



NOTICE OF PUBLIC HEARING
ON PROPOSED NEW/INCREASED WATER RATES

WHERE: Rohnert Park City Hall – Council Chamber
130 Avram Avenue
Rohnert Park, California

WHEN: Tuesday, April 14, 2015 not before 6:00 p.m. or as soon thereafter as the matter is reached on the agenda.

PURPOSE: To receive public comment on a proposal for the City Council to consider adopting new/increased water rates in the City Council Chamber at City Hall, 130 Avram Avenue, Rohnert Park. If approved, the new/increased rates will begin appearing on utility bills dated July 1, 2015 and later. At the public hearing, the City Council will accept oral and written testimony, as well as written protests, regarding the water rates.

Why am I Receiving this Notice?

You are receiving this notice because our records indicate that you are listed as an account holder and/or as the owner of a parcel receiving water service from the City of Rohnert Park (City). The purpose of this notice is to give you information about proposed new/increased water rates and how you can participate in the rate-setting process.

Rate History

The City of Rohnert Park works each day with increasingly limited resources to ensure that the residents and businesses receive clean, safe, and reliable water service, and that the City's water system is maintained to all required standards in order to protect our community's health and safety, as well as the environment.

Rohnert Park's water rates are near the lowest in the region. The last adjustment to the water rates occurred in October 2008, more than 6 years ago. Since that time general inflation has increased more than 12 percent and the cost of water purchased from the Sonoma County Water Agency (SCWA) has increased more than 42 percent. Water purchases is the utility's single largest cost.

While water system costs have increased, water rate revenues have not. The utility has managed its financial resources by cutting costs where possible, by utilizing available reserves, and by delaying capital replacement and rehabilitation projects necessary for the long-term maintenance of water system infrastructure.

In order to adequately and responsibly support water utility operations, maintain and improve water system facilities, and meet service requirements the City is considering an increase in water rates. In considering this action, the City Council will conduct a public hearing so that the opinions of those affected by the proposed changes can be heard.

When is the Hearing?

On April 14, 2015 at 6:00 p.m., or as soon thereafter as may be heard, the Rohnert Park City Council will hold a public hearing to consider adopting new/increased water rates in the City Council Chamber at City Hall, 130 Avram Avenue, Rohnert Park. If approved, the new/increased rates will begin appearing on utility bills dated July 1, 2015 and later. At the public hearing, the City Council will accept oral and written testimony, as well as written protests, regarding the water rates.

Proposed New Water Rates

Proposed new water rates include an overall 9.0 percent increase in the amount of water rate revenue, to be implemented effective July 1, 2015. The proposed new rates are shown in **Table 1**. Because of changes in the water rate structure, some customer bills will increase less than 9.0 percent, and others more. The exact change will depend on a customer's meter size and water usage characteristics.

Table 1
City of Rohnert Park -- Water Utility
Schedule of Current and Proposed Water Rates (1)

	Current (2)	July 2015
Water Usage Rate (\$/gallon)		
Single Family Residential		
Tier 1 (0 to 4,000 gal/mo)	\$ 0.00300	\$ 0.00270
Tier 2 (above 4,000 gal/mo)	\$ 0.00300	\$ 0.00367
Multi-Family and Non-Residential		
All Water Usage	\$ 0.00300	\$ 0.00315
Monthly Service Charge		
1" meter or less	\$ 18.32	\$ 18.99
1 1/2" meter	\$ 30.10	\$ 34.78
2" meter	\$ 44.27	\$ 53.73
3" meter	\$ 79.65	\$ 97.93
4" meter	\$ 124.49	\$ 161.08
6" meter	\$ 242.45	\$ 318.96
8" meter	\$ 384.00	\$ 508.41
Monthly Fire Protection Service Charge		
2" riser	\$ 20.79	\$ 22.66
3" riser	\$ 26.46	\$ 28.84
4" riser	\$ 33.08	\$ 36.06
5" riser	\$ 40.64	\$ 44.30
6" riser	\$ 44.42	\$ 48.42
8" riser	\$ 60.48	\$ 65.92
10" riser	\$ 72.77	\$ 79.32
12" riser	\$ 85.05	\$ 92.70

Notes:

- (1) Current water rates became effective October 1, 2008.
- (2) Under the current rates, a discounted rate of \$0.00270 per gallon applies to single family residents and qualified multi-family units that use less than 10,000 gallons per month.

