

STAFF REPORT



ITEM NO. 22

CITY OF OCEANSIDE

DATE: September 12, 2007

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 NEW SPECIAL INDUSTRIAL USER RATES AND BUY-IN FEES; INTRODUCTION OF AN ORDINANCE AMENDING CHAPTER 37 OF THE OCEANSIDE CITY CODE BY ESTABLISHING WATER USER RATE, SYSTEM BUY-IN FEE, AND EXTERNAL WATER PROVIDER INCREASES**

SYNOPSIS

Staff and the Utilities Commission recommend that the City Council introduce an ordinance amending Chapter 29 of the Oceanside City Code by establishing wastewater user rate and system buy-in fee increases and new special industrial user rates and buy-in fees (Exhibit A); introduce an ordinance amending Chapter 37 of the Oceanside City Code by establishing water user rate, system buy-in fee, and external water provider increases (Exhibit B); and direct staff to implement the user rate and buy-in fee increases.

BACKGROUND

On November 17, 2004, the City Council approved a professional services agreement with Carollo Engineers to prepare the draft Integrated Water Utilities Master Plan (IWUMP), which is an update of the 1999 water and wastewater master plans. The 1999 financial plan was also updated as part of the project. The Utilities Commission and staff recognized that public acceptance of any new rates and fees to support the goals of the IWUMP would be gained only through community involvement. The Commission advertised for volunteers from all customer groups to serve on a Citizens Advisory Committee (CAC). The CAC met from May 2006 until June 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 new 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

In addition, the CAC recommended establishing special rates for industrial users based on the effluent strength and flow rate of the customer's discharge to the wastewater system. They concluded that all user rates had to be developed based on cost-of-service principles as required by Proposition 218. The CAC's findings and recommendations are found in the Oceanside Water Utilities Department Citizens Advisory Committee Report dated June 4, 2007, and in the proposed Integrated Water Utilities Master Plan Financial Plan. Both the CAC report and the draft Financial Plan were distributed to the City Council on June 21, 2007.

The draft Financial Plan is partially based on the funding requirements for the capital improvement projects listed in the Integrated Water Utilities Master Plan. An Environmental Impact Report (EIR) must be completed on these new projects as part of the IWUMP. It is expected that the EIR will be completed by November 2007 and then the IWUMP will be presented to Council along with the complete draft Financial Plan for approval.

Because of the serious consequences of failing to meet debt coverage in the Wastewater fund and to ensure sufficient revenue for the Water fund, staff is recommending that the City Council adopt the proposed 2007-2008 user rates and buy-in fees before the final IWUMP and Financial Plan are presented. In addition, since the user rate and buy-in fee revenues in the draft Financial Plan are calculated from July 1, 2007, and any increases will not be effective until after the start of the fiscal year, staff is recommending that the wastewater rates be set at a higher level to recover the lost revenue. Staff also recommends that the 2007-2008 water user rates and water and wastewater system buy-in fees as proposed in the draft Financial Plan be adopted.

The CAC did not consider the Clean Water Program rate as part of its financial plan review. However, the San Diego Regional Water Quality Control Board (RWQCB) Order 2007-0001, adopted January 24, 2007, requires all municipalities in San Diego County to prohibit discharges of urban runoff pollutants draining into the City's receiving waters. The new permit has additional requirements beyond the previous permit that will increase the ongoing costs of compliance. After review of the new requirements, it was determined that the current Clean Water Program charge of \$0.02 per unit of water used is insufficient to recover the costs of compliance.

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 July 18, 2007, a public hearing notice was mailed to all Oceanside property owners and utility customers listing the current and proposed rates. The public may submit written protests to the proposed rate increases. Proposition 218 prohibits imposition of the proposed increases if written protests are received from a majority of the property owners and utility customers. If a majority protest is not received, the City Council may approve the rate and fee increases at a public hearing scheduled for September 12, 2007. 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 2007-2008. The shortfalls in both funds if the rate increase is not implemented are shown in the table below:

2007-2008 Water Fund			
Revenues	Expenditures	Shortfall	Revenue from Rate Increase
\$40,845,858	(\$41,947,087)	(\$1,128,099)	\$1,323,789

2007-2008 Wastewater Fund			
Revenues	Expenditures	Shortfall	Revenue from Rate Increase
\$23,479,202	(\$27,434,930)	(\$3,955,728)	\$4,211,178

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	\$12.16	\$14.27	\$26.43	N/A
2007-2008	\$14.42	\$17.37	\$31.79	\$5.36

The proposed rate increase would be effective with the first bill after October 20, 2007. Exhibit E is the proposed rate schedule for all wastewater customer classes. Exhibit F is a comparison of single-family residential wastewater rates in San Diego County.

