

RESOLUTION NUMBER R- 291678

ADOPTED ON MAY 24 1999

WHEREAS, approximately 85% to 90% of The City of San Diego's water supply is imported water of which the San Diego County Water Authority [CWA] is the sole source; and

WHEREAS, the CWA receives the majority of its water supply from the Metropolitan Water District of Southern California [MWD]; and

WHEREAS, currently, The City of San Diego's average water rate is \$1.47 per HCF; and

WHEREAS, over the next five years, projected increases in MWD's and CWA's wholesale water rates and MWD's related Readiness To Serve [RTS] charges are expected to incrementally add a total of \$0.10 per HCF to the cost of water; and


WHEREAS, based upon information provided by MWD and CWA staff, it is anticipated that nine additional cost adjustments will be required over the next five years not anticipated to exceed \$0.10 per HCF; and

WHEREAS, authorizing the City Manager to approve incremental water rate increases in the amount of the CWA and MWD cost adjustments for the next five years will result in saving The City of San Diego Water Department approximately \$210,000 in noticing costs; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, that the City Manager, on behalf of The City of San Diego, is authorized to approve a series of incremental water rate increases, not to exceed \$0.10 per HCF over the next five years, as described in the attached

Exhibit A and by this reference made a part hereof.

APPROVED: CASEY GWINN, City Attorney

By 
Lisa A. Foster
Deputy City Attorney

LAF:cdk
05/11/99
Or.Dept:Water Dept.
R-99-1310



THE CITY OF SAN DIEGO

This is to inform you as a property owner of record that, during the City of San Diego City Council meeting of May 24, 1999, a resolution will be introduced which, if adopted by the Council, will establish an approved range of incremental water commodity charge **increases totaling not more than 10¢ per HCF (100 Cubic Feet, or 748 gallons) over the next five years.** These increases will be necessary to proportionately compensate for increases in the cost of water purchased by the City from its wholesale suppliers, the Metropolitan Water District of Southern California (MWD), and the San Diego County Water Authority (CWA).

As wholesale suppliers to the City, both the MWD and the CWA establish prices for each Acre-Foot (325,900 gallons) of water delivered which are subject to change from time to time, based on those agencies' operating and capital construction requirements. These charges, converted to a cost per HCF, are a component of each water user's commodity, or usage charge. In addition, MWD levies a readiness-to-serve charge, and CWA an infrastructure access charge, both of which provide additional funding for those agencies' respective capital construction needs, and which are treated as part of the cost of water purchased by the City.

City of San Diego water rates currently average \$1.47 per HCF. Over the next five years, projected increases in MWD and CWA wholesale water rates and related charges are expected to incrementally add a total of 10¢ per HCF to the cost of water, resulting in an average rate of \$1.57 per HCF by January of the year 2004.

If adopted by the City Council, the proposed resolution will authorize the City Manager to incrementally increase water rates by an amount sufficient to proportionately compensate for each wholesale price increase imposed by MWD and/or CWA over the next five years at such time as it actually occurs. In no event will the aggregate of those increases exceed 10¢ per HCF without further review by the Council.

If the proposed water commodity charge increases are not approved, the Water Department would experience increases in operating expenditures and a lack of growth in the revenue stream resulting in a reduction of expenditures in other vital functions of the Water Department which would negatively impact customer service.

The date, time and place of the public hearing are as follows:

- Date: Monday, May 24, 1999
- Time: 2:00 p.m.
- Place: City Administration Building
202 "C" Street
12th Floor Council Chambers
San Diego, CA

IF YOU ARE THE OWNER OF THIS PROPERTY BUT HAVE A TENANT WHO IS RESPONSIBLE FOR THE WATER BILL, PLEASE FORWARD THIS NOTICE TO THE TENANT.

EXHIBIT A