



Agenda Date: 9/5/2018  
Agenda Placement: 7F

## Napa Sanitation District Board Agenda Letter

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**TO:** Honorable Board of Directors  
**FROM:** Jeff Tucker - General Manager  
NS-Administration  
**REPORT BY:** Jeff Tucker, Director of Administrative Services/CFO - 707-258-6000  
**SUBJECT:** Accept Report on Sewer Service Charge Methodology and Capacity Charges

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### **RECOMMENDATION**

Accept report on Sewer Service Charge Methodology and Capacity Charges from Carollo Engineers.

### **EXECUTIVE SUMMARY**

NapaSan hired Carollo Engineers, Inc. to evaluate a number of technical and policy questions regarding residential sewer service charges and capacity charges. Those questions include:

- | Are the rates set during the last Proposition 216 process still adequate and appropriate to meet the identified revenue needs?
- | Are Costs of Service adequately allocated between residential, commercial and industrial customers? Should costs be classified and allocated based on fixed costs vs. variable costs?
- | What are the pros, cons and implications associated with different billing procedures, such as property tax assessments vs. direct invoicing, monthly or bimonthly vs. annual billing, and fix vs. variable cost components?
- | Is the current capacity charge methodology and calculation appropriate?

Carollo and NapaSan staff presented a series of Technical Memoranda to the Board in late 2017 and throughout 2018 that addressed these questions. Based on direction from the Board, Carollo has completed its report with a series of recommendations and analysis regarding the financial and other impacts of those recommendations.

Staff recommends that the Board accept the attached Final Report from Carollo Engineers. At a future meeting, staff will introduce an ordinance to address the recommended changes to NapaSan's capacity charge and the annual inflation adjustment.

**FISCAL IMPACT**

Is there a Fiscal Impact?            No

**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 . Final Report

Napa Sanitation District: Approve  
Reviewed By: Jeff Tucker