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FEB 09 1989

DEPARTMENT OF
PUBLIC WORKS.

CITY OF SACRAMENTO
CALIFORNIA

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OFFICE OF THE DIRECTOR

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February 16, 1989

Law and Legislation Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: **RECOMMENDATION TO OPPOSE SB 312 (BOATWRIGHT) RELATING TO MANDATORY WATER METERS**

SUMMARY

Senate Bill 312, by Senator Dan Boatwright, would require the installation of water meters on all new commercial and residential water service connections. It is recommended that the Law and Legislation Committee declare the City's opposition to SB 312.

BACKGROUND

SB 312 represents another attempt by Senator Boatwright to require water meters throughout California. While the bill in its present form applies only to new construction, the author has indicated that he would have no problem expanding the bill to include existing residences and businesses "if a consensus builds" to do so.

While the express purpose of SB312 is to conserve water, studies have shown that metering, in and of itself, does not save a significant amount of water. Installation of residential meters can be expected to reduce water use by about 20 percent - yet the City's voluntary conservation program yielded a 12 percent savings over the summer at a very low cost.

The City of Sacramento is different from coastal communities where wastewater discharges are lost to the ocean or saline bay. In the City, 85% of the water we use comes from our two rivers. Of that amount, 60 percent is treated and returned to the river to benefit downstream uses. Thus, water use does not necessarily equal water waste. The State Department of Water Resources, which generally supports the use of water meters, has indicated that residential metering is not necessarily the answer for Sacramento because of our unique conditions.

Staff has identified a number of problems with SB 312; these concerns are discussed in detail in the attached bill referral form, and summarized below:

- SB 312 mandates residential water metering, in conflict with the City Charter. This is a violation of the concept of "home rule".

- This bill sets up an inequity in the City's residential rate structure by requiring two parallel water rates, one based on usage and one flat rate.

SB 312 makes no exceptions for infill development. Reading meters scattered throughout existing developed neighborhoods will be expensive and inefficient.

There are alternatives to metering, including voluntary conservation efforts and enhanced field patrols, which will better accomplish the legislation's objective in Sacramento.

FINANCIAL IMPACT

From 1985 through 1988, the City's housing supply grew by an average of 4,250 dwelling units per year. The combined capital, replacement, and operating (meter reading) costs for the first year of implementing SB 312 would total \$948,100. The bulk of this cost (\$867,000) for purchasing and installing the meters, would be borne by the homeowners. However, the replacement and operating costs alone would necessitate a one percent (1%) increase in the water rate in the first year.

By the year 2003, the City would be required to absorb \$775,200 in replacement costs and \$198,000 in operating costs annually (figures are 1989 dollars). Six (6) additional personnel would be needed to read the estimated 51,000 residential meters in the City in 2003.

A detailed breakdown of the cost of implementing SB 312 is included as Attachment I.

M/WBE EFFORTS

There are no goods or services being purchased.

POLICY CONSIDERATIONS

The City's current policy, as expressed in the City Charter, is to meter non-residential water service only. SB 312 would mandate a departure from that policy by requiring meters for new residential construction.

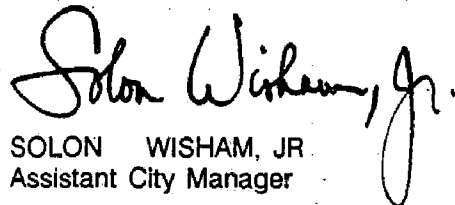
RECOMMENDATION

It is recommended that the Law and Legislation Committee declare the City's opposition to SB 312 (Boatwright) relating to mandatory water metering.

Respectfully Submitted,


MELVIN H. JOHNSON
Director of Public Works

RECOMMENDATION APPROVED:


SOLON WISHAM, JR.
Assistant City Manager

February 16, 1989
ALL DISTRICTS

CONTACT PERSON:
Roberta Larson
449-5877

B I L L R E F E R R A L

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DATE: _____ COMMITTEE ACTION: _____

TO: Law and Legislative Committee DATE: _____

FROM: Public Works

REPLY NO LATER THAN:

A.B. S.B. 312 (Boatwright) Relating to Water Meters

STATUS: pending hearing in Senate Agriculture and Water Resources Committee

Please review the attached measure to determine its effect upon the City of Sacramento and complete the following questions as appropriate. During your analysis of this measure, if questions arise, please feel free to contact me at X5346. This questionnaire should be returned to me for presentation to the Council Committee on Law and Legislation. PLEASE LEAVE THE BILL ATTACHED TO THIS FORM.

PLEASE TYPE YOUR RESPONSE

1. Briefly describe the provisions of the bill (attach additional sheets if necessary).

SB 312 would require that water meters be installed in all residential and commercial properties constructed on or after January 1, 1991.

