SEASIDE COUNTY SANITATION DISTRICT

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SPECIAL MEETING AGENDA
Board of Directors
Tuesday, February 14, 20179:30 AM,
City of Seaside Conference Room
440 Harcourt Ave, Seaside, CA 93955

1. CALL TO ORDER

Ralph Rubio	Chair
David Pendergrass	First Vice Chair
Pat Lintell	Second Vice Chair

2. ROLL CALL

3. ORAL COMMUNICATIONS COMMENTS

Members of the public may address the Board regarding any item within the subject matter jurisdiction of the Board; however, no action may be taken on off-agenda items unless authorized by law. To be able to properly identify those making comments in the meeting minutes, it would be helpful if speakers state their names. Comments shall be limited to matters not listed on the agenda. Members of the public may comment on any matter listed on the agenda at the time the Board considers that matter. Each person's presentation is limited to a maximum of three (3) minutes.

4. CONSENT AGENDA

A. SEASIDE COUNTY SANITATION DISTRICT OPERATIONS REPORT FOR JANUARY 2017

PURPOSE: Receive monthly report for sewer maintenance and stoppages for January 2017.

RECOMMENDATION: Accept reports. This item is presented for information only.

B. APPROVAL OF MINUTES

PURPOSE: To review and approve the minutes from the December 13, 2016 Regular Meeting.

RECOMMENDATION: That the minutes be reviewed and approved.

C. JANUARY 2017 AND FEBRUARY 2017 EXPENDITURE REPORTS FOR SEASIDE COUNTY SANITATION DISTRICT

PURPOSE: Approval of expenditures for January 2017 and February 2017 will be presented at the March 2017 Seaside County Sanitation District regular meeting.

RECOMMENDATION: No action necessary.

5. NEW BUSINESS

A. Proposed Adjustments to Sewer User Fees

PURPOSE: The purpose of this item is to accept the Sewer Rate Study and authorize staff to issue the Notice of Public Hearing in connection with the proposed sewer rate change for the Seaside County Sewer District and set a public hearing date for consideration of the proposed rate change.

RECOMMENDATION: It is recommended that the District Board adopt a resolution accepting the Sewer Rate Study and approving the Notice of Public Hearing in connection with the proposed sewer rate change and set the public hearing date for consideration of the proposed rate change as April 11, 2017 or as soon as practicable but not less than 45 days after the mailing date of the notice.

6. STAFF REPORTS

Staff reports include items for which verbal reports/presentations will be provided. If a specific Seaside County Sanitation District presentation is planned, it will be listed and information included with the Agenda. Brief oral reports may be provided for items arising after the Agenda was prepared. The Board may wish to ask questions or discuss a staff report, but no action is appropriate other than referral to staff, or request that a matter be set as a future Agenda item.

7. BOARD MEMBERS COMMENTS

8. ADJOURNMENT

Next Regularly Scheduled Meeting:
March 14, 2017
Seaside City Hall
9:30 AM

In compliance with the Americans with Disabilities Act (ADA), the Seaside County Sanitation District (SCSD) does not discriminate against persons with disabilities. SCSD's meetings are held at an accessible facility. Any person with a disability who requires a modification or accommodation to be able to participate in this meeting is asked to contact the office of the District Clerk at cityclerk@ci.seaside.ca.us 831-899-6707, no fewer than two business days prior to the meeting to allow for reasonable arrangements. Agenda related writings or documents provided to the SCSD Board of Directors are available for public inspection during the meeting or may be requested from the office of the District Clerk This agenda is posted in compliance with California Government Code Section 54954.2(a) or Section 54956.

Agenda related writings or documents provided to the Board are available for public inspection during the meeting or may be requested from the office of the District Clerk.

SEASIDE COUNTY SANITATION DISTRICT
STAFF REPORT

Item No.: 4.A.

TO: Seaside County Sanitation District

FROM: Craig Malin, District Manager

BY: Rick Riedl, City Engineer

DATE: February 14, 2017

SUBJECT: **SEASIDE COUNTY SANITATION DISTRICT OPERATIONS REPORT FOR JANUARY 2017**

PURPOSE

Receive monthly report for sewer maintenance and stoppages for January 2017.

RECOMMENDATION

Accept reports. This item is presented for information only.

BACKGROUND

Attached is the Seaside County Sanitation District Operations Report and Flush Map for January 2017.

FISCAL IMPACT

There is no fiscal impact associated with this item.

ATTACHMENTS

1. Monthly Sanitation Report - January 2017
2. January Flush Map 2017

Reviewed for Submission By:

_____

Craig Malin, District Manager

Seaside County Sanitation District
Operations Report

Fiscal Year 2016/2017 Month of January

	Del Rey Oaks (42,240)		Sand City (26,400)		Seaside (316,800)		District Totals (385,440 ft.)	
	Month	YTD	Month	YTD	Month	YTD	Month	YTD
Maintenance								
Mainline Rodded		0		0		0	0	0
Main Line Flushed		0		0	15,652	126,206	15,652	126,206
Main Line Video		0		0		0	0	0
Main Lines Treated for Grease Control (Jet Power II)	262	1,310	190	950	4,125	17,138	4,577	19,398
Stoppages		0						
Main Line		1		0	4	8	4	11
Laterals		0		0	4	13	4	13

Sewer Repairs
1364 Skyview - replaced 6"x6"x4" clay wye with 6"x6"x4" ABS wye and 40" clay pipe with 40" ABS pipe.

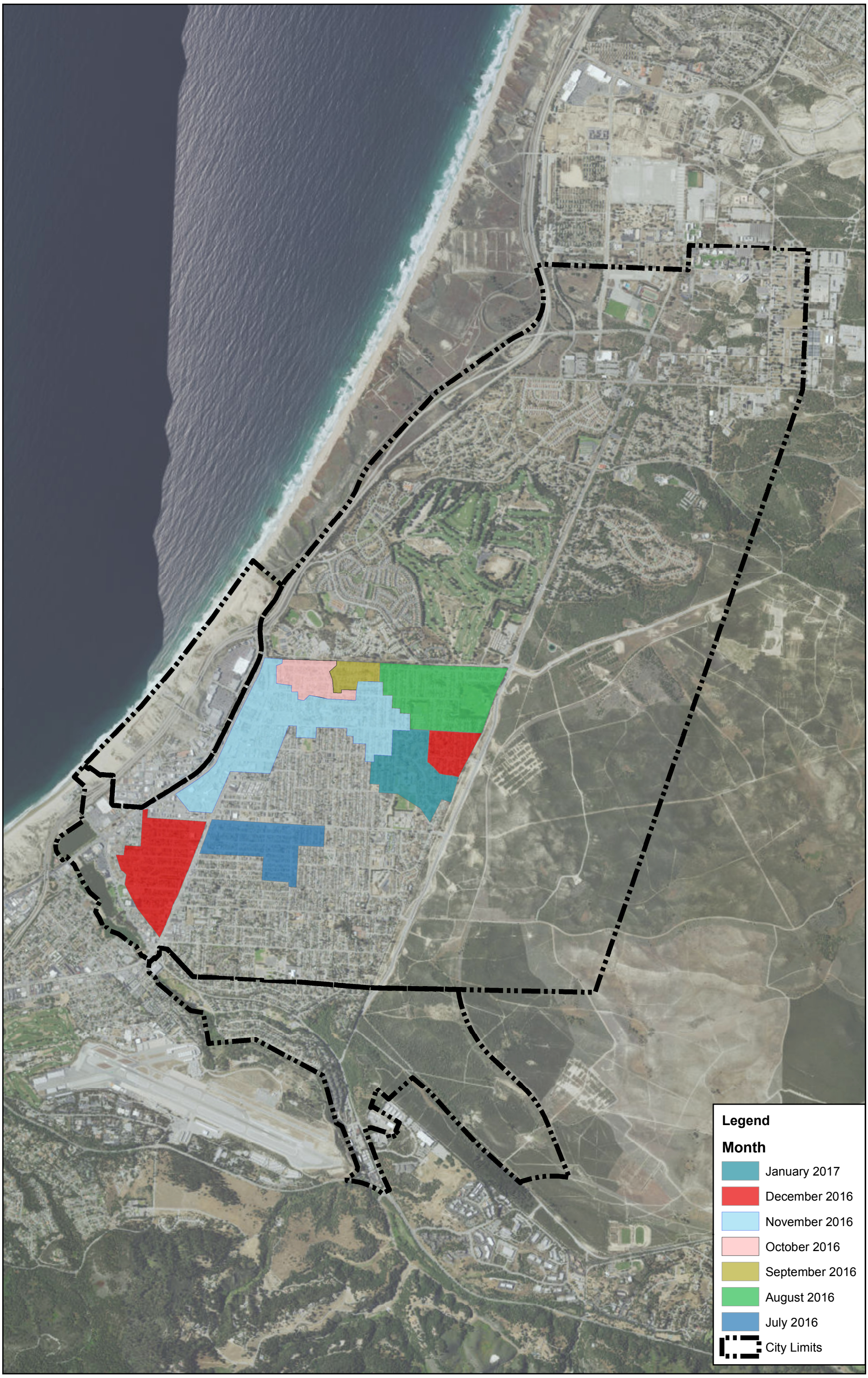
Sewers Video
None

Stoppage Locations

Del Rey Oaks

Sand City

Seaside
Mescal & Mingo (ML- grease & towels)
992 Trinity Avenue (L)
Hilby & Fargo (L)
1305 La Salle (ML - roots)
1273 Darwin (L)
971 Amador (ML - roots & grease)
1391 Lincoln (L)
1829 Vallejo (ML - roots & grease)



SEASIDE COUNTY SANITATION DISTRICT

Flush Map

0 1,250 2,500 Feet

Source: SCSD, AMBAG

Exhibit

FINAL MINUTES
SEASIDE COUNTY SANITATION DISTRICT
Tuesday, December 13, 2016 9:30 AM
REGULAR MEETING
Seaside Conference Room

1. CALL TO ORDER

The meeting was called to order at 9:33 a.m.

2. ROLL CALL

Present: Lintell, Pendergrass, Rubio

3. ORAL COMMUNICATIONS COMMENTS

There were no public comments.

4. CONSENT AGENDA

On motion by Chair Rubio and seconded by Second Vice Chair Lintell and passed by the following vote the District Board approved the consent agenda except for item E.

RESULT:	**Approved**
MOVER:	Mayor Ralph Rubio
SECONDER:	Second Vice Chair Pat Lintell
AYES:	Ralph Rubio, David Pendergrass, Pat Lintell
NOES:	
ABSENT:	

A. APPROVAL OF MINUTES FROM THE OCTOBER 11, 2016 REGULAR MEETING.

Action: Approved

B. APPROVAL OF EXPENDITURES FOR THE MONTH OF OCTOBER AND NOVEMBER 2016 FOR SEASIDE COUNTY SANITATION DISTRICT

Action: Approved

C. SEASIDE COUNTY SANITATION DISTRICT OPERATIONS REPORT FOR OCTOBER AND NOVEMBER 2016

Action: Received

D. PARTICIPATION IN THE PUBLIC EDUCATION PROGRAM WITH MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY

Action: Authorized

E. MEMORANDUM OF AGREEMENT WITH THE MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY FOR GREASE INSPECTION SERVICES

Pulled by Second Vice Chair Lintell who has a couple of questions for Legal Counsel. Once

questions answered by Legal Counsel Avila motion was made by Second Vice Chair Lintell and seconded by First Vice Chair Pendergrass to approve item.

