

## STAFF REPORT

DATE: October 19, 2010

TO: Utilities Commission

FROM: Cari Dale, Water Utilities Director

SUBJECT: **ORDINANCE TO AMEND CHAPTER 29 OF THE OCEANSIDE CITY CODE BY ESTABLISHING WASTEWATER USER RATE INCREASES AND AN ORDINANCE TO AMEND 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 adopt an ordinance amending Chapter 29 of the Oceanside City Code by establishing wastewater user rate increases (Exhibit A); adopt 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**

#### **WATER:**

On April 13, 2010, Metropolitan's Board of Directors adopted a rate increase for calendar years 2011 and 2012. The overall rate impact is a 7.5 percent annual increase. Increases to individual rate components include the cost of treated water increasing by 8.9 percent and the cost of untreated water increasing by 6.1 percent on January 1, 2011. In addition, the cost to transport water through Metropolitan's system will increase by 18.5 percent. The increase to the cost to transport water in particular, disproportionately impacts the Water Authority by increasing the MWD cost associated with the transportation portion of the rate. The Water Authority has since brought suit against MWD challenging the rate structure. This action may reduce water rates in the future but until the lawsuit is settled, the City must collect sufficient revenue to pay for the 2011 and 2012 rate increases.

Based on these cost increases, the cost for the Water Authority to purchase and transport water from MWD will increase 12.2 percent, effective January 1, 2011. The cost increase of 12.2 percent results in a \$104/acre-foot cost increase to the Water Authority, and accounts for nearly half of the Water Authority's increase for 2011. The other half of the cost increase from the Water Authority is attributed to operating, maintaining and financing the regional water system. The regional water system

improvements have been made to improve water reliability and were recently drawn upon to minimize the severity of cutbacks from the Metropolitan Water District. The increases also reflect debt service costs for regional infrastructure.

Steps taken by the Water Authority to mitigate rate increases this year include:

- Using \$10.7 million from their rate stabilization fund to offset anticipated reduced water sales in 2011
- Cutting \$2.4 million to the multi year 2010-2011 operating budget

These increases in the cost to purchase, treat and store water greatly affect the rate that Oceanside sets in order to collect adequate revenue from its customers. 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 need to be increased.

In developing the rate increase, conservative water consumption estimates (water sales) were used. This past year, due to water restrictions, Oceanside has experienced dramatic reductions in water use. Comparing FY 09/10 water consumption to FY 08/09 consumption (table below), the City sold 3,639.8 acre-feet (12.2 percent) less water. Not only will the City use less water in future years but it will continue to cost more for water purchases, transportation and storage.

Customer Class	FY 08/09	FY 09/10	percent Reduction
	Acre-Feet	Acre-Feet	
Single Family	13,897.6	12,428.6	-10.5%
Multi Family	4,816	4,480.3	-6.9%
Commercial	2,224	2,180.3	-1.9%
Comm/Industrial	1,018.1	654.9	-35.6%
Governmental	980.6	984.2	+3%
Irrigation	5,026.5	3,737	-25.6%
Agriculture	1,944.1	1,801.8	-22.7%
<b>Total Sales:</b>	<b>29,906.9</b>	<b>26,267.1</b>	<b>-12.2%</b>
System Losses:	2,123.8	2,169	
Total Water into system:	32,051.1	28,611.1	
% System Losses:	6.60%	7.60%	+1%

In addition, future consumption estimates considered that the City would realize additional reductions in water sales. For example, starting this year, water agencies are required to reduce per capita water use and are mandated to meet reduction targets for 2015 and 2020. The Water Utilities Department will hold a workshop in early 2011 on this per capita reduction mandate called the 20x2020 plan as well as the Water Conservation Master Plan.

Both the water and sewer rates were developed with a long-term outlook on the fiscal health of each utility. One of the main goals in setting the rates was to ensure that the increases considered the affordability of providing utility service while allowing for revenues to cover anticipated expenses, without dipping into reserves.

Steps taken by the Water Utilities Department to mitigate rate increases this year include:

- Holding the line on operating and maintenance costs
- Optimizing existing local water production facilities resulting in a savings of \$500,000 over purchased water costs from MWD and SDCWA
- Initiating design of a water pump station which, when operational, will allow for full use of local water production year-round and result in future savings (beginning in the second half of FY 12/13) over purchased water costs
- Initiating the update of the Recycled Water Master Plan and actively participating in a regional effort to study recycled water exchange across water district and City boundaries and submit for Federal funding. Savings have not yet been quantified; however, when customers use less water from MWD and SDCWA and instead use recycled water, the utility pays less fixed and variable costs for water purchases.

#### **SEWER:**

The sewer utility is facing several serious challenges. These challenges include significant liability due to declining infrastructure, ensuring adequate debt service coverage and inappropriate fund balance levels.

