

STAFF REPORT



CITY OF OCEANSIDE

DATE: November 6, 2013

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 City Code by establishing wastewater user rate increases; introduce an ordinance amending Chapter 37 of the City Code by establishing water 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. 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 0.6 percent, the Capacity charge for Oceanside increasing by 17 percent and the cost to transport water through Metropolitan's system increasing by 4.3 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.) The increase to the cost to transport water in particular, disproportionately 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. The lawsuit is scheduled to go to trial in December 2013. There will not be a judgment prior to the effective date of the rate increases from MWD.

Based on these cost increases, the cost for the Water Authority to purchase and transport water from MWD will increase 5.1 percent for treated water and remain flat for untreated water, effective January 1, 2014. 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 are lower in cost as compared to purchasing treated water. Local water supply production from the Mission Basin facility will increase slightly with the 511 pump station completion. In addition, studies are underway to further expand the local desalting facility.

The proposed rates are recommended for modest changes as a result of the Cost of Service Study and other Water Authority and Water Department efficiencies, consolidations and performance improvements.

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 2013-14 the City's cost to convey, treat and dispose of wastewater (operations and maintenance) is flat compared to FY 2012-13 costs. Since the last rate increases in 2013, the Department has set aside funds for infrastructure improvement, maintained minimum operating reserves, met debt coverage ratios and significantly improved the credit rating of the utility. The primary rate drivers for the recommended increase include infrastructure repairs and reinvestment in the system.

COST OF SERVICE STUDY:

In May of 2013, the City of Oceanside's Water Utilities Department commissioned a comprehensive Cost of Service Study (COSS) for the water and wastewater utilities. The study analyzed financial needs, customer usage patterns, and the current rate structure equity of each utility. The study group found that the current structures (developed in the 2007 Cost of Service Study) were valid. However, it recommended that some adjustments to the structure be made to better reflect changing consumption patterns for each customer class. The proposed water rates, pass-through charges, and wastewater rates reflect the recommendations of the Cost of Service Study.

In preparing the study, Carollo Engineers used actual water usage data to develop the recommended rates. Since the last cost of service study, there were significant shifts in usage patterns, driven by drought conditions and water cutbacks. Although shifts in water usage were observed throughout all user classes, shifts were most significant for single family residential (SFR) customers because these customers typically have more ability to curb outdoor irrigation use than other user classes. Outdoor irrigation for SFR customers is generally the largest use of water for this customer class.

Historically, in years when no Cost of Service Study was performed, the rate increase was applied uniformly to all customer classes. This year, although the rates for both water and for sewer reflect an overall increase in revenues, the recommended rate

adjustment is unique to each customer class to reflect historical water usage patterns and the Cost of Service Study findings. The major recommendations from the Cost of Service Study include;

- Rate adjustments unique to each customer class to reflect historical water usage patterns and use of the system,
- Breaking out the wastewater charge into two parts – the customer charge and the service charge. The fixed customer charge is the same for every customer across all classes and reflects costs associated with billing, the call center, administration and customer service.

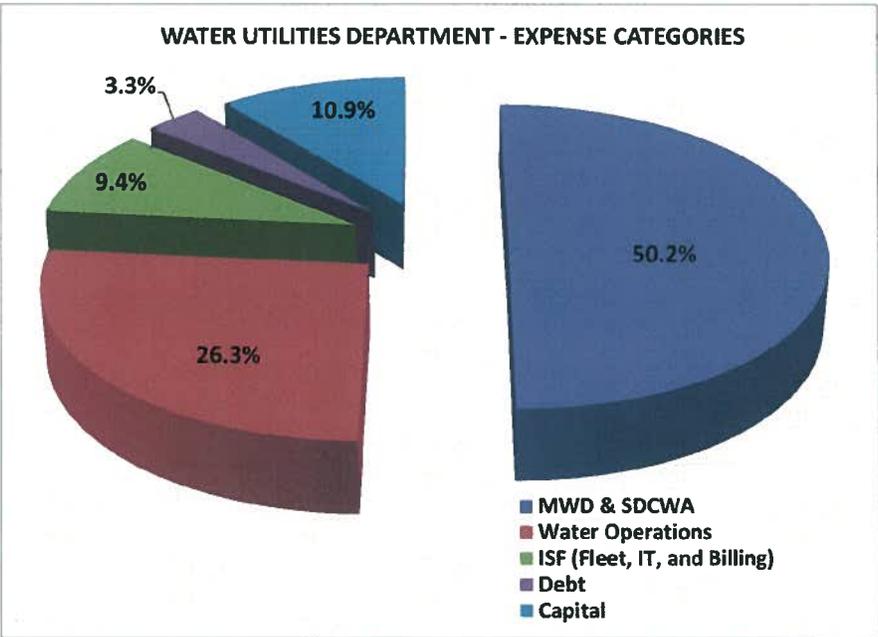
ANALYSIS

Anticipated revenues from water sales are conservative and are based upon 26,577 Acre-Feet of sales, which is a 1.75 percent reduction from actual usage in FY 2012-13. In the past year, the Department experienced a slight rebound in water use compared to recent historical reductions occurring in years after the drought. Water use is anticipated to decline slightly 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. Major goals in setting the rates were to ensure that the increase;

- Met debt coverage requirements
- Provided sufficient cash flow
- Planned for long-term spending and Capital Improvement Plan implementation
- Smoothed rates

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



Water and Wastewater Rates

Exhibits A and B respectively are summaries of the Wastewater and Water Funds' financial analyses with budgeted expenditures, projected revenues and planned capital improvement projects for FY 2013-14.

The typical single-family customer using 12 units of water per month would pay the amounts listed below in January 2014.

