



# CITY OF BUELLTON

## CITY COUNCIL AGENDA

**Regular Meeting of September 22, 2016 at 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 Any Council Member, the City Attorney, or the City Manager may request that an item be withdrawn from the Consent Agenda to allow for full discussion.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 September 8, 2016 Regular City Council Meeting**
- 2. List of Claims to be Approved and Ratified for Payment to Date for Fiscal Year 2016-17**
- 3. Revenue and Expenditure Reports through June 30, 2016**
  - ❖ (Staff Contact: Finance Director Carolyn Galloway-Cooper)
- 4. Financial Report for the Fourth Quarter Ending June 30, 2016**
  - ❖ (Staff Contact: Finance Director Carolyn Galloway-Cooper)

- 5. **Award of Bid for the Replacement of a Fleet Vehicle**  
 ❖ *(Staff Contact: Public Works Director Rose Hess)*

**PRESENTATIONS**

**PUBLIC HEARINGS**

**(POSSIBLE ACTION)**

- 6. **Consideration of Protests to Proposed Water and Wastewater Service Fees - Resolution No. 16-19 – “A Resolution of the City Council of the City of Buellton, California, Setting Forth the Increases to Monthly Water Meter Service Fees and Monthly Wastewater Service Fees in the City of Buellton”**  
 ❖ *(Staff Contact: Public Works Director Rose Hess)*

**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)**

- 7. **Presentation by the Santa Ynez Valley Botanic Garden**
- 8. **Discussion and Possible Award of Contract Regarding Engineering Services**  
 ❖ *(Staff Contact: Public Works Director Rose Hess)*

**CITY MANAGER’S REPORT**

**ADJOURNMENT**

The next meeting of the City Council will be held on Thursday, October 27, 2016 at 6:00 p.m. The regular City Council meeting of October 13, 2016 will be cancelled.

# CITY OF BUELLTON

**CITY COUNCIL MEETING MINUTES**  
**Regular Meeting of September 8, 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, Leo Elovitz, Vice Mayor Dan Baumann and Mayor Ed Andrisek

**Excused Absence:** Council Member Holly Sierra

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

## REORDERING OF AGENDA

None

## PUBLIC COMMENTS

The following individuals requested the City Council's assistance in keeping Zaca Creek Preschool open in Buellton. Support signatures were submitted for the record.

- Alessandra Bruce, Solvang
- Lauren Fritz, Buellton
- Marin Carey, Lompoc
- Leanna Watson, Buellton
- Joanna Crookston, Buellton
- Rachael Cardoza, Buellton

Bill Cirone, Santa Barbara County Superintendent of Schools, discussed the funding allocation changes that have gone into effect which may cause the Zaca Creek Preschool to close next year. Mr. Cirone explained the County's position and how this issue might be resolved through the guidance of Florene Bednersh, Ph.D., Administrator with the Santa Barbara County Education Office.

Peggy Brierton, Buellton, discussed how the engineering contract request for proposals has been handled and asked the Council to review all City contracts in the same way.

## **CONSENT CALENDAR**

Council Member Elovitz requested that Item No. 3 be pulled for discussion. The City Council agreed by consensus to this request.

- 1. Minutes of August 25, 2016 Regular City Council Meeting**
- 2. List of Claims to be Approved and Ratified for Payment to Date for Fiscal Year 2016-17**

### **MOTION:**

Motion by Vice Mayor Baumann, seconded by Council Member Elovitz approving Consent Calendar Items 1 and 2 as listed.

### **VOTE:**

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

Council Member Connolly – Yes

Council Member Elovitz – Yes

Vice Mayor Baumann – Yes

Mayor Andrisek – Yes

- 3. Annual Report for Fiscal Year 2015-16 from Visit Santa Ynez Valley**

Council Member Elovitz requested that this item be brought back for discussion at the October 27 meeting. The Council agreed by consensus to this request.

### **MOTION:**

Motion by Council Member Elovitz, seconded by Vice Mayor Baumann to bring this item back at the October 27 Council meeting.

### **VOTE:**

Motion passed by a voice vote of 4-0.

Council Member Connolly – Yes

Council Member Elovitz – Yes

Vice Mayor Baumann – Yes

Mayor Andrisek – Yes

## PRESENTATIONS

### 4. Proclamation Honoring Monte Larsen – A Veteran Volunteering in the Santa Ynez Valley

Mayor Andrisek presented Monte Larsen with a proclamation honoring his service to the community. Mr. Larsen accepted the proclamation and thanked the Council.

## PUBLIC HEARINGS

None

## COUNCIL MEMBER COMMENTS/ITEMS

Council Member Elovitz addressed the closing of Zaca Creek Preschool and requested this item be brought back at the October 27 Council meeting for further discussion and potential solutions.

Mayor Andrisek requested additional traffic enforcement on Central Avenue during specified hours.

Mayor Andrisek announced that Buellton's first quarter sales tax had an increase of 6.3% and stated this is a very healthy increase.

City Manager Bierdzinski suggested that one of the contract items be moved to the October 27 agenda due to the large number of items scheduled for the September 22 meeting. The Council agreed by consensus to move the Visitors Bureau contract to the meeting of October 27.

## WRITTEN COMMUNICATIONS

None

## COMMITTEE REPORTS

None

## BUSINESS ITEMS

### 5. Presentation Regarding Tajiguas Resource Recovery Project

#### **RECOMMENDATION:**

That the City Council receive the presentation on the Tajiguas Resource Recovery Project from the Santa Barbara County Resource Recovery and Waste Management Division.

#### **STAFF REPORT:**

City Manager Bierdzinski presented the staff report.

**DOCUMENTS:**

Staff Report with attachment as listed in the staff report.

**SPEAKERS/DISCUSSION:**

Mark Schleich and Leslie Wells with Santa Barbara County Public Works discussed their presentation regarding the Tajiguas Resource Recovery Project.

The Council discussed and asked questions regarding the Tajiguas Resource Recovery Project.

**6. Consideration of Contract Amendment with Ravatt Albrecht & Associates for Work on the Avenue of Flags Specific Plan****RECOMMENDATION:**

That the City Council authorize the City Manager to amend the contract with Ravatt Albrecht & Associates to budget an additional \$43,200 for work on the Avenue of Flags Specific Plan.

**STAFF REPORT:**

City Manager Bierdzinski presented the staff report.

**DOCUMENTS:**

Staff report with attachment as listed in the staff report.

**SPEAKERS/DISCUSSION:**

The City Council discussed the following issues:

- Negotiating a reduced payment amount
- Requesting a full accounting of the Avenue of Flags Specific Plan
- The need to design and market the Avenue of Flags through a Specific Plan

**MOTION:**

Motion by Council Member Connolly, seconded by Vice Mayor Baumann authorizing the City Manager to amend the contract with Ravatt Albrecht & Associates to fund an additional \$16,350 for work on the Avenue of Flags Specific Plan.

**VOTE:**

Motion passed by a roll call vote of 3-1, with Mayor Andrisek voting no.

Council Member Connolly – Yes

Council Member Elovitz – Yes

Vice Mayor Baumann - Yes

Mayor Andrisek – No

**7. Resolution No. 16-18 – “A Resolution of the City Council of the City of Buellton, California, Regarding Parking Restrictions on Highway 246 from Industrial Way to Freear Drive”**

**RECOMMENDATION:**

That the City Council consider approval of Resolution No. 16-18.

**STAFF REPORT:**

Public Works Director Hess presented the staff report.

**DOCUMENTS:**

Staff report with attachments as listed in the staff report.

**MOTION:**

Motion by Council Member Connolly, seconded by Council Member Elovitz approving Resolution No. 16-18 – “A Resolution of the City Council of the City of Buellton, California, Regarding Parking Restrictions on Highway 246 from Industrial Way to Freear Drive”

**VOTE:**

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

Council Member Connolly – Yes

Council Member Elovitz – Yes

Vice Mayor Baumann - Yes

Mayor Andrisek – Yes

**8. Resolution No. 16-20 – “A Resolution of the City Council of the City of Buellton, California, Regarding Parking Restrictions on Highway 246 from Industrial Way to River View Drive”**

**RECOMMENDATION:**

That the City Council consider approval of Resolution No. 16-20.

**STAFF REPORT:**

Public Works Director Hess presented the staff report.

**DOCUMENTS:**

Staff report with attachments as listed in the staff report.

**SPEAKERS/DISCUSSION:**

The City Council discussed considering striping changes to allow parking along Highway 246 from Industrial Way to River View Drive.

**MOTION:**

Motion by Council Member Connolly, seconded by Vice Mayor Baumann approving Resolution No. 16-20 – “A Resolution of the City Council of the City of Buellton, California, Regarding Parking Restrictions on Highway 246 from Industrial Way to River View Drive”

**VOTE:**

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

Council Member Connolly – Yes

Council Member Elovitz – Yes

Vice Mayor Baumann - Yes

Mayor Andrisek – Yes

9. **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)” (Second Reading)**

**RECOMMENDATION:**

That the City Council consider adoption of Ordinance No. 16-03.

**STAFF REPORT:**

City Manager Bierdzinski presented the staff report.

**DOCUMENTS:**

Staff report with attachments as listed in the staff report.

**MOTION:**

Motion by Council Member Connolly, seconded by Council Member Elovitz approving 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.

**VOTE:**

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

Council Member Connolly – Yes

Council Member Elovitz – Yes

Vice Mayor Baumann - Yes

Mayor Andrisek – Yes

**CITY MANAGER'S REPORT**

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

**ADJOURNMENT**

Mayor Andrisek adjourned the regular meeting at 8:20 p.m. The next regular meeting of the City Council will be held on Thursday, September 22, 2016 at 6:00 p.m.

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Ed Andrisek  
Mayor

ATTEST:

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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 **September 22, 2016** Council Meeting.

Listed below is a brief summary of the attached claims:

EXHIBIT A *	A/P Packet #APPKT00353	135,507.22 (2 pages)
	A/P Packet #APPKT00351	89,333.19 (3 pages)
	A/P Packet #APPKT00347	2,241.70 (2 pages)

Total Packets:	<u>\$227,082.11</u>
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EXHIBIT B	<u>\$63,515.41</u>
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Staff Payroll	9/2/2016	43,128.19
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<b>TOTAL AMOUNT OF CLAIMS:</b>	Total Payroll:	<u>\$43,128.19</u>
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	<u>\$333,725.71</u>
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\* The A/P Packets above will be approved on Council Agenda date of 9/22/2016  
 Checks to be signed on 9/22/16 tie to A/P Packet #APPKT00353  
 Checks previously signed by staff to avoid late fees relate to:  
 A/P Packets #APPKT00347 and APPKT00351

Payments via Electronic Fund Transfer (EFT):  
From 8/30/2016 through 9/12/2016

Bank Fees	8/31/2016	118.10
CalPERS - Medical	9/2/2016	20,249.50
CalPERS - Admin	9/2/2016	1,300.00
CalPERS - Classic	9/2/2016	13,694.44
CalPERS - PEPRA	9/2/2016	3,259.79
DCP-AUL	9/2/2016	12,597.12
The Hartford	9/2/2016	481.06
Bank Fees	9/2/2016	25.00
Deluxe	9/6/2016	592.57
Payroll Tax - IRS	9/7/2016	8,813.87
Payroll Tax - EDD	9/7/2016	2,383.96

**Total**

\$63,515.41



City of Buellton, CA

# Check Register

Packet: APPKT00353 - 2016-9-22 City Council Meeting - PAYMENTS

By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<b>Bank Code: General Checking-General Checking</b>						
000072	CA JOINT POWERS INS AUTHORITY	09/22/2016	Regular	0.00	20,276.00	33500
000713	COASTAL COPY Inc	09/22/2016	Regular	0.00	484.92	33501
000176	EXCLUSIVE ALARMS INC	09/22/2016	Regular	0.00	222.00	33502
000649	FLUID RESOURCE MANAGEMENT, IN	09/22/2016	Regular	0.00	870.40	33503
000353	MICHAEL J. BOGGESS dba	09/22/2016	Regular	0.00	635.00	33504
000326	MNS ENGINEERS, INC.	09/22/2016	Regular	0.00	63,502.50	33505
	**Void**	09/22/2016	Regular	0.00	0.00	33506
000379	POSTMASTER	09/22/2016	Regular	0.00	565.00	33507
000706	SATCOM GLOBAL, INC.	09/22/2016	Regular	0.00	50.40	33508
000448	SB CO FIRE DEPARTMENT	09/22/2016	Regular	0.00	48,901.00	33509

**Bank Code General Checking Summary**

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	32	9	0.00	135,507.22
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>32</b>	<b>10</b>	<b>0.00</b>	<b>135,507.22</b>

### Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH	9/2016	135,507.22
			<u>135,507.22</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.	09/09/2016	Regular	0.00	3,372.50	33458
000820	ACWA/JPIA	09/09/2016	Regular	0.00	2,385.79	33459
000957	Adam Enticknap dba	09/09/2016	Regular	0.00	6,549.00	33460
000509	ALAN NEEDHAM dba	09/09/2016	Regular	0.00	19,028.27	33461
000387	ALBERTSONS, LLC.	09/09/2016	Regular	0.00	542.26	33462
001084	American FitnessRepair & Sales	09/09/2016	Regular	0.00	225.00	33463
000661	AQUA-METRIC SALES, CO.	09/09/2016	Regular	0.00	10,990.08	33464
000043	BARBARA KNECHT	09/09/2016	Regular	0.00	320.00	33465
000076	CAL-COAST IRRIGATION, INC.	09/09/2016	Regular	0.00	162.65	33466
000090	CaIPERS LONG-TERM CARE PROGRA	09/09/2016	Regular	0.00	84.25	33467
000788	CITY OF SANTA MARIA	09/09/2016	Regular	0.00	21,722.39	33468
000118	COASTAL COPY, INC.	09/09/2016	Regular	0.00	151.96	33469
000679	COURIER SYSTEMS	09/09/2016	Regular	0.00	150.00	33470
000110	CVS PHARMACY INC.	09/09/2016	Regular	0.00	34.51	33471
000142	DANIEL FITZGERALD dba	09/09/2016	Regular	0.00	960.00	33472
000797	ESLY O. GUZMAN HERRERA dba	09/09/2016	Regular	0.00	486.00	33473
000187	FARM SUPPLY COMPANY	09/09/2016	Regular	0.00	287.18	33474
000193	FIRST NATIONAL BANK OF OMAHA	09/09/2016	Regular	0.00	246.05	33475
000826	GENUINE PARTS COMPANY INC	09/09/2016	Regular	0.00	189.26	33476
001085	George Featherson Jr	09/09/2016	Regular	0.00	230.00	33477
000813	HOME DEPOT CREDIT SERVICES	09/09/2016	Regular	0.00	440.50	33478
001086	Irina Nikolaeva	09/09/2016	Regular	0.00	693.00	33479
000248	JCI JONES CHEMICALS, INC.	09/09/2016	Regular	0.00	2,715.33	33480
000759	JJACPA, INC.	09/09/2016	Regular	0.00	11,150.00	33481
000819	JOHN F. RICKENBACH	09/09/2016	Regular	0.00	1,350.00	33482
000658	KEY SOLUTIONS	09/09/2016	Regular	0.00	125.00	33483
000280	LEE CENTRAL COAST NEWSPAPERS	09/09/2016	Regular	0.00	453.52	33484
000059	MOTOR PRODUCTS INC. dba	09/09/2016	Regular	0.00	63.31	33485
000342	NIELSEN BUILDING MATERIALS, INC	09/09/2016	Regular	0.00	41.90	33486
000801	O'REILLY AUTOMOTIVE STORES, INC	09/09/2016	Regular	0.00	44.35	33487
000861	POLYDYNE INC.	09/09/2016	Regular	0.00	1,146.96	33488
000382	PROCARE JANITORIAL SUPPLY, INC.	09/09/2016	Regular	0.00	309.48	33489
001001	R & M ENTERPRISES DIESEL TOWINC	09/09/2016	Regular	0.00	230.04	33490
000032	READY REFRESH BY NESTLE	09/09/2016	Regular	0.00	106.91	33491
001002	ROBERTSON SUPPLY	09/09/2016	Regular	0.00	333.95	33492
000438	SANTA YNEZ VALLEY HARDWARE	09/09/2016	Regular	0.00	378.65	33493
000439	SANTA YNEZ VALLEY NEWS	09/09/2016	Regular	0.00	21.00	33494
000450	SB CO SHERIFF'S DEPARTMENT	09/09/2016	Regular	0.00	976.42	33495
000507	THE GAS COMPANY	09/09/2016	Regular	0.00	18.55	33496
000535	UNDERGROUND SERVICE ALERT	09/09/2016	Regular	0.00	27.00	33497
000904	US BANK EQUIPMENT FINANCE	09/09/2016	Regular	0.00	483.45	33498

Check Register

<b>Vendor Number</b> 000765	<b>Vendor Name</b> VICTOR RODRIGUEZ dba	<b>Payment Date</b> 09/09/2016	<b>Payment Type</b> Regular	<b>Discount Amount</b> 0.00	<b>Payment Amount</b> 106.72	<b>Number</b> 33499
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Bank Code General Checking Summary

<b>Payment Type</b>	<b>Payable Count</b>	<b>Payment Count</b>	<b>Discount</b>	<b>Payment</b>
Regular Checks	57	42	0.00	89,333.19
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>57</b>	<b>42</b>	<b>0.00</b>	<b>89,333.19</b>

### Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH	9/2016	89,333.19
			<u>89,333.19</u>



# Check Register

Packet: APPKT00347 - 2016-8-31 Special Run - PAYMENT



City of Buellton, CA

By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
000848	RAVATT, ALBRECHT & ASSOC, INC.	08/31/2016	Regular	0.00	2,241.70	33457

### Bank Code General Checking Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	1	1	0.00	2,241.70
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>1</b>	<b>1</b>	<b>0.00</b>	<b>2,241.70</b>

### Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH	8/2016	2,241.70
			<hr/>
			2,241.70

**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: Carolyn Galloway-Cooper, Finance Director

Meeting Date: September 22, 2016

Subject: Revenue and Expenditure Reports through June 30, 2016

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**BACKGROUND**

The attached reports compare month-to-month data covering the period July 1, 2015 through June 30, 2016. The reports are prepared monthly and submitted to Council on the second meeting of each month. This final report is submitted in September in order to include accrued revenue and expenditures prior to closing the fiscal year.

Monthly reports are posted to the City's website. Upon receipt of the City's annual audit report in December, adjustments may be necessary and staff will update on the website. A final system report of audited revenues and expenditures will be provided to Council.

The expenditures and revenues are slightly under budget for the 2015-16 Fiscal Year.

**FISCAL IMPACT**

The Revenue and Expenditure Reports provide the community with an understanding of the financial activity of the City's funds on a monthly basis.

**RECOMMENDATION**

That the City Council receive and file these reports for informational purposes.

**ATTACHMENT**

Attachment 1 - Revenue and Expenditure Reports through June 30, 2016

# ATTACHMENT 1

City of Buellton  
 General Fund - Monthly Revenue (unaudited)  
 FY: 2015-16

sz 09/12/16

100%

Account Number	Description	2015					2016					FY: 2015-16		
		July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	
001-41005	Property Tax - Secured				3,246	174,095	1,562,606	93,783			388,033	6,269	124,306	2,352,338
001-41010	Property Tax - Unsecured				41,077							3,148	44,225	
001-41015	Homeowners Exemptions					993	2,317				2,317	993	6,620	
001-41020	Franchise Fees	5,668	11,322	5,781	22,543	5,769	22,817	5,902	11,423	17,470	90,459	5,976	217,634	
001-41025	Sales Tax	149,216	108,000	198,148	102,000	102,000	210,822	120,800	120,800	226,795	146,400	146,400	1,826,481	
001-41030	Sales Tax Compensation						66,417				66,417		132,834	
001-41035	Transient Occupancy Tax (TOT)	234,804	207,697	163,816	161,385	124,052	110,754	91,526	111,123	101,560	167,236	149,222	1,783,356	
001-41040	Property Transfer Tax	2,082	3,020	2,302	1,767	1,327	1,644	981	3,271	1,060	10,824	1,522	32,120	
001-42010	Zoning Clearance	225	45	90	45	90	45	180	360	180	180	135	1,620	
001-42015	Small Permits	1,000	1,050	2,155	1,155	250	2,000	25	25	50	3,500	50	11,260	
001-43005	Motor Vehicle in Lieu Tax												-	
001-43010	MV License Fee						1,990	200,379				200,379	402,748	
001-43015	COPS Grant												-	
001-43020	CA Indian Gaming Grant												-	
001-43035	CA Prop 1B Revenue												-	
001-43040	Beverage Container Grant				5,000								5,000	
001-44005	Buellton Recreation Program	24,928	9,205	9,411	5,447	6,657	5,281	7,501	7,629	12,507	23,862	25,294	173,080	
001-44010	Recreation Program (50/50)			287	1,345	5,817	-	-	-	6,855		2,460	18,550	
001-44015	Buellton Rec Pgm Trips	13,316	1,205	6,647	1,298	2,283	637	3,673	5,163	513	3,913	4,095	43,348	
001-44020	Park Reservation Fees	620	520	500	360	-	-	-	3,080	720	320	760	7,320	
001-44025	Event Applic Fee/Temp Use		310		100			200	145	100		310	1,165	
001-44035	Cost Reimbursement			3,963	9,747								13,710	
001-44105	Interest	501	2,784	838	668	639	2,210	1,860	1,282	5,846	187	1,228	24,433	
001-44250	Miscellaneous	994	1,203	1,680	722	602	95	564	157	13,897	1,008	625	26,981	
001-45005	Criminal Fines and Penalties	190	113	81	143	31	80	135	10	19	101	77	1,049	
001-45010	Fines and Fees	2,860	2,349	2,680	3,547	1,701	2,821	1,759	2,891	2,683	3,183	3,039	32,208	
001-49010	Rent	5,779	6,264	6,199	5,884	7,366	6,569	7,094	8,554	7,744	7,689	7,164	83,236	
001-49526	Mandated Cost												-	
001-49532	Code Enforcement Fines												-	
001-49548	Document Sales							7				2	9	
001-49578	Law Enforcement Cost Recovery												-	
001-49585	Miscellaneous Permits	28,997		300		19,800	50						49,147	
001-49617	Surplus Property Sales												-	
001-49632	Time Extension Fees												-	
001-49636	Transfer In - Successor Agency												-	
													-	
<b>TOTAL REVENUE (ACTUAL THROUGH JUNE):</b>		<b>471,180</b>	<b>355,087</b>	<b>404,878</b>	<b>367,478</b>	<b>452,479</b>	<b>1,931,413</b>	<b>605,103</b>	<b>275,913</b>	<b>397,998</b>	<b>846,896</b>	<b>623,692</b>	<b>558,356</b>	<b>7,290,472</b>

Note:

Revenue and Expenditure may change. A final system report will be provided once the audit is finalized.

Percentage Received:	93%
Original Budget	6,665,000
Amendments (Res No. 16-02; Q2):	1,173,335
<b>Budget:</b>	<b>7,838,335</b>

City of Buellton  
 General Fund Monthly Expenditures ( Unaudited)  
 FY: 2015-16

sz 09/12/16

100%

Department No.	Description	2015					2016					FY: 2015-16		
		July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr		May	June
001-401	City Council	9,658	9,226	15,488	13,852	14,407	7,572	9,349	9,337	8,018	13,076	8,737	11,048	129,768
001-402	City Manager	16,535	17,948	18,112	19,077	18,324	12,117	17,368	13,780	17,187	24,560	17,123	18,012	210,142
001-403	City Clerk	8,103	10,573	7,822	10,561	9,119	4,768	8,263	7,978	8,350	11,736	7,863	11,068	106,204
001-404	City Attorney	9,904	9,864	8,852	9,728	24,538	11,544	12,473	14,696	16,710	11,776	1,991	36,749	168,825
001-410	Non-Departmental	71,140	87,090	22,658	78,361	79,786	107,480	38,085	41,552	46,432	24,604	92,132	67,279	756,599
001-410	Non-Departmental (Transfer to Successor Agency)					5,943,790								5,943,790
001-420	Finance	24,026	25,980	24,206	29,217	27,418	23,036	19,481	23,684	36,162	33,456	30,004	26,837	323,508
001-501	Police and Fire	147,061	185,241	285,087	144,207	190,676	143,340	142,542	189,593	145,773	142,973	89,399	2,201	1,808,093
001-510	Library	400	432	508	594	413	91,946	235	234	304	794	910	286	97,055
001-511	Recreation	59,002	53,522	37,599	30,787	39,097	32,720	38,673	31,722	37,045	54,392	36,463	53,162	504,185
001-550	Street Lights	2,506	2,906	4,603	3,201	6,253	4,477	4,585	5,146	5,320	5,214	5,135	5,145	54,492
001-551	Storm Water	463	13,874	15,415	20,885	19,778	26,092	21,885	-	36,015	7,618	3,680	1,353	167,058
001-552	Public Works - Parks	18,296	20,854	20,258	10,797	24,448	9,725	13,850	13,247	17,121	18,642	21,170	30,622	219,029
001-556	Public Works - Landscape	3,953	5,300	7,931	9,923	8,642	8,339	5,506	4,509	4,284	6,752	4,422	3,910	73,473
001-557	Public Works - Engineering	3,434	6,500	5,120	6,282	7,370	7,233	2,533	4,690	19,678	13,873	33,585	10,275	120,572
001-558	Public Works - General	46,211	48,151	67,111	41,845	44,462	33,780	40,123	37,973	36,323	44,857	22,155	28,835	491,827
001-565	Planning/Community Dev	25,536	27,117	22,679	35,226	42,235	28,494	31,014	11,933	30,951	43,280	21,191	27,969	347,624
	Transfer to CIP fund 92 (updated in June)							-					-	-
	<b>TOTAL EXPENDITURES (ACTUAL THROUGH JUNE):</b>	<b>446,228</b>	<b>524,578</b>	<b>563,449</b>	<b>464,543</b>	<b>6,500,756</b>	<b>552,663</b>	<b>405,965</b>	<b>410,074</b>	<b>465,671</b>	<b>457,603</b>	<b>395,961</b>	<b>334,751</b>	<b>11,522,242</b>

Transferred to Capital Assets: \$123,975

Percentage spent: 91%  
 Budget 6,653,082  
 Amendments (Res No. 16-02; Q2): 5,958,790  
 Amended Budget 12,611,872

Note:  
 Revenue and Expenditure may change. A final system report will be provided once the audit is finalized.

