



## **NOTICE OF PUBLIC HEARING** **ON PROPOSED NEW/INCREASED SEWER RATES**

- WHERE:** Rohnert Park City Hall – Council Chamber  
130 Avram Avenue  
Rohnert Park, California
- WHEN:** Tuesday, April 24, 2018 at 6:00 p.m. or as soon thereafter as the matter is reached on the agenda.
- PURPOSE:** To receive public comment on a proposal for the City Council to consider adopting new/increased sewer rates in the City Council Chamber at City Hall, 130 Avram Avenue, Rohnert Park. At the public hearing, the City Council will accept oral and written testimony, as well as written protests, regarding the sewer rates.

### **Why am I Receiving this Notice?**

You are receiving this notice because our records indicate that you are listed as an account holder and/or as the owner of a parcel receiving sewer service from the City of Rohnert Park (City). The purpose of this notice is to give you information about proposed new/increased sewer rates and how you can participate in the rate-setting process.

### **Rate History**

The City of Rohnert Park works each day with limited resources to ensure that residents and businesses receive safe, and reliable sewer service, and that the City's sewer system is maintained to all required standards in order to protect our community's health and safety, as well as the environment. The City's sewer utility must also pay the costs of wastewater treatment and disposal as incurred by the Santa Rosa Subregional Water Reuse System (subregional system).

The City last adjusted sewer rates in January 2015. Since that time, general inflation has increased by more than 9 percent. In addition, the City, region, and State are emerging from a multi-year drought, which had reduced water sales and related revenue, including sewer rate revenue. Reduced sewer rate revenue placed some financial stress on the sewer utility. At present, sewer system capital improvement needs are not adequately funded relative to the utility's long-term rehabilitation and replacement needs. When revenues fall short of expectations, it is not uncommon for capital projects to be deferred. Constant pressure to keep sewer rates low can result in a chronic underfunding of infrastructure rehabilitation and upgrade needs, which can then result in higher maintenance requirements and a degradation of service. At the present time, funding of the utility's long-term preservation needs is the most significant financial issue facing the City's sewer utility.

The City has taken a prudent step in reviewing the financial condition of the utility and has examined the sewer rate revenue needs for the next five years. The utility's costs, including costs from treatment from the subregional system, place increased pressure on the utility's financial resources.

The current sewer rates are insufficient to support a viable long-term strategy to preserve and rehabilitate the sewer system. In the current fiscal year (FY 17-18), it is estimated that about \$1.1 million will be available from sewer rates and other operating revenues to support the capital improvement program. The ten-year capital improvement program, in contrast, averages nearly \$2.5 million annually in planned expenditures, and in several years will exceed \$3 million in capital project expenditures.

Costs for wastewater treatment from the subregional system represent 76 percent of the sewer utility's operating and maintenance costs. Subregional system costs are anticipated to increase by more than the rate of general inflation, although the amount of increases is unknown and can only be estimated.

### **Rate Methodology and Proposed New Sewer Rates**

In February 2018, the City completed a comprehensive study to prepare a 10-year financial plan and develop sewer rates for the next five years. The financial plan reflects the sewer utility's operation and maintenance costs, subregional wastewater treatment costs, debt service obligations, and capital program needs with consideration of financial reserves and reserve policies, as well as other revenues available to the utility. The sewer system financial plan was used to identify the annual amount of sewer rate revenue necessary to meet financial and service obligations.

Sewer rates were then calculated by proportionately allocating the costs of providing service to all customers on the basis of capacity requirements, system use, and wastewater loading characteristics. The proposed new sewer rates include: (1) adjusting current sewer rates by 3.0 percent annually for the next five years, plus (2) establishing and gradually phasing in a new capital preservation charge. The capital preservation charge is intended to help ensure stable funding to address the utility's long-term capital program needs to preserve sewer system capacity and reliability and will help the City avoid the need to issue additional long-term debt and associated interest costs.

**Exhibit 1** presents the proposed increase in sewer rates for the next five years. New rate schedules would be effective on bills rendered on or after June 1 of each year. The rate schedule for June 2018 reflects the updated cost of service analysis and a 3.0 percent overall increase in the level of sewer rates. In subsequent years both base charges and flow charges are increased by 3.0 percent in each year. The proposed rate increases will help ensure that the utility will continue to meet the increasing costs associated with financial and service obligations, including increased subregional treatment costs and debt service obligations.

**Exhibit 2** presents the proposed sewer system capital preservation charge, including the 5-year period for implementing the new charge. The capital preservation charge would initially be implemented with sewer bills rendered on or after June 1, 2018, with subsequent adjustments implemented with bills rendered on or after June 1, from 2019 through 2022. Once fully implemented, it is estimated that the capital preservation charge will generate about \$2.25 million annually and provide stable funding for variable capital program needs.

