

CITY OF HEALDSBURG

RESOLUTION NO. 96-2022

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HEALDSBURG DETERMINING THAT THERE WAS NO MAJORITY PROTEST OF THE PROPOSED WATER AND WASTEWATER SERVICES RATE INCREASE AND ADOPTING UPDATED WATER AND WASTEWATER SERVICES RATES AND SUPERSEDING THE EXISTING RATES ESTABLISHED BY RESOLUTION NO. 34-2016

RECITALS

WHEREAS, the City of Healdsburg (“City”) operates and maintains potable water and wastewater systems for the benefit of residents and businesses in the City, and also for certain customers outside the boundaries of the City; and

WHEREAS, the City water and wastewater systems are operated as self-supporting utility enterprises; and

WHEREAS, revenue from water and wastewater services rates fund the ongoing operating and capital needs of City water and wastewater systems, including providing for normal facility operations and maintenance, replacement and repair of equipment and facilities, improvements required to meet state and federal regulatory requirements, inflation and other costs; and

WHEREAS, the water and wastewater services rates currently applied to City customers were last updated by Resolution No. 34-2016 adopted by City Council on May 2, 2016; and

WHEREAS, Hildebrand Consulting prepared a report entitled “Water and Wastewater Rate Study – Final” (“Rate Study”); and

WHEREAS, the Rate Study presents a five-year financial plan for each utility that reflects financial conditions, as well as obtaining funds to meet the City’s debt service obligations, and capital improvement projects to maintain service with existing service areas during the five-year planning period extending through FY 2026-27; and

WHEREAS, recommendations in the Rate Study concerning water services rates include applying 2 percent, 8 percent, 8 percent, 5 percent and 5 percent overall annual rate increases in the first part of each of the next five fiscal years, and charging certain fixed monthly charges regardless of the amount of water actually used; and

WHEREAS, recommendations in the Rate Study concerning wastewater services rates include an 8 percent, 8 percent, 7 percent, 6 percent and 6 percent overall annual rate increases in the first part of each of the next five fiscal years, respectively, and charging certain fixed monthly charges regardless of the amount of wastewater actually used; and

WHEREAS, the Rate Study demonstrated that the recommended rates do not exceed the reasonable cost of providing water and wastewater services and, as such, the proposed rates are not levied for general revenue purposes; and

WHEREAS, the proposed rates reflect the cost of providing service to all customers and customer classes through the apportionment of costs based on customer, capacity, and demand characteristics; and

WHEREAS, on April 18, 2022, the Council accepted the Rate Study as the basis for proposing multi-year rate increases for the City's Water Funds; and directed staff to prepare and mail, as required by law, a notice of public hearing on the proposed water and wastewater rates; and

WHEREAS, at least forty-five days in advance of the public hearing at which this Resolution was considered, notice of the public hearing, and notice of oral and written protest procedures against the proposed rates increases, were mailed to all property owners and customers in compliance with California Constitution Article XIII D, Section 6; and

WHEREAS, notice of the public hearing was also published in a local newspaper in accordance with applicable laws; and

WHEREAS, at the conclusion of the public hearing, the City Clerk tabulated the number of written and oral protests received and reported that there was not a majority protest of the proposed water services rate increase or of the proposed wastewater services rate increase by owners or authorized representatives of identified parcels receiving such services.

FINDINGS

WHEREAS, based on the information presented, including the staff report and comments made by members of the public, the City Council of the City of Healdsburg finds as follows:

A. The purposes of the updated water and wastewater services rates established pursuant to this Resolution are to (1) recover the reasonable estimated cost of the services for which the rates are charged; (2) provide that such costs are allocated among City customers so as to bear a fair and reasonable relationship to customers' burdens on and benefits from City water and wastewater services; (3) secure the financial stability of the water and wastewater systems; (4) ensure high quality services; and (5) provide a sound financial plan that meets existing debt service obligations, which will assist in funding capital improvement projects.

B. The updated water and wastewater services rates established pursuant to this resolution are not levied for general revenue purposes.

C. The rates set forth in this Resolution are intended to meet operating expenses, meet financial reserve needs and requirements, secure funding for capital improvement projects to maintain service with existing service areas, and recover costs necessary to maintain the current level of City water and wastewater services. As such, adoption of the rates proposed in the Report, as they relate to provision of water and wastewater services to City customers, is not a “project” within the meaning of the California Environmental Quality Act or C.E.Q.A. (Public Resources Code § 21080(b)(8)(A, C, and D)).

