

Napa Sanitation District (NapaSan) is moving forward with a five-year rate modification that will keep rates for single-family homes stable but will increase rates for commercial customers and some residential customers in a stepped approach over several years. The change in rates is essential to continue to provide safe, reliable and resilient wastewater service while ensuring costs are equitably distributed among customer classifications.

Will My Rates Change?

— Single-Family Dwellings	↑ Apartments
↓ Duplexes	↑ Mobile Home Spaces
↓ Condos/Townhouses	↑ Commercial & Industrial Properties (some)
↓ Single-Family Dwelling with Accessory Dwelling Unit (ADU)	— Overnight Trailer Parking

Why are Rates Being Modified?

As a not-for-profit agency, NapaSan can only charge for the cost to provide wastewater service and is legally required to ensure those costs are equitably divided among different users. Results of the 2020 Cost of Service Study indicate that wastewater discharge amounts from residential and other customers have changed and as a result, NapaSan's wastewater rate formula must change, impacting different customers in different ways.

What is Changing?

Equivalent Dwelling Unit Calculation:

The Equivalent Dwelling Unit (EDU) represents the typical volume and strength of the wastewater generated by a single-family residential home. The EDU is used to calculate all bills and is based on average single family residential (SFR) water use, which is down.

Current	Proposed
210 gallons per day (gpd)	117 gpd

Residential Rates:

Usage varies based on residential dwelling type (apartments, townhouses, condos, duplexes, mobile homes), so the percentage of the "EDU" charge will change (see page 2).

Commercial/Industrial 3-Year Water Use Average:

NapaSan will base future billing on a three-year average of water usage (compared to only one year), providing more predictability for ratepayers and NapaSan.

Wastewater "Strength" Charges:

The formula for calculating and charging for wastewater strength (Biochemical Oxygen Demand [BOD] and Total Suspended Solids [TSS]) is changing. Depending on the type of business and how much water is used, this change will have varying impacts on commercial and industrial customers.

Current	Proposed
FLOW – 50% of cost	FLOW – 58% of cost
BOD – 25% of cost	BOD – 15% of cost
TSS – 25% of cost	TSS – 27% of cost

Revenue Requirements:

NapaSan projects costs to remain stable; the proposed rate modification includes an annual three percent revenue increase due to increased costs to provide safe, reliable wastewater service.

What Does It Mean for Me?

RESIDENTIAL CUSTOMERS

For most residential customers, rates will stay the same or decrease. However, based on updated water usage data, other residential users, including apartments and mobile homes, will see an increase in rates over the next five years (FY 2021/22 – FY 2025/26).

Customer Class	Current	Rate Impacts	2026 Charges
Single-Family Dwelling (1 EDU)	\$738.60	— No change to rates	\$738.60
Duplex (80% of EDU)	\$738.60	↓ \$29.54 per year for next five years	\$590.88
Condo/Townhouse (85% of EDU)	\$738.60	↓ \$22.16 per year for the next five years	\$627.81
Single-Family Dwelling with ADU (150% of EDU)	\$1,477.20	↓ \$369.30 in first year	\$1,107.90
Apartment (80% of EDU)	\$443.16	↑ \$29.54 per year for the next five years	\$590.88
Mobile Home (85% of EDU)	\$443.16	↑ \$36.93 per year for the next five years	\$627.81

NapaSan understands current economic conditions for all customers and has taken several steps to reduce cost, streamline operations and implement rate changes over several years to minimize impacts.

COMMERCIAL CUSTOMERS

Some commercial and industrial customers place higher demands on the wastewater system and therefore will see an increase in their bills to ensure a fair distribution of costs. These increases will occur over six years to gradually transition customers to the new standard for usage. The examples shown here are based on the average wastewater generated from each business category. For specific questions or information about the impacts to your bill, please contact our staff to schedule a virtual meeting or phone call (see page 3).

Customer Class	Current	Rate Impacts	2026 Charges
Bank/Business Office	\$738.60	— No change for the average office	\$738.60
Retail Store	\$738.60	↑ \$18.28 per year for the next 5 years	\$830
Restaurant	\$10,520	↑ \$818 per year for the next 5 years	\$14,610
Hotel without Restaurant	\$12,570	↑ \$1,678 per year for the next 5 years	\$20,960
Hotel with Restaurant	\$83,240	↑ \$8,600 per year for the next 5 years	\$126,240

* Rate changes will be implemented over six years, but only the first five years are listed here since a new Cost of Service Study will commence in 2026 and could result in different charges.

