

Notice to Property Owners of Public Hearing on Proposed Water Rates

Tuesday, May 24, 2016
5:30pm
City Hall
425 N. El Dorado Street
Stockton, CA 95202

The City of Stockton invites the public to attend a scheduled public hearing on Tuesday, May 24, 2016, at 5:30pm, to consider adoption of a 5-year schedule of maximum water rates. The hearing will be held at 425 N. El Dorado Street, Stockton. If adopted, the new water rates will go into effect on July 1, 2016 (FY 2017). The proposed rates are shown in more detail below under the "Proposed Rate Schedules" section.

The purpose of the hearing is to consider all oral testimony and written protests of the proposed rates. As the record owner you may submit a written protest to the proposed rates.

Basis for the proposed rates

In 2009, the City of Stockton Municipal Utilities Department (City) retained HDR Engineering, Inc. (HDR) to perform a water rate study and adopt a 5-year rate schedule based on that study. The City has again retained HDR to prepare a comprehensive cost of service and rate study (2016 Rate Study) to support a new 5-year rate schedule. The purpose of this updated study is to ensure that the City's rates continue to comply with Prop. 218, which requires that rates correspond with the costs associated with each type of service, and that customers within each rate classification pay their proportional and equitable share of the total costs.

The 2016 Rate Study has used generally accepted water rate setting principles, as provided in the American Water Works Association M1 Manual, to proportionally allocate the City's operating, capital improvements and debt costs equitably among the different water customers and develop cost-based rate structures for each customer classification. During a City Council Meeting on May 24, 2016, the City Council will hold a public hearing on the 2016 Rate Study findings to solicit public comment in addition to other public outreach meetings.

<p>Monday, April 25, 2016 6:00pm Seifert Community Center 128 W. Benjamin Holt Drive Stockton, CA 95207</p>	<p>Monday, May 9, 2016 6:00pm Merlo Gymnasium 2021 Anne Street Stockton, CA 95202</p>	<p>Wednesday, May 18, 2016 6:00pm Arnold Rue Community Center 5857 Lorraine Avenue Stockton, CA 95210</p>
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Sources for additional information

All materials presented at the meetings, as well as the Draft Comprehensive Water Rate Study report, are posted on the City's web site at www.stocktonca.gov/water and are available for review at the Office of the City Clerk, 425 N. El Dorado Street, Stockton, CA 95202.

You may also contact the City of Stockton Municipal Utilities Department by email at waterfacts@stocktonca.gov or call the City's Water Hotline with questions at 1-866-786-5987 (toll-free).

Why are rate adjustments necessary?

The City is actively seeking avenues in which to save costs and reduce the impact on customers. However, there are a few drivers necessitating the proposed rate adjustments:

Annual debt service payments – The City has a legal requirement to maintain annual debt service coverage ratios.

Drought Impacts – Both the State mandated conservation and voluntary customer reduction in water use has resulted in reduced revenue for the City’s water utility.

System-wide renewal & replacement of aging infrastructure – To maintain safe and reliable water service for customers.

Facility Operations – To continue to sufficiently fund operations of the water system has increasing costs as inflationary measures push up on costs.

How would the rates change?

The proposed rates are the maximum that can be charged to customers. This means that the City Council can approve rates up to the proposed rates, but may elect to adopt something less than what is shown.

Proposed Rate Schedules

Water Rates

The following are the proposed water base rates and consumption tiers shown on a monthly basis, which are 26% in 2016, 5.5% in 2017, 3.0% in 2018, 3.0% in 2019, and 3.0% in 2020, and future adjustments made pursuant to the Consumer Price Index (CPI) for all Urban Consumers, as reported by the U.S. Department of Labor, Bureau of Labor Statistics, for all items, U.S. City average. The table below shows how to estimate your water bill.

The following rates represent the maximum monthly fixed charge water rates that can be charged.

