



GARBERVILLE SANITARY DISTRICT

P.O. BOX 211 • GARBERVILLE, CA 95542 • (707) 923-9566

BOARD OF DIRECTORS MEETING MEMORANDUM

Meeting Date: June 23, 2020
To: Board of Directors
From: Jennie Short, Consultant Project Manager
Subject: 2020 Water and Sewer Rate Study

The published January 2020 Water and Sewer Rate Study report is available in the GSD office or it can be downloaded from the GSD Website at:
https://www.garberillesd.org/files/8fa363bc2/2020+Rate+Study+Main+Report_Published.pdf

The report contains two sections; one for water and one for sewer. Each section details:

- Existing Rates,
- Summary of Existing Customers,
- Financial Needs for Capital Improvement Projects,
- Existing Financial Condition,
- Proposed Changes to Rate Structure,
- Proposed Rates,
- Financial Impact of Proposed Rates & Cash Flow Projections
- Rate Survey

There are examples of how existing and proposed rates are calculated for a variety of customer types.

There are also four appendices:

- Last 10-years of Audited Revenue and Expenditures
- Multi-Family Mixed Use Customer Information
- Commercial Customer Information
- EDU and CSM Table

The following excerpts and tables come directly from the published 2020 Water and Sewer Rate Study report. Water rates are covered first and then sewer rates follow.

In response to questions and comments received a modified recommendation is being made for the implementation of sewer rates on page 6. It reduces the base rate per ERU by \$3 per month for the first year and \$2 per month for the second, and the consumption charge by \$1 per unit for

the first two years. This will allow the new charge methodology to be implemented while minimizing the increase to the total monthly bill for most customers.

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2020 WATER AND SEWER RATE STUDY

Since the Rate Study was published, the District has completed the fiscal year 2020-21 budgeting process. At the May 2020 board meeting a budget was adopted for next year and projections for this year's ending amounts was reviewed. To follow is a summary of those numbers. The detailed budget is in an attachment.

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2020 WATER AND SEWER RATE STUDY

Description	FY 2019/20				FY 2020/21
	Adopted Budget	YTD 9 mo. 03/31/20	Projected Year End	Adopted vs. Projected	Adopted Budget
Total Cash: Starting Balance	878,308				722,253
Net Cash Provided by Operating Gain (excludes depreciation)					
Water Revenue	551,750	397,560	529,175	(22,575)	532,500
Sewer Revenue	424,770	309,707	420,170	(4,600)	409,920
Payroll Expenses	(385,338)	(305,493)	(414,800)	(29,462)	(426,040)
Admin & Overhead Expenses	(201,068)	(176,902)	(263,891)	(62,823)	(225,639)
Water Supplies/Maintenance/Monitoring/Utilities	(119,775)	(110,847)	(141,000)	(21,225)	(121,500)
Sewer Supplies/Maintenance/Monitoring/Utilities	(57,910)	(41,791)	(58,690)	(780)	(67,200)
Savings of Connection Fees	(40,000)	(8,000)	(16,000)	24,000	(24,000)
Net Operating Gain Cash Added	172,429	64,233	54,964	(117,465)	78,041
Change in Assets					
Subtotal Change In Current Assets	0	13,106	20,000	20,000	10,000
<u>Change in Major Capital Improvement Assets</u>					
Robertson + Wallan Tank Replacement - SRF App	10,000	3,756	10,000	0	2,000
CIP - Bear Canyon Aerial	410,000	2,606	3,000	(407,000)	300,000
SRF Grant for Bear Canyon Aerial	(320,000)			320,000	(240,000)
SRF Loan for Bear Canyon Aerial	(80,000)			80,000	(60,000)
Meridith Ln Sewer Aerial Reroute Prelim Design	5,000			(5,000)	5,000
Subtotal Major Capital Assets	25,000	6,362	13,000	(12,000)	7,000
<u>Change in Fixed Assets</u>					
<u>Equipment</u>					
Utility Truck	0	40,034	40,034	40,034	
Backhoe	135,000	0	0	(135,000)	0
Loan Disbursement for Backhoe	(135,000)	0	0	135,000	0
Utility Trailer	7,000	0	0	(7,000)	7,000
<u>Office Equipment</u>					
Replace Operator Laptop + Assoc Software			1,000		0
Copier	0	0	6,240	6,240	0
<u>Treatment Facilities</u>					
SWTP CL2 Contact Basin Replacement	0	1,165	21,540	21,540	
Insurance Claim Reimbursement for CL2	0	(20,375)	(20,375)	(20,375)	
<u>Distribution/Collection Facilities</u>					
PUMPS: LMI, SWTP Lift	0	0	5,361	5,361	
BS Headworks - pump controls					10,000
Sunnybank Telemetry	10,000		0	(10,000)	5,000
Church St - Waterline Replacement	0	21,870	21,870	21,870	
Redwood Drive Sewerline PrelimDesign (SCR-Calicos + Melville - Cecils)	10,000		0	(10,000)	0
Unspecified Asset Purchase					25,000
Subtotal Change in Fixed Assets	27,000	42,694	75,670	47,670	47,000
Total Change in Assets {Cash Used}	52,000	62,162	108,670	55,670	64,000

Description	FY 2019/20				FY 2020/21
	Adopted Budget	YTD 9 mo. 03/31/20	Projected Year End	Adopted vs. Projected	Adopted Budget
Change in Liabilities					
Accounts Payable	0	3,950	20,375	20,375	(20,375)
Service Deposits	0	1,400	1,400	1,400	600
Current Liabilities - Other	0	(60)	0	0	0
Loans					
2500 SWRCB WWTP Principle Pmt (until 8/2023, 2%, \$428,907)	(23,631)	(23,631)	(23,631)	0	(24,103)
2700 SWRCB DWIP Principle Pmt (until 01/2046, 0%, \$1,379,471)	(45,982)	(22,991)	(45,982)	0	(45,982)
2605 RCAC: ALPT Principle Pmt (until 11/2020, 5%, \$250,000)	(53,976)	(40,228)	(53,976)	0	(23,297)
2655 Lease Payable - copier	(862)	(535)	(535)	327	0
SWRCB DDW SRF Planning - Bear Canyon Aerial (5 yr 0%)	(16,000)		0	16,000	(12,000)
2660 Utility Truck Principle Pmt (until 06/2019, 5%, \$42,425)	0		0	0	0
Total Change in Liabilities {Cash Added or (Spent)}	(164,903)	(82,095)	(102,349)	62,554	(125,158)
Sum of Change in Cash by Fiscal Year	(44,474)	(72,025)	(156,055)	(110,581)	(111,116)
Total Cash and Cash Equivalents: Ending Balance	818,535		722,253		611,136

The projected June 30, 2020 fiscal year ending cash flow is a **NEGATIVE** \$156,055. The budgeted fiscal year 2020-21 cash flow is a **NEGATIVE** \$111,116.

