



CITY of ESCONDIDO

COUNCIL MEETING AGENDA

WEDNESDAY, OCTOBER 18, 2023

4:00 PM - Closed Session (Parkview Conference Room)

5:00 PM - Regular Session

Escondido City Council Chambers, 201 North Broadway, Escondido, CA 92025

WELCOME TO YOUR CITY COUNCIL MEETING

We welcome your interest and involvement in the legislative process of Escondido. This agenda includes information about topics coming before the City Council and the action recommended by City staff.

MAYOR

Dane White

DEPUTY MAYOR

Joe Garcia (District 2)

COUNCILMEMBERS

Consuelo Martinez (District 1)

Christian Garcia (District 3)

Michael Morasco (District 4)

CITY MANAGER

Sean McGlynn

CITY ATTORNEY

Michael McGuinness

CITY CLERK

Zack Beck

HOW TO WATCH

The City of Escondido provides three ways to watch a City Council meeting:

In Person



201 N. Broadway

On TV



Cox Cable Channel 19 and U-verse Channel 99

Online



www.escondido.org



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WEDNESDAY, OCTOBER 18, 2023

HOW TO PARTICIPATE

The City of Escondido provides two ways to communicate with the City Council during a meeting:

In Person



Fill out Speaker Slip and Submit to City Clerk

In Writing



<https://escondido-ca.municodemeetings.com>

ASSISTANCE PROVIDED

If you need special assistance to participate in this meeting, please contact our ADA Coordinator at 760-839-4869. Notification 48 hours prior to the meeting will enable the city to make reasonable arrangements to ensure accessibility. Listening devices are available for the hearing impaired – please see the City Clerk.





CITY of ESCONDIDO

COUNCIL MEETING AGENDA

WEDNESDAY, OCTOBER 18, 2023

CLOSED SESSION

4:00 PM

CALL TO ORDER

1. Roll Call: C. Garcia, J. Garcia, Martinez, Morasco, White

ORAL COMMUNICATIONS

In addition to speaking during particular agenda items, the public may address the Council on any item which is not on the agenda provided the item is within the subject matter jurisdiction of the City Council. State law prohibits the Council from discussing or taking action on such items, but the matter may be referred to the City Manager/staff or scheduled on a subsequent agenda. Speakers are limited to only one opportunity to address the Council under Oral Communications.

CLOSED SESSION

I. CONFERENCE WITH LABOR NEGOTIATORS (Government Code § 54957.6)

- a. Agency Representative: Sean McGlynn, City Manager, or designee
Employee Organization: Escondido Police Officers' Association Sworn Personnel Bargaining Unit
- b. Agency Representative: Sean McGlynn, City Manager, or designee
Employee Organization: Escondido Police Officers' Association Non-Sworn Personnel Bargaining Unit
- c. Agency Representative: Sean McGlynn, City Manager, or designee
Employee Organization: Escondido Firefighters' Association Safety and Non-safety Bargaining Unit
- d. Agency Representative: Sean McGlynn, City Manager, or designee
Employee Organization: Escondido City Employees' Association Supervisory Bargaining Unit
- e. Agency Representative: Sean McGlynn, City Manager, or designee
Employee Organization: Maintenance and Operations Bargaining Unit and Administrative/Clerical/Engineering Bargaining Unit, Teamsters Local 911

ADJOURNMENT



CITY *of* ESCONDIDO

COUNCIL MEETING AGENDA

WEDNESDAY, OCTOBER 18, 2023

REGULAR SESSION

5:00 PM Regular Session

MOMENT OF REFLECTION

City Council agendas allow an opportunity for a moment of silence and reflection at the beginning of the meeting to be led by the City Clerk. The City does not endorse, sponsor or sanction any particular religion and any remarks made are to allow all individuals to personally reflect, contemplate, pray, or meditate as they deem appropriate.

FLAG SALUTE

The City Council conducts the Pledge of Allegiance at the beginning of every City Council meeting.

CALL TO ORDER

Roll Call: C. Garcia, J. Garcia, Martinez, Morasco, White

CLOSED SESSION REPORT

ORAL COMMUNICATIONS

In addition to speaking during particular agenda items, the public may address the Council on any item which is not on the agenda provided the item is within the subject matter jurisdiction of the City Council. State law prohibits the Council from discussing or taking action on such items, but the matter may be referred to the City Manager/staff or scheduled on a subsequent agenda. Speakers are limited to only one opportunity to address the Council under Oral Communications.

CONSENT CALENDAR

Items on the Consent Calendar are not discussed individually and are approved in a single motion. However, Council members always have the option to have an item considered separately, either on their own request or at the request of staff or a member of the public.

1. AFFIDAVITS OF PUBLICATION, MAILING, AND POSTING (COUNCIL/RRB)



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COUNCIL MEETING AGENDA

WEDNESDAY, OCTOBER 18, 2023

2. APPROVAL OF WARRANT REGISTER (COUNCIL)

Request the City Council approve the City Council and Housing Successor Agency warrant numbers:

- 377002 – 377217 dated September 13, 2023
- 377218 – 377413 dated September 20, 2023
- 377414 – 377629 dated September 27, 2023

Staff Recommendation: Approval (Finance Department: Christina Holmes)

3. APPROVAL OF MINUTES: None

4. WAIVER OF READING OF ORDINANCES AND RESOLUTIONS

PUBLIC HEARING

5. PROPOSED WATER, WASTEWATER, AND RECYCLED WATER RATE ADJUSTMENTS

Request the City Council adopt Resolution No. 2023-131, approving a five-year adjusted water, wastewater, and recycled water rates and fees structure to fund future Utilities maintenance and operations, and capital improvements.

Staff Recommendation: Approval (Utilities Department: Angela Morrow, Interim Director of Utilities)

Presenter: Angela Morrow, Interim Director of Utilities

a) Resolution No. 2023-131

CURRENT BUSINESS

6. AQUATICS FACILITY PROJECT

Request the City Council to review options for an Aquatic Facility and provide direction to staff on design, construction and financing of the project.

Staff Recommendation: Provide Direction (City Manager's Office: Joanna Axelrod, Deputy City Manager)

Presenters: Joanna Axelrod, Deputy City Manager and Christina Holmes, Director of Finance



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FUTURE AGENDA

7. FUTURE AGENDA

The purpose of this item is to identify issues presently known to staff or which members of the City Council wish to place on an upcoming City Council agenda. Council comment on these future agenda items is limited by California Government Code Section 54954.2 to clarifying questions, brief announcements, or requests for factual information in connection with an item when it is discussed.

Staff Recommendation: None (City Clerk's Office: Zack Beck)

COUNCILMEMBERS SUBCOMMITTEE REPORTS AND OTHER REPORTS

CITY MANAGER'S WEEKLY ACTIVITY REPORT

The most current information from the City Manager regarding Economic Development, Capital Improvement Projects, Public Safety, and Community Development. This report is also available on the City's website, www.escondido.org.

ORAL COMMUNICATIONS

In addition to speaking during particular agenda items, the public may address the Council on any item which is not on the agenda provided the item is within the subject matter jurisdiction of the City Council. State law prohibits the Council from discussing or taking action on such items, but the matter may be referred to the City Manager/staff or scheduled on a subsequent agenda. Speakers are limited to only one opportunity to address the Council under Oral Communications.

ADJOURNMENT

UPCOMING MEETING SCHEDULE

Wednesday, October 25, 2023 4:00 & 5:00 PM Regular Meeting, *Council Chambers*
Wednesday, November 1, 2023 4:00 & 5:00 PM Regular Meeting, *Council Chambers*

SUCCESSOR AGENCY

Members of the Escondido City Council also sit as the Successor Agency to the Community Development Commission, Escondido Joint Powers Financing Authority, and the Mobilehome Rent Review Board.



A F F I D A V I T S

O F

I T E M

P O S T I N G –

- PROPOSED ADJUSTMENTS TO WATER, WASTEWATER, AND RECYCLED WATER RATES AND FEES



CITY OF ESCONDIDO
OFFICE OF THE CITY CLERK
201 NORTH BROADWAY
ESCONDIDO, CA 92025-2798
760-839-4617

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on Wednesday, October 18, 2023 at 5:00 p.m., the City Council of the City of Escondido will hold a Public Hearing to consider the following item:

Proposed Adjustments to Water, Wastewater, and Recycled Water Rates and Fees

IF YOU CHALLENGE this item in court, you may be limited to raising only those issues you or someone else raised at the Public Hearing described in this notice, or in written correspondence delivered to the City Council, at or prior to the Public Hearing.

The City of Escondido recognizes its obligation to provide equal access to public services for those individuals with disabilities. Please contact the American Disabilities Act (A.D.A.) Coordinator (760) 839-4643 with any requests for reasonable accommodations, to include sign language interpreters, at least 24 hours prior to the meeting. The City of Escondido does not discriminate against any person with a disability.

ALL INTERESTED PERSONS are invited to attend said Public Hearing to express their opinion in this matter. Said Public Hearing will be held in the Council Chambers, 201 N. Broadway, Escondido, California, 92025. **For additional information, please contact Angela Morrow, Interim Director of Utilities at 760-839-6290 Extension 7030 or amorrow@escondido.org.**

DocuSigned by:

Zack Beck

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ZACK BECK, City Clerk
City of Escondido

Date: August 31, 2023

**Published in THE ESCONDIDO-TIMES ADVOCATE:
8/31/23, 9/28/23, 10/12/23**

**Published in THE SAN DIEGO UNION-TRIBUNE:
9/3/23, 10/1/23**



STAFF REPORT

October 18, 2023
File Number 0400-40

SUBJECT

APPROVAL OF WARRANT REGISTER (COUNCIL)

DEPARTMENT

Finance

RECOMMENDATION

Request approval for City Council and Housing Successor Agency warrant numbers:

377002 – 377217 dated September 13, 2023

377218 – 377413 dated September 20, 2023

377414 – 377629 dated September 27, 2023

Staff Recommendation: Approval (Finance Department: Christina Holmes)

FISCAL ANALYSIS

The total amount of the warrants for the following periods are as follows:

September 07 – September 13, 2023 is \$1,849,147.67

September 14 – September 20, 2023 is \$4,126,487.60

September 21 – September 27, 2023 is \$2,990,279.71

BACKGROUND

The Escondido Municipal Code Section 10-49 states that warrants or checks may be issued and paid prior to audit by the City Council, provided the warrants or checks are certified and approved by the Director of Finance as conforming to the current budget. These warrants or checks must then be ratified and approved by the City Council at the next regular Council meeting.



APPROVAL
OF
MINUTES



STAFF REPORT

ITEM NO. 4

SUBJECT

WAIVER OF READING OF ORDINANCES AND RESOLUTIONS –

ANALYSIS

The City Council/RRB has adopted a policy that is sufficient to read the title of ordinances at the time of introduction and adoption, and that reading of the full text of ordinances and the full text and title of resolutions may be waived.

Approval of this consent calendar item allows the City Council/RRB to waive the reading of the full text and title of all resolutions agendized in the Consent Calendar, as well as the full text of all ordinances agendized in either the Introduction and Adoption of Ordinances or General Items sections. **This particular consent calendar item requires unanimous approval of the City Council/RRB.**

Upon approval of this item as part of the Consent Calendar, all resolutions included in the motion and second to approve the Consent Calendar shall be approved. Those resolutions removed from the Consent Calendar and considered under separate action may also be approved without the reading of the full text and title of the resolutions.

Also, upon the approval of this item, the Mayor will read the titles of all ordinances included in the Introduction and Adoption of Ordinances section. After reading of the ordinance titles, the City Council/RRB may introduce and/or adopt all the ordinances in one motion and second.

RECOMMENDATION

Staff recommends that the City Council/RRB approve the waiving of reading of the text of all ordinances and the text and title of all resolutions included in this agenda. Unanimous approval of the City Council/RRB is required.

Respectfully Submitted,

Zack Beck
City Clerk



STAFF REPORT

October 18, 2023
File Number 1320-65

SUBJECT

PROPOSED WATER, WASTEWATER, AND RECYCLED WATER RATE ADJUSTMENTS

DEPARTMENT

Utilities Department

RECOMMENDATION

It is requested that the City Council adopt Resolution No. 2023-131 approving:

1. Utility rate adjustments to increase Water Fund revenue by 8.0 percent effective January 1, 2024, followed by 7.5 percent on January 1, 2025, 7.5 percent on January 1, 2026, 6.5 percent on January 1, 2027, and 6.5 percent on January 1, 2028, and to align rates with the cost of providing service.
2. Utility rate adjustments to increase Wastewater Fund revenue by 3.5 percent effective January 1, 2024, followed by 5 percent on July 1, 2024, 5 percent on July 1, 2025, 4 percent on July 1, 2026, and 3 percent on July 1, 2027, and to align rates with the cost of providing service.
3. Annual adjustments through 2028 for all “pass-through” charges including: Readiness-to-Serve Charge levied by the Metropolitan Water District (MWD); and charges levied by the San Diego County Water Authority (MWD Capacity, supply reliability, customer service, emergency storage and infrastructure access charges).
4. Future adjustments through 2028 for “pass-through” volumetric charges imposed by the San Diego County Water Authority (SDCWA) for water supplies imported into Escondido.

It is additionally requested that the City Council receive and file the “2023 Cost-of-Service Utility Rate Study,” which is available for public review on the City’s website at:

<https://www.escondido.org/prop-218-notice>

Staff Recommendation: Approval (Utilities: Angela Morrow, Interim Director of Utilities)

Presenter: Angela Morrow, Interim Director of Utilities



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STAFF REPORT

FISCAL ANALYSIS

The City's Utility rate models evaluate the costs to provide water and wastewater service to all user classifications. The models are important tools for analyzing revenues and expenditures so that revenue needs may be projected several years into the future. The rates developed are necessary to provide safe, reliable, and sustainable utility service to the City's customers. The City's Utility rate models focused particularly on the Cost of Service (COS) for each customer class, and developed rates for each customer class that reflected each class' individual COS. **Note: More analysis of the fiscal impacts of the rate proposals and COS adjustments can be found later in this report.**

PREVIOUS ACTION

On February 1, 2017, the City Council adopted Resolution No. 2017-14RRR, authorizing the following actions:

- 1) Utility rate adjustments, effective March 1, 2017, to increase Water Fund revenue by 5.5 percent and Wastewater Fund revenue by 5.5 percent.
- 2) Future Utility rate adjustments, effective March 1 of each year from 2018 through 2021, to increase Water Fund revenue by an additional 5.5 percent annually and Wastewater Fund revenue by an additional 5.5 percent annually.
- 3) Annual adjustments through 2021 for two "pass-through" charges: (1) the Infrastructure Access Charge levied by the San Diego County Water Authority, and (2) the Readiness-to-Serve Charge levied by the Metropolitan Water District of Southern California.
- 4) Future adjustments through 2021 for "pass-through" volumetric charges imposed by the San Diego County Water Authority (SDCWA) for water supplies imported into Escondido.

