



## COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

### SUMMARY REPORT

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**Agenda Date:** 5/21/2024

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**To:** Board of Directors, Sonoma County Water Agency, Russian River County Sanitation District, Occidental County Sanitation District, South Park County Sanitation District, and Sonoma Valley County Sanitation District  
**Department or Agency Name(s):** Sonoma County Water Agency and All County Sanitation Districts  
**Staff Name and Phone Number:** Lynne Rosselli 707-524-3771  
**Vote Requirement:** 4/5 Vote  
**Supervisory District(s):** Countywide

**Title:**

9:45 A.M. Sewer Rates and Written Report of Charges

**Recommended Actions:**

- A) Adopt Resolutions (5) adopting a report on charges for sewage services, modifications to rate structures and confirming charges for various Sonoma County Water Agency Sanitation Zones and County Sanitation Districts listed below:
  - i. Sonoma County Water Agency
    - a. Airport-Larkfield-Wikiup Sanitation Zone
    - b. Geyserville Sanitation Zone
    - c. Penngrove Sanitation Zone
    - d. Sea Ranch Sanitation Zone
  - ii. Occidental County Sanitation District
  - iii. Russian River County Sanitation District
  - iv. South Park County Sanitation District
  - v. Sonoma Valley County Sanitation District
- B) Adopt an 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.
- C) Adopt Ordinances for the Occidental County Sanitation District, Russian River County Sanitation District, South Park County Sanitation District, and Sonoma Valley County Sanitation District, setting sewer service charges, revising rate structures, and 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.
- D) Adopt a Resolution authorizing Sonoma County Water Agency's General Manager to implement a Low-Income Sewer Bill Assistance Program on behalf of the four Sonoma County Water Agency Sanitation Zones and four County Sanitation Districts and expend up to \$600,000 annually from Sonoma Water's General Fund to fund the program.
- E) Ratify and approve the signing and filing of applications and related documents to the State Water Resources Control Board's Extended Wastewater Arrearages Program on December 27, 2023 in the amount of \$216,338.35.

- F) Authorize Sonoma County Water Agency's General Manager or designee to sign and file any and all documents necessary to apply for and receive moneys from the State Water Resources Control Board for the California Extended Water and Wastewater Arrearages Payment Program.

(2/3rd Vote Required)

**Executive Summary:**

The Sonoma County Water Agency's (Sonoma Water) Sanitation Zones (Zones) include Airport-Larkfield-Wikiup, Geyserville, Penngrove, and Sea Ranch. The County Sanitation Districts (Districts) include Occidental, Russian River, Sonoma Valley, and South Park. The Districts are operated under contract by Sonoma Water.

The annual sewer service charge is imposed by the Zones and Districts to pay for the cost of providing safe and reliable sewer service in conformance with legal requirements, and is necessary: (a) to finance the ongoing operation and maintenance costs of the system; (b) to pay the capital replacement program costs of the system, which provides for the long-term replacement of system facilities as they wear out; and (c) to maintain sufficient reserves.

Generally, the Zones' and Districts' costs are increasing due to increased costs for services and supplies, deferred maintenance costs to maintain the integrity of these publicly owned assets, more stringent water quality regulations, which increases operational and capital costs, and costs to continue a capital replacement program to upgrade aging infrastructure (described in the attached Summary of Issues and Significant Changes [A4]). Most of the Zones and Districts are relatively small. This means a smaller rate-payer base is responsible for these increasing costs.

The Zones and Districts' ages range from 70-plus years (Sonoma Valley, Occidental) to 40-plus years (Russian River, Airport/Larkfield/Wikiup) and they all face financial challenges. The aging collection and treatment systems require ongoing replacement and maintenance projects. To responsibly manage the systems in a way that protects public health and the environment, rate increases are necessary. Proposed rate increases are 3.5% to 8.8% range depending upon the Zone or District.

Sonoma Water recognizes the rate increases can present a financial hardship for ratepayers, and every effort is being made to seek out grants and loans to offset some of the costs for capital projects, and to offer a Sanitation Rate Relief Program funded from Sonoma Water's General Fund.

