



# CITY OF BUELLTON

## CITY COUNCIL AGENDA

**Regular Meeting of July 28, 2016 – 6:00 p.m.  
City Council Chambers, 140 West Highway 246  
Buellton, California**

Materials related to an item on this agenda, as well as materials submitted to the City Council after distribution of the agenda packet, are available for public inspection in the Office of the City Clerk, located at 107 West Highway 246, during normal business hours.

### **CALL TO ORDER**

Mayor Ed Andrisek

### **PLEDGE OF ALLEGIANCE**

### **ROLL CALL**

Council Members John Connolly, Leo Elovitz, Holly Sierra, Vice Mayor Dan Baumann, and Mayor Ed Andrisek

### **REORDERING OF AGENDA**

### **PUBLIC COMMENTS**

Speaker Slip to be completed and turned in to the City Clerk prior to commencement of meeting. Any person may address the Council on any subject pertaining to City business, including all items on the agenda not listed as a Public Hearing, including the Consent Agenda and Closed Session. Limited to three (3) minutes per speaker. By law, no action may be taken at this meeting on matters raised during Public Comments not included on this agenda.

### **CONSENT CALENDAR**

**(ACTION)**

The following items are considered routine and non-controversial and are scheduled for consideration as a group. Any Council Member, the City Attorney, or the City Manager may request that an item be withdrawn from the Consent Agenda to allow for full discussion. Members of the Public may speak on Consent Agenda items during the Public Comment period.

- 1. Minutes of July 14, 2016 Regular City Council Meeting**
- 2. List of Claims to be Approved and Ratified for Payment to Date for Fiscal Years 2016-17**

### **PRESENTATIONS**

**PUBLIC HEARINGS****(POSSIBLE ACTION)**

3. **Ordinance No. 16-03 – “An Ordinance of the City Council of the City of Buellton, California, Revising Title 19 (Zoning) of the Buellton Municipal Code (16-ZOA-02) Relating to Sections 19.08.100.E (Zoning Clearance Time Limits), 19.08.110.E (Use Permit Time Limits), and 19.08.120.H (Development Plan Time Limits) (Introduction and First Reading)**  
❖ *(Staff Contact: City Manager Marc Bierdzinski)*

**COUNCIL MEMBER COMMENTS****COUNCIL ITEMS****WRITTEN COMMUNICATIONS**

Written communications are included in the agenda packets. Any Council Member, the City Manager, or City Attorney may request that a written communication be read into the record.

**COMMITTEE REPORTS**

This Agenda listing is the opportunity for Council Members to give verbal Committee Reports on any meetings recently held for which the Council Members are the City representatives thereto.

**BUSINESS ITEMS****(POSSIBLE ACTION)**

4. **Receive Final 2016 Water and Wastewater Rate Studies and Approve the Proposition 218 Notice of Public Hearing for Water and Wastewater Rates**  
❖ *(Staff Contact: Public Works Director Rose Hess)*

**CITY MANAGER’S REPORT****CLOSED SESSION ITEMS****(POSSIBLE ACTION)**

5. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**  
**(Government Code Section 54956.9(a))**  
**Terravant Wine Company, LLC v. City of Buellton, et al., Santa Barbara County Superior Court Case No. 16CV00839**  
**Environment in the Public Interest v. City of Buellton, et al., Santa Barbara County Superior Court Case No. 16CV00883**

**ADJOURNMENT**

The next meeting of the City Council will be held on Thursday, August 11, 2016 at 6:00 p.m.

# CITY OF BUELLTON

## CITY COUNCIL MEETING MINUTES

Regular Meeting of July 14, 2016

City Council Chambers, 140 West Highway 246  
Buellton, California

### CALL TO ORDER

Mayor Ed Andrisek called the meeting to order at 6:00 p.m.

### PLEDGE OF ALLEGIANCE

### ROLL CALL

**Present:** Council Members John Connolly and Holly Sierra, Vice Mayor Dan Baumann and Mayor Ed Andrisek

**Excused Absence:** Council Member Leo Elovitz

**Staff:** City Manager Marc Bierdzinski, City Attorney Steve McEwen, Finance Director Carolyn Galloway-Cooper, Public Works Director Rose Hess, Station Commander Lt. Shawn O'Grady, and City Clerk Linda Reid

### REORDERING OF AGENDA

None

### PUBLIC COMMENTS

Barbara Knecht, Buellton, provided the Council with photos and documentation of recreational vehicles (RV's) parked in the front yards of residential properties and requested the Council reconsider the current ordinance regarding RV parking in residential areas.

Judith Dale, Buellton, questioned why there are white lines painted on the streets throughout the Thumbelina subdivision. Public Works Director Hess stated the lines are associated with upcoming road maintenance in the Thumbelina subdivision.

**CONSENT CALENDAR**

Council Member Sierra requested that Agenda Item 4 be pulled for discussion.

1. **Minutes of June 23, 2016 Regular City Council Meeting**
2. **Claims to be Approved and Ratified for Payment to Date for Fiscal Year 2015-16**
3. **Designation of Voting Delegate and Alternate for 2016 League of California Cities Annual Conference Business Meeting**
5. **Resolution No. 16-17 – “A Resolution of the City Council of the City of Buellton, California, Revoking Resolution No. 98-19 and Changing the Designated Locations for Posting of Ordinances and/or Resolutions Required by Law to be Published or Posted”**
6. **Revenue and Expenditure Reports through May 31, 2016**

**MOTION:**

Motion by Vice Mayor Baumann, seconded by Council Member Connolly approving Consent Calendar Items 1, 2, 3, 5, & 6 as listed.

**VOTE:**

Motion passed by a roll call vote of 4-0.

Council Member Connolly – Yes

Council Member Sierra – Yes

Vice Mayor Baumann – Yes

Mayor Andrisek – Yes

4. **Resolution No. 16-16 – “A Resolution of the City Council of the City of Buellton, California, Providing Workers’ Compensation Coverage for Certain City Volunteers Pursuant to the Provisions of Section 3363.5 of the Labor Code”**

Council Member Sierra questioned whether this resolution would add any expense to the City’s budget. City Clerk Reid addressed the question and indicated that Resolution No. 16-16 would only put volunteers under the workers’ compensation coverage rather than being covered under California Joint Powers Insurance Authority’s (CJPIA), which is more cost effective for CJPIA and the City.

**MOTION:**

Motion by Council Member Sierra, seconded by Council Member Connolly approving Consent Calendar Items 4 as listed.

**VOTE:**

Motion passed by a roll call vote of 4-0.

Council Member Connolly – Yes

Council Member Sierra – Yes

Vice Mayor Baumann – Yes

Mayor Andrisek – Yes

## **PRESENTATIONS**

None

## **PUBLIC HEARINGS**

None

## **COUNCIL MEMBER COMMENTS/ITEMS**

Council Member Sierra stated she has received complaints that the street sweeper is not sweeping to the curb. Staff will contact the contractor regarding this issue.

Mayor Andrisek announced Santa Barbara County Public Health is promoting “Dog Days of August” which allows residents to alter, vaccinate, license, and microchip their pets for \$60 at local Humane Societies during the month of August.

The Council agreed by consensus to agendaize discussion of recreational vehicle parking in residential areas at a future meeting.

## **WRITTEN COMMUNICATIONS**

None

## **COMMITTEE REPORTS**

Council Member Sierra stated the Library Ad Hoc Committee met and she provided an oral report for the record. Vice Mayor Baumann added some comments regarding the meeting.

Mayor Andrisek announced he attended the Buellton Chamber of Commerce Economic Development meeting and provided an oral report regarding the meeting.

Mayor Andrisek announced that he and Council Member Sierra attended the League of California Cities Executive Forum in Monterey and provided an oral report for the record.

## **BUSINESS ITEMS**

- 7. Consideration of an Agreement with the Buellton Historical Society to Place Historical Markers on Public Property to Commemorate Significant Events and People in Buellton History**

**RECOMMENDATION:**

That the City Council consider approval of draft agreement between the City and the Buellton Historical Society and direct the City Manager and City Attorney to finalize the agreement.

**STAFF REPORT:**

City Attorney McEwen presented the staff report.

**DOCUMENTS:**

Staff report with attachments as listed in the staff report.

**DISCUSSION:**

The City Council discussed the following issues:

- Adding banners that incorporate local service personnel as a way to honor them for their service to our country
- Revising Section 2.A to address details of maintenance of the markers

**MOTION:**

Motion by Council Member Sierra, seconded by Vice Mayor Baumann approving the draft agreement between the City and the Buellton Historical Society and direct the City Manager and City Attorney to finalize the agreement.

**VOTE:**

Motion passed by a roll call vote of 4-0.

Council Member Connolly – Yes

Council Member Sierra – Yes

Vice Mayor Baumann - Yes

Mayor Andrisek – Yes

**8. Acceptance of the 2013/2014 Road Maintenance Project****RECOMMENDATION:**

That the City Council consider accept the 2013/2014 Road Maintenance Project and instruct the City Engineer to file the attached Notice of Completion.

**STAFF REPORT:**

Public Works Director Hess presented the staff report.

**DOCUMENTS:**

Staff report with attachments as listed in the staff report.

**DISCUSSION:**

The City Council discussed the green pavement markings on the Avenue of Flags which was applied differently and is a more durable surface.

**MOTION:**

Motion by Vice Mayor Baumann, seconded by Council Member Connolly approving the 2013/2014 Road Maintenance Project and instructing the City Engineer to file the attached Notice of Completion.

**VOTE:**

Motion passed by a roll call vote of 4-0.

Council Member Connolly – Yes

Council Member Sierra – Yes

Vice Mayor Baumann - Yes

Mayor Andrisek – Yes

**CITY MANAGER’S REPORT**

City Manager Bierdzinski provided an informational report to the City Council.

**CLOSED SESSION ITEMS**

**9. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

**(Government Code Section 54956.9(a))**

**Terravant Wine Company, LLC v. City of Buellton, et al., Santa Barbara County Superior Court Case No. 16CV00839**

**Environment in the Public Interest v. City of Buellton, et al., Santa Barbara County Superior Court Case No. 16CV00883**

The City Council met in closed session to discuss existing litigation. No reportable action was taken.

**ADJOURNMENT**

Mayor Andrisek adjourned the regular meeting at 6:45 p.m. The next regular meeting of the City Council will be held on Thursday, July 28, 2016 at 6:00 p.m.

\_\_\_\_\_  
Ed Andrisek  
Mayor

**ATTEST:**

\_\_\_\_\_  
Linda Reid  
City Clerk

BACK-UP/SUPPORT DATA IS AVAILABLE FOR COUNCIL REVIEW IN CITY HALL

The following is a list of claims to be ratified and approved for payment by the City Council at the  
**July 28, 2016** Council Meeting.

Listed below is a brief summary of the attached claims:

EXHIBIT A *	A/P Packet #APPKT00304	4,222.65 (2 pages)
	A/P Pack #APPKT00300	154,871.77 (2 pages)
	A/P Packet #APPKT00299	208,530.95 (2 pages)

Total Packets:	<u>\$367,625.37</u>
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EXHIBIT B	<u>\$140,115.59</u>
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Staff Payroll	7/8/2016	\$43,147.68
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<b>TOTAL AMOUNT OF CLAIMS:</b>	Total Payroll:	<u>\$43,147.68</u>
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	<u>\$550,888.64</u>
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\* The A/P Packets above will be approved on Council Agenda date of 7/28/2016  
 Checks to be signed on 7/28/16 tie to A/P Packet #APPKT00304  
 Checks previously signed by staff to avoid late fees relate to:  
 A/P Packets #APPKT000299 and APPKT00300

Payments via Electronic Fund Transfer (EFT):  
From 7/2/2016 through 7/18/2016

Calpers - Medical	7/5/2016	19,929.51
CalPERS - Classic	7/6/2016	13,233.88
CalPERS - PEPRRA	7/6/2016	2,852.75
DCP - AUL	7/6/2016	11,954.36
Hartford	7/7/2016	464.38
Payroll Tax - IRS	7/11/2016	9,153.87
Payroll Tax - EDD	7/11/2016	2,359.41
Payroll Tax - EDD	7/12/2016	1,399.16
Bank Fee	7/13/2016	12.00
Payroll Tax - EDD	7/14/2016	316.27
Bank Fee	7/14/2016	12.00
CalPERS - Unfunded Accrued Liability (16/17)	7/18/2016	78,428.00

**Total**

**\$140,115.59**



By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<b>Bank Code: General Checking-General Checking</b>						
000870	ACCONTEMPS	07/08/2016	Regular	0.00	1,105.42	33156
000661	AQUA-METRIC SALES, CO.	07/08/2016	Regular	0.00	506.94	33157
000718	AUTOSYS, INC.	07/08/2016	Regular	0.00	30,271.13	33158
000712	CALIF MUNICIPAL TREASURER'S ASS	07/08/2016	Regular	0.00	155.00	33159
000800	CARR'S BOOT SHOP, INC. dba	07/08/2016	Regular	0.00	345.50	33160
000112	CLARK PEST CONTROL	07/08/2016	Regular	0.00	441.00	33161
000655	COAST NETWORK, INC.	07/08/2016	Regular	0.00	449.00	33162
000118	COASTAL COPY, INC.	07/08/2016	Regular	0.00	1,515.31	33163
000679	COURIER SYSTEMS	07/08/2016	Regular	0.00	150.00	33164
000142	DANIEL FITZGERALD dba	07/08/2016	Regular	0.00	960.00	33165
000172	ECHO COMMUNICATIONS	07/08/2016	Regular	0.00	63.80	33166
000203	GARY BROWN dba	07/08/2016	Regular	0.00	360.00	33167
000587	KYLE ABELLO	07/08/2016	Regular	0.00	268.00	33168
000280	LEE CENTRAL COAST NEWSPAPERS	07/08/2016	Regular	0.00	536.36	33169
000931	MEG LEUENBERGER	07/08/2016	Regular	0.00	200.00	33170
000835	METRO VENTURES LTD	07/08/2016	Regular	0.00	6,280.00	33171
000342	NIELSEN BUILDING MATERIALS,INC	07/08/2016	Regular	0.00	31.76	33172
000756	PAWS PARK OF SANTA YNEZ VALLEY	07/08/2016	Regular	0.00	16,000.00	33173
000379	POSTMASTER	07/08/2016	Regular	0.00	565.00	33174
000032	READY REFRESH BY NESTLE	07/08/2016	Regular	0.00	144.01	33175
001002	ROBERTSON SUPPLY	07/08/2016	Regular	0.00	432.78	33176
000424	S Y R W C D	07/08/2016	Regular	0.00	3,851.93	33177
000706	SATCOM GLOBAL, INC.	07/08/2016	Regular	0.00	50.40	33178
000450	SB CO SHERIFF'S DEPARTMENT	07/08/2016	Regular	0.00	141,711.00	33179
000450	SB CO SHERIFF'S DEPARTMENT	07/08/2016	Regular	0.00	680.54	33180
000535	UNDERGROUND SERVICE ALERT	07/08/2016	Regular	0.00	22.50	33181
000904	US BANK EQUIPMENT FINANCE	07/08/2016	Regular	0.00	483.45	33182
000551	VALLEY TOOL RENTALS	07/08/2016	Regular	0.00	800.00	33183
001063	Wells Fargo Vendor Fin Serv	07/08/2016	Regular	0.00	150.12	33184

**Bank Code General Checking Summary**

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	34	29	0.00	208,530.95
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	<b>34</b>	<b>29</b>	<b>0.00</b>	<b>208,530.95</b>



### Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH	7/2016	208,530.95
			<u>208,530.95</u>



By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<b>Bank Code: General Checking-General Checking</b>						
000005	ABALONE COAST ANALYTICAL, INC.	07/11/2016	Regular	0.00	1,009.30	33185
000820	ACWA/JPIA	07/11/2016	Regular	0.00	2,364.18	33186
000387	ALBERTSONS, LLC.	07/11/2016	Regular	0.00	75.92	33187
000110	CVS PHARMACY INC.	07/11/2016	Regular	0.00	42.21	33188
000187	FARM SUPPLY COMPANY	07/11/2016	Regular	0.00	371.88	33189
000193	FIRST NATIONAL BANK OF OMAHA	07/11/2016	Regular	0.00	10,560.36	33190
	**Void**	07/11/2016	Regular	0.00	0.00	33191
000189	FISHER PUMP & WELL SERVICE, INC.	07/11/2016	Regular	0.00	229.00	33192
001040	Frontier Communications	07/11/2016	Regular	0.00	1,562.22	33193
000891	GLR CONSTRUCTION, INC.	07/11/2016	Regular	0.00	118,481.89	33194
000228	HOLLY SIERRA	07/11/2016	Regular	0.00	268.50	33195
000255	JOE MEEHAN	07/11/2016	Regular	0.00	145.74	33196
000310	MARBORG INDUSTRIES	07/11/2016	Regular	0.00	250.00	33197
000801	O'REILLY AUTOMOTIVE STORES, INC	07/11/2016	Regular	0.00	62.19	33198
000380	PRAXAIR DISTRIBUTION, INC.	07/11/2016	Regular	0.00	280.02	33199
001064	Sagebrush Painting, Inc.	07/11/2016	Regular	0.00	10,000.00	33200
000438	SANTA YNEZ VALLEY HARDWARE	07/11/2016	Regular	0.00	1,097.92	33201
000436	SB CO PUBLIC WORKS DEPARTMENT	07/11/2016	Regular	0.00	652.00	33202
000978	Staples Credit Plan	07/11/2016	Regular	0.00	739.94	33203
001066	The JF Will Company, Inc.	07/11/2016	Regular	0.00	4,096.30	33204
000768	WEX BANK	07/11/2016	Regular	0.00	2,582.20	33205

**Bank Code General Checking Summary**

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	27	20	0.00	154,871.77
Manual Checks	0	0	0.00	0.00
Voided Checks	0	1	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	<b>27</b>	<b>21</b>	<b>0.00</b>	<b>154,871.77</b>



### Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH	7/2016	154,871.77
			<hr/>
			154,871.77



By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<b>Bank Code: General Checking-General Checking</b>						
001004	BRANDI KULIKOV-RAMIREZ	07/19/2016	Regular	0.00	21.00	33206
000122	COMCAST CABLE	07/19/2016	Regular	0.00	127.29	33207
001031	Community Robotic Learning Found	07/19/2016	Regular	0.00	936.00	33208
011171	DERRICK W. CURTIS	07/19/2016	Regular	0.00	55.00	33209
011169	DIANE BYINGTON dba	07/19/2016	Regular	0.00	70.00	33210
000203	GARY BROWN dba	07/19/2016	Regular	0.00	280.00	33211
011244	HERMILA SANCHEZ	07/19/2016	Regular	0.00	178.50	33212
011300	KAREN PALMER	07/19/2016	Regular	0.00	31.50	33213
011306	KARLIN LADERA	07/19/2016	Regular	0.00	472.50	33214
011336	LAURA GARCIA dba	07/19/2016	Regular	0.00	210.00	33215
011343	MARIANNE MADSEN	07/19/2016	Regular	0.00	324.00	33216
001043	Pamela Vos	07/19/2016	Regular	0.00	200.00	33217
000989	SANDEE KESSLER	07/19/2016	Regular	0.00	165.00	33218
011476	STEPHEN F. DUNLAP	07/19/2016	Regular	0.00	336.00	33219
000529	TRANSFIRST HEALTH & GOVERNMEI	07/19/2016	Regular	0.00	415.86	33220
000551	VALLEY TOOL RENTALS	07/19/2016	Regular	0.00	400.00	33221

**Bank Code General Checking Summary**

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	16	16	0.00	4,222.65
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	<b>16</b>	<b>16</b>	<b>0.00</b>	<b>4,222.65</b>



### Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH	7/2016	4,222.65
			<u>4,222.65</u>

**CITY OF BUELLTON**  
City Council Agenda Staff Report

City Manager Review: MPB  
Council Agenda Item No.: 3

To: The Honorable Mayor and City Council

From: Planning Commission  
By: Marc Bierdzinski, City Manager

Meeting Date: July 28, 2016

Subject: Ordinance No. 16-03 – “An Ordinance of the City Council of the City of Buellton, California, Revising Title 19 (Zoning) of the Buellton Municipal Code (16-ZOA-02) Relating to Sections 19.08.100.E (Zoning Clearance Time Limits), 19.08.110.E (Use Permit Time Limits), and 19.08.120.H (Development Plan Time Limits) (Introduction and First Reading)

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**BACKGROUND**

The City Manager has determined that certain amendments would improve and clarify the Municipal Code sections relating to time extensions for zoning clearances, minor and conditional use permits, and development plans. The objective of these amendments is ensure that there are clear guidelines by which City staff members and the public can determine when land use approvals expire or lapse as a result of either non-use or discontinuance. The revised wording is noted in attached Ordinance No. 16-03.

On June 16, 2016, the Planning Commission voted 4-0 to adopt Resolution No. 16-04 (Attachment 1), which recommends that the City Council adopt the proposed Zoning amendments relating to time limits on various development permits.

**ENVIRONMENTAL REVIEW**

This project is exempt from the California Environmental Quality Act because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

**FISCAL IMPACT**

No fiscal impacts are anticipated as a result of the proposed Zoning Ordinance Amendment.

**RECOMMENDATION**

Staff recommends that the City Council consider the introduction and first reading of Ordinance No. 16-03 – “An Ordinance of the City Council of the City of Buellton, California, Revising Title 19 (Zoning) of the Buellton Municipal Code (16-ZOA-02) Relating to Sections 19.08.100.E (Zoning Clearance Time Limits), 19.08.110.E (Use Permit Time Limits), and 19.08.120.H (Development Plan Time Limits), by title only and waive further reading.

**ATTACHMENTS**

Ordinance No. 16-03

Attachment 1 – Planning Commission Resolution No. 16-04

**ORDINANCE NO. 16-03**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BUELLTON, CALIFORNIA, REVISING TITLE 19 (ZONING) OF THE BUELLTON MUNICIPAL CODE (16-ZOA-02) RELATING TO SECTIONS 19.08.100.E (ZONING CLEARANCE TIME LIMITS), 19.08.110.E (USE PERMIT TIME LIMITS), and 19.08.120.H (DEVELOPMENT PLAN TIME LIMITS)**

**WHEREAS**, The City would like to improve and clarify the Municipal Code sections relating to time extensions for zoning clearances, minor and conditional use permits, and development plans; and

**WHEREAS**, all legal prerequisites have occurred prior to adoption of this Resolution.

**THE CITY COUNCIL OF THE CITY OF BUELLTON DOES HEREBY ORDAIN AS FOLLOWS:**

**SECTION 1:** All proceedings having been duly taken as required by law, and upon review of the information provided in the staff report, consideration of the testimony given at the public hearing, as well as other pertinent information, the City Council finds the following:

- A. Record.** Prior to rendering a decision on any aspect of the proposed zoning ordinance amendments, the City Council considered the following:
1. All public testimony, both written and oral, received in conjunction with the public hearings conducted by the Planning Commission on June 16, 2016 (“Planning Commission Public Hearing”).
  2. All oral, written and visual materials presented by City staff in conjunction with the Planning Commission Public Hearing.
  3. All public testimony, both written and oral, received in conjunction with that certain public hearing conducted by the City Council on July 28, 2016 (“City Council Public Hearing”).
  4. All oral, written and visual materials presented by City staff in conjunction with the City Council Public Hearing.
  5. The following informational documents which, by this reference, are incorporated herein.

- a. That certain written report submitted to the City Council dated July 28, 2016 (the “Staff Report”).
- b. The report and recommendation of the Planning Commission approved on June 16, 2016, and set forth in Resolution No. 16-04.

**B. Public Review.** On the basis of evidence hereinafter listed, all administrative procedures and public participation requirements prescribed in the Buellton Zoning Ordinance have been lawfully satisfied:

1. A notice was published in a legal section of a newspaper on July 14, 2016 (the “Public Notice”), a minimum of ten (10) days in advance of the City Council Public Hearing conducted on July 28, 2016.
2. The Public Notice was posted in two public locations on July 14, 2016, a minimum of 10 days in advance of the City Council Public Hearing.

**C. Environmental Clearance.** This project is exempt from the California Environmental Quality Act because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

**D. Consistency Declarations.** Based on (i) the evidence presented in the Staff Report (incorporated herein by reference), (ii) consultations with affected City Departments, and (iii) testimony and comments received in connection with the public hearing, the City Council does hereby declare as follows:

**1. Zoning Ordinance Amendments.**

**a. Findings:**

- i. The Amendments are in the interests of the general community welfare as it promotes economic development.
- ii. The Amendments are consistent with the General Plan, the requirements of state planning and zoning laws, and Title 19 of the Zoning Ordinance.
- iii. The Amendments are consistent with good zoning and planning practices.

