STAFF REPORT

DATE: September 18, 2012

TO: Utilities Commission

FROM: Cari Dale, Water Utilities Director

SUBJECT: **AWARD A CONTRACT IN THE AMOUNT OF $428,488 TO NEWEST CONSTRUCTION COMPANY, INC. FOR THE CONSTRUCTION OF THE HARBOR LIFT STATION NO. 4 FORCE MAIN REPLACEMENT PROJECT**

SYNOPSIS

Staff recommends that the Utilities Commission recommend that the City Council award a contract in the amount of $428,488 to NEWest Construction Company, Inc., of San Diego to construct the Harbor Lift Station No. 4 Force Main Replacement project located north of the San Luis Rey River and east of the Pacific Street Bridge at Harbor Drive South; and authorize the City Manager to execute the agreement upon receipt of all supporting documents.

BACKGROUND

When the Harbor was created in 1961, the entire existing utility infrastructure as it exists today was installed, including the lift stations and sewer force-mains. Since this time, the Harbor has been responsible for the operation and maintenance of the existing infrastructure. An agreement between the Harbor and the Water Utilities Department stipulates that upon the completion of either the lift station or force main improvements the Water Utilities Department would assume ownership and take over the operation and maintenance of the system moving forward.

Harbor Lift Station No. 4 consists of an existing 8-inch cast iron sewer force main which connects with North Bridge Lift Station (Exhibit A) and sends sewage to the La Salina Wastewater Treatment Facility for processing. The length of the existing force main is approximately 400 linear feet and is situated in Harbor Drive and underneath the North County Transit District's (NCTD) railroad right-of-way. Cast iron piping is susceptible to corrosion which can occur and can weaken the pipe wall over time. In addition, rust tends to accumulate in cast iron pipe thus creating a blockage over time and less carrying capacity. This sewer force main has reached the end of its useful life and needs to be replaced to ensure continued service.

The proposed project consists of replacing approximately 400 linear feet of 8-inch cast iron force main with 8-inch C900 PVC and ductile iron force main and appurtenant mechanical work within the Harbor No. 4 and North Bridge lift stations. The 8-inch ductile iron force main will be enclosed in a steel casing that will be installed across the

NCTD right-of-way. NCTD requires that anytime a pipe is installed under an existing railroad track a "casing" pipe must be installed by the jack and bore method of construction. Once the casing is installed, the force main "carrier" pipe is installed inside of the casing. The casing pipe protects the active force main from being crushed. Staff estimates that construction of the project will take approximately four months.

The project is exempt from the California Environmental Quality Act requirements.

On September 22, 2010, the City Council approved the plans and specification for the construction of the Harbor Lift Station No. 4 Force Main Replacement project and authorized the City Engineer to call for bids.

On October 28, 2010, four bids were received and opened for the Harbor Lift Station No. 4 Force Main Replacement project. After analyzing the bids and considering the best interest of the City, on December 22, 2010, City Council approved rejecting all bids and re-bidding the project at a future date.

On June 20, 2012, City Council again authorized the City Engineer to call for bids after a review and update of the engineer's estimate and budget.

ANALYSIS

On August 2, 2012, two bids were received by the Water Utilities Department (Exhibit B). The apparent low bidder is NEWest Construction Company, Inc. of San Diego with a bid of $428,488. Staff has reviewed the bid submitted by NEWest Construction Co., Inc., and finds that the bid is complete in accordance with City standards.

FISCAL IMPACT

The FY 12/13 proposed budget for the Force Main Harbor Lift Station fund (910539400751.5305.10100) is $450,000. This project is funded by the Harbor & Beaches Division; no funds from Water Utilities will be used for this project.

The bid for construction of this project is $428,488; therefore, sufficient funds are available.

CITY ATTORNEY'S ANALYSIS

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

INSURANCE REQUIREMENTS

The City's standard insurance requirements will be met.

RECOMMENDATIONS

Staff recommends that the Utilities Commission recommend that the City Council award a contract in the amount of $428,488 to NEWest Construction Company, Inc., of San Diego to construct the Harbor Lift Station No. 4 Force Main Replacement project located north of the San Luis Rey River and east of the Pacific Street Bridge at Harbor Drive South; and authorize the City Manager to execute the agreement upon receipt of all supporting documents.

