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DEPARTMENT OF  
PUBLIC WORKS  
  
OFFICE OF THE DIRECTOR

CITY OF SACRAMENTO  
CALIFORNIA

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

APPROVED  
BY THE CITY COUNCIL

916-449-5283

April 26, 1988

APR 26 1988

OFFICE OF THE  
CITY CLERK

City Council  
Sacramento, California

HONORABLE MEMBERS IN SESSION:

SUBJECT: PROPOSED STATE LEGISLATION MANDATING INSTALLATION OF WATER METERS

**SUMMARY**

Senator Dan Boatwright (D-Concord) has indicated that he plans to amend an existing Senate bill to require the use of water meters statewide. Staff recommends that the City Council oppose such legislation as it is a violation of the principle of local home rule and represents a significant rate burden to the City's utility customers.

**BACKGROUND**

Senator Boatwright has announced his intention to amend Senate Bill 182 to require the use of water meters statewide. SB 182, which relates to funding for delta levees, has already been approved by both houses of the legislature and will next be assigned to a conference committee. Legislative rules prohibit amending a bill to include any subject matter which has not been heard by a policy committee. Therefore, the strategy Boatwright will likely employ will be to request a hearing on the issue of water meters before the Senate Agriculture and Water Resources Committee. Once that hearing has been conducted, the Senator can amend SB 182 to require the use of meters.

At this point, no language for the amendments has been made available by Senator Boatwright's office. It is unclear whether the legislation will provide funding for this state mandated program, whether the implementation will be phased over several years, and what impact its statutory provisions would have on charter cities such as Sacramento.

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**SUBJECT: EXPOSED STATE REGISTRATION INVOLVING INVESTIGATION OF MAFIA MEMBERS**

**RELEVANT MEMBERS IN SESSION:**

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City Council  
April 26, 1988  
Page two

Section 11 of the City Charter prohibits residential water metering. All new commercial accounts are metered, and the Water Division has a program underway to retrofit existing commercial accounts with meters. At present, 45% of non-residential accounts have been converted to meters. It is the opinion of our City Attorney that any legislation which would mandate installation of water meters interferes with the principle local home rule. Organizations such as the California Municipal Utilities Association (CMUA) have also indicated they would oppose such legislation, as the question of whether to utilize water meters should be left up to each local jurisdiction. Sacramento County is in the process of compiling cost and water usage information to combat arguments in factor of mandatory metering.

A study conducted in 1964 by Johns Hopkins University indicated that household water use in metered and unmetered areas did not differ significantly. Using data from this study, in which the City of Sacramento participated, Water Division engineers concluded that metering would result in about an 18 percent savings in Sacramento. This conclusion is supported by a 1984 Brown and Caldwell study which revealed that metered households use about 20 percent less water annually than unmetered households.

Installing, reading and maintaining meters for the City's 4300 remaining unmetered commercial accounts and 99,800 residential accounts would involve an initial capital outlay of \$52.5 million and annual operations and maintenance costs of \$2.9 million. As the capital cost would have to be debt financed, City rate payers would be required to assume \$6.3 million in annual debt service in addition to the annual operating costs. Installation of water meters, to achieve a 20% reduction in water use, would mean doubling the water rates paid by Sacramento customers.

In contrast, the City Water Division is proposing an expanded voluntary water conservation program beginning in May. This program will be outlined in a report to the City Council next Tuesday. The program has three key components: Public education, distribution of water saving devices, and a water waste enforcement program involving three (3) full time inspectors. The costs of this program are relatively minimal and are included in the Water Division operating budget. This program is expected to reduce water use in this especially dry year by approximately 10 percent, or about half that we could expect from metering. The cost effectiveness of installing meters must be considered when there are other relatively inexpensive methods of reducing water use and water waste.

The City Council may, at some point, be persuaded that water metering is in the best interest of the residents of Sacramento. Should that occur, the voters would be asked to support a charter amendment allowing installation of meters. That decision should rightfully be made by the City Council, however, not the State Legislature.

Section 11 of the City Charter prohibits residential water metering. All new commercial accounts are metered, and the Water Division has a program underway to retrofit existing commercial accounts with meters. At present, 62% of residential accounts have been converted to meters. It is the opinion of the City Attorney that any legislation which would mandate installation of water meters interferes with the principle local home rule. Organizations such as the California Municipal Utilities Association (CMAA) have also indicated they would oppose such legislation, as the question of whether to utilize water meters should be left up to each local jurisdiction. Sacramento County is in the process of compiling cost and water usage information to combat arguments in favor of mandatory metering.

