



Sewer Rate Study

Montecito Sanitary District

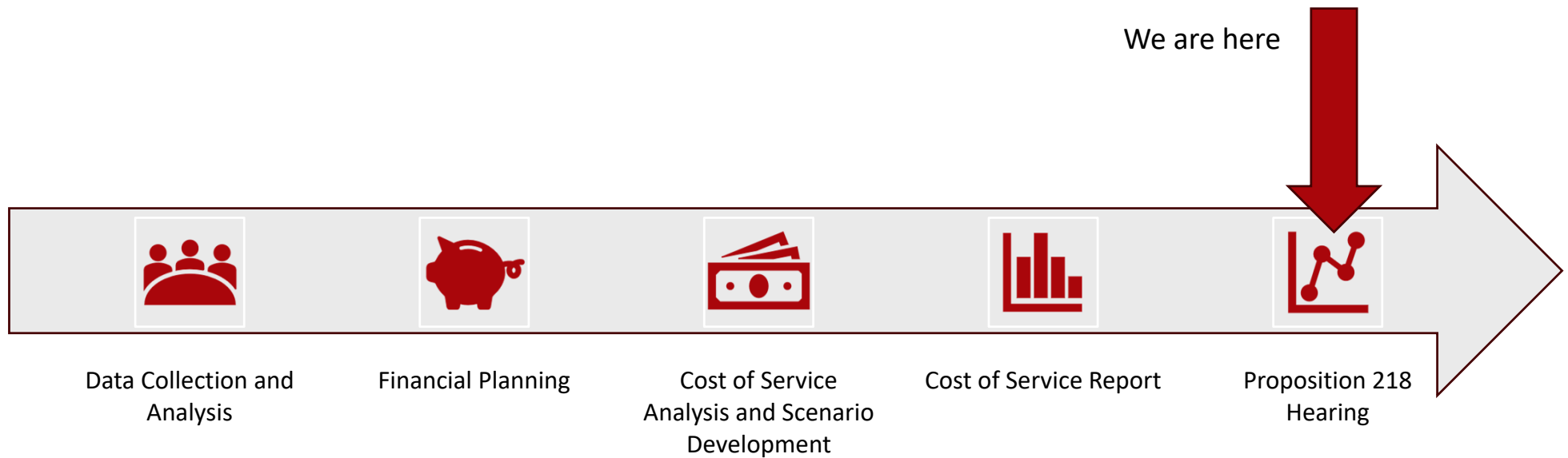
ROBERT D. NIEHAUS, INC.

JUNE 10, 2026

Agenda

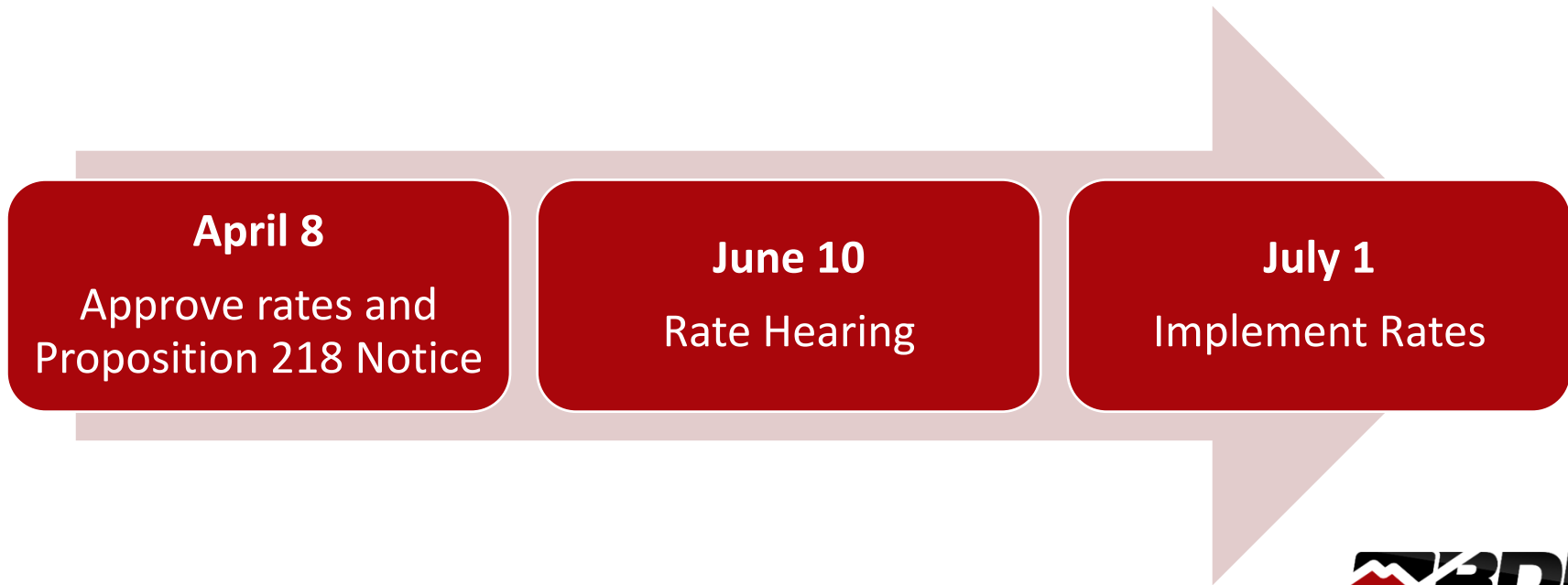
- Review proposed schedule and rate study process
- Discuss financial plan findings
- Show proposed rates
- Show rate impacts
- Discuss Proposition 218 schedule

