

Frequently Asked Questions about the Proposed Sewer Rate Changes for Fiscal Years 20/21 - 24/25

1. Why did the District determine that a new rate structure and rate increase were needed?

The District is required to have fair and legally defensible sewer rates, that accurately reflect the costs to provide service and provide the revenues necessary to maintain and improve the sewer system. Through the plant and sewer reliability studies, the District determined the need for system improvements over the next five years. To make sure the rate study was done properly and meets all legal requirements, the District used a consulting firm specializing in calculating sewer fees.

2. When was the last time the District raised rates?

The last time the District raised sewer rates was in 2015. As such, the District has not raised rates over the last five years. During that time period, the District was able to identify the required sewer system improvements and the costs of these improvements to ensure that rates would accurately reflect service costs.

3. When did the District begin analyzing the rates and determine the need for changes to the rate structure and need for increases?

In 2017, the District studied the needs of the plant and the sewer system improvements. Plant and sewer reliability studies identified the required improvements and the costs for those improvements.

In 2018, the District contracted with a consultant to analyze current rates and the funds needed for the required sewer improvements.

In 2019, a proposed rate structure and increase was brought to the Board for consideration. The Board directed staff to proceed with the public notice process.

4. How will the Public Hearing on June 16, 2020 be held if the Shelter in Place is still effective?

The Public Hearing will be broadcast via Zoom teleconference to make sure everyone who is interested can attend virtually and be heard.

Link to the Zoom Board meeting for members of the public:

<https://zoom.us/j/96059482011>

Zoom meeting Phone-in option: 1(669) 900-6833
Meeting ID: 960 5948 2011

Ironhouse Sanitary District wants to make sure we provide all interested rate payers with the opportunity to speak on the proposed new rates. The public hearing is a forum for concerned rate payers to share their concerns with the Board. The Board will consider all ratepayer testimony, either written, or via teleconference as part of any decision to adopt the new rate structure and proposed increase.

5. Did the District consider postponing the proposed rate structure and rate increase until after the pandemic has passed?

Yes, the District Board held a special meeting to discuss the timing of the proposed increase due to the unexpected public health crisis. As residents of our District, the Board is very sensitive to the COVID-19 pandemic and carefully considered the timing of the rate increase. However, these repair and replacement projects are critical and delaying the rate increase and the sewer improvements these fees fund would result in increased project costs, risk the District's ability to adequately process wastewater and require the need for even higher rate increases. Therefore, the District believes it is best to proceed with the public hearing as scheduled.

6. What is "Cost of Service" reallocation?

There are a wide variety of different types of sewer customers. These include single-family residential, multi-family residential, commercial, industrial, etc. Each type of customer impacts the sewer system differently. Therefore, "Cost of Service" means the cost for providing sewer service for each particular type of customer.

The District analyzed the costs to serve each customer type in order to properly allocate the District's total costs among the customer types. This analysis revealed that the costs for each customer type had changed over time, and therefore, adjustments needed to be made to the fees in order to make sure that each customer type pays their fair share.

Reallocating fees means the costs for some users will go up and some will go down, but reallocation does not provide the District with any additional funds.

Note: The need for the 9% rate increase is solely to fund necessary improvements to the public sewer system.

7. What are Capital Improvement Projects?

The District needs to complete approximately \$29.7 million in improvement projects over the next five years to keep the sewer system and Water Recycling Facility (WRF) operating reliably and in compliance with regulatory requirements. This includes the replacement of aging sewer pipelines and equipment.

The sewer system includes all the pipelines, manholes and sewer pumping stations throughout Oakley and Bethel Island, collecting sewage from homes and businesses. The WRF treats an average of 2.5 million gallons of wastewater each day. The District operates these facilities 24 hours a day, 365 days a year.

8. The rate table says the increase for single family residential is 9% for FY 20/21. Why is the actual rate change for single family homes higher than 9%?

In Fiscal Year 20/21 there are actually two things happening: a reallocation and a rate increase.

A “Cost of Service” reallocation changes the fees within each customer category to reflect the true cost of providing sewer service to a particular customer type. Because costs needed to be reallocated to single family residential customers, the District is proposing to increase the fee for single family homes beyond the 9% increase for all customer types. This adjustment will be made in Fiscal Year 20/21 to make sure that no rate payers are being overcharged. Below is a summary of the proposed changes to single family residence fees for Fiscal Year 20/21.

The current fee is \$658 for all customer classes. The proposed reallocation will increase fees for single family homes to \$777.37. After the reallocation is applied, an additional 9% rate increase is being proposed. This will bring the final proposed rate to \$847.33 for single family residences.

The table below summarizes the proposed reallocation adjustments and rate increases for all customer classes:

Sewer Rate Schedule	% Change Due to			Current Rate plus Reallocation Adjustment	Proposed FY 20/21 % Rate Change	Proposed Rate
	Current Rate	Reallocation Adjustment	Reallocation Adjustment			
Residential	Per Dwelling Unit				9%	
Single Family Residential	\$ 658.00	18%	\$ 119.37	\$ 777.37	\$ 69.96	\$ 847.33
Multi-Family Residential	\$ 658.00	-56%	\$ (366.02)	\$ 291.98	\$ 26.28	\$ 318.26
Mobile Home	\$ 658.00	-33%	\$ (217.79)	\$ 440.21	\$ 39.62	\$ 479.83
Non-Residential	Per Equivalent Dwelling Unit					
Commercial	\$ 658.00	13%	\$ 87.81	\$ 745.81	\$ 67.12	\$ 812.93
Industrial*	n/a					\$ 1,028.49
Public Building	\$ 658.00	11%	\$ 72.39	\$ 730.39	\$ 65.73	\$ 796.12
Recreational	\$ 658.00	10%	\$ 69.06	\$ 727.06	\$ 65.44	\$ 792.50
Restaurant	\$ 658.00	13%	\$ 85.57	\$ 743.57	\$ 66.92	\$ 810.49

*Note: Industrial is a new rate class

9. What is an EDU? Why are the rates per EDU different between customer classes?

An EDU, or "Equivalent Dwelling Unit," is a standard unit of sewage volume that represents the amount of sewage that an average user generates per day. The District charges customers per "EDU" for providing sewer service.

The District identified different types of customer classes. Residential customers are made up of single family, multi-family and mobile home residences. Non-residential customers are made up of commercial, industrial, public buildings, recreational facilities and restaurants.

The cost of service analysis identified the need to reallocate fees among the different customer classes. The fees were adjusted for each customer class based on the costs for providing service and usage compared to a single family home.

The rate study analyzed the average water consumption by single family homes during winter when water was not being used for landscape irrigation. The water consumption for apartments and mobile homes was also collected for the same period. Water usage data for these multi-family categories was compared to water usage within single family residences. Based on this comparison, the amount of sewage per EDU was adjusted appropriately for each customer class. Therefore, the rate per EDU is different depending on the customer type.

It is important to remember that the actual annual sewer charge for each customer is the established rate per EDU (based on user type) multiplied by the number of EDUs associated with their specific property.

For example...

- Each single family home is typically assigned one EDU. The fee for a single family home would be \$847.33 per EDU x 1 EDU for an annual sewer charge of \$847.33
- Each apartment is assigned one EDU. An apartment building (multi-family residence) with 20 dwelling units would be \$318.26 per EDU x 20 EDUs for an annual sewer charge of \$6,365.20
- Each mobile home is assigned one EDU. A mobile home park with 10 mobile home units would be \$479.83 per EDU x 10 EDUs for an annual sewer charge of \$4,798.30

10. Are existing customers paying more because of new homes being developed?

No, current customers do not pay more because of new development. New homes pay a fee to connect to the sewer and also pay the same annual fee as current customers.

11. How does the District bill ratepayers for sewer service?

The annual sewer charge is collected on the property taxroll through the County. Many homeowners pay their sewer fee along with their property taxes as part of their monthly mortgage payment.