




City of Santa Barbara
Public Works Department

Interoffice Memorandum

DATE: June 2, 2009
TO: Board of Water Commissioners
FROM: Rebecca Bjork, Water Resources Manager 
SUBJECT: Proposed Water and Wastewater Rate Modifications for Fiscal Year 2010

For your June 8, 2009 meeting, we are providing the following information regarding proposed rates for Fiscal Year 2010:

- An updated summary of proposed changes;
- Notice of Public Hearing that was distributed to our customers during March and April of this year, as required by Proposition 218;
- A rate itemization sheet that has been made available to our customers to provide further details on proposed water and sewer service rates; and
- An information sheet specifically addressing proposed increases to water and sewer buy-in fees, as required by State law.

Please note that the summary includes the proposed Block 1 Agricultural rate of \$1.45 per HCF as recommended by the Water Commission. This is new information since the rate notices were distributed and supersedes the other attachments with regard to agricultural rates.

BF/bf

Attachments:

Summary of Proposed Rate Modifications – FY 2010
Notice of Public Hearing – Proposed Increase to Utility Rates
Itemization of Current FY 2009 & Proposed FY 2010 Monthly Rates for Water and Wastewater Service
Information Sheet - Proposed Increase in Buy-in Fees for Water and Wastewater Service



Public Works Department
Water Resources Division

Summary of Proposed Rate Modifications - FY 2010

Water Rates

- 3.5 % increase across-the-board on monthly service charge and water usage charge, consistent with Water Fund financial plan.
- Re-institute availability of 1½" meter to provide more flexibility in sizing meters to demand. Fees to be proportional to flow rate, as true for other meter charges.
- Authorize the collection of a fee at twice the regular Commercial rate for unauthorized water use detected on fire lines and other private main connections, pending development of a process for reading fire line meters periodically.
- Provide authority for Director to approve reduced allotment billing for low-occupancy, special needs, publicly owned housing projects in lieu of separately metered dwelling units, subject to inclusion of comprehensive water conservation features and individual metering by building or other elements.
- Addition of fee for delinquent accounts (\$5.00 per month, per account while delinquent)
- Incorporate Water Commission's recommendation on Agricultural rates, setting the Block 1 rate at \$1.45/HCF, based on the average of Goleta, Montecito, and Carpinteria agricultural first block rates

Sewer Rates

- 4.0% increase across-the-board on monthly base charge and usage charges, consistent with Wastewater Fund financial plan.
- Modify fee for damage to City mains during installation or repair of laterals to be the greater of \$200 per lineal foot or \$300 per hour, plus materials including markup, for repair by City Wastewater Collection crews.
- Establish miscellaneous fees for services by Wastewater Collection crews:
 - \$300 per hour for two-person crew and Vactor truck for overflow response.
 - \$200 per hour for two-person crew and CCTV van for identifying lateral location
 - \$200 per request fee for priority request

Water and Sewer Buy-in Fees

- Modify the buy-in fee calculation methodology to exclude depreciation from the calculation of net assets of the respective funds, with the goal of more accurately capturing the value of fund assets (primarily capital facilities) to which new customers buy into. Fees will approximately double. Modify effective date to make old fees effective for projects already under review.
- Eliminate buy-in fees on recycled water connections and redistribute equivalent amounts to potable water buy-in fees.
- Allow 50% sewer buy-in discount on septic tank abandonment to expire as scheduled.
- Clarify that common area meters for multi-family residential properties (e.g. irrigation meters and laundry rooms) do not pay buy-in fee in addition to the fees assessed per dwelling unit.

NOTICE OF PUBLIC HEARING

Proposed Increase to Utility Rates



Date: June 9, 2009
Time: 2:00 p.m.
Place: City Council Chambers, City Hall
735 Anacapa Street, Santa Barbara

NOTICE IS HEREBY GIVEN that the City Council of the City of Santa Barbara will consider a recommendation to adopt a resolution, at the above-indicated time and place, to increase water, wastewater (sewer), and solid waste collection rates charged by the City. Increases would be effective on utility bills dated July 1, 2009 or later. Sample billing comparisons for current and proposed rates are shown on the reverse.

