

# EAST NILES COMMUNITY SERVICES DISTRICT



## 2026 SEWER RATE STUDY

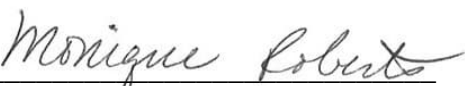
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March 2026

  
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## TABLE OF CONTENTS

Background .....	1
Existing Sewer User Rates.....	1
Current Sewer System Budget Revenues and Expenses .....	3
Sewer System Budget Projections .....	5
Sewer User Fee Multipliers.....	7
Total Single-Family Equivalents .....	8
Annual Sewer User Fee Per SFE .....	10
Proposed Sewer User Rate Schedules .....	11
Recommendations .....	12
 Tables	
1. – Existing District Sewer User Rate Schedule .....	2
2. – FY 2025-26 Sewer System Non-Operating Revenue.....	3
3. – FY 2025-26 Sewer System Operating Expenses.....	3
4. – Projected Sewer System Budgets .....	6
5. – Proposed Sewer User Fee Multipliers.....	7
6. – Total Single-Family Equivalents (FY 2024-25 Data) .....	9
7. – Projected Single-Family Equivalents .....	10
8. – Annual Sewer User Fee Per SFE .....	10
9. – Proposed Sewer User Rate Schedules .....	11
 Figures	
1. – ENCSD FY 2025-26 Sewer System Expenses as % of Total.....	5
2. – ENCSD Sewer System Projected Expenses and Revenues.....	12
 Appendices	
A – Agreements between City, KSA and ENCSD	
B – Backup Calculations from 2018 Sewer Rate Study: Drainage Fixture Units	

# **EAST NILES COMMUNITY SERVICES DISTRICT**

## **2026 SEWER RATE STUDY**

### **Background**

The East Niles Community Services District (ENCSD or District) provides its constituents with wastewater collection and potable water services. The District collects wastewater through a sewer collection system and lift stations owned and operated by the District. Treatment and disposal of the collected wastewater is provided through agreements with the City of Bakersfield (City) and Kern Sanitation Authority (KSA). The District has agreements with the City of Bakersfield for shared capacity in some of its sewer pipelines which provide for delivery of the District's wastewater to treatment and disposal facilities operated by the City and KSA.

The District entered into an agreement with the City and KSA to construct and operate Wastewater Treatment Plant No. 2 (WWTP2). A Joint Powers Authority (JPA) was subsequently established between the District, KSA, and City to facilitate continued cooperation between the agencies in the planning and management of WWTP2. As lead agency for the JPA, the City operates, maintains, and implements improvements for the treatment plant. The City invoices the District and KSA annually for WWTP2 capital improvement expenses and operation and maintenance (O&M) costs (see Sixth Amendment to City Agreement No. 76-153 in Appendix A).

KSA also operates a wastewater treatment plant adjacent to WWTP2. In 2017, the District entered into an agreement with KSA (See Kern County Agreement No. 402-2017 in Appendix A) to utilize up to 300,000 gallons per day of treatment and disposal capacity. The Oswell Street Sewage Diversion Structure Rehabilitation Project was completed to allow a portion of metered sewer flows to be diverted to the KSA treatment plant. KSA invoices the District annually for the cost of service based on metered flow under this Agreement. Average metered flows to KSA averaged about 174,000 gpd for the period from 2022 through 2024. The remainder of the sewer flows from ENCSD are treated at WWTP2.

The most recent Sewer Rate Study was prepared in 2018 by KD Engineering, which established the District's current sewer rate schedule. The study assigned costs according to user benefit based on sewage flow and wastewater constituent concentrations resulting in "Rate Code" multipliers to be applied to the various user categories in relation to a typical single-family residential user. The ratio of user category multipliers to typical residential users is referred to as Single Family Equivalents (SFEs). The purpose of this report is to review the District's current sewer service charges and to propose new rates based on the anticipated budget revenues and expenditures over the next five fiscal years.

### **Existing Sewer User Rates**

Presently the District serves residential, commercial and industrial users amounting to approximately 11,265 SFEs. The current rates were established with the 2018 Sewer Rate Study and are based on the type of customer use. Table 1 shows the existing rate structure with the Multiplier indicating the ratio of the various customer use types to a typical single-family residential user (SFE). The rates established in the 2018 Sewer Rate Study have been increased annually in accordance with the Consumer Price Index through a subsequent five-year period. The current rates were effective as of July 1, 2024.

Table 1  
Existing District Sewer User Rate Schedule

Rate Code #	Description	Multiplier	Annual Rate
1	Single Family Unit (SFU)	1.00	\$206.17
2	SFU Capital Tract	1.00	\$206.17
3	Restaurants (Food and Beverage)	10.73	\$2,212.15
4	Timber and Produce Plant	1.60	\$329.86
5	Recreational	5.13	\$1,057.63
6	Petroleum	3.10	\$639.11
7	Services Shop	1.72	\$354.60
8	Churches	1.26	\$259.77
9	Large Food Processing Plant	257.70	\$53,128.74
10	Light/Heavy Industrial	1.60	\$329.86
11	Combination Store & Office	1.12	\$230.90
12	Storage-Warehouse	3.44	\$709.21
13	Large Store	11.36	\$2,342.04
14	Convenience Store	1.10	\$226.78
15	Markets	13.52	\$2,787.35
16	Office & Financial Building	3.29	\$678.28
17	Institutional Hospital (/Bed)	0.65	\$134.01
18	Multi Family	0.75	\$154.62
19	Hotel/Motel, R.V. Park	0.34	\$70.10
20	Sales/ Industrial Sales	3.00	\$618.50
21	Nurseries	0.64	\$131.95
22	Small Shopping Center	1.12	\$230.90
23	Institutional Ambulance, etc.	5.41	\$1,115.35
24	Mobile Home Park	0.75	\$154.62
25	Rest/ Retirement Home (/Bed)	0.65	\$134.01
26	Small Store or Small Office	1.10	\$226.78
27	Mortuary	5.41	\$1,115.35
28	Car Wash	16.49	\$3,399.66
29	Schools (/ADA)	0.05	\$10.31
30	Service Shop and Residence	2.72	\$560.77
31	Convenience Store & (2) SFU's	3.10	\$639.11
32	(4) Multi Family & (2) SFU's	5.00	\$1,030.83
33	Food and Beverage & Combo Store	10.73	\$2,212.15
34	Single Family/Mobile Home	1.75	\$360.79
35	(2) SFU'S/(2) Multi	3.50	\$721.58
36	Food Packing	1.60	\$329.86
37	SFU and Studio Apt	1.75	\$360.79
38	SFU and (2) Apartments	2.50	\$515.41
39	Laundromat(/Machine)	0.60	\$123.70
40	Medical Office	1.00	\$206.17
41	Commercial Building	0.75	\$154.62
42	Restaurant/Combo Store & Car Wash	27.22	\$5,611.81
43	1 Single Fam, 36 Multi Fam, 2 Washers	29.20	\$6,020.02
44	1 SFU, Laundry (4 Washers), (58) SFU'S	61.40	\$12,658.84
45	Banquet Hall	15.25	\$3,144.00

The District primarily bills its customers as a special assessment through the Kern County tax collection system. Parcels that cannot be issued tax bills, such as those owned and operated by governmental

agencies including schools and State or County offices, require direct invoicing. Parcels that are added after the District’s annual billing information is submitted to the County are also invoiced directly. For Fiscal Year (FY) 2024-25, direct invoices were issued for a total of about 380 SFEs. Adding this to the 10,885 SFEs invoiced through the County results in an estimated 11,265 total SFEs for the District in FY 2024-25.

**Current Sewer System Budget Revenues and Expenses**

Revenues and expenditures for the sewer collection system and wastewater treatment and disposal are analyzed annually through the District’s budget process. Budget items are generally categorized as applicable to water, sewer, or General and Administrative (G&A). In previous Water and Sewer Rate Studies, the District’s sewer system operations have been found to make up approximately 25% of the District’s total operating expenses. Consistent with these previous studies, 25% of FY 2025-26 Budget G&A expenses and revenues are allocated to the sewer system budget.

The non-operating revenues from the District’s FY 2025-26 budget applicable to the sewer system are provided in Table 2. Operating revenues, those raised through collection of sewer service charges, and connection fees, which are designated for capital improvements associated with development, are not included in Table 2.

Table 2  
FY 2025-26 Sewer System Non-Operating Revenue

Category	Budget Allocation
Annexation Fees <sup>1</sup>	\$250
Sewer Plan Check and Inspection Fees	\$3,000
Tax Revenue <sup>1</sup>	\$147,500
Disposal of Fixed Assets <sup>1</sup>	\$4,000
Interest Income (Sewer)	\$18,000
<b>Total Sewer System Non-Operating Revenue</b>	<b>\$172,750</b>

Notes:

1) Revenues for the sewer system are allocated at 25% of the total budget item.

The District’s FY 2025-26 budget expenses applicable to the sewer system summarized in Table 3. The budget items are allocated to the following categories: Sewer System Expenses, Wastewater Treatment Plant Operation and Maintenance, Debt Repayment, and General and Administrative Expenses (sewer portion).

