

CITY OF YUBA CITY  
STAFF REPORT

**Date:** June 5, 2018  
**To:** Honorable Mayor & Members of the City Council  
**From:** Public Works Department  
**Presentation by:** Diana Langley, Public Works Director

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**Summary**

**Subject:** Water and Wastewater Rates for Fiscal Year 2018/19

**Recommendation:** A. Conduct a Public Hearing and after consideration,  
B. Adopt a Resolution setting the water rates at a rate less than the Proposition 218 approved rates effective July 1, 2018  
C. Adopt a Resolution setting the wastewater rates at a rate less than the Proposition 218 approved rates effective July 1, 2018

**Fiscal Impact:** The scheduled rate increase will fund ongoing operation and maintenance expenses, provide adequate debt-service coverage, and fund capital improvement projects identified as Priority 1 & 2 as part of the Water and Wastewater Rate Study adopted in 2016.

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**Purpose:**

To ensure adequate revenues in the Water and Wastewater Enterprise Funds for operations and maintenance, debt service coverage, and capital improvement projects.

**Background:**

Council adopted a Water and Wastewater Rate Study on April 5, 2016, which proposed adjustments to the City's water and wastewater rates over the next 5 years to fund ongoing expenses, provide adequate debt-service coverage, and fund priority capital projects.

In accordance with Proposition 218, a protest public hearing took place on June 8, 2016, and protests were received and tabulated. The City Clerk determined that there was not a majority protest of the proposed rate adjustments. The rates approved through the Proposition 218 process are shown in Attachment 3.

On June 21, 2016, City Council adopted Water and Wastewater Ordinances which have provisions requiring that the City Council review the rates on an annual basis as part of the fiscal year budget review process, prior to the July 1 implementation of the increases for each year. Council retains the authority to set by resolution the actual rates less than the maximum rates approved through the Proposition 218 process.

In July 2016 and June 2017, City Council adopted resolutions setting the water and wastewater rates effective August 1, 2016 and July 1, 2017, respectively. For both years, the wastewater rates were set at the amount approved through the Proposition 218 process as shown in Attachment 3. The water rates were set at an amount below the approved Proposition 218 rates, and the base allocation was increased for each meter size. The adopted water rates are reflected in Table 1.

**Table 1 – Council Adopted Water Rates**

Meter Size	Baseline Allocation (HCF)*	Difference from Prop. 218 Rates	FY 16/17 Rates	FY 17/18 Rates
1"	15	+4	\$27.85	\$32.58
1-1/2"	30	+8	\$55.70	\$65.17
2"	60	+16	\$111.42	\$130.36
3"	240	+64	\$445.66	\$521.42
4"	480	+128	\$891.33	\$1,042.86
6"	900	+240	\$1,671.22	\$1,955.33
8"	2,100	+560	\$3,899.53	\$4,562.45
Flow Rate per Excess HCF			\$1.430	\$1.673

\*1 HCF = 748 Gallons

**Analysis:**

Staff has worked with the consultant that prepared the Water and Wastewater Rate Study, NBS, to update the water and wastewater rate models and develop a recommendation for water and wastewater rates for FY 18/19.

