

STAFF REPORT*CITY OF OCEANSIDE*

DATE: November 6, 2019

TO: Honorable Mayor and City Councilmembers

FROM: Water Utilities Department

SUBJECT: **ACTIONS REGARDING WASTEWATER USER RATES, WATER USER RATES AND EXTERNAL WATER PROVIDER CHARGES, AND CITY WASTE SERVICE FEES**

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; and adopt a resolution amending Chapter 13 of the City Code by establishing city waste service fee increases.

BACKGROUND

The City of Oceanside supplies potable and recycled water to a 42 square mile service area within the City. In FY 2018-19, the City served approximately 44,123 potable connections for an annual total of 22,431 acre-feet of water with 200-acre feet going to the City's three large recycled water connections. Water services provided include treatment, transportation, storage and maintenance. Water delivered to customers is safe, reliable, properly metered and available 24 hours a day, seven days a week. Through the continued development of local and diversified supplies, the City is on track to meet the Council goal to produce 50 percent local supply by 2030. Ongoing projects to increase the volume and reliability of a local, more stable source of supply are intended to mitigate future increases associated with the rising cost of imported water as well as reliance on a limited and more uncertain resource.

The 2020 and 2021 proposed rate increases are intended to follow a two-year implementation schedule with increases effective each January 1st for each of the two years. These include an across the board internal water rate increase of 3 percent along with pass through costs from the San Diego County Water Authority (SDCWA) and Metropolitan Water District (MWD), a wastewater rate increase of 2 percent, and an increase to the city waste service fee of 5 percent. These rates, proposed for implementation first in January 2020 and again the following January 2021, though driven by the rising costs from Metropolitan Water District (MWD), recover costs for energy, maintenance, treatment, and delivery of Oceanside's water supply in addition to crucial improvements of the City's aged infrastructure, and to meet the inflationary costs associated with operations, chemicals, building and labor.

The City's efforts to hold Calendar Year 2018 rates flat through the preceding year meant that Oceanside residents and business owners have not experienced an increase to their

water and wastewater rates since January 2018. While this was a result of sound financial management along with cost saving measures resulting from proactive maintenance, it nonetheless resulted in the deferral of both inflationary as well as wholesaler increases that were absorbed rather than passed on to the customer. The proposal for a two-year rate increase is intended to keep rates as low as possible for customers while allowing the City to be flexible with the various rate components and pass-through charges and continue to successfully meet cost of service principles. Oceanside's water rates are among the lowest in the region and Wastewater rates are below the regional average, as shown in attachments D and E.

The increased construction of water supply and water rehabilitation projects is a driving factor in the need to increase rates. While a definite driver in the need to increase rates, the projects associated with the development of a diversified local supply, including expansion of the recycled water distribution system, production of water from the Mission Basin, continued development of a potable reuse project, and an increase in the local treatment of raw water, also serve to reduce higher costing treated water purchases, reduce reliance on imported water, and strengthen financial stability.

Proposition 218 requires that the agency (City) provide written notice by mail of the proposed fee or charge to the record owner of each identified parcel upon which the charge is proposed as well as details of the charges and the hearing time/date. Oceanside customers were notified via either a billing insert or direct mailer, in compliance with Article XIID of the California State Constitution and the Proposition 218 Omnibus Implementation Act, between August 30th and September 28th. This year was the first time that a Protest Card was also enclosed with the Public Hearing Notice. This change was done to increase transparency and to make it easier for the public to participate in the process.

As of mid-October, the City Clerk had received close to 3,000 written protests. Staff completed follow-up phone calls, emails and one community presentation, in response to those that completed optional comments on the protest mailers.

ANALYSIS

WATER:

- Apply a 3 percent across-the-board increase to the City's internal rates (fixed and variable)
- Increase SDCWA Infrastructure Access Charge from \$3.14 to \$3.33 for 2020 and to \$3.70 for 2021 per meter equivalent to reflect current costs
- Reduce the MWD Readiness Serve Charge from \$1.99 to \$0.97 per meter equivalent in 2020 and to \$0.99 in 2021 to reflect current costs
- Increase the SDCWA Surcharge from \$2.30 per meter equivalent to \$2.50 in 2020 and to \$2.60 in 2021 to reflect current costs

On April 10, 2018 Metropolitan Water District's (MWD) Board of Directors approved rate increases for calendar years 2019 and 2020. For 2020, those rates resulted in increases of 2.7 percent and 3.3 percent to treated and untreated water purchases respectively. The resulting pass-through increases for treated and untreated water purchased by

Oceanside from the San Diego County Water Authority (SDCWA) are 4.3 percent and 4.8 percent respectively. Rates have not yet been developed for the year 2021 for either MWD or SDCWA, however increases are assumed to be 3 percent. For FY 2019 and FY 2020, SDCWA has used a total of \$60 million in rate stabilization funds to offset what would have been higher rate increases.

The City of Oceanside’s Notice of Public Hearing contained rates which represent a maximum rate increase of 3 percent for water. Of the 3 percent increase, the larger components are pass-through of fixed costs as well as costs associated with the purchase of water from MWD and SDCWA. The proposed residential water bill consists of a base monthly service charge, a usage commodity charge, and pass-through charges from MWD and the SDCWA. The base monthly service charge is paid regardless of water consumed and is imposed proportionate to the water meter size. The fixed charge recovers a portion of the fixed utility costs and pays for a portion of debt and infrastructure replacement costs. The commodity charge is based on actual water consumption. The proposed commodity charges consist of two pricing tiers, expressed in units.

