

CITY COUNCIL MEETING
OCTOBER 1, 1986

5

ADJUSTMENTS TO SANITARY
SEWER FEE SCHEDULE

RES. NO. 86-152

CC-6
CC-44
CC-51(a)

Council was reminded that at the Shirtsleeve Session of August 26, 1986, Dave Requa from the firm of Black and Veatch reviewed with the Council the final report and study entitled "Facility, Operations and Financial Analysis - White Slough Water Pollution Control Facility." The City Staff also reviewed with the City Council the recommended increases for monthly service charges and connection fees.

A proposed resolution for the adoption of the recommended fees was presented for Council's review. This proposed resolution was written so that sewer fees related to the domestic sewer system will automatically be adjusted upward 15% each year. Once the revised construction time is calculated and the actual plant expansion costs (both phases) are known, there may be a need to modify this resolution.

Following a lengthy discussion with questions being directed to Staff, Council, on motion of Council Member Hinchman, Reid second, adopted Resolution No. 86-152 implementing increased sewer rate fees effective October 1, 1986.

The motion carried by the following vote:

Ayes: Council Members - Hinchman, Olson, and Reid
(Mayor)

Noes: Council Members - Pinkerton and Snider

Absent: Council Members - None



CITY OF LODI

PUBLIC WORKS DEPARTMENT

COUNCIL COMMUNICATION

TO: City Council
FROM: City Manager
MEETING DATE: October 1, 1986
SUBJECT: Adjustments to Sanitary Sewer Fee Schedule

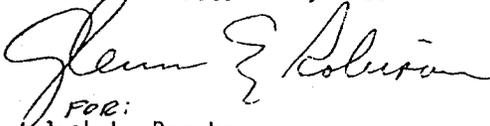
RECOMMENDED ACTION: That the City Council review the recommended sanitary sewer rate increases and implement the increases effective October 1, 1986.

BACKGROUND INFORMATION: At the Shirtsleeve Session of August 26, 1986, Dave Requa from the firm of Black & Veatch reviewed with the Council the final report and study entitled "Facility, Operations and Financial Analysis - White Slough Water Pollution Control Facility." The City staff also reviewed with the City Council the recommended increases for monthly service charges and connection fees outlined in the attached memo dated August 15, 1986.

Previously distributed to the City Council was a memo dated September 8, 1986 which covered other possible development fee increases which may be brought to the City Council within the next year. This information was requested by the City Council during the sewer fee discussion which took place at the Shirtsleeve Session of August 26, 1986.

Attached is a proposed resolution for the adoption of the recommended fees. This proposed resolution has been written so that sewer fees related to the domestic sewer system will automatically be adjusted upward 15% each year. Once the revised construction time is calculated and the actual plant expansion costs (both phases) are known, there may be need to modify this resolution. For purposes of comparison, the existing fees have also been shown on the proposed resolution.

It is recommended that the proposed sewer fee increases be approved and made effective October 1, 1986.



FOR:
Jack L. Ronsko
Public Works Director

Attachments

cc: Finance Director
Water/Wastewater Superintendent
Black & Veatch

APPROVED:


THOMAS A. PETERSON, City Manager

FILE NO.

MEMORANDUM, City of Lodi, Public Works Department

TO: City Manager
City Council

FROM: Public Works Director

DATE: August 15, 1986
(Revised September 24, 1986)

SUBJECT: Acceptance of Operations and Financial Analysis Report for
White Slough Treatment Facility and Determination of Rate
Increases for Future Plant Expansion

Attached is a copy of the final report prepared by Black & Veatch entitled "Facility, Operations and Financial Analysis - White Slough Water Pollution Control Facility" dated July 1986. The major contents of this plan were reviewed with the City Council and public at a hearing at Hutchins Square on May 28, 1986.

At that hearing, there were two major questions discussed. One, whether or not to phase the plant expansion and, two, what was the appropriate method for increasing sewer rates to finance new plant construction.

PHASING

Based on the following cost breakdown and the fact that there was some uncertainty as it related to City growth due to the Growth Initiative, it was concluded that the City of Lodi should have a two-phase expansion program to carry it through the year 2006.

	<u>Capacity</u>	<u>Plant Life</u>	<u>Cost</u>
Without Phasing	8.4 MGD*	1991-2006	\$8,043,000
With Phasing			
Phase I	6.8 MGD	1991-1998	\$6,045,000
Phase II	8.4 MGD	1998-2006	<u>\$2,449,000</u>
			\$8,494,000

*Existing capacity is 5.8 million gallons per day (MGD)

SEWER RATE INCREASES

The question that still must be answered is: "How to increase monthly sewer service charges and new connection fees in order to obtain the required revenue to finance revenue bonds for the plant expansion?"

The financial plan and alternatives are covered in Chapter 5 of the attached report.

Listed below is a short discussion with a recommendation on monthly sewer service charges and new connection fees.

Monthly Service Charges

- o The monthly service charge has not been increased since 1975 (11 years).
- o The present three-bedroom rate (\$4.24 per month) is 74% below the average of other valley cities. (See attached Exhibit A.)
- o The average rate for other valley cities is \$7.38 per month.