**Water Rates:**

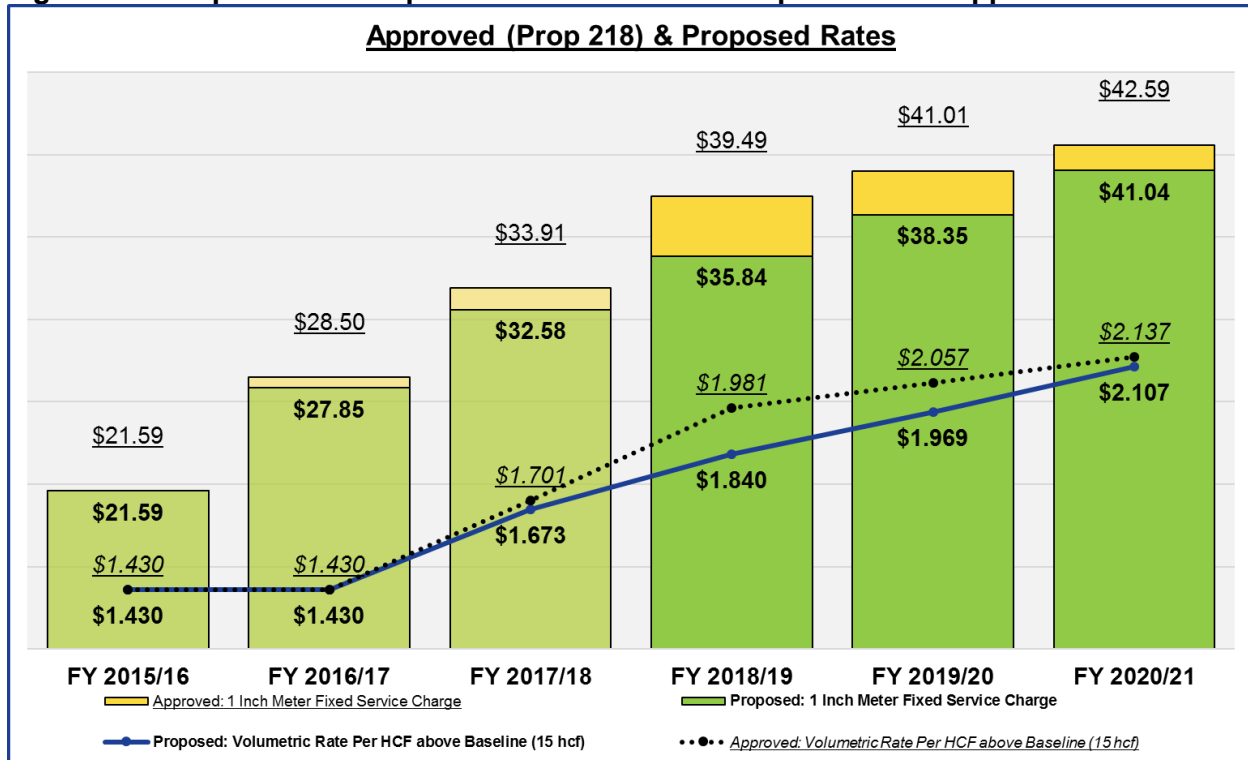
In FY 17/18, water customers continued to achieve significant conservation as reflected in Attachment 4. The average of 15.6% conservation is in line with the 15% conservation assumed in the water rate model. Even though the conservation level aligns with the model on an overall basis, there was significantly higher water usage in the summer and fall months of 2017. This resulted in higher revenues than predicted in the rate model. Based on this, staff is recommending setting the water rates below the Proposition 218 approved amount for a third year. Table 2 reflects the proposed rates for FY 18/19 and recommended rates for future years should conditions remain status quo.

**Table 2 – Proposed Water Rates Effective July 1, 2018**

Meter Size	Baseline HCF's*	Current Rate	FY 18/19	FY 19/20	FY 20/21
1"	15	\$32.58	\$35.84	\$38.35	\$41.04
1 1/2"	30	\$65.17	\$71.69	\$76.70	\$82.07
2"	60	\$130.36	\$143.40	\$153.44	\$164.18
3"	240	\$521.42	\$573.56	\$613.71	\$656.67
4"	480	\$1,042.86	\$1,147.14	\$1,227.44	\$1,313.36
6"	900	\$1,955.33	\$2,150.86	\$2,301.42	\$2,462.52
8"	2,100	\$4,562.45	\$5,018.70	\$5,370.00	\$5,745.90
Flow Rate Per Excess HCF		\$1.673	\$1.840	\$1.969	\$2.107

Figure 1 represents how the proposed rates compare to the Proposition 218 approved rates for a standard 1” water service.

**Figure 1 – Comparison of Proposed Water Rates and Proposition 218 Approved Water Rates**



Wastewater Rates:

In FY 17/18, the revenues received are slightly higher than the revenues projected through the rate model. Based on this minor increase, staff is recommending setting the wastewater rates below the Proposition 218 approved amount. Tables 3 and 4 reflect the proposed rates for FY 18/19 and recommended rates for future years should conditions remain status quo.

