

Changes to Sanitary Sewer Rate Methodology

We recognize that many residents have felt the effects of the new sewer rate calculation that was reflected in the latest city services bill. Although the new rate and methodology were described in the Proposition 218 Notice and Utility Connection newsletter that was sent out to all city residents, we understand that receiving such descriptions is much different than receiving an actual bill. We have heard from quite a few residents since the bill went out and would like to respond to various concerns that have been raised.

A key component of the rate/methodology change was to charge primarily based on water consumption, during the winter months, rather than a flat rate. This is both to better reflect charges on actual impact to the system and, the peripheral benefit, to encourage water conservation. The major component in the sewer rate calculation is average monthly winter water consumption, defined as the period from November through February. This consumption is most reflective of domestic water usage which in turn is a reflection of a household's use of the sewer system.

The change in methodology was implemented to eliminate the inequity of a flat-rate that makes no distinction of actual usage. Previously, a household with high usage of the sewer system was being charged the same as a household with very little system usage. This might equate to larger versus smaller households although there can be other variables that increase or decrease domestic water use. The new methodology now acknowledges the different burden on the sewer system based on water usage during months where irrigation is less of a factor.

So what has been our observation with the first billing cycle? Although there are many customers that experienced increases, some significant, there are nearly equal amounts that have experienced a decrease. The median sewer charge across all residential customers increased 6%. Approximately 44% of single family residential customers' rate decreased, with 56% seeing a range of increases, as follows: roughly 8.5% experienced a rate increase of 1 to 10%; 26% of customers experienced increases from 11 to 50%; and the remaining 21.5% of customers saw rates increasing 50% or more, including a small percentage who experienced a 200% to 500% increase.

Every year the sanitary sewer rate will be adjusted to reflect the most recent winter water usage. In light of the new rate methodology, there are actions a resident can take to reduce their water consumption and in turn their future sewer charges. These include finding ways to reduce or even eliminate irrigation during November through February and to stay alert for potential water leaks and repair as soon as possible. Free of charge, Public Works staff is available to do leak checks and water audits. Please do not hesitate to contact the Public Works Department at 757-5686 for assistance and advice.

In addition, with this current billing cycle, staff recognizes that special attention needs to be paid to those customers who received unexpectedly high bills. Staff is working with customers who have had a water leak sometime between November 2007 and February

2008 and, where appropriate, are in the process of adjusting their sanitary sewer charges. Additionally, all customers whose sewer rate has increased by over 60% are being reviewed automatically by staff to determine if there is an undetected leak or other high water use anomaly that would merit a one time rate adjustment. In such situations, notice will be sent to the affected homeowners.

The process for reviewing and adopting the new rate methodology has evolved over 1-1/2 years. In January of 2008, the City Council approved the consumption based methodology. The Council's action was informed by discussions at both the Natural Resources and Senior Commissions where interest was expressed in developing a rate that better reflects actual burden on the sewer system and thus results in a more equitable rate structure.

The underlying basis for the need to raise sewer rates is requirements by the State of California Water Quality Control Board that necessitate improved treatment of effluent processed thru the city's wastewater treatment plant. The net result is improved water quality for flows leaving the plant and general environmental benefits to downstream users and habitat. Accomplishing this does involve significant upgrades to the existing facilities. It does not require expansion of capacity. Current estimates for the costs of upgrading the plant exceed \$200 million. For obvious reasons and regardless of methodology, revenue needs to be raised to cover the costs to upgrade the plant.

We hope this information clarifies the basis for the new rates. Once again, please do not hesitate to contact Public Works at 757-5686 if you would like us to further evaluate your specific situation.