



DATE: October 14, 2009

TO: Honorable Mayor and City Councilmembers

FROM: Water Utilities Department

SUBJECT: **INTRODUCTION OF AN ORDINANCE AMENDING CHAPTER 29 OF THE OCEANSIDE CITY CODE BY ESTABLISHING WASTEWATER USER RATE INCREASES AND INTRODUCTION OF AN ORDINANCE AMENDING CHAPTER 37 OF THE OCEANSIDE CITY CODE BY ESTABLISHING WATER USER RATE AND EXTERNAL WATER PROVIDER CHARGE INCREASES**

SYNOPSIS

Staff and the Utilities Commission recommend that the City Council introduce an ordinance amending Chapter 29 of the Oceanside City Code by establishing wastewater user rate increases (Exhibit A); introduce an ordinance amending Chapter 37 of the Oceanside City Code by establishing water user rate and external water provider charge increases (Exhibit B); and direct staff to implement the user rate and external water provider charge increases.

BACKGROUND

The Metropolitan Water District of Southern California (MWD), the San Diego County Water Authority's (Water Authority) largest water supplier, raised its rates effective September 1, 2009. Based on these increases, on June 25, 2009, the Water Authority raised its member agencies' rates (including Oceanside) also to become effective on September 1, 2009. Both MWD's and the Water Authority's rate increases are primarily because of California's water supply challenges, which are significantly increasing the cost of imported water. The new rates also reflect the increased cost of conveying water from MWD and take into account the Water Authority's cost of dry-year water transfers designed to help mitigate the current water shortage and reduced revenues from development fees and lower investment income.

The Water Authority normally adjusts its rates on January 1 of each year but because of the September 1 effective date of this rate increase, Water Utilities staff and the City's rate consultant, FCS Group, performed a water rate analysis to determine if water revenues would be sufficient to meet the higher cost of water. Wastewater rates were analyzed at the same time.

After this in-depth review, it was determined that water and wastewater user rates, and pass-through charges need to be increased for the following reasons:

- Metropolitan Water District and San Diego County Water Authority pass-through increases
- Higher costs to operate and maintain healthy infrastructures;
- Debt service payments and coverage ratios, including the debt service payment of \$2.9 million for the State Revolving Fund loan for the San Luis Rey Wastewater Treatment Plant expansion project

A workshop was held on August 20, 2009, to present the proposed rates to the City Council. Staff was directed to mail notices of an October 14, 2009, public hearing with the maximum rates that Council may consider. Council also requested that another meeting for the public to ask representatives of MWD, the Water Authority and staff questions about the rate increases be scheduled in a different location than the Council Chambers. A Water and Wastewater Rate Increase Community Forum was held on September 29, 2009, in the Civic Center Community Rooms. A Community Forum link was posted on the City's Web site so the public could e-mail questions and receive answers before the meeting. A frequently asked question list was compiled and posted on the Web site.

Proposition 218 requires that all property owners and utility customers receive 45 days notice of a City Council public hearing to consider an increase in water and wastewater user rates. On August 26, 2009, a public hearing notice was mailed to all Oceanside property owners and utility customers listing the current and proposed rates. The public may submit written protests to the proposed rate increases. Proposition 218 prohibits imposition of the proposed increases if written protests are received from a majority of the property owners and utility customers. If a majority protest is not received, the City Council may approve the rate and fee increases at the public hearing scheduled for October 14, 2009. The rates published in the public hearing notice are the maximum that the Council may consider.

ANALYSIS

To comply with Proposition 218 and to continue the existing rate-setting methodology, the proposed user rates were calculated based on the costs of providing service to each type of customer. This approach directly connects the cost of providing service to the end charge applied to the user. The actual rates may vary among users considering the water actually used and the wastewater discharge contributed by each customer class. All revenue generated by the proposed rates and charges will be used to recover the rising costs of wholesale water, operation and maintenance of the systems, and planned projects, and to meet debt coverage required by City bond covenants.

The rates published in the public hearing notice are the highest that were proposed to Council at the August 20 workshop. Three other options were presented to Council as alternatives. Proposition 218 requires that the maximum rate that may be considered be published in the public hearing notice. In all of the rate increase options, the 2009-2010 operations and maintenance budget was not increased from the 2008-2009 budget except for personnel costs.

The four rate increase options from highest to lowest are:

Policy-driven - These rates were developed based on the policies that were approved by City Council upon adoption of the Integrated Water Utilities Financial Plan on July 9, 2008. These policies include maintaining 125 percent debt service coverage, developing and maintaining adequate fund balances, making Fixed Asset Replacement (FAR) contributions and completing infrastructure improvement projects for both the water and wastewater funds.

125 percent Debt Coverage and Infrastructure Improvement Projects – This rate option does not include the costs of maintaining adequate fund balances or making full FAR contributions.

125 percent Debt Coverage Only – This option sets rates to meet only the policy of 125 percent debt coverage. At this level the infrastructure improvement project budget and FAR contributions have been reduced.

115 percent Minimum Debt Coverage – This option sets rates to meet the legal requirement of 115 percent debt coverage. At this level the infrastructure improvement project budget and FAR contributions have been reduced further.

