



LT MUNICIPAL
CONSULTANTS

Sewer Rate Study

Southeast Regional Wastewater System

March 24, 2026





Background

- The District has implemented annual CPI increases in recent years
- Last rate study was done in 2010
- Rates need to fund the cost of providing service
 - The cost of service includes operating costs and inflation, infrastructure (capital) improvements, and maintaining emergency reserves
 - Despite inflationary increases, current rates do not cover these costs
 - Additionally, reserves have been fully spent down this year due to the recent sewer spill
- The rate structure is also proposed to be adjusted to better reflect current sewer flow patterns
- Rate study will cover a 5-year period
 - Rates adjusted each August 1 beginning 2026 to 2030



Legal Requirements: Proposition 218

- Governs how property-related charges are adopted
 - Covers rates over a maximum 5-year period
 - Rates must be based on the reasonable cost of service and proportionally recover costs based on how customers take service
- Procedural requirements:
 - Conduct a rate study
 - Mail a notice to property owners in English and Spanish
 - Hold a public hearing a minimum of 45 days after notice is mailed
 - Rates cannot be adopted if more than 50% of owners submit written protests



Cost of Service Analysis

- Financial Status
 - Revenues w/ current rates generate about \$4.8M do not cover operating costs of \$5.9M
 - Absent a rate increase, the District will incur a deficit of about \$1.1M per year
 - Available cash reserves were spent down to address the sewer spill
- Rate increases are needed to fund operating expenses, deferred maintenance and accumulate operating reserves
- Capital improvement fee increase is needed to fund upcoming projects



Capital Improvement Costs

- Current CIP fee is \$5.02/month and generates about \$430,000/year

Rate Funded Projects	Cost
Land Acquisition #1-7	\$10,000
Septic Hauler Dump Station	\$150,000
SL Rat Unit	\$37,250
400KW Generator	\$255,000
Utility Relocations and Adjustments	\$299,000
SCADA - All Districts Evaluation Upgrades and Accessibility	\$200,000
Southeast Treatment Plant Headworks Upgrades Pipes	\$200,000
Southeast Treatment Plant Headworks Upgrades Screen	\$100,000
LS#2 Sealing	\$100,000
#1-7 – Lift Station Design	\$100,000
Baylis Ave/Alvita Ave Sewer Collection Capacity Upgrade	\$543,800
Total Equipment and Upgrades	\$1,995,050
Annual Cost over 5 Years	\$400,000

Total Annual Project Costs:

Equipment and upgrades	\$400,000
Pumper truck	\$165,000
Pipelines and plant upgrades	\$1,500,000 to \$2,500,000



Review of Current Monthly Sewer Rates

BASE RATE	Billing unit	February 15, 2025
Domestic Strength	dwelling unit	\$36.28
Low Strength Commercial	each	\$54.42
Medium Strength Commercial	each	\$126.97
High Strength Commercial	each	\$181.38

IN ADDITION TO THE BASE RATES ABOVE

Daycare or school	per student	\$1.46
Convalescent/Group Home/Hospital/Detention	per bed	\$22.25
Hotel/Motel w/o kitchen	per room	\$7.27
Hotel/Motel with kitchen	per room	\$16.76
Hotel/Motel (permanently occupied)	per room	\$21.77
Laundromat	per machine	\$22.25
Theater or Drive-in	per seat/car space	\$1.17
Bars and Lounge or Restaurants	per seat over 33	\$1.11
RV & Campgrounds w/o sewer hookup	per space	\$3.63
RV & Campgrounds with sewer hookup	per space	\$7.27
Splashpad	each	\$72.56

ADDITIONAL CHARGES – ALL CUSTOMERS

Capital Improvement Fee	each customer	\$5.00
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Sewer Rate Design

- Proposed monthly fixed rates are based on estimated sewer flows and pollutant loadings of each customer class
- Data from the wastewater treatment plant and water use data from the past 3 years are used to estimate sewer flows
- Multifamily Residential customers are proposed to be moved to a separate rate category from single family residential customers
 - Multifamily customers are proposed to have a lower rate
 - Average single family residential flow is 210 gallons per day and average multi-family flow is 160 gallons per day per dwelling unit
- Schools and daycares are proposed to be combined into one customer category
- New splashpad rate based on last year's sewer flows



