



# GARBERVILLE SANITARY DISTRICT

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## BOARD OF DIRECTORS MEETING MEMORANDUM

Meeting Date: September 28, 2021  
 To: Board of Directors  
 From: Jennie Short, Consultant Project Manager  
 Subject: Suspension of Sewer Consumption Charge for all Residential consumption above 20 units per month

### GENERAL OVERVIEW

The Rate Committee met on August 23, 2021 to discuss the water usage from August 2020 to July 2021 and how that usage translates into water revenue. Part of the goal was to determine what quantity of units fall into the Tier 3 residential water rate, which customers have tier 3 usage, and if we know why their usage is so much higher than the average. As part of the adoption of the 2021-22 budget, the GSD Board of Directors authorized the implementation of the next step in the 5-year rate structure for all charges except the Tier 3 residential water charge. The following table summarizes the number of units in each commercial and residential water tier and the associated revenue of those units.

Table 1. August 2020 - July 2021 Summary of Water Consumption Units

Commercial Rate Customers		Residential Rate Customers	
Total Year's Units	26,776	Total Year's Units	24,296
Tier 1 Units	16,781	Tier 1 Units	15,823
Tier 2 Units	9,995	Tier 2 Units	5,472
		Tier 3 Units	3,001
Tier 1 Rate	\$ 3.00	Tier 1 Rate	\$ 1.00
Tier 2 Rate	\$ 2.75	Tier 2 Rate	\$ 3.00
		Tier 3 Rate	\$ 11.00
Tier 1 Usage Income	\$ 50,343.00	Tier 1 Usage Income	\$ 15,823.00
Tier 2 Usage Income	\$ 27,486.25	Tier 2 Usage Income	\$ 16,416.00
		Tier 3 Usage Income	\$ 33,011.00
Total Usage Income	\$ 77,829.25	Total Usage Income	\$ 65,250.00

For a single-family residence, it is unlikely that any of the units above 20 units per month (Tier 3) are being used for purposes that result in the water being processed in the sewer system. It is far more likely that these units of water are being utilized on outdoor purposes and that the water never enters the sewer system.

The Rate Committee's recommendation to the Board is to suspend the sewer consumption charges associated with all residential sewer consumption charges for units above 20 per month. This means that for the residential customers (single family) that sewer consumption charges will only be charged for the first 20 units utilized per month. This will have no effect on the water service charges for the tier 3 units.

## **FINANCIAL IMPLICATIONS**

As can be seen in the table above, 3,001 tier 3 residential water units were billed in the studied 12-month period. The sewer service charge associated with these units would be \$3.00 per unit. This sewer charge is on top of the \$11.00 per unit billed for water consumption. The annual financial impact of suspending these sewer service charges is \$9,003 per year. The actual Tier 3 units will vary each year, but this is a reasonable estimate.

## **RECOMMENDATIONS**

Temporarily suspend the service charges associated with the sewer rates for all residential customers for the units that fall into Tier 3. Review the suspension at a minimum of annually as part of the adoption of the annual budget.

## **ATTACHMENTS**

None