Action: Approved
Authorized

5. NEW BUSINESS

A. SEWER USER FEES RATE STUDY

Item was presented by District Engineer Rick Riedl who introduced Andrea representing David Taussig & Associates, Inc. There was a presentation in regards to the sewer rate study made to the Seaside County Sanitation District. The presentation consisted of: Purpose, Financial Analysis, Capital Improvement Program, Capital Improvement Program (per master plan), Sewer Rate Alternatives, Proposed Sewer Rates Per EDU, Cumulative Projects Funded, Alternative 2: Projects not Funded/Delayed, Comparison of Monthly Wastewater Collection Rates, Next Steps and a Questions/Answer section. After the presentation First Vice Chair Pendergrass said that bonds are the best way to go and that he preferred alternative one. Second Vice Chair Lintell asked that if the District would go with alternative two will that cause further deterioration of the system? Mr. Riedl said that the problem with delaying projects is that it increases our liability for health and safety concerns and they should be completed as quickly as possible. Second Vice Chair Lintell agree with alternative one being a better option. Chair Rubio asked if the health and safety are associated with the infrastructure/age of the system? Mr. Riedl responded that they should be done within the first three years. Chair Rubio agrees with alternative one and District directed staff to go that route.

6. STAFF REPORTS

None

7. BOARD MEMBERS COMMENTS

Chair Rubio wished everyone a Merry Christmas to enjoy the holidays with families and the tamales if you have any.

8. ADJOURNMENT

On motion, the meeting was adjourned at 9:56 a.m.

Respectfully Submitted,

_____ _____

Lesley E. Milton-Rerig, District Clerk **Ralph Rubio, Chair**

SEASIDE COUNTY SANITATION DISTRICT
STAFF REPORT

Item No.: 4.C.

TO: Seaside County Sanitation District

FROM: Craig Malin, District Manager

BY: Daphne Hodgson, Deputy City Manager Administrative Services

DATE: February 14, 2017

SUBJECT: **JANUARY 2017 AND FEBRUARY 2017 EXPENDITURE REPORTS FOR SEASIDE COUNTY SANITATION DISTRICT**

PURPOSE

Approval of expenditures for January 2017 and February 2017 will be presented at the March 2017 Seaside County Sanitation District regular meeting.

RECOMMENDATION

No action necessary.

BACKGROUND

Expenditure reports will be presented at the March 2017 SCSD regular meeting for the months of January and February 2017.

FISCAL IMPACT

No fiscal impact.

ATTACHMENTS

Reviewed for Submission By:

_____
Craig Malin, District Manager

SEASIDE COUNTY SANITATION DISTRICT
STAFF REPORT

Item No.: 5.A.

TO: Seaside County Sanitation District

FROM: Craig Malin, District Manager

BY: Rick Riedl, City Engineer

DATE: February 14, 2017

SUBJECT: **Proposed Adjustments to Sewer User Fees**

PURPOSE

The purpose of this item is to accept the Sewer Rate Study and authorize staff to issue the Notice of Public Hearing in connection with the proposed sewer rate change for the Seaside County Sewer District and set a public hearing date for consideration of the proposed rate change.

RECOMMENDATION

It is recommended that the District Board adopt a resolution accepting the Sewer Rate Study and approving the Notice of Public Hearing in connection with the proposed sewer rate change and set the public hearing date for consideration of the proposed rate change as April 11, 2017 or as soon as practicable but not less than 45 days after the mailing date of the notice.

BACKGROUND

Seaside County Sanitation District ("District") is a special district responsible for the maintenance and operation of the sanitary sewer collection system serving the cities of Del Rey Oaks, Seaside and Sand City. In February of 2016 the District authorized David Taussig & Associates, Inc. ("DTA") to provide a sewer rate study. The rate study serves as an update to a previous rate study provided by DTA to the District that was adopted by the District's Board in 2011.

This rate study is intended to provide a recommended five year rate program. In accordance with the California Constitution, this study is based upon the cost of providing services for a 15-year horizon. The 15-year horizon was selectedin order to demonstrate the District's ability to fund key capital improvements identified in the District's Capital Improvement Program ("CIP.").

The recommended rate program in this study demonstrates that projected revenues can match the revenue requirements of the District over the 15 year study period. The method used in this analysis is an annual cash flow analysis, or "Cash-Needs" approach and borrowing, which match revenues to revenue requirements to fund ongoing operations and maintenance (O&M) and debt service requirements for the District's Capital Improvement Program and Capital Outlay Program.

Revenue

The District currently has over 40 customer classes each of which is charged a sewer ratebased upon the anticipated sewer flows. For the purposes of this study, an equivalent development unit ("EDU") method is used to summarize the total annual sewer flows from each customer class. An EDU for a customer class is the ratio of estimated sewer generation of each customer class as compared to the estimated sewer generation of a residential unit. The total of all EDUs within the District is then multiplied by the sewer rate per EDU to estimate the total annual revenue from sewer rates.

Property taxes are another source of revenue to the District. For the District, interest income from financial assets and income bearing real property are insignificant.

The recommended rate program in this study incorporates the District's current policiesrelated to allocation and use of funds;

1. Resolution 215, Capital Outlay Fund - requires 5% of annual operational fund to be earmarked for purchase or replacement of equipment
2. Resolution 216, Capital Improvement Fund - requires 10% of annual operating fund to be earmarked for Capital Improvements
3. Resolution 217, Insurance Reserve Fund - requires that a fund balance of $15,000 be maintained through contributions from the operating fund, for resolution of potential claims.

Revenue Requirements

In order for the District to provide sewer collection services to its customers, all costs related to delivering such service must be funded by the various sources of revenue mentioned above. The cost components that place requirements on revenue sources include Operations and Maintenance, maintenance of reserve balances, capital outlay, capital improvements and debt service and insurance. These components must all be funded from annual revenues.

For the purposes of this study District staff provided a summary of components of the District's annual O&M budget for the beginning year, which includes labor, materials, energy costs, and ongoing program costs. Costs for subsequent years are adjusted for inflation.

It is anticipated that the District will maintain a $200,000 rate stabilization reserve fund, a $15,000 insurance reserve fund and a $500,000 operating fund reserve. These balances will be maintained through contributions from operating revenue, if needed.

The Capital Improvement Program included in this study provides project programming including time line and costs associated with capital improvements and capital outlay which will be funded through operating revenues and debt. Future capital costs are escalated by 3% per annum based upon the average increase in the historic Engineering News Record (ENR) construction cost index for San Francisco.

Financial Model

A financial model was created to analyze the data outlined above and recommend a viable and reasonable rate and debt structure. Existing and projected revenues are included in the model. Study Year 0 (2015-2016) contains actual cost data and was chosen as the base year from which projections of revenues and costs are computed. Projected revenues and costs are used to estimate annual net operating revenue before debt service. Where debt is used to help fund capital improvements, the net operating revenue is calculated after deducting debt service. The net revenue, calculated by deducting both debt service and O&M costs,is then contributed to the CIP fund. The annual CIP fund balance is calculated by subtracting from the beginning fund balance for each year the use of funds from the CIP timeline, and the fund balance is increased each year by contributions from the operating fund, interest on balances and debt (bond) issuance.

For purposes of this analysis, it is assumed that the District will issue sewer revenue bonds to fund improvements. Based on a review of actual recent sewer revenue bond issues, the study assumes that:

1. 5.00% interest rate and 30-year bond term applies to each bond issuance.
2. The Reserve Fund Requirement is equal to the maximum annual debt service, which is approximately 6.5% of the total bond issue.
3. The cost of issuance is 5.00% of the total bond issuance since the bond issue amounts are relatively small. As the bond amount increases, the percentage of the total bond attributable to costs of issuance typically goes down.
4. A minimum annual debt service coverage ratio of 125% is maintained, which is based on the net operating revenue divided by debt service.

The study assumes the following factors remain fixed throughout the 15-year model horizon:O&M inflation; property tax increase rate; CIP inflation; fund balance interest rate; bond coupon rate; bond term; bond reserve requirement; bond cost of issuance.

Two alternative rate models were presented to the Board on December 13, 2016. The Board evaluated the alternatives and recommended the alternative rate model that funded all of the CIP projects using rate increases and debt financing. A proposed annual rate increase of 5% and three bond issuances of approximately $4.6 Million each (or $13.8 Million total) in fiscal years ending 2019, 2022 and 2025 is sufficient to fund the projects identified in the CIP project timeline. This alternative uses the maximum total bond indebtedness as determined by the capacity of the rate revenue to meet debt service requirements.

On January 10, 2016, the draft final rate study and proposed rates were presented to the Board. The Board directed staff to finalize the rate study by including the proposed rates as shown in

the Proposed SCSD Sewer Rates table in the attached Notice of Public Hearing (the Notice).The Notice is prepared in accordance with Article XIII D, Section 6 of the California Constitution (Prop 218). The Notice specifies the basis of the fee, the reason for the fee, and the date, time and location of a public rate hearing at which the proposed rate would be considered. Although Prop 218 stipulates that the District "… provide written notice by mail of the proposed fee or charge to the record owner of each identified parcel upon which the fee or charge is proposed for imposition …," staff recommends the notice be mailed to all affected property owners and/or customers of record.

Prop 218 stipulates that the District must hold a public hearing prior to adopting the proposed rate increase. The public hearing must be held not less than 45 days after the required notices are mailed. The public hearing is set for April 11, 2017, a regular Board meeting date. At the public hearing, the proposed rate increase is subject to majority protest. If more than 50% of the affected property owners or ratepayers submit written protests against the proposed rate increase, the increase cannot be adopted.

It is recommended that the District approve a resolution accepting the rate study and directing staff to implement the required notification of ratepayers to affect the rate change.

CEQA Requirements

In accordance with Title 14, California Code of Regulations, Chapter 3, Article 18 (Statutory Exemptions), this study is considered a planning study and therefore adoption of this document is exempt from the requirements to prepare environmental studies.

FISCAL IMPACT

The cost for noticing ratepayers is approximately $5,000.

ATTACHMENTS

1. Sewer Rate Study
2. Resolution
3. Notice

Reviewed for Submission By:

_____

Craig Malin, District Manager

DAVID
TAUSSIG
& ASSOCIATES, INC.

