinance setting sewer service charges, calling for collection on the tax roll, and remaining in effect until modified by the Board, and making findings and determination of exemption pursuant to the California Environmental Quality Act (4/5 vote required).

**Background:**

The Sonoma County Water Agency’s (Water Agency) Sanitation Zones (SZ or Zone) include Airport-Larkfield-Wikiup, Geyserville, Penngrove, and Sea Ranch. The County Sanitation Districts (CSD or District) include Occidental, Russian River, Sonoma Valley, and South Park.

Generally, the Zones' and Districts' costs are increasing due to increased costs for salaries and employee benefits, price increases for services and supplies, and continuation of a capital replacement program (described in the attached Summary of Issues and Significant Changes [A4]). In addition the Water Agency’s General Fund is subsidizing Occidental an additional \$300,000 this coming year. The anticipated revenue for fiscal year 2012/2013 is expected to increase by \$1,220,005 over fiscal year 2011/2012. Corresponding rate increases are in the 2.0% to 8.0% range for all Zones and Districts. A Summary of Annual Rate Increases is attached (A3). Fund balances are generally staying constant or slightly decreasing in the Zones and Districts.

In accordance with Proposition 218, notification of the proposed fee increase was mailed to all record owners of each identified parcel receiving wastewater collection and treatment services within the following affected Zones and Districts:

- |                             |                   |
|-----------------------------|-------------------|
| Airport-Larkfield-Wikiup SZ | Occidental CSD    |
| Geyserville SZ              | Russian River CSD |
| Penngrove SZ                | Sonoma Valley CSD |
| Sea Ranch SZ                | South Park CSD    |

Any written protests received by the Water Agency on behalf of the Zones or Districts will be summarized and the results will be delivered to the Clerk of the Board on May 22, 2012.

As in the previous years, the draft proposed budget for FY 2012/2013 describing the total annual expenses in detail was made available for review by the public on the Water Agency’s website and copies were provided to the Regional Libraries in Santa Rosa (Main & Northwest), Windsor, Healdsburg, Cloverdale, Guerneville, Sebastopol, Petaluma, Rohnert Park, Rincon Valley, Sonoma, and Forestville (El Molino High School) sufficiently in advance of the mailing of the Proposition 218 notifications.

The annual sewer service charges to parcels served by sewerage systems operated and maintained by the Water Agency are billed to owners in two installments included on the property tax bills. Legal requirements (Government Code §25210.77(a) and Health and Safety Code §5473) are that the Board of Supervisors, at a public hearing, amend or confirm a written report of charges to be collected with property taxes on the FY 2012/2013 tax roll. The purpose of this hearing is to allow property owners to protest the calculation of charges to individual parcels. The Board may approve the fee increases if there is not a majority protest (by greater than 50%) on the fees in question. A copy of the Annual Sewer Service Charges report is on file with the Clerk of the Board and at the Water Agency's administrative office.

Individual charges are calculated as equivalent single-family dwellings (ESDs) multiplied by the rate per ESD. Each year staff updates the file of ESDs assigned to each parcel to reflect the most current information available.

The rates to be reflected on the tax roll are:

<u>Sewer Service Charges</u>	<u>2011/2012 Rate Per ESD</u>	<u>Number of ESDs</u>	<u>2012/2013 Rate Per ESD</u>	<u>Number of ESDs</u>
Airport-Larkfield-Wikiup SZ	\$642	3,700	\$690	3,723
Geyserville SZ	\$821	352	\$837	352
Penngrove SZ	\$1,140	515	\$1,231	520

Sea Ranch SZ	\$904	576	\$949	577
Occidental CSD	\$1,602	284	\$1,682	276
Russian River CSD	\$1,153	3,180	\$1,211	3,208
Sonoma Valley CSD*	\$732	17,246	\$772	17,260
South Park CSD	\$794	4,008	\$810	3,990

\*For residents with a public water connection, the number of ESD's for Sonoma Valley is calculated based on 70% of a fixed charge and 30% based on volume of water used per data provided by Valley of the Moon Water District and City of Sonoma for the months of January and February, 2012. Therefore, the actual billed amount will vary by the amount of water actually used.

Many surrounding communities (including the Cities of Cotati, Healdsburg, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, and the Town of Windsor) base their sewer rates partially on an estimate of the amount of sewage generated by each household, based on water usage during winter months. A 2011 District study found that such "volume-based" rate structures better account for household sewer discharge, promote water conservation, and provide financial reliability for District services. The study also found that volume-based rates would provide District ratepayers with the opportunity to control a portion of their sewage bills. The proposed volume-based rate structure is being implemented as a pilot project in Sonoma Valley and would only apply to residential customers, not commercial accounts. The proposed structure would generate the same total revenue for the District as the current ESD average charge for all customers.

The volume charge is calculated by the average monthly winter water use per household based on specified winter months, multiplied by 12 months to derive the annual use. Average winter water use provides the best available estimate of indoor water use and its impact to the District's treatment facilities because outdoor irrigation is minimal during the winter months.

For commercial property or a property that has no water account, i.e. is on a well, and is connected to the sewer system, the sewer charges will be based on the number of ESDs times \$772, the average rate. If a property has a water account but no water usage in January and February, then the variable charge will be calculated based on that user's average water use for twelve months.

The 2012 volume-based sewer charges for residential customers with a public water connection are \$540 per ESD plus \$0.00437 per gallon per month times 12 months based on winter water usage.

The pilot program will be evaluated for feasibility and implementation in other county sanitation districts and zones following review of the process and pilot's experience, costs, and acceptance by customers.

**Attachments:**

- 1) 5 Ordinances with Exhibit A
- 2) 4 Resolutions
- 3) Revenue Summary Chart – Sewer Service Fees
- 4) Summary of Issues and Significant Changes – Sanitation
- 5) Copies of Prop 218 Notices Mailed to Property Owners

**On File With Clerk:**  
Report of Annual Sewer Service Charges.

**CLERK OF THE BOARD USE ONLY**

**Board Action (If other than “Requested”)**

**Vote:**