Grant revenue and Sonoma Water General Fund contributions range from 2% to 77% of total revenue needed to operate the smaller Districts and Zones. Without these sources of funding, rate increases ranging from 10% to 250% would be needed to safely and effectively operate and maintain these Zones and Districts in compliance with regulatory requirements.

In addition to adopting ordinances to set sewer service charges, Sonoma Water is requesting that the Board adopt a Resolution authorizing Sonoma Water's General Manager to implement an annual Sanitation Rate Relief Program on behalf of the four Sonoma County Water Agency Sanitation Zones and four County Sanitation Districts, authorizing the General Manager to expend up to \$600,000 annually from Sonoma Water's General Fund to fund the program; and ratifying the filing of applications to the State Water Resources Control Board's Wastewater Arrearages Program in the amount of \$216,338.35.

A Summary of Annual Rate Increases is attached (A3).

**Discussion:**

**Proposition 218 and Sewer Rate Hearing**

In accordance with Proposition 218, notification of the proposed sewer service charge increase was provided to all record owners of each identified parcel or a tenant that is directly liable for paying the sewer service charge for the property receiving wastewater collection and treatment services within the following affected Zones and Districts:

1. Airport-Larkfield-Wikiup Sanitation Zone
2. Geyserville Sanitation Zone
3. Penngrove Sanitation Zone
4. Sea Ranch Sanitation Zone
5. Occidental County Sanitation District
6. Russian River County Sanitation District
7. South Park County Sanitation District
8. Sonoma Valley County Sanitation District

Written protests received from the Zones or Districts will be summarized and the results will be delivered to the Clerk of the Board on May 21, 2024.

The draft proposed budget for Fiscal Year 2024/2025 describing the total annual expenses in detail was made available for review by the public on Sonoma Water's website.

The annual sewer service charges to parcels served by sewer systems operated and maintained by Sonoma Water and the Districts will be billed to property owners in two installments included on the property tax bills. Approval for placement on the property tax is authorized by Health and Safety Code section 5473. Pursuant to this provision, the Sonoma Water and District boards may approve collection of the charges on the property tax bill at a public hearing. At the public hearing, the Sonoma Water and District boards may amend or confirm a written report of charges to be collected with property taxes on the Fiscal Year 2024/2025 tax roll. Notice of the hearing for this purpose is provided pursuant to Government Code section 6066 which requires publication once a week for two weeks. At the hearing, ratepayers are provided the opportunity to protest placement of the sewer service charge on the property tax bill. Sonoma Water and District boards will also consider protests regarding proposed increases in the sewer service charges pursuant to the requirements of Proposition 218 at the hearing. If there is not a majority protest of greater than 50% of the properties connected to the sewer regarding placement of the charges on the property tax bills or the proposed increases in the charges in question, the Boards may approve placing the increased charges on the tax roll. A copy of the Annual Sewer Service Charges report is on file with the Clerk of the Board.

**Annual Sewer Service Charges**

Individual charges are calculated as the number of equivalent single-family dwellings (ESDs) assigned to a property multiplied by the rate per ESD. A standard single-family home constitutes one ESD. Parcels with other uses (for example, apartments and commercial buildings) are assigned several ESDs using standard equivalency factors that estimate the probable quantity and quality of sewage effluent normally generated by

such uses in comparison to a single-family home.

Each year staff updates the file of equivalent single-family dwellings assigned to each parcel to reflect the most current information available.

The rates to be reflected on the tax roll are:

Sewer Service Charges	2023/24 Number of ESDs <sup>3</sup>	2023/24 Annual Rate Per ESD	2024/25 Number of ESDs	2024/25 Annual Rate Per ESD	2024/25 Monthly Rate	2024/25 Annual Dollar Increase	2024/25 Monthly Dollar Increase	Percent Increase
Airport Larkfield Wikiup Sanitation Zone	4,084	\$1,246	4,129	\$1,332	\$111	\$86	\$7.17	7.0%
Geyserville Sanitation Zone	370	\$1,424	371	\$1,548	\$129	\$124	\$10.33	8.7%
Penngrove Sanitation Zone	556	\$1,974	554	\$2,132	\$178	\$158	\$13.17	8.0%
Sea Ranch Sanitation Zone	622	\$1,524	624	\$1,658	\$138	\$134	\$11.17	8.8%
Occidental County Sanitation District	273	\$2,866	273	\$3,006	\$251	\$140	\$11.67	4.9%
Russian River County Sanitation District	3,210	\$2,104	3,212	\$2,290	\$191	\$186	\$15.50	8.8%
Sonoma Valley County Sanitation District <sup>1</sup>	17,789	\$1,272	17,820	\$1,348	\$112	\$76	\$6.33	6.0%
South Park County Sanitation District <sup>2</sup>	4,353	\$1,150	4,476	\$1,190	\$99	\$40	\$3.33	3.5%