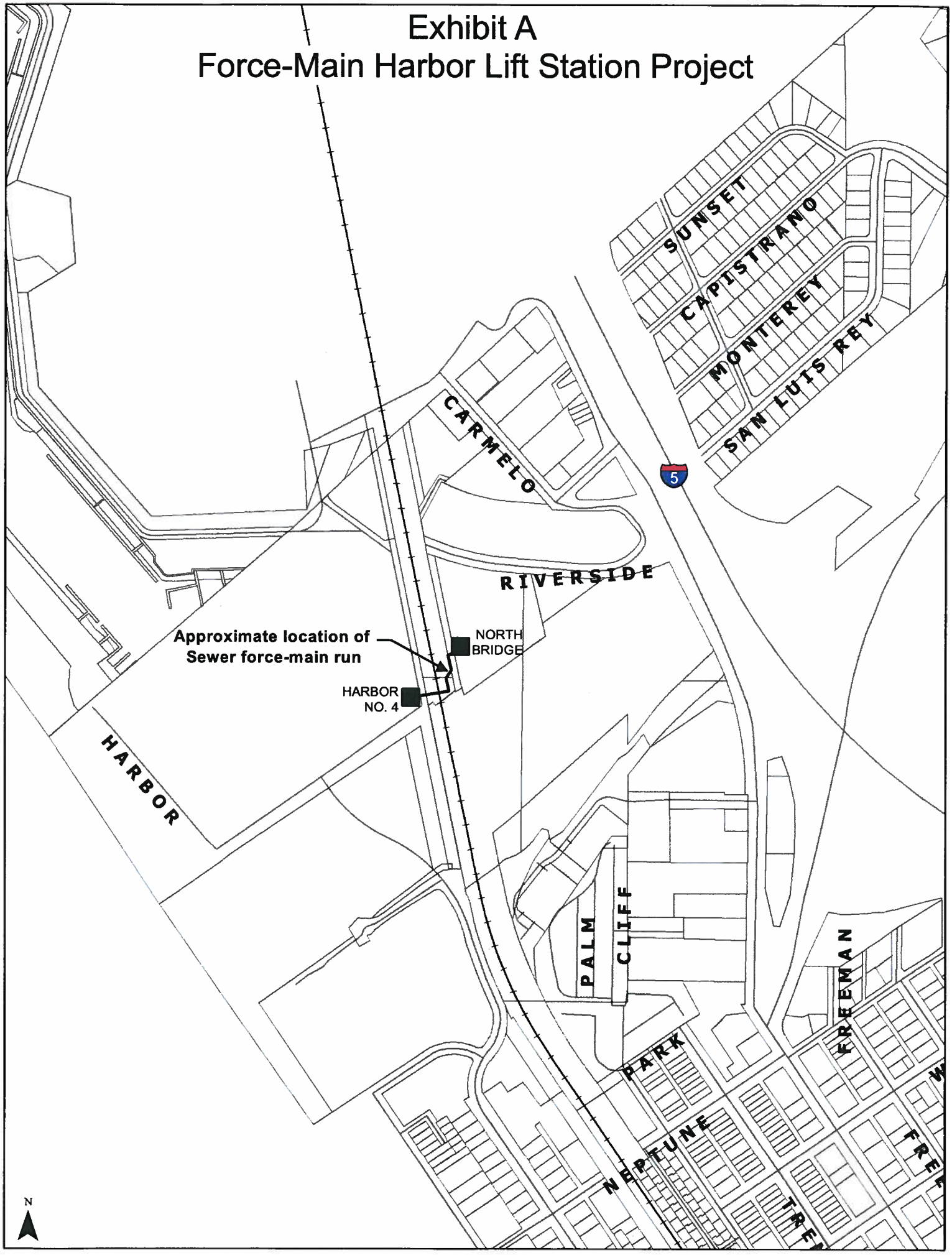
PREPARED BY:

_____

Jason Dafforn
Acting Water Utilities Division Manager

Exhibit A: Site Map
Exhibit B: Bid Results

Exhibit A
Force-Main Harbor Lift Station Project



Harbor Lift Station No. 4 Force Main Replacement
(910539400751)
August 2, 2012 BID RESULTS

EXHIBIT B

Bid Item	Description	Quantity	Unit	Engineer's Estimate Unit Price	Engineer's Estimate Extension	NEWest Const. Co., Inc. Unit Price	NEWest Const. Co., Inc. Extension	Don Hubbard Cont. Co Unit Price	Don Hubbard Cont. Co Extension
3.5 BID SCHEDULE									
1	Mobilization & Demobilization	1	LS		20,000.00	15,192.00	15,192.00	30,500.00	30,500.00
2	Perform Exploratory Excavations for Underground Utilities	1	LS		10,000.00	10,245.00	10,245.00	16,600.00	16,600.00
3	Traffic Control	1	LS		5,000.00	3,307.00	3,307.00	2,500.00	2,500.00
4	Prepare SWPPP and Provide Erosion Control	1	LS		12,000.00	7,398.00	7,398.00	9,500.00	9,500.00
5	Groundwater Dewatering	1	LS		100,000.00	75,710.00	75,710.00	186,330.00	186,330.00
6	Sewer Bypass Pumping	1	LS		10,000.00	8,583.00	8,583.00	19,500.00	19,500.00
7	Trench Sheeting, Shoring, & Bracing	1	LS		30,000.00	122,758.00	122,758.00	8,800.00	8,800.00
8	Lift Station No. 4 & North Bridge Wet Well Mechanical & Piping Improvements	1	LS		30,000.00	25,036.00	25,036.00	70,050.00	70,050.00
9	Construct 8" PVC (C900) Sewer Force Main	168	LF	310.00	52,080.00	245.00	41,160.00	480.00	80,640.00
10	Construct 8" DI Sewer Force Main with 24" Steel Casing	192	LF	600.00	115,200.00	600.00	115,200.00	920.00	176,640.00
11	Remove & Replace Sidewalk, CMU Walls, Curb & Gutter	1	LS		9,920.00	2,073.00	2,073.00	13,000.00	13,000.00
12	Preconstruction Videotapes & Photographs	1	LS		800.00	1,826.00	1,826.00	1,500.00	1,500.00
TOTAL BID SCHEDULE					395,000.00		428,488.00		615,560.00
Percent of Engineer's Estimate							108.5%		155.8%
RANKING							1		2
LISTED SUBCONTRACTORS									
5	Dewatering					Viking Drill			
9	Directional Drilling							Golden State Boring	
10	Jack & Bore					Golden State Boring		Golden State Boring	
Addendum No. 1 Acknowledged						yes		yes	

STAFF REPORT

DATE: September 18, 2012

TO: Utilities Commission

FROM: Cari Dale, Water Utilities Director

SUBJECT: **AMEND CHAPTER 29 OF THE OCEANSIDE CITY CODE BY ESTABLISHING WASTEWATER USER RATE INCREASES AND AN ORDINANCE TO AMEND CHAPTER 37 OF THE OCEANSIDE CITY CODE BY ESTABLISHING WATER USER RATE AND EXTERNAL WATER PROVIDER CHARGE INCREASES**

SYNOPSIS

Staff recommends that the Utilities Commission recommend that the City Council adopt an ordinance amending Chapter 29 of the Oceanside City Code by establishing wastewater user rate increases (Exhibit A); adopt an ordinance amending Chapter 37 of the Oceanside City Code by establishing water user rate and external water provider charge increases (Exhibit B); and direct staff to implement the user rate and external water provider charge increases.

BACKGROUND

WATER:

On April 10th, Metropolitan Water District's (MWD) Board of Directors approved average rate increases of 5%, effective January 1, 2013 and 5%, effective January 1, 2014. The 5% increases represent the average increase as seen across all of the MWD service area. The impact to Oceanside ratepayers is more than the 5% average. MWD's original rate proposal was for two years of consecutive 7.5% increases. The rate increases were opposed by San Diego water agency participants who traveled to MWD and protested the proposed rates in March of 2012. In the Water Authority's service area, the MWD rate increase accounts for an 8.5% increase in MWD costs to the Water Authority. Key drivers for MWD cost increases include increases in Metropolitan's Operations & Maintenance budget and expenditures exceeding revenues for several years.