Both of these negative cash flows do not include any significant capital improvement project expenditures. The FY 19/20 and 20/21 annual net operating gain is only \$54,964 and \$78,041 and the loan payments are \$124,124 and \$105,383 respectively. These means even if we replace no assets and complete no capital projects, the cash flow will be negative. These numbers are even more dire than those presented in the rate study because of the increase in property & liability insurance premiums {\$15,000}, payroll expenses {\$15,000}, repairs and maintenance expenses {\$10,000} on this antiquated system, and licenses {5,000} for a \$45,000 lesser amount available for loan payments and capital projects.

A rate increase is imperative to keep the District in a positive cash flow position.

Water Rates

Existing Water Rates

Water charges for both residential and commercial customers are set based upon the meter size and the consumption charge is for the actual monthly water usage.

Table 1. Water Rates for Residential and Commercial Customers

Description	Rate/mo.
Base Rate by meter size (\$/mo.)	
5/8" and 3/4"	60.22

1"	120.43
1.5"	240.87
2"	361.30
Upper Zone Surcharge -Meadows (\$/mo.)	7.00
Upper Zone Variable Surcharge (\$/hcf)	0.56
Consumption Charges:	
Residential Tier 1: 0-500 cu ft. (\$/hcf)	0.70
Residential Tier 2: Over 500 cu ft. (\$/hcf)	3.85
Commercial & Non-Single Family (\$/hcf)	2.67

Table 9. Proposed Residential Water Rates

Description	RATE PER MONTH STARTING				
	August 2020	July 2021	July 2022	July 2023	July 2024
Base Rate - all meter sizes (\$/mo.)	65.00	70.00	75.00	79.00	79.00
Upper Zone Surcharge -Meadows (\$/mo.)	8.00	9.50	11.00	12.00	12.00
Consumption Charges:					
Residential Tier 1: 0-8 units (\$/hcf)	1.00	1.75	2.50	3.00	3.00
Residential Tier 2: 9-20 units (\$/hcf)	3.00	3.75	4.50	5.00	5.00
Residential Tier 3: 21 + units (\$/hcf)	11.00	11.50	12.00	13.00	13.00
Upper Zone Variable Surcharge (\$/hcf)	1.00	1.00	1.00	1.00	1.00
Estimated Additional Revenue with Proposed Residential Rate by FY:	53,500	92,500	131,500	163,500	163,500

SINGLE FAMILY RESIDENTIAL WATER CUSTOMERS:

- Will all be charged the same base rate regardless of meter size
- There will continue be an upper zone base rate surcharge -
- There will be three tiers for water use charges:

- Tier 1 is 0 - 8 units (hcf) per month - Essential Consumption
- Tier 2 is 9 - 20 units per month - Efficient Consumption
- Tier 3 is 21 units and over per month - Excessive Consumption

There will continue to be an upper zone surcharge for each unit of use

MULTI FAMILY/MIXED USE ACCOUNTS:

In the past, accounts that have multiple single family units served from a single meter have not been clearly identified and billed as a multifamily account. Installing additional meters for each unit and re-plumbing the uses behind the meter to be in accordance with GSD ordinances is not practical.

Instead, each of these accounts will be evaluated and/or inventoried and the ERUs will be calculated for each account. The ERUs will be used for both sewer and water base rate calculations. The consumption for these accounts will be billed using commercial water and sewer rates.

The proposed change in structure and methodology for calculating the base rates affects these accounts the most. Appendix B is a table containing the accounts that have been identified as

multifamily or mixed use accounts. The table lists the existing base rates and the proposed base rates for each of these accounts.

COMMERCIAL ACCOUNTS:

The existing water base rate for a commercial account is charged according to the size of the meter for the premise. This is a common way to charge for accounts and assumes that a larger meter has been installed for customers that use larger quantities of water. In Garberville’s system, one restaurant or hotel will have a ¾” meter and another a 1 ½” meter and they will both use the same amount of water each month. The customer with the 1 ½” meter is paying a base rate that is four times as much as the customer with the ¾” meter.

In an effort to equalize the water base rates for commercial customers, a tiered base rate is being proposed. Instead of the meter size determining which base rate tier the customer pays, their average annual consumption will determine the tier. Three tiers are recommended:

- the first being for accounts that use one ERU of water; or 0 - 8 units on average per month.
- the second being for accounts that are mid-range user; or 9 to 40 units on average per month
- the third and final tier being for accounts that use significant amounts of water; 41 or more units on average each month.

Each commercial account has been evaluated to determine generally what the average units per month are. Appendix C is a table of the commercial accounts showing the existing water base rate and proposed water base rate by account number. For most accounts this change in structure does not have a significant effect on the base rates paid by the customers. For the accounts that do experience a change, the change results in the customer paying a more equitable amount with other accounts of similar use and consumption.

For the water usage component of the commercial water charges, instead of one tier there will now be two tiers.

