



## CITY COUNCIL AGENDA REPORT

**Meeting Date:** April 20, 2023

**From:** Carolina Yuen, Finance Director

**Subject:** Ordinance Conforming Sewer Service and Water Service Charges to Charges Approved by City Council on April 20, 2023

### **Community Goal/Result**

Safe Community

Fiscally Prudent

### **Recommendation**

Introduce Ordinance \_\_\_\_ conforming provisions in the Brisbane Municipal Code to the sewer and water charges City Council has adopted by resolution on April 20, 2023 including (a) annual increase of 9% through 2026/2027 in the water fixed charge, (b) annual increase of 7% annually through 2027/2028 in the water usage rate, and (c) 25% annual increase through 2027/2028 in sewer charges, setting the discount rate for the City's Low Income Rate Assistance (LIRA) Plan to 25% for all services, and finding that no further environmental review is required because increasing water and sewer rates is not project under the California Environmental Quality Act (CEQA). CEQA Guidelines, Section 15378 (b) (2) and (b)(4).

### **Background**

At its meeting on April 20, 2023, City Council, following a public hearing, adopted a resolution establishing revised sewer service and water service charges.

The Brisbane Municipal Code, at Sections 13.08.020 and 13.12.020, set forth, respectively, the City's sewer service and water service charges. Those sections were last amended in 2011 and do not reflect the actual service charges that were in effect either before City Council action on April 20 or after that action. The Code does provide, however, rates beyond those set forth in the Code may be increased in accordance with the procedures for increasing property related charges and City Council has increased such charges in compliance with law. Nevertheless, the Municipal Code should be amended to reflect the revised charges as approved by the Council.

### **Discussion**

This Ordinance will conform provisions in the Municipal Code concerning sewer service and water service charges to the charges Council adopted on April 20, 2023, including the 25% discount rate for those households participating in the Low Income Rate Assistance Program.

Significantly, the Ordinance also provides expressly that the City Council may, by resolution, reduce or cancel the rate increase for any particular year without jeopardizing the approved rate increase for the following year or years. See subsection D of Section 13.08.020 and subsection C of Section 13.12.020. For example, for residential customers, beginning June 15, 2025, the sewer service flat charge will be \$99.32 (from \$79.86) and the variable charge will be \$12.43 (from \$10.15). Council could elect not to impose those increases for June 2025 because, for example, a recession. Come June 2026, however, the June 2026 rates--\$123.54 for the flat charge and \$15.23 for the variable charge--would be effective, notwithstanding that the increased June 2025 rates had not been imposed.

The charges in the Ordinance, if adopted, will not go into effect until June 15, 2023, consistent with the effective date of the charges in the resolution.

The only other substantive change concerns appeals of sewer service or water service charges, for example if a customer believes such charges have been incorrectly calculated or the charges are not applicable to the premises for which the customer has been charged. Currently the initial appeal is to the City Manager and any appeal of the Manager’s decision is to the City Council. Staff is recommending that the initial appeal be to the finance director and any appeal of the finance director’s decision be to the City Manager, whose decision is final. This is consistent with how other, non-land use appeals are being handled, for example, appeals concerning tree removal permits. Moreover, these appeals rarely occur, are generally technical in nature, and should be resolved/handled at the staff level.

**Fiscal Impact**

The following samples of billings reflect the expected cost to the customers based on usage:

Sample Usage	Current Bill	Proposed Rates - effective June 15, 2023
4 units	Water Charge - \$22.67 Water Usage – \$14.80 Sewer Charge - \$80.11 Drought Reserve -\$2.32	Water Charge - \$33.35 Water Usage - \$18.89 Sewer Charge -\$97.36 Drought Reserve -\$2.32
10 units	Water Charge - \$22.67 Water Usage - \$60.18 Sewer Charge - \$106.67 Drought Reserve \$2.32	Water Charge-\$33.35 Water Usage - \$56.68 Sewer Charge - \$147.09 Drought Reserve -\$2.32

**Environmental Review**

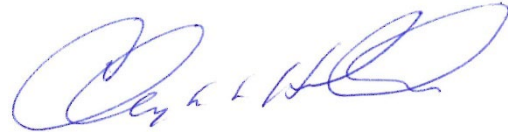
Introduction and adoption of this Ordinance concerning conforming water and sewer rates is not subject to further environmental review under the California Environmental Quality Act

(CEQA) because it is a governmental fiscal activity that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment and/or it is general policy and procedure activity and hence, under either situation, it is not a "project". CEQA Guidelines, Section 15378 (b) (2) and (4).