The proposed rate increases are lower for residential water purchases which fall within the first tier. This water is considered essential. The cost per unit increases by tier. This increase not only incentivizes customers to use less water, it also reflects the increased cost to provide excess system capacity to meet peak demands, which is otherwise idle during non-peak winter months.

The proposed multi-family residential, master-metered single family residential and manufactured home pricing structures also include pricing tiers. Non-residential rates are not subject to a tier structure. The rate is flat, and increases when additional conservation is required. Changes to all water rates are being proposed at this time.

The typical single-family customer using 10 units of water per month would pay the amounts listed below in January 2020. The following example shows the noticed 3 percent increase on all internal city charge components as well as pass-through increases.

WATER MONTHLY BILLS FOR SINGLE FAMILY RESIDENTIAL (5/8" meter using 10 units/month)			
	Current 2018 and 2019	Proposed 2020	Proposed 2021
Service Charge	\$16.55	\$17.05	\$17.56
Commodity Charge*	\$26.30	\$27.20	\$28.10
Pass-Through Charges**	\$27.90	\$29.30	\$30.69
TOTAL	\$70.75	\$73.55	\$76.35
Increase Per Month (\$)		\$2.80	\$2.80
*Includes the internal Clean Water Program rate per unit of water			
**Includes the SDCWA Fixed Infrastructure Access Charge, the MWD Fixed Readiness to Serve Charge, the 5/8" Fixed Water Service Charge and the SDCWA Volumetric Surcharge.			

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

FIRE PROTECTION LINE SERVICE CHARGE		
Current 2018 and 2019	Proposed 2020	Proposed 2021
\$18.17	\$18.72	\$19.28

WASTEWATER:

The City's wastewater utility provides all wastewater services; costs are not passed through by a wholesaler or third party like the water utility. The noticed rates represent an average maximum rate increase of 2 percent for wastewater. The primary rate drivers for the recommended increase include infrastructure repairs and reinvestment in the system.

As with water, the wastewater rates consist of a fixed service charge paid regardless of wastewater discharged and is determined by either the number of residential dwellings, in the case of residential customer classes, or by the size of the water meter, for non-residential classes. The flow charge is determined by the customer class. Both non-residential customers and customers in multi-family complexes have a flow charge that is based on a percentage of water use, with the remaining portion representing the return to sewer factor. Residential accounts that service individual dwellings on a master meter, such as manufactured homes and master-metered single family accounts, pay a flow charge that is based on the number of dwelling units. And for single family residential accounts, each individual user's wastewater discharge (winter water consumption), or a winter quarter average (WQA), is determined by usage during the service periods ending in January, February, and March. WQA rates are effective for one year starting and ending in July. The typical single-family customer with a WQA of 5.5 units would pay the amounts listed below in January 2020 and January 2021.

WASTEWATER MONTHLY BILL FOR SINGLE FAMILY RESIDENTIAL			
	Current 2018 and 2019	Proposed 2020	Proposed 2021
Service Charge*	\$25.79*	\$26.31*	\$26.84*
Flow Charge	\$28.53	\$29.11	\$29.69
TOTAL	\$54.32	\$55.42	\$56.53
Increase Per Month (\$)		\$1.10	\$1.11
*Includes the service charge + the customer charge			

The current structure of the WQA billing allows customers to pay according to the WQA that is specific to their individual usage, providing greater ratepayer equity. Customer's rates will still be based on water usage during the cooler, often wetter months of January, February and March when outdoor landscaping is in a more dormant stage.

SOLID WASTE CITY SERVICES:

The Solid Waste City Services charge is not associated with rates paid to Waste Management. The charge funds City administered programs such as street sweeping, landfill maintenance, right-of-way cleanup, as well as Risk Management and Code Enforcement associated with Solid Waste activities. Sites located on private streets do not pay for street sweeping and therefore have a reduced rate. As with water and sewer rates, there was no increase during 2019.

SINGLE FAMILY RESIDENTIAL CITY WASTE SERVICE CHARGE			
	Current 2018 and 2019	Proposed 2020	Proposed 2021
Public Street	\$4.96	\$5.21	\$5.47
Private Street	\$4.67	\$4.90	\$5.15
Increase Per Month (\$) Public		\$0.25	\$0.26
Increase Per Month (\$) Private		\$0.23	\$0.25

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 wastewater 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 years 2020 and 2021.

Water 3% increase and Pass-Through increases

The FY 2019-20 impact for the six-month period of January 2020 to June 2020, will increase revenues by \$531,837. Revenues for a full year of the rate increase are \$1,228,638.

Wastewater 2% increase

The FY 2019-20 impact for the six-month period of January 2020 to June 2020, will increase revenues by \$454,601. Revenues for a full year of the rate increase are \$909,203.

Solid Waste City Services 5% increase

The FY 2019-20 impact for the six-month period of January 2020 to June 2020 will increase revenues by \$100,929 to be deposited in the Solid Waste – City Services revenue account 700702731.4483.0001. Revenues for a full year of the rate increase are \$201,858.

INSURANCE REQUIREMENTS

Does not apply

COMMISSION OR COMMITTEE REPORT

The Utilities Commission’s Budget Committee met regarding the proposed rates and approved staff’s recommendation at its meeting on October 8, 2019. It was then presented to the Utilities Commission, which approved staff’s recommendation at the meeting on October 15, 2019.

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; and adopt a resolution amending Chapter 13 of the City Code by establishing city waste service fee increases.