Table 3  
FY 2025-26 Sewer System Operating Expenses

Category	Budget Allocation
<u>Sewer System Expenses:</u>	
Salaries	\$481,000
Maintenance/Supplies	\$25,000
Sewer Lift Station Power	\$7,000
Vehicle Maintenance	\$16,000
Vehicle Fuel	\$45,000

Table 3 (continued)

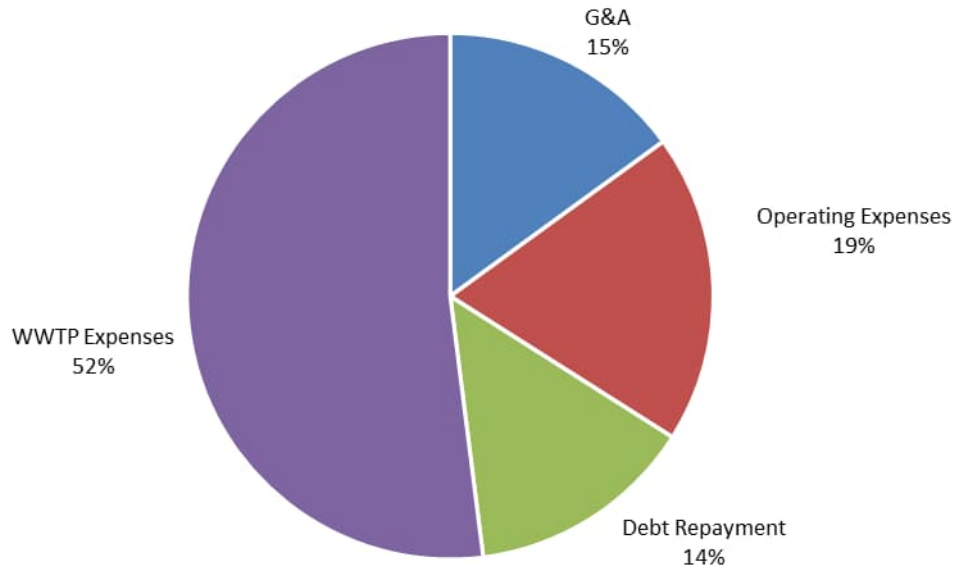
Category	Budget Allocation
<u>Wastewater Treatment Plant Operation &amp; Maintenance:</u>	
City of Bakersfield WWTP No. 2 (SW)	\$1,471,500
Kern Sanitation Authority WWTP	\$160,000
<u>Debt Repayment:</u>	
Kern Sanitation Authority WWTP Capacity <sup>1</sup>	\$306,000
Office Building/Maintenance Yard Debt Service - Sewer	\$127,300
<u>General and Administrative Expenses (Sewer Portion)<sup>2</sup>:</u>	
Office Maintenance	\$3,500
Telephone/Communications/Utilities	\$25,500
Workers' Compensation	\$12,500
Liability Insurance	\$31,250
Dues, Membership, Licenses, Fees	\$5,250
Office Expenses	\$13,750
Postage	\$25,000
Engineering	\$29,500
Legal	\$21,250
Professional Services	\$7,250
Auditing	\$6,500
Other Outside Services	\$23,750
District Pension Contribution <sup>3</sup>	\$36,000
Medical Insurance <sup>3</sup>	\$127,500
Directors Fees	\$7,000
District Portion FICA/MEDI <sup>3</sup>	\$30,750
Employee Travel Expenses/Seminars & Training	\$2,000
Miscellaneous	\$125
Uniform Service	\$5,625
Vision Care Insurance <sup>3</sup>	\$1,000
Bank Charges	\$30,000
Dental Care Insurance <sup>3</sup>	\$5,500
Safety Supplies	\$1,000
Maintenance Agreements	\$16,750
Directors Travel Expenses/Seminars & Training	\$1,000
Pre-Employment Exams	\$125
Claims/Damage Payable	\$125
Group Term Life, AD & D & Long-Term Disability <sup>3</sup>	\$2,500
<b>Total Sewer System Operating Expenses</b>	<b>\$3,110,800</b>

## Notes:

- 1) KSA WWTP Capacity Repayment per Agreement ends in 2026.
- 2) G&A expenses for the sewer system are allocated at 25% of the total budget item.
- 3) Medical and pension benefit expenses may vary depending on the actual number of sewer employees.

The breakdown of the District’s budget expenses for FY 2025-26 as a percentage of total expenses is shown in Figure 1.

**Figure 1 - ENCSD FY 2025-26 Sewer System Expenses as % of Total**



### **Sewer System Budget Projections**

The FY 2025-26 budget revenue items in Table 2 and expense items in Table 3 were used as the basis for development of the projected budget expenses for the sewer system over the next five fiscal years. The Projected Sewer System Budget presented in Table 4 is based on the following assumptions:

1. Costs and revenues from Table 2 and Table 3 are increased by 3.5 percent annually to account for inflation.
2. A line item is added for planned capital improvements, equipment purchases, and reserves based on information provided by the ENCSD. The reserve policy adopted by the ENCSD in 2018 established the desired reserve fund balance at a level of 40 to 50 percent of total annual operating costs. To maintain this fund balance level, a contribution to the reserve fund equal to 15% of the total annual operating costs is assumed.
3. The City of Bakersfield evaluated its long-term capital improvement plan for WWTP2 as part of its 2026-2030 Sewer Rates & Fees Report, which will result in significant additional costs passed on to the ENCSD. As shown in that report, the annual capital improvement costs to ENCSD will increase to about \$3 million in FY 2030-31. The budget projections in Table 4 are based on a straight-line increase of City capital improvement costs from FY 2026-27 to reach \$3 million in FY 2030-31. City WWTP2 O&M reimbursement costs are assumed to increase at 3.5% annually.
4. The debt service payment for KSA WWTP capacity will be completed in 2026. It is assumed no additional payment to KSA for WWTP capacity will occur during the upcoming five-year period and no allowance is included in the projected sewer system budgets.

Table 4  
Projected Sewer System Budgets

Category	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Total Sewer System Non Operating Revenue <sup>1</sup> :	\$178,800	\$185,100	\$191,600	\$198,300	\$205,200
Sewer System Expenses <sup>2</sup> :					
Salaries	\$497,840	\$515,260	\$533,290	\$551,960	\$571,280
Maintenance/Supplies	\$25,000	\$25,880	\$26,790	\$27,730	\$28,700
Sewer Lift Station Power	\$7,000	\$7,250	\$7,500	\$7,760	\$8,030
Vehicle Maintenance	\$16,000	\$16,560	\$17,140	\$17,740	\$18,360
Vehicle Fuel	\$45,000	\$46,580	\$48,210	\$49,900	\$51,650
Wastewater Treatment Plant Operation & Maintenance:					
City of Bakersfield WWTP No. 2 (SW) <sup>3</sup>	\$1,711,800	\$2,347,900	\$2,985,400	\$3,624,200	\$4,264,500
Kern Sanitation Authority WWTP <sup>2</sup>	\$165,600	\$171,400	\$177,400	\$183,610	\$190,040
Debt Repayment:					
Office Building/Maintenance Yard Debt Service-Sewer <sup>5</sup>	\$127,340	\$127,290	\$127,140	\$126,890	\$126,540
General and Administrative Expenses (Sewer Portion) <sup>2,4</sup> :					
Office Maintenance	\$3,620	\$3,750	\$3,880	\$4,020	\$4,160
Telephone/Communications/Utilities	\$26,390	\$27,310	\$28,270	\$29,260	\$30,280
Workers' Compensation	\$12,940	\$13,390	\$13,860	\$14,350	\$14,850
Liability Insurance	\$32,340	\$33,470	\$34,640	\$35,850	\$37,100
Dues, Membership, Licenses, Fees	\$5,430	\$5,620	\$5,820	\$6,020	\$6,230
Office Expenses	\$14,230	\$14,730	\$15,250	\$15,780	\$16,330
Postage	\$25,880	\$26,790	\$27,730	\$28,700	\$29,700
Engineering	\$30,530	\$31,600	\$32,710	\$33,850	\$35,030
Legal	\$21,990	\$22,760	\$23,560	\$24,380	\$25,230
Professional Services	\$7,500	\$7,760	\$8,030	\$8,310	\$8,600
Auditing	\$6,730	\$6,970	\$7,210	\$7,460	\$7,720
Other Outside Services	\$24,580	\$25,440	\$26,330	\$27,250	\$28,200
District Pension Contribution	\$37,260	\$38,560	\$39,910	\$41,310	\$42,760
Medical Insurance	\$131,960	\$136,580	\$141,360	\$146,310	\$151,430
Directors Fees	\$7,250	\$7,500	\$7,760	\$8,030	\$8,310
District Portion FICA/MEDI	\$31,830	\$32,940	\$34,090	\$35,280	\$36,510
Employee Travel Expenses/Seminars & Training	\$2,070	\$2,140	\$2,210	\$2,290	\$2,370
Miscellaneous	\$130	\$130	\$130	\$130	\$130
Uniform Service	\$5,820	\$6,020	\$6,230	\$6,450	\$6,680
Vision Care Insurance	\$1,040	\$1,080	\$1,120	\$1,160	\$1,200
Bank Charges	\$31,050	\$32,140	\$33,260	\$34,420	\$35,620
Dental Care Insurance	\$5,690	\$5,890	\$6,100	\$6,310	\$6,530
Safety Supplies	\$1,040	\$1,080	\$1,120	\$1,160	\$1,200
Maintenance Agreements	\$17,340	\$17,950	\$18,580	\$19,230	\$19,900
Directors Travel Expenses/Seminars & Training	\$1,040	\$1,080	\$1,120	\$1,160	\$1,200
Pre-Employment Exams	\$130	\$130	\$130	\$130	\$130
Claims/Damage Payable	\$130	\$130	\$130	\$130	\$130
Group Term Life, AD & D & Long Term Disability	\$2,590	\$2,680	\$2,770	\$2,870	\$2,970
Capital Improvements, Equipment Purchases, and Reserves <sup>6</sup>	\$860,000	\$890,100	\$921,300	\$953,500	\$986,900
Total Sewer System Expenses:	\$3,944,110	\$4,653,840	\$5,367,480	\$6,084,890	\$6,806,500
Total Expenses Less Non-Operating Revenue <sup>7</sup> :	\$3,765,310	\$4,468,740	\$5,175,880	\$5,886,590	\$6,601,300

Notes:

- 1) FY 2025-26 Sewer System Non-Operating Revenue from Table 2 increased by 3.5%.
- 2) FY 2025-26 Expenses from Table 3 increased by 3.5%.
- 3) Estimated to cover projected City of Bakersfield WWTP 2 capital improvement and O&M expenses for the next five fiscal years based on City's 2026-2030 Sewer Rates & Fees Report.
- 4) G&A expenses for the sewer system are allocated at 25% of the total budget item.
- 5) Dept repayment for the sewer system share over the next five fiscal years rounded to the nearest \$10.
- 6) Allowance for capital improvements, equipment purchases, and reserve fund contributions that are not included in FY 2025-26 budget.
- 7) Total Expenses Less Non-Operating Revenue is the amount to be raised through sewer user fees.

### **Sewer User Fee Multipliers**

The ENCSD's existing sewer user fee multipliers are shown with the current sewer rate schedule in Table 1. The existing sewer user fee multipliers for the sewer user categories shown as Rate Codes 1-40 were established in previous rate studies based on their respective sewage flow and wastewater constituent concentrations in relation to a typical single-family residential user.

Sewer user fee multipliers for Rate Codes 41-45 cover sewer user connection types added since the 2018 Sewer Rate Study. Sewer user fee multipliers were established for these new rate codes by the ENCSD in accordance with the methodology described in the 2018 Sewer Rate Study whereby the number of Drainage Fixture Units (DFUs) from the California Plumbing Code for the proposed new sewer user category are compared to 17 DFUs for an SFE. Backup calculations from the 2018 Sewer Rate Study are provided in Appendix B.

