



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

A-41

Department Name: Public Works
Department No.: 054
For Agenda Of: 4/03/2007
Placement: Administrative
Estimated Tme: 5/1/2007, 30 min,
5/22/2007, 15 min
Continued Item: No
If Yes, date from:
Vote Required: 2/3

TO: Board of Directors, Laguna County Sanitation District

FROM: Department Phillip M. Demery, 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: N/A

Recommended Actions:

- A. Set a public hearing on the departmental agenda for May 1, 2007 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 2007/2008;
 - 3. Accept the 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 May 22, 2007 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 and comply with regulatory requirements, staff recommends a 4% increase to sewer services charges and a 3.5% increase to developer fees for FY 2007/2008. Also, this staff report updates the Board on long-term fiscal planning and potential alternatives for district governance.

Background:

The Laguna County Sanitation District, 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 Airport, and a few parcels located within the city of Santa Maria. In the last 20 years the District has come under tighter regulatory requirements set by the Regional Water Quality Control Board (RWQCB). To comply with permit requirements regulating the mineral (salt) content in its effluent, the District upgraded its reclamation plant to tertiary treatment including reverse osmosis and brine disposal well. Laguna County Sanitation District and the Summerland Sanitary District are the only wastewater agencies within the county that treat all of its effluent to tertiary levels.

Proposed Rate Adjustments for Fiscal Year 2007/2008

This Board action proposes the rate structure and budget for fiscal year 2007/2008 and sets two hearing dates to consider the adoption of an ordinance entitled, "An Ordinance Amending Ordinance 3130, the Laguna County Sanitation District Service Charges, Connection Fees and other Rules and Regulations." The ordinance amends those portions of Ordinance No. 3130, which established fees and charges for providing public wastewater service as described in the following paragraphs.

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 loading and 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. Based on the proposed budget, a rate increase for fiscal year 2007/2008 of 4% for single family residential customers is proposed. This is an increase of \$1.46 per month for a single family residence. For comparison, the 2006 Los Angeles-Long Beach CPI was 4.67%. The proposed rates for fiscal year 2007/2008 are shown in the table below:

Dwelling Type	Current Sewer Charge		FY 2007/2008 Sewer Charge	
	Year	Month	Year	Month
Single Family Residence	\$437.30	\$36.644	\$454.79	\$37.90
Multiple Family/Condo/Mobile	\$393.57	\$32.80	\$408.20	\$34.02
Commercial	Based on type, flow and loading		Based type, flow and loading	
Schools per Staff/Student	\$22.78/capita	\$1.90/capita	\$25.43/capita	\$2.12/capita

In addition to public noticing requirements in the newspaper, a mailer was sent out to all District customers addressing this proposal.

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 as well as additional 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 2007 was 3.5%. Based on that index, the following connection fees are proposed for fiscal year 2007/2008:

Facility Type	Proposed Connection Fee
Single Family Residence	\$4,398
Multiple Family/Condo/Mobile	\$3,958
Commercial	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 in March of 2002 by the District using District reserves. It replaced the main lift station constructed in 1962, which had been scheduled for removal when the trunk line could be constructed. The fee for this trunk line is assessed to new customers that benefit from its use and replaces District reserves, which are then available for other capital improvements. Trunk line fees are adjusted per 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 was constructed by a private party developer. This fee will be used for reimbursement to the private party developer subject to the terms of a separate reimbursement agreement yet to be executed. Because the final costs of this sewer line are not known at this time, the fee shown below is based on a 1993 study escalated by the same CCI mentioned above through 2007. Monies collected for this fee will be distributed when the reimbursement agreement is executed.

The following trunk line fees are proposed for FY 2007/2008:

Trunk Line	Proposed Trunk Line Fee
Dutard (all residential)	\$783
Dutard (commercial)	Factored per type and size
Bradley (all residential)	\$1,940
Bradley (commercial)	Factored per type and size

Long-Term Financial Analysis

In order to anticipate future costs and rate impacts, the Board directed staff to prepare a long-term rate projection and to review where operational efficiency may be improved. Last year R.W. Beck prepared a plant efficiency study dated April 2006. This study made recommendations for reducing electrical

consumption and other mechanical improvements. These projects have been incorporated into the District's capital improvement plan (CIP) or minor projects list with estimated dates for implementation based on costs and revenue.

On November 6, 2006, staff presented a fiscal forecast for the District to the Debt Advisory Committee (DAC). The presentation detailed the reasons for the recent plant improvements and impacts to operating costs as well as future plant and discharge capacity needs to accommodate full build out of Orcutt Community Plan (OCP). In order to plan for needed capital replacement and capacity improvements, some type of progressive rate adjustments are necessary. Two planning scenarios were presented to the DAC by the Public Works Department, Auditor/Controller's Office, and the Executive Office. Each scenario assumed an annual growth in revenue requirements of 4% out to 2015. Actual annual revenue growth requirements may vary.

