

# PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 14-0072

Resolution adopting and imposing Water and Wastewater Capacity Charges to be charged by the San Francisco Public Utilities Commission effective July 1, 2014 and thereafter, pursuant to Section 8B.125 of the Charter of the City and County of San Francisco.

WHEREAS, In accordance with Section 8B.125 of the Charter of the City and County of San Francisco, the Commission retained an independent rate consultant, Carollo Engineers, which prepared the report, *SFPUC Water and Wastewater Cost of Service Study*, now posted to the sfwater.org website; and

WHEREAS, The General Manager of the Public Utilities Commission and staff have reviewed the independent rate report, and have prepared the staff report, *Proposed Retail Water and Wastewater Rates Fiscal Years Ending 2015 to 2018*, which has been submitted to the Rate Fairness Board for its review and posted to the sfwater.org website; and

WHEREAS, The Rate Fairness Board has reviewed the findings and recommendations of the General Manager's report and the independent consultant report and has prepared its own report and presented that report to this Commission on April 22, 2014; and

WHEREAS, The General Manager and the Rate Fairness Board find that water and wastewater capacity charges under existing rates and charges will be insufficient to recover a fair and proportional share of the cost to provide capacity beginning July 1, 2014, and recommend that the water capacity charge be adjusted to increase 4% per meter equivalent for the fiscal year beginning July 1, 2014, and that the wastewater capacity charge be adjusted to increase 20% per meter equivalent for the fiscal year beginning July 1, 2014; and

WHEREAS, Pursuant to the published notice of the intention of the Public Utilities Commission to adopt revised water and wastewater capacity charges for the San Francisco Public Utilities Commission, a public hearing was held on April 22, 2014 and May 13, 2014, and members of the public were given an opportunity to express their views on the revised water and wastewater capacity charges; and

WHEREAS, on April 6, 2014, the Environmental Review Officer determined that this action is exempt from environmental review in accordance with Public Resources Code Section 21080(b)(8) and the California Environmental Quality Act (CEQA) Guidelines section 15273, Rates, Tolls, Fares, and Charges; and the SFPUC water and wastewater systems both have sufficient capacity to serve retail customers until 2035 and 2045 respectively; now therefore; be it

RESOLVED, That this Commission hereby determines that water and wastewater capacity charges under existing schedules will be insufficient to recover a fair and proportional share of the cost to provide capacity beginning July 1, 2014, and recommend that the water capacity charge be adjusted to increase 4% per meter equivalent for the fiscal year beginning July 1, 2014 and that the wastewater capacity charge be adjusted to increase 20% per meter equivalent for the fiscal year beginning July 1, 2014; and be it

FURTHER RESOLVED, The following capacity charges schedules and requirements shall apply to all Customers subject to payment of capacity charges:

**Section 1 – Authority and General Purpose**

This Resolution is adopted pursuant to Section 8B.125 of the Charter of the City and County of San Francisco for the purpose of establishing an orderly system for the imposition and collection of charges for the operating, maintenance, replacement, debt service and other costs incurred by the San Francisco Water Enterprise in gathering, treating and delivering water for consumptive and other uses in San Francisco and other areas receiving retail service from the Water Enterprise.

**Section 2 – Definitions**

For the purpose of this Resolution, the following definitions shall apply unless the context specifically dictates otherwise.

“City”

The City and County of San Francisco

“Commission”

The San Francisco Public Utilities Commission

“Customer”

Any person, firm, corporation, partnership, trust, or any other entity including, but not limited to, local, state and federal governments utilizing the services of the City’s utility systems.

“Equivalent Meter”

A measure of the capacity of a meter expressed as a ratio to the capacity of a 5/8 X 3/4 meter.

“General Manager”

The General Manager of the Public Utilities Commission or his or her designee.

“Sewage System” or “Sewerage System”

The City’s wastewater system including all properties (real, personal and tangible or intangible) owned, operated, maintained by and under the jurisdiction of the Commission used for collection, treatment and disposal of wastewater, including all future additions, extensions, replacements and improvements to the system.

“Standard Industrial Classification” or “SIC”

A coding system established by the United States government to classify businesses and industries. SIC codes are assigned based on common characteristics shared in the products, services, production and delivery system of a business.

“Water System”

The City’s water system including all real properties (real, personal, and tangible or intangible) owned, operated, maintained by and under the jurisdiction of the Commission

used for the gathering, impounding, treatment, transmission and distribution of water, including all future additions, extensions, replacements and improvements to the system.

**Section 3 – Enterprise Funds**

Pursuant to Article V, Section 5.01 of the Indenture between the San Francisco Public Utilities Commission and U.S. Bank, NA, as trustee, all revenues of the Water Enterprise shall be set aside and deposited into a fund in the City treasury (the Revenue Fund). All amounts paid into the Revenue Fund shall be maintained separate and apart from other City funds. Moneys in the Revenue Fund shall be appropriated and expended in accordance with the Indenture.

Pursuant to Article V, Section 5.01 of the Indenture between the San Francisco Public Utilities Commission and U.S. Bank, NA, as trustee, all revenues of the Wastewater Enterprise shall be set aside and deposited into a fund in the City treasury (the Revenue Fund). All amounts paid into the Revenue Fund shall be maintained separate and apart from other City funds. Moneys in the Revenue Fund shall be appropriated and expended in accordance with the Indenture.