Very recently, the land outfall experienced a pipeline break and a section needed to be replaced. This happened at a time when there was no fund balance, no money set aside for infrastructure, and no money to pay for the repair. The repair of the pipeline cost over \$4 million and was performed as an emergency project. In order to fund this repair, the money had to be borrowed from the Water Fund. This is a small example of an infrastructure failure; however the infrastructure which makes up the entire sewer utility is more encompassing. It includes two wastewater treatment plants, 24 lift stations and over 450 miles of pipeline. The collective infrastructure for the sewer utility was recently valued at \$0.7 billion and represents a significant liability should the utility infrastructure be operated until the point of failure.

Replacing and repairing infrastructure at a rate that is equal to or exceeds the rate of decline is a strategy to minimize risk and will allow for planning when capital dollars are spent. When infrastructure is allowed to decline to the point that it fails, the utility faces immediate economic obligations to correct the failure. Our current situation is precarious in that we are not replacing infrastructure at a rate than is equal to the rate of decline. Our present practice essentially “mines” the assets and leaves future generations with the liability to pay for services that were provided in the past.

Debt has been heavily used in the past to pay for infrastructure; however, if Oceanside were faced with a failure in the near future, we would not have the money in the fund balance to pay for the repair and would probably not be in a credit-worthy position to issue debt. The current debt payment each year including interest and principal is \$5.4 million and consists of 5 separate loans.

Considering these risks, staff is recommending a rate increase of 9 percent, effective January 1, 2011 and 9 percent, effective July 1, 2011. The 9 percent increases represent the average increase to a single-family homeowner and are recommended in order to provide adequate revenues for bond coverage, to establish a minimum reserve and to fund capital repairs and replacements.

Several other rate scenarios were explored including one scenario which, due to the present condition of Oceanside's infrastructure, accelerated capital improvement projects. This scenario, however, proved to be unattainable since debt could not be issued for at least two years due to the financial condition of the utility. Under another scenario, capital projects were pushed back even further; however, this resulted in even higher rate increases than those proposed above.

A workshop was held on August 31, 2010, to present the proposed rates to the City Council. Staff informed the City Council that a Proposition 218 public hearing notice would be mailed to utility customers to notify them of the proposed rate increases.

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. A public hearing notice was mailed on September 15, 2010, 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 rate and fee increases may be approved. The rates published in the public hearing notice are the maximum that may be considered for adoption.

## **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, planned projects, and to meet debt coverage required by City bond covenants.

## Wastewater and Water Rates

Exhibits C and D respectively are summaries of the Wastewater and Water Funds' financial analyses with budgeted expenditures, projected revenues and planned capital improvement projects for FY 2010-2011 and 2011-2012.

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

<b>Proposed Wastewater Monthly Bill for SFR</b>				
<b>Effective Date</b>	<b>Service Charge</b>	<b>Flow Charge (Medium Use)</b>	<b>Total</b>	<b>Increase/month</b>
Current	\$20.63	\$24.85	\$45.48	N/A
Proposed January 2011	\$22.49	\$27.09	\$49.58	\$4.10
Proposed July 2011	\$24.52	\$29.53	\$54.05	\$4.47

The proposed rate schedule for non-single-family residential wastewater customer classes including general commercial facilities, motels, churches, schools, and RV parks includes a 9 percent increase effective January 1, 2011, and a 9 percent increase effective July 1, 2011. These proposed rates are listed in the attached Exhibit E. Special industrial user rates affecting manufacturing and industrial establishments which generate high pollutant loadings are also proposed to increase 9 percent effective January 1, 2011, and 9 percent effective July 1, 2011. The pollutant loadings are calculated annually and are based on actual monitoring data of flow, biochemical oxygen demand, total suspended solids and ammonia. The proposed special industrial user discharger rates are listed in the attached Exhibit E and are also below.

<b>Proposed Wastewater Industrial Flow Charge</b>			
<b>Parameter</b>	<b>Current</b>	<b>Proposed January 2011</b>	<b>Proposed July 2011</b>
Per unit	\$1.75	\$1.91	\$2.08
Per lb. BOD	\$0.55	\$0.60	\$0.66
Per lb. TSS	\$0.31	\$0.34	\$0.37
Per lb. Ammonia	\$0.31	\$0.34	\$0.37

Development buy-in fee increases for both water and sewer will be brought forward in conjunction with the FY 11-12 budget and are not being proposed as part of this rate increase.

The typical single-family customer using 12 units of water per month would pay the amounts listed below in January and July 2011.

