



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: March 21, 2017

TO: Finance Committee

FROM: Water Resources Division, Public Works Department
Administration Division, Finance Department

SUBJECT: Approval Of Rate Notices For Wastewater And Solid Waste

RECOMMENDATION:

That the Finance Committee provide direction to staff regarding any changes to the proposed Fiscal Year 2018 utility rates and approve public rate noticing for wastewater and solid waste.

DISCUSSION:

Staff is recommending increases in wastewater and solid waste fees for Fiscal Year 2018. Proposition 218, approved by California voters in 1996, requires that property owners be notified of planned rate increases and that a public hearing be held prior to the adoption of rate increases. Accordingly, a Notice of Public Hearing will be sent to City utility customers in April 2017, and the Public Hearing is scheduled for June 13, 2017. Given the severity of the current drought, noticing of water rates will be conducted on a different schedule.

Wastewater Rates

Effective summer 2017, an across-the-board increase of 6 percent is proposed for wastewater service monthly base charges and unit rates. The increase for the maximum bill to a single-family residential customer would be \$2.87 per month, from \$47.87 to \$50.74. Commercial monthly rate increases are also proposed at 6 percent in Fiscal Year 2018.

Council previously approved a 10-year Financial Plan (Plan) in 2013, which anticipated a 5 percent revenue increase to the Wastewater Fund in Fiscal Year 2018. Historically, revenue increases have correlated to rate increases; however, with the extraordinary conservation efforts achieved during the drought, the implemented rate increases have not resulted in the necessary revenues to fund the planned program of work. Therefore, staff is proposing an increase of 6 percent in wastewater rates for Fiscal Year 2018. This is a one percent increase over the Plan, developed to support ongoing operations, maintenance, rehabilitation, and improvement of the wastewater system.

The principal goals of the Plan are to ensure that required maintenance is performed to maximize equipment lifecycles, replace capital facilities as needed for the protection of the environment and permit compliance, and to avoid higher costs and other impacts associated with deferred maintenance. Staff will revisit and update the 10-year plan next year.

Solid Waste Collection Fees

Staff proposes the following changes to the Fiscal Year 2018 rate schedule:

1. Consumer Price Index Adjustment: An increase of 1.2 percent to all customer classes, tied to the Consumer Price Index (CPI), is proposed to fund Environmental Services Division operations and to compensate MarBorg Industries, the City's contracted hauler, pursuant to its contract with the City.
2. Tipping Fee Increases: An increase of 3.6 percent to all customer classes is needed to cover increases to the "tipping fees" charged at the processing and disposal sites that receive the City's solid waste. This reflects the first of a two-step rate increase to tipping fees charged by the County to cover the cost of the Resource Recovery Facility (Facility). The Facility will include two components. The first is a Materials Recovery Facility ("MRF") that will extract recyclables and organics from the trash. The recyclables, such as bottles, aluminum, paper and plastic, will be marketed and sold to recyclers. The second component is an Anaerobic Digester that will take the organic material extracted from the MRF and produce energy and a soil amendment.
3. Expanding Neighborhood Clean-Up Services: An increase of 0.45% is needed to cover the cost, estimated at \$100,000, to expand our efforts to address illegal dumping of trash, abandoned waste and illegal encampments.

Water Rates

The noticing and planned implementation of water rates will be completed on a separate, and later, track from wastewater and solid waste rates. This is due to the dynamic nature of water supplies and the attendant financial impacts on revenues and customer rates. Staff is currently developing a water supply strategy and expects to bring a proposed rate plan to the City Council in mid to late May 2017.

ATTACHMENT: Rate Notices for Wastewater and Solid Waste

PREPARED BY: Lisa Arroyo, Wastewater System Manager/cmw

SUBMITTED BY: Rebecca J. Bjork, Public Works Director
Robert Samario, Finance Director

APPROVED BY: City Administrator's Office



NOTICE OF PUBLIC HEARING
PROPOSED CHANGES IN CITY OF SANTA BARBARA WASTEWATER, TRASH
AND RECYCLING RATES FOR FISCAL YEAR 2018

Date: Tuesday, June 13, 2017, 2:00 p.m.
Place: City of Santa Barbara Council Chambers, City Hall
 735 Anacapa Street, Santa Barbara

PARA INFORMACIÓN EN
ESPAÑOL, LLAME AL
(805) 564-5343.