Rate Study Process



Schedule

- Implement rates July 1, 2026



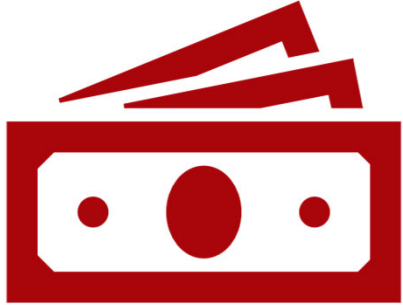
Proposition 218

- Customers have the right to protest any increase in fees
 - Notices must be sent 45 days or more before Hearing
 - Written Protests can be submitted until the end of the hearing
- Customers should not pay more than the fair share of cost of service
- Public agencies cannot make a profit

Ordinance 24 – AB 2257

- District publishes rate justification 45 days before objection deadline
- Customers can submit legal objection
- District can respond to legal objections before rate hearing
- Increases transparency





Financial Plan Discussion

What do rates do?

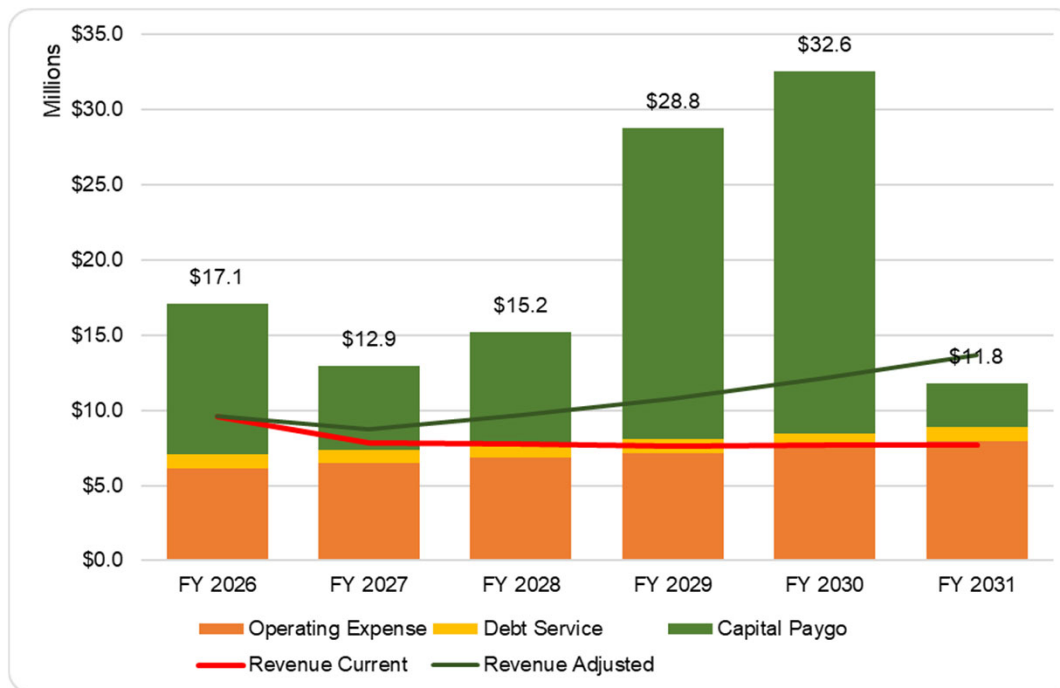
- **Fund Operations** – rates have not increased since 2019, costs have increased
- **Fund Capital Expenditures** – District has not been keeping up with needed capital improvements, updated plan to fund capital needs
- **Funding Reserves** – District currently has a good fund balance, but with cost increases and CIP needs, this will deplete quickly
 - Needed for emergencies



Updated Reserve Policy

- Operating Reserve –3 months operating with a minimum of \$1.5 million
- CIP Reserves – \$750,000
- **Emergency Reserve - \$1.15 million**

