

Resolution No. 2023-XXX N.C.S. of the City of Petaluma, California

RESOLUTION ADOPTING A NEW RATE SCHEDULE FOR WATER SERVICE REPEALING AND REPLACING RESOLUTION 2017-076 N.C.S.

WHEREAS, Petaluma Municipal Code Title 15 provides for the establishment and operation of a water system and the charging of certain fees and charges; and

WHEREAS, Chapter 15.16 of Title 15 provides for the setting of certain fees and charges by resolution; and

WHEREAS, water services provided by the City include, but are not limited to, pumping, storage, and distribution of water purchased from the Sonoma County Water Agency (“SCWA”) and from groundwater; and

WHEREAS, the City retained Bartle Wells Associates to develop a Water and Sewer Rate Study (“Study”), which Study is approved by the City Council, and attached to and made a part of this resolution as Exhibit A; and

WHEREAS, the Petaluma City Council conducted public meetings on the proposed rates pursuant to the Study on May 15, 2023, June 19, 2023, and August 7, 2023; and

WHEREAS, a notice of public hearing on the proposed water rates and change in rate structures (“Rates”) was mailed to water utility customers and record owners of properties that would be impacted by the proposed increases on June 23, 2023, 45 days or more before the requisite public hearing, in accordance with the requirements of section 6(a)(2) of Article XIID (“Proposition 218”) of the California Constitution, including notice of the requirements for submitting a written protest in accordance with Proposition 218; and

WHEREAS, the Petaluma City Council conducted a public hearing on the proposed Rates on August 7, 2023, and received testimony and considered all evidence (“the Record”) presented regarding the proposed Rates; and

WHEREAS, following the public hearing conducted on August 7, 2023, the City Clerk canvassed and reported on the number of written protests received concerning the proposed Rates in accordance with Proposition 218, totaling _____, in comparison with the number of parcels affected by the proposed Rates, totaling approximately 21,001; and

WHEREAS, in accordance with the canvass and report of the City Clerk, the number of written protests received concerning the proposed Rates, totaling _____, are less than the minimum number of parcels affected by the proposed Rates for which written protests would be required to be submitted for a majority protest to exist that would preclude the City Council from adopting the proposed Rates, thus confirming that a majority protest concerning the proposed Rates does not exist; and

WHEREAS, after due consideration, the Petaluma City Council finds based on the Study and the Record that:

1. The proposed Rates as presented herein are necessary to achieve full recovery of the costs of providing water services to residents and businesses in Petaluma.
2. The proposed Rates as presented herein will not generate revenue in excess of the cost of providing water services.
3. The proposed Rates as presented herein will not be used for purposes other than providing water services.

4. The Rates or charges imposed on any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel or person.
5. The Rates are for recovery of the cost of providing services that are actually used by and immediately available to the owners of property subject to the Rates and are not based on potential or future uses of services.
6. The Rates are not imposed for general governmental services including, but not limited to, police, fire, ambulance, or library services.
7. Proper notice of the proposed Rates was given to record owners of properties that would be impacted by the proposed increases, as prescribed by law.
8. A majority of record owners of properties that would be impacted by the proposed Rates did not submit written protests opposing the proposed Rates; and

WHEREAS, the proposed Rates are “fees” or “charges” as defined in Section 2(e) of Article XIII D of the California Constitution (established by Proposition 218), and are levies other than an ad valorem tax, special tax, or assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for property related services; and

WHEREAS, the proposed Rates are not a “tax” as defined in Section 1, paragraph (e) of Article XIII C of the California Constitution (“Proposition 26”) because such rates are imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the local government of providing the service or product; and/or such fees and charges are imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the local government of providing the service or product; and/or such fees and charges are imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders and the administrative enforcement and adjudication thereof; and/or such fees and charges are imposed as a condition of property development; and

