



DATE: February 4, 2009
TO: Honorable Mayor and City Councilmembers
FROM: Lonnie Thibodeaux, Water Utilities Director
SUBJECT: **INTRODUCTION OF AN ORDINANCE AMENDING CHAPTER 29 OF THE OCEANSIDE CITY CODE BY ESTABLISHING WASTEWATER USER RATE AND SYSTEM BUY-IN FEE INCREASES AND INTRODUCTION OF AN ORDINANCE AMENDING CHAPTER 37 OF THE OCEANSIDE CITY CODE BY ESTABLISHING WATER USER RATE, SYSTEM BUY-IN FEE, EXTERNAL WATER PROVIDER INCREASES AND DROUGHT RATES IN THE EVENT OF MANDATORY WATER REDUCTIONS**

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 and system buy-in fee increases (Exhibit A); introduce an ordinance amending Chapter 37 of the Oceanside City Code by establishing water user rate, system buy-in fee, external water provider increases and drought rates in the event of mandatory water reductions (Exhibit B); and direct staff to implement the user rate and buy-in fee increases.

BACKGROUND

On July 9, 2008, the City Council adopted the Integrated Water Utilities Master Plan (IWUMP) and the associated Financial Plan. A Citizens Advisory Committee (CAC) was convened from 2006 to 2007. Its task was to conduct a thorough review of the IWUMP that defines the operational and maintenance requirements of the water and wastewater systems and the capital improvement necessary to meet known new health, security, safety and legal requirements and to support planned Oceanside growth for the next 20 years. The CAC then participated in the development of a financing plan needed to support the early years of the IWUMP.

After this in-depth review, the CAC determined that water and wastewater user rates, external water provider pass-through charges, and water and wastewater system buy-in fees need to be increased for the following reasons:

- 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
- Metropolitan Water District and San Diego County Water Authority pass-through increases
- More stringent regulatory requirements for the Weese Water Treatment Plant and the wastewater collections system

On July 7, 2008, the City Council adopted an ordinance establishing drought response conservation measures to be implemented in the event of mandatory water reductions imposed by the Metropolitan Water District and the San Diego County Water Authority. The Water Utilities Department obtained the services of FCS Group, the consultants that prepared the Financial Plan. The proposed rates are designed to charge water users a fair and equitable cost for service during water shortages. The purpose of drought pricing is to decrease water consumption while still meeting the revenue requirements of the water utility. Water usage in each customer class was analyzed and incorporated into the drought rates.

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 December 11, 2008, a public hearing notice was mailed to all Oceanside property owners and utility customers listing the current and proposed regular and drought 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 a public hearing scheduled for February 4, 2009. Buy-in fees are not subject to Proposition 218.

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 system buy-in fees 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

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. Exhibit 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 2008-2009. The shortfalls in both funds if the rate increase is not implemented are shown in the table below:

2008-2009 Water Fund			
Revenues	Expenditures	Shortfall	Revenue from Rate Increase
\$41,878,400	(\$42,215,758)	(\$337,358)	\$377,358

2008-2009 Wastewater Fund			
Revenues	Expenditures	Shortfall	Revenue from Rate Increase
\$26,462,855	(\$27,482,281)	(\$1,019,426)	\$1,239,184

The proposed monthly wastewater rate increase for a typical single-family residence is:

Proposed Wastewater Monthly Bills				
Year	Service Charge	Medium Flow Charge	Total	Increase
Current	\$14.42	\$17.37	\$31.79	N/A
2009	\$16.59	\$19.98	\$36.57	\$4.78

The proposed rate increase would be effective with the first bill after March 12, 2009. The proposed rate schedule for all wastewater customer classes is listed on pages 3 and 4 of the attached Exhibit A. Exhibit E 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 on page 5 of the attached Exhibit A.

The proposed water rate increases are for service and commodity charges 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 26, 2008.

The typical single-family customer using 15 units of water per month would pay the following monthly bill beginning with the first bill after March 12, 2009:

Proposed Water Monthly Bills					
Year	Service Charge	Consumption Charge (15 units)	Pass-through charges	Total	Increase
Current	\$12.83	\$28.44*	\$5.85	\$47.12	N/A
2009	\$13.22	\$29.36*	\$6.80	\$49.38	\$2.26
*Includes the Clean Water Program rate of \$.07 per unit of water.					

The proposed rate schedule for all water customer classes is listed on pages 2 and 3 of the attached Exhibit B. Exhibit F is a comparison of single-family residential water rates

in San Diego County. Exhibit G is a comparison of the combined monthly water and wastewater bills in other cities.

