

# Proposition 218 Notice of Proposed Wastewater Rate Increase

Public Hearing Date Tuesday, June 18, 2024 at 5:30 p.m.

## Woodbridge Sanitary District Rate Study 2024

The District completed a rate study for rates starting fiscal year 2024/25. Most rate studies are conducted every three-to-five years to address economic changes, internal factors, projected capital improvements, and other operational expenses. Rates were last updated in 2022; WSD initiated a new rate study earlier than usual for the following key reasons:

1. Identification of critical capital improvement projects needed to provide safe, reliable service to existing customers that need to be completed in the next five years.
2. Increased cost of capital improvements caused by a large increase in inflation of construction materials.
3. Consideration of alternative financing strategies to fund the increased cost of capital improvements; one alternative being a rate structure to self-fund capital improvements in favor of incurring additional debt.
4. Address cost increases for personnel including competitive salaries and the addition of retirement and medical benefits.
5. Increased operating costs greater than projected in 2022 needed for materials and supplies, utilities, and insurance for day-to-day operations.

## Updates to the District's Capital Improvements Plan

The District's Capital Improvements Plan (CIP) was updated in 2023 and further refined during the 2024 rate study. Due to economic factors and discoveries made in the re-examination of its facilities, the projected financial needs to complete required improvements are higher than originally estimated. Two major projects were identified that need to be completed within the next two-to-three years to avoid potential system failure: 1) replacement of sewer pipeline from East Carolina to Indiana Street, with an estimated cost of \$360,000 and 2) sewer rehabilitation from Lower Sacramento Road to Orange Street, with an estimated cost of \$405,000. For a complete list of planned projects, visit the District's website at [www.woodbridgesd.com](http://www.woodbridgesd.com).

## Increase in Operating Costs

Changes in operating costs are also necessitating a rate increase. The two primary drivers are: 1) a significant rise (above average inflation) in daily operating costs, including electricity, fuel, and small goods supplies; 2) need to increase salaries to be more in line with industry standards, and add retirement and medical benefits to staff compensations, which increases the budget for employees about \$140,000 in fiscal year 2024-25. Both are equally important. The District needs to purchase goods and services to keep the sanitary system running and, given the industrywide shortage of qualified personnel, it is essential for the District to retain its valued employees.

## Funding Options

Three funding options were presented for consideration during the fee setting process based on Board direction.

- **Option 1:** The CIP is cash funded. No additional debt is issued. This option includes collecting additional revenue to fund future system rehabilitation projects.
- **Option 2:** The CIP is partially cash funded and partially funded by additional USDA debt of \$0.86 million (\$0.78 million CIP and \$0.08 million bond issuance costs).
- **Option 3:** The CIP is partially cash funded and partially funded by additional USDA debt of \$1.71 million (\$1.63 million CIP and \$0.08 million bond issuance costs).

Options 1 and 2 fund the same critical facilities improvements and defer \$850,000 in other capital improvements. Option 3 funds the additional \$850,000 of improvements in the next five years. The table below summarizes the three funding options.

Option	CIP Costs Funded		
	Cash	Debt	Total
1 Cash Funding Only	\$1,586,800		<b>\$1,586,800</b>
2 Cash & Debt Funding	\$749,400	\$778,500	<b>\$1,527,900</b>
3 Cash & Debt Funding Full USDA Amount	\$749,400	\$1,630,000	<b>\$2,379,400</b>

Source: KSN Inc. May 2023 and March 2024.

## Rate Considerations

The WSD Board of Directors have considered three rate levels to support the CIP funding scenarios presented by the rate consultant and taken into account the overall financial health of the District and the long-term impact of rates on customers. The calculated rates shown below support the Option 1 financing strategy. While the USDA loan would reduce the immediate rate increases, the loan financing carries an interest rate burden over 40 years.

Given WSD currently has a \$1.5 million interest-bearing loan, an additional loan carrying interest would add to the District's debt position resulting in a higher cost to fund capital improvements than if the District paid cash. The adopted rates would be the maximum the District could implement each fiscal year and provide the most flexibility to annually set rates should the Board elect to use the USDA loan for certain capital improvements.

### Impact for Detached Residential Customer with Three Bedrooms (rates support Option 1)



The maximum rates are well within the range of cities and districts similar in size and location and therefore considered appropriate to pay for wastewater services.