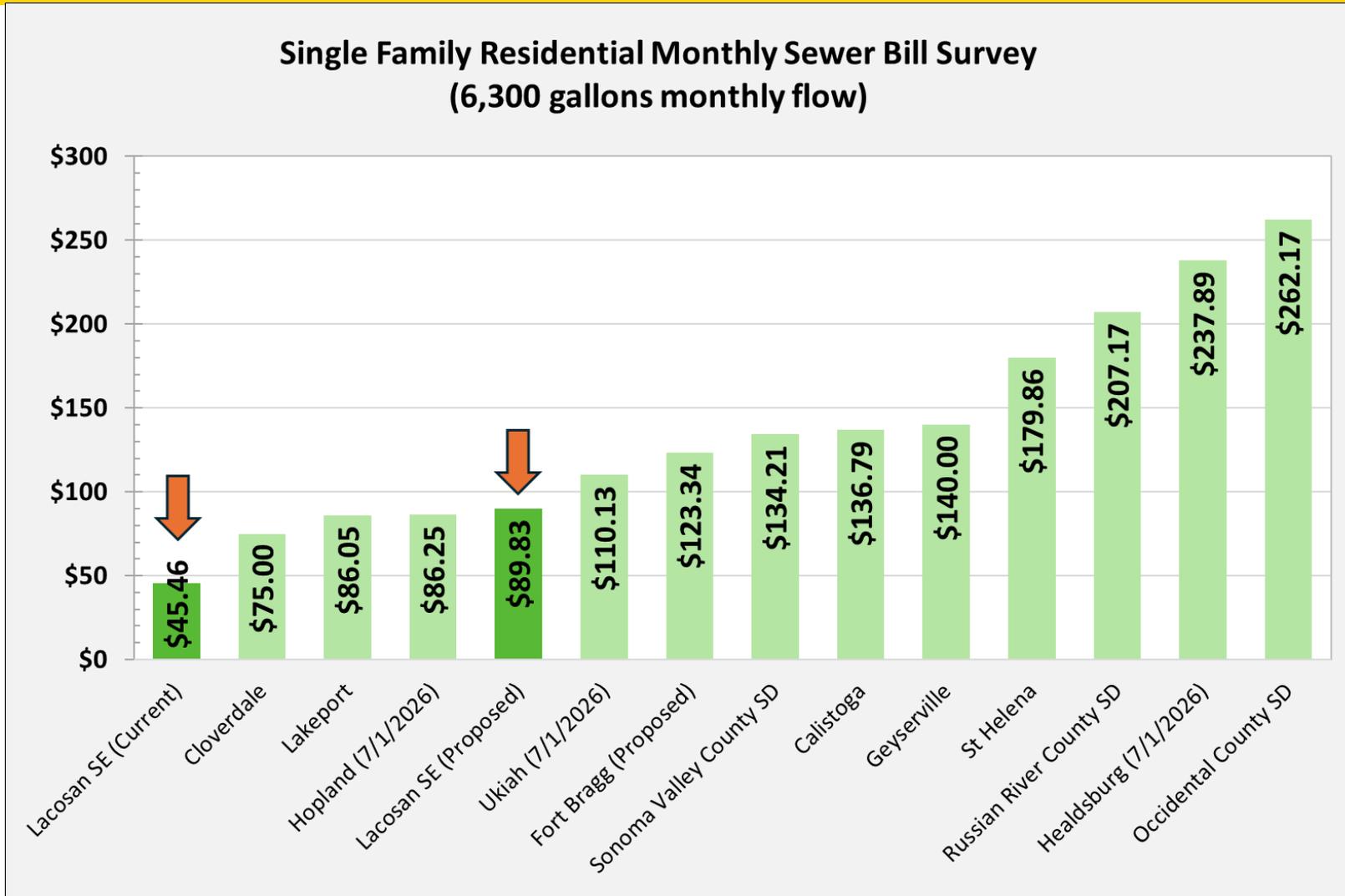
Single Family Residential Sewer Rates

	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
	Current	August 1, 2026	August 1, 2027	August 1, 2028	August 1, 2029	August 1, 2030
MONTHLY RATES						
Base Sewer Rate	\$36.28	\$54.04	\$64.84	\$66.79	\$68.79	\$70.86
CIP Fee	\$5.02	\$31.63	\$32.57	\$33.55	\$34.56	\$35.60
Bond Repayment	<u>\$4.16</u>	<u>\$4.16</u>	<u>\$4.16</u>	<u>\$4.16</u>	<u>\$4.16</u>	<u>\$4.16</u>
Total	\$45.46	\$89.83	\$101.57	\$104.50	\$107.51	\$110.62
\$ Increase		\$44.37	\$11.74	\$2.93	\$3.01	\$3.11
% Increase		98%	13%	3%	3%	3%

