



**CITY COUNCIL
AGENDA REPORT**

**TYPE OF ITEM: Public Hearing
AGENDA ITEM NO.: 1**

DATE: July 11, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

Ruth Osuna

FROM: Daniel Rydberg
Public Works Director

SUBJECT: Public Hearing Regarding and First Reading of Ordinance for Water Rate
Increases (30/30/60)

CONTACT: Daniel Rydberg, Public Works Director
Daniel.Rydberg@oxnard.org, 385-8055

RECOMMENDATION:

RECOMMENDATION:

That City Council:

1. Holds a public hearing to receive public testimony and consider all protests concerning the adoption of an ordinance establishing water system user fees and charges.
2. Finds that, according to the CEQA exemption listed in 14 CCR section 15273, CEQA does not apply because this ordinance establishes rates, which the Council finds are for the purposes of: meeting operating expenses, including employee wage rates and fringe benefits; purchasing or leasing supplies, equipment, or materials; meeting financial reserve needs and requirements; and obtaining funds for capital projects, necessary to maintain service within existing service areas.
3. Approves the introduction and first reading by title only and waives further reading of an ordinance establishing fees and charges for the use of and for services relating to City water services.

BACKGROUND

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Overview

The City of Oxnard operates a water utility to serve its residential, commercial, industrial, institutional and agricultural customers. As the largest city in Ventura County, the City services more than 43,000 customers with potable water, of which 88 percent are single- and multi-family residential accounts.

The water utility is responsible for a system of water transmission, distribution and storage facilities, blending stations, and a water treatment facility to deliver potable water to City customers. Nearly a third of the City's water supply is imported surface water from the Metropolitan Water District of Southern California through the Calleguas Municipal Water District. Another quarter of the water supply comes from regional groundwater sources via the United Water Conservation District. Forty percent comes from the City's groundwater storage facilities and is treated by reverse osmosis before entering the City water supply. Finally, the Public Works Department operates an Advanced Water Purification Facility that produces recycled water to supplement the City's water supply, representing roughly two percent of the water supply.

The City's water system includes: ten water wells, five turnouts from the United Water Conservation District's Oxnard-Hueneme pipeline system, one turnout from the Calleguas Municipal Water District's water system, one reverse osmosis treatment plant, six blending stations, over 500 miles of transmission and distribution pipelines, a network of remote pressure monitoring stations, and a pipeline to deliver water to the Port Hueneme Water Agency.

The City delivers on average over 20 million gallons per day of potable and recycled water to more than 43,000 utility customers located both inside and outside of the City's boundaries. Water demand fluctuates throughout the year with average monthly water demand ranging from 558,592 hundred cubic feet (HCF) during winter months to 661,177 HCF during summer months.

Need for Water Rate Increases

The City's primary financial goal for its utility enterprises is to ensure that revenues from rates and fees are adequate to fund daily operations and maintenance, capital improvement, debt service and reserves. The funds generated by water utility rates are used to provide safe drinking water for City residents and businesses. This money funds operations, maintenance, repairs, debt payments, reserve levels, infrastructure costs, and capital projects. Additionally, to maintain adequate water supply and reliability, the City must comply with strict environmental regulations and State water conservation mandates, which have increased the cost of water supplies.

The last time the City implemented a rate increase was four years ago or in fiscal year 2012-2013. Rates were increased by three percent. In January 2016, staff introduced Ordinance No.

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2900 to increase water rates in the amount of 15 percent, but the Council did not adopt the ordinance and instead instructed staff to wait for a completed financial audit for the City. The Council further directed staff to establish a citizen ratepayer committee to consider the new rates and advise the Council on these rates.

As stated in the Standard and Poor's April 5, 2017 report, consultants to the City completed a cost of service study in September 2015 that recommended additional rate increases of 15% for fiscal 2016, 12% for fiscal 2017, and 8% annually through fiscal 2020; however, the City deferred taking prompt action on the study's recommendation partly due to some ratepayer resistance to wastewater rate increases.

In February 2017, the Council approved a pass-through of wholesale rate increases for 2015-2016 and 2014-2015. However, this pass-through is insufficient to comply with rate covenants for fiscal year 2017-2018. Therefore, water service rates must be increased to a level that will allow the Water Fund to be in compliance with rate covenants.

