



Agenda Date: 9/27/2017

Agenda Placement: 7E

## 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:** Award Task Order for Sewer Service Charge Rate Methodology and Capacity Charge Study

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### **RECOMMENDATION**

Authorize the Purchasing Agent to execute Task Order No. 23 with Carollo Engineering, Inc. to provide consulting service regarding residential sewer service charge methodology design and the calculation of capacity charges, in the amount of \$102,486.

### **EXECUTIVE SUMMARY**

This project includes the development and analysis of several options for rate setting residential sewer service charges. The study does not evaluate the amount of money necessary to be collected from rates, but instead will evaluate different rate structures to find the most fair and equitable methodology for structuring the rates. The study will look at the potential of a volumetric rate, evaluate the current percentage factors used for setting residential rates, and explore different billing options. This project also includes an update to the capacity charge and will explore different methods for charging that fee on residential development.

Carollo Engineers was selected based on upon their prior experience working with NapaSan on the analysis of city water use data and its relationship to sewer usage for specific properties, and on prior experience with NapaSan in developing a new capacity charge methodology for commercial customers. Under this Task Order, Carollo will conduct analysis on various methodology options for residential sewer service charges and calculate the rate impacts for each option. Carollo will also update NapaSan's capacity charge fee and will evaluate different methodologies for imposing that fee on residential development. It is expected that the initial findings and options will be presented to the Board in early 2018, with outreach and a final recommendation completed by the end of May 2018.

This project was identified in the Strategic Plan under Goal 2: Financial Stability, Objective 2A, "Conduct study of sewer service charge and capacity charge methodologies for residential customers and development, and make

recommendations for Board consideration."

### **FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	The budget identified for this project in the FY 2017/18 Operating Budget is \$150,000. Sufficient funds are available to cover this Task Order.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	This work is necessary to meet the Strategic Goal item, Objective 2A, identified by the Board.
Is the general fund affected?	No
Future fiscal impact:	The project is expected to be completed within the current fiscal year.
Consequences if not approved:	The study will not be completed. The current methodology for sewer service charges will remain in place. The current capacity charge will remain in place.
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**

At the Board meeting on July 19, 2017, the Board provided direction to staff on the Scope of Work to include in the sewer service charge residential rate methodology study and the residential development capacity charge methodology study.

At the Board meeting on August 16, 2017, the Board provided direction to staff on public outreach for this study.

### **SUPPORTING DOCUMENTS**

A . Task Order

Napa Sanitation District: Approve

Reviewed By: Timothy Healy