



# COUNTY OF SONOMA

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

## SUMMARY REPORT

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**Agenda Date:** 5/18/2021

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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:** Michael Thompson 707 521-1863  
**Vote Requirement:** 2/3rd  
**Supervisorial District(s):** All

**Title:**

1:30 P.M. - Sewer Rates and Written Report of Charges

**Recommended Actions:**

- A) Adopt Resolutions (5) overruling objections, 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:
  - a. Airport-Larkfield-Wikiup Sanitation Zone
  - b. Geyserville Sanitation Zone
  - c. Penngrove Sanitation Zone
  - d. Sea Ranch Sanitation Zone
  - e. Occidental County Sanitation District
  - f. Russian River County Sanitation District
  - g. South Park County Sanitation District
  - h. Sonoma Valley County Sanitation District
- B) Adopt Ordinances 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.

(2/3<sup>rd</sup> Vote Required)

**Executive Summary:**

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

Generally, the Zones' and Districts' costs are increasing due to increased costs for goods and services

necessary to comply with regulatory requirements, and continuation of a capital replacement program (described in the attached Summary of Issues and Significant Changes Attachment 4 [A4]). In order to meet these additional costs, rate increases are necessary to continue to maintain and operate the sanitation system for customers.

Sonoma Water recognizes the impact of the COVID-19 pandemic to many residents and businesses throughout our county and beyond. As managers of eight small sanitation districts and zones, we are well aware of the financial impacts that rising sanitation charges can have during these difficult times and we are making every effort to soften those impacts as much as possible. In response to the far reaching financial hardships, Sonoma Water made a conscious effort to keep rate increases at a minimum while we continue to keep public safety and system reliability our top priorities.

Mitigation measures included using fund balance and grants to the maximum extent possible, cutting overhead costs, safely and adequately deferring maintenance, studies, and capital improvement projects resulting in more than \$3 million in cost savings.

In addition to the steps mentioned above, Sonoma Water is also using more than \$3 million in General Fund contributions to offset additional rate increases. General Fund contributions are needed to support ongoing routine operations and maintenance costs, master planning, sludge removal, and match funds for grant funded capital improvement projects, including \$930,000 for Airport operations and maintenance, \$575,000 for Geyserville for sludge removal, \$175,000 for the Penngrove Lift Station Flood Resiliency Project, \$925,000 to haul wastewater from Occidental to Airport treatment plant for treatment and disposal to comply with a North Coast Regional Water Quality Control Board (NCRWQCB) Cease and Desist Order, and a feasibility study to evaluate design and construction of a pipeline from Occidental to Graton Community Services District treatment plant, and \$600,000 for Russian River for a Supervisory Control and Data Acquisition (SCADA) upgrade to improve wastewater process controls, and match costs for the grant funded headworks, lift station, and force main project. Without these General Fund contributions, rate increases ranging from 15% to 185% would be needed to safely and effectively operate and maintain these districts and zones in compliance with regulatory requirements.

One of the problems inherent with small districts and zones is a limited customer base in order to fund operations and maintenance. With a smaller rate base, costs must be borne by fewer customers. We continue to explore funding sources and alternative management scenarios.

In alignment with Sonoma Water's strategic plan goal to increase revenue in the Districts and Zones for capital improvements to aging infrastructure, the anticipated revenue for Fiscal Year 2021/2022 is expected to increase by \$1,320,924 over Fiscal Year 2020/2021. Proposed rate increases are in the 3.5% to 4% range for all Zones and Districts. A Summary of Annual Rate Increases is on Attachment 3 (A3). Fund balances are generally decreasing, particularly in the Zones and Districts where capital improvements are occurring.

**Discussion:**

In accordance with Proposition 218, notification of the proposed fee increase was provided to all record owners of each identified parcel or a tenant that is directly liable for paying the Sewer Service Fee 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

Any 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 18, 2021.

The draft proposed budget for Fiscal Year 2021/2022 describing the total annual expenses in detail was made available for review by the public on Sonoma Water's website. Due to the coronavirus pandemic which resulted in office closures, copies could not be made available at Regional Libraries in Sonoma County.

For the past several years, the annual sewer service charges to parcels served by sewerage systems operated and maintained by Sonoma Water and the sanitation districts have been 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 §5473. Pursuant to this provision, Sonoma Water and sanitation district boards may approve collection of the fees on the property tax at a public hearing. As a result of the coronavirus pandemic, the public hearing will be facilitated virtually through Zoom in order to comply with the Shelter in Place Order by the Sonoma County Health Officer. This hearing will be the same hearing in which sewer service fee increases are considered by Sonoma Water and sanitation district boards. At the public hearing, Sonoma Water and District boards amend or confirm a written report of charges to be collected with property taxes on the Fiscal Year 2021/2022 tax roll. Notice of the hearing for this purpose is provided pursuant to Government Code 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 fee on the property tax if they so desire. Sonoma Water and sanitation district boards will also consider protests regarding proposed increases in the sewer service fees 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 fees on the property tax bills or the proposed increases in the fees in question, the Boards may approve such placement and the

increases in the fees. A copy of the Annual Sewer Service Charges report is on file with the Clerk of the Board.