Wastewater and Water System Buy-in Fees

System buy-in fees are charged to new development only. The proposed wastewater and water system buy-in fees were calculated by dividing ratepayer equity by the total available capacity to the wastewater or water system. Ratepayer equity is defined as the value of the existing system less outstanding debt principal and contributed capital (grants and developer contributions). Available capacity is defined as the total number of meter equivalents served by the system.

The majority of wastewater system buy-in fees are for single-family residences with a 5/8-inch meter. The current and proposed wastewater system buy-in fees for this type of customer are below:

Wastewater System Buy-in Fees			
Meter size	Current	Proposed	Increase
5/8-inch	\$6,035	\$6,313	\$278

The City of Oceanside’s current and proposed wastewater system buy-in fees for each meter size are listed on page 2 of the attached Exhibit B.

Exhibit H is a comparison of wastewater buy-in fees for a 5/8-inch meter from other cities in San Diego County.

In addition to the proposed wastewater buy-in fee increase for customers with normal strength discharge, industrial and high-strength customers pay a calculated buy-in fee based on the loading parameters of flow, biochemical oxygen demand (greater than 300 parts per million), total suspended solids (greater than 300 parts per million) and ammonia (greater than 25 parts per million). Users with higher than normal strengths use a higher proportion of the system capacity at the wastewater treatment plants and these calculated rates recover the associated costs. The following table lists the buy-in fees for each loading parameter:

Proposed Wastewater Buy-In Fees - Industrial and High-Strength Dischargers ⁽¹⁾	
Parameter	Buy-In Cost
Per meter equivalent (customer costs)	\$116.44
Per unit of wastewater discharged	\$49.33
Per pound of Biochemical Oxygen Demand Discharged	\$6.73
Per pound of Total Suspended Solids Discharged	\$3.60
Per pound of Ammonia Discharged	\$4.53
<u>Note:</u> (1). Applies to higher-than-normal-strength wastewater.	

The majority of water system buy-in fees are for single-family residences with a 5/8-inch meter. The current and proposed water system buy-in fees for this type of customer are below:

Water System Buy-in Fees			
Meter size	Current	Proposed	Increase
5/8-inch	\$4,395	\$4,597	\$202

The City of Oceanside’s current and proposed water system buy-in fees for each meter size are listed on page 3 of the attached Exhibit B.

Exhibit I is a comparison of water buy-in fees for a 5/8-inch meter from other cities in San Diego County. Exhibit J shows the combined wastewater and water buy-in fees for other cities.

The proposed rate and buy-in fee increases are exempt from California Environmental Quality Act requirements.

Drought Rates

The drought response ordinance established four levels of drought response. The proposed drought rates would be implemented when Levels 2 through 4 are declared by the San Diego County Water Authority and a resolution at each level is approved by the City Council. The drought rate structure is based on the City’s current inclining block rates. Customers using more water will pay a higher amount. A detailed analysis of the City’s consumption records was performed to determine usage patterns by customer class and the proposed cost increases for each customer at each level are listed in Exhibit K.

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 buy-in fees 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 2008-2009 revenue requirement is \$27,482,281 and the Water Fund’s is \$42,215,758 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 2008-2009.

Wastewater and Water System Buy-in Fees

Planned wastewater expansion projects that total more than \$10,000,000 will be constructed in 2008-2009. The estimated costs for the water expansion projects for the same period are approximately \$5,800,000. The proposed increase in wastewater and water system buy-in fees will generate additional revenue needed for construction and expansion of facilities and projects.

San Diego County Water Authority Pass-through Charges

The proposed Authority surcharge will fund the increase of \$81 per acre-foot of treated water and \$77 per acre-foot of untreated water. The surcharge will recover approximately \$2.4 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 \$1.90 for a 5/8-inch meter effective January 2009. The IAC for all meter sizes is listed on page 4 of the attached Exhibit B.

Drought Rates

The proposed drought rates are designed to maintain the fiscal health of the water utility while achieving the declared mandatory water consumption reduction levels. Drought rates will be implemented only in the event of a declared drought and after approval by the City Council.

COMMISSION OR COMMITTEE REPORT

The Utilities Commission reviewed and approved staff's recommendation at its meeting on November 18, 2008.

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.

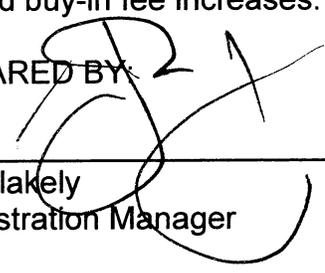
INSURANCE REQUIREMENTS

Does not apply.

