

City of Stockton – Municipal Utilities Department

Revised Water Rate Proposal



May 10, 2016

Presented by:

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Acting Director of Municipal Utilities

Recommended Resolution

- Cancel the May 24, 2016 Public Hearing to consider adoption of proposed water rate increases
- Authorize and direct the City Manager to schedule a new Public Hearing to consider the adoption of a revised schedule of maximum allowable water rates
- Authorize and direct the City Manager to mail notice of the Public Hearing to all record owners of parcels subject to the proposed rate increases as well as tenants who are directly responsible for the payment of water service charges

Water Rate Public Meetings

Public Meetings Held in 2016

- Water Advisory Group – February 3rd
- Council Water Committee – February 11th
- Special Council Meeting – March 26th
- City Council Meeting – March 29th
- Seifert Community Center – April 25th
- Merlo Gymnasium – May 9th

Concerns Expressed at Public Meetings

- Amount of overall increase
- Amount of rate increase in the first year
- Confusion and questions regarding the ability of tenants who may be responsible for the payment of water service charges to protest

Adjustments to Water Rates

The strategy to lower the overall rate increase was achieved by lowering operating costs by \$2.4 million:

- Lowered Stockton East Water District purchase water costs
- Operational savings

The strategy to lower the first year increase to 18.5% was achieved through early payment of debt:

- Cash available to perform a defeasance for FY2016/17
- Defeasance is a short term strategy that is not an ongoing solution

Public Notice

Concerns expressed by the public regarding who can support or protest will involve reissuing the public notice.

- Notices will be mailed to:
 - ✓ Record owner of a parcel
 - ✓ Any tenant who is directly responsible for payment of water services charges
- Record owner or tenant may submit a written protest
- Protests already submitted will be counted
- One protest per identified parcel served will be counted

New Transition Plan

Fiscal Year	Prior Water Revenue Requirement	Updated Water Revenue Requirement
2016/2017	26.0%	18.5%
2017/2018	5.5%	11.0%
2018/2019	3.0%	3.0%
2019/2020	3.0%	3.0%
2020/2021	3.0%	3.0%

Adjustments

Maximum Percentage of Rate Increase per Year

Comparison of Residential Monthly Water Bills Cal Water and City (20 units)

Cal Water—Stockton (Current) \$92.16

Cal Water—Stockton (Proposed 1/1/2017) \$101.67

City (Current) \$62.64

City (original proposed 2016-2017) \$74.20

City (new proposed 2016-2017) \$69.95

Average Customer Bill Impacts

Proposed Revenue Transition Plan				
FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
18.5%	11.0%	3.0%	3.0%	3.0%

	Present					
	Rate	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
Avg. Winter - 10 Units	\$45.94	\$48.00	\$53.30	\$55.05	\$56.80	\$58.60
\$ Difference	-	\$2.06	\$5.30	\$1.75	\$1.75	\$1.80
Cumulative \$ Difference	-	\$2.06	\$7.36	\$9.11	\$10.86	\$12.66
Avg. Summer - 15 Units	\$54.29	\$58.00	\$64.45	\$66.60	\$68.75	\$70.95
\$ Difference	-	\$3.71	\$6.45	\$2.15	\$2.15	\$2.20
Cumulative \$ Difference	-	\$3.71	\$10.16	\$12.31	\$14.46	\$16.66

* Based on a 1" meter for average bill calculation

** Actual customer bill impacts will vary based on actual consumption

Public Input Opportunities

- City Council meeting on May 10, 2016
- Three Community Information Presentations

Monday, May 9, 2016
6:00pm
Merlo Gym
2021 Anne Street

Wednesday, May 18, 2016
6:00 pm
Arnold Rue Community
Center
5758 Lorraine Avenue

Monday, June 13, 2016
6:00 pm
Seifert Community Center
128 Benjamin Holt Drive

- Rescheduled Public Hearing on June 28, 2016

Questions



For questions or additional information:
Email: waterfacts@stocktonca.gov
(866) 786-5987 (STOKWTR)

Recommended Resolution

- Cancel the May 24, 2016 Public Hearing to consider adoption of proposed water rate increases previously set by City Council Resolution 2016-03-29-1506
- Authorize and direct the City Manager to schedule a new Public Hearing to consider the adoption of a revised schedule of maximum allowable rates
- Authorize and direct the City Manager to mail notice of the Public Hearing to all record owners of parcels subject to the proposed rate increases as well as tenants who are directly responsible for the payment of water service charges