2. Should this measure be: (Please circle desired position)

Supported Opposed Supported if Amended
Placed on Watch List Other (explain)

3. Please explain your reasons for the above determination, including how this measure affects your Department and the fiscal impact of this measure to the City. (Your analysis will be used in communicating with the Governor and the Legislature, so please make your comments in a format that can be used in a letter to those officials.) (Attach additional sheets if necessary.)

See attached

3. With drought conditions continuing throughout the state, the introduction of SB 312 comes as no surprise. Each abnormally dry year, the issue of water metering is raised as a panacea for the problems of water waste and excessive water use. Last year, Senator Boatwright proposed legislation mandating the installation of meters in all residences in the state. SB 312 stops short of requiring retrofitting meters, but there are still several problems with the bill. The key areas of concern are summarized below:

- A. Water Usage Patterns - about 85 percent of the water used by City residents in 1988 came from the two rivers. Of this amount, some 60 percent was returned to the American and Sacramento rivers as wastewater flow. The returned water is not "wasted", but available for other downstream uses. The 40 percent that was not returned to the river was used for irrigation and lost through evaporation, percolation, or plant transpiration. (Since percolation aids in recharging groundwater, there is some question whether this water is really lost.)

In addition, about 85 percent of the water used in California is used for agricultural purposes. No statewide conservation program can be successful unless agricultural water waste is addressed.

- B. Available Alternatives - The express purpose of SB 312 is to effect water savings. While the author claims metering would reduce water use by 20 to 45 percent, studies show the actual savings would be somewhere between 15 and 20 percent.

The voluntary water conservation program implemented by the City Council last summer resulted in a net savings of 12 percent - at a far lower cost than the cost of metering.

- C. Local Control - The City Charter prohibits residential water metering; the question of whether to install meters is a decision to be made by the City Council and the people of Sacramento, not the State Legislature.
- D. Equity - Metering new homes only will establish a dual system for residential customers. Existing homes will pay a flat rate, regardless of use, while new homes will pay according to metered usage.
- E. Operational Problems - SB 312 makes no exceptions for infill development. As drafted, it would apply to all new construction. This means that a new house constructed in an existing, established neighborhood would be metered while none of the neighboring homes would. This will create difficulties for reading the meters; it will be very inefficient to have meter readers driving all over town to read individual meters here and there.

F. Rate Impact - Growth in the City housing stock has averaged 4,250 new dwelling units per year over the past few years. Water Division staff have calculated the following first year costs:

1. Capital Costs:	\$204/meter x 4,250 meters	=	\$867,000
2. Replacement Costs:	8% per year (12 year life)	=	64,600
3. Operating (reading) costs:	.5 FTE Meter Reader	=	<u>16,500</u>
			\$948,100

The capital costs would be paid by the homeowners but the replacement and operating costs would be borne by City rate payers. In the first year alone, this would mean a 1% increase in the water rate. By the year 2003, the rates will have to increase to cover \$973,000 in additional annual expenses.

(A detailed breakdown of the costs of implementing SB 312 is included in Attachment #1)

4. Specify the City's legislative policy guideline(s) applicable to this measure (if any).

- 7.9 (a) Oppose legislation which will mandate local governments to incur costs and which do not include an appropriation to reimburse local agencies for such costs.
- 7.9 (b) Oppose legislation which will reduce the options, methods, alternatives, and flexibility available to the City in dealing with problems, issues, and policies of local government.

5. If this measure could be amended to either improve its favorable aspects or to minimize its adverse aspects, which amendments would you propose?

The bill could be amended to exempt infill development.

6. List known support or opposition to this measure by groups with which you are familiar and include addresses and phone numbers, if known. League of California Cities position:

CMUA No position

7. Does this bill involve a State-mandated local program? If so, does the bill contain an S.B. 90 waiver, or an appropriation for allocation and disbursement to local agencies pursuant to Revenue and Taxation Code Section 2231?

While the Legislative Counsel has determined SB312 contains no mandate, the bill clearly requires water Purveyors to install, read and maintain meters on all new construction. The bill allows the local agency to charge fees to cover these costs. In effect, SB312 would mandate that the City increase both its water rate and its water development fee. Self-financing mechanisms such as this have, in the past, been ruled by the courts to constitute a mandate.

8. Using a rating scale of 1 to 10 (with 10 as the most important), how important do you think this bill is to the City of Sacramento?

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**ATTACHMENT I
METERING NEW RESIDENTIAL
WATER SERVICE**

ASSUMPTIONS: 4,250 new dwelling units per year.