Water Rates (Applicable only to customers billed by the City for water service)

The proposed water rate increase is three and one-half percent (3.5%) of quantity charges and monthly service charges for all customer classes. Small variations above or below the 3.5% amount may occur due to rounding. The monthly bill for the average in-City single family residential customer (twelve hundred cubic feet of water) would increase from \$59.31 to \$61.39 under the proposed rates. Buy-in fees for new construction are proposed to increase as shown on the reverse. The proposed increase will fund increasing water system costs resulting from inflation, increased treatment costs caused by changes to water quality from the Zaca fire, stricter water quality regulations, and the ongoing need to repair and upgrade the water system, including rehabilitation of the City's Ortega Groundwater Treatment Plant and improvements at Cater Water Treatment Plant.

Wastewater Rates (Applicable only to customers billed by the City for sewer service)

The proposed wastewater rate increase is four percent (4%) of the City's current charges for all customer classes. Small variations above or below the 4% amount may occur due to rounding. The maximum monthly charge for a single family residential customer would increase from \$31.67 to \$32.93 under the proposed rates. Buy-in fees for new construction are proposed to increase as shown on the reverse. The proposed increase will fund increasing wastewater system costs resulting from inflation and the ongoing need for rehabilitation of the City's wastewater treatment plant and collection system.

Solid Waste Rates (Applicable only to customers billed by the City for solid waste collection)

The City proposes to increase rates for solid waste collection by up to 1.2% for all customers receiving collection services from franchised haulers within the City limits. The increase is needed in order to meet the City's contractual obligation to compensate the haulers for changes in the cost of doing business. Basic residential service (one trash can) would increase from \$25.76 to \$26.08 under the proposed rates. Residential service would continue to include up to 32 gallons of free collection for greenwaste and up to 95 gallons of free collection for mixed recycling.

Note: This notice is intended only for customers billed by the City of Santa Barbara for water, wastewater, and/or solid waste collection services. Please disregard this notice with regard to any services billed to you by other agencies. Sample charges are shown on the reverse. For a complete itemization of all current and proposed rates, go to www.SantaBarbaraCA.gov/water or call (805) 564-5460.

If you oppose any of the above increases, please deliver your protest **in writing** to the City Clerk of the City of Santa Barbara at 735 Anacapa Street, Santa Barbara, CA, 93101, prior to or during the City Council's consideration of this item on June 9, 2009. (If you wish to submit your protest during the public hearing, please deliver it to City Staff in the Council Chamber.) Because multiple rates are being considered by City Council at the same hearing, please indicate the specific rate you are protesting.

Typical Water and Wastewater Billing Comparisons – Current vs. Proposed Rates

Customer Class	Example	Assumed Monthly Usage (hcf/mth)	Total Monthly Water & Wastewater Charges*		
			Current Rates	Proposed Rates	\$ Increase
Single Family Residential	Low User 5/8" meter	6	\$55.34	\$57.40	\$2.06
	Average User 5/8" meter	12	\$90.98	\$94.32	\$3.34
	Above Average User 1" meter	40	\$241.92	\$250.55	\$8.63
Multi-Family Residential Building	12 dwelling units 2" meter	60	\$538.61	\$558.89	\$20.28
Commercial	75% at Block 1 rate 25% at Block 2 rate 2" meter	60	\$508.85	\$527.24	\$18.39
Industrial/ High Strength Commercial	75% at Block 1 rate 25% at Block 2 rate 2" meter	100	\$834.45	\$864.94	\$30.49
Irrigation-Commercial	75% at Block 1 rate 25% at Block 2 rate 2" meter – no sewer	60	\$375.05	\$385.04	\$9.99
Recycled Water	2" meter – no sewer	250	\$527.45	\$545.69	\$18.24
Irrigation-Residential	1 acre of irrigated area 75% at Block 1 rate 25% at Block 2 rate 1" meter – no sewer Allotments are annualized – monthly average shown at right	40	\$215.29	\$222.80	\$7.51
Irrigation-Recreation		120	\$361.29	\$374.30	\$13.01
Irrigation-Agriculture		72	\$193.23	\$199.82	\$6.59
Out-of-City Customers	Currently charged at 130% of rates for corresponding in-City classes; no change is proposed in this percentage.				