PREPARED BY:



Cari Dale
Water Utilities Director

SUBMITTED BY:



Deanna Lorson
City Manager

REVIEWED BY:

Jane McPherson, Financial Services Director



ATTACHMENTS:

- Exhibit A: Ordinance Amending Chapter 29
- Exhibit B: Ordinance Amending Chapter 37
- Exhibit C: Resolution Amending Chapter 13
- Exhibit D: Regional Water Rate Comparison
- Exhibit E: Regional Wastewater Rate Comparison
- Exhibit F: Protest Letters Memo to Council

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF OCEANSIDE AMENDING
OCEANSIDE CITY CODE, CHAPTER 29, ESTABLISHING
WASTEWATER 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 6, 2019, the City Council held a public hearing to consider adjusting wastewater system monthly wastewater rates for 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, existing 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 of the Oceanside City Code is hereby amended to read as follows:

Sec. 29.17.1 Class specific monthly service charge.

Effective January 1, 2020, and on all charges reflecting usage from and after December 1, 2019, and also effective January 1, 2021, and on all charges reflecting usage from and after December 1, 2020, 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:

1 **Residential Wastewater Service Charge**

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Billed per dwelling unit	2020	2021
Single Family Residential	\$19.18	\$19.56
Multi-Family Residential	\$11.51	\$11.74
Manufactured Homes	\$9.35	\$9.54
Master Metered Single Family	\$15.34	\$15.65

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9 **Non-Residential Wastewater Service Charge**

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Billed per meter equivalency*	2020	2021
5/8", 3/4"	\$28.77	\$29.34
1"	\$71.89	\$73.33
1 1/2"	\$143.78	\$146.66
2"	\$230.06	\$234.66
3"	\$431.34	\$439.97
4"	\$718.90	\$733.27
6"	\$1,437.80	\$1,466.55
8"	\$2,300.46	\$2,346.47
10"	\$2,875.58	\$2,933.09
*Charges based on the size of the meter		

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23 SECTION 2. Sec. 29.17.3 of the Oceanside City Code is amended to read as follows:

24 **Sec. 29.17.3 Fixed monthly customer charge.**

25 Effective January 1, 2020, and on all charges reflecting usage from and after December
26 1, 2019, and also effective January 1, 2021, and on all charges reflecting usage from and after
27 December 1, 2020, all wastewater service customers of the City shall be subject to a monthly
28 customer charge hereby imposed as follows:

1 **Wastewater Customer Charge**

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Billed per account	2020	2021
All Customer Classes	\$7.13	\$7.28

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5 SECTION 2. Section 29.18 of the Oceanside City Code is hereby amended to read as
6 follows:

7 **Sec. 29.18 Flow charge.**

8 Residential and non-residential customer flow charges shall be based on the quality and
9 quantity of sewage. Effective January 1, 2020, and on all charges reflecting usage from and
10 after December 1, 2019, and also effective January 1, 2021, and on all charges reflecting usage
11 from and after December 1, 2020, all wastewater service customers, except for special users, of
12 the City shall be subject to a monthly flow charge hereby imposed as follows:

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Wastewater Single Family Residential Flow Charge (WQA)

Charges applied commencing July 1 each year based on previous winter usage (WQA)	2020	2021
Minimum 0.00 – 4.00	\$ 19.41	\$ 19.79
4.01 – 5.00	\$ 24.25	\$ 24.74
5.01 – 6.00	\$ 29.11	\$ 29.69
6.01 – 7.00	\$ 33.95	\$ 34.63
7.01 – 8.00	\$ 38.81	\$ 39.58
8.01 – 9.00	\$ 43.65	\$ 44.52
9.01 – 10.00	\$ 48.50	\$ 49.47
10.01 – 11.00	\$ 53.35	\$ 54.42
Maximum 11.01 and over	\$ 58.20	\$ 59.36

Charges calculated per residential dwelling unit:	2020	2021
Manufactured Home	\$ 16.56	\$ 16.89
Master-Metered Single Family Residential	\$ 21.40	\$ 21.83
Charges calculated per estimated wastewater flow. 90% rate of return per unit:		
Multi-Family Residential; w/ separate irrigation	\$ 4.52	\$ 4.61
Hotels/Motels/RV Parks	\$ 4.52	\$ 4.61
Churches/Membership Organizations	\$ 4.52	\$ 4.61
General Commercial	\$ 4.52	\$ 4.61
Commercial Medium Strength	\$ 5.09	\$ 5.20
Commercial Medium-High Strength	\$ 7.23	\$ 7.38
Commercial High Strength	\$ 8.64	\$ 8.81
Schools	\$ 4.52	\$ 4.61
Charges calculated per estimated wastewater flow. 75% rate of return per unit:		
Multi-Family Residential; no separate irrigation	\$ 4.52	\$ 4.61
Schools; no separate irrigation	\$ 4.52	\$ 4.61

SECTION 3. Section 29.18 (a) of the Oceanside City Code is hereby amended to read as follows:

Sec. 29.18 (a) Special user flow charge.

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	2020	2021
5 Per unit (748 gallons) discharged	\$ 2.72	\$ 2.77
6 BOD (per lb.)	\$ 0.83	\$ 0.85
7 TSS (per lb.)	\$ 0.47	\$ 0.48
8 Ammonia (per lb.)	\$ 0.45	\$ 0.46
9 TDS (per 1,000 lbs. above existing permit limit as of January 1, 2019)	\$ 11.51	\$ 11.75

10 Charges calculated per estimated wastewater flow. Rate of return based on individual
11 monitoring.

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

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

19 SECTION 5. Severability.

20 If any section, sentence, clause or phrase of the Ordinance is for any reason held to be
21 invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision
22 shall not affect the validity of the remaining portions of this Ordinance. The City Council
23 hereby declares that it would have adopted this Ordinance and each section, sentence, clause or
24 phrase thereof, irrespective of the fact that any one or more section, subsections, sentences,
25 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 _____, 2019, and, thereafter, PASSED, AND ADOPTED by the City Council of the City of Oceanside, California this _____ day of _____, 2019, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

MAYOR, CITY OF OCEANSIDE

ATTEST:

APPROVED AS TO FORM:

CITY CLERK

Paul D. Hamilton, ASST.