Wastewater and Water Rates

The proposed increases in water and wastewater charges affect both the monthly service charge and the water commodity and sewer flow charges for all customer classes. The increases will provide revenue for the additional costs to fund debt service requirements, operations and maintenance, and replacement projects for both the Wastewater and Water Funds. Exhibits C and D respectively are summaries of the policy-driven Wastewater and Water Funds' financial analyses with budgeted expenditures, projected revenues and planned capital improvement projects for FY 2009-2010. The policy-driven shortfalls in both funds if the rate increases are not implemented are shown in the table below:

Wastewater Rate Options	Revenues	Expenditures	Shortfall	Revenue from Rate Increase
Policy-driven	\$26,231,597	(\$33,041,511)	(\$6,809,914)	\$6,809,914
125% debt coverage & projects	\$26,231,597	(\$29,550,606)	(\$3,319,008)	\$3,319,008
125% debt coverage only	\$26,231,597	(\$29,055,261)	(\$2,823,663)	\$2,823,663
Minimum debt coverage– 115%	\$26,231,597	(\$28,512,507)	(\$2,280,909)	\$2,280,909
Water Rate Options	Revenues	Expenditures	Shortfall	Revenue from Rate Increase
Policy-driven	\$41,653,158	(\$49,294,596)	(\$7,641,438)	\$7,641,438
125% debt coverage & projects	\$41,653,158	(\$47,865,341)	(\$6,212,183)	\$6,212,183
125% debt coverage only	\$41,653,158	(\$46,854,402)	(\$5,201,244)	\$5,201,244
Minimum debt coverage– 115%/pass-throughs	\$41,653,158	(\$46,621,380)	(\$4,968,222)	\$5,063,488

The proposed monthly wastewater rate increases for a typical single-family residence are:

Proposed Wastewater Monthly Bills Options				
To meet	Service Charge	Flow Charge (Medium Use)	Total	Increase
Current	\$15.93	\$19.18	\$35.11	N/A
Policy-driven rates	\$22.65	\$27.28	\$49.93	\$14.82
125% debt coverage & projects	\$19.20	\$23.13	\$42.33	\$7.22
125% debt coverage only	\$18.71	\$22.54	\$41.25	\$6.14
Minimum debt coverage–115%	\$18.18	\$21.89	\$40.07	\$4.96

The proposed rate increase would be effective with the first bill after November 21, 2009. The proposed rate schedule for all wastewater customer classes is listed in the attached Exhibit E. Exhibit H is a comparison of single-family residential wastewater rates in San Diego County. Special industrial user rates are calculated on actual monitoring data of flow, biochemical oxygen demand, total suspended solids and ammonia. These rates are calculated annually. The proposed industrial discharger rates are listed in the attached Exhibit E.

The proposed water rate increases are for service and commodity charges, MWD's readiness-to-serve charge and the San Diego County Water Authority (Water Authority) pass-through infrastructure access charge and surcharge which were approved by the Water Authority Board on June 25, 2009.

The typical single-family customer using 12 units of water per month would pay one of the four options in a monthly bill listed below beginning with the first bill after November 21, 2009:

Proposed Water Monthly Bills Options					
To meet	Service Charge	Commodity Charge*	Pass-Through Charges	Total	Increase
Current	\$12.97	\$23.40	\$6.05	\$42.42	N/A
Policy-driven rates	\$14.42	\$26.04	\$12.39	\$52.85	\$10.43
125% debt coverage & projects	\$13.62	\$24.60	\$12.39	\$50.61	\$8.19
125% debt coverage only	\$13.05	\$23.64	\$12.39	\$49.08	\$6.66
Minimum debt coverage – 115%/pass-throughs	\$12.97	\$23.40	\$12.39	\$48.76	\$6.34

*Includes the Clean Water Program rate of \$.07 per unit of water.

The proposed rate schedule for all water customer classes is listed in the attached Exhibit F. MWD and Water Authority pass-through charge increases for all customers are listed in Exhibit G. Exhibit I is a comparison of single-family residential water rates in San Diego County. Exhibit J is a comparison of the combined monthly water and wastewater bills in other cities.

The proposed rate increases are exempt from California Environmental Quality Act requirements.

FISCAL IMPACT

Wastewater and Water Rates

The analysis that was performed for the Financial Plan included a determination of the Wastewater and Water Funds' revenue requirement, which is the annual amount of revenue necessary to meet annual expenditures. The user rates and charges are calculated to generate enough revenue to meet expenses and debt obligations and must be increased if they are not sufficient to meet those requirements. Because the Water and Sewer Funds have bonds with rate covenant requirements, it is imperative that rates and fees are set at a sufficient level to pay debt service and provide debt coverage. The Wastewater Fund's FY 2009-2010 revenue requirement is \$33,041,511 and the Water Fund's is \$49,294,596 for costs of operations and maintenance, replacement projects and debt payments. The increase in wastewater and water rates for all customers will provide the revenue to meet the funding requirements for fiscal year 2009-2010.

San Diego County Water Authority and Metropolitan Water District Pass-through Charges

The proposed Authority surcharge will fund the increase of \$139 per acre-foot of treated water and \$92 per acre-foot of untreated water. The surcharge will recover approximately \$5 million in additional water costs. The infrastructure access charge (IAC) is a fixed charge based on the customer's meter size. The Authority's new IAC is \$2.02 for a 5/8-inch meter effective November 2009. The Metropolitan Water District's readiness-to-serve charge is also a fixed charge based on meter size and will increase from \$1.15 to \$1.25 for a 5/8-inch meter.

COMMISSION OR COMMITTEE REPORT

The Budget Committee of the Utilities Commission reviewed and approved staff's recommendation at its meeting on August 11, 2009. The Utilities Commission reviewed staff's recommendation at its meeting on September 15, 2009, but could not vote to approve due to the lack of a quorum.

CITY ATTORNEY'S ANALYSIS

The ordinances have been reviewed by the City Attorney and approved as to form. Absent a majority protest pursuant to Proposition 218, water rate and fee increases are authorized by Health and Safety Code Section 5471 upon adoption of an ordinance approved by two-thirds (four councilmembers) of the members of the City Council.