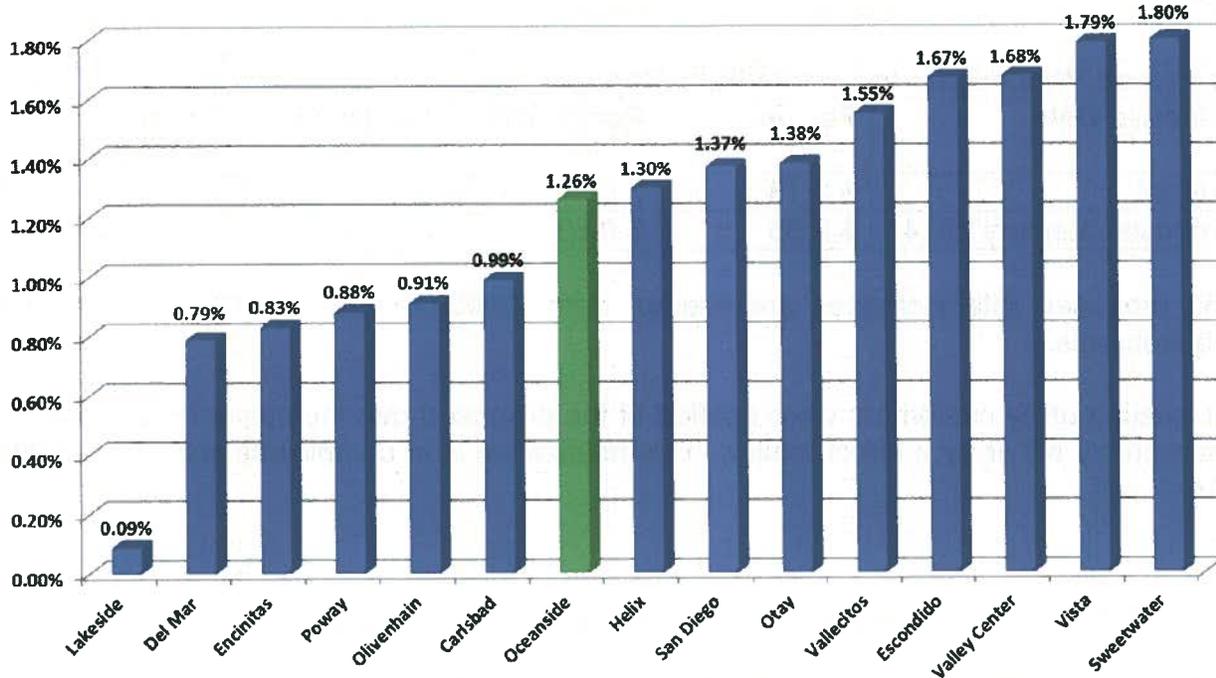
Proposed Water Monthly Bills for SFR (using 12 units)					
Effective Date	Service Charge	Commodity Charge	Pass-through Charges	Total	Increase per month
Current	\$14.76	\$26.76	\$21.32	\$62.84	N/A
Proposed January 2014	\$13.35	\$27.00*	\$22.53**	\$62.88	\$0.04
*Includes the Clean Water Program rate of \$0.10 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 \$1.76 for a 5/8" meter + the Authority's surcharge of \$1.50/unit of consumption.					

An indicator of whether water is affordable is the affordability matrix. This matrix is used by the Pacific Institute and is measured by the percentage of median household income spent annually on water services. Typically, the water affordability threshold is measured at 2 percent of median household income. Under the proposed rates for Single Family Residential customers using 12 units of water, the affordability index is 1.26 percent, indicating that water services are affordably priced.

A comparison of the water affordability index to other San Diego water agencies is below.

MEMBER AGENCY WATER AFFORDABILITY INDEX

Affordability Metric = Annual Water Bill / Median Household Income



The proposed rate schedules for all water customer classes are listed in the attached Exhibits C and D. MWD and Water Authority pass-through charge increases for all customers are listed in Exhibit D.

Fire protection line service charges, which apply to non-residential water customers with separate water services for fire protection, are recommended for slight increases for all users as shown below and as listed on Exhibit D. The service charge is the same for all meter sizes.

Proposed Fire Protection Line Service Charge		
Effective Date	Service Charge	Increase per month
Current	\$ 11.18	N/A
Proposed January 2014	\$ 15.58	\$ 4.40

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	\$ 25.75	\$ 31.01	\$ 56.76	N/A
Proposed January 2014	\$ 24.94	\$ 31.34	\$ 56.28	\$ 0.48

The proposed rate schedule for non-single-family residential wastewater customer classes including general commercial facilities, motels, churches, schools, and RV parks includes a 3.8 percent increase effective January 1, 2014. 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 change -2.6 percent to 16.5 percent effective January 1, 2014. 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				
Effective Date	Per unit	Per lb. BOD	Per lb. TSS	Per lb. Ammonia
Current	\$ 2.18	\$ 0.69	\$ 0.39	\$ 0.39
Proposed January 2014	\$ 2.53	\$ 0.69	\$ 0.40	\$ 0.37

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 bill or by a direct mailer. 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.

When Council authorized the issuance of bond debt for sewer infrastructure on April 3, 2013 and for water infrastructure on June 26, 2013, the rate covenants required that rates and fees be set at a sufficient level to pay debt service, provide debt coverage and meet all operating expenses plus an additional multiple of that debt service. The increase in wastewater and water rates for all customers will provide the revenue to meet the funding requirements for calendar year 2014.