The current revenues from water are less than the overall costs to provide services. In other words, the Water Fund is quickly depleting its operational revenues. Because the majority of expenses are fixed costs, when water consumption goes down, revenues decrease more than expenses if rates do not change. The water utility needs rate increases to improve and support the fiscal health of this vital City service.

Additionally, the rating for the Water Fund was lowered by Standard and Poor's based on the water system's insufficient financial performance during the past two audited fiscal years. The lowered rating also reflects an expectation that financial performance will remain insufficient for the current fiscal year (FY 2016-2017).

As further justification for lowering the City's rating, the Standard and Poor's report also noted that the City's water system has affordable service rates, although rate adjustments have not been timely in recent years. Additionally, financial performance has been insufficient during the past two fiscal years. While the water system has a strong liquidity position, it has declined in recent years due to insufficient financial performance. Lastly the report states that the capital plan is being revised and downscaled to fit within the constraints of the water system's current financial capacity.

Consequences of Not Raising Rates

If water rates are not increased, the City's water enterprise fund will not receive sufficient revenue to cover expenses for fiscal year 2017-2018. The fund will not be able to meet bond coverage requirements, which could result in another credit downgrade and an increased cost for funding required maintenance projects. The water enterprise fund is projected to end June 30, 2017, with \$3.9 million in operating funds and a carry-over of \$1.9 million for capital improvement projects. Without rate increases, the Water Enterprise will operate at a monthly

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loss of \$400,000 to \$450,000 and is expected to begin running in a deficit by the end of August 2017.

This means that the City would not be able to replace failed water meters in a timely manner, which could further reduce revenues. Maintenance of pipeline corrosion protection systems, the flushing of pipelines, and the exercising of valves would be delayed. Streets would be resurfaced without replacing cast iron and asbestos cement water lines. This could result in premature failures and damage to newly refurbished streets.

Due to the immediate need of rate increases, there is not enough time to convene a utility ratepayers advisory panel for the water rates and have new rates in place this summer prior to the Fund's imminent negative fund balance. Staff recommends that the appointment of a utility ratepayers advisory panel for the water rates be delayed and that an immediate increase be adopted by the City Council. City staff obtained a new water rate study for application for approximately 16 months and recommends adopting the rates yielding from the study. In early 2018, a utility ratepayers advisory panel can be appointed to review new proposed water rates. The utility ratepayers advisory panel can then recommend to the UTF and the City Council a water rate scenario for a five year period beginning January 2019 to December 2023.

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WATER OPERATING FUND 601		
	FY2016-17 ORIGINAL BUDG	*FY2016-17 ESTIMATED YEAR END
Beginning Fund Balance:	\$ 8,917,899	\$ 12,757,337
Revenue:		
601- Water Operating Fund		
Residential Water Service	27,666,000	25,300,000
Comm/Industrial Water Service	14,016,000	14,016,000
Addtl Water Service Agreements	2,839,500	3,425,000
Recycled Water Service	1,104,000	862,000
Interest and Penalties	1,938,300	2,380,300
Other Revenue	3,034,600	2,381,600
Fund 601 Total Revenue	\$ 50,598,400	\$ 48,364,900
Expenditures by Dept/Div:		
601- Water Operating Fund		
OPERATIONAL		
6001- Water Production	24,888,001	25,300,807
6002- Water Distribution	2,217,609	1,830,168
6003- Water Metering	1,938,807	1,608,056
6004- Debt Service	14,872,828	14,872,828
6010- Water Procurement	8,396,787	8,659,653
6011- Conservation/Outreach	498,052	237,125
6012- Recycled Water	3,273,877	2,678,299
6045- Public Info- Special Projects	151,710	171,980
Total Operational Expenditures	\$ 56,237,671	\$ 55,358,916
CAPITAL IMPROVEMENT PROJECTS		
3410- Transportation CIP	-	20,374
6510- CIP Pipe Replacement	368,500	50,000
6538- CIP Water Well Rehab	955,000	167,526
6551- Other CIP	640,500	1,253,551
6553- CIP AWPf	25,000	-
6670- W/W CIP Study and Plans	30,000	75,500
9400- Grant Administrative	-	500
9718- CIP HWY 101/Rice	-	500
9832- CIP Hueneme Rd	215,000	288,340
Total CIP Expenditures	\$ 2,234,000	\$ 1,856,291
Fund 601 Total Expenditures	\$ 58,471,671	\$ 57,215,207
Net Change in Fund Balance:	\$ (7,873,271)	\$ (8,850,307)
Ending Fund Balance:	\$ 1,044,628	\$ 3,907,030
*Estimated Year End Includes CIP carryovers		

Proposed Water Rates

In a 2015 decision, *Capistrano Taxpayers Association, Inc. versus the City of San Juan Capistrano*, the court clarified the way water rates can be structured. Previously, many cities had tiered rate structures to encourage water conservation. Tiers are still allowed, however, rates must be tied to costs of service rather than just to conservation goals. This has impacted water rate structures for many California cities including Oxnard. The proposed rates comply with the courts' current interpretation of Proposition 218.

