

**RESOLUTION NO. 5886**

A Resolution of the City Council of the City of Sebastopol Determining That There Was No Majority Protest of the **Proposed Water Rate Increases and Adopting Updated Water Rates** and Superseding the Existing Rates Established and Repealing Resolutions in Conflict Thereto

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WHEREAS, the City of Sebastopol undertook a water and sewer rate study to determine whether the current rate structures adequately provided for the maintenance, operation and replacement/ rehabilitation of its water and sewer systems; and

WHEREAS, the City of Sebastopol has determined that the current rate structure will not support the current and future costs of the system; and

WHEREAS, the City operates both a water and sewer utility where the water utility is entirely self contained and fully operated by the City but where City owns and operates the sewer collection system and all of its appurtenances and contracts with the City of Santa Rosa for the treatment of sewage effluent; and

WHEREAS, the City is required by State law and City policy to collect revenues sufficient to cover the costs of operating the water and sewer systems. These revenues allow the City to safely and reliably provide water to the residents and businesses of Sebastopol and to convey and treat wastewater, through our contract with the City of Santa Rosa, generated by the homes and businesses of the City to protect human health and ensure that the environment is protected from the accidental release of effluent into the natural ecosystem. Costs that must be recovered through rate revenue include utilities (PG&E), equipment and supplies and salaries and benefits of the City staff. In addition, revenue generated from these rates is used to pay for capital improvements such as new water wells, sewer lift stations and the rehabilitation and/or replacement of water pipes, sewer pipes, water meters, fire hydrants and other associated equipment. Revenues are also used to pay off debt incurred in the process of installing or constructing significant capital improvements; and

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

WHEREAS, it has been determined that the recommended rates to not exceed the reasonable cost of providing water services and as such the proposed rates are not levied for general revenue purposes; and

WHEREAS, in accordance with Government Code 50076, "As used in this article, "special tax" shall not include any fee which does not exceed the reasonable cost of providing the service or regulatory activity for which the fee is charged and which is not levied for general revenue purposes"; 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 protests procedures against the proposed rates increases, were mailed to all property owners in compliance with California Constitution Article XIII D, "Property-Related Fees and Charges"; and

WHEREAS, a 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 protests received and reported that there was not a majority protest of the proposed water services rate increase by owners or authorized representatives of identified parcels receiving such services; and

WHEREAS, based on the information presented, including the staff reports and comments from the members of the public, the City Council of the City of Sebastopol finds the following:

The purposes of the updated water rates established pursuant to this Resolution are to:

- Recover the reasonable estimate cost of services for which the rates are charged
- Provide that such costs allocated among City customers so as to bear a fair and reasonable relationship to customers; burdens on and benefit from City water services
- Secure the financial stability of the water systems
- Ensure high quality services
- Provide a sound financial plan that meets existing ongoing operations and maintenance and debt service obligations which will assist in funding capital improvement projects.
- The rate structure is designed not to require future financing and the incurring of any new debt service

The updated water service rates established pursuant to this resolution are not levied for general revenue purposes.

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 services. As such, adoption of the rates proposed in the staff reports and resolution as they relate to water services to City customers, is not a "project" within the meaning of the California Environmental Quality Act (CEQA), Public Resources Code 21080 (b) (8) (A) (C) and (D) "meeting operating expenses, including employee wage rates and fringe benefits"; "meeting financial reserve needs and requirements" and "obtaining funds for capital projects necessary to maintain service within existing service areas" and

WHEREAS, in adopting the rates set forth in this Resolution, the City Council of the City of Sebastopol is exercising its powers under California Constitution Article XI, Section 7, "A county or city may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws"; and

WHEREAS, the record of proceedings establishes that the costs listed in the staff reports and this resolution as those incurred by the City in providing water services to City customers are reasonable estimates of the costs of providing such services, and that the revisions recommended in the previous staff reports and this staff report for existing water 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 the City of Sebastopol water systems in accordance with the analysis conducted in this and prior staff reports; and

WHEREAS, the procedures followed and the rates adopted are in compliance with California Constitution Article XIII D, "Property-Related Fees and Charges"; and

WHEREAS, there is not a protest of the proposed water service rate increases by a majority of the owners, or authorized representatives, of identified parcels receiving such services; and

WHEREAS, rates shall apply to and be paid by the City customers at the times, and in the amounts and otherwise apply and be administered with the rates as prescribed in this resolution to be effective July 1, 2012 of each fiscal year through and including July 1, 2016, and said rates and schedule are hereby incorporated into this resolution; and

WHEREAS, water revenues are highly affected by usage, and significant new construction with potentially high usage consumers is in progress or planned, which may in turn reduce the rate increases required, the Administrative Services Department during subsequent years, as part of the yearly budget process, shall review the proposed increases, and recommend to the City Council if the full amount of the increase is warranted.

WHEREAS, the rates and all portions of this Resolution are severable and should any of the Rates or any portion of this resolution be proven 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 for those rates and/or resolution that have been judged to be invalid; and

WHEREAS, this resolution will become effective immediately upon adoption.

