



DATE: December 16, 2024

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Jessie Gooch, Finance Director
Corey Garberolio, Assistant Finance Director

SUBJECT: Public Hearing on a change and update related to the Master Fee Schedule and a Resolution establishing an Advanced Metering Infrastructure (AMI) Opt-Out Fee

RECOMMENDATION

It is recommended that the City Council hold a Public Hearing on a proposed change to the Master Fee Schedule to add an Advanced Metering Infrastructure (AMI) Opt-Out Fee, take public input, and adopt a Resolution establishing the fee and adding it to the City's Master Fee Schedule.

BACKGROUND

The City contracted with Willdan Financial Services to perform a Comprehensive User Fee Study in 2024 which was brought to Council on April 8, 2024 for discussion and subsequently adopted by Council at the May 6, 2024 Council meeting. At the same April 8, 2024 meeting, City staff introduced the AMI Project, related AMI Opt-Out fee and a resolution awarding the Contract which was subsequently adopted by Council. User fees are typically updated every 3-5 years and if necessary, more frequently as new programs and projects are implemented. This is in accordance with the City Council's Goal to Achieve Fiscal Stability and Maintain Financial Sustainability.

DISCUSSION

Following adoption of the City's Master Fee Schedule at the May 6, 2024 meeting, it was discovered that due to the timing of the new AMI project and adoption of the Master Fee Schedule, the new AMI Opt-Out fee was erroneously left off of the City's Master Fee Schedule. The action before the Council tonight is to officially add the fee to the City's Master Fee Schedule.

The fee was discussed in detail at the April 8, 2024 Council Meeting. In summary, because AMI uses wireless technology to transmit data, the City recognizes that some members of the community may have concerns or hesitation with the new technology and thus plans to offer an opt-out option for customers who do not wish to have their water meter upgraded to AMI. If customers opt-out, there will be a monthly fee charged to partially cover the costs to manually read the water meter as well as maintain and service

these older meters. City staff developed an Opt-Out policy that provides information on the process and conditions to opt-out, including a monthly fee of \$20 intended to cover the costs mentioned above. The fee proposed is based on estimated vehicle, fuel and staff time to manually read and service older meters. A presentation on this study was made by City Staff and Willdan Financial Services at the April 8, 2024 fee workshop.

Similar to prior fee resolutions, the proposed resolution provides for annual fee increases at the beginning of each fiscal year, based upon the percentage increase or decrease in the Consumer Price Index (San Francisco,-Oakland-San Jose).

As required by law, a Notice of Public Hearing was published on November 8 and November 15 and the proposed changes to the Master Fee Schedule were made available to the public on November 4, 2024.

PUBLIC OUTREACH

This agenda item appeared on the City’s tentative agenda document on November 18, 2024 which was a publicly-noticed meeting. A legal notice will be published in the Press Democrat prior to bringing the resolution to update the fee to City Council. Additionally, once approved by Council, the updated fee schedule will be posted on the City’s website and sent to any interested parties.

COUNCIL GOAL ALIGNMENT

The City Council has identified “A City That Works for Everyone” as one of its key strategic initiatives. Objective #1 seeks to “ensure a fiscally and organizationally sustainable City;” one that achieves a strategic balance of available revenues with City services.

CLIMATE ACTION/SUSTAINABILITY EFFORTS

There is no climate action or sustainability impacts associated with this item.

ENVIRONMENTAL REVIEW

The item before the City Council is not an action item and therefore is not a project under the California Environmental Quality Act (CEQA). However, the underlying project that resulted in the fee has gone independent review for compliance with CEQA.

FINANCIAL IMPACTS

The new fee will cover Utility fund costs of servicing and managing older meters. The approximate number of customers who will choose to opt-out is unknown at this time however this fee is needed to ensure the City has the resources to continue manually servicing old meters when the opt-out option is selected.

ALTERNATIVES

If the City does not increase the user fee schedule, the fees collected will continue to be less than the cost to the City to provide the service. The best practice for user fees is 100% cost recovery, unless the Council sees a clear benefit to subsidize certain fees.

ATTACHMENTS

1. Resolution adopting a revised Master Fee Schedule
2. Exhibit A- Advanced Metering Infrastructure (AMI) Opt-Out Fee