**SECTION 2.** The following Sections of the Buellton Municipal Code are hereby amended, in words and figures, as follows (deletions in strikeout, additions in underline):

**“19.08.100 Zoning Clearance**

~~E.— Time Limits. A zoning clearance shall expire one year from the date of issuance if the use, building, or structure for which the permit was issued has not been established or commenced. Prior to the expiration of such one-year period, the director may grant one extension of one year for good cause shown.~~

E. Time Limits. Zoning clearances shall expire one year after date of issuance unless, prior to the expiration date, the applicant, or applicant’s successor, has established or commenced the proposed land use, completed substantial physical construction on the building or structure to be used, or applied to the Planning Director for a time extension. An applicant, or applicant’s successor, may apply for a single one-year time extension, which the Planning Director may approve upon a showing of good cause. Upon expiration of a zoning clearance and any time extension, an applicant, or applicant’s successor, must apply for a new zoning clearance in order to proceed with the proposed land use. A zoning clearance shall lapse and thereafter become null and void if the exercise and use of the rights granted by such zoning clearance are discontinued for a consecutive period of one year.

**19.08.110 Minor and Conditional Use Permits**

~~E.— Time Limits.~~

~~1.— At the time the planning commission or zoning administrator approves a minor use permit or conditional use permit, a time limit may be established within which construction must commence or the use must begin. The time limit shall be a reasonable time based on the size and nature of the proposed development or use. If no date is specified, the time limit shall be one year from the date of approval. Such time may be extended by the planning commission or zoning administrator once for good cause shown, provided a written request, including a statement of reasons for the time extension, is filed with the planning department prior to the expiration date.~~

~~2.— A minor or conditional use permit shall become null and void and be automatically revoked if the approved use is discontinued for a period of more than one year. The time limit may be extended by the planning commission or zoning administrator one time for good cause shown, provided a written request, including a statement of reasons for the time extension request, is filed with the planning department prior to the expiration date.~~

E. Time Limits.

1. Minor and Conditional Use Permits shall expire five years after approval unless, prior to the expiration date, the applicant, or applicant’s successor, has completed substantial physical construction on the development or applied to the planning commission for a time extension. An applicant, or applicant’s successor, may apply for two one-year time extensions, which the planning commission or city council may approve upon a showing of good cause. Upon expiration of a Minor or Conditional Use Permit and any time extension, an applicant, or applicant’s successor, must apply for a new Minor or Conditional Use Permit in order to proceed with the development.

2. A minor or conditional use permit shall lapse and thereafter become null and void if the exercise and use of the rights granted by such permit are discontinued for a consecutive period of one year.

**19.08.120 Development Plans**

H. Time Limits.

~~1. A preliminary development plan shall expire two years after its approval, except that, for good cause shown, it may be extended for one year by the director or planning commission.~~

~~2. Final development plans shall expire five years after approval unless, prior to the expiration date, substantial physical construction has been completed on the development or a time extension has been applied for by the applicant. The director or planning commission or city council may, upon good cause shown, grant a time extension for one year.~~

1. Preliminary development plans shall expire two years after approval unless, prior to the expiration date, the applicant, or applicant’s successor, has submitted a Final Development Plan application for the development or applied to the planning commission for a time extension. An applicant, or applicant’s successor, may apply for a one-year time extension, which the planning commission or city council may approve upon a showing of good cause. Upon expiration of a preliminary development plan and any time extension, an applicant, or applicant’s successor, must apply for a new development plan in order to proceed with the development.

2. Final development plans shall expire five years after approval unless, prior to the expiration date, the applicant, or applicant’s successor, has completed substantial physical construction on the development or applied to the planning commission for a time extension. An applicant, or applicant’s successor, may apply for two one-year time extensions, which the planning commission or city council may approve upon a showing of good cause. Upon expiration of a final development plan and any time extension, an applicant, or applicant’s successor, must apply for a new development plan in order to proceed with the development. A development plan shall lapse and thereafter become

null and void if the exercise and use of the rights granted by such development plan are discontinued for a consecutive period of one year.”

**SECTION 3:** If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance irrespective of the fact that any one or more sections, subsections, subdivision, sentences, clauses, phrases or portions thereof be declared invalid or unconstitutional.

**SECTION 4:** The City Clerk: (i) shall certify as to the passage of this Ordinance and shall cause the same to be published as required by law; (ii) is hereby authorized and directed to make typographical, grammatical and similar corrections in the final text of the Ordinance so long as such corrections do not constitute substantive changes in context; and (iii) cause the Buellton Municipal Code to be reprinted by adding the language contained within Section 2 of this Ordinance.

**PASSED, APPROVED, AND ADOPTED** this \_\_\_\_\_ of August, 2016.

\_\_\_\_\_  
Ed Andrisek  
Mayor

**ATTEST:**

\_\_\_\_\_  
Linda Reid  
City Clerk

## Planning Commission Resolution No. 16-04

**A Resolution of the Planning Commission of the City of Buellton, California, Considering Recommendations to the City Council on Revisions to Title 19 (Zoning) of the Buellton Municipal Code (16-ZOA-02) Relating to Sections 19.08.100.E (Zoning Clearance Time Limits), 19.08.110.E (Use Permit Time Limits), and 19.08.120.H (Development Plan Time Limits), and Making Findings in Support Thereof**

**WHEREAS**, the City would like to improve and clarify the Municipal Code sections relating to time extensions for zoning clearances, minor and conditional use permits, and development plans; and

**WHEREAS**, all legal prerequisites have occurred prior to adoption of this Resolution.

**NOW, THEREFORE, THE PLANNING COMMISSION DOES RESOLVE, DECLARE, DETERMINE, AND REQUEST AS FOLLOWS:**

**SECTION 1:** All proceedings having been duly taken as required by law, and upon review of the information provided in the staff report, consideration of the testimony given at the public hearing, as well as other pertinent information, the Planning Commission finds the following:

- A. Record.** Prior to rendering a decision on any aspect of the proposed zoning ordinance amendments, the Planning Commission considered the following:
1. All public testimony, both written and oral, received in conjunction with that certain public hearing conducted by the Planning Commission on June 16, 2016 (“Public Hearing”).
  2. All oral, written and visual materials presented by City staff in conjunction with the Public Hearing.
  3. The following informational documents which, by this reference, are incorporated herein.
    - a. That staff report submitted by the Planning Department dated June 16, 2016 (the “Staff Report”).
- B. Public Review.** On the basis of evidence hereinafter listed, all administrative procedures and public participation requirements prescribed in the Buellton Zoning Ordinance have been lawfully satisfied:
1. A notice was published in a newspaper on June 2, 2016 (the “Public Notice”), a minimum of ten (10) days in advance of the June 16, 2016, Public Hearing.

2. The Public Notice and Agenda for the Public Hearing was posted in three conspicuous public places on June 2, 2016, a minimum of 10 days before the June 16, 2016, Public Hearing.

C. **Environmental Clearance.** This project is exempt from the California Environmental Quality Act because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

D. **Consistency Declarations.** Based on (i) the evidence presented in the Staff Report (incorporated herein by reference), (ii) consultations with affected City Departments, and (iii) testimony and comments received in connection with the public hearing, the Planning Commission does hereby declare as follows:

1. **Zoning Ordinance Amendments.**

a. **Findings:**

- i. The Amendments are in the interests of the general community welfare as it promotes economic development.
- ii. The Amendments are consistent with the General Plan, the requirements of state planning and zoning laws, and Title 19 of the Zoning Ordinance.
- iii. The Amendments are consistent with good zoning and planning practices.

**SECTION 2.** The Planning Commission hereby recommends that the City Council adopt an ordinance to amend Title 19 of the Buellton Municipal Code in accordance with the changes noted on Exhibit A to this resolution.

**SECTION 3.** The Planning Commission Secretary shall certify as to the adoption of this Resolution and shall cause the same to be transmitted to the City Clerk for consideration by the City Council.

**PASSED, APPROVED, AND ADOPTED** this 16th day of June 2016.




---

Foster Reif, Chairman

Exhibit A – Draft Ordinance Wording



## EXHIBIT A

Additions are underlined and deletions are in strikethrough.

### 19.08.100 Zoning Clearance

~~E. — Time Limits. A zoning clearance shall expire one year from the date of issuance if the use, building, or structure for which the permit was issued has not been established or commenced. Prior to the expiration of such one-year period, the director may grant one extension of one year for good cause shown.~~

E. — Time Limits. Zoning clearances shall expire one year after date of issuance unless, prior to the expiration date, the applicant, or applicant's successor, has established or commenced the proposed land use, completed substantial physical construction on the building or structure to be used, or applied to the Planning Director for a time extension. An applicant, or applicant's successor, may apply for a single one-year time extension, which the Planning Director may approve upon a showing of good cause. Upon expiration of a zoning clearance and any time extension, an applicant, or applicant's successor, must apply for a new zoning clearance in order to proceed with the proposed land use. A zoning clearance shall lapse and thereafter become null and void if the exercise and use of the rights granted by such zoning clearance are discontinued for a consecutive period of one year.

### 19.08.110 Minor and Conditional Use Permits

~~E. — Time Limits.~~

~~1. — At the time the planning commission or zoning administrator approves a minor use permit or conditional use permit, a time limit may be established within which construction must commence or the use must begin. The time limit shall be a reasonable time based on the size and nature of the proposed development or use. If no date is specified, the time limit shall be one year from the date of approval. Such time may be extended by the planning commission or zoning administrator once for good cause shown, provided a written request, including a statement of reasons for the time extension, is filed with the planning department prior to the expiration date.~~

~~2. — A minor or conditional use permit shall become null and void and be automatically revoked if the approved use is discontinued for a period of more than one year. The time limit may be extended by the planning commission or zoning administrator one time for good cause shown, provided a written request, including a statement of reasons for the time extension request, is filed with the planning department prior to the expiration date.~~

E. — Time Limits.

1. — Minor and Conditional Use Permits shall expire five years after approval unless, prior to the expiration date, the applicant, or applicant's successor, has completed substantial physical construction on the development or applied to the planning commission for a time extension. An applicant, or applicant's successor, may apply for two one-year time extensions, which the planning commission or city council may approve upon a showing of good cause. Upon expiration of a Minor or

Conditional Use Permit and any time extension, an applicant, or applicant's successor, must apply for a new Minor or Conditional Use Permit in order to proceed with the development.

2. A minor or conditional use permit shall lapse and thereafter become null and void if the exercise and use of the rights granted by such permit are discontinued for a consecutive period of one year.

### **19.08.120 Development Plans**

#### **H. Time Limits.**

~~1. A preliminary development plan shall expire two years after its approval, except that, for good cause shown, it may be extended for one year by the director or planning commission.~~

~~2. Final development plans shall expire five years after approval unless, prior to the expiration date, substantial physical construction has been completed on the development or a time extension has been applied for by the applicant. The director or planning commission or city council may, upon good cause shown, grant a time extension for one year.~~

1. Preliminary development plans shall expire two years after approval unless, prior to the expiration date, the applicant, or applicant's successor, has submitted a Final Development Plan application for the development or applied to the planning commission for a time extension. An applicant, or applicant's successor, may apply for a one-year time extension, which the planning commission or city council may approve upon a showing of good cause. Upon expiration of a preliminary development plan and any time extension, an applicant, or applicant's successor, must apply for a new development plan in order to proceed with the development.

2. Final development plans shall expire five years after approval unless, prior to the expiration date, the applicant, or applicant's successor, has completed substantial physical construction on the development or applied to the planning commission for a time extension. An applicant, or applicant's successor, may apply for two one-year time extensions, which the planning commission or city council may approve upon a showing of good cause. Upon expiration of a final development plan and any time extension, an applicant, or applicant's successor, must apply for a new development plan in order to proceed with the development. A development plan shall lapse and thereafter become null and void if the exercise and use of the rights granted by such development plan are discontinued for a consecutive period of one year.

**CITY OF BUELLTON**  
City Council Agenda Staff Report

City Manager Review: MPB  
Council Agenda Item No.: 4

To: The Honorable Mayor and City Council

From: Rose Hess, Public Works Director

Meeting Date: July 28, 2016

Subject: Receive Final 2016 Water and Wastewater Rate Studies and Approve the Proposition 218 Notice of Public Hearing for Water and Wastewater Rates

---

**BACKGROUND**

On January 28, 2016, the City Council approved the contract for the Water and Wastewater Rate Study with Water Consultancy. The water and wastewater rate study provides a comprehensive analysis that will ensure that the cost of service will not exceed either the cost of providing the service or the proportional cost of the service attributable to a particular parcel.

The last formal rate study was completed in 1996. The City's characteristics have changed dramatically since 1996 with a sizeable influx of commercial and industrial customers. The City's operational costs for both water and wastewater have not been sustained through the existing rate structure and have required transfers from those fund reserves. As part of the study, staff worked closely with Water Consultancy and had several meetings with the Rate Committee (Mayor Andrisek, Council Member Sierra, and staff) to ensure that the direction of the study and the growth projections and financial assumptions were sound.

The Final Water Rate Study (Attachment 1) and Final Wastewater Rate Study (Attachment 2) include a detailed analysis, including cost of service allocation, of how the consumption and connection rates were calculated. The following key assumptions were utilized for the water and wastewater study and were the factors in establishing the recommended consumption rates and connection fee amounts.

- Projections based on FY 14-15 Test Year and Projected near term growth
- Projected new connections were reduced by 25% to allow for project delays
- Connection Fee revenue based on recommended charges
- Other revenue projections based on 3-year historical experience or 3-year average
- Expense projections based on 3-year historical experience or 3-year average

- Annual depreciation based on the 15/16 Budget
- Capital Improvement Plans (CIP) based on City projections as shown in the 15/16 Budget
- Connection Fees based on Asset Reproduction Costs

Mr. Lynn Takaichi, of Water Consultancy, will be providing a presentation to discuss the analysis and results.

Based on the analysis, the following are the proposed rate structures:

***Proposed Water Monthly Service Charges:***

<b>Meter Size</b>	<b>Current Fixed Monthly Charge</b>	<b>Fixed Monthly Charge* FY 16/17</b>	<b>Fixed Monthly Charge* FY 17/18</b>	<b>Fixed Monthly Charge* FY 18/19</b>
5/8", 3/4"	\$24.20	\$33.23	\$33.34	\$35.51
1"	\$26.65	\$86.26	\$89.66	\$96.89
1 1/2"	\$31.48	\$171.02	\$177.47	\$191.90
2"	\$41.21	\$271.77	\$280.00	\$301.60
3"	\$60.60	\$580.58	\$604.20	\$646.19
4"	\$78.80	\$1,052.43	\$1,085.82	\$1,176.31
6"	\$109.11	\$2,222.07	\$2,318.68	\$2,511.90
8"	\$145.51	\$2,992.60	\$3,105.95	\$3,364.78
	*An additional \$13 per month is added for each additional dwelling unit	*An additional \$23.26 per month is added for each additional dwelling unit	*An additional \$23.34 per month is added for each additional dwelling unit	*An additional \$24.86 per month is added for each additional dwelling unit
<b>Consumption Charge:</b>	\$1.97 per hcf	\$2.68 per hcf	\$2.76 per hcf	\$2.98 per hcf

**Proposed Wastewater Monthly Service Charges:**

<b>Proposed Wastewater Rate Increase by Customer Class BUELLTON</b>								
	<b>Current</b>		<b>FY 2016-2017</b>		<b>FY 2017-2018</b>		<b>FY 2018-2019</b>	
<b>Customer Class</b>	<b>Monthly Charge</b>	<b>Charge for Excess Water Use (use over 900 cf)</b>	<b>Monthly Charge</b>	<b>Charge for Excess Water Use (use over 1400 cf)</b>	<b>Monthly Charge</b>	<b>Charge for Excess Water Use (use over 1400 cf)</b>	<b>Monthly Charge</b>	<b>Charge for Excess Water Use (use over 1400 cf)</b>
Single Family Dwelling	\$25		\$25.96 (plus \$18.17 for each add. Unit)		\$28.12		\$30.45	
Multiple Dwelling	n/a		\$25.96 (plus \$18.17 for each add. Unit)		\$28.12 (plus \$19.68 for each add. Unit)		\$30.45 (plus \$21.31 for each add. Unit)	
Multi Family-Townhouses & Condos	\$25 (plus \$23.08 for each add. Unit)		\$25.96 (plus \$18.17 for each add. Unit)		\$28.12 (plus \$19.68 for each add. Unit)		\$30.45 (plus \$21.31 for each add. Unit)	
Multi Family-Apts	\$25 (plus \$17.38 for each add. Unit)		\$25.96 (plus \$18.17 for each add. Unit)		\$28.12 (plus \$19.68 for each add. Unit)		\$30.45 (plus \$21.31 for each add. Unit)	
Mobile Home Parks	\$25 (plus \$18.17 for each add. Space)		\$25.96 (plus \$12.98 for each add. Space)		\$26.46 (plus \$14.06 for each add. space)		\$30.45 (plus \$15.22 for each add. Unit)	
Motels	\$30.84	\$1.74/hcf	\$51.77	5.15/ hcf	\$56.08	5.58/hcf	\$60.72	6.05/hcf
Restaurant	\$30.84	\$1.74/hcf	\$51.77	5.15/hcf	\$56.08	5.58/hcf	\$60.72	6.05/hcf
Fast Food/Bar	\$30.84	\$1.74/hcf	\$51.77	5.15/hcf	\$56.08	5.58/hcf	\$60.72	6.05/hcf
Theaters/Banquet	\$30.84	\$1.74/hcf	\$51.77	5.15/hcf	\$56.08	5.58/hcf	\$60.72	6.05/hcf
Camper/Trailer Parks (unmetered)	\$30.84	\$1.74/hcf	\$51.77 plus \$14.06 for each add. Space		\$56.08		\$60.72 (plus \$15.22 for each add. Space)	
Camper/Trailer Parks (metered)	\$30.84	\$1.74/hcf	\$51.77 for first space	5.15/hcf	\$56.08	5.58/hcf	60.72 for first space	6.05/hcf
Schools	\$30.84	\$1.74/hcf for 85% use over 900 cf	\$25.56	0.47/hcf	\$27.69	0.51/hcf	\$29.98	0.56/hcf
Churches (w/o school)	\$30.84		\$25.56	0.47/hcf	\$27.69	0.51/hcf	\$29.98	0.56/hcf
Other Commercial	\$30.84	\$1.74/hcf for 85% use over 900 cf	\$58.35	5.51/hcf	\$63.21	5.58/hcf	\$68.44	6.05/hcf
<b>Industrial Accounts</b>	Determined by Public Works Dir.							
<b>Combinations</b>	Determined by Public Works Dir.							

The rates have the largest impact on the commercial/industrial customers. Outreach will be provided through the Chamber of Commerce to provide specific Frequently Asked Questions (FAQ's). In addition, to provide additional outreach, we will mail the notice to each water/wastewater customer as part of the August water bill, in addition to the property owner notices.

Staff also completed a survey of current rate structures of other local agencies. For comparison, the rates are provided in Attachment 3. Overall, the proposed rates are still one of the lowest in Santa Barbara County. In addition, staff completed a "sample bill comparison". It compares current and proposed rates for Buellton and compares the same sample to other local agencies (Attachment 4).

#### Next Steps:

Pursuant to Proposition 218 requirements, the city must mail information regarding the proposed fee to every property owner. The draft Notice that will be mailed is provided as Attachment 5. A public hearing must then be held 45 days after the mailing. During this time, the City may receive written protests by the affected property owners. After the public hearing, Council may vote to adopt the recommended rates.

The following is the tentative schedule for the Proposition 218 process.

- City Council Receive Draft Study and Approve Prop 218 Notice – July 28, 2016
- Notices mailed to Property Owners – July 29, 2016
- City Council Public Hearing to Consider Protests – September 22, 2016
- City Council Adopts Rate Resolution – October 13, 2016
- Rates Effective – November 1, 2016 for FY 16/17 Increase
  - July 1, 2017 for FY 17/18 Increase
  - July 1, 2018 for FY 18/19 Increase

#### **FISCAL IMPACT**

The Water and Wastewater Rate Study has been budgeted for FY 15/16 and will be a shared cost between Water and Wastewater Capital Funding Projects. Costs for conducting the Proposition 218 process will be absorbed in the FY16/17 Water and Wastewater budgets. In addition, the water/wastewater fund revenues are expected to increase this fiscal year.

#### **RECOMMENDATION**

Staff recommends that the City Council a) receive the Final Water Rate Study and the Final Wastewater Rate Study; b) approve the Prop 218 Notice of Proposed Water and Wastewater Rates and direct staff to mail to property owners; and c) set the Public Hearing for September 22, 2016.

**ATTACHMENT**

- Attachment 1 – Final Water Rate Study
- Attachment 2 – Final Wastewater Rate Study
- Attachment 3 – Local Agency Rate Comparisons
- Attachment 4 – Local Agency Sample Bill Comparisons
- Attachment 5 – Draft Proposition 218 Notice

Water Consultancy

3585 Maple Street, Suite 250  
Ventura, CA 93003  
805-404-1467

City of Buellton  
Water Rate Study  
Final Report

July 2016

City of Buellton  
140 West Highway 246  
Buellton CA 93427

WC Project No. WC-029

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To address revenue shortfalls, the City desires to conduct an updated water rate study and evaluate its rates and rate structure and adopt updated rates in accordance with Proposition 218. A parallel wastewater rate study is also being conducted.

## 1.2 Study Methodology

In order to recommend fair and equitable water rates for the City, a rate setting process that conforms to industry standards and current legal requirements must be undertaken. Generally, the steps necessary to implement this process are:

1. **Compile historical and current financial information.** To assess the City's current financial condition and make realistic economic projections, several years of financial data and the City's current budget are compiled and evaluated. In addition, the historical characteristics of the City's customer classes are compiled and the City's current financial policies are summarized.
2. **Evaluate revenue requirements for the study period.** Based on the compiled financial and customer information and assumptions related to customer growth and cost escalation, the City's capital and operating costs over the study period are projected. From these projections the City's annual revenue requirements are established.
3. **Conduct cost of service analysis.** To assure that each customer class is allocated the appropriate proportion of the City's projected revenue requirements, a cost of service analysis is conducted. Cost allocations are based on establishing functional cost categories such as water demand characteristics as well as customer growth projections.
4. **Recommend updated water rates.** Based on the cost of service analysis, the rate structure for each customer class is reviewed and updated as necessary. Appropriate water rates for each customer class are recommended. Based on the recommended rates, typical bills for representative customers are presented and compared with other comparable water utilities in Santa Barbara County.

## 1.3 Scope of Services

To perform the evaluation described above, the following scope of services was utilized:

- Task 1. Project Management and Communication
- Task 2. Kick Off Meeting and Data Collection & Review
- Task 3. Assess Revenue Requirements
- Task 4. Update Water System Cost of Service Analysis
- Task 5. Develop Proposed Water Rates
- Task 6. Meetings, Draft/Final Reports

This report summarizes the results of the evaluation and recommends updated water rates for the City.

## **Section 2:** Historical and Current Financial Condition

---

The financial condition of the City's water utility was reviewed and a summary of financial performance is presented in **Table 1**. The information presented in this table was derived from the City's Comprehensive Annual Financial Reports (CAFRs), the City's FY<sup>1</sup> 2015-16 Budget, and special evaluations provided by City staff.

The financial condition of a utility is assessed by contrasting several financial parameters with the recorded financial performance. Foremost among these parameters are criteria for net operating revenues and an assessment of the utility's fund balance stability. The findings related to each of these elements are provided as follows.

Net operating income is an important financial parameter of a utility's performance. Based on industry-accepted guidelines, this financial parameter is generally desired to be at least 20% of total operating revenues to generate adequate capital improvement funding for new and replacement (depreciation-based) assets. As shown in **Table 1**, the net operating income of the City as a percentage of total operating revenues has declined. Accordingly, the water utility will rely on transfers from its unrestricted funds unless additional rate adjustments are implemented. This condition is due to a lack of growth in operating revenues and increases in operating expenses.

<sup>1</sup> FY = fiscal year which runs from July 1<sup>st</sup> of each year through June 30<sup>th</sup> of the following year.