In addition to the wastewater rate increase, it is recommended that special industrial user rates be established for all customers that require a waste discharge permit. The industrial rates will be calculated on actual monitoring data of flow, biochemical oxygen demand, total suspended solids and ammonia. These rates will be calculated annually. Exhibit E lists the proposed industrial discharger rates.

The proposed water rate increases are for service and commodity charges, the Clean Water Program, 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 28, 2007.

The typical single-family customer using 15 units of water per month would pay the following monthly bill beginning with the first bill after October 20, 2007:

Proposed Water Monthly Bills					
Year	Service Charge	Consumption Charge (15 units)	Pass-through charges	Total	Increase
Current	\$12.10	\$23.22	\$4.28	\$39.90	N/A
2007-2008	\$12.83	\$28.44*	\$5.63**	\$46.90	\$6.25
*Includes the proposed Clean Water Program rate of \$.07 per unit of water.					
**An increase from \$1.48 to \$1.70 per 5/8-inch meter for the Water Authority's infrastructure access charge becomes effective in January 2008 and will increase the average monthly bill by \$.22 to \$47.12.					

Exhibit G is the proposed rate schedule for all water customer classes. Exhibit H is a comparison of single-family residential water rates in San Diego County. Exhibit I is a comparison of the combined monthly water and wastewater bills in other cities.

To comply with the new RWQCB permit, the Clean Water Program is required to enhance its inspection, monitoring and administrative activities. To fund these costs, staff is requesting an increase from \$0.02 to \$0.07 per unit of water used for all customers to become effective on the first bill after October 20, 2007.

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	\$4,587	\$6,035	\$1,448

Exhibit J lists the City of Oceanside’s current and proposed wastewater system buy-in fees for each meter size.

Exhibit K 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, it is recommended that 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)	\$99.59
Per unit of wastewater discharged	\$46.65
Per pound of Biochemical Oxygen Demand Discharged	\$6.37
Per pound of Total Suspended Solids Discharged	\$3.41
Per pound of Ammonia Discharged	\$4.28
Note: (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	\$3,746	\$4,395	\$649

Exhibit J lists the City of Oceanside’s current and proposed water system buy-in fees for each meter size.

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

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 2007-2008 revenue requirement is \$27,434,930 and the Water Fund's is \$41,987,087 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 2007-2008. The current Clean Water Program rate of \$.02 per unit of water generates approximately \$250,000 in revenue. With the additional requirements of the permit, ongoing program costs are estimated at \$945,000. The additional \$.05 will generate sufficient funds to cover the program costs.

Wastewater and Water System Buy-in Fees

Planned wastewater expansion projects that total more than \$7,000,000 will be constructed in 2007-2008. The estimated costs for the water expansion projects for the same period are almost \$11,000,000. 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 \$69 per acre-foot of treated water and \$30 per acre-foot of untreated water. The surcharge will recover approximately \$1.2 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 \$1.70 for a 5/8-inch meter effective January 2008. Exhibit N lists the IAC for all meter sizes.

COMMISSION OR COMMITTEE REPORT

The Citizens Advisory Committee on the Integrated Water Utilities Master Plan and Financial Plan approved staff's recommendation at its June 4, 2007 meeting. The Utilities Commission reviewed and approved the CAC's and staff's recommendation at its meeting on July 10, 2007.

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.

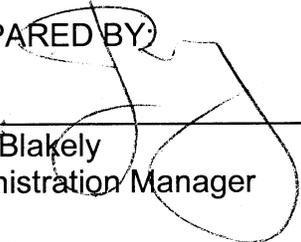
INSURANCE REQUIREMENTS

Does not apply.

RECOMMENDATIONS

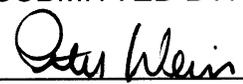
Staff and the Utilities Commission recommend that the City Council introduce an ordinance amending Chapter 29 of the Oceanside City Code by establishing wastewater user rate and system buy-in fee increases and new special industrial user rates and buy-in fees; introduce an ordinance amending Chapter 37 of the Oceanside City Code by establishing water user rate, system buy-in fee, and external water provider increases; and direct staff to implement the user rate and buy-in fee increases.

