

BILL NO.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF FRESNO,
CALIFORNIA, ADOPTING INITIATIVE MEASURE
REPEALING RESOLUTION NOS. 2013-143 AND 2013-144
ON THE FOUR YEAR WATER RATE PLAN

THE COUNCIL OF THE CITY OF FRESNO DOES ORDAIN AS FOLLOWS:

SECTION 1. REPEAL WATER RATE INCREASES. The Ordinance entitled "Initiative Measure to be Submitted Directly to the Voters" which is attached as Exhibit A, is adopted.

SECTION 2. This ordinance shall become effective and in full force and effect at 12:01 a.m. on the thirty-first day after its final passage. The current rates will remain in effect, until this ordinance takes effect and applied prospectively.

///

///

///

Date Adopted:
Date Approved
Effective Date:

City Attorney Approval: TY

Ordinance No.

* * * * *

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, YVONNE SPENCE, City Clerk of the City of Fresno, certify that the foregoing ordinance was adopted by the Council of the City of Fresno, at a regular meeting held on the _____ day of _____, 2014.

AYES :
NOES :
ABSENT :
ABSTAIN :

Mayor Approval: _____, 2014
Mayor Approval/No Return: _____, 2014
Mayor Veto: _____, 2014
Council Override Vote: _____, 2014

YVONNE SPENCE, CMC
City Clerk

BY: _____
Deputy

APPROVED AS TO FORM:
CITY ATTORNEY'S OFFICE

BY: _____
Tei Yukimoto [Date]
Assistant City Attorney

TY:elb [65300elb/ty] Ord. 072314

EXHIBIT A

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

The City Attorney has prepared the following title and summary of the chief purpose and points of the proposed measure:

Title: INITIATIVE MEASURE TO REPEAL CITY OF FRESNO'S FOUR-YEAR WATER RATE PLAN AND RELATED WATER FEES

Summary: A "yes" vote on this measure would repeal water rates to be charged over four years that the Fresno City Council adopted on August 15, 2013, and cause the rates to return to what the Council adopted in 2008. The City Council adopted the 2013 water rates to pay for increased costs to provide adequate water that is safe to drink. The increased costs are caused by changes in state and federal drinking water standards, depletion of ground water, costs of maintenance and repairs to old water pipes and other parts of the water system, and the necessity to build a surface water treatment plant. If the current rates are repealed, the City Council could impose higher rates again. However, it would delay the City's work to repair and improve the water system.

TO THE HONORABLE CLERK OF THE CITY OF FRESNO:

We, the undersigned, registered, qualified voters of California, residents of the City of Fresno, hereby propose an ordinance relating to water rates, and petition you to immediately submit this initiative to the City Council for adoption without alteration, or in the alternative, for submission to the voters of the City of Fresno at a special election pursuant to Elections Code section 9214, or the jurisdiction's next regular election for which it qualifies. The proposed ordinance reads as follows:

The people of the City of Fresno do ordain as follows:

SECTION 1. STATEMENT OF FINDINGS

- A. The City of Fresno conducted a Proposition 218 process for increasing water rates charged to City and County residents who receive City water services. The process was flawed in that the materials provided by the City did not adequately inform all ratepayers of the actual impact of the increased rates and involved a burdensome procedure that had the effect of denying all ratepayers a reasonable opportunity to protest.
- B. The new increased water rates schedule includes perplexing and irrational calculations based on a combination of how water is used, standby charge, pipe size and water meter volume.
- C. The revenue from the new increased water rates is set to pay for over \$410 million in new projects and will cause the City to borrow of over \$320 million - more than doubling the debt the City owes for the current water system.
- D. A big part of this rate increase is for the payment of the new debt, causing the ratepayer's water bill to nearly triple by the middle of 2016.
- E. Over two-thirds of the cost of the new projects is on the City's southeast side where the City's Draft 2035 General Plan calls for urbanization of prime agricultural land within 20 years. Apparently this water rate increase scheme is designed to allow the City to significantly expand its boundaries and promote urban sprawl.

F. Virtually all residents are concerned about assuring that we have a healthy and reliable water supply and have supported efforts to provide it. However, any increases in water rates must be reasonably based on actual costs to achieve such a goal, and requiring current ratepayers to foot the bill to benefit future urban development that exceeds the actual cost of providing current service is unreasonable and burdensome to the current ratepayers. Also, they expect that the City will not punish them for a reasonable use of water to maintain the needs of their businesses, families and their landscapes.

SECTION 2. STATEMENT OF PURPOSE

The voters of the City of Fresno desire to repeal the recent water rate increase in accordance with Section 3 of Article XIII C of the Constitution of the State of California. Further, the people of the City of Fresno, and on behalf of ratepayers outside of the City who receive their water services from the City, desire that the City repeal these unsound and unfair rates, and call on the City to undertake a new, sincere and comprehensive look at adopting water rates that reflect the City's legitimate costs of providing water service without creating huge new debt obligations and subsidizing future development and other non-water related City endeavors.

Any future rate setting process should respect the participation of all ratepayers by (a) providing

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

impartial, accurate information regarding the impact of the proposed new rates; (b) providing all ratepayers a reasonable opportunity to participate and does not have the affect of suppressing ratepayer/voter involvement; (c) respecting the rights of all non-City residents of Fresno County who have no representation in the rate-setting process; (d) be cognizant of the impact of any rate increase on businesses and families, particularly to the large number of fixed and low income households in this community; and (e) adopting rates that are rational and justified by the City's operational costs related to

delivery of water services, and infrastructure maintenance and improvement needs.
SECTION 3. REPEAL WATER RATE INCREASES
In accordance with Section 3 of Article XIII C of the Constitution of the State of California, the People of the City of Fresno hereby repeal the water rates adopted by the City Council on August 15, 2013:
A. Resolution number 2013-143 is hereby repealed. The full text of Resolution 2013-143 is attached.
B. Resolution number 2013-144 is hereby repealed. The full text of Resolution 2013-144 is attached.

Notice of Intent to Circulate Petition

Notice is hereby given by the persons whose names appear hereon of their intention to circulate the petition within the City of Fresno for the purpose of repealing recent water rate increases. A statement of the reasons of the proposed action as contemplated in the petition is as follows:

On August 15, 2013, the Fresno City Council passed, with the Mayor agreeing, a series of water rate increases that will take effect each year for the next 3 years that are outrageously high and punitive to most households and businesses that are connected to Fresno's water system. For example, one rate will rise over 450%.

On June 27, 2013, the Council authorized Proposition 218 protest notices be mailed, declaring the new proposed rate increases, only to property owners and not tenant ratepayers. In the City of Fresno this clearly eliminated a significant number of ratepayer customers from the Proposition 218 notice and protest process.

Besides failing to provide a meaningful opportunity for expression of protest by the elimination of the tenant notice the process was additionally flawed because it also relied on inaccurate data, minimized the scope of rate increases, and adopted rates that are confusing and irrational and obviously structured to justify further indebting the City, in part, to bankroll urban sprawl.

