



Agenda Date: 3/16/2016
Agenda Placement: 8B

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors
FROM: Jeff Tucker - Director of Administrative Services/CFO
NS-Administration
REPORT BY: Jeff Tucker, Director of Administrative Services/CFO - 707-258-6000
SUBJECT: Adopt Resolution Modifying the Low Income Property Owner Sewer Service Charge Program

RECOMMENDATION

Adopt the attached resolution modifying the Low Income Property Owner Sewer Service Charge Program, setting the rebate amount at 28%.

EXECUTIVE SUMMARY

In 2006, the District increased annual sewer service charges after not increasing this charge for ten years. As part of that rate increase, the Board established the Low Income Owner Sewer Service Charge Program. In lieu of paying the 15% increases that were approved for FY 06/07, FY 07/08 and FY 08/09, low income residents who met program eligibility requirements paid sewer service charges that went up with CPI only.

The program has been in effect every year since FY 06/07. In FY 15/16, the amount of the annual rebate is \$136.10. This equates to 28% of the current sewer service charge of \$482.50 per year. The program is paid for by lease revenues (not rate revenue).

With the proposed changes in the sewer service charges for the next five years, it is recommended that the formula for the sewer rebate be changed. The recommendation is that the amount of the rebate be set at 28% of the then current sewer service charge for 1.0 EDU, as follows:

<u>Fiscal Year</u>	<u>SSC</u>	<u>Rate under Program</u>	<u>Rebate Amount</u>
16/17	\$554.88	\$399.52	\$155.36
17/18	\$638.10	\$459.44	\$178.66
18/19	\$676.38	\$487.00	\$189.38
19/20	\$710.20	\$511.34	\$198.86
20/21	\$738.62	\$531.80	\$206.82

Under this formula, the enrollees in this program will see percentage increases to their annual sewer service charges comparable to increases by all other rate payers. With an estimated 600 EDU eligible for the rebate, the cost of the program is \$93,216 in FY 2016/17, increasing to \$124,092 in FY 2020/21.

The program is funded using revenue from the lease of property, which is non-rate revenue. However, if the District were to use this non-rate revenue to reduce rates, rather fund this program, the impact to rates would be minimal. In FY 2016/17, the reduction in rates would be \$2.30 per EDU per year, or \$0.19 per month for the average homeowner. In FY 2020/21, the reduction in rates would be \$2.92 per EDU per year, or less than \$0.25 per month for a homeowner.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

None.

SUPPORTING DOCUMENTS

- A . Resolution Modifying the Low Income Property Owner Rebate Program
- B . Low Income Property Owner Rebate Program Policies and Procedures

Napa Sanitation District: Approve

Reviewed By: Jeff Tucker