SEASIDE COUNTY SANITATION DISTRICT

SEWER RATE STUDY

January **10**, 2017

Prepared for
Seaside County
Sanitation District
City of Seaside
440 Harcourt Ave.
Seaside, CA 93955

Prepared by
DAVID TAUSSIG & ASSOCIATES, INC.
5000 Birch Street, Suite 6000
Newport Beach, California 92660 (800)
969-4382

Public Finance
Facilities Planning
Urban Economics

Newport Beach
San Francisco
San Jose
Riverside
Dallas
Houston

DAVID TAUSSIG & ASSOCIATES

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EXHIBIT A: **TABLE 1 - CURRENT SEWER RATES**
TABLE 2 - EDU FACTORS
TABLE 3 -RECOMMENDED SEWER RATES FY 2017-2018 THROUGH FY 2021-2022

EXHIBIT B: **FINANCIAL MODEL**

EXHIBIT C: **CAPITAL IMPROVEMENT COSTS**

EXHIBIT D: **RESOLUTION SD-215 CAPITAL OUTLAY FUND**
RESOLUTION SD-216 CAPITAL IMPROVEMENT FUND
RESOLUTION SD-217 AND 17 INSURANCE RESERVE FUND

I. INTRODUCTION

Seaside County Sanitation District ("SCSD" or the "District") is a special district responsible for the maintenance and operation of the sanitary sewer collection system serving the Cities of Del Rey Oaks, Sand City and Seaside, California. SCSD is located in Monterey County just north of the Monterey Peninsula and approximately 100 miles south of San Francisco. SCSD was formed on March 1, 1950. The District's sanitary sewer collection system serves an area of approximately 2,400 acres with a population of about 37,000. The sewer system consists of approximately 73 miles of pipeline with 740 manholes, 560 rod holes, and 4 lift stations. The wastewater is ultimately pumped to the Monterey Regional Water Pollution Control Agency ("MRWPCA") regional wastewater treatment plant.

The District's sewer collection system is an enterprise fund whose predominant source of revenue is user rates. A portion of the local property tax revenue is also allocated to SCSD, which, along with revenue from rates fully funds the District's cost of service on an annual basis.

SCSD has engaged David Taussig & Associates, Inc. ("DTA") to review and update the District's current sewer rate structure. The current rate structure is based on a previous report by DTA dated May 3, 2011. This study is an update to the previous study by DTA and provides the background, legal justification and cost of service analysis to support the recommended rate structure that will fully fund the District's cost of service over the next five years. This rate study also extends the study period to 15 years in order to demonstrate the District's ability to fund the Capital Improvement Projects Program ("CIP") identified in the District's Sewer Master Plan, May, 2011.

The recommended rate structure accomplishes the following objectives:

- Generate revenues to fund annual operating costs, capital replacement costs, debt service and reserve requirements;
- Determine sewer rates that are equitable to all users;
- Create sewer rates that are Proposition 218 compliant; and
- Determine the timing and level of debt required to meet annual financial obligations.

The scope of services necessary to accomplish the objectives above is outlined below:

- Review current rate structure and recommend any changes to the rate structure;
- Document the legal justification for imposing the recommended rate structure;
- Define an Equivalent Dwelling Unit ("EDU") Methodology;
- Perform a Revenue Requirement and Cost of Service Analysis using rate modeling techniques. The model will provide a 15 year horizon, however the rate structure will cover the first five years of the model;
- Calculate sewer rates needed to fund all costs including bonding indebtedness; and
- Design a recommended rate structure for the various user classes and describe a path for implementation.

The Study period will extend from FY 2016-2017 (Study year 1) to FY 2029-2030 (Study year 14). While data for Study Year 1 is in progress at the time of the adoption of this Study, data for

Study Years 2-14 are projections based on assumed rates of increase. Study year 0 includes actual data for FY 2015-2016, which serves as a base year upon which future costs and revenues are projected. The sewer rate escalates each year commencing in Year 2.

This study and its recommendations demonstrate that projected revenues can match the revenue requirements of the District over the study period. The method used in this analysis is an annual cash flow analysis, or "Cash-Needs" approach, which matches revenues to revenue requirements over the study period. This study also integrates the cash and debt service requirements to fund the District's CIP and Capital Outlay programs.

II. LEGAL JUSTIFICATION

Ongoing fees for sewer service are commonly called rates. These sewer rates must be supported by a cost of service study showing the revenue requirement will be met through the collection of sewer rates. This study will also provide a method of reasonably apportioning the costs of service to the various customer classes. Sewer rates for ongoing sewer service have a direct relationship to land ownership, hence are considered property-related fees subject to the limitations of Article XIII D, Section 6 of the California Constitution ("Proposition 218").

Proposition 218 was adopted in 1996, adding Article XIII C and D to the California Constitution dealing with the initiative process and procedures involving real property-related fees and charges. While some real property-related fees and charges require voter approval, it is clear that sewer rates are exempt from such requirement. However, sewer agencies that provide sewer services to landowners are still subject to certain limitations of Proposition 218, specifically Article XIII D, Section 6, including but not limited to:

1. Revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service;
2. Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed;
3. The amount of fee or charge imposed on any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to that parcel;
4. No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question; and
5. The fee or charge is subject to a majority protest and individual notices regarding such fee or charge must be mailed to all affected utility customers/property owners.

The rate structure recommended in this study will meet all of the limitations of Proposition 218 in both revenue requirements and proportionality. In addition, the procedure for adopting the recommended rates shall meet the requirements for written notification, public hearing and written protest spelled out in Article XIII D, Section 6.

III. CURRENT RATE STRUCTURE

SCSD currently funds the majority of its operational and capital improvement costs through sewer rate revenue. SCSD's current sewer rates are charged as a rate add-on to the rates charged by MRWPCA and are included as a separate line item on MRWPCA's bi-monthly bills. The current SCSD sewer rate is equal to $12.94 per EDU and is added on to the current MRWPCA rate of $14.85 per EDU.

MRWPCA's cost of service includes operations, maintenance and capital improvement costs required to provide sewage transmission, treatment and disposal to its customers. MRWPCA's rates are based on three cost factors: i) contributing sewage flow, measured in gallons per day; ii) sewage strength measured in milligrams per liter ("mg/l") of biochemical oxygen demand; and iii) suspended solids, measured in parts per million ("ppm"). This makes sense for MRWPCA because they are a sewer treatment agency and their costs are related to these three factors. However, since SCSD is a sewer "collection" agency, it was determined that in order to meet the benefit requirements of Proposition 218, the sewer rate should be based solely on sewage flow.

IV. REVENUE REQUIREMENTS AND COST OF SERVICE

The District's sewer collection service enterprise is self-sufficient; operating as a special district its revenues and expenditures stand alone from other local government activities. Currently, the enterprise maintains an operations fund and capital replacement fund, out of which it pays for the annual costs of service.

Under District policy, the use of sewer enterprise funds is restricted to what is necessary to fund the annual costs of service. In addition, the annual revenue requirement must meet the requirements of Article XIII D, Section 6 of the California Constitution ("Proposition 218"), which include:

1. Revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service;
2. Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.

Expected costs of service include (i) operating and maintenance of the sewer collection system, (ii) capital replacement, (iii) reserve requirements, and (iv) sewer revenue bond debt service.

The District's current rate policy incorporates the direction of three Board Resolutions currently in force. It is anticipated that these resolutions will be replaced by a comprehensive resolution that incorporates the recommendations of this Study. The three resolutions are described below:

1. Resolution SD-215 Capital Outlay Fund - requires 5% of annual operational fund to be allocated for purchase or replacement of equipment.
2. Resolution SD -216 Capital Improvement Fund - requires 10% of annual operating fund to be allocated for Capital Improvements.
3. Resolution 17 - Amends Resolution SD - 217 Insurance Reserve Fund. Resolution SD-217 requires that a fund balance of $105,000 be maintained through contributions from the operating fund, for resolution of potential claims. Resolution 17 amends the fund balance amount from $105,000 to $15,000.

The sewer revenue requirement analysis determines the level of revenues necessary to cover the cost of providing sewer collection services to its customers. Because Proposition 218 restricts the total revenue requirement to only that which is necessary to fund the cost of service, annual budgets need to be developed to identify and quantify operation and maintenance costs, to include a capital improvement and capital replacement program and to fund reserve programs such as rate stabilization, operating contingencies and capital replacement. DTA developed a Financial Model (see Exhibit B) that forecasts revenues, operational and maintenance costs, reserve balances and bond issuance over a 15 year period. The net revenue (revenue less operational expenses) is intended to fund the debt service, the reserve programs and the capital replacement program. A 15 year projected time period (FY 2015-16 through 2029–30) was chosen in order to match the timing of operational expenses and capital replacement projects as described in further detail below. To the extent that capital replacement costs are not met by annual rate revenues, a portion of the capital replacement costs are expected to be financed

through sewer revenue bonds sold by SCSD whose annual debt service requirement is met through the District's rate revenue.

The District's principal sources of revenue to recover these costs include the sewer rates, the District's share of property taxes, and use of money and property charges. The new sewer rates are calculated to fund all costs on a pay-as-you-go basis, with the exception of capital replacement, which shall use bonded indebtedness when annual rate revenue is insufficient to cover the cost of such improvements. The bond terms will not exceed the useful life of the improvements financed.

For purposes of the Financial Model, we have assumed that the annual ad valorem property tax revenue will increase from the fiscal year 2015-2016 level of $390,000 to $400,000 in fiscal year 2016-2017. It is assumed that the annual ad valorem revenue will increase by 2% per annum every year thereafter throughout the study period. Revenue from use of money and property is based on the District's budget performance and current investment return rates. For the purposes of this model it is assumed that the low or no risk interest rate on operating balances is minor, and any returns on investment are negligible. Also, capacity fee calculations and fair share allocations to new development are not a part of this study.

A description of the operating and maintenance expenses, debt service, capital replacement costs and reserve requirements are discussed below:

Operating and Maintenance Expenses

As shown in the financial model in Exhibit B, the annual operating expenses are grouped into two categories: i) sewer operations and maintenance, and ii) capital outlay.

The operations and maintenance category includes direct labor costs and overhead, materials, and outside services directly related to operations and maintenance. The total actual costs for study year 0 (FY 2015-2016) of $1,166,000 was provided by the District. The total costs for study years 1 and 2 were projected by the District to be $1,195,000 and $1,326,000 respectively. For purposes of the Financial Model, we have assumed that the sewer operating expenses will increase each year thereafter by 3%. Operating expenses do not include the Fats, Oils and Grease ("FOG") program costs as shown in Table 9-5 of the Master Plan, which are expected to be funded through a separate fee on food service establishments.

The capital outlay component of the Operations and Management category includes costs associated with the replacement of equipment related to, and funded by Resolution SD-215 described in Section IV above. This component finances replacement and upgrades of equipment related to the maintenance operations of the District.

Capital Replacement Program

The District intends to use sewer rates to fund twenty-one projects identified in the Sewer Master Plan. The total amount to be funded through the sewer rates is approximately $21,800,000 (un-escalated). For purposes of the Financial Model, capital costs are assumed to increase by 3% each year to the year constructed.

A table of the capital improvement projects, costs and timing is found in Exhibit C, "C.I.P. Timeline". In addition, the sewer rate model shown as Exhibit B shows that the contribution to capital improvements from rate revenues meets or exceeds the requirements of Resolution SD-216 where at least 10% of annual revenue must be allocated to capital improvements.

Capital Outlay

Revenue for rates must also fund various projects and programs that are not associated with the replacement of capital assets. These projects include video inspection, maintenance trucks, studies, master plan updates, and other costs related to the overall management of the District not considered to be routine O&M related costs. Resolution SD-215 requires that 5% of revenues be set aside for such costs. The Sewer Rate Model shown in Exhibit B demonstrates that the 5% requirement is met on an average annual basis over the fifteen year study period.