<b>Proposed Water Monthly Bills for SFR (using 12 units)</b>					
<b>Effective Date</b>	<b>Service Charge</b>	<b>Commodity Charge*</b>	<b>Pass-Through Charges</b>	<b>Total</b>	<b>Increase</b>
Current	\$13.71	\$24.72	\$12.39	\$50.82	N/A
Proposed January 2011	\$13.71	\$24.72	\$16.13	\$54.56	\$3.74
Proposed July 2011	\$14.13	\$25.44	\$19.26	\$58.83	\$4.27
*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.

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

## **FISCAL IMPACT**

### **Revenue Requirement and Bond Coverage**

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 2010-2011 revenue requirement is \$34,296,850 and the Water Fund's is \$47,353,210 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 years 2010-2011 and 2011-12.

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

The proposed rate increases will fund the 2011 and 2012 increases for treated and untreated water from the Metropolitan Water District and the San Diego County Water Authority. The Metropolitan Water District's readiness-to-serve charge recovers costs associated with standby and peak conveyance capacity and system emergency storage capacity. Oceanside's 2011 costs are \$1,101,360 and are recovered through a portion of the fixed charge based on meter size. The cost for this portion of the fixed fee will increase from \$1.25 to \$1.52 for a 5/8-inch meter in January 2011 and to \$1.67 in July 2011. The infrastructure access charge (IAC) is a fixed charge based on the customer's meter size. The Authority's IAC covers a portion of the Water Authority's projected fixed

expenditures. It is recovered on the fixed charge based on meter size. This charge will increase to \$2.49 for a 5/8-inch meter effective January 2011 and \$2.71 in July 2011.

### **COMMISSION OR COMMITTEE REPORT**

The Water/Sewer Committee approved staff's recommendation at its regularly scheduled meeting on October 12, 2010.

### **CITY ATTORNEY'S ANALYSIS**

The ordinances are being reviewed by the City Attorney as to form.

### **RECOMMENDATIONS**

Staff and the Utilities Commission recommend that the City Council adopt an ordinance amending Chapter 29 of the Oceanside City Code by establishing wastewater user rate increases (Exhibit A); adopt 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:

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Greg Blakely  
Administration Manager

- Exhibit A: Proposed Ordinance amending Chapter 29
- Exhibit B: Proposed Ordinance amending Chapter 37
- Exhibit C: Wastewater Financial Analysis
- Exhibit D: Water Financial Analysis
- Exhibit E: Proposed Wastewater Rates
- Exhibit F: Proposed Water Rates
- Exhibit G: Current & Recommended Water Pass-through Charges



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Meter Size	Monthly Service
5/8"	\$22.49
3/4"	\$22.49
1"	\$49.32
1 1/2"	\$94.04
2"	\$147.71
3"	\$272.93
4"	\$451.71
6"	\$899.07
8"	\$1,435.74
10"	\$2,061.86

Effective July 1, 2011 and on the first full billing statement thereafter, all wastewater service customers of the city shall be subject to a monthly service charge hereby imposed as follows:

Meter Size	Monthly Service
5/8"	\$24.52
3/4"	\$24.52
1"	\$53.75
1 1/2"	\$102.50
2"	\$161.00
3"	\$297.49
4"	\$492.37
6"	\$979.99
8"	\$1,564.96
10"	\$2,247.43

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

**“Sec. 29.18 Flow charge.**

Residential and non-residential customer flow charges shall be based on the quality and quantity of sewage. Effective January 1, 2011 and on the first full billing statement

thereafter, all wastewater service customers, except for special users, of the city shall be subject to a monthly flow charge hereby imposed as follows:

<b>Group I – Residential Customers</b>		<b>Monthly Charge</b>
Single Family – Low Use (0-5 units)		\$12.57
Medium Use (6-10 units)		\$27.09
High Use (11+ units)		\$52.87
Master-Metered Single Family (per residential unit)		\$21.24
Manufactured Homes (per residential unit)		\$14.52
Multi-family – per unit of estimated sewage flow		\$3.43
<b>Non-Residential Customers</b>		<b>Estimated Sewer Flow (per unit)</b>
Group II	Low Strength	\$3.43
Group III	Medium Strength	\$3.87
Group IV	Medium High Strength	\$5.54
Group V	High Strength	\$6.62
Group VI	Churches	\$3.43
	Public Schools	\$3.43
Group VIII	RV Parks	\$3.43
	Hotel/Motel without Restaurant	\$3.43

Residential and non-residential customer flow charges shall be based on the quality and quantity of sewage. Effective July 1, 2011 and on the first full billing statement thereafter, all wastewater service customers, except for special users, of the city shall be subject to a monthly flow charge hereby imposed as follows:

<b>Group I – Residential Customers</b>		<b>Monthly Charge</b>
Single Family – Low Use (0-5 units)		\$13.70
Medium Use (6-10 units)		\$29.53
High Use (11+ units)		\$57.63
Master-Metered Single Family (per residential unit)		\$23.15
Manufactured Homes (per residential unit)		\$15.83
Multi-family – per unit of estimated sewage flow		\$3.74
<b>Non-Residential Customers</b>		<b>Estimated Sewer Flow (per unit)</b>
Group II	Low Strength	\$3.74
Group III	Medium Strength	\$4.22
Group IV	Medium High Strength	\$6.04

Group V	High Strength	\$7.22
Group VI	Churches	\$3.74
	Public Schools	\$3.74
Group VIII	RV Parks	\$3.74
	Hotel/Motel without Restaurant	\$3.74

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:

<b>Special User Wastewater Flow Charges – Effective January 1, 2011</b>	
<b>Parameter</b>	<b>Unit Cost</b>
Per unit (748 gallons) discharged	\$1.91
Per pound of Biochemical Oxygen Demand Discharged	\$0.60
Per pound of Total Suspended Solids Discharged	\$0.34
Per pound of Ammonia Discharged	\$0.34

<b>Special User Wastewater Flow Charges – Effective July 1, 2011</b>	
<b>Parameter</b>	<b>Unit Cost</b>
Per unit (748 gallons) discharged	\$2.08
Per pound of Biochemical Oxygen Demand Discharged	\$0.66
Per pound of Total Suspended Solids Discharged	\$0.37
Per pound of Ammonia Discharged	\$0.37

Flow charges will be computed in December of each year. 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)

1 days after its passage in the North County Times, a newspaper of general circulation published  
2 in the City of Oceanside.

3 SECTION 5. Severability.

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

10 INTRODUCED at a regular meeting of the City Council of the City of Oceanside held  
11 on the \_\_\_\_\_ day of \_\_\_\_\_, 2010, and, thereafter,

12 PASSED, AND ADOPTED by the City Council of the City of Oceanside, California  
13 this \_\_\_\_\_ day of \_\_\_\_\_, 2010, by the following vote:

14 AYES:  
15 NAYS:  
16 ABSENT:  
17 ABSTAIN:

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19 MAYOR, CITY OF OCEANSIDE

20 ATTEST:

APPROVED AS TO FORM:

21 \_\_\_\_\_  
22 CITY CLERK

\_\_\_\_\_  
CITY ATTORNEY

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24 AN ORDINANCE OF THE CITY OF OCEANSIDE AMENDING OCEANSIDE CITY  
25 CODE, CHAPTER 29, ESTABLISHING SEWER USER RATE, SEWER SYSTEM  
26 BUY-IN FEE INCREASES  
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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 July 1, 2011 and on the first full billing statement thereafter, all water service  
4 customers of the city shall be subject to a monthly service charge hereby imposed as follows:

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Meter Size	Monthly Water Service Charge
5/8"	\$14.13
1"	\$31.13
1 ½"	\$59.49
2"	\$93.51
3"	\$172.90
4"	\$234.81
6"	\$569.84
8"	\$910.07
10"	\$1,307.01

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

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

2           Effective July 1, 2011 and on the first full billing statement thereafter, all water service  
3 customers of the city shall be subject to a monthly consumption charge hereby imposed as  
4 follows:

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Units of Water Used	Monthly Water Consumption Charge (per unit*)
<b>Single-family</b>	
1 <sup>st</sup> tier (0-13 units)	\$2.12
2 <sup>nd</sup> tier (14 + units)	\$2.42
<b>Master-metered single family</b>	
1 <sup>st</sup> tier (0-13 units)	\$2.12
2 <sup>nd</sup> tier (14 + units)	\$2.42
<b>Multi-family</b>	
1 <sup>st</sup> tier (0-7 units)	\$1.97
2 <sup>nd</sup> tier (8 + units)	\$2.25
<b>Manufactured Home</b>	
1 <sup>st</sup> tier (0-7 units)	\$1.97
2 <sup>nd</sup> tier (8 + units)	\$2.25
<b>Non-residential/Agricultural/Irrigation</b>	\$2.30
<b>Reclaimed water</b>	\$1.88
* A unit of water is equal to seven hundred forty-eight (748) gallons.	

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

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

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

23           Effective on January 1, 2011 for all bills mailed after February 1, 2011,  
24 there is hereby established a water surcharge on City of Oceanside water customers in the  
25 amount of \$1.01 per unit of water. The City Council, by ordinance, may periodically adjust the  
26 surcharge based on the amount of surcharge approved by the San Diego County Water  
27 Authority.

1 Effective July 1, 2011 and on the first full billing statement thereafter, there is  
2 hereby established a water surcharge on City of Oceanside water customers in the amount of  
3 \$1.24 per unit of water. The City Council, by ordinance, may periodically adjust the surcharge  
4 based on the amount of surcharge approved by the San Diego County Water Authority.

