



# NAPA SANITATION DISTRICT

Clean water. Healthy community.

## Sewer Service Charge: Proposed Rate Increase

The Napa Sanitation District recently conducted an extensive review of its operational needs over the next ten years. Working with the District Board and with feedback from local businesses and residents, the District has determined that an increase in sewer service rates is necessary to ensure the ongoing safety and viability of Napa’s sewer system. The proposed rate structure will allow the District to maintain the treatment plant and local sewers for the next five years, through 2021.

Rate Structure 2016–2021	Current Fiscal Year	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
<b>Revenue Needed</b>	\$19,535,000	\$22,514,151	\$26,105,521	\$28,075,212	\$29,898,942	\$31,383,610
<b>Single Family (Annual Rate)</b>	482.50	554.88	638.11	676.39	710.21	738.62
<b>Apartment/Mobile Home (Annual Rate)</b>	289.50	332.93	381.66	405.84	426.13	443.17
<b>Annual % Increase</b>		15%	15%	6%	5%	4%

### Why is a Rate Increase Needed?

Roughly 1/3 of the pipes in our system are over 50 years old. The constant flow of water and other materials causes sewer pipes to deteriorate over time. As the system ages, it needs more maintenance. The rate increase will allow the District to replace or repair a greater number of aging sewer pipes, and to implement more capital projects that will reduce the risk of sewer collapses and overflows that are harmful to public health and water quality in the Napa River.

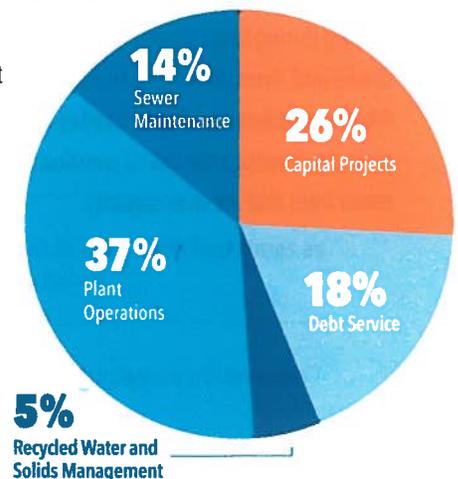
### How does the District spend the revenue it already collects?

All revenue collected by the District is used to pay for projects and services directly related to wastewater, including:

- **Plant Operations** – Treating wastewater
- **Recycled Water & Solids Management** – Recovering reusable resources (such as recycled water and energy)

- **Sewer Maintenance** – Maintaining and rehabilitating the sewer system
- **Capital Projects** – New construction, renovation or replacement projects to help reduce overflows
- **Debt Service** – Payment of interest and principal on debt for past or current capital projects

The pie chart to the right shows how rate revenue is spent.



# Major Projects Funded by the Rate Increase

Targeted investments will protect our aging system and reduce the need for costly emergency repairs in the future. The District has identified **three major projects** that will be funded by additional rate revenue:

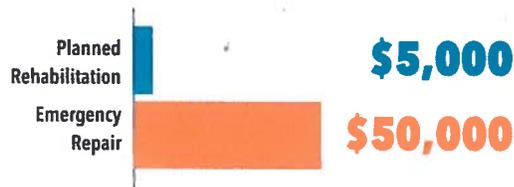
## Renewal & Replacement of Aging Sewer Pipes

**Additional Investment Needed: \$1.9 million annually**

The constant flow of water and corrosive elements causes sewer pipes to deteriorate over time and many pipes are reaching the end of their useful life. In order to maintain service, pipes must be replaced before they have collapsed or failed. Planned rehabilitation is much more cost-effective. Fixing a collapsed pipe costs over ten times as much as a planned pipe lining project. The District has developed a plan to replace or rehabilitate aging pipes over the next ten years in order to avoid costly emergency repairs.

### COST OF PLANNED VS. EMERGENCY REPAIR

100 feet of sewer pipe



## Reducing Inflow & Infiltration

**Additional Investment Needed: \$3 million annually**

During rainstorms and when groundwater levels are high, water can enter the sewers. Extra water can overwhelm the sewer system, allowing untreated sewage to flow into creeks and the Napa River, and potentially causing backups into homes and businesses. All of this extra water in the system also



has to be treated, resulting in greater treatment costs as well as possible fines from the Regional Water Quality Control Board.

In addition to constructing the Interceptor Project, over the next five years the District plans to rehabilitate almost three miles of sewer mains and laterals each year, greatly reducing the risk of overflows of untreated sewage and reducing the cost for electricity and chemicals used to treat extra water.

## Browns Valley Road Sewer Interceptor Project

**Additional Investment Needed: \$15 million**

*(Napa Sanitation will issue debt to pay for this project, allowing costs to be spread out over time)*

Many sewer pipes in downtown Napa are in danger of overflowing during large storms or other events. Raw sewage in our streets and rivers poses an obvious threat to public health and the environment. The Browns Valley Road Sewer Interceptor project will reduce the risk of overflow by diverting water from sewer lines that are over capacity.

### LOCATION OF OVER-CAPACITY PIPES

**Current**  
Red lines: Over-capacity pipes



**With Interceptor**  
Red lines: Over-capacity pipes  
Yellow line: BVR Sewer Interceptor



## Limiting the Rate Increase

### Managing Costs

Over the past few years, the District has implemented numerous projects to decrease operating costs and slow the rate of cost increases. We have applied new construction methods that use fewer resources, and have adjusted our employee pay and benefits packages to reduce salary and benefit costs.

