



NOTICE OF PUBLIC HEARING: PROPOSED CHANGES TO CITY OF SANTA BARBARA WATER RATES

Date: Tuesday, June 15, 2021, 2:00 p.m.

Place: Electronic Meeting Format—notice of meeting details will be posted no less than 72 hours prior to the start of the Public Hearing at SantaBarbaraCA.gov

PROPOSED WATER RATES FOR: FISCAL YEARS 2022, 2023, AND 2024

You are receiving this notice because our records indicate that you are a City of Santa Barbara utility customer. If you are not a City water customer, please disregard this Notice.

This Notice describes proposed changes to water rates and explains how you can participate in the public process. The City's water rate structure is based on a comprehensive rate study that uses a rate model to evaluate the cost of water service, as required by Article XIII D, Section 6 of the California constitution.

Why are water rates changing?

The proposed water rates will ensure that the City continues to provide safe and reliable water service by funding the ongoing cost of operating and maintaining the City's water system, including investing in capital infrastructure, meeting water quality standards, servicing debt obligations, and maintaining reserve levels.

What goes into a water bill?

Most water bills are made up of two key components: (1) a volumetric charge based on water usage, and (2) a fixed monthly service charge based on meter size. The City's rate structure is designed to encourage conservation by limiting the amount of revenue recovered from fixed charges, resulting in customers having more control over the total cost of their water bill by reducing water usage. Please refer to the second page of this notice for detailed information on proposed volumetric and fixed monthly charges.

How will the proposed changes impact my water bill?

Customers are encouraged to use the online water rate calculator at SantaBarbaraCA.gov/RateCalculator to see how the new rates could impact their bill. The table below shows sample water bills for single family homes based on various levels of usage and a 5/8" meter.

Usage Level	Monthly Usage (HCF)	Current Bill	Proposed FY22 Bill	Proposed FY23 Bill	Proposed FY24 Bill
Low	4	\$46.68	\$48.05	\$50.45	\$53.00
Moderate	10	\$124.44	\$130.67	\$137.21	\$144.14
High	20	\$298.12	\$316.85	\$332.73	\$349.44

The average single family home uses 9 HCF per month and would see their water bill increase from \$111.48 to \$116.90, for FY22, reflecting a difference of \$5.42 (or an increase of approximately 5%).

When do the new rates take effect? City Council will consider adopting water rates on **June 15, 2021**. The new rates will be **effective July 1, 2021**.

How do I stay informed?

- **Watch** City Council meetings online at SantaBarbaraCA.gov/CityTV or tune in to City TV Channel 18.
- **Explore** updated information on water rate changes at SantaBarbaraCA.gov/WaterRateChanges.
- **Contact** City staff at (805) 564-5387. Para información en Español, llame al (805) 564-5343.
- **Attend** City Council meetings electronically; Visit SantaBarbaraCA.gov for meeting participation details.

Please note, the rates included in this Notice are the highest possible rates that could go into effect July 1, 2021.

CHECK OUT THE WATER RATE CALCULATOR AT:
WWW.SANTABARBARACA.GOV/RATECALCULATOR

TABLE 1 – PROPOSED MAXIMUM VOLUMETRIC CHARGES
All rates are in \$/HCF. (1 HCF [Hundred Cubic Feet] = 748 gallons)

Customer Class	Tiers	Current	Proposed		
			FY22	FY23	FY24
Single Family Residential	First 4 HCF	\$4.44	\$4.62	\$4.85	\$5.10
	Next 12 HCF	\$12.96	\$13.77	\$14.46	\$15.19
	All other HCF	\$23.98	\$25.89	\$27.19	\$28.54
Multi-Family Residential	First 4 HCF (per dwelling unit)	\$4.44	\$4.62	\$4.85	\$5.10
	Next 4 HCF (per dwelling unit)	\$12.96	\$13.77	\$14.46	\$15.19
	All other HCF	\$23.98	\$25.89	\$27.19	\$28.54
Commercial/Industrial	100% of base allotment	\$7.01	\$7.05	\$7.40	\$7.77
	All other HCF	\$23.91	\$25.81	\$27.10	\$28.45
Irrigation – Residential & Commercial	100% of monthly water budget*	\$12.96	\$13.77	\$14.46	\$15.19
	All other HCF	\$23.98	\$25.89	\$27.19	\$28.54
Irrigation – Recreation/Parks/Schools	100% of monthly water budget*	\$4.88	\$5.22	\$5.59	\$5.98
	All other HCF	\$23.98	\$25.41	\$26.93	\$28.54
Irrigation – Agriculture	100% of monthly water budget*	\$3.01	\$3.31	\$3.63	\$3.98
	All other HCF	\$23.98	\$25.41	\$26.93	\$28.54
Recycled Water	All HCF	\$4.40	\$4.53	\$4.75	\$4.99

**What is a Monthly Water Budget? The Monthly Water Budget for irrigation accounts is a calculation of Tier 1 allotment based on the property's irrigated landscape area and the monthly watering needs of plants.*