* Not including 6% utility tax on water, as applicable

Water and Wastewater Buy-in Fees for New Construction – Current vs. Proposed

Customer Class:	Multi-Family Resid.		Single Family Resid.	All Other Classes								
	5/8"	1" & larger		5/8"	1"	1½"	2"	3"	4"	6"	8"	10"
Water Buy-in, Current:	\$1,431	\$3,579	By meter size at right	\$2,805	\$7,013	NA	\$22,440	\$44,881	\$70,126	\$140,252	\$224,403	\$322,579
Proposed:	\$2,904	\$7,261		\$5,691	\$14,227	\$28,455	\$45,528	\$91,056	\$142,275	\$284,549	\$455,279	\$654,463
Sewer Buy-in, Current:	\$1,143	\$2,240	\$2,240	\$2,240	\$5,601	NA	\$17,922	\$35,844	\$56,007	\$112,014	\$179,222	\$257,631
Proposed:	\$2,101	\$4,118	\$4,118	\$4,118	\$10,294	\$20,588	\$32,941	\$65,882	\$102,941	\$205,882	\$329,411	\$473,528

Typical Trash, Recycling, & Greenwaste Billing Comparisons Current vs. Proposed Rates @ 1.2% Increase

Service Level	Current Rates	Proposed Rates	\$ Increase
Basic Residential Service (32-gal trash, 32-gal greenwaste, up to 95-gal recycle)	\$25.76	\$26.08	\$0.32
Basic Multi-Unit Residential (4-32 gal trash/week, + up to 95-gal greenwaste, up to 95-gal recycling)	\$33.98	\$34.40	\$0.42
Basic Business Service (32-gal trash/week, up to 95-gal greenwaste, up to 95-gal recycle)	\$25.76	\$26.08	\$0.32

For more information, including a complete itemization of all current and proposed rates:
www.SantaBarbaraCA.gov/water or (805) 564-5460

City of Santa Barbara
**Itemization of Current FY 2009 & Proposed FY 2010
 Monthly Rates for Water and Wastewater Service**

