

CITY OF REEDLEY
NOTICE OF PUBLIC HEARING REGARDING
PROPOSED INCREASE IN WATER RATES

To comply with Proposition 218 (California Constitution Article XIII D, Section 6), the City of Reedley gives the following notice:

1. Date, Time, Location and Purpose of Public Hearing:

PLEASE TAKE NOTICE THAT at 7:00 p.m. on July 12, 2016, at the City of Reedley City Council Chambers located at 845 G Street, Reedley, CA 93654, the Reedley City Council will hold a public hearing regarding the proposed increases in the City's water rates and to hear and consider objections and protests to the proposed increases.

2. Location of Report:

A report has been prepared and submitted by an independent engineering firm evaluating the status of the City's water enterprise fund, and the necessity for additional revenue to cover current debt obligations (the "Report"). This information, along with the various water rate options, was presented and discussed during public workshops at the City Council meetings held on April 12, 2016 and May 10, 2016. The Report and supplemental presentations are on file with the Public Works Department, Reedley City Hall, 1733 Ninth Street, Reedley, CA. A copy of the Report and supplemental presentations can be reviewed or obtained upon request.

3. Proposed Water Rates:

The current water rates and the proposed schedule of water rate increases are attached as **Exhibit A** to this notice. The water rate increases are proposed to be effective on August 1, 2016. The City will also consider approving an annual inflationary adjustment for future rate increases beginning on July 1, 2017. The annual inflationary adjustment will be tied to a 10 year running average of the Department of Labor consumer price index (CPI). Beginning July 1, 2017, water rates may be adjusted annually using the 10 year CPI as the maximum amount of increase. This annual inflationary adjustment is designed to help alleviate large rate increases in the future. Any potential maximum water rate increase beginning July 1, 2017, can be calculated by averaging the last 10 years of Department of Labor CPIs and adding that percentage to the most current existing rate. For instance, if the CPI is 2%, to the new rate can be determined by multiplying the existing rate by 1.02 to get the new rate. In addition to the current rate structure, the City will also be adding a drought rate schedule. Drought rates will be in effect when a drought is declared, and the drought rate will correspond to the drought stage declared by the City Council at a public meeting and set at that time according to the level of or percentage reduction in consumption that is required.

4. Reason for the Change in Water Rates:

The major driver of the needed water rate increases is water consumption. Both the current ongoing drought and the decline in per capita water use have resulted in decreased water revenues while the costs of providing water service have continued to rise. The water rates must be increased as proposed in the attached schedule (Exhibit A) in order to generate the revenue sufficient to cover the annual operating and capital needs of the water utility. The proposed increased water rates will not exceed the proportional existing and future cost of providing water service.

5. Basis Upon Which Amount of Proposed Change in Water Rates Was Calculated:

The proposed increased water rates have been calculated through a comprehensive cost of service analysis which equitably and proportionally allocates the cost of providing service between the various water user groups (residential, non-residential, irrigation). The basis for the fixed charges is the customer meter reading and billing

component plus a proportion of the fixed costs of the system. The consumption charges are based on the variable costs and the remaining proportion of fixed costs not included in the fixed charges. Drought rates are proposed to reflect the reduction in water revenues based on the City's conservation plan and water use reductions for each stage. Reference should be made to the detailed rate study Report prepared to analyze and develop the proposed water rates. The Report is available at the City's Public Works Department.

6. **Procedure for Hearing and Protesting Proposed Rate Increase:** You have the right to submit a written protest against the proposed increase in water rates either by mailing or delivering the written protest to the City Clerk at 1717 Ninth Street, Reedley, CA 93654, or delivering the written protest at the public hearing. You have the right to withdraw a written protest that you previously submitted prior to the conclusion of the public hearing. At the time stated for the public hearing in section 1 of this Notice, the Council will hear and consider all objections and written protests, if any, to the proposed water rates. The Council may continue the hearing from time to time. At the close of the hearing, Council will count all written protests timely submitted. Council will not count written protests submitted after the conclusion of the public hearing. Only one protest per parcel will be counted. A written protest must include (1) your name and original signature; (2) identification of the parcel by parcel number or address; (3) whether you are the owner of the parcel or the person receiving the service for which the rate is charged; and (4) your statement that you protest the increase in the water rates. Written protests will not be accepted by e-mail or fax. Verbal protests will not be counted. If written protests against the proposed increased water rates are presented and not withdrawn by a majority of the record owners of the parcels that would be subject to the water rates, the City will be prohibited from approving the proposed water rates; instead, water rates would continue at the previously approved amounts. If, at the close of the public hearing, there is no majority protest as described above, the Council may approve the proposed water rates, or some lesser increase to the water rates, to be effective commencing August 1, 2016.

Additional Information: Please contact Russ Robertson, Public Works Director, at (559) 637-4200 for additional information or answers to questions about the proposed water rate changes or protest proceedings:

**City of Reedley Master Fee Schedule
Public Works Department Water Rates**

Exhibit "A"

**Current
Rates**

Proposed Rates

8/1/2016 7/1/2017 7/1/2018 7/1/2019 7/1/2020

*Rate adjustments for years 2017 -2020 will be based on an annual
inflationary index. The numbers listed below estimate a 2.5%
increase to rates and are for illustration purposes. The inflationary
index for these years can be more or less.*

Residential Water Rate Structure:

Service (Meter) Charge / per month

¾" and 1"	\$26.71	\$30.35	\$31.15	\$32.00	\$32.80	\$33.70
1-½"	31.18	35.51	36.45	37.44	38.38	39.43
2"	35.62	40.37	41.43	42.56	43.62	44.82

Commodity Charge - \$/1,000 gallons

0 – 15,000 gallons	\$0.87	\$1.00	\$1.03	\$1.06	\$1.09	\$1.12
15,000-25,000 gallons	0.98	1.05	1.08	1.11	1.14	1.18
Over 25,000 gallons	1.05	1.10	1.13	1.17	1.20	1.23

* Residential is defined as including single-family residential, duplex, triplex and multi-family customers.