PREPARED BY:



Greg Blakely
Administration Manager

SUBMITTED BY:



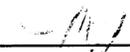
Peter A. Weiss
City Manager

REVIEWED BY:

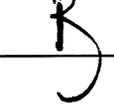
Michelle Skaggs Lawrence, Deputy City Manager

Lonnie Thibodeaux, Water Utilities Director

Paul Bussey, Interim Financial Services Director







- Exhibit A: Proposed Ordinance amending Chapter 29 ✓
- Exhibit B: Proposed Ordinance amending Chapter 37
- Exhibit C: Wastewater Fund 2007-2008 Financial Analysis Summary
- Exhibit D: Water Fund 2007-2008 Financial Analysis Summary
- Exhibit E: Wastewater Current and Proposed Rates
- Exhibit F: Comparison of Sewer Monthly Rates in San Diego County
- Exhibit G: Water Current and Proposed Rates
- Exhibit H: Comparison of Water Monthly Rates in San Diego County
- Exhibit I: Comparison of Water/Sewer Combined Monthly Bill in San Diego County
- Exhibit J: Wastewater and Water System Current and Proposed Buy-in Fees
- Exhibit K: Comparison of Sewer Buy-in Fees in San Diego County
- Exhibit L: Comparison of Water Buy-in Fees in San Diego County
- Exhibit M: Comparison of Water/Sewer Combined Buy-in Fees
- Exhibit N: San Diego County Water Authority Infrastructure Access Charges

1 WHEREAS, the City has determined that the category of non-residential wastewater
2 customers formerly called “Group VII – Industrial/Special Users” should be changed to
3 “Special Users” and a new calculation to determine wastewater system buy-in fees and flow
4 charges for this category should be added to the City’s rate schedules;

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

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

11 **SECTION 1. Sec. 29.1. Definitions.**

12 Section 29.1 is hereby amended by adding the following definitions in alphabetical order
13 to read:

14 *“Special User.* A Special User shall mean any establishment that discharges more than
15 25,000 gallons per day and/or that has all characteristics of a significant industrial user and/or
16 has loading impacts on the wastewater system of BOD of greater than 300 parts per million,
17 TSS greater than 300 parts per million and/or ammonia greater than 25 parts per million, and/or
18 any establishment that cannot be classified in any other user category, based on its individual
19 flow and strength characteristics.

20 *Special user flow charge.* The special user flow charge is based on an establishment’s
21 individual flow and strength characteristics and is determined based on the calculation in
22 Section 29.18.

23 *Special user wastewater system buy-in fee.* The special user wastewater system buy-in
24 fee is based on an establishment’s excess water usage and strength characteristics and is
25 determined based on the calculation in Section 29.11.1 (a).

26 *Total Suspended Solids.* The total suspended matter that floats on the surface of, or is
27 suspended in water, wastewater or other liquids, and which is removable by laboratory
28 filtering.”

SECTION 2. Section 29.11.1 is hereby amended to read as follows:

“Sec. 29.11.1 Wastewater system buy-in fees.

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

Meter Size	Buy-In Fee
Residential Single Family:	
Regardless of meter size	\$6,035
Multi-Family and Non-Residential:	
5/8” & 3/4”	\$6,035
1”	\$15,088
1½”	\$30,175
2”	\$48,280
3”	\$90,525
4”	\$150,875
6”	\$301,750
8”	\$482,800
10”	\$694,025

SECTION 3. Section 29.11.1 (a) is hereby added and shall read as follows:

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

An additional wastewater system buy-in fee may be imposed on special users for wastewater flow based on excess water usage and strength characteristics. Water usage and strength characteristics will be reviewed to determine the actual flow rate, BOD, TSS and/or ammonia loadings of the discharge after the special user has paid an initial wastewater system buy-in fee. An additional wastewater buy-in fee shall be assessed using the following unit costs:

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Special Users Wastewater Buy-In Fees	
Parameter	Buy-In Cost
Per meter equivalent (customer costs)	\$99.59
Per unit (748 gallons) of wastewater discharged	\$46.65
Per pound of Biochemical Oxygen Demand Discharged	\$6.37
Per pound of Total Suspended Solids Discharged	\$3.41
Per pound of Ammonia Discharged	\$4.28

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 after October 20, 2007, 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"	\$14.42
3/4"	\$14.42
1"	\$31.63
1 ½"	\$60.32
2"	\$94.75
3"	\$175.08
4"	\$289.84
6"	\$576.75
8"	\$921.03
10"	\$1,322.69

