



SUBJECT: Notification of the correction of a clerical error in the Water utility rate schedule.

DEPARTMENT: Public Works

STAFF: Casey Wichert, Director of Public Works
Debra Galey, Senior Analyst, Engineering

TITLE/RECOMMENDATION

An informational report notifying the Council that City staff will correct a clerical error to the rate schedule in Attachment A to Resolution No. 2023-75 and file an amended Water Rate Study Report.

FISCAL IMPACT

This correction will have no impact to the Water Enterprise Fund, as the correct rate for these services was included in the adopted five-year rate study's revenue requirements, and in the notification to residents. FY 2023/24 rates were correct in the originally adopted attachment and the corrected rates will be applicable beginning July 1, 2024.

BACKGROUND

WATER 4" METER BASE RATE

Following the adoption of the five-year rate study, a clerical error was discovered for the water 4" meter base rate for non-residential customers. Importantly, the Proposition 218 notice that was sent to all water customers correctly described the water rates for all years.

Specifically, through the Water Rate Study's cost of service analysis, it was determined that a 6.5% increase was necessary to sustain the Water Enterprise operations. When the rates were transferred from the cost of service analysis into Attachment A of the water rate resolution, and into the Water Rate Study Report, the latter of which summarizes the Study methodology and findings, the water 4" meter base rate for non-residential customers was listed correctly for FY 2023/24, but the 6.5% increase that was approved by the City Council was not correctly listed for the subsequent FYs 2024/25 - 2027/28. All other water rates were listed correctly.



**CITY COUNCIL AGENDA ITEM NO. G.8
05/28/2024**

The following table shows the rates from the original Attachment A to Resolution 2023-75 with the incorrectly listed rates highlighted.

	WATER RATES PER MONTH				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Monthly Base Rate 4" Meter	420.31	292.65	293.65	294.65	295.65

The intended rate for FYs 2025/26 - 2027/28, as outlined in the Proposition 218 notice provided to all utility customers and property owners, and described in the narrative of the Rate Study Report is highlighted in the table below. As of the date of this report, 35 customers are charged the 4" water base rate.

	WATER RATES PER MONTH				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Monthly Base Rate 4" Meter	420.31	447.64	476.74	507.73	540.74

CORRECTIONS TO RESOLUTION 2023-175 AND WATER RATE STUDY REPORT

To accurately reflect water rates adopted by the City Council and to correct the clerical error in the resolution, the City Clerk will be replacing Attachment A to Resolution 2023-175, and replacing the Water Rate Study Report, which now includes a corrected list of fees for water 4" meters for non-residential customers. A memo explaining the error and revision will also be filed with the revised Resolution and the revised Water Rate Study Report.

CITY COUNCIL STRATEGIC INITIATIVE

Focus Area 1 Public Works, Goal 2c, "Ensure fiscal sustainability by conducting rates studies".

PREVIOUS ACTION

Previous Action by the City Council is included on Attachment 1.

DATE OF NOTICE



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On April 21, 2023, Public Hearing Notices were sent to all property owners and customers of the parcels served by the City's Water, Wastewater and Solid Waste utilities. In the Notice, the Water Service increase was correctly listed as 6.5% for FYs 2023/24 - 2027/28. As such, additional Proposition 218 Notice of the correction is not required.

ENVIRONMENTAL DETERMINATION

Not Applicable.

ALTERNATIVE OPTION(S)

Alternative Options to the Staff Recommendation:

1. Do not approve staff's recommendation, and there could be confusion about the rate approved for the approximate 35 customers.

ATTACHMENT(S)

1. Previous Action
2. File Memo
3. Amended Attachment A to Resolution 2023-75
4. Amended Water Rate Study