Increases to individual MWD rate components include the Readiness-to-Serve charge increasing by 13.7%, the Capacity charge increasing by 16.2% and the cost to transport water through Metropolitan's system increasing by 14.4%. (The Readiness-to-Serve Charge is a fixed charge that recovers the cost of the portion of system capacity that is on standby to provide emergency service and operational flexibility. The Capacity

charge recovers the cost of providing peak capacity within the distribution system.) Last year's increase for the transportation rate component was 18.5%. The increase to the cost to transport water in particular, disproportionally impacts the Water Authority by increasing the MWD cost associated with the transportation portion of the rate. The Water Authority has since brought suit against MWD challenging the rate structure.

Based on these cost increases, the cost for the Water Authority to purchase and transport water from MWD will increase 9.7% for treated water and 9.6% for untreated water, effective January 1, 2013. Overall water purchases for the City, which account for 85% of overall supplies, are targeted at the purchase of 75% untreated water and 25% treated water. Fortunately, due to earlier investments in local water supplies and treatment infrastructure, the City of Oceanside is able to produce approximately 15% of its overall water demand by pumping water from the local aquifer and treating it at the Mission Basin facility as well as purchasing lower cost untreated water and treating it at the Weese facility. The production of local water and the local treatment of water at Oceanside facilities, is lower in cost as compared to purchasing treated water. Local water supplies from the Mission Basin facility will increase slightly in January of 2014 when the 511 pump station is completed. In addition, studies are underway to further expand the local desalting facility.

Rate and charge drivers for the Water Authority include; increases in MWD costs, an increase of $21 Million in senior lien debt service associated with financing the regional water system to increase water reliability, as well as persistent low water sales. Unlike MWD, the Water Authority and the City have been proactive in reducing costs to mitigate rates.

SEWER:
The City's sewer utility provides all sewer services and costs are not passed through by a wholesaler or 3rd party like the water utility. In FY 12/13, the City's cost to convey, treat and dispose of wastewater (operations and maintenance) is flat compared to FY 11/12 costs however, there was a risk management cost increase of approximately $600,000 related to historical claims. Since the last rate increases in 2011, the Department has made significant progress in setting aside funds for infrastructure improvement, maintaining minimum operating reserves, and meeting debt coverage ratios. The primary rate drivers for the recommended increase include lower revenues due to the shifting of customers between low, medium and high use sewer tiers, consistent with water use decline as well as misalignment with the application of the sewer billing tiers and the development of the rates.

ANALYSIS

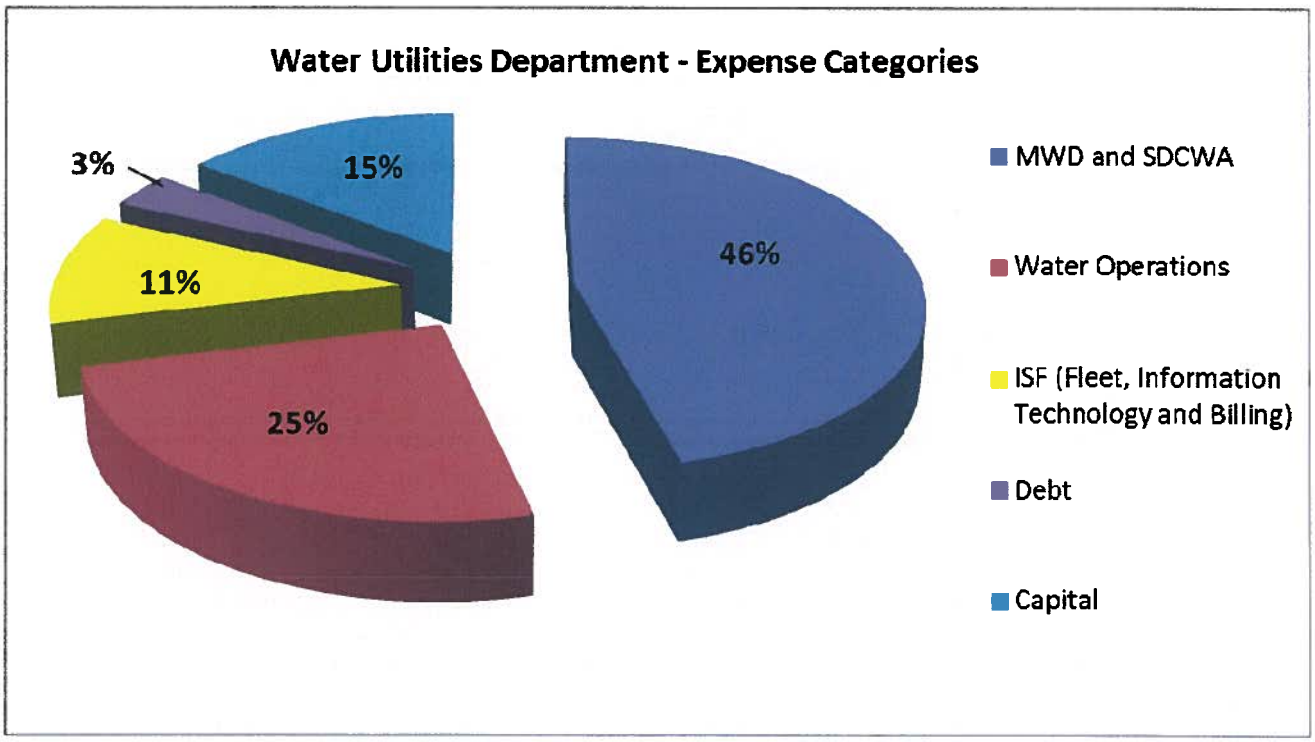
The increases from MWD and the Water Authority associated with the cost to purchase, treat and store water greatly affect the rate that Oceanside sets in order to collect adequate revenue from its customers. The City's rate consultant, Carollo Engineering, performed a water rate analysis to determine if water revenues would be sufficient to meet the higher cost associated with water deliveries. Wastewater rates were analyzed at the same time. After this in-depth review, it was determined that water and wastewater user rates need to be increased. The rate increase for water only passes

through increased costs from MWD and the Water Authority; the City's cost to produce, treat, distribute and meter water is $597,000 less than FY 11/12.