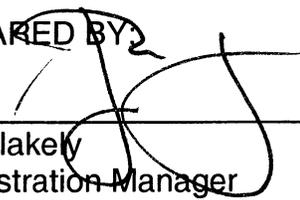
INSURANCE REQUIREMENTS

Does not apply.

RECOMMENDATIONS

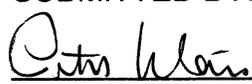
Staff and the Utilities Commission recommend that the City Council introduce an ordinance amending Chapter 29 of the Oceanside City Code by establishing wastewater user rate increases (Exhibit A); introduce an ordinance amending Chapter 37 of the Oceanside City Code by establishing water user rate and external water provider charge increases (Exhibit B); and direct staff to implement the user rate and external water provider charge increases.

PREPARED BY:



Greg Blakely
Administration Manager

SUBMITTED BY:



Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Lonnie Thibodeaux, Water Utilities Director

Teri Ferro, Financial Services Director







- Exhibit A: Proposed Ordinance amending Chapter 29
- Exhibit B: Proposed Ordinance amending Chapter 37
- Exhibit C: Proposed Rate Schedules for all Wastewater Customer Classes
- Exhibit D: Proposed Rate Schedules for all Water Customer Classes
- Exhibit E: Proposed Water Authority & MWD Pass-through Charges
- Exhibit F: Wastewater Financial Analysis Summary
- Exhibit G: Water Financial Analysis Summary
- Exhibit H: Monthly Wastewater Bill Comparison
- Exhibit I: Monthly Water Bill Comparison
- Exhibit J: Monthly Combined Bill Comparison

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF OCEANSIDE AMENDING
OCEANSIDE CITY CODE, CHAPTER 29, ESTABLISHING
SEWER USER RATE INCREASES

WHEREAS, the City of Oceanside through its Water Utilities Department Wastewater Division provides essential public health and safety services to its residents;

WHEREAS, on February 11, 2009, the City Council approved Ordinance No. 09-OR0092-1 related to establishing wastewater system monthly wastewater residential, non-residential and Group VII-Industrial/Special User rates;

WHEREAS, wastewater rates are evaluated periodically to maintain an adequate fee structure to recover costs for wastewater services;

WHEREAS, the wastewater rates have been analyzed and found to be insufficient to pay for the costs required to collect, treat and dispose of public wastewater; and

WHEREAS, the City Council has determined that provision for special users is necessary to recover costs for collection and treatment from non-residential wastewater customers discharging high-strength, high-flow effluent into the wastewater collection, treatment and disposal system.

NOW, THEREFORE, the City Council of the City of Oceanside DOES ORDAIN as follows:

1 SECTION 1. Sec. 29.17.1 is hereby amended to read as follows:

2 **“Sec. 29.17.1 Monthly service charge based on meter size.**

3 Effective on the first bill reflecting charges for usage from and after November
4 21, 2009, all wastewater service customers of the city shall be subject to a monthly service
5 charge hereby imposed as follows:

Meter Size	Monthly Service
5/8"	\$22.65
3/4"	\$22.65
1"	\$49.67
1 ½"	\$94.71
2"	\$148.77
3"	\$274.90
4"	\$455.09
6"	\$905.57
8"	\$1,446.13
10"	\$2,076.79

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16 SECTION 2. Section 29.18 is hereby amended to read as follows:

17 **“Sec. 29.18 Flow charge.**

18 Residential and non-residential customer flow charges shall be based on the
19 quality and quantity of sewage. Effective on the first bill reflecting charges for usage from and
20 after November 21, 2009, all wastewater service customers, except for special users, of the city
21 shall be subject to a monthly flow charge hereby imposed as follows:

Group I – Residential Customers	Monthly Charge
Single Family – Low Use (0-5 units)	\$12.66
Medium Use (6-10 units)	\$27.28
High Use (11+ units)	\$53.25
Master-Metered Single Family (per residential unit)	\$21.39
Manufactured Homes (per residential unit)	\$14.62
Multi-family – per unit of estimated sewage flow	\$3.44

Non-Residential Customers		Estimated Sewer Flow (per unit)
Group II	Low Strength	\$3.44
Group III	Medium Strength	\$3.90
Group IV	Medium High Strength	\$5.58
Group V	High Strength	\$6.66
Group VI	Churches	\$3.44
	Public Schools	\$3.44
Group VIII	RV Parks	\$3.44
	Hotel/Motel without Restaurant	\$3.44

SECTION 3. Section 29.18 (a) is hereby amended to read as follows:

Sec. 29.18 (a) Special user flow charge.

Each special user shall pay monthly flow charges that shall be determined by a calculation based on actual monitoring data of flow, biochemical oxygen demand, total suspended solids, and ammonia as follows:

Special User Wastewater Flow Charges	
Parameter	Unit Cost
Per unit (748 gallons) discharged	\$1.92
Per pound of Biochemical Oxygen Demand Discharged	\$0.60
Per pound of Total Suspended Solids Discharged	\$0.33
Per pound of Ammonia Discharged	\$0.33

Flow charges will be computed annually for each industrial user at the time of renewal of the pretreatment permit. An overall charge will be calculated using the unit rates and the average concentrations measured for each loading parameter. This new charge will then be in effect for the following year.

SECTION 4. The City Clerk of the City of Oceanside is hereby directed to publish this ordinance, or the title hereof as a summary, pursuant to state statute, once within fifteen (15) days after its passage in the North County Times, a newspaper of general circulation published in the City of Oceanside.