WHEREAS, the proposed action is statutorily exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15273 (Rates, Tolls, Fares, and Charges) as the adoption of revised rates and charges pursuant to these resolutions involves the establishment, modification, restructuring, or approval of rates and charges, as identified and analyzed in the rate study, including rates and charges to obtain funds for meeting operating expenses, purchasing or leasing supplies, equipment or materials, meeting financial reserve needs and requirements and/or obtaining funds for capital projects necessary to maintain service within existing service areas; and Additionally, adopting a new rate schedule for water and wastewater services is categorically exempt pursuant to CEQA Guidelines Section 15061(b)(3) because there is no possibility that their adoption will have a significant effect on the environment.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Petaluma that the Petaluma City Council hereby adopts this resolution for a new rate schedule for water service repealing and replacing Resolution 2017-076 N.C.S. as follows:

ARTICLE I GENERAL

SECTION 1.1 PURPOSE.

- A. Findings. The above recitals are hereby declared to be true and correct and to be findings of the City Council of the City of Petaluma and are made a part of this resolution.

- B. Revenue. The purpose of the water service charge is to raise revenue for the cost of operation and maintenance of the City of Petaluma's water utility used for the distribution, pumping and storage of water and for payment of principal and interest on debt and capital recovery costs.
- C. Resolution. The purpose of this resolution is to establish a method of equitably apportioning the cost of the operation and maintenance of the City's water utility among the users of water service.
- D. Study. This resolution and the water charges established in this resolution are based on the Water and Wastewater Utility Rate Study prepared by Bartle Wells Associates. The Study is attached to and made a part of this resolution as Exhibit A.

ARTICLE II RATES

SECTION 2.1 WATER SERVICE CHARGES.

- A. Potable Water. The monthly service charge for potable water shall be as set forth in Table 1, as adjusted in accordance with this Article.

Table 1. Water Rates

	Base Water Rates Effective On or After				
	Sept 1	July 1	July 1	July 1	July 1
	2023	2024	2025	2026	2027
FIXED MONTHLY CHARGES					
<i>Fixed monthly charges billed per residential dwelling unit or based on non-residential meter size.</i>					
<u>Residential</u>					
Single Family: Up to 1-inch meter	\$20.03	\$20.54	\$21.05	\$21.58	\$22.11
Multi-Family: Per Dwelling Unit	12.02	12.32	12.63	12.95	13.27
<u>All Other Customers</u>					
5/8 & 3/4-inch meter	\$20.03	\$20.54	\$21.05	\$21.58	\$22.11
1-inch meter	31.81	32.60	33.41	34.25	35.10
1-1/2-inch meter	61.25	62.79	64.35	65.96	67.61
2-inch meter	96.57	98.98	101.46	103.99	106.58
3-inch meter	179.01	183.49	188.08	192.79	197.61
4-inch meter	296.77	304.19	311.79	319.59	327.58
6-inch meter	591.18	605.96	621.11	636.64	652.56
WATER CONSUMPTION CHARGES					
<i>Volumetric charges billed per hundred cubic feet (hcf) of metered water use.</i>					
<u>Single Family Residential</u>					
Tier 1 0 - 4 hcf	\$4.78	\$4.90	\$5.01	\$5.13	\$5.26
Tier 2 4.01 - 8 hcf	5.29	5.41	5.54	5.68	5.81
Tier 3 8.01 - 16 hcf	6.02	6.16	6.31	6.46	6.62
Tier 4 >16 hcf	7.01	7.17	7.35	7.52	7.71
All Other Customers	5.29	5.41	5.54	5.68	5.81
Temporary Service & Water Haulers	7.81	8.00	8.19	8.39	8.59

- B. Fixed Monthly and Water Consumption Charge Annual Increases Due to Inflation. Beginning July 1, 2024, and each July 1 thereafter, the Base Water Rates shown in Table 1 will be adjusted each year by the percentage change in the Consumer Price Index (CPI) for the San Francisco Bay Area from the base reference index of 331.222 for December 2022 to the index for December of the year preceding each annual rate adjustment. A negative percentage change in CPI any year shall result in no inflationary adjustment for that year.
- C. Wholesale Water Rate Pass-Through Adjustments. Beginning July 1, 2024, and each July 1 thereafter, or whenever the Sonoma County Water Agency (SCWA) implements new water rates applicable to the City, Water Consumption Charges shall be adjusted by the increase in SCWA's wholesale water rate (in cents per hcf) from the base year rate of \$2.67 per hcf effective July 1, 2023. After making the adjustments addressed by paragraph B above, the Water Consumption Charges will be adjusted by the increase in the SCWA wholesale water rate per hcf charged to the City of Petaluma for water supply.