**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: Carolyn Galloway-Cooper, Finance Director

Meeting Date: September 22, 2016

Subject: Financial Report for the Fourth Quarter Ending June 30, 2016

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**BACKGROUND**

Four times each year, City staff completes a comprehensive analysis of City finances, including projected fund balances, revenues to date, departmental budgets, expenditures, encumbrances and potential budget adjustments. This financial report focuses on the Fourth Quarter and summarizes the fiscal year ended June 30, 2016 for the General Fund and Enterprise Funds.

The attached report provides an overview of the current economic outlook on the Local, State and National levels; General Fund revenues, expenditures, projected fund balances; and activity in the two Enterprise Funds. Though this information is not audited and does not contain all the usual periodic adjustments, accruals or disclosures, the information does provide a picture of the City's activity and developing financial trends. The annual audit for this reporting period is in progress and staff will provide Council with an updated system report upon completion.

**FISCAL IMPACT**

The Interim financial statement provides the community with an understanding of the financial activity of the City's primary funds.

**RECOMMENDATION**

That the City Council receive and file the Fourth Quarter Financial Report.

**ATTACHMENT**

Attachment 1 - Quarterly Financial Report for the period ending June 30, 2016

# CITY OF BUELLTON



## QUARTERLY FINANCIAL REPORT

Fourth Quarter Ending June 30, 2016

September 22, 2016

### Overview

The purpose of this financial report is to provide financial information for the City of Buellton. This report focuses on the fourth quarter of fiscal year 2015-16 and covers the period July 1, 2015 through June 30, 2016. The report is presented quarterly and concentrates on the General Fund and Enterprise Funds. The quarterly financial report presents the City's financial position, considers economic factors and highlights trends based on the City's budget versus what actually occurred during the period. A discussion of other economic factors provides a means of comparing the local economy against larger economic events that may affect the City of Buellton. This quarterly financial report is a valuable tool to the Council, staff and general public.

### US Economy

The fourth quarter showed no signs of a rate hike from the Federal Reserve. The last two employment reports and the combination of low inflation and slow growth may have prevented another increase until next year. The May employment situation reflects the nearly one million people who have left the labor market during the quarter. In light of this occurrence, business seems to have become quite cautious about hiring. The biggest challenges for the Federal Reserve to proceed with its anticipated rate hike include, lack of wage growth, unexpected slowdown in the economy and Britain's referendum on European Union membership. The biggest concerns were with the United States employment situation and the continuous weakness of the international economy. These are some of the dominating factors in the decision to hold rates constant.

### State Economy

California's fourth quarter continued a slow but steady GDP growth in the two percent range. There were steady gains in employment and an unemployment rate of 5.4 percent as of June 2016. The state's unemployment rate was insignificantly different from the U.S. rate of 5.1 percent, as expected. Inland California, with its traditional manufacturing and agriculture, continued to suffer in terms of employment, while the coast, with its technology, information and trade sectors, lead the recovery. Total employment growth for 2016 is estimated at 2 percent. Payrolls are expected to grow at about the same rate. Real personal income growth is estimated to be 3.1 percent in 2016.

### City of Buellton

The City's General fund ended the 2015-16 fiscal year with almost \$8.6 Million in fund balance. The General fund realized an increase of about \$1 Million from the previous quarter and ended the year with over \$6 Million in cash reserves. Revenues ended at 93 percent of budget while expenditures stayed within appropriations, ending the year at 91 percent. This reflected prudent spending against solid revenue streams throughout the fiscal year. The City's Enterprise funds ended the fiscal year with negative results in fund balances. Both funds experienced operating losses and face rate increases in the future. Details are provided in a later discussion.

**GENERAL FUND**

**General Fund Balance**

The chart below shows that with 100 percent of the year complete revenues are slightly below projections at 93% while expenditures fell below expected at 91 percent of appropriations. “Revenue versus budget” gaps are explained in the next paragraph.

<b>General Fund - Fund Balance</b>	<b>Budget</b>	<b>Actual</b>	<b>Percent</b>
Balance, at Start of Year	\$ 12,810,992	\$ 12,792,682	
Revenues *	7,838,335	7,290,472	93%
Expenditures *	(12,611,872)	(11,522,243)	91%
Expenditures - Restricted Cash		(5,943,790)	
Balance, at End of Year	<u>\$ 8,037,455</u>	<u>\$ 8,560,911</u>	

The chart below provides summary comparison information on revenues and expenditures for the year ending June 30, 2016 versus the prior year ending June 30, 2015. Total revenues are higher in the current year by over \$1 Million. The major cause of this increase is due to the redistribution of property tax resulting from the Successor Agency payout to the Department of Finance. The increase in the City’s share of property tax was returned to the General Fund in a one-time property tax payment. Expenditures are higher in this fiscal year compared to the prior year because of the over \$5 Million payout caused by the State remittance related to Successor Agency (the General Fund held restricted cash and transferred it back to the Successor Agency upon demand from the State). Revenue and expenditure activity ended the fiscal year within appropriations and key revenue sources maintained steady streams. Capital project activity included Fundware software replacement (completed and all Tyler modules are functioning at capacity), Storm Drain Cleaning/Retrofit, Facilities Maintenance, Riverview Park Improvements, Village Park Improvements, Road Maintenance and Industrial Way Streetlights.

<b>General Fund</b>	<b>2015-16</b>	<b>2014-15</b>	<b>Over (Under)</b>
<b>Revenues:</b>			
Taxes	6,395,579	5,186,063	1,209,516
Fees and Permits	31,170	10,704	20,466
Fines and Penalties	39,875	37,508	2,367
Charges For Current Services	243,718	299,673	(55,955)
Other Revenues	580,130	655,671	(75,541)
<b>Total Revenues</b>	<u>7,290,472</u>	<u>6,189,619</u>	<u>1,100,853</u>
<b>Expenditures:</b>			
General Government	11,501,829	5,690,644	5,811,185
Capital	20,414	111,203	(90,789)
<b>Total Expenditures</b>	<u>11,522,243</u>	<u>5,801,847</u>	<u>5,720,396</u>

**Top Five Revenues**

Top Five Revenues	Budget	YTD Actual	Percent
Sales Tax	2,053,000	1,959,315	95%
TOT	1,800,000	1,783,757	99%
Property Tax	2,371,335	2,435,273	103%
MVLF	375,000	402,748	107%
Franchise Fees	210,000	217,634	104%
Other Revenues	1,029,000	491,745	48%
<b>Total Revenues</b>	<b>7,838,335</b>	<b>7,290,472</b>	<b>93%</b>

**Sales Tax**

The City received Sales Tax revenue at anticipated levels falling just short of target due to a variance in the final triple flip payment. Sales Tax payments fluctuated each month in conjunction with seasonal flows. The City's Sales Tax is the top revenue source in the General Fund and ended the fiscal year at 95 percent. Strong revenue streams from local sales tax are expected to increase as new businesses continue to open, i.e. Tractor Supply and Starbucks opened during the last quarter. Sky River RV opened early in the fiscal year.

**Transient Occupancy Tax (TOT)**

This revenue source is a major component of the City's General Fund. The City reached goals for TOT revenue against budgeted levels. Total receipts ended the year at 99 percent of expected revenue. Payments for the reporting period are due on the 20<sup>th</sup> of the following month, which causes revenue streams to lag one month. All TOT receipts are recorded through June 2016

**Property Tax**

The City's property tax revenues are received later in the fiscal year at intervals set by the Santa Barbara County Auditor-Controller. Property tax exceeded budget at 103 percent. An increase this fiscal year is due to the one-time redistribution of property tax resulting from the recent payment by the Successor Agency to the Santa Barbara County Auditor-Controller. The City's ongoing share of property tax is expected to increase based on new development in progress.

**Motor Vehicle License Fees**

Payments for 2015-16 are at 107 percent and budget was exceeded. Payments from the State of California are received throughout the fiscal year, usually January and June. This revenue source is trending upwards based on historic receipts.

**Franchise Fees**

The majority of the City's Franchise Fees are collected from MarBorg Industries, the City's solid waste service provider. Other franchise fees are received from various utilities. All Franchise Fees exceeded budget ending the year at 107 percent.

**Expenditures**

The chart below summarizes operating costs by department and shows that one budget unit is over budget. Overall the General fund is within budget at the end of the fourth quarter.

Department Expenditures	Budget	YTD Actual	% Expended
City Council	142,622	129,769	91%
City Manager	213,832	210,143	98%
City Clerk	111,385	106,206	95%
City Attorney	150,000	168,827	113%
Non-Departmental	6,859,582	6,576,414	96%
Finance	312,580	323,508	103%
Police and Fire	1,977,896	1,808,093	91%
Library	99,741	97,056	97%
Recreation	474,058	504,186	106%
Street Lights	55,000	54,491	99%
Storm Water	184,600	167,057	90%
Public Works - Parks	320,800	219,029	68%
Public Works - Landscape	100,500	73,471	73%
Public Works - Engineering	110,000	120,570	110%
Public Works - General	584,205	491,824	84%
Planning (Comm Dev)	450,187	347,624	77%
Transfer to CIP Fund 92	464,884	123,975	27%
<b>Total All Departments</b>	<b>12,611,872</b>	<b>11,522,243</b>	<b>91%</b>

As of June 30, 2016 or 100 percent of the year expended, the General Fund budget ended at 91 percent spent (including CIP). Actual General Fund expenditures were approximately \$11.5 Million. Almost all Budget Units ended the quarter within budget except for the City Attorney, Finance, Recreation and Public Works – Engineering. The City Attorney costs increased as part of legal services associated with operations during 2015-16. The Finance Department paid for contract staffing assistance during the hiring process to replace key personnel. In addition, contract staff assisted in the implementation of the various software modules related to the City's conversion to a new accounting and utility billing software. The Recreation Department costs exceeded budget due to increased activity and staffing requirements. The Public Works – Engineering overage is due to charges that staff has determined relate to Gas Tax. Staff is in the process redirecting costs from this department in accordance with State Guidelines, which will cause the department to be within budget. The overall General Fund did not experience a budget deficit because numerous departments ended the year under budget. CIP expenditures include costs for the Fundware Replacement, Storm Drains, Facilities Maintenance, Riverview Park Improvements, Village Park Improvements, Road Maintenance and Industrial Way Streetlights. There are no budget amendments required for the General Fund.

*Top Five Revenues for the City of Buellton' General Fund are Sales Tax, Property Tax, Transient Occupancy Tax (TOT), Motor Vehicle License Fee (MVLFF) and Franchise Fees. These revenues account for almost 90% of total General Fund Revenues.*

**Major Expenditure Variances**

Expenditures By Type	Budget	YTD Actual	% Expended
Staffing	1,648,560	1,490,434	90%
Contract Services	3,075,737	2,926,383	95%
Telecomm and Utilities	263,092	153,737	58%
Supplies and Materials	196,050	58,982	30%
Other Operating Costs	6,856,799	6,334,875	92%
Minor Capital & CIPs	571,634	557,832	98%
<b>Total by Type</b>	<b>12,611,872</b>	<b>11,522,244</b>	<b>91%</b>

The chart above shows General Fund operating and CIP expenditures by Expenditure Type. With 100 percent of the year expended, all budget categories are within budget. The overall General Fund operating and CIP expenditures adhered to the City's Municipal Budget through 2015-16.

**ENTERPRISE FUNDS**

The Statement of Revenues and Expenses for the fourth quarter of Fiscal Year 2015-16 are shown below.

