



Proposed Water and Sewer Rate Adjustments and Rate Structure Changes

MAY 2023



NOTICE OF PUBLIC HEARING

June 27, 2023 / 6 p.m.

St. Helena City Council Chambers
Vintage Hall Board Room – Second Floor
465 Main Street, St. Helena, CA

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<https://sthelena.civicweb.net>

Dear Neighbor,

After extensive public input, the City of St. Helena is proposing water and wastewater rate structure changes and increases. These increases will pay for the required investments in critical equipment and infrastructure. You are receiving this notice in compliance with Proposition 218, which requires the City to inform property owners and water and wastewater customers that proposed rate increases are being considered. Proposed rate adjustments are based on a Cost of Service Study conducted by City staff and financial experts, with input and recommendations from the City's Water and Wastewater Rate Study Advisory Committee (RSAC). The rate recommendations were presented to St. Helena's City Council on March 14, 2023. The Cost of Service Study and information regarding this public process is available at <https://bit.ly/3HKQnB4>.

My thanks to all who participated in the process to date. From members of City Council and the RSAC to individuals who provided input at open house events and public meetings – all feedback was extremely valuable and helped us make an inclusive plan that will help ensure utility rates align with St. Helena's values and provide the necessary funding for stable and well-functioning water and wastewater systems.

Sincerely,

Anil Comelo
City Manager

St. Helena Needs Responsible Investment

More than \$55 Million Identified to Fund Critical Infrastructure

The City of St. Helena goes to great lengths to provide residents, businesses, and visitors with safe, high quality water service that is essential to your everyday life. Everyone and everything rely on water and wastewater systems that work 24/7. These systems provide sanitation, fire protection, and water, making modern life possible. Properly maintaining and upgrading these systems ensures we protect and efficiently use our natural resources.

In addition, there are impacts of climate change and cyclical drought. Extreme temperatures, unpredictable rainfall, and wildfires make our community vulnerable to water supply issues. Because much of our drinking water comes from irregular regional rainfall, we must count every drop and make every drop count.

Much of California's water infrastructure is more than 100 years old and in need of replacements and upgrades. Like many other utilities, St. Helena's water infrastructure has served beyond its useful life. Modernizing our aging infrastructure now can help avoid costly repairs, service interruptions, and wasted water in the future. These critical projects are primarily funded by rates and will help the City bring each system up to modern standards to continue delivering quality, reliable service for years to come.

Other Important Factors

Beyond funding critical infrastructure, the rate adjustments the City is considering will counter inflation and other rising costs across the board, from the cost of purchasing and producing water to funding operations, maintenance, and environmental and regulatory compliance. Per state law, revenues generated from water and wastewater rate increases must only be used to fund the actual costs of water and wastewater services - including the cost of debt to finance capital improvement projects.

PROJECT CATEGORY	PROJECTS	BENEFIT
Water System	<ul style="list-style-type: none">• Bell Canyon Intake Tower• Napa Intertie Pipeline• Water Treatment Plant Transmission Main• Water Main Annual Replacement Program	Critical pieces of infrastructure that ensure a reliable level-of-service for current and future St. Helena customers
Wastewater System	<ul style="list-style-type: none">• Treatment Plant Modernization• Sewer Pipeline Replacement• Lift station modernization	Ensure continued reliable level-of-service while complying with environmental permitting requirements
Smarter Data	<ul style="list-style-type: none">• Smart Water Meters	Customer access to real-time water use monitoring

Review the entire 10-year Capital Improvement Program on the City's Website

Citizen Involvement, Collaboration, and Transparency

As part of the public process, the City convened a Water and Wastewater Rate Study Advisory Committee to help guide the rates study. The committee, composed of seven members representing different stakeholder groups in the community, came together for 11 public meetings over the past year. They studied the issues closely to ensure the recommendations they made to City Council aligned closely with the community's values. The committee reviewed several rate alternatives brought forward by the financial consultant and settled on an improved water rates structure designed to achieve three goals:



Deliver equity, so all customers pay their fair share.



Ensure the utilities' financial stability, so infrastructure can be enhanced and serve the community for years to come.



Promote conservation and water efficiency, so that customers who use the most water have an economic incentive to conserve.



Participants gather at the March 6, 2023, Open House hosted by the Citizen-led Rate Study Advisory Committee.

FAQs

What are the Proposed Water Rate Structure Changes?