CITY ATTORNEY

AN ORDINANCE OF THE CITY OF OCEANSIDE AMENDING OCEANSIDE CITY CODE, CHAPTER 29, ESTABLISHING WASTEWATER USER RATE 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 November 6, 2019, the City Council held a public hearing to consider adjusting monthly residential, non-residential water rates and external water provider charges;

WHEREAS, existing 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, based on the Metropolitan Water District's (MWD) multi-year 2019 and 2020 rate and charge increases adopted at its April 10, 2018, Board of Director's meeting, MWD 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 19, 2019 meeting, the Board of Directors of the San Diego County Water Authority ("Authority") approved increases to the melded supply rate, the melded treatment rate, the transportation rate, the infrastructure access charge, supply reliability charge, system capacity charge, and treatment capacity charges for calendar year 2020; and

WHEREAS, based on an exclusion of supply costs associated with the Water Utility Department's Capital Improvement Program, the Oceanside Agricultural Water Rate Program (OAWR) was established to provide qualifying agricultural growers a reduced commodity rate in return for forfeiting a portion of their available supply during an emergency water shortage and freeing up potable water supplies for the non-participating Municipal & Industrial customers;

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

SECTION 1. Sections 37.111 and 37.112 of the Oceanside City Code are hereby amended to read as follows:

1 **Sec. 37.111 San Diego County Water Authority Infrastructure Access Charge**

2 Effective January 1, 2020, and on all charges reflecting usage from and after December 1,
3 2019, and also effective January 1, 2021, and on all charges reflecting usage from and after
4 December 1, 2020, there is hereby established a pass-through infrastructure access charge on
5 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 (2020)	Monthly Charge (2021)
5/8" & 3/4"	\$3.33	\$3.70
1"	\$5.33	\$5.92
1 1/2"	\$9.99	\$11.10
2"	\$17.32	\$19.24
3"	\$31.97	\$35.52
4"	\$54.62	\$60.68
6"	\$99.90	\$111.00
8"	\$173.16	\$192.40
10"	\$259.74	\$288.60
Charges based on size of meter		

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

18 Effective January 1, 2020, and on all charges reflecting usage from and after December 1,
19 2019, and also effective January 1, 2021, and on all charges reflecting usage from and after
20 December 1, 2020, there is hereby established a readiness-to-serve charge on water customers of
21 the City of Oceanside. This charge is established as follows:

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Meter Size	Monthly Charge (2020)	Monthly Charge (2021)
5/8" & 3/4"	\$0.97	\$0.99
1"	\$2.43	\$2.48
1 1/2"	\$4.85	\$4.95
2"	\$7.76	\$7.92
3"	\$14.55	\$14.85
4"	\$24.25	\$24.75
6"	\$48.50	\$49.50
8"	\$77.60	\$79.20

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10"	\$111.55	\$113.85
Charges based on size of meter		

SECTION 2. Section 37.34 of the Oceanside City Code is hereby amended to read as follows:

Sec. 37.34 Monthly service charge.

Effective January 1, 2020, and on all charges reflecting usage from and after December 1, 2019, and also effective January 1, 2021, and on all charges reflecting usage from and after December 1, 2020, all water service customers of the city shall be subject to a monthly service charge according to customer usage characteristics that are defined by rate classification and are hereby imposed as follows:

Single Family Residential

Meter Size	Monthly Water Service Charge (2020)	Monthly Water Service Charge (2021)
5/8" & 3/4"	\$17.05	\$17.56
1"	\$37.07	\$38.19
1 1/2 "	\$70.47	\$72.58
2"	\$110.52	\$113.84
3"	\$204.01	\$210.13
4"	\$337.54	\$347.66
6"	\$671.39	\$691.53
8"	\$1,072.00	\$1,104.16
10"	\$1,539.38	\$1,585.56
Charges based on size of meter		

Multi-Family Residential

Meter Size	Monthly Water Service Charge (2020)	Monthly Water Service Charge (2021)
5/8" & 3/4"	\$22.56	\$23.24
1"	\$50.87	\$52.39
1 1/2 "	\$98.03	\$100.97
2"	\$154.63	\$159.27
3"	\$286.70	\$295.30

4"	\$475.37	\$489.63
6"	\$947.04	\$975.45
8"	\$1,513.04	\$1,558.44
10"	\$2,173.39	\$2,238.59
Charges based on size of meter		

Commercial

Meter Size	Monthly Water Service Charge (2020)	Monthly Water Service Charge (2021)
5/8" & 3/4"	\$23.61	\$24.32
1"	\$53.48	\$55.09
1 1/2"	\$103.27	\$106.37
2"	\$163.01	\$167.90
3"	\$302.42	\$311.50
4"	\$501.57	\$516.62
6"	\$999.46	\$1,029.44
8"	\$1,596.91	\$1,644.81
10"	\$2,293.94	\$2,362.76
Charges based on size of meter		

