



Sonoma Water

OCCIDENTAL COUNTY SANITATION DISTRICT FY 2025/2026 WRITTEN BASIS FOR SEWER SERVICE CHARGE

DATE: March 2025

TO: Sonoma Water Management

FROM: Lynne Rosselli, Financial Services Division Manager

**SUBJECT: OCCIDENTAL COUNTY SANITATION DISTRICT FY 2025/2026 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 District 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 a 4.7% rate increase in FY 2025-2026. Revenue from sewer service charges comprises approximately 70% of the total revenue needed to provide service.

Costs are projected to increase over the planning period shown in Figure 1 below. The increased costs are for projects to address aging infrastructure including the Occidental to Graton Pipeline Project, Collection System Rehabilitation and Repairs, and other projects. The 4.7% rate increase is necessary to fund an estimated \$15 million in capital improvements over the next five years. Offsetting revenue from a future grant application is necessary to fund construction of the Project.

The District faces an ongoing operations deficit and has a critical need for infrastructure improvements and upgrades. Sonoma Water General Fund subsidies to the District over the past five years have been more than \$5.6 million, and an additional \$5.6 million is projected for the next three years making up more than 70% of the total estimated revenue for the District. 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 4.7% rate increases.

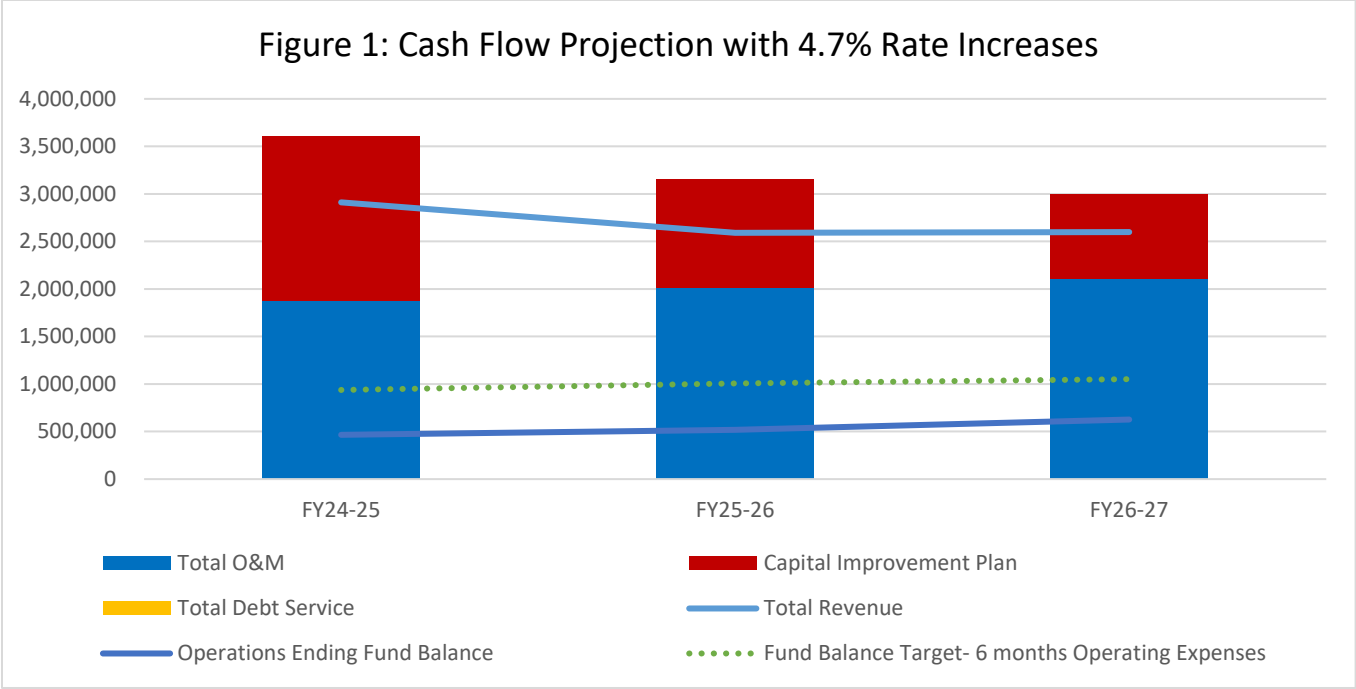


Table 1: Cash Flow Projection and Revenue Requirement

Fiscal Year	Estimated FY24-25	Projected FY25-26	Projected FY26-27
