



Legislation Details (With Text)

File #: 18-451 **Version:** 1 **Name:**

Type: Public Hearing Item **Status:** Passed

File created: 9/4/2018 **In control:** City Council/Public Finance and Economic Development Authority/Parking Authority

On agenda: 10/15/2018 **Final action:** 10/15/2018

Title: SUBJECT: Public Hearing to Consider Adjustments to Water Rate Charges and Capital Facility Charges Over a Five-Year Period for all Water Rate Customers (Inside City and Outside City); Introduction of Ordinance to Amend Chapter 15.36 "Rates and Charges"; Introduction of Ordinance to Amend Chapter 15.42.050 "Water Conservation Levels and Prohibitions"

REPORT IN BRIEF

Hold a Public Hearing to consider approving adjustments to water rates and capital facility charges over a five-year period, through July 1, 2022, for all water rate customers (inside City and outside City); Introduction of Ordinance to Amend Chapter 15.36 of the Merced Municipal Code "Rates and Charges"; Introduction of Ordinance to Amend Chapter 15.42 of the Merced Municipal Code "Water Conservation Levels and Prohibitions."

RECOMMENDATION

City Council - Adopt a motion:

- A. Approving proposed water rate changes and Capital Facility Charges; and,
- B. Adopting a Categorical Exemption; and,
- C. Introducing Ordinance 2496, an Ordinance of the City Council of the City of Merced, California, amending various sections of Chapter 15.36, "Rates and Charges," of the Merced Municipal Code dealing with water service; and,
- D. Introducing Ordinance 2497, an Ordinance of the City Council of the City of Merced, California, amending Chapter 15.42.050, "Water Conservation Regulation," of the Merced Municipal Code.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Notice of Public Hearing on Proposed Water Rate Adjustments, 2. Notice of Exemption, 3. Ordinance 2496.pdf, 4. Ordinance 2497.pdf

Date	Ver.	Action By	Action	Result
10/15/2018	1	City Council/Public Finance and Economic Development Authority/Parking Authority	approved	Pass

Report Prepared by: Leah Brown, Water Conservation Specialist, Public Works - Water

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ALTERNATIVES

- 1. Approve the changes in the water rates and Capital Facility Charges and amend the ordinances as recommended; or,
- 2. Deny the changes to the water rates and Capital Facility Charges; or,
- 3. Refer to staff for reconsideration of specific items; or,
- 4. Continue action to a future City Council meeting, specify date.

AUTHORITY

Article II, Section 200 and Article IV, Section 405 of the Charter of the City of Merced, and Article XIII D of the California State Constitution in accordance with Title 15 of the Merced Municipal Code.

CITY COUNCIL PRIORITIES

As provided for in the 2018-19 Adopted Budget.

DISCUSSION

The City last revised its water service charges in 2012 with no increases through the year 2017. On January 1, 2018, the base water service charge was adjusted based on a formula set forth in Merced Municipal Code (MMC) Section 15.36.045.

On December 18, 2017, the City entered into an Agreement for Professional Services with Stantec Consulting Services, Inc, for the completion of a Water Rate Study. The study was completed and a report of the water rate study was drafted with assistance of staff and input from members of the City Council’s Utility Rate Review Committee, which included City Councilmembers Matthew Serratto, Joshua Pedrozo, and Jill McLeod. On August 20, 2018, the City Council unanimously accepted the Draft Water Rate & Capital Facility Charge Study and directed staff to proceed with issuing the

Proposition 218 notification process.

The 218 Notice of Public Hearing on the Proposed Water Rate Adjustment was mailed to all water customers and was delivered by August 31, 2018. Notice of the Public Hearing was also published in the Merced County Times on October 4, 2018.

The proposed rate structure was designed to:

- Fairly and equitably recover costs through rates;
- Conform to accepted industry practice and legal requirements;
- Provide fiscal stability and recovery of fixed costs of the system; and,
- Promote affordability for customers that try to minimize water usage.

The overall changes proposed result in a net increase of 2% per year beginning January 1st, then every July 1st thru 2021, to coincide with our Fiscal Year start date.

The new water rates and Capital Facility charges are reflected in the proposed amendment to Chapter 15.36 "Rates and Charges."

Staff is also seeking to amend Section 15.42.050 of MMC Chapter 15.42 "Water Conservation Levels and Prohibitions" to allow the City Council to declare Level 3 Conservation Water Restrictions. The current language of Section 15.42.050 provides that Level 3 Restrictions are triggered by the Governor declaring a State of Emergency. The amendment also allows the City Council to implement the drought Water Rate schedule set forth in MMC section 15.36.070.

IMPACT ON CITY RESOURCES

No appropriation of funds is needed.

ATTACHMENTS

1. Notice of Public Hearing on Proposed Water Rate Adjustments
2. Notice of Exemption
3. Ordinance 2496
4. Ordinance 2497