COMMERCIAL, MULTIFAMILY RESIDENTIAL, AND MIXED-USE WATER CUSTOMERS:

- Base rates will be determined by average annual consumption and separated into three tiers:
 - Tier 1 is 0-8 units per month annual average
 - Tier 2 is 9 - 40 units per month annual average
 - Tier 3 is 40 or more units per month annual average
- If the account has more than one apartment, residence, or commercial unit on it, the minimum water tier to be set for the account will be tier 2.
- There will continue be an upper zone base rate surcharge
- There will be two tiers for water use charges:
 - Tier 1 is 0 - 40 units (hcf) per month
 - Tier 2 is 41 units (hcf) and over per month
- There will continue to be an upper zone surcharge for each unit of use

Table 10. Proposed COMMERCIAL, MULTIFAMILY RESIDENTIAL, AND MIXED-USE WATER CUSTOMERS Water Rates

Description	RATE PER MONTH STARTING				
	August 2020	July 2021	July 2022	July 2023	July 2024

Base Rate (\$/mo.)					
Tier 1 - 0-8 units annual average	65.00	70.00	75.00	79.00	79.00
Tier 2 - 9-40 units annual average	120.00	130.00	140.00	150.00	150.00
Tier 3 - 41 + units annual average	240.00	260.00	280.00	300.00	300.00
Upper Zone Surcharge -Meadows (\$/mo.)	8.00	9.50	11.00	12.00	12.00
Consumption Charges					
Commercial Tier 1: 0-40 units (\$/hcf)	3.00	3.75	4.50	5.00	5.00
Commercial Tier 2: 41 + units (\$/hcf)	2.75	3.25	3.75	4.25	4.25
Upper Zone Variable Surcharge (\$/hcf)	1.00	1.00	1.00	1.00	1.00
Estimated Additional Revenue with Proposed Commercial Rate by FY:	23,500	54,500	85,500	111,000	111,000

Sewer Rates

Existing Sewer Rates

The commercial and residential sewer base rate is based upon an average of previous periods' consumption. Each year the District staff re-averages the customers' accounts so that this base rate is adjusted for the next 12 months.

Since the residential sewer base rate is based upon the consumption during January, February and March, this re-averaging has historically been completed shortly after April.

Table 13. Existing Sewer Rates for Residential Customers

Description	Rate/mo.
Base Monthly Charge	34.99
Consumption Charge (\$/hcf)	2.90

For all sewer base rates, the minimum per month is \$34.99. The residential monthly consumption charge is calculated once a year using an average of the consumption during the months of January, February and March times the consumption charge rate (\$2.90/hcf) and that charge is then used for a 12 month period until the next time January, February and March usage is known and the accounts are re-averaged.

Table 14. Existing Sewer Rates for Commercial Customers

Description	Rate/mo.
Base Monthly Charge = Average Usage X 0.9 X \$5.35	varies
Consumption Charge (\$/hcf)	
Low:	2.13
Domestic	2.66
Medium	3.98

High	5.31
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The strength of the sewer discharge is based on California State Water Resources Control Board Sewer Strength Guidelines:

Waste Strength	Typical Customers
Low	Laundromat, schools, offices
Domestic	Residential, commercial, hospital, hotel
Medium	Mixed use with restaurant
High	Restaurant, bakery, mortuary

The non-single family residential and commercial sewer base rate calculation is more complicated than the residential. The average of the usage for a 12 month period is used to determine the base rate for the next 12 months. This usage average is multiplied by 90% and then multiplied by \$5.35. This amount is brought up to the minimum of \$34.99 should it be less when calculated. The consumption charge for non-single family residential and commercial customers is calculated by taking the month's usage, times 90%, times the rate for the strength of the sewer for the customer.

PROPOSED CHANGES TO SEWER RATE STRUCTURE AND PROPOSED RATES

Since the existing rates will not meet the projected operational expenses, existing debt service, projected CIPs and asset replacement costs, a rate adjustment will be needed. As part of the evaluation of the existing rates, there are elements of the methodology for residential customers that are resulting in similar types and customers with similar annual usage not paying similar sewer base rates nor were the residential and commercial customers utilizing an equal portion of the sewer system fixed expenses. The rate committee kept the goal of correcting these inequities as part of the rate adjustment process, so a change in base rate calculation methodology is included in these proposed changes to the sewer rates.

The biggest change to the proposed rates is that regardless of whether an account is residential, commercial, multi family, or multi-use, they will all be charged the same base rate for each ERU. The ERU used to compute the base sewer rate will not be recalculated each year unless some change is made to the conditions at the premise. For example: a store becomes a restaurant, the ownership or tenancy changes and the use of water and or sewer at the premise changes. It will be at the General Manager's discretion to make these changes. Any owner can appeal the General Manager's decision to the Board of Directors of the District.

Appendix D is a table titled SEWER EQUIVALENT RESIDENTIAL UNIT (ERU) DETERMINATION that explains how ERUs are calculated and the consumption strength multiplier (CSM) for each type of establishment. A table of every commercial sewer account can be found in Appendix C showing the ERU and CSM for each account. ERUs will initially be calculated utilizing the past 12 months of consumption records. Single family residential is 1.0 ERU and a CSM of 1.0.

In the past, accounts that have multiple single family units served on a single meter has not been clearly identified or accurately billed as a multifamily account. Installing additional meters for each unit and re-plumbing the uses behind the meter to be in accordance with GSD ordinances is not practical. Instead each of these locations has been inventoried and the ERUs for sewer will

be used for sewer base rate calculations. The consumption for these accounts will be billed as commercial accounts.

Residential multifamily uses will be billed at a CSM of 1.0 and multiuse locations will have a blended CSM determined by the General Manager based upon the approximate % of use for each type of use. Appendix B lists each of these locations by account number with an analysis of the existing and proposed base and consumption rates for each account. These accounts will see the largest increase in their base rates as they will now be paying a portion of a base rate for each unit connected to the meter instead of a single base rate for the combined units. This will correct the inequitable way that they have been billed in the past.

RESIDENTIAL AND COMMERCIAL SEWER RATES

- Sewer rates will include a base rate fee and a consumption fee for single family residential, multifamily residential, and commercial customers
- Every account will be coded an ERU based upon the use calculated for it. (see tables) and based upon the average consumption for the past two years
- Sewer base rates will be set as the same \$ per ERU for commercial, residential, and multifamily/multi-use accounts.
- There will be a residential consumption fee per unit of water used
- There will be a commercial consumption fee per unit of water used
- Each account will be coded with a consumption strength multiplier (based upon the uses within the property) and that will be multiplied times the commercial consumption fee for calculating the consumption portion of the bill

Table 20. Proposed Residential and Commercial Sewer Rates from Report

Description	RATE PER MONTH STARTING				
	August 2020	July 2021	July 2022	July 2023	July 2024
Base Rate - per ERU (\$/mo.)	45.00	47.00	49.00	51.00	53.00
Residential and Commercial Consumption (\$/hcf) X consumption strength multiplier SFR CSM = 1.0	3.50	4.00	4.50	5.00	5.50
Estimated Additional Revenue with Proposed Rate	107,500	144,000	180,000	217,000	253,000

In response to questions and comments received we reviewed the impact of the proposed rates upon the budget for the first year implementation. We found that a more gradual implementation of the proposed sewer rates could be adopted and still balance the budget. That more gradual rate is presented in the next table and is the sewer rate that is being recommended.

