

GARBERVILLE SANITARY DISTRICT

2009 WATER AND WASTEWATER RATE STUDY

March 2010

BARTLE WELLS ASSOCIATES

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March 3, 2010

Garberville Sanitary District
919 Redwood Drive
Garberville, CA 95560

Attn: Mark Bryant, General Manager

Re: Water and Wastewater Rate Study

Bartle Wells Associates is pleased to submit the attached Water and Wastewater Rate Study report. The study develops water and wastewater rate recommendations based on financial projections developed with substantial input from District staff.

The District's water enterprise is facing challenges. The water utility has an operating deficit in fiscal year 2007/08 and budget year 2008/09, revenues do not cover expenses and debt service. The water enterprise is in need of water projects estimated to cost \$3 million. The recommendations developed in our study are designed to ensure the long-term financial health of the water enterprise. Key recommendations include five years of water rate increases as well as some adjustments to the water rate structure to encourage conservation, better align rates with the cost of service, and improve equity among ratepayers.

The District's wastewater enterprise is in need of wastewater projects estimated to cost \$3.2 million. The recommendations developed in our study are designed to ensure the long-term financial health of the wastewater enterprise. Key recommendations include five years of water rate increases as well as some adjustments to the wastewater rate structure to better align rates with the cost of service and improve equity among ratepayers.

The District is phasing-in five rate increases over the next five years pursuant to the procedural requirements of Proposition 218. This will eliminate the need for the District to go through the Proposition 218 process each year. The District still retains the flexibility to revise the rate adjustments, if needed, as long as the increases did not exceed the rates adopted under the Proposition 218 procedure. Water and wastewater rate recommendations are summarized on the attached tables.

We enjoyed working with the District on this assignment and appreciate the cooperation and assistance provided by District staff throughout the project. Special thanks to Mark Bryant, General Manager and Bunny Valk, Administrative Clerk. Please do not hesitate to contact us any time in the future if you have any questions about this study or other issues regarding water and sewer rates and finance.

Sincerely,

BARTLE WELLS ASSOCIATES

Doug Dove, CIPFA
President

Stephanie Osborn, CIPFA
Financial Analyst

Summary of Proposed Rates – Approved by the Board of Directors on August 25, 2009

SCHEDULE OF MONTHLY WATER RATES

Meter Size	Proposed 35% Increase 9/2009	Proposed 20% Increase 7/2010	Proposed 10% Increase 7/2011	Proposed 3% Increase 7/2012	Proposed 3% Increase 7/2013
5/8" & 3/4"	\$43.00	\$51.60	\$56.76	\$58.46	\$60.22
1"	86.00	103.20	113.52	116.93	120.43
1.5"	172.00	206.40	227.04	233.85	240.87
2"	258.00	309.60	340.56	350.78	361.30
Upper Zone Fixed Surcharge	\$5.00	\$6.00	\$6.60	\$6.80	\$7.00
Tier 1 0-5 hcf (\$/hcf)	\$0.50	\$0.60	\$0.66	\$0.68	\$0.70
Tier 2 Over 5 hcf (\$/hcf)	\$2.75	\$3.30	\$3.63	\$3.74	\$3.85
Non-Single Family Residential/Commercial (\$/hcf)	\$1.90	\$2.28	\$2.51	\$2.59	\$2.67
Upper Zone Variable Surcharge (\$/hcf)	\$0.40	\$0.48	\$0.53	\$0.54	\$0.56

SCHEDULE OF MONTHLY SINGLE FAMILY RESIDENTIAL WASTEWATER RATES

Single Family Residential	Proposed 50% Increase 9/2009	Proposed 3% Increase 7/2010	Proposed 3% Increase 7/2011	Proposed 3% Increase 7/2012	Proposed 3% Increase 7/2013
Base Monthly Charge	\$31.09	\$32.02	\$32.98	\$33.97	\$34.99
Consumption per hcf	2.58	2.66	2.74	2.82	2.90

**SCHEDULE OF MONTHLY NON-SINGLE FAMILY
RESIDENTIAL/COMMERCIAL WASTEWATER RATES**

Non-Single Family Residential/Commercial	Proposed 50% Increase 9/2009	Proposed 3% Increase 7/2010	Proposed 3% Increase 7/2011	Proposed 3% Increase 7/2012	Proposed 3% Increase 7/2013
Base Monthly Charge	varies	varies	varies	varies	varies
Consumption Charge \$/hcf					
Low	\$1.89	\$1.95	\$2.01	\$2.07	\$2.13
Domestic	2.36	2.43	2.50	2.58	2.66
Medium	3.54	3.65	3.76	3.87	3.98
High	4.72	4.86	5.01	5.16	5.31

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BACKGROUND & OBJECTIVES

Garberville Sanitary District (District or GSD) is an unincorporated town in southern Humboldt County. There are approximately 450 service connections. The District's customer base is predominantly single family residential with some commercial customers. The District serves a population of approximately 2,400 residents. The water and wastewater utilities are accounted for as self-supporting enterprise funds; revenues are derived primarily from utility service charges and must be adequate to fund operating and capital needs.

In November 2008, the District retained Bartle Wells Associates (BWA) to develop a rate and fee study for the water and wastewater enterprises. Prior to this study, the District's water and wastewater rates and fees had not been independently reviewed in many years. Basic objectives of our study included:

- Conduct an independent analysis of water and wastewater rates and finances.
- Develop cash flow projections incorporating reasonable estimates of future operating expenses. Coordinate construction and financing capital improvement projects for the water and wastewater enterprise.
- Determine the annual revenue requirement.
- Evaluate water and wastewater rate structure.
- Recommend rate adjustments to support the long-term financial health of the water and wastewater enterprise.
- Phase in rate adjustments over time, to the extent possible, to minimize the annual impact on ratepayers.

This report presents key findings and recommendations of our study. The recommendations were developed with substantial input from the District.

WATER RATE STUDY

Water System & Supply

The District owns and operates approximately 17 miles of water transmission and distribution pipelines, 1 well, and 1 storage tank. The District's water supply is from the Eel River. The District's storage capacity of about 350,000 gallons is used to supplement peak demand and maintain system pressure.

The District is anticipating construction of a water project that will result in a new water treatment system complying with state mandates. Construction costs are estimated to be about \$3 million through fiscal year 2011/12. The District has submitted an application for a \$1 million grant and \$2 million State Revolving Fund (SRF) loan at 0% interest. Funding for the remaining water projects is expected to come from District funds.

Anticipated Water Projects and Funding Sources

<u>Water Projects</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>Total</u>
Prior engineering	120,000			120,000
Treatment plant site, easement	50,000			50,000
Tank site, easement	75,000			75,000
Tank & pipeline construction	500,000	1,500,000	1,000,000	<u>3,000,000</u>
				3,245,000

<u>Water Funding Sources</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>Total</u>
SRF Loan, @ 0% for 30 years		2,000,000		2,000,000
Grant		1,000,000		1,000,000
Owner carry for easements	125,000			125,000
Loan to pay prior engineering costs	120,000			<u>120,000</u>
				3,245,000

Previous Water Rates

The District's previous water rates included a monthly base rate charge determined by the size of the water meter which included a water consumption allocation. The minimum monthly base rate charge and the water consumption allocation increased with meter size. Water consumption over the allocation was billed on a one-tier schedule based on the amount of water consumed. The monthly consumption rate was a uniform block, since the price per 100 cubic feet over the base was sold at the same price. Each connection was also charged a system reserve fee of \$5.00 per connection regardless of meter size. The monthly base rate charge and water consumption charge were approved by the Board in 2008. All customers are billed monthly for water service.

