ITEM NO. 24

STAFF REPORT

CITY OF OCEANSIDE

DATE: November 3, 2010

TO: Honorable Mayor and City Councilmembers

FROM: Water Utilities Department

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 recommends 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, disproportionally 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**
	Acre-Feet	**Acre-Feet**	**Reduction**
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%
Total Sales:	**29,906.9**	**26,267.1**	**-12.2%**
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 that 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:

Proposed Wastewater Monthly Bill for SFR				
Effective Date	**Service Charge**	**Flow Charge (Medium Use)**	**Total**	**Increase/month**
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.

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

Proposed Water Monthly Bills for SFR (using 12 units)					
Effective Date	Service Charge	Commodity Charge*	Pass-Through Charges	Total	Increase
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 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. The Utilities Commission did not review staff's recommendation at its regularly scheduled meeting on October 19, 2010, due to the lack of a quorum.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATIONS

Staff recommends that the City Council adopt an ordinance amending Chapter 29 of the Oceanside City Code by establishing wastewater user rate increases; introduce an ordinance amending Chapter 37 of the Oceanside City Code by establishing water user rate and external water provider charge increases; 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

Cari Dale, Water Utilities Director

Teri Ferro, Financial Services Director

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

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 November 4, 2009, the City Council approved Ordinance No. 09-OR0756-1 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:

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

"**Sec. 29.17.1 Monthly service charge based on meter size.**

Effective January 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"	$22.49
3/4"	$22.49
1"	$49.32
1 ½"	$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 ½"	$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:

Group I – Residential Customers		**Monthly Charge**
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
Non-Residential Customers		**Estimated Sewer Flow (per unit)**
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:

Group I – Residential Customers		**Monthly Charge**
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
Non-Residential Customers		**Estimated Sewer Flow (per unit)**
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:

Special User Wastewater Flow Charges – Effective January 1, 2011	
Parameter	**Unit Cost**
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

Special User Wastewater Flow Charges – Effective July 1, 2011	
Parameter	**Unit Cost**
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)

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

SECTION 5. Severability.

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

INTRODUCED at a regular meeting of the City Council of the City of Oceanside held on the _____ day of _____, 2010, and, thereafter,

PASSED, AND ADOPTED by the City Council of the City of Oceanside, California this _____day of _____, 2010, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

_____
MAYOR, CITY OF OCEANSIDE

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

AN ORDINANCE OF THE CITY OF OCEANSIDE AMENDING OCEANSIDE CITY CODE, CHAPTER 29, ESTABLISHING SEWER USER RATE, SEWER SYSTEM BUY-IN FEE INCREASES

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 November 12, 2009, the City Council adopted Ordinance No. 09-OR0757-1 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 24, 2010 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 $73 per acre foot for treated and untreated water in calendar year 2011;

WHEREAS, based on the Metropolitan Water District's 2012 rate and charge increases adopted at its April 13, 2010 Board of Director's meeting, the Authority approved an increase in the amount of its treated water cost and its untreated water cost to be levied against each agency;

WHEREAS, at its June 6, 2010 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:

///

///

///

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

"**Sec. 37.34 Monthly service charge**.

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

Meter Size	Monthly Water Service Charge
5/8"	$14.13
¾"	$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

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

///

///

///

"**Sec. 37.35 Monthly consumption charge.**

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

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

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

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

"**Sec. 37.110 San Diego County Water Authority Surcharge**

Effective on January 1, 2011, and on the first full billing statement thereafter, there is hereby established a water surcharge on City of Oceanside water customers in the amount of $1.01 per unit of water. The City Council, by ordinance, may periodically adjust the surcharge based on the amount of surcharge approved by the San Diego County Water Authority.

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

Sec. 37.111 San Diego County Water Authority Infrastructure Access Charge

Effective January 1, 2011 and on the first full billing statement thereafter, there is hereby established an infrastructure access charge on water customers of the City of Oceanside. 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.		

///

///

///

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

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

Meter Size	Hydraulic Capacity	Monthly Charge
5/8" & ¾"	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

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

Meter Size	Hydraulic Capacity	Monthly Charge
5/8" & ¾"	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

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.

SECTION 5. Severability.

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

///

///

///

INTRODUCED at a regular meeting of the City Council of the City of Oceanside held on the _____ day of _____, 2011, and, thereafter,

PASSED, AND ADOPTED by the City Council of the City of Oceanside, California this _____day of _____, 2011, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

_____
MAYOR, CITY OF OCEANSIDE

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

Barbara Hamilton, ASST.
CITY ATTORNEY

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

CITY OF OCEANSIDE **Exhibit C**

WASTEWATER FINANCIAL ANALYSIS

SUMMARY 2010-2011 & 2011-2012

Revenues with Rate Increase	FY 2010/11	FY 2011/12
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)		
Total Revenues	**$34,360,688**	**$39,115,498**

Capital Projects 10/11		Capital Projects 11/12	
Fixed Asse		**Fixed Asset**	
Annual Outfall Inspection	$50,000	CCTV Inspection Entire System	$2,000,000
Miscellaneous Sewer Projects	$1,000,000	Annual Lift Station Upgrades	300,000
Total:	$1,050,000	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
		Total:	**$3,800,000**