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

The proposed water rate increase will fund the 2014 increases for treated and untreated water from the Metropolitan Water District and the San Diego County Water Authority which include fixed and variable charges. The 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, peaking conveyance and operational flexibility. Oceanside's Calendar Year 2014 costs are \$1,408,135 and are recovered through a portion of the fixed charged 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 remain flat at \$2.77 for a 5/8 inch meter, effective January 1, 2014. 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 \$3,496,126, the Customer Service Charge Allocation in the amount of \$1,361,386, and the Capacity Charge in the amount of \$421,160. 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 MWD system during the summer months.

Budget Changes

The Cost of Service Study used actual water sales figures from FY 2012-13 of 27,053 Acre-Feet/Year in the financial model to conduct the Cost of Service Study and to develop the recommended rate increases. It should be noted that the FY 2013-14 Budget and Revenues were developed in February of 2013 using actual revenue and water sales figures from July 2012 – January 2013 (7 month period). Water sales for FY 2012-13 were projected to be 23,663 Acre-Feet/Year, which closely followed the

previous year's sales. In the spring of 2013 however, water sales exceeded projections by 3,390 Acre-Feet/Year. To meet customer demands for water, the utility was required to purchase and produce more water resulting in budgeted costs related to water purchases being exceeded. The larger amount of water being used by customers also resulted in higher revenues being collected.

Because the FY 2013-14 budget was based on the lower amount of water sales of 23,663 Acre-Feet/Year, staff anticipates that the approved budget will not be sufficient to cover costs if water sales continue to follow recent trends, even with the recommended rate increase. For that reason, staff is recommending that Council approve budget adjustments to the following revenue and expenditure accounts in the table below to reflect a higher amount of water sales (26,577 AFY), the recommended rate increase and the Cost of Service recommendations.

The table below shows water revenue and expenditure categories affected by the rate recommendation, and/or by water sales. Clean Water, Water Sales, and the SDCWA Surcharges are affected by both. The SDCWA Infrastructure and SDCWA MWD Ready charges are not affected by water sales but are included in the table to reflect revised pass-through costs which were adopted by the Water Authority after staff submitted the recommended FY 2013-14 budget. The Fire Service charge is also not affected by water sales since it is a flat cost however, the recommended increase for this charge changes the projected revenue and therefore it is included in the table. All other revenue and expenditure amounts in the adopted FY 2013-14 budget will remain unchanged. The effective rate increase is 2.95%.

The table also shows FY 2012-13 actuals, FY 2013-14 budget and revised revenues for the sewer fund with the recommended rate increase and the Cost of Service recommendations. The budget changes pertain only to the implementation of the rate and Cost of Service Study. The effective rate increase is 2.15%.

Water -Budget Adjustments

Account	Description	FY 2013-14 Budget (23,663 AFY sales)	FY 2012-13 Actuals (27,053 AFY sales)	After Rate Increase & Cost of Service Study (23,663 AFY sales)	After Revised Water Sales, Rate Increase & Cost of Service Study (26,577 AFY sales)
Revenue	Clean Water Program				
1711.4471.0004	Clean Water	\$ 824,600	\$878,564	\$913,845	\$ 1,026,377
Revenue	Water Operating Account				
1711.4471.0001	Water Sales	\$17,912,998	\$19,720,585	\$20,732,075	\$21,120,200
1712.4471.0001	Water Sales	\$4,231,939	\$ 4,773,539	\$4,231,939	\$4,231,939
1717.4471.0001	Water Sales	\$661,943	\$ 1,020,134	\$661,943	\$661,943
1711.4471.0003	Water Meter Charge	\$ 8,142,922	\$ 8,289,358	\$ 8,764,873	\$ 8,931,368
1712.4471.0003	Water Meter Charge	\$1,923,762	\$ 1,990,985	\$1,923,762	\$1,923,762
1717.4471.0003	Water Meter Charge	\$300,907	\$ 422,343	\$300,907	\$300,907
1711.4471.0007	SDCWA Infrastructure	\$ 1,779,016	\$ 1,842,095	\$ 1,849,607	\$ 1,849,607
1711.4471.0008	SDCWA Surcharge	\$14,884,132	\$15,391,160	\$14,876,827	\$16,708,790
1711.4471.0009	SDCWA MWD Ready	\$ 1,332,408	\$ 1,357,125	\$ 1,465,367	\$ 1,465,367
1711.4471.0010	Fire Service	\$ 73,491	\$ 76,269	\$ 104,900	\$ 104,900
	SUBTOTAL:	\$52,068,118	\$55,762,157	\$55,826,045	\$58,325,160
	TOTAL REVENUE:	\$54,130,079	\$59,600,000	n/a	\$61,662,039
	INCREASE OVER FY 2012-13 ACTUALS:	n/a	n/a	n/a	2.95%
Expenditure	Water Administration				
750010711.5355.0001	Water Purchases	\$27,475,500	\$27,972,653	\$26,527,533	\$29,416,548

Sewer Budget Adjustments

Account	Description	FY 2013-14 Budget	FY 2012-13 Actuals	After Rate Increase & Cost of Service Study
Revenue	Sewer Operating Account			
1721.4476.0001	Sewer Service Fees	\$ 8,640,199	\$ 9,565,283	\$10,681,366
1722.4476.0001	Sewer Service Fees	\$ 3,172,334	\$ 3,470,932	\$3,172,334
1727.4476.0001	Sewer Service Fees	\$ 2,432,058	\$ 2,657,597	\$ 2,432,058
1721.4476.0002	Sewer Flow Revenue	\$11,800,244	\$13,644,583	\$15,192,716
1722.4476.0002	Sewer Flow Revenue	\$ 4,332,575	\$ 4,941,070	\$ 4,332,575
1727.4476.0002	Sewer Flow Revenue	\$ 3,321,553	\$ 3,769,442	\$ 3,321,553
	SUBTOTAL:	\$33,698,963	\$38,048,907	\$39,321,553
	TOTAL REVENUE:	\$42,176,826	\$42,155,554	\$43,065,186
	INCREASE OVER FY 2012-13 ACTUALS:	n/a	n/a	2.15%

COMMISSION OR COMMITTEE REPORT

The Utilities Commission's Budget Committee had several meetings regarding the proposed rates and approved staff's recommendation at its meeting on August 15, 2013. The Utilities Commission was provided an update and materials at its meeting on September 10, 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 introduce an ordinance amending Chapter 29 of the City Code by establishing wastewater user rate increases; introduce an ordinance amending Chapter 37 of the City Code by establishing water user rate and external water provider charge increases.

