

Napa Sanitation District

2020 Sewer Service Charge Study

Board of Directors Kick-Off Presentation

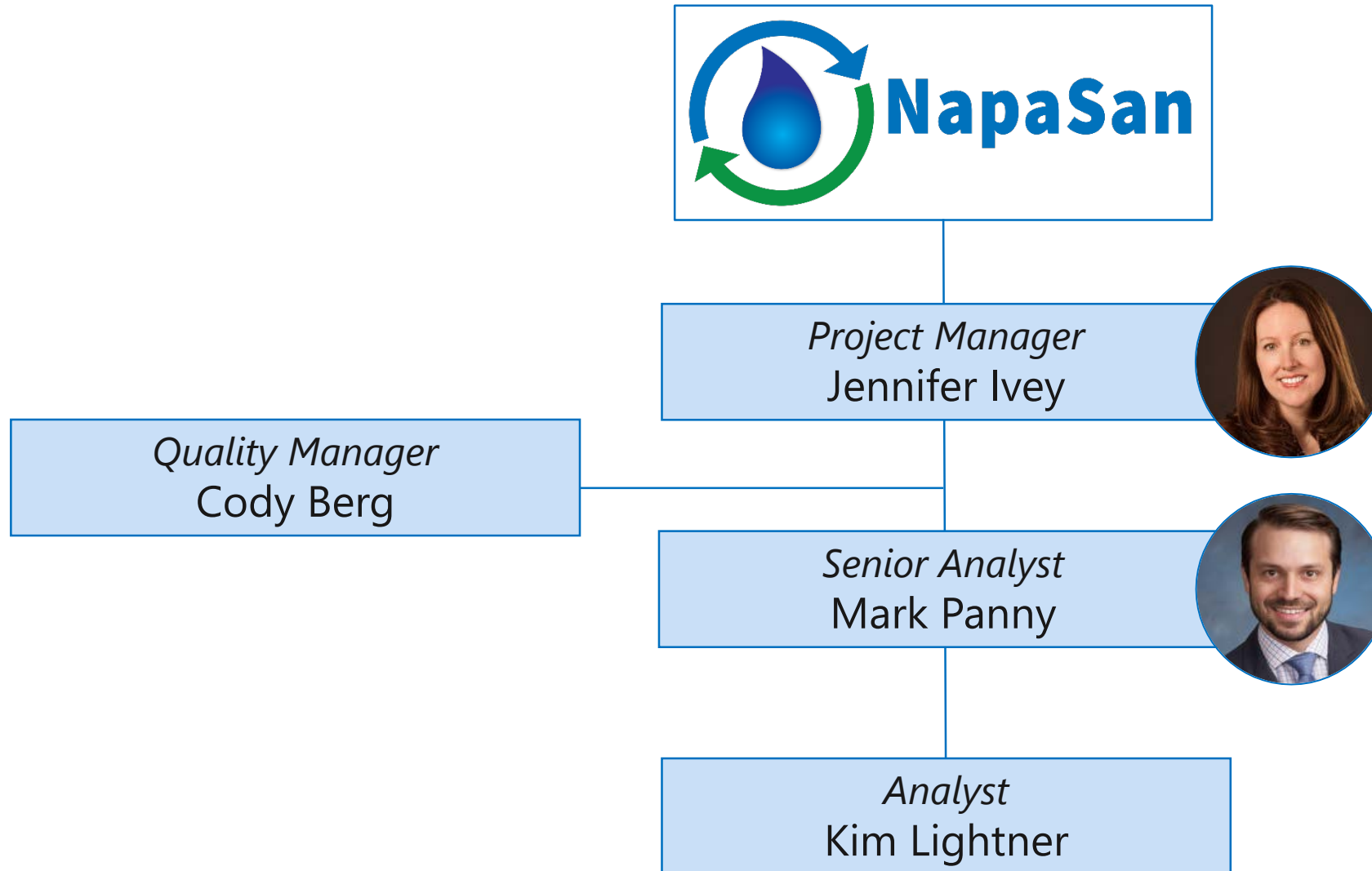


Video Conference // April 15, 2020

// Agenda and Purpose

- 
- Introduce New Team Members and Establish Project Roles
 - Review Project Scope
 - Review Cost of Service Process
 - Discuss Priorities and Goals
 - Review Schedule and Next Steps

// Team Members and Roles



// Overview of Scope

Analysis Goals

- Determine the costs associated with the District's three main fees
- Develop a rate structure for the following categories:
 - Residential
 - Commercial
 - Industrial
 - Septage Hauler
 - Groundwater Discharger classes