BACKGROUND

The City's Water and Wastewater Funds are separate from the General Fund. The Water and Wastewater Funds do not receive any funding from property or sales taxes, or tourist related taxes. Under California law, money collected from water and wastewater ratepayers may only be used to fund water and wastewater services, respectively.

The City periodically evaluates its water, wastewater, and recycled water rates to ensure that its revenues are sufficient to honor its commitment to long-term planning and appropriate infrastructure investment. This evaluation considers many factors that impact the cost of providing water and wastewater services including: the cost of imported water; requirements to maintain sufficient revenue to cover the City's water and wastewater debt service costs; the cost of operations, including employee and materials costs; the cost of future projects to maintain service reliability; and the cost of planned infrastructure maintenance and replacement. The City's Utility Rate Study is the product of this evaluation, and it guides the setting of specific rates for each customer class.



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The City has not increased its water or wastewater rates since March 2021. In the meantime, the City has experienced significant increases in the costs of materials and supplies used to operate, maintain, and replace the water, wastewater, and recycled water systems.

Primary Drivers of the Proposed Rate Adjustments

The most significant drivers of the revenue increases are: (1) funding needs of the Water and Wastewater Capital Improvement Programs (CIPs); (2) funding the Water and Wastewater Fund emergency and debt reserves; (3) meeting debt obligations; and (4) operational costs, including imported water, materials, equipment replacement, and employee services. Of these factors, CIP funding is the dominant driver accounting for the majority of the requested increase.

In recent years, the City has secured several grants for water and wastewater projects totaling \$24.9M, and low-interest state/federal loans totaling \$98.5M. Approximately \$5M of the low-interest loans are covered by grant funding and loan forgiveness under State Proposition programs.

The City is in the process of applying for a federal Water Infrastructure Finance Initiative Act (WIFIA) loan in the amount of \$65M to partially fund the Wohlford Dam Replacement Project. The City had applied for a federal grant and an SRF loan for the Wohlford Dam Replacement Project, however, both were unsuccessful. The City continues to seek grant funds for water, wastewater, and recycled water projects. An application for two State grants has been submitted and the results are still pending.

Utility Capital Improvement Program (CIP)

Following is a summary of the projects that are driving the need for additional revenue. The rate models used to develop these rates incorporates existing grants and loans, including the proposed WIFIA loan for Lake Wohlford Dam, and assumes that the remaining costs will be funded by money collected via rate increases on a pay-as-you-go, or PAYGO basis.

CIP – Water Fund

The Water Fund is moving forward with several important CIP projects in the next five years. These projects replace aging infrastructure, restore important water storage capability, and secure Escondido’s access to its local water supplies. Several of the more important and costly future projects are:

<u>Project</u>	<u>Est. Cost</u>	<u>Status</u>
Lake Wohlford Dam Project	\$103M	Final Design
Treated Water Interconnection	\$7M	Design
Alley Utility Replacement Project	\$4M	Design

CIP – Wastewater Fund

Several important future projects within the system are:

<u>Project</u>	<u>Est. Cost</u>	<u>Status</u>
Lift Station #1 and Force Main Replacement	\$20M	Planning
Alley Utility Replacement Project	\$4M	Design



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Pass-Through Charges

Historically, the City purchases about 75% of its water from the San Diego County Water Authority (SDCWA). The SDCWA purchases much of its water supply from the Metropolitan Water District (MWD). MWD imports water from two sources: the Colorado River via the Colorado River Aqueduct and Northern California via the California Aqueduct. Despite heavier than usual rains in early 2023, rainfall has been well below average for over a decade. Projects meant to further secure our water supply, for instance through additional storage, more recycling, and local supply development, will be beneficial in the long term, but will also apply upward pressure on water rates.

The Metropolitan Water District’s (MWD’s) Readiness-to-Serve charge decreased in 2021, and increased in 2022 and 2023. This charge includes a “Delta Surcharge” to cover costs to obtain water lost to environmental restrictions on the Sacramento River Delta. Since 2009, the City of Escondido has passed through changes in the Readiness-to-Serve charge. Annual changes are effective July 1 of each year.

The SDCWA fixed charges consist of the following: MWD capacity, supply reliability, customer service, emergency storage and infrastructure access charges. Since 2009, the City of Escondido has passed through increases in all of these charges. Annual changes are effective January 1 of each year.

In 2017 the City Council extended the pass-through adjustments of both the MWD Readiness-to-Serve and the SDCWA fixed charges. Staff recommends extending the pass-through of all these charges through 2028.

Staff also recommends pass-through of future adjustments to the SDCWA volumetric water supply charges. Escondido imports the majority of its water supply via the SDCWA. One of several fees and charges paid by the City to the SDCWA is a charge for unit volume of water imported (presently at \$1,085 per acre-foot of water). If the increases in the rate charged by the SDCWA are not passed on to customers until the next rate hearing, then money collected to fund the City’s critical water infrastructure capital projects would instead be diverted to water supply purchases, thus delaying funding for critical Capital Improvement Projects. It is unknown when the SDCWA will again raise its volumetric supply rate. When it does raise the rate, notices will be sent to customers 30 days prior to the effective date of the rate change. Staff recommends authorizing pass-through of future adjustments to the SDCWA volumetric water supply charge through 2028.

Summary of Finding of the Water, Wastewater, and Recycled Water Rate Study

The primary goal of the rate study was development of rates for each water and wastewater customer class that would generate revenue consistent with the cost of supplying service to each class. Each customer class has a unique cost of service based on its unique volume demands, peak use, water quality requirements, wastewater loading, etc. The rate study divided all the utility funds’ costs into various categories and allocated these costs to each customer class depending on the class’ contribution to the cost. Once this allocation was complete, rates were generated to collect enough revenue from a customer class to cover its cost of service, consistent with the requirements of California Proposition 218.



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The rates proposed in the 2023 Cost of Service Rate Study are shown in the Proposition 218 notice. The cost of service adjustment is done in the first rate increase in January 2024, resulting in large increases to some customer classes, notably Tier 1 Multifamily and Single-Family Residential, and Agricultural Customers.

The City Council Utilities Subcommittee met with staff three times to discuss the proposed increases and potential options to reduce the increases but keep the Water and Wastewater Funds financially stable. If no water revenue increases are approved at the Public Hearing, the Water Fund emergency and debt reserves would fall below the minimum requirement in FY2026, and would be depleted by FY2027. The debt coverage ratio would fall below the minimum required by the Funds’ bond covenants in FY2025. If no wastewater revenues are approved, the Wastewater Fund emergency and debt reserves would fall below the minimum requirement in FY2026, and would be depleted by FY2027. The debt coverage ratio would fall below the minimum required by the Funds’ bond covenants in FY2027.

Options explored include reducing the minimum reserves from 60 days to 30 days of operating expenses and reducing the capital reserve minimum from one year to a half year of annual capital depreciation. In addition, the CIP program was further reduced by delaying several proposed projects at least five years. Delaying capital replacement projects can come at a risk as some areas of the City’s water and wastewater systems are well beyond their useful life, with some facilities having been installed in the 1920’s and 1950’s. Another measure proposed was to bring Escondido’s water utility rates into alignment with the cost of service over a five-year period instead of in the first rate adjustment for certain customer classes, notably Tier 1 Multifamily and Single-Family Residential Customers, and Agricultural Customers.

With these options, the proposed revenue increases could be reduced from those listed in the Proposition 218 notice to the following: utility rate adjustments to increase Water Fund revenue by 8.0 percent effective January 1, 2024, followed by 7.5 percent on January 1, 2025, 7.5 percent on January 1, 2026, 6.5 percent on January 1, 2027, and 6.5 percent on January 1, 2028, and to align rates with the cost of providing service; and utility rate adjustments to increase Wastewater Fund revenue by 3.5 percent effective January 1, 2024, followed by 5 percent on July 1, 2024, 5 percent on July 1, 2025, 4 percent on July 1, 2026, and 3 percent on July 1, 2027, and to align rates with the cost of providing service. With these proposed adjustments, the Water Fund debt coverage ratio would remain above the minimum required by the Funds’ bond covenants, and the emergency and debt reserves would not be depleted, however they would fall below the revised minimum requirement in FY2028. With these proposed adjustments, the Wastewater Fund debt coverage ratio would remain above the minimum required by the Funds’ bond covenants, and the emergency and debt reserves would not be depleted, however they would dip slightly below the revised minimum requirement in FY2027. Staff believe the single year below the minimum in each fund can be managed with diligent oversight of the CIP and operating budgets.

Proposed Rate Structures for Water, Wastewater and Recycled Water Services

The Utilities Subcommittee recommends adjusting all water, wastewater and recycled water charges and rates to those illustrated in Attachment “1” to this Staff Report and Exhibit “A” to Resolution 2023-131. These adjustments increase Water Fund revenue by 8.0 percent effective January 1, 2024, followed by 7.5 percent on January 1, 2025, 7.5 percent on January 1, 2026, 6.5 percent on January 1, 2027, and 6.5



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percent on January 1, 2028, and align rates with the cost of providing service; and increase Wastewater Fund revenue by 3.5 percent effective January 1, 2024, followed by 5 percent on July 1, 2024, 5 percent on July 1, 2025, 4 percent on July 1, 2026, and 3 percent on July 1, 2027, and align rates with the cost of providing service. Further increases after 2028 would require another publicly noticed hearing in compliance with the requirements of California Proposition 218.

Bill Impacts of Rate Increases for Single Family Residential Customers

The following table shows the impacts of the proposed rate increases on an average Single-Family Residential customer as of January 2024. The sample customers' monthly water consumption volumes are 6,000 gallons; 9,000 gallons, and 12,000 gallons. Water use during the winter months is used to calculate wastewater bills, therefore the monthly water consumption of 3,000 gallons; 6,000 gallons, and 9,000 gallons is shown for wastewater.

Table 1. Projected Utility Billing Impacts for an average Single-Family Residence

Water Use (gallons)	6,000	9,000	12,000
Existing Bill	\$93.00	\$120.35	\$149.96
Proposed Bill	\$102.41	\$130.14	\$159.24
<i>Difference</i>	<i>\$9.41</i>	<i>\$9.79</i>	<i>\$9.28</i>
Wastewater (gallons)			
	3,000	6,000	9,000
Existing Bill	\$41.32	\$56.74	\$72.16
Proposed Bill	\$32.02	\$57.67	\$83.32
<i>Difference</i>	<i>(\$9.30)</i>	<i>\$0.93</i>	<i>\$11.16</i>
Combined water and wastewater			
Total Existing Bill	\$134.32	\$177.09	\$222.12
Total Proposed Bill	\$134.43	\$187.81	\$242.56
<i>Total difference</i>	<i>\$0.11</i>	<i>\$10.72</i>	<i>\$20.44</i>

Rate Comparisons

To gain insight into the City's pricing policies, water and wastewater rates were compared to other local San Diego County water and wastewater agencies. Based on publicly available rates published by other agencies in the region, Escondido current rates and proposed January 2024 rates were compared to known rates of regional water and wastewater agencies. Based on average flows from actual water meter data in Escondido, a projected monthly water charge for customers consuming an average of 9,000



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gallons, and the projected monthly wastewater charge for customers consuming 6,000 gallons of potable water during winter months was used.

If the Council approves the proposed rate increase, the water charges for an average 9,000-gallon consumer would rank 4th out of 10 (where 1st is highest and 10th is lowest). The wastewater charges for an average 6,000-gallon consumer would rank 7th out of 10 (where 1st is highest and 10th is lowest). As in past years, some agencies will raise water and wastewater rates later in the year, so the results of this comparison may change in only a few months.

Proposition 218 Notification

In compliance with Article XIII(D) of the California State Constitution and the Proposition 218 Omnibus Implementation Act, the City of Escondido mailed a notification of the proposed utility rate adjustments to all utility customers on August 31, 2023, more than 45 days prior to the date of the rate hearing. Additionally, notices were published in the Escondido Times Advocate on August 31, 2023, more than 45 days prior to the date of the rate hearing, and again on September 28, 2023, and October 12, 2023. Notices were also published in the San Diego Union Tribune on September 3, 2023, and again on October 1, 2023. Written protests to the rate adjustments have been collected through the City Clerk’s office and will be summarized at the rate hearing. **A copy of the notices, in both English and Spanish, sent via regular mail have been included for reference at the end of this document as Attachments “2” and “3”.**

Though not being requested today, rate increases for July 1, 2028 and beyond may be necessary. Additional notices under Proposition 218, as well as public hearings, will be required for any future proposed increases. All staff and consultant work on the current proposal has been conducted to meet the requirements of Proposition 218, which requires that rates and fees be justified by the costs to provide the service. Rates different from those proposed, whether adopted now or in the future, would have to meet the same legal test for relationship between the commodities and services provided, and the costs to provide these commodities and services.

RESOLUTIONS

- A. Resolution No. 2023-131
- B. Resolution No. 2023-131 Exhibit “A”

ATTACHMENTS

- A. Attachment “1” – Proposed Water, Wastewater, and Recycled Water Rate Adjustments
- B. Attachment “2” – Notice of Public Hearing (English)
- C. Attachment “3” – Notice of Public Hearing (Spanish)

RESOLUTION NO. 2023-131

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, ESTABLISHING NEW WATER, WASTEWATER, AND RECYCLED WATER SERVICE RATES, CHARGES AND FEES; AUTHORIZING FUTURE PASS THROUGH OF WHOLESALE WATER AND INFLATION CHARGES; AND AUTHORIZING PASS-THROUGH OF FUTURE SDCWA VOLUME CHARGE INCREASES

WHEREAS, the Escondido Municipal Code authorizes the City Council to set and adjust water, wastewater, and recycled water rates and service charges from time to time by duly adopted resolution; and

WHEREAS, the City Council previously directed staff to review and analyze the costs of providing water and wastewater services related to such fees on a regular basis; and

WHEREAS, staff thoroughly analyzed the cost of providing water, wastewater, and recycled water services related to such fees and has provided such analysis to the City Council; and

WHEREAS, City staff held a community meeting, and the City Council has conducted a public hearing and has considered comments and input from interested parties; and

WHEREAS, forty-five days prior to the public hearing, the proposed fees were noticed to all water, wastewater, and recycled water customers in accordance with California Proposition 218; and

WHEREAS, the City Council desires at this time and deems it to be in the best public interest to establish new rates and fee schedules for January 1, 2024 through January 1, 2028; and

WHEREAS, Section 53756 of the Government Code provides in relevant part that “An agency providing water, wastewater, sewer or refuse collection service may adopt a schedule of fees or charges

authorizing automatic adjustments that passthrough increases in wholesale charges for water, sewage treatment, or wastewater treatment or adjustments for inflation” under specific circumstances; and

WHEREAS, Section (a) of Government Code Section 53756 allows the City to adopt the schedule of fees or charges and inflationary adjustments for a period up to five years; and

WHEREAS, Section (d) of Government Code Section 53756 requires notice of any adjustment pursuant to the schedule shall be given not less than 30 days before the effective date of the adjustment; and

WHEREAS, the City Council desires at this time and deems it to be in the public interest to allow automatic adjustments that pass-through the adopted increases or decreases in the wholesale charges for water, and provides a specific formula for inflationary adjustments.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the water, wastewater, and recycled water rates and fees set forth in Exhibit “A,” attached to this resolution and incorporated by this reference, will supersede all prior rates and fees for services as set forth on Exhibit “A.”
3. That the water, wastewater, and recycled water rates and fees set forth in Exhibit “A” for January of 2024 will be effective for all charges that become due on or after January 1, 2024.
4. That the water, wastewater, and recycled water rates and fees set forth in Exhibit “A” for July of 2024 will be effective for all charges that become due on or after July 1, 2024.

