

# STAFF REPORT



## WATER AND POWER

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**DATE:** May 17, 2022

**TO:** Justin Hess, City Manager

**FROM:** Dawn Roth Lindell, General Manager, Burbank Water and Power *Dawn Roth Lindell*  
Ken Berkman, Public Works Director *Ken Berkman*  
VIA: Jeannine Edwards, Assistant General Manager, Sustainability, Marketing, and Strategy *Jeannine Edwards*  
BY: Myles Collins, Energy Services and Utility Rates Manager *Myles Collins*

**SUBJECT:** Adoption of a Resolution Approving Increases to City Fees and Charges for Water, Refuse, Sewer, and Electric Services

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### **RECOMMENDATION**

Adopt A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING INCREASES TO FEES AND CHARGES FOR WATER, REFUSE, SEWER, AND ELECTRIC SERVICES FOR INCLUSION IN THE 2022-2023 CITYWIDE FEE SCHEDULE (Attachment 1).

### **BACKGROUND**

On April 26, 2022, staff presented a detailed overview of the proposed fiscal year (FY) 2022-2023 budget, along with the five-year forecast. The proposed budget is inclusive of the recommended increases to city fees and charges for water, refuse, sewer, and electric services. Approval of these increases would be reflected in the fee schedule for FY 2022-2023. The fee schedule will be brought to the City Council on May 24, 2022, for consideration and final approval and, to the extent that City Council has adopted the attached resolution, the proposed changes to the fees will be incorporated in such fee schedule.

The primary purpose of the fee schedule is to provide a one-stop listing of all city fees, charges, and rates. The fee schedule is reviewed and updated annually as part of the budget process. If approved, the rates will be effective July 1<sup>st</sup>, 2022.

### **DISCUSSION**

Staff has complied with the noticing requirements established by California Proposition 218 and the 2006 California Supreme Court *Bighorn-Desert View Water Agency v. Verjil*

decision. These noticing requirements apply to city fees and charges for water, refuse, and sewer services. Electric service is not subject to California Proposition 218. The noticing requirements include a mailed notice to all fee payers at least 45 days prior to the public hearing at which the fees may be imposed or increased. The mailed notice went out on March 30, 2022 to all 53,000 BWP customers. (Attachment 2). The proposed changes to the city's fees and charges for these services are outlined below.

*Water Service:* The proposed budget includes a 9.0% rate increase for water service in FY 2022-2023. The 9.0% increase represents the average increase across rate components for each customer type (residential, multi-family/commercial, recycled water). The per-meter water availability charge is increasing by 13%, while the volumetric charges are increasing at rates ranging from 6.3% to 9.0% to ensure that the overall rate increase is 9.0% for each customer type. For the typical medium-sized family home, the proposed fees and charges reflect a monthly bill increase of approximately \$6.46 for water services (1" meter billed for 12,000 gallons). For a home using 6,000 gallons, the monthly bill increase would be \$4.24. Water rates increased by 6.0% in FY 2021-2022 and did not increase in FY 2020-2021.

The increase for water service is necessary to recover the increased costs of purchasing water from the Metropolitan Water District of Southern California (MWD) and to modernize our city's aging infrastructure. MWD will be increasing its rates by 10% over the next two calendar years (5% in 2023 and 5% in 2024).

*Sewer Service:* The proposed budget includes a 2.0% rate increase for sewer service in FY 2022-2023. For the average residential customer, this equates to a monthly increase of approximately \$0.51. There were no increases for sewer service in FY 2020-2021 and FY 2021-2022. The proposed increase in sewer fees are needed due to increased charges from the City of Los Angeles for sewage treatment services, capital improvement projects, and labor, chemical, and electrical costs to operate the Burbank Water Reclamation Plant (BWRP).

*Refuse Service:* The proposed budget includes a 4.0% rate increase for refuse service in FY 2022-2023. For the average residential customer, this equates to a monthly increase of approximately \$1.34. The refuse fund had a 2.0% rate increase in FY 2021-2022. The proposed increases in refuse collection fees are needed to meet rising operational costs, particularly those associated with new state mandates, and to continue providing comprehensive refuse services that include household trash disposal, green waste recycling, recyclable collection and processing, and bulky item pick-ups.

*Electric Service:* The proposed budget includes a 6.0% rate increase for electric service in FY 2022-2023. For the typical single-family home, the proposed fees and charges reflect a monthly electric bill increase of approximately \$7.91. Electric rates increased by 2.5% in FY 2021-2022 and did not increase in FY 2020-2021.

The proposed increase to electric service is necessary to keep up with inflation and to obtain renewable energy, which is more expensive than coal and natural gas. BWP is required to meet the state mandate of 60% renewables by 2030 and 100% carbon neutrality by 2045. These mandates include penalties for not meeting the required goals.

The anticipated penalties for missing the 60% renewable goal by 2030 total \$147 million. In addition, BWP is aiming to reduce greenhouse gas (GHG) emissions in its electricity supply and comply with the city's plan to be GHG neutral by 2040.

Approximately 53,000 customers are affected by the proposed rate increases described above. Attached are copies of the correspondence received in protest and in support of the increases up to the time of completing this staff report (Attachment 3). As of May 4, 2022, 10 letters have been received. To the extent that any letters of protest or support are received prior to the conclusion of the public hearing, staff will provide copies to City Council. For customers to override the proposed increases for water, refuse, and sewer services, the number of protests received would need to be equal to 50%+1 of those eligible to submit a protest. For water service, 13,501 customers would need to protest and for sewer and refuse services, 26,501 customers would need to protest to equal a majority. Electric rate increases are not subject to Proposition 218 and thus cannot be protested in this manner.

### **CONCLUSION**

Staff has met the noticing requirements of California Proposition 218, which applies to the proposed increases for water, refuse, and sewer fees and charges. Staff recommends that the City Council adopt a resolution approving increases to fees and charges for water, refuse, sewer, and electric services for inclusion in the FY 2022-2023 citywide fee schedule.

### **ATTACHMENTS**

Attachment 1 – Resolution Approving Increases to Fees and Charges for Water, Refuse, Sewer, and Electric Services

Attachment 2 – Notice of Public Hearing to Consider Increases to Rates and Charges for Water, Refuse, and Sewer Services

Attachment 3 – Correspondence Concerning Proposed Increases to Fees and Charges for Water, Refuse, Sewer, and Electric Services

Correspondences