Although the costs of energy, chemicals and health care have risen significantly, the District's average annual operating expenses have increased *by only 1.42%* – lower than the rate of inflation.

The District has successfully kept operating costs low; however, construction inflation continues to rise faster than our rates. Our aging infrastructure and new capital projects will require significant additional revenue to maintain.

### Land Lease Income

The District is constantly exploring ways to utilize assets to generate additional revenue and reduce the reliance on rate increases as the sole source of income. By leasing land it owns, the District pays for the Low Income Assistance program and reduces the amount of revenue required by rates. Last fiscal year, the District collected over \$700,000 in land lease income.

### Additional Cost-Savings

The District Board explored other ways to reduce rate increases, including:

- Deferring projects
- Increasing the number of debt-funded projects
- Phasing capital projects

Because of these efforts, the rates proposed are significantly lower than they otherwise would have been.

## How the District Reduces Costs

### PROJECT

### COST BENEFIT



#### Fats, Oils and Grease (FOG) Receiving Station

The District converts FOG to methane gas that it uses to generate **40% of its own electricity**.



#### Solar Power (planned completion: 2016)

The 1-megawatt system will save ratepayers over **\$2 million** over 25 years.



#### Stationary Storage Batteries

Storage batteries allow the District to avoid PG&E peak pricing and save up to **\$70,000 a year**.



#### Dissolved Air Flotation Clarifier

The improved process reduces the chemicals needed to treat wastewater and lowers costs by **\$100,000 a year**.



#### In-House Lateral Lining

Bringing skills in-house allows the District to rehabilitate **four times as many sewer laterals** at the same price as before.



#### Adjustments to Union Contract

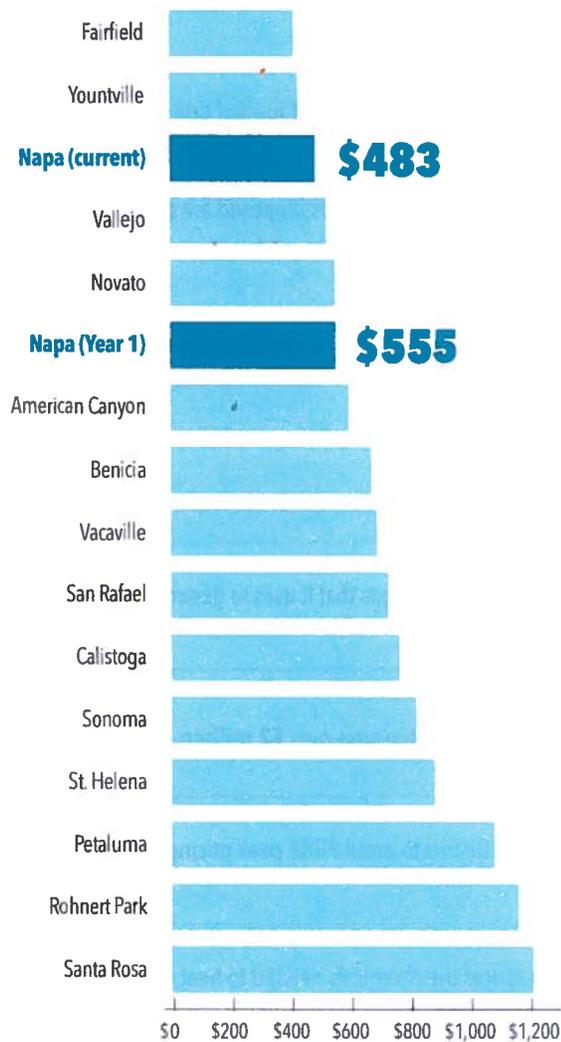
Reduced employee benefits negotiated with employees will **save the District significantly** now and in the future.

## How Rates Compare

Ratepayers in Napa enjoy relatively low sewer rates compared to other cities in the area. Even with the increase, annual rates are significantly lower than the average in Napa County and throughout the North Bay.

### COMPARATIVE RATES IN THE NORTH BAY

2015 Average Annual Rate: \$702



## Low Income Assistance

The District offers reduced sewer charges to low-income homeowners. The current discount is 28% (\$136.10), resulting in an annual rate of \$346.40. The District intends to continue this program to help offset the impacts of the proposed rate increase. This program is funded by the District's land lease revenue.

## Public Process

Through Prop 218, the State of California requires the District to evaluate its revenue needs and cost of service at least once every five years. Based on this evaluation, the District calculates the amount of revenue that must be generated from rates and recommends a new rate structure. Every landowner in the District receives a notification of the proposed new rates. Ratepayers have the right to protest the proposed increase. For details on the protest process, see the Notice of Public Hearing or visit [www.NapaSan.com](http://www.NapaSan.com). If a majority of landowners protest the rates, the District cannot raise rates and must restart the process. The notice sets a maximum sewer rate, but the District has the ability to set rates lower than the amount in the notice.

**A public hearing will be held on Wednesday, March 16th at 6pm in the Napa Valley Unified School District Board Room at 2425 Jefferson Street in Napa to discuss the proposed rate increase.**



### NAPA SANITATION DISTRICT

1515 Soscol Ferry Road  
Napa, California 94558

Phone: 707-258-6000

Fax: 707-258-6048

Email: [info@napasan.com](mailto:info@napasan.com)

[www.napasan.com](http://www.napasan.com)