

*City of Brisbane
Agenda Report*

To: City Council via City Manager
From: Financial Services Manager
Subject: Water and Sewer Rate Public Hearing
Date: July 18, 2011

Purpose:

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

Recommendation:

Staff recommends an 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 will be heard.

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:

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.

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.

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.


Financial Services Manager


City Manager

Residential Water

	Proposed	Current	Proposed	Current
Bimonthly	5/8"	5/8"	3/4"	3/4"
Usage (ccf)	Meter	Meter	Meter	Meter
0	21.59	20.18	21.59	20.18
1	21.59	20.18	26.53	23.84
2	22.86	21.70	31.47	27.48
3	28.22	25.67	36.41	31.14
4	34.89	30.61	43.08	36.08
5	41.56	35.53	49.75	41.01
6	48.23	40.47	56.42	45.94
7	54.90	45.40	63.09	50.87
8	61.57	50.34	69.76	55.81
9	69.85	56.47	78.04	61.94
10	78.13	62.59	86.32	68.06
11	86.41	68.72	94.60	74.19
12	94.69	74.85	102.88	80.32
13	102.97	80.97	111.16	86.44
14	111.25	87.10	119.44	92.58
15	119.53	93.23	127.72	98.71
16	127.81	99.36	136.00	104.83
17 or more	127.81	99.36	136.00	104.83
plus	10.52	7.79	10.52	7.79
per unit over 16				

Residential Sewer

Bimonthly	Proposed	Current
Flow (ccf)		
0	64.36	61.88
1	66.99	64.41
2	69.62	66.93
3	72.25	69.46
4	74.88	71.99
5	77.51	74.52
6	80.14	77.05
7	82.77	79.57
8	85.40	82.10
9	92.56	88.98
10	99.72	95.86
11	106.88	102.73
12	114.04	109.61
13	121.20	116.48
14	128.36	123.36
15	135.52	130.23
16	142.68	137.11
17	149.84	143.98
18	157.00	150.86
19	164.16	157.73
20	171.32	164.61
21 or more	171.32	164.61
plus	7.16	6.88
per unit over 20		