Listed below are some of the possible ways that this rate can be increased. The first three methods are shown on Figures 5-1 through 5-5 in the attached report.

1. A 10% increase per year until construction of Phase 1 (approximately \$0.50 per year increase).
2. Total increase at time of Phase 1 construction (approximately \$2.50 per month increase).
3. A 10% increase now with remaining increase at time of Phase 1 construction (approximately \$0.50 per month and \$2.00 per month increase).
4. Any combination of the above.

Recommended Increase in Monthly Service Charge

It is recommended that in September 1986 the City Council implement a 20% increase with a 15% annual increase thereafter starting July 1987 until the first phase construction. Listed below would be the actual monthly service charges based on a three-bedroom home.

1985-86 (Existing)	\$4.24	} Note: Current average for valley cities is now \$7.38/month
1986-87 (Starting September)	5.09	
1987-88	5.85	
1988-89	6.73	
1989-90	7.74	

For Council's information, a straight 15% annual increase would provide the following increases based on a three-bedroom home:

1985-86	\$4.24	} Note: Current average for valley cities is now \$7.38/month
1986-87	4.87	
1987-88	5.60	
1988-89	6.45	
1989-90	7.41	

Connection Fee for New Services

- o The connection fee has not been increased since 1975 (11 years).

- o The present connection fee for a three-bedroom home (\$360) is 215% below the average of other valley cities.
- o The average fee for other valley cities is \$1134 for a three-bedroom home. However, a number of valley cities are now studying connection fee increases. Manteca just increased their fee from \$1220 to \$2222.

Listed below are some of the possible ways that this rate can be increased.

1. Immediate increase to \$560, \$750, \$1500, or \$2250 per connection. These increases are shown in Figures 5-1 through 5-5 in the attached report.
2. Other flat or incremental increases.

Recommended Increase in Connection Fee

It is recommended that in September 1986 the City Council implement an increase in the connection fee to \$1500 (\$1200 per Sewage Service Unit) for a three-bedroom home, with a 15% annual increase thereafter starting July 1987 until the first phase construction. Listed below would be the actual connection fee based on a three-bedroom home.

1985-86 (Existing)	\$ 360	} Note: Current average for valley cities is now \$1134/connection
1986-87 (Starting September)	1500	
1987-88	1725	
1988-89	1984	
1989-90	2281	

For Council's information, implementation of a \$1200 connection fee (\$960 per Sewage Service Unit) with a 10% annual increase thereafter would be as follows:

1985-86	\$ 360	} Note: Current average for valley cities is now \$1134/connection
1986-87	1200	
1987-88	1320	
1988-89	1452	
1989-90	1597	

At the Shirtsleeve Session of August 26, 1986, Dave Requa from the firm of Black & Veatch reviewed with the City Council the final financial chapter in the attached report.

It is critical that the City Council immediately implement some types of sewer rate increases in order that the City of Lodi will be in a position to finance the next required expansion of our White Slough Water Pollution Control Facility.

Jack L. Ronsko
 Jack L. Ronsko
 Public Works Director

Attachments

- cc: Black & Veatch
 Finance Director
 Water/Wastewater Superintendent
 Water Treatment Supervisor

JLR/ma

Exhibit A

TABLE 3-6
SEWER CONNECTION AND SERVICE CHARGE SURVEY

<u>City</u>	<u>Sewer Connection Fee</u>	<u>Monthly Sewer Service Charge</u>
Fairfield	53350	\$8.80
Roseville	2400	9.50**
Chico	1950	3.40
Vacaville	1780	7.70
Modesto	1400	4.75
Woodland	1370	7.00
Manteca	1220 * <i>now 2,222</i>	5.75*
Stockton	780	7.80**
Clovis	740 *	4.00*
Yuba City	600	9.95
Redding	550	8.00
Sacramento	510	8.26 **
Turlock	450	4.00
Merced	430	7.67
LODI	360	4.24
Tracy	330* (to increase) (10 times ±)	9.00
Davis	290	5.50
 Average (excluding Lodi)	51134	57.38
 Median	\$ 760 (\$1,000 with) (Tracy increase)	57.68
 % LODI is BELOW average	215%	74%

Assumptions:

- 3 bedroom house
- Lot size: 60x100
- Gross Acres of Lot: 0.18 Ac
- Fees do not include cost of providing sewer lateral

*Rates now under revision.

**Includes known 1985 June/July increase.

RESOLUTION NO.

SEWER CHARGES AND FEES

WHEREAS, the City Council has adopted Chapter 13.12 of the Lodi City Code, entitled "Sewer Service," which provides the method of establishing charges and fees for sewer service, sewer connections, holding tank wastes, and use of the storm drain system; and

WHEREAS, the City Council desires to provide current and equitable sewer charges and fees;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi:

1. That the following sewer charges and fees be established and implemented October 1, 1986:

DOMESTIC SYSTEM

A. Residential

a. Sewer Service Charge

<u>Number of Bedrooms</u>	<u>Monthly Rate</u>
1	\$3.05
2	4.07
3	5.09
4	6.11
5	7.12
6	8.14
7	9.14

b. Connection Fee

\$1,200.00 per unit*
(\$1,500.00/3-BR home)

B. Commercial

a. Annual Sewage Service

\$48.84 per unit per year

b. Connection Fee

\$1,200.00 per unit

C. Industrial

a. Annual Sewage Service

Unit Item

Unit Charge

Flow - MG
BOD - 1,000 lbs.
SS - 1,000 lbs.

