



MEMORANDUM

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Vitaly B. Troyan, P.E.

SUBJECT: Postponing 2013 Sewer Service
Charge Rate Increase

DATE: September 13, 2012

City Administrator

Date

Approval

/s/ **Deanna J. Santana**

9/13/12

INFORMATION

We are pleased to announce that Oakland's Sewer Service Charge will not be increased in 2013 as planned.

A sixteen percent (16%) rate increase in Sewer Service Charge was planned to take effect on January 1, 2013. In a review of the Sewer Service Fund, staff has determined that the planned 2013 rate increase may be postponed for one year without any adverse affect on the fund stability or the planned programs or projects. Therefore, the upcoming January 2013 sewer fee rate increase will be postponed for one year, and instead will take effect on January 1, 2014.

A recent analysis of the Sewer Service Fund showed that there were sufficient funds to continue planned programs and projects without an additional rate increase at this time. This occurred because of:

- 1) Savings from the City's Labor Unions' concessions and give-backs;
- 2) A favorable bidding environment for sewer construction projects that has seen contracts completed for less than budgeted; and,
- 3) The extended time necessary to purchase and manufacture new sewer equipment and hire new personnel.

Postponing the next rate increase for one year will allow the fund to stay apace with the actual expenditures and will provide a respite to the Oakland rate payers during these difficult economic times. The one-year postponement will not have any adverse impact on our compliance with regulatory requirements.

Respectfully submitted,

/s/

VITALY B. TROYAN, P.E.

Director, Public Works Agency

For questions, please contact Gus Amirzehni, Principal Civil Engineer, at 510-238-6601.