



CITY HALL

CITY OF ANGELS PO Box 667, 200 Monte Verda St. Suite B, Angels Camp, CA 95222 P: (209) 736-2181

DATE: June 3, 2025
TO: City Council
FROM: Michelle Gonzalez, Finance Director
RE: **ADOPTION OF FY 2026-27 WATER AND WASTEWATER RATE ADJUSTMENTS AND UTILITY BILLING CYCLE MODIFICATIONS**

RECOMMENDATION:

Staff recommends that the City Council:

1. Adopt Resolution No. 26-56 approving FY 2026-27 water, wastewater, and UWPA passthrough rate adjustments consistent with the adopted Water and Wastewater Cost of Service Study;
2. Approve modifications to the City's utility billing cycle to align monthly billing periods with calendar month State water reporting requirements;
3. Establish a five (5) day grace period prior to the assessment of late fees; and
4. Authorize staff to implement the transition billing cycle and customer notification plan.

BACKGROUND:

In 2024, the City retained Bartle Wells Associates (BWA) to prepare a comprehensive Water and Wastewater Cost of Service Study evaluating the financial sustainability of the City's utility enterprise funds. The study evaluated operational expenses, capital improvement needs, debt obligations, reserve requirements, and long-term revenue stability for both utilities.

The study determined that annual rate adjustments are necessary to:

- Maintain financial stability of the utility enterprise funds;
- Fund ongoing operations and maintenance costs;
- Address inflationary pressures;
- Support capital improvement projects;
- Meet debt service obligations; and
- Maintain compliance with Proposition 218 cost-of-service requirements.

The adopted rate schedule established maximum annual adjustments for FY 2025-26 through FY 2029-30.



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The FY 2026-27 proposed adjustments are:

Water Utility

- 3% increase to City water service charges
- 6.22% increase to UWPA passthrough fees

Wastewater Utility

- 2% increase to wastewater service charges

These increases are consistent with the adopted rate study recommendations and previously noticed Proposition 218 maximum rates.

DISCUSSION:

Utility Billing Cycle Transition

The City is currently implementing automated smart meter technology, which allows utility usage data to be collected electronically and more efficiently than the City's prior manual meter reading process.

Currently:

- Meters are read beginning approximately the 20th of each month;
- Billing extends across partial calendar months; and
- Late fees are assessed one day following the due date.

Staff recommends transitioning to a calendar month billing cycle to better align with State water reporting requirements and improve administrative efficiency.

Under the proposed structure:

- Meter readings will occur on the last day of each month;
- Utility usage periods will align with calendar months;
- Bills will be issued on or before the 5th day of the following month;
- Payments will be due on the 25th day of the billing month; and
- Late fees will be assessed following a five (5) day grace period.

This transition will improve consistency between operational reporting, billing records, and State water reporting requirements.





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Transition Billing Period

To transition from the current billing cycle to the proposed calendar-month cycle, the City will implement a one-time extended billing period:

Transition Billing Cycle

June 21, 2026 – July 31, 2026

The July 2026 utility bill will therefore reflect approximately 41 days of usage rather than a standard monthly billing cycle.

Following the transition cycle, all utility bills will reflect standard calendar month usage periods.

Staff recognizes that some customers may experience higher-than-normal bills during the transition period due solely to the longer billing duration rather than increased usage rates. To minimize customer impacts, staff will:

- Provide advance written notification to all customers;
- Clearly identify the bill as a “one-time transition bill”;
- Explain the billing cycle conversion in public notices, website, and social platforms;
- Offer payment arrangements when appropriate; and
- Provide additional customer service support during implementation.

PROPOSITION 218 COMPLIANCE

The proposed FY 2026-27 rate adjustments are consistent with the City’s adopted Water and Wastewater Cost of Service Study and comply with Article XIII D of the California Constitution (Proposition 218).

The proposed rates:

- Do not exceed the cost of providing utility service;
- Are proportional to the cost of service attributable to each customer class;
- Will be used solely for water and wastewater utility purposes; and
- Continue to support legally required enterprise fund operations and capital improvements.





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The proposed billing cycle modifications are administrative in nature and do not create new utility charges or increase rates beyond previously authorized amounts.

The BWA study specifically identified ongoing capital obligations, inflationary operating costs, UWPA contribution increases, and wastewater debt obligations necessitating annual adjustments.

The study further concluded that the recommended rate structures comply with Proposition 218 substantive cost-of-service requirements and generally accepted rate-making principles.

FISCAL IMPACT

The approved FY 2026-27 rate adjustments will provide revenue necessary to maintain water and wastewater enterprise fund solvency, support capital improvement obligations, maintain reserve targets, and satisfy ongoing operational requirements identified in the rate study.

The billing cycle modification may temporarily shift monthly cash flow timing during the implementation period but is not expected to negatively impact long-term enterprise revenues.

PUBLIC OUTREACH

Following Council approval, staff will mail customer notification letters on June 3, 2026. Additional outreach will include:

- CITY WEBSITE UPDATES;
- SOCIAL MEDIA POSTINGS; AND
- CUSTOMER SERVICE ASSISTANCE.

ATTACHMENTS:

- Resolution No. 26-56
- FY 2026-27 Customer Rate and Billing Notice
- 2024 Water and Wastewater Cost of Service Study



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