D. The record of proceedings (“Record”) establishes that the costs listed in the Report as those incurred by the City in providing water and wastewater services to City customers are reasonable estimates of the cost of providing such services, and that the revisions recommended in the Report for existing water and wastewater service rates are necessary to recover the reasonable, estimated cost of providing such services for which the rates are charged, to allocate such costs among City customers so that they bear a fair and reasonable relationship to customers, and to secure the financial stability of City water and wastewater systems in accordance with the analyses contained in the Report.

E. The procedures followed and the rates adopted are in compliance with California Constitution Article XIII D.

F. There is not a protest of the proposed water services rate increases or of the proposed wastewater services rate increases by a majority of owners, or authorized representatives, of identified parcels receiving such services.

ADOPTION OF RATES

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HEALDSBURG DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Definitions.

- a) “City Customer” shall mean any person, corporation, or other entity that receives City water and/or wastewater services, regardless of whether City water and/or wastewater services are provided to property within the City, or property outside the boundaries of the City.
- b) “Rates” shall mean the charge or charges imposed on City Customers to recover the costs incurred by the City in providing water and wastewater services.

Section 2. Water and Wastewater Services Rates Imposed. The City Council accepts and approves the Rate Study setting forth the basis for the Rates discussed herein. The Rates set forth in Exhibit “A”, attached, are hereby adopted and said Rates shall supersede and replace the rates set forth in City Council Resolution 34-2016. Rates shall apply to and be paid by City Customers at the times, and in the amounts, and otherwise apply and be administered as prescribed in this

Resolution, said Rates to become effective as of July 1 of each fiscal year, through and including July 1, 2026.

Section 3. Time for Payment of Rates. City Customers shall pay the Rates as prescribed in bills issued to City Customers in accordance with Section 13.12.190 of the City's Municipal Code, subject to all applicable regulation, requirements, and penalties for non-compliance pursuant to the Municipal Code and other applicable law.

Section 4. Rate Amounts. The Rate amounts shall be as specified in the rate schedule attached as Exhibit "A" to this Resolution, which schedule is hereby incorporated into this Resolution.

Section 5. Use of Rate Revenue. The revenues raised by payment of the Rates shall be used to fund the estimated reasonable cost of providing the services for which the Rates are charged, and the Rate revenues shall not be used for general revenues purposes.

Section 6. Subsequent Analysis and Revision of the Rates. The Rates set herein are adopted and implemented by the City Council in reliance on the Record identified above. The City may continue to conduct further study and analyses to determine whether the Rates should be revised. When additional information is available, the City Council may review the rates to determine that the Rate amounts do not exceed the estimated reasonable cost of providing the services for which the Rates are charged.

Section 7. Effective Date. This Resolution will become effective immediately upon adoption.

Section 8. Severability. The Rates and all portions of this Resolution are severable. Should any of the Rates or any portion of this Resolution be adjudged to be invalid and unenforceable by a body of competent jurisdiction, then the remaining Rates and/or Resolution portions shall be and continue in full force and effect, except as to those Rates and/or Resolution that have been adjudged invalid.

The City Council hereby declares that it would have adopted each of the Rates and this Resolution and each section, subsection, clause, sentence, phrase and other portion thereof, irrespective of the fact that one or more of the Rates or sections, subsections, clauses, sentences, phrases or other portions of this Resolution may be declared invalid or unconstitutional.

PASSED, APPROVED AND ADOPTED, this 21st day of June 2022, by the following vote:

AYES: Councilmembers: (4) Hagele, Kelley, Mitchell and Mayor Jimenez

NOES: Councilmembers: (0) None

ABSENT: Councilmembers: (0) None

ABSTAINING: Councilmembers: (0) None

SO ORDERED:

ATTEST:



Oswaldo Jimenez, Mayor



Raina Allan, City Clerk

I, RAINA ALLAN, City Clerk of the City of Healdsburg, do hereby certify that the foregoing is a full, true, and correct copy of Resolution No. 96-2022 adopted by the City Council of the City of Healdsburg on the 21st day of June, 2022.



