

# 2023 Draft Regional and Local Wastewater Rate Study

*Board of Directors Meeting*

*March 7, 2023*

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**Dublin San Ramon  
Services District**

*Water, wastewater, recycled water*

# Introduction

» Purpose

» Background

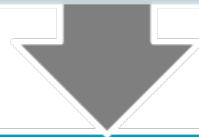
» Proposition 218

# Purpose of the Study

- » **Develop an analysis to financially sustain the District's sewer infrastructure**
  
- » **Reflect prudent financial planning criteria**
  - Adequate rate funding of capital infrastructure
  - Meet target reserve balances
  
- » **Meet the intent of the requirements laid out in Proposition 218**
  - Develop proportional and cost-based rates
  - Provide an administrative record
  
- » **Develop the analyses using:**
  - Generally accepted methodologies
  - District's system and customer characteristics

# Revenue Requirement

*Compares the revenue of the utility to the expenses to evaluate the level of overall rates*



# Cost of Service

*Proportionally allocates the revenue requirement between the various customer classes of service*



# Rate Design

*Design rates for each class of service to meet the revenue needs of the utility, along with any other rate design goals and objectives*

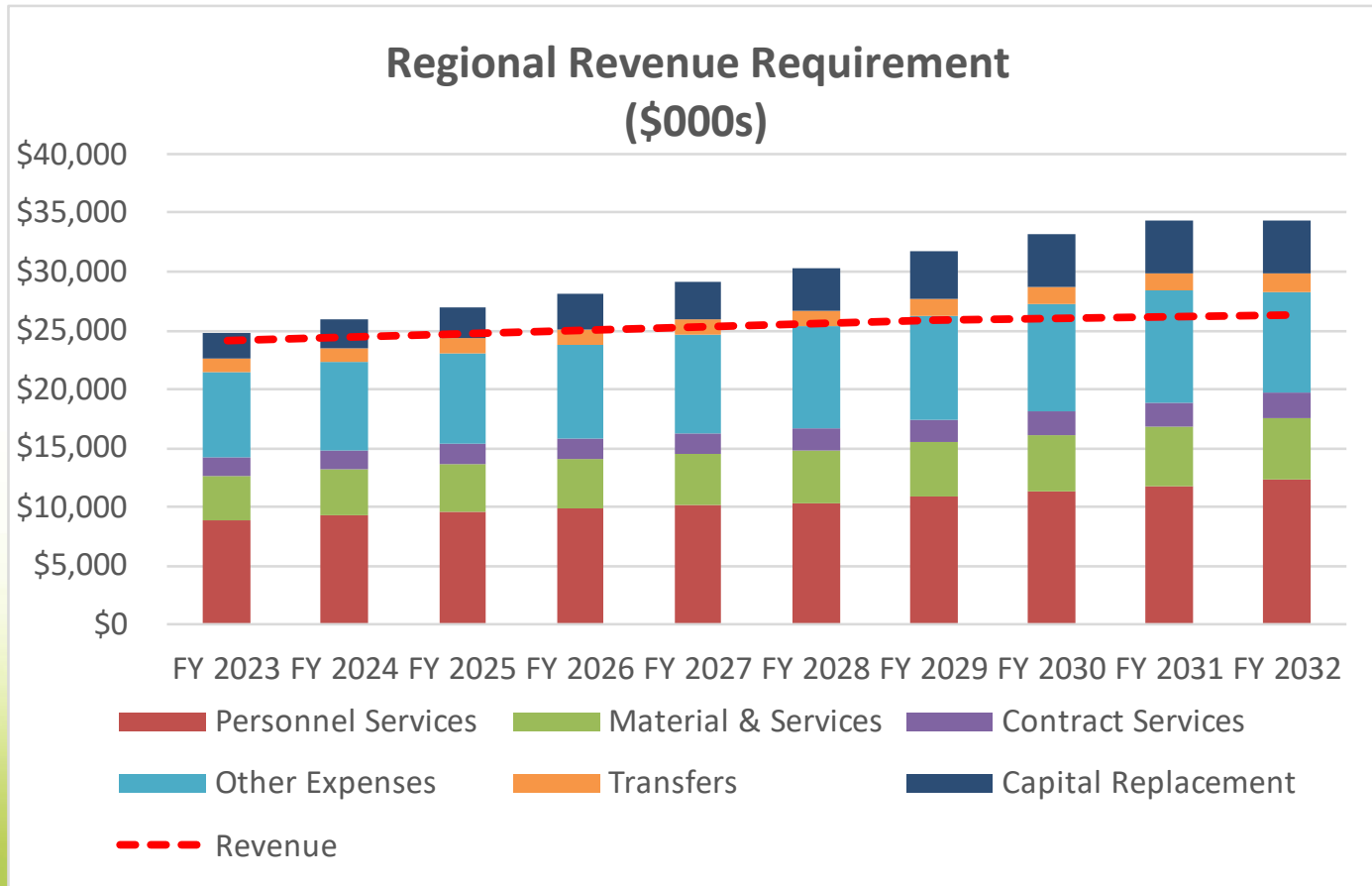
# Proposition 218 - Cost-Based Rates

- » Proposition 218 is a California constitutional amendment designed to protect taxpayers by limiting the methods by which local governments can create or increase taxes, fees and charges without taxpayer consent
- » Proposition 218 is not prescriptive in defining a “cost-based” rates, but requires:
  - Fees shall not exceed the **reasonable cost** of providing the service
  - Fees shall not exceed the **proportional cost** of providing the service
- » Cost of service analysis results (unit costs) are the foundation of the proposed rates
  - Nexus between cost to provide service (expenses) and rates (fixed and variable) charged to customers (revenues)