City Council is considering adopting tiered water rates, which are a pricing system used by municipal water utilities to charge for the volume of water used by households, businesses, and other water consumers. The system involves dividing the total amount of water used by a consumer into different pricing tiers, each with a different price per unit of water consumed.

The first tier has a lower price per unit of water and accounts for essential daily needs such as cooking, bathing, and basic sanitation. As consumption levels increase beyond this initial tier, the price per unit of water consumed increases, with subsequent tiers reflecting the increased cost of supplying, treating, and distributing larger volumes of water.

Some of the key benefits of tiered water rates include:



Encouraging water conservation: By increasing the price per unit of water consumed for higher tiers, tiered water rates provide an economic incentive for consumers to reduce their water usage, especially for non-essential purposes such as outdoor irrigation or discretionary use by businesses. This can help promote more sustainable and responsible use of water resources, which is especially important in regions facing water scarcity and drought.



Promoting fairness and equity: Tiered water rates can help ensure that households and businesses that use more water pay their fair share of the cost of providing water services, while also protecting vulnerable populations from high prices for essential water needs. By charging higher prices for luxury uses of water, such as watering lawns or filling swimming pools, tiered water rates can also discourage wasteful consumption and reduce the burden on the water system.

Tiered water rates are a powerful tool for promoting responsible water use, reducing water waste and promoting conservation, and supporting the investments needed to maintain a reliable and sustainable water system. This approach will also ensure that the City's costs are recovered from those customers driving the City to incur such costs.

Will the Way I'm Charged for Wastewater Service Change?

No. If approved by City Council, wastewater rates themselves will increase, but the way the City charges for the service will not.

Proposed Water Rates

Starting September 1, 2023

The City's proposed water rates include a bi-monthly fixed charge, which fluctuates based on the size of the meter serving the property and recovers a portion of the City's fixed costs; and, a volumetric charge for all classes, which recovers a portion of the City's fixed costs and variable costs relating to water supply. The volumetric charge is tiered, meaning the rate increases based on total usage. Tier 1 includes water use up to 11 hundred cubic feet (HCF); tier 2 includes water from 12-15 HCF, and tier 3 includes any water use of 16 HCF or greater in any billing cycle. The tier widths correspond to the availability of the City's water supply sources in normal conditions.

DESCRIPTION	CURRENT RATES	PROPOSED STARTING 9/1/23	PROPOSED STARTING 7/1/24	PROPOSED STARTING 7/1/25	PROPOSED STARTING 7/1/26	PROPOSED STARTING 7/1/27
Bi-Monthly Fixed Charges						
Meter Size						
5/8"	\$139.78	\$135.50	\$146.34	\$158.05	\$170.70	\$184.36
3/4"	\$139.78	\$135.50	\$146.34	\$158.05	\$170.70	\$184.36
SFR 1"	\$139.78	\$135.50	\$146.34	\$158.05	\$170.70	\$184.36
1"	\$256.44	\$288.70	\$311.80	\$336.75	\$363.69	\$392.79
1 1/2"	\$451.28	\$544.05	\$587.58	\$634.59	\$685.36	\$740.19
2"	\$648.00	\$850.46	\$918.50	\$991.98	\$1,071.34	\$1,157.05
3"	\$1,309.44	\$1,820.76	\$1,966.43	\$2,123.75	\$2,293.65	\$2,477.15
4"	\$2,023.96	\$3,250.68	\$3,510.74	\$3,791.60	\$4,094.93	\$4,422.53
6"	\$3,963.26	\$7,182.95	\$7,757.59	\$8,378.20	\$9,048.46	\$9,772.34
Volumetric Charges						
All Classes						
Tier 1	\$6.50	\$5.99	\$6.47	\$6.99	\$7.55	\$8.16
Tier 2	\$7.23	\$12.06	\$13.03	\$14.08	\$15.21	\$16.43
Tier 3		\$12.91	\$13.95	\$15.07	\$16.28	\$17.59