Proposed Rate Increase	4.9%	4.7%	4.7%
Rate	3,006	3,146	3,294
Equivalent Single Family Dwellings	273	273	273
 BEGINNING FUND BALANCE	 2,273,815	 1,579,144	 1,019,793
 <u>REVENUE</u>			
Sanitation Charges	426,400	488,500	507,500
Interest on Pooled Cash	65,000	52,500	30,500
State/Federal Grants	1,450,000	0	0
Transfers from General Fund	970,000	1,850,000	1,861,000
Miscellaneous Revenue	0	200,000	200,000
Total Revenue	2,911,400	2,591,000	2,599,000
 <u>EXPENDITURES</u>			
Total O&M	1,877,090	2,011,198	2,104,352
Capital Improvement Plan	1,728,981	1,139,154	892,295
Total Expenditures	3,606,071	3,150,352	2,996,647
 Net Revenue	 (694,671)	 (559,352)	 (397,647)
 Ending Fund Balance	 1,579,144	 1,019,793	 622,146
Operations Ending Fund Balance	465,917	517,779	626,703
 <i>Fund Balance Target- 6 months Operating Expenses</i>	 <i>937,920</i>	 <i>1,004,968</i>	 <i>1,051,538</i>

The proposed rate increase for the Equivalent Single Family Dwelling (ESD) value relies upon the District obtaining additional revenues from other sources of funding such as loans and grants. The total expenditures budget divided by ESDs, the total expenditures budget minus grant/loan revenue divided by ESDs, and the proposed ESD rate are shown in the table below. The proposed rate is the lowest the rate can be set given the need to maintain reserves, the structural deficit of the District, and the risks and uncertainties associated with receiving other sources of funding.

Fiscal Year	FY24-25	FY25-26	FY26-27
Total Expenditures Divided by ESDs	13,191	11,524	10,961
Expenditures budget minus grant/loan revenue divided by ESDs	7,887	11,524	10,961
Proposed ESD Rate	3,006	3,146	3,294