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SECTION 5. 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 on the first bill after October 20, 2007, 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)		\$8.06
Medium Use (6-10 units)		\$17.37
High Use (11+ units)		\$33.91
Master-Metered Single Family (per residential unit)		\$13.62
Manufactured Homes (per residential unit)		\$9.31
Multi-family – per unit of estimated sewage flow		\$2.19
Non-Residential Customers		Estimated Sewer Flow (per unit)
Group II	Low Strength	\$2.19
Group III	Medium Strength	\$2.48
Group IV	Medium High Strength	\$3.55
Group V	High Strength	\$4.24
Group VI	Churches	\$2.19
	Public Schools	\$2.19
Group VIII	RV Parks	\$2.19
	Hotel/Motel without Restaurant	\$2.19

Section 6. Section 29.18 (a) shall be added and shall 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:

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Special User Wastewater Flow Charges	
Parameter	Unit Cost
	FY 2007-08
Per unit (748 gallons) discharged	\$1.22
Per pound of Biochemical Oxygen Demand Discharged	\$0.38
Per pound of Total Suspended Solids Discharged	\$0.21
Per pound of Ammonia Discharged	\$0.21

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 7. Sections 29.18 a., b., c., and d. are hereby deleted.

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.

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INTRODUCED at a regular meeting of the City Council of the City of Oceanside held
on the _____ day of _____, 2007, and, thereafter,
PASSED, AND ADOPTED by the City Council of the City of Oceanside, California
this _____ day of _____, 2007, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

MAYOR, CITY OF OCEANSIDE

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

Andrew Hamilton, ASST.

CITY ATTORNEY

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

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

3 Effective on the first bill after October 20, 2007, all water service customers of the city
4 shall be subject to a monthly service charge hereby imposed as follows:

Meter Size	Monthly Water Service Charge
5/8"	\$12.83
1"	\$28.29
1 1/2"	\$54.06
2"	\$84.99
3"	\$157.15
4"	\$260.24
6"	\$517.96
8"	\$827.22
10"	\$1,188.03

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

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

15 Effective on the first bill after October 20, 2007, all water service customers of the city
16 shall be subject to a monthly consumption charge hereby imposed as follows:

Units of Water Used	Monthly Water Consumption Charge (per unit*)
Single-family	
1 st tier (0-13 units)	\$1.79
2 nd tier (14 + units)	\$2.06
Multi-family	
1 st tier (0-7 units)	\$1.65
2 nd tier (8 + units)	\$1.90
Non-residential	\$1.95
Reclaimed water	\$1.56

24
25 * A unit of water is equal to seven hundred forty-eight (748) gallons.”

26 SECTION 3. Sec. 37.35.1. (c) is hereby amended to read as follows:

27 “(c) A storm water surcharge of \$0.07 per unit of water consumption shall be imposed
28 on all water customers.”

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2 SECTION 4. Section 37.56.1 is hereby amended to read as follows:

3 **“Sec. 37.56.1 Water system buy-in fees.**

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

<u>Meter Size</u>	<u>Buy-In Fee</u>	<u>Meter Size</u>	<u>Buy-In Fee</u>
5/8”	\$4,395	4”	\$109,875
1”	\$10,988	6”	\$219,750
1½”	\$21,975	8”	\$351,600
2”	\$35,160	10”	\$505,425
3”	\$65,925		

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14 SECTION 5. Sections 37.110 and 37.111 are hereby amended to read as follows:

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

16 Effective on the first bill after October 20, 2007, there is hereby established a
17 water surcharge on City of Oceanside water customers in the amount of \$0.20 per unit of water.
18 The City Council, by ordinance, may periodically adjust the surcharge based on the amount of
19 surcharge approved by the San Diego County Water Authority.

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

21 Effective January 1, 2008, there is hereby established an infrastructure access
22 charge on water customers of the City of Oceanside. This charge is established as follows:

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Meter Size	Meter Equivalent*	Monthly Charge
5/8"	1.00	\$1.70
1"	1.60	\$2.72
1.5"	3.00	\$5.10
2"	5.20	\$8.84
3"	9.60	\$16.32
4"	16.40	\$27.88
6"	30.00	\$51.00
8"	52.00	\$88.40
10"	78.00	\$132.60
*A meter equivalent is a basic 5/8" water meter used in most single-family homes.		

SECTION 6. 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 7. 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.

