

## STAFF REPORT



## CITY OF OCEANSIDE

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DATE: December 19, 2012

TO: Honorable Mayor and City Councilmembers

FROM: Water Utilities Department

SUBJECT: **ADOPTION OF A RESOLUTION TO ADJUST FEES FOR WATER METER AND UTILITY SERVICE, AND ESTABLISH FEES FOR RV DUMP STATIONS AND FATS, OILS AND GREASE PERMITS**

**SYNOPSIS**

Staff recommends that the City Council adopt a resolution (Exhibit A) to adjust fees for new meters and their installation; adjust fees for utility services related to account establishment, after-hours service calls, multi-unit door tags, reinstatement of services, broken locks and lock checks, and meter examinations; establish fees for Recreational Vehicle (RV) Dump Stations as well as Fats, Oils and Grease (FOG) permits; and direct staff to implement the changes.

**BACKGROUND**

On September 8, 2010, the City Council adopted a resolution to adjust costs associated with new meters and utility service fees. During the 2010 analysis, it was determined that the escalating cost of labor, materials, and equipment superseded the revenue from the fees, which were intended to recover those costs. Two years later, staff updated its cost of service analysis resulting in adjustments to the labor and equipment fees necessary to ensure sufficient cost recovery for these water meter costs and utility services. The analysis also identified services being provided at no charge and therefore, not recovering the cost of service.

**ANALYSIS**

The current fees for new meters and installation do not accurately reflect the costs associated with the equipment and labor. The Water Utilities Department has recently recognized a cost savings by purchasing a new brand of water meter that comes fully loaded with many of the components previously purchased separately, thereby reducing the total cost for 40 percent of the meter sizes. Table 1 lists both the current and proposed costs for equipment and labor for each water meter size and type. These fees include only the costs for the equipment and labor and exclude the costs of San Diego County Water Authority and City buy-in costs.

Meter Type and Size	Current Fee	Proposed Fee	Increase/ (Decrease)
5/8" Meter	\$ 337.68	\$ 365.93	\$ 28.25
3/4" Meter (for Fire Service only)	\$ 353.01	\$ 402.68	\$ 49.67
1" Meter	\$ 437.16	\$ 482.23	\$ 45.07
1 1/2" Meter	\$ 971.84	\$ 1,861.19	\$ 889.35
2" Meter (Irrigation)	\$ 1,607.62	\$ 1,845.34	\$ 237.72
2" Meter (Multi-Family, Commercial)	\$ 2,572.22	\$ 2,188.67	\$ (383.55)
3" Meter (Irrigation)	\$ 1,925.84	\$ 1,500.95	\$ (424.89)
3" Meter (Multi-Family, Commercial)	\$ 3,080.63	\$ 2,287.99	\$ (792.64)
4" Meter (Irrigation)	\$ 2,618.60	\$ 2,733.11	\$ 114.51
4" Meter (Multi-family, Commercial)	\$ 4,113.57	\$ 3,826.73	\$ (286.84)
6" Meter (Irrigation)	\$ 3,912.69	\$ 4,827.58	\$ 914.89
6" Meter (Multi-family, Commercial)	\$ 5,998.00	\$ 6,525.62	\$ 527.62
6" Compact Fireline Meter	\$ 12,249.40	\$ 10,665.89	\$(1,583.51)
8" Compact Fireline Meter	\$ 6,089.91	\$ 15,692.89	\$ (397.02)
10" Compact Fireline Meter	\$ 20,397.28	\$ 22,844.88	\$ 2,447.60

Table 1

There were also several fees that decreased in cost; a decrease in fees charged for account establishment, after-hours service calls, broken locks, and reinstatement of service are due to a reduction in the costs to provide the service. This reduction is a result of advanced technology, improved efficiencies, and streamlined approaches to workflow; this emphasis being the cornerstone of the Water Utilities Department's Strategic Plan. Services with recommended reduced costs are summarized in Table 2.