- First base rate increase reverses the deficit (i.e. minimum increase needed to cover operating costs)
- Further rate increases are needed to keep up with inflation and rebuild reserves up to the target of 6 months of operating costs
- No proposed change to the bond repayment fee



Sewer Rate Survey





Proposed Monthly Sewer Rates

Customer Class	Units	Current Rate	Proposed Rate August 1	Rate Change	# of Customers
BASE RATE					
Single Family Residential	Dwelling Unit	\$36.28	\$54.04	49%	3,962
Multifamily Residential	Dwelling Unit	\$36.28	\$41.17	13%	1,370
Low-Strength Commercial	Each	\$54.42	\$91.05	67%	284
Medium-Strength Commercial	Each	\$126.97	\$192.98	52%	63
High-Strength Commercial	Each	\$181.38	\$324.07	79%	36
IN ADDITION TO THE BASE RATE					
Daycare or school	per student	\$1.46	\$2.53	73%	2,973
Convalescent/Group Home/Hospital/Detention	per bed	\$22.25	\$41.17	85%	114
Hotel/Motel w/o kitchen	per room	\$7.27	\$22.26	206%	171
Hotel/Motel with kitchen	per room	\$16.76	\$36.02	115%	66
Hotel/Motel (permanently occupied)	per room	\$21.77	\$41.17	89%	23
Laundromat	per machine	\$22.25	\$30.35	36%	58
Theater or Drive-in	per seat or car space	\$1.17	\$2.43	108%	200
Bars and Lounge or Restaurants	per seat over 33	\$1.11	\$4.05	265%	668
RV & Campgrounds w/o sewer hookup	per space	\$3.63	\$10.12	179%	32
RV & Campgrounds with sewer hookup	per space	\$7.27	\$36.02	395%	273
Splashpad	each	\$72.56	\$1,310.94	1707%	1



Full Rate Schedule

		Current		Proposed			
		FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
			Aug 1, 2026	Aug 1, 2027	Aug 1, 2028	Aug 1, 2029	Aug 1, 2030
Description	Billing Unit		Varies	+20%	+3%	+3%	+3%
BASE RATE							
Single Family Residential	per dwelling	\$36.28	\$54.04	\$64.84	\$66.79	\$68.79	\$70.86
Multifamily Residential	per dwelling	\$36.28	\$41.17	\$49.41	\$50.89	\$52.41	\$53.98
Low-Strength Commercial	each	\$54.42	\$91.05	\$109.26	\$112.54	\$115.92	\$119.39
Medium-Strength Commercial	each	\$126.97	\$192.98	\$231.57	\$238.52	\$245.67	\$253.04
High-Strength Commercial	each	\$181.38	\$324.07	\$388.89	\$400.55	\$412.57	\$424.94
IN ADDITION TO THE BASE RATES ABOVE							
Schools	per student	\$1.46	\$2.53	\$3.04	\$3.13	\$3.22	\$3.32
Convalescent/Group Home/Hospital/Detention	per bed	\$22.25	\$41.17	\$49.41	\$50.89	\$52.41	\$53.98
Hotel/Motel w/o kitchen	per room	\$7.27	\$22.26	\$26.71	\$27.51	\$28.33	\$29.18
Hotel/Motel with kitchen	per room	\$16.76	\$36.02	\$43.23	\$44.52	\$45.86	\$47.23
Hotel/Motel (permanently occupied)	per room	\$21.77	\$41.17	\$49.41	\$50.89	\$52.41	\$53.98
Laundromat	per machine	\$22.25	\$30.35	\$36.42	\$37.52	\$38.64	\$39.80
Theater or Drive-in	per seat/car space	\$1.17	\$2.43	\$2.92	\$3.00	\$3.09	\$3.19
Bars and Lounge or Restaurants	per seat over 33	\$1.11	\$4.05	\$4.86	\$5.01	\$5.16	\$5.31
RV & Campgrounds w/o sewer hookup	per space	\$3.63	\$10.12	\$12.14	\$12.51	\$12.88	\$13.27
RV & Campgrounds with sewer hookup	per space	\$7.27	\$36.02	\$43.23	\$44.52	\$45.86	\$47.23
Splashpad	each	\$72.56	\$1,310.94	\$1,573.13	\$1,620.33	\$1,668.94	\$1,719.01
				+3%	+3%	+3%	+3%
Capital Improvement Program (CIP) Fee	each	\$5.02	\$31.63	\$32.57	\$33.55	\$34.56	\$35.60



Wrap Up

