



Office of the City Manager

ACTION CALENDAR

July 10, 2007

To: Honorable Mayor and
Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Submitted by: Claudette R. Ford, Public Works Director

Subject: Fees: Sewer Service

RECOMMENDATION

Adopt a Resolution amending Resolution 63,356N.S. to clarify that the sewer service fee does not automatically terminate as of June 30, 2007, but continues until changed.

FISCAL IMPACTS OF RECOMMENDATION

The Public Works Department proposes that Resolution No. 63,356-N.S. be amended to reflect the true intention of the Council at the time this resolution was originally adopted. This action will allow the City to continue to collect sewer service charges from residential, non-residential and public agencies at the same rate that was approved in 2006 until changed. Revenue to the Sanitary Sewer Fund (830) generated by sewer service charges is expected to be approximately \$13,867,767 in FY 2008.

The City's sewer service fees provide a source of revenue for operation, maintenance and replacement costs of the sanitary sewer program that satisfies federal and State requirements. If the Council does not take this recommended action, the revenue for this program would have to come out of the General Fund.

CURRENT SITUATION AND ITS EFFECTS

The current sewer service fees are shown in Attachment 1 and are intended to continue until a new rate is implemented. A new rate study, to be consistent with Proposition 218, has been initiated but cannot be completed in time to allow for the adoption of a new fee by July 1, 2007. The City has retained Harris & Associates to review the methodology used for establishing sewer charges and will provide a report and recommendations to Council this fall.

BACKGROUND

The City's sewer service fee revenue is used to pay for sewer system operation, maintenance, administration and construction of the sanitary sewer program. The program is on a "pay-as-you-basis," and revenue from these fees pays for the annual projected program only and not other City expenses. Revenue collected in excess of the annual program costs and the emergency reserve fund established by Council is used to offset program expenditures and lower rates for the customers the following years.

The fees are set annually by Council resolution. The rates adopted in 2006 were based on calculations by the City's consultant, Brown and Coldwell. A new study by Harris & Associates will review the methodology used for establishing sewer charges with respect to Proposition 218.

It was neither staff's intention in drafting Resolution 63,356-N.S. as it did, nor the Council's intention in adopting it, to provide for the elimination of the fee as of July 1, 2007. This would be contrary to the fundamental purpose of the ordinance which imposed the fee, since that ordinance envisioned an ongoing program mandated by state and federal law, for which the current compliance plan is not complete. Currently, the City is working with the new consultant, and we plan to provide a report and recommendations to Council this fall.

RATIONALE FOR RECOMMENDATION

Sewer service fees are the only means the City has to fund the operation of its mandated sanitary sewer program.

CONTACT PERSON

Jeffrey Egeberg, Manager of Engineering, 981-6400

Henry Yee, Supervising Civil Engineer, 981-6429

Adadu Yemane, Associate Civil Engineer, 981-6413

Attachments:

1: Resolution

RESOLUTION NO -N.S.

AMENDING RESOLUTION NO. 63,356-N.S. TO CLARIFY THAT THE SEWER SERVICE FEE DOES NOT AUTOMATICALLY TERMINATE AS OF JUNE 30, 2007, BUT CONTINUES UNTIL CHANGED

BE IT RESOLVED by the City Council of the City of Berkeley as follows:

That Resolution No. 63,356-N.S. is hereby amended as follows:

RESOLUTION NO. 63,356-N.S.

WHEREAS, a public hearing on Sewer Service Charges for FY 2007 was held on June 20, 2006.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley as follows:

That the following sanitary sewer fees and maximum sewer billing amounts (billing caps) are hereby established pursuant to Berkeley Municipal Code (BMC) Section 17.04.010, Rates for Designated Premises, effective July 1, 2006, and continuing thereafter until changed.

