

Sonoma Water

AIRPORT-LARKFIELD WIKIUP SANITATION ZONE 2025 WRITTEN BASIS OF SEWER SERVICE CHARGE

DATE: March 2025

TO: Sonoma Water Management

FROM: Lynne Rosselli, Financial Services Division Manager

SUBJECT: AIRPORT-LARKFIELD-WIKIUP SANITATION ZONE 2025 WRITTEN BASIS OF SEWER SERVICE CHARGE

The purpose of this Memorandum is to provide a written basis for the sewer service charges and update current and projected costs and cost-of-service based rates. Key guiding principles include developing rates that are fair and equitable to all customer classes, distributing costs equally among ratepayers, and complying with the legal requirements of Proposition 218 and other California laws. Figure 1 below demonstrates the challenge that the Zone faces in recovering the costs of providing service, and generating adequate funding for operations, maintenance, capital infrastructure upgrades, and debt service due to its small customer base.

This memorandum provides the basis for an 8.5% rate increase in FY 2025-2026. Revenue from sewer service charges comprises approximately 90% of the total revenue needed to provide service.

In June 2024, the Town of Windsor/Windsor Water District (Windsor) and Sonoma Water entered into an agreement whereby Windsor is responsible for collecting and treating wastewater from the Zone on a contractual basis. The agreement serves the best interests of the ratepayers of both Windsor and the Zone by providing environmental benefits, increasing efficiency and water-supply resiliency, and avoiding expensive capital projects.

Costs are projected to increase over the planning period shown in Figure 1 below. Costs will be incurred to decommission the Airport treatment plant and to pay Windsor for operations and maintenance among other expenditures. The Zone faces an ongoing operations deficit and there was a critical need for infrastructure improvements and upgrades prior to contracting with Windsor for operations and maintenance. Sonoma Water General Fund subsidies to the Zone over the past five years have been more than \$3.2 million. Stewarding financially sound utilities and providing safe, high quality wastewater service that will protect the community and the environment requires that rates keep pace

with rising costs. Figure 1 and Table 1 below provide documentation in support of the proposed 8.5% rate increases.