No changes to the established sewer user fee multipliers are proposed in this Sewer Rate Study. The proposed sewer user fee multipliers are presented in Table 5.

Table 5  
Proposed Sewer User Fee Multipliers

Rate Code #	Description	Multiplier
1	Single Family Unit (SFU)	1.00
2	SFU Capital Tract	1.00
3	Restaurants (Food and Beverage)	10.73
4	Timber and Produce Plant	1.60
5	Recreational	5.13
6	Petroleum	3.10
7	Services Shop	1.72
8	Churches	1.26
9	Large Food Processing Plant	257.70
10	Light/Heavy Industrial	1.60
11	Combination Store & Office	1.12
12	Storage-Warehouse	3.44
13	Large Store	11.36
14	Convenience Store	1.10
15	Markets	13.52
16	Office & Financial Building	3.29

Table 5 (continued)

Rate Code #	Description	Multiplier
17	Institutional Hospital (/Bed)	0.65
18	Multi Family	0.75
19	Hotel/Motel, R.V. Park	0.34
20	Sales/ Industrial Sales	3.00
21	Nurseries	0.64
22	Small Shopping Center	1.12
23	Institutional Ambulance, etc.	5.41
24	Mobile Home Park	0.75
25	Rest/ Retirement Home (/Bed)	0.65
26	Small Store or Small Office	1.10
27	Mortuary	5.41
28	Car Wash	16.49
29	Schools (/ADA)	0.05
30	Service Shop and Residence	2.72
31	Convenience Store & (2) SFU's	3.10
32	(4) Multi Family & (2) SFU's	5.00
33	Food and Beverage & Combo Store	10.73
34	Single Family/Mobile Home	1.75
35	(2) SFU'S/(2) Multi	3.50
36	Food Packing	1.60
37	SFU and Studio Apt	1.75
38	SFU and (2) Apartments	2.50
39	Laundromat(/Machine)	0.60
40	Medical Office	1.00
41	Commercial Building	0.75
42	Restaurant/Combo Store & Car Wash	27.22
43	1 Single Fam, 36 Multi Fam, 2 Washers	29.20
44	1 SFU, Laundry (4 Washers), (58) SFU'S	61.40
45	Banquet Hall	15.25

**Total Single-Family Equivalentents**

The District’s customer list for FY 2024-25 was used to estimate the total number of SFEs for each sewer user category. Multiplying the number of sewer users for each category by their respective multipliers from Table 5 results in the total estimated SFEs for FY 2024-25 as shown in Table 6.

Table 6  
Total Single-Family Equivalents (FY 2024-25 Data)

Rate Code #	Description	Multiplier	Number of Users	Total SFEs
1	Single Family Unit (SFU)	1.00	7,464	7,464.00
2	SFU Capital Tract	1.00	155	155.00
3	Restaurants (Food and Beverage)	10.73	29	311.16
4	Timber and Produce Plant	1.60	1	1.60
5	Recreational	5.13	3	15.39
6	Petroleum	3.10	8	24.80
7	Services Shop	1.72	28	48.16
8	Churches	1.26	18	22.68
9	Large Food Processing Plant	257.70	1	257.70
10	Light/Heavy Industrial	1.60	7	11.20
11	Combination Store & Office	1.12	8	8.96
12	Storage-Warehouse	3.44	12	41.28
13	Large Store	11.36	4	45.44
14	Convenience Store	1.10	7	7.70
15	Markets	13.52	5	67.60
16	Office & Financial Building	3.29	3	9.87
17	Institutional Hospital (/Bed)	0.65	50	32.50
18	Multi Family	0.75	1,178	883.46
19	Hotel/Motel, R.V. Park	0.34	623	211.83
20	Sales/ Industrial Sales	3.00	22	66.00
21	Nurseries	0.64	1	0.64
22	Small Shopping Center	1.12	3	3.36
23	Institutional Ambulance, etc.	5.41	-	-
24	Mobile Home Park	0.75	1,079	809.21
25	Rest/ Retirement Home (/Bed)	0.65	158	102.70
26	Small Store or Small Office	1.10	6	6.60
27	Mortuary	5.41	1	5.41
28	Car Wash	16.49	2	32.98
29	Schools (/ADA)	0.05	326	16.30
30	Service Shop and Residence	2.72	2	5.44
31	Convenience Store & (2) SFU's	3.10	1	3.10
32	(4) Multi Family & (2) SFU's	5.00	1	5.00
33	Food and Beverage & Combo Store	10.73	2	21.46
34	Single Family/Mobile Home	1.75	1	1.75
35	(2) SFU'S/(2) Multi	3.50	1	3.50
36	Food Packing	1.60	-	-
37	SFU and Studio Apt	1.75	2	3.50
38	SFU and (2) Apartments	2.50	2	5.00
39	Laundromat(/Machine)	0.60	31	18.60

Table 6 (Continued)

Rate Code #	Description	Multiplier	Number of Users	Total SFEs
40	Medical Office	1.00	21	21.00
41	Commercial Building	0.75	-	-
42	Restaurant/Combo Store & Car Wash	27.22	1	27.22
43	1 Single Fam, 36 Multi Fam, 2 Washers	29.20	1	29.20
44	1 SFU, Laundry (4 Washers), (58) SFU'S	61.40	1	61.40
45	Banquet Hall	15.25	1	15.25
-	Direct Billed Sewer Users	-	-	380.00
Total Single-Family Equivalents (FY 2024-25 Data)				11,264.93

An 1% annual growth rate in SFEs is assumed based on the increase in SFEs from 2023 to 2024. This growth rate is consistent with the District's 2024 Water Rate Study. The projected total estimated SFEs for FY 2025-26 through FY 2030-31 based on an annual 1% growth rate are shown in Table 7.

Table 7  
Projected Total Single-Family Equivalents

FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
11,378	11,492	11,607	11,723	11,840	11,958

### Annual Sewer User Fee Per SFE

An annual sewer user fee per SFE for the next five fiscal years was determined by dividing the Total Expenses less Non-Operating Revenue for each fiscal year from Table 4 by the Projected Total Single-Family Equivalents for the corresponding year from Table 7. The results are shown in Table 8.

Table 8  
Annual Sewer User Fee Per SFE

Description	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Expenses less Non-Operating Revenue <sup>1</sup>	\$3,765,310	\$4,468,740	\$5,175,880	\$5,886,590	\$6,601,300
Projected Single-Family Equivalents <sup>2</sup>	11,492	11,607	11,723	11,840	11,958
Annual Sewer User Fee Per SFE <sup>3</sup>	\$327.65	\$385.01	\$441.52	\$497.18	\$552.05

Notes:

1) From Table 4

2) From Table 7

3) Expenses less Non-Operating Revenue divided by Projected Single-Family Equivalents.

The current and projected annual sewer user fees/SFRE are summarized below:

- Current FY 2025-26: \$206.17/SFRE
- Proposed FY 2026-27: \$327.65/SFRE – increase of \$121.48
- Proposed FY 2027-28: \$385.01/SFRE – increase of \$57.36
- Proposed FY 2028-29: \$441.52/SFRE – increase of \$56.51
- Proposed FY 2029-30: \$497.18/SFRE – increase of \$55.66
- Proposed FY 2030-31: \$552.05/SFRE – increase of \$54.87

## Proposed Sewer User Rate Schedules

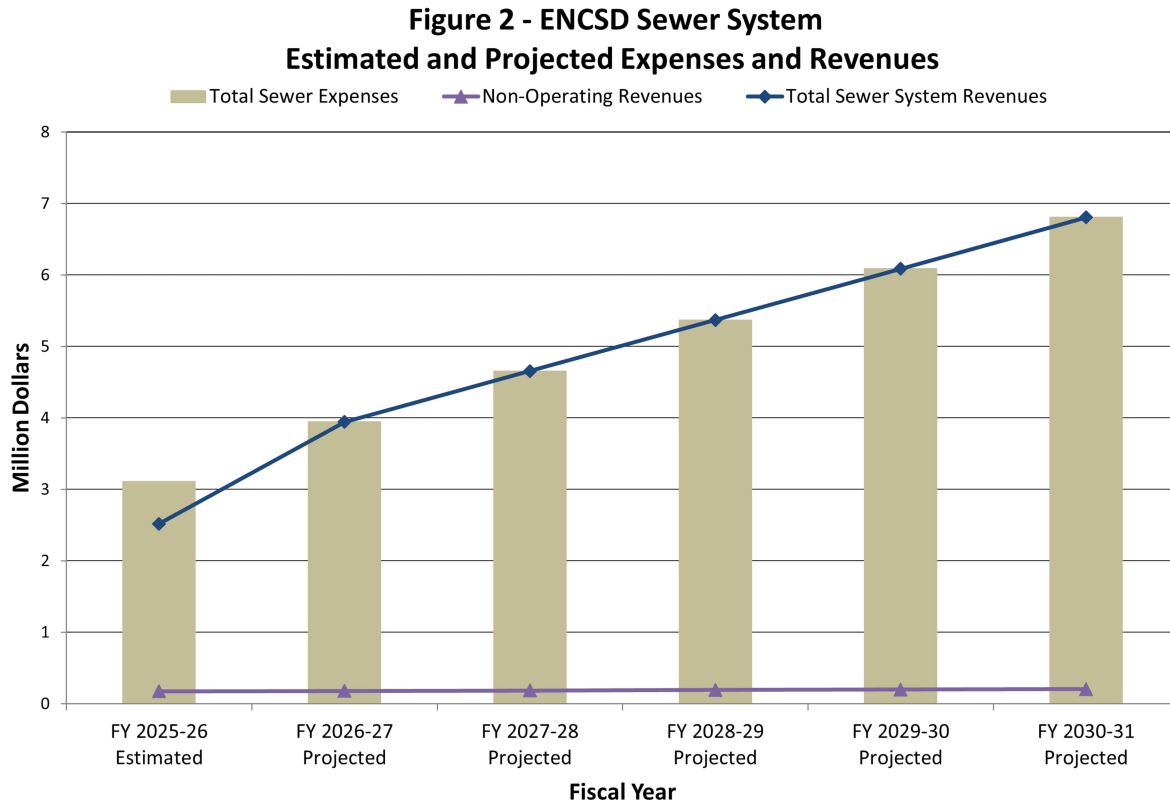
The proposed sewer user rate schedules shown in Table 9 are calculated for each fiscal year by applying the Multipliers for each user category from Table 5 to the Annual Sewer User Fee Per SFE from Table 8.