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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 _____, 2007, and, thereafter,

3 PASSED, AND ADOPTED by the City Council of the City of Oceanside, California
4 this _____ day of _____, 2007, 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 *Robert Hamilton, ASST.*
15 _____
CITY ATTORNEY

16 AN ORDINANCE OF THE CITY OF OCEANSIDE AMENDING OCEANSIDE
17 CITY CODE, CHAPTER 37, ESTABLISHING WATER USER RATE, WATER
18 SYSTEM BUY-IN FEE AND EXTERNAL WATER PROVIDER CHARGE
19 INCREASES
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CITY OF OCEANSIDE
WASTEWATER FINANCIAL ANALYSIS
SUMMARY 2007-2008

Exhibit C

	FY 2007-2008
Capital Expenditures	
R&R / System-Wide Improvements	\$ 4,654,806
Expansion Projects	7,116,074
	<u>\$ 11,770,880</u>
	FY 2007-2008
Available Revenues	
Buy-In Fee Revenues & Reserves	\$ 5,539,976
Use of Capital Reserves	6,230,904
Use of Bond Proceeds	-
Rate Funded Capital	-
Other Revenue	-
	<u>\$ 11,770,880</u>

	FY 2007-2008
Revenues	
User Service Fees	\$ 20,053,229
Interest Earnings	35,042
Miscellaneous Revenues	26,500
Buy-In Fee Revenues (for Debt Service)	3,364,432
Total Revenues	<u>\$ 23,479,202</u>

	FY 2007-2008
Expenditures	
<i>Ongoing Operating Expenses</i>	
Sewer Administration and General	\$ 798,584
Interfund Service Charge	4,413,815
Sewer Collection & Transmission	4,120,418
La Salina WWTP	2,768,010
San Luis Rey WWTP	7,022,546
Sewer Laboratory	617,435
Sewer SCADA Program	278,680
Sewer GIS Program	321,421
Information Technology Master Plan	252,350
Other	-
<i>Other Operating Expenses</i>	
Debt Service	5,929,117
Replacement Funding (FAR Contributions)	100,000
Revenues to Meet Minimum Operating Fund	-
Additions Due to Debt Coverage & In Lieu with Increase	812,555
Total Expenditures	<u>\$ 27,434,930</u>

Oper. Exp. Surplus (Deficiency) before Rate Increase \$ (3,955,728)

Revenues from Rate Increase	\$ 4,211,178
Total Added Revenues	<u>\$ 4,211,178</u>

Capital Improvement Projects

Fixed Asset Replacement Projects	Budget
Whelan Lake Mitigation	\$ 71,891
Geographic Info System	\$ 50,000
LaSalina Upgrades	\$ 2,332,915
SCADA Replace & Upgrade	\$ 50,000
Security Upgrades	\$ 50,000
SLR Plant Improvements	\$ 250,000
Lift Stations Upgrade	\$ 300,000
La Salina Plant Improvements	\$ 250,000
Misc Sewer Projects	\$ 1,300,000
Total FAR Projects	\$ 4,654,805

Expansion Projects	Budget
Oceanside Blvd Lift Station Acq	\$ 444,572
Buena Vista Force Main	\$ 995,993
Buena Vista Lift Station	\$ 591,454
WWtr Master/Financial Pln	\$ 102,452
Land Outfall	\$ 522,403
Ocean Outfall Analysis	\$ 300,000
Haymar Intercptr Sewer	\$ 1,278,126
Mesa/Garrison-42" sewerline	\$ 1,881,074
SCADA Technology Expansion	\$ 50,000
SLR Interim Expansion	\$ 1,000,000
Total Expansion Projects	\$ 7,166,074

CITY OF OCEANSIDE
WATER FINANCIAL ANALYSIS
Summary 2007-2008

CAPITAL IMPROVEMENT PROGRAM

Capital Expenditures ⁽¹⁾	FY 2007-2008
R&R / System-Wide Improvements	\$ 8,428,517
Expansion Projects	<u>10,984,368</u>
	\$ 19,412,885
Available Revenues	FY 2007-2008
Buy-In Fee Revenues & Reserves	\$ 10,789,841
Use of Capital Reserves	11,289,879
Use of Bond Proceeds	-
Rate Funded Capital	-
Other Revenue	-
	<u>\$ 22,079,720</u>
Ending Capital Fund Balance	\$ 20,735,192.63

(1) Reflects Council approved CIP.