Capital preservation charges were calculated by taking the estimated cost to fund the 10-year capital improvement program and proportionately assigning the costs to each customer based on the capacity requirement associated with each customer account. This is the same method used for allocating capacity-related costs to each customer in the City's current monthly base charges.

**Exhibit 1**  
**City of Rohnert Park -- Sewer Utility**  
**Current and Proposed Sewer Rates**

	Current (1)	June 2018	June 2019	June 2020	June 2021	June 2022
<b>Single Family Residential (2)</b>						
Monthly Base Charge	\$ 9.40	\$ 9.72	\$ 10.01	\$ 10.31	\$ 10.62	\$ 10.94
Flow Charge (\$/gal.) (3)	\$ 0.01094	\$ 0.01110	\$ 0.01143	\$ 0.01177	\$ 0.01212	\$ 0.01248
Sewer Only Flat Rate (\$/mo.)		\$ 52.31	\$ 53.88	\$ 55.50	\$ 57.17	\$ 58.89
<b>Multi-Family and Non-Residential Customers</b>						
Monthly Base Charge						
Up to 3/4" meter	\$ 25.30	\$ 29.45	\$ 30.33	\$ 31.24	\$ 32.18	\$ 33.15
1" meter	\$ 38.71	\$ 44.89	\$ 46.24	\$ 47.63	\$ 49.06	\$ 50.53
1 1/2" meter	\$ 71.96	\$ 83.14	\$ 85.63	\$ 88.20	\$ 90.85	\$ 93.58
2" meter	\$ 112.01	\$ 129.22	\$ 133.10	\$ 137.09	\$ 141.20	\$ 145.44
3" meter	\$ 205.54	\$ 236.83	\$ 243.93	\$ 251.25	\$ 258.79	\$ 266.55
4" meter	\$ 339.12	\$ 390.52	\$ 402.24	\$ 414.31	\$ 426.74	\$ 439.54
6" meter	\$ 672.77	\$ 774.39	\$ 797.62	\$ 821.55	\$ 846.20	\$ 871.59
8" meter	\$ 1,073.32	\$ 1,235.23	\$ 1,272.29	\$ 1,310.46	\$ 1,349.77	\$ 1,390.26
Flow Charge (\$/gal.) (3)						
Multi-Family Residential	\$ 0.01094	\$ 0.01110	\$ 0.01143	\$ 0.01177	\$ 0.01212	\$ 0.01248
Non-Residential						
Low Strength	\$ 0.01142	\$ 0.01162	\$ 0.01197	\$ 0.01233	\$ 0.01270	\$ 0.01308
Medium Strength	\$ 0.01533	\$ 0.01579	\$ 0.01626	\$ 0.01675	\$ 0.01725	\$ 0.01777
High Strength	\$ 0.02308	\$ 0.02408	\$ 0.02480	\$ 0.02554	\$ 0.02631	\$ 0.02710

**Notes:**

- (1) Effective January 1, 2015 per Ordinance 837.
- (2) Individual dwelling units with individual city-owned meters shall be categorized as single family residential customers. Multi-family units with master meters shall be charged as multi-family residential.
- (3) Flow charges are determined based on gallons of flow, rather than rounded to 1,000 gallon increments.

**Exhibit 2**  
**City of Rohnert Park -- Sewer Utility**  
**Proposed Sewer System Capital Preservation Charges**

	June 2018	June 2019	June 2020	June 2021	June 2022
<b>Single Family Residential (2)</b>					
Monthly Capital Preserv. Charge (\$/DU)	\$ 2.00	\$ 4.00	\$ 6.00	\$ 8.00	\$ 10.00
<b>Multi-Family and Non-Residential Customers</b>					
Monthly Capital Preservation Charge					
Up to 3/4" meter	\$ 5.00	\$ 10.00	\$ 15.00	\$ 20.00	\$ 25.00
1" meter	\$ 8.30	\$ 16.70	\$ 25.00	\$ 33.30	\$ 41.70
1 1/2" meter	\$ 16.70	\$ 33.30	\$ 50.00	\$ 66.70	\$ 83.30
2" meter	\$ 26.70	\$ 53.30	\$ 80.00	\$ 106.70	\$ 133.30
3" meter	\$ 50.00	\$ 100.00	\$ 150.00	\$ 200.00	\$ 250.00
4" meter	\$ 83.30	\$ 166.70	\$ 250.00	\$ 333.30	\$ 416.70
6" meter	\$ 166.70	\$ 333.30	\$ 500.00	\$ 666.70	\$ 833.30
8" meter	\$ 266.70	\$ 533.30	\$ 800.00	\$ 1,066.70	\$ 1,333.30

The proposed capital preservation charge will help ensure that the utility will have sufficient revenues to fund its ten-year capital improvement program. If adopted, the revenue from the capital preservation charge would be available for sewer system capital improvement projects, maintaining a Capital Fund reserve, paying debt service on projects,

supporting the repair and maintenance of the sewer system, and helping to pay for subregional capital improvements.