UTILITY SERVICE	Current Cost	Proposed Cost	Increase/ (decrease)
Reinstatement Fee	\$ 55.00	\$ 30.00	(\$ 25.00)
Automated Delinquent Notification Fee	None	\$ .25	\$ .25
After Hours Service Call	\$ 132.00	\$ 95.00	(\$ 37.00)
Set Up Fee	\$ 51.00	\$ 35.00	(\$ 16.00)
Broken Lock	\$ 45.00	\$ 25.00	(\$ 20.00)
Lock Check	\$ 19.00	remove	(\$ 19.00)
Multi-Family Tagging Charge	\$ 20.00	\$ 40.00	\$ 20.00
Industrial Waste Permit	\$ 100.00	\$147.00	\$ 47.00
Customer Requested In-Field Meter Exam	\$ 3.00	\$115.00	\$112.00
Meter Exam (independent contractor)	None	Invoice actual cost	actual cost
Broken Angle Stop	\$ 203.00	Invoice actual cost	will vary
Food, Oil and Grease (FOG) Permit	None	\$ 147.00	\$ 147.00
Recreational Vehicle (RV) Dump Site (per site)	None	\$ 100.00	\$ 100.00

Table 2

At their current rate, utility service fees for multi-unit tagging, customer-requested meter examinations, and Industrial Waste permits do not recover the costs associated with the equipment and labor. An increase is recommended to comply with cost of service principles. The fees are explained in further detail as follows:

- The multi-unit tag fee is applied in situations where one meter serves multiple dwelling units such as an apartment complex, and the account is delinquent. In

these instances, notification is required per the California Water code, to be placed at the property (as opposed to being sent in the mail). Each dwelling unit receives a tag notifying of the delinquency, but only one fee will be charged to the account holder. Water Utilities staff is currently working with Information Technologies to implement this service.

- Customer-requested meter examinations occur when a customer requests that the water meter be examined and tested by water department staff in order to determine whether or not it is accurately registering the amount of water being used. The current fee is \$3 and the recommended fee is \$115.
- An industrial wastewater discharge permit is required for significant industrial users connecting to or contributing industrial wastewater to the public treatment system. The application for the permit requires the industrial user to submit site plans, floor plans, and plumbing plans that show details of sewer connections and sampling locations. The results from the samplings will determine the load strength of the discharge and the resulting industrial sewer flow charge. There are approximately 20 industrial users affected by this fee update.
- The automated delinquent notification fee will be used to notify individuals by an automated phone message rather than by manually tagging at the customer's residence or place of business.

The proposed updates to the utility service fees accurately reflect the current cost of labor and equipment.

### **FISCAL IMPACT**

The proposed new meter and installation fees would recover the costs associated with providing those services. In FY 11/12, the Water Utilities Department installed 88 new meters of various sizes and received \$44,054 in revenue. If the same number of meters is installed in FY 12/13 at the proposed increased costs, the revenue generated would be \$48,867 for a total gain of \$4,813. Table 3 below details this illustrative calculation:

Meter Type And Size	Current Cost	Proposed Cost	Amount of Increase or (Decrease)	Meters Sold FY 11/12	Estimated Annual Revenue at Proposed Increase or (Decrease)	Est. Revenue at Current Rate	Est. Revenue Increase/ (Decrease)
5/8" Meter	\$ 337.68	\$ 365.93	\$ 28.25	33	\$ 12,075.69	\$11,143.44	\$ 932.25
3/4" Meter	\$ 353.01	\$ 402.68	\$ 49.67	43	\$ 17,315.24	\$15,179.43	\$ 2,135.81
1" Meter	\$ 437.16	\$ 482.23	\$ 45.07	3	\$ 1,446.69	\$ 1,311.48	\$ 135.21
1 1/2" Meter	\$ 971.84	\$1,861.19	\$ 889.35	3	\$ 5,583.57	\$ 2,915.52	\$ 2,668.05
2" Meter	\$ 1,607.62	\$1,845.34	\$ 237.72	2	\$ 3,690.68	\$ 3,215.24	\$ 475.44
2" Meter	\$ 2,572.22	\$2,188.67	\$ (383.55)	4	\$ 8,754.68	\$10,288.88	\$ (1,534.20)
<b>Est. Total Annual Revenue Increase or (Decrease)</b>				<b>88</b>	<b>\$ 48,866.55</b>	<b>\$44,053.99</b>	<b>\$ 4,812.56</b>

Table 3

The proposed annual utility service fee updates would recover the adjusted costs associated with providing those services. In FY 11/12, the revenue collected for the

services in Table 4 was \$371,179. If the same number of services were provided in FY 12/13 at the proposed costs, the revenue generated would be \$241,285 for a total loss of \$126,894. The cost benefit results from a reduction of both labor and equipment required to achieve the same results and avoid any loss of revenue.

