



Municipal Utilities Department
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 Stockton, CA 95206

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Notice of Public Hearing On Proposed Adjustments to Water Rates

Read this notice to learn more about proposed water rate adjustments for City of Stockton water utility customers.

El contenido de este mensaje está disponible en español en la página de internet www.stocktonca.gov/WaterRates.

The City of Stockton provides the highest quality water to approximately 49,000 residential and commercial connections in North and South Stockton.

California Proposition 218 (California Constitution Article XIII D, section 6) requires each parcel be charged only what is required to cover their respective proportional cost of service to provide water service, including water system costs like operations, maintenance, and construction of critical infrastructure.

Pursuant to Proposition 218, the City Council invites the public to attend a public hearing at **5:30 p.m. on Tuesday, May 25, 2021**, in the City Council Chamber, at **425 N. El Dorado Street**, to consider all testimony and written protests to the adoption of proposed rate adjustments to City of Stockton water service fees.

The following persons may submit a written protest on the proposed water rate adjustments before the close of the public hearing referenced above:

- ◇ A record owner(s) of property(s) receiving water service in the City of Stockton service area. If the person signing the protest is not shown on the last equalized assessment roll as the owner of the property(s), the protest must include written evidence that such person signing the protest is the owner of the property(s) receiving water service; or
- ◇ A customer of record, such as a tenant, whose name appears on the City of Stockton's records as the customer of record directly responsible for payment of water utility charges for the corresponding property receiving water service.

Although billed customers and record property owners will both be notified, only one protest per property will be counted.

Each protest must:

- ◇ **Be submitted in writing and received by the City Clerk at or before the close of the public hearing on May 25, 2021. Written protests may be mailed or hand-delivered to the Office of the City Clerk at 425 N. El Dorado Street, Stockton, CA 95202 or delivered at the public hearing;**
- ◇ **Contain a statement protesting the rate adjustments.**
- ◇ **Identify the property, either by street address or Assessor's Parcel Number (APN); and**
- ◇ **Include the name and signature of the person submitting the written protest.**

Protests submitted by email or other electronic means will not qualify as valid written protests. At the public hearing, all interested persons will be provided an opportunity to express comments or concerns to the proposed rate adjustments. At the conclusion of the hearing, the City Council will consider the adoption of a maximum proposed annual rate increases. If approved, the proposed rates will go into effect on July 1, 2021, and be adjusted each July 1 thereafter, through and including July 1, 2025.

Comments made at the public hearing will not qualify as written protests, unless accompanied by a written protest. If qualified written protests are submitted by a majority of the record property owner(s) or customer(s) of record, the Council may not approve the proposed rate adjustments.

How Are Water Rates Calculated?

The City's proposed water rate structure includes a fixed charge and a consumption charge.

- ◇ The **fixed charge** applies to all customer groups and is determined by the size of the meter serving the property. The fixed charge recovers a portion of the City's fixed costs.
- ◇ The **consumption charge** is based on the amount of water consumed for each property, measured in hundred cubic feet ("CCF"). One CCF is equivalent to 748 gallons:
 - For **single family residential** customers, consumption charges are calculated based on the amount of water consumed. A higher rate applies to water use higher than 15 CCF, to account for the increased costs associated with greater demand on the water system.
 - The consumption charge for **multi-family, non-residential (including commercial, institutional, and industrial), and irrigation** customers is based upon a seasonal rate structure with the summer billing period between May – September; and the winter billing period between October – April.

