

NOTICE OF PUBLIC HEARING Proposed Increase to Utility Rates



Date: June 12, 2012
Time: 2:00 p.m.
Place: City Council Chambers, City Hall
 735 Anacapa Street, Santa Barbara

NOTICE IS HEREBY GIVEN that the City Council of the City of Santa Barbara will consider a recommendation to adopt a resolution, at the above-indicated time and place, to increase water, wastewater (sewer), and solid waste collection rates charged by the City. Increases would be effective on utility bills dated July 1, 2012 or later. Sample billing comparisons for current and proposed rates are shown on the reverse. Small variations in the stated percentages may occur due to rounding.

Water Rates (Applicable only to customers billed by the City for water service)

The proposed water rate change is a 3.5% increase to usage charges and monthly service charges for all customer classes. The monthly bill for the average in-City single family residential customer (12 hundred cubic feet of water) would increase by \$2.29. The proposed increase will fund operating costs and projects to replace and repair water mains, pumping stations, storage reservoirs, and the water treatment plant. These projects are needed to meet regulatory requirements and to keep the City's infrastructure in good shape to provide reliable water service for household use and fire protection.

Wastewater Rates (Applicable only to customers billed by the City for sewer service)

In the past two years, the City has been successful in reducing the number of sewage spills and in 2011 there were no spills to local creeks or beaches. In April 2011 Santa Barbara ChannelKeeper sued the City over sewer spills. The City and ChannelKeeper have negotiated a settlement which requires the City to accelerate its program of rehabilitation and replacement of sewer pipelines. To fund this extra work, the City is proposing a 6% rate increase. This is in addition to the previously planned rate increase of 4% needed to continue the on-going capital program to improve the wastewater system. The combined 10% increase to wastewater rates will add up to \$3.60 per month for single family residential customers. For more information please go to www.SantaBarbaraCA.gov.

Trash & Recycling (Applicable only to customers billed by the City for trash/recycling collection)

The proposed rate increase is 2.69% of the City's current charges for all customer classes, including single family residential, multi-unit residential, and business. Of the total adjustment, 1.31% accounts for an increase in the solid waste "tipping fee" charged at the Tajiguas Landfill. The additional 1.38% represents an increase in the amounts paid to the City's contracted hauler tied to the increase in the Consumer Price Index (CPI). The City is contractually obligated to compensate its franchised waste hauler for these increases. The City is currently engaged in negotiations with its franchised waste hauler on a new contract for the collection of trash and recyclables. If agreement on a new contract can be reached, the hauler has agreed to forego the 1.38% CPI increase for Fiscal Year 2013.

This notice is intended only for customers billed by the City of Santa Barbara for water, wastewater, and/or solid waste collection services. For a complete list of all current and proposed rates, go to: www.SantaBarbaraCA.gov/UtilityBilling or call (805) 564-5460.

If you oppose any of the above increases, please deliver your protest **in writing**, including your name and service address, to the City Clerk of the City of Santa Barbara at 735 Anacapa Street, Santa Barbara, CA, 93101, prior to or during the City Council's consideration of this item on June 14, 2011. (If you wish to submit your protest during the public hearing, please deliver it to City Staff in the Council Chamber.) Because multiple rates are being considered by City Council at the same hearing, please indicate the specific rate you are protesting.

Typical Water and Wastewater Billing Comparisons – Current vs. Proposed Rates

| Customer Class | Example | Assumed Monthly Usage (hcf/mth) | Total Monthly Water & Wastewater Charges* | | |
|-------------------------------------|---|---------------------------------|---|----------------|-------------------------------------|
| | | | Current Rates | Proposed Rates | Combined Increase for Water & Sewer |
| Single Family Residential | Low User 5/8" meter | 6 | \$61.57 | \$65.45 | \$3.88 |
| | Average User 5/8" meter | 12 | \$101.03 | \$106.88 | \$5.85 |
| | Above Average User 1" meter | 40 | \$267.53 | \$279.21 | \$11.68 |
| Multi-Family Residential Building | 12 dwelling units 2" meter | 60 | \$600.01 | \$639.97 | \$39.96 |
| Commercial | 75% at Block 1 rate 25% at Block 2 rate 2" meter | 60 | \$563.86 | \$593.58 | \$29.72 |
| Industrial/High Strength Commercial | 75% at Block 1 rate 25% at Block 2 rate 2" meter | 100 | \$925.76 | \$978.31 | \$52.55 |
| Irrigation-Commercial | 75% at Block 1 rate 25% at Block 2 rate 2" meter – no sewer | 60 | \$410.26 | \$424.62 | \$14.36 |
| Recycled Water | 2" meter – no sewer | 250 | \$579.51 | \$599.79 | \$20.28 |
| Irrigation-Residential | 1 acre of irrigated area 75% at Block 1 rate 25% at Block 2 rate 1" meter – no sewer Allotments are annualized – monthly average shown at right | 40 | \$237.38 | \$245.69 | \$8.31 |
| Irrigation-Recreation | | 120 | \$399.08 | \$413.05 | \$13.97 |
| Irrigation-Agriculture | | 72 | \$201.44 | \$208.49 | \$7.05 |
| Out-of-City Customers | Currently charged at 130% of rates for corresponding in-City classes; no change is proposed in this percentage. | | | | |

* Not including 6% utility tax on water, as applicable

**Typical Trash, Recycling, & Greenwaste Billing Comparisons
Current vs. Proposed Rates
(All collection frequencies 1 time per week)**

| Service Level | Current Rates* | Proposed Rates* | \$ Change |
|--|----------------|-----------------|-----------|
| Basic Residential Service (32-gal trash, 32-gal greenwaste, up to 96-gal recycle) | \$27.79 | \$28.54 | \$0.75 |
| Minimum Multi-Unit Residential (3 cans or less) (3-32 gal trash/ + up to 96-gal greenwaste, up to 96-gal recycle) | \$35.52 | \$36.48 | \$0.96 |
| Multi-Unit Residential (4 cans) (4-32 gal trash/week+ up to 96-gal greenwaste, up to 96-gal recycle) | \$38.68 | \$39.72 | \$1.04 |
| Sample Small Business Cart/Can Service (96-gal trash/week, up to 96-gal greenwaste, up to 96- gal recycle) | \$60.89 | \$62.53 | \$1.64 |
| Sample Business Dumpster Service (4yd trash/week, 4yd recycle/week) | \$387.79 | \$398.22 | \$10.43 |

* Not including 6% utility tax on trash/recycling collection, as applicable

For more information, including a complete list of all current and proposed rates:
www.SantaBarbaraCA.gov/UtilityBilling or (805) 564-5460



Water & Wastewater FY 13 Rates



City Council Meeting
June 12, 2012



Presentation Overview

- ◆ Proposed Water Rate Increase
- ◆ Proposed Wastewater Rate Increase

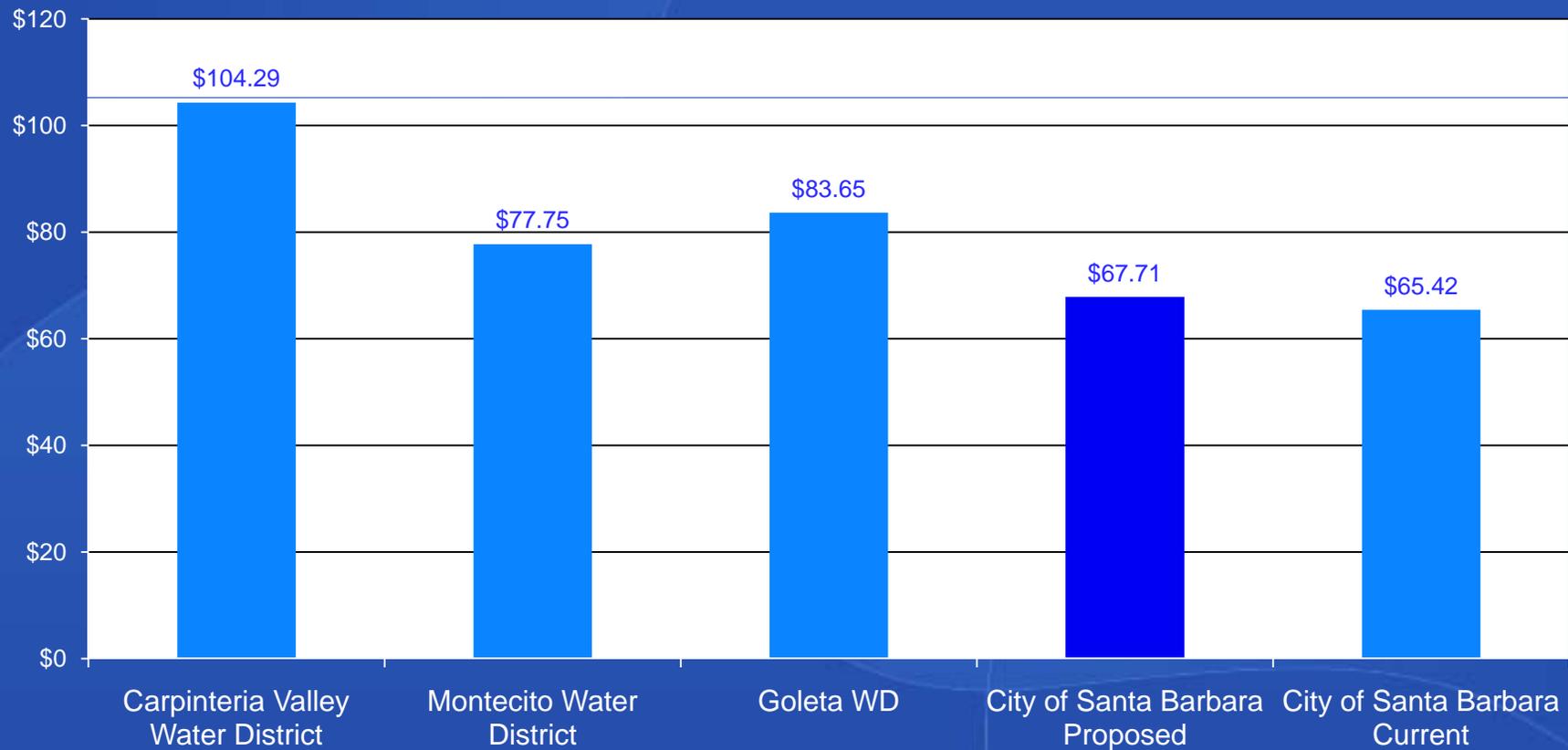


Water Rates



Water Rates Proposed 3.5% Increase

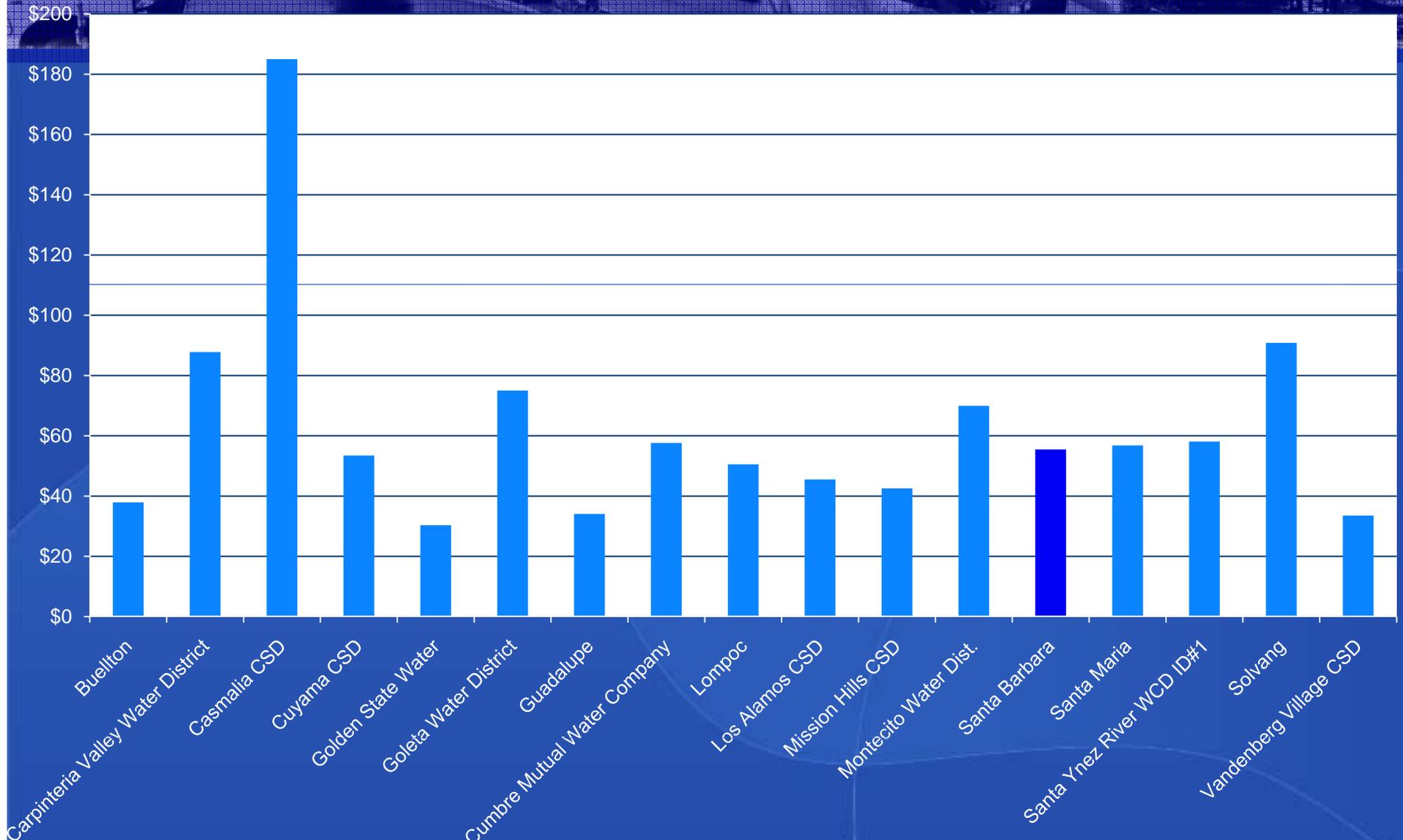
Single Family Residential Water Service Charges