### Calculated Annual Maximum Wastewater Fees

Customer Category	Current	New Rates starting July 1 of				
		2024	2025	2026	2027	2028
<b>Wastewater Strength</b>						
<b>ANNUAL Fee per Equivalent Dwelling Unit (EDU)</b>						
Domestic Strength [1]	\$437.48	\$600.28	\$700.76	\$741.98	\$741.98	\$741.98
Low Strength [2]	\$394.04	\$544.48	\$635.62	\$673.00	\$673.00	\$673.00
Medium Strength [3]	\$459.20	\$628.18	\$733.32	\$776.46	\$776.46	\$776.46
High Strength [4]	\$567.86	\$767.72	\$896.22	\$948.94	\$948.94	\$948.94
Very High Strength [5]	\$4,105.58	\$5,311.28	\$6,200.30	\$6,565.02	\$6,565.02	\$6,565.02
<b>Detached Residential</b>						
<b>ANNUAL Fee per Home</b>						
1 Bedroom	\$328.12	\$450.22	\$525.58	\$556.50	\$556.50	\$556.50
2 Bedroom	\$437.48	\$600.28	\$700.76	\$741.98	\$741.98	\$741.98
3 Bedroom	\$546.86	\$750.34	\$875.94	\$927.46	\$927.46	\$927.46
4 Bedroom	\$656.22	\$900.42	\$1,051.14	\$1,112.98	\$1,112.98	\$1,112.98
5 Bedroom	\$765.60	\$1,050.50	\$1,226.34	\$1,298.48	\$1,298.48	\$1,298.48
6 Bedroom	\$874.96	\$1,200.56	\$1,401.52	\$1,483.96	\$1,483.96	\$1,483.96
7 Bedroom	\$984.34	\$1,350.62	\$1,576.68	\$1,669.42	\$1,669.42	\$1,669.42
8 Bedroom	\$1,093.70	\$1,500.70	\$1,751.90	\$1,854.96	\$1,854.96	\$1,854.96

[1] Examples include single-family homes, mobile home parks, apartments/condos, retirement homes, and meeting places.

[2] Examples include retail, office, banks, dental/doctor offices, storage, beauty shops, veterinarians, health spas, markets (no butcher or baker), storage, and car washes.

[3] Examples include auto repair and service, gas station with markets, laundromat, bars (no food served), and hotel/motel.

[4] Examples include grocery markets, funeral homes, restaurants, fast food and bakeries.

[5] Dump station and RV park without sewer.

**The Public Hearing will be held Tuesday, June 18, 2024 at 5:30 p.m. at the Woodbridge Fire District located at 400 E Augusta St. in Woodbridge.**

### **Public Hearing and Customer Rights – Submit a Written Protest**

Under Proposition 218, ratepayers and property owners have the right to oppose the proposed wastewater rate increase.

**Option 1 – No opposition to the rate increase.** If you do not oppose the rate increases, you need not take action.

**Option 2 – You oppose the rate increase.** If you oppose the proposed rate increases, your protest must be submitted in writing even if you attend the public hearing. All written protests must be received in writing prior to the Public Hearing on June 18, 2024 at 5:30 p.m. Submit in person or mail protests to: Board Clerk, Woodbridge Sanitary District, 19720 Benedict Dr., Woodbridge, CA 95258. Protests may also be submitted in person at the Public Hearing prior to the close of the Public Hearing.

#### **All protests must contain:**

- Statement that the proposed wastewater rate increase is being protested,
- name of the property owner OR customer of record who is submitting the protest,
- parcel number OR street address,
- original signature and legibly printed name of the property owner of record or tenant,
- indicate if signature is of property owner or tenant, and
- date of signature.

At the conclusion of the public hearing, the Board of Directors will consider adopting the proposed rate increases. If, at the close of the public hearing, complete written protests are submitted by the record owners for the majority of the parcels served by the District (50% plus one, a “majority protest”), the Board of Directors cannot approve the proposed rate increases. If, at the close of the public hearing a majority protest does not exist for the proposed rate increases, the Board of Directors may impose rates up to the maximum

amounts proposed.

Only one written protest per parcel will be counted (either owner or tenant, not both). Written protests received after the close of the Public Hearing will not be counted. Protests emailed or submitted by any electronic means will not be accepted.

*Pursuant to Government Code Section 53759(d), there is a 120-day statute of limitation for ratepayers to challenge increased wastewater rates. Any challenge must be filed within 120 days of the effective date or date of final passage, adoption, or approval of the ordinance or resolution adopting the wastewater rates.*

### **Learn More**

1. Attend a workshop Tuesday, May 28 at 6 p.m. at the Moose Lodge located at 3824 E. Woodbridge Rd., in Acampo.
2. Contact the District with questions or request a review of the rate study via email at [Woodbridgesanitary@woodbridgesd.com](mailto:Woodbridgesanitary@woodbridgesd.com), by calling (209) 368-0900, or visit in person at 19720 Benedict Dr.
3. Visit the website at [www.woodbridgesd.specialdistrict.org](http://www.woodbridgesd.specialdistrict.org)

### **About the Woodbridge Sanitary District**

Woodbridge Sanitary District (WSD/District) was formed in 1949 to provide sanitary sewer service to the community of Woodbridge. WSD provides wastewater collection, treatment, and disposal services to almost 1,300 residential and commercial customers. It meets all state and federal regulations to provide safe, reliable sanitary services to its customers. Wastewater services are billed and collected on customers’ annual property taxes which are due November 1st and February 1st.

The District operates on a fiscal year budget, which includes day-to-day operations and planned capital improvements costs, and retains a portion of revenue in reserves to fund future projects and unexpected emergencies. Customer rates account for about 87% of revenue generated to operate and maintain the sanitary system to the benefit of its customers and community.

# WSD

Woodbridge Sanitary District  
19720 Benedict Drive  
Woodbridge, CA 95258

## **Community Workshop**

**Tuesday, May 28, 2024**

**6:00 p.m.**

**Moose Lodge**

**3824 E. Woodbridge Road**

**Acampo, CA**

## **Public Hearing**

**Tuesday, June 18, 2024**

**5:30 p.m.**

**Woodbridge Fire District**

**400 E Augusta Street**

**Woodbridge, CA**