



NOTICE OF PUBLIC HEARING PROPOSED CHANGES TO CITY OF SANTA BARBARA WATER RATES

Date: Tuesday, June 10, 2014, 2:00 p.m.
Place: City of Santa Barbara Council Chambers, City Hall
735 Anacapa Street, Santa Barbara

PROPOSED CITY DROUGHT WATER RATES

(Applicable only to customers billed by the City of Santa Barbara for water service)

During a drought, the City relies on its customers to reduce water usage to preserve remaining water supplies with extraordinary water conservation. At the same time, the City faces increased costs to maintain essential water service, including more expensive capital and operating costs to increase drought water supplies from groundwater and imported water transfers.

The City is considering temporary drought water rates to provide a portion of the revenue needed for the City's cost of water service, and to help encourage extraordinary water conservation to reach at least 20% water use reductions necessary to ensure a safe water supply for all customers.

How were drought water rates determined?

Last year, the City's water rate structure was revised based on a Rate Study that evaluated water rates using a rate model. To cover normal operating expenses, the City's water rates were expected to increase by 3% overall next year. To account for financial impacts from the drought, the City worked with an expert rate consultant to update the rate model and develop drought pricing that:

- Promotes extraordinary water conservation;
- Ensures revenue stability;
- Is fair and equitable; and
- Is based on cost of service principles, as required by Proposition 218 (State law that oversees utility rate regulations).

Rate consultants and staff evaluated the City's budgets and financial risks associated with the drought, and developed rates to help encourage customers to meet at least 20% reduction in water use.

How will the proposed changes impact my water bill?

Included in this notice is a table showing the proposed drought rates for all customers. The water rate impact will depend on the amount of water used. Examples of impacts are shown below depending on amount of water use. Customers are encouraged to visit the City's residential water rate calculator to review how the new rates would impact their bill.

- Very Low Water Use (4 HCF): Increase of \$0.40
- Low Water Use (8 HCF): Increase of \$5.32
- Average Water Use (13 HCF): Increase of \$10.24
- High Water Use (32 HCF): Increase of \$127.20

Will the drought water rates generate additional revenue?

The revenues generated from drought water rates will partially offset the cost of service to customers during the drought. Because the revenues will not cover the full cost of service, the City plans to use a portion of available reserves to make up the difference.

Drought Update

On February 11, 2014, the Santa Barbara City Council declared a Stage 1 Drought Condition, asking customers to reduce water use by at least 20 percent.

The rainfall this spring have not been sufficient for water supply. Therefore, water shortages are projected within the next year. The Santa Barbara City Council will consider a Stage 2 Drought Condition before June 2014, which requires mandatory water use reductions.

To help achieve reduction in water use, the City offers water conservation assistance, including free indoor and outdoor water check-ups for residents and businesses, and rebate programs. Visit www.SantaBarbaraCA.gov/WaterWise or call 805-564-5460 for more information.

CHECK OUT THE RESIDENTIAL WATER RATE CALCULATOR AT:
WWW.SANTABARBARACA.GOV/WATER

TABLE 1 – PROPOSED WATER RATE CHANGES (1 HCF = 748 GALLONS)

Customer Class	Tiers	Current Rates	Proposed Rates	% Increase
Single Family Residential	First 4 HCF	\$3.18	\$3.28	+3%
	Next 14 HCF (Current)/ 12 HCF (Proposed)	\$5.16	\$6.39	+24%
	All other HCF	\$6.62	\$13.44	+103%
Multi-Family Residential	First 4 HCF (per dwelling unit)	\$3.18	\$3.28	+3%
	Next 4 HCF (per dwelling unit)	\$5.16	\$6.39	+24%
	All other HCF	\$6.62	\$13.44	+103%
Commercial / Industrial	100% of base allotment	\$5.16	\$5.32	+3%
	All other HCF	\$5.91	\$11.61	+96%
Irrigation – Residential & Commercial	100% of monthly water budget*	\$5.16	\$6.39	+24%
	All other HCF	\$6.62	\$13.44	+103%
Irrigation - Recreation/ Parks/Schools	100% of monthly water budget*	\$2.70	\$2.79	+3%
	All other HCF	\$6.62	\$13.44	+103%
Irrigation – Agriculture	100% of monthly water budget*	\$1.51	\$1.56	+3%
	All other HCF	\$6.62	\$13.44	+103%
Recycled Water	All HCF	\$2.16	\$2.24	+4%
Outside City Limits	130% of corresponding in-City rates			

***What is a Monthly Water Budget?**

The monthly water budget is a calculation of Tier 1 allotment based on the property’s irrigated landscape area and the plants’ monthly watering needs. The purpose of providing a monthly allotment is to bill customers based on the water needs of their landscaping. Please call 564-5460 if you would like further details on water budgeting.

TABLE 2 – PROPOSED MONTHLY METER CHARGES

	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Current:	\$13.81	\$19.57	\$31.09	\$59.89	\$94.44	\$203.87	\$365.14	\$751.02	\$1,384.55	\$2,190.86
Proposed:	\$14.22	\$20.23	\$32.23	\$62.24	\$98.25	\$212.28	\$380.32	\$782.43	\$1,442.60	\$2,282.82
% Increase:	+3%	+3%	+4%	+4%	+4%	+4%	+4%	+4%	+4%	+4%

When will the drought rates take effect?

City Council will consider adopting Stage 2 drought rates on June 17th, 2014. New rates will appear on bills dated July 1st or later, effective for usage starting as early as June 1st, 2014.

If you oppose any of the above increases, please deliver your protest **in writing**, including your name and service address, 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 10, 2014. (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.

How do I stay informed?

- **Explore** updated information on drought conditions, conservation, and rates at www.SantaBarbaraCA.gov/Water
- **Share** social media posts at www.Facebook.com/SaveWaterSB and www.Twitter.com/SaveWaterSB
- **Contact** City staff at WConservation@santabarbaraca.gov or 805-564-5460
- **Attend** the Public Hearing on June 10th at 2 PM, City Council Chambers, 735 Anacapa Street, Santa Barbara
- **Watch** City Council meetings live online at www.CityTV18.com, or tune into City-TV Channel 18.

Go to WWW.SANTABARBARACA.GOV/WATER to see all proposed changes