



City of Biggs

Agenda Item Staff Report for the Regular City Council Meeting: February 28, 2011 6:00PM

DATE: February 17, 2011
TO: Honorable Mayor and Members of the City Council
FROM: Pete Carr, City Administrator/Finance
SUBJECT: Water Rate Adjustment (Discussion/Action)

Council will consider proposed adjustments to water rates which are expected to result in increased water service fees for many customers and revenue generation sufficient to balance the city water utility expenses, including operations and capital improvement debt service. Council may direct staff to proceed with initiation of the public notification and hearing process.

Background

The city council in January heard a report from the customer water rate advisory committee and directed staff to proceed with the committee's recommended adjustments. The council also suggested increasing the metered allotment to 7000 cubic feet (CF), higher than the committee's recommended 5000 CF.

This evening's proposed action represents the committee's and the city's effort to ensure operational costs and capital improvement debt service obligations of the city water utility are covered, while establishing a more equitable share of the utility's costs among customers.

The proposed rate schedule has three major components:

1. Increases the minimum service charge for metered customers but also increases their minimum usage allotment, while eliminating the second tier rate. The rate per unit is simplified to a dollar amount per 1000CF units without a second tier.
2. Does not change the flat rate charged to "residential single family" non-metered customers; does change the flat rate for "residential multi-family" non-metered customers to be equal to that of single family.
3. Increases the capital improvement account charge for all customers from \$4.25/mo to \$13.15/mo. This charge is part of what is required to meet the city's water utility debt obligations.

These rate structure changes, combined with extension of meters to industrial customers and application of basic utility charges to all commercial property regardless of occupancy, are expected to meet the city's current revenue requirements and begin to rebuild a modest reserve for the utility.

Additional background information was provided in the October 2010 and January 2011 staff reports to council.

It should again be noted that Biggs water rates have not been adjusted since 2006, while significant system infrastructure upgrades totaling over \$5 million have been accomplished since that time. The city water utility reserve is becoming depleted and the utility is operating at a deficit now, approximately 8% revenue short of expense.

Since the last water rate adjustment, the law has been clarified making it clear that the proposed adjustment is subject to Proposition 218; the Recommendation sets forth the necessary steps.

Attachment: Existing City Water Service Rates
Proposed City Water Service Rates
Guidelines for the Submission and Tabulation of Protests

Recommendation:

Implement the rate increase process as follows:

1. Staff direction. The first step is providing staff the direction to initiate the process. An affirmative vote on this agenda item does not raise the water rates; it simply directs staff to proceed within the process.
2. Mail notices at least 45 days before public hearing. The second step in the process of adjusting rates is to mail notices to all water customers within the City's service area. A standard letter will be sent out describing the amount of the rate adjustment, stating the effective date of the adjustment if approved, advising the customer of the protest procedure, and stating the date of the Public Hearing. The notices for water fees do not include ballots. Instead, those who wish to protest must submit a written protest (usually in the form of a letter). Guidelines for the submission and tabulation of protests are attached to this report, and if the City Council acts to approve the initiation of the 218 process, approval of the guidelines is included in that action.
3. Hold Public Hearing. On the appointed date, the City Council will hold a public hearing and receive testimony on the matter of the proposed rate adjustment. If directed to proceed with the 218 process this evening, the Public Hearing will be held April 18th.
4. First reading of ordinance at same meeting as hearing. Following the Public Hearing, if a majority protest has not occurred and the City Council approves of the rate

increase, the City Council will receive first reading of an ordinance setting the adjusted rates.

5. Second reading at following meeting. Second reading and adoption of the rate adjustment takes place May 16th. This is typically a consent calendar item.

Fiscal Impact of Recommendation:

Undetermined staff administrative costs will be incurred to implement the rate change; anticipated significant revenue increases will begin to balance the budgeted expenses of the water utility.

CITY OF BIGGS – FEE SCHEDULES

WATER SERVICE RATES

AUTHORITY: Ordinance No. 347; Ordinance No. 366

EFFECTIVE DATE:

COROLLARY REFERENCE: Section 5471 California Health and Safety Code; Section 10.10.045 Biggs Municipal Code

A. Pursuant to the authority granted to it by state law, the City of Biggs hereby establishes the following monthly water rates.

