



**CITY OF EL PASO DE ROBLES**  
*"The Pass of the Oaks"*

**CITY COUNCIL MINUTES**

**Tuesday, December 18, 2007 7:30 PM**

**MEETING LOCATION: PASO ROBLES LIBRARY/CITY HALL  
CONFERENCE CENTER, 1000 SPRING STREET**

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**PLEASE SUBMIT ALL CORRESPONDENCE FOR CITY COUNCIL PRIOR  
TO THE MEETING WITH A COPY TO THE CITY CLERK**

**7:30 PM – CONVENE REGULAR MEETING**

**CALL TO ORDER** – Downstairs Conference Center

**PLEDGE OF ALLEGIANCE**

**INVOCATION**

**ROLL CALL** Councilmembers John Hamon, Gary Nemeth, Duane Picanco, Fred Strong, and Frank Mecham

**PUBLIC COMMENTS**

- Annie Robb, Parks and Recreation Director, introduce two members of the 2007/2008 Youth Commission, Cindy Monterrosa and Will Dahlen
- John Borst, regarding the December 3, 2007 letter from Cynthia Hawley, representing Concerned Citizens for Paso Robles, addressed to Mayor Mecham.

**AGENDA ITEMS TO BE DEFERRED (IF ANY)** - None

**PRESENTATIONS**– None

1. **Rezone 07-002 – Rezone Property from R3 to C3-MU Riverside Avenue (Weyrick)**  
R. Whisenand, Community Development Director

The City Council considered an application to rezone properties located at 2027, 2041 and 2049 Riverside Avenue to bring the zoning designation into conformance with the existing Commercial Service General Plan Land Use designation. The applicant proposes to convert an existing 8-unit apartment complex into a mixed-use complex (PD 07-010). The existing house located at 2027 Riverside Avenue would be removed to provide a parking area for the complex.

Mayor Mecham opened the public hearing. Speaking from the public was Steve Puglisi, the architect for the project. There were no further comments from the public, either written or oral, and the public discussion was closed.

Councilmember Nemeth, seconded by Councilmember Hamon, moved to introduce for first reading Ordinance No. 941 N.S. approving Rezone 07-002 to change the Zoning designation for properties located at 2027, 2041 and 2049 Riverside Avenue from Multi-Family Residential, 12-units per acre (R 3), to Commercial Light Industrial, Mixed-Use Overlay (C3-MU), and set January 2, 2008 as the date for adoption.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham  
NOES:  
ABSTAIN:  
ABSENT:

**2. Demolition 07-006 - Determination of Historic or Architectural Significance and Demolition Permit Request at 836 Olive Street (Baier)**

R. Whisenand, Community Development Director

The City Council considered an application for the demolition of one residence located at 836 Olive Street. Although the structure is listed in the City's Survey of Historic Resources, the Historic Review Report prepared for the project indicates that the structure is not historically significant. The applicant has submitted conceptual plans to construct a new two-story house on the property that is consistent with the City's General Plan by supporting infill residential development in the R2 zoning district.

Mayor Mecham opened the public hearing. There were no comments from the public, either written or oral, and the public discussion was closed.

By separate actions, Councilmember Hamon, seconded by Councilmember Picanco, moved to approve Resolution No. 07-230 adopting a Negative Declaration determining that the building is not of architectural or historic significance, and authorize the demolition permit application be processed.

Motions passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham  
NOES:  
ABSTAIN:  
ABSENT:

**3. Adoption of 2007 Editions of the California Codes**

D. Monn, Director of Public Works

The State of California updates the California Codes every three years. The 2007 Edition, amending the Building, Plumbing, Mechanical, Electrical and Fire Codes, will become effective January 1, 2008. On November 14, 2007 the City held a public workshop presenting an overview of the changes. The City can make amendments to the 2007 Codes based on findings of local climatic, geological, and topographical conditions. Steve Perkins, City Building Official, presented the staff report.

Mayor Mecham opened the public hearing. Speaking from the public was Dick Willhoit, who requested additional time to review the proposed local code amendments. There were no further comments from the public, either written or oral, and the public discussion was closed.

Councilmember Picanco, seconded by Councilmember Strong, moved to introduce for first reading Ordinance No. 942 N.S. adopting by reference the California Codes, and set January 2, 2008 for adoption; and to continue the discussion of amending the codeS to local conditions to date uncertain.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham  
NOES:  
ABSTAIN:  
ABSENT:

By General Consensus, Council requested that the Building Division host a second public workshop to thoroughly examine the local code amendments with county contractors in January or February, 2008.

**4. Adoption of Amendments to Chapter 17.12 – Security of Bodies of Water**

D. Monn, Director of Public Works

The State of California has amended a portion of the language contained in Health and Safety Code Section 115922 to more fully define bodies of water and related protective enclosures within the Code. For the City Council to consider amending Chapter 17.12 of the Municipal Code to be consistent with State Requirements. Steve Perkins, City Building Official, presented the staff report.

Mayor Mecham opened the public hearing. Speaking from the public was Dick Willhoit. There were no further comments from the public, either written or oral, and the public discussion was closed.

Councilmember Hamon, seconded by Councilmember Nemeth, moved to introduce for first reading Ordinance No. 943 N.S. amending Chapter 17.12, §17.12.010 and 17.12.020 to reflect current language contained in State Health and Safety Code §115922, and set January 2, 2008 for adoption.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham  
NOES:  
ABSTAIN:  
ABSENT:

**ADJOURN TO JOINT MEETING OF  
REDEVELOPMENT AGENCY & CITY COUNCIL**

**ROLL CALL** Agencymembers John Hamon, Gary Nemeth, Duane Picanco, Frank Mecham, and Chairman Fred Strong

Chairman Strong noted for the record the 20<sup>th</sup> anniversary of the Paso Robles Redevelopment Agency and enumerated the various projects that the Agency has successfully completed over the years, such as the Veterans Center, City Hall/Library, Niblick Bridge, Transportation Center, downtown business redevelopment, as well as low and moderate income housing projects within the redevelopment area.

**5. Redevelopment Plan and Implementation Plan**

R. Whisenand, Community Development Director

The Redevelopment Agency conducted a public hearing on the status of the Redevelopment Plan and the Redevelopment Implementation Plan. Ed Gallagher, City Planner, presented the staff report.

Mayor Mecham opened the public hearing. There were no comments from the public, either written or oral, and the public discussion was closed.

Agencymember Mecham, seconded by Agencymember Nemeth, moved to receive and file this report on the Implementation Plan; and direct that the Implementation Plan be amended prior to December 2009 to address matters of importance to the Redevelopment Agency.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Mecham, Nemeth, Picanco, and Strong  
NOES:  
ABSTAIN:  
ABSENT:

**6. Redevelopment Agency 2007 Annual Report**

J. Throop, Administrative Services Director

The Redevelopment Agency accepted the Annual Report for fiscal year 2007. California Redevelopment Law requires that the Agency Board present an annual report to the City Council. The Annual Report was presented to the Agency's Project Area Committee on December 5, 2007, and they recommend acceptance of the report.

Mayor Mecham opened the public hearing. There were no comments from the public, either written or oral, and the public discussion was closed.

Agencymember Picanco, seconded by Agencymember Hamon, moved to adopt Resolution No. RA 07-002 accepting the Annual Report for the fiscal year ended June 30, 2007.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Mecham, Nemeth, Picanco, and Strong  
NOES:  
ABSTAIN:  
ABSENT:

**7. San Luis Obispo Housing Trust Fund -  
Request for Grant for Operating Funds**

R. Whisenand, Community Development Director

The City Council and the Redevelopment Agency considered a request from the San Luis Obispo County Housing Trust Fund (HTF) for a grant to assist with their operating funds for fiscal year 2007/2008.

Mayor Mecham opened the public hearing. Speaking from the public was Robert Fonarow, Chairman of the City's Project Area Committee, and from HTF, Gerald Rioux, Executive Director, and Dick Willhoit, Treasurer. There were no further comments from the public, either written or oral, and the public discussion was closed.

Agencymember Nemeth, seconded by Agencymember Hamon, moved to adopt Resolution No. RA 07-003 approving a grant of \$7,500 in Redevelopment Low and Moderate Income Housing funds to the HTF for fiscal year 2007/2008 operating costs.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Mecham, Nemeth, Picanco, and Strong  
NOES:  
ABSTAIN:  
ABSENT:

## ADJOURN TO CITY COUNCIL MEETING

Councilmember Nemeth, seconded by Councilmember Hamon, moved to introduce for first reading Ordinance No. 944, N.S. amending Chapter 3.40 Revenue and Finance of the Municipal Code to modify the Fiscal Year 2007/2008 Budget for the Redevelopment Agency of the City of El Paso de Robles, and set January 2, 2008 as the date for adoption.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham

NOES:

ABSTAIN:

ABSENT:

### CONSENT CALENDAR

Mayor Mecham called for public comments on Consent Calendar items. By General Consent, Item 11 was pulled for separate discussion. There were no comments from the public, either written or oral, and the public discussion was closed.