1 hcf = 100 cubic feet = 748 gallons

Customer Class	Water Service Rates ¹ (The following quantity charges are in addition to the monthly meter charges shown below.)			Wastewater Service Rates		
		Current	Proposed		Current	Proposed
Single Family Residential	First 4 hcf @:	\$2.74	\$2.84	Basic Service Charge:	\$11.57	\$12.03
	Next 16 hcf @:	\$4.60	\$4.76	Quantity Charge per hcf (up to 10 hcf per month):	\$2.01	\$2.09
	All other hcf @:	\$4.84	\$5.01			
Multi-Family Residential, 1-4 dwelling units	First 4 hcf per dwelling unit @:	\$2.74	\$2.84	Basic Service Charge, per dwelling unit:	\$11.57	\$12.03
	Next 8 hcf per dwelling unit @:	\$4.60	\$4.76	Quantity Charge per hcf (up to 8 hcf per dwelling, per month):	\$2.01	\$2.09
	All other hcf @:	\$4.84	\$5.01			
Multi-Family Residential, 5+ dwelling units	First 4 hcf per dwelling unit @:	\$2.74	\$2.84	Basic Service Charge, per dwelling unit:	\$11.57	\$12.03
	Next 8 hcf per dwelling unit @:	\$4.60	\$4.76	Quantity Charge per hcf (up to 7 hcf per dwelling, per month):	\$2.01	\$2.09
	All other hcf @:	\$4.84	\$5.01			
Commercial	100% of base allotment, ² per hcf @:	\$4.60	\$4.76	Quantity Charge per hcf subject to minimum charge by meter size (see table below):	\$2.28	\$2.37
	All other hcf @:	\$4.84	\$5.01			
Industrial & High Strength Commercial	100% of base allotment, ² per hcf @:	\$4.60	\$4.76	Quantity Charge per hcf subject to minimum charge by meter size (see table below):	\$2.76	\$2.87
	All other hcf @:	\$4.84	\$5.01			
Irrigation - Residential	Billed as if used through associated residential meter, OR:			Not applicable		
	Annual allotment of 654 hcf/acre @:	\$4.60	\$4.76			
	All other hcf @:	\$4.84	\$5.01			
Irrigation - Recreation/ Parks/ Schools	Annual allotment of 1404 hcf/acre @:	\$2.16	\$2.24	Not applicable		
	Next 240 hcf/acre/year @:	\$4.60	\$4.76			
	All other hcf @:	\$4.84	\$5.01			
Irrigation - Commercial	100% of base allotment, ² per hcf @:	\$4.60	\$4.76	Not applicable		
	All other hcf @:	\$4.84	\$5.01			
Irrigation - Agriculture	Annual allotment of 870 hcf/acre @:	\$1.51	\$1.56	Not applicable		
	Next 240 hcf/acre/year @:	\$4.60	\$4.76			
	All other hcf @:	\$4.84	\$5.01			
Recycled Water	All hcf @:	\$1.74	\$1.80	Charges based on type of use. Not applicable for irrigation.		
Outside City Limits	Percentage of corresponding in-City rates:	130%	130%	Same as in-City rates, except residential accounts not receiving City water are charged at maximum rate.		

Monthly Water Meter Service Charges By Meter Size¹

Meter Size:	5/8"	3/4	1"	1½"	2"	3"	4"	6"	8"	10"
Current Charge:	\$11.55	\$17.35	\$28.89	\$57.77	\$92.45	\$184.89	\$288.89	\$577.78	\$924.44	\$1,328.89
Proposed Charge:	\$11.95	\$17.96	\$29.90	\$59.79	\$95.69	\$191.36	\$299.00	\$598.00	\$956.80	\$1,375.40

¹ Utility users tax of 6% added to metered water charges and monthly water meter service charges, as applicable.

² Base allotment = average monthly consumption during most recent January - June period.

Minimum Monthly Sewer Charges by Meter Size for Non-Residential Customers

Meter Size:		5/8"	3/4"	1"	1½"	2"	3"	4"	6"	8"	10"
Commercial:	Current:	\$21.74	\$32.61	\$37.93	\$65.11	\$108.55	\$217.01	\$270.86	\$542.52	\$949.43	\$1,491.97
	Proposed:	\$22.61	\$33.91	\$39.45	\$67.71	\$112.89	\$225.69	\$281.69	\$564.22	\$987.41	\$1,551.65
Industrial/HS Commercial:	Current:	\$27.10	\$40.64	\$47.49	\$81.57	\$135.64	\$271.22	\$339.13	\$678.14	\$1,186.71	\$1,864.95
	Proposed:	\$28.18	\$42.27	\$49.39	\$84.83	\$141.07	\$282.07	\$352.70	\$705.27	\$1,234.18	\$1,939.55

Monthly Fireline Service Charges By Size

Fireline Size:	1"	1½"	2"	4"	6"	8"	10"	12"
Current Charge:	\$ 2.21	\$ 3.15	\$ 4.50	\$ 8.10	\$ 12.60	\$ 18.01	\$ 25.20	\$ 36.00
Proposed Charge:	\$ 2.29	\$ 3.26	\$ 4.66	\$ 8.38	\$ 13.04	\$ 18.64	\$ 26.08	\$ 37.26