A study conducted in 1984 by Johns Hopkins University indicated that household water use in metered and unmetered areas did not differ significantly. Data from this study, in which the City of Sacramento participated, Water Division engineers concluded that metering would result in about an 18 percent savings in Sacramento. This conclusion is supported by a 1984 Brown and Caldwell study which revealed that metered households use about 10 percent less water annually than unmetered households.

Installing, reading and maintaining meters for the City's 4800 remaining unmetered commercial accounts and 30,000 residential accounts would involve an initial capital outlay of \$28.5 million and annual operations and maintenance costs of \$2.9 million. As the capital cost would have to be debt financed, City rate payers could be required to assume \$6.3 million in annual debt service in addition to the annual operating costs. Installation of water meters, to achieve a 30% reduction in water use, would mean doubling the water rates paid by Sacramento customers.

In contrast, the City Water Division is proposing an expanded voluntary water conservation program beginning in May. This program will be outlined in a report to the City Council next Tuesday. The program has three key components: Public education, distribution of water saving devices, and a water waste enforcement program involving three (3) full time inspectors. The cost of this program are relatively minimal and are included in the Water Division operating budget. This program is expected to reduce water use in the city by approximately 10 percent, or about half that we could expect from metering. The cost effectiveness of installing meters must be considered when there are other relatively inexpensive methods of reducing water use and water waste.

The City Council may, at some point, be persuaded that water metering is in the best interest of the residents of Sacramento. Should that occur, the voters could be asked to support a charter amendment allowing installation of meters. That decision should rightfully be made by the City Council, however, not the State Legislature.

City Council  
April 26, 1988  
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**FINANCIAL**

As indicated above, installation of water meters would require an initial capital expenditure of \$52.5 million and an annual operating cost of \$2.9 million. (Exhibit I outlines the projected costs, including annual debt service.)

Using information obtained from the City of Los Angeles regarding their experience with converting to meters, the Water Division estimates an additional 72 new positions would be needed to read, maintain and repair meters.

Mandatory water metering represents a significant rate burden to the City's utility customers. Water rates would have to be increased by approximately 100% to cover capital and operating costs.

**RECOMMENDATION**

State legislation mandating the use of water meters interferes with local control and would impose a significant rate burden on the City's utility customers. For these reasons, it is recommended that the City Council declare the City's opposition to any state legislation, including SB 182, which mandates water meters.

Respectfully, submitted,

*Melvin H. Johnson*  
Melvin H. Johnson  
Director of Public Works

Recommendation Approved:

*Walter J. Slipes, Jr.*  
For: Walter J. Slipes  
City Manager

April 26, 1988  
All Districts

VII DISTRICTS  
MAY 19 1966

CITY NUMBER:  
MAY 19 1966

RECOMMENDATION APPROVED:

DIRECTOR OF PUBLIC WORKS  
WALTER J. JOHNSON

APPROVED:

UNIQUE METAL METERS:  
THE CITY'S opposition to any state legislation including SB 185, which  
characterizes. For these reasons, it is recommended that the City Council, District  
Council, and Board of Public Works and significant rate burden on the City's public  
state legislation mandating the use of metal meters including any local

**RECOMMENDATION**

TO COVER CAPITAL AND OPERATING COSTS:  
PUBLIC UTILITIES: Meter rates would have to be increased by approximately  
annual rate increases of approximately 5% and significant rate burden to the City's

Meters:  
Comparison of new positions would be needed to long, history and labor  
experience with collecting on meters. The Meter Division estimates an  
annual information obtained from the City of Los Angeles regarding 1961

meter(s).  
BY THE (EXHIBIT I outlines the projected costs, including meter, meter  
costs, expenditure of \$25.2 million and an annual operating cost of \$5.5  
as indicated above. Installation of meter meters would require an 18, 1961

**FINANCIAL**

MAY 19 1966  
MAY 19 1966  
CITY COMPTROLLER

EXHIBIT I

PROJECTED COSTS ASSOCIATED  
WITH WATER METERING

INITIAL CAPITAL OUTLAY

Meter Installation

Residential:	99,850 Services @ \$500/Installation =	\$49,925,000
Commercial:	4,331 Services @ \$600/Installation =	2,598,600

Support

Equipment (trucks, tool, radios, etc)	690,000
Facilities	<u>1,328,200</u>
Total	\$54,541,800

Annual Operations/Maintenance

Labor (72 new positions)	\$ 2,346,000
Equipment, Supplies, etc.	<u>600,000</u>
Sub total:	\$ 2,946,000
Annual Debt Service	<u>6,372,118</u>
Total:	\$ 9,318,118

Note: To obtain reasonable estimates of projected costs, the City of Los Angeles was contacted to ascertain manpower requirements associated with 104,000 metered services. Our projections reflect their experience.

