



# Council Meeting Agenda

JANUARY 12, 2011

CITY COUNCIL CHAMBERS ~ 7:00 P.M.  
201 N. Broadway, Escondido, CA 92025

MAYOR	<b>Sam Abed</b>
DEPUTY MAYOR	<b>Marie Waldron</b>
COUNCIL MEMBERS	<b>Olga Diaz</b> <b>Ed Gallo</b> <b>Michael Morasco</b>
CITY MANAGER	<b>Clay Phillips</b>
CITY CLERK	<b>Marsha Whalen</b>
CITY ATTORNEY	<b>Jeffrey Epp</b>
DIRECTOR OF COMMUNITY DEVELOPMENT	<b>Barbara Redlitz</b>
DIRECTOR OF ENGINEERING SERVICES	<b>Ed Domingue</b>

**ELECTRONIC MEDIA:**

Electronic media which members of the public wish to be used during any public comment period should be submitted to the City Clerk's Office at least 24 hours prior to the Council meeting at which it is to be shown.

The electronic media will be subject to a virus scan and must be compatible with the City's existing system. The media must be labeled with the name of the speaker, the comment period during which the media is to be played and contact information for the person presenting the media.

The time necessary to present any electronic media is considered part of the maximum time limit provided to speakers. City staff will queue the electronic information when the public member is called upon to speak. Materials shown to the Council during the meeting are part of the public record and may be retained by the Clerk.

The City of Escondido is not responsible for the content of any material presented, and the presentation and content of electronic media shall be subject to the same responsibilities regarding decorum and presentation as are applicable to live presentations.



# Council Meeting Agenda

**JANUARY 12, 2011**  
**7:00 p.m. Meeting**

**Escondido City Council**  
**Community Development Commission**

## **CALL TO ORDER**

### **MOMENT OF REFLECTION:**

*City Council agendas allow an opportunity for a moment of silence and reflection at the beginning of the evening meeting. The City does not participate in the selection of speakers for this portion of the agenda, and does not endorse or sanction any remarks made by individuals during this time. If you wish to be recognized during this portion of the agenda, please notify the City Clerk in advance.*

### **FLAG SALUTE**

**ROLL CALL:** Diaz, Gallo, Morasco, Waldron, Abed

## **ORAL COMMUNICATIONS**

At this time the public may comment on items not appearing on the agenda. State law prohibits the Council from discussing or taking action on such items, but the matter may be referred to the City Manager/staff or scheduled on a subsequent agenda. (Please refer to the back page of the agenda for instructions.)

## CONSENT CALENDAR

Items on the Consent Calendar are not discussed individually and are approved in a single motion. However, Council members always have the option to have an item considered separately, either on their own request or at the request of staff or a member of the public

1. **AFFIDAVITS OF PUBLICATION, MAILING AND POSTING (COUNCIL/CDC/RRB)**
2. **APPROVAL OF WARRANT REGISTER (Council/CDC)**
3. **APPROVAL OF MINUTES: None Scheduled**
  
4. **EXTENSION OF AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT FOR DOWNTOWN HOTEL AND CONFERENCE CENTER** – Request Council and CDC authorize the extension of the Amended and Restated Disposition and Development Agreement for the Downtown Hotel and Conference Center Project

Staff Recommendation: Approval (**City Attorney: Jeffrey Epp; and Assistant City Manager: Charles Grimm**)

- a. RESOLUTION NO. 2011-05
- b. RESOLUTION NO. CDC 2011-01

## CONSENT - RESOLUTIONS AND ORDINANCES (COUNCIL/CDC/RRB)

The following Resolutions and Ordinances were heard and acted upon by the City Council/CDC/RRB at a previous City Council/Community Development Commission/Mobilehome Rent Review meeting. (The title of Ordinances listed on the Consent Calendar are deemed to have been read and further reading waived.)

5. **CITY COUNCIL MEETINGS AND PROCEDURES** –Approve amending Sections 2-21 and 2-24 of the Escondido Municipal Code pertaining to the time of regular meetings and the selection of a Deputy Mayor, and amending the Council Rules and Procedures (Approved by Council on 1/5/11; vote: 5/0)

ORDINANCE NO. 2011-05 Second reading and adoption

## CURRENT BUSINESS

6. **REVISIONS TO THE STANDARD URBAN STORMWATER MITIGATION PLAN (SUSMP) TO COMPLY WITH THE REQUIREMENTS SPECIFIED BY THE MUNICIPAL STORMWATER PERMIT, ORDER NO. R9-2007-0001** – Request Council authorize the update to the City's Standard Urban Stormwater Mitigation Plan \*(SUSMP) to comply with the requirements specified by the Municipal Storm Water Permit, Order No. R9-2007-0001

Staff Recommendation: Approval (**Engineering Division: Homi Namdari and Cheryl Filar**)

RESOLUTION NO. 2011-04

## PUBLIC HEARINGS

7. **RATE STUDY RESULTS AND WATER AND WASTEWATER RATE ADJUSTMENTS FOR 2011-2015** – Request Council conduct a public hearing to hear the results of the water and wastewater rate study and to consider the proposed water and wastewater rates and fees

Staff Recommendation: Approval (**Utilities Division: Lori Vereker**)

RESOLUTION NO. 2011-03

## BRIEFING (Staff)

## FUTURE AGENDA

8. **FUTURE AGENDA ITEMS** - The purpose of this item is to identify issues presently known to staff or which members of the Council wish to place on an upcoming City Council agenda. Council comment on these future agenda items is limited by California Government Code Section 54954.2 to clarifying questions, brief announcements, or requests for factual information in connection with an item when it is discussed

Staff Recommendation: None (**City Clerk's Office: Marsha Whalen**)

**ORAL COMMUNICATIONS**

At this time the public may comment on items not appearing on the agenda. State law prohibits the Council from discussing or taking action on such items, but the matter may be referred to the City Manager/staff or scheduled on a subsequent agenda.

**COUNCIL/COMMISSION/ MEMBERS COMMENTS**

**CLOSED SESSION: (COUNCIL/CDC/RRB)**

**ADJOURNMENT**

<b>UPCOMING MEETING SCHEDULE</b>				
<b>Date</b>	<b>Day</b>	<b>Time</b>	<b>Meeting Type</b>	<b>Location</b>
January 19	NO MEETING	-	-	-
January 26	Wednesday	4pm & 7pm	Council Meeting	Council Chambers
February 2	Wednesday	Noon-5pm	Workshop: Council Action Plan	Mitchell Room

## TO ADDRESS THE COUNCIL

The public may address the City Council on any agenda item. Please complete a Speaker's form and give it to the City Clerk. Comments are generally limited to 3 minutes.

If you wish to speak concerning an item *not* on the agenda, you may do so under "Oral Communications." Please complete a Speaker's form as noted above.

Handouts for the City Council should be given to the City Clerk. To address the Council, use the podium in the center of the Chambers, STATE YOUR NAME FOR THE RECORD and speak directly into the microphone.

## AGENDA, STAFF REPORTS AND BACK-UP MATERIALS ARE AVAILABLE:

- Online at <http://www.ci.escondido.ca.us/government/agendas/PublishedMeetings.htm>
- In the City Clerk's Office at City Hall
- In the Library (239 S. Kalmia) during regular business hours and
- Placed in the Council Chambers (See: City Clerk/Minutes Clerk) immediately before and during the Council meeting.

**AVAILABILITY OF SUPPLEMENTAL MATERIALS AFTER AGENDA POSTING:** Any supplemental writings or documents provided to the City Council regarding any item on this agenda will be made available for public inspection in the City Clerk's Office located at 201 N. Broadway during normal business hours, or in the Council Chambers while the meeting is in session.

## LIVE BROADCAST

Council meetings are broadcast live on Cox Cable Channel 19 and can be viewed the following Sunday and Monday evenings at 6:00 p.m. on Cox Cable. The Council meetings are also available live via the Internet by accessing the City's website at [www.escondido.org](http://www.escondido.org), and selecting: City Council/broadcasts of City Council Meetings/live video streaming.

**Please turn off all cellular phones and pagers while the meeting is in session.**

**The City Council is scheduled to meet the first four Wednesdays of the month at 4:00 and 7:00 p.m. (*Verify schedule with City Clerk's Office*) Members of the Council also sit as the Community Development Commission and the Mobilehome Rent Review Board.**

**CITY HALL HOURS OF OPERATION  
Monday-Thursday 7:30 a.m. to 5:30 p.m.**



*If you need special assistance to participate in this meeting, please contact our ADA Coordinator at 839-4641. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility.*

*Listening devices are available for the hearing impaired – please see the City Clerk.*

## CITY COUNCIL

For City Clerk's Use:

APPROVED  DENIED

Reso No. \_\_\_\_\_ File No. \_\_\_\_\_

Ord No. \_\_\_\_\_

Agenda Item No.: 4  
Date: January 12, 2011

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Charles Grimm, Assistant City Manager  
Jeffrey Epp, City Attorney

**SUBJECT:** Extension of Amended and Restated Disposition and Development Agreement for Downtown Hotel and Conference Center Project

RECOMMENDATION:

It is requested that the City Council and CDC adopt their respective resolutions, 2011-05 and CDC 2011-01 to authorize the extension of the Amended and Restated Disposition and Development Agreement for the Downtown Hotel and Conference Center Project.

PREVIOUS ACTION:

The City Council and Community Development Commission authorized the adoption of an Amended and Restated Disposition and Development Agreement on June 30, 2010.

BACKGROUND:

The Amended and Restated Disposition and Development Agreement was the umbrella agreement providing for the construction and operation of a downtown hotel project adjacent to the California Center for the Arts-Escondido.

In the Agreement, the Commission agreed to convey the Site to the Developer pursuant to the Ground Lease and Developer agreed to accept such Conveyance, subject to certain terms and conditions precedent. Primary among these conditions was arranging for private financing of the project from sources including Developer equity, Jaynes Construction, and a loan from J & H Capital Investments, in addition to funds to be provided by the Community Development Commission. While certain Developer Equity has been available and the funds from Jaynes have been available, the financing from J & H Capital Investments has not been forthcoming. Commission funds have not gone into the project pending the other funding sources.

Section 202.4 of the Amended and Restated Disposition and Development Agreement required that the Conveyance close "no later than December 30, 2010, unless extended by mutual agreement of the parties each acting in its sole and absolute discretion. . . "



Extension of Amended and Restated Disposition and Development Agreement for Downtown Hotel  
and Conference Center Project  
January 12, 2011  
Page 2

On December 2, 2010, the Commission received a letter request from the Developer requesting that the Commission agree to a one year extension of the Agreement. The Developer also requested an extension of the land use entitlement and provided the requisite fee to obtain the land use extension.


Because the Agreement involves the purchase, sale, or lease of real estate, the Commission considered the Developer's request in closed session on December 15, 2010. The Commission directed that the request for extension be calendared at the first available public meeting in January, and that an extension be prepared which would provide for the extension of time, yet not prevent the Commission from considering other possible hotel projects during that period of time. The Commission also directed that the extension would occur in two separate increments of six months. The Developer has responded by agreeing with these terms, however, requesting that the Commission refrain from considering other hotel projects on the site for the first 90 days from the date of the extension.

City Resolution 2011-05 and CDC Resolution 2011-01 authorize an extension for six months, with an additional six months to be granted by the City Manager as an option, and providing that the City would agree not to work with other hotel developers for this site for the first 90 days.

Respectfully submitted,



Charles Grimm  
Assistant City Manager



Jeffrey Epp  
City Attorney

4.a

RESOLUTION NO. 2011-05

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO AUTHORIZING THE MAYOR AND CITY CLERK TO APPROVE, ON BEHALF OF THE CITY, AN AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE ESCONDIDO COMMUNITY DEVELOPMENT COMMISSION AND ESCONDIDO DEVELOPMENT, LLC., PROVIDING FOR A HOTEL PROJECT IN DOWNTOWN ESCONDIDO

WHEREAS, the City of Escondido (the "City") is engaged in activities necessary to carry out and implement economic development for the City of Escondido to realize the economic and other benefits to the citizens of the community; and

WHEREAS, the Escondido Community Development Commission (the "Commission") entered into an Amended and Restated Disposition and Development Agreement (the "Agreement") with Escondido Development, LLC. (the "Developer") for the development of a quality hotel project with seven above-ground floors and related facilities located in the City of Escondido (the "Site"), as described in the Agreement; and

WHEREAS, the Agreement provides for an Outside Date to close the Conveyance associated with the project of December 30, 2010, with such extensions as may be mutually agreed upon by the parties; and

WHEREAS, the Commission, the Developer, and the City wish to extend the Outside Date for a period of six months and authorize a further extension of the Agreement for a subsequent and additional six month period;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido as follows:

1. The City Council hereby finds and determines that the extension of the Agreement is in the best interest of the City and will result in economic and other benefits for the City.

2. The City Council hereby consents to the First Amendment to the Amended and Restated Disposition and Development Agreement, in substantially the form attached as Exhibit "1", which is incorporated by this reference, and authorizes the Mayor and City Clerk to execute any documents necessary to implement the First Amendment, and thereafter, authorizes the City Manager to execute a subsequent Amendment extending the Agreement for an additional six months.

**FIRST AMENDMENT TO  
AMENDED AND RESTATED  
DISPOSITION AND DEVELOPMENT AGREEMENT**

This **FIRST AMENDMENT TO AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT** (this "Amendment") is entered into as of January 12 \_\_, 2011 by and between the **ESCONDIDO COMMUNITY DEVELOPMENT COMMISSION**, a public body, corporate and politic (the "Commission") and **ESCONDIDO DEVELOPMENT, LLC**, a Delaware limited liability company (the "Developer").

**RECITALS**

The following recitals are a substantive part of this Agreement:

A. City and Developer previously entered into that certain Amended and Restated Disposition and Development Agreement dated as of June 30, 2010 with respect to the acquisition and development of the Site (as such term is defined therein) (the "Agreement").

B. Terms defined in the Agreement shall have the same meaning in this Amendment, unless otherwise specified herein.

C. The parties now desire to amend the Agreement to extend the Outside Date on the terms herein specified.

**NOW, THEREFORE**, the Commission and the Developer hereby agree as follows:

1. **Extension.** The Outside Date, as defined in Section 202.4 of the Agreement is hereby extended from December 30, 2010 to June 30, 2011, with the additional provisos as follows:

(a) So long as the Closing of the Conveyance has not sooner occurred, then from and after April 1, 2011 the City and Developer understand and agree that the City may discuss, negotiate and otherwise pursue development of a hotel project on the Site with a person or persons other than Developer or its Manager, C. W. Clark, Inc., or its President, Craig W. Clark, and such activities shall in no way be a breach of or in conflict with the Agreement.

(b) Until March 31, 2011, the rights of Developer to the Project shall be exclusive, and the City shall not negotiate or otherwise pursue development of a hotel project or any other project on the Site with a person or persons other than Developer or its Manager, C. W. Clark, Inc., or its President, Craig W. Clark.

2. **Agreement still in effect.** The Agreement, as amended hereby, remains in full force and effect and binding on the Parties thereto.

<SIGNATURE PAGE BEGINS ON FOLLOWING PAGE >

**IN WITNESS WHEREOF**, the Commission and the Developer have executed this First Amendment to Disposition and Development Agreement as of the date set forth above.