Water and Wastewater Buy-in Fees for New Construction – Current vs. Proposed

Customer Class:	Multi-Family Resid.		Single Family Resid.	All Other Classes								
	5/8"	1" & larger		5/8"	1"	1½"	2"	3"	4"	6"	8"	10"
Water Buy-in, Current:	\$1,431	\$3,579	By meter size at right	\$2,805	\$7,013	NA	\$22,440	\$44,881	\$70,126	\$140,252	\$224,403	\$322,579
Proposed:	\$2,904	\$7,261		\$5,691	\$14,227	\$28,455	\$45,528	\$91,056	\$142,275	\$284,549	\$455,279	\$654,463
Sewer Buy-in, Current:	\$1,143	\$2,240	\$2,240	\$2,240	\$5,601	NA	\$17,922	\$35,844	\$56,007	\$112,014	\$179,222	\$257,631
Proposed:	\$2,101	\$4,118	\$4,118	\$4,118	\$10,294	\$20,588	\$32,941	\$65,882	\$102,941	\$205,882	\$329,411	\$473,528



**City of Santa Barbara – Public Works Department
May 28, 2009**

**Information Sheet:
Proposed Increase in Buy-in Fees for Water and Wastewater Service**

The City of Santa Barbara owns and operates water and wastewater (sewer) systems to serve its customers. The provision of such utility services involves substantial assets which are held in the Water Fund and Wastewater Fund respectively. These assets include cash reserves and investments, net receivables, and the capital assets that make up the water and wastewater systems. Capital assets include land, buildings, treatment plants, pumping stations, reservoirs, and piping for distribution and collection throughout the City's utility service areas. Revenue to operate the water and wastewater systems comes entirely from charges for water and sewer service. No General Fund revenue is used to support the water and wastewater utilities.

New customers of the water and wastewater systems are charged a "buy-in" fee upon connection or increase in the size of the metered capacity serving a property. This is in addition to the cost to install the physical connection to the system and any extension of the system that may be necessary to serve the new customer.

The buy-in fee reimburses existing customers for a proportionate share of the assets of the system, which existing customers have funded through payment of monthly service charges and their own buy-in fee at the time of connection. Upon payment of the buy-in fee, new customers are considered to have an equal equity position as compared to existing customers and can appropriately be charged in accordance with the City's rate schedule as it applies to existing customers. Proportionate share is generally based on the new customer's metered capacity compared to the total metered capacity for all customers of the system. Historically, the value of capital assets has been based on the depreciated value. Staff recommends that the undepreciated value of the original construction is a more accurate valuation of the capital assets constructed to date by existing customers, particularly given that part of this investment was for extra capacity to be available to serve future customers. Current and proposed buy-in fees are shown below. The derivation of proposed buy-in fees is shown on the following page.

Water and Wastewater Buy-in Fees for New Construction – Current FY 2009 vs. Proposed FY 2010

Customer Class:	Multi-Family Resid.		Single Family Resid.	All Other Classes								
	5/8"	1" & larger		5/8"	1"	1½"	2"	3"	4"	6"	8"	10"
Water Buy-in, Current:	\$1,431	\$3,579	By meter size at right	\$2,805	\$7,013	NA	\$22,440	\$44,881	\$70,126	\$140,252	\$224,403	\$322,579
Proposed:	\$2,904	\$7,261		\$5,691	\$14,227	\$28,455	\$45,528	\$91,056	\$142,275	\$284,549	\$455,279	\$654,463
Sewer Buy-in, Current:	\$1,143	\$2,240	\$2,240	\$2,240	\$5,601	NA	\$17,922	\$35,844	\$56,007	\$112,014	\$179,222	\$257,631
Proposed:	\$2,101	\$4,118	\$4,118	\$4,118	\$10,294	\$20,588	\$32,941	\$65,882	\$102,941	\$205,882	\$329,411	\$473,528