The new water rates do not reflect the needs and resources of ratepayers and far exceed the rates necessary to cover the City's costs of providing water service and maintaining infrastructure.

Increasing the per capita debt for the City's water system by more than double is risky and foolhardy during these uncertain times. It creates too big of a burden on any individual utility customer, particularly in a City that has a large number of households with fixed, low and poverty level incomes.

The people of the City of Fresno, and on behalf of ratepayers outside of the City who receive their water services from the City, desire that the City repeal these unsound and unfair rates, and call on the City to undertake a new, sincere and comprehensive look at adopting water rates that reflect the City's legitimate costs of providing water service without creating huge new debt obligations and subsidizing future development and other non-water related City endeavors.

Signed:

/s/ Diane Smith
Diane Smith

/s/ Doug Vagim
Doug Vagim

/s/ Steve Wayte
Steve Wayte



RESOLUTION NO. 2013-143

**A RESOLUTION OF THE COUNCIL OF THE CITY OF
FRESNO, CALIFORNIA, RATIFYING THE PROPOSITION 218
PROCESS ACCORDING TO CALIFORNIA CONSTITUTION
ARTICLE XIID AND ADOPTING A FOUR YEAR WATER RATE
PLAN**

WHEREAS, on June 27, 2013, the Department of Public Utilities presented their Report to the City Council, and the City Council directed staff to initiate the Proposition 218 process on the proposed water rates, as outlined in the Report; and

WHEREAS, on June 28, 2013, staff mailed the Notice of Public Hearing to all property owners served by the Department of Public Utilities, as required by Proposition 218 (Cal. Const. Art. XIID, § 6);

WHEREAS, the Notice of Public Hearing instructed property owners on how to file a protest on the proposed water rates, in accordance with California Constitution Article XIID; and

WHEREAS, the proposed water rates will be used to fund capital projects, debt obligations, reserves, and costs for operating and maintaining current service levels within the service areas; and

WHEREAS, the proposed water rates are supported by the "Water Utility Financial Plan and Rates Study" ("Fee Study") which is on file at City Hall in the City Clerk's Office.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Fresno that based upon the information and testimony presented at the Public Hearing of August 15, 2013, Council hereby:

- 1. Finds that insufficient written protests were presented to prevent the proposed water rates from being imposed; and**
- 2. Finds the four year water rates set forth in the Notice of Public Hearing, to take effect on September 17, 2013, July 1, 2014, July 1, 2015 and July 1, 2016, are supported by the Fee Study which is incorporated herein; and**
- 3. Ratifies the Proposition 218 process and adopts the water rates recommended by the Department of Public Utilities, as set forth in the Notice of Public Hearing mailed to all property owners; and**

1 of 2

**Date Adopted: 08/15/2013
Date Approved: 08/26/2013
Effective Date: 08/26/2013**

Resolution No. 2013-143



4. Directs staff to update the Master Fee Schedule during the annual budget process, in accordance with the effective rates adopted as part of this Resolution.

CLERK'S CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, YVONNE SPENCE, City Clerk of the City of Fresno, certify that the foregoing resolution was adopted by the Council of the City of Fresno, at a regular meeting held on the 15th day of August, 2013.

AYES : Baines, Brand, Brandau, Caprioglio, Xiong
NOES : Olivier, Quintero
ABSENT : None
ABSTAIN : None

Mayor Approval: August 26, 2013
Mayor Approval/No Return: N/A, 2013
Mayor Veto: N/A, 2013
Council Override Vote: N/A, 2013

YVONNE SPENCE, CMC
City Clerk

BY: Yvonne Spence
Deputy

APPROVED AS TO FORM:
CITY ATTORNEY'S OFFICE

BY: Tei Yukimoto 8/28/13
Tei Yukimoto, Assistant City Attorney

August 16, 2013

RECEIVED

Council Adoption: 8/15/13
Mayor Approval:
Mayor Veto:
Override Request:



TO: MAYOR ASHLEY SWEARENGIN
FROM: YVONNE SPENCE, CMC
City Clerk

2013 AUG 26 AM 11:04

CITY CLERK, FRESNO CA

SUBJECT: TRANSMITTAL OF COUNCIL ACTION FOR APPROVAL OR VETO

At the Council meeting of 8/15/2013, Council adopted the attached Resolution No. 2013-143 entitled **Ratifying the Proposition 218 process according to California Constitution Article XIID and adopting proposed water rates under a four year water rate plan, Item No. 5:00 p.m. b.** by the following vote:

Ayes	:	Baines, Brand, Brandau, Caprioglio, Xiong
Noes	:	Olivier, Quintero
Absent	:	None
Abstain	:	None

Please indicate either your formal approval or veto by completing the following sections and executing and dating your action. Please file the completed memo with the Clerk's office on or before August 26, 2013. In computing the ten day period required by Charter, the first day has been excluded and the tenth day has been included unless the 10th day is a Saturday, Sunday, or holiday, in which case it has also been excluded. Failure to file this memo with the Clerk's office within the required time limit shall constitute approval of the ordinance, resolution or action, and it shall take effect without the Mayor's signed approval.

Thank you.

APPROVED/NO RETURN: _____

VETOED for the following reasons: (Written objections are required by Charter; attach additional sheets if necessary.)

Ashley Swearengin
Ashley Swearengin, Mayor

Date: 8/23/13

COUNCIL OVERRIDE ACTION:

Date: _____

Ayes	:
Noes	:
Absent	:
Abstain	:



RESOLUTION NO. 2013-144

A RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO ADOPTING THE 514th AMENDMENT TO THE MASTER FEE SCHEDULE RESOLUTION NO. 80-420 TO ADJUST WATER FEES IN THE PUBLIC UTILITIES WATER FEE SECTION ACCORDING TO PROPOSITION 218

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRESNO:

THAT the Master Fee Schedule Resolution No. 80-420 be and is hereby amended to adjust water fees in the Public Utilities Water Fee Section in accordance with Proposition 218 and Resolution No.2013-143. The revised pages of the Master Fee Schedule are attached as Exhibit "A" and are hereby incorporated by reference and made a part of this Resolution. Staff shall update the Master Fee Schedule annually during the budget process to reflect the rates in effect, as adopted in Resolution No. 2013-143.

THAT fees shall become effective September 17, 2013.

CLERK'S CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF FRESNO)ss.
CITY OF FRESNO)

I, YVONNE SPENCE, City Clerk of the City of Fresno, certify that the foregoing Resolution was adopted by the Council of the City of Fresno, California, at a regular meeting thereof, held on the 15th day of August, 2013.

