



Notice of Proposed Changes in Sewer Service Rates and Charges

PLEASE SHARE THIS INFORMATION WITH TENANTS

Dear Customer,

Over the past two years, the District has carried out a public process to evaluate its rates. We addressed two questions: first, are our rates as fair as they can be for all customer classes; second, are our rates adequate to secure continued high quality service to all customers? As a result of detailed financial and engineering studies, and after extensive public review and comment, the District is proposing the following changes:

Recognize Differences in Wastewater Flow from Different Residential Customer Classes.

The District evaluated the amount of flow from different customer classes (single-family, multi-family, and floating home) and made adjustments to the proportions paid by each class of customers. This resulted in changes to rates for different classes of customers.

Increase Revenue 2% Per Year.

The District is undertaking a ten-year, \$46 million wastewater system improvement program. Because of effective financial planning, annual increases of only 2% are needed each year to keep pace with rising costs of supplies, power, chemicals, construction, and all other District costs.

Increase Collection System Supplemental Charge for Unincorporated Areas.

The collection system Supplemental Charge pays for critically needed sewer pipeline and pump station maintenance and upgrades. This collection system charge is only for the District's unincorporated service area, including Marin City. Every residential and non-residential (commercial) customer in this area pays the same rate.

Because the City of Sausalito owns the sewer pipeline collection system within its boundaries, it has its own charge. If you live within the City of Sausalito, you do not pay the District for this service, you pay the City.

We believe that the proposed five-year rate plan detailed on the inside pages meets all the goals set out in our original study: they are fair, respond to public input, and ensure stable rates so the District can continue to protect public health and the environment through high quality sanitary services.

Sincerely,

SAUSALITO-MARIN CITY SANITARY DISTRICT
BOARD OF DIRECTORS

PLEASE CONTACT US IF YOU HAVE QUESTIONS OR COMMENTS ABOUT THE PROPOSED RATES AND CHARGES

Phone: (415) 332-0244 Email: info@smcsd.net Write: 1 East Road, Sausalito, CA 94965

Helpful Notes and Definitions For Understanding the Rates

Definition for Equivalent Dwelling Unit (EDU)

Sewer service charges are measured in EDUs. One EDU represents the capacity and wastewater strength of a typical single family dwelling unit. Properties, such as multi-family units, may have more than one EDU.

How Types of Residential Units are Classified

The District has three residential customer classifications: single-family, floating homes and multi-family. Multi-family includes: attached dwelling units including duplexes, triplexes, fourplexes, apartments, condos, and townhouses. Detached, secondary dwelling units are considered an additional single-family dwelling unit.

Effective Date of Proposed Changes

If approved, the rates are effective July 1, 2014. The bill for most customers will appear on the annual property tax due in December, 2014.

Full Financial Study Available

A detailed Sewer Service Charge Study is available at www.smcsd.net or by contacting the District.

How the Residential Sewer Service Charge Is Calculated

Over the last two years, the District has conducted extensive engineering and financial studies to ensure that its charges are fair to all customers. Below is a summary of the factors involved in setting residential rates.

WASTEWATER FLOW BY CUSTOMER CLASS

Financial and Engineering Studies conducted by the District show the following:

63% of total costs are BASE costs that don't vary with flow.

BASE costs are charged equally to all residential customers.

37% of total costs are VOLUMETRIC.

These costs vary with changes in wastewater flow and are allocated based on the PROPORTION of flow that has been recently recalculated for residential customers.

As a result, multi-family customers pay 73% as much as single-family homes and floating homes pay 42% as much as single family homes for VOLUMETRIC costs.

STRENGTH

The strength factor for all residential customers remains unchanged at 1.0.

**RESIDENTIAL CHARGE =
(BASE CHARGE + CLASS VOLUMETRIC CHARGE)
x (STRENGTH FACTOR)**

For Non-Residential (Commercial) Customers

Just like residential, non-residential sewer charges are based on two factors, the quantity of flow and its strength (cost to transport and treat). The proposed sewer service rates for coming years increase by the same amount as single-family residential customers.

WASTEWATER FLOW BY CUSTOMER

This flow-factor is the ratio of each non-residential customer's flow compared with 200 gallons per-day treatment capacity made available per EDU. This has been changed from 180 per-day based on flow studies.

STRENGTH FACTORS

The strength is based on wastewater produced by a residential customer.

THE STRENGTH FACTORS ARE:

| <u>Strength</u> | <u>Factor</u> |
|-----------------|---|
| Low | (Retail & Office - comparable to residential) = 1.0 |
| Medium | (Delis, Markets) = 1.7 |
| High | (Restaurant & Bakeries) = 2.4 |

**COMMERCIAL CHARGE =
(RATE) x (FLOW FACTOR) x (STRENGTH FACTOR)**

Proposed Annual Sewer Service Rates for Customers. Includes Supplemental Collection System Charge for Unincorporated Area

Residential Bills. For residential customers, the rate shown below is charged on a per EDU basis.

Non-Residential (Commercial) Bills. The non-residential rate per EDU is the same as single family, but each non-residential customer has its own bill based on its own estimated strength and flow. The minimum non-residential charge is one EDU. Please see below for sample non-residential (commercial) bills.