The overall average proposed rate increase is 14 percent. Individual rate increases vary by customer class and individual use. For the average single family household based on 9 HCF water use, the proposed water rate increase will result in an increase of \$3.60 per month.

Rate Setting Process

It is a standard business practice for cities to perform periodic reviews of their utility finances and rates to ensure that adequate resources are available to sufficiently and equitably fund utility operations, maintenance and capital investments. In California, water rates must conform to cost of service requirements imposed by Proposition 218 and the State Constitution. That Proposition requires that water rates and other property-related fees and charges do not exceed the reasonable and proportional cost of providing the services.

The rate setting process typically consists of the following three major elements: 1) revenue requirements, 2) a cost of service analysis, and 3) rate design. The following is a general description of the three elements.

- 1) Revenue Requirements. The revenue requirements component compares the revenues received for providing the services to the operating and capital costs associated with providing the services to determine the adequacy of the existing rates to recover the full costs.
- 2) Cost of Service Analysis. The cost of service analyses is the fundamental element in making sure that each customer receives his, her, or its proportional cost. The operating and capital costs are allocated to functional cost centers and then reallocated to customer costs. Unit rates are derived for the system as a whole, at which point costs are allocated to specific customer classes based on the burden they place on the system.
- 3) Rate Design. The rate design element is the development of rates structures that allow for recovery of total costs while incorporating the results of the cost of service analyses. The rate structures have a multitude of guidelines that can be incorporated, but rely on the fundamental fact that the rates will not exceed the costs of providing the services.

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Within these broad legal requirements, utilities have some degree of latitude in applying cost-of-service principles to develop rates that appropriately and adequately reflect their distinct and unique characteristics and the values of the communities they serve.

Proposition 218 Process

On April 18, 2017, the City Council directed staff to proceed with a Proposition 218 notification process. The property owners and ratepayers were notified on May 24, 2017. This began the legally required 45-day notice period. After the notice period, the City Council will hold a protest hearing at its regular meeting on July 11, 2017, introducing the proposed water ordinance for the first reading. The second reading of the ordinance will likely be scheduled to be held at the regular Council meeting on July 18, 2017. Upon approval, the water rate increases would become effective September 1, 2017.

CEQA

Title 14, Section 15273 of the California Code of Regulations states that the California Environmental Quality Act (CEQA) does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for any of the following relevant purposes: meeting operating expenses, including employee wage rates and fringe benefits; purchasing or leasing supplies, equipment, or materials; meeting financial reserve needs and requirements; or obtaining funds for capital projects, necessary to maintain service within existing service areas.

This ordinance establishes water rates for many purposes. The water utility will use the higher rates to pay for electricity and new parts as well as to obtain new water distribution operators, thus, the ordinance establishes water rates to meet operating expenses, including employee wage rates and fringe benefits, operating, maintenance, capital cost and financial obligations. The water utility needs to regularly purchase chemicals, such as chlorine to disinfect the water supply and destroy pathogenic bacteria, and chemicals for reverse osmosis to remove the high levels of total dissolved solids and salts in the drinking water; thus, the ordinance establishes rates to purchase supplies, equipment, and materials. The new rates would help the water utility work towards meeting the City Council policy for reserve requirements, which would be used to cover debt payments, emergency repairs and operating expenses; thus, the ordinance establishes water rates to meet financial reserve needs and requirements. The utility plans include upgrades for two of the three reverse osmosis trains, which will include membrane replacement and other appurtenance replacements, SCADA automation control upgrades, and meter infrastructure improvements; thus, the ordinance obtains funds for capital projects necessary to maintain service within existing service areas.

STRATEGIC PRIORITIES

This agenda item supports the Infrastructure and Natural Resources strategy. The purpose of the

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Infrastructure and Natural Resources strategy is to establish, preserve and improve our infrastructure and natural resources through effective planning, prioritization, and efficient use of available funding. This item supports the following goals and objectives:

Goal 3. Ensure funding is adequate to meet the goals of the master plans.