5. That the water, wastewater, and recycled water rates and fees set forth in Exhibit “A” for January of 2025 will be effective for all charges that become due on or after January 1, 2025.

6. That the water, wastewater, and recycled water rates and fees set forth in Exhibit “A” for July of 2025 will be effective for all charges that become due on or after July 1, 2025.

7. That the water, wastewater, and recycled water rates and fees set forth in Exhibit “A” for January of 2026 will be effective for all charges that become due on or after January 1, 2026.

8. That the water, wastewater, and recycled water rates and fees set forth in Exhibit “A” for July of 2026 will be effective for all charges that become due on or after July 1, 2026.

9. That the water, wastewater, and recycled water rates and fees set forth in Exhibit “A” for January of 2027 will be effective for all charges that become due on or after January 1, 2027.

10. That the water, wastewater, and recycled water rates and fees set forth in Exhibit “A” for July of 2027 will be effective for all charges that become due on or after July 1, 2027.

11. That the water, wastewater, and recycled water rates and fees set forth in Exhibit “A” for January of 2028 will be effective for all charges that become due on or after January 1, 2028.

12. That water, wastewater, and recycled water rate and fee adjustments for years beyond June 30, 2028 will be noticed according to Proposition 218 requirements and will be brought before Council for a public hearing.

13. That the Agriculture Use Rate accounts for discounts from the San Diego County Water Authority Permanent Special Agriculture Water Rate (“PSAWR”) and the City of Escondido Agriculture Discount.

14. That the City of Escondido Agriculture Discount shall only apply to customers participating in the San Diego County Water Authority's Special Agricultural Water Rate program.

15. That the City Council hereby authorizes automatic adjustments that pass through increases and decreases in the wholesale charges for water, if prescribed conditions are met, including, but not limited to, the schedule of fees or charges does not exceed a period of five years and that the schedule has been adopted pursuant to existing law; and that such automatic adjustment include adjustments to the Metropolitan Water District's Readiness to Serve Charge; the San Diego County Water Authority's Infrastructure Access Charge, MWD Capacity charge, Supply Reliability, Customer Service, and Emergency Storage charges; and the San Diego County Water Authority's volume based charges for imported water deliveries to the City of Escondido.

EXHIBIT "A"

POTABLE WATER RATES – VOLUMETRIC USE (PER 1,000 GALLONS / MONTHLY CHARGE)

	<i>Current Tier</i>	<i>Proposed</i>	Current Rate	January 1, 2024	January 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028
	<i>1,000 gal</i>							
Single Family Residential								
Tier 1	0 – 7	0 – 7	\$7.61	\$8.34	\$9.09	\$9.90	\$10.67	\$11.49
Tier 2	7 – 15	7 – 14	\$9.87	\$9.70	\$10.43	\$11.22	\$11.95	\$12.73
Tier 3	15 +	>14	\$11.22	\$10.33	\$11.11	\$11.95	\$12.73	\$13.56
Residential/Agricultural Use								
Tier 1	0 – 7	0 – 7	\$7.44	\$8.34	\$9.09	\$9.90	\$10.67	\$11.49
Tier 2	7 +	>7	\$10.11	\$9.86	\$10.60	\$11.40	\$12.15	\$12.94
Multi-Family Residential								
Tier 1	0 – 5	0 – 5	\$7.52	\$8.31	\$9.11	\$9.98	\$10.81	\$11.70
Tier 2	5 – 7	>5	\$9.48	\$9.72	\$10.45	\$11.24	\$11.98	\$12.76
Tier 3	7 +	Eliminated	\$10.50	--	--	--	--	--
Commercial, Industrial & School			\$9.24	\$9.42	\$10.13	\$10.89	\$11.60	\$12.36
Irrigation & Landscape Maintenance District (LMD)			\$9.73	\$9.79	\$10.53	\$11.32	\$12.06	\$12.85
SD Zoo Safari Park			\$10.00	\$9.42	\$10.13	\$10.89	\$11.60	\$12.36
Special Unfiltered			\$8.18	\$8.20	\$8.82	\$9.49	\$10.11	\$10.77
Agricultural Use (PSAWR) Tier 1		0 -17	\$5.58	\$6.25	\$6.96	\$7.72	\$8.45	\$9.23
Agricultural Use (PSAWR) Tier 2		> 17	\$5.58	\$6.10	\$6.64	\$7.22	\$7.77	\$8.36

WATER AVAILABILITY SERVICE (MONTHLY CHARGE)

Meter Size	Current Rate	January 1, 2024	January 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028
5/8" and 3/4"	\$47.34	\$52.38	\$56.31	\$60.54	\$64.48	\$68.68
1"	\$74.37	\$77.55	\$83.37	\$89.63	\$95.46	\$101.67
1 1/2"	\$140.86	\$140.43	\$150.97	\$162.30	\$172.85	\$184.09
2"	\$224.05	\$253.62	\$272.65	\$293.10	\$312.16	\$332.46
3"	\$472.22	\$561.74	\$603.88	\$649.18	\$691.38	\$736.32
4"	\$839.41	\$957.90	\$1,029.75	\$1,106.99	\$1,178.95	\$1,255.59
6"	\$1,818.72	\$2,026.93	\$2,178.95	\$2,342.38	\$2,494.64	\$2,656.80
8"	\$3,116.54	\$3,536.13	\$3,801.34	\$4,086.45	\$4,352.07	\$4,634.96
3/4" x 3"	\$502.37	\$561.74	\$603.88	\$649.18	\$691.38	\$736.32
1" x 4"	\$875.60	\$957.90	\$1,029.75	\$1,106.99	\$1,178.95	\$1,255.59
1 1/2" x 6"	\$1,907.51	\$2,026.93	\$2,178.95	\$2,342.38	\$2,494.64	\$2,656.80
3/4" x 3" x 6"	\$1,920.95	\$2,026.93	\$2,178.95	\$2,342.38	\$2,494.64	\$2,656.80
1" x 4" x 8"	\$3,257.13	\$3,536.13	\$3,801.34	\$4,086.45	\$4,352.07	\$4,634.96
2" x 6"	\$1,913.42	\$2,026.93	\$2,178.95	\$2,342.38	\$2,494.64	\$2,656.80
2" x 8"	\$3,231.81	\$3,536.13	\$3,801.34	\$4,086.45	\$4,352.07	\$4,634.96
Detector Check	\$67.01	\$47.44	\$51.00	\$54.83	\$58.40	\$62.20

WASTEWATER RATES – RESIDENTIAL (MONTHLY CHARGE)

Customer Class	Unit	Current Rate	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
FIXED MONTHLY (ALL CLASSES)	\$/month per unit	\$25.90 (fixed)	\$6.37	\$6.69	\$7.03	\$7.32	\$7.54
Single Family Residential	\$/1,000 gallon*	\$5.14	\$8.55	\$8.98	\$9.43	\$9.81	\$10.11
Multi-Family Dwelling	\$/1,000 gallon*	\$4.20	\$8.55	\$8.98	\$9.43	\$9.81	\$10.11
Mobile Homes	\$/1,000 gallon*	\$2.58	\$8.55	\$8.98	\$9.43	\$9.81	\$10.11

*Water usage during winter months is used to calculate residential volumetric wastewater rates

WASTEWATER RATES – COMMERCIAL / INDUSTRIAL (MONTHLY CHARGE)

Customer Class	Unit	Current Rate	Proposed Category	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
FIXED MONTHLY (ALL CLASSES)	\$/month per unit	\$25.90		\$6.37	\$6.69	\$7.03	\$7.32	\$7.54
Carwash	\$/1,000 gallon*	\$7.58	Low	\$7.22	\$7.59	\$7.97	\$8.29	\$8.54
Hotel/Motel without Dining		\$9.04						
Repair Shop/Service Station		\$7.96						
Laundromat		\$8.11						
Hospital		\$8.71						
All Other Commercial		\$9.21						
Hotel/Motel with Dining	\$/1,000 gallon*	\$13.08	Medium	\$12.60	\$13.23	\$13.90	\$14.46	\$14.90
Commercial Laundry		\$9.22						
Industrial		\$12.31						
Grocery Store with Meat Dept.	\$/1,000 gallon*	\$15.24	High	\$17.99	\$18.89	\$19.84	\$20.64	\$21.26
Restaurant		\$15.04						
Discharges to Brine Line	\$/1,000 gallon	\$0.85		\$0.85	\$0.85	\$0.85	\$0.85	\$0.85

*Water usage during winter months is used to calculate monthly volumetric wastewater rates

WASTEWATER RATES – STRENGTH BASED (CALCULATED)

Customer Class Based	Unit	Current Cost Per Unit	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
High Strength Use	\$/1,000 gal.	\$6.90	\$21.35	\$22.42	\$23.55	\$24.50	\$25.24
BOD - <i>Biochemical oxygen demand</i>	\$/lb.	\$0.67	\$1.09	\$1.15	\$1.21	\$1.26	\$1.30
TSS - <i>Total suspended solids</i>	\$/lb.	\$0.63	\$1.10	\$1.16	\$1.22	\$1.27	\$1.31

WASTEWATER RATES – SCHOOLS / CHURCHES (MONTHLY CHARGE)

Customer Class	Unit	Current Cost Per Unit	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
Senior High Schools	per student/year	\$35.89	\$25.20	\$26.52	\$27.96	\$29.16	\$30.12
Elementary & Middle	per student/year	\$23.92	\$12.72	\$13.44	\$14.16	\$14.76	\$15.24
Churches	per 100 seats/mo.	\$49.84	\$34.00	\$36.00	\$38.00	\$40.00	\$42.00

RECYCLED WATER RATES – VOLUMETRIC USE (PER 1,000 GALLONS / MONTHLY CHARGE)

The recycled water monthly service charge is the same as the potable water monthly service charge. The volumetric rates below reflect the maximum rates the City Council may approve at the hearing.

	Current Rate	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
Recycled Water Volumetric Rate (\$/1,000 gal)	\$3.85	\$4.61	\$4.79	\$4.97	\$5.08	\$5.13

**PUBLIC HEARING:
PROPOSED WATER, WASTEWATER, AND RECYCLED WATER RATE ADJUSTMENTS**

ATTACHMENT "A"

POTABLE WATER RATES – VOLUMETRIC USE (PER 1,000 GALLONS / MONTHLY CHARGE)

	<i>Current Tier</i>	<i>Proposed</i>	Current Rate	January 1, 2024	January 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028
	<i>1,000 gal</i>							
Single Family Residential								
Tier 1	0 – 7	0 – 7	\$7.61	\$8.34	\$9.09	\$9.90	\$10.67	\$11.49
Tier 2	7 – 15	7 – 14	\$9.87	\$9.70	\$10.43	\$11.22	\$11.95	\$12.73
Tier 3	15 +	>14	\$11.22	\$10.33	\$11.11	\$11.95	\$12.73	\$13.56
Residential/Agricultural Use								
Tier 1	0 – 7	0 – 7	\$7.44	\$8.34	\$9.09	\$9.90	\$10.67	\$11.49
Tier 2	7 +	>7	\$10.11	\$9.86	\$10.60	\$11.40	\$12.15	\$12.94
Multi-Family Residential								
Tier 1	0 – 5	0 – 5	\$7.52	\$8.31	\$9.11	\$9.98	\$10.81	\$11.70
Tier 2	5 – 7	>5	\$9.48	\$9.72	\$10.45	\$11.24	\$11.98	\$12.76
Tier 3	7 +	Eliminated	\$10.50	--	--	--	--	--
Commercial, Industrial & School			\$9.24	\$9.42	\$10.13	\$10.89	\$11.60	\$12.36
Irrigation & Landscape Maintenance District (LMD)			\$9.73	\$9.79	\$10.53	\$11.32	\$12.06	\$12.85
SD Zoo Safari Park			\$10.00	\$9.42	\$10.13	\$10.89	\$11.60	\$12.36
Special Unfiltered			\$8.18	\$8.20	\$8.82	\$9.49	\$10.11	\$10.77
Agricultural Use (PSAWR) Tier 1	0 -17		\$5.58	\$6.25	\$6.96	\$7.72	\$8.45	\$9.23
Agricultural Use (PSAWR) Tier 2	> 17		\$5.58	\$6.10	\$6.64	\$7.22	\$7.77	\$8.36

WATER AVAILABILITY SERVICE (MONTHLY CHARGE)

Meter Size	Current Rate	January 1, 2024	January 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028
5/8" and 3/4"	\$47.34	\$52.38	\$56.31	\$60.54	\$64.48	\$68.68
1"	\$74.37	\$77.55	\$83.37	\$89.63	\$95.46	\$101.67
1 1/2"	\$140.86	\$140.43	\$150.97	\$162.30	\$172.85	\$184.09
2"	\$224.05	\$253.62	\$272.65	\$293.10	\$312.16	\$332.46
3"	\$472.22	\$561.74	\$603.88	\$649.18	\$691.38	\$736.32
4"	\$839.41	\$957.90	\$1,029.75	\$1,106.99	\$1,178.95	\$1,255.59
6"	\$1,818.72	\$2,026.93	\$2,178.95	\$2,342.38	\$2,494.64	\$2,656.80
8"	\$3,116.54	\$3,536.13	\$3,801.34	\$4,086.45	\$4,352.07	\$4,634.96
3/4" x 3"	\$502.37	\$561.74	\$603.88	\$649.18	\$691.38	\$736.32
1" x 4"	\$875.60	\$957.90	\$1,029.75	\$1,106.99	\$1,178.95	\$1,255.59
1 1/2" x 6"	\$1,907.51	\$2,026.93	\$2,178.95	\$2,342.38	\$2,494.64	\$2,656.80
3/4" x 3" x 6"	\$1,920.95	\$2,026.93	\$2,178.95	\$2,342.38	\$2,494.64	\$2,656.80
1" x 4" x 8"	\$3,257.13	\$3,536.13	\$3,801.34	\$4,086.45	\$4,352.07	\$4,634.96
2" x 6"	\$1,913.42	\$2,026.93	\$2,178.95	\$2,342.38	\$2,494.64	\$2,656.80
2" x 8"	\$3,231.81	\$3,536.13	\$3,801.34	\$4,086.45	\$4,352.07	\$4,634.96
Detector Check	\$67.01	\$47.44	\$51.00	\$54.83	\$58.40	\$62.20

WASTEWATER RATES – RESIDENTIAL (MONTHLY CHARGE)

Customer Class	Unit	Current Rate	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
FIXED MONTHLY (ALL CLASSES)	\$/month per unit	\$25.90 (fixed)	\$6.37	\$6.69	\$7.03	\$7.32	\$7.54
Single Family Residential	\$/1,000 gallon*	\$5.14	\$8.55	\$8.98	\$9.43	\$9.81	\$10.11
Multi-Family Dwelling	\$/1,000 gallon*	\$4.20	\$8.55	\$8.98	\$9.43	\$9.81	\$10.11
Mobile Homes	\$/1,000 gallon*	\$2.58	\$8.55	\$8.98	\$9.43	\$9.81	\$10.11

*Water usage during winter months is used to calculate residential volumetric wastewater rates

WASTEWATER RATES – COMMERCIAL / INDUSTRIAL (MONTHLY CHARGE)

The proposed commercial and industrial charges have been modified to include a fixed charge and a variable charge based on water consumption and on the flow volume of the sewage they generate. The parameters used to set the dividing line between Low, Medium, and High are based on historical data and commercial user strength characteristics. Low strength is considered normal strength of discharge, and High strength has a high strength discharge. Medium strength is the middle point of the two. The following table shows the customer class strength levels: Low, Medium, and High.