**Revenues and Expenses**

<b>Enterprise Funds</b>	<b>Water</b>	<b>Wastewater</b>
Revenues		
Charges for Service	1,457,321	732,239
Interest Income	6,328	4,386
Total Operating Revenues	1,463,649	736,625
Other Revenues*	468,460	267,802
Total Revenues	1,932,109	1,004,427
Expenses		
Operating	732,268	738,777
Depreciation	161,438	255,983
State Water	1,014,991	-
Total Operating Expenses	1,908,697	994,760
Operating Profit (Loss)	(445,048)	(258,135)
Transfers Out - CIP	(532,648)	(225,194)

\*Connection Fees used for CIP with restrictions; cannot be used for Operating costs.

**Water Fund**

Operating revenues were less than operating expenditures causing a net operating loss of almost \$450,000 for Fiscal Year 2015-16 (excludes Connection Fee revenue and Capital Improvement Project expenses). The Water fund utilizes connection fees and reserves to fund Capital Improvement projects (CIPs) which amount to over \$530,000 expended as of June 30, 2016. The total CIP budget for fiscal year 2015-16 includes Reservoirs 1 & 2 Improvements, Water Treatment Plant Facilities Improvements and Water Treatment Plant Backwash Reclamation Improvement Project, Water Meter Improvements, Recycled Water Concept (costs shared jointly with Wastewater) and Fundware Financial and Utility Billing Replacement Project. The Water Fund will split the cost of the Fundware Software Replacement Project equally between Water, Wastewater and General Fund (1/3 each). Budgeted appropriations for CIPs amount to approximately \$1.1 Million. A water rate study in progress during the fourth quarter recommended future rate increases. The Water Fund ended the fourth quarter with approximately \$1.3 Million in reserves.

**Wastewater Fund**

Operating revenues were less than operating expenditures causing a net loss of about \$260,000 for Fiscal Year 2015-16 (excludes Connection Fee revenue and Capital Improvement Project expenses). The Sewer fund utilizes connection fees and reserves to fund Capital Improvement projects (CIPs) which amount to about \$225,000 expended as of June 30, 2016. The total CIP budget for fiscal year 2015-16 includes Wastewater Treatment Plant Facilities Improvements, Sewer Collection System Clean (CCTV), Recycled Water Concept (costs shared jointly with Water) and Fundware Financial and Utility Billing Software Replacement. The Wastewater Fund will split the cost of the Fundware Software Replacement Project equally between Water, Wastewater and General Fund (1/3 each). Total budgeted appropriations for CIPs amount to about \$280,000. A sewer rate study in progress during the fourth quarter recommended future rate increases. The Sewer Fund ended the fourth quarter with slightly over \$1.5 Million in reserves.

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

City Manager Review: MPB  
Council Agenda Item No.: 5

To: The Honorable Mayor and City Council  
From: Rose Hess, Public Works Director  
Meeting Date: September 22, 2016  
Subject: Award of Bid for the Replacement of a Fleet Vehicle

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**BACKGROUND**

Included in this fiscal year's budget is the procurement of one replacement vehicle for the City's fleet. The vehicle to be replaced is a 2003 Ford F-150. We sent out and posted a Notice to Bidders on August 8, 2016. The City requested bidders provide a cost for the best used and best new full-size pickup truck available that met the required specifications.

The City received bids from Rio Vista Chevrolet and Jim Vreeland Ford.

A summary of the bids received is listed below:

	<b>Rio Vista Chevrolet</b>	<b>Jim Vreeland Ford</b>
Pick-Up Truck New	2016 Silverado	2017 Ford F-150
	\$26,880.72	\$26,267.89
Pick-Up Truck Used	n/a	n/a
Delivery	September	November

Prior to completion of any purchase, staff will inspect the vehicle to ensure it complies with the requested specifications.

**FISCAL IMPACT**

Staff has allocated \$25,000 from the General Fund within the 2016/17 Fiscal Year Budget for fleet vehicle replacement. An additional \$1,300 would be needed to cover the vehicle cost. Money can be transferred within the CIP fund from other projects, such as the storm drain cleaning, to cover the cost without creating additional encumbrances in the General Fund. A budget amendment is not necessary.

**RECOMMENDATION**

That the City Council award the bid to Vreeland Ford in an amount of \$26,267.89 for the purchase of a 2017 Ford F-150 and authorize the City Manager and the Finance Director to complete the purchase.

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

City Manager Review: MPB  
Council Agenda Item No.: 6

To: The Honorable Mayor and City Council

From: Rose Hess, Public Works Director

Meeting Date: September 22, 2016

Subject: Consideration of Protests to Proposed Water and Wastewater Service Fees - Resolution No. 16-19 - “A Resolution of the City Council of the City of Buellton, California, Setting Forth the Increases to Monthly Water Meter Service Fees and Monthly Wastewater Service Fees in the City of Buellton”

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**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.

On July 28, 2016, the City Council received the Final 2016 Water and Wastewater Rate Studies and approved the Proposition 218 Notice of Public Hearing for Water and Wastewater Rates, and directed staff to begin the Proposition 218 Public Hearing Process.

Mr. Lynn Takaichi, of Water Consultancy, will be providing a brief presentation to go over 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.							

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).

The biggest rate increase will be for commercial/industrial customers. Outreach has been provided through the Chamber of Commerce and the City has also posted specific Frequently Asked Questions (FAQ’s). In addition, to provide additional outreach, staff mailed the notice to each water/wastewater customer as part of the August water bill, in addition to the property owner notices. A copy of this notice is provided in Attachment 5

Pursuant to Proposition 218, the City must conduct a Public Hearing regarding the rates. Property owners and tenants may submit written protests to the City anytime up to and including (but must be submitted by the conclusion of) the Public Hearing on September 22, 2016. During this time, the City has received six written protests (Attachment 6). 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 a formal protest unless accompanied by a written protest.

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 (993 protests, as there are 1985 parcels in Buellton) of the record owners of the identified parcels upon which they are proposed to be imposed, the City Council may approve the rate proposed increases.

The following is the 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 (can adopt Rate Resolution at same meeting)– September 22, 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 conduct a Public Hearing and consider protests to proposed water and wastewater service fees and adopt Resolution No. 16-19 - “A Resolution of the City Council of the City of Buellton, California, Setting Forth the Increases to Monthly Water Meter Service Fees and Monthly Wastewater Service Fees in the City of Buellton”

**ATTACHMENTS**

- Resolution No. 16-19
- 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 – Proposition 218 Notice
- Attachment 6 – Protest Letters Received as of 9/13/2016

**RESOLUTION NO. 16-19**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BUELLTON, CALIFORNIA, SETTING FORTH THE INCREASES TO MONTHLY WATER METER SERVICE FEES AND MONTHLY WASTEWATER SERVICE FEES IN THE CITY OF BUELLTON**

**WHEREAS**, the City of Buellton operates and maintains both water and wastewater utilities including treatment, collection and distribution systems, and has determined that the current rate structure does and will not support the current and future costs of the systems; and

**WHEREAS**, the City of Buellton undertook a water and wastewater rate study to evaluate the rate structure to ensure it adequately provided for the maintenance, operation and replacement/rehabilitation of its water and wastewater systems; and

**WHEREAS**, Section 13.56.010 of the Buellton Municipal Code establishes water sales fees and monthly meter charges and provides for the setting of said fee amounts by resolution of the City Council; and

**WHEREAS**, Section 14.40.010 of the Buellton Municipal Code establishes a monthly charge for sewage service by resolution of the City Council; and

**WHEREAS**, all development in the City requires potable water to protect the public's general welfare, health and safety; and

**WHEREAS**, the City's municipal wastewater system furnishes sewer service to each premises connected to the City's sewer system; and

**WHEREAS**, the purpose of water sales fees and monthly meter charges fees and sewage service charges is to protect the public health, safety and general welfare by providing adequate potable water and furnish sewer service for the citizens of the City of Buellton and to pay for the cost of providing such service; and

**WHEREAS**, the fees collected pursuant to this resolution shall be used only to pay for the cost of providing water service and sewer service to the residents and non-residential development of the City of Buellton; and

**WHEREAS**, there is a reasonable relationship between the types of development on which fees are imposed and the purpose for which such fees will be used as shown in the 2016 Water Rates Study and the 2016 Wastewater Rates Study; and

**WHEREAS**, there is a reasonable relationship between the amount of the fee and the cost of services and facilities necessary to deliver water service and sewer service to the residents and non-residential development of the City of Buellton as shown in the 2016 Water Rates Study and the 2016 Wastewater Rates Study; and

**WHEREAS**, revenues derived from the rates shall not exceed the funds required to provide the water and sewer service; and

**WHEREAS**, revenues derived from the rates shall not be used for any purpose other than that for which they are imposed; and

**WHEREAS**, the amount of the rates imposed upon any parcel or person does not exceed the proportional cost of the service attributable to the parcel; and

**WHEREAS**, on July 28, 2016, at a regular meeting of the City Council, the City presented a water and wastewater rate study, together with proposed increased water and sewer rates and rate structure to the City Council. After review, the City Council accepted the proposed water and wastewater rates and rate structure and directed that City staff provide all notice as required by law of a public hearing to be conducted before the City Council of the City on September 22, 2016, to consider adoption of the proposed water and sewer rates and rate structure; and

**WHEREAS**, pursuant to the provisions of Article 13D, Section 6, of the California Constitution (e.g., Proposition 218), prior to an increase in water or sewer rates, property owners shall be provided at least 45 days' notice of a public hearing to consider an increase in any such water and sewer rates together with an explanation of: (1) the amount of the proposed rate increase, (2) the basis on which the rate increase is calculated, (3) the reason for the rate increase, and (4) the date, time and place of a public hearing to consider the rate increase, together with an explanation of the rights of property owners to submit written protests to the proposed rate increase. The proposed rate increases may not be imposed if written protests are submitted by a majority of the property owners subject to the increased rates; and

**WHEREAS**, on July 29, 2016 the City mailed over 3,500 copies a Notice of Proposed Increase in Water and Wastewater Rates and Public Hearing regarding such increases to property owners and to utility customers; and

**WHEREAS**, on September 22, 2016, prior to the adoption of this Resolution, the City Council conducted and concluded a duly noticed public hearing concerning the proposed water and wastewater rate increase and considered all written and oral comments presented; and

**WHEREAS**, as of the time of such public hearing the City has received six written protests to the proposed water and wastewater rate increase; and

**WHEREAS**, in accordance with the requirements of the California Environmental Quality Act ("CEQA"), California Public Resources Code section 21000 *et seq.*, the State CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, sections 15000 *et seq.*, and the Environmental Impact Report Guidelines of the City of Buellton, City staff has reviewed the proposed rate increase and recommends that the approval of the rate increase is Statutorily Exempt pursuant to CEQA Guidelines Section 15273 as it applies only to rates to obtain funds necessary to operate and maintain service for the water and wastewater system; and

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

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BUELLTON DOES RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:**

**SECTION 1.** The City Council hereby finds that the above recitations are true and correct and, accordingly, are incorporated as a material part of this Resolution.

**SECTION 2.** The City Council hereby finds that the rate increase is Statutorily Exempt pursuant to CEQA Guidelines section 15273 as it applies only to rates to obtain funds necessary to operate and maintain service for the water and sewer system.

**SECTION 3. Amount of Fees**

- a. The amount of water charges shall be as set forth in “Exhibit A” which is attached hereto and incorporated herein by this reference.
- b. The amount of wastewater charges shall be as set forth in “Exhibit A” which is attached hereto and incorporated herein by this reference.

**SECTION 4. Time of Effectiveness**

- a. Water and wastewater rate increases will occur over three sets of increases.
- b. The charges for both water and wastewater will become effective on November 1, 2016, July 1, 2017 and July 1, 2018, pursuant to “Exhibit A”.

**SECTION 5.** The City Clerk shall certify to the adoption of this Resolution.

**PASSED, APPROVED and ADOPTED**, by the Buellton City Council on the 22nd day of September 2016.

---

Ed Andrisek  
Mayor

ATTEST:

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Linda Reid  
City Clerk



## EXHIBIT A TO RESOLUTION 16-19 CITY OF BUELLTON WATER AND WASTEWATER RATES MONTHLY CHARGES

\*Fire Sprinkler charges: 4" - \$19.29, 6" - \$28.93, 8" - \$38.58.