Expenditures		
Ongoing Wastewater Operating Expenses		
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
Other Operating Expenses		
Debt Service	5,418,876	5,414,876
Rate Funded Capital		
Policy Expenditures		
FAR Contributions	4,820,000	7,532,390
Additions to Meet Minimum Balances	2,211,377	6,152
Total Expenditures	**$34,296,850**	**$35,407,264**
Cash Flow:	**$63,838**	**$3,708,233**

Expansion		Expansion	
None		Haymar Trunk	$450,000
		Oceanside Lift Station	400,000
		Total:	**$850,000**

CITY OF OCEANSIDE **Exhibit D**

WATER FINANCIAL ANALYSIS

SUMMARY 2010-2011 & 2011-2012

Revenues with Rate Increase	FY 2010/11	FY 2011/12
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
Total Revenues	**$47,593,132**	**$52,524,167**

Expenditures	FY 2010/11	FY 2011/12
Ongoing Water Operating Expenses		
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
Other Operating Expenses		
Debt Service	3,233,714	2,692,311
Rate Funded Capital		
Policy Expenditures	-	-
FAR Contributions	4,450,000	5,728,860
Additions to Meet Minimum Balances	-	-
Total Expenditures	**$47,353,210**	**$51,511,219**
Cash Flows	**$239,922**	**$1,012,948**

Capital Projects 10/11		Capital Projects 11/12	
Fixed Asset		**Fixed Asset**	
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 Expnsn712	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
Total	**$5,125,991**	**Total**	**$6,650,000**

Expansion		Expansion	
Desalter Facility Expansion	1,700,000		
Strategic Plan	97,392		
Technology Improvements	250,000		
Oceanside Ocean Desalter	783,224	Technology Improvements	300,000
Total	**$2,830,616**	Oceanside Ocean Desalter	250,000

Oceanside Proposed Monthly Wastewater Service Charge			
Meter Size	Current Billing Rate	Proposed Increased Rate **January 1, 2011**	Proposed Increased Rate **July 1, 2011**
5/8", 3/4"	$20.63	$22.49	$24.52
1"	$45.24	$49.32	$53.75
1 ½"	$86.27	$94.04	$102.50
2"	$135.51	$147.71	$161.00
3"	$250.39	$272.93	$297.49
4"	$414.41	$451.71	$492.37
6"	$824.83	$899.07	$979.99
8"	$1,317.19	$1,435.74	$1,564.96
10"	$1,891.61	$2,061.86	$2,247.43

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

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

Oceanside Proposed Monthly Water Service Charge			
Meter Size	Current Billing Rate	***NO*** Increase Proposed **January 1, 2011**	Proposed Increased Rate **July 1, 2011**
5/8", 3/4"	$13.71	$13.71	$14.13
1"	$30.22	$30.22	$31.13
1 ½ "	$57.75	$57.75	$59.49
2"	$90.78	$90.78	$93.51
3"	$167.86	$167.86	$172.90
4"	$227.97	$227.97	$234.81
6"	$553.24	$553.24	$569.84
8"	$883.56	$883.56	$910.07
10"	$1,268.94	$1,268.94	$1,307.01

Oceanside Monthly Clean Water Charge			
	Current Billing Rate	***NO*** Increase Proposed **January 1, 2011**	***NO*** Increase Proposed **July 1, 2011**
(per unit of consumption)	$0.07	$0.07	$0.07

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

Exhibit G

Current & Recommended Water Pass-through Charges

Proposed MWD Pass-through Monthly Readiness to Serve Charge			
Meter Size	Current Billing Rate	Proposed Increased Rate **January 1, 2011**	Proposed Increased Rate **July 1, 2011**
5/8", 3/4"	$1.25	$1.52	$1.67
1"	$3.13	$3.80	$4.17
1 ½"	$6.25	$7.58	$8.33
2"	$10.00	$12.12	$13.32
3"	$18.75	$22.72	$24.97
4"	$31.25	$37.86	$41.61
6"	$62.50	$75.72	$83.22
8"	$100.00	$121.15	$133.16
10"	$143.75	$174.16	$191.41

Proposed SDCWA Pass-through Monthly Infrastructure Access Charge			
Meter Size	Current Billing Rate	Proposed Increased Rate **January 1, 2011**	Proposed Increased Rate **July 1, 2011**
5/8", 3/4"	$2.02	$2.49	$2.71
1"	$3.23	$3.99	$4.33
1 ½"	$6.06	$7.47	$8.12
2"	$10.50	$12.95	$14.06
3"	$19.39	$23.91	$25.96
4"	$33.13	$40.84	$44.36
6"	$60.60	$74.70	$81.13
8"	$105.04	$129.48	$140.62
10"	$157.56	$194.22	$210.93

Proposed SDCWA Pass-through Monthly Water Surcharge			
	Current Billing Rate	Proposed Increased Rate **January 1, 2011**	Proposed Increased Rate **July 1, 2011**
(per unit of consumption)	$0.76	$1.01	$1.24