**TABLE 1  
HISTORICAL OPERATING REVENUES AND EXPENSES**

Sources and Uses of Funds	Historical Actuals				Notes
	FY 12-13	FY 13-14	FY 14-15	FY 15-16 Budget	
<b>Operating Revenues</b>					
Charges for Services	\$1,460,658	\$1,549,410	\$1,436,127	\$1,448,000	
Other Operating Services	\$2,382	\$1,699	\$201,740	\$13,500	
Total Operating Revenues	\$1,463,040	\$1,551,109	\$1,637,867	\$1,461,500	
<b>Operating Expenses</b>					
Personnel Services	\$291,081	\$183,886	\$230,902	\$209,294	
Operations and Maintenance	\$1,276,730	\$1,332,424	\$1,445,571	\$1,621,437	See Note 1
Total Operating Expenses	\$1,567,811	\$1,516,310	\$1,676,473	\$1,830,731	
<b>Net Operating Income (Loss)</b>	(\$104,771)	\$34,799	(\$38,606)	(\$369,231)	
Net Op Inc as % of Total Op Rev	-7%	2%	-2%	-25%	
<b>Non-Operating Revenue (Expense)</b>					
Reimbursements	\$434	\$0	\$0	\$0	
Interest Income	\$5,858	\$5,092	\$4,499	\$3,000	
Connection Fees	\$0	\$0	\$185,000	\$606,000	
Total Non-Operating Revenues	\$6,292	\$5,092	\$189,499	\$609,000	
<b>Non-Operating Expenses</b>					
Depreciation	\$166,272	\$163,471	\$145,615	\$167,000	
Capital Expenditures	\$108,765	\$3,850	\$356,412	\$1,070,000	
Transfer Out		\$181,396			
Total Non-Operating Expenses	\$275,037	\$348,717	\$502,027	\$1,237,000	
<b>Net Income</b>	(\$373,516)	(\$308,826)	(\$351,134)	(\$997,231)	
<b>Cashflow of Unrestricted Funds</b>					
Beginning Balance	(\$273,205)	(\$328,773)	(\$289,327)	(\$507,880)	
Revenue	\$1,512,243	\$1,555,656	\$1,457,921	\$1,158,063	See Note 2
Expenses	\$1,567,811	\$1,516,210	\$1,676,474	\$1,356,239	See Note 2
Ending Balance	(\$328,773)	(\$289,327)	(\$507,880)	(\$706,056)	See Note 2
<b>Cashflow of Restricted Funds (Connection Fees)</b>					
Beginning Balance	(\$282,826)	(\$282,826)	(\$282,826)	(\$98,226)	
Revenue	\$0	\$0	\$184,600	\$394,100	See Note 2
Expenses	\$0	\$0	\$0	\$28,442	See Note 2
Ending Balance	(\$282,826)	(\$282,826)	(\$98,226)	\$267,432	See Note 2

Notes:

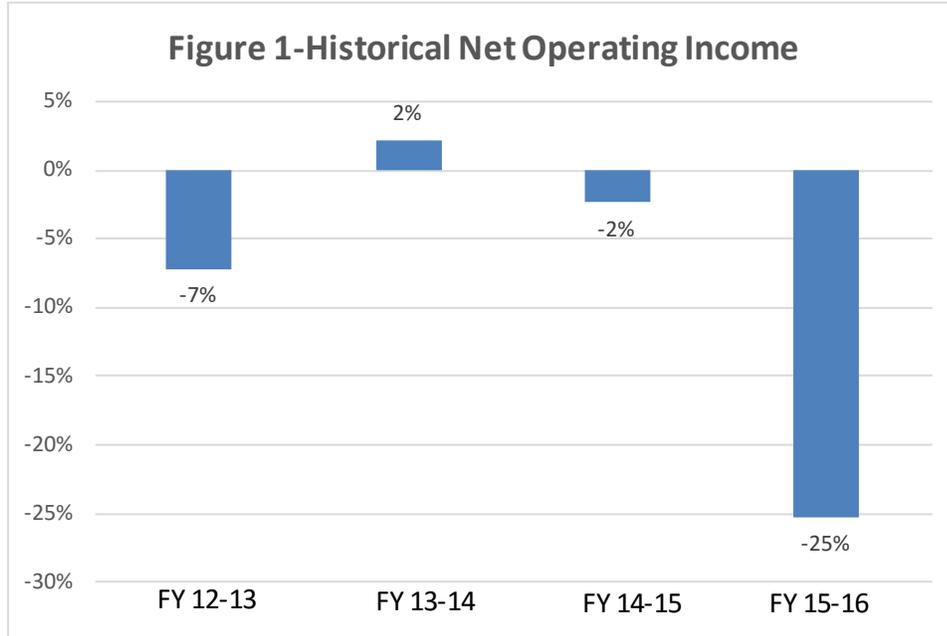
1. Excludes depreciation and transfers.

2. As of 3/31/16 for FY 15-16

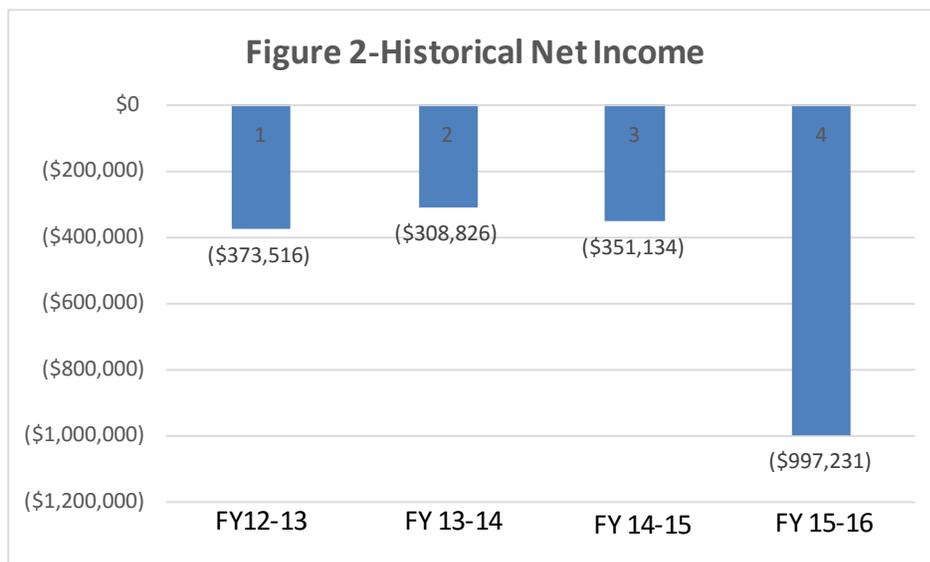
Source: Buellton Water District, Financial Statements.

During this period, net operating income has ranged from a negative 7 percent in FY 12-13 to a projected negative 25 percent in FY 15-16 which is below the desired 20 percent level. This trend is shown graphically on **Figure 1**. The decrease in net operating income reflects means that the

City currently may not generate sufficient funds to provide for both future capital expenditures and increased operating expenses.



Net income (total operating and non-operating revenues in excess of total operating and non-operating expenses) should be positive at all times. As shown on **Figure 2**, the net income is negative from FY 12-13 to FY 14-15 and is projected to be more negative in FY 15-16.



Fund balances are also important financial considerations. In addition to a utility's operational performance, the impact of non-operating revenues and capital expenditures can also have a significant impact on the City's financial condition, specifically as it impacts fund balances.

Unrestricted funds are usually accumulated from a utility's net income and are available for operations and maintenance expenses as well as any other discretionary purposes. In addition, the water enterprise has restricted funds collected from Facility Capacity Charges. These funds can only be utilized for capacity-related capital improvement projects. The City was unable to identify the fund balances but developed the annual cashflow of the unrestricted and restricted funds. Depreciation is excluded as a non-cash expense in the evaluation of the cashflow in the unrestricted fund. As shown in **Table 1**, the cashflow of both funds are significantly negative over the historical period evaluated.

In consideration of these factors, as well as the integration of additional increases in projected operating and capital costs, additional revenues from water rates are warranted to maintain the utility's sound financial position. The following sections of this report provide the analyses to support the level, timing and cost allocation of the City's financial requirements.

## 2.1 Historical Number of Customer Accounts

The City's historical customer data were provided by City staff and reviewed. These data are summarized by customer class in **Table 2**. As to be expected with the current economy, there has been very little change in growth-related account activity over the last several years. Consistent with recent development projections for the City, the change in new accounts is conservatively projected over the next 3 years. Reflected in these data is that approximately 61% of the water consumption is utilized by the residential customer classes.

**TABLE 2  
HISTORICAL NUMBER OF CONNECTIONS BY CUSTOMER CLASS**

Customer Classes	Number of Connections		
	FY 2012-2013	FY 2013-2014	FY 2014-2015
<b>Residential</b>			
SFR 5/8" WM	254	253	254
SFR 3/4" WM	950	950	939
SFR 1" and up	17	18	31
Condominium	116	117	107
Multiple Dwelling	25	25	26
Mobile Homes	2	2	2
<b>Subtotal- Residential</b>	<b>1,364</b>	<b>1,365</b>	<b>1,359</b>
<b>Commercial/Industrial/Institutional</b>			
Comm/Retail	45	45	56
Comm/Service	96	95	130
Industrial	23	23	27
School/Church/Park	4	4	6
<b>Subtotal- CII</b>	<b>168</b>	<b>167</b>	<b>219</b>
<b>Total</b>	<b>1,532</b>	<b>1,532</b>	<b>1,578</b>

Source: City of Buellton

## 2.2 Basis of Water Demand Projections

To equitably allocate the utility's revenue requirements and establish facility capacity charges, a system planning criterion is established. For water systems, the Equivalent Meter Unit (EMU) is most commonly utilized. The EMU is the ratio between the capacity of a particular meter size to the capacity of the meter size (usually a 5/8- or 3/4-inch meter) utilized for a single family dwelling. The EMU ratios utilized in this study are shown in **Table 3**.

**TABLE 3  
METER EQUIVALENT RATIOS**

<b>Meter Size (inches)</b>	<b>Maximum Operating Capacity (gpm)</b>	<b>Meter Equivalent Ratio</b>
5/8	20	1.00
3/4	30	1.00
1	50	2.50
1 1/2	100	5.00
2	160	8.00
3	350	17.50
4	600	30.00
6	1250	62.50
8	1800	90.00

## 2.3 Meter Size and EMU Distribution by Customer Class in FY 14-15

Because FY 14-15 is the most recent year that audited financial data is available, it serves as the test year upon which future projections are based. City staff provided the meter size distribution by customer class for FY 14-15. These data are presented in **Table 4**. Applying the EMU ratios shown in **Table 3** to the meter sizes provides the EMUs by customer class for FY 14-15. These results are also shown in **Table 4**. Based on this analysis, the City had 1578 meters representing 2695.5 EMUs.

**TABLE 4  
DISTRIBUTION OF METER SIZES BY CUSTOMER CLASS IN FY 14-15**

Customer Class	Meter Size										Total Number of Meters by Class	Equivalent Meter Units by Class*
	5/8 inch	3/4 inch	1 inch	1 1/2 inch	2 inch	3 inch	4 inch	6 inch	8 inch	Unknown		
<b>Residential</b>												
SFR 5/8" WM	223	30	1								254	255.5
SFR 3/4" WM	2	928	6							3	939	948.6
SFR 1" and up		1	23	2	5						31	108.5
Condominium	30	76			1						107	114
Multiple Dwelling	5	4	3	3	11						26	119.5
Mobile Homes					1		1				2	70.5
<b>Subtotal- Residential</b>	<b>260.00</b>	<b>1039</b>	<b>33</b>	<b>5</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>1359</b>	<b>1616.6</b>
<b>Commercial/Industrial/Institutional</b>												
Comm/Retail	7	16	14	6	13						56	192
Comm/Service	9	38	30	14	36	1	1		1		130	617.5
Industrial		7	8	2	7	2				1	27	132.9
School/Church/Park				1	3	1			1		6	136.5
<b>Subtotal- CII</b>	<b>16</b>	<b>61</b>	<b>52</b>	<b>23</b>	<b>59</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>219</b>	<b>1078.9</b>
<b>Total Number of Meters by Size</b>	<b>276</b>	<b>1100</b>	<b>85</b>	<b>28</b>	<b>77</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>1578</b>	
<b>Equivalent Meters by Size</b>	<b>276</b>	<b>1100</b>	<b>212.5</b>	<b>140</b>	<b>616</b>	<b>70</b>	<b>30</b>	<b>62.5</b>	<b>180</b>	<b>8.5</b>		<b>2695.5</b>

\* Based on an average EMUs/meter of 1.2 for residential meters and 4.9 for CII meters for unknown meter sizes.

## 2.4 EMUs per Connection and Revenue/Water Use per EMU by Customer Class in FY 14-15

To make projections of EMUs, operating revenue, and water use, as well as to form the basis for determination of equitable Facility Capacity Charges, the EMUs per connection, revenue per ERU, and water use per EMU were evaluated for each customer class in FY 14-15. The results of this evaluation are presented in **Table 5**.

**TABLE 5  
REVENUE AND WATER USE BY CUSTOMER CLASS, CONNECTION AND EQUIVALENT METER UNITS IN FY 14-15**

Customer Classes	FY 14-15								
	Number of Connections	Number of Equivalent Meter Units (EMUs)	EMUs per Connection	Revenue by Customer Class	Revenue per Connection	Revenue per Equivalent Meter Unit	Water Use by Customer Class (hcf)	Water Use per Connection (hcf/connection)	Water Use per EMU (hcf/EMU)
<b>Residential</b>									
SFR 5/8" WM	254	255.5	1.0	\$150,510	\$593	\$589	40,240	158	157
SFR 3/4" WM	939	948.6	1.0	\$591,146	\$630	\$623	164,557	175	173
SFR 1" and up	31	108.5	3.5	\$23,473	\$757	\$216	7,705	249	71
Condominium	107	114	1.1	\$45,610	\$426	\$400	6,308	59	55
Multiple Dwelling	26	119.5	4.6	\$44,668	\$1,718	\$374	9,686	373	81
Mobile Homes	2	70.5	35.3	\$99,021	\$49,511	\$1,405	26,116	13058	370
<b>Subtotal- Residential</b>	<b>1,359</b>	<b>1616.6</b>	<b>1.2</b>	<b>\$954,428</b>	<b>\$53,634</b>	<b>\$590</b>	<b>254,612</b>	<b>14,072</b>	<b>157</b>
<b>Commercial/Industrial/Institutional</b>									
Comm/Retail	56	192	3.4	\$62,011	\$1,107	\$323	18,338	327	96
Comm/Service	130	617.5	4.8	\$256,265	\$1,971	\$415	103,038	793	167
Industrial	27	132.9	4.9	\$48,698	\$1,804	\$366	15,313	567	115
School/Church/Park	6	136.5	22.8	\$49,921	\$8,320	\$366	23,283	3881	171
<b>Subtotal- CII</b>	<b>219</b>	<b>1078.9</b>	<b>4.9</b>	<b>\$416,895</b>	<b>\$14,193</b>	<b>\$386</b>	<b>159,972</b>	<b>5568</b>	<b>148</b>
<b>Total</b>	<b>1,578</b>	<b>2,696</b>	<b>1.7</b>	<b>\$1,371,320</b>	<b>\$869</b>	<b>\$509</b>	<b>414,584</b>	<b>263</b>	<b>154</b>

Source: City of Buellton

## **Section 3: Future Revenue Requirements**

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The financial projections developed herein were produced to assess revenue and funding requirements, and included projections of operating revenue requirements. Future revenue requirements depend primarily on four specific elements:

- Customer growth
- Water operations and maintenance costs
- Necessary capital improvements and meeting debt obligations
- Meeting appropriate levels of fund and reserve targets.

This study examines future revenue requirements over the next three years, with a focus on the development of a three-year rate plan. As such, financial projections and rate recommendations for the next three years are reflected herein.

### **3.1 Projected Customer Growth**

Customer growth affects the revenue requirements of the City in three ways. First, it increases the customer base that is paying for service; second, it increases the level of those costs that vary with water demands such as chemicals and pumping expenses; and lastly, it affects revenues from Facility Capacity Charges.

To develop customer growth projections over the three-year study period, City staff provided a list of approved developments over the study period. These developments were assigned to the appropriate customer classes and completion dates. To develop conservative estimates of the financial impacts of these developments, the projected number of new connections were reduced by 25 percent to account for potential project delays. The results of this evaluation of projected customer growth by customer class are presented in **Table 6**. As indicated, the most significant growth occurs in the development of condominiums although the growth of new commercial developments is also notable.

**TABLE 6  
PROJECTED NUMBER OF CONNECTIONS BY CUSTOMER CLASS**

Customer Classes	Projected Number of Connections				Projected Number of Equivalent Meter Units			
	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 15-16	FY 16-17	FY 17-18	FY 18-19
<b>Residential</b>								
SFR 5/8" WM	256	256	256	256	258	258	258	258
SFR 3/4" WM	951	951	951	951	961	961	961	961
SFR 1" and up	31	31	31	31	109	109	109	109
Condominium	114	194	260	290	121	207	277	308
Multiple Dwelling	26	26	26	26	120	120	120	120
Mobile Homes	2	2	2	2	71	71	71	71
<b>Subtotal-Residential</b>	<b>1380</b>	<b>1460</b>	<b>1526</b>	<b>1556</b>	<b>1642</b>	<b>1737</b>	<b>1816</b>	<b>1850</b>
<b>Commercial/Industrial/Institutional</b>								
Comm/Retail	56	62	62	62	192	213	213	213
Comm/Service	131	132	133	133	622	626	633	633
Industrial	27	29	29	30	133	143	143	146
School/Church/Park	6	7	7	7	137	154	154	154
<b>Subtotal-CII</b>	<b>220</b>	<b>230</b>	<b>231</b>	<b>232</b>	<b>1084</b>	<b>1131</b>	<b>1138</b>	<b>1142</b>
<b>Total</b>	<b>1600</b>	<b>1690</b>	<b>1757</b>	<b>1787</b>	<b>2725</b>	<b>2868</b>	<b>2954</b>	<b>2992</b>

Notes:

1. The projected number of new connections was reduced by 25% to account for project delays.

### 3.2 Projected Water Use and Operating Revenues

As indicated previously, water use provides the basis for the determination of equitable facility capacity charges and cost allocation of revenue requirements. Based on the water use per connection in each customer class and the projected number of connections (**Table 6**), the projected water use for each customer class for FY 16-17 to FY 18-19 is presented in **Table 7**.

**TABLE 7  
PROJECTED WATER USE BY CUSTOMER CLASS**

Customer Class	FY 14-15 Water Use		Projected Water Use (hcf)			
	Per Class (hcf)	Per Connection (hcf)	FY 15-16	FY 16-17	FY 17-18	FY 18-19
<b>Residential</b>						
SFR 5/8" WM	40,240	158	40557	40557	40557	40557
SFR 3/4" WM	164,557	175	166660	166660	166660	166660
SFR 1" and up	7,705	249	7705	7705	7705	7705
Condominium	6,308	59	6721	11452	15343	17067
Multiple Dwelling	9,686	373	9686	9686	9686	9686
Mobile Homes	26,116	13058	26116	26116	26116	26116
<b>Subtotal-Residential</b>	<b>254,612</b>	<b>187</b>	<b>257444</b>	<b>262175</b>	<b>266066</b>	<b>267791</b>
<b>Commercial/Industrial/Institutional</b>						
Comm/Retail	18,338	327	18338	20303	20303	20303
Comm/Service	103,038	793	103831	104425	105614	105614
Industrial	15,313	567	15313	16447	16447	16873
School/Church/Park	23,283	3881	23283	26193	26193	26193
<b>Subtotal-CII</b>	<b>159,972</b>	<b>730</b>	<b>160765</b>	<b>167369</b>	<b>168557</b>	<b>168983</b>
<b>Total Projected Water Use (hcf)</b>	<b>414,584</b>	<b>263</b>	<b>443944</b>	<b>429544</b>	<b>434624</b>	<b>436774</b>

### 3.3 Budgeted/Projected Operating Expenses

Costs associated with the management, administration, and operations of the City's water utility are accounted for in two basic categories. These are:

- Personnel Services
- Operation and Maintenance

The historical and projected water utility costs for these categories for the prior three years and the current fiscal year are shown in **Table 1**.

The historical water utility costs presented in **Table 1** form the basis for cost projections for the 3-year study period of this rate study. Generally, when an increasing cost trend is observed, the compound growth rate of the cost category between FY 12-13 and FY 14-15 was determined. When no cost trend was observed, the 3-year average of the cost category was determined. Depreciation projections were based on \$167,000 included in the approved FY 15-16 Budget. The projected cost of capital improvements is based on the capital improvement program provided by City staff and discussed in the Section 3.4. Based on this evaluation, cost projections for FY 15-16 to FY 18-19 were developed. These cost projections represent realistic estimates of the City's current and future costs.

Based on these assumptions, water operation and maintenance costs are projected to increase at a modest rate over the next three years. Another notable cost element in **Table 1** is depreciation. Providing reliable water service is capital intensive. Depreciation is a non-operating expense that is recorded to represent the annual wear and tear of system assets. Funding depreciation means to set aside money for future capital requirements and replacement of aging infrastructure.

### 3.4 Projected Capital Improvement Program

To provide regulatory compliance and long range reliability, the City has identified several capital improvement projects to be implemented during the study period and beyond.

The Water Service Charges and Facility Capacity Charges recommended herein are intended to maintain a sound City financial condition over the 3-year study period. Additional increases may be required thereafter. For FY15-16, a capital improvement expense of \$1,103,333 is utilized in the rate analysis. The City's planned capital improvement program is presented in **Table 8**. In addition, those projects that are capacity-related are identified. These projects form the basis for determination of the recommended Facility Capacity Charges that are described in Section 3.6.

**TABLE 8  
CAPITAL IMPROVEMENT PROGRAM**

Project No.	Project Description	FY 15-16 Budget	FY 16-17	FY 17-18	FY 18-19	Beyond FY 18-19	Total Budget
092-203	Fundware Accounting Software Replacement	\$33,333					\$33,333
092-602	Reservoirs 1&2	\$700,000					\$700,000
092-603	WTP Facilities Improvement	\$150,000	\$150,000	\$100,000	\$100,000	\$300,000	\$800,000
092-605	WTP Backwash Reclamation Improvement Project	\$100,000					\$100,000
092-606	Water Meter Reading Improvements	\$40,000			\$65,000		\$105,000
092-607	Water Meter Upgrades	\$50,000		\$50,000	\$25,000	\$75,000	\$200,000
092-608	WTP/Booster Power Reliability		\$300,000				\$300,000
092-609	Supplemental Well/WTP Feasibility				\$50,000		\$50,000
092-610	Water Distribution System Improvements		\$100,000	\$200,000	\$200,000	\$600,000	\$1,100,000
092-611	Recycled Water Concept/Feasibility Joint Project	\$30,000		\$100,000			\$130,000
<b>Total Capital Improvement Program-Water</b>		\$1,103,333	\$550,000	\$450,000	\$440,000	\$975,000	\$3,518,333
<b>Capacity Related Capital Improvement Program</b>		\$330,000	\$550,000	\$450,000	\$375,000	\$975,000	\$2,680,000

### 3.5 Projected Operating Revenue at Current Rates

Based on the operating revenue per connection (**Table 5**) and the projected number of connections over the study period (**Table 6**), the operating revenue at current rates were projected for each customer class. These projections are shown in **Table 9**.

**TABLE 9  
PROJECTED OPERATING REVENUES BY CUSTOMER CLASS AT CURRENT RATES**

Customer Class	Projected Annual Revenue			
	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019
<b>Residential</b>				
SFR 5/8" WM	\$151,695	\$151,695	\$151,695	\$151,695
SFR 3/4" WM	\$598,701	\$598,701	\$598,701	\$598,701
SFR 1" and up	\$23,473	\$23,473	\$23,473	\$23,473
Condominium	\$48,594	\$82,801	\$110,935	\$123,403
Multiple Dwelling	\$44,668	\$44,668	\$44,668	\$44,668
Mobile Homes	\$99,021	\$99,021	\$99,021	\$99,021
<b>Subtotal-Residential</b>	\$966,152	\$1,000,359	\$1,028,492	\$1,040,960
<b>Commercial/Industrial/Institutional</b>				
Comm/Retail	\$62,011	\$68,655	\$68,655	\$68,655
Comm/Service	\$258,236	\$259,715	\$262,672	\$262,672
Industrial	\$48,698	\$52,305	\$52,305	\$53,658
School/Church/Park	\$49,921	\$56,161	\$56,161	\$56,161
<b>Subtotal-CII</b>	\$418,866	\$436,836	\$439,793	\$441,146
<b>Total Projected Revenue</b>	\$1,385,018	\$1,437,195	\$1,468,285	\$1,482,106

### 3.6 Projected Connection Fee Revenue at Current Rates

The City's current water connection fees are shown in **Table 10**. Based on these rates and the development assumptions presented in **Table 6**, the projected connection fee revenues at current rates is shown in **Table 11**.