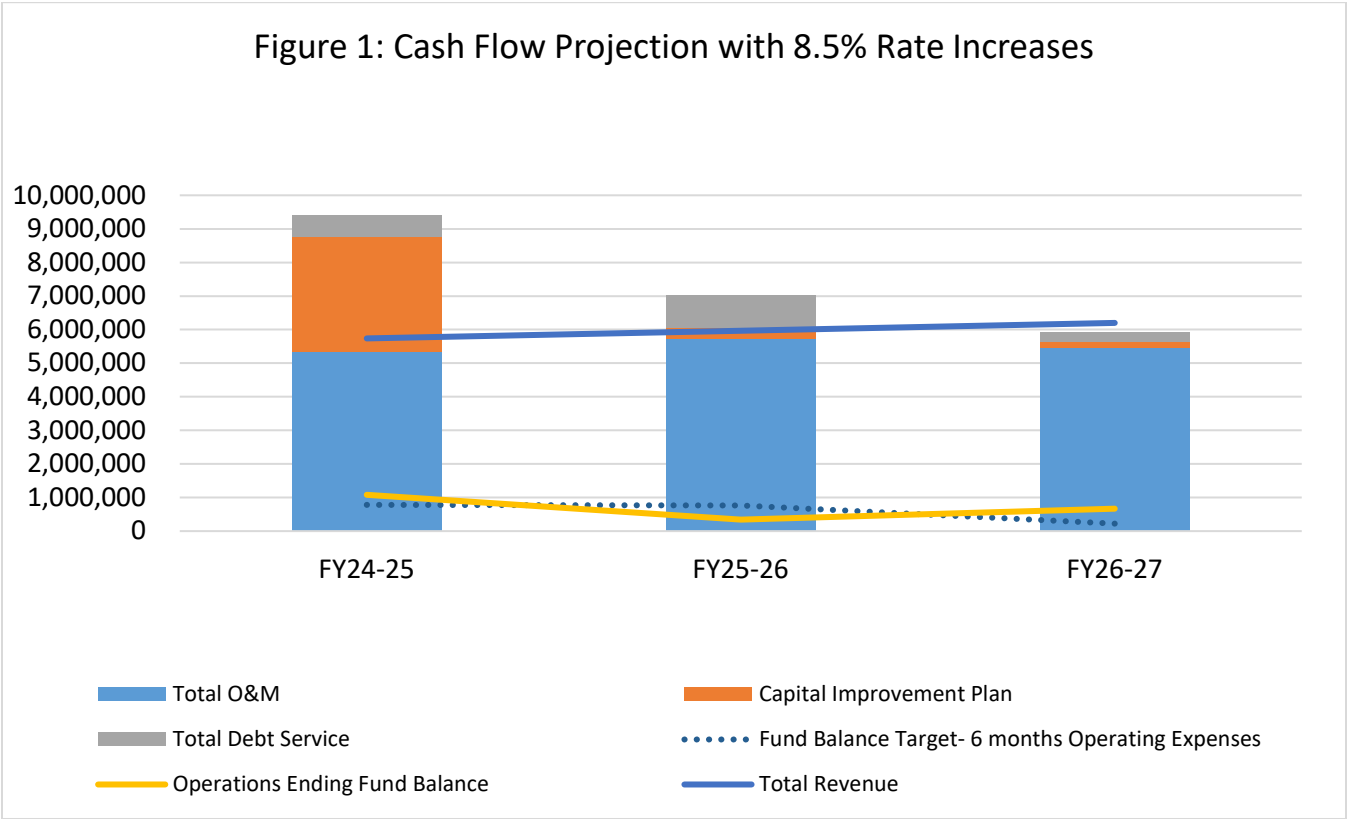


Table 1: Cash Flow Projection and Revenue Requirement

Fiscal Year	Estimated FY24-25	Projected FY25-26	Projected FY26-27
Proposed Rate Increase	7.0%	8.5%	8.5%
Rate	1,332	1,444	1,567
Equivalent Single Family Dwellings	4,115	4,117	4,124
 BEGINNING FUND BALANCE	 5,928,061	 2,269,167	 1,205,738
 <u>REVENUE</u>			
Sanitation Charges	5,131,733	5,354,491	5,794,634
Interest on Pooled Cash	144,294	48,044	31,268
Transfers from General Fund	100,000	200,000	0
Rent/Disposal Fees from OCSD	362,300	368,000	374,000
Total Revenue	5,738,327	5,970,535	6,199,903
 <u>EXPENDITURES</u>			
Total O&M	5,359,884	5,736,250	5,459,000
Capital Improvement Plan	3,400,000	320,000	170,000
Total Debt Service	637,337	977,714	296,000
Total Expenditures	9,397,221	7,033,964	5,925,000
 Net Revenue	 (3,658,894)	 (1,063,429)	 274,903
 Ending Fund Balance - All Funds - Proposed 8.5% Rate Increase	 2,269,167	 1,205,738	 1,480,641
Operations Ending Fund Balance	1,081,188	342,624	668,524
<i>Fund Balance Target- 6 months Operating Expenses</i>	<i>782,000</i>	<i>762,000</i>	<i>223,000</i>

The total expenditures budget divided by ESDs and the proposed ESD rate are shown in the table below. The proposed FY 2025/2026 rate is the lowest the rate can be set given the structural deficit of the Zone, and the need to maintain reserves.

