



Agenda Date: 7/19/2017

Agenda Placement: 8E

## Napa Sanitation District Board Agenda Letter

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**TO:** Honorable Board of Directors

**FROM:** Timothy Healy - General Manager  
NS-Administration

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

**SUBJECT:** Receive Presentation from Staff on Sewer Service Charges and Capacity Fee Methodology

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### **RECOMMENDATION**

Receive presentation from staff on sewer service charges and capacity fee methodology study and provide direction.

### **EXECUTIVE SUMMARY**

Staff will present several policy questions regarding a new study of residential sewer service charge and capacity charge methodologies. The purpose of the presentation is for the Board to provide direction to staff on how to develop the scope of work for consultant.

#### **Policy Questions**

1. Should NapaSan study whether to include a variable component to its residential sewer service charges, based on water usage?
2. If not, should NapaSan evaluate its average water usage assumptions for SFR, condos, apartments and other residential types?
3. Should average residential strength factors for BOD and TSS be evaluated?
4. Should NapaSan study its capacity charge fee amount?
5. Should NapaSan evaluate the methodology used for assessing capacity charges on residential development?

At the August 16, 2017 meeting, staff will present outreach options for Board consideration. Based on the direction received from the Board, staff will develop a scope of work and timeline for the fee study, and will solicit Requests for Proposals from consultants to assist in the technical work involved. Prior to the start of the study, staff will brief the Board on outreach, schedule, and study expectations.

**FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	The Board approved budget for this project in the FY 2017/18 Operating Budget.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The Board has identified this project in its 2017 Strategic Plan update.
Is the general fund affected?	Yes
Future fiscal impact:	It is anticipated that the amount identified in the FY2017/18 budget for this project will be sufficient, and additional resources will not be necessary.
Consequences if not approved:	The study will not be completed.
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**

The following objective is from the Strategic Plan adopted on May 3, 2017:

**2A. Conduct study of sewer service charge and capacity charge methodologies for residential customers and development, and make recommendation for Board consideration**

There are several components to be evaluated in the study.

For sewer service charges, the study should evaluate the basis for differentiation of residential customers (SFR, condos, apartments, ADUs, etc.), whether the rates should have a volumetric component (i.e., be partially based on water consumption), the methodology for revenue collection (property tax bill vs. direct invoicing), the Low Income Assistance Program, and look at affordability issues for low-income housing and seniors.

For capacity charges, the study should evaluate the methodology for assessing charges to residential development, policies regarding affordable housing projects, and Accessory Dwelling Units (ADUs).

The study should have significant and meaningful public outreach and stakeholder input built into the information gathering and policy option development process.

Timeframe:

First deliverable will be a recommendation on changes to NapaSan's capacity charges for Accessory Dwelling Units. Select consultant and have under contract by September 30, 2017. Present scope of work and outreach

plan to Board for approval by December 31, 2017. Approved scope of work will contain schedule and milestones for study. Work will begin in early 2018, with an anticipated completion by December 31, 2018.

**SUPPORTING DOCUMENTS**

A . Presentation Slides

Napa Sanitation District: Approve

Reviewed By: Cheryl P. Schuh