**COMMISSION:**

**ESCONDIDO COMMUNITY DEVELOPMENT COMMISSION**, a public body, corporate and politic

By: \_\_\_\_\_  
Chairman

**ATTEST:**

\_\_\_\_\_  
Commission Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Commission Legal Counsel

**STRADLING YOCCA CARLSON & RAUTH**

\_\_\_\_\_  
Special Legal Counsel to Commission

<SIGNATURE PAGE CONTINUES ON FOLLOWING PAGE >

**DEVELOPER:**

**ESCONDIDO DEVELOPMENT, LLC,**  
a Delaware limited liability company

By: **C. W. Clark, Inc.**, a California  
corporation,  
Its Sole, and Managing Member

By: \_\_\_\_\_  
Craig W. Clark, President

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Developer's Legal Counsel

CDC RESOLUTION NO. 2011-01

A RESOLUTION OF THE COMMUNITY DEVELOPMENT COMMISSION AUTHORIZING AND DIRECTING THE CHAIRMAN AND SECRETARY OF THE COMMISSION TO APPROVE AND EXECUTE, ON BEHALF OF THE COMMISSION, A FIRST AMENDMENT TO THE AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE ESCONDIDO COMMUNITY DEVELOPMENT COMMISSION AND ESCONDIDO DEVELOPMENT, LLC. PROVIDING FOR A HOTEL PROJECT IN DOWNTOWN ESCONDIDO

WHEREAS, pursuant to Section 33433 of the Community Redevelopment Law (California Health and Safety Code Section 33000, *et seq.*), the Commission is authorized with the approval of the City Council after a duly noticed public hearing, to utilize property for development pursuant to the Redevelopment Plan upon a determination that the use of the property will either assist in the elimination of blight or provide affordable housing for low and moderate income persons, that the consideration for such sale is not less than either the fair market value or fair reuse value of the property in accordance with the covenants and conditions governing the use and the development costs required thereof, and that the use is consistent with the Implementation Plan which has been adopted by the Commission (the "Project"); and

WHEREAS, a joint public hearing of the Commission and City Council on the proposed Amended and Restated Disposition and Development Agreement (the "Agreement") was duly noticed in accordance with the requirements of Health and Safety Code Sections 33431 and 33433, and thereafter held on June 30, 2010, at which time the Escondido City Council and the Escondido Community Development

Commission authorized the execution of an Amended and Restated Disposition and Development Agreement for a hotel project on property located adjacent to the California Center for the Arts and Escondido City Hall; and

WHEREAS, the Amended and Restated Disposition and Development Agreement provided an Outside Date for the Close of the Conveyance of December 30, 2010, subject to extensions of time as might be mutually agreed upon by the parties and the Commission has subsequently determined it would be in the best interest of the public and the Commission to authorize an extension under certain terms and conditions;

NOW, THEREFORE, BE IT RESOLVED by the Escondido Community Development Commission of the City of Escondido, California as follows:

1. The Commission hereby approves the First Amendment to the Amended and Restated Disposition and Development Agreement, and authorizes and directs the Chairman and Secretary of the Commission to execute the Agreement on behalf of the Commission. A copy of the First Amendment is attached and incorporated into Resolution as Exhibit "1."

2. Subject to approval as to form by Commission Legal Counsel, the Executive Director of the Commission is hereby authorized to execute a subsequent extension for a time period not exceeding six months.

3. The Commission Secretary shall certify to the adoption of this Resolution.



**FIRST AMENDMENT TO  
AMENDED AND RESTATED  
DISPOSITION AND DEVELOPMENT AGREEMENT**

This **FIRST AMENDMENT TO AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT** (this "Amendment") is entered into as of January 12 \_\_, 2011 by and between the **ESCONDIDO COMMUNITY DEVELOPMENT COMMISSION**, a public body, corporate and politic (the "Commission") and **ESCONDIDO DEVELOPMENT, LLC**, a Delaware limited liability company (the "Developer").

**RECITALS**

The following recitals are a substantive part of this Agreement:

A. City and Developer previously entered into that certain Amended and Restated Disposition and Development Agreement dated as of June 30, 2010 with respect to the acquisition and development of the Site (as such term is defined therein) (the "Agreement").

B. Terms defined in the Agreement shall have the same meaning in this Amendment, unless otherwise specified herein.

C. The parties now desire to amend the Agreement to extend the Outside Date on the terms herein specified.

**NOW, THEREFORE**, the Commission and the Developer hereby agree as follows:

1. **Extension.** The Outside Date, as defined in Section 202.4 of the Agreement is hereby extended from December 30, 2010 to June 30, 2011, with the additional provisos as follows:

(a) So long as the Closing of the Conveyance has not sooner occurred, then from and after April 1, 2011 the City and Developer understand and agree that the City may discuss, negotiate and otherwise pursue development of a hotel project on the Site with a person or persons other than Developer or its Manager, C. W. Clark, Inc., or its President, Craig W. Clark, and such activities shall in no way be a breach of or in conflict with the Agreement.

(b) Until March 31, 2011, the rights of Developer to the Project shall be exclusive, and the City shall not negotiate or otherwise pursue development of a hotel project or any other project on the Site with a person or persons other than Developer or its Manager, C. W. Clark, Inc., or its President, Craig W. Clark.

2. **Agreement still in effect.** The Agreement, as amended hereby, remains in full force and effect and binding on the Parties thereto.

<SIGNATURE PAGE BEGINS ON FOLLOWING PAGE >

**IN WITNESS WHEREOF**, the Commission and the Developer have executed this First Amendment to Disposition and Development Agreement as of the date set forth above.

**COMMISSION:**

**ESCONDIDO COMMUNITY DEVELOPMENT COMMISSION**, a public body, corporate and politic

By: \_\_\_\_\_  
Chairman

**ATTEST:**

\_\_\_\_\_  
Commission Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Commission Legal Counsel

**STRADLING YOCCA CARLSON & RAUTH**

\_\_\_\_\_  
Special Legal Counsel to Commission

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**DEVELOPER:**

**ESCONDIDO DEVELOPMENT, LLC,**  
a Delaware limited liability company

By: **C. W. Clark, Inc.**, a California  
corporation,  
Its Sole, and Managing Member

By: \_\_\_\_\_  
Craig W. Clark, President

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Developer's Legal Counsel

ORDINANCE NO. 2011-05R

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AMENDING SECTIONS 2-21 AND 2-24 OF THE ESCONDIDO MUNICIPAL CODE PERTAINING TO THE TIME OF REGULAR CITY COUNCIL MEETINGS AND SELECTION OF A DEPUTY MAYOR

WHEREAS, California Government Code Section 36813 authorizes a City Council to adopt rules of procedure to govern its meetings; and

WHEREAS, California Government Code Section 54954 allows the City Council to provide the time and place for holding regular meetings; and

WHEREAS, California Government Code Section 36801 also provides authority for the City Council to select one of its members to serve as a Deputy Mayor; and

WHEREAS, Sections 2-21 and 2-24 of the Escondido Municipal Code provides for the regular meeting times and the selection of a Deputy Mayor.

The City Council of the City of Escondido, California, DOES HEREBY ORDAIN as follows:

SECTION 1. That Section 2-21 of the Escondido Municipal Code is amended to read as follows:

**Sec. 2-21. Time, location of meetings.**

- (a) The City Council shall hold regular meetings commencing with closed

session items at 3:30 p.m. and regular public meetings at 4:30 p.m. on each of the first four (4) Wednesdays of each calendar month at the Escondido City Hall or such other location as the City Council may designate from time to time.

- (b) If any regular City Council meeting falls on a holiday, such meeting shall be held on the next business day or on such other day as the City Council may designate.

SECTION 2. That Section 2-24 of the Escondido Municipal Code is amended to read as follows:

**Sec. 2-24. Selection of Deputy Mayor.**

- (a) The City Council shall meet on the first Wednesday following certification of the results of the general municipal election and select a Deputy Mayor by appointment from among the Council members.
- (b) Selection of the Deputy Mayor will be done on a rotating basis with priority given to the most senior Council member who has never served as Deputy Mayor. If two new Council members are elected at the same time, the one with the highest votes shall have first preference in the selection. After all Council members serve one term as Deputy Mayor, the selection shall revert to a normal rotation process.
- (c) The Deputy Mayor shall serve until a new appointment is made in accordance with this section.

SECTION 3. SEPARABILITY. If any section, subsection sentence, clause, phrase or portion of this ordinance is held invalid or unconstitutional for any reason by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions.

SECTION 4. That as of the effective date of this ordinance, all ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 5. That the City Clerk is hereby directed to certify to the passage of this ordinance and to cause the same or a summary to be published one time within 15 days of its passage in a newspaper of general circulation, printed and published in the City of Escondido.

# CITY COUNCIL

For City Clerk's Use:

**APPROVED**       **DENIED**

Reso No. \_\_\_\_\_ File No. \_\_\_\_\_

Ord No. \_\_\_\_\_

**Agenda Item No.:** 6  
**Date:** January 12, 2011

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Homi Namdari, Assistant City Engineer  
Cheryl Filar, Environmental Programs Manager

**SUBJECT:** Revisions to the Standard Urban Stormwater Mitigation Plan (SUSMP) to Comply with the San Diego Municipal Stormwater Permit, Order No. R9-2007-0001

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2011-04 to update the City's Standard Urban Stormwater Mitigation Plan (SUSMP) to comply with the requirements specified by the San Diego Municipal Stormwater Permit, Order No. R9-2007-0001.

FISCAL ANALYSIS:

No direct fiscal impact to the General Fund is associated with incorporating the Municipal Permit-mandated revisions to the City's SUSMP.

PREVIOUS ACTION:

On March 24, 2010, the City Council approved Resolution No. 2010-31 to update the City's Standard Urban Stormwater Mitigation Plan (SUSMP) to comply with the requirements specified by the San Diego Municipal Stormwater Permit, Order No. R9-2007-0001, issued on January 24, 2007. This update incorporated a unified Low Impact Development (LID) approach that integrated site planning and design measures into engineered small-scale Integrated Management Practices (IMPs), such as bio-retention.

BACKGROUND:

In January 2007 the San Diego Regional Water Quality Control Board issued the San Diego Municipal Stormwater Permit, Order No. R9-2007-0001, to all of the region's Copermittees, which includes 18 jurisdictions, the County of San Diego, the San Diego Unified Port District, and the San Diego Regional Airport Authority. The Development Planning component of the Permit requires each Copermittee to implement a program that reduces or prevents development project discharges from causing or contributing to a violation of water quality standards. These standards are specified in the Standard Urban Storm Water Mitigation Plan (SUSMP), which is a document required by the Permit to designate planning and engineering requirements for new and redevelopment projects.

## Revisions to the Standard Urban Stormwater Mitigation Plan (SUSMP)

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Overall, the 2007 Permit updated and expanded the requirements for new and redevelopment projects by making them more widely applicable and by requiring more stringent standards. One of the requirements included developing interim hydromodification management standards that apply to developments greater than 50 acres—standards that are now being replaced, as required by the Permit's implementation schedule, with a permanent Hydromodification Management Plan (HMP) that will apply to all Priority Development Projects (PDPs), e.g., housing developments with 10 or more units, pollutant-generating projects that disturb one acre or more of land, hillside developments or parking lots greater than 5,000 square feet, as well as streets roads, and highways greater than 5,000 square feet, etc. Moreover, the requirement to address hydromodification and its influence on water quality is included in Provision D.1.g of the California Regional Water Quality Control Board Order R9-2007-0001, which mandates the San Diego Stormwater Copermittees to “manage increases in runoff discharge rates and durations from all Priority Development Projects, where such increased rates and durations are likely to cause increased erosion of channel beds and banks, sediment pollutant generation, or other impacts to beneficial uses and stream habitat due to increased erosive force.”

The development of the permanent HMP (The HMP Executive Summary is attached and the entire HMP is available in the City Council reading file) was accomplished with the participation of all 21 stormwater Copermittees, both financially and through attendance at the Copermittees' regional Hydromodification/SUSMP Workgroup. To assist with the development of the HMP, the Copermittees, represented by the lead Copermittee, the County of San Diego, hired a consultant team. The development of the HMP also involved a Technical Advisory Committee (TAC), which consisted of academics, technical resource agencies, the development community, consulting engineers, and environmental organizations. The Copermittees' workgroup reviewed and commented on all drafts of the HMP and the SUSMP. With the completion of the permanent HMP and its approval by the Board in July 2010, each Copermittee is required to incorporate the approved HMP into its local SUSMP document and implement it for all applicable projects.

With the adoption of the HMP, project proponents will be required to implement hydromodification measures so that post-project runoff rates and durations from new or redevelopment projects do not exceed pre-project flow rates and durations, where such increases would result in an increased potential for erosion or significant impacts to a waterway's beneficial uses or in-stream habitat. To meet hydromodification standards, a range of Best Management Practices (BMPs) can be employed, such as the installation of Low Impact Development (LID) BMPs, e.g., bio-retention facilities to control runoff flow rates and durations from new impervious areas. Because LID facilities must be practically built and maintained, they are often integral to a project's landscape design, thereby providing an aesthetic as well as a functional benefit. To ensure the ongoing functionality of a BMP device, proof of a long-term maintenance responsibility and mechanism is required for all post-construction BMPs and flow control facilities. From an administrative perspective, it is each Municipality's responsibility to



Revisions to the Standard Urban Stormwater Mitigation Plan (SUSMP)

January 12, 2011

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establish a program that will track and document the ongoing satisfactory performance of these BMP devices through regular inspections and/or through desk-top review of certified reports.

In addition to providing a range of BMPs that can be employed to meet hydromodification requirements, the HMP outlines potential exemptions. These potential exceptions include discharges to exempt receiving waters, hardened conveyance systems that extend to exempt systems, as well as discharges to highly urbanized watersheds (i.e., greater than 70 percent imperviousness). However, since Escondido's receiving waters (i.e., Escondido Creek, Reidy Canyon Creek, San Marcos Creek, Felicita Creek, Lake Hodges, and Kit Carson Creek) do not discharge to highly urbanized watersheds and require special pollutant protection because they are listed by the State Water Resources Control Board as impaired water bodies for various pollutants (i.e., 303 (d)-listed), the hydromodification criteria will likely apply to most of Escondido's PDPs.

As required by the Permit, the Copermittees will assess the effectiveness of the HMP through the development and implementation of a five-year monitoring program. Monitoring Plan activities (e.g., channel assessments, sediment transport analysis, and flow duration analysis) were selected to achieve statistical data collection requirements while balancing regional financial constraints and highly variable scientific, regulatory, and physical elements.

Overall, the adoption and implementation of the HMP will comply with Provision D.1.g of Order R9-2007-001. This will be achieved by matching pre-project flows within the prescribed flow range for development projects. As the local regulatory framework progresses and hydromodification analyses develop, this plan will be reviewed and updated accordingly.