RECOMMENDATIONS

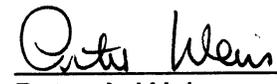
Staff and the Utilities Commission recommend that the City Council introduce an ordinance amending Chapter 29 of the Oceanside City Code by establishing wastewater user rate and system buy-in fee increases (Exhibit A); introduce an ordinance amending Chapter 37 of the Oceanside City Code by establishing water user rate, system buy-in fee, external water provider increases and drought rates in the event of mandatory water reductions (Exhibit B); and direct staff to implement the user rate and buy-in fee 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: Wastewater Financial Analysis Summary
- Exhibit D: Water Financial Analysis Summary
- Exhibit E: Monthly Wastewater Bill Comparison
- Exhibit F: Monthly Water Bill Comparison
- Exhibit G: Monthly Combined Bill Comparison
- Exhibit H: Wastewater Buy-in Fee Comparison
- Exhibit I: Water Buy-in Fee Comparison
- Exhibit J: Combined Buy-in Fee Comparison

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF OCEANSIDE AMENDING
OCEANSIDE CITY CODE, CHAPTER 29, ESTABLISHING
SEWER USER RATE AND SEWER SYSTEM BUY-IN FEE
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 October 3, 2007, the City Council approved Ordinance No. 07-OR0633-
1 related to establishing wastewater system buy-in fees and monthly wastewater residential,
non-residential and Group VII-Industrial/Special User rates;

WHEREAS, Section 29.11.1 of the Oceanside City Code established wastewater system
buy-in fees to be paid as a condition precedent to connection to the City wastewater treatment
and disposal system;

WHEREAS, wastewater system buy-in fees are evaluated periodically to maintain an
adequate fee structure to recover costs for constructing public wastewater collection, treatment
and disposal facilities;

WHEREAS, the wastewater system buy-in fees established have been analyzed and
found to be insufficient to pay for the capital costs of constructing public wastewater
collection, treatment and disposal facilities necessary for the future;

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.

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

3 SECTION 1. Section 29.11.1 is hereby amended to read as follows:

4 **“Sec. 29.11.1 Wastewater system buy-in fees.**

5 Effective sixty (60) days after this ordinance is adopted, all new connections to
6 the city’s wastewater system shall be assessed a wastewater system buy-in fee based on water
7 meter size, except residential single-family connections, which will be charged for a 5/8-inch
8 meter regardless of water meter size. Such fee shall be as follows:

9

Meter Size	Buy-In Fee
Residential Single Family:	
Regardless of meter size	\$6,313
Multi-Family and Non-Residential:	
5/8” & 3/4”	\$6,313
1”	\$15,782
1½”	\$31,563
2”	\$50,501
3”	\$94,689
4”	\$157,815
6”	\$315,631
8”	\$505,009
10”	\$725,950

10
11
12
13
14
15
16
17
18
19
20
21
22 SECTION 3. Section 29.11.1 (a) is hereby amended to read as follows:

23 **Sec. 29.11.1 (a) Special User Wastewater system buy-in fees.**

24 An additional wastewater system buy-in fee may be imposed on
25 special users for wastewater flow based on excess water usage and strength characteristics.
26 Water usage and strength characteristics will be reviewed to determine the actual flow rate,
27 BOD, TSS and/or ammonia loadings of the discharge after the special user has paid an initial
28

wastewater system buy-in fee. An additional wastewater buy-in fee shall be assessed using the following unit costs:

Special Users Wastewater Buy-In Fees	
Parameter	Buy-In Cost
Per meter equivalent (customer costs)	\$116.44
Per unit (748 gallons) of wastewater discharged	\$49.33
Per pound of Biochemical Oxygen Demand Discharged	\$6.73
Per pound of Total Suspended Solids Discharged	\$3.60
Per pound of Ammonia Discharged	\$4.53

SECTION 4. Sec. 29.17.1 is hereby amended to read as follows:

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

Effective on the first bill reflecting charges for usage from and after March 12, 2009, all wastewater service customers of the city shall be subject to a monthly service charge hereby imposed as follows:

Meter Size	Monthly Service Charge
5/8"	\$16.59
3/4"	\$16.59
1"	\$36.38
1 ½"	\$69.37
2"	\$108.97
3"	\$201.35
4"	\$333.32
6"	\$663.27
8"	\$1,059.19
10"	\$1,521.10

//

1 SECTION 5. Section 29.18 is hereby amended to read as follows:

2 **“Sec. 29.18 Flow charge.**

3 Residential and non-residential customer flow charges shall be based on the
4 quality and quantity of sewage. Effective on the first bill reflecting charges for usage from and
5 after March 12, 2009, all wastewater service customers, except for special users, of the city
6 shall be subject to a monthly flow charge hereby imposed as follows:

7

Group I – Residential Customers		Monthly Charge
Single Family – Low Use (0-5 units)		\$9.27
Medium Use (6-10 units)		\$19.98
High Use (11+ units)		\$39.00
Master-Metered Single Family (per residential unit)		\$15.67
Manufactured Homes (per residential unit)		\$10.71
Multi-family – per unit of estimated sewage flow		\$2.52
Non-Residential Customers		Estimated Sewer Flow (per unit)
Group II	Low Strength	\$2.52
Group III	Medium Strength	\$2.86
Group IV	Medium High Strength	\$4.09
Group V	High Strength	\$4.88
Group VI	Churches	\$2.52
	Public Schools	\$2.52
Group VIII	RV Parks	\$2.52
	Hotel/Motel without Restaurant	\$2.52

14

15

16

17

18

19

20

21 Section 6. Section 29.18 (a) is hereby amended to read as follows:

22 **Sec. 29.18 (a) Special user flow charge.**

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

26

27 ///

28 ///

Special User Wastewater Flow Charges	
Parameter	Unit Cost
Per unit (748 gallons) discharged	\$1.41
Per pound of Biochemical Oxygen Demand Discharged	\$0.44
Per pound of Total Suspended Solids Discharged	\$0.25
Per pound of Ammonia Discharged	\$0.25

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 8. 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 9. 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.

///

///

///

1 INTRODUCTION 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:

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

9 _____
10 MAYOR, CITY OF OCEANSIDE

11 ATTEST:

APPROVED AS TO FORM:

12 _____
13 CITY CLERK

Robert Hamilton, ABST.
14 _____
15 CITY ATTORNEY

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

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF OCEANSIDE AMENDING OCEANSIDE CITY CODE, CHAPTER 37, ESTABLISHING WATER USER RATE, WATER SYSTEM BUY-IN FEE, EXTERNAL WATER PROVIDER CHARGE INCREASES, AND A DROUGHT RESPONSE RATE STRUCTURE AND DROUGHT RATES IN THE EVENT OF MANDATORY WATER REDUCTIONS

WHEREAS, on October 3, 2007, the City Council adopted Ordinance No. 07-OR633-1 related to establishing monthly residential, non-residential water rates; water system buy-in fees 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, Section 37.56.1 of the Oceanside City Code established water system buy-in fees to be paid as a condition precedent to connection to the City water system;

WHEREAS, these water system buy-in fees have been analyzed and found to be insufficient to pay for the capital costs of constructing public water transmission, treatment, storage and distribution facilities necessary for the future;

WHEREAS, at its June 26, 2008 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 \$81 per acre foot for treated water and \$77 per acre foot for untreated water;

WHEREAS, at its June 26, 2008 meeting, the Board of Directors of the San Diego County Water Authority ("Authority") approved an increase in the amount of its infrastructure access charge to be levied against each member agency,

WHEREAS, on July 9, 2008, the City Council adopted Ordinance No. 08-OR0439-1 related to establishing drought response conservation measures to be implemented in the event of mandatory potable water reductions; and

1 WHEREAS, the City Council has determined that a drought rate structure with
2 associated drought rates must be implemented to achieve the water reduction targets
3 established in the City of Oceanside's Drought Response Conservation Program in the event of
4 mandatory water reductions as determined by the Metropolitan Water District of Southern
5 California and the San Diego County Water Authority, which are the City's external water
6 providers.

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

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

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

11 Effective on the first bill reflecting charges for usage from and after March 12, 2009, all
12 water service customers of the city shall be subject to a monthly service charge hereby imposed
13 as follows:

Meter Size	Monthly Water Service Charge
5/8"	\$13.22
1"	\$29.14
1 1/2"	\$55.69
2"	\$87.54
3"	\$161.87
4"	\$268.05
6"	\$533.50
8"	\$852.04
10"	\$1,223.68

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

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

23 Effective on the first bill reflecting charges for usage from and after March 12, 2009, all
24 water service customers of the city shall be subject to a monthly consumption charge hereby
25 imposed as follows:
26

27 ///

28 ///

Units of Water Used	Monthly Water Consumption Charge (per unit*)
Single-family	
1 st tier (0-13 units)	\$1.92
2 nd tier (14 + units)	\$2.20
Multi-family	
1 st tier (0-7 units)	\$1.78
2 nd tier (8 + units)	\$2.03
Non-residential/Agricultural	\$2.09
Reclaimed water	\$1.68

* A unit of water is equal to seven hundred forty-eight (748) gallons.”

SECTION 3. Section 37.56.1 is hereby amended to read as follows:

“Sec. 37.56.1 Water system buy-in fees.