In addition, it is proposed that the City adopt procedures for automatically adjusting water usage rates to reflect the increased costs associated with water purchases from the SCWA, as well as an automatic adjustment to reflect the effects of general inflation. Both of these proposed adjustments would occur in January of each year from 2016 through 2020.

New Water Rate Structure Methodology

The proposed water rate structure equitably ensures that each ratepayer is paying a proportionate share of the costs of the service provided to them. Key factors considered are capacity requirements, actual monthly water use, and service classification.

1. Many costs of the water system are fixed; they do not change with the changes in water usage. To help recover fixed costs and improve revenue stability, a portion of each customer's water bill includes a fixed monthly service charge. Under the proposed water rate structure, monthly service charges will continue to vary with the size of the water meter because customers with larger meters can place a larger demand on the water system. The hydraulic capacity of each meter size is used in determining the appropriate charge for each meter size; this is an equitable way to assign capacity-related costs.
2. A portion of each customer's water bill is also determined by the actual amount of water used each month. A uniform water rate will continue to apply to the water usage for multi-family and non-residential accounts, including dedicated irrigation accounts. However, a 2-tier water rate structure is proposed for single family customers. The 2-tier structure is intended to help encourage water conservation and discourage waste, and also to protect the affordability for basic water usage. A lower initial rate will apply to the first 4,000 gallons per month of water use, and a second higher rate will apply to water use in excess of 4,000 gallons per month. The higher rate reflects the higher cost of purchasing water from the SCWA. The 2-tier structure for single family customers is in balance with the uniform rate for multi-family and non-residential customers, ensuring equity across the customer classes.

Details of the water utility's current and estimated future revenue needs as well as the methodology for calculating the new water rate structure can be found in the *City of Rohnert Park – Water Rate Study*, dated February 5, 2015. The report can be found at www.rpcity.org and is also available at City Hall.

Automatic Adjustments to Water Rates

In addition to the changes to the water rates proposed for July 1, 2015, as shown in **Table 1** (above), the City proposes to adopt procedures for automatically adjusting water rates to reflect the effects of changes in the cost of purchasing water from the SCWA, and in general inflation. These adjustments to the water rates would occur in accordance with Government Code Section 53756, as described below.

In each instance, customers would be notified of the rate adjustments at least 30 days prior to implementation through utility bill inserts or other means. These automatic adjustments would occur each January from 2016 through 2020, and would need to be re-adopted by the City Council if extended beyond five years.

Adjustment to Water Usage Rates for Changes in Wholesale Water Purchase Costs

The SCWA normally adjusts its charges to the City for wholesale water purchases in the spring of each year, to be effective in July. Following the formal adoption of new water rates by the SCWA, the City will use the calculation methodology shown in **Table 2** to calculate adjustments to the City's water usage rates. **Table 2** is an example of the calculation based on an assumed 5 percent increase in the rates charged by the SCWA for FY 15-16. The actual rate adjustments will depend on the specific action taken by the SCWA each year. This adjustment would not affect monthly service charges.