Table 9  
Proposed Sewer User Rate Schedules

Rate Code #	Description	Multiplier	Current FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
1	Single Family Unit	1.00	\$206.17	\$327.65	\$385.01	\$441.52	\$497.18	\$552.05
2	SFU Capital Tract	1.00	\$206.17	\$327.65	\$385.01	\$441.52	\$497.18	\$552.05
3	Restaurants (Food and Beverage)	10.73	\$2,212.15	\$3,515.60	\$4,131.06	\$4,737.39	\$5,334.61	\$5,923.35
4	Timber and Produce Plant	1.60	\$329.86	\$524.22	\$615.99	\$706.41	\$795.46	\$883.25
5	Recreational	5.13	\$1,057.63	\$1,680.81	\$1,975.06	\$2,264.95	\$2,550.48	\$2,831.96
6	Petroleum	3.10	\$639.11	\$1,015.69	\$1,193.50	\$1,368.68	\$1,541.22	\$1,711.31
7	Services Shop	1.72	\$354.60	\$563.54	\$662.19	\$759.39	\$855.12	\$949.49
8	Churches	1.26	\$259.77	\$412.83	\$485.10	\$556.31	\$626.44	\$695.57
9	Large Food Processing Plant	257.70	\$53,128.74	\$84,434.04	\$99,215.48	\$113,777.87	\$128,121.22	\$142,260.99
10	Light/Heavy Industrial	1.60	\$329.86	\$524.22	\$615.99	\$706.41	\$795.46	\$883.25
11	Combination Store & Office	1.12	\$230.90	\$366.95	\$431.19	\$494.48	\$556.82	\$618.27
12	Storage-Warehouse	3.44	\$709.21	\$1,127.09	\$1,324.41	\$1,518.80	\$1,710.26	\$1,899.01
13	Large Store	11.36	\$2,342.04	\$3,722.02	\$4,373.62	\$5,015.56	\$5,647.84	\$6,271.15
14	Convenience Store	1.10	\$226.78	\$360.40	\$423.50	\$485.66	\$546.88	\$607.24
15	Markets	13.52	\$2,787.35	\$4,429.72	\$5,205.21	\$5,969.20	\$6,721.71	\$7,463.53
16	Office & Financial Building	3.29	\$678.28	\$1,077.94	\$1,266.65	\$1,452.56	\$1,635.68	\$1,816.19
17	Institutional Hospital (/Bed)	0.65	\$134.01	\$212.97	\$250.26	\$286.99	\$323.17	\$358.83
18	Multi Family (/Unit)	0.75	\$154.62	\$245.73	\$288.74	\$331.12	\$372.87	\$414.02
19	Hotel/Motel, R.V. Park (/Unit)	0.34	\$70.10	\$111.40	\$130.91	\$150.12	\$169.05	\$187.70
20	Sales/ Industrial Sales	3.00	\$618.50	\$982.93	\$1,155.01	\$1,324.54	\$1,491.52	\$1,656.12
21	Nurseries	0.64	\$131.95	\$209.70	\$246.41	\$282.58	\$318.20	\$353.32
22	Small Shopping Center	1.12	\$230.90	\$366.95	\$431.19	\$494.48	\$556.82	\$618.27
23	Institutional Ambulance, Etc	5.41	\$1,115.35	\$1,772.54	\$2,082.85	\$2,388.56	\$2,689.67	\$2,986.51
24	Mobile Home Park (/Unit)	0.75	\$154.62	\$245.73	\$288.74	\$331.12	\$372.87	\$414.02
25	Rest/ Retirement Home (/Bed)	0.65	\$134.01	\$212.97	\$250.26	\$286.99	\$323.17	\$358.83
26	Small Store or Small Office	1.10	\$226.78	\$360.40	\$423.50	\$485.66	\$546.88	\$607.24
27	Mortuary	5.41	\$1,115.35	\$1,772.54	\$2,082.85	\$2,388.56	\$2,689.67	\$2,986.51
28	Car Wash	16.49	\$3,399.66	\$5,402.82	\$6,348.66	\$7,280.49	\$8,198.30	\$9,103.08
29	Schools (/ADA)	0.05	\$10.31	\$16.38	\$19.25	\$22.08	\$24.86	\$27.61
30	Service Shop and Residence	2.72	\$560.77	\$891.19	\$1,047.20	\$1,200.91	\$1,352.30	\$1,501.54
31	Convenience Store & (2) SFU's	3.10	\$639.11	\$1,015.69	\$1,193.50	\$1,368.68	\$1,541.22	\$1,711.31
32	(4) Multi Family & (2) SFU's	5.00	\$1,030.83	\$1,638.22	\$1,925.01	\$2,207.56	\$2,485.85	\$2,760.20
33	Food and Beverage & Combo Store	10.73	\$2,212.15	\$3,515.60	\$4,131.06	\$4,737.39	\$5,334.61	\$5,923.35
34	Single Family/Mobile Home	1.75	\$360.79	\$573.38	\$673.75	\$772.64	\$870.05	\$966.07
35	(2) SFU'S & (2) Multi-Family Units	3.50	\$721.58	\$1,146.75	\$1,347.51	\$1,545.29	\$1,740.09	\$1,932.13
36	Food Packing	1.60	\$329.86	\$524.22	\$615.99	\$706.41	\$795.46	\$883.25
37	SFU and Studio Apt	1.75	\$360.79	\$573.38	\$673.75	\$772.64	\$870.05	\$966.07
38	SFU and (2) Apartments	2.50	\$515.41	\$819.10	\$962.50	\$1,103.77	\$1,242.91	\$1,380.08
39	Laundromat(/Machine)	0.60	\$123.70	\$196.59	\$231.00	\$264.91	\$298.30	\$331.22
40	Medical Office	1.00	\$206.17	\$327.65	\$385.01	\$441.52	\$497.18	\$552.05
41	Commercial Building	0.75	\$154.62	\$245.73	\$288.74	\$331.12	\$372.87	\$414.02
42	Restaurant/Combo Store & Car Wash	27.22	\$5,611.81	\$8,918.41	\$10,479.72	\$12,017.88	\$13,532.91	\$15,026.43
43	1 Single Fam, 36 Multi Fam, 2 Washers	29.20	\$6,020.02	\$9,567.15	\$11,242.02	\$12,892.08	\$14,517.31	\$16,119.47
44	1 SFU, Laundry(4 Washers), (58) SFU'S	61.40	\$12,658.84	\$20,117.71	\$23,639.62	\$27,109.33	\$30,526.86	\$33,895.88
45	Banquet Hall	15.25	\$3,144.00	\$4,996.52	\$5,871.23	\$6,732.98	\$7,581.77	\$8,418.51

The estimated sewer system expenses and revenues for FY 2025-26 based on the current year budget and sewer rates and the projected sewer system revenues and expenses for the next five fiscal years are presented in Figure 2.

As shown in Figure 2, the estimated total sewer revenues for FY 2025-26 are not adequate to cover the budgeted costs. The proposed sewer rate schedules in Table 9 have been developed to provide sufficient revenue to meet the anticipated sewer system expenses over the next five fiscal years.



### Recommendations

It is recommended that the District adopt the proposed sewer rate schedules as presented in Table 9. The proposed rates will meet the revenue needs based on the projected sewer system budgets for the next five fiscal years. It is further recommended that the District reconsider its rates on a periodic basis, not to exceed five (5) year intervals, or when economic conditions warrant a more frequent review.

Appendix A  
Agreements Between City, KSA and ENCSD

**AGREEMENT NO. 76-153(6)**

**AMENDATORY AGREEMENT FOR CONSTRUCTION, OPERATION AND  
MAINTENANCE, CAPACITY SERVICE, FINANCING AND USE OF BAKERSFIELD  
SUBREGIONAL WASTEWATER MANAGEMENT PLAN.**

**SIXTH AMENDMENT TO AGREEMENT NUMBER 76-153**

THIS AMENDMENT TO AGREEMENT NUMBER 76-153, is made and entered into this      day of SEP 10 2003, 2003, by and between the CITY OF BAKERSFIELD, hereinafter referred to as "CITY," and the EAST NILES COMMUNITY SERVICES DISTRICT (ENCSD), and the KERN SANITATION AUTHORITY (KSA) as Successor to the UNION AVENUE COUNTY SANITATION DISTRICT and the ALTA VERDE COUNTY SANITATION DISTRICT, hereinafter referred to singly as "User Agency" and collectively as "User Agencies."

**RECITALS:**

WHEREAS, the City owns and operates a regional wastewater treatment system;  
and

WHEREAS, the parties are authorized to contract with each other for the joint exercise of any common power under Article 1, Chapter 5, Division 7, Title 1, of the Government Code of the State of California; and

WHEREAS, the User Agencies currently utilize this regional wastewater treatment system pursuant to City Agreement No. 76-153 dated December 20, 1976, hereinafter referred to as the "Original Agreement", previously amended five times by Agreement No. 77-44 on March 28, 1977, Agreement No. 85-197 on July 16, 1985, Agreement No. 92-106 on May 20, 1992, Agreement No. 76-153(4) on May 27, 1997, and Agreement No. 76-153(5) on August 24, 1999; and

WHEREAS, On August 27, 1991, the Kern County Board of Supervisors adopted Resolution No. 91-662 which consolidated the Union Avenue County Sanitation District and the Alta Verde County Sanitation District, both of which are parties to said Agreement, along with the Mt. Vernon - Panorama County Sanitation District, which was not a party to the Agreement, into a single new successor district called the Kern Sanitation Authority (KSA); and

WHEREAS, Wastewater Treatment Plant 2 (WWTP2) was upgraded and expanded in 2000 to a new treatment capacity of 25 mgd flow capacity, 52,334 lb/day Biological Oxygen Demand (BOD) capacity, and 68,180 lb/day of Suspended Solids (SS) capacity; and

WHEREAS, the entire cost of the expansion was born by the CITY; and

WHEREAS, ENCSD has expressed a desire to purchase additional treatment and flow capacity in WWTP2 from the CITY; and

WHEREAS, KSA and the CITY have agreed to trade capacities in WWTP2 to correct an imbalance in the KSA capacity within WWTP2;

NOW, THEREFORE, incorporating the foregoing recitals herein, the parties to this agreement agree to the following:

1. The KSA shall relinquish 100,000 gallons per day of flow capacity to the CITY. In return, the CITY shall relinquish 294 pounds per day of BOD capacity and 5 pounds per day of SS capacity to KSA. This exchange is a trade with no additional compensation therefor.
2. ENCSD shall purchase from the CITY the following flow and treatment capacity in WWTP2: 700,000 gallons per day of flow capacity, 2,232 pounds per day of BOD capacity, and 1,123 pounds per day of SS capacity. The purchase price for this capacity shall be \$2,516,000 which shall be paid to the CITY under the following terms:
  - a. Payments shall be made to the CITY biannually on, or before June 30, and December 31 of each calendar year.
  - b. The annual Interest rate shall be 1.8%. This is the imputed interest rate of the State Revolving Fund loan to the City of Bakersfield.
  - c. A total of 36 biannual payments of \$82,155 shall be made.
  - d. The 1<sup>st</sup> payment shall be due on or before December 31<sup>st</sup>, 2003.
  - e. The final payment shall be due on or before June 30<sup>th</sup>, 2021.
3. Since the Treatment Plant Capacity Service shall be changed to reflect the revised capacities of the user agencies, the CITY and ENCSD will compensate KSA to reimburse it for past payments to the Wastewater Capital Reserve Fund (WCRF). This compensation is required because KSA' interest in the WCRF is being reduced.