8. Approve City Council minutes of November 27 and December 4, 2007  
D. Fansler, City Clerk
9. Approve Warrant Register: Nos. 74131—74296 (11/30/07) and 74297—74451 (12/07/07)  
J. Throop, Administrative Services Director
10. Receive and file Advisory Body Committee minutes as follows:  
Promotion Coordinating Committee meeting of October 29, 2007  
Project Area Committee Meeting of December 5, 2007  
Senior Citizens Advisory Committee minutes of November 7, 2007  
Streets & Utilities Committee meeting of August 31, 2007  
Youth Commission meeting of November 7, 2007
11. **(Pulled for discussions following Consent Agenda)** Read, by title only, and adopt Ordinance No. 940 N.S., repealing Ordinance No. 882 N.S., and establishing a consumption-based water fee structure. (1<sup>st</sup> reading December 4, 2007) J. App, City Manager
12. Adopt Resolution No. 07-231 authorizing the City Manager to execute a three-year contract with Principal Insurance for Dental coverage (at a 15.5% increased rate guarantee), and switch both Long Term Disability (LTD), and Life Insurance coverage contracts to Principal (at decreased rates of 9.76% and 9.52% respectfully). All employee bargaining groups have endorsed the change in dental plans.
13. Adopt Resolution No. 07-232 approving the purchase of permanent and temporary sewer easements from three property owners to install a gravity sewer at Palm Court Lift Station No. 9, near Union Road, to provide increased dependability to nearby residents, and reduce ongoing maintenance costs of the lift station.
14. Adopt Resolution No. 07-233 accepting the recordation of Parcel Map PR 06-0214, a 4-lot commercial subdivision located at 90 and 160 Niblick Road. All conditions imposed by the Planning Commission have been satisfied. (Woodland Plaza II)
15. Adopt Resolution No. 07-234 accepting the recordation of Tract 2716, a 39-lot re-subdivision of the 222.19 acre Links Golf Course at the northwest corner of Jardine and Beacon Roads. All conditions imposed by the Planning Commission on the subdivision of the property have been satisfied. Public improvements associated with this project, including work on Dry Creek Road, must be completed prior to occupancy of the first unit associated with the development of PD 06-021. (Gearhart)

16. Adopt Resolution No. 07-235 approving the annexation of Parcel 2 of Parcel Map PR 06-0230, a 3-lot residential development and subdivision located at 1846 and 1910 Pine Street, to the existing Community Facilities District (CFD) No. 2005-1, and adopt Resolution No. 07-XXX accepting the recordation of the Parcel Map. (Newton)
17. Adopt Resolution No. 07-236 approving and consenting to an assignment of lease from Allen Yarborough to KMBG, LLC for Lot 3 of Parcel 16, 5070 Wing Way, in the Airport Industrial Park. The lease remains in full compliance. KMBG is affiliated with Applied Technologies, a major tenant at the airport.

Consent Calendar Items Nos. 8-10, and 12-17 were approved on a single motion by Councilmember Strong, seconded by Councilmember Nemeth, with Councilmember Picanco abstaining on Warrant Register Items No. 074243, and Mayor Mecham abstaining on Warrant Register Item Nos. 074275, 074434, 074325.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham  
 NOES:  
 ABSTAIN:  
 ABSENT:

11. **Water User Rates – Commodity Option 2<sup>nd</sup> Reading Ordinance No. 940, N.S.**  
 J. App

The City Council considered adopting Ordinance No. 940, N.S., repealing Ordinance No. 882 N.S., and establishing a consumption-based water fee structure.

Mayor Mecham opened the public hearing. Speaking from the public was John Borst, who submitted comments for the record, Karl Hansen, and Tom Flynn. There were no further comments from the public, either written or oral, and the public discussion was closed.

Councilmember Nemeth, seconded by Councilmember Strong, moved to commission an independent, third-party review of the water rate structure, examining current and prospective operational and infrastructure costs, and defer adopting the Ordinance until receipt of the study, which is estimated to be five months.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham  
 NOES:  
 ABSTAIN:  
 ABSENT:

## DISCUSSION

18. **Integrated Waste Management Authority Resolution No. 07-03**  
 D. Monn, Director of Public Works

The City Council approved a new pass-through fee increase instituted by the San Luis Obispo County Integrated Waste Management Authority in September 2007. Neither the IWMA nor the City's franchisees, Paso Robles Waste Disposal Inc., or Paso Robles Roll Off will receive any financial gain. The fee to be collected is 30 cents per month from residential customers, and 2 percent of the monthly bill for commercial customers, and will be used to offset increased operational expenses.

Mayor Mecham opened the public hearing. There were no comments from the public, either written or oral, and the public discussion was closed.

Councilmember Strong, seconded by Councilmember Hamon, moved to adopt Resolutions regarding collection of a pass-through solid waste management fee, and authorized contract amendments with Paso Robles Waste Disposal (No. 07-237), and Paso Robles Roll Off (No. 07-238), consistent with the IWMA Resolution No. 07 03.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham

NOES:

ABSTAIN:

ABSENT:

**19. Carnegie Library Repair and Retrofitting Contract Award**

D. Monn, Director of Public Works

The City Council funded and awarded a construction contract to repair and retrofit the Carnegie Library. A revised resolution was circulated to Council at the meeting.

Mayor Mecham opened the public hearing. There were no comments from the public, either written or oral, and the public discussion was closed.

Councilmember Nemeth, seconded by Councilmember Strong, moved to adopt a revised Resolution No. 07-239, appropriating funds to repair and retrofit the City's Carnegie Library, fund the rehabilitation costs associated with the Library not covered by FEMA; and award the construction contract to Newton Construction..

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham

NOES:

ABSTAIN:

ABSENT:

**20. Carnegie Library Repair and Retrofitting Construction Management**

D. Monn, Director of Public Works

For the City Council awarded a contract for construction management services for the repair and retrofitting of the Carnegie Library. In December 2007, a Request for Proposal was issued to 49 firms to provide services; six firms responded with fees ranging from \$172,500 to \$378,950. Freda Berman, Project Manager, presented the staff report.

Mayor Mecham opened the public hearing. There were no comments from the public, either written or oral, and the public discussion was closed.

Councilmember Strong, seconded by Councilmember Hamon, moved to adopt Resolution No. 07-240 appropriating funds and engaging Bachini Deferville Management to provide construction management oversight for the repair and retrofitting of the Carnegie Library in the amount of \$189,750

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham

NOES:

ABSTAIN:

ABSENT:

**21. Request for Temporary Removal of Parking and Sidewalk at 1244 Park Street (Hughes)**

R. Whisenand, Community Development Director

The City Council approved a request for temporary restriction of parking and sidewalk use at 1244 Park Street, and to consider the scope of public improvements (alley paving) associated with the building permit application. John Falkenstien, City Engineer, presented the staff report.

Mayor Mecham opened the public hearing. Speaking from the public was Warren Hamrick, project architect, Dale Gustin, John Cardinale, Mike Gibson, and Charlie Main, general contractor for the project. There were no further comments from the public, either written or oral, and the public discussion was closed.

Councilmember Strong, seconded by Councilmember Hamon, moved to adopt a revised Resolution No. 07-241, adding conditions for pedestrian access, street lighting, and fencing, and approving a request for an encroachment permit for temporary restriction of the use of sidewalk and parking adjacent to 1244 Park Street from January through June 2008, subject to conditions for curb, sidewalk, street trees, and alley improvements.

Motion passed by the following roll call vote:

AYES: Hamon, Picanco, Strong  
NOES: Nemeth and Mecham  
ABSTAIN:  
ABSENT:

**22. PD 03-020 - Reimbursement for Installation of Traffic Signal and Storm Drain at 4<sup>th</sup> and Spring Streets (Pacific Management Development)**

D. Monn, Director of Public Works

The City Council authorized reimbursement to Pacific Management and Development, developer of PD 03-020, for the installation of a traffic signal and storm drain.

The cost of the traffic signal is \$407,303 considerably higher than the original estimate, attributed to reconstruction of the intersection corners to provide for disabilities access. The cost of the storm drain is \$265,929, lower than the original estimate of \$300,000. Each reimbursement option includes authorization for payment to Associated Transportation Engineers in the amount of \$19,329 for services to design new handicap ramps and traffic signal timing operation.

Mayor Mecham opened the public hearing. Speaking from the public was Greg Jaeger, with North Coast Engineering, representing the applicant. There were no further comments from the public, either written or oral, and the public discussion was closed.

Councilmember Nemeth, seconded by Councilmember Hamon, moved to adopt Resolution No. 07-242 authorizing reimbursement to PMD in the amount of \$673,232 for the cost of installation of a traffic signal and storm drain at the intersection of 4th and Spring Streets.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham  
NOES:  
ABSTAIN:  
ABSENT:



**23. Drainage Maintenance Assessment District Formation and Landscape and Lighting Sub-Area 112 & 2A-1 Reballoting**

D. Monn, Director of Public Works

The City Council approved the formation of a Drainage Maintenance Assessment District to protect residents against the potential of overland flooding along Ashwood Place, and to authorize the reballoting of Landscape and Lighting District sub-area 112 (Tract 2609 located at Meadowlark Road & Oriole Way), and sub-area 2A-1 (near the Oriole/Cool Valley basin) to increase the assessment to a level that will fund full service. The formation of the Drainage District and reballoting costs totaling \$20,000 will be paid with assessments collected from the new district and these sub-areas. Dennis Fansler, Maintenance Superintendent, presented the staff report.

Mayor Mecham opened the public hearing. There were no comments from the public, either written or oral, and the public discussion was closed.

Councilmember Strong, seconded by Councilmember Hamon, moved to adopt Resolution No. 07-243 approving the formation of a Drainage Maintenance Assessment District, and the reballoting of Landscape and Lighting District sub-areas 112 and 2A-1.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham  
NOES:  
ABSTAIN:  
ABSENT:

**24. Economic Strategy – Positioning: Marketing Plan Implementation Measures**

J. App, City Manager

The City Council considered tourism marketing plan implementation measures.

Mayor Mecham opened the public hearing. There were no comments from the public, either written or oral, and the public discussion was closed.

Councilmember Strong, seconded by Councilmember Picanco, moved to authorize (1) commissioning of EVC County & City Tourism Analysis at a cost of \$10,000, (2) acquisition of software for, and development of, the tourism website at a cost of \$15,000, and (3) distribution of public relations and branding Requests for Proposal soliciting expert assistance to build interest for local tourism attractions and assets.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham  
NOES:  
ABSTAIN:  
ABSENT:

**25. Immigration Policy**

J. App, City Manager

The City Council considered petitioning the Federal Government for comprehensive immigration reform.

Mayor Mecham opened the public hearing. There were no comments from the public, either written or oral, and the public discussion was closed.

Councilmember Nemeth, seconded by Councilmember Strong, moved to authorize letters to Congressman McCarthy and Senators Boxer and Feinstein urging comprehensive immigration policy reform.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham

NOES:

ABSTAIN:

ABSENT:

**26. Local Ground Water Assistance Grant for the Paso Robles Groundwater Basin Management and Monitoring Program**

D. Monn, Director of Public Works

The City Council authorized an application for a California Department of Water Resources, Local Groundwater Assistance Grant, to provide a funding source for a joint undertaking with San Luis Obispo County Flood Control & Water Conservation District. Funds would be used to prepare a Paso Robles Groundwater Basin Management and Monitoring Program. The estimated value of the grant application is \$215,000. All costs associated with the City's participation in this effort would be covered by the grant. Christine Halley, with T. J. Cross, presented the staff report.

