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CITY OF SACRAMENTO

DEPARTMENT OF PUBLIC WORKS
915 I STREET SACRAMENTO, CALIFORNIA 95814
CITY HALL ROOM 207 TELEPHONE (916) 449-5281

M. H. JOHNSON
Director

June 11, 1985

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: Adjustment to 1985-86 Water Rates

SUMMARY:

This report recommends an additional two percent adjustment to the water service rates proposed for 1985-86.

BACKGROUND:

On May 28, 1985 the Budget and Finance Committee approved the staff recommendation for a five percent adjustment to the water service rates to support Water Fund activities in fiscal year 1985-86. The budget and rates presented at that time were based on a status quo program and the assumption that none of the developing water quality or water rights issues would have a major financial impact in the next year. More recently, we have had cause to re-examine that assumption and now believe there is a greater likelihood of financial impact associated with efforts to assure water quality.

Since the various water quality issues are yet developing, staff is not prepared to recommend particular budget adjustments. The nature of the City's financial involvement is not yet that well defined. Rather, we are proposing an additional two percent adjustment to service rates in order to accumulate funds for this purpose. A two percent increase will generate approximately \$332,000 over a year's time.

The effect of the proposed fee adjustment on a 6 to 7 room house is as follows:

<u>Current Rate</u>	<u>5% Original</u>	<u>2% Additional</u>	<u>Recommended Total Rate</u>	<u>Total Recommended Daily Increase</u>
\$ 6.03/mo.	\$ 0.30/mo.	\$ 0.12/mo.	\$ 6.45/mo.	1.4¢/day

The additional two percent represents \$0.004 per day to the average residential account.

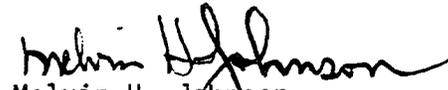
FINANCIAL:

The recommended additional adjustment to the water service rates will generate an estimated revenue of \$332,000 in 1985-86. The exact amount and nature of any offsetting expenditures is unknown at this time. It is intended that the money generated be accumulated in the fund balance until such time as specific appropriations are necessary.

RECOMMENDATION:

It is recommended that the Budget and Finance Committee approve an additional two percent adjustment to water service rates, resulting in a seven percent rate increase in 1985-86, as reflected in the attached resolution and exhibit amending Chapter 47 of the City Code, effective July 1, 1985.

Respectfully submitted,


Melvin H. Johnson
Director of Public Works

Recommendation Approved:


Solon Wisham, Jr.
Assistant City Manager

MHJ:SBP:v1

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

RESOLUTION ESTABLISHING RATES, CHARGES AND FEES
FOR WATER SERVICES PURSUANT TO SECTION 47.300 OF
THE SACRAMENTO CITY CODE.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

That the rates, charges, and fees shown on Exhibit A, attached hereto and incorporated herein by reference, are hereby established for water services pursuant to Section 47.300 of the Sacramento City Code. This resolution shall take effect on July 1, 1985.

MAYOR

ATTEST:

CITY CLERK