

1 [Submission of an Ordinance to the Voters authorizing Sewer Service Charge Rate
2 Increases.]

3 **Motion ordering the submission of an ordinance to the voters authorizing the Board of**
4 **Supervisors to adopt and impose schedules of sewer service charges to be paid by**
5 **users in accordance with the San Francisco Charter and Part II, Chapter X, Articles 4.1**
6 **and 4.2 of the San Francisco Municipal Code (Public Works Code) that will provide an**
7 **aggregate 12% increase of sewer service revenues, at an election to be held on**
8 **November 5, 2002.**

9
10 MOVED, That the Board of Supervisors hereby submits the following ordinance to the
11 voters of the City and County of San Francisco, at an election to be held on
12 November 5, 2002:

13 Be it ordained by the People of the City and County of San Francisco:

14 Section 1. In order to qualify for federal and state grant assistance and in accordance
15 with the provisions of Board of Supervisors Resolution No. 656-92, adopted August 4, 1992,
16 as amended, providing for the issuance of sewer revenue bonds, the City and County must
17 establish sewer service charges that will provide sufficient revenue to meet the cost of
18 operation and maintenance, replacement of equipment and structures, and debt service of the
19 sewerage system.

20 Section 2. In May 1998, the voters approved Proposition H, regulating charges for
21 water and sewer service to customers within the City and County of San Francisco. Until
22 July 1, 2006, with limited exceptions, Proposition H prohibits any increases in rates for water
23 or sewer service. Sewer service charges were last increased July 1, 1996.

24 Section 3. The Public Utilities Commission has prepared projections of revenues and
25 expenses for the Clean Water Enterprise through fiscal year 2006-2007. Under the

1 Proposition H rate cap, the revenues of the Clean Water Enterprise will be insufficient to meet
2 operating expenses and principal and interest payments on revenue bonds beginning in fiscal
3 year 2002-2003. The only source of funds to cover deficits projected for 2002-03 and
4 following years will be the available fund balance of the Clean Water Enterprise. Using that
5 fund balance to meet operating costs and principal and interest payments will mean that the
6 Enterprise will not be able, commencing in fiscal year 2002-03, to maintain a prudent reserve
7 for normal fluctuations in revenues and expenses, or for emergencies. Without rate relief the
8 Clean Water Enterprise will be unable to meet its obligations under federal and state grant
9 agreements and under its revenue bond indenture.

10 Section 4. Notwithstanding any other ordinance of the City and County of San
11 Francisco, the Mayor, Board of Supervisors and Public Utilities Commission are authorized to
12 adopt annual sewer service charge schedules, in the manner set forth in the Charter,
13 Administrative Code and Public Works Code, and without further voter approval. Any
14 increase in sewer service revenues received pursuant to such sewer service charge
15 schedules and rates shall not exceed 12% of the revenues received pursuant to sewer service
16 charge schedules in effect on November 5, 2002. The increase in the sewer service charge
17 received from any one customer or class of customers may be more or less than 12%
18 provided the total revenues received from all customers does not exceed 12%.

19 Section 5. This ordinance shall remain in effect until July 1, 2006.

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21 APPROVED AS TO FORM:
22 DENNIS J. HERRERA, City Attorney

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24 By: _____
25 Deputy City Attorney