Metered Rates:

Pipe Size	Min Service Charge	Min Usage (C.F.)	Rate/1000 CF
3/4"	41.85	7000	\$8.20
1"	41.85	7000	\$8.20
1.5"	46.57	2183	\$8.20
2"	54.57	3646	\$8.20
3"	105.14	9032	\$6.20
4"	145.14	15,510	\$6.20
6"	253.14	32,984	\$6.20

Flat Rates:

Type	Flat Rate
Residential - Single Family	\$41.85
Residential - Multi Family	\$41.85
Churches/Lodges	\$52.85
Business/Retail	\$71.85
Restaurants/Bars	\$81.85
Service Stations	\$182.85
Day Care Centers & Pre School Facilities Up to 10 Children	\$52.85
Day Care Centers & Pre School Facilities More than 10 Children	\$62.85
Schools	Set Case by Case
Industrial	Set Case by Case

Note: 1.) Metered Rates are per month. Charges above the minimum usage are based on a per 1000 C.F. amount.

Note 2.) The city will also collect \$13.15 per month from each account for the Capital Improvement Account.

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CITY OF BIGGS – FEE SCHEDULES

B: Water rates shall be adjusted annually on or about March 1, to fix and establish such rates and charges so as to provide revenue which will afford sufficient funds to pay all costs of operation and maintenance of the works authorized together with necessary repairs and replacements thereto, and which will provide at all times sufficient funds for redemption of all bonds and payment of interest thereon, as and when such costs and charges become due and payable.

GUIDELINES FOR THE SUBMISSION AND TABULATION OF PROTESTS

Submission of Protests

1. Any property owner may submit a written protest to the City Clerk, either by delivery to the office of the City Clerk or by submitting the protest at the public hearing. Protests must be received by the end of the public hearing. No postmarks will be accepted.
2. Each protest must identify the affected property (by assessor's parcel number or street address) and include the signature of the record property owner. Email protests cannot be accepted. Although oral comments at the public hearing will not qualify as a formal protest unless accompanied by a written protest, the City Council welcomes input from the community during the public hearing on the proposed charges.
3. If a parcel served by the City is owned by more than a single record owner, each owner may submit a protest, but only one protest will be counted per parcel and any one protest submitted in accordance with these rules will be sufficient to count as a protest for that property.
4. In order to be valid a protest must bear the original signature of the record owner with respect to the property identified on the protest. Protests not bearing the original signature of a record owner shall not be counted.
5. Any person who submits a protest may withdraw it by submitting to the City Clerk a written request that the protest be withdrawn. The withdrawal of a protest shall contain sufficient information to identify the affected parcel and the name of the record owner or record customer who submitted both the protest and the request that it be withdrawn.
6. A charge protest proceeding is not an election.
7. To ensure transparency and accountability in the charge protest tabulation, protests shall constitute disclosable public records from and after the time they are received.

Tabulation of Protests

1. The City Clerk shall determine the validity of all protests. The City Clerk shall not accept as valid any protest if the City Clerk determines that any of the following conditions exist:
 - a. The protest does not identify a property served by the City.
 - b. The protest does not bear an original signature of a record owner of the parcel identified on the protest.
 - c. The protest does not state its opposition to the proposed charges.
 - d. The protest was not received by the City Clerk before the close of the public hearing on the proposed charges.

- e. A request to withdraw the protest is received prior to the close of the public hearing on the proposed charges.
2. The City Clerk's decision that a protest is not valid or does not apply to a specific charge shall constitute a final action of the City and shall not be subject to any internal appeal.
 3. A majority protest exists if written protests are timely submitted and not withdrawn by the record owners of a majority of the properties subject to the proposed charge.
 4. At the conclusion of the public hearing, the City Clerk shall complete the tabulation of all protests received, including those received during the public hearing and shall report the results of the tabulation to the City Council upon completion. If review of the protests received demonstrates that the number received is manifestly less than one-half of the parcels served by the City with respect to the charge which is the subject of the protest, then the Clerk may advise the City Council of the absence of a majority protest without determining the validity of all protests.