REVISED Proposed Residential and Commercial Sewer Rates

Description	Existing Rates	RATE PER MONTH STARTING				
		August 2020	July 2021	July 2022	July 2023	July 2024
Base Rate - per ERU (\$/mo.)	34.99	42.00	45.00	48.00	51.00	53.00
Residential and Commercial Consumption	Res=2.90	2.50	3.00	4.00	5.00	5.50

(\$/hcf) X consumption strength multiplier SFR CSM = 1.0	Com=2.13					
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Each year as part of the budget review and adoption process, the Board should evaluate the necessity of implementing the full adopted rate increase. Once the District has reached the maximum reserve balance of \$1.2 million and the adopted budget won't bring the balance below this maximum, any unimplemented rate increases should be foregone until such time as the reserve balance falls below the maximum. The Board can also choose to implement a lesser increase in any given year than that adopted as part of this rate review process.

EXAMPLE CALCULATION

Calculations for Existing Residential Rates with 7 units of water usage:

Description	Rate/mo.
Sewer Base Rate (\$/mo.) - minimum	34.99
Sewer Consumption \$2.90/unit (\$/mo.) x 7 units	20.30
Water Base Rate - ¾" meter (\$/mo.)	60.22
Water Consumption Tier 1: 0-5 units; \$0.70/unit x 5 units	3.50
Water Consumption Tier 2: 6 + units; \$3.85/unit x 2 units	7.70
Total Monthly Bill	126.71

Calculations for Proposed Residential Rates with 7 units of water usage:

Description	Rate/mo.
Sewer Base Rate (\$42.00/mo.) x 1 ERU	42.00
Sewer Consumption \$2.50/unit (\$/mo.) x 7 units	17.50
Water Base Rate - Residential (\$/mo.)	65.00
Water Consumption Rate 0-8 units; \$1.00/unit x 7 units	7.00
Total Monthly Bill	131.50

Difference Water: \$0.58
 Difference Sewer: \$4.21
 Total Difference: \$4.79 (3.7%)

In short, the new methodology provides a more equitable fee amongst customers that are utilizing the same volume of the system and is a more straightforward consistent calculation, which were the two main goals that the rate committee held.

RECOMMENDATIONS

1. Continue the Public Hearing for the Proposition 218
2. Close the public hearing once all comments have been received
3. Accept the report of the District Clerk for the tabulation of protests received by the close of the public hearing
4. Adopt the new rate structure and methodology with Resolution 20-007 - roll call vote with 2/3

ALTERNATIVES

The Board can modify the adopted rates to be equal to or lesser for each year as presented in the Rate Study Report and included in the Prop 218 Notice (Tables 9, 10, and 20).

If the Board desires to adopt rates that are in excess of those presented in the Rate Study Report and included in the Prop 218 Notice, then a modified Rate Study Report must be produced and published, and the Prop 218 Noticing must be redone and a new public hearing date set and held.

ATTACHMENTS

Resolution 20-007

Adopted Combined Revenue and Expense Report for Budgeting

Published 2020 Water and Sewer Rate Study dated January 2020 - GSD Website



GARBERVILLE SANITARY DISTRICT

P.O. BOX 211 • GARBERVILLE, CA 95542 • (707) 923-9566

RESOLUTION NO. 20-007

A RESOLUTION OF THE GARBERVILLE SANITARY DISTRICT BOARD OF DIRECTORS AMENDS THE DISTRICT'S WATER AND SEWER ORDINANCES BY ESTABLISHING NEW WATER AND SEWER RATES, FEES, AND CHARGE METHODOLOGY

WHEREAS, the Garberville Sanitary District is a Special District that was formed by the Humboldt County Board of Supervisors on April 12, 1932, pursuant to the Sanitary District Act of 1923, after a majority vote was cast in a general election; and

WHEREAS, authority for rate increases as defined in Health and Safety Code, sections 6512 and 6520.5 require the Board of Directors to be fiscally responsive to the needs of the community,

WHEREAS, the District Board previously approved a 5-year water and sewer rate plan on July 28, 2009 authorizing annual water and sewer rate adjustments through fiscal year July 2013 - June 2014 in Resolution 09-004; and

WHEREAS, the District has not increased or changed the water or sewer rates since July 1, 2013; and

WHEREAS, the Garberville Sanitary District ("District") Board of Directors received a report for the Water and Sewer Rate Study at their January 28, 2020 meeting; and

WHEREAS, the District has identified additional costs associated with diverting, treating, storing, and delivering water into the District's water supply; and

WHEREAS, the District has identified additional costs associated with collecting, treating, storing, and transmitting sewer from the customers to the District's sewer treatment plant; and

WHEREAS, the District has identified ongoing operational, debt service, capital improvement, and asset replacement needs associated with the District's water and sewer utility systems; and

WHEREAS, District staff has, and will continue to, search for cost saving measures including the active pursuit of grant funding; and

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WHEREAS, in order to fund the identified water and sewer system operational, debt service, capital improvement, and asset replacement needs, it will be necessary to make adjustments to the District's current water and sewer service fees; and

WHEREAS, the adoption of this resolution is exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA guidelines codified at 14 CCR § 15273 because the resolution pertains to the adoption of charges necessary to maintain services within the District's existing service area; and

WHEREAS, on November 5, 1996, California voters approved Proposition 218 Omnibus Implementation Act; Article XIID of the California State Constitution, requiring specific procedures be followed with regard to "property-related" fee increases, including the need to provide written notice at least 45 days in advance of a public hearing; and

WHEREAS, on July 24, 2006, the California Supreme Court confirmed that charges for water, wastewater, and sewer services are subject to Proposition 218 procedures (*Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal. 4th 205).