Customer Class	Unit	Current Rate	Proposed Category	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
FIXED MONTHLY (ALL CLASSES)	\$/month per unit	\$25.90		\$6.37	\$6.69	\$7.03	\$7.32	\$7.54
Carwash		\$7.58						
Hotel/Motel without Dining		\$9.04						
Repair Shop/Service Station		\$7.96						
Laundromat	\$/1,000 gallon*	\$8.11	Low	\$7.22	\$7.59	\$7.97	\$8.29	\$8.54
Hospital		\$8.71						
All Other Commercial		\$9.21						
Hotel/Motel with Dining		\$13.08						
Commercial Laundry	\$/1,000 gallon*	\$9.22	Medium	\$12.60	\$13.23	\$13.90	\$14.46	\$14.90
Industrial		\$12.31						
Grocery Store with Meat Dept.		\$15.24						
Restaurant	\$/1,000 gallon*	\$15.04	High	\$17.99	\$18.89	\$19.84	\$20.64	\$21.26
Discharges to Brine Line	\$/1,000 gallon	\$0.85		\$0.85	\$0.85	\$0.85	\$0.85	\$0.85

*Water usage during winter months is used to calculate monthly volumetric wastewater rates

WASTEWATER RATES – STRENGTH BASED (CALCULATED)

Customer Class Based	Unit	Current Cost Per Unit	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
High Strength Use	\$/1,000 gal.	\$6.90	\$21.35	\$22.42	\$23.55	\$24.50	\$25.24
BOD - <i>Biochemical oxygen demand</i>	\$/lb.	\$0.67	\$1.09	\$1.15	\$1.21	\$1.26	\$1.30
TSS - <i>Total suspended solids</i>	\$/lb.	\$0.63	\$1.10	\$1.16	\$1.22	\$1.27	\$1.31

WASTEWATER RATES – SCHOOLS / CHURCHES (MONTHLY CHARGE)

Customer Class	Unit	Current Cost Per Unit	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
Senior High Schools	per student/year	\$35.89	\$25.20	\$26.52	\$27.96	\$29.16	\$30.12
Elementary & Middle	per student/year	\$23.92	\$12.72	\$13.44	\$14.16	\$14.76	\$15.24
Churches	per 100 seats/mo.	\$49.84	\$34.00	\$36.00	\$38.00	\$40.00	\$42.00

RECYCLED WATER RATES – VOLUMETRIC USE (PER 1,000 GALLONS / MONTHLY CHARGE)

The recycled water monthly service charge is the same as the potable water monthly service charge. The volumetric rates below reflect the maximum rates the City Council may approve at the hearing.

	Current Rate	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
Recycled Water Volumetric Rate (\$/1,000 gal)	\$3.85	\$4.61	\$4.79	\$4.97	\$5.08	\$5.13



NOTICE OF PUBLIC HEARING PROPOSED CHANGES IN WATER, WASTEWATER, AND RECYCLED WATER RATES AND FEES

The City of Escondido (City) will conduct a public hearing on Wednesday, October 18, 2023, at 5 p.m. at 201 North Broadway, Escondido, California, in the City Council Chambers to consider the adoption of changes in water rates, wastewater rates, and recycled water rates. The Council will also consider all written protests to these changes. Further details about the protest process can be found at the end of this notice.

At the hearing, annual water and wastewater revenue increases will be proposed. Proposed water revenue increases will be 8.5% on January 1, 2024, followed by four annual increases of 9% on July 1 of each year from 2024 through 2027. Proposed wastewater revenue increases and recycled water revenue increases will be 9% on January 1, 2024, followed by three annual increases of 7% on July 1 of each year from 2024 through 2026, and 5% on July 1, 2027. Additionally, changes in the methods for calculating rates will be proposed to better align rates with the cost to provide service to various customer classes in accordance with California Proposition 218. Rates presented here are the maximum revenue rates the City Council can consider. The City Council can also choose to have revenue rates become effective at a later date.

La Ciudad de Escondido llevará a cabo una audiencia pública el miércoles 18 de octubre de 2023 a las 5 p.m., en 201 North Broadway, Escondido, California, en la Sala del Concejo Municipal para considerar la adopción de cambios en las tarifas de agua, de aguas residuales y de agua reciclada. El Concejo también considerará todas las protestas escritas en estos cambios. Se pueden encontrar más detalles sobre el proceso de protesta al final de este aviso.

Durante la audiencia, se propondrán aumentos anuales en los ingresos para el agua y aguas residuales. Los aumentos propuestos en los ingresos para agua serán del 8.5 % el 1 de enero de 2024, seguidos por cuatro aumentos anuales del 9% el 1 de julio de cada año desde 2024 hasta 2027. Aumentos propuestos en los ingresos para aguas residuales y aumentos en los ingresos para agua reciclada serán del 9 % el 1 de enero de 2024, seguido de tres aumentos anuales del 7 % el 1 de julio de cada año desde 2024 hasta 2026, y del 5 % el 1 de julio de 2027. Además, se propondrán cambios en los métodos para calcular las tarifas para alinear mejor las tarifas con el costo de proporcionar servicio a varias clases de clientes de acuerdo con la Proposición 218 de California. Las tarifas presentadas aquí son las tarifas máximas de ingresos que el Concejo Municipal puede considerar. El Concejo Municipal también puede optar para que las tasas de ingresos entren en vigencia en una fecha posterior.

Este aviso está disponible en español. Si desea una copia completa en español la puede encontrar haciendo clic en el código QR en esta pagina o puede llamar al 760-839-4662.

Background and General Information

The City periodically evaluates its water, wastewater, and recycled water rates to ensure that its revenues are sufficient to honor its commitment to long-term planning and appropriate infrastructure investment. This evaluation considers many factors that impact the cost of providing water and wastewater services. Among these factors are: the cost of imported water; requirements to maintain sufficient revenue to cover the City's water and wastewater debt service costs; the cost of operations, including employee and materials costs; the cost of future projects to maintain service reliability; and the cost of planned infrastructure maintenance and replacement. The City's Rate Study is the product of this evaluation, and it guides the setting of specific rates for each customer class.

The proposed changes to **water rates** in this notice apply to all customers who receive potable and recycled water service from the City of Escondido. *These proposed water rate changes will not impact customers who receive potable or recycled water service from the Rincon del Diablo Municipal Water District.* The proposed changes to **wastewater rates** in this notice apply to all customers served by the City of Escondido's municipal wastewater system.

Rate Increases – A Means to Increase Revenue

The terms “Rate Increase” and “Revenue Increase” are used throughout this notice. While these terms may seem interchangeable, they are different in that many possible rate increase scenarios will generate the same revenue increase. For example, to achieve a *revenue* increase of 9.0%, the City Council could choose to increase all *rates* by 9.0%. However, the same revenue increase could be achieved by increasing fixed monthly charges by less than 9.0% and increasing variable volumetric charges (based on the amount of water delivered to the customer) by more than 9.0%. Any increase in rates must be consistent with the cost-of-service principles of Proposition 218.

At the hearing on October 18th, Utilities Department staff will present proposals to the City Council for five rate increases to take effect starting in 2024. If the City Council approves any increases, the specific rate increases will be determined at the hearing. Staff will present several options to the City Council concerning the rate increases. At its discretion, the City Council may choose to enact increases that are smaller or larger than those recommended by staff. The City Council may also choose to enact no increase at all. **In no case will the City Council enact rates that are greater than those detailed in the tables on the following pages.**

One Department, Two Financial Funds - The Water and Wastewater Funds

Services provided by the City are funded by money collected from ratepayers for those services. **The Escondido Utilities Department (Water and Wastewater) receives no funding from property and sales taxes.** Under California law, money collected from wastewater ratepayers may be used only to fund wastewater services, and money collected from water ratepayers may be used only to fund water services. Transfer of money between these funds is prohibited except as payment for services provided (for instance, potable water service at a wastewater treatment facility or as part of a loan that will be repaid over time with interest). Likewise, Utility Fund money may not be used to fund General Fund activities except as payment for services provided. Most City of Escondido Utility customers receive both water and wastewater services from the City and therefore have separate line items on their bills for those services. However, some customers receive only water service from the City (for example, those who use septic systems), and some customers receive only wastewater service from the City (for example, those who receive their water service from the Rincon del Diablo Municipal Water District). For these reasons, it is important to consider *separate* rate increases and their benefits and impacts for each Fund.

Water Rates

The City increased water rates annually between 2017 and 2021; no increases were enacted in 2022 or 2023. Rate increases in years 2017 through 2021 raised revenues by 5.5% each year. Past rate increases were necessary in large part to ensure that the Water Fund had sufficient revenue to honor its debt service obligations, to fund its Capital Improvement Program, and to pay for large increases in the cost of imported water. **For 2024 through 2027, the following revenue increases will be proposed for the Water Fund: 8.5% on January 1, 2024, followed by four annual increases of 9% on July 1 of each year from 2024 through 2027.** More information concerning the reasoning behind these increases can be found on page 4 under *Reasons for Proposed Rate Increases*.

Wastewater Rates

The City increased wastewater rates annually between 2017 and 2021; no increases were enacted in 2022 or 2023. Rate increases in years 2017 through 2021 raised revenues by 5.5% each year. Past rate increases were necessary primarily to ensure that the Wastewater Fund had sufficient revenue to honor its debt service obligations, to fund its Capital Improvement Program, and to cover anticipated increases in chemical and sludge hauling costs. **For 2024 through 2027, the following revenue increases will be proposed for the Wastewater Fund: 9% on January 1, 2024, followed by three annual increases of 7% on July 1 of each year from 2024 through 2026, and 5% on July 1, 2027.** More information concerning the reasoning behind these increases can be found on page 4 under *Reasons for Proposed Rate Increases*.

Recycled Water Rates

Currently, recycled water volume rates are approximately 51% of the lowest potable water rates charged to Single Family Residential customers. More than a decade ago, the Utilities Department embarked on an ambitious Recycled Water and Potable Reuse Program and is currently constructing and expanding the recycled water distribution system to the eastern area of Escondido. Projected sales of recycled water will increase significantly as the recycled water system connects new customers, with most new recycled water deliveries going to commercial agricultural customers. There are two distinct Recycled Water rates: one supply meant for industrial uses and general irrigation, and another for irrigation of agricultural land. The supply for agricultural irrigation is under development and should be available by Spring 2024. The cost of service for the agricultural irrigation supply is driven by two main factors: (1) the need for a new, reliable, local water supply; and (2) the need to discharge less treated wastewater from the City's wastewater treatment plant to the ocean due to capacity constraints in the treated wastewater outfall. Thus, the cost of the expansion could be borne by two sets of ratepayers: the new recycled water customers and the wastewater customers. Wastewater ratepayers will benefit from the recycled water expansion because the expansion will allow these ratepayers to avoid the cost of expanding capacity in the City's outfall pipeline. The cost of this expansion is projected to be more than \$1 billion, not including environmental mitigation costs, and will not generate any future revenue. In contrast, the recycled water expansion is projected to cost about \$280 million to construct (with the current construction phases costing more than \$100 million) and it will generate revenue via recycled water sales and decrease the need for imported water.

Specific Water Rate Issues and Pass-Through Costs**Volumetric (Water Use) Rate Increases for Imported Water**

Historically, the City purchases about 75% of its water from the San Diego County Water Authority (SDCWA). The SDCWA purchases much of its water supply from the Metropolitan Water District (MWD). MWD imports water from two sources: the Colorado River via the Colorado River Aqueduct and Northern California via the California Aqueduct. Despite heavier than usual rains in early 2023, rainfall has been well below average for over a decade. Projects meant -to further secure our water supply – for instance through additional storage, more recycling, and local supply development – will be beneficial in the long term, but will also apply upward pressure on water rates.

Metropolitan Water District – Readiness-to-Serve Charge (RTS)

The MWD Readiness-to-Serve charge decreased in 2021, and increased in 2022 and 2023. This charge includes a "Delta Surcharge" to cover costs to obtain water lost to environmental restrictions on the Sacramento River Delta. Since 2009, the City of Escondido has passed through changes in the Readiness-to-Serve charge. At the rate hearing, the City Council will consider extending this pass-through for an additional five years, making increases to this charge possible through 2028. Annual changes are effective July 1 of each year.

San Diego County Water Authority (SDCWA) Fixed Charges

The SDCWA fixed charges consist of the following: MWD capacity, supply reliability, customer service, emergency storage and infrastructure access charge. Since 2009, the City of Escondido has passed through increases in all of these charges. At the rate hearing, the Council will consider pass-through of the charges for an additional 5 years, making increases to these charges possible through 2028. The pass-through charges are applied to each account based on meter size. Annual changes are effective January 1 of each year.

Increased Cost of Water Purchases from the SDCWA

Staff will propose a pass-through rate increase to cover the higher cost of imported water. Over the last five years, imported water costs have risen from \$909 per acre-foot to \$1,085 per acre-foot (one acre-foot is approximately 326 kgs). Utilities staff will propose that any future SDCWA imported water rate increases will be passed-through to customers automatically when the new SDCWA rate takes effect and with at least a 30-day public notice. This new, proposed automatic pass-through increase would be effective for a five-year period, at which time it would end unless renewed by the City Council. The SDCWA may increase both fixed costs (for instance, the Infrastructure Access Charge and supply charges, which are based on a per meter charge) and volumetric charges. Staff will recommend continuation of the policy to pass-through increases in all fixed charges, and staff will recommend pass-through of increases in

volumetric rates charged by the SDCWA. The exact amount of future pass-through of rate increases for charges is not known because these rates must be determined after future SDCWA rate increases take effect.

