



Notice of Proposed Changes in Sewer Service Rates and Charges

PLEASE SHARE THIS INFORMATION WITH TENANTS

Dear Customer,

In accordance with Article XIII D of the California Constitution, the District is providing this written notification of a proposed sewer service charge update to owners of record and customers of record that receive, and/or pay for sewer services provided by the District.

The District will conduct a public hearing on the proposed changes to the schedule of rates, fees, and charges for sewer services on Tuesday, May 7, 2024, 12:00 PM. At the public hearing, the District Board of Directors ("Board") will consider all protests against the proposed rate changes. If, on or before the close of the public hearing, written protests against the proposed rate update are presented by a majority of parcels that receive sewer services, the Board will not enact the proposed rate plan. If less than a majority of parcels receiving sewer services submit written protests against the proposed changes, the Board may consider the proposed rate plan. The District will accept protests from both owners and customers of record, but only one protest per parcel will be counted.

Over the past several months, the District has evaluated its operational and facility requirements for the next 5 years in order to update its future rates. We addressed three questions: first, are our rates as fair as they can be for all customer classes; second, are our rates adequate to secure continued high-quality service to all customers; and third, do our rates meet our future capital improvement needs? As a result of the development of detailed financial and engineering plans, the District is proposing the following changes.

2% Revenue Increases are Below the Rate of Inflation.

Over the last decade, the District has made over \$54 million in improvements to the wastewater treatment plant and the collection system pipelines and pumps. With the wastewater system in good condition, and due to efficient planning, operations, and administration, the District can operate effectively with only a 2% per year overall increase in revenue despite rising costs. This is below the rate of inflation.

The specific charges to each class of customer — Single Family, Multifamily, Floating Homes, and Nonresidential — vary in the first year (2024–25) from a decrease of \$1 per year to an increase of \$93 per year. After 2024–25, increases for the next four years are 2% or less per year.

Recognize Differences in Wastewater Flow from Different Residential Customer Classes.

The District evaluated the amount and strength of wastewater flow from different customer classes (Single Family, Multifamily, and Floating Home) and adjusted the proportions paid by each class of customers. This resulted in changes to rates for different classes of customers.

Rates Fund Quality Wastewater Service to Protect Public Health and the Bay.

We believe that the proposed five-year rate plan detailed in this brochure meets all the goals set out for the coming years. The proposed rates are fair, stable, and provide adequate revenue so the District can continue to provide quality wastewater collection, conveyance, and treatment services for our communities to protect public health, the environment, and the Bay.

Sincerely,

SAUSALITO-MARIN CITY SANITARY DISTRICT BOARD OF DIRECTORS

Helpful Notes and Definitions for Understanding the Rates

What Is An Equivalent Dwelling Unit (EDU)?

Sewer service charges are measured in EDUs. One EDU represents the capacity and wastewater strength of a typical single family dwelling unit.

How Are Residential Units Classified?

The District has three residential customer classifications: Single Family, Floating Homes, and Multifamily (duplexes, triplexes, fourplexes, apartments, condos, and townhouses).

Detached, secondary dwelling units are considered an additional single family dwelling unit.

When Will the Proposed Changes Take Effect?

If approved, the rates are effective July 1, 2024. The bill for most customers will appear on the annual property tax due in December 2024.

How the Residential Sewer Service Charge Is Calculated

The District has conducted extensive engineering and financial studies to ensure that its charges are fair to all customers. Below is a summary of the factors involved in setting residential rates.

Wastewater Flow by Customer Class

Financial and engineering studies conducted by the District show the following:

- **72% of total costs are fixed or BASE costs that don't vary based on the amount of wastewater discharged.** Base costs are charged equally to all residential customers.
- **28% of total costs are VOLUMETRIC.** These volumetric costs vary with changes in wastewater flow and are allocated based on the proportion of flow that has been recently recalculated for residential customers.

As a result, Multifamily customers pay 85% as much as single family homes, and floating homes pay 74% as much as single family homes.

Strength Factor

The strength factor for all residential customers remains unchanged at 1.0.

**RESIDENTIAL CHARGE =
(BASE CHARGE + CLASS VOLUMETRIC CHARGE) x
(STRENGTH FACTOR)**

For Non-Residential (Commercial) Customers

Just like Residential, Nonresidential sewer charges are based on two factors, the quantity of flow and its strength (cost to convey and treat). The proposed sewer service rates for the coming years increase by the same amount as for single family residential customers.

Wastewater Flow Factor per Customer

The wastewater flow factor is the ratio of each Nonresidential customer's flow compared with the 200-gallons-per-day treatment capacity made available per EDU.

Strength Factor

The strength factor is based on wastewater produced by a residential customer:

THE STRENGTH FACTORS ARE:

<u>Strength</u>	<u>Example of Customer</u>	<u>Factor</u>
Low	(Retail & Office)	1.0
Medium	(Delis, Markets)	1.7
High	(Restaurant & Bakeries)	2.4

**COMMERCIAL CHARGE =
(RATE) x (FLOW FACTOR) x (STRENGTH FACTOR)**

Additional Notes

Full Rate Study Available. A detailed Sewer Service Charge Study is available at www.smcsd.net or by contacting the District.

Maximum Proposed Charge. The Board cannot adopt charges greater than the amounts shown on the following page.

Proposed Total Annual Sewer Service Charges

Residential Bills. For residential customers (Single Family, Multifamily, and Floating Homes), the rate shown below is charged on a per-unit (EDU/DU) basis.