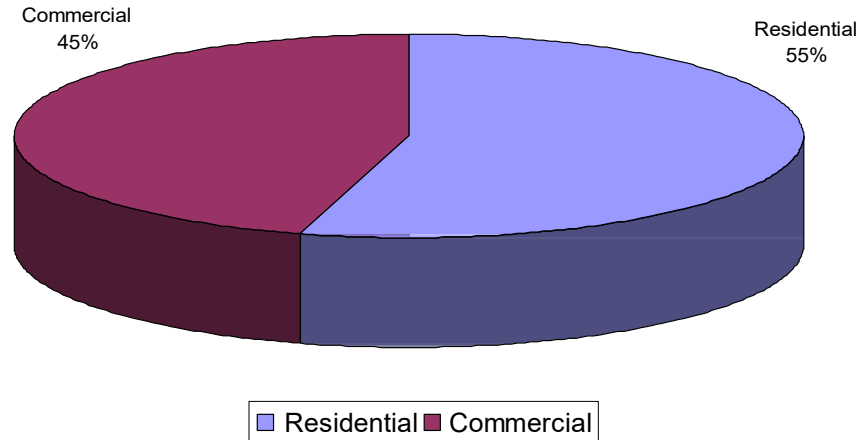
<u>Previous Water Rates</u>			
Zone	Meter Size	Base hcf allocation	Base Rate
			Per hcf over base
Zone 1 Central			
	5/8 & 3/4	0-10	\$30.60
	1 inch	0-15	34.26
	1 1/2 inch	0-17.5	37.17
	2 inch	0-22.5	47.76
	2 inch (IR)	0-22.5	47.40
	3 inch	0-22.5	53.10
Zone 2 Lower Meadows			
	5/8 & 3/4	0-10	\$34.64
	1 inch	0-15	38.78
	1 1/2 inch	0-17.5	42.08
	2 inch	0-22.5	54.07
	2 inch (IR)	0-22.5	53.66
	3 inch	0-22.5	60.12
Zone 3 Upper Meadows			
	5/8 & 3/4	0-10	\$35.14
	1 inch	0-15	39.36
	1 1/2 inch	0-17.5	42.70
	2 inch	0-22.5	54.86
	2 inch (IR)	0-22.5	54.45
	3 inch	0-22.5	60.99

System Reserves Fee \$5.00 per connection per month

Water Customers

The District currently provides water service to approximately 400 predominantly residential connections. Water consumption for calendar year 2008 shows that while service connections are for predominantly residential connections they account for 55% of the water consumption while commercial connections account for 45% of the water consumption.

Water Consumption Calendar Year 2008



Recommended Rate Structure Modifications

Based on evaluation of the District's rate structure and input provided by District staff, BWA recommends the District adopt some modifications to the water rate structure. These rate structure modifications include:

Align Fixed Meter Charges with Accepted Meter Ratios

The District's meter charges vary by meter size with higher charges for larger meters. However, the charges are not currently proportional to accepted equivalent meter ratios. BWA recommends the District align its meter charges with standards established by the American Water Works Association (AWWA). The table below compares the District's 2008 meter ratios (based on the base rate charges) and those based on AWWA equivalent meter standards.

Since 1881 AWWA has shaped best practices and set industry standards. The AWWA meter ratios in the table on the following page are based on flow through the meter.

Meter Size	AWWA Flow Standards	Meter Ratios	2008 GSD Charge (Zone 1)	2008 Meter Ratio Bases on GSD Charge	Charge Based on AWWA Meter Ratios
5/8" & 3/4"	25	1.0	\$30.60	1.0	\$30.60
1"	50	2.0	34.26	1.1	61.20
1.5"	100	4.0	37.17	1.2	122.40
2"	160	6.0	47.76	1.6	183.60
3"	300	12.0	53.10	1.7	734.40

Include System Reserve Fee in Monthly Meter Charge

BWA recommends that the District include the system reserve fee in the monthly meter charge.

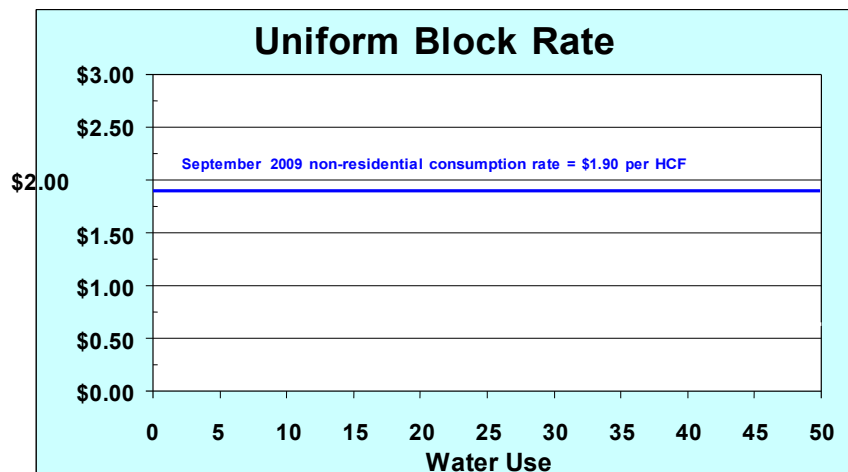
Revise Single Family Residential Water Tiers

Under the 2008 rate structure every meter size included a monthly base allocation for water consumption. Consumption over the base allocation was charged according to a uniform block rate for each hundred cubic feet (HCF). BWA recommended the District charge a monthly meter charge based on meter size and a two-tier inclining block rate for all water consumed. Tier 1 would be for the first five HCF consumed, Tier 2 would be for all water consumed over 5 HCF. Tier 1 includes enough water needed for a conserving household for indoor water use.

The inclining two-tier structure encourages water conservation. Starting in September 2009 the charge for each HCF of water in Tier 1 is \$0.50 per HCF or unit. Each HCF of water consumed in Tier 2 is charged at \$2.75 per unit.

Uniform Block Rate for All Non-single Family Residential Water Consumption

BWA recommends the District bill all non-single family water customers (multi-family, commercial, irrigation) a uniform consumption charge for all water consumed. All water is sold at the same price per unit which provides good conservation incentive. There are large differences in water use for different types of businesses. For example, a restaurant and a warehouse are likely to use vastly different amounts of water. It is difficult to establish an equitable tiered block rate structure for different commercial uses.



