

City of Brisbane
Agenda Report

To: City Council via City Manager
From: Administrative Services Director
Subject: Prop 218 mailing for water and sewer rate increase
Date: May 2, 2011

Purpose:

To provide a safe and secure water and wastewater system to the community which is financially viable.

Recommendation:

To direct staff to begin the Proposition 218 process for passing through water purchase and sewer processing increases in order to maintain clean, safe water and sewer systems.

Background:

In 2001 the FCS Group determined that water and sewer rates needed to be increased over 200% in order to pay for on-going costs as well as needed capital projects. As part of the review process Council directed staff to develop a method to ensure annual rate increases would be as level as possible. Staff recommended and City Council approved Ordinance which would allow for an inflationary factor in automatic rate increases to further ensure the financial integrity of the Utility Fund.

On August 13, 2001 the City Council discussed Ordinance No. 458 which set the process for determining future water and sewer rate increases. Additionally, the proposed Ordinance recommended that all cost increases from San Francisco be passed on to customers to ensure that the City would not again fall as far behind in water and sewer rates as it had by 2001.

Since then, the City has raised rates seven times for a total increase of 186% in water and 173% in sewer.

Subsequent to passing Ordinance No. 458, the California Supreme Court ruled that water and sewer charges are property related and subject to Proposition 218, the Right to Vote on Taxes Act. As such, we are required to notify property owners regarding any increase and hold a public hearing at least 45 days later to allow time for community input. As a courtesy to our customers, we also notify renters of the forthcoming change in rates.

The Subcommittee reviewed a proposed 3% increase in 2009 and decided to recommend to the Council that the increase not be passed through. Their decision was based on the fact we had a 17% increase the year before and the current economic climate was dismal. Both of these factors would have made it difficult for individuals to afford another increase.

In March of 2010, the subcommittee reviewed a proposal to change the structure of water & sewer rates so that the base charge covers the fixed costs. Because of on-going concern about the economic health of our citizens, this was tabled. The increase for fiscal year 10-11 from SFPUC would have been 15.2% which would have been about a 5% water rate increase. We did a Prop 218 mailing for this rate increase. However, during the public hearing, city council determined that the economic conditions in the city had not improved and chose to forego the increase.

In February and March of 2011, the subcommittee reviewed the proposed increase from SFPUC and directed staff to bring the information to the City Council.

Discussion:

The City of Brisbane purchases its water from SFPUC. As such, we need water rates that cover our cost of water as well as the cost of the infrastructure. We have been notified by SFPUC that they intend to increase our water rates by 48% effective July 1, 2011. The City of Brisbane pays San Francisco to process our wastewater. We expect a rate increase on sewer costs also.

SFPUC is increasing the cost of water by 47%. This is in addition to the 15% the City did not pass through previously. Ordinance 489 states the City will pass through to customers the increase in the cost of purchasing water. If we were to pass these increases through to our fixed charge and our tiered rates there would be an 18.6% rate increase. However, staff recommends increasing the fixed charge by 7% and the tiered rates by 35%. This will increase the cost for bigger water users and therefore encourage additional conservation.

The anticipated increase in sewer processing is 5% along with the 6% increases that have not been passed on for the last two years. Wastewater processing makes up about 1/3rd of the budget so a 4% increase would be needed to be passed through.

For the average residential water and sewer user (10 units per two months) the proposed increase would be \$16.28 or \$8.14 a month for water and \$3.83 or \$1.92 sewer. The total bimonthly bill for water would be \$78.87 and sewer would be \$99.69.

In order to pass on these increases, we are required to do a Proposition 218 mailing announcing the increase, wait 45 days, then have a public hearing. Unless a majority of tax payers protest the rate increase, then it goes into effect. Because of our bi-monthly billing, we do not intend to increase the rates until January 2012.

Recent legislation allows us to process a Prop 218 vote and then pass on rate increases and cost of living increase for five years without any additional mailings. Staff recommends that we go with this procedure.

When we return in six weeks for the public hearing, staff will present a detailed look at utility rates including:

- what drives water and sewer rates;
- what options we have considered over the past few years to save costs;
- what capital improvement projects have been completed and which ones are waiting for funding;
- the effect of conservation; and
- what it means to be an enterprise fund.