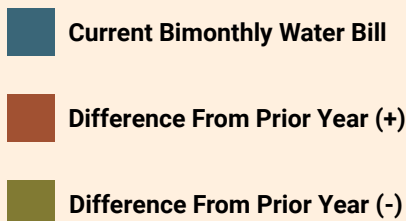
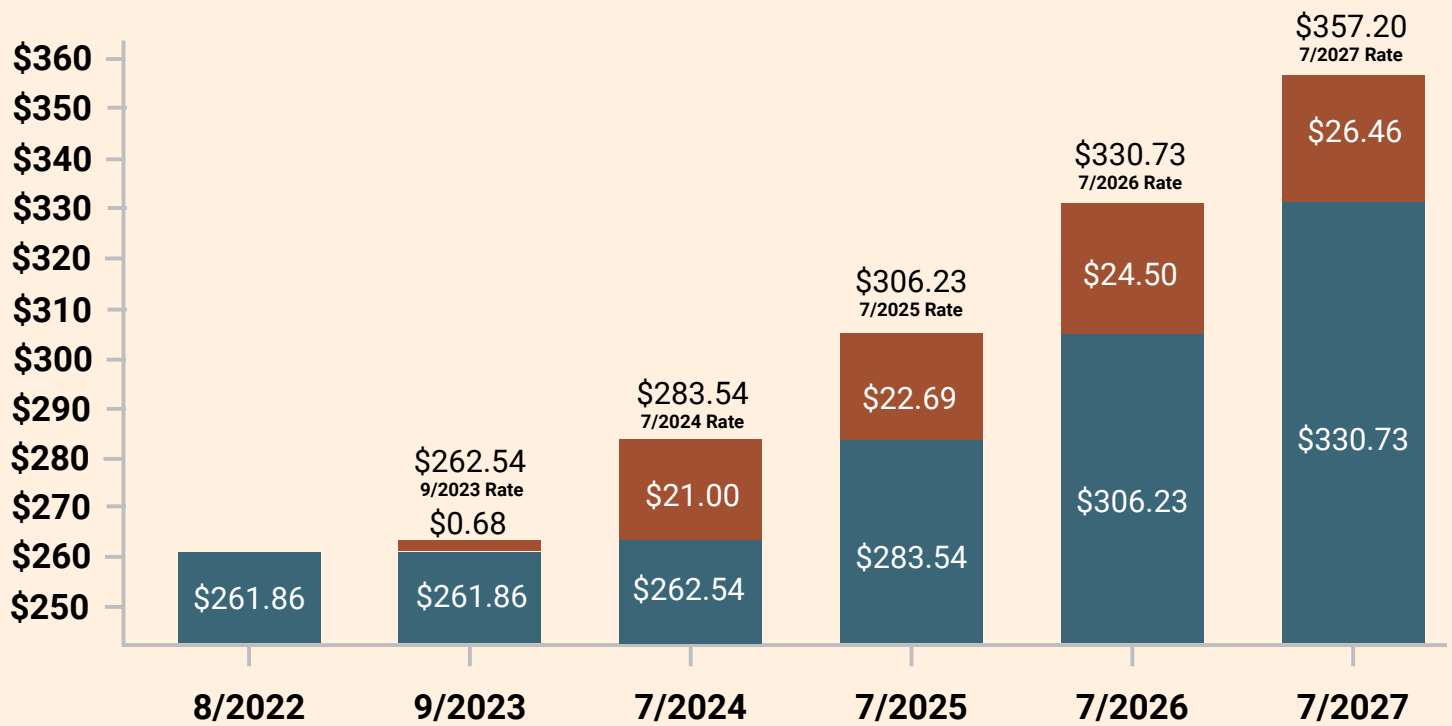
How Will the Proposed Water Rate Changes Affect my Bill?

Beginning in September 2023, the typical single-family household with a 5/8" meter using 16 Hundred Cubic Feet (11,968 gallons) per bi-monthly billing cycle will see an average increase of 68 cents on their bi-monthly bill for the next 10 months, with an 8% increase each July 1 after that for the next five years:

Single Family Impacts (5/8" meter, 16HCF bi-monthly usage)

Scenarios are based on the most common 5/8" meter size and includes the volumetric charge. August 2022 entry uses current peak (summer) rates. The new rate structure under consideration does away with seasonal rates.

One hundred cubic feet (HCF) = 748 gallons.





Proposed Wastewater Rates

The City's wastewater rates for residential customers include a base charge, which is a fixed charge imposed regardless of how much wastewater is discharged into the wastewater system, and a use charge. The use charge is calculated based on Average Winter Consumption, or AWC. The rates for non-residential customers are structured the same way, except that the fixed charge varies by the size of the meter and the use charge fluctuates based on the type of non-residential customer served by the City, to account for variation in both flows and strength (quality) of wastewater generated.