Irrigation, Agriculture, and Recycled

Meter Size	Monthly Water Service Charge (2020)	Monthly Water Service Charge (2021)
5/8" & 3/4"	\$23.60	\$24.31
1"	\$53.47	\$55.08
1 1/2"	\$103.24	\$106.34
2"	\$162.97	\$167.86
3"	\$302.34	\$311.41
4"	\$501.44	\$516.48
6"	\$999.19	\$1,029.16
8"	\$1,596.47	\$1,644.37
10"	\$2,293.32	\$2,362.12
Charges based on size of meter		

1 SECTION 3. Sec. 37.35 of the Oceanside City Code is hereby amended to read as
2 follows:

3 **Sec. 37.35 Monthly consumption charge.**

4 Effective January 1, 2020, and on all charges reflecting usage from and after December 1,
5 2019, and also effective January 1, 2021, and on all charges reflecting usage from and after
6 December 1, 2020, all water service customers of the city shall be subject to a monthly
7 consumption charge hereby imposed as follows:

8 **Residential**

9 **Monthly Water Consumption Charge**

Charges calculated per unit of consumption:			2020	2021
Single Family	1 st Tier (0 - 13 units)		\$2.57	\$2.65
	2 nd Tier (14 + units)		\$3.46	\$3.56
Charges calculated per residential dwelling unit:				
Master-Metered Single Family	1 st Tier (0 - 13 units)		\$2.57	\$2.65
	2 nd Tier (14 + units)		\$3.46	\$3.56
Multi-Family	1 st Tier (0 - 7 units)		\$2.61	\$2.69
	2 nd Tier (8 + units)		\$3.07	\$3.17
Manufactured Homes	1 st Tier (0 - 7 units)		\$2.61	\$2.69
	2 nd Tier (8 + units)		\$3.07	\$3.17

Non-Residential

Monthly Water Consumption Charge

Charges calculated per unit of consumption:	2020	2021
Commercial	\$2.69	\$2.77
Irrigation	\$2.82	\$2.90
Agricultural Commercial	\$2.79	\$2.87
Special Agricultural Water Rate (SAWR)	\$1.83	\$1.85
Oceanside Agricultural Water Rate (OAWR)	\$1.83	\$1.87
Recycled	\$2.51	\$2.58
A unit of water is equal to 748 gallons or 100 cubic feet		

Effective January 1, 2020, and on all charges reflecting usage from and after December 1, 2019, and also effective January 1, 2021, and on all charges reflecting usage from and after December 1, 2020, 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 (2020)	Monthly Clean Water Charge (2021)
	\$ 0.15	\$0.16

Effective January 1, 2020, and on all charges reflecting usage from and after December 1, 2019, and also effective January 1, 2021, and on all charges reflecting usage from and after December 1, 2020, there is hereby established a pass-through water surcharge on City of Oceanside water customers in the amount of \$2.30 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 (2020)	Monthly SDCWA Surcharge (2021)
	\$2.50	\$2.60

SECTION 4. Sec. 37.36 of the Oceanside City Code is hereby amended to read as follows:

1 **Sec. 37.36 Monthly Fire Service Fee**

2 Effective January 1, 2020, and on all charges reflecting usage from and after
3 December 1, 2019, and also effective January 1, 2021, and on all charges reflecting usage from
4 and after December 1, 2020, there is hereby established a fire service fee on water accounts that
5 provide a fire service connection within the City of Oceanside. This charge is established as
6 follows:

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Meter Size	Monthly Fire Service Fee (2020)	Monthly Fire Service Fee (2021)
5/8" & 3/4"	\$18.72	\$19.28
1"	\$18.72	\$19.28
1 1/2"	\$18.72	\$19.28
2"	\$18.72	\$19.28
3"	\$18.72	\$19.28
4"	\$18.72	\$19.28
6"	\$18.72	\$19.28
8"	\$18.72	\$19.28
10"	\$18.72	\$19.28

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

22 SECTION 6. Severability.

23 If any section, sentence, clause or phrase of the Ordinance is for any reason held to be
24 invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision
25 shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby
26 declares that it would have adopted this Ordinance and each section, sentence, clause or phrase
27 thereof, irrespective of the fact that any one or more section, subsections, sentences, clauses or
28 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 _____, 2019, and, thereafter,

PASSED, AND ADOPTED by the City Council of the City of Oceanside, California this _____ day of _____, 2019, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

MAYOR, CITY OF OCEANSIDE

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

Barbara Hamilton, #887

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

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE INCREASING A MONTHLY CITY WASTE SERVICE FEE FOR CITY ADMINISTRATION AND OPERATION SERVICES

WHEREAS, on July 7, 2004, the City Council adopted Ordinance No. 04-OR482-1 fixing rates for the collection of waste matter in the City of Oceanside and establishing a monthly city waste service fee for city administration and operation services that include street sweeping, landfill maintenance, and right of way clean-up;

WHEREAS, on November 6, 2019, the City Council held a public hearing to consider adjusting the monthly city waste service fee; and

WHEREAS, the city waste service fee has been analyzed and found to be insufficient to recover costs for increased operating expenses and ongoing maintenance;

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

1. Pursuant to sections 13.18 and 13.19 of the Oceanside City Code, Chapter 13, effective January 1, 2020, and on all charges reflecting usage from and after December 1, 2019, and also effective January 1, 2021, and on all charges reflecting usage from and after December 1, 2020, all residential and commercial customers of the City shall be subject to a monthly city waste service fee hereby imposed as follows:

City Waste Services Fee

Billed per dwelling unit	2020	2021
Public Streets	\$ 5.21	\$ 5.47
Private Streets	\$ 4.90	\$ 5.15

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PASSED, AND ADOPTED by the City Council of the City of Oceanside,
California this _____ day of _____, 2019, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

MAYOR, CITY OF OCEANSIDE

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

Robert J. Smith

CITY ATTORNEY

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE INCREASING A MONTHLY
CITY WASTE SERVICE FEE FOR CITY ADMINISTRATION AND OPERATION SERVICES

Exhibit D

Water Rate Comparison, Member Agency Water Rates

In July, 2019, the City conducted a survey of the water rates of its neighboring water providers within San Diego County. The following chart shows that the City has the 5th lowest water rates in San Diego County.