Reasons for Proposed Rate Increases

Many factors drive Utility rate increases. The proposed rate increases over the next five years will provide necessary funds to:

WATER FUND

- Increase the volume of imported water purchased from wholesale suppliers (more gallons imported due to fluctuating local supply);
- Continue building Capital Improvement Program (CIP) reserves to fund future water reservoir replacement, water line replacement, and water treatment plant rehabilitation projects;
- Construct a new dam at Lake Wohlford to replace the existing dam;
- Construct a treated water connection to the Rincon del Diablo Municipal Water District system, enabling Escondido to diversify its water supply sources;
- Continue the repair and replacement program for at-risk water mains throughout the City;
- Cover increasing costs of chemicals, replacement equipment, and materials used for treating potable water.

WASTEWATER FUND

- Continue building CIP reserves to fund sewer lift station replacement, Hale Avenue Recovery Facility (HARRF) tertiary system and digester replacement, and Membrane Filtration Reverse Osmosis (MFRO) system pipeline extension projects;
- Construct additional treatment processes at the HARRF, including new secondary treatment capacity, disinfection treatment, sludge digester replacement, and on-site water storage expansion;
- Construct recycled water pump station improvements and recycled water distribution expansion projects, including several miles of additional distribution mains;
- Continue the repair and replacement program for at-risk wastewater collection pipelines; replace pipelines to address capacity issues identified in the Wastewater Master Plan; and replace aging laboratory and plant equipment;
- Cover increasing costs of chemicals, replacement equipment, and materials used for treating and conveying wastewater.

These activities and investments are designed to increase the reliability of water and wastewater services, meet and exceed public health standards and goals, address new regulations, and further improve financial health.

Proposed Rate Increases

To better align rates with the cost to provide service to various customer classes in accordance with California Proposition 218, all proposed rates effective on January 1, 2024 include a cost of service adjustment. The rates in the following tables represent the *maximum* rate increase options to be presented to the City Council for its consideration. The Council may – at its discretion – develop other options for water and wastewater rates at the hearing. In no case will rates be adopted that are greater than the proposed rates shown in the following pages.

In addition to the proposed rates listed on the following pages, the automatic pass-through adjustments described above will be applied if approved by Council. If the SDCWA increases the rate it charges for water imports to Escondido, the additional pass-through charge would further increase the rates above the rates approved by the City Council. Pass-through charges, if necessary, will be applied pursuant to Gov. Code Sec. 53756, and customers would be notified at least 30 days before any pass-through rate increases would take effect.

Proposed Volumetric Rates for Potable Water (rate per 1,000 gallons)

	<i>Current Tier</i>	<i>Proposed</i>	Current Rate	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
	1,000 gal							
Single Family Residential								
Tier 1	0 – 7	0 – 7	\$7.61	\$9.03	\$9.85	\$10.74	\$11.71	\$12.77
Tier 2	7 – 15	7 – 14	\$9.87	\$9.76	\$10.64	\$11.60	\$12.65	\$13.79
Tier 3	15 +	>14	\$11.22	\$10.40	\$11.34	\$12.37	\$13.49	\$14.71
Residential/Agricultural Use								
Tier 1	0 – 7	0 – 7	\$7.44	\$9.03	\$9.85	\$10.74	\$11.71	\$12.77
Tier 2	7 +	>7	\$10.11	\$9.92	\$10.82	\$11.80	\$12.87	\$14.03
Multi-Family Residential								
Tier 1	0 – 5	0 – 5	\$7.52	\$9.22	\$10.05	\$10.96	\$11.95	\$13.03
Tier 2	5 – 7	>5	\$9.48	\$9.78	\$10.67	\$11.64	\$12.69	\$13.84
Tier 3	7 +	Eliminated	\$10.50	--	--	--	--	--
Commercial, Industrial & School			\$9.24	\$9.47	\$10.33	\$11.26	\$12.28	\$13.39
Irrigation & Landscape Maintenance District (LMD)			\$9.73	\$9.85	\$10.74	\$11.71	\$12.77	\$13.92
SD Zoo Safari Park			\$10.00	\$9.48	\$10.34	\$11.28	\$12.30	\$13.41
Special Unfiltered			\$8.18	\$8.25	\$9.00	\$9.81	\$10.70	\$11.67
Agricultural Use (PSAWR) Tier 1		0 -17	\$5.58	\$7.58	\$8.27	\$9.02	\$9.84	\$10.73
Agricultural Use (PSAWR) Tier 2		> 17	\$5.58	\$6.87	\$7.49	\$8.17	\$8.91	\$9.72

Proposed Monthly Charge – Water Availability Service

Meter Size	Current Rate	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
5/8" and 3/4"	\$47.34	\$52.53	\$57.26	\$62.42	\$68.04	\$74.17
1"	\$74.37	\$77.72	\$84.72	\$92.35	\$100.67	\$109.74
1 1/2"	\$140.86	\$140.67	\$153.34	\$167.15	\$182.20	\$198.60
2"	\$224.05	\$253.98	\$276.84	\$301.76	\$328.92	\$358.53
3"	\$472.22	\$562.43	\$613.05	\$668.23	\$728.38	\$793.94
4"	\$839.41	\$959.01	\$1,045.33	\$1,139.41	\$1,241.96	\$1,353.74
6"	\$1,818.72	\$2,029.17	\$2,211.80	\$2,410.87	\$2,627.85	\$2,864.36
8"	\$3,116.54	\$3,539.97	\$3,858.57	\$4,205.85	\$4,584.38	\$4,996.98
3/4" x 3"	\$502.37	\$562.43	\$613.05	\$668.23	\$728.38	\$793.94
1" x 4"	\$875.60	\$959.01	\$1,045.33	\$1,139.41	\$1,241.96	\$1,353.74
1 1/2" x 6"	\$1,907.51	\$2,029.17	\$2,211.80	\$2,410.87	\$2,627.85	\$2,864.36
3/4" x 3" x 6"	\$1,920.95	\$2,029.17	\$2,211.80	\$2,410.87	\$2,627.85	\$2,864.36
1" x 4" x 8"	\$3,257.13	\$3,539.97	\$3,858.57	\$4,205.85	\$4,584.38	\$4,996.98
2" x 6"	\$1,913.42	\$2,029.17	\$2,211.80	\$2,410.87	\$2,627.85	\$2,864.36
2" x 8"	\$3,231.81	\$3,539.97	\$3,858.57	\$4,205.85	\$4,584.38	\$4,996.98
Detector Check	\$67.01	\$47.61	\$51.90	\$56.58	\$61.68	\$67.24

Proposed Monthly Wastewater Rates – Residential

Customer Class	Unit	Current Rate	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
FIXED MONTHLY (ALL CLASSES)	\$/month per unit	\$25.90 (fixed)	\$6.73	\$7.21	\$7.72	\$8.27	\$8.69
Single Family Residential	\$/1,000 gallon	\$5.14	\$8.95	\$9.58	\$10.26	\$10.98	\$11.53
Multi-Family Dwelling	\$/1,000 gallon	\$4.20	\$8.95	\$9.58	\$10.26	\$10.98	\$11.53
Mobile Homes	\$/1,000 gallon	\$2.58	\$8.95	\$9.58	\$10.26	\$10.98	\$11.53

Proposed Monthly Wastewater Rates – Commercial / Industrial

The proposed commercial and industrial charges have been modified to include a fixed charge and a variable charge based on water consumption and on the flow volume of the sewage they generate. The parameters used to set the dividing line between Low, Medium, and High are based on historical data and commercial user strength characteristics. Low strength is considered normal strength of discharge, and High strength has a high strength discharge. Medium strength is the middle point of the two. The following table shows the customer class strength levels: Low, Medium, and High.

Customer Class	Unit	Current Rate	Proposed Category	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
FIXED MONTHLY (ALL CLASSES)	\$/month per unit	\$25.90		\$6.73	\$7.21	\$7.72	\$8.27	\$8.69
Carwash Hotel/Motel without Dining Repair Shop/Service Station Laundromat Hospital All Other Commercial	\$/1,000 gallon	\$7.58 \$9.04 \$7.96 \$8.11 \$8.71 \$9.21	Low	\$7.55	\$8.08	\$8.65	\$9.26	\$9.73
Hotel/Motel with Dining Commercial Laundry Industrial	\$/1,000 gallon	\$13.08 \$9.22 \$12.31	Medium	\$13.24	\$14.17	\$15.17	\$16.24	\$17.06
Grocery Store with Meat Dept. Restaurant	\$/1,000 gallon	\$15.24 \$15.04	High	\$18.92	\$20.25	\$21.67	\$23.19	\$24.35
Discharges to Brine Line	\$/1,000 gallon	\$0.85		\$0.85	\$0.85	\$0.85	\$0.85	\$0.85

Proposed Monthly Wastewater Rates – Strength Based/Calculated

Customer Class Based	Unit	Current Cost Per Unit	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
High Strength Use	\$/1,000 gal.	\$6.90	\$22.47	\$24.05	\$25.74	\$27.55	\$28.93
BOD - Biochemical oxygen demand	\$/lb.	\$0.67	\$1.16	\$1.24	\$1.33	\$1.43	\$1.51
TSS - Total suspended solids	\$/lb.	\$0.63	\$1.16	\$1.25	\$1.34	\$1.44	\$1.52

Proposed Monthly Wastewater Rates – Schools / Churches

Customer Class	Unit	Current Cost Per Unit	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
Senior High Schools	per student/year	\$35.89	\$26.28	\$28.20	\$30.24	\$32.40	\$34.08
Elementary & Middle	per student/year	\$23.92	\$13.20	\$14.16	\$15.24	\$16.32	\$17.16
Churches	per 100 seats/mo.	\$49.84	\$35.00	\$38.00	\$41.00	\$44.00	\$47.00

Proposed Volumetric Rates for Recycled Water

The recycled water monthly service charge is the same as the potable water monthly service charge. The volumetric rates below reflect the maximum rates the City Council may approve at the hearing.

	Current Rate	January 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
Recycled Water Volumetric Rate (\$/1,000 gal)	\$3.85	\$5.91	\$6.30	\$6.71	\$7.14	\$7.43

How to Protest the Proposed Rates and Charges

The City of Escondido will conduct a public hearing on **Wednesday, October 18, 2023, at 5 p.m.** at 201 North Broadway, Escondido, California 92025, in the City Council Chambers to consider the adoption of changes in water, wastewater, and recycled water rates, and to consider all written protests. Members of the public are welcome to attend and speak at the Public Hearing. Oral comments at the Public Hearing will not qualify as written protests.

Written protests may be submitted in person or by mail to the City of Escondido, Office of the City Clerk, 201 North Broadway, Escondido, CA 92025, **before 5:30 p.m. on Tuesday, October 17, 2023, or may be submitted in person before the public hearing on October 18, 2023.** All written protests must include 1) the printed full name and original signature of the owner or tenant submitting the protest; 2) the street address and/or Assessor Parcel Number of the parcel; and 3) state the specific rates being protested.

Only one written protest is allowed per identified parcel. Protests submitted by e-mail, facsimile, or other electronic means do not qualify and will not be accepted.

At the time of the public hearing, the City Council will receive a final tabulation of all written protests received by the City Clerk. The Council will then carefully consider the public input. The City Council may approve rate increases and future pass-through adjustments unless a majority of customers file written protests. Pursuant to Government Code Section 53759, there is a 120-day statute of limitations for any judicial action or proceeding challenging any new, increased, or extended water or wastewater fee or charge.



City of Escondido
201 North Broadway
Escondido, CA 92025

**IMPORTANT INFORMATION ENCLOSED REGARDING YOUR WATER, WASTEWATER,
AND RECYCLED WATER RATES**



**AVISO DE AUDIENCIA PÚBLICA
CAMBIOS PROPUESTOS EN LAS TARIFAS ARGOS DEL AGUA,
AGUAS RESIDUALES Y DE AGUA RECICLADA**

La Ciudad de Escondido (Ciudad) llevará a cabo una audiencia pública el miércoles 18 de octubre de 2023 a las 5 p.m., en 201 North Broadway, Escondido, California, en la Sala del Concejo Municipal para considerar la adopción de cambios en las tarifas de agua, de aguas residuales y de agua reciclada. El Concejo también considerará todas las protestas escritas a estos cambios. Se pueden encontrar más detalles sobre el proceso de protesta al final de este aviso.

Durante la audiencia, se propondrán aumentos anuales en los ingresos para el agua y aguas residuales. Los aumentos propuestos en los ingresos para agua serán del 8.5 % el 1 de enero de 2024, seguidos por cuatro aumentos anuales del 9 % el 1 de julio de cada año desde 2024 hasta 2027. Aumentos propuestos en los ingresos para aguas residuales y aumentos en los ingresos para agua reciclada serán del 9 % el 1 de enero de 2024, seguido de tres aumentos anuales del 7 % el 1 de julio de cada año desde 2024 hasta 2026, y del 5 % el 1 de julio de 2027. Además, se propondrán cambios en los métodos para calcular las tarifas para alinear mejor las tarifas con el costo de proporcionar servicio a varias clases de clientes de acuerdo con la Proposición 218 de California. Las tarifas presentadas aquí son las tarifas máximas de ingresos que el Concejo Municipal puede considerar. El Concejo Municipal también puede optar para que las tasas de ingresos entren en vigencia en una fecha posterior.

Antecedentes e Información General

La Ciudad evalúa periódicamente sus tarifas de agua, aguas residuales y agua reciclada para garantizar que sus ingresos sean suficientes para honrar su compromiso con la planificación a largo plazo y la inversión en infraestructura adecuada. Esta evaluación considera muchos factores que impactan el costo de proporcionar servicios de agua y alcantarillado. Entre estos factores se encuentran: el costo del agua importada; requisitos para mantener ingresos suficientes para cubrir los costos del servicio de la deuda de agua y aguas residuales de la Ciudad; el costo de las operaciones, incluidos los costos de empleados y materiales; el costo de futuros proyectos para mantener la confiabilidad del servicio; y el costo del mantenimiento y reemplazo planificado de la infraestructura. El Estudio de Tarifas de la Ciudad es el producto de esta evaluación y guía el establecimiento de tarifas específicas para cada clase de cliente.

Los cambios propuestos a las tarifas de agua en este aviso se aplican a todos los clientes que reciben el servicio de agua potable y reciclada de la Ciudad de Escondido. Estos cambios propuestos en las tarifas de agua no afectarán a los clientes que reciben el servicio de agua potable y reciclada del Distrito Municipal de Agua de Rincón del Diablo. Los cambios propuestos en las tarifas a las aguas residuales en este aviso se aplican a todos los clientes atendidos por el sistema municipal de aguas residuales de la Ciudad de Escondido.

