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More water-rate hikes may be ahead

2 more water-rate hikes may be ahead

By Mike Lee

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SAN DIEGO – San Diego residents could be on the hook for two more water-rate increases in coming months, which would bring the total to six price jumps in just over two years.

The first proposal – which city staff will present to the City Council tomorrow – is for a 6.26 percent increase starting Jan. 1. It is designed to cover the higher cost of water sold by wholesale agencies.

The council likely will approve the proposal in September, because San Diego has few options aside from passing through rising wholesale costs to the city's customers.

California's drought is a major factor fueling the escalation in prices.

Recently, the Metropolitan Water District of Southern California and the San Diego County Water Authority boosted their wholesale rates due to the difficulty of securing new water supplies during the drought.

Their actions are creating ripples in San Diego County, where most water agencies are approving rate hikes and expect to do so consistently in future years. Many of the higher bills will take effect in January.

Back in San Diego, the second rate-increase proposal could spark divisiveness among city officials and the public. It would generate about \$12 million to build and operate a pilot facility for turning wastewater into drinking water, a process known as reservoir augmentation, indirect potable reuse or “toilet to tap.”

The price tag is roughly double what city officials estimated earlier this year. The revision caused at least one high-profile advocate of water recycling to wonder whether the budget for this project, which Mayor Jerry Sanders has opposed, was intentionally inflated to generate opposition from ratepayers.

It's unclear when the City Council will consider the rate increase for reservoir augmentation. The San Diego Water Department's staff has said it would submit the proposal later this year.

Overall, the series of rate hikes would cause typical homeowners to pay about 40 percent more for water in late 2009 compared with what they spent in early 2007.

City leaders said the succession of rate hikes in recent years is needed to upgrade pipes, improve other infrastructure, and cover the rapidly rising cost of purchasing water.

Ratepayers also could end up with a drought-proof water supply if San Diego can figure out how to safely purify wastewater, send it to the San Vicente Reservoir and then distribute the combined product to people's faucets.

Some conservationists are criticizing Sanders and his staff for not moving more quickly to build the test facility for turning wastewater into tap water.

"The mayor's office is moving with the gusto of a spoiled kid who doesn't want to clean up his room," said Bruce Reznik, head of the environmental group San Diego Coastkeeper and an outspoken supporter of reservoir augmentation.

Jim Barrett, the city's water chief, defended his agency's work.

"We have been moving forward with deliberate speed. You have to remember that this is not something anyone in the state of California is currently doing," Barrett said.

Water agencies in Orange County pump recycled wastewater into an aquifer, but no water department in California has a reservoir-augmentation system like the one San Diego is considering.

San Diego runs two major facilities designed to purify wastewater enough so it can be used for irrigation and some industrial purposes. Those plants operate way below capacity because the city has not expanded its system of purple pipes to carry the reclaimed water to more customers, such as golf courses and certain businesses.

In October, the City Council directed Sanders to establish a pilot project for reservoir augmentation.

Sanders vetoed the plan, saying it cost too much and people didn't want sewage in their tap water. In December, the council overrode the veto and Sanders pledged to follow the council's mandate.

Last week, Marsi Steirer, a top official in the city's Water Department, said the demonstration project needed to be larger than originally anticipated. She said the expansion would allow San Diego to test industrial-scale equipment and address other issues raised by state regulators.

California's health officials would have to approve the use of recycled wastewater in a reservoir.

Instead of building a plant to process 200 gallons of water per minute – as the Water Department initially considered – Sanders' staff now proposes a facility that would treat about 700 gallons per minute.

The plant would operate for two years, and the wastewater it purifies would be used for irrigation and industrial purposes during this test phase.

Steirer said the new estimate of roughly \$12 million “just reflects better information and further refinement of the cost.”

But Lani Lutar, president of the San Diego County Taxpayers Association, said she doesn't trust the adjusted price tag – particularly the projected \$1.7 million bill for public outreach.

“The administration may be artificially inflating the cost figures for political reasons, to prevent the project from moving forward,” Lutar said.

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ESCALATING PRICES

San Diego has raised its residential water rates several times in recent years, and more increases are being proposed.

July 1, 2007: Start date of 11.2 percent increase to improve infrastructure

Jan. 1: 2.9 percent increase to cover rising cost of buying water on wholesale market

July 1: 6.5 percent increase to upgrade infrastructure

Jan. 1, 2009*: 6.26 percent increase to cover rising cost of buying water on wholesale market

July 1, 2009: 6.5 percent increase to improve infrastructure

**Rate-increase proposal still needs approval from City Council*

SOURCE: *City of San Diego*

PURIFYING WASTEWATER: BY THE NUMBERS

It would cost nearly \$12 million to build and test a system for purifying wastewater so it can be used as tap water, Diego's Water Department says. Here is the cost breakdown:

\$7,400,000 Treatment plant's design, engineering, construction, operations and laboratory analysis

\$1,700,000 Public outreach, including community meetings and presentations

\$1,688,000 Project management and administration

\$385,000 Reservoir study

\$338,000 Contingency fund

\$250,000 Advisory panel's coordination, meetings and reports

\$50,000 Conceptual design for pipeline that would connect treatment plant to reservoir

SOURCE: *City of San Diego*