Effective sixty (60) days after adoption of this ordinance, all new connections to the city’s water system shall be assessed a water system buy-in fee based on meter size as follows:

<u>Meter Size</u>	<u>Buy-In Fee</u>	<u>Meter Size</u>	<u>Buy-In Fee</u>
5/8”	\$4,597	4”	\$114,923
1”	\$11,492	6”	\$229,845
1½”	\$22,985	8”	\$367,753
2”	\$36,775	10”	\$528,645
3”	\$68,954		

SECTION 4. Section 37.57 is hereby amended to read:

Sec. 37.57 Fees for New Meters and Installation

Each new connection to the city’s water system shall be assessed a fee based on meter size to pay the costs for a new meter and installation equipment provided by the City. Such fee shall be established hereafter by resolution of the Oceanside City Council.

///

///

1 SECTION 5. Section 37.111 are hereby amended to read as follows:

2 **Section 37.111 San Diego County Water Authority Infrastructure Access Charge**

3 Effective on the first bill reflecting charges for usage from and after March 12,
4 2009, there is hereby established an infrastructure access charge on water customers of the City
5 of Oceanside. This charge is established as follows:

6

Meter Size	Meter Equivalent*	Monthly Charge
5/8"	1.00	\$1.90
1"	1.60	\$3.04
1.5"	3.00	\$5.70
2"	5.20	\$9.88
3"	9.60	\$18.24
4"	16.40	\$31.16
6"	30.00	\$57.00
8"	52.00	\$98.80
10"	78.00	\$148.20

7

8

9

10

11

12

13

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

14

15 SECTION 6. Section 37.109.a is hereby added to read as follows:

16 **Section 37.109.a Drought Rates**

17 Effective upon declaration by the San Diego County Water Authority that
18 Drought Response Levels Two through Four water reductions are required in order to have
19 sufficient supplies to meet anticipated demands and upon the adoption of a resolution at each
20 level by the Oceanside City Council, the following Drought Level Two through Four rates will
21 be implemented:

22 ///

23 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Level Two Drought Alert Rates: 20% Mandatory Reduction		
Service Fee Surcharge (per account): 10% higher than the current monthly rate (per meter equivalent)		
1 unit = 748 gallons	Range	Percentage Increase over Current Rate
Single Family		
First Tier	0-13 units	0%
Second Tier	14-20 units	40%
Third Tier	21+ units	70%
Multi Family		
First Tier	0-7 units	0%
Second Tier	8-14 units	35%
Third Tier	15+ units	60%
Irrigation	Per unit	80%
Non-Residential/ Commercial Agricultural	Per unit	20%

Level Three Drought Critical: 30% Mandatory Reduction		
Service Fee Surcharge (per account): 25% higher than the current monthly rate (per meter equivalent)		
1 unit = 748 gallons	Range	Percentage Increase over Current Rate
Single Family		
First Tier	0-11 units	0%
Second Tier	12-18 units	60%
Third Tier	19+ units	100%
Multi Family		
First Tier	0-7 units	0%
Second Tier	8-12 units	55%
Third Tier	13+ units	95%
Irrigation	Per unit	115%
Non-Residential/ Commercial Agricultural	Per unit	25%

Level Four Drought Emergency: 40% Mandatory Reduction		
Service Fee Surcharge (per account): 30% higher than the current monthly rate (per meter equivalent)		
1 unit = 748 gallons	Range	Percentage Increase over Current Rate
Single Family		
First Tier	0-5 units	0%
Second Tier	6-10 units	65%
Third Tier	11+ units	135%
Multi Family		
First Tier	0-4 units	0%
Second Tier	5-8 units	60%
Third Tier	9+ units	120%
Irrigation	Per unit	150%
Non-Residential/ Commercial Agricultural	Per unit	35%

SECTION 7. 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 8. 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.

///

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:

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

10 _____
MAYOR, CITY OF OCEANSIDE

11 ATTEST:

APPROVED AS TO FORM:

12 _____
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, WATER SYSTEM
18 BUY-IN FEE, EXTERNAL WATER PROVIDER CHARGE INCREASES, AND A
19 DROUGHT RESPONSE RATE STRUCTURE AND DROUGHT RATES IN THE
20 EVENT OF MANDATORY WATER REDUCTIONS
21
22
23
24
25
26
27

CITY OF OCEANSIDE
WASTEWATER FINANCIAL ANALYSIS
SUMMARY 2008-2009

Exhibit C

	FY 2008-2009
Capital Expenditures	
R&R / System-Wide Improvements	\$ 2,988,824
Expansion Projects	<u>7,037,588</u>
	\$ 10,026,412