**Table 3 - Wastewater Rates – Residential, Commercial, and Schools**

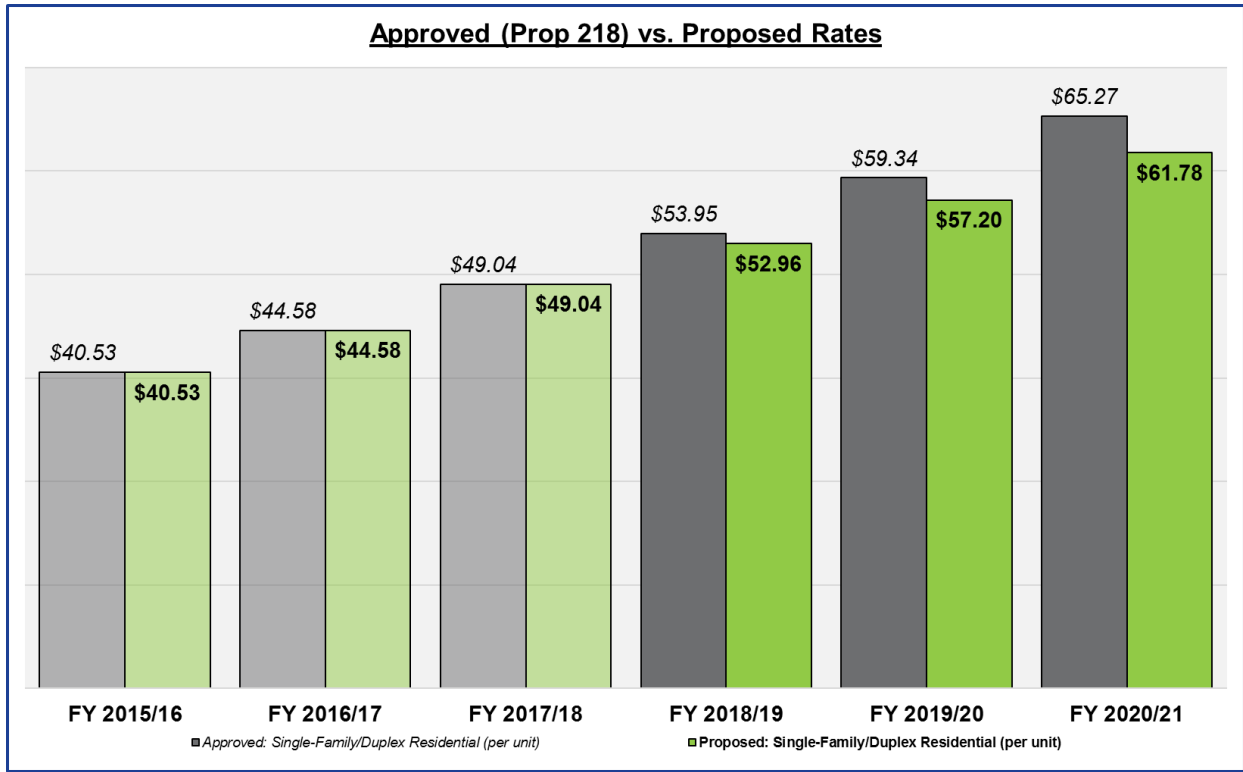
Sewer Rate Schedule	Current Rate	FY 18/19	FY 19/20	FY 20/21
Single Family	\$49.04	\$52.96	\$57.20	\$61.78
Multi-Family	\$39.24	\$42.38	\$45.77	\$49.43
Commercial – C1	\$49.04	\$52.96	\$57.20	\$61.78
Commercial – C2	\$55.18	\$59.59	\$64.36	\$69.51
Commercial – C3	\$66.83	\$72.17	\$77.95	\$84.18
Commercial Volumetric Charge (HCF)	\$1.93	\$2.09	\$2.25	\$2.43
Schools – Per Student/Year	\$22.52	\$24.32	\$26.27	\$28.37