5 **Sec. 37.111 San Diego County Water Authority Infrastructure Access**  
6 **Charge**

7 Effective January 1, 2011 and on the first full billing statement thereafter, there is  
8 hereby established an infrastructure access charge on water customers of the City of Oceanside.  
9 This charge is established as follows:

Meter Size	Meter Equivalent Factor*	Monthly Charge
5/8" & 3/4"	1.00	\$2.49
1"	1.60	\$3.99
1.5"	3.00	\$7.47
2"	5.20	\$12.95
3"	9.60	\$23.91
4"	16.40	\$40.84
6"	30.00	\$74.70
8"	52.00	\$129.48
10"	78.00	\$194.22

\*A meter equivalent is a basic 5/8" water meter used in most single-family homes. The meter equivalent factor is based on the San Diego County Water Authority's Capacity Charge factor.

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1           Effective July 1, 2011 and on the first full billing statement thereafter, there is  
 2 hereby established an infrastructure access charge on water customers of the City of Oceanside.  
 3 This charge is established as follows:

Meter Size	Meter Equivalent Factor*	Monthly Charge
5/8" & 3/4"	1.00	\$2.71
1"	1.60	\$4.33
1.5"	3.00	\$8.12
2"	5.20	\$14.06
3"	9.60	\$25.96
4"	16.40	\$44.36
6"	30.00	\$81.13
8"	52.00	\$140.62
10"	78.00	\$210.93

\*A meter equivalent is a basic 5/8" water meter used in most single-family homes. The meter equivalent factor is based on the San Diego County Water Authority's Capacity Charge factor.

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

14           Effective January 1, 2011 and on the first full billing statement thereafter, there is hereby  
 15 established a readiness-to-serve charge on water customers of the City of Oceanside. This  
 16 charge is established as follows:  
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Meter Size	Hydraulic Capacity	Monthly Charge
5/8"	1.0	\$1.52
1"	2.5	\$3.80
1.5"	5.0	\$7.58
2"	8.0	\$12.12
3"	15.0	\$22.72
4"	25.0	\$37.86
6"	50.0	\$75.72
8"	80.0	\$121.15
10"	115.0	\$174.16

1 Effective July 1, 2011 and on the first full billing statement thereafter, there is hereby  
2 established a readiness-to-serve charge on water customers of the City of Oceanside. This  
3 charge is established as follows:

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Meter Size	Hydraulic Capacity	Monthly Charge
5/8"	1.0	\$1.67
1"	2.5	\$4.17
1.5"	5.0	\$8.33
2"	8.0	\$13.32
3"	15.0	\$24.97
4"	25.0	\$41.61
6"	50.0	\$83.22
8"	80.0	\$133.16
10"	115.0	\$191.41

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

17 SECTION 5. Severability.

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

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1 INTRODUCTION at a regular meeting of the City Council of the City of Oceanside held  
2 on the \_\_\_\_\_ day of \_\_\_\_\_, 2011, and, thereafter,  
3 PASSED, AND ADOPTED by the City Council of the City of Oceanside, California  
4 this \_\_\_\_\_ day of \_\_\_\_\_, 2011, by the following vote:

5  
6 AYES:  
7 NAYS:  
8 ABSENT:  
9 ABSTAIN:

10 \_\_\_\_\_  
MAYOR, CITY OF OCEANSIDE

11 ATTEST:

APPROVED AS TO FORM:

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13 \_\_\_\_\_  
CITY CLERK

14 \_\_\_\_\_  
CITY ATTORNEY

15  
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  
WASTEWATER FINANCIAL ANALYSIS  
SUMMARY 2010-2011 & 2011-2012**

**Exhibit C**

<b>Revenues with Rate Increase</b>	<b>FY 2010/11</b>	<b>FY 2011/12</b>
Sewer Service Fees	\$13,102,563	\$14,945,066
Sewer Flow Rev	19,967,189	22,775,006
Sewer Capacity Rev (Rainbow Bill)	788,942	899,884
O&M Grant Revenues		
Settlement Revenues		
Other Revenues	501,995	495,542
Buy-In Fee Revenues (for Debt Service)		
<b>Total Revenues</b>	<b>\$34,360,688</b>	<b>\$39,115,498</b>

<b>Capital Projects 10/11</b>		<b>Capital Projects 11/12</b>	
<b>Fixed Asse</b>		<b>Fixed Asset</b>	
Annual Outfall Inspection	\$50,000	CCTV Inspection Entire System	\$2,000,000
Miscellaneous Sewer Projects	\$1,000,000	Annual Lift Station Upgrades	300,000
<b>Total:</b>	<b>\$1,050,000</b>	Annual Outfall Inspections	50,000
		GIS	150,000
		SLR Plant Improvements	150,000
		La Salina Plant Improvements	150,000
		Misc Sewer Projects	1,000,000
		<b>Total:</b>	<b>\$3,800,000</b>