Non-Residential (Commercial) Bills. The Nonresidential rate per EDU is the same as the Single Family rate, but each Nonresidential customer has its own bill based on its own estimated strength and flow (see the formula on the previous page). The minimum Nonresidential charge is one EDU.

Wastewater Service Consists of Three Steps:

- 1) Collect wastewater from homes and businesses through local pipelines and pumps,
- 2) Convey sewage through larger pipelines and pumps to the treatment plant,
- 3) Treat the wastewater at the plant and discharge.

Sewer Service Charge. This charge covers sewage conveyance and treatment only.

Collection System Supplemental Charge (Unincorporated Areas). This charge funds the cost of pipeline collection system operations, maintenance, and upgrades in unincorporated service areas, including Marin City, and Floating Homes.

TABLE 1: ANNUAL UNINCORPORATED SEWER COLLECTION CHARGES

Customer Class	Current Rates	FY 2024–25	FY 2025–26	FY 2026–27	FY 2027–28	FY 2028–29
Single Family (per EDU)	\$387	\$446	\$453	\$460	\$467	\$474
Multifamily (per DU)	\$341	\$378	\$384	\$389	\$395	\$401
Floating Homes (per DU)	\$290	\$331	\$336	\$341	\$346	\$351
Nonresidential (per EDU)	\$387	\$446	\$453	\$460	\$467	\$474

Collection System Charges Within the City

Within the City of Sausalito, the District does not provide sewer collection services. The City provides sewer collection services to all City of Sausalito customers and collects the associated charge as part of your annual property tax bill.

Total Annual Sewer Service Charges

TABLE 2: Total Annual Sewer CONVEYANCE and TREATMENT Charges for Customers in City of Sausalito

Note: An additional charge for sewer collection is charged by the City of Sausalito.

Customer Class	Current Rates	FY 2024–25	FY 2025–26	FY 2026–27	FY 2027–28	FY 2028–29
Single Family (per EDU)	\$999	\$1,033	\$1,053	\$1,074	\$1,096	\$1,117
Multifamily (per DU)	\$875	\$874	\$892	\$910	\$928	\$947
Floating Homes (per DU)	\$753	\$765	\$781	\$797	\$813	\$829
Nonresidential (per EDU)	\$999	\$1,033	\$1,053	\$1,074	\$1,096	\$1,117

TABLE 3: Total Annual Sewer CONVEYANCE , TREATMENT & COLLECTION Charges for Customers in Unincorporated Areas

Note: The Charge below includes the collection charge shown in Table 1.

Customer Class	Current Rates	FY 2024–25	FY 2025–26	FY 2026–27	FY 2027–28	FY 2028–29
Single Family (per EDU)	\$1,386	\$1,479	\$1,506	\$1,534	\$1,563	\$1,591
Multifamily (per DU)	\$1,216	\$1,252	\$1,276	\$1,299	\$1,323	\$1,348
Floating Homes (per DU)	\$1,043	\$1,096	\$1,117	\$1,138	\$1,159	\$1,180
Nonresidential (per EDU)	\$1,386	\$1,479	\$1,506	\$1,534	\$1,563	\$1,591

NOTICE OF PUBLIC HEARING ON PROPOSED CHANGES IN RATES AND CHARGES



Sausalito-Marine City Sanitary District

1 East Road
Sausalito, CA 94965
Phone: (415) 332-0244

We are sending this notice to every parcel in the Sausalito Marin City Sanitary District as required by law. This will lead to some property owners receiving multiple notices.

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PLEASE SHARE THIS NOTICE WITH TENANTS

Public Hearing

The public hearing at which the Board of Directors will consider and decide upon the proposed sewer service charge increase is scheduled to occur on:

Tuesday, May 7, at 12:00 PM

District Office, 1 East Road
Sausalito, California 94965

Please Contact Us

If you have questions or comments about the proposed sewer rate increase, you may:

Address the Directors: attend the public hearing

Call: (415) 332-0244

E-Mail: info@smcsd.net

Write: 1 East Road Sausalito, CA 94965

Steps Taken to Increase Efficiency Before Considering Rate Changes

In the face of constantly rising operational and administrative costs, SMCS D takes ongoing action to keep costs down. Below are some examples:

- Completed major projects on schedule and below estimated costs.
- Reduced employee pension and retirement costs.
- Outsourced selected activities to less expensive private contractors.
- Cross-trained employees for improved efficiency.
- Developed a cost-saving intern program.
- Shared many programs, skills, and resources, with neighboring agencies.

How to Protest

Any affected property owner or tenant may submit a written protest to the proposed increases to the sewer service charges and supplemental charges. Each protest must be in writing; must state that the identified

property owner or tenant opposes the proposed changes; must identify the parcel for which the protest is made (by assessor's parcel number or street address); and must include the signature of the property owner or tenant. By law, the District cannot accept email, fax, and photo-copied protests.

Only one protest will be counted per parcel. Written protests may be submitted by mail to SMCS D at 1 East Road, Sausalito, CA 94965, or hand-delivered (Mon-Fri 8:00 am to 3:00 pm) before or at the public hearing, which will be held on Tuesday, May 7, 2024 at 12:00 PM at 1 East Road, Sausalito, CA 94965.

To be counted, protests must be received before the hearing ends.

If a majority of property owners submit protests, the Board cannot adopt the proposed rates.

You are hereby notified, pursuant to Government Code, section 53759, that any judicial action or proceeding to attack, review, set aside, void, validate, or annul the District's adoption of the proposed sewer service charges must be commenced within 120 days of the effective date or of the date of the final passage, adoption, or approval of the resolution adopting the sewer service charges, whichever is later.