

C O U N C I L C O M M U N I C A T I O N

TO: THE CITY COUNCIL
FROM: THE CITY MANAGERS OFFICE

COUNCIL MEETING DATE
September 28, 1988

SUBJECT: REPORT REGARDING PROPOSED ALTERNATE WATER RATE SCHEDULE

PREPARED BY: City Manager

RECOMMENDED ACTION: None required. Information only.

BACKGROUND INFORMATION: At the "Shirtsleeve" session of September 20, 1988 the City Council reviewed the recommended five-year Capital Improvement Program for the water system. The major portion of that program, if it is to be accomplished in the five-year period as presented, will involve long-term financing and the issuance of Certificates of Participation as we did in the recent White Slough expansion project. The total project cost is approximately \$6.4 million. The original schedule called for a public hearing on this matter at the regular City Council meeting of October 19, 1988. During the Council's review at the September 20 "Shirtsleeve" session, comments by some Councilmembers led staff to conclude that it would perhaps be of value to develop an alternate approach to adjustments to the water rate schedules, while still maintaining flat rates for all residential units. The approach staff is now developing involves a series of flat rates which increase with the size of the home, i.e. the number of bedrooms as we have done for years with the sanitary sewer rate schedules.

The development of this alternative will require a change in the financing schedule. As it now stands, the revision will result in the following series of events if the Council opts for long-term financing:

- November 8, 1988 - "Shirtsleeve" - Water Rates and Financing
- November 15, 1988 - "Shirtsleeve" - Water Rates and Financing
(if necessary)
- November 16, 1988 - City Council sets January 4, 1989 for public hearing on water rate adjustments as required by State law
- January 4, 1989 - City Council holds public hearing on water adjustments; adopts resolution setting rates effective February 1, 1989 (recommended)

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- January 25, 1989 - Pre-closing (San Francisco)
- January 26, -1989 - Closing ; proceeds received by City (San Francisco)
- February 1, 1989 - New rates become effective

We will keep the City Council apprised as this
schedule moves along.

Respectfully submitted,



Thomas A. Peterson
City Manager

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