Mayor Mecham opened the public hearing. There were no comments from the public, either written or oral, and the public discussion was closed.

Councilmember Strong, seconded by Councilmember Hamon, moved to adopt Resolution No. 07-244 authorizing the City make application to the California Department of Water Resources to obtain a Local Groundwater Assistance Grant, and to enter into an agreement to receive a grant for the Paso Robles Groundwater Basin Management and Monitoring Program.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham

NOES:

ABSTAIN:

ABSENT:

**27. Water Treatment Plant Design Services Contract**

D. Monn, Director of Public Works

The City Council amended the water treatment plant design services contract with Black & Veatch to incorporate separate design and procurement document preparation for a membrane system, expanded production capacity, and the incorporation of energy efficient building and materials. Christine Halley, with T. J. Cross, presented the staff report.

Mayor Mecham opened the public hearing. There were no comments from the public, either written or oral, and the public discussion was closed.

Councilmember Nemeth, seconded by Councilmember Strong, moved to adopt Resolution No. 07-245 approving Amendment No. 1 to the water treatment plan design services contract, and authorizing an additional \$385,830 for these services.

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham

NOES:

ABSTAIN:

ABSENT:

**CITY MANAGER** - None

**CORRESPONDENCE** - None

**ADVISORY BODY COMMUNICATION** – None

**AD HOC COMMITTEE COMMUNICATION** - None

**COUNCIL COMMENTS (Including oral reports on conferences attended)**

**ADJOURNMENT:**

- THE JOINT PLANNING COMMISSION/CITY COUNCIL BREAKFAST MEETING, FRIDAY, DECEMBER 21, 2007 AT THE TOUCH OF PASO RESTURANT, PASO ROBLES WAS CANCELLED.
- THE REGULAR MEETING AT 7:30 PM ON WEDNESDAY, JANUARY 2, 2008, AT THE LIBRARY/CITY HALL CONFERENCE CENTER, 1000 SPRING STREET, PASO ROBLES

By unanimous voice vote, Council moved to adjourn from regular session at 10:45 PM.

Submitted:

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Deborah D. Robinson, Deputy City Clerk  
Approved:

**THESE MINUTES ARE NOT OFFICIAL OR A PERMANENT  
PART OF THE RECORDS UNTIL APPROVED BY THE CITY  
COUNCIL AT A FUTURE REGULAR MEETING.**

To: Paso Robles City Council

From: John Borst

Dec. 18, 2007

Addendum to my Dec. 4, 2007 comments.

Do Mr. App's Consumption Based Water Rates meet the Lawful Requirements of California Proposition 218? No. Here's why:

**Article XIII D Sec. 6**

**(b) Requirements for Existing, New or Increased Fees and Charges. A fee or charge shall not be extended, imposed or increased by any agency unless it meets all of the following requirements:**

(1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.

**Comment:** First, the funds actually required to pay for Paso Robles' share of Nacimiento Water Project construction costs according to Fitch Ratings is 34.7% of the total cost. Total project cost for all NWP participants is \$175,157,695. Thus, the funds actually required to pay for Paso Robles' portion of the project is \$175,157,695 x 34.7% or \$60,779,720. The net amount financed has been determined to be \$72,294,877, for a total project or debt service cost to Paso Robles of \$131,361,000. As the revenue derived from the fees (\$4,378,700 x 30 years debt service) amounts to \$131,361,000, it **exceeds** the funds actually required (\$60,779,720) to pay for the project. In addition, in contrast with some other participants in the Nacimiento Water Project, Paso Robles water customers were not offered the opportunity by the City Council to pay down the cost of the project before bond issuance.

Second, the average number of units used by a Paso Robles water customer is approximately 27 units per month ( $3,319,000 / 10,200 = 325.39$  units per year.  $325 / 12$  months = 27.11 per month). The fixed cost in 7/10 for the average customer per month is \$55.55 ( $\$6.8$  million / 10,200 customers = \$666.67 per year.  $\$666.67 / 12$  months = \$55.55.) Given that 27 units in 7/10 could be billed at \$1.28 each (plus CPI adjustment), that means the total average customer cost to provide the Nacimiento service is  $\$34.56 + \$55.55$  or \$90.11. By comparison, App's Consumption Only Rates will cost the average rate payer \$108.00 ( $27 \times \$4$ ) in 7/10.

The proposed rate of \$4 exceeds the funds required to provide the property related service. To use his own calculation, Mr. App states the cost is actually \$3.20 in 2010. My calculations (as submitted to the City Council Dec. 4) show the cost of service to be much less than the 2010 \$4 rate stated on the Oct. 2007 Notice of Public Hearing.

See also (4) below.

(2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.

In a City staff document entitled, "Public Hearing -- Sewer and Water Development Impact Fees" (Aug. 3, 2004), Mr. Compton states how costs have been allocated for NWP water:

*Of the cost for Nacimiento Water 50% [then estimated at \$25,030,000 in 2004] is being allocated to new development. **Given the water quality issue** as it relates to existing wastewater discharges, current and future sewer users are being required to pick up the remaining 50% cost. [emphasis added].*

From Mr. Compton's statement it is apparent the second 50% cost expressed in his statement is related to the "salinity" issue which confronts the city of Paso Robles. That is, excessive amounts of TDS's (Total Dissolved Solids) and the individual constituents chloride, sodium, and sulfate now in City wastewater are dumped into the Salinas River resulting in Sewer Code violations and related fines. To help rectify this situation, the Nacimiento Water Project became the City's Water Strategy, chosen from among other strategies, whereby the City and its water customers can achieve code compliance.

To achieve Mr. Compton's recommended 50% cost imposition for reducing sulfate, sodium, chloride and TDS's in waste water discharge, what were the City's water customers asked to pay in July 2007? The full 100% of NWP related costs. A stated \$7.1 million annual cost was expressed by City Staff at a July 17th Public Hearing held at Paso Robles City Hall; and \$6.8 million annually on Dec. 4th. But this is only half the story. The City has also been lax or negligent in enforcing City Sewer Quality Control Codes to prevent excessive amounts of TDS's in Industrial and Commercial water discharge. Consequently, the citizens of Paso Robles wind up paying 100% of the cost for industry's contribution to excessive TDS's in wastewater discharge.

To impose a water charge on City customers for what is clearly a sewage related problem (as identified by Mr. Compton) is clearly a violation of Proposition 218.

(3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.

**Comment:** First, the proportional cost of the service (Nacimiento Water and Infrastructure service for each of 10,200 Paso Robles 2007 water customers) to improve water quality in wastewater discharge attributable to a particular parcel, or similar class of parcels, has not been determined. This is required to assure proportionality. Second, according to the City's General Plan with a build out of approximately 44,000 people, to use 10,200 water customers in determining water rates does not adequately express the proportional cost of the service attributed to both present and future rate payer's parcels. This is required to assure proportionality. Third, the City states that the proposed rates are "based on the fact that the proposed rates are based upon the City's *actual* total cost of providing water service to its customers (including the City's share of the Project costs), divided by the *actual* amount of water used." On the contrary, the proposed rates are *not* based on the *actual* cost of the City providing water service attributed to customers' parcels in 2008, 2009, or 2010, nor

*actual* amount of water used in 2008, 2009, or 2010. The City has failed to provide proof of *actual* calculated proportionality in setting rates for 2008, 2009, and 2010. When asked to provide the calculations for these 3 years, only the calculation for 2010 was provided to me (Mr. Borst). And that one 2010 calculation was based in part on projections, estimates and unsupported assumptions, *not* actual cost of service.

(4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with Section 4.

**Comment:** The city of Paso Robles I assume does not consider the Nacimiento Water and Infrastructure related water rates to be a standby charge. Nonetheless, as the future service (receipt of "blended water") in 2008, 2009, or 2010 is not actually needed by current customers for the City to provide them water service, and will not be used by or won't be immediately available to current City water customers in 2008, 2009, or July 1, 2010, **the rates imposed are a violation of Proposition 218. That is, any fees (rates) or charges considered for imposition based on future use of said blended water service are not permitted according to Proposition 218.** In addition, for the City to impose a fee or charge for a blended water service at this time results in charging present water customers more that it costs the City to provide them with current reliable ground water service. This is a violation of (1) above.

A prompt written response to my above objections is requested from the City Council. Please forward your written response to:

John Borst  
209 Navajo Ave  
Paso Robles, CA 93446

Pascual Padilla  
1155 Mary Hill Road  
Paso Robles, CA 93446

5 items total

Item (11)

Dec. 4, 2007

To: Paso Robles City Council  
From: John Borst

Subject: **Objections to the Water rate increases and proposed Ordinance (re: Water user rates--Commodity Option, Agenda Item 1) to be included in the City Council Meeting minutes for Dec. 4, 2007.**

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Dec 11 2007

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1. California Election Code 9241 in part reads "that the ordinance shall not again be enacted by the legislative body for a period of one year after the date of its repeal by the legislative body or disapproval by the voters." Ordinance 935 was for the funding of the Nacimiento Water Project, as is the City's proposed Ordinance to be presented by Mr. App this evening. Any action on the Council's part with respect to the adoption of the proposed Ordinance I consider to be a violation of Election Code 9241. If my interpretation of tonight's proceedings is correct, by bringing the proposed Ordinance before the Council for adoption, Mr. App appears to be asking you to be a party to fraud.

2. The Notice of Public Hearing of October 2007 was not sent to the owner of record as required by Proposition 218, but to someone called "property owner/tenant."

3. Proposition 218 Article XIII D Sec 6 discusses property related fees and charges, Fees and charges are not directly addressed on the City's Notice of Public Hearing, only rates. A summary rate for each year is shown on the notice but not the fees or charges which compose it. I would like to see a rate's breakdown into fee's and charges.