Fiscal Year	FY24-25	FY25-26	FY26-27
Total Expenditures Divided by ESDs	2,283	1,709	1,437
Proposed ESD Rate	1,332	1,444	1,567

Proportionality of costs for users is maintained by using the Equivalent Single Family Dwelling (ESD) methodology. A standard single-family home constitutes one ESD. Parcels with other uses (for example, apartments and commercial buildings) are assigned a number of ESDs using standard equivalency factors that estimate the probable quantity and quality of sewage effluent normally generated by such uses in comparison to a single-family home. The assigned cost per ratepayer is the ESD cost multiplied by the number of ESDs assigned to the parcel. The ESDs are assigned in Exhibit A of the proposed rate ordinance, which is attached to this memorandum.

EXHIBIT A

EQUIVALENT SINGLE-FAMILY DWELLING BILLING UNIT FOR AIRPORT SANITATION ZONE

Use Category		Billing Basis			2025-2026	
		Flow	BOD	TSS	Use	ESD
		gallons	mg/l	mg/l		
Residential						
	Single-Family	280	200	200	connections	1.00
	Condominium (Over 900 square ft)	280	200	200	dwelling units	1.00
	Condominium (Under 900 square ft)	224	200	200	dwelling units	0.80
	Multiple-Family (Apts,Duplex/Triplex)	224	200	200	dwelling units	0.80
	Mobile home park	224	200	200	spaces	0.80
	Mobile home (Individual)	224	200	200	units	0.80
	JADU	-	200	200	units	0.00
	ADU, under 751 sq ft*	112	200	200	units	0.40
	ADU, 751-900 sq ft*	224	200	200	units	0.80
	ADU, over 900 sq ft*	280	200	200	units	1.00
Commercial						
	Appliance repair	190	200	200	1,000 sq. ft.	0.68
	Art gallery	190	200	200	1,000 sq. ft.	0.68
	Auto dealers					
	With service facilities	190	180	280	connection	0.75
		38	180	280	add per service bay	0.15
	Without service facilities	190	200	200	connection	0.68
	Auto repair	38	300	300	per service bay	0.18
	Bakery	190	1000	600	1,000 sq. ft.	2.02
	Beer Making/Brewery	see note 1 below				
	Butcher	see note 1 below				
	Banks & financial institutions	190	130	80	1,000 sq. ft.	0.47
	Barber shop	19	130	80	per chair	0.05
	Beauty shop	38	130	80	per chair	0.09
	Bars & taverns	20	200	200	per seat	0.07
	Camp ground or RV park					
	with hookups	125	200	200	site	0.45
	without hookups	75	200	200	site	0.27
	Cannabis production/manufacturing	see note 1 below				
	Car washes					
	manual	190	20	150	per bay	0.42
	automatic	125	210	210	per bay	0.46
	Cheese Maker	see note 1 below				
	Churches, hall & lodges	2	200	200	per seat	0.01
	Coffee shops with some food service	6	1000	600	per seat	0.06
	Dry cleaners	285	150	110	1,000 sq. ft.	0.78
	Fire stations	190	200	200	1,000 sq. ft.	0.68
	with sleeping quarters and kitchens	220	300	300	1,000 sq. ft.	1.05
	without sleeping quarters and kitchens	190	210	210	1,000 sq. ft.	0.70
	Garages	95	180	280	per service bay	0.37
	Gas Stations (no other automative services)					
	with convenience store	70	480	480	1,000 sq. ft.	0.48
	without convenience store	38	210	210	1,000 sq. ft.	0.14
	Gym					
	with shower	400	300	300	1,000 sq. ft.	1.90
	without shower	50	210	210	1,000 sq. ft.	0.18
	High Tech Medical Manufacturing	see note 1 below				
	Hospitals					
	Convalescent	125	250	100	per bed	0.41
	General	175	250	100	per bed	0.57
	Veterinarian	6	250	100	per cage	0.02
	Hotels/motels/B&B	100	310	120	sleeping rooms	0.37
	Hydroponic Cultivation (including cannabis)	1.2	210	210	per plant	0.004427
	Laundromats	500	150	110	washing machines	1.37
	High efficiency washers	250	210	210	washing machines	0.92
	Library	190	200	200	1,000 sq. ft.	0.68
	Machine shops	152	180	280	1,000 sq. ft.	0.60
	Markets	38	800	800	1,000 sq. ft.	0.40
	Nail Salon	10	210	210	per seat	0.04
	Offices					
	Business	76	130	80	1,000 sq. ft.	0.19
	Chiropractic Office	190	210	210	Exam. room	0.70
	Dental	190	130	80	Exam. room	0.47
	Medical (clinic)					
	with central handwashing stations	175	300	300	Exam. room	0.83
	with office, surgery, lab and treatment rooms	190	300	300	Exam. room	0.90
	offices with sink	125	300	300	Exam. room	0.59
	offices without sink	100	300	300	Exam. room	0.48
	Veterinarian					
	with office, surgery, and treatment rooms	130	300	300	Exam. room	0.62
	Pet Groomers	260	210	210	1,000 sq. ft.	0.96
	Post office	190	130	80	1,000 sq. ft.	0.47
	Resort	see note 1 below				
	Restaurants					