AYES : Baines, Brand, Brandau, Caprioglio, Xiong
NOES : Olivier, Quintero
ABSENT : None
ABSTAIN: None

Mayor Approval:	August 26	_____	2013
Mayor Approval/No Return:	N/A	_____	2013
Mayor Veto:	N/A	_____	2013
Council Override Veto:	N/A	_____	2013

YVONNE SPENCE
City Clerk

APPROVED AS TO FORM
CITY ATTORNEY'S OFFICE

BY: 8/28/13
Teri Yukimoto, Assistant City Attorney

Date Adopted: 08/15/2013
Date Approved: 08/26/2013
Effective Date: 09/17/2013

Resolution No. 2013-144



**CITY OF FRESNO
MASTER FEE SCHEDULE
AMENDMENT SUMMARY**

**DEPARTMENT OF PUBLIC UTILITIES
WATER DIVISION**

WATER FEES

Fee Description	Current	New	Justification Page #	MFS Page #
Water Service Charges, Flat Rate (single-family only) For Premises containing only a single-family residence, the total charge shall be the basic rate plus applicable additional charges. Basic rate (per month): First 6,000 square feet or less of lot size Each additional 100 square feet	22.87 0.228	28.32 0.286	4	9
Senior Citizen (62 years or older) meeting all the conditions listed below: 1. Single-family residents only; 2. Service must be in name of senior citizen; 3. Occupants or residents must be senior citizen or dependants of senior citizen (not to exceed three occupants per residence); 4. Benefitting senior citizen must notify the City when they no longer qualify.				
Basic Rate (per month): First 6,000 square feet or less of lot size Each additional 100 square feet	20.56 0.204	25.49 0.257	4	9
Additional charges will be added to the basic rate for the following:				
Additional living unit, same premises (until metered) / per month	11.78	Delete		
Air conditioning/refrigerator unit (not equipped with water-saving devices) / ton per month	11.99	Delete		
Discharge water into dry well / ton per month	5.99	Delete		
Air conditioning/refrigeration unit (installed and equipped with water-saving devices) / ton per month	3.08	Delete		



CITY OF FRESNO MASTER FEE SCHEDULE AMENDMENT SUMMARY

Water, Metered Services Rate			4	10
Total charge shall be standby monthly meter service charge plus quantity charge based on usage				
Water Meter Service-Standby Charge (meter size per month)				
Residential			4	10
3/4-inch or smaller	40.03	10.50		
1-inch	13.51	13.30		
1-1/2-inch	18.89	20.10		
2-inch	27.09	28.20		
3-inch	45.07	50.10		
4-inch	63.03	74.80		
6-inch	99.04	143.00		
8-inch	152.96	225.00		
10-inch	179.83	320.00		
12-inch	New	593.00		
Non-Residential			4	10
3/4-inch or smaller	New	11.00		
1-inch	New	14.10		
1-1/2-inch	New	21.80		
2-inch	New	31.10		
3-inch	New	55.80		
4-inch	New	83.50		
6-inch	New	161.00		
8-inch	New	253.00		
10-inch	New	361.00		
12-inch	New	670.00		
Irrigation			4	10
3/4-inch or smaller	New	9.70		
1-inch	New	11.90		
1-1/2-inch	New	17.40		
2-inch	New	24.00		
3-inch	New	41.50		
4-inch	New	61.30		
6-inch	New	116.00		
8-inch	New	182.00		
10-inch	New	259.00		
12-inch	New	478.00		
Quantity Charge-Water Quantity Charge:			4	11
Customers Other Than Single Family Res-All Customer Classes		Delete		
Each 100 Cubic Feet (HCF)	0.746	1.11		
1,000-gallons	0.995	Delete		
Single Family Residential		Delete		
Each 100 Cubic Feet (HCF)	0.640	Delete		
1,000-gallons	0.810	Delete		



**CITY OF FRESNO
MASTER FEE SCHEDULE
AMENDMENT SUMMARY**

Fire Hydrant, on private property (per month)	23.94	Delete	4	11
Fire Protection Automatic Sprinkler Service			4	12
— 4 inch diameter or less (per month)	23.94	Delete		
— 6 inch diameter or larger (diameter inch per month)	5.99	Delete		
Private Fire Service				11
Private Hydrant	New	37.60		
1-inch	New	37.60		
1-1/2-inch	New	37.60		
2-inch	New	37.60		
2-1/2 and 3-inch	New	37.60		
4-inch	New	37.60		
6-inch	New	68.70		
8-inch	New	106.00		
10-inch	New	150.00		
12-inch	New	274.00		
Water Treatment Charge, Fluoridation —per month	4.52	Delete		12

REPEALED



**CITY OF FRESNO
MASTER FEE SCHEDULE
AMENDMENT DETAIL
DEPARTMENT OF PUBLIC UTILITIES
WATER DIVISION**

Introduction

The Water Division contracted with Municipal Financial Services in June 2010 to conduct a comprehensive water rate study. The broad objective of the study was initially to review the short-term revenue requirements of the City of Fresno's Water Enterprise for FY 2012 to FY 2016 through the implementation of cost of service rate methodologies. Subsequently, the rate study was revised to fund water system funding requirements for FY 2014 through FY 2017 and the Water Utility Financial Plan And Rates Study Final Report (Rate Study) was completed in March 2013. The study was based upon a comprehensive review of the City of Fresno's financial and budgetary reports; water system plans; billing information, such as customer classes and current usage data; future planned capital improvements projects; bond covenants; projected system operations and maintenance and any other information deemed applicable.

Following is a summary of how the recommended changes to water service rates were developed. A table showing the proposed rates is also attached.

Rate Setting Process

The study was conducted using the following steps of analysis:

1. **Revenue Requirements** - The amount of revenue required from water rates is dependent upon producing sufficient revenue to meet the following three funding requirements:
 - Cover all operational and maintenance (O&M), capital & debt service expend (net of non-rate revenue)
 - Maintain a prudent level of fund balances
 - Satisfaction of debt service coverage covenants
2. **Cost-of-Service** - Allocates the revenue requirements to the various customer classes of service in a fair and equitable manner
3. **Rate-Design** - Considers both the level and structure of the rate design to collect the distributed revenue requirements from each class of service

Revenue Requirements

The water system revenue requirements are comprised of five basic categories:

Operational and Maintenance Expenses - In FY 2014, the City's O&M expenditures are budgeted at \$48.3 million. O&M expenditures include costs, such as labor, chemicals, power, water purchases, parts, equipment, contract repair, etc. These costs continue to rise due to negotiated labor contract increases; inflationary increases for goods and services; maintaining compliance with more stringent state and federal water treatment regulations; operation and maintenance of new facilities and water system components; and repair and maintenance of old, failing infrastructure.

The Rate Study also considered the projection of O&M expenditure increases beyond FY 2014, as a factor in developing future rate increases. These increases increased to \$55.6 million per year in FY 2017, which include a three 3% annual inflation factor.



CITY OF FRESNO MASTER FEE SCHEDULE AMENDMENT DETAIL

Capital Improvements Funded From Rates - The City has developed a comprehensive Water Capital Improvement Program (CIP) to address current and future water system needs. These projected costs include a three percent annual inflation factor due to anticipated increases in construction costs over time. This inflation rate is a conservative estimate and ensures that the City has adequate resources reserved to complete the necessary projects. These projects are required to reverse the declining water table, replace aging infrastructure, meet regulatory requirements and meet operational demands.