WHEREAS, the District adopted Resolution 20-001 which set a public hearing on proposed water and sewer rate increases and change in calculation methodology at its regularly scheduled Board Meeting on April 28, 2020;

WHEREAS, GSD sent Proposition 218 Notice for Proposed Water and Sewer Rate Adjustments and Changes to the District's Water and Sewer Rate Calculation Methodology public hearing to all customers and property owners affected by the proposed increase in water and sewer rates;

WHEREAS, the Notice included instructions on how occupants and/or property owners could submit written protests by mail or in person to the Garberville Sanitary District offices prior to the hearing to protest the proposed rate increases and also permitted affected persons to attend the meeting to provide input or register their written protests at the meeting; and

WHEREAS, at the April 28, 2020 Board Meeting the Public Hearing was continued due to COVID-19 shelter in place limitations; and

WHEREAS, the District held the public hearing on June 23, 2020 during a duly noticed regular business meeting, and

WHEREAS, in accordance with GSD RESOLUTION NO. 19-001 - APPROVAL OF GUIDELINES FOR THE SUBMISSION AND TABULATION OF PROTESTS IN CONNECTION WITH RATE HEARINGS CONDUCTED PURSUANT TO ARTICLE XIID, SECTION 6 OF THE CALIFORNIA CONSTITUTION, at the conclusion of the public hearing, the District Clerk tabulated all protests received, including those received during the public hearing, and reported the result to the Board of Directors; and

WHEREAS, the number of protests received is insufficient to constitute a majority protest.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, that the Garberville Sanitary District Board of Directors does hereby:

1. Amend the Ordinances entitled DISTRICT'S WATER ORDINANCE, ARTICLE #15 and SEWER ORDINANCE NO. 83-1, CHAPTER 7. SECTION 18, to read as set forth in the Table 1. Amended Residential Water Rates, Table 2. Amended Commercial and Multifamily Water Rates, and Table 3. Amended Residential and Commercial Sewer Rates in Attachment #1 of this resolution.
2. Adopt WASTEWATER EQUIVALENT RESIDENTIAL UNIT DETERMINATION and the Consumption Strength Multiplier in Attachment #2 of this resolution.

BE IT FURTHER RESOLVED AND ORDERED, that these amended rates will take effect for water and sewer services starting August 1, 2020.

PASSED, APPROVED AND ADOPTED on the 23rd day of June, 2020 by the following roll call vote:

AYES: Directors _____
NOES: Directors _____
ABSENT: Directors _____
ABSTAIN: Directors _____

_____, Chair of the Board

ATTEST:

_____,
Ralph Emerson
Clerk of Board of Directors

Resolution 20-007 – Attachment #1

Table 1. Amended Residential Water Rates

Description	RATE PER MONTH STARTING				
	June 2020	July 2021	July 2022	July 2023	July 2024
Base Rate - all meter sizes (\$/mo.)	65.00	70.00	75.00	79.00	79.00
Upper Zone Surcharge -Meadows (\$/mo.)	8.00	9.50	11.00	12.00	12.00
Consumption Charges:					
Residential Tier 1: 0-8 units (\$/hcf)	1.00	1.75	2.50	3.00	3.00
Residential Tier 2: 9-20 units (\$/hcf)	3.00	3.75	4.50	5.00	5.00
Residential Tier 3: 21 + units (\$/hcf)	11.00	11.50	12.00	13.00	13.00
Upper Zone Variable Surcharge (\$/hcf)	1.00	1.00	1.00	1.00	1.00

Table 2. Amended Commercial and Multifamily Water Rates

Description	RATE PER MONTH STARTING				
	June 2020	July 2021	July 2022	July 2023	July 2024
Base Rate (\$/mo.)					
Tier 1 - 0-8 units annual average	65.00	70.00	75.00	79.00	79.00
Tier 2 - 9-40 units annual average	120.00	130.00	140.00	150.00	150.00
Tier 3 - 41 + units annual average	240.00	260.00	280.00	300.00	300.00
Upper Zone Surcharge -Meadows (\$/mo.)	8.00	9.50	11.00	12.00	12.00
Consumption Charges					
Commercial Tier 1: 0-40 units (\$/hcf)	3.00	3.75	4.50	5.00	5.00

Commercial Tier 2: 41 + units (\$/hcf)	2.75	3.25	3.75	4.25	4.25
Upper Zone Variable Surcharge (\$/hcf)	1.00	1.00	1.00	1.00	1.00

Details for the proposed water tier base rate for each commercial and multifamily residential account is listed in Appendix B and C of the 2020 WATER AND SEWER RATE STUDY which is on file at the GSD office. Water tier base rates for commercial and multifamily residential accounts are determined by the District General Manager. Customers may petition to have their tier determination reviewed if conditions at the property change. The General Manager’s decision can be appealed to the District Board of Directors.

Table 3. Amended Residential and Commercial Sewer Rates

Description	RATE PER MONTH STARTING				
	June 2020	July 2021	July 2022	July 2023	July 2024
Base Rate - per ERU (\$/mo.)	42.00	45.00	48.00	51.00	53.00
Residential and Commercial Consumption (\$/hcf) X consumption strength multiplier SFR CSM = 1.0	2.50	3.00	4.00	5.00	5.50

Details for consumption strength multiplier (CSM) and Equivalent Residential Units (ERU) for each commercial and multifamily customer can be found in Appendix B and C in the 2020 WATER AND SEWER RATE STUDY. The explanation for the changes in charge calculation methodology can be found in the rate study.

Attachment #2 in this Resolution details the WASTEWATER EQUIVALENT RESIDENTIAL UNIT DETERMINATION and the Consumption Strength Multiplier by property utilization.

WASTEWATER EQUIVALENT RESIDENTIAL UNIT DETERMINATION

Information presented below is subject to revision based upon passage, revision or amendment to any applicable GSD ordinance or resolution. The District will, by ordinance or resolution, specify the current wastewater capital charge per Equivalent Residential Unit (E.R.U.) and the wastewater base rate monthly charge per ERU. For the purpose of calculating and imposing the wastewater capital charge, and for the purpose of calculating the consumption charge for commercial wastewater service, the ERU factor and consumption strength factor for any particular connection shall be calculated and imposed in the following manner:

