



# Sonoma Water

## **SOUTH PARK COUNTY SANITATION DISTRICT FY 2026/2027 WRITTEN BASIS FOR SEWER SERVICE CHARGE**

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**DATE:** March 2026

**TO:** Sonoma Water Management

**FROM:** Jake Spaulding, Financial Services Division Manager

**SUBJECT: SOUTH PARK COUNTY SANITATION DISTRICT FY 2026/2027 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.

This memorandum provides the basis for a 3.5% rate increase in FY 2026-2027. Revenue from sewer service charges comprises more than 94% 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 a number of collection system replacements, among other projects. The 3.5% rate increase is necessary to fund an estimated \$9.5 million in capital improvements over the next five years.

The District faces an operations deficit and critical need for infrastructure improvements and upgrades. 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 3.5% rate increases.

Figure 1: Cash Flow Projection with 3.5% Rate Increases

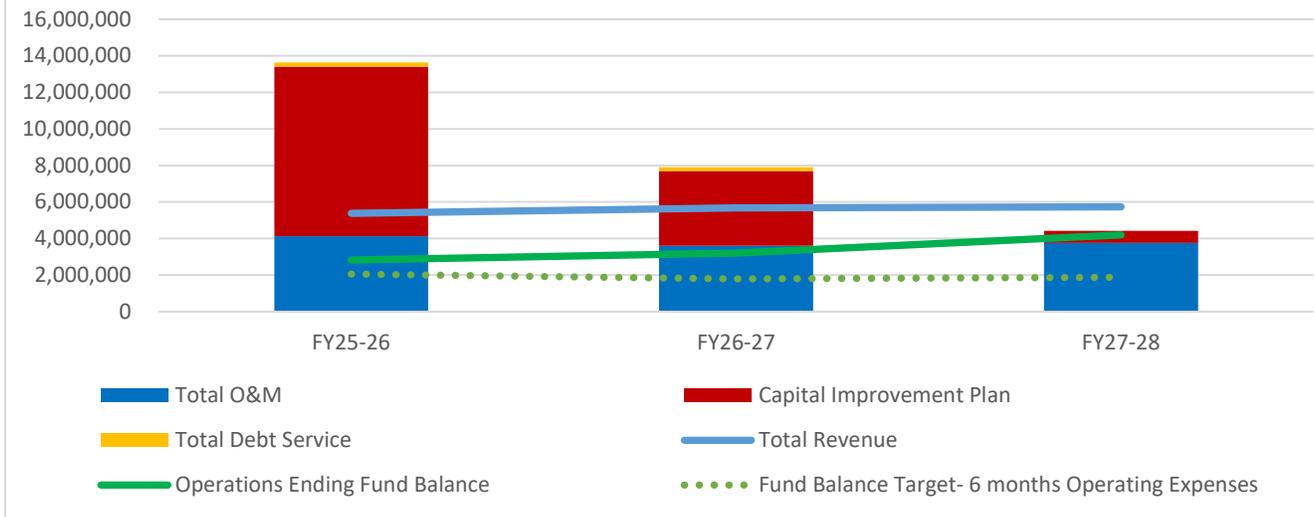


Table 1: Cash Flow Projection and Revenue Requirement

Fiscal Year	Estimated FY25-26	Projected FY26-27	Projected FY27-28
Proposed Rate Increase	3.5%	3.5%	3.5%
Rate	1,232	1,274	1,319
Equivalent Single Family Dwellings	4,499	4,521	4,490
<b>BEGINNING FUND BALANCE</b>	<b>19,005,626</b>	<b>10,760,000</b>	<b>8,523,723</b>
<b>REVENUE</b>			
Sanitation Charges	5,110,500	5,343,600	5,481,800
Interest on Pooled Cash	270,000	289,256	255,200
<b>Total Revenue</b>	<b>5,380,500</b>	<b>5,677,856</b>	<b>5,737,000</b>
<b>EXPENDITURES</b>			
Total O&M	4,134,204	3,598,119	3,764,100
Capital Improvement Plan	9,276,994	4,096,727	661,685
Total Debt Service	214,928	219,287	0
<b>Total Expenditures</b>	<b>13,626,126</b>	<b>7,914,133</b>	<b>4,425,785</b>
Net Revenue	(8,245,626)	(2,236,277)	1,311,215
Ending Fund Balance	10,760,000	8,523,723	9,834,938
Operations Ending Fund Balance	2,825,913	3,207,610	4,200,210
<i>Fund Balance Target- 6 months Operating Expenses</i>	<i>2,057,198</i>	<i>1,792,060</i>	<i>1,875,050</i>

The total expenditures budget divided by ESDs, the total expenditures budget minus grant/bond 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 for capital expenditures.

	FY25-26	FY26-27	FY26-27
Total Expenditures Divided by ESDs	3,029	1,751	986
Proposed ESD Rate	1,232	1,274	1,319

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 for commercial and residential ratepayers is the ESD cost multiplied by the number of ESDs assigned to the parcel plus 12 months of water use for commercial properties and winter water use for residential customers. The proposed draft rate ordinance and Exhibit A to the rate ordinance that are attached to this memorandum describe the assigned ESDs and the sewer service charges for different uses.