Projected water bill for FY 2020
Based on 11 Units of water Use and 3/4 meter size

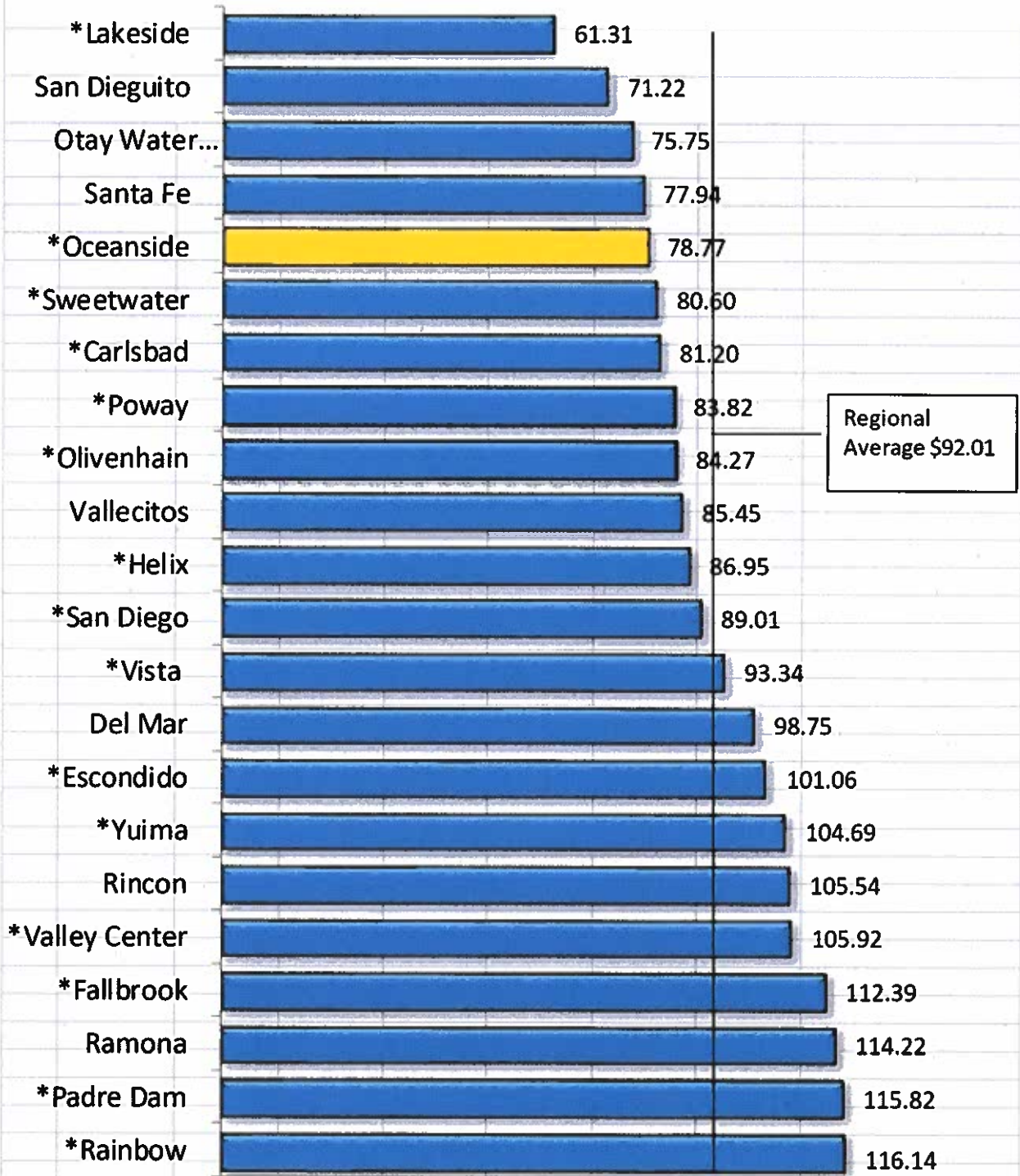
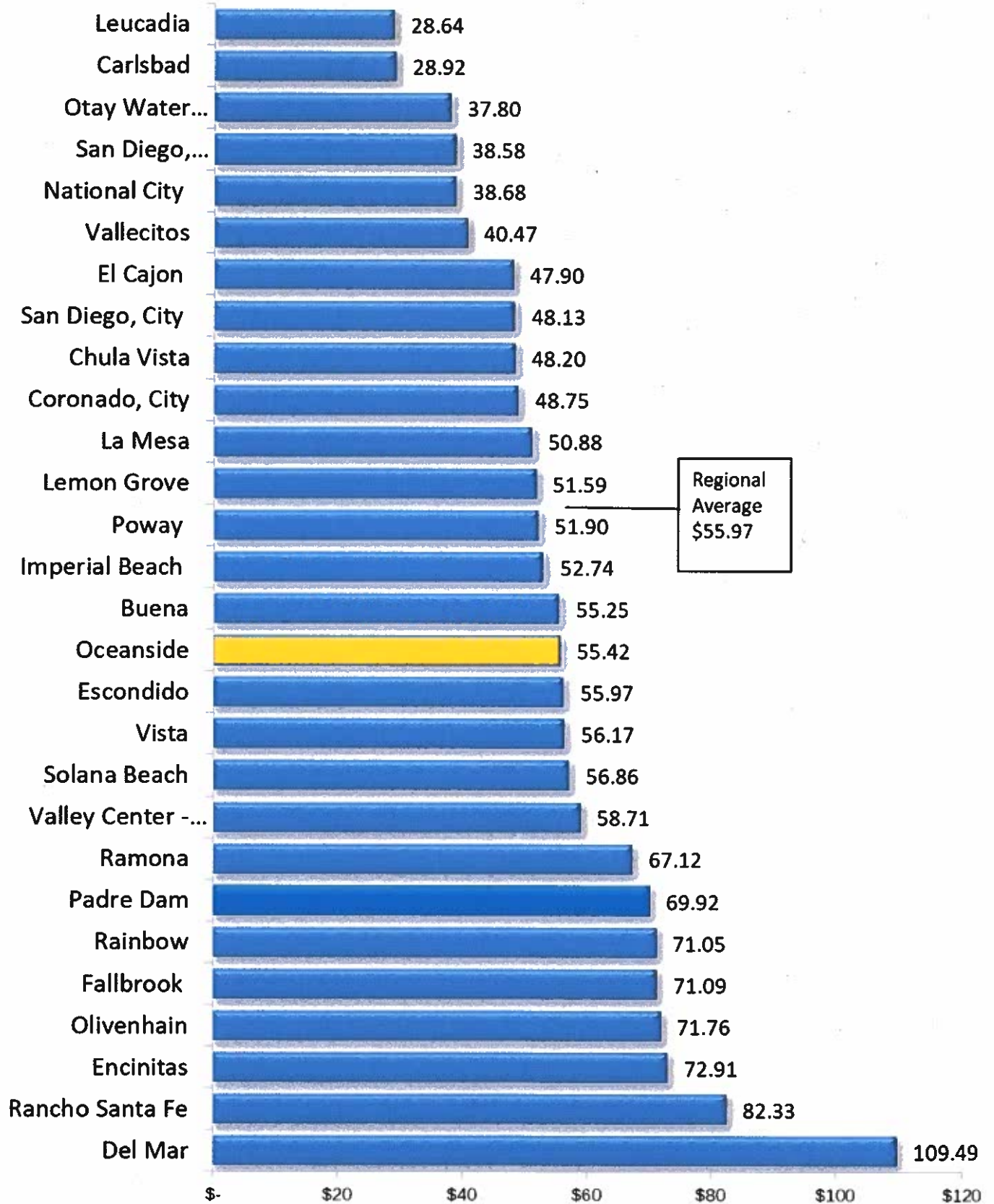