Water Customers in Upper Zones

The 2008 rate structure had three zones (Zone 1 – 3). Surcharges were added to Zone 2 Lower Meadows and Zone 3 Upper Meadows to cover additional costs associated with these customers, including the cost of pumping water to these higher zones. BWA recommends combining Zones 2 and 3 in to one Upper Zone with a fixed surcharge and variable surcharge per HCF of water consumed.

Encourage Conservation

BWA recommends that all of the water allocation currently included in the fixed monthly meter charge (10 to 22.5 HCF depending on meter size) be eliminated. The recommended two tiers for single family residential customers will encourage conservation with a higher rate kicking in as usage increases. Tier 1 includes enough water (up to 5 HCF/month) for a typical conserving household's interior water use.

Fixed vs. Variable Revenue

The Board was presented with two rate options for fixed (monthly meter charge) vs. variable (water consumption charge) revenues. The Board opted to move ahead with the rate option where approximately 66% of the water revenues are fixed and 34% are variable.

Recommended Rates

Water rates were developed to cover O&M costs, the anticipated water projects, build fund reserves, and provide debt service funding for water capital improvement projects financed through the State Revolving Fund (SRF) and pay-as-you-go. Roughly \$1.0 million of the financing would be in the form of a grant, \$2.0 million would be in the form of a SRF loan, and the remaining \$245,000 would be paid by the District.

Water bills include two components: a monthly meter charge based on the size of the water meter and a monthly consumption charge based on the amount of water consumed. The recommended monthly consumption charge is an inclining block rate with two tiers. Under this structure low water users save money on their bill, this encourages water conservation.

All non-single family water customers (multi-family, commercial, irrigation) will be billed a monthly meter charge based on meter size plus a uniform consumption charge for all water consumed.

SCHEDULE OF MONTHLY WATER RATES

Meter Size	Proposed	Proposed	Proposed	Proposed	Proposed
	35% Increase 9/2009	20% Increase 7/2010	10% Increase 7/2011	3% Increase 7/2012	3% Increase 7/2013
5/8" & 3/4"	\$43.00	\$51.60	\$56.76	\$58.46	\$60.22
1"	86.00	103.20	113.52	116.93	120.43
1.5"	172.00	206.40	227.04	233.85	240.87
2"	258.00	309.60	340.56	350.78	361.30
Upper Zone Fixed Surcharge	\$5.00	\$6.00	\$6.60	\$6.80	\$7.00
Tier 1 0-5 hcf (\$/hcf)	\$0.50	\$0.60	\$0.66	\$0.68	\$0.70
Tier 2 Over 5 hcf (\$/hcf)	\$2.75	\$3.30	\$3.63	\$3.74	\$3.85
Non-Single Family Residential/Commercial (\$/hcf)	\$1.90	\$2.28	\$2.51	\$2.59	\$2.67
Upper Zone Variable Surcharge (\$/hcf)	\$0.40	\$0.48	\$0.53	\$0.54	\$0.56

Rate Survey

A rate survey of the surrounding area shows that the District's current water rates fall in the mid-range. After the increase in September 2009, the District's bill for 10 HCF of water consumption will be lower than the City of Trinidad's proposed alternative 3.

Monthly Single Family Residential Water Bill	Cost For: 5 HCF	Cost For: 10 HCF	Cost For: 15 HCF
City of Trinidad (proposed alternative 3)	\$40.00	\$65.00	\$100.00
Garberville SD (proposed 66/34, including system reserve fee)	45.50	59.25	73.00
City of Trinidad (on 7/1/09)	45.43	57.43	69.43
Ferndale - Del Oro Water Company	36.68	55.33	73.99
City of Trinidad (proposed alternative 2)	34.50	52.00	69.50
City of Rio Dell	30.90	41.20	56.65
City of Eureka	26.57	40.77	54.97
City of Fortuna (November-April - on 7/1/09)	27.03	35.88	44.73
Garberville SD (current, including system reserve fee)	35.60	35.60	48.80
Willow Creek CSD	30.00	33.38	40.13
City of Fortuna (May-October - on 7/1/09)	22.60	31.45	40.30
Fieldbrook CSD	29.02	29.02	36.97
City of Arcata	14.15	28.55	42.95
Humboldt CSD	18.75	26.50	34.25
Humboldt Bay Municipal WD - Residential	16.75	23.60	30.45
McKinleyville CSD	12.07	19.72	27.37
Based on most common SFR meter 5/8" or 3/4"			

Cash Flow Projections

BWA developed ten-year financial projections to evaluate long-term finances and determine rate increases. Water cash flow projections are shown on the next page. The financial projections are based on the best information currently available as well as a number of reasonable and slightly conservative assumptions including:

- The projections assume no growth.
- Interest income estimated at 3% of beginning fund reserves over the next ten years.
- Operating costs are based on the 2008/09 budget and escalate at the annual rate of 5% for salaries and benefits, 8% for retirement, and 3% for operations and maintenance.
- Funding for anticipated water projects using proceeds from a \$1 million grant, \$2 million State Revolving Fund (SRF) loan, and District funds.

The cash flow projections indicate the need for rate increases to fund the water system expenses and capital improvements. The recommended adjustments are needed to enable the water enterprise to:

- Bring in sufficient revenues to cover operating costs and annual inflation.
- Fund the anticipated water projects.
- Start to build fund reserves.

Under the water rates adopted in August 2009, rates increased in September 2009 and will increase in July 2010 and each July thereafter with the last scheduled increase taking place July 2013.