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 OCCIDENTAL CSD

Use Category	Billing Basis			2025-2026	
	Flow gallons	BOD mg/l	TSS mg/l	Use	ESD
Residential					
Single-Family	66	250	250	connections	1.00
Condominium (Over 900 square ft)	66	250	250	dwelling units	1.00
Condominium (Under 900 square ft)	52.8	250	250	dwelling units	0.80
Multiple-Family (Apts,Duplex/Triplex)	52.8	250	250	dwelling units	0.80
Mobile home park	52.8	250	250	spaces	0.80
Mobile home (Individual)	52.8	250	250	units	0.80
JADU	-	250	250	units	0.00
ADU, under 751 sq ft*	26.4	250	250	units	0.40
ADU, 751-900 sq ft*	52.8	250	250	units	0.80
ADU, over 900 sq ft*	66	250	250	units	1.00
Commercial					
Appliance repair	190	200	200	1,000 sq. ft.	2.50
Art gallery	190	200	200	1,000 sq. ft.	2.50
Auto dealers					
With service facilities	190	180	280	connection	2.73
With service facilities	38	180	280	add per service bay	0.55
Without service facilities	190	200	200	connection	2.50
Auto repair	38	325	325	per service bay	0.69
Bakery	190	1000	600	1,000 sq. ft.	7.06
Beer Making/Brewery			see note 1 below		
Butcher			see note 1 below		
Banks & financial institutions	190	130	80	1,000 sq. ft.	1.78
Barber shop	19	130	80	per chair	0.18
Beauty shop	38	130	80	per chair	0.36
Bars & taverns	20	200	200	per seat	0.26
Camp ground or RV park					
with hookups	125	200	200	site	1.64
without hookups	75	200	200	site	0.99
Cannabis production/manufacturing			see note 1 below		
Car washes					
manual	190	20	150	per bay	1.62
automatic	125	228	228	per bay	1.78
Cheese Maker			see note 1 below		
Churches, hall & lodges	2	200	200	per seat	0.03
Coffee shops with some food service	6	1000	600	per seat	0.22
Dry cleaners	285	150	110	1,000 sq. ft.	2.95
Fire stations					
with sleeping quarters and kitchens	220	325	325	1,000 sq. ft.	3.99
without sleeping quarters and kitchens	190	228	228	1,000 sq. ft.	2.71
Garages	95	180	280	per service bay	1.36
Gas Stations (no other automative services)					
with convenience store	70	520	520	1,000 sq. ft.	1.82
without convenience store	38	228	228	1,000 sq. ft.	0.54
Gym					
with shower	400	325	325	1,000 sq. ft.	7.26
without shower	50	228	228	1,000 sq. ft.	0.71
High Tech Medical Manufacturing			see note 1 below		
Hospitals					
Convalescent	125	250	100	per bed	1.52
General	175	250	100	per bed	2.13
Veterinarian	6	250	100	per cage	0.07
Hotels/motels/B&B	100	310	120	per guest room	0.37
Hydroponic Cultivation (including cannabis)	1.2	228	228	per plant	0.02
Laundromats					
High efficiency washers	250	228	228	washing machines	3.57
Regular washers	500	150	110	washing machines	5.18
Library	190	200	200	1,000 sq. ft.	2.50
Machine shops	152	180	280	1,000 sq. ft.	2.18
Markets	38	800	800	1,000 sq. ft.	1.41
Nail Salon	10	228	228	per seat	0.14
Offices					
Business	76	130	80	1,000 sq. ft.	0.71
Chiropractic Office	190	228	228	Exam. room	2.71
Dental	190	130	80	Exam. room	1.78
Medical (clinic)					
with central handwashing stations	175	325	325	Exam. room	3.18
with office, surgery, lab and treatment rooms	190	325	325	Exam. room	3.45
offices with sink	125	325	325	Exam. room	2.27
offices without sink	100	325	325	Exam. room	1.82
Veterinarian					
with office, surgery, and treatment rooms	130	325	325	Exam. room	2.36
Pet Groomers	260	228	228	1,000 sq. ft.	3.71
Post office	190	130	80	1,000 sq. ft.	1.78
Resort			see note 1 below		

EXHIBIT A

EQUIVALENT SINGLE-FAMILY DWELLING BILLING UNIT FOR OCCIDENTAL CSD

Use Category	Billing Basis			2025-2026	
	Flow gallons	BOD mg/l	TSS mg/l	Use	ESD
Restaurants					
Dine-in					
With DW & garbage disp.	6	1000	600	per seat	0.22
With DW or garbage disp.	6	619	371	per seat	0.15
Without DW & garbage disp.	6	238	143	per seat	0.08
Take-out	475	238	143	1,000 sq. ft.	6.07
Rest homes	125	250	100	per bed	1.52
Retail stores	38	150	150	1,000 sq. ft.	0.42
Schools					
Elementary	9	130	100	per student day	0.09
High	14	130	100	per student day	0.14
with entertainment facilities	19	325	325	per student day	0.34
Service stations	380	180	280	set of gas pumps	5.45
	38	180	280	add per service bay	0.55
Shoe repair	190	200	200	1,000 sq. ft.	2.50
Spa with various beauty treatments	38	325	325	per chair	0.69
Supermarkets	76	325	325	1,000 sq. ft.	1.38
Tasting Rooms					
Ale, Winery (no food)	120	228	228	1,000 sq. ft.	1.71
Ale, Winery (with food)	240	520	520	1,000 sq. ft.	6.23
Theaters	2	200	200	per seat	0.03
Trash Enclosures			see note 1 below		
Warehouse			see note 1 below		
Winery			see note 1 below		
Others as determined by the Engr.			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 assessed 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.