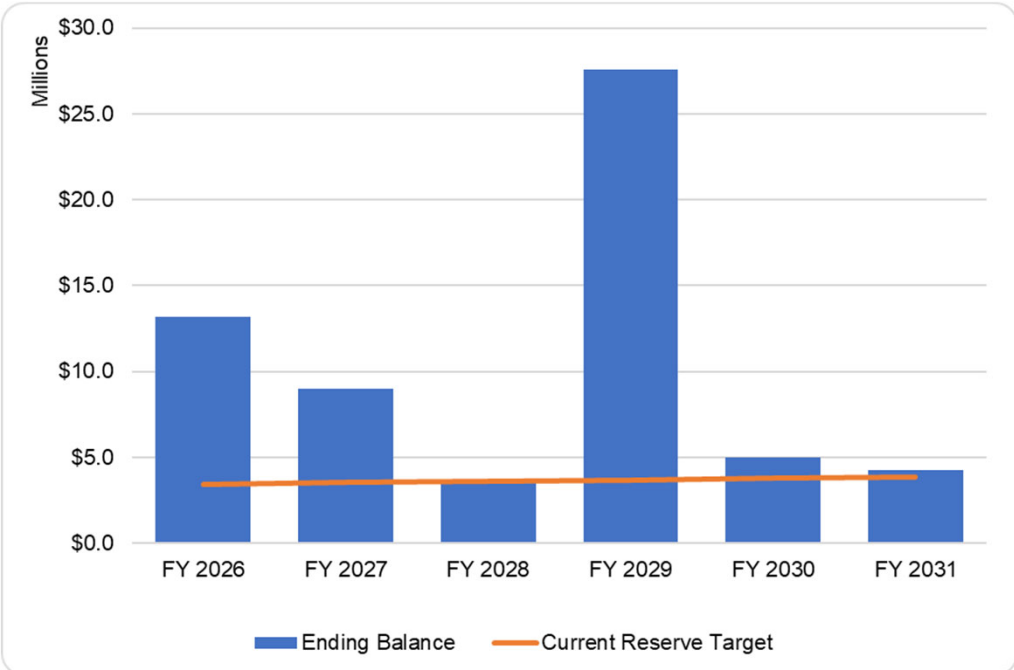
Cash Flow Analysis



	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenue Adjustment	14.0%	14.0%	14.0%	14.0%	14.0%



Fund Balance



	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenue Adjustment	14.0%	14.0%	14.0%	14.0%	14.0%