CIP project expenditures planned for FY 14 through FY 17 as recommended in the Metro Plan total approximately \$410 million and are summarized in the following categories along with the total expenditures for each category:

- SE Surface Water Treatment Facility (SWTF)-\$226.6M
- Water Main Renewal-\$55.3M
- SE SWTF Transmission Pipelines-\$49.6M
- Water Well Construction-\$32.8M
- T4 Downtown Tank & Booster Pump Station-\$9.7M
- City Recharge Basins-\$7.1M
- Water Main Extensions-\$6.4M
- Downtown Water System Upgrades-\$4.1M
- 19 other water capital projects-\$17.9M

The CIP is to be funded through a combination of system revenues and bond financing. Approximately 79% (\$325 million) of the \$410 million is projected to be funded by debt financing. Bond issuances are scheduled for 2014 and 2016. The remaining expenditures are funded from "pay-as-you-go" revenues from water rates. The Division will continue to pursue grant and low-interest loan opportunities, but for purposes of this study, no revenues were assumed from these sources.

Debt Service - The City's existing annual debt service principal and interest payments are approximately \$15.5 million for three bonds, three low-interest state loans, one no-interest state loan and one loan through the Fresno Irrigation District. New debt service principal and interest payments are projected to approximate \$3.3 million in FY 2014 for a total of \$19.0 million. Total debt service beginning in FY 2017, is projected to be approximately \$42.0 million per year if the two bond issuances are made in 2014 and 2016.

Debt Service Coverage Ratio Requirements - As a condition of bond issuances, the City must make rate covenants to fix, prescribe and collect rates, fees and charges for the Water System each fiscal year, which will at least yield Net Revenues equal to at least 125% of the estimated Debt Service. The proposed rate increases are designed to meet this requirement. Projected ratios during the study period vary from 1.47 in FY 2014 to 1.53 in FY 2017.

Enterprise Fund Target Balance - A target fund balance (reserves) was developed for the enterprise fund to provide for levels of working capital that will enable the City to adjust to unexpected changes in accounts receivable from ratepayers and pay for unexpected increases in O&M expenses and emergency capital costs. The working capital component of the target fund balance is based on 45 days of annual O&M expenses. A second component is based five percent of annual O&M expenses for pumping power and source of supply. The third component is a fixed amount for emergency capital expenditures not budgeted as part of the capital improvement program. The total enterprise fund target balance in FY 2013 is \$15.0 million and increases to \$17.3 million in FY 2017.



CITY OF FRESNO MASTER FEE SCHEDULE AMENDMENT DETAIL

Cost of Service Methodology

The key steps in the process of determining cost-of-service water rates include:

1. Determining, as part of the 5-year financial planning process, total system revenue requirement from water
2. Forecasting water demand for the total system, and for each customer rate class;
3. Assigning the revenue requirement from water rates to functional cost categories such as supply, treatment,
4. Classifying the revenue requirement from water rates based on the engineering design and/or operational
5. Determining the revenue requirement from water rates for specific customer rate classes by assigning them the
6. The final step in the ratemaking process is rate design. This is the process of developing a combination of fixed

Recommended Rate Structure

The total amount of revenue required from charges is allocated between amounts to be recovered from meter service charges and from the quantity charge. This is accomplished by first allocating costs to two functional cost categories – those that are independent of the amount of water use (for example, billing, collection, meter reading, fire protection) and those that are dependent on the amount of water use (source of supply, treatment, storage,

Monthly Meter Service Charge – The development of recommended meter service charges based on cost of service principles involves allocating revenue requirements that are independent of water use among three categories of costs and dividing those dollar amounts by the projected number of meters or equivalent meters. The total percent for the monthly meter service charge is recommended at 34% and is allocated among the following three cost components:

- Accounts: 13.4% - costs that include, but are not limited to, meter reading, billing, customer accounting, customer service and collecting expenses.
- Domestic use: 14.0% - costs that include, but are not limited to, the maintenance and capital costs related to meters and services that provide water for domestic use (potable water and irrigation water).
- Fire service: 6.6% - costs that includes, but is not limited to, public fire hydrants and related branch mains and valves.

Quantity Charge - The development of recommended quantity charges based on cost of service principles is based on allocating revenue requirements related to the source of supply and production of water and dividing that dollar amount by the projected amount of water use. The percent of revenue required from rates to be recovered from quantity charges is 66%. Note that these percentages are completely dependent on assumptions of projected water use for each customer class (see revenue projection section). A major change in the proposed revised rate structure is to replace the current two different quantity charges (SFR and Customers Other than SFR) with a single quantity charge applicable to all customers.

Other Major Changes in Rate Structure - It is recommended that the City adopt the following additional changes in the rate structure:

1. Create a separate set of meter charges for irrigation meters (delete fire protection component).
2. Eliminate allowance for Senior Citizens. The cost of service based meter charges and quantity charges for FY 13 onward do not have an allowance for senior citizen customers. The allowance for senior citizen customers included in the current and projected residential flat charges will phase out when all residential customers are converted to metered billing.
3. Restructure fire service meter service charges to include the account and fire service components and exclude the domestic component.
4. Adjust fire meter service charges for private hydrants and for meter sizes 4 inch and smaller to the same rated capacity.
5. Reassign travel meter charges to the same 3 inch meter rated capacity.



CITY OF FRESNO MASTER FEE SCHEDULE AMENDMENT DETAIL

6. Delete Other Miscellaneous Residential Flat Rate Charges - Currently there are other miscellaneous charges that are applicable to residential customers with flat charges. The other charges are for Charges for Additional Living Units, Air Conditioning / Refrigeration Units and Discharge Water into a Dry Well, These charges will be eliminated as they become obsolete due to the implementation of utility bills based on metered water use.

7. Eliminate Water Treatment Charge, Fluoridation Charges - This Program affected approximately 4,950 customers and was projected to recover approximately \$271,000. As of July 1st, 2013, the program was ended and therefore, this rate will be eliminated and the associated revenue not included in the rate plan.

Prior Backflow Prevention Program Fee Amendments - It should be noted that the charges for this program have already been amended. During FY 2013, the City Council approved the change to have the City no longer test and certify backflow devices and to instead require customers with backflow devices to certify those devices on an annual basis using private (non-City) testing service providers. City estimates of the annual cost to implement the revised Backflow Prevention Program are \$262,000 and the new monthly fee of \$3.00 per month/per device has already been adopted by the City Council and is in the MFS.

Revenue Projections

In FY 2014, the proposed 25% increase in revenue from rates is estimated to generate \$72 million in annual customer user charges. This is based upon a projection of water usage by customers and the projected growth in the number and type of service connections and any proposed rate increases. Water use projections in this study are intended to be slightly lower than what would be expected under usual weather conditions and realistic development scenarios to help insure that sufficient revenues are generated. This estimate is divided between the following two categories of water service accounts:

- Single-Family Residential - The conversion of SFR accounts from unmetered to metered connections was mostly completed in FY 2013. Without a history of metered usage for a fully metered system and the impacts of projected water conservation, certain estimates had to be made. For purposes of this rate study, it is projected that SFR accounts with metered connections will use 18 H₂O/ft³/month (on an average annual basis). This is based on estimating prior SFR flat rate usage by subtracting metered usage and estimated losses from total water production, using the recent short-term SFR metered usage and factoring in a conservation percentage. The number of residential accounts is approximately 110,000 and projected to grow by an average of about 730 per year during the study period. The total estimated revenue from both monthly service and usage charges is \$41.8 million.