Table 2
City of Rohnert Park -- Water Utility
Worksheet for Automatic Rate Adjustment Related to SCWA's Water Rates (1)

Fiscal Year -->	Current	Change		Adjusted
	FY 14-15			FY 15-16
SCWA Water Rates				
Petaluma Aq. Water Rate (\$/AF)	\$ 730.68	\$ 36.53	5.0%	\$ 767.21
Annual Fixed Charge	\$ -	\$ -	0.0%	\$ -
Water Supplies (AF) (2)				
Petaluma Aqueduct				3,222
Local Groundwater				1,500
Total Water Supplies				4,722
Unaccounted For Losses (3)				-12.0%
Increased Cost Due to SCWA Rate Change (4)				
Increased Annual Cost				\$ 117,696
Estimated Water Sales				
Annual Water Sales (AF)				4,155
Annual Water Sales (tg)				1,354,000
	Current Water Usage Rates	Automatic Rate Adjustment Due to SCWA Rate Changes (5)		Adjusted Water Usage Rates
Water Usage Rate (\$/gallon)				
Single Family Residential				
Tier 1 (0 to 4,000 gal/mo)	\$ 0.00270	\$ 0.00007	2.8%	\$ 0.00277
Tier 2 (above 4,000 gal/mo)	\$ 0.00367	\$ 0.00010	2.8%	\$ 0.00377
Multi-Family and Non-Residential				
All Water Usage	\$ 0.00315	\$ 0.00009	2.8%	\$ 0.00324

Notes:

- (1) This illustrative example assumes a 5.0 percent increase in SCWA's water rates for FY 15-16. Input fields are shaded. Other values are automatically calculated.
- (2) Water supply mix may change from year to year. The automatic rate adjustment reflects the cost changes in the City's water purchase costs due to SCWA rate changes.
- (3) Recent meter replacements have reduced unaccounted for loss rate.
- (4) Equals change in the SCWA water rate times the water purchase volume, plus any change in the fixed charge.
- (5) The rate adjustment for the uniform rate equals the increased SCWA water purchase costs divided by the total annual water sales volume. The percentage increase in the uniform water usage rate is then applied to the residential tier rates.

**THIS SAMPLE ANALYSIS ASSUMES A 5.0% INCREASE IN SCWA WATER RATES.
ACTUAL ADJUSTMENTS WILL DEPEND ON SCWA'S FORMAL RATE ACTION.**

Adjustments to Water Rates for Changes in Inflation

The City also proposes that the water rate structure be adjusted annually based on changes to the San Francisco-Oakland-San Jose Consumer Price Index for all items and all urban consumers (SF-CPI), Series CUURA422SAO, from August in the then-preceding year to August in the then-current year. All fixed monthly service charges and all water usage rates would be adjusted by this percentage change in the SF-CPI.

How Much Will My Water Bill Be?

Single Family Residential Customers

A typical home in Rohnert Park is served by a meter 1” or less and uses about 4,000 gallons per month in the winter and about 12,000 gallons per month in the summer. **Table 3** summarizes water bills for single family residential customers with up to a 1” meter, based on this typical range of water usage. The effect of the proposed change on your water bill will depend on your actual water usage and the size of the water meter using the following formula:

$$\text{Monthly Service Charge} + (\text{Water Usage Rate} \times \text{Number of Gallons Used})$$

As described in **Table 1**, the Water Usage Rate applied varies depending on the extent of consumption. Where a customer uses up to 4,000 gallons of water, the Water Usage Rate will be the Tier 1 rate. Where a customer uses more than 4,000 gallons, the Water Usage Rate for the first 4,000 gallons will be billed at the Tier 1 rate, and additional amounts used will be billed at the Tier 2 rate.

You can find more information about your water service and usage patterns from your past bills. If you would like assistance in determining how the proposed water rates may affect your water bill, please contact a Customer Service Representative at (707) 585-6750 Monday through Friday from 8:00 a.m. to 5:00 p.m.

