



Protecting our public health and preserving the watershed for all generations.

Notice of Proposed Rate Increase and Public Hearing Date

**Thursday, December 8th at 6 p.m. • San Andreas Sanitary District
675 Gold Oak Drive, San Andreas, CA 95249**

Notice of Proposed Wastewater Rate Increase

Notice is given that on October 6, 2016, the San Andreas Sanitary District Board approved a draft wastewater rate study and is now proposing a rate increase. A public hearing will be conducted on Thursday, December 8, 2016 at 6 p.m. at the District's office located at 675 Gold Oak Road in San Andreas to consider adopting the proposed rate increase.

Why a Change to the Rate Structure is Needed

Three key issues necessitate a change in the ways rates are calculated and for setting minimum rates.

1. First, the District needs to fund replacement projects for antiquated equipment, which is necessary to guarantee the wastewater treatment plant's (WWTP) effectiveness in complying with stringent National Pollutant Discharge Elimination System permit requirements.
2. Second, the District needs to fund ongoing operations and maintenance of the existing facilities, including debt service for prior projects.
3. Third, to ensure fairness to our different customers.

Residential and commercial customers are currently paying the same base rate. Under the proposed new rate structure, commercial rates will be calculated separately from the base rate charged to residential customers, based on the relative cost of treatment.

The District hired an engineering consultant to conduct a comprehensive rate analysis to:

- Evaluate the District's rate structure based on cost of treatment for residential and commercial customers.
- Recommend a fair assessment for residential and commercial customers based on relative cost of treatment by user.
- Determine the cost to fund infrastructure improvement and replacement projects.

The rate analysis resulted in a new formula to calculate commercial rates based on their impact to the wastewater treatment system. Commercial customers' rates will be modified based on the type of industry category (see Table 1) they represent and according to the organic demands placed on the treatment system by the commercial customer. The new rate formula will establish sewer rates through June 2022.

About SASD

San Andreas Sanitary District (SASD) began providing wastewater treatment services in 1952. Today, SASD maintains over 15 miles of sewer pipes, operates the treatment facility and provides wastewater treatment services to over 900 residential and commercial customers.

***For more information about SASD, please visit sasanitary.org
Clean Water: It's What We Do!***

New Categories For Commercial Accounts

Commercial accounts have been placed into groups based on the similarity of wastewater flow and strength characteristics. Flow relates to wastewater flow, or how much wastewater

enters the system from a particular industry or business. Strength is measured by the biochemical oxygen demand and suspended solids contained in wastewater.

Group #	Strength/Flow	Example Industry Categories
Group 1	Low Strength/Low Flow	Retail, Offices, Beauty Shop, Churches, Parks
Group 2	Medium Strength/ Low Flow	Gas Stations, Markets, Auto Repair, Doctor Offices, Community Centers, Restaurants, Car Wash, Light Industrial, Motel, Government Services
Group 3	Medium Strength/ Medium Flow	Hotel, Medical Office Building, Laundromat, Retirement Home, Continuation & Charter Schools
Group 4	Medium Strength/ High Flow	Mixed Use, Government Centers
Group 5	High Strength/Low Flow	Mortuary
Group 6	High Strength/High Flow	Hospitals
Group 7	Schools	Elementary and High Schools