Objective 3a. Maximize funding sources.

Objective 3b. Set rates and fees to fully recover cost.

FINANCIAL IMPACT

S&P Global Ratings (S&P) recently performed a periodic rating surveillance on the City of Oxnard Financing Authority's water revenue bond ratings and downgraded the ratings to an 'A' with stable outlook from an 'A+' with negative outlook. The water system's credit downgrade was as a result of recent inadequate financial performance over the past three fiscal years. The water system is currently not in compliance with debt covenants and has reduced cash reserves below minimum requirements established by City's reserve policy.

The City is currently taking steps to improve the water system's financial performance and reduce the possibility of future downgrades. In order to strengthen the water system's financial standing, rates must be increased to:

- Maintain sufficient cash flows to meet current and projected increase in utility operations and maintenance.
- Finance long-term capital improvements to increase operating efficiency, meet regulatory requirements.
- Increase fund balances to target levels of the Council-adopted reserve policy as well as to have cash on hand for emergencies.
- Meet or exceed the bond coverage target of the Council-adopted coverage policy.
- Continue to adopt utility schedules and financial policies to ensure the equitable allocation of utility requirements to the City's ratepayers in keeping with the requirements of California law.
- Improve bond rating in order to gain more favorable interest rates.
- Meet all contractual debt covenants.
- Increase reserves to use cash for pay-as-you-go capital projects.

ATTACHMENTS:

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Attachment A - Water Rates Ordinance

Attachment B - Water Cost of Service Study

ORDINANCE NO. _____**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
OXNARD ESTABLISHING FEES AND CHARGES FOR THE USE OF
AND FOR SERVICES RELATING TO CITY WATER SERVICES**

WHEREAS, Section 22-60 of the Oxnard City Code requires that the City Council establish by ordinance the rates charged for all water supplied by the City; and

WHEREAS, Section 22-60 of the Oxnard City Code provides that the rates charged for water supplied by the City shall be increased by the same percentage that the rates paid by the City to its water supply wholesalers increase; and

WHEREAS, the Water Division of the Public Works Department operates as a self-supporting enterprise fund (Water Fund) that depends upon revenues derived from the sale of water to City customers; and

WHEREAS, on the 18th of September, 2012, the City Council adopted City Ordinance Number 2859, establishing the current rates and charges applicable to City water customers; and

WHEREAS, the City's Public Works Department completed a Cost of Services Study, dated July 2017 (Rate Study). The Rate Study assesses the water utility's operation, maintenance, repair, replacement, and capital improvement program budgets and requirements, which collectively are incorporated into the recommended rates provided in this ordinance, so that the proportional cost of providing water service to the City's various customer classes are allocated consistently with all applicable legal requirements. The Rate Study and all the studies, plans and documents relied upon and incorporated in the Rate Study provide the basis for the rates and charges set forth herein; and

WHEREAS, the Rate Study and this ordinance reflect updated supplemental fees and charges for certain special services available upon request throughout the City; and

WHEREAS, this ordinance includes provision for the automatic adjustment of rates based on inflation, changes in certain third-party costs and mandatory water shortage conditions. The proposed rates displayed as effective beginning September 1, 2017, show the authorized rates applicable September 1, 2017. However, the actual rates effective September 1, 2017, may vary based on the implementation of any automatic rate adjustments as may be authorized as provided in Ordinance Number 2859, prior to the effective date of this ordinance; and

WHEREAS, Public Resources Code Section 21080(b)(8) and Section 15273 of the California Environmental Quality Act (CEQA) Guidelines provide that CEQA does not apply to the establishment or modification of public agency rates and other charges which the public agency finds are intended for certain purposes.

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NOW, THEREFORE, the City Council of the City of Oxnard does hereby find as follows:

1. CEQA does not apply to this ordinance because this ordinance establishes or modifies the City's rates and other charges for the following purposes:
 - a. Meeting the water utility's operating expenses, including employee wages and fringe benefits;
 - b. Purchasing or leasing supplies, equipment, and materials;
 - c. Meeting the Water Fund's financial reserve needs and requirements; and
 - d. Obtaining funds for capital projects necessary to maintain water service within the existing service areas.
2. The basis for the foregoing claim of exemption is found in the Rate Study.

