



**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: 4/13/2010
Placement: Administrative
Estimated Tme: 5/11/2010, 30 min,
5/25/2010, 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 11, 2010 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 2010/2011;
 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 25, 2010 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.
3. Adopt 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);

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 sewer rate increase of 6.0%. This action also addresses the connection fee (developer impact fee) and trunk line fees for next fiscal year. The proposed actions are consistent with the Board's policies, prior ordinances and agreements, and the long-range fiscal plan for the enterprise fund.

Background:

The Laguna County Sanitation District (LCSD), a 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.

Sewer rates fund operational, maintenance, and replacement costs for services related to collection, treatment, and discharge services of customer generated wastewater. Annual rate adjustments allow the District to equalize the impact of costs associated with plant maintenance, repairs and improvements related to regulatory requirements, replacement or upgrade schedules. For example, the most recent upgrade completed in 2004 modified the plant to reduce salt from the waste stream in order to comply with Regional Water Quality Control Board (RWQCB) Basin Plan objectives for the Santa Maria Groundwater Basin. Sewer charge rates were established to accommodate operation of these new facilities.

Currently, the plant has the ability to treat 3.7 millions gallons per day (mgd) and dispose of 2.4 mgd. The current daily flow is approximately 2.1 mgd. It should be noted that full build out of the OCP and other development to be served by LCSD will require treatment, discharge, and storage capacity expansions to accommodate a projected wastewater flow of 5.0 mgd. At a later date, staff will present to the Board findings of a Facilities and Financial a Master Plan intended to address the infrastructure and costs associated with expanding capacity to accommodate this anticipated growth.

Staff recommends the adoption of these actions in order to maintain the current service level of the plant and related facilities. This action further sets two hearing dates to consider the adoption of an ordinance to revise service charge, trunk line and connection (capacity impact) fees. 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

Service charges are billed on the tax roll to users of District facilities. 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 revenue to fund operational costs as well as minor capital projects, plant and sewer system maintenance and reserve fund requirements. The reserve fund is intended to reduce future debt service, invest in capital assets, and provide for working capital, contingency, and expansion requirements. The reserve fund complies with the County Enterprise Fund Reserve Policy adopted by the Board in June of 2007.

A common way to evaluate service charge rate structure is by reviewing the rate for single family residential (SFR) units. The proposed annual SFR rate of \$551.58 is an increase of \$32.11 per year, which equates to a monthly increase of \$2.68 and is a 6.2% increase over last years' rate. For comparison, the 2009 CPI was 7.5% for the national average of water and sewerage maintenance costs.

Therefore, the following rate structure shown in the table below is proposed for fiscal year 2010-2011:

Dwelling Type	Current Sewer Charge		Proposed Sewer Charge	
	Annual	Monthly	Annual	Monthly
Single Family Residence	\$519.47	\$43.29	\$551.58	\$45.97
Multiple Family/Condo/Mobile	\$468.79	\$39.07	\$495.01	\$41.25
Commercial	Based on type, flow and loading		Based type, flow and loading	
Schools per Staff/Student	\$26.79/capita	\$2.23/capita	\$29.85/capita	\$2.49/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 and are derived from costs of the anticipated capacity improvements associated with the aforementioned Facilities & Financial Master Plan. This plan is expected to be finalized later this year and updates the information presented in 2001 conceptual master plan. Because the base structure for determining the connection fee is expected to change, no adjustment to the existing connection fee is proposed. Therefore, the connection fee of \$4,862 per residential unit equivalent will remain.

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 in 2001. The fee is assessed to new customers that benefit from its use and replenishes District reserves, which are then available for other capital improvements. There is no change this trunk line fee of \$865 per residential unit equivalent due to no gain in the 2009 Construction Cost Index (CCI), as published by the *Engineering News Record* for the city of Los Angeles.

The Bradley-Solomon segment of the Solomon Creek trunk line was constructed by a private party 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. That agreement used the prime interest rate for annual adjustments which was 3.25% for 2009. The proposed Bradley-Solomon trunk line fees are shown in the table below:

Trunk Line	Current Trunk Line Fee	Proposed Trunk Line Fee
Bradley (all residential)	\$1,873	\$1,934
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:

The proposed rates and fees are included in the FY 2010/2011 operating budget. 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 for next year, which is a 6% increase over last year's proposed revenue as shown in the table below. Revenue from fees will depend upon the number of new connections.

Funding Sources	Proposed Funding
General Fund	
State	
Federal	
Fees	
Service Charges	\$ 6,880,000.00
Total	\$ 6,880,000.00

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 27 and May 4 for the first hearing and May 11 and May 18 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 11 and May 25, 2010, 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:
(1) Martin Wilder, Laguna County Sanitation District in Santa Maria, and (2) 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

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