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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: 4/15/2008  
Placement: Administrative  
Estimated Tme: 5/13/2008, 30 min,  
5/27/2008, 15 min  
Continued Item: No  
If Yes, date from:  
Vote Required: 2/3

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2008 MAY -1 PM 2:47  
COUNTY OF SANTA BARBARA  
CLERK OF THE  
BOARD OF SUPERVISORS

**TO:** Board of Directors, Laguna County Sanitation District

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

MAY 13 2008

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 13, 2008 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 2008/2009;
  - 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 May 27, 2008 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 revenue increase of 7.0%. An increase of 3.5% 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 7.25% based on the prime interest rate pursuant to the developer reimbursement agreement.

**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 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. 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 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 2.2 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, additional sewer system maintenance, professional services, and minor capital projects. The current rate proposal also incorporates the County reserve policy for enterprise funds adopted by the Board in June of 2007. The enterprise fund reserve policy is intended to provide adequate reserve levels to meet ongoing business operations and to anticipate long term needs. This long term plan projects a 7.0% rate increase for the next two years and 6% for the following three years. Staff proposes a 7% rate increase for fiscal year 2008-2009 bringing the annual amount to \$486.38. For a single family residence, this equates to an increase of \$31.59 per year or a monthly equivalent of \$2.63 per month. For comparison, the 2007 CPI was 5.6% 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	\$454.79	\$37.90	\$486.38	\$40.53
Multiple Family/Condo/Mobile	\$408.20	\$34.02	\$437.75	\$36.48
Commercial	Based on type, flow and loading		Based type, flow and loading	
Schools per Staff/Student	\$25.43/capita	\$2.12/capita	\$25.76/capita	\$2.15/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 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 2008 was 3.5%. 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	\$4,398	\$4,552
Multiple Family/Condo/Mobile	\$3,958	\$4,097
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 on January 15, 2008. That agreement used the prime interest rate for annual adjustments which was 7.25%. The proposed trunk line fees are shown in the table below:

<b>Trunk Line</b>	<b>Current Trunk Line Fee</b>	<b>Proposed Trunk Line Fee</b>
Dutard (all residential)	\$783	\$810
Dutard (commercial)	Factored per type and size	Factored per type and size
Bradley (all residential)	\$1,691	\$1,814
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 2007/2008 operating budget. The attached amending ordinance will adjust existing service rates and fees as discussed above.

**Fiscal Analysis:**

<b>Funding Sources</b>	<b>Proposed Funding</b>
General Fund	
State	
Federal	
Fees	
Service Charges	\$ 6,074,720.00
Total	\$ 6,074,720.00

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 April 29 and May 6 for the first hearing and May 13 and May 20 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 13 and 27, 2008, 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 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