Rate Stabilization Fund and Operating Contingency Fund

It is recommended that the District establish a Rate Stabilization Reserve fund in order to provide a funding source from which the District can draw during years of revenue shortfall resulting from higher than expected operations and maintenance costs or lower than expected revenues. In like manner, the District maintains an Operating Contingency Fund balance to cover any unforeseen expenses or liabilities not identified in this study.

For purposes of the Financial Model, contributions from net operating revenue to the rate stabilization fund are assumed to maintain $200,000 on an annual basis. In like manner, the District will maintain a balance of $500,000 in the Operating Contingency Fund. Both funds will start with the corresponding balances in the initial year. The Financial Model assumes that these balances will be maintained throughout the study period and no contributions will be needed through the 15 year study

Debt Service

To the extent that operating revenue cannot meet annual capital replacement requirements in a given year after all other fiscal obligations have been met, it is assumed that sewer revenue bonds will be issued. For the purposes of this Study the following assumptions are incorporated into the rate model found in Exhibit B, "Sewer Rate Model":

Debt service coverage ratio = 125%	Bond Cost of Issuance and Reserve Fund = 11.5%
Bond Term =30 years	Bond Coupon Rate = 5%

Bonds will be issued as necessary to ensure that adequate proceeds are available to fund the capital replacement program requirements of the District in any given year. In addition, the bond issuance amounts will be sufficient to provide an ending Capital Replacement Fund balance in fiscal year 2029-2030 of approximately $500,000. This is necessary to insure that there will be a reasonable level of funds in the account to carry forward into years beyond the study period, where model assumptions such as O&M cost inflation, construction cost indices and rate escalations become more speculative.

V. Cost Allocation

Annual operating revenues for the District consist of rate revenue, ad valorem property taxes, revenue from use of money and property, and estimated capacity fee revenues. The largest component of annual revenue is revenue from rates. The rate assigned to the various land uses is based on the relative contribution to total sewage flow from the corresponding land use into the collection system.

As described in Section I, the District provides sewer collection services and delivers sewage to MRWPCA for treatment. Therefore, the District's cost of service is related solely to quantity of flow. A cost allocation that is based on estimated sewage flow allocates costs equitably to users. Such a cost allocation would also meet a requirement of Proposition 218, which provides that: "The amount of fee or charge imposed on any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to that parcel."

The annual costs of services will be allocated by, and sewer rates will be based on, an Equivalent Dwelling Unit ("EDU") methodology, where sewer flow will serve as the unit of comparison. The estimated sewer flow for each land use is compared as a ratio of that value to the flow for a residential dwelling unit. This ratio is defined as the EDU factor. Average flow rates by land use were taken from the MRWPCA Codified Ordinance for Sewer Service User Fee Rates and Capacity Charges dated July 1, 2014. MRWPCA's flow rates are agency-wide averages and are not specific to the District; however, based on discussions with Wallace Group, DTA has used MRWPCA's average flow rates because they are a reasonable approximation of the District's flow rates.

The estimated flow rate for a residential dwelling unit (1.00 EDU), as provided by MRWPCA for the MRWPCA service area, is 189 gallons per day ("GPD"). The EDUs for each land use class represent the relative flow rate for such land use class, as compared to the flow rate for the residential dwelling unit. For example, a motel/hotel room with estimated flow of 82 GPD, as compared to a residential dwelling unit with 189 GPD, would be expressed as 0.43 EDUs (82 GPD divided by 189 GPD) as shown in Table 2 of Exhibit A. Consequently, the sewer rate charged per motel/hotel room would be 0.43 times the amount charged for a residential unit. Please note that certain customers considered "special users" which are not classified under MRWPCA's standard land use classes, are charged by MRWPCA annually based on actual water usage, which is considered a proxy for sewer flow rate.

Based on discussions with MRWPCA, MRWPCA reviews their parcel land uses once per year, but only updates the land use information for specific parcels if the District provides new information for said parcels.

The various land uses that are used in this analysis are consistent with the land use categories used by MRWPCA as shown in Tables 1, 2, and 3 of Exhibit A. MRWPCA provided data regarding existing customers along with the appropriate usage factors by various land use categories within the SCSD service area. These customer counts were then multiplied by their corresponding EDU factors, calculating an aggregate EDU count of 10,841, as shown in Table 2 of Exhibit A.

VI. FINANCIAL MODEL

Article XIII D of the California Constitution requires that revenue from rates match costs. DTA has developed a sewer financial model ("Rate Model") found in Appendix B, which demonstrates that annual revenues from rates and ad valorem property taxes match the Districts annual expenses, using constant annual rate increases and bond financing at strategic locations in time to match revenues to expenses.

An estimate of the annual revenue from rates is determined by multiplying the annual rate per EDU by the total EDU's in the given year. The initial rate is equal to the current rate for a single family unit (1 EDU) or $12.94 per EDU. The rate is then escalated every year thereafter by 5%. This escalation rate, in combination with bond financing, is necessary to meet annual operating expenses, capital replacement fund requirements and annual debt service. Based on the Rate Model, the net revenue before debt service (revenue less operational expenses) will fund the capital replacement program and maintain the various reserve levels over the fifteen year study period. The fifteen year time period was chosen to match the timing of needed capital replacement projects with the available cash flow and bonding capacity of the District.

Existing average sewage flow data and average flow by land use was provided by MRWPCA. Operation and maintenance expenses were provided by the District, as well as the timing and magnitude of capital replacement and capital outlay projects, and the level of existing fund balances.

The key Rate Model assumptions are as follows:

- The source of rate revenues consist only of users within the District.
- Beginning year operation and maintenance costs were provided by the District. In subsequent years the annual cost is escalated 3% each year.
- The magnitude and timing of annual Capital Outlay costs were provided by the District at current cost levels. The costs were then escalated at 3% per year. Capital Outlay costs will be paid out of rate revenue.
- The magnitude and timing of annual Capital Replacement costs were provided by the District at current cost levels. The costs were then escalated at 3% per year. Capital Replacement costs will be paid for from a combination of rate revenue and bond financing.
- Annual bond payments will be made from District revenue, including rate revenue and the contribution from ad valorem taxes.
- The Rate Stabilization Reserve Fund is capped at $200,000.
- The Operating Contingency Fund balance is capped at $500,000.
- Annual rate increases at 5% per year throughout the study period.
- Bond proceeds are based on coupon rate of 5% over 30 years, cost of issuance equal to 5% and bond reserve fund equal to 6.51% and maintaining a 125% debt service ratio.
- Bond amounts and timing requirements are as necessary to prevent any negative balances in the Capital Replacement Fund in any given year in the study period.

- Net growth in EDUs over the study period is negligible.

The key Rate Model objectives are as follows:

- Fully fund operation and maintenance, debt service and reserve balances from rate revenue and ad valorem contributions.
- Fully fund all 10 projects on the Capital Outlay list from rate revenue.
- Fully Fund all 21 projects on the Capital Replacement list from rate revenue and bonded indebtedness.
- Provide a Capital Replacement Fund balance of approximately $500,000 at the end of the study period available to carry forward into years beyond the study period.

Although there are many, if not infinite, combinations of pay-as-you-go and debt financing combinations that meet the objectives of the District's financial needs, the preferred alternative is one that assumes a modest increase in rates over the study period that is acceptable to the rate payer, while not exceeding the capacity of the District to repay debt, as defined by the bond holder's debt service ratio requirements and prudent financial management. The Rate Model demonstrates that revenues can match revenue requirements on an annual basis over the study period by:

1. Escalating rates at 5% per annum throughout the study period
2. Issuing $4,100,000 in sewer revenue bonds in FY 2018-2019
3. Issuing $4,100,000 in sewer revenue bonds in FY 2021-2022
4. Issuing $3,850,000 in sewer revenue bonds in FY 2024-2025

VII. PROPOSED RATE STRUCTURE

In order to meet revenue requirements as projected over the next five years, DTA recommends an annual increase in the sewer rate per EDU, as summarized in Table VII-1 below. The recommended rate structure by land use class for years one through five is shown in Exhibit A (Table 3) herein. Table IV-2 below details the annual percentage change in the monthly sewer rate per EDU for each fiscal year for the first five years.

TABLE VII-1
Monthly Sewer Rate Per EDU

	Current	**Effective July 1, 2017**	**Effective July 1, 2018**	**Effective July 1, 2019**	**Effective July 1, 2020**	**Effective July 1, 2021**
Rate per month per EDU	$12.94	$13.59	$14.27	$14.98	$15.73	$16.52

TABLE IV-2
Annual Change of Sewer Rate

	July 1, 2017	**July 1, 2018**	**July 1, 2019**	**July 1, 2020**	**July 1, 2021**
Annual Change in Rate	5%	5%	5%	5%	5%

VIII. CONCLUSION/ NEXT STEPS

As shown in the Rate Model in Exhibit B, in order to meet the sewer collection system revenue requirements as projected over the next 15 years, the District must increase the sewer rate and sell revenue bonds within the study period. The District explored many different combinations of rate increases, bond issuance and timing of capital replacement projects. The recommendations included herein represent the direction provided by the District Board of Directors on December 13, 2016.

Once the District's Board of Directors approves this study, the District will need to take additional steps to implement the rate increases and authorize the issuance of bonds. Proposition 218 requires that certain noticing and hearing procedures be followed, as outlined below:

1. Noticing Requirement: The District must mail a notice of the proposed rate increase to all affected property owners or customers. The notice must specify the basis of the fee, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rate will be considered/adopted.

2. Public Hearing: The District must hold a public hearing prior to adopting the proposed rate increase. The public hearing must be held not less than 45 days after the required notices are mailed.

3. Majority Protest: At the public hearing, the proposed rate increase is subject to majority protest. If more than 50% of the affected property owners or tenant ratepayers submit written protests against the proposed rate increase, the increase cannot be adopted.

Please note that by approving this Study, the District's Board of Directors is not approving sewer revenue bonds at this time. The issuance of the sewer revenue bonds as proposed in the Study would require further analysis and Board approval in the future. The bonds would then be issued under the District's normal bond issuance process.