Raina Allan, City Clerk



EXHIBIT ‘A’

Rate schedules are further detailed within the 2022 Water and Wastewater Rate Study

Schedule W-4 – Five-Year Schedule of Proposed Water Rates

	Current Rates	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
Water Usage Rates (\$/HCF)						
All Potable Water Use	\$5.51	\$6.00	\$6.48	\$7.00	\$7.35	\$7.72
Riverview HOA ¹	\$1.44	\$1.47	\$1.59	\$1.71	\$1.80	\$1.89
Fixed Monthly Service Charges						
Single Family	\$23.19	\$26.49	\$28.61	\$30.90	\$32.45	\$34.07
Single Family + ADU (per DU)	\$23.19	\$20.22	\$21.84	\$23.59	\$24.77	\$26.01
Multi-Family (per DU)	\$16.13	\$15.75	\$17.01	\$18.37	\$19.29	\$20.25
Non-Residential						
Up to 1" Meter	\$37.09	\$41.91	\$45.26	\$48.88	\$51.32	\$53.89
1 1/2" Meter	\$71.54	\$80.46	\$86.90	\$93.85	\$98.54	\$103.47
2" Meter	\$113.07	\$126.72	\$136.86	\$147.81	\$155.20	\$162.96
3" Meter	\$210.02	\$234.66	\$253.43	\$273.70	\$287.39	\$301.76
4" Meter	\$348.47	\$388.86	\$419.97	\$453.57	\$476.25	\$500.06
6" Meter	\$694.27	\$1,044.21	\$1,127.75	\$1,217.97	\$1,278.87	\$1,342.81
8" Meter	\$1,109.42	\$1,391.16	\$1,502.45	\$1,622.65	\$1,703.78	\$1,788.97
10" Meter	\$1,593.91	\$1,853.76	\$2,002.06	\$2,162.22	\$2,270.33	\$2,383.85
12" Meter	\$2,977.63	\$2,605.49	\$2,813.93	\$3,039.04	\$3,190.99	\$3,350.54

¹ Rate applicable to Riverview HOA for non-potable water under terms of 1997 order of condemnation.

Water Shortage Rate Surcharges							
	Normal Supply Conditions	Stage 1 Minor Shortage	Stage 2 Moderate Shortage	Stage 3 Significant Shortage	Stage 4 Urgent Shortage	Stage 5 Critical Shortage	Stage 6 Severe Shortage
Conservation Need	n/a	0 to 10%	10% to 20%	20% to 30%	30% to 40%	40% to 50%	> 50%
Water Shortage Surcharge		0%	6%	10%	15%	20%	24%

1.) When water supplies are short, the surcharge will be added to the then-current Water Usage Rates and fixed Service Charges.

Schedule WW-4 – Five-Year Schedule of Proposed Wastewater Rates						
	Current	Proposed Effective Date				
		July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026
Monthly Residential Service Charges						
Single Family	\$37.33	\$43.21	\$46.67	\$49.94	\$52.94	\$56.12
Single Family + ADU (per DU)	\$37.33	\$29.58	\$31.95	\$34.19	\$36.24	\$38.41
Flat Rate ¹	\$99.76	\$96.31	\$104.01	\$111.29	\$117.97	\$125.05
Multifamily (per DU)	\$34.50	\$35.00	\$37.80	\$40.45	\$42.88	\$45.45
Monthly Non-Residential Service Charges (per meter)						
Up to 1" meter	\$60.67	\$70.14	\$75.75	\$81.05	\$85.91	\$91.06
1 1/2" meter	\$118.49	\$137.49	\$148.49	\$158.88	\$168.41	\$178.51
2" meter	\$188.16	\$218.31	\$235.77	\$252.27	\$267.41	\$283.45
3" meter	\$350.82	\$406.89	\$439.44	\$470.20	\$498.41	\$528.31
4" meter	\$583.15	\$676.29	\$730.39	\$781.52	\$828.41	\$878.11
6" meter	\$1,163.46	\$1,821.24	\$1,966.94	\$2,104.63	\$2,230.91	\$2,364.76
8" meter	\$1,860.11	\$2,427.39	\$2,621.58	\$2,805.09	\$2,973.40	\$3,151.80
10" meter	\$2,673.10	\$3,235.59	\$3,494.44	\$3,739.05	\$3,963.39	\$4,201.19
12" meter	\$4,995.02	\$4,548.92	\$4,912.83	\$5,256.73	\$5,572.13	\$5,906.46
Wastewater Usage Charges (\$/HCF)						
All Residential ²	\$10.41	\$10.62	\$11.47	\$12.27	\$13.01	\$13.79
Non-Residential ³						
Low Strength	\$9.37	\$9.55	\$10.31	\$11.03	\$11.69	\$12.39
Medium Strength	\$13.62	\$13.97	\$15.09	\$16.15	\$17.12	\$18.15
High Strength	\$19.85	\$20.44	\$22.08	\$23.63	\$25.05	\$26.55

¹ Applies to customers not receiving water service.

² Applies to average winter water usage during the proceeding January to April period, with the highest month being omitted.

³ Applies to actual monthly water usage.