User Agency	Current Service Capacity	Current WCRF Balance	Revised Service Capacity	Revised WCRF Balance	Net gain or (loss)
CITY	84.22%	\$2,500,940	84.69%	\$2,514,897	\$13,957
KSA	4.51%	\$133,926	3.43%	\$101,855	(\$32,071)
ENCSD	11.27%	\$334,666	11.88%	\$352,780	\$18,114
<b>Total:</b>	<b>100.00%</b>	<b>\$2,969,532</b>	<b>100.00%</b>	<b>\$2,969,532</b>	

These adjustments to the User Agencies WCRF fund balance shall be made in the next annual billing from the CITY to the user agencies.

4. Further, it is agreed that Agreement No. 76-153 shall be amended as follows:
  - a. Table 1, of Section 14 is hereby amended to read as follows:



TABLE 1. CAPACITY SERVICE

	Section 1. Interceptor Capacity Service		Treatment Plant Capacity Service			
	PWWF, mgd	Percent	ADWF, mgd	BOD, lb/day	SS, lb/day	Weighted Percent
CITY	4.46	36.98	18.37	30,456	44,131	66.93%
KSA	0.00	0.00	0.88	1,811	1,461	3.43%
ENCSD	6.40	53.07	3.11	6,127	4,818	11.88%
Industrial	1.20	9.95	2.60	13,000	6,500	16.13%
Septage (Discharge from septic tank pumper trucks)	0.00	0.00	0.04	940	11,270	1.63%
<b>Total</b>	<b>12.06</b>	<b>100.00</b>	<b>25.00</b>	<b>52,334</b>	<b>68,180</b>	<b>100.00%</b>

$$\text{Weighted Percentage} = \frac{55}{\text{SS/User}} \times \frac{\text{AWF/User}}{100} + \frac{40}{100} \times \frac{\text{BOD/User}}{\text{BOD/Total}} + \frac{5}{100} \times \frac{\text{SS/User}}{\text{SS/Total}}$$

b. The formula in the second paragraph of Section 18 on page 21 of the Agreement is amended to read as follows:

$$PA2 = (UC1 + UC2) - [(UCS/TCS) (TC1 + TC2)]$$


5. Except as herein modified, all other provisions of Agreement No. 76-153, as amended by Agreement No. 77-44, Agreement No. 85-197, Agreement No. 92-106, Agreement 76-153(4), and Agreement 76-153(5) shall remain in full force and effect.

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IN WITNESS WHEREOF, the parties have caused these presents to be executed by their respective officers thereunto authorized by resolution of their respective legislative bodies, the day and year first-above written.

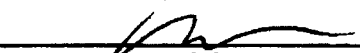
"CITY"  
CITY OF BAKERSFIELD

By:   
HARVEY L. HALL,  
Mayor

"User Agency"  
KERN SANITATION AUTHORITY AS  
SUCCESSOR IN INTEREST TO THE  
UNION AVENUE AND ALTA VERDE  
COUNTY SANITATION DISTRICTS

By:   
PETE H. PARRA  
Chairman, Board of Directors  
JUL 29 2003

APPROVED AS TO CONTENT:  
PUBLIC WORKS DEPARTMENT

By:   
RAUL M. ROJAS  
Public Works Director

EAST NILES COMMUNITY  
SERVICES DIST.

By:   
ROY HARGIS  
President, Board of Directors

APPROVED AS TO FORM:  
BART J. THILTGEN  
City Attorney

By: 

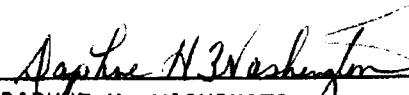
APPROVED AS TO FORM:  
BRUCE DIVELBISS  
Chief Deputy County Counsel

By: 

COUNTERSIGNED:

By:   
GREGORY J. KLIMKO  
Finance Director

APPROVED AS TO CONTENT:

By:   
DAPHNE H. WASHINGTON  
Director, Kern County Waste Management



**CERTIFICATE OF ADOPTION OF RESOLUTION  
AUTHORIZING CHAIRMAN TO SIGN INSTRUMENT**

The undersigned, Clerk of the Board of Supervisors of the County of Kern, hereby certifies that the following resolution was adopted by said Board of Supervisors at a regular meeting duly convened on the 29th day of July, 2003:

"WHEREAS, this Board has determined that the County of Kern should approve a certain Amendment No. 6 to Agreement 76-153 with the City of Bakersfield and East Niles Community Services District (Kern County Agreement 684-2003), bearing the date of July 29, 2003.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Kern, State of California, that said instrument be, and it is hereby executed on behalf and in the name of said County of Kern, and the Chairman of this Board is hereby authorized and directed to sign his name thereto on behalf of said County."

The undersigned further certifies that on the date last mentioned the person who so signed said instrument was the duly elected Chairman of said Board and that his signature on said instrument is genuine.

The undersigned further certifies that said resolution was adopted by the following vote:

Ayes:           McQuiston, Maben, Patrick, Watson, Parra

Noes:           None

Absent:         None

Dated:          July 29, 2003



DENISE PENNELL  
Clerk of the Board of Supervisors  
County of Kern

By: *Judy A. Denny*  
Deputy Clerk

Reference: Item No. 1

CITY OF BAKERSFIELD  
ORIGINAL

**AGREEMENT BETWEEN KERN SANITATION AUTHORITY  
AND EAST NILES COMMUNITY SERVICES DISTRICT FOR  
USE OF KERN SANITATION AUTHORITY  
WASTE WATER TREATMENT PLANT CAPACITY**

This agreement (Agreement) is entered into with an effective date as of June 27, 2017, by and between the **Kern Sanitation Authority** and the **East Niles Community Services District** (each sometimes designated as a "Party", and collectively designated as "Parties").

**WHEREAS**, Kern Sanitation Authority (KSA) owns and operates a wastewater treatment plant (WWTP), a sewage collection system and ancillary facilities such as the farm, sludge beds etc.; and

**WHEREAS**, East Niles Community Services District (ENCSD) owns and operates a sewage collection system; and

**WHEREAS**, ENCSD has inquired of KSA if the WWTP is capable of treating additional amounts of sewage that may be generated within ENCSD, and if so, under what terms and conditions would such treatment plant capacity be made available to ENCSD; and

**WHEREAS**, KSA and ENCSD entered into an agreement entitled Agreement for Reimbursement Of Costs For Waste Water Treatment Plant Capacity Audit (Kern County Agreement #129-2013), dated as of March 12, 2013 (Original Agreement) for the purpose of funding and obtaining an audit (Audit) regarding potential future treatment capacity of KSA's WWTP, all as more clearly set forth in the Original Agreement itself; and

**WHEREAS**, the Parties desired to obtain additional information related to the Audit and the WWTP capacity, and therefore entered into an agreement entitled Addendum No. 1 to Agreement for Reimbursement Of Costs For Waste Water Treatment Plant Capacity Audit (Kern County Agreement #759-2015, dated as of October 6, 2015 (Addendum to Original Agreement) for the purpose of funding and obtaining such additional information; and

**WHEREAS**, the Parties have determined that additional WWTP capacity is available for the treatment of sewage from ENCSD and the Parties desire to provide certain capacity as defined herein to ENCSD upon the terms and conditions contained within this Agreement.

**NOW, THEREFORE**, KSA and ENCSD agree as follows:

Section 1. Definitions.

AVERAGE DRY WEATHER FLOW (ADWF). The mean daily volume of sewage during the period of time not influenced by rainfall.

CAPACITY SERVICE. Capacity service or capacity right is the quantum of the right of a User Agency to dispose of its sewage into the system of KSA, herein called KSA System, and the right of service derived therefrom.

COMPATIBLE POLLUTANT. A component of industrial and/or commercial wastewater which does not interfere with, pass through or is not otherwise incompatible with sewage treatment or water reclamation plant or its processes.

COST. An amount of money associated with a specific item or purpose. Costs may be calculated amounts (e.g., depreciation) or actually incurred or accrued expenses.

EPA. Federal Environmental Protection Agency.

Equivalent Single Family Dwelling (ESFD). Per KSA ordinance number S-136, an ESFD is the discharge of normal domestic sewage in the quantity of 280 GPD containing an average of 180 mg/L total suspended solids and 180 mg/L biochemical oxygen demand within a range of 135 mg/L and 225 mg/L each, 10 ml/L settleable solids, electrical conductivity of 700  $\mu$ mhos/cm and a pH of 7.2. The average single family dwelling shall be considered to constitute 2.8 persons with an average sewage discharge of 100 gallons per capita per day.

FEDERAL WATER POLLUTION CONTROL ACT OF 1972. Public Law 92-500, officially entitled the "Federal Water Pollution Control Act Amendments of 1972."

FATS, OIL AND GREASE MANAGEMENT PROGRAM. Program designed to control the entry of fats, oils and grease (FOG) from entering the sewer collection system. Program establishes screening criteria, pretreatment standards/requirements, and monitoring for users generating FOG.

GPD. Abbreviation representing gallons per day.

INCOMPATIBLE POLLUTANT. A component of industrial and/or commercial wastewater which interferes with, passes through, or is otherwise incompatible with sewage treatment and water reclamation plant or its processes.