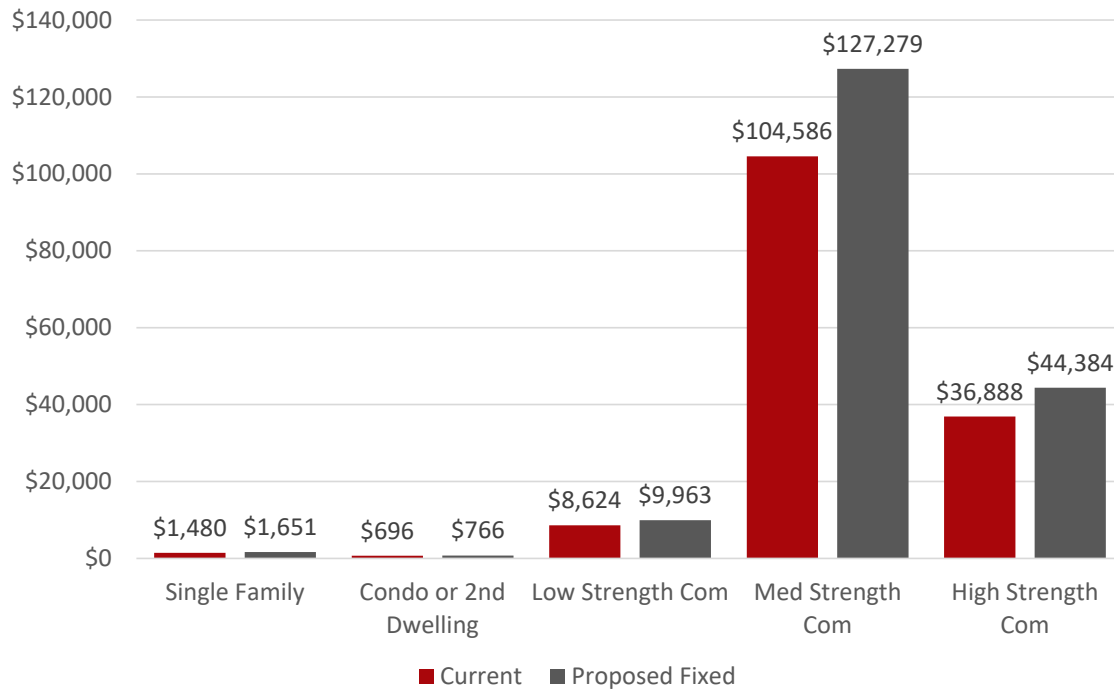
Proposed Rates

Customer Class	Current Rate	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Single Family	\$1,480.00	\$1,650.93	\$1,882.06	\$2,145.55	\$2,445.93	\$2,788.36
Condo or 2nd Dwelling	\$696.00	\$766.20	\$873.47	\$995.76	\$1,135.17	\$1,294.09
Low Strength Com						
Fixed Capacity	\$4.33	\$4.90	\$5.59	\$6.37	\$7.26	\$8.28
Variable Charge	\$2.88	\$3.47	\$3.96	\$4.51	\$5.14	\$5.86
Med Strength Com						
Fixed Capacity	\$10.32	\$12.86	\$14.66	\$16.71	\$19.05	\$21.72
Variable Charge	\$3.96	\$4.46	\$5.08	\$5.79	\$6.60	\$7.52
High Strength Com						
Fixed Capacity	\$12.59	\$15.15	\$17.27	\$19.69	\$22.45	\$25.59
Variable Charge	\$5.57	\$6.70	\$7.64	\$8.71	\$9.93	\$11.32

*Commercial customers are billed based on water use per hundred cubic feet (hcf) - 748 gallons



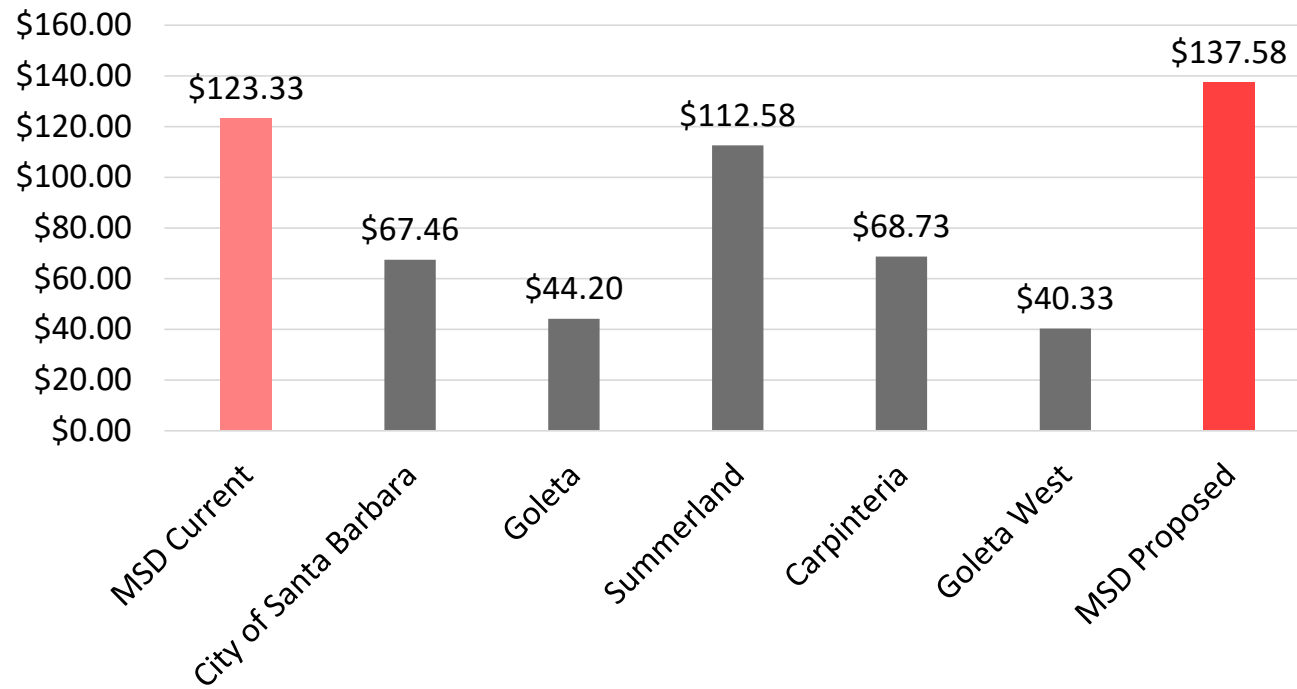
Average Annual Rate Impact (FY 2026-27)



Average Billing hcf	Fixed	Variable
Low Strength	1,349.21	965.92
Medium Strength	7,670.07	6,422.00
High Strength	2,102.67	1,870.00



Monthly Residential Rate Comparison (7 hcf)



Questions?