*Carolina Yuen*

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Carolina Yuen, Finance Director



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Clay Holstine, City Manager

Attachment: Ordinance \_\_\_\_\_

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE CITY OF BRISBANE AMENDING SECTIONS 13.08.020 AND 13.12.020 CONCERNING SEWER SERVICE AND WATER SERVICE CHARGES**

THE CITY COUNCIL OF THE CITY OF BRISBANE DOES ORDAIN AS FOLLOWS:

Section 1. Section 13.08.020 of the Brisbane Municipal Code is amended as follows:

“13.08.020 Sewer service charges established.

The amounts to be charged as sewer service charges for the use of the city sewer facilities are established and shall be effective as follows:

(Subsection A, no change.)

B. Calculation of Sewer Service Charges. Sewer service charges shall be based on a flat charge and a volume of wastewater discharged by individual premises. A flat charge is a charge to cover fixed costs associated with maintaining the ability or readiness to serve each connection. Volume shall be determined by the quantity of water consumption shown by the water meter serving the premises, subject, however, to the following exceptions:

(Paragraphs 1, 2, and 3, no change.)

C. Amount of charges. Sewer service charges shall be billed bimonthly. From and after June 15, 2023, the sewer service charges for each class of property shall be computed on each one hundred (100) cubic feet (ccf) of water consumption per user, as follows:

<i>Rate Effective Date:</i>	<b>SEWER RATES</b>				
	<b>June 15, 2023</b>	<b>June 15, 2024</b>	<b>June 15, 2025</b>	<b>June 15, 2026</b>	<b>June 15, 2027</b>
<b>RESIDENTIAL (1)</b>					
Flat Charge	\$64.20	\$79.86	\$99.32	\$123.54	\$153.66
Variable Charge (per ccf) (2)	\$8.29	\$10.15	\$12.43	\$15.23	\$18.67
<b>COMMERCIAL</b>					
<b>Standard</b>					
Flat Charge	\$64.20	\$79.86	\$99.32	\$123.54	\$153.66
Variable Charge (per ccf)	\$9.02	\$11.04	\$13.53	\$16.59	\$20.33
<b>Medium</b>					
Flat Charge	\$64.20	\$79.86	\$99.32	\$123.54	\$153.66
Variable Charge (per ccf)	\$11.12	\$13.61	\$16.68	\$20.45	\$25.07
<b>Heavy</b>					
Flat Charge	\$64.20	\$79.86	\$99.32	\$123.54	\$153.66
Variable Charge (per ccf)	\$13.21	\$16.18	\$19.83	\$24.32	\$29.81

(1) Residential bill is based on winter consumption (Oct, Nov, Dec & Jan)

(2) 1 ccf = 1 hundred cubic feet = 748 gallons

D. Rate Adjustments. For any individual year, the City Council may, by resolution, reduce or cancel the rate increases set forth in the tables in subsection C. Notwithstanding that rates may be

reduced or cancelled in any one year, the rates set forth in the tables in subsection C for the following year will go into effect unless the City Council by resolution also reduces or cancels such rate increases.

(Subsection E, no change.)

F. Low Income Rate Assistance. A low income rate assistance (LIRA) program is established for residential households who apply and qualify for a twenty five percent (25%) decrease in the sewer service charges on the following basis:

(Paragraphs 1 and 2, no change.)

#### G. Appeal of Sewer Service Charges

(Paragraph 1, no change.)

2. The finance director or designee is empowered to provide relief if the sewer service charge has been calculated using an erroneous use classification for the property or if substantial evidence is provided demonstrating that the actual winter average or the previous winter average water consumption (for residential customers) or the actual water consumption (for commercial customers) during the billing period covered by the disputed charge is less than the volume used for calculation of such charge.