EXHIBIT A

TABLE 1
CURRENT SEWER RATES

Description	Category Code [1]	Units	Monthly SCSD Sewer Rate
Business/Gov't	001-099 [2]	Location/Each Business	$9.99
Residential-Vacant	101	Each Living Unit	$0.00
Residential/Apartments	102	Each Living Unit	$12.94
Residential/Apartments	105	Each Living Unit	$12.94
Residential-Vacant	106	Each Living Unit	$0.00
Condo/Retirement	107	Each Living Unit	$12.94
Minimum/Vacancy	211	Location/Each Business	$0.00
Motel/Hotel	221	Each Room	$5.62
Bed & Breakfast Inn	222	Each Room	$3.70
Supermarkets	231	Location	$54.57
Medical Office	241	Each Licensed Physician	$13.35
Dental Office	242	Each Licensed Dentist	$18.41
Rest Home/Convalescent	243	Each Bed of Licensed Capacity	$3.70
General Hospital	244	Each Bed of Licensed Capacity	$21.91
Animal Hospital	245	Location/Each Licensed Business	$24.38
Restaurant 1 meal/day	261	Each Restaurant Seat	$0.48
Restaurant 2 meals/day	262	Each Restaurant Seat	$0.75
Restaurant 3 meals/day	263	Each Restaurant Seat	$1.44
Restaurant with Bar	264	Each Restaurant Seat	$1.44
Bar	265	Location/Each Business	$21.70
Nightclub	266	Location/Each Business	$65.04
Takeout Food - Small	267	1 Cash Register or Checkout Line	$24.24
Takeout Food - Medium	268	2 or 3 Cash Registers or Checkout Lines	$59.63
Takeout Food - Large	269	4 or More Cash Registers or Checkout Lines	$108.72
Bakery	270	Location/Each Business	$19.66
Theater	281	Per Screen @ Each Location	$32.25
Bowling Center	282	Location/Each Business	$98.11
Gym	283-289 [3]	Per 500 members	$9.99
Mortuary	290	Location/Each Business	$26.50
School (Minimum)	291	Location/Each Business	$9.99
School (Grades 0-6)	292	School Population	$0.14
School (7-College)	293	School Population	$0.27
Boarding School	294	School Population	$2.74
Instructional Facility	295	Location/Each Business	$9.99
Church	296-297 [4]	Per 100 members	$9.99
Photo / Laboratory / Printer	301-326 [2]	Per 10 employees	$9.99
Service Station/Garage	331-332	Location/Each Business	$9.59
Paint and Body Shops	341-346 [2]	Per 10 employees	$9.99
Commercial Laundry	352	Per 100 GPD of water usage	$6.85
Dry Cleaner	353	Location/Each Business	$33.07
Laundromat	354	Each Washing Machine	$8.70
Major Hotel	361	Per 100 GPD of water usage	$6.85
Car Wash	366	Per 100 GPD of water usage	$6.85
Special User	401	Per 100 GPD of water usage	$6.85
Rec Sports Facility	407	Per 100 GPD of water usage	$6.85
Ground Water	410	Per 100 GPD of water usage	$6.85

[1] Category established by Monterey Regional Water Pollution Control Agency.
[2] Sewer rate increases by $9.99 for every 10 employees.
[3] Sewer rate increases by $9.99 for every 500 members.
[4] Sewer rate increases by $9.99 for over 100 members.

TABLE 2
EDU FACTORS

Description	Category Code [1]	Units	Existing Units/Users [2] Del Rey Oaks	Seaside	Sand City	GPD Avg. Flow [2]	EDU Factor	Total EDUs
Business/Govt	001-099	Location/Each Business	33	349	159	146	0.77	418
Residential-Vacant	101	Each Living Unit	0	11	1	0	0.00	0
Residential/Apartments	102	Each Living Unit	546	5,257	56	189	1.00	5,859
Residential/Apartments	105	Each Living Unit	19	2,768	50	189	1.00	2,837
Residential-Vacant	106	Each Living Unit	0	3	0	0	0.00	0
Condo/Retirement	107	Each Living Unit	147	173	61	189	1.00	381
Minimum/Vacancy	211	Location/Each Business	1	64	20	0	0.00	0
Motel/Hotel	221	Each Room	0	478	0	82	0.43	207
Bed & Breakfast Inn	222	Each Room	0	0	0	54	0.29	0
Supermarkets	231	Location	1	6	2	797	4.22	38
Medical Office	241	Each Licensed Physician	1	17	1	195	1.03	20
Dental Office	242	Each Licensed Dentist	1	11	1	269	1.42	19
Rest Home/Convalescent	243	Each Bed of Licensed Capacity	0	108	0	54	0.29	31
General Hospital	244	Each Bed of Licensed Capacity	0	0	0	320	1.69	0
Animal Hospital	245	Location/Each Licensed Business	1	0	0	356	1.88	2
Restaurant 1 meal/day	261	Each Restaurant Seat	90	108	0	7	0.04	7
Restaurant 2 meals/day	262	Each Restaurant Seat	0	1,381	189	11	0.06	91
Restaurant 3 meals/day	263	Each Restaurant Seat	0	153	0	21	0.11	17
Restaurant with Bar	264	Each Restaurant Seat	174	763	0	21	0.11	104
Bar	265	Location/Each Business	1	6	0	317	1.68	12
Nightclub	266	Location/Each Business	0	0	0	950	5.03	0
Takeout Food - Small	267	1 Cash Register or Checkout Line	7	28	7	354	1.87	79
Takeout Food - Medium	268	2 or 3 Cash Registers or Checkout Lines	1	10	2	871	4.61	60
Takeout Food - Large	269	4 or More Cash Registers or Checkout Lines	1	2	2	1,588	8.40	42
Bakery	270	Location/Each Business	1	7	4	287	1.52	18
Theater	281	Per Screen @ Each Location	0	0	0	471	2.49	0
Bowling Center	282	Location/Each Business	0	0	0	1,433	7.58	0
Gym	283-289	Per 500 members	0	1	3	146	0.77	3
Mortuary	290	Location/Each Business	0	2	0	387	2.05	4
School (Minimum)	291	Location/Each Business	0	7	0	146	0.77	5
School (Grades 0-6)	292	School Population	0	1,497	0	2	0.01	16
School (7-College)	293	School Population	0	597	0	4	0.02	13
Boarding School	294	School Population	0	0	0	40	0.21	0
Instructional Facility	295	Location/Each Business	0	3	2	146	0.77	4
Church	296-297	Per 100 members	1	30	0	146	0.77	24
Photo / Laboratory / Printer	301-326	Per 10 employees	1	7	1	146	0.77	7
Service Station/Garage	331-332	Location/Each Business	2	45	12	140	0.74	44
Paint and Body Shops	341-346	Per 10 employees	2	13	6	146	0.77	16
Commercial Laundry	352 [3]	Per 100 GPD of water usage	0	0	1	100	0.53	NA
Dry Cleaner	353	Location/Each Business	0	2	0	483	2.56	5
Laundromat	354	Each Washing Machine	0	116	0	127	0.67	78
Major Hotel	361 [3]	Per 100 GPD of water usage	0	1	0	100	0.53	NA
Car Wash	366 [3]	Per 100 GPD of water usage	1	2	1	100	0.53	NA
Special User	401 [3]	Per 100 GPD of water usage	0	2	1	100	0.53	NA
Rec Sports Facility	407 [3]	Per 100 GPD of water usage	0	3	0	100	0.53	NA
Ground Water	410 [3]	Per 100 GPD of water usage	0	0	0	100	0.53	NA
Special User		Average Rate Shown [4]				71,918	380.52	381
							Total EDUs	**10,841**

[1] Category established by Monterey Regional Water Pollution Control Agency.
[2] Based on information provided by Monterey Regional Water Pollution Control Agency.
[3] The EDUs for this category are included in Special User Category.

TABLE 3
RECOMMENDED SEWER RATES FY 2017-2018 THROUGH FY 2021-2022

Description	Category Code [1]	Units	Sewer Rate per Month [2]				
			FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Business/Govt	001-099 [3]	Location/Each Business	$10.50	$11.02	$11.57	$12.15	$12.76
Residential-Vacant	101	Each Living Unit	$0.00	$0.00	$0.00	$0.00	$0.00
Residential/Apartments	102	Each Living Unit	$13.59	$14.27	$14.98	$15.73	$16.52
Residential/Apartments	105	Each Living Unit	$13.59	$14.27	$14.98	$15.73	$16.52
Residential-Vacant	106	Each Living Unit	$0.00	$0.00	$0.00	$0.00	$0.00
Condo/Retirement	107	Each Living Unit	$13.59	$14.27	$14.98	$15.73	$16.52
Minimum/Vacancy	211	Location/Each Business	$0.00	$0.00	$0.00	$0.00	$0.00
Motel/Hotel	221	Each Room	$5.89	$6.19	$6.50	$6.82	$7.17
Bed & Breakfast Inn	222	Each Room	$3.88	$4.08	$4.28	$4.49	$4.72
Supermarkets	231	Location	$57.30	$60.16	$63.17	$66.33	$69.64
Medical Office	241	Each Licensed Physician	$14.02	$14.72	$15.46	$16.23	$17.04
Dental Office	242	Each Licensed Dentist	$19.34	$20.31	$21.32	$22.39	$23.51
Rest Home/Convalescent	243	Each Bed of Licensed Capacity	$3.88	$4.08	$4.28	$4.49	$4.72
General Hospital	244	Each Bed of Licensed Capacity	$23.00	$24.15	$25.36	$26.63	$27.96
Animal Hospital	245	Location/Each Licensed Business	$25.59	$26.87	$28.22	$29.63	$31.11
Restaurant 1 meal/day	261	Each Restaurant Seat	$0.50	$0.53	$0.55	$0.58	$0.61
Restaurant 2 meals/day	262	Each Restaurant Seat	$0.79	$0.83	$0.87	$0.92	$0.96
Restaurant 3 meals/day	263	Each Restaurant Seat	$1.51	$1.59	$1.66	$1.75	$1.84
Restaurant with Bar	264	Each Restaurant Seat	$1.51	$1.59	$1.66	$1.75	$1.84
Bar	265	Location/Each Business	$22.79	$23.93	$25.12	$26.38	$27.70
Nightclub	266	Location/Each Business	$68.29	$71.71	$75.29	$79.06	$83.01
Takeout Food - Small	267	1 Cash Register or Checkout Line	$25.45	$26.72	$28.06	$29.46	$30.93
Takeout Food - Medium	268	2 or 3 Cash Registers or Checkout Lines	$62.62	$65.75	$69.03	$72.48	$76.11
Takeout Food - Large	269	4 or More Cash Registers or Checkout Lines	$114.16	$119.87	$125.86	$132.15	$138.76
Bakery	270	Location/Each Business	$20.63	$21.66	$22.75	$23.88	$25.08
Theater	281	Per Screen @ Each Location	$33.86	$35.55	$37.33	$39.20	$41.16
Bowling Center	282	Location/Each Business	$103.02	$108.17	$113.58	$119.25	$125.22
Gym	283-289 [4]	Per 500 members	$10.50	$11.02	$11.57	$12.15	$12.76
Mortuary	290	Location/Each Business	$27.82	$29.21	$30.67	$32.21	$33.82
School (Minimum)	291	Location/Each Business	$10.50	$11.02	$11.57	$12.15	$12.76
School (Grades 0-6)	292	School Population	$0.14	$0.15	$0.16	$0.17	$0.17
School (7-College)	293	School Population	$0.29	$0.30	$0.32	$0.33	$0.35
Boarding School	294	School Population	$2.88	$3.02	$3.17	$3.33	$3.50
Instructional Facility	295	Location/Each Business	$10.50	$11.02	$11.57	$12.15	$12.76
Church	296-297 [5]	Per 100 members	$10.50	$11.02	$11.57	$12.15	$12.76
Photo / Laboratory / Printer	301-326 [3]	Per 10 employees	$10.50	$11.02	$11.57	$12.15	$12.76
Service Station/Garage	331-332	Location/Each Business	$10.06	$10.57	$11.10	$11.65	$12.23
Paint and Body Shops	341-346 [3]	Per 10 employees	$10.50	$11.02	$11.57	$12.15	$12.76
Commercial Laundry	352	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Dry Cleaner	353	Location/Each Business	$34.72	$36.46	$38.28	$40.20	$42.21
Laundromat	354	Each Washing Machine	$9.13	$9.59	$10.07	$10.57	$11.10
Major Hotel	361	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Car Wash	366	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Special User	401	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Rec Sports Facility	407	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Ground Water	410	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
		Annual Percentage Increase	5.00%	5.00%	5.00%	5.00%	5.00%

[1] Category established by Monterey Regional Water Pollution Control Agency.
[2] If approved, sewer rates shown would be effective as of July 1 of each year.
[3] For FY 17-18, sewer rate increases by $10.50 for every 10 employees. Escalates by 5% thereafter.
[4] For FY 17-18, sewer rate increases by $10.50 for every 500 members. Escalates by 5% thereafter.
[5] For FY 17-18, sewer rate increases by $10.50 for over 100 members. Escalates by 5% thereafter.