Anticipated revenues from water sales are conservative and are based upon 23,533 Acre-Feet of sales, which is a 4% reduction from FY 11/12. In the past few years, the Department has experienced dramatic reductions in water use from historic highs occurring in years previous to the drought. Water use is anticipated to continue to decline in future years as the Department implements mandatory per capita reductions called for in the State of California's 20x2020 Plan.

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

The pie chart below illustrates the major expense categories for the water utility.



Water and Wastewater Rates

Exhibits C and D respectively are summaries of the Wastewater and Water Funds' financial analyses with budgeted expenditures, projected revenues and planned capital improvement projects for FY 12/13.

The typical single-family customer using 12 units of water per month would pay the amounts listed below in January 2013.

Proposed Water Monthly Bills for SFR (using 12 units)					
Effective Date	**Service Charge**	**Commodity Charge**	**Pass-through Charges**	**Total**	**Increase per month**
Current	$14.13	$25.44	$19.26	$58.83	N/A
Proposed January 2013	$14.76	$26.76*	$21.32**	$62.84	$4.01
*Includes the Clean Water Program rate of $0.08 per unit of water					
**Includes the Authority's Infrastructure Access Charge of $2.77 for a 5/8" meter + MWD's Readiness-to-Serve Charge of $1.75 for a 5/8" meter + the Authority's surcharge of $1.40/unit of consumption.					

The proposed rate schedule for all water customer classes is listed in the attached Exhibit F. MWD and Water Authority pass-through charge increases for all customers are listed in Exhibit G.

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

Proposed Wastewater Monthly Bill for SFR				
Effective Date	**Service Charge**	**Flow Charge (Medium Use)**	**Total**	**Increase per month**
Current	$24.52	$29.53	$54.05	N/A
Proposed January 2013	$25.75	$31.01	$56.76	$2.71

The proposed rate schedule for non-single-family residential wastewater customer classes including general commercial facilities, motels, churches, schools, and RV parks includes a 5 percent increase effective January 1, 2013. The proposed rates are listed in the attached Exhibit E. Special industrial user rates affecting manufacturing and industrial establishments which generate high pollutant loadings are also proposed to increase 5 percent effective January 1, 2013. The pollutant loadings are calculated annually and are based on actual monitoring data of flow, biochemical oxygen demand, total suspended solids and ammonia. The proposed special industrial user discharger rates are listed in the attached Exhibit E and are also below.

Proposed Wastewater Industrial Flow Charge	**Parameter**	**Per unit**	**Per lb. BOD**	**Per lb. TSS**	**Per lb. Ammonia**
	Current	$2.08	$0.66	$0.37	$0.37
	Proposed January 2013	$2.18	$0.69	$0.39	$0.39

For sewer customers, there is an additional environmental mitigation surcharge proposed to pay for a pending fine with the Regional Water Quality Control Board for the discharge of raw sewage from the Haymar Sewer Interceptor during the December 2010 storms. The Board has tentatively imposed a $1.5 Million fine. Staff is providing two options to pay for the fine. The first option is a flat fee to all sewer customers. The

second option is a consumption-related charge measured by water usage. The surcharge will be assessed for approximately one year and once funds collected are sufficient to cover the cost of the fine, the proposed fee will be discontinued. The two options for the environmental surcharge are listed in the attached Exhibit H and are also below.

Proposed Environmental Mitigation Surcharge	
Option 1	$0.55/unit of consumption
Option 2	$3.30 flat fee/month

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

FISCAL IMPACT

Revenue Requirement and Bond Coverage

The analysis that was performed for the Financial Plan included a determination of the Wastewater and Water Funds' revenue requirement, which is the annual amount of revenue necessary to meet annual expenditures. The user rates and charges are calculated to generate enough revenue to meet expenses and debt obligations and must be increased if there are not sufficient to meet these requirements.

Because the Water and Sewer Funds have bonds with rate covenant requirements, it is imperative that rates and fees are set at a sufficient level to pay debt service and provide debt coverage. The increase in wastewater and water rates for all customers will provide the revenue to meet the funding requirements for calendar year 2013.

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

The proposed water rate increase will fund the 2013 increases for treated and untreated water from the Metropolitan Water District and the San Diego County Water Authority. The following fixed charge increases are as follows: The Metropolitan Water District's Readiness-To-Serve charge is a fixed charge that recovers the cost of the portion of system capacity that is on standby to provide emergency service and operational flexibility. Oceanside's 2013 costs are $1,323,905 and are recovered through a portion of the fixed charged based on meter size.

The Infrastructure Access Charge (IAC) is a fixed charged based on the customer's meter size. The Authority's IAC covers a portion of the Water Authority's projected fixed expenditures. It is recovered on the fixed charge based on meter size. This charge will increase to $2.77 for a 5/8 inch meter, effective January 1, 2013. The Capacity charge recovers the cost of providing peak capacity within the distribution system.

Oceanside also incurs fixed charges from MWD and the Water Authority for the Emergency Storage Charge Allocation in the amount of $3,340,795, the Customer Service Charge Allocation in the amount of $1,373,669 and the Capacity Charge in the amount of $357,627. The Emergency Storage Charge recovers costs associated with the Emergency Storage Program; the Customer Service Charge recovers support costs

of the Water Authority as well as costs to develop and implement policies that are demonstrated to provide regional benefit; and the Capacity Charge recovers costs associated with providing peaking capacity with the distribution system who purpose is to encourage member agencies to shift demands and avoid placing large daily peaks on the MWED system during the summer months. The overall cost for MWD and Water Authority fixed costs for CY 2013 are $8,164,076.

The overall estimated commodity charges from MWD and the Water Authority for FY 12/13 are $16,949,328.

CITY ATTORNEY'S ANALYSIS

The referenced documents are being reviewed by the City Attorney.

