



DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 207
915 I STREET
SACRAMENTO, CA
95814-2673

OFFICE OF THE DIRECTOR

916-449-5283

May 30, 1991

ADMINISTRATION
916-449-8747

Law and Legislation Committee
Sacramento, California

FAX 916-449-5573

HONORABLE MEMBERS IN SESSION:

SUBJECT: RECOMMENDATION TO OPPOSE AB 1645 (SPEIER) RELATING TO WATER METERING

SUMMARY

Assembly Bill 1645 by Jackie Speier (D-South San Francisco) would require that the State Department of Water Resources (DWR) develop a plan to measure all surface and groundwater used in California. The legislation requires that the plan include a strategy for installing meters on new and existing water service connections. Due to the significant expense associated with a residential meter retrofit program and the loss of local control resulting from AB 1645, it is recommended that the Law and Legislation Committee declare the City's opposition to the bill.

BACKGROUND

Each time the State faces a critically dry year, legislation is introduced to require the installation of water meters on new and existing services. We have been successful in defeating retrofit bills in the past by arguing that significant costs would be involved, that Sacramento enjoys a unique water supply situation, and that such legislation represents an intrusion into local decision-making. This year, the City agreed to remove its opposition to Senate Bill 229 (Boatwright) in exchange for the author's assurances that he would not allow the bill to be amended to include existing residential services.

AB 1645 is an indirect, but no less intrusive, attempt to require retrofit metering. Under the provisions of the bill, DWR would be required to develop a plan to measure all water used in the State. The legislation specifies that the plan must include a strategy for installing water meters on new and existing water connections. AB 1645 also states that DWR must propose a pricing structure, based upon the volume of use, to be used by water suppliers.

Staff recommends that the Law and Legislation Committee oppose AB 1645 for the following reasons:

Retrofitting all Sacramento water services with meters would have a significant rate impact. An analysis prepared last year by the Water Division indicated capital costs in excess of \$66 million to retrofit all residences over a nine-year period. Factoring in the cost for debt service, reading the meters, maintenance, and replacement, a retrofit program would require a rate increase of approximately 60 percent.

AB 1645 violates the concept of home rule by giving the State DWR the authority to devise a plan for metering. This is in direct conflict with the City Charter and an intrusion into the authority of local agencies.

This bill allows the State to dictate the type of rate structure every water purveyor shall implement. This is a dangerous precedent, and the City should guard its rate setting authority carefully. The type of rate structure that works best in Los Angeles may be quite different from the approach that would be most appropriate in parts of Northern California. The City Council has the responsibility to set rates as fairly and equitably as possible, based upon local needs and circumstances. We do not need the State of California involved in this process.

AB 1645 is now a two-year bill, which means it cannot be passed this year. However, it is important for the City to place its opposition on record as early as possible in an attempt to influence the future of the bill.

FINANCIAL IMPACT

The specific financial impact of AB 1645 would depend upon the content of the plan devised by the State and the implementation schedule developed. However, if the result of the bill were to require meter retrofitting of residential services, City water rates would have to be raised at least 60 percent. The current water bill is \$9.85 per month; an increase of this magnitude would increase the average monthly bill to \$15.66, to cover the cost of metering alone.

POLICY CONSIDERATIONS

The City's current policy, as expressed in the City Charter, is to meter non-residential water services only. AB 1645 would mandate a departure from that policy by requiring the development of a strategy to meter all water services in California.

The City's Legislative Policy Guidelines state that the City will oppose legislation which will require local governments to incur costs and which do not include an appropriation to reimburse local agencies for those costs (7.9[a]). The Guidelines also state that the City shall oppose legislation which reduces the options and flexibility available to local agencies in dealing with problems, issues and policies (7.9[b]).

MBE/WBE

There are no goods or services being purchased in this report.

May 30, 1991
Law and Legislation Committee
AB 1645
Page 3

RECOMMENDATION

It is recommended that the Law and Legislation Committee declare the City's opposition to AB 1645 (Speier) relating to water meters.

Respectfully submitted,


Melvin H. Johnson
Director of Public Works

Recommendation Approved:

May 30, 1991
All Districts

Jack R. Crist
Deputy City Manager

Contact Person:
Roberta Larson, Administrative Services Officer
449-6281

AMENDED IN ASSEMBLY APRIL 25, 1991

CALIFORNIA LEGISLATURE—1991-92 REGULAR SESSION

ASSEMBLY BILL

No. 1645

not on "Dirty Dozen"

Introduced by Assembly Member Speier (445-0020)

Sacto opp. letter

Times Arrow Water Comm

March 8, 1991

Urgent call Baxter

An act relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 1645, as amended, Speier. Department of Water Resources: water use report.

Existing law requires the Department of Water Resources to conduct investigations and hearings and to prepare findings relating to the boundaries of watersheds in the state and the quantities of water originating from those watersheds, the quantities of water reasonably required for beneficial use in the watersheds, the quantities of water available for export from the watersheds, and other prescribed information.

This bill would require the department to develop a plan to measure all surface and groundwater used in the state; as prescribed, for submission. The bill would require the plan to include a strategy for installing water meters on new and existing water service connections, a method by which to revise the pricing structure of water suppliers, as prescribed, and an allocation of surface water for fish and wildlife and groundwater cleanup. The bill would require the department to submit the plan to the Legislature by on or before January 1, 1993.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

2-y bill

but still write

The people of the State of California do enact as follows:

1 Legislature by on or before January 1, 1993.

1 SECTION 1. (a) The Department of Water
2 Resources shall develop a plan to measure all surface
3 water and groundwater used in the state by commercial,
4 industrial, agricultural, residential, and other users.

5 (b) The plan required by subdivision (a) shall include
6 both all of the following:

7 (1) A strategy for installing water meters on new and
8 existing water service connections to measure the
9 quantity of water delivered through each system or
0 facility to each user of the water. The strategy shall
1 include a schedule for retrofitting existing water
2 connections in an order of priority which will affect first
3 the users of the greatest amount of developed water in
4 the state.

5 (2) A rate structure design for surface water and
6 groundwater for conservation and groundwater cleanup.

7 (2) A schedule for retrofitting any existing unmetered
8 connections for groundwater and surface water.

9 (3) (A) A method by which to revise the pricing
0 structure of water suppliers on the basis of volume of use.
1 The proposed pricing structure shall include seasonal
2 rates, excess-use charges, penalty charges, and drought
3 surcharges.

4 (B) For purposes of this paragraph, an excess-use
5 charge applies a higher unit price to the volume
6 consumed above a prescribed amount; under a seasonal
7 rate schedule, a higher unit price is imposed during peak
8 usage months; penalty charges are similar to excess-use
9 charges except that the same unit price is charged for the
0 entire volume consumed and a flat fee is assessed if total
1 usage exceeds a prescribed amount.

2 (C) The department shall define, for purposes of the
3 plan, "excess use" and "drought" for distinct user groups.

4 (4) A requirement that metering be implemented by
5 the governing authority.

6 (5) An allocation of surface water for fish and wildlife
7 and groundwater cleanup.

8 (c) The department shall submit the plan to the
9