** Residential construction water will be billed per the rate structure above

Non-Residential Water Rate Structure:

Service (Meter) Charge / per month

¾"	\$33.41	\$30.35	\$31.15	\$32.00	\$32.80	\$33.70
1"	36.86	30.35	31.15	32.00	32.80	33.70
1-½"	38.98	35.51	36.45	37.44	38.38	39.43
2"	44.54	40.37	41.43	42.56	43.62	44.82
3"	50.11	45.53	46.72	48.00	49.20	50.55
4"	72.39	65.86	67.60	69.44	71.18	73.13
6"	144.81	131.42	134.88	138.56	142.02	145.92
8"	231.71	210.63	216.18	222.08	227.63	233.88

Commodity Charge - \$/1,000 gallons

0 – 15,000 gallons	\$0.87	\$1.00	\$1.03	\$1.06	\$1.09	\$1.12
15,000-25,000 gallons	0.98	1.05	1.08	1.11	1.14	1.18
Over 25,000 gallons	1.05	1.10	1.13	1.17	1.20	1.23

* Non-Residential customers include commercial, industrial, and other/schools
(also includes residential customers with meters larger than 2")

** Non residential construction water will be billed per the rate structure above

Irrigation Water Rate Structure:

Service (Meter) Charge / per month

¾"	\$33.41	\$30.35	\$31.15	\$32.00	\$32.80	\$33.70
1"	36.86	30.35	31.15	32.00	32.80	33.70
1-½"	38.98	35.51	36.45	37.44	38.38	39.43
2"	44.54	40.37	41.43	42.56	43.62	44.82
3"	50.11	45.53	46.72	48.00	49.20	50.55
4"	72.39	65.86	67.60	69.44	71.18	73.13
6"	144.81	131.42	134.88	138.56	142.02	145.92
8"	231.71	210.63	216.18	222.08	227.63	233.88

Commodity Charge - \$/1,000 gallons

	\$1.10	\$1.14	\$1.17	\$1.20	\$1.23	\$1.26
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* Irrigation customers will be charged a monthly rate depending on meter size and a consumption rate.

** If customer has a second meter dedicated solely to landscape irrigation there will be no monthly service charge for that meter.

**City of Reedley Master Fee Schedule
Public Works Department Water Rates**

Exhibit "A"	<i>Current Rates</i>	<i>Proposed Rates</i>				
		8/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020

Temporary Construction Water (from fire hydrant):

Meter Refundable Deposit	\$799.95	\$819.14				
Meter Rental / per month	58.66	60.06				
Charge for water used / per 1,000 gallons	0.87	1.00	1.03	1.06	1.09	\$1.12

Dedicated Fire Protection Service Line Charge:

Less than 2" inches	\$30.99	\$33.50	\$34.35	\$35.25	\$36.15	\$37.05
3 inches	61.76	66.76	68.46	70.25	72.04	73.84
4 inches	92.78	100.29	102.84	105.53	108.23	110.92
6 inches	123.42	133.42	136.80	140.39	143.97	147.55
8 inches and up	154.33	166.83	171.06	175.54	180.03	184.51

* The charge for water furnished per month to a fire sprinkling system shall be based upon the diameter of the service pipe connected to the City water main.

Service Call-Outs:

Per City of Reedley Master Fee Schedule

Residential & Non-Residential Drought Rate Structure:

Commodity Charge - \$/1,000 gallons

Stage 1

0 – 15,000 gallons	\$0.00	\$1.12	\$1.15	\$1.18	\$1.22	\$1.25
15,000-25,000 gallons	0.00	1.17	1.20	1.24	1.27	1.31
Over 25,000 gallons	0.00	1.22	1.25	1.29	1.32	1.36

Stage 2

0 – 15,000 gallons	\$0.00	\$1.35	\$1.38	\$1.43	\$1.47	\$1.51
15,000-25,000 gallons	0.00	1.40	1.44	1.48	1.52	1.56
Over 25,000 gallons	0.00	1.45	1.49	1.53	1.58	1.62

Stage 3

0 – 15,000 gallons	\$0.00	\$1.85	\$1.90	\$1.96	\$2.01	\$2.07
15,000-25,000 gallons	0.00	1.90	1.95	2.01	2.07	2.13
Over 25,000 gallons	0.00	1.95	2.01	2.07	2.12	2.18

Stage 4

0 – 15,000 gallons	\$0.00	\$2.55	\$2.63	\$2.71	\$2.78	\$2.86
15,000-25,000 gallons	0.00	2.60	2.68	2.76	2.84	2.92
Over 25,000 gallons	0.00	2.65	2.73	2.81	2.89	2.97

Irrigation Drought Rate Structure:

Commodity Charge - \$/1,000 gallons

Stage 1

All Consumption	\$0.00	\$1.27	\$1.30	\$1.33	\$1.37	\$1.40
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Stage 2

All Consumption	\$0.00	\$1.52	\$1.56	\$1.60	\$1.64	\$1.68
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Stage 3

All Consumption	\$0.00	\$2.07	\$2.13	\$2.18	\$2.24	\$2.29
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Stage 4

All Consumption	\$0.00	\$2.85	\$2.93	\$3.00	\$3.08	\$3.15
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