INDUSTRIAL USER. A user who discharges a nondomestic, process waste. For purposes of federal industrial cost recovery and pay back provisions, any nongovernment user of a publicly-owned treatment works identified in the U. S. "Standard Industrial Classification Manual, 1972," under the following divisions:

DIVISION A - Agriculture, Forestry, and Fishing

DIVISION B - Mining

DIVISION D - Manufacturing

DIVISION E - Transportation, Communications, Electric, Gas,  
and Sanitary Services

DIVISION I - Services

Users in these divisions may be excluded from the industrial category if they discharge essentially domestic sewage.

INFILTRATION. Water entering the sewerage system through the ground.

INFLOW. Water entering a sewerage system from surface drainage and clean cooling water systems.

KSA SYSTEM. KSA's Sewage Treatment System including its Treatment Plant and effluent disposal facilities, including reservoirs and irrigation distribution system, located as set forth in Exhibit A, serving generally a portion of the Bakersfield Metropolitan area lying south of the Kern River and east of the 99 Freeway.

MGD. Abbreviation for million gallons per day.

O&M. Operation and Maintenance.

PEAK WET WEATHER FLOW (PWWF). Peak rate of flow occurring during or from the effects of precipitation.

SEWAGE. The water-borne wastes received from human habitation and use of buildings for residential, business, institutional; and industrial purposes.

TREATMENT COMPONENT. Structures, equipment and appurtenances related thereto designed for a specific treatment purpose.

USER AGENCY. East Niles Community Services District and any later contracting agency for sewer treatment capacity in KSA's System.

WASTEWATER. Sewage, industrial, and other wastes and waters, whether treated or untreated, discharged into or permitted to enter a community sewer.

## Section 2. Purpose of Agreement.

The purpose of this Agreement is to provide the terms, provisions and compensation for which KSA will receive, treat and dispose of the wastewater herein provided to be received by KSA at the KSA System from ENCSD. Except as noted in Section 3, nothing herein

shall be deemed to have caused ENCSD to have acquired any capital or other proprietary interest in the wastewater collection, trunk line, interceptor, treatment, land, and disposal system of KSA, as it now exists or as herein or otherwise provided to be hereafter enlarged and improved, any provision herein to the contrary notwithstanding. Nothing herein shall be deemed to have caused the KSA to have acquired any such interest in any such property or other such facilities of the user agencies.

Section 3. The KSA Wastewater Management Plan.

KSA has constructed facilities for the treatment and disposal of wastewater. Said facilities are hereinafter collectively referred to as "The KSA Sewerage System" (sometimes hereinafter called "KSA System") and consist of interceptor sewer, sewer system collection system, sewage treatment plant, effluent pipelines, reservoirs and land disposal facilities (reference Exhibit A). The KSA System shall be owned solely by KSA. KSA is willing to allow ENCSD up to 300,000 GPD capacity into the KSA system upon the conditions contained within this Agreement.

Section 4. KSA to Administer KSA System.

KSA shall administer and execute this Agreement and do all acts necessary for the exercise of said common power for said purpose. KSA shall receive all revenues accruing in connection with the KSA System. KSA shall administer, construct, operate, manage and control the KSA System in an efficient and economical manner and maintain and preserve it in good repair and working order, all in accordance with sound engineering practices. KSA agrees to convey, treat and dispose of all wastewater received into the KSA System under the terms of this contract in such manner as to comply with all applicable laws, rules and regulations. This Agreement does not give the ENCSD a right to review development plans of KSA nor the right to inspect sewer systems of KSA without KSA's expressed written consent.

Section 5. ENCSD to Collect and Deliver Wastewater.

ENCSD and KSA shall each acquire, construct, operate, and maintain all wastewater collection works within its jurisdiction unless otherwise provided for and shall provide,

acquire, construct, operate, and maintain in good condition such pumping stations, force mains, and trunk sewers as necessary to deliver wastewater to the KSA System at the Virginia/Oswell Street Diversion Structure (Exhibit B), unless such point is changed hereafter by amendment to this Agreement. ENCSD shall be responsible for measurement of ENCSD GPD sent to the KSA System via the diversion structure and shall provide KSA access to daily flow measurements. ENCSD shall be responsible for flow calibration of installed flow measuring devices and shall provide calibration certification to KSA upon request. KSA, at its discretion, can hire a third party to confirm calibration accuracy. ENCSD agrees to collect and convey sewage to the KSA System in such manner as to comply with all terms of this Agreement and with all applicable laws, rules and regulations. Upon reasonable notice, ENCSD agrees to provide KSA with a right to inspect and access to those portions of the ENCSD sewer system that deliver wastewater to the KSA system. As a treatment provider, and upon reasonable notice, KSA shall also have a reasonable right to review and comment on development plans of ENCSD, to the extent such development plans will affect ENCSD deliveries to the KSA system, and specifically discharges to the Oswell Street sewer main located north of Virginia Avenue.

Section 6. Limitations on Volume and Characteristics of Wastewater.

The Parties mutually agree that the primary purpose of the KSA System and of this Agreement shall be to transport, treat, dispose of and/or reclaim sanitary sewage and wastewater arising from domestic and related water uses, that the admission of surface water, of groundwater and of wastewater from commercial and/or industrial processes to the sewage system shall be subject to limitation described herein, and that the admission of matter of a kind or quantity which may damage the system, its functions, or the quality of its effluent or reclaimed products shall be prohibited. The Parties agree to specific limitations, prohibitions, and actions as follows:

- A. To prohibit the inflow to its sewerage system of storm and surface waters, land and roof drainage, and cooling water, and to identify and to abate existing surface water inflows.
- B. To minimize infiltration of groundwater and stormwater into its sewerage system through:

1. Proper design, inspection of construction and testing of new public sewers, whether constructed by the KSA, ENCSD or by others.
2. Plan review and inspection.
3. Maintenance of a program of public sewer inspection and repair, and of replacement of defective sewers.

C. To implement and enforce a FOG Program to control fats, oil and grease content and the Pretreatment Program which shall prohibit the discharge of substances which may be hazardous or which may impair the structures, equipment, functions, processes or the quality of the end products of the sewerage system, and which shall require control of the quantity, rate of flow, and concentration of compatible pollutants, of incompatible pollutants, and of toxic substances, or other policies, rules, or regulations consistent with a FOG Program and Pretreatment Program. ENCSD may contract with KSA to conduct FOG Program inspections (See Section 8C). The Pretreatment Program provides for the issuance of permits to industrial users of the Parties' sewerage systems and for the establishment of user charges.

D. Sewage as discharged to the KSA System shall:

1. Meet requirements with respect to quality, characteristics, and prohibited substances contained in the most recent applicable local, State and Federal laws, rules, regulations and/or ordinances. Nothing in this Agreement shall be construed to in anyway prevent the County from adopting and/or updating any rules, regulations and/or ordinances of the County including but not limited to those dealing with quality, characteristics, and prohibited substances discharged into the KSA system or treated at the KSA plant; and
2. Not contain undissociated hydrogen sulfide to the extent that hazard of odor nuisance or damage to sewers and other structures occurs at the point of discharge. Each party shall bear the cost of any special facilities or treatment required to overcome hazards of excessive sulfide demonstrated to be contributed from their system.

KSA shall notify ENCSD of any known actual or impending infraction of the foregoing limitations and, if necessary, will take appropriate legal action to obtain compliance. In the event that noncompliance is determined to be the proximate

cause of failure of the KSA System to meet local, state or federal requirements, ENCSD or KSA may be held responsible for the cost of the defense thereof and for penalties and damages or settlement as set forth in Section 17.

Section 7. Commencement of Operation.

In accordance with the terms and conditions contained within this Agreement, ENCSD shall be entitled to use KSA System capacity in the amount made available to ENCSD per this Agreement, on or about July 1, 2017. Capacity service of at least 100,000 GPD shall continuously be used by ENCSD beginning on July 1, 2017, and if not actually used, ENCSD shall make payment to KSA as if such capacity had been used. Additional use of remaining capacity as listed in Section 10 is per ENCSD's discretion.

Section 8. Estimation and Payment of Costs.

A. Operations and Maintenance Costs

KSA shall prepare a budget for operation, maintenance and facility improvement of the KSA System for the next fiscal year, which shall begin on July 1 and end on June 30. KSA shall consider any recommendations made or advice given by ENCSD prior to adoption of the budget. A tentative O&M budget shall be submitted to ENCSD on or before March 1 for review. KSA shall adopt a budget and notify ENCSD of the Budget and allocated costs thereof on or before May 15. Payment to KSA for annual O&M costs shall be made on or before July 31<sup>st</sup> of each fiscal year for services to be provided. The initial annual payments shall be based on budgeted O&M costs, less farm/disposal revenues received and number of gallons received/treated at KSA. Annual payment will be reconciled based on actual KSA O&M costs incurred for the year. Additional payment or credit for the previous year services will be determined in September. Liability for O&M costs shall begin on the date that ENCSD is entitled to use KSA System capacity (reference Section 10). If a dispute arises concerning the amount of payment, scheduled payments shall be made on the basis of KSA claims pending settlement of the dispute. Payments shall be made within 45 days after the billing by KSA. Payments received thereafter or reimbursement of disputed payments under this or any other section of this Agreement shall include interest at the rate of 8 percent per annum for the period of late payment or dispute

B. Capital Costs

Should ENCSD increase capacity services to over 300,000 GPD as provided in section 3 such that WWTP enhancement is required, ENCSD shall be responsible for payment of such enhancements. (See sections 14 and 15)

C. FOG Program Service Costs

Should ENCSD desire to use KSA FOG Program Inspection services, ENCSD shall pay KSA based on time and materials.

Section 9. Distribution of Costs.

A. Operation and Maintenance Costs.

1. Operation and Maintenance (O&M) costs comprise all expense for labor and related costs, utilities, chemicals, equipment, project maintenance and improvement costs, supplies, special services, laboratory control and monitoring, supervision, insurance, and fiscal, technical and general administration that are not related to WWTP capacity expansion. Revenues from the farm lease under Kern County Agreement No. 1002-2005 and proceeding/subsequent amendments/Agreements shall be used to help offset O&M costs.
2. O&M costs shall be allocated each fiscal year as follows:
  - a. For treatment and disposal facilities, costs shall be allocated among the parties in the same ratio that their discharge bears to the total annual discharge thereof to the Treatment Plant.
  - b.  $\$/\text{gallon} = (\text{KSA O\&M Costs})/(\text{KSA Flow} + \text{ENCSD flow})$ .

Section 10. Capacity Service.