This figure includes multiple family units; the actual number of meters would be fewer. However, the size of the meter on multiple dwellings, so 4,250 can be used as an equivalent.

CAPITAL COST: Installation of New Service

Materials:	\$130.00	
Labor - 2 hrs @ \$37/hr	<u>74.00</u>	
	\$204.00	per meter

\$204 x 4,250 = \$867,000.00

OPERATING IMPACT: Bi-monthly Reading

(Assuming 10% of the meters will be in infill areas, and half of these will be in rear easements)

Average reading time 2.4 minutes

METER READING COSTS

Year	# of Meters	Hrs. to Read Once	Hrs. to Read 6x Per Yard	FTE	Annual Cost @ 33,000 per FTE
1	4,250	170	1020	0.5	\$ 16,500
2	8,500	340	2040	1.0	33,000
3	12,750	510	3060	1.5	49,500
4	17,000	680	4080	2.0	66,000
5	26,250	850	5100	2.5	82,500
6	25,500	1020	6120	3.0	99,000
7	29,780	1190	7140	3.5	115,500
8	34,000	1360	8160	4.0	132,000
9	38,250	1530	9180	4.5	148,500
10	48,500	1700	10,200	5.0	165,000
11	46,750	1870	11,220	5.5	181,500
12	51,000	2040	12,240	6.0	198,000

REPLACEMENT: Assumes 8% replacement rate per year; 12 year life of the meter

REPLACEMENT COSTS

Year	No. Meters	No. Replaced	Cost/Each	Total Cost
1	4250	340	\$ 190	\$ 64,600
2	8500	680		129,200
3	12,750	1020		193,800
4	17,000	1360		258,400
5	21,250	1700		323,000
6	25,500	2040		387,600
7	29,750	2380		452,200
8	34,000	2720		516,800
9	38,250	3060		581,400
10	42,500	3400		646,600
11	46,750	3740		710,600
12	51,000	4080		775,200

SUMMARY
ANNUAL CITY COST - IMPLEMENTING
SB 312 (Residential Only)

Year	Replacement Cost, \$ 1,000	Reading Labor	Total Annual Cost, \$ 1,000
1	65	17	82
2	129	33	162
3	194	50	244
4	258	66	324
5	323	83	406
6	388	99	487
7	452	116	568
8	517	132	649
9	581	149	730
10	647	165	812
11	711	182	893
12	775	198	973

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From the Office of
SENATOR DAN BOATWRIGHT
State Capitol, Room 3086
Sacramento, CA 95814
Telephone: (916) 445-6083
Contact: Barry Brokaw
#89-3

FOR IMMEDIATE RELEASE
January 31, 1989

BOATWRIGHT PROPOSES WATER METERS FOR ALL NEW HOOKUPS BY 1991

SACRAMENTO--Senator Dan Boatwright (D-Concord) today introduced legislation coauthored by Senator Ruben Ayala, Chairman of the Senate Committee on Agriculture and Water Resources, which would require that water meters be installed in all residential and commercial properties with water hook ups constructed on or after January 1, 1991. The measure is Senate Bill 312.

"How dry must our winters become before we understand how precious a resource water is?" asked Boatwright.

Studies done in communities across the nation which have shifted from unmetered to metered water use have shown water savings ranging from over 20% to 45%. Some have produced even greater conservation results.

"There is no doubt that when people pay for excessive water use, like they do in most parts of this state, they use water more carefully," Boatwright said.

"Although my first choice would be to ensure that everyone in California was metered, as I attempted to do last year, there is a far better chance of getting the bill passed at this time if I limit it's scope to new construction," Boatwright said. "But don't get me wrong. If a consensus builds to include all properties, I'm not adverse to expanding the bill.

Introduced by Senator Boatwright
(Principal coauthor: Senator Ayala)

January 31, 1989

An act to add Section 110 to, and to add Chapter 8 (commencing with Section 500) to Division 1 of, the Water Code, relating to water service.

LEGISLATIVE COUNSEL'S DIGEST

SB 312, as introduced, Boatwright. Water service: meters. Under existing law, water meters are not required to be installed on all water facilities and systems which deliver water.

This bill would require the installation of water meters, as defined, certified by the State Water Resources Control Board for the use and area of use of the water, on every new water service connection on and after January 1, 1991.