Exhibit E





City of Oceanside

Water Utilities Department

Memorandum

Date: October 23, 2019
To: Honorable Mayor and City Councilmembers
Through: Deanna Lorson, City Manager
From: Cari Dale, Water Utilities Director
Subject: **Protest Letters**

While this rate hearing process proposing a two-year implementation for calendar years 2020 and 2021 follows a year with no rate increases in calendar year 2019, the decision to include a pre-printed protest form with the delivery of the Prop 218 hearing notice has resulted in an enormous response from account holders in Oceanside. Currently, the City Clerk's office has received over 3000 protests, all of which staff are reviewing and, in large part, responding to. This has not been past practice but staff finds that account holders are very eager to have a platform to share their concerns, their questions, and their long-held beliefs. On the part of the Utility, it is an opportunity to reach out to our customers with information, education and as is often the case, clarification.

It's worth mentioning that the Water Utilities Department's significant efforts to keep increases to a minimum through increased efficiencies, fiscal management, and participation in legislative efforts that would unnecessarily increase the financial burden on water agencies, have positively influenced a number of responders. The support comes primarily in response to the Prop 218 notice's well-documented explanation of why rates are being proposed, why rate increases are needed, and what projects and improvements have taken place or are scheduled to take place. While no one wants to pay more, the City continues to receive protest comments and in-person comments that express an understanding and acceptance of increases that are necessary to avoid delayed maintenance and increased exposure to main breaks, spills and accidents, all of which could potentially result in the added expense of fines and regulatory action.

Although the protest response has been staggering, we find that the bulk of subject matter can be summed up in about 4 or 5 topics.

1) The most popular by far is that our rates are too high already. Interestingly enough, many of these protests include a belief that Oceanside has the highest rates in the nation, the state, or in Southern California. The fact that we conduct a rate comparison with every rate hearing is an excellent way to share how Oceanside actually compares to other agencies. Oceanside is the 5th lowest in the San Diego region for single family residential water rates and is below the regional average for wastewater rates.

2) Another extremely popular topic is the desire for a low income and/or senior rate. Having revisited this topic many times over the years, we can point to the restrictions under Prop 218 prohibiting an agency from arbitrarily reducing the rate to any individual customer group at the expense or on the backs of any other customer group.

3) Development remains a constant concern in terms of the belief that either existing customers are experiencing increases due to population growth resulting from newly constructed housing or that developers are being subsidized through rate increases to existing customers. Staff has clarified with customers that development pays it's fair share through buy-in fees and conditions of approval on projects and that the proposed rate increases are separate from growth occurring in the city.

4) Several protests consisted of suggestions and recommendations for what the account holder believed the City was not yet instituting or taking advantage of, such as recycled water, tiered water rates, and incentives for conservation. Again, these presented an opportunity for staff to share how those things are currently being implemented as well as plans for expansion in the future.