NOW, THEREFORE, the City Council of the City of Oxnard does ordain as follows:

Part 1. Section 22-60 ("Water Rates") of the Oxnard City Code is hereby amended to read as follows:

“(A) The rates charged for all water supplied by the City shall be established by ordinance of the City Council. Each customer receiving water service is liable for payment for such service at the rates so established.

(B) Pursuant to Government Code section 53756, and after notice is provided as required by law, the adopted rates shall automatically adjust over a five-year period for inflation in the cost of operating the City's water system. If the actual inflation in the rates paid by the City to every third party water supplier (including but not limited to United Water Conservation District and Calleguas Municipal Water District) and the management agency from whom the City purchases some or all its water supplies, or to whom the City pays a groundwater extraction, replenishment or pump charge, since the effective date of the rates exceeds the Rate Study's cumulative forecast for inflation in such costs for that same period, the rates will be automatically adjusted to recover the difference between the two. For example, if in year three of these rates the actual inflation paid by the City since the effective date of the rates is 8.75 percent and the Rate Model estimates a cumulative increase of 7.5 percent over that same time period, then the inflation adjustment for that year would be 1.25 percent. On the other hand, if the actual inflation for this example time period is 7.5 percent, then no inflation adjustment would be made for that year as the actual inflation would equal the estimated inflation in the Rate Model. The City shall issue the adjustments no more than once per calendar year, and these adjustments will be effective at least 60 calendar days thereafter.

(C) Annually on July 1 of each year, the rates provided in City Code Sections 22-61 through 22-66 shall automatically adjust to reflect the prior year, April to April, annual percentage change in the Consumer Price Index – All Urban Consumers, Los Angeles – Riverside – Orange

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County, California, published by the U.S. Bureau of Labor Statistics. For example, on July 1, 2018, the inflation adjustment percent is to be calculated based on the percentage change from April 2017 to April 2018 for the above referenced index.

(D) When the City Council declares the existence of a water shortage condition pursuant to City Code Section 22-154, the water rates and charges provided in City Code Sections 22-61 through 22-66 that are based on water use shall be adjusted to reflect the level of severity and corresponding mandatory water conservation percentage reflected in the water shortage condition declaration. For example, if the Council declares a Stage 2 water shortage condition with a mandatory water use reduction goal of 20%, then the rates provided in City Code Sections 22-61 through 22-66 that are based on water use shall be concurrently adjusted upward by the same percentage – 20%. This adjustment shall be initiated as of the effective date of the water shortage declaration and terminate as of the date of the termination of that water shortage declaration.”

Part 2. Section 22-61 of the Oxnard City Code is hereby renamed “Monthly Water Usage Fees and Charges” and is hereby amended to read as follows:

“The following fees and methods for charging and collecting for services relating to the water system of the City are established and effective on the date indicated, as follows:

(A) Monthly Rates for Single Family Residential Water Use:

Tier	Usage in HCF	Effective Sept. 1, 2017
1	0 to 9	\$3.36
2	> 9 to 15	\$5.16
3	> 15	\$6.14

(B) Monthly Rates for Multi-Family Residential Water Use (per dwelling):

Tier	Usage in HCF (Per Dwelling Unit)	Effective Sept. 1, 2017
1	0 to 8	\$3.58
2	> 8	\$5.76

(C) Monthly Rates for Commercial and Industrial Water Use:

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Tier	Usage in HCF	Effective Sept. 1, 2017
2" Meters and Below		
1	0 to 62	\$3.26
2	> 62	\$5.77
3" Meters and Below		
	Uniform Rate	\$4.54

(D) Monthly Rates for Commercial and Industrial Recycled Water In Lieu of Potable:

Tier	Usage in HCF	Effective Sept. 1, 2017: Rate per HCF
1	Uniform Rate	\$3.34

(E) Monthly Rates for Irrigation:

Tier	Tier Breaks: Usage in HCF	Effective Sept. 1, 2017: Rate per HCF
2" Meters and Below		
1	0 to 24	\$3.37
2	> 24	\$6.00
3" Meters and Above		
	Uniform Rate	\$5.16

(F) Monthly Rates for Irrigation Recycled Water In Lieu of Potable:

Tier	Usage in HCF	Effective Sept. 1, 2017
1	Uniform Rate	\$3.52

(G) Monthly Rates for Ocean View Agricultural Irrigation:

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Usage in HCF	Effective Sept. 1, 2017
Uniform Volumetric Rate per HCF	\$1.19