4. In Ms. Yang's Oct. 18 2007 correspondance with me she states that, "The City's proposed fee increase is based on an analysis of actual costs and proposed costs of providing water service in accordance with appropriate industrial principles." As a follow-up inquiry on my part, the City was not able to tell me what industrial principles they followed in performing the calculations, nor has Mr. App done so in any of his staff reports in which his calculations are presented. Mr. App's calculations are not in accordance with appropriate industrial principles for calculating and establishing water customer rates. According to the American Water Works Association the basic approach to be followed is:

a. Determine the total revenue requirements based on actual costs of providing water service.

b. Allocate the total annual revenue requirements to the basic functional cost components.

c. Distribute the component costs to the various customer classes in accordance with their requirements for service.

d. Design water rates that will recover from each class of customer the cost to serve the customer.

As examples of what rate calculation and rates derived therefrom should look like based on accepted industrial principles, I enter into the record water rate reports for the city of Fortuna and another from Oxnard, CA. I also submit an example of what a city ordinance (Oxnard, CA) should look like based on the use of accepted AWWA industrial principles. By contrast, the City's proposed Ordinance as written and presented by Mr. App this evening has no foundation in rate setting or calculation based on accepted industrial principles. Consequently, the proposed Ordinance should not be adopted by the City as written.



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CITY OF PASO ROBLES

5. Calculations for the \$4 rate are based on numbers for FY2008 and 2007 (Jan-Dec water use projection), rather than officially stated projections for 2010. Further, no calculations for FY 2008 or FY2009 were provided to me (or the public this evening) in response to my public information request, nor are they provided in the report presented to the City Council this evening, nor were that presented at the Oct. 2, 2007 meeting in which the rates were first proposed.

Proposition 218 Article XIII D Sec. 6 requires that "the amount of the fee or charge to be imposed upon each parcel shall be calculated." Because this was not done or substantiated by documentation that the calculations were performed, the rates, without calculations, presented for FY 2008 and 2009 are clearly a gross violation of Proposition 218.

6. Why was a 3 million unit number used by Mr. App to compute the water rate for 2010 rather than the 4,113,830 unit number of 2005. The effect of him doing so is to increase the water rates City water customers will be required to pay.

7. Why does the City use a CPI index for cities of population over 1.5 million people, when a more appropriate CPI index is available for cities of a smaller size?

8. According to Fitch Ratings (Sept 7, 2007) "Paso Robles maintains very high cash levels, which represented about 1824 days of operating expenses at fiscal year-end 2006." How much money is this and how much of it has been applied to calculating the water rates in 2008, 2009 and 2010, and beyond? If none, why not any? All available cash or monies held by the City should be used to keep water rates down for its customers in the years noted on the Oct 2007 mailer. Such high cash reserves suggest the City has been charging for a number of years more than it costs to provide water service.

9. Construction of the Nacimiento pipeline, according to Fitch Ratings (Sept, 7, 2007), is scheduled to begin in Oct. 2007 and to be completed in Dec. 2010. Who will bear the construction risks of cost escalation? Current water customers or new development? If both, what will be the proportional contribution of each? No mention of this is made in Mr. App's report or in the proposed Ordinance.

10. In fiscal year 2012, the first year of full debt service payments and including reasonable assumptions, Fitch Ratings says Paso Robles projects net revenues of about \$9.5 million, providing 2.12x coverage of the estimated debt service payments of about \$4.5 million. Without projected connection fees, the coverage is estimated at 1.6x (even though 1.25x is required by the contract). Will rates need to be raised before fiscal year 2012 if new connections do not materialize? What proportion of connection fees is now being applied to funding/paying debt service? What will the proportion be in 2008, 2009, 2010, 2011 and 2012? Answers to these questions are not given on the Notice of Public Hearing or in Mr. App's Oct 2 or Dec 4, 2007 staff reports to the City Council.

11. On the Notice of Public Hearing Ordinance 882 is mentioned. Ordinance 882 did not go through the Proposition 218 process as required by California law, and adopting the said ordinance was a violation of Paso Robles city policy regarding water rates as established by City Council Resolution 97-83. I request the fees collected under this ordinance be returned to City water customers.

12. With respect to Section 2A Agenda item 1 on page 8 of the staff report, the reintroduction of the Ordinance allowing the City to recover its costs associated with its contractual obligation to pay for a portion of the costs of construction of the Nacimiento Water Project, mention is made that rates were calculated for, to the extent possible, a



## CITY OF PASO ROBLES

portion of the costs of the design and construction of the New Water Treatment Plant. On the contrary, Mr. App's calculations presented in his report to the City Council do not show any calculation for a new water treatment plant. Again, Mr. App has not performed the calculations required by Proposition 218.

13. Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service. Yet Fitch Ratings (Sept 7, 2007) reports that Paso Robles has for several years been raising rates to build up reserves. This suggests to the casual observer that the water department/enterprise has been charging more than required to provide water service. Indeed, using Mr. App's methodology (see handout) to get an expected/or actual water unit charge for 2010 and 2011 an overcharge proves to be the case. For example, rather than \$4 in 2010, using numbers submitted by the City of Paso Robles to the SLO County Financing Authority (the agency responsible of bond issuance), they tell us that the unit charge in 2010 should be \$1.14 and in 2011 the unit charge should be \$2.22. To pay \$4 a unit in these years far exceeds the cost of the service. This is a violation of Proposition 218. Lastly, do not believe Mr. App when he says the \$4 figure is adjusted for a projected decrease in water consumption. That is, the City submitted documentation to the SLO County Financing Authority that contradicts his claim --water consumption or deliveries are expected to increase over the next 6 years (see handout, page A21 as taken from the book, SLO County Financing Authority Nacimiento Water Project Revenue Bonds) through 2013.

14. Fixed costs do not vary with the amount of water used by the customer. Yet in Mr. App's calculations fixed costs are treated as variable costs. Administrative cost are a fixed cost; water use will vary a user's cost. The number of personnel and equipment required to bill say 10,200 customers remains the same irregardless of the customer's variation in water consumption. This is a cost that must be shared equally by water customers. According to Proposition 218 any fee charged must be proportional to the cost of the service attributed to the parcel. To treat fixed costs as variable is disproportionate for water customers and the cost of a service attributable to the parcel. This is a violation of Section 6b(3) of Proposition 218. Indeed, it would appear when using the figures in Mr. App's staff report that anyone using more than 22 units of water a month is paying more than it costs the City to provide the parcel the property related service.

15. When the City of Paso Robles contracted with the San Luis Obispo County Flood Control and Water Conservation District on July 20, 2004 and in their agreements with this entity thereafter, the City became subject to California's Law's governing such an entity. Consequently, California Government Code Section 6547 through 6548 applies. That is, the District was not authorized by any Paso Robles City resolution to vote on bond issuance, nor was a City ordinance passed describing in general terms the Nacimiento Water Project, the maximum amount of the bonds proposed to be issued, and the anticipated sources of the revenue to redeem the bonds. Such a City ordinance was to also state it was subject to the provisions prescribed by Section 9142 of the Election Code. Finally, bond interest was to only accrue during the construction period and for a period not to exceed 12 months after completion of construction. Gentlemen/Councilmen and Citizens of Paso Robles, I conclude that the City has entered into a Contract with the District that is illegal under California law.

16. As stated in the bonding document of the SLO County Financing Authority, Sept 10, 2007, page A-19, regarding connection fees:

"The connection fee is currently under study and is expected to increase to provide adequate revenues to meet new infrastructure needs arising from new development and

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## CITY OF PASO ROBLES

Paso Robles' capital construction obligations for its pipeline and treatment facility.”

This sounds like the City of Paso Robles reported to the bankers that connection fees from new development would pay for the NWP infrastructure. What changed the Council's minds and why are we, the water customers of the City, now being asked to foot the entire bill? Were new connection fee revenues part of Mr. App's calculations? There is no indication of this in the documents provided. Again, he has not performed the necessary calculations.

17. What of Mr. App's pledge that costs for the Nacimiento Water Project would be divided 50/50 between current water customers and new development? His calculations do not address or include this agreement with City water customers.

18. Discrepancies exist on the number of parcels that were sent the Notice of Public Hearing. Records indicate that 10,264 mailers were sent out, yet on the mailer's CD disc provided to Tom Rusch, the figure is close to 10,400. Proposition 218 requires that all parcels identified for fee imposition will be sent the mailer.

19. I have submitted a letter from "Concerned Citizens for Paso Robles" attorney, Cynthia Hawley. A written response to her letter is requested. Please send your response to myself at 209 Navajo Ave, Paso Robles; and send a response to Pascual Padilla, 1155 Merry Hill Rd, Paso Robles.

Thank you.

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CITY OF PASO ROBLES

**City of Fortuna**

From John Borst  
To: City Council  
Dec 4, 2007

## **Water Rate Fees Study Report**

**Prepared for:**

**City of Fortuna  
611 12<sup>th</sup> Street  
Fortuna, CA 95540**

**Prepared by:**

**Oscar Larson & Associates  
317 Third Street; P.O. Box 3806  
Eureka, CA 95502-3806  
800-660-2043  
[www.olarson.com](http://www.olarson.com)**

**28 February 2006**

**JN:7086**

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## **Introduction**

The City of Fortuna is a California Local Government operating as a municipal corporation. It is empowered to provide various services that include water, wastewater, fire, police and recreational services, among others. The City is required to operate, maintain and manage its water utility facilities in accordance with various laws, regulations and business practices. A part of the business practices and prudent financial management is the establishment and collection of fees and charges with which the City may properly manage and financially support its facilities. The fees and charges include monthly user charges to cover operational and maintenance costs, hook-up (capacity or connection) fees relating to the provision of water services and other related fees and charges for service.

The City has a number of anticipated facility improvements that include additions, enhancements or replacements to the existing inventory, most notably reservoirs. In addition, the City has experienced various increases in system operational and maintenance costs. In order to bring the fees current, the City has entered an agreement with the consulting firm of Oscar Larson & Associates. The purpose of the agreement is to create a report with recommendations that support changes in the City's monthly water fees and charges and the related connection fees.

In general, the monthly fees represent the distribution of facility costs to the users of the system based upon the size of the water meter that serves the customer and the volume of water delivered to the property.

In general, connection fees represent the recovery of a share of the costs of the capacity of existing facilities combined with the costs of the share of future projects that must be constructed to serve a level of development that is beyond existing capacities and previous interest expenses. The fees may also include major system upgrades or replacements. Connection fees are established in addition to the other fees or deposits required prior to the receipt of service from the City. Other fees include meter and related installation fees, water deposits, permit fees, etc.

