

City of Brisbane
Agenda Report

To: City Council via City Manager
From: Acting Finance Director
Subject: Water and Sewer Rate Public Hearing
Date: October 5, 2009

City Council Goals:

- To maintain and improve infrastructure.
- To provide public service that assures the safety of property and citizens residing, working, or visiting Brisbane.

Purpose:

1. Ensure that the Utility Fund (water, sewer, and GVMID) is financially self-sustaining.
2. Ensures user charges cover the cost of providing safe drinking water and the environmental integrity of the wastewater system.
3. To spread the necessary increases over a period of time, so as to not put the financial burden on the Brisbane citizens all at once.

Recommendation:

Staff recommends an increase in the average bimonthly water bill of \$1.94 and \$2.94 for sewer. This is a 3% increase. This increase does not apply to Low-income ratepayers where no increase is recommended. Listen to public input regarding the proposed water and sewer rate increase and determine the amount of increase.

Background:

On August 13, 2001 the City Council discussed Ordinance No. 458 which set the process for determining future water and sewer rate increases. 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 in 2001. 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. Council while reviewing the Ordinance directed staff to also include an inflationary factor in automatic rate increases to further ensure the financial integrity of the Utility Fund.

Last year a rate increase of 17% for water and 17% for sewer was passed onto customers per the Ordinance. City Council directed staff not to increase the rates for customers who were on the City's Low Income Rate Assistance (LIRA) Plan.

On April 21, 2009 staff brought a proposed water and sewer rate increase to the water and sewer subcommittee.

On May 3rd staff presented the City Manager's recommended budget to City Council.

On June 23rd, City Council directed staff to proceed with the Proposition 218 notification.

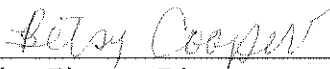
DISCUSSION:

Ordinance 458 states the City will pass through to customers the increase in the cost of purchasing water and the increase in the cost of processing wastewater. The City was told the cost of purchasing water will increase by 15% next year. Since water purchases makes up 1/3rd of our budget this would generate a 5% increase. The anticipated increase in sewer processing is 3%. Wastewater processing makes up about 1/3rd of the budget so a 1% increase would be needed to be passed through. Instead of doing 5% water rate increase and a 1% sewer rate increase, staff determined a 3% rate increase in each would be sufficient.

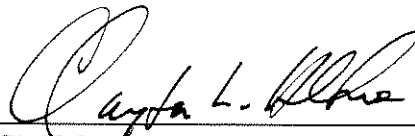
The 3% increase would generate approximately \$126,000. If we do not generate these funds this year, we will have less money for future repairs to the system. We may also need to pass this increase along in the future depending on future increases in the cost of water, sewer processing, other costs, and water used and wastewater processed.

Fiscal Impact:

For the average residential water and sewer user (10 units per two months) a 3% increase would be \$4.88 or \$2.44 a month. The total bimonthly bill for water would be \$64.53 and sewer would be \$98.80.



Acting Finance Director



City Manager