

Rates change July 16

The cost of providing wastewater treatment services to the City of Lodi continue to escalate because of more stringent environmental regulations imposed by the State of California. Existing rates fall far short of collecting what's needed to run the White Slough Water Pollution Control Facility in compliance with State orders.



Treatment plant clarifying tank shortly after construction

City of Lodi White Slough Water Pollution Control Facility



City of Lodi

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City of Lodi

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► Overview of proposed Wastewater rate increase



Ultra-violet disinfection component of Lodi's wastewater treatment plant

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2009 City of Lodi proposed wastewater rate increases

A note to my neighbors



Wally Sandelin
Public Works
Director

The City of Lodi regularly evaluates its wastewater service needs, the cost of providing those services, and then determines if rates are sufficient to continue providing the service. Our goal is to provide quality service that

protects public health and the environment. How we meet that goal is largely determined by State regulations, but we are committed to efficiently managing our system.

Lodi faces increasingly strict State regulations that determine how we treat and dispose of wastewater. This is not simply a Lodi problem, but one facing all our neighboring communities. The regulatory changes have forced us to spend millions of ratepayer dollars to upgrade our 43-year-old facility.

As a result, we are collecting far less in rates than it takes to operate our wastewater plant.

I hope you'll learn more about the proposed increase in this brochure, which covers a few frequently asked questions.

If you have any questions about the rate increase that aren't answered here, please contact the Public Works office at (209) 333-6706 and we'll be happy to provide you the information you need.

Why an increase?

Existing rates are not covering the cost to operate the plant in a fashion required by the State of California. The shortfall is now roughly \$2 million per year. Cash in the wastewater account is dwindling and it will be out of money by the end of 2010. What cost \$2.7 million a year to operate in 1999 now costs \$11.5 million a year (excluding bond payments), mostly due to new treatment methods implemented to comply with regulations and the costs associated with \$50 million in construction projects since 2001.



Clarifying tank at White Slough

Although wastewater ratepayers send \$9.4 million to the City each year, it's far less than what is needed to operate the system.

The proposed rates will be phased in through 2012, with an initial 25-percent increase July 16, followed by a 20-percent increase on July 1, 2010, a 10-percent increase on July 1, 2011, and a 5-percent increase July 1, 2012.

What is the City doing to keep rates down?

The City makes every effort to efficiently maintain the wastewater system. For example, the City has fewer wastewater workers today than 15 years ago. That isn't enough, however, to offset other factors affecting rates.



Screens at the treatment plant

In addition, the City has used other wastewater revenue sources unrelated to operations to keep rates low. Those funds include the \$6 million paid by San Joaquin County to allow a connection from the Flag City service area; now Flag City pays Lodi a 35-percent premium to discharge its waste.

The City can no longer charge customers less than what the system costs to operate.

What will the extra money be used for?

To pay for higher operating and borrowing costs caused by heightened regulations. About a fourth of the Wastewater overall \$16.2 million budget goes toward State fees and to repay bonds issued in 2007 to pay for plant upgrades. Other major expenses include personnel (\$2.7 million), electricity (\$868,000), supplies and materials (\$1.9 million), and the Wastewater utility's share of billing and collection services and support provided by other departments (\$1.5 million).

The City's 2009/10 budget also includes \$4.7 million needed to complete the final phase of plant improvements.

Overall, personnel costs are less than 17 percent of the Wastewater budget.