

RESOLUTION NO. 2022-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EUREKA ADOPTING WATER RATES AND IMPACT FEES FOR THE CITY OF EUREKA

WHEREAS, City Staff have analyzed the City's water purchase, treatment and delivery costs; and

WHEREAS, it is necessary for the City's Water System to raise sufficient revenues to operate and maintain the system in accordance with public health requirements and without subsidy from the General Fund; and

WHEREAS, the City Staff has identified a number of Water System improvements that are necessary to insure an uninterrupted water supply to the City's customers; and

WHEREAS, the Water Fund's contingency and capital reserves must be maintained at an adequate level; and

WHEREAS, both fixed and variable costs of operation must be distributed by customer class in proportion to their burden on the water system; and

WHEREAS, to address these funding needs City Staff and its rate Consultant NBS prepared a water system cost of service analysis. This analysis was prepared to determine if the system user rates would adequately recover system operating costs and provide sufficient funds to meet planned water system infrastructure improvements. The new rates would refine the City's practice of recovering system costs from users in proportion to the demands each places upon the Water Utility System; and

WHEREAS, the proposed rate increases will provide additional water system revenues. With these added revenues, future operating costs of the Water Fund will be adequately addressed and the Fund's operating and capital reserves maintained according to policy; and

WHEREAS, State law allows local jurisdictions to include pass-through charges for increases in wholesale costs; and

WHEREAS, the charges have been determined in a manner consistent with State law, including but not limited to Government Code 50076; and

WHEREAS, changes to impact fees (aka connection fees) are required to recover the costs of increased system demand posed by new development proportional to those impacts; and

WHEREAS, at least forty-five (45) days in advance of the public hearing at which this Resolution was considered, notice of the public hearing and notice of protest procedures against the proposed rate increases, were mailed to all property owners and rate payers in compliance with California Constitution Article XIII D, "Property-Related Fees and Charges."

NOW THEREFORE, be it Resolved as follows:

Section 1. Water Service Charges

- (a) Service Charges. The monthly service charges for water service within the City shall be as shown on the Water Rate Schedule shown in EXHIBIT A, including the annual volumetric surcharge formula for pass-through costs for water purchase.
- (b) Impact Fees. The fee for new connections or increases in connection size shall be as shown in EXHIBIT B.
- (c) Extraterritorial Service. The monthly service charge for water service to property outside the City shall be charged at one and one-half (1.5) times the rates for water service to property within the City.

Section 2. Effective Date

This resolution shall become effective and the Water Rates and Impact Fees specified in EXHIBIT A and EXHIBIT B shall be imposed for any charges billed on or after January 1, 2022 and July 1 of each following year as indicated in the Exhibits.

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PASSED, APPROVED AND ADOPTED by the City Council of the City of Eureka in the County of Humboldt, State of California, on the ____ day of _____, 2022 by the following vote:

AYES:	COUNCILMEMBERS
NOES:	COUNCILMEMBERS
ABSENT:	COUNCILMEMBERS

Susan Seaman, Mayor of the City of Eureka

Attest:

Pamela J. Powell, City Clerk

Approved as to Administration:

Approved as to form:

Miles Slattery, City Manager

Autumn Luna, City Attorney

EXHIBIT A: WATER RATES

Water Rate Schedule	Current Rates	Proposed Rates				
		FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Fixed Service Charge¹						
Monthly Fixed Service Charges:						
<i>Single Family Residential:</i>						
5/8 inch & 3/4 inch	\$30.28	\$34.11	\$37.52	\$41.28	\$45.40	\$49.04
1 inch	\$72.26	\$81.59	\$89.75	\$98.72	\$108.59	\$117.28
1 1/2 inch	\$226.16	\$160.71	\$176.78	\$194.46	\$213.91	\$231.02
2 inch	\$450.03	\$255.66	\$281.23	\$309.35	\$340.29	\$367.51
<i>Single Family Residential - Outside:</i>						
5/8 inch & 3/4 inch	\$45.42	\$51.17	\$56.28	\$61.91	\$68.10	\$73.55
1 inch	\$108.39	\$122.38	\$134.62	\$148.08	\$162.89	\$175.92
<i>Multi Family Residential:</i>						
5/8 inch & 3/4 inch	\$39.85	\$44.40	\$48.84	\$53.73	\$59.10	\$63.83
1 inch	\$96.17	\$107.40	\$118.14	\$129.96	\$142.95	\$154.39
1 1/2 inch	\$190.05	\$212.40	\$233.64	\$257.00	\$282.70	\$305.32
2 inch	\$302.70	\$338.40	\$372.24	\$409.46	\$450.41	\$486.44
3 inch	\$603.09	\$674.39	\$741.83	\$816.01	\$897.61	\$969.42
4 inch	\$941.04	\$1,052.38	\$1,157.62	\$1,273.38	\$1,400.72	\$1,512.77
<i>Commercial</i>						
5/8 inch & 3/4 inch	\$57.05	\$59.40	\$65.34	\$71.87	\$79.06	\$85.39
1 inch	\$139.18	\$144.89	\$159.38	\$175.32	\$192.85	\$208.28
1 1/2 inch	\$276.05	\$287.38	\$316.12	\$347.73	\$382.50	\$413.10
2 inch	\$440.31	\$458.36	\$504.20	\$554.62	\$610.08	\$658.89
3 inch	\$878.31	\$914.32	\$1,005.76	\$1,106.33	\$1,216.96	\$1,314.32
4 inch	\$1,371.07	\$1,427.28	\$1,570.00	\$1,727.01	\$1,899.71	\$2,051.68
6 inch	\$2,739.84	\$2,852.15	\$3,137.36	\$3,451.10	\$3,796.21	\$4,099.91
8 inch	\$4,382.36	\$4,561.99	\$5,018.19	\$5,520.01	\$6,072.02	\$6,557.78
Volumetric Charges for All Water Consumed¹						
Uniform Rate (per hcf) - Inside	\$2.64	\$2.75	\$3.03	\$3.33	\$3.66	\$3.95
Uniform Rate (per hcf) - Outside	\$3.88	\$4.13	\$4.54	\$4.99	\$5.49	\$5.93

1. "Outside" refers to outside of the City Limits. Outside customer rates are 1.5 times the corresponding inside rates.

The City may adjust volumetric rates (\$/hcf) each July 1st until July 1, 2026 to recover the cost of increases in wholesale water rates based on the following formula:

Volumetric Surcharge (\$/hcf) = Volumetric Rate (from table on following page) x ((A / B) – 1), where

A = Water purchase costs, including increases adopted by wholesalers

B = Previous year water purchase costs

EXHIBIT B: WATER IMPACT FEES

Meter Size	Current Connection Fees	Updated Maximum Connection Fee Per Meter Size ^a
5/8 Inch	\$3,208	\$5,497
3/4 Inch	\$3,208	\$5,497
1 Inch	\$8,021	\$13,744
1 1/2 Inch	\$16,041	\$27,487
2 Inch	\$25,666	\$43,979
3 Inch	\$51,322	\$87,959
4 Inch	\$80,206	\$137,436
6 Inch	\$160,412	\$274,872
8 Inch	\$256,659	\$439,795

a. Reflect the hydraulic capacity factors from Figure 25.