

**SCSD SEWER RATES STRUCTURE HISTORY AND PROPOSED
INCREASES AS OF MAY 4, 2023.**

I. RATE HISTORY 2000 THROUGH 2023

<u>Fiscal Tax</u>	<u>Residential Rates</u>		<u>Amount of</u>	<u>Commercial Rates</u>	<u>Vacant Properties</u>	
	<u>Annual</u>	<u>Monthly Rate</u>		<u>Based on Annual Water</u>	<u>Vacant prop.</u>	<u>Vacant</u>
	residential		Annual	Usage of prior Calendar		Property
	rate per unit		Increase		Rate	Standby
	(single Fam					
<u>Year</u>	<u>dwelling</u>		<u>Increase</u>	<u>Year</u>	<u>Rate</u>	<u>Rate</u>
2000/2001	\$60.00	\$5.00				
2001/2002	\$60.00	\$5.00			\$21.00	
2002/2003	\$108.00	\$9.00	\$4.00		\$21.00	
2003/2004	\$144.00	\$12.00	\$3.00		\$21.00	
2004/2005	\$180.00	\$15.00	\$3.00		\$21.00	
2005/2006	\$180.00	\$15.00			\$21.00	
2006/2007	\$180.00	\$15.00			\$21.00	
2007/2008	\$240.00	\$20.00	\$5.00		\$21.00	
2008/2009	\$280.80	\$23.40	\$3.40 2% + \$3.00		\$21.00	
2009/2010	\$310.42	\$24.77	\$2.47 2% + \$2.00		\$21.00	
2010/2011	\$316.01	\$26.34	\$5.59 1.80%	5.18 per hcf	\$21.00	\$10.50
2011/2012	\$320.12	\$26.68	\$4.11 1.30%	5.25 per hcf	\$21.00	\$10.64
2012/2013	\$336.13	\$28.01	\$16.01 5.00%	5.52 per hcf	\$21.00	\$11.58
2013/2014	\$353.56	\$29.47	\$17.43 5.00%	5.80 per hcf	\$21.00	\$12.16
2014/2015	\$371.24	\$30.94	\$17.68 5.00%	6.09 per hcf	\$21.00	\$12.77
2015/2016	\$415.76	\$34.65	\$44.52 10.00%	7.62 per hcf	\$21.00	\$13.41
2016/2017	\$453.52	\$37.79	\$37.76 8.00%	5.47 per hcf	\$21.00	\$13.98
2017/2018	\$499.06	\$41.59	\$45.54 9.00%	6.02 per hcf	\$21.00	\$14.68
2018/2019	\$544.21	\$45.35	\$45.15 9.00%	6.55 per hcf	\$21.00	\$15.41
2019/2020	\$593.39	\$49.45	\$49.18 8.00%	7.14 per hcf	\$21.00	\$16.18
2020/2021	\$640.74	\$53.40	\$47.35 7.00%	7.70 per hcf	\$21.00	\$16.18
2021/2022	\$640.74	\$53.40		7.70 per hcf	\$21.00	\$16.18

<u>Residential Rates</u>			<u>Commercial Rates</u>	<u>Vacant Properties</u>		
<u>Fiscal Tax</u>	<u>Annual</u>	<u>Monthly Rate</u>	<u>Amount of</u>	<u>Based on Annual Water</u>	<u>Vacant prop.</u>	<u>Vacant</u>
	residential					
	rate per unit		Annual	Usage of prior Calendar		Property
	(single Fam					Standby
<u>Year</u>	<u>dwelling</u>		<u>Increase</u>	<u>Year</u>	<u>Rate</u>	<u>Rate</u>
2022/2023	\$640.74	\$53.40		7.70 per hcf	\$21.00	\$16.18

*Ordinance 2008-4 is from 2007 to 2010

*(prorated to 315.54 annual rate from 2010 to 2016)