Establishment	Unit	ERU Factor	Consumption Strength Multiplier
Single Family Residence (includes manufactured homes and mobile homes that are on private lots)	Per Dwelling Unit	1.000	N/A
Multifamily - (0-2 bedrooms per unit) Multifamily - (3 or more bedrooms per unit)	Per Individual Living Unit	0.800 1.000	1.0
Apartments, Condominiums, or accessory units without separate meters	Per Individual Living Unit	0.800	1.0
Mobile home and trailer parks (Any accessory facilities such as laundry, dining, residences, etc. shall be considered separately in addition to trailer spaces as per this table.)			
Mobile home or trailer park	Space	0.800	1.0
Recreational Vehicle Park (occupied or not)	Space	0.500	1.4
Hotel, Motel, lodging house, boarding house, or other multiple dwelling designed for sleeping accommodations for one or more individuals (not including food service, dining, meeting rooms, or laundries for boarder's use)			
Without Cooking Facilities (can include in room fridge)	Room	0.600	1.2
With Cooking Facilities (i.e. stove, microwave, and refrigerator)	Room	1.000	1.4
Churches, theaters, and Auditoriums (does not include office spaces, school rooms, day care facilities, food prep areas, etc.) See other sections in table to add for those uses.	Seat	0.017	1.0
Barber/Beauty Salon	Opr. Station	0.300	2.0
Theater	Per Seat	0.010	1.0

Resolution 20-007 - Attachment #2

Theater (Dinner)	Per Seat	0.067	1.4
Establishment	Unit	Factor	Consumption Strength Multiplier
Food Service: Base plus add for: Restaurant/Cafeteria Bar/Cocktail Lounge	Base Seat Seat	2.500 0.050 0.067	1.4
Industrial Building (not including food service; not including industrial waste flows): Without Showers With Showers	Employee Employee	0.050 0.117	1.0
Laundry/Self-Service	Per Machine	1.333	1.0
Office Building (add food service and retail space)	First 1,000 Sq Ft Each addit. 1,000 sq. ft.	1.000 0.500	1.0
Dentist Office	Per Dentist Per Wet Chair	0.833 0.667	1.4
Doctor Office	Per Doctor or Care Provider	0.833	1.4
Veterinarian Office	Per Veterinarian Per Operating Room	0.833 0.667	1.4
Hospital	Per Bed	0.833	1.4
Nursing Home, extended care facilities, other similar uses	Per Bed	0.500	1.4
Warehouse space excluding office space, etc.	Per 1,000 sq. ft.	0.334	1.0
Meeting and/or Banquet Rooms	Per Occupant by Max Fire Code Amt	0.020	1.0
Grocery Store with Deli	Per 1,000 sq. ft.	1.000	1.4
Town Square Vendors	Per Trailer/ Connection Point	1.500	1.4
Automotive Repair & Maintenance	Per Bay	0.250	2.0
Service Station Add: Add:	Per Bay Per Wash Bay Per Toilet Room	1.000 3.200 1.000	2.0
Service Station with Restaurant Add:	Base Per Toilet Room	2.500 1.000	1.4

Resolution 20-007 - Attachment #2

Retail Store with Self Service Gas Pumps & Restroom	Per Restroom	1.000	1.4
Convenience Store without Gas Pump or Restrooms With Restrooms	Per 1,000 sq. ft.	1.000	1.0
	Per Toilet Room	1.000	1.4
Establishment	Unit	Factor	Consumption Strength Multiplier
Retail Store without Restrooms With Restrooms	Per 1,000 sq. ft.	1.000	1.0
	Per Toilet Room	1.000	1.4
Bowling Alley	Per Lane	0.333	1.4
Cannabis	Dependent upon Specific Use		2.0
Schools, Middle & High	Per Student	0.050	1.4
Schools, Elementary & Nursery including day care facilities	Per Student	0.025	1.4

GENERAL NOTES

1. ONE (1) equivalent residential unit (ERU) shall, for the purposes of this Section, have an assigned value of 1.000. One (1) ERU is hereby established and determined to be equal to a flow of **two hundred (200) gallons per day (GPD)**. The "total equivalent residential unit value" for an establishment shall be calculated by multiplying the ERU factor listed above times the number of units. A developer may request a calculation in lieu of selecting directly from the list. The District may at it's discretion require additional information as it deems necessary to support any calculations provided.
2. The General Manager shall be responsible for determining the number of equivalent residential units for various building, structures or uses in accordance with the provisions of this section. For proposed new construction, the General Manager shall review the building plans and ascertain the use of the proposed structure and then determine the number of equivalent dwelling units required by an application of the tables listed above. For an existing structure and use, the General Manager shall apply this table to that structure and use. For the alteration, remodeling or expansion of an existing structure or use, the General Manager shall determine the number of equivalent dwelling units being used by the existing structure or use by applying this section. The General Manager shall then determine, in the same manner as new construction, the number of equivalent dwelling units required after completion of the alteration, remodeling or expansion. The equivalent dwelling units in such cases shall be the amount of the increase in such units, if any. The general manager's determinations under this section may be appealed to the board of directors, whose decision shall be final.
3. During initial implementation of this ordinance, the General Manager shall use historical data on actual flows for each commercial customer to determine the initial ERU calculation. Each commercial customer shall be informed of the ERU determined for their property and shall be provided with this table. Each customer may choose to provide to the General Manager data sufficient to recalculate the appropriate ERU for their property. If no data is supplied, then the account will be billed based upon the initial ERU until such time as there is sufficient data to revise the initial ERU calculation.
4. In no event shall the total ERU for any separate establishment be less than 1.000.

Resolution 20-007 - Attachment #2

5. The Strength Consumption Factor shall be used by multiplying by the commercial sewer unit price to determine the monthly sewer consumption rate.

Example: (Unit price) X (Consumption Strength Multiplier) X (Units Consumed) = Monthly Charge
\$5.00 X 1.4 X 15 = \$105