**TABLE 10  
CURRENT WATER FACILITY CHARGES**

<b>Customer Class</b>	<b>Facility Charge</b>
<b>Residential Accounts</b>	<b>Amount</b>
Single Family Dwelling	\$3,640 per unit
Multi Family	\$3,640 per unit
<b>Commercial Accounts</b>	<b>Amount</b>
Camper/RV Parks	\$3,640 per unit
All other commercial and industrial uses and meter sizes	\$5,200 per acrefoot of anticipated water use

**TABLE 11  
PROJECTED CONNECTION FEE REVENUE AT CURRENT RATES**

<b>Customer Class</b>	<b>Projected Revenue</b>		
	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>
<b>Residential</b>			
SFR 5/8" WM	\$0	\$0	\$0
SFR 3/4" WM	\$0	\$0	\$0
SFR 1" and up	\$0	\$0	\$0
Condominium	\$194,205	\$159,720	\$70,785
Multiple Dwelling	\$0	\$0	\$0
Mobile Homes	\$0	\$0	\$0
<b>Subtotal-Residential</b>	\$194,205	\$159,720	\$70,785
<b>Commercial/Industrial/Institutional</b>			
Comm/Retail	\$23,455	\$0	\$0
Comm/Service	\$69,466	\$72,196	\$0
Industrial	\$13,541	\$0	\$5,078
School/Church/Park	\$34,743	\$0	\$0
<b>Subtotal-CII</b>	\$141,204	\$72,196	\$5,078
<b>Total</b>	\$335,409	\$391,636	\$146,648

### 3.7 Recommended Facility Capacity Charges

This section describes the development of cost-based Facility Capacity Charges, also known as Connection Fees, for customers requiring additional capacity in the City's water system. These charges provide the means of balancing the cost requirements for utility infrastructure between existing and new customers. The portion of existing infrastructure and future capital improvements that will provide service (i.e., capacity) to new customers is included in the calculation of the charges. In contrast to this, the City has capital improvement projects that are related to renewal and replacement of existing infrastructure in service. These infrastructure costs are included within the rates of the service fees charged to the City's customers, and are not included within the calculation of the proposed capacity fees. By establishing cost-based capacity fees, the City maintains an approach of having "growth pay for growth" so that existing utility customers are essentially sheltered from the financial impacts associated with future system demands.

California Government Code Sections 66013, 66022, and 66023 are the primary Government Code sections applicable to the development and recovery of capacity charges. The focus of these sections is summarized below:

- The City must establish that the capacity charge does not exceed the estimated reasonable cost of capacity in facilities in existence or to be constructed for the benefit of the customer charged.
- The capacity charge revenues must be segregated from operating and maintenance funds and deposited in a separate fund.
- The Department may only expend the revenues for the purpose for which the charges were collected.

These sections of the Government Code suggest that the basis for facility charges be consistent with the new development's impact on the cost of capacity in the City's water system. It should be noted however, that the documentation and supporting nexus for deriving the level of fair and equitable charges is not limited to a single criterion, acknowledging the fact that individual agencies may have unique circumstances that would result in charges that are fair and reasonable. Because the courts have approved assorted charge structure and methods over the years, there is a wide variation in the approach and method behind the development of these charges throughout California.

The first step in establishing capacity fees is the determination of the system planning criterion to be utilized to calculate the amount of capacity required by a new customer. Because the potential demand of a connection must be considered in applying connection fees, the Equivalent Meter Unit (EMU) is most often used for water systems because it represents the basis for system design, and subsequent customer demands that are placed on the system. This metric equates the requirements of the new customer to the current requirements of a single family residential customer. The estimated water demand of each customer class is based on its water meter size and expressed as EMUs. The capacity-limiting factor utilized in this analysis is well capacity. The results of this analysis are presented in **Table 12**.

**TABLE 12  
FACILITY CAPACITY CHARGE EVALUATION**

Evaluation Parameter	FY 16-17	FY 17-18	FY 18-19
<b>RCNLD Evaluation</b>			
FY 15-16 RCNLD	\$4,428,892		
Estimated RCNLD in FY	\$5,425,225	\$5,808,225	\$6,091,225
Total Well Capacity (gpm)	3100	3100	3100
Estimated FY 14-15 Peak Water Delivery (gpm) (See Note 1)	1,475	1,475	1,475
Available Capacity (gpm)	1,625	1,625	1,625
Peak Delivery per EMU (gpm)	0.5		
Maximum EMUs	5,665		
Estimated EMUs in FY	2,868	2954	2992
Available EMUs	2,797	2,711	2,673
Net Asset Value per EMU	\$1,892	\$1,967	\$2,036
<b>Capacity Related CIP</b>			
Capacity Related CIP	\$2,680,000	\$2,680,000	\$2,680,000
Capacity Related CIP per EMU	\$958	\$988	\$1,003
<b>Recommended Facility Charge per EMU</b>	<b>\$2,850</b>	<b>\$2,955</b>	<b>\$3,038</b>

Notes:

1. Based on an assumed peaking factor of 2.5 for peak day/annual average demand for FY 14-15

After the basis upon which the capacity requirements will be determined, an assessment of the utility system assets is performed to establish the assets that should be included in the capacity charge analysis. In this process, the existing assets must be valued. Existing assets may be valued in a number of different ways. For the purpose of this analysis the reproduction new less depreciation (RCNLD) method of valuation was utilized. In this method, the value of the existing assets is estimated by indexing the original cost of each asset from the time it was completed to the time of the valuation. For the purpose of this valuation a recent escalation of the Engineering News Record (ENR) Index of 2.7 percent per year was utilized. To this value, the rate of depreciation currently utilized by the City is applied to determine the RCNLD value. In addition to the value of the City's existing assets, the capacity-related capital improvements must be added. These improvements are presented in **Table 8**.

Based on this methodology, the determination of the recommended Facility Capacity Charges is presented in **Table 12** and the projected connection fee revenue at the recommended rates is presented in **Table 13**.

**TABLE 13  
PROJECTED CONNECTION FEE REVENUE AT RECOMMENDED RATES**

Customer Classes	Projected Connection Fee Revenue		
	FY 2016-2017	FY 2017-2018	FY 2018-2019
<b>Residential</b>			
SFR 5/8" WM	\$0	\$0	\$0
SFR 3/4" WM	\$0	\$0	\$0
SFR 1" and up	\$0	\$0	\$0
Condominium	\$243,667	\$207,782	\$94,688
Multiple Dwelling	\$0	\$0	\$0
Mobile Homes	\$0	\$0	\$0
<b>Subtotal-Residential</b>	\$243,667	\$207,782	\$94,688
<b>Commercial/Industrial/Institutional</b>			
Comm/Retail	\$58,627	\$0	\$0
Comm/Service	\$10,153	\$21,054	\$0
Industrial	\$28,056	\$0	\$11,217
School/Church/Park	\$48,626	\$0	\$0
<b>Subtotal-CII</b>	\$145,462	\$21,054	\$11,217
<b>Total</b>	\$389,128	\$436,619	\$200,593

### 3.8 Projected Revenue and Expenses at Current Rates

An annualized revenue plan has been prepared to assess the financial implications of the City's programs and costs. This plan integrates operating and capital costs, debt financing, and depreciation funding.

Based on the assumptions described in the preceding sections, the projected financial condition of the City for FY 16-17 to FY 18-19 was evaluated using the City's revenue model at current rates. This evaluation is presented in **Table 14**.

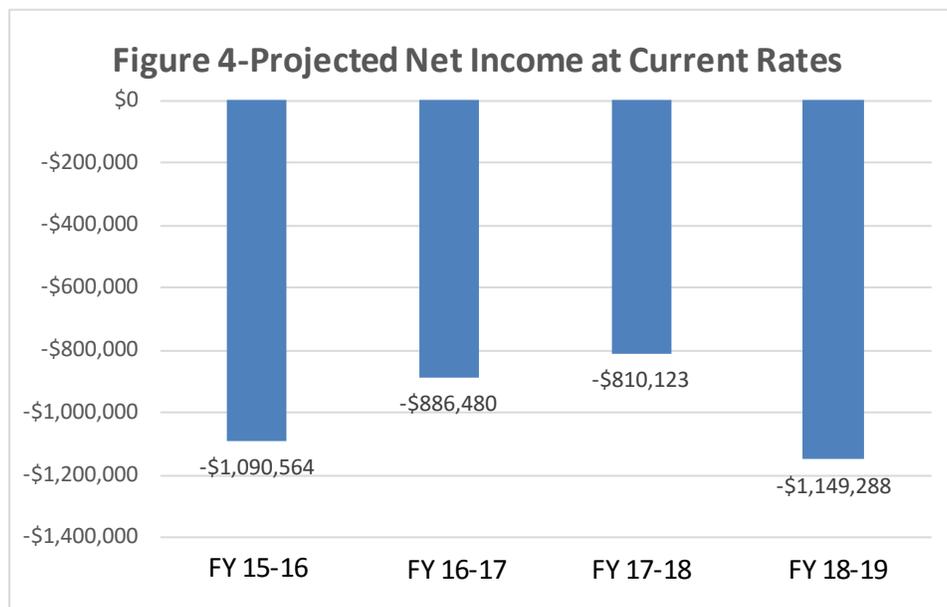
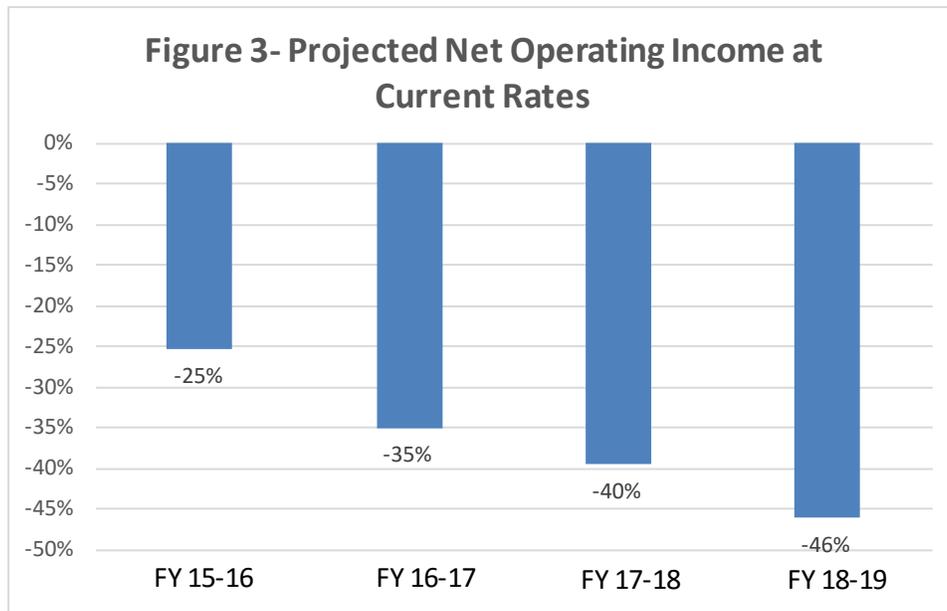
**TABLE 14**  
**PROJECTED OPERATING REVENUES AND EXPENSES AT CURRENT RATES**

Sources and Uses of Funds	Projected Revenues and Expenses				Notes
	FY 15-16 Budget	FY 16-17	FY 17-18	FY 18-19	
<b>Operating Revenues</b>					
Charges for Services	\$1,448,000	\$1,437,195	\$1,468,285	\$1,482,106	
Other Operating Services	\$13,500	\$16,000	\$16,000	\$16,000	
Total Operating Revenues	\$1,461,500	\$1,453,195	\$1,484,285	\$1,498,106	
<b>Operating Expenses</b>					
Personnel Services	\$209,294	\$235,290	\$235,290	\$235,290	
Operations and Maintenance	\$1,621,437	\$1,725,371	\$1,835,967	\$1,953,653	
Total Operating Expenses	\$1,830,731	\$1,960,661	\$2,071,257	\$2,188,943	
<b>Net Operating Income (Loss)</b>	(\$369,231)	(\$507,466)	(\$586,972)	(\$690,837)	
Net Op Inc as % of Total Op Rev	-25%	-35%	-40%	-46%	
<b>Non-Operating Revenue (Expense)</b>					
Reimbursements	\$0	\$0	\$0	\$0	
Interest Income	\$3,000	\$2,577	\$2,213	\$1,901	
Connection Fees	\$606,000	\$335,409	\$391,636	\$146,648	
Total Non-Operating Revenues	\$609,000	\$337,986	\$393,849	\$148,549	
<b>Non-Operating Expenses</b>					
Depreciation	\$167,000	\$167,000	\$167,000	\$167,000	
Capital Expenditures	\$1,163,333	\$550,000	\$450,000	\$440,000	
Transfer Out					
Total Non-Operating Expenses	\$1,330,333	\$717,000	\$617,000	\$607,000	
<b>Net Income</b>	-\$1,090,564	(\$886,480)	(\$810,123)	(\$1,149,288)	
<b>Cashflow of Unrestricted Funds</b>					
Beginning Balance	(\$507,880)	(\$1,647,444)	(\$2,152,333)	(\$2,737,092)	
Revenue	\$1,464,500	\$1,455,772	\$1,486,498	\$1,500,007	See Note 1
Transfers for O&M	\$1,830,731	\$1,960,661	\$2,071,257	\$2,188,943	See Note 1
Transfers for Capital	\$773,333	\$0	\$0	\$65,000	See Note 1
Ending Balance	(\$1,647,444)	(\$2,152,333)	(\$2,737,092)	(\$3,491,028)	
<b>Cashflow of Restricted Funds (Connection Fees)</b>					
Beginning Balance	(\$98,226)	\$177,774	(\$36,817)	(\$95,181)	
Revenue	\$606,000	\$335,409	\$391,636	\$146,648	See Note 1
Transfers for Capital	\$330,000	\$550,000	\$450,000	\$375,000	See Note 1
Ending Balance	\$177,774	(\$36,817)	(\$95,181)	(\$323,533)	

**Notes:**

1. As budgeted for FY15-16.

As shown in **Table 14** and on **Figure 3**, at current rates, net operating income declines from a projected negative 25 percent in FY 15-16 to negative 46 percent in FY 18-19. In addition, as shown in **Table 14** and on **Figure 4**, net income is significantly negative throughout the study period. At current rates, both the unrestricted and restricted reserves will significantly decline during this period.



### 3.9 Revenue Requirements

As expected, additional revenues are needed to meet the obligations of the City. Accordingly, the revenue requirements to maintain financial performance were evaluated. This revenue plan is designed to produce net operating income of a no less than 20 percent in order to provide adequate funding for debt service and capital expenditures while maintaining stable fund balances.

The resulting revenue plan needed to fund City costs is shown in **Table 15**. The focus of the financial plan is to maintain the financial stability of the City.

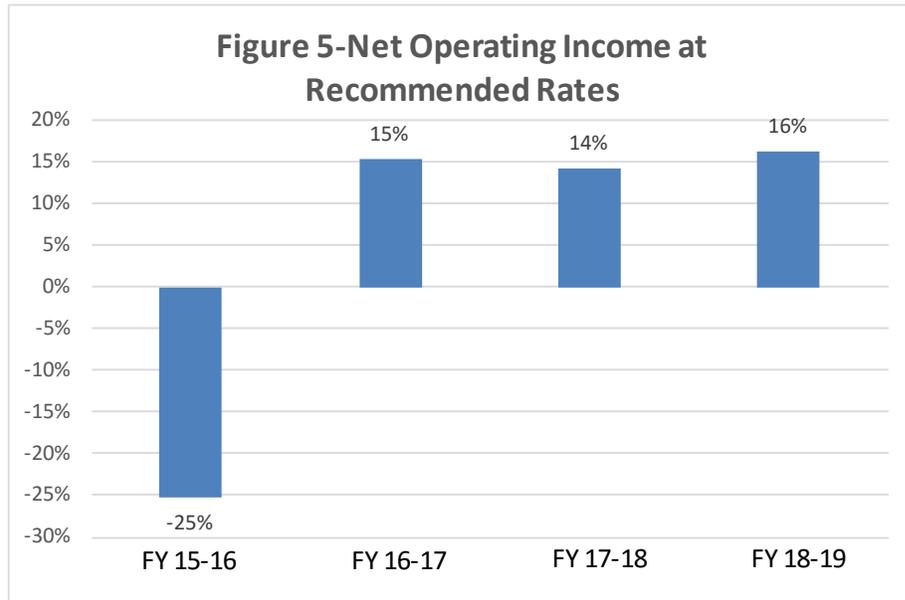
**TABLE 15  
PROJECTED OPERATING REVENUES AND EXPENSES AT RECOMMENDED RATES**

Sources and Uses of Funds	Projected Revenues and Expenses				Notes
	FY 15-16 Budget	FY 16-17	FY 17-18	FY 18-19	
<b>Operating Revenues</b>					
Charges for Services	\$1,448,000	\$2,300,000	\$2,400,000	\$2,600,000	
Other Operating Services	\$13,500	\$16,000	\$16,000	\$16,000	
Total Operating Revenues	\$1,461,500	\$2,316,000	\$2,416,000	\$2,616,000	
<b>Operating Expenses</b>					
Personnel Services	\$209,294	\$235,290	\$235,290	\$235,290	
Operations and Maintenance	\$1,621,437	\$1,725,371	\$1,835,967	\$1,953,653	
Total Operating Expenses	\$1,830,731	\$1,960,661	\$2,071,257	\$2,188,943	
<b>Net Operating Income (Loss)</b>	(\$369,231)	\$355,339	\$344,743	\$427,057	
Net Op Inc as % of Total Op Rev	-25%	15%	14%	16%	
<b>Non-Operating Revenue (Expense)</b>					
Reimbursements	\$0	\$0	\$0	\$0	
Interest Income	\$3,000	\$2,577	\$2,213	\$1,901	
Connection Fees	\$606,000	\$389,128	\$436,619	\$200,593	
Total Non-Operating Revenues	\$609,000	\$391,705	\$438,832	\$202,494	
<b>Non-Operating Expenses</b>					
Depreciation	\$167,000	\$167,000	\$167,000	\$167,000	
Capital Expenditures	\$1,163,333	\$550,000	\$450,000	\$440,000	
Transfer Out					
Total Non-Operating Expenses	\$1,330,333	\$717,000	\$617,000	\$607,000	
<b>Net Income</b>	-\$1,090,564	\$30,044	\$166,574	\$22,551	
<b>Cashflow of Unrestricted Funds</b>					
Beginning Balance	(\$507,880)	(\$1,647,444)	(\$1,289,528)	(\$942,573)	
Revenue	\$1,464,500	\$2,318,577	\$2,418,213	\$2,617,901	
Transfers for O&M	\$1,830,731	\$1,960,661	\$2,071,257	\$2,188,943	See Note 1
Transfers for Capital	\$773,333	\$0	\$0	\$65,000	See Note 1
Ending Balance	(\$1,647,444)	(\$1,289,528)	(\$942,573)	(\$578,615)	
<b>Cashflow of Restricted Funds (Connection Fees)</b>					
Beginning Balance	(\$98,226)	\$177,774	\$16,902	\$3,521	
Revenue	\$606,000	\$389,128	\$436,619	\$200,593	See Note 1
Transfers for Capital	\$330,000	\$550,000	\$450,000	\$375,000	See Note 1
Ending Balance	\$177,774	\$16,902	\$3,521	(\$170,886)	

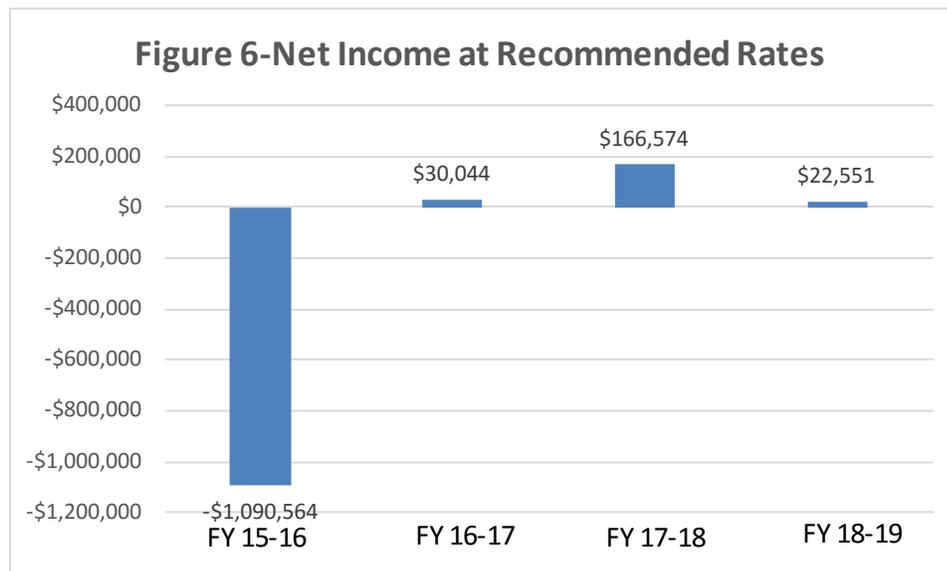
**Notes:**

1. As budgeted for FY15-16.

As shown in **Table 15** and in **Figure 5**, the recommended revenue levels do not produce a net operating income of at least 20 percent. However, the financial performance results in a significant improvement in this metric with levels of approximately 15 percent in each of the years evaluated.



As shown in **Table 15** and on **Figure 6**, the net income improves from a significant negative balance to level that are slightly positive over the study period.



As shown in **Table 15**, the cashflow of unrestricted fund balances improves over the study period and would be nearly in balance by FY 18-19 except for the negative carryover balances of prior years. In addition, despite the relatively high level of capital expenditures and declining connection fees, the restricted fund balances remain positive for all years except FY 18-19.

## **Section 4:** Current Water Service Charges

---

The City strives to provide cost-effective water supply, treatment and distribution services for its customers, particularly with the City's relatively small customer base.

### 4.1 Current Water Service Charges

The City last increased its water rates in 2011 for the years FY 11-12 to FY 14-15. The City's current water rates are shown in **Table 16**.

**Residential Customers:** The City's current water rates have a fixed monthly charge that varies according to meter size and a variable rate based on consumption.

**Commercial Customers:** Commercial users have the same water rate structure as the residential customers.

**TABLE 16  
CURRENT WATER RATES**

<b><u>Monthly Service Charges</u></b>	
<b><u>Meter Size</u></b>	<b><u>Fixed Monthly Charge*</u></b>
5/8" and 3/4"	\$24.20
1"	\$26.65
1 1/2"	\$31.48
2"	\$41.21
3"	\$60.60
4"	\$78.80
6"	\$109.11
8"	\$145.51
* An additional \$13 per month is added for each additional dwelling unit	
<b><u>Consumption Charge</u></b>	
\$1.97 per hcf	
<b><u>Sprinkler Fire Service</u></b>	
<b><u>Size</u></b>	<b><u>Monthly Fee</u></b>
4"	\$19.29
6"	\$28.93
8"	\$38.58

## 4.2 Sprinkler Fire Service

Evaluation of the sprinkler fire service charge is beyond the scope of this rate study. Accordingly, the recommended charges remain unchanged.

## 4.3 Current Connection Fees

The City levies a Facility Charge (connection fee) on new development to recover the costs of new development's impact on the water system. The City's current connection fees are discussed in Section 3.6 and shown in **Table 10**.

## Section 5: Cost of Service Evaluation

To allocate the required revenue requirements to the appropriate customer meter sizes and consumption charges, a cost of service evaluation was performed.

### 5.1 Cost of Service Allocation

To allocate the revenue requirements to the customer classes, the cost of service is based on Equivalent Meter Units (EMUs). The number of EMUs for each meter size is based on its capacity relationship to the capacity of the meter size used for a typical single family dwelling, usually a ¾-inch meter. These capacity (meter equivalent) ratios shown in **Table 3**. From the FY 14-15 test year analysis, the estimated EMUs per connection (**Table 10**) were applied to the projection of connections during the study period shown in **Table 6**. The cost of service allocation for water service is designed around the concept of EMUs, based on the meter size of a single-family dwelling parcel. This EMU applies to all accounts, whether residential or commercial. A 5/8- or ¾-inch meter is 1.0 EMU. In the assessment of the EMUs for each residential connection, it was assumed that a multiple dwelling represents 0.7 EMU per additional unit. The resulting projection of EMUs for each customer class is presented in **Table 6**.