- Nonresidential Accounts - These accounts are categorized as either commercial, irrigation, private fire service and travel meters with subcategories for commercial, schools, industrial, municipal and multiple family. The current number of active domestic, irrigation, private fire service and travel meter accounts is approximately 22,200. Approximately 72% are domestic accounts with the remainder irrigation (14%) and private fire service (14%). Travel meters number about 130. The total number of domestic, irrigation, and private fire service is projected to increase by about 110 per year for the study period. The estimated water usage for these accounts is based on prior year experience as these customers have been metered for many years. For the rate study, water use is projected to remain flat with increased use from new connections offset by conservation. The total estimated revenue from both monthly service and usage charges is \$30.2 million.



CITY OF FRESNO MASTER FEE SCHEDULE AMENDMENT DETAIL

Rate Recommendation

To accomplish the objectives established by the evaluation criteria it is recommended that the following increases for revenue from rates be adopted in the MFS:

Fiscal Year	% Increase	Effective Date
2014	25%	17-Sep-13
2015	25%	1-Jul-14
2016	8%	1-Jul-15
2017	8%	1-Jul-16

See also attached rate table. The future rate increases are the maximum amount to be increased and will be reconsidered each fiscal year.

A copy of the Water Utility Financial Plan And Rates Study Final Report is available upon request and at:

<http://www.fresno.gov/NR/rdonlyres/1C6E6C60-880B-4F95-A883-066D77BBCEB3/27472/WaterStudyFinal.pdf>

REPEALED



CITY OF FRESNO MASTER FEE SCHEDULE

PUBLIC UTILITIES DEPARTMENT

WATER RATES**

<u>Fee Description & Unit/Time *</u>	<u>Current</u>	<u>Proposed</u>	<u>Amnd</u>
Pretreatment Administrative Penalties - continued			464
General inorganic and bacteriological analysis/per hour	50.00		
Composite Sampler Rental / per day	75.00		
Pretreatment enforcement charges/per hour	45.00		
Miscellaneous non-enforcement charges/per hour	45.00		
Water Service Charges, Flat Rate*** (single-family only)			
For premises containing only a single-family residence, the total charge shall be the basic rate plus applicable additional charges.			
Basic rate (per month):			
First 6,000 square feet or less of lot size	22.67	28.32	514
Each additional 100 square feet	0.228	0.286	514
Senior Citizen (62 years or older) meeting all the conditions listed below:			
<ol style="list-style-type: none"> 1. Single-family residents only; 2. Service must be in name of senior citizen; 3. Occupants of residence must be senior citizen or dependants of senior citizen (not to exceed three occupants per residence); 4. Benefiting senior citizen must notify the City when they no longer qualify. 			
Basic Rate (per month):			
First 6,000 square foot or less of lot size	20.66	25.49	514
Each additional 100 square feet	0.204	0.257	514
Additional charges will be added to the basic rate for the following:			
Additional living unit same premises (until metered) / per month	14.78	Delete	514
Air conditioning/refrigeration unit (not equipped with water-saving devices) / ton per month	11.99	Delete	
Discharge water into dry well / ton per month	5.99	Delete	
Air conditioning/refrigeration unit (installed and equipped with water-saving devices) / ton per month	3.98	Delete	

* Rates effective 9/1/08
 ** Rates adopted in MFS Amendment #514 shall take effect on September 17, 2013 and shall be adjusted annually by staff during the budget process to reflect the rates in effect as per Reso No. _____, Res. No. 2007-70.
 *** Flat rate water service charges for single family residential customers shall sunset as of January 1, 2013 June 30, 2014 or until all single family residences are metered, whichever comes first.



CITY OF FRESNO MASTER FEE SCHEDULE

PUBLIC UTILITIES DEPARTMENT

WATER RATES**

Fee Description & Unit/Time *

Current Proposed Amnd
Amend
Effective
07/1/2008
514

Water, Metered Service Rate total charge shall be ~~standby~~ monthly meter service charge plus quantity charge based on usage.

Water Meter Service-Standby Charge (meter size per month)

Residential

3/4-inch or smaller	40.03	10.50
1-inch	43.84	13.30
1-1/2-inch	48.69	20.10
2-inch	27.09	28.20
3-inch	45.07	50.10
4-inch	63.02	74.60
6-inch	99.94	143.00
8-inch	152.86	225.00
10-inch	170.83	320.00
12-inch	New	593.00

Nonresidential

3/4-inch or smaller	New	11.00
1-inch	New	14.10
1-1/2-inch	New	21.80
2-inch	New	31.10
3-inch	New	55.80
4-inch	New	83.50
6-inch	New	161.00
8-inch	New	253.00
10-inch	New	381.00
12-inch	New	670.00

Irrigation

3/4-inch or smaller	New	9.70
1-inch	New	11.90
1-1/2-inch	New	17.40
2-inch	New	24.00
3-inch	New	41.50
4-inch	New	61.30
6-inch	New	116.00
8-inch	New	182.00
10-inch	New	259.00
12-inch	New	478.00

514

514

** Rates adopted in MFS Amendment #514 shall take effect on September 17, 2013 and shall be adjusted annually by staff during the budget process to reflect the rates in effect as per Reso No. _____, Res. No. 2007-70.



