



## PROPOSED WASTEWATER (SEWER) RATE INCREASE FOR SAN JUAN BAUTISTA CUSTOMERS

### FREQUENTLY ASKED QUESTIONS

The City of San Juan Bautista is proposing to raise the monthly wastewater (sewer) rates for customers that receive sewer service. The proposed rate increases are intended to cover the actual costs for providing a reliable, environmentally compliant, and safe sewer service to sewer customers in the City. Residents and businesses that lie within the City's boundaries and are served by the City's sewer collection and treatment system are subject to the proposed rate increases. At this time the City is not proposing to raise water rates. Therefore, this public information notice focuses on the proposed sewer rates only.

The City is grappling with significant deficiencies in its water and sewer systems. For over a year now the City's leaders have received technical reports addressing the deficiencies and have had many public conversations and deliberations over how best to resolve them. The deficiencies and related public conversations are identified below. **With respect to the sewer service, the City is proposing a major change in the way it collects and treats the wastewater (explained below).** In addition, the following Frequently Asked Questions (FAQ's) are provided to help customers and the public understand why the proposed rates are being considered and the process for raising utility rates.

#### **Q1: What exactly is happening and why did I get the recent NOTICE OF PUBLIC HEARING ON PROPOSED SEWER RATES?**

The City has determined that monthly sewer rates must be increased over a period of time to provide the revenues needed to adequately service the community's basic sewer needs. At their official meeting on October 19, 2021 the City Council adopted a Resolution to 1.) accept a rate study prepared by the consulting firm Bartle Wells which recommends rate increases; and 2.) establish a public hearing on December 14, 2021 to consider approving the rate increases. State law requires that if a City wishes to raise rates for providing a direct benefit service, such as sewer service, it must establish a public hearing date to allow affected customers the ability to comment on the proposed increases and the ability to file a "Protest Vote". The law requires each affected customer (in this case – all sewer customers in San Juan Bautista) to receive a formal notice of the proposed increases. That is why you received the NOTICE OF PUBLIC HEARING ON PROPOSED SEWER RATES.

#### **“Q1A: I'm a property owner. I haven't received a notice for my rental unit. What's going on? (New!)**

Sewer rates in San Juan Bautista are billed to and paid by sewer customers. For rental units, the customer is sometimes the tenant and sometimes the landlord. As permitted by state law, we mailed notices to the billing address to which we send bills. The owner of a parcel can always submit a written protest, even if that owner did not receive a written notice. The customer (or tenant who is legally responsible for paying the bill) can also submit a protest. Only one protest is counted for any parcel. Therefore, if both the owner and the tenant of a parcel submit a written protest, those protests will together count as a single protest.”

#### **Q2: What is the sewer service I receive?**

The toilets, sinks, and showers at your house (or business) are collected in a network of underground sewer pipes and sent to the City's Wastewater Treatment Plant. The system also includes manholes for maintenance and lift stations to push the sewer water at locations where gravity is unable to move it. The network of pipes

must be continually cleaned and maintained. Sometimes the pipes and manholes need to be replaced because of age or some other type of damage. At the Treatment Plant the wastewater is processed through a series of pumps, chemical treatments, settling ponds, and the physical removal of harmful constituents. Similar to the pipe collection system, the City’s Treatment Plant requires constant maintenance and replacement of parts as necessary. The Treatment Plant is very old and currently out of compliance with State and federal environmental regulatory agencies (more on this later).

The upkeep of these collection and treatment systems requires skilled maintenance workers. Those workers must be prepared and able at all times to respond to any malfunctions that could result in harmful sewer spills or backups and have a stable supply of parts, tools, and equipment. To support the infrastructure and maintenance crews the City must also provide utility billing, utility planning, administrative support, and management oversight. This describes the sewer serve you receive.

