



Notice of Public Hearing & Proposed Wastewater Rates

Why did you receive this ballot?

You are a record property owner to be served by the Scotia Community Services District (SCSD) and are being asked to vote on a proposed funding measure to establish and maintain wastewater services for the community of Scotia. The enclosed ballot is your opportunity to participate in deciding whether local funding will be approved for establishing wastewater services by the SCSD. Your vote is important because only returned ballots will be counted.

Who is the Scotia Community Services District?

Scotia was built in the 1880s and has been maintained since then as a true company town located in the heart of California redwood country. Today Scotia is owned and operated by the Town of Scotia Company, LLC (TOS) which owns and leases out all residences and most businesses. However, the TOS is in the process of subdividing the properties and selling them into private ownership. To facilitate this transition to private ownership, the SCSD was formed to provide the town with essential services, including wastewater services.

Why is a funding measure needed?

Wastewater services in the community of Scotia have been privately funded by TOS and are in the process of being transferred to the SCSD, to be funded by the community. Establishing wastewater rates will allow the SCSD to assume ownership and management of wastewater infrastructure, and begin providing wastewater services to the community.

The principle reasons for establishing the proposed wastewater rates include the following:

- Fund ongoing operations, maintenance, repairs, debt payments, and infrastructure costs for wastewater service.
- Ensure revenue sufficiency to meet the operation and maintenance (O&M) and capital needs of the wastewater collection, treatment, disinfection, and disposal system.
- Plan for revenue stability to provide for adequate operating reserve and capital reserve.
- Provide a system to ensure fairness and equity in the user fees.
- Minimize rate impacts to reduce financial hardship on customers.
- Maintain simplicity for ease of administration and implementation, as well as customer understanding.

How are the rates calculated?

Rates include a base rate (to cover fixed costs), a flow rate (wastewater usage based on volume), and a strength rate (based on Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS)). The average single-family residence is assigned one EDU, and all other customers are assigned an equivalent number of EDUs based on proportionate use (total usage divided by the "EDU volume"), and charged accordingly.

Typical Monthly Residential Fees

The rates represent an **average** individual residential user charge of approximately \$115/month, based upon the **example** calculation depicted below:

EXAMPLE (for Average Residence):

(Monthly Base Fee/EDU = \$75.25)

+

(Monthly Flow and Strength Fee/EDU = \$40.46)

=

\$115.71/month Wastewater Fee

How much are the proposed wastewater rates?

Proposed Wastewater Base Rate

The proposed Base Rate for wastewater customers is \$75.25 per month. A base rate is a cost recovery mechanism that generally is included to recover customer-related costs associated with accounting, billing, insurance, customer service, administrative and technical support, and debt service in order to provide a stable source of revenue independent of wastewater flow.

Proposed Base Rate is \$75.25 per month per EDU

Proposed Wastewater Flow Rate

The following illustrates the proposed flow rate for wastewater customers. The flow rate is based on actual volumetric water usage and assumes water and wastewater usage to be the same, which allows for recovery of the SCSD's variable volume-related wastewater costs.

The methodology for flow rate is based upon average metered residential usage over the last six months in Scotia of 650 cubic feet (cf) per month. The following is the proposed flow rate and associated fee per EDU:

Proposed Residential Flow Rate is \$4.11 per 100 cf water used

650 cf/month/EDU ÷ 100 cf x \$4.11 = \$26.72 flow fee/month per EDU

Note: In special commercial and industrial cases, wastewater contributions may be metered to assign costs more accurately

Proposed Wastewater Strength Rate

Strength of wastewater is typically based upon sampled and measured amounts of BOD and TSS contained within the wastewater. For residential uses, wastewater contributions will not be metered. Instead the average single-family residential strength contributions to the waste stream have been calculated at 0.5 pound BOD per day and 0.5 pound TSS per day.