### 5.2 Projection of Meter Sizes by Customer Class

To project the number of each meter size, the distribution of meter sizes by customer class in the FY 14-15 test year was evaluated. The results of this evaluation are summarized in **Table 17**.

Table 17  
Distribution of Meter Sizes by Customer Class and Projected Number of Connections by Meter Size

Meter Size	Distribution of Meter Sizes by Customer Class in FY 14-15									Projected Number of Connections of Meter Size			
	SFR 5/8"	SFR 3/4"	SFR 1" and up	Condominium	Multiple Dwelling	Mobile Homes	Comm/Retail	Comm/Service	Industrial	School/Church/Park	FY 16-17	FY 17-18	FY 18-19
5/8 inch	87.8%	0.2%		28.0%	19.2%		12.5%	6.9%			303	322	330
3/4 inch	11.8%	98.8%	3.2%	71.0%	15.4%		28.6%	29.2%	25.9%		1177	1224	1245
1 inch	0.4%	0.6%	74.2%		11.5%		25.0%	23.1%	29.6%		88	88	88
1 1/2 inch			6.5%		11.5%		10.7%	10.8%	7.4%	16.7%	29	29	29
2 inch			16.1%	0.9%	42.3%	50.0%	23.2%	27.7%	25.9%	50.0%	81	82	82
3 inch								0.8%	7.4%	16.7%	4	4	4
4 inch								0.8%			1	1	1
6 inch						50.0%					1	1	1
8 inch								0.8%		16.7%	2	2	2
Unknown*		0.3%									4	4	4

### 5.3 Projections of Meter Size Connections by Fiscal Year

Based on the evaluation of the distribution of meter sizes by customer class, the number of connections of each meter size were projected over the study period by applying the distribution to the projection of connections of each customer class presented in **Table 6**. The results of this evaluation are also presented in **Table 17**.

## 5.4 Costs of Service and Unit Rates

The revenue requirements presented in **Table 15** were distributed to each meter size based on the percentage of EMUs of the meter size. The projected number of connections of each meter size over the study period is presented in **Table 17**. Assuming 50 percent of the revenue requirement is provided by fixed monthly charges and the other 50 percent is provided by variable commodity charges, the recommended fixed monthly charges and variable commodity charges are presented in **Table 18**.

**TABLE 18  
SUMMARY OF COST OF SERVICE EVALUATION**

Meter Size	FY 14-15		FY 14-15		Test Year Cost Allocation \$	Monthly Service Charge**		
	Accounts		Equivalent Meters			FY 16-17	FY 17-18	FY 18-19
	Number	%	Number	%				
5/8 inch	276	17.5%	276	10.2%	\$223,063	\$32.37	\$31.83	\$33.62
3/4 inch	1100	69.7%	1100	40.8%	\$889,019	\$33.23	\$33.34	\$35.51
1 inch	85	5.4%	212.5	7.9%	\$171,742	\$86.26	\$89.66	\$96.89
1 1/2 inch	28	1.8%	140	5.2%	\$113,148	\$171.02	\$177.47	\$191.90
2 inch	77	4.9%	616	22.9%	\$497,850	\$271.77	\$280.00	\$301.60
3 inch	4	0.3%	70	2.6%	\$56,574	\$580.58	\$604.20	\$646.19
4 inch	1	0.1%	30	1.1%	\$24,246	\$1,052.43	\$1,085.82	\$1,176.31
6 inch	1	0.1%	62.5	2.3%	\$50,512	\$2,222.07	\$2,318.68	\$2,511.90
8 inch	2	0.1%	180	6.7%	\$145,476	\$2,992.60	\$3,105.95	\$3,364.78
Unknown*	4	0.3%	8.5	0.3%	\$6,870	\$73.49	\$76.68	\$82.51
<b>Total Meters</b>	<b>1578</b>	<b>100.0%</b>	<b>2695.5</b>	<b>100.0%</b>	<b>\$2,178,500</b>			
<b>Consumption Charge**</b>						\$2.68	\$2.76	\$2.98

\* Based on an average EMUs/meter of 1.2 for residential meters and 4.9 for CII meters for unknown meter sizes.

\*\* Based on 50 percent of revenue requirements provided by Fixed Monthly Service Charges and 50 percent provided by Consumption Charges

## **Section 6: Recommended Water Service Charge Rates**

---

Recommended rates have been developed to meet the revenue requirements of the City. As indicated in Section 3, revenues generated from current water rates are approximately \$1.4 million per year. Development of the recommended water service charge rates follows.

### 6.1 Current Rate Structure

The current water rate structure is based on a fixed monthly charge that varies by meter size and a variable commodity charge that is applied to metered consumption. The rate structure is presented in **Table 16**.

### 6.2 Recommended Rate Structure

Water Consultancy recommends that the City continue the current rate structure. Continuation of the current structure would also minimize any confusion by ratepayers. In addition, it provides a financial incentive for continued water conservation. The current rate structure should also provide the financial stability that is necessary to fund the City's operating expenses most of which are fixed.

### 6.3 Development of Water Service Charge Rates

To develop appropriate water service charge rates for each meter size, the revenue requirements for FY 16-17 to FY 18-19 developed in **Table 15** were allocated to each meter size based on the EMUs for each size shown in **Table 18**. Based on the projected number of connections of each meter size over the study period and assuming that 50 percent of the revenue requirement is recovered from fixed charges and 50 percent from variable charges, recommended rates are recommended.

### 6.4 Recommended Water Service Charge Rates

Based on the analysis described in the preceding section, the recommended water service charge rates for the City were developed. Water Consultancy recommends that the City adopt the rates summarized in **Table 19** for FY 16-17, **Table 20** for FY 17-18, and **Table 21** for FY 18-19.

**TABLE 19  
RECOMMENDED WATER RATES FOR FY 16-17**

<b><u>Monthly Service Charges</u></b>	
<b><u>Meter Size</u></b>	<b><u>Fixed Monthly Charge*</u></b>
5/8" and 3/4"	\$33.23
1"	\$86.26
1 1/2"	\$171.02
2"	\$271.77
3"	\$580.58
4"	\$1,052.43
6"	\$2,222.07
8"	\$2,992.60
* An additional \$23.26 per month is added for each additional dwelling unit	
<b><u>Consumption Charge</u></b>	
\$2.68 per hcf	
<b><u>Sprinkler Fire Service</u></b>	
<b><u>Size</u></b>	<b><u>Monthly Fee</u></b>
4"	\$19.29
6"	\$28.93
8"	\$38.58
<b><u>Facility Charges</u></b>	
<b><u>Meter Size</u></b>	<b><u>Facility Charge</u></b>
3/4"	\$2,850
1"	\$7,125
1 1/2"	\$14,250
3"	\$22,800
4"	\$49,875
5"	\$85,500
6"	\$178,125
8"	\$256,500

**TABLE 20  
RECOMMENDED WATER RATES FOR FY 17-18**

<b>Monthly Service Charges</b>	
<b><u>Meter Size</u></b>	<b><u>Fixed Monthly Charge*</u></b>
5/8" and 3/4"	\$33.34
1"	\$89.66
1 1/2"	\$177.47
2"	\$280.00
3"	\$604.20
4"	\$1,085.82
6"	\$2,318.68
8"	\$3,105.95
* An additional \$23.34 per month is added for each additional dwelling unit	
<b><u>Consumption Charge</u></b>	
\$2.76 per hcf	
<b><u>Sprinkler Fire Service</u></b>	
<b>Size</b>	<b>Monthly Fee</b>
4"	\$19.29
6"	\$28.93
8"	\$38.58
<b><u>Facility Charges</u></b>	
<b><u>Meter Size</u></b>	<b><u>Facility Charge</u></b>
3/4"	\$2,955
1"	\$7,388
1 1/2"	\$14,775
3"	\$23,640
4"	\$51,713
5"	\$88,650
6"	\$184,688
8"	\$265,950

**TABLE 21  
RECOMMENDED WATER RATES FOR FY 18-19**

<b><u>Monthly Service Charges</u></b>	
<b><u>Meter Size</u></b>	<b><u>Fixed Monthly Charge*</u></b>
5/8" and 3/4"	\$35.51
1"	\$96.89
1 1/2"	\$191.90
2"	\$301.60
3"	\$646.19
4"	\$1,176.31
6"	\$2,511.90
8"	\$3,364.78
* An additional \$24.86 per month is added for each additional dwelling unit	
<b><u>Consumption Charge</u></b>	
\$2.98 per hcf	
<b><u>Sprinkler Fire Service</u></b>	
<b><u>Size</u></b>	<b><u>Monthly Fee</u></b>
4"	\$19.29
6"	\$28.93
8"	\$38.58
<b><u>Facility Charges</u></b>	
<b><u>Meter Size</u></b>	<b><u>Facility Charge</u></b>
3/4"	\$3,038
1"	\$7,595
1 1/2"	\$15,190
3"	\$24,304
4"	\$53,165
5"	\$91,140
6"	\$189,875
8"	\$273,420

# ATTACHMENT 2

Water Consultancy

3585 Maple Street, Suite 250  
Ventura, CA 93003  
805-404-1467

City of Buellton  
Wastewater Rate Study  
Final Report

July 2016

City of Buellton  
140 West Highway 246  
Buellton CA 93427

WC Project No. WC-029

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## 1.2 Study Methodology

In order to recommend fair and equitable wastewater rates for the City, a rate setting process that conforms to industry standards and current legal requirements must be undertaken. Generally, the steps necessary to implement this process are:

1. **Compile historical and current financial information.** To assess the City's current financial condition and make realistic economic projections, several years of financial data and the City's current budget are compiled and evaluated. In addition, the historical characteristics of the City's customer classes are compiled and the City's current financial policies are summarized.
2. **Evaluate revenue requirements for the study period.** Based on the compiled financial and customer information and assumptions related to customer growth and cost escalation, the City's capital and operating costs over the study period are projected. From these projections the City's annual revenue requirements are established.
3. **Conduct cost of service analysis.** To assure that each customer class is allocated the appropriate proportion of the City's projected revenue requirements, a cost of service analysis is conducted. Cost allocations are based on establishing functional cost categories such as wastewater flow and strength characteristics as well as customer growth projections.
4. **Recommend updated wastewater rates.** Based on the cost of service analysis, the rate structure for each customer class is reviewed and updated as necessary. Appropriate wastewater rates for each customer class are recommended. Based on the recommended rates, typical bills for representative customers are presented and compared with other comparable wastewater utilities in Santa Barbara County.

## 1.3 Scope of Services

To perform the evaluation described above, the following scope of services was utilized:

Task 1. Project Management and Communication

Task 2. Kick Off Meeting and Data Collection & Review

Task 3. Assess Revenue Requirements

Task 4. Update Wastewater System Cost of Service Analysis

Task 5. Develop Proposed Wastewater Rates

Task 6. Meetings, Draft/Final Reports

This report summarizes the results of the evaluation and recommends updated wastewater rates for the City.

## **Section 2: Historical and Current Financial Condition**

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### **2.1 Historical Financial Condition**

The financial condition of the City's wastewater utility was reviewed and a summary of financial performance is presented in **Table 1**. The information presented in this table was derived from the City's Comprehensive Annual Financial Reports (CAFRs), the City's FY<sup>1</sup> 2015-16 Budget, and special financial analyses developed by City staff for this rate study.

The financial condition of a utility is assessed by contrasting several financial parameters with the recorded financial performance. Foremost among these parameters are criteria for net operating revenues and an assessment of the utility's fund balance stability. The findings related to each of these elements are provided as follows.

Net operating income is an important financial parameter of a utility's performance. Based on industry-accepted guidelines, this financial parameter is generally desired to be at least 20% of total operating revenues to generate adequate capital improvement funding for new and replacement (depreciation-based) assets. As shown in **Table 1**, the net operating income of the City as a percentage of total operating revenues has been declining since its last rate adjustment and will rely on transfers from its unrestricted funds unless additional rate adjustments are implemented. This condition is primarily due to increases in operating expenses.

<sup>1</sup> FY = fiscal year which runs from July 1<sup>st</sup> of each year through June 30<sup>th</sup> of the following year.

**TABLE 1  
HISTORICAL OPERATING REVENUES AND EXPENSES**

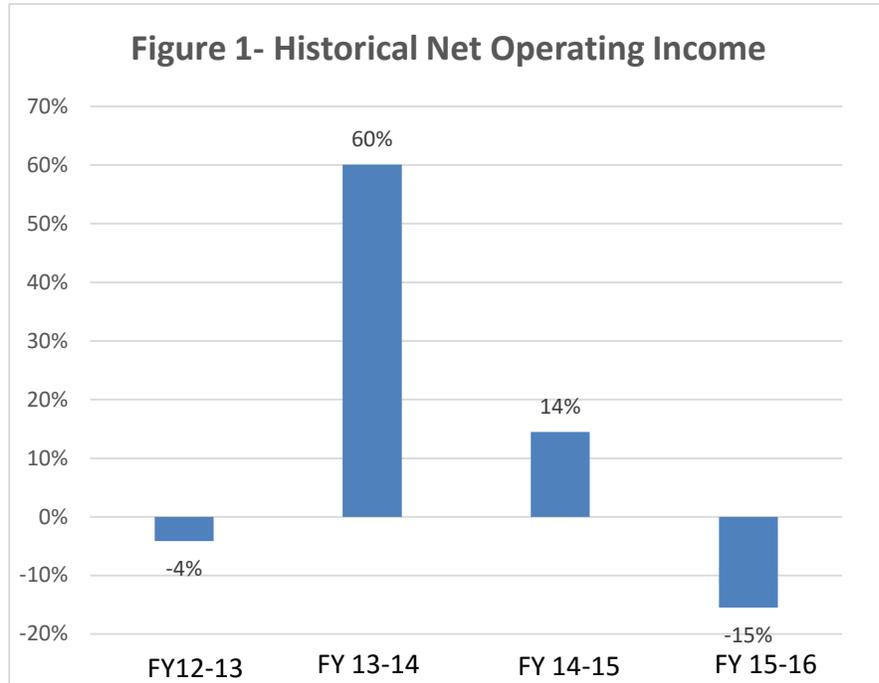
Sources and Uses of Funds	Fiscal Year				Notes
	FY 12-13	FY 13-14	FY 14-15	FY 15-16 Budget	
<b>Operating Revenues</b>					
Charges for Services	\$649,703	\$695,725	\$734,289	\$725,000	
Other Services Operating Services	\$0	\$0	\$92,077	\$4,900	
Total Operating Revenues	\$649,703	\$695,725	\$826,366	\$729,900	
<b>Operating Expenses</b>					
Personnel Services	\$283,523	\$233,081	\$228,440	\$253,567	See Note 1
Operations and Maintenance	\$393,087	\$44,713	\$478,236	\$589,315	
Total Operating Expenses	\$676,610	\$277,794	\$706,676	\$842,882	
<b>Net Operating Income (Loss)</b>					
Net Op Income as % of Total Op Revenue	-4%	60%	14%	-15%	
<b>Non-Operating Revenue</b>					
Reimbursements	\$434	\$0	\$0	\$0	
Investment Income	\$5,790	\$3,386	\$3,491	\$2,000	
Connection Fees	\$0	\$0	\$90,000	\$346,000	
Capital Contributions	\$36,380	\$0	\$0	\$0	
Total Non-Operating Revenues	\$42,604	\$3,386	\$93,491	\$348,000	
<b>Non-Operating Expenses</b>					
Capital Expenditures	\$49,001	\$470,766	\$57,179	\$250,000	
Depreciation	\$170,912	\$175,934	\$250,585	\$175,000	
Total Non-Operating Expenses	\$219,913	\$646,700	\$307,764	\$425,000	
<b>Net Income (Loss)</b>					
	(\$204,216)	(\$225,383)	(\$94,583)	(\$189,982)	
<b>Cashflow of Unrestricted Funds</b>					
Beginning Balance	(\$167,417)	(\$188,099)	(\$208,594)	(\$174,642)	See Note 2 See Note 2 See Note 2
Revenue	\$655,927	\$699,111	\$740,630	\$562,443	
Expenses	\$676,609	\$719,606	\$706,678	\$525,912	
Ending Balance	(\$188,099)	(\$208,594)	(\$174,642)	(\$138,111)	
<b>Cashflow of Restricted Funds (Connection Fees)</b>					
Beginning Balance	(\$817,963)	(\$849,102)	(\$1,203,379)	(\$1,114,152)	See Note 2 See Note 2 See Note 2
Revenue	\$0	\$0	\$89,227	\$219,902	
Expenses	\$31,139	\$354,277	\$0	\$39,595	
Ending Balance	(\$849,102)	(\$1,203,379)	(\$1,114,152)	(\$933,845)	

**Notes**

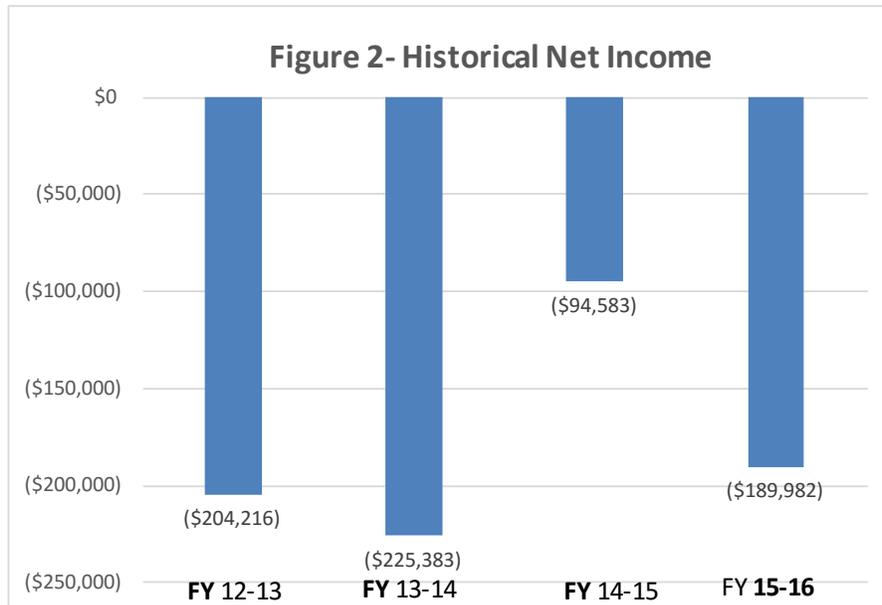
1. Excludes depreciation.
2. As of 3/31/16 for FY 15-16

During this period, Net Operating Income has ranged from a positive 60% in FY 13-14-13 to a projected negative 15% in FY 15-16 which is below the desired 20% minimum level. This trend is shown graphically on **Figure 1**. The decrease in Net Operating Income reflects the fact that the City

currently may not be generating sufficient funds to provide for future capital expenditures and increased operating expenses.



Net income (total operating and non-operating revenues, in excess of total operating and non-operating expenses) should be positive. As shown on **Figure 2**, the City is projected to have a significant negative net income in FY 15-16.



Fund balances are also important financial considerations. In addition to a utility's operational performance, the impact of non-operating revenues and capital expenditures can also have a significant impact on the City's financial condition, specifically as it impacts fund balances.

Unrestricted funds are usually accumulated from a utility's net income and are available for operations and maintenance expenses as well as any other discretionary purposes. In addition, the wastewater enterprise has restricted funds collected from Facility Capacity Charges. These funds can only be utilized for capacity-related capital improvement projects. The City was unable to identify the fund balances but developed the annual cashflow of the unrestricted and restricted funds. Depreciation is excluded as a non-cash expense in the evaluation of the cashflow in the unrestricted fund. As shown in **Table 1**, the cashflow of both funds are significantly negative over the historical period evaluated.

In consideration of these factors, as well as the integration of additional increases in projected operating and capital costs, additional revenues from wastewater rates are warranted to maintain the utility's sound financial position. The following sections of this report provide the analyses to support the level, timing and cost allocation of the City's financial requirements.

## 2.2 Historical Number of Customer Accounts

The City's historical customer data were provided by City staff and reviewed. These data are summarized by customer class in **Table 2**. As to be expected with the current economy, there has been very little change in growth-related account activity over the last several years. Consistent with the water use projections from the City, little change in new accounts and wastewater discharges is conservatively projected over the next 3 years. Reflected in these data is that approximately 62% of the wastewater discharges is generated by the residential customer classes.

**TABLE 2  
HISTORICAL NUMBER OF CONNECTIONS BY CUSTOMER CLASS**

Customer Classes	Number of Connections (a)		
	FY 2012-2013	FY 2013-2014	FY 2014-2015
<b>Residential</b>			
SFR 5/8" WM	254	253	254
SFR 3/4" WM	950	950	951
SFR 1" and up	17	18	18
Condominium	116	117	115
Multiple Dwelling	25	25	25
Mobile Homes	2	2	2
<b>Subtotal- Residential</b>	<b>1,364</b>	<b>1,365</b>	<b>1,365</b>
<b>Commercial/Industrial/Institutional</b>			
Comm/Retail	45	45	45
Comm/Service	96	95	95
Industrial	23	23	22
School/Church/Park	4	4	4
<b>Subtotal- CII</b>	<b>168</b>	<b>167</b>	<b>166</b>
<b>Total</b>	<b>1,532</b>	<b>1,532</b>	<b>1,531</b>

Source: City of Buellton

## 2.3 FY 14-15 Water Use and Operating Revenues

Because wastewater discharges are not generally metered, water use is utilized to estimate the quantity of wastewater discharged by each customer class. FY 14-15 is the test year utilized for financial analyses. Based on data provided by City staff, the water use operating revenue for FY 14-15 by customer class is summarized in **Table 3**.

**TABLE 3**  
**FY 14-15 WATER USE AND REVENUE BY CUSTOMER CLASS**

Customer Class	FY 14-15 Water Use		FY 14-15 Revenue	
	Per Class (hcf)	Per Connection (hcf)	Per Class	Per Connection
<b>Residential</b>				
SFR 5/8" WM	40,240	158	\$78,041	\$307
SFR 3/4" WM	164,557	173	\$289,038	\$304
SFR 1" and up	7,705	428	\$5,663	\$315
Condominium	6,308	55	\$33,738	\$293
Multiple Dwelling	9,686	387	\$34,133	\$1,365
Mobile Homes	26,116	13058	\$68,802	\$34,401
<b>Subtotal-Residential</b>	254,612	187	\$509,415	\$373
<b>Commercial/Industrial/Institutional</b>				
Comm/Retail	18,338	408	\$41,558	\$924
Comm/Service	103,038	1085	\$191,585	\$2,017
Industrial	15,313	696	\$103,430	\$4,701
School/Church/Park	23,283	5821	\$4,152	\$1,038
<b>Subtotal-CII</b>	159,972	964	\$340,725	\$2,053
<b>Total Water Use/Revenue</b>	414,584	271	\$850,141	\$555

## **Section 3: Future Revenue Requirements**

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The financial projections developed herein were produced to assess revenue and funding requirements, and included projections of operating revenue requirements. Future revenue requirements depend primarily on four specific elements:

- Customer growth
- Wastewater operations and maintenance costs
- Necessary capital improvements
- Meeting appropriate levels of fund and reserve targets.

This study examines future revenue requirements over the next three years, with a focus on the development of a three-year rate plan. As such, financial projections and rate recommendations for the next three years are reflected herein.

### **3.1 Projected Customer Growth**

Customer growth affects the revenue requirements of the City in three ways. First, it increases the customer base that is paying for service; second, it increases the level of those costs that vary with the quantity of wastewater discharged such as chemicals and pumping expenses; and lastly, it affects revenues from Facility Capacity Charges.

To develop customer growth projections over the three-year study period, City staff provided a list of approved developments over the study period. These developments were assigned to the appropriate customer classes and completion dates. To develop conservative estimates of the financial impacts of these developments, the projected number of new connections were reduced by 25 percent to account for potential project delays. The results of this evaluation of projected customer growth by customer class are presented in Table 4. As indicated, the most significant growth occurs in the development of condominiums although the growth of new commercial developments is also notable.