1 SECTION 5. Severability.

2 If any section, sentence, clause or phrase of the Ordinance is for any reason held to be
3 invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision
4 shall not affect the validity of the remaining portions of this Ordinance. The City Council
5 hereby declares that it would have adopted this Ordinance and each section, sentence, clause or
6 phrase thereof, irrespective of the fact that any one or more section, subsections, sentences,
7 clauses or phrases be declared invalid or unconstitutional.

8 INTRODUCED at a regular meeting of the City Council of the City of Oceanside held
9 on the _____ day of _____, 2009, and, thereafter,

10 PASSED, AND ADOPTED by the City Council of the City of Oceanside, California
11 this _____ day of _____, 2009, by the following vote:

- 12 AYES:
- 13 NAYS:
- 14 ABSENT:
- 15 ABSTAIN:

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17 MAYOR, CITY OF OCEANSIDE

18 ATTEST:

APPROVED AS TO FORM:

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20 CITY CLERK

Robert James Oton, ASST.

CITY ATTORNEY

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22 AN ORDINANCE OF THE CITY OF OCEANSIDE AMENDING OCEANSIDE CITY
23 CODE, CHAPTER 29, ESTABLISHING SEWER USER RATE, SEWER SYSTEM
24 BUY-IN FEE INCREASES
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ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF OCEANSIDE AMENDING
OCEANSIDE CITY CODE, CHAPTER 37, ESTABLISHING
WATER USER RATE AND EXTERNAL WATER PROVIDER
CHARGE INCREASES

WHEREAS, on February 11, 2009, the City Council adopted Ordinance No. 09-OR0093-1 related to establishing monthly residential, non-residential water rates and external water provider charges;

WHEREAS, these water rates have been analyzed and found to be insufficient to pay for the costs of improving and upgrading necessary public water transmission, treatment storage and distribution facilities;

WHEREAS, at its June 25, 2009 meeting, the Board of Directors of the San Diego County Water Authority (“Authority”) approved an increase in the amount of its municipal and industrial water surcharge by \$139 per acre foot for treated water and \$92 per acre foot for untreated water; and

WHEREAS, at its June 25, 2009 meeting, the Board of Directors of the San Diego County Water Authority (“Authority”) approved an increase in the amount of its infrastructure access charge and the Metropolitan Water District’s readiness-to-serve charge to be levied against each member agency,

NOW, THEREFORE, the City Council of the City of Oceanside DOES ORDAIN as follows:

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1 SECTION 1. Section 37.34 is hereby amended to read as follows:

2 **“Sec. 37.34 Monthly service charge.**

3 Effective on the first bill reflecting charges for usage from and after November 21, 2009,
4 all water service customers of the city shall be subject to a monthly service charge hereby
5 imposed as follows:

Meter Size	Monthly Water Service Charge
5/8"	\$14.42
1"	\$31.80
1 1/2"	\$60.76
2"	\$95.52
3"	\$176.61
4"	\$292.46
6"	\$582.09
8"	\$929.64
10"	\$1,335.12

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14 SECTION 2. Sec. 37.35 is hereby amended to read as follows:

15 **“Sec. 37.35 Monthly consumption charge.**

16 Effective on the first bill reflecting charges for usage from and after November 21, 2009,
17 all water service customers of the city shall be subject to a monthly consumption charge hereby
18 imposed as follows:

Units of Water Used	Monthly Water Consumption Charge (per unit*)
Single-family	
1 st tier (0-13 units)	\$2.17
2 nd tier (14 + units)	\$2.47
Multi-family	
1 st tier (0-7 units)	\$2.01
2 nd tier (8 + units)	\$2.29
Non-residential/Agricultural/Irrigation	\$2.35
Reclaimed water	\$1.91
* A unit of water is equal to seven hundred forty-eight (748) gallons.	

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27 The charges listed in the table above include the existing rate of \$0.07/unit of water for the
28 Clean Water Program.”

1 SECTION 3. Sections 37.110, 37.111 and 37.112 are hereby amended to read as
2 follows:

3 **“Sec. 37.110 San Diego County Water Authority Surcharge**

4 Effective on the first bill reflecting charges for usage from and after
5 November 21, 2009, there is hereby established a water surcharge on City of Oceanside water
6 customers in the amount of \$0.76 per unit of water. The City Council, by ordinance, may
7 periodically adjust the surcharge based on the amount of surcharge approved by the San Diego
8 County Water Authority.

9 **Sec. 37.111 San Diego County Water Authority Infrastructure Access**
10 **Charge**

11 Effective on the first bill reflecting charges for usage from and after November
12 21, 2009, there is hereby established an infrastructure access charge on water customers of the
13 City of Oceanside. This charge is established as follows:

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Meter Size	Meter Equivalent*	Monthly Charge
5/8"	1.00	\$2.02
1"	1.60	\$3.23
1.5"	3.00	\$6.06
2"	5.20	\$10.50
3"	9.60	\$19.39
4"	16.40	\$33.13
6"	30.00	\$60.60
8"	52.00	\$105.04
10"	78.00	\$157.56

22 *A meter equivalent is a basic 5/8" water meter used in most single-family homes.

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1 **Sec. 37.112. Metropolitan Water District Readiness-to-Serve Charge.**

2 Effective on the first bill reflecting charges for usage from and after November 21, 2009,
3 there is hereby established a readiness-to-serve charge on water customers of the City of
4 Oceanside. This charge is established as follows:

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Meter Size	Monthly Charge
5/8"	\$1.25
1"	\$3.30
1.5"	\$6.60
2"	\$10.56
3"	\$19.79
4"	\$32.98
6"	\$65.95
8"	\$105.52
10"	\$151.70

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14 SECTION 4. The City Clerk of the City of Oceanside is hereby directed to publish this
15 ordinance, or the title hereof as a summary, pursuant to state statute, once within fifteen (15)
16 days after its passage in the North County Times, a newspaper of general circulation published
17 in the City of Oceanside.