Fiscal Impact:

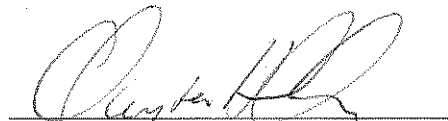
The cost of doing a Prop 218 mailing is approximately \$2,000.

Measure of Success

The measure of success is balancing the government driven costs for safe water and properly handled wastewater with rates that are allocated fairly.

Attachments:


Financial Services Director


City Manager

RESIDENTIAL BIMONTHLY WATER RATE TABLE 2009

Bimonthly Usage (ccf)	5/8" Meter	3/4" Meter	1" Meter	1 1/2" Meter	2" Meter	3" Meter	4" Meter
0	21.59	21.59	29.14	58.23	93.18	186.41	291.23
1	21.59	26.53	35.81	64.89	99.85	193.07	297.89
2	23.65	31.47	42.47	71.56	106.51	199.74	304.55
3	29.01	36.41	49.14	78.22	113.17	206.41	311.22
4	35.67	43.07	55.80	84.87	119.84	213.08	317.89
5	42.34	49.74	62.45	91.53	126.50	219.74	324.55
6	49.00	56.41	69.11	98.19	133.16	226.40	331.21
7	55.67	63.07	75.78	104.86	139.83	233.07	337.88
8	62.33	69.73	82.44	111.52	146.50	239.74	344.54
9	70.60	78.00	90.71	119.79	154.77	248.01	352.81
10	78.87	86.27	98.98	128.06	163.04	256.28	361.08
11	87.14	94.55	107.25	136.35	171.31	264.55	369.35
12	95.41	102.82	115.52	144.62	179.59	272.82	377.62
13	103.69	111.09	123.79	152.89	187.86	281.10	385.90
14	111.96	119.36	132.08	161.16	196.13	289.37	394.17
15	120.23	127.63	140.35	169.43	204.40	297.64	402.44
16	128.50	135.90	148.62	177.71	212.67	305.91	410.71
17 or more	Bill at applicable rate for 16 ccf plus \$9.35 over ccf over 16						

A	B	C	D	E	F	G
0.00	4.94	6.67	6.66	6.66	6.67	6.66
2.06	4.94	6.66	6.66	6.66	6.67	6.66
5.36	4.94	6.66	6.66	6.66	6.67	6.66
6.66	6.66	6.66	6.65	6.66	6.66	6.67
6.67	6.66	6.65	6.66	6.66	6.66	6.66
6.66	6.67	6.66	6.66	6.66	6.66	6.66
6.66	6.66	6.66	6.66	6.67	6.66	6.66
6.66	6.66	6.66	6.66	6.66	6.67	6.66
8.27	8.27	8.27	8.27	8.27	8.28	8.27
8.27	8.27	8.27	8.27	8.27	8.27	8.27
8.27	8.27	8.27	8.29	8.27	8.27	8.27
8.27	8.27	8.27	8.27	8.28	8.27	8.28
8.27	8.28	8.29	8.27	8.27	8.27	8.27
8.27	8.27	8.27	8.27	8.27	8.27	8.27
8.28	8.27	8.27	8.27	8.27	8.28	8.27

IRRIGATION BIMONTHLY WATER RATE TABLE 2009 EFF SVC PRD 10-2008												
Bimonthly Usage (ccf)	5/8" Meter	3/4" Meter	1" Meter	1 1/2" Meter	2" Meter	3" Meter	4" Meter					
0	33.40	39.49	42.51	63.76	88.07	170.05	239.57					
1	38.33	44.42	47.44	68.70	93.01	174.99	247.66					
2	43.26	49.36	52.37	73.63	97.94	179.92	255.75					
3	48.20	54.29	57.31	78.56	102.87	184.85	263.83					
4	53.13	59.22	62.24	83.49	107.80	189.78	271.92					
5	58.06	64.15	67.17	88.43	112.74	194.72	280.01					
6	63.00	69.09	72.10	93.36	117.67	199.65	288.10					
7	67.93	74.02	77.04	98.29	122.60	204.58	296.18					
8	72.86	78.95	81.97	103.22	127.53	209.51	304.27					
9	83.68	89.77	92.79	114.04	138.35	220.33	315.09					
10	94.49	100.59	103.60	124.86	149.17	231.15	325.90					
11	105.31	111.40	114.42	135.67	159.98	241.96	336.72					
12	116.13	122.22	125.24	146.49	170.80	252.78	347.54					
13	126.94	133.04	136.05	157.31	181.62	263.60	358.35					
14	137.76	143.85	146.87	168.12	192.43	274.41	369.17					
15	148.58	154.67	157.69	178.94	203.25	285.23	379.99					
16	159.39	165.49	168.50	189.76	214.07	296.05	390.80					
17 or more	Bill at applicable rate for 16 ccf plus \$10.97 over ccf over 16											