Deliverables Goals

- Communicate frequently with Board
- Calculate rates based on the cost of service and recommended rate structure
- Support Proposition 218 process

// Preparing for the next rate study period will require reviewing what has changed since the last one

Customer Class EDUs

Substantial analysis into
winter water demand

Focus on types of
residential customers

Recommendation
needed for rate study

Billing Methodology

Reviewed the feasibility
of monthly billing

Reviewed the feasibility
of volumetric rates

No changes adopted

Capacity Charge

Calculated updated
capacity and system
value based on latest
demands and assets

Board adopted updated
methodology

// Overview of Cost of Service Approach



Project Kick-Off



Revenue Requirement Analysis



Customer Usage Analysis



Cost of Service Analysis



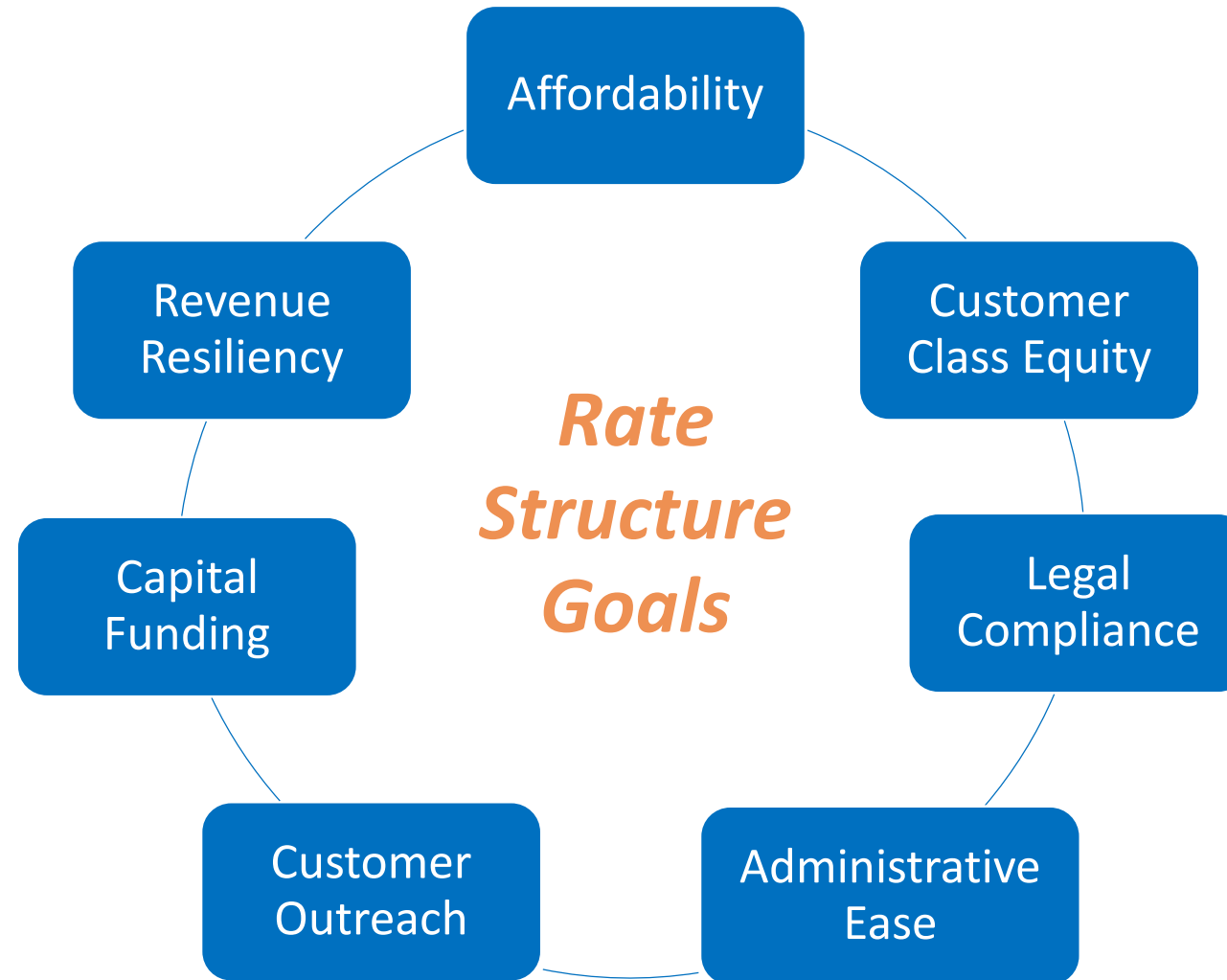
Rate Design



Outreach



// **Project Kickoff:** Numerous challenges and opportunities can influence and shape the selection of a rate structure



// Revenue Requirement Analysis: The financial plan review will assess the District's revenues sufficiency

Cash Flow and Reserve Tests

- Are revenues sufficient to meet O&M?
- Are reserves sufficient to fund CIP?