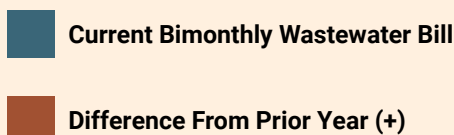
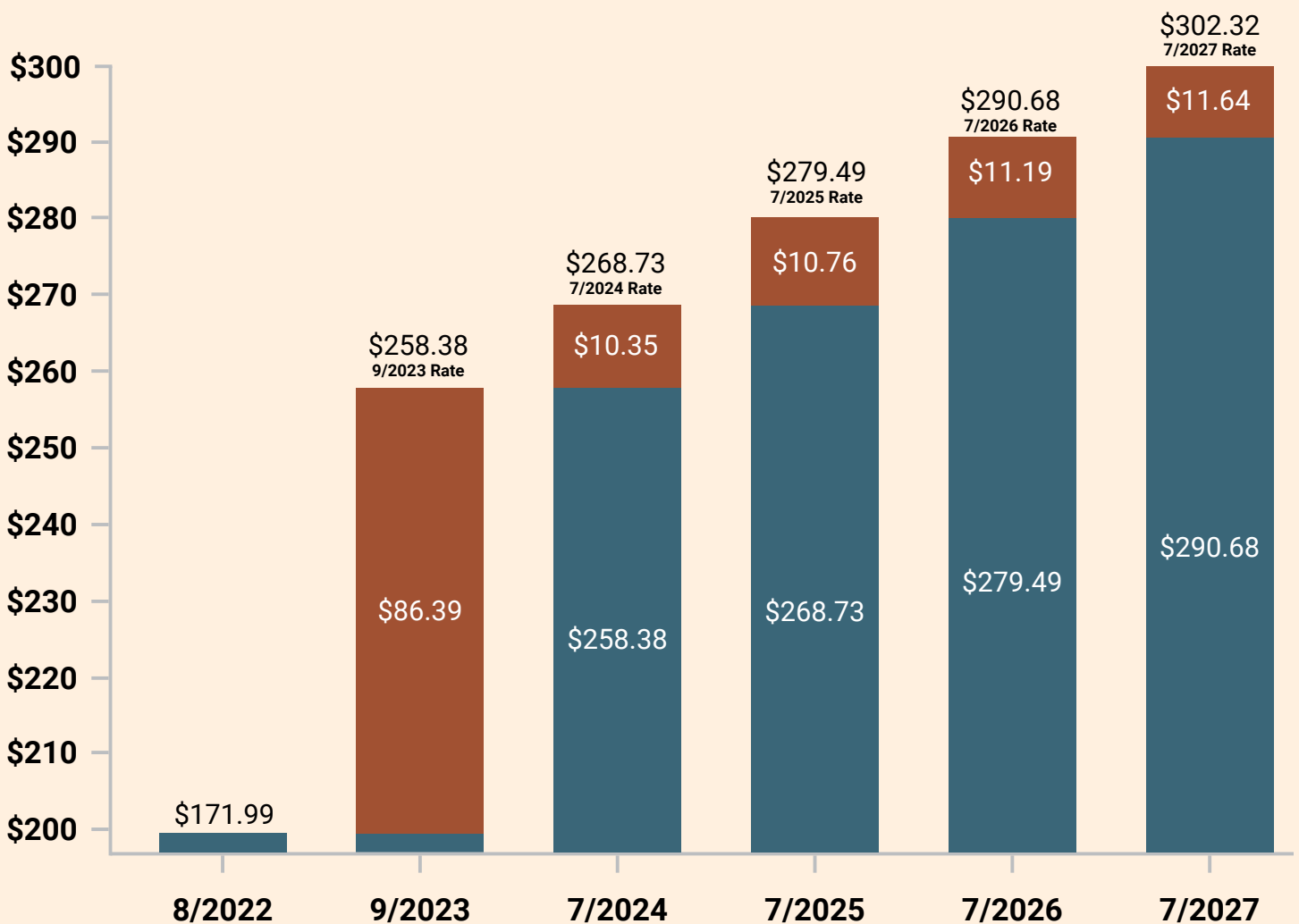
BI-MONTHLY BASE CHARGES	CURRENT RATES	PROPOSED STARTING 9/1/23	PROPOSED STARTING 7/1/24	PROPOSED STARTING 7/1/25	PROPOSED STARTING 7/1/26	PROPOSED STARTING 7/1/27
Residential						
Base Charge	\$127.35	\$179.26	\$186.44	\$193.90	\$201.66	\$209.73
Use Charge (AWC)	\$5.58	\$9.89	\$10.29	\$10.71	\$11.14	\$11.59
Non-Residential						
Base Charge						
5/8"	\$176.68	\$250.51	\$260.54	\$270.97	\$281.81	\$293.09
1"	\$441.72	\$567.57	\$590.28	\$613.90	\$638.46	\$664.00
1.5"	\$883.42	\$1,096.00	\$1,139.84	\$1,185.44	\$1,232.86	\$1,282.18
2"	\$1,413.48	\$1,730.12	\$1,799.33	\$1,871.31	\$1,946.17	\$2,024.02
3"	\$2,826.98	\$3,738.16	\$3,887.69	\$4,043.20	\$4,204.93	\$4,373.13
4"	\$4,417.14	\$6,697.37	\$6,965.27	\$7,243.89	\$7,533.65	\$7,835.00
6"	\$8,834.28	\$14,835.22	\$15,428.63	\$16,045.78	\$16,687.62	\$17,355.13
Use Charge (per HCF)						
Car Wash	\$3.86	\$6.73	\$7.00	\$7.28	\$7.58	\$7.89
Religious Places/ Community Centers	\$4.29	\$7.28	\$7.58	\$7.89	\$8.21	\$8.54
Commercial	\$5.07	\$8.42	\$8.76	\$9.12	\$9.49	\$9.87
Groceries and Mortuaries	\$13.62	\$20.65	\$21.48	\$22.34	\$23.24	\$24.17
Laundry	\$4.42	\$7.46	\$7.76	\$8.08	\$8.41	\$8.75
Mixed Retail	\$8.52	\$13.50	\$14.04	\$14.61	\$15.20	\$15.81
Lodging with Food	\$10.22	\$15.83	\$16.47	\$17.13	\$17.82	\$18.54
Lodging without Food	\$5.54	\$9.00	\$9.36	\$9.74	\$10.13	\$10.54
Restaurant	\$13.50	\$20.30	\$21.12	\$21.97	\$22.85	\$23.77
Napa Valley College	\$4.22	\$7.18	\$7.47	\$7.77	\$8.09	\$8.42
Service Station	\$5.83	\$9.55	\$9.94	\$10.34	\$10.76	\$11.20
Winery Pre-Treated	\$5.39	\$8.87	\$9.23	\$9.60	\$9.99	\$10.39
Winery Non-Treated	\$23.75	\$34.27	\$35.65	\$37.08	\$38.57	\$40.12
Schools	\$2.10	\$7.18	\$7.47	\$7.77	\$8.09	\$8.42