**Garberville Sanitary District
Combined Revenue Expense Report for Budgeting**

05/19/2020

	FY 19-20 Adopted Budget	FY 19-20 YTD 9 mo	FY 19-20 Projected Year End	Δ Budget vs. Projected Year End	FY 20-21 ADOPTED Budget	Δ 20-21 Budget vs. 19-20 Budget
Ordinary Income/Expense						
Income						
Water Charges						
4100 · Residential	300,000.00	222,693.18	295,000.00	(5,000.00)	300,000.00	-
4110 · Commercial	220,000.00	163,490.00	215,000.00	(5,000.00)	210,000.00	(10,000.00)
4150 · Bulk Water Sales	-	24.00	25.00	25.00	-	-
Total Water Charges	520,000.00	386,207.18	510,025.00	(9,975.00)	510,000.00	(10,000.00)
4200 · Sewer Charges	365,000.00	276,051.60	365,000.00	-	357,000.00	(8,000.00)
4300 · Connection Fees	40,000.00	8,000.00	16,000.00	(24,000.00)	24,000.00	(16,000.00)
4650 · Late Charges	9,500.00	9,795.00	9,800.00	300.00	10,000.00	500.00
4700 · Other Operating Revenue	5,000.00	1,497.87	6,500.00	1,500.00	5,000.00	-
Total Income	939,500.00	681,551.65	907,325.00	(32,175.00)	906,000.00	(33,500.00)
Expense						
Administrative and General						
5000 · Advertising	350.00	-	350.00	-	350.00	-
5005 · Bad Debts	3,500.00	1,942.47	2,850.00	(650.00)	3,500.00	-
5010 · Bank Charges						
5012 · Merchant Account Fees	2,600.00	2,307.81	3,000.00	400.00	3,000.00	400.00
5010 · Bank Charges - Other	1,900.00	1,405.27	2,000.00	100.00	2,000.00	100.00
Total 5010 · Bank Charges	4,500.00	3,713.08	5,000.00	500.00	5,000.00	500.00
5020 · Directors Fees	2,000.00	1,100.00	2,000.00	-	2,000.00	-
5025 · Discount Program					3,600.00	3,600.00
5030 · Dues and Memberships	3,850.00	3,728.22	4,000.00	150.00	4,000.00	150.00
5035 · Education and Training	3,000.00	3,454.75	3,000.00	-	3,000.00	-
5036 · Education and Training - B.O.D.	300.00	-	100.00	(200.00)	300.00	-
Insurance						
5040 · Liability	26,954.96	21,454.32	28,500.00	1,545.04	41,965.14	15,010.18
5050 · Workers' Comp	8,050.00	7,183.86	9,800.00	1,750.00	9,240.00	1,190.00
5055 · Health						
5037 · Employee Benefits	-				-	-
5055.1 · Employee Portion	(7,800.00)	(5,468.58)	(7,300.00)	500.00	(7,300.00)	500.00

**Garberville Sanitary District
Combined Revenue Expense Report for Budgeting**

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5055 · Health - Other	43,800.00	30,374.18	40,500.00	(3,300.00)	40,435.00	(3,365.00)
Total 5055 · Health	36,000.00	24,905.60	33,200.00	(2,800.00)	33,135.00	(2,865.00)
Total Insurance	71,004.96	53,543.78	71,500.00	495.04	84,340.14	13,335.18
5060 · Licenses, Permits, and Fees	20,000.00	20,254.07	25,000.00	5,000.00	24,500.00	4,500.00
5065 · Auto	2,500.00	1,500.68	2,000.00	(500.00)	2,000.00	(500.00)
5070 · Miscellaneous	100.00	-	100.00	-	100.00	-
5080 · Office Expense	7,000.00	4,903.90	7,000.00	-	7,000.00	-
5085 · Outside Services	8,650.00	5,387.49	7,500.00	(1,150.00)	8,650.00	-
5090 · Payroll Taxes	29,218.00	20,995.24	29,000.00	(218.00)	30,770.00	1,552.00
5100 · Postage	2,800.00	2,110.73	2,800.00	-	2,800.00	-
5110 · Professional Fees	75,200.00			(75,200.00)	81,200.00	6,000.00
SWRCB Complaint		10,092.93	9,000.00			-
5110 · Professional Fees - Other		57,513.24	75,200.00			-
Total 5110 · Professional Fees	75,200.00	67,606.17	84,200.00	9,000.00		
5120 · Property Taxes	50.00	40.89	50.00		50.00	-
5125 · Repairs and Maintenance	500.00	29.49	100.00		500.00	-
5130 · Rents	10,020.00	8,350.00	10,020.00	-	10,020.00	-
5135 · Retirement	7,650.00	5,977.25	8,300.00	650.00	8,025.00	375.00
5137 · Supplies	1,200.00	1,227.12	1,800.00	600.00	1,200.00	-
5140 · Telephone	11,125.00	7,918.49	10,500.00	(625.00)	11,125.00	-

	FY 19-20 Adopted Budget	FY 19-20 YTD 9 mo	FY 19-20 Projected Year End	Δ Budget vs. Projected Year End	FY 20-21 ADOPTED Budget	Δ 20-21 Budget vs. 19-20 Budget
5145 · Tools	2,000.00	26.93	100.00	(1,900.00)	2,000.00	-
5150 · Travel and Meetings	1,000.00	766.13	1,200.00	200.00	1,000.00	-
5155 · Utilities	3,000.00	3,563.31	5,400.00	2,400.00	5,500.00	2,500.00
5160 · Wages						
5165 · Wages - Overtime	2,000.00	4,251.08	5,500.00	3,500.00	3,500.00	1,500.00
5160 · Wages - Other	161,220.00	104,983.38	145,000.00	(16,220.00)	166,545.00	5,325.00
Total 5160 · Wages	163,220.00	109,234.46	150,500.00	(12,720.00)	170,045.00	6,825.00
5170 · Vacation Accrual Adjustment	2,000.00	-	2,000.00	-	3,000.00	1,000.00
Total Administrative and General	435,737.96	327,374.65	436,370.00	632.04	475,575.14	39,837.18
Sewage Collection						
6010 · Fuel	3,220.00	2,305.43	3,000.00	(220.00)	3,000.00	