RECOMMENDATIONS

Staff recommends that the Utilities Commission recommend that the City Council adopt an ordinance amending Chapter 29 of the Oceanside City Code by establishing wastewater user rate increases (Exhibit A); adopt an ordinance amending Chapter 37 of the Oceanside City Code by establishing water user rate and external water provider charge increases (Exhibit B); and direct staff to implement the user rate and external water provider charge increases.

PREPARED BY:

_____

Cari Dale
Water Utilities Director

Attachment: Exhibit A
Exhibit B
Exhibit C
Exhibit D
Exhibit E
Exhibit F
Exhibit G
Exhibit H

ORDINANCE NO. _____

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

WHEREAS, on December 22, 2010, the City Council adopted Ordinance No. 10-OR0901-1 related to establishing monthly residential, non-residential water rates and external water provider charges;

WHEREAS, these water rates have been analyzed and found to be insufficient to pay for the costs of improving and upgrading necessary public water transmission, treatment storage and distribution facilities;

WHEREAS, at its June 28, 2012 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 $98 per acre foot for treated and untreated water in calendar year 2013;

WHEREAS, based on the Metropolitan Water District's 2013 rate and charge increases adopted at its April 10, 2012 Board of Director's meeting, the Authority approved an increase in the amount of its treated water cost and its untreated water cost to be levied against each agency;

WHEREAS, at its June 28, 2012 meeting, the Board of Directors of the San Diego County Water Authority ("Authority") approved an increase in the amount of its infrastructure access charge and the Metropolitan Water District's readiness-to-serve charge to be levied against each member agency,

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

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

"Sec. 37.34 Monthly service charge.

Effective January 1, 2013 and on all charges reflecting usage from and after December 1, 2012, all water service customers of the city shall be subject to a monthly service charge hereby imposed as follows:

Proposed Monthly Water Service Charge		
Meter Size	**Current**	**Proposed**
5/8" & 3/4"	$ 14.13	$ 14.76
1"	$ 31.13	$ 32.50
1 ½ "	$ 59.49	$ 62.11
2"	$ 93.51	$ 97.63
3"	$ 172.90	$ 180.51
4"	$ 234.81	$ 245.15
6"	$ 569.84	$ 594.92
8"	$ 910.07	$ 950.12
10"	$ 1,307.01	$ 1,364.52
Charges based on the size of the meter.		

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

"Sec. 37.35 Monthly consumption charge.

Effective January 1, 2013 and on all charges reflecting usage from and after December 1, 2012, all water service customers of the city shall be subject to a monthly consumption charge hereby imposed as follows:

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Proposed Monthly Water Commodity Charge			
		Current	Proposed
Charges calculated per unit of consumption:			
Single Family	1st Tier (0 - 13 units)	$ 2.05	$ 2.15
	2nd Tier (14 + units)	$ 2.35	$ 2.46
Charges calculated per residential dwelling unit:			
Master-Metered Single Family	1st Tier (0 - 13 units)	$ 2.05	$ 2.15
	2nd Tier (14 + units)	$ 2.35	$ 2.46
Multi-Family	1st Tier (0 - 7 units)	$ 1.90	$ 1.99
	2nd Tier (8 + units)	$ 2.18	$ 2.28
Manufactured Homes	1st Tier (0 - 7 units)	$ 1.90	$ 1.99
	2nd Tier (8 + units)	$ 2.18	$ 2.28
Charges calculated per unit of consumption:			
Commercial		$ 2.23	$ 2.33
Irrigation		$ 2.23	$ 2.33
Commercial Agriculture		$ 2.23	$ 2.33
Reclaimed (no change)		$ 1.81	$ 1.81
A unit of water is equal to seven hundred forty-eight (748) gallons.			

Effective January 1, 2013 and on all charges reflecting usage from and after December 1, 2012, all water service customers of the city shall be subject to a monthly clean water program charge hereby imposed as follows:

Proposed Monthly Clean Water Charge		
	Current	Proposed
Charges calculated per unit of consumption:	$ 0.07	$ 0.08

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

"Sec. 37.110 San Diego County Water Authority Surcharge

Effective January 1, 2013 and on all charges reflecting usage from and after December 1, 2012, there is hereby established a water surcharge on City of Oceanside water customers in the amount of $1.40 per unit of water. The City Council, by ordinance, may periodically adjust the surcharge based on the amount of surcharge approved by the San Diego County Water Authority.

Proposed SDCWA Pass-through Monthly Water Surcharge		
Charges calculated per unit of consumption:		
	Current	Proposed
	$ 1.24	$ 1.40

Sec. 37.111 San Diego County Water Authority Infrastructure Access Charge

Effective January 1, 2013 and on all charges reflecting usage from and after December 1, 2012, there is hereby established an infrastructure access charge on water customers of the City of Oceanside. This charge is established as follows:

Proposed SDCWA Pass-Through Monthly Infrastructure Access Charge		
Meter Size	Current	Proposed
5/8"	$ 2.71	$ 2.77
1"	$ 4.33	$ 4.44
1 ½"	$ 8.12	$ 8.31
2"	$ 14.06	$ 14.41
3"	$ 25.96	$ 26.60
4"	$ 43.36	$ 45.43
6"	$ 81.13	$ 83.10
8"	$ 140.62	$ 144.04
10"	$ 210.93	$ 216.06
Charges based on size of meter.		

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

Effective January 1, 2013 and on all charges reflecting usage from and after December 1, 2012, there is hereby established a readiness-to-serve charge on water customers of the City of Oceanside. This charge is established as follows:

Proposed MWD Pass-through Monthly Readiness to Serve Charge		
Meter Size	Current	Proposed
5/8"	$ 1.67	$ 1.75
1"	$ 4.17	$ 4.38
1 ½"	$ 8.33	$ 8.75
2"	$ 13.32	$ 14.00
3"	$ 24.97	$ 26.25
4"	$ 41.61	$ 43.75
6"	$ 83.22	$ 87.50
8"	$ 133.16	$ 140.00
10"	$ 191.41	$ 201.25
Charges based on the size of the meter. A meter equivalent is a basic 5/8" water meter used in most single-family homes. The meter equivalent factor is based on the San Diego County Water Authority's Capacity Charge factor.		