Rate Structure. The rate structure modifications that adjusted the proportion of charges by customer class based on flow studies were phased-in over the first two years of the program.

Supplemental Collection System Charge. The Supplemental Charge funds the cost of pipeline collection system operations, maintenance and upgrades in unincorporated service areas and Marin-City. This is not for residents of the City, which has its own collection system and service charge. All unincorporated-area residences are proposed to pay the following. The current charge is \$55 per year; 2014-2015 \$61; 2015-2016 \$66; 2016-2017 \$71; 2017-2018 \$76; and 2018-2019 \$78. Non-residential customers pay based on their EDU. If you live in an unincorporated area, including Marin-City, your total bill is your sewer service charge plus the supplemental charge.

Maximum Proposed Charge. Absent a majority protest, the Board can adopt charges no greater than the amounts shown below.

Sewer Service Rates Shown Below are Per EDU

| | FY13 -14 Existing | FY14-15 Year 1 | FY15-16 Year 2 | FY16-17 Year 3 | FY17-18 Year 4 | FY18-19 Year 5 |
|--------------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Single Family Incorporated | \$725 | \$770 | \$817 | \$833 | \$850 | \$866 |
| Single-Family Unincorporated | \$780 | \$831 | \$883 | \$904 | \$926 | \$944 |
| Multi Family Incorporated | \$704 | \$715 | \$726 | \$741 | \$756 | \$771 |
| Multi-Family Unincorporated | \$759 | \$776 | \$792 | \$812 | \$832 | \$849 |
| Floating Homes Unincorporated | \$727 | \$708 | \$687 | \$705 | \$722 | \$736 |
| Non-Residential Incorporated | \$725 | \$770 | \$817 | \$833 | \$850 | \$866 |
| Non-Residential Unincorporated | \$780 | \$831 | \$883 | \$904 | \$926 | \$944 |

Sample Annual Non-Residential Bills for Sewer Service Charge

Every non-residential bill is unique, based on its estimated strength and flow. Below are example median bills for customers located in the City (incorporated area) and, therefore, does not include the Supplemental charge described above. The commercial rate per EDU is the same as the Single-Family above. The bills are calculated as described to the left.

| | FY13 -14 Existing | FY14-15 Year 1 | FY15-16 Year 2 | FY16-17 Year 3 | FY17-18 Year 4 | FY18-19 Year 5 |
|-----------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Low Strength | \$1,189 | \$1,137 | \$1,205 | \$1,229 | \$1,253 | \$1,279 |
| Medium Strength | \$1,878 | \$1,796 | \$1,904 | \$1,942 | \$1,980 | \$2,020 |
| High Strength | \$14,797 | \$14,150 | \$14,998 | \$15,298 | \$15,604 | \$15,916 |

NOTICE OF PUBLIC HEARING ON PROPOSED CHANGES IN RATES AND CHARGES



**Sausalito-Marine City
Sanitary District**
1 East Road
Sausalito, CA 94965
Phone: (415) 332-0244
www.smcsd.net

PRSR STD
U.S. POSTAGE
PAID
UNICORN GROUP

Directors

Dan Rheiner, *President*
Bill Ring, *Vice President*
Ann Arnott
Don Beers
James DeLano

General Manager

Craig Justice

ECRWSS Postal Customer

Steps Taken to Cut Costs Before Considering Rate Changes

In the face of constantly rising operational and administrative costs, SMCS D takes ongoing action to keep costs down. Below are some examples:

- *Brought in major projects on schedule and below estimated costs.*
- *Reduced employee pension and retirement costs.*
- *Outsourced selected activities to less expensive private contractors.*
- *Increased cross-training of employees for improved efficiency.*
- *Developed a cost-saving intern program.*
- *Shared many programs, skills, and resources with neighboring agencies.*

How to Protest

Any affected property owner or tenant may submit a written protest to the proposed increases to the sewer service charges and supplemental charges. Each protest must be in writing; state that the identified property owner or tenant opposes the proposed changes; identify the parcel for which the protest is made (by assessor's parcel number or street address); and include the signature of the property owner or tenant.

Only one protest will be counted per parcel. Written protests may be submitted by mail to SMCS D at 1 East Road, Sausalito, CA 94965. Or they can be hand delivered before or at the public hearing, which will be held on Monday, July 7, 2014 at 7:00 PM in the Sausalito City Council Chambers, 420 Litho St., Sausalito, CA 94965. To be counted, ballots must be received before the hearing ends.

If a majority of property owners submits protests, the Board cannot adopt the proposed rates.

Public Hearing

Public Hearing Details

The public hearing at which the Board of Directors will consider and decide upon the proposed sewer service charge increase is scheduled to occur on:

Monday, July 7 at 7:00 PM

Sausalito City Council Chambers
420 Litho Street
Sausalito, California 94965

Please Contact Us

If you have questions or comments about the proposed sewer rate increase, you may:

Address the Directors: Attend the Public Hearing on date, location and time listed above.

Phone: (415) 332-0244

E-Mail: info@smcsd.net

Write: 1 East Road
Sausalito, CA 94965

Financial Study

A detailed Sewer Service Charge Study is available at www.smcsd.net or by contacting the District.