SECTION 2.2 RECYCLED WATER CONSUMPTION CHARGES.

The water consumption charge for recycled water use shall not exceed the rate for All Other Customers shown in Table 1, as adjusted in accordance with Section 2.1 unless otherwise determined by individual recycled water delivery contract.

ARTICLE II(B) WATER SHORTAGE CONTINGENCY PLAN RATE ADJUSTMENTS

SECTION 2.4 WATER SHORTAGE CONTINGENCY PLAN RATE ADJUSTMENTS.

A. Tables 2 and 3 set forth the maximum Water and Wastewater Rate Adjustments that can be implemented at the City Council's discretion to support the financial stability of the City's water and wastewater enterprises during periods of drought and water shortage emergencies. The proposed adjustments apply to billable water and wastewater use and are levied in addition to the City's regular Water Consumption Charges and Wastewater Commodity Charges. The adjustments correspond with the Water Shortage Contingency Plan Levels identified in the City's Urban Water Management Plan. No adjustments apply to a Level 1 water shortage. For Level 2 through Level 6 water shortages, the City may implement surcharges up to the maximum levels shown on the tables, subject to annual adjustment in accordance with this Article.

Table 2. Water Shortage Contingency Plan Rate Adjustments

Maximum Water Shortage Contingency Plan Rate Adjustments					
	Water Shortage Contingency Plan Level				
	Level 2	Level 3	Level 4	Level 5	Level 6
Water Shortage or Mandated Reduction	Up to 20%	Up to 30%	Up to 40%	Up to 50%	> 50%
Maximum Rate Adjustment %	8%	16%	27%	41%	62%
Maximum Rate Adjustment* Effective Sept-1, 2023 (\$/hcf)	\$0.42	\$0.85	\$1.43	\$2.17	\$3.28

* Each year, the Maximum Water Shortage Contingency Plan Rate Adjustments will be adjusted on July 1 based on (a) the Maximum Rate Adjustment % corresponding to each Water Shortage Level multiplied by (b) the Water Consumption Charge implemented for All Other Customers resulting in (c) a Maximum Water Rate Adjustment per hcf that would be applied to the City's Water Consumption Charges.

Table 3. Wastewater Rate Adjustments for Water Shortages

Maximum Wastewater Rate Adjustments for Water Shortages					
	Water Shortage Contingency Plan Level				
	Level 2	Level 3	Level 4	Level 5	Level 6
Water Shortage or Mandated Reduction	Up to 20%	Up to 30%	Up to 40%	Up to 50%	> 50%
Maximum Rate Adjustment %	5%	7%	10%	14%	20%
Maximum Rate Adjustment* Effective Sept-1, 2023 (\$/hcf)	\$0.47	\$0.66	\$0.94	\$1.32	\$1.89

* Each year, the Maximum Wastewater Rate Adjustments for Water Shortages will be adjusted on July 1 based on (a) the Maximum Rate Adjustment % corresponding to each Water Shortage Level multiplied by (b) the Residential Wastewater Commodity Charge resulting in (c) a Maximum Wastewater Rate Adjustment per hcf that would be applied to the City's Wastewater Commodity Charges.

ARTICLE III OTHER CHARGES

SECTION 3.1 DELINQUENCY AND SERVICE RESTORATION CHARGES.

- A. Delinquency Charges. If payment is not received within thirty (30) days of the billing date, it is considered delinquent, and a late charge of \$10 will be levied.

- B. Restoration Charges. When service is discontinued because of delinquency in payment of a water bill, the service shall not be restored until all charges, including a restoration charge, have been paid.
 - 1. Restoration Charge During Normal Working Hours (8:00 AM – 4:30 PM, Monday through Friday, excepting City holidays). The restoration charges applicable for work requested to be performed during normal working hours of the Public Works and Utilities Department will be \$40.
 - 2. Restoration Charge After Normal Working Hours. The restoration charges applicable for work requested to be performed after normal working hours will be \$60.