Present & Proposed Monthly Fixed Meter Charges – Single Family, Multi-Family, Non Residential ^[1] , & Irrigation						
Meter Size	Present Rates	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
5/8"	\$18.94	N/A	N/A	N/A	N/A	N/A
3/4"	22.25	N/A	N/A	N/A	N/A	N/A
1"	29.24	N/A	N/A	N/A	N/A	N/A
1" & less	N/A	\$29.10	\$30.72	\$31.65	\$32.65	\$33.65
1 1/2"	42.17	58.20	61.44	63.30	65.30	67.30
2"	54.49	93.12	98.30	101.28	104.48	107.68
3"	96.36	174.60	184.32	189.90	195.90	201.90
4"	138.53	291.00	307.20	316.50	326.50	336.50
6"	228.20	582.00	614.40	633.00	653.00	673.00
8"	330.87	931.20	983.04	1,012.80	1,044.80	1,076.80
10"	412.91	1,338.60	1,413.12	1,455.90	1,501.90	1,547.90
12"	581.32	1,964.25	2,073.60	2,136.38	2,203.88	2,271.38

[1] – Non Residential customer class includes commercial, institutional, and industrial

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The following rates represent the maximum monthly water consumption charges that can be charged.

Present & Proposed Monthly Consumption Charges – All Customers						
	Present Rates	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Single Family						
All Usage	\$1.67	N/A	N/A	N/A	N/A	N/A
0 - 15 CCF	N/A	\$2.15	\$2.27	\$2.34	\$2.41	\$2.48
15 + CCF	N/A	2.57	2.71	2.80	2.88	2.96
Multi-Family						
All Usage	\$1.67	N/A	N/A	N/A	N/A	N/A
Winter (Oct - Apr)	N/A	\$1.84	\$1.94	\$2.00	\$2.06	\$2.12
Summer (May - Sept)	N/A	1.99	2.10	2.16	2.23	2.29
Non Residential						
All Usage	\$1.67	N/A	N/A	N/A	N/A	N/A
Winter (Oct - Apr)	N/A	\$1.85	\$1.95	\$2.01	\$2.07	\$2.13
Summer (May - Sept)	N/A	2.13	2.25	2.31	2.38	2.45
Irrigation						
All Usage	\$1.67	N/A	N/A	N/A	N/A	N/A
Winter (Oct - Apr)	N/A	\$1.92	\$2.03	\$2.09	\$2.15	\$2.21
Summer (May - Sept)	N/A	2.43	2.57	2.65	2.72	2.80

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Drought Rates

The City also requested that HDR develop a schedule of drought rates. The goal of drought rates is to remain whole and recover lost revenue due to conservation during a period of drought.

The following represent the maximum monthly drought surcharges that can be charged.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Single Family					
<i>Stage 1</i>	\$0.25	\$0.27	\$0.28	\$0.29	\$0.30
<i>Stage 2</i>	0.56	0.60	0.62	0.64	0.66
<i>Stage 3</i>	0.97	1.02	1.05	1.08	1.11
<i>Stage 4</i>	1.51	1.59	1.64	1.69	1.74
<i>Stage 5</i>	2.26	2.38	2.46	2.53	2.60
Multi-Family (\$/CCF)					
<i>Stage 1</i>	\$0.21	\$0.22	\$0.23	\$0.24	\$0.25
<i>Stage 2</i>	0.48	0.50	0.51	0.53	0.54
<i>Stage 3</i>	0.82	0.86	0.89	0.92	0.95
<i>Stage 4</i>	1.27	1.34	1.38	1.42	1.46
<i>Stage 5</i>	1.91	2.01	2.07	2.13	2.19
Non Residential					
<i>Stage 1</i>	\$0.22	\$0.23	\$0.24	\$0.25	\$0.26
<i>Stage 2</i>	0.50	0.53	0.55	0.57	0.59
<i>Stage 3</i>	0.86	0.91	0.94	0.97	1.00
<i>Stage 4</i>	1.34	1.41	1.45	1.49	1.53
<i>Stage 5</i>	2.00	2.11	2.17	2.24	2.31
Irrigation					
<i>Stage 1</i>	\$0.25	\$0.27	\$0.28	\$0.29	\$0.30
<i>Stage 2</i>	0.57	0.60	0.62	0.64	0.66
<i>Stage 3</i>	0.97	1.03	1.06	1.09	1.12
<i>Stage 4</i>	1.52	1.60	1.65	1.70	1.75
<i>Stage 5</i>	2.27	2.40	2.47	2.54	2.61