Sec. _____ Monthly Fire Service Fee

Effective January 1, 2013 and on all charges reflecting usage from and after December 1, 2012, there is hereby established a fire service fee on water accounts that provide a fire service connection within the City of Oceanside. This charge is established as follows:

Proposed Monthly Fire Service Fee		
	Current	Proposed
A flat fee charged monthly:	$ 10.70	$ 11.18

SECTION 4. The City Clerk of the City of Oceanside is hereby directed to publish this ordinance, or the title hereof as a summary, pursuant to state statute, once within fifteen (15)

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

SECTION 5. Severability.

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

INTRODUCED at a regular meeting of the City Council of the City of Oceanside held on the _____ day of _____, 2012, and, thereafter,

PASSED, AND ADOPTED by the City Council of the City of Oceanside, California this _____day of _____, 2012, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

_____
MAYOR, CITY OF OCEANSIDE

ATTEST:

APPROVED AS TO FORM:

_____
CITY CLERK

_____
CITY ATTORNEY

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

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF OCEANSIDE AMENDING OCEANSIDE CITY CODE, CHAPTER 29, ESTABLISHING SEWER USER RATE INCREASES

WHEREAS, the City of Oceanside through its Water Utilities Department Wastewater Division provides essential public health and safety services to its residents;

WHEREAS, on December 22, 2010, the City Council approved Ordinance No. 10-OR0900-1 related to establishing wastewater system monthly wastewater residential, non-residential and Group VII-Industrial/Special User rates;

WHEREAS, wastewater rates are evaluated periodically to maintain an adequate fee structure to recover costs for wastewater services;

WHEREAS, the wastewater rates have been analyzed and found to be insufficient to pay for the costs required to collect, treat and dispose of public wastewater; and

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

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

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

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

Effective January 1, 2013 and on all charges reflecting usage from and after December 1, 2012, all wastewater service customers of the city shall be subject to a monthly service charge hereby imposed as follows:

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Oceanside Proposed Monthly Wastewater Service Charge		
Meter Size	Current	Proposed
5/8", 3/4"	$24.52	$25.75
1"	$53.75	$56.44
1 ½ "	$102.50	$107.63
2"	$161.00	$169.05
3"	$297.49	$312.36
4"	$492.37	$516.99
6"	$979.99	$1,028.99
8"	$1,564.96	$1,643.21
10"	$2,247.43	$2,359.80
Charges based on the size of the meter.		

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

"Sec. 29.18 Flow charge.

Residential and non-residential customer flow charges shall be based on the quality and quantity of sewage. Effective January 1, 2013 and on all charges reflecting usage from and after December 1, 2012, all wastewater service customers, except for special users, of the city shall be subject to a monthly flow charge hereby imposed as follows:

Oceanside Proposed Monthly Wastewater Flow Charge			
Charges calculated on previous winter usage (WQA):		Current	Proposed
Single Family	Low Use (0-5.0 units)	$ 13.70	$ 14.39
	Medium Use (5.1-10.0 units)	$ 29.53	$ 31.01
	High Use (10.1+ units)	$ 57.63	$ 60.51
Charges calculated per residential dwelling unit:			
Manufactured Home		$ 15.83	$ 16.62
Master-Metered Single Family		$ 23.15	$ 24.31

Charges calculated per estimated sewer flow. 90% rate of return per unit:		
Multi-Family	$ 3.74	$ 3.93
Motels/RV Parks/Churches	$ 3.74	$ 3.93
General Commercial	$ 3.74	$ 3.93
Medium Strength	$ 4.22	$ 4.43
Medium-High Strength	$ 6.04	$ 6.34
High Strength	$ 7.22	$ 7.58
Schools	$ 3.74	$ 3.93

SECTION 3. Section 29.18 (a) is hereby amended to read as follows:

Sec. 29.18 (a) Special user flow charge.

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

Commercial Industrial Users Sampled:		
Industrial Special User	Current	Proposed
Per unit (748 gallons) discharged	$ 2.08	$ 2.18
BOD (per lb.)	$ 0.66	$ 0.69
TSS (per lb.)	$ 0.37	$ 0.39
Ammonia (per lb.)	$ 0.37	$ 0.39
Charges calculated per estimated sewer flow. Rate of return based on individual monitoring.		

Flow charges will be computed in December of each year. An overall charge will be calculated using the unit rates and the average concentrations measured for each loading parameter. This new charge will then be in effect for the following year.

SECTION 4. Section 29.24 is hereby amended to read as follows:

Sec. 29.24 Environmental Mitigation Surcharge

Effective January 1, 2013 and on all charges reflecting usage from and after December 1, 2012, for a period not to exceed one year, there is hereby established an

environmental mitigation surcharge on all wastewater service customers of the City of Oceanside.

Environmental Mitigation Surcharge	
Charges calculated	
	Proposed
	$

SECTION 5. 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 6. 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 _____, 2012, and, thereafter,

PASSED, AND ADOPTED by the City Council of the City of Oceanside, California this _____day of _____, 2012, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

_____
MAYOR, CITY OF OCEANSIDE

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

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

Exhibit C

CITY OF OCEANSIDE

WASTEWATER FINANCIAL ANALYSIS

SUMMARY 2011-2012 & 2012-2013

Revenues	**FY 2011/12**	**FY 2012/13**
Swr Svc Fees	$ 14,616,302	$ 14,642,611
Swr Flow Rev	19,886,099	19,921,894
Swr Capacity Rev (Rainbow Bill)	979,781	979,781
Other Revenues	492,534	380,074
Total Revenues	**$ 35,974,716**	**$ 35,924,360**