How Will the Proposed Wastewater Rate Changes Affect my Bill?

Beginning in September 2023, the typical single-family household with a 5/8" meter using an Average Winter Consumption of 8 Hundred Cubic Feet (5,984 gallons) per bi-monthly billing cycle will see a 50% increase on their bi-monthly bill for the next 10 months, with a 4% increase each July 1 after that for the next five years:

Single Family Impacts (5/8" meter, 8HCF Average Winter Consumption)

*The typical home in St. Helena has an Average Winter Consumption of 8 HCF bi-monthly.



Drought Rates

The City of St. Helena relies heavily on water sales to fund a complex water system that procures, treats, and delivers safe, reliable water to your home or business. When customers are asked to use less, such as during droughts, it leads to lower revenues. Lower revenues are a challenge for the City, as many of the costs associated with operating and maintaining a water system are fixed. Drought rates, or surcharges, work to offset reduced revenues when the City is in a declared water shortage emergency.

In the event that the City Council implements drought stages, temporary drought surcharges may be assessed in addition to water use rates. These would ensure the water utility is financially whole and avoid further increasing future rates or having to forego critical capital reinvestment.

The following schedule shows proposed drought surcharges that would be adopted with the water and wastewater rates. While the surcharges must be adopted at the same time as other rates, they will only be implemented if the City Council declares a water shortage emergency.

