



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Public Works
Department No.: 054
For Agenda Of: 4/28/2009
Placement: Administrative
Estimated Tme: 5/26/2009, 30 min,
6/16/2009, 15 min
Continued Item: No
If Yes, date from:
Vote Required: 2/3

TO: Board of Directors, Laguna County Sanitation District

FROM: Department Scott D. McGolpin, x3010
Director(s) Public Works Department

Contact Info: Mark A. Schleich, x3605
Public Works Deputy Director, Resource Recovery & Waste
Management Division

SUBJECT: **Laguna County Sanitation District Board Ordinance Adopting Service Charges, Connection Fees, and Trunk Line Fees and Resolution Relative to Collection of Service Charges on the Tax Roll; Fourth and Fifth Supervisorial Districts**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

As to form:

Recommended Actions:

- A. Set a public hearing on the departmental agenda for May 26, 2009 to do the following:
1. Introduce the first reading of an ordinance amending Ordinance No. 3130 to revise service charges, connection fees and other related fees for the Laguna County Sanitation District;
 2. Receive and file with the Clerk of the Board a fixed charge report for fiscal year 2009/2010;
 3. Accept the notice of exemption pursuant to Section 15273 (a) (1) – (4) of the State Guidelines for Implementation of the California Environmental Quality Act (attached Exhibit 1);

- B. Set a public hearing on the departmental agenda for June 16, 2009 to adopt the following:
1. The attached ordinance (second reading) entitled “An Ordinance Amending Ordinance No. 3130,” which revises service charges, connection fees and other related fees for the Laguna County Sanitation District;
 2. A resolution relative to the collection of service charges on the tax rolls.

Summary Text:

In order to provide the current level of service, adhere to the Board’s Enterprise Fund Reserve Policy and comply with regulatory requirements, staff recommends a rate increase of 7.0%. An increase of 6.8% based on the construction cost index (CCI) is proposed for developer impact fees pursuant to ordinance 4142 as well as an increase to the Bradley-Solomon trunk line fee of 3.25% based on the prime interest rate pursuant to the developer reimbursement agreement. The rate increases proposed are consistent with the Board’s policies and the long-range fiscal plan for the enterprise fund.

Background:

The Laguna County Sanitation District (LCSD), a County dependent special district, provides sewer service to customers primarily within the Fourth Supervisorial District and is regulated by the Regional Water Quality Control Board (RWQCB) under Waste Discharge Requirements and Master Reclamation Permit Order 01-042. The service area includes the community of Orcutt, unincorporated areas of Santa Maria south and east of the Santa Maria Public Airport District, and a few parcels located within the city of Santa Maria.

LCSD had historically treated water to secondary levels and irrigated sugar beets and later cattle pasture when Holly Sugar closed down. In 1989 the Regional Water Quality Control Board (RWQCB) adopted the Central Coast Region Basin Plan that set standards to protect water quality. This action resulted in a building moratorium in Orcutt by restricting how much wastewater could be treated by LCSD. In particular, LCSD was in violation with the Basin Plan due to the content of salt constituents in its effluent, ultimately leading to an expensive plant upgrade.

The salt originates from the local water purveyor whose groundwater is categorized as “very hard”. Due to the hardness, the pick up from salt by normal use is exacerbated by the prolific use of water softeners resulting in the doubling of the amount of salt discharged to the plant. LCSD attempted to prohibit the use of water softeners but this action was challenged in court. In the end, plant improvements were implemented in 2001 that improved treatment to tertiary levels and removed salt. The cost of the project to comply with state standards was approximately \$15 million. Without these improvements, the Orcutt Community Plan (OCP) could not have been implemented. In addition, this impacted rates due to greater operational costs, depreciation, debt service and capital reserve requirements. Currently, the plant has the ability to treat 3.7 millions gallons per day (mgd) and dispose of 2.8 mgd. The current daily flow is approximately 2.1 mgd.

This action proposes the rates and fees for next fiscal year as described below and sets two hearing dates to consider the adoption of an ordinance to revise service charges, connection fees and other rules and regulations. Public noticing including a mailer to District customers in compliance with Article 13D of the California Constitution (Proposition 218) and newspaper publication in compliance with Government Code Section 6066 accompany this proposal.

Service Charge

Services provided by the District include the collection, treatment and disposal of wastewater. Service charges fund the District’s operation, maintenance, and replacement (OM&R) needs and are collected on the tax rolls. These costs are distributed across the various billing categories based on flow, biological and solids loading as well as by the type of facility being served as described in Section 29-36 of the County Code. The billing categories include single-family residences, multiple-family residences, schools, and commercial establishments.

The proposed budget includes cost increases related to fuel, salaries, cost allocations, insurance, professional services, minor capital projects, additional sewer system maintenance, and reserve fund requirements. The Enterprise Fund Reserve Policy adopted by the Board in June of 2007 is intended to reduce future debt service, invest in capital assets, and provide for working capital, contingency, and expansion. The State Water Resources Control Board (SWRCB) Sewer System Management Plan (SSMP) permit adopted by the Board in November 2007 requires enhanced sewer system maintenance to prevent sewer overflows. Therefore, the following rate structure shown in the table below is proposed for fiscal year 2009-2010. The single family residence rate of \$519.47 is an increase of \$33.09 per year or a monthly equivalent of \$2.76 per month. For comparison, the 2008 CPI was 7.0% for the national average of water and sewerage maintenance costs. The proposed rates are shown in the table below:

