



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: 05/01/2012
Placement: Administrative
Estimated Tme: 6/19/2012, Dept 15 min,
07/03/2012, Admin
Continued Item: No
If Yes, date from:
Vote Required: 2/3

TO: Board of Directors, Laguna County Sanitation District

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

Contact Info: Mark A. Schleich, P.E., 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; Third, 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:

Set hearing on June 19, 2012 on the departmental agenda to consider recommendations regarding an ordinance adopting service charges, connection fees, and trunk line fees, and a resolution relative to collection of service charges on the tax roll as follows:

- a) Consider the introduction (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;
- b) Receive and file with the Clerk of the Board a fixed charge report for fiscal year 2012-2013;
- c) Set hearing on the administrative agenda for July 3, 2012 to:
 - i. Adopt (second reading) an ordinance amending Ordinance No. 3130 to revise service charges, connection fees and other related fees for the Laguna County Sanitation District;
 - ii. Adopt a resolution relative to the collection of service charges on the tax rolls; and

- iii. Adopt the written findings in the attached Notice of Exemption that the proposed action is for the establishment of rates for services provided by the Laguna County Sanitation District, that no expansion of services or facilities will result, and that any increased revenues will be used for meeting operating expenses and financial reserve needs and requirements, and that the action is therefore exempt from CEQA pursuant to 14 CCR Section 15273 and approve the filing of a Notice of Exemption on that basis.

Summary Text:

This action sets the rates for service charges, connection fees, and trunk line fees for fiscal year 2012-2013. A rate increase of 11% is recommended to service charges, which are consistent with the *Laguna County Sanitation District Wastewater Reclamation Facilities and Financial Master Plan* presented to the Board on October 11, 2011. The proposed connection fee is also consistent with the Master Plan while adjustments to the trunk line fees are based on the appropriate index.

Background:

The Laguna County Sanitation District (District), a dependent special district of the County, provides wastewater services to customers in the Orcutt and unincorporated Santa Maria area and is regulated by the Regional Water Quality Control Board (RWQCB) under Waste Discharge Requirements Order R3-2011-0217. The service territory is located in the Third, Fourth and Fifth Supervisorial Districts. The recommended actions address service charges, connection fees, and trunk line fees.

Service charges are billed on an annual basis to District customers for single-family residence, multiple-family residence, school, and commercial billing categories. They fund operational, maintenance, and replacement costs (including debt service and depreciation) for collection, treatment, and discharge services. The following service charge rate structure is proposed:

Dwelling Type	Current Sewer Charge		Proposed Sewer Charge	
	Annual	Monthly	Annual	Monthly
Single Family Residence	\$589.18	\$49.10	\$653.99	\$54.50
Multiple Family/Condo/Mobile	\$530.84	\$44.24	\$588.59	\$49.05
Commercial	Based on type, flow and loading		Based type, flow and loading	
Schools per Staff/Student	\$30.75/capita	\$2.56/capita	\$34.13/capita	\$2.84/capita

The proposed rates are consistent with the *Laguna County Sanitation District Wastewater Reclamation Facilities and Financial Master Plan* presented to the Board on October 11, 2011. At that time, the need to change the rates with similar adjustments over the next few years was discussed in order to replace aged equipment and update facilities. **Additionally, a comment pertaining to billing on the tax roll was presented by a member of the public. As a result, a study of billing alternatives and poll of adjacent communities was performed and is included in an attached Billing Alternatives Analysis.** As shown, the 11% rate increase will result in an annual increase of \$64.81 (\$5.40 per month). Countywide, the average SFR rate is \$50.08 per month.

Connection fees are equity buy-in fees that ensure new customers pay a fair share of existing facilities and necessary upgrades or improvements. This action revises the fee is based on the *Laguna County Sanitation District Wastewater Reclamation Facilities and Financial Master Plan* from \$4,979 to \$6,302 per residential unit equivalent (RUE). By ordinance, this fee is adjusted annually based on the Los Angeles Construction Cost Index (CCI).

The Dutard-Solomon trunk line fee is a developer impact mitigation fee for new customers that utilize the Dutard-Solomon segment of the Solomon Creek trunk sewer completed by the District in 2001. Based on an increase in the Los Angeles CCI of 0.9%, the fee for RUE will increase from \$886 to \$894.

The Bradley-Solomon segment of the Solomon Creek trunk line was constructed by a developer in 2006. The revenue from this fee reimburses the developer subject to the terms of the reimbursement agreement executed by the Board on January 15, 2008. The agreement uses the prime interest rate for annual adjustments which was 3.25% for 2011. Therefore, this trunk fee will increase from \$1,997 to \$2,062 per RUE.

Performance Measure:

This action will establish rates and fees intended to provide revenues to meet the District's operations and capital expense needs.

Fiscal and Facilities Impacts:

The proposed rates and fees are based on the FY 2012-2013 operating budget (excludes capital expense). The attached amending ordinance will adjust existing service rates and fees as discussed above.

Fiscal Analysis:

The proposed service charge revenue represents the District's proposed operating budget, including reserves, in the amount of \$8,146,088. 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. Clerk of the Board to publish notice of the meetings at set forth in the attached Public Notice in the Santa Maria Times pursuant to Government Code § 6066. Recommended publication dates are June 5 and June 12, 2012.
- B. Following Board approval, Clerk of the Board to post the Notice of Exemption and forward a stamped copy to Laguna County Sanitation District, attention Martin Wilder.
- C. Clerk of the Board to forward a certified copy of the executed ordinance and resolution to:
 - Martin Wilder, Laguna County Sanitation District in Santa Maria
 - Shannon Barcelona, Resource Recovery & Waste Management Division in Santa Barbara

Attachments:

Ordinance
Resolution
Notice of Exemption
Public Notice
Report of Fixed Charges
Billing Alternatives Analysis

Authored by:

Martin Wilder, P.E., Utilities Manager

Copy: Mark Schleich, Deputy Public Works Director, Resource Recovery & Waste Management Division
Mark Paul, Deputy Public Works Director of Finance and Administration
Colleen Hankins, Resource Recovery & Waste Management Division Accountant