Scenario 1

A no-growth (stagnant development) scenario shows that by 2015 the District will have approximately 85% of its reserve requirement. The reserve requirement for the no-growth scenario is based on amounts collected for accumulated depreciation on existing and replaced equipment.

Scenario 2

A growth (anticipated development) scenario indicated that the District would meet its reserve requirement in 2015. In addition to accumulated depreciation on existing and replaced equipment, the reserve requirement for the growth scenario includes accumulated depreciation on new equipment for capacity expansions and is augmented by connection fees. Debt service will be required for plant expansion to accommodate Orcutt growth. The plant expansion will likely occur by 2011.

Further, two alternative methods were discussed for reserve balance planning. The first reviewed the results of no rate increases to revenue requirements in the no-growth scenario. This resulted in a depletion of the reserve balance in one year since these funds would have been used for capital replacement. The second reviewed the results of an inflationary factor applied to the annual depreciation in the growth scenario. This would adjust original equipment cost to future replacement cost. This alternative would add \$71 to the annual base rate of a typical residential customer.

Governance Alternatives

Another concept to manage efficiency included an evaluation of governance alternatives for the District. These alternatives include consolidation with neighboring utilities such as the City of Santa Maria and the Golden State Water Company as well as various internal administrative options.

The concept of combining wastewater functions with the City, contracting services to the City, or absorbing the District with the City was discussed with City representatives. The City indicated no interest in either combining operations or running the District. This was mainly due to differences in operation as well as jurisdictional issues.

Discussions with the Golden State Water Company revealed mutual interests due to the overlap in customer base. For this reason, there was a concept that either agency could perform both water and wastewater services. However, Golden State Water Company officials showed no interest in selling its interest to the District. Additionally, the process to convert District services to the water company is

unclear, would likely require an election, and would place jurisdiction under the California Public Utilities Commission (CPUC). In the future, there may be joint projects that could benefit both the District and the water company but none were identified at this time.

Internal administration options of the District include remaining as is, the creation of an advisory commission, or converting to an independent special district. An advisory commission would act on behalf of the Board for policy decisions and be the entity submitting actions to the Board for consideration. Financial impacts of creating such a commission, as well as legal formulation would require consideration but similar structures exist in other agencies within the county. Lastly, the District could be converted to an independent special district responsible for its services and governed by an independent board. Services the District currently receives internally within county government would be converted to other sources and organizationally, the District would be restructured in a manner similar to the other 10 independent special districts providing wastewater services in the county.

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 2007/2008 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	\$ 5,696,000.00
Total	\$ 5,696,000.00

Narrative: The revenue sources shown above represent the District's proposed operating budget for next year. Revenue from fees will depend upon the number of new connections in FY 2007/2008.

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 April 17 and April 24 for the first hearing and May 8 and May 15 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, County of Santa Barbara, State of California, on May 1, 2007, at 9:00 a.m. or shortly thereafter, in the Board of Supervisors Hearing Room on the fourth floor of the County Administration Building at 105 East Anapamu Street, Santa Barbara, California to take public testimony on the proposed ordinance revising service charges and fees and on May 22, 2007, at 9:00 a.m. or shortly thereafter, in the Board of Supervisors Hearing Room California in the Betteravia Government Center at 511 East Lakeside Parkway, Santa Maria, California, to 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 Department.

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
John Jayasinghe, County Executive Office

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF SANTA BARBARA,
STATE OF CALIFORNIA
EX-OFFICIO BOARD OF DIRECTORS OF
LAGUNA COUNTY SANITATION DISTRICT

IN THE MATTER OF ADOPTING A REPORT)
LISTING SERVICE AND CONNECTION)
CHARGES IN LAGUNA COUNTY) RESOLUTION NO.

SANITATION DISTRICT AND PROVIDING)
FOR COLLECTION ON THE TAX ROLLS)

WHEREAS, a report pursuant to Health and Safety Code Section 5473 was filed with the Clerk of the Board; and

WHEREAS, notice of said hearing has been published pursuant to Government Code Section 6066; and

WHEREAS, it appears to be in the best interest of the public and to the inhabitants of said District that the charges for connections and service within said District be collected on the County Tax Roll; and

WHEREAS, the charges for such connections and service appear to be reasonable and proper.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED as follows:

1. That the foregoing recitations are true and correct.
2. That the connection and service charges fixed by Ordinance No. _____ and set out in said report, and each of them, be collected at the same time and in the same manner and by the same persons as, together with and not separate from the general taxes, for the Laguna County Sanitation District.
3. That the Clerk be and is hereby authorized and directed to file a copy of said report with the County Auditor-Controller on or before August 3, 2007 with a statement endorsed thereon over his signature that it had been finally adopted by the Board of Directors in accordance with Health and Safety Code Section 5473.4



RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF SANTA BARBARA,
STATE OF CALIFORNIA
EX-OFFICIO BOARD OF DIRECTORS OF
LAGUNA COUNTY SANITATION DISTRICT

IN THE MATTER OF ADOPTING A REPORT)
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NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED as follows:

1. That the foregoing recitations are true and correct.
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3. That the Clerk be and is hereby authorized and directed to file a copy of said report with the County Auditor-Controller on or before August 3, 2007 with a statement endorsed thereon over his signature that it had been finally adopted by the Board of Directors in accordance with Health and Safety Code Section 5473.4

NOTICE OF EXEMPTION

TO: Santa Barbara County Clerk of the Board of Supervisors

FROM: Public Works Department, Resource Recovery and Waste Management Division

The project or activity identified below is determined to be exempt from further environmental review requirements of the California Environmental Quality Act (CEQA) of 1970, as defined in the State and County Guidelines for the implementation of CEQA.

APN(s): Multiple Case No.: Not Applicable

Location: Orcutt and unincorporated areas of the Santa Maria Valley, Santa Barbara County (Include street address and cross street (if urbanized area) or attach specific location map)

Project Title: Laguna County Sanitation District Ordinance Amendments

Project Description: Adoption of revised utility rates for 2007/2008 for the Laguna County Sanitation District.

(Include nature, purpose, and beneficiaries of project)

Name of Public Agency Approving Project: County of Santa Barbara

Name of Person or Agency Carrying Out Project: Laguna County Sanitation District

Exempt Status: (Check one)

- Ministerial
Statutory Exemption
Categorical Exemption
Emergency Project
Declared Emergency

Cite specific CEQA and/or CEQA Guideline Section: CEQA Guideline Section 15273(a) (1) (2) (4).

Rate, Tolls, Fares, and Charges.

Reasons to support exemption findings (attach additional material, if necessary)

CEQA does not apply to the approval of rates for the purpose of meeting operating expenses or for obtaining funds necessary to maintain service within an existing service area. The proposed project would provide for an increase in rates to maintain service with in the Laguna County District's existing service area consistent with the requirements of this statutory exemption.

Lead Agency Contact Person: Marty Wilder, District Manager Phone #: (805) 739-8755

Department/Division Representative: [Signature] Env. Planner Date: February 6, 2007

Acceptance Date:

Note: A copy of this form must be posted at P&D 6 days prior to a decision on the project. Upon project approval, this form must be filed with the County Clerk of the Board and posted by the Clerk of the Board for a period of 30 days to begin a 35 day statute of limitations on legal challenges.

Sec. 2007-3.

Section 3 of Article I of Ordinance No. 3130 as amended by Ordinance No. 4610 is amended to read as follows:

Section 3.

The service charge for each apartment, condominium, trailer space or mobile home dwelling unit is \$408.20 per fiscal year (\$34.02 per month). For new multiple family residential dwellings, service charges will be paid prior to occupancy approval from the date of occupancy clearance through the end of the fiscal year. Thereafter, service charges will be collected on the tax roll.

Sec. 2007-4.

Section 4 of Article I of Ordinance No. 3130, as amended by Ordinance 4610 is amended to read as follows:

Section 4.

- a. The service charge for schools, public and private, is \$25.43 per capita per year, to be computed on the basis of a total person count of students plus teaching, administrative and maintenance staff personnel.
- b. The service charge for all commercial facilities shall be dependent on five-day biochemical oxygen demand and suspended solids loading per commercial facility type in addition to flow volume. The minimum commercial service charge is \$408.00 per fiscal year. For new commercial facilities, service charges will be paid prior to occupancy approval from the date of occupancy clearance through the end of the fiscal year. Thereafter, service charges will be collected on the tax roll.

Sec. 2007-5.

Section 2 of Article II of Ordinance No. 3130, as amended by Ordinance 4610, is amended to read as follows:

Section 2.

The connection charge for each apartment, condominium, trailer space or mobile home dwelling unit is \$3,958.

Sec. 2007-6.

Section 3 of Article II of Ordinance No. 3130, as amended by Ordinance No 4610, is amended to read as follows:

Section 3.

- a. The connection charge for each single family and duplex dwelling unit is \$4,398.

it, shall be published once, with the names of the members of the Board of Directors voting for and against the same, in the Santa Maria Times, a newspaper of general circulation published in the County of Santa Barbara.