A. Residential premises.

1. Single-family residences as defined by East Bay Municipal Utility District (EBMUD) Business Classification Code 8800, Private Residence:

- a. Shall pay a sewer service rate based on each hundred cubic feet of water used by each water account as follows:

\$3.11/Ccf

- b. Notwithstanding A.1.a, payments by each water account in this category shall be limited to a maximum sewer billing amount (billing cap) per billing period of two times the category's average annual water use. The billing caps are as follows:

Monthly Period	Bimonthly Period
<u>Billing Cap</u>	<u>Billing Cap</u>
\$41.66	\$83.32

2. Multiple-family residences with 2 dwelling units attached to one meter as defined by EBMUD Business Classification Code 6514, Rate Code 2, Duplex:

- a. Shall pay a sewer service rate based on each hundred cubic feet of water used by each water account as follows:

\$3.17/Ccf

- b. Notwithstanding A.2.a. payments by each water account in this category shall be limited to the maximum sewer billing amount (billing cap) per billing period of two times the category's average annual water use. The billing caps are as follows:

Monthly Period	Bimonthly Period
<u>Billing Cap</u>	<u>Billing Cap</u>
\$67.37	\$134.74

- 3. Multiple-family residences with 3 dwelling units attached to one water meter as defined by EBMUD Business Classification Code 6514, Rate Code 3, Triplex:

- a. Shall pay a sewer service rate based on each hundred cubic feet of water used by each water account as follows:

\$3.38/Ccf

- b. Notwithstanding A.3.a. payments by each water account in this category shall be limited to the maximum sewer billing amount (billing cap) per billing period of two times the category's average annual water use. The billing caps are as follows:

Monthly Period	Bimonthly Period
<u>Billing Cap</u>	<u>Billing Cap</u>
\$99.30	\$198.60

- 4. Multiple-family residences with 4 dwelling units attached to one water meter as defined by EBMUD Business Classification Code 6514, Rate Code 4, Quadplex:

- a. Shall pay a sewer service rate based on each hundred cubic feet of water used by each water account as follows:

\$3.33/Ccf

- b. Notwithstanding A.4.a. payments by each water account in this category shall be limited to the maximum sewer billing amount (billing cap) per billing period of two times the category's average annual water use. The billing caps are as follows:

Monthly Period	Bimonthly Period
<u>Billing Cap</u>	<u>Billing Cap</u>
\$115.50	\$231.00

- 5. Multiple-family residences as defined by EBMUD Business Classification Code 6513, Residence with 5 or more dwelling units:

- a. Shall pay a sewer service rate based on each hundred cubic feet of water used by each water account as follows:

\$3.34/Ccf

- b. Notwithstanding A.5.a. payments by each water account in this category shall be limited to the maximum sewer billing amount (billing cap) per dwelling unit per billing period of two times the category's average annual water use per dwelling unit. The billing caps are as follows:

Monthly Period	Bimonthly Period
<u>Billing Cap</u>	<u>Billing Cap</u>
\$38.65	\$77.30

B. Non-residential premises.

- 1. Non-residential EBMUD accounts in the "Discharge factor of 0.60" category shall pay a sewer service rate based on each hundred cubic feet of water used by each water account on the premises as follows:

\$2.27/Ccf

- 2. Non-residential EBMUD accounts in the "Discharge factor of 0.70" category shall pay a sewer service rate based on each hundred cubic feet of water used by each water account on the premises as follows:

\$2.65/Ccf

- 3. Non-residential EBMUD accounts in the "Discharge factor of 0.80" category shall pay a sewer service rate based on each hundred cubic feet of water used by each water account on the premises as follows:

\$3.02/Ccf

- 4. Non-residential EBMUD accounts in the "Discharge factor of 0.90" category shall pay a sewer service rate based on each hundred cubic feet of water used by each water account on the premises as follows:

\$3.39/Ccf

- 5. Non-residential EBMUD accounts in the "All Other Customer Usage" category shall pay a sewer service rate based on each hundred cubic feet of water used by each water account on the premises as follows:

\$3.78/Ccf

C. Public Agencies

- 1. Public Agency - Single-family residences as defined by East Bay Municipal Utility

District (EBMUD) Business Classification Code 8800, Private Residence:

- a. Shall pay a sewer service rate based on each hundred cubic feet of water used by each water account as follows:

\$2.77/Ccf

- b. Notwithstanding A.1.a, payments by each water account in this category shall be limited to a maximum sewer billing amount (billing cap) per billing period of two times the category's average annual water use. The billing caps are as follows:

Monthly Period	Bimonthly Period
<u>Billing Cap</u>	<u>Billing Cap</u>
\$37.19	\$74.38

- 2. Public Agency - Multiple-family residences with 2 dwelling units attached to one meter as defined by EBMUD Business Classification Code 6514, Rate Code 2, Duplex:

- a. Shall pay a sewer service rate based on each hundred cubic feet of water used by each water account as follows:

\$2.83/Ccf

- b. Notwithstanding A.2.a, payments by each water account in this category shall be limited to the maximum sewer billing amount (billing cap) per billing period of two times the category's average annual water use. The billing caps are as follows:

Monthly Period	Bimonthly Period
<u>Billing Cap</u>	<u>Billing Cap</u>
\$60.10	\$120.20

- 3. Public Agency - Multiple-family residences with 3 dwelling units attached to one water meter as defined by EBMUD Business Classification Code 6514, Rate Code 3, Triplex:

- a. Shall pay a sewer service rate based on each hundred cubic feet of water used by each water account as follows:

\$3.01/Ccf

- b. Notwithstanding A.3.a, payments by each water account in this category shall be limited to the maximum sewer billing amount (billing cap) per billing period of two times the category's average annual water use. The billing caps are as follows:

Monthly Period	Bimonthly Period
<u>Billing Cap</u>	<u>Billing Cap</u>
\$88.49	\$176.98

4. Public Agency - Multiple-family residences with 4 dwelling units attached to one water meter as defined by EBMUD Business Classification Code 6514, Rate Code 4, Quadplex:

a. Shall pay a sewer service rate based on each hundred cubic feet of water used by each water account as follows:

\$2.97/Ccf

b. Notwithstanding A.4.a, payments by each water account in this category shall be limited to the maximum sewer billing amount (billing cap) per billing period of two times the category's average annual water use. The billing caps are as follows:

Monthly Period	Bimonthly Period
<u>Billing Cap</u>	<u>Billing Cap</u>
\$103.02	\$206.04

5. Public Agency - Multiple-family residences as defined by EBMUD Business Classification Code 6513, Residence with 5 or more dwelling units,

a. Shall pay a sewer service rate based on each hundred cubic feet of water used by each water account as follows:

\$3.52/Ccf

b. Notwithstanding A.5.a., payments by each water account in this category shall be limited to the maximum sewer billing amount (billing cap) per dwelling unit per billing period of two times the category's average annual water use per dwelling unit. The billing caps are as follows:

Monthly Period	Bimonthly Period
<u>Billing Cap</u>	<u>Billing Cap</u>
\$34.48	\$68.96

6. Public Agency Non-residential EBMUD accounts in the "Discharge factor of 0.60" category shall pay a sewer service rate based on each hundred cubic feet of water used by each water account on the premises as follows:

\$1.82/Ccf

7. Public Agency - Non-residential EBMUD accounts in the "Discharge factor of 0.70" category shall pay a sewer service rate based on each hundred cubic feet of water used by each water account on the premises as follows:

\$2.12/Ccf

8. Public Agency - Non-residential EBMUD accounts in the "Discharge factor of 0.80" category shall pay a sewer service rate based on each hundred cubic feet of water used by each water account on the premises as follows:

\$2.43/Ccf

9. Public Agency - Non-residential EBMUD accounts in the "Discharge factor of 0.90" category shall pay a sewer service rate based on each hundred cubic feet of water used by each water account on the premises as follows:

\$2.73/Ccf

10. Public Agency - Non-residential EBMUD accounts in the "All Other Customer Usage—Discharge Factor of 1.0" category shall pay a sewer service rate based on each hundred cubic feet of water used by each water account on the premises as follows:

\$3.03/Ccf

BE IT FURTHER RESOLVED that this resolution shall become effective July 1, 2007. A record signature copy of said agreement and any amendments to be on file in the Office of the City Clerk.