	FY 2008-2009
Available Revenues	
Buy-In Fee Revenues & Reserves	\$ 3,922,426
Use of Capital Reserves	5,183,382
Use of Bond Proceeds	-
Rate Funded Capital	-
Other Revenue	-
	<u>\$ 9,105,808</u>

	FY 2008-2009
Revenues	
User Service Fees	\$ 24,783,688
Interest Earnings	135,445
Miscellaneous Revenues	1,074,500
Buy-In Fee Revenues (for Debt Service)	<u>469,222</u>
Total Revenues	\$ 26,462,855

	FY 2008-2009
Expenditures	
<i>Ongoing Operating Expenses</i>	
Sewer Administration and General	\$ 766,674
Interfund Service Charge	4,920,209
Sewer Collection & Transmission	4,408,199
La Salina WWTP	2,748,041
San Luis Rey WWTP	7,122,816
Sewer Laboratory	720,335
Sewer SCADA Program	290,791
Sewer GIS Program	316,574
Information Technology Master Plan	-
Other	327,832
<i>Other Operating Expenses</i>	
Debt Service	4,973,410
Replacement Funding (FAR Contributions)	-
Revenues to Meet Minimum Operating Fund	-
Additions Due to Debt Coverage & In Lieu with Increase	<u>885,800</u>
Total Expenditures	\$ 27,480,681
Oper. Exp. Surplus (Deficiency) before Rate Increase	\$ (1,017,826)

Revenues from Rate Increase	\$ 1,239,184
Total Added Revenues	\$ 1,239,184

Capital Improvement Projects

Fixed Asset Replacement Projects	Budget
Whelan Lake Mitigation	\$ 47,139
LaSalina Upgrades	\$ 1,353,743
SLR Plant Improvements	\$ 99,199
Lift Stations Upgrade	\$ 318,714
La Salina Plant Improvements	\$ 170,029
Misc Sewer Projects	<u>\$ 1,000,000</u>
Total FAR Projects	\$ 2,988,824

Expansion Projects	Budget
Oceanside Blvd Lift Station Acq	\$ -
Buena Vista Force Main	\$ -
Buena Vista Lift Station	\$ -
WWtr Master/Financial Pln	\$ 33,221
Land Outfall Emergency	\$ 4,200,000
Ocean Outfall Analysis	\$ 277,021
Haymar Intercptr Sewer	\$ 931,126
Mesa/Garrison-42" sewerline	\$ 847,603
SCADA Technology Expansion	\$ 48,617
Myers/Oceanside Blvd/Tait Sewerlines	<u>\$ 400,000</u>
Technology Improvements	\$ 300,000
Total Expansion Projects	\$ 7,037,588

CITY OF OCEANSIDE
WASTEWATER FINANCIAL ANALYSIS
SUMMARY 2008-2009

Exhibit C

REVENUE INCREASES (Calendar Year Basis)	FY 2008 2009
Total Annual Revenue Increase	15.00%
Minimum Fund Balance (45-days)	Yes
Maximum Fund Balance (90-days)	No

DEBT COVERAGE TEST

-Debt Coverage 1.19

CITY OF OCEANSIDE
WATER FINANCIAL ANALYSIS
Summary 2008-2009

CAPITAL IMPROVEMENT PROGRAM

Capital Expenditures ⁽¹⁾	FY 2008-2009
R&R / System-Wide Improvements Expansion Projects	\$ 8,218,759 <u>5,872,992</u> \$ 14,091,751
Available Revenues	FY 2008-2009
Buy-In Fee Revenues & Reserves	\$ 5,872,992
Use of Capital Reserves	8,074,513
Use of Bond Proceeds	-
Rate Funded Capital	144,246
Other Revenue	-
	<u>\$ 14,091,751</u>

(1) Reflects Council approved CIP.

OPERATIONAL EXPENDITURES

Revenues	FY 2008-2009
User Service Fees	\$ 33,735,848
Interest Earnings	741,563
Miscellaneous Revenues	<u>7,400,990</u>
Total Revenues	\$ 41,878,401
Expenditures	FY 2008-2009
<i>Ongoing Operating Expenses</i>	
Administration	\$ 4,910,161
Flood Control/Storm Drains	931,637
Water Source of Supply	20,123,022
Hydro-Electric Pumping	4,488
Water Pumping	106,110
Water Treatment	1,443,616
Water Desalting Plant	1,914,092
Water Transportation and Distribution	1,601,861
Water Laboratory	497,758
Water SCADA Program	265,532
Clean Water Program	1,203,210
Water GIS Program 711	296,269
Water Service Connections	40,000
Water Meter Service	2,560,456
<i>Other Operating Expenses</i>	
Debt Service	3,687,541
Replacement Funding (FAR Contributions)	2,630,005
Revenues to Meet Minimum Operating Fund	-
Additions Due to Debt Coverage	<u>-</u>
Total Expenditures	\$ 42,215,758
Oper. Exp. Surplus (Deficiency) before Rate Increase	\$ (337,357)
Revenues from rate increase	\$ 377,358