<b>Expenditures</b>		
<i>Ongoing Wastewater Operating Expenses</i>		
Sewer Administration and General	\$909,783	\$937,159
Interfund Service Charge	3,924,122	4,041,846
Sewer Collection & Transmission	4,759,583	4,903,475
La Salina WWTP - 800804721	3,078,385	3,091,989
San Luis Rey WWTP - 800805721	7,219,170	7,439,695
Sewer Laboratory - 800806721	697,449	718,374
Sewer SCADA Program - 800807721	319,597	329,185
Sewer GIS Program - 800808721	315,119	324,573
Other Expenditures	595,160	603,775
Additional Admin in Lieu	28,229	63,776
<i>Other Operating Expenses</i>		
Debt Service	5,418,876	5,414,876
Rate Funded Capital		
<i>Policy Expenditures</i>		
FAR Contributions	4,820,000	7,532,390
Additions to Meet Minimum Balances	2,211,377	6,152
<b>Total Expenditures</b>	<b>\$34,296,850</b>	<b>\$35,407,264</b>
<b>Cash Flow:</b>	<b>\$63,838</b>	<b>\$3,708,233</b>

<b>Expansion</b>		<b>Expansion</b>	
None		Haymar Trunk	\$450,000
		Oceanside Lift Station	400,000
		<b>Total:</b>	<b>\$850,000</b>

**CITY OF OCEANSIDE  
WATER FINANCIAL ANALYSIS  
SUMMARY 2010-2011 & 2011-2012**

**Exhibit D**

<b>Revenues with Rate Increase</b>	<b>FY 2010/11</b>	<b>FY 2011/12</b>
Water Sales	\$22,387,000	\$23,100,191
Water Meter Charge	10,124,883	10,447,436
SDCWA - Surcharge	9,475,266	13,528,971
SDCWA - MWD - Readiness to Serve	1,073,162	1,324,045
SDCWA - Infrastructure Access Charge	1,485,677	1,838,675
Clean Water Program	762,357	763,732
O&M Grants	238,500	-
Other Revenues	2,046,287	1,521,116
<b>Total Revenues</b>	<b>\$47,593,132</b>	<b>\$52,524,167</b>
<b>Expenditures</b>	<b>FY 2010/11</b>	<b>FY 2011/12</b>
<i>Ongoing Water Operating Expenses</i>		
Flood Control/Storm Drains	\$ 872,962	\$899,151
Water Administration and General	1,178,831	1,214,206
Interfund Service Charge	3,277,391	3,375,713
Water Source of Supply	23,651,329	26,562,124
Hydro-Electric Pumping	4,750	4,904
Water Pumping	110,800	114,464
Water Treatment	1,605,964	1,655,414
Water Desalting Plant	2,106,228	2,171,718
Water Distribution/Maintenance	1,806,476	1,862,706
Water Laboratory	559,370	576,309
Water SCADA Program	298,371	307,472
Clean Water Program	1,119,139	1,155,281
Water GIS Program	360,253	371,180
Water Meter Service	2,111,534	2,175,833
Other Expenditures	606,098	624,031
Additional Admin in Lieu	-	19,542
<i>Other Operating Expenses</i>		
Debt Service	3,233,714	2,692,311
Rate Funded Capital		
<i>Policy Expenditures</i>	-	-
FAR Contributions	4,450,000	5,728,860
Additions to Meet Minimum Balances	-	-
<b>Total Expenditures</b>	<b>\$47,353,210</b>	<b>\$51,511,219</b>
<b>Cash Flows</b>	<b>\$239,922</b>	<b>\$1,012,948</b>

<b>Capital Projects 10/11</b>		<b>Capital Projects 11/12</b>	
<b>Fixed Asset</b>		<b>Fixed Asset</b>	
Weese Treatmt Plant Improvements	250,000	Weese Treatmt Plant Improvements	250,000
Geographic Info System	150,000	Geographic Info System	150,000
SCADA Replace & Upgrade	100,000	SCADA Replace & Upgrade	100,000
Desalter Facility Expsns712	2,694,000		-
Desalter Facility Minor Impr	229,421	Desalter Facility Minor Impr	250,000
Pump Station Upgrades	230,610	Pump Station Upgrades	250,000
Reservoir Structural Analysis	471,960	Reservoir Structural Analysis	400,000
Misc Water Projects	1,000,000	Misc Water Projects	1,000,000
Water Reclamation		Water Reclamation	4,250,000
<b>Total</b>	<b>\$5,125,991</b>	<b>Total</b>	<b>\$6,650,000</b>
<b>Expansion</b>		<b>Expansion</b>	
Desalter Facility Expansion	1,700,000		
Strategic Plan	97,392		
Technology Improvements	250,000		
Oceanside Ocean Desalter	783,224	Technology Improvements	300,000
<b>Total</b>	<b>\$2,830,616</b>	Oceanside Ocean Desalter	250,000