**Section 4 – Water Capacity Charge**

- A. Any Customer requesting a new connection to the water distribution system, or requiring additional capacity as a result of any addition, improvement, modification or change in use of an existing connection to the water distribution system shall pay a capacity charge. The capacity charge may not be sold, traded or conveyed in a manner to another site or customer. The capacity charge does not convey or imply ownership in or of any facilities of the Water System. Customers subject to payment of water capacity charges after July 1, 2014, shall pay the charges in accordance with the following table:

FYE 2015 Water Capacity Charge Schedule

Meter Size	Proposed Charges
5/8 in	\$1,239
3/4 in	\$1,859
1 in	\$3,100
1-1/2 in	\$6,197
2 in	\$9,917
3 in	\$18,594
4 in	\$30,990
6 in	\$61,983
8 in	\$99,172
10 in	\$142,485
12 in	\$266,385
16 in	\$464,625

- B. The capacity charge shall be adjusted on July 1st of each subsequent year by the annual change in the 20 City Average Construction Cost Index (CCI) published by ENR Magazine.

- C. Customers subject to payment of the water capacity charge shall receive a prior use credit equal to the equivalent charge for the prior usage without regard to any time limit for such credit.
- D. Customers subject to payment of the water capacity charge shall pay 100% of the charge prior to issuance of the applicable building permit. Any plan changes will result in a revised capacity charge payment.
- E. Assessment of the applicable capacity charge will be based on the date that the General Manager receives the final permit application and building plans.
- F. If full payment of all fees and charges is not received in accordance with the General Manager's payment requirements, the new or additional water services will not be authorized.

**Section 5 – Wastewater Capacity Charge**

- A. Any Customer requesting a new connection to the Sewerage System, or requiring additional collection or treatment capacity as a result of any addition, improvement, modification or change in use of an existing connection to the Sewerage System shall pay a capacity charge. The capacity charge may not be sold, traded or conveyed in a manner to another site or customer. The capacity charge does not convey or imply ownership in or of any facilities of the Wastewater System. Customers subject to payment of wastewater capacity charges after July 1, 2014, shall pay the charges in accordance with the following tables:

FYE 2015 Wastewater Capacity Charge Schedule

Meter Size	SIC 2	SIC 3	SIC 4	SIC 5	SIC 6
5/8 in	\$3,337	\$4,078	\$4,218	\$4,066	\$3,630
3/4 in	5,006	6,117	6,327	6,099	5,445
1 in	8,343	10,195	10,545	10,165	9,075
1-1/2 in	16,685	20,390	21,090	20,330	18,150
2 in	26,696	32,624	33,744	32,528	29,040
3 in	50,055	61,170	63,270	60,990	54,450
4 in	83,425	101,950	105,450	101,650	90,750
6 in	166,850	203,900	210,900	203,300	181,500
8 in	266,960	326,240	337,440	325,280	290,400
10 in	383,755	468,970	485,070	467,590	417,450
12 in	717,455	876,770	906,870	874,190	780,450

Meter Size	SIC 7	SIC 8	SIC 9	SIC 10	SIC 11
5/8 in	\$4,752	\$4,974	\$5,221	\$4,934	\$10,610
3/4 in	7,128	7,461	7,832	7,401	15,915
1 in	11,880	12,435	13,053	12,335	26,525
1-1/2 in	23,760	24,870	26,105	24,670	53,050
2 in	38,016	39,792	41,768	39,472	84,880
3 in	71,280	74,610	78,315	74,010	159,150
4 in	118,800	124,350	130,525	123,350	265,250
6 in	237,600	248,700	261,050	246,700	530,500
8 in	380,160	397,920	417,680	394,720	848,800
10 in	546,480	572,010	600,415	567,410	1,220,150
12 in	1,021,680	1,069,410	1,122,515	1,060,810	2,281,150
16 in	1,782,000	1,865,250	1,957,875	1,850,250	3,978,750

- B. The capacity charge shall be adjusted on July 1st of each subsequent year by the annual change in the 20 City Average Construction Cost Index (CCI) published by ENR Magazine.
- C. Customers subject to payment of the wastewater capacity charge shall receive a prior use credit equal to the equivalent charge for the prior usage without regard to any time limit for such credit.
- D. Customers subject to payment of the wastewater capacity charge shall pay 100% of the charge prior to issuance of the applicable building permit. Any plan changes will result in a revised capacity charge payment.
- E. Assessment of the applicable capacity charge will be based on the date that the General Manager receives the final permit application and building plans.
- F. If full payment of all fees and charges is not received in accordance with the General Manager's payment requirements, the new or additional wastewater services will not be authorized.

**Section 6 – Outside Agencies**

The capacity charges set forth in this resolution will not apply to any special agreements executed by the City and a Customer; provided that such agreements may be negotiated only when justified by special circumstances not generally applicable to other Customers, that such agreements shall provide schedules of rates and charges and other terms and conditions that may be required as the result of any outstanding bonded indebtedness or loan agreements and the requirements of local, state and federal laws and regulations, and that such agreements shall be approved by the Commission.

**Section 7 – Severability**

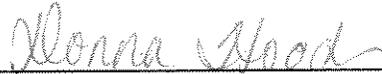
If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this resolution or any part hereof, is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this resolution or any part hereof. The Commission hereby declares that it would have adopted each section, subsection, subdivision, paragraph,

sentence, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional or invalid or ineffective.

**Section 8 – Effective Date**

The capacity charges adopted pursuant to this resolution shall be effective for permit applications and building plans received by the General Manager on and after July 1, 2014. Thereafter, in accordance with Sections 4 and 5 of this resolution, the adjusted capacity charge for each subsequent year shall be effective for permit applications and building plans received by the General Manager on and after July 1st of that subsequent year.

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of May 13, 2014.*



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*Secretary, Public Utilities Commission*