South Coast Water Purveyors - 5/8" meter & 12 HCF Consumption, tax not included

City of Santa Barbara • Public Works Department

Monthly Water Charges for 10 HCF/Month Usage Single Family Residential Customers - Including 5/8" Meter Charge S.B. County Water Agency Annual Rate Survey - Spring 2012



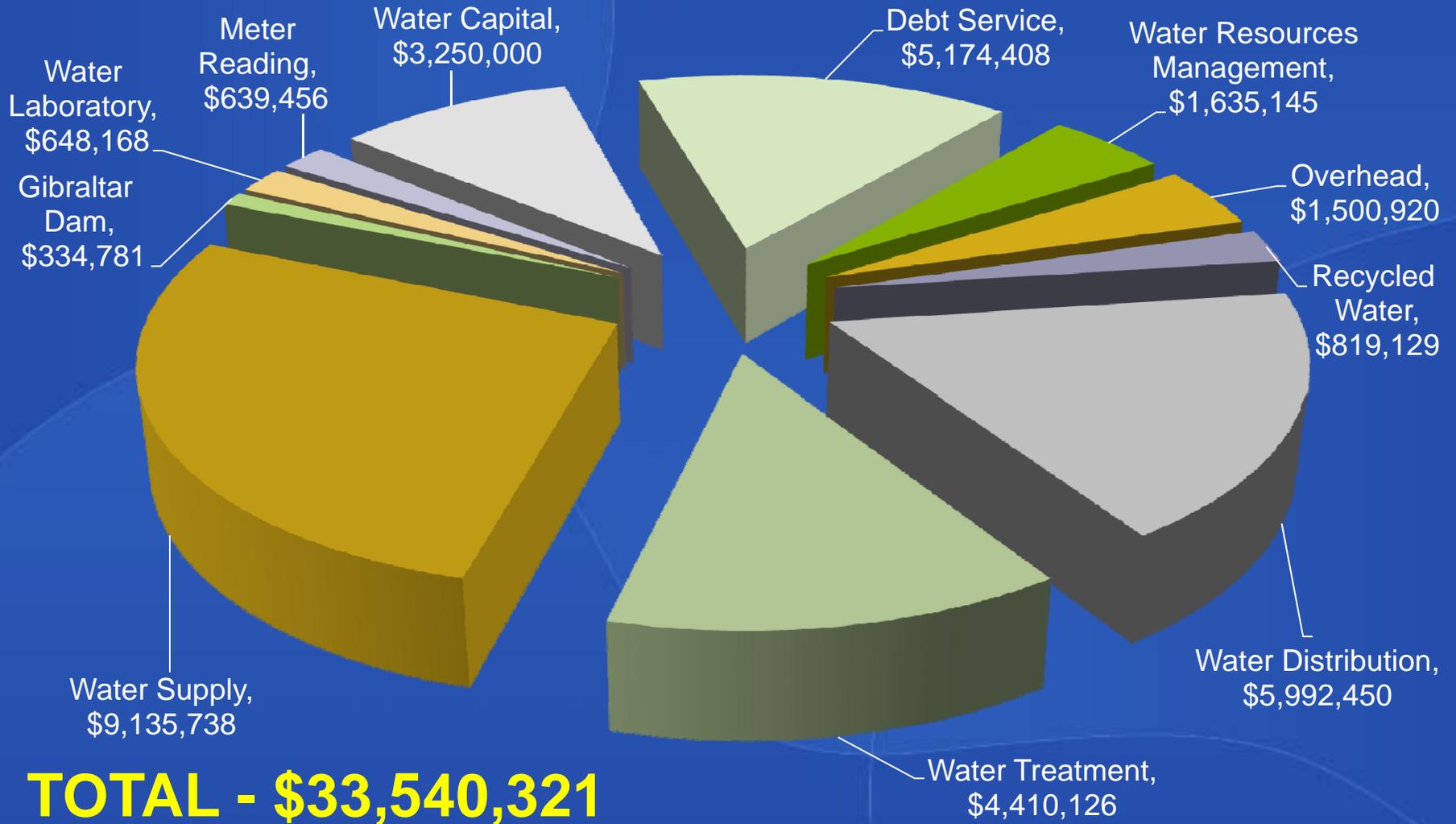
WATER FUND

Revenue Sources

| | FY 12 Projected | FY 13 Recommended | \$ Change | Change |
|-----------------|----------------------|----------------------|-------------------|--------------|
| Metered Sales | \$ 28,700,000 | \$ 29,800,000 | \$ 1,100,000 | 3.8% |
| Interest | \$ 702,387 | \$ 500,000 | \$ (202,387) | (28.8%) |
| Connection Fees | \$ 468,733 | \$ 408,000 | \$ (60,733) | (13%) |
| JPA | \$ 2,958,266 | \$ 2,952,362 | \$ (5,904) | (2%) |
| Misc. Revenue | \$ 674,827 | \$ 132,000 | \$ (542,827) | (80.4%) |
| Total | \$ 33,504,213 | \$ 33,792,362 | \$ 288,149 | 0.86% |