TABLE 2—PROPOSED MAXIMUM FIXED MONTHLY SERVICE CHARGES

		5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Current		\$28.92	\$42.10	\$68.45	\$134.34	\$213.40	\$463.80	\$832.79	\$1,715.72	\$3,165.32	\$4,979.80
Proposed	FY22	\$29.57	\$43.29	\$70.72	\$139.31	\$221.61	\$482.24	\$866.32	\$1,785.37	\$3,294.26	\$5,214.67
	FY23	\$31.05	\$45.45	\$74.26	\$146.27	\$232.69	\$506.35	\$909.64	\$1,874.64	\$3,458.98	\$5,475.41
	FY24	\$32.60	\$47.73	\$77.97	\$153.59	\$244.33	\$531.67	\$955.12	\$1,968.37	\$3,631.93	\$5,749.18

Note: Multi-family auxiliary master meters that serve submeters owned by the City are subject to a monthly operations and maintenance fee not to exceed \$116 per month in FY 2022, \$119 per month in FY 2023, and \$123 per month in FY 2024.

TABLE 3—PROPOSED MAXIMUM FIXED MONTHLY PRIVATE FIRE SERVICE CHARGES (IF REQUIRED)

		1"	1 1/2"	2"	4"	6"	8"	10"	12"
Current		\$3.14	\$4.24	\$6.14	\$24.70	\$66.89	\$139.63	\$249.06	\$400.73
Proposed	FY22	\$3.02	\$4.70	\$7.59	\$35.90	\$100.20	\$211.12	\$377.96	\$609.19
	FY23	\$3.17	\$4.93	\$7.97	\$37.69	\$105.21	\$221.67	\$396.85	\$639.65
	FY24	\$3.33	\$5.18	\$8.37	\$39.58	\$110.47	\$232.76	\$416.70	\$671.63

How do I protest? If you wish to submit a written protest of any of the above increases, your protest must be received by the City Clerk of the City of Santa Barbara at 735 Anacapa Street, Santa Barbara, CA, 93101, prior to the City Council's consideration of this item on June 15, 2021. **Protests must include your name, service address, and whether you are protesting the amount of the fee increase, the basis for calculation of the fee, or both.** In the event that social distancing practices remain in place, mailed protests are encouraged. Written protests may be delivered in-person at the address above, deposited in the bill payment drop box slot located on the exterior of the building on the De La Guerra Plaza side. Only written protests received before the close of the public hearing on June 15, 2021, will be counted. During the hearing, the City Council will consider all written protests received before the hearing, as well as public testimony. Protests are public records. The public hearing may be conducted via teleconference or other electronic meeting format, and the Council Chambers may not be open to the general public. Submission of written protests by personal delivery during the meeting may not be permitted. One written protest per parcel or service address will be tabulated. If you later challenge the rates in court, you may be limited to the grounds stated in your protest.



The Value of Water

The City of Santa Barbara's water delivery system is vital to our way of life, the health and well-being of our community, and the success of our local economy. Santa Barbara would not exist as it does today without the safe, clean, and reliable delivery of drinking water throughout our community.

We recognize the tremendous difficulties the COVID-19 pandemic has brought on so many, which is why we have taken assertive measures to reduce bill impacts by deferring infrastructure projects and forgoing last year's planned rate increase. At the same time, our duty and responsibility to deliver safe, high-quality water is of the utmost importance.

For our community to thrive, Santa Barbara's water system needs investment in its aging infrastructure, including the replacement of water main pipelines and reservoirs to ensure a clean, reliable supply.

Water is Essential

Water is a vital resource in our modern life, and still remains one of the least expensive goods we consume.



\$0.02
City water



\$5.15
Bottled water



\$3.83
Milk



\$3.72
Gasoline

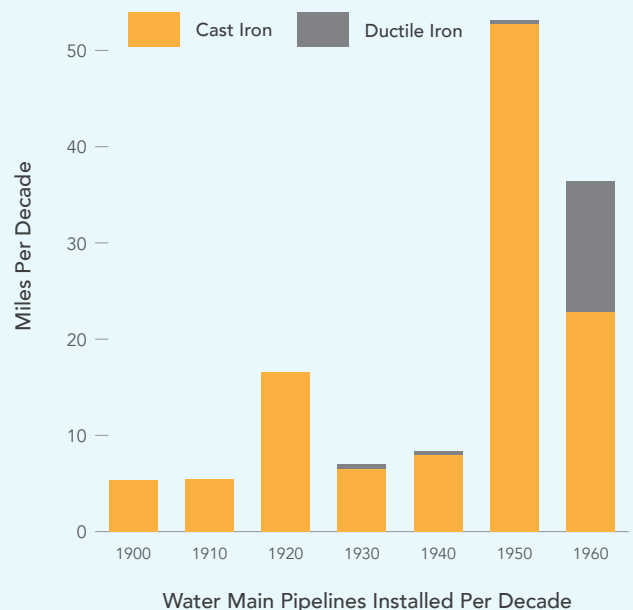
*average price per gallon
Sources: Numbeo and Investopedia*

Your Water Service

Drinking water travels through hundreds of miles of pipeline, pump stations, and treatment facilities before it arrives in our taps. This process requires dedicated people and resources working around the clock, without interruption to ensure the system performs optimally. As we have seen in other states and nearby communities, water infrastructure does not take care of itself, and failure to maintain water systems can result in catastrophic events. The City's proposed water rate increases will support a higher level of capital investment in the water system and ensure that the City continues to provide safe and reliable drinking water to our customers.