**Table 4 - Wastewater Rates – Industrial and Septage Haulers**

Sewer Rate Schedule	Current Rate	FY 18/19	FY 19/20	FY 20/21
Industrial				
Volume (MG)	\$2,827.67	\$3,053.89	\$3,298.20	\$3,562.05
TSS (lbs)	\$0.218	\$0.235	\$0.254	\$0.274
BOD (lbs)	\$0.290	\$0.313	\$0.338	\$0.365
Septage Hauler				
\$/Gallon	\$0.378	\$0.408	\$0.440	\$0.476
400 Gallons	\$151.01	\$163.09	\$176.14	\$190.23

Figure 2 represents how the proposed rates compare to the Proposition 218 approved rates for a single-family dwelling.

**Figure 1 – Comparison of Proposed Wastewater Rates and Proposition 218 Approved Wastewater Rates**



**Fiscal Impact:**

Attachments 5 and 6 depict the water and wastewater revenue requirements as compared to the revenues anticipated under the existing and proposed rates. With the proposed rates for FY 18/19, there will be sufficient funds to cover operation and maintenance expenses, debt service, and capital projects.

**Alternatives:**

1. Do not adopt resolutions to set the water and wastewater rates and allow the approved Proposition 218 rates to go into effect on July 1, 2018.
2. Direct staff to consider a different option for implementation of water and/or wastewater rates.
3. Adopt the water and wastewater rates with an effective date of August 1, 2018.

**Recommendation:**

A. Conduct a Public Hearing and after consideration,

B. Adopt a Resolution setting the water rates at a rate less than the Proposition 218 approved rates effective July 1, 2018.

C. Adopt a Resolution setting the wastewater rates at a rate less than the Proposition 218 approved rates effective July 1, 2018.

**Attachments:**

1. Resolution – Water Rates for FY 18/19
2. Resolution – Wastewater Rates for FY 18/19
3. Proposition 218 Approved Rates
4. Water Conservation Achieved in FY 17/18
5. Water Funding Allocation Over Time
6. Wastewater Funding Allocation Over Time

Prepared by:

[/s/ Diana Langley](#)

Diana Langley  
Public Works Director

Submitted by:

[/s/ Steven C. Kroeger](#)

Steven C. Kroeger  
City Manager

Reviewed by:

Finance

[RB](#)

City Attorney

[TH by email](#)

# ATTACHMENT 1

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION ESTABLISHING THE WATER RATES AT A RATE LESS  
THAN THE PROPOSITION 218 APPROVED RATES EFFECTIVE  
JULY 1, 2018**

**WHEREAS**, the City Council adopted a Water and Wastewater Rate Study on April 5, 2016; and,

**WHEREAS**, in accordance with Proposition 218, a protest public hearing took place on June 8, 2016, in which the City Clerk received and tabulated the protests and determined that there was not a majority protest of the proposed water rate adjustments; and,

**WHEREAS**, the City Council adopted a Water Ordinance on June 21, 2016, which included rate structures approved through the Proposition 218 process; and

**WHEREAS**, the Water Ordinance provides the City Council with the authority to set actual rates by resolution.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Yuba City that the Water Rates, effective July 1, 2018, shall be as follows:

Meter Size	Baseline Allocation (HCF)	Water Rates Effective July 1, 2018
1"	15	\$35.84
1-1/2"	30	\$71.69
2"	60	\$143.40
3"	240	\$573.56
4"	480	\$1,147.14
6"	900	\$2,150.86
8"	2,100	\$5,018.70
Flow Rate per Excess HCF		\$1.840

The foregoing Resolution was duly and regularly introduced, passed and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 5<sup>th</sup> day of June 2018.