Respectfully submitted,



Homi Namdari  
Assistant City Engineer



Cheryl Filar  
Environmental Programs Manager

Attachment



# HYDROMODIFICATION MANAGEMENT PLAN

---

## EXECUTIVE SUMMARY

**Note to reader: Chapters 1 through 5 provide a history and scientific background on the development of the Hydromodification Management Plan. Chapters 6 and 7 outline the process specific to project applicants.**

### **Background**

The need to address hydromodification and its influence on water quality is included in Provision D.1.g of California Regional Water Quality Control Board San Diego Region Order R9-2007-0001 Waste Discharge Requirements for Discharges of Urban Runoff from the Municipal Separate Storm Sewer Systems (MS4s) Draining the Watersheds of the County of San Diego (Permit), which required the San Diego Stormwater Copermittees to implement a Hydromodification Management Plan (HMP) "...to manage increases in runoff discharge rates and durations from all Priority Development Projects, where such increased rates and durations are likely to cause increased erosion of channel beds and banks, sediment pollutant generation, or other impacts to beneficial uses and stream habitat due to increased erosive force."

To address this permit condition, the Copermittees, represented by the County of San Diego, hired a consultant team and proceeded with developing an HMP that meets the intent of the Permit Order. The permit required the Copermittees to develop an HMP for all Priority Development Projects (PDP), with certain exemptions. The HMP includes standards to control flows within the geomorphically-significant flow range. Supporting analyses were based on continuous hydrologic simulation modeling.

Each Copermittee was required by the Permit to incorporate the approved HMP into its local Standard Urban Storm Water Mitigation Plan (SUSMP) and implement the HMP for all applicable PDPs by January 14, 2011.

### **HMP Development Process**

All 21 Copermittees participated in the development of the HMP, both financially and through their participation in the Copermittees Hydromodification/SUSMP Workgroup. The Workgroup was convened 14 times over the course of the project at times that corresponded with key decision points in developing the HMP and the update to the SUSMP. The Workgroup reviewed and commented on all drafts of the HMP and SUSMP, as well as reviewed all of the public comments received on these documents and responses to comments.

A key element of the San Diego HMP was the creation and involvement of a Technical Advisory Committee (TAC). The TAC members consisted of respected individuals from academia, technical resource agencies, the development community, consulting engineers, and environmental organizations. The TAC was tasked with providing technical input to the scientific approach and interpretation of results integral to the establishment of numerical flow control standards for the HMP, and met 11 times since October 2007.

### **Literature Review**

Pursuant to Permit Section D.1.g(1)(e), the consultant team conducted a literature review as a basis for the initial development of the HMP. The review focused on several key technical areas, including an analysis of the flow control approaches used in past hydromodification management efforts. Concepts of effective

work, critical flow, and erosion potential were reviewed along with noted stream classification strategies. Finally, hydromodification management strategies were reviewed, including LID, flow duration control basins, and in-stream mitigation. The literature review also focused on continuous simulation modeling approaches, rainfall data management, determination of rainfall losses due to infiltration, and determination of rainfall losses due to evaporation.

To assess the effectiveness of storm water devices to meet hydromodification criteria, peak flow frequency, and duration statistics were required to be developed. A literature review examining these statistical methods indicated that the use of a partial-duration series is preferred for climates similar to San Diego County. The need for partial-duration statistics is more pronounced for control standards based on more frequent return intervals (such as the 2-year design storm), since the peak annual series statistics do not perform as well in the estimation of such events. This phenomenon is especially pronounced in the San Diego region's semi-arid climate. Partial-duration series frequency calculations consider multiple storm events in a given year while the peak annual series considers just the peak storm event. The Hydrologic Research Center (HRC), which is located in San Diego, recommended use of the partial duration series method to most accurately estimate flow frequency response in the San Diego climate.

## Methodology and Technical Approach

Per the Permit, a range of runoff flow rates was determined to identify the range for which Priority Development Project post-project runoff flows and durations shall not exceed pre-project runoff flows and durations. The Permit further required a continuous hydrologic simulation of the entire rainfall record be generated. Per final hydromodification management criteria developed for San Diego County, which are applicable to all Priority Development Projects, results of a hydromodification management analysis must adhere to the following criteria:

- For flow rates between the pre-project lower flow threshold (see below) and the pre-project 10-year runoff event, the post-project discharge rates, and durations may not deviate above the pre-project discharge rates and durations by more than 10 percent over more than 10 percent of the length of the flow duration curve.
- Lower flow thresholds may be determined using the HMP Decision Matrix (located in Chapter 6) along with a critical flow calculator and channel screening tools developed by the Southern California Coastal Water Research Project (SCCWRP), detailed in Chapter 5. These methods identify lower flow thresholds for a range of channel conditions. The critical flow calculator recommends a lower flow value of  $0.1Q_2$ ,  $0.3Q_2$ , or  $0.5Q_2$  dependent on the receiving channel material and dimensions. This value will be compared to the channel susceptibility rating (High, Medium, or Low) as determined from the SCCWRP screening tools located in Appendix B to determine the final lower flow threshold.
- The lower flow threshold may alternately be determined as 10 percent of the pre-project 2-year runoff event, or  $0.1Q_2$ . This approach, which is outlined in the HMP Decision Matrix, is available if the project applicant chooses not to complete the channel screening analysis.

Information regarding the analysis and categorization of streams from a geomorphic context has been prepared in a concurrent grant-funded hydromodification study by the Southern California Coastal Water Research Project (SCCWRP) and the County of San Diego. Screening tools developed by SCCWRP identify channel susceptibility to hydromodification impacts. These include tools to classify receiving streams as having either a High, Medium, or Low susceptibility to channel erosion impacts. Where receiving stream channels are already unstable, the standard is to avoid acceleration of the existing erosion problems. Where receiving channels are in a state of dynamic equilibrium, hydromodification management may prevent the onset of erosion or other problems.

## Requirements/Standards for Projects

Priority Development Projects are required to implement hydromodification mitigation measures so that post-project runoff flow rates and durations do not exceed pre-project flow rates and durations where such increases would result in an increased potential for erosion or significant impacts to beneficial uses.

Hydromodification mitigation can provide:

- Demonstration of no post-project increase in impervious area and resultant peak flow rates as compared to pre-project conditions;
- Installation of LID BMPs, such as bioretention facilities, to control runoff flows and durations from new impervious areas;
- Mitigation of flow and durations through implementation of extended detention flow duration control basins;
- Preparation of continuous simulation hydrologic models and comparison of the pre-project and mitigated post-project runoff peaks and durations (with hydromodification flow controls) until compliance is achieved; and
- Implementation of in-stream rehabilitation controls to demonstrate that projected increases in runoff peaks and/or durations would not accelerate erosion to the rehabilitated receiving stream reach.

The HMP Decision Matrix, which leads project applicants through the HMP compliance options, is located in Chapter 6.

## Exemptions

The HMP Decision Matrix outlines potential exemptions from hydromodification management criteria. These potential exemptions include discharges to exempt receiving waters, hardened conveyance systems that extend to exempt systems, as well as discharges to highly urbanized watersheds (greater than 70 percent imperviousness).

## Selection and Implementation of BMPs

The project proponent may use Low-Impact Development (LID) integrated management practices to mitigate hydromodification impacts, using design procedures, criteria and sizing factors detailed in Chapter 7.

LID facilities must be designed to be practically built and maintained within the urban environment. Since the HMP will be implemented through the municipal development review process, design criteria have been specified and will be incorporated into conditions of approval. This HMP advocates the use of LID design approaches to provide both treatment of the 85th percentile water quality event as well as flow control to meet hydromodification criteria. To assure compliance with hydromodification flow control requirements, design criteria, specifications, and long-term operations and maintenance requirements have been provided in the City of Escondido SUSMP for a variety of LID-based flow control methods including bioretention basins, flow-through planter boxes, and bioretention systems in combination with cisterns and vaults. Details regarding rainwater harvesting, the collection of storm water for future reuse and a potentially effective storm water quality mitigation approach, are discussed in the City of Escondido SUSMP document as well. Because the release of the collected water is not standardized and since a full collection facility at the onset of rainfall would provide no flow control benefit, rainwater harvesting methods are not discussed in this HMP.

Proof of a long-term, ongoing maintenance responsibility and mechanism is required for all post-construction BMP and flow control facilities. If not properly designed or maintained, hydromodification flow control

devices may create a habitat for vectors such as mosquitoes or rodents. Maintenance activities for flow control and LID devices shall be specified in the proposed Project Submittal.

6

RESOLUTION NO. 2011-04

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, ADOPTING REVISIONS TO THE STANDARD URBAN STORMWATER MITIGATION PLAN (SUSMP) TO COMPLY WITH THE NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM PERMIT AND SAN DIEGO REGIONAL WATER QUALITY CONTROL BOARD ORDER NO. R9-2007-0001 GOVERNING WASTE DISCHARGE REQUIREMENTS FOR STORMWATER RUNOFF

WHEREAS, in 1987 Congress amended Section 402 of the Federal Water Pollution Control Act (33 USCA sec. 1342(p)) to require the United States Environmental Protection Agency (U.S. EPA) to promulgate regulations for applications of stormwater discharge permits; and

WHEREAS, the U.S. EPA adopted final permit regulations on November 16, 1990; and

WHEREAS, these permit regulations require the control of pollutants from stormwater discharges by requiring a National Pollutant Discharge Elimination System ("NPDES") permit, which would allow the lawful discharge of stormwater into waters of the United States; and

WHEREAS, the County of San Diego (the "County"), the San Diego Unified Port District (the "Port"), the San Diego Regional Airport Authority (the "Airport"), and the incorporated cities of San Diego County, including the City of Escondido, desire to implement an integrated stormwater program with the objective of improving surface water quality in the County of San Diego; and

WHEREAS, the California State Water Resources Control Board (“CSWRCB”), as designee of the U.S. EPA, has delegated authority to the San Diego Regional Water Quality Control Board (the “Regional Board”) to administer the NPDES stormwater permit within the boundaries of its region; and

WHEREAS, on January 24, 2007, the Regional Board issued an NPDES permit as Order No. R9-2007-0001 (“2007 Permit”) governing waste discharge requirements for stormwater and urban runoff from the County, the Port, the Airport, and all the incorporated cities of San Diego County, naming these entities as Copermittees; and

WHEREAS, said Permit requires that the Copermittees cooperate in the implementation of various Urban Runoff Management Plans, including developing, implementing, and updating Standard Urban Storm Water Mitigation Plans (“SUSMPs”) according to schedules specified in the 2007 Permit; and

WHEREAS, in accordance with the 2007 Permit, the City Council approved Resolution No. 2010-31 on March 24, 2010, to update the City’s Jurisdictional Urban Runoff Management Plan (“JURMP”) and its companion plan, the SUSMP, that regulates development and redevelopment projects; and

WHEREAS, the 2007 Permit schedule now requires the City and all Copermittees to update their SUSMPs to incorporate a Final Hydromodification Plan to prevent downstream erosion and pollution of designated water bodies.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
  
2. That the City Council adopt the updated SUSMP, which is attached as Exhibit "1" to this resolution and incorporated by this reference.





# CITY OF ESCONDIDO SUSMP

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## *Standard Urban Stormwater Mitigation Plan Requirements for Development Projects*

January 2011  
*Adopted from the Countywide Model SUSMP*

**DUE TO THE NUMBER OF PAGES OF EXHIBIT(S) A COMPLETE SET IS  
AVAILABLE IN THE OFFICE OF THE CITY CLERK OR CITY ATTORNEY.  
For Councilmembers, a set is available in the Council reading file.**

**CD**

**COUNCILMEMBERS:** A CD has been placed in the Council Reading File.  
If Anyone needs a hard copy, please notify the Clerk's Office and we  
will retrieve it from the Utilities Dept. (Filar)

# CITY COUNCIL

For City Clerk's Use:

**APPROVED**       **DENIED**

Reso No. \_\_\_\_\_ File No. \_\_\_\_\_

Ord No. \_\_\_\_\_

**Agenda Item No.:** 7  
**Date:** January 12, 2011

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Lori Vereker, Director of Utilities

**SUBJECT:** Rate Study Results and Water and Wastewater Rate Adjustments 2011 - 2015

**RECOMMENDATION:**

It is requested that Council receive the results of the rate study and approve the Water and Wastewater rate adjustments as described in Resolution 2011-03.

**FISCAL ANALYSIS:**

The recommendations for adjustments in water, wastewater and recycled water rates presented in this report and resolution 2009-96 are based on the Water and Wastewater Rate Study completed by Raftelis Financial Consultants. The report is available on line at <http://www.escondido.org/Data/Sites/1/pdfs/Utilities/WaterAndWastewaterRateStudyReport.pdf>. An executive summary has also been attached to this staff report. The rate study included an evaluation of the costs to provide service to each user category and recommendations to adjust rates accordingly. Rates were developed through analysis and evaluation of revenues and expenditures for 2011 - 2015. The rates developed are necessary to provide safe, reliable and sustainable water and wastewater service to our customers. With the proposed rates, the typical residential family bill will be adjusted as follows during the five year period:

Sample SFR Bill	Existing		Proposed Bill				
	Bill	2011	2012	2013	2014	2015	
Meter Charge	\$ 18.06	\$ 19.63	\$ 21.40	\$ 23.33	\$ 25.20	\$ 27.22	
Commodity Charge	\$ 55.45	\$ 58.17	\$ 63.49	\$ 69.30	\$ 74.96	\$ 81.00	
<b>Subtotal</b>	<b>\$ 73.51</b>	<b>\$ 77.80</b>	<b>\$ 84.89</b>	<b>\$ 92.63</b>	<b>\$ 100.16</b>	<b>\$ 108.22</b>	
MWD and CWA Charge	\$ 4.37	\$ 4.80	\$ 5.42	\$ 5.97	\$ 6.58	\$ 6.89	
<b>SUBTOTAL WATER BILL</b>	<b>\$ 77.88</b>	<b>\$ 82.60</b>	<b>\$ 90.31</b>	<b>\$ 98.60</b>	<b>\$ 106.74</b>	<b>\$ 115.11</b>	
Wastewater Charge	\$ 43.09	\$ 36.85	\$ 36.85	\$ 39.06	\$ 41.40	\$ 43.88	
<b>TOTAL BILL</b>	<b>\$ 120.97</b>	<b>\$ 119.45</b>	<b>\$ 127.16</b>	<b>\$ 137.66</b>	<b>\$ 148.14</b>	<b>\$ 158.99</b>	
% Increase		-1.3%	6.5%	8.3%	7.6%	7.3%	

The rates and fees called out in Resolution 2011-03 would be effective February 1, 2011, and January 1 for each subsequent year through 2015. A report will be given to Council on subsequent years to allow for discussion before the new rates for that year go into effect.

## Water and Wastewater Rates and Fees

January 12, 2011

Page 2

### WATER ENTERPRISE FUND:

Revenue sources for the Water Enterprise Fund include water sales, water service charges, connection charges and other miscellaneous revenue. With the new rates in place, it is anticipated that the total revenue for fiscal year 2010-11 will be \$41,635,648, up 3.7% from 2009-10.

Expenses from the Water Fund include operation and maintenance costs for the water treatment and distribution system, the canal and the lakes as well as capital projects, bond debt payments, and State Revolving Fund loan payments. The operating budget is estimated at \$43,254,545 for fiscal year 2010-11 up 5.4% from 2009-10, including \$7,926,120 for personnel costs, \$1,824,830 for water treatment chemicals, and \$19,822,900 for water purchases.

