



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 preserve remaining water supplies through 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 water purchases.

The City is proposing drought water rates to provide a portion of the revenue needed for the City's cost of water service, and to encourage extraordinary water conservation to ensure the City maintains sufficient drinking water supplies for its customers.

How were drought water rates determined?

Last year, the City's water rate structure was revised based on a Rate Study that used a rate model to evaluate water rates. To cover normal operating expenses, the City's water rates were expected to increase by 3% this July. However, 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 to reach at least a 20% City-wide reduction;
- Ensures revenue stability;
- Is fair and equitable; and
- Is based on cost of service principles, as required by Proposition 218.

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

How will the proposed changes impact my water bill?

For single family homes using a 5/8" meter, examples of charges depending on the amount of water used are shown in the table below. The table on the back page shows the proposed rates for all customers at all tiers. Customers are encouraged to use the online water rate calculator to see how the new rates would impact their bill.

Usage Level	Monthly Usage (HCF)	Existing Bill	Proposed Bill	Difference	% Change
Low	4	\$26.53	\$27.34	\$0.81	3%
Moderate	12	\$67.81	\$78.46	\$10.65	16%
High	32	\$191.45	\$319.06	\$127.61	67%

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 substantial portion of available financial reserves to make up the difference and will postpone capital projects that can be delayed.

Drought Update

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

This year's rainfall was not enough to change the water supply outlook, and water shortages are projected within the next year. City Council will consider declaring a Stage 2 Drought Condition by June 2014, which will require mandatory water use restrictions.

The City is asking residents and businesses to reduce water use through extraordinary water conservation. The best way to do this is by evaluating landscape watering and checking for leaks.

The City's Water Conservation Program is here to help. For assistance with evaluating water usage and conservation opportunities, schedule a free water checkup by calling 564-5460.

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

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

Customer Class	Tiers	Current	Proposed	% 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	Percentage of corresponding in-City rates	130%	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 water-wise plants. Please call 564-5460 for further details.

TABLE 2 – PROPOSED MONTHLY METER CHARGES

	5/8"	3/4"	1"	1 ½"	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%

How do I protest?

If you wish to protest 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.

When do the drought rates take effect?

City Council will consider adopting drought rates on June 17, 2014 (one week after the public hearing). New rates will appear on bills dated July 1 or later, effective for usage starting as early as June 1, 2014.

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** Water Commission Meetings: May 12 and June 9, 2014 @ 3 PM, 619 Garden 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