Summary of Proposed Monthly Fixed Meter Service Charge (\$/Meter Size)						
Meter Size (in inches)	Present Rates	July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
1" & Less	\$33.90	\$33.90	\$35.30	\$36.54	\$37.82	\$39.33
1 1/2"	67.80	67.80	70.60	73.08	75.64	78.66
2"	108.48	108.48	112.96	116.93	121.02	125.86
3"	203.40	203.40	211.80	219.24	226.92	235.98
4"	339.00	339.00	353.00	365.40	378.20	393.30
6"	678.00	678.00	706.00	730.80	756.40	786.60
8"	1,084.80	1,084.80	1,129.60	1,169.28	1,210.24	1,258.56
10"	1,559.40	1,559.40	1,623.80	1,680.84	1,739.72	1,809.18
12"	2,288.25	2,288.25	2,382.75	2,466.45	2,552.85	2,654.78

Summary of Proposed Monthly Consumption Charge (\$/CCF) 1 CCF Unit = 748 gallons						
Customer Class	Present Rates	July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
Single Family						
0 - 15 Units	\$2.47	\$2.47	\$2.49	\$2.58	\$2.67	\$2.78
15 + Units	2.95	2.95	2.96	3.08	3.19	3.32
Multi-Family						
Winter (Oct - Apr)	\$2.11	\$2.11	\$2.39	\$2.47	\$2.56	\$2.66
Summer (May - Sept)	2.30	2.30	2.59	2.68	2.77	2.88
Non-Residential						
Winter (Oct - Apr)	\$2.11	\$2.11	\$2.38	\$2.46	\$2.55	\$2.65
Summer (May - Sept)	2.46	2.46	2.76	2.85	2.96	3.07
Irrigation						
Winter (Oct - Apr)	\$2.20	\$2.20	\$2.49	\$2.58	\$2.67	\$2.78
Summer (May - Sept)	2.79	2.79	2.90	3.00	3.11	3.24

Drought Recovery Charges

A substantial portion of the costs to operate and maintain the water system is fixed. In other words, the costs remain the same regardless of water usage. Under the existing water rates, when consumption decreases, revenues also decrease. Reductions in revenue can place significant financial strain on the water utility funds.

Drought Recovery Charges are developed to reflect changes in the cost of service driven by reduced water use, while simultaneously providing sufficient revenue to maintain the water utility as customers comply with the requested reductions in use.

The Drought Recovery Charges are an additional charge per CCF that may be activated by a declared water shortage level pursuant to the City's Urban Water Management Plan, such as a drought, a statewide order mandating water use reductions, or other natural disaster or event that results in a water shortage and an unforeseen drop in water demand. The Urban Water Management Plan establishes six stages of water use reductions and restrictions. See below for these six stages, along with the estimated consumption reductions resulting from additional conservation restrictions implemented at each stage:

- ◇ **Stage 1 – Limited Irrigation/Outdoor Use – 10% reduction in water usage.**
- ◇ **Stage 2 – Limited Irrigation/Outdoor Use – 20% reduction in water usage.**
- ◇ **Stage 3 – Limited Irrigation/Outdoor Use – 30% reduction in water usage.**
- ◇ **Stage 4 – Minimal Irrigation/Outdoor Use – 40% reduction in water usage.**
- ◇ **Stages 5/6 – No Irrigation/Outdoor Use – 50% or higher reduction in water usage.**

Summary of Proposed Drought Recovery Charges (\$/CCF)