Table 3
City of Rohnert Park -- Water Utility
Sample Water Bills for Single Family Customers

Monthly Water Use (gallons)	Current (1)	Proposed (2)	Change
1,000	\$ 21.02	\$ 21.69	\$ 0.67
2,000	\$ 23.72	\$ 24.39	\$ 0.67
3,000	\$ 26.42	\$ 27.09	\$ 0.67
4,000	\$ 29.12	\$ 29.79	\$ 0.67
5,000	\$ 31.82	\$ 33.46	\$ 1.64
6,000	\$ 34.52	\$ 37.13	\$ 2.61
7,000	\$ 37.22	\$ 40.80	\$ 3.58
8,000	\$ 39.92	\$ 44.47	\$ 4.55
9,000	\$ 42.62	\$ 48.14	\$ 5.52
10,000	\$ 45.32	\$ 51.81	\$ 6.49
11,000	\$ 51.32	\$ 55.48	\$ 4.16
12,000	\$ 54.32	\$ 59.15	\$ 4.83
13,000	\$ 57.32	\$ 62.82	\$ 5.50
14,000	\$ 60.32	\$ 66.49	\$ 6.17
15,000	\$ 63.32	\$ 70.16	\$ 6.84

Notes:

- (1) Current rates in effect since October 1, 2008.
- (2) Proposed for July 1, 2015.

Multi-Family and Non-Residential Customers

Multi-family and non-residential customers are served by a variety of meter sizes, and exhibit a broad range of water usage characteristics. The effect of the proposed change on your water bill will depend on your actual water usage and the size of the water meter using the following formula:

$$\text{Monthly Service Charge} + (\text{Water Usage Rate} \times \text{Number of Gallons Used})$$

The effect of the proposed change for multi-family and non-residential accounts can be illustrated with a few examples:

Example #1 – Account with a 1 ½” water meter using 20,000 gallons.

$$\text{Current bill} = \$30.10 + \$0.00300 \times 20,000 = \$90.10$$

$$\text{Proposed bill} = \$34.78 + \$0.00315 \times 20,000 = \$97.78$$

$$\text{Change} = \$7.68$$

Example #2 – Account with 2” water meter using 40,000 gallons.

$$\text{Current bill} = \$44.27 + \$0.00300 \times 40,000 = \$164.27$$

$$\text{Proposed bill} = \$53.73 + \$0.00315 \times 40,000 = \$179.73$$

$$\text{Change} = \$15.46$$

Example #3 – Account with 4” water meter using 200,000 gallons.

$$\text{Current bill} = \$124.49 + \$0.00300 \times 200,000 = \$724.49$$

$$\text{Proposed bill} = \$161.08 + \$0.00315 \times 200,000 = \$791.08$$

$$\text{Change} = \$66.59$$

You can find more information about your water service and usage patterns from your past bills. If you would like assistance in determining how the proposed water rates may affect your water bill, please contact a Customer Service Representative at (707) 585-6750 Monday through Friday from 8:00 a.m. to 5:00 p.m.

Fire Protection Services

A small number of customers have separate fire protection services that provide fire suppression capabilities to structures and property (e.g., serving automatic internal sprinkler systems). The monthly service charges for these service connections will increase based upon the size of the riser as shown in **Table 1**, above. For example, a fire protection service with a 6” riser will pay \$48.42 per month rather than \$44.42, for an increase of \$4.00. If you are a customer with separate fire protection services, please contact a Customer Service Representative at (707) 585-6750 Monday through Friday from 8:00 a.m. to 5:00 p.m. to find information about the size of your riser. If you would like assistance in determining how the proposed water rates may affect your water bill, please contact a Customer Service Representative at (707) 585-6750 Monday through Friday from 8:00 a.m. to 5:00 p.m.

How Do I Protest?

Proposition 218 allows the owner of record of a parcel that receives water service to submit a written protest at or before the April 14, 2015 public hearing. A protest may be withdrawn before the close of the hearing as well, but only by the person who filed it.

If the person signing the protest is not listed as the owner on the last equalized assessment roll for Sonoma County, the protest must be accompanied by written evidence that the signer owns the property. In rental situations, if a tenant is the utility account holder for water service, the tenant also has the right to submit a written protest for the property. Only one protest per parcel will be counted. If valid protests are filed on behalf of a majority of the parcels that receive water service, the new rates will not be adopted.