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

Meter Size	Proposed Fixed Monthly Service Charges FY 2016-2017
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
<b>Consumption Charge (per HCF)</b>	\$ 2.68
<b>Additional Dwelling Unit Charge (Monthly)</b>	\$ 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
<b>Consumption Charge (per HCF)</b>	\$ 2.76
<b>Additional Dwelling Unit Charge (Monthly)</b>	\$ 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
<b>Consumption Charge (per HCF)</b>	\$ 2.98
<b>Additional Dwelling Unit Charge (Monthly)</b>	\$ 24.86

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

<b>Proposed Wastewater Rate Increase by Customer Class</b>		
<b>FY 2016-2017</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	\$25.96 (plus \$18.17 for each add. Unit)	
Multiple Dwelling	\$25.96 (plus \$18.17 for each add. Unit)	
Multi Family-Townhouses & Condos	\$25.96 (plus \$18.17 for each add. Unit)	
Multi Family-Apts	\$25.96 (plus \$18.17 for each add. Unit)	
Mobile Home Parks	\$25.96 (plus \$12.98 for each add. Space)	
<b>Commercial Accounts</b>		
Motels	\$51.77	\$5.15/ hcf
Restaurant	\$51.77	\$5.15/hcf
Fast Food/Bar	\$51.77	\$5.15/hcf
Theaters/Banquet	\$51.77	\$5.15/hcf
Camper/Trailer Parks (unmetered)	\$51.77 plus \$14.06 for each add. Space	
Camper/Trailer Parks (metered)	\$51.77 for first space	\$5.15/hcf
Schools	\$25.56	\$0.47/hcf
Churches (w/o school)	\$25.56	\$0.47/hcf
Other Commercial	\$58.35	\$5.15/hcf
<b>Industrial Accounts</b>	Determined by Public Works Dir. (proposed base rates start at 39.86 and variable for excess water is \$6.19/hcf)	
<b>Combinations</b>	Determined by Public Works Dir.	

**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. (base rates start at 43.19 and variable for excess water is \$6.70/hcf)	
<b>Combinations</b>	Determined by Public Works Dir.	

**PROPOSED WASTEWATER RATE INCREASE – JULY 1, 2018:**

<b>Proposed Wastewater Rate Increase by Customer Class</b>		
<b>FY 2018-2019</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	\$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. (base rates start at 46.76 and variable for excess water is \$7.26/hcf)	
<b>Combinations</b>	Determined by Public Works Dir.	

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

## Table of Contents

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<i>List of Tables</i> .....	<i>ii</i>
<i>List of Figures</i> .....	<i>iii</i>
<b>Section 1:</b> Introduction .....	1
1.1 Background and Objectives .....	1
1.2 Study Methodology .....	2
1.3 Scope of Services .....	2
<b>Section 2:</b> Historical and Current Financial Condition .....	3
2.1 Historical Number of Customer Accounts .....	6
2.2 Basis of Water Demand Projections .....	7
2.3 Meter Size and EMU Distribution by Customer Class in FY 14-15.....	7
2.4 EMUs per Connection and Revenue/Water Use per EMU by Customer Class in FY 14-15 .....	8
<b>Section 3:</b> Future Revenue Requirements .....	9
3.1 Projected Customer Growth .....	9
3.2 Projected Water Use and Operating Revenues .....	10
3.3 Budgeted/Projected Operating Expenses.....	11
3.4 Projected Capital Improvement Program.....	11
3.5 Projected Operating Revenue at Current Rates .....	12
3.6 Projected Connection Fee Revenue at Current Rates .....	13
3.7 Recommended Facility Capacity Charges.....	14
3.8 Projected Revenue and Expenses at Current Rates .....	16
3.9 Revenue Requirements.....	19
<b>Section 4:</b> Current Water Service Charges .....	23
4.1 Current Water Service Charges .....	23
4.2 Sprinkler Fire Service .....	24
4.3 Current Connection Fees .....	24
<b>Section 5:</b> Cost of Service Evaluation .....	25
5.1 Cost of Service Allocation .....	25
5.2 Projection of Meter Sizes by Customer Class.....	25
5.3 Projections of Meter Size Connections by Fiscal Year.....	25
5.4 Costs of Service and Unit Rates.....	26
<b>Section 6:</b> Recommended Water Service Charge Rates.....	27
6.1 Current Rate Structure .....	27

Table of Contents (cont'd)

---

6.2	Recommended Rate Structure .....	27
6.3	Development of Water Service Charge Rates .....	27
6.4	Recommended Water Service Charge Rates.....	27

List of Tables

---

- 1 Historical Operating Revenues and Expenses
- 2 Historical Number of Connections by Customer Class
- 3 Meter Equivalent Ratios
- 4 Distribution of Meter Sizes by Customer Class in FY 14-15
- 5 Revenue and Water Use by Customer Class, Connection and Equivalent Meter Units in FY 14-15
- 6 Projected Number of Connections by Customer Class
- 7 Projected Water Use by Customer Class
- 8 Capital Improvement Program
- 9 Projected Operating Revenues By Customer Class at Current Rates
- 10 Current Water Facility Charges
- 11 Projected Connection Fee Revenue at Current Rates
- 12 Facility Capacity Charge Evaluation
- 13 Projected Connection Fee Revenue at Recommended Rates
- 14 Projected Operating Revenues and Expenses at Current Rates
- 15 Projected Operating Revenues and Expenses at Recommended Rates
- 16 Current Water Rates
- 17 Distribution of Meter Sizes by Customer Class and Projected Number of Connections by Meter Size
- 18 Summary of Cost of Service Evaluation
- 19 Recommended Water Rates for FY 16-17
- 20 Recommended Water Rates for FY 17-18
- 21 Recommended Water Rates for FY 18-19

Table of Contents (cont'd)

---

List of Figures

---

- 1 Historical Net Operating Income
- 2 Historical Net Income
- 3 Projected Net Operating Income at Current Rates
- 4 Projected Net Income at Current Rates
- 5 Net Operating Income at Recommended Rates
- 6 Net Income and Recommended Rates

## Section 1: Introduction

### 1.1 Background and Objectives

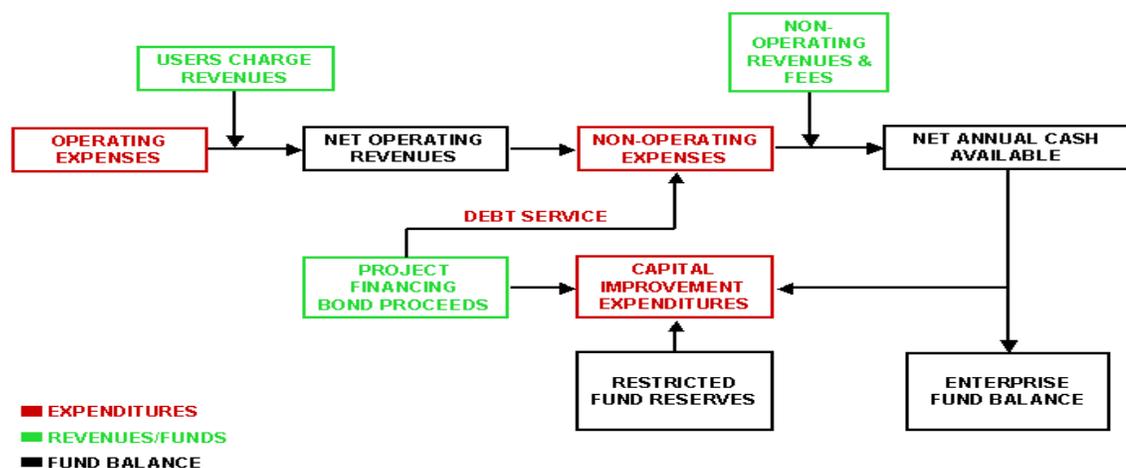
The City of Buellton (City) provides water service to approximately 1,500 residents and businesses in the City. The City's water system currently consists of approximately 150,200 feet of distribution lines, 2000 feet of supply lines, 5 groundwater wells, 2 water treatment plants, and 3 reservoirs. The City has not performed comprehensive rate studies since 1996 but has adjusted rates periodically.

The City desires to assess the applicability of its current rate structures, develop rate structures that provide equity to all customer classes, and provide adequate financial stability from ongoing water conservation efforts. In addition, the recommended rate structures must comply with the requirements of Proposition 218.

The City's current water rates have a fixed monthly charge that vary according to meter size and a variable rate based on consumption. Due to the prolonged drought, the City's residential and commercial customers have responded to voluntary and mandatory water conservation measures by reducing their water consumption. Because the City's current water rates have a component based on water consumption, the City's utility revenues have been adversely affected. Potential mandatory water reductions are expected to further reduce City revenues. To mitigate these effects, the rate study should balance between its water conservation policy goals and the financial stability of its water enterprise.

Our approach to comprehensive rate studies is generally well defined. As a process, the cornerstone of our approach is our commitment to interact with the City on an ongoing basis. A flow diagram of our proven financial planning process is shown below.

#### FINANCIAL PLANNING PROCESS ANNUAL SOURCES AND USES OF FUNDS



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**

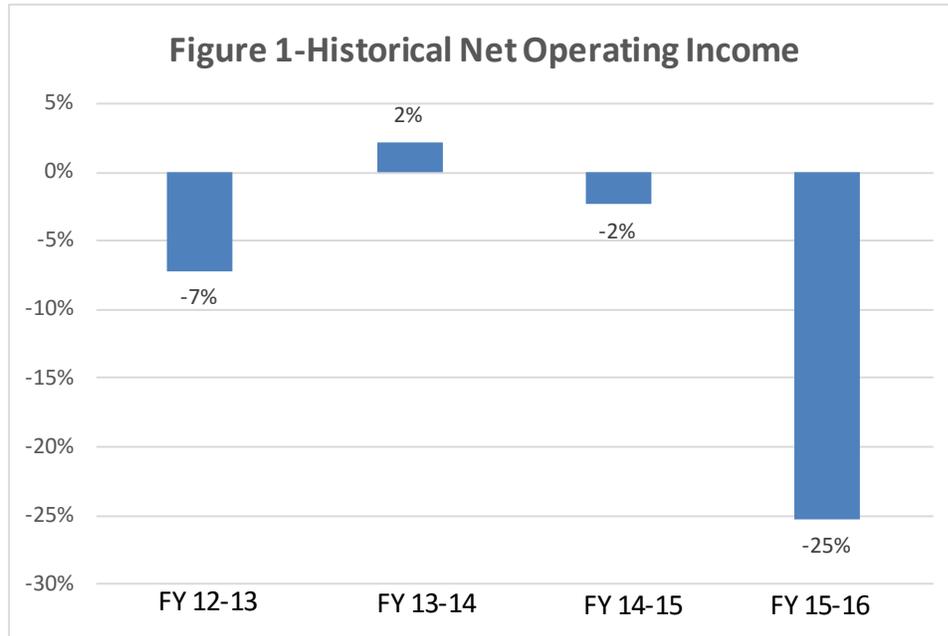
Sources and Uses of Funds	Historical Actuals				Notes
	FY 12-13	FY 13-14	FY 14-15	FY 15-16 Budget	
<b>Operating Revenues</b>					
Charges for Services	\$1,460,658	\$1,549,410	\$1,436,127	\$1,448,000	
Other Operating Services	\$2,382	\$1,699	\$201,740	\$13,500	
Total Operating Revenues	\$1,463,040	\$1,551,109	\$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:

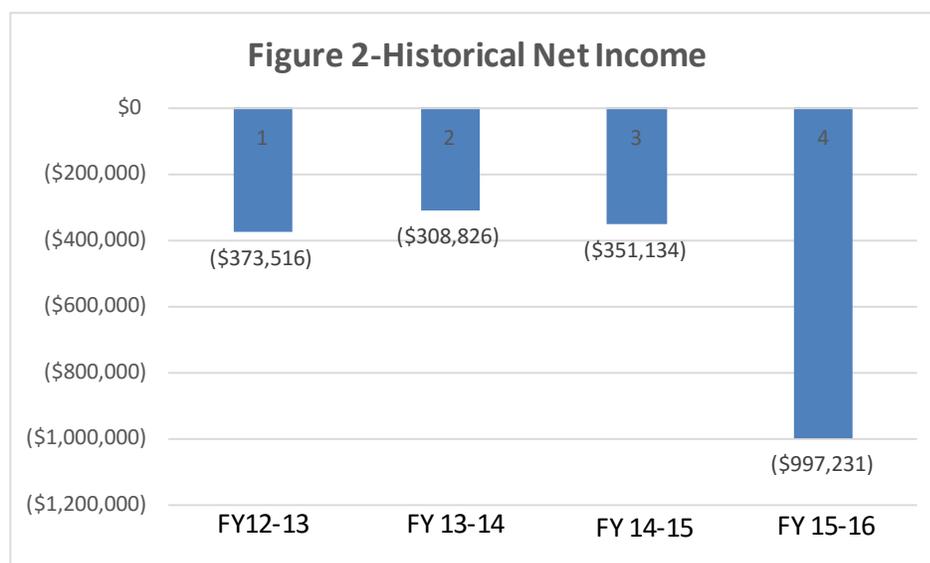
1. Excludes depreciation and transfers.
  2. As of 3/31/16 for FY 15-16
- Source: Buellton Water District, Financial Statements.