PROPOSED RATE CHANGES

You are receiving this Notice because our records indicate that you are a City of Santa Barbara utility customer. This Notice describes the proposed wastewater (sewer), and trash and recycling rate changes and explains how you can participate in the process. Some customers are billed by the City for some, but not all services. This notice applies only to the services that appear on your bill from the City.

Wastewater Rate Changes

The proposed wastewater rate change is a 6 percent increase to the City's current charges for all customer classes. Residential basic charges will increase from \$17.47 to \$18.52, with volumetric charges increasing from \$3.04 to \$3.22 per hundred cubic feet (HCF) of water used per month. Commercial service charges will increase from \$3.44 to \$3.65 per HCF of water used, subject to the minimum charge by meter size. Industrial service charges will increase from \$4.18 to \$4.43 per HCF of water used, subject to the minimum charge by meter size. Please refer to the City's Fee Resolution for more detailed information on how the monthly rates and charges apply.

The maximum monthly charge for a single family residential customer would increase by \$2.85 under the proposed rates. The proposed increase will fund improvements and replacement of the critical facilities used to clean the wastewater and repair of the City's aging sewer system, and will fund system operations. This includes replacement of critical facilities at the wastewater treatment plant.

How will the proposed changes impact my wastewater bill?

Some common service levels are represented in the table below.

Customer Class	Example	Assumed Monthly Usage (hcf/mth)*	Total Monthly Wastewater Charges		
			Current Rates	Proposed Rates	Proposed Increase
Single Family Residential	Low User 5/8" meter	6	\$35.71	\$37.84	\$2.13
	Average User 5/8" meter	12	\$47.87	\$50.72	\$2.85
Multi-Family Residential Building	12 dwelling units 2" meter	60	\$392.04	\$415.44	\$23.40
Commercial Classes 1, 2, & 3	2" meter	60	\$206.36	\$219.00	\$12.64
Commercial Class 4	2" meter	100	\$418.00	\$443.00	\$25.00

* Regardless of the amount of water used, the volumetric sewer charge is capped at 10 HCF per month for single family residential customers, 8 HCF per month per unit for multi-family residential (MFR) customers with 1-4 dwelling units, and 7 HCF per month per unit for MFR customers with 5 or more dwelling units.

Trash and Recycling Rate Changes

According to the contract terms with the City's waste hauler, the City must increase rates to pay MarBorg for increases in inflation of 1.2% as measured by the Consumer Price Index, plus 3.6% for an increase in trash disposal fees. Additionally, rates will be increased 0.5% to fund enhanced abandoned waste collection service. The proposed rate schedule includes an increase for all sectors of up to 5.3%.

Please see billing comparisons on the reverse for impact to typical customers.

How will the proposed changes impact my trash and recycling bill?

Some common trash and recycling service levels are represented in the table below.

Service Level	Current Rates*	Proposed Rates*	% Change
Common Single Family Residential Service (65-gal trash, 65-gal greenwaste, 65-gal recycle) 1x/week	\$36.25	\$38.13	5.3%
Multi-Unit Residential (Cart/Can Service) (5-95 gal trash, 95-gal greenwaste, 5-95 gal recycle) 1x/week	\$242.90	\$255.64	5.3%
Multi-Unit Residential (Small/Medium Dumpster Service) (4 yard trash, 2 yard recycle) 1x/week	\$365.99	\$385.28	5.3%
Business (Cart/Can Service) (3-95 gal trash, 3-95 gal recycle) 2x/week	\$353.77	\$372.09	5.3%
Business Dumpster Service (4yd trash, 4yd recycle) 2x/week	\$1050.68	\$1105.12	5.3%

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

How do I protest?

If you wish to protest any of the above increases, please deliver your protest **signed and 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 13, 2017. (If you wish to submit your protest during the Public Hearing, please deliver it to City Staff in the Council Chambers). Protests are public records.

When do the new rates take effect?

City Council will consider adopting these rates on June 20, 2017, one week after the Public Hearing. The new rates will be effective starting July 1, 2017.

How can I get more information and copies of the proposed rate schedules?

See www.SantaBarbaraCA.gov/UtilityBilling, or call (805) 564-5460 for wastewater and (805) 564-5631 for trash/recycling.