Garberville Sanitary District 10-year Water Fund Cash Flow

	Unaudited 2007/08	Revised Budget											
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
Rate Increase		35%	20%	10%	3%	3%	3%	3%	3%	3%	3%	3%	
Typical Monthly Residential Water Bill	\$30.60	\$41.31	\$49.57	\$54.53	\$56.17	\$57.85	\$59.59	\$61.37	\$63.21	\$65.11	\$67.06	\$69.08	
Beginning Fund Balance	26,803	6,000	-9,696	5,984	68,334	90,454	111,644	131,594	149,884	166,104	179,854	230,544	278,774
Revenues													
Residential water charges	121,549	140,079	189,100	226,900	249,600	257,100	264,800	272,700	280,900	289,300	298,000	306,900	316,100
Commercial water charges	83,470	96,471	130,200	156,200	171,800	177,000	182,300	187,800	193,400	199,200	205,200	211,400	217,700
Bulk water charges	642	770	1,000	1,200	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
System reserve fees	11,658	21,380	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Late charges	1,699	2,933	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Connection fees		1,000											
Interest & penalties	6,693	7,362	-300	200	2,100	2,700	3,300	3,900	4,500	5,000	5,400	6,900	8,400
Property tax revenue	10,029	10,029	10,110	10,190	10,270	10,350	10,430	10,510	10,590	10,670	10,760	10,850	10,940
Misc. revenues	<u>163</u>	<u>179</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Total all revenues	235,902	280,202	356,510	421,090	461,470	474,850	488,530	502,610	517,090	531,870	547,060	563,750	580,840
Expenses													
Administrative & General													
Salaries & wages	58,269	64,096	97,300	102,200	107,300	112,700	118,300	124,200	130,400	136,900	143,700	150,900	158,400
Payroll taxes	7,030	7,733	8,100	8,500	8,900	9,300	9,800	10,300	10,800	11,300	11,900	12,500	13,100
Retirement	1,821	2,003	21,000	22,700	24,500	26,500	28,600	30,900	33,400	36,100	39,000	42,100	45,500
Insurance	14,133	15,546	16,000	16,500	17,000	17,500	18,000	18,500	19,100	19,700	20,300	20,900	21,500
Directors' fees	903	993	1,020	1,050	1,080	1,110	1,140	1,170	1,210	1,250	1,290	1,330	1,370
Office expense & rent	7,123	7,835	8,100	8,300	8,500	8,800	9,100	9,400	9,700	10,000	10,300	10,600	10,900
Operating supplies	5,183	5,701	5,900	6,100	6,300	6,500	6,700	6,900	7,100	7,300	7,500	7,700	7,900
Education & training	1,211	1,332	1,370	1,410	1,450	1,490	1,530	1,580	1,630	1,680	1,730	1,780	1,830
Memberships	688	757	780	800	820	840	870	900	930	960	990	1,020	1,050
License & permits	2,150	2,365	2,400	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400
Interest	6,907	7,160	7,400	7,600	7,800	8,000	8,200	8,400	8,700	9,000	9,300	9,600	9,900
Professional services			0	0	0	0	0	0	0	0	0	0	0
Outside services	8,766	9,643	9,900	10,200	10,500	10,800	11,100	11,400	11,700	12,100	12,500	12,900	13,300
Utilities	674	741	760	780	800	820	840	870	900	930	960	990	1,000
Contingency													
Misc	<u>520</u>	<u>572</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
Subtotal Administrative & General	115,378	126,477	180,530	189,140	198,050	207,560	217,480	227,920	239,070	250,820	263,170	276,120	289,650
Treatment													
Monitoring	1,310	1,440	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Repairs & maintenance	8,382	9,221	9,500	9,800	10,100	10,400	10,700	11,000	11,300	11,600	11,900	12,300	12,700
Supplies	8,605	9,465	9,700	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,200	12,600	13,000
Utilities	27,939	30,733	31,700	32,700	33,700	34,700	35,700	36,800	37,900	39,000	40,200	41,400	42,600
Wages	<u>17,356</u>	<u>19,092</u>	<u>20,000</u>	<u>21,000</u>	<u>22,100</u>	<u>23,200</u>	<u>24,400</u>	<u>25,600</u>	<u>26,900</u>	<u>28,200</u>	<u>29,600</u>	<u>31,100</u>	<u>32,700</u>
Subtotal Treatment	63,592	69,951	72,400	75,000	77,700	80,400	83,200	86,100	89,100	92,100	95,400	98,900	102,500
Transmission & Distribution													
Pumping	0	0	0	0	0	0	0	0	0	0	0	0	0
Repairs & maintenance	20,208	22,228	22,900	23,600	24,300	25,000	25,800	26,600	27,400	28,200	29,000	29,900	30,800
Supplies	2,448	2,693	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800
Utilities	6,691	7,360	7,600	7,800	8,000	8,200	8,400	8,700	9,000	9,300	9,600	9,900	10,200
Wages	<u>16,712</u>	<u>18,384</u>	<u>19,300</u>	<u>20,300</u>	<u>21,300</u>	<u>22,400</u>	<u>23,500</u>	<u>24,700</u>	<u>25,900</u>	<u>27,200</u>	<u>28,600</u>	<u>30,000</u>	<u>31,500</u>
Subtotal Transmission & Distribution	46,059	50,665	52,600	54,600	56,600	58,700	60,900	63,300	65,700	68,200	70,800	73,500	76,300
Total all expenses	225,029	247,094	305,530	318,740	332,350	346,660	361,580	377,320	393,870	411,120	429,370	448,520	468,450
New Project O&M Expenses													
Subtotal New Project O&M	0	0	0	0	0	0	0	0	0	0	0	0	0
Total O&M expenses	225,029	247,094	305,530	318,740	332,350	346,660	361,580	377,320	393,870	411,120	429,370	448,520	468,450
Net Operating Revenues	10,873	33,109	50,980	102,350	129,120	128,190	126,950	125,290	123,220	120,750	117,690	115,230	112,390
Capital & Debt Service													
New Water System Debt				0	67,000	67,000	67,000	67,000	67,000	67,000	67,000	67,000	67,000
Tank & Treatment Site Easements \$125,000*			0	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
LACO design costs \$120,000*			15,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Garberville Water Co.	<u>48,805</u>	<u>48,805</u>	<u>20,300</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal Capital & Debt Service	48,805	48,805	35,300	40,000									

WASTEWATER RATE STUDY

Wastewater Collection & Treatment

The District is anticipating construction of a wastewater project that will result in a completely new wastewater treatment plant which will satisfy state mandates and repeal the current ‘Cease and Desist Order’. Construction costs are estimated to be about \$3 million through fiscal year 2011/12. Funding for the wastewater projects is expected to come from the American Recovery and Reinvestment Act (ARRA) principle forgiveness funding. The remaining projects are anticipated to be funded with a State Revolving Fund loan at 1% interest.

The Wastewater Project

The wastewater project involves expansion and alteration of the current treatment system, which consists of several ponds and wetlands on the east side of the South Fork Eel River across the Bear Creek Bridge. The facility will consist of over fourteen acres in a series of constructed wetlands cells that will provide a refined natural treatment process.

A new primary treatment pond capable of holding 4.5 million gallons of sewage and wastewater will be constructed to the east of the current ponds. The four current treatment ponds will be consolidated into two ponds where the bacterial bioactive process will occur. Vegetation will enhance the process by removing nitrogen-fixing bacteria. One of the current wetlands will be replaced by a new pond to receive clear water discharged from the bioactive ponds. Here remaining vegetative material will settle out. Finally, the treated effluent will flow into infiltration galleries to percolate through the soil.

The project also includes replacement of the sewage collection system in the oldest part of town along Riverview Lane, Sunnybank Lane, and Sprowel Creek Road. Beneath these streets are clay pipes installed in the 1920s. During winter storms, street runoff infiltrates these old pipes, diminishing the plant's capacity to treat sewage and wastewater from homes and businesses.

Anticipated Wastewater Projects and Funding Sources

Recycled Wastewater Projects	2009/10	2010/11	2011/12	Total
Construction, including construction management	200,000	1,500,000	1,500,000	<u>3,200,000</u>
				3,200,000
Recycled Wastewater Funding Sources	2009/10	2010/11	2011/12	Total
SRF Loan, @ 1% for 30 years	248,827			248,827
ARRA grant		2,951,173		<u>2,951,173</u>
				3,200,000

Previous Wastewater Rates

The District's previous wastewater rates include a fixed monthly charge determined by customer type and the number of plumbing fixtures. This method had been used for many years. Each connection was also charged a system reserve fee of \$5.00 per connection. The fixed monthly charge was approved by the Board in 2008. All customers are billed monthly for wastewater service.

