

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY COUNCIL OF
THE CITY OF MERCED, CALIFORNIA,
AMENDING VARIOUS SECTIONS IN CHAPTER
15.36, "RATES AND CHARGES," OF THE
MERCED MUNICIPAL CODE DEALING WITH
WATER SERVICE**

WHEREAS, the Council finds that adoption of this Ordinance is exempt from review under the California Environmental Quality Act (CEQA) because CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies which the public agency finds are for the purpose of: meeting operating expenses, including employee wage rates and fringe benefits; purchasing or leasing supplies, equipment, or materials; meeting financial reserve needs and requirements; and obtaining funds for capital projects, necessary to maintain service within existing service areas. California Public Resources Code section 21080(b)(8) and CEQA Guidelines section 15273(a).

**THE CITY COUNCIL OF THE CITY OF MERCED DOES ORDAIN
AS FOLLOWS:**

SECTION 1. AMENDMENT TO CODE. Sections 15.36.045, "Formula—Base Water Service Charge, 15.36.050, "Residential, Industrial, and Commercial Metered Service – Schedule," 15.36.070, "Flat Rate – Residence and Church," 15.36.080, "Reserved," 15.36.090, "Flat Rate – Hydrants and Fire Protection Service," and 15.36.160, "Connection – Major Water Facilities," of the Merced Municipal Code are hereby amended to read as follows:

"15.36.045 Formula—Base Water Service Charge.

Unless otherwise indicated, starting July 1, 2022, all base water service rates and charges in this Chapter shall be adjusted annually by an amount equal to the percent change in the All Urban Consumers Index, U.S. City Average (USCA), as supplied by the Bureau of Labor

Statistics, unless or until such time new rates are set by the City Council. The amount of such base water charge shall be computed as follows:

		Current Consumer Year		
Monthly Water Rate	=	<u>Price Index</u> (USCA) Ending Scheduled Year CPI (USCA	x	Base Charge

**15.36.050 Residential, Industrial, and Commercial
Metered Service – Schedule.**

The base rate for metered water service per one hundred cubic feet or fraction thereof is as follows:

Base Rate	January 2019	July 2019	July 2020	July 2021
Charge per HCF	\$0.73	\$0.74	\$0.75	\$0.77

A minimum base monthly fee will be charged as follows:

Minimum Base Monthly Fee					
Meter Size	Water Use Included (hcf)	January 2019	July 2019	July 2020	July 2021
3/4-inch or smaller	20	\$30.39	\$31.00	\$31.62	\$32.25
1-inch meter	20	\$30.39	\$31.00	\$31.62	\$32.25
1-1/2 inch meter	40	\$60.32	\$61.53	\$62.76	\$64.02
2-inch meter	64	\$96.24	\$98.16	\$100.12	\$102.12
3-inch meter	128	\$192.01	\$195.85	\$199.77	\$203.77
4-inch meter	200	\$299.76	\$305.76	\$311.88	\$318.12

6-inch meter	400	\$599.06	\$611.04	\$623.26	\$635.73
8-inch meter	640	\$958.22	\$977.38	\$996.93	\$1,016.87
10-inch meter	960	\$1,437.10	\$1,465.84	\$1,495.16	\$1,525.06
12-inch meter	1350	\$2,020.74	\$2,061.15	\$2,102.37	\$2,144.42

In addition, for each reduced pressure backflow preventer served from the same service connection, a base monthly fee for annual testing and inspection shall be paid as follows:

Base Rate	January 2019	July 2019	July 2020	July 2021
Backflow Device Charge	\$8.75	\$8.93	\$9.11	\$9.29

* Starting July 1, 2022, the base water service charge shall be adjusted annually based on a formula set forth in Section 15.36.045.

The new rates set forth in this Section shall be implemented on January 1, 2019, with subsequent scheduled increases implemented on July first of each year.

15.36.070 Drought Water Rate Schedule.

The rate schedule includes a Drought Rate Schedule, which will be implemented only during times of significant drought. This Drought Rate Schedule will only go into effect in the event of a Level 3 Drought as declared by the City Council.

