



Non-Rate and Non-Fee Revenue and Reserve Use Policy

October 11, 2017

Purpose	The purpose of the Non-Rate and Non-Fee Revenue and Reserve Use Policy (policy) is to provide guidance to the Sacramento Area Sewer District (SASD) staff on using the Non-Rate and Non-Fee Revenue (NRNFR) and related reserves to fund discretionary programs that advance SASD's mission, goals and objectives, but that cannot be typically funded using revenues received from rates and fees.
Applicability	This policy applies to SASD.
Reference Documents	Five-Year Strategic Plan 2017-2022
Background	NRNFR is typically generated from interest earnings on cash (both reserves and unrestricted funds) and proceeds from the sale of assets, such as salvaged equipment and scrap metals.
General Policy Provisions	<p><u>Annual Revenue Allocation</u></p> <p>The NRNFR may be used for the following types of programs with fiscal year funding limits:</p> <ul style="list-style-type: none">• Sewer Lifeline Rate Assistance Program – up to \$350,000 Funding under this category will be used to support sewer rate assistance by providing rebates for eligible low-income customers, homeless shelters, and housing centers. Rate assistance for low-income customers will receive funding priority. The remaining funding for this category will be prorated and distributed among the homeless shelters and housing centers.• Environmental stewardship programs and projects – up to \$225,000 Funding under this category will be used for projects that protect or enhance water quality of the regional waterways and groundwater within the following subcategories:<ol style="list-style-type: none">1. American River Parkway riparian habitat and river cleanup – a minimum of \$100,000

2. Connection of residences or small communities with failing septic systems to the SASD sewer system – a minimum of \$100,000
 3. Watershed management
- **Regional economic development competitiveness programs – up to \$225,000**

Funding under this category will be used to develop programs that support the economic vitality of the region, such as reducing or eliminating sewer impact fees for targeted commercial and industrial customers and, when funding is available, reducing sewer rates for these customers.

- **Public education programs – up to \$100,000**

Funding under this category will be used for educational programs including outreach to local area schools ranging from elementary to university levels and employment and trade educational programs to advance awareness of sewage collection and relevant careers.

- **Other issues or projects as approved by the SASD Board or the District Engineer – up to \$100,000**

Funding under this category will be used for efforts that are relevant to SASD’s mission/vision/values, but not covered under the programs listed above.

The District Engineer is authorized to approve the funding for the programs listed above from the NRNFR not to exceed an aggregate total of \$1 million per year for all programs.

SASD will periodically review the funding used in each of the program categories. If allocated funding is not being used in a program category, the funding may be distributed to the other categories based on the needs in those categories.

Funding Prioritization

Funding for the program types identified above will be prioritized using the following general criteria:

1. Relevance to mission/vision/values
2. Support of Strategic Plan progress
3. Provision of regional benefits
4. Ability to leverage other funding

Reserve Management

The NRNFR Reserve will have an initial amount of \$3 million. The reserve will be used to manage the NRNFR and expenditure fluctuations with the

ultimate goal of maintaining a \$3 million reserve on an annual basis. With SASD Board approval, the reserve limits may be reduced to fund projects and activities that exceed annual allocation limits.

Authority The District Engineer is authorized to take all actions necessary to implement this policy.

Reporting Requirements Annual report to the Board with the list of projects and activities funded with NRNFR in the prior year and progress made in achieving SASD's mission, goals, and objectives.

Effective Date This policy will become effective October 11, 2017.

This policy supersedes all previous policies for non-rate and non-fee revenue and this reserve use.