<u>Previous Monthly Wastewater Rates</u>	
Customer Type	Total per Month
Residential	\$26.02
Commercial	\$21.19
Hospital	\$529.22
Laundromat	\$722.76
Restaurant	\$81.67
Motel - Lone Pine	\$388.82
Bar	\$57.48
Residential (3)	\$82.56
Commercial (2)	\$45.38
Commercial (3)	\$69.57
Gas station	\$57.48
Veterinary	\$93.76
Apts. Scher (7)	\$203.19
Motel - HHI (76U/1C)	\$1,675.32
Garber Square (2 food/1C)	\$190.53
Commercial (10)	\$238.92
Motel - Johnston (12U/1R)	\$287.24
Motel - Grvl (30U/1R)	\$679.06
Apts D Miller (5R/1C)	\$166.33
Resident/commercial	\$50.22
Residential (4)	\$113.11
Grocery/deli	\$154.24
Residential (10) VanMeter	\$287.28
Motel - Scown (21U/4C/1R)	\$579.92
Motel - Sherwood (36U/1R)	\$809.67
Brannan (2 food/7C/10R)	\$771.10
Amaral (3C/1R)	\$98.60
Sentry111 (7C)	\$166.34
Childs, Hodges, Sinoway (2C)	\$248.58
Restaurant/residence	\$110.70
Olson/rental (5C/9R)	\$379.21
Bar/restaurant/Blue Room	\$142.15
Sentry 111 (12C)	\$287.30
Scown Kirk (17R)	\$442.34
Shapiro (2C/4R)	\$161.49
Studebaker (1restaurant/1C)	\$105.86
Wagner (1restaurant/5C)	\$202.63
Winters/SHSC (6R)	\$171.16
Residential (3)	\$84.08
SHSC (5R)	\$142.14

System Reserves Fee \$5.00 per connection per month

The strength of the wastewater 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 monthly consumption charged weighted by the strength of the discharge is calculated according to this formula:

$$\begin{array}{l}
 \text{Monthly Non-Single Family Residential/Commercial Variable Charge} \\
 = \frac{\frac{1}{3} \text{ annual commercial revenue requirement}}{90\% \text{ of commercial flow} \times \text{average strength factor}} * 90\% \text{ of customers' prior month water consumption} * \text{customers' strength factor}
 \end{array}$$

Recommended Rates

Wastewater rates were developed to cover O&M costs, the anticipated wastewater projects, build up a fund reserve, and provide debt service funding for wastewater capital improvement projects. Roughly \$3.2 million of the financing would be in the form of American Recovery and Reinvestment Act (ARRA) principle forgiveness funding and the remaining \$250,000 would come from an SRF loan.

Wastewater bills include two components: a base monthly charge based on customer type and a monthly consumption charge (per HCF) based on the amount of water consumed. For single family residential customers the consumption charge is based on winter water usage (the average of all water consumed in January, February, and March). For non-single family residential/commercial customers the consumption charge is based on 90% of the previous months water usage and weighted by the strength of the discharge.

According to the State Water Board, the median household income in the District is \$37,115. Since the average single family residential wastewater rate in the District needs to be above 1.5% of median household income to cover O&M costs and fund the anticipated wastewater projects, the District may qualify for full ARRA funding.

Single Family Residential	SCHEDULE OF MONTHLY SINGLE FAMILY RESIDENTIAL WASTEWATER RATES				
	Proposed 50% Increase 9/2009	Proposed 3% Increase 7/2010	Proposed 3% Increase 7/2011	Proposed 3% Increase 7/2012	Proposed 3% Increase 7/2013
Base Monthly Charge	\$31.09	\$32.02	\$32.98	\$33.97	\$34.99
Consumption per hcf	2.58	2.66	2.74	2.82	2.90

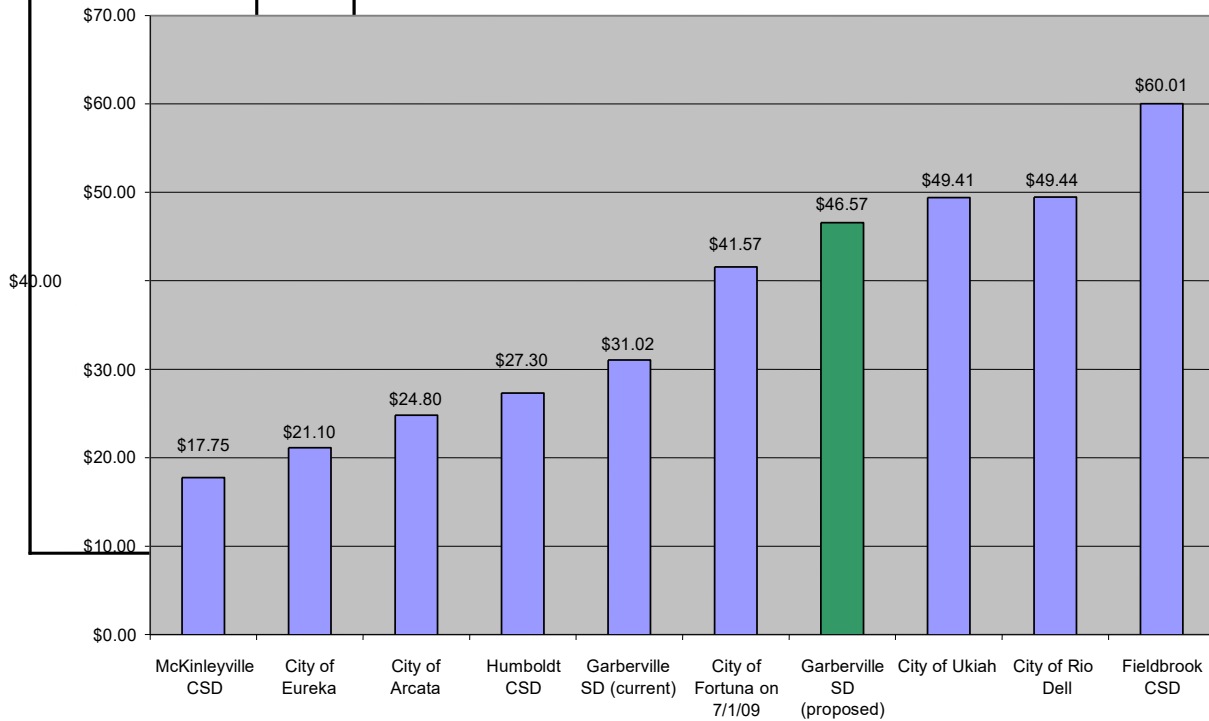
**SCHEDULE OF MONTHLY NON-SINGLE FAMILY
RESIDENTIAL/COMMERCIAL WASTEWATER RATES**

Non-Single Family Residential/Commercial	Proposed 50% Increase 9/2009	Proposed 3% Increase 7/2010	Proposed 3% Increase 7/2011	Proposed 3% Increase 7/2012	Proposed 3% Increase 7/2013
Base Monthly Charge	varies	varies	varies	varies	varies
Consumption Charge \$/hcf					
Low	\$1.89	\$1.95	\$2.01	\$2.07	\$2.13
Domestic	2.36	2.43	2.50	2.58	2.66
Medium	3.54	3.65	3.76	3.87	3.98
High	4.72	4.86	5.01	5.16	5.31

Rate Survey

A rate survey of the surrounding area shows that the District's current wastewater rates fall in the mid-range. After the increase in September 2009, the District's bill with average winter water use of 6 HCF will still fall in the mid-range.