The following are the proposed strength rates and associate fees per EDU:

\$0.3626 per pound/month of BOD contribution

\$0.5414 per pound/month of TSS contribution

BOD 0.5 lb/day x 365 days/year ÷ 12 mo./year x \$0.3626 = \$5.51 BOD fee per month per EDU

TSS 0.5 lb/day x 365 days/year ÷ 12 mo./year x \$0.5414 = \$8.23 TSS fee per month per EDU

Note: "High Strength Users" have been calculated at equivalent to approximately 50 EDUs balanced between flow and strength, and may be charged based upon actual measured strengths and flows acquired from the individual source, along with associated base fees.

The total amount of Wastewater User Fees proposed to be collected from identified parcels within the SCSD for fiscal year 2016-2017 is \$620,230.

Will the wastewater rates increase in the future?

As a "start-up" district, the projected expenses are based upon industry standards and guided estimates. The District must establish its operations to see the actual revenues and expenditures on which future rates may be more accurately based. Revenues and expenses will have to be monitored throughout the next several years and adjustments made in the user rates when necessary and practical.

Per State law, revenues generated from the proposed wastewater rates must only be used to fund the actual costs of providing wastewater services, including the cost of any debt incurred to finance capital improvement projects by the SCSD, such as a new wastewater treatment facility.

Revenues collected in the first few years are projected to exceed estimated O&M, debt service and replacement expenses. During the first few years, revenues that exceed O&M, debt service and equipment replacement costs may be placed in a capital reserve fund to offset any debt financing requirements for future capital improvements and/or to offset increases due to inflation, or will be carried over for use for the same purposes in the next fiscal year.

The District’s proposed wastewater rates are established with an annual 1.5% escalation factor to account for cost of living increases for a five-year period. The proposed wastewater rates may also be increased based on the consumer price index (CPI), if approved by the SCSD. Additionally, proposed changes to wastewater rates may also occur based on any “pass through” costs, which include the purchase of uncontrolled, mandatory services (such as, utility costs). Further details and explanations are in the District’s User Rate Analysis. Any new or increased wastewater rates above the allowed CPI increase would require another Proposition 218 proceeding and record property owner approval.

See the table below which details the approximate rate schedule over the next 5 years. These numbers do not account for pass through costs or inflation above the 1.5% built in escalation factor.

Wastewater Rates over the Initial 5-year Period					
	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
Base Rate (per EDU)	\$75.25	\$76.38	\$77.53	\$78.69	\$79.87
Monthly Flow Rate					
Flow Rate (per 100 cf used)	\$4.11	\$4.18	\$4.24	\$4.30	\$4.37
Monthly Strength Rate					
BOD (per lb)	\$0.3626	\$0.3680	\$0.3736	\$0.3792	\$0.3849
TSS (per lb)	\$0.5414	\$0.5495	\$0.5578	\$0.5661	\$0.5746

If I have questions, concerns, or want to return my ballot in person, where can I go?

On **Thursday, February 16, 2017, at 5:30 p.m.**, the Board of Directors of the SCSD will hold a **public hearing** on the proposed wastewater rates at the SCSD Office, located at 122 Main Street in Scotia.

At the hearing, the Board will consider oral and written testimony (as well as written objections and protests) regarding the proposed wastewater rates. The enclosed ballot may be returned to the SCSD at the public hearing prior to the end of public comment period, or may be mailed to the SCSD prior to the public hearing.

The Board will not impose the wastewater rate if, upon the conclusion of the public hearing, a majority of record property owners file written protests opposing the rates. Only one written protest per affected property will be counted towards the majority protest.

If you have questions about this notice or the proposed wastewater rates, please contact the SCSD Board Clerk at Planwest Partners at **(707) 825-8260** Monday through Friday from 9:00 a.m. to 5:00 p.m., or at **infoscotiacsd@gmail.com**. Completed wastewater rates ballots, as well as written comments and protests for the Board’s consideration at the hearing, can be hand delivered to the meeting on **Thursday, February 16, 2017, at 5:30 p.m** or mailed prior to the hearing to P.O. Box 104, Scotia, CA 95565. A more detailed description of the rates can be found in the District’s Rate Study, which is available for public inspection on the Scotia CSD website: **www.scotiacsd.com** or upon request at **infoscotiacsd@gmail.com**.