EXHIBIT I

PROJECTED COSTS ASSOCIATED WITH WATER METERING

INITIAL CAPITAL OUTLAY

Commercial:	4,331 Services @ \$600/Installation =	\$2,598,600
Residential:	98,820 Services @ \$300/Installation =	\$29,646,000
Meter Installation		
Residential:	Equipment (tools, radios, etc)	\$20,000
Commercial:	Equipment (tools, radios, etc)	\$38,500
Total		
		\$32,242,600

Annual Operation/Maintenance

Annual Post Service	Total:	\$ 9,318,118
Equipment, Supplies, etc.	Sub total:	6,373,118
Labor (75 new positions)		\$ 2,945,000
		600,000
		\$ 2,345,000

Note: To obtain reasonable estimates of projected costs, the City of Los Angeles was contacted to ascertain manpower requirements associated with 104,000 metered services. Our projections reflect their experience.





RECEIVED  
CITY CLERKS OFFICE  
CITY OF SACRAMENTO

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OFFICE OF THE  
MAYOR

CITY OF SACRAMENTO  
CALIFORNIA

CITY HALL  
ROOM 305  
915 I STREET  
SACRAMENTO, CA  
95814-2672

ANNE RUDIN  
MAYOR

916-449-5300

April 26, 1988

Senator Ruben S. Ayala  
Chairman  
Senate Committee on Agriculture and Water Resources  
State Capitol, Room 2082  
Sacramento, CA 95814

RE: Senate Bill 182 (Boatwright)

Dear Senator Ayala:

The City of Sacramento strongly recommends that the Senate Agriculture and Water Resources Committee decline to set a hearing for Senate Bill 182 (Boatwright). Senator Boatwright proposes to amend SB 182 to mandate the installation of water meters statewide.

Installing water meters in all Sacramento homes and businesses will cost \$54.6 million. To pay for both capital outlay and annual operations and maintenance costs, the City would have to double its current water rates. Studies indicate that metering would result in a reduction in water use of approximately 18 percent. In contrast, the City Council is planning an expanded voluntary water conservation program which is expected to reduce water use by 10 percent - half of what could be saved by metering and at a fraction of the cost.

Senator Boatwright's proposal to mandate water metering interferes with the principle of local home rule. It seems clear from his campaign literature that the Senator's motivation for carrying this legislation is related to his re-election effort. SB 182 has already been approved by both houses of the Legislature. To grant a hearing now on the question of mandatory water metering would subvert the standard legislative procedure. If this issue is as important as Senator Boatwright suggests, he should introduce new legislation to be considered by the appropriate policy and fiscal committees in both the senate and assembly.

The Honorable Ruben S. Ayala  
April 28, 1988  
Page 2

The City of Sacramento respectfully requests that the Senate Agriculture and Water Resources Committee insure that the question of mandatory water metering receive proper fiscal and issue analysis by refusing to grant a hearing on the proposed amendments to SB 182.

Sincerely,

*Anne Rudin*

Anne Rudin  
Mayor

cc: City Council  
Walter J. Slife  
Assemblyman Lloyd Connelly  
Assemblyman Phillip Isenberg  
Senator Leroy Greene  
Senator Dan Boatwright  
Ken Emanuels  
League of California Cities  
CMAA

bcc: Joe Alessandri, County Water  
Baxter Culver, Sacramento County  
David Martinez  
Melvin Johnson  
Don Dodge  
Jim Sequeira  
James Jackson  
City Clerk  
Roberta Larson



The preceding letter was sent to the following members of the Agriculture & Water Resources Committee:

Senator Ruben S. Ayala

Senator Henry Mello

Senator Marian Bergeson

Senator William Craven

Senator John Doolittle

Senator Cecil Green

Senator Dan McCorquodale

Senator Jim Nielsen

Senator Robert Presley

Senator Don Rogers

Senator Rose Ann Vuich