Monthly Single Family Residential Sewer Bill



Cash Flow Projections

BWA developed ten-year financial projections to evaluate long-term finances and determine rate increases. Wastewater cash flow projections are shown on the next page. The financial projections are based on the best information currently available as well as a number of reasonable and slightly conservative assumptions including:

- The projections assume no growth.
- Interest income estimated at 3% of beginning fund reserves over the next ten years.
- Operating costs are based on the 2008/09 budget and escalate at the annual rate of 5% for salaries and benefits and 3% for operations and maintenance.
- Funding for the wastewater projects is expected to come from an American Recovery and Reinvestment Act (ARRA) principle forgiveness funding and a State Revolving Fund loan.

The cash flow projections indicate the need for rate increases to fund the wastewater system expenses and capital improvements. The recommended adjustments are needed to enable the wastewater enterprise to:

- Bring sufficient revenues to cover operating costs and annual inflation.
- Fund the anticipated wastewater projects.
- Build fund reserves.

Under the wastewater rates adopted in August 2009, rates increased in September 2009 and will increase in July 2010 and each July thereafter with the last scheduled increase taking place July 2013.

Garberville Sanitary District 10-year Wastewater Fund Cash Flow

	Unaudited 2007/08	Revised Budget 2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Rate Increase			50%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Typical Monthly Residential Sewer Bill		\$31.02	\$46.57	\$47.97	\$49.41	\$50.89	\$52.41	\$53.99	\$55.61	\$57.28	\$58.99	\$60.76	\$62.59
Beginning Fund Balance	47,310	223,000	240,236	333,886	420,546	509,806	601,466	695,306	791,516	889,596	989,546	1,091,166	1,194,046
Revenues													
Sewer charges	190,956	219,542	368,300	379,300	390,700	402,400	414,500	426,900	439,700	452,900	466,500	480,500	494,900
System reserve fees	8,590	15,038	0	0	0	0	0	0	0	0	0	0	0
Late charges	1,699	2,933	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Connection fees	1,619	1,000											
Interest & penalties	6,693	7,362	7,200	10,000	12,600	15,300	18,000	20,900	23,700	26,700	29,700	32,700	35,800
Property tax revenue	10,029	10,029	10,100	10,200	10,300	10,400	10,500	10,600	10,700	10,800	10,900	11,000	11,100
Rental income													
Misc. revenues	163	179	100	100	100	100	100	100	100	100	100	100	100
Total all revenues	219,750	256,082	388,000	401,900	416,000	430,500	445,400	460,800	476,500	492,800	509,500	526,600	544,200
Expenses													
Administrative & General													
Salaries & wages	58,269	64,096	97,300	102,200	107,300	112,700	118,300	124,200	130,400	136,900	143,700	150,900	158,400
Payroll taxes	7,030	7,733	8,100	8,500	8,900	9,300	9,800	10,300	10,800	11,300	11,900	12,500	13,100
Retirement	1,821	2,003	19,500	20,400	21,500	22,500	23,700	24,800	26,100	27,400	28,700	30,200	31,700
Insurance	14,133	15,546	16,000	16,500	17,000	17,500	18,000	18,500	19,100	19,700	20,300	20,900	21,500
Directors' fees	903	993	1,030	1,070	1,110	1,150	1,200	1,250	1,300	1,350	1,400	1,460	1,520
Office expense & rent	7,123	7,835	8,100	8,300	8,500	8,800	9,100	9,400	9,700	10,000	10,300	10,600	10,900
Operating supplies	5,183	5,701	5,900	6,100	6,300	6,500	6,700	6,900	7,100	7,300	7,500	7,700	7,900
Education & training	1,211	1,332	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Memberships	688	757	780	800	820	840	870	900	930	960	990	1,020	1,050
License & permits	6,451	7,096	7,300	7,500	7,700	7,900	8,100	8,300	8,500	8,800	9,100	9,400	9,700
Interest	6,907	7,160	7,400	7,600	7,800	8,000	8,200	8,400	8,700	9,000	9,300	9,600	9,900
Professional services		8,000	8,200	8,400	8,700	9,000	9,300	9,600	9,900	10,200	10,500	10,800	11,100
Outside services	8,766	9,643	9,900	10,200	10,500	10,800	11,100	11,400	11,700	12,100	12,500	12,900	13,300
Utilities	674	741	760	780	800	820	840	870	900	930	960	990	1,020
Repairs & maintenance			0	0	0	0	0	0	0	0	0	0	0
Research & monitoring			0	0	0	0	0	0	0	0	0	0	0
Contingency			0										
Misc	520	572	500	500	500	500	500	500	500	500	500	500	500
Subtotal Administrative & General	119,679	139,208	192,170	200,250	208,830	217,710	227,110	236,720	247,030	257,840	269,050	280,870	292,990
Collection													
Repairs & maintenance	15,631	17,194	17,700	18,200	18,700	19,300	19,900	20,500	21,100	21,700	22,400	23,100	23,800
Supplies	2,248	2,473	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500
Utilities	4,327	4,760	4,900	5,000	5,200	5,400	5,600	5,800	6,000	6,200	6,400	6,600	6,800
Wages	13,930	15,323	16,100	16,900	17,700	18,600	19,500	20,500	21,500	22,600	23,700	24,900	26,100
Subtotal Collection	36,136	39,749	41,200	42,700	44,300	46,100	47,900	49,800	51,700	53,700	55,800	58,000	60,200
Treatment & Disposal													
Monitoring	5,160	5,675	5,800	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600	7,800
Outside Services	430	473	490	500	520	540	560	580	600	620	640	660	680
Repairs & maintenance	6,042	6,646	6,800	7,000	7,200	7,400	7,600	7,800	8,000	8,200	8,400	8,700	9,000
Supplies	6,905	7,595	7,800	8,000	8,200	8,400	8,700	9,000	9,300	9,600	9,900	10,200	10,500
Utilities	1,617	1,778	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800
Wages	10,573	11,631	12,200	12,800	13,400	14,100	14,800	15,500	16,300	17,100	18,000	18,900	19,800
Subtotal Treatment & Disposal	30,726	33,799	34,890	36,200	37,520	38,940	40,460	41,980	43,600	45,220	46,940	48,760	50,580
Total all expenses	186,540	212,756	268,260	279,150	290,650	302,750	315,470	328,500	342,330	356,760	371,790	387,630	403,770
New Project O&M Expenses													
Subtotal New Project O&M	0	0	0	0	0	0	0	0	0	0	0	0	0
Total O&M expenses	186,540	212,756	268,260	279,150	290,650	302,750	315,470	328,500	342,330	356,760	371,790	387,630	403,770
Net Operating Revenues	33,209	43,326	119,740	122,750	125,350	127,750	129,930	132,300	134,170	136,040	137,710	138,970	140,430
Capital & Debt Service													
New Sewer System Debt SRF Loan (\$248,827)				10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
SRF Loan (Sewer System Relation Project)	26,090	26,090	26,090	26,090	26,090	26,090	26,090	26,090	26,090	26,090	26,090	26,090	26,090
Subtotal Capital & Debt Service	26,090	26,090	26,090	36,090	36,090	36,090	36,090	36,090	36,090	36,090	36,090	36,090	36,090
Net Revenues	7,119												

