

Resolution No.

## STOCKTON CITY COUNCIL

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### **RESOLUTION ADOPTING THE MAY 2016 WATER RATE STUDY, APPROVING WATER RATE INCREASES AS IDENTIFIED IN THE STUDY, DECLARING A STAGE 1 DROUGHT SURCHARGE, AND AMENDING THE CITY OF STOCKTON 2016-2017 FEE SCHEDULE**

The City of Stockton, on July 15, 2015, approved a contract with HDR Engineering, Inc. to conduct a water rate study to determine potential rate adjustments needed to financially support the Water Enterprise Fund; and

The May 2016 Water Rate Study, attached as Exhibit 1, is complete and indicates the need to increase the rates for the City's water service charges and to establish surcharges that may be implemented when necessary to safeguard against significant financial losses resulting from greater than projected reductions in water usage by City customers as a result of declared water shortage conditions ("Drought Surcharges") to enable the water utility to meet its projected operations and maintenance costs, including debt service obligations, and capital repair and replacement costs; and

The water rate structure has four customer classes—single family residential, multi-family residential, non-residential (which includes commercial, industrial, and institutional customers), and irrigation—and is comprised of two components: (1) a monthly Meter Service Charge; and (2) a Consumption Charge; and

The Meter Service Charge is a fixed charge established on the basis of the size of the meter serving a property (in inches). The Consumption Charge is a variable charge imposed on a per unit of water usage basis, with one unit equal to one hundred cubic feet (CCF), or 748 gallons. For single family residential customers the Consumption Charge consists of two tiers which impose higher rates as the level of consumption increases. The tiers are designed to recover the incremental costs to the City of serving more water to those who place higher demands and greater burdens on the City's water system and resources. For all other customers the Consumption Charge is a uniform rate per CCF of water, depending on when the water is used—winter (October through April) or summer (May through September). The seasonal rates for all other customers are designed to reflect the incrementally higher costs to serve these customers during warmer periods of the year, such as the summer months, when their water demand is highest; and

The notices were mailed to the record owner of any parcel upon which the water service charges are proposed for imposition, and any tenant who is directly responsible for the payment of water service charges (i.e., a customer of record who is not a property owner); and

The notices were mailed on May 12, 2016, to approximately 91,640 affected customers and property owners; and

Notice of the time and place of the Public Hearing was published in The Record on June 10, 2016, and the May 2016 Water Rate Study with the calculated rates was made available at [www.stocktongov.com](http://www.stocktongov.com) and placed on file with the City Clerk; and

The City Council held the Public Hearing on June 28, 2016, not less than forty-five days after the notice was mailed, and at the Public Hearing the City Council heard all oral testimony, and considered all written materials and written protests concerning the adoption and imposition of the proposed increases to the rates for the water service charges; and

At the close of the Public Hearing, the City did not receive written protests against the establishment and imposition of the proposed increases to the rates for water service charges from a majority of the affected property owners or tenants directly liable for the payment of the water service charges; and

The City Council is authorized and has determined to approve the proposed water rate increases and act accordingly on the matter; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The matters set forth above are true and correct statements and are made legislative findings and determinations of the City Council, and by this reference made an operative part of this Resolution.
2. The City Council adopts the May 2016 Water Rate Study attached as Exhibit 1 and incorporated by this reference.
3. The City Council has evaluated and adopts the water service charges at the maximum rates and on the effective dates set forth in Exhibit 2 to this Resolution and incorporated by this reference.
4. The City Council has evaluated and adopts the use and implementation of the Drought Surcharges. The Drought Surcharges are an additional per unit (CCF) charge that may be added to the rates of the Consumption Charge and may be activated by a declared water shortage level pursuant to the City's Urban Water Management Plan as a result of a drought, a statewide order mandating water use reductions, or other natural disaster or event that results in a water shortage and an unforeseen drop in water demand. The maximum rates and the effective dates for the Drought Surcharges that may be added to the rates for the Consumption Charge during a declared water shortage stage on or after August 1, 2016 through June 30, 2017, and July 1 through June 30 of the specified year, are set forth in Exhibit 2.
5. The City Council declares that effective August 1, 2016, a Stage 1 Drought Surcharge shall be implemented in accordance with the Drought Rate schedule set forth in Exhibit 2. The Stage 1 Drought Surcharge shall remain in effect until the City Council determines or otherwise declares that the Stage 1 water shortage condition is over, or, if a Stage 1 water shortage condition remains in effect, the City Council determines that the Drought Surcharge is no longer necessary.
6. The City Council hereby adopts an amendment to the City of Stockton 2016-2017 Fee Schedule to include the water rates and Drought Surcharges adopted in

accordance with this Resolution. All water service charges that are in conflict with the rates and surcharges adopted by this Resolution are hereby repealed and superseded by this Resolution.