1. Notes: For residents with a public water connection, the number of equivalent single-family dwellings for Sonoma Valley is calculated 70% based on a fixed charge and 30% based on volume of winter water used per data provided by Valley of the Moon Water District and City of Sonoma. The lowest water use data from winter water bills in both 2023 and 2024 were used to calculate the volumetric charge. Therefore, the actual billed amount will vary depending on the amount of water actually used.
2. Wastewater rates will collect 40% of revenue from fixed charges and 60% of revenue from volumetric charges. The fixed charge is based on the number of equivalent single-family dwellings. The District will use City of Santa Rosa water usage data to calculate the annual volumetric charge portion of the Sewer Service Charge. All District customers will pay the fixed charge and an annual volumetric charge.
3. ESD = equivalent single-family dwelling.

Additional information regarding the calculation of sewer bills by the Zones and Districts is available in Proposition 218 Notices Provided to Property Owners and Tenants Directly Liable, attached to this summary (A5), and in the 2020 Wastewater Rate Study and 2023 Addendum on file with the Clerk of the Board.

### **State and Federal Financial Assistance to Customers**

As part of its grant seeking activities, Sonoma Water actively sought relief for customers financially impacted during the COVID-19 Pandemic. Federal funds made available to the State of California via the Consolidated Appropriations Act (2021) and the American Rescue Plan Act (2021) resulted in the California Water and Wastewater Arrearage Payment Program (CWWAPP), administered by the State Water Resources Control Board (SWRCB). Federal funds made available to the State of California resulted in a relief program and a subsequent extension of the relief program aimed at reducing or eliminating certain unpaid bills for wastewater services accrued during the pandemic.

Through \$985 million in federal funding allocated by the state legislature, the State Water Board created the California Water and Wastewater Arrearages Payment Program to provide relief to community water and wastewater systems for unpaid bills related to the pandemic. The State Water Board disbursed over \$385 million to water and wastewater systems for residential and commercial arrearages.

In July 2023, Governor Newsom signed a budget trailer bill expanding the Arrearages Program. This new Extended Water and Wastewater Arrearage Payment Program extended the COVID Relief Period allocating the remaining \$600 million in federal funding for this Program. The application period ran from November 1, 2023, through December 31, 2023.

In Fiscal Year 2022/2023, Sonoma Water credited \$146,500 in grant funds to 73 residential customers and 13 small businesses. In Fiscal Year 2023/2024, upon Board approval, Sonoma Water will credit \$210,037 in grant funds under the extended relief program to 96 residential customers and 13 small businesses with \$6,301 in funding for Sonoma Water to administer the program. This grant funded program will benefit disadvantaged customers and help to avoid placing accounts into collections.

### **Sanitation Rate Relief Program**

Owing to possible state grant program limitations for assisting low-income customers who pay their sewer service charges on the property tax roll, Sonoma Water received Board authority on May 23, 2023, to implement its own Sanitation Rate Relief Program for all the Zones and Districts, and based on a successful first year, is requesting ongoing authority from the Board subject to budget ratification. Staff requests authorization for a program with the same components as the FY 2023/2024 program except the Sonoma Water General Fund contribution has been reduced from \$1,000,000 to \$600,000. Program components are as follows:

- The program would use up to \$600,000 from Sonoma Water's General Fund to pay one half of eligible low-income customer sewer bills for the subsequent fiscal year's sewer service charges on the property tax roll.
- Staff proposes that eligible customers must either be a current participant in the PG&E CARE Program or have a total income of all persons living in the home of 60% or less of the area median family income, which will be determined by the current Sonoma County Housing Authority income limits.
- Staff proposes the following eligibility restrictions: (1) customers who own their home and live in the home as their primary residence, (2) 501(c)(3) non-profit organizations that provide housing to low-income renters that show evidence that they rent 85% or more of their properties to tenants that have household earnings of 60% or less of the area median family income, or (3) 501(c)(3) non-profit organizations that operate homeless shelters and house residents who do not pay rent are eligible for the rebate.