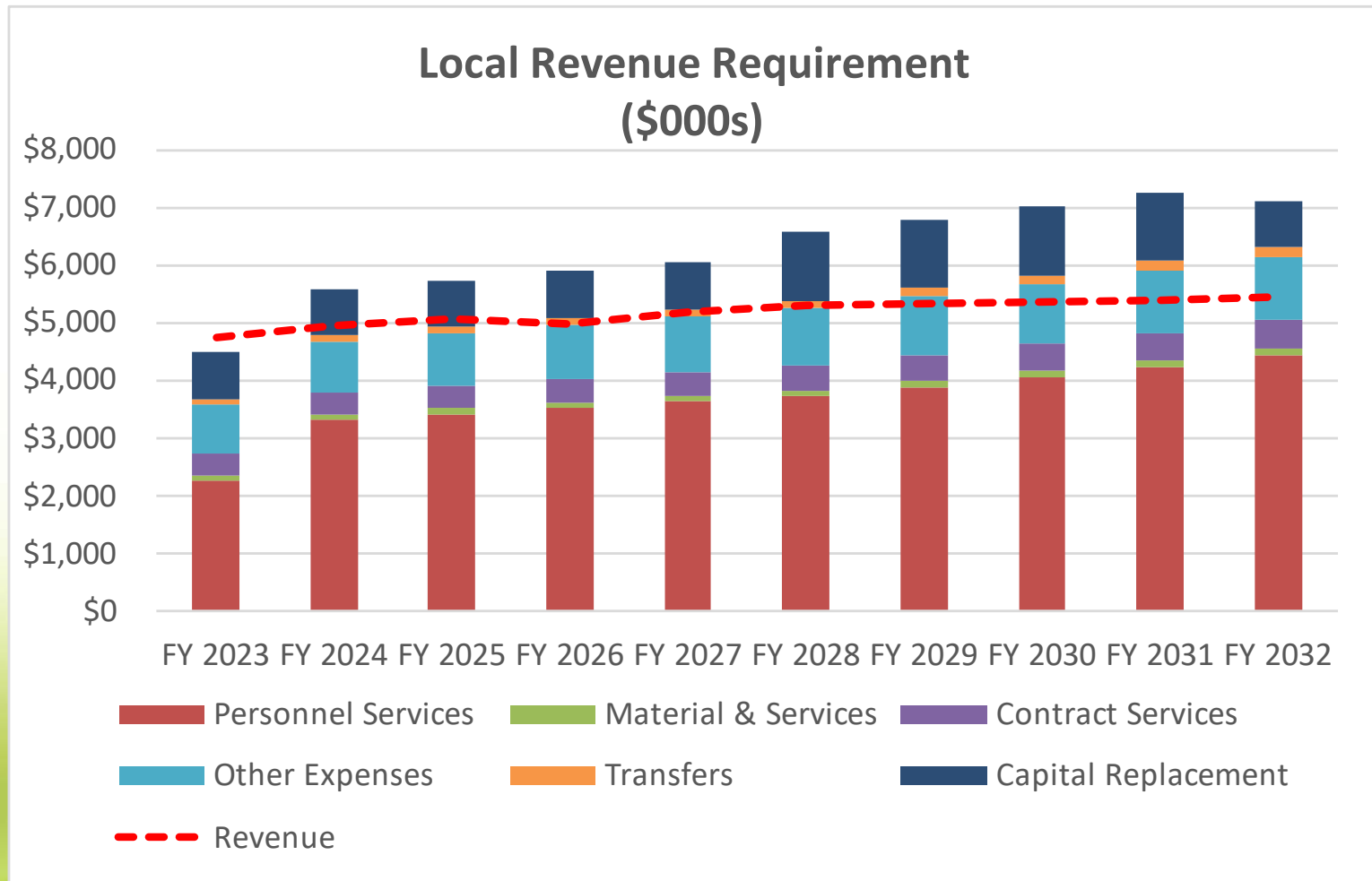
# Key Issues

- » **Independently analyze the Regional and Local systems as stand-alone systems (separate funds)**
  
- » **Propose Regional and Local rates to fund each utility's costs**
  
- » **Design proposed rates that are:**
  - Easy to understand and administer
  - Continue to be cost based

