

## Proposed 2010 Council Study Issue

**FIN10-01 Residential Sewer Rate Based on Water Consumption**

**Lead Department** Finance  
**Element or Sub-element** 7.1 Fiscal SubElement  
**New or Previous** New  
**Status** Pending      **History** 1 year ago None      2 years ago None

**1. What are the key elements of the issue? What precipitated it?**

Currently, the City bills single family and multi-family residential dwellings a flat fee per dwelling unit for sewer service. Some residents have expressed concern that this is not equitable, as households of different sizes and water use are all billed the same. This study issue would review options for billing residential sewer based on actual water consumption of each individual unit.

**2. How does this relate to the General Plan or existing City Policy?**

Sunnyvale Municipal Code Section 12.16.020 authorizes the City Council to establish, by resolution, fees and charges based on cost influencing factors. Policy 7.11.1a.5 of the General Plan's Fiscal Sub-Element states that user fees established for each utility will be reviewed annually and set at a level that will support the total costs of the utility.

**3. Origin of issue**

**Council Member(s)** Whittum, Howe  
**General Plan**  
**City Staff**  
**Public**  
**Board or Commission** none

**4. Multiple Year Project? No      Planned Completion Year 2010****5. Expected participation involved in the study issue process?**

**Does Council need to approve a work plan?** No

**Does this issue require review by a Board/Commission?** No

**If so, which?**

**Is a Council Study Session anticipated?** No

**What is the public participation process?**

California State Law (Proposition 218) requires that the City hold a public hearing to consider changes to utility rates, that a notice be distributed 45 days prior to the hearing, and that should a majority of property owners protest the changes, that they cannot

go into effect.

## 6. Cost of Study

### Operating Budget Program covering costs

#### Project Budget covering costs

824341 - Wastewater Cost of Service Study

#### Budget modification \$ amount needed for study

\$50,000.00

#### Explain below what the additional funding will be used for

Due to the complexity of this study, and the effect changes to rates for one customer class can have on other customer classes, as well as the fiscal health of the entire utility, a full cost of service study is recommended. A study is currently planned (budgeted at just under \$50,000) for FY 2010/2011. This study would supplant that, effectively moving that money forward by one fiscal year.

## 7. Potential fiscal impact to implement recommendations in the Study approved by Council

### Capital expenditure range

\$500 - \$50K

### Operating expenditure range

\$51K - \$100K

### New revenues/savings range

None

#### Explain impact briefly

The most common approach to consumption based sewer rates is to look at each individual property's winter quarter average water use, and base a yearly flat fee on that usage, with the assumption that water used over the winter quarter is predominately indoor. A change to base residential sewer rates on water consumption would require additional customer service hours to handle billing questions, disputes, and appeals, and additional hours to set up new utility rates. Additionally, bill print programming would be required to modify the existing bill to include consumption data, and outreach expenses would be incurred for the roll out of the changes.

## 8. Staff Recommendation

### Staff Recommendation Against Study

#### If 'For Study' or 'Against Study', explain

The City's residential sewer rates, although billed the same for all customers, are already based on indoor water use estimates. Consumption based rates for individual customers are complicated. Sewage is not metered and not all water use goes to the sewer. Therefore even with consumption based sewer rates, you inherently will have disputes of the use and additional billing complexity each year.

Additionally, a Wastewater Rate Cost of Service Study is already planned for FY 2010/2011 and this issue can be addressed with that study.

## 9. Estimated consultant hours for completion of the study issue

300

**Managers**

<b>Role</b>	<b>Manager</b>	<b>Hours</b>	
Lead	Kirby, Tim	Mgr CY1: 60	Mgr CY2: 0
		Staff CY1: 0	Staff CY2: 0

**Total Hours CY1: 60**

**Total Hours CY2: 0**

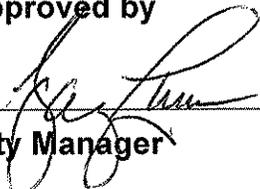
**Note: If staff's recommendation is 'For Study' or 'Against Study', the Director should note the relative importance of this Study to other major projects that the Department is currently working on or that are soon to begin, and the impact on existing services/priorities.**

**Reviewed by**

  
\_\_\_\_\_  
**Department Director**

7/28/09  
**Date**

**Approved by**

  
\_\_\_\_\_  
**City Manager**

7/28/09  
**Date**

**Addendum**

**A. Board / Commission Recommendation**

**Issue Created Too Late for B/C Ranking**

<b>Board or Commission</b>	<b>Rank</b>	<b>Rank</b>
	<b>1 year ago</b>	<b>2 years ago</b>
Arts Commission		
Bicycle and Pedestrian Advisory Committee		
Board of Building Code Appeals		
Board of Library Trustees		
Child Care Advisory Board		
Heritage Preservation Commission		
Housing and Human Services Commission		
Parks and Recreation Commission		
Personnel Board		
Planning Commission		

**Board or Commission ranking comments**

**B. Council**

**Council Rank** (no rank yet)  
**Start Date** (blank)  
**Work Plan Review Date** (blank)  
**Study Session Date** (blank)  
**RTC Date** (blank)  
**Actual Complete Date** (blank)  
**Staff Contact**