**TABLE 4  
PROJECTED NUMBER OF CONNECTIONS BY CUSTOMER CLASS**

Customer Classes	Projected Number of Connections (See Note 1)			
	FY 15-16	FY 16-17	FY 17-18	FY 18-19
<b>Residential</b>				
SFR 5/8" WM	256	256	256	256
SFR 3/4" WM	951	951	951	951
SFR 1" and up	31	31	31	31
Condominium	114	194	260	290
Multiple Dwelling	26	26	26	26
Mobile Homes	2	2	2	2
<b>Subtotal-Residential</b>	<b>1380</b>	<b>1460</b>	<b>1526</b>	<b>1556</b>
<b>Commercial/Industrial/Institutional</b>				
Comm/Retail	56	62	62	62
Comm/Service	131	132	133	133
Industrial	27	29	29	30
School/Church/Park	6	7	7	7
<b>Subtotal-CII</b>	<b>220</b>	<b>230</b>	<b>231</b>	<b>232</b>
<b>Total</b>	<b>1600</b>	<b>1690</b>	<b>1757</b>	<b>1787</b>

Notes:

1. The projected number of new connections was reduced by 25% to account for project delays.

### 3.2 Projected Water Use

As indicated previously, water use is utilized to project wastewater discharges for each customer class which, together with the wastewater strength estimates for each customer class, forms the basis for the cost allocation of revenue requirements. Based on the water use per connection in each customer class (**Table 3**) and the projected number of connections (**Table 4**), the projected water use for each customer class is presented in **Table 5**.

**TABLE 5  
PROJECTED WATER USE BY CUSTOMER CLASS**

Customer Class	Projected Water Use (hcf)			
	FY 15-16	FY 16-17	FY 17-18	FY 18-19
<b>Residential</b>				
SFR 5/8" WM	40,557	40,557	40,557	40,557
SFR 3/4" WM	164,557	164,557	164,557	164,557
SFR 1" and up	13,270	13,270	13,270	13,270
Condominium	6,253	10,655	14,275	15,880
Multiple Dwelling	10,073	10,073	10,073	10,073
Mobile Homes	26,116	26,116	26,116	26,116
<b>Subtotal-Residential</b>	<b>260,826</b>	<b>265,228</b>	<b>268,848</b>	<b>270,453</b>
<b>Commercial/Industrial/Institutional</b>				
Comm/Retail	22,821	25,266	25,266	25,266
Comm/Service	142,084	142,897	144,524	144,524
Industrial	18,793	20,185	20,185	20,707
School/Church/Park	34,925	39,290	39,290	39,290
<b>Subtotal-CII</b>	<b>218,622</b>	<b>227,639</b>	<b>229,265</b>	<b>229,787</b>
<b>Total Projected Water Use</b>	<b>479,448</b>	<b>492,867</b>	<b>498,114</b>	<b>500,240</b>

### 3.3 Budgeted/Projected Operating Expenses

Costs associated with the management, administration, and operations of the City's wastewater utility are accounted for in two basic categories. These are:

- Personnel Services
- Operation and Maintenance

The historical and projected wastewater utility costs for these categories for the prior three years and the current fiscal year are shown in **Table 1**.

The historical wastewater utility costs presented in **Table 1** form the basis for cost projections for the 3-year study period of this rate study. Generally, when an increasing cost trend is observed, the compound growth rate of the cost category between FY 12-13 and FY 14-15 was determined. When no cost trend was observed, the 3-year average of the cost category was determined. Depreciation projections were based on \$175,000 included in the approved FY 15-16 Budget. The

projected cost of capital improvements is based on the capital improvement program provided by City staff and discussed in the Section 3.4. Based on this evaluation, cost projections for FY 15-16 to FY 18-19 were developed. These cost projections represent realistic estimates of the City's current and future costs.

Based on these assumptions, wastewater operation and maintenance costs are projected to increase significantly over the next three years. This is due to continuing plant maintenance and repair to the City's aging infrastructure, and increased costs in plant chemicals and electricity.

Another notable cost element in **Table 1** is depreciation. Providing reliable wastewater service is capital intensive. Depreciation is a non-operating expense that is recorded to represent the annual wear and tear of system assets. Funding depreciation means to set aside money for future capital requirements and replacement of aging infrastructure.

### 3.4 Projected Capital Improvement Program

To provide regulatory compliance and long range reliability, the City has identified several capital improvement projects to be implemented during the study period and beyond.

The Sewer Service Charges and Facility Capacity Charges recommended herein are intended to maintain a sound City financial condition over the 3-year study period. Additional increases may be required thereafter. For FY15-16, a budgeted capital improvement expense of \$250,000 is utilized in the rate analysis. The City's planned capital improvement program is presented in **Table 6**. In addition, those projects that are capacity-related are identified. These projects form the basis for determination of the recommended Facility Capacity Charges that are described in Section 3.6.

**TABLE 6  
CAPITAL IMPROVEMENT PROGRAM**

Project No.	Project Description	Fiscal Year					Total
		FY 15-16 Budget	FY 16-17	FY 17-18	FY 18-19	Beyond FY 18-19	
092-702	Sewer Collection System Clean CCTV	\$30,000	\$50,000	\$50,000		\$100,000	\$230,000
092-703	WWTP and Lift Station Security and Reliability Project				\$25,000	\$50,000	\$75,000
092-704	Sewer Line Replacement		\$100,000	\$100,000	\$100,000	\$150,000	\$450,000
092-705	Headworks Improvement Project					\$0	\$0
092-706	WWTP Facilities Improvements	\$100,000	\$100,000	\$100,000	\$100,000	\$300,000	\$700,000
092-707	Endeloe Pilot Project					\$0	\$0
092-708	Sewer Jetter/Vac Truck				\$200,000	\$0	\$200,000
092-709	WWTP Lift Station and Power Plant Reliability			\$280,000		\$0	\$280,000
092-611	Recycled Water Concept/Feasibility Joint Project	\$120,000		\$400,000		\$0	\$520,000
<b>Total Capital Improvement Program-Wastewater</b>		\$250,000	\$250,000	\$930,000	\$425,000	\$600,000	\$2,455,000
<b>Capacity Related Capital Improvement Program</b>		\$250,000	\$250,000	\$930,000	\$225,000	\$600,000	\$2,255,000

### 3.5 Projected Operating Revenue at Current Rates

Based on the operating revenue per connection (**Table 3**) and the projected number of connections over the study period (**Table 4**), the operating revenue at current rates were projected for each customer class. These projections are shown in **Table 7**.

**TABLE 7  
PROJECTED OPERATING REVENUES BY CUSTOMER CLASS AT CURRENT RATES**

Customer Class	Projected Annual Revenue			
	FY 15-16	FY 16-17	FY 17-18	FY 18-19
<b>Residential</b>				
SFR 5/8" WM	\$78,655	\$78,655	\$78,655	\$78,655
SFR 3/4" WM	\$289,038	\$289,038	\$289,038	\$289,038
SFR 1" and up	\$9,753	\$9,753	\$9,753	\$9,753
Condominium	\$33,445	\$56,988	\$76,351	\$84,932
Multiple Dwelling	\$35,498	\$35,498	\$35,498	\$35,498
Mobile Homes	\$68,802	\$68,802	\$68,802	\$68,802
<b>Subtotal-Residential</b>	\$515,191	\$538,735	\$558,097	\$566,679
<b>Commercial/Industrial/Institutional</b>				
Comm/Retail	\$51,717	\$57,258	\$57,258	\$57,258
Comm/Service	\$264,186	\$265,698	\$268,723	\$268,723
Industrial	\$126,937	\$136,340	\$136,340	\$139,866
School/Church/Park	\$6,228	\$7,007	\$7,007	\$7,007
<b>Subtotal-CII</b>	\$449,067	\$466,302	\$469,327	\$472,853
<b>Total Projected Revenue</b>	\$964,258	\$1,005,037	\$1,027,424	\$1,039,531

### 3.6 Projected Connection Fee Revenues at Current Rates

The City's current sewer connection fees are shown in **Table 8**. Based on these rates and the development assumptions presented in **Table 4**, the projected connection fee revenues at current rates is shown in **Table 9**.

**TABLE 8  
CURRENT SEWER CONNECTION FEES**

<b>Customer Class</b>	<b>Connection Charge</b>
<b>Residential Accounts</b>	<b>Amount</b>
Single Family Dwelling	\$2,640 per unit
Multi Family	\$2,420 per unit
<b>Commercial Accounts</b>	<b>Amount</b>
RV Parks	\$1,920 plus \$149 per space
Hotels/Motels	\$1,920 plus \$178 per room
General Commercial	\$1,920 plus \$225/750 sf
Dry Manufacturing	\$1,920 plus \$127.50/750 sf
Supermarkets	\$1920 plus \$427.50/750 sf
Restaurants	\$1,920 plus \$4,155/750 sf
Laundromats	\$1,920 plus \$10,350/750 sf
<b>Industrial Accounts</b>	\$1920 plus \$10.70/cf/day of flow, \$400/lb. of BOD, and \$500/lb. of SS

**TABLE 9  
PROJECTED CONNECTION FEE REVENUE AT CURRENT RATES**

<b>Customer Classes</b>	<b>FY 2016-2017</b>	<b>FY 2017-2018</b>	<b>FY 2018-2019</b>	<b>Notes</b>
<b>Residential</b>				
SFR 5/8" WM	\$0	\$0	\$0	
SFR 3/4" WM	\$0	\$0	\$0	
SFR 1" and up	\$0	\$0	\$0	
Condominium	\$194,205	\$159,720	\$70,785	
Multiple Dwelling	\$0	\$0	\$0	
Mobile Homes	\$0	\$0	\$0	
<b>Subtotal-Residential</b>	\$194,205	\$159,720	\$70,785	
<b>Commercial/Industrial/Institutional</b>				
Comm/Retail	\$13,449	\$0	\$0	
Comm/Service	\$19,720	\$10,264	\$0	See Note 1
Industrial	\$27,420	\$0	\$6,420	See Note 2
School/Church	\$1,920	\$0	\$0	
<b>Subtotal-CII</b>	\$62,509	\$10,264	\$6,420	
<b>Total</b>	\$256,714	\$169,984	\$77,205	

Notes:

1. Hotel is assumed to be 100 rooms.
2. Undesignated industrial buildings are assumed to be 15,000 square feet and are assessed as general commercial.

### 3.7 Recommended Facility Capacity Charges

This section describes the development of cost-based Facility Capacity Charges, also known as Connection Fees, for customers requiring additional capacity in the City's wastewater system. These charges provide the means of balancing the cost requirements for utility infrastructure between existing and new customers. The portion of existing infrastructure and future capital improvements that will provide service (i.e., capacity) to new customers is included in the calculation of the charges. In contrast to this, the City has capital improvement projects that are related to renewal and replacement of existing infrastructure in service. These infrastructure costs are included within the rates of the service fees charged to the City's customers, and are not included within the calculation of the proposed capacity fees. By establishing cost-based capacity fees, the City maintains an approach of having "growth pay for growth" so that existing utility customers are essentially sheltered from the financial impacts associated with future system demands.

California Government Code Sections 66013, 66022, and 66023 are the primary Government Code sections applicable to the development and recovery of capacity charges. The focus of these sections is summarized below:

- The City must establish that the capacity charge does not exceed the estimated reasonable cost of capacity in facilities in existence or to be constructed for the benefit of the customer charged.
- The capacity charge revenues must be segregated from operating and maintenance funds and deposited in a separate fund.
- The Department may only expend the revenues for the purpose for which the charges were collected.

These sections of the Government Code suggest that the basis for facility charges be consistent with the new development's impact on the cost of capacity in the City's wastewater system. It should be noted however, that the documentation and supporting nexus for deriving the level of fair and equitable charges is not limited to a single criterion, acknowledging the fact that individual agencies may have unique circumstances that would result in charges that are fair and reasonable. Because the courts have approved assorted charge structure and methods over the years, there is a wide variation in the approach and method behind the development of these charges throughout California.

The first step in establishing capacity fees is the determination of the system planning criterion to be utilized to calculate the amount of capacity required by a new customer. Because both wastewater flow and strength must be considered in determining the service requirements of new customers, the Equivalent Residential Unit (ERU) is most often used for wastewater systems because it represents the basis for system design, and subsequent customer demands that are placed on the system. This metric equates the requirements of the new customer to the current requirements of a single family residential customer. The estimated wastewater flow of each customer class is based on its water consumption. The estimated wastewater strength, expressed as Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS), of each customer class is based on guidelines provided by the State Water Resources Control Board for a wide variety of customer types. These assumptions are then reconciled with actual monitoring data at the City's wastewater treatment plant. Because the City does not monitor BOD at the plant, monitoring data from the City's Industrial Discharge Program's required monitoring was utilized to reconcile the BOD assumptions. The results of this analysis are presented in **Table 10**.

**TABLE 10  
EQUIVALENT RESIDENTIAL UNITS BY CUSTOMER CLASS IN FY 14-15**

Customer Classes	Estimated Wastewater Flow						Estimated Wastewater Strength					Estimated ERUs	
	Number of Connections	Annual Water Use (hcf)	Annual Water Use per Connection	Assumed Return to Sewer Ratio	Estimated Average Daily Wastewater Flow (gpd)	Estimated Average Daily Flow per Connection	Assumed BOD (mg/l)	BOD Loading (ppd)	Assumed TSS (mg/l)	TSS Loading (ppd)	Strength Ratio	Estimated ERUs	ERUs per Connection
<b>Residential</b>													
Single Family													
SFR 5/8" WM	254	40240	158	50%	41,232	162	250	86	230	79	1.0	254	1
SFR 3/4" WM	951	164557	173	50%	168,615	177	250	352	230	323	1.0	951	1
SFR 1" and up	18	7705	428	50%	7,895	439	250	16	230	15	1.0	45	2.5
Condominium	115	6308	55	75%	9,695	84	250	20	230	19	1.0	56	0.5
Multiple Dwelling	25	9686	387	75%	14,887	595	250	31	230	29	1.0	85	3.4
Mobile Homes	2	26116	13058	75%	40,140	20,070	250	84	230	77	1.0	230	115.2
<b>Subtotal- Residential</b>	<b>1,365</b>	<b>254,612</b>	<b>187</b>		<b>282,464</b>	<b>207</b>		<b>589</b>		<b>542</b>		<b>1622</b>	
<b>Commercial/Industrial /Institutional</b>													
Comm/Retail	45	18338	408	75%	28,185	626	150	35	150	35	0.6	101	2.2
Comm/Service	95	103038	1085	50%	105,579	1,111	1000	881	500	440	3.1	1895	19.9
Industrial	22	15313	696	75%	23,536	1,070	700	137	500	98	2.5	338	15.4
School/Church/Park	4	23283	5821	30%	14,314	3,579	130	16	100	12	0.5	39	9.8
<b>Subtotal- CII</b>	<b>166</b>	<b>159972</b>	<b>964</b>		<b>171,614</b>	<b>1,034</b>		<b>1069</b>		<b>586</b>		<b>2373</b>	
<b>Total</b>	<b>1531</b>	<b>414,584</b>			<b>454,078</b>	<b>297</b>		<b>1,658</b>		<b>1,127</b>		<b>3995</b>	

After the basis upon which the capacity requirements will be determined, an assessment of the utility system assets is performed to establish the assets that should be included in the capacity charge analysis. In this process, the existing assets must be valued. Existing assets may be valued in a number of different ways. For the purpose of this analysis the reproduction new less depreciation (RCNLD) method of valuation was utilized. In this method, the value of the existing assets is estimated by indexing the original cost of each asset from the time it was completed to the date of the valuation. For the purpose of this valuation a recent escalation of the Engineering News Record (ENR) Index of 2.7 percent per year was utilized. To this value the rate of depreciation currently utilized by the City is applied to determine the RCNLD value. In addition to the value of the City's existing assets, the capacity-related capital improvements must be added. These improvements are presented in **Table 6**.

Based on this methodology, the determination of the recommended Facility Capacity Charges is presented in **Table 11**. The recommended surcharges are based on the cost allocation guidelines from the State Water Resources Control Board. Based on the development assumptions noted, the projected connection fee revenue at the recommended rates is presented in **Table 12**.

**TABLE 11  
RECOMMENDED FACILITY CAPACITY CHARGES**

Category	Fiscal Year					
	FY 14-15	FY 15-16	FY 16-17	FY17-18	FY 18-19	
<b>Available Capacity (gpd)</b>						
Wastewater Treatment Capacity (gpd)	650,000	650,000	650,000	650,000	650,000	
Estimated Influent Flow (gpd)	454,078	514,672	528,713	535,944	539,212	
Available Capacity (gpd)	195,922	135,328	121,287	114,056	110,788	
<b>Available ERUs</b>						
Estimated ERUs	3,995		4976	5038	5064	See Note 1
ERUs at Capacity	5,719	5,840	5,840	5,840	5,840	
Available ERUs	1,724		864	802	776	
<b>RCNLD Value</b>						
RCNLD Value		\$3,787,912	\$3,862,912	\$4,617,912	\$4,867,912	
RCNLD per ERU			\$776	\$917	\$961	
<b>Capacity Related CIP</b>						
Capacity Related CIP	\$2,255,000		\$2,255,000	\$2,255,000	\$2,255,000	
Capacity Related CIP per ERU	\$1,308		\$2,610	\$2,812	\$2,905	
<b>Facility Capacity Charge</b>						
Recommended Facility Capacity Charge per ERU			\$3,387	\$3,728	\$3,866	
For Industrial Connections:						
Flow Surcharge (Over 56 gpd per ERU)			\$2,032	\$2,237	\$2,320	See Note 2
BOD Surcharge (Over 0.5 ppd per ERU)			\$643	\$708	\$735	See Note 3
TSS Surcharge (Over 0.2 ppd per ERU)			\$643	\$708	\$735	See Note 3

**Notes:**

1. From Table 17
2. Based on 60 percent allocation of charge
3. Based on 19 percent allocation of charge

**TABLE 12  
PROJECTED CONNECTION FEE REVENUE AT RECOMMENDED RATES**

Customer Classes	FY 2016-2017	FY 2017-2018	FY 2018-2019	Notes
<b>Residential</b>				
SFR 5/8" WM	\$0	\$0	\$0	
SFR 3/4" WM	\$0	\$0	\$0	
SFR 1" and up	\$0	\$0	\$0	
Condominium	\$131,571	\$119,125	\$54,744	
Multiple Dwelling	\$0	\$0	\$0	
Mobile Homes	\$0	\$0	\$0	
<b>Subtotal-Residential</b>	\$131,571	\$119,125	\$54,744	
<b>Commercial/Industrial/Institutional</b>				
Comm/Retail	\$45,676	\$0	\$0	
Comm/Service	\$50,654	\$111,529	\$0	See Note 1
Industrial	\$104,023	\$0	\$44,531	See Note 2
School/Church	\$25,010	\$0	\$0	
<b>Subtotal-CII</b>	\$225,363	\$111,529	\$44,531	
<b>Total</b>	\$356,934	\$230,655	\$99,275	

**Notes:**

1. Hotel is assumed to be 100 rooms.
2. Undesignated industrial buildings are assumed to be 15,000 square feet and are assessed

### 3.8 Projected Revenue and Expenses at Current Rates

An annualized revenue plan has been prepared to assess the financial implications of the City's programs and costs. This plan integrates operating and capital costs, and depreciation.

Based on the assumptions described in the preceding sections, the projected financial condition of the City for FY 16-17 to FY 18-19 was evaluated at current rates. This evaluation is presented in **Table 13**.

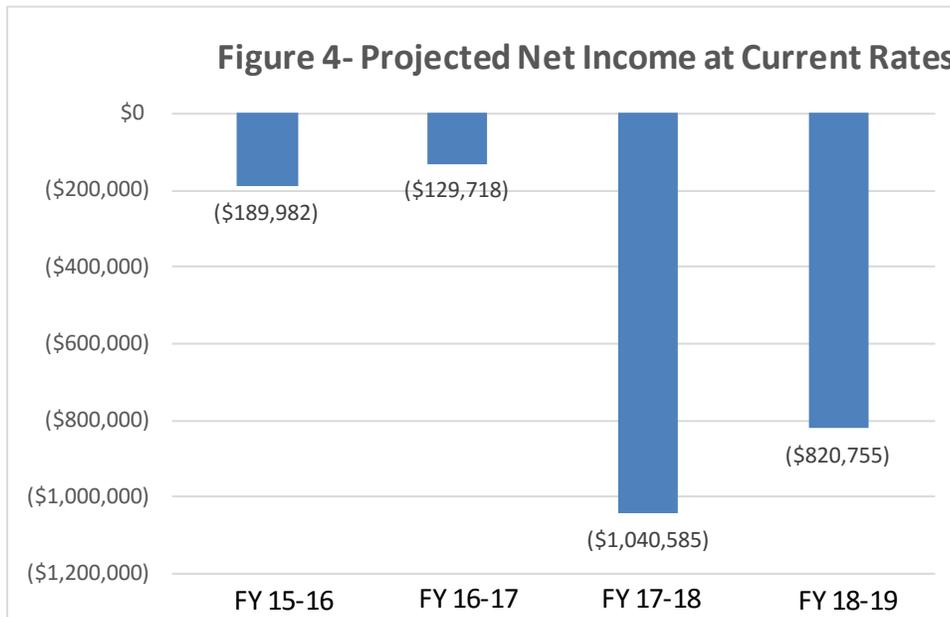
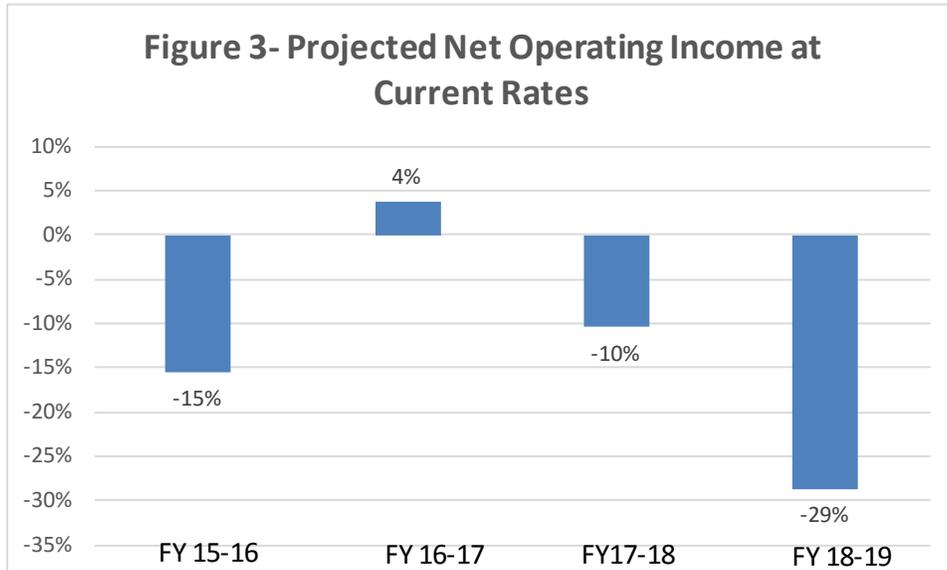
**TABLE 13  
PROJECTED OPERATING REVENUES AND EXPENSES AT CURRENT RATES**

Sources and Uses of Funds	Projected				Notes
	FY 15-16 Budget	FY 16-17	FY 17-18	FY 18-19	
<b>Operating Revenues</b>					
Charges for Services	\$725,000	\$1,005,037	\$1,027,424	\$1,039,531	
Other Services Operating Services	\$4,900	\$4,900	\$4,900	\$4,900	
Total Operating Revenues	\$729,900	\$1,009,937	\$1,032,324	\$1,044,431	
<b>Operating Expenses</b>					
Personnel Services	\$253,567	\$248,348	\$248,348	\$248,348	
Operations and Maintenance	\$589,315	\$724,445	\$890,560	\$1,094,766	
Total Operating Expenses	\$842,882	\$972,793	\$1,138,908	\$1,343,114	
<b>Net Operating Income (Loss)</b>	-\$112,982	\$37,144	-\$106,584	-\$298,682	
Net Op Income as % of Total Op Revenue	-15%	4%	-10%	-29%	
<b>Non-Operating Revenue</b>					
Reimbursements	\$0	\$0	\$0	\$0	
Investment Income	\$2,000	\$1,424	\$1,014	\$722	
Connection Fees	\$346,000	\$256,714	\$169,984	\$77,205	
Capital Contributions	\$0	\$0	\$0	\$0	
Total Non-Operating Revenues	\$348,000	\$258,138	\$170,998	\$77,927	
<b>Non-Operating Expenses</b>					
Capital Expenditures	\$250,000	\$250,000	\$930,000	\$425,000	
Depreciation	\$175,000	\$175,000	\$175,000	\$175,000	
Total Non-Operating Expenses	\$425,000	\$425,000	\$1,105,000	\$600,000	
<b>Net Income (Loss)</b>	(\$189,982)	(\$129,718)	(\$1,040,585)	(\$820,755)	
<b>Cashflow of Unrestricted Funds</b>					
Beginning Balance	(\$174,642)	(\$138,111)	(\$99,543)	(\$205,112)	
Revenue	\$731,900	\$1,011,361	\$1,033,339	\$1,045,154	See Note 1
Expenses	\$842,882	\$972,793	\$1,138,908	\$1,543,114	See Note 1
Ending Balance	(\$138,111)	(\$99,543)	(\$205,112)	(\$703,072)	
<b>Cashflow of Restricted Funds (Connection Fees)</b>					
Beginning Balance	(\$1,114,152)	(\$1,018,152)	(\$1,011,438)	(\$1,771,454)	
Revenue	\$346,000	\$256,714	\$169,984	\$77,205	See Note 1
Expenses	\$250,000	\$250,000	\$930,000	\$225,000	See Note 1
Ending Balance	(\$1,018,152)	(\$1,011,438)	(\$1,771,454)	(\$1,919,249)	

Notes:

1. As budgeted for FY15-16

As shown in **Table 13** and on **Figures 3 and 4**, at current rates, net operating income declines from a projected negative 15 percent in FY 15-16 to negative 40 percent in FY 18-19 and net income declines from a projected negative \$485,982 in FY 15-16 to a negative \$905,686 in FY 18-19. In turn, these financial conditions create significant negative cashflows in the City's unrestricted and restricted funds.



