

CITY OF HEALDSBURG

RESOLUTION NO. 49-2012

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 NOS. 46-2004 AND 73-2008

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

WHEREAS, the water services rates currently applied to City customers were last updated by Resolution No. 46-2004 adopted by City Council on April 19, 2004; and

WHEREAS, the wastewater rates currently applied to City customers were last updated by Resolution No. 73-2008 adopted by City Council on July 7, 2008; and

WHEREAS, on September 7, 2010 Council adopted a resolution approving a professional services agreement with The Reed Group, Inc. (“Reed Group”) to update the City’s water and wastewater financial plans and to recommend rates based on the financial plans; and

WHEREAS, on March 21, 2011 Council adopted a resolution amending the Original Agreement to expand the scope of services of the agreement with Reed Group to include an examination of the water and wastewater rate structures; and

WHEREAS, Reed Group has prepared a report dated February 22, 2012 entitled “Water and Wastewater Financial Plans and Rate Study – Revised Draft Report” (“Report”); and

WHEREAS, the Report presents a five-year financial plan for each utility that reflects the City’s FY 2011-12 budget and financial conditions as of the beginning of the current fiscal year,

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 2015-16; and

WHEREAS, recommendations in the Report concerning water services rates include applying 9 percent, 6 percent, 5 percent and 5 percent overall annual rate increase in the first part of each of the next four fiscal years, and charging certain fixed monthly charges regardless of the amount of water actually used; and

WHEREAS, recommendations in the Report concerning wastewater services rates include rates for July 2013, July 2014, and July 2015 reflecting increases of 5 percent, 6 percent, and 3 percent, respectively and charging a certain monthly residential charge and usage rate based on winter water use; and

WHEREAS, the Report 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 March 5, 2012, Reed Group presented the Report to the City Council and members of the public at a public meeting, and having heard the presentation and comments regarding the Report, the City Council accepted the Report and the recommendations contained therein; and

WHEREAS, in accordance with Government Code Section 50076, fees that do not exceed the reasonable cost of providing the service or regulatory activity for which the fees are charged and which are not levied for general revenue purposes are not special taxes; 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. In adopting the rates set forth in this Resolution, the City Council of the City of Healdsburg is exercising its powers under Article XI, Section 7 of the California Constitution.

E. 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.

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

G. 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 Rates set forth in Exhibit "A", attached, are hereby approved and adopted and said Rates shall supersede and replace the rates set forth in City Council Resolution Nos. 46-2004 and 73-2008. 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, 2015.

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. User 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 May 2012, by the following vote:

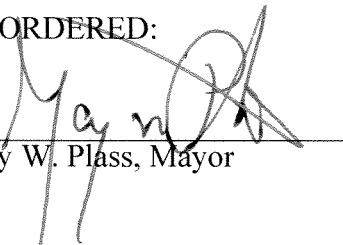
AYES: Councilmembers: (5) Babb, Chambers, Jones, Wood and Mayor Plass

NOES: Councilmembers: (0) None

ABSENT: Councilmembers: (0) None


ABSTAINING: Councilmembers: (0) None

SO ORDERED:



Gary W. Plass, Mayor

ATTEST:



Maria Curiel, City Clerk

I, MARIA CURIEL, City Clerk of the City of Healdsburg, do hereby certify that the foregoing is a full, true, and correct copy of Resolution No. 49-2012 adopted by the City Council of the City of Healdsburg on the 21st day of May, 2012.



Maria Curiel, City Clerk

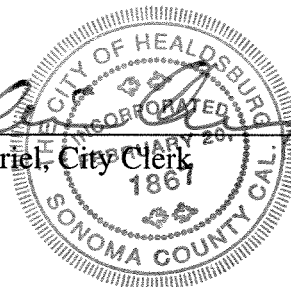


Exhibit A

Water Service Rates Effective July 1, 2012

	July 2012	July 2013	July 2014	July 2015
Monthly Service Charge				
Single Family	\$ 17.08	\$ 18.10	\$ 19.01	\$ 19.96
Multi-Family (per DU)	\$ 11.03	\$ 11.69	\$ 12.27	\$ 12.88
Non-Residential				
1" meter	\$ 27.22	\$ 28.85	\$ 30.29	\$ 31.80
1 1/2" meter	\$ 52.35	\$ 55.49	\$ 58.26	\$ 61.17
2" meter	\$ 82.62	\$ 87.58	\$ 91.96	\$ 96.56
3" meter	\$ 153.31	\$ 162.51	\$ 170.64	\$ 179.17
4" meter	\$ 254.27	\$ 269.53	\$ 283.01	\$ 297.16
Water Usage Rates (\$/HCF) (1)				
All Potable Water Use	\$ 3.85	\$ 4.08	\$ 4.28	\$ 4.49
County Service Area 24 (2)	\$ 3.08	\$ 3.26	\$ 3.42	\$ 3.59
Riverview HOA (3)	\$ 1.01	\$ 1.07	\$ 1.12	\$ 1.18
Hydrant Water Sales (4)	\$ 7.70	\$ 8.16	\$ 8.56	\$ 8.98

Notes

- (1) No water is to be included in the base monthly service charge. The usage rates are to apply to all water usage.
- (2) Rate applicable to County Service Area 24 (Fitch Mountain) under 1992 water service agreement.
- (3) Rate applicable to Riverview HOA under terms of 1997 order of condemnation.
- (4) Deposits and connection charges may also apply.
- (5) All water meters are to incur the monthly services and related usage charges.
- (6) Multi-family includes duplexes, and apartment/condominium complexes with 3+ dwelling units, regardless of how billing occurs and regardless of how many water meters serve the customer.

Wastewater Service Rates Effective July 1, 2012

	July 2012	July 2013	July 2014	July 2015
Monthly Service Charge				
Single Family	\$ 33.16	\$ 34.82	\$ 36.91	\$ 38.02
Flat Rate (1)	\$ 86.02	\$ 90.32	\$ 95.74	\$ 98.61
Multi-Family (per DU)	\$ 30.09	\$ 31.59	\$ 33.49	\$ 34.49
Non-Residential				
1" meter	\$ 53.88	\$ 56.57	\$ 59.96	\$ 61.76
1 1/2" meter	\$ 105.21	\$ 110.47	\$ 117.10	\$ 120.61
2" meter	\$ 167.06	\$ 175.41	\$ 185.93	\$ 191.51
3" meter	\$ 311.48	\$ 327.05	\$ 346.67	\$ 357.07
4" meter	\$ 517.75	\$ 543.64	\$ 576.26	\$ 593.55
Wastewater Usage Rates (\$/HCF)				
Residential (2)				
Single Family	\$ 8.81	\$ 9.25	\$ 9.81	\$ 10.10
Multi-Family	\$ 8.81	\$ 9.25	\$ 9.81	\$ 10.10
Non-Residential (3)				
Low Strength	\$ 7.93	\$ 8.33	\$ 8.83	\$ 9.09
Medium Strength	\$ 11.76	\$ 12.34	\$ 13.08	\$ 13.47
High Strength	\$ 17.38	\$ 18.24	\$ 19.33	\$ 19.91

Notes

- (1) Applies to residential customers for whom the City does not provide water service.
- (2) Applies to average winter water usage during the preceding December-March period.
- (3) Applies to actual monthly water usage. Includes an allowance for up to 10 percent of water usage not returning to the wastewater system (e.g., used for irrigation).
- (4) Landscape meters are sewer charge exempt.