Proposed Calculated Wastewater Rates

CALCULATED WW RATES - RESIDENTIAL AND COMMERCIAL SUMMARY						
Customer Type - Residential or Commercial	Existing Rate	2017-18	2018-19	2019-20	2020-21	2021-22
Residential Customers (per EDU)	\$69.00	\$66.50	\$67.50	\$71.00	\$73.73	\$76.24
Commercial - Group 1 Low Strength/Low Flow Fixed, Monthly Charge per EDU per Acct. or Business Variable Charge per 1,000 Gal	*	\$71.49 \$4.44	\$72.57 \$4.50	\$76.32 \$4.74	\$79.27 \$4.92	\$81.95 \$5.09
Commercial - Group 2 Medium Strength/Low Flow Fixed, Monthly Charge per EDU per Acct. or Business Variable Charge per 1,000 Gal	*	\$91.16 \$5.20	\$92.53 \$5.28	\$97.36 \$5.55	\$101.08 \$5.77	\$104.44 \$5.96
Commercial - Group 3 Medium Strength/Medium Flow Fixed, Monthly Charge per EDU per Acct. or Business Variable Charge per 1,000 Gal	*	\$385.06 \$5.25	\$390.84 \$5.33	\$411.24 \$5.60	\$426.97 \$5.82	\$441.14 \$6.01
Commercial - Group 4 Medium Strength/High Flow Fixed, Monthly Charge per EDU per Acct. or Business Variable Charge per 1,000 Gal	*	\$1,302.51 \$5.34	\$1,322.02 \$5.42	\$1,391.08 \$5.71	\$1,444.28 \$5.93	\$1,492.08 \$6.12
Commercial - Group 5 High Strength/Low Flow Fixed, Monthly Charge per EDU per Acct. or Business Variable Charge per 1,000 Gal	*	\$198.39 \$6.64	\$201.35 \$6.74	\$211.96 \$7.09	\$220.00 \$7.36	\$227.11 \$7.60
Commercial - Group 6 High Strength/High Flow Fixed, Monthly Charge per EDU per Acct. or Business Variable Charge per 1,000 Gal	*	\$4,231.34 \$5.99	\$4,294.67 \$6.08	\$4,520.07 \$6.40	\$4,692.18 \$6.64	\$4,845.48 \$6.86
Commercial - Group 7 Schools Fixed, Monthly Charge per EDU per Account Variable Charge per 1,000 Gal	*	\$1,344.33 \$5.18	\$1,364.48 \$5.26	\$1,435.66 \$5.53	\$1,490.63 \$5.75	\$1,540.15 \$5.94

* Commercial customers currently pay a base rate of \$69.00 per EDU. Commercial customers exceeding 5,400 gallons per month pay a base charge plus a proportionate charge.

The Board may approve the proposed new rate plan at the public hearing after the close of the public comment period. Customers will see changes in their rates starting July 1, 2017.

How the Proposed New Rates are Calculated

Sewer rates for residential customers are assessed for each dwelling unit. Commercial users are charged a fixed monthly sewer rate plus a flow charge based on water consumption. The cost allocated to commercial users is split between the fixed monthly cost at 70 percent and the variable cost at 30 percent. Given this formula, SASD will have more reliability in the collection of sewer charges because 70 percent of revenue is based on fixed charges and not on fluctuating water use. The majority of the wastewater expenses are fixed expenses and do not vary by water use.

Improvements At-A-Glance

SASD is committed to protecting the District's assets and getting the most useful life out of each one. The District's objective is to replace aging infrastructure prior to catastrophic failures that could greatly jeopardize public health and safety. Based on the Engineer's Report, the following repairs, improvements or upgrades are needed to continue to provide safe, reliable wastewater treatment:

- Replace existing Anaerobic Digester with new Aerobic Digester. The digester stabilizes solid waste that is collected from the sewage, destroys pathogens (disease causing bacteria) and reduces the volume of sludge that needs to be removed from the WWTP.
- Replace 60-year old Headworks. The new system will feature an automated influent flow system, among other modern efficiencies.

- Upgrade the Irrigation Pump Station for greater efficiency and reliability.
- Increase capacity of Pond D to meet existing storage needs.
- Repurpose existing Ponds B&C to create storage during maintenance or emergency high flow conditions.
- Improve Aeration Manifold to increase redundancy and reduce energy required for the Activated Sludge process.

Improvement Projects Cost and Funding

According to the engineer's report, the combined estimated cost of the improvement and replacement projects is approximately \$5.55 million. SASD knows that this amount of debt would place a great burden on ratepayers. SASD's management and Board of Directors have been diligent about seeking out grant opportunities and low-interest loans to help reduce the amount of debt SASD incurs, therefore holding down sewer charges.

Currently, SASD has secured commitments for approximately \$4.15 million in grant funding from the Clean Water State Revolving Fund (CWSRF). The District continues to pursue additional grants for up to 100 percent principal forgiveness/ grant funding as determined by the State Water Board and United States Department of Agriculture (USDA). At this time the District would need to finance approximately \$1.25 million in project costs with the CWSRF or USDA.

ABOUT THE PROPOSITION 218 PROCESS

Per Proposition 218 requirements, ratepayers have a right to protest the proposed rate increase.

Option 1: If you do not oppose the rate increase, you need not take any action.

Option 2: If you do oppose the proposed rate increase, your protest must be submitted in writing even if you attend the public hearing. **All written protests must be received prior to Thursday, December 8, 2016 at 6 p.m. Emails, phone calls and other forms of protest will not be accepted.**

Written protests must include:

- Your full name
- Your service street address or assessor's parcel number
- A statement of protest
- Signature of the property owner

Submit written protests to:

Secretary of the Board
San Andreas Sanitary District
P.O. Box 1630
San Andreas, CA 95249