**Garberville Sanitary District
Combined Revenue Expense Report for Budgeting**

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						(220.00)
6020 · Pumping						-
6030 · Repairs and Maintenance	8,000.00	11,522.29	16,000.00	8,000.00	15,000.00	7,000.00
6040 · Supplies	3,000.00	944.31	2,000.00	(1,000.00)	3,000.00	-
6050 · Utilities	5,000.00	2,222.25	3,000.00	(2,000.00)	3,000.00	(2,000.00)
6060 · Wages						-
6065 · Wages - Overtime Sewer Colle	2,000.00	4,059.00	6,000.00	4,000.00	4,000.00	2,000.00
6060 · Wages - Other	30,000.00	23,701.88	31,000.00	1,000.00	33,180.00	3,180.00
Total 6060 · Wages	32,000.00	27,760.88	37,000.00	5,000.00	37,180.00	5,180.00
Sewage Collection - Other			-	-		-
Total Sewage Collection	51,220.00	44,755.16	61,000.00	9,780.00	61,180.00	9,960.00
Sewage Treatment						-
6075 · Fuel	2,990.00	2,305.43	2,990.00	-	3,000.00	10.00
6080 · Monitoring	7,000.00	3,362.50	4,000.00	(3,000.00)	7,000.00	-
6085 · Outside Services				-		-
6100 · Repairs and Maintenance	10,000.00	6,556.41	10,000.00	-	15,000.00	5,000.00
6110 · Supplies	9,500.00	5,170.41	8,000.00	(1,500.00)	9,000.00	(500.00)
6120 · Utilities	9,200.00	7,402.02	9,700.00	500.00	9,200.00	-
6130 · Wages				-		-
6135 · Wages - Overtime Sewer Trea	1,000.00	528.00	1,000.00	-	1,000.00	-
6130 · Wages - Other	25,000.00	35,604.35	50,000.00	25,000.00	36,170.00	11,170.00
Total 6130 · Wages	26,000.00	36,132.35	51,000.00	25,000.00	37,170.00	11,170.00
Total Sewage Treatment	64,690.00	60,929.12	85,690.00	21,000.00	80,370.00	15,680.00
Water Trans and Distribution						-
7075 · Fuel	2,875.00	2,305.43	3,000.00	125.00	3,000.00	125.00
7090 · Repairs and Maintenance	15,000.00	45,592.59	50,000.00	35,000.00	20,000.00	5,000.00
7100 · Supplies	12,000.00	3,613.16	7,000.00	(5,000.00)	10,000.00	(2,000.00)
7110 · Utilities	9,200.00	4,272.81	6,000.00	(3,200.00)	6,000.00	(3,200.00)
7120 · Wages				-		-
7125 · Wages - Overtime Water Trans	5,000.00	8,330.00	9,000.00	4,000.00	7,000.00	2,000.00
7120 · Wages - Other	30,000.00	33,946.83	44,000.00	14,000.00	40,595.00	10,595.00
Total 7120 · Wages	35,000.00	42,276.83	53,000.00	18,000.00	47,595.00	12,595.00
Total Water Trans & Distribution	74,075.00	98,060.82	119,000.00	44,925.00	86,595.00	12,520.00
Water Treatment						-
7020 · Fuel	2,200.00	2,305.58	3,000.00	800.00	3,000.00	800.00
7010 · Monitoring	3,500.00	2,807.50	4,000.00	500.00	4,000.00	

**Garberville Sanitary District
Combined Revenue Expense Report for Budgeting**

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						500.00
7015 · Outside Services		740.00	1,000.00	1,000.00	-	-
7030 · Repairs and Maintenance	15,000.00	6,092.29	9,000.00	(6,000.00)	14,500.00	(500.00)
7040 · Supplies	14,000.00	8,525.54	12,000.00	(2,000.00)	14,000.00	-
7050 · Utilities	46,000.00	34,592.45	46,000.00	-	47,000.00	
						1,000.00

	FY 19-20 Adopted Budget	FY 19-20 YTD 9 mo	FY 19-20 Projected Year End	Δ Budget vs. Projected Year End	FY 20-21 ADOPTED Budget	Δ 20-21 Budget vs. 19-20 Budget
7060 · Wages						-
7065 · Wages - Overtime Water Treat	6,000.00	5,216.00	6,500.00	500.00	6,000.00	-
7060 · Wages - Other	40,200.00	25,810.94	34,500.00	(5,700.00)	43,880.00	3,680.00
Total 7060 · Wages	46,200.00	31,026.94	41,000.00	(5,200.00)	49,880.00	3,680.00
Total Water Treatment	126,900.00	86,090.30	116,000.00	(10,900.00)	132,380.00	5,480.00
Total Expense	752,622.96	617,210.05	818,060.00	65,437.04	836,100.14	83,477.18
Net Ordinary Income	186,877.04	64,341.60	89,265.00	(97,612.04)	69,899.86	(116,977.18)
Other Income/Expense						
Other Income						-
Property Tax Revenue						-
8010 · Secured	25,500.00	13,494.39	25,500.00	-	25,500.00	-
8020 · Unsecured	1,900.00	1,028.56	1,900.00	-	1,900.00	-
8025 · Prior Years	10.00	-	10.00	-	10.00	-
8030 · Supplemental - Current	250.00	222.39	250.00	-	250.00	-
8035 · Supplemental - Prior Years	50.00	53.49	50.00	-	50.00	-
Total Property Tax Revenue	27,710.00	14,798.83	27,710.00	-	27,710.00	-
8053 · Water Capital Grant Income						-
8060 · Interest Income	9,000.00	3,412.67	6,000.00	(3,000.00)	6,000.00	(3,000.00)
8070 · Other Non-Operating Revenue	-	7,350.83	8,000.00	8,000.00	2,400.00	2,400.00
9030 · Homeowners' Tax Relief	310.00	153.32	310.00	-	310.00	-
Total Other Income	37,020.00	25,715.65	42,020.00	5,000.00	36,420.00	(600.00)
Other Expense						-
9010 · Other Expenses		13,037.11	55,000.00		2,000.00	2,000.00
9040 · Depreciation	505,000.00	369,570.78	495,000.00	(10,000.00)	490,000.00	(15,000.00)
9050 · Interest Expense	11,468.04	4,787.09	5,321.13	(6,146.91)	2,278.65	(9,189.39)
Total Other Expense	516,468.04	387,394.98	555,321.13	38,853.09	494,278.65	(22,189.39)

**Garberville Sanitary District
Combined Revenue Expense Report for Budgeting**

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Net Income	(292,571.00)	(297,337.73)	(424,036.13)	(131,465.13)	(387,958.79)	(95,387.79)
						-
Add Back Depreciation and Connection Fees	465,000.00	361,570.78	479,000.00	14,000.00	466,000.00	1,000.00
Net Income excluding Depreciation & Connection Fees	172,429.00	64,233.05	54,963.87	(117,465.13)	78,041.21	(94,387.79)
TOTAL PAYROLL EXPENSES	385,338.00	305,493.41	414,800.00	29,462.00	426,040.00	40,702.00
TOTAL REPAIR & MAINT. EXPENSES (5 Accts)	48,500.00	69,793.07	85,100.00	36,600.00	65,000.00	16,500.00