### 3.9 Revenue Requirements

As expected, additional revenues are needed to meet the obligations of the City. Accordingly, the revenue requirements to maintain a stable financial performance were evaluated. This revenue plan is designed to produce net operating income of a no less than 20 percent in order to provide adequate funding for capital expenditures while maintaining relatively stable fund balances.

The resulting revenue plan needed to fund City's wastewater utility costs is shown in **Table 14**. The focus of the financial plan is to maintain the financial stability of the City's wastewater enterprise.

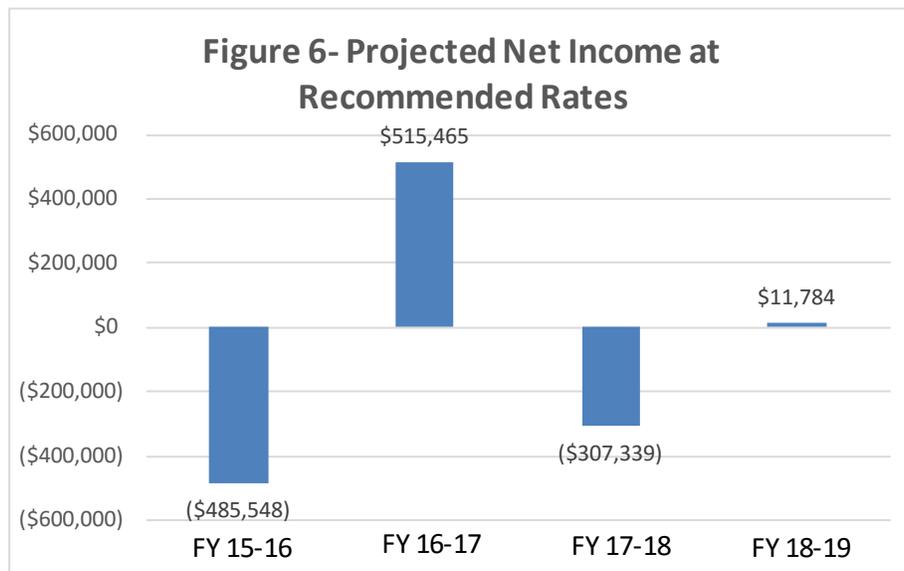
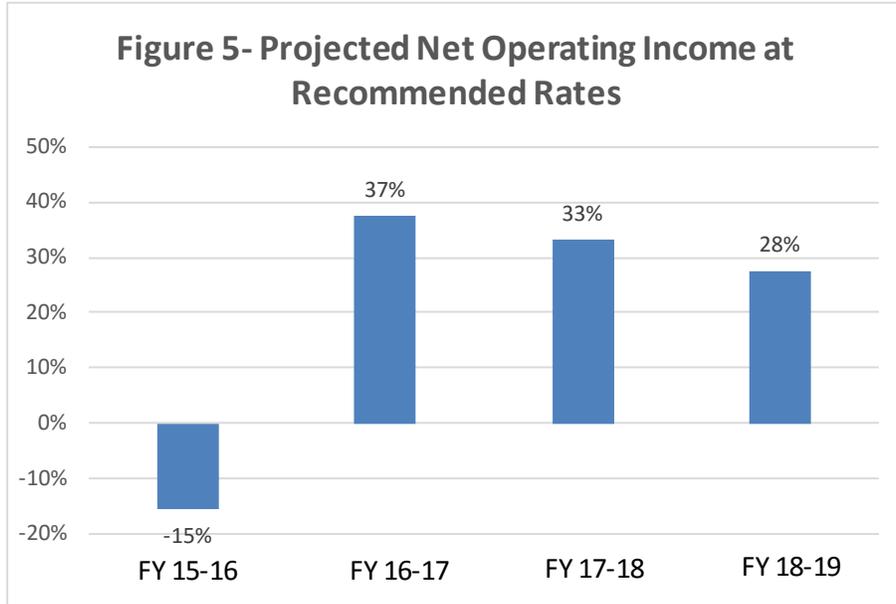
**TABLE 14  
PROJECTED OPERATING REVENUES AND EXPENSES AT RECOMMENDED RATES**

Sources and Uses of Funds	Projected				
	FY 15-16 Budget	FY 16-17	FY 17-18	FY 18-19	
<b>Operating Revenues</b>					
Charges for Services	\$725,000	\$1,550,000	\$1,700,000	\$1,850,000	
Other Services Operating Services	\$4,900	\$4,900	\$4,900	\$4,900	
Total Operating Revenues	\$729,900	\$1,554,900	\$1,704,900	\$1,854,900	
<b>Operating Expenses</b>					
Personnel Services	\$253,567	\$248,348	\$248,348	\$248,348	
Operations and Maintenance	\$589,315	\$724,445	\$890,560	\$1,094,766	
Total Operating Expenses	\$842,882	\$972,793	\$1,138,908	\$1,343,114	
<b>Net Operating Income (Loss)</b>	(\$112,982)	\$582,107	\$565,992	\$511,786	
Net Op Income as % of Total Op Revenue	-15%	37%	33%	28%	
<b>Non-Operating Revenue</b>					
Reimbursements	\$434	\$0	\$0	\$0	
Investment Income	\$2,000	\$1,424	\$1,014	\$722	
Connection Fees	\$346,000	\$356,934	\$230,655	\$99,275	
Capital Contributions	\$0	\$0	\$0	\$0	
Total Non-Operating Revenues	\$348,434	\$358,358	\$231,669	\$99,997	
<b>Non-Operating Expenses</b>					
Capital Expenditures	\$250,000	\$250,000	\$930,000	\$425,000	
Depreciation	\$175,000	\$175,000	\$175,000	\$175,000	
Total Non-Operating Expenses	\$425,000	\$425,000	\$1,105,000	\$600,000	
<b>Net Income (Loss)</b>	(\$189,548)	\$515,465	(\$307,339)	\$11,784	
<b>Cashflow of Unrestricted Funds</b>					
Beginning Balance	(\$174,642)	(\$138,111)	\$445,420	\$1,012,427	
Revenue	\$731,900	\$1,556,324	\$1,705,914	\$1,855,622	See Note 1
Expenses	\$842,882	\$972,793	\$1,138,908	\$1,543,114	See Note 1
Ending Balance	(\$138,111)	\$445,420	\$1,012,427	\$1,324,936	See Note 1
<b>Cashflow of Restricted Funds (Connection Fees)</b>					
Beginning Balance	(\$1,114,152)	(\$1,018,152)	(\$911,218)	(\$1,610,564)	
Revenue	\$346,000	\$356,934	\$230,655	\$99,275	See Note 1
Expenses	\$250,000	\$250,000	\$930,000	\$225,000	See Note 1
Ending Balance	(\$1,018,152)	(\$911,218)	(\$1,610,564)	(\$1,736,289)	See Note 1

Notes

1. As budgeted for FY 15-16.

Recommended revenue requirements shown in **Table 14** result in projected net operating income levels are shown in **Figure 5**, which meet the target of no less than 20%. In addition, as shown in **Figure 6** net income is positive over the study period. As a result of the improved financial performance, the cashflow of the unrestricted fund is stabilized but the cashflow of the restricted fund remains negative due to the high level of projected capital expenditures.



## Section 4: Current Sewer Service Charges

The City strives to provide cost-effective wastewater collection, treatment and disposal services for its customers, particularly with the low density of development within the City and its relatively small customer base.

### 4.1 Current Sewer Service Charges

The City last increased its wastewater rates in 2011 for the years FY 11-12 to FY 14-15.

**Residential Customers:** The City's current residential sewer service charges consist of a fixed monthly service charge for each single family dwelling and the same fixed monthly charge for the first unit of multiple family dwelling customer classes plus a lower fixed monthly charge for each additional unit.

**Commercial and Industrial Customers:** Commercial user classes consist of a fixed monthly charge plus a surcharge for monthly water use over 900 cubic feet. The wastewater rates for industrial customers and combinations of customer classes are established by the Public Works Director.

The City's current wastewater rates and rate structure are shown in **Table 15**.

**TABLE 15  
CURRENT SEWER SERVICE CHARGES**

<b>Customer Class</b>	<b>Charges by Customer Class</b>	
<b>Residential Accounts</b>	<b>Monthly Charge</b>	<b>Charge for Excess Water Use</b>
Single Family Dwelling	\$25	
Multi Family-Townhouses & Condos	\$25 plus \$23.08 for each additional unit	
Multi Family-Apts	\$25 plus \$17.38 for each additional unit	
Mobile Home Parks	\$25 plus \$18.17 for each additional space	
<b>Commercial Accounts</b>	<b>Monthly Charge</b>	
Motels	\$30.84	\$1.74/hcf for water use over 900 cf
Restaurant	\$30.84	\$1.74/hcf for water use over 900 cf
Fast Food/Bar	\$30.84	\$1.74/hcf for water use over 900 cf
Theaters/Banquet	\$30.84	\$1.74/hcf for water use over 900 cf
Camper/Trailer Parks (unmetered)	\$30.84 plus \$5.50 for each additional space	\$1.74/hcf for water use over 900 cf
Camper/Trailer Parks (metered)	\$30.84 for first space	\$1.74/hcf for water use over 900 cf
Schools	\$30.84	\$1.74/hcf for 85% of water use over 900 cf
Churches (w/o School)	\$30.84	
Other Commercial	\$30.84	\$1.74/hcf for 85% of water use over 900 cf
<b>Industrial Accounts</b>	Determined by Public Works Director	
<b>Combinations</b>	Determined by Public Works Director	

## 4.2 Current Facility Capacity Charges

The City levies a connection fee on new development to recover the costs of new development's impact on the wastewater system. The City's current Facility Capacity Charges are described in Section 3 of this report and summarized in **Table 8** which is duplicated below.

**TABLE 8  
CURRENT SEWER CONNECTION FEES**

<b>Customer Class</b>	<b>Connection Charge</b>
<b>Residential Accounts</b>	<b>Amount</b>
Single Family Dwelling	\$2,640 per unit
Multi Family	\$2,420 per unit
<b>Commercial Accounts</b>	<b>Amount</b>
RV Parks	\$1,920 plus \$149 per space
Hotels/Motels	\$1,920 plus \$178 per room
General Commercial	\$1,920 plus \$225/750 sf
Dry Manufacturing	\$1,920 plus \$127.50/750 sf
Supermarkets	\$1920 plus \$427.50/750 sf
Restaurants	\$1,920 plus \$4,155/750 sf
Laundromats	\$1,920 plus \$10,350/750 sf
<b>Industrial Accounts</b>	\$1920 plus \$10.70/cf/day of flow, \$400/lb. of BOD, and \$500/lb. of SS

## Section 5: Cost of Service Evaluation

To allocate the required revenue requirements to the appropriate customer classifications, a cost of service evaluation was performed.

### 5.1 Cost of Service Allocation

To allocate the revenue requirements to the customer classes, the cost of service is based on Equivalent Residential Units (ERUs). The number of ERUs for the commercial customer classes are based on their relationship to the amount of wastewater per ERU attributed to residential customers and adjusted by the strength ratios shown in **Table 10**. From the FY 14-15 test year analysis, the estimated ERUs per connection (**Table 10**) were applied to the projection of connections during the study period shown in **Table 4**. The cost of service allocation for wastewater service is designed around the concept of an equivalent residential units (ERU), based on the system load and discharges of a single-family dwelling parcel. This ERU applies to all accounts, whether residential or commercial. A single-family residence is 1.0 ERUs. In the assessment of the ERUs for each residential connection, it was assumed that the condominium and multiple dwelling customer classes represent 0.7 ERU per unit and mobile homes represent 0.5 ERU per connection. The resulting projection of ERUs for each customer class is presented in **Table 16**.

TABLE 16  
REVENUE REQUIREMENTS BY CUSTOMER CLASSES

Category	Projected Number of ERUs			Revenue Requirements			Notes
	FY 16-17	FY 17-18	FY 18-19	FY 16-17	FY 17-18	FY 18-19	
<b>Wastewater Revenue Requirements</b>							
Residential	1697	1729	1744	\$1,550,000	\$1,700,000	\$1,850,000	
Commercial	3279	3309	3320	\$528,731	\$583,560	\$637,003	
<b>Total ERUs</b>	<b>4976</b>	<b>5038</b>	<b>5064</b>				
<b>Residential Revenue Requirements</b>							
Single Family	1284	1284	1284	\$399,950	\$433,268	\$469,107	
Condominium	94	126	140	\$29,292	\$42,514	\$51,204	
Multiple Dwelling	89	89	89	\$27,693	\$30,000	\$32,482	
Mobile Homes	230	230	230	\$71,796	\$77,777	\$84,211	
<b>Subtotal-Residential</b>	<b>1697</b>	<b>1729</b>	<b>1744</b>	<b>\$528,731</b>	<b>\$583,560</b>	<b>\$637,003</b>	
<b>Residential Charges</b>	<b>Monthly Charge</b>						
	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>				
Single Family	\$25.96	\$28.12	\$30.45				
Condominium	\$18.17	\$19.68	\$21.31				See Note 1
Multiple Dwelling	\$18.17	\$19.68	\$21.31				See Note 1
Mobile Homes	\$12.98	\$14.06	\$15.22				See Note 2
<b>Commercial Revenue Requirements</b>							
Comm/Retail	139	139	139	\$43,412	\$47,028	\$50,918	
Comm/Service	2627	2657	2657	\$818,424	\$896,698	\$970,870	
Industrial	445	445	457	\$138,730	\$150,287	\$166,927	
School/Church/Park	66	66	66	\$20,703	\$22,427	\$24,282	
<b>Subtotal-Commercial</b>	<b>3279</b>	<b>3309</b>	<b>3320</b>	<b>\$1,021,269</b>	<b>\$1,116,440</b>	<b>\$1,212,997</b>	
<b>Commercial Charges</b>	<b>Monthly Charge</b>			<b>Variable Charge (per hcf of water use)</b>			
	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	
Comm/Retail	\$58.35	\$63.21	\$68.44				
Comm/Service	\$51.77	\$56.08	\$60.72	\$5.15	\$5.58	\$6.05	
Industrial	\$39.86	\$43.19	\$46.76	\$6.19	\$6.70	\$7.26	
School/Church/Park	\$25.56	\$27.69	\$29.98	\$0.47	\$0.51	\$0.56	

**Notes**

1. Assumes these customer classes represent 0.7 ERU per unit.

2. Assumes this class represents 0.5 ERU per unit. Camper/trailer parks are assumed to have an average occupancy of 70 percent.

## 5.2 Unit Rates

Based on the projection of ERUs for each customer class, the allocation of revenue requirements to each customer class was performed. The allocation of revenue requirements for each customer class is shown in **Table 16**. Assuming that a rate structure similar to the City's current structure is utilized, the fixed monthly charges for the residential customer classes and the fixed monthly charges and variable consumption charges for the commercial customer classes are shown in **Table 16**. This analysis assumes that 10 percent of the commercial revenue requirements are allocated to the fixed charge and 90 percent to the variable charge. This approach communicates a strong price signal to the City's commercial customers to continue aggressive water conservation.

## **Section 6: Recommended Sewer Service Charge Rates**

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Recommended wastewater rates have been developed to meet the revenue requirements of the City. As indicated in Section 3, revenues generated from current wastewater rates are approximately \$0.7 million per year. Development of the recommended sewer service charge rates follows.

### **6.1 Current Rate Structure**

The current rate structure for wastewater service is described in Section 4. This rate structure includes a fixed monthly charge for residential customers and fixed monthly charge and variable consumption charge for commercial customers.

### **6.2 Recommended Rate Structure**

Water Consultancy recommends that the City continue the current rate structure. Continuation of the current structure would also minimize any confusion by ratepayers. The current rate structure has adequately served the City's recent financial requirements. The current rate structure provides the financial stability that is necessary to fund the City's operating expenses most of which are fixed.

### **6.3 Development of Sewer Service Charge Rates**

To develop appropriate sewer service charge rates for each customer class, the revenue requirements for FY 16-17 to FY 18-19 developed in **Table 14** were allocated to the residential and commercial customer classes based on the ERUs for each class shown in **Table 16**. Consistent with the current rate structure, the revenue requirements for the residential customer classes were divided by the number of ERUs in each class assuming the condominium and multiple dwelling classes represent 0.7 ERUs per unit and mobile homes represent 0.5 ERU per connection. The revenue requirements for the commercial customer classes were allocated 10 percent to the fixed monthly charge and 90 percent to the variable consumption charge to encourage conservation.

### **6.4 Recommended Sewer Service Charge Rates**

Based on the analysis described in the preceding section, the recommended sewer service charge rates for the City were developed. Water Consultancy recommends that the City adopt the rates summarized in **Table 17** for FY 16-17, **Table 18** for FY 17-18, and **Table 19** for FY 18-19.

**TABLE 17  
RECOMMENDED SEWER SERVICE CHARGES FOR FY 16-17**

<b>Customer Class</b>	<b>Charges by Customer Class</b>	
<b>Residential Accounts</b>	<b>Monthly Charge</b>	<b>Charge for Excess Water Use</b>
Single Family Dwelling	\$25.96	
Multiple Dwelling	\$25.96 plus \$18.17 for each additional unit	
Multi Family-Townhouses & Condos	\$25.96 plus \$18.17 for each additional unit	
Multi Family-Apts	\$25.96 plus \$18.17 for each additional unit	
Mobile Home Parks	\$25.96 plus \$12.98 for each additional space	
<b>Commercial Accounts</b>	<b>Monthly Charge</b>	
Motels	\$51.77	\$5.15/hcf for water use over 1400 cf
Restaurant	\$51.77	\$5.15/hcf for water use over 1400 cf
Fast Food/Bar	\$51.77	\$5.15/hcf for water use over 1400 cf
Theaters/Banquet	\$51.77	\$5.15/hcf for water use over 1400 cf
Camper/Trailer Parks (unmetered)	\$51.77 plus \$14.06 for each additional space	
Camper/Trailer Parks (metered)	\$51.77 for first space	\$5.15/hcf for water use over 1400 cf
Schools	\$25.56	\$0.47/hcf for water use over 1400 cf
Churches (w/o School)	\$25.56	\$0.47/hcf for water use over 1400 cf
Other Commercial	\$58.35	\$5.51/hcf for water use over 1400 cf
<b>Industrial Accounts</b>	Determined by Public Works Director	
<b>Combinations</b>	Determined by Public Works Director	

**TABLE 18  
RECOMMENDED SEWER SERVICE CHARGES FOR FY 17-18**

<b>Customer Class</b>	<b>Charges by Customer Class</b>	
<b>Residential Accounts</b>	<b>Monthly Charge</b>	<b>Charge for Excess Water Use</b>
Single Family Dwelling	\$28.12	
Multiple Dwelling	\$28.12 plus \$19.68 for each additional unit	
Multi Family-Townhouses & Condos	\$28.12 plus \$19.68 for each additional unit	
Multi Family-Apts	\$28.12 plus \$19.68 for each additional unit	
Mobile Home Parks	\$26.47 plus \$14.06 for each additional space	
<b>Commercial Accounts</b>	<b>Monthly Charge</b>	
Motels	\$56.08	\$5.58/hcf for water use over 1400 cf
Restaurant	\$56.08	\$5.58/hcf for water use over 1400 cf
Fast Food/Bar	\$56.08	\$5.58/hcf for water use over 1400 cf
Theaters/Banquet	\$56.08	\$5.58/hcf for water use over 1400 cf
Camper/Trailer Parks (unmetered)	\$56.08 plus \$14.06 for each additional space	
Camper/Trailer Parks (metered)	\$56.08 for first space	\$5.58/hcf for water use over 1400 cf
Schools	\$27.69	\$0.51/hcf for water use over 1400 cf
Churches (w/o School)	\$27.69	\$0.51/hcf for water use over 1400 cf
Other Commercial	\$63.21	\$5.58/hcf for water use over 1400 cf
<b>Industrial Accounts</b>	Determined by Public Works Director	
<b>Combinations</b>	Determined by Public Works Director	

**TABLE 19  
RECOMMENDED SEWER SERVICE CHARGES FOR FY 18-19**

<b>Customer Class</b>	<b>Charges by Customer Class</b>	
<b>Residential Accounts</b>	<b>Monthly Charge</b>	<b>Charge for Excess Water Use</b>
Single Family Dwelling	\$30.45	
Multiple Dwelling	\$30.45 plus \$21.31 for each additional unit	
Multi Family-Townhouses & Condos	\$30.45 plus \$21.31 for each additional unit	
Multi Family-Apts	\$30.45 plus \$21.31 for each additional unit	
Mobile Home Parks	\$30.45 plus \$15.22 for each additional space	
<b>Commercial Accounts</b>	<b>Monthly Charge</b>	
Motels	\$60.72	\$6.05/hcf for water use over 1400 cf
Restaurant	\$60.72	\$6.05/hcf for water use over 1400 cf
Fast Food/Bar	\$60.72	\$6.05/hcf for water use over 1400 cf
Theaters/Banquet	\$60.72	\$6.05/hcf for water use over 1400 cf
Camper/Trailer Parks (unmetered)	\$60.72 plus \$15.22 for each additional space	
Camper/Trailer Parks (metered)	\$60.72 for first space	\$6.05/hcf for water use over 1400 cf
Schools	\$29.98	\$0.56/hcf for water use over 1400 cf
Churches (w/o School)	\$29.98	\$0.56/hcf for water use over 1400 cf
Other Commercial	\$68.44	\$6.05/hcf for water use over 1400 cf
<b>Industrial Accounts</b>	Determined by Public Works Director	
<b>Combinations</b>	Determined by Public Works Director	

Water Rate Comparison

Meter Size	Current Fixed Monthly Rate	Proposed Fixed Monthly Service Charges			City of Solvang	City of Lompoc			Goleta Water District	City of Santa Maria		Carpinteria Valley Water	City of Santa Barbara	SYRWCD ID1
		FY 2016-2017	FY 2017-2018	FY 2018-2019	2016	2016	2017	2016	2016	2017	2016	2016	2016	2016
8" and 3/4"	\$ 24.20	\$ 33.23	\$ 33.34	\$ 35.51	\$75.43/\$113.15	\$36.06/\$47.15	\$41.47/\$4.22	\$ 45.74	\$ 33.08	\$ 34.73	\$ 42.83	\$24.50/\$35.60	\$38.78/\$46.42	
1"	\$ 26.65	\$ 86.26	\$ 89.66	\$ 96.89	\$ 188.58	\$ 69.31	\$ 79.71	\$ 70.21	\$ 51.89	\$ 54.48	\$ 71.38	\$ 57.80	\$ 76.98	
1 1/2"	\$ 31.48	\$ 171.02	\$ 177.47	\$ 191.90	\$ 377.17	\$ 124.72	\$ 143.43	\$ 131.40	\$ 82.02	\$ 86.12	\$ 142.75	\$ 113.29	\$ 153.62	
2"	\$ 41.21	\$ 271.77	\$ 280.00	\$ 301.60	\$ 603.47	\$ 4,191.22	\$ 219.90	\$ 204.82	\$ 113.42	\$ 119.09	\$ 228.40	\$ 179.89	\$ 243.80	
3"	\$ 60.60	\$ 580.58	\$ 604.20	\$ 646.19	\$ 1,206.94	\$ 346.37	\$ 398.33	\$ 437.32	\$ 246.15	\$ 258.46	\$ 456.80	\$ 390.77	\$ 490.60	
4"	\$ 78.80	\$ 1,052.43	\$ 1,085.82	\$ 1,176.31	\$ 1,885.84	\$ 568.02	\$ 653.22	\$ 779.95	\$ 410.30	\$ 430.81	\$ 713.75	\$ 701.54	\$ 691.91	
6"	\$ 109.11	\$ 2,222.07	\$ 2,318.68	\$ 2,511.90	\$ 3,771.68	\$ 1,122.15	\$ 1,290.46	\$ 1,722.21	\$ 1,025.89	\$ 1,077.18	\$ 1,427.50	\$ 1,445.18	\$ 1,534.43	
8"	\$ 145.51	\$ 2,992.60	\$ 3,105.95	\$ 3,364.78	\$ 6,034.69	\$ 1,787.09	\$ 2,055.15	\$ 2,945.90			\$ 3,283.25	\$ 2,666.07	\$ 2,455.55	
Consumption Charge (per HCF)	\$ 1.97	\$ 2.68	\$ 2.76	\$ 2.98	\$3.45, >1601 cf \$3.71				\$3.61-\$5.69	\$3.79-\$5.98	\$3.63-\$5.19	\$4.20-\$18.59	\$ 3.81	
Additional Dwelling Unit Charge (Monthly)	\$ 13.00	\$ 23.26	\$ 23.34	\$ 24.86								\$ 17.47		