Individual charges are calculated as the number of equivalent single-family dwellings assigned to a property multiplied by the rate per equivalent single-family dwelling. The equivalent single-family dwelling (ESD) methodology results in rates that are proportionate to the customers' impacts on the system. Due to the cost proportionality principles of Proposition 218, an agency may not waive, discount, or establish differential rates that pass on costs associated with obtaining wastewater service to the general customer base or to other fee payers. The cost per ESD is set forth in each ordinance and the number of ESDs assigned to uses is set forth in Exhibit A to each fee ordinance.

The cost per ESD and rates to be reflected on the tax roll are:

Sewer Service Charges	2020/21 Number of ESDs <sup>3</sup>	2020/21 Rate Per ESD	2021/22 Number of ESDs	2021/22 Rate Per ESD	Annual Dollar Increase	Percent Increase
Airport Larkfield Wikiup Sanitation Zone	3,818	\$1,018	4,017	\$1,058	\$40	4.00%
Geyserville Sanitation Zone	359	\$1,158	361	\$1,204	\$46	4.00%
Penngrove Sanitation Zone	549	\$1,628	550	\$1,692	\$64	4.00%
Sea Ranch Sanitation Zone	607	\$1,242	609	\$1,286	\$44	3.50%
Occidental County Sanitation District	273	\$2,504	273	\$2,604	\$100	4.00%
Russian River County Sanitation District	3,213	\$1,706	3214	\$1,774	\$68	4.00%
Sonoma Valley County Sanitation District <sup>1</sup>	17,609	\$1,094	17,757	\$1,132	\$38	3.50%
South Park County Sanitation District <sup>2</sup>	4,312	\$1,037	4,352	\$1,074	\$37	3.50%

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 2020 and 2021 were used to calculate the volumetric charge. Therefore, the actual billed amount will vary by 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 Fee. 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 Sonoma Water Sanitation Zone and County Sanitation District is available in Proposition 218 Notices Provided to Property Owners and Tenants Directly

Liabile, attached hereto as Attachment 5 (A5) and in the 2020 Wastewater Rate Study on file with the Clerk of the Board.

The Occidental County Sanitation District has the fewest connections, a contributing factor in the highest rate per equivalent single-family dwelling, more than double that of other districts and zones. The District relies in part on subsidies from Sonoma Water's General Fund for operations and maintenance expenses, and capital improvements. In Fiscal Year 2021/2022, the contribution is estimated to be \$925,000 to fund routine operational costs, conduct a feasibility study to evaluate design and construction of a pipeline from Occidental to Graton Community Services District treatment plant, hauling wastewater from Occidental to Airport/Larkfield/Wikiup Sanitation Zone for treatment and disposal to comply with a North Coast Regional Water Quality Control Board (NCRWQCB) Cease and Desist Order, and an electrical automation upgrade project. Sonoma Water's General Fund also makes contributions to other districts and zones.

On October 10, 2017, the South Park County Sanitation District received Board approval to execute an amended agreement with the City of Santa Rosa to provide a framework for continued coordination and cooperation between the District and the City following the City's annexation of certain County islands in southwest Santa Rosa. The agreement addresses rate restructuring, transfer of operations to the City, and a new governance structure to allow for the eventual transfer of all District operation and function to the City.

During the transition, South Park County Sanitation District will be moving to a new rate structure designed first and foremost to recover the cost of providing District services while also providing customers greater control over their sewer bill with the phased introduction of volume-based rates and is similar to the City's rate structure. The District's proposed rate structure is designed to recover the costs of providing sewer services and includes two components (A) fixed charges; and (B) volumetric charges that are based on water used. The rate increase is 3.5% versus current year.

South Park County Sanitation District's proposed Fiscal Year 2021/2022 wastewater rates will collect 40% of revenue from fixed charges and 60% of revenue from volumetric charges. The fixed charge recovers the District's costs to provide sewer services, including costs associated with the sewage treatment and collection system that are incurred regardless of increased or decreased sewage flow into the system. The fixed charge is based on the number of equivalent single-family dwellings. The fixed charge for all customers is \$410.26 per equivalent single family dwelling.

The volume-based charge recovers the District's costs to provide sewer services, including the costs associated with the sewage treatment and collection system that vary with the amount of sewage conveyed and treated, and gives District ratepayers the opportunity to control a portion of their sewer bill. The District will use City of Santa Rosa water usage data to calculate the annual volumetric charge portion of the Sewer Fee. All District customers will pay an annual volumetric charge.

The South Park County Sanitation District's volume charge is calculated based on winter water use. For Residential Customers, average winter water usage provides the best available estimate of indoor water usage and its impact to the sewer system because outdoor irrigation is minimal during the winter months. For Non-Residential Customers, annual water usage is based on actual water usage.