16	17	11	15	12	13	14
4.93	4.93	4.93	4.93	4.93	4.93	8.09
4.93	4.93	4.93	4.93	4.93	4.93	8.09
4.93	4.93	4.93	4.93	4.93	4.93	8.09
4.93	4.93	4.93	4.93	4.93	4.93	8.09
4.93	4.93	4.93	4.93	4.93	4.93	8.09
4.93	4.93	4.93	4.93	4.93	4.93	8.09
4.93	4.93	4.93	4.93	4.93	4.93	8.09
4.93	4.93	4.93	4.93	4.93	4.93	8.09
10.82	10.82	10.82	10.82	10.82	10.82	10.82
10.82	10.82	10.82	10.82	10.82	10.82	10.82
10.82	10.82	10.82	10.82	10.82	10.82	10.82
10.82	10.82	10.82	10.82	10.82	10.82	10.82
10.82	10.82	10.82	10.82	10.82	10.82	10.82
10.82	10.82	10.82	10.82	10.82	10.82	10.82
10.82	10.82	10.82	10.82	10.82	10.82	10.82
10.82	10.82	10.82	10.82	10.82	10.82	10.82

BIMONTHLY SEWER RATE TABLE 2009						
Bimonthly Flow (ccf)	Residential	Standard Commercial	Medium Commercial	Heavy Commercial		
0	64.35	64.35	64.35	64.35		
1	66.98	67.94	69.67	71.44		
2	69.61	71.52	74.98	78.54		
3	72.24	75.10	80.30	85.63		
4	74.87	78.69	85.61	92.72		
5	77.50	82.27	90.93	99.82		
6	80.13	85.85	96.24	106.91		
7	82.76	89.44	101.56	114.00		
8	85.39	93.01	106.87	121.10		
9	92.54	100.16	115.97	132.14		
10	99.69	107.31	125.07	143.19		
11	106.84	114.46	134.17	154.24		
12	113.99	121.61	143.26	165.28		
13	121.14	128.76	152.36	176.33		
14	128.29	135.91	161.46	187.38		
15	135.44	143.06	170.56	198.42		
16	142.59	150.21	179.66	209.47		
17	149.74	157.36	188.76	220.52		
18	156.89	164.51	197.85	231.56		
19	164.04	171.66	206.95	242.61		
20	171.19	178.81	216.05	253.65		
	\$169.55 plus	\$177.09 plus	\$213.97 plus	\$251.22 plus		
	\$7.09 per unit over 20	\$7.09 per unit over 20	\$9.28 per unit over 20	\$10.94 per unit over 20		
21 or more						

Residential	Standard Commercial	Medium Commercial	Heavy Commercial
\$2.63	\$3.59	\$5.32	\$7.09
\$2.63	\$3.58	\$5.31	\$7.09
\$2.63	\$3.58	\$5.32	\$7.09
\$2.63	\$3.58	\$5.32	\$7.09
\$2.63	\$3.58	\$5.32	\$7.09
\$2.63	\$3.58	\$5.32	\$7.09
\$2.63	\$3.57	\$5.32	\$7.09
\$7.16	\$7.15	\$9.10	\$11.05
\$7.15	\$7.15	\$9.10	\$11.05
\$7.15	\$7.15	\$9.10	\$11.05
\$7.15	\$7.15	\$9.10	\$11.05
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\$7.15	\$7.15	\$9.10	\$11.05
\$7.15	\$7.15	\$9.10	\$11.05
\$7.15	\$7.15	\$9.10	\$11.05
\$7.15	\$7.15	\$9.10	\$11.05
\$7.15	\$7.15	\$9.10	\$11.05
\$7.15	\$7.15	\$9.10	\$11.05
\$7.15	\$7.15	\$9.10	\$11.05