STAFF REPORT

ITEM NO. 21

CITY OF OCEANSIDE

DATE: October 17, 2012

TO: Honorable Mayor and City Councilmembers

FROM: Water Utilities Department

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

SYNOPSIS

Staff recommends that the City Council introduce an ordinance amending Chapter 29 of the Oceanside City Code by establishing wastewater user rate increases (Exhibit A); introduce 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 10, 2012, Metropolitan Water District's (MWD) Board of Directors approved average rate increases of 5 percent, effective January 1, 2013, and 5 percent, effective January 1, 2014. The 5 percent increases represent the average increase as seen across all of the MWD service area. The impact to Oceanside ratepayers is more than the 5 percent average. MWD's original rate proposal was for two years of consecutive 7.5 percent 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 percent 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 percent, the Capacity charge increasing by 16.2 percent and the cost to transport water through Metropolitan's system increasing by 14.4 percent. (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 percent. The increase to the cost to transport water, in particular, disproportionally impacts the San Diego County Water Authority (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 percent for treated water and 9.6 percent for untreated water, effective January 1, 2013. Overall water purchases for the City, which account for 85 percent of overall supplies, are targeted at the purchase of 75 percent untreated water and 25 percent treated water. Fortunately, due to earlier investments in local water supplies and treatment infrastructure, the City of Oceanside is able to produce approximately 15 percent 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 third party like the water utility. In FY 12/13, the City's anticipated costs to convey, treat and dispose of wastewater (operations and maintenance) are 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 of 5 percent includes 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

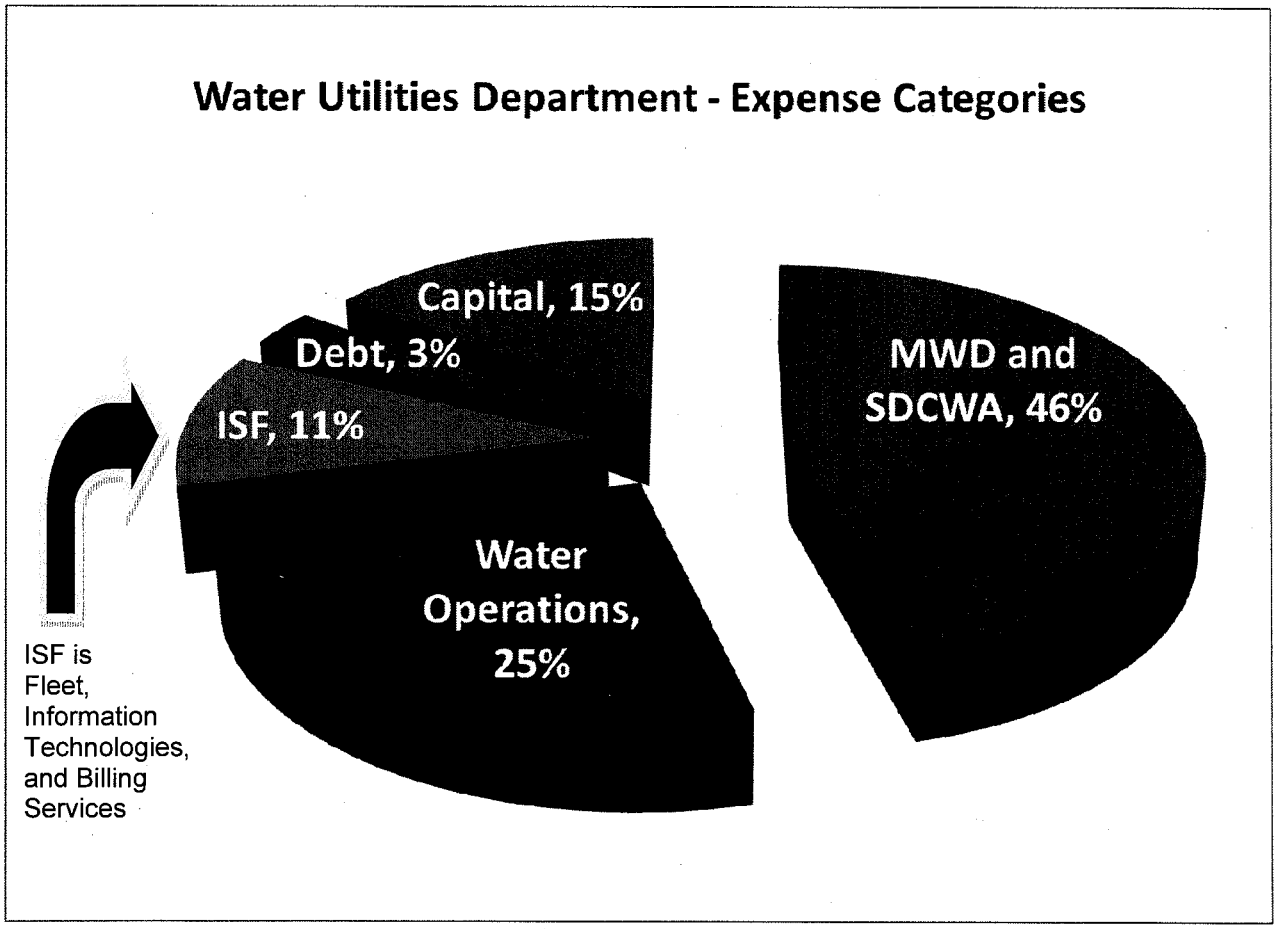
The increases from MWD and the Water Authority associated with the cost to purchase, treat and store water greatly affect the rate that Oceanside sets in order to collect adequate revenue from its customers. The City's rate consultant, Carollo Engineering, performed a water rate analysis to determine 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 passes through increased costs from MWD and the Water Authority.