OPERATIONAL EXPENDITURES

Revenues	FY 2007-2008
User Service Fees	\$ 35,301,037
Interest Earnings	500,283
Miscellaneous Revenues	<u>5,044,538</u>
Total Revenues	\$ 40,845,858
Expenditures	FY 2007-2008
<i>Ongoing Operating Expenses</i>	
Administration	\$ 5,126,942
Flood Control/Storm Drains	861,524
Water Source of Supply	20,834,106
Hydro-Electric Pumping	4,750
Water Pumping	110,800
Water Treatment	1,532,033
Water Desalting Plant	1,929,375
Water Transportation and Distribution	1,540,876
Water Laboratory	491,073
Water SCADA Program	250,925
Clean Water Program	643,891
Water GIS Program 711	303,177
Water Service Connections	31,000
Water Meter Service	2,536,175
Information Technology Master Plan	252,350
<i>Other Operating Expenses</i>	
Debt Service	2,795,576
Replacement Funding (FAR Contributions)	2,702,513
Revenues to Meet Minimum Operating Fund	-
Additions Due to Debt Coverage	-
	<u>-</u>
Total Expenditures	\$ 41,947,087
Oper. Exp. Surplus (Deficiency) before Rate Increase	\$ (1,128,099)
Ending Operational Fund Balance	\$ 12,585,551
Revenues from rate increase	\$ 1,323,789

Capital Improvement Projects

Fixed Asset Replacement Projects	Budget
Osborne 10MGD Res/Lnd Acq	\$ 49,309
Weese Treatmt Plant Improvements	\$ 150,000
Geographic Info Sys 712	\$ 100,000
Weese Technologic Improvements	\$ 500,000
Weese Plant Capacity Exp	\$ 1,065,625
Missn SLR Waterline	\$ 1,000,000
Peacock Hills Regulator	\$ 1,199,403
SCADA Replace & Upgrade	\$ 100,000
Desalter Fclty Expsn712	\$ 652,450
MesaLoma@Lk Blvd Upgrade	\$ 243,457
Desalter Fclty Minr Impr	\$ 250,000
Misc Water Projects	\$ 1,500,000
SLR WWTP Water Reclam	\$ 1,483,686
Security Upgrades	\$ 49,144
Loretta Str Crossing	\$ 85,443
Total FAR Projects	\$ 8,428,516

Expansion Projects	Budget
Ocean Outfall Analysis	\$ 211,606
Water Mstr/ Financial Plan	\$ 234,682
Pacific St Bridge W/L	\$ 703,492
Desalter Fclty Expansion	\$ 3,546,195
Land Outfall	\$ 310,068
Oceanside Ocean Desalter	\$ 1,251,356
Osborn 10 MGD Reservoir	\$ 49,309
Weese Plant Capacity Exp	\$ 1,506,615
College/Mesa Waterline	\$ 3,171,045
Total Expansion Projects	\$ 10,984,368

Current and Proposed Wastewater Service Charges		
Meter Size	Current Service Charge	Proposed Service Charge FY 2007/08
5/8"	\$12.16	\$14.42
1"	\$28.53	\$31.63
1 1/2"	\$55.66	\$60.32
2"	\$88.52	\$94.75
3"	\$164.87	\$175.08
4"	\$273.93	\$289.84
6"	\$546.60	\$576.75
8"	\$873.81	\$921.03
10"	\$1,255.56	\$1,322.69

Current and Proposed Wastewater Flow Charges		
Residential	Current Flow Charge	Proposed Flow Charge FY 2007/08
Single Family Low Use (0 – 5 units)	\$6.10	\$8.06
Medium Use (6 – 10 units)	\$14.27	\$17.37
High Use (11+ units)	\$25.76	\$33.91
Master-Metered Single Family (per residential unit)	\$10.53	\$13.62
Manufactured Home (per residential unit)	\$7.78	\$9.31
Multi-Family (per unit of estimated sewer flow)	\$1.90	\$2.19
Non-residential (per unit of estimated flow)		
Motels/RV Parks/Churches	\$1.90	\$2.19
General Commercial (Low Strength)	\$1.74	\$2.19
Medium Strength	\$2.11	\$2.48
Medium-High Strength	\$2.51	\$3.55
High Strength	\$3.75	\$4.24
Schools	\$1.38	\$2.19
Special Industrial and High Strength Users		
Parameter		Unit Cost
Per unit discharged		\$1.22
Per pound of Biochemical Oxygen Demand Discharged		\$0.38
Per pound of Total Suspended Solids Discharged		\$0.21
Per pound of Ammonia Discharged		\$0.21