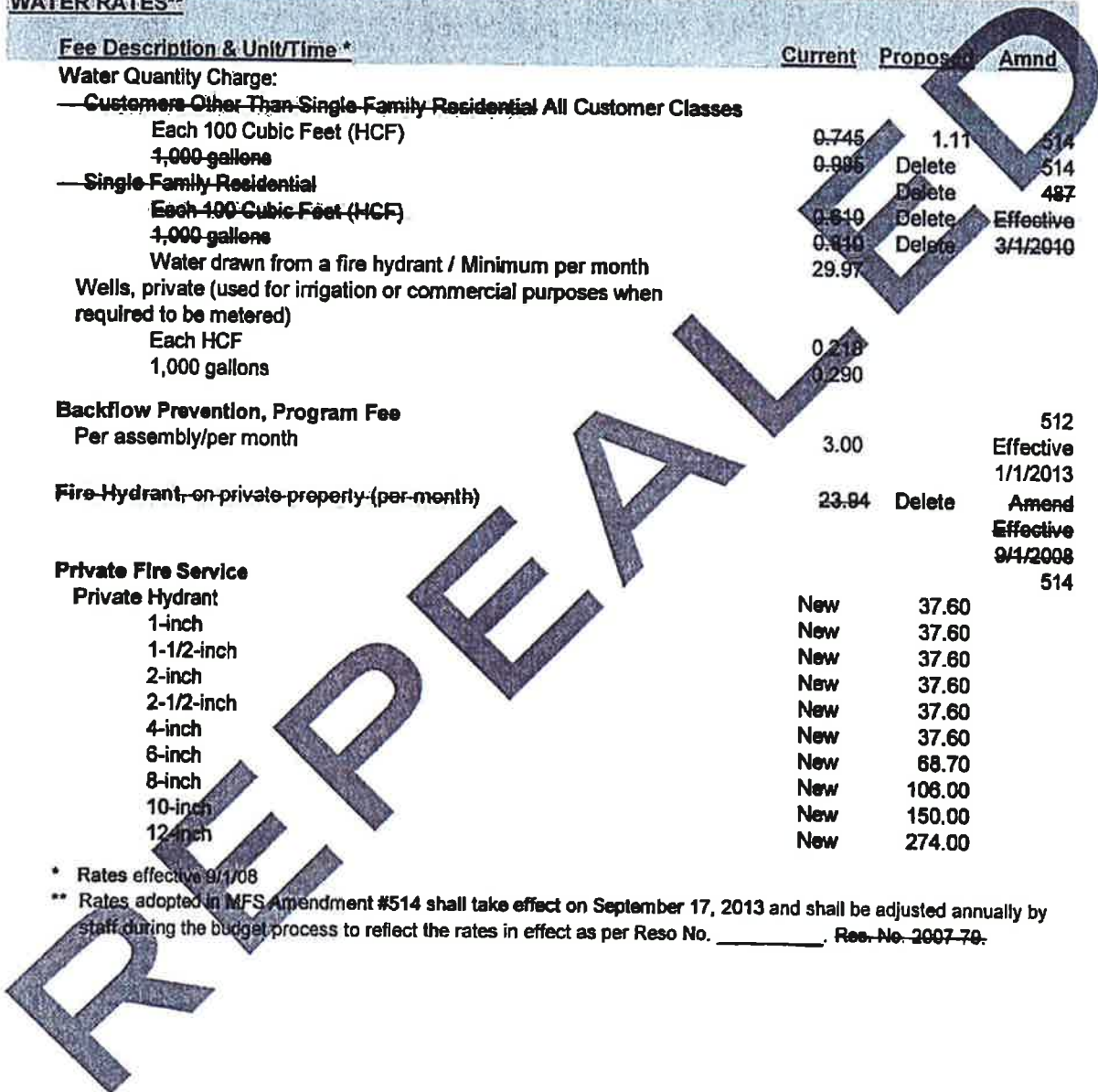
CITY OF FRESNO MASTER FEE SCHEDULE

PUBLIC UTILITIES DEPARTMENT

WATER RATES**

Fee Description & Unit/Time*	Current	Proposed	Amnd
Water Quantity Charge:			
Customers Other Than Single Family Residential All Customer Classes			
Each 100 Cubic Feet (HCF)	0.745	1.11	514
1,000 gallons	0.986	Delete	514
Single Family Residential			
Each 100 Cubic Feet (HCF)	0.810	Delete	487
1,000 gallons	0.810	Delete	Effective
Water drawn from a fire hydrant / Minimum per month	29.97	Delete	3/1/2010
Wells, private (used for irrigation or commercial purposes when required to be metered)			
Each HCF	0.218		
1,000 gallons	0.290		
Backflow Prevention, Program Fee			512
Per assembly/per month	3.00		Effective
			1/1/2013
Fire Hydrant, on private property (per-month)	23.94	Delete	Amend
			Effective
			9/1/2008
			514
Private Fire Service			
Private Hydrant			
1-inch	New	37.60	
1-1/2-inch	New	37.60	
2-inch	New	37.60	
2-1/2-inch	New	37.60	
4-inch	New	37.60	
6-inch	New	68.70	
8-inch	New	108.00	
10-inch	New	150.00	
12-inch	New	274.00	

* Rates effective 9/1/08
 ** Rates adopted in MFS Amendment #514 shall take effect on September 17, 2013 and shall be adjusted annually by staff during the budget process to reflect the rates in effect as per Reso No. _____, Res. No. 2007-79.