For single family customers, the capital preservation charge is proposed to be a fixed monthly charge for each dwelling unit. For multi-family and non-residential accounts, the capital preservation charge would vary with the size of the water meter, similar to the current base charge. For single family homes, the charge would initially be \$2.00 per month and would increase each year until it reaches \$10.00. For multi-family and non-residential accounts, the proposed charges reflect an allocation of costs in proportion to the potential demand that each customer (service connection) could place on the sewer system.

Additional information on the proposed new sewer rates and capital preservation charge are available in the *City of Rohnert Park, Sewer Rate Study – Final Report*, prepared by The Reed Group, Inc., dated February 15, 2018 (2018 Sewer Rate Study). The report is available online at [www.rpcity.org](http://www.rpcity.org).

### How Much Will My Sewer Bill Be?

Monthly sewer bills vary for each customer depending on the customer classification (single family, multi-family, or non-residential), the size of the water meter, and the amount of sewer flow generated. For residential customers sewer flow is estimated to be the lesser of actual monthly water usage for the billing period or the average usage during the prior December-February period. For non-residential accounts, sewer flow is estimated to be equal to monthly water usage. For single family customers, the capital preservation charge effective on sewer bills rendered after June 1, 2018 will be \$2.00. A typical single family sewer bill, including the new capital preservation charge, will increase as indicated in **Exhibit 3**.

Exhibit 3 City of Rohnert Park -- Sewer Utility Monthly Sewer Bills for a Typical Single Family Customer (1)						
	Current	June 2018	June 2019	June 2020	June 2021	June 2022
Monthly Bill	\$ 53.16	\$ 56.12	\$ 59.73	\$ 63.39	\$ 67.10	\$ 70.86
Change from Prior Year		\$ 2.96	\$ 3.61	\$ 3.66	\$ 3.71	\$ 3.76

**Notes:**

(1) Based on average winter water usage of 4,000 gallons per month.

You can find more information about your sewer service and usage patterns from your past sewer bills. If you would like assistance in determining how the proposed sewer rates may affect your sewer bill, please contact a Customer Service Representative at (707) 585-6750 Monday through Friday from 8:00 A.M. to 5:00 P.M.

### How Will Our Sewer Rates Compare with Other Communities in the Area?

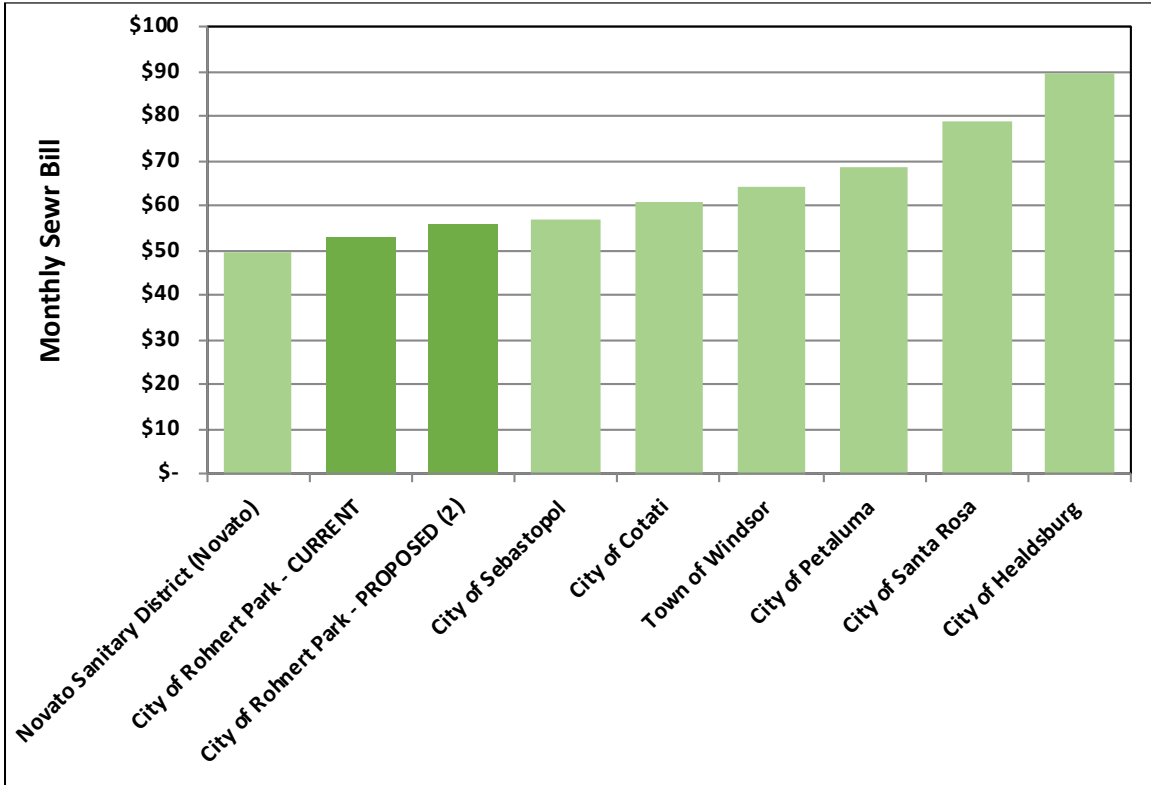
A typical monthly sewer bill for residential customers in Rohnert Park is currently lower than sewer bills with comparable usage in most neighboring communities. Even with the proposed rate adjustment and the addition of a capital preservation charge, the monthly sewer bills for a typical single family residential customer will be **lower** than all but one neighboring community. The typical sewer bill for a single family customer in Rohnert Park is compared with sewer bills based on current sewer rates of neighboring communities in **Exhibit 4**.