Derivation of Buy-in Fees¹

Water Buy-in Fees				Notes/Derivation	
Calculation of Fund Asset Valuation:				From FY 2008 CAFR, page 36	
Total Assets (undepreciated):		\$298,461,415			
Total Liabilities:		- \$ 61,431,850			
Net Water Fund Buy-in Valuation: \$237,029,565					
No. of 5/8" Equivalent Meters: (capacity method)		41,650		The number of 5/8" meters that would equal the total flow capacity of all the potable meters on the water system	
Equivalent Potable Meter Buy-in Fee:		\$ 5,691		Total Fund Equity divided by No. of Equivalent Meters	
Fee Schedule		Current	Proposed		
Multi-Family residential dwelling units, per unit:	5/8" meter:	\$ 1,431	\$ 2,904	Equivalent meter fee, times ratio of average MFR usage per dwelling unit to average SFR 5/8" meter usage	Equivalent Meter Factors
	1" meter:	\$ 3,579	\$ 7,261		
Single Family Residential and all other uses:	5/8" meter:	\$ 2,805	\$ 5,691	Equal to equivalent meter buy-in fee, times Equivalent Meter Factor	1
	1" meter:	\$ 7,013	\$ 14,227		2.5
	1.5" meter:	NA	\$ 28,455		5
	2" meter:	\$ 22,440	\$ 45,528		8
	3" meter:	\$ 44,881	\$ 91,056		16
	4" meter:	\$ 70,126	\$ 142,275		25
	6" meter:	\$ 140,252	\$ 284,549		50
	8" meter:	\$ 224,403	\$ 455,279		80
10" meter:	\$ 322,579	\$ 654,463	115		
Sewer Buy-in Fees				Notes/Derivation	
Calculation of Fund Asset Valuation:				From FY 2008 CAFR, page 36	
Total Assets (undepreciated):		\$169,966,487			
Total Liabilities:		- \$ 19,489,533			
Net Wastewater Fund Buy-in Valuation: \$150,476,954					
No. of 5/8" Equivalent Meters: (capacity method)		36,545		Per above for water, minus meters with no sewer, plus accounts with sewer only	
Equivalent Meter Buy-in Fee:		\$ 4,118		Total Fund Equity divided by No. of Equivalent Meters	
Fee Schedule		Current	Proposed		
Multi-Family residential dwelling units w/ 5/8" meter, per unit:		\$ 1,143	\$ 2,101	Equivalent meter fee, times ratio of average MFR usage per dwelling unit to average SFR 5/8" meter usage	Equivalent Meter Factors
Single Family Residential & all other Multi-Family residential, per unit:		\$ 2,240	\$ 4,118	Set equal to equivalent meter buy-in fee	
All other uses:	5/8" meter:	\$ 2,240	\$ 4,118	Equal to equivalent meter buy-in fee, times Equivalent Meter Factor	1
	1" meter:	\$ 5,601	\$ 10,294		2.5
	1.5" meter:	NA	\$ 20,588		5
	2" meter:	\$ 17,922	\$ 32,941		8
	3" meter:	\$ 35,844	\$ 65,882		16
	4" meter:	\$ 56,007	\$ 102,941		25
	6" meter:	\$ 112,014	\$ 205,882		50
	8" meter:	\$ 179,222	\$ 329,411		80
10" meter:	\$ 257,631	\$ 473,528	115		

¹ Asset values from City of Santa Barbara Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2008

City of Santa Barbara
Notice of Public Hearing

Proposed Utility Rate
Increases
Including Water and
Wastewater
Buy-in Fees for New
Development

Date: June 9, 2009
Time: 2:00 p.m.
Place: City Council Chambers,
City Hall
735 Anacapa Street, Santa
Barbara

NOTICE IS HEREBY GIVEN that the City Council of the City of Santa Barbara will consider, at the above-indicated time and place, a recommendation to adopt a resolution to increase fees for utility services provided by the City of Santa Barbara, including, but not limited to, water and wastewater (sewer) buy-in fees. Buy-in fees are collected from new customers of the City water and wastewater systems to reimburse existing customers for a proportionate share of the financial and infrastructure assets of the Water Fund and Wastewater Fund respectively. The public will have an opportunity to address the City Council at the hearing. Additional information about the proposed buy-in fees will be available beginning May 28, 2009 at the City Clerk's Office, City Hall, 735 Anacapa Street, Santa Barbara, Monday through Thursday and alternate Fridays between the hours of 7:30 a.m. and 5:30 p.m.