

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Sewer Service Charges: Proposed Increase, Public Hearing Date, and Public Notices.</b>	<b>MEETING DATE: April 25, 2016</b>  <b>AGENDA ITEM NOS.: 7.a.b.c&amp;d. <u>(Revised per Legal Counsel)</u></b>
<b>RECOMMENDED ACTION: (a) Approve the 2016 Sewer Service Charge Study report by Bartle Wells Associates (BWA), <u>(deferred to June 13, 2016 Board meeting)</u> (b) Establish <u>Propose</u> a maximum rate increase of \$21 per year per Equivalent Dwelling Unit (EDU) in each of fiscal years (FY) 2016-17, 2017-18, 2018-19, 2019-20, and 2020-21; (c) Set the time and date for a Public Hearing on Proposed Increases in Sewer Service Charges for <u>6:00 p.m. on June 13, 2016</u>; and (d) Review and authorize mailing of the attached Proposition 218 mandated Notices of Public Hearing to Residential and Non-Residential Property Owners.</b>	
<b>SUMMARY AND DISCUSSION:</b>  <p>At its April 18<sup>th</sup> meeting, the District Board Finance Committee reviewed the 2016 Sewer Rate Study by Bartle Wells Associates (BWA). This report analyzed the District's projected expenditures for the next five fiscal years, and recommended a moderate maximum rate increase of \$21 per year (or \$1.75/month) per EDU, for each of the next five fiscal years, beginning with fiscal year (FY)2016-17. The District's current or FY15-16 sewer service charge is \$552 per equivalent dwelling unit.</p> <p>The magnitude of the \$21/year (or \$1.75/month) per EDU rate increase is set by the need to meet the District's operating and capital expenses (including debt service) over the next five years. The proposed FY2016-17 rate increase is \$21 per year per EDU, or about 3.8%. The projected increase totals about 17.7% over the next five years, or an average of about 3.5%/year. The basis of the sewer service charge is to provide a reasonable nexus between sewer system costs and the charges to the benefited users of the system. The base unit is one service unit for a residential (or dwelling) unit. The charges for non-residential properties are based on enclosed space, flow, and strength. The attached Proposition 218 Notices discuss the residential and non-residential rates in more detail.</p> <p>To comply with Proposition 218, the District must provide at least 45 days' notice of a public hearing prior to adopting a rate increase. Staff recommends that the Board approve the 2016 Sewer Service Charge Study report by Bartle Wells Associates (BWA) <u>(deferred to June 13, 2016 Board meeting)</u>; <del>establish</del> <u>propose</u> a maximum rate increase of \$21 per year per equivalent service unit for each of the next five fiscal years (FY2016-17 through FY2020-21); set the time and date for the Public Hearing for <u>6:00 p.m. on June 13, 2016</u>; and review and authorize the mailing of Proposition 218 Notices. Following the public hearing, the Board would then consider whether or not to adopt the proposed rates, as well as the appropriate Sewer Service Charge Ordinance, also at that meeting.</p>	
<b>ATTACHMENTS:</b> <ol style="list-style-type: none"> <li>1. 2016 Sewer Service Charge Study report by Bartle Wells Associates.</li> <li>2. Proposed Proposition 218 Notices.</li> <li>3. Draft Notice of Public Hearing.</li> </ol>	
<b>STRATEGIC PLAN INFORMATION:</b> This item addresses Goal 4 (Well Planned Finances with a Long-Range Outlook) of the latest Strategic Plan Update.	
<b>BUDGET INFORMATION:</b> Printing and mailing costs for the Proposition 218 Notices will be funded from Account 66123 – O/S Contractual, which has a current balance of \$80,410.	
<b>DEPT. MGR.:</b> lc, ssk	<b>GENERAL MANAGER:</b> SSK