**Exhibit 4**  
**City of Rohnert Park -- Sewer Utility**  
**Comparison of Typical Single Family Sewer Bills**  
**with Neighboring Communities as of Jan. 2018 (1)**

Novato Sanitary District (Novato)	\$ 49.50
<b>City of Rohnert Park - CURRENT</b>	<b>\$ 53.16</b>
<b>City of Rohnert Park - PROPOSED (2)</b>	<b>\$ 56.12</b>
City of Sebastopol	\$ 57.05
City of Cotati	\$ 60.65
Town of Windsor	\$ 64.44
City of Petaluma	\$ 68.61
City of Santa Rosa	\$ 78.85
City of Healdsburg	\$ 89.38

**Notes:**

- (1) Based on 4,000 gallons per month of winter water usage.
- (2) Proposed for June 2018.



## **How Do I Protest?**

Proposition 218 allows the owner of record of a parcel that receives sewer service to submit a written protest at or before the close of the April 24, 2018 public hearing. A protest may be withdrawn before the close of the hearing as well, but only by the person who filed it.

If the person signing the protest is not listed as the owner on the last equalized assessment roll for Sonoma County, the protest must be accompanied by written evidence that the signer owns the property. In rental situations, if a tenant is the utility account holder for sewer service, the tenant also has the right to submit a written protest for the property. Only one protest per parcel will be counted. If valid protests are filed on behalf of a majority of the parcels that receive sewer service, the new/increased sewer rates will not be adopted.

### **All Protests Must:**

1. Be in writing with an original signature from the property owner of record or tenant directly liable for the payment of the fee/account holder.
2. Identify the parcel for which the protest is filed, by street address or Assessor's Parcel Number (APN).
3. State that the signer opposes the proposed sewer rates.
4. Be received at City Hall at or before the close of the public hearing that will begin at 6:00 p.m. on April 24, 2018 at Rohnert Park City Hall – Council Chamber, 130 Avram Avenue, Rohnert Park, California. A protest may be mailed to the City Clerk at 130 Avram Avenue, Rohnert Park, CA 94928 or delivered to the same address during regular business hours, Monday through Friday from 8:00 A.M. to 5:00 P.M.

Email, fax, or telephone, and oral protests of any kind will not be counted. Mailed protests received after the close of the public hearing will not be counted, even if they were postmarked earlier.

If you have a disability, which requires an interpreter or other person to assist you while attending this City Council meeting, please contact the City Clerk's Office at (707) 588-2227 at least 72 hours prior to the meeting to ensure arrangements for accommodation by the City. Please make sure the City Clerk's Office is notified as soon as possible if you have a visual impairment requiring meeting materials to be produced in another format (Braille, audio-tape, etc.).

### **Questions?**

For more information or to ask questions, please call (707) 585-6750 Monday through Friday from 8:00 A.M. to 5:00 P.M or visit [www.rpcity.org](http://www.rpcity.org).