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- The Zones and Districts will post information about the program on the Sonoma Water website and conduct outreach through social media. Sonoma Water will accept applications from April through June each year so that rebates can be placed on the property tax roll for the following fiscal year. Sonoma Water will review the applications and apply the rebates to the property tax roll.
- Applications will be accepted until funds are exhausted and a waiting list will be maintained. Sonoma Water will monitor and evaluate program effectiveness following Board approval and program implementation.

In Fiscal Year 2023/2024, Sonoma Water received 174 applications of which 168 were eligible for rate relief and were credited rate relief dollars totaling \$129,352.

Sewer service charge revenue that would result from an anticipated 3% delinquency rate is estimated to total approximately \$1 million dollars. It is expected that in addition to providing financial relief to low-income customers, this program could help reduce delinquencies, increase funding, and as a result reduce future Sonoma Water General Fund contributions to the Zones and Districts. Based on FY 2023/2024 rate relief results, Sonoma Water General Fund contributions of \$600,000 are expected to be sufficient to fund the program.

Changes are proposed in the Zone and District rate ordinances to reflect the implementation of this program.

**County of Sonoma Strategic Plan Alignment**

N/A

**Sonoma Water Strategic Plan Alignment**

Goal 2: Improve the financial health of wastewater treatment and water reuse systems.

Approval of the proposed sewer service charges will increase revenue received by the districts and zones to pay for the cost of providing safe and reliable sewer service in conformance with legal requirements, and: (a) to finance the ongoing operation and maintenance costs of the system; (b) to pay the capital replacement program costs of the system, which provides for the long-term replacement of system facilities as they wear out; and (c) to maintain sufficient reserves.

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

Yes - See Attachment 7.

**Prior Board Actions:**

05/23/23: Board approved sewer rate increases for Fiscal Year 2023/2024.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 23-24 Adopted</b>	<b>FY 24-25 Projected</b>	<b>FY 25-26 Projected</b>
Budgeted Expenses			

Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
<b>Total Sources</b>			

**Narrative Explanation of Fiscal Impacts:**

None. This action sets the rates for Fiscal Year 2024/25 only. Total revenues generated by the rates for all the Zones and Districts are as follows:

Airport Larkfield Wikiup Sanitation Zone	5,499,242
Geyserville Sanitation Zone	573,890
Penngrove Sanitation Zone	1,180,766
Sea Ranch Sanitation Zone	1,034,161
Occidental County Sanitation District	821,780
Russian River County Sanitation District	7,362,202
Sonoma Valley County Sanitation District	24,021,360
South Park County Sanitation District	5,326,357

**Staffing Impacts:**

Position Title (Payroll)	Monthly Salary Range (A - I Step)	Additions (number)	Deletions (number)

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

1. Proposed Resolutions:
  - a. Sanitation Zones R1
  - b. Sanitation Districts: R2 Occidental, R3 Russian River, R4 Sonoma Valley, R5 South Park
  - c. Implement Low-Income Sewer Bill Assistance Program
2. Proposed Charge Ordinances with Exhibits:

- a. Sanitation Zones O1
- b. Sanitation Districts: O2 Occidental, O3 Russian River, O4 Sonoma Valley, O5 South Park
- 3. Revenue Summary Chart - Sewer Service Charges (A3)
- 4. Summary of Issues and Significant Changes - Sanitation (A4)
- 5. Copies of Proposition 218 Notices Provided to Property Owners and Tenants Directly Liable (A5)
- 6. PowerPoint
- 7. Equity Analysis

**Related Items “On File” with the Clerk of the Board:**

- 1. Report of Annual Sewer Service Charges
- 2. Wastewater Rate Study 2020 and 2023 Addendum
- 3. Technical Memorandum on Accessory Dwelling Units Rate Structure (note: statutory references changed with recodification of ADU statutes (SB 477(2024)) but analysis is not impacted by recodification)
- 4. Sanitation Rate Relief Program