









Draft

Should actual water usage and revenues be significantly lower than projections used in the rate model, the City could be at risk of not meeting its debt coverage ratio. Staff will be closely monitoring revenue and operating expenses to ensure that all debt coverage requirements are met. Should it be necessary, rate stabilization reserves may be used as one-time revenue inflows to meet debt coverage requirements.

**BUDGET/FINANCIAL INFORMATION:**

The proposed water rates have been developed assuming a 30 percent City-wide demand reduction from pre-drought water use, while also meeting the revenue needs of the Water Fund, in addition to some use of reserves in Fiscal Years 2018 and 2019. The projected revenue from water sales will maintain adequate debt service coverage and cover operating costs. Staff will be closely monitoring actual water use, revenues, and debt coverage projections to ensure the City meets its debt coverage obligations in Fiscal Years 2018, 2019, and 2020. If the drought condition changes, staff will re-assess the financial plan and water rates at that time.

**ATTACHMENT:** Proposed Water Rates Notice for Fiscal Years 2018, 2019, and 2020

**PREPARED BY:** Joshua Haggmark, Water Resources Manager/MBH/cmw

**SUBMITTED BY:** Rebecca J. Bjork, Public Works Director

**APPROVED BY:** City Administrator's Office



## NOTICE OF PUBLIC HEARING PROPOSED CHANGES TO CITY OF SANTA BARBARA WATER RATES FOR FISCAL YEARS 2018-2020

**Date:** Tuesday, August 15, 2017, 2:00 p.m.  
**Place:** City of Santa Barbara Council Chambers, City Hall  
735 Anacapa Street, Santa Barbara

# PROPOSED CITY WATER RATES FOR: FISCAL YEARS 2018, 2019, AND 2020

You are receiving this Notice because our records indicate that you are a City of Santa Barbara utility customer.  
If you are not a City water customer, please disregard this Notice.

This Notice describes proposed changes to water rates and explains how you can participate in the public process. The City's water rate structure is based on a comprehensive rate study that uses a rate model to evaluate cost of service, as required by California Proposition 218.

Revenues generated from water rates recover the costs associated with the operations, maintenance, and infrastructure necessary to provide safe and reliable water service.

### ***Why are water rates changing?***

- The proposed rates assume a 30% conservation target. The City continues to rely on its customers for extraordinary conservation measures to preserve remaining water supplies.
- Adjustments to water rates are necessary to generate the appropriate amount of revenue to pay for ongoing costs due to drought conditions and changes in water supplies, and meet debt obligations and City Council policy reserve requirements.

### ***How will the proposed changes impact my water bill?***

Customers are encouraged to use the online water rate calculator at [SantaBarbaraCA.gov/Water](http://SantaBarbaraCA.gov/Water) to see how the new rates could impact their bill. The table below shows sample water bills for single family homes based on various levels of usage and a 5/8" meter.

Usage Level	Monthly Usage (HCF)	Current Bill	Proposed FY18 Bill	Proposed FY19 Bill	Proposed FY20 Bill
Low	4	\$42.74	\$43.65	\$45.12	\$46.68
Moderate	10	\$120.56	\$121.41	\$122.88	\$124.44
High	20	\$295.46	\$295.09	\$296.56	\$298.12

The average single family home uses 9 HCF per month and would see their water bill increase from \$107.59 to \$108.45, for FY18, reflecting a difference of \$.86 (or an increase of approximately .8%).

### ***What goes into a water bill?***

Most water bills are made up of two key components: (1) a volumetric charge based on water usage, and (2) a fixed monthly service charge based on meter size. The City's rate structure is designed in accordance with California Urban Water Conservation Council Best Management Practices, which encourage conservation by limiting the amount of revenue recovered from fixed charges. Please refer to the second page of this notice for detailed information on proposed volumetric and fixed monthly charges.

Please note, the rates included in this Notice are the highest possible rates that could go into effect August 15, 2017.