# Revenue Requirement – Regional

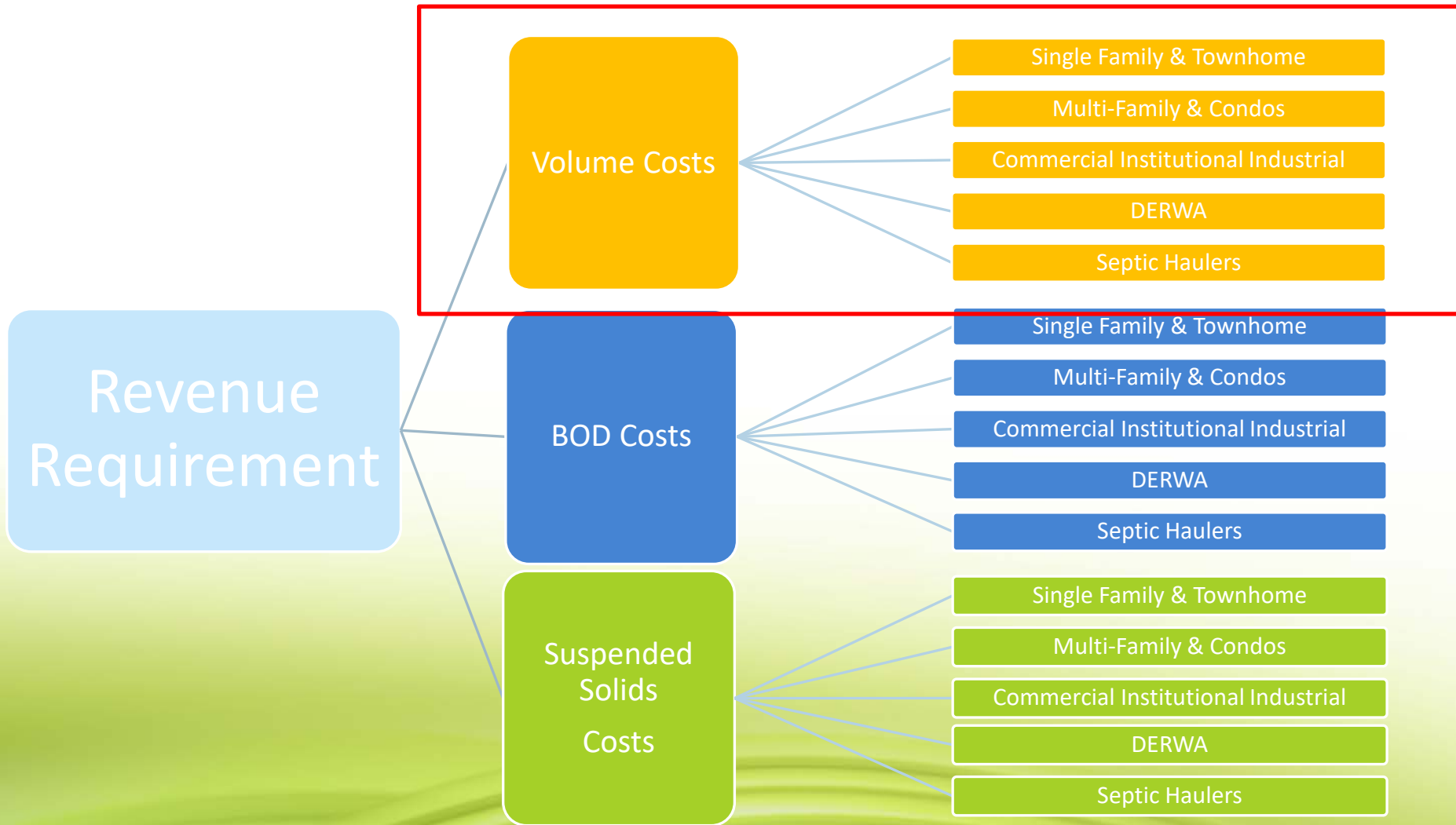


# Revenue Requirement – Local

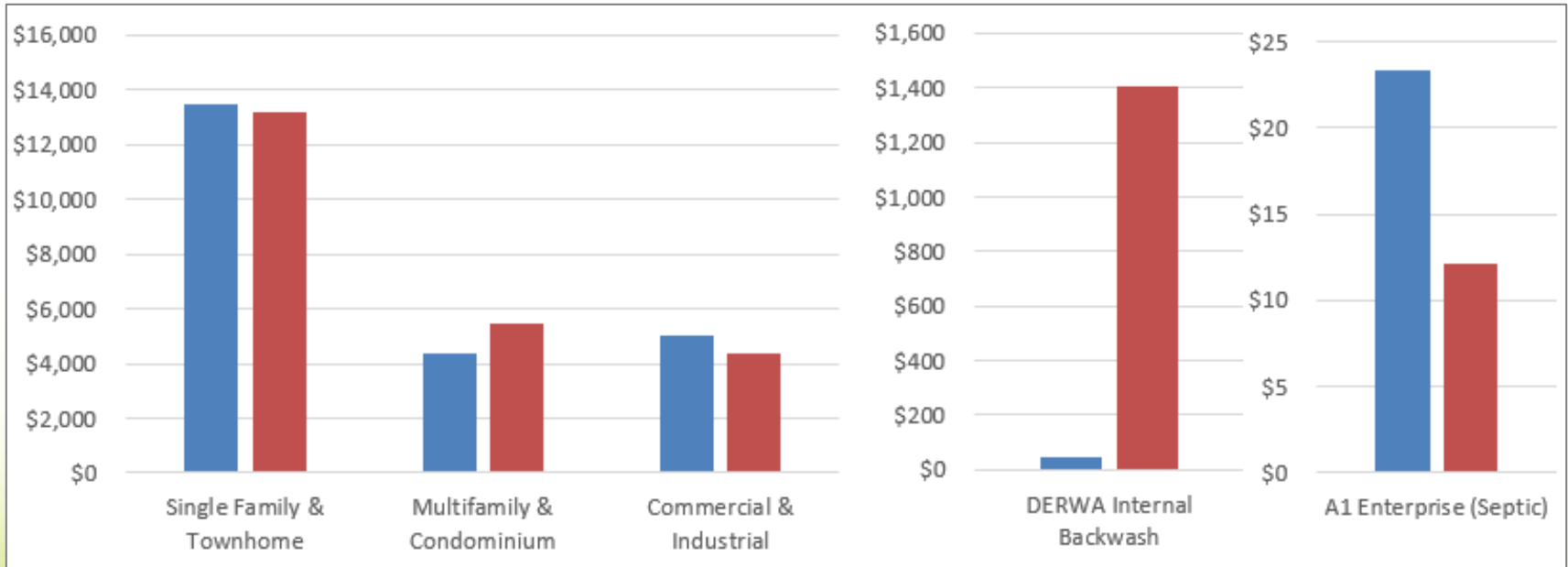




