DRAFT

OPTION 1

ATTACHMENT 1

NOTICE OF PUBLIC HEARING
PROPOSED INCREASES IN CITY OF SANTA BARBARA WATER RATES FOR FISCAL YEAR 2016

Date: Tuesday, March 10, 2015, 2:00 p.m.
Place: City of Santa Barbara Council Chambers, City Hall
735 Anacapa Street, Santa Barbara

PARA INFORMACIÓN EN ESPAÑOL, LLAME AL (805) 564-5343.

PROPOSED CITY DROUGHT WATER RATES

You are receiving this Notice because our records indicate that you are a City of Santa Barbara water customer. This Notice describes the proposed water rate increases and explains how you can participate in the process.

During a drought, the City relies on its customers to conserve remaining water supplies through extraordinary measures. At the same time, the City faces increased costs to maintain essential water service, including more expensive capital and operating costs to increase water supplies from groundwater, water purchases and, potentially, desalination.

The City is proposing increased water rates to provide revenue needed to fund the costs of providing safe and reliable water service, even in times of drought.

How were drought water rates determined?

In 2013 the City's water rate structure was revised based on a Rate Study that used a rate model to evaluate water rates. To account for financial impacts from the drought, the City has been working with an expert rate consultant to update the rate model. The 2015 updated model:

- Promotes extraordinary water conservation to reach at least a 20% City-wide reduction;
- Ensures revenue stability;
- Is fair and equitable; and
- Reflects the actual cost of service, as required by Proposition 218.

The rate model has been updated to reflect the cost of reactivating and operating the City's Charles Meyer Desalination Facility (Desal). The final costs of reactivating Desal may be lower than the costs the City estimated for this rate notice. Actual water rates may be imposed at a lower rate than described in this notice, pending receipt of final project costs.

How will the proposed changes impact my water bill?

The water bill is made up of two key components: a volumetric charge (based on tiered water usage) and a fixed meter charge. The table below shows the maximum rate impacts for single-family homes with various levels of usage and a 5/8" meter. The next page shows maximum rates for all tiers of usage and meter sizes. Customers are encouraged to use the online water rate calculator to see how the new rates could impact their bill.

Usage Level	Monthly Usage (HCF)	Existing Bill	Proposed Bill	Difference
Low	4	$27.34	$36.93	$9.59
Moderate	12	$78.46	$99.33	$20.87
High	32	$319.06	$421.41	$102.35

Drought Update

Due to an extreme drought, with the driest three consecutive years in recorded history, City Council declared a Stage 2 Drought condition on May 20, 2014. This enacted mandatory water use restrictions and required a City-wide 20% reduction in water use.

Without significantly above average rainfall the winter of 2014/15 water shortages are expected. City Council is therefore considering additional mandatory restrictions and reactivation of the City's Charles Meyer Desalination Facility in order to meet the City's water supply needs (see enclosed Drought FAQs for more information).

The City continues to ask residents and businesses to reduce water use through extraordinary water conservation. Water Conservation Program staff is here to help. For assistance identifying water conservation opportunities, schedule a free water checkup by calling (805) 564-5460.

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

TABLE 1 – PROPOSED MAXIMUM WATER RATE CHANGES (1 HCF (Hundred Cubic Feet) = 748 gallons.

Customer Class	Tiers	Current ($/HCF)	Proposed ($/HCF)
Single Family Residential	First 4 HCF	$3.28	$3.38
	Next 12 HCF	$6.39	$7.80
	All other HCF	$13.44	$18.18
Multi-Family Residential	First 4 HCF (per dwelling unit)	$3.28	$3.38
	Next 4 HCF (per dwelling unit)	$6.39	$7.80
	All other HCF	$13.44	$18.18
Commercial / Industrial	100% of base allotment	$5.32	$5.72
	All other HCF	$11.61	$15.27
Irrigation – Residential & Commercial	100% of monthly water budget*	$6.39	$7.80
	All other HCF	$13.44	$18.18
Irrigation - Recreation/Parks/ Schools	100% of monthly water budget*	$2.79	$2.88
	All other HCF	$13.44	$18.18
Irrigation – Agriculture	100% of monthly water budget*	$1.56	$1.61
	All other HCF	$13.44	$18.18
Recycled Water	All HCF	$2.24	$2.31
Outside City Limits	Percentage of corresponding in-City rates	130%	

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

The monthly water budget for irrigation accounts is a calculation of Tier 1 allotment based on the property's irrigated landscape area and the monthly watering needs of plants. Please call (805)564-5460 for further details.

TABLE 2 – PROPOSED MAXIMUM MONTHLY METER CHARGES

	5/8"	3/4"	1"	1 ½"	2"	3"	4"	6"	8"	10"
Current	$14.22	$20.23	$32.23	$62.24	$98.25	$212.28	$380.32	$782.43	$1,442.60	$2,282.82
Proposed	$23.41	$34.04	$55.32	$108.51	$172.33	$374.45	$672.30	$1,385.02	$2,555.16	$4,044.42

How do I protest?

If you wish to protest any of the above increases, please deliver your protest **signed and 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 March 10, 2015. (If you wish to submit your protest during the public hearing, please deliver it to City Staff in the Council Chambers). Protests are public records.

When do the drought rates take effect?

City Council will consider adopting drought rates on March 17, 2015 (one week after the public hearing). The new rates will be effective starting July 1, 2015.See enclosed Drought FAQs for more information.

How do I stay informed?

- ***Attend*** Public Meetings on February 18 & 26, 2015 at 6:00 PM, City of Santa Barbara Council Chambers
- ***Watch*** City Council meetings live online at www.CityTV18.com, or tune into City-TV Channel 18
- ***Explore*** updated information on drought conditions, conservation, and rates at www.SantaBarbaraCA.gov/Water
- ***Contact*** City staff at (805) 564-5460

Go to **WWW.SANTABARBARACA.GOV/WATER** for more information