### Water Fund Balance

The Water Fund had a negative balance going into 2006. Since that time, it has steadily increased to a closing balance of \$5,424,011 in FY 2009-10. The projected fund balance at June 30, 2011 is \$5,779,571. The 2010-11 budget shows a small increase to reserves. In order to provide adequate operating reserves, the Rate Study recommended a minimum balance of almost \$9 million. Increased costs for imported water and seismic upgrades to Wohlford Dam are expected to increase expenditures in the future. Additionally, increased cost for imported water coupled with reduced water sales revenue due to water conservation measures will further add to the fiscal stress on the fund. Grant funding and economic stimulus package funds are being pursued for water projects.

### Proposed Water Rates

Water rates are proposed to change as follows:

<b>Effective Date</b>	<b>Increases</b>
February 1, 2011	9 percent
January 1, 2012	9 percent
January 1, 2013	9 percent
January 1, 2014	8 percent
January 1, 2015	8 percent

A detailed account of changes in water rates is included in Resolution 2011-03.

### WASTEWATER ENTERPRISE FUND:

Revenues for the Wastewater Enterprise Fund include wastewater service charges, funding from the City of San Diego to treat the Rancho Bernardo area wastewater, the sale of recycled water, connection charges and other miscellaneous revenues. It is anticipated that the total revenues for fiscal year 2010-11 will be \$ 30,492,213, up 4.6% from 2009-10.

## Water and Wastewater Rates and Fees

January 12, 2011

Page 3

The City has approximately 25,970 wastewater accounts. Of these, 23,850 are residential accounts, providing for 83% of the revenues from wastewater service charges. Non-residential accounts are much fewer in number (approximately 2,120 accounts); however, individual accounts utilize significantly more treatment capacity than residential customers.

Expenses from the fund include the operating budget for wastewater and reclaimed water treatment, maintenance of the wastewater collection system, reclaimed water distribution, stormwater management and regulatory compliance, capital projects, bond debt payments, and State Revolving Fund Loan payments. The operating budget is \$20,875,925 for fiscal year 2010-11, down 3.2% from 2009-10, including \$7,429,430 for personnel costs, \$700,000 for biosolids hauling, \$1,683,000 for electricity, and \$640,000 for treatment chemicals.

### Wastewater Fund Balance History

At the beginning of fiscal year 2010-11, the Wastewater Fund had a balance of \$16,184,901. The ending balance was \$16,184,901. The projected fund balance at June 30, 2011, is \$18,130,645. The 2010-11 budget shows an approximate \$1.9M increase to reserves. Needed upgrades to the Hale Avenue Resource Recovery Facility to address peak flow capacity issues will begin in the near future. These upgrades will be costly (initial estimates of \$300M). Economic stimulus package funds and grant funding are being explored to help defray the cost of these projects.

### Proposed Wastewater Rates

Wastewater rates adjustments are proposed as follows:

<u>Effective Date</u>	<u>Increases</u>
February 1, 2011	None
January 1, 2012	None
January 1, 2013	6 percent
January 1, 2014	6 percent
January 1, 2015	6 percent

Commercial wastewater charges vary widely based on flow and strength of their discharge. The rate study found that rates for various commercial accounts had to be adjusted in order to fairly allocate costs based on strength of the wastewater. Details of those adjustments can be found in resolution 2011-03.

Recycled Water

Recycled water rates are proposed to remain at 90% of the lowest residential potable rate throughout the rate study period. Those rates are proposed to change as follows:

	February 1, 2011	January 1, 2012	January 1, 2013	January 1, 2014	January 1, 2015
Recycled Water Rate (\$/kgal)	\$3.13	\$3.41	\$3.73	\$4.03	\$4.36

RATE COMPARISONS:

The City's rate consultant conducted a water and wastewater rate survey between the City's rates and those of neighboring and comparable agencies in San Diego County. Rate surveys can provide insights into a utility's pricing policies related to service. The results of those rate comparisons can be found in the full rate study report located on the City's website. In general, the water rates are in the middle of the range of comparisons while the wastewater rates are on the lower end compared to other agencies.

PROPOSITION 218 NOTIFICATION and PUBLIC WORKSHOPS:

In compliance with Article XIID of the California State constitution and the Proposition 218 Omnibus Implementation Act, the City of Escondido mailed a notification of the proposed Water and Wastewater rate adjustments to all utility customers 45 days prior to the date of the rate hearing. Written protests to the rate adjustments have been collected through the City Clerk's office.

In addition, City staff will conduct public workshops and will make presentations to any interested groups as needed or requested.

Respectfully submitted,



Lori Vereker  
Director of Utilities

## EXECUTIVE SUMMARY

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The City of Escondido (City) engaged Raftelis Financial Consultants, Inc. (RFC) to conduct a comprehensive water and wastewater rate study to determine the water and wastewater rates over the planning period from fiscal year (FY) 2011 to 2015. The rate study process was conducted in conjunction with input from a stakeholders group composed of residential, agricultural and business customers of the City. This report documents the resultant findings, analyses, and proposed changes that were developed with input from and approved by the stakeholders.

The major objectives of the study include the following:

1. Ensure *Revenue Sufficiency* to meet the operation and maintenance (O&M) and capital needs of the City's water and wastewater enterprises
2. Plan for *Rate and Revenue Stability* to prevent rate spikes and provide for adequate operating and capital reserves and the overall financial health of the water and wastewater enterprises under varying conditions
3. Ensure that rates are *Fair and Equitable* and are based on *Cost of Service* guidelines used in the industry

These objectives were prioritized by stakeholders. This executive summary provides an overview of the study and includes findings and recommendations for water, wastewater, and recycled water rates.

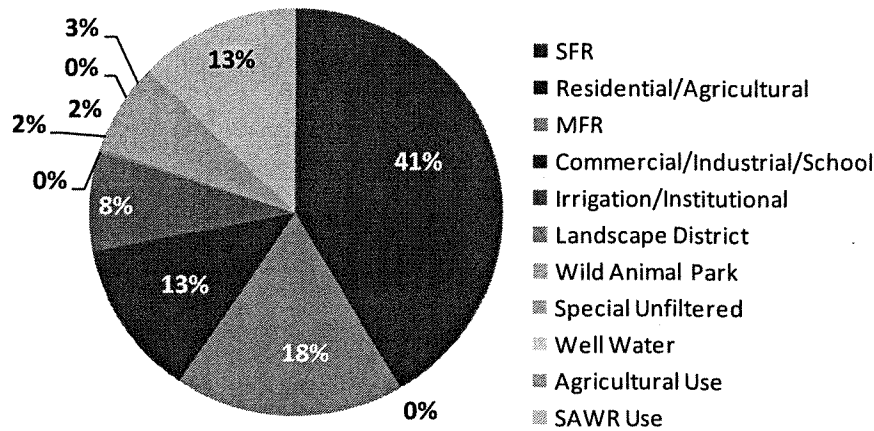
### **WATER UTILITY**

#### **System Background**

The Water Division provides service to approximately 25,500 customers in a service area of over 37 square miles. Up to 30 percent of the City's annual water demand is met using local surface water and the remaining is purchased from the San Diego County Water Authority (SDCWA). Due to the drought conditions in recent years, purchased water costs have increased significantly.

The current water rate structure consists of a fixed monthly service charge that varies by meter size, a tiered commodity rate for residential and irrigation customers, and a uniform commodity rate for all other customer classes. Residential customers, including single family residential (SFR) and multi-family residential (MFR), used 59 percent of the total water consumed in fiscal year (FY) 2010, as shown in **Figure 1-1**. Agricultural use constituted 16 percent of the total water usage.

**Figure 1-1  
Usage by Customer Class - FY 10**



Water accounts and usage are projected to grow at one percent in FY 2011 through 2013 and two percent in FY 2014 and 2015, except for irrigation and agricultural customers, projected to have a decrease of one percent in water usage in FY 2013 through 2015 due to conservation and the termination of MWD and the SDCWA agricultural rebate program.

### Financing Plan

In order to determine water rates, RFC projected the revenue requirements, including operations and maintenance (O&M), capital improvement expenses, debt service costs, reserves requirements, etc., for the study period from FY 2011 to 2015. O&M expenses include the cost of operating and maintaining water supply, treatment, storage, and distribution facilities, as well as the costs of providing technical services such as laboratory services and other administrative costs of the water system such as meter reading and billing. The O&M projections are based on the City's FY 2011 budget and an inflationary factor of 3 percent in projecting all O&M expenditures, except salaries and benefits, which are projected to increase at 1 percent and 5 percent, respectively. Purchased water costs, which are tracked separately, are forecasted to increase at an average of approximately 12 percent per year over the study period (FY 2011 to 2015). These costs are based upon the latest projections provided by SDCWA and the Metropolitan Water Department (MWD).

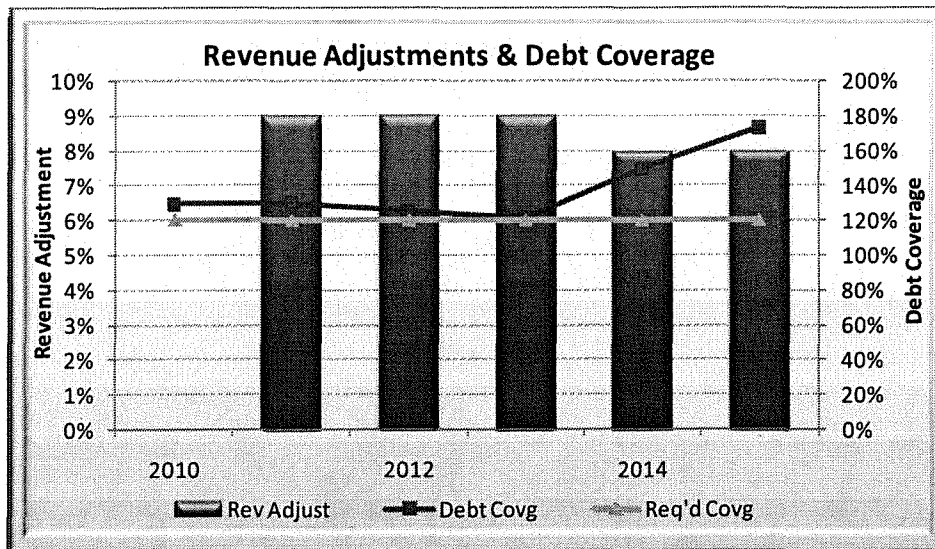
In addition to the operating expenses, the City is planning significant capital expenditures over the next five years. The total Capital Improvement Program (CIP) expenditures over the five year period is \$69 million, approximately \$29 million of which will be funded through debt issues in 2012 and an additional \$16 million in 2015. The balance of the CIP is funded by various sources, including connection fees, rate revenues, grants receipts, and contributions from Vista Irrigation District (VID). Existing and anticipated debt service results in annual payments in the range of \$3.3 to \$5.8 million. To ensure that the City will meet the debt coverage requirements and have adequate revenues to fund operating and capital expenses, RFC recommends the following rate adjustments.

**Annual Revenue Increases**

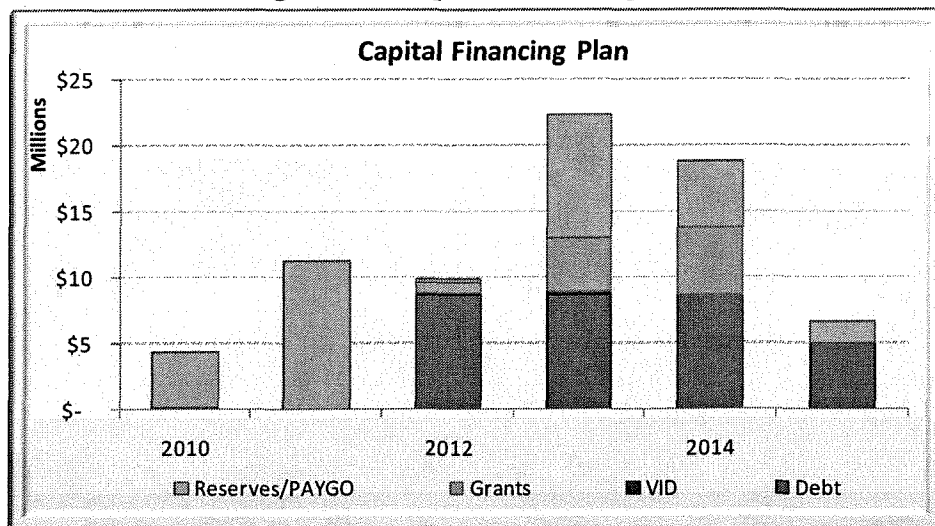
<u>Effective Date</u>	<u>Increases</u>
February 1, 2011	9 percent
January 1, 2012	9 percent
January 1, 2013	9 percent
January 1, 2014	8 percent
January 1, 2015	8 percent

Figure 1-2 shows the revenue increases needed and the debt coverage under the proposed financing plan and Figure 1-3 shows the CIP and the debt funding.

**Figure 1-2 Annual Revenue Adjustments and Debt Coverage**



**Figure 1-3 Capital Financing Plan**





## Proposed Water Rates

To calculate fair and equitable rates so that users pay in proportion to the cost of providing service, RFC performed a cost allocation of the total revenue requirements consistent with industry standards. Additionally, we reviewed the current rate structure and have retained the current 3 tiers for residential customers. However, RFC is proposing the following changes:

1. To encourage conservation, reduce the second tier from 20 thousand gallons (kgal) to 15 kgal per month, which represents the average usage for single family residential customers in the City.
2. Provide the same first tier, 7 kgal per month, to residential/agricultural customers providing the essential usage at the lowest cost.
3. To ensure that multi-family customers are provided an adequate amount of water for their essential needs, RFC is proposing to increase their first tier from 3.5 to 5 kgal per month and second tier from 5 to 7 kgal per month.
4. Since irrigation customers and the Wild Animal Park are large customers, eliminate the tiered commodity structure and provide them water at a uniform rate. Irrigation and landscape customers can be combined into one class.
5. Eliminate the Well Water category since there are no customers in that class.
6. Based on input from the stakeholders, agricultural users would receive 60% of their water from local sources, if available, so that their rates would be reasonable to allow them to stay in business.

The proposed water rate structure will provide greater incentives for conservation. However, it targets large customers who may be using water efficiently. The stakeholders expressed a strong interest to review water budget based rates wherein each customer is provided a water budget which considers indoor water use based on number of people per household and outdoor water use based on landscape area, type of plants and weather. RFC explored this type of rate structure for the City but could not complete the analysis because adequate data was not available. The City should continue to collect the required landscape data for residential and agricultural customers to determine the feasibility of implementing a water budget rate structure.