EXHIBIT B

FINANCIAL MODEL

Note			[6]													
Study Year Number	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Fiscal Year	**2015-2016**	**2016-2017**	**2017-2018**	**2018-2019**	**2019-2020**	**2020-2021**	**2021-2022**	**2022-2023**	**2023-2024**	**2024-2025**	**2025-2026**	**2026-2027**	**2027-2028**	**2028-2029**	**2029-2030**
$ Per EDU (Monthly)	$12.94	$12.94	$13.59	$14.27	$14.98	$15.73	$16.52	$17.34	$18.21	$19.12	$20.07	$21.08	$22.13	$23.24	$24.40

I. OPERATIONS

OPERATING REVENUE															
SCSD Rate Revenue	$ 1,683,345	$ 1,683,345	$ 1,767,512	$ 1,855,887	$ 1,948,682	$ 2,046,116	$ 2,148,422	$ 2,255,843	$ 2,368,635	$ 2,487,067	$ 2,611,420	$ 2,741,991	$ 2,879,090	$ 3,023,045	$ 3,174,197
Property Taxes [1]	$ 390,000	$ 400,000	$ 408,000	$ 416,160	$ 424,483	$ 432,973	$ 441,632	$ 450,465	$ 459,474	$ 468,664	$ 478,037	$ 487,598	$ 497,350	$ 507,297	$ 517,443
Use of money and property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Estimated Capacity Fee Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Revenue:	$ 2,073,345	$ 2,083,345	$ 2,175,512	$ 2,272,047	$ 2,373,165	$ 2,479,089	$ 2,590,054	$ 2,706,308	$ 2,828,109	$ 2,955,730	$ 3,089,457	$ 3,229,589	$ 3,376,440	$ 3,530,342	$ 3,691,640
OPERATIONAL EXPENSES:															
Sewer Operations and Maintenance [5]	$ 1,166,000	$ 1,195,000	$ 1,326,000	$ 1,365,780	$ 1,406,753	$ 1,448,956	$ 1,492,425	$ 1,537,197	$ 1,583,313	$ 1,630,813	$ 1,679,737	$ 1,730,129	$ 1,782,033	$ 1,835,494	$ 1,890,559
Capital Outlay [2]	$ 552,872	$ 691,716	$ 504,386	$ 88,591	$ 71,579	$ 93,986	$ 5,796	$ 27,463	$ 6,149	$ 29,136	$ 6,524	$ 30,910	$ 6,921	$ 32,793	$ 7,343
Total Operational Expenses:	$ 1,718,872	$ 1,886,716	$ 1,830,386	$ 1,454,371	$ 1,478,333	$ 1,542,942	$ 1,498,221	$ 1,564,661	$ 1,589,463	$ 1,659,948	$ 1,686,261	$ 1,761,039	$ 1,788,954	$ 1,868,287	$ 1,897,902
NET OPERATING REVENUE BEFORE DEBT SERVICE	$ 354,473	$ 196,629	$ 345,125	$ 817,677	$ 894,832	$ 936,147	$ 1,091,833	$ 1,141,647	$ 1,238,646	$ 1,295,782	$ 1,403,196	$ 1,468,549	$ 1,587,486	$ 1,662,055	$ 1,793,738
DEBT SERVICE:															
1st Bond Issue				$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711
2nd Bond Issue							$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711
3rd Bond Issue										$250,448	$250,448	$250,448	$250,448	$250,448	$250,448
Total Debt Service	$ -	$ -	$ -	$ 266,711	$ 266,711	$ 266,711	$ 533,422	$ 533,422	$ 533,422	$ 783,870	$ 783,870	$ 783,870	$ 783,870	$ 783,870	$ 783,870
NET OPERATING REVENUE AFTER DEBT SERVICE	**$ 354,473**	**$ 196,629**	**$ 345,125**	**$ 550,966**	**$ 628,121**	**$ 669,436**	**$ 558,411**	**$ 608,225**	**$ 705,225**	**$ 511,912**	**$ 619,326**	**$ 684,679**	**$ 803,616**	**$ 878,185**	**$ 1,009,868**
Less:															
Contribution to Rate Stabilization Reserves			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution to Capital Replacement Reserves		$ 196,629	$ 345,125	$ 550,966	$ 628,121	$ 669,436	$ 558,411	$ 608,225	$ 705,225	$ 511,912	$ 619,326	$ 684,679	$ 803,616	$ 878,185	$ 1,009,868
BUDGET SURPLUS (DEFICIT)	**$ 354,473**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

II. FUND BALANCES

Operating Contingency Fund Balances:		$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000
Rate Stabilization Reserve Fund Balances:															
Beginning of Fiscal Year		$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
Budget Surplus (Deficit)		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution to Reserve Balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
End of Fiscal Year		$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
Capital Replacement Fund Balance:															
Beginning Fund Balance [3] [7]		$5,586,000	$ 2,426,440	$ 1,376,362	$ 3,227,718	$ 1,521,216	$ 27,050	$ 1,699,867	$ 1,065,433	$ 39,311	$ 1,908,846	$ 949,481	$ 3,026	$ 377,544	$ 815,631
Contribution to Capital Replacement Reserves		$ 196,629	$ 345,125	$ 550,966	$ 628,121	$ 669,436	$ 558,411	$ 608,225	$ 705,225	$ 511,912	$ 619,326	$ 684,679	$ 803,616	$ 878,185	$ 1,009,868
Interest Earnings on Fund Balance		$ -	$ 12,132	$ 6,882	$ 16,139	$ 7,606	$ 135	$ 8,499	$ 5,327	$ 197	$ 9,544	$ 4,747	$ 15	$ 1,888	$ 4,078
Bond Issuance		$ -	$ -	$ 3,628,289	$ -	$ -	$ 3,628,289	$ -	$ -	$ 3,407,250	$ -	$ -	$ -	$ -	$ -
Less use of funds [4]		$ (3,356,189)	$ (1,407,335)	$ (2,334,781)	$ (2,350,762)	$ (2,171,208)	$ (2,514,019)	$ (1,251,158)	$ (1,736,674)	$ (2,049,824)	$ (1,588,235)	$ (1,635,882)	$ (429,112)	$ (441,986)	$ (1,289,887)
Ending Fund Balance		**$ 2,426,440**	**$ 1,376,362**	**$ 3,227,718**	**$ 1,521,216**	**$ 27,050**	**$ 1,699,867**	**$ 1,065,433**	**$ 39,311**	**$ 1,908,846**	**$ 949,481**	**$ 3,026**	**$ 377,544**	**$ 815,631**	**$ 539,691**
Fund Requirements															
Contribution to CIP Fund as a Percentage of Revenue [9]		9.44%	15.86%	24.25%	26.47%	27.00%	21.56%	22.47%	24.94%	17.32%	20.05%	21.20%	23.80%	24.88%	27.36%
Net Revenue (before debt service) to Debt Service Ratio (125% min)		N/A	N/A	306.58%	335.51%	351.00%	204.68%	214.02%	232.21%	165.31%	179.01%	187.35%	202.52%	212.03%	228.83%
Capital outlay as a percentage of revenue (5%min) [8]		26.67%	33.20%	23.18%	3.90%	3.02%	3.79%	0.22%	1.01%	0.22%	0.99%	0.21%	0.96%	0.20%	0.93%
15 year average - capital outlay v. revenue [8]	**5.20%**														

III. BOND AND RATE ESCALATION ASSUMPTIONS:

Base Annual rate increase (%) (thru Year 5) =	NA	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
O&M Inflation=	3.00%														
rate stabilization threshold=	$200,000														
Property Tax Increase starting in Year 3=	2.00%														
Annual Capital Costs increase (%)=	3.00%														
Annual Interest Earnings on Fund Balance (%)=	0.50%														
initial rate increase	5.00%														
Operating Contingency Fund Balance	$500,000														

Total EDU's =	10,841					
Year 1 $ per EDU (monthly) =	$12.94					
		First Issuance		Second Issuance		Third Issuance
		AVERAGE COUPON	5.00%	AVERAGE COUPON	5.00%	AVERAGE COUPON 5.00%
		BOND TERM (YEARS)	30	BOND TERM (YEARS)	30	BOND TERM (YEARS) 30
		COST OF ISSUANCE	5.00%	COST OF ISSUANCE	5.00%	COST OF ISSUANCE 5.00%
		RESERVE FUND	6.51%	RESERVE FUND	6.51%	RESERVE FUND 6.50%
		CAPITALIZED INTEREST (12 MONTHS)	0.00%	CAPITALIZED INTEREST (12 MONTHS)	0.00%	CAP'D INTEREST (12 MONTHS) 0.00%
		Bond Amount	**$4,100,000**	Bond Amount	**$4,100,000**	Bond Amount **$3,850,000**
		Bond Proceeds	$3,628,289	Bond Proceeds	$3,628,289	Bond Proceeds $3,407,250
		Bond Issuance in Study year	**3**	Bond Issuance in Study year	**6**	Bond Issuance in Study year **9**
		Annual Payment	$266,711	Annual Payment	$266,711	Annual Payment $250,448
		Max Bond Amount	$10,055,755	Max Bond Amount	$9,327,317	Max Bond Amount $7,735,474
						Total Project Bond Amount $12,050,000
						Total Project Bond Proceeds $10,663,828

Notes:

[1] Based on 2016 amounts from page 110 of 15-16 District Budget for study year 1. Escalated anually thereafter.

[2] Based on District provided time line list of Capital Outlay Projects

[3] Beginning fund balance for study year 1 based on District provided data. All subsequent beginning balances are carried over from respective previous year.

[4] Based on cost information provided by the District 11/3/16 and escalated for inflation. All projects through FY 2029-2030 are funded

[5] O&M costs for FY 2015-2016 through 2017-2018 based on budget information provided by the District 4/28/16. Costs are escalated each year thereafter

[6] Assumes a rate increase on July 1, 2017 and all subsequent increases on July 1 of each fiscal year thereafter.

[7] Pursuant to SCSD Resolution SD-217 as amended by Resolution on August 10, 2004, the District shall maintain reserve balance of $15,000 to be used fund the defense and administrative costs related to the resolution of claims against the District The beginning CIP fund balance is the net after subtracting out the required insurance fund balance.