Monthly Charges

Meter Size	Included (hcf)	January 2019	July 2019	July 2020	July 2021
3/4-inch or smaller	20	\$31.10	\$31.72	\$32.35	\$33.00
1-inch meter	20	\$31.10	\$31.72	\$32.35	\$33.00
1-1/2 inch meter	40	\$61.74	\$62.97	\$64.23	\$65.51
2-inch meter	64	\$98.51	\$100.48	\$102.49	\$104.54
3-inch meter	128	\$196.56	\$200.49	\$204.50	\$208.59
4-inch meter	200	\$306.86	\$313.00	\$319.26	\$325.65
6-inch meter	400	\$613.26	\$625.53	\$638.04	\$650.80
8-inch meter	640	\$980.94	\$1,000.56	\$1,020.57	\$1,040.98
10-inch meter	960	\$1,471.18	\$1,500.60	\$1,530.61	\$1,561.22
12-inch meter	1350	\$2,068.66	\$2,110.03	\$2,152.23	\$2,195.27
Volumetric Charge		\$0.98 / HCF	\$1.00 / HCF	\$1.02 / HCF	\$1.04 / HCF

15.36.080 Outside the City Boundaries Surcharge.

The City of Merced provides water service to retail customers located outside of the City's jurisdictional boundaries and is authorized to receive a reasonable return on investment and risk for its delivery of services to non-owner customers. The water service rates includes the following outside the City surcharge:

Outside City Monthly Charge

Meter Size	January 2019	July 2019	July 2020	July 2021
3/4-inch or smaller	\$5.51	\$5.62	\$5.73	\$5.84
1-inch meter	\$5.51	\$5.62	\$5.73	\$5.84
1-1/2 inch meter	\$11.03	\$11.25	\$11.48	\$11.71

2-inch meter	\$17.64	\$17.99	\$18.35	\$18.72
3-inch meter	\$35.28	\$35.99	\$36.71	\$37.44
4-inch meter	\$55.13	\$56.23	\$57.35	\$58.50
6-inch meter	\$110.25	\$112.46	\$114.71	\$117.00
8-inch meter	\$176.40	\$179.93	\$183.53	\$187.20

15.36.090 Flat Rate – Hydrant and Fire Protection Service.

A. For public fire hydrant service on private property, the per hydrant base charge is as follows:

Flat Rate-Hydrants and Fire Protection Service				
	January 2019	July 2019	July 2020	July 2021
Fire Hydrants	\$15.19	\$15.49	\$15.80	\$16.12

B. 1. For private fire protection service, the following base rates shall be applicable to all automatic fire sprinkler systems:

Flat Rate-Hydrants and Fire Protection Service Private Fire Monthly Charges				
Connection Size	January 2019	July 2019	July 2020	July 2021
2"	\$1.36	\$1.39	\$1.42	\$1.45
3"	\$3.96	\$4.04	\$4.12	\$4.20
4"	\$8.44	\$8.61	\$8.78	\$8.96
6"	\$24.53	\$25.02	\$25.52	\$26.03
8"	\$52.28	\$53.33	\$54.40	\$55.49
10"	\$94.01	\$95.89	\$97.81	\$99.77
12"	\$151.85	\$154.89	\$157.99	\$161.15

2. The applicant shall pay the cost of installing the fire sprinkler service.

3. The above rates are applicable only to fire sprinklers systems to which no connections for other than fire protection purposes are allowed, which are regularly inspected by the underwriters having jurisdiction, are installed according to the specifications of the City and are maintained to the satisfaction of the City.

4. If a distribution main of adequate size to serve a fire sprinkler system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served hereunder, a service main from the nearest existing main of adequate capacity will be installed by the City at the expense of the applicant.

5. The City may install, at the applicant's expense, the standard detector type meter approved by the board of fire underwriters for protection against theft, leakage, or waste of water.

6. The City will be required to supply only such water at such pressure as may be available from time to time as a result of the normal operation of the system. Customers may take water under this schedule only in case of fire or for purpose of periodical tests and inspections.

C. For service from fire hydrants, the following rates shall apply to water service furnished from fire hydrants for municipal, construction, and temporary usages:

1. For the City (internal service charge), flushing sewers and street sweepers shall be charged on a monthly basis \$84.19*.