Wastewater Rate Comparison

Customer Class	Proposed Wastewater Service Charges by Customer Class							City of Solvang	City of Lompoc	Goleta Sanitation	City of Santa Maria		Carpinteria Sanitation	City of Santa Barbara					
	Current	FY 2016-2017		FY 2017-2018		FY 2018-2019					2016	2016			2017	2015	2016	2017	2015
	Monthly Charge	Charge for Excess Water Use (for water use over 900 cf)	Monthly Charge	Charge for Excess Water Use (for water use over 1400 cf)	Monthly Charge	Charge for Excess Water Use (for water use over 1400 cf)	Monthly Charge				Charge for Excess Water Use (for water use over 1400 cf)								
Residential Accounts														\$614.16					
Single Family Dwelling	\$25		\$25.96 (plus \$18.17 for each add. Unit)		\$28.12		\$30.45	\$34.65	\$42.00 + \$8.40/hcf	\$46.40 + \$9.28/hcf	\$428.23/yr	\$19.20	\$20.16	\$17.47 + \$3.04/hcf up to 10hcf					
Multiple Dwelling	n/a		\$25.96 (plus \$18.17 for each add. Unit)		\$28.12 (plus \$19.68 for each add. Unit)		\$30.45 (plus \$21.31 for each add. Unit)	\$34.65	\$42.00 + \$8.40/hcf	\$46.40 + \$9.28/hcf	\$346.95/unit/year	\$13.58-14.77	\$14.26-15.51	\$17.47 + \$3.04/hcf up to 10hcf					
Multi-Family-Townhouses & Condos	\$25 (plus \$23.08 for each add. Unit)		\$25.96 (plus \$18.17 for each add. Unit)		\$28.12 (plus \$19.68 for each add. Unit)		\$30.45 (plus \$21.31 for each add. Unit)												
Multi-Family-Apts	\$25 (plus \$17.38 for each add. Unit)		\$25.96 (plus \$18.17 for each add. Unit)		\$28.12 (plus \$19.68 for each add. Unit)		\$30.45 (plus \$21.31 for each add. Unit)												
Mobile Home Parks	\$25 (plus \$18.17 for each add. Space)		\$25.96 (plus \$12.98 for each add. Space)		\$26.46 (plus \$14.06 for each add. space)		\$30.45 (plus \$15.22 for each add. Unit)				\$246.55/unit/year	\$13.58/space	\$14.26/space						
Commercial Accounts								\$34.65	\$56.35 + \$11.27/hcf	\$62.25 + \$12.45/hcf	\$346.95/year	variable all below is rate / hcf		\$614.16 Plus strength	Charges based on meter sizes for base + volumetric				
Motels	\$30.84	\$1.74/hcf	\$51.77	5.15/ hcf	\$56.08	5.58/hcf	\$60.72	6.05/hcf			\$246.55/unit/year	\$9.45	\$9.92	\$7.86-\$14.53 /1000 gal/year	\$3.44/hcf				
Restaurant	\$30.84	\$1.74/hcf	\$51.77	5.15/hcf	\$56.08	5.58/hcf	\$60.72	6.05/hcf			\$809.03+volumetric	\$4.20-5.36	\$4.41-5.63						
Fast Food/Bar	\$30.84	\$1.74/hcf	\$51.77	5.15/hcf	\$56.08	5.58/hcf	\$60.72	6.05/hcf				\$4.20-5.36	\$4.41-5.63						
Theaters/Bar/night	\$30.84	\$1.74/hcf	\$51.77	5.15/hcf	\$56.08	5.58/hcf	\$60.72	6.05/hcf			\$346.95	\$2.60	\$2.73						
Camper/Trailer Parks (unmetered)	\$30.84	\$1.74/hcf	\$51.77 plus \$14.06 for each add. Space		\$56.08		\$60.72 (plus \$15.22 for each add. Space)												
Camper/Trailer Parks (metered)	\$30.84	\$1.74/hcf	\$51.77 for first space	5.15/hcf	\$56.08	5.58/hcf	60.72 for first space	6.05/hcf											
Schools	\$30.84	\$1.74/hcf for 85% water use over 900 cf	\$25.56	0.47/hcf	\$27.69	0.51/hcf	\$29.98	0.56/hcf				\$21.76 per avg daily attendance per year							
Churches (w/o school)	\$30.84		\$25.56	0.47/hcf	\$27.69	0.51/hcf	\$29.98	0.56/hcf			\$428.23 +volumetric								
Other Commercial	\$30.84	\$1.74/hcf for 85% water use over 900 cf	\$58.35	5.51/hcf	\$63.21	5.58/hcf	\$68.44	6.05/hcf			varies								
Industrial Accounts	Determined by Public Works Dir.							\$34.65 + (\$2.85-\$7.42 per HCF)	\$59.20 + \$11.84/hcf	\$65.45 + \$13.09/hcf	varies			base +volumetric \$4.18/hcf					
Combinations	Determined by Public Works Dir.																		

# ATTACHMENT 4

**SAMPLE WATER BILL**

Customer Class	Meter Size	Monthly Water Use	Current Water Bill	Projected Water Bill			Solvang (2016)	Lompoc		GWD (2016)	Santa Maria		CVWD** (2016)	Santa Barbara (2016)
				FY 16-17	FY17-18	FY18-19		2016	2017		2016	2017		
SFR 3/4" WM	3/4-inch	15 hcf	\$53.75	\$73.43	\$74.74	\$80.21	\$164.90	\$47.15	\$54.22	\$45.74	\$97.49	\$102.36	\$105.68	\$144.60
Condominum	3/4-inch	5 hcf	\$34.05	\$46.63	\$47.14	\$50.41	\$130.40	\$47.15	\$54.22	\$45.74	\$51.11	\$53.66	\$63.78	\$59.50
Mobile Homes	6-inch	1088 hcf	\$2,252.47	\$5,137.91	\$5,321.56	\$5,754.14	\$7,804.00	\$1,122.15	\$1,290.46	\$1,722.21	\$5,679.27	\$5,963.21	\$5,986.22	Based on base allotment
Comm/Retail	3/4-inch	27 hcf	\$77.39	\$105.59	\$107.86	\$115.97	\$209.16	\$47.15	\$54.22	\$45.74	\$165.78	\$174.07	\$155.96	Based on base allotment
Comm/Service	2-inch	66 hcf	\$171.23	\$448.65	\$462.16	\$498.28	\$844.17	\$191.22	\$219.90	\$204.82	\$468.07	\$491.50	\$504.94	Based on base allotment
Industrial	1-inch	47 hcf	\$119.24	\$212.22	\$219.38	\$236.95	\$358.79	\$69.31	\$79.71	\$70.21	\$298.41	\$313.34	\$268.31	Based on base allotment

**SAMPLE SEWER BILL**

Customer Class	Meter Size	Monthly Water Use	Current Wastewater Bill	Projected Wastewater Bill			Solvang (2016)	Lompoc		GSD (2016)	Santa Maria		CSD (2016)	Santa Barbara (2016)
				FY 16-17	FY17-18	FY18-19		2016	2017		2016	2017		
SFR 3/4" WM	3/4-inch	15 hcf	\$25.00	\$25.96	\$28.12	\$30.45	\$34.65	\$126.00	\$139.20	\$35.69	\$19.20	\$20.16		\$47.87
Condominum	3/4-inch	5 hcf	\$25.00 plus \$23.08*	\$25.96 plus \$18.17*	\$28.12 plus \$19.68*	\$30.45 plus \$21.31*	\$34.65	\$42.00	\$46.40					\$32.67
Mobile Homes	6-inch	1088 hcf	\$25.00 plus \$18.17*	\$25.96 plus \$12.98*	\$28.12 plus \$14.06*	\$30.45 plus \$15.22*	\$3,135.45	\$9,139.20	\$10,143.04		\$13.58 per space	\$14.26 per space		
Comm/Retail	3/4-inch	27 hcf	\$66.30	\$58.35	\$63.21	\$68.44	\$76.95	\$304.29	\$398.40					\$92.88
Comm/Service	2-inch	66 hcf	\$130.02	\$319.57	\$346.24	\$375.32	\$489.72	\$743.82	\$883.95					\$227.04
Industrial	1-inch	47 hcf	\$96.96	\$244.13	\$264.29	\$286.34	\$348.74	\$556.48	\$680.68					\$196.46

\*For each additional unit/space

Assumes half of the annual consumption is in the base period and half in the peak period.



## CITY OF BUELLTON NOTICE OF PUBLIC HEARING TO CONSIDER PROPOSED CHANGES TO WATER AND WASTEWATER RATES

**NOTICE IS HEREBY GIVEN THAT** the City Council of the City of Buellton will conduct a public hearing on **September 22, 2016 at 6 pm in the Council Chambers located at 140 W. Highway 246, Buellton, CA 93427**, to consider adopting increases in the rates for its water and wastewater service fees. The Final Draft of the Water Rate Study and the Wastewater Rate Study are available on the City's website at: <https://www.cityofbuellton.com>

**REASONS FOR THE PROPOSED RATE INCREASES** The City is dedicated to providing reliable water and wastewater services cost-effectively while protecting the water resources and the public health of our community. While the City continually strives for cost reductions and better utilization of the public's assets entrusted to us, we still must align rates with the increasing costs to deliver services, including, among others, the cost to comply with regulations governing the treatment of water and wastewater, the disposal of wastewater, and the maintenance of vital infrastructure. The City's operational costs for both water and wastewater have not been sustained through the existing rate structure and has required transfer from those fund reserves, creating continued deficit. The water and wastewater funds should be self-sustaining.

### **PUBLIC HEARING:**

Any record owner of a parcel upon which the fees are proposed, may submit a written protest to the proposed rate increases to the City's water and wastewater service fees; provided, however only one protest will be counted per identified parcel. Each protest must: **1) be in writing; 2) state whether the protest is submitted in opposition to the rate increases to the water or wastewater service fees; 3) provide the location of the identified parcel (by assessor's parcel number and service address); and 4) include the name and signature of the person submitting the written protest.** Written protests may be submitted by mail to **City Clerk, City of Buellton at PO Box 1819, Buellton, CA 93427**. Written protests may also be submitted in person at **City Hall or at the Public Hearing on September 22, 2016 (time and location as noted above)**. All written protests must be received prior to the conclusion of the public input portion of the Public Hearing. Any protests submitted via e-mail or other electronic means will not be accepted as a formal written protest. Please identify on the front of the envelope for any protest, whether mailed or submitted in person, that the enclosed letter is for the Public Hearing on the Proposed Rate Changes.

The City Council will consider all written protests timely submitted and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest with the required information as listed above. At the conclusion of the public hearing, the City Council will determine whether to adopt the proposed rates. If, after the close of the public hearing, written protests against the proposed rate increases are not presented by a majority of the record owners of the identified parcels upon which they are proposed to be imposed, the City Council will be authorized to impose the rate increases.

If you have any questions regarding the information provided in this notice, or the rates applicable to your property, please contact the Public Works Dept at (805)686-0137 or [roseh@cityofbuellton.com](mailto:roseh@cityofbuellton.com)



## CIUDAD DE BUELLTON AVISO DE AUDIENCIA PÚBLICA PARA CONSIDERAR CAMBIOS A AGUA Y AGUAS RESIDUALES TARIFAS PROPUESTAS

*Por este medio se da aviso* que el Ayuntamiento de la ciudad de Buellton llevará a cabo una audiencia pública el **22 de septiembre de 2016 a las 6 pm** en la **cámara del Consejo** ubicado en **140 w. carretera 246, Buellton, CA 93427**, para considerar la adopción de aumentos en las tarifas para sus servicios de agua y aguas residuales. El borrador Final del estudio de tarifa de agua y aguas residuales están disponibles en el sitio web de la ciudad en: <https://www.cityofbuellton.com>

**RAZONES PARA LOS AUMENTOS DE LAS TARIFA PROPUESTAS** La ciudad se dedica a proporcionar servicios confiables de agua y aguas residuales mientras protegiendo los recursos de agua y protegiendo la salud pública de nuestra comunidad. Mientras que la ciudad se esfuerza continuamente para reducir los costos y para mejorar la utilización de los activos del público que nos confían, todavía debemos alinear las tarifas con el aumento de los gastos que nos ayuda a entregar nuestros servicios, incluyendo, entre otros, el costo para cumplir con los reglamentos que rigen con el tratamiento de agua y aguas residuales, disposición de aguas residuales y el mantenimiento de la infraestructuras vitales. Los costos operativos de la ciudad para el agua y aguas residuales no se han sostenido a través de la estructura existente cual ha requerido transferencia de las reservas del fondo, creando un déficit. Los fondos de agua y aguas residuales deben ser autosostenibles.

### **AUDIENCIA PÚBLICA:**

Cualquier propietario del registro de una parcela en la que se proponen las tasas, podrá presentar una protesta a los aumentos de tarifas propuestos de agua y aguas residuales de la Ciudad; sin embargo, sólo una de las protestas será contado por parcela identificada. Cada protesta debe: **1) ser por escrito; 2) Declarar si la protesta se presenta en oposición a los aumentos de las tarifas de agua o de servicios de aguas residuales; 3) Proveer la ubicación de la parcela identificada (por número de parcela del tasador y la dirección de servicio); y 4) Incluir el nombre y la firma de la persona que presenta la protesta por escrito.** Las protestas escritas pueden ser enviadas por correo a la **Secretaria de la Ciudad, Ciudad de Buellton a PO Box 1819, Buellton, CA 93427**. Protestas escritas también podrán ser presentadas en persona en el **Ayuntamiento o en la audiencia pública el 22 de septiembre, 2016 (hora y lugar como se ha indicado anteriormente)**. Todas las protestas escritas deben ser recibidas antes de la conclusión de la parte de la opinión del público de la audiencia pública. Cualquier protesta enviadas a través de correo electrónico u otros medios electrónicos no serán aceptadas como una protesta formal por escrito. Por favor identifique en el frente del sobre para cualquier protesta, ya sea por correo o entregarse personalmente, que la carta adjunta es para la audiencia pública sobre los cambios propuestos en las tasas.

El Ayuntamiento tendrá en cuenta todas las reclamaciones por escrito presentados a tiempo y examinará todos los comentarios públicos realizados en la audiencia pública. Los comentarios orales en la audiencia pública no calificarán como protestas formales si no van acompañados por una protesta por escrito con la información requerida como se indica anteriormente. Al final de la audiencia pública, el Ayuntamiento determinará si aprueba las tarifas propuestas. Si, después del cierre de la audiencia pública, las protestas por escrito contra los aumentos de tarifas propuestos no son presentadas por la mayoría de los propietarios en los que se proponen para ser impuesta, el Ayuntamiento estará autorizado para imponer la aumentación de tarifas.

Si tiene alguna pregunta con respecto a la información proporcionada en este aviso o las tarifas aplicables a su propiedad, por favor, póngase en contacto con Public Works Dept al (805)686-0137 o [roseh@cityofbuellton.com](mailto:roseh@cityofbuellton.com)

CITY OF BUELLTON NOTICE OF PUBLIC HEARING - SEPTEMBER 22, 2016

PROPOSED WATER RATES

For additional information and details, please visit [www.cityofbuellton.com](http://www.cityofbuellton.com) to view the Final Draft of the Water Rate Study.

PROPOSED WATER RATE INCREASE - NOVEMBER 1, 2016:

Meter Size	Current Fixed Monthly Rate	Proposed Fixed Monthly Service Charges FY 2016-2017
5/8" and 3/4"	\$ 24.20	\$ 33.23
1"	\$ 26.65	\$ 86.26
1 1/2"	\$ 31.48	\$ 171.02
2"	\$ 41.21	\$ 271.77
3"	\$ 60.60	\$ 580.58
4"	\$ 78.80	\$ 1,052.43
6"	\$ 109.11	\$ 2,222.07
8"	\$ 145.51	\$ 2,992.60
Consumption Charge (per HCF)	\$ 1.97	\$ 2.68
Additional Dwelling Unit Charge (Monthly)	\$ 13.00	\$ 23.26

PROPOSED WATER RATE INCREASE - JULY 1, 2017:

Meter Size	Proposed Fixed Monthly Service Charges FY 2017-2018
5/8" and 3/4"	\$ 33.34
1"	\$ 89.66
1 1/2"	\$ 177.47
2"	\$ 280.00
3"	\$ 604.20
4"	\$ 1,085.82
6"	\$ 2,318.68
8"	\$ 3,105.95
Consumption Charge (per HCF)	\$ 2.76
Additional Dwelling Unit Charge (Monthly)	\$ 23.34

PROPOSED WATER RATE INCREASE - JULY 1, 2018:

Meter Size	Proposed Fixed Monthly Service Charges FY 2018-2019
5/8" and 3/4"	\$ 35.51
1"	\$ 96.89
1 1/2"	\$ 191.90
2"	\$ 301.60
3"	\$ 646.19
4"	\$ 1,176.31
6"	\$ 2,511.90
8"	\$ 3,364.78
Consumption Charge (per HCF)	\$ 2.98
Additional Dwelling Unit Charge (Monthly)	\$ 24.86

**CITY OF BUELLTON NOTICE OF PUBLIC HEARING - SEPTEMBER 22, 2016**

**PROPOSED WASTEWATER RATES**

*For additional information and details, please visit [www.cityofbuellton.com](http://www.cityofbuellton.com) to view the Final Draft of the Wastewater Rate Study.*

**PROPOSED WASTEWATER RATE INCREASE - NOVEMBER 1, 2016:**

<b>Proposed Wastewater Rate Increase by Customer Class</b>				
<b>Customer Class</b>	<b>Current</b>		<b>FY 2016-2017</b>	
	<b>Monthly Charge</b>	<b>Charge for Excess Water Use (for use over 900 cf)</b>	<b>Monthly Charge</b>	<b>Charge for Excess Water Use (for water use over 1400 cf)</b>
<b>Residential Accounts</b>				
Single Family Dwelling	\$25		\$25.96 (plus \$18.17 for each add. Unit)	
Multiple Dwelling	n/a		\$25.96 (plus \$18.17 for each add. Unit)	
Multi Family-Townhouses & Condos	\$25 (plus \$23.08 for each add. Unit)		\$25.96 (plus \$18.17 for each add. Unit)	
Multi Family-Apts	\$25 (plus \$17.38 for each add. Unit)		\$25.96 (plus \$18.17 for each add. Unit)	
Mobile Home Parks	\$25 (plus \$18.17 for each add. Space)		\$25.96 (plus \$12.98 for each add. Space)	
<b>Commercial Accounts</b>				
Motels	\$30.84	\$1.74/hcf	\$51.77	\$5.15/ hcf
Restaurant	\$30.84	\$1.74/hcf	\$51.77	\$5.15/hcf
Fast Food/Bar	\$30.84	\$1.74/hcf	\$51.77	\$5.15/hcf
Theaters/Banquet	\$30.84	\$1.74/hcf	\$51.77	\$5.15/hcf
Camper/Trailer Parks (unmetered)	\$30.84	\$1.74/hcf	\$51.77 plus \$14.06 for each add. Space	
Camper/Trailer Parks (metered)	\$30.84	\$1.74/hcf	\$51.77 for first space	\$5.15/hcf
Schools	\$30.84	\$1.74/hcf for 85% water use over 900 cf	\$25.56	\$0.47/hcf
Churches (w/o school)	\$30.84		\$25.56	\$0.47/hcf
Other Commercial	\$30.84	\$1.74/hcf for 85% water use over 900 cf	\$58.35	\$5.51/hcf
<b>Industrial Accounts</b>	Determined by Public Works Dir.			
<b>Combinations</b>	Determined by Public Works Dir.			

**CITY OF BUELLTON NOTICE OF PUBLIC HEARING - SEPTEMBER 22, 2016**

**PROPOSED WASTEWATER RATES**

*For additional information and details, please visit [www.cityofbuellton.com](http://www.cityofbuellton.com) to view the Final Draft of the Wastewater Rate Study.*

**PROPOSED WASTEWATER RATE INCREASE - JULY 1, 2017:**

<b>Proposed Wastewater Rate Increase by Customer Class</b>		
	<b>FY 2017-2018</b>	
<b>Customer Class</b>	<b>Monthly Charge</b>	<b>Charge for Excess Water Use (for water use over 1400 cf)</b>
<b>Residential Accounts</b>		
Single Family Dwelling	\$28.12 (plus \$19.68 for each add. Unit)	
Multiple Dwelling	\$28.12 (plus \$19.68 for each add. Unit)	
Multi Family-Townhouses & Condos	\$28.12 (plus \$19.68 for each add. Unit)	
Multi Family-Apts	\$28.12 (plus \$19.68 for each add. Unit)	
Mobile Home Parks	\$26.46 (plus \$14.06 for each add. space)	
<b>Commercial Accounts</b>		
Motels	\$56.08	\$5.58/hcf
Restaurant	\$56.08	\$5.58/hcf
Fast Food/Bar	\$56.08	\$5.58/hcf
Theaters/Banquet	\$56.08	\$5.58/hcf
Camper/Trailer Parks (unmetered)	\$56.08	
Camper/Trailer Parks (metered)	\$56.08	\$5.58/hcf
Schools	\$27.69	\$0.51/hcf
Churches (w/o school)	\$27.69	\$0.51/hcf
Other Commercial	\$63.21	\$5.58/hcf
<b>Industrial Accounts</b>	Determined by Public Works Dir.	
<b>Combinations</b>	Determined by Public Works Dir.	

CITY OF BUELLTON NOTICE OF PUBLIC HEARING - SEPTEMBER 22, 2016

PROPOSED WASTEWATER RATES

For additional information and details, please visit [www.cityofbuellton.com](http://www.cityofbuellton.com) to view the Final Draft of the Wastewater Rate Study.

PROPOSED WASTEWATER RATE INCREASE - JULY 1, 2018:

Proposed Wastewater Rate Increase by Customer Class		
	FY 2018-2019	
Customer Class	Monthly Charge	Charge for Excess Water Use (for water use over 1400 cf)
<b>Residential Accounts</b>		
Single Family Dwelling	\$30.45 (plus \$21.31 for each add. Unit)	
Multiple Dwelling	\$30.45 (plus \$21.31 for each add. Unit)	
Multi Family-Townhouses & Condos	\$30.45 (plus \$21.31 for each add. Unit)	
Multi Family-Apts	\$30.45 (plus \$21.31 for each add. Unit)	
Mobile Home Parks	\$30.45 (plus \$15.22 for each add. Unit)	
<b>Commercial Accounts</b>		
Motels	\$60.72	6.05/hcf
Restaurant	\$60.72	6.05/hcf
Fast Food/Bar	\$60.72	6.05/hcf
Theaters/Banquet	\$60.72	6.05/hcf
Camper/Trailer Parks (unmetered)	\$60.72 (plus \$15.22 for each add. Space)	
Camper/Trailer Parks (metered)	60.72 for first space	6.05/hcf
Schools	\$29.98	0.56/hcf
Churches (w/o school)	\$29.98	0.56/hcf
Other Commercial	\$68.44	6.05/hcf
<b>Industrial Accounts</b>	Determined by Public Works Dir.	
<b>Combinations</b>	Determined by Public Works Dir.	