Proposition 218

Proposition 218, the “Right to Vote on Taxes Act”, was approved by California voters in November 1996 and is codified as Articles XIII C and XIII D of the California Constitution. Proposition 218 establishes requirements for imposing or increasing property related taxes, assessments, fees and charges. For many years, there was no legal consensus on whether water and sewer rates met the definition of “property related fees”. In July 2007, the California Supreme Court essentially confirmed that Proposition 218 applies to water rates. The prevailing legal consensus is that Proposition 218 also applies to wastewater rates.

BWA recommended the District follow the procedural requirements of Proposition 218 for all water and wastewater rate increases. These requirements include:

- The District must mail a notice of proposed rate increases to all affected property owners. The notice must also specify the date/time/location of a public rate hearing at which the proposed rates will be adopted, and other related information.
- The District must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed.
- At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected property owners or utility rate payers submit written protests against the proposed rate increases, the increases cannot be adopted.

Charges for water, sewer, and refuse collection are exempt from the additional voting requirements of Proposition 218 provided the charges do not exceed the cost of providing service and are adopted pursuant to procedural requirements of Proposition 218.

The Proposition 218 notice mailed to District property owners is attached in Appendix A. The Board of Directors approved the rates in the Proposition 218 notice at their meeting on August 25, 2009.

APPENDIX



GARBERVILLE SANITARY DISTRICT

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

7/10/2009

To: All Record Owners of Parcels within Garberville Sanitary District

Subject: 45-day notice of proposed increases in water and wastewater user rates and ballot. Noticing the date set for a public hearing pursuant to Section 6 of Article XIID of the California Constitution and Government Code Section 53753, pursuant to Proposition 218.

The Board of Directors of the Garberville Sanitary District has authorized that this notice be sent to all of the District's affected property owners of record as shown on the latest equalized Humboldt County assessment roll concerning proposed increases in water and wastewater user rates and the date set for the public hearing when the Board will receive comments and concerns from such owners.

The District is anticipating construction of two major projects over the next two years. The water project will result in a new water treatment system complying with state mandates. Construction costs are estimated to be \$3 million. The District has submitted an application for a \$1 million grant and for a \$2 million State Revolving Fund (SRF) loan at 0% interest. The new water rates are necessary to:

- Repay the State Revolving Fund loan
- Purchase treatment plant and tank site easements
- Fund current and future operations and maintenance
- Hire an additional operator and offer a retirement plan to retain qualified staff
- Build fund reserves to improve and maintain the system in the future

The wastewater project will result in a completely new wastewater treatment plant which will satisfy state mandates repealing current 'Cease and Desist Order'. Construction costs are estimated to be \$3.2 million. The District has worked hard to secure funding through stimulus programs. \$2.951 million is expected to be funded through stimulus grants with the remaining \$249,000 coming from a SRF loan at 1% interest. The new wastewater rates are necessary to:

- Repay the SRF loan
- Build and maintain both operating and capital replacement reserves
- Continue the ongoing repairs and replacement program for the wastewater collection system

The Board has been listening to the comments received from the public during four rate / budget workshop sessions. The Board, staff, and the District's consultants have been working to keep the rates as low as possible and to make them fair and equitable.

**THE PUBLIC HEARING TO RECEIVE COMMENT FROM PROPERTY OWNERS OF
RECORD IS SET FOR AUGUST 25, 2009 AT 5:00PM AT THE DISTRICT OFFICE
LOCATED AT
919 REDWOOD DRIVE, GARBERVILLE, CALIFORNIA.**

1.

Water Rates

Under the current water rate structure, customers are billed based on the size of their meter and zone where the meter is located. This monthly charge includes a base allocation of water which varies by meter size.

With the proposed water rates, single family residential customers would continue to be billed a monthly charge based on meter size plus a two tier monthly consumption charge for all water consumed. The first tier is for 0-5 hundred cubic feet (hcf) of water per month. This is the average amount of water needed for a family of four for indoor water use. Use above 5 hcf would be billed at the tier 2 rate.

All non-single family residential customers (multi-family, commercial, irrigation) would be billed a monthly service charge based on meter size plus a uniform consumption charge for all water consumed.

Current Monthly Water Rates				
Zone	Meter Size	Base hcf allocation	Base Rate	Per hcf over base
Zone 1 Central				
	5/8 & 3/4	0-10	\$30.60	\$2.64
	1 inch	0-15	34.26	2.64
	1 1/2 inch	0-17.5	37.17	3.00
	2 inch	0-22.5	47.76	3.00
	2 inch (IR)	0-22.5	47.40	1.20
	3 inch	0-22.5	53.10	3.00
Zone 2 Lower Meadows				
	5/8 & 3/4	0-10	\$34.64	\$2.98
	1 inch	0-15	38.78	2.98
	1 1/2 inch	0-17.5	42.08	3.39
	2 inch	0-22.5	54.07	3.39
	2 inch (IR)	0-22.5	53.66	1.35
	3 inch	0-22.5	60.12	3.39
Zone 3 Upper Meadows				
	5/8 & 3/4	0-10	\$35.14	\$3.03
	1 inch	0-15	39.36	3.03
	1 1/2 inch	0-17.5	42.70	3.44
	2 inch	0-22.5	54.86	3.44
	2 inch (IR)	0-22.5	54.45	1.38
	3 inch	0-22.5	60.99	2.71

System Reserve Fee \$5.00 per connection per month

There would be a monthly meter and consumption surcharge for customers in the Upper Zone.

SCHEDULE OF PROPOSED MONTHLY WATER RATES

Meter Size	Proposed 35% Increase 9/2009	Proposed 20% Increase 7/2010	Proposed 10% Increase 7/2011	Proposed 3% Increase 7/2012	Proposed 3% Increase 7/2013
5/8" & 3/4"	\$43.00	\$51.60	\$56.76	\$58.46	\$60.22
1"	86.00	103.20	113.52	116.93	120.43
1.5"	172.00	206.40	227.04	233.85	240.87
2"	258.00	309.60	340.56	350.78	361.30
Upper Zone Fixed Surcharge	\$5.00	\$6.00	\$6.60	\$6.80	\$7.00
Tier 1 0-5 hcf (\$/hcf)	\$0.50	\$0.60	\$0.66	\$0.68	\$0.70
Tier 2 Over 5 hcf (\$/hcf)	\$2.75	\$3.30	\$3.63	\$3.74	\$3.85
Non-Single Family Residential/Commercial (\$/hcf)	\$1.90	\$2.28	\$2.51	\$2.59	\$2.67
Upper Zone Variable Surcharge (\$/hcf)	\$0.40	\$0.48	\$0.53	\$0.54	\$0.56

HCF = one hundred cubic feet (100 cu ft) = 748 gallons

2.