18 SECTION 5. Severability.

19 If any section, sentence, clause or phrase of the Ordinance is for any reason held to be
20 invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision
21 shall not affect the validity of the remaining portions of this Ordinance. The City Council
22 hereby declares that it would have adopted this Ordinance and each section, sentence, clause or
23 phrase thereof, irrespective of the fact that any one or more section, subsections, sentences,
24 clauses or phrases be declared invalid or unconstitutional.

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1 INTRODUCED at a regular meeting of the City Council of the City of Oceanside held
2 on the _____ day of _____, 2009, and, thereafter,

3 PASSED, AND ADOPTED by the City Council of the City of Oceanside, California
4 this _____ day of _____, 2009, by the following vote:

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6 AYES:
7 NAYS:
8 ABSENT:
9 ABSTAIN:

10 _____
MAYOR, CITY OF OCEANSIDE

11 ATTEST:

APPROVED AS TO FORM:

12 _____
13 CITY CLERK

Robert Samuelson, 1887.
14 _____
CITY ATTORNEY

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16 AN ORDINANCE OF THE CITY OF OCEANSIDE AMENDING OCEANSIDE CITY
17 CODE, CHAPTER 37, ESTABLISHING WATER USER RATE AND EXTERNAL
18 WATER PROVIDER CHARGE INCREASES
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CITY OF OCEANSIDE

Exhibit C

WASTEWATER FINANCIAL ANALYSIS - POLICY DRIVEN RATES

SUMMARY 2009-2010

Capital Expenditures	FY 2009-2010
FAR / System-Wide Improvements	\$ 3,355,219
Expansion Projects	<u>4,074,482</u>
	\$7,429,701
Available Revenues	FY 2009-2010
Buy-In Fee Revenues & Reserves	\$2,913,677
Use of Capital Reserves	2,197,573
Use of Bond Proceeds	
Rate Funded Capital	2,318,451
Other Revenue	
	\$7,429,701
Revenues	FY 2009-2010
User Service Fees	\$ 24,198,021
Interest Earnings	80,000
Miscellaneous Revenues	1,484,355
Buy-In Fee Revenues (for Debt Service)	
Total Revenues	\$ 26,231,597
Expenditures	FY 2009-2010
<i>Ongoing Operating Expenses</i>	
Sewer Administration and General	\$ 808,244
Interfund Service Charge	4,862,016
Sewer Collection & Transmission	4,659,317
La Salina WWTP	2,925,808
San Luis Rey WWTP	7,126,993
Sewer Laboratory	747,380
Sewer SCADA Program	309,193
Sewer GIS Program	338,181
Other	306,029
Decrease budget to match 08-09 except personnel	\$ (278,545)
<i>Other Operating Expenses</i>	
Debt Service	5,427,538
Replacement Funding (FAR Contributions)	2,318,451
Revenues to Meet Minimum Operating Fund	490,905
Additions Due to Debt Coverage & In Lieu with Increase	<u>3,000,000</u>
Total Expenditures	\$ 33,041,510
Oper. Exp. Surplus (Deficiency) before Rate Increase	\$ (6,809,913)
Revenues from Rate Increase	\$ 6,809,913
	FY 2009-2010
Total Annual Revenue Increase	42.21%
User rate based on Single Family medium usage	\$49.93
Minimum Fund Balance (45-days)	Yes
Maximum Fund Balance (90-days)	No
DEBT COVERAGE TEST	
-Debt Coverage	1.98

Capital Improvement Projects

Fixed Asset Replacement Projects	Budget
Whelan Lake Mitigation	45,240
LaSalina Plant Upgrades	1,709,979
SLR Plant Improvements	150,000
Lift Stations Upgrade	300,000
La Salina Plant Improv	150,000
Misc Sewer Projects	1,000,000
Total FAR Projects:	\$ 3,355,219

Expansion Projects	Budget
Buena Vista Lift Station	137,785
Ocean Outfall Analysis	271,593
Haymar Intercptr Sewer	1,264,564
Mesa/Garrison-42" Sewer	1,035,445
<u>469,222</u>	550,000
Myers/Tait St S/L (2)	342,163
Land Outfall	472,932
Total Expansion Projects	\$ 4,074,482

CITY OF OCEANSIDE
WATER FINANCIAL ANALYSIS - POLICY DRIVEN RATES
Summary 2009-2010

CAPITAL IMPROVEMENT PROGRAM

Capital Expenditures ⁽¹⁾	FY 2009-2010
FAR / System-Wide Improvements	\$ 15,939,454
Expansion Projects	<u>6,859,990</u>
(1) Reflects Council approved CIP.	\$ 22,799,444

Available Revenues

Buy-In Fee Revenues & Reserves	\$6,859,990
Use of Capital Reserves	15,939,454
Use of Bond Proceeds	-
Rate Funded Capital	-
Other Revenue	
	<u>\$ 22,799,444</u>

OPERATIONAL REVENUES & EXPENDITURES

Revenues

	FY 2009-2010
User Service Fees	\$ 34,486,510
Interest Earnings	358,388
Miscellaneous Revenues	<u>11,871,749</u>
Total Revenues	\$ 46,716,646