PREPARED BY:

For 

Carl Dale
Water Utilities Director

SUBMITTED BY:

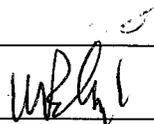


Peter Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Michael Blazenski, Interim Finance Director



- Attachment: Exhibit A: Water Financial Analysis
Exhibit B: Wastewater Financial Analysis
Exhibit C: COSS Water Variable Rates
Exhibit D: COSS Water Fixed Rates and Pass-Through Charges
Exhibit E: COSS Wastewater Variable and Annually Fixed Rates
Exhibit F: COSS Wastewater Fixed Rates
Exhibit G: Ordinance Amending Chapter 37
Exhibit H: Ordinance Amending Chapter 29

CITY OF OCEANSIDE
 WATER FINANCIAL ANALYSIS
 SUMMARY 2012-2013 & 2013-2014

CAPITAL PROJECTS

Revenues	FY 2012/2013	FY 2013/2014	Fixed Assets	FY 2012/2013	FY 2013/2014
Water Sales	\$ 21,630,265	\$ 26,014,200	Weese Filtration Plant Improvements	\$ 94,900	\$ 1,411,371
Water Meter Charge	\$ 10,451,697	\$ 11,156,037	Integrated Water Utilities Master Plan	\$ 475,000	
SDCWA - Surcharge	\$ 13,432,814	\$ 16,708,790	No San Diego Co. Water Reclamation	\$ 264,000	
MWD Readiness to Serve	\$ 1,345,243	\$ 1,465,367	Desalter Major Plant Improvements	\$ 103,400	\$ 1,038,700
SDCWA IAC	\$ 1,831,910	\$ 1,849,607	Pump Station Upgrades		
Clean Water Program	\$ 717,557	\$ 1,026,377	Reservoir Structural Analysis/Rehab	\$ 250,000	\$ 213,227
Other Revenues	\$ 1,393,050	\$ 3,571,208	So Oside Water Main Replacement	\$ 75,000	\$ 215,261
Total Revenues	\$ 50,802,536	\$ 61,791,586	Misc. Water Projects - O&M	\$ 200,000	\$ 700,000
			Water SCADA	\$ 700,000	\$ 1,353,698
			Other Projects	\$ 300,000	\$ 1,000,000
			" "		\$ 500,000
			" "		\$ 31,250
			Total	\$ 2,462,300	\$ 6,463,507

Expenditures	FY 2012/2013	FY 2013/2014	Expansion	FY 2012/2013	FY 2013/2014
Water Operating Expenses			SLR WWTP Water Reclamation	\$ 3,000,000	
Flood Control/Storm Drains	\$ 785,666	\$ 702,916	511 Pump Station	\$ 1,750,000	
Water Administration & General	\$ 27,383,465	\$ 32,113,240	Ocean Desalination Feasibility Study	\$ 1,000,000	
Interfund Service Charge	\$ 3,236,281	\$ 2,954,268	El Corazon Recycled		\$ 500,000
Water Distribution	\$ 1,406,267	\$ 1,479,554	Potable Recharge Study		\$ 400,000
Hydro-Electric Pumping	\$ 13,750	\$ 18,750	Ocean Desalter Expansion	\$ 500,000	\$ 2,756,177
Water Filtration Plant	\$ 1,484,800	\$ 1,369,031	Total	\$ 6,250,000	\$ 3,656,177
Water Desalting Plant	\$ 2,158,721	\$ 2,288,022			
Water Maintenance	\$ 2,236,023	\$ 2,166,137			
Water Laboratory	\$ 534,837	\$ 558,226			
Water SCADA Program	\$ 244,018	\$ 252,256			
Clean Water Program	\$ 1,173,457	\$ 1,253,330			
Water GIS Program	\$ 319,986	\$ 350,745			
Facilities Maintenance	\$ 306,480	\$ 351,310			
Misc. Water Projects	\$ 300,000	\$ 1,000,000			
Water Meter Service	\$ 2,054,465	\$ 2,276,622			
Other Operating Expenses					
Water Debt Service	\$ 1,930,128	\$ 1,661,338			
Other Expenditures	\$ 28,206	\$ 28,252			
Policy Expenditures					
Fixed Asset Replacement	\$ 5,962,286	\$ 6,226,288			
Total Expenditures	\$ 51,558,836	\$ 57,050,285			
Cash Flow	\$ (756,300)	\$ 4,741,301			