SECTION 3.2 CHARGE FOR RETURNED CHECKS/NON-SUFFICIENT FUNDS (NSF) FEES.

A fee of \$25 shall be charged for the receipt of a check or ACH payment drawn on a closed bank account and bank accounts with insufficient funds to cover the amount of the check or ACH payment, whether deliberate or not. This fee also applies when a stop payment has been requested by the issuer of a check, credit card, or ACH payment.

SECTION 3.3 SERVICE CHARGE FOR NEW ACCOUNTS.

A charge of \$15.00 shall be paid for reading the meter or turning on service for new accounts during normal working hours. A charge of \$60 shall be paid for reading the meter or turning on service for new accounts after normal working hours.

SECTION 3.4 TEMPORARY WATER SERVICE CONNECTION.

Wherever feasible, recycled water shall be used for construction uses, including water hauled for other non-potable purposes. This section also applies to water haulers that fill from City fire hydrants or other City fill stations into vehicles and deliver the water within or outside of the City service area.

- A. Meter Deposit. Deposits are required at the time of application. Lost meters will result in the forfeiture of the deposit. The deposit may be applied to the closing bill and any remaining amount refunded to the customer.

1. 1" or Smaller Service Meter. A deposit of \$200 shall be required for a 1-inch or smaller service meter set at the curb stop.
2. Bridge Meter. Bridge meters are used to "bridge" from the City's water system to a project's water system for the purpose of testing buried water infrastructure and for providing site water. A deposit of \$1,000 shall be required for a bridge meter.
3. Fire Hydrant Meter. A deposit of \$1,000 shall be required for a fire hydrant meter.

B. Service Charges.

1. 1" or Smaller Service Meter. A \$1.00 per day service charge shall be applied for water service, irrespective of the quantity used.
2. Bridge Meter, Hydrant Meter, or Water Hauler Meter. A \$4.00 per day service charge shall be applied for water service, irrespective of the quantity used.

C. Commodity Charge. The water commodity charge for either potable or recycled water shall be the Temporary Service and Water Haulers Commodity Rate in Table 1, as adjusted in accordance with Section 2.1. The recycled water commodity charge addressed in Section 2.2, shall not apply to connections addressed under this section including water haulers.

D. Fees. Fees associated with temporary City meters are shown below.

DESCRIPTION	FEE
FIRST-TIME METER SET	\$65
UNABLE TO SET/TEST METER	\$50
RELOCATE METER	\$85
RUSH METER SET/RELOCATE (IF SET/RELOCATE REQUEST IS WITHIN 24 HOURS OF PERMIT ISSUANCE OR RELOCATION REQUEST)	\$150

ARTICLE IV CITY PROVIDED SERVICES

SECTION 4.1 CITY PROVIDED SERVICES.

A. Hot Taps. Hot tap fees shall be paid prior to service. Hot taps will be charged as follows:

SIZE OF HOT TAP (INCHES)	HOT TAP FEE
$\frac{3}{4}$ - 2	\$400
4 - 6	\$600
8	\$700
10 - 12	\$950

B. Other Services. The City may install domestic or fire services, or provide other related services, upon request. The cost for each service will be based on an estimate prepared by the City. The requestor will provide a written request accompanied by a drawing to show the location of the proposed service. The City will provide an estimate to the requestor. When the check for the service is received from the requestor the work order will be forwarded to City crews for installation and coordination. Final costs will be based on actual time and materials costs plus applicable administrative charges.

ARTICLE V PENALTY CHARGES

SECTION 5.1 TAMPERING WITH CITY METERS.

The charge for tampering with City meters or operating a meter valve is \$500 for each occurrence.

SECTION 5.2 ILLEGAL OR UNAUTHORIZED USE OF FIRE HYDRANT.

The fee for any illegal or unauthorized use of a City hydrant shall be \$1,000 for each occurrence plus \$50 for each additional day that such use occurs.