Anticipated revenues from water sales are conservative and are based upon 23,533 Acre-Feet of sales, which is a 12 percent 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 E. 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 F. 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 F 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 and staff is in the

process of working with the Board staff to finalize the fine. The proposed environmental mitigation surcharge is a consumption-related charge measured by water usage and would be charged on all accounts with sewer service. The surcharge will be assessed starting January 1, 2013, for approximately one year and once funds collected are sufficient to cover the cost of the fine, the proposed fee will be discontinued. In the event the fine is less, the amount of time the fee will be collected will decrease. The environmental surcharge is listed in the attached Exhibit H.

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

All existing utility customers were notified of the proposed rate increases by an insert in the monthly water utility bills starting with the billing cycle on July 4, 2012 and ending with the last monthly billing cycle on August 2, 2012. This notification is in compliance with Proposition 218.

FISCAL IMPACT

Revenue Requirement and Bond Coverage

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

Alternative

The total increase for Water is $2.6 Million and for Wastewater $1.8 Million; these figures reflect increased revenues for the calendar year, not just the fiscal year. In the event the Council does not approve the rate increases, there are insufficient reserves in the Water and Wastewater accounts to absorb the increased costs. The City will still be obligated to make the increased payments to MWD, and the only option would be to reduce operating expenses.

As an alternative to the rate increases, the Council would have to authorize the City Manager to take all necessary actions to reduce personnel and operating costs to the level equal to the needed rate increases. The City Manager would be authorized, without further Council action, to identify all the necessary position reductions, follow the mandated Meet and Confer processes as outlined in the various MOU's and initiate the position reductions in a timeframe to meet the scheduled payments to MWD.

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 charge based on meter size.

The Infrastructure Access Charge (IAC) is a fixed charge based on the customer's meter size. The Authority's IAC covers a portion of the Water Authority's projected fixed expenditures. It is recovered on the fixed charge based on meter size. This charge will increase to $2.77 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 whose purpose is to encourage member agencies to shift demands and avoid placing large daily peaks on the MWD system during the summer months. The overall cost for MWD and Water Authority fixed costs for CY 2013 are $8,164,076.

The Environmental Mitigation Fee would require:

Environmental Mitigation Fee	$0.55/unit of Consumption	Revenue Account 1721.4476.0006	New Appropriation (Fine/Settlement) Expense 800010721.5315.0006
		$1,500,000	$1,500,000

The overall estimated commodity charges from MWD and the Water Authority for FY 12/13 are $16,949,328. No adjustment to budget necessary since increased rates were included in the adopted FY 12/13 budget.

COMMISSION OR COMMITTEE REPORT

The Utilities Commission approved staff's recommendation at its regularly scheduled meeting on September 18, 2012.

CITY ATTORNEY'S ANALYSIS

The City Council is authorized to hold a public hearing in this matter. Consideration of the matter should be based on the testimony and evidence presented at the hearing. After conducting the public hearing, in the absence of written protests by owners of a

majority of the affected properties, the Council may increase the fees up to the amounts identified in the Proposition 218 notices. The supporting documents have been reviewed and approved as to form by the City Attorney.

