



**Frequently Asked Questions
about
Proposed Sewer Service Charges for Fiscal Years 2021 – 2025**

1. Can the District postpone the rate increases until the current crisis passes?

The rate study and Notice of Public Hearing were put in motion well before the current COVID-19 situation. The District is very sensitive to everything transpiring in the world right now. USD carefully considered the impacts of postponing the proposed rate increases, and it became very clear that any delay would be financially unwise and severely impact the District's operations in the years ahead.

The infrastructure needs of the District now and for the next 10 years were overwhelming factors in this decision. The District must move forward with required capital improvement projects to address current issues that make wastewater more costly to treat as well as aging infrastructure that, though well-maintained, has reached the end of its useful life. USD's 10-year Capital Improvement Program budget is \$644,350,000, and these infrastructure investments are necessary in order to maintain safe, reliable operations that comply with regulatory requirements. It's important to consider that construction of facilities takes several years, and the capital program will require over a full decade of construction and adequate funds to meet current critical needs as well as to prepare to meet anticipated requirements. Simply put, rate increases today will save customers the higher costs of deferring them to a later date. It is currently estimated that each year the District's critical capital projects are delayed costs approximately an additional \$12.5 million per year.

2. Can the Public Hearing be postponed?

The proposed rate increases and mailing of the Notice of Public Hearing were initiated long before the current COVID-19 crisis and the shelter in place orders were issued. The District recognizes that its customers may be uncertain about their finances, but has decided moving forward now instead of waiting avoids higher costs to ratepayers in the future due to delays.

The District is monitoring the evolving COVID-19 situation and state and county orders and will be working to ensure the health and safety of residents and compliance with the law throughout this process. We will provide updates, such as how to participate in meetings electronically, as we move forward.

USD is committed to making it as easy and convenient as possible for customers to communicate with us under the current circumstances. As provided in the notice, comments and protests may be sent via

email to rates@unionsanitary.ca.gov, mailed to 5072 Benson Road, Union City, CA 94587, or faxed to (510) 477-7501. The District operates 24/7 365 days a year. We are always here and will do our best to respond to any inquiries in a quick and efficient manner.

3. Is USD holding the April 21 Public Information Meeting at the Fremont Library?

The notices sent to customers were prepared and sent to the printer well before the shelter in place orders were issued. The meeting will likely be canceled and replaced with an online or teleconference option. Updates will be provided on the District's website unionsanitary.ca.gov, [Facebook page](#), and on Twitter [@usdtweets](#). Ratepayers can also contact the District at (510) 477-7500 or via email at rates@unionsanitary.ca.gov.

4. Does USD offer a Senior Citizen discount, or other discounts?

The District recognizes that rate increases are a cause for worry for customers on fixed incomes. The manner in which agencies such as USD set rates is highly regulated by voter- approved Proposition 218 as well as numerous State laws. These regulations dictate that all customers must pay their proportional share of the cost to provide service, which is determined by the most recent cost of service analysis. Providing discounts to one segment of the customer base is currently not allowed as one customer group would be subsidizing another. Given these legal constraints, USD is unable to charge some customers more than their equitable share determined by the analysis in order to provide lower rates for others.

5. Can USD reduce rates during this challenging time?

The District knows that the COVID-19 crisis has financially stressed many customers, and that a wastewater service rate increase, though a small part of household budgets, may add further worry. It's important to know that the District can only charge customers as much as it costs to provide service. If rates were reduced, USD would not be able to provide essential services, would default on loan requirements, would not be able to pay the contractors, vendors and other companies that support the operation of the District, or meet its regulatory requirements. For an agency that is charged with protection of public health and the environment, this would be irresponsible with potentially catastrophic results. Responsible construction of facilities will allow the District to continue to avoid interruptions to service and major spills that often plague other utilities and agencies. The District currently has one of California's best records for preventing collection system overflows; this record can be viewed at unionsanitary.ca.gov/mission-facts-history.

The reduction would have a greater impact on customers in the short and long term, leading to larger rate increases since the infrastructure improvements still need to be done.

6. Can USD spread the proposed rate increases out over a longer period?

Delaying the currently proposed rate increase or spreading out the increases would result in increased funding needs in the years ahead. The proposed rates are based on the results of the most recent, comprehensive study of the cost of providing sewer service from July 2020 through June 2025. The cost of service analyses can only calculate the costs of providing service a maximum of five years into the future. Rate increases that are implemented this year will save customers the higher costs of deferring them until later.