ARTICLE VI SECURITY DEPOSITS

SECTION 6.1 AMOUNT.

The City may impose a security deposit of \$200 to open an account or for instances of delinquent payments.

SECTION 6.2 APPLICATION OF DEPOSIT.

The City may apply the security deposit to an account owing to the City, which is delinquent for more than thirty days.

SECTION 6.3 REFUND.

Any amounts remaining in the security deposit will be returned to the customer without interest upon termination of the service and payment of all charges, fees, and indebtedness owed to the City by the customer.

ARTICLE VII ADJUSTMENT OF BILLS

SECTION 7.1 GENERAL.

The City may, upon written request of a customer, supported by repair bills or other appropriate documentation, adjust such customer's bill in the case of loss of water due to circumstances beyond the reasonable control of such customer, such as mechanical malfunction, blind leak, theft of water, vandalism, unexplained water loss or other unusual or emergency conditions. A determination of whether an adjustment is granted shall be made at the sole discretion of the City. In making the determination, the City may take into account the cause of the water loss, the customer's opportunity, if any, to detect it, any negligence or fault of the customer in connection therewith, and the promptness with which the water loss was discovered, stopped and repairs made.

SECTION 7.2 WATER BILL ADJUSTMENT.

The customer's adjusted bill shall be calculated as follows.

- A. Average Usage. The "average usage" shall equal the average used during the same period in the previous one or two years, whichever is available. If the applicant has not been a customer for a sufficient length of time to make such a determination, then the amount of water used shall be at the discretion of the City.
- B. Excess Usage. From the total water consumption shown on the bill submitted for correction, the "average usage" will be deducted. The resulting amount is the "excess usage."
- C. Applicable Rates.
 - 1. Single Family Residential Customers. The billing adjustment is calculated at 50% of the "excess usage" multiplied times the Tier 2 rate shown on the bill submitted for correction.
 - 2. Multi-Family Residential and Non-Residential Customers. The billing adjustment is calculated at

50% of the “excess usage” multiplied times the regular water consumption rate shown on the bill submitted for correction.

- D. Limitations. Water loss adjustments will be limited to two billing periods and will also be limited to one adjustment every thirty-six months. The thirty-six-month period begins the first month of the billing period following the last billing period for which the water loss adjustment was prepared. The adjustment request must be received within 90 days of the date of the water bill with excessive use. No adjustments will be made to bills more than two billing periods after the billing period with excessive use.
- E. Adjustments Under \$25. No adjustments shall be made for an amount less than twenty-five dollars (\$25).

SECTION 7.3 WASTEWATER BILL ADJUSTMENT.

This section addresses adjustments to wastewater bills due to a water leak.

- A. Single Family Residential and Multi-Family Residential Customers. The “average usage” or the wastewater winter average (whichever is lower) will be deducted from the wastewater consumption shown on the bill submitted for correction. The result is excess wastewater usage. The billing adjustment is calculated at 100% of the excess wastewater usage multiplied by the wastewater consumption rate shown on the bill submitted for correction.
- B. Non-Residential Customers. The billing adjustment is calculated at 50% of the “excess usage” multiplied times the wastewater consumption rate shown on the bill submitted for correction.
- C. Adjustments Under \$25. No adjustments shall be made for an amount less than twenty-five dollars (\$25).
- D. Wastewater Winter Average Calculation. If “excess usage” inflates the system-calculated wastewater winter average, this calculated wastewater winter average will be replaced with the previous year’s winter average. If the customer has not established a wastewater winter average for the previous year, the winter average amount shall be as determined by the City.

**ARTICLE VIII
SEVERABILITY**

SECTION 7.1 Severability.

If any provision of this resolution or the application thereof to any person or circumstance is held invalid, the remainder of the resolution, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this resolution are severable. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be held unconstitutional, invalid, or unenforceable.

Under the power and authority conferred upon this Council by the Charter of said City.

REFERENCE:

I hereby certify the foregoing Resolution was introduced and adopted by the Council of the City of Petaluma at a Regular meeting on the 7th day of August 2023, by the following vote:

Approved as to
form:

City Attorney

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

City Clerk

Mayor