Aumentos de tarifas: Un Medio para Aumentar los Ingresos

Los términos "Aumento de tarifas" y "Aumento de ingresos" se utilizan a lo largo de este aviso. Si bien estos términos pueden parecer intercambiables, son diferentes en el sentido de que muchos escenarios posibles de aumento de tarifas generarán el mismo aumento de ingresos. Por ejemplo, para lograr un aumento de ingresos del 9.0%, el Concejo Municipal podría optar por aumentar todas las tarifas en un 9.0%. Sin embargo, se podría lograr el mismo aumento de ingresos aumentando los cargos mensuales fijos en menos del 9.0 % y aumentando los cargos volumétricos variables (basados en la cantidad de agua entregada al cliente) en más del 9.0 %. Cualquier aumento en las tarifas debe ser consistente con los principios de costo de servicio de la Proposición 218.

En la audiencia del 18 de octubre, el personal del Departamento de Servicios Públicos presentará propuestas al Concejo Municipal para que cinco aumentos de tarifas entren en vigencia a partir del 2024. Si el Concejo Municipal aprueba cualquier aumento, los aumentos de tarifas específicos se determinarán en la audiencia. El personal presentará varias opciones al Concejo Municipal con respecto a los aumentos de tarifas. A su discreción, el Concejo

Municipal puede optar por promulgar aumentos menores o mayores que los recomendados por el personal. El Concejo Municipal también puede optar por no promulgar aumento alguno. **En ningún caso el Concejo Municipal decretará tarifas superiores a las detalladas en las tablas de las páginas siguientes.**

Un Departamento, Dos Fondos Financieros - Los Fondos del Agua y Aguas Residuales

Los servicios proporcionados por la Ciudad se financian con el dinero recaudado de los contribuyentes por esos servicios. El Departamento de Servicios Públicos de Escondido (Agua y Aguas Residuales) no recibe fondos de los impuestos sobre la propiedad y las ventas. Según la ley de California, el dinero recaudado de los contribuyentes de las aguas residuales solo se puede usar para financiar los servicios de aguas residuales, y el dinero recaudado de los contribuyentes del agua se puede usar solo para financiar los servicios de agua. La transferencia de dinero entre estos fondos está prohibida, excepto como pago por los servicios prestados (por ejemplo, servicio de agua potable en una planta de tratamiento de aguas residuales o como parte de un préstamo que se pagará con intereses a lo largo del tiempo). Asimismo, el dinero del Fondo de Servicios Públicos no se puede utilizar para financiar actividades del Fondo General, excepto como pago por los servicios prestados. La mayoría de los clientes de servicios públicos de la ciudad de Escondido reciben servicios de agua y aguas residuales de la ciudad y, por lo tanto, tienen partidas separadas en sus facturas para esos servicios. Sin embargo, algunos clientes reciben solo el servicio de agua de la Ciudad (por ejemplo, aquellos que usan sistemas sépticos), y algunos clientes reciben solo el servicio de aguas residuales de la Ciudad (por ejemplo, aquellos que reciben su servicio de agua del Distrito Municipal de Agua de Rincón del Diablo). Por estas razones, es importante considerar los aumentos de tasas por separado y sus beneficios e impactos para cada Fondo.

Tarifas de Agua

La Ciudad aumentó las tarifas de agua anualmente entre 2017 y 2021; no se promulgaron aumentos en 2022 o 2023. Los aumentos de tarifas en los años 2017 a 2021 aumentaron los ingresos en un 5.5% cada año. Los aumentos de tarifas anteriores fueron necesarios en gran parte para garantizar que el Fondo de Agua tuviera suficientes ingresos para cumplir con sus obligaciones de servicio de la deuda, para financiar su Programa de Mejoras de Capital y para pagar los grandes aumentos en el costo del agua importada. **Para 2024 hasta 2027, se propondrán los siguientes aumentos de ingresos para el Fondo de Agua: 8.5 % el 1 de enero de 2024, seguido de cuatro aumentos anuales del 9 % el 1 de julio de cada año desde 2024 hasta 2027.** Más información sobre el razonamiento detrás de estos aumentos se pueden encontrar en la página 4 bajo Razones para los aumentos de tarifas propuestas.

Tarifas de Aguas Residuales

La Ciudad aumentó las tarifas de aguas residuales anualmente entre 2017 y 2021; no se promulgaron aumentos en 2022 o 2023. Los aumentos de tarifas en los años 2017 a 2021 aumentaron los ingresos en un 5.5% cada año. Los aumentos de tarifas anteriores fueron necesarios principalmente para asegurar que el Fondo de Aguas Residuales tuviera suficientes ingresos para cumplir con sus obligaciones de servicio de la deuda, para financiar su Programa de Mejoras de Capital y para cubrir los aumentos anticipados en los costos de transporte de productos químicos y los sedimentos. **Para 2024 hasta 2027, se propondrán los siguientes aumentos de ingresos para el Fondo de Aguas Residuales: 9 % el 1 de enero de 2024, seguido de tres aumentos anuales del 7 % el 1 de julio de cada año desde 2024 hasta 2026, y 5 % el 1 de julio de 2027.** Puede encontrar más información sobre el razonamiento detrás de estos aumentos en la página 4 bajo Razones para los aumentos de tarifas propuestas.

Tarifas de Agua Reciclada

Actualmente, las tarifas por volumen de agua reciclada representan aproximadamente el 51 % de las tarifas más bajas de agua potable que se cobran a los clientes residenciales unifamiliares. Hace más de una década, el Departamento de Servicios Públicos se embarcó en un ambicioso Programa de Reutilización de Agua Potable y Reciclada y actualmente está construyendo y expandiendo el sistema de distribución de agua reciclada al área este de Escondido. Las ventas proyectadas de agua reciclada aumentarán significativamente a medida que el sistema de agua reciclada conecte a nuevos clientes, y la mayoría de las nuevas entregas de agua reciclada se destinarán a clientes agrícolas comerciales. Existen dos tarifas de Agua Reciclada distintas: una destinada a usos industriales y

riego general, y otra destinada al riego de terrenos agrícolas. El suministro para riego agrícola está en desarrollo y debería estar disponible para la primavera de 2024. El costo del servicio para el suministro de riego agrícola depende de dos factores principales: (1) la necesidad de un suministro de agua local nuevo y confiable; y (2) la necesidad de descargar menos aguas residuales tratadas de la planta de tratamiento de aguas residuales de la Ciudad al océano debido a limitaciones de capacidad en el emisario de aguas residuales tratadas. Por lo tanto, el costo de la expansión podría ser asumido por dos grupos de contribuyentes: los nuevos clientes de agua reciclada y los clientes de aguas residuales. Los contribuyentes de aguas residuales se beneficiarán de la expansión del agua reciclada porque la expansión les permitirá evitar el costo de ampliar la capacidad en la tubería del desagüe de la Ciudad. Se prevé que el costo de esta expansión supere los mil millones de dólares, sin incluir los costos de mitigación ambiental, y no generará ingresos futuros. En contraste, se proyecta que la construcción de la expansión del agua reciclada cueste alrededor de \$ 280 millones (con las fases de construcción actuales costando más de \$ 100 millones) y generará ingresos a través de las ventas de agua reciclada y disminuirá la necesidad de agua importada.

Tarifas Específicas del Agua y Costos de Traspaso

Aumentos de la Tarifa Volumétrica (Uso del Agua) para el Agua Importada

Históricamente, la Ciudad compra alrededor del 75% de su agua de la Autoridad del Agua del Condado de San Diego (SDCWA). SDCWA compra gran parte de su suministro de agua del Distrito del Agua Metropolitana (MWD). MWD importa agua de dos fuentes: el río Colorado a través del acueducto del río Colorado y el norte de California a través del acueducto de California. A pesar de las lluvias más intensas de lo habitual a principios de 2023, las lluvias han estado muy por debajo del promedio durante más de una década. Los proyectos destinados a asegurar aún más nuestro suministro de agua, por ejemplo, a través de almacenamiento adicional, más reciclaje y desarrollo del suministro local, serán beneficiosos a largo plazo, pero también ejercerán una presión al alza sobre las tarifas del agua.

Distrito Metropolitano de Agua – Cargo por Disposición para Servir (RTS)

El cargo de disponibilidad para servir del MWD disminuyó en 2021 y aumentó en 2022 y 2023. Este cargo incluye un "recargo delta" para cubrir los costos de obtención de agua perdida debido a restricciones ambientales en el delta del río Sacramento. Desde 2009, la Ciudad de Escondido ha pasado por cambios en el cargo de Preparación para Servir. En la audiencia de tarifas, el Concejo Municipal considerará extender este traspaso por cinco años más, haciendo posibles los aumentos de este cargo hasta 2028. Los cambios anuales entran en vigencia el 1 de julio de cada año.

Autoridad del Agua del Condado de San Diego (SDCWA) – Cargos Fijos

Los cargos fijos de SDCWA constan de lo siguiente: capacidad de MWD, confiabilidad del suministro, servicio al cliente, almacenamiento de emergencia y cargo de acceso a la infraestructura. Desde 2009, la Ciudad de Escondido ha experimentado aumentos en todos estos cargos y han sido traspasados al cliente. En la audiencia de tarifas, el Consejo considerará la transferencia de los cargos durante 5 años adicionales, haciendo posibles aumentos a estos cargos hasta 2028. Los cargos de transferencia se aplican a cada cuenta según el tamaño del medidor. Los cambios anuales entran en vigor el 1 de enero de cada año.

Aumento del Costo de las Compras de Agua de SDCWA

El personal propondrá un aumento de la tasa de traspaso para cubrir el mayor costo del agua importada. En los últimos cinco años, los costos del agua importada han aumentado de \$909 por pie por acre a \$1,085 por pie por acre (un pie por acre equivale aproximadamente a 326 mil galones). El personal de servicios públicos propondrá que cualquier aumento futuro de la tarifa de agua importada de SDCWA se transfiera automáticamente a los clientes cuando la nueva tarifa de SDCWA entre en vigencia y con un aviso público de al menos 30 días. Este nuevo aumento de traspaso automático propuesto sería efectivo por un período de cinco años, momento en el cual terminaría a menos que el Concejo Municipal lo renueve. La SDCWA puede aumentar tanto los costos fijos (por ejemplo, el cargo de acceso a la infraestructura y los cargos de suministro, que se basan en un cargo por metro) como los cargos volumétricos. El personal recomendará la continuación de la política para traspasar los aumentos en todos los cargos fijos y recomendará el traspaso de los aumentos en las tarifas volumétricas cobradas por la SDCWA. No se conoce la

cantidad exacta de traspaso futuro de los aumentos de tarifas para los cargos porque estas tarifas deben determinarse después de que entren en vigencia los futuros aumentos de tarifas de SDCWA.

Razones para los Aumentos de Tarifas Propuestas

Muchos factores impulsan los aumentos en las tarifas de los servicios públicos. Los aumentos de tarifas propuestos durante los próximos cinco años proporcionarán los fondos necesarios para:

FONDO DEL AGUA

- El aumento del volumen de agua importada comprada a proveedores mayoristas (más galones importados debido a la fluctuación del suministro local);
- Continuar construyendo reservas del Programa de Mejoras de Capital (CIP) para financiar futuros proyectos de reemplazo de los tanques de agua, reemplazo de líneas de agua y rehabilitación de plantas de tratamiento de agua;
- Construir una nueva represa en el lago Wohlford para reemplazar la represa existente;
- Construir una conexión de agua tratada al sistema del Distrito Municipal de Agua de Rincón del Diablo, lo que permitirá a Escondido diversificar sus fuentes de suministro de agua;
- Continuar el programa de reparación y reemplazo de tuberías principales de agua en riesgo en toda la Ciudad;
- Cubrir los crecientes costos de productos químicos, equipos de reemplazo y materiales utilizados para el tratamiento del agua potable.

FONDO DE AGUAS RESIDUALES

- Continuar construyendo reservas CIP para financiar el reemplazo de la estación de bombeo de alcantarillado, el reemplazo del sistema terciario y digestor de la Instalación de recuperación de Hale Avenue (HARRF, Hale Avenue Resource and Recovery Facility), y los proyectos de extensión de la tubería del sistema de filtración por membrana de ósmosis inversa (MFRO);
- Construir procesos de tratamiento adicionales en la planta de recuperación de recursos (HARRF), incluida una nueva capacidad de tratamiento secundario, tratamiento de desinfección, reemplazo del digestor de residuos y expansión del almacenamiento de agua en el sitio;
- Construir mejoras en la estación de bombeo de agua reciclada y proyectos de expansión de distribución de agua reciclada, incluidas varias millas de tuberías principales de distribución adicionales;
- Continuar con el programa de reparación y reemplazo de tuberías de recolección de aguas residuales en riesgo; reemplazar las tuberías para abordar los problemas de capacidad identificados en el Plan Maestro de Aguas Residuales; y reemplazar el equipo antiguo de laboratorio y planta;
- Cubrir los costos crecientes de productos químicos, equipos de reemplazo y materiales utilizados para el tratamiento y transporte de aguas residuales.

Estas actividades e inversiones están diseñadas para aumentar la confiabilidad de los servicios de agua y aguas residuales, cumplir y superar los estándares y objetivos de salud pública, abordar nuevas regulaciones y mejorar aún más la salud financiera.

Propuesta del Aumento de Tarifas

Para alinear mejor las tarifas con el costo de brindar servicio a varias clases de clientes de acuerdo con la Proposición 218 de California, todas las tarifas propuestas a partir del 1 de enero de 2024 incluyen el ajuste del costo del servicio. Las tarifas en las siguientes tablas representan las opciones máximas de aumento de tarifas que se presentarán al Concejo Municipal para su consideración. El Concejo puede, a su discreción, desarrollar otras opciones para las tarifas de agua y aguas residuales en la audiencia. En ningún caso se adoptarán tarifas superiores a las tarifas propuestas que se muestran en las páginas siguientes.

Además de las tarifas propuestas enumeradas en las siguientes páginas, los ajustes de traspaso automático descritos anteriormente se aplicarán si el Concejo los aprueba. Si SDCWA aumenta la tarifa que cobra por las importaciones de agua a Escondido, el cargo de traspaso adicional aumentaría aún más las tarifas por encima de las tarifas aprobadas

por el Concejo Municipal. Los cargos de traspaso, si es necesario, se aplicarán de conformidad con la Sección del Código de Gobierno 53756, y se notificaría a los clientes por lo menos 30 días antes de que entre en vigencia cualquier aumento de la tasa de traspaso.