Dwelling Type	Current Sewer Charge		Proposed Sewer Charge	
	Annual	Monthly	Annual	Monthly
Single Family Residence	\$486.38	\$40.53	\$519.47	\$43.29
Multiple Family/Condo/Mobile	\$437.75	\$36.48	\$468.79	\$39.07
Commercial	Based on type, flow and loading		Based type, flow and loading	
Schools per Staff/Student	\$25.76/capita	\$2.15/capita	\$26.79/capita	\$2.23/capita

Connection Fee

Connection fees are developer wastewater impact mitigation fees. Connection fees generate revenue from new customers to fund plant facility expansions, upgrades and major rehabilitations. These fees are used to ensure that new development pay a fair share of existing facilities and capacity improvements. In order to compensate for construction industry related escalations, the connection fees are adjusted by the Construction Cost Index (CCI), as published by the *Engineering News Record* for the city of Los Angeles. The increase in the CCI for January of 2008 was 6.8%. Based on that index, the following connection fees are proposed for next fiscal year:

Facility Type	Current Connection Fee	Proposed Connection Fee
Single Family Residence	\$4,552	\$4,862
Multiple Family/Condo/Mobile	\$4,097	\$4,376
Commercial	Factored per type and size	Factored per type and size

Solomon Creek Trunk Line Fees

A trunk line fee is a developer impact mitigation fee pertaining to a specific part of the collection system. The Dutard-Solomon segment of the Solomon Creek trunk line was completed by the District. The fee is assessed to new customers that benefit from its use and replenishes District reserves, which are then available for other capital improvements. This fee is adjusted by the same index as used to adjust connection fees as described above pursuant to Ordinance 4142.

The Bradley-Solomon segment of the Solomon Creek trunk line was constructed by a private party developer. The revenue from this fee reimburses the developer subject to the terms of the reimbursement agreement executed by the Board on January 15, 2008. That agreement used the prime interest rate for annual adjustments which was 3.25%. The proposed trunk line fees are shown in the table below:

Trunk Line	Current Trunk Line Fee	Proposed Trunk Line Fee
Dutard (all residential)	\$810	\$865
Dutard (commercial)	Factored per type and size	Factored per type and size
Bradley (all residential)	\$1,814	\$1,873
Bradley (commercial)	Factored per type and size	Factored per type and size

Performance Measure:

This action will establish rates and fees intended to supply adequate revenues for the District’s operations and capital expense needs.

Fiscal and Facilities Impacts:

This action proposes the FY 2009/2010 operating budget. The attached amending ordinance will adjust existing service rates and fees as discussed above.

Fiscal Analysis:

Funding Sources	Proposed Funding
General Fund	
State	
Federal	
Fees	
Service Charges	\$ 6,490,000.00
Total	\$ 6,490,000.00

Narrative: The revenue sources shown above represent the District’s proposed operating budget for next year, which is a 7% increase over last year’s proposed revenue. Revenue from fees will depend upon the number of new connections.

Staffing Impacts:

No new staffing positions are proposed in this budget.

Special Instructions:

A. Government Code § 6066 Publication:

Clerk of the Board to publish notice of the hearings, as set forth below in item B, in the Santa Maria Times once per week for the two weeks prior to each hearing with at least five days between the notices for each hearing in compliance with Section 6066 of the Government Code. **Recommended publication dates are May 12 and May 19 for the first hearing and June 2 and June 9 for the second hearing.**

B. Notice to be Published:

BOARD OF DIRECTORS OF THE LAGUNA COUNTY SANITATION DISTRICT
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA
NOTICE OF FIRST AND SECOND PUBLIC HEARINGS

Notice is hereby given that public hearings will be held by the Board of Directors of the Laguna County Sanitation District (Santa Barbara County Board of Supervisors) on May 26 and June 16, 2009, at 9:00 a.m. or shortly thereafter, in the Board of Supervisors Hearing Room in the Betteravia Government Center at 511 East Lakeside Parkway, Santa Maria, California to take public testimony on the proposed ordinance revising service charges and fees. The second hearing will consider adoption the ordinance and resolution regarding the collection of said charges on the tax rolls. A copy of a report with the proposed amounts can be seen during business hours at the Santa Maria Office of the Santa Barbara County Public Works Department, 620 West Foster Road, Santa Maria, California.

Any objections or protests to the adoption of the proposed ordinance may be filed with the Clerk of the Board of Directors before the public hearings. The address of the Clerk of the Board is: County of Santa Barbara Administration Building, 105 East Anapamu Street, Santa Barbara, California 93101. The objections or protests may also be filed at the second hearing.

C. Following Board approval Clerk of the Board to post the Notice of Exemption and forward a stamped copy to Resource Recovery and Waste Management, Attention Joddi Leipner.

D. Clerk of the Board to forward a certified copy of the amended ordinance and the resolution to:
Martin Wilder, Laguna County Sanitation District, Resource Recovery & Waste Management Division, Public Works Dept in Santa Maria and to Mark Schleich, Resource Recovery & Waste Management Division, Public Works Dept in Santa Barbara

Attachments:

Notice of Exemption
Ordinance
Resolution
Sewer Charge Fee Report

Authored by:

Martin Wilder, Manager
Laguna County Sanitation District

cc: Rochelle Camozzi, Public Works Department CFO
Mark Paul, Auditor-Controller's Office
Colleen Hankins, Resource Recovery & Waste Management Division Accountant