WATER FUND

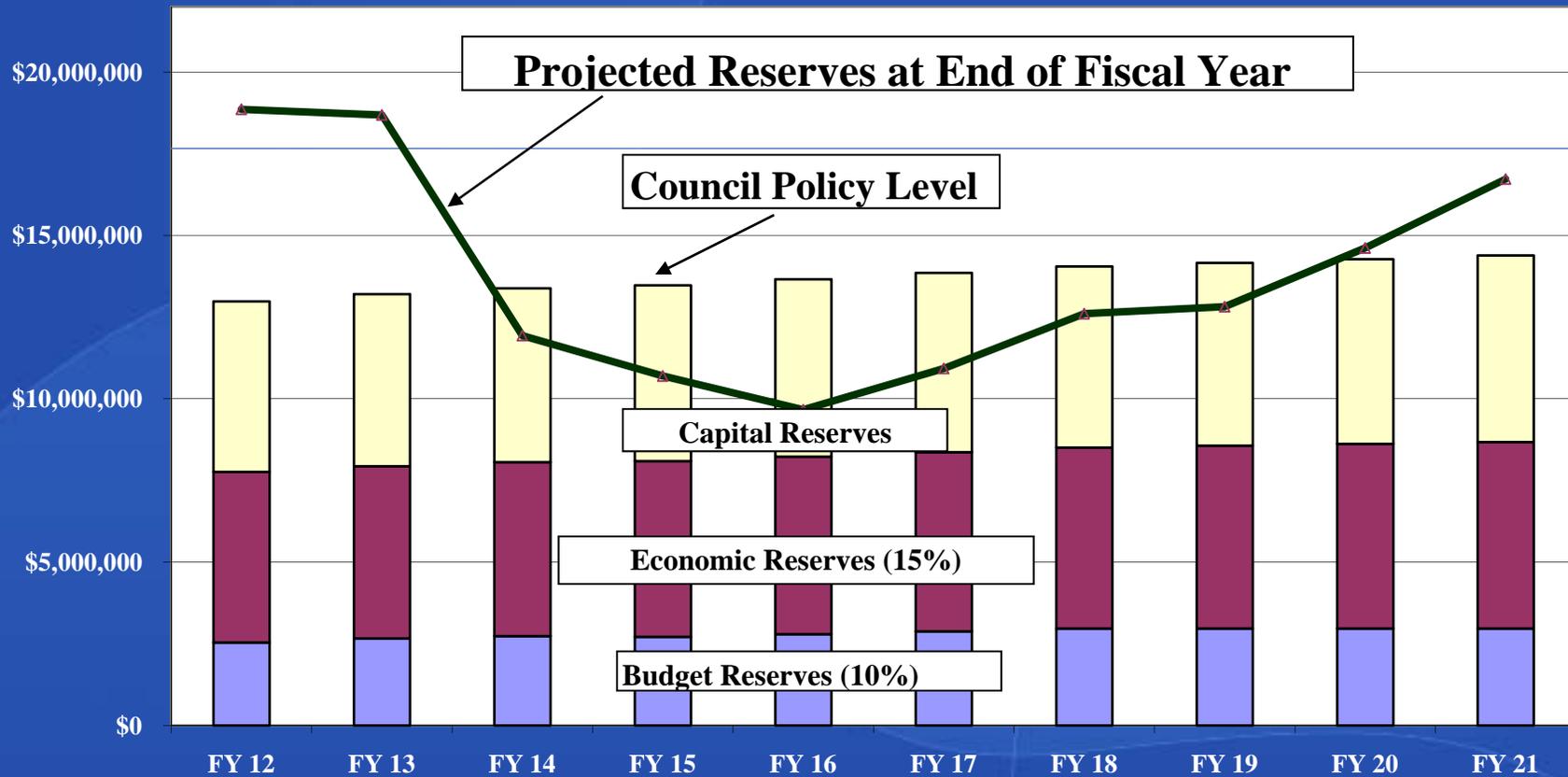
Appropriations by Program



WATER RESOURCES

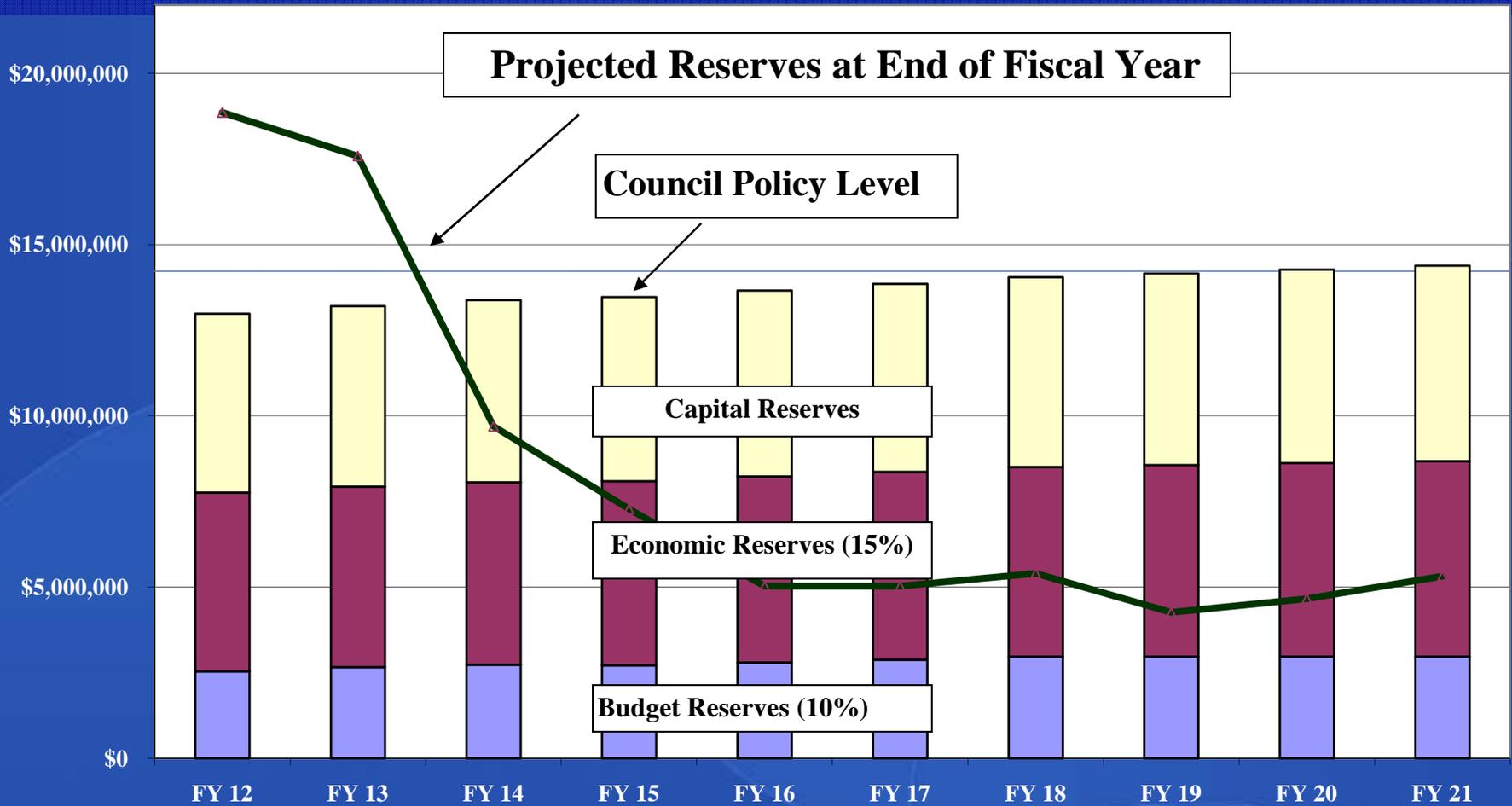
Reserve Fund Balance Projections

Water Fund Financial Plan 3.5% Annual Rate Increase



Water Fund Financial Plan

No Increase 2013 3.5% thereafter





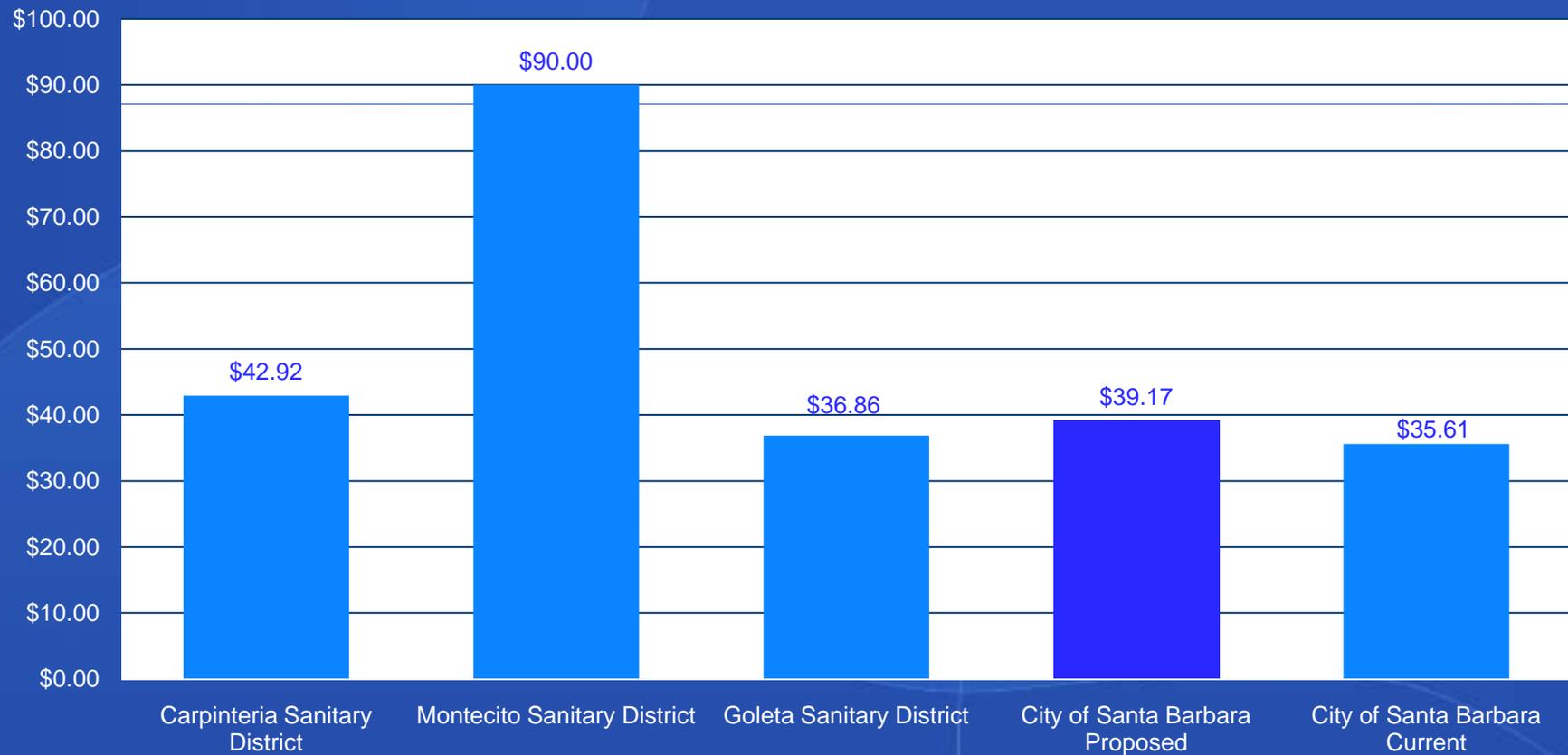
Wastewater Rates



WASTEWATER

Proposed 10% Rate Increase

Single Family Residential Sewer Rates



WASTEWATER FUND

Revenue Sources

| | FY 12 Projected | FY 13 Recommended | \$ Change | Change |
|-------------------------------|----------------------------|------------------------------|------------------|---------------|
| Metered Sales | \$ 14,800,000 | \$ 16,280,000 | \$ 1,480,000 | 10.00 % |
| Interest | \$ 226,738 | \$ 206,200 | \$ (20,538) | (9.06 %) |
|)Connection Fees | \$ 197,567 | \$ 205,000 | \$ 7,433 | 3.76 % |
| Mission Canyon/JPA | \$ 388,000 | \$ 434,000 | \$ 46,000 | 11.86 % |
| Misc. Revenue | \$ 757,531 | \$ 82,000 | \$ (675,531) | (89.18%) |
| Total | \$ 16,369,836 | \$ 17,207,200 | \$ 837,364 | 5.12 % |