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**

<b>Evaluation Parameter</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>
<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	2,954	2,992
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**.

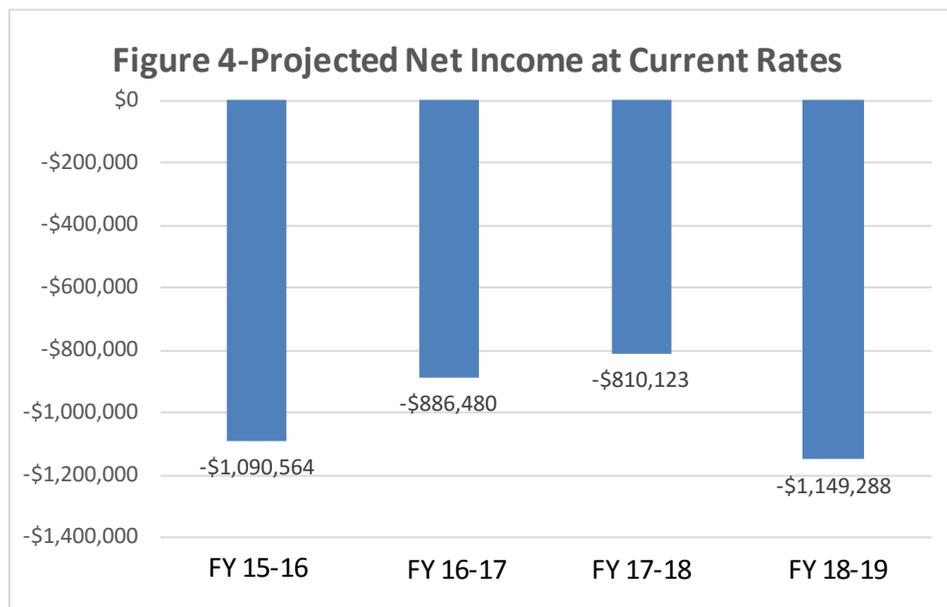
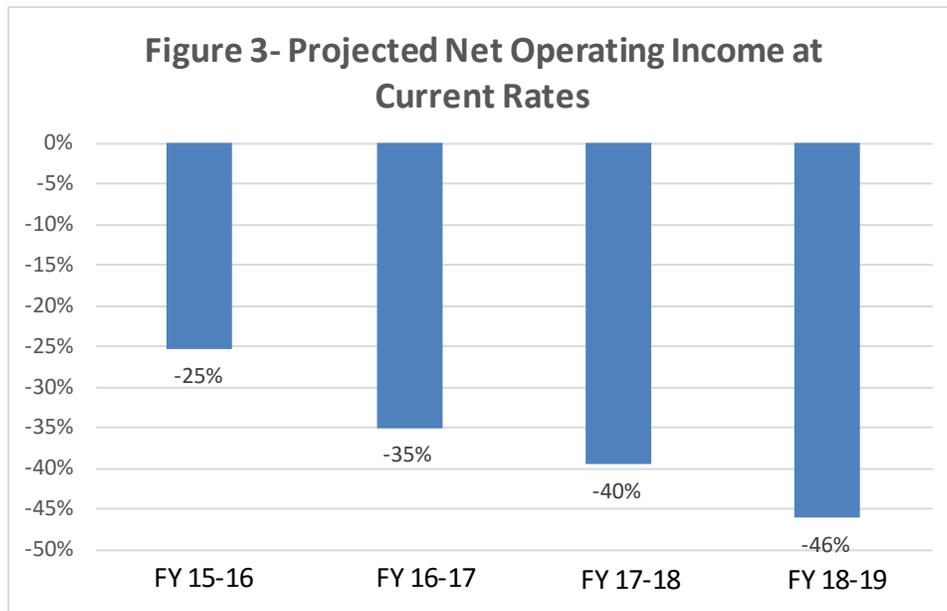
**TABLE 14  
PROJECTED OPERATING REVENUES AND EXPENSES AT CURRENT RATES**

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.

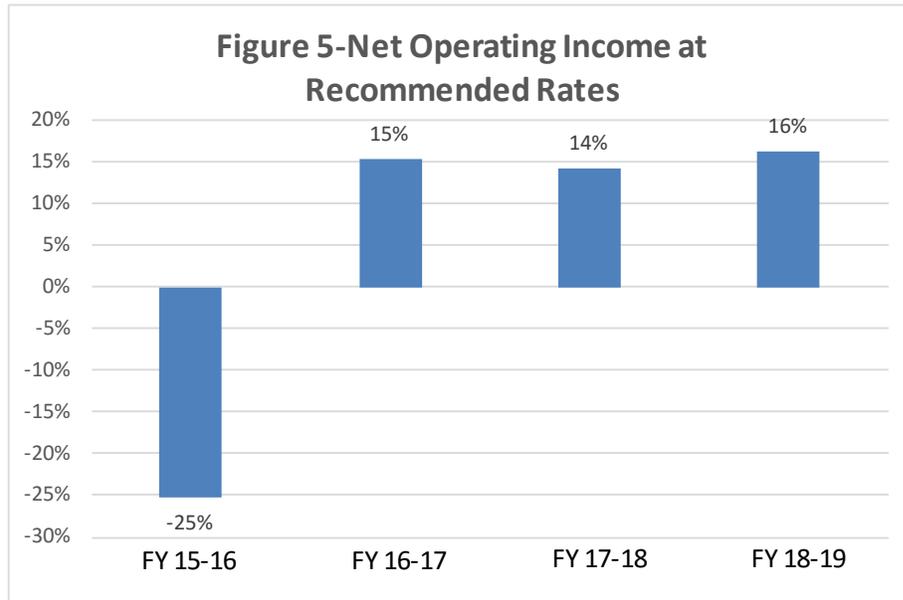
**TABLE 15**  
**PROJECTED OPERATING REVENUES AND EXPENSES AT RECOMMENDED RATES**

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)	

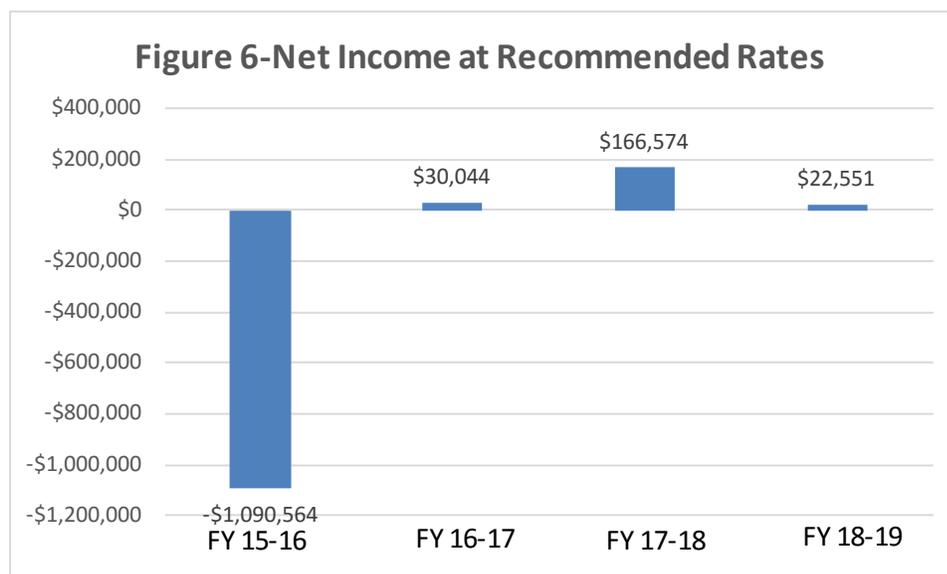
Notes:

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										16.7%	2	2	2
Unknown*		0.3%						0.8%			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

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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

Table of Contents

---

*List of Tables*..... *ii*

*List of Figures*..... *ii*

**Section 1:** Introduction ..... 1

    1.1 Background and Objectives ..... 1

    1.2 Study Methodology ..... 2

    1.3 Scope of Services ..... 2

**Section 2:** Historical and Current Financial Condition .....3

    2.1 Historical Financial Condition ..... 3

    2.2 Historical Number of Customer Accounts..... 6

    2.3 FY 14-15 Water Use and Operating Revenues ..... 7

**Section 3:** Future Revenue Requirements .....8

    3.1 Projected Customer Growth ..... 8

    3.2 Projected Water Use ..... 9

    3.3 Budgeted/Projected Operating Expenses..... 10

    3.4 Projected Capital Improvement Program..... 11

    3.5 Projected Operating Revenue at Current Rates ..... 11

    3.6 Projected Connection Fee Revenues at Current Rates ..... 12

    3.7 Recommended Facility Capacity Charges..... 14

    3.8 Projected Revenue and Expenses at Current Rates ..... 17

    3.9 Revenue Requirements..... 19

**Section 4:** Current Sewer Service Charges .....21

    4.1 Current Sewer Service Charges..... 21

    4.2 Current Facility Capacity Charges..... 22

**Section 5:** Cost of Service Evaluation ..... 23

    5.1 Cost of Service Allocation ..... 23

    5.2 Unit Rates ..... 24

**Section 6:** Recommended Sewer Service Charge Rates .....25

    6.1 Current Rate Structure ..... 25

    6.2 Recommended Rate Structure ..... 25

    6.3 Development of Sewer Service Charge Rates ..... 25

    6.4 Recommended Sewer Service Charge Rates ..... 25

Table of Contents (cont'd)

---

List of Tables

---

- 1 Historical Operating Revenues and Expenses
- 2 Historical Number of Connections by Customer Class
- 3 FY 14-15 Water Use and Revenue by Customer Class
- 4 Projected Number of Connections by Customer Class
- 5 Projected Water Use by Customer Class
- 6 Capital Improvement Program
- 7 Projected Operating Revenues by Customer Class at Current Rates
- 8 Current Sewer Connection Fees
- 9 Projected Connection Fee Revenue at Current Rates
- 10 Equivalent Residential Units by Customer Class in FY 14-15
- 11 Recommended Facility Capacity Charges
- 12 Projected Connection Fee Revenue at Recommended Rates
- 13 Projected Operating Revenues and Expenses at Current Rates
- 14 Projected Operating Revenues and Expenses at Recommended Rates
- 15 Current Sewer Service Charges
- 16 Revenue Requirements by Customer Class
- 17 Recommended Sewer Service Charges for FY 16-17
- 18 Recommended Sewer Service Charges for FY 17-18
- 19 Recommended Sewer Service Charges for FY 18-19

List of Figures

---

- 1 Historical Net Operating Income
- 2 Historical Net Income
- 3 Projected Net Operating Income at Current Rates
- 4 Projected Net Income at Current Rates
- 5 Projected Net Operating Income at Recommended Rates
- 6 Projected Net Income at Recommended Rates

## Section 1: Introduction

### 1.1 Background and Objectives

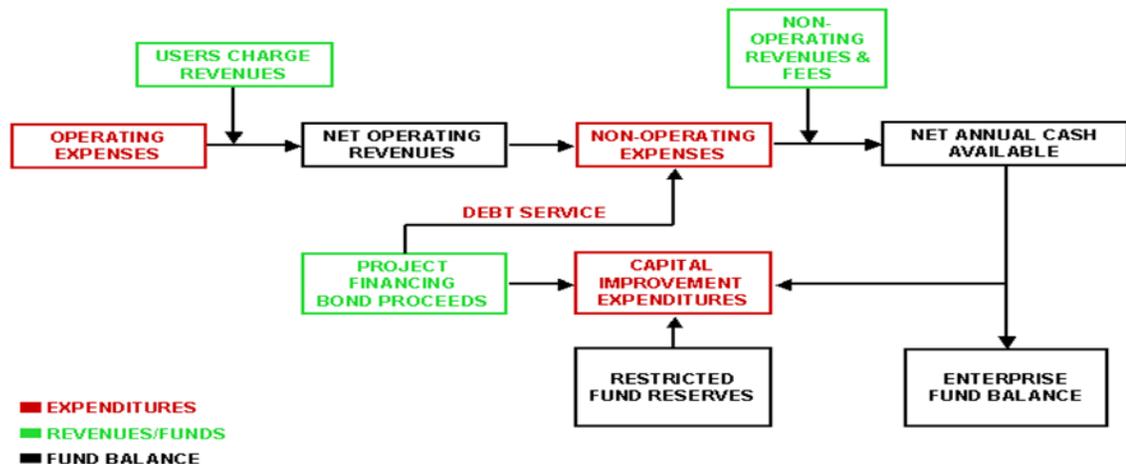
The City of Buellton (City) provides wastewater collection and treatment to 1,600 residents and businesses in the City. The City’s wastewater system currently consists of approximately 96,000 feet of gravity sewers, 850 feet of force mains, 3 lift stations, and a wastewater treatment plant with a capacity of 650,000 gallons per day.