2. At the option of the City, a meter may be installed, at the applicant's expense, for service under this schedule.

3. Applicants for service under this schedule must obtain specific authority from the City prior to taking any delivery of water and shall use only the hydrants designed by the City.

* Starting July 1, 2022, the base water service charge shall be adjusted annually based on a formula set forth in Section 15.36.045.

The new rates set forth in this Section shall be implemented on January 1, 2019, with subsequent scheduled increases implemented on July first of each year.

**Unless otherwise indicated, starting July 1, 2022 all base water service rates and charges in this Chapter shall be adjusted annually by an amount equally to the percent change in the All Urban Consumer Index, U.S. Average (USCA), as supplied by the Bureau of Labor Statistics, unless or until such time new rates are set by the City Council. The amount of such base water charge shall be computed as follows:

$$\text{Monthly Water Rate} = \frac{\text{Current Year Consumer Price Index (USCA)}}{\text{Ending Scheduled Year CPI (USCA)}} \times \text{Base Charge}$$

Capital Facility Charge Schedule

Meter Size	Capital Facility Charge
1"	\$6,037
1.5"	\$12,074

2"	\$19,318
3"	\$38,637
4"	\$60,370
6"	\$120,740
8"	\$193,184
10"	\$289,776
12"	\$407,498

15.36.160 Connection – Major Water Facilities.

A. Each property owner who applies for connection of any building or premises to the City water system, or who applies for replacement of an existing water service connection with one (1) of larger size, shall, prior to issuance of the permit for such connection or replacement, pay to the City a major water facilities charge, based upon the size of the water service required for such building or premises. Each quarter, the major water facilities charge shall be adjusted by an amount equal to the percent change in the All Urban Consumers Index, U.S. City Average (USCA), as supplied by the Bureau of Labor Statistics.

The amount of such major water facilities charge shall be computed as follows:

$$\begin{array}{l} \text{Major} \\ \text{Water} \\ \text{Facility} \\ \text{Charge} \end{array} = \begin{array}{l} \text{Current} \\ \text{Quarter} \\ \text{CPI} \\ \text{(USCA)} \\ 184^* \end{array} \times \text{Basic Charge}$$

*Base year index (January 2004)

Base Water Facilities Charge

Meter Size	Capital Facility Charge
1"	\$6,037
1.5"	\$12,074
2"	\$19,318
3"	\$38,637
4"	\$60,370
6"	\$120,740
8"	\$193,184
10"	\$289,776
12"	\$407,498

Fire Flow Charge:

Fire Flow Charge will be calculated for any extra fire flow required above the standard (1" meter) fire flow requirement of 1,500 gpm for 2 hours. The Fire Flow Charge will be based on the incremental increase in the fire flow requirements above the "Standard" (1" meter). The incremental Fire Flow Charge will be calculated as follows:

Fire Flow Charge

$$= \left[\left(\frac{\text{Fire Flow Req't (gpm)} \times \text{Duration (hours)}}{1,500 \text{ gpm} \times 2 \text{ hours}} \right) - 1 \right] \\ \times \text{Capital Facility Charge for 1" Meter}$$

B. In the case of replacement of an existing water service connection with one (1) of larger size, credit shall be given against the major water facilities charge for the amount which was paid for the smaller connection, or would have paid therefore if this Section had been in effect at the time such smaller connection

was applied for provided the service is actually removed from the system.

C. All funds collected pursuant to this Section shall be deposited in the water fund.”

SECTION 2. EFFECTIVE DATE. This Ordinance shall be in full force and effect thirty (30) days after its adoption.

SECTION 3. SEVERABILITY. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 4. PUBLICATION. The City Clerk is directed to cause a summary of this Ordinance to be published in the official newspaper at least once within fifteen (15) days after its adoption showing the vote thereon.

The foregoing Ordinance was introduced at a regular meeting of the City Council of the City of Merced on the ____ day of _____, 2018, and was passed and adopted at a regular meeting of said City Council held on the ____ day of _____, 2018, by the following called vote:

AYES: Council Members:

NOES: Council Members:

ABSTAIN: Council Members:

ABSENT: Council Members:

APPROVED:

Mayor

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

(SEAL)

APPROVED AS TO FORM:

Kelly Fincher 10-10-18
City Attorney Date