**Table 1-1** shows the proposed rates for the inclining tiered water rate structure for FY 2011 through 2015.

**Table 1-1  
Proposed Monthly Water Rates**

<b>WATER RATES</b>	<b>February 1, 2011</b>	<b>January 1, 2012</b>	<b>January 1, 2013</b>	<b>January 1, 2014</b>	<b>January 1, 2015</b>
<b>Water Availability Charge</b>					
5/8" and 3/4"	\$ 19.63	\$ 21.40	\$ 23.33	\$ 25.20	\$ 27.22
1"	\$ 30.84	\$ 33.62	\$ 36.65	\$ 39.59	\$ 42.76
1 1/2"	\$ 58.87	\$ 64.17	\$ 69.95	\$ 75.55	\$ 81.60
2"	\$ 92.51	\$ 100.84	\$ 109.92	\$ 118.72	\$ 128.22
3"	\$ 199.03	\$ 216.95	\$ 236.48	\$ 255.40	\$ 275.84
4"	\$ 356.00	\$ 388.04	\$ 422.97	\$ 456.81	\$ 493.36
6"	\$ 787.67	\$ 858.57	\$ 935.85	\$ 1,010.72	\$ 1,091.58
8"	\$ 1,348.29	\$ 1,469.64	\$ 1,601.91	\$ 1,730.07	\$ 1,868.48
3/4" x 3"	\$ 278.63	\$ 303.71	\$ 331.05	\$ 357.54	\$ 386.15
1" x 4"	\$ 423.27	\$ 461.37	\$ 502.90	\$ 543.14	\$ 586.60
1 1/2" x 6"	\$ 843.82	\$ 919.77	\$ 1,002.55	\$ 1,082.76	\$ 1,169.39
3/4" x 3" x 6"	\$ 843.82	\$ 919.77	\$ 1,002.55	\$ 1,082.76	\$ 1,169.39
1" x 4" x 8"	\$ 1,348.37	\$ 1,469.73	\$ 1,602.01	\$ 1,730.18	\$ 1,868.60
2" x 6"	\$ 843.82	\$ 919.77	\$ 1,002.55	\$ 1,082.76	\$ 1,169.39
2" x 8"	\$ 1,348.37	\$ 1,469.73	\$ 1,602.01	\$ 1,730.18	\$ 1,868.60
Detector Check	\$ 33.39	\$ 36.40	\$ 39.68	\$ 42.86	\$ 46.29
<b>Single Family Residential</b>					
Tier 1 0 to 7	\$ 3.48	\$ 3.79	\$ 4.14	\$ 4.48	\$ 4.84
Tier 2 7 to 15	\$ 4.23	\$ 4.62	\$ 5.04	\$ 5.45	\$ 5.89
Tier 3 15 +	\$ 5.37	\$ 5.86	\$ 6.39	\$ 6.91	\$ 7.47
<b>Residential/Agricultural Use</b>					
Tier 1 0 to 7	\$ 3.48	\$ 3.79	\$ 4.14	\$ 4.48	\$ 4.84
Tier 2 7 +	\$ 4.39	\$ 4.79	\$ 5.23	\$ 5.65	\$ 6.11
<b>Multi-Family Residential</b>					
Tier 1 0 to 5	\$ 3.48	\$ 3.79	\$ 4.14	\$ 4.48	\$ 4.84
Tier 2 5 to 7	\$ 4.23	\$ 4.62	\$ 5.04	\$ 5.45	\$ 5.89
Tier 3 7 +	\$ 5.37	\$ 5.86	\$ 6.39	\$ 6.91	\$ 7.47
<b>Commercial, Industrial &amp; School</b>					
All water used	\$ 4.18	\$ 4.56	\$ 4.98	\$ 5.38	\$ 5.82
<b>Irrigation - Institutional</b>					
All water used	\$ 4.51	\$ 4.92	\$ 5.37	\$ 5.80	\$ 6.27
<b>Landscape Districts</b>					
All water used	\$ 4.51	\$ 4.92	\$ 5.37	\$ 5.80	\$ 6.27
<b>Wild Animal Park</b>					
All water used	\$ 4.18	\$ 4.56	\$ 4.98	\$ 5.38	\$ 5.82
<b>Special Unfiltered</b>					
All water used	\$ 2.48	\$ 2.71	\$ 2.96	\$ 3.20	\$ 3.46
<b>Agricultural Use</b>					
All water used	\$ 3.06	\$ 3.34	\$ 3.65	\$ 3.95	\$ 4.27
<b>SAWR Use</b>					
All water used	\$ 3.37	\$ 3.68	\$ 4.02	\$ 4.35	\$ 4.70

**Customer Impacts**

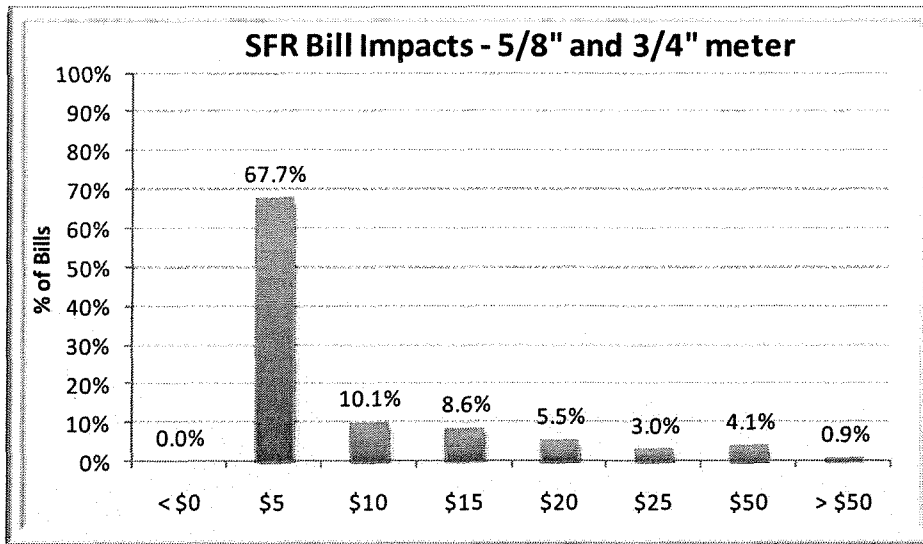
Table 1-2 below shows the impacts of an average single-family residential (SFR) customer with a 5/8” or 3/4” meter using an average 15 kgal of water per month.

**Table 1-2  
SFR Customer Impacts**

	Existing		Proposed Bill				
	Bill	2011	2012	2013	2014	2015	
Meter Charge	\$ 18.06	\$ 19.63	\$ 21.40	\$ 23.33	\$ 25.20	\$ 27.22	
Commodity Charge	\$ 55.45	\$ 58.17	\$ 63.49	\$ 69.30	\$ 74.96	\$ 81.00	
<b>Subtotal</b>	<b>\$ 73.51</b>	<b>\$ 77.80</b>	<b>\$ 84.89</b>	<b>\$ 92.63</b>	<b>\$ 100.16</b>	<b>\$ 108.22</b>	
MWD and CWA Charge	\$ 4.37	\$ 4.80	to be determined				
<b>TOTAL BILL</b>	<b>\$ 77.88</b>	<b>\$ 82.60</b>	<b>\$ 84.89</b>	<b>\$ 92.63</b>	<b>\$ 100.16</b>	<b>\$ 108.22</b>	
% Increase		6%	3%	9%	8%	8%	

Based on the water usage in 2009, the monthly impacts on SFR customers are shown in Figure 1-4 below. The figure shows that over 70 percent of the customers will see an impact of less than \$5 per month from the water rate increase in 2011.

**Figure 1-4 Single Family Residential Impacts**



**Water Budget Rate Structure**

As part of this study, RFC evaluated the feasibility of implementing a water budget rate structure for the City. A water budget rate structure is designed to meet each customer’s individual needs so that each customer is incentivized to use water efficiently. Water budgets are typically designed for residential and irrigation accounts. Commercial and industrial accounts are not ideally suited for water budgets based on the same

methodology; typically these customers retain the uniform rate structure or their water budgets are based on historical water use.

Water budget rate structures are based on indoor and outdoor budgets. While the indoor budget can be readily estimated by using typical residential densities, the determination of outdoor budgets requires landscape areas for each account. The City does not have the complete data at this time to implement the water budget rate structure. RFC did perform an analysis based on the data available. A description of water budgets, how they are determined for customers, and our preliminary analysis of impacts based on available data is included in Appendix B.

To implement water budget rates it is recommended that:

1. The City compile landscape data for residential and irrigation properties so that the water budgets can be determined. Landscape data may be estimated by using total parcel area, or total parcel area less building footprint or by determining the actual landscape area for each account.
2. Once the data is available, the City reevaluate and finalize the policy options associated with defining water budgets and the resultant impacts on customers. This would also include updating the wastewater rate structure to a budget based rate structure.
3. The City update the billing system to handle water budget rate structures. The billing system should be capable of storing the data needed to bill customers and to calculate the water budgets based on available weather factors.

## **WASTEWATER UTILITY**

### **System Background**

The City's Wastewater Division is responsible for the collection, treatment, and disposal of wastewater from its customers. Wastewater is treated at the wastewater treatment and disposal facility at the Hale Avenue Resource Recovery Facility (HARRF) to secondary standards before being discharged to the Pacific Ocean. In 2000, the City expanded the HARRF to include tertiary treatment processes to produce recycled water in an effort to reduce wastewater discharge to the ocean.

The current wastewater rate structure consists of a fixed monthly charge to residential customers. Commercial customers are charged a fixed monthly charge plus a volume charge based on 90% of the monthly water usage, subject to a minimum charge per month.

The majority of the City's wastewater accounts are residential customers (SFR and MFR), followed by commercial customers, schools and churches. In addition, the City has 12 recycled water meters. The wastewater accounts, including recycled water accounts, are projected to grow at one percent per year from FY 2011 to 2013 and two percent per year in FY 2014 and 2015.

## Revenue Requirements

In order to determine water rates, RFC projected the revenue requirements, including operations and maintenance (O&M), capital improvement expenses, debt service costs, reserves requirements, etc., for the

study period from FY 2011 to 2015. O&M expenses include the cost of operating and maintaining wastewater collection, treatment, and disposal facilities, as well as the costs of providing technical services such as laboratory services and other administrative costs of the wastewater system such as customer service and billing. The O&M projections are based on the City's FY 2011 budget and an inflationary factor of 3 percent in projecting all O&M expenditures, except salaries and benefits, which are increasing at 1 percent and 5 percent, respectively. Projected O&M expenditures for the study period are detailed in **Table 1-3**.

**Table 1-3**  
**Wastewater Operations & Maintenance Expenses**

Line No.		Budgeted FY 2010	Projected FY 2011	Projected FY 2012	Projected FY 2013	Projected FY 2014	Projected FY 2015
<b>WASTEWATER OPERATIONS</b>							
1	Employee Services	\$ 7,063,950	\$ 7,107,525	\$ 7,270,194	\$ 7,439,069	\$ 7,614,442	\$ 7,796,618
2	Maintenance & Operations	\$ 5,549,860	\$ 5,572,990	\$ 5,746,772	\$ 5,926,033	\$ 6,118,082	\$ 6,316,614
3	Capital	\$ 72,500	\$ 75,500	\$ 77,765	\$ 80,098	\$ 82,501	\$ 84,976
4	Internal Service Charges	\$ 1,100,790	\$ 934,125	\$ 962,149	\$ 991,013	\$ 1,020,744	\$ 1,051,366
5	Allocations	\$ 1,326,450	\$ 1,227,625	\$ 1,264,454	\$ 1,302,387	\$ 1,341,459	\$ 1,381,703
6	Subtotal Wastewater Operations	\$ 15,113,550	\$ 14,917,765	\$ 15,321,333	\$ 15,738,601	\$ 16,177,227	\$ 16,631,277
<b>RECYCLED WATER OPERATIONS</b>							
7	Employee Services	\$ 86,155	\$ 86,775	\$ 88,685	\$ 90,666	\$ 92,722	\$ 94,855
8	Maintenance & Operations	\$ 1,299,500	\$ 1,049,500	\$ 1,127,335	\$ 1,210,301	\$ 1,298,303	\$ 1,391,161
9	Internal Service Charges	\$ 10,710	\$ 11,120	\$ 11,454	\$ 11,797	\$ 12,151	\$ 12,516
10	Allocations	\$ 509,535	\$ 448,905	\$ 462,372	\$ 476,243	\$ 490,531	\$ 505,247
11	Subtotal Recycled Water Operations	\$ 1,905,900	\$ 1,596,300	\$ 1,689,846	\$ 1,789,008	\$ 1,893,706	\$ 2,003,778
<b>STORMWATER MANAGEMENT OPERATIONS</b>							
12	Employee Services	\$ 200,390	\$ 196,845	\$ 201,449	\$ 206,231	\$ 211,200	\$ 216,363
13	Maintenance & Operations	\$ 1,192,350	\$ 1,193,000	\$ 1,226,730	\$ 1,263,532	\$ 1,301,438	\$ 1,340,481
14	Capital	\$ 100,000	\$ 100,000	\$ 103,000	\$ 106,090	\$ 109,273	\$ 112,551
15	Internal Service Charges	\$ 18,615	\$ 26,615	\$ 27,413	\$ 28,236	\$ 29,083	\$ 29,955
16	Allocations	\$ 595,615	\$ 615,425	\$ 633,888	\$ 652,904	\$ 672,492	\$ 692,666
17	Subtotal Stormwater Management Operations	\$ 2,106,970	\$ 2,131,885	\$ 2,192,480	\$ 2,256,993	\$ 2,323,485	\$ 2,392,016
18	<b>TOTAL O&amp;M EXPENSES</b>	<b>\$ 19,126,420</b>	<b>\$ 18,645,950</b>	<b>\$ 19,203,659</b>	<b>\$ 19,784,602</b>	<b>\$ 20,394,418</b>	<b>\$ 21,027,071</b>

Capital expenditures are based on the City's Capital Improvement Program (CIP) and are funded by various sources, including development fees, rate revenues, grants receipts, bonds proceeds, etc. Due to the size of the CIP, the City is projected to issue more debt in the future to fund the capital projects. The total CIP expenditures over the 5-year period is \$137 million, approximately \$75 million will be funded through debt. Existing and anticipated debt service results in annual payments in the range of \$5.2 to \$11.7 million. **Table 1-4** shows the annual revenue requirements from rates over the 5-year period.

**Table 1-4  
Annual Revenue Requirements from Rates**

Line No.		Projected	Projected	Projected	Projected	Projected
		FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1	Wastewater Operations O&M Expenses	\$ 14,917,765	\$ 15,321,333	\$ 15,738,601	\$ 16,177,227	\$ 16,631,277
2	Stormwater Management O&M Expenses	\$ 2,131,885	\$ 2,192,480	\$ 2,256,993	\$ 2,323,485	\$ 2,392,016
3	Existing Debt Service	\$ 3,496,441	\$ 3,495,424	\$ 3,493,575	\$ 3,494,435	\$ 3,495,651
4	Proposed Debt Service	\$ -	\$ 1,887,780	\$ 3,775,560	\$ 3,775,560	\$ 6,531,718
5	Capital Projects PAYGO	\$ 4,000,000	\$ 4,120,000	\$ 4,243,600	\$ 4,370,908	\$ 4,502,035
6	Transfers to/(from) Rate Stabilization Fund	\$ 1,000,000	\$ 750,000	\$ 750,000	\$ 500,000	\$ 500,000
7	<b>TOTAL EXPENSES</b>	<b>\$ 25,546,091</b>	<b>\$ 27,767,017</b>	<b>\$ 30,258,328</b>	<b>\$ 30,641,614</b>	<b>\$ 34,052,697</b>

### Proposed Revenue Adjustments

In order to meet projected revenue requirements and to maintain desired reserves fund balances, the following revenue adjustments are proposed to meet long term rate stability.

### Annual Revenue Increases

<u>Effective Date</u>	<u>Increases</u>
February 1, 2011	None
January 1, 2012	None
January 1, 2013	6 percent
January 1, 2014	6 percent
January 1, 2015	6 percent

### Proposed Wastewater Rates

Discussion with City staff and stakeholders revealed that Laundromats are classified under the Commercial Laundry category. RFC proposes that the City creates a new commercial category for Laundromat, which has lower wastewater strengths than the Commercial Laundry category. In addition, RFC proposes that the City implement a flow-based rate structure to incentivize conservation and be more equitable by charging users in proportion to the amount of wastewater discharged.