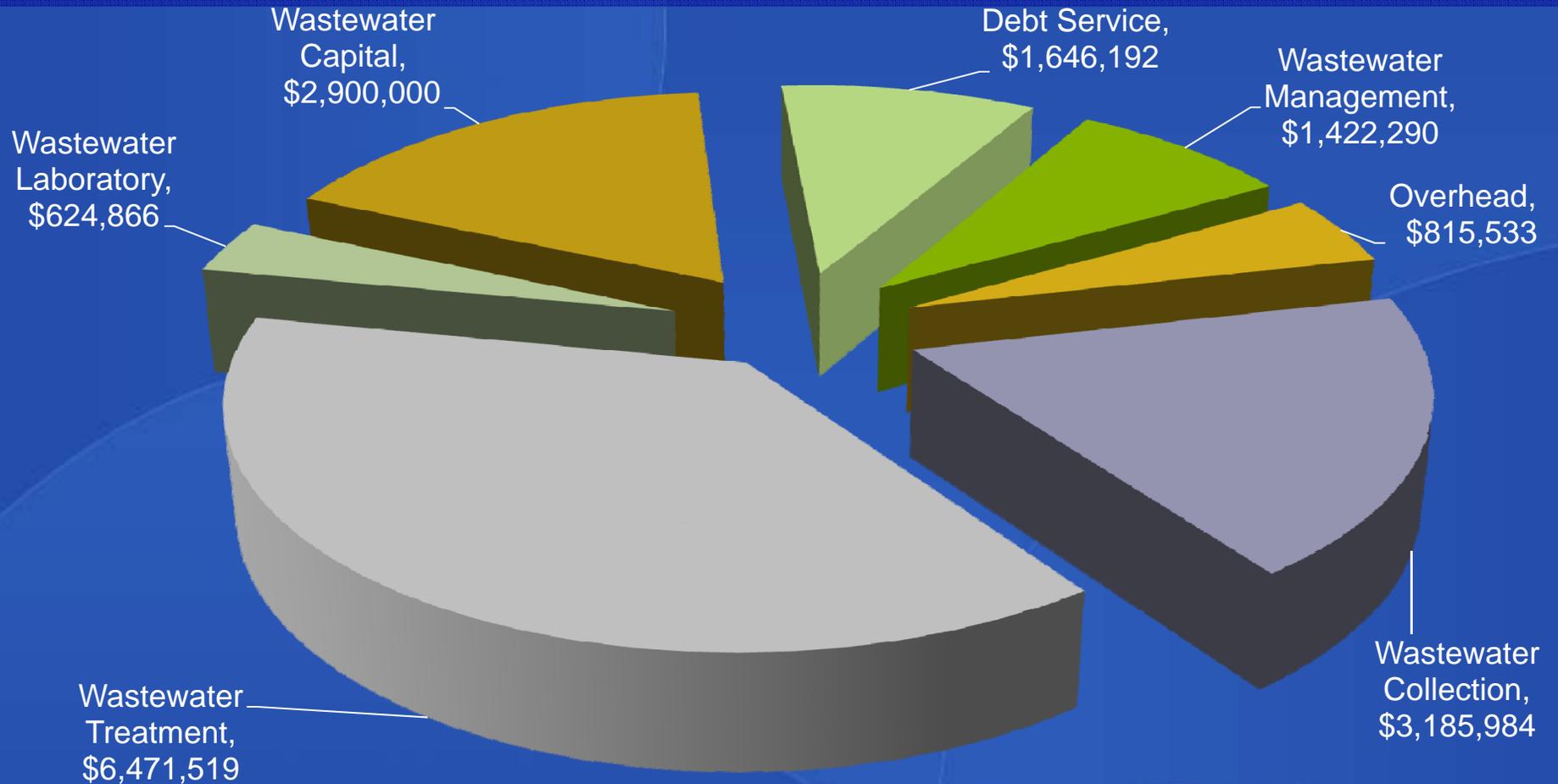
WASTEWATER

Balancing Strategy

- ◆ Wastewater Fund
 - Planned 4% rate increase
 - Additional 6% rate increase – total 10%
 - New Debt
 - Continued Furlough