\$235.00 per MG
115.00 per 1,000 lbs.
94.00 per 1,000 lbs.

b. Connection Fee

Moderate Strength User

\$1,200.00 per unit

EXISTING RATES

\$2.54
3.39
4.24
5.09
5.93
6.78
7.62

\$290.00/unit
(\$360.00/3-BR home)

\$40.64/unit/year

\$290.00/unit

\$195.80/MG
96.22/1,000 lbs
78.27/1,000 lbs

\$290.00/unit

*"Unit" - Sewage Service Unit, defined as each increment of flow equal to the flow of a typical two-bedroom residence.

High Strength User

EXISTING RATES

Unit Item

Unit Charge

Flow - MG
BOD - 1,000 lbs.
SS - 1,000 lbs.

\$388.00 per MG
160.00 per 1,000 lbs.
72.00 per 1,000 lbs.

\$93.67/MG
38.70/1,000 lbs.
17.28/1,000 lbs.

INDUSTRIAL SYSTEM

A. Annual Sewage Service

Unit Item

Unit Charge

Flow - MG
BOD - 1,000 lbs.

To be determined annually by the Public Works Director as outlined in Section 13.12.200 of the Lodi City Code

Same

B. Connection Fee

To be determined annually by the Public Works Director as outlined in Section 13.12.210 of the Lodi City Code

Same

HOLDING TANK WASTES

A. Dumping Charge

\$36.00 per 1,000 gal.

\$30.00/1,000 lbs.

STORM DRAIN SYSTEM

A. Storm Drain Disposal Charge

\$50.00 per MG

Same

2. That the above fees for the Domestic System and Holding Tank Wastes be increased 15% annually on October 1 of each year until the treatment plant expansion is completed or this resolution is superseded.

Dated:

I hereby certify that Resolution No. _____ was passed and adopted by the City Council of the City of Lodi in a _____ meeting held _____, by the following vote:

Ayes: Councilmembers - _____

Noes: Councilmembers - _____

Absent: Councilmembers - _____

ALICE M. REIMCHE
City Clerk

RESOLUTION NO. 86-152

SEWER CHARGES AND FEES

WHEREAS, the City Council has adopted Chapter 13.12 of the Lodi City Code, entitled "Sewer Service," which provides the method of establishing charges and fees for sewer service, sewer connections, holding tank wastes, and use of the storm drain system; and

WHEREAS, the City Council desires to provide current and equable sewer charges and fees;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi:

1. That the following sewer charges and fees be established and implemented October 1, 1986:

DOMESTIC SYSTEM

A. Residential

a. Sewer Service Charge

Number of Bedrooms	Monthly Rate
1	\$3.05
2	4.07
3	5.09
4	6.11
5	7.12
6	8.14
7	9.14

b. Connection Fee \$1,200.00 per unit*

B. Commercial

a. Annual Sewage Service \$48.84 per unit per year

b. Connection Fee \$1,200.00 per unit

C. Industrial

a. Annual Sewage Service

Unit Item	Unit Charge
Flow - MG	\$235.00 per MG
BOD - 1,000 lbs.	115.00 per 1,000 lbs.
SS - 1,000 lbs.	94.00 per 1,000 lbs.

b. Connection Fee

Moderate Strength User \$1,200.00 per unit

*"Unit" - Sewage Service Unit, defined as each increment of flow equal to the flow of a typical two-bedroom residence.

High Strength User

Unit Item	Unit Charge
Flow - MG	\$388.00 per MG
BOD - 1,000 lbs.	160.00 per 1,000 lbs.
SS - 1,000 lbs.	72.00 per 1,000 lbs.

INDUSTRIAL SYSTEM

A. Annual Sewage Service

Unit Item	Unit Charge
Flow - MG	To be determined annually by the Public Works Director as outlined in Section 13.12.200 of the Lodi City Code
BOD - 1,000 lbs.	

B. Connection Fee

To be determined annually by the Public Works Director as outlined in Section 13.12.210 of the Lodi City Code

HOLDING TANK WASTES

A. Dumping Charge \$36.00 per 1,000 gal.

STORM DRAIN SYSTEM

A. Storm Drain Disposal Charge \$50.00 per MG

2. That the above fees for the Domestic System and Holding Tank Wastes be increased 15% annually on October 1 of each year until the treatment plant expansion is completed or this resolution is superseded.

Dated: October 1, 1986

I hereby certify that Resolution No. 86-152 was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 1, 1986, by the following vote:

Ayes: Councilmembers - Hinchman, Olson, and Reid (Mayor)

Noes: Councilmembers - Pinkerton and Snider

Absent: Councilmembers - None

Alice M. Reimche
ALICE M. REIMCHE
City Clerk