

City of Sonoma

RESOLUTION # 50 - 2018

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA ADOPTING THE 2018 WATER RATE STUDY FINAL REPORT, ADOPTING WATER UTILITY RATES FOR FISCAL YEAR 2018-19 TO FISCAL YEAR 2020-21, AND MAKING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

WHEREAS, the City's water customers count on the City to deliver high quality, reliable water for a variety of community needs including indoor use, outside irrigation and fire protection; and

WHEREAS, water rates pay for ongoing operations, maintenance, repair and improvements of the City's Water Utility; and

WHEREAS, Water Utility costs include the purchase of water plus operation and maintenance of wells, water mains, fire hydrants, valves, meters, pumps and other infrastructure and projects to upgrade and replace aging water pipes and system components to ensure the City can continue to serve safe and reliable water into the future; and

WHEREAS, the City Council's last action to adjust water rates for Sonoma's Water Utility occurred in 2014; and

WHEREAS, current Sonoma Water Utility water rates do not generate sufficient revenue to fund the cost of sustainable, reliable water service; and

WHEREAS, the City retained GHD to update the City's 2011 Water Master Plan and provide the Final Water Master Plan Update which was approved by the City Council on February 5, 2018; and

WHEREAS, the Final Water Master Plan Update identified proposed water system improvements necessary to maintain water service within existing service areas and provided the City with a roadmap for the management of the City's potable water supply; and

WHEREAS, the City retained Matrix Consulting Group to complete a Cost Allocation Plan to determine the appropriate methodology and amount to charge for indirect costs for services shared with the General Fund; and

WHEREAS, in response to changing law regarding water rate tiers and a thorough review of the City's direct and indirect Water Utility costs, the City retained Raftelis to examine the cost of providing water service and to prepare a 2018 Water Rate Study Update Report; and

WHEREAS, the 2018 Water Rate Study recommends adjusting City of Sonoma Water Rates over 5 years, Fiscal Year 2018-19 through Fiscal Year 2022-23; and

WHEREAS, on June 25, 2018 the City Council received the final draft 2018 Water Rate Study, agreed that rate adjustments are needed to continue providing a reliable water supply, and directed staff to provide the 45-day notice of a public hearing required under Proposition 218 and tentatively set a date of August 20th for the public hearing; and

WHEREAS, on June 28, 2018, Raftelis provided to the City the Water Rate Study Final Report; and

WHEREAS, pursuant to Proposition 218, a notice of the public hearing to be held on August 20, 2018 was mailed on July 5, 2018 to all affected utility account holders and property owners; and

WHEREAS, this public hearing notice included the amount of the proposed water rate adjustments for Fiscal Year 2018-19 through Fiscal Year 2022-23, the basis upon which the amount of the rate adjustments were calculated, the reason for the proposed rate adjustments, and the date, time, and location of a public hearing on the proposed rates; and

WHEREAS, on August 20, 2018, the City Council held a full and fair public hearing on the proposed rate adjustments. At the hearing, all interested persons had an opportunity to provide oral and written testimony; and

WHEREAS, the City Council accepted and caused the tabulation of all written protests against the proposed water rates. Based upon the results of this tabulation, a majority protest against the water rates does not exist; and

WHEREAS, the City Council finds it necessary to adopt the proposed Water Utility Rates for the City of Sonoma; and

WHEREAS, the California Environmental Quality Act (CEQA), Section 15273. *Rates, Tolls, Fares, and Charges*, states that CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for the purpose of:

- (1) Meeting operating expenses, including employee wage rates and fringe benefits;
- (2) Purchasing or leasing supplies, equipment, or materials;
- (3) Meeting financial reserve needs and requirements;
- (4) Obtaining funds for capital projects, necessary to maintain service within existing service areas; or
- (5) Obtaining funds necessary to maintain such intra-city transfers as are authorized by city charter; and

WHEREAS, the proposed water rates for the City of Sonoma are explicitly for the purposes above, as described in detail in the Water Rate Study Final Report, and capital projects proposed to be funded by the rate increases are necessary to maintain water service within the City's existing service area, not to expand the City's water system.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Sonoma hereby declares the foregoing recitals are true and correct; and

BE IT FURTHER RESOLVED that the City Council of the City of Sonoma hereby adopts the City of Sonoma 2018 Water Rate Study Final Report, including the recommended rate schedule for Fiscal Years 2018-19 through 2022-23 prepared by Raftelis and dated June 28, 2018; and

