

RESOLUTION NO. 2010 - 037

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REEDLEY APPROVING
VOLUME-BASED METERED WATER RATES EFFECTIVE
MAY 1, 2010 AND ESTABLISHING AN ANNUAL CONSUMER PRICE INDEX
INCREASE EACH JUNE 1ST AS NEEDED.**

WHEREAS, Reedley Municipal Code Section 8-1-5 provides for the establishment of water service rates by resolution of the City Council; and

WHEREAS, State law requires the City to install water meters on all City water service connections, and by January 1, 2010 to begin charging each customer with a water meter based on the actual volume of water delivered; and

WHEREAS, the City has completed installation of water meters on all connections receiving City water service; and

WHEREAS, HDR Engineering, Inc. prepared a Comprehensive Water Rate Study ("Study") for the City which presented metered water rate alternatives; and

WHEREAS, the City Council of the City of Reedley conducted workshops on the metered water rate alternatives on December 15, 2009 and January 25, 2010, during which the rate alternatives presented in the Study were discussed as well as additional metered water rate alternatives as presented by HDR Engineering in the form of supplemental presentations, and comments were received from the public on the metered water rate alternatives; and

WHEREAS, notice of the proposed volume-based metered water rates was mailed to the record owners of each parcel in accordance with the requirements of Proposition 218 and Government Code section 53750 et seq.; and

WHEREAS, a public hearing to consider the proposed volume-based metered water rates and any protests to such rates was held at a public meeting on April 20, 2010 before the City Council of the City of Reedley, which meeting and hearing was more than 45 days after the notice to property owners was mailed; and

WHEREAS, written protests to the proposed volume-based metered water rates were not presented by a majority of the owners of the identified parcels in the City of Reedley; and

WHEREAS, the proposed volume-based metered water rates set forth in Exhibit "A" attached hereto are nondiscriminatory and do not exceed the cost of providing water services for which the rates and charges are imposed; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Reedley as follows:

1. The schedule of volume-based metered water rates in Exhibit "A" attached hereto is hereby adopted, and the volume-based metered water rates shall be effective on May 1, 2010.

2. From and after May 1, 2010, all customers receiving City water service shall be billed the applicable volume-based metered water rate as set forth in Exhibit "A" attached hereto, and notwithstanding any current resolution or ordinance to the contrary, previously adopted fixed or flat water rates shall no longer be applicable.

3. The volume-based metered water rates set forth in Exhibit "A" attached hereto may be increased annually hereafter, beginning on June 1, 2011, as calculated by the using the 10 year running average of the Department of Labor's consumer price index (CPI), as needed and approved by the City Council.

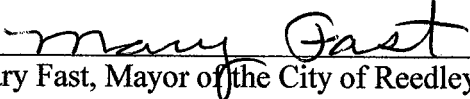
The foregoing resolution is hereby approved this 20th day of April, 2010, by the following vote:

AYES: Rapada, Chavez, Soleno, Fast.

NOES: None.

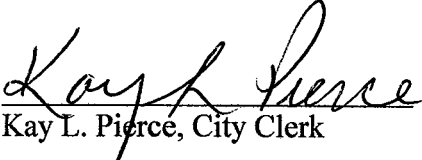
ABSTAIN: None.

ABSENT: Betancourt.



Mary Fast, Mayor of the City of Reedley

ATTEST:



Kay L. Pierce, City Clerk

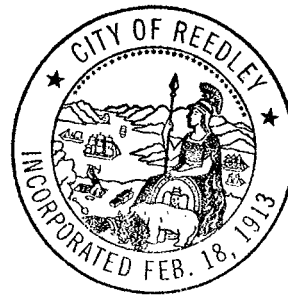


EXHIBIT "A"
PROPOSED METERED WATER RATE DESIGN

Residential is defined as including single-family residential, duplex, triplex and multi-family customers.