This report includes the information and recommendations in support of changes in the City's water system fees and charges.

## **Executive Summary**

The recommended monthly charges are based upon the adopted City Water budget for the Fiscal Year 2005-2006. This budget includes the personnel and related expenses, services and supplies, fixed assets and expense transfers from support activities (finance, city management, and the like) and depreciation.

The rates include unit pricing based upon the average volumes of use over the past 5 years.

The recommended connection fees are based in part on a combination of the value of the City's water assets, their respective useful lives, and their replacement values. They are also based upon the facilities= design capacities, existing use of the facilities, projected system improvements (Capital Improvement Program) and the projected use of the facilities. Also included is the interest paid on previous capital investments. Each of the elements that make up the connection fee recommendations is described in sections following.

**A. Customer Information**

The City provides water services to 4,231-metered customers (of which 40 are outside the City). Water service is also provided to various public facilities such as public parks and buildings and landscaped areas. The latter are not metered.

The total number of metered customers by meter size is as follows:

<u>Meter size</u>	<u># of meters</u>		<u>Total</u>
	Inside	Outside	
5/8 <sup>th</sup> inch	4,033	35	4,068
1 inch	88	4	92
1 ½	17	1	18
2	40	0	40
3	11	0	11
4	0	1	1
6	<u>1</u>	<u>0</u>	<u>1</u>
Total meters	4,190	41	4,231

The City has a total of 84 water services with backflow prevention devices ranging in size from 1" to 6" and 24 fire service connections ranging in size from 2" to 8" in place within the system.

The City has three categories of users. The users, the respective number of meters and the number of units of water metered for the past fiscal year are as follows:

Use Category	# of meters	# of water units
Single Family	3589	3589
Multifamily	292	1158
Commercial	368	503
Totals	4249	5250

The most current numbers were used in the calculations found within the attached Tables.

For hook-up fees for non-single family residential uses, the water meter size is used in determining the appropriate fee. Converting water meters over 5/8th inches in size to the meter's equivalents in 5/8th-inch meter capacity establishes the equivalency.

The number of single-family equivalents based upon the capacity of the various meters is shown in the attached tables of proposed rates.

The predominant type of service is single family residential representing approximately 84 % of the meters and 68.4% of water usage. Commercial accounts represent approximately 9% of the metered customers and 9.6 % of the water usage. Multifamily meters total 292 representing 6.9% of the metered customers and approximately 22.1 % of water usage.

**B. Water Production and Consumption**

The City's records indicate the following amounts of water that has been produced and the amount that has been metered through the customer's meters.

Year	00-01	01-02	02-03	03-04	04-05
Total Production (in million gallons)	511.00	500.70	484.40	517.20	494.40
Metered amounts (in million gallons)	536.08	425.39	388.95	489.46	439.98

The principle reasons for the difference between the total production and the total metered are the number of public facilities that are not metered and system leakage.

**C. Growth Projections**

One of the fundamental bases upon which the hook up fee calculations are made is the projection of growth. This information is used to estimate the amounts of future demand upon the facilities. This is both the amount and the timing of the growth. This information is also used to project system-sizing requirements (design capacities). The Capital Improvements needed in order to accommodate this growth in a timely and cost effective manner are developed and adopted for use in the distribution of relative share of the system costs between existing customers and future customers.

The City's population was approximately 11,250 people as of 1/1/2005 (California Department of Finance).

The following population information was gathered from the State of California Department of Finance (E-4 Population estimates):

<u>Year</u>	<u>Population</u>	<u>% change from previous year</u>
4/1/2000	10,498	NA
1/1/2001	10,557	0.6%
1/1/2002	10,773	2.0%
1/1/2003	10,957	1.7%
1/1/2004	11,112	1.4%
1/1/2005	11,250	1.2%

Based upon the City's adopted General Plan the population of the City is projected to be between 16,000 and 18,000 at full buildout. The Environmental Impact Report prepared for the Wastewater Treatment Plant Expansion projects a buildout of 15,170 with a potential annexation area buildout of an additional 4,830 people for a total potential population of 20,000.

Information taken from the County of Humboldt document entitled "Building Communities" indicates a City population of 10,497 in the Year 2000 with a projected population of 13,000 by the Year 2025. This would indicate an average annual change of 0.86%.

The City documents indicate a growth rate of approximately 1.5 % per year. This rate of growth was used in the development of the fee schedule (with the concurrence of City Staff). This amounts to 96 new connections per year. It was assumed that the new connections would be spread over the various types of connections in proportion to the numbers of existing connections of each type.

The rate of growth will be affected by the difficulty in which the development of the community may occur (land availability, environmental and regulatory constraints, etc.). It is noted that as the City builds out, and dependent upon the outcome of the decisions made in the General Plan Update process, this assumption will require review with the fees adjusted if needed.

In addition to the population increase, the related business activities are expected to increase roughly in the same proportion to the population. Business activities represent approximately twenty five percent (25 %) of the present total water usage.

Should a significant change be seen through the proposal of a major commercial activity then the proposal needs to include an evaluation of the effects of the proposal on the utility system with the payment pertaining to appropriate upgrades accordingly.

It is noted that this study addressed the fees associated with service to new customers within the boundary of the City with the exception of the Campton Heights water service area. The Campton Heights area is included in the calculations. This is due to the agreement at the time of purchase of the water system that the customers were to be treated the same as other customers within the City. Other extra territorial service (outside City limits) fees need to be computed on a case-by-case basis or established as a part of any annexation proceedings. It is also noted that, dependent on the type and nature of the request, approval would be needed from the Local Agency Formation Commission.



The General Plan indicates a range of persons per household of 2.46 to 2.77. The 1995 WWTP EIR indicates an average of 2.43 persons per home. Over time, the number of persons per household may continue to decline with a coincidental reduction in the use of the wastewater facilities per household.

**D. Operations and Maintenance Budget**

The costs and personnel allocations for the Water Division of Environmental Services are adopted, controlled and monitored through the use of the Water Fund. A summary of the Personnel and expenditure history over the past five fiscal years is provided as follows:

Personnel	Actual 2001-02	Actual 2002-03	Actual 2003-04	Actual 2004-05	Adopted 2005-06
	8.76	8.81	8.89	9.76	9.63
Expenditures	Actual (000's) 2001-02	Actual 2002-03	Actual 2003-04	Actual 2004-05	Adopted 2005-06
Admin	182	211	217	278	273
Pumping and Treatment	174	164	287	322	323
Transmission And Distri	141	179	142	189	177
Customer Acct	34	38	40	38	49
Depreciation	205	206	205	205	209
Forest Hills Booster Station	0	0	21	25	29
Capital Outlay	3	15	23	30	14
Depreciation	205	206	222	209	209
Total O&M	739	813	931	1,04	1,044

The total water fund expenditure budget reflects an increase from \$ 739,283 for the Fiscal Year 2001-02 to the budgeted total of \$ 1,044,095 for the current (2005-06 Fiscal Year). This represents a total increase of about \$ 304,812 or 41.2%.

The principle changes in the Water Fund over the past five years are the additional allocations of personnel to the work force, their respective benefit costs and other major increases in operating expenses such as utilities, insurance and fuel costs.

The personnel allocation was increased from 8.76 full time equivalents (FTE) to 9.63 (FTE). This represents a 10.0 % increase.

Personnel and related costs have increased approximately \$ 166,342 or about 58.7 %.

Beyond the increases resulting from the personnel increases, other major increases were experienced in the areas of:

	2001-02	2005-06	%change
Utilities	\$130,712	\$197,500	51.1 %
Insurance	\$ 21,692	\$ 28,144	29.7 %

### Water Fund Revenues

The Annual total of the Water Fund Revenues received (not including connection fees or interest income from the Capital Reserve provided below) for the past five years are summarized as follows:

2001-02	2002-03	2003-04	2004-05	2005-06
\$1,101,081	\$1,361,289	\$1,578,504	\$1,373,480	\$1,407,037

The change in annual revenues reflects an increase of approximately \$305,956 or about 27.8%.

The two major changes have been in the Water Service charges and the Loan Interest received. The Water Service charge revenues have increased from \$ 805,483 in 2000-01 to \$1,314,474 estimated for 2005-06. This reflects an increase of \$508,991 or about 63.2 %.

The Loan Interest received has changed from \$ 241,198 to about \$41,588. This represents a decrease of about \$199,610 or 82.8%.

The Water Capital Connection Fees and interest income within the Reserve have gone from \$94,749 in 2000-01 to \$113,774, or about a 20.1% increase. There was a peak in 2003-04 where \$ 166,240 was received in Water Capital Connection Fees.

### E. Water System Improvements and related information

**Capital Improvements** - The City has adopted a Capital Improvement Program for its anticipated water system improvements. The program includes the expenditure of approximately \$ 7,000,000 over the next five years (see project listing in Capital Improvement Program).

**Fixed Assets** - The District's fixed asset inventory indicates an approximate depreciated value of \$4,718,374.81 and \$ 12,414,503.79 in replacement value.

Metering - The City meters all of its customers with the exception of the shared public recreational and administrative facilities. The typical meter for a single family residential use is 5/8<sup>th</sup>-inch in size. Other, non-residential meters, range in size from 5/8<sup>th</sup> inch to 6 inches.

#### **F. System Capacity**

The City staff has indicated that the Water System is of sufficient capacity to accommodate the growth anticipated in the General Plan (and as projected in the Section entitled Growth Projections). There are several system improvement projects that are included within or proposed to be included within the adopted Capital Improvement Program. Readers are referred to this program for details.

#### **G. Water Rights Permit**

The City has been issued a water rights permit by the State of California. This establishes the maximum amount of water that the City may remove from the water source/s. The City has indicated the water right allows a per day annual average of 3 cubic feet per second. This equates to an annual total of approximately 707.67 million gallons per year.

The City will need to review this right as a part of the General Plan update to insure that an adequate supply of water is available to accommodate the projected growth. No additional costs are included within the projections pertaining to this issue. It is noted here for informational purposes and follow-up by management.

