Follow Up from RFB Meeting
March 23, 2018
Rate Fairness Board
March 30, 2018
Follow Up From RFB Meeting 3.23.2018

• Capacity Charges Comparison
  • Different approaches to calculation

• Prop 218 Protest Letters Summary

• Rates - Long Term Forward Calendar
• Utilities are not required to implement the maximum calculated capacity charge
  • May not be recovering the full cost of growth through capacity charges
• Varying methodologies and names
  • Some utilities only charge staff time to connect to the system (no capacity-related costs)
  • Some combine connection fees and capacity charges under one name
• Uniqueness of each utility's system
  • Average age of existing infrastructure
  • Density
  • Gravity flow vs. pumping
  • Treatment processes
Comparison to Bay Area Utilities

<table>
<thead>
<tr>
<th>City</th>
<th>Water Capacity Charge</th>
<th>Wastewater Capacity Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Jose</td>
<td>$5,929</td>
<td>$447</td>
</tr>
<tr>
<td>SPPUC (Current FY18)</td>
<td>$6,601</td>
<td></td>
</tr>
<tr>
<td>Antioch</td>
<td>$7,580</td>
<td></td>
</tr>
<tr>
<td>Palo Alto</td>
<td>$10,250</td>
<td>$14,184</td>
</tr>
<tr>
<td>Hayward</td>
<td>$14,422</td>
<td>$14,422</td>
</tr>
<tr>
<td>Fremont</td>
<td>$14,422</td>
<td></td>
</tr>
<tr>
<td>Union City</td>
<td>$15,665</td>
<td></td>
</tr>
<tr>
<td>Novato</td>
<td>$20,040</td>
<td></td>
</tr>
<tr>
<td>Oakland</td>
<td>$26,742</td>
<td>$12,389</td>
</tr>
<tr>
<td>Concord</td>
<td>Avg. $12,389</td>
<td></td>
</tr>
</tbody>
</table>
Prop 218 Protest Letters Summary

• As of March 30, **153 protests letters received** of 238,000 official public notices delivered

• Generally, protests cite the significant cost of living in SF and rising rates by various city agencies or utilities (waste collection, property tax, DMV)

• About 25% of protests cite a fixed-income status (retirees, pensioners, seniors)
Rates - Long Term Forward Calendar

• 2018 Water and Wastewater Rates Study completed

• Annual 10-Year Financial Plan Review – January

• 2020 Power Rate Study - RFB Kickoff Early 2019
  • RFP - Spring 2019
  • Inclusion of CleanPowerSF rates

• 2022 Water and Wastewater Rates Study - RFB Kickoff Summer 2020
  • Stormwater Cost of Service Allocation Charge – Phase 2
Miscellaneous Fees & Charges
Rate Fairness Board
March 30, 2018
Agenda

- Introduction
- Methodology
- Existing Fees and Charges
- Proposed New Fees and Charges
- Fee Changes Related to Affordability
Introduction

- User fees charged for services range from meter installations to late payment penalties
- These services are not of general system benefit and are therefore recovered directly from individual users through a fee
- Methodology used to establish these fees based on cost of service
- Fees and Charges reported and updated in Annual Rates Schedule
Methodology

SFPUC uses the following calculation to determine cost of service:

\[
\text{Labor} + \text{Total Fringe Benefits} + \text{Total Overhead Costs} + \text{Materials/Equipment} = \text{Fee}
\]

Labor = Hourly wage x Number of Hours Worked
Total Fringe Benefits = 0.45 x Labor
Total Overhead Costs = 0.55 x Labor
Materials/Equipment = Any related additional costs

The fees generally increase by CPI on an annual basis
Existing Fees and Charges

- Late Payment Penalty
- Pending Shutoff Notice Fee
- Shut-Off Fee
- Turn-On Fee
- Broken Lock Penalty Fee
- Lien Fee
- Returned Check Charge
- New Account Charge
- Builders & Contractors Connection Fee
- Builders & Contractors Meter Rental Deposit
- Builders & Contractors No-Reporting Penalty Fee
- Docks & Shipping Connection Fee
- Meter Test Fee
- Manual Meter Reading Fee
- Engineering Permit Fee
- ROW and Land Access Permit Fee
- Rental Facility Fees
- Hydrant Flushing Fee
- Lead Testing Fee
- Moratorium Streets
- Special Streets
- Lab Fees
Proposed New Fees and Charges

- **Water**
  - Backflow Tag Fee
  - Non-Potable Cross Connection Control Test Fee

- **Wastewater**
  - Stormwater Control Plan Review Fee
  - Permit Application and Issuance Processing Fee
NEW WATER FEES
Proposed Backflow Tag Fee

- **Proponent:** Water Enterprise - Water Quality Division (WQD)
- **Purpose:**
  - Cross-connection control program: protects the City’s drinking water distribution system from contamination caused by backflow
  - “Backflow tags”: stickers affixed to backflow prevention assemblies after they have passed an annual test
- **Proposed Fee:** $15
  - WQD proposes a $3 increase every year from FY19 to FY22
    - $15 covers 21% cost of service
Proposed Nonpotable Cross Connection Control Test Fee