EXHIBIT A

EQUIVALENT SINGLE-FAMILY DWELLING BILLING UNIT FOR AIRPORT SANITATION ZONE

Use Category	Billing Basis			2025-2026	
	Flow gallons	BOD mg/l	TSS mg/l	Use	ESD
Dine-in					
With DW & garbage disp.	6	1000	600	per seat	0.06
With DW or garbage disp.	6	619	371	per seat	0.04
Without DW & garbage disp.	6	238	143	per seat	0.02
Take-out	475	238	143	1,000 sq. ft.	1.64
Rest homes	125	250	100	per bed	0.41
Retail stores	38	150	150	1,000 sq. ft.	0.11
Schools					
Elementary	9	130	100	per student day	0.02
High	14	130	100	per student day	0.04
with entertainment facilities	19	300	300	per student day	0.09
Service stations	380	180	280	set of gas pumps	1.49
	38	180	280	add per service bay	0.15
Shoe repair	190	200	200	1,000 sq. ft.	0.68
Spa with various beauty treatments	38	300	300	per chair	0.18
Supermarkets	76	300	300	1,000 sq. ft.	0.36
Tasting Rooms					
Ale, Winery (no food)	120	210	210	1,000 sq. ft.	0.44
Ale, Winery (with food)	240	480	480	1,000 sq. ft.	1.65
Theaters	2	200	200	per seat	0.01
Trash Enclosures	see note 1 below				
Warehouse					
Winery					
Others as determined by the Engr.					
Industrial				see note 1 below	

ALL COMMERCIAL ESDs TO BE DETERMINED BY THE GENERAL MANAGER USING THE FOLLOWING FORMULA:

$$ESD = (TSS \times FLOW \times 0.33) / (SFD \ TSS \times SFD \ FLOW) + (BOD \times FLOW \times 0.33) / (SFD \ BOD \times SFD \ FLOW) + (FLOW \times (0.34 / SFD \ FLOW))$$

Note 1: For non-standard uses, uses and when agreement on a use category cannot be reached, the General Manager, in his or her sole discretion, may

a) base charges on the user's actual or estimated contribution of wastewater into the District's facilities in terms of flow, biological oxygen demand (BOD), and total suspended solids (TSS), and

b) calculate the user's charge using the above Charge Formula. The user shall provide verifiable data, as requested by the General Manager, for the charge to be determined.

Note 2: In general, users with annual average TSS and/or BOD over 1,000 mg/L and users with annual average Flow greater than 5,000 gallons per day should be considered Monitored Users and use the Monitored User Charge Formula.

Definitions	Flow = Gallons per Day	TSS = Total Suspended Solids		
	BOD = Biological Oxygen Demand	DW = dishwasher		
	ESD = Equivalent Single Family Dwelling	disp. = disposal		

* Note that no Capacity Charge is accessed when existing structures are converted in accordance with CGC 65852.2 (e)(1)(A) as determined by the County of Sonoma or the jurisdiction having authority per the Building Code.