The City desires to assess the applicability of its current rate structures, develop rate structures that provide equity to all customer classes, and provide adequate financial stability. In addition, the recommended rate structures must comply with the requirements of Proposition 218.

The City’s current wastewater rates have a fixed monthly charge and additional charges for commercial customers that use more than 900 cubic feet of water per month or that are included in specified customer categories. In addition to addressing revenue shortfalls, the City desires to conduct an updated wastewater rate study and evaluate its rates and rate structure and adopt updated rates in accordance with Proposition 218.

Our approach to comprehensive rate studies is generally well defined. As a process, the cornerstone of our approach is our commitment to interact with the City on an ongoing basis. A flow diagram of our proven financial planning process is shown below.

#### FINANCIAL PLANNING PROCESS ANNUAL SOURCES AND USES OF FUNDS



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

## 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.

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<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**

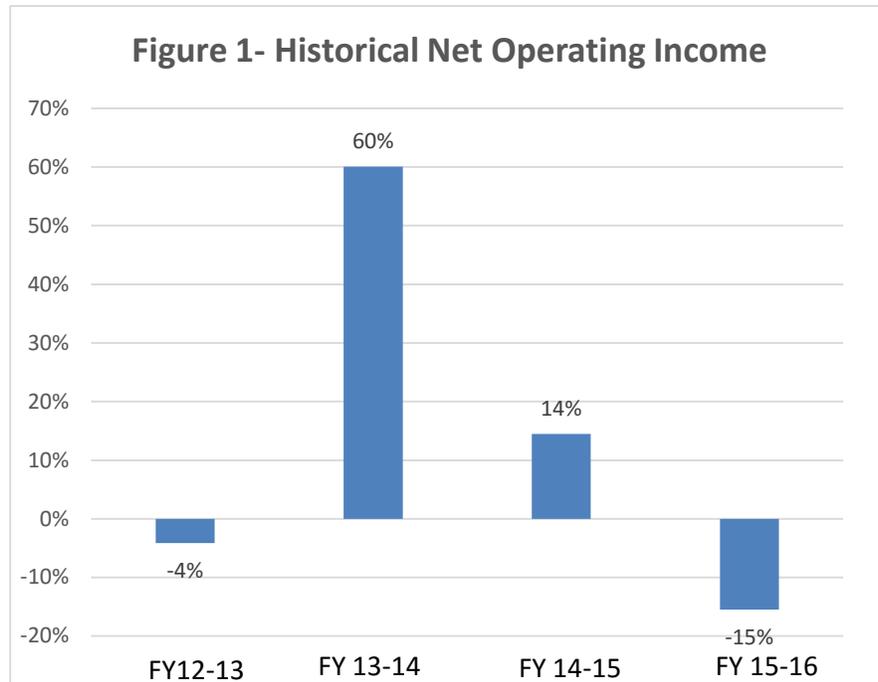
Sources and Uses of Funds	Fiscal Year				Notes
	FY 12-13	FY 13-14	FY 14-15	FY 15-16 Budget	
<b>Operating Revenues</b>					
Charges for Services	\$649,703	\$695,725	\$734,289	\$725,000	
Other Services Operating Services	\$0	\$0	\$92,077	\$4,900	
Total Operating Revenues	\$649,703	\$695,725	\$826,366	\$729,900	
<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**

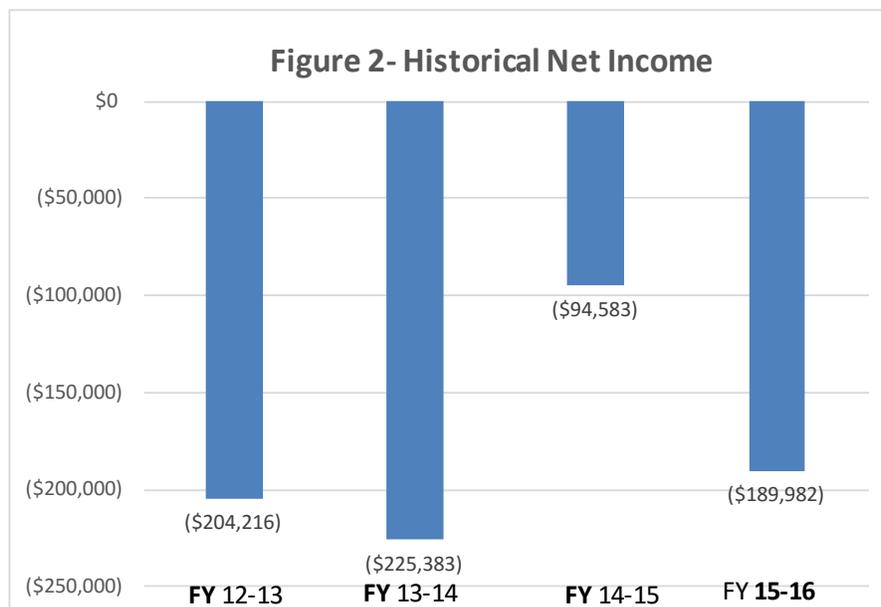
1. Excludes depreciation.
2. As of 3/31/16 for FY 15-16

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**.

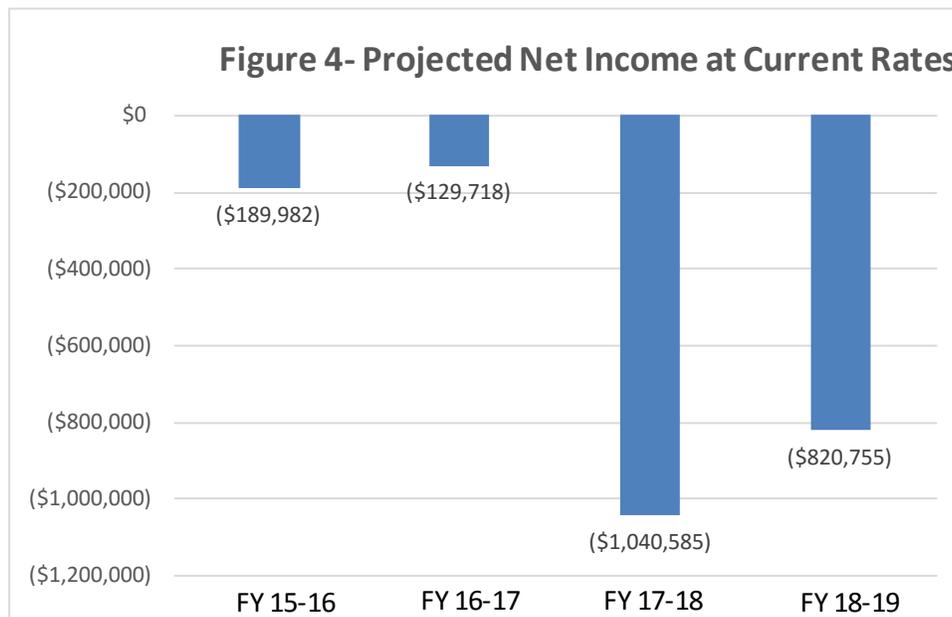
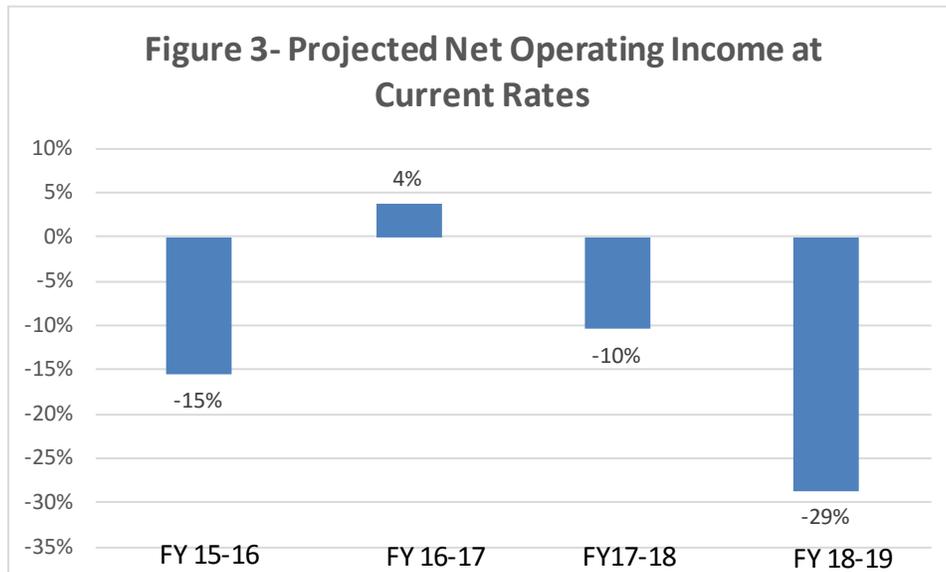
**TABLE 13**  
**PROJECTED OPERATING REVENUES AND EXPENSES AT CURRENT RATES**

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.

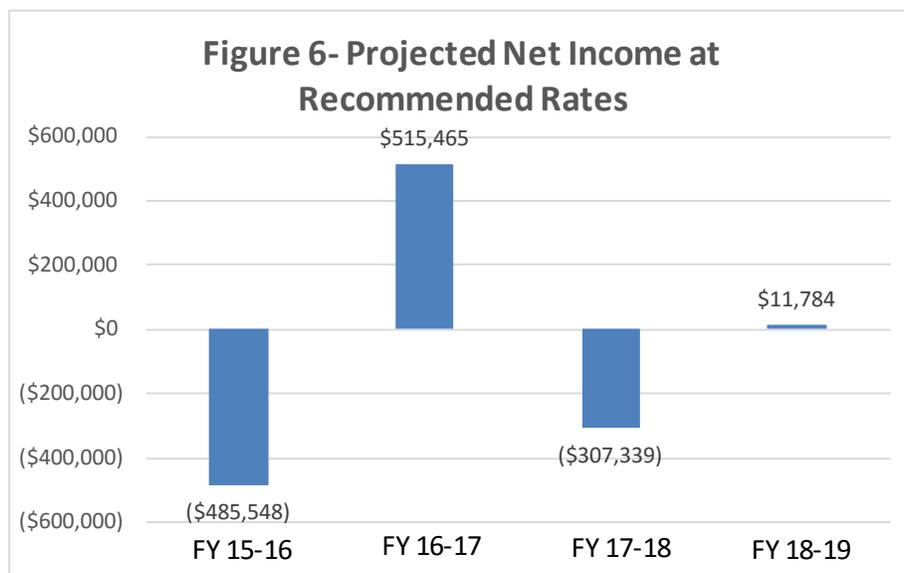
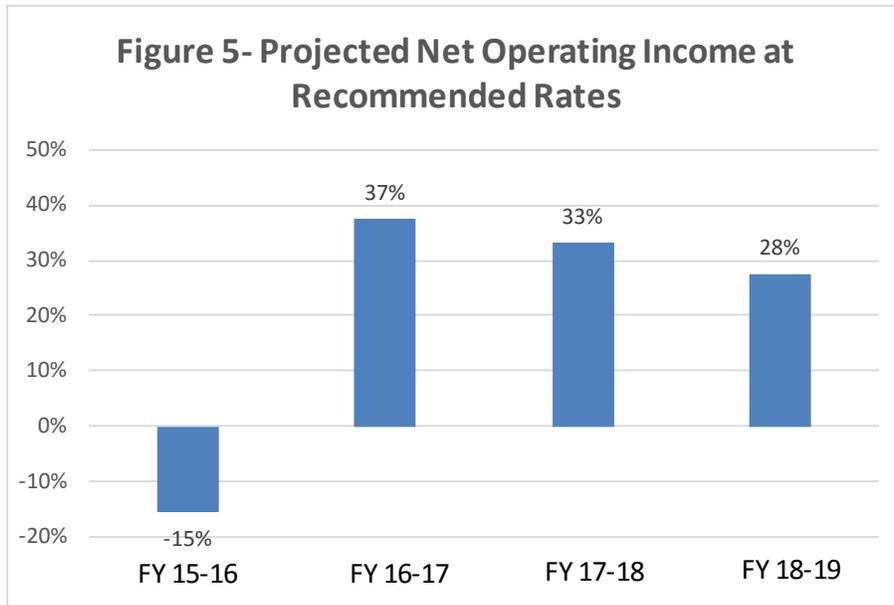
**TABLE 14  
PROJECTED OPERATING REVENUES AND EXPENSES AT RECOMMENDED RATES**

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	
<b>Total Operating Revenues</b>	<b>\$729,900</b>	<b>\$1,554,900</b>	<b>\$1,704,900</b>	<b>\$1,854,900</b>	
<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	
<b>Total Operating Expenses</b>	<b>\$842,882</b>	<b>\$972,793</b>	<b>\$1,138,908</b>	<b>\$1,343,114</b>	
<b>Net Operating Income (Loss)</b>	<b>(\$112,982)</b>	<b>\$582,107</b>	<b>\$565,992</b>	<b>\$511,786</b>	
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	
<b>Total Non-Operating Revenues</b>	<b>\$348,434</b>	<b>\$358,358</b>	<b>\$231,669</b>	<b>\$99,997</b>	
<b>Non-Operating Expenses</b>					
Capital Expenditures	\$250,000	\$250,000	\$930,000	\$425,000	
Depreciation	\$175,000	\$175,000	\$175,000	\$175,000	
<b>Total Non-Operating Expenses</b>	<b>\$425,000</b>	<b>\$425,000</b>	<b>\$1,105,000</b>	<b>\$600,000</b>	
<b>Net Income (Loss)</b>	<b>(\$189,548)</b>	<b>\$515,465</b>	<b>(\$307,339)</b>	<b>\$11,784</b>	
<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/Banquet	\$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
<b>Consumption Charge (per HCF)</b>	\$ 1.97	\$ 2.68
<b>Additional Dwelling Unit Charge (Monthly)</b>	\$ 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
<b>Consumption Charge (per HCF)</b>	\$ 2.76
<b>Additional Dwelling Unit Charge (Monthly)</b>	\$ 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
<b>Consumption Charge (per HCF)</b>	\$ 2.98
<b>Additional Dwelling Unit Charge (Monthly)</b>	\$ 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.	