The South Park County Sanitation District has four categories of customers for the volumetric charge calculation for whom the water usage and Charge per thousand gallons will vary:

1. Residential Customers with a City of Santa Rosa Water Connection: Charge per Thousand Gallons \$12.00.
  - District will calculate Customer's average monthly water usage during the billing periods of November through March.
  - For each month of the prior fiscal year, the District will select either the customer's winter average water usage or the customer's actual water used whichever is lower.
  - District will add up the customer's monthly water usage to arrive at the total annual water usage.
2. Residential Customers with No City of Santa Rosa Water Connection: Charge per Thousand Gallons \$12.00.
  - District will average the winter water usage during the billing periods of November through March of similar residential customers that have a City of Santa Rosa water connection.
  - Similar residential customers are determined based on household size.
  - Average winter water usage will be multiplied by 12 to determine annual water usage.
3. Non-Residential Customers with a City of Santa Rosa Water Connection: Charge based on estimated wastewater strength as shown in the table below.
  - For each month of the prior fiscal year, District will add up the customer's actual monthly water usage to arrive at the total annual water usage.
4. Non-Residential Customers with No City of Santa Rosa Water Connection: Charge based on estimated wastewater strength as shown in the table below.
  - District will average annual water usage from similar customers based on City of Santa Rosa water usage data.
  - For multifamily and mobile home park customers, similar uses are based on household size.
  - For other non-residential customers, similar uses are generally based on the type of use and physical size. However, for certain unique uses such as laundry, car wash, and residential care facilities, alternative calculations that better approximate water usage are used.

Categories of Wastewater Strength and Examples of Types of Uses	Charge per Thousand Gallons
<b>Low Strength</b> - car wash, glass products	\$10.32
<b>Standard Strength</b> - multi-family (except duplex) complexes, condominium complexes, mobile home parks, warehouses, general commercial/industrial including retail, schools, churches, auto sales, dental and medical offices.	\$12.00

<b>Medium Strength</b> - mixed use commercial; hotel/motel, convenience store, bar, winery, brewery, auto repair.	\$13.80
<b>High Strength</b> - bakery, restaurant, coffee shop, meat and food processing, miller, hospital, veterinary clinic.	\$17.04

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 consultant for Sonoma Water conducted a study in 2011 to assess the impacts of implementing a sewer rate structure that includes a variable component based on estimated discharge for each sanitation district and zone. While the study found that such “volume-based” rate structures promote water conservation, and provide ratepayers with the opportunity to control a portion of their sewage bills, it also discussed issues with access to and the availability of water data, and the significant cost of implementing the new rate structure as challenges.

In Fiscal Year 2012/2013, Sonoma Water worked with the water purveyors in the Sonoma Valley County Sanitation District service area to obtain consumption data and implement a volume-based rate structure. The volume-based rate structure only applies to residential customers, not commercial accounts. The structure generates the same total revenue for the District as the current equivalent single-family dwellings average charge for all customers.

The Sonoma Valley County Sanitation District volume charge is calculated based on winter water use per household for specified winter month water bills, multiplied by 6 billing periods annually for Valley of the Moon Water District customers and 12 billing periods for City of Sonoma water customers to derive the annual use. 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. the property is on a well, and is connected to the sewer system-the sewer charges will be based on the number of equivalent single-family dwellings times \$1,132, the established fixed rate.

The 2021 volume-based sewer charges for residential customers with a public water connection are \$792.80 per equivalent single-family dwelling plus \$6.42 per thousand gallons times 6 billing periods annually for Valley of the Moon Water District customers and 12 billing periods for City of Sonoma water customers based on winter water usage. If a property has a water account but no winter water use, the rate will be \$1,132, the established fixed rate per equivalent single-family dwelling.

**Prior Board Actions:**

06/09/20: Board approved sewer rate increases for Fiscal Year 2020/2021.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY20-21 Adopted</b>	<b>FY21-22 Projected</b>	<b>FY 22-23 Projected</b>
Budgeted Expenses		\$1,320,924	
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other		\$1,320,924	
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>		<b>\$1,320,924</b>	

**Narrative Explanation of Fiscal Impacts:**

This action sets the rates for Fiscal Year 2021/2022 only with no impact on current Fiscal Year 2020/2021. The anticipated revenue for Fiscal Year 2021/2022 is expected to increase by \$1,320,924 with these new rates. Total revenues generated by the rates for all of the Districts and Zones are as follows:

Airport Larkfield Wikiup Sanitation Zone	4,249,986
Geyserville Sanitation Zone	434,644
Penngrove Sanitation Zone	930,600
Sea Ranch Sanitation Zone	783,174
Occidental County Sanitation District	710,892
Russian River County Sanitation District	5,701,636
Sonoma Valley County Sanitation District	20,100,924
South Park County Sanitation District	4,674,048

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll)</b>	<b>Monthly Salary Range (A - I Step)</b>	<b>Additions (number)</b>	<b>Deletions (number)</b>

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

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**Agenda Date:** 5/18/2021

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N/A

**Attachments:**

1. 5 Resolutions (R1, R2, R3, R4, R5)
2. 5 Ordinances with Exhibit A (O1, O2, O3, O4, O5)
3. Revenue Summary Chart - Sewer Service Fees (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)

**Related Items "On File" with the Clerk of the Board:**

1. Report of Annual Sewer Service Charges
2. Wastewater Rate Study 2020
3. Technical Memorandum on Accessory Dwelling Units Rate Structure