



Agenda Date: 12/15/2021

Agenda Placement: 7E

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors
FROM: Timothy Healy - General Manager
NS-Administration
REPORT BY: Cyndi Bolden, Senior Accountant - 258-6001
SUBJECT: Award Task Order for Recycled Water Rate Study

RECOMMENDATION

Authorize the Purchasing Agent to execute Task Order 40 with Carollo Engineers to provide consulting services for a rate study for recycled water, in the amount of \$70,382.

EXECUTIVE SUMMARY

NapaSan completed its last recycled water rate study in 2012. The Board accepted the study and approved an ordinance to set the recycled water rates. The rate in 2011 was \$0.91 per 1,000 gallons. The ordinance increased the rate by the Consumer Price Index (CPI) each calendar year, from 2012 - 2015. Effective in 2016, the ordinance set the rate at \$1.57 per thousand gallons, with an annual CPI inflator, for recycled water purchased during April and November and provided reduced rates for large users and customers who purchased recycled water during the non-peak period (winter). A monthly meter charge was also established. In 2019, the ordinance allowed for an additional 2% rate increase above the annual CPI inflator for the renewal and replacement of the recycled water assets. The recycled water rate for 2021 is \$1.93.

Over the last several years, the demand for recycled water has increased and exceeded expectations. NapaSan is in the process of renewing the recycled water user agreements which will be expiring on December 31, 2022. Staff received direction from the Board to modify parts of the agreement. The Board also determined that a recycled water rate study should be conducted as part of the process of renewing the agreements. The study will evaluate the following:

- | Rates that vary by season or month, such as winter and summer rates.
- | The appropriateness of a "must-pay provision" for large volume users.
- | The most effective method for recovering meter reading costs, which are currently collect via a separate line item on bills.

- Other special rate topics relevant to the recycled water rate structure as agreed to by Carollo and NapaSan.

A review of the current 2% rate for funding the renewal and replacement of recycled water assets will also be included in the study.

A complete scope of work, with anticipated schedule and detailed budget, are attached to this staff report. It is anticipated that there will be a kick-off meeting with the Board in February 2022. The study is expected to be completed in June 2022.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	The recycled water rate study budget is not specifically identified in FY 2021/22; however, there is sufficient budget for miscellaneous (unanticipated) consulting fees that have been approved in the current year's budget.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	This item is necessary to evaluate if there is a need to adjust the recycled water rates to charge the appropriate rate to cover all costs to treat and distribute recycled water.
Is the general fund affected?	No
Future fiscal impact:	The project is expected to be completed this fiscal year. If there is an unforeseen delay and the study goes beyond this current year, unused budget from the current fiscal year will be carried forward into next fiscal year.
Consequences if not approved:	The study will not be completed. The current recycled water rate 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

None.

SUPPORTING DOCUMENTS

A . Task Order

Napa Sanitation District: Approve

Reviewed By: Timothy Healy