RFC reviewed the winter water usage from December through March for SFR, MFR and Mobile Home (MH) customers. Winter water usage is typically used as a proxy for wastewater generation because there is not much irrigation during the winter. However, winters in California still require some irrigation usage. Thus, RFC proposes a return factor of 80 percent of winter water usage for SFR and MFR customers. MH customers typically do not have irrigation needs; thus their return factor is 100% of winter water usage. Additionally, RFC proposes a cap of 10,000 gallons and 8,000 gallons per unit per month on wastewater generation for SFR and MFR/MH customers, respectively. This means that the maximum amount of wastewater an SFR customer can generate a month is 10,000 gallons.

**Table 1-5** shows the proposed wastewater rates for FY 2011. Wastewater rates remain the same for FY 2012 and increase by 6 percent each year in January 2013, 2014, and 2015.

Since the City is planning significant capital expenditures over the next five years, it is appropriate to review the cost allocations periodically and rates to ensure that the rates are consistent with cost of service.

**Table 1-5  
Proposed FY 2011 Wastewater Rates**

Customer Class	Unit	Fixed \$/mo	Other \$/unit	Flow \$/kgal	BOD \$/lb	TSS \$/lb
Single Family Residential	/unit/mo	\$ 16.37		\$ 3.15		
Multi-Family Dwelling	/unit/mo	\$ 16.37		\$ 2.62		
Mobile Homes	/unit/mo	\$ 16.37		\$ 1.80		
Senior High Schools	/student/yr		\$ 23.41			
Elementary and Middle Schools	/student/yr		\$ 15.61			
Churches	/100 sts/mo		\$ 32.52			
Car Wash/Soft Water Service	/acct/mo	\$ 16.37		\$ 5.10		
Hotel/Motel without dining	/acct/mo	\$ 16.37		\$ 5.82		
Hotel/Motel with dining	/acct/mo	\$ 16.37		\$ 8.43		
Repair Shop/Service Station	/acct/mo	\$ 16.37		\$ 5.36		
Commercial Laundry	/acct/mo	\$ 16.37		\$ 6.04		
Laundromats	/acct/mo	\$ 16.37		\$ 5.31		
Hospital	/acct/mo	\$ 16.37		\$ 5.69		
Brewery	/acct/mo	\$ 16.37		\$ 4.71	\$ 0.35	\$ 0.35
Grocery Store with Meat Dept	/acct/mo	\$ 16.37		\$ 9.17		
Industrial	/acct/mo	\$ 16.37		\$ 7.62		
Restaurant	/acct/mo	\$ 16.37		\$ 9.03		
All Other Commercial	/acct/mo	\$ 16.37		\$ 5.98		
Discharges to Brine Line	/acct/mo	\$ 16.37		\$ 0.73		

### Customer Impacts

**Table 1-6** below shows the impacts of an average SFR customer generating 6.5 kgal of wastewater per month, an average MFR customer generating 4.7 kgal of wastewater per month, and an average MH customer generating 3.6 kgal of wastewater per month.

**Table 1-6  
Residential Customer Impacts**

	Existing Bill	Proposed Bill	Difference	Fixed	Flow*	Winter Usage
Single Family Residential	\$ 43.09	\$ 36.85	-14.5%	\$ 16.37	\$ 3.15	6.50
Multi-Family Dwelling	\$ 27.24	\$ 28.68	5.3%	\$ 16.37	\$ 2.62	4.70
Mobile Homes	\$ 27.24	\$ 22.85	-16.1%	\$ 16.37	\$ 1.80	3.60

\* Charge per kgal of water discharged

Table 1-7 shows the impacts to non-residential customers.

**Table 1-7  
Non-Residential Customer Impacts**

Customer Class	Existing Rate		Proposed Rate		Difference	
	Fixed	Flow	Fixed	Flow	Fixed	Flow
Senior High Schools	\$ 16.60		\$ 23.41		41.0%	
Elementary and Middle Scho	\$ 12.87		\$ 15.61		21.3%	
Churches	\$ 15.46		\$ 32.52		110.3%	
Car Wash/Soft Water Service	\$ 16.37	\$ 4.12	\$ 16.37	\$ 5.10	0.0%	23.8%
Hotel/Motel without dining	\$ 16.37	\$ 5.11	\$ 16.37	\$ 5.82	0.0%	13.9%
Hotel/Motel with dining	\$ 16.37	\$ 7.40	\$ 16.37	\$ 8.43	0.0%	13.9%
Repair Shop/Service Station	\$ 16.37	\$ 5.15	\$ 16.37	\$ 5.36	0.0%	4.1%
Commercial Laundry	\$ 16.37	\$ 6.04	\$ 16.37	\$ 6.04	0.0%	0.0%
Laundromats	\$ 16.37		\$ 16.37	\$ 5.31	0.0%	
Hospital	\$ 16.37	\$ 4.82	\$ 16.37	\$ 5.69	0.0%	18.0%
Grocery Store with Meat Dep	\$ 16.37	\$ 9.20	\$ 16.37	\$ 9.17	0.0%	-0.3%
Industrial	\$ 16.37	\$ 3.49	\$ 16.37	\$ 7.62	0.0%	118.3%
Restaurant	\$ 16.37	\$ 7.79	\$ 16.37	\$ 9.03	0.0%	15.9%
All Other Commercial	\$ 16.37	\$ 3.49	\$ 16.37	\$ 5.98	0.0%	71.3%
Discharges to Brine Line		\$ 1.61		\$ 0.73		-54.7%

### Proposed Recycled Water Rates

The recycled water monthly service charge, or availability charge, remains the same as for potable water. The commodity rate remains at 90 percent of the lowest residential potable water rate, which is consistent with current City policy. The proposed recycled water rates are shown in **Table 1-8**.

**Table 1-8  
Proposed Recycled Water Rates**

	February 1, 2011	January 1, 2012	January 1, 2013	January 1, 2014	January 1, 2015
Recycled Water Rate (\$/kgal)	\$3.13	\$3.41	\$3.73	\$4.03	\$4.36



9 Dione  
Irvine, CA 92603-3620  
Tel (949) 854-3997  
Fax (949) 854-0080

**EL NORTE PARTNERS, LLC**

*Correspondence  
Received*

# Fax

**To:** City of Escondido

**From:** Harry Kitagawa

Office of the City Clerk

**Fax:** 760-735-5782

**Pages:** 1

**Phone:**

**Date:** January 5, 2011

**Re:** Protest Water and Waste Water

**CC:**

Increase

I am the owner and property manager of a property at 190, 200, 220 W. El Norte Parkway in Escondido. Due to the bad economy and the high unemployment rate in San Diego County, especially in the city of Escondido, my tenants are having difficulty operating their businesses. All my tenants are struggling financially to operate their businesses and any increase in the water rate and waste water rate will affect their survival in operating their businesses. This is not an appropriate time to increase any utility rates.

I strongly protest any water rate and waste water rate increase.

  
Harry Kitagawa

El Norte Partners, LLC

190, 200, 220 W. El Norte Parkway, Escondido 92026

**RECEIVED**

JAN 05 2011

CITY OF ESCONDIDO  
CITY CLERK

December 20, 2010  
14912 Budwin Lane  
Poway, CA. 92064

City of Escondido  
Office of the City clerk  
201 North Broadway  
Escondido, CA 92025

**RECEIVED**

JAN 04 2011

CITY OF ESCONDIDO  
CITY CLERK

To the Escondido City Council;

Our family has owned Commercial and Residential property in the city of Escondido for 30 plus years, specifically 620-626 North Broadway, 629-635 East Valley Parkway, 509-515 Aster Street and 525-531 Aster Street, and we have witnessed the continued rise of water rates year after year, which has always been higher than the inflationary index.

We are not only tired of the inept leadership for the City of Escondido, we are angry. You have continued to raise the rates for water as well as all other costs, with no regard to property owners or the condition of the economy. The City Council needs to recognize that it needs to bring down City labor costs.

**You're leadership is the reason for inflation during a recession.**

**Stop passing on ridiculous increases in water costs and take some responsibility for the real issue:**

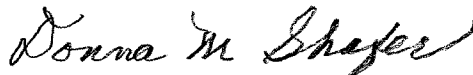
**Your City expenses are too high; your pension plans for City employees are too high.**

**CONTROL CITY COSTS!!!!**

**STOP PUTTING CITY EMPLOYEES FIRST  
AND PUT PROPERTY OWNERS FIRST!!!!**

Sincerely,

Donna M. Shafer



David B. Shafer  
(858) 748-3515



DATE: December 27, 2010  
TO: The city of Escondido / Office of the city clerk  
FROM: Amir Salem / El Norte Parkway LLC  
APN#: 226-210-40 and 226-210-41  
SUBJECT: Protesting any water and waste water rate increase

Due to the bad economy and the high unemployment in the San Diego County specifically in the city of Escondido where the unemployment rate is one of the highest in the county. Also, all the tenants in my commercial shopping center are struggling to stay in business. Any increase in their water rate and waste water rate will affect the survival in business of my tenants. I don't think this is the time to raise any water rates.

I, hereby protest any water rate increase.



Amir Salem

1314 Vista Grande Rd.

El Cajon, CA 92019

Ph: (619) 203-7278 fax: (619) 312-1912

**RECEIVED**

DEC 28 2010

CITY OF ESCONDIDO  
CITY CLERK

12/15/10

To Whom It May Concern

My wife & I protest these rate increases primarily because of the ridiculous salaries, benefits & pensions awarded to Water District employees & management. We are retired, worked hard for our meager 40Ks, and do not like funding these public employee salaries & benefits. Also the sewer smells we experience routinely is unfating!!

Jany Truett  
Carol Truett

Residential Customer  
2319 Cortina Circle  
Escondido, CA

**RECEIVED**

DEC 20 2010

CITY OF ESCONDIDO  
CITY CLERK

December 8, 2010

## PROPOSED WATER RATE INCREASES

**TO:** City of Escondido  
201 N. Broadway  
Escondido, Ca. 92025

**From:** Kirk Lentz  
1410 E. El Norte Parkway  
Escondido, Ca. 92027

**Re:** "Notice of public hearing on proposed  
change in water and waste water  
rates and fees"

This letter is a response to a mailing I received on November 28<sup>th</sup> about a proposed water rate increase for five years.

### **"NO" TO ANY RATE INCREASE!!!**

**First:** Reduce labor costs to offset any proposed increase to the consumer. Although this propaganda is being proposed as an *'investment'*, it needs to be noted that the underlying increase is a result of runaway pension costs and exorbitant pay packages for everyone who is employed in the water district!

**Second:** Let outside contractors bid on these *'investment'* costs. The total cost would be reduced by at least a third and would be completed on time. This is just a PLOY to insure that the water company maintains future employment! AT TAXPAYER EXPENSE!

**Third:** The citizens of Escondido are held HOSTAGE by the monopolistic Escondido water district. Enough is enough! No more rate increases until there are reductions from within the water district itself!

**Forth:** Why is there always just one "offer" of a solution? Which is always in the form of rate increases? List all of the reductions that could take place and offer other solutions and alternatives so that there are options to draw from! NO TO ANY RATE INCREASE!

**RECEIVED**

DEC 15 2010

CITY OF ESCONDIDO  
CITY CLERK

**This is a one sided approach to rape the hard working citizens by out dated and self serving unions that control not only our water supply-but the city council as well!**

**Please confirm receipt of this letter and insure I am on the agenda to speak on this topic when the council opens for discussion.**

Submitted,



**Kirk Lentz**

December 8, 2010

## PROPOSED WATER RATE INCREASES

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Escondido, Ca. 92025

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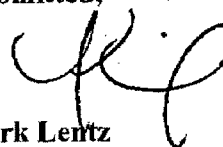
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**Submitted,**

A handwritten signature in black ink, appearing to read 'Kirk Lentz', written in a cursive style.

**Kirk Lentz**



December 8, 2010

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**RECEIVED**

DEC 14 2010

CITY OF ESCONDIDO  
CITY CLERK

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**Submitted,**

A handwritten signature in black ink, appearing to be 'Kirk Lentz', written in a cursive style.

**Kirk Lentz**

To City Clerk

This is a letter protesting the rate increases and changes, and the adoption of the fixed cost pass-through to water and wastewater rates. We are against it and any rates increase at this time. We have saved lots of water as individuals and as a city and a rate increase is ridiculous. Especially at a time when the city is trying to put a ballpark in town.

Scot Antrim  
980 Cedar way  
Escondido Ca.



**RECEIVED**

DEC 09 2010

CITY OF ESCONDIDO  
CITY CLERK

12/7/10

City of Escondido  
Office of the City Clerk  
201 North Broadway  
Escondido, CA 92025

City Clerk,

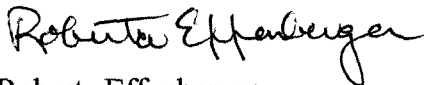
I would like to protest the proposed rate increase on water and wastewater. I believe that rather than raise rates, you should cut costs. The fees we residents pay should go towards the cost of water and replacement of pipes and facilities, not towards out of control salaries and benefit packages.

If you had been spending the money you've been getting on what it's supposed to be spent on, you would not need to raise rates again. But instead, we residents feel that continual increases are funding salaries and absurd benefits and not the actual cost of supplying water.

It's not right that the more residents reduce usage, the higher the rates continue to go. You need to make cuts and live with the money you're getting. As usage continues to decline, as I'm sure it will because you keep increasing the cost, you can't keep raising rates.

Residents are tired of bearing the brunt of poor cash management and ridiculously high employee benefit packages-cut the overhead and stop raising rates.

Thank you,



Roberta Effenberger  
2347 Mountain View Drive  
Escondido, CA 92027

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DEC 09 2010  
CITY OF ESCONDIDO  
CITY CLERK

## **Diane Halverson - Re: Fwd: Changes in Water and Wastewater Rates & Fees**

---

**From:** Marsha Whalen  
**To:** Lori Vereker  
**Date:** 12/8/2010 9:51 AM  
**Subject:** Re: Fwd: Changes in Water and Wastewater Rates & Fees  
**CC:** Diane Halverson

---

Okay, we'll include it with the other comments we have collected here.

>>> Lori Vereker 12/8/2010 9:28 AM >>>

Hi Marsha,

This should be included in the public comments for the water and wastewater rate hearing on January 12.

Lori

>>> "Tom Beard" <beard9091@sbcglobal.net> 12/3/2010 7:36 AM >>>

You both may recall that about 6 months ago I wrote you expressing my thoughts about the City of Escondido's lack of fairness in determining residential wastewater charges for low water users. I was told at that time that a study was underway to investigate this and other water cost issues. Last week I received a Notice of Public Hearing of Changes in Water and Wastewater Rates and Fees that addresses my complaint. This email is to advise you that I wholeheartedly support the recommended changes in the way the wastewater charges are to be calculated - a much fairer system.