• **Proponent:** Water Enterprise – Water Quality Division (WQD)

• **Purpose:**
  - The City now requires all new construction above certain size thresholds to install auxiliary water systems
  - New construction must pass a cross-connection test to ensure they do not contaminate the potable water system inside the building
  - The number of buildings with auxiliary water is increasing significantly
Proposed Nonpotable Cross Connection Control Test Fee

- Proposed Fee
- WQD proposes to begin charging a fee for these tests, with the amount of the fee depending on the complexity of building plumbing

<table>
<thead>
<tr>
<th>Building Complexity</th>
<th>Proposed Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 320 Fixtures</td>
<td>$1,400</td>
</tr>
<tr>
<td>321 to 640 Fixtures</td>
<td>$2,800</td>
</tr>
<tr>
<td>641 to 1,280 Fixtures</td>
<td>$4,900</td>
</tr>
<tr>
<td>1,281 to 1,920 Fixtures</td>
<td>$6,700</td>
</tr>
<tr>
<td>1,921 to 2,560 Fixtures</td>
<td>$8,500</td>
</tr>
<tr>
<td>2,561 to 3,200 Fixtures</td>
<td>$10,200</td>
</tr>
<tr>
<td>3,201 to 3,840 Fixtures</td>
<td>$12,000</td>
</tr>
</tbody>
</table>
NEW WASTEWATER FEES
Proposed Permit Application and Issuance Processing Fee

- **Proponent:** Wastewater Enterprise - Collection System Division

- **Purpose:**
  - This fee will cover the four permits (Construction Site Runoff, Stormwater Control, Batch Discharger Permits and Industrial User Permits) that require detailed application review, information verification, research of water usage information, multiple inspections reviews, public posting and issuance of the Permit.

- **Proposed Fee:** $210
Proposed Stormwater Control Plan (SCP) Review Fee

• **Proponent:** Wastewater Enterprise - Stormwater Control Plan Review Staff

• **Purpose:**
  - The Stormwater Management Ordinance (SMO) requires large development projects to submit two Stormwater Control Plans (SCPs).
  - This fee will recover the cost of service for SCP review, improve the quality of SCP submittals, and reduce the quantity of submittals per project.
# Proposed Stormwater Control Plan Review Fee

<table>
<thead>
<tr>
<th>Project Size</th>
<th>Building GSF</th>
<th>Initial SCP Review Fee</th>
<th>Subsequent SCP Review Fee(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large</td>
<td>&gt;250,000 GSF</td>
<td>$4,200</td>
<td>$2,560</td>
</tr>
<tr>
<td>Medium</td>
<td>25,000 gsf – 250,000 GSF</td>
<td>$3,170</td>
<td>$1,920</td>
</tr>
<tr>
<td>Small</td>
<td>&lt;25,000 GSF</td>
<td>$2,400</td>
<td>$1,530</td>
</tr>
</tbody>
</table>
Affordability: Fees & Shutoffs

Fees Impacting Low-Income Customers

- Staff have identified fees that may disproportionately impact low-income customers, and propose changes to decrease or eliminate these fees

<table>
<thead>
<tr>
<th>Name</th>
<th>FY 2017-18 Fee</th>
<th>Recommended FY 2018-19 Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Account Charge</td>
<td>$63</td>
<td>Eliminate</td>
</tr>
<tr>
<td>Returned Check Charge</td>
<td>$105</td>
<td>$50</td>
</tr>
<tr>
<td>48 Hour Notice</td>
<td>$55</td>
<td>$50</td>
</tr>
<tr>
<td>Shut-Off Fee</td>
<td>$55</td>
<td>Eliminate</td>
</tr>
<tr>
<td>Turn-On Fee</td>
<td>$55</td>
<td>Eliminate</td>
</tr>
</tbody>
</table>
Affordability: Fees & Shutoffs
Timeline for SFPUC Shutoff Procedures

Day 1
- Monthly bill sent
- 60,224 Bill >$50 unpaid and not lien-eligible after 45 days: reminder notice mailed

Day 45
- Bill paid on time

Day 60
- 50,588 (84%) Bill paid or payment plan arranged
- 9,636 (16%) Bill unpaid after 60 days: 48 hr shutoff notice posted on door
- $55 Fee

Day 70-74
- 8,447 (88%) Bill paid or payment plan arranged
- 1,189 (12%) Bill unpaid after 48 hours: water shut off
- $55 Fee

Avg. 1 Day After Shutoff
- Bill paid or payment plan arranged: water turned back on

#’s from FY 2016-17
Proposal on Miscellaneous Fees and Charges

• Commission Presentation May 8, 2018 will include:
  • Revision to Existing Fees and Charges
  • Proposed New Fees and Charges
  • Proposed reductions or elimination of fees and charges that disproportionately burden low-income customers
Discussion