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Drought Rates

The following rates represent the maximum monthly drought rates that can be charged.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Single Family					
0 - 15 CCF					
Stage 1	\$2.40	\$2.54	\$2.62	\$2.70	\$2.78
Stage 2	2.71	2.87	2.96	3.05	3.14
Stage 3	3.12	3.29	3.39	3.49	3.59
Stage 4	3.66	3.86	3.98	4.10	4.22
Stage 5	4.41	4.65	4.80	4.94	5.08
15 + CCF					
Stage 1	\$2.82	\$2.98	\$3.08	\$3.17	\$3.26
Stage 2	3.13	3.31	3.42	3.52	3.62
Stage 3	3.54	3.73	3.85	3.96	4.07
Stage 4	4.08	4.30	4.44	4.57	4.70
Stage 5	4.83	5.09	5.26	5.41	5.56
Multi-Family (\$/CCF)					
Winter (Oct - Apr)					
Stage 1	\$2.05	\$2.16	\$2.23	\$2.30	\$2.37
Stage 2	2.32	2.44	2.51	2.59	2.66
Stage 3	2.66	2.80	2.89	2.98	3.07
Stage 4	3.11	3.28	3.38	3.48	3.58
Stage 5	3.75	3.95	4.07	4.19	4.31
Summer (May - Sept)					
Stage 1	\$2.20	\$2.32	\$2.39	\$2.47	\$2.54
Stage 2	2.47	2.60	2.67	2.76	2.83
Stage 3	2.81	2.96	3.05	3.15	3.24
Stage 4	3.26	3.44	3.54	3.65	3.75
Stage 5	3.90	4.11	4.23	4.36	4.48
Non Residential					
Winter (Oct - Apr)					
Stage 1	\$2.07	\$2.18	\$2.25	\$2.32	\$2.39
Stage 2	2.35	2.48	2.56	2.64	2.72
Stage 3	2.71	2.86	2.95	3.04	3.13
Stage 4	3.19	3.36	3.46	3.56	3.66
Stage 5	3.85	4.06	4.18	4.31	4.44
Summer (May - Sept)					
Stage 1	\$2.35	\$2.48	\$2.55	\$2.63	\$2.71
Stage 2	2.63	2.78	2.86	2.95	3.04
Stage 3	2.99	3.16	3.25	3.35	3.45
Stage 4	3.47	3.66	3.76	3.87	3.98
Stage 5	4.13	4.36	4.48	4.62	4.76
Irrigation					
Winter (Oct - Apr)					
Stage 1	\$2.17	\$2.30	\$2.37	\$2.44	\$2.51
Stage 2	2.49	2.63	2.71	2.79	2.87
Stage 3	2.89	3.06	3.15	3.24	3.33
Stage 4	3.44	3.63	3.74	3.85	3.96
Stage 5	4.19	4.43	4.56	4.69	4.82
Summer (May - Sept)					
Stage 1	\$2.68	\$2.84	\$2.93	\$3.01	\$3.10
Stage 2	3.00	3.17	3.27	3.36	3.46
Stage 3	3.40	3.60	3.71	3.81	3.92
Stage 4	3.95	4.17	4.30	4.42	4.55
Stage 5	4.70	4.97	5.12	5.26	5.41

How to protest the proposed rates

Any property owner whose property will be subject to the proposed rates may submit a written protest and/or come to the hearing and provide oral testimony. Only one protest will be counted per identified parcel. If a majority of property owners whose property receives water service file written protests by the end of the public hearing, or oral protests during the public hearing on May 24, 2016, the corresponding water rates will not be approved. Written protests may be submitted by mail or in person to:

**City Clerk
City of Stockton
425 N. El Dorado Street
Stockton, CA 95202**

A written protest must include your name and a description of the parcel(s) in which you have an ownership interest. A street address and/or assessor's parcel number are sufficient descriptions. If the party signing or presenting the protest is not shown as the parcel owner on the last equalized assessment roll, the protest must contain, or be accompanied by, written evidence that such party is the owner.

Este informe contiene información sobre su cuenta de agua. Es muy importante que entienda el material. Para ver la traducción de este informe vaya a la pagina www.stocktonca.gov/water