



DATE: September 8, 2010
TO: Honorable Mayor and City Councilmembers
FROM: Water Utilities Department
SUBJECT: **NEW WATER METER AND UTILITY SERVICE FEE INCREASES**

SYNOPSIS

Staff recommends that the City Council adopt a resolution (Exhibit A) to adjust fees for new meters and their installation and for utility services related to damaged City property, construction meters, door tags, after-hours service calls, reinstatement fees, and broken locks.

BACKGROUND

The costs charged by the City of Oceanside for new meters and installation have not changed since 1983 and since that time, the purchase costs of meters and the labor to set them has risen significantly. Other fees related to utility services were last updated by City Council in November of 2008.

The proposed fees would recover the actual cost to provide the service, would be charged to only those customers receiving the service and would reflect current staff, vehicle and parts expenses for the utility.

ANALYSIS

The costs for new meters and installation, providing utility-related services and replacing equipment have increased over time. Current rates do not adequately recover the cost of providing the services and if left unchanged, will result in an estimated net annual revenue loss of approximately \$200,000. The personnel services, equipment and supplies involved with each of these items have been reviewed with close attention to the amount of time required to provide or replace items such that the proposed fees do not exceed the City's expense. The new meter and installation costs increases will impact those customers buying into the system. The utility services cost increases will impact those customers who are delinquent in paying their bills, starting a new or transferring a service, or cause damage to City equipment. The utility services fee adjustments will also impact development needing construction meters. The average customer that pays their bill on time will not be affected by these adjustments.

Below is the current and proposed fee schedule for new meters and installation:

Meter Size	Current Fee	Proposed Fee	% Increase
5/8-inch	\$100	\$338	238%
3/4-inch (for fire services only)	\$100	\$353	253%
1-inch	\$170	\$437	157%
1½-inch	\$320	\$972	204%
2-inch Irrigation	\$430	\$1,608	274%
2-inch	\$430	\$2,572	498%
3-inch Irrigation	\$880	\$1,926	119%
3-inch Commercial & Multi-family	\$880	\$3,081	250%
4-inch Irrigation	\$1,730	\$2,619	51%
4-inch Commercial & Multi-family	\$1,730	\$4,114	138%
6-inch Irrigation	\$2,560	\$3,913	53%
6-inch Commercial & Multi-family	\$2,560	\$5,998	134%
6-inch Compact Fireline	\$2,560	\$12,249	378%
8-inch	\$9,930	\$16,090	62%
10-inch	Estimated	\$20,397	

*Fees last updated in 1983.

The fees charged for utility services include those for customer-requested services or those services involved with delinquent accounts. The proposed adjustment to the utility services fees would recover the current cost of labor and equipment. Adjustments also include a decrease in the proposed fee for a construction meter. Below are the current and proposed fees for utility services:

Utility Service	Current Fee	Proposed Fee	% Increase
Broken Angle Stop	\$190	\$203	7%
Reinstatement	\$40	\$55	38%
After Hours Service Call	\$110	\$132	20%
Service Transfer/Set Up	\$35	\$51	46%
Door Tag	\$10	\$20	100%
Lock Check	\$10	\$19	90%
Broken Lock	\$20	\$45	125%
Spacer	\$91	\$91	0%
Construction Meter	\$95	\$64	-33%
Construction Meter Move	\$50	\$55	10%
Construction Meter Refundable Deposit	\$825	\$1,015	23%

*Fees last updated in November 2008.

FISCAL IMPACT

The proposed new meter and installation fees would recover the actual costs of providing the services. Attachment A shows an annual increase in Water Fund revenue (1711) of \$19,177, based on FY10 meter installation statistics.

The proposed annual utility service fee adjustments would recover the actual costs of providing the services. Attachment A shows an annual increase in Water Fund revenue (1711) of \$177,511 based on FY10 utility service statistics.

COMMISSION OR COMMITTEE REPORT

The Utilities Commission reviewed and approved staff's recommendation at its regularly scheduled meeting on July 20, 2010.

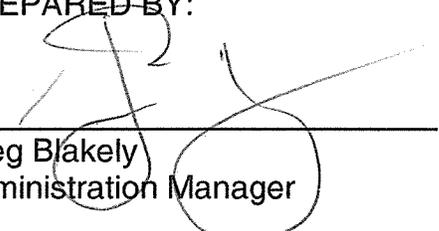
CITY ATTORNEY'S ANALYSIS

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

RECOMMENDATIONS

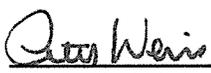
Staff recommends that the City Council adopt a resolution to adjust fees for new meters and their installation and for utility services related to damaged City property, construction meters, door tags, after-hours service calls, reinstatement fees, and broken locks.