<b>Oceanside Proposed Monthly Wastewater Service Charge</b>			
<b>Meter Size</b>	<b>Current Billing Rate</b>	<b>Proposed Increased Rate January 1, 2011</b>	<b>Proposed Increased Rate July 1, 2011</b>
<b>5/8", 3/4"</b>	\$20.63	\$22.49	\$24.52
<b>1"</b>	\$45.24	\$49.32	\$53.75
<b>1 1/2"</b>	\$86.27	\$94.04	\$102.50
<b>2"</b>	\$135.51	\$147.71	\$161.00
<b>3"</b>	\$250.39	\$272.93	\$297.49
<b>4"</b>	\$414.41	\$451.71	\$492.37
<b>6"</b>	\$824.83	\$899.07	\$979.99
<b>8"</b>	\$1,317.19	\$1,435.74	\$1,564.96
<b>10"</b>	\$1,891.61	\$2,061.86	\$2,247.43

<b>Oceanside Proposed Monthly Wastewater Flow Charge</b>					
<b>RESIDENTIAL</b>			<b>Current Billing Rate</b>	<b>Proposed Increase January 1, 2011</b>	<b>Proposed Increase July 1, 2011</b>
<b>Single Family (Winter Quarter Average)</b>	<b>Low Use</b>	(0-5 units)	\$11.53	\$12.57	\$13.70
	<b>Medium Use</b>	(6-10 units)	\$24.85	\$27.09	\$29.53
	<b>High Use</b>	(11+ units)	\$48.50	\$52.87	\$57.63
<b>Master-Metered Single Family</b>	<i>(per dwelling unit)</i>		\$19.48	\$21.24	\$23.15
<b>Manufactured Home</b>	<i>(per dwelling unit)</i>		\$13.32	\$14.52	\$15.83
<b>Multi-Family</b>	<i>(per unit of estimated sewer flow)</i>		\$3.14	\$3.43	\$3.74
<b>NON-RESIDENTIAL</b>					
<b>General Commercial Low Strength</b>	<i>(per unit of estimated sewer flow)</i>		\$3.14	\$3.43	\$3.74
<b>Commercial Medium Strength</b>	<i>(per unit of estimated sewer flow)</i>		\$3.55	\$3.87	\$4.22
<b>Commercial Medium High Strength</b>	<i>(per unit of estimated sewer flow)</i>		\$5.08	\$5.54	\$6.04
<b>Commercial High Strength</b>	<i>(per unit of estimated sewer flow)</i>		\$6.07	\$6.62	\$7.22
<b>Motels / RV Parks / Churches</b>	<i>(per unit of estimated sewer flow)</i>		\$3.14	\$3.43	\$3.74
<b>Schools</b>	<i>(per unit of estimated sewer flow)</i>		\$3.14	\$3.43	\$3.74

<b>Proposed Monthly Industrial Wastewater Flow Charge</b>			
<b>Parameter</b>	<b>Current Billing Rate</b>	<b>Proposed Increase January 1, 2011</b>	<b>Proposed Increase July 1, 2011</b>
<b><i>(per unit discharged)</i></b>	\$1.75	\$1.91	\$2.08
<b><i>(per lb. BOD discharged)</i></b>	\$0.55	\$0.60	\$0.66
<b><i>(per lb. TSS discharged)</i></b>	\$0.31	\$0.34	\$0.37
<b><i>(per lb. Ammonia discharged)</i></b>	\$0.31	\$0.34	\$0.37

<b>Oceanside Proposed Monthly Water Service Charge</b>			
<b>Meter Size</b>	<b>Current Billing Rate</b>	<b><i>NO</i> Increase Proposed January 1, 2011</b>	<b>Proposed Increased Rate July 1, 2011</b>
<b>5/8", 3/4"</b>	\$13.71	\$13.71	\$14.13
<b>1"</b>	\$30.22	\$30.22	\$31.13
<b>1 1/2 "</b>	\$57.75	\$57.75	\$59.49
<b>2"</b>	\$90.78	\$90.78	\$93.51
<b>3"</b>	\$167.86	\$167.86	\$172.90
<b>4"</b>	\$227.97	\$227.97	\$234.81
<b>6"</b>	\$553.24	\$553.24	\$569.84
<b>8"</b>	\$883.56	\$883.56	\$910.07
<b>10"</b>	\$1,268.94	\$1,268.94	\$1,307.01