CITY OF FRESNO MASTER FEE SCHEDULE

PUBLIC UTILITIES DEPARTMENT

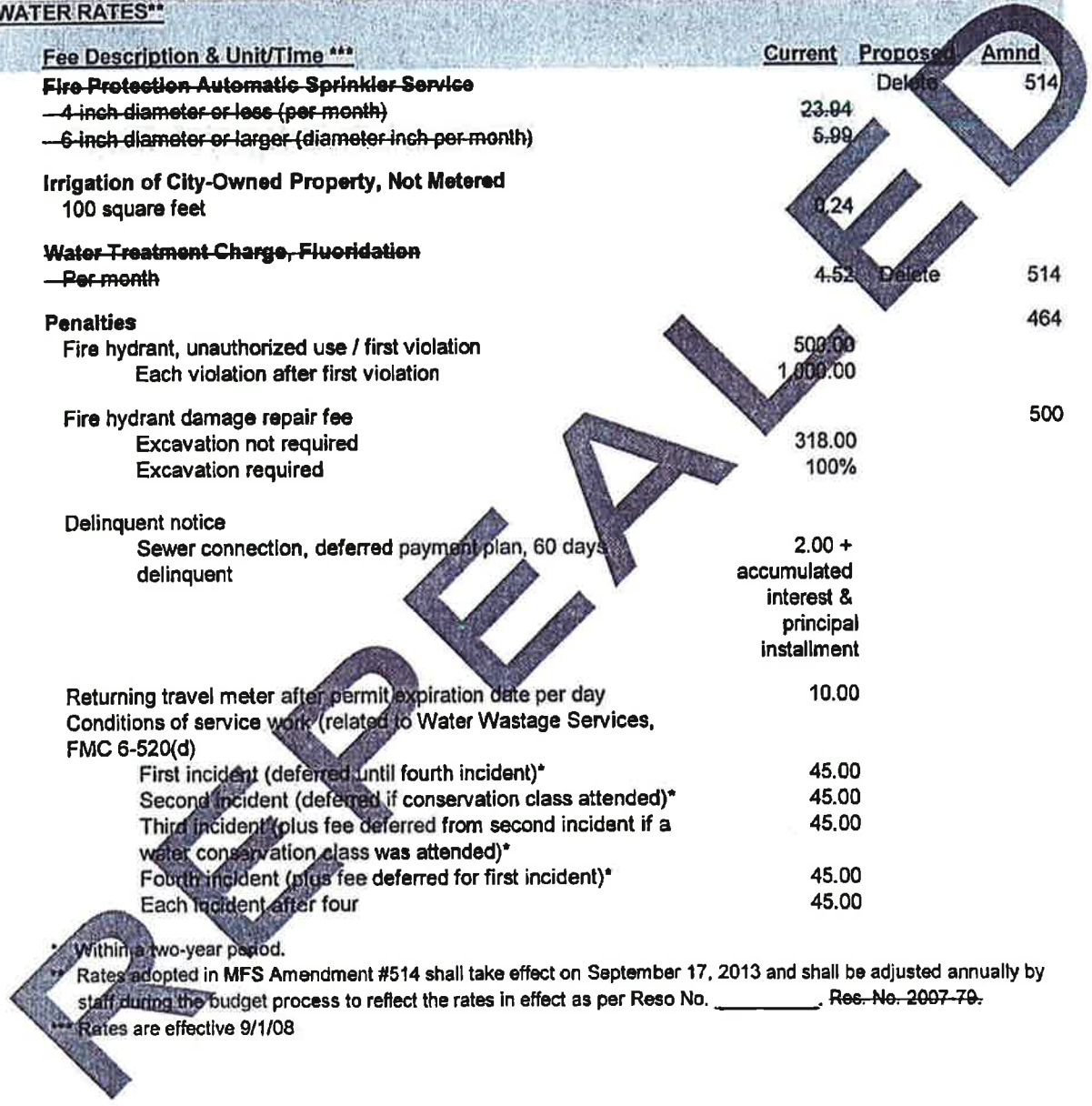
WATER RATES**

Fee Description & Unit/Time ***	Current	Proposed	Amnd
Fire Protection Automatic Sprinkler Service		Delete	514
— 4 inch diameter or less (per month)	23.94		
— 6 inch diameter or larger (diameter inch per month)	5.99		
Irrigation of City-Owned Property, Not Metered			
100 square feet	0.24		
Water Treatment Charge, Fluoridation			
— Per month	4.52	Delete	514
Penalties			464
Fire hydrant, unauthorized use / first violation	500.00		
Each violation after first violation	1,000.00		
Fire hydrant damage repair fee			500
Excavation not required	318.00		
Excavation required	100%		
Delinquent notice			
Sewer connection, deferred payment plan, 60 days delinquent	2.00 + accumulated interest & principal installment		
Returning travel meter after permit expiration date per day	10.00		
Conditions of service work (related to Water Wastage Services, FMC 6-520(d))			
First incident (deferred until fourth incident)*	45.00		
Second incident (deferred if conservation class attended)*	45.00		
Third incident (plus fee deferred from second incident if a water conservation class was attended)*	45.00		
Fourth incident (plus fee deferred for first incident)*	45.00		
Each incident after four	45.00		

* Within a two-year period.

** Rates adopted in MFS Amendment #514 shall take effect on September 17, 2013 and shall be adjusted annually by staff during the budget process to reflect the rates in effect as per Reso No. _____, Res. No. 2007-79.

*** Rates are effective 9/1/08





**CITY OF FRESNO
MASTER FEE SCHEDULE**

PUBLIC UTILITIES DEPARTMENT

WATER RATES**

<u>Fee Description & Unit/Time</u>	<u>Current</u>	<u>Amnd</u>
Penalties (continued)		
Illegal connection / per violation (See Service Work for disconnection, damage, and reinstallation of service after first incident.)	45.00	
Delinquent Payment Utility billings / per billing for water, sewer, sanitation, and/or solid waste service if unpaid balance > \$10.00	2%	499
Notification to discontinue services for non-payment of utility charges:		
Customers / per notification	8.00	
Customers with tenants / per tenant notified at a single billing address	2.00	
Minimum	8.00	
Research project fees / per hour	45.00	
Discontinuance of service for non-payment and restoration of service after payment		
Per Discontinuance / Restoration	15.00	
 NOTE: The above fees are administered by the Utilities, Billing, and Collection Section of the Department of Public Utilities.		
Service Work (related to remedy of illegal water connection)		510
Blind washer / per service	219.00	
Service disconnection/Restoration / per replacement	368.00	
Padlock on curb stop /per installation	10.00	
Intentional Damage to Meter/Meter Box (Cost & Overhead)		
Intentional Damage Angle Meter Stop/Curb Stop		
Excavation not required	406.00	
Excavation required (Cost & Overhead)	100%	
After-hours turn on service work:		464
Water Discontinuance & Restoration of service (except emergency) per call	169.00	

** Rates adopted in MFS Amendment #514 shall take effect on September 17, 2013 and shall be adjusted annually by staff during the budget process to reflect the rates in effect as per Reso No. _____, Res. No. 2007-79.



CITY OF FRESNO MASTER FEE SCHEDULE

PUBLIC UTILITIES DEPARTMENT

WATER RATES**

<u>Fee Description & Unit/Time</u>	<u>Current</u>	<u>Amnd</u>
Water, Temporary Service*		456
Residential (non-metered)		
Each 24 hours	25.00	
Each additional day	+Daily Rate (prorated based on bimonthly rate)	
Single Family Residential (metered)	See Water Metered Service Rates	487 Effective 3/1/2010
Fire hydrant permit	25.00	
Fire hydrant wrench deposit	90.00	
3-inch meter, turbine		500
Deposit	550.00	
Deposits required shall be refunded upon the return of all equipment. Deductions shall be made for water service charges due and the cost of repair or replacement of damaged equipment. Any additional replacement costs will be billed to the customer.		
Well Drilling Permit and Examination		
Water Supply Well / each	175.00	
Monitoring Well		
1 to 3 / per application	295.00	
More than 3 / per each additional well	+50.00	
Well Inspection, per well site		
Well Abandonment	62.00	500
Well Destruction	236.00	500
Monitoring Well Destruction	174.00	500
Well Destruction Inspection Reschedule (when not ready on inspection day)	46.00	
After Hours Well Abandonment	78.00	500
After Hours Monitoring Well Destruction	285.00	500
Underground Utility Remark Fee (per call back)	133.00	500

* This fee to sunset as of January 1, 2013 for customers on a metered rate

** Rates adopted in MFS Amendment #514 shall take effect on September 17, 2013 and shall be adjusted annually by staff during the budget process to reflect the rates in effect as per Reso No. _____, Res. No. 2007-70.

**CITY OF FRESNO
MASTER FEE SCHEDULE**



PUBLIC UTILITIES DEPARTMENT

WATER CONNECTION CHARGES (FMC 6-507)

<u>Fee Description & Unit/Time</u>	<u>Current</u>	<u>Amnd</u>
Sale of Surplus Dirt		456
City load / per yard of dirt	5.00	
Customer pick-up / per yard of dirt	1.20	
Deferment of Payment applicable to existing single-family residences Same basis and fees as sewer connection charges.	See FMC Sctn 6-305 (c)	
Frontage Charge		
Front foot or fraction	6.50	
Installation Charges		464
Meter & Service Installation (when installed together)		
1-inch	2,241.00	
1-1/2-inch	2,508.00	
2-inch	2,671.00	
Minimum residential service connections:		489
Lots less than 20,000 square feet (1-inch)		
Lots 20,000 square feet or greater (1-1/2-inch)		
Meter Installation (when installed on existing services)		415
1-inch	330.00	
1-1/2-inch	455.00	
2-inch	530.00	
Larger than 2-inch (FMC 6-507(a)(3))		
Cost plus overhead	100%	
Service Installation (without meter)		464
Service to house (between property line and house) can be reduced based upon setback, fixtures, etc., as provided in the UPC and UBC. (includes tap, service line, corp stop, curb stop and fittings)		
1-inch	2,178.00	
1-1/2-inch	2,363.00	
2-inch	2,486.00	
Larger than 2-inch (FMC 6-507(a)(3))		
Cost plus overhead	100%	
Recharge Area Fee		438
Area (per unit**)	160.00	
† No. 101	-0-	
† † No. 101	-0-	
No. 201	-0-	
No. 301	-0-	
No. 401	-0-	
***No. 501	56.00	