The bill would make legislative findings and declarations. Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 110 is added to the Water Code,
- 2 to read:
- 3 110. Notwithstanding any provision of law, every
- 4 water purveyor who sells, leases, rents, furnishes, or
- 5 delivers water service to any person shall require, as a
- 6 condition of new water service on and after January 1,
- 7 1991, that a suitable water meter to measure the water
- 8 service shall be installed on the water service facilities in
- 9 accordance with Chapter 8 (commencing with Section
- 10 500). The cost of installation of the meter shall be paid by
- 11 the user of the water, and any water purveyor shall be

1 authorized to impose and collect charges for those costs.
 2 For purposes of this section, "water purveyor,"
 3 "person," "water service," and "water meter" have the
 4 same meaning as defined in Article 2 (commencing with
 5 Section 510) of Chapter 8.

6 SEC. 2. Chapter 8 (commencing with Section 500) is
 7 added to Division 1 of the Water Code, to read:

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CHAPTER 8. WATER MEASUREMENT

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Article 1. Short Title

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500. This chapter shall be known and may be cited as
 the Water Measurement Law.

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Article 2. Definitions

18 510. Unless the context otherwise requires, the
 19 provisions of this article govern the construction of this
 20 chapter.

21 511. The definition of a word applies to any of its
 22 variants.

23 512. "Water purveyor" means any person who
 24 furnishes water service to another person.

25 513. "Person" means any individual, firm, association,
 26 partnership, corporation, or public entity of any kind.

27 514. "Public entity" includes a city, county, city and
 28 county, whether general law or chartered, a district,
 29 board, commission, bureau, authority, agency,
 30 department, division, section, any other political
 31 subdivision of the state of any kind, or the state.

32 515. "Water service" means the sale, lease, rental,
 33 furnishing, or delivery of water for beneficial use, and
 34 includes, but is not limited to, contracting for that sale,
 35 lease, rental, furnishing, or delivery of water.

36 516. "Water meter" includes any suitable water
 37 measuring device which determines directly or
 38 indirectly the volumetric flow of water.

Article 3. Declaration of Policy

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520. The Legislature hereby finds and declares that, pursuant to the primary interest of the people of the state, to put the limited available supplies of water in this state to beneficial use to the fullest extent of which they are capable, and to prevent waste, unreasonable use, or unreasonable method of use, it is necessary to determine the quantities of water in use throughout the state to the maximum extent that is reasonable to do so.

521. The Legislature further finds and declares that water furnished or used without any method of determination of the quantities of water used by the person to whom the water is furnished has caused, and will continue to cause, waste and unreasonable use of water, and that this waste and unreasonable use should be identified, isolated, and eliminated.

522. The Legislature further finds and declares that waste or unreasonable use of water imposes unnecessary and wasteful consumption of energy to deliver or furnish the water and it is necessary, therefore, to determine the quantities of water in use throughout the state to the maximum extent that it is reasonable to do so in order to reduce that energy consumption.

523. The Legislature hereby finds and declares that the California goal for measurement of water use is the achievement by January 1, 1991, of the installation of water meters on all new water service connections after that date to systems and facilities owned, operated, or under the management or control of a water purveyor, which meters will measure the quantity of water furnished or delivered through each system or facility to each new user of the water.

Article 4. Standards

530. The board shall adopt standards for water meters with an accuracy and reliability not less than that acceptable in the locale and for the particular use of the water, to be used for measurement of water deliveries to

1 carry out the purposes of this chapter. The standards may
2 vary with the use of the water and the area in which the
3 water is used.

4 531. The board shall certify meters for each use and
5 area of that use in this state.

6 532. The board shall consider, in adopting standards
7 and certifying meters for water measurement, in
8 addition to the use and the area of use, among other
9 things, all of the following:

10 (a) The cost, including the cost of installation, of the
11 meter, and the ability of the user to pay those costs. The
12 cost of installation shall not exceed a reasonable amount
13 as determined by the board.

14 (b) The maintenance requirements, the cost of
15 maintenance, and the expected service life of the meter.

16 (c) Whether the manufacturer of a meter, in order to
17 protect the public interest, agrees to either of the
18 following:

19 (1) That, until two or more meters are certified for the
20 same use and area of use, the manufacturer enter into
21 such cross-licensing or other agreements the board
22 determines, after a public hearing, are necessary to
23 ensure adequate competition among manufacturers of
24 the meters.

25 (2) That, if the meter is the only one made available
26 to the public, the price of the meter, including
27 installation, does not exceed the price established, after a
28 public hearing, by the board for the meter for that use
29 and area of use.

30 533. Proceedings to review the denial of an
31 application for certification or exemption, or proceedings
32 to revoke, suspend, or restrict a certification previously
33 granted by the board, shall, upon the timely request of
34 the applicant or affected manufacturer, be conducted by
35 the board, in accordance with Chapter 5 (commencing
36 with Section 11500) of Part 1 of Division 3 of Title 2 of the
37 Government Code, and the board shall have all the
38 powers granted therein to the Office of Administrative
39 Hearings.