Debt Coverage Test

- Is the District meeting its coverage targets?

Sensitivity Analysis

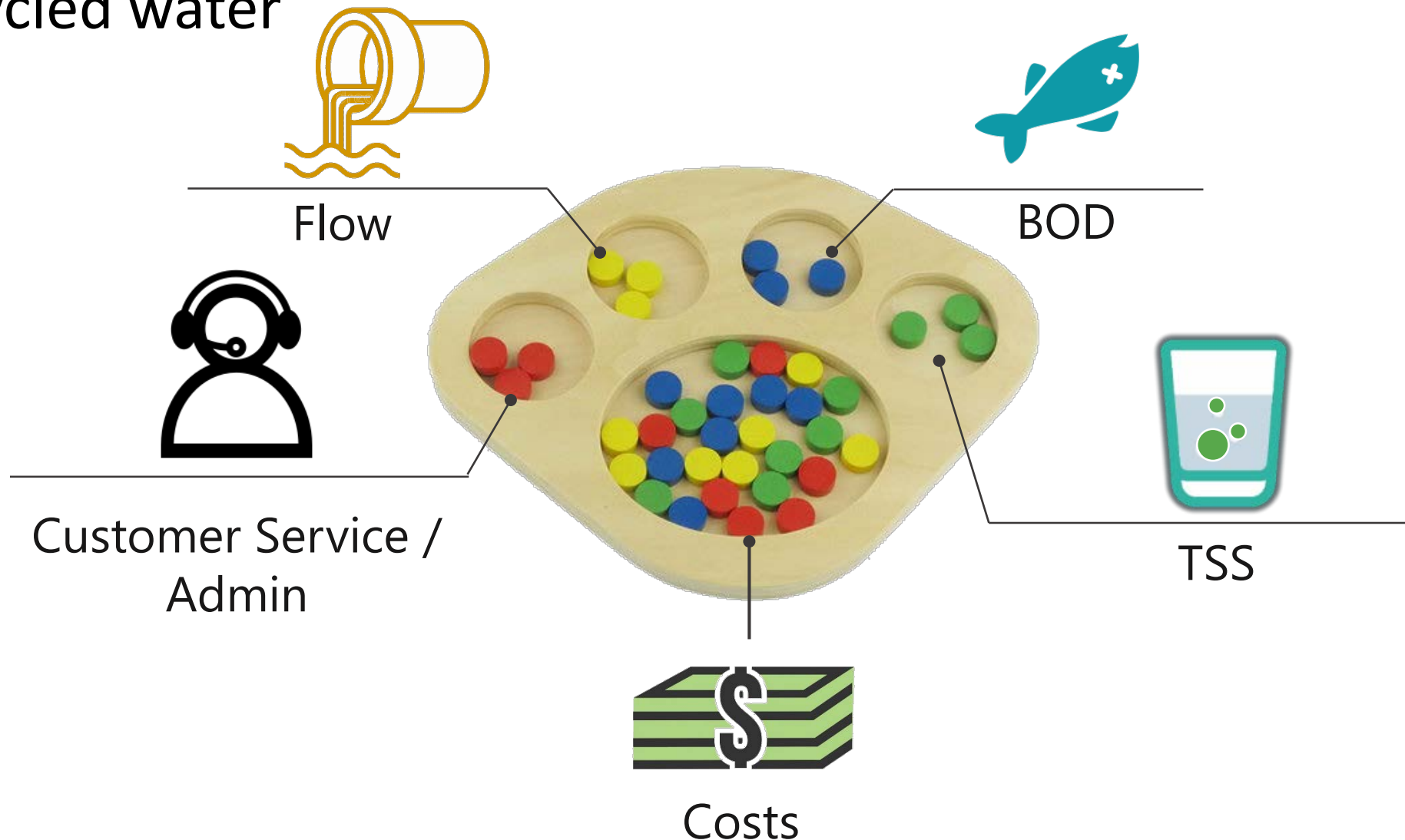
- What alternative scenarios should be considered?

