

City of Brisbane
Agenda Report

To: City Council via City Manager
From: Financial Services Manager
Subject: Water and Sewer Rate Public Hearing
Date: August 1, 2011

Purpose:

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

Recommendation:

Adopt Resolution No. 2011-39 approving the increase of 7% in the water readiness charge, 35% increase in the water usage rate and 4% increase in sewer rates and to continue the no increase for customers who are on the City's Low Income Rate Assistance (LIRA) Plan.

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 No. 458 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. The letter was sent out May 20, 2011 and public comment was allowed at the July 5th City Council meeting. After the July 18, 2011 presentation, additional public comment was heard. City Council held the public hearing open until August 1, 2011.

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.

We have not increased water and sewer rates since 2009 and our single source provider, San Francisco Public Utility Commission (SFPUC) has raised our water rates by over 38% during this period. SFPUC is doing an earthquake retrofit of the Hetch Hetchy pipeline, the major source of water for the cities on the Peninsula, and that cost is shared by all of its customers.

DISCUSSION:

After the presentation at the July 18, 2011 City Council meeting, several questions were asked by members of the public. Administrative Services Director Schillinger addressed several of them:

Look for grants and seek funds from county and other officials.

We have used grants whenever possible for improvements to the water and sewer systems. However, the climate from the nation's capitol has discouraged the use of earmarks for home districts. On top of that, the state of the economy has lowered the amount of funding for grants. Additionally, the grantor's are looking to fund those with the biggest need, and unfortunately due to wealth of the overall Bay Area we do not compete well against other regions of the Country.

Citizens shouldn't pay for all the big developments.

We have also used developers to obtain infrastructure for the city. The Northeast Ridge water tank and water and sewer system were paid for by Brookfield homes who also paid for the Mission Blue Center, the Baseball field, the tennis courts and the swimming pool.

We should swap the fixed costs and the usage costs.

If we placed more of our fixed costs into the base rate it would hurt the small water user. Many of our small users are our senior citizens that council has tried to buffer from large increases whenever possible.

\$5 million in there twice.

We do have \$5,000,000 replacement costs twice: one for the water system and one for the sewer system.

We don't need an excess of \$100,000.

If we put only \$100,000 towards depreciation per year, it will take us 100 years to reach the amount we should have now. If we want to plan for the future and not burden our children with failing infrastructure, we should strive to fund depreciation.

Lift station cost should be paid for by the Redevelopment Agency, not residents.

Redevelopment paid for the Sierra Point Lift Station as well as a portion of the Valley Drive Lift Station.

You should take a closer look at the fixed costs.

We look at fixed costs during every budget cycle. Having fewer people does not necessarily decrease fixed costs. You pay rent on your home even when you are not there. The same principal applies to some of the fixed costs.

We are ignoring our own water resources here, specifically the Quarry.

Using Quarry water has not been feasible because it does not put forth enough water to be an ongoing source.

Get another tank that would serve as a reservoir for extra water.

Depending on the size and location, an extra water tank would cost the city more than \$2 million. The cost of which would need to be added to the rates. Additionally, the amount we purchase from the Hetch Hetchy system is not what drives the rates to the individuals but instead the amount that is used within our City. Therefore, storing more water would not decrease the rates for individual users.

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. SFPUC is increasing the cost of water by 38.4%. 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.

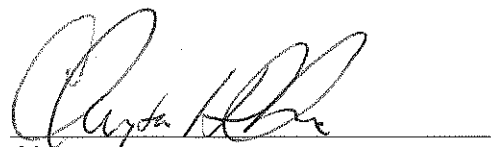
Because of our bi-monthly billing, we do not intend to increase the rates until January 2012 which is billing the October-December period.

Fiscal Impact:

For the average residential water and sewer user (10 units per two months) the proposed increase would be \$15.54 or \$7.77 a month for water and \$3.86 or \$1.93 sewer. The total bimonthly bill for water would be \$78.13 and sewer would be \$99.72.

ATTACHMENTS: Resolution 2011-39 and rate tables with proposed increase.