# Cost of Service Process

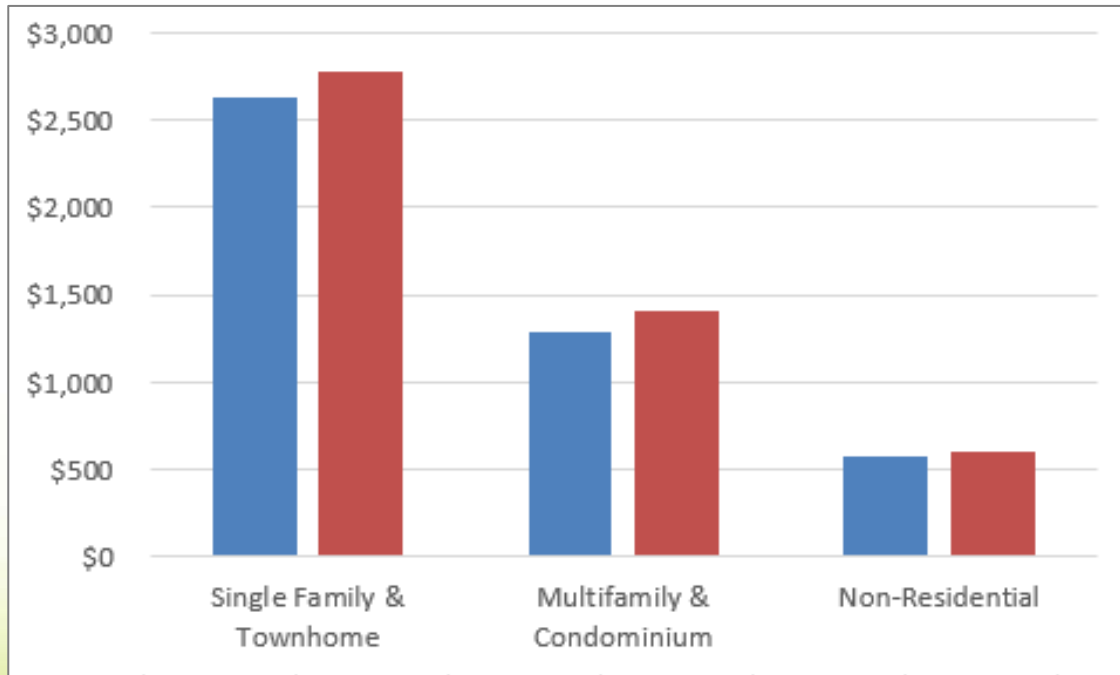


# Cost of Service Results – Regional



(\$000s)

# Cost of Service Results – Local



(\$000s)

# Unit Cost Summary - Regional

	Allocated Cost	Units	\$/Unit
Volume	14,822,236	5,092,447 CCF	2.91/CCF
BOD	2,842,731	8,010,175 lbs	0.35/lb
TSS	6,785,344	9,470,985 lbs	0.72/lb
Revenue Requirement	24,450,311		