DROUGHT SURCHARGES	PHASE I	PHASE II	PHASE III
FY 2024			
Tier 1	\$0.89	\$2.99	\$5.97
Tier 2	\$1.79	\$6.01	\$12.02
Tier 3	\$1.92	\$6.43	\$12.87
FY 2025			
Tier 1	\$0.97	\$3.23	\$6.45
Tier 2	\$1.94	\$6.50	\$12.99
Tier 3	\$2.08	\$6.95	\$13.90
FY 2026			
Tier 1	\$1.05	\$3.49	\$6.97
Tier 2	\$2.10	\$7.02	\$14.03
Tier 3	\$2.25	\$7.51	\$15.02
FY 2027			
Tier 1	\$1.14	\$3.77	\$7.53
Tier 2	\$2.27	\$7.59	\$15.16
Tier 3	\$2.43	\$8.12	\$16.23
FY 2028			
Tier 1	\$1.24	\$4.08	\$8.14
Tier 2	\$2.46	\$8.20	\$16.38
Tier 3	\$2.63	\$8.77	\$17.53

Private Fireline Rates

FIRELINE SIZE	CURRENT RATES	PROPOSED STARTING 9/1/23	PROPOSED STARTING 7/1/24	PROPOSED STARTING 7/1/25	PROPOSED STARTING 7/1/26	PROPOSED STARTING 7/1/27
Meter Size						
4"	\$26.66	\$116.78	\$126.13	\$136.23	\$147.13	\$158.91
6"	\$77.46	\$285.71	\$308.57	\$333.26	\$359.93	\$388.73
8"	\$165.06	\$586.82	\$633.77	\$684.48	\$739.24	\$798.38

How do I Protest the Proposed Increases?

You have the right to protest the proposed rate increases. To be valid each written protest must (1) state the name of the identified property owner or ratepayer; (2) provide the location of the identified property (by street address or assessor's parcel number); (3) include an original signature of the submitting property owner or ratepayer.

Written protests may be submitted by mail or in person prior to or during the public hearing or prior to the conclusion of the public hearing on June 27, 2023, to: St. Helena City Clerk's Office, 1088 College Avenue, St. Helena, CA 94574.

Only one written protest per affected property will be counted. Telephone, e-mail, and fax protests will not be accepted.

Written protests must be received by the City Clerk prior to the conclusion of the public hearing. The Clerk will not accept or consider any protest received after the conclusion of the public hearing.

At the public hearing, the City Council will accept and consider all written protests and hear all oral comments on the Proposed Changes. Oral comments will not be counted as protests unless accompanied by a written protest. At the conclusion of the public hearing, the City Council will consider adoption of the proposed changes as follows: (1) If less than a majority of property owners or ratepayers file a protest, the City Council will consider increasing water rates, effective September 1, 2023. (2) If a majority of affected property owners or ratepayers protest the increase before the conclusion of a required public hearing, the City is prohibited by law from increasing water rates.

Please note that there is a 120-day statute of limitations from the effective date of the resolution or ordinance adopting the rates to challenge any of the rates described herein.

For more information, please to the City of St. Helena's Water and Wastewater Rate Study website at <https://bit.ly/3HKQnB4>





City Clerk's Office

1088 College Avenue
St. Helena, CA 94574

NOTICE OF PUBLIC HEARING



June 27, 2023 / 6 p.m.

St. Helena City Council Chambers
Vintage Hall Board Room – Second Floor
465 Main Street, St. Helena, CA

Scan the QR code or visit to learn more
<https://sthelena.civicweb.net/>

How To Join

For City Council meeting and agenda information, and how to participate in person or virtually, go to <https://sthelena.civicweb.net>

The Public Hearing before City Council will cover proposed rate increases and rate structure changes for water and wastewater services. If adopted, the proposed rate adjustments would become effective September 1, 2023. All interested persons are invited to appear at the Public Hearing on June 27, 2023 to give oral or written testimony, as well as written protests, regarding proposed rates adjustments. Details on the written protest process can be found in this Notice.

Approximately every five years, the City evaluates water and wastewater rates to ensure sufficient revenue is available to provide reliable service. Results of the Cost of Service Study recommended changes to water and wastewater rate structures and showed that rate increases for water and wastewater service are needed over the next five years to continue to operate and maintain the systems, repair and replace aging infrastructure, secure water supplies, improve water quality, meet legal and environmental regulations, and keep up with increases in costs. Details regarding the proposed rate structure changes and increases are detailed on the following pages and in the Cost of Service Study available at <https://bit.ly/3HKQnB4>.