(H) Monthly Rates for Metered Construction:

Tier	Usage	Effective Sept. 1, 2017
1	All Usage	\$4.54"

Part 3. Section 22-62 of the Oxnard City Code is hereby named "Monthly Fixed Water Meter Fees and Charges" and is hereby amended to read as follows:

"In addition to monthly rates for water use (per HCF) as set forth in Section (22-61), all accounts shall pay one of the following monthly meter rates, based on service connection or meter size, and the associated customer class or use:

(A) Monthly Fixed Rates for Single Family Residential/ Ocean View Non-Agricultural:

Meter Size	Effective Sept. 1, 2017
3/4"	\$19.52
1"	\$31.47
1 1/2"	\$61.10
2"	\$96.80
3"	\$209.96
4"	\$358.63
6"	\$745.40
8"	\$1,072.56
10"	\$1,727.05

(B) Monthly Fixed Rates for Multi-Family Residential:

Meter Size	Effective Sept. 1, 2017
3/4"	\$17.73
1"	\$28.49
1 1/2"	\$55.16

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2"	\$87.28
3"	\$189.13
4"	\$322.93
6"	\$671.03
8"	\$965.47
10"	\$1,554.51

(C) Monthly Fixed Rates for Commercial, Industrial and Irrigation:

Meter Size	Effective Sept. 1, 2017
3/4"	\$14.16
1"	\$22.53
1 1/2"	\$43.27
2"	\$68.26
3"	\$147.47
4"	\$251.54
6"	\$522.28
8"	\$751.29
10"	\$1,209.44

(D) Monthly Fixed Rates for Fire Service:

Meter Size	Effective Sept. 1, 2017
3/4"	\$1.99
1"	\$3.32
1 1/2"	\$6.61
2"	\$10.58
3"	\$23.15
4"	\$39.68
6"	\$82.66
8"	\$119.02
10"	\$191.76

(E) Monthly Fixed Rates for Non-Metered Construction:

Meter Size	Effective Sept. 1, 2017
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3/4"	\$36.86
1"	\$67.93
1 1/2"	\$156.77
2"	\$295.26

(F) Monthly Fixed Rates for Metered Construction:

Meter Size	Effective Sept. 1, 2017
1"	\$22.53
3"	\$147.47"

Part 4. Section 22-63 of the Oxnard City Code is hereby named "Special Water Services" and is hereby amended to read as follows:

"Each customer shall pay the following fees, according to the service received.

(A) Flat rates: Effective Sept. 1, 2017.

Where meters are not installed, water services shall be paid for each dwelling facility, business activity, construction site, or service, whether or not such facility, activity, site or service is at the same location, at a monthly rate which shall be determined by the Public Works Director subject to the approval of the City Manager. Any unmetered service shall be temporary and limited to the shortest duration practical.

(B) The monthly security and contamination prevention fee shall be as follows:

<i>Service</i>	<i>Effective Sept. 1, 2017</i>
Security and contamination prevention fee	\$1.24

(C) The monthly water resource fee shall be as follows:

<i>Service</i>	<i>Effective Sept. 1, 2017</i>
Water resource fee	\$0.50

(D) Service to the City

(1) The City shall pay for all installation services furnished to the City at the rates established by this Section. However, the Water Division shall be exempt from paying for installation service.

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(2) The City shall pay for all water furnished to the City at the rates established by this Section. However, the Water Division and the Fire Department shall be exempt from paying for water provided to them.

(3) Unmetered water used for street sweeping, plant watering, storm drain flushing, construction purposes, and all miscellaneous uses not herein specifically mentioned shall be deemed to have been furnished through a single meter for each department. The Public Works Director shall estimate the monthly volume of unmetered water used for such purposes.

(4) All water furnished to property owned by the City shall be metered.

(E) Temporary agricultural use - The City may provide water on a temporary basis for agricultural purposes in accordance with Section 22-66 of the City Code. Monthly water rates for temporary agricultural purposes shall be the same as commercial/industrial blended rates.

(F) Broken locks - In the event a customer breaks a lock placed on the water meter, in addition to all other amounts due, the customer shall pay a fee of \$12 to replace the broken lock.

(G) Billing and collection; delinquent bills; nonpayment - The customer shall pay a fee of \$15 for each visit to a customer's property to collect a water bill that is delinquent. If water service is discontinued due to nonpayment or non-compliance with the City Code or this Section, in addition to all other amounts due, the customer shall pay a fee of \$80 for resuming service.