PASSED, APPROVED, AND ADOPTED by the Board of Directors of the Laguna County Sanitation District, County of Santa Barbara, State of California, this _____ day of _____ 2007, by the following vote:

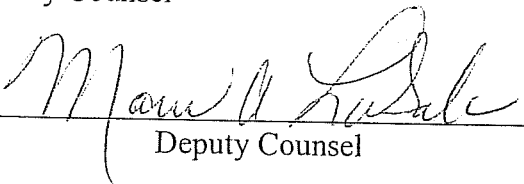
- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

Chair, Board of Directors,
Laguna County Sanitation District

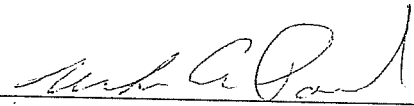
ATTEST:
MICHAEL BROWN
CLERK OF THE BOARD

By _____

APPROVED AS TO FORM:
STEPHEN S. STARK
County Counsel

By 
Deputy Counsel

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, CPA
Auditor-Controller

By 
Deputy

LAGUNA COUNTY SANITATION DISTRICT
Connection Fee Schedule for FY 2007/2008

Customer Description	Daily Flows or Units of Measure	Residential Unit Equivalency Factors [1]	Connection Fee Per RUE [2]
Single Family Residence	205 gpd	1.000	\$4,398
Multiple Family Residence	184 gpd	0.900	\$3,958
<u>Non-Residential</u>			
Retail	1,000 SF	0.190	\$836
Barber/Beauty Salon/Pet Grooming	1,000 SF	0.625	\$2,749
Lumber yards/Nurseries/Business/Services	1,000 SF	0.191	\$840
Offices/Financial Institutions	1,000 SF	0.263	\$1,157
Medical Offices/Veterinary Clinics	1,000 SF	0.521	\$2,291
Restaurants/Fast Food	1,000 SF	3.481	\$15,309
Other Food Services (deli, yogurt shops)	1,000 SF	0.984	\$4,328
Banquet Facilities/Patio Dining	1,000 SF	0.984	\$4,328
Bakeries	1,000 SF	3.442	\$15,138
Common Areas	1,000 SF	0.167	\$734
Auto/Transportation Services	1,000 SF	0.354	\$1,557
Car Wash, Non-Recycle	1,000 SF	12.560	\$55,239
Car Wash, Recycle	1,000 SF	2.970	\$13,062
Dry Cleaner without Laundry	1,000 SF	0.208	\$915
Laundromats	1,000 SF	11.084	\$48,747
Mtg. Halls/Theaters/Entertainment	1,000 SF	0.250	\$1,100
Bowling Alleys	1,000 SF	0.271	\$1,192
Golf Course/Country Club/Health Club	1,000 SF	0.984	\$4,328
Warehouse	1,000 SF	0.104	\$457
Market/Supermarket	1,000 SF	0.469	\$2,063
Skilled Nursing	1,000 SF	1.892	\$8,321
Residential Care for the Elderly	1,000 SF	0.797	\$3,505
Hospitals	1,000 SF	2.390	\$10,511
Hotels/Motels	1,000 SF	0.984	\$4,328
Churches	1,000 SF	0.208	\$915
Schools with cafeteria, gym/showers	Classroom	0.737	\$3,241
Schools with cafeteria, w/o gym/showers	Classroom	0.432	\$1,900
Schools w/o cafeteria, with gym/showers	Classroom	0.649	\$2,854
Schools w/o cafeteria, w/o gym/showers	Classroom	0.360	\$1,583

[1] Residential unit equivalency factors for commercial facilities are based on typical flows, 5-day biochemical oxygen demand and suspended solids loading for each specific type of commercial facility. Each commercial facility is related by an equivalency factor to a standard single family residential unit.

[2] Example, retail is the RUE fee per 1,000 SF.

PASSED AND ADOPTED by the Board of Directors of the Laguna County Sanitation District,
State of California, this _____ day of _____, 2007 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

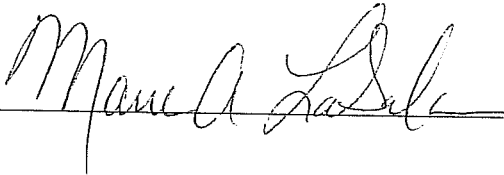
Chair, Board of Directors
Laguna County Sanitation District

ATTEST:
MICHAEL BROWN
CLERK OF THE BOARD

By _____
Deputy

APPROVED AS TO FORM:
FORM:
STEPHEN S. STARK
County Counsel

APPROVED AS TO ACCOUNTING
ROBERT W. GEIS, CPA
Auditor-Controller

By 

By 