**Q3: How much are the rates going to go up?**

As described in the notice you received, the proposed rate increases are as follows:

**Residential Monthly Fixed Rate**

Existing	Initial (1/1/2022)	Effective 7/1/2022	Effective 7/1/2023	Effective 7/1/2024	Effective 7/1/2025
\$83.61	\$95.62	\$109.01	\$124.27	\$141.67	\$148.75

**Commercial Rate**

	Initial (1/1/2022)	Effective 7/1/2022	Effective 7/1/2023	Effective 7/1/2024	Effective 7/1/2025
Monthly Min.	\$95.62	\$109.01	\$124.27	\$141.67	\$148.75
\$ per 1,000 gal	\$14.51	\$16.54	\$18.86	\$21.50	\$22.57

**Q4: You said the City is proposing a major change in the way it collects and treats the wastewater. What is the “major change” and how does that affect the proposed rates?**

Let’s start by describing the current problems with the City’s sewer treatment system. The City collects wastewater from all residences (except those who have septic systems) and businesses in San Juan Bautista in a system of underground pipes and sends that wastewater to the City’s wastewater treatment plant. At the treatment plant the wastewater is treated and cleaned through a series of processes before it is ultimately discharged into a small creek adjacent to the plant which, in turn, joins the Pajaro River watershed. Wastewater treatment plants, like the one in San Juan Bautista, can only operate with a permit from the State of California Regional Water Quality Control Board (this California agency is responsible for enforcing the federal Clean Water Act). The City did obtain a permit but the treatment plant is not currently abiding by the conditions set out in the permit. The treated water that exits into the small creek exceeds the permit levels for chlorides, sodium, and total dissolved solids. These constituents are deemed harmful to the environment and the Pajaro watershed. These harmful constituents are categorized as “salts” and you will hear the term “salts” used to describe this problem. The Regional Water Quality Control Board (RWQCB) put the City on notice many years ago that it is in violation of its permit and that the City is subject to substantial fines. The problem for the City is that the treatment plant as it is configured and operating now is not able to remove the salts from the effluent that enters the creek. In addition to the salts problem the treatment plant now exceeds the design influent loading which means the plant is treating more wastewater than it was designed for. Because this problem has been going on for many years, the fines levied against the City have climbed to over \$1 million. The RWQCB and now the federal Environmental Protection Agency (EPA) are demanding that the City remedy this situation once and for all.

The pending fines and directives, combined with the fact that the Treatment Plant is old and out of date, required that the City consider options for solving this problem. A major technical study was undertaken to fully understand the City’s options for correcting this problem and providing the City’s customers with a long-

term, reliable and safe sewer service. Among the options investigated, upgrading the sewage treatment plant to handle the salts was considered but was determined to be too costly. The option selected by the City was to construct a pipeline to the City of Hollister's wastewater treatment plant. The City has worked closely with the City of Hollister to come up with this solution. Hollister's treatment plant has plenty of capacity for San Juan Bautista's waste water. In addition, the two cities will enter into a binding agreement which identifies long-term costs borne by the City of San Juan Bautista. The City of San Juan Bautista will have a long-term and stable cost sharing commitment locked into the agreement. This pipeline project proposal means that the City of San Juan Bautista would no longer operate a dilapidated treatment plant (and all of the regulatory issues that entails) and instead send its sewer water to the Hollister Treatment Plant. The proposed sewer rate increases will enable this new pipeline to Hollister solution to take effect.

**Q5: Why are the rates going up so much?**

The simple answer is that to solve the City's substantial sewer problems requires a substantial financing plan. Because the City's sewer customers will be the ones benefiting from the new sewer line to Hollister, the rate increases paid by the customers becomes a major pillar to the financing plan. The financing plan, by the way, includes the City soliciting and receiving grants and/or low interest loans.

Customer's monthly sewer charges (sewer rates) pay for two major components of the City's sewer system upkeep. First is the ongoing maintenance which includes activities such as pipe cleaning, removal of greases and oils, repairs, responding to sewer backups, and, of course, the operation of the treatment plant. While these kinds of costs consistently increase due to inflation, the second component of monthly sewer charges – capital investment – is what is driving the large increase in rates. Capital investment includes the construction of facilities required to provide adequate sewer service. As described above, the sewer pipeline to Hollister's treatment plant is a very large capital investment. Over the past 20+ years the City has not invested in any major capital improvements. Now, due to the gravity of the situation the City faces, it has no choice but to spend the money to solve the sewer system problems.