BE IT FURTHER RESOLVED that the City Council of the City of Sonoma hereby adopts the water rates for the City of Sonoma Water Utility set forth in Exhibit A; and

BE IT FURTHER RESOLVED that the City Council of the City of Sonoma hereby determines all rates and charges set forth in this Resolution shall become effective on September 1, 2018 and shall remain in effect until changed by the City Council; and

BE IT FURTHER RESOLVED that the City Council of the City of Sonoma hereby determines all other rates, charges, fees, penalties, etc. not provided for herein which are presently charged in connection with operation of the City of Sonoma Water Utility shall remain unchanged; and

BE IT FURTHER RESOLVED that the City Council of the City of Sonoma hereby finds that: a) the water rates 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; obtaining funds for capital projects, necessary to maintain service within existing service areas; and obtaining funds necessary to maintain such intra-city transfers as are explicitly for the purposes listed above; b) that capital projects proposed to be funded by the rate increases are necessary to maintain water service within the City's existing service area, not to expand the City's water system; and c) the changes in rates and charges set forth in Exhibit A are statutorily exempt from the provisions of the California Environmental Quality Act under Section 15273 of the State CEQA Guidelines.

ADOPTED this 20th day of August 2018 by the following vote:

Ayes: **COOK, EDWARDS, HARRINGTON, HUNDLEY, AGRIMONTI**
Noes:
Absent:


Madolyn Agrimonti, Mayor

ATTEST:

Rebekah Barr, City Clerk

EXHIBIT A

CITY OF SONOMA WATER UTILITY RATES FISCAL YEAR 2018/19 TO FISCAL YEAR 2020/21

Pursuant to the authority granted in Section 13.04.120 and Sections 13.24.150 through 13.24.190 of the Municipal Code, the rates and charges set forth below are adopted effective for meter usage reads for utility bills after the specified date.

Monthly Service Charges

Meter Size	9-1-2018	7-1-2019	7-1-2020
5/8"	\$22.80	\$24.51	\$26.35
3/4"	\$22.80	\$24.51	\$26.35
1"	\$22.80	\$24.51	\$26.35
1 1/2"	\$37.57	\$40.39	\$43.42
2"	\$55.29	\$59.44	\$63.90
3"	\$102.56	\$110.26	\$118.53
4"	\$155.73	\$167.41	\$179.97
6"	\$303.43	\$326.19	\$350.66

Monthly Private Fire Line Charges

Meter Size	9-1-2018	7-1-2019	7-1-2020
2"	\$0.60	\$0.65	\$0.70
4"	\$3.72	\$4.00	\$4.30
6"	\$10.78	\$11.59	\$12.46
8"	\$22.98	\$24.71	\$26.57
10"	\$41.32	\$44.42	\$47.76

Single Family Residential Volumetric Tier Structure

1 kgal = 1,000 gallons

Tier	
Tier 1	0 to 2 kgal
Tier 2	2 to 7 kgal
Tier 3	Greater than 7 kgal

Water Consumption Rates (\$/kgal)

1 kgal = 1,000 gallons

Meter Size	9-1-2018	7-1-2019	7-1-2020
Single Family Residential			
Tier 1	\$4.61	\$4.96	\$5.34
Tier 2	\$6.25	\$6.72	\$7.23
Tier 3	\$7.37	\$7.93	\$8.53
Multi-Family Residential	\$6.10	\$6.56	\$7.06
Commercial	\$5.92	\$6.37	\$6.85
Municipal	\$6.10	\$6.56	\$7.06
Irrigation	\$6.49	\$6.98	\$7.51
Fire & Hydrant	\$8.03	\$8.64	\$9.29

Elevation Charges (\$/kgal)

1 kgal = 1,000 gallons

Zone	9-1-2018	7-1-2019	7-1-2020
Zone 1	N/A	N/A	N/A
Zone 2	\$1.78	\$1.92	\$2.07
Zone 3	N/A	N/A	N/A

Pass-Through Rates

Water Consumption Rates may be adjusted annually in accordance with California Government Code Section 53756 to provide pass-through adjustments for increases in wholesale water costs in excess of those projected in the 2018 Water Rate Study.

All Other Charges

All other rates, charges, fees, penalties, etc. not provided for herein shall be based on Resolution No. 56-2014 until updated by subsequent action.