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Preet Didbal, Mayor

ATTEST

\_\_\_\_\_  
Patricia Buckland, City Clerk

## ATTACHMENT 2



**RESOLUTION NO. \_\_**

**A RESOLUTION CONFIRMING THE WASTEWATER RATES AT THE  
PROPOSITION 218 APPROVED RATES EFFECTIVE JULY 1, 2018**

**WHEREAS**, the City Council adopted a Water and Wastewater Rate Study on April 5, 2016; and,

**WHEREAS**, in accordance with Proposition 218, a protest public hearing took place on June 8, 2016, in which the City Clerk received and tabulated the protests and determined that there was not a majority protest of the proposed wastewater rate adjustments; and,

**WHEREAS**, the City Council adopted a Wastewater Ordinance on June 21, 2016, which included rate structures approved through the Proposition 218 process; and

**WHEREAS**, the Wastewater Ordinance provides the City Council with the authority to set actual rates by resolution.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Yuba City that the Wastewater Rates, effective July 1, 2018, are confirmed to be as follows:

Customer Classification	Wastewater Rates Effective July 1, 2018
Single Family	\$52.96
Multi-Family	\$42.38
Commercial – C1	\$52.96
Commercial – C2	\$59.59
Commercial – C3	\$72.17
Commercial Volumetric Charge (HCF)	\$2.09
Schools – Per Student/Year	\$24.32
Industrial	
Volume (MG)	\$3,053.89
TSS (lbs)	\$0.235
BOD (lbs)	\$0.313
Septage Hauler	
\$/Gallon	\$0.408
Minimum Charge 400 Gallons/Dump	\$163.09

The foregoing Resolution was duly and regularly introduced, passed and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 5<sup>th</sup> day of June 2018.

AYES:

NOES:

ABSENT:

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Preet Didbal, Mayor

ATTEST

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Patricia Buckland, City Clerk

# ATTACHMENT 3

**ATTACHMENT 3  
PROPOSITION 218 APPROVED RATES**

**Water Rates**

Meter Size	Baseline Allocation (HCF)*	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
1"	11	\$28.50	\$33.91	\$39.49	\$41.01	\$42.59
1-1/2"	22	\$57.00	\$67.83	\$78.98	\$82.03	\$85.18
2"	44	\$114.01	\$135.67	\$157.99	\$164.07	\$170.39
3"	176	\$456.02	\$542.66	\$631.93	\$656.26	\$681.53
4"	352	\$912.05	\$1,085.34	\$1,263.88	\$1,312.54	\$1,363.08
6"	660	\$1,710.09	\$2,035.00	\$2,369.76	\$2,461.00	\$2,555.74
8"	1,540	\$3,990.21	\$4,748.36	\$5,529.46	\$5,742.34	\$5,963.42
Flow Rate per Excess HCF		\$1.430	\$1.701	\$1.981	\$2.057	\$2.137

\*1 HCF = 748 Gallons

**Wastewater Rates – Residential, Commercial, and Schools**

Sewer Rate Schedule	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
Single Family	\$44.58	\$49.04	\$53.95	\$59.34	\$65.27
Multi-Family	\$35.67	\$39.24	\$43.16	\$47.48	\$52.23
Commercial – C1	\$44.58	\$49.04	\$53.95	\$59.34	\$65.27
Commercial – C2	\$50.16	\$55.18	\$60.69	\$66.76	\$73.44
Commercial – C3	\$60.75	\$66.83	\$73.51	\$80.86	\$88.95
Commercial Volumetric Charge (HCF)	\$1.76	\$1.93	\$2.13	\$2.34	\$2.57
Schools – Per Student/Year	\$20.47	\$22.52	\$24.77	\$27.25	\$29.97

**Wastewater Rates – Industrial and Septage Haulers**

Sewer Rate Schedule	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
Industrial					
Volume (MG)	\$2,570.61	\$2,827.67	\$3,110.44	\$3,421.48	\$3,763.63
TSS (lbs)	\$0.198	\$0.218	\$0.240	\$0.264	\$0.290
BOD (lbs)	\$0.263	\$0.290	\$0.319	\$0.350	\$0.385
Septage Hauler					
\$/Gallon	\$0.343	\$0.378	\$0.415	\$0.457	\$0.502
400 Gallons	\$137.28	\$151.01	\$166.11	\$182.72	\$200.99
1,000 Gallons	\$343.20	\$377.52	\$415.27	\$456.80	\$502.48
1,500 Gallons	\$514.80	\$566.28	\$622.91	\$685.20	\$753.72