I'm sure that no one will appreciate the proposed increase of about 6 per cent per year in their total water bill. However, about one-half of these charges can be attributed to increases in the costs of acquiring water from outside sources and are simply pass-through charges. The other one-half or 3 percent, while somewhat above projected inflation, does not seem excessive in light of an aging system and new governmental regulations. Overall, I think the city has done an outstanding job in developing a new fee and rate structure. Thank you. Thomas Beard

RICHARD H. & ELEANOR MORENO  
214 BAHIA LN.  
ESCONDIDO CA 92026

PARCELT 2276601500

MY WIFE AND I ARE PROTESTING  
THE RATE INCREASES OR PASS THEIR  
FIXED COST'S FROM THIS CITY AND  
THE WATER WHOLESALE'S.

YOU CALL IT A RATE INCREASES  
BUT IT'S REALLY ANOTHER TAX. THE  
WAY THE WATER WHOLESALE'S, PUT IT  
IS THAT THE RAIN TOTAL HAS INCREASE  
THIS YEAR.

WHY SPENT 50 MILLION DOLLARS ON  
ANOTHER WHITE ELEPHANT, LIKE THE BALL  
PART, USE THE MONEY TO FIX OUR  
POT HOLES AND GENERAL WATER STRUCTURE  
-Sara

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DEC 07 2010

CITY OF ESCONDIDO  
CITY CLERK

TAX PAYER NOT  
Happy

Richard H Moreno  
Eleanor Moreno

To: City of Escondido  
Re: Proposed Change in Water and  
Waterwater rates and fees.

As a retired Senior Citizen on a fixed  
income, I have to definitely object and  
oppose the proposed rate increases for  
the next five years beginning in 2011.

Signed: Mrs. Freda Robinson (Widow)  
1440 Broadway Place  
Escondido, CA 9205

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DEC 07 2010

CITY OF ESCONDIDO  
CITY CLERK

To: City of ESCONDIDO

Re: Water and Wastewater Rates

I am a retired and disabled school employee  
and I must oppose the proposed rate  
increases starting 2011 for five years.

Signed:

Date: 12-6-2010

(760) 743-2568

Shirley M. Luce

1432 Broadway Place

Escondido, CA 92025

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DEC 07 2010

CITY OF ESCONDIDO  
CITY CLERK



TO WHOM IT MAY CONCERN;

THIS IS MY WRITTEN PROTEST TO THE RATE INCREASES FOR BOTH WATER AND WASTEWATER RATES.

BAD TIMING, TO MANY OUT OF WORK, AND AS FOR US ON A FIXED INCOME. WITH NO COST OF LIVING ADJUSTMENTS FOR THE PAST TWO YEARS. WITH THE OUTLOOK FOR ANY IN THE FUTURE, LOOKING SHIM TO NONE. EVEN WORSE TIMING.

THERE ARE OTHER THING'S THE CITY CAN DO.

BUT IT WONT. THE CITY WILL RAISE THE RATES AND DO EVERYTHING AS OUTLINED IN THE DOCUMENT WE GOT IN THE MAIL ON 11-24-10.

RESPECTFULLY  
Jany E. Peterson

ADDRESS

1934 KINGSTON DR  
ESCONDIDO, CALIF.  
92027

PARCEL #

231-271-19-00

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NOV 30 2010

CITY OF ESCONDIDO  
CITY CLERK

RECEIVED

NOV 29 2010

CITY OF ESCONDIDO  
CITY CLERK

11-26-10

CITY OF ESCONDIDO  
OFFICE OF THE CITY CLERK  
201 N BROADWAY  
ESCONDIDO CA 92025

RE: WATER & WASTEWATER RATE  
INCREASES.

DEAR SIRS:

I HAVE NOTED THE RECEIPT  
OF THE PROPOSED INCREASES  
TO THE VARIOUS WATER AND  
WASTEWATER CHARGES FOR  
THE COMING 5 YEARS.

I DO SEE THE NEED FOR  
THOSE INCREASES. HOWEVER,  
I AM 87 YEARS OLD, LIVE ON A  
FIXED INCOME, AMON SOCIAL  
SECURITY. JUST HOW DO YOU  
PROPOSE I CAN ACCEPT THESE  
-OVER-

INCREASES? WILL THERE BE REDUCTIONS FOR THE ELDERLY OR ANY OTHER BREAKS FOR US? WHAT HAPPENS IF SOME OF US ARE UNABLE TO PAY SUCH INCREASES?

OUR HOUSEHOLD TRIES TO KEEP WATER USAGE DOWN. I DO NOT HAVE A LAWN AS I DO NOT WISH TO WASTE WATER AS REGARDS OUT DOOR USE. WE HAVE ILLNESS IN OUR HOUSEHOLD AND THIS ALONE IS VERY SERIOUS IN OUR HOUSEHOLD.

I DO HOPE THAT THIS SITUATION WILL BE ADDRESSED IN FUTURE NOTICES.

ANTHONY JAFESIAN

Jonathan & Athene Bitting  
1450 E Lincoln Ave  
Escondido, CA 92027

City of Escondido  
Office of the City Clerk  
201 North Broadway  
Escondido, CA 92025

November 27, 2010

**RECEIVED**

NOV 29 2010

CITY OF ESCONDIDO  
CITY CLERK

Dear Office of the City Clerk,

We are protesting both the water and wastewater rate changes proposed in your notification.

The economic season is not right for raising prices. Most folks are already too oppressed, making a living wage and meeting their expenses.



Also, the criteria by which you are raising prices and the percentage of the rate hikes are alarming. Some increases seem to be based on speculation, some on missing information.

To wit:

- |  |
|--|
| 1. The <u>Meter Charge</u> should be based on<br>A. last year's costs of maintenance, averaged out to all meters<br>B. an averaged charge of annual repair costs should go on top of that<br>In your mailer, you didn't specify how the Meter Charges were justified. Plus, the increase is too dramatic with each year. Are you expecting everyone to get a raise and keep their jobs? That would be nice, but this is based on _____ ????? |
| 2. Have the <u>Commodity</u> water import suppliers already set prices so far in advance? I heard on the Channel 10 news that our water usage had gone down so much that the prices of H2O were going up due to lack of volume. Can we all be winners in this situation?<br>The rate hikes should not be so firmly set in advance. These should be logically set according to annual prices, not some projection of what they might be.      |
| 3. Why is the <u>MWD</u> charge increasing? Do we have some control over this? So close to the ocean, yet we are still draining water from Sacramento county? That's kinda silly.  |
| 4. <u>Wastewater Charge</u> is forgetting the possibility of using gray water in our yards. This should take some stress off of the sewage volume. There might be a way to measure the sewage outflow rather than the household water inflow.  |

Thank you for this opportunity to voice our opinions. We appreciate your great service and know that we will continue to be glad that we live in your fine city.

Sincerely,

  
  
Jonathan & Athene Bitting  
1450 E Lincoln Ave.

December 1, 2010

City of Escondido  
Office of the City Clerk  
201 N. Broadway  
Escondido, CA 92025

Re: Rate Increase

To Whom It May Concern:

I am writing to protest the rate change/increase to both the water and the wastewater rates.

My address is: 1109 N. Fig Street  
Escondido, CA 92026

Signed,



S.R. Sander

**RECEIVED**

NOV 30 2010

CITY OF ESCONDIDO  
CITY CLERK

RESOLUTION NO. 2011-03

A RESOLUTION OF THE CITY COUNCIL OF  
THE CITY OF ESCONDIDO, CALIFORNIA,  
ESTABLISHING NEW 2011 THROUGH 2015  
WATER USE RATES, SERVICE CHARGES  
AND CONNECTION FEES, AND  
WASTEWATER SERVICE CHARGES

WHEREAS, the Escondido Municipal Code authorizes the City Council to set and adjust water and wastewater rates and service charges from time to time by duly adopted resolution; and

WHEREAS, the City Council previously directed staff to review and analyze the costs of providing services related to such fees on a regular basis; and

WHEREAS, staff contracted with Raftelis Financial Consultants, Inc. to do a thorough analysis of the cost of providing services related to such fees and conducted a review of the burdens, effects and costs of new development and the commensurate cost of offsetting such impacts, and has provided such analysis to the City Council in the staff reports in conjunction with this Resolution; and

WHEREAS, City staff has corresponded with representatives of the public, and the business and farming community, and the City Council has conducted a public hearing and has considered comments and input from interested parties; and

WHEREAS, the proposed fees were noticed to all water and wastewater customers in accordance with Proposition 218 45 days prior to the public hearing; and

WHEREAS, the City Council desires at this time and deems it to be in the best public interest to establish new rates and fee schedules for 2011 through 2015.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the rates and fees set forth in Exhibit "1," attached to this resolution and incorporated by this reference, will supersede all prior rates and fees for connections and services as set forth on the Exhibit.
3. That the rates and fees set forth in Exhibit "1" will be effective for all charges that become due on or after February 1, 2011.
4. That the Agriculture Use Rate factors in discounts from the Metropolitan Water District Interim Agriculture Water Program (IAWP), the San Diego County Water Authority Special Agriculture Water Rate (SAWR), and the City of Escondido Agriculture Discount.
5. That as the IAWP and/or the SAWR programs are phased out, customers may opt out of such programs on an annual basis at which time their rate will be modified. Customers choosing to opt out of both the IAWP and the SAWR, will revert either to the Residential Agriculture Rate or the Single Family Residential Rate. Customers choosing to opt out of only the IAWP program will still receive the SAWR and/or City of Escondido discounts as applied to the Tier 2 Single Family Residential Rate.
6. That agriculture customers have been notified and provided with all relevant materials regarding the restrictions on water use identified in the IAWP and the SAWR programs, including that the restrictions of such programs may be applied if they choose to continue participation in either the IAWP or the SAWR programs.
7. That the City of Escondido Agriculture Discount shall only apply to customers participating in either or both the IAWP and the SAWR.

Este aviso está disponible en español. Se puede encontrar en Utility Billing dentro de City Hall o por medio de Internet en [www.escondido.org](http://www.escondido.org).

## NOTICE OF PUBLIC HEARING ON PROPOSED CHANGE IN WATER AND WASTEWATER RATES AND FEES

The City of Escondido (City) will conduct a public hearing on January 12, 2011 at 7:00 p.m. at 201 North Broadway, Escondido, California 92025 in the City Council Chambers to consider the adoption of changes in water and wastewater rates.

### **Background and General Information**

Based on its commitment to long-term planning and appropriate investment, the City recently conducted a water services Rate Study (Study) which evaluated service and infrastructure needs, operational costs, and the fairness of the rate structure. As a result of this study, the City has determined that fairness adjustments are necessary, and rate increases will be required to avoid water shortages, operational deficits, depletion of financial reserves, and potential infrastructure failures. The proposed rate increases will occur over the next five years beginning in 2011.

### **Example of Bill Changes in Years 2011 - 2015 for a Single Family Residence (SFR)**

The following table provides estimates for the water and wastewater bill changes over the next five years. They include the needed rate increases and fairness adjustments described below. The water bill estimates are based on a typical residential customer with a 5/8-in or 3/4-in meter and monthly usage of 15,000 gallons. The wastewater bill estimates are for a single family residence using an average of 7,000 gallons of water during the winter months of December through March.

Sample SFR Bill	Existing		Proposed Bill				
	Bill	2011	2012	2013	2014	2015	
Meter Charge	\$ 18.06	\$ 19.63	\$ 21.40	\$ 23.33	\$ 25.20	\$ 27.22	
Commodity Charge	\$ 55.45	\$ 58.17	\$ 63.49	\$ 69.30	\$ 74.96	\$ 81.00	
<b>Subtotal</b>	<b>\$ 73.51</b>	<b>\$ 77.80</b>	<b>\$ 84.89</b>	<b>\$ 92.63</b>	<b>\$ 100.16</b>	<b>\$ 108.22</b>	
MWD and CWA Charge	\$ 4.37	\$ 4.80	\$ 5.42	\$ 5.97	\$ 6.58	\$ 6.89	
<b>SUBTOTAL WATER BILL</b>	<b>\$ 77.88</b>	<b>\$ 82.60</b>	<b>\$ 90.31</b>	<b>\$ 98.60</b>	<b>\$ 106.74</b>	<b>\$ 115.11</b>	
Wastewater Charge	\$ 43.09	\$ 36.85	\$ 36.85	\$ 39.06	\$ 41.40	\$ 43.88	
<b>TOTAL BILL</b>	<b>\$ 120.97</b>	<b>\$ 119.45</b>	<b>\$ 127.16</b>	<b>\$ 137.66</b>	<b>\$ 148.14</b>	<b>\$ 158.99</b>	
% Increase		-1.3%	6.5%	8.3%	7.6%	7.3%	

MWD = Metropolitan Water Authority pass through  
CWA = San Diego County Water Authority pass through

Commodity Charge = water use

### **Reasons for Proposed Rate Increases**

Specifically, the rate increases will be used to address the following critical issues and planned investments:

- Coverage for rate increases on imported water from the San Diego County Water Authority
- Repair and replacement of aging water and wastewater pipes, facilities, and equipment
- Replacement of seismically compromised Wohlford Dam and possible increase in the storage capacity
- Connections to San Diego County Water Authority treated water facilities
- Upgrades to Hale Avenue Resource Recovery Facility and implementing increased use of recycled water
- Repair and maintenance of wastewater pumping (lift) stations
- Re-establishment of proper rate stabilization reserves



These activities and investments are designed to maintain and increase water reliability, meet public health goals, address new regulations, and increase financial stability. Whenever possible, the City is pursuing grant funding to offset the cost of these improvements.

### **Fairness Adjustments**

The Rate Study showed that current water and wastewater rate structures need to be adjusted to more fairly allocate the cost of services to each customer. These adjustments will be made in the 2011 rates. Water tiers for single family customers will be tightened slightly, while the tiers for multi-family and mobile homes will be relaxed slightly. The water rates for all residential and commercial customers will increase; however, the increase amount depends on each customer's water usage. Wastewater rates for residential customers will be changed from a flat fee to a flow-based calculation using winter water usage. Again, this adjustment is necessary so rates better reflect the cost of services, and will cause some customers to pay more for wastewater, and some to pay less.

Wastewater rates for commercial customers will change depending on their classification. This adjustment does not cause an overall increase in revenue collected from rates.

### **Timing of Rate Changes**

Both water and wastewater fairness adjustments will be made in 2011. Proposed water rate increases will begin in 2011 and continue through 2015. There are no proposed wastewater rate increases for the next two years, but there is a change from a flat rate to a flow based charge. However, major capital improvements will be needed at that point, causing wastewater rates to increase in 2013 through 2015.

### **Specific Water Rate Issues- Rates Controlled by Others**

The water Rate Study has estimated the increases in purchased water costs, Metropolitan Water District of Southern California (MWD) Readiness to Serve Charges, and San Diego County Water Authority's Infrastructure Access Charge. Increases to these costs that are larger than estimated in the study would be passed on to the customer.

### **Commodity (Water use) Rate Increases for Imported Water**

The City purchases a substantial portion of its water from the San Diego County Water Authority (CWA). CWA in turn purchases a majority of its water supplies from the MWD. MWD imports water from two sources: the Colorado River via the Colorado River Aqueduct and Northern California via the California Aqueduct. In recent years, several factors have impacted the cost and availability of these water supplies. The State has been in a multi-year drought and the Colorado River system is experiencing a nine year drought. Major reservoirs are recovering from historic lows and pumping restrictions in the Sacramento River Delta (Delta) have been imposed to protect the health of the Delta environment. These issues will continue to impact the cost of the wholesale water that the City purchases from SDCWA. These increases account for approximately 47% of the rate increases for Escondido customers over the next five years.