# Rate Design

# Current Rate Structure

» **Fixed charge**

» **Billed bimonthly**

- multifamily & Non-residential (based on water usage)

» **Included on the property tax roll**

- single family, condominium, duplex, and townhouse

# Residential Rates - Combined

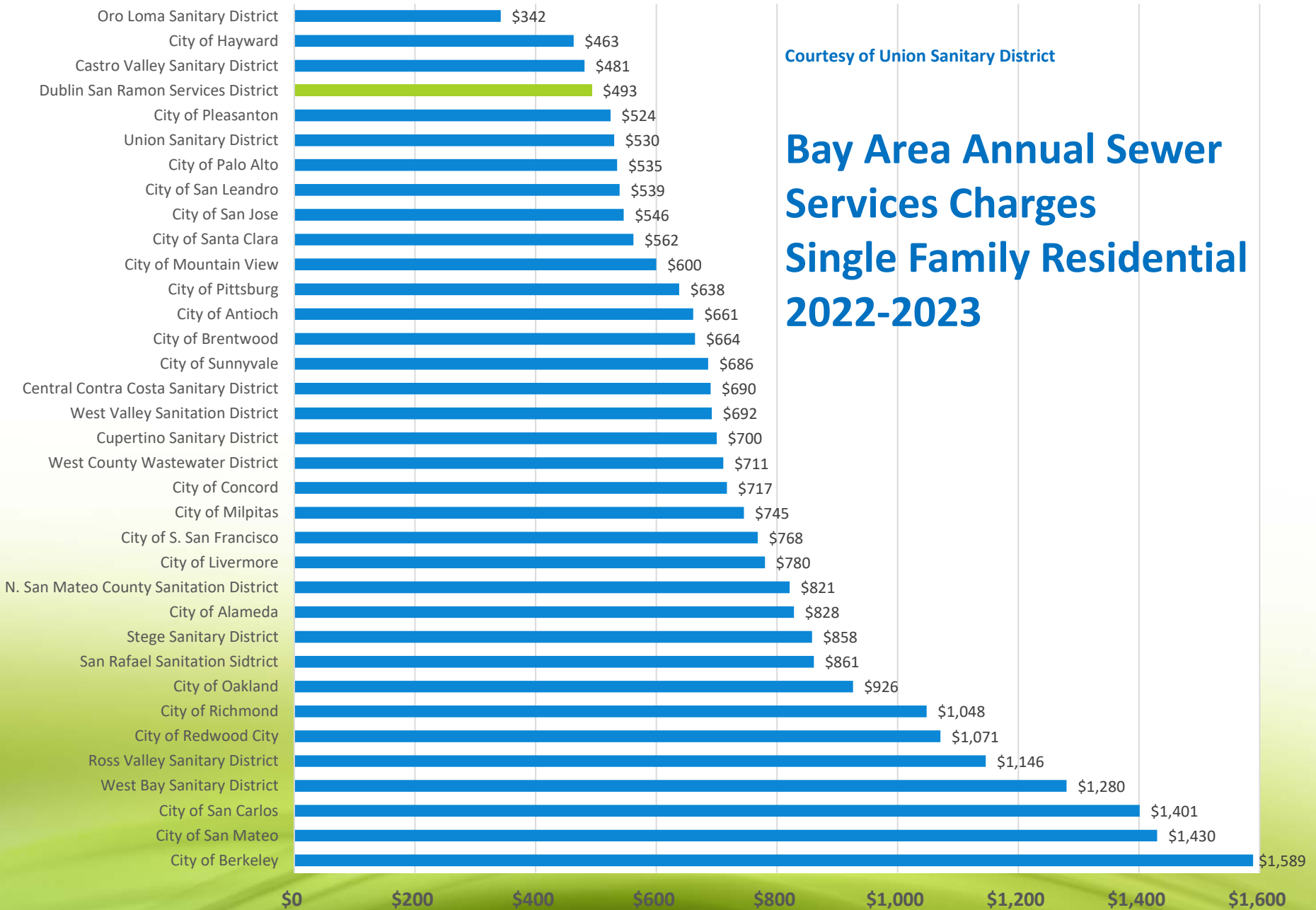
Customer Class	Current Bimonthly Rates	Effective July 1, 2023 (Fiscal Year 2024)	Effective July 1, 2024 (Fiscal Year 2025)	Effective July 1, 2025 Effective July 1, 2026 Effective July 1, 2027 (Fiscal Years 2026-28)
Single Family	82.62	82.58	86.03	Percentage increases will be set by and limited to inflation, applied to the previous year's rate.
Townhouse	82.62	82.58	86.03	
Condominium	56.93	61.98	64.54	
Duplex	165.24	165.16	172.06	
Single Family w/ 2nd Dwelling Unit	130.84	144.55	150.58	
Multifamily	48.22	61.98	64.54	

