

STAFF REPORT



WATER AND POWER

DATE: May 18, 2021

TO: Justin Hess, City Manager

FROM: Dawn Roth Lindell, General Manager, Burbank Water and Power
Ken Berkman, Public Works Director

SUBJECT: ADOPTION OF A RESOLUTION APPROVING INCREASES TO CITY FEES AND CHARGES FOR WATER, REFUSE, AND ELECTRIC SERVICES

RECOMMENDATION

Adopt A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING INCREASES TO FEES AND CHARGES FOR WATER, REFUSE, AND ELECTRIC SERVICES FOR INCLUSION IN THE 2021-2022 CITYWIDE FEE SCHEDULE (Attachment 1).

BACKGROUND

On April 27, 2021, staff presented a detailed overview of the proposed fiscal year (FY) 2021-2022 budget, along with the five-year forecast. The proposed budget is inclusive of the recommended increases to City fees and charges for water, refuse, and electric services. Approval of these increases would be reflected in the fee schedule for FY 2021-2022. The fee schedule will be brought to the City Council on May 25, 2021 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.

DISCUSSION

Similar to past years, 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, sewer, and refuse 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. A copy of that notice is attached as Attachment 2. The proposed changes to the City's fees and charges for these services are outlined below. Due to the COVID-19 pandemic, there were no utility rate increases in 2020.

Water Service: The proposed budget includes a 6.0 percent rate increase for water service in FY 2021-2022. In recognition of the economic impact from COVID-19, the proposed water rate increase will be phased in over three dates to help customers transition to the new rate. For the typical medium-sized family home, the proposed fees and charges reflect a monthly bill increase of approximately 1.96% or \$1.33 effective October 1, 2021, 1.96% or \$1.36 effective January 1, 2022, and 1.96% or \$1.39 effective April 1, 2022, for water services (1" meter billed for 12,000 gallons) for a cumulative increase on the monthly bill of approximately 6.0% or \$4.08 on April 1, 2022.

The increase for water service is necessary to recover the increased costs of purchasing water from the Metropolitan Water District of Southern California, operating and maintaining the City's water system, and modernizing our infrastructure.

Refuse Service: The proposed budget includes a 2.0 percent rate increase for refuse service in FY 2021-2022. For the average residential customer, this equates to a monthly increase of approximately \$0.66. The refuse fund has only had two 1.0 percent rate increases since FY 2016-2017.

This year, the refuse collection fee increase is needed to meet rising operational costs and stay in compliance with state mandates. Approval of this increase will allow staff to continue to provide comprehensive refuse services that include household trash disposal, green waste recycling, recyclable collection and processing, and weekly bulky item pick-up.

Electric Service: The proposed budget includes a 2.5 percent rate increase for electric service in FY 2021-2022. In recognition of the economic impact from COVID-19, the proposed 2.5% electric rate increase will be phased in over two dates to help customers transition to the new rate. For the typical medium-sized family home, the proposed fees and charges reflect a monthly electric bill increase of approximately 1.24% or \$1.08 effective October 1, 2021, and 1.24% or \$1.09 effective April 1, 2022, for a cumulative increase on the monthly bill of approximately 2.5% or \$2.17 on April 1, 2022.

The proposed increase to electric service is necessary due largely to the increase in natural gas prices, labor costs as designated by the union Memoranda of Understanding, and transition related costs for the Intermountain Power Project.

Approximately 53,000 customers are affected by the proposed rate increases described above. Attached are copies of the correspondence received in protest up to the time of completing this staff report (Attachment 3). As of May 6, 2021, twenty-five letters of protest have been received. To the extent that any letters of protest 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 and refuse 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 refuse service 26,501 customers would need to protest to equal a majority.

CONCLUSION

Staff has met the noticing requirements of California Proposition 218, which applies to the proposed increases for water and refuse fees and charges. Staff recommends that the City Council adopt a resolution approving increases to fees and charges for water, refuse, and electric services for inclusion in the FY 2021-2022 citywide fee schedule.

ATTACHMENTS

- Attachment 1 – Resolution Approving Increases to Fees and Charges for Water, Refuse, and Electric Services
- Attachment 2 – Proposition 218 (Bighorn) notice of public hearing for proposed increases to fees and charges for water and refuse services
- Attachment 3 – Correspondence concerning proposed increases to fees and charges for water, refuse, and electric services