Expenditures

Ongoing Operating Expenses

Administration	\$4,823,509
Flood Control/Storm Drains	988,101
Water Source of Supply	26,835,178
Hydro-Electric Pumping	4,750
Water Pumping	110,800
Water Treatment	1,540,701
Water Desalting Plant	2,029,251
Water Transportation and Distribution	1,714,958
Water Laboratory	532,599
Water SCADA Program	283,091
Clean Water Program	985,855
Water GIS Program 711	325,552
Water Service Connections	40,000
Water Meter Service	2,745,940
Fiscal Agent Fees	28,493
Decrease budget to match 08-09 except for Personnel	(408,977)

Other Operating Expenses

Transfer to Risk Management	490,323
Debt Service	3,230,216
Replacement Funding (FAR Contributions)	<u>2,994,255</u>
Total Expenditures	\$ 49,294,596

Oper. Exp. Surplus (Deficiency) before Rate Increase	\$ (2,577,950)
Revenues from rate increase	\$2,577,950
Total Annual Revenue Increase	11.21%
USER RATE ¹	\$52.01

(1) Based on Single Family Residential medium usage.

OPERATIONAL FUND TARGET:

Minimum Fund Balance (45-days)	Yes
Maximum Fund Balance (90-days)	No

Capital Improvement Projects

Fixed Asset Replacement Projects	Budget
Osborn 10MGD Res/Lnd Acq	47,501
Weese Treatment Plnt Improv	290,167
Geographic Info System	150,000
Weese Technology Improvements	479,559
Weese Plant Capacity Expansion	4,512,314
Mission SLR Waterline	1,008,123
Peacock Hills Regulator	1,662,223
SCADA Replace & Upgrade	100,000
Desalter Facility Expansion	2,760,699
Mesa Loma @ Lk Blvd Upgrade	120,801
Desalter Facility Minor Improvements	234,743
Pump Station Upgrades	238,955
Reservoir Structural Analysis	500,000
Misc Water Projects	1,000,000
SLR WWTP Water Reclamation	<u>2,834,369</u>
Total FAR Projects	\$15,939,454

Expansion Projects

	Budget
Ocean Outfall Analysis	90,479
Pacific St Bridge W/L	725,864
Desalter Facility Expansion	2,000,000
Strategic Plan	100,000
Technology Improvements	1,050,000
Land Outfall	240,598
Oceanside Ocean Desalter	281,022
Osborn 10 MGD Reservoir&	47,501
Weese Plant Capacity Exp	<u>2,324,526</u>
Total Expansion Projects	\$6,859,990

DEBT COVERAGE TEST

- Senior Debt	2.30
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Wastewater Service Charge Increase Options Effective November 2009 if adopted					
Meter Size	Current Service Charge	115% Debt	125% Debt	125% Debt & Projects	Policy-driven
5/8" & 3/4"	\$15.93	\$18.18	\$18.71	\$19.20	\$22.65
1"	\$34.93	\$39.86	\$41.04	\$42.11	\$49.67
1 1/2"	\$66.60	\$76.02	\$78.26	\$80.30	\$94.71
2"	\$104.61	\$119.41	\$122.92	\$126.14	\$148.77
3"	\$193.30	\$220.63	\$227.14	\$233.07	\$274.90
4"	\$320.00	\$365.25	\$376.02	\$385.84	\$455.09
6"	\$636.76	\$726.80	\$748.23	\$767.78	\$905.57
8"	\$1,016.85	\$1,160.65	\$1,194.86	\$1,226.09	\$1,446.13
10"	\$1,460.30	\$1,666.81	\$1,715.94	\$1,760.78	\$2,076.79

Wastewater Flow Charge Increase Options – Effective November 2009 if adopted					
Consumption Charge	Current Flow Charge	115% Debt	125% Debt	125% Debt & Project	Policy-driven
Residential					
Single Family Low Use (0 – 5 units)	\$8.90	\$10.16	\$10.46	\$10.73	\$12.66
Medium Use (6 – 10 units)	\$19.18	\$21.89	\$22.54	\$23.13	\$27.28
High Use (11+ units)	\$37.44	\$42.74	\$44.00	\$45.15	\$53.25
Master-Metered Single Family (per residential unit)	\$15.04	\$17.17	\$17.67	\$18.14	\$21.39
Manufactured Home (per residential unit)	\$10.28	\$11.74	\$12.08	\$12.40	\$14.62
Multi-Family (per unit of estimated sewer flow)	\$2.42	\$2.76	\$2.85	\$2.92	\$3.44
Non-Residential (per unit of estimated sewer flow)					
Motels/RV Parks/Churches	\$2.42	\$2.76	\$2.85	\$2.92	\$3.44
General Commercial (Low Strength)	\$2.42	\$2.76	\$2.85	\$2.92	\$3.44
Medium Strength	\$2.74	\$3.13	\$3.22	\$3.31	\$3.90
Medium-High Strength	\$3.92	\$4.48	\$4.61	\$4.73	\$5.58
High Strength	\$4.69	\$5.35	\$5.51	\$5.65	\$6.66
Schools	\$2.42	\$2.76	\$2.85	\$2.92	\$3.44

Wastewater Industrial Flow Charge Increase Options Effective November 2009 if adopted					
Parameter	Current	115% Debt	125% Debt	125% Debt & Projects	Policy-driven
Per unit	\$1.35	\$1.54	\$1.59	\$1.63	\$1.92
Per lb. BOD	\$0.42	\$0.48	\$0.50	\$0.51	\$0.60
Per lb. TSS	\$0.24	\$0.27	\$0.28	\$0.28	\$0.33
Per lb. Ammonia	\$0.24	\$0.27	\$0.28	\$0.28	\$0.33