WASTEWATER FUND

Appropriations by Program

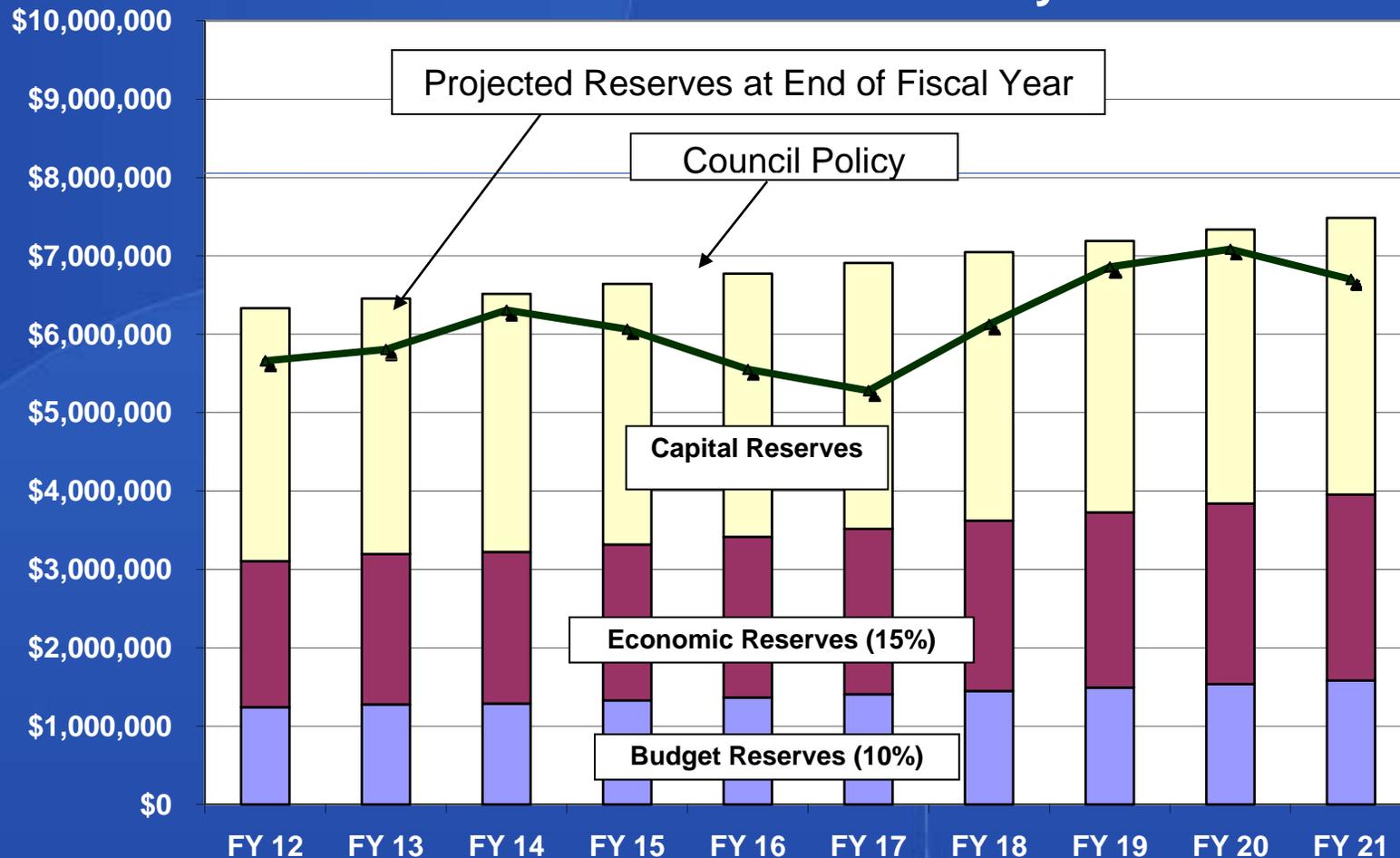


TOTAL - \$17,066,384

WASTEWATER

Fund Balance Projections

Wastewater Fund Financial Plan 10% FY 13 then 4% Annually



Wastewater Fund Financial Plan 6% FY 13 then 4% Annually

\$10,000,000

\$9,000,000

\$8,000,000

\$7,000,000

\$6,000,000

\$5,000,000

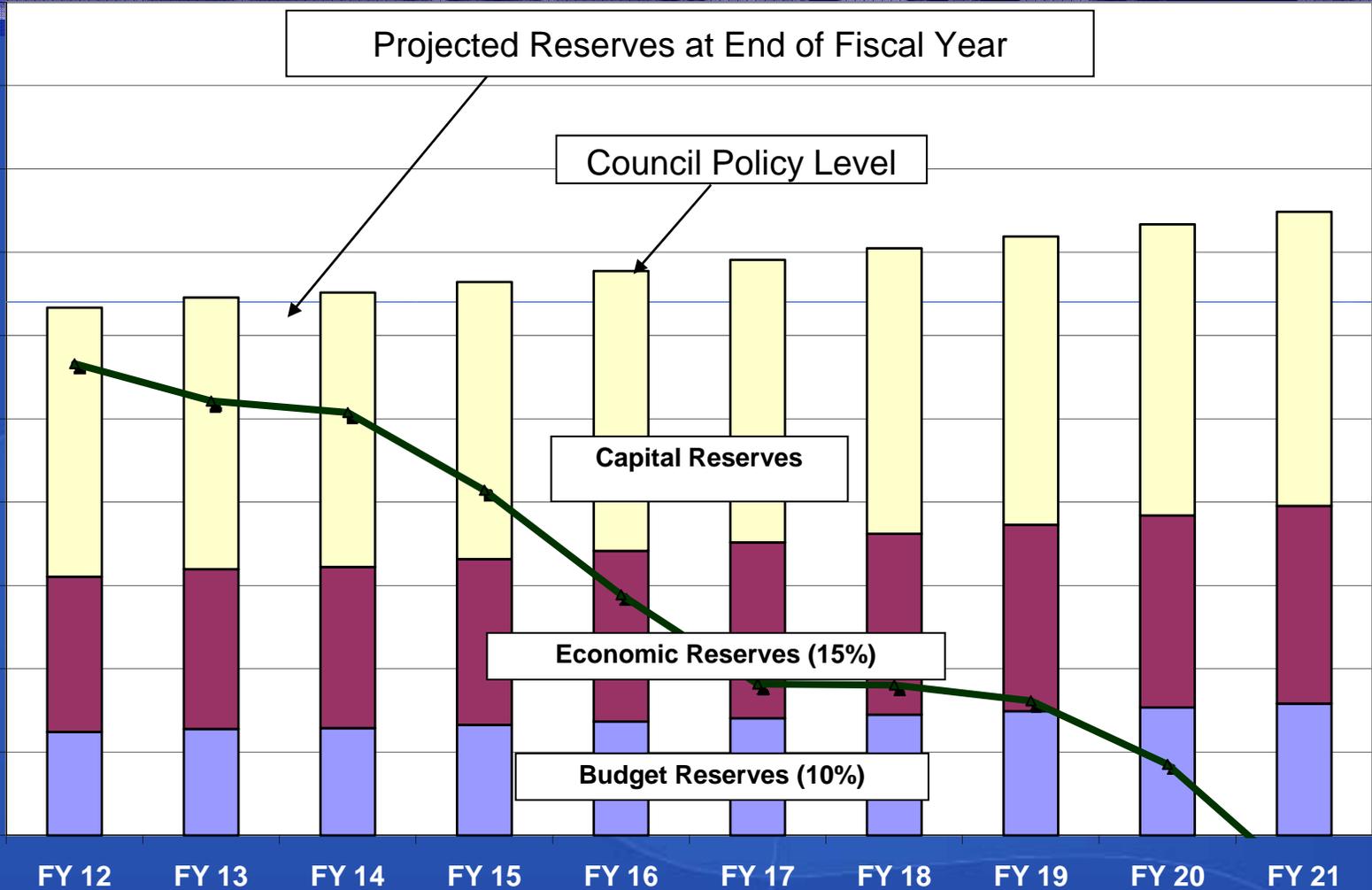
\$4,000,000

\$3,000,000

\$2,000,000

