



STAFF REPORT

MEETING DATE: October 25, 2023

PRESENTER: Josefina Alvarez, Finance Director

SUBJECT: Water, Wastewater and Storm Drain Rate Study 2023 Final Report and Initiation of Proposition 218 Process (JA)

RECOMMENDATION: Council review the Water, Wastewater and Storm Drain Rate Study 2023 Final Report and adopt resolution accepting the final report, authorizing required actions under Proposition 218 and setting a Proposition 218 Public Hearing date to consider rate increases.

EXECUTIVE SUMMARY:

Lechowicz and Tseng, the consultant firm retained to undertake the rate study for Water, Wastewater, and Storm Drain utilities presented its Draft Report to Council on the October 11, 2023. No adjustments were requested from Council; however, the consultant has made clarifications and updates to the drought rates and the storm drain process. The drought rates were further clarified to state when the City would start billing for drought rates and when City would stop. The storm drain process was further clarified on what steps and procedures need to be followed to adopt these rates.

The proposed resolution provides that the Council accepts the Final Report and authorizes initiation of the Proposition 218 process. Proposition 218 requires that all customers be notified of the proposed rates and the Public Hearing date. Staff will work with Lechowicz and Tseng and with the City Attorney to prepare a Proposition 218 notice as required as well as ballots for the storm drain proposed rate increase. Subject to Council approval of the resolution, the notices are scheduled to be mailed out on October 27, 2023, to meet the 45-day Public Hearing Notice timeline.

Staff would like to set the Public Hearing date for December 13, 2023, which is the date included in the resolution. If there is no majority protest for Water and Wastewater, the Council may adopt rates for those two utilities at that time. If there is no majority protest for Storm Drain rates, the Council would set an election and ballots would be mailed. If Council approves the Water and Wastewater Drain rates at the December 13, 2023, public hearing rates would become effective February 1, 2024. The storm drain rates would be effective after the election.

FISCAL IMPACT:

The proposed fees, if adopted, would generate an increase to all three funds to help maintain all infrastructure, operations and maintenance, new and ongoing capital projects, debt obligations and help maintain a healthy reserve balance for emergencies.

ATTACHMENTS:

- A. Resolution
- B. Water, Wastewater and Storm Drain Rate Study 2023 Final Report