Capital Improvement Projects

Fixed Asset Replacement Projects	Budget
Osborne 10MGD Res/Lnd Acq	\$ 49,309
Weese Treatmt Plant Improvements	\$ 150,000
Geographic Info Systems	\$ 100,000
Weese Technologic Improvements	\$ 477,812
Weese Plant Capacity Exp	\$ 1,264,041
Missn SLR Waterline	\$ 1,050,274
Peacock Hills Regulator	\$ 1,205,206
SCADA Replace & Upgrade	\$ 100,000
Desalter Fclty Expnsn	\$ 300,000
Desalter Fclty Minr Impr	\$ 250,000
Misc Water Projects	\$ 1,000,000
SLR WWTP Water Reclam	\$ 1,477,117
Security Upgrades	\$ 50,000
Reservoir structural analysis	\$ 500,000
Miscellaneous Pump Station Upgrades	\$ 245,000
Total FAR Projects	\$ 8,218,759

Expansion Projects	Budget
Ocean Outfall Analysis	\$ 192,850
Water Mstr/ Financial Plan	\$ 195,184
Pacific St Bridge W/L	\$ 753,492
Desalter Fclty Expansion	\$ 2,112,066
Land Outfall	\$ 271,037
Oceanside Ocean Desalter	\$ 699,710
Weese Plant Capacity Exp	\$ 1,248,653
Technology improvements	\$ 300,000
Strategic Plan	\$ 100,000
Total Expansion Projects	\$ 5,872,992

CITY OF OCEANSIDE
WATER FINANCIAL ANALYSIS
Summary 2008-2009

REVENUE INCREASES (Calendar Year Basis)	FY 2008 2009
Total Annual Revenue Increase	3.00%
USER RATE ¹	\$49.38

(1) Based on Single Family Residential medium usage. Does not include increases to Clean Water Program.

OPERATIONAL FUND TARGET

	FY 2008 2009
Minimum Fund Balance (45-days)	Y† Yes
Maximum Fund Balance (90-days)	Y† No

DEBT COVERAGE TEST

- Senior Debt	1.95
---------------	------

Comparison of Wastewater Monthly Bills in San Diego County Single Family Residential			
City or Agency	Monthly Sewer Service	Monthly Sewer Flow Charge	Total Monthly Sewer Bill
Santee (Padre Dam WD)	36.51	36.47	72.98
Del Mar	37.50	27.92	65.42
Rainbow MWD	59.63	N/A	59.63
Rancho Santa Fe (Santa Fe ID)	57.33	N/A	57.33
Poway	6.72	43.41	50.13
Encinitas (San Dieguito WD)	47.01	N/A	47.01
Fallbrook	45.96	N/A	45.96
San Diego	10.14	31.40	41.54
Escondido (proposed)	41.04	N/A	41.04
La Mesa (Helix Water District)	9.69	31.03	40.72
Valley Center	40.50	N/A	40.50
Ramona	39.58	N/A	39.58
Vista	39.42	N/A	39.42
El Cajon (Helix Water District)	12.11	25.40	37.51
Oceanside - proposed	16.66	20.07	36.73
Chula Vista (Otay WD)	9.00	25.30	34.30
Oceanside - current	14.42	17.37	31.79
San Marcos (Vallecitos WD)	27.70	N/A	27.70
Otay (Otay WD)	9.75	14.10	23.85
Carlsbad (proposed)	17.65	N/A	17.65
Median:			40.61

Median

Monthly Water Bills Comparison in San Diego County Single-Family Residential				
City or Agency	Water Service Monthly	Water consumption charge/unit	15 Unit Water Consumption charge	Total Water Bill
Otay (Otay WD)	N/A	5.70	85.50	85.50
Fallbrook	34.87	2.48	37.20	72.07
Chula Vista	29.78	1.54	28.95	58.73
Rainbow MWD	28.59	1.91	28.65	57.24
Ramona	17.62	2.58	38.70	56.32
Del Mar	17.08	2.60	39.00	56.08
San Diego	16.32	2.51	39.61	55.93
Escondido (proposed)	16.75	37.50	37.50	54.25
Valley Center	22.20	2.09	31.35	53.55
Santee (Padre Dam WD)	13.70	2.54	38.07	51.77
Vista	18.00	2.14	32.10	50.10
Encinitas (San Dieguito WD)	14.74	1.70	31.61	46.35
Carlsbad	14.54	2.12	31.80	46.34
La Mesa (Helix Water District)	17.40	1.70	28.75	46.15
El Cajon (Helix Water District)	17.40	1.70	28.75	46.15
Poway	9.18	2.40	36.00	45.18
San Marcos (Vallecitos WD)	15.92	1.84	27.60	43.52
Oceanside – proposed*	13.22	1.92	29.36	42.58
Rancho Santa Fe (Santa Fe ID)	18.98	1.54	23.10	42.08
Oceanside – current*	12.83	1.86	28.44	41.27
Median:				50.94

