



FOR IMMEDIATE RELEASE

July 17, 2007

**FACT SHEET**

**CITY COUNCIL TO CONSIDER WATER AND SEWER RATE  
ADJUSTMENTS IN EARLY OCTOBER**

***SEWER REBATE SET FOR MOST SINGLE FAMILY RESIDENTIAL CUSTOMERS;  
INCREASE IN COST OF IMPORTED WATER REASON FOR WATER RATE INCREASE***

As a result of a court settlement and an increase in the cost of the imported water, the San Diego City Council will consider adjustments to water and sewer rates in early October. The court settlement will lower sewer rates for 97% of single family residential customers while the increase in the cost of imported water will nominally increase water rates for all customers. The City Council will begin their consideration of this issue by approving a public notice to all ratepayers on Tuesday, July 31.

Here is how these rate adjustments will affect the typical single family residential customer:

	<b>Current</b>	<b>Sewer (Rate Increase, Rate Reversal and Credit)  (11/01/07)</b>	<b>Water (CWA Pass Through)  (01/01/08)</b>	<b>MWWD Rate Increase and 2<sup>nd</sup> Settlement Increase  (05/01/08)</b>
<b>Water</b>	\$48.24	\$48.24	\$49.64	\$49.64
<b>Sewer</b>	\$38.32	\$35.07	\$35.07	\$38.40
<b>Storm Water Fee</b>	\$ .95	\$ .95	\$ .95	\$ .95
<b>Grand Total</b>	<b>\$87.51</b>	<b>\$84.26</b>	<b>\$85.66</b>	<b>\$88.99</b>
<b>Difference</b>		<b>-\$3.25</b>	<b>-\$1.85 (from current bill)</b>	<b>+\$1.48 (from current bill)  1.7% increase (from current bill)</b>

## **PROPOSED SEWER RATE REVERSAL AND CREDIT**

On May 18, 2007, the Superior Court for the County of San Diego approved the settlement of a class action lawsuit affecting sewer rates for the City of San Diego. The lawsuit alleged that the City had overcharged Single Family Residential customers – while undercharging other customers – for sewer service until rates were revised in October of 2004.

The settlement approved by the Court requires the City to reimburse single family residential customers a total of \$40 million over the next four years. That total will be less attorney's fees of \$5 million. A \$20,000 sum from the settlement amount will be allotted to a non-profit organization that will provide the City and its customers with an evaluation of future sewer and water rate-setting activities. An additional sum of about \$30,000 derived from the settlement will be paid to former City sewer customers who filed a claim for reimbursement of the overcharges described in the settlement.

To satisfy all of the terms of the settlement, the City must **temporarily** adjust rates for all City sewer customers. But, the City also intends to reverse the proposed rate increase and offer an additional credit to eligible single family residential customers. Eligible customers are those whose current sewer account was in service in the ten year period prior to October 1, 2004. This includes more than 97% of all single family residential sewer customers in the City. Those single family residential customers whose property did not have sewer service prior to that date will not receive a rate reversal and credit against their sewer service charges.

## **SUMMARY OF PROPOSED SEWER RATE ADJUSTMENTS**

### **For all City Sewer Customers:**

- The City proposes to increase existing sewer rates by 3.05% starting November 1, 2007.
- The City proposes to increase sewer rates again by another 3.05% starting May 1, 2008.

### **For eligible City Single Family Residential Customers:**

- The City proposes to reduce sewer service charges by an amount calculated as follows:
  1. First, reversing the two 3.05% rate increases applicable to all City sewer customers (above), and
  2. Second, distributing a share of the settlement, currently estimated to be \$3.25 per month to each single family residential account. The actual amount may vary slightly, depending on total number of accounts in the City.

After the \$40 million settlement amount has been raised and distributed, the rate reversal and monthly credit for eligible single family residential customers will stop and the two 3.05% rate increases for all City sewer customers will end. This is expected to happen on or about October 30, 2011.

## **PROPOSED CWA “PASS THROUGH” WATER RATE INCREASE**

On June 28, 2007 the San Diego County Water Authority (CWA) voted to increase the rates it charges for imported water beginning on January 1, 2008. This rate increase applies to all county water agencies, including the City. Because local water supplies are very limited, the City must buy in excess of 90% of the water it supplies to its customers from the CWA.

The CWA’s increase was not included in the series of water rate increases approved by the City Council in February of this year because the cost increase was not known at the time. Because the City must recover the costs for water purchases, it must “pass through” these increased charges to its customers.

The pass through costs associated with the CWA price increase affect both the base fee and commodity charges within the City’s water billing structure. The Base Fee is set to recover the fixed charges associated with the operation and maintenance of the water system and the charges paid by the City to access the CWA water supply infrastructure. The Commodity charges are set to recover the variable costs based on the amount of water used by water system customers.

The adjustments proposed for City water rates will raise the monthly base fee for a typical single family residential customer by 14 cents. Those customers would also see their commodity fees rise by \$1.26 per month bringing the total monthly increase for water service to \$1.40.

## **MAYOR INITIATES PUBLIC NOTICE PROCESS FOR PROPOSED RATE ADJUSTMENTS**

The Mayor has prepared information about the causes and impact of the rate adjustments for consideration by the City Council on Tuesday, July 31. He is asking the Council to approve mailing a “218 Notice” notice to property owners and rate payers affected by the adjustments. If approved, City staff would then mail the notice in time for it to arrive at least 45 days in advance of the Council’s formal hearing on the rate adjustment proposal, now scheduled for October 8.

The 218 notice for these adjustments has been significantly improved since the last time the City sent out a notice earlier this year. The explanations for the cause and impacts are in straight-forward, easy-to-understand language and the lay-out of the document is approachable and graphically interesting.

The Mayor has also scheduled two public forums to help City residents understand the rate adjustment proposal. The forums are scheduled as follows:

Monday, July 23 at 6 pm  
Rancho Bernardo Library  
17110 Bernardo Center Drive, San Diego, CA 92128-2002

Wednesday, July 25 at 6 pm  
San Diego Workforce Partnership Offices  
3910 University Ave., SD, CA 92105