### **Metropolitan Water District - Readiness to Serve Charge**

The MWD Water Availability Charge (Readiness to Serve) is increasing from \$2.32 to \$2.58 per meter per month in 2011. This includes a Delta Surcharge to obtain replacement water for State Project water that was lost because of environmental restrictions on the Sacramento River Delta. The City of Escondido will be passing through the increase in the Readiness to Serve charge effective February 1, 2011 and subsequent increases effective January 1 of each subsequent year.

### **San Diego County Water Authority - Infrastructure Access Charge**

The SDCWA Infrastructure Access Charge is increasing from \$ \$2.05 to \$2.22 per equivalent meter per month in 2011. The City of Escondido will be passing through to our customers the increase in the Infrastructure Access Charge effective February 1, 2011 and subsequent increases effective January 1 of each subsequent year.

## Specific Wastewater Rate Issues

### New Basis for Calculating Wastewater Rates

Residential wastewater charges will now include a fixed charge and a usage charge based on wastewater flow. Wastewater flow will be calculated using internal (non landscape) water usage. This will be estimated by taking 80% of the average winter water usage per customer, from December to March of the previous year for single family and multi-family residences, and 100% of the water usage for mobile homes. Wastewater flow is capped at 10,000 gallons per month for single family residences and 8,000 gallons per month for multi-family residences and mobile homes.

The following tables provide more detailed information on the rate adjustments and increases.

### Proposed Monthly Water User Rates for Potable Water

		Current Rate	February 1, 2011	January 1, 2012	January 1, 2013	January 1, 2014	January 1, 2015
<b>WATER RATES</b>	<u>1,000 gal</u>						
<b>Single Family Residential</b>							
Tier 1	0 to 7	\$3.35	\$3.48	\$3.79	\$4.14	\$4.48	\$4.84
Tier 2	7 to 15	\$4.00	\$4.23	\$4.62	\$5.04	\$5.45	\$5.89
Tier 3	15 +	\$4.70	\$5.37	\$5.86	\$6.39	\$6.91	\$7.47
<b>Residential/Agricultural Use</b>							
Tier 1	0 to 7	\$3.73	\$3.48	\$3.79	\$4.14	\$4.48	\$4.84
Tier 2	7 +	\$4.00	\$4.39	\$4.79	\$5.23	\$5.65	\$6.11
<b>Multi-Family Residential</b>							
Tier 1	0 to 5	\$3.35	\$3.48	\$3.79	\$4.14	\$4.48	\$4.84
Tier 2	5 to 7	\$4.00	\$4.23	\$4.62	\$5.04	\$5.45	\$5.89
Tier 3	7 +	\$4.70	\$5.37	\$5.86	\$6.39	\$6.91	\$7.47
<b>For All Water Used:</b>							
<b>Commercial, Industrial &amp; School</b>		\$3.73	\$4.18	\$4.56	\$4.98	\$5.38	\$5.82
<b>Irrigation - Institutional</b>		\$4.00	\$4.51	\$4.92	\$5.37	\$5.80	\$6.27
<b>Landscape Districts</b>		\$3.73	\$4.51	\$4.92	\$5.37	\$5.80	\$6.27
<b>Wild Animal Park</b>		\$4.00	\$4.18	\$4.56	\$4.98	\$5.38	\$5.82
<b>Special Unfiltered</b>		\$2.38	\$2.48	\$2.71	\$2.96	\$3.20	\$3.46
<b>Agricultural Use</b>		\$2.80	\$3.06	\$3.34	\$3.65	\$3.95	\$4.27
<b>SAWR Use</b>		\$3.09	\$3.37	\$3.68	\$4.02	\$4.35	\$4.70

**All rates per 1,000 gallons**

**Proposed Monthly Water Availability Charge**

	Current Rate	February 1, 2011	January 1, 2012	January 1, 2013	January 1, 2014	January 1, 2015
5/8" and 3/4"	\$18.06	\$19.63	\$21.40	\$23.33	\$25.20	\$27.22
1"	\$29.14	\$30.84	\$33.62	\$36.65	\$39.59	\$42.76
1 1/2"	\$56.91	\$58.87	\$64.17	\$69.95	\$75.55	\$81.60
	\$89.82	\$92.51	\$100.84	\$109.92	\$118.72	\$128.22
3"	\$179.06	\$199.03	\$216.95	\$236.48	\$255.40	\$275.84
4"	\$278.87	\$356.00	\$388.04	\$422.97	\$456.81	\$493.36
6"	\$555.69	\$787.67	\$858.57	\$935.85	\$1,010.72	\$1,091.58
8"	\$990.30	\$1,348.29	\$1,469.64	\$1,601.91	\$1,730.07	\$1,868.48
3/4" x 3"	\$187.28	\$278.63	\$303.71	\$331.05	\$357.54	\$386.15
1" x 4"	\$294.64	\$423.27	\$461.37	\$502.90	\$543.14	\$586.60
1 1/2" x 6"	\$588.43	\$843.82	\$919.77	\$1,002.55	\$1,082.76	\$1,169.39
3/4" x 3" x 6"	\$722.57	\$843.82	\$919.77	\$1,002.55	\$1,082.76	\$1,169.39
1" x 4" x 8"	\$1,138.68	\$1,348.37	\$1,469.73	\$1,602.01	\$1,730.18	\$1,868.60
2" x 6"	\$645.61	\$843.82	\$919.77	\$1,002.55	\$1,082.76	\$1,169.39
2" x 8"	\$841.76	\$1,348.37	\$1,469.73	\$1,602.01	\$1,730.18	\$1,868.60
Detector Check	\$30.63	\$33.39	\$36.40	\$39.68	\$42.86	\$46.29

**Proposed MWD Readiness to Serve Charge**

	Current Rate	February 1, 2011	January 1, 2012	January 1, 2013	January 1, 2014	January 1, 2015
5/8" and 3/4"	\$2.32	\$2.58	\$2.84	\$3.13	\$3.45	\$3.56
1"	\$3.74	\$4.15	\$4.57	\$5.03	\$5.54	\$5.71
1 1/2"	\$7.23	\$8.03	\$8.84	\$9.73	\$10.71	\$11.04
2"	\$11.62	\$12.89	\$14.18	\$15.60	\$17.16	\$17.68
3"	\$22.97	\$25.49	\$28.04	\$30.85	\$33.94	\$34.96
4"	\$35.88	\$39.81	\$43.80	\$48.18	\$53.00	\$54.59
6"	\$71.37	\$79.17	\$87.09	\$95.80	\$105.38	\$108.55
8"	\$114.35	\$126.85	\$139.54	\$153.50	\$168.85	\$173.92
5/8" x 2"	\$13.04	\$14.47	\$15.92	\$17.52	\$19.28	\$19.86
3/4" x 3"	\$24.01	\$26.64	\$29.31	\$32.25	\$35.48	\$36.55
1" x 4"	\$37.82	\$41.96	\$46.16	\$50.78	\$55.86	\$57.54
1 1/2" x 6"	\$75.63	\$83.90	\$92.29	\$101.52	\$111.68	\$115.04
3/4" x 3" x 6"	\$92.93	\$103.09	\$113.40	\$124.74	\$137.22	\$141.34
1" x 4" x 8"	\$148.04	\$164.22	\$180.65	\$198.72	\$218.60	\$225.16
2" x 6"	\$82.99	\$92.06	\$101.27	\$111.40	\$122.54	\$126.22
2" x 8"	\$115.51	\$128.14	\$140.96	\$155.06	\$170.57	\$175.69

**Proposed CWA Infrastructure Access Charge**

	<b>Current Rate</b>	<b>February 1, 2011</b>	<b>January 1, 2012</b>	<b>January 1, 2013</b>	<b>January 1, 2014</b>	<b>January 1, 2015</b>
5/8" and 3/4"	\$2.05	\$2.22	\$2.58	\$2.84	\$3.13	\$3.33
1"	\$3.28	\$3.55	\$4.13	\$4.55	\$5.01	\$5.33
1 1/2"	\$6.15	\$6.66	\$7.74	\$8.52	\$9.38	\$9.98
2"	\$10.66	\$11.54	\$13.40	\$14.74	\$16.22	\$17.25
3"	\$19.68	\$21.30	\$24.73	\$27.21	\$29.94	\$31.84
4"	\$33.62	\$36.39	\$42.25	\$46.48	\$51.13	\$54.37
6"	\$61.50	\$66.56	\$77.28	\$85.01	\$93.52	\$99.45
8"	\$106.61	\$115.37	\$133.95	\$147.35	\$162.09	\$172.36
5/8" x 2"	\$10.66	\$11.54	\$13.40	\$14.74	\$16.22	\$17.25
3/4" x 3"	\$33.62	\$36.39	\$42.25	\$46.48	\$51.13	\$54.37
1" x 4"	\$51.25	\$55.47	\$64.41	\$70.86	\$77.95	\$82.89
1 1/2" x 6"	\$102.51	\$110.94	\$128.81	\$141.70	\$155.87	\$165.75
3/4" x 3" x 6"	\$102.51	\$110.94	\$128.81	\$141.70	\$155.87	\$165.75
1" x 4" x 8"	\$164.01	\$177.49	\$206.08	\$226.69	\$249.36	\$265.16
2" x 6"	\$102.51	\$110.94	\$128.81	\$141.70	\$155.87	\$165.75
2" x 8"	\$164.01	\$177.49	\$206.08	\$226.69	\$249.36	\$265.16

**Note: Water Availability Charge, Readiness to Serve Charge and Infrastructure Access Charge are shown as a single Water Service Charge on your water bill.**

**Proposed Monthly Wastewater Rates Effective February 1, 2011**

Customer Class	Unit	Fixed	Other	Wastewater Flow	BOD	TSS
		\$/mo	\$/unit	\$/ 1,000 gal	\$/lb	\$/lb
Single Family Residential	per unit/mo	\$16.37		\$3.15		
Multi-Family Dwelling	per dwelling unit/mo	\$16.37		\$2.62		
Mobile Homes	Per mobile home/mo	\$16.37		\$1.80		
Senior High Schools	per student/yr		\$23.41			
Elementary & Middle Schools	per student/yr		\$15.61			
Churches	per 100 seats/mo		\$32.52			
Car Wash/Soft Water Service	per acct/mo	\$16.37		\$5.10		
Hotel/Motel without dining	per acct/mo	\$16.37		\$5.82		
Hotel/Motel with dining	per acct/mo	\$16.37		\$8.43		
Repair Shop/Service Station	per acct/mo	\$16.37		\$5.36		
Commercial Laundry	per acct/mo	\$16.37		\$6.04		
Laundromats	per acct/mo	\$16.37		\$5.31		
Hospital	per acct/mo	\$16.37		\$5.69		
Brewery	per acct/mo	\$16.37		\$4.71	\$0.35	\$0.35
Grocery Store with Meat Dept	per acct/mo	\$16.37		\$9.17		
Industrial	per acct/mo	\$16.37		\$7.62		
Restaurant	per acct/mo	\$16.37		\$9.03		
All Other Commercial	per acct/mo	\$16.37		\$5.98		
Discharges to Brine Line	per acct/mo	\$16.37		\$0.73		

**BOD = Biochemical oxygen demand****TSS = Total suspended solids**

**The rates for 2012 will remain the same and rates will increase 6% per year on January 1 of 2013, 2014, and 2015.**

The wastewater rates have been adjusted to reflect the cost of providing wastewater service to each customer class and to increase equity in the system. The wastewater flow rates are calculated based on each customer class' wastewater strengths consistent with industry standards.

**Proposed Monthly User Rates for Recycled Water**

The recycled monthly service charge is the same as for potable water. The commodity rate is 90 percent of the lowest residential potable rate.

Recycled Water Commodity Rate (\$/kgal)	Current Rate	February 1, 2011	January 1, 2012	January 1, 2013	January 1, 2014	January 1, 2015
		\$3.00	\$3.13	\$3.41	\$3.73	\$4.03

**Public Hearing**

The City of Escondido will conduct a public hearing on January 12, 2011 at 7:00 p.m. at 201 North Broadway, Escondido, California 92025 in the City Council Chambers to consider the adoption of changes in water and wastewater rates. The public hearing will also consider the adoption of the fixed cost pass-through and the automatic adjustment formulas described above. Rates are calculated based on the revenue required to cover necessary costs of operations each year that ensure a reliable water supply and wastewater service.

**Important note:** The Utilities Department (Water and Wastewater) of the City of Escondido does not receive property taxes to offset costs.

**Written Protests Accepted Prior to the Public Hearing**

Protests to the rate increases, or the pass through of fixed costs from wholesalers, or the automatic adjustment formulas described above must be submitted in writing to the City Clerk's office by 5:30 p.m. on January 12, 2011, and will also be accepted at the Council Chambers at the public hearing. All written protests must be signed by the owner and contain a description of the property (address and/or Assessor Parcel Number). Please indicate that it is the water and/or wastewater rate change that you are protesting. Please FAX your protests to 760-735-5782 or send your written protest to:

**City of Escondido  
Office of the City Clerk  
201 North Broadway  
Escondido, CA 92025**

Please do not send protests by e-mail. They will not be accepted.

At the time of the public hearing, the City Council will receive a final tabulation of all written protests received by the City Clerk. The Council will then consider and may adopt the proposed rate increase.



City of Escondido  
201 North Broadway  
Escondido, CA 92025

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**IMPORTANT INFORMATION ENCLOSED REGARDING YOUR WATER AND WASTEWATER RATES**



AGENDA ITEM NO.: 8

AGENDA DATE: 1-12-11

**FUTURE CITY COUNCIL AGENDA ITEMS  
January 6, 2011**

*AGENDA ITEMS AND COUNCIL MEETING DATES ARE SUBJECT TO CHANGE. CHECK WITH THE CITY CLERK'S OFFICE AT 839-4617*

**JANUARY 19, 2011 – NO MEETING**

Green Sheet Due by Noon on Monday, 1/10/11  
Staff Reports/Resos due by Noon on Tuesday 1/18/11

**JANUARY 26, 2011**

**3:30 p.m. CLOSED SESSION**

**4:30 p.m.**

**CONSENT CALENDAR**

1	<p><b>Set a public hearing for: Adoption of the 2010 California Fire Code (CFC) and Local Amendments, and (M. Lowry)</b></p> <p><i>Introduction of Ordinances 2011-03 &amp; 04 and set the public hearing date for 2/16 to adopt the Fire Code &amp; Ordinances.</i></p>
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**PUBLIC HEARINGS:**

2	<p><b>Conduct a Public Hearing to Consider Eminent Domain Proceedings: Nordahl Bridge (E. Domingue)</b></p> <p><i>Portions of San Diego County Assessor Parcel Numbers 226-112-27, 31 &amp; 49, 228-360-14, 38 &amp; 39 are required for construction of the Nordahl Bridge Replacement Project. This request is being processed at this time to meet project deadlines; negotiations are currently ongoing with all parties. .</i></p>
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**CURRENT BUSINESS**

3	<p><b>FY 2011/12 Budget Review (G. Rojas)</b></p> <p><i>Provide direction to staff regarding the FY 2011/12 budget.</i></p>
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4	<p><b>Future Agenda Items (M. Whalen)</b></p>
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