RECOMMENDATIONS

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

PREPARED BY:

Cari Dale
Water Utilities Director

SUBMITTED BY:

Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Teri Ferro, Financial Services Director

Exhibit A: Resolution Amending Chapter 29
Exhibit B: Resolution Amending Chapter 37
Exhibit C: Wastewater Financial Analysis
Exhibit D: Water Financial Analysis
Exhibit E: Proposed Water Rate Schedule
Exhibit F: Proposed Wastewater Rate Schedule
Exhibit G: Proposed MWD and Water Authority Pass-through Charges
Exhibit H: Proposed Environmental Mitigation Surcharge

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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Meter Size	Monthly Wastewater Service Charge
5/8", 3/4"	$25.75
1"	$56.44
1 ½"	$107.63
2"	$169.05
3"	$312.36
4"	$516.99
6"	$1,028.99
8"	$1,643.21
10"	$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:

Charges calculated on previous winter usage (WQA):		**Monthly Wastewater Flow Charge**
Single Family	Low Use (0-5.0 units)	$14.39
	Medium Use (5.1-10.0 units)	$31.01
	High Use (10.1+ units)	$60.51
Charges calculated per residential dwelling unit:		
Manufactured Home		$16.62
Master-Metered Single Family		$24.31
Charges calculated per estimated sewer flow. 90% rate of return per unit:		
Multi-Family		$3.93
Motels/RV Parks/Churches		$3.93
General Commercial		$3.93
Medium Strength		$4.43

Medium-High Strength	$6.34
High Strength	$7.58
Schools	$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:

Industrial Special User	Special User Monthly Wastewater Flow Charge
Per unit (748 gallons) discharged	$2.18
BOD (per lb.)	$0.69
TSS (per lb.)	$0.39
Ammonia (per lb.)	$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.

Charges calculated per unit of water consumption	**Environmental Mitigation Surcharge**
	$0.55

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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.

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:

_____, ASST
CITY ATTORNEY

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

ORDINANCE NO. _____

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

WHEREAS, on 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:

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:

Meter Size	Monthly Water Service Charge
5/8" & 3/4"	$14.76
1"	$32.50
1 ½ "	$62.11
2"	$97.63
3"	$180.51
4"	$245.15
6"	$594.92
8"	$950.12
10"	$1,364.52

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:

Monthly Water Consumption Charge			
Charges calculated per unit of consumption:			
Single Family	1st Tier	(0 - 13 units)	$2.15
	2nd Tier	(14 + units)	$2.46
Charges calculated per residential dwelling unit:			
Master-Metered Single Family	1st Tier	(0 - 13 units)	$2.15
	2nd Tier	(14 + units)	$2.46
Multi-Family	1st Tier	(0 - 7 units)	$1.99
	2nd Tier	(8 + units)	$2.28
Manufactured Homes	1st Tier	(0 - 7 units)	$1.99
	2nd Tier	(8 + units)	$2.28

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Monthly Water Consumption Charge			
Charges calculated per unit of consumption:			
Commercial			$2.33
Irrigation			$2.33
Commercial Agriculture			$2.33
Reclaimed (no change)			$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:

Charges calculated per unit of consumption:	Monthly Clean Water Charge
	$ 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 pass-through 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.

"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 a pass-through infrastructure access charge on water customers of the City of Oceanside. This charge is established as follows:

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SDCWA Pass-Through Monthly Infrastructure Access Charge	
Meter Size	Monthly Charge
5/8"	$2.77
1"	$4.44
1 ½"	$8.31
2"	$14.41
3"	$26.60
4"	$45.43
6"	$83.10
8"	$144.04
10"	$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:

MWD Pass-through Monthly Readiness to Serve Charge	
Meter Size	Monthly Charge
5/8"	$ 1.75
1"	$ 4.38
1 ½"	$ 8.75
2"	$ 14.00
3"	$ 26.25
4"	$ 43.75
6"	$ 87.50
8"	$ 140.00
10"	$ 201.25
Charges based on the size of the meter.	

SECTION 4. Sec. 37.36 is hereby amended to read as follows:

"Sec. 37.36 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:

	Monthly Fire Service Fee
A flat fee charged monthly	$11.18

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 37, ESTABLISHING WATER USER RATE AND EXTERNAL WATER PROVIDER CHARGE 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**

Exhibit D

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

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 F

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

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	
Charges calculated per unit of consumption:	Proposed
	$ 0.55