



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:** 5/3/2016  
**Placement:** Set Hearing  
**Estimated Time:** 6/21/2016, Dept. 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, P.E., Director, x3010  
Director(s)

Contact Info: Mark A. Schleich, P.E., Deputy Director, x3605

**SUBJECT:** Laguna County Sanitation District, Ordinance Relative to 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:**

That the Board of Directors:

- a) Receive and file with the Clerk of the Board the fixed charge report for fiscal year 2016-2017.
- b) Set a public hearing on June 21, 2016 to:
  - i) Adopt the ordinance amending Ordinance No. 3130 and Ordinance 4142 to revise service charges, connection fees and other related fees;
  - ii) Adopt the resolution authorizing the collection of said charges on the tax roll;
  - iii) Adopt the findings in the 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 the California Environmental Quality Act 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 2016-2017. In order to implement the *Laguna County Sanitation District Wastewater Reclamation Facilities and Financial Master Plan* presented to your Board on October 11, 2011, staff is recommending an increase of not more than 6% depending on user category. Adjustments to the connection and trunk line fees are based on the appropriate index as noted below. This is the fifth year of a five year rate adjustment plan to reduce the amount of debt service required to implement the plan and construct necessary plant upgrades.

**Background:**

The Laguna County Sanitation District is a dependent special district of the County and provides wastewater services to customers in the Orcutt and unincorporated Santa Maria areas. It 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. The adoption of this action requires a 2/3 vote per Section 5471 of the Health and Safety Code.

The proposed rate is based on a funding structure intended to address the replacement of aged equipment and facility upgrades as described in the *Laguna County Sanitation District Wastewater Reclamation Plant Facilities and Financial Master Plan*. This plan was presented to your Board on October 11, 2011 (see <http://santabarbara.legistar.com/LegislationDetail.aspx?ID=973679&GUID=A032160F-7E27-4061-B60F-BDAC8C74A852>), which included a financial model with a multi-year rate schedule. To date, the rates have been adopted pursuant to the plan as indicated below. This year, a rate increase not exceeding 6% is proposed where an increase of 8% was originally anticipated. In future years, the increases have been revised to correlate with expected inflationary adjustments.

FY	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
Proposed	7%	11%	11%	12%	12%	8%	6%	6%	3%	3%
Actual	7%	11%	11%	12%	12%	6%	3%	3%	3%	3%

Service Charges

Service charges are billed on an annual basis to District customers by billing category (single-family residences, multiple-family residences, schools, and commercial). They fund operational, maintenance, and replacement costs (including debt service and depreciation) for collection, treatment, and discharge services. As an example, the rate for a single family residential unit (SFR) would increase 5.8% (from \$910.60 to \$963.68 per year, or from \$75.88 to \$80.31 on a monthly basis).

Rate increases are noticed to land owners pursuant to Article 13D of the California Constitution. A majority of written protests by land owners presented to the Board would cause non-imposition of the increase. There are 10,461 parcels that receive sewer service.

Connection Fees

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 increases the connection fee from \$6,872 to \$6,941 per residential unit equivalent (RUE) based on the Los Angeles Construction Cost Index (CCI) as prescribed by ordinance, which was 1.1% for 2015.

**Trunk Fees**

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 1.1%, the fee for RUE will increase from \$975 to \$985 per RUE.

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 3.5% for 2014. Therefore, this trunk fee will increase from \$2,269 to \$2,348 per RUE.

**Performance Measure:**

This action will increase established 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 2016-2017 operating budget (excludes capital expense) and reserve policy. The attached amending ordinance will adjust existing service rates and fees as discussed above.

**Fiscal Analysis:**

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized On-going Cost:</u></b>	<b><u>Total One-Time Project Cost</u></b>
Sewer Charges		\$ 12,285,930.00	
Total	\$ -	\$ 12,285,930.00	\$ -

The proposed service charge revenue represents the District’s proposed operating budget, including reserves, in the amount of \$12,285,930. The majority of this revenue is billed on the tax roll while governmental agencies are billed by mail. 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. Request Clerk of the Board to publish notice of this hearing, as set forth in the attached Notice of Public Hearing, in the Santa Maria Times, pursuant to Section 6066 of the Government Code. **The recommended dates for publication are June 7 and June 14, 2016.**
- B. Request the Clerk of the Board publish a summary of the ordinance in the Santa Maria Times and post the full text of the ordinance, at least 5 days prior to the hearing; and publish a summary of the ordinance in the Santa Maria Times with the names of the board members voting for and against and post a certified copy of the ordinance with the names of the board members voting for and against, within 15 days of adoption, pursuant to Section 25124(b)(1) of the Government Code.

- C. 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.
- D. 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
  - Sheila de la Guerra, Resource Recovery & Waste Management Division in Santa Barbara

**Attachments:**

Attachment A: *Laguna County Sanitation District Wastewater Reclamation Facilities and Financial Master Plan*

<http://santabarbara.legistar.com/LegislationDetail.aspx?ID=973679&GUID=A032160F-7E27-4061-B60F-BDAC8C74A852>).

Attachment B: Fixed Charge Report

Attachment C: Ordinance

Attachment D: Resolution

Attachment E: Notice of Exemption

Attachment F: Notice of Public Hearing

**Authored by:**

Martin Wilder, P.E., Utilities Manager

**Copy:**

Mark Schleich, Deputy Public Works Director, Resource Recovery & Waste Man. Division

Mark Paul, Deputy Public Works Director of Finance and Administration

Colleen Hankins, Resource Recovery & Waste Management Division Accountant