KSA agrees that for the term of capacity service (reference section 12), from and after the effective date of this Agreement, it will receive wastewater from the sanitary sewer system of ENCSD in the amounts set forth herein and will convey, treat and dispose of such sewage through the KSA System. The capacity service in treatment, disposal and reclamation works shall be no more than 300,000 gallons per day, except as modified by written agreement by the Parties. KSA further agrees that ENCSD shall have and is hereby

let the right each year during said term to discharge said amounts of wastewater into the KSA System upon performing its agreements and covenants herein contained. Said right is hereinafter referred to as "capacity service," which shall be subject to being increased as hereinafter provided (Section 14). Capacity service with respect to other pollutants may be defined when found necessary for equitable distribution of costs. Capacity service of ENCSD shall be as follows:

- A. ENCSD acquires a total of 300,000 GPD capacity service.
- B. ENCSD shall continuously discharge at least 100,000 GPD of wastewater into the KSA System starting July 1, 2017 and if not actually discharged, ENCSD shall make payment to KSA as if such discharge had occurred.
- C. ENCSD, may, at its discretion, discharge up to 300,000 GPD at any time within the term of the Agreement.

In the event that ENCSD exceeds its capacity service or takes steps which would cause it to exceed its capacity service without acquiring or providing additional capacity, KSA shall notify ENCSD and if necessary, will take appropriate action to obtain compliance with this Agreement.

Section 11. Capacity Purchase Cost:

ENCSD shall pay KSA \$2,678,571 to purchase 300,000 GPD capacity, such amount to be paid over ten (10) years as set forth below. This is based on the volume of 300,000 GPD, number of ESFDs served using 280 GPD/ESFD, and a rate of \$2,500 per ESFD. Payment terms shall be:

- A. Payments shall be made to KSA annually on or before July 31<sup>st</sup> of each calendar year.
- B. The annual interest rate used is 3%.
- C. A total of 10 annual payments shall be made, each in the amount of \$305,626.47.
- D. The 1<sup>st</sup> payment shall be due on July 31, 2017.
- E. The final payment shall be due on or before July 31, 2026.

Section 12. Term of Capacity Service.

The term of capacity service shall commence upon the effective date of this Agreement, and shall continue thereafter so long as the KSA System or its replacement facilities shall remain in service, or unless amended as provided in Section 14 of this Agreement.

Section 13. Penalty for Exceeding Capacity Service.

If for any reason the average loading with respect to the volume of wastewater or pollutants discharge by ENCSD to the KSA System exceeds its capacity service in any month, it shall pay excess capacity service surcharges. The surcharges shall comprise a capacity-related cost and an O&M charge, computed as follows:

- A. Capacity-related surcharge. The surcharge for the capacity used in excess of capacity service shall be determined by the extent of impacts on the KSA system. ENCSD shall pay a pro-rata share of any damages, physical or regulatory based, incurred by KSA.
- B. O&M surcharge. The surcharge shall be 1.15 times the O&M charge allocable to that portion of service in excess of capacity service.

Such surcharges shall continue during any month that ENCSD exceeds its capacity service. However, the receipt of such payment or the acceptance temporarily of the excess amount of sewage shall not give ENCSD any continuing right to deliver any sewage or components thereof in excess of the amount of its capacity service, and KSA may enforce the limitations of this Agreement. All surcharges collected as a result of exceeding subscribed capacity services shall be used to offset annual KSA System O&M revenue requirements.

Section 14. Revision of Capacity Service.

No transfers or revisions of capacity service shall become effective until appropriate amendments to this Agreement are executed by KSA and ENCSD. The amendment must stipulate the revised capacity service allowances. Further, it must provide for payment adjustments as related to the revision of capacity service.

- A. Acquisition of Additional Capacity Service. ENCSD's capacity service set forth in Section 10 hereof may be increased by the acquisition of additional capacity service from KSA. ENCSD shall apply to KSA for such additional capacity service, stating the amount

of additional capacity it desires. KSA shall then determine if additional capacity can be made available. Such determination shall consider the design capacity of the system and the capacity service needed for its use and of all other users. If the above-stated determination shows that the application should be denied, KSA shall so notify the requesting party. If the above-stated determinations show that the application should be granted, KSA shall give notice that its application is granted and the date on which its capacity service will be increased, to the amount requested.

- B. Transfer of Capacity Service Due to Annexation or Consolidation. If, because of annexation, consolidation, or other cause, responsibility for the disposal of sewage from a particular area is transferred from ENCSD to any other user agency/district/city, capacity service currently used by ENCSD at KSA shall remain consistent.
- C. Transfer of Capacity Service to Later User Agencies. KSA may contract with other cities, districts, public bodies and sewerage agencies of all types (hereinafter referred to as "Later User Agency") for capacity service in the KSA System.

Section 15. Payment Adjustments Required as a Result of Capacity Service Revisions.

When any capacity service revision is executed (reference Section 14), payment adjustments must be made to ensure that capacity-related costs are shared proportionately among each user. The payment adjustment can consist of two parts depending upon the nature of the capacity service revision. The first part is the annual capacity O&M service charge as determined in Section 9 and the capacity purchase charge in section 11. This adjustment is always made whenever capacity service allotments are revised. Annual costs to KSA relinquishing such capacity shall be accordingly reduced by a like amount. The second part of the payment adjustment is designed to reimburse KSA for system enlargement or improvements to meet facility Waste Discharge Requirements and service capacity obligations. Second part payment adjustments are determined by comparing current WWTP capacity and additional capacity as requested by ENCSD. The Kern Sanitation Authority Wastewater Treatment Plant, Phase I & II Process Assessment Final Technical Memorandum (or other mutually agreeable information) shall be used to determine second part payment adjustments, if any, that are required to meet WWTP

WDRs or capacity needs. The second part of the payment adjustment includes the costs of cash outlays required to enhance the KSA system to comply with capacity and treatment recommendations in the Phase I&II Process Assessment Final Technical Memorandum. (Reference Section 19)

Section 16. Records and Accounts.

KSA shall keep proper books and records which shall incorporate general principles as promulgated by the American Institute of Certified Public Accountants (AICPA) for enterprise accounting and shall comply with State and Federal Regulations. Said books and records shall, upon written request, be subject to inspection by any duly authorized representative of the User Agency. KSA shall make a bi-annual report of system operations and of all receipts and disbursements and furnish one copy to each User Agency. Said books and accounts shall be audited biannually in accordance with AICPA audit guidelines by an independent certified public accountant appointed by KSA. A copy of the report of said accountant shall be given to the User Agencies and KSA. The expense of said audit and report and all record keeping and accounting costs shall be a cost of KSA System operation.

Section 17. Liabilities and Limitations of Parties.

KSA agrees to maintain and operate the KSA System in a competent and diligent manner to the end that requirements set by the California Regional Water Quality Control Board and any other agency having jurisdiction thereof be met. In the event of litigation concerning alleged failure to meet performance requirements, KSA, ENCSD and other User Agencies shall cooperate in the defense. KSA shall assume liability for costs of litigation, settlement of claim, and of any penalty unless it is determined by a court of law, arbitration, or other legal process, that the alleged failure was caused by negligence, malfeasance or other culpable act(s) of ENCSD or other User Agency. In the event that there is any claim made that ENCSD has caused said alleged failure, ENCSD shall be immediately notified and given the opportunity to participate in the defense.

Section 18. Insurance.

KSA shall at all times self-insure, or may maintain with responsible insurers such insurance against loss or damage to the KSA System as is customarily maintained with respect to works and property of like character. KSA shall also self-insure, or may maintain with responsible insurer's workers' compensation insurance and insurance against public liability and property damage. The premiums on all such insurance shall be part of O&M expenses.

Section 19. Required Upgrading of System During Term.

In the event that ENSCD desires to purchase additional capacity, the joint study titled "Kern Sanitation Authority Wastewater Treatment Plant, Phase I&II Process Assessment Final Technical Memorandum" (or other mutually agreeable information) shall be used to assess any capital improvements required of which ENSCD will be responsible. In the event that any applicable laws, regulations, or valid orders or requirements are adopted or made and applied during the term of this Agreement necessitating changes in the KSA System or further upgrading of said system, it is agreed that the operation and maintenance costs of such changes or upgrading shall be borne by the parties hereto on a proportional basis as stated in Section 9.

Section 20. Severability.

If any section, subsection, sentence, clause, phrase or word of this Agreement, or the application thereof, to either party, or to any other person or circumstance is for any reason held invalid, it shall be deemed severable and the validity of the remainder of the Agreement or the application of such provision to the other Party, or to any other persons or circumstance shall not be affected thereby. Each Party hereby declares that it would have entered into this Agreement and each section, subsection, sentence, clause, phrase and work thereof irrespective of the fact that one or more section, subsection, sentence, clause, phrase or word, or the application thereof to either Party or any other person or circumstance be held invalid.

Section 21. Agreement, etc.

This Agreement may be amended or supplemented by agreement in writing and executed by the respective officers of the Parties hereto as authorized by resolution of the legislative bodies of the respective Parties hereto.

Section 22. Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument.

Section 23. Authorization

In signing below, each of the Parties represents and warrants to the other that the execution, delivery and performance of this Agreement have been duly authorized by all necessary action of the board of directors or other governing body of such Party.

Section 24. Construction.

This Agreement shall be construed and enforced in accordance with the laws of the State of California, and the prevailing Party shall be entitled to reasonable attorney fees and costs in the event litigation is instituted to interpret or enforce any provision of this Agreement.

Section 25. Assignment.

Neither Party shall assign, delegate, or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other Party. The benefits and burdens contained in this Agreement shall bind and inure to the benefit of the Parties' respective successors and permitted assigns.

Section 26. Joint Negotiation.

This Agreement has been jointly negotiated and drafted. The language of this Agreement shall be construed as a whole according to its fair meaning and without regard to or aid of Civil Code Section 1654 or similar judicial rules of construction. Each Party acknowledges that it has had the opportunity to seek the advice of experts and legal counsel prior to

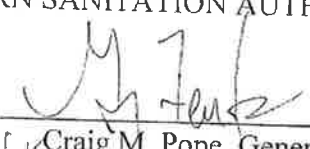
executing this Agreement and that it is fully aware of and understands all of its terms and the legal consequences thereof.

Section 27. No Third-Party Beneficiaries.


No third-party beneficiaries are intended by the Parties hereto, and no third party shall be entitled to claim or enforce any rights under this Agreement.

**IN WITNESS WHEREOF**, the parties have caused these presents to be executed by their respective officers thereunto authorized by resolution of their respective legislative bodies, the day and year first-above written.