Residential Wastewater Rate Comparison in San Diego County - August 2007 Highest to Lowest			
City or Agency	Monthly Sewer Service	Monthly Sewer Flow Charge	Total Monthly Sewer Bill
Santee (Padre Dam WD)	77.78	N/A	77.78
Del Mar	36.25	34.90	71.15
Vista	38.08	31.80	69.88
Rainbow MWD	59.63	N/A	59.63
Rancho Santa Fe (Santa Fe ID)	57.33	N/A	57.33
Encinitas (San Dieguito WD)	2.50	41.90	44.40
Fallbrook	42.78	N/A	42.78
San Diego	12.31	28.90	41.21
Valley Center	40.50	N/A	40.50
El Cajon (Helix Water District)	9.48	30.20	39.68
La Mesa (Helix Water District)	9.48	30.20	39.68
Ramona	38.24	N/A	38.24
Escondido (proposed)	37.65	N/A	37.65
Poway	8.27	28.47	36.74
Oceanside - proposed	14.42	17.37	31.79
Oceanside - current	12.16	14.27	26.43
San Marcos (Vallecitos WD)	25.18	N/A	25.18
Carlsbad	14.65	N/A	14.65
Median:			40.09

Median

Current and Proposed Water Service Charges		
Meter Size	Current Service Charge	Proposed Service Charge FY 2007/08
5/8"	\$12.10	\$12.83
1"	\$26.78	\$28.29
1 1/2"	\$51.24	\$54.06
2"	\$80.59	\$84.99
3"	\$149.09	\$157.15
4"	\$246.92	\$260.24
6"	\$491.53	\$517.96
8"	\$785.53	\$827.22
10"	\$1,127.49	\$1,188.03

Current and Proposed Water Consumption Charges		
Consumption Charge	Current Charge (per unit)*	Proposed Charge (per unit) FY2007/08**
Single Family 1 st tier (0 – 13 units)	\$1.54	\$ 1.86
2 nd tier (14+ units)	\$1.75	\$ 2.13
Multi-Family 1 st tier (0 – 7 units)	\$1.54	\$ 1.72
2 nd tier (8+ units)	\$1.75	\$ 1.97
Non-Residential/Agricultural	\$1.61	\$ 2.02
Reclaimed	\$1.04	\$1.63
*Includes current \$0.02 per unit of water for the Clean Water Program		
**Includes proposed \$0.07 per unit of water for the Clean Water Program		

Residential Water Rate Comparison in San Diego County - August 2007 Highest to Lowest				
City or Agency	Water Service Monthly	Water consumption charge/unit	15 Unit Water Consumption charge	Total Water Bill
Rainbow MWD	28.59	1.73	25.95	54.54
Del Mar	16.85	2.45	37.36	54.21
Fallbrook	29.65	1.48	23.20	52.85
Ramona	17.00	2.32	34.80	51.80
Poway	18.36	2.21	33.15	51.51
Valley Center	22.06	1.93	28.95	51.01
San Diego	15.18	2.26	35.50	50.68
Escondido - proposed	15.80	2.32	34.80	50.60
Santee (Padre Dam WD)	11.50	2.49	37.35	48.85
El Cajon (Padre Dam WD)	11.50	2.49	35.75	47.25
Vista	17.20	1.98	29.70	46.90
Encinitas (San Dieguito WD)	14.48	1.70	32.34	46.82
La Mesa (Helix Water District)	16.00	1.62	27.05	43.05
Oceanside - proposed	12.83	1.79	26.85	39.68
San Marcos (Vallecitos WD)	10.68	1.73	25.95	36.63
Oceanside - current	12.10	1.52	23.48	35.58
Carlsbad	9.75	1.68	25.20	34.95
Rancho Santa Fe (Santa Fe ID)	15.11	1.17	17.55	32.66
Median:				48.05

Median

Rates do not include MWD or SDCWA pass-through charges.

Residential Water/Wastewater Total Monthly Bill Comparison in San Diego County - August 2007 Highest to Lowest			
City or Agency	Water Service Monthly	Sewer Service Monthly	Total Combined Bill
Santee (Padre Dam WD)	48.85	77.78	126.63
Del Mar	54.21	71.15	125.36
Vista	46.90	69.88	116.78
Rainbow MWD	54.54	59.63	114.17
Fallbrook	52.85	42.78	95.63
San Diego	50.68	41.21	91.89
Valley Center	51.01	40.50	91.51
Encinitas (San Dieguito WD)	46.82	44.40	91.22
Ramona	51.80	38.24	90.04
Rancho Santa Fe (Santa Fe ID)	32.66	57.33	89.99
Poway	51.51	36.74	88.25
Escondido (proposed)	50.60	37.65	88.25
El Cajon (Helix Water District)	43.05	39.68	82.73
La Mesa (Helix Water District)	43.05	39.68	82.73
Oceanside - proposed	39.68	31.79	71.47
San Marcos (Vallecitos WD)	40.87	25.18	66.05
Oceanside - current	35.58	26.43	62.01
Carlsbad	34.95	14.65	49.60
Median:			90.02