CITY OF OCEANSIDE
 WASTEWATER FINANCIAL ANALYSIS
 SUMMARY 2012-2013 & 2013-2014

CAPITAL PROJECTS

Revenues	FY 2012/2013	FY 2013/2014	Fixed Assets	FY 2012/2013	FY 2013/2014
Sewer Service Fees	\$ 14,642,611	\$ 16,838,327	La Salina WWTP Major Upgrades	\$ 593,600	\$ 1,104,297
Sewer Flow Revenue	\$ 19,921,894	\$ 23,985,404	Sewer System Odor Study	\$ 200,000	\$ 400,000
Sewer Capacity Rev. (Rainbow)	\$ 979,781	\$ 1,362,517	Oceanside Blvd Lift Station Relocation		\$ 4,400,000
Other Revenues	\$ 380,074	\$ 1,879,681	South Pacific Lift Station Rehabilitation		
Total Revenues	\$ 35,924,360	\$ 44,065,929	San Luis Rey Digesters Rehabilitation	\$ 275,000	\$ 635,410
			Integrated Waste Utilities Master Plan	\$ 365,500	
			La Salina Aeration Tank Replacement		
Expenditures			San Luis Rey Maint Building Upgrades	\$ 250,000	\$ 578,983
Sewer Admin and General	\$ 1,171,364	\$ 1,216,375	San Luis Rey WWTP Major Improvements	\$ 410,400	\$ 1,977,460
Interfund Service Charge	\$ 4,112,441	\$ 3,909,048	Land Outfill		
Facilities Maintenance	\$ 1,888,596	\$ 1,814,870	Haymar Interceptor Sewer	\$ 150,000	\$ 364,979
Sewer Collection	\$ 3,196,531	\$ 3,255,720	Myers/Tait St. Sewer Line	\$ 250,000	\$ 3,777,500
La Salina WWTP	\$ 3,160,123	\$ 3,320,584	Lift Station Upgrades	\$ 400,000	\$ 1,437,570
San Luis Rey WWTP	\$ 6,874,892	\$ 7,343,810	Misc. Sewer Projects from O&M	\$ 300,000	\$ 1,172,808
Sewer Laboratory	\$ 778,980	\$ 974,737	Total:	\$ 3,194,500	\$ 15,849,007
Sewer SCADA Program	\$ 267,433	\$ 274,310			
Sewer GIS Program	\$ 319,010	\$ 333,920			
Miscellaneous Sewer Projects	\$ 300,000	\$ 1,177,711			
Other Operating Expenses					
Wastewater Debt Service	\$ 5,753,611	\$ 5,252,697			
Other Expenditures	\$ 305,109	\$ 263,770			
Policy Expenditures					
FAR Funding	\$ 7,541,840	\$ 9,414,226			
Total Expenditures	\$ 35,669,930	\$ 38,551,778			
Cash Flow	\$ 254,430	\$ 5,514,151			

VARIABLE WATER CONSUMPTION CHARGE

Charges calculated per unit of consumption		1 Unit of consumption = 748 gallons of water		Existing	Cost of Service
Single Family Residential	Tier 1 (0-13 units)	\$	2.15	\$	2.15
	Tier 2 (14 + units)	\$	2.46		2.68
Commercial / Government	(All Usage)	\$	2.33	\$	2.29
Commercial Agricultural	(All Usage)	\$	2.33	\$	2.36
Transitional Special Agriculture Water Rate (TSAWR)	(All Usage)	\$	1.74	\$	1.71
Irrigation	(All Usage)	\$	2.33	\$	2.37
Reclaimed Water	(All Usage)	\$	1.81	\$	2.12
SCDWA Pass-through Surcharge	(All Usage)	\$	1.40	\$	1.50
Clean Water	(All Usage)	\$	0.08	\$	0.10
Per unit of consumption and number of dwelling units (DU)		A single family home = 1 dwelling unit (DU)		Existing	Cost of Service
Master Metered Single Family Residential	Tier 1 (First 0-13 units per DU)	\$	2.15	\$	2.15
	Tier 2 (14th unit + per DU)	\$	2.46	\$	2.68
Multi-Family Residential	Tier 1 (First 0- 7 units per DU)	\$	1.99	\$	2.15
	Tier 2 (8th + unit + per DU)	\$	2.28	\$	2.61
Manufactured Homes	Tier 1 (First 0- 7 units per DU)	\$	1.99	\$	2.15
	Tier 2 (8th + unit + per DU)	\$	2.28	\$	2.61

FIXED WATER SERVICE CHARGE

Per customer class and meter equivalency								
Meter Size	Single Family Residential		Multi Family Residential		Commercial and Government		Irrigation, Agricultural, and Recycled	
	Existing	Cost of Service	Existing	Cost of Service	Existing	Cost of Service	Existing	Cost of Service
5/8" & 3/4"	\$ 14.76	\$ 13.35	\$ 14.76	\$ 19.00	\$ 14.76	\$ 19.49	\$ 14.76	\$ 19.74
1"	\$ 32.50	\$ 28.80	\$ 32.50	\$ 42.93	\$ 32.50	\$ 44.15	\$ 32.50	\$ 44.78
1.5"	\$ 62.11	\$ 54.55	\$ 62.11	\$ 82.81	\$ 62.11	\$ 85.25	\$ 62.11	\$ 86.50
2"	\$ 97.63	\$ 85.46	\$ 97.63	\$ 130.67	\$ 97.63	\$ 134.57	\$ 97.63	\$ 136.57
3"	\$ 180.51	\$ 157.56	\$ 180.51	\$ 242.33	\$ 180.51	\$ 249.65	\$ 180.51	\$ 253.41
4"	\$ 245.15	\$ 260.57	\$ 245.15	\$ 401.85	\$ 245.15	\$ 414.04	\$ 245.15	\$ 420.32
6"	\$ 594.92	\$ 518.09	\$ 594.92	\$ 800.66	\$ 594.92	\$ 825.04	\$ 594.92	\$ 837.58
8"	\$ 950.12	\$ 827.11	\$ 950.12	\$ 1,279.22	\$ 950.12	\$ 1,318.24	\$ 950.12	\$ 1,338.30
10"	\$ 1,364.52	\$ 1,187.64	\$ 1,364.52	\$ 1,837.55	\$ 1,364.52	\$ 1,893.63	\$ 1,364.52	\$ 1,922.47