## Fiscal Year 2024 Monthly Decreases/Increases

- Single Family: -\$0.02
- Townhouse: -\$0.02
- Duplex: -\$0.04
- Condominium: +\$2.53
- SFR w/ 2<sup>nd</sup> Dwelling: +\$6.86
- Multifamily: +\$6.88

Courtesy of Union Sanitary District

# Bay Area Annual Sewer Services Charges Single Family Residential 2022-2023





# Current Non-Residential Rates

## Regional

- » Commercial, institutional, and industrial customers currently have an individual rate for each customer class that is based on strength

	Current	Effective July 1, 2023 (Fiscal Year 2024)	
<b>Commercial (per CCF)</b>			
Low - Less than 300 mg/L	2.70	These classifications have been expanded for more accurate allocation among CII customers. See Table 2 below for more details.	
Medium - Greater than 300 and less than 600 mg/L	5.43		
High - Greater than 600 mg/L	7.58		
<b>Institutional (per CCF)</b>			
Institutional	2.70		
School (submetered)	2.07		
School (non-submetered)	2.70		
<b>Industrial (per CCF)</b>			
Less than 1,000 mg/L	9.30		
Between 1,000 and 1,500 mg/L	11.69		
Greater than 1,500 mg/L	14.09		

# Proposed Non-Residential Rates Regional

Commercial/Institutional/Industrial (per CCF)	Effective July 1, 2023 (Fiscal Year 2024)	Effective July 1, 2024 (Fiscal Year 2025)	Effective July 1, 2025 July 1, 2026 July 1, 2027 (Fiscal Years 2026-28)
Less than or equal to 300 mg/L	3.29	3.39	Percentage increases will be set by and limited to inflation, applied to the previous year's rate.
Between 300 and 450 mg/L	4.20	4.33	
Between 450 and 600 mg/L	5.12	5.27	
Between 600 and 750 mg/L	6.03	6.21	
Between 750 and 900 mg/L	6.94	7.15	
Between 900 and 1,050 mg/L	7.85	8.08	
Greater than 1,050 mg/L	To be determined by District on calculation basis		

# Proposed Non-Residential Rates Regional

Current Commercial/Industrial Bands	Current	Effective July 1, 2023	Effective July 1, 2024	Proposed Non-Residential Bands
Low - Less than 300 mg/L <b>Institutional (Schools)</b>	2.70	3.29	3.39	Less than or equal to 300 mg/L
Medium - Greater than 300 and less than 600 mg/L	5.43	4.20	4.33	Between 300 and 450 mg/L
		5.12	5.27	Between 450 and 600 mg/L
High - Greater than 600 mg/L	7.58	6.09	6.21	Between 600 and 750 mg/L
		6.94	7.15	Between 750 and 900 mg/L
		7.85	8.08	Between 900 and 1,050 mg/L
Less than 1,000 mg/L	9.30	To be determined by District on calculation basis		
Between 1,000 and 1,500 mg/L	11.69			
Greater than 1,500 mg/L	14.09			

# Next Steps

- » Staff recommends the Board of Directors authorize a Proposition 218 notice and set a public hearing to consider adoption of the rates for May 2, 2023.
- » Outreach
- » Protest tabulation

**Questions?**