

RESOLUTION NO. 1248

RESOLUTION OF THE BOARD OF PUBLIC UTILITIES RECOMMENDING THAT AFTER COMPLIANCE WITH APPLICABLE LAW AND CONDUCT OF PUBLIC HEARING PURSUANT TO PROPOSITION 218 ON OR ABOUT MAY 25, 2021 THE COUNCIL OF THE CITY OF SANTA ROSA ADOPT UPDATED WATER SHORTAGE CHARGES AND EXCESS USE PENALTIES TO BE ENACTED IN THE CASE OF A WATER SHORTAGE EMERGENCY

WHEREAS, it is the policy of the City that the water system facilities be operated as a self-supporting utility and that charges for service for its use shall be calculated and changed from time to time in sufficient amounts to operate and maintain the system to meet the needs of all users; and

WHEREAS, the City of Santa Rosa has an adopted Water Shortage Contingency Plan (Shortage Plan), last revised in 2016, that outlines system demand reduction targets in the form of progressive stages with corresponding actions to meet those targets in the event of a declared emergency or water supply shortage; and

WHEREAS, the 2021 Santa Rosa Water and Wastewater Rate Study evaluated by the Board of Public Utilities found that a reduction in water usage due to constraints in water supply could result in revenues not covering all fixed costs in the proposed update to the Shortage Plan for shortage Stages 2 through 8; and

WHEREAS, to compensate for loss of revenues due to reduced water sales, the proposed update to the Shortage Plan contemplates implementation of water shortage charges for shortage Stages 2 through 8; and

WHEREAS, the 2021 Santa Rosa Water and Wastewater Rate Study evaluated by the BPU recommended the institution of excess use penalties to be applied to water uses of 101% to 150% over allocation and to 151% and over allocation beginning in Stage 5 and continuing through Stage 8; and

WHEREAS, excess use penalties are entirely avoidable by all customers through meeting the corresponding stage water conservation target and allocation, and therefore, no Excess Use Penalties revenues are proposed to be planned for or relied upon by Santa Rosa Water for operating revenue; and

WHEREAS, the City is required by State law to prepare and submit an update to the Shortage Plan to the State by July 1, 2021; and

WHEREAS, the Board of Public Utilities (BPU) has considered the 2021 Santa Rosa Water and Wastewater Rate Study report and recommendations of City staff and the BPU Budget Subcommittee on amendments to the water shortage charges and excess use penalties; and

WHEREAS, by adopting the proposed amendments to the water shortage charges and excess use penalties, the City Council will ensure that amendments are incorporated as adopted into the update to the Shortage Plan.

NOW, THEREFORE, BE IT RESOLVED that the Board of Public Utilities recommends that the City Council enact an ordinance to amend City code section 14-04.015 to revise the water shortage rate structure as shown in the attached Exhibit.

DULY AND REGULARLY ADOPTED by the City of Santa Rosa Board of Public Utilities this 18th day of February, 2021.

AYES: (5) GALVIN, ARNONE, BADENFORT, WALSH, WRIGHT

NOES: (0)

ABSENT: (2) GRABILL, WATTS

ABSTAIN: (0)

APPROVED: _____/S/_____
Daniel J. Galvin III
Chairman

ATTEST: _____/S/_____
Roberta Atha
Recording Secretary

APPROVED AS TO FORM:

_____/S/_____
City Attorney

Exhibit A: Draft Ordinance Amending Sections 14-04.15 of the City Code

EXHIBIT A

ORDINANCE NO. _____

ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA ROSA AMENDING SECTION 14-04.015 OF THE SANTA ROSA CITY CODE, REVISING THE WATER SHORTAGE RATE AND EXCESS USE PENALTIES STRUCTURES

THE PEOPLE OF THE CITY OF SANTA ROSA DO ENACT AS FOLLOWS:

Section 1. Section 14-04.015 OF the Santa Rosa City Code is amended to read as follows:

“14-04.015 Water Shortage Rate Structure.

At any time the Council of the City of Santa Rosa or the Director of Utilities declares a Water Shortage Emergency and implements Water Shortage Stages 2 through 8 pursuant to its current, adopted Urban Water Shortage Contingency Plan, the following water shortage rate structure will be applied to all potable water accounts:

(A) A water shortage rate charge (WSC) will be implemented for all potable water accounts as follows:

| Water Shortage Stage | Water Usage Charge |
|-----------------------------|--------------------------------|
| Stage 2 | Current User Charge + 5% WSC |
| Stage 3 | Current User Charge + 7.5% WSC |
| Stage 4 | Current User Charge + 10% WSC |
| Stage 5 | Current User Charge + 15% WSC |
| Stage 6 | Current User Charge + 25% WSC |
| Stage 7 | Current User Charge + 35% WSC |
| Stage 8 | Current User Charge + 45% WSC |

(B) In addition to the WSC, an excess use penalty (EUP) for all water used above the individual account allocations specified in the current, adopted Urban Water Shortage Contingency Plan will be implemented for all potable water accounts as follows:

| Water Shortage Stage | Excess Use Penalty 101% to 150% of allocation | Excess Use Penalty over 151% of allocation |
|-----------------------------|----------------------------------------------------------|-------------------------------------------------------|
| Stage 5 | Current User Charge + 10% penalty | Current User Charge + 20% penalty |
| Stage 6 | Current User Charge + 25% penalty | Current User Charge + 50% penalty |
| Stage 7 | Current User Charge + 40% penalty | Current User Charge + 80% penalty |
| Stage 8 | Current User Charge + 50% penalty | Current User Charge + 100% penalty |

Excess Use Penalty revenues are not intended to be used as general operating revenues during the emergency, but may be used to: (1) offset the extraordinary costs of the water shortage emergency such as additional conservation support; (2) rebuild the Catastrophic Reserve; (3) establish a rate stabilization fund for the post-emergency recovery.

Section 2. The City Council, based on the reports, oral and written, of staff, the recommendations of the Board of Public Utilities, the other materials provided and considered, and the testimony and other evidence presented, finds that the changes in service rates and charges set forth above are not discriminatory or excessive, are sufficient under Section 54515 of the Government Code, and are required to meet estimated costs and operating expenses, including increased employee wages and fringe benefits, the cost of purchasing and/or leasing supplies, materials and equipment, financial reserve requirements and the costs of capital improvements, necessary to maintain and provide proper and adequate service to properties and premises served by the City's water utility, an enterprise system. Based on these findings, the City Council finds that the changes in rates and charges set forth in this ordinance are exempt from the provisions of the California Environmental Quality Act under section 15273 of the State CEQA Guidelines.

Section 3. Delinquent water service charges and all penalties thereon when recorded as provided in Chapter 14-04 of the Santa Rosa City Code and Chapter 6 of Part 1 of Division 2 of Title 5 of the Government Code shall constitute a lien upon the real property served.

Section 4. Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance is for any reason held to be invalid and/or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of

EXHIBIT A

this ordinance.

Section 5. Effective Date. This ordinance shall take effect on the 31st day following its adoption.

IN COUNCIL DULY PASSED AND ADOPTED this _____ day of _____, 2009.

AYES: ()

NOES: ()

ABSENT: ()

ABSTAIN: ()

ATTEST: _____
 City Clerk

APPROVED: _____
 Mayor

APPROVED AS TO FORM:

City Attorney