Median

*Monthly water bill does not include Metropolitan Water District or San Diego County Water Authority pass-through charges.

Monthly Water and Sewer Single-Family Bill in San Diego County			
City or Agency	Total Monthly Sewer Bill	Total Monthly Water Bill	Combined Monthly Water and Sewer Bill
Santee (Padre Dam WD)	72.98	51.77	124.75
Del Mar	65.42	56.08	121.50
Fallbrook	45.96	72.07	118.03
Rainbow MWD	59.63	57.24	116.87
Otay (Otay WD)	23.85	85.50	109.35
Rancho Santa Fe (Santa Fe ID)	57.33	42.08	99.41
San Diego	41.54	55.93	97.47
Ramona	39.58	56.32	95.90
Poway	50.13	45.18	95.31
Escondido (proposed)	41.04	54.25	95.29
Valley Center	40.50	53.55	94.05
Encinitas (San Dieguito WD)	47.01	46.35	93.36
Chula Vista (Otay WD)	34.30	58.73	93.03
Vista	39.42	50.10	89.52
La Mesa (Helix Water District)	40.72	46.15	86.87
El Cajon (Helix Water District)	37.51	46.15	83.66
Oceanside - proposed	36.73	42.58	79.31
Oceanside - current	31.79	41.27	73.06
San Marcos (Vallecitos WD)	27.70	43.52	71.22
Carlsbad	17.65	46.34	63.99
Median:			94.67

Wastewater System Buy-in Fees in San Diego County - January 2009 Single Family Residential / Highest to Lowest	
City or Agency	Sewer Connection Fee
Rainbow MWD	17,090
San Marcos (Vallecitos WD)	8,868
Santee (Padre Dam WD)	8,702
Escondido	7,500
Ramona	7,455
Oceanside - proposed	6,313
Oceanside - current	6,035
La Mesa (Helix Water District)	4,920
Fallbrook	4,698
San Diego	4,124
Vista	3,613
El Cajon (Helix Water District)	3,472
Encinitas (San Dieguito WD)	3,417
Poway	3,356
Del Mar	2,718
Valley Center	2,500
Carlsbad	1,096
Median:	4,698

Median

Water System Buy-in Fees in San Diego County - January 2009 Single Family Residential / Highest to Lowest	
City or Agency	Water Connection Fee
Santee (Padre Dam WD)	13,137
Rainbow MWD	10,075
Ramona	7,750
Valley Center	6,041
San Marcos (Vallecitos WD)	4,978
Escondido	4,690
Oceanside - proposed	4,597
Oceanside - current	4,395
Poway	3,710
<i>Carlsbad</i>	3,549
Vista	3,460
Encinitas (San Dieguito WD)	3,300
San Diego	3,047
Fallbrook	2,806
El Cajon (Helix Water District)	2,419
La Mesa (Helix Water District)	2,419
Del Mar	1,992
Median:	3,710

Median

**Water / Sewer Combined Connection Fees
in San Diego County - January 2009
Single Family Residential / Highest to Lowest**

City or Agency	Water Connection Fee	Sewer Connection Fee	Total Combined Connection Fees
Rainbow MWD	10,075	17,090	27,165
Santee (Padre Dam WD)	13,137	8,702	21,839
Ramona	7,750	7,455	15,205
San Marcos (Vallecitos WD)	4,978	8,868	13,846
Escondido	4,690	7,500	12,190
Oceanside - proposed	4,597	6,313	10,910
Oceanside - current	4,395	6,035	10,430
Valley Center	6,041	2,500	8,541
Fallbrook	2,806	4,698	7,504
La Mesa (Helix Water District)	2,419	4,920	7,339
San Diego	3,047	4,124	7,171
Vista	3,460	3,613	7,073
Poway	3,710	3,356	7,066
Encinitas (San Dieguito WD)	3,300	3,417	6,717
El Cajon (Helix Water District)	2,419	3,472	5,891
Del Mar	1,992	2,718	4,710
Carlsbad	3,549	1,096	4,645
Median:			8,541