<b>Oceanside Monthly Clean Water Charge</b>			
	<b>Current Billing Rate</b>	<b><i>NO</i> Increase Proposed January 1, 2011</b>	<b><i>NO</i> Increase Proposed July 1, 2011</b>
<i>(per unit of consumption)</i>	\$0.07	\$0.07	\$0.07

<b>Oceanside Proposed Monthly Water Commodity Charge</b>						
			<b>Current Billing Rate</b>	<b><i>NO</i> Increased Rate Proposed January 1, 2011</b>	<b>Proposed Increased Rate July 1, 2011</b>	
<b>RESIDENTIAL</b> <span style="float: right;"><i>*1 unit = 748 gallons</i></span>						
<b>Single Family</b>	1 <sup>st</sup> Tier	(0-13 units)	\$1.99	\$1.99	\$2.05	
<i>(per unit of consumption)</i>	2 <sup>nd</sup> Tier	(14+ units)	\$2.28	\$2.28	\$2.35	
<b>Master-Metered Single Family</b>	1 <sup>st</sup> Tier	(0-13 units)	\$1.99	\$1.99	\$2.05	
<i>(Each unit of consumption per number of dwelling units)</i>	2 <sup>nd</sup> Tier	(14+ units)	\$2.28	\$2.28	\$2.35	
<b>Multi-Family</b>	1 <sup>st</sup> Tier	(0-7 units)	\$1.84	\$1.84	\$1.90	
<i>(Each unit of consumption per number of dwelling units)</i>	2 <sup>nd</sup> Tier	(8+ units)	\$2.11	\$2.11	\$2.18	
<b>Manufactured Homes</b>	1 <sup>st</sup> Tier	(0-7 units)	\$1.84	\$1.84	\$1.90	
<i>(Each unit of consumption per number of dwelling units)</i>	2 <sup>nd</sup> Tier	(8+ units)	\$2.11	\$2.11	\$2.18	
<b>NON-RESIDENTIAL</b>						
<b>Commercial</b>	<i>(per unit of consumption)</i>		\$2.16	\$2.16	\$2.23	
<b>Government</b>	<i>(per unit of consumption)</i>		\$2.16	\$2.16	\$2.23	
<b>Construction</b>	<i>(per unit of consumption)</i>		\$2.16	\$2.16	\$2.23	
<b>Landscape Irrigation</b>	<i>(per unit of consumption)</i>		\$2.16	\$2.16	\$2.23	
<b>Commercial Agricultural</b>	<i>(per unit of consumption)</i>		\$2.16	\$2.16	\$2.23	
<b>Reclaimed</b>	<i>(per unit of consumption)</i>		\$1.75	\$1.75	\$1.81	

### Current & Recommended Water Pass-through Charges

<b>Proposed MWD Pass-through Monthly Readiness to Serve Charge</b>			
<b>Meter Size</b>	<b>Current Billing Rate</b>	<b>Proposed Increased Rate January 1, 2011</b>	<b>Proposed Increased Rate July 1, 2011</b>
<b>5/8", 3/4"</b>	\$1.25	\$1.52	\$1.67
<b>1"</b>	\$3.13	\$3.80	\$4.17
<b>1 1/2"</b>	\$6.25	\$7.58	\$8.33
<b>2"</b>	\$10.00	\$12.12	\$13.32
<b>3"</b>	\$18.75	\$22.72	\$24.97
<b>4"</b>	\$31.25	\$37.86	\$41.61
<b>6"</b>	\$62.50	\$75.72	\$83.22
<b>8"</b>	\$100.00	\$121.15	\$133.16
<b>10"</b>	\$143.75	\$174.16	\$191.41

<b>Proposed SDCWA Pass-through Monthly Infrastructure Access Charge</b>			
<b>Meter Size</b>	<b>Current Billing Rate</b>	<b>Proposed Increased Rate January 1, 2011</b>	<b>Proposed Increased Rate July 1, 2011</b>
<b>5/8", 3/4"</b>	\$2.02	\$2.49	\$2.71
<b>1"</b>	\$3.23	\$3.99	\$4.33
<b>1 1/2"</b>	\$6.06	\$7.47	\$8.12
<b>2"</b>	\$10.50	\$12.95	\$14.06
<b>3"</b>	\$19.39	\$23.91	\$25.96
<b>4"</b>	\$33.13	\$40.84	\$44.36
<b>6"</b>	\$60.60	\$74.70	\$81.13
<b>8"</b>	\$105.04	\$129.48	\$140.62
<b>10"</b>	\$157.56	\$194.22	\$210.93

<b>Proposed SDCWA Pass-through Monthly Water Surcharge</b>			
	<b>Current Billing Rate</b>	<b>Proposed Increased Rate January 1, 2011</b>	<b>Proposed Increased Rate July 1, 2011</b>
<i>(per unit of consumption)</i>	\$0.76	\$1.01	\$1.24