All protests must:

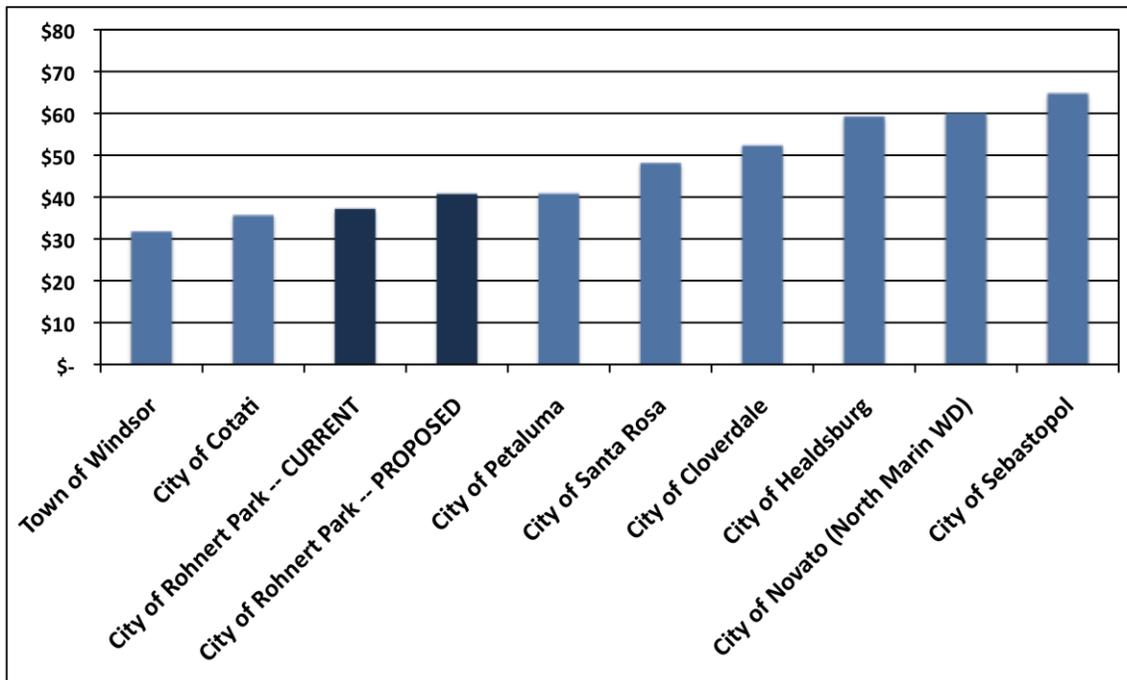
1. Be in writing with an original signature from the property owner of record or tenant directly liable for the payment of the fee/account holder.
2. Identify the parcel for which the protest is filed, by street address or Assessor's Parcel Number (APN).
3. State that the signer opposes the proposed water rates.
4. Be received at City Hall at or before the close of the public hearing that will begin at 6:00 p.m. on April 14, 2015. A protest may be mailed to the City Clerk at 130 Avram Avenue, Rohnert Park, CA 94928 or delivered to the same address during regular business hours.

Email, fax, or telephone, and oral protests of any kind will not be counted. Mailed protests received after the close of the public hearing will not be counted, even if they were postmarked earlier.

If you have a disability, which requires an interpreter or other person to assist you while attending this City Council meeting, or you have a visual impairment requiring meeting materials to be produced in another format (Braille, audio-tape, etc.) please contact the City Clerk at (707) 588-2227 at least 72 hours prior to the meeting to ensure arrangements for accommodation by the City.

How Will Our Water Rates Compare with Other Communities in the Area?

**2015 Typical Monthly Single Family Water Bills
(7,000 gallons per month)**



Questions?

For more information or to ask questions, please call (707) 588-2227 Monday through Friday from 8:00 a.m. to 5:00 p.m. or visit www.rpcity.org.