#### **H. Water Rate Calculations**

Water rates were determined using the approach recommended by the American Water Works Association (AWWA) in their Water Rates Manual of Water Supply Practices, M1. The basic approach, as recommended by AWWA, is as follows:

- Determine the total annual revenue requirements based on the actual costs of providing water service.
- Allocate the total annual revenue requirement to the basic functional cost components.
- Distribute the component costs to the various customer classes in accordance with their requirements for service.

Design water rates that will recover from each class of customer the cost to serve that class of customer.

The total annual revenue requirements for the current year were taken as the adopted year 2005-2006 budget for the water system. Revenue requirements for future years were

escalated from current year costs by adding 10% to personnel costs and 7.5% to material and energy costs. Debt service was taken from the debt service schedule provided by the City's financial consultant.

Year 2005-2006 budget costs were allocated into three categories:

- Capacity Costs, these are the costs of the water system facilities and are related to the overall system capacity, specifically, capital costs, the cost of debt service and depreciation.
- Connection Costs, costs that do not change with the size of a connection, these are administrative costs such as meter reading, billing and general administration overhead.
- Quantity Costs, these are costs that are related to the quantity of water delivered such as pumping, chemicals and other variable costs, and the general operation and maintenance of the water system.

Those total costs were then distributed to the various sizes and types of meters as follows:

Capacity costs were distributed in proportion to the capacity of the service connection. The capacity of a connection was taken as being proportional to the cross-section area of the pipe. The area of each pipe size was determined. Those areas were then divided by the area of a standard 5/8" meter to get the 5/8" Meter Capacity Equivalent based on pipe area. The number of equivalent meters of each size was determined and summed to get the total number of equivalent meters. The total capacity cost was divided by the total number of equivalent meters to get the monthly capacity cost for a 5/8" meter. That figure was then multiplied by the equivalent capacity of each of the larger size meters to get the monthly capacity cost for the various sizes of meters.

Connection costs were distributed uniformly to all connections, with the exception that an additional charge was added to connections with backflow prevention devices (BP) to account for the cost of testing and maintenance of the BP. That was done by taking the BP charge, multiplying by the number of BP's to get the total revenue that would be obtained from the BP charge, and subtracting that from the total connection cost. The remainder was then divided by the number of connections to get the monthly connection cost.

The monthly capacity and connection costs were then added to get the base monthly charge for the various meter sizes and types.

Quantity costs were determined by taking the total annual quantity cost and dividing by the total annual quantity of water billed. As the first 250 cubic feet (winter) or 500 cubic feet (summer) of usage is included in the base monthly charge, the total annual water usage was reduced by the volume that would be included within the base monthly charge to get the annual volume of

water billed. The volume of water billed was then divided into the total annual quantity cost to get the quantity rate per unit volume.

Found within the attached Table is the recommended water service rates for the next five years.

#### **I. Connection (Capacity) Fee Calculations**

In addition to other installation and service charges, a capacity charge is made for new development. This charge is also known as a hook-up fee, a connection fee or a capacity charge. The fee is calculated by adding the existing system value, any capital work in progress, the previously paid debt service, a share of the current year's debt service and the future capital improvements (in the form of the adopted Capital Improvement Program), less Grants and developer contributions of system components, divided by the system capacity (including future users) measured in single family (5/8<sup>th</sup> inch) meter equivalents.

The resulting connection fees are shown in the table on the following page.

A part of the annual debt service is included within the fee. For the anticipated debt of \$7,900,000, an annual debt service of approximately \$ 510,000 is expected.

The Connection (Capacity) fee is established over the next five years by adjusting the above through:

- Additions to the system inventory
- Deletions from the system inventory,
- Adjustments to the asset inventory by 5.5% (ENR index average) and
- Additions of the previously paid interest

Found within the attached Table is the recommended Connection Fees for the next five years.

#### **J. Conclusions and Recommendations**

As may be seen from the above, there are several options available to the Council in establishing its Monthly fees and hook-up fees. We would recommend a conservative approach to the fees owing to the potential variables concerning the potential changes in City organization through annexation. This means that the lower of the projections and capacities are recommended for use.

Following your review and discussion of the contents of the report, it is recommended that the Council, following the notice and hearing provisions of the law:

adopt the recommended fees and charges,

- direct the review of the fees and their assumptions on an annual basis as a part of the City's Budget process, and
- review the fees, and update as needed, as a part of the General Plan update program and its associated Capital Improvement Program.

Respectfully Submitted,

---

Martin G. McClelland  
Operations Manager  
Oscar Larson & Associates

---

John DeBoice, Ph.D., P.E.  
Senior Engineer

Attachments:

Table 1. Recommended Monthly charges for five years

City of Fortuna Water Fee Report  
JN 7086

10

3/3/2006

Table 2. Recommended connection fees for five years

Documents and Background Information (On file with the City Clerk)

City of Fortuna 2005-2006 Fiscal Year Budget

City of Fortuna Water Fund Statement of Revenues, Expenses, Undated, for the unaudited Fiscal Years of 2003-04 and 2004-05.

Disc containing the current (December 2005) water and sewer meter, water and sewer units, commercial meters by use type and volumes of water usage for fiscal year 2004-05 and the months of July, August, and September of 2005.

Water Fund Fixed Asset and Depreciation Schedule as of June 30, 2005 that includes: asset description, method of depreciation, cost or basis of value, grant contributions and accumulated depreciation, amortization, and remaining basis of the assets.

Fortuna Water Facilities Asset Cost, Replacement Value and Depreciated Value Prepared by OLA dated January 2006, and based upon the City inventory information with adjustments using the Engineering News Record.

Table (prepared by OLA) that provides a recent history of the number of residential and Commercial water and wastewater units for the Fiscal Years ending in 2001 through 2005 with calculations that show the numbers and percentages of additions each year.

A summary of the City of Fortuna Water System Work in Progress as of June 30 2005.

A table based on the City's 1993 General Plan that provides the estimated population of the City from calendar year 1990 through 2039. Has a note that indicates the growth rate to be 1.5 % per year and total buildout of 6,500 dwelling units by 2039.

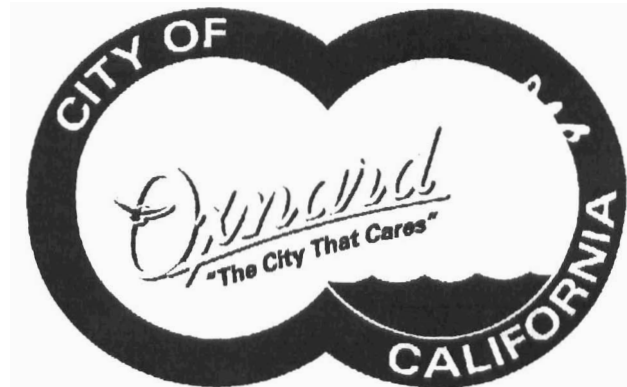
Memo dated November 1, 2005 from Liz Shorey, Senior Planner to Duane Rigge, City Manager, Subject: Population Figures for Sewer Rate Study with two pages attached labeled 1993 General Plan and four pages labeled 1995 WWTP EIR.



**RECEIVED**  
CITY CLERK'S OFFICE  
DEC 11 2007  
CITY OF PASO ROBLES

*From John BORST  
To: City Council  
Dec 4, 2007*

## **ADOPTED REPORT** **Water Rate Study**



**December 2002**  
**K/J 994609.20**

**Kennedy/Jenks Consultants**

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## **Executive Summary**

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### **Introduction**

Due to projected revenue shortfalls, the City of Oxnard (City) recently implemented a two-step water rate increase totaling 9.7 percent for its blended and unblended water customers. The first increase became effective 1 July 2001 and totaled 6 percent. The second increase became effective 1 January 2002 and totaled 3.7 percent. In addition, the City administered two wholesale water rate pass-through increases totaling 2.3 percent for the blended water customers and 1.6 percent for the unblended water customer. These pass-through increases were administered in accordance with Section 33-42, "Water Rates" of the Oxnard City Code. Prior to authorizing the two-step water rate increases a limited analysis of the existing water rates was completed. In recognition of the need to conduct a more comprehensive update of its current water rates using generally accepted methodologies, the City of Oxnard authorized Kennedy/Jenks Consultants to prepare this water rate study.

This study of water rates and costs of water service is conducted to determine appropriate rates, rate levels, and rate structures for the City's water utility operations and enable the City to continue its water utility operations on a financially sound basis. This study was conducted using historical and projected data on operating revenues, operating expenses, capital expenditures, and rate base (utility plant investment) provided by the City.

Historical data were obtained from records and financial statements of the City. The financial projection performed herein to determine revenue and funding requirements, which included projections of operating revenues, operating expenses, and capital expenditures, were developed by Kennedy/Jenks Consultants and City staff.

### **Study Objectives**

The objectives of this water rate study are to:

- Assess annual revenue and funding requirements for the City's water utility operations for the July 2002 through June 2007 planning period.
- Allocate costs of service to water users to test how well present rates are providing revenues which recover allocated cost of service.
- Evaluate alternative ratemaking concepts that may be beneficial to the City's water utility and its customers.
- Design water rates and structures which recover utility costs, provide for annual debt service coverage, and consider other ratemaking concerns.
- Conduct a rate survey of adjacent utilities.