Tarifas Volumétricas Propuestas para Agua Potable (tarifa por 1,000 galones)

	<i>Nivel Actual</i>	<i>Nuevo Nivel</i>	Tarifa Actual	Enero 1, 2024	Julio 1, 2024	Julio 1, 2025	Julio 1, 2026	Julio 1, 2027
	<i>1,000 gal</i>							
Residencial Unifamiliar								
Nivel 1	0 - 7	0 - 7	\$7.61	\$9.03	\$9.85	\$10.74	\$11.71	\$12.77
Nivel 2	7 - 15	7 - 14	\$9.87	\$9.76	\$10.64	\$11.60	\$12.65	\$13.79
Nivel 3	15 +	>14	\$11.22	\$10.40	\$11.34	\$12.37	\$13.49	\$14.71
Uso Residencial/ Agrícola								
Nivel 1	0 - 7	0 - 7	\$7.44	\$9.03	\$9.85	\$10.74	\$11.71	\$12.77
Nivel 2	7 +	>7	\$10.11	\$9.92	\$10.82	\$11.80	\$12.87	\$14.03
Residencial Multifamiliar								
Nivel 1	0 - 5	0 - 5	\$7.52	\$9.22	\$10.05	\$10.96	\$11.95	\$13.03
Nivel 2	5 - 7	>5	\$9.48	\$9.78	\$10.67	\$11.64	\$12.69	\$13.84
Nivel 3	7 +	eliminado	\$10.50	--	--	--	--	--
Comercial, Industrial y Escuelas			\$9.24	\$9.47	\$10.33	\$9.47	\$10.33	\$11.26
Riego y Zona de Mantenimiento (LMD)			\$9.73	\$9.85	\$10.74	\$9.85	\$10.74	\$11.71
Parque Safari			\$10.00	\$9.48	\$10.34	\$9.48	\$10.34	\$11.28
Especial Sin Filtrar			\$8.18	\$8.25	\$9.00	\$8.25	\$9.00	\$9.81
Uso Agrícola (PSAWR) Nivel 1		0 -17	\$5.58	\$7.58	\$7.58	\$8.27	\$9.02	\$9.84
Uso Agrícola (PSAWR) Nivel 2		> 17	\$5.58	\$6.87	\$6.87	\$7.49	\$8.17	\$8.91

Cargo Mensual Propuesto - Servicio de Disponibilidad de Agua

Tamaño del medidor	Tarifa Actual	Enero 1, 2024	Julio 1, 2024	Julio 1, 2025	Julio 1, 2026	Julio 1, 2027
5/8" and 3/4"	\$47.34	\$52.53	\$57.26	\$62.42	\$68.04	\$74.17
1"	\$74.37	\$77.72	\$84.72	\$92.35	\$100.67	\$109.74
1 1/2"	\$140.86	\$140.67	\$153.34	\$167.15	\$182.20	\$198.60
2"	\$224.05	\$253.98	\$276.84	\$301.76	\$328.92	\$358.53
3"	\$472.22	\$562.43	\$613.05	\$668.23	\$728.38	\$793.94
4"	\$839.41	\$959.01	\$1,045.33	\$1,139.41	\$1,241.96	\$1,353.74
6"	\$1,818.72	\$2,029.17	\$2,211.80	\$2,410.87	\$2,627.85	\$2,864.36
8"	\$3,116.54	\$3,539.97	\$3,858.57	\$4,205.85	\$4,584.38	\$4,996.98
3/4" x 3"	\$502.37	\$562.43	\$613.05	\$668.23	\$728.38	\$793.94
1" x 4"	\$875.60	\$959.01	\$1,045.33	\$1,139.41	\$1,241.96	\$1,353.74
1 1/2" x 6"	\$1,907.51	\$2,029.17	\$2,211.80	\$2,410.87	\$2,627.85	\$2,864.36
3/4" x 3" x 6"	\$1,920.95	\$2,029.17	\$2,211.80	\$2,410.87	\$2,627.85	\$2,864.36
1" x 4" x 8"	\$3,257.13	\$3,539.97	\$3,858.57	\$4,205.85	\$4,584.38	\$4,996.98
2" x 6"	\$1,913.42	\$2,029.17	\$2,211.80	\$2,410.87	\$2,627.85	\$2,864.36
2" x 8"	\$3,231.81	\$3,539.97	\$3,858.57	\$4,205.85	\$4,584.38	\$4,996.98
Control del Detector	\$67.01	\$47.61	\$51.90	\$56.58	\$61.68	\$67.24

Tarifas Mensuales Propuestas de Aguas Residuales – Residencial

Tipo de Cliente	Unidad	Tarifa Actual	Enero 1, 2024	Julio 1, 2024	Julio 1, 2025	Julio 1, 2026	Julio 1, 2027
FIJO MENSUAL (TODAS LAS CLASES)	\$/mensual por unidad	\$25.90 (Fijo)	\$6.73	\$7.21	\$7.72	\$8.27	\$8.69
Residencial Unifamiliar	\$/1,000 galón	\$5.14	\$8.95	\$9.58	\$10.26	\$10.98	\$11.53
Residencial Multifamiliar	\$/1,000 galón	\$4.20	\$8.95	\$9.58	\$10.26	\$10.98	\$11.53
Viviendas Móviles	\$/1,000 galón	\$2.58	\$8.95	\$9.58	\$10.26	\$10.98	\$11.53

Tarifas Mensuales Propuestas de Aguas Residuales – Comercial / Industrial

Los cargos comerciales e industriales propuestos se han modificado para incluir un cargo fijo y un cargo variable basado en el consumo de agua y en el volumen de flujo de las aguas residuales que generan. Los parámetros utilizados para establecer la línea divisoria entre Bajo, Medio y Alto se basan en datos históricos y características de fuerza de usuarios comerciales. La fuerza baja se considera fuerza normal de descarga, y la fuerza alta tiene una descarga de alta resistencia. La fuerza media es el punto medio de los dos. La siguiente tabla muestra los niveles de fortaleza de la clase de cliente: bajo, medio y alto.

Tipo de Cliente	Unidad	Tarifa Actual	Categoría Propuesta	Enero 1, 2024	Julio 1, 2024	Julio 1, 2025	Julio 1, 2026	Julio 1, 2027
FIJO MENSUAL (TODAS LAS CLASES)	\$/mensual por unidad	\$25.90		\$6.73	\$7.21	\$7.72	\$8.27	\$8.69
Lavado de Automóviles Hotel/Motel sin Restaurante Taller de Reparaciones/Estación de Servicio Lavandería Regular Hospital Otros Comerciales	\$/1,000 galón	\$7.58 \$9.04 \$7.96 \$8.11 \$8.71 \$9.21	Bajo	\$7.55	\$8.08	\$8.65	\$9.26	\$9.73
Hotel/Motel con Servicio de Restaurante Lavandería Comercial Industrial	\$/1,000 galón	\$13.08 \$9.22 \$12.31	Medio	\$13.24	\$14.17	\$15.17	\$16.24	\$17.06
Tienda de Comestibles con Departamento de Carnes Restaurante	\$/1,000 galón	\$15.24 \$15.04	Alto	\$18.92	\$20.25	\$21.67	\$23.19	\$24.35
Descargas a Línea de Salmuera	\$/1,000 galón	\$0.85		\$0.85	\$0.85	\$0.85	\$0.85	\$0.85

Tasas Mensuales Propuestas de Aguas Residuales: Basadas en la Fuerza/Calculadas

Tipo de Cliente	Unidad	Tarifa Actual Por Unidad	Enero 1, 2024	Julio 1, 2024	Julio 1, 2025	Julio 1, 2026	Julio 1, 2027
Uso de Alta Resistencia	\$/1,000 gal.	\$6.90	\$22.47	\$24.05	\$25.74	\$27.55	\$28.93
BOD – Demanda Biológica de oxígeno	\$/lb.	\$0.67	\$1.16	\$1.24	\$1.33	\$1.43	\$1.51
TSS – Sólidos Suspendidos Totales	\$/lb.	\$0.63	\$1.16	\$1.25	\$1.34	\$1.44	\$1.52

Tarifas Mensuales Propuestas de Aguas Residuales – Escuelas / Iglesias

Tipo de Cliente	Unidad	Tarifa Actual por Unidad	Enero 1, 2024	Julio 1, 2024	Julio 1, 2025	Julio 1, 2026	Julio 1, 2027
Escuelas Preparatorias (Bachillerato)	Por Estudiante por Año	\$35.89	\$26.28	\$28.20	\$30.24	\$32.40	\$34.08
Escuelas Primarias y Secundarias	Por Estudiante por Año	\$23.92	\$13.20	\$14.16	\$15.24	\$16.32	\$17.16
Iglesias	por 100 asientos /mes.	\$49.84	\$35.00	\$38.00	\$41.00	\$44.00	\$47.00

Tasas Volumétricas Propuestas para Agua Reciclada

El cargo mensual por servicio de agua reciclada es igual al cargo mensual por servicio de agua potable. Las tarifas volumétricas a continuación reflejan las tarifas máximas que el Concejo Municipal puede aprobar en la audiencia.

	Tarifa Actual	Enero 1, 2024	Julio 1, 2024	Julio 1, 2025	Julio 1, 2026	Julio 1, 2027
Tasa Volumétrica de Agua Reciclada (\$/1,000 gal)	\$3.85	\$5.91	\$6.30	\$6.71	\$7.14	\$7.43

Cómo Protestar las Tarifas y los Cargos Propuestos

La Ciudad de Escondido llevará a cabo una audiencia pública el **miércoles 18 de octubre de 2023 a las 5 p.m.** en 201 North Broadway, Escondido, California 92025, en las Cámaras del Concejo Municipal para considerar la adopción de cambios en las tarifas de agua, aguas residuales y agua reciclada, y para considerar todas las protestas por escrito. Los miembros del público son bienvenidos a asistir y hablar en la Audiencia Pública. Los comentarios orales en la Audiencia Pública no calificarán como protestas escritas.

Las protestas por escrito pueden presentarse en persona o por correo a la Ciudad de Escondido, Oficina del Secretario Municipal, 201 North Broadway, Escondido, CA 92025, **antes de las 5:30 p. m. el martes 17 de octubre de 2023, o puede presentarse en persona antes de la audiencia pública el 18 de octubre de 2023.** Todas las protestas por escrito deben incluir 1) el nombre completo impreso y la firma original del propietario o inquilino que presenta la protesta; 2) la dirección postal y/o el Número de Parcela del Tasador de la parcela; y 3) indicar específicamente cual tarifa está protestando.

Solo se permite una protesta por escrito por parcela identificada. Las protestas enviadas por correo electrónico, fax u otros medios electrónicos no califican y no serán aceptadas.

En el momento de la audiencia pública, el Concejo Municipal recibirá una tabulación final de todas las protestas escritas recibidas por el Secretario Municipal. Luego, el Concejo considerará cuidadosamente la opinión del público. El Concejo Municipal puede aprobar aumentos de tarifas y futuros ajustes de traspaso al menos que la mayoría de los clientes presenten protestas por escrito. De acuerdo con la Sección 53759 del Código de Gobierno, existe un plazo de prescripción de 120 días para cualquier acción o procedimiento judicial que impugne cualquier tarifa o cargo nuevo, aumentado o ampliado por agua o aguas residuales.



City of Escondido
201 North Broadway
Escondido, CA 92025

**INFORMACIÓN IMPORTANTE ADJUNTA SOBRE TARIFAS DE AGUA, AGUAS RESIDUALES,
Y DE AGUA RECICLADA**





STAFF REPORT

October 18, 2023
File Number 0600-10; A-3424

SUBJECT

AQUATICS FACILITY PROJECT

DEPARTMENT

Community Services

RECOMMENDATION

Request the City Council approve one of the following options or provide alternative direction:

Option A: Provide direction not to move forward with the Aquatics Facility at this time.

Option B: Select and approve one design concept to proceed through design development only.

Option C: Provide direction to proceed with the construction of the Aquatics Facility, including the selection and approval of one design concept to develop into construction drawings and direct staff to engage with the consultant(s) required to further develop a financing model for Council approval.

Staff Recommendation: Provide Direction (City Manager's Office: Joanna Axelrod)

Presenters: Deputy City Manager Joanna Axelrod and Finance Director Christina Holmes

PREVIOUS ACTION

On May 17, 2023, City Council adopted Resolution No. 2023-41 approving the Grape Day Park Master Plan.

On July 27, 2022, City Council adopted Resolution No. 2022-111 approving a consulting agreement with LPA, Inc for the completion of a Grape Day Park Master Plan and design of an Aquatic Center on Woodward Avenue.

On September 29, 2021, City Council adopted Resolution No. 2021-146 approving a budget adjustment allocating \$5 million of American Rescue Plan Act funds to the Aquatics Facility Project.

BACKGROUND

The desire for a modern Aquatics Facility that can support both the recreational needs of our community as well as the competitive needs of our students has been a point of discussion for the community for



CITY of ESCONDIDO

STAFF REPORT

decades. The City of Escondido currently operates the Washington Park Pool and the James A. Stone Pool. Both are aging and neither truly support the competitive needs of the community's student population – particularly for water polo. On July 27, 2022, City Council adopted Resolution No. 2022-111 approving a consulting agreement with LPA Design Studios, Inc for the completion of a Grape Day Park Master Plan and the design of an Aquatics Facility on the current location of the James A. Stone Pool. The Grape Day Park Master Plan, which shows the largest possible Aquatics Facility option that fits on the footprint, was unanimously adopted by the City Council on May 17, 2023.

Outreach

A variety of tools were utilized for engaging with the community – 2 community-wide surveys, 3 workshops, 5 focus group meetings, and 12 stakeholder interviews. Many of the participants in the focus groups, stakeholder interviews, and community workshops represented aquatics-specific interests ranging from competitive student athletes, aquatics and maintenance staff, recreational users, coaches, parents, operators of club teams, and members of the local school districts.

Design Options and Operational Impacts

Taking into account all of the community feedback, input from the City Council, the unique requirements of the California Interscholastic Federation's (CIF) guidelines for high school sports, and the input of the design professionals from Aquatics Design Group and LPA Design Studios, the following two design concepts are presented as the most feasible options for balancing the varied priorities. Both of these options provide the same pool building and support functions, the same recreation pool with slides to improve cost recovery, connections to Grape Day Park, parking, and landscaping. The difference is in the size of the competitive body of water. With either of these options, a 1-meter diving board (the standard for CIF) could be added at the direction of the City Council during the schematic design process.

Having separate competitive vs. recreational bodies of water allows for each to be maintained at different water temperatures therefore accommodating the warmer needs of recreational swimmers and the cooler needs of competitive athletes. It allows for operations to continue should one body of water need to be closed for the purposes of cleaning, maintenance, or biohazard remediation. It also provides more operational flexibility as portions of the pool deck could be closed off during low season times of the year savings on staffing costs.

As a baseline for better understanding the increase in costs to operate either of these options, the City's current annual operating costs for James A. Stone Pool are estimated at \$450,000, net of the revenues from operating programs. This does not include the cost of utilities which are currently challenging to separate out as the meters for the pool are shared with the entire park. The significantly increased recreational value of either new conceptual design plan would effectively increase the operating cost by approximately \$250,000 annually. The operational model takes into account efficiencies in the new facility as well as expanded participation from the community.