Financial Services Manager


City Manager

RESOLUTION NO. 2011-39

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
BRISBANE INCREASING THE CHARGES FOR WATER AND SEWER
SERVICES**

WHEREAS, Subsection 13.08.020.D of the Brisbane Municipal Code states that it is the policy of the City to adjust sewer service charges to reflect increases in the cost of living and the cost of sewer treatment services furnished to the City by San Francisco; and

WHEREAS, Subsection 13.12.020.C of the Brisbane Municipal Code similarly states that it is the policy of the City to adjust water service charges to reflect increases in the cost of living and the cost of water supplied to the City by San Francisco; and

WHEREAS, the City Council finds and determines that increases in the cost of providing both sanitary sewer service and water service to customers in the City have made it necessary to increase the amounts charged by the City for providing such services; and

WHEREAS, a proposed schedule of sewer service charges and water service charges has been presented to the City Council, a copy of which is attached hereto and incorporated herein by reference; and

WHEREAS, as required by State law, notice of the proposed increased charges was given to the persons who are responsible for payment of such charges, as shown on the records of the City, which included notice of a public hearing to be conducted by the City Council at which time any protests to the proposed increases would be considered, such notice having been given at least 45 days prior to the hearing; and

WHEREAS, on July 18, 2011 and August 1, 2011, the City Council conducted a public hearing on the proposed increases in sewer and water charges, at which time any person was given an opportunity to protest the same; and

WHEREAS, protests were not made by a majority of the persons who would be responsible for payment of the sewer and water charges,

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Brisbane as follows:

1. The schedule of sewer service charges and water service charges attached hereto is approved.

2. The increased sewer and water service charges shall be implemented in the bimonthly bill for the October through December, 2011 period, which will be sent to customers in January, 2012.

Mayor

I hereby certify that the foregoing Resolution No. 2011-39 was duly and regularly adopted at the regular meeting of the Brisbane City Council on August 1, 2011, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Sheri Marie Spediacci, City Clerk

PROPOSED BIMONTHLY SEWER RATE TABLE 2011

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
21 or more	\$169.55 plus \$7.09 per unit over 20	\$177.09 plus \$7.09 per unit over 20	\$213.97 plus \$9.28 per unit over 20	\$251.22 plus \$10.94 per unit over 20

PROPOSED RESIDENTIAL BIMONTHLY WATER RATE TABLE 2011

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	88.57	97.08	127.89	164.63	186.41	291.23
2	23.59	158.18	168.60	202.87	243.16	186.41	291.23
3	26.59	230.42	243.70	283.17	328.79	186.41	291.23
4	30.59	305.29	322.39	368.78	421.52	186.41	291.23
5	35.59	382.79	404.66	459.71	521.33	186.41	291.23
6	41.59	462.91	490.52	555.95	628.24	186.41	291.23
7	48.59	545.67	579.95	657.51	742.24	186.41	291.23
8	56.59	631.06	672.96	764.38	863.34	186.41	291.23
9	65.59	723.60	773.12	880.35	995.48	186.41	291.23
10	75.59	823.29	880.43	1005.42	1138.67	186.41	291.23
11	86.59	930.13	994.89	1139.58	1292.91	186.41	291.23
12	98.59	1044.12	1116.49	1282.85	1458.19	186.41	291.23
13	111.59	1165.27	1245.25	1435.21	1634.52	186.41	291.23
14	125.59	1293.56	1381.16	1596.67	1821.90	186.41	291.23
15	140.59	1429.00	1524.22	1767.23	2020.32	186.41	291.23
16	156.59	1571.59	1674.42	1946.89	2229.79	186.41	291.23
17 or more	Bill at applicable rate for 16 ccf plus \$9.35 over ccf over 16						

PROPOSED COMMERCIAL BIMONTHLY WATER RATE TABLE 2011

Bimonthly Usage (ccf)	5/8" Meter	3/4" Meter	1" Meter	1 1/2" Meter	2" Meter	3" Meter	4" Meter	6" Meter
0	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
1	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
2	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
3	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
4	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
5	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
6	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
7	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
8	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
9	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
10	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
11	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
12	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
13	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
14	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
15	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
16	33.40	39.49	55.63	111.23	177.99	355.94	556.18	1112.39
17 or more	Bill at applicable rate for 16 ccf plus \$9.35 over ccf over 16							

PROPOSED IRRIGATION BIMONTHLY WATER RATE TABLE 2011

Bimonthly	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	
Usage (ccf)	Meter	Meter	Meter	Meter	Meter	Meter	Meter	
0	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
1	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
2	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
3	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
4	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
5	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
6	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
7	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
8	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
9	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
10	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
11	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
12	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
13	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
14	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
15	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
16	33.40	39.49	42.51	63.76	88.07	170.05	239.57	
17 or more	Bill at applicable rate for 16 ccf plus \$10.97 over ccf over 16							