(H) Billing procedure for periodic charge for City water service - Water service bills shall be computed according to the rates then in effect and the number of days in the service period at each rate.”

Part 5. Section 22-64 of the Oxnard City Code is hereby named “Water Service and Meter Rates” and is hereby amended to read as follows:

“As provided in Section 22-37 of the City Code, the customer shall pay for installation of each water service and water meter.

(A) In addition to the cost of administration and materials, the rates for installing each new service and each new meter, which amount shall be paid in advance, shall be as follows:

<i>Service (inches)</i>	<i>Meter (inches)</i>	<i>Meter Box and Tail Piece (inches)</i>	<i>Effective Sept. 1, 2017</i>
3/4	3/4	3/4	\$1,500
1	1	1	\$1,700
1-1/2	1-1/2	1-1/2	\$2,200
2	2	2	\$2,500

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(B) The rates for installing each new on a service, previously installed and paid for, shall be as follows in addition to the cost of materials:

<i>Service (inches)</i>	<i>Meter (inches)</i>	<i>New Box (inches)</i>	<i>Effective Sept. 1, 2017</i>
3/4	3/4	3/4	\$450
1	1	1	\$525
1-1/2	1-1/2	1-1/2	\$925
2	2	2	\$1,100"

Part 6. Section 22-65 of the Oxnard City Code is hereby renamed "Other Deposits, Fees and Rates" and is hereby amended to read as follows:

"As provided in Sections 22-19, 22-26, 22-33, 22-35, 22-39, 22-40, 22-46, 22-48, 22-49, 22-61, 22-62, 22-63, 22-64 and 22-66 of the City Code, the City shall require the payment of deposits, fees and charges as follows:

(A) Fully allocated hourly rates -

	<i>Effective Sept. 1, 2017</i>
Meter repair worker	\$68
Water distribution operator I	\$62
Water distribution operator II	\$71
Senior water distribution operator	\$78

(B) Deposit guaranteeing payment - Each applicant for service shall be required to place a deposit with the City to guarantee the payment of all water charges. The amount of this deposit for monthly water service shall be:

	<i>Meter (inches)</i>	<i>Effective Sept. 1, 2017</i>
For each	3/4	\$44
For each	1	\$65
For each	1-1/2	\$120
For each	2	\$185
For each meter over two inches, an amount equal to an approximate one-month minimum bill, but not less than \$205.		

(C) Meter testing - Upon written request to test a meter, the customer shall deposit \$100 for a meter size of up to eight inches and \$200 for a meter size of over eight inches.

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(D) Turning water on or off - Except in an emergency situation, the charge to have water turned on or off during customary business hours (8:00 a.m. to 5:00 p.m., Monday through Friday) shall be \$80. To have the water turned on or off at any time after hours (this includes weekends and City-observed holidays), the charge shall be \$145.

(E) Removal of meter and reinstallation - In the event a customer turns on the water service or permits or causes water service to be turned on after water service has been turned off for nonpayment or non-compliance, the City shall again turn off service and remove the meter, and the customer shall pay a fee of \$120, in addition to other amounts due, before water service is restored.

(F) Request for relocation or abandonment of meters or service will be estimated in accordance with the following schedule:

- (1) Relocate meter box laterally (not in paved area) -

<i>Meter</i>	<i>Sept. 1, 2017</i>	<i>Sept. 1, 2017</i>
3/4"	\$440 + Abandonment Cost	\$560
1"	\$615 + Abandonment Cost	\$735
1-1/2"	\$835 + Abandonment Cost	\$985
2"	\$1,190 + Abandonment Cost	\$1,370

- (2) Relocate meter box from yard to sidewalk -

<i>Service</i>	<i>Effective Sept. 1, 2017</i>
Relocate meter box from yard to sidewalk	\$240

- (3) Relocate meter box from driveway to sidewalk -

<i>Service</i>	<i>Effective Sept. 1, 2017</i>
Relocate meter box from driveway to sidewalk	\$300

- (4) Abandonment of water services -

<i>Meter</i>	<i>Effective Sept. 1, 2017</i>
3/4"	\$120
1"	\$120
1-1/2"	\$150
2"	\$180

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* Relocation or abandonment of services will be done by Water Distribution personnel unless it is determined by the water resources manager that a contractor will be used. It is required that the contractor follow the proper public works procedures, obtain all necessary permits, have all necessary inspections performed and pay all required fees.

