

TO: James L. App, City Manager
FROM: Doug Monn, Public Works Director
SUBJECT: Wastewater Facility Charge Method Review
DATE: December 6, 2011

NEEDS: For the City Council to consider a work scope and draft schedule for waste water facility charge review.

- FACTS:**
1. On November 1, 2011, City Council adopted Waste Water Facility Charges subject to specific tasks being completed for Council and public review before October 2013.
 2. The City Council indicated that a comprehensive re-evaluation on Facility Charges be completed that would examine and present all calculation and valuation methods. Such and effort should include:
 - a. Complete a comprehensive inventory of assets to include what waste water infrastructure was paid for by development and what was paid for by users.
 - b. Provide a description/definition of all possible calculation and valuation methods as they relate to waste water infrastructure and to Paso Robles' unique setting.
 - c. Provide calculations of facility charges based on the inventory of assets and various calculation and valuation methods.
 - d. Provide calculations of associated user rates.
 - e. Analyze consistency between water capacity fees and waste water facility fee calculation and valuation methods.
 - f. Assess water or waste water fee effects on user fees and compliance with California Constitution Articles XIIC and XIID (i.e. the 218 process).
 - g. Present findings in a series of public workshops.
 3. The information will be used to create a Request for Proposals (RFP) to retain independent expert assistance.
 4. Develop a schedule such that revised wastewater facility charges may be brought back to City Council for adoption by October 2013.

ANALYSIS &

CONCLUSION: A capacity 'buy-in' approach using growth's share in the total value of the waste water system, less depreciation was used to calculate the adopted waste water facility charges. During the public hearing, questions were raised regarding the possibility of other methods being used as a basis for facility charges. As a result Council

amended the action, establishing that staff should return with tentative work scopes to evaluate various calculation and valuation methods.

The draft schedule for completion of tasks "a" through "g" above is as follows:

- | | |
|---|----------------------|
| 1. City Council approves work scope | Dec 2011 |
| 2. Issue RFP and receive proposals | Mar 2012 |
| 3. Award professional services contract | Apr 2012 |
| 4. Complete asset inventory funding data base | June 2012 |
| 5. Calculate alternative wastewater fees and rates | Aug 2012 |
| 6. Publish report(s) | Oct 2012 |
| 7. Public workshop series | Nov 2012 to Mar 2013 |
| 8. City Council consider revised wastewater fees for adoption | May 2013 |

FISCAL IMPACT: Until a scope of work is defined and Request for Proposal received it is impossible to estimate the total cost of expert and staff time.

OPTIONS:

- a. Approve Resolution No. 11-XX establishing the work scope and schedule for the additional Wastewater Facility Charge Method Review.
- b. Amend, modify, or reject the above option.

ATTACHMENTS:

Resolution No. 11-XXX

RESOLUTION NO. 11-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES ESTABLISHING WASTE WATER FACILITY CHARGE METHOD REVIEW

WHEREAS, on November 1, 2011 City Council adopted Waste Water Facility Charges; and

WHEREAS, as a condition of adopting said fees City Council stipulated certain follow up actions were to occur prior to October 2013; and

WHEREAS, the scope of the work to be accomplished is as follows:

- a. Complete a comprehensive inventory of assets to include what waste water infrastructure was paid for by development and what was paid for by users. Use the City's existing geographic information system and utility records as the basis for this inventory. Note the source of funding by asset identifier within the geographic information system.
- b. Provide a description/definition of all possible calculation and valuation methods as they relate to waste water infrastructure and to Paso Robles' unique setting. Methods to include are incremental expansion, capacity buy-in/reimbursement, plan-based methods, plus others as deemed appropriate.
- c. Provide calculations of facility charges based on all possible calculation and valuation methods. Additionally, calculate fees based on the asset inventory and on the professional's opinion of asset value. Advise whether depreciated value is to be used for various methods.
- d. Provide calculations of associated user rates, capital improvement program and estimated operations and maintenance costs to be provided by the City. Advise as to projected pace of growth, rate of inflation, terms of future borrowing, and other factors for use in financial modeling.
- e. Analyze consistency between water capacity charges adopted in March 2009 and contemplated waste water facility charges.
- f. Assess water or waste water capacity charges effects corresponding user fees and compliance with California Constitution Articles XIII C and XIII D (i.e. the 218 process).
- g. Present findings in a series of public workshops. Present alternative courses of action for City Council consideration and document Council direction in a final report to the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Council finds the scope of work noted above is true and correct and directs staff to proceed with procurement of professional services associated with this work.

SECTION 2. The City Council of the City of El Paso de Robles hereby accepts the following draft schedule for completion of the work with said schedule to be brought back to Council for updates as may be required.

City Council approves work scope	Dec 2011
Issue RFP and receive proposals	Mar 2012
Award professional services contract	Apr 2012
Complete asset inventory funding data base	Jun 2012
Calculate alternative wastewater fees and rates	Aug 2012
Publish reports	Oct 2012
Public workshop series	Nov 2012 to Mar 2013
City Council consider revised wastewater fees for adoption	May 2013

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles this 6th day of December 2011.

AYES:
 NOES:
 ABSTAIN:
 ABSENT:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk