

# **Wastewater Rate Adjustment for Easterly Wastewater Treatment Plant Tertiary Project**



**City Council – December 8, 2009**

# **I. Easterly WWTP Permit Background**

# State Issues 2001 Permit for Easterly WWTP

- **City appeals permit**
- **State rules against City, requires by 2006:**
  - **Year round tertiary treatment**
  - **Blending elimination**
  - **Denitrification**

# **City Permit Activities 2001 - Present**

- **Lobbied State and Federal legislators for relief**
- **Conducted studies and requested relaxation water standards**
- **Investigated relocating our discharge into Cache Slough via a twelve-mile pipeline**
- **Investigated discharging to storage ponds**
- **Filed litigation against the State for unnecessary and excessive requirements**
- **Appealed the City's permit case to the State Appeals Court**

# **New Permit Adopted by Regional Board April 2008**

- **Permit includes Time Schedule Order for:**
  - **THM removal by 2010**
  - **Denitrification by 2013**
  - **Blending elimination by 2015**
  - **Seasonal filtration by 2015**
  
- **City requesting schedule delay for THM and denitrification**

# **New Permit Adopted by Regional Board April 2008**

- **Failure to meet Time Schedule Order exposes City to Regional Board fines:**
  - **Mandatory minimum penalties of \$3,000 per day**
  - **Discretionary penalties up to \$10 per gallon per day multiplied by 9.5 million gallons per day**
  - **Fines equivalent to the avoided cost of the project, \$150 M**
- **In addition, 3rd party lawsuits can be assessed up to the avoided cost of the project.**

# II. Project Financing

# Project Funding

- **To meet April, 2013 denitrification requirement, City pursuing a very tight project schedule**
- **City will seek financing for \$120M in 2010 to fund project**
- **State loan or private bond requires:**
  1. **100% funding from O&M, no DIF funding allowed for financial analysis**
  2. **Sewer rate increase approved as per Proposition 218 process**

# Project Funding

Increased annual O&M expenses include:

	\$ Millions
• <b>Bond repayment</b>	<b>9.4</b>
• <b>Utility Users Tax</b> (Measure G)	<b>1.7</b>
• <b>Staffing</b>	<b>1.3</b>
• <b>Plant operations</b>	<b>0.6</b>
• <b>New study requirements</b>	<b><u>0.2</u></b>
<b>Total</b>	<b>\$13.2M</b>

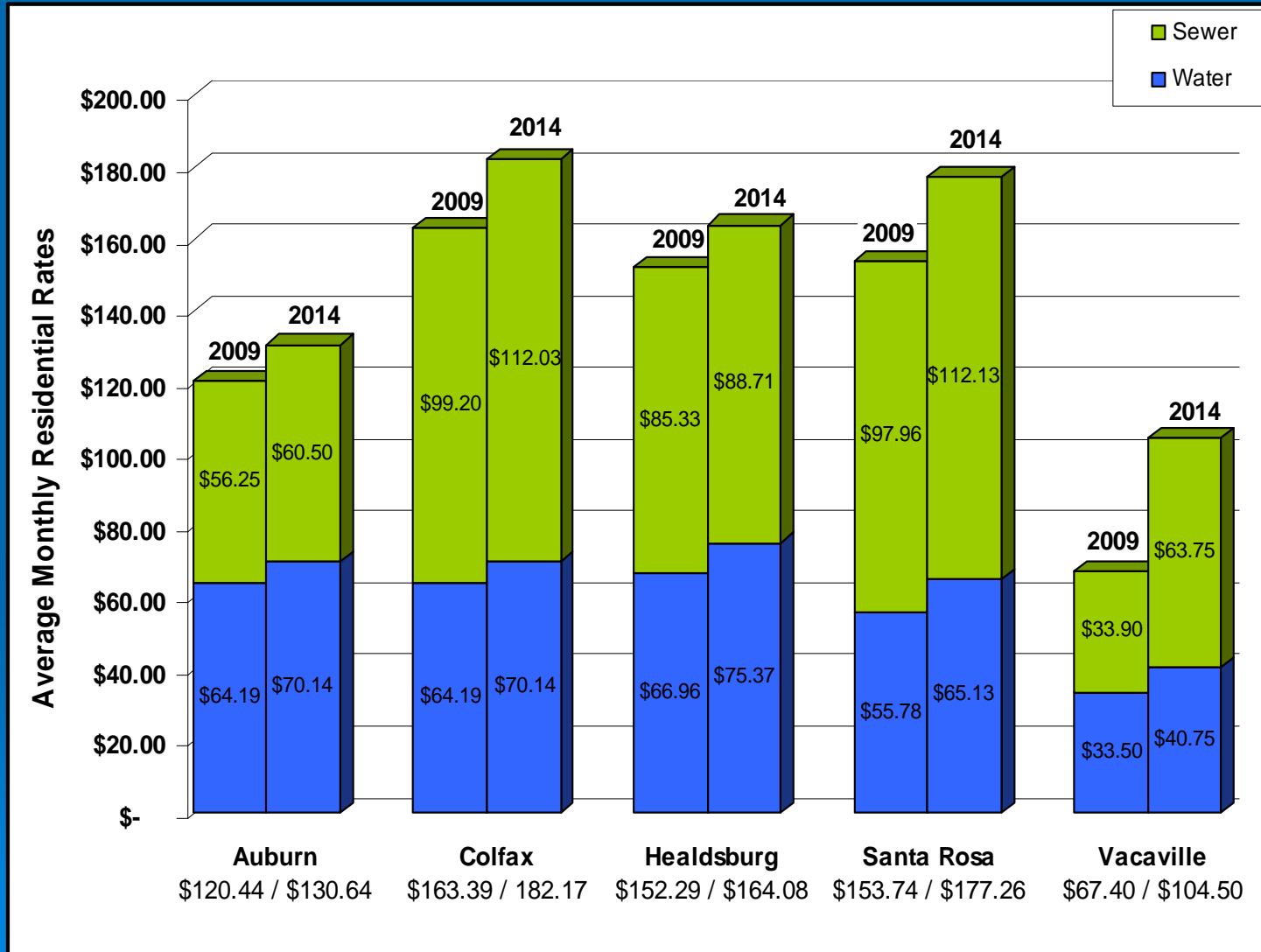
# Wastewater Rates Proposed

- **Monthly impact on average residential rates**

<b>Effective Date Of Increase</b>	<b>Monthly Estimated Average Per Household</b>	<b>Average Monthly Increase</b>
<b>Current</b>	<b>\$33.90</b>	<b>N/A</b>
<b>03/01/10</b>	<b>\$38.99</b>	<b>\$5.09</b>
<b>03/01/11</b>	<b>\$44.84</b>	<b>\$5.85</b>
<b>03/01/12</b>	<b>\$51.56</b>	<b>\$6.72</b>
<b>03/01/13</b>	<b>\$59.30</b>	<b>\$7.74</b>
<b>03/01/14</b>	<b>\$63.75</b>	<b>\$4.45</b>

- **All other rate classifications increase accordingly**

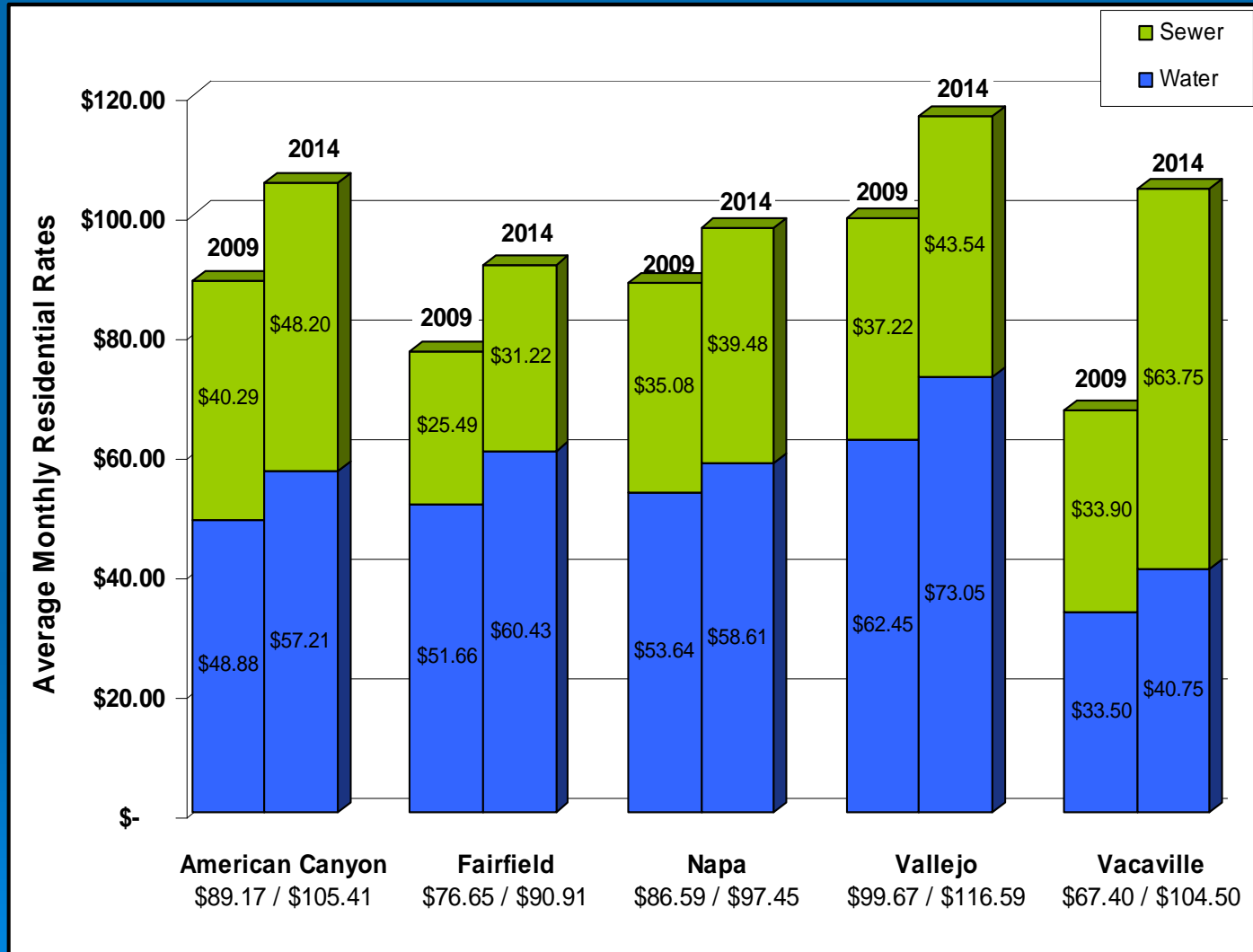
# Effluent Dependent Dischargers Combined Monthly Rate Comparisons



**2014 EDD Average - \$151.73**

Some rates assume CPI increases only, effective through 12/31/13.

# Bay Area Dischargers Combined Monthly Rate Comparisons



**2014 Local Average - \$104.74**

Some rates assume CPI increases only, effective through 12/31/13.

# Affordability Comparison - Regulators

- **EPA Wastewater Affordability Calculation**
  - 1 to 2 percent of annual median income
  - Vacaville = \$56 to \$112/month
- **State Board Affordability Comparison**
  - Monthly cable TV charges
  - Vacaville = \$67.50/month
- **Vacaville Wastewater Rates Proposed in 2014 = \$63.75/month**

# Permit Requirement Comparison

Agency (Effluent Dependent Dischargers)	Blending	Secondary Treatment	Seasonal Tertiary Filtration	Year- Round Tertiary Filtration	Denitrification
Healdsburg	No	No	No	Yes	Yes
Santa Rosa	No	No	No	Yes	Yes
Auburn	No	No	No	Yes	Yes
Galt	No	Yes	No	Yes (in 2010)	Yes
Lodi	No	No	No	Yes	Yes
Hollister	No	No	No	Yes	Yes
Vacaville	No (in 2015)	Yes	Yes (in 2015)	No	Yes (in 2013)

# Proposition 218

- **“Right to Vote on Taxes Act”**
- **Originally imposed in 1996 for property related fees**
- **Wastewater rate increases are declared by court ruling subject to Proposition 218 protest vote requirements**

# Proposition 218 Requirements

- **A mailed public notice to include:**
  - **Proposed maximum rates**
  - **How the rates are calculated**
  - **How revenue will be used**
  - **Date of public hearing for rate review**
  - **Instructions on filing a protest vote**
- **Public hearing held at least 45 days after notices are mailed**

# Proposition 218 Timeline

**Dec 8, 2009**

- Obtain Council direction on rate and protest vote noticing

**By**

**Dec 31, 2009**

- Mail public hearing notices

**Feb 23, 2010**

- Hold public hearing, seek Council adoption on rate increases, count written protest votes

**Mar 1, 2010**

- Proposed implementation date for rate increase

# Recommendation

**Authorize staff to proceed with the Proposition 218 noticing process using the wastewater rate increase amounts as proposed**