## Conclusions

1. The financial condition of the City's water utility has been declining in recent years (fiscal year (FY) 1998-99 through FY 2001-02). Increases in operating and non-operating expenses have not been offset by increased operating and non-operating revenues.
2. Water sales revenues (at present rates) and other sources of income are not sufficient to provide for projected expenditures in FY 2002-03, nor in all other years of the five-year financial projection (FY 2002-03 through FY 2006-07). This deficit is primarily result of an inadequate water rate schedule.
3. The City's debt coverage ratios are declining (at the present rates) and the City may violate the terms of its bond covenants in FY 2002-03 unless revenues are increased or operating expenses are reduced or both.
4. The current water connection fees do not include the costs of planned capital improvements required to support future customer demands. Increasing connection fees will assist in keeping water sales revenues at a lower level and serve to offset capital costs for additions and improvements to the water system.
5. Utilities that finance all or a portion of their capital requirements should have a computed rate of return that is equal to the interest cost on its debt. Based on the unit cost of service evaluation performed for FY 2001-02, the City's rate of return for was calculated to be a 0.44 percent. This rate of return is below the 6 percent recommended to maintain the City's present capitalization ratio and indicates that an adjustment in water rates would be appropriate. Similarly, this evaluation also indicates that all user classes are providing an insufficient rate-of-return.
6. Based on the unit cost of service evaluation for FY 2001-02 fixed water revenues account for approximately 58 percent of the fixed operating costs. This recovery of fixed operating costs with fixed water revenues is within the generally accepted range of 50 to 100 percent. To the extent that fixed costs are not recovered by fixed revenues, variable revenues must exceed the variable cost of water.
7. The methodology used to develop the current meter charges and water rates is unknown. Because equity among user classes is of paramount importance, American Waterworks Associated (AWWA) methodologies for classifying and allocating costs were employed. Single family residential, multi-family residential, commercial/industrial blended, commercial/industrial unblended, and fireline customers were assigned portions of the City's operating expenses based on the volume of water consumed, peak flow rate, and number of customers. These costs were recovered through a combination of meter charges (fixed costs) and commodity charges (variable costs). Meter charges were based on the number of equivalent meters per user class and commodity charges were based on an inverted block structure that reflected the increasing cost of water resources.
8. Because the commercial/industrial unblended user class consists of a single user who is unique in its use pattern, share of distribution infrastructure, and water quality requirements, it is anticipated that cost recovery for the commercial/industrial unblended class will be accomplished through a water service agreement.

## **Recommendations**

The findings and conclusions of this water rate study indicate that the City should consider adoption of the following recommendations. In this regard, the City should:

1. Adopt an inverted block rate structure to increase water sales revenues. This increase is necessary to allow the water utility to provide for projected operating expenditures from FY 2002-03 through FY 2006-07.
2. Because different user classes have different water demand characteristics and impose different costs on the water system, separate water rates for each user class are recommended for the City. The current rate structure charges both the single family and multi-family user classes at the same rate and does not account for differences in demand characteristics and costs imposed on the water system.
3. The cost of service analysis indicates that the current rate structure recovers approximately 40 percent of the fixed cost through the variable usage charge. The City's water supply plan is changing, which will result in higher purchased water expenses. Higher purchased water costs may in turn require the variable usage charge to increase. It is therefore, recommended that the City implement the cost of service results and continue to recover 60 percent of its projected fixed costs from fixed monthly service charges and increase its monthly variable volume rate to recover 100 percent of the water purchase costs plus the remaining 40 percent of the fixed costs.
4. Adopt the proposed water rates for each user class. These specific rates will create a fair and equitable recovery of costs and will increase water sales revenues. The new rate schedule is expected to increase the average single family bill by 14.8 percent, multi-family by 16.3 percent, commercial/industrial blended by 12.9 percent, and reduce the average fireline by 11.2 percent.
5. Debt finance capital costs associated with the GREAT Program and authorize a Resolution of Intent to debt finance capital expenditures above \$1.36 in FY 2002-03 through FY 2006-07. Debt financing these capital expenditures will help to reduce the cash flow requirements and will levelize annual capital improvement costs over the study period, thereby helping to keep user rates more uniform.
6. Adopt the proposed capital facility charge and water resource development fee. These charges and fees will increase existing connection fee revenues by approximately 776 percent. These changes in fees will recover more of the capital costs incurred by the City to serve new customers and provide increased water supply reliability to existing customers. However, the revenues generated by these two charges based on historically observed new service connections significantly skews the City's non-operating revenues. Because it is unclear if the City can realize these revenues, only one half of the revenues were included in the analysis. The City should closely monitor these revenues, because shortfalls in these revenues will need to be made up by increased rates.
7. The City will reserve 30 cfs of capacity from Callegaus Municipal Water District (CMWD) in calendar year 2003. Since there is no peaking penalty in this first year for exceeding the reserved capacity, the City is confident that it has accounted for that portion of its

water supply costs. In the event that the City needs to adjust its Capacity Reservation Charge in subsequent years, then the rates should be reviewed to determine whether the City is adequately recovering its water supply costs. The same would apply to changes in CMWD's Readiness-to-Serve Charge.

8. Data collection for this rate study was unusually difficult. In order to facilitate future rate studies, it is recommended that the City consider the following items:
  - Many of the City's summary reports combined single family residential and multi-family residential revenues into a single category and commercial/industrial blended and commercial/industrial unblended revenues into a single category. It is recommended that each user classes' revenues be reported separately.
  - Include a summary sheet at the end of the City of Oxnard Revenue Report and Detail Budget Report that summarizes revenues and expenses for the entire water utility and not just by division (i.e., 6001-Production, 6002-Distribution, 6003-Services, and 6010-Procurement).
  - Create a separate account for water sales revenue associated with the Ocean View Municipal Water District water purchases from the UWCD.
9. Based on recommendation numbers 1-4, the proposed water rates and rate structure are summarized below:

**TABLE ES-1  
PROPOSED FIXED RATES**

Meter Size (Inches)	Equivalent Meter Ratio	Single Family	Multi- Family	Comm./Ind. Blended	Fireline
3/4	1.0	\$5.49	\$4.50	\$3.38	\$1.21
1	1.7	\$9.33	\$7.66	\$5.75	\$2.06
1.5	3.3	\$18.11	\$14.86	\$11.17	\$4.00
2	5.3	\$29.09	\$23.87	\$17.94	\$6.43
3	11.7	\$64.22	\$52.70	\$39.59	\$14.19
4	20.0	\$109.78	\$90.09	\$67.68	\$24.26
6	41.7	\$228.90	\$187.83	\$141.11	\$50.58
8	60.0	\$329.35	\$270.26	\$203.04	\$72.77
10	96.7	\$530.81	\$435.57	\$327.23	\$117.29



**TABLE ES-2  
PROPOSED VARIABLE (VOLUME) RATES**

**Single Family**

Monthly Rate Blocks	Amount (\$)
0 - 6 ccf	\$1.178
6 - 12 ccf	\$1.292
12 - over ccf	\$1.824

**Multi-Family**

Monthly Rate Blocks	Amount (\$)
0 - 17 ccf	\$0.960
17 - 32 ccf	\$1.073
32 - over ccf	\$1.606

**Commercial/Industrial  
Blended**

Monthly Rate Blocks	Amount (\$)
0 - 13 ccf	\$0.964
13 - 23 ccf	\$1.077
23 - over ccf	\$1.610

Implementation of the proposed rate schedule and capital facility charges and water resource development fees, will result in adequate operating and non-operating revenues that yield a positive net operating revenue and a positive net income over the study period. Debt service coverage ratio, which is essential to debt financing future projects, exceeds 1.25.

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CITY OF PASO ROBLES

CITY COUNCIL OF THE CITY OF OXNARD

ORDINANCE NO. 2617

From John Borst  
To: City Council  
Dec 4, 2007

**ORDINANCE ESTABLISHING FEES AND CHARGES FOR THE  
USE OF AND FOR SERVICES RELATING TO CITY WATER  
SERVICES**

**WHEREAS**, Section 33-42 of the Oxnard City Code requires that the City Council establish by ordinance the rates charged for all water supplied by the City; and

**WHEREAS**, Section 33-42 of the Oxnard City Code provides that the rates charged for water supplied by the City shall be increased by the same percentage that the rates paid by the City to its water supply wholesalers increase; and.

**WHEREAS**, the Water Division has recently completed, and the City Council has approved, a comprehensive water rate study ("Water Rate Study"), that recommends substantial revisions to the rates and charges imposed by City for City water service; and

**WHEREAS**, the Water Division operates as a self-supporting enterprise fund (Water Fund) that depends upon revenues derived from providing water to City customers; and

**WHEREAS**, the City's Water Division prepared a biennial budget and recommendations for the Water Division for fiscal years 2001-02, and 2002-03, dated July 10, 2001 (Budget), on file with the City Clerk, which also establishes the basis for the fees and charges set forth herein; and

**WHEREAS**, based on the Water Rate Study and the Budget, the Water Superintendent recommends revised water rates and charges to become effective on January 1, 2003; and

**WHEREAS**, Section 15273 of the California Environmental Quality Act (CEQA) Guidelines provides that CEQA does not apply to the modification of public agency rates and other charges which the public agency finds are intended for certain purposes.

**NOW, THEREFORE**, the City Council of the City of Oxnard does hereby find as follows:

1. The adoption of this ordinance is exempt from the California Environmental Quality Act because the fees adopted herein are for the following purposes:
  - a. Meeting operating expenses, including the increased cost of water supplies, and Water Division employee wages and fringe benefits; and
  - b. Purchasing and leasing supplies, equipment, and materials associated with the provision of water service; and
  - c. Meeting financial reserve needs and requirements; and

- d. Obtaining funds for capital projects necessary to maintain water service within the City service area, including cast iron pipe replacement, water quality treatment upgrades, fire hydrant upgrades, hydraulic improvements to the existing system, control system improvements, and groundwater well rehabilitation, none of which expand the water system.
- 2 The basis for the foregoing claim of exemption is found in the Budget on file with the City Clerk.

**NOW, THEREFORE,** the City Council of the City of Oxnard does ordain as follows:

Part 1. Section 33-43 of the Oxnard City Code is amended to read as follows:

"The following fees and methods for charging and collecting for services relating to the water system of the city are established and effective during the dates indicated, as follows:

I. Monthly Rates – Effective January 1, 2003

A. Monthly Rates for Single Family Water Use

RATE PER HUNDRED CUBIC FEET (HCF)		SINGLE- FAMILY
0 to 6	HCF/Mo.	\$1.178
6 to 12	HCF/Mo.	\$1.292
Over 12	HCF/Mo.	\$1.824

B. Monthly Rates for Multi-Family Residential Water Use

RATE PER HUNDRED CUBIC FEET (HCF)		MULTI- FAMILY RESIDENTIAL
0 to 17	HCF/Mo.	\$0.960
17 to 32	HCF/Mo.	\$1.073
Over 32	HCF/Mo.	\$1.606

C. Monthly Rates for Commercial/Industrial Blended Water Use

<u>RATE PER HUNDRED CUBIC FEET (HCF)</u>	<u>COMMERCIAL- INDUSTRIAL UNBLENDED</u>
0 to 13 HCF/Mo.	\$0.964
13 to 23 HCF/Mo.	\$1.077
Over 23 HCF/Mo.	\$1.610

II. Monthly Meter Rates

In addition to monthly rates for water use (per HCF) as set forth in subsection I, all accounts shall pay one of the following monthly meter rates, based on meter size:

A. Monthly Meter Rates: Effective January 1, 2003:

Meter Size (inches)	Equivalent Meter Ratio	Single Family	Multi- Family	Commercial / Industrial Blended
0.75"	1.0	\$5.49	\$4.50	\$3.38
1.0"	1.7	\$9.33	\$7.66	\$5.75
1.5"	3.3	\$18.11	\$14.86	\$11.17
2.0"	5.3	\$29.09	\$23.87	\$17.94
3.0"	11.7	\$64.22	\$52.70	\$39.59
4.0"	20.0	\$109.78	\$90.09	\$67.68
6.0"	41.7	\$228.90	\$187.83	\$141.11
8.0"	60.0	\$329.35	\$270.26	\$203.04
10.0"	96.7	\$530.81	\$435.57	\$327.23

III. Special Water Services: Effective January 1, 2003:

A. Flat Rates

Where meters are not installed, water services shall be paid for each dwelling facility or business activity or service, whether or not such facility, activity or

service is at the same location, at a monthly rate which shall be determined by the public works director subject to the approval of the city manager.