3. The service customer may appeal the finance director's decision to the city manager by filing a notice of appeal with the city clerk within ten (10) days after the date on which the finance director's decision was rendered. The city manager's decision is final.

Section 2. Section 13.12.020 of the Brisbane Municipal Code is hereby amended as follows:

#### "13.12.020 Water service charges established.

The amounts to be charged as water service charges for the consumption of water provided by the City shall be as follows:

(Subsection A, no change.)

B. Amount of Water Service Charges. The bimonthly water service charges shall be as follows:

<i>Rate Effective Date:</i>	<b>WATER RATES</b>				
	June 15, 2023	June 15, 2024	June 15, 2025	June 15, 2026	June 15, 2027
<b>FIXED CHARGES</b>					
<u>Meter Size</u>					
5/8"	\$33.35	\$36.17	\$39.23	\$42.55	\$46.28
3/4"	\$33.35	\$36.17	\$39.23	\$42.55	\$46.28
1"	\$41.90	\$45.45	\$49.29	\$53.46	\$58.12
1-1/2"	\$63.29	\$68.65	\$74.44	\$80.75	\$87.72
2"	\$88.95	\$96.49	\$104.62	\$113.49	\$123.24
3"	\$157.37	\$170.73	\$185.10	\$200.79	\$217.96
4"	\$234.35	\$254.25	\$275.64	\$299.01	\$324.52
6"	\$448.19	\$486.25	\$527.14	\$571.85	\$620.52
<b>CONSUMPTION CHARGES (per ccf) (1)</b>					
<u>All Usage over 1 ccf</u>					
Tier 1: 1- 20 ccf	\$6.30	\$6.76	\$7.26	\$7.79	\$8.36
Tier 2: Over 20 ccf	\$12.65	\$13.47	\$14.34	\$15.27	\$16.25

(1) 1 ccf = 1 hundred cubic feet = 748 gallons

C. Rate Adjustments. For any individual year, the City Council may, by resolution, reduce or cancel the rate increases set forth in the tables in subsection B. Notwithstanding that rates may be reduced or cancelled in any one year, the rates set forth in the tables in subsection B for the following year will go into effect unless the City Council by resolution also reduced or cancels such rate increase.

(Subsection D, no change.)

E. Low Income Rate Assistance. A low income rate assistance (LIRA) program is established for residential households who apply and qualify for a twenty five percent (25%) decrease in the sewer service charges on the following basis:

(Paragraphs 1 and 2, no change.)

F. Appeal of Water Service Charges

(Paragraph 1, no change.)

2. The finance director or designee is empowered to provide relief if the water service charge has been calculated using an erroneous use classification for the property or if substantial evidence is provided demonstrating that the actual winter average or the previous winter average water consumption (for residential customers) or the actual water consumption (for commercial customers) during the billing period covered by the disputed charge is less than the volume used for calculation of such charge.

3. The service customer may appeal the finance director's decision to the city manager by filing a notice of appeal with the city clerk within ten (10) days after the date on which the finance director's decision was rendered. The decision of the city manager is final.

### Section 3: CEQA Determination

Introduction and adoption of this Ordinance is not subject to further review under the California Environmental Quality Act (CEQA) because it is a continuing administrative activity of the city, namely general policy and procedure making and/or it is a governmental fiscal activity that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment and therefore in either case it is not a "project" under CEQA. CEQA Guideline, Section 15378 (b) (2) and (b) (4).

### Section 4: Effective Date.

This Ordinance shall be effective June 15, 2023, more than thirty days after its final passage and adoption.



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The above and foregoing Ordinance was regularly introduced and after the waiting time required by law, was thereafter passed and adopted at a regular meeting of the City Council of the City of Brisbane held on the \_\_\_\_\_ day of \_\_\_\_\_, 2023, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN

Madison Davis, Mayor

Attest:

Ingrid Padilla, City Clerk

Approved as to form:



Thomas R. McMorrow, City Attorney