5) Though not a protest topic, per se, the increased presence of social media seemed to have a greater influence on account holder beliefs than the Prop 218 rate documentation put out by the City. A large number of the calls received were in response to dialog on various social media platforms such as Nextdoor, Facebook and Twitter. As a result, calls came in not only from Oceanside residents but from residents throughout San Diego County who were responding to a plethora of misinformation, including the assertion that the proposed rate increase represents an unjust voluntary tax requiring the account holder to merely inform the Utility that they are opting out of the voluntary charge.

Finally, although the Prop 218 notices have been provided with every proposed rate increase since 2007, many account holders were unfamiliar with the hearings and the requirements for protest, causing confusion as to who should receive the notices and who has the right to protest. The confusion ranged from apartment dwellers who were under the impression that because they pay their management company for utilities that it qualifies them each to have an opportunity to protest, to single family homeowners who were under the impression that they received a protest for each member of the household, to mobile home residents whose parks are on a single master meter from the city but whose management companies contract with a third party to install, read and maintain non-city sponsored submeters. An explanation is included within the Prop 218 rate hearing notice but for added clarification and in response to the above-mentioned confusion, a much more thorough and example-filled

FAQ is available on the Water Utilities main homepage to help the public better understand the whole process.

In addition, the following FAQ information is posted on the Water Utility main webpage to assist with customer understanding of the proposed increases:

WHAT IS PROPOSITION 218?

Proposition 218 is an article of the California Constitution that was passed by California voters in November 1996. It establishes the process by which public agencies can raise fees for public services. It was designed to provide greater ratepayer involvement in the entire rate setting process.

WHAT DOES PROPOSITION 218 REQUIRE OF GOVERNMENTAL ENTITIES?

Proposition 218 requires cities to mail a public hearing notice to every Water Utility account holder regarding proposed rate changes 45 days prior to holding a public hearing during which the City Council considers whether or not to adopt the changes. It also establishes a protest process for account holders to follow if they wish to oppose the proposed rates.

WHO RECEIVES A PUBLIC HEARING NOTICE?

Every account holder receives a public hearing notice. An account holder may be the property's landowner or it may be a tenant. The name that appears on the utility account, and in turn, on the utility bill, is the account holder.

WHAT ARE THE REQUIREMENTS FOR SUBMITTING A PROTEST OF THE RATES?

Only one protest can be filed by an account holder per parcel (or *service address*) in order to count as a valid protest vote. While a protest card was provided with the mailing of each public hearing notice, the card is not required for the protest to be counted. The protest can be drafted on any type paper or pad but must include:

1. the water utility account number
2. the service address or parcel number
3. the account holder name as it appears on the bill or on the account
4. a valid signature and date

Since all written protests must be received by the end of the public hearing, protests being sent by mail should allow sufficient time for delivery as they will not be counted if they are not received and processed by the City Clerk's office prior to the close of the public hearing on November 6, 2019.

WHAT HAPPENS WHEN I SEND IN MY WRITTEN PROTEST?

Written protests, whether submitted on the provided protest card or on a separate piece of paper, must include all information satisfying the four requirements enumerated above, and are counted and kept on file with the City Clerk. If a majority of the account holders file written protests opposing the rates *before the end of the public hearing on November 6, 2019*, the City is prohibited by Proposition 218 from implementing the rate changes.

WHAT CONSTITUTES THE MAJORITY NEEDED TO PROTEST THE PROPOSED RATES?

A majority of the account holders means more than one-half of the accounts in the City of Oceanside's service area. Currently the City has 44,230 active accounts of which 22,116 or more protests would constitute a majority.

WHAT HAPPENS IF THE CITY RECEIVES A MAJORITY OF PROTESTS?

In the event that a majority of account holders protest the rate changes, City Councilmembers are provided copies of the ratepayer protests for their review and may choose to either request that staff go back and make changes to be reintroduced through another 218 process before consideration of an adoption is entertained, or, withhold adoption of the proposed rate changes altogether.

WHAT HAPPENS IF THE CITY DOES NOT RECEIVE A MAJORITY OF PROTESTS?

Without a majority protest, the City Council has the legal authority to adopt the proposed rate changes as dictated by Proposition 218. However, should a majority protest not be met, City Council is not automatically required to adopt the changes. Council may choose to withhold adoption or may request staff to go back and make changes, requiring the proposal to be reintroduced through a new and separate Proposition 218 rate hearing process before consideration of adoption is entertained.

WHERE CAN I OBTAIN A PROTEST CARD?

Protest cards were mailed to all account holders along with the Proposition 218 Notice of Public Hearing between August 21, 2019, and September 20, 2019. Protest cards are also available at the Oceanside Civic Center in the City Clerk's Office (City Hall North, 2nd floor), the Water Utilities Office (City Hall South, 1st floor) and the Utility Billing and Cashiering Office (City Hall East, 1st floor, where you pay your utility bill, parking ticket, business license, or ambulance bill).

A FEW ITEMS WORTH REPEATING FOR CLARIFICATION:

***An important distinction is the requirement that there be no more than one protest per account. Multiple dwellings for which there are more than one home, apartment, mobile home, etc., receive only one protest from the account holder (name on the account). This does not include submeters that are billed by a third party rather than the City of Oceanside.

The signature that is required in order for a protest to be valid and counted must be handwritten. The City uses this to verify that a protest is not reproduced or submitted by someone other than the account holder. The protest can then be scanned for submission but the scan must include a handwritten (not typed) signature.

Please contact Cari Dale at x5827 with any questions.