**Q6: When was the last time the City raised sewer rates?**

The City last adopted a wastewater rate study in 2015 through which the rates were set for a five-year period. The last of the proposed rate adjustments was scheduled to take affect July 1, 2020.

**Q7: What is Proposition 218?**

Proposition 218, or the "Right to Vote on Taxes Act", was approved by California state voters in November 1996. The Act amended the California constitution to require local governments to follow certain procedures when they impose fees for certain kinds of services in order to ensure that they are subject to voter approval. Prop 218 is a tool designed to provide greater public involvement in the rate setting process. Rates charged by utility service providers can be set to cover only costs associated with providing the service.

**Q8: How can I protest the proposed rate adjustments?**

As described in the notice you received you may 1.) hand deliver a signed protest form to the City Clerk's Office, 311 Second Street, San Juan Bautista, or 2.) mail a signed protest to City Clerk, San Juan Bautista, PO Box 1420, San Juan Bautista, CA, or 3.) personally submit your protest at the Public Hearing. For your protest to be considered it must be in the hands of the City Clerk by the close of the Public Hearing on December 14, 2021.

**Q9: What needs to be included in my protest?**

As described in the notice you received a written protest must include:

- (i) A statement that it is a protest against the proposed increase to the sewer charges.
- (ii) The name of the Parcel Owner or Customer that is submitting the protest.
- (iii) Identification of assessor's parcel number, street address, or utility account number of the parcel or account with respect to which the protest is made.
- (iv) Original signature and legibly printed name of the person submitting the protest.

**Q10: Can I call, email, or fax in my protest vote?**

No. Proposition 218 requires a written protest with an original signature.

**Q11: How many protest votes are required to stop the proposed rate adjustments from taking effect?**

Proposition 218 requires a simple majority of 50% of the parcel owners, plus one.

**Q12: How can I support or vote “yes” on the proposed rate adjustments?**

If you do not wish to oppose the proposed rate adjustments, no action is necessary. By not submitting a protest form, you are showing your support for the rate adjustments. You may also attend the public hearing on December 14th to voice your support.

**Q13: When will a decision be made?**

Following the December 14, 2021 Public Hearing the City Clerk will count all protest votes received and if the number does not exceed 50% of all eligible parcel owners, the City Council will vote on the rate adjustments as presented. The new rates will then be adopted via Resolution.

**Q14: Will the City hold a community meeting to help residents learn more about this before the December 14<sup>th</sup> Public Hearing?**

Yes. On Tuesday, November 30<sup>th</sup>, at 6:00 p.m. City staff will hold a public workshop to explain the proposed rate increases. The workshop will be in person and be held at the City’s Library. The City will have representatives present to talk about the proposed sewer line to Hollister project and to address how the rate study was put together and how the proposed rate increases were determined.

**Q15: What is the consequence if the proposed rate increases are voted down?**

The City is in a precarious position if the rates are not adopted. First, the existing sewer system is over capacity and the long-term viability of the treatment plant is not sustainable. A complete breakdown of the treatment plant would be disastrous for the City and would significantly impact every resident and business owner now being served by the City. Secondly, the City has been directed by a legal Order on Consent handed down from the Environmental Protection Agency (EPA) to resolve the sewer problems now plaguing the City.

**Q16: Has the City investigated other ways to pay for the pipeline to Hollister so that the entire cost does not fall on the shoulders of the sewer rate payers?**

Yes, in fact City staff have been aggressively seeking grant funds or low-interest loans to help finance the cost of this needed infrastructure. Grant applications are currently pending with state and federal agencies that provide assistance to small communities.

**Q17: Can you direct me to more information regarding this?**

Yes, the following documents can be found on the [City’s webpage](#).

[Wastewater Master Plan](#) 184 pgs (Akell Engineering/Stantec Engineering) [Amendment No. One](#) 106 pgs

[Preliminary Engineer’s Report](#) 75 pgs (Stantec Engineering)

[Environmental Protection Agency \(EPA\)](#) 13 pgs Order on Consent [Exhibit One](#) 23 pgs and [Exhibit Two](#) 4 pgs

[Sewer Rate Study Draft Report](#) 28 pgs (Bartle Wells)

[Memorandum of Understanding with the City of Hollister](#) 9 pgs