PREPARED BY:



Greg Blakely
Administration Manager

SUBMITTED BY:



Peter A. Weiss
City Manager

REVIEWED BY:

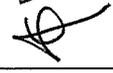
Michelle Skaggs Lawrence, Deputy City Manager



← Cari Dale, Water Utilities Director



Teri Ferro, Financial Services Director



Attachment: Exhibit A: Resolution
Attachment A: Annual increase in revenue detail

Attachment A

Meter Size	Current Fee	Proposed Fee	Present Revenue Loss	Meters Sold (estimate based on FY10 activity)	Annual Revenue with Proposed Adjustment	Revenue at Current Rate	Annual Increase in Revenue
5/8"	\$100	\$338	\$238	72	\$17,136	\$7,200	\$9,936
3/4"	\$100	\$353	\$253	11	\$2,783	\$1,100	\$1,683
1"	\$170	\$437	\$267	9	\$2,403	\$1,530	\$873
1.5" Comm/Irrigation	\$320	\$972	\$652	11	\$7,172	\$3,520	\$3,652
2" Commercial	\$430	\$2,572	\$2,142	1	\$2,142	\$430	\$1,712
3" Commercial	\$880	\$3,081	\$2,201	1	\$2,201	\$880	\$1,321
Total Annual Increase in Revenue (estimated)				105	\$33,837	\$14,660	\$19,177

Utility Service	Current Fee	Proposed Fee	Present Revenue Loss	Average annual # of services provided	Annual Revenue with Proposed Adjustment	Revenue at Current Rate	Annual Increase in Revenue
Broken Angle Stop	\$190	\$203	\$13	2	\$406	\$380	\$26
Reinstatement	\$40	\$55	\$15	785	\$43,175	\$31,400	\$11,775
After Hours Service Call	\$110	\$132	\$22	106	\$13,992	\$11,660	\$2,332
Service Transfer/Set Up	\$35	\$51	\$16	2,541	\$129,591	\$88,935	\$40,656
Door Tag	\$10	\$20	\$10	11,028	\$220,560	\$110,280	\$110,280
Lock Check	\$10	\$19	\$9	225	\$4,275	\$2,250	\$2,025
Broken Lock	\$20	\$45	\$25	16	\$720	\$320	\$400
Spacer	\$91	\$91	\$0	65	\$5,915	\$5,915	0
Construction Meter	\$95	\$64	(\$31)	63	\$4,032	\$5,985	(\$1,953)
Construction Meter Move	\$50	\$55	\$5	0	\$0	\$0	\$0
Construction Meter Refundable Deposit	\$825	\$1,015	\$190	63	\$63,945	\$51,975	\$11,970
Total Annual Increase in Revenue (estimated)					\$486,611	\$309,100	\$177,511

Meter Type and Size	Cost
5/8-inch residential meter	\$338
3/4-inch residential meter (for fire flow only)	\$353
1-inch residential meter	\$437
1 ½ -inch meter (multi-family, commercial & irrigation)	\$972
2-inch meter (multi-family, commercial)	\$1,608
2-inch meter (multi-family, commercial, irrigation)	\$2,572
3-inch turbo meter (irrigation)	\$1,926
3-inch compound meter (multi-family/commercial)	\$3,081
4-inch compound meter (irrigation)	\$2,619
4-inch compound meter (multi-family/commercial)	\$4,114
6-inch turbo meter (irrigation)	\$3,913
6-inch compound meter (multi-family/commercial)	\$5,998
6-inch compact fireline meter	\$12,249
8-inch compact fireline meter	\$16,090
10-inch compact fireline meter	\$20,397

SECTION 2. The following fee schedule is adopted for the purpose of recovering the cost of the services related to providing utility services:

Utility Service	Cost
Broken Angle Stop	\$203
Reinstatement	\$55
After Hours Service Call	\$132
Service Transfer/Set Up	\$51
Door Tag	\$20
Lock Check	\$19
Broken Lock	\$45
Spacer	\$91
Construction Meter	\$64
Construction Meter Move	\$55
Construction Meter Refundable Deposit	\$1,015

SECTION 3. The City Clerk of the City of Oceanside is directed to publish this resolution once within five (5) days after its adoption in the North County Times, a newspaper of general circulation published in the City of Oceanside.

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

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 OF THE CITY OF OCEANSIDE

ATTEST:

CITY CLERK

APPROVED AS TO FORM:
Robert A. Milton, ASST.

CITY ATTORNEY

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
OCEANSIDE ADOPTING FEES FOR NEW WATER METER
EQUIPMENT AND INSTALLATION AND UTILITY SERVICES AND
EQUIPMENT PROVIDED BY THE CITY**