[8] SCSD Resolution SD-215 requires that 5% of the annual operating fund be earmarked for capital outlay projects. On an annual basis over the study period, the average annual rate is 5.34%.

[9] SCSD Resolution SD-216 requires that 10% of the annual operating fund be earmarked for captal improvement projects. This requirement is exceeded in each of the study years beyond FY 2017-2018

EXHIBIT C

CAPITAL IMPROVEMENT COSTS

CIP TIME LINE (unescalated)

Project Number		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Project Costs Funded	Project Costs Not Funded	Total Project Costs
		2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030			
1	Del Monte Lift Station	$ 118,471	$ 1,311,029														$ 1,429,500	$ -	$ 1,429,500
2	Rosita Lift Station	$ 4,725	$ 115,090														$ 119,815	$ -	$ 119,815
3	942 Angeles Way Sewer	$ 28,528	$ 373,972														$ 402,500	$ -	$ 402,500
4	Del Rey Park Sewer Line		$ 120,120	$ 345,345													$ 465,465	$ -	$ 465,465
5	Del Monte Blvd. Sewer Line			$ 265,000	$ 1,582,755												$ 1,847,755	$ -	$ 1,847,755
6	Military Lift Station Replacement	$ 62,694	$ 810,421														$ 873,115	$ -	$ 873,115
7	Fremont Blvd. Sewer	$ 873	$ 615,557			$ 168,000	$ 1,166,090										$ 1,950,520	$ -	$ 1,950,520
8	Luzern Street Sewer Line				$ 75,000	$ 533,530											$ 608,530	$ -	$ 608,530
9	La Salle Avenue Sewer Line					$ 906,750											$ 906,750	$ -	$ 906,750
10	Tioga Lift Station Upgrade										$ 284,650					$ 284,650	$ 569,300	$ -	$ 569,300
11	Birch Avenue Sewer Line							$ 759,615									$ 759,615	$ -	$ 759,615
12	Root Intrusion Replacements	$ 14,750		$ 543,000	$ 543,000	$ 543,000	$ 543,000	$ 543,000	$ 543,000	$ 543,000	$ 543,000	$ 543,000	$ 543,000				$ 5,444,750	$ -	$ 5,444,750
13	Brick Manhole Inspection								$ 228,050	$ 228,050							$ 456,100	$ -	$ 456,100
14	Drop Manhole Inspection								$ 276,775	$ 276,775							$ 553,550	$ -	$ 553,550
15	Manhole Lid Replacements										116250					116250	$ 232,500	$ -	$ 232,500
16	Rod Hole Replacement									$ 364,250	$ 364,250	$ 364,250	$ 364,250				$ 1,457,000	$ -	$ 1,457,000
17	New Manhole Installation	$ 50,099									$ 310,000	$ 310,000	$ 310,000	$ 310,000	$ 310,000	$ 310,000	$ 1,910,099	$ 1,809,901	$ 3,720,000
18	Canyon Del Rey Sewer line						$ 160,000	$ 403,000								62450	$ 625,450	$ -	$ 625,450
19	Highway 1 Sewer Line Cleaning	$ 9,499	$ 10,000	213000													$ 232,499	$ -	$ 232,499
20	Sutter Street Sewer Main Replacement						$ 60,000	$ 300,000								$ 105,000	$ 465,000	$ -	$ 465,000
21	Master Plan Update	$ 327,056						$ 163,000									$ 490,056	$ -	$ 490,056
	total	$ 616,695	$ 3,356,189	$ 1,366,345	$ 2,200,755	$ 2,151,280	$ 1,929,090	$ 2,168,615	$ 1,047,825	$ 1,412,075	$ 1,618,150	$ 1,217,250	$ 1,217,250	$ 310,000	$ 310,000	$ 878,350	$ 21,799,869	$ 1,809,901	$ 23,609,770

CAPITAL OUTLAY TIME LINE PROVIDED BY DISTRICT (unescalated)

Project Number		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Totals
		2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	
22	Video Inspection	$ 13,383	$ 375,000	$ 375,000													$ 750,000
23	Vehicle, Truck wiith CMS	$ 47,356															$ -
24	Vehicle, Pick Up Truck		$ 38,000														$ 38,000
25	Fee Studies Update	$ 43,542															$ -
26	Sewer System Management Plan	$ 109,335	$ 40,000		$ 18,000		$ 18,000		$ 18,000		$ 18,000		$ 18,000		$ 18,000		$ 148,000
27	Graphic Information System	$ 47,562	$ 25,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 90,000
28	LAFCO Application	$ 117,050	$ 100,000	$ 22,585													$ 122,585
31	Vactors, Lease Payments	$ 174,644	$ 113,716	$ 87,110	$ 60,505	$ 60,505	$ 60,505										$ 382,341
	subtotal	$ 552,872	$ 691,716	$ 489,695	$ 83,505	$ 65,505	$ 83,505	$ 5,000	$ 23,000	$ 5,000	$ 23,000	$ 5,000	$ 23,000	$ 5,000	$ 23,000	$ 5,000	$ 1,530,926

EXHIBIT D

Resolution SD-215 Capital Outlay Fund

Resolution SD-216 Capital Improvement Fund

Resolution SD-217 Insurance Reserve Fund

SEASIDE COUNTY SANITATION DISTRICT

Resolution No. SD-215
Establishing Policy on Capital Outlay Fund

WHEREAS, the Seaside County Sanitation District board is interested in establishing a policy for funding the purchase of major pieces of equipment out of the Capital Outlay Budget for the district; and

WHEREAS, the Seaside County Sanitation District board is interested in providing a continuing revenue source for the purchase of equipment from the Capital Outlay Fund.

NOW, THEREFORE, BE IT RESOLVED that the Seaside County Sanitation District hereby establishes a Capital Outlay Fund as a special revenue fund for all years beginning with fiscal year 1991-92; and

BE IT FURTHER RESOLVED that in order to provide a continuing revenue source for the Capital Outlay Fund, a portion of the revenues received each fiscal year in an amount equal to five percent [5%] of the operating fund revenue received each fiscal year will be placed in the Capital Outlay Fund for use on qualifying expenditures such as equipment purchases.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Seaside County Sanitation District duly held this 10th day of July, 1990, by the following vote:

AYES: Benson, Hubler

NOES: none

ABSENT: Lively

Chair, Board of Directors

Attest:

Secretary, Board of Directors

SEASIDE COUNTY SANITATION DISTRICT

Resolution No. SD-216
Establishing Policy on Capital Improvement Fund

WHEREAS, the Seaside County Sanitation District board is interested in establishing a policy for funding Capital Improvement Projects for the district; and

WHEREAS, the Seaside County Sanitation District board is interested in providing a continuing revenue source for the implementation of Capital Improvement Projects from the Capital Improvement Fund.

NOW, THEREFORE, BE IT RESOLVED that the Seaside County Sanitation District has established a Capital Improvement Fund as a special revenue fund.

BE IT FURTHER RESOLVED that in order to provide a continuing revenue source for the Capital Improvement Fund, a portion of the revenues received each fiscal year in an amount equal to ten percent [10%] of the operating fund revenue received each fiscal year will be placed in the Capital Improvement Fund for use on qualifying expenditures such as the design, construction, and inspection of capital projects, the preparation of district master plans and special studies, and the implementation of the Capital Improvement Program.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Seaside County Sanitation District duly held this 10th day of July, 1990, by the following vote:

AYES: Hubler, Benson

NOES: none

ABSENT: Lively

Chair, Board of Directors

Attest:

952 - 2451

SEASIDE COUNTY SANITATION DISTRICT

Resolution No. SD-217
Establishing Policy on Insurance Reserve Fund

WHEREAS, the Seaside County Sanitation District board is interested in establishing a policy for funding an Insurance Reserve Fund for the district; and

WHEREAS, the Seaside County Sanitation District board is interested in providing a continuing revenue source for the resolution of claims from the Insurance Reserve Fund.

NOW, THEREFORE, BE IT RESOLVED that the Seaside County Sanitation District hereby establishes an Insurance Reserve Fund as a special revenue fund for all years beginning with fiscal year 1991-92; and

BE IT FURTHER RESOLVED that in order to provide a continuing revenue source for the Insurance Reserve Fund, a portion of the revenues received each fiscal year in an amount of Thirty Five Thousand Dollars [$35,000] from the operating fund revenue received each fiscal year will be placed in the Insurance Reserve Fund for use on valid insurance claims against the district until that fund balance reaches One Hundred Five Thousand Dollars [$105,000].

Changed to FB = 15K w/ RESO. 5/10/04

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Seaside County Sanitation District duly held this 10th day of July, 1990, by the following vote:

AYES: Benson, Hubler

NOES: none

ABSENT: Lively

Chair, Board of Directors

Attest:

RESOLUTION No. 17

A RESOLUTION OF THE BOARD OF THE SEASIDE COUNTY SANITATION DISTRICT AMENDING RESOLUTION SD-217

WHEREAS, in July 1990, the Seaside County Sanitation District Board adopted Resolution SD-217 establishing an Insurance Fund with a reserve balance of $105,000; and

WHEREAS, the Seaside County Sanitation District Board joined the California Joint Powers Insurance Authority (CJPIA) in October 2003; and

WHEREAS, the CJPIA insurance program has reduced the need for significant insurance reserves.

NOW, THEREFORE BE IT RESOLVED that the Seaside County Sanitation District amends Resolution SD-217 to change the insurance reserve requirement to $15,000.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Seaside County Sanitation District duly held this ~~10th~~ 14th day of ~~August~~ September 2004 by the following vote:

AYES: Smith, Pendergrass, Buckley--Smith

NOES:

ABSENT:

Chair, Board of Directors

Attest:

Secretary, Board of Directors

RESOLUTION NO. 17-

A RESOLUTION OF THE SEASIDE COUNTY SANITATION DISTRICT ACCEPTING THE SEWER RATE STUDY AND APPROVING THE NOTICE OF PUBLIC HEARING IN CONNECTION WITH THE PROPOSED SEWER RATE CHANGE AND SETTING THE PUBLIC HEARING DATE FOR CONSIDERATION OF THE PROPOSED RATE CHANGE.

WHEREAS, the Seaside County Sanitation District (District) completed a Sewer Rate Study (the Rate Study) that reviewed the current rate structure and recommend changes to the rate structure; and

WHEREAS, the Rate Study documents the legal justification for imposing the recommended sewer user fee rate structure; and

WHEREAS, the Rate Study recommends a rate structure for the various customer classes that is balanced with the projected revenue requirements; and

WHEREAS, the Notice of Public Hearing identifies the parcels upon which the proposed fees are to be imposed, and the amount of the fee to be imposed upon each customer, the basis upon which the amount of the proposed fee or charge was calculated, the reason for the fee change, and the date, time, and location of a public hearing on the proposed fee; and

WHEREAS, the Notice of Public Hearing will be mailed to the record owner of each identified parcel; and

WHEREAS, the Notice of Public Hearing establishes 9:30 am on April 11, 2017 a public hearing will be held by the District Board at the City of Seaside Council Chambers.