Oceanside Monthly Water Service Charge Increase Options					
Effective November 2009 if adopted					
Meter Size	Current	115% Debt – No increase	125% Debt	125% Debt & FAR	Policy-driven rates
5/8"	\$12.97	\$12.97	\$13.05	\$13.62	\$14.42
1"	\$28.59	\$28.59	\$28.76	\$30.02	\$31.80
1 1/2"	\$54.63	\$54.63	\$54.96	\$57.36	\$60.76
2"	\$85.89	\$85.89	\$86.40	\$90.18	\$95.52
3"	\$158.81	\$158.81	\$159.76	\$166.74	\$176.61
4"	\$262.98	\$262.98	\$264.55	\$276.12	\$292.46
6"	\$523.42	\$523.42	\$525.54	\$549.58	\$582.09
8"	\$835.93	\$835.93	\$840.92	\$877.70	\$929.64
10"	\$1,200.54	\$1,200.54	\$1,207.70	\$1,260.53	\$1,335.12

Oceanside Water Commodity Charge Increase Options							
Effective November 2009 if adopted							
			Current	115% Minimum Debt – No Increase	125% Debt Coverage	125% Debt Coverage & Projects	Policy- driven rates
Single Family	1 st Tier	(0-13 units)	\$1.95*	\$1.95*	\$1.97*	\$2.05*	\$2.17*
	2 nd Tier	(14+ units)	\$2.23*	\$2.23*	\$2.24*	\$2.33*	\$2.47*
Multi-Family	1 st Tier	(0-7 units)	\$1.81*	\$1.81*	\$1.82*	\$1.90*	\$2.01*
	2 nd Tier	(8+ units)	\$2.07*	\$2.07*	\$2.08*	\$2.17*	\$2.29*
Non-Residential/Agricultural (per unit)			\$2.12*	\$2.12*	\$2.13*	\$2.22*	\$2.35*
Reclaimed (per unit)			\$1.72*	\$1.72*	\$1.73*	\$1.80*	\$1.91*
*Includes existing rate of \$.07/unit for the Clean Water Program							
A unit is 748 gallons of water							

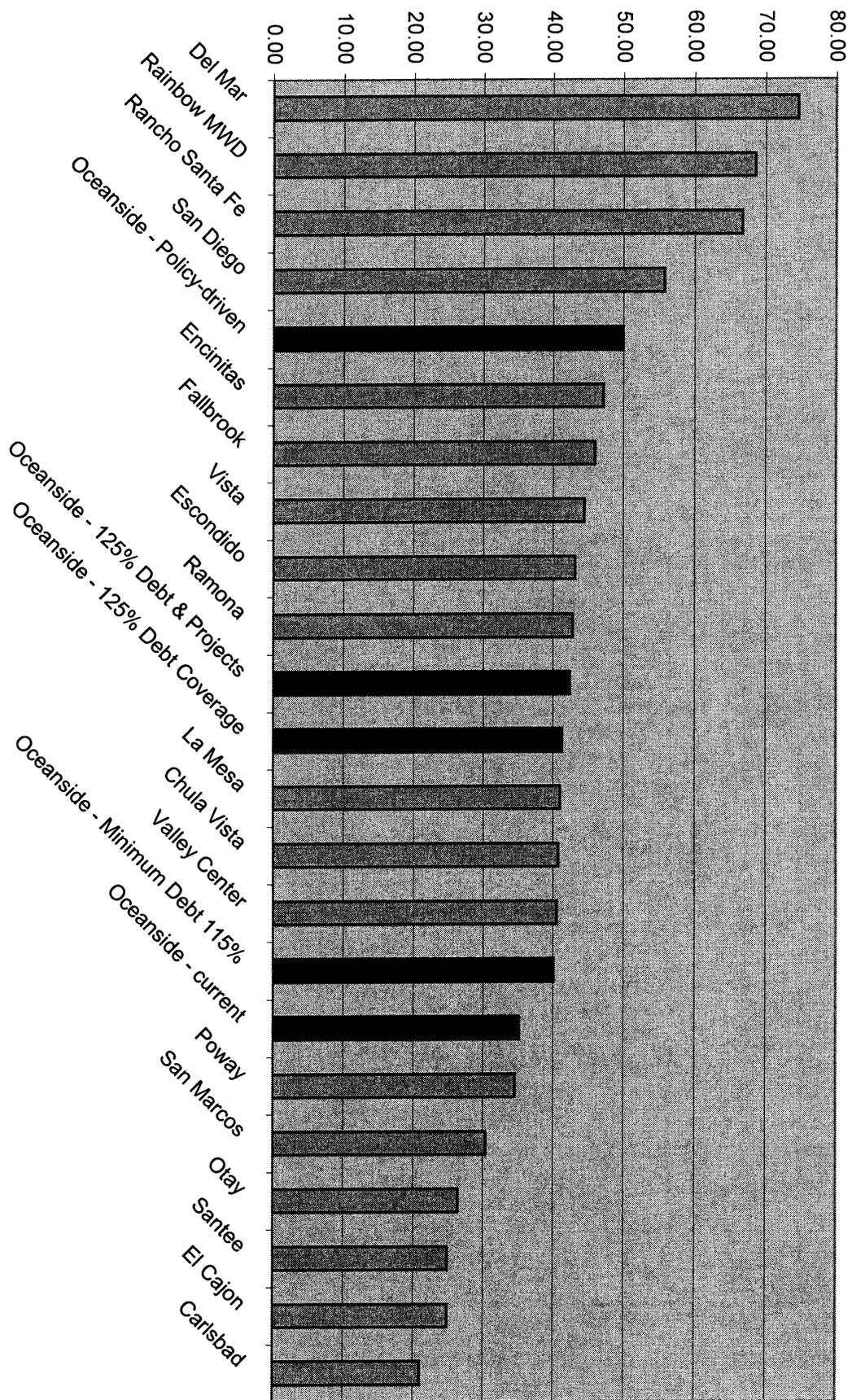
**Current & Recommended Water Pass-through Charges (for all options)
Effective November 2009 if adopted**