Table ES-4 Proposed Residential Water Rates Tiered Rate Structure	
Service (Meter) Charge - \$/Month	
¾" and 1"	\$24.00 / month
1-½"	\$28.00
2"	\$32.00
Commodity Charge - \$/1,000 gallons	
0 – 15,000 gallons	\$0.81/1,000 gallons
15,000-25,000 gallons	\$0.90 / 1,000 gallons
Over 25,000 gallons	\$0.96 / 1,000 gallons

*Residential construction water will be billed per the rate structure above

Proposed Non-Residential Water Rate Design

Non-Residential customers include commercial, industrial, and other/schools (also includes residential customers with meters larger than 2")

Table ES-5 Proposed Non-Residential Water Tiered Rate Structure	
Service (Meter) Charge - \$/Month	
¾"	\$30.00 / month
1"	\$33.10
1-½"	\$35.00
2"	\$40.00
3"	\$45.00
4"	\$65.00
6"	\$130.00
8"	\$208.00
Commodity Charge - \$/1,000 gallons	
Consumption	
1 – 15,000	\$.81 / 1,000 gallons
15,000 – 25,000	\$.90 / 1,000 gallons
Over 25,000	\$.96 / 1,000 gallons

*Non residential construction water will be billed per the rate structure above

Proposed Irrigation Water Rate Design

Irrigation customers will be charged a monthly rate depending on meter size and a consumption rate.

Table ES-6 Proposed Irrigation Water Rates	
Service (Meter) Charge-\$/Month	Proposed Rate
¾"	\$30.00 / month
1"	\$33.10
1-½"	\$35.00
2"	\$40.00
3"	\$45.00
4"	\$65.00
6"	\$130.00
8"	\$208.00
Commodity Charge - \$/1,000 gallons	
Consumption	\$1.00/1,000 gallons

*If customer has a second meter dedicated solely to landscape irrigation there will be no monthly service charge for that meter.

Table ES-7 Proposed Temporary Construction Water (from fire hydrant)	
Meter Refundable Deposit	\$750.00
Meter Rental	\$55.00 / month
Charge for water used	\$0.81 / 1,000 gallons

The charge for water furnished per month to a fire sprinkling system shall be based upon the diameter of the service pipe as follows:

Table ES-8 Dedicated Fire Protection Service Line Charge	
Less than 2" inches	\$27.85
3 inches	\$55.46
4 inches	\$83.31
6 inches	\$110.81
8 inches and up	\$138.55



REPORT TO CITY COUNCIL

MEMORANDUM

AGENDA ITEM NO: _____

COUNCIL MEETING DATE: April 20, 2010

SUBJECT:

Proposed change from flat water rates to metered water rates.

RECOMMENDATION:

Staff recommends the adoption of Resolution No. 2010-037 which approves volume-based metered water rates effective May 1, 2010 and establishes an annual Consumer Price Index increase each June 1st as needed beginning June 1st of 2011.

BACKGROUND:

From recent State of California legislation and US Bureau of Reclamation directives, the City of Reedley is mandated to install water meters on all of its customer accounts including all residential accounts. To comply with the state law, the City has installed the required water meters. The State further requires that all cities with water meters must begin volume-based billing by Jan. 1, 2010. The proposed metered water rates that would be charged to the customer will not exceed the proportional existing and future cost of providing said water service. The City has made 3 bond payments on the water meter bond since 2008 totaling over 1.8 million dollars. During this time the water rates have only experienced small CPI rate increases. If the proposed water meter rates are not adopted, the City will be forced to immediately move forward with raising flat rates to cover our debt obligations. The water rate study was first introduced to council and the public at the October 13, 2009 city council meeting. Since that time, staff has held 2 additional workshops for the public regarding metered water rates and the public was properly noticed for the public hearing per proposition 218.

The proposed metered water rates are attached as **exhibit A**. All future rate increases beginning June 1, 2011 will be tied to a 10 year running average of the Department of Labor's CPI (consumer price index). Each year will be automatically calculated using the 10 year CPI as the needed amount of increase. This method will help alleviate large increases in the future. Any increases beginning June 1, 2011 can be calculated by averaging the last 10 years of Department of Labor CPIs and adding that percentage to the most current existing rate. For instance, if the CPI will be 2.5% then the way to determine your new rate will be to multiply the current existing rate by 1.025 to get the new rate.

FISCAL IMPACT:

Budgeted item: Yes
Expenditure: Ongoing
Fund Acct(s): Water Enterprise Funds

Prepared by: [Signature] Public Works Manager

Approved by: [Signature] City Manager

- Attachment(s):
- 1. Resolution No. 2010-037
 - 2. Exhibit "A" Proposed metered water rates

Motion: _____
Second: _____