# ATTACHMENT 6

9-12-16

Received

SEP 12 2016

CITY OF BUELLTON

City of Buellton  
City Clerk  
PO Box 1819  
Buellton, CA 93427

We would like to protest the proposed service fee increases, most notably the water rate and consumption charge increases. We would only be affected by the single family dwelling charges, so will only speak to that.

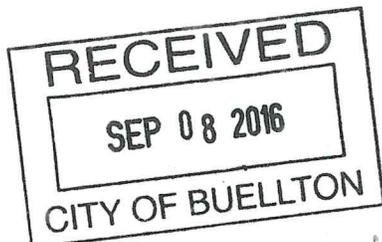
While we certainly understand the need to maintain our infrastructure and resources safely and cost-effectively, we are concerned that the proposed rate increases will force more and more residents to neglect their properties completely. Take a drive down 2<sup>nd</sup> Street. Many homeowners are trying to be conscientious about lowering their water usage while still maintaining the appearance and value of their homes. Far too many have decided it's not worth the time and money to bother. We're concerned about the value of our own home as well as those around us.

Obviously the water conservation efforts all over California have affected revenue coming into our cities. It's understandable that adjustments need to be made to compensate for losses as well as plan for the future. We would like you to consider a more gradual increase that would have less immediate impact on residents and businesses. Perhaps we could all continue the conservation habits we've developed over the last few years while still being able to afford to maintain the appearance and value of our homes and businesses.

Sincerely,



Rob and Karen Stillwagon  
530 Irelan Dr.  
Buellton  
parcel #099-480-071



569 Farmland Dr.  
Buellton, Ca. 93427  
9-3-16

City Council:

We suggest that the proposed water and sewage rate increases take place yearly over a 5 year period

This would allow those of us who are retired or those who are struggling to gradually absorb the increased costs.

Assessor #

099-700-005

Your printed restrictions for being heard from the citizens in owned homes make it impossible to be heard. We wonder if letters like ours will even be opened.

James E Caldwell  
Pat Caldwell

Aug 28, 2016

Dear City of Buellton,

This is a letter of opposition to the proposed rate increase to fixed rate water service charges (in my home's case that would be for on a 1 inch line). I live at 479 Deer Cyn Rd, APN No 137-700-043.

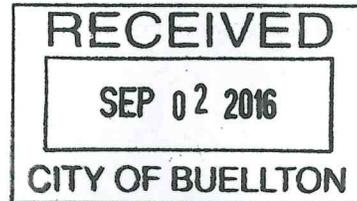
We are living in an unprecedented drought here in the Santa Ynez Valley. We must conserve water. In order to get people to conserve water you must charge more for water *use* and tax heavy municipal water users. Don't charge on potential use of water, charge on actual use. What incentive do I have to continue my water conservation efforts if my water bill goes up 223.68%?

If the City of Buellton managers and leaders don't believe water conservation is part of an answer to long-term water insecurity, then I'd like to hear why. I'd also like to understand why this incredible steep water rate increase plan was proposed right now. How is it that water rates haven't been paying for the system over all these years and nobody was watching that? Why weren't rates slowly increased over the years?

Let's work together on a water conservation plan and not drive a wedge between city planners/managers and home owners here in Buellton.



Cindy Douglas





City Clerk  
City of Buellton  
PO Box 1819  
Buellton, CA 93427

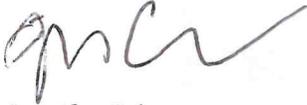
August 5, 2016

Dear Buellton City Clerk,

I am submitting a protest in opposition to the proposed rate increase to the City's water and wastewater service fee.

My service address is as follows: 261 Valley Station Circle, Buellton ,CA 93427.

Thank you,



Jennifer Cabrera  
261 Valley Station Circle  
Buellton, CA 93427

**RECEIVED**

**AUG 17 2016**

**CITY OF BUELLTON**

511 Sycamore Drive  
Buellton, CA 93427  
APN 099-500-001

August 5, 2016

City Clerk  
City of Buellton  
P O Box 1819  
Buellton, CA 93427

Attention: Mayor and City Council

**Re: Protest Letter Regarding Substantial Rate Increases for Water Meter and Waste Water Discharge Services**

I wish to protest the huge rate increases that have been proposed to take effect starting November 2016.

When I worked for the City collecting water payments, I came across a sizeable portion of our citizens living on fixed incomes. An increase of this magnitude for water meter and waste water services in such a short period of time, 2 years, is not feasible. An average water and sewer bill going from \$53.75 to \$80.21 a month (per the SYV News of August 2, 2016) is too high. As I recall, People Helping People helps needy citizens with their utility payments once a year only.

My suggestion will be for the City to impose the increase over a period of five years instead of two or reduce the amount of increases for water meter and waste water services.

Thank you.



Kal Bishop



August 29, 2016

City Clerk  
City of Buellton  
P.O. Box 1819  
Buellton, CA 93427

*RE: Protest to Proposed Changes to Water and Wastewater Rates*

Dear City Clerk,

This letter is being submitted as a formal protest to the proposed rate increases of both the water and the wastewater service fees.

The resulting changes would mean an average increase of 80% to our existing water and wastewater service fees, which we feel are unreasonable.

This is reference to our Parcel #137-200-009 - 322 E. Hwy 246, Buellton, CA 93427

Sincerely,

Harvey Saarloos  
Managing Member  
Santa Ynez Self Storage LLC

**RECEIVED**

**AUG 31 2016**

**CITY OF BUELLTON**

SELF STORAGE • 322 East Highway 246 • Buellton, California 93427 • (805) 686-0734 • F (805) 693-0435  
MAILING: P.O. Box 970 • Woodbridge, CA 95258 • (209) 951-3800 • F (866) 217-7116

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

City Manager Review: MPB  
Council Agenda Item No.: 8

To: The Honorable Mayor and City Council

From: Rose Hess, Director of Public Works

Meeting Date: September 22, 2016

Subject: Discussion and Possible Award of Contract Regarding Engineering Services

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**BACKGROUND**

This item was originally heard on August 11 and 25, 2016, and was continued to September 22, 2016. The following is the background and information previously presented.

On April 28, 2016, the City Council approved the Request for Proposals (RFP) for Engineering Services. The City posted the RFP on the City's webpage, published it in Public Works Magazine, and directly contacted engineering firms in the Central Coast area that perform similar work.

On July 1, 2016, the City received proposals from MNS Engineers, Inc., Kimley-Horn & Associates, Tetra Tech, and Flowers & Associates.

An outside advisory panel, consisting of Santa Barbara County Association of Governments Executive Director Jim Kemp, City of Carpinteria Public Works Director Charlie Ebeling, and City of Lompoc City Administrator Patrick Wiemiller, reviewed and ranked the proposals. The panel members, who volunteered their time and expertise for this task, discussed the City's current public works/engineering structure, workload and staffing, relative to the engineering services and scope of work requested in the RFP.

The panel discussed their assessments of each proposal and reviewed the firms' experience, qualifications, and expertise. The panel determined that the two firms best suited to perform the scope of services in the RFP are MNS Engineers and Kimley-Horn. Both Tetra Tech and Flowers Engineering had experience on public capital improvement projects, but lacked experience in providing the full suite of engineering services required by the RFP. Between MNS Engineers and Kimley-Horn, the panel unanimously recommended MNS Engineers based on MNS Engineers' current level of service and ability to fulfill the RFP's scope of work. In addition, the panel noted that MNS Engineers has the historical knowledge and insight regarding the City. The panel did not

consider hourly rates because it felt that experience and qualifications were more important in choosing a firm to provide professional services. In addition, the panel concluded that costs may vary based on the number of hours each firm takes to complete its tasks (i.e., lower hourly rate firm may require more time to complete services resulting in a higher total cost versus a higher hourly rate firm requiring less time). In any event, the billing rates, ranked from lowest to highest, are: Tetra Tech, Flowers & Associates, MNS Engineers, and Kimley-Horn.

The panel also made several recommendations and/or suggestions that it felt would aid the City in the long-term:

- The panel's first recommendation is to enter into a new contract for the City's engineering services with MNS Engineers. Using MNS Engineers would provide the city with continuity and stability, particularly through these high development years.
- The panel also recommended that, in addition to contracting with MNS Engineers, the City should consider retaining the remaining three firms for on-call engineering work as needed or for special projects. According to the panel, this would provide the City with flexibility to deliver capital projects as needed and allow MNS Engineers to concentrate its efforts performing core tasks for the City.
- Finally, the panel recommended that the City consider hiring additional in-house staff to perform basic engineering tasks. This may be a more cost-effective route for routine tasks. It would also eliminate overhead charged to applicants by the contract engineer. Fees paid to the City would offset many of the costs associated with a new position.

Each panel member is willing to share their thoughts with Council members. Staff will provide contact information at the request of Council members.

In addition to the panel's recommendations, staff recommends adding performance monitoring and reporting for the engineering services contract to formalize the accountability of the selected consultant. Quality control is a critical part of the contract that has not been in place in the existing contract. At the discretion of Council, staff may go back and negotiate rates for the term of the contract. The term of the agreement noted in the RFP is two years, with an option of three additional one-year extensions. Rates will be fixed unless otherwise approved by the City Council.

Each of the consultants' proposals is provided in the Attachments.

Staff has provided recommendations and suggestions from an outside panel to assist the City Council in their decision-making process. The City Council may take all or none of the recommendations and suggestions from the panel and has the ability to select any of the four engineering firms.

During the August 25<sup>th</sup> meeting, Council discussed the possibility of segregating the plan check and inspection services. Council Member Sierra recommended retaining MNS Engineers for the core City Services and utilizing another firm specifically for plan check and inspection services. Additional clarification is required if that would also include general encroachment permits, for utilities and small permits (driveway widening, sewer repairs, etc.).

In addition, Council Member Sierra requested a two-year history of specific development invoices with additional supporting documentation. Those developments were for Crossroads, Flying Flags and the Village Townhomes. This information is provided in Attachment 6.

### **FISCAL IMPACT**

The City's Engineering services are funded through the General Fund, Enterprise Funds (Water and Sewer), Measure A, Gas Tax, and Grant Funds. City consultants work with the City annually to determine the appropriate budget for the anticipated workload.

### **RECOMMENDATION**

Staff recommends that Council discuss the panel's recommendations for Engineering Services and provide comments and direction. The Council may choose a variety of options, including, but not limited to:

1. Follow the recommendations of the panel and direct staff to work with MNS Engineers on a new contract. This new contract may include a reduced scope of work and the use of other consultants for specific development projects on an on-call basis.
2. Direct staff to work with any one of the four firms and bring forward a contract for the full scope of services outlined in the RFP. Alternatively, a reduced scope of work could be developed with any of the four firms with the use of other consultants for specific development projects on an on-call basis.

### **ATTACHMENTS/ONLINE LINKS**

Attachment 1 – RFP for Engineering Services  
Attachment 2 – MNS Engineers Inc. Proposal  
Attachment 3 – Kimley-Horn & Associates Proposal  
Attachment 4 – Tetra Tech Proposal  
Attachment 5 – Flowers & Associates Proposal  
Attachment 6 – Developer Invoices – Crossroads  
Developer Invoices – Flying Flags  
Developer Invoices – Village Townhomes