Expenditures	**FY 2011/12**	**FY 2012/13**
Sewer Administration and General	$ 689,315	$ 780,474
Interfund Service Charge	3,569,350	4,112,441
Facilities Maintenance	1,921,600	1,888,596
Sewer Collection	3,050,323	3,196,531
La Salina WWTP	2,752,759	3,160,123
San Luis Rey WWTP	6,418,203	6,874,892
Sewer Laboratory	830,196	778,980
Sewer SCADA Program	307,892	267,433
Sewer GIS Program	289,792	319,010
Miscellaneous Sewer Projects	611,209	11,533
Other Operating Expenses		
Wastewater Debt Service	5,425,138	5,421,938
Other Expenditures	5,109	305,109
Policy Expenditures		
FAR Funding	7,532,390	7,758,362
Total Expenditures	**$ 33,403,275**	**$ 34,875,421**
Cash Flow:	**$ 2,571,440**	**$ 1,060,472**

CAPITAL PROJECTS

Fixed Asset	**FY 2011/12**	**FY 2012/13**
La Salina WWTP Major Upgrades	$ 375,000	$ 593,600
Sewer System Odor Study		$ 200,000
Oceanside Blvd Lift Station Relocation		-
South Pacific Lift Station Rehabilitation		-
San Luis Rey Digesters Rehabilitation	40,000	275,000
Integrated Wstwtr Utilities Mstr Plan	87,500	365,500
La Salina Aeration Tank Replacement		-
San Luis Rey Maint Bldg Upgrades	30,000	250,000
San Luis Rey WWTP Major Improvmts	600,000	410,400
Land Outfall		-
Haymar Interceptor Sewer	150,000	150,000
Myers/Tait St Sewer Line	140,000	250,000
Lift Station Upgrades	400,000	400,000
Misc. Sewer Projects from O&M	1,000,000	300,000
Total:	**2,822,500**	**3,194,500**

CITY OF OCEANSIDE

WATER FINANCIAL ANALYSIS

SUMMARY 2011-2012 & 2012-2013

Revenues	**FY 2011/12**	**FY 2012/13**
Water Sales	$ 21,835,892	$ 21,630,265
Water Meter Charge	10,129,013	10,451,697
SDCWA - Surcharge	11,804,884	13,432,814
SDCWA - MWD - Readiness to Serve	1,242,101	1,345,243
SDCWA - Infrastructure Access Charge	1,719,876	1,831,910
Clean Water Program	743,634	717,557
Other Revenues	2,360,070	1,393,050
Total Revenues	**$ 49,835,470**	**$ 50,802,535**

Expenditures	**FY 2011/12**	**FY 2012/13**
Ongoing Water Operating Expenses		
Flood Control/Storm Drains	$ 785,666	$ 785,666
Water Administration and General	27,094,053	27,365,778
Interfund Service Charge	3,429,670	3,379,670
Water Distribution (prev Source of Supply)	1,503,241	1,385,741
Hydro-Electric Pumping	13,750	13,750
Water Filtration Plant	1,520,451	1,472,666
Water Desalting Plant	2,245,681	2,185,525
Water Maintenance (prev Distribution)	2,078,391	2,141,292
Water Laboratory	389,383	389,876
Water SCADA Program	299,053	243,496
Clean Water Program	1,231,362	1,146,864
Water GIS Program	376,643	322,695
Facilities Maintenance	-	270,655
Miscellaneous Water Projects	-	16,314
Water Service Connections	-	-
Water Meter Service	1,926,718	1,907,567
Other Operating Expenses		
Water Debt Service	2,692,310	2,002,613
Other Expenditures	178,206	28,206
Policy Expenditures		
Fixed Asset Replacement Funding	5,729,935	5,900,726
Total Expenditures	**$ 51,494,513**	**$ 50,942,786**
Cash Flows	**$ (1,659,043)**	**$ (140,251)**

CAPITAL PROJECTS

Fixed Asset	**FY 2011/12**	**FY 2012/13**
Weese Filtration Plant Improvements	$ 150,000	$ 94,900
Integrated Water Utilities Master Plan	125,000	475,000
No San Diego Co Water Reclamation	50,000	264,000
Desalter Major Plant Improvements	1,416,000	103,400
Mission Basin Desalting Facility Expn	-	-
Desalting Facility Minor Improvements	400,000	250,000
Pump Station Upgrades	75,000	75,000
Reservoir Structural Analysis/Rehab	200,000	200,000
So Oside Water Main Replacement		700,000
Miscellaneous Water Projects - O&M	1,000,000	300,000
Total	**$ 4,316,000**	**$ 8,212,300**

Expansion	**FY 2011/12**	**FY 2012/13**
SLR WWTP Water Reclamation	-	3,000,000
511 Pump Station	500,000	1,750,000
Ocean Desalination Feasibility Study	-	1,000,000
Total	**$ 500,000**	**$ 5,750,000**

Exhibit E

Proposed Wastewater Service Charge		
Meter Size	**Current**	**Proposed**
5/8"	$24.52	$25.75
1"	$53.75	$56.44
1 ½ "	$102.50	$107.63
2"	$161.00	$169.05
3"	$297.49	$312.37
4"	$492.37	$516.99
6"	$979.99	$1,028.99
8"	$1,564.96	$1,643.21
10"	$2,247.43	$2,359.81

Proposed Wastewater Flow Charge			
Charges calculated on previous winter usage (WQA):		**Current**	**Proposed**
Single Family	Low Use (0-5.0 units)	$ 13.70	$ 14.39
	Medium Use (5.1-10.0 units)	$ 29.53	$ 31.01
	High Use (10.1+ units)	$ 57.63	$ 60.51
Charges calculated per residential dwelling unit:			
Manufactured Home		$ 15.83	$ 16.62
Master-Metered Single Family		$ 23.15	$ 24.31
Charges calculated per estimated sewer flow. 90% rate of return per unit:			
Multi-Family		$ 3.74	$ 3.93
Motels/RV Parks/Churches		$ 3.74	$ 3.93
General Commercial		$ 3.74	$ 3.93
Medium Strength		$ 4.22	$ 4.43
Medium-High Strength		$ 6.04	$ 6.34
High Strength		$ 7.22	$ 7.58
Schools		$ 3.74	$ 3.93
Commercial Industrial Users Sampled:			
Industrial Special User		**Current**	**Proposed**
	Per unit (748 gallons) discharged	$ 2.08	$ 2.18
	BOD (per lb.)	$ 0.66	$ 0.69
	TSS (per lb.)	$ 0.37	$ 0.39
	Ammonia (per lb.)	$ 0.37	$ 0.39