7. The City Council finds that the revenues derived from the water service charges and Drought Surcharges established by this Resolution: (1) do not exceed the funds required to provide water services; (2) shall not be used for any other purpose than that for which the rates and charges are imposed; (3) do not exceed the proportional cost of the service attributable to each parcel upon which the charges are imposed; (4) provide services which are immediately available to the customer; and (5) are not levied for general governmental purposes.
8. The City Manager is authorized and directed to take all appropriate actions to carry out the purpose and intent of this Resolution and the approvals set forth herein.
9. In accordance with the California Environmental Quality Act (CEQA) and the CEQA Guidelines, the City Council has determined that the increases in the water service charges are exempt from CEQA pursuant to Section 15378 and Section 15273 of the CEQA Guidelines and Public Resources Code section 21080(b)(8) because: (i) the increased charges are for the purpose of meeting operational and maintenance expenses of the aforementioned services; and (ii) the charges constitute the creation of a funding mechanism/other governmental fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. The documents and materials that constitute the record of proceedings on which these findings have been based are located in the Office of the City Clerk located at 425 N. El Dorado Street, Stockton, CA 95202. The custodian for these records is the City Clerk.
10. If any section, subsection, subdivision, sentence, clause, or phrase in this Resolution or any part thereof is for any reason held to be unconstitutional or invalid, or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Resolution or any part thereof. The City Council hereby declares that it would have adopted each section irrespective of the fact that any one or more subsections, subdivisions, sentences, clauses, or phrases be declared unconstitutional, invalid, or ineffective.

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11. All resolutions, ordinances or administrative actions by the City Council, or parts thereof, that are inconsistent or in conflict with any provision of this Resolution, are hereby superseded only to the extent of such inconsistency or conflict.
12. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, and ADOPTED June 28, 2016.

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ANTHONY SILVA, Mayor  
of the City of Stockton

ATTEST:

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BONNIE PAIGE  
City Clerk of the City of Stockton

**EXHIBIT 1**  
**MAY 2016 WATER RATE STUDY**

## EXHIBIT 2

### SCHEDULE OF RATES AND EFFECTIVE DATES FOR WATER SERVICE CHARGES AND DROUGHT SURCHARGES AND EFFECTIVE DATES

Rates and Effective Dates for the Monthly Fixed Meter Service Charge (\$/Meter Size)					
Meter Size (in inches)	August 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
1" & less	\$28.00	\$31.00	\$31.95	\$32.90	\$33.90
1 1/2"	56.00	62.00	63.90	65.80	67.80
2"	89.60	99.20	102.24	105.28	108.48
3"	168.00	186.00	191.70	197.40	203.40
4"	280.00	310.00	319.50	329.00	339.00
6"	560.00	620.00	639.00	658.00	678.00
8"	896.00	992.00	1,022.40	1,052.80	1,084.80
10"	1,288.00	1,426.00	1,469.70	1,513.40	1,559.40
12"	1,890.00	2,092.50	2,156.63	2,220.75	2,288.25

Rates and Effective Dates for the Monthly Consumption Charge (\$/CCF)					
Customer Class	August 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
<b>Single Family</b>					
Tier 1: 0 - 15 CCF	\$2.00	\$2.23	\$2.31	\$2.39	\$2.47
Tier 2: 15 + CCF	2.39	2.66	2.76	2.86	2.95
<b>Multi-Family</b>					
Winter (Oct - Apr)	\$1.70	\$1.90	\$1.97	\$2.04	\$2.11
Summer (May - Sept)	1.85	2.07	2.14	2.22	2.30
<b>Non Residential</b>					
Winter (Oct - Apr)	\$1.70	\$1.90	\$1.97	\$2.04	\$2.11
Summer (May - Sept)	1.98	2.21	2.29	2.38	2.46
<b>Irrigation</b>					
Winter (Oct - Apr)	\$1.78	\$1.99	\$2.06	\$2.13	\$2.20
Summer (May - Sept)	2.26	2.53	2.62	2.70	2.79

<b>Rates and Effective Dates for Drought Surcharges (\$/CCF)</b>					
<b>Customer Class, Drought Stage, and Reduction Level</b>	<b>August 1, 2016</b>	<b>July 1, 2017</b>	<b>July 1, 2018</b>	<b>July 1, 2019</b>	<b>July 1, 2020</b>
<b>Single Family</b>					
Stage 1 (10%)	\$0.23	\$0.27	\$0.28	\$0.29	\$0.30
Stage 2 (20%)	0.53	0.60	0.62	0.64	0.66
Stage 3 (30%)	0.90	1.03	1.07	1.11	1.15
Stage 4 (40%)	1.40	1.60	1.66	1.72	1.78
Stage 5 (50%)	2.10	2.40	2.49	2.58	2.66
<b>Multi-Family</b>					
Stage 1 (10%)	\$0.20	\$0.22	\$0.23	\$0.24	\$0.25
Stage 2 (20%)	0.44	0.50	0.52	0.54	0.56
Stage 3 (30%)	0.76	0.86	0.89	0.92	0.95
Stage 4 (40%)	1.18	1.33	1.38	1.43	1.48
Stage 5 (50%)	1.77	2.00	2.07	2.15	2.23
<b>Non-Residential</b>					
Stage 1 (10%)	\$0.21	\$0.23	\$0.24	\$0.25	\$0.26
Stage 2 (20%)	0.46	0.52	0.54	0.56	0.58
Stage 3 (30%)	0.79	0.90	0.93	0.97	1.00
Stage 4 (40%)	1.23	1.40	1.45	1.50	1.55
Stage 5 (50%)	1.85	2.10	2.18	2.26	2.34
<b>Irrigation</b>					
Stage 1 (10%)	\$0.23	\$0.26	\$0.27	\$0.28	\$0.29
Stage 2 (20%)	0.52	0.59	0.61	0.63	0.65
Stage 3 (30%)	0.90	1.02	1.06	1.10	1.14
Stage 4 (40%)	1.39	1.58	1.64	1.70	1.76
Stage 5 (50%)	2.09	2.38	2.47	2.56	2.65