**CITY OF FRESNO
MASTER FEE SCHEDULE**

PUBLIC UTILITIES DEPARTMENT

WATER CONNECTION CHARGES (FMC 6-507)

<u>Fee Description & Unit/Time</u>	<u>Current</u>	<u>Amnd</u>
Transmission Grid Main (TGM) Charge		417
For parcels in the UGM area, TGM charges are deposited in separate UGM-TGM charge service area accounts.		
Aggregate gross area:		
Less than 5 acres		
Net acre or fraction	804.00	
Minimum charge	80.00	
5 acres or more		
Gross acre or fraction	643.00	
Transmission Grid Main Bond Debt Service Charge per FMC Section 6-507(a)(8)		
Less than 5 acres		
Net acre or fraction	304.00	
Minimum charge	100.00	
5 acres or more		
Gross acre or fraction	243.00	
UGM Water Supply Fee		417
Single-Well Supply Areas (per gross acre)		
No. 11A	172.00	
No. 86	678.00	
No. 90	322.00	
No. 91	609.00	
No. 102	511.00	
No. 107	609.00	
No. 113	609.00	
No. 132	385.00	
No. 136	356.00	
No. 137	356.00	
No. 141	408.00	
No. 142	379.00	
No. 153	557.00	
No. 308	563.00	
No. 310	505.00	
Multi-Well Supply Areas (per unit**)		
† (northeast) No. 101-S	567.00	438
† † (northeast) No. 101-S	456.00	
(northwest) No. 201-S	407.00	
(west) No. 301-S	508.00	
(southwest) No. 401-S	371.00	
*** (southeast) No. 501-S	1,738.00	

REPEALED



CITY OF FRESNO MASTER FEE SCHEDULE

PUBLIC UTILITIES DEPARTMENT

WATER CONNECTION CHARGES (FMC 6-507)

Fee Description & Unit/Time	Current	Amnd
Well Head Treatment Fee - Area (per unit**)		438
† *No. 101	179.00	
† † *No. 101	-0-	
No. 201	-0-	
No. 301	221.00	
No. 401	31.00	
***No. 501	79.00	
1994 Bond Debt Service Fee - Area (per unit**)		438
† No. 101	281.00	
† † No. 101	896.00	
No. 201	-0-	
No. 301	60.00	
No. 401	-0-	
***No. 501	93.00	

- * Service Area No. 101 was established by the Department of Public Utilities Director on March 19, 1995 in accordance with the provisions of Ordinance No. 954; the provisions of Resolution No. 90-18 remain in effect for development in the Woodward Park Community Plan Area.
- ** Unit as defined in FMC 6-501(kk)
- *** 501 Emergency Measure, Resolution No. 95-18
- † For subdivision maps deemed complete prior to June 10, 1997
- † † For subdivision maps deemed complete on or after June 10, 1997

WATER CONNECTION CHARGES (FMC 6-508)

Fee Description & Unit/Time	Current	Amnd
Water main reimbursement for installation	See FMC 6-508(c)	
Transmission Grid Main (TGM) credit/reimbursement for private installation when required to be constructed to transmission grid size (per linear foot):		
12-inch diameter	10.00	
14-inch diameter	14.50	
16-inch diameter	31.00	
24-inch diameter	41.00	
UGM area maximum (except as provided in FMC 6-508(d))	10,000.00	
Trench surfacing credit for TGM installations (per linear foot):		
In existing asphalt concrete streets	10,000 or construction costs, whichever is less	
In existing non-asphalt concrete streets	6.00 or construction cost, whichever is less	

August 16, 2013

RECEIVED

Council Adoption: 8/15/13

Mayor Approval:

Mayor Veto:

Override Request:



TO: MAYOR ASHLEY SWEARENGIN
FROM: YVONNE SPENCE, CMC City Clerk, FRESNO CA

AUG 26 AM 11:04
Yvonne Spence

SUBJECT: TRANSMITTAL OF COUNCIL ACTION FOR APPROVAL OR VETO

At the Council meeting of 8/15/2013, Council adopted the attached Resolution No. 2013-144 entitled **514th amendment to the Master Fee Schedule Resolution 80-420 to adjust water fees in the Public Utilities Water Fee Section, Item No. 5:00 p.m. c.** by the following vote:

Ayes	:	Baines, Brand, Brandau, Caprioglio, Xiong
Noes	:	Olivier, Quintero
Absent	:	None
Abstain	:	None

Please indicate either your formal approval or veto by completing the following sections and executing and dating your action. Please file the completed memo with the Clerk's office on or before August 26, 2013. In computing the ten day period required by Charter, the first day has been excluded and the tenth day has been included unless the 10th day is a Saturday, Sunday, or holiday, in which case it has also been excluded. Failure to file this memo with the Clerk's office within the required time limit shall constitute approval of the ordinance, resolution or action, and it shall take effect without the Mayor's signed approval.

Thank you.

APPROVED/NO RETURN:

VETOED for the following reasons: (Written objections are required by Charter; attach additional sheets if necessary.)

Ashley Swearingin
Ashley Swearingin, Mayor

Date: 8/23/13

COUNCIL OVERRIDE ACTION:

Date: _____

Ayes	:
Noes	:
Absent	:
Abstain	:

BILL NO.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF FRESNO,
CALIFORNIA, ADOPTING INITIATIVE MEASURE
REPEALING RESOLUTION NOS. 2013-143 AND 2013-144
ON THE FOUR YEAR WATER RATE PLAN

THE COUNCIL OF THE CITY OF FRESNO DOES ORDAIN AS FOLLOWS:

SECTION 1. REPEAL WATER RATE INCREASES. The Ordinance entitled "Initiative Measure to be Submitted Directly to the Voters" which is attached as Exhibit A, is adopted.

SECTION 2. This ordinance shall become effective and in full force and effect at 12:01 a.m. on the thirty-first day after its final passage. The current rates will remain in effect, until this ordinance takes effect and applied prospectively.

///

///

///

Page 1 of 2

Date Adopted:

Date Approved

Effective Date:

City Attorney Approval: _____

Ordinance No.

* * * * *

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, YVONNE SPENCE, City Clerk of the City of Fresno, certify that the foregoing ordinance was adopted by the Council of the City of Fresno, at a regular meeting held on the _____ day of _____, 2014.

AYES :
NOES :
ABSENT :
ABSTAIN :

Mayor Approval: _____, 2014
Mayor Approval/No Return: _____, 2014
Mayor Veto: _____, 2014
Council Override Vote: _____, 2014

YVONNE SPENCE, CMC
City Clerk

BY: _____
Deputy

APPROVED AS TO FORM:
CITY ATTORNEY'S OFFICE

BY: _____
Tei Yukimoto [Date]
Assistant City Attorney

TY:elb [65300elb/ty] Ord. 072314