7. If they are approved, when will the new rates take effect?

If approved, the rates will be adjusted July 1, 2020. Ratepayers will see the increase on their property tax statements beginning in November 2020 and continuing through the five-year period.

USD includes its annual charges on property tax statements to save the substantial additional administrative cost of mailing monthly bills. The charges appear on the statement as a single line item and are listed as "Union Sewer Svc".

8. Why is USD increasing the FY 2021 rate above what was approved in January 2016?

In the years following the Board's approval of rates for Fiscal Years 2016-2021, emerging trends such as increased solids in wastewater that make it more complicated and costly to treat and concern at the state and federal level regarding managing nutrients in San Francisco Bay prompted USD to undertake several years of studies and evaluations of infrastructure investment needs.

The studies and evaluations determined that rate increases beginning in Fiscal Year 2021 would provide substantial savings to customers versus delaying 12-24 months. It is currently estimated that each year the District's critical capital projects are delayed costs approximately an additional \$12.5 million per year.

9. Can the District request a postponement of state and federal treatment requirements, so it won't need to raise rates?

In addition to anticipated state and federal requirements, the District must move forward with necessary capital improvement projects. USD must quickly address current issues of aging infrastructure and wet-weather effluent management as well as trends such as higher solids in wastewater that make it more costly to treat. Without these projects, it will be very challenging for the District to operate the current facility without the possibility of violating the District's discharge permit.

Even if the more stringent standards were postponed, the District must begin projects now that will ensure it can cost effectively and reliably meet future requirements when they are finally imposed. Construction of facilities takes several years, and the capital program requires over a full decade of construction and adequate funds to meet current critical needs as well as to prepare to meet anticipated requirements. Postponing of the requirements or the rate increase will only cost ratepayers more in the future.

10. Why are the proposed increases higher than the rate of inflation?

USD's infrastructure needs, the costs of construction, and regulatory requirements all factor into the proposed increases. The District's USD's 10-year Capital Improvement Program budget is \$644,350,000 and includes projects that address current critical needs while preparing for the future. The District will continue to seek cost savings and other measures to keep the increases as low as possible over the five-year period. Examples of costs savings measures, the District is aggressively pursuing are low interest State and Federal infrastructure loans and other infrastructure financing options.

The improvements funded by the increase must be completed to ensure uninterrupted service and to meet permit requirements. Simply stated, they are mandatory and not discretionary costs. The bulk of the proposed rate increase is needed to fund the District's Capital Improvement Program.

11. Can the District make cuts to staffing levels to keep rates lower?

Compared to agencies providing comparable services, the District currently maintains minimal necessary staffing levels. If the District cut staff, it would lead to reduction in maintenance and operational activities that could put USD at risk of violating its state and federal permits for discharge to the San Francisco Bay. These are in place for protection of public health and the environment. The District makes every effort to minimize operating costs while continuing to provide responsible, reliable service.

It takes power, people and chemicals to run a treatment plant. Some examples of how the District minimizes costs is to generate approximately 75% of its own power needs through solar and bio gas; purchasing chemicals through a Bay Area cooperative ensuring the lowest possible price and utilizing new techniques in pipeline rehabilitation and other service delivery methods to take advantage of any efficiency improvements to the operations and maintenance. It takes a highly trained workforce ranging from licensed operators, electricians, mechanics, engineers, chemists and professional finance and administrative staff to provide USD's services.

12. Why does Union Sanitary District charge a flat rate for single-family and multiple-family residences, instead of basing charges on flow from each household?

Costs to administer any other type of rate program would be substantial and would more than likely exceed any savings. Determining the amount of wastewater received from each individual residential parcel accurately would require many additional staff members, and most wastewater agencies in California have concluded that the increased costs of charging each residence based on individual wastewater flows would lead to higher rates for customers.

The magnitude of the difference in cost between a small household and an average household is not as great as one might expect. The cost of serving the small family is not that much less than the long-term average because 85% or more of a typical wastewater system's costs are fixed and do not vary with flow.

Wastewater flows for residential customers cannot be metered accurately because the flow is typically not pressurized and contains solids and other constituents that would quickly clog meters. If the District were to base residential wastewater rates on flow, it would have to use potable water meter readings, which do not translate directly to actual wastewater quantities because potable water use includes water that is used for irrigation and other uses that do not drain to sewers.