

TO: James L. App, City Manager  
FROM: Doug Monn, Public Works Director  
SUBJECT: Wastewater Facility Charges Review  
DATE: May 21, 2013

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NEED: For the City Council to consider review of wastewater facility charges.

- FACTS:
1. In November 2011, City Council adopted new wastewater facility charges (i.e., sewer connection fees) in conjunction with new sewer rates, but also requested a re-review of the charges in response to questions raised by members of the development community.
  2. In May 2012, after convening an Ad Hoc Committee, City Council adopted Resolution No. 12-079, to 1) contract with Bartle Wells Associates (BWA) of Berkeley for up to \$40,000 to review the City's wastewater facility charges, but defer the re-review for one year, until the City completed its update of sewer system assets and learned the actual costs of the Wastewater Treatment Plant Upgrade.
  3. Since May 2012, staff has updated the City's inventory of sewer system assets to account for developer-contributed assets (i.e., sections of the sewer system installed and paid for by private developers) and is ready to proceed with review of facility charges if City Council wishes to do so.

ANALYSIS &  
CONCLUSION:

If City Council would like to proceed with a re-review of wastewater facility charges, BWA can start immediately and should be complete by October 2013. BWA will first complete a third-party review of Kennedy/Jenks' previous work, for a fee of \$8,400, before proceeding with a full reevaluation of the facility charges and user rates, for an additional fee of \$31,600.

Before proceeding with the review Council might consider:

- Although the WWTP Upgrade will likely cost about 6% (or \$3.1 million) less than expected, this will not result in a significant decrease in wastewater facility charges, because facility charges are based on the total value of the City's sewer system, which exceeds \$230 million.
- The Sewer Enterprise's Capital Improvement Program (CIP) budget, which affects facility charges, does not yet include the cost of infrastructure needed to produce recycled water. Recycled water costs were not included in the CIP in 2011 because those costs were not known. The City's Recycled Water Master Plan will be complete later this year.

- Wastewater facility charges and sewer user rates are inextricably linked. One cannot be changed without affecting the other. Facility charges and user rates may be reviewed in 2016 when the current phased increase program is fully implemented - that would be a logical time to re-evaluate all wastewater charges/rates.

POLICY

REFERENCE: General Plan, Economic Strategy, Integrated Water Resource Plan, 2007 Sewer Collection System Master Plan, Proposition 218

FISCAL IMPACT: BWA's fee of \$40,000 would not have a significant impact on the Sewer Enterprise Fund.

- OPTIONS:
- a. Direct staff to proceed with a review of wastewater facility charges by Bartle Wells Associates, per Resolution No. 12-079;
  - b. Adopt Resolution No. 13-XXX, to rescind Resolution No. 12-079; or
  - c. Amend, modify, or reject the above option.

ATTACHMENT: Resolution No. 13-XXX

RESOLUTION NO. 13-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES  
TO RESCIND RESOLUTION NO. 12-079 REGARDING REVIEW OF  
WASTEWATER FACILITY CHARGES

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WHEREAS, in May 2012, City Council adopted Resolution No. 12-079, to 1) contract with Bartle Wells Associates of Berkeley for an amount up to \$40,000 to review the City's wastewater facility charges and 2) to defer proceeding with the review for one year, until the City may complete its update of sewer system assets and learn the actual costs of the Wastewater Treatment Plant (WWTP) Upgrade.

WHEREAS, staff has since updated the City's inventory of sewer system assets to account for developer-contributed assets. Construction bids for the WWTP Upgrade came in lower than estimated, so the total project cost will likely be 6% less than the cost used to calculate the facility charges.

WHEREAS, the decreased cost of the WWTP Upgrade will not likely result in a significant decrease in wastewater facility charges, because facility charges are based on the total value of the City's sewer system, which will still exceed \$230 million.

WHEREAS, the City's Sewer Capital Improvement Program, which affects facility charges, does not yet include the cost of infrastructure needed to produce recycled water, because those costs are not yet known. Additional facility charges revenue will likely be required to fund recycled water.

WHEREAS, wastewater facility charges and sewer user rates are linked. It would be best to wait to review facility charges until 2016, when charges and user rates may again be considered together.

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

Section 1. The City Manager is authorized to not proceed with review of wastewater facility charges at this time. Resolution No. 12-079 is rescinded.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles this 21st day of May 2013.

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Duane Picanco, Mayor

ATTEST:

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Caryn Jackson, Deputy City Clerk