FIXED WATER PASS-THROUGH CHARGES

On ALL classes per meter equivalency				
Meter Size	MWD Pass-through Readiness-To-Serve		SDCWA Pass-through Infrastructure Access	
	Existing	Cost of Service	Existing	Cost of Service
5/8" & 3/4"	\$ 1.75	\$ 1.76	\$ 2.77	\$ 2.77
1"	\$ 4.38	\$ 4.40	\$ 4.44	\$ 4.44
1.5"	\$ 8.75	\$ 8.79	\$ 8.31	\$ 8.31
2"	\$ 14.00	\$ 14.05	\$ 14.41	\$ 14.41
3"	\$ 26.25	\$ 26.35	\$ 26.60	\$ 26.60
4"	\$ 43.75	\$ 43.91	\$ 45.43	\$ 45.43
6"	\$ 87.50	\$ 87.81	\$ 83.10	\$ 83.10
8"	\$ 140.00	\$ 140.50	\$ 144.04	\$ 144.04
10"	\$ 201.25	\$ 201.97	\$ 216.06	\$ 216.06

FIXED FIRE SERVICE FEE

Per meter equivalency on all accounts provided Fire Service Protection (fire sprinklers)		
Meter Size	Existing	Cost of Service
5/8" & 3/4"	\$ 11.18	\$ 15.45
1"	\$ 11.18	\$ 15.45
1.5"	\$ 11.18	\$ 15.45
2"	\$ 11.18	\$ 15.45
3"	\$ 11.18	\$ 15.45
4"	\$ 11.18	\$ 15.45
6"	\$ 11.18	\$ 15.45
8"	\$ 11.18	\$ 15.45
10"	\$ 11.18	\$ 15.45

VARIABLE WASTEWATER FLOW CHARGE

Determined per unit of estimated sewer flow (RTS)	Return to Sewer Factor	Existing	Noticed
Multi-Family Residential	90%	\$ 3.93	\$ 4.05
Multi-Family Residential; No Separate Irrigation	75%	\$ 3.93	\$ 4.05
City Government	90%	\$ 3.93	\$ 4.05
Schools	90%	\$ 3.93	\$ 4.05
General Commercial	90%	\$ 3.93	\$ 4.05
Medium Strength	90%	\$ 4.43	\$ 4.54
Medium High Strength	90%	\$ 6.34	\$ 6.35
High Strength	90%	\$ 7.58	\$ 7.55
RV Park, Hotel, Motel	90%	\$ 3.93	\$ 4.05
Churches, Membership Organizations	90%	\$ 3.93	\$ 4.05
Determined by the unit of discharge (sampled & permitted) and per unit of estimated sewer flow (RTS)			
INDUSTRIAL SPECIAL USER	Measurement	Existing	Noticed
Flow	per unit discharged	\$ 2.18	\$ 2.53
5-day Biochemical Oxygen Demand (BOD ₅)	per lb.	\$ 0.69	\$ 0.69
Total Suspended Solids (TSS)	per lb.	\$ 0.39	\$ 0.40
Amonia	per lb.	\$ 0.39	\$ 0.37
	BASE RATE:	\$ 3.65	\$ 3.99

FIXED RATE WASTEWATER FLOW CHARGE

Determined by the number of dwelling units (DU)	Existing	Noticed
Master Metered Single Family Residential	\$ 24.31	\$ 24.32
Manufactured Homes	\$ 16.62	\$ 16.27
Determined by Annual Winter Quarter Average (WQA)		
Low 0.00 - 5.00	\$ 14.39	\$ 15.52
Medium 5.01 -10.00	\$ 31.01	\$ 31.34
High 10.01+	\$ 60.51	\$ 54.98

FIXED WASTEWATER SERVICE CHARGE

RESIDENTIAL

Billed per dwelling unit (DU)	Existing	Noticed
Single Family Residential	Varied by meter size	\$ 18.70
Multi Family Residential		\$ 9.64
Manufactured Homes		\$ 6.49
Master Metered Single Family Resid		\$ 9.03

NON-RESIDENTIAL

Billed per meter equivalency	Existing	Noticed
5/8" & 3/4"	\$ 25.75	\$ 24.34
1"	\$ 56.44	\$ 60.84
1.5"	\$ 107.63	\$ 121.67
2"	\$ 169.05	\$ 194.67
3"	\$ 312.36	\$ 365.00
4"	\$ 516.99	\$ 608.33
6"	\$ 1,028.99	\$ 1,216.65
8"	\$ 1,643.21	\$ 1,946.63
10"	\$ 2,359.80	\$ 2,433.29

FIXED WASTEWATER CUSTOMER CHARGE

	Existing	Noticed
Billed per account. (The charge is the same for every customer across all customer classes.)	Previously combined with service charge	\$ 6.24

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 November 28, 2012, the City Council adopted Ordinance No. 12-OR0784-1 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 27, 2013 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 \$36 per acre foot for treated and untreated water in calendar year 2014;

WHEREAS, based on the Metropolitan Water District’s 2014 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 27, 2013 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. 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, 2014 and on all charges reflecting usage from and after December 1, 2013, there is hereby established a pass-through water surcharge on City of Oceanside water customers in the amount of \$1.50 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.

Charges calculated per unit of consumption:	Monthly SDCWA Surcharge
	\$1.50

“Sec. 37.111 San Diego County Water Authority Infrastructure Access Charge

Effective January 1, 2014 and on all charges reflecting usage from and after December 1, 2013, there is hereby established a pass-through infrastructure access charge on water customers of the City of Oceanside. This charge is established as follows:

SDCWA Pass-Through Monthly Infrastructure Access Charge		
Meter Size	Monthly Charge	
5/8" & 3/4"	(no change)	\$2.77
1"	(no change)	\$4.44
1 ½"	(no change)	\$8.31
2"	(no change)	\$14.41
3"	(no change)	\$26.60
4"	(no change)	\$45.43
6"	(no change)	\$83.10
8"	(no change)	\$144.04
10"	(no change)	\$216.06
Charges based on size of meter		

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

2 Effective January 1, 2014 and on the first full billing statement thereafter, there is hereby
3 established a readiness-to-serve charge on water customers of the City of Oceanside. This
4 charge is established as follows:

5

Meter Size	Monthly Charge
5/8" & 3/4"	\$1.76
1"	\$4.40
1 1/2 "	\$8.79
2"	\$14.05
3"	\$26.35
4"	\$43.91
6"	\$87.71
8"	\$140.50
10"	\$201.97

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13 SECTION 2. Section 37.34 is hereby amended to read as follows:

14 **"Sec. 37.34 Monthly service charge.**

15

16 Effective January 1, 2014 and on all charges reflecting usage from and after December
17 1, 2013, all water service customers of the city shall be subject to a monthly service charge
18 according to customer usage characteristics that are defined by rate classification and are
19 hereby imposed as follows:

20 Single Family Residential

21

Meter Size	Monthly Water Service Charge
5/8" & 3/4"	\$ 13.35
1"	\$ 28.80
1 1/2 "	\$ 54.55
2"	\$ 85.46
3"	\$ 157.56
4"	\$ 260.57
6"	\$ 518.09
8"	\$ 827.11
10"	\$ 1,187.64

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1 Multi-Family Residential

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Meter Size	Monthly Water Service Charge
5/8" & 3/4"	\$ 19.00
1"	\$ 42.93
1 1/2 "	\$ 82.81
2"	\$ 130.67
3"	\$ 242.33
4"	\$ 401.85
6"	\$ 800.66
8"	\$ 1,279.22
10"	\$ 1,837.55

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11 Commercial and Government

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Meter Size	Monthly Water Service Charge
5/8" & 3/4"	\$ 19.49
1"	\$ 44.15
1 1/2 "	\$ 85.25
2"	\$ 134.57
3"	\$ 249.65
4"	\$ 414.04
6"	\$ 825.04
8"	\$ 1,318.24
10"	\$ 1,893.63

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Irrigation, Agricultural, and Recycled

Meter Size	Monthly Water Service Charge
5/8" & 3/4"	\$ 19.74
1"	\$ 44.78
1 1/2 "	\$ 86.50
2"	\$ 136.57
3"	\$ 253.41
4"	\$ 420.32
6"	\$ 837.58
8"	\$ 1,338.30
10"	\$ 1,922.47

SECTION 3. Sec. 37.35 is hereby amended to read as follows:

"Sec. 37.35 Monthly consumption charge.

Effective January 1, 2014 and on all charges reflecting usage from and after December 1, 2013, 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	1 st Tier	(0 - 13 units)	\$ 2.15
	2 nd Tier	(14 + units)	2.68
Charges calculated per residential dwelling unit:			
Master-Metered Single Family	1 st Tier	(0 - 13 units)	\$ 2.15
	2 nd Tier	(14 + units)	\$ 2.68
Multi-Family	1 st Tier	(0 - 7 units)	\$ 2.15
	2 nd Tier	(8 + units)	\$ 2.61
Manufactured Homes	1 st Tier	(0 - 7 units)	\$ 2.15
	2 nd Tier	(8 + units)	\$ 2.61

Monthly Water Consumption Charge	
Charges calculated per unit of consumption:	
Commercial / Government	\$ 2.29
Irrigation	\$ 2.37
Commercial Agriculture	\$ 2.36
Transitional Special Ag Water Rate	\$ 1.71
Reclaimed	\$ 2.12
A unit of water is equal to seven hundred forty-eight (748) gallons	

Effective January 1, 2014 and on all charges reflecting usage from and after December 1, 2013, 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
	\$0.10

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

“Sec. 37.36 Monthly Fire Service Fee

Effective January 1, 2014 and on all charges reflecting usage from and after December 1, 2013, 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:

Meter Size	Monthly Fire Service Fee
5/8" & 3/4"	\$ 15.45
1"	\$ 15.45
1 1/2"	\$ 15.45
2"	\$ 15.45
3"	\$ 15.45
4"	\$ 15.45
6"	\$ 15.45
8"	\$ 15.45
10"	\$ 15.45

1 SECTION 5. The City Clerk of the City of Oceanside is hereby directed to publish this
2 ordinance, or the title hereof as a summary, pursuant to state statute, once within fifteen (15)
3 days after its passage in the San Diego Union Tribune- North County, a newspaper of general
4 circulation published in the City of Oceanside.