SDCWA Water Surcharge (per unit of consumption)	
Current	Proposed
\$0.25/unit	0.76/unit

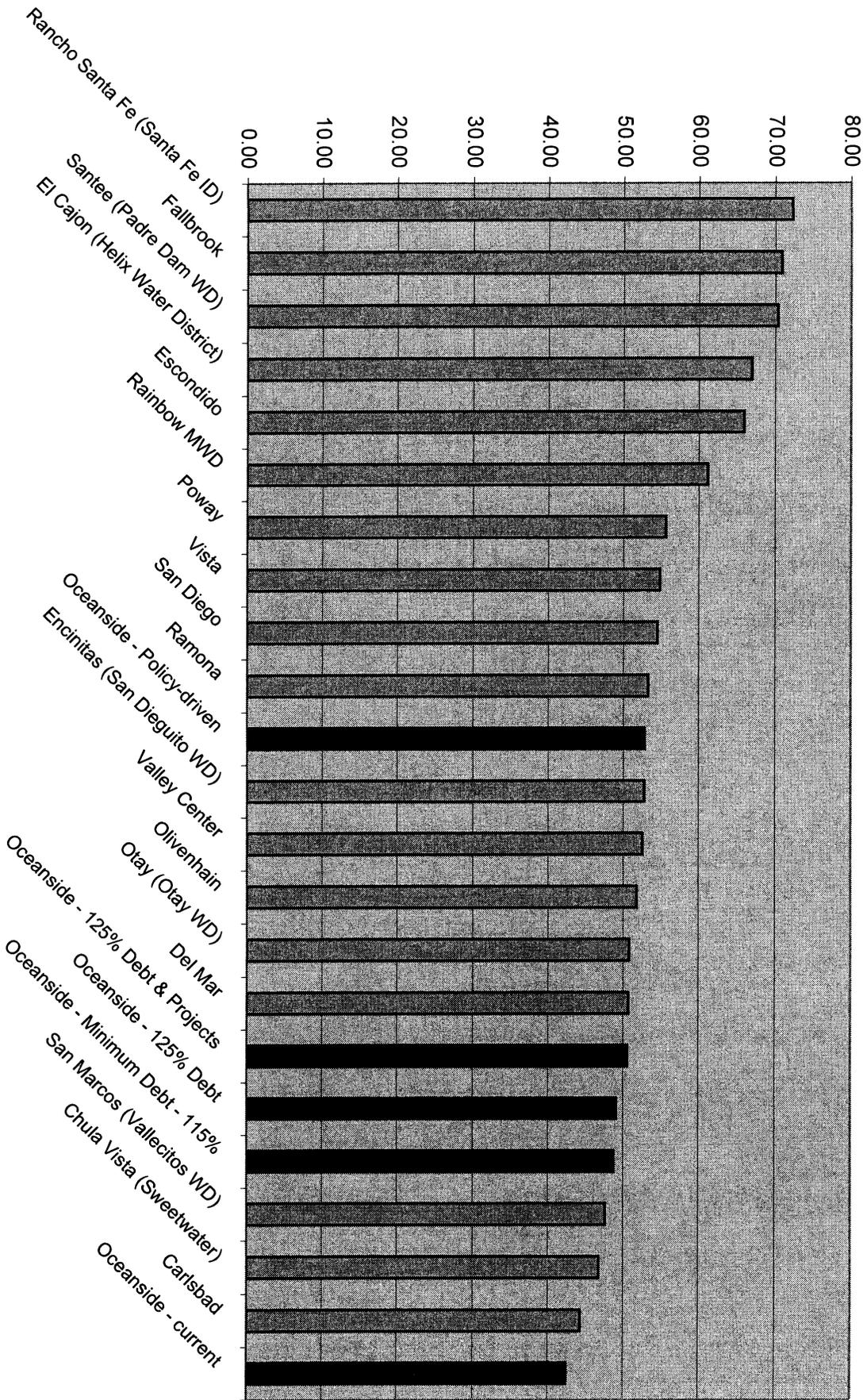
Proposed SDCWA Infrastructure Access Charge		
Meter Size	Current	Proposed
5/8"	\$1.90	\$2.02
1"	\$3.04	\$3.23
1½"	\$5.70	\$6.06
2"	\$9.88	\$10.50
3"	\$18.24	\$19.39
4"	\$31.16	\$33.13
6"	\$57.00	\$60.60
8"	\$98.80	\$105.04
10"	\$148.20	\$157.56

Proposed MWD Readiness to Serve Charge		
Meter Size	Current	Proposed
5/8"	\$1.15	\$1.25
1"	\$2.87	\$3.30
1½"	\$5.74	\$6.60
2"	\$9.18	\$10.56
3"	\$17.21	\$19.79
4"	\$28.68	\$32.98
6"	\$57.35	\$65.95
8"	\$91.76	\$105.52
10"	\$131.91	\$151.70

Total Monthly Sewer Bill Comparison



Monthly Residential Water Bill Comparison



Total Monthly Wastewater and Water Bill

