

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: MEGAN BASINGER, INTERIM DEPUTY DIRECTOR -
WATER ADMINISTRATION
SUBJECT: AMENDMENT TO RESOLUTION NO. 28718 REGARDING
WASTEWATER FIXED MONTHLY CHARGES TO EXISTING
COMMERCIAL/INDUSTRIAL/MULTI-FAMILY PROPERTIES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Board of Public Utilities and the Water Department that the City Council, by resolution, amend Resolution No. 28718 to provide the Director of Water with the authority to reduce the wastewater fixed monthly charge for existing commercial/industrial/multi-family customers that have a large meter to address fire flow requirements.

EXECUTIVE SUMMARY

In 2015, a five-year rate plan for water and wastewater rates was approved by the Santa Rosa City Council via Resolution No. 28718 with an effective date of January 1, 2016. Following the adoption and implementation of the revised rates, an administrative issue was identified related to the wastewater fixed monthly charge applied to commercial/industrial/multifamily properties that have larger sized meters to address fire flow requirements. Amending Resolution No. 28718 provides the Director of Water with the authority to reduce the wastewater fixed monthly charge applied to the account(s) that have larger sized meters to address fire flow requirements.

BACKGROUND

Santa Rosa Water protects public health by sustaining water and wastewater resources, infrastructure and the environment. The department protects and maintains the watershed, delivers safe, potable water, cleans and maintains sewer mains, and treats and beneficially reuses wastewater. In order to provide these services, Santa Rosa Water has a rate structure that provides a variety of alternatives based on meter size, use, and demand.

AMENDMENT TO RESOLUTION NO. 28718 REGARDING WASTEWATER FIXED
MONTHLY CHARGES TO EXISTING COMMERCIAL/INDUSTRIAL/MULTI-FAMILY
PAGE 2 OF 4

In 2015, the Board of Public Utilities (BPU) recommended that the Council adopt a five-year rate structure to provide ongoing rate stability and to provide an equitable adjustment across meter sizes based on demand. The Council adopted the rate structure in December 2015 with an effective date of January 1, 2016.

Following the adoption of the five-year rate structure, an administrative issue was discovered that impacts an existing mobile home park with fire flow and fire hydrants on a domestic connection off the single main, instead of a designated fire line. This type of configuration, constructed in the 1970s, required the installation of an oversized meter to address the fire flow requirements. The current cost of installing a separate fire line throughout the mobile home park will result in significant costs, estimated at approximately \$900,000 based on similar installations, and extensive site work.

Water and wastewater accounts have two rates that are charged monthly, the fixed charge and the usage charge. The fixed charge is based on the meter size that regulates the amount of water moving through the system to serve the account. In instances where a larger meter was installed to meet fire flow requirements, not anticipated demand, the wastewater generated by the account is not commensurate with the fixed rate being charged.

Working with The Reed Group, Inc., the Water Department's outside consultant for financial analysis and rate structuring, the City Attorney's Office, and the Department of Planning and Economic Development who reviews the permit applications for projects within the City limits, it was determined that the best course of action to address the issue is to amend the resolution to add language providing the Director of Water with the authority to reduce the wastewater fixed monthly charge that is charged for properties that meet the fire flow specifications, but do not have a dedicated water line for fire flow.

The proposed amendment would add the following language to Section 1(b)

- (1) *For mobile home parks and multi-family properties where an installed meter is sized larger solely for fire flow purposes, at the discretion of the Director, the wastewater service charges may be reduced commensurate with the meter size that would be used had the fire flow requirement not existed or had a separate fire line been installed at the time of construction.*

PRIOR CITY COUNCIL REVIEW

On December 1, 2015, the City Council, by Resolution No. 28718, approved a resolution levying and assessing wastewater service charges and introduced an ordinance revising monthly service charges and rates for water services.

AMENDMENT TO RESOLUTION NO. 28718 REGARDING WASTEWATER FIXED
MONTHLY CHARGES TO EXISTING COMMERCIAL/INDUSTRIAL/MULTI-FAMILY
PAGE 3 OF 4

ANALYSIS

Amending Resolution No. 28718 to add language allowing the Director of Water to adjust the wastewater fixed monthly charge for specific installations will alleviate the financial burden that is currently on mobile home parks and multi-family properties and would prevent the potential pass through of park owner's costs associated with the installation of a designated fire line to mobile home park residents.

The City's Finance Department evaluated accounts that could fall into this category and found four known accounts that would be able to request an adjustment to their current billing. The amendment would only apply to existing commercial and multi-family properties when a larger meter is installed for fire protection purposes.

FISCAL IMPACT

The estimated loss of annual revenue, based on the known accounts, for the adjustment would be approximately \$7,300.00 to the Wastewater Enterprise fund due to reduction in the monthly fixed wastewater meter rate to a smaller size, where appropriate. The anticipated loss of revenue is negligible in the overall annual budget.

ENVIRONMENTAL IMPACT

The proposed action regarding rate and rate structure changes is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines section 15378; and because CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates and other charges by public agencies for, among other things, the purposes of meeting operating expenses, purchasing or leasing supplies, meeting financial reserves, obtaining funds for capital projects necessary to maintain service within the existing service area, pursuant to CEQA Guidelines section 15273.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

The Board of Public Utilities recommended approval with a vote of 7-0-0 on November 4, 2016.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 - Board of Public Utilities Resolution No. 1127

AMENDMENT TO RESOLUTION NO. 28718 REGARDING WASTEWATER FIXED
MONTHLY CHARGES TO EXISTING COMMERCIAL/INDUSTRIAL/MULTI-FAMILY
PAGE 4 OF 4

- Resolution

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