* Ordinance 2010-01 is from 2010 to 2016

* Ordinance 2016-01 is from 2016-Current

*2013-2022 difference of \$304.61 91% increase over 9 years span \$25.39 per month over 9-year span

$$640.74 - 336.13 = 304.61 / 336.13 = 91\% \quad 53.40 - 28.01 = \$25.39$$

* No rate study was done in 2021 so no increase was done for 2022/2023

II. PROPOSED INCREASE IN SEWER RATES FOR 2023

<u>Residential Rates</u>			<u>Commercial Rates</u>	<u>Vacant Properties</u>		
<u>Fiscal Tax</u>	<u>Annual</u>	<u>Monthly Rate</u>	<u>Amount of</u>	<u>Based on Annual Water</u>	<u>Vacant prop.</u>	<u>Vacant</u>
	residential					
	rate per unit		Annual	Usage of prior Calendar		Property
	(single Fam					Standby
<u>Year</u>	<u>dwelling</u>		<u>Increase</u>	<u>Year</u>	<u>Rate</u>	<u>Rate</u>
2022/2023	\$640.74	\$53.40		7.70 per hcf	\$21.00	\$16.18
2023/2024	\$838.41	\$69.87	\$197.67 30.00%	10.08 per hcf	\$21.00	\$16.99
2024/2025	\$871.95	\$72.66	\$33.54 4.00%	10.48 per hcf	\$21.00	\$17.84
2025/2026	\$906.82	\$75.57	\$34.87 4.00%	10.90 per hcf	\$21.00	\$18.73
2026/2027	\$943.10	\$78.59	\$36.28 4.00%	11.34 per hcf	\$21.00	\$19.67
2027/2028	\$980.82	\$81.74	\$37.72 4.00%	11.79 per hcf	\$21.00	\$20.65

- First year increase is 30% over the 2021 set rate because there were no rate increases for two (2) years 2022/2023 resulting in sewer user fees not covering the cost to operate and maintain the sewer system. Also, prior sewer rate increases did not keep pace with the cost of providing services.

III. BASIC FACTS CONCERNING THE DISTRICT SEWER SYSTEM AND SEWER USER FEES

The following is a summary of the operating, maintenance and capital improvement costs the District must pay to provide sewer service to the District residents:

Operating Budget: Staff, Utilities, maintenance, permitting, etc..... **Costs are going up due to inflation (it costs more to maintain and operate)**

Debt service – SCSD has two long-term debts; Debt #1 to Salton Sea Enterprises is payable at \$45,500 annually and will mature on 8/24/2044. Debt #2 payable to RD for the sewer jet is payable in annual payments of \$71,385 and will mature on 2/02/2027.

Operating reserves: This is a fund to access in the event of cash flow shortages. A minimum of the amount of 6 weeks operating costs should held in an easily accessible bank account. One fifth of operating reserves will be funded annually.

Emergency reserves: This is a fund to access if something catastrophic happens to the wastewater system that must be repaired immediately – no time to negotiate a loan or grant. Salton CSD felt that an emergency reserve fund of \$100,000 would be adequate. Emergency reserves will be funded at \$20,000 annually.

Capital Improvement Plan (“CIP”) Reserves: This fund is for the replacement and improvement of the system’s components as they wear out and become unreliable. For example, the District is required to expand the existing sewer treatment facility and replace old force main lines. The District will be required by law to build a new sewer treatment facility in the future as the existing facilities at at or near capacity. The amount of \$398,998 was arrived at by applying 2% to the total cost of the District’s existing equipment and infrastructure in the amount of \$19,949,918.

SEWER USER FEES MAY ONLY BE USED TO OPERATE, MAINTAIN, AND IMPROVE THE SEWER SYSTEM.

CURRENT CAPITAL IMPROVEMENTS PLAN COSTS FACILITATE THE FOLLOWING:

- **Force main Replacements**
- **Lift Stations Improvements**
- **Utility Hole Improvements (complete renovation of utility holes)**
- **WWTF Expansion to meet current and future demands**
- **Replacement of Outdated Sewer Infrastructure**

Alternative DS-FM5: 6-inch Force main Replacement for Lift Station 2	\$5,145,000
Alternative DS-WW1 - Lift Station 2 Improvements	\$ 422,000
Alternative SC-FM2: 6-inch Force main Replacement for Lift Station 16	\$3,624,000
Alternative SC-WW1 - Lift Station 16 Improvements	\$ 422,000
Alternative SC-WW2 - Manhole Improvements Downstream of Lift Station 16's Force Main Discharge	\$2,662,000