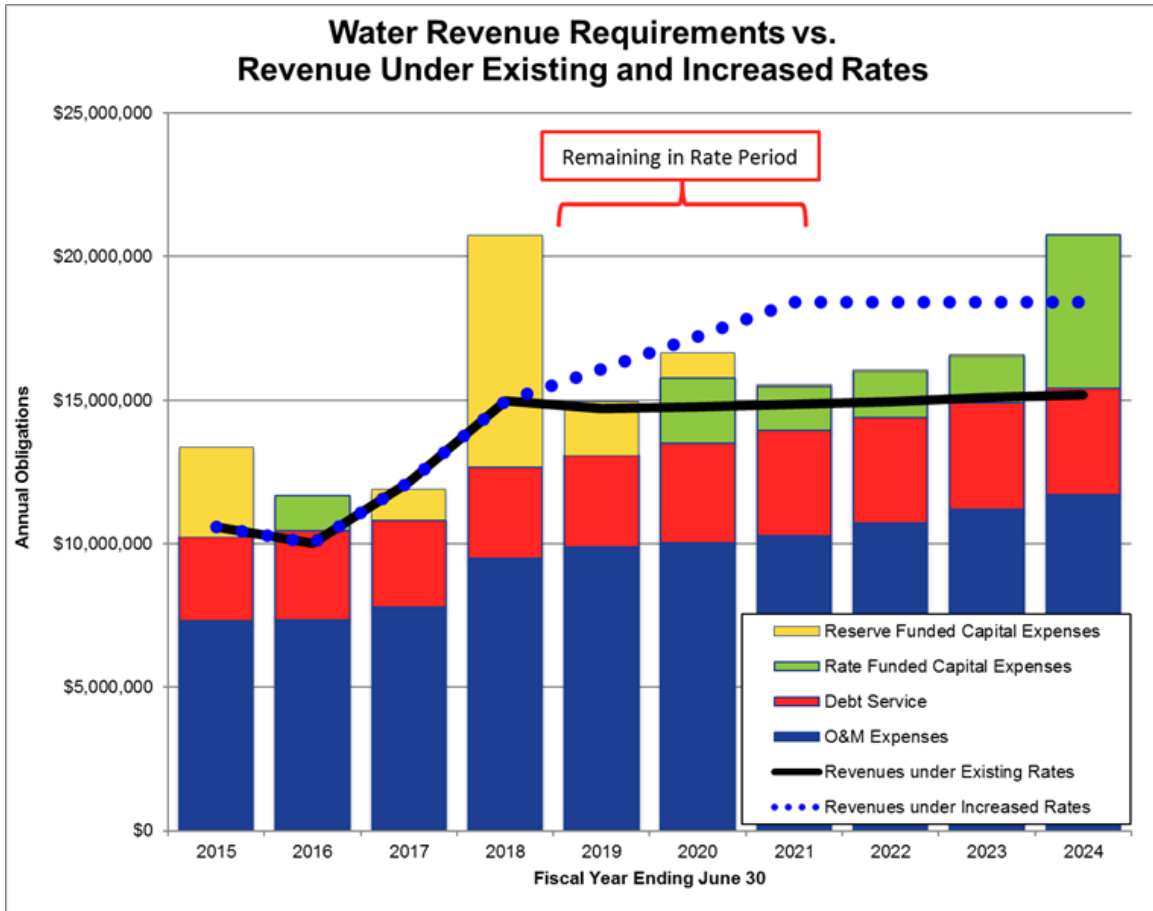
# ATTACHMENT 4

**ATTACHMENT 4**  
**WATER CONSERVATION ACHIEVED IN FY 2017/18**

Month	Conservation Achieved Compared to 2013
July 2017	17.0%
August 2017	13.3%
September 2017	8.0%
October 2017	6.1%
November 2017	24%
December 2017	12.8%
January 2018	10.4%
February 2018	4.6%
March 2018	29.9%
April 2018	29.9%
Average:	15.6%

# ATTACHMENT 5

## ATTACHMENT 5 WATER FUNDING ALLOCATION OVER TIME





# ATTACHMENT 6

**ATTACHMENT 6  
WASTEWATER FUNDING ALLOCATION OVER TIME**