NOW, THEREFORE BE IT RESOLVED, that the Seaside County Sanitation District accept the Sewer Rate Study dated January 10, 2017 conducted by David Taussig & Associates, Inc., and approve the Notice of Public Hearing attached hereto in connection with the proposed sewer rate change and set a public hearing date for consideration of the proposed rate change as April 11, 2017 or as soon as practicable but not less than 45 days after the mailing date of said notice.

PASSED AND ADOPTED at a regular meeting of the Seaside County Sanitation District duly held on the 14th day of February 2017 by the following vote:

AYES: BOARD MEMBERS:
NOES: BOARD MEMBERS:
ABSENT: BOARD MEMBERS:
ABSTAIN: BOARD MEMBERS:

ATTEST:

_____	_____
Lesley Milton-Rerig	Ralph Rubio, Chair
District Clerk	Seaside County Sanitation District

Seaside County Sanitation District
Notice of Public Hearing

In connection with the proposed sewer collection system rate increase

Public Hearing: April 11, 2017 at 9:30 a.m.

Seaside County Sanitation District
City of Seaside Council Chambers
440 Harcourt Avenue
Seaside, CA 93955

Affected Parcel <APN>

The Seaside County Sanitation District ("District") Manager has filed with the District Board a Sewer Rate Study that describes the capital improvement program as well as a proposed increase in the District's Sewer Collection System User Fees (the "Sewer Rates"). Sewer Rate revenues are used to pay for sewer collection system operations and maintenance and recommended capital improvement projects required to meet current federal, state, and District standards. The improvements recommended are more fully described in the Sewer Rate Study, adopted by the District Board on February 14, 2017. The proposed Sewer Rates per month are shown on Exhibit A. As indicated on Exhibit A the proposed Sewer Rates will go into effect on July 1, 2017 and increase on July 1 every year through July 1, 2021.

Public Notice Requirement to Property Owners

Article XIII D, Section 6 of the California Constitution (Proposition 218), requires a notification be sent to the sewer customer and/or owner of each identified parcel, upon which any increases in Sewer Rates are being proposed for adoption by the District, 45 days in advance of the public hearing.

As customer of record and/or owner of real property within the District subject to the Sewer Rate, you are hereby advised that at 9:30 a.m. on April 11, 2017 a public hearing will be held by the District Board at the City of Seaside Council Chambers located at 440 Harcourt Avenue, Seaside, CA 93955 to consider adoption of a resolution modifying the Sewer Rates for residential and non-residential customers. At the conclusion of the public hearing, the District Board shall make its determination on the amount of the Sewer Rate for real property within the District. The District Board's determination shall be final.

To Protest the Proposed Rate Increase, You Must Submit a Written Letter of Protest

If you oppose the proposed Sewer Rate increase, your protest must be submitted in writing to be considered, even if you plan to attend the public hearing. Your written protest must be received by the District prior to the close of the public comment period at the April 11, 2017 public hearing.

You may use the written protest form included as Exhibit B if you wish to protest the proposed Sewer Rate increase. All protests must contain the following information: 1) a description of the property, such as the address and/or assessor parcel number; and 2) whether you are the property owner of record or a tenant. Please note that if you were not the owner of the property as of the County of Monterey's last tax roll, please include written confirmation that you presently own the property.

The District Board will consider all protests against the proposed Sewer Rate increase. If written protests against the proposed increase are presented by the majority of property owners, the District Board will not impose the increase. If there is no majority protest and should the District Board adopt the proposed Sewer Rates, such Sewer Rates shall become effective on or about September 1, 2017.

Reason For Changed Sewer Rates

The Sewer Rates charged by the District are changing as a result of the District's need for new facilities as described in further detail below:

- New Facilities: Per the Sewer Rate Study adopted by the District Board on February 14, 2017, District sewer collection facilities are recommended to be upgraded to meet current federal, state, and District standards. These capital improvement projects address deficiencies in the existing sewer collection system as a result of existing development. In addition to the capital improvement projects, the Sewer Rate Study identifies costs to operate and maintain the District's sewer collection system efficiently and responsibly and to meet current federal and state monitoring and reporting requirements.

Basis For Changed Sewer Rates

The proposed sewer rates will fund all operational and maintenance costs and debt service costs on a pay-as-you-go basis, with the exception of capital replacement, which shall use bonded indebtedness when annual rate revenue is insufficient to cover the cost of such improvements. The bond terms will not exceed the useful life of the improvements financed. The District has over 40 customer classes each of which is charged a sewer rate based upon the anticipated sewer flows. The proposed sewer service charges were calculated by the District in order to evenly spread applicable costs among sewer users according to the cost of providing service to that user. Parcels are assessed their share of these costs based on an equivalent dwelling unit (EDU). The EDU method is used to summarize the total annual sewer flows from each customer class as compared to the estimated sewer generation of a residential unit. The total of all EDUs within the District is then multiplied by the sewer rated per EDU to estimate the total annual revenue from sewer fees.

The Seaside County Sanitation District is a special district responsible for the maintenance and operation of the sanitary sewer collection system serving the Cities of Del Rey Oaks, Sand City and Seaside. The District is staffed by members of the City of Seaside and the County of Monterey.

Please contact Mr. Rick Riedl, District Engineer, at RRiedl@ci.seaside.ca.us or (831) 899-6884 if you have any questions.

TABLE 3
RECOMMENDED SEWER RATES FY 2017-2018 THROUGH FY 2021-2022

Description	Category Code [1]	Units	Sewer Rate per Month [2]				
			FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Business/Govt	001-099 [3]	Location/Each Business	$10.50	$11.02	$11.57	$12.15	$12.76
Residential-Vacant	101	Each Living Unit	$0.00	$0.00	$0.00	$0.00	$0.00
Residential/Apartments	102	Each Living Unit	$13.59	$14.27	$14.98	$15.73	$16.52
Residential/Apartments	105	Each Living Unit	$13.59	$14.27	$14.98	$15.73	$16.52
Residential-Vacant	106	Each Living Unit	$0.00	$0.00	$0.00	$0.00	$0.00
Condo/Retirement	107	Each Living Unit	$13.59	$14.27	$14.98	$15.73	$16.52
Minimum/Vacancy	211	Location/Each Business	$0.00	$0.00	$0.00	$0.00	$0.00
Motel/Hotel	221	Each Room	$5.89	$6.19	$6.50	$6.82	$7.17
Bed & Breakfast Inn	222	Each Room	$3.88	$4.08	$4.28	$4.49	$4.72
Supermarkets	231	Location	$57.30	$60.16	$63.17	$66.33	$69.64
Medical Office	241	Each Licensed Physician	$14.02	$14.72	$15.46	$16.23	$17.04
Dental Office	242	Each Licensed Dentist	$19.34	$20.31	$21.32	$22.39	$23.51
Rest Home/Convalescent	243	Each Bed of Licensed Capacity	$3.88	$4.08	$4.28	$4.49	$4.72
General Hospital	244	Each Bed of Licensed Capacity	$23.00	$24.15	$25.36	$26.63	$27.96
Animal Hospital	245	Location/Each Licensed Business	$25.59	$26.87	$28.22	$29.63	$31.11
Restaurant 1 meal/day	261	Each Restaurant Seat	$0.50	$0.53	$0.55	$0.58	$0.61
Restaurant 2 meals/day	262	Each Restaurant Seat	$0.79	$0.83	$0.87	$0.92	$0.96
Restaurant 3 meals/day	263	Each Restaurant Seat	$1.51	$1.59	$1.66	$1.75	$1.84
Restaurant with Bar	264	Each Restaurant Seat	$1.51	$1.59	$1.66	$1.75	$1.84
Bar	265	Location/Each Business	$22.79	$23.93	$25.12	$26.38	$27.70
Nightclub	266	Location/Each Business	$68.29	$71.71	$75.29	$79.06	$83.01
Takeout Food - Small	267	1 Cash Register or Checkout Line	$25.45	$26.72	$28.06	$29.46	$30.93
Takeout Food - Medium	268	2 or 3 Cash Registers or Checkout Lines	$62.62	$65.75	$69.03	$72.48	$76.11
Takeout Food - Large	269	4 or More Cash Registers or Checkout Lines	$114.16	$119.87	$125.86	$132.15	$138.76
Bakery	270	Location/Each Business	$20.63	$21.66	$22.75	$23.88	$25.08
Theater	281	Per Screen @ Each Location	$33.86	$35.55	$37.33	$39.20	$41.16
Bowling Center	282	Location/Each Business	$103.02	$108.17	$113.58	$119.25	$125.22
Gym	283-289 [4]	Per 500 members	$10.50	$11.02	$11.57	$12.15	$12.76
Mortuary	290	Location/Each Business	$27.82	$29.21	$30.67	$32.21	$33.82
School (Minimum)	291	Location/Each Business	$10.50	$11.02	$11.57	$12.15	$12.76
School (Grades 0-6)	292	School Population	$0.14	$0.15	$0.16	$0.17	$0.17
School (7-College)	293	School Population	$0.29	$0.30	$0.32	$0.33	$0.35
Boarding School	294	School Population	$2.88	$3.02	$3.17	$3.33	$3.50
Instructional Facility	295	Location/Each Business	$10.50	$11.02	$11.57	$12.15	$12.76
Church	296-297 [5]	Per 100 members	$10.50	$11.02	$11.57	$12.15	$12.76
Photo / Laboratory / Printer	301-326 [3]	Per 10 employees	$10.50	$11.02	$11.57	$12.15	$12.76
Service Station/Garage	331-332	Location/Each Business	$10.06	$10.57	$11.10	$11.65	$12.23
Paint and Body Shops	341-346 [3]	Per 10 employees	$10.50	$11.02	$11.57	$12.15	$12.76
Commercial Laundry	352	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Dry Cleaner	353	Location/Each Business	$34.72	$36.46	$38.28	$40.20	$42.21
Laundromat	354	Each Washing Machine	$9.13	$9.59	$10.07	$10.57	$11.10
Major Hotel	361	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Car Wash	366	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Special User	401	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Rec Sports Facility	407	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Ground Water	410	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
		Annual Percentage Increase	5.00%	5.00%	5.00%	5.00%	5.00%

[1] Category established by Monterey Regional Water Pollution Control Agency.

[2] If approved, sewer rates shown would be effective as of July 1 of each year.

[3] For FY 17-18, sewer rate increases by $10.50 for every 10 employees. Escalates by 5% thereafter.

[4] For FY 17-18, sewer rate increases by $10.50 for every 500 members. Escalates by 5% thereafter.

[5] For FY 17-18, sewer rate increases by $10.50 for over 100 members. Escalates by 5% thereafter.

Exhibit B

Seaside County Sanitation District
April 11, 2017 Public Hearing
Written Protest

I, _____, protest the proposed increase to the sewer collection system user fees.

Property Address and/or Assessor's Parcel Number:

_____, California 939_____
(Insert Property Address)

_____
(Insert Assessor's Parcel Number)

Signature:_____

Print Name:_____ Date:_____
(Signature must be for the property owner and/or sewer customer for this address)

Written protests must be received at Seaside City Hall no later than the closing of the public comment period scheduled to begin at 9:30 AM on April 11, 2017. Please address written protests to:

City of Seaside, City Hall
Attention: District Clerk
440 Harcourt Avenue
Seaside, CA 93955