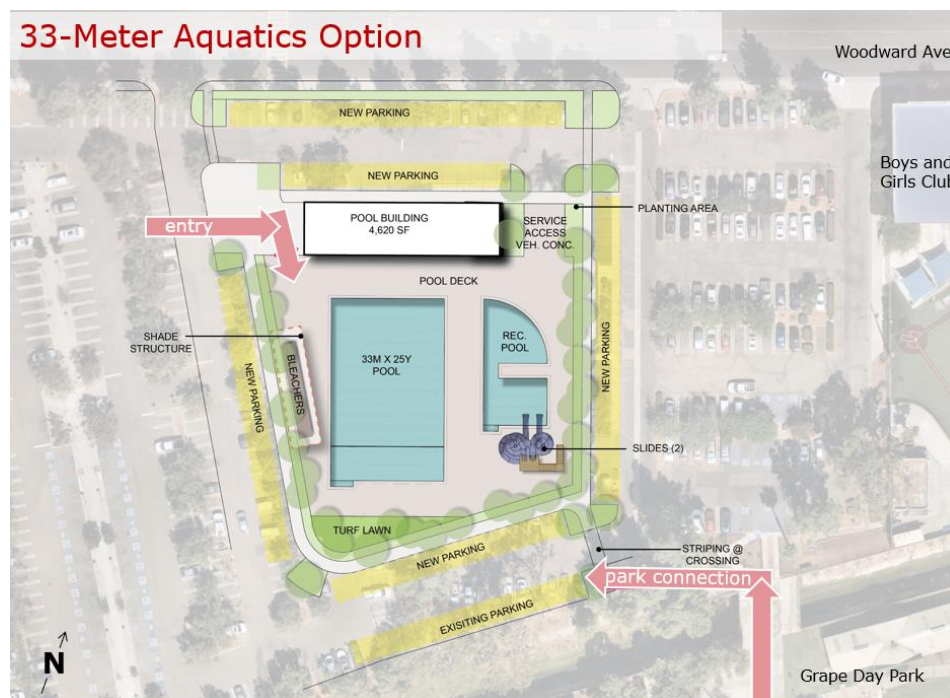
CITY of ESCONDIDO

STAFF REPORT

33-Meter Pool Option

A 33-meter x 25-yard pool provides everything the community needs to meet the programming requirements for hosting swimming competitions and practices, with the only exception being it cannot host long-course swimming events. This pool also accommodates regulation CIF water polo tournaments. A 33-meter pool will accommodate 11 deep water lanes for racing competitions and practice, and two additional shallower lanes for swim lessons, recreational uses and open swim flexibility in scheduling. This pool would accommodate a 25-yard x 30-meter water polo zone with floating goals, the ideal configuration for CIF guideline competitive play and practice.

As of May 2023, the estimated total project cost for this option is ~\$30.5 million.



50-Meter Pool Option

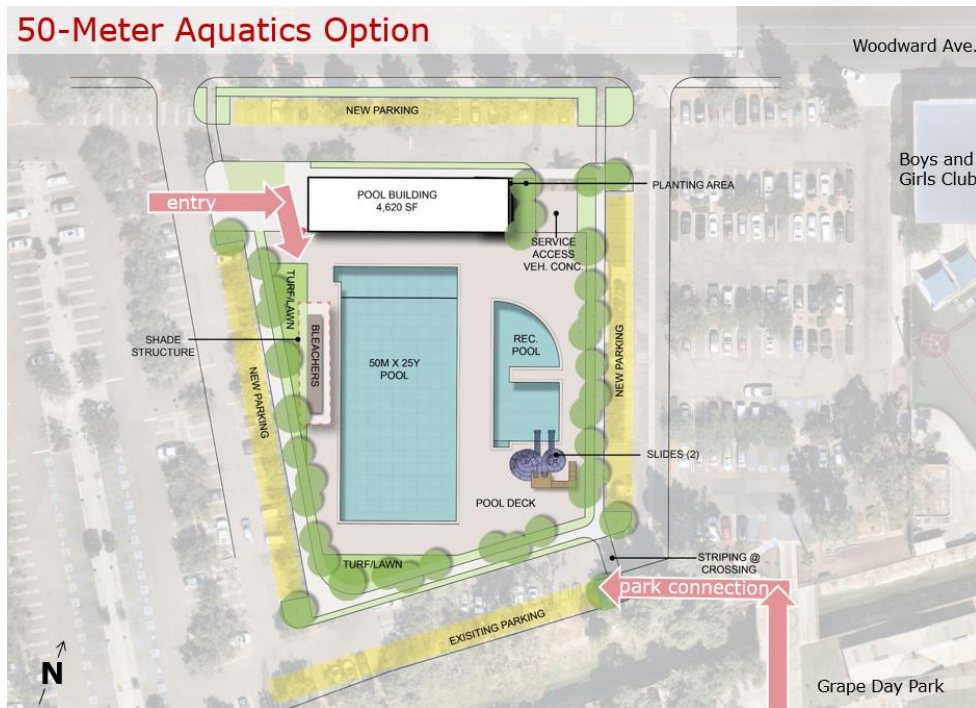
A 50-meter pool expands on the benefits of a 33-meter pool by allowing for more swimmers to be in the water at any given time, for more teams to be utilizing the facility at the same time, and for the City to capitalize on the opportunities laid out in the Comprehensive Economic Development Strategy around sports tourism and hosting tournaments. The 50-meter pool would accommodate 17 deep water lanes plus two additional shallow water lanes for learn-to swim programs, open swim programming flexibility and recreational uses. The standard CIF floating goal water polo course of 25-yd x 30-meter would be accommodated, and practices could be expanded to two floating goal courses or three if turned sideways.



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with stationary water polo goals. The 50-meter course length is utilized in Olympic style competitions and is the standard size for a USA Swimming facility. This larger pool could enhance the rental capabilities of the facility for USA Swimming programs, as it would allow additional lanes for warmup and warmdown or long course swim meets.



As of May 2023, the estimated total project cost for this option is ~\$34 million.

It is very typical for a municipal aquatics facility to have a cost recovery rate between 30% to 75%. Cost recovery is calculated based on the level of participation in the programs and the expenses to run those programs. The estimated cost recovery rate for both of these options is ~64% which is driven in part by the recreational components including, for example, the water slides in the recreation pool.

Project Schedule

If the City Council provides direction to proceed with this project to construction, it is estimated that the grand opening could be held Memorial Day weekend 2026. This is a very aggressive timeline and assumes that staffing resources are available to facilitate the process, that full project funding is secured, and that there are no significant weather, materials, staffing, or construction-related delays.



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Available Funding

On September 29, 2021, City Council adopted Resolution No. 2021-146 approving a budget adjustment allocating \$5 million of American Rescue Plan Act funds to the Aquatics Facility Project. There remains \$7.6 million in unallocated ARPA funds as well as \$4.6 million in lost revenue that could potentially be allocated to this project; however, those funds are projected to be used to stabilize the city-wide organization over the next several years and, therefore, it is not the staff’s recommendation to utilize additional ARPA funds.

Park Development Fees have also been earmarked for this project in the adopted FY 2024 Capital Improvement Project Budget. To date, funds of \$4,269,040 have been allocated to the project from Park Development Fees and additional revenue of \$1,004,720 is projected for FY 2024. However, per the State Government Code, Development Impact Fees can only fund a maximum 23% of total project costs. Given this limitation, and assuming a total project cost of \$34 million, a maximum of \$1,917,230 could be allocated to the project in FY 2024-25 assuming that actual Park Development Fees come in at the currently projected levels and that there are no other Park Development Fee-eligible projects competing for these funds.

The Escondido Union High School District has also expressed financial support for this project. An agreement committing to a final dollar amount has not yet been finalized, but the amount discussed with previous District leadership was \$2,000,000.

Financing Options

Given the funding sources noted above, and assuming that the maximum allowable Park Development Funds are allocated to this project, an estimated \$14.8 million is available to fund the project. Therefore, in order to complete the Aquatics Facility, the majority of the project would need to be financed. There are three options for financing a capital project: Private Placement Loan, Lease Revenue Bond, and General Obligation Bond. Below is a summary and comparison of each option:

Private Placement Loan	Lease Revenue Bonds	General Obligation Bond
Loan from a private equity company	Bond payments are secured by a lease of an existing asset – “City Hall”	Bond payments are secured by tax revenues – Property Tax Special Assessment
<i>Flexible Payment & Payoff Terms</i>	30-Year Bonds	30-Year Bonds
Likely higher interest rates – July 2023 app. 6.5%	Depends on Market Conditions – July 2023 app. 4.6%	Depends on Market Conditions – July 2023 app. 4.6%



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<i>Voter Approval Not Needed</i>	<i>Voter Approval Not Needed</i>	<i>2/3 Voter Approval Required</i>
<i>Source of Repayment is General Fund Resources which is not offset by programming revenue</i>	<i>Source of Repayment is General Fund Resources which is not offset by programming revenue</i>	<i>Source of Repayment is a tax on Property Owners – repayment would not impact the General Fund</i>

As noted above, the total project costs as estimated in May 2023 for these two options range from \$29 - \$34 million. To illustrate the impacts of future loan payments and the uncertainty of the other funding sources, staff currently estimate that roughly \$25 million would be needed to fund the project and that figure is used in the calculations below. Pending Council direction to proceed with the project, and following the finalization of schematic design, staff will return to Council with specific financing details.

Both a Private Equity Firm and the City’s Bond Counsel provided a financing model and repayment terms for each option, assuming the amount financed is \$25 million with interest rates as of July 2023. Under a 30-Year term, the annual repayment is estimated to be between \$1.5 million and \$1.9 million. The source of repayment for the debt is the General Fund, unless a bond is approved by 2/3 of eligible voters. Below is a comparison of the estimated total debt service of each financing option:

	Private Placement Loan	Lease Revenue or General Obligation Bond
Term	30 Years	30 Years
Interest Rate	6.5%	4.6%
Amount Financed	\$25,000,000	\$25,000,000
Estimated Interest Expense	\$31,664,083	\$22,192,500
<i>Total Debt Service</i>	<i>\$56,664,083</i>	<i>\$47,192,500</i>
Annual Payment	\$1,876,593	\$1,573,083



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Options

Option A: Provide direction not to move forward with the Aquatics Facility at this time.

This option would result in a cost savings from the remaining balance of the LPA Design Studios Agreement and the ability to re-allocate \$5 million in ARPA to support other high priority projects such as a splash pad at Grove Park, critical infrastructure needs, or sustaining non-essential City services over the next several years. The LPA Agreement would be amended to either suspend work on the project with the ability to reactivate quickly should funding become available or, alternatively, it would be amended to adjust the scope of work should the City Council direct staff to proceed with design and construction of the splash pad. Capitalizing on the work already performed by LPA and Aquatics Design Group around the splash pad would allow that project to proceed more expeditiously than starting from scratch.

Option B: Select and approve one design concept to proceed through design development only.

In addition to the opportunity to fund other needs detailed in Option A, Option B results in a set of plans that are not construction ready but that provide plan views, elevations, geotechnical calculations, and solid operational costs that could be utilized if there is a desire to pursue grant funding, private fundraising, a third-party operating agreement, or an alternative funding arrangement in the future. Proceeding to design development, but not completing construction drawings, buffers the City from the impacts of future changes to building codes, energy efficiency regulations, and other requirements that change every few years and would result in the need to update construction plans before they could be put out to bid.

Option C: Provide direction to proceed with the construction of the Aquatics Facility, including the selection and approval of one design concept to develop into construction drawings and direct staff to engage with the consultant(s) required to further develop a financing model for Council approval.

This option would not result in a cost savings and would require the City to either take on additional debt service (if the private placement loan or lease revenue bond financing options were selected) or bring a ballot measure forward asking voters to approve an increase in their property taxes. If a parcel tax is the selected financing option and ARPA remains a funding source for this project, it would be crucial for the ballot measure to go in November 2024 due to the funding deadlines associated with ARPA. If ARPA is removed as a funding source, the timeline becomes less critical and a ballot measure could be brought forward in a future election cycle.



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FUTURE AGENDA

10/25/2023

PRESENTATION: CALIFORNIA CENTER FOR THE ARTS ESCONDIDO

CONSENT CALENDAR - (E.VARSO) - FY 2022-23 REGIONAL REALIGNMENT RESPONSE GRANT AND BUDGET ADJUSTMENT - Request the City Council Adopt Resolution No. 2023-118 authorizing the Chief of Police to accept a FY 2022-23 Regional Realignment Response Grant in the amount of \$80,000 from the State of California Board of Community Corrections; authorize the Chief of Police or his designee to execute grant documents on behalf of the City; and approve budget adjustments needed to spend grant funds.

CONSENT CALENDAR - (E.VARSO) - FY 2023-24 DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL GRANT AND BUDGET ADJUSTMENTS - It is requested that City Council adopt Resolution #2023-137 and authorize the Escondido Police Department to accept a FY 2023-24 Department of Alcoholic Beverage Control Grant in the amount of \$25,000; authorize the Chief of Police or his designee to execute grant documents on behalf of the City; and approve budget adjustments needed to spend grant funds. This grant will fund grant-related overtime and overhead expenses for officers to conduct operations related to alcohol sales to minors and enhance local efforts to reduce alcohol-related problems in the community.

CONSENT CALENDAR - (C. MCKINNEY) - PL23-0267 - GENERAL PLAN AMENDMENT FOR SPECIFIC PLANNING AREA ("SPA")13 - It is requested that the City Council authorize the processing of an amendment to the General Plan Land Use and Community Form chapter to modify the residential area overlay of the Imperial Oakes Corporate Center - Specific Planning Area 13.

CURRENT BUSINESS - (E.VARSO) - MASSAGE PARLOR ORDINANCE UPDATE

CURRENT BUSINESS - (Z. BECK) - NORTH COUNTY DISPATCH JPA APPOINTMENT - Request the City Council appoint a primary and alternate member to the North County Dispatch JPA Board of Directors.

CURRENT BUSINESS - (J. SCHOENECK) VINEHENG UPDATE - Request the City Council approve staff's recommendation to remove/replace/preserve/ the Vinehenge play structure in Grape Day Park.

11/1/2023

PRESENTATION: FIRST AQUEDUCT STRUCTURES REHABILITATION PROJECT (SDCWA)

CONSENT CALENDAR - (C. MCKINNEY) - ON CALL DEVELOPMENT SERVICES CONTRACT AWARDS

PUBLIC HEARING - (C. MCKINNEY) - EASTWOOD MEADOWS LONG FORM APPLICATION - Request the City Council (rent review board) to review and vote on the rent increase proposed.

CURRENT BUSINESS - (E. VARSO / C. MCKINNEY) - TRANSPORTATION PRIMER

11/8/2023 - NO MEETING (VETERAN'S DAY)