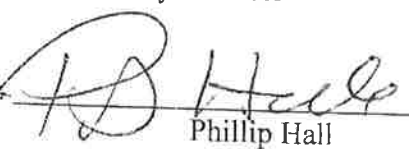
APPROVED AND RECOMMENDED:  
KERN SANITATION AUTHORITY

By:   
for Craig M. Pope, General Manager

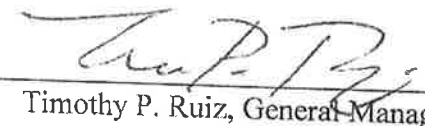
KERN SANITATION AUTHORITY

By:   
Chairman, Board of Directors

APPROVED AS TO FORM:  
Office of County Counsel

By:   
Phillip Hall  
Deputy County Counsel

EAST NILES COMMUNITY SERVICES  
DISTRICT

By:   
Timothy P. Ruiz, General Manager

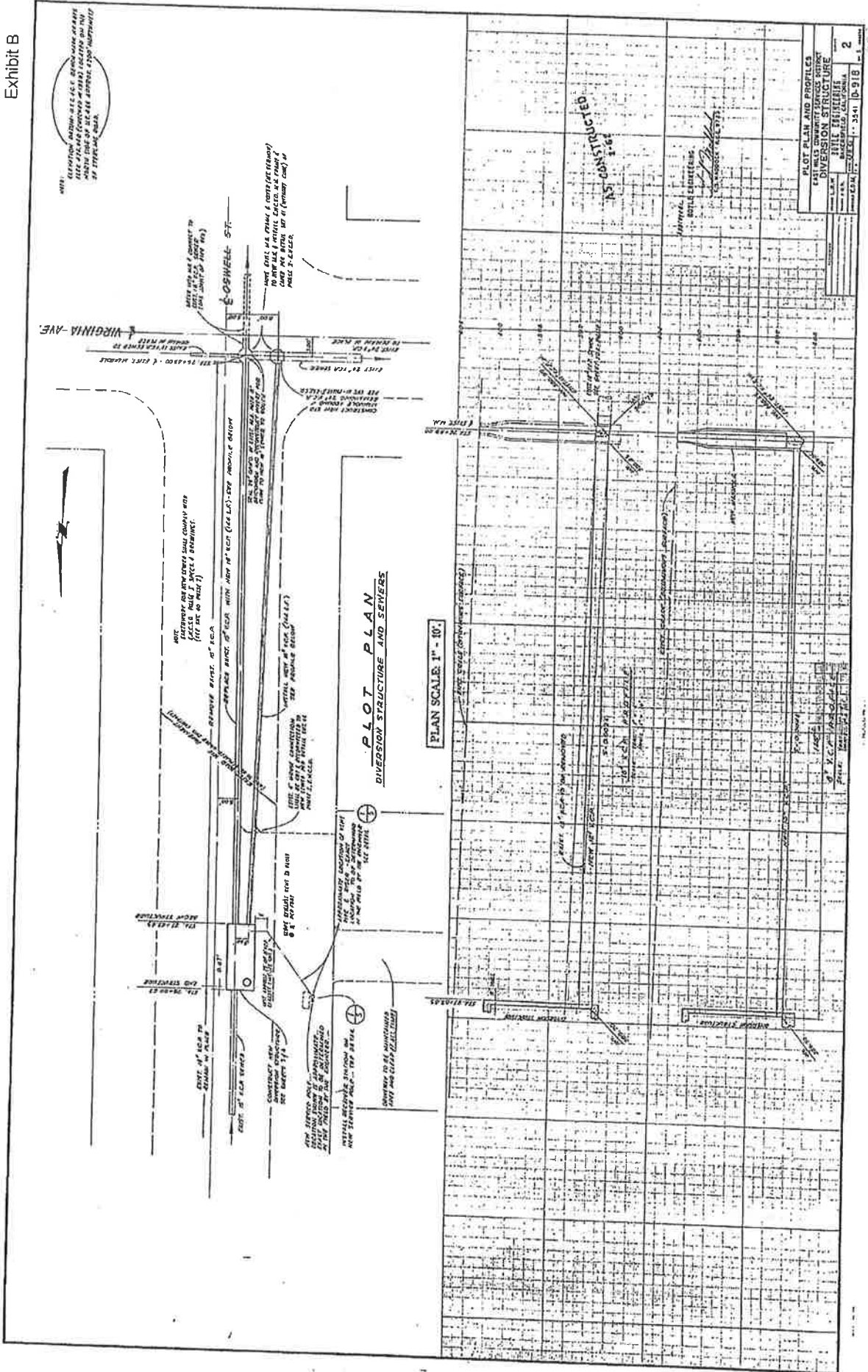
EAST NILES COMMUNITY SERVICES  
DISTRICT

By:   
Chairman, Board of Directors

APPROVED AS TO FORM:  
ENCSD Counsel

By:   
Robert W. Hartsock





Appendix B  
Backup Calculations from 2018 Sewer Rate Study:  
Drainage Fixture Units

Single Family Equivalent  
Total Fixture Unit Calculation

<b>Fixture</b>	<b>Number</b>	<b>Drainage Fixture Units<sup>1</sup></b>	<b>Total Drainage Fixture Units</b>
Bathtubs	1	2	2
Clotheswashers	1	3	3
Showers, single stalls	1	2	2
Sinks, and/or dishwashers (residential)	1	2	2
Wash basins (lavatories) single	2	1	2
Water closet, private installation, 1.6 GPF Gravity Tank	2	3	6
<b>Total Fixture Units</b>			<b>17</b>

<sup>1</sup> From Table 702.1, Drainage Fixture Unit Values, California Building Code, 2016

**TABLE 702.1  
DRAINAGE FIXTURE UNIT VALUES (DFU)**

PLUMBING APPLIANCES, APPURTENANCES, OR FIXTURES	MINIMUM SIZE TRAP AND TRAP ARM <sup>7</sup> (inches)	PRIVATE	PUBLIC	ASSEMBLY <sup>8</sup>
Bath tub or Combination Bath/Shower	1½	2.0	2.0	—
Bidet	1¼	1.0	—	—
Bidet	1½	2.0	—	—
Clothes Washer, domestic, standpipe <sup>5</sup>	2	3.0	3.0	3.0
Dental Unit, cuspidor	1¼	—	1.0	1.0
Dishwasher, domestic, with independent drain <sup>2</sup>	1½	2.0	2.0	2.0
Drinking Fountain or Water Cooler	1¼	0.5	0.5	1.0
Food Waste Disposer, commercial	2	—	3.0	3.0
Floor Drain, emergency	2	—	0.0	0.0
Floor Drain (for additional sizes see Section 702.0)	2	2.0	2.0	2.0
Shower, single-head trap	2	2.0	2.0	2.0
Multi-head, each additional	2	1.0	1.0	1.0
Lavatory	1¼	1.0	1.0	1.0
Lavatories in sets	1½	2.0	2.0	2.0
Wash fountain	1½	—	2.0	2.0
Wash fountain	2	—	3.0	3.0
Mobilehome or Manufactured Home, trap <sup>9</sup>	3	6.0	—	—
Receptor, indirect waste <sup>1,3</sup>	1½	—	See footnote <sup>1,3</sup>	
Receptor, indirect waste <sup>1,4</sup>	2	—	See footnote <sup>1,4</sup>	
Receptor, indirect waste <sup>1</sup>	3	—	See footnote <sup>1</sup>	
Sinks	—	—	—	—
Bar	1½	1.0	—	—
Bar <sup>2</sup>	1½	—	2.0	2.0
Clinical	3	—	6.0	6.0
Commercial with food waste <sup>2</sup>	1½	—	3.0	3.0
Exam Room	1½	—	1.0	—
Special Purpose <sup>2</sup>	1½	2.0	3.0	3.0
Special Purpose	2	3.0	4.0	4.0
Special Purpose	3	—	6.0	6.0
Kitchen, domestic <sup>2</sup> (with or without food waste disposer, dishwasher, or both)	1½	2.0	2.0	—
Laundry <sup>2</sup> (with or without discharge from a clothes washer)	1½	2.0	2.0	2.0
Service or Mop Basin	2	—	3.0	3.0
Service or Mop Basin	3	—	3.0	3.0
Service, flushing rim	3	—	6.0	6.0
Wash, each set of faucets	—	—	2.0	2.0
Urinal, integral trap 1.0 GPF <sup>2</sup>	2	2.0	2.0	5.0
Urinal, integral trap greater than 1.0 GPF	2	2.0	2.0	6.0
Urinal, exposed trap <sup>2</sup>	1½	2.0	2.0	5.0
Water Closet, 1.6 GPF Gravity Tank <sup>6</sup>	3	3.0	4.0	6.0
Water Closet, 1.6 GPF Flushometer Tank <sup>6</sup>	3	3.0	4.0	6.0
Water Closet, 1.6 GPF Flushometer Valve <sup>6</sup>	3	3.0	4.0	6.0
Water Closet, greater than 1.6 GPF Gravity Tank <sup>6</sup>	3	4.0	6.0	8.0
Water Closet, greater than 1.6 GPF Flushometer Valve <sup>6</sup>	3	4.0	6.0	8.0

For SI units: 1 inch = 25 mm

**Notes:**

<sup>1</sup> Indirect waste receptors shall be sized based on the total drainage capacity of the fixtures that drain therein to, in accordance with Table 702.2(2).

<sup>2</sup> Provide a 2 inch (50 mm) minimum drain.

<sup>3</sup> For refrigerators, coffee urns, water stations, and similar low demands.

<sup>4</sup> For commercial sinks, dishwashers, and similar moderate or heavy demands.

<sup>5</sup> Buildings having a clothes-washing area with clothes washers in a battery of three or more clothes washers shall be rated at 6 fixture units each for purposes of sizing common horizontal and vertical drainage piping.

<sup>6</sup> Water closets shall be computed as 6 fixture units where determining septic tank sizes based on Appendix H of this code.

<sup>7</sup> Trap sizes shall not be increased to the point where the fixture discharge is capable of being inadequate to maintain their self-scouring properties.

<sup>8</sup> Assembly [Public Use (see Table 422.1)].

<sup>9</sup> For drainage fixture unit values related to lots within mobilehome parks in all parts of the State of California, see California Code of Regulations, Title 25, Division 1, Chapter 2, Article 5, Section 1268. For drainage fixture unit values related to lots within special occupancy parks in all parts of the State of California, see California Code of Regulations, Title 25, Division 1, Chapter 2.2, Article 5, Section 2268.