

RESOLUTION No. 207206

Adopted on JAN 16 1977

BE IT RESOLVED, by the Council of The City of San Diego as follows:

That the Water Service Cost Analysis and Rate Design Outline on file in the office of the City Clerk as Document No. 742431, be and the same is hereby approved.

APPROVED: JOHN W. WITT, City Attorney

By Peter D. Bulens
Peter D. Bulens, Deputy

PDB:lc
1/9/73

WATER SERVICE COST ANALYSIS AND RATE DESIGN

1. Consultant shall, in order to obtain basic background data, study the following documents, reports and legislative actions:
 - a. Reports to MWD, SDCWA, City of San Diego and County of San Diego of planned water supply development, treatment works, transmission system and distribution system that will affect the costs of providing water service to the customers of the City of San Diego Water Utility.
 - b. Budgets and financial reports of the City of San Diego Water Utility.
 - c. Reports and memoranda on the subject of water rates for San Diego.
 - d. Policy statements adopted by the City Council.
 - e. Current and past rates, rules and regulations of the San Diego Water Utility.
 - f. Official Statements and bond issue agreements.
 - g. Legislative Analyst water rate report.
2. Consultant shall prepare fiscal and cash flow tabulations for a 3 and 5 year period showing the individual items of sources and applications of funds. Sources of funds shall be matched with application of funds. Funding annual capital costs shall be programmed as 1. contributed capital, 2. bond service and

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SAN DIEGO, CALIFORNIA

3. plant constructed from operating revenue. Water costs, operating expenses, cost of replacements and appropriate portions of annual capital costs shall be assigned to revenue requirements to be recovered through the application of rates for service.

The consultant shall consider as a projected source of funds a "buy in" or "connection charge" adequate to pay for the projected capital costs of system betterment and expansion.

3. The consultant shall prepare a full cost of service analysis of the San Diego municipal water system for FY72. The analysis shall consider the customer, commodity, demand, and fire components of cost and shall make an allocation of such costs in accordance with a user fee principle.
4. Consultant shall prepare a statement encompassing (a) recognized rate making principles, (b) design of rates to accomplish water conservation, (c) design of rates to give proper recognition to marginal cost pricing and other pricing theories. The effects of applying each concept shall be expressed quantitatively. The establishment of rates shall be based on an actual user fee basis as determined by actual costs.
5. The consultant shall prepare a water rate structure utilizing a customer service charge plus one or more rate blocks adequate to cover all departmental costs through FY74 such that one group of water consumers would not be subsidizing another while also taking into consideration economies of scale.

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5. The consultant shall prepare a water rate structure utilizing a customer service charge plus one or more rate blocks adequate to cover all departmental costs through FY74 such that one group of water consumers would not be subsidizing another while also taking into consideration economies of scale.

6. The consultant shall review and make recommendations regarding possible adjustment of existing water service contracts with public agencies and for all outside City service.
7. The consultant shall include a comparison of water rates for a number of other Southern California cities and shall indicate the probable adjustment of such rates if MWD and/or CWA taxes were included as a normal part of system expense.
8. Prepare 50 copies of report.
9. The consultant shall indicate the probable time required to complete the study and the estimated cost thereof.

Passed and adopted by the Council of The City of San Diego on JAN 16 1973,
 by the following vote:

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 CITY CLERK'S OFFICE
 1973 JAN 10 AM 11:15
 SAN DIEGO, CALIF.

Councilmen	Yeas	Nays	Excused	Absent
Gil Johnson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maureen F. O'Connor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry L. Landt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leon L. Williams	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Floyd L. Morrow	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Martinet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Allen Hitch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jim Bates	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Pete Wilson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

PETE WILSON

Mayor of The City of San Diego, California.

(Seal)

EDWARD NIELSEN

City Clerk of The City of San Diego, California.

By Mary Anne Mease, Deputy.

Office of the City Clerk, San Diego, California

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