Calculating Your Single Family Residential Water Bill

A single family residence with a 5/8” water meter consuming 5 hcf (hundred cubic feet) of water per month would have a monthly water bill of \$45.50, under the proposed water rates on the October 2009 bill.

Monthly service charge: 5/8" water meter				\$43.00
Monthly water consumption: 5 hcf	Tier 1 (0-5 hcf)	5 hcf x	\$0.50 per hcf	2.50
Monthly water bill				\$45.50

A single family residence with a 5/8” water meter consuming 8 hcf of water per month would have a monthly water bill of \$53.75, under the proposed water rates on the October 2009 bill.

Monthly service charge: 5/8" water meter				\$43.00
Monthly water consumption: 8 hcf	Tier 1 (0-5 hcf)	5 hcf x	\$0.50 per hcf	2.50
	Tier 1 (6+ hcf)	3 hcf x	\$2.75 per hcf	8.25
Monthly water bill				\$53.75

A single family residence in the Upper Zone with a 5/8” water meter consuming 5 hcf of water per month would have a monthly water bill of \$52.50, under the proposed water rates on the October 2009 bill.

Monthly service charge: 5/8" water meter				\$43.00
Upper Zone meter surcharge:				5.00
Monthly water consumption: 5 hcf	Tier 1 (0-5 hcf)	5 hcf x	\$0.50 per hcf	2.50
	Upper Zone consumption surcharge:	5 hcf x	\$0.40 per hcf	2.00
Monthly water bill				\$52.50

Calculating Your Non-Single Family Water Bill

A non-single family water customer (multi-family, commercial, irrigation) with a 5/8” meter consuming 15.0 hcf of water per month would have a monthly water bill of \$71.50, under the proposed water rates on the October 2009 bill.

Monthly service charge: 5/8" water meter				\$43.00
Monthly water consumption: 15 hcf		15 hcf x	\$1.90 per hcf	28.50
Monthly water bill				\$71.50

Wastewater Rates

Under the current wastewater rate structure, customers are billed by customer type.

With the proposed wastewater rates, single family residential customers would be billed a base rate plus a consumption charge that is based on winter water usage (the average of all water consumed in January, February, and March).

Summary of Current W astewater Rates

Customer Type	Total per Month
Residential Dwelling Unit	\$26.02
Commercial/ per toilet	\$21.19
Food Preparation/ Restaurant	\$81.67
Bar	\$57.48
Grocery/ Deli	\$154.24
Gas Station	\$57.48
Motel per Unit	\$22.64
Laundromat	\$722.76
Hospital	\$529.22
Veterinary	\$93.76
System Reserve Fee	\$5.00 per connection per month
	3.

SCHEDULE OF PROPOSED MONTHLY SINGLE FAMILY RESIDENTIAL WASTEWATER RATES

Single Family Residential	Proposed 50% Increase 9/2009	Proposed 3% Increase 7/2010	Proposed 3% Increase 7/2011	Proposed 3% Increase 7/2012	Proposed 3% Increase 7/2013
Base Monthly Charge	\$31.09	\$32.02	\$32.98	\$33.97	\$34.99
Consumption per hcf	2.58	2.66	2.74	2.82	2.90

Calculating Your Single Family Residential Wastewater Bill

A single family residence with an average winter water use of 6 hcf would have a wastewater bill of \$46.57 per month, under the proposed wastewater rates on the October 2009 bill.

Single Family Residential			
Example:	Month	Water Use (hcf)	
	January	6	
	February	5	
	March	7	
		Total	18
	Average winter water use	18 (hcf) / 3 (months) = 6 hcf	
Monthly sewer charge	Base monthly charge		\$31.09
	Consumption charge		15.48 (6 hcf x \$2.58/hcf)
	Total monthly sewer charge		\$46.57

All non-single family residential customers (multi-family, commercial) would be billed a monthly base charge plus a consumption charge that is weighted by the strength of the discharge. The base monthly charge would be calculated once every year and is based on water usage in the previous year. The amount of that charge would be the same for 12 months, and then it would be recalculated. The consumption charge is based on 90% of the previous month's water usage.

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

SCHEDULE OF PROPOSED MONTHLY NON-SINGLE FAMILY RESIDENTIAL/COMMERCIAL WASTEWATER RATES

Non-Single Family Residential/Commercial	Proposed 50% Increase 9/2009	Proposed 3% Increase 7/2010	Proposed 3% Increase 7/2011	Proposed 3% Increase 7/2012	Proposed 3% Increase 7/2013
Base Monthly Charge	varies	varies	varies	varies	varies
Consumption Charge \$/hcf					
Low	\$1.89	\$1.95	\$2.01	\$2.07	\$2.13
Domestic	2.36	2.43	2.50	2.58	2.66
Medium	3.54	3.65	3.76	3.87	3.98
High	4.72	4.86	5.01	5.16	5.31

Compliance with Proposition 218

In 1996 California voters approved Proposition 218, which amended the state constitution as it relates to the passage of property related fees. Today, "Prop 218" requires that local governments follow a defined process when setting fees such as water and wastewater bills. The District must 1) inform property owners that a proposed rate increase is being considered, 2) clearly demonstrate the basis on which these fees are calculated (the rate study), and 3) hold a public hearing at least 45 days after notice where the District hears all protests to the rate increase. Water rates are subject to "majority protest" meaning they **cannot be passed** if a majority of property owners impacted by the rate change submit written protests opposing the increase.

Concerns, Please Contact Us

If you have questions or comments about the proposed water and wastewater rate increases or wish to protest, you may:

Write: Written protests against the proposed rate change have to include the printed name of the impacted property owner, signature, and date. If the party signing the protest is not shown on the last equalized assessment roll for Humboldt County as the owner of record, the protest must contain, or be accompanied by, written evidence that such party is the owner of the parcel(s). Written protests must be received by the District at PO Box 211, Garberville, CA 95542 or before the time set for the public hearing. If the District receives written protests against the proposed water and wastewater rates by a majority of the affected property owners prior to the end of the hearing, the Board will not approve the change. Only one protest for each property will be counted.


Address the Board: Attend the Public Hearing on August 25, 2009 at 5:00pm

Questions: If you have any question about this notice, please call the District at (707) 923-9566

If you disagree with the proposed water and wastewater rate changes, fill in the information on the ballot below, detach and mail or deliver to the Garberville Sanitary District. Ballots will be counted after the close of the public hearing.

DO NOT include your monthly payment with your ballot.

Cut Here -----



Garberville Sanitary District
 PO Box 211
 919 Redwood Drive
 Garberville, CA 95542

No. I disagree with the proposed water and wastewater rate change.

Date Signed

Signature

Printed Name of Property Owner

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