// **Customer Usage Analysis:** Our analysis will look at residential winter water consumption as a proxy to test the EDU assumptions

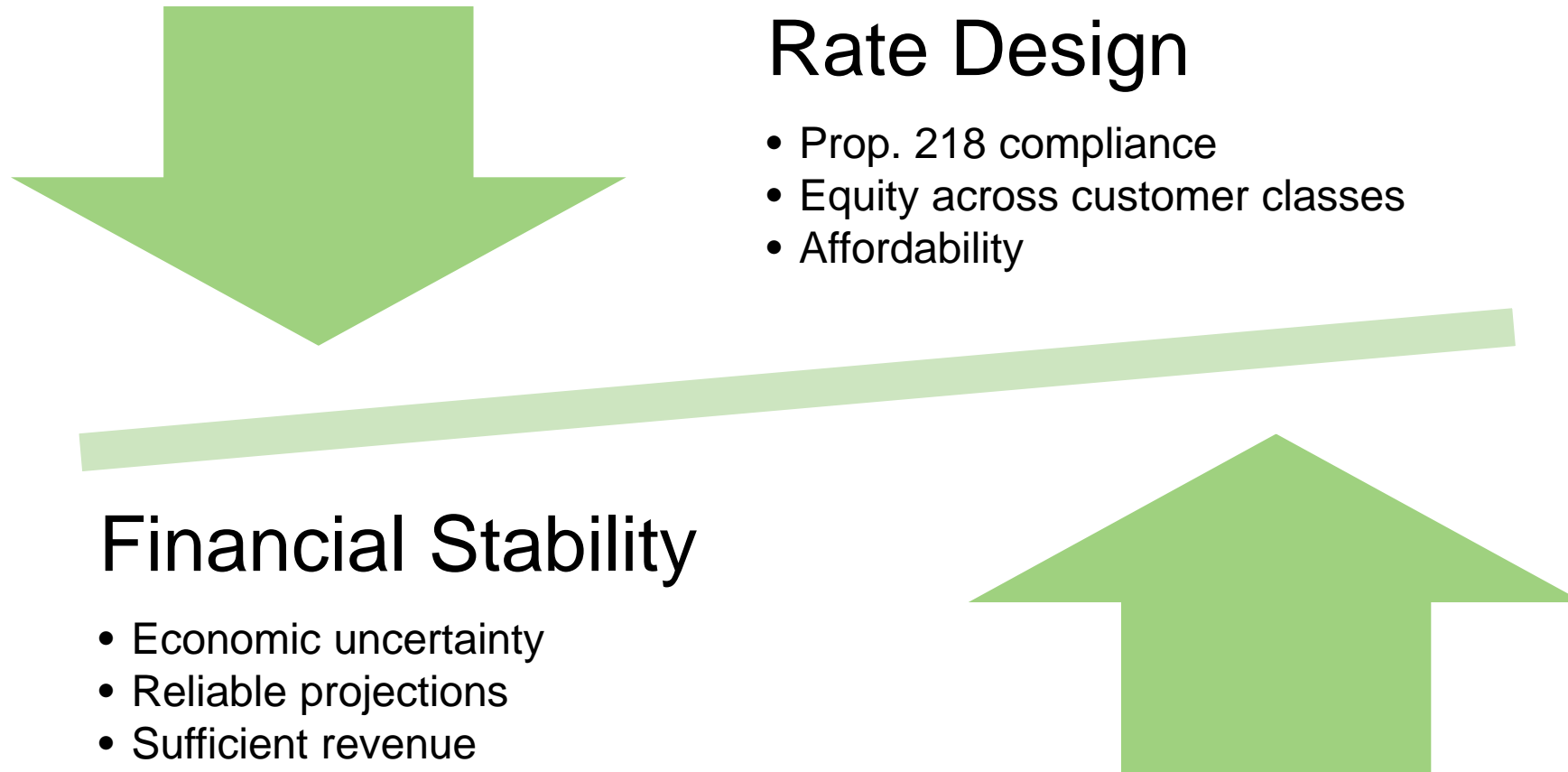
Residential Unit Type	Current EDUs
Single Family Dwelling	1.0
Duplex	1.0
Condominiums and Townhouses	1.0
Triplex, Fourplex, and Apartments	0.6
Mobile Home	0.6
Overnight Trailer Park	0.4

- Key Questions
 - How does water usage vary among these classes?
 - What are the potential bill impacts?
 - What are the revenue impacts?
 - Is there sufficient data to review accessory dwelling units?