NOW, THEREFORE BE IT RESOLVED, the City Council of the City of Sebastopol Determines That There Was No Majority Protest of the Proposed Water Rate Increases and the rates as set forth in Exhibit A are approved and adopted and said rates shall supersede and replace the existing rates Established and Repealing Resolutions in Conflict Thereto.

It is hereby certified that the foregoing Resolution Number 5886 was introduced and duly adopted by the City Council of the City of Sebastopol at their regular meeting held this 7th day of August, 2012, following a roll call vote:

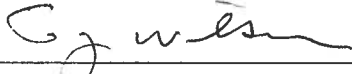
City of Sebastopol City Council:

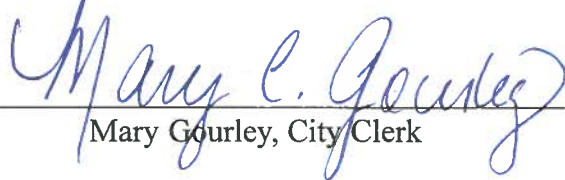
Ayes: Councilmembers Slayter, Gurney, and Mayor Wilson

Noes: Councilmember Shaffer and Vice Mayor Kyes

Abstain: None

Absent: None

APPROVED:   
Guy Wilson, Mayor

ATTEST:   
Mary Gourley, City Clerk

APPROVED AS TO FORM:

  
Larry McLaughlin, City Attorney

Exhibit A: Approved Water Rates

**EXHIBIT A**

**APPROVAL OF RATES CONTROLLING THE SALE OF WATER IN THE CITY OF SEBASTOPOL**

Whereas the City Council of the City of Sebastopol did on the 20th day of April, 1955 adopt ordinance No. 370 of said City; and

Whereas, Section 2 of said ordinance No. 370 does provide that the City Council shall adopt Rules and Regulations, rates, penalties and charges, from time to time by Resolution, regulating the sale of water produced by facilities owned and operated by said City.

The City Council of the City of Sebastopol does approve the following water rates effective July 1, 2012

**RATES FOR WATER SERVICE:**

A. Volume Charges

Bi-Monthly Meter Usage (See chart and rates below)

The bi-monthly minimum includes the first 100 cubic feet of water usage. There are additional charges for water usage over 100 cubic feet. Table 1 below provides the current and approved future rates for that usage. Additional charges do not occur until usage reaches a full 100 cubic feet beyond the first 100 cubic feet.

Table 1 - Usage Charges

Usage Classification	FY 2005/06 Usage Charges (per HCF)	Proposed 2012/13 Usage Charges (Per HCF)	Proposed 2013/14 Usage Charges (Per HCF)	Proposed 2014/15 Usage Charges (Per HCF)	Proposed 2015/16 Usage Charges (Per HCF)
From 100 CF to 3,000 CF	\$1.33	\$1.83	\$2.23	\$2.63	\$3.03
Above 3,000 CF	\$1.40	\$1.93	\$2.35	\$2.78	\$3.20

A typical residence in the City has a 5/8" or 3/4" meter and uses 120 HCF of water monthly. Table 2 below provides the bi-monthly amount that a typical residence pays now and will pay under the approved rate structure.

**Table 2 - Typical Residential Impact on Water Bills**

Typical Costs in FY 2005/06	Proposed 2012/13 BI-monthly Costs	Proposed 2013/14 BI-monthly Costs	Proposed 2014/15 BI-monthly Costs	Proposed 2015/16 BI-monthly Costs
\$21.57	\$29.66	\$36.19	\$42.70	\$49.11

**B. Bi-Monthly Fixed Charge:**

The City's current rate system charges a minimum amount based on the meter size servicing the specific property. Table 1 below depicts the bi-monthly minimums as of Fiscal Year 2005/06 and the approved bi-monthly minimums under the approved rate proposal.

**Table 3 - Bi-Monthly Minimums**

Meter Size	FY 2005/06 Rate	Proposed 2012/13 BI-monthly Minimum	Proposed 2013/14 BI-monthly Minimum	Proposed 2014/15 BI-monthly Minimum	Proposed 2015/16 BI-monthly Minimum
5/8" x 3/4"	\$21.57	\$29.66	\$36.19	\$42.70	\$49.11
1"	\$36.04	\$49.55	\$60.45	\$71.33	\$82.03
1.5"	\$71.76	\$98.68	\$120.39	\$142.06	\$163.37
2"	\$114.90	\$157.99	\$192.75	\$227.44	\$261.56
3"	\$251.59	\$345.94	\$422.05	\$498.02	\$572.72
4"	\$359.34	\$494.09	\$602.79	\$711.29	\$817.99

C. Application for water from the Corporation Yard (or other approved outlet) may be made at the Sebastopol Public Works Department or the Sebastopol Finance Department. Any person may obtain water from an outlet approved by the City subject to the following conditions:

- (1) There must be adequate supplies of water available to service those accounts that are a part of the City's water distribution mains and also provide adequate pressure for fire protection services.
- (2) The applicant shall post a \$50.00 deposit with the City of Sebastopol
- (3) Said person shall pay to the City a minimum service charge of \$27.50 per month or fraction thereof; plus the rates identified per 100 cubic feet of water used in Table 1.