

Seal Beach Water and Sewer Rates Going Down

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In an exclusive interview on Tuesday, Seal Beach City Manager David Carmany told www.OC180NEWS.com "In a number of these operating enterprise funds, I'm going to be proposing reductions." He said the water rates are the first on his list, followed by the sewer rates. He expects to present lower water rates at the March 22, 2010 City Council meeting.

A discussion of water rates was scheduled for the council meeting this week, but the item was put over until the March 22 meeting. Carmany said "I'm going to be proposing a 2% reduction in the water rates at the next council meeting."

In a previous meeting, the City Council got an ear full of public testimony from disgruntled residents of Leisure World. Their concern was that Leisure World is all under one city meter and all costs for billing administration and the water distribution system within Leisure World is paid for by the residents directly. The Leisure World residents were concerned they were not getting any recognition for paying these expenses which otherwise would be paid by the city.

Carmany told www.180NEWS.com "We're going to recast the formula and I think we're going to be able to accommodate their request." He explained that Leisure World is currently paying the commercial rate based on a 12 inch meter. This is Seal Beach's only such meter and Carmany said "We're just going to classify it as a residential 12 inch meter and then they'll pay the same rate as the other residential ratepayers." This doesn't mean that Leisure World will get more than the 2% reduction everybody else is going to get. Carmany said "They'll be getting 2%, the same 2% as other ratepayers."

Further, with regard to sewer rates, Carmany also has good news. He said "It's likely that we'll be recommending the sewer charges get reevaluated and probably also come down." He recently reported Seal Beach expects to receive financing approval from the California State Water Resources Control Board for a \$10 million sewer improvement bond.

As a result of determining the sufficiency of sewer rates to cover the debt service on these new bonds, plus the one existing bond and operating expenses, the city determined that the current sewer rates are actually higher than they need to be. The bond financing requires net sewer fund revenues to be at least 1.25 times the debt service. But, actual projected coverage using the existing sewer rate schedule is forecasted at 1.6 times the projected debt service. That ratio would imply a rate reduction of 28%. But Carmany told www.OC180NEWS.com "It is going to contribute. It won't be the determinative factor, but it will be one of the major factors in the formula."

Carmany suggested other rates might also come down. He said "Some of these {operating enterprise fund rates} were pegged a little too high and every few years, we need to look at them in terms of how they are performing and what the needs are in terms of capital."