Oceanside Proposed Monthly Water Service Charge		
Meter Size	**Current**	**Proposed**
5/8"	$ 14.13	$ 14.76
1"	$ 31.13	$ 32.50
1 ½ "	$ 59.49	$ 62.11
2"	$ 93.51	$ 97.63
3"	$ 172.90	$ 180.51
4"	$ 234.81	$ 245.15
6"	$ 569.84	$ 594.92
8"	$ 910.07	$ 950.12
10"	$ 1,307.01	$ 1,364.52

Oceanside Proposed Monthly Clean Water Charge		
Charges calculated per unit of consumption:	**Current**	**Proposed**
	$ 0.07	$ 0.08

Oceanside Proposed Monthly Fire Service Fee		
A flat fee charged monthly:	**Current**	**Proposed**
	$ 10.70	$ 11.18

Oceanside Proposed Monthly Water Commodity Charge			
		Current	**Proposed**
Charges calculated per unit of consumption:			
Single Family	1st Tier (0 - 13 units)	$ 2.05	$ 2.15
	2nd Tier (14 + units)	$ 2.35	$ 2.46
Charges calculated per residential dwelling unit:			
Master-Metered	1st Tier (0 - 13 units)	$ 2.05	$ 2.15
	2nd Tier (14 + units)	$ 2.35	$ 2.46
Multi-Family	1st Tier (0 - 7 units)	$ 1.90	$ 1.99
	2nd Tier (8 + units)	$ 2.18	$ 2.28
Charges calculated per unit of consumption:			
Commercial		$ 2.23	$ 2.33
Irrigation		$ 2.23	$ 2.33
Commercial Agriculture		$ 2.23	$ 2.33
Special Agricultural Water Rate		$ 1.80	$ 1.74
Reclaimed (no change)		$ 1.81	$ 1.81

Exhibit G

Current & Recommended Water Pass-through Charges

Proposed MWD Pass-through Monthly Readiness to Serve Charge		
Meter Size	Current	Proposed
5/8"	$ 1.67	$ 1.75
1"	$ 4.17	$ 4.38
1 ½"	$ 8.33	$ 8.75
2"	$ 13.32	$ 14.00
3"	$ 24.97	$ 26.25
4"	$ 41.61	$ 43.75
6"	$ 83.22	$ 87.50
8"	$ 133.16	$ 140.00
10"	$ 191.41	$ 201.25

Proposed SDCWA Pass-Through Monthly Infrastructure Access Charge		
Meter Size	Current	Proposed
5/8"	$ 2.71	$ 2.77
1"	$ 4.33	$ 4.44
1 ½"	$ 8.12	$ 8.31
2"	$ 14.06	$ 14.41
3"	$ 25.96	$ 26.60
4"	$ 43.36	$ 45.43
6"	$ 81.13	$ 83.10
8"	$ 140.62	$ 144.04
10"	$ 210.93	$ 216.06

Proposed SDCWA Pass-through Monthly Water Surcharge		
Charges calculated per unit of consumption:	Current	Proposed
	$ 1.24	$ 1.40

Exhibit H

Environmental Mitigation Surcharge (option 1)	
Charges calculated per unit of consumption:	Proposed
	$ 0.55

Environmental Mitigation Surcharge (option 2)	
A flat fee charged monthly:	Proposed
	$ 3.30

STAFF REPORT

DATE: September 18, 2012

TO: Utilities Commission

FROM: Cari Dale, Water Utilities Director

SUBJECT: **ADOPT AN ORDINANCE TO PERMIT AN EXEMPTION FROM PAYMENT OF WATER CAPACITY CHARGES FOR INCREASES IN METER SIZE NECESSARY TO ACCOMMODATE STANDBY CAPACITY FOR RESIDENTIAL FIRE SPRINKLERS IN SINGLE FAMILY DWELLINGS**

SYNOPSIS

Staff recommends that the Utilities Commission recommend that the City Council adopt an Ordinance to permit an exemption from payment of water capacity charges for increases in meter size necessary to accommodate standby capacity for residential fire sprinklers in single family dwellings and direct staff to implement the charges.

BACKGROUND

Standby capacity charges are those charges which recoup the investment in the water infrastructure to serve the demands of the customer. The Water Authority put an ordinance in place which defines how the capacity charge is administered. In 2002, the Water Authority Board of Directors amended its capacity charge ordinance to not impose a capacity on a person who replaces an existing residential water meter less than one inch in size with a residential water meter one inch in size when the replacement is necessary in conjunction with the installation and operation of a residential fire sprinkler system.

In 2008, the Water Authority Board of Directors amended its capacity charge ordinance to also allow new residential properties the same exemption. In simple terms, the changes allowed a savings for single family residential customers such that capacity was paid for based on fixture counts and anticipated water use without the charge for the additional standby capacity needed to serve a required residential fire sprinkler system. The exemption only applies to single family residential residences.

ANALYSIS

A new law which took effect on January 1, 2011, requires that a fire sprinkler system be installed in all new single family home construction. The requirement results in an increase in the meter and capacity size needed to serve a single family residential home. The Water Authority ordinance allows member agencies such as Oceanside, the flexibility in determining the service requirements for single family residential property by

permitting the capacity charge to be determined based on the fixture counts, without regard for the additional capacity for the addition of the fire sprinkler system. Staff has informally been implementing this policy since 2011.

FISCAL IMPACT

The capacity charge will be based on anticipated water use for the size of meter that would be required for the property as if the fire sprinkler system were not required, the property owner or developer will still be contributing a fair share of the system equity.

CITY ATTORNEY'S ANALYSIS

The referenced documents are being reviewed by the City Attorney.

RECOMMENDATIONS

Staff recommends that the Utilities Commission recommend that the City Council adopt an Ordinance to permit an exemption from payment of water capacity charges for increases in meter size necessary to accommodate standby capacity for residential fire sprinklers in single family dwellings and direct staff to implement the charges.

PREPARED BY:

_____

Cari Dale
Water Utilities Director