Replacing Aging Infrastructure, Planning for Tomorrow

The Santa Barbara community was not built out steadily over time, but rather experienced a dramatic growth rate in the 1950s and 1960s. The cast iron pipes that were used during this post-World War II period have proven to be of lesser quality and are declining or failing earlier than expected. Approximately 44% (135 miles) of the City's water main pipelines are made of cast iron. Nationwide, cast iron experiences five times more breaks per mile than all other pipe materials used in our system. Rather than waiting for problems to occur, Santa Barbara City Council set a goal in 1987 to replace three miles of water mains annually. Despite this effort, the City is experiencing an increasing number of water main breaks, leading to costly emergency repairs and service interruptions. In response, City Council recently set a new goal to replace six miles annually.



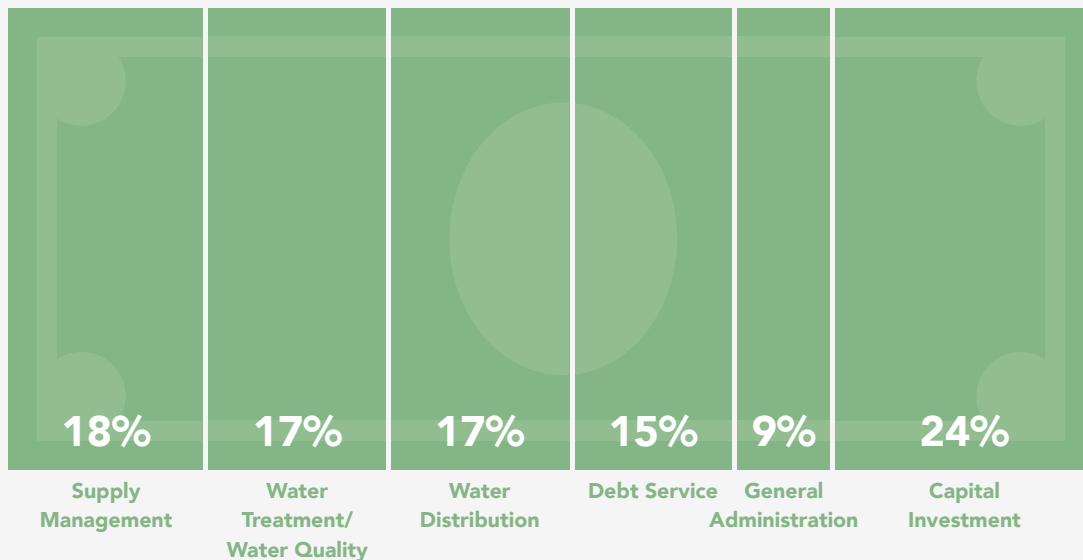
After 1967, all water main pipeline construction focuses on the replacement of cast iron and ductile iron pipeline.

Cost of Service

April 2021

By law, rates may not exceed the cost of providing service, and must be proportionally allocated to the benefit received by each customer class, such as residential, commercial and irrigation users. A comprehensive study has been conducted by an experienced rate consultant to evaluate the total costs needed to provide safe, reliable water service in accordance with industry standards.

The cost-of-service factors include operations and maintenance, securing water supplies, capital improvements, State and Federal drinking water treatment standards, reserve levels, and debt obligations. Revenue for these service costs are generated solely through the assessment of water rates and fees, not through general tax revenues such as Measure C.



Your water bill pays for all the activities needed to deliver clean, safe drinking water to your home or business, 24 hours a day, seven days a week.



Minimizing Rate Increases

While we must keep pace with important water system investments, we also understand the difficulties faced by so many in the last year. We made temporary cuts to operations and capital projects recognizing the unique challenges of the pandemic and delayed the planned rate increase until 2021. We continue to offer customer assistance programs including payment plans, utility tax waivers, leak relief, and rebates.

In 2020, Santa Barbara also entered into a water sales agreement with the Montecito Water District for the long-term wholesale supply of water made available from the operation of the Charles E. Meyer Desalination Plant. This agreement helped to offset costs and keep rates lower for Santa Barbara customers. The City has also implemented a strategy for pursuing grants to reduce the rate burden on customers.

The proper care, maintenance, and operation of our water distribution system requires resources to ensure safe, clean, and reliable drinking water is available in our community.



Scan this code using the camera on your phone to learn more about the proposed rate change and webinar registration.

To learn more, join our informational webinar on Thursday, April 29 at 6:00 pm.