**CHECK OUT THE WATER RATE CALCULATOR AT:  
[WWW.SANTABARBARACA.GOV/WATER](http://WWW.SANTABARBARACA.GOV/WATER)**

**TABLE 1 – PROPOSED MAXIMUM VOLUMETRIC CHARGES**

All rates are in \$/HCF. (1 HCF [Hundred Cubic Feet] = 748 gallons)

Customer Class	Tiers	Current	Proposed		
			FY18	FY19	FY20
Single Family Residential	First 4 HCF	\$4.56	\$4.44	\$4.44	\$4.44
	Next 12 HCF	\$12.97	\$12.96	\$12.96	\$12.96
	All other HCF	\$24.27	\$23.98	\$23.98	\$23.98
Multi-Family Residential	First 4 HCF (per dwelling unit)	\$4.56	\$4.44	\$4.44	\$4.44
	Next 4 HCF (per dwelling unit)	\$12.97	\$12.96	\$12.96	\$12.96
	All other HCF	\$24.27	\$23.98	\$23.98	\$23.98
Commercial/Industrial	100% of base allotment	\$6.28	\$6.52	\$6.76	\$7.01
	All other HCF	\$23.94	\$23.91	\$23.91	\$23.91
Irrigation – Residential & Commercial	100% of monthly water budget*	\$12.97	\$12.96	\$12.96	\$12.96
	All other HCF	\$24.27	\$23.98	\$23.98	\$23.98
Irrigation – Recreation/Parks/Schools	100% of monthly water budget*	\$3.77	\$4.11	\$4.48	\$4.88
	All other HCF	\$24.27	\$23.98	\$23.98	\$23.98
Irrigation – Agriculture	100% of monthly water budget*	\$3.42	\$3.01	\$3.01	\$3.01
	All other HCF	\$24.27	\$23.98	\$23.98	\$23.98
Recycled Water	All HCF	\$3.02	\$3.42	\$3.88	\$4.40

\*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.

**TABLE 2—PROPOSED MAXIMUM FIXED MONTHLY SERVICE CHARGES**

	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"	
<b>Current</b>	\$24.50	\$35.60	\$57.80	\$113.29	\$179.89	\$390.77	\$701.54	\$1,445.18	\$2,666.07	\$4,219.93	
Proposed	<b>FY18</b>	\$25.89	\$37.65	\$61.15	\$119.91	\$190.43	\$413.74	\$742.81	\$1,530.25	\$2,823.06	\$4,459.38
	<b>FY19</b>	\$27.36	\$39.81	\$64.70	\$126.92	\$201.59	\$438.05	\$786.51	\$1,620.34	\$2,989.30	\$4,712.41
	<b>FY20</b>	\$28.92	\$42.10	\$68.45	\$134.34	\$213.40	\$463.80	\$832.79	\$1,715.72	\$3,165.32	\$4,979.80

Note: Multi-family auxiliary master meters which serve submeters owned and maintained by the City are subject to a monthly operations and maintenance fee not to exceed \$88 per month.

**TABLE 3—PROPOSED MAXIMUM FIXED MONTHLY PRIVATE FIRE SERVICE CHARGES (IF REQUIRED)**

	1"	1 1/2"	2"	4"	6"	8"	10"	12"	
<b>Current</b>	\$2.76	\$3.64	\$5.16	\$19.99	\$53.67	\$111.77	\$199.17	\$320.29	
Proposed	<b>FY18</b>	\$2.88	\$3.83	\$5.47	\$21.45	\$57.76	\$120.38	\$214.58	\$345.13
	<b>FY19</b>	\$3.01	\$4.03	\$5.79	\$23.02	\$62.15	\$129.65	\$231.18	\$371.89
	<b>FY20</b>	\$3.14	\$4.24	\$6.14	\$24.70	\$66.89	\$139.63	\$249.06	\$400.73

**How do I protest?** If you wish to protest any of the above increases, please deliver your protest **in writing and signed**, including your name and service address, to the City Clerk's Office at 735 Anacapa Street, Santa Barbara, CA, 93101, prior to or during the City Council's consideration of this item on **August 15, 2017**. 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 new rates take effect?** City Council will consider adopting water rates on **August 15, 2017**. The new rates will be **effective immediately**.

**How do I stay informed?**

- **Watch** City Council meetings live online at [SantaBarbaraCA.gov/CityTV](http://SantaBarbaraCA.gov/CityTV) or tune in to City TV Channel 18.
- **Explore** updated information on drought conditions, conservation, and rates at [SantaBarbaraCA.gov/Water](http://SantaBarbaraCA.gov/Water).
- **Contact** City staff at (805) 564-5460. Para información en Español, llame al (805) 564-5343.
- **Attend** City Council meetings; City of Santa Barbara Council Chambers, City Hall, 735 Anacapa St., Santa Barbara.