\$1,000,000

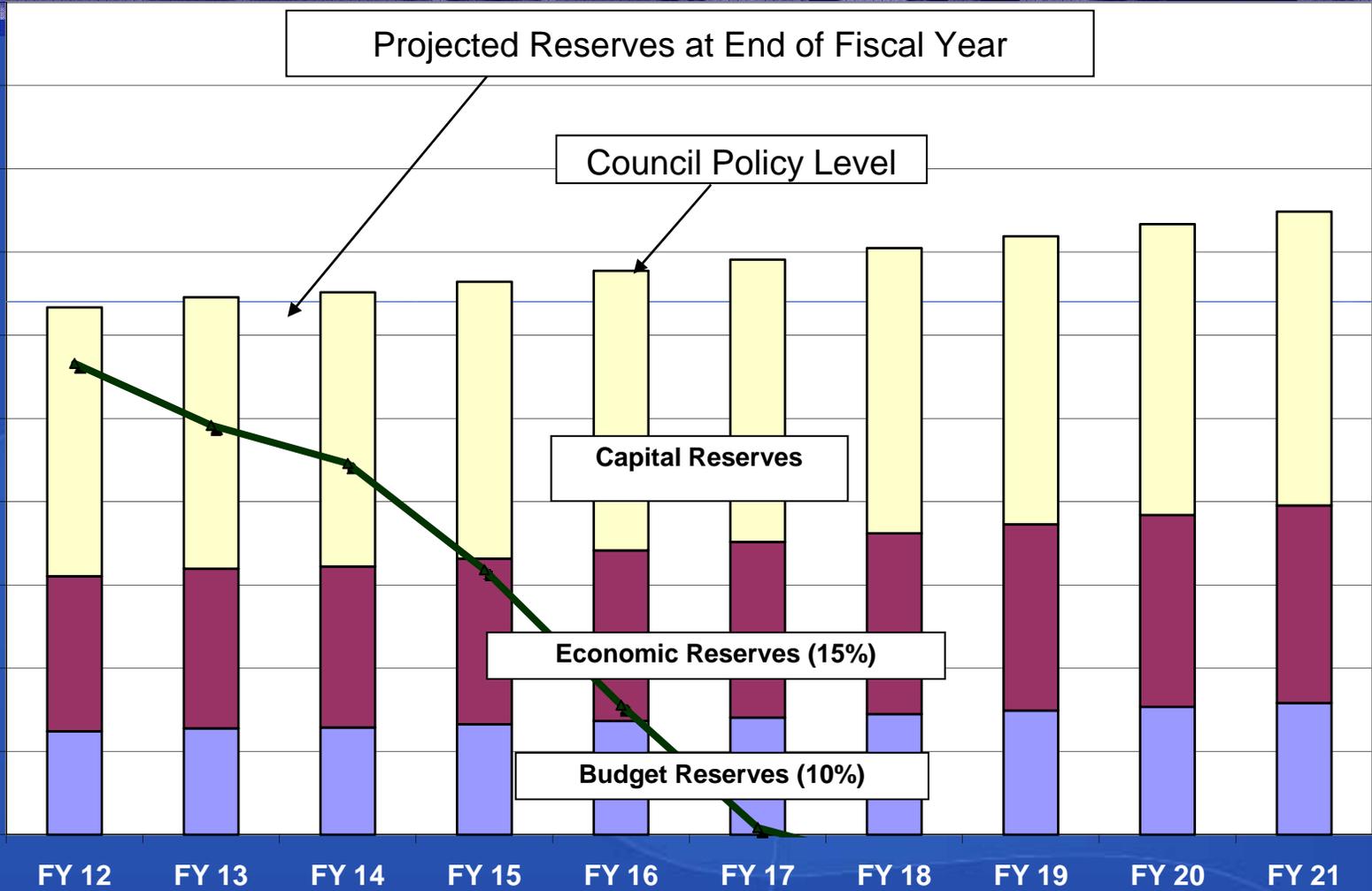
\$0

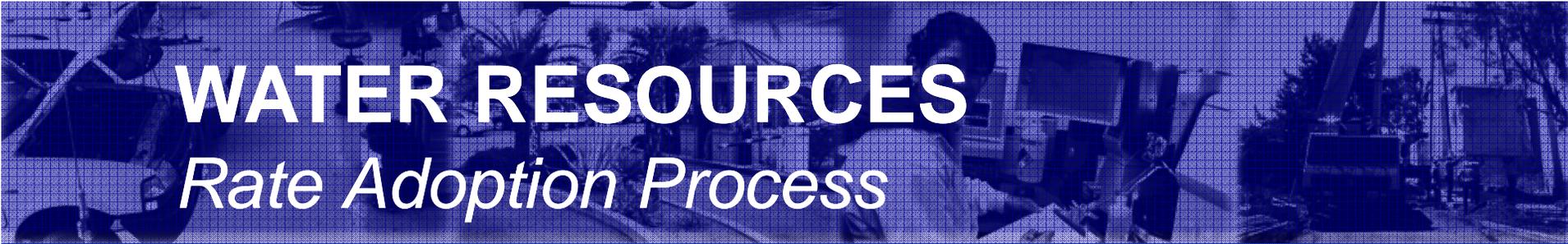


Wastewater Fund Financial Plan 4% Annually

\$10,000,000

\$9,000,000
\$8,000,000
\$7,000,000
\$6,000,000
\$5,000,000
\$4,000,000
\$3,000,000
\$2,000,000
\$1,000,000
\$0





WATER RESOURCES

Rate Adoption Process

- ◆ Water Commission - April 9, 2012
- ◆ Finance Committee - May 8, 2012
- ◆ Rates adopted with Budget