(5) Credit for existing meter removed and replaced with a larger service and meter in the same location -

<i>Meter Size Removed</i>	<i>Effective Sept. 1, 2017</i>
3/4"	\$235
1"	\$290
1-1/2"	\$505
2"	\$715

(G) Backflow prevention and cross-connection control

Timely submission of forms demonstrating completed testing and inspection compliance for backflow prevention and cross-connection control device(s) shall include a \$21 fee for each device. If the properly completed compliance forms are not returned within 30 days, the water resources manager shall send a second notice and assess an additional \$16 late fee. If the properly completed compliance forms are not returned within 60 days of the original notice, the water resources manager shall send a third notice and assess an additional \$27 late fee. If the properly completed compliance forms are not returned within 90 days of the original notice, the customer or owner shall pay an additional \$53 plus the cost of all administrative, labor and materials required to complete the work. Inspection services by City employees shall be provided for a fee of \$48 plus \$16 per device.

(H) Fire hydrant testing, inspection and repair fees -

<i>Service</i>	<i>Effective Sept. 1, 2017</i>
Hydrant flow test inspection	\$150

<i>Temporary Hydrant Meter</i>	<i>Effective Sept. 1, 2017</i>
Setup/retrieval	\$100
Move	\$65
Deposit - meter replacement cost	\$850
Damaged hydrant meter repair	Labor + materials

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Water curbs stop repair	Labor + materials"
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Part 7. Section 22-66 is hereby titled "Agricultural Use" and is hereby added to the Oxnard City Code to read as follows:

"(A) Water may be provided on a temporary basis for agricultural purposes, provided the area to be served was within the CMWD on August 19, 1976. The words "agricultural purposes" shall mean the growing or raising, in conformity with recognized practices in husbandry, for the purposes of commerce, trade, or industry, or agricultural, horticultural, or floricultural products, and produced:

- (1) For human consumption or for the market;
- (2) For the feeding of fowl or livestock produced for human consumption or for the market;
- (3) For the feeding of fowl or livestock for the purpose of obtaining their products for human consumption or for the market, such products to be grown or raised on a parcel of land having an area of not less than one acre utilized exclusively therefor; or
- (4) For the feeding of fowl or livestock for the purpose of obtaining their products for human consumption or for the market, such products to be grown or raised on a parcel of land having an area of not less than five acres on which incidental domestic uses of water related to residency may also occur.

(B) Monthly water rates for agricultural purposes shall be set by ordinance of the City Council. The agricultural rates shall be calculated to three decimal places by subtracting the agricultural subsidy rate from other metered water rates so that the total subsidy is passed on to agricultural users. The "agricultural subsidy" is defined as the "water for all other purposes" rate less the "agricultural water" rate as promulgated by CMWD."

Part 8. The provisions of this ordinance shall be applicable to all service provided or charges incurred on and after September 1, 2017.

Part 9. If any term or portion of this ordinance is held to be invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions of this ordinance shall continue in full force and effect. Where that is the case, the City Council intends that the provisions of Ordinance No. 2859 that would have been repealed by this ordinance shall remain in effect as if this ordinance had not been adopted.

Part 10. Pursuant to Government Code Section 36933(c)(1), the City Attorney was designated to prepare, and the City Clerk published, a summary of this ordinance, and a certified copy of the ordinance was posted in the Office of the City Clerk a minimum of five (5) days before the City Council's adoption of the ordinance.

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Part 11. The City Clerk shall certify as to the adoption of this ordinance and shall cause the summary thereof to be published within fifteen (15) calendar days of the adoption and shall post a certified copy of this ordinance, including the vote for and against the same, in the office of the City Clerk, in accordance with Government Code Section 36933. Ordinance No. _____ was first read on July 11, 2017, finally adopted on July 18, 2017, to become effective thirty (30) days thereafter.

APPROVED AND ADOPTED this 18th day of July, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Tim Flynn, Mayor

ATTEST:

APPROVED AS TO FORM:

Michelle Ascencion, City Clerk

Stephen M. Fischer, City Attorney

Full Version Available at Oxnard Main Library and City Clerk's Office, and on
City website: www.oxnard.org/city-meetings

CITY OF OXNARD
PUBLIC WORKS INTEGRATED MASTER PLAN
DRAFT WATER COST OF SERVICE STUDY
FINAL
July 2017



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