// **Cost of Service:** Engineering-based cost of service allocations will start with industry standard Flow-BOD-TSS approach plus recycled water

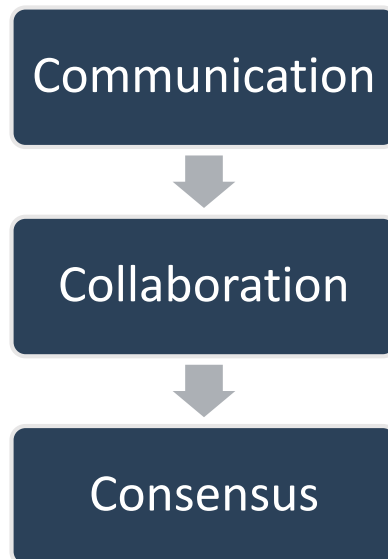


// **Rate Design:** Rate considerations will seek to balance your needs with rate equity

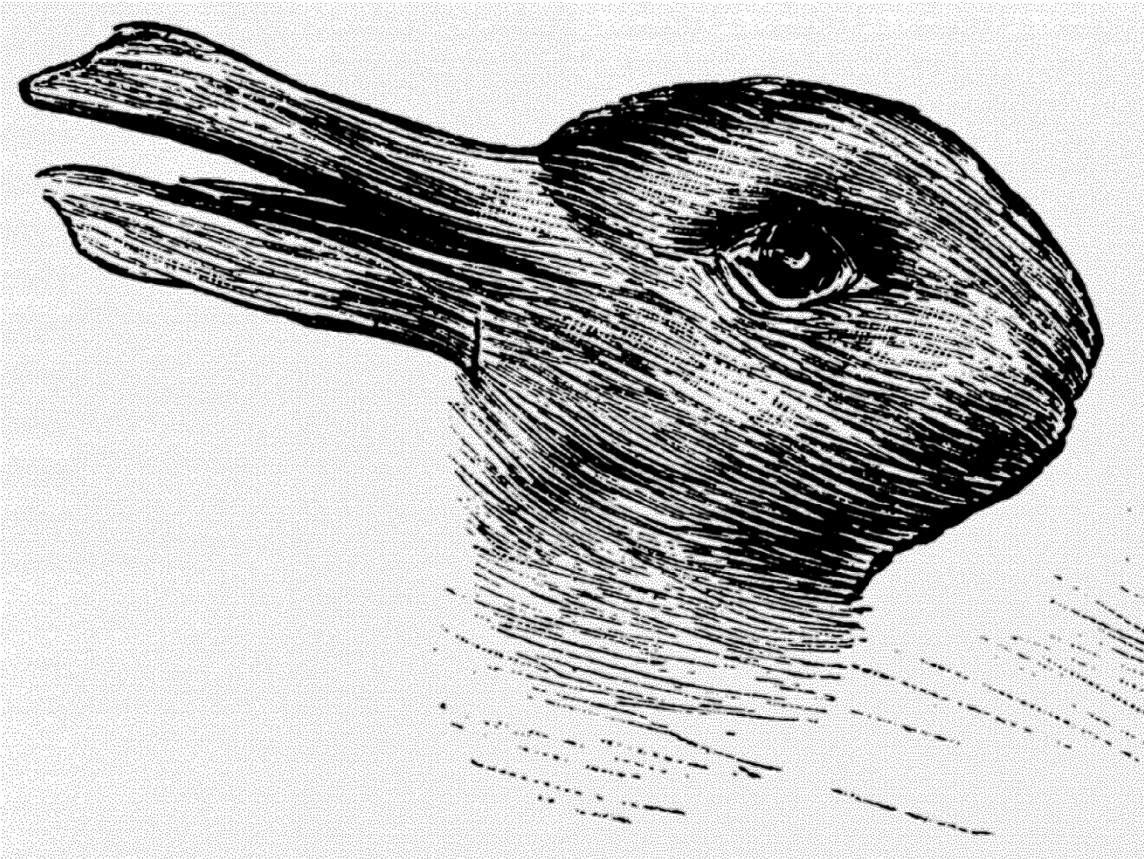


// **Outreach:** Customer outreach and communication are an often forgotten, but critical step for successful implementation

- Set goals up front: fair, practical, and equitable rates
 - Create dynamic feedback process
 - Demonstrate community benefit
 - Be realistic about impacts



// **Outreach:** Understanding different perspectives is fundamental to garnering stakeholder support



Necessary to explain:

- How costs are incurred
- How customers impact costs differently
- Key differences between rate alternatives
- Why revenue adjustments are necessary

// Project Schedule

Meeting		Preliminary Schedule
1	Kick-off with Staff	Late March
2	Kick-off with Board	April (today)
3	Staff Workshop & Meeting with Finance Committee	Late May
4	Policy Meeting with Board	June
5	Staff Workshop & Meeting with Board	August
6	Rate Recommendation/Meeting with Board Committee	Early October
7	Rate Recommendation/Meeting with Board of Directors	December
8	Board Committee	February 2021
9	Prop 218 Public Hearing	March 2021

Questions?



Thank you!