5 SECTION 6. Severability.

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

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1 INTRODUCTION at a regular meeting of the City Council of the City of Oceanside held
2 on the _____ day of _____, 2013, and, thereafter,

3 PASSED, AND ADOPTED by the City Council of the City of Oceanside, California
4 this _____ day of _____, 2013, by the following vote:

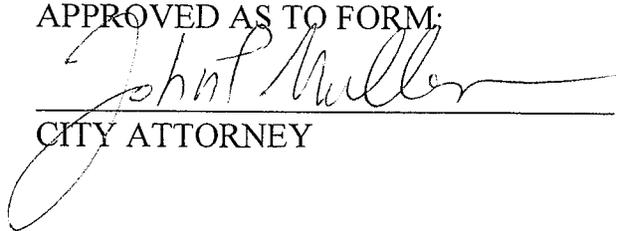
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6 AYES:
7 NAYS:
8 ABSENT:
9 ABSTAIN:

10 _____
MAYOR, CITY OF OCEANSIDE

11 ATTEST:

APPROVED AS TO FORM:

12 _____
13 CITY CLERK

14 
15 _____
CITY ATTORNEY

16 AN ORDINANCE OF THE CITY OF OCEANSIDE AMENDING OCEANSIDE CITY
17 CODE, CHAPTER 37, ESTABLISHING WATER USER RATE AND EXTERNAL
18 WATER PROVIDER CHARGE INCREASES
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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 November 28, 2012, the City Council approved Ordinance No. 12-OR0783-1 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 Class specific monthly service charge.

Effective January 1, 2014 and on all charges reflecting usage from and after December 1, 2013, all wastewater service customers of the city shall be subject to a monthly customer charge according to customer usage characteristics that are defined by rate classification and are hereby imposed as follows:

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Residential Wastewater Service Charge
Billed per dwelling unit

Single Family Residential	\$ 18.70
Multi-Family Residential	\$ 9.64
Manufactured Homes	\$ 6.49
Master Metered Single Family	\$ 9.03

Non-Residential Wastewater Service Charge
Billed per meter equivalency*

5/8", 3/4"	\$ 24.34
1"	\$ 60.84
1 1/2"	\$ 121.67
2"	\$ 194.67
3"	\$ 365.00
4"	\$ 608.33
6"	\$ 1,216.65
8"	\$ 1,946.63
10"	\$ 2,433.29
*Charges based on the size of the meter	

SECTION 1. Sec. 29.17.3 is hereby added as follows:

“Sec. 29.17.3 Fixed monthly customer charge.

Effective January 1, 2014 and on all charges reflecting usage from and after December 1, 2013, all wastewater service customers of the city shall be subject to a monthly customer charge hereby imposed as follows:

Wastewater Customer Charge
Billed per account

All Customer Classes	\$ 6.24
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1 SECTION 2. Section 29.18 is hereby amended to read as follows:

2 **“Sec. 29.18 Flow charge.**

3 Residential and non-residential customer flow charges shall be based on the
4 quality and quantity of sewage. Effective January 1, 2014 and on all charges reflecting usage
5 from and after December 1, 2013, all wastewater service customers, except for special users, of
6 the city shall be subject to a monthly flow charge hereby imposed as follows:

7

Charges calculated on previous winter usage (WQA):	Monthly Flow Charge
Single Family Residential Low Use (0-5.0 units)	\$ 15.52
Medium Use (5.01-10.0 units)	\$ 31.34
High Use (10.01+ units)	\$ 54.98
Charges calculated per residential dwelling unit:	
Manufactured Home	\$ 16.27
Master-Metered Single Family Residential	\$ 24.32
Charges calculated per estimated sewer flow. 90% rate of return per unit:	
Multi-Family Residential; w/ separate irrigation	\$ 4.05
Hotels/Motels/RV Parks	\$ 4.05
Churches/Membership Organizations	\$ 4.05
General Commercial	\$ 4.05
Medium Strength	\$ 4.54
Medium-High Strength	\$ 6.35
High Strength	\$ 7.55
Schools	\$ 4.05
Charges calculated per estimated sewer flow. 75% rate of return per unit:	
Multi-Family Residential; no separate irrigation	\$ 4.05

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

26 **Sec. 29.18 (a) Special user flow charge.**

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

4 **Industrial Special User Monthly Flow Charge**

5 Per unit (748 gallons) discharged	\$ 2.53
6 BOD (per lb.)	\$0.69
7 TSS (per lb.)	\$0.40
8 Ammonia (per lb.)	\$ 0.37
9 Charges calculated per estimated sewer flow. Rate of return based on individual monitoring.	

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

13 SECTION 4. Section 29.24, adopted November 2013, is hereby repealed.

14 SECTION 5. The City Clerk of the City of Oceanside is hereby directed to publish this
15 ordinance, or the title hereof as a summary, pursuant to state statute, once within fifteen (15)
16 days after its passage in the San Diego Union Tribune- North County, a newspaper of general
17 circulation published in the City of Oceanside.

18 SECTION 6. Severability.

19 If any section, sentence, clause or phrase of the Ordinance is for any reason held to be
20 invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision
21 shall not affect the validity of the remaining portions of this Ordinance. The City Council
22 hereby declares that it would have adopted this Ordinance and each section, sentence, clause or
23 phrase thereof, irrespective of the fact that any one or more section, subsections, sentences,
24 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 _____, 2013, and, thereafter,

PASSED, AND ADOPTED by the City Council of the City of Oceanside, California this _____ day of _____, 2013, by the following vote:

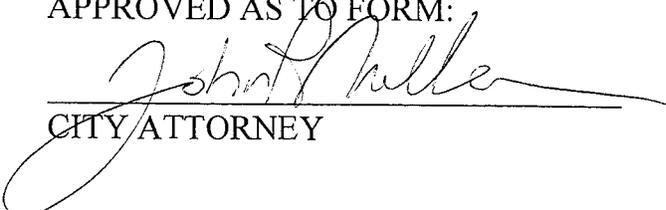
AYES:
NAYS:
ABSENT:
ABSTAIN:

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 29, ESTABLISHING SEWER USER RATE, SEWER SYSTEM BUY-IN FEE INCREASES