Utility Services	Current Cost	Proposed Cost	Increase/ (Decrease)	Average times service provided annually	Revenue at Current Rate	Estimated Annual Revenue with Updated Fees	Est. Revenue Annual Increase/ (Decrease)
Reinstatement 1711.4471.0002	\$ 55.00	\$ 30.00	\$ (25.00)	1,366	\$75,130.00	\$ 40,980.00	\$(34,150.00)
After hour service call 1711.4471.0002	\$132.00	\$ 95.00	\$ (37.00)	139	\$18,348.00	\$ 13,205.00	\$ (5,143.00)
Set Up Fee 1711.4471.0002	\$ 51.00	\$ 35.00	\$ (16.00)	5,181	\$264,231.00	\$181,335.00	\$(82,896.00)
Broken lock 1711.4471.0002	\$ 45.00	\$ 25.00	\$ (20.00)	18	\$ 810.00	\$ 450.00	\$ (360.00)
Lock check 1711.4471.0002	\$ 19.00	remove	\$ (19.00)	355	\$ 6,745.00	\$ -	\$ (6,745.00)
Multi-unit tag	\$ 20.00	\$ 40.00	\$ 20.00	45	\$ 900.00	\$ 1,800.00	\$ 900.00
Industrial Waste Permit	\$100.00	\$147.00	\$ 47.00	20	\$ 2,000.00	\$ 2,940.00	\$ 940.00
Meter Exam - in field	\$ 3.00	\$115.00	\$ 112.00	5	\$ 15.00	\$ 575.00	\$ 560.00
Meter Exam - send out	None	Actual cost	Actual cost				
Broken Angle Stop	\$203.00	Actual cost	Will vary				
(FOG) Permit	None	\$147.00	\$ 147.00	125	\$ -	\$ 18,375.00	\$ 18,375.00
(RV) Dump Site	None	\$100.00	\$ 100.00	15	\$ -	\$ 1,500.00	\$ 1,500.00
<b>Est. Total Annual Revenue Increase/(Decrease)</b>					<b>\$368,179</b>	<b>\$240,785</b>	<b>\$(126,394)</b>

Table 4

These changes will not need a budget adjustment.

**COMMISSION OR COMMITTEE REPORT**

The Utilities Commission will be updated at its regular meeting on January 8, 2013.

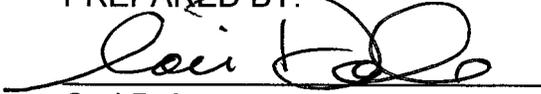
**CITY ATTORNEY'S ANALYSIS**

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

**RECOMMENDATIONS**

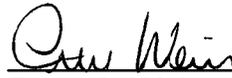
Staff recommends that the City Council adopt a resolution (Exhibit A) to adjust fees for new meters and their installation; adjust fees for utility services related to account establishment, after-hours service calls, multi-unit door tags, reinstatement of services, broken locks and lock checks, and meter examinations; establish fees for Recreational Vehicle (RV) Dump Stations as well as Fats, Oils and Grease (FOG) permits; and direct staff to implement the changes.

PREPARED BY:



Cari Dale  
Water Utilities Director

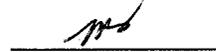
SUBMITTED BY:



Peter A. Weiss  
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager



Teri Ferro, Financial Services Director



Exhibit A: Resolution





6"	Meter (Irrigation)	\$ 3,912.69	\$ 4,827.58
6"	Meter (Multi-family, Commercial)	\$ 5,998.00	\$ 6,525.62
6"	Compact Fireline Meter	\$ 12,249.40	\$ 10,665.89
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10"	Compact Fireline Meter	\$ 20,397.28	\$ 22,844.88

SECTION 2. The following fee schedule changes are adopted for the purpose of properly aligning the current cost of recovery related to providing utility services:

UTILITY SERVICE	Current Cost	Proposed Cost
Reinstatement Fee	\$ 55.00	\$ 30.00
Automated Delinquent Notification Fee	None	\$ .25
After Hours Service Call	\$ 132.00	\$ 95.00
Set Up Fee	\$ 51.00	\$ 35.00
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Recreational Vehicle (RV) Dump Site	None	\$ 100.00

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 OF THE CITY OF OCEANSIDE

ATTEST:

APPROVED AS TO FORM:

*Patricia Hamilton, ASST.*

\_\_\_\_\_  
CITY CLERK

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