** Please note these increases are based on average water usage for these customer categories and assume water usage will remain the same for the next five years.

SCHEDULE FOR CHANGES:

- **Residential:** Modifications over the next five years (FY2021/22 – FY 2025/26)
- **Commercial/Industrial:** Modifications over the next six years (FY2021/22 – FY2026/27)

*A fiscal year (FY) runs from July 1st to June 30th.

How Are Rates Calculated?

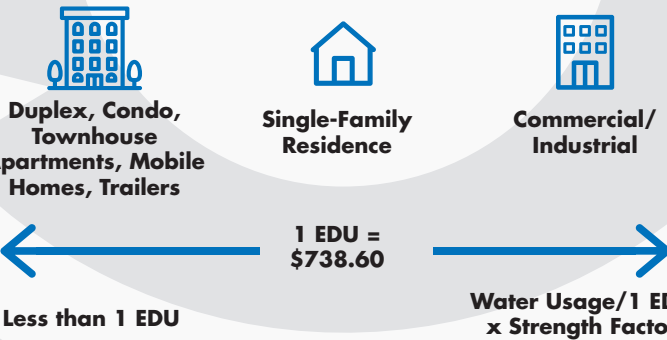
NapaSan uses an equivalent dwelling unit ("EDU") which is a unit of measure intended to represent the volume and strength* of wastewater generated by a typical single-family residential (SFR) home. This allows NapaSan to compare the wastewater "demand" of different parcels and customers using a standard unit of measure. Calculation for 1 EDU – or the estimate for one SFR – includes costs for:

- Flow (currently 210 gallons per day; moving to 117 gallons per day over six years)
- Removal of biochemical oxygen demand (BOD)*
- Removal of total suspended solids (TSS)*

*BOD and TSS are "strength" of wastewater factors that, in higher numbers, require additional treatment before they leave the wastewater treatment plant and return to the environment. These strength factors are known to be higher in some businesses and those businesses are charged accordingly.

How Are Customers Charged?

Residential property owners receive an annual flat charge on their property tax bill based on their dwelling type (SFR, apartment, etc.). NapaSan has studied other utility billing systems and frequencies and as a result determined that flat rate billing for residential customers results in the lowest cost of service. Even for those with low water usage, the administrative costs associated with non-flat-rate billing would result in higher bills.



Commercial property owners receive an annual charge on their property tax bill, calculated using their annual metered water usage from the previous year divided by the gallons associated with an EDU and multiplied by the strength factor. Industrial property owners are billed monthly using their metered water usage and a measured or assumed strength factor. This rates proposal moves to a three-year average for water usage providing non-residential customers with more predictable bills and NapaSan with more stable revenue.

? Need More Information or Have Questions?

Due to the COVID-19 pandemic, in-person meetings with customers are not possible. However, NapaSan is offering online one-on-one appointments with our team members who can review your charges and answer your questions about specific rate impacts. Please visit www.napasan.com/rates to book an appointment. If you prefer speaking with someone on the phone, please call (707) 258-6000. Our staff will take down your questions and contact information. Then our team will gather all the data and information regarding your bill before scheduling a convenient time to discuss your specific bill impacts.



📈 The Rate Setting Process



Through Prop 218, the State of California requires NapaSan to evaluate its revenue needs and cost of service at least once every five years to ensure that rates do not exceed the proportional cost of service. Based on this evaluation, NapaSan calculates the amount of revenue that must be generated from rates and recommends a new rate structure. Every property owner in the NapaSan service area receives 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/rates. If a majority of property owners protest the rates, NapaSan cannot raise rates and must restart the process. The notice sets a maximum sewer rate, but NapaSan has the ability to set rates lower than the amount in the notice.

A public hearing will be held virtually to discuss the proposed rate increase and for NapaSan Board of Directors to take action on the proposed rate changes.

Date: Wednesday, March 31, 2021

Time: 6 p.m.

Link: (drop in link here)



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