Customer Class	Present Rates	July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
Single Family	\$/CCF	\$/CCF	\$/CCF	\$/CCF	\$/CCF	\$/CCF
Stage 1	\$0.30	\$0.30	\$0.29	\$0.30	\$0.31	\$0.32
Stage 2	0.66	0.66	0.65	0.67	0.69	0.72
Stage 3	1.15	1.15	1.12	1.16	1.20	1.25
Stage 4	1.78	1.78	1.74	1.81	1.87	1.95
Stages 5/6	2.66	2.66	2.61	2.71	2.81	2.93
Multi-Family	\$/CCF	\$/CCF	\$/CCF	\$/CCF	\$/CCF	\$/CCF
Stage 1	\$0.25	\$0.25	\$0.28	\$0.29	\$0.30	\$0.31
Stage 2	0.56	0.56	0.62	0.64	0.66	0.69
Stage 3	0.95	0.95	1.06	1.10	1.14	1.18
Stage 4	1.48	1.48	1.66	1.72	1.78	1.85
Stages 5/6	2.23	2.23	2.48	2.56	2.65	2.75
Non-Residential	\$/CCF	\$/CCF	\$/CCF	\$/CCF	\$/CCF	\$/CCF
Stage 1	\$0.26	\$0.26	\$0.29	\$0.30	\$0.31	\$0.32
Stage 2	0.58	0.58	0.65	0.67	0.70	0.73
Stage 3	1.00	1.00	1.11	1.15	1.19	1.24
Stage 4	1.55	1.55	1.72	1.78	1.85	1.92
Stages 5/6	2.34	2.34	2.58	2.67	2.77	2.88
Irrigation	\$/CCF	\$/CCF	\$/CCF	\$/CCF	\$/CCF	\$/CCF
Stage 1	\$0.29	\$0.29	\$0.31	\$0.32	\$0.33	\$0.34
Stage 2	0.65	0.65	0.69	0.71	0.74	0.77
Stage 3	1.14	1.14	1.19	1.23	1.28	1.33
Stage 4	1.76	1.76	1.84	1.90	1.97	2.04
Stages 5/6	2.65	2.65	2.77	2.86	2.97	3.08

Private Fire Hydrant Service Charge and Private Fire Protection Service Charge

The City of Stockton applies a monthly Private Fire Hydrant Service Charge for hydrants that are specific to certain private businesses. A monthly Private Fire Protection Service Charge is also applied on certain properties that have a private fire service meter. The payment of the Private Fire Protection Service Charges is a condition to extend or initiate water service by the installation of a private fire suppression system, and upon the request of the customer or property owner for delivery of water to the property for the purpose of fire protection service. These charges are not proposed to change at this time.

Private Fire Hydrant Service Charge			
Effective Date	Description	Current Amount	Proposed Amount
July 1, 2021	Hydrant	\$6.13	No Change
Private Fire Protection Service Charges			
Effective Date	Description	Current Amount	Proposed Amount
July 1, 2021	1 1/2-inch connection	\$9.19	No Change
July 1, 2021	2-inch connection	\$11.23	No Change
July 1, 2021	3-inch connection	\$17.48	No Change
July 1, 2021	4-inch connection	\$23.03	No Change
July 1, 2021	6-inch connection	\$34.68	No Change
July 1, 2021	8-inch connection	\$43.94	No Change
July 1, 2021	10-inch connection	\$57.46	No Change
July 1, 2021	12-inch connection	\$68.85	No Change

Why Are Rate Adjustments Necessary?

The City of Stockton is committed to providing the highest water quality at the lowest possible rates for our customers. To meet this commitment, the City hired HDR Engineering, Inc., an independent rate consultant, to evaluate the Water Utility revenue requirements, prepare a cost of service analysis and Water Rate Study Report (2021 Water Rate Study) to support a new five-year rate schedule that:

- ◇ Provides sufficient revenue to operate and maintain the City's water infrastructure and capital improvement projects;
- ◇ Reflects prudent financial planning criteria;
- ◇ Determines that rates are cost-based and equitable;
- ◇ Reflects the findings of the revenue requirement and cost of service analyses; and
- ◇ Meets the rate design goals and objectives of the City.

The 2021 Water Rate Study determines how customers equitably and fairly pay for the water services over a new five-year period.

Additional Information

The 2021 Water Rate Study is available at the City's website at www.stocktonca.gov/WaterRates and at the Office of the City Clerk: **425 N. El Dorado Street Stockton, CA 95202**

For questions about the proposed water rate adjustments, the rates applicable to your property or for more information, call **209-937-5001**. Submit a question via email using the link provided at www.stocktonca.gov/WaterRates.

Public Hearing
 Tuesday, May 25, 2021
 5:30 p.m.
 City Council Chamber
 425 N. El Dorado Street
 Stockton, CA 95202