

# City of Sonoma

## RESOLUTION # 76 - 2019

### RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA ADOPTING WATER CONNECTION CHARGES AND FINDING THIS ACTION TO BE EXEMPT FROM ENVIRONMENTAL REVIEW UNDER CEQA GUIDELINES SECTION 15273

**WHEREAS**, pursuant to Sonoma Municipal Code sections 13.04.120 and 13.24.150 through 13.24.190, the City Council may, as it deems necessary and appropriate, set water rates, charges and fees, including connection and front footage charges, by resolution; and

**WHEREAS**, existing connection charges include capacity charges, meter and lateral installation charges, and a front foot charge ("Water Connection Charges"); and

**WHEREAS**, the City Council last adjusted Water Connection Charges in 2014 by Resolution No. 56-2014; and

**WHEREAS**, the City retained Raftelis Financial Consultants, Inc. to calculate updated capacity charges and to prepare a memorandum describing how those capacity charges are calculated; and

**WHEREAS**, the Raftelis memorandum, attached hereto as Exhibit B and incorporated by this reference, calculated draft capacity charges using the equity buy-in method with two methods to value assets – (1) Replacement Cost Less Depreciation, and (2) Replacement Cost; and

**WHEREAS**, the Raftelis memorandum notes that the most common method adopted by municipalities to calculate capacity charges is the Replacement Cost Less Depreciation method; and

**WHEREAS**, pursuant to Government Code section 66016(a), the City Council held a public hearing at its regularly scheduled December 16, 2019 meeting to consider adoption of the proposed Water Connection Charges; and

**WHEREAS**, pursuant to Government Code section 66016(a), the City made available to the public all data indicating the cost, or estimated cost, to provide the service for which these fees will be levied, and the revenue sources anticipated to provide the service, for at least 10 days before its regularly scheduled December 16, 2019 meeting.

**WHEREAS**, the City Council finds it necessary and appropriate to adopt the proposed Water Connection Charges for the City of Sonoma; and

**WHEREAS**, California Environmental Quality Act (CEQA) Guidelines section 15273 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 Connection Charges are for the first four of these purposes and, therefore, this adoption of this resolution is categorically exempt from CEQA; and

**WHEREAS**, the City Council finds, based on all evidence in the record, that the proposed Water Connection Charges, as described in Exhibit A, attached hereto and incorporated by this reference, do not exceed the estimated reasonable cost of providing the service.

**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 Water Connection Charges set forth in Exhibit A; and

**BE IT FURTHER RESOLVED**, the City Council of the City of Sonoma hereby authorizes the City Manager to adjust water capacity charges annually effective each January 1<sup>st</sup> by the Engineering News Record (ENR) Construction Cost Index for the San Francisco Bay Area annual percent change from July to July averaged over the three prior years. Alternatively, water capacity charges may be adjusted periodically based on updates to the water asset inventory; and

**BE IT FURTHER RESOLVED** that the City Council of the City of Sonoma hereby authorizes the City Manager to establish procedures to determine Meter Charges and Front Foot Charges for each customer. Such charges shall not exceed the estimated reasonable cost of providing the service; 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 December 16, 2019 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 in Exhibit A which are currently charged in connection with operation of the City of Sonoma Water Utility shall be unaffected by this Resolution and shall remain in effect; and

**BE IT FURTHER RESOLVED** that the City Council of the City of Sonoma hereby finds that the changes in rates and charges set forth in Exhibit A are statutorily exempt from the California Environmental Quality Act under section 15273 of the State CEQA Guidelines.

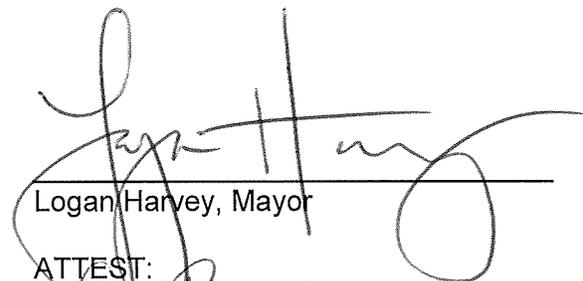
**ADOPTED** this 16<sup>th</sup> day of December 2019 by the following vote:

AYES: **AGRIMONTI, COOK, HARRINGTON, HUNDLEY, HARVEY**

NOES:

ABSENT:

ABSTAIN:



Logan Harvey, Mayor

ATTEST:



Rebekah Barr, MMC, City Clerk

## EXHIBIT A

### CITY OF SONOMA WATER CONNECTION CHARGES

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 connection charges paid to the City after the specified date.

#### Capacity Charge

The capacity charge applies to all customer classes and meters based on meter size. These rates are based on the capacity charge calculations prepared by Raftelis, based on the Replacement Cost Less Depreciation methodology for calculating the value of assets. There is no capacity charge for "fire service only" meters.

Capacity Fees by Meter Size (A)	Meter Capacity Ratio (B)	Charge by Meter Size (C)
5/8"	1.00	\$4,260
3/4"	1.00	\$4,260
1"	1.00	\$4,260
1 1/2"	2.00	\$8,520
2"	3.20	\$13,632
3"	6.40	\$27,264
4"	10.00	\$42,600
6"	20.00	\$85,201

#### Meter Charge

The water meter shall be furnished and installed by the City. Applicant shall pay a meter charge for the meter and installation cost of materials, labor and equipment plus an administrative charge as determined by the City at the time of installation.

The applicant shall make arrangements for an underground contractor licensed by the State of California to install the lateral and meter box and other appurtenant and required equipment and devices (such as a backflow prevention device if required by the City). The lateral shall be installed to meet City standards and shall extend from the water main to the meter. The size and materials used shall be approved by the City. The lateral shall terminate in a meter box at a location approved by the City.

#### Front Foot Charge

The applicant may be required to pay a front foot charge as determined by the City. This will allow a case-by-case determination of the front foot charge as an amount to reimburse the City

or a previous applicant who extended a City water main along the frontage for a fair share of a new water main extension. In most cases, there will be no front foot charge.

### **Adjustments**

Water capacity charges may be adjusted annually effective each January 1<sup>st</sup> by the Engineering News Record (ENR) Construction Cost Index for the San Francisco Bay Area annual percent change from July to July averaged over the three prior years. Alternatively, water capacity charges may be adjusted periodically by resolution based on updates to the water asset inventory.

### **All Other Charges**

All other rates, charges, fees, penalties, etc. not provided for herein shall be based on Resolution No. 58-2018 and Resolution No. 56-2014 until updated by subsequent action.