Median

Current and Proposed Wastewater System Buy-in Fees		
Meter Size	Existing Wastewater Buy-In Fees	Proposed Wastewater Buy-In Fees
5/8"	\$4,587	\$6,035
1"	\$7,660	\$15,088
1 1/2"	\$15,272	\$30,175
2"	\$24,444	\$48,280
3"	\$45,863	\$90,525
4"	\$76,452	\$150,875
6"	\$152,859	\$301,750
8"	\$244,583	\$482,800
10"	\$351,625	\$694,025

Current and Proposed Water System Buy-in Fees		
Meter Size	Current Water System Buy-In Fee	Proposed Water System Buy-In Fee
5/8"	\$3,746	\$4,395
1"	\$6,257	\$10,988
1 1/2"	\$12,475	\$21,975
2"	\$19,967	\$35,160
3"	\$37,463	\$65,925
4"	\$62,450	\$109,875
6"	\$124,864	\$219,750
8"	\$199,789	\$351,600
10"	\$287,228	\$505,425

Residential Wastewater Buy-in Fees Comparison in San Diego County - August 2007 Highest to Lowest	
City or Agency	Sewer Connection Fee
Rainbow MWD	16,515
Rancho Santa Fe (Santa Fe ID)	7,960
Santee (Padre Dam WD)	7,822
Escondido	7,500
San Marcos (Vallecitos WD)	6,376
Oceanside - proposed	6,035
Ramona	5,432
La Mesa (Helix Water District)	4,910
Oceanside - current	4,587
San Diego	4,124
Fallbrook	4,100
El Cajon (Helix Water District)	3,472
Poway	3,356
Del Mar	2,718
Encinitas (San Dieguito WD)	2,680
Valley Center	2,500
Vista	1,922
Carlsbad	1,047
Median:	4,356

Median

Residential Water System Buy-in Fees Comparison in San Diego County - August 2007 Highest to Lowest	
City or Agency	Water Connection Fee
Santee (Padre Dam WD)	12,092
Rainbow MWD	9,803
Rancho Santa Fe (Santa Fe ID)	7,057
Ramona	7,000
Vista	4,707
Escondido	4,690
Oceanside - proposed	4,395
San Marcos (Vallecitos WD)	4,239
Oceanside - current	3,746
Poway	3,729
Carlsbad	3,389
Valley Center	2,768
Fallbrook	2,711
San Diego	2,550
El Cajon (Helix Water District)	2,419
La Mesa (Helix Water District)	2,419
Encinitas (San Dieguito WD)	2,000
Del Mar	1,992
Median:	3,738

Median

Residential Water/Wastewater Combined Connection Fees Comparison in San Diego County - August 2007 Highest to Lowest			
City or Agency	Water Connection Fee	Sewer Connection Fee	Total Combined Connection Fees
Rainbow MWD	9,803	16,515	26,318
Santee (Padre Dam WD)	12,092	7,822	19,914
Rancho Santa Fe (Santa Fe ID)	7,057	7,960	15,017
Ramona	7,000	5,432	12,432
Escondido	4,690	7,500	12,190
San Marcos (Vallecitos WD)	4,239	6,376	10,615
Oceanside - proposed	4,395	6,035	10,430
Oceanside - current	3,746	4,587	8,333
La Mesa (Helix Water District)	2,419	4,910	7,329
San Diego	2,968	4,124	7,092
Poway	3,729	3,356	7,085
Fallbrook	2,711	4,100	6,811
Vista	4,707	1,922	6,629
El Cajon (Helix Water District)	2,419	3,472	5,891
Valley Center	2,768	2,500	5,268
Del Mar	1,992	2,718	4,710
Encinitas (San Dieguito WD)	2,000	2,680	4,680
Carlsbad	3,389	1,047	4,436
Median:			7,831

Median

Proposed San Diego County Water Authority Infrastructure Access Charge– Effective January 2008		
Meter Size	Meter Equivalent*	Monthly Charge
5/8"	1.00	\$1.70
1"	1.60	\$2.72
1.5"	3.00	\$5.10
2"	5.20	\$8.84
3"	9.60	\$16.32
4"	16.40	\$27.88
6"	30.00	\$51.00
8"	52.00	\$88.40
10"	78.00	\$132.60