



Legislation Text

File #: 18-565, **Version:** 1

SUBJECT: Second Reading and Adoption of Ordinance 2496 to Amend Chapter 15.36 “Rates and Charges” for Water Service

REPORT IN BRIEF

Adoption of previously introduced Ordinance to Amend Chapter 15.36 of the Merced Municipal Code “Rates and Charges”.

RECOMMENDATION

City Council - Adopt a motion adopting **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.

ALTERNATIVES

1. Approve the changes in the water rates and Capital Facility Charges and amend the ordinance 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 Public Hearing was held on October 15, 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."

IMPACT ON CITY RESOURCES

No appropriation of funds is needed.

ATTACHMENTS

1. Ordinance 2496