



Agenda Date: 4/6/2016
Agenda Placement: 8B

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors

FROM: Timothy Healy - General Manager
NS-Technical Services/Engineer

REPORT BY: Jeff Tucker, Director of Administrative Services/CFO - 707-258-6000

SUBJECT: Receive Presentation on Alternative Sewer Service Rate, Review Impacts to the Budget and CIP, and Provide Direction to Staff

RECOMMENDATION

Receive presentation from staff on an alternative sewer service charge proposal, its potential impact to the operating budget and the Capital Improvement Plan, and provide direction to staff.

EXECUTIVE SUMMARY

At the Proposition 218 Hearing on March 16, 2016, the Board approved the maximum sewer service charges for the next five years. Also at the Hearing, it was suggested that the Board would evaluate, through the budget process, whether the District could set the fee at a lower amount. Staff will present to the Board an alternative to the rate plan adopted by the Board, and what the impacts are to the budget and/or Capital Improvement Plan if the alternative were to be the Board's direction.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	The Board adopted a change to the sewer service charges through ordinance on March 16, 2016. These are the same rates that the Board instructed staff to use to build the FY 16/17 budget and 10-year CIP. A change in the sewer service charges will result in a decrease in revenues to the District compared with plan. Based on the alternative rates of 10%-15%-11%-5%-4%, there

would be a net loss of \$2.1 million to the District.

Is it Mandatory or Discretionary? Discretionary

Discretionary Justification: The Board sets policy regarding the sewer service charge rate. The staff has recommended the 15%-15%-6%-5%-4% rate structure to meet the operating and capital needs of the District for the next five years.

Is the general fund affected? Yes

Future fiscal impact: A decrease in the sewer service charge rate increase from 15% to 10% in FY 16/17 will result in a loss of revenue both in current and in future years.

Consequences if not approved: The sewer service charge for FY 16/17 would go up 15% from \$482.50 to \$554.88 per EDU.

Additional Information: None.

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

SUPPORTING DOCUMENTS

A . Presentation

B . Alternative CIP (changes highlighted in yellow)

Napa Sanitation District: Approve

Reviewed By: Timothy Healy