**B. Fire Services**

The monthly rate for water service and water consumed by private fire lines used exclusively for fire protection, whether such lines are attached to automatic sprinkler systems, fire hydrants or hose attachments, shall be as follows:

1. Fire Services:

Meter Size (inches)	Fireline
0.75"	\$1.21
1.0"	\$2.06
1.5"	\$4.00
2.0"	\$6.43
3.0"	\$14.19
4.0"	\$24.26
6.0"	\$50.58
8.0"	\$72.77
10.0"	\$117.29

**C. Metered Construction Rate**

All water drawn through a temporary meter on a fire hydrant or other connection to a main shall be paid for at double the commercial/industrial blended rate for water use, as set forth in subsection I(C).

In addition to the monthly rates for water use, a monthly charge based on meter size shall be imposed as follows:

<u>Meter Size</u>	<u>Monthly Rate</u>
1"	\$20.06
3"	\$67.50

**D. Unmetered Construction Rate**

In new subdivisions and other projects where meters are not installed immediately, the monthly construction rate shall be as follows:

<u>Service Size</u>	<u>Monthly Rate</u>
3/4"	\$ 5.67
1"	8.34
1-1/2"	12.70
2"	16.67

For each inch in diameter over two inches, the monthly rate shall be increased by \$4.30 per inch over the two-inch service monthly rate stated above.

E. Service to City

1. The city shall pay for all installation services furnished to the city at the rates established by this section. However, the water division shall be exempt from paying for installation service.
2. The city shall pay for all water furnished to the city at the rates established by this section. However, the water division and the fire department shall be exempt from paying for water provided to them.
3. Unmetered water used for street sweeping, plant watering, storm drain flushing, construction purposes, and all miscellaneous uses not herein specifically mentioned shall be deemed to have been furnished through a single meter for each department. The public works director shall estimate the monthly volume of unmetered water used for such purposes.
4. All water furnished to property owned by the city shall be metered.

F. Temporary Agricultural Use

The city may provide water on a temporary basis for agricultural purposes in accordance with section 33-47 of the City Code. Monthly water rates for temporary agricultural purposes shall be the same as commercial/industrial blended rates.

IV. Billing Procedure for Periodic Charge for City Water Service: Effective January 1, 2003:

Water service bills shall be computed according to the rates then in effect and the number of days in the service period at each rate.

V. Water Service and Meter Rates: Effective January 1, 2003:

As provided in section 33-27 of the City Code, the customer shall pay for installation of each water service and water meter.

- A. The rates for installing each new service and each new meter, which amount shall be paid in advance, shall be as follows:

<u>Service</u>	<u>Meter</u>	<u>Meter Box and Tail Piece</u>	=	
3/4"	3/4"	3/4"	=	\$ 699.71
1"	1"	1"	=	925.71
1-1/2"	1-1/2"	1-1/2"	=	1,415.84
2"	2"	2"	=	2,018.50

- B. The rates for installing each new meter on a service less than five years old, previously installed and paid for, shall be as follows:

<u>Meter</u>	<u>Service</u>	<u>New Box</u>
3/4"	3/4"	\$329.97
3/4"	1" or Larger	379.97
1"	1"	406.07
1-1/2"	1-1/2"	709.43
1-1/2"	2"	759.43
2"	2"	1,009.65

- C. The rates for installing each new meter on a service more than five years old, previously installed and paid for, shall be as follows:

<u>Meter</u>	<u>Service</u>	<u>New Box</u>
3/4"	3/4"	\$552.11
3/4"	1" or Larger	652.11
1"	1"	704.31
1-1/2"	1-1/2"	1,015.84
1-1/2"	2"	1,265.84
2"	2"	1,568.68

VI. Other Deposits, Fees and Rates: Effective January 1, 2003:

As provided in sections 33-13, 33-20, and 33-29 of the City Code, the city shall require the payment of deposits, fees and charges as follows:

A. Deposit guaranteeing payment

Each applicant for service shall be required to place a deposit with the city to guarantee the payment of all water charges. The amount of this deposit for monthly water service shall be:

For each	3/4" meter	\$ 41.00
For each	1" meter	61.00
For each	1-1/2" meter	112.00
For each	2" meter	174.00

For each meter over two inches, an amount equal to an approximate one-month minimum bill, but not less than \$193.00.

B. Turning water on or off

Except in an emergency situation, the charge to have water turned on or off before or after customary business hours (8:00 AM to 5:00 PM, Monday through Friday) and at any time on weekends or city-observed holidays, shall be \$64.00.

C. Billing and collection; delinquent bills; nonpayment

The customer shall pay a fee of \$11.00 for each visit to a customer's property for the purpose of collecting a water bill that is delinquent. If water service is discontinued due to nonpayment or non-compliance with the City Code or this ordinance, in addition to all other amounts due, the customer shall pay a fee of \$64.00 for resuming service.

D. Broken locks

In the event a customer breaks a lock placed on the meter for the purpose of turning on the water service or permitting or causing water service to be turned on after water service has been turned off for nonpayment or non-compliance, in addition to all other amounts due, the customer shall pay a fee of \$5.00 to replace the broken lock.

E. Removal of meter and reinstallation



In the event a customer turns on the water service or permits or causes water service to be turned on after water service has been turned off for nonpayment or non-compliance, the city shall again turn off the service and remove the meter, and the customer shall pay a fee of \$75.00 for reinstallation of the meter, in addition to other amounts due, before water service is restored."

Part 2. Severability. If any provision of this ordinance, or part thereof, is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected, but shall remain in full force and effect, and to this end the provisions of this ordinance are severable.

Part 3. Ordinance No.2576 is repealed by this ordinance.

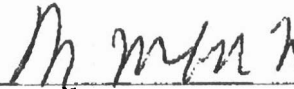
Part 4. Within fifteen days after passage, the City Clerk shall cause this ordinance to be published one time in a newspaper of general circulation in the City. Ordinance No.2617 was read on 12/10, 2002, and finally adopted on 12/17, 2002, to become effective 30 days thereafter.

Passed and adopted this 17 day of December, 2002, by the following vote:

AYES: Councilmembers Lopez, Maulhardt and Zaragoza.

NOES: None.

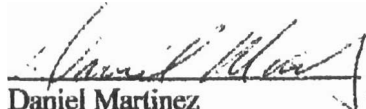
ABSENT: Councilmembers Herrera and Pinkard.



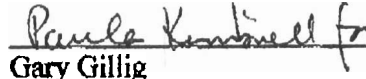
Dr. Manuel M. Lopez  
Mayor

ATTEST:

APPROVED AS TO FORM:



Daniel Martinez  
City Clerk



Gary Gillig  
City Attorney

FROM: JOHN BORST  
To: City Council Dec 4, 2007

**Using Jim Apps' Methodology (deduced from his Oct. 2 and Dec. 4, 2007 staff report and calculations) to get expected/actual water unit charge (rate) for 2010 and 2011**

Jim App's Methodology:

RECEIVED  
CITY OF PASO ROBLES OFFICE  
DEC 11 2007  
CITY OF PASO ROBLES

$$\frac{\text{Total Costs (Expenditures) + Debt Service}}{\text{Total city units of water used per year}}$$

--Using App's Oct. 2 or Dec. 4 numbers from FY 2008 to calculate for FY 2010

$$\frac{\$10,630,300}{3,319,000 \text{ units}}$$

equals **\$3.20** per unit charge to the water customer

Mr. App adds 25% to \$3.20 for good measure to get his \$4.00. His report provides no documentation to support his rationale for adding 25%. (Note. Likewise, *no* calculations for 2008 or 2009 water rates are given in his report.)

--Using SLO County Financing Authority official numbers on page A-26\* and A-21\* for FY 2010

$$\frac{\$4,017,400 + 0}{3,499,542.4 \text{ units}} \quad (8,032 \text{ acre ft.} \times 435.7; 1 \text{ acre ft.} = 435.7 \text{ units})$$

equals **\$1.14** per unit charge to the customer (not \$4)

**Note.** There is NO debt service or Nacimiento operational and maintenance cost in FY 2010. App nonetheless in his Oct. 2 and Dec. 12 report has figured in \$4,378,700 (ave.) debt service and \$2,416,600 Nacimiento operational and maintenance costs (pipeline and treatment facility) unnecessarily for FY 2010 in his FY 2008 Total Costs. This amounts to an overcharge in FY 2010 of \$6,795,300 (potentially \$20,385,900 over FY's 2008-2010).

--Using SLO County official numbers on page A-26\* and A-21\* for FY 2011

$$\frac{\$6,429,300 + \$1,587,995}{3,604,456 \text{ units}} \quad (8,273 \text{ acre ft.} \times 435.7; 1 \text{ acre ft.} = 435.7 \text{ units})$$

$$\frac{\$8,017,295}{3,604,456 \text{ units}